



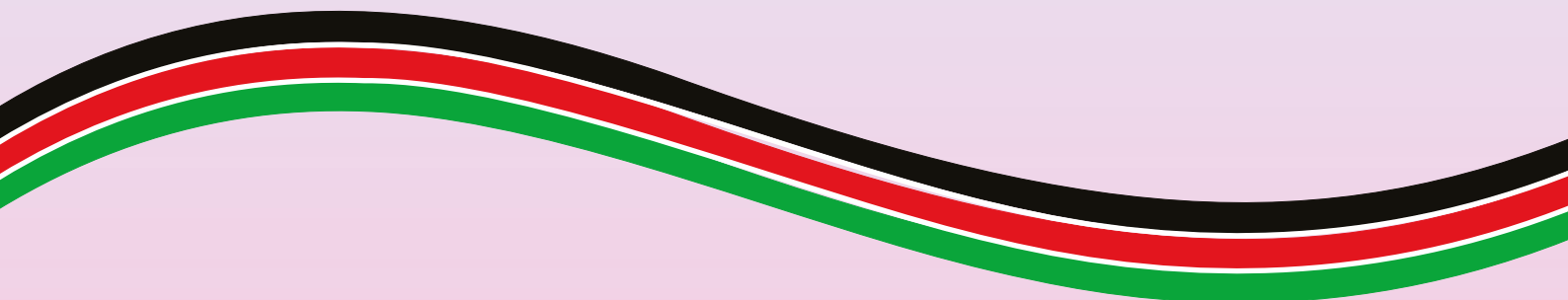
THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE FIRST NINE MONTHS OF
FY 2022/23**

MAY, 2023





**THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET**



**COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW REPORT**

**FOR THE FIRST NINE MONTHS
OF
FY 2022/23**

MAY, 2023

FOREWORD

I'm pleased to present the County Governments Budget Implementation Review Report (CG-BIRR) for July 2022 to March 2023. The report is based on the approved budget for FY 2022/2023, financial and non-financial performance reports for the first nine months of the financial year submitted to the Controller of Budget according to Sections 166 and 168 of the Public Finance Management, and data generated from Integrated Financial Management Information System. It's further informed by continuous monitoring of budget implementation by the Office of the Controller of Budget.

The report has been prepared in Conformity with Article 228 (6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, which requires 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. It provides an avenue for the CoB to publicise information on budget implementation at the County Government level in line with Section 39 (8) of the Public Finance Management Act, 2012.

The CG-BIRR examined the budget performance of the 47 County Governments by analysing receipts into the County Revenue Fund, exchequer issues, actual expenditure, absorption of funds against approved budget, and outlining key issues that impeded budget implementation during the period and requisite recommendations to address the issues. The report will be helpful to the Legislature, the Executive and the public in creating awareness on budget implementation by each of the County Governments and enhancing the effective management of public resources.

This report was prepared through the concerted efforts of staff from the County Governments and my staff, whom I greatly appreciate.



CPA Dr Margaret Nyakang'o, CBS
CONTROLLER OF BUDGET

TABLE OF CONTENTS

FOREWORD.....	II
ACRONYMS	XVIII
EXECUTIVE SUMMARY	XX
KEY HIGHLIGHTS	XXII
1 INTRODUCTION	1
2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST NINE MONTHS OF FY 2022/23	2
2.1 Introduction	2
2.2 Revenue Analysis	2
2.3 Funds Released to the Counties	4
2.4 Expenditure Analysis	5
3 BUDGET PERFORMANCE BY COUNTY	12
3.1 County Government of Baringo	12
3.2 County Government of Bomet	21
3.3 County Government of Bungoma	30
3.4 County Government of Busia	43
3.5 County Government of Elgeyo Marakwet	54
3.6 County Government of Embu.....	64
3.7 County Government of Garissa	78
3.8 County Government of Homabay	88
3.9 County Government of Isiolo	104
3.10 County Government of Kajiado	113
3.11 County Government of Kakamega	127
3.12 County Government of Kericho	139
3.13 County Government of Kiambu	149
3.14 County Government of Kilifi	160
3.15 County Government of Kirinyaga	171
3.16 County Government of Kisii	183
3.17 County Government of Kisumu	194
3.18 County Government of Kitui	207
3.19 County Government of Kwale.....	229
3.20 County Government of Laikipia.....	241
3.21 County Government of Lamu.....	252
3.22 County Government of Machakos	266
3.23 County Government of Makueni.....	278
3.24 County Government of Mandera	290
3.25 County Government of Marsabit.....	297
3.26 County Government of Meru.....	309
3.27 County Government of Migori.....	319

3.28	County Government of Mombasa	330
3.29	County Government of Murang'a	339
3.30	County Government of Nairobi City	351
3.31	County Government of Nakuru.....	365
3.32	County Government of Nandi.....	378
3.33	County Government of Narok	386
3.34	County Government of Nyamira.....	395
3.35	County Government of Nyandarua	405
3.36	County Government of Nyeri.....	417
3.37	County Government of Samburu	428
3.38	County Government of Siaya	443
3.39	County Government of Taita Taveta	453
3.40	County Government of Tana River	467
3.41	County Government of Tharaka Nithi	482
3.42	County Government of Trans Nzoia	494
3.43	County Government of Turkana.....	504
3.44	County Government of Uasin Gishu	531
3.45	County Government of Vihiga	542
3.46	County Government of Wajir.....	551
3.47	County Government of West Pokot	563
4	KEY CHALLENGES AND RECOMMENDATIONS.....	575
4.1	Introduction	575
4.2	Delay by the National Treasury to Disburse the Equitable Share of Revenue.....	575
4.3	Under-Performance of Own-Source Revenue Collection	575
4.4	Low Expenditure on Development Budget	575
4.5	High Level of Pending Bills.....	576
4.6	Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget	576
5	CONCLUSION	577

LIST OF TABLES

Table 2.1:	Disbursement of Conditional Grants from Development Partners as of 31st March 2023.....	2
Table 2.2:	Own Source Revenue Collection for the First Nine Months of FY 2022/23	3
Table 2.3:	Expenditure by Major Economic Classification - First Nine Months of FY 2022/23	5
Table 2.4:	County Budget Allocation, Expenditure and Absorption Rate for First Nine Months FY 2022/23 ..	8
Table 2.5:	MCA's Budget Allocation, Expenditure and Absorption Rate in First Nine Months FY 2022/23 ..	8
Table 2.6:	Pending Bills for the Counties as of 31st March 2023	10
Table 3.1:	Baringo County, Revenue Performance in the First Nine Months of FY 2022/23	12
Table 3.2:	Summary of Budget and Expenditure by Economic Classification.....	14
Table 3.3:	Performance of County Established Funds as of 31st March 2023	15
Table 3.4:	Baringo County, List of Development Projects with the Highest Expenditure	16
Table 3.5:	Baringo County, Budget Allocation and Absorption Rate by Department.....	17
Table 3.6:	Baringo County, Budget Execution by Programmes and Sub-Programmes	18
Table 3.7:	Bomet County, Revenue Performance in the First Nine Months of FY 2022/23	21
Table 3.8:	Summary of Budget and Expenditure by Economic Classification.....	24
Table 3.9:	Performance of County Established Funds as of March 31 2023	25
Table 3.10:	Bomet County, List of Development Projects with the Highest Expenditure	26
Table 3.11:	Bomet County, Budget Allocation and Absorption Rate by Department	26
Table 3.12:	Bomet County, Budget Execution by Programmes and Sub-Programmes	27
Table 3.13:	Bungoma County, Revenue Performance in the First Nine Months of FY 2022/23	31
Table 3.14:	Summary of Budget and Expenditure by Economic Classification.....	33
Table 3.15:	Performance of County Established Funds as of 31st March 2023	34
Table 3.16:	Bungoma County, List of Development Projects with the Highest Expenditure	35
Table 3.17:	Bungoma County, Budget Allocation and Absorption Rate by Department	36
Table 3.18:	Bungoma County, Budget Execution by Programmes and Sub-Programmes	36
Table 3.19:	Busia County, Revenue Performance in the First Nine Months of FY 2022/23	43
Table 3.20:	Summary of Budget and Expenditure by Economic Classification.....	45
Table 3.21:	Performance of County Established Funds as of 31st March 2023	46
Table 3.22:	Busia County, List of Development Projects with the Highest Expenditure	47
Table 3.23:	Busia County, Budget Allocation and Absorption Rate by Department.....	48
Table 3.24:	Busia County, Budget Execution by Programmes and Sub-Programmes	49
Table 3.25:	County, Revenue Performance in the First Nine Months of FY 2022/23	54
Table 3.26:	Summary of Budget and Expenditure by Economic Classification.....	57
Table 3.27:	Performance of County Established Funds as of 31st March 2023	57
Table 3.28:	Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure	59
Table 3.29:	Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department.....	60
Table 3.30:	Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes	61
Table 3.31:	Embu County, Revenue Performance in the First Nine Months of FY 2022/23.....	64
Table 3.32:	Summary of Budget and Expenditure by Economic Classification.....	67

Table 3.33:	Performance of County Established Funds as of 31st March 2023	67
Table 3.34:	Embu County, List of Development Projects with the Highest Expenditure	69
Table 3.35:	Embu County, Budget Allocation and Absorption Rate by Department	70
Table 3.36:	Embu County, Budget Execution by Programmes and Sub-Programmes	71
Table 3.37:	Garissa County, Revenue Performance in the First Nine Months of FY 2022/23	78
Table 3.38:	Summary of Budget and Expenditure by Economic Classification.....	81
Table 3.39:	Performance of County Established Funds as of 31st March 2023	81
Table 3.40:	Garissa County, List of Development Projects with the Highest Expenditure	83
Table 3.41:	Garissa County, Budget Allocation and Absorption Rate by Department	83
Table 3.42:	Garissa County, Budget Execution by Programmes and Sub-Programmes	84
Table 3.43:	Homabay County, Revenue Performance in the First Nine Months of FY 2022/23	88
Table 3.44:	Summary of Budget and Expenditure by Economic Classification.....	91
Table 3.45:	Performance of County Established Funds as of 31st March 2023	92
Table 3.46:	Homabay County, List of Development Projects with the Highest Expenditure	93
Table 3.47:	Homabay County, Budget Allocation and Absorption Rate by Department.....	93
Table 3.48:	Homabay County, Budget Execution by Programmes and Sub-Programmes	94
Table 3.49:	Isiolo County, Revenue Performance in the First Nine Months of FY 2022/23	104
Table 3.50:	Summary of Budget and Expenditure by Economic Classification.....	107
Table 3.51:	Performance of County Established Funds as of 31st March 2023	107
Table 3.52:	Isiolo County, List of Development Projects with the Highest Expenditure	109
Table 3.53:	Isiolo County, Budget Allocation and Absorption Rate by Department.....	109
Table 3.54:	Isiolo County, Budget Execution by Programmes and Sub-Programmes	111
Table 3.55:	Kajiado County, Revenue Performance in the First Nine Months of FY 2022/23	113
Table 3.56:	Summary of Budget and Expenditure by Economic Classification.....	116
Table 3.57:	Performance of County Established Funds as of 31st March 2023	117
Table 3.58:	Kajiado County, List of Development Projects with the Highest Expenditure	118
Table 3.59:	Kajiado County, Budget Allocation and Absorption Rate by Department.....	118
Table 3.60:	Kajiado County, Budget Execution by Programmes and Sub-Programmes	119
Table 3.61:	Kakamega County, Revenue Performance in the First Nine Months of FY 2022/23	127
Table 3.62:	Summary of Budget and Expenditure by Economic Classification.....	130
Table 3.63:	Performance of County Established Funds as of 31st March 2023	131
Table 3.64:	Kakamega County, List of Development Projects with the Highest Expenditure	132
Table 3.65:	Kakamega County, Budget Allocation and Absorption Rate by Department.....	133
Table 3.66:	Kakamega County, Budget Execution by Programmes and Sub-Programmes	134
Table 3.67:	Kericho County, Revenue Performance in the First Nine Months of FY 2022/23	139
Table 3.68:	Summary of Budget and Expenditure by Economic Classification.....	141
Table 3.69:	Performance of County Established Funds as of 31st March 2023	142
Table 3.70:	Kericho County, Budget Allocation and Absorption Rate by Department	143
Table 3.71:	Kericho County, Budget Execution by Programmes and Sub-Programmes	145
Table 3.72:	Kiambu County, Revenue Performance in the First Nine Months of FY 2022/23	149

Table 3.73:	Summary of Budget and Expenditure by Economic Classification.....	152
Table 3.74:	Performance of County Established Funds as of 31st March 2023	153
Table 3.75:	Kiambu County, List of Development Projects with the Highest Expenditure	154
Table 3.76:	Kiambu County, Budget Allocation and Absorption Rate by Department	155
Table 3.77:	Kiambu County, Budget Execution by Programmes and Sub-Programmes	156
Table 3.78:	Kilifi County, Revenue Performance in the First Nine Months of FY 2022/23.....	160
Table 3.79:	Summary of Budget and Expenditure by Economic Classification.....	163
Table 3.80:	Performance of County Established Funds as of 31st March 2023	164
Table 3.81:	Kilifi County, List of Development Projects with the Highest Expenditure	165
Table 3.82:	Kilifi County, Budget Allocation and Absorption Rate by Department	166
Table 3.83:	Kilifi County, Budget Execution by Programmes and Sub-Programmes	167
Table 3.84:	Kirinyaga County, Revenue Performance in the First Nine Months of FY 2022/23	171
Table 3.85:	Summary of Budget and Expenditure by Economic Classification.....	173
Table 3.86:	summarises each established Fund's budget allocation and performance during the reporting period.	174
Table 3.87:	Kirinyaga County, List of Development Projects with the Highest Expenditure	175
Table 3.88:	Kirinyaga County, Budget Allocation and Absorption Rate by Department	177
Table 3.89:	Kirinyaga County, Budget Execution by Programmes and Sub-Programmes	177
Table 3.90:	Kisii County, Revenue Performance in the First Nine Months of FY 2022/23	184
Table 3.91:	Summary of Budget and Expenditure by Economic Classification.....	186
Table 3.92:	Performance of County Established Funds as of 31st March 2023	187
Table 3.93:	Kisii County, List of Development Projects with the Highest Expenditure	189
Table 3.94:	Kisii County, Budget Allocation and Absorption Rate by Department	189
Table 3.95:	Kisii County, Budget Execution by Programmes and Sub-Programmes	190
Table 3.96:	Kisumu County, Revenue Performance in the First Nine Months of FY 2022/23	194
Table 3.97:	Summary of Budget and Expenditure by Economic Classification.....	197
Table 3.98:	Performance of County Established Funds as of 31st March 2023	198
Table 3.99:	Kisumu County, Budget Allocation and Absorption Rate by Department	199
Table 3.100:	Kisumu County, Budget Execution by Programmes and Sub-Programmes	200
Table 3.101:	Kitui County, Revenue Performance in the First Nine Months of FY 2022/23	208
Table 3.102:	Performance of County Established Funds as of 31st March 2023	211
Table 3.103:	Kitui County, List of Development Projects with the Highest Expenditure	212
Table 3.104:	Kitui County, Budget Allocation and Absorption Rate by Department	213
Table 3.105:	Kitui County, Budget Execution by Programmes and Sub-Programmes	214
Table 3.106:	Kwale County, Revenue Performance in the First Nine Months of FY 2022/23.....	230
Table 3.107:	Summary of Budget and Expenditure by Economic Classification.....	232
Table 3.108:	Performance of County Established Funds as of 31st March 2023	233
Table 3.109:	Kwale County, List of Development Projects with the Highest Expenditure	234
Table 3.110:	Kwale County, Budget Allocation and Absorption Rate by Department.....	235
Table 3.111:	Kwale County, Budget Execution by Programmes and Sub-Programmes	236

Table 3.112:	Laikipia County, Revenue Performance in the First Nine Months of FY 2022/23	242
Table 3.113:	Summary of Budget and Expenditure by Economic Classification.....	244
Table 3.114:	Performance of County Established Funds as of 31st March 2023	245
Table 3.115:	Laikipia County, List of Development Projects with the Highest Expenditure	246
Table 3.116:	Laikipia County, Budget Allocation and Absorption Rate by Department.....	247
Table 3.117:	Laikipia County, Budget Execution by Programmes and Sub-Programmes	247
Table 3.118:	Lamu County, Revenue Performance in the First Nine Months of FY 2022/23.....	253
Table 3.119:	Summary of Budget and Expenditure by Economic Classification.....	256
Table 3.120:	Performance of County Established Funds as of 31st March 2023	256
Table 3.121:	Lamu County, List of Development Projects with the Highest Expenditure	258
Table 3.122:	Lamu County, Budget Allocation and Absorption Rate by Department	259
Table 3.123:	Lamu County, Budget Execution by Programmes and Sub-Programmes	259
Table 3.124:	Machakos County, Revenue Performance in the First Nine Months of FY 2022/23	266
Table 3.125:	Summary of Budget and Expenditure by Economic Classification.....	269
Table 3.126:	Performance of County Established Funds as of 31st March 2023	269
Table 3.127:	Machakos County, List of Development Projects with the Highest Expenditure	271
Table 3.128:	Machakos County, Budget Allocation and Absorption Rate by Department.....	271
Table 3.129:	Machakos County, Budget Execution by Programmes and Sub-Programmes	272
Table 3.130:	Makueni County, Revenue Performance in the First Nine Months of FY 2022/23.....	279
Table 3.131:	Summary of Budget and Expenditure by Economic Classification.....	282
Table 3.132:	Performance of County Established Funds as of 31st March 2023	283
Table 3.133:	Makueni County, List of Development Projects with the Highest Expenditure	284
Table 3.134:	Makueni County, Budget Allocation and Absorption Rate by Department	284
Table 3.135:	Makueni County, Budget Execution by Programmes and Sub-Programmes	286
Table 3.136:	Mandera County, Revenue Performance in the First Nine Months of FY 2022/23	291
Table 3.137:	Summary of Budget and Expenditure by Economic Classification.....	293
Table 3.138:	Mandera County, List of Development Projects with the Highest Expenditure	294
Table 3.139:	Mandera County, Budget Allocation and Absorption Rate by Department	295
Table 3.140:	County, Budget Execution by Programmes and Sub-Programmes	296
Table 3.141:	Marsabit County, Revenue Performance in the First Nine Months of FY 2022/23.....	298
Table 3.142:	Summary of Budget and Expenditure by Economic Classification.....	301
Table 3.143:	Performance of County Established Funds as of 31st March 2023	301
Table 3.144:	Marsabit County, List of Development Projects with the Highest Expenditure	303
Table 3.145:	Marsabit County, Budget Allocation and Absorption Rate by Department.....	303
Table 3.146:	Marsabit County, Budget Execution by Programmes and Sub-Programmes	304
Table 3.147:	Meru County, Revenue Performance in the First Nine Months of FY 2022/23.....	309
Table 3.148:	Summary of Budget and Expenditure by Economic Classification.....	312
Table 3.149:	Performance of County Established Funds as of 31st March 2023	312
Table 3.150:	Meru County, List of Development Projects with the Highest Expenditure	314
Table 3.151:	Meru County, Budget Allocation and Absorption Rate by Department.....	314

Table 3.152:	Meru County, Budget Execution by Programmes and Sub-Programmes	315
Table 3.153:	Migori County, Revenue Performance in the First Nine Months of FY 2022/23	319
Table 3.154:	Summary of Budget and Expenditure by Economic Classification.....	322
Table 3.155:	Performance of County Established Funds as of 31st March 2023	322
Table 3.156:	Migori County, List of Development Projects with the Highest Expenditure	324
Table 3.157:	Migori County, Budget Allocation and Absorption Rate by Department.....	324
Table 3.158:	Migori County, Budget Execution by Programmes and Sub-Programmes	325
Table 3.159:	Mombasa County, Revenue Performance in the First Nine Months of FY 2022/23	330
Table 3.160:	Summary of Budget and Expenditure by Economic Classification.....	333
Table 3.161:	Performance of County Established Funds as of 31st March 2023	334
Table 3.162:	Mombasa County, List of Development Projects with the Highest Expenditure	335
Table 3.163:	Mombasa County, Budget Allocation and Absorption Rate by Department	335
Table 3.164:	Mombasa County, Budget Execution by Programmes and Sub-Programmes	336
Table 3.165:	Murang'a County, Revenue Performance in the First Nine Months of FY 2022/23	340
Table 3.166:	Summary of Budget and Expenditure by Economic Classification.....	343
Table 3.167:	Performance of County Established Funds as of 31st March 2023	344
Table 3.168:	Murang'a County, List of Development Projects with the Highest Expenditure	345
Table 3.169:	Murang'a County, Budget Allocation and Absorption Rate by Department.....	345
Table 3.170:	Murang'a County, Budget Execution by Programmes and Sub-Programmes	346
Table 3.171:	Nairobi City County, Revenue Performance in the First Half of FY 2022/23	351
Table 3.172:	Summary of Budget and Expenditure by Economic Classification.....	354
Table 3.173:	Nairobi City County, List of Development Projects with the Highest Expenditure	355
Table 3.174:	Nairobi City County, Budget Allocation and Absorption Rate by Department	356
Table 3.175:	Nairobi City County, Budget Execution by Programmes and Sub-Programmes	358
Table 3.176:	Nakuru County, Revenue Performance in the First Nine Months of FY 2022/23.....	365
Table 3.177:	Summary of Budget and Expenditure by Economic Classification.....	367
Table 3.178:	Performance of County Established Funds as of 31st March 2023	368
Table 3.179:	Nakuru County, List of Development Projects with the Highest Expenditure	369
Table 3.180:	Nakuru County, Budget Allocation and Absorption Rate by Department.....	370
Table 3.181:	Nakuru County, Budget Execution by Programmes and Sub-Programmes	371
Table 3.182:	Nandi County, Revenue Performance in the First Nine Months of FY 2022/23.....	378
Table 3.183:	Summary of Budget and Expenditure by Economic Classification.....	380
Table 3.184:	Performance of County Established Funds as of 31st March 2023	381
Table 3.185:	Nandi County, List of Development Projects with the Highest Expenditure	382
Table 3.186:	Nandi County, Budget Allocation and Absorption Rate by Department	383
Table 3.187:	Nandi County, Budget Execution by Programmes and Sub-Programmes	384
Table 3.188:	Narok County, Revenue Performance in the First Nine Months of FY 2022/23	386
Table 3.189:	Summary of Budget and Expenditure by Economic Classification.....	389
Table 3.190:	Performance of County Established Funds as of 31st March 2023.	390
Table 3.191:	Narok County, List of Development Projects with the Highest Expenditure.....	391

Table 3.192:	Narok County, Budget Allocation and Absorption Rate by Department	391
Table 3.193:	Narok County, Budget Execution by Programmes and Sub-Programmes	392
Table 3.194:	Nyamira County, Revenue Performance in the First Nine Months of FY 2022/23.....	396
Table 3.195:	Summary of Budget and Expenditure by Economic Classification.....	398
Table 3.196:	Performance of County Established Funds as of 31st March 2023	399
Table 3.197:	Nyamira County, List of Development Projects with the Highest Expenditure	400
Table 3.198:	Nyamira County, Budget Allocation and Absorption Rate by Department.....	401
Table 3.199:	Nyamira County, Budget Execution by Programmes and Sub-Programmes	401
Table 3.200:	Nyandarua County, Revenue Performance in the First Nine Months of FY 2022/23	405
Table 3.201:	Summary of Budget and Expenditure by Economic Classification.....	408
Table 3.202:	Performance of County Established Funds as of 31st March 2023	409
Table 3.203:	Nyandarua County, List of Development Projects with the Highest Expenditure	410
Table 3.204:	Nyandarua County, Budget Allocation and Absorption Rate by Department	410
Table 3.205:	Nyandarua County, Budget Execution by Programmes and Sub-Programmes	411
Table 3.206:	Nyeri County, Revenue Performance in the First Nine Months of FY 2022/23	417
Table 3.207:	Summary of Budget and Expenditure by Economic Classification.....	420
Table 3.208:	Performance of County Established Funds as of 31st March 2023	421
Table 3.209:	Nyeri County, List of Development Projects with the Highest Expenditure	422
Table 3.210:	Nyeri County, Budget Allocation and Absorption Rate by Department.....	423
Table 3.211:	Nyeri County, Budget Execution by Programmes and Sub-Programmes	424
Table 3.212:	Samburu County, Revenue Performance in the First Nine Months of FY 2022/23	428
Table 3.213:	Summary of Budget and Expenditure by Economic Classification.....	431
Table 3.214:	Performance of County Established Funds as of 31st March 2023	432
Table 3.215:	Samburu County, List of Development Projects with the Highest Expenditure	434
Table 3.216:	Samburu County, Budget Allocation and Absorption Rate by Department	434
Table 3.217:	Samburu County, Budget Execution by Programmes and Sub-Programmes	435
Table 3.218:	Siaya County, Revenue Performance in the First Nine Months of FY 2022/23	443
Table 3.219:	Summary of Budget and Expenditure by Economic Classification.....	445
Table 3.220:	Performance of County Established Funds as of 31st March 2023	446
Table 3.221:	Siaya County, List of Development Projects with the Highest Expenditure	447
Table 3.222:	Siaya County, Budget Allocation and Absorption Rate by Department	448
Table 3.223:	Siaya County, Budget Execution by Programmes and Sub-Programmes	449
Table 3.224:	Taita Taveta County, Revenue Performance in the First Nine Months of FY 2022/23	454
Table 3.225:	Summary of Budget and Expenditure by Economic Classification.....	456
Table 3.226:	Performance of County Established Funds as of 31st March 2023	457
Table 3.227:	Taita Taveta County, List of Development Projects with the Highest Expenditure	459
Table 3.228:	Taita Taveta County, Budget Allocation and Absorption Rate by Department	460
Table 3.229:	Taita Taveta County, Budget Execution by Programmes and Sub-Programmes	461
Table 3.230:	Tana River County, Revenue Performance in the First Nine Months of FY 2022/23	468
Table 3.231:	Summary of Budget and Expenditure by Economic Classification.....	470

Table 3.232:	Performance of County Established Funds as of 31st March 2023	471
Table 3.233:	Tana River County, List of Development Projects with the Highest Expenditure	473
Table 3.234:	Tana River County, Budget Allocation and Absorption Rate by Department.....	474
Table 3.235:	Tana River County, Budget Execution by Programmes and Sub-Programmes	475
Table 3.236:	Tharaka Nithi County, Revenue Performance in the First Nine Months of FY 2022/23	483
Table 3.237:	Summary of Budget and Expenditure by Economic Classification.....	485
Table 3.238:	Performance of County Established Funds as of 31st March 2023	486
Table 3.239:	Tharaka Nithi County, List of Development Projects with the Highest Expenditure	487
Table 3.240:	Tharaka Nithi County, Budget Allocation and Absorption Rate by Department	488
Table 3.241:	Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes	489
Table 3.242:	Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2022/23	495
Table 3.243:	Summary of Budget and Expenditure by Economic Classification.....	497
Table 3.244:	Performance of County Established Funds as of 31st March 2023	498
Table 3.245:	Trans Nzoia County, List of Development Projects with the Highest Expenditure	500
Table 3.246:	Trans Nzoia County, Budget Allocation and Absorption Rate by Department	500
Table 3.247:	Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes	501
Table 3.248:	Turkana County, Revenue Performance in the First Nine Months of FY 2022/23.....	505
Table 3.249:	Summary of Budget and Expenditure by Economic Classification.....	508
Table 3.250:	Performance of County Established Funds as of 31st March 2023	509
Table 3.251:	Turkana County, List of Development Projects with the Highest Expenditure	510
Table 3.252:	Turkana County, Budget Allocation and Absorption Rate by Department.....	511
Table 3.253:	Turkana County, Budget Execution by Programmes and Sub-Programmes	512
Table 3.254:	Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2022/23	531
Table 3.255:	Summary of Budget and Expenditure by Economic Classification.....	534
Table 3.256:	Performance of County Established Funds as of 31st March 2023	534
Table 3.257:	Uasin Gishu County, List of Development Projects with the Highest Expenditure	536
Table 3.258:	Uasin Gishu County, Budget Allocation and Absorption Rate by Department	537
Table 3.259:	Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes	539
Table 3.260:	Vihiga County, Revenue Performance in the First Nine Months of FY 2022/23	542
Table 3.261:	Performance of County Established Funds as of 31st March 2023	546
Table 3.262:	Vihiga County, Budget Allocation and Absorption Rate by Department.....	547
Table 3.263:	Vihiga County, Budget Execution by Programmes and Sub-Programmes	548
Table 3.264:	Wajir County, Revenue Performance in the First Nine Months of FY 2022/23.....	551
Table 3.265:	Summary of Budget and Expenditure by Economic Classification.....	554
Table 3.266:	Performance of County Established Funds as of 31st March 2023	554
Table 3.267:	Wajir County, List of Development Projects with the Highest Expenditure	556
Table 3.268:	Wajir County, Budget Allocation and Absorption Rate by Department.....	557
Table 3.269:	Wajir County, Budget Execution by Programmes and Sub-Programmes	558
Table 3.270:	West Pokot County, Revenue Performance in the First Nine Months of FY 2022/23	564
Table 3.271:	Summary of Budget and Expenditure by Economic Classification.....	566

Table 3.272:	Performance of County Established Funds as of 31st March 2023	567
Table 3.273:	West Pokot County, List of Development Projects with the Highest Expenditure	568
Table 3.274:	West Pokot County, Budget Allocation and Absorption Rate by Department	569
Table 3.275:	West Pokot County, Budget Execution by Programmes and Sub-Programmes	570

LIST OF FIGURES

Figure 3.1:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	13
Figure 3.2:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	13
Figure 3.3:	Baringo County, Operations and Maintenance Expenditure by Major Categories	16
Figure 3.4:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Year from FY 2016/17 to FY 2022/23	22
Figure 3.5:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	23
Figure 3.6:	Bomet County, Operations and Maintenance Expenditure by Major Categories	25
Figure 3.7:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	32
Figure 3.8:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	32
Figure 3.9:	Bungoma County, Operations and Maintenance Expenditure by Major Categories	35
Figure 3.10:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	44
Figure 3.11:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	44
Figure 3.12:	Busia County, Operations and Maintenance Expenditure by Major Categories	47
Figure 3.13:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	55
Figure 3.15:	Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories ..	58
Figure 3.16:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	65
Figure 3.17:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	66
Figure 3.18:	Embu County, Operations and Maintenance Expenditure by Major Categories	68
Figure 3.19:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	79
Figure 3.20:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	80
Figure 3.21:	Garissa County, Operations and Maintenance Expenditure by Major Categories	82
Figure 3.22:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	89
Figure 3.23:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	90
Figure 3.24:	Homabay County, Operations and Maintenance Expenditure by Major Categories	92
Figure 3.25:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	105
Figure 3.26:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	106
Figure 3.27:	Isiolo County, Operations and Maintenance Expenditure by Major Categories	108
Figure 3.28:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	114
Figure 3.29:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	115

Figure 3.30:	Kajiado County, Operations and Maintenance Expenditure by Major Categories	117
Figure 3.31:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	128
Figure 3.32:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	129
Figure 3.33:	Kakamega County, Operations and Maintenance Expenditure by Major Categories	131
Figure 3.34:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	140
Figure 3.35:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	140
Figure 3.36:	Kericho County, Operations and Maintenance Expenditure by Major Categories	143
Figure 3.37:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	150
Figure 3.38:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	151
Figure 3.39:	Kiambu County, Operations and Maintenance Expenditure by Major Categories	154
Figure 3.40:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	161
Figure 3.41:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	162
Figure 3.42:	Kilifi County, Operations and Maintenance Expenditure by Major Categories	164
Figure 3.43:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	172
Figure 3.44:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	172
Figure 3.45:	Kirinyaga County, Operations and Maintenance Expenditure by Major Categories	175
Figure 3.46:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	185
Figure 3.47:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	185
Figure 3.48:	Kisii County, Operations and Maintenance Expenditure by Major Categories	188
Figure 3.49:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	195
Figure 3.50:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	196
Figure 3.51:	Kisumu County, Operations and Maintenance Expenditure by Major Categories	198
Figure 3.52:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	209
Figure 3.53:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	209
Figure 3.54:	Summary of Budget and Expenditure by Economic Classification	210
Figure 3.55:	Kitui County, Operations and Maintenance Expenditure by Major Categories	212
Figure 3.56:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	231
Figure 3.57:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	231
Figure 3.58:	Kwale County, Operations and Maintenance Expenditure by Major Categories	234
Figure 3.59:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	243

Figure 3.60:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	243
Figure 3.61:	Laikipia County, Operations and Maintenance Expenditure by Major Categories	246
Figure 3.62:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	254
Figure 3.63:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	255
Figure 3.64:	Lamu County, Operations and Maintenance Expenditure by Major Categories	257
Figure 3.65:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	267
Figure 3.66:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	268
Figure 3.67:	Machakos County, Operations and Maintenance Expenditure by Major Categories	270
Figure 3.68:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	280
Figure 3.69:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	281
Figure 3.70:	Makueni County, Operations and Maintenance Expenditure by Major Categories	283
Figure 3.71:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	291
Figure 3.72:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	292
Figure 3.73:	Mandera County, Operations and Maintenance Expenditure by Major Categories	294
Figure 3.74:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	299
Figure 3.75:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	300
Figure 3.76:	Marsabit County, Operations and Maintenance Expenditure by Major Categories	302
Figure 3.77:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2017/18 to FY 2022/23	310
Figure 3.78:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	311
Figure 3.79:	Meru County, Operations and Maintenance Expenditure by Major Categories	313
Figure 3.80:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	320
Figure 3.81:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	321
Figure 3.82 :	Migori County, Operations and Maintenance Expenditure by Major Categories	323
Figure 3.83:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	331
Figure 3.84:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	332
Figure 3.85:	Mombasa County, Operations and Maintenance Expenditure by Major Categories	334
Figure 3.86:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	341
Figure 3.87:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	342
Figure 3.88:	Murang'a County, Operations and Maintenance Expenditure by Major Categories	344

Figure 3.89:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	352
Figure 3.90:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	353
Figure 3.91:	Nairobi City County, Operations and Maintenance Expenditure by Major Categories	355
Figure 3.92:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	366
Figure 3.93:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	366
Figure 3.94:	Nakuru County, Operations and Maintenance Expenditure by Major Categories	369
Figure 3.95:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	379
Figure 3.96:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	379
Figure 3.97:	Nandi County, Operations and Maintenance Expenditure by Major Categories.....	382
Figure 3.98:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	387
Figure 3.99:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	388
Figure 3.100:	Narok County, Operations and Maintenance Expenditure by Major Categories	390
Figure 3.101:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	397
Figure 3.102:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	397
Figure 3.103:	Nyamira County, Operations and Maintenance Expenditure by Major Categories	400
Figure 3.104:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	406
Figure 3.105:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	407
Figure 3.106:	Nyandarua County, Operations and Maintenance Expenditure by Major Categories	409
Figure 3.107:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	419
Figure 3.108:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	419
Figure 3.109:	Nyeri County, Operations and Maintenance Expenditure by Major Categories	422
Figure 3.110:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	430
Figure 3.111:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	430
Figure 3.112:	Samburu County, Operations and Maintenance Expenditure by Major Categories	433
Figure 3.113:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	444
Figure 3.114:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	444
Figure 3.115:	Siaya County, Operations and Maintenance Expenditure by Major Categories.....	447
Figure 3.116:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.....	455
Figure 3.117:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.....	455

Figure 3.118:	Taita Taveta County, Operations and Maintenance Expenditure by Major Categories	459
Figure 3.119:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	469
Figure 3.120:9:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	469
Figure 3.121:	Tana River County, Operations and Maintenance Expenditure by Major Categories	473
Figure 3.122:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	484
Figure 3.123:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	484
Figure 3.124:	Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories	487
Figure 3.125:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	496
Figure 3.126:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	496
Figure 3.127:	Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories	499
Figure 3.128:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	506
Figure 3.129:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	507
Figure 3.130:	Turkana County, Operations and Maintenance Expenditure by Major Categories	510
Figure 3.131:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	532
Figure 3.132:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	532
Figure 3.133:	Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories	536
Figure 3.134:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	543
Figure 3.135:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	544
Figure 3.136 :	Summary of Budget and Expenditure by Economic Classification	545
Figure 3.137:	Vihiga County, Operations and Maintenance Expenditure by Major Categories	546
Figure 3.138:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	552
Figure 3.139:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	552
Figure 3.140:	Wajir County, Operations and Maintenance Expenditure by Major Categories	556
Figure 3.141:	Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23	565
Figure 3.142:	Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23	565
Figure 3.143:	West Pokot County, Operations and Maintenance Expenditure by Major Categories	568

ACRONYMS

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

PFM	Public Finance Management
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act 2016. It covers July 2022 to March 2023 and highlights the status of budget implementation by each of the 47 County Governments.

The combined County governments' budgets approved by the County Assemblies for FY 2022/23 amounted to Kshs.512.92 billion that comprised of Kshs.169.92 billion (33.1 per cent) allocated to development expenditure and Kshs.343.0 billion (66.9 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes.

To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.62.10 billion from their own revenue sources, utilise Kshs.36.72 billion cash balance from FY 2021/22, Kshs.5.36 billion as conditional grants from the National Government and Kshs.17.16 billion as conditional grants from development partners. The total funds available to the County Governments in the first nine months of FY 2022/23 amounted to Kshs.256.48 billion. This amount consisted of Kshs.183.15 billion as an equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.72 billion cash balance from FY 2021/22, Kshs.28.94 billion raised from own sources, and Kshs.7.66 billion as conditional grants from development partners.

During the reporting period, County Governments generated a total of Kshs.28.77 billion from own source revenue, which was 46.4 per cent of the annual target of Kshs.62.10 billion. This was a decline compared to Kshs.27.09 billion generated in a similar in the previous financial year. Analysis of own source revenue as a proportion of the annual revenue target indicates that Kitui, Kirinyaga and Vihiga counties achieved the highest performance of 84.6 per cent, 80 per cent and 77.2 per cent, respectively. Conversely, twenty-two counties recorded below 50 per cent performance, namely; -Kwale, Embu, Kisumu, Kakamega, Taita-Taveta, Tharaka-Nithi, Busia, Nairobi City, Garissa, Tana River, Nandi, Mandera, Wajir, Makueni, Homa Bay, Kisii, Kajiado, Nakuru, Murang'a, Kericho, Vihiga, and Nyamira.

In the first nine months of FY 2022/23, the Controller of Budget approved the exchequers of Kshs.183.15 billion as an equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds per Article 206 (4) of the Constitution. The transferred amount represented 49.5 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2022. Further, a disbursement of Kshs.29.6 billion was transferred to County Governments during the period, which was June 2022 arrears of equitable share from FY 2021/22.

The total expenditure by County governments in the first nine months of the FY 2022/23 was Kshs.239.67 billion, representing an absorption rate of 46.7 per cent of the total annual County Government Budgets. This was a decline from an absorption rate of 48.7 per cent reported in a similar period in FY 2021/22 when total expenditure was Kshs.257.18 billion. Total expenditure of Kshs.239.67 billion represented 99.9 per cent of authorised withdrawals of Kshs.239.92 billion.

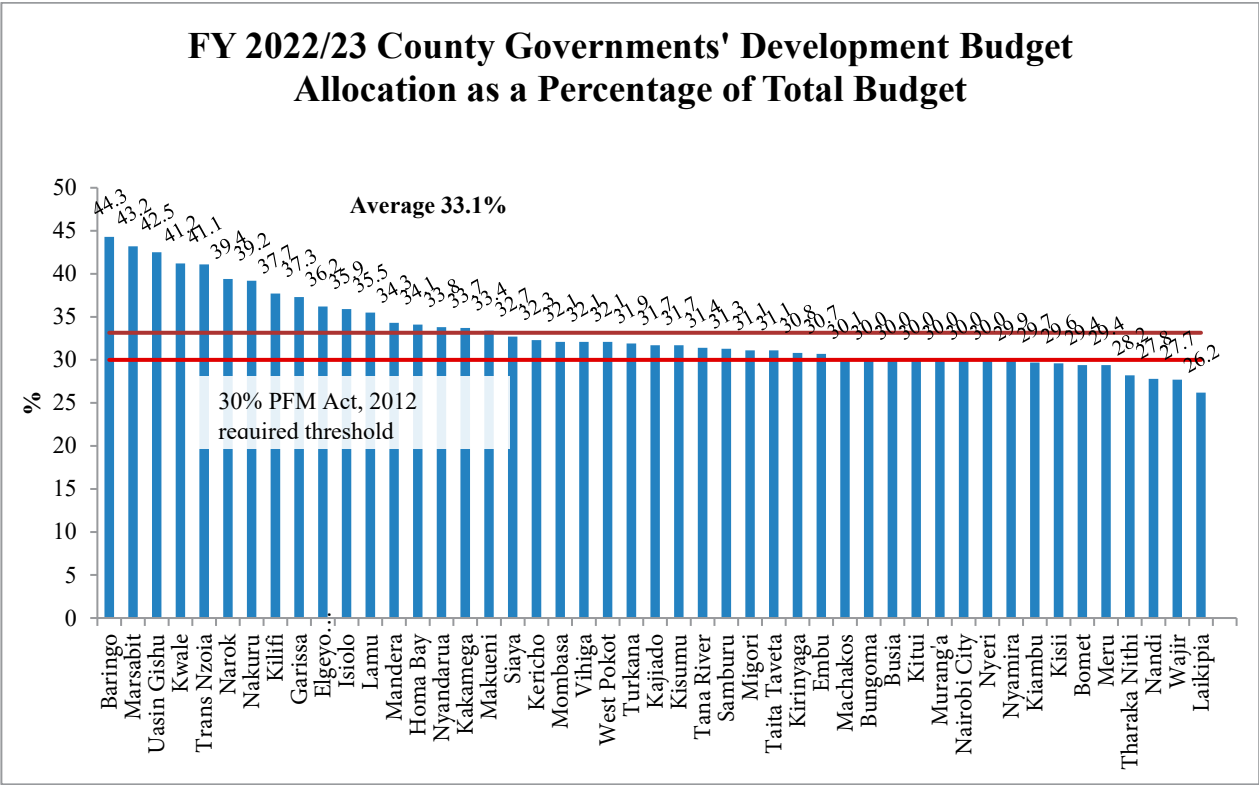
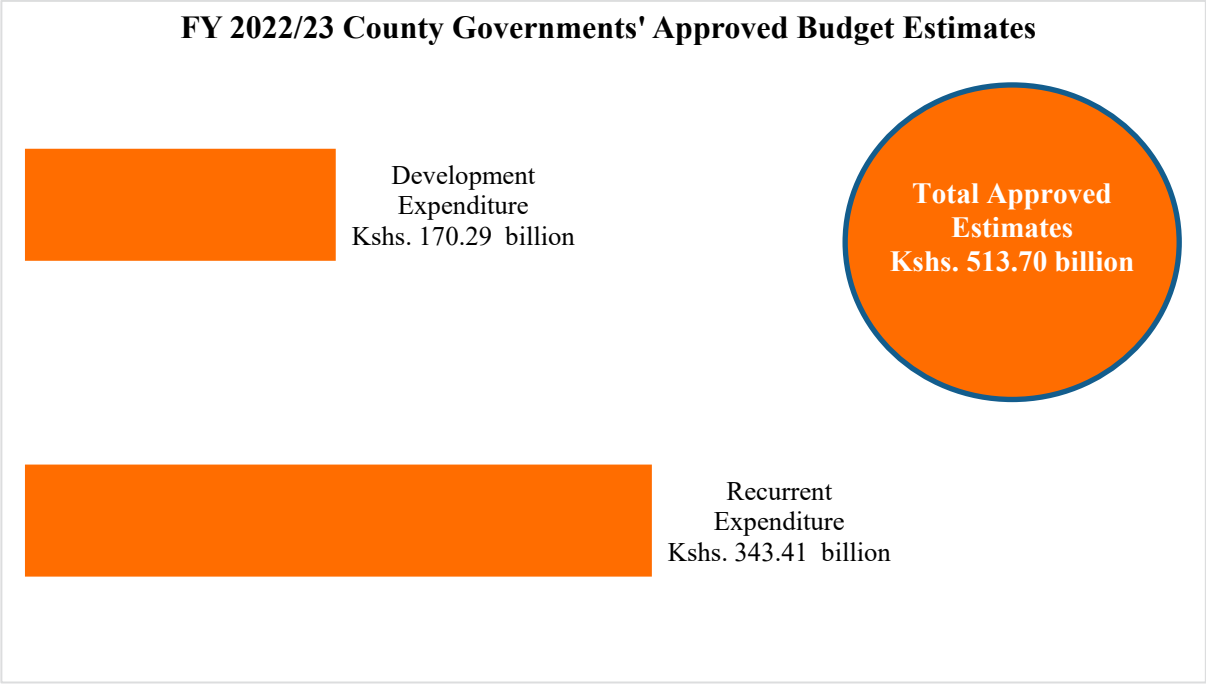
Recurrent expenditure was Kshs.209.95 billion, representing 61.1 per cent of the annual recurrent budget, a decline from 63.6 per cent reported in a similar period in the previous financial year. Development expenditure amounted to Kshs.29.73 billion, representing an absorption rate of 17.5 per cent, and a decline from 22.8 per cent attained in the first nine months of FY 2021/22 when total development expenditure was Kshs.44.3 billion. Analysis of development expenditure as a proportion of approved annual development budget shows that there was no county government which attained an absorption rate above 50 per cent, while 11 counties reported below 10 per cent absorption of development budget, namely; -Tana River, Machakos, Kericho, Vihiga, Meru, Trans Nzoia, Kilifi, Makueni, Migori, Embu, and Kisii.

During the reporting period, the Controller of Budget identified challenges that hindered effective budget execution. They included; the under performance of own source revenue collection, delay by the National Treasury to disburse the Equitable Share of Revenue, low expenditure on development programmes, high level of pending bills which stood at Kshs.159.73 million as of 31st March 2023, and failure by Fund Administrators to submit quarterly financial statements to the Controller of Budget which is against the provisions of Section 168 of the Public Finance Management Act, 2012.

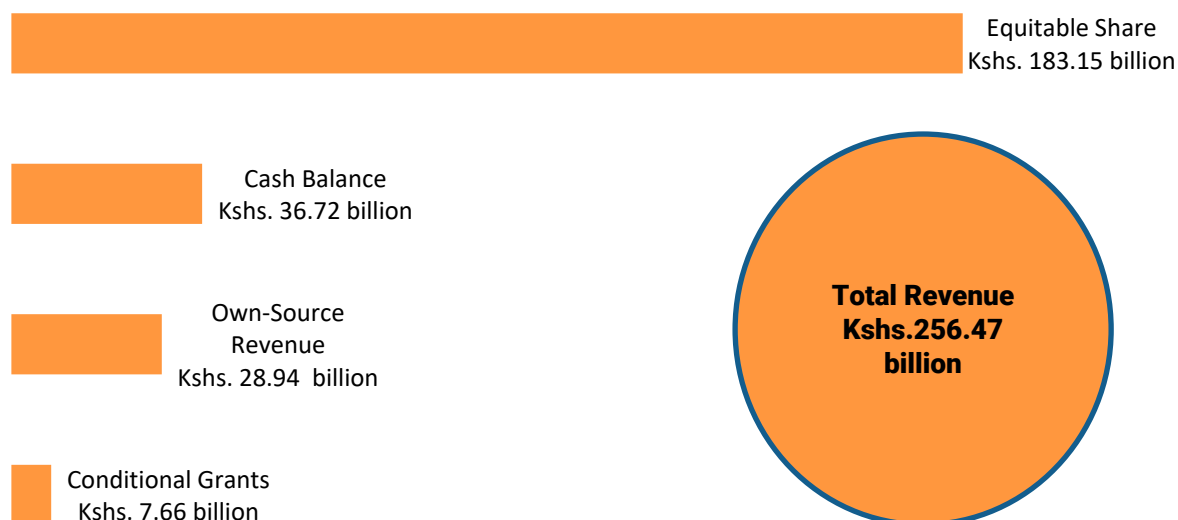
To address these challenges, the Controller of Budget recommends that the Counties develop and implement alternative measures to ensure the improved generation of own-source revenue for the budget to be fully financed, and to improve the absorption of development budget expenditure, Counties should prioritise implementing development programmes to improve their citizens' living standards. The National Treasury should disburse funds to the Counties on time to ensure budget implementation is not adversely affected and develop mechanisms to ensure the disbursements are predictable to improve planning. On pending bills, the Controller of Budget advises County Governments to settle the eligible pending bills as a first charge on the budget in line with the law. Lastly, the County Executive Committee Members for Finance to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the law.

KEY HIGHLIGHTS

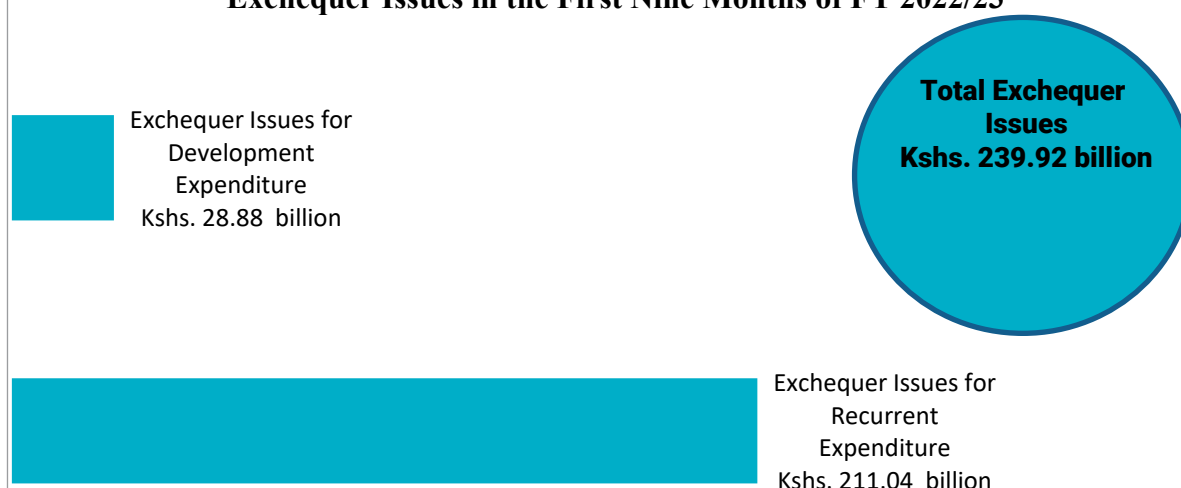
KEY HIGHLIGHTS



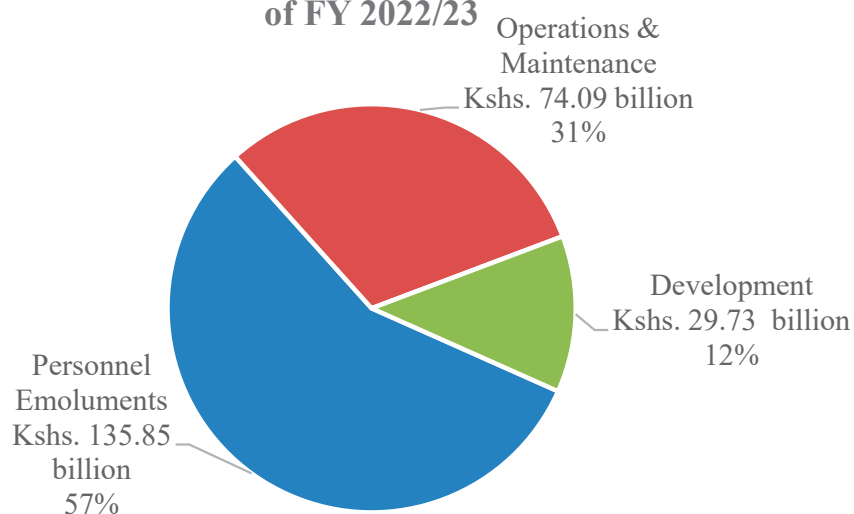
Total Revenue Available in The First Nine Months of FY 2022/23



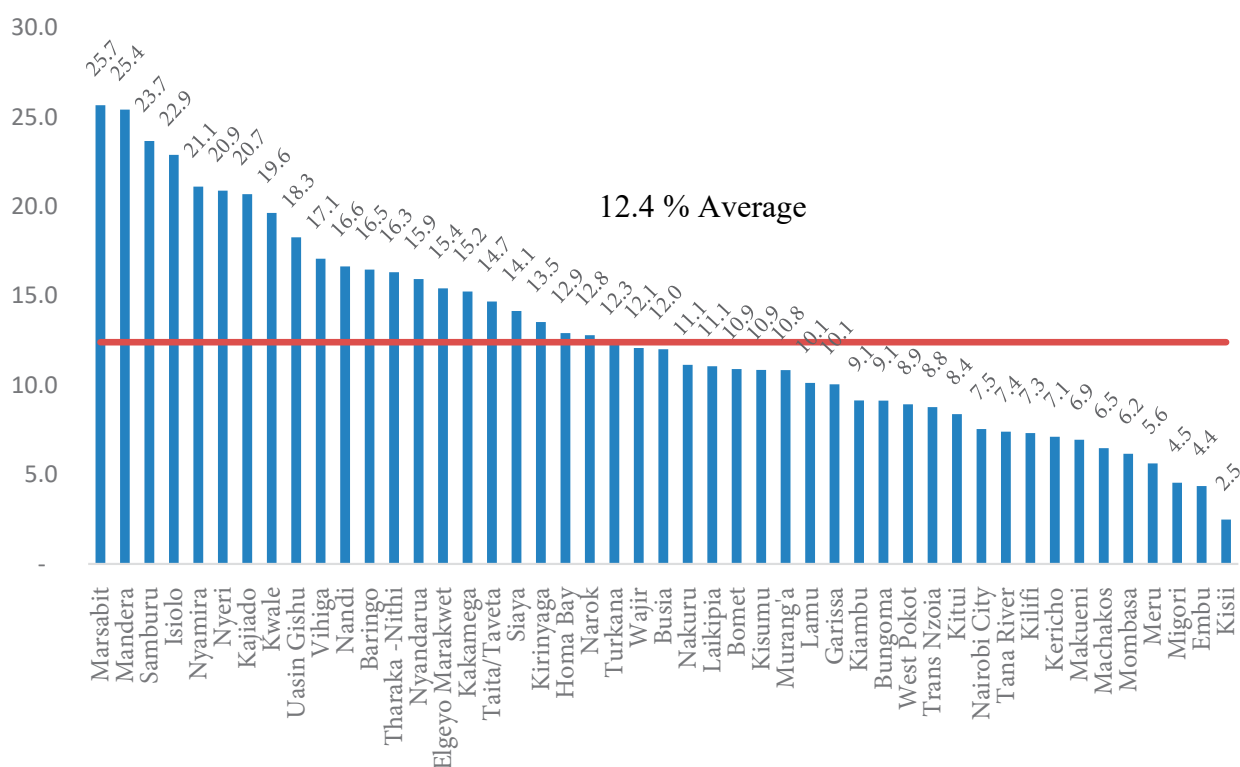
Exchequer Issues in the First Nine Months of FY 2022/23



Expenditure by Economic Classification in the First Nine Months of FY 2022/23



First Nine Months of FY 2022/23 County Governments' Development Expenditure as a Percentage of Total Expenditure



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 the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (COB) Act, 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 County Budget Implementation Review Report (CBIRR) is prepared in line with the above legal requirements. It covers the first nine months of FY 2022/23, from July 2022 to March 2023.

The CBIRR presents the status of budget execution by the County Governments. The report analyses information on own source revenue raised, transfers received from the National Government and Development Partners, and the total expenditure of the first nine months of the financial year (FY) 2022/23. The (CBIRR) is based on quarterly financial reports submitted to the OCoB by County Treasuries in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management System (IFMIS), and information obtained by the OCoB in the course of overseeing budget implementation. This report uses an absorption rate to measure performance, computed as a percentage of actual expenditure against the approved annual budget estimates.

This reporting structure is as follows; Chapter one captures the introduction. Chapter Two analyses the Counties' budget performance during the first nine months of FY2022/23 and details the performance of the County Government's own-source revenue, and actual expenditure against the set budget estimates for both recurrent and development expenditures are discussed. Further recurrent expenditure has been categorised into Personal Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of 31st March 2023 is provided in this chapter.

A detailed report by the individual Counties is provided in Chapter Three. Information on budget performance and the allocations for recurrent and development expenditures, exchequer issues, and actual spending (classified into Employee Compensation, Operation and Maintenance, and Development Expenditure) are discussed in chapter three. Programmes and sub-programmes budget execution for each Department is analysed, and information on development projects undertaken in the first nine months of FY 2022/23 is also covered in Chapter Three.

Chapter four summarises the critical challenges observed by CoB in budget implementation in the first nine months of FY 2022/23 by each County. The report further provided recommendations to ensure effective and efficient budget implementation and to promote best practices. The Conclusion of this report is provided in the last chapter.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST NINE MONTHS OF FY 2022/23

2.1 Introduction

This chapter presents a financial analysis of aggregated county budget implementation for the first nine months of FY 2022/23.

2.2 Revenue Analysis

The combined County governments' budgets approved by the County Assemblies for FY 2022/23 amounted to Kshs.513.70 billion that comprised of Kshs.170.29 billion (33.1 per cent) allocated to development expenditure and Kshs.343.41 billion (66.9 per cent) for recurrent expenditure.

To finance the budgets, County Governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.62.10 billion from their own revenue sources, utilise Kshs.36.72 billion cash balance from FY 2021/22, Kshs.5.36 billion as conditional grants from the National Government and Kshs.17.16 billion as conditional grants from development partners.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the first nine months of FY 2022/23 amounted to Kshs.256.48 billion. This amount consisted of Kshs.183.15 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.72 billion cash balance from FY 2021/22, Kshs.28.94 billion raised from own sources, and Kshs.7.66 billion as conditional grants from development partners. The conditional grants disbursed in the first nine months of FY 2022/23 are shown in Table 2.1.

Table 2.1: Disbursement of Conditional Grants from Development Partners as of 31st March 2023

Description of the Conditional Grant	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Outstanding Balance (Kshs.)
IDA(World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	3,900,000,001	2,090,926,099	1,809,073,903
IDA(World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP)	1,820,000,000	-	1,820,000,000
IDA(World Bank)Kenya Climate Smart Agricultural Project (KCSAP)	2,200,002,000	2,112,826,374	87,175,626
IDA (World Bank)credit: Water &Sanitation Development Project	3,500,000,000	2,070,835,512	1,429,164,488
DANIDA Grant. Primary Health Care in Devolved Context	1,018,125,009	-	1,018,125,009
IDA (World Bank)credit (Financing Locally)- Led Climate Action(FLLoCa) Program, County Climate Institutional Support (CCIS) Grant	1,034,000,000	418,000,000	616,000,000
Sweden- Agricultural Sector Development Support Programme(ASDSP)	655,175,274	499,033,209	156,142,065
German Development Bank(KIW)- Drought Resilience Programme in Northern Kenya (DRPNK)	410,000,000	-	410,000,000

Description of the Conditional Grant	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Outstanding Balance (Kshs.)
World Bank- Emergency Locust Response Project (ELRP)	1,200,000,000	471,382,048	728,617,952
World Bank- Kenya Informal Settlement Improvement Project (KISIP II)	1,300,000,000	-	1,300,000,000
IDA(World Bank) Kenya Urban Support Programme (KUSP)	122,020,000	-	122,020,000
Total	17,159,322,284	7,663,003,242	9,496,319,042

Source: OCoB Records

2.2.2 Own-Source Revenue

During the reporting period, County Governments generated a total of Kshs.28.77 billion from own source revenue (OSR), which was 46.4 per cent of the annual target of Kshs.61.98 billion. This was an improvement compared to Kshs.27.09 billion generated in a similar in the previous financial year. Analysis of own source revenue collection for the period July 2022 to March 2023 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection for the First Nine Months of FY 2022/23

County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Nine Months of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	312,474,282	214,431,602	68.6
Bomet	300,000,000	193,624,195	64.5
Bungoma	500,000,000	290,966,562	58.2
Busia	469,163,025	194,603,213	41.5
Elgeyo Marakwet	246,239,213	152,949,534	62.1
Embu	950,000,000	457,118,937	48.1
Garissa	150,000,000	59,458,601	39.6
Homa Bay	472,957,301	159,559,985	33.7
Isiolo	180,401,769	119,421,953	66.2
Kajiado	1,503,946,728	481,613,459	32.0
Kakamega	2,000,000,000	906,830,970	45.3
Kericho	1,033,268,053	289,256,783	28.0
Kiambu	4,136,821,507	2,441,291,932	59.0
Kilifi	1,271,385,905	661,686,660	52.0
Kirinyaga	550,000,000	439,870,608	80.0
Kisii	750,000,000	252,067,641	33.6
Kisumu	1,762,226,587	823,626,923	46.7
Kitui	400,000,000	338,546,086	84.6
Kwale	557,116,564	272,086,203	48.8
Laikipia	1,297,000,000	648,178,629	50.0
Lamu	131,000,000	84,202,182	64.3
Machakos	1,690,079,199	848,466,003	50.2
Makueni	795,000,000	268,843,575	33.8
Mandera	255,436,786	89,102,787	34.9
Marsabit	170,000,000	104,515,926	61.5
Meru	600,000,000	308,111,474	51.4
Migori	450,000,000	288,255,786	64.1
Mombasa	4,814,500,985	2,974,881,568	61.8
Murang'a	1,500,000,000	453,667,424	30.2
Nairobi City	17,890,130,299	7,124,974,887	39.8

County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Nine Months of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Nakuru	3,580,000,000	1,092,303,921	30.5
Nandi	373,234,444	136,313,307	36.5
Narok	4,690,625,651	2,446,759,031	52.2
Nyamira	280,000,000	65,494,749	23.4
Nyandarua	660,000,000	346,946,995	52.6
Nyeri	800,000,000	438,793,355	54.8
Samburu	240,330,500	167,647,771	69.8
Siaya	700,998,234	358,741,602	51.2
Taita Taveta	389,402,624	171,935,581	44.2
Tana River	87,846,000	33,713,304	38.4
Tharaka Nithi	380,000,000	164,548,562	43.3
Trans Nzoia	629,500,000	348,425,969	55.3
Turkana	198,000,000	137,051,226	69.2
Uasin Gishu	1,400,471,851	729,312,963	52.1
Vihiga	284,073,208	219,241,295	77.2
Wajir	100,000,000	34,829,403	34.8
West Pokot	170,000,000	107,178,285	63.0
Total	62,103,630,715	28,941,449,407	46.6

Source: County Treasuries

Analysis of own source revenue as a proportion of the annual revenue target indicates that Kitui, Kirinyaga and Vihiga counties achieved the highest performance of 84.6 per cent, 80 per cent and 77.2 per cent, respectively. Conversely, twenty-two counties recorded below 50 per cent performance, namely; -Kwale, Embu, Kisumu, Kakamega, Taita-Taveta, Tharaka-Nithi, Busia, Nairobi City, Garissa, Tana River, Nandi, Mandera, Wajir, Makueni, Homa Bay, Kisii, Kajiado, Nakuru, Murang'a, Kericho, Vihiga, and Nyamira

The OCoB recommends that the twenty-two counties that recorded under-performance of OSR in the period under review should develop strategies to ensure the target is achieved and control expenditure to avoid pending bills in the coming financial year.

2.3 Funds Released to the Counties

2.3.1 Funds Released from the Consolidated Fund to the Counties

In the first nine months of FY 2022/23, the Controller of Budget (CoB) approved the disbursement of Kshs.183.15 billion as an equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. The transferred amount represented 49.5 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2022. Further, a disbursement of Kshs.29.6 billion was transferred to County Governments during the period, which was June 2022 arrears of equitable share from FY 2021/22. Detailed analysis of the released equitable share and conditional grants to each county is provided in chapter three.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.239.92 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.28.88 billion (12 per cent) for development expenditure and Kshs.211.04 billion (88 per cent) for recurrent expenditure. This was a decline from Kshs.252.04 billion authorised in a similar period in FY 2021/22. A detailed analysis of the funds released to each county is provided in chapter three.

2.4 Expenditure Analysis

The total expenditure by County governments in the first nine months of the FY 2022/23 was Kshs.239.67 billion, representing an absorption rate of 46.7 per cent of the total annual County Government Budgets. This was a decline from an absorption rate of 48.7 per cent reported in a similar period in FY 2021/22 when total expenditure was Kshs.257.18 billion. Total expenditure of Kshs.239.67 billion represented 99.9 per cent of authorised withdrawals of Kshs.239.92 billion.

Recurrent expenditure was Kshs.209.95 billion, representing 61.1 per cent of the annual recurrent budget, a decline from 63.6 per cent reported in a similar period in the previous financial year. Development expenditure amounted to Kshs.29.73 billion, representing an absorption rate of 17.5 per cent, and a decline from 22.8 per cent attained in the first nine months of FY 2021/22 when total development expenditure was Kshs.44.3 billion. The analysis of expenditure by economic classification in the first nine months of FY 2022/23 is provided in Table 2.3.

Table 2.3: Expenditure by Major Economic Classification - First Nine Months of FY 2022/23

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	2,502,807,171	1,875,596,882	4,378,404,053	862,797,607	5,241,201,660
Bomet	2,246,207,686	1,254,693,001	3,500,900,687	428,444,774	3,929,345,461
Bungoma	3,678,782,766	2,066,505,599	5,745,288,365	577,941,219	6,323,229,584
Busia	2,831,325,141	845,133,298	3,676,458,439	501,613,351	4,178,071,790
Elgeyo Marakwet	1,851,907,256	689,039,480	2,540,946,736	462,977,890	3,003,924,626
Embu	1,987,083,035	778,126,667	2,765,209,701	126,042,499	2,891,252,200
Garissa	3,167,279,206	848,563,933	4,015,843,139	448,707,583	4,464,550,722
Homa Bay	2,566,861,669	1,285,928,572	3,852,790,241	571,463,959	4,424,254,200
Isiolo	1,289,285,798	1,027,347,229	2,316,633,027	687,232,182	3,003,865,209
Kajiado	3,068,626,066	2,051,644,076	5,120,270,142	1,335,698,044	6,455,968,186
Kakamega	3,794,894,670	2,608,193,839	6,403,088,509	1,151,537,335	7,554,625,844
Kericho	2,378,957,140	966,286,553	3,345,243,693	256,196,384	3,601,440,077
Kiambu	5,325,818,462	2,693,767,863	8,019,586,325	807,143,298	8,826,729,623
Kilifi	3,528,394,288	2,203,810,933	5,732,205,221	452,470,725	6,184,675,946
Kirinyaga	1,941,260,202	782,809,632	2,724,069,834	426,233,775	3,150,303,609
Kisii	3,688,586,444	823,043,267	4,511,629,711	114,687,122	4,626,316,833
Kisumu	3,698,036,620	524,553,190	4,222,589,810	514,231,018	4,736,820,828
Kitui	3,904,111,504	1,716,859,733	5,620,971,237	514,010,307	6,134,981,544
Kwale	2,565,235,856	1,863,231,366	4,428,467,222	1,082,129,376	5,510,596,598
Laikipia	2,163,693,979	1,042,097,728	3,205,791,707	398,529,690	3,604,321,397
Lamu	1,179,546,047	750,661,331	1,930,207,378	217,401,337	2,147,608,715
Machakos	3,988,445,434	1,151,737,812	5,140,183,246	356,016,245	5,496,199,491
Makueni	2,697,729,364	1,066,998,539	3,764,727,903	280,970,851	4,045,698,754
Mandera	2,032,874,470	2,855,779,549	4,888,654,019	1,665,673,986	6,554,328,005
Marsabit	2,115,949,770	881,470,140	2,997,419,910	1,034,721,578	4,032,141,488
Meru	4,088,181,759	1,513,224,640	5,601,406,399	333,798,106	5,935,204,505

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
Migori	2,202,806,465	1,737,523,480	3,940,329,945	187,639,961	4,127,969,906
Mombasa	4,050,607,150	2,693,050,100	6,743,657,250	443,183,523	7,186,840,773
Murang'a	2,824,295,804	1,343,114,628	4,167,410,432	506,814,918	4,674,225,350
Nairobi City	10,318,534,285	5,699,009,634	16,017,543,919	1,306,752,715	17,324,296,634
Nakuru	4,735,277,386	1,948,355,401	6,683,632,787	837,789,374	7,521,422,161
Nandi	2,816,762,006	1,199,647,273	4,016,409,279	802,128,672	4,818,537,951
Narok	3,018,411,167	2,900,784,685	5,919,195,852	868,835,350	6,788,031,202
Nyamira	2,036,315,298	690,914,909	2,727,230,207	729,841,536	3,457,071,743
Nyandarua	1,851,984,813	1,287,166,799	3,139,151,612	594,863,333	3,734,014,945
Nyeri	2,738,496,817	918,323,507	3,656,820,324	964,872,212	4,621,692,536
Samburu	1,779,000,795	1,422,431,455	3,201,432,250	992,212,357	4,193,644,607
Siaya	2,147,297,055	967,620,008	3,114,917,063	513,326,238	3,628,243,301
Taita Taveta	2,290,215,107	612,232,627	2,902,447,734	499,303,436	3,401,751,170
Tana River	1,323,973,611	1,757,930,400	3,081,904,011	246,239,015	3,328,143,026
Tharaka Nithi	1,913,292,450	417,513,451	2,330,805,901	454,550,725	2,785,356,626
Trans Nzoia	2,533,406,967	854,433,417	3,387,840,384	325,783,615	3,713,623,999
Turkana	3,710,873,181	5,096,589,258	8,807,462,439	1,230,925,135	10,038,387,574
Uasin Gishu	3,057,930,557	1,768,102,914	4,826,033,471	1,078,589,400	5,904,622,871
Vihiga	1,745,278,922	998,332,597	2,743,611,519	565,053,000	3,308,664,519
Wajir	2,572,048,746	1,901,214,757	4,473,263,503	614,590,296	5,087,853,799
West Pokot	1,904,217,026	1,712,892,294	3,617,109,320	354,775,395	3,971,884,715
Total	135,852,907,411	74,094,288,446	209,947,195,857	29,726,740,447	239,673,936,303

Source: OCoB and County Treasuries

County governments attained the highest expenditure in absolute terms were; Nairobi City at Kshs.17.32 billion, Turkana at Kshs.10.04 billion, and Kiambu at Kshs.8.83 billion. The lowest expenditure was recorded by Lamu, Tharaka Nithi, and Embu at Kshs.2.15 billion, Kshs.2.79 billion and Kshs.2.89 billion.

A review of cumulative expenditure by economic classification showed that Kshs.135.85 billion (56.7 per cent) was spent on Personnel Emoluments, Kshs.74.09 billion (30.9 per cent) on Operations and Maintenance, and Kshs.29.73 billion (12.4 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.29.73 billion on development activities, representing an absorption rate of 17.5 per cent of the annual development budget, which is a decrease from 22.8 per cent reported in a similar period of FY 2021/22 when development expenditure was Kshs.44.3 billion. Analysis of county budgets and expenditures in the first nine months of the FY 2022/23 is provided in Table 2.4.

Table 2.4: County Budget Allocation, Expenditure and Absorption Rate for First Nine Months FY 2022/23

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	5,171.64	4,109.65	9,281.29	4,378.40	862.8	5,241.20	84.7	21	56.5
Bomet	5,848.16	2,439.18	8,287.34	3,500.90	428.44	3,929.35	59.9	17.6	47.4
Bungoma	10,374.34	4,446.86	14,821.20	5,745.29	577.94	6,323.23	55.4	13	42.7
Busia	5,683.85	2,434.61	8,118.46	3,676.46	501.61	4,178.07	64.7	20.6	51.5
Elgeyo/ Marakwet	3,991.29	2,264.90	6,256.19	2,540.95	462.98	3,003.92	63.7	20.4	48
Embu	5,052.73	2,235.00	7,287.73	2,765.21	126.04	2,891.25	54.7	5.6	39.7
Garissa	6,515.43	3,870.28	10,385.71	4,015.84	448.71	4,464.55	61.6	11.6	43
Homa Bay	6,588.60	3,414.64	10,003.24	3,852.79	571.46	4,424.25	58.5	16.7	44.2
Isiolo	4,142.01	2,318.70	6,460.71	2,316.63	687.23	3,003.87	55.9	29.6	46.5
Kajiado	6,795.67	3,156.70	9,952.36	5,120.27	1,335.70	6,455.97	75.3	42.3	64.9
Kakamega	10,849.04	5,521.34	16,370.38	6,403.09	1,151.54	7,554.63	59	20.9	46.1
Kericho	5,736.96	2,738.62	8,475.58	3,345.24	256.2	3,601.44	58.3	9.4	42.5
Kiambu	11,586.11	4,883.88	16,469.99	8,019.59	807.14	8,826.73	69.2	16.5	53.6
Kilifi	9,556.64	5,795.13	15,351.77	5,732.21	452.47	6,184.68	60	7.8	40.3
Kirinyaga	4,926.92	2,195.63	7,122.55	2,724.07	426.23	3,150.30	55.3	19.4	44.2
Kisii	7,820.16	3,293.69	11,113.86	4,511.63	114.69	4,626.32	57.7	3.5	41.6
Kisumu	8,222.15	3,813.33	12,035.48	4,222.59	514.23	4,736.82	51.4	13.5	39.4
Kitui	8,662.35	3,716.65	12,379.01	5,620.97	514.01	6,134.98	64.9	13.8	49.6
Kwale	6,891.38	4,838.29	11,729.67	4,428.47	1,082.13	5,510.60	64.3	22.4	47
Laikipia	5,057.12	1,796.04	6,853.16	3,205.79	398.53	3,604.32	63.4	22.2	52.6
Lamu	2,995.44	1,645.09	4,640.53	1,930.21	217.4	2,147.61	64.4	13.2	46.3
Machakos	8,820.40	3,790.35	12,610.75	5,140.18	356.02	5,496.20	58.3	9.4	43.6
Makueni	7,678.72	3,850.87	11,529.60	3,764.73	280.97	4,045.70	49	7.3	35.1
Mandera	8,167.34	4,261.49	12,428.84	4,888.65	1,665.67	6,554.33	59.9	39.1	52.7
Marsabit	5,018.66	3,814.01	8,832.68	2,997.42	1,034.72	4,032.14	59.7	27.1	45.7
Meru	8,932.70	3,716.32	12,649.03	5,601.41	333.8	5,935.20	62.7	9	46.9
Migori	7,027.54	3,179.45	10,206.99	3,940.33	187.64	4,127.97	56.1	5.9	40.4
Mombasa	9,300.00	4,400.00	13,700.00	6,743.66	443.18	7,186.84	72.5	10.1	52.5
Murang'a	6,749.07	2,892.71	9,641.78	4,167.41	506.81	4,674.23	61.7	17.5	48.5
Nairobi City	27,729.40	11,884.51	39,613.92	16,017.54	1,306.75	17,324.30	57.8	11	43.7
Nakuru	12,844.06	8,265.33	21,109.39	6,683.63	837.79	7,521.42	52	10.1	35.6
Nandi	6,148.36	2,364.38	8,512.74	4,016.41	802.13	4,818.54	65.3	33.9	56.6
Narok	9,491.70	6,172.38	15,664.08	5,919.20	868.84	6,788.03	62.4	14.1	43.3
Nyamira	4,768.09	2,029.29	6,797.39	2,727.23	729.84	3,457.07	57.2	36	50.9
Nyandarua	5,191.05	2,648.79	7,839.84	3,139.15	594.86	3,734.01	60.5	22.5	47.6
Nyeri	5,325.93	2,282.54	7,608.47	3,656.82	964.87	4,621.69	68.7	42.3	60.7
Samburu	4,794.78	2,184.83	6,979.61	3,201.43	992.21	4,193.64	66.8	45.4	60.1
Siaya	5,800.07	2,823.18	8,623.25	3,114.92	513.33	3,628.24	53.7	18.2	42.1
Taita/Taveta	4,899.94	2,207.72	7,107.66	2,902.45	499.3	3,401.75	59.2	22.6	47.9
Tana River	5,448.90	2,492.30	7,941.20	3,081.90	246.24	3,328.14	56.6	9.9	41.9
Tharaka -Nithi	4,079.96	1,601.40	5,681.36	2,330.81	454.55	2,785.36	57.1	28.4	49

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			
Trans Nzoia	5,474.13	3,819.32	9,293.45	3,387.84	325.78	3,713.62	61.9	8.5	40
Turkana	12,528.85	5,880.28	18,409.13	8,807.46	1,230.93	10,038.39	70.3	20.9	54.5
Uasin Gishu	6,933.16	5,118.75	12,051.91	4,826.03	1,078.59	5,904.62	69.6	21.1	49
Vihiga	4,463.04	2,109.65	6,572.69	2,743.61	565.05	3,308.66	61.5	26.8	50.3
Wajir	8,125.45	3,109.23	11,234.68	4,473.26	614.59	5,087.85	55.1	19.8	45.3
West Pokot	5,200.51	2,464.03	7,664.54	3,617.11	354.78	3,971.88	69.6	14.4	51.8
Total	343,409.80	170,291.32	513,701.19	209,947.19	29,726.72	239,673.91	61.1	17.5	46.7

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of approved annual development budget shows that there was no county government which attained an absorption rate above 50 per cent, while 11 counties reported below 10 per cent absorption of development budget, namely; -Tana River, Machakos, Kericho, Vihiga, Meru, Trans Nzoia, Kilifi, Makueni, Migori, Embu, and Kisii. An analysis of the development projects implemented by counties is provided in chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.209.95 billion or 87.6 per cent of the total expenditure on recurrent activities. This expenditure represents 61.1 per cent of the annual county government's budget for recurrent activities, a decline from 63.6 per cent recorded in the first nine months of the FY 2021/22 when expenditure stood at Kshs.212.88 billion.

The recurrent expenditure comprised Kshs.135.85 billion (64.7 per cent) on Personnel Emoluments and Kshs.74.09 billion (35.3 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in chapter three.

2.4.3 Review of MCA Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.716.57 million on MCAs Sitting allowances against an approved budget allocation of Kshs.2.07 billion. This expenditure translates to 34.6 per cent of the approved MCAs sitting allowance budget, a decline from Kshs.1.50 billion spent in a similar period in the previous financial year. Table 2.5 shows the budgetary allocation and expenditure on MCAs and Speaker's sitting allowances in the first nine months of the FY 2022/23.

Table 2.5: MCAs Budget Allocation, Expenditure and Absorption Rate in First Nine Months FY 2022/23

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100		E=B/D/3
Baringo	21,761,515	12,255,672	56.3	46	29,603
Bomet	21,000,000	8,935,700	42.6	39	25,458
Bungoma	178,760,153	65,701,886	36.8	61	119,676
Busia	94,593,600	17,573,641	18.6	54	36,160
Elgeyo Marakwet	23,748,720	12,621,970	53.1	33	42,498
Embu	23,154,900	9,494,680	41.0	31	34,031
Garissa	36,000,000	11,076,400	30.8	49	25,117
Homa Bay	19,500,000	14,495,000	74.3	55	29,283

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Isiolo	9,003,758	5,752,818	63.9	19	33,642
Kajiado	6,240,000	1,874,003	30.0	42	4,958
Kakamega	171,046,200	54,947,931	32.1	90	67,837
Kericho	37,671,200	21,900,660	58.1	48	50,696
Kiambu	120,000,000	24,505,000	20.4	87	31,296
Kilifi	31,949,940	15,741,700	49.3	55	31,801
Kirinyaga	48,594,919	4,469,300	9.2	33	15,048
Kisii	46,041,200	14,663,400	31.8	71	22,947
Kisumu	70,466,400	15,219,633	21.6	47	35,980
Kitui	45,676,800	5,412,969	11.9	55	10,935
Kwale	44,688,388	12,189,596	27.3	31	43,690
Laikipia	22,177,600	7,690,000	34.7	21	40,688
Lamu	19,360,000	2,563,200	13.2	19	14,989
Machakos	50,000,000	35,898,800	71.8	61	65,389
Makueni	48,680,100	24,768,448	50.9	49	56,164
Mandera	28,343,800	8,950,700	31.6	49	20,296
Marsabit	30,000,000	8,985,600	30.0	33	30,255
Meru	122,245,200	16,244,200	13.3	69	26,158
Migori	70,000,000	56,412,248	80.6	60	104,467
Mombasa	41,000,000	30,162,591	73.6	42	79,795
Murang'a	30,000,000	7,728,911	25.8	48	17,891
Nairobi City	55,036,800	27,837,400	50.6	124	24,944
Nakuru	37,904,000	11,018,014	29.1	83	14,750
Nandi	31,920,000	3,950,150	12.4	45	9,753
Narok	34,813,760	10,559,900	30.3	50	23,466
Nyamira	11,328,000	6,988,100	61.7	37	20,985
Nyandarua	35,916,623	15,252,700	42.5	42	40,351
Nyeri	34,555,834	7,525,700	21.8	42	19,909
Samburu	24,500,000	16,790,280	68.5	26	71,753
Siaya	52,563,200	12,549,900	23.9	43	32,429
Taita Taveta	36,940,800	14,036,920	38.0	33	47,262
Tana River	18,125,000	6,651,000	36.7	23	32,130
Tharaka Nithi	38,918,400	7,291,700	18.7	24	33,758
Trans Nzoia	32,857,610	6,454,900	19.6	40	17,930
Turkana	50,894,400	4,070,945	8.0	48	9,423
Uasin Gishu	20,000,000	15,766,600	78.8	45	38,930
Vihiga	7,154,000	3,210,500	44.9	37	9,641
Wajir	16,216,200	11,052,800	68.2	50	24,562
West Pokot	17,712,328	7,327,100	41.4	32	25,441
Total	2,069,061,348	716,571,266	34.6	2,221	35,848

Source: OCoB and County Treasuries

County Assemblies, which reported the lowest average monthly sitting allowance per MCA, were;- Kajiado at Kshs.4,958, Turkana at Kshs.9,423 and Vihiga at Kshs.9,641. This could be due to fewer sittings by the County Assembly.

2.4.4 Pending Bills as of 31st March 2023

Following the change in the administration of the County Governments after the August 2022 General Elections, internal committees were formed to verify the pending bills to begin settling eligible bills. As of 31st March 2023, County Governments reported outstanding pending bills of Kshs.159.73 billion as of 31st March 2023, as shown in Table 2.6.

Table 2.6: Pending Bills for the Counties as of 31st March 2023

Outstanding Pending Bills as of 31st March 2023			
County	Development Expenditure	Recurrent Expenditure	Total Expenditure
Baringo	30,013,574	143,941,829	173,955,402
Bomet	492,445,379	56,826,717	549,272,096
Bungoma	323,679,681	563,143,288	886,822,969
Busia	1,007,451,956	487,827,795	1,495,279,751
Elgeyo Marakwet	-	-	-
Embu	998,090,239	556,118,238	1,554,208,477
Garissa	1,111,564,051	36,901,187	1,148,465,238
Homa Bay	717,539,614	95,031,975	812,571,589
Isiolo	-	-	761,333,360
Kajiado	-	-	2,065,350,907
Kakamega	74,684,105	59,633,472	134,317,577
Kericho	330,746,843	119,108,976	449,855,819
Kiambu	4,281,334,552	1,052,326,528	5,333,661,080
Kilifi	922,065,050	1,266,900,254	2,188,965,304
Kirinyaga	160,515,073	230,887,476	391,402,549
Kisii	952,120,694	329,061,290	1,281,181,984
Kisumu	1,449,632,427	-	1,449,632,427
Kitui	1,431,226,010	-	1,431,226,010
Kwale	-	176,069,907	176,069,907
Laikipia	-	-	831,657,473
Lamu	12,257,162	17,448,853	29,706,014
Machakos	979,348,205	1,903,617,823	2,882,966,028
Makueni	237,294,284	189,098,406	426,392,690
Mandera	-	-	2,127,291,446
Marsabit	908,112,530	44,162,996	952,275,526
Meru	779,616,563	779,616,563	1,559,233,126
Migori	94,786,881	338,493,823	433,280,704
Mombasa	1,728,214,417	3,176,802,187	4,905,016,604
Murang'a	280,157,083	2,381,577,035	2,661,734,118
Nairobi City	-	-	102,805,706,601
Nakuru	-	-	874,392,321
Nandi	598,288,427	275,471,365	873,759,792
Narok	387,748,363	898,437,922	1,286,186,285
Nyamira	44,904,131	45,380,633	90,284,764
Nyandarua	682,586,310	401,573,404	1,084,159,714
Nyeri	22,838,286	115,883,677	138,721,963
Samburu	374,607,071	150,140,000	524,747,071
Siaya	187,123,700	239,063,598	426,187,298
Taita-Taveta	568,182,182	328,739,844	896,922,026
Tana River	1,251,398,014	758,708,243	2,010,106,257
Tharaka-Nithi	121,731,906	580,416,569	702,148,475
Trans Nzoia	673,361,156	345,039,465	1,018,400,621

Outstanding Pending Bills as of 31st March 2023			
County	Development Expenditure	Recurrent Expenditure	Total Expenditure
Turkana	394,618,240	803,568,901	1,198,187,141
Uasin Gishu	170,226,470	94,326,078	264,552,548
Vihiga	503,242,477	293,434,496	796,676,973
Wajir	3,910,617,998	1,471,737,162	5,382,355,160
West Pokot	139,145,069	124,429,770	263,574,839
Total	29,333,516,172	20,930,947,745	159,730,196,024

Source: County Treasuries

Nairobi City County accounted for 64.4 per cent of pending bills at Kshs.102.81 billion. Other Counties with a high level of pending bills are Wajir at Kshs.5.38 billion, Kiambu at Kshs.5.33 billion, and Mombasa at Kshs.4.91 billion. Elgeyo Marakwet reported clearing all the outstanding pending bills as of 31st March 2023. Isiolo, Kajiado, Laikipia, Mandera, Nairobi City and Nakuru counties did not provide disaggregated data on pending bills

The high pending bills may be attributed to the following reasons: delays in disbursing the equitable share by the National Treasury. As of 30th April 2023, County Governments had not received the March and April 2023 disbursements; the change of county administrations and the requirement to undertake a verification process of pending bills has taken time, untimely approval of supplementary budget estimates to adopt prior-year pending bills in the current budget, leading to payment delays, and Political interference and refusal by successive governments to honour obligations.

The OCoB recommends that all pending bills be budgeted as a first charge in the budgets in line with Regulation 55 (2) b of the Public Finance Management (County Governments) Regulations, 2015.

3 BUDGET PERFORMANCE BY COUNTY

3.1 County Government of Baringo

3.1.1 Overview of FY 2022/23 Budget

The County's approved first Supplementary budget for FY 2022/23 is Kshs.9.28 billion, comprising Kshs.4.11 billion (44.3 per cent) and Kshs.5.17 billion (55.7 per cent) allocation for development and recurrent programmes. The approved budget estimate represents a decrease of 3.5 per cent compared to the previous financial year when the approved budget was Kshs.9.62 billion and comprised of Kshs.4.21 billion towards development expenditure and Kshs.5.42 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.37 billion (68.6 per cent) as the equitable share of revenue raised nationally, generates Kshs.312.47 million (3.4 per cent) from its own sources of revenue, Kshs.86.28 million (0.9 per cent) as conditional grants, and a cash balance of Kshs.2.60 billion (28.3 per cent) from FY 2021/22. A breakdown of conditional grants is provided in Table 3.1.

3.1.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.66 billion as the equitable share of the revenue raised nationally, raised Kshs.214.43 million as own-source revenue, received Kshs.46.5 million from conditional grants and had a cash balance of Kshs.2.60 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.52 billion, as shown in Table 3.1.

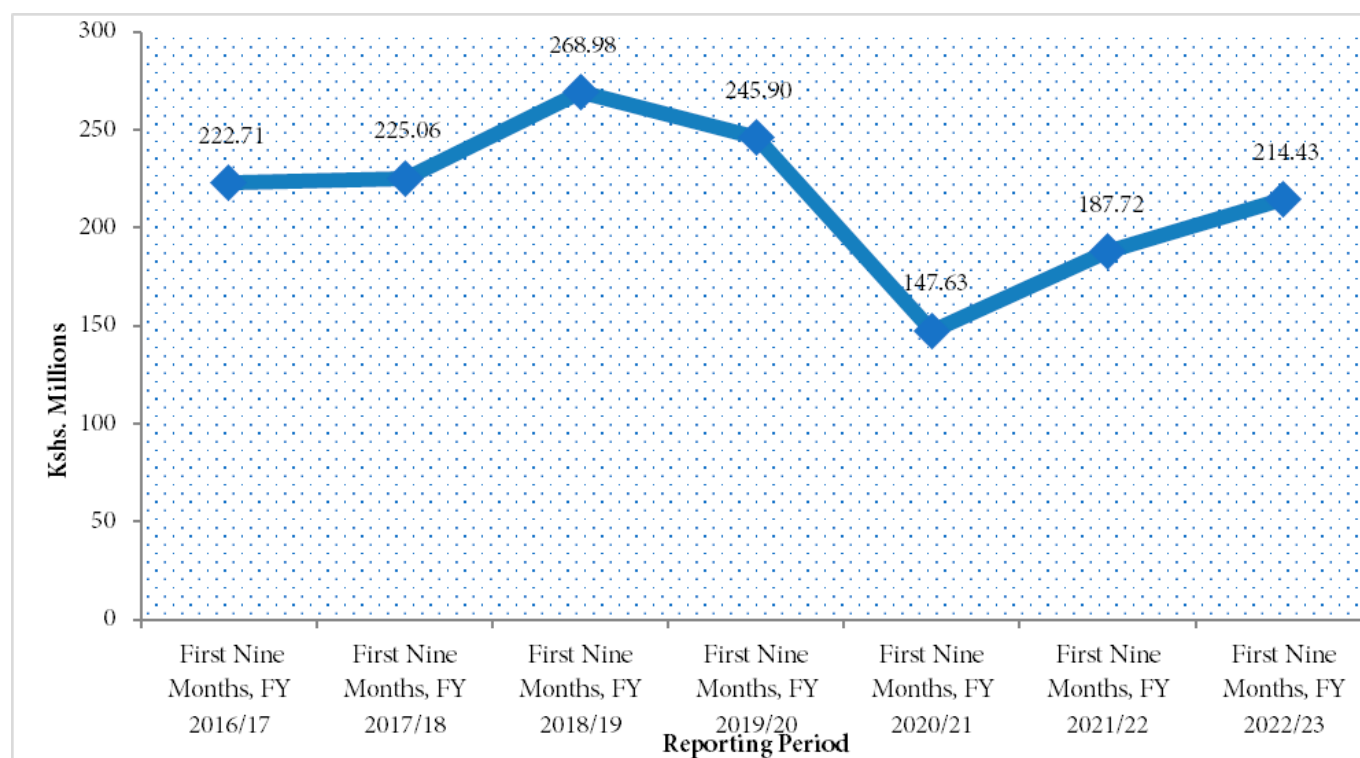
Table 3.1: Baringo County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts First nine Months (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,369,394,592	3,662,401,895	57.5
Sub Total		6,369,394,592	3,662,401,895	57.2
B	Conditional Grants			
1	COVID Emergency	24,216,529	7,297,864	30.1
2	DANIDA Grant	20,805,226	-	-
3	DANIDA Counter Funding to Level 1	2,052,750	-	-
4	DANIDA Support to rural health facilities 60%	8,685,950	8,685,950	100
5	Universal Care Project - THS	17,325,096	17,325,096	100
6	Other-Compensation for User fees Forgone	13,191,000	13,191,000	100
	Sub-Total	86,276,551	46,499,910	53.9
C	Other Sources of Revenue			
1	Own Source Revenue	312,474,282	214,431,602	68.6
2	Balance b/f from FY2021/22	2,599,424,442	2,599,424,442	100.0
Sub Total		2,911,898,724	2,813,856,044	96.6
Grand Total		9,281,293,316	6,522,757,849	70.3

Source: Baringo County Treasury

Figure 3.1 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

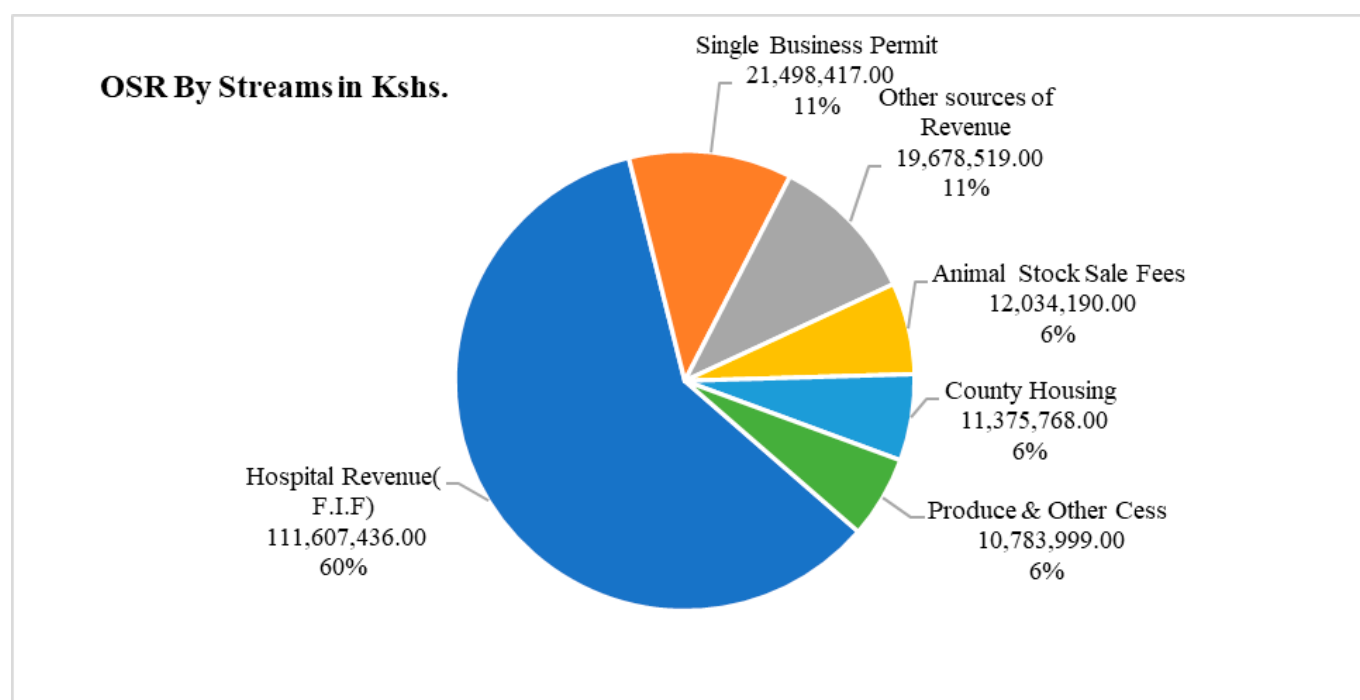
Figure 3.1: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Baringo County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.214.43 million from its own sources of revenue. This amount represented an increase of 14.2 per cent compared to Kshs.187.72 million realised in a similar period in FY 2021/22, accounting for 68.6 per cent of the annual target and 5.9 per cent of the disbursed equitable share of the revenue. The revenue streams which contributed the highest OSR are shown in Figure 3.2.

Figure 3.2: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Baringo County Treasury

The highest revenue stream of Kshs.111.61 million was from Hospital fees and charges, also known as Facility Improvement Fund (FIF), contributing to 60 per cent of the total OSR collected during the reporting period.

3.1.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.61 billion from the CRF account during the reporting period. This amount comprised Kshs.804.43 million (17.4 per cent) for development programmes and Kshs.3.81 billion (82.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.50 billion was released towards compensation to employees and Kshs.1.64 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 30th March 2022 was Kshs.780.65 million.

3.1.4 County Expenditure Review

The County spent Kshs.4.56 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.7 per cent of the total funds released by the C0B and comprised Kshs. 863.11 million and Kshs.3.70 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.0 per cent, while recurrent expenditure represented 71.5 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.349.38 million, comprising Kshs.199.93 million for recurrent expenditure and Kshs.149.44 million for development activities. During the period under review, pending bills amounting to Kshs.175.42 million were settled, which consisted of Kshs.55.99 million for recurrent expenditure and Kshs.119.43 million for development programmes. The outstanding amount was, therefore, Kshs.173.96 million as of 31st March 2023.

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.16 billion on employee compensation, Kshs. 859.37 million on operations and maintenance, and Kshs.844.57 million on development activities. Similarly, the County Assembly spent Kshs.259.64 million on employee compensation and Kshs.414.31 million on operations and maintenance shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,220,411,642	951,229,060	3,022,058,235	673,954,490	71.6	70.9
Compensation to Employees	3,110,787,496	415,986,389	2,162,683,989	259,641,913	69.5	62.4
Operations and Maintenance	1,109,624,146	535,242,671	859,374,245	414,312,576	77.4	77.4
Development Expenditure	4,017,483,665	92,168,949	844,570,580	18,539,826	21.0	20.1
Total	8,237,895,307	1,043,398,009	3,866,628,815	692,494,316	46.9	66.4

Source: Baringo County Treasury

3.1.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.41 billion, or 52.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.59 billion. This expenditure represented an increase of 6.2 from Kshs.2.27 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.19 billion paid to health sector employees, translating to 49.4 per cent of the total wage bill.

The overall expenditure on employees' compensation does not conform to Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015, which sets the limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

Further analysis indicates that PE costs amounting to Kshs.2.40 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.114.0 million was processed through manual payrolls. The manual payrolls accounted for 0.08 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.12.26 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.21.76 million. The average monthly sitting allowance was Kshs.44,405 per MCA. The County Assembly has established 25 House committees.

3.1.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.205.63 million to county-established funds in FY 2022/23, which constituted 2.2 per cent of the County's overall budget for the year. Table 3.3 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.3: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No)
County Executive Established Funds					
1.	Baringo County Executive Car Loan & House Mortgage Scheme	2,000,000	-	-	No
2.	Baringo County Bursary & Scholarships Fund	25,000,000	-	-	Yes
3.	Baringo County Emergency Fund	22,500,000	18,900,000	18,900,000	Yes
4.	Baringo County Small & Medium Enterprise Fund	4,000,000	-	-	No
5.	Baringo County Co-operative Development Fund	3,500,000	-	-	No
6.	Baringo County Community Wildlife Conservation Fund	5,000,000	-	-	No
County Assembly Established Funds					
7.	Baringo County Assembly Members Car & Mortgage Fund	140,000,000	-	-	Yes
8.	Baringo County Assembly Staff Car Loans & Mortgage Fund	3,633,248	3,600,000	3,600,000	Yes
	Total	205,633,248	22,500,000	22,500,000	

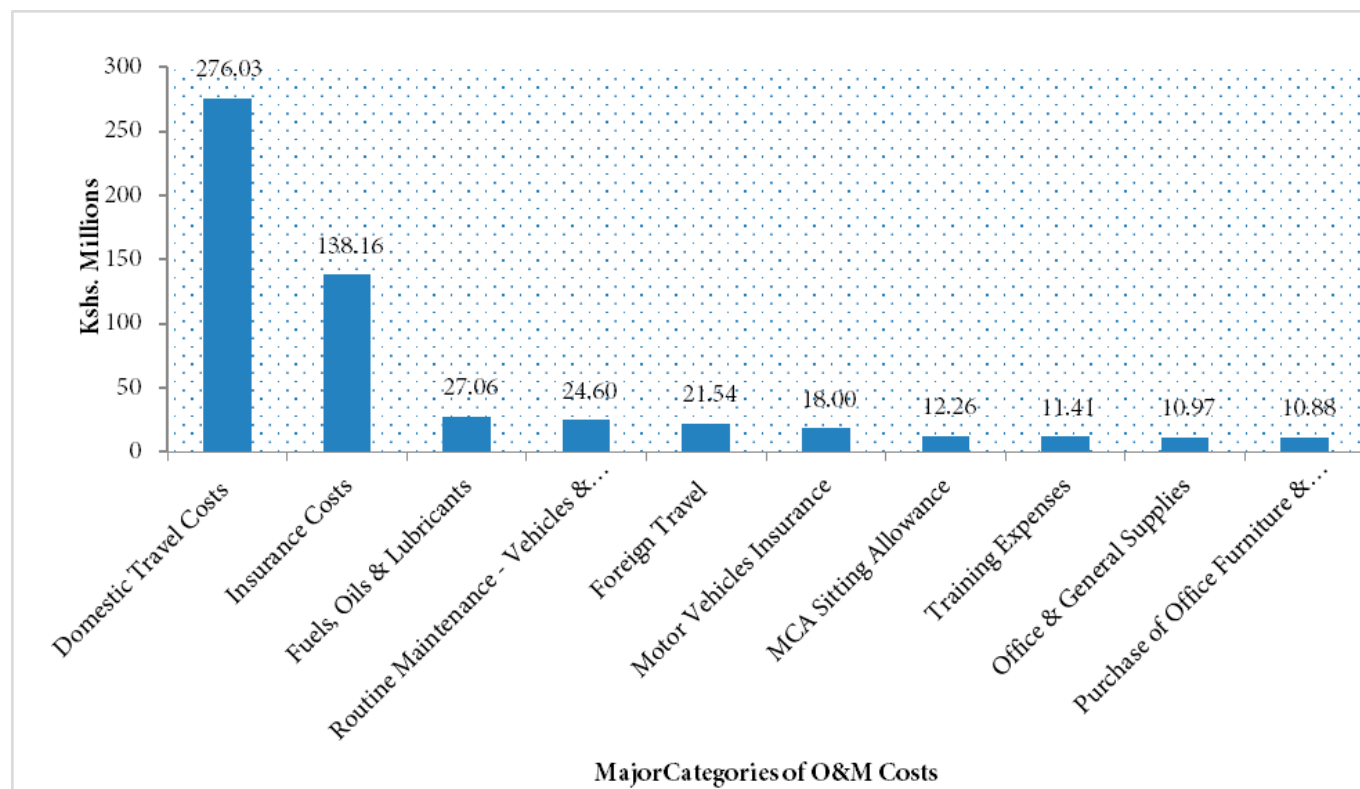
Source: ~Baringo County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.3, which is against the requirement of Section 168 of the PFM Act, 2012.

Expenditure on 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



Source: Baringo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.276.03 million and comprised of Kshs.178.58 million spent by the County Assembly and Kshs.97.45 million by the County Executive. Expenditure on foreign travel amounted to Kshs.21.54 million and comprised of Kshs.21.05 million by the County Assembly and Kshs.0.49 million by the County Executive.

3.1.9 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.862.80 million on development programmes, representing an increase of 117.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.396.13 million. Table 3.4 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport & Infrastructure	Purchase of Dozer, Grader, Excavator & Two Tipper Lorries & a Service Van of Road Machinery	Baringo South Sub-County Wards	48,125,000	47,295,259	98.3
2	Transport & Infrastructure	Completion of Arabal- Ngelecha - Mukutani Road	Mukutani	6,972,288	7,318,000	105.0
3	Education and ICT	Construction of ECD Classrooms	County Wide	62,011,203	7,080,387	11.4
4	Agriculture, Livestock, Fisheries & Marketing	Supply of Coffee Milling Machine	Katimok	7,000,000	7,000,000	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
5	County Assembly	Installation of Cabro works at the Parking parlour	County Assembly	13,285,468	6,308,388	47.5
6	Health Services	Construction of outpatient Block (MCH/FP unit, Pharmacy, Consultation Room, Clinician (injection room), Laboratory Unit, Stores, Health Office and waiting bay 2. Maternity Block (Wards, Male Female and Children) Kitchen, Sanitary facilities, Water storage tank, Incinerator (waste disposal), two Unit staff house, Fence and Gate)	Mukutani	16,000,000	5,006,575	31.3
7	Water & Irrigation	Hydrogeological Survey	Baringo Central	5,500,000	5,000,000	90.9
8	Transport & Infrastructure	Repairs & Maintenance of County Access Roads	Lembus Kwen	4,999,999	4,913,793	98.3
9	Transport & Infrastructure	Construction of Footbridge	Silale	5,007,990	4,567,132	91.2
10	Transport & Infrastructure	Repairs & Maintenance of County Access Roads	Eldama Ravine	5,000,000	4,310,345	86.2

Source: Baringo County Treasury

3.1.10 Budget Performance by Department

Table 3.5 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 3.5: Baringo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	951.23	92.17	716.09	18.23	674.27	18.23	94.2	100.0	70.9	19.8
Governor/County Executive services	3,467.30	54.94	2,527.25	26.48	2,391.80	23.62	94.6	89.2	69.0	43.0
County Treasury Services	151.98	257.82	128.58	26.81	126.64	66.68	98.5	248.7	83.3	25.9
Transport and Infrastructure	13.70	789.10	10.27	220.80	8.37	201.39	81.5	91.2%	61.1	25.5
Industrialisation, Commerce and Tourism	11.86	88.06	5.62	33.49	10.18	12.10	181.3	36.1	85.9	13.7
Education and ICT	49.09	300.73	11.49	26.69	13.79	53.70	120.0	201.2	28.1	17.9
Youth Affairs, Sports, Culture, Gender and Social services	14.89	158.00	9.53	23.54	12.04	18.85	126.3	80.1	80.8	11.9
Health	393.74	453.51	301.50	35.78	378.11	27.02	125.4	75.5	96.0	6.0
Lands, Housing & Urban Development	31.93	166.51	26.13	12.30	12.00	14.17	45.9	115.2	37.6	8.5
Agriculture, Livestock, and Fisheries Management	27.67	676.18	24.34	175.31	23.13	219.56	95.0	125.2	83.6	32.5
Water and Irrigation	44.96	960.01	39.53	179.07	39.99	200.96	101.2	112.2	88.9	20.9
Environment & Natural Resources	13.30	112.64	7.13	25.92	6.01	6.52	84.3	25.1	45.2	5.8
County Public Service Board	19.87	-	12.00	-	11.60	-	96.3	-	58.3	-
Total	5,172	4,110	3,807	804.43	3,696	863	97.1	107.3	71.5	21.0

Source: Baringo County Treasury

Analysis of expenditure by department shows that the Department of Governor/County Executive Services recorded the highest absorption rate of development budget at 43 per cent, followed by the Department of Agriculture, Livestock, and Fisheries Management at 32.5 per cent. The Department of Health had the highest percentage of recurrent expenditure to budget at 96 per cent, while the Department of Education and ICT had the lowest at 28.1 per cent.

3.1.11 Budget Execution by Programmes and Sub-Programmes

Table 3.6 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

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

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly					
	P1 OFFICE OF THE CLERK	-	-		-
	General administration	195,672,168	109,300,155	86,372,013	55.9
	General Administration / Legislation Services	396,299,370	291,981,571	104,317,799	73.7
Office of the Speaker			-		
	General Administration, Planning and Support Services	419,003,370	272,985,563	146,017,807	65.2
Office of the Governor and Deputy Governor	General Administration			-	
	P3 GOVERNORS OFFICE and DEPUTY GOVERNOR	59,653,600	41,375,069	18,278,531	69.4
	P4 Acquisition of Assets	10,170,292	8,179,849	1,990,443	80.4
County Executive Administration	Baringo North sub-county	31,352,044	15,678,009	15,674,035	50.0
	Inter and intra -governmental Relations services	4,200,000	3,309,200	890,800	78.8
	Civic Education Development Services	100,000	93,600	6,400	93.6
County Secretary	General Administration	192,247,999	145,817,399	46,430,600	75.8
Public Services, Administration, Devolution, & ICT	General Administration	3,110,787,496	2,048,535,109	1,062,252,387	65.9
	Tiaty West sub-county (Administration)	4,176,158	3,705,529	470,629	88.7
	Tiaty sub-county East (Administration)	461,250	17,500	443,750	3.8
	Baringo North sub-county	4,886,222	3,883,624	1,002,598	79.5
	Baringo Central sub-county	4,258,027	2,597,385	1,660,642	61.0
	Baringo South sub-county	4,644,000	3,214,597	1,429,403	69.2
	Mogotio sub-county	4,462,377	3,413,139	1,049,238	76.5
	Eldama Ravine sub-county	5,352,412	2,839,482	2,512,930	53.1
Finance & Economic Planning	Finance	94,638,824	105,872,061	(11,233,237)	111.9
	Economic Planning	57,339,989	19,731,088	37,608,901	34.4
	General administration	94,638,824	71,999,234	22,639,590	76.1
	KDS Programme	237,484,193	30,705,718	206,778,475	12.9
	Revenue Services Development Services	460,000	345,600	114,400	75.1
	Treasury Accounts	18,335,687	16,946,991	1,388,696	92.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Revenue Management Services		-	-		
	Eldama Ravine sub-county	-	-		
Monitoring and Evaluation	Economic Planning, Budget, Monitoring and Evaluation Services	57,339,989	34,405,643	22,934,346	60.0
Transport and Infrastructure	Urban Infrastructure Development	-	-		
	Rural Infrastructure Development	789,100,855	117,212,013	671,888,842	14.9
	General administration	13,700,173	8,371,033	5,329,140	61.1
Industrial Development Services				-	
	Co-operative services Development	78,133,733	4,998,000	73,135,733	6.4
	Tourism Development & Marketing	-	-		
	Trade Development	9,922,337	2,982,460	6,939,877	30.1
	Industrial Development Services	-	-		
Trade Development and Management Services	General administration	11,855,092	10,184,102	1,670,990	85.9
	Trade Development	12,670,900	8,790,700	3,880,200	69.4
Education	General Administration, Planning and support services	48,290,000	13,790,394	34,499,606	28.6
	Early Childhood Development Education	300,731,924	146,789,007	153,942,917	48.8
	General administration services	49,090,000	23,476,111	25,613,889	47.8
Youth Polytechnics	Vocational Training	6,490,200	-	6,490,200	
County Health Services	General Administration	847,255,034	350,480,897	496,774,137	41.4
	Curative and Rehabilitative Services	32,102,225	12,345,768	19,756,457	38.5
	Preventive and Promotive Health Services	400,412,477	131,961,191	268,451,286	33.0
	Health/preventive services	21,000,000	-		
	Medical Drugs	156,000,000.00	132,469,868.00	23,530,132	84.9
Promotion of primary healthcare	General administration	393,740,332	138,052,558	255,687,774	35.1
Lands and Urban Development	General administration	17,903,832	7,047,116	10,856,716	39.4
	Land Use Planning	-	-		
	Land Administration	21,018,300	3,999,600	17,018,700	19.0
	Eldamaravine Town- Urban Development	6,124,129	1,588,082	4,536,047	25.9
	Urban Development-Kabarnet	7,904,513	3,367,343	4,537,170	42.6
		-	-		
	Land Survey and Mapping	38,255,014	1,325,972	36,929,042	3.5
		-	-		
	Civic Education Development Services	20,000,000	-		
	General administration	6,124,129	1,325,972	4,798,157	21.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Land Administration	12,130,885	-		
	Housing	83,077,397	4,930,072	78,147,325	5.9
	Inter and intra -governmental Relations services	75,172,884	2,391,920	72,780,964	3.2
	Other Urban Infrastructure development and management	27,904,513	2,538,152	25,366,361	9.1
				-	
Agricultural Services	General administration	70,505,704	30,511,243	39,994,461	43.3
	Livestock Development and Management	102,315,306	14,131,946	88,183,360	13.8
	Improved livestock Production	3,500,000	499,950	3,000,050	14.3
	Agricultural mechanisation services	10,500,000	10,108,397	391,603	96.3
	General administration	27,669,781	5,770,950	21,898,831	20.9
	Fisheries Development and Management	-	-		
	Agricultural Development	18,844,323	11,987,678	6,856,645	63.6
	Agricultural training services	-	-		
	Crop Production and Management	13,491,600	9,780,678	3,710,922	72.5
Culture Services	General Administration	172,887,601	14,750,856	158,136,745	8.5
				-	
	Sports Development	600,000	558,000	42,000	93.0
Water Management Services	Drilling of Pole holes	196,009,800	56,594,272	139,415,528	28.9
	Construction of Dams	44,955,512	26,617,397	18,338,115	59.2
Environment Administration and Planning		13,301,809	3,161,404	10,140,405	23.8
Environmental and Natural resource protection Management		112,636,711	7,298,913	105,337,798	6.5
	Grand Total	9,281,293,316	4,559,123,131	4,722,170,185	49.1

Source: ~Baringo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Agricultural Mechanisation Services in the Department of Agriculture, Livestock, Fisheries & Marketing at 96.3 per cent, followed closely by Civic Education Development Services in the Department of County Executive Services & Administration at 93.6 per cent, Sports Development in the Department of Youth, Culture and Social Services at 93 per cent and Purchase of Drugs in the Department of Health at 84.9 per cent of budget allocation.

3.1.12 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.5 where the County incurred expenditure over approved exchequer issues in several departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to Section 168 of the PFM Act, 2012. The reports for the Small & Medium Enterprise Fund, Co-operative Development Fund, County Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Fund were not submitted to the Controller of Budget
3. High pending bills amounting to Kshs.173.96 million as of 31st March 2022. This is despite the availability of

cash in the CRF account, which stood at Kshs.780.65 million at the end of the first Nine months of FY 2022/23.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.114 million were processed through the manual payroll, accounting for 4.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining months of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.2 County Government of Bomet

3.2.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.8.29 billion, comprising Kshs.2.44 billion (29.4 per cent) and Kshs.5.85 billion (70.6 per cent) allocated for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 6.2 per cent compared to the previous financial year when the approved budget was Kshs.8.84 billion and comprised of Kshs.3.03 billion towards development expenditure and Kshs.5.81 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.69 billion (80.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (3.6 per cent) from its own sources of revenue, Kshs.760.95 million as conditional grants, and a cash balance of Kshs.535.29 million (6.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.7.

3.2.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.31 billion as the equitable share of the revenue raised nationally, raised Kshs.193.62 million as own-source revenue, Kshs.163.47 million as conditional grants, and had a cash balance of Kshs.862.28 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.53 billion, as shown in Table 3.7.

Table 3.7: Bomet County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,691,099,118	3,312,094,063	49.5
	Sub total	6,691,099,118	3,312,094,063	49.5
B	Conditional Grants			
1.	Conditional Grant - Leasing of Medical Equipment	110,638,298	-	-
2.	KDSP (Level 1 & 2 Grant) B/F	146,748,324	32,587,694	22.2
3.	HSSF DANIDA	27,274,500	-	-
4.	IDA Kenya/Climate action	22,000,000	11,000,000	50.0
5.	IDA Kenya/Climate action/Development	125,000,000	-	-
6.	IDA Kenya Climate Smart Programme	83,323,430	75,317,259	90.4

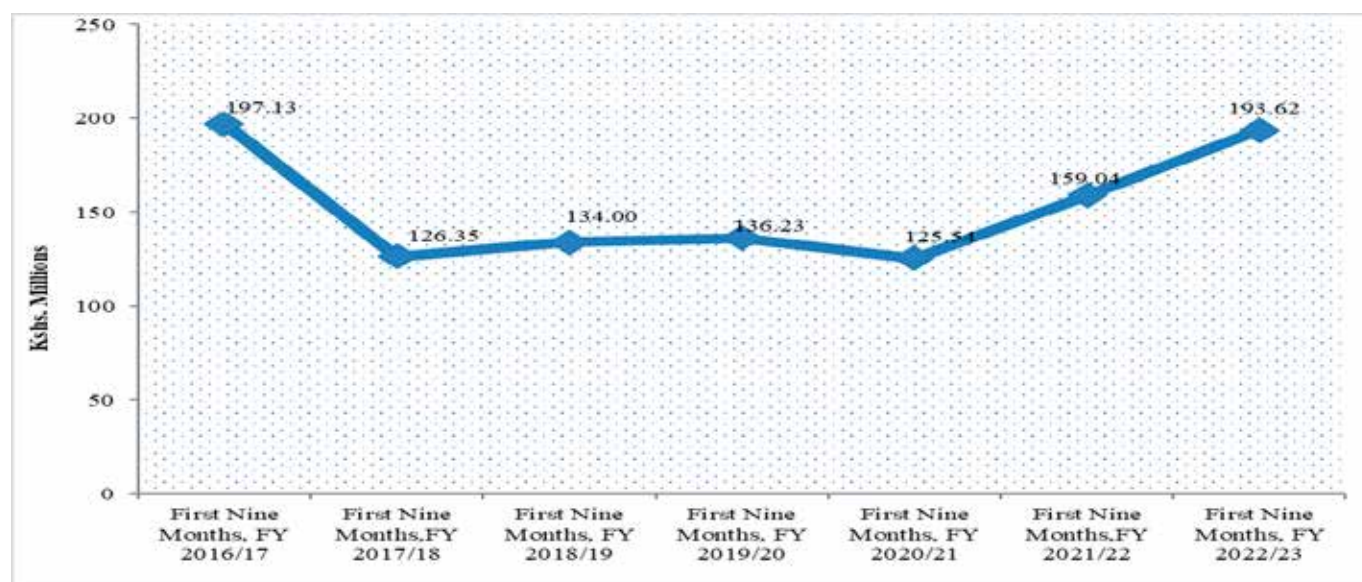
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
7.	Agriculture Sector Development Support Programme (ASDSP)	32,757,249	32,616,455	99.6
8.	Equalization Fund for the Marginalised	26,037,510	-	-
9.	Nutrition International	25,305,950	11,947,960	47.2
10.	IDA World Bank-Value Chain NAVCDP	70,000,000	-	-
11.	COVID-19 Response Allocation	8,209,036	-	-
12.	Kenya Urban Support Programme	51,764,074	-	-
13.	World Bank Loan to transform health systems for universal care project	26,893,087	-	-
14.	REREC	5,000,000	-	-
Sub total		760,951,458	163,469,368	21.5
C	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	193,624,195	64.5
2.	Unspent balance from FY 2021/22	535,287,924	862,284,748	161.1
Sub Total		835,287,924	1,055,908,943	126.4
Grand Total		8,287,338,500	4,531,472,374	54.7

Source: Bomet County Treasury

The unspent balances include the June 2022 disbursement of Kshs.535.29 million, a balance of Kshs.308.71 million in Special Purpose Accounts, a balance of Kshs.7.67 million in County Established Funds, OSR from FY 2021/22 of Kshs.2.27 million not swept into the CRF by the close of the financial year, a balance of Kshs.6.87 million in the Retention Account, and a Kshs.1.49 million balance in the CRF account as of June 30, 2022. These balances were not included in the supplementary budget, thus the more than 100 per cent performance.

Figure 3.4 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

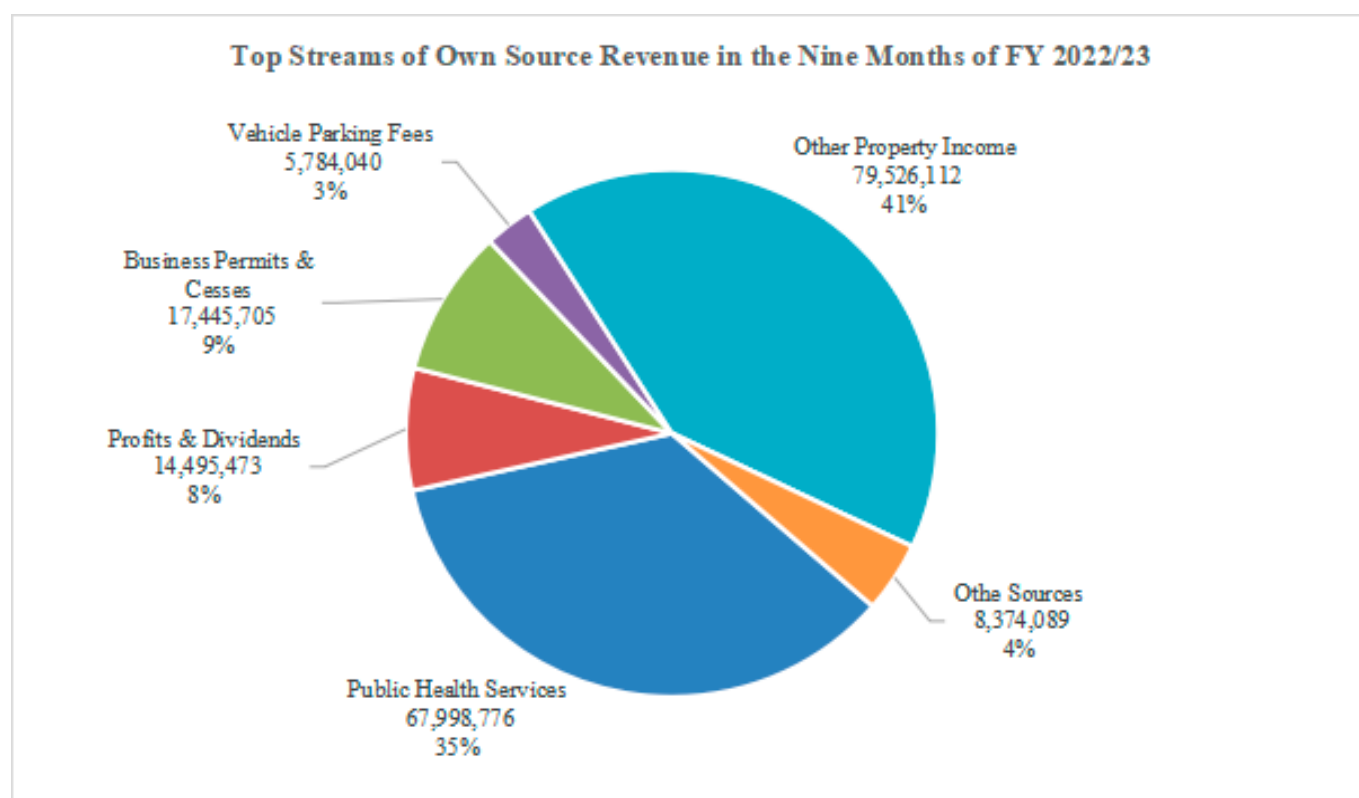
Figure 3.4: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Year from FY 2016/17 to FY 2022/23



Source: Bomet County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.193.62 million from its own sources of revenue. This amount represented an increase of 21.7 per cent compared to Kshs.159.04 million realised in a similar period of FY 2021/22. The generated amount was 64.5 per cent of the annual target and 5.8 per cent of the equitable revenue share of revenue disbursed during the period. Revenue streams which contributed the highest OSR are shown in Figure 3.5.

Figure 3.5: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Bomet County Treasury

The highest revenue stream of Kshs.68 million was from Public Health Services, contributing to 35 per cent of the total OSR collected during the reporting period.

3.2.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.06 billion from the CRF account during the reporting period. This amount comprised Kshs.393.36 million (9.7 per cent) for development programmes and Kshs.3.67 billion (90.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.38 billion was released towards compensation to employees, Kshs.1.29 billion was for Operations and Maintenance expenditure, while Kshs.393.36 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on March 31, 2023, was Kshs.90.46 million.

3.2.4 County Expenditure Review

The County spent Kshs.3.93 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.8 per cent of the total funds released by the CoB and comprised Kshs.428.44 million and Kshs.3.50 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent. In contrast, recurrent expenditure represented 59.9 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills of Kshs.35.13 million for development activities. In subsequent verification, the County reported Kshs.549.27 million as the pending bills comprising Kshs.492.45 for development programmes and Kshs.56.83 million for recurrent programmes. These balances were declared after the settlement of Kshs.133.10 million on development programmes. Therefore, as of March 31, 2023, the outstanding amount was Kshs.549.27 million compared to the reported amount as of June 30, 2022, of Kshs.35.13 million.

The June 30, 2022, balance of eligible pending bills was from the Auditor General Special Audit report, which the County could not clear due to a delay in disbursement of the June 2022 share of equitable revenue raised nationally.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.06 billion on employee compensation, Kshs.949.68 million on operations and maintenance, and Kshs.310.04 million on development activities. Similarly, the County Assembly spent Kshs.189.23 million on employee compensation, Kshs.305.01 million on operations and maintenance, and Kshs.118.41 million on development activities, as shown in Table 3.8.

Table 3.8: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,002,955,170	845,199,848	3,006,659,657	494,241,030	60.1	58.5
Compensation to Employees	2,805,094,971	332,289,260	2,056,978,267	189,229,419	73.3	56.9
Operations and Maintenance	2,197,860,199	512,910,588	949,681,390	305,011,611	43.2	59.5
Development Expenditure	2,189,183,482	250,000,000	310,036,973	118,407,801	14.2	47.4
Total	7,192,138,652	1,095,199,848	3,316,696,630	612,648,831	46.1	55.9

Source: Bomet County Treasury

3.2.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.25 billion, or 49.6 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.53 billion. This expenditure represented an increase from Kshs.2.20 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.538.88 million paid to health sector employees, translating to 24.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.58 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.796.18 million was processed through manual payrolls. The manual payrolls accounted for 33.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.8.94 million on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.21 million. The average monthly sitting allowance was Kshs.25, 458 per MCA. The County Assembly has established 15 Committees.

3.2.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.366.33 million to county-established funds in FY 2022/23, constituting 4.4 per cent of the County's overall budget. Table 3.9 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.9: Performance of County Established Funds as of March 31 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of March 31 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	96,326,180	56,496,660	56,496,660	Yes
2.	Revolving Fund	20,000,000	-	-	No
3.	Car and Mortgage	100,000,000	43,000,000	-	Yes
4.	Emergency Fund	10,000,000	-	-	No
County Assembly Established Funds					
1.	Car and Mortgage	140,000,000	140,000,000	110,000,000	Yes
2.	Total	366,326,180.00	239,496,660.00	166,496,660.00	-

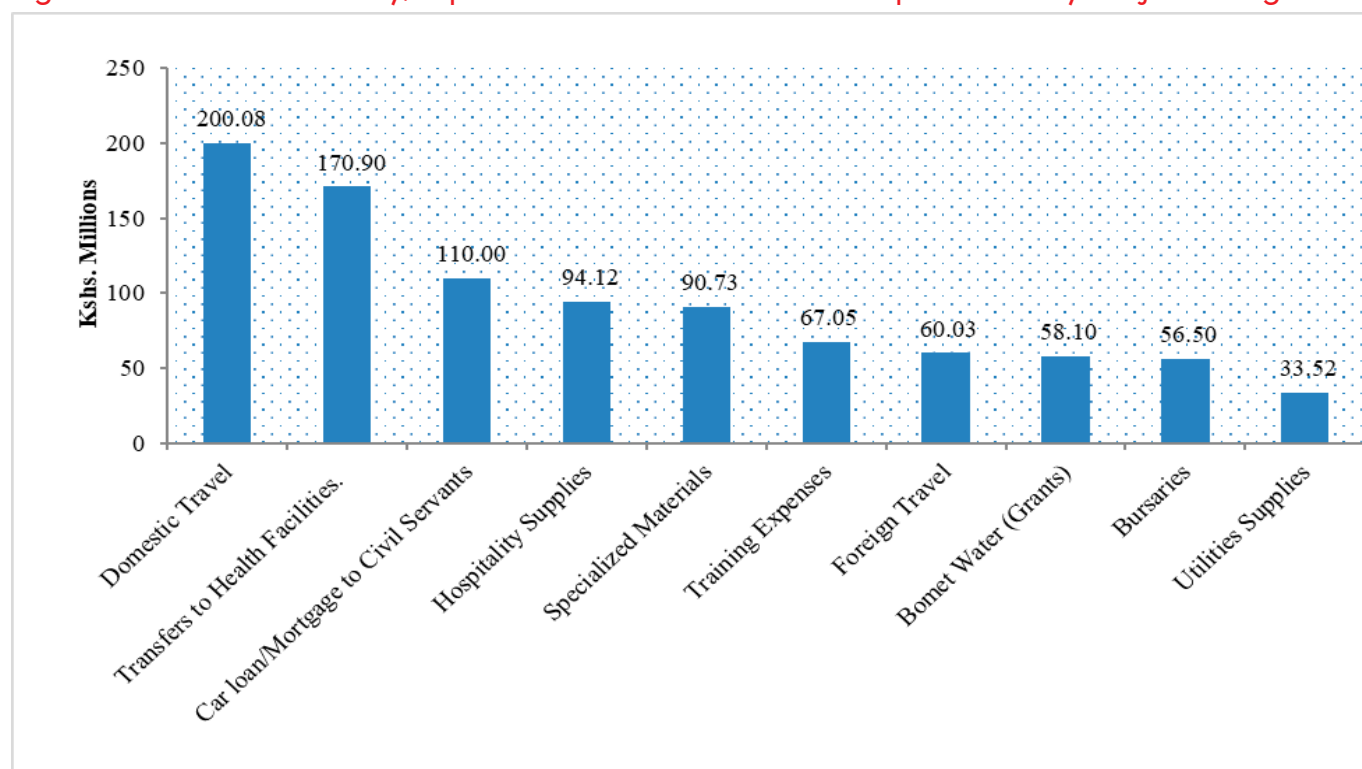
Source: ~Bomet County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Revolving Fund and the Emergency Fund, as indicated in Table 3.9. Contrary to the requirement of Section 168 of the PFM Act, 2012.

3.2.9 Expenditure on Operations and Maintenance

Figure 3.6: Bomet County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

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



Source: Bomet County Treasury

During the period, expenditure on domestic travel amounted to Kshs.200.08 million and comprised of Kshs.83.70 million spent by the County Assembly and Kshs.116.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.60.03 million and comprised of Kshs.37.76 million by the County Assembly and Kshs.22.27 million by the County Executive.

3.2.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.428.44 million on development programmes, representing a decrease of 138.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.02 billion. The County spent Kshs.133.10 million of the development expenditures in settling pending bills.

Table 3.10 summarises development projects with the highest expenditure in the reporting period.

Table 3.10: Bomet County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	County Assembly	Construction of the County Assembly Chambers	Merigi Ward	473,477,899	163,780,000	111,832,040	75.0	Multi-year project and on-going
2		Construction of Speakers Residence	Merigi Ward	34,500,000	20,000,000	3,550,061	30.0	On-going
3	Finance	Construction of Mother and Child Hospital	Longisa Ward	296,000,000	130,000,000	16,593,192.2	12.8	Construction works on-going – Funded by KDSP
4	Finance	Provision of a revenue collection system	County-wide	13,834,000	13,834,000	6,000,000	43.4	One module not done yet

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 3.11 summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.11: Bomet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,172.75	34.00	1,465.31	-	1,477.77	-	100.9	-	68.0	-
Finance, ICT and Economic Planning	402.48	233.20	159.38	27.09	200.67	61.08	125.9	225.5	49.9	26.2
Lands, Housing and Urban Planning	101.34	220.58	2.15	-	6.14	-	285.5	-	6.1	-
Youth, Sports, Gender and Culture	50.58	19.50	1.92	-	12.13	-	631.7	-	24.0	-
Medical Services and Public Health	1,757.93	201.74	1,309.64	-	1,094.50	-	83.6	-	62.3	-
Agriculture, Livestock and Cooperatives	49.46	426.87	0.80	101.95	16.13	107.93	2,004.8	105.9	32.6	25.3
Water Sanitation and Environment	151.94	360.51	82.57	14.00	70.09	-	84.9	-	46.1	-
Education and Vocational Training	241.51	145.94	105.36	-	110.86	8.00	105.2	-	45.9	5.5
Roads, Public Works and Transport	58.71	491.35	3.06	133.10	13.86	133.03	452.4	99.9	23.6	27.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Energy, Tourism and Industry	16.24	55.50	0.30	-	4.50	-	1,501.5	-	27.7	-
County Assembly	845.20	250.00	536.15	117.23	494.24	118.41	92.2	101.0	58.5	47.4
Grand Total	5,848.16	2,439.18	3,666.65	393.36	3,500.90	428.44	95.5	108.9	59.9	17.6

Source: Bomet County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 47.4 per cent, followed by the Department of Roads, Public Works and Transport at 27.1 per cent. The Department of Administration and Public Service had the highest percentage of recurrent expenditure to budget at 68.0 per cent, while the Department of Lands, Housing and Urban Planning had the lowest at 6.1 per cent.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 3.12 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.12: Bomet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of March 31 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service							
Adminis- tration and Public Service	County Executive	216,673,227	-	166,244,395	-	76.7	-
	County PSB	44,645,188	-	23,522,081	-	52.7	-
	Administration/Gover- nance	121,015,962	34,000,000	29,228,173	-	24.2	-
	Public Service	1,790,419,357	-	1,258,772,520	-	70.3	-
	Sub total	2,172,753,734	34,000,000	1,477,767,169	-	68.0	-
Finance, Economic Planning and ICT							
Finance	Financial Management Services	249,066,000	59,934,000	122,349,412	11,896,551	49.1	19.8
	Sub total	249,066,000	59,934,000	122,349,412	11,896,551	49.1	19.8
Economic Planning	Administration	68,903,419	158,263,103	44,368,012	49,180,886	64.4	31.1
	Budget Preparation & Management	11,400,528	-	6,153,400	-	54.0	-
	M & E Services	21,345,766	-	2,493,300	-	11.7	-
	Planning & Statistics	29,290,555	-	22,285,219	-	76.1	-
	Sub total	130,940,268	158,263,103	75,299,931	49,180,886	57.5	31.1
ICT	Administration	22,478,654	15,000,000	3,024,450	-	13.5	-
	Sub total	22,478,654	15,000,000	3,024,450	-	13.5	-
Lands, Housing and Urban Planning							
Lands, Hous- ing and Urban Planning	Lands	12,065,000	140,000,000	842,210	-	7.0	-
	Urban Management	32,365,218	20,000,000	2,978,700	-	9.2	-
	Housing Development	5,823,810	-	317,200	-	5.4	-
	Municipality	51,087,808	60,576,266	2,000,000	-	3.9	-
	Sub total	101,341,836	220,576,266	6,138,110	-	6.1	-
Youth, Sports, Gender and Culture							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of March 31 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth, Sports, Gender and Culture	Policy Development and Administrative Services	5,575,700	-	1,843,700	-	33.1	-
	Gender, Children Services and Social Protection	18,000,000	-	4,290,000	-	23.8	-
	Youth and Sports Devel- opment	27,000,000	19,500,000	6,000,000	-	22.2	-
	Sub total	50,575,700	19,500,000	12,133,700	-	24.0	-
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,181,011,077	-	847,606,854	-	71.8	-
	Policy Development	3,000,000	-	-	-	-	-
	Healthcare financing – transfers to health facilities	233,687,921	-	170,896,000	-	73.1	-
	Curative Services	249,629,649	-	64,053,048	-	25.7	-
	Preventive and Promo- tive Services	75,605,950	-	11,947,960	-	15.8	-
	Reproductive Health Services	15,000,000	-	-	-	-	-
	Health Infrastructure Development		201,737,868	-	-	-	-
	Sub total	1,757,934,597	201,737,868	1,094,503,862	-	62.3	-
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	27,437,309	-	6,423,500	-	23.4	-
	Crop Management	-	159,580,679	-	107,933,714	-	67.6
	Food & Nutrition Security	-	118,000,000	-	-	-	-
	Sub total	27,437,309	277,580,679	6,423,500	107,933,714	23.4	38.9
Livestock, Fisheries & Veterinary Services	Livestock Development	-	10,500,000	-	-	-	-
	Fisheries Development	-	-	-	-	-	-
	Veterinary Services	-	69,300,000	-	-	-	-
	Sub total	-	79,800,000	-	-	-	-
Co-operative & Enterprise Development	Administration	22,020,000	-	9,705,000	-	44.1	-
	Policy Formulation & Admin	-	3,500,000	-	-	-	-
	Co-operative Develop- ment	-	54,989,000	-	-	-	-
	Value Addition & Mar- keting	-	11,002,633	-	-	-	-
	Enterprise Development	-	-	-	-	-	-
	Sub total	22,020,000	69,491,633	9,705,000	-	44.1	-
Water Sanitation and Environment							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of March 31 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water and Irrigation	Administration	119,571,220	6,000,000	67,386,735	-	56.4	-
	Development of Water Supply for Domestic and Commercial purposes	-	163,107,100	-	-	-	-
	Irrigation Development	-	3,000,000	-	-	-	-
	Sub total	119,571,220	172,107,100	67,386,735	-	56.4	-
Waste Water management	Waste Water management	-	-	-	-	-	-
	Sub total	-	-	-	-	-	-
Environment & Natural resources	Administration	32,372,900	600,000	2,700,000	-	8.3	-
	Environmental and natural resources protection and conservation	-	187,800,000	-	-	-	-
	Sub total	32,372,900	188,400,000	2,700,000	-	8.3	-
Education and Vocational Training							
Education and Vocational Training	Policy Planning & General Administration	241,510,870	-	110,861,888	-	45.9	-
	Early Childhood Development and Education	-	115,398,400	-	8,000,000	-	6.9
	Technical Vocational Educational and Training	-	30,544,433	-	-	-	-
	Sub total	241,510,870	145,942,833	110,861,888	8,000,000	45.9	5.5
Roads, Public Works and Transport							
Roads, Public Works and Transport	Policy planning and administrative services	58,712,200	-	13,861,340	-	23.6	-
	Roads Construction & Maintenance	-	180,000,000	-	133,025,822	-	73.9
	Development and Maintenance of other Public works	-	53,000,000	-	-	-	-
	County Transport Infrastructure	-	258,350,000	-	-	-	-
	Sub total	58,712,200	491,350,000	13,861,340	133,025,822	23.6	27.1
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	16,239,882	-	4,504,560	-	27.7	-
	Trade Development	-	20,000,000	-	-	-	-
	Energy Development	-	16,500,000	-	-	-	-
	Tourism Development	-	10,000,000	-	-	-	-
	Industry	-	9,000,000	-	-	-	-
	Investment	-	-	-	-	-	-
	Sub total	16,239,882	55,500,000	4,504,560	-	27.7	-
The County Assembly							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of March 31 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County As- sembly	General Administration, Human Resource and Administrative Services	385,267,897	250,000,000	266,636,235	118,407,801	69.2	47.4
	Legislative Services	413,654,793	-	213,143,217	-	51.5	-
	Oversight and Represen- tation	46,277,158	-	14,461,578	-	31.2	-
	Sub total	845,199,848	250,000,000	494,241,030	118,407,801	58.5	47.4
Grand Total		5,848,155,018	2,439,183,482	3,500,900,687	428,444,774	59.9	17.6

Source: ~Bomet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and Public Service in the County Executive at 68.0 per cent, Medical Services and Public Health at 62.3 per cent, the County Assembly at 58.5 per cent, and Water and Irrigation at 56.4 per cent of budget allocation.

3.2.13 Key Observations and Recommendations

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

1. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to the requirement of Section 168 of the PFM Act, 2012. The reports for the Revolving and the Emergency Funds were not submitted to the Controller of Budget.
2. High pending bills amounted to Kshs.549.27 million as of March 31 2023. This is despite the availability of cash in the CRF, which stood at Kshs.90.46 million at the end of the first nine months of FY 2022/23.
3. Use of manual payroll. Personal emoluments amounting to Kshs.796.18 million were processed through the manual payroll, accounting for 33.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure to budget for the unspent cash balances from the previous financial year. The Approved Budget allocates Kshs.535.29 million compared to the reconciled amount of Kshs.862.28 million.

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

1. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
2. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
4. The County Treasury should ensure the unspent cash balance is correctly budgeted in the following supplementary budget to enhance effective budget utilisation.

3.3 County Government of Bungoma

3.3.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.14.82 billion, comprising Kshs.4.45 billion (30.0 per cent) and Kshs.10.37 billion (70.0 per cent) allocation for development and recurrent programmes,

respectively. The approved budget estimate represents growth of 16.1 per cent compared to the previous financial year when the approved budget was Kshs.12.76 billion and comprised of Kshs.3.77 billion towards development expenditure and Kshs.8.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.66 billion (71.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.500 million (3.4 per cent) from its own source of revenue, Kshs.847.38 million (5.7 per cent) as Appropriation in Aid, Kshs.1.65 billion (11.2 per cent) as conditional grants, and a cash balance of Kshs.1.16 billion (7.8 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.13.

3.3.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.6.32 billion as the equitable share of the revenue raised nationally, raised Kshs.290.97 million as own-source revenue, Kshs.437.92 million as Appropriation in Aid, Kshs.105.23 million as conditional grants, and had a cash balance of Kshs.1.16 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.8.31 billion, as shown in Table 3.13.

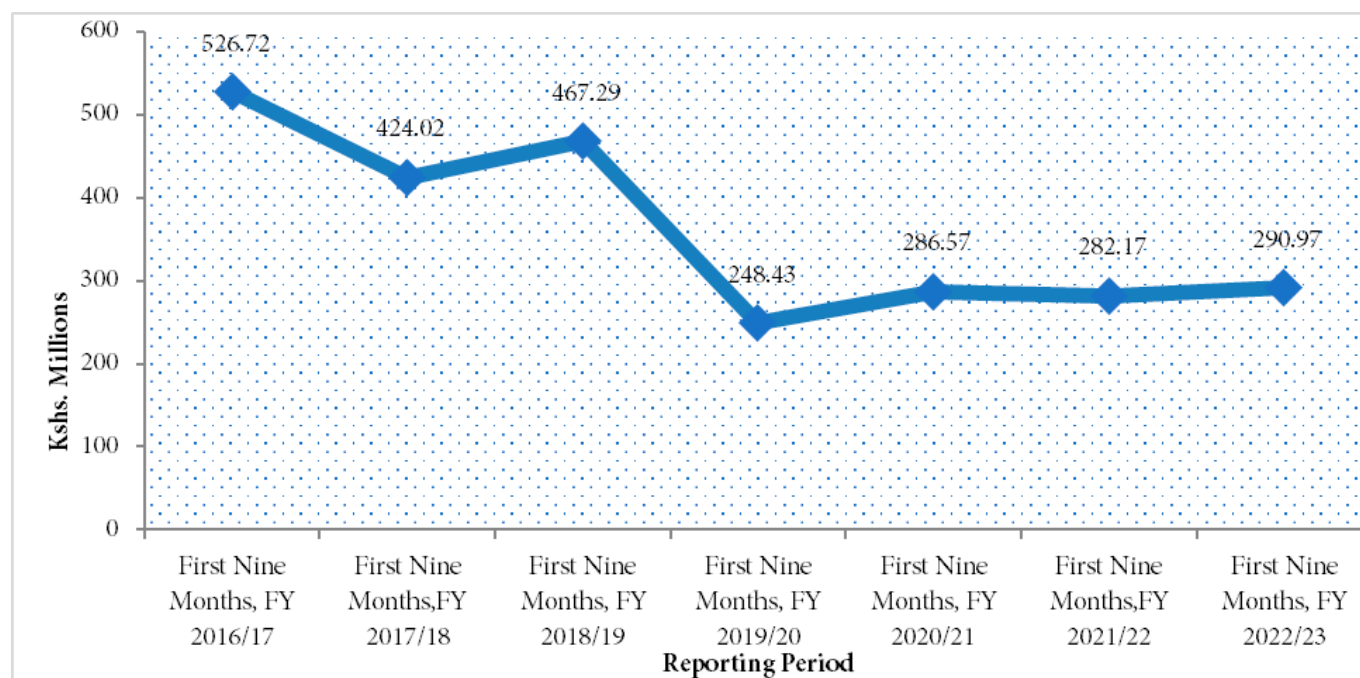
Table 3.13: Bungoma County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	10,659,435,192	6,318,857,710	59.3
Sub total				
B	Conditional Grants			
1.	World Bank Agricultural and Rural Growth Projects	332,916,544	99,887,754	30.0
2.	Kenya Devolution Support Programme- Level 11	52,805,780	-	-
3.	Urban Support Programme (Development)	882,648,919	-	-
4.	KISP II (Kenya Informal Settlement Improvement Project)	86,424,018	-	-
5.	UNICEF	1,571,000	-	-
6.	DANIDA	28,605,056	-	-
7.	ASDSP II	9,615,952	5,344,642	55.6
8.	FLLOCA - Water	11,000,000		
9.	Climate Change Grant	125,000,000	-	-
10.	COVID 19 GRANT	9,856,193	-	-
11.	Leasing of Medical Equipment	110,000,000	-	-
12.	Fuel Levy Fund	3,228,200	-	-
Sub total		1,653,671,662	105,232,396	6.4
C	Other Sources of Revenue			
1.	Own Source Revenue	500,000,000	290,966,562	58.2
2.	Unspent balance from FY 2021/22	1,160,714,428	1,160,714,428	100.0
3.	Appropriation in Aid	847,382,860	437,924,756	51.7
Sub Total		2,508,097,288	1,889,605,746	75.3
Grand Total		14,821,204,142	8,313,695,852	56.1

Source: Bungoma County Treasury

Figure 3.7 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

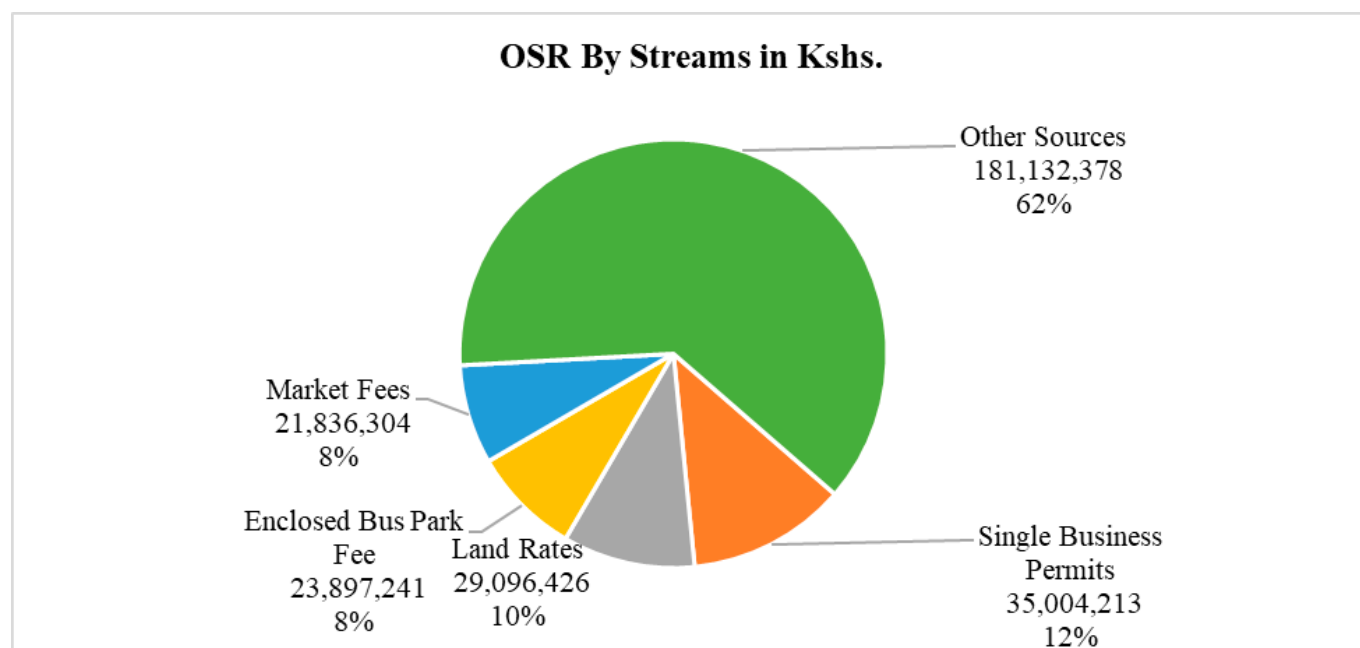
Figure 3.7: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Bungoma County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.290.97 million from its own sources of revenue, which represented an increase of 3.1 per cent compared to Kshs.282.17 million realised in a similar period in FY 2021/22. It was 58.2 per cent of the annual target and 3.5 per cent of the equitable revenue share disbursed during the period.

Figure 3.8: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Bungoma County Treasury

The highest revenue stream of Kshs.35 million was from the single business permits, contributing 12.0 per cent of the total OSR collected during the reporting period.

3.3.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.43 billion from the CRF account during the reporting period. This amount comprised Kshs.537.24 million (8.4 per cent) for development programmes and Kshs.5.89 billion (91.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.97 billion was released towards compensation to employees, Kshs.1.92 billion was for Operations and Maintenance expenditure, while Kshs.537.24 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.335.46 million.

3.3.4 Borrowing by the County

The County has a short-term arrangement with the Kenya Commercial Bank, Bungoma Branch, to facilitate salary payments to avoid any delay in paying salaries. As of 31st March 2023, the outstanding short-term facility stood at Kshs.305.54 million.

3.3.5 County Expenditure Review

The County spent Kshs.6.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.3 per cent of the total funds released by the CoB and comprised Kshs.577.94 million and Kshs.5.75 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.0 per cent. In contrast, recurrent expenditure represented 55.4 per cent of the annual recurrent expenditure budget.

3.3.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.32 billion, comprised of Kshs.700.57 million for recurrent expenditure and Kshs.615.45 million for development activities. During the period under review, pending bills amounting to Kshs.429.20 million were settled, consisting of Kshs.137.43 million for recurrent expenditure and Kshs.291.78 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.886.82 million.

3.3.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.51 billion on employee compensation, Kshs.1.51 billion on operations and maintenance, and Kshs.552.94 million on development activities. Similarly, the County Assembly spent Kshs.166.03 million on employee compensation, Kshs.559.79 million on operations and maintenance, and Kshs.25 million on development activities, as shown in Table 3.14.

Table 3.14: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,186,783,328	1,187,560,394	5,019,464,141	725,824,224	54.6	61.1
Compensation to Employees	5,501,793,304	351,159,910	3,512,750,783	166,031,983	63.8	47.3
Operations and Maintenance	3,684,990,024	836,400,484	1,506,713,358	559,792,241	40.9	66.9
Development Expenditure	4,340,067,235	106,793,185	552,941,219	25,000,000	12.7	23.4
Total	13,526,850,563	1,294,353,579	5,572,405,360	750,824,224	41.2	58.0

Source: Bungoma County Treasury

3.3.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.68 billion, or 62.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.85 billion. This expenditure represented an increase from Kshs.3.50 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.57 billion paid to health sector employees, translating to 43.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.57 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.106.33 million was processed through manual payrolls. The manual payrolls accounted for 2.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.65.70 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.178.76 million. The average monthly sitting allowance was Kshs.119,676 per MCA. The County Assembly has established 22 Committees.

3.3.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.768 million to county-established funds in FY 2022/23, constituting 3.5 per cent of the County's overall budget. Table 3.15 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.15: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Scholarships and other educational benefits	524,000,000	200,000,000	200,000,000	Yes
2.	Trade Loan	25,000,000			No
3.	Disability Fund	2,000,000			No
4.	Women Fund	5,000,000			No
County Assembly Established Funds					
1.	Car Loan to MCAs'	128,000,000	128,000,000	128,000,000	No
2.	House Loan to Staff	99,000,000	99,000,000	99,000,000	No
	Total	768,000,000	427,000,000	427,000,000	

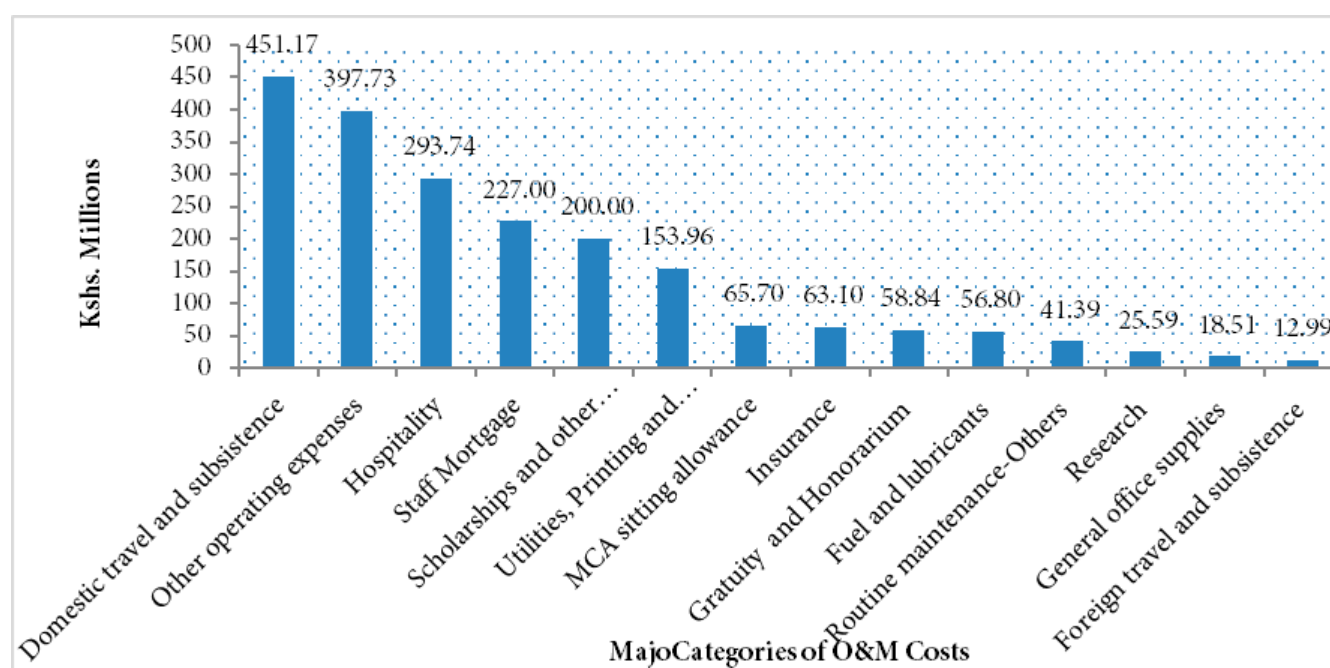
Source: Bungoma County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Trade Loan Fund, Disability Fund, Women Fund, Car Loans to MCAs' and House Loan to Staff Fund as indicated in Table 3.15 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.3.10 Expenditure on 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



Source: Bungoma County Treasury

During the period, expenditure on domestic travel amounted to Kshs.451.17 million and comprised of Kshs.111.29 million spent by the County Assembly and Kshs.339.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.99 million and comprised of Kshs.1.50 million by the County Assembly and Kshs.11.49 million by the County Executive.

3.3.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.577.94 million on development programmes, representing a decrease of 43.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.992.43 million. Table 3.16 summarises development projects with the highest expenditure in the reporting period.

Table 3.16: Bungoma County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	Agriculture and Irrigation	NARIGP	45 Wards	332,916,544	152,274,184	45.7
2.	Roads & Public Works	Maintenance of Rural Roads	45 Wards	149,840,000	36,325,958	24.2
3.	Agriculture and Irrigation	Purchase and Delivery of Certified Fertilizer – Planting Fertilizer (500 Beneficiaries per ward)	45 Wards	146,250,000	22,296,000	15.2
4.	Youth and Sports	Masinde Muliro Stadium	Kanduyi	90,000,000	17,751,720	19.7

Source: Bungoma County Treasury

3.3.12 Budget Performance by Department

Table 3.17 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.17: Bungoma County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	452.35	779.79	256.91	148.50	256.69	182.27	99.9	122.7	56.7	23.4
Tourism, Forestry, Environment, Water and Natural Resources	378.35	373.34	219.66	74.70	218.66	74.70	99.5	100.0	57.8	20.0
Roads and Public Works	170.70	966.66	94.73	66.18	94.70	66.18	100.0	100.0	55.5	6.8
Education & Vocational	1,609.63	233.63	922.83	30.96	921.83	30.54	99.9	98.6	57.3	13.1
Health and Sanitation	3,434.90	191.98	1,734.85	20.19	1,619.24	20.08	93.3	99.5	47.1	10.5
Trade, Energy and Industrialisation	64.76	224.11	38.43	11.89	37.74	11.80	98.2	99.2	58.3	5.3
Land, Urban, Physical Planning and Housing	180.02	1,113.41	69.54	11.59	68.54	11.36	98.6	98.0	38.1	1.0
Gender, Culture, Youth and Sports	142.14	200.21	96.89	96.38	95.89	95.96	99.0	99.6	67.5	47.9
Finance and Planning	1,477.72	155.87	997.29	35.74	997.17	35.13	100.0	98.3	67.5	22.5
County Public Service	54.05	10.00	28.97	3.41	27.17	3.35	93.8	98.3	50.3	33.5
Governor/Deputy Governor's	554.31	-	379.34	-	378.34	-	99.7	-	68.3	-
Public Administration	539.39	8.42	241.31	-	225.17	-	93.3	-	41.7	-
County Secretary	128.45	82.65	86.25	12.68	78.34	21.56	90.8	170.0	61.0	26.1
County Assembly	1,187.56	106.79	725.82	25.00	725.82	25.00	100.0	100.0	61.1	23.4
Total	10,374.34	4,446.86	5,892.81	537.24	5,745.29	577.94	97.5	107.6	55.4	13.0

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of Gender, Culture, Youth and Sports recorded the highest absorption rate of development budget at 47.9 per cent, followed by the Department of County Public Service at 33.5 per cent. The Department of Governor/Deputy Governor's had the highest percentage of recurrent expenditure to budget at 68.3 per cent, while the Department of Land, Urban, Physical Planning and Housing had the lowest at 38.1 per cent.

3.3.13 Budget Execution by Programmes and Sub-Programmes

Table 3.18 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.18: Bungoma County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
Department of Agriculture, Livestock & Cooperative				
Programme 1: General Administration, Planning and Support Services	SP 1.1 Administrative and Support Services	121,713,782	54,969,643	45.2
	SP 1.2 Human Resource Management and Development.	324,105,980	201,715,892	62.2
	SP 1.3: Policy, Legal and Regulatory Framework	7,600,000	-	-
	SP 1.4: Planning and Financial Management	11,615,043	-	-
	SP 1.5 Sector Coordination	4,000,000	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
	SP 1.6: Leadership and Governance	2,000,000	-	-
	SP 1.7 Sub-County Administrative Costs	21,600,000	-	-
Programme 2: Land and Crop Development and Management	SP 2.2: Crop Production and Productivity	130,963,485	29,998,308	22.9
	SP 2.5 Value Addition and Agro Processing	8,000,000	-	-
	SP 2.7 Irrigation Extension and Training	1,080,000	-	-
Programme 3: Livestock Development and Management	SP 3.1 Livestock Production Extension, Training and Information Services	13,890,000	-	-
	SP 3.2 Value Addition and Processing	96,300,000	-	-
	SP 3.4 Disease and Vector Control	7,000,000	-	-
	SP 3.5 Food Safety and Quality Control	5,500,000	-	-
	SP 3.7 Veterinary Extension Services	3,600,000	-	-
	SP 3.8 Breeding and AI Subsidy Programme	3,000,000	-	-
Ward Based Projects	Ward Based Projects	5,820,000	-	-
Programme 4: Fisheries Development and Management	SP 4.1 Fisheries Extension Service and Training	3,000,000	-	-
	SP 4.2 Fisheries Product Value-Chain Development	3,500,000	-	-
	SP 4.5 Information and Data Management	49,300,000	-	-
Programme 6: Institutional Development and Management	SP 6.2 Agricultural Enterprise Development (ATC)	6,560,000	-	-
	SP 6.3 Infrastructural Development (ATC)	11,960,000	-	-
	SP 6.5 Tractor Hire Services	5,000,000	-	-
	SP 6.8 Operational Development (CFF)	10,300,000	-	-
	NARIGP	332,916,544	152,274,184	45.7
	ASDSP II	30,756,000	-	-
	Ward Based Projects	11,058,000	-	-
Sub Total		1,232,138,834	438,958,027	35.6
Department of Health and Sanitation				
Programme 1: General Administration and Planning, and Support Services	SP 1: Health Administration Planning and Support Services	412,857,131	46,313,750	11.2
	Human Resources	2,416,604,147	1,572,924,345	65.1
	SP3. Health Infrastructure	191,976,917	20,082,956	10.5
Programme 2: Preventive Promotive and Rehabilitative	SP 2: Health Promotion Services	6,000,000	-	-
	SP 3: Disease Surveillance	2,746,938	-	-
	SP 4: Community Health Services	78,072,000	-	-
	Capacity Building of CHVs	10,000,000	-	-
	Retooling of CHV Kits	10,000,000	-	-
	HIV/AIDS Awareness.	300,000	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
Programme 3: Curative	SP 3: Routine Medical Services	424,865,820	-	-
	SP 3: Blood Bank Services	10,000,000	-	-
	Referral Strategy	987,751	-	-
Programme 5: Maternal and Child Health	SP 5: Maternity Services	52,969,787	-	-
	SP 5: Immunization Services	1,500,000	-	-
	Sanitation Management	8,000,916	-	-
Sub-Total		3,626,881,407	1,639,321,050	45.2
Department of Roads & Public Works				
Transport Infrastructure Development and Management	Transport Infrastructure Development and Management	964,151,137	66,179,354	6.9
Public Safety and Transport Operations	Public Safety and Transport Operations	6,820,194	-	-
Building Standards and Other Civil Works	Building Standards and Other Civil Works	2,423,736	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	163,963,787	94,695,594	57.8
Sub-Total		1,137,358,854	160,874,948	14.1
Department of Water & Tourism				
Programme 1: General Administration Planning and Support Services	SP. Human Resources Management	64,736,155	34,794,576	53.7
	SP. Policy and Legal Framework Formulation	800,000	-	-
	SP. Marking of International/National Events	3,900,000	-	-
	SP. Annual Devolution Conference	3,000,000	-	-
Programme 2: Water and Sewerage Services Management	SP Water Services Provision	342,748,647	74,704,299	21.8
	SP. Stakeholders Engagement (Water Users Association)	4,800,000	-	-
	SP. Sub-County Operations	3,200,000	-	-
	SP. Routine Maintenance of Water Supplies	2,400,000	-	-
	SP. Office Operation and Maintenance	87,378,695	33,202,432	38.0
Programme 3: Integrated Solid Waste Management	SP. Dumpsite Management	12,850,705	-	-
	SP. Garbage Collection and Transportation	225,877,107	150,658,618	66.7
Sub-Total		751,691,309	293,359,924	39.0
Department of Education & Vocational				
Programme 1: Policy, Planning and General Administration	SP 1: Salaries and Allowances	1,021,542,129	696,422,834	68.2
	SP 2: Policy Formulation	3,000,000	-	-
	SP3: Administration and Support Services	30,656,647	25,404,147	82.9
	SP7: Pre-Feasibility Studies	2,000,000	-	-
	SP8: Good Governance	2,000,000	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
Programme 2: Early Childhood Education Development	Sp1: Quality Assurance and Standards	2,000,000	-	-
	Sp2: Curriculum	2,000,000	-	-
	Sp3: Learning Materials	3,000,000	-	-
	SP5: Monitoring and Evaluation	3,000,000	-	-
	SP 5: Capacity Building for ECDE Teachers	4,000,000	-	-
	SP6 : Infrastructure Development	134,417,000	-	-
	SP7: Pending Bills	69,644,139	30,544,895	43.9
Programme 3: Vocational Education and Training	Sp1: Tuition Support Grant	30,000,000	-	-
	Sp4: Quality Assurance and Standards	2,000,000	-	-
	SP5: Joint Vocational Training Graduation	3,500,000	-	-
	SP6: Capacity Building for VTC Instructors	3,500,000	-	-
	SP7: Monitoring and Evaluation	3,000,000	-	-
Programme 4: Education Support Programme	Sp1: Education Support and Bursary Scheme	524,000,000	200,000,000	38.2
Sub-Total		1,843,259,915	952,371,876	51.7
Department of Trade & Industrialization				
Market Infrastructure Development	Market Infrastructure Development	7,000,000	-	-
Energy Development and Management	Energy Development and Management	168,746,000	11,803,316	7.0
Salaries and Emoluments	Salaries and Emoluments	23,722,331	16,517,637	69.6
General Administration, Planning and Support Services	General Administration, Planning and Support Services	41,039,855	21,222,093	51.7
CEF	CEF	32,495,000	-	-
Supplier's Credit	Supplier's Credit	15,870,671	-	-
Sub-Total		288,873,857	49,543,046	17.2
Department of Lands & Urban Planning				
Programme 1: General Administration, Planning and Support services	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	66,696,902	30,262,094	45.4
	SP 2: Human Resource Development and Management	3,200,000	-	-
Programme 2: Land Resource Survey/Mapping and Management	SP 1: Ward-Based Projects	45,707,653	-	-
Programme 3: County Physical Planning and Infrastructure	SP 1: Physical Planning and Urban Development	10,027,709	4,321,324	43.1
Sub-Total		125,632,264	34,583,418	27.5
Department of Housing				
Programme 1 General Administration, Planning and Support Services	SP 1: Salaries and Emoluments	9,165,048	6,176,042	67.4
	SP 2: Administrative Services	19,947,071	9,549,686	47.9
	SP 3: Research and Development	7,927,456	-	-
	SP 4: Human Resource Development and Management	1,000,000	-	-
Programme 2 Housing Development and Human Settlement	SP 1: Estate Management	9,705,281	1,737,722	17.9

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
	SP 2: Housing Development	163,349,791	-	-
Sub-Total		211,094,647	17,463,450	8.3
Department of Bungoma Municipality				
Programme I: Urban Economy, General Administration, Planning and Support Services	SP 1.1: Human Resource Capacity Development and Management	13,802,313	5,830,170	42.2
	SP 1.2: General Administration and Support Services (Inclusive of personnel emoluments)	14,290,922	8,796,505	61.6
	SP 1.3: Planning and Financial Management	3,250,000	-	-
	SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	4,500,000	-	-
Programme III: Urban Infrastructure Development and Management	SP 3.1: Urban Transport and Infrastructure	315,642,530	-	--
Sub-Total		351,485,765	14,626,675	4.2
Department of Kimilili Municipality				
Programme 1: General Administration, Planning and Support services	SP1: General Administration Planning and Support Services (Inclusive of salary)	27,079,833	13,226,850	48.8
	SP2: Administration and HR Services	11,136,000	-	-
Programme 2: Urban Infrastructure Development and Management	Infrastructure. Housing and Public works	567,006,389	-	-
		605,222,222	13,226,850	2.2
Sub-Total		1,293,434,898	79,900,393	6.2
Department of Finance & Planning				
Economic Development Planning and Coordination Services	Economic Development Planning and Coordination Services	131,466,381	115,489,598	87.8
Monitoring and Evaluation Services	Monitoring and Evaluation Services	57,370,773	50,580,703	88.2
Public Finance Management	Public Finance Management	-	-	-
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	1,288,879,290	831,103,867	64.5
Ward Based Projects	Ward Based Projects	155,867,884	35,132,572	22.5
Sub-Total		1,633,584,328	1,032,306,739	63.2
Department of Public Administration				
Public Service Management and Administration	General Administration, Planning and Support services	525,392,013	226,231,196	43.1
	Public Participation, Civic Education and outreach services	14,000,000	-	-
	General Administration, Planning and Support services	134,451,013	78,338,578	58.3
	Kenya Devolution Support Programme	52,805,780	14,927,682	28.3
	ICT and Information Management Services	32,270,522	5,573,800	17.3

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
Sub-Total		758,919,328	325,071,256	42.8
Department Gender, Youth & Sports				
Programme 1: General Administration, Planning and Support services	SP 1. 2. Compensation to employees	46,089,943	26,813,016	58.2
	1.8 General Administration	56,692,714	52,975,930	93.4
Programme 2: Cultural Development and Management	SP 2. 1 Development Historical and cultural sites	20,000,000	-	-
	SP 2. 2. Promotion of Communities' Culture	8,600,000	8,600,000	100.0
	SP 2.3 Sports and Cultural Association	7,500,000	7,500,000	100.0
	SP2.4 Liquor and Licensing	2,000,000	-	-
Programme:3.0 Gender Equality and Empowerment of Vulnerable Groups	Sp3.1 Gender Equality Framework	1,000,000	-	-
	Sp3.2 Gender Empowerment	4,200,000	-	-
	Sp3.3 Gender Mainstreaming	1,000,000	-	-
Programme 4.0 Sports Facility Development and Management	Sp 4.1 Development of Sports Facility	178,268,504	95,957,458	53.8
Programme 5.0 Sports Talent Development and Management	5.1 Sports and Talent development established	6,000,000	-	-
Programme 6.0 Youth Development and Management	sp.6.1 Youth Development Services	11,000,000	-	-
Sub-Total		342,351,161	191,846,404	56.0
Department of Public Service Board				
Programme 1: General Administration, Planning and Support services	SP 1. 1 Administrative service	35,375,761	22,671,128	64.1
Programme 2: (Human Resource Management and Development)	SP 2. 1 Human Resource Management	8,390,850	4,496,446	53.6
Programme 3: Governors and National Values	SP 3. 1 Quality Assurance	4,760,856	-	-
	SP 3. 2 Ethics Governors and National	5,518,738	-	-
Programme 4: Service Delivery and Organisational Transformation	Construction of Office Block	10,000,000	3,346,658	33.5
Sub-Total		64,046,205	30,514,231	47.6
Department of Governor's & Deputy Governor's				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	464,718,284	368,803,435	79.4
County Executive Committee Affairs	County Executive Committee Affairs	25,021,324	-	-
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	52,679,536	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	7,821,258	6,048,203	77.3
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	4,070,063	3,485,823	85.6
Sub-Total		554,310,465	378,337,461	68.3
County Assembly				
General Administration and Support Services	General Administration and Support Services	955,118,257	505,931,296	53.0
Legislation Services	Legislation Services	8,385,000	4,769,152	56.9

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Absorption Rate (%)
Oversight	Oversight	42,904,402	27,054,578	63.1
Representation and Outreach Services	Representation and Outreach Services	181,152,735	113,421,599	62.6
General Infrastructure	General Infrastructure	106,793,185	25,000,000	23.4
		1,294,353,579	676,176,625	52.2
Grand Total		14,821,204,140	6,248,581,980	42.2

Source: ~Bungoma County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Promotion of Communities' Culture and Sports and Cultural Association in the Department of Gender at 100 per cent of budget allocation, Monitoring and Evaluation Services in the Department of Finance and Planning at 88.2 per cent and County Strategic and Service Delivery Coordination in the Department of Governor's & Deputy Governor's at 85.6 per cent, cent of the budget allocation.

3.3.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 21st April 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.17 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act 2012, as shown in Table 3.15.
4. High pending bills amounting to Kshs.886.82 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.335.46 million at the end of the first nine months of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.106.33 million were processed through the manual payroll, accounting for 2.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.4 County Government of Busia

3.4.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.12 billion, comprising Kshs.2.44 billion (30 per cent) and Kshs.5.68 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 20.6 per cent compared to the previous financial year when the approved budget was Kshs.10.23 billion and comprised of Kshs.4.55 billion towards development expenditure and Kshs.5.68 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.17 billion (88.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.469.16 million (5.8 per cent) from its own sources of revenue, Kshs.477.13 million (5.9 per cent) as conditional grants. The County did not budget for the cash balance from FY 2021/22, which was Kshs.925.96 million. A breakdown of the conditional grants is provided in Table 3.19.

3.4.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.12 billion as the equitable share of the revenue raised nationally, raised Kshs.194.60 million as own-source revenue, Kshs.149.33 million as conditional grants, and had a cash balance of Kshs.925.96 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.39 billion, as shown in Table 3.19.

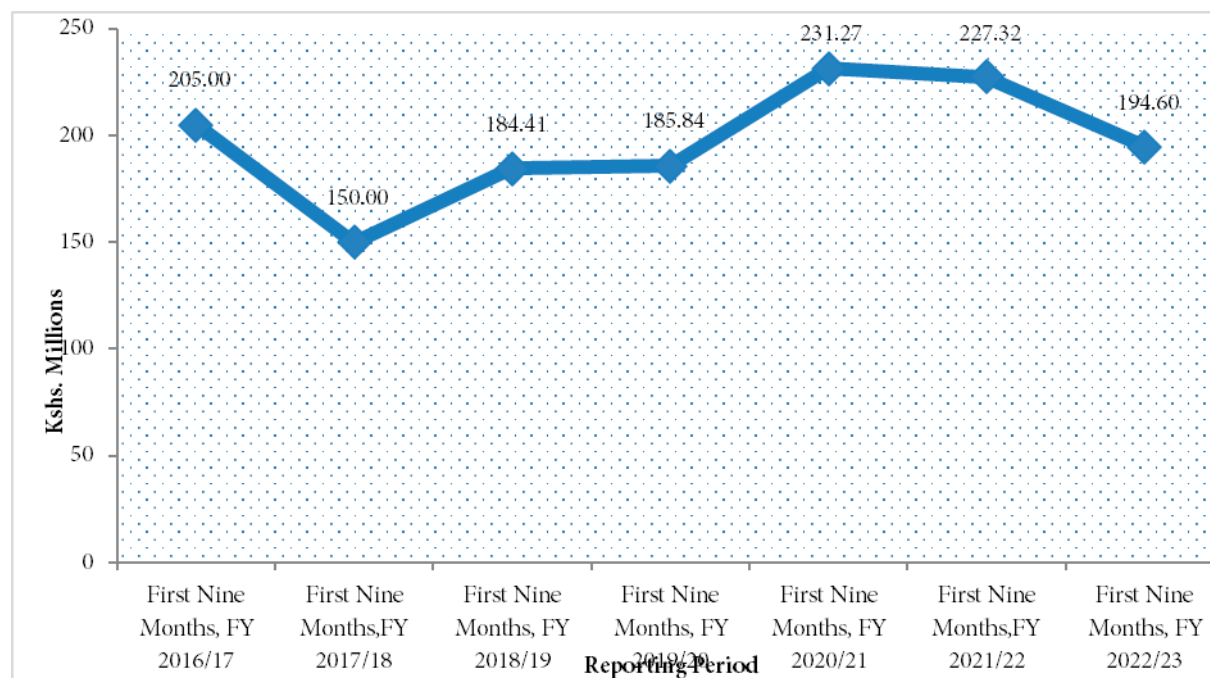
Table 3.19: Busia County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,172,162,009	4,123,993,131	57.5
Sub Total		7,172,162,009	4,123,993,131	57.5
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	295,795,506	125,328,154	42.4
2	DANIDA	12,673,000	-	-
3	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)	125,000,000	11,000,000	8.8
4	Agriculture Sector Development Support Programme II (ASDSP II)	13,664,606	13,004,078	95.2
5	Kenya Livestock Commercialization Programme (KEL-COP)	30,000,000	-	-
	Sub-Total	477,133,112	149,332,232	31.3
B	Other Sources of Revenue			
6	Own Source Revenue	469,163,025	194,603,213	41.5
7	Balance b/f from FY 2021/22	-	925,964,401	-
Sub Total		469,163,025	1,120,567,614	238.8
Grand Total		8,118,458,146	5,393,892,977	66.4

Source: Busia County Treasury

Figure 3.10 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

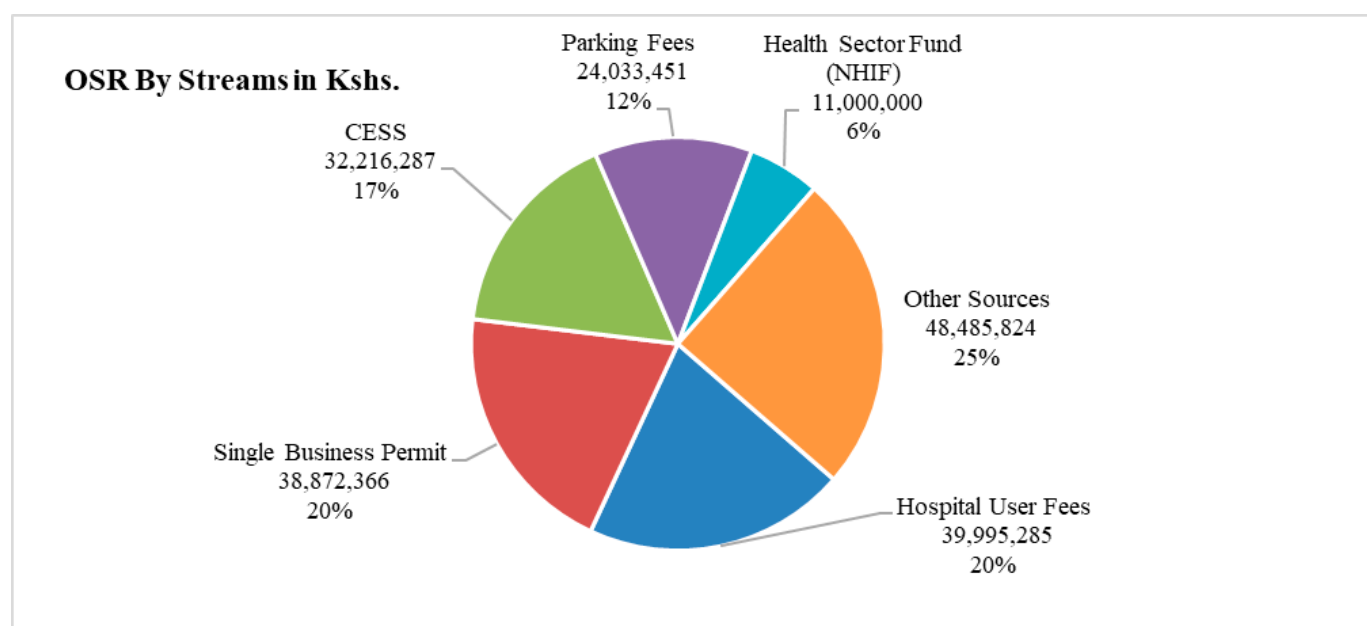
Figure 3.10: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Busia County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.194.60 million from own sources of revenue. This amount represented a decrease of 14.4 per cent compared to Kshs.227.32 million realised in a similar period in FY 2021/22 and was 41.5 per cent of the annual target and 4.7 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR are shown in Figure 3.11.

Figure 3.11: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Busia County Treasury

The highest revenue stream of Kshs.39.99 million was from Hospital User Fees contributing to 20 per cent of the total OSR collected during the reporting period.

3.4.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.60 billion from the CRF account during the reporting period. This amount comprised Kshs.498.87 million (10.8 per cent) for development programmes and Kshs.4.11 billion (89.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs. 2.99 billion was released towards compensation to employees, and Kshs.1.12 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.280.78 million.

3.4.4 County Expenditure Review

The County spent Kshs.4.18 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.7 per cent of the total funds released by the CoB and comprised of Kshs.501.61 million and Kshs.3.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.6 per cent. In contrast, recurrent expenditure represented 64.7 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported stock of pending bills amounting to Kshs.1.81 billion, comprised of Kshs.581.91 million for recurrent expenditure and Kshs.1.22 billion for development activities. During the period under review, pending bills amounting to Kshs.310.97 million were settled, consisting of Kshs.94.08 million for recurrent expenditure and Kshs.216.89 million for development programmes. Therefore, the outstanding amount as of 31st March 2023 was Kshs.1.49 billion.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.62 billion on employee compensation, Kshs.560.01 million on operations and maintenance, and Kshs.501.61 million on development activities. Similarly, the County Assembly spent Kshs.208.19 million on employee compensation and Kshs.285.13 million on operations and maintenance, as shown in Table 3.20.

Table 3.20: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,832,649,398	851,195,833	3,183,144,131	493,314,308	65.9	58.0
Compensation to Employees	2,978,837,357	488,355,833	2,623,137,221	208,187,920	88.1	42.6
Operations and Maintenance	1,853,812,041	362,840,000	560,006,910	285,126,388	30.2	78.6
Development Expenditure	2,374,612,915	60,000,000	501,613,351	-	21.1	-
Total	7,207,262,313	911,195,833	3,684,757,482	493,314,308	51.1	54.1

Source: Busia County Treasury

3.4.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.83 billion, or 52.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.39 billion. This expenditure represented an increase from Kshs.2.54 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.18 billion paid to health sector employees, translating to 41.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.64 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.193.77 million was processed through manual payrolls.

The manual payrolls accounted for 6.8 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.17.57 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.94.59 million. The average monthly sitting allowance was Kshs.36,160 per MCA. The County Assembly has established 18 Committees.

3.4.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.242.48 million to county-established funds in FY 2022/23, constituting 2.9 per cent of the County's overall budget. Table 3.21 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.21: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First nine months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
County Executive Established Funds					
1.	Busia County (public officers) Revolving Fund.	30,000,000	-		Yes
2.	Busia County Health Services Fund	78,883,139	20,638,785	28,025,033	No
3.	Busia County Cooperative Enterprise Development Fund	10,000,000	-	-	Yes
4.	Busia County Education Support Scheme	20,000,000	15,000,000	-	Yes
5.	Busia County Agricultural Development Fund	3,000,000	-	-	No
County Assembly Established Funds					
6.	Busia County Assembly Revolving Fund	100,600,000	100,600,000	131,600,000	Yes
	Total	242,483,139	136,238,785	159,625,033	

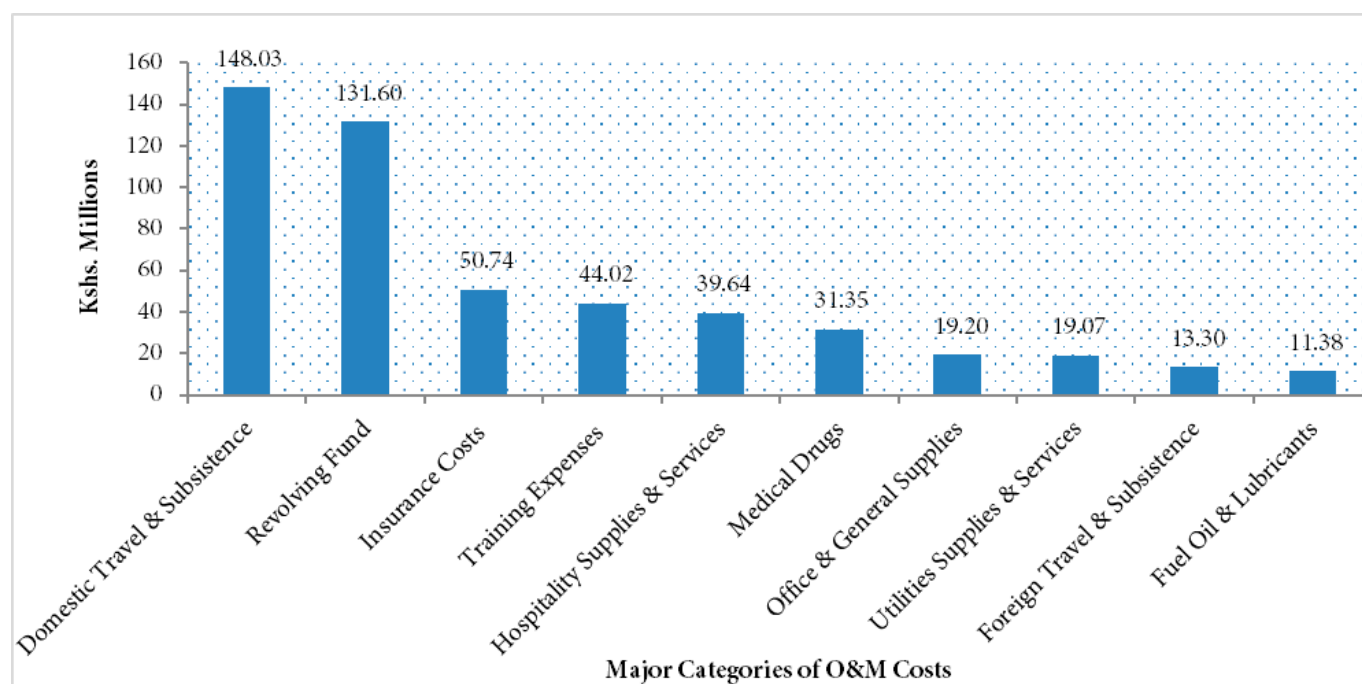
Source: ~Busia County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of two funds, as indicated in Table 3.21 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.4.9 Expenditure on 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



Source: Busia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.148.03 million and comprised Kshs.73.88 million spent by the County Assembly and Kshs.74.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.30 million and comprised of Kshs.2.11 million by the County Assembly and Kshs.11.19 million by the County Executive.

3.4.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.501.61 million on development programmes, representing a decrease of 47.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.963.90 million.

Table 3.22 Summarises development projects with the highest expenditure in the reporting period.

Table 3.22: Busia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Completion of Amukura level 4 hospital	Teso South	29,167,348	30,000,000	28,278,836	97.0
2	Infrastructure and Energy	Construction of 40m Span Busibwabo- Nasewa Steel Footbridge	Busibwabo	11,888,592	11,888,592	11,888,592	100.0
3	Infrastructure and Energy	Upgrading county roads to bitumen standards and Cabros - Amerikwai - Airstrip road	Angorom	7,584,795	8,835,328	7,584,795	100.0
4	Youth, Culture, sports, Tourism and Social Services	Construction of Kakapel community cultural centre phase 2.	Ang'urui East	6,906,837	6,906,837	6,906,837	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
5	Water, Irrigation Environment and Natural Resources	Supply and delivery of water chemicals chlorine 65% Aluminium Sulphate Sosa Ash	N a m b a l e Subcounty	6,571,603	6,800,000	6,571,603	100.0
6	Water, Irrigation Environment and Natural Resources	Rehabilitation of Bulemia water Project, Pipe extension of Bulemia - Singinga – Bukoma	B u n y a l a West ward	5,529,383	6,500,000	5,529,383	100.0
7	Infrastructure and Energy	Kokobich box culvert	M a l a b a Central	5,047,091	5,047,091	5,047,091	100.0
8	Infrastructure and Energy	Construction of Okelo-Okwaro Road Bridge	M a r a c h i North	4,971,837	4,971,837	4,971,837	100.0
9	Youth, Culture, sports, Tourism and Social Services	Construction to completion of Nambale youth empowerment centre phase 2	Nambale	4,263,793	4,263,793	4,263,793	100.0
10	Water, Irrigation Environment and Natural Resources	Drilling of water and pump installation at Kapina primary, Khwirale area fred maumo and Kamusogon centre	B u k h a - y o North Walatsi	4,200,000	4,200,000	4,200,000	100.0

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 3.23 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.23: Busia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Animal Resources	258.21	381.33	206.48	159.07	194.65	221.61	94.3	139.3	75.4	58.1
Trade, Cooperatives and Industrialization	70.73	95.31	58.43	19.44	34.51	8.32	59.1	42.8	48.8	8.7
Education and Vocational Training	484.26	138.78	469.33	16.96	392.43	13.55	83.6	79.9	81.0	9.8
Finance, Economic Planning and ICT	802.67	33.60	558.25	2.84	558.04		100.0	-	69.5	-
Youth, Culture, sports, Tourism and Social Services	90.91	74.90	68.74	6.38	58.58	32.57	85.2	510.5	64.4	43.5
Roads, Public Works, Energy and Transport	152.26	698.66	118.84	74.02	76.15	112.46	64.1	151.9	50.0	16.1
Public Service Management	325.39		172.50		154.65		89.6	-	47.5	-
Lands, Housing and Urban Development	133.68	187.20	99.59	5.70	65.98	8.47	66.3	148.7	49.4	4.5
Water Environment and Natural Resources	126.54	233.49	107.87	32.85	79.98	69.49	74.1	211.6	63.2	29.8
Health and Sanitation	1,863.94	413.89	1,368.69	181.62	1,309.51	33.85	95.7	18.6	70.3	8.2
County Public Service Board	103.28		61.39		43.32		70.6	-	41.9	-
The Governorship	420.77	117.45	217.11		215.34	1.30	99.2	-	51.2	1.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	851.20	60.00	598.61		493.31	-	82.4	-	58.0	-
Total	5,683.85	2,434.61	4,105.84	498.87	3,676.46	501.61	89.5	100.6	64.7	20.6

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Animal Resources recorded the highest absorption rate of development budget at 58.1 per cent, followed by the Department of Youth, Culture, sports, Tourism and Social Services at 43.5 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 81.0 per cent, while the County Public Service Board had the lowest at 41.9 per cent.

3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 3.24 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.24: Busia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Department of Agriculture, Livestock and Fisheries					
CP 1: General Admin- istration and support services	CSP 1.1: Administrative support service	258,214,274	194,647,093	63,567,181	75.4
CP 2: Land use and management	CSP 2.1: Agricultural Mechani- sation	10,100,000	-	10,100,000	-
CP 3: Crop Production and Management	CSP 3.1 Input support services	5,400,000	-	5,400,000	-
	CSP 3.2: Crop development	5,400,000	5,388,948	11,053	99.8
	CSP 3.3: Crop protection	5,200,000	-	5,200,000	-
CP 4: Agricultural Training and Extension Services	CSP 4.1: Agriculture extension services	5,000,000	4,499,340	500,660	90.0
	CSP 4.2: Agricultural Training Services	36,009,940	11,696,960	24,312,980	32.5
CP 5: Kenya Climate SMART Agriculture program	CSP 5.1: Kenya Climate SMART	145,000,000	123,303,535	21,696,465	85.0
CP 6: Agribusiness and Agricultural Value Chain Development	CSP 6.1: Value addition	8,200,000	-	8,200,000	-
CP 7: Agricultural Financial and Investment services	CSP 7.1: Agriculture develop- ment fund	3,000,000	2,606,583	393,417	86.9
CP 8: Fisheries and Aquaculture Resource Development	CSP 8.1: Aquaculture develop- ment	21,745,506	4,999,970	16,745,536	23.0
	CSP 8.2: Fisheries training infra- structure development	10,000,000	4,996,890	5,003,110	50.0
CP 9: Livestock Production Development	CSP 9.1: Livestock production improvement	60,123,685	34,662,323	25,461,362	57.7
	CSP 9.2: Livestock Extension	6,000,000	5,843,250	156,750	97.4

Programme	Sub-programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease Control	14,751,914	-	14,751,914	-
	CSP 10.2: AI services	4,100,000	-	4,100,000	-
	CSP 10.3: Meat inspection services	16,799,886	-	16,799,886	-
	CSP 10.4: Veterinary Extension	5,000,000	5,000,000	-	100.0
CP 11: Other projects	CSP 11.1: Other Development projects	19,500,000	18,607,450	892,550	95.4
Sub Total		639,545,205	416,252,341	223,292,864	65.1
Department of Trade, Investment, Cooperatives and Industry					
CP 12: General Admin- istration and support services	CSP 12.1: Administrative sup- port service	70,730,924	34,506,194	36,224,730	48.8
CP 13: Trade Development	CSP 13.1: Busia county trade development fund	8,000,000	-	8,000,000	-
	CSP 13.2: Market modernisation and development	46,412,000	3,807,656	42,604,344	8.2
CP 14: Fair Trade practices	CSP 14.1: Weights and mea- sures.	3,000,000	-	3,000,000	-
CP 15: Cooperative devel- opment	CSP 15.1: Busia county coop- erative enterprise development fund	10,000,000	-	10,000,000	-
CP 16: Other projects	CSP 16.1: Other Development projects	27,900,000	4,508,437	23,391,563	16.2
Sub Total		166,042,924	42,822,287	123,220,637	25.8
Department of Education and Vocational Training					
CP 17: General Admin- istration and support services	CSP 17.1: Administrative sup- port service	484,255,653	392,425,706	91,829,948	81.0
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of the infrastructure in E.C.D.E Centres	20,000,000	-	20,000,000	-
	CSP 18.2: E.C.D.E Capitation	5,000,000	-	5,000,000	-
CP 19: Technical/ voca- tional training develop- ment	CSP 19.1: Infrastructure devel- opment	30,663,644	-	30,663,644	-
CP 20: Education support	CSP 20.1: Education support scheme	51,218,895	-	51,218,895	-
CP 21: Other projects	CSP 21.1: Other Development projects	31,900,000	13,554,917	18,345,083	42.5
Sub Total		623,038,192	405,980,623	217,057,570	65.2
Department of Finance and Economic Planning					
CP 22: General Admin- istration and support services	CSP 22.1: Administrative sup- port service	802,673,214	558,044,875	244,628,339	69.5
CP 23: Financial management control and development	CSP 23.1: Revenue generation services	11,397,425	-	11,397,425	-
CP 24: Infrastructure Development	CSP 24.1: Construction and Renovation	12,700,000	-	12,700,000	-
CP 25: Other projects	CSP 25.1: Other Development projects	9,500,000	-	9,500,000	-
Sub Total		836,270,639	558,044,875	278,225,764	66.7

Programme	Sub-programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Department of Sports, Culture and Social Services					
CP 26: General Administration and support services	CSP 26.1: Administrative support service	90,909,964	58,583,062	32,326,902	64.4
CP 27: Social services	CSP 27.1: infrastructural development	3,700,000	-	3,700,000	-
CP 28: Youth Empowerment and Development	CSP 28.1 Equipping and Operationalization of youth empowerment	4,700,000	-	4,700,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	4,400,000	-	4,400,000	-
	CSP 29.2: sports promotion	8,140,000	5,185,858	2,954,142	63.7
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	8,000,000	4,345,362	3,654,638	54.3
CP 31: Promotion and development of local tourism in the county	CSP 31.1: Tourism development	3,000,000	1,572,414	1,427,586	52.4
CP 32: Alcoholic drinks and drugs control	CSP 32.1: Infrastructure development	8,660,000	-	8,660,000	-
CP 33: Other projects	CSP 33.1: Other Development projects	34,300,000	21,465,958	12,834,042	62.6
Sub Total		165,809,964	91,152,654	74,657,310	55.0
Department of Infrastructure and Energy					
CP 34: General Administration and support services	CSP 34.1: Administrative support service	152,259,636	76,150,809	76,108,827	50.0
CP 35: Development and maintenance of roads	CSP 35.1: Routine maintenance of roads	122,484,000	3,941,969	118,542,031	3.2
	CSP 35.2: Development of Roads	434,637,184	67,532,292	367,104,892	15.5
CP 36: Building Infrastructure Development	CSP 36.1: Infrastructure Development	9,900,000	-	9,900,000	-
	CSP 37.1: Solar Energy Exploration	18,700,000	-	18,700,000	-
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	5,637,345	-	5,637,345	-
CP 39: Other projects	CSP 39.1: Other Development projects	107,300,000	40,983,086	66,316,914	38.2
Sub Total		850,918,165	188,608,157	662,310,009	22.2
Department of Public Service and Administration					
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	325,386,040	154,645,513	170,740,527	47.5
Department of Lands, Housing and Urban Development					
CP 41: General Administrative and support services	CSP 41.1: Administrative support services	133,682,955	65,984,241	67,698,714	49.4
CP 42: County Land Administration and Planning	CSP 42.1: Land use planning	5,500,000	-	5,500,000	-

Programme	Sub-programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
CP 43: Housing Development and Management	CSP 43.1: Housing Development	50,764,500	-	50,764,500	-
CP 44: Urban management and development control	CSP 44.1: Urban management	49,800,889	3,114,290	46,686,599	6.3
	CSP 44.2: Urban Development	72,088,327	1,765,942	70,322,385	2.4
CP 45: Other projects	CSP 45.1: Other Development projects	9,050,000	3,593,040	5,456,960	39.7
Sub Total		320,886,671	74,457,513	246,429,158	23.2
Department of Water, Irrigation Environment and Natural Resources					
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	126,541,968	79,983,829	46,558,139	63.2
CP 47: Water supply services	CSP 47.1: Urban water supply and Sewerage	61,800,000	14,154,844	47,645,157	22.9
	CSP 47.2: Rural water supply	18,052,103	-	18,052,103	-
CP 48: Environmental management and protection	CSP 48.1 Environmental management	12,250,000	-	12,250,000	-
CP 49: Smallholder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	11,000,000	10,041,462	958,538	91.3
CP 50: Forest development and management	CSP 50.1: Rehabilitation and restoration of degraded landscape	5,187,603	-	5,187,603	-
CP 51: Climate Change Fund	CSP 51.1: Financing Locally-Led Climate Action Program (FLLO-CA)	55,000,000	15,840,713	39,159,287	28.8
CP 52: Other projects	CSP 52.1: Other Development projects	70,200,000	29,455,888	40,744,112	42.0
Sub Total		360,031,674	149,476,736	210,554,939	41.5
Department of Health and Sanitation					
CP 53: General Administration and support services	CSP 53.1: Administrative support service	1,863,943,627	1,309,510,807	554,432,820	70.3
CP 54: Curative Health Services	CSP 54.1: Infrastructure development	129,488,069	30,093,848	99,394,222	23.2
	CSP 54.2: Hospital equipment	101,500,000	-	101,500,000	-
	CSP 54.3: Blood Transfusion Services	5,000,000	-	5,000,000	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	62,500,000	-	62,500,000	-
	CSP 55.2: Lower-level hospital equipment	10,000,000	-	10,000,000	-
	CSP 55.3: Preventive Services	8,000,000	-	8,000,000	-
	CSP 55.4: Health promotion unit	69,500,000	3,751,628	65,748,372	5.4
CP 56: Other projects	CSP 56.1: Other Development projects	27,900,000	-	27,900,000	-
Sub Total		2,277,831,696	1,343,356,282	934,475,414	59.0
County Public Service Board					
CP 57: General Administration and support services	CSP 57.1: Administrative support service	103,276,178	43,318,954	59,957,224	41.9

Programme	Sub-programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
The Governorship					
CP 58: General Administration and support services	CSP 58.1: Administrative support service	420,774,965	215,343,048	205,431,917	51.2
CP 59: Disaster Risk Management	CSP 59.1: Disaster Preparedness	82,000,000	-	82,000,000	-
CP 60: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	13,350,000	1,298,500	12,051,500	9.7
CP 61: ICT Support Services	CSP 61.1: ICT Services	9,650,000	-	9,650,000	-
CP 62: Other projects	CSP 62.1: Other Development projects	12,450,000	-	12,450,000	-
Sub Total		538,224,965	216,641,548	321,583,417	40.3
County Assembly					
CP 63: General Administration and support services	CSP 63.1: Administrative support service	851,195,833	493,314,308	357,881,525	58.0
CP 64: Infrastructure Development	CSP 64.1: Infrastructure	60,000,000	-	60,000,000	-
Sub Total		911,195,833	493,314,308	417,881,525	54.1
Total Expenditure		8,118,458,146	4,178,071,790	3,940,386,356	51.5

Source: ~Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Veterinary Extension in the Department of Agriculture, Livestock and Fisheries at 100 per cent, Livestock Extension in the Department of Agriculture, Livestock and Fisheries at 97.4 per cent, Irrigation infrastructure development in the Department of Water, Irrigation Environment and Natural Resources at 91.3 per cent, and Agriculture extension services in the Department of Agriculture, Livestock and Fisheries at 90 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 25th April 2023.
2. Underperformance of own-source revenue at Kshs.194.60 million against an annual projection of Kshs. 469.16 million, representing 41.5 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.23 where the County incurred expenditure above the approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Busia County Health Services Fund, and Busia County Agricultural Development Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.1.49 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.280.78 million at the end of the first nine months of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.193.77 million were processed through the manual payroll, accounting for 6.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.5 County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.23 billion, comprising Kshs.2.26 billion (36.2 per cent) and Kshs.3.99 billion (63.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.1 per cent compared to the previous financial year when the approved budget was Kshs.6.59 billion and comprised of Kshs.3.1 billion towards development expenditure and Kshs.3.5 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.61 billion (73.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.246.24 million (3.4 per cent) from its own sources of revenue, Kshs.218.1 million (3.5 per cent) as conditional grants, and a cash balance of Kshs.1.19 billion (18.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.25.

The cash balance from the previous financial year comprises Kshs.466.1 million from unspent conditional grants and Kshs.719.22 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.5.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.65 billion as the equitable share of the revenue raised nationally, raised Kshs.152.95 million as own-source revenue, Kshs.134.11 million as conditional grants, and had a cash balance of Kshs.1.19 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.12 billion, as shown in Table 3.25.

Table 3.25: County, Revenue Performance in the First Nine Months of FY 2022/23

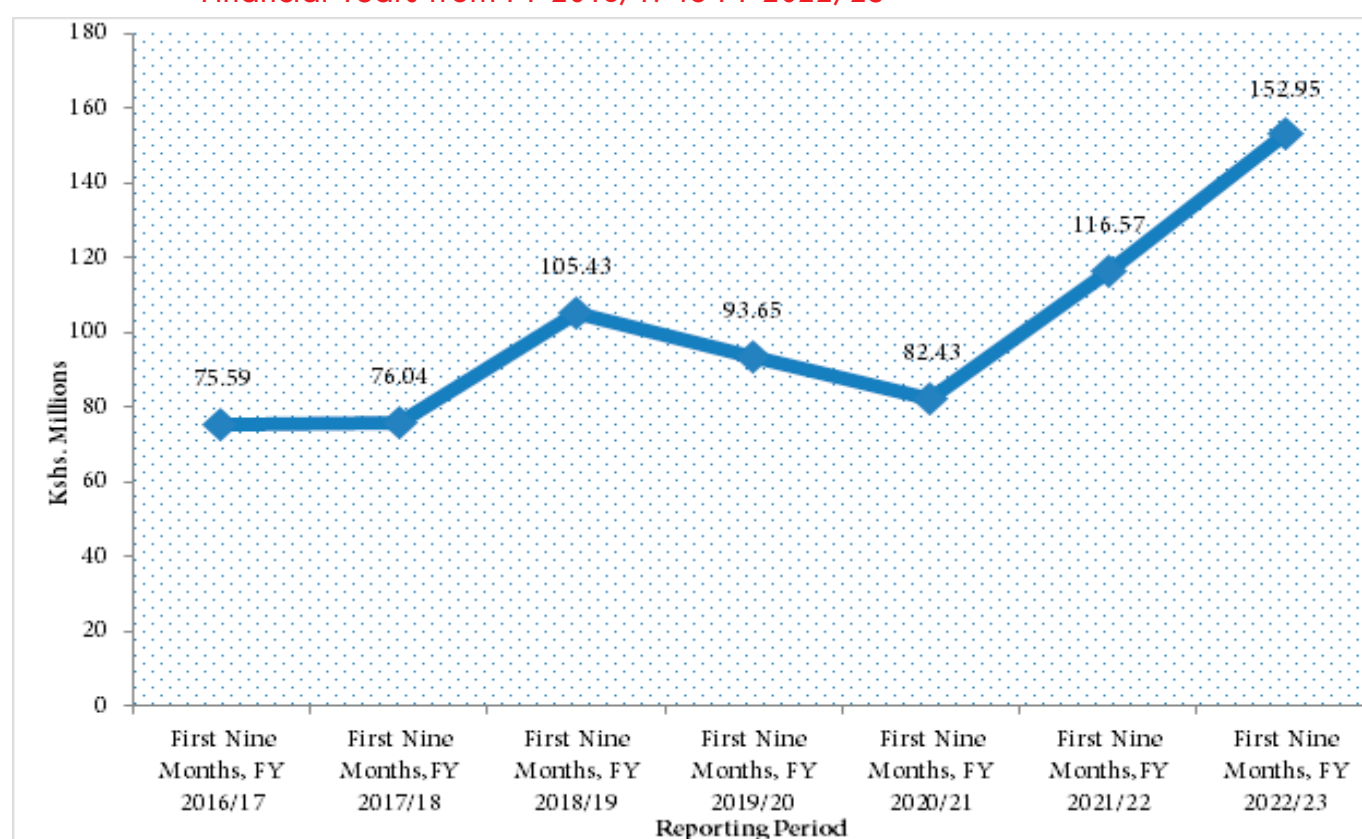
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	2,648,756,165	57.5
Sub Total		4,606,532,480	2,648,756,165	57.5
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	85,593,752	80,593,752	94.2
2	DANIDA	8,137,400	-	-
3	World Bank credit finance Locally-Led Climate Action Program, (FLLoCA)	11,000,000	11,000,000	100.0
4	Agriculture Sector Development Support Programme II (ASDSP II)	14,162,596	5,211,716	36.8
5	Emergency Locust Response Project (ELRP)	75,879,000	29,806,665	39.3

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Kenya Informal Settlement Improvement Project (KISIP II)	8,324,295	-	-
7	Nutrition International	15,000,000	7,500,000	50.0
	Sub-Total	218,097,043	134,112,133	61.5
C	Other Sources of Revenue			
1	Own Source Revenue	246,239,213	152,949,534	62.1
2	Balance b/f from FY2021/22	1,185,317,485	1,185,317,485	100.0
	Sub Total	1,431,556,698	1,338,267,019	93.5
	Grand Total	6,256,186,221	4,121,135,317	65.9

Source: Elgeyo Marakwet County Treasury

Figure 3.13 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

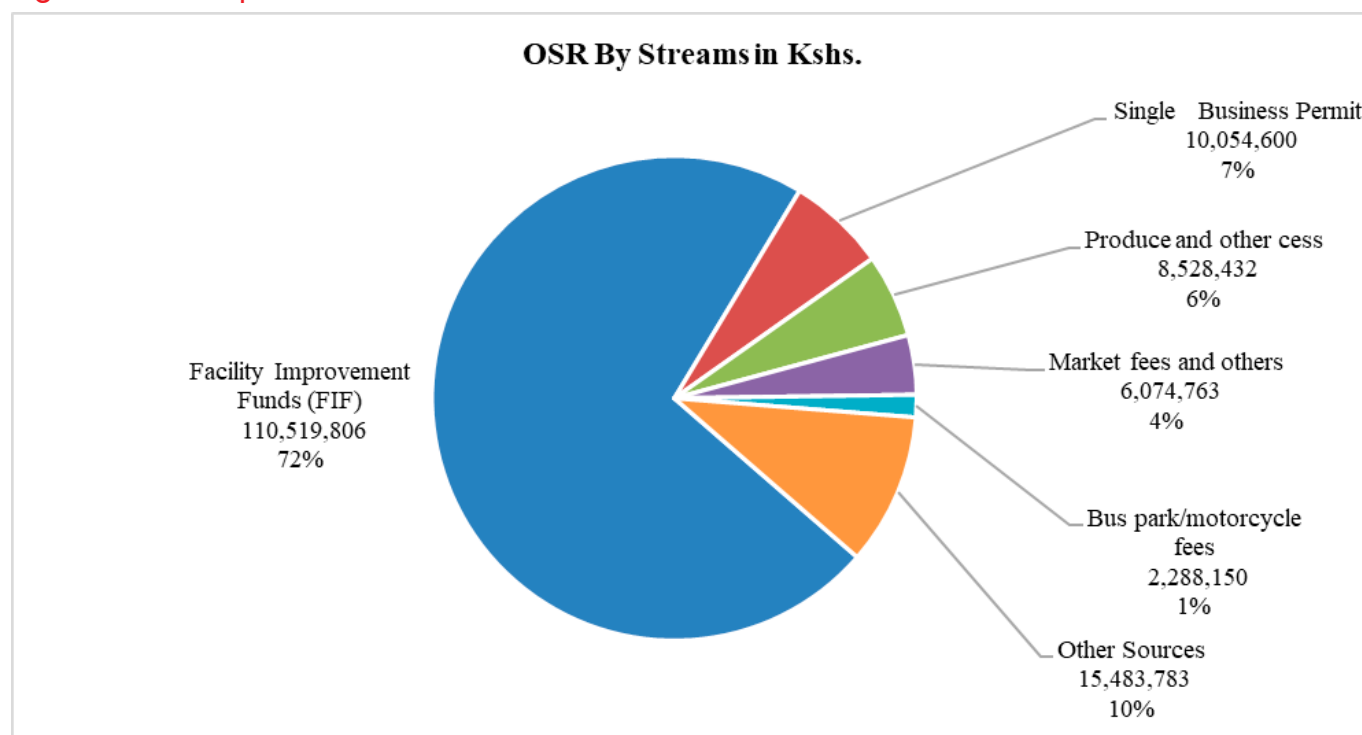
Figure 3.13: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Elgeyo Marakwet County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.152.95 million from its own sources of revenue, which represented an increase of 31.2 per cent compared to Kshs.116.57 million realised in a similar period in FY 2021/22 and was 62.1 per cent of the annual target and 5.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.14.

Figure 3.14: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Elgeyo Marakwet County Treasury

The highest revenue stream of Kshs.110.52 million was from Facility Improvement Fund (FIF) under the Health Sector, contributing to 72 per cent of the total OSR collected during the reporting period.

3.5.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.15 billion from the CRF account during the reporting period. This amount comprised Kshs.321.8 million (10.2 per cent) for development programmes and Kshs.2.83 billion (89.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.85 billion was released towards compensation to employees and Kshs.977.91 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.153.93 million.

3.5.4 County Expenditure Review

The County spent Kshs.3 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.3 per cent of the total funds released by the CoB and comprised Kshs.462.98 million and Kshs.2.54 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.4 per cent. In contrast, recurrent expenditure represented 63.7 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.14.33 million, comprised of Kshs.5.79 million for recurrent expenditure and Kshs.8.54 million for development activities. All pending bills were settled during the period under review.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.68 billion on employee compensation, Kshs.394.49 million on operations and maintenance, and Kshs.464.98 million on development activities. Similarly, the County Assembly spent Kshs.175.9 million on employee compensation and Kshs.294.55 million on operations and maintenance, as shown in Table 3.26.

Table 3.26: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,258,095,825	733,192,337	2,070,499,056	470,447,680	63.5	64.2
Compensation to Employees	2,478,104,709	275,890,911	1,676,011,062	175,896,194	67.6	63.8
Operations and Maintenance	779,991,116	457,301,426	394,487,994	294,551,486	50.6	64.4
Development Expenditure	2,264,898,059	-	462,977,890	-	20.4	-
Total	5,522,993,884	733,192,337	2,533,476,946	470,447,680	45.9	64.2

Source: Elgeyo Marakwet County Treasury

3.5.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.85 billion, or 44.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.12 billion. This expenditure represented a decrease from Kshs.1.93 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.891.5 million paid to health sector employees, translating to 48.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.66 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.201.9 million was processed through manual payrolls. The manual payrolls accounted for 10.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.12.62 million on committee sitting allowances for the 32 MCAs and the Speaker against the annual budget allocation of Kshs.23.75 million. The average monthly sitting allowance was Kshs.42,498 per MCA. The County Assembly has established 18 Committees.

3.5.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.149.3 million to county-established funds in FY 2022/23, constituting 2.4 per cent of the County's overall budget. Table 3.27 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.27: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
1	Emergency Fund	-	-	-	-
County Executive Established Funds					
1	Car and Mortgage	-	-	1,464,332	Yes
2	County Education Fund	55,299,495	55,299,495	55,215,848	Yes
3	EMC Alcoholic Drinks Control fund	-	-	2,856,584	Yes
County Assembly Established Funds					
4	EMCA Car and Mortgage Revolving Fund	94,000,000	94,000,000	94,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
5	EMC (CA) Catering Services Revolving Fund	-	-	1,295,095	Yes
	Total	149,299,495	149,299,495	153,536,764	

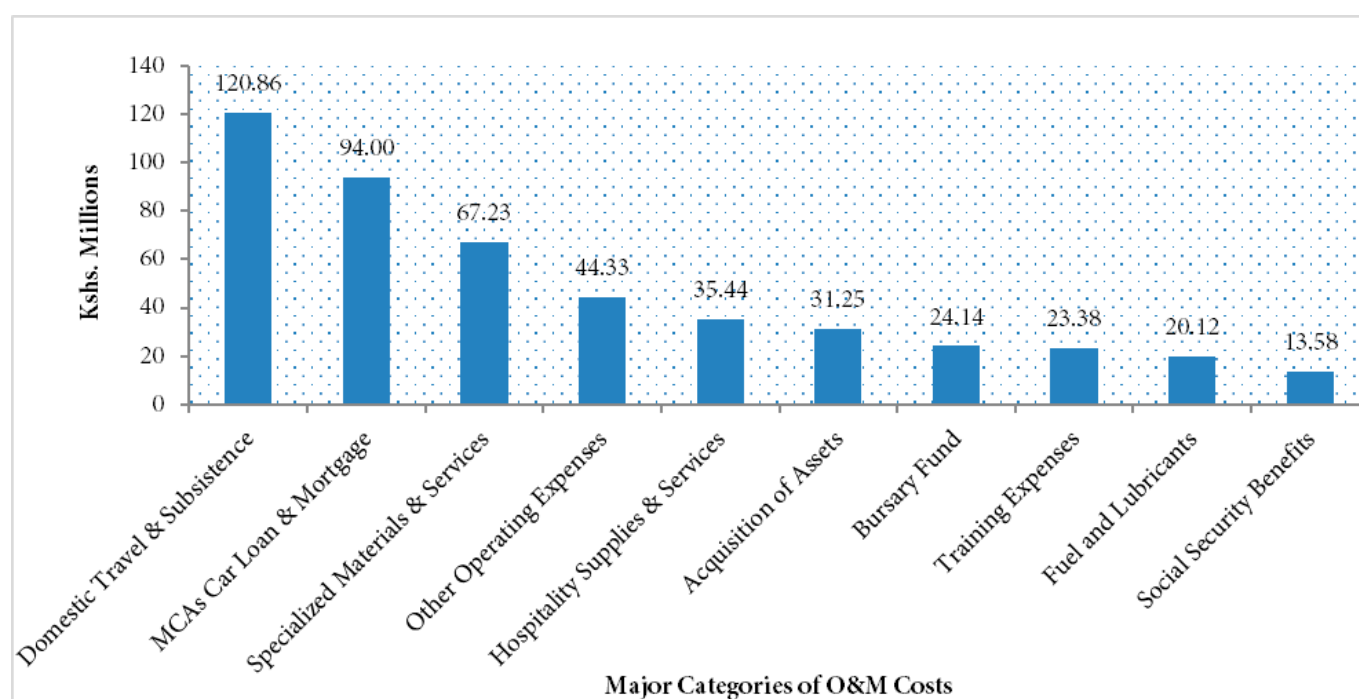
Source: ~Elgeyo Marakwet County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of all the funds as indicated in Table 3.27 as per the requirement of Section 168 of the PFM Act, 2012. The County did not allocate any funds to the Emergency Fund in FY 2022/23.

3.5.9 Expenditure on 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



Source: Elgeyo Marakwet County Treasury

During the period, expenditure on domestic travel amounted to Kshs.120.86 million and comprised of Kshs.44 million spent by the County Assembly and Kshs.76.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.15 million and comprised of Kshs.0.42 million by the County Assembly and Kshs.0.73 million by the County Executive. The Other Operating Expenses of Kshs.44.33 million consist of majorly Kshs.32.12 million spent on Temporary Committee Expenses incurred by the County Assembly.

3.5.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.462.98 million on development programmes, representing a decrease of 13.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.544.46 million. Table 3.28 summarises development projects with the highest expenditure in the reporting period.

Table 3.28: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	Agriculture and Irrigation	Kapkobil-Chepuser Irrigation Project	Endo	33,057,893	29,000,530	87.7	Funded by Kenya Devolution Support Program Project (FY 2022-23) grant
2	Lands, Physical Planning, Housing, Urban Development	Construction of disaster management centre and supply of compactor truck	Iten Municipality	10,200,040	10,200,040	100.0	Funded by World Bank UDG (FY 2022-23) grant
3	Roads, Public Works and Transport	Sikot-Kongurut-Kasokotow Road, Tot-kisi-bai-Meuno Road, Tilingwo Chemir-Korchombus Road, Cherutich-Kapsawar Roads, kawala-kakimasin road, Queen of Peace-Murkutwo Primary-cherutich Roads, Sambalat-Ngachar Road	Endo	10,080,000	10,080,000	100.0	Funded by ADA (FY 2022-23)
4	Health	Disbursement of user fees to dispensaries	Spread across the county	8,746,926	8,746,926	100.0	Funded by User Fee (FY 2022-23) grant
5	Roads, Public Works and Transport	Upgrading slip roads to bitumen standard at Kapsowar	Kapsowar	4,786,250	4,786,250	100.0	Funded by RMLF (FY 2021-22) grant
6	Roads, Public Works and Transport	Hire of excavator for the opening of Kipendo-Kipchetui in Emsoo ward	Emsoo	4,085,200	4,085,200	100.0	Funded by ADA (FY 2021-22)
7	Agriculture and Irrigation	Construction of mother and baby facility at Iten	Kapchemutwa	4,057,363	4,057,363	100.0	Funded by Kenya Devolution Support Program Project (FY 2022-23) grant
8	Roads, Public Works and Transport	Reinforcement of Vibrated Concrete Covered Drain at Kapsowar	Kapsowar	4,008,000	4,008,000	100.0	Funded by RMLF (FY 2021-22) grant
9	Roads, Public Works and Transport	Maintenance of Sitotwo-Kipchiloi-Kapkut in Chepkorio ward	Chepkorio	3,838,800	3,838,800	100.0	Funded by ADA (FY 2021-22)
10	Agriculture and Irrigation	Provision of Supervision and architectural works on Mother and baby	Kapchemutwa	2,363,121	2,363,121	100.0	Funded by Kenya Devolution Support Program Project (FY 2022-23) grant

Source: Elgeyo Marakwet County Treasury

3.5.11 Budget Performance by Department

Table 3.29 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.29: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	733.19	-	471.15	-	470.45	-	99.8	-	64.2	-
Office of Governor	203.24	-	142.72	-	129.98	-	91.1	-	64.0	-
Finance and Economic Planning	242.75	-	174.25	-	152.72	-	87.6	-	62.9	-
Agriculture and Irrigation	99.20	541.43	62.95	175.14	56.67	243.05	90.0	138.8	57.1	44.9
Water, Environment and Climate Change Management	2.31	257.59	-	4.94	-	12.84	-	259.9	-	5.0
Education, Science and Technology	267.93	237.63	189.07	31.19	169.43	44.35	89.6	142.2	63.2	18.7
Health	1,756.34	452.63	1,292.36	14.08	1,103.39	36.66	85.4	260.4	62.8	8.1
Lands, Physical Planning, Housing, Urban Development	77.06	89.08	52.39	-	47.70	10.39	91.1	-	61.9	11.7
Roads, Public Works and Transport	122.13	553.33	80.93	89.83	76.58	100.30	94.6	111.7	62.7	18.1
Trade, Tourism, Co-operative Development and Energy	38.55	20.12	28.29	-	25.10	0.30	88.7	-	65.1	1.5
Youth, Sports, Culture and Gender	62.59	82.62	36.77	2.13	31.53	10.59	85.8	498.4	50.4	12.8
ICT and Public Service	245.67	27.96	202.52	4.50	191.97	4.50	94.8	100.0	78.1	16.1
County Public Service Board	44.98	2.50	32.84	-	28.91	-	88.0	-	64.3	-
Livestock Production, Fisheries and Co-operative Development	95.36	-	63.58	-	56.53	-	88.9	-	59.3	-
TOTAL	3,991.29	2,264.90	2,829.81	321.80	2,540.95	462.98	89.8	143.9	63.7	20.4

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 44.9 per cent, followed by the Department of Education, Science and Technology at 18.7 per cent. The Department of ICT and Public Service had the highest percentage of recurrent expenditure to budget at 78.1 per cent, while the Department of Water, Environment and Climate Change Management did not incur any recurrent expenditure.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 3.30 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.30: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes

Department	Program	Sub Program	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure 1/7/2022-31/03/2023 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
Agriculture and Irrigation	General administration and support services	General administration and support services	99,199,387	56,667,394	42,531,993	57.1
	Crop Development	Cash Crops Development	34,417,715	270,000	34,147,715	0.8
		Agricultural Extension and Training Services	382,144,066	203,689,151	178,454,915	53.3
	Soil Conservation	Soil Conservation	368,000	-	368,000	-
	Irrigation Development	Irrigation Development	124,500,473	39,086,826	85,413,647	31.4
Livestock Production, Fisheries and Co-operative Development	General administration and support services	General administration and support services	17,915,740	13,436,805	4,478,935	75.0
	Livestock Development	Livestock Production	41,336,012	16,016,521	25,319,492	38.7
		Livestock Extension and Training Services	2,300,064	1,725,048	575,016	75.0
	Veterinary Services	Disease Surveillance and Control	29,054,302	21,790,727	7,263,576	75.0
		A I Services	4,749,980	3,562,485	1,187,495	75.0
Trade, Tourism, Co-operative Development and Energy	General administration and support services	General administration and support services	30,937,150	25,096,112	5,841,038	81.1
	Tourism Development	Tourism Development	3,030,378	300,000	2,730,378	9.9
	Trade and Enterprise Development	Trade and enterprise development	6,120,652	-	6,120,652	-
	Cooperative Development	Cooperatives development	18,588,983	-	18,588,983	-
Roads, Public Works and Transport	General administration and support services	General administration and support services	112,507,201	70,075,368	42,431,833	62.3
	Road Improvement	Road Improvement	544,781,857	100,300,768	444,481,089	18.4
	Public works	Public works	5,420,000	894,980	4,525,020	16.5
	Energy	Energy	12,751,927	5,607,645	7,144,282	44.0
Youth, Sports, Culture and Gender	General administration and support services	General administration and support services	63,051,817	31,037,995	32,013,822	49.2
	Sports Development	Sports Infrastructure Development	17,315,000	494,373	16,820,627	2.9
			14,583,430	580,346	14,003,084	4.0
	Social Empowerment	Social Empowerment	45,631,210	5,403,986	40,227,224	11.8
	Social Protection	Social Protection	4,630,000	4,608,000	22,000	99.5

Department	Program	Sub Program	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure 1/7/2022-31/03/2023 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
Education, Science and Technology	General administration and support services	General administration and support services	252,679,388	169,152,561	83,526,827	66.9
	Technical and Vocational Education and Training (TVET)	Technical Vocational Education & Training	58,065,058	31,386,998	26,678,060	54.1
	Pre-Primary Education	Pre-Primary Education	194,817,265	13,232,835	181,584,430	6.8
Water, Environment and Climate Change Management	General administration and support services	General administration and support services	79,364,646	12,836,150	66,528,496	16.2
	Water and Sanitation Management	Water Services	168,433,558	-	168,433,558	-
	Environmental Management and Protection	Environmental conservation	900,000	-	900,000	-
		Climate Change Mainstreaming and Compliance	11,000,000	-	11,000,000	-
	Solid Waste Management	Solid waste management	200,000	-	200,000	-
Lands, Physical Planning, Housing, Urban Development	Lands, Physical Planning and Urban Development	Lands, Physical Planning and Urban Development	166,137,083	58,096,412	108,040,671	35.0
Health	General administration and support services	Default - Non Programmatic	1,756,342,428	1,103,359,684	652,982,744	62.8
	Preventive and Promotive health	Community and Environmental Health	11,429,042	-	11,429,042	-
	Curative and Rehabilitative Health	County Hospitals	273,251,056	4,997,050	268,254,006	1.8
		Primary Care Units	159,467,062	31,691,745	127,775,317	19.9
		Emergency Medical Services	8,480,000	-	8,480,000	-
Office of Governor	General administration and support services	General administration and support services	107,745,732	78,418,443	29,327,289	72.8
	Open Governance, Transparency and Accountability	Governance	95,491,445	51,556,564	43,934,881	54.0
ICT and Public Service	General administration and support services	General administration and support services	240,458,309	190,063,491	50,394,818	79.0
	Public Service Management	Human Resource Management	1,075,000	636,620	438,380	59.2
		Coordination of government functions	29,179,353	5,186,330	23,993,023	17.8
		Citizen Participation and Civic Education	500,000	278,250	221,750	55.7
	ICT Services	ICT Services	2,415,000	301,470	2,113,530	12.5

Department	Program	Sub Program	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure 1/7/2022-31/03/2023 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
			A	B	C=A-B	D=B/A*100
Finance and Economic Planning	General administration and support services	General administration and support services	176,601,998	115,156,505	61,445,493	65.2
	Financial Management	Monitoring, Evaluation and reporting	24,244,179	16,811,420	7,432,759	69.3
		Economic Planning & Budgeting	24,000,000	14,163,100	9,836,900	59.0
		Accounting services	7,000,000	4,043,715	2,956,285	57.8
		Supply Chain Management	2,800,000	439,280	2,360,720	15.7
		Revenue Management Services	8,100,000	2,110,919	5,989,081	26.1
County Public Service Board	General administration and support services	General administration and support services	47,480,938	28,912,873	18,568,065	60.9
County Assembly	General administration, planning and support services	General administration, planning and support services	417,121,976	262,445,286	154,676,690	62.9
	Legislation and representation	Legislation and representation	275,890,911	175,896,194	99,994,717	63.8
	Legislative oversight	Legislative oversight	40,179,450	32,106,200	8,073,250	79.9
Grand Total			6,256,186,221	3,003,924,626	3,252,261,595	48.0

Source: ~Elgeyo Marakwet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Social Protection in the Department of Youth, Sports, Culture and Gender at 99.5 per cent, General Administration, planning and support services in the Department of Trade, Tourism, Co-operative Development and Energy at 81.1 per cent, and Legislative oversight of the County Assembly at 79.9 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 9th May, 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.27 where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.201.9 million were processed through the manual payroll, accounting for 10.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should

regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.6 County Government of Embu

3.6.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for FY 2022/23 is Kshs.7.29 billion, comprising Kshs.2.24 billion (30.7 per cent) and Kshs.5.02 billion (69.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represent an increase of 5.3 per cent compared to the previous financial year when the approved budget was Kshs.6.92 billion and comprised of Kshs.2.38 billion towards development expenditure and Kshs.4.54 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.54 billion (76.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.950 million (13.0 per cent) from its own sources of revenue, Kshs.497.23 million (6.8 per cent) as conditional grants, and a cash balance of Kshs.305.24 million (4.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.31.

3.6.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.95 billion as the equitable share of the revenue raised nationally, raised Kshs.457.12 million as own-source revenue, Kshs.156.32 million as conditional grants, and had a cash balance of Kshs.305.24 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.87 billion, as shown in Table 3.31.

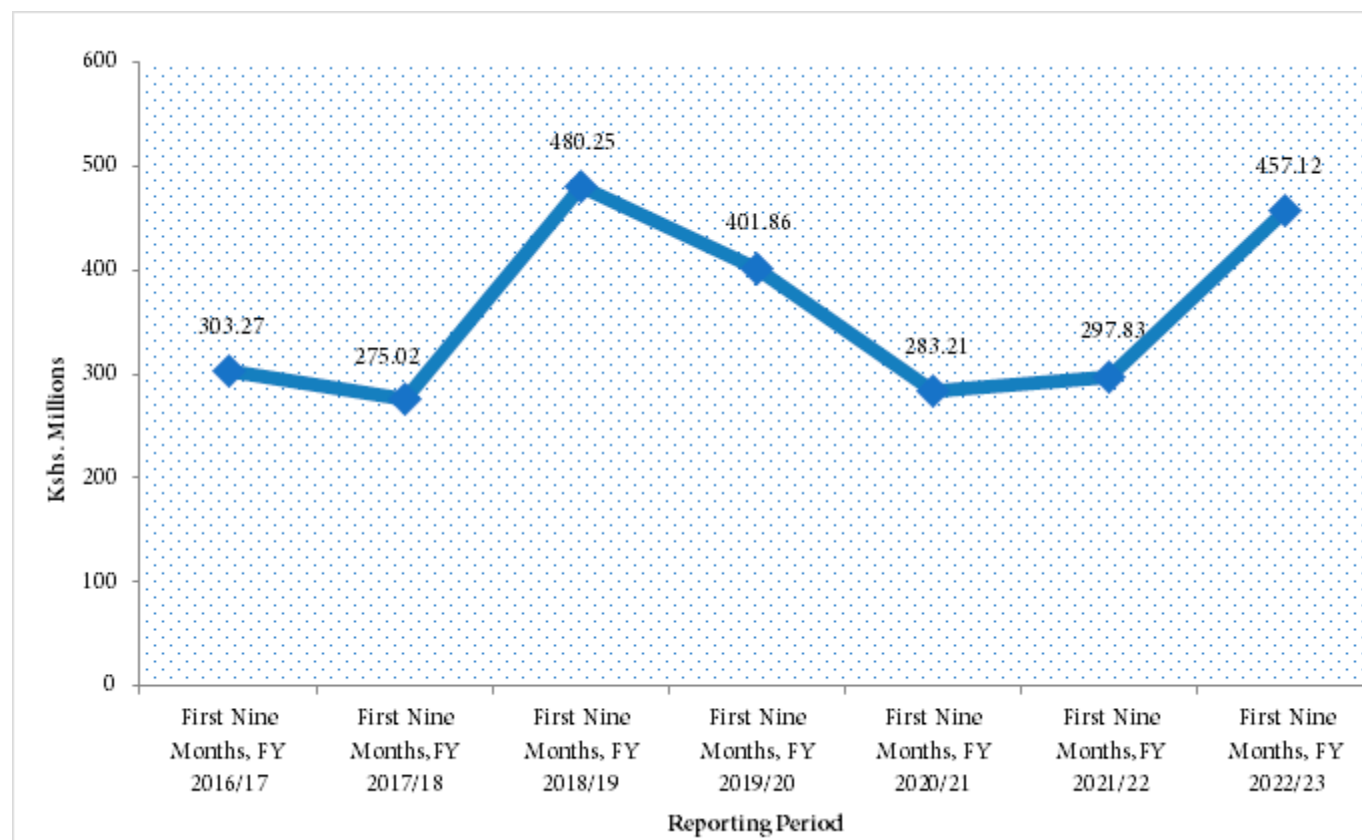
Table 3.31: Embu County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,535,263,263	2,947,015,161	53.2
Sub total		5,535,263,263	2,947,015,161	53.2
B	Conditional Grants			
1.	Conditional Grant- Leasing of Medical Equipment	110,638,298	-	-
2.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	260,577,564	106,423,419	40.8
3.	DANIDA Grant	9,071,200	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,252,897	4,806,902	27.9
5.	World Bank Emergency Locust Responses Projects (ELRP)	67,688,700	26,589,365	39.3
6.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	11,000,000	11,000,000	100.0
7.	Kenya Nutritional Support Grant	21,000,000	7,500,000	35.7
Subtotal		497,228,659	156,319,686	31.4
C	Other Sources of Revenue			
8.	Own Source Revenue	950,000,000	457,118,937	48.1
9.	Unspent balance from FY 2021/22	305,241,214	305,241,214	100.0
Sub Total		1,255,241,214	762,360,151	60.7
Grand Total		7,287,733,136	3,865,694,998	53.0

Source: Embu County Treasury

Figure 3.16 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

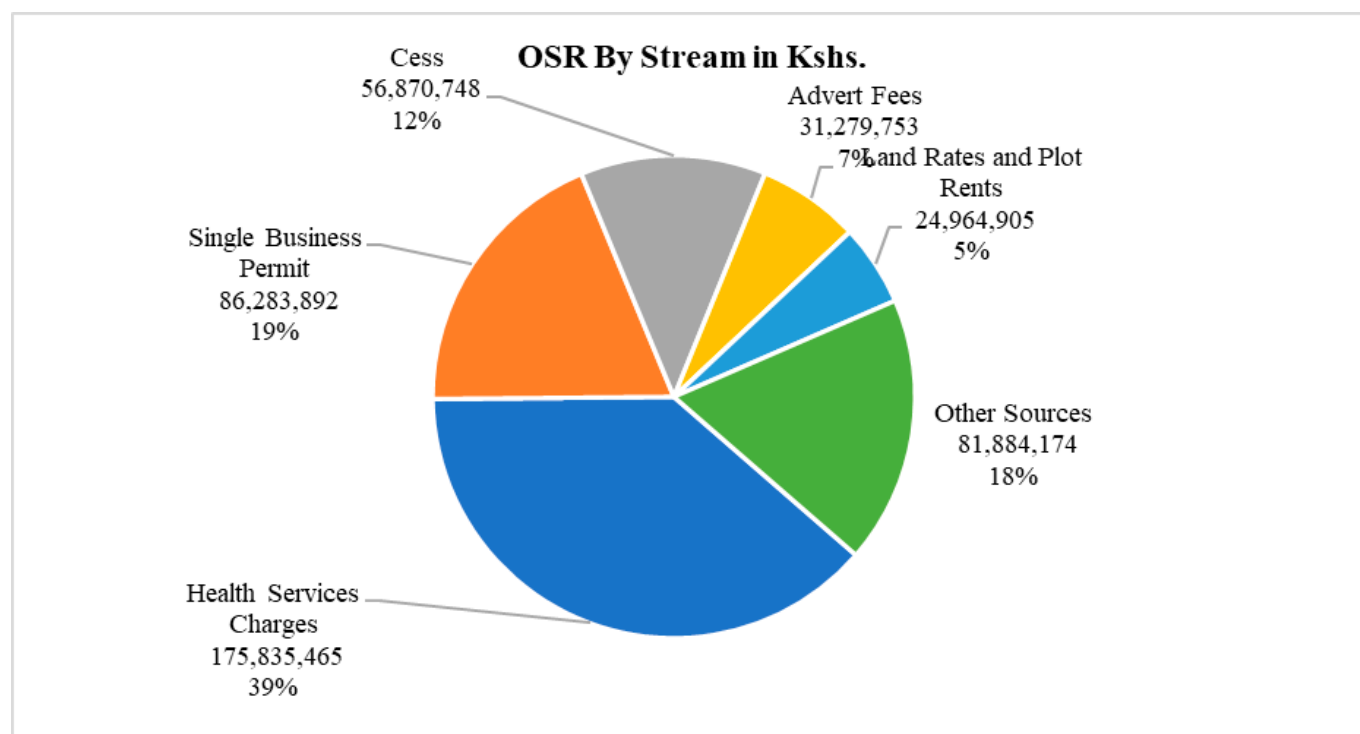
Figure 3.16: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Embu County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.457.12 million from its own sources of revenue, which represented an increase of 53.5 per cent compared to Kshs.297.83 million realised in a similar period in FY 2021/22. It was 48.1 per cent of the annual target and 15.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.17.

Figure 3.17: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Embu County Treasury

The highest revenue stream of Kshs.175.84 million was from Health Service Charges contributing to 39 per cent of the total OSR collected during the reporting period.

3.6.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.46 billion from the CRF account during the reporting period. This amount comprised Kshs.240.20 million (6.9 per cent) for development programmes and Kshs.3.22 billion (93.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.40 billion was released towards compensation to employees, Kshs.822.90 million was for Operations and Maintenance expenditure, while Kshs.240.20 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.499.84 million.

3.6.4 County Expenditure Review

The County spent Kshs.2.89 billion on development and recurrent programmes during the reporting period. This amount represented 83.5 per cent of the total funds released by the CoB and comprised Kshs.126.04 million and Kshs.2.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.6 per cent. In contrast, recurrent expenditure represented 54.7 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.24 billion, comprised of Kshs.1.16 billion for recurrent expenditure and Kshs.1.08 billion for development activities. During the period under review, pending bills amounting to Kshs.683.38 million were settled, consisting of Kshs.599.12 million for recurrent expenditure and Kshs.84.25 million for development programmes. Therefore, as of 31st March 2023 the outstanding amount was Kshs.1.55 billion.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.84 billion on employee compensation, Kshs.454.13 million on operations and maintenance, and Kshs.99.06 million on

development activities. Similarly, the County Assembly spent Kshs.145.00 million on employee compensation, Kshs.324.00 million on operations and maintenance, and Kshs.26.98 million on development activities, as shown in Table 3.32.

Table 3.32: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,204,782,315	847,949,416	2,296,209,700	469,000,001	54.6	55.3
Compensation to Employees	2,950,187,895	295,247,551	1,842,079,539	145,003,496	62.4	49.1
Operations and Maintenance	1,254,594,420	552,701,865	454,130,162	323,996,505	36.2	58.6
Development Expenditure	2,145,001,405	90,000,000	99,061,248	26,981,251	4.6	30.0
Total	6,349,783,720	937,949,416	2,395,270,949	495,981,252	37.7	52.9

Source: Embu County Treasury

3.6.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.99 billion, or 51.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.87 billion. The expenditure decreased from Kshs.2.49 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.988.03 million paid to health sector employees, translating to 49.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.91 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.76.97 million was processed through manual payrolls. The manual payrolls accounted for 3.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.9.49 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.23.15 million. The average monthly sitting allowance was Kshs.34,031 per MCA. The County Assembly has established 24 Committees.

3.6.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.210.00 million to county-established funds in FY 2022/23, constituting 2.9 per cent of the County's overall budget. Table 3.33 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.33: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st March 2023 (Kshs.)	Actual Expenditure as of 31st March, 2022 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No)
1.	Embu County Education Support Fund	105,000,000	51,000,000	-	Yes
2.	Embu County Youth Trust Fund	-	-	-	Yes
3.	Embu County Emergency Fund	6,000,000	-	-	Yes
4.	Embu County Executive Car & Mortgage	-	-	405,797	Yes
5.	Embu County Assembly Mortgage Members Scheme Fund	89,000,000	89,000,000	-	No
6.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	10,000,000	-	-	No
Total		210,000,000	140,000,000	405,797	

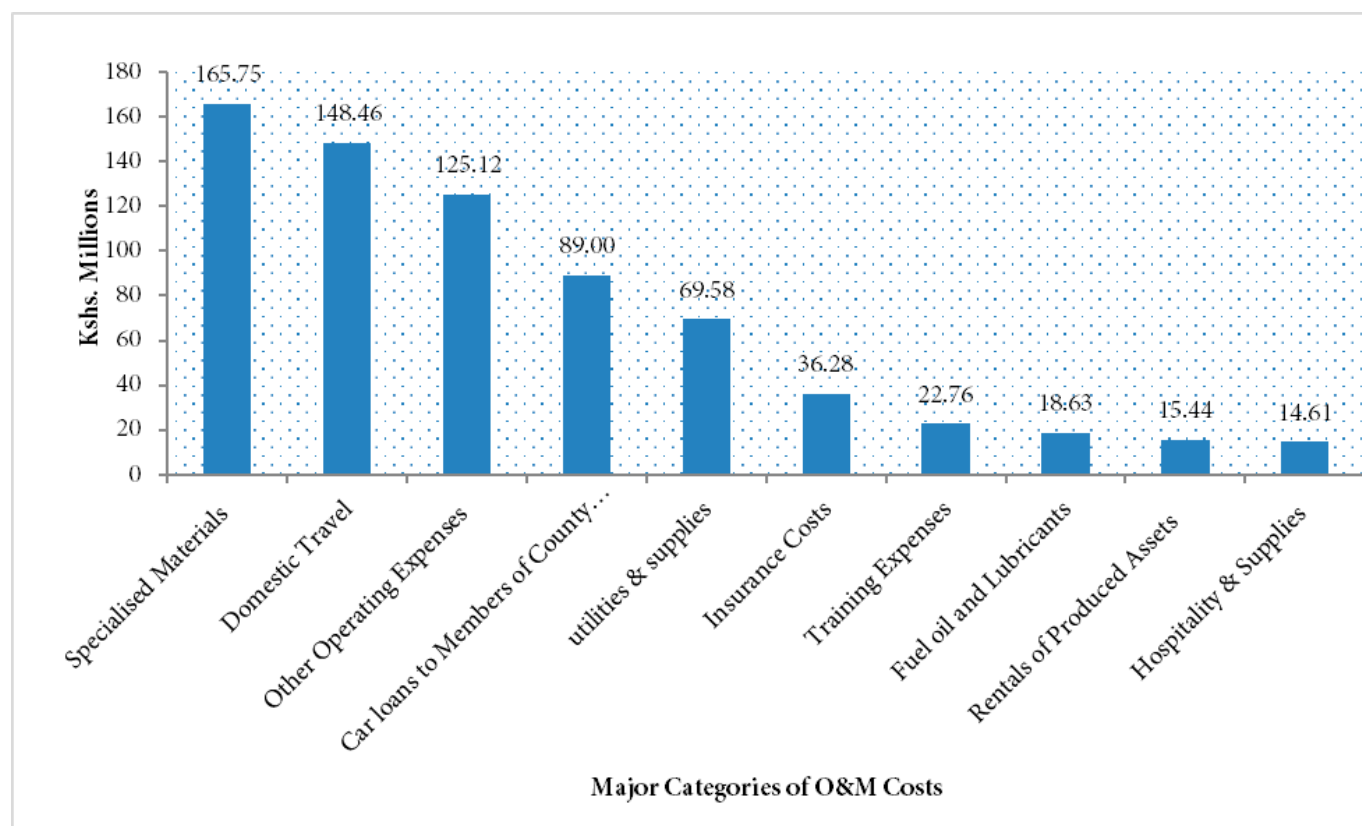
Source: ~Embu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of 2 funds operated by the County Assembly as indicated in Table 3.33 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.6.9 Expenditure on 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



Source: Embu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.148.46 million and comprised of Kshs.84.79 million spent by the County Assembly and Kshs.63.68 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.11 million and comprised of Kshs.11.49 million by the County Assembly and Kshs.2.63 million by the County Executive.

The breakdown of “Other Operating Expenses” include; Contracted Cleaning Services Kshs.17.38 million, Embu County Public Health and Revenue Task Force and Public Participation Kshs.13.27 million, General Office Operations (Ward offices) Kshs.18.00 million Fringe Benefits Kshs.821,000, Sitting allowance Kshs.9.49 million, Assumption of Office Kshs.19.97 million Membership Fees, Dues and Subscriptions to Professional and Trade Bodies Kshs.9.67 million, Legal Dues/fees, Arbitration and Compensation Payments Kshs.11,207,304, Contracted Guards and Cleaning Services Kshs.11.33 million, Bank Service Commission and Charges Kshs.15,000, Health Services projects Kshs.8.99 million, Membership Fees, Dues and Subscriptions to Professional and Trade Bodies Kshs.9.67 million, Legal Dues/fees, Arbitration and Compensation Payments Kshs.11.21 million, Contracted Guards and Cleaning Services Kshs.11.33 million, and Bank Service Commission and Charges Kshs.15,000.

3.6.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.126.04 million on development programmes, representing a decrease of 61.0 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.616.53 million. Table 3.34 summarises development projects with the highest expenditure in the reporting period.

Table 3.34: Embu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly of Embu	Construction of Office Complex	Kirimari Ward	65,500,000	26,981,251	41.2
2	Public Service and Administration	Renovations, Alterations of the County Headquarters Block, Finishes to Block Phase 2	Kirimari, Manyatta	20,854,804	19,935,530	95.6
3	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Ishiara Town Roads Phase 2	Evurore,	15,363,739	14,892,834	96.9
4	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Runyenjes-Kigaa Road Phase 3	Runyenjes Central,	13,646,645	12,632,980	92.6
5	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	Youth Financial Management Empowerment Programmes	County Wide	10,000,000	6,708,500	67.1
6	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Mbiruri Road Off Mbiruri Catholic Church Phase 1	Kagaari North,	14,625,192	6,061,406	41.4
7	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	County Youth Empowerment Programmes and Talent Search	County Wide	10,000,000	5,155,700	51.6
8	Infrastructure, Public Works, Housing and Energy	Maintenance of Kavutiri-Gitongoro Road/Gatura Gituri Kianjuki Road	Gaturi North,	4,497,320	4,497,320	100.0

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
9	Infrastructure, Public Works, Housing and Energy	Renovation of Former County Treasurer's House	Kirimari,	3,999,010	3,999,010	100.0
10	Infrastructure, Public Works, Housing and Energy	Drilling, Rehabilitation and Equipping with Solar Panel Pump at Mutuobare Giatugu Borehole	Kiambere,	3,380,820	3,380,820	100.0

Source: Embu County Treasury

3.6.11 Budget Performance by Department

Table 3.35 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.35: Embu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	260.88	-	139.81	-	129.13	-	92.4	-	49.5	-
County Public Service Board	30.67	-	14.66	-	11.54	-	78.7	-	37.6	-
Public Service and Administration	695.85	37.74	512.53	18.15	358.58	22.34	70.0	123.1	51.5	59.2
County Assembly	847.95	90.00	499.00	9.42	469.00	26.98	94.0	286.5	55.3	30.0
Gender, Culture, Children and Social Services	22.58	44.97	10.65	-	10.20	-	95.7	-	45.2	-
Finance and Economic Planning	173.48	-	115.35	-	124.38	-	107.8	-	71.7	-
Trade, Tourism, Investment and Industrialisation	45.07	90.25	22.33	-	20.24	-	90.7	-	44.9	-
Agriculture, Livestock, Fisheries and Co-Operatives	258.53	583.25	179.45	105.37	96.41	2.94	53.7	2.8	37.3	0.5
Water, Environment and Natural Resources	41.29	68.40	-	-	0.08	-	-	-	0.2	-
Health Services	1,759.27	204.01	1,197.74	-	1,117.56	-	93.3	-	63.5	-
Embu Level 5 and Referral Hospital	297.61	77.41	146.62	-	154.91	-	105.7	-	52.1	-
Infrastructure, Public Works, Housing and Energy	53.34	828.82	24.96	61.92	35.65	61.92	142.9	100.0	66.8	7.5
Education, Science and Technology	430.13	38.23	287.15	-	179.19	-	62.4	-	41.7	-
Lands, Physical Planning and Urban Development	54.43	28.60	52.29	3.34	44.06	-	84.3	-	81.0	-
Youth Empowerment and Sports	21.86	46.65	8.68	-	7.82	11.86	90.1	-	35.8	25.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Embu County Revenue Authority	31.25	8.00	0.28	-	1.73	-	624.7	-	5.5	-
Embu Municipal Board	17.54	46.67	-	-	1.19	-	-	-	6.8	-
Financing Locally Led Climate Action Program (Flloca)	11.00	42.00	11.00	42.00	3.51	-	31.9	-	31.9	-
TOTAL	5,052.73	2,235.00	3,222.50	240.20	2,765.21	126.04	85.8	52.5	54.7	5.6

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Public Service and Administration recorded the highest absorption rate of development budget at 59.2 per cent, followed by the County Assembly at 30.0 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 71.7 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 0.2 per cent.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 3.36 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.36: Embu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
OFFICE OF GOVERNOR							
P1: General Adminis- tration Planning and Support Services	SP1.1: Manage- ment of County Affairs (Office of Governor)	156,525,723	-	77,477,106	-	49.5	-
P2: County Leader- ship and Coordination	SP2.1: Sub-County Administration and Field Services	52,175,241	-	25,825,702	-	49.5	-
	SP2.2: Manage- ment of County Executive Services (Office of County Secretary)	31,305,145	-	15,495,421	-	49.5	-
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Eco- nomic Advisors)	20,870,096	-	10,330,281	-	49.5	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub Total		260,876,205	-	129,128,509	-	49.5	-
COUNTY PUBLIC SERVICE BOARD							
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	5,214,729	-	1,962,554	-	37.6	-
	SP1.2: Administration of board programmes	7,668,720	-	2,886,110	-	37.6	-
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	10,736,208	-	4,040,553	-	37.6	-
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	7,055,222	-	2,655,221	-	37.6	-
Sub Total		30,674,879	-	11,544,438	-	37.6	-
PUBLIC SERVICE AND ADMINISTRATION							
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	300,389,479	16,290,622	154,795,745	9,641,966	51.5	59.2
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	238,768,880	12,948,834	123,041,616	7,664,055	51.5	59.2
P3: ICT Infrastructure Expansion	SP3: ICT Infrastructure Expansion	156,691,713	8,497,653	80,745,872	5,029,524	51.5	59.2
Sub Total		695,850,072	37,737,109	358,583,233	22,335,546	51.5	59.2
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES							
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	3,386,958	6,745,976	1,529,411	-	45.2	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P2: Gender and Social Development	SP2.1: Communication Mobilisation and Development	4,515,944	8,994,634	2,039,215	-	45.2	-
	SP2.2: Social Welfare Services	3,386,958	6,745,976	1,529,411	-	45.2	-
	SP2.3: Vocational Rehabilitation and Training	2,257,972	4,497,317	1,019,608	-	45.2	-
	SP2.4: Gender Mainstreaming and Development	3,386,958	6,745,976	1,529,411	-	45.2	-
P3: Children Services	SP3.1: Child Rehabilitation and Custody	3,386,958	6,745,976	1,529,411	-	45.2	-
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	2,257,972	4,497,317	1,019,608	-	45.2	-
Sub Total		22,579,720	44,973,172	10,196,076	-	45.2	-
FINANCE AND ECONOMIC PLANNING							
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	30,979,612	-	22,211,171	-	71.7	-
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	43,371,457	-	31,095,639	-	71.7	-
P3: Financial Management Services	SP3.1: Revenue Management Services	49,563,277	-	35,534,931	-	71.7	-
P4: Monitoring and Evaluation	SP3.2: Control and Management of Public Finances	15,489,806	-	11,105,585	-	71.7	-
	SP 4.1: Monitoring and Evaluation of projects	18,587,767	-	13,326,702	-	71.7	-
P5: Research and Statistics	SP5.1: County database and profile	15,489,806	-	11,105,585	-	71.7	-
Sub Total		173,481,726	-	124,379,614	-	71.7	-
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION							
P1: Administrative Support Services	P1.1: Administrative Support Services	5,355,372	10,723,289	2,405,304	-	44.9	-
P2: Trade development and Promotion	P2.1: Trade development and Promotion	21,686,948	43,424,699	9,740,445	-	44.9	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	9,915,517	19,854,262	4,453,441	-	44.9	-
P4: Tourism Development	P4.1: Tourism Development	8,112,696	16,244,396	3,643,725	-	44.9	-
Sub Total		45,070,533	90,246,645	20,242,915	-	44.9	-
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT							
P1: Administrative Support Services	P1.1: Administrative Support Services	33,743,239	76,124,137	12,583,733	384,245	37.3	0.5
P2: Crop Development and Management	P2.1: Crop Development and Management	120,559,408	271,979,845	44,959,746	1,372,850	37.3	0.5
P3: Agribusiness and Information Management	P3.1: Agribusiness and Information Management	33,609,284	75,821,937	12,533,778	382,720	37.3	0.5
P4: Livestock Resources Management and Development	P4.1: Livestock Resources Management and Development	44,767,727	100,995,182	16,695,052	509,785	37.3	0.5
P5: Aquaculture Development and Management	P5.1: Fisheries Development	25,853,296	58,324,567	9,641,368	294,400	37.3	0.5
Sub Total		258,532,954	583,245,669	96,413,677	2,944,000	37.3	0.5
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES							
P1: General Administration, Planning and Support Services	SP1: General Administration, Planning and Support Services	21,262,438	35,225,300	43,261	-	0.2	-
P2: Environment Management and Natural Resources Conservation	SP1: Environment Management and Natural Resources Conservation	6,311,286	10,455,853	12,841	-	0.2	-
P3: Water Supply and Sewerage Services	SP1: Water Supply and Sewerage Services	8,872,750	14,699,410	18,053	-	0.2	-
P4: Irrigation and civil works	SP1: Irrigation and civil works	4,838,782	8,016,369	9,845	-	0.2	-
Sub Total		41,285,256	68,396,932	84,000	-	0.2	-
HEALTH							
P1: Curative Health Services	SP1.1: Primary Health Care	1,034,263,054	119,938,922	657,006,326	-	63.5	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	406,484,299	47,138,190	258,215,504	-	63.5	-
P3: General Administration Planning and Support Services	SP3.1: General Administration services	318,520,887	36,937,462	202,337,536	-	63.5	-
Sub Total		1,759,268,239	204,014,574	1,117,559,365	-	63.5	-
EMBU LEVEL 5 HOSPITAL							
P1: Curative Health Services	SP1.1: Primary Health Care	200,261,847	52,090,981	104,242,765	-	52.1	-
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	56,113,598	14,595,952	29,208,942	-	52.1	-
P3: General Administration Planning and Support Services	SP3.1: General Administration services	41,233,168	10,725,339	21,463,197	-	52.1	-
Sub Total		297,608,613	77,412,272	154,914,904	-	52.1	-
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING.							
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	3,355,682	52,139,567	2,242,892	3,895,118	66.8	7.5
P2: Roads Transport	SP2.1: Rural Roads Improvement and Maintenance	49,246,860	765,182,635	32,915,918	57,163,436	66.8	7.5
P3: Street lighting	SP3.1: Street lighting	739,992	11,497,770	494,600	858,948	66.8	7.5
Sub Total		53,342,534	828,819,972	35,653,410	61,917,502	66.8	7.5
EDUCATION, SCIENCE AND TECHNOLOGY							
P1: General Administration, Planning and Support Services	SP1.1: General Administration and Support Services	107,531,585	9,558,071	44,798,738	-	41.7	-
P2: Quality Assurance and Standards	SP2.1: Quality Assurance Quality Assurance & Standards	86,025,268	7,646,457	35,838,990	-	41.7	-
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	236,569,487	21,027,757	98,557,223	-	41.7	-
Sub Total		430,126,340	38,232,285	179,194,950	-	41.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT							
P1: General Adminis- tration, Planning and Support Services	SP1.1 General Ad- ministration and Support Services	13,616,671	7,155,097	11,022,844	-	81.0	-
P2: Physical Planning and Urban Development	SP2.1: Physical Planning and Urban Planning	24,968,540	13,120,118	20,212,307	-	81.0	-
	SP2.2: Survey and mapping	15,842,673	8,324,785	12,824,817	-	81.0	-
Sub Total		54,427,884	28,600,000	44,059,968	-	81.0	-
YOUTH EMPOWERMENT AND SPORTS							
P1: Youth Develop- ment and Empower- ment Services	SP5.1: Youth Development and Empowerment Services	10,932,280	23,325,000	3,909,034	5,932,100	35.8	25.4
P2: Management and Development of Sports and Sports Facilities	SP5.1: Community Sports programme	8,745,824	18,660,000	3,127,227	4,745,680	35.8	25.4
P3: General Administration Planning and Support Services	SP3.1: General Administration services	2,186,456	4,665,000	781,807	1,186,420	35.8	25.4
Sub Total		21,864,560	46,650,000	7,818,068	11,864,200	35.8	25.4
EMBU COUNTY REVENUE AUTHORITY (ECRA)							
P1: General Adminis- tration, Planning and Support Services	SP1.1: Revenue Management Services	5,700,059	1,459,215	315,875	-	5.5	-
	SP1.2: Revenue Management Services	25,549,941	6,540,785	1,415,876	-	5.5	-
Sub Total		31,250,000	8,000,000	1,731,751	-	5.5	-
EMBU - EMBU MUNICIPAL BOARD							
P1: General Adminis- tration Planning and Support Services	SP: 1: General Administration Planning and Sup- port Services	1,103,586	2,936,100	75,010	-	6.8	-
P2: Road Transport Infrastructure and Public Works	SP2.1: Road Transport Infra- structure	16,195,852	43,089,209	1,100,824	-	6.8	-
	SP2.2: Public Works	243,362	647,466	16,541	-	6.8	-
Sub Total		17,542,800	46,672,775	1,192,375	-	6.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM							
P: 1: General Admin- istration Planning and Support Services	SP: 1: General Administration Planning and Sup- port Services	4,206,421	16,060,880	1,343,166	-	31.9	-
P2: Environment Conservation and Management	SP1.2: Manage Climate Risks	6,793,579	25,939,120	2,169,280	-	31.9	-
Sub Total		11,000,000	42,000,000	3,512,446	-	31.9	-
COUNTY ASSEMBLY							
P: 1: General Admin- istration Planning and Support Services	SP: 1: General Administration Planning and Sup- port Services	490,469,650	90,000,000	281,400,001	26,981,251	57.4	30.0
P: 1: Legislation	SP: 1: Legislation	357,479,766	-	187,600,000	-	52.5	-
Sub Total		847,949,416	90,000,000	469,000,001	26,981,251	55.3	30.0
Grand Total		5,052,731,731	2,235,001,405	2,765,209,701	126,042,499	54.7	5.6

Sub-programmes with the highest levels of implementation based on absorption rates were General Administration and Support Services, Physical Planning and Urban Planning, and Survey and Mapping in the Department of Lands, Physical Planning and Urban Development at 81 per cent of budget allocation.

3.6.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 24th April 2023
2. Underperformance of own-source revenue at Kshs.457.12 million against an annual projection of Kshs.950 million, representing 48.1 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.35, where the County incurred expenditure above the approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Embu County Assembly Mortgage Members Scheme Fund, and County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund were not submitted to the Controller of Budget.
5. High level of pending bills amounting to Kshs.1.55 billion as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.499.84 million at the end of the first nine months of FY 2022/23.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.

4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining three months of the financial year.

3.7 County Government of Garissa

3.7.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10.39 billion, comprising Kshs.3.87 billion (37.3 per cent) and Kshs.6.52 billion (62.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a marginal decrease of 0.5 per cent compared to the previous financial year when the approved budget was Kshs.10.44 billion and comprised of Kshs.3.34 billion towards development expenditure and Kshs.7.10 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.93 billion (76.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from its own source of revenue, Kshs.30 million (0.3 per cent) as Appropriation in Aid, Kshs.1.62 billion (15.6 per cent) as conditional grants, and a cash balance of Kshs.661.71 million (6.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.37.

The cash balance from the previous financial year comprises Kshs.14.68 million in unspent conditional grants, Kshs.14.68 million not deposited into the CRF account at the end of the financial year, and Kshs.661.76 million as balance in the CRF account.

3.7.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.92 billion as the equitable share of the revenue raised nationally, raised Kshs.59.46 million as own-source revenue, Kshs.354.72 million as conditional grants, and had a cash balance of Kshs.661.76 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.00 billion, as shown in Table 3.37.

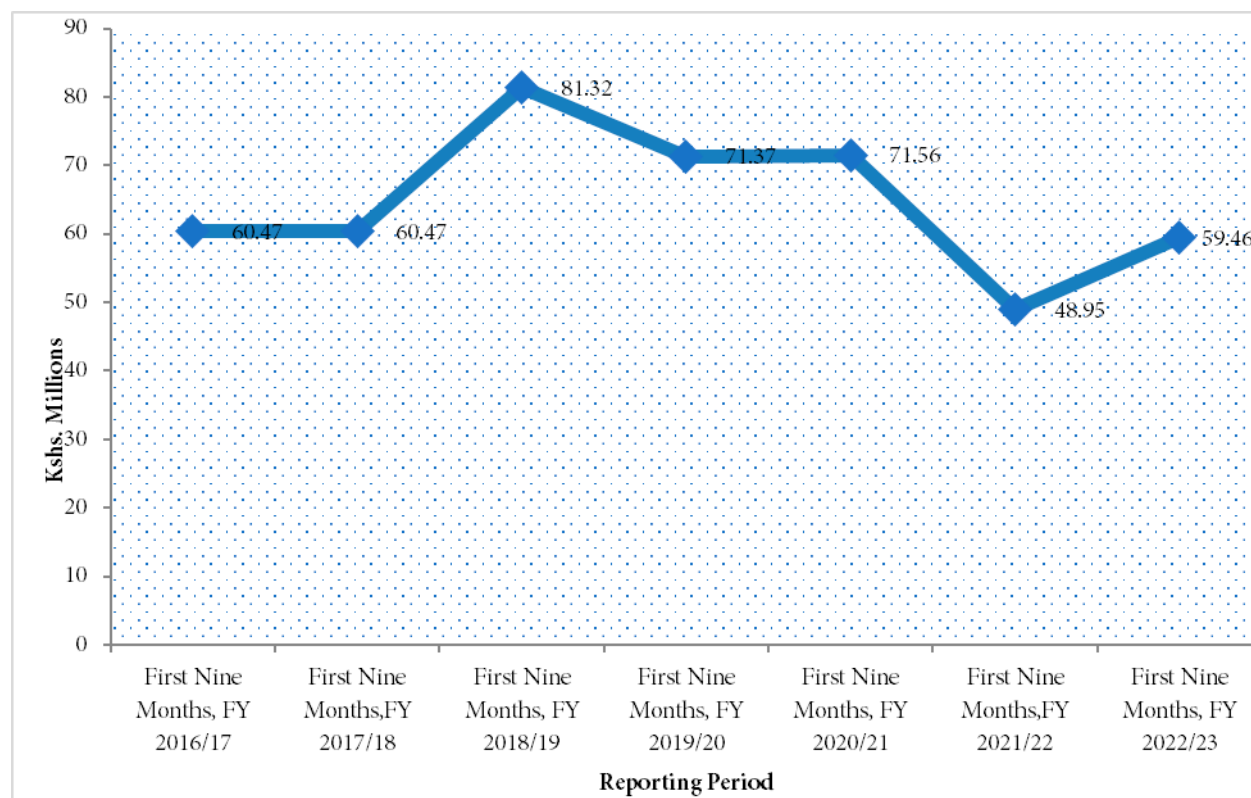
Table 3.37: Garissa County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,927,212,254.00	3,923,970,065	49.5
Sub total		7,927,212,254.00	3,923,970,065	49.5
B	Conditional Grants			
3.	Kenya Climate Smart Agricultural Project and ASD-SP II	75,269,050	75,269,050	100.0
4.	Sweden Agricultural Sector Development Program	19,267,689	-	-
5.	Conditional allocation by national government leases of medical equipment	110,638,298	-	-
6.	DANIDA	14,807,400	-	-
7.	Emergency Locust Responses Project	80,912,850	31,784,054	39.3
8.	Water and Sanitation Development Project	450,000,000	236,666,915	52.6
9.	Allocation from Equalization Fund	854,917,267	-	-
10.	Financing locally led Climate action grants 1	11,000,000	11,000,000	100.0
Sub Total		1,616,812,554	354,720,019	21.9
C	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	59,458,601	39.6
2.	Appropriation in Aid	30,000,000	-	-
3.	Unspent balance from FY 2021/22	661,714,232	661,757,470	100.0
Sub Total		841,714,232	721,216,071	85.7
Grand Total		10,385,739,040	4,999,906,155	48.1

Source: Garissa County Treasury

Figure 3.19 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

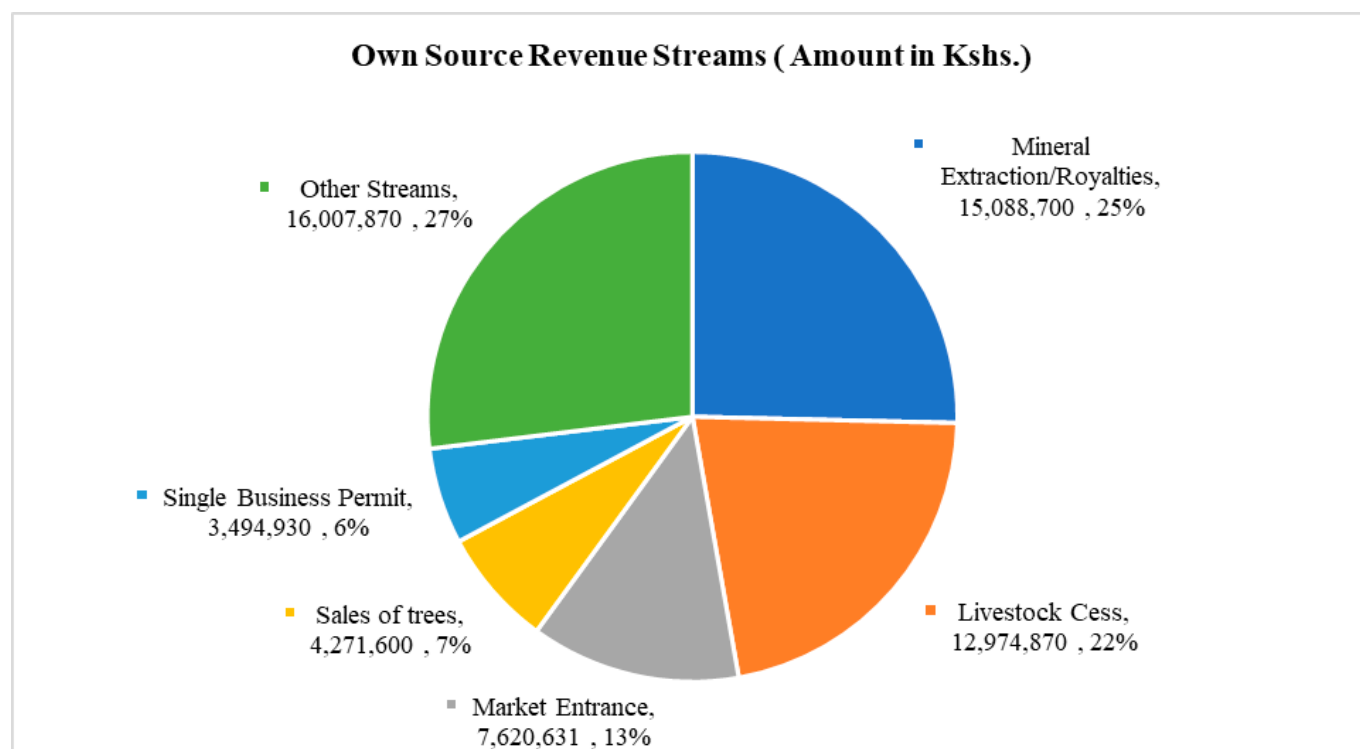
Figure 3.19: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Garissa County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.59.46 million from its own sources of revenue. This amount represented an increase of 21.5 per cent compared to Kshs.48.95 million realised in a similar period in FY 2021/22 and was 39.6 per cent of the annual target and 1.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.20.

Figure 3.20: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Garissa County Treasury

The highest revenue stream of Kshs.15.09 million was from Mineral Extraction/ Royalties contributing to 25 per cent of the total OSR collected during the reporting period. No revenue was reported from the health sector during the first nine months of FY 2022/23.

3.7.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.97 billion from the CRF account during the reporting period. This amount comprised Kshs.680.78 million (13.7 per cent) for development programmes and Kshs.4.29 billion (86.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.50 billion was released towards compensation to employees, Kshs.790.14 million was for Operations and Maintenance expenditure, while Kshs.680.78 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.86.32 million.

3.7.4 County Expenditure Review

The County spent Kshs.4.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 89.7 per cent of the total funds released by the CoB and comprised Kshs.448.71 million and Kshs.4.01 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.6 per cent. In contrast, recurrent expenditure represented 61.6 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.44 billion, comprised of Kshs.36.90 million for recurrent expenditure and Kshs.1.41 billion for development activities. During the period under review, pending bills amounting to Kshs.340 million were settled, consisting of Kshs.46.30 million for recurrent expenditure and Kshs.293.70 million for development programmes. Therefore, the outstanding amount as of 31st March 2023 was Kshs.1.15 billion. The settled Kshs.46.30 million under recurrent expenditure was not reported at the start of the financial year by the County Executive.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.83 billion on employee compensation, Kshs.702.08 million on operations and maintenance, and Kshs.420.40 million on development activities. Similarly, the County Assembly spent Kshs.333.32 million on employee compensation, Kshs.146.49 million on operations and maintenance, and Kshs.28.31 million on development activities, as shown in Table 3.38.

Table 3.38: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,662,049,131	853,384,051	3,536,036,213	479,806,926	62.5	56.2
Compensation to Employees	3,789,299,973	585,257,727	2,833,960,183	333,319,023	74.8	57.0
Operations and Maintenance	1,872,749,158	268,126,324	702,076,030	146,487,903	37.5	54.6
Development Expenditure	3,736,975,154	133,300,704	420,402,071	28,305,512	11.2	21.2
Total	9,399,024,285	986,684,755	3,956,438,284	508,112,438	42.1	51.5

Source: Garissa County Treasury

3.7.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.17 billion, or 63.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.0 billion. This expenditure represented a decrease from Kshs.3.75 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.67 billion paid to health sector employees, translating to 52.7 per cent of the total wage bill.

Further analysis indicates that PE costs show that Kshs.3.01 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.497.11 million was processed through manual payrolls. The manual payrolls accounted for 14.2 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.11.08 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.25,117 per MCA. The County Assembly has established 23 Committees.

3.7.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.170 million to county-established funds in FY 2022/23, constituting 1.6 per cent of the County's overall budget. Table 3.39 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.39: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
1.	Bursary Fund	60,000,000	-	No.
2.	Small and Micro Enterprise Fund	50,000,000	-	No.

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
3.	Climate Fund	60,000,000	-	No.
	Total	170,000,000	-	

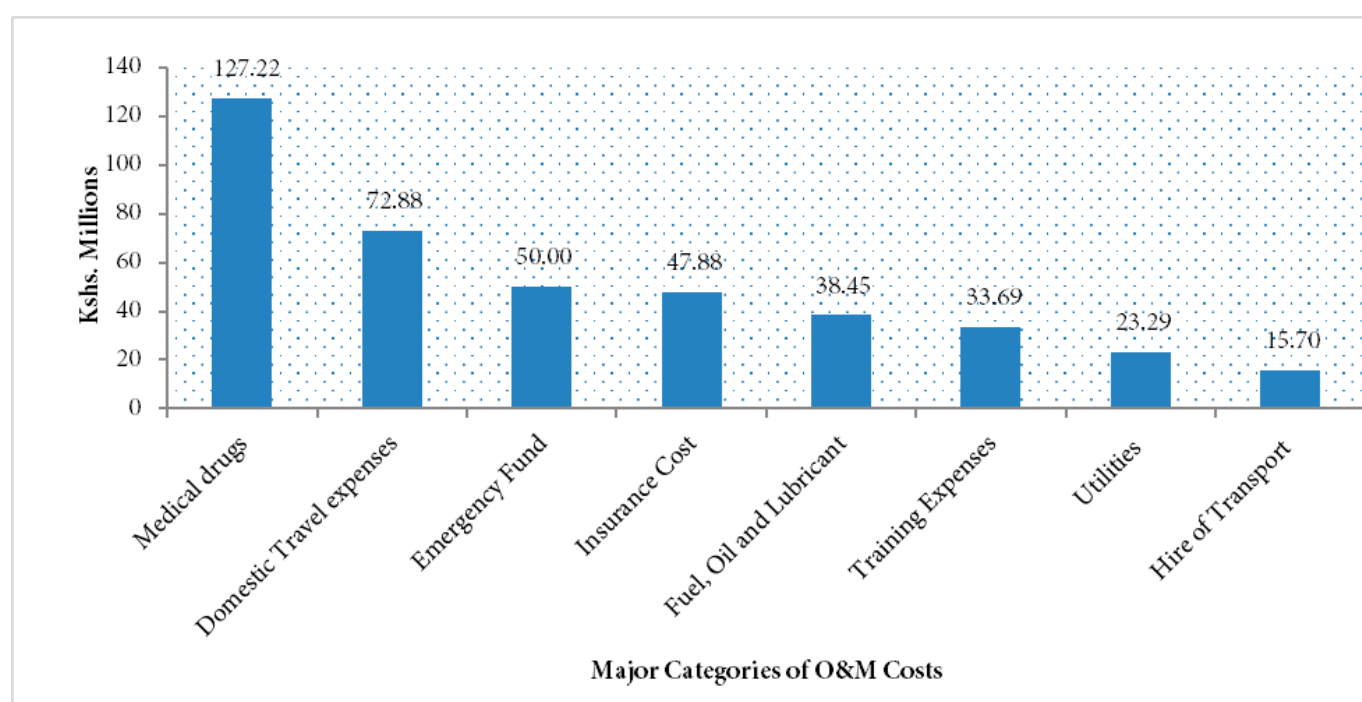
Source: ~Garissa County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators, as indicated in Table 3.39 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.7.9 Expenditure on Operations and Maintenance

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

Figure 3.21: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: Garissa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.72.88 million and comprised of Kshs.51.95 million spent by the County Assembly and Kshs.20.94 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.43 million and comprised of Kshs.681,875 by the County Assembly and Kshs.1.75 million by the County Executive.

3.7.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.448.71 million on development programmes, representing a decrease of 21.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.572.88 million. Table 3.40 summarises development projects with the highest expenditure in the reporting period.

Table 3.40: Garissa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Water and Irrigation	Construction of 4 Boreholes in Dadaab	Dadaab	138,786,800	40,409,539	50
2	Water and Irrigation	Pipeline extension with Dadaab Town	Dadaab	149,603,124	30,500,000	50
3	Water and Irrigation	Construction of Dadaab town water supply	Dadaab	143,993,558	30,499,900	60
4	Road	Equipping and Extension of Baraki-Afweine and Maalimin pipeline	Lagdera	163,827,435	30,000,000	100
5	Water and Sanitation	Drilling and Equipping of 3 boreholes	Ladgera	38,395,800	25,000,000	100
6	Health and Sanitation	Proposed Chain Link Fencing at Abakhaile Dispensary	Lagdera	23,948,992	23,000,000	100
7	County Affairs	Construction of County Headquarters	Township	28,033,786	21,000,000	100
8	Road	Improvement of Bura- Mansabubu	Fafi	42,518,143	20,000,000	100
9	Water and Irrigation	Drilling and Equipping of Barkin borehole	Dadaab	9,616,431	8,600,000	100
10	Water and Irrigation	Desilting Gesirb Water Pan	Hulugho	6,900,000	6,800,000	100

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 3.41 summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.41: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Cooperative	172.00	245.42	79.29	121.74	77.35	-	97.6	-	45.0	-
Environment, Energy, Natural Resources and Wildlife Management	74.15	95.00	27.31	-	23.18	-	84.9	-	31.3	-
Road and Transport	40.32	125.00	17.48	-	11.40	-	65.2	-	28.3	-
Trade, Tourism and Enterprise	80.00	50.00	42.26	-	36.70	-	86.8	-	45.9	-
Health and Sanitation	2,651.21	370.64	2,085.76	-	1,971.95	-	94.5	-	74.4	-
Education and Labour	634.18	60.00	464.56	-	387.03	-	83.3	-	61.0	-
County Assembly	853.38	133.30	481.32	28.68	479.81	28.31	99.7	98.7	56.2	21.2
Office of the Governor	343.85	75.00	164.10	-	163.73	-	99.8	-	47.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance, Revenue, Economic Planning and County Affairs	1,045.73	1,256.92	575.30	293.70	506.80	188.55	88.1	64.2	48.5	15.0
Gender, Social Services and Sport	61.20	150.00	19.67	-	29.50	-	150.0	-	48.2	-
Water and Irrigation	183.56	770.00	116.40	236.67	114.83	231.85	98.7	98.0	62.6	30.1
Lands, Housing and Urban Planning	266.78	539.00	171.56	-	167.86	-	97.8	-	62.9	-
County Public Service Board	37.07	-	11.57	-	14.34	-	124.0	-	38.7	-
Garissa Municipality	72.00	-	37.50	--	31.37	-	83.6	-	43.6	-
Total	6,515.43	3,870.28	4,294.02	680.78	4,015.84	448.71	93.5	65.9	61.6	11.6

Source: Garissa County Treasury

Analysis of expenditure by department shows that the Department of Water and Irrigation recorded the highest absorption rate of development budget at 30.1 per cent, followed by the County Assembly at 21.2 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 74.4 per cent, while the Department of Road and Transport had the lowest at 28.3 per cent.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 3.42 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.42: Garissa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Agriculture, Livestock and Cooperative							
Agriculture	Administration and Support Service	104,551,581	134,506,739	46,328,890.00	-	44.30	-
	Extension Service and Exhibition	1,200,000	10,000,000	-	-	-	-
Livestock Production	Livestock Administration	56,545,802	80,912,850	28,274,814.00	-	50.00	-
	Livestock Production	5,550,000	-	2,500,000.00	-	45.05	-
	Veterinary Service	3,350,000	20,000,000	-	-	-	-
Fish Production	Fisheries Service	200,000	-	-	-	-	-
Cooperative	Cooperative Development	600,000	-	250,000.00	-	41.70	-
	Sub Total	171,997,383	245,419,589	77,353,704	-	45.00	-
Department of Environment, Energy, Natural Resource and Wildlife Management							
Environment Service	Administration and Support Service	70,243,025	95,000,000	23,179,750.00	-	33.00	-
	Environment Management	1,100,000	-	-	-	-	-
	Natural Resource	1,600,000	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Energy Development Program	Energy Development	1,205,000	-	-	-	-	-
	Sub-Total	74,148,025	95,000,000	23,179,750.00	-	31.30	-
Department of Road and Transport							
Road	Administration and Support Service	37,906,400	-	10,400,000.00	-	27.40	-
	Road	2,417,200	125,000,000	1,000,000.00	-	41.30	-
	Sub-Total	40,323,600	125,000,000	11,400,000.00	-	28.27	-
Department of Trade, Tourism and Enterprise							-
Administration and Support Service	Administration Support Service	75,447,996	-	36,700,000.00	-	48.60	-
Trade	Trade	2,400,000	50,000,000	-	-	-	-
Weight and Measure	Weight and Measure	1,350,000	-	-	-	-	-
Tourism	Tourism	802,259	-	-	-	-	-
	Sub- Total	80,000,255	50,000,000	36,700,000.00	-	45.90	-
Department of Health and Sanitation							-
Administration and Support Service	Administration and Support Service	2,243,700,868	110,638,298	1,705,391,829.00	-	76.30	-
Curative Service	Curative	133,507,400	260,000,000	79,554,738.00	-	59.60	-
Preventive Service	Health Promotion and Campaign	274,000,000	-	187,000,000.00	-	68.20	-
	Sub Total	2,651,208,268	370,638,298	1,971,946,567	-	74.30	-
Education and Labour							
Education Service	Administration and Support Service	489,889,663	-	306,085,688.00	-	62.50	-
	ECD	20,412,400	40,000,000	12,102,430.00	-	59.30	-
	Vocational Training	2,601,200	10,000,000	400,000.00	-	15.40	-
Public Service and Human Resource	Human Resource	98,991,478	10,000,000	64,941,908.00	-	65.60	-
	ICT and Libraries	22,282,733	-	3,500,000.00	-	15.70	-
	Sub Total	634,177,474	60,000,000	387,030,026.00	-	61.00	-
County Assembly							
Administration and Support Service	Administration and Support Service	853,384,051	133,300,704	479,806,926.00	28,305,512.00	56.20	21.24
	Sub Total	853,384,051	133,300,704	479,806,926.00	28,305,512.00	56.20	21.24

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Executive							
Executive Service	Governors Operation	118,449,050	75,000,000	22,634,730.00	-	19.11	-
	Deputy Governors Operation	37,120,000	-	18,956,200.00	-	51.08	
	Street Lighting	50,656,215	-	29,400,123.00	-	58.03	-
	Operation and Sub-County Administration	100,810,000	-	75,800,000.00	-	75.20	-
	Intergovernmental and Institutional relation	18,812,430	-	8,350,100.00	-	44.40	-
	County Attorney	18,000,000	-	8,584,523.00	-	47.67	-
	Sub Total	343,847,695	75,000,000	163,725,676.00	-	47.62	-
Finance, Revenue, Economic Planning and County Affairs							
Administration and Support Service	Administration and Support Service	678,212,073	1,256,917,267	283,915,011.00	188,550,000	41.86	15.00
	Special Program	130,940,000	-	65,424,806.00	-	50.00	-
Public Finance Management	Accounting Service	3,713,739	-	1,357,300.00	-	36.66	-
	Budget Formulation	11,780,000	-	5,192,280.00	-	44.06	-
	Audit Service	3,862,600	-	980,000.00	-	25.39	-
	Economic Planning	43,086,000.00	-	19,545,261.00	-	45.37	-
	Revenue Management	151,727,781	-	125,149,089.00	-	82.48	-
	Supply Chain Management	5,630,000	-	1,054,500.00	-	18.65	-
Donor Coordination	Donor Coordination	16,780,548	-	4,186,629.00	-	25.00	-
	Sub Total	1,045,732,741	1,256,917,267	506,804,876	188,550,000	48.57	15.00
Gender, Social Services and Sport							
Culture Services	Administration and Support Service	56,411,832	30,000,000	27,497,600.00	-	48.75	-
Public Entertainment	Social Protection	1,025,000	10,000,000	1,000,000.00	-	97.09	-
Cinema	Cinema headquarter	3,763,600	110,000,000	1,000,000.00	-	26.60	-
	Sub Total	61,200,432	150,000,000	29,497,600.00	-	48.20	-
Water and Irrigation							
Administration and Support Service	Administration and Support Services	178,556,361	100,000,000	113,829,481.00	-	63.75	-
	Water Infrastructure Development	-	670,000,000	-	231,852,071	-	34.60
Irrigation Services	Irrigation Development	5,000,000	-	1,000,000.00	-	20.00	-
	Sub Total	183,556,361	770,000,000	114,829,481.00	231,852,071	62.56	30.11
Lands, Housing and Urban Planning							

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023			Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Support Service	Administration and Support Service	239,695,273	135,000,000	159,431,739.00	-	66.51	-
Land and Housing	Lands	8,000,000	30,000,000	1,300,000.00	-	16.25	-
	Housing and Public Works	13,574,997	300,000,000	2,630,000.00	-	19.38	-
Urban Development	Urban Planning and Disaster Management	11,614,626	74,000,000	4,500,000.00	-	38.76	-
	Urban Sanitation and Development	900,000	-	-	-	-	-
	Sub Total	266,784,896	539,000,000	167,861,739	-	62.92	
County Public Services Board							
Administration and Support Service	Administration and Support Service	37,072,000	-	14,341,350.00	-	38.68	-
	Sub Total	37,072,000	-	14,341,350	-	38.68	-
Town Management			-				-
Administration and Support Service	Administration and Support Service	72,000,000	-	31,365,444.00	-	43.57	-
	Sub Total	72,000,000	-	31,365,444.00	-	43.57	-
Grand Total		6,515,433,181	3,870,275,858	4,015,843,139	448,707,583	61.66	11.57

Source: ~Garissa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Social protection in the Department of Gender, Culture and Sport at 97.1 per cent, Revenue management in the Department of Finance, Revenue, Economic Planning and County Affairs at 82.5 per cent, Administration and Support Service in the Department of Health and Sanitation at 76.3 per cent, and Operation and Sub County Administration at 75.2 per cent of budget allocation.

3.7.13 Key Observations and Recommendations

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

1. Underperformance of own-source revenue at Kshs.59.46 million against an annual projection of Kshs.150 million, representing 39.6 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012.
3. High pending bills amounting to Kshs.1.15 billion as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.86.32 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.497.11 million were processed through the manual payroll, accounting for 14.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.
4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.8 County Government of Homabay

3.8.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10 billion, comprising Kshs.3.41 billion (34.1 per cent) and Kshs.6.59 billion (65.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 3.3 per cent compared to the previous financial year when the approved budget was Kshs.9.68 billion and comprised of Kshs.3.25 billion towards development expenditure and Kshs.6.43 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.80 billion (78.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.472.95 million (4.7 per cent) from its own sources of revenue, Kshs.485 million (4.8 per cent) as Appropriation in Aid, Kshs.781.81 million (7.8 per cent) as conditional grants, and a cash balance of Kshs.458.12 million (4.7 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.43.

3.8.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.71 billion as the equitable share of the revenue raised nationally, raised Kshs.159.56 million as own-source revenue, Kshs.394.18 million as Appropriation in Aid, Kshs.152.54 million as conditional grants, and had a cash balance of Kshs.37.76 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.45 billion, as shown in Table 3.43.

Table 3.43: Homabay County, Revenue Performance in the First Nine Months of FY 2022/23

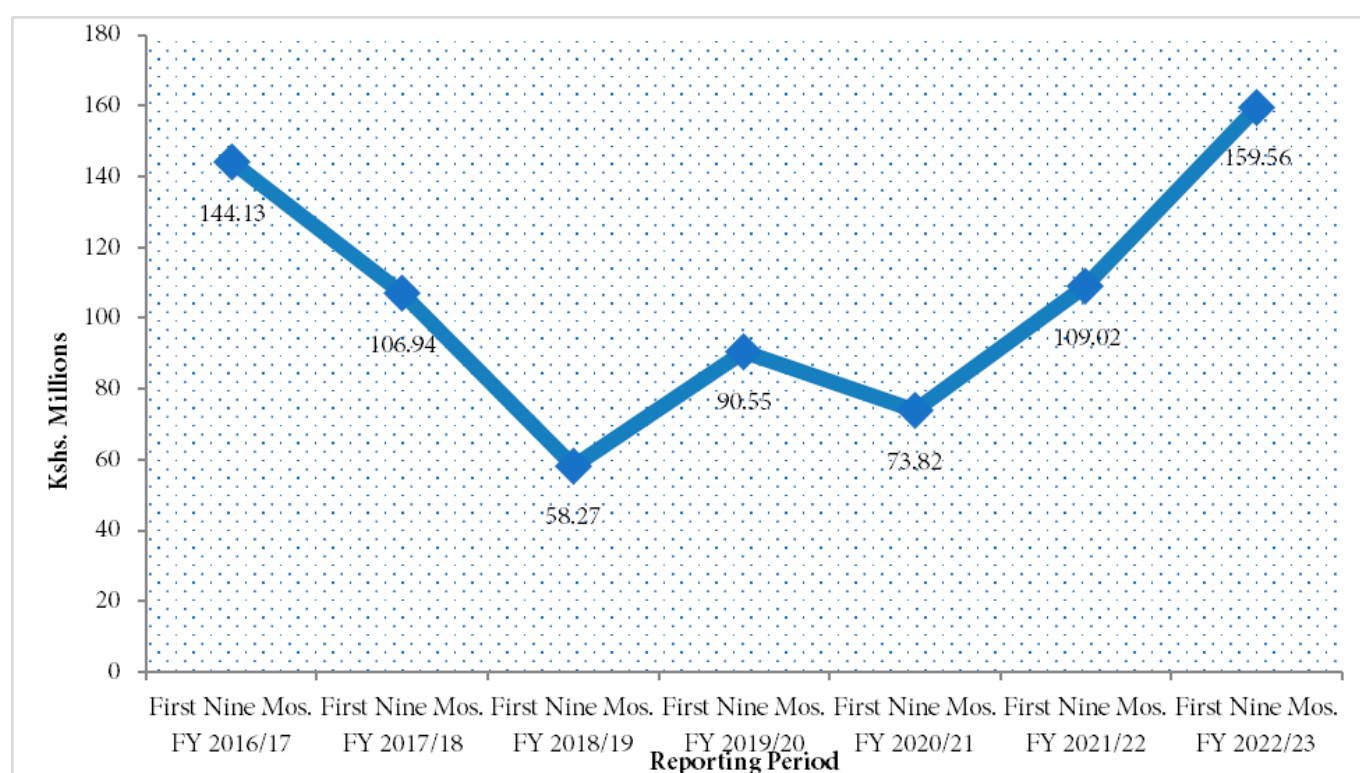
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,805,353,300	4,708,393,144	60.3
Sub total		7,805,353,300	4,708,393,144	60.3
B	Conditional Grants			
1.	WB National Agricultural Rural Inclusive Growth Project	387,997,536	104,639,790	27.0
2.	DANIDA -2021-22	33,576,788	7,468,313	22.2
3.	WB Transformation of Health Systems 2011-22	29,583,765	-	-
4.	Locally Led Climate Action Program (FLLoCA)	16,000,000	-	-
5.	Kenya Informal Settlement Improvement Project 2	150,000,000	-	-
6.	Agricultural Sector Development Support Programme (ASDSP)	54,014,863	40,436,219	74.9
	Leasing of Medical Equipment	110,638,298	-	-
Sub total		781,811,250	152,544,322	19.5
C	Other Sources of Revenue			
1.	Own Source Revenue	472,957,301	159,559,985	33.7
2.	Appropriation in Aid	485,000,000	394,183,494	81.3
	Unspent balance from FY 2021/22	458,120,025	37,761,208	8.2

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		1,416,077,326	591,504,687	41.8
Grand Total		10,003,241,876	5,452,442,153	54.5

Source: Homabay County Treasury

Figure 3.22 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

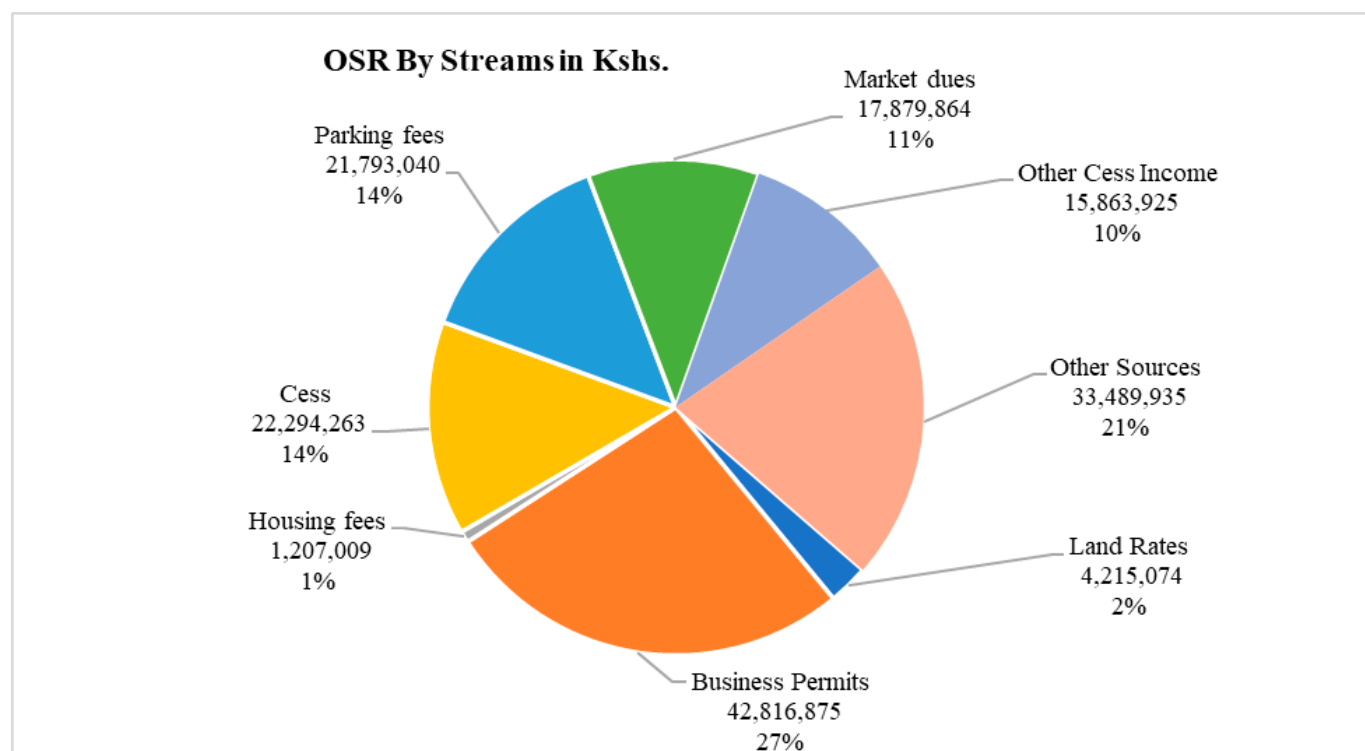
Figure 3.22: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Homabay County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.159.56 million from its own sources of revenue, which represented an increase of 20 per cent compared to Kshs.132.92 million realised in a similar period in FY 2021/22 and was 33.7 per cent of the annual target and 2.9per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.23.

Figure 3.23: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Homabay County Treasury

The highest revenue stream of Kshs.42.82 million was from Business Permits, contributing to 27 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.394.18 million, representing 81.3 per cent of the overall OSR in the first nine months of FY 2022/23. The revenue from the health sector is accounted as Appropriations in Aid.

3.8.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.01 billion from the CRF account during the reporting period. This amount comprised Kshs.674.17 million (13.5 per cent) for development programmes and Kshs.4.34 billion (86.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.94 billion was released towards compensation to employees and Kshs.1.40 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.153.20 million.

3.8.4 Borrowing by the County

The County has an agreement with Kenya Commercial Bank Limited for advance payroll processing for County Executive staff, whereby the bank pays salaries for the staff every month at an interest of 0.5 per cent. On average, the County pays a monthly commission of Kshs.1.96 million and an exercise duty of Kshs.391,105. The outstanding amount as of 31st March 2023 was Kshs.393.75 million.

3.8.5 County Expenditure Review

The County spent Kshs.4.42 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.6 per cent of the total funds released by the CoB and comprised Kshs.571.46 million and Kshs.3.85 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.7 per cent. In contrast, recurrent expenditure represented 58.5 per cent of the annual recurrent expenditure budget.

3.8.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.976.16 million, comprised of Kshs.95.03 million for recurrent expenditure and Kshs.881.13 million for development activities. During the period under review, pending bills amounting to Kshs.284.09 million were settled for development programmes, and therefore, the outstanding amount as of 31st March 2023 was Kshs.812.57 million.

3.8.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.32 billion on employee compensation, Kshs.831.83 million on operations and maintenance, and Kshs.567.66 million on development activities. Similarly, the County Assembly spent Kshs.239.43 million on employee compensation, Kshs.454.10 million on operations and maintenance, and Kshs.3.80 million on development activities, as shown in Table 3.44.

Table 3.44: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,472,978,682	1,115,623,187	3,159,267,291	693,522,950	57.7	62.2
Compensation to Employees	3,684,719,667	515,082,182	2,327,434,933	239,426,736	63.2	46.5
Operations and Maintenance	1,788,259,015	600,541,005	831,832,358	454,096,214	46.5	75.6
Development Expenditure	3,332,385,081	82,254,927	567,663,959	3,800,000	17.0	4.6
Total	8,3805,363,763	1,197,878,114	3,726,931,250	697,322,950	42.3	58.2

Source: Homabay County Treasury

3.8.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.57 billion, or 47.1 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.45 billion. This expenditure represented a decrease from Kshs.3.34 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.18 billion paid to health sector employees, translating to 46 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.93 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.634.12 million was processed through manual payrolls. The manual payrolls accounted for 24.7 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.14.50 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.19.50 million. The average monthly sitting allowance was Kshs.29,283 per MCA. The County Assembly has established 26 Committees.

3.8.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.624.78 million to county-established funds in FY 2022/23, constituting 6.2 per cent of the County's overall budget. Table 3.45 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.45: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Homa Bay County Education Bursary Fund	260,000,000	130,600,000	120,708,221	Yes
2.	County Executive Car and Mortgage	50,000,000	30,000,000	30,000,000	Yes
3.	Homa Bay County Emergency Fund	72,000,000	-	-	Yes
County Assembly Established Funds					
1.	County Assembly Car and Mortgage Fund	242,780,461		168,000,000	Yes
	Total	624,780,461		318,708,221	

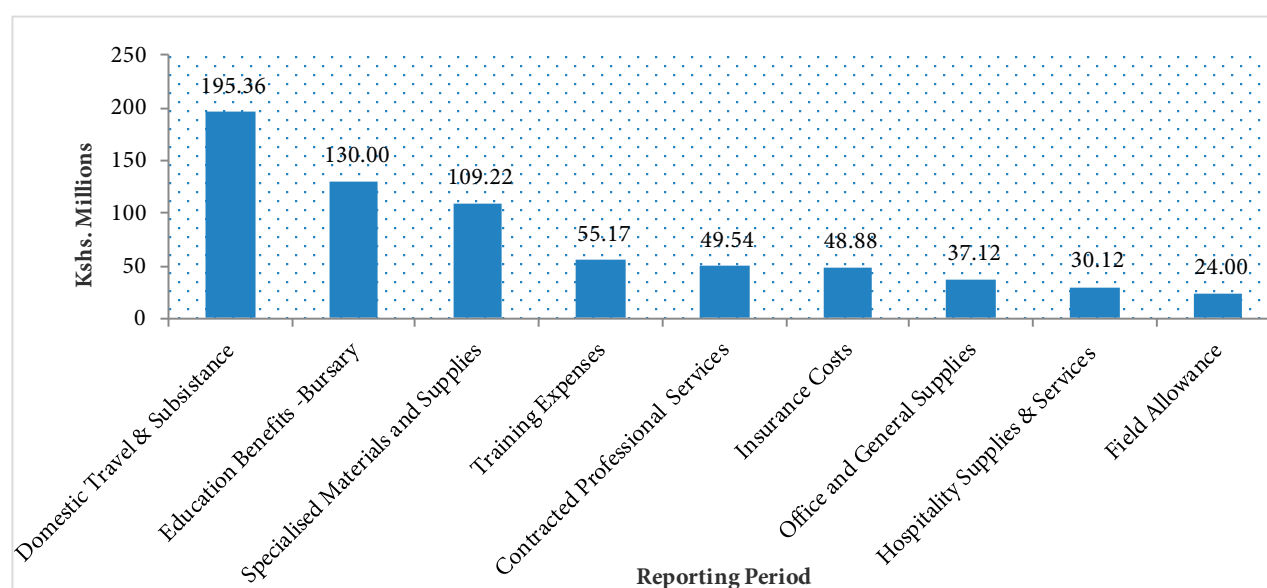
Source: ~Homa Bay County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of all 4 funds as indicated in line with the requirement of Section 168 of the PFM Act, 2012.

3.8.10 Expenditure on Operations and Maintenance

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

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



Source: Homabay County Treasury

During the period, expenditure on domestic travel amounted to Kshs.195.36 million and comprised of Kshs.101.96 million spent by the County Assembly and Kshs.93.40 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.0 million paid by the County Executive.

3.8.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.571.46 million on development programmes, representing a decrease of 54.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.05 billion. Table 3.46 summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	Health Services	Delivery and installation of CT Scan	Homabay Town	44,250,000	32,393,793	100
2.	Health Services	Construction of Sena Health Centre	Suba North	28,697,295	18,213,669	100
3.	Health services	Construction of Ramula Health Centre	Rachuonyo East	28,104,770	19,478,987	60
4.	Gender and Sports	Completion of Homabay County Stadium	Homabay town	53,795,798	45,420,419	95
5.	Agriculture	Purchase of 4 Tractors	County Headquarters	16,138,940	16,138,940	100
6.	Health Services	Construction of OPD at Homabay County Referral Hospital	Homabay Town	26,676,246	17,078,450	100
7.	Trade	Completion of Arujo animal feeds plant	Homabay Town	24,239,264	7,177,942	60
8.	Health Services	Delivery of 64 slides for Citi Scan	Homabay Teaching and Referral Hospital	10,250,000	9,765,775	100
9.	Transport and Infrastructure	Kanyabie- Ober Road	South Kabuoch	5,872,616	5,599,185	100

Source: Homabay County Treasury

3.8.12 Budget Performance by Department

Table 3.47 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Livestock Development	187.11	530.30	183.43	152.85	142.71	148.71	77.8	97.3	76.3	28.0
Gender Equity and Inclusiveness, youth sports, Talent Development, Cultural Heritage, and social services	87.18	119.12	46.80	45.46	34.88	45.42	74.5	99.9	40.0	38.1
Roads, Transport and public works	68.64	889.36	41.55	170.80	38.55	125.20	92.8	73.3	56.2	14.1
Blue Economy, Fisheries, Mining and Digital Economy	16.70	59.00	9.50	5.53	8.89	-	93.6	-	53.2	-
Education and Human Capital Development	979.60	115.80	645.50	2.33	529.79	2,328.88	82.1	100	54.1	2.0
Public Health and Medical services	2,376.13	710.21	1,808.91	145.29	1,515.69	143.92	83.8	99.1	63.8	20.3
Lands, Housing, Urban Development and physical planning	41.83	222.34	37.00	10.67	36.55	10.65	98.8	99.9	87.4	4.8

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
Trade, Industry, Tourism, Co-operatives and Enter- prise Development	172.93	181.77	67.42	66.70	55.59	43.65	82.4	65.4	32.1	24.0
Water, Irrigation, En- vironment, Energy and Climate Change	108.04	290.31	60.77	50.16	60.67	30.17	99.8	60.1	56.2	10.4
Finance, Economic Plan- ning and Service Delivery	676.83	93.17	272.03	-	271.53	11.35	99.8	-	40.1	12.2
Executive office of the Governor	645.10	70.00	412.20	6.40	412.19	-	100	-	63.9	-
County Public Service Board	84.87	6.00	40.20	-	40.20	-	100	-	47.4	-
County Assembly	1,115.62	82.25	693.52	3.80	693.52	3.80	100	100	62.2	4.6
Municipal Board	27.97	45.00	19.60	14.16	12.02	6.26	61.3	44.2	43.0	13.9
TOTAL	6,588.60	3,414.64	4,318.84	674.17	3,852.79	571.46	89.2	84.8	58.5	16.7

Source: Homabay County Treasury

Analysis of expenditure by department shows that the Department of Gender Equity and Inclusiveness, youth sports, Talent Development, Cultural Heritage, and Social Services had the highest percentage of development expenditure to budget at 38.1 per cent, followed by the Department of Agriculture and Livestock Development at 28 per cent.

3.8.13 Budget Execution by Programmes and Sub-Programmes

Table 3.48 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

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

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Ex- penditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	1,000,000		1,000,000	-
	General Administration and Support Services	186,119,581	142,707,374	43,412,207	76.7
	Sub total	187,119,581	142,707,374	44,412,207	76.3
Crop, Land and Agribusiness Develop- ment Services	Crop Development Services	-	-	-	-
	Agribusiness Develop- ment Services	3,808,322	-	3,808,322	-
	Land Development Services	2,370,000	-	2,370,000	-
	National Agriculture Ru- ral Inclusive Growth	387,997,536	134,735,661	253,261,875	34.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Agriculture Sector Development Support Programme	54,014,863	11,300,000	42,714,863	20.9
	Sub total	448,190,721	146,035,661	302,155,060	55.6
Food Security Enhancement Services	Farm Input Access Services	42,380,686	-	42,380,686	-
	Sub Sector Infrastructure Development Services	21,858,686	2,670,300	19,188,386	12.2
	Sub total	64,239,372	2,670,300	61,569,072	4.2
Fisheries Resources Development Services	Capture Fisheries	-	-	-	-
	Farmed Fish Production	-	-	-	-
	Sub total	-	-	-	-
Livestock Development Programme	Livestock Improvement and Development	7,390,000	-	7,390,000	-
	Livestock Products Value Addition and Marketing	-	-	-	-
	Livestock Health and Disease Management	10,480,700	-	10,480,700	-
	Sub total	17,870,700	-	17,870,700	-
	Cooperative Management services	-	-	-	-
	Cooperative Development services	-	-	-	-
	Sub total	-	-	-	-
	GRAND TOTAL	717,420,374	291,413,335	426,007,039	40.6
Department of Gender Equality and Inclusivity Youth, sports, Talent Development, Cultural Heritage and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	38,185,425	34,877,327	3,308,098	91.3
	Policy and Planning Services	3,000,000	-	3,000,000	-
	Sub total	41,185,425	34,877,327	6,308,098	84.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Cultural And Creative Sector Development Services	Creative Economy Development Services	3,000,000	-	3,000,000	-
	Cultural Development and Promotion Services	8,000,000	-	8,000,000	-
	Sub total	11,000,000	-	11,000,000	-
Social Development and Empowerment Services	Gender and Women Empowerment	5,000,000	-	5,000,000	-
	Youth Empowerment	9,000,000	-	9,000,000	-
	Disability Mainstreaming Services	4,000,000	-	4,000,000	-
	Sub total	18,000,000	-	14,000,000	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	111,121,334	45,420,419	65,700,915	40.9
	Sports Management and Talent Development	25,000,000	-	25,000,000	-
	Sub total	136,121,334	45,420,419	90,700,915	33.4
	GRAND TOTAL	206,306,759	80,297,746	122,009,013	38.9
Department of Roads, Transport and Public Works and Infrastructure					
General Administration, Planning and Support Services	Human Resource and Support Services	67,462,052	38,549,979	28,912,073	57.1
	Roads and Transport Services Operations	289,000	-	289,000	-
	Sub total	67,751,052	38,549,979	29,201,073	56.9
Public works and maintenance services	Quality control and Enforcement	474,000	-	474,000	-
	Plant and Machinery maintenance	420,448	-	420,448	-
	Sub total	894,448	-	894,448	-
Road Development and Maintenance Services	Opening Grading and Graveling	400,000,000	125,201,775	274,798,225	31.3
	CSP 3.2: Road Maintenance (Including Oriri-Kapete Rd-5M, Ong'ayo-Manyala Rd-5M, Wikawere-Kanyang'we-na-Kowili-Akwakra Rd-5M, Alendo Box Culvert-10M, Jnc Sare SDA-Bwanda Bridge-10M)	489,365,753		489,365,753	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Plant and Machinery				
	Sub total	889,365,753	125,201,775	764,163,978	14.1
Transport Services	construction of Bus park	-	-	-	-
	Sub total	-	-	-	-
	GRAND TOTAL	958,011,253	163,751,754	794,259,499	17.1
Department of Blue Economy, Fisheries Mining And Digital Economy					
Blue Economy And Fisheries Resources And Development Services	Capture Fisheries and Development	10,500,000	-	10,500,000	-
	Aquaculture Development	4,500,000	-	4,500,000	-
	Sub total	15,000,000	-	15,000,000	-
ICT And Digital Economy Development Services	ICT Infrastructure Development	14,000,000	2,000,000	12,000,000	14.3
	E-Commerce Services	30,009,179	-	30,009,179	-
	Sub total	44,009,179	2,000,000	42,009,179	4.5
General Administration, Planning and Support Services	Policy Development	-	-	-	-
	Personnel Remuneration and Welfare Services	16,700,000	6,889,200	9,810,800	41.3
	Sub total	16,700,000	6,889,200	9,810,800	41.3
	GRAND TOTAL	75,709,179	8,889,200	66,819,979	11.7
Department of Education, Human Capital Development And Vocational Training					
General Administration and Quality Assurance Service	General administration Services	19,560,000	1,000,000	18,560,000	5.1
	Quality Assurance Services	960,040,000	528,792,500	431,247,500	55.1
	Sub total	979,600,000	529,792,500	449,807,500	54.1
EYE and Vocational Training Services	EYE Services	87,271,146	2,328,882	84,942,264	2.7
	Vocational Training Services	28,528,854		28,528,854	-
	Sub total	115,800,000	2,328,882	113,471,118	2.7
ICT Services	Information Services	-	-	-	-
	ICT Infrastructure Development	-	-	-	-
	Sub total	-	-	-	-
	GRAND TOTAL	1,095,400,000	532,121,382	563,278,618	48.6
Department of Public Health And Medical Services					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Policy planning and administrative support service	Policy, Planning and Monitoring Services	6,121,000	-	6,121,000	-
	Administrative Support Services	1,877,041,493	1,184,424,609	692,616,884	63.1
	Sub total	1,883,162,493	1,184,424,609	698,737,884	62.9
Preventive and promotive health services	Community health services	96,334,870	68,340,710	27,994,160	70.9
	Disease control services	165,414,104	79,724,595	85,689,509	48.2
	Facility infrastructure improvement services	140,000,000	109,310,867	30,689,133	
	Sub total	401,748,974	257,376,172	144,372,802	64.1
Curative and rehabilitative health services	Routine medical health services	222,222,783	180,116,044	42,106,739	81.1
	Medical emergency response services	4,000,000	-	4,000,000	-
	Facility infrastructure improvement services	570,209,681	37,692,656	532,517,025	6.6
	Sub total	796,432,464	217,808,700	578,623,764	27.3
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	-
	Capacity development services	3,000,000	-	3,000,000	-
	Sub total	5,000,000	-	5,000,000	-
	GRAND TOTAL	3,086,343,931	1,659,609,481	1,426,734,450	53.8
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	32,830,157	28,956,959	3,873,198	88.2
	Operation and Maintenance Services	9,000,000	7,594,483	1,405,517	84.4
	Sub total	41,830,157	36,551,442	5,278,715	87.4
Lands and Physical planning	County spatial planning	24,843,038	3,654,856	21,188,182	14.7
	Symbio city change project	4,998,500	-	4,998,500	-
	Survey and Demarcation of Markets	-	-	-	-
	Land Banking	-	-	-	-
	Inventorization of public	3,000,000	2,000,000	1,000,000	66.7
	Preparation of Valuation roll	25,000,000	5,000,000	20,000,000	20.0
	Sub total	57,841,538	10,654,856	47,186,682	18.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Housing and Urban Development	Housing improvement services	3,000,000	-	3,000,000	-
	Smart Settlement service				
	AMBTC Promotion services	1,500,000	-	1,500,000	-
	Delineation and establishment of Urban areas(Urban Institutional Grants)	-	-	-	-
	Slum Upgrading Programme KISIP	150,000,000	-	150,000,000	-
	Affordable housing programme	-	-	-	-
	Urban lakefront planning and development	10,000,000	-	10,000,000	-
	Sub total	164,500,000	-	164,500,000	-
		264,171,695	47,206,298	216,965,397	17.9
Department of Trade, Tourism, Industrialization, and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	165,434,653	55,587,388	109,847,265	33.6
	Policy Development and Implementation Services	7,500,000	-	7,500,000	-
	Sub total	172,934,653	55,587,388	117,347,265	32.1
Trade, Cooperative and Entrepreneurship Development Service	Enterprise Development Services	-		-	-
	Cooperative Development and Promotion Services	3,000,000	-	3,000,000	-
	Trade Infrastructure Development Services	67,642,221	43,652,877	23,989,344	64.5
	Sub total	70,642,221	43,652,877	26,989,344	61.8
Tourism And Industrial Development Services	Value Chain Development Services	102,467,778	-	102,467,778	-
	Tourism Development	8,657,778	-	8,657,778	-
	Sub total	111,125,556	-	111,125,556	-
		354,702,430	99,240,265	255,462,165	28.0
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change					
General Administrative services	Administrative Support Services	64,325,962	21,123,308	43,202,654	32.8
	Policy and Planning Services	43,710,970		43,710,970	-
	Sub total	108,036,932	21,123,308	86,913,624	19.6
Water Supply and Management Services	Urban Water Supply Services	28,080,000	14,678,024	13,401,976	52.3
	Rural Water Supply Services	161,525,086	24,168,168	137,356,918	15.0
	Maintenance of Water Supply Services	5,000,000	700,876	4,299,124	14.0
	Sub total	194,605,086	39,547,068	150,758,894	20.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Energy Services	Electrical Power Services	34,600,000	20,852,500	13,747,500	60.3
	Solar Power Services	23,800,000		23,800,000	
	Low-Cost Energy Technological Promotional Services	-	-	-	
		58,400,000	20,852,500	37,547,500	35.7
Environmental Protection and Management Services	Pollution and Waste Management services	16,300,000	9,315,668	6,984,332	57.2
	Forestry Development Services	5,000,000	-	5,000,000	-
	Climate Change Services	16,000,000	-	16,000,000	-
	Sub total	37,300,000	9,315,668	27,984,332	25.0
		398,342,018	90,838,544	303,204,350	22.8
Department of Finance and Economic Planning					
General administration and support services	Staff Remuneration and Welfare Support Services	445,823,580	203,389,566	242,434,014	45.6
	General Logistics, Coordination and Asset Management Services	68,239,904	20,796,690	47,443,214	30.5
	Devolution and Service Delivery Support Services	74,093,396	42,728,291	31,365,105	57.7
	Sub total	588,156,880	266,914,547	321,242,333	45.4
Planning, budgeting and development coordination services	Economic planning and development services	7,443,600	-	7,443,600	-
	Resource allocation services	10,143,100	-	10,143,100	-
	Public Participation facilitation services	30,000,000	4,620,000.0	25,380,000	15.4
	Sub total	47,586,700	4,620,000	42,966,700	9.7
Strategy and service delivery management services	Monitoring and evaluation services	-		-	-
	Strategy and service delivery improvement services	-		-	-
	Sub total	-	-	-	-
Resource mobilisation services	External Resources Mobilization Services	10,080,000	500,000	9,580,000	5.0
	Internal Revenue Generation Services	24,173,396	10,599,982	13,573,414	43.8
	Sub total	34,253,396	11,099,982	23,153,414	32.4
	Accounting and Financial Reporting Services	22,000,000		22,000,000	-
	Audit and Advisory Services	6,000,000	-	6,000,000	-
Financial management services	Emergency Management Services	72,000,000	250,000	71,750,000	0.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Sub total	100,000,000	250,000	99,750,000	0.3
	GRAND TOTAL	769,996,976	282,884,529	487,112,447	36.7
Executive Office of the Governor					
Public service administration support services	Human resource management and development services	443,059,207	310,191,887	132,867,320	70.0
	Planning And Monitoring Services	2,000,000			
	Legal Services	5,000,000		5,000,000	-
	Sub total	450,059,207	310,191,887	139,867,320	68.9
Governance and coordination services	Executive management and liaison services	141,982,096	61,804,000	80,178,096	43.5
	Field coordination and administration services	14,000,000	3,612,138	10,387,862	25.8
	Sub total	155,982,096	65,416,138	90,565,958	41.9
Strategy and service delivery improvement services	Strategy and advisory services	10,000,000	4,000,000	6,000,000	40.0
	Efficiency monitoring services	10,000,000	3,000,000	7,000,000	30.0
	Information and communication services	6,150,000	2,500,000	3,650,000	40.7
	Disaster management services	-	-	-	-
	Compliance and management services	-	-	-	-
Communication and Public Engagement	Sub total	26,150,000	9,500,000	16,650,000	36.3
	Communication and Information Services	14,662,331	5,837,862	8,824,469	39.8
	Public Participation and Stakeholder Management services	4,000,000		4,000,000	-
	Inter-governmental Relations and Liaison Services	5,000,000		5,000,000	-
	Sub total	23,662,331	5,837,862	17,824,469	24.7
				0	
Field Administration And Devolution Support Services	Field Administration and Coordination Services	43,248,669	21,250,000	21,998,669	49.1
	Devolution Support Services	2,000,000		2,000,000	
	Disaster and Human Services	14,000,000		14,000,000	
	Sub total	59,248,669	21,250,000	37,998,669	35.9
	GRAND TOTAL	715,102,303	412,195,887	302,906,416	57.6
County Public Service Board					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Policy, Planning and Administration Services	Policy and Planning Services	2,508,400	2,000,000	508,400	79.7
	Administrative Support Services	39,878,547	28,199,849	11,678,698	70.7
	Facility Improvement & Capacity Strengthening Services	6,000,000	-	6,000,000	-
	Sub total	48,386,947	30,199,849	18,187,098	62.4
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	20,320,076		20,320,076	-
	Human Resource Advisory Services	5,665,000	4,000,000	1,665,000	70.6
	Capacity Development Services	2,014,924	1,000,000	1,014,924	49.6
	Sub total	28,000,000	5,000,000	23,000,000	17.9
Performance Management Services	Performance Contracting and Appraisal Services	8,500,000	5,000,000	3,500,000	58.8
	Performance Enhancement Services	6,000,000	-	6,000,000	-
	Sub total	14,500,000	5,000,000	9,500,000	34.5
	GRAND TOTAL	90,886,947	40,199,849	50,687,098	44.2
County Assembly Service Board					
Legislative Services	Members' welfare Support services	273,108,870	121,601,071	151,507,799	44.5
	Legislative development and approval services	245,045,286	158,473,144	86,572,142	64.7
	Sub total	518,154,156	280,074,215	238,079,941	54.1
Oversight and Control Services	Capacity building services	7,000,000	-	7,000,000	-
	Report writing services	22,000,000	29,124,575	-7,124,575	132.4
	Public participation and education services	11,000,000	15,036,152	-4,036,152	136.7
	Sub total	40,000,000	44,160,727	-4,160,727	110.4
Ward Representation Services	Staff welfare support services	66,628,836	35,339,980	31,288,856	53.0
	Ward operations and maintenance	17,284,320	8,843,792	8,440,528	51.2
	Sub total	83,913,156	44,183,772	39,729,384	52.7
Policy, Planning and Administrative	Administrative support services	297,124,937	206,643,289	90,481,648	69.5
Support Services	Financial Management Services	176,430,938	118,460,948	57,969,990	67.1
	Assembly infrastructure development Services	82,254,927	3,800,000	78,454,927	4.6
	Sub total	555,810,802	328,904,237	226,906,565	59.2

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	GRAND TOTAL	1,197,878,114	697,322,951	500,555,163	
Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	-		-	-
	Administration and Support Services	27,969,896	12,021,468	15,948,428	43.0
	Subtotal	27,969,896	12,021,468	15,948,428	43.0
Urban development services	Land Use Planning and Management	-		-	-
	Infrastructure Development Services	45,000,000	6,261,512	71,238,691	13.9
	Environmental Management Services	-		20,938,249	-
	Sub total	45,000,000	6,261,512	92,176,940.0	13.9
	GRAND TOTAL	72,969,896	18,282,980	108,125,368	25.1
GRAND TOTAL		10,003,241,875	4,424,254,201	5,624,127,002	44.2

Source: ~Homabay County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Public participation and education services at 136.7 per cent and Report writing services at 132.4 per cent, both under the County Assembly. The County Assembly should regularise the allocations to the two sub-programmes to ensure the expenditure is within the approved budget.

3.8.14 Key Observations and Recommendations

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

1. Underperformance of own-source revenue at Kshs.159.56 million against an annual projection of Kshs.472.96 million, representing 33.7 per cent of the annual target.
2. High pending bills amounting to Kshs.812.57 million as of 31st March 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.634.12 million were processed through the manual payroll, accounting for 24.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
2. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.9 County Government of Isiolo

3.9.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.46 billion, comprising Kshs.2.32 billion (35.9 per cent) and Kshs.4.14 billion (64.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 1.4 per cent compared to the previous financial year when the approved budget was Kshs.6.37 billion and comprised of Kshs.2.2 billion towards development expenditure and Kshs.4.17 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.71 billion (72.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.180.40 million (2.8 per cent) from its own sources of revenue, Kshs.503.96 million (7.8 per cent) as conditional grants, and a cash balance of Kshs.1.07 billion (16.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.49.

3.9.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.71 billion as the equitable share of the revenue raised nationally, raised Kshs.119.42 million as own-source revenue, Kshs.355.57 million as conditional grants, and had a cash balance of Kshs.84.38 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.27 billion, as shown in Table 3.49.

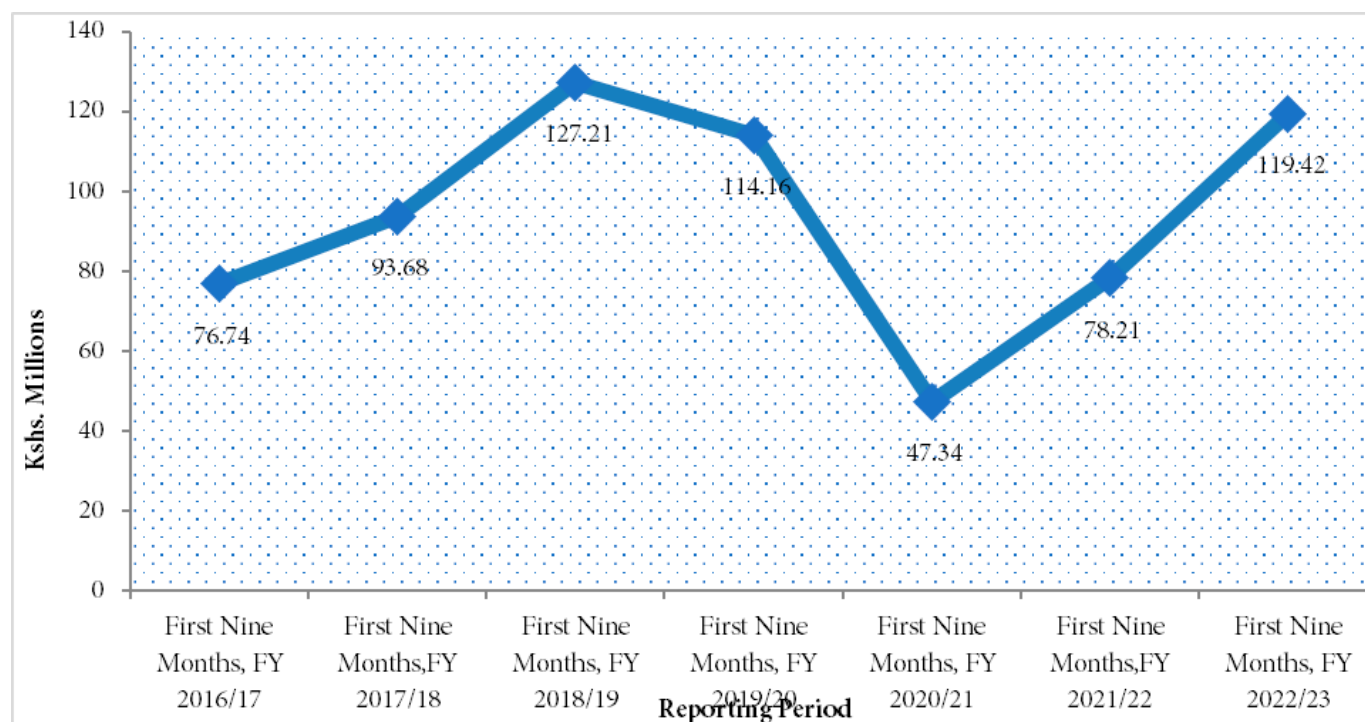
Table 3.49: Isiolo County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	4,710,388,265	2,708,023,250	57.5
Sub total		4,710,388,265	2,708,023,250	57.5
B	Conditional Grants			
1.	Supplement for Construction of County Headquarters	102,000,000	-	-
2.	Kenya Emergency Locust Response Project	-	33,181,191	-
3.	Kenya Climate Smart Agricultural Project (KCSAP)	259,805,034	259,805,034	100.0
4.	Current Grants from Foreign Governments DANIDA	13,642,875	-	-
5.	Emergency Locust Response Project (World bank)	84,469,550	49,242,902	58.3
6.	Kenya Urban Support Programme	2,339,915	2,339,915	100.0
7.	Financing Locally-Led Climate Action Program (World Bank)	22,000,000	11,000,000	50.0
8.	Sweden Agricultural Sector Development Support Programme (ASDSP)	19,697,797	-	-
Sub total		503,955,171	355,569,042	70.6
C	Other Sources of Revenue			
9.	Own Source Revenue	180,401,768	119,421,953	66.2
10.	Unspent balance from FY 2021/22	1,065,959,923	84,381,798	7.9
Sub Total		1,246,361,691	203,803,751	16.4
Grand Total		6,460,705,127	3,267,396,043	50.6

Source: Isiolo County Treasury

Figure 3.25 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

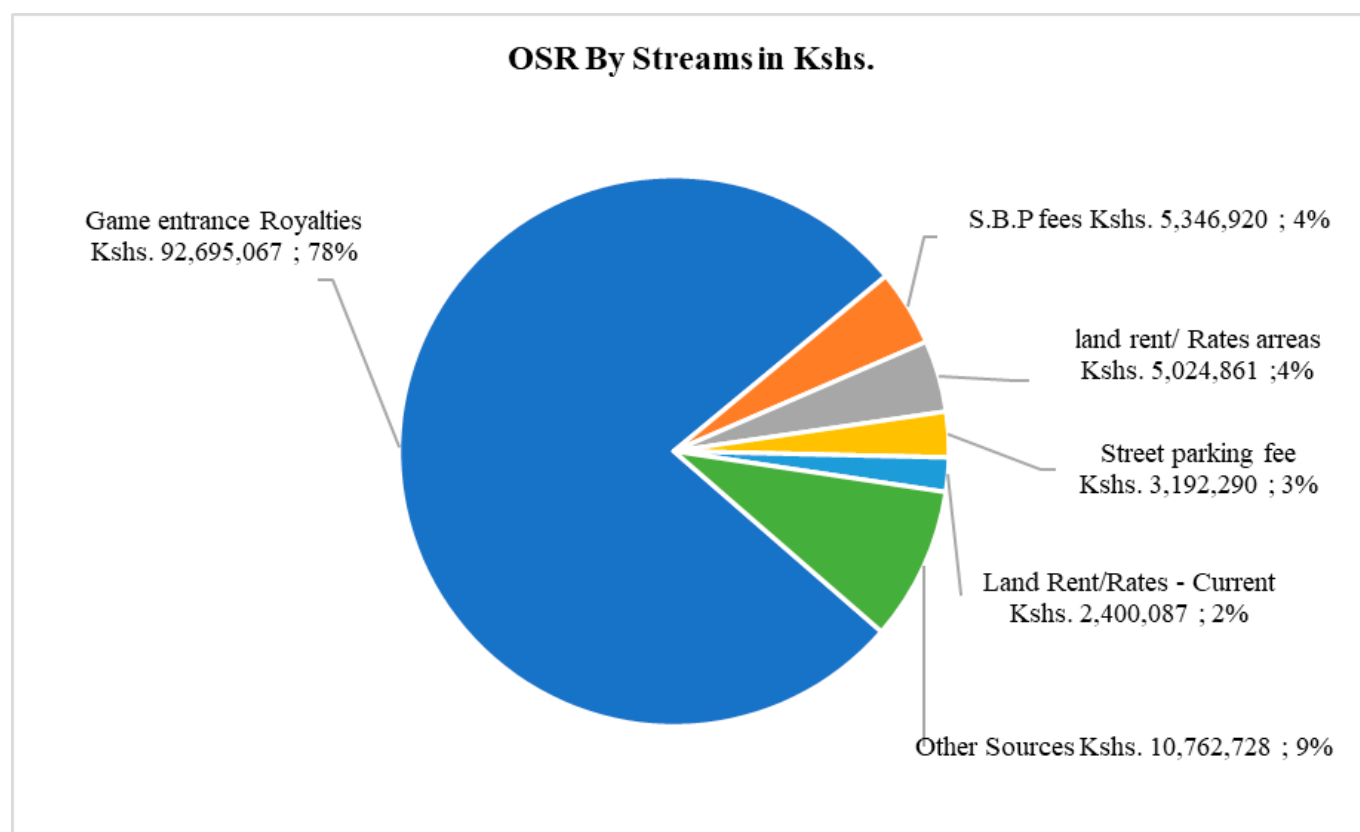
Figure 3.25: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Isiolo County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.119.42 million from its own sources of revenue. This amount represented an increase of 52.7 per cent compared to Kshs.78.21 million realised in a similar period in FY 2021/22. It was 66.2 per cent of the annual target and 4.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.26.

Figure 3.26: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Isiolo County Treasury

The highest revenue stream of Kshs.92.70 million was from Game Entrance Royalties contributing to 78 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.869,055, representing 0.7 per cent of the overall OSR in the first nine months of FY 2022/23.

3.9.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.89 billion from the CRF account during the reporting period. This amount comprised Kshs.664.49 million (23 per cent) for development programmes and Kshs.2.23 billion (77 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.37 billion was released towards compensation to employees and Kshs.863.23 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.479.47 million.

3.9.4 County Expenditure Review

The County spent Kshs.3.00 billion on development and recurrent programmes during the reporting period. This expenditure represented 103.7 per cent of the total funds released by the CoB and comprised of Kshs.2.32 billion and Kshs.687.23 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 29.6 per cent. In contrast, recurrent expenditure represented 55.9 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.761.33 million. The pending bill status report submitted to OCoB was not disaggregated between recurrent and development expenditures. The County Treasury did not report any payments towards pending bills in the period under review.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.12 billion on employee compensation, Kshs.956.18 million on operations and maintenance, and Kshs.659.02 million on development activities. Similarly, the County Assembly spent Kshs.170.22 million on employee compensation, Kshs.71.17 million on operations and maintenance, and Kshs.28.21 million on development activities, as shown in Table 3.50.

Table 3.50: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,693,756,837	448,252,680	2,075,243,424	241,389,603	56.2	53.9
Compensation to Employees	1,746,683,481	247,673,202	1,119,062,031	170,223,767	64.1	68.7
Operations and Maintenance	1,947,073,356	200,579,478	956,181,393	71,165,836	49.1	35.5
Development Expenditure	2,099,695,611	219,000,000	659,021,682	28,210,500	31.4	12.9
Total	5,793,452,448	667,252,680	2,734,265,106	269,600,103	47.2	40.4

Source: Isiolo County Treasury

3.9.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.29 billion, or 39.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.27 billion. This expenditure represented a decrease from Kshs.1.37 billion reported in a similar period of FY 2021/22. The wage bill report submitted to the OCoB was not disaggregated by sector.

The County Assembly spent Kshs.5.75 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.9 million. The average monthly sitting allowance was Kshs.33,642 per MCA. The County Assembly has established 12 Committees.

3.9.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.219 million to county-established funds in FY 2022/23, constituting 3.4 per cent of the County's overall budget. Table 3.51 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.51: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	110,000,000	82,500,000	*110,000,000	No
2.	Scholarship Fund	35,000,000	35,000,000	*35,000,000	No
County Assembly Established Funds					
1.	House loans to Members of Parliament and their staff	74,000,000	54,000,000	**71,250	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
	Total	219,000,000	171,500,000	145,071,250	

Source: ~Isiolo County Treasury

*Expenditure extracted from submitted 3rd quarter budget returns

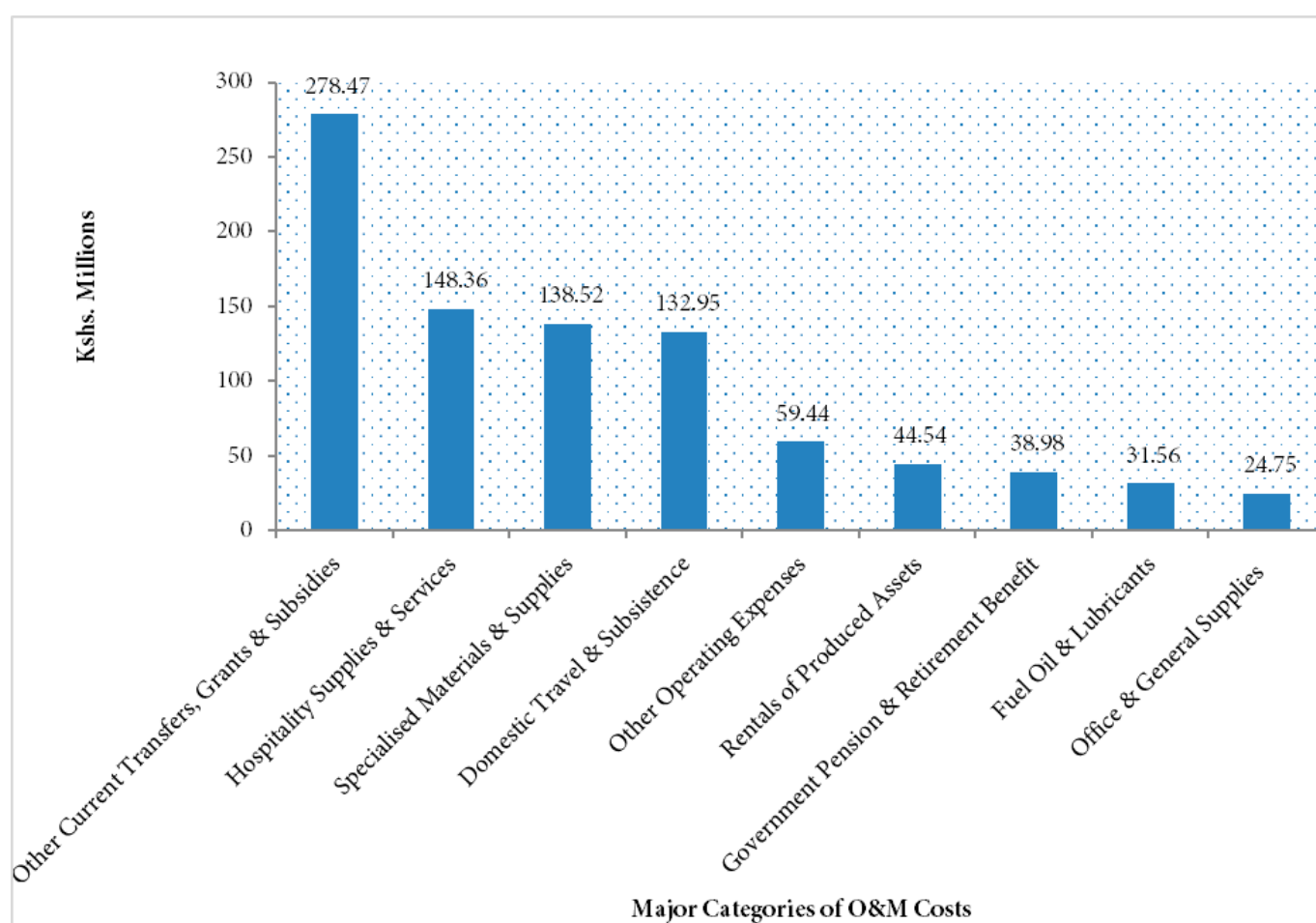
** Actual expenditure extracted from the fund's submitted 3rd quarter report

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of the Emergency Fund and the Scholarship Fund, as indicated in Table 3.51 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.9.9 Expenditure on Operations and Maintenance

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

Figure 3.27: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: Isiolo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.132.95 million and comprised of Kshs.29.51 million was spent by the County Assembly and Kshs.103.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.31 million by the County Executive.

Other Operating Expenses of Kshs.59.44 million consist: Kshs.25.98 million Legal Dues/fees, Arbitration and Compensation Payments, Kshs.12.95 million Contracted Guards and Cleaning Services, Kshs.5.96 million

Contracted Professional Services, Kshs.5 million Emergency Medical Expenses, Kshs.4.93 Security Operations, Kshs.2.12 million Other Operating Expenses – Other (Department of Health, Kshs.1.64 million Constituency Office Expenses, and Kshs.868,800 Membership Fees, Dues and Subscriptions to Professional and Trade Bodies.

3.9.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.687.23 million on development programmes, representing a decrease of 13.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.795.44 million. Table 3.52 summarises development projects with the highest expenditure in the reporting period.

Table 3.52: Isiolo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture	Isiolo Export Abattoir	Isiolo	651,000,000	72,766,147	70
2	Agriculture	Parkuruk Range Rehabilitation Project	Oldonyiro	34,194,405	42,000,000	100
3	Agriculture	Bulesa Kayo Irrigation Scheme	Chari	41,703,959	37,887,584	90
4	Finance	Construction of KDSP Accident and Emergency	Isiolo County Referral Hospital	90,000,000	34,526,305	40
5	Agriculture	Livestock vaccination	All wards	29,911,060	29,911,060	100
6	Agriculture	Malka Daka Irrigation and Water Project	Garbatula	41,850,139	28,618,799	100
7	Agriculture	Sukuma integrated community project	Garamara	24,727,972	24,661,954	100
8	Finance	Construction of Biliqo Maternity ward	Biliqo	30,000,000	15,904,949	50
9	Agriculture	Mado Galgalo Duulo borehole	Cherab	15,208,795	14,946,573	100
10	Agriculture	Rehabilitation of Dada-chlafa borehole	Cherab	9,992,405	9,992,405	100

Source: Isiolo County Treasury

3.9.11 Budget Performance by Department

Table 3.53 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.53: Isiolo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	448.3	219.0	241.3	86.4	241.4	28.2	100.0	32.6	53.9	12.9
Office of Governor	327.1	-	205.8	-	252.8	-	122.8	-	77.3	-
County Public Service Board	68.8	-	34.3	-	50.0	-	145.5	-	72.6	-
Deputy Governor	24.9	-	5.3	-	14.0	-	265.5	-	56.4	-
County Secretary	51.3	-	30.9	-	34.8	-	112.4	-	67.8	-

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
Administration and PSM	248.8	7.0	109.4	-	54.8	-	50.1	-	22.0	-
Delivery Unit	20.1	387.1	11.6	45.8	15.6	59.4	134.0	129.6	77.8	15.4
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	33.1	110.0	8.8	82.5	27.1	110.0	308.5	133.3	82.0	100.0
Finance and Economic Planning	475.8	-	202.2	-	88.2	-	43.6	-	18.5	-
Special Programmes and ICT	191.5	-	31.1	-	158.8	-	510.7	-	82.9	-
Economic Planning	72.9	10.0	21.9	-	-50.5	-	230.6	-	69.2	-
Lands and Urban Planning	26.6	39.0	10.1	-	7.4	-	73.3	-	27.7	-
Roads and Infrastructure Public Works	16.6	111.0	7.4	36.4	1.9	-	25.0	-	11.2	-
and Housing Municipal Administration	21.4	-	10.9	-	0.7	-	6.3	-	3.2	-
	66.4	155.6	34.8	76.9	21.2	122.0	61.1	158.6	32.0	78.4
Agriculture	55.9	879.9	32.3	293.0	4.3	309.9	13.2	105.8	7.6	35.2
Livestock Veterinary and Fisheries Development	125.8	15.2	70.9	14.8	21.3	14.8	30.1	100.0	17.0	97.5
Education and Vocational Training	229.9	17.4	160.0	-	36.5	-	22.8	-	15.9	-
Youth and sport	23.7	38.0	8.8	-	3.6	-	40.6	-	15.1	-
Culture and social services	19.1	8.0	12.1	-	3.9	-	32.4	-	20.6	-
Tourism and Wildlife Management	136.3	12.0	92.5	-	90.9	-	98.3	-	66.7	-
Trade, Industries, Cooperatives	26.2	-	17.6	-	9.0	--	51.0	-	34.2	-
311-09 Water and Irrigation	61.3	116.5	37.6	28.6	24.0	37.2	63.9	129.8	39.2	31.9
Environment and Natural Resources	22.7	47.8	12.8	-	8.7	-	67.6	-	38.2	-
Health Services	1,347.8	145.2	817.5	-	1,095.3	5.7	134.0	-	81.3	3.9
Total	4,142.0	2,318.7	2,227.9	664.5	2,316.6	687.2	104.0	103.4	55.9	29.6

Source: ~Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Cohesion, Intergovernmental Relations, Aid Coordination, and Disaster Management recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Livestock Veterinary and Fisheries Development at 97.5 per cent. The Department of Special Programmes and ICT had the highest percentage of recurrent expenditure to budget at 82.9 per cent, followed by the Department of Cohesion, Intergovernmental Relations, Aid Coordination, and Disaster Management at 82 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 3.54 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.54: Isiolo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure (Kshs)	Development Ex- penditure (Kshs)	Recurrent Expenditure (Kshs)	Development Expenditure (Kshs)	Recurrent Expenditure	Develop- ment Ex- penditure
County Assembly							
Legislative service	Legislative ser-vice	448,252,680	-	241,389,603	-	53.9	-
Infrastructure sup- port	Infrastructure support	-	219,000,000	-	28,210,500	-	12.9
	Sub-Total	448,252,680	219,000,000	241,389,603	28,210,500	53.9	12.9
OFFICE OF GOVERNOR							
Office of Governors	Office of Gover- nors	327,073,316	-	252,757,653	-	77.3	-
County Public Service Board	County Public Service Board	68,800,000	-	49,981,755	-	72.6	-
County Secretary	County Secre- tary	51,292,234	-	34,758,369	-	67.8	-
Delivery Unit	Delivery Unit	20,050,207	-	15,594,049	-	77.8	-
Deputy Governor	Deputy Gover- nor	24,900,000	-	14,044,439	-	56.4	-
	Sub-Total	492,115,757	-	367,136,265	-	74.6	-
FINANCE, PLANNING, NATIONAL DEVELOPMENT AND VISION 2030							
Finance	Finance	475,802,507	387,118,179	88,220,198	59,434,940	18.5	15.4
Special Program	Special Pro- gram	191,466,920	110,000,000	158,796,591	110,000,000	82.9	100.0
Planning	Planning	72,926,773	10,000,000	50,467,290	-	69.2	-
Cohesion	Cohesion	33,072,640	-	27,128,176	-	82.0	-
	Sub-Total	773,268,840	507,118,179	324,612,255	169,434,940	42.0	33.4
LANDS AND URBAN PLANNING							
Lands & Physical Planning	Lands & Physi- cal Planning	26,630,000	39,000,000	7,387,100	-	27.7	-
Roads, Housing	Roads, Housing	16,566,000	111,011,424	1,855,709	-	11.2	-
Public Works	Public Works	21,432,868	-	687,278	-	3.2	-
	Sub-Total	64,628,868	150,011,424	9,930,087	-	15.4	-
AGRICULTURE							
Agriculture	Agriculture	55,859,377	879,936,385	4,269,182	309,927,928	7.6	35.2
Livestock Veterinary and Fisheries Development	Livestock Vet- erinary and Fisheries Devel- opment	125,807,775	15,193,151	21,328,650	14,817,000	17.0	97.5
	Sub-Total	181,667,152	895,129,536	25,597,832	324,744,928	14.1	36.3
EDUCATION AND VOCATIONAL TRAINING							
Education and Vo- cational Training	Education and Vocational Training	229,898,884	17,375,185	36,526,963	-	15.9	-
Youth Sports and Gender	Youth Sports and Gender	23,651,991	37,999,944	3,566,000	-	15.1	-
Culture and Social services	Culture and So- cial services	19,104,319	7,996,047	3,929,400	-	20.6	-
	Sub-Total	272,655,194	63,371,176	44,022,363	-	16.1	-
MUNICIPALITY ADMINISTRATION							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure (Kshs)	Development Expenditure (Kshs)	Recurrent Expenditure (Kshs)	Development Expenditure (Kshs)	Recurrent Expenditure	Development Expenditure
Municipal Administration	Municipal Administration	66,411,310	155,551,108	21,227,389	121,967,497	32.0	78.4
	Sub-Total	66,411,310	155,551,108	21,227,389	121,967,497	32.0	78.4
TOURISM CULTURE AND SOCIAL SERVICES							
Tourism	Tourism	136,281,330	12,000,000	90,929,372	-	66.7	-
Trade and Enterprise	Trade and Enterprise	26,176,387	-	8,959,520	-	34.2	-
Sanitation	Sanitation	248,796,618	7,000,000	54,848,360	-	22.0	-
	Sub-Total	411,254,335	19,000,000	154,737,252	-	37.6	-
WATER AND IRRIGATION							
Water and Sanitation	Water and Sanitation	61,277,162	116,491,805	24,037,700	37,175,165	39.2	31.9
Environment and Natural Resource Management	Environment and Natural Resource Management	22,706,772	47,806,983	8,668,358	-	38.2	-
	Sub-Total	83,983,934	164,298,787	32,706,058	37,175,165	38.9	22.6
HEALTH SERVICES							
Medical Services	Medical Services	1,334,221,447	145,215,400	1,086,075,181	5,699,152	81.4	3.9
Public Health Headquarters	Public Health Headquarters	13,550,000	-	9,298,740	-	68.6	-
	Sub-Total	1,347,771,447	145,215,400	1,095,373,921	5,699,152	81.3	3.9
	Grand Total	4,142,009,517	2,318,695,611	2,316,733,025	687,232,182	55.9	29.6

Source: ~Isiolo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Special Program in the Department of Finance, Planning, National Development and Vision 2030 at 89.2 per cent, Cohesion in the Department of Finance, Planning, National Development and Vision 2030 at 82 per cent, Delivery Unit in the Department of the Office of the Governor at 77.8 per cent, and Office of the Governor in the department of the Office of the Governor at 77.3 per cent of budget allocation.

3.9.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Assembly submitted their report on 4th May 2023, while the County Executive submitted theirs on 7th May 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.53, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The Emergency Fund and Scholarship Fund reports were not submitted to the Controller of Budget.
4. High level of pending bills amounting to Kshs.761.33 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.479.47 million at the end of the first nine months of FY 2022/23.
5. The County has budgeted for Kshs.1.07 billion as cash brought forward from FY 2021/22. However, a cash balance of Kshs.84.38 million from FY 2021/22 is reported implying a deficit budget that will lead to unplanned pending bills at the end of FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
5. *The County should prepare a supplementary budget to revise the opening balance amount and respective expenditure to ensure a balanced budget and avoid unplanned pending bills.*

3.10 County Government of Kajiado

3.10.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.9.95 billion, comprising Kshs.3.16 billion (31.7 per cent) and Kshs.6.80 billion (68.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a 9.7 per cent decrease compared to the previous financial year when the approved budget was Kshs.11.02 billion and comprised of Kshs.3.57 billion towards development expenditure and Kshs.7.45 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.59 billion (79.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.50 billion (13.8 per cent) from its own source of revenue, and Kshs.766.94 million as conditional grants (7.1 per cent). A breakdown of the conditional grants is provided in Table 3.55.

3.10.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.57 billion as the equitable share of the revenue raised nationally, raised Kshs.481.61 million as own-source revenue, Kshs.105.02 million as conditional grants, and had a cash balance of Kshs.8.93 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.17 billion, as shown in Table 3.55.

Table 3.55: Kajiado County, Revenue Performance in the First Nine Months of FY 2022/23

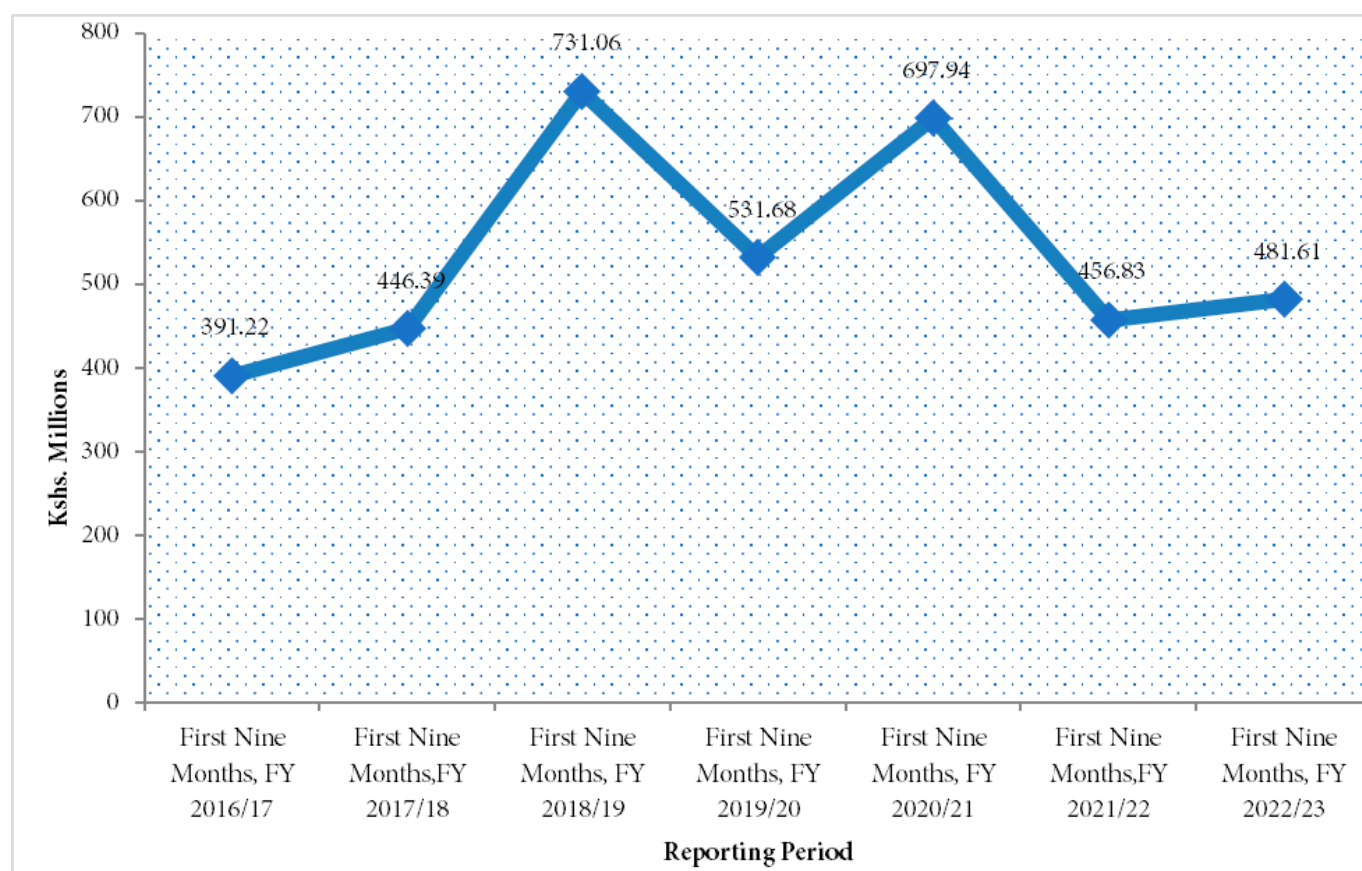
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,591,149,690	4,573,991,735	53.2
	Subtotal	8,591,149,690	4,573,991,735	53.2
B	Conditional Grants			
2.	DANIDA - Donor Funding (PHC)	28,503,374	2,017,313	.1
3.	WB- Universal Health Care Project -THS	16,847,332	-	-
4.	County Universal Health Coverage	10,000,000	-	-
5.	Nutrition Fund - Donor Contribution	10,000,000	7,499,400	75.0
6.	Nutrition Fund County Contribution	13,756,300	5,000,000	36.3
7.	Kenya Devolution Support Programme KDSP	97,971,409	-	-
8.	Kenya Informal Settlement Improvement Program (KISIP II)	50,000,000	-	-
9.	KCSAP (World Bank) -Grants to finance climate change interventions	371,108,120	75,231,220	-
10.	Kenya Agriculture Support Program (ASDSP Donor Funding Grant)	30,214,544	15,272,303	83.3

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
11.	KUSP (World Bank Funds) Urban Improvement Grant	1,145,356	-	50.0
12.	KUSP (World Bank Funds) Urban Improvement Grant	1,194,559	-	50.0
13.	KUSP (World Bank Funds) Urban Development Grant	1,194,559	-	-
14.	Climate Change Fund (County Funding)	10,000,000	-	-
15.	World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA)	125,000,000	-	-
	Subtotal	766,935,553	105,020,236	13.7
C	Other Sources of Revenue			
1.	Own Source Revenue	1,503,946,728	481,613,459	32.0
2.	Unspent balance from FY 2021/22	-	8,927,769	-
3.	Sub Total	1,503,946,728	490,541,228	32.6
	Grand Total	10,892,246,515	5,169,553,198	47.6

Source: Kajiado County Treasury

Figure 3.28 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

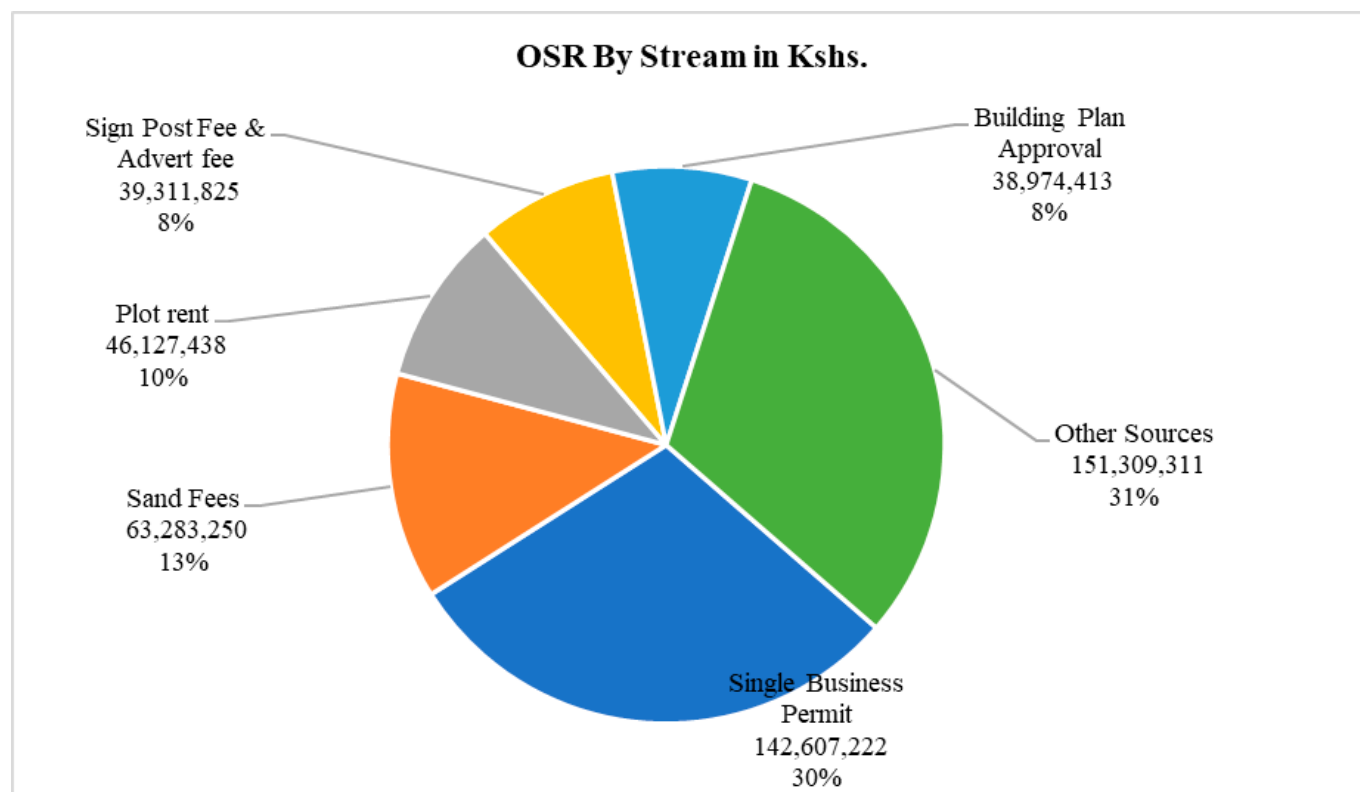
Figure 3.28: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kajiado County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.481.61 million from its own sources of revenue, which represented an increase of 5.4 per cent compared to Kshs.456.83 million realised in a similar period in FY 2021/22 and was 32.0 per cent of the annual target and 10.5 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.29.

Figure 3.29: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kajiado County Treasury

The highest revenue stream of Kshs.142.61 million was from Single Business Permit, contributing to 30 per cent of the total OSR collected during the reporting period.

3.10.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.66 billion from the CRF account during the reporting period. This amount comprised Kshs.647.20 million (13.9 per cent) for development programmes and Kshs.4.01 billion (86.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.89 billion was released towards compensation to employees and Kshs.1.31 billion was for Operations and Maintenance expenditures.

3.10.4 County Expenditure Review

The County spent Kshs.5.29 billion on development and recurrent programmes during the reporting period. This expenditure represented 113.7 per cent of the total funds released by the CoB and comprised Kshs.940.87 million and Kshs.4.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 29.8 per cent, while recurrent expenditure represented 64.1 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.06 billion, which comprised Kshs.494 million for recurrent and Kshs.1.57 billion for development expenditure. During the period under review, development pending bills amounting to Kshs.222.69 million were settled. The outstanding amount as of 31st March 2023 were, therefore, Kshs.1.11 billion.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.91 billion on employee compensation, Kshs.1.70 billion on operations and maintenance, and Kshs.1.32 billion on development activities. Similarly, the County Assembly spent Kshs.156.54 million on employee compensation, Kshs.353.63 million on operations and maintenance, and Kshs.14.76 million on development activities, as shown in Table 3.56.

Table 3.56: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,346,216,614	945,846,117	4,610,102,354	510,167,788	62.8	53.9
Compensation to Employees	4,644,358,171	298,870,564	2,912,086,043	156,540,023	62.7	52.4
Operations and Maintenance	2,701,858,443	646,975,553	1,698,016,311	353,627,765	62.8	54.7
Development Expenditure	3,056,697,189	100,000,000	1,320,940,492	14,757,552	43.2	14.8
Total	10,402,913,803	1,045,846,117	5,931,042,846	524,925,340	57.0	50.2

Source: Kajiado County Treasury

3.10.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.3.07 billion, or 59.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.17 billion. This expenditure represented an increase from Kshs.2.90 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.31 billion paid to health sector employees, translating to 42.7 per cent of the total wage bill.

Further analysis indicates that P.E costs amounting to Kshs.3.01 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.13.48 million was processed through manual payrolls. The manual payrolls accounted for 0.4 per cent of the total P.E cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.1.87 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.6.24 million. The average monthly sitting allowance was Kshs.4,958 per MCA. The County Assembly has established 20 Committees.

3.10.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.702.13 million to county-established funds in FY 2022/23, which constituted 7.1 per cent of the County's overall budget. Table 3.57 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.57: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Submission of Annual Financial Statements (Yes/No.)
1.	Grants for Management of Natural Disasters (Emergency Fund)	250,000,000	100,000,000	Yes
2.	Kajiado County Health Improvement Fund	180,735,108	-	No
	Kajiado Alcoholic Drinks Control Fund	61,389,950	-	No
3.	Bursary Fund - Scholarships and Other Educational Benefits	150,000,000	125,000,000	Yes
4.	Microfinance-Disability Fund programme	10,000,000	5,000,000	Yes
5.	Kajiado County Executive Car Loans & Mortgage Fund	40,000,000	20,000,000	Yes
6.	Microfinance - Youth & Women Enterprise Fund	10,000,000	-	No
	Total	702,125,058	250,000,000	

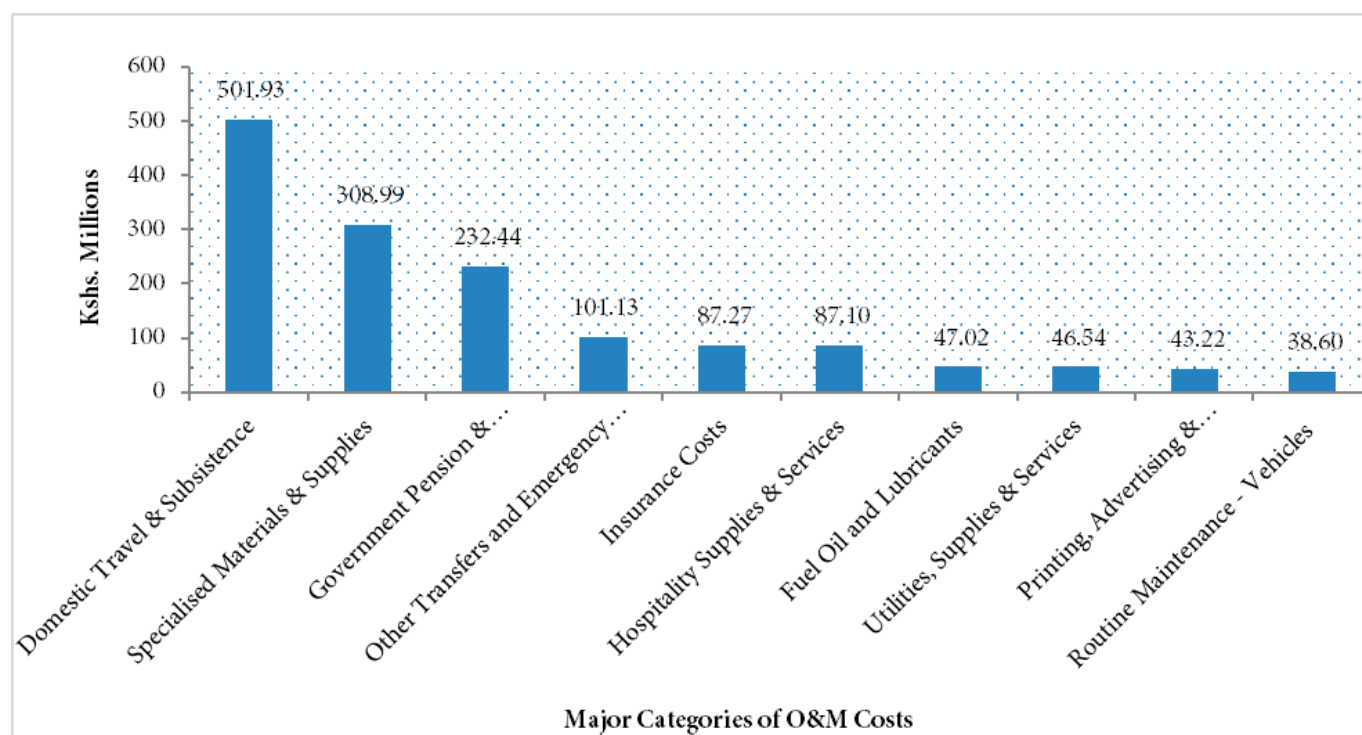
Source: Kajiado County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators as indicated in Table 3.57 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.10.9 Expenditure on Operations and Maintenance

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

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



Source: Kajiado County Treasury

During the period, expenditure on domestic travel amounted to Kshs.501.93 million and comprised of Kshs.138.744 million spent by the County Assembly and Kshs.363.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.81 million and comprised of Kshs.2.72 million by the County Assembly and Kshs.14.09 million by the County Executive.

3.10.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.940.87 million on development programmes, representing a decrease of 13.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.09 billion. Table 3.58 summarises development projects with the highest expenditure in the reporting period.

Table 3.58: Kajiado County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Road	Perimeter fence at Kajiado stadium	Ildamat	28,389,388	28,400,000	28,389,387	100.0
2	Road	Loitoktok cabro works	Kuku	28,905,808	29,000,000	23,474,316	80.9
3	Health	Upgrading of Kajiado referral hospital	Ildamat	35,014,612	35,000,000	20,584,322	58.8
4	Water	Oldirish earth dam	Kenyawa Poka	18,380,780	18,500,000	16,542,702	89.4
5	Road	Tropicana baraka old namanga capitol hill road	Kitengela	13,434,192	13,500,000	13,434,192	99.5
6	Road	Sultan Hamud road	Kenyawa Poka	13,429,204	13,500,000	13,429,204	99.5
7	Road	EPZ bariki muigai road and utalii drift	Kitengela	14,625,686	14,700,000	13,094,602	89.1
8	Water	Kajiado stadium borehole	Ildamat	11,369,160	11,400,000	11,369,160	99.7
9	Education	Construction of dining hall at Enkorika secondary school	Dalalekutuk	9,605,612	9,650,000	9,605,612	99.5
10	Road	Oldorko oloosokon road	Mosiro	8,987,100	9,000,000	8,986,636	99.9

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 3.59 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.59: Kajiado County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	218.44	10.00	135.65	2.59	133.49	10.22	98.4	394.0	61.1	102.2
County Public Service Board	115.87	-	75.70	-	49.66	-	65.6	-	42.9	-
Medical Services, Public Health & Sanitation	2,343.78	453.13	1,439.78	16.53	1,502.01	24.59	104.3	148.7	64.1	5.4
Water, Irrigation, Environment and Natural Resources	219.27	261.00	141.60	-	124.95	-	88.2	-	57.0	-
Roads, Transport, Public Works, Housing and Energy	171.96	441.00	137.50	-	97.89	-	71.2	-	56.9	-
Public Service, Administration and Citizen Participation	702.50	101.39	371.02	25.00	665.20	35.00	179.3	140.0	94.7	34.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Treasury	581.27	910.80	328.93	372.81	453.00	633.45	137.7	169.9	77.9	69.5
Lands, Physical Planning and Urban Development	100.17	50.00	54.90	-	64.27	-	117.1	-	64.2	-
Education, Youth and Sports	532.50	150.00	349.49	125.00	329.35	125.49	94.2	100.4	61.8	83.7
Gender, Social Services, Culture & Tourism and Wildlife	74.33	10.00	45.60	-	34.87	7.50	76.5	-	46.9	75.0
Agriculture, Livestock, Veterinary Services and Fisheries	303.06	440.32	135.26	90.50	139.11	89.85	102.8	99.3	45.9	20.4
Trade, Cooperative Development and Enterprise Development	163.85	74.50	150.36	-	99.04	-	65.9	-	60.4	-
Kajiado Municipality	61.12	61.12	37.00	-	22.56	-	61.0	-	36.9	-
Ngong Municipality	93.44	93.44	61.70	-	36.07	-	58.5	-	38.6	-
Office of the County Attorney	168.26	-	83.53	-	92.02	-	110.2	-	54.7	-
County Assembly	945.85	100.00	460.17	14.76	510.17	14.76	110.9	100.0	53.9	14.8
Total	6,795.67	3,156.70	4,008.21	647.20	4,353.66	940.87	108.6	145.4	64.1	29.8

Source: Kajiado County Treasury

Analysis of expenditure by department shows that the Office of the Governor & Deputy Governor recorded the highest absorption rate of development budget at 102.2 per cent, followed by the Department of Education, Youth and Sports at 83.7 per cent. The Department of Public Service, Administration and Citizen Participation had the highest percentage of recurrent expenditure to budget at 94.7 per cent, while the Department of Kajiado Municipality had the lowest at 36.9 per cent.

Further, the report on department budget performance shows that several departments reported expenditures above the approved exchequer issues, indicating a weak internal control at the County Treasury.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.60 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.60: Kajiado County, Budget Execution by Programmes and Sub-Programmes

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Recurrent Expenditure				
General Administration, Planning and Support Services	141,513,303	109,831,401	31,681,902	77.6
Headquarters Administrative Services	141,513,303	109,804,451	31,708,852	77.6
General Administration and Support Services	-	26,950	- 26,950	-
Crop and Plant Husbandry	10,603,207	3,779,020	6,824,187	35.6
Crop Development and Management.	6,518,840	1,969,960	4,548,880	30.2
Plant Diseases Management and Control	2,042,184	1,470,260	571,924	72.0

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agri-business and Market Development	2,042,183	338,800	1,703,383	16.6
Livestock Resources Management and Development	12,094,146	1,162,050	10,932,096	9.6
Animal Husbandry Management	7,150,306	830,950	6,319,356	11.6
Veterinary Services	3,876,629	331,100	3,545,529	8.5
Livestock Market Development	533,605	-	533,605	-
Demonstration Farm - Kajiado	533,606	-	533,606	-
Fisheries Development and Management	1,688,018	252,000	1,436,018	14.9
Fisheries	1,688,018	252,000	1,436,018	14.9
Land Policy and Planning	15,857,564	9,013,080	6,844,484	56.8
Physical Planning	5,705,250	2,809,500	2,895,750	49.2
Land Survey and Mapping	3,427,500	1,689,300	1,738,200	49.3
Housing	3,207,360	1,958,280	1,249,080	61.1
	3,517,454	2,556,000	961,454	72.7
Animal Husbandry Livestock Resource Management and Development	41,852,343	22,150,080	19,702,263	52.9
Animal Disease Control	41,852,343	22,150,080	19,702,263	52.9
Agricultural Development	13,543,168	1,562,000	11,981,168	11.5
Agricultural Mechanization Services	4,251,629	-	4,251,629	-
Agricultural Training Centre	1,422,047	-	1,422,047	-
Irrigation	7,869,491	1,562,000	6,307,491	19.8
	16,999,240	4,358,473	12,640,767	25.6
Urban Development	16,999,240	4,358,473	12,640,767	25.6
	58,469,163	50,900,894	7,568,269	87.1
General Administration Planning and Support Services-Lands	58,469,163	50,900,894	7,568,269	87.1
Information Communication and Technology	91,666,043	73,996,330	17,669,713	80.7
General Administration, planning and Support Services	91,666,043	73,996,330	17,669,713	80.7
Roads and Public Works	-	494,160	- 494,160	-
Public Works	-	494,160	- 494,160	-
	39,306,728	22,647,232	16,659,496	57.6
Roads	8,207,369	4,086,100	4,121,269	49.8
Public Works	6,649,358	4,526,858	2,122,500	68.1
Energy	10,875,000	8,841,409	2,033,591	81.3
Fire Fighting	4,462,500	915,400	3,547,100	20.5
Transport	9,112,500	4,277,465	4,835,035	46.9
General Administration, Planning and Support Services	130,763,726	94,163,787	36,599,939	72.0
General Administration, Planning and Support Services	130,763,726	94,163,787	36,599,939	72.0
Cooperative Development and Management	8,010,098	1,804,460	6,205,638	22.5
Cooperative Services	8,010,098	1,804,460	6,205,638	22.5
Trade Development	21,643,445	3,069,600	18,573,845	14.2

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Trade Development	20,331,019	3,019,200	17,311,819	14.9
Enterprise Development	1,312,427	50,400	1,262,027	3.8
	1,564,528	1,019,800	544,728	65.2
Local Tourism Promotion and Wildlife Management	1,564,528	1,019,800	544,728	65.2
General Administration, Planning and Support Services	1,436,548,642	1,244,076,479	192,472,163	86.6
General Administration and Support Services	1,436,548,642	1,244,076,479	192,472,163	86.6
Preventive & Promotive Health Services	36,339,986	14,309,793	22,030,193	39.4
Reproductive Maternal Neo-natal Child & Adolescent Health-RMNC	3,961,400	1,862,700	2,098,700	47.0
Communicable and Non-Communicable diseases	3,387,261	1,726,915	1,660,346	51.0
Primary Health Care Services	14,933,720	1,145,230	13,788,490	7.7
Disease Surveillance and Response	2,992,125	1,220,700	1,771,425	40.8
Environmental Health and Sanitation Services	11,065,480	8,354,248	2,711,232	75.5
Curative and Rehabilitative	280,126,551	240,399,316	39,727,235	85.8
Hospital Services	8,050,750	5,621,830	2,428,920	69.8
Health Products and Technologies	265,746,096	231,229,786	34,516,310	87.0
Emergency Response services	6,329,705	3,547,700	2,782,005	56.0
Public Health and Sanitation	-	-	-	-
Preventive and Promotive	-	-	-	-
General Administration, Planning and Support Services	338,126,529	300,130,160	37,996,369	88.8
Headquarters Administrative Services	338,126,529	300,130,160	37,996,369	88.8
	29,503,553	19,672,856	9,830,697	66.7
Early Childhood Development and Education	29,503,553	19,672,856	9,830,697	66.7
	4,830,000	2,328,100	2,501,900	48.2
Technical Vocational Training	4,830,000	2,328,100	2,501,900	48.2
General Administration and Policy Coordination	777,956,598	647,367,985	130,588,613	83.2
Headquarters Administrative Services	777,956,598	647,367,985	130,588,613	83.2
Executive Committee Affairs	23,541,121	12,336,648	11,204,473	52.4
Information Communication Services	23,541,121	12,336,648	11,204,473	52.4
Public Services Coordination and Management	-	-	-	-
Human Resource Management	-	-	-	-
Public Financial Management	125,482,454	57,979,421	67,503,033	46.2
Resource Mobilization	24,612,454	16,891,949	7,720,505	68.6
Accounting services	14,562,000	9,325,800	5,236,200	64.0
Supply Chain Management Services	59,231,000	9,838,990	49,392,010	16.6
Budget	15,280,000	11,661,600	3,618,400	76.3
Internal Audit	11,797,000	10,261,082	1,535,918	87.0
ICT, Special Programmes and Service Delivery	-	-	-	-
Information, Communication and Technology	-	-	-	-

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	18,701,146	5,873,700	12,827,446	31.4
County Administration	14,362,500	3,837,400	10,525,100	26.7
County Inspectorate	4,338,646	2,036,300	2,302,346	46.9
	102,592,500	58,703,217	43,889,283	57.2
Human Resource Management and Development	102,592,500	58,703,217	43,889,283	57.2
	11,060,520	1,500,900	9,559,620	13.6
Citizen Participation	11,060,520	1,500,900	9,559,620	13.6
	116,677,715	103,023,275	13,654,441	88.3
General Administration Planning and Support Services-Office	116,677,715	103,023,275	13,654,441	88.3
	50,150,102	27,512,823	22,637,279	54.9
County Executive Committee Affairs	25,459,500	12,094,886	13,364,614	47.5
Intergovernmental Relations	8,016,000	4,740,536	3,275,464	59.1
County Advisory Services	7,830,000	3,421,196	4,408,804	43.7
Special Programmes	8,844,602	7,256,205	1,588,397	82.0
	626,046,271	361,383,895	264,662,376	57.7
General Administration Planning and Support Services-County Tr	626,046,271	361,383,895	264,662,376	57.7
	29,681,892	19,367,740	10,314,152	65.3
Economic Planning	14,975,973	8,178,302	6,797,671	54.6
Monitoring and Evaluation	14,705,919	11,189,438	3,516,481	76.1
	43,839,791	29,438,353	14,401,438	67.1
Gender	43,839,791	29,438,353	14,401,438	67.1
	8,186,255	2,455,500	5,730,755	30.0
Social Protection	3,720,000	1,842,300	1,877,700	49.5
Disability Mainstreaming	1,389,000	-	1,389,000	-
Control of Alcohol and Substance Abuse	3,077,255	613,200	2,464,055	19.9
	3,879,648	1,777,000	2,102,648	45.8
Gender Mainstreaming	3,879,648	1,777,000	2,102,648	45.8
	3,814,610	2,633,800	1,180,810	69.0
Cultural Heritage	1,193,286	435,000	758,286	36.5
Cultural Activities	2,621,324	2,198,800	422,524	83.9
	11,915,749	6,263,000	5,652,749	52.6
Sports Training and Competition	11,915,749	6,263,000	5,652,749	52.6
	29,192,582	29,484,738	- 292,156	101.0
Environment Management and Protection	27,601,094	28,953,438	- 1,352,344	104.9
Natural Resource Management	1,591,488	531,300	1,060,188	33.4
	97,072,806	80,302,955	16,769,850	82.7
General Administration Planning and Support Services	97,072,806	80,302,955	16,769,850	82.7
	49,006,569	11,263,296	37,743,273	23.0
Water Services	33,312,500	7,748,796	25,563,704	23.3
Storm Water Management	15,694,069	3,514,500	12,179,569	22.4

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Environmental Management and Public Health	-	-	-	-
	34,628,070	21,845,394	12,782,676	63.1
General Administration Planning and Support Services	34,628,070	21,845,394	12,782,676	63.1
	5,717,359	714,000	5,003,359	12.5
Urban Infrastructural Development -Kajiado Municipal	5,717,359	714,000	5,003,359	12.5
	4,690,500	-	4,690,500	-
Environmental Management and Public Health -Kajiado Municipal	4,690,500	-	4,690,500	-
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
Grand Total	45,035,929	22,559,394	22,476,535	50.1
	-	-	-	-
Environmental Management and Public Health	-	-	-	-
	51,327,798	36,069,043	15,258,755	70.3
General Administration Planning and Support Services	51,327,798	36,069,043	15,258,755	70.3
	7,693,309	-	7,693,309	-
Urban Infrastructural Development - Ngong Municipality	7,693,309	-	7,693,309	-
	2,250,000	-	2,250,000	-
Environmental Management and Public Health -Ngong Municipality	2,250,000	-	2,250,000	-
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
Grand Total	61,271,107	36,069,043	25,202,064	58.9
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
	120,198,141	92,017,092	28,181,050	76.6
General Administration, Planning and Support Services	120,198,141	92,017,092	28,181,050	76.6
Grand Total	5,086,353,484	3,830,434,844	1,255,918,640	75.3
Development Expenditure				
General Administration, Planning and Support Services	20,000,000.00	-	20,000,000.00	-
Headquarters Administrative Services	20,000,000.00	-	20,000,000.00	-
Crop and Plant Husbandry	242,454,402.00	89,854,530.00	152,599,872.00	37.1
Crop Development and Management.	242,454,402.00	89,854,530.00	152,599,872.00	37.1
Livestock Resources Management and Development	-4,250,000.00	-	-4,250,000.00	-
Livestock Market Development	-5,000,000.00	-	-5,000,000.00	-
Animal Disease Control	750,000.00	-	750,000.00	-
Land Policy and Planning	30,000,000.00	-	30,000,000.00	-

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Physical Planning	30,000,000.00	-	30,000,000.00	-
Information Communication and Technology	7,100,000.00	-	7,100,000.00	-
Information Communication and Technology	7,100,000.00	-	7,100,000.00	-
	257,750,000.00	-	257,750,000.00	-
Roads	237,125,000.00	-	237,125,000.00	-
Energy	20,625,000.00	-	20,625,000.00	-
	38,645,356.00	-	38,645,356.00	-
Urban Development	38,645,356.00	-	38,645,356.00	-
Trade Development	7,675,000.00	-	7,675,000.00	-
Trade Development	2,550,000.00	-	2,550,000.00	-
Enterprise Development	5,125,000.00	-	5,125,000.00	-
General Administration, Planning and Support Services	7,500,000.00	-	7,500,000.00	-
General Administration and Support Services	7,500,000.00	-	7,500,000.00	-
Preventive & Promotive Health Services	115,708,945.25	24,591,964.00	91,116,981.25	21.3
Reproductive Maternal Neo-natal Child & Adolescent Health-RMNC	27,266,415.00	22,022,683.00	5,243,732.00	80.8
Primary Health Care Services	78,692,530.25	2,569,281.00	76,123,249.25	3.3
Environmental Health and Sanitation Services	9,750,000.00	-	9,750,000.00	-
Curative and Rehabilitative	195,551,331.00	-	195,551,331.00	-
Hospital Services	195,551,331.00	-	195,551,331.00	-
General Administration, Planning and Support Services	106,250,000.00	112,500,000.00	-6,250,000.00	105.9
Headquarters Administrative Services	106,250,000.00	112,500,000.00	-6,250,000.00	105.9
	141,250,000.00	492,783.00	140,757,217.00	0.3
Early Childhood Development and Education	141,250,000.00	492,783.00	140,757,217.00	0.3
	20,000,000.00	-	20,000,000.00	-
Technical Vocational Training	20,000,000.00	-	20,000,000.00	-
	35,000,000.00	30,000,000.00	5,000,000.00	85.7
Human Resource Management and Development	35,000,000.00	30,000,000.00	5,000,000.00	85.7
	17,500,000.00	10,221,100.00	7,278,900.00	58.4
Intergovernmental Relations	17,500,000.00	10,221,100.00	7,278,900.00	58.4
	921,811,409.00	615,951,674.20	305,859,734.80	66.8
General Administration Planning and Support Services-County Tr	921,811,409.00	615,951,674.20	305,859,734.80	66.8
	7,500,000.00	7,500,000.00	-	100.0
Gender	7,500,000.00	7,500,000.00	-	100.0
	53,042,462.50	5,000,000.00	48,042,462.50	9.4
Social Protection	45,542,462.50	-	45,542,462.50	-
Disability Mainstreaming	7,500,000.00	5,000,000.00	2,500,000.00	66.7
	3,700,000.00	-	3,700,000.00	-
Sports Training and Competition	3,700,000.00	-	3,700,000.00	-
	282,750,000.00	-	282,750,000.00	-

Programme Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Environmental Management and Protection	287,250,000.00	-	287,250,000.00	-
Irrigation	-4,500,000.00	-	-4,500,000.00	-
		-		-
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
	120,198,141.00	-	92,017,091.50	-
General Administration, Planning and Support Services	120,198,141.00	-	92,017,091.50	-
Total	120,198,141.00	-	92,017,091.50	-
	-	-	-	-
Environmental Management and Public Health	-	-	-	-
	-	-	-	-
	-	-	-	-
	51,327,797.75	-	36,069,042.70	-
General Administration Planning and Support Services	51,327,797.75	-	36,069,042.70	-
	7,693,309.00	-	-	-
Urban Infrastructural Development - Ngong Municipality	7,693,309.00	-	-	-
	2,250,000.00	-	-	-
Environmental Management and Public Health -Ngong Municipality	2,250,000.00	-	-	-
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
Total	61,271,106.75	-	36,069,042.70	-
	-	-	-	-
Environmental Management and Public Health	-	-	-	-
	-	-	-	-
	34,628,070.25	-	21,845,393.90	-
General Administration Planning and Support Services	34,628,070.25	-	21,845,393.90	-
	5,717,359.00	-	714,000.00	-
Urban Infrastructural Development -Kajiado Municipal	5,717,359.00	-	714,000.00	-
	4,690,500.00	-	-	-
Environmental Management and Public Health -Kajiado Municipal	4,690,500.00	-	-	-
	-	-	-	-
Headquarters Administrative Services	-	-	-	-
Total	45,035,929.25	-	22,559,393.90	-
Grand Total	2,733,444,082.75	896,112,051.20	1,761,472,382.65	32.8

Source: Kajiado County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Environment Management and Protection at 104.9 per cent, under the recurrent expenditure votes, and Headquarters Administrative Services 105.9 per cent under the development expenditure votes.

However, inconsistencies were noted in the report on budget execution by programmes and sub-programmes, which show expenditure amounts which differ from those reported under the report on expenditure by Departments.

3.10.13 Key Observations and Recommendations

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

1. The under-performance of own-source revenue at Kshs.481.61 million against an annual projection of Kshs.1.50 billion, representing 32.0 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.59 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012 as shown in Table 3.57.
4. High level of pending bills amounted to Kshs.1.11 billion as of 31st March 2023.
5. Inconsistencies in financial reporting: The expenditures by program and sub-programs do not tally with the expenditure reporting of departments and the report on expenditure by economic classification.

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

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining months of the financial year.*
5. *The County Treasury should ensure there is consistency in financial reporting, both in expenditure by programs and subprograms and expenditure reporting by departments.*

3.11 County Government of Kakamega

3.11.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.16.37 billion, comprising Kshs.5.52 billion (33.7 per cent) and Kshs.10.85 billion (66.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a growth of 6.3 per cent compared to the previous financial year when the approved budget was Kshs.15.41 billion and comprised of Kshs.5.69 billion towards development expenditure and Kshs.9.71 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.39 billion (75.7 per cent) as the equitable share of revenue raised nationally, generate Kshs. 2 billion (12.2 per cent) from its own source of revenue, Kshs.404.19 million (2.5 per cent) as conditional grants, and a cash balance of Kshs.1.58 billion (9.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.61.

3.11.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.7.12 billion as the equitable share of the revenue raised nationally, raised Kshs.906.83 million as own-source revenue, Kshs.99.11 million as conditional grants, and had a cash balance of Kshs.1.58 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.9.71 billion, as shown in Table 3.61: Kakamega County, Revenue Performance in the First Nine Months of FY 2022/23.

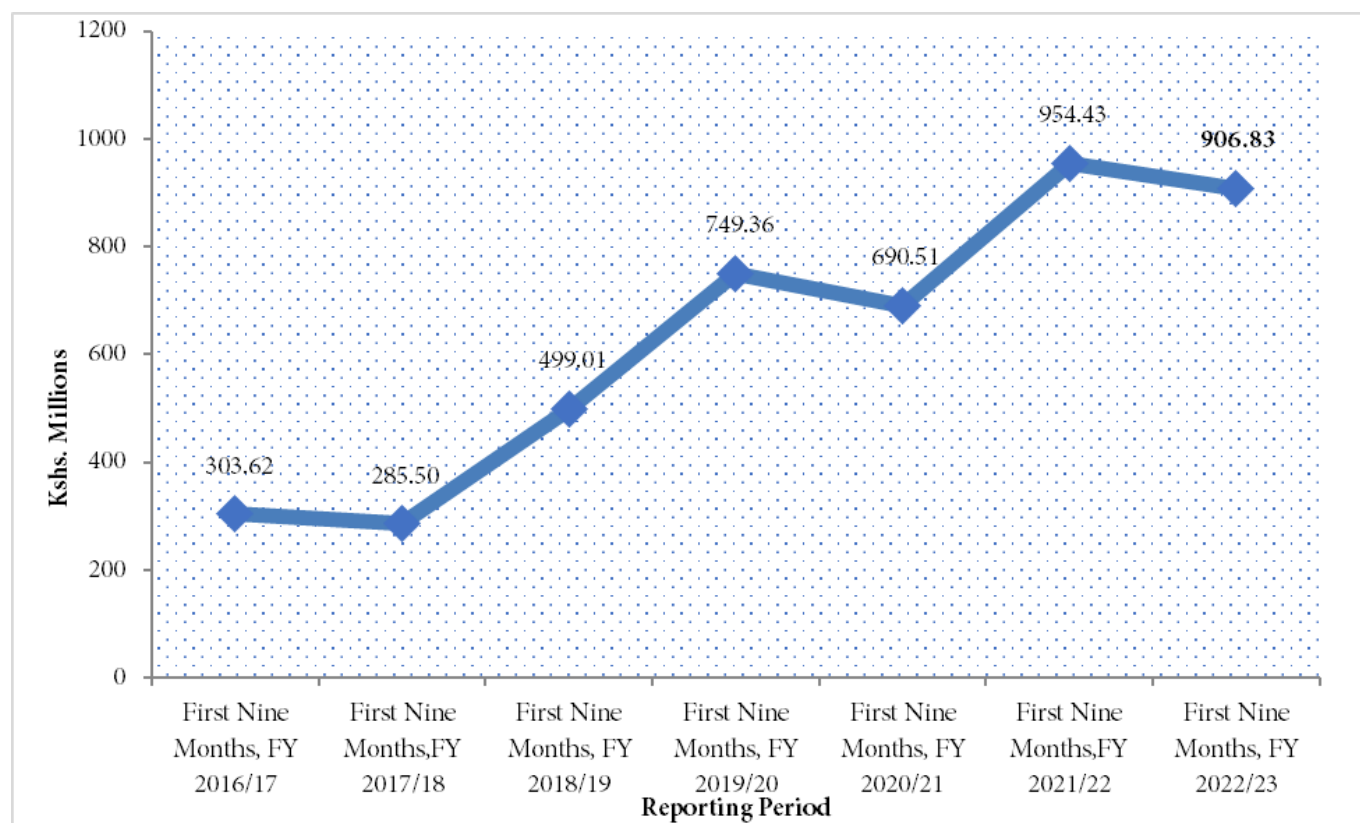
Table 3.61: Kakamega County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,389,412,168	7,123,911,998	57.5
Sub Total		12,389,412,168	7,123,911,998	57.5
B	Conditional Grants			
1	DANIDA	33,479,862		-
2	KCSAP-Kenya Climate Smart Agriculture Project	338,783,306	99,110,439	29.3
3	ASDSP (Agricultural Sector Development Support Programme	9,929,382	-	-
4	FLLoCA-(CCIS)	22,000,000	-	-
	Sub-Total	404,192,550	99,110,439	24.5
C	Other Sources of Revenue			
5	Own Source Revenue	2,000,000,000	906,830,970.00	45.3
6	Balance b/f from FY2021/22	1,576,774,734	1,576,774,734	100.0
Sub Total		3,576,774,734	2,483,605,704	69.4
Grand Total		16,370,379,452	9,706,628,141	59.3

Source: Kakamega County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

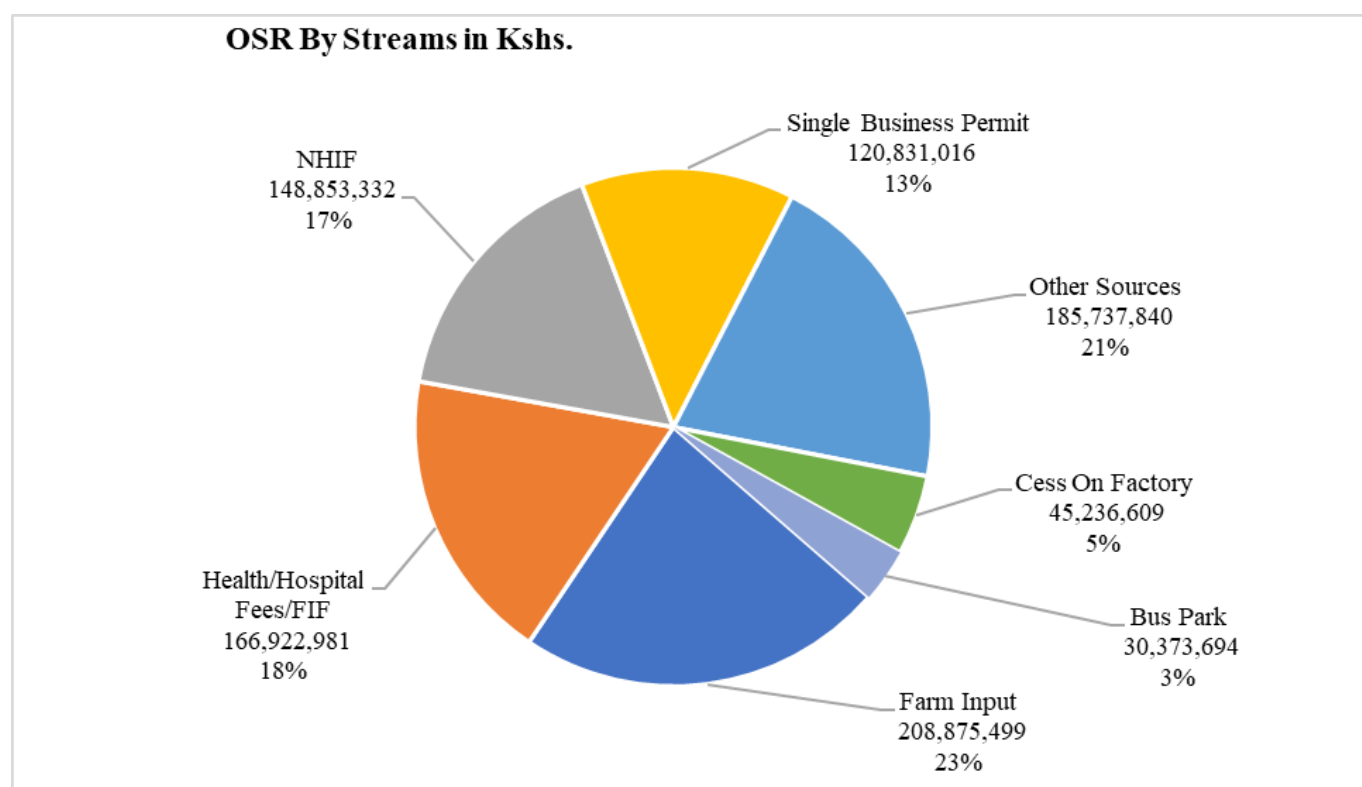
Figure 3.31: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kakamega County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.906.83 million from its own sources of revenue, which represented a decrease of 1.1 per cent compared to Kshs.954.43 million realised in a similar period in FY 2021/22. It was 45.3 per cent of the annual target and 12.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.32: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.32: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kakamega County Treasury

The highest revenue stream of Kshs.208.88 million was from Farm input subsidy contributing to 23 per cent of the total OSR collected during the reporting period. Health sector revenue, comprising User Fees and NHIF, amounted to Kshs.315.78 million, representing 34.8 per cent of the overall OSR in the first nine months of FY 2022/23.

3.11.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.59 billion from the CRF account during the reporting period. This amount comprised Kshs.1.15 billion (15.2 per cent) for development programmes and Kshs.6.44 billion (84.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.4.18 billion was released towards compensation to employees; Kshs.2.26 billion was for Operations and Maintenance expenditure while Kshs.1.15 billion was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.740.88 million.

3.11.4 Borrowing by the County

The County has a short-term arrangement with the Cooperative Bank of Kenya to facilitate net salary payments to avoid any delay in paying salaries to the Bank. As of 31st March 2023, this facility was Kshs.207 million.

3.11.5 County Expenditure Review

The County spent Kshs.7.55 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.1.15 billion and Kshs.6.40 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.9 per cent, while recurrent expenditure represented 59.0 per cent of the annual recurrent expenditure budget.

3.11.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.32 billion comprised Kshs.416.48 million for recurrent expenditure and Kshs.905.74 million for development activities. During the period under review, pending bills amounting to Kshs.356.86 million and Kshs.831.06 million of recurrent and development expenditures, respectively, were settled. Therefore, the outstanding pending bills as of 31st March 2023 were Kshs.134.32 million.

3.11.7 Expenditure by Economic Classification

Analysis of expenditure economic classification indicates that the County Executive spent Kshs.3.4 billion on employee compensation, Kshs.2.23 million on operations and maintenance, and Kshs.1.15 billion on development activities. Similarly, the County Assembly spent Kshs.396.46 million on employee compensation and Kshs.378.26 million on operations and maintenance, as shown in Table 3.62: Summary of Budget and Expenditure by Economic Classification.

Table 3.62: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,569,384,928	1,279,653,117	5,628,367,687	774,720,821	58.8	60.5
Compensation to Employees	6,063,335,015	620,836,081	3,398,431,079	396,463,590	56.0	63.9
Operations and Maintenance	3,506,049,913	658,817,036	2,229,936,608	378,257,231	63.6	57.4
Development Expenditure	5,521,341,409	-	1,151,537,335	-	20.9	-
Total	15,090,726,337	1,279,653,117	6,779,905,022	774,720,821	44.9	60.5

Source: Kakamega County Treasury

3.11.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.79 billion, or 39.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.9.61 billion. This expenditure represented a decrease from Kshs.4.01 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.87 billion paid to health sector employees, translating to 49.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.66 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.135.30 million was processed through manual payrolls. The manual payrolls accounted for 3.6 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.64 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.171 million. The average monthly sitting allowance was Kshs.101,755 per MCA. The County Assembly has established 20 Committees.

3.11.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.1 billion to county-established funds in FY 2022/23, constituting 6.2 per cent of the County's overall budget for the year. Table 3.63: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.63: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st March 2023 (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Kshs.)
1.	Emergency Fund	100,000,000	-	-	Yes
2.	Kakamega County Investment Development Agency	21,630,222	9,920,000	8,050,000	Yes
3.	Kakamega County Microfinance Corporation	9,784,881	3,500,000	3,500,000	Yes
4.	Farm Input Fund	450,000,000	52,248,294	52,248,294	Yes
5.	Small Scale Traders Development Fund	-	-	7,373,522	Yes
6.	Diary Development Corporation	125,984,840	125,984,840	95,386,986	Yes
7.	County Education-Bursary Fund	120,000,000	120,000,000	-	Yes
8.	Car Loan (County Assembly -Revolving Fund)	182,000,000	182,000,000	182,000,000	Yes
	Total	1,009,399,943	493,653,134	348,558,802	

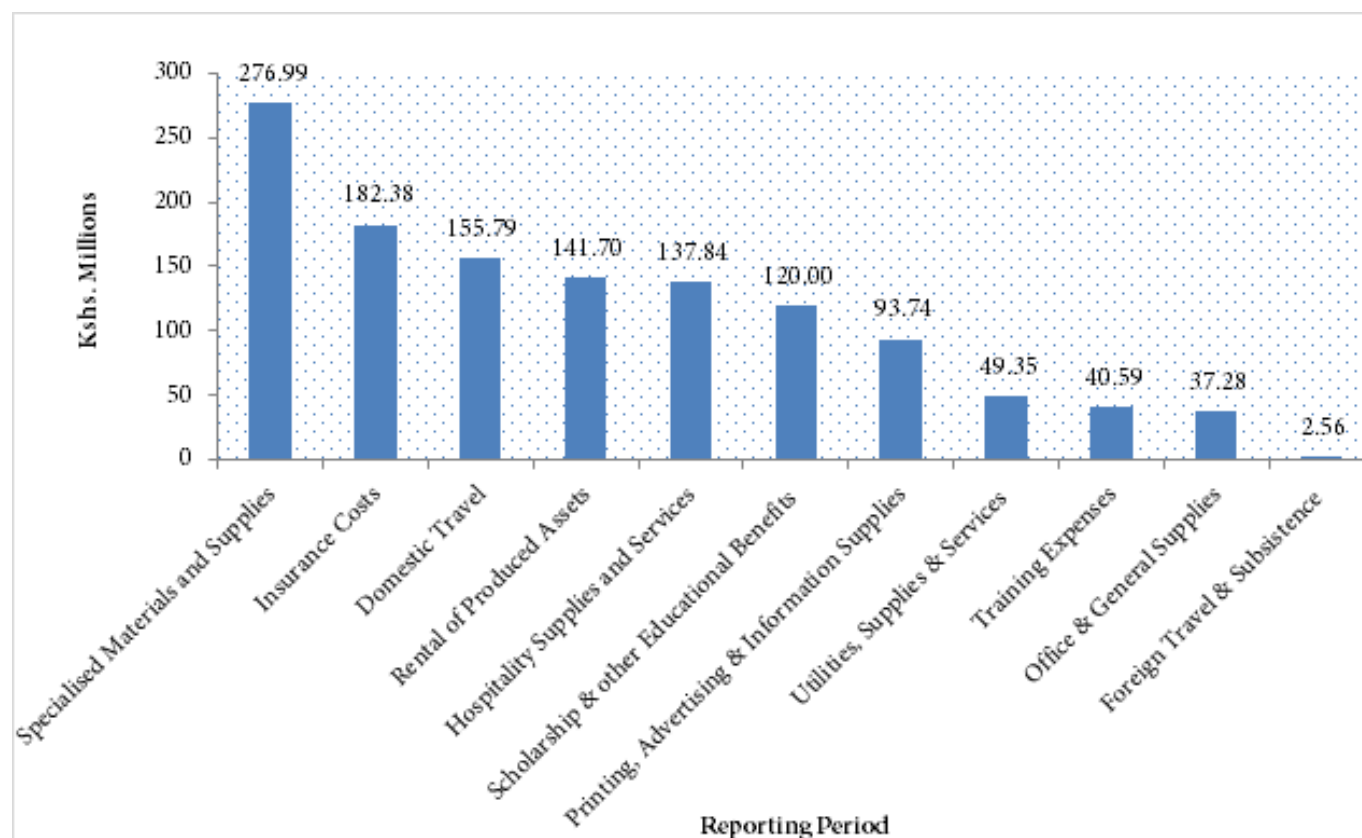
Source: Kakamega County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators the funds as indicated in Table 3.63: Performance of County Established Funds as of 31st March 2023, in line with the requirement of Section 168 of the PFM Act, 2012.

3.11.10 Expenditure on Operations and Maintenance

Figure 3.33: Kakamega County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.33: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega County Treasury.

During the period, expenditure on domestic travel amounted to Kshs.155.78 million and comprised of Kshs.41.74 million spent by the County Assembly and Kshs.114.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.56 million by the County Executive.

3.11.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.15 billion on development programmes, representing a decrease of 49.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.28 billion. Table 3.64: Kakamega County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.64: Kakamega County, List of Development Projects with the Highest Expenditure

No	Directorate	Project Name	Project Location	Contract Sum (Kshs.)	Budget FY 2022/23 (Kshs.)	Amount Paid To Date (Kshs.)	% Completion
1	Social Services, Youth and Sports	Construction of Bukhungu Stadium	Lurambi	3,240,001,303	388,959,551	1,396,998,964	45
2	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Bushiangala - Eregi - Lusila Road	Ikolomani	337,193,541	46,774,254	290,419,286	100
3	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Matungu-Ogalo Road In Matungu Sub County	Matungu	345,034,688	50,000,000	202,883,594	70
4	Roads, Transport and Energy	Proposed Upgrading to Bitumen Standards of Tsalwa Junction- Manyulia –Ombwaro (5.5 Km) Road In Butere Sub-County	Butere	216,000,126	34,173,999	181,826,126	96
5	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Lumakanda – Mwamba Road (7.0 Km) In Lugari Sub County	Lugari	237,836,374	67,868,047	169,968,327	97
6	Roads, Transport and Energy	Proposed Construction of Murram-Shitirire And Malava-Tumbeni Road to Bitumen Standards in Malava Sub-county	Malava	319,688,430	115,861,546	64,012,562	61
7	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Ingotse - Navakholo - Chebuyusi Road	Navakholo	481,332,796	60,160,056	47,485,974	25
8	Education Science and Technology	Supply and delivery of Chairs	County Wide	55,000,000	55,000,000	36,530,460	All items were supplied

Source: Kakamega County Treasury

3.11.12 Budget Performance by Department

Table 3.65: Kakamega County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.65: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,279.65	-	775.92	-	774.72	-	99.8	-	60.5	-
Agriculture, Livestock, Fisheries and Co-operatives	90.35	1,231.74	67.35	270.53	67.35	270.53	100.0	100.0	74.5	22.0
Health Services	1,119.38	823.18	644.79	110.52	644.79	110.52	100.0	100.0	57.6	13.4
Education, Science & Technology	354.07	306.86	334.42	48.47	334.42	48.47	100.0	100.0	94.5	15.8
Roads, Public Works and Energy	140.33	948.77	158.79	241.96	158.79	241.96	100.0	100.0	113.2	25.5
Lands, Housing, Urban Areas and Physical Planning	211.10	452.52	111.00	113.58	111.00	113.58	100.0	100.0	52.6	25.1
Social Services, Youth & Sports	149.72	517.62	64.13	110.60	48.02	110.60	74.9	100.0	32.1	21.4
Trade, Industrialization & Tourism	34.95	445.79	24.92	29.73	24.92	29.73	100.0	100.0	71.3	6.7
Water, Environment and Natural Resources	45.63	541.17	22.35	147.63	22.35	147.63	100.0	100.0	49.0	27.3
Public Service and Administration	6,576.31	134.50	3,789.39	39.53	3,789.39	39.53	100.0	100.0	57.6	29.4
Office of the Governor	236.17	14.42	185.76	-	185.76	-	100.0	-	78.7	-
Finance and Economic Planning	561.94	62.27	226.54	31.65	211.33	31.65	93.3	100.0	37.6	50.8
County Public Service Board	25.74	-	21.45	-	16.14	-	75.3	-	62.7	-
ICT, E-government & Communication	23.71	42.50	11.87	7.33	14.10	7.33	118.8	100.0	59.5	17.2
Total	10,849.04	5,521.34	6,438.69	1,151.54	6,403.09	1,151.54	99.4	100.0	59.0	20.9

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 50.8 per cent, followed by the Department of Public Service and Administration at 29.0 per cent. The Department of Roads, Public Works and Energy had the highest percentage of recurrent expenditure to budget at 113.2 per cent, which is irregular and should be corrected before the end of the financial year.

3.11.13 Budget Execution by Programmes and Sub-Programmes

Table 3.66 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.66: Kakamega County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Final Budget	Actual Expenditure as of 31st March 2023	Absorption rate
			Kshs	Kshs	Kshs
710004810		County Assembly Services	1,279,653,117.00	774,720,821.00	60.54
	710014810	Oversight services	1,279,653,117	774,720,821.00	60.54
Agriculture, Livestock, Fisheries and Co-operatives					
101004810		Livestock development	217,395,523.00	89,213,691.10	41.04
	101014810	Dairy Development	131,816,524.00	79,198,466.00	60.08
	101024810	Poultry development	10,000,000.00	4,860,000.00	48.60
	101034810	Livestock disease and pest prevention	33,523,057.00	2,808,004.80	8.38
	101044810	Livestock Market Infrastructure Improvement	42,055,942.00	2,347,220.30	5.58
102004810		Fish Farming Productivity Programme	65,000,000.00	10,190,000.00	15.68
	102024810	Promotion of Fish Farming	65,000,000.00	10,190,000.00	15.68
103004810		Crop Production and Management Services	984,727,549.00	211,878,747.20	21.52
	103014810	Cash crop development	6,000,000.00	-	-
	103024810	Food crop production	480,045,044.00	92,980,403.20	19.37
	103034810	Crop pest and disease management	6,000,000.00	-	-
	103044810	Agricultural Extension and Research	492,682,505.00	118,898,344.00	24.13
105004810		Agricultural Extension and Research	14,845,466.00	3,053,866.00	20.57
	105014810	Training and demonstration	14,845,466.00	3,053,866.00	20.57
106004810		Cooperative Development	25,294,594.00	22,124,508.00	87.47
	106014810	Marketing and value addition	25,294,594.00	22,124,508.00	87.47
120004810		Irrigation and Drainage Development	4,820,954.00	1,419,420.90	29.44
	120014810	Small Holder Irrigation and Drainage	4,820,954.00	1,419,420.90	29.44
Health Services					
401004810		Preventive and promotional services	196,962,980.00	19,738,000.00	10.02
	401024810	Community Health Strategy	107,364,067.00	17,884,283.00	16.66
	401034810	Diseases surveillance & Emergency response	3,026,275.00	890,367.00	29.42
	401044810	Nutrition service Promotion	590,287.00	-	-
	401054810	HIV /AIDS Control	608,574.00	-	-
	401064810	Maternal and child healthcare promotion	83,175,613.00	432,600.00	0.52
	401074810	TB Control	513,574.00	86,500.00	16.84
	401084810	Malaria control	499,170.00	220,300.00	44.13
	401094810	Promotion of family planning	1,185,420.00	223,950.00	18.89

Program	Sub Program	Description	Final Budget	Actual Expenditure as of 31st March 2023	Absorption rate
			Kshs	Kshs	Kshs
402004810		Promotion of Curative health services	1,664,355,878.00	550,661,676.90	33.09
	402014810	Health Infrastructure Development	617,183,359.00	143,479,455.50	23.25
	402024810	Primary medical health services	1,025,172,519.00	406,563,597.40	39.66
	402034810	Blood Transfusion Services	22,000,000.00	618,624.00	2.81
403004810		General Administrative and Support services	161,682,767.00	65,996,671.00	40.82
	403014810	Administrative and Human Resources management	143,014,091.00	58,406,544.00	40.84
	403024810	Disability mainstreaming	805,430.00	-	-
	403034810	Health Data and Information Management	17,863,246.00	7,590,127.00	42.49
Education, Science & Technology					
503004810		Vocational Education and Training development	230,151,199.00	72,749,936.00	31.61
	503014810	Polytechnic Support and Development	230,151,199.00	72,749,936.00	31.61
504004810		Early Childhood Development Education (ECDE)	247,923,834.00	166,489,423.00	67.15
	504014810	ECD Infrastructure Development	172,300,000.00	103,115,379.00	59.85
	504024810	Childcare and development	75,623,834.00	63,374,044.00	83.80
505004810		Education Support Programme	182,854,757.00	143,648,910.00	78.56
	505024810	Non-Tertiary Education Support	182,854,757.00	143,648,910.00	78.56
Roads, Public Works and Energy					
201004810		Road Infrastructure Development	998,232,683.00	303,243,050.40	30.38
	201014810	Road Maintenance	91,000,000.00	75,733,212.70	83.22
	201024810	Bridges Culverts Construction	27,500,000.00	18,121,292.70	65.90
	201034810	Road construction	879,732,683.00	209,388,545.00	23.80
203004810		Energy Reticulation	47,440,742.00	37,505,566.50	79.06
	203014810	Electrification.	13,000,000.00	7,397,897.00	56.91
	203024810	Renewable Energy	34,440,742.00	30,107,669.50	87.42
204004810		Public works Management	3,429,205.00	1,458,832.00	42.54
	204014810	Public works Management	3,429,205.00	1,458,832.00	42.54
Lands, Housing, Urban Areas and Physical Planning					
107004810		Land Management Services	171,128,047.00	71,597,926.10	41.84
	107014810	Land use policy and planning	86,918,713.00	36,078,502.45	41.51

Program	Sub Program	Description	Final Budget	Actual Expenditure as of 31st March 2023	Absorption rate
			Kshs	Kshs	Kshs
	107024810	Land Administration and Planning	76,228,335.00	33,159,379.45	43.50
	107034810	Survey Services	7,980,999.00	2,360,044.20	29.57
108004810		Housing Management Services	57,529,349.00	14,665,509.25	25.49
	108014810	Housing Infrastructure development	6,729,349.00	1,761,585.50	26.18
	108024810	Slum Upgrading	50,800,000.00	12,903,923.75	25.40
110004810		Urban Development Service	434,956,887.00	131,604,857.40	30.26
	110024810	Social Amenities and Sanitary Services	434,956,887.00	131,604,857.40	30.26
Social Services, Youth & Sports					
901004810		Administration, Planning and Support services	45,786,734.00	17,435,224.55	38.08
	901014810	Administrative Services	45,786,734.00	17,435,224.55	38.08
902004810		Culture and Arts Development	23,244,900.00	5,551,024.00	23.88
	902014810	Culture and Heritage Conservation	23,244,900.00	5,551,024.00	23.88
903004810		Management And Development Of Sports And Sports Facilities	415,809,601.00	130,302,201.00	31.34
	903014810	Development of Sports facilities	388,959,551.00	124,998,198.00	32.14
	903024810	Promotion and Development of Sports and Talent	26,850,050.00	5,304,003.00	19.75
904004810		Youth & Gender Development And Promotion Services	92,321,218.00	568,262.00	0.62
	904014810	Youth, Disability and Gender Empowerment and Mainstreaming	92,321,218.00	568,262.00	0.62
906004810		Social Development And Promotions	98,716,710.00	4,359,495.80	4.42
	906014810	Social Development and Social Protection	95,212,310.00	2,803,903.00	2.94
	906024810	Child welfare Services	3,504,400.00	1,555,592.80	44.39
908004810		Development of Library services	1,459,224.00	402,610.00	27.59
	908014810	Library services	1,459,224.00	402,610.00	27.59
Trade, Industrialization & Tourism					
304004810		Promotion of tourism and marketing	9,798,554.00	5,635,116.65	57.51
	304014810	Promotion of tourism and marketing	9,798,554.00	5,635,116.65	57.51
306004810		Administration, Planning and support services	8,460,548.00	5,674,635.45	67.07
	306014810	Administration Support Services	8,460,548.00	5,674,635.45	67.07
307004810		Trade Development and Investment	167,099,865.00	109,923,345.65	65.78

Program	Sub Program	Description	Final Budget	Actual Expenditure as of 31st March 2023	Absorption rate
			Kshs	Kshs	Kshs
	307014810	Modern Market infrastructure development	157,314,984.00	103,923,345.65	66.06
	307024810	Micro and small enterprises' development	9,784,881.00	6,000,000.00	61.32
309004810		Industrial development and investment	295,372,895.00	17,181,353.00	5.82
	309014810	Industrial Development and Promotion	295,372,895.00	17,181,353.00	5.82
1005004810		Natural Resource Management	38,128,179.00	12,755,497.20	33.45
	1005014810	Afforestation and Re-afforestation	18,236,413.00	7,677,297.20	42.10
	1005024810	Protection of natural resources and environmental processes	19,891,766.00	5,078,200.00	25.53
1006004810		Water and Sanitation Services	417,750,124.00	120,682,864.00	28.89
	1006014810	Water Resource Supply and Management	417,750,124.00	120,682,864.00	28.89
1007004810		Environmental conservation	130,927,152.00	36,548,724.65	27.92
	1007014810	Environmental Protection	130,927,152.00	36,548,724.65	27.92
712004810		Public Service and Administration	6,673,061,896.00	3,929,028,321.41	58.88
	712014810	County Administration	522,883,954.00	100,107,328.00	19.15
	712024810	Human Resource Management	6,150,177,942.00	3,828,920,993.41	62.26
716004810		Alcoholics and Drinks Control	17,485,063.00	1,341,641.65	7.67
	716014810	Alcohol and Drug Rehabilitation Program	17,485,063.00	1,341,641.65	7.67
Office of the Governor					
703004810		Management and administration of County Functions	167,298,192.00	147,747,232.70	88.31
	703024810	County executive services	167,298,192.00	147,747,232.70	88.31
704004810		Support, Coordination and Advisory Services	22,589,048.00	19,086,626.00	84.50
	704014810	Legal Services	22,589,048.00	19,086,626.00	84.50
709004810		Support, Coordination and Advisory services	63,347,952.00	34,025,287.15	53.71
	709014810	Support and Advisory services	45,705,168.00	25,618,497.15	56.05
	709024810	County Internal Audit services	17,642,784.00	8,406,790.00	47.65
Finance and Economic Planning					
706004810		Economic and policy formulation and management planning	90,687,819.00	51,067,732.55	56.31
	706014810	Economic policy formulation	90,687,819.00	51,067,732.55	56.31
707004810		Public finance management	288,180,326.00	83,520,871.15	28.98

Program	Sub Program	Description	Final Budget	Actual Expenditure as of 31st March 2023	Absorption rate
			Kshs	Kshs	Kshs
	707014810	Accounting and Financial services	63,836,558.00	38,647,864.50	60.54
	707024810	Financial Accounting and Reporting	139,468,276.00	17,755,948.50	12.73
	707034810	Budget Formulation and management	78,829,697.00	24,230,527.25	30.74
	707044810	Procurement services	6,045,795.00	2,886,530.90	47.74
713004810		General Administration and Support services	161,438,358.00	93,109,362.00	57.67
	713014810	Administrative Services	161,438,358.00	93,109,362.00	57.67
718004810		Investment promotion	41,630,222.00	15,285,000.00	36.72
	718014810	Investment promotion	41,630,222.00	15,285,000.00	36.72
ICT, E-government & Communication					
705004810		Information and communication services	111,399,341.00	21,432,002.00	19.24
	705014810	Information and communication services	111,399,341.00	21,432,002.00	19.24
		Grand Total	16,370,379,452.00	7,554,625,843.31	46.15

Source: Kakamega County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County executive services in the Office of the Governor at 88.3 per cent, Corporative Development in the Department of Agriculture at 87 per cent and Renewable Energy under the Department of Roads, Public Works and Energy at 87.4 per cent of budget allocation.

3.11.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 20th April 2023.
2. Underperformance of own-source revenue at Kshs.906.83 million against an annual projection of Kshs. 2 billion, representing 45.3 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.65: Kakamega County, Budget Allocation and Absorption Rate by Department where the County incurred expenditures above the approved exchequer issues in several departments. The County diverted funds meant for the Bursary Fund and payment of staff daily substance allowances.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.135.3 million were processed through the manual payroll, accounting for 3.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should

regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.12 County Government of Kericho

3.12.1 Overview of FY 2022/23 Budget

The County's approved Supplementary budget for the FY 2022/23 is Kshs.8.45 billion, comprising Kshs.2.74 billion (32.0 per cent) and Kshs.5.74 billion (68.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 4.9 per cent compared to the previous financial year when the approved budget was Kshs.8.86 billion and comprised of Kshs.3.86 billion towards development expenditure and Kshs.5.00 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.43 billion (75.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.03 billion (12.2 per cent) from own source of revenue. The County also expects to receive Kshs.496.48 million (5.9 per cent) as conditional grants and a cash balance of Kshs.515.17 million (6.1 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.67.

3.12.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.18 billion as the equitable share of the revenue raised nationally, raised Kshs.289.26 million as own-source revenue, Kshs.182.97 million as conditional grants, and had a cash balance of Kshs.515.17 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.17 billion, as shown in Table 3.67: Kericho County, Revenue Performance in the First Nine Months of FY 2022/23.

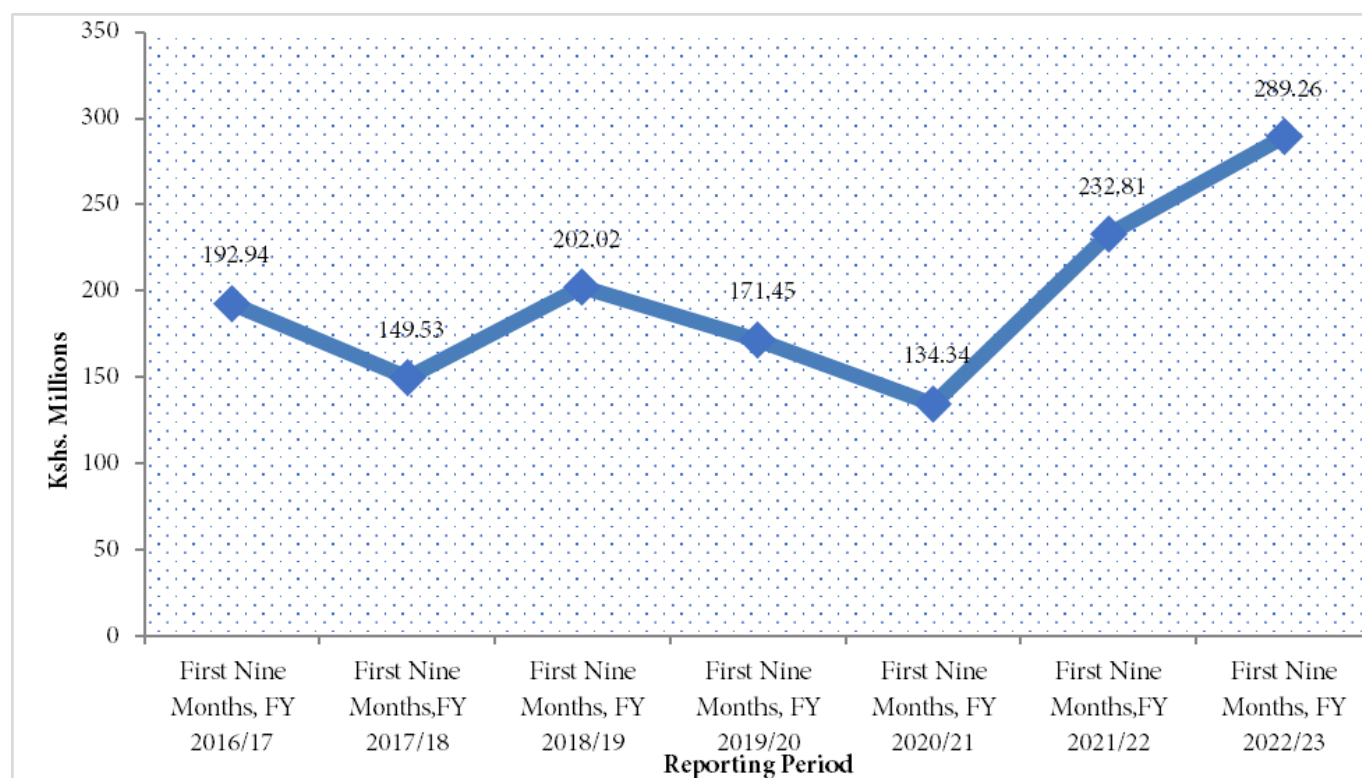
Table 3.67: Kericho County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	3,183,179,137	49.5
Sub Total		6,430,664,924	3,183,179,137	49.5
B	Conditional Grants			
1	Routine Maintenance Fuel Levy	8,916,435	8,916,435	100.0
2	DANIDA Fund	17,308,125	-	-
3	Agricultural Sector Development Support Fund (ASD-SP11)	43,114,132	9,250,013	21.4
4	Transformative Health System	75,443,658	75,443,658	100.0
5	Kenya Devolution Support Project	102,491,953	72,680,579	70.9
6	Climate Smart Agriculture Project	149,190,522	11,000,000	7.4
7	Kenya Urban Support Program UDG (SIDA)	1,194,559	-	-
8	Kenya Urban Support Program UIG (SIDA)	1,145,356	-	-
9	Climate Change Institution Support	22,000,000	-	-
10	Insurance Compensation	5,678,000	5,678,000	100.0
11	National Agricultural Value Chain Dev Project	70,000,000	-	-
	Sub-Total	496,482,740	182,968,685	36.9
C	Other Sources of Revenue			
12	Own Source Revenue	1,033,268,053	289,256,783	28
13	Balance b/f from FY2021/22	515,165,509	515,267,450	100.0
Sub Total		1,548,433,562	804,524,233	52
Grand Total		8,475,581,226	4,170,672,055	49.2

Source: Kericho County Treasury

Figure 3.34: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

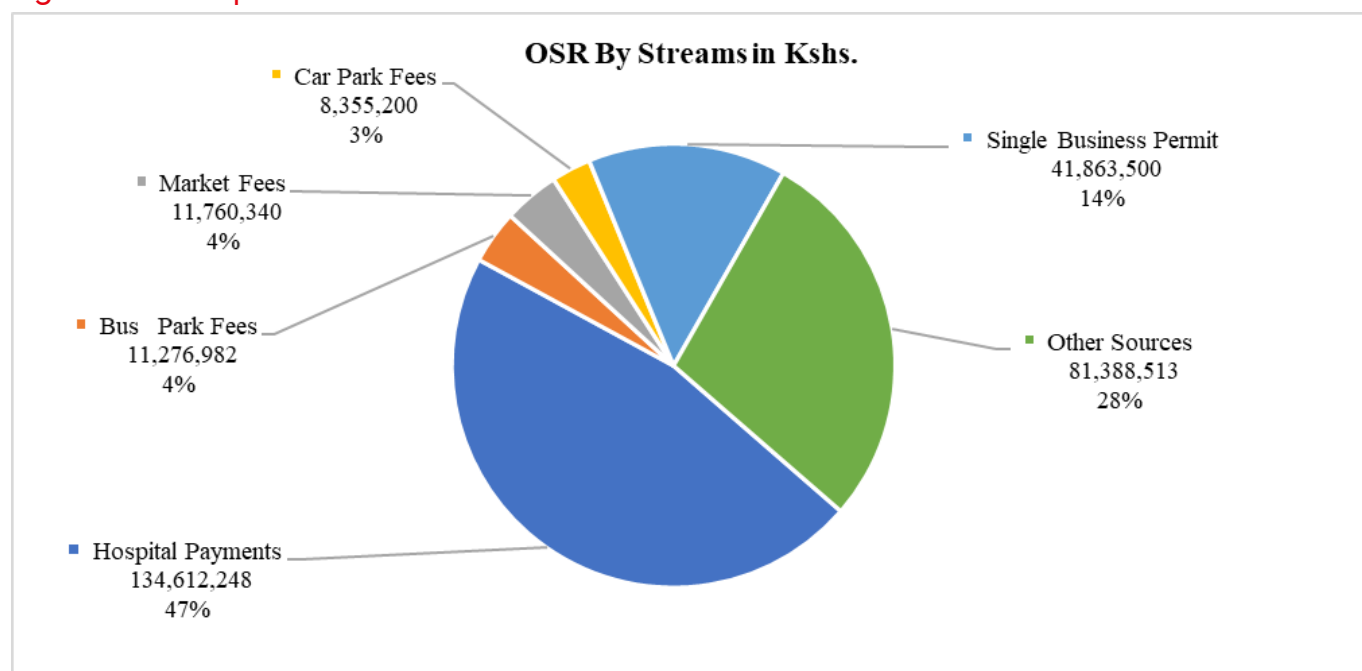
Figure 3.34: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kericho County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.289.26 million from its own sources of revenue, which represented an increase of 24.2 per cent compared to Kshs.232.81 million realised in a similar period in FY 2021/22 and was 28.0 per cent of the annual target and 9.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.35: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.35: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



The highest revenue stream of Kshs.134.61 million was from Hospital payments contributing to 47 per cent of the total OSR collected during the reporting period.

3.12.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.1 billion from the CRF account during the reporting period. This amount comprised Kshs.316.78 million (7.7 per cent) for development programmes and Kshs.3.80 billion (92.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs. 2.55 billion was released towards compensation to employees, and Kshs.1.25 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.489.02 million.

3.12.4 County Expenditure Review

The County spent Kshs.3.60 billion on development and recurrent programmes during the reporting period. This expenditure represented 87.4 per cent of the total funds released by the CoB and comprised Kshs.256.20 million and Kshs.3.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.4 per cent. In contrast, recurrent expenditure represented 58.3 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.515.05 million, which comprised Kshs.184.31 million for recurrent expenditure and Kshs.330.75 million for development activities. During the period under review, pending bills amounting to Ksh.65.20 million were settled for recurrent expenditure. Therefore, the outstanding amount as of 31st March 2023 was Kshs.449.86 million.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.09 billion on employee compensation, Kshs.669.77 million on operations and maintenance, and Kshs.253.99 million on development activities. Similarly, the County Assembly spent Kshs.286.71 million on employee compensation, Kshs.296.52 million on operations and maintenance, and Kshs.2.20 million on development activities, as shown in Table 3.68: Summary of Budget and Expenditure by Economic Classification.

Table 3.68: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,803,143,028	933,813,928	2,762,021,070	583,222,623	57.5	62.5
Compensation to Employees	2,897,019,625	325,068,279	2,092,250,063	286,707,077	72.2	88.2
Operations and Maintenance	1,906,123,403	608,745,649	669,771,007	296,515,546	35.1	48.7
Development Expenditure	2,692,950,371	45,673,899	253,993,087	2,203,297	9.4	4.8
Total	7,496,093,399	979,487,827	3,016,014,157	585,425,920	40.2	59.8

Source: Kericho County Treasury

3.12.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.38 billion, or 57 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.17 billion. This expenditure represented an increase from Kshs.1.72 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.30 billion paid to health sector employees, translating to 54.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.0 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.384.05 million was processed through manual payrolls. The manual payrolls accounted for 16.1 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.21.90 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.37.67 million. The average monthly sitting allowance was Kshs.50,696 per MCA. The County Assembly has established 24 Committees.

3.12.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.385.25 million to county-established funds in FY 2022/23, constituting 4.5 per cent of the County's overall budget. Table 3.69: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.69: Performance of County Established Funds as of 31st March 2023

County Executive Established Funds					
9.	Education Bursary	167,428,831	-	-	No
10.	Mortgages	60,000,000	-	-	No
11.	Car loan	20,000,000	-	-	No
12.	Emergency	20,000,000	-	-	No
County Assembly Established Funds					
1.	Car loans and Mortgages for MCA	98,000,000	98,000,000	-	No
2.	Car Loan and Mortgage Staff	19,818,307	-	-	No

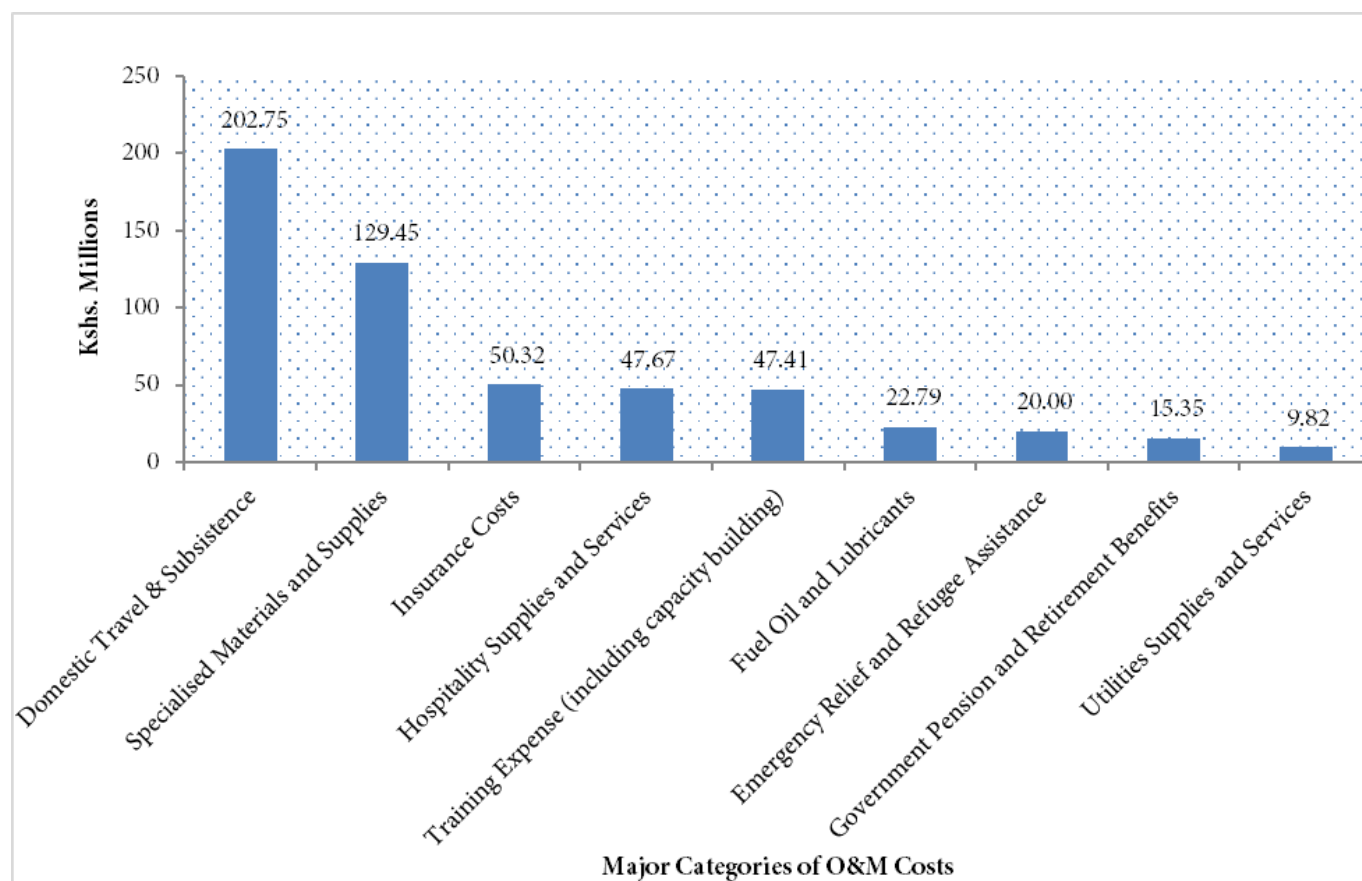
Source: Kericho County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of funds as indicated in Table 3.69: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.12.9 Expenditure on Operations and Maintenance

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

Figure 3.36: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: Kericho County Treasury

During the period, expenditure on domestic travel amounted to Kshs.202.75 million and comprised of Kshs.104.03 million spent by the County Assembly and Kshs.98.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.08 million and comprised of Kshs.7.96 million by the County Assembly and Kshs.2.12 million by the County Executive.

3.12.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.256.20 billion on development programmes, representing a decrease of 68.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.803.01 million. The expenditure on development was mainly on payment of withholding taxes arrears deducted from contractors.

3.12.11 Budget Performance by Department

Table 3.70 summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.70: Kericho County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	933.81	45.67	830.03	2.20	583.22	2.20	70.3	100.0	62.5	4.8
Public Service Management	418.87	5.95	241.25	1.00	216.55	1.00	89.8	100.0	51.7	16.8

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
Agriculture, Livestock and Fisheries	175.69	401.09	107.32	137.95	85.51	79.03	79.7	57.3	48.7	19.7
Education, Youth, Culture and Social Services	530.76	163.67	439.74	20.76	236.45	9.76	53.8	47.0	44.5	6.0
Health Services	2,571.48	450.66	1,731.75	87.96	1,561.16	91.73	90.1	104.3	60.7	20.4
Trade, Industrialization, Tourism, Wildlife and Cooperative Development	58.60	42.80	42.06	1.93	32.84	1.93	78.1	100.0	56.0	4.5
Public Works, Roads and Transport	83.42	520.62	49.32	17.87	43.08	17.87	87.3	100.0	51.6	3.4
Environment, Water, Energy and Natural Resources	154.93	383.60	117.31	23.04	79.62	23.04	67.9	100.0	51.4	6.0
Lands, Housing and Physical Planning	94.12	83.93	81.69	1.69	63.97	1.69	78.3	100.0	68.0	2.0
Finance and Economic Planning	438.54	600.97	236.24	21.79	193.97	27.38	82.1	125.6	44.2	4.6
Governor's Office	157.38	-	99.87	-	91.12	-	91.2	-	57.9	-
Information, Communication and E-government	55.83	39.66	29.93	0.57	20.77	0.57	69.4	100.0	37.2	1.4
County Public Service Board	63.51	-	45.29	-	36.36	-	80.3	-	57.3	-
Total	5,736.96	2,738.62	4,051.80	316.78	3,244.63	256.20	80.1	80.9	56.6	9.4

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 20.4 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 19.7 per cent. The Department of Lands, Housing and Physical Planning had the highest percentage of recurrent expenditure to budget at 68.0 per cent, while the Department of Information, Communication and E-government had the lowest at 37.2 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 3.71: Kericho County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.71: Kericho County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd March (Kshs.)		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Expen- diture	Recur- rent Expendi- ture	Develop- ment Ex- penditure
County Coordination Services	County Coordination Services	157,379,145	-	91,116,893	-	58	-
Public sector advisory services	Economic and Social Advisory Service				-		
		157,379,145	-	91,116,893	-	58	-
DEPARTMENT: FINANCE AND ECONOMIC PLANNING							
Administration, Planning and Support Services.	Administration Services.	379,471,809	537,107,953	152,394,526	80,879,921	40	15
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	33,897,235	-	23,862,141	-	70	-
Public Finance Management	Budget Formulation coordination and management	15,550,000	63,361,632	10,195,264	-	66	-
Audit Services	County Audit	9,625,639	-	7,520,272	-	78	-
		438,544,683	600,469,585	193,972,203	80,879,921	4	13
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES							
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	45,762,230	-	27,696,267	-	6	-
Crop Development and Management	Agriculture Extension Services	63,352,681	347,552,947	29,063,903	25,521,567	46	7
Livestock Resource Management and Development	Livestock Disease Management and Control.	3,779,508	52,534,483	2,985,264	-	79	-
Livestock Resource Management and Development	Livestock Production and Extension Services	55,412,363	-	24,918,981	-	4	-
Fisheries development	Management and Development of Capture Fisheries	7,386,760	1,000,000	846,640	-	11	-
		175,693,542	401,087,430	85,511,055	25,521,567	49	-
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT							

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd March (Kshs.)		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Expen- diture	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	138,891,655	32,085,988	70,531,126	-	51	-
Water supply services	Rural Water Supply	16,042,538	351,510,652	9,088,769	23,042,725	57	7
		154,934,193	383,596,640	79,619,895	23,042,725	51	6
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES							
General Administration & Planning Services.	Policy Development and Administration	340,470,017	-	172,711,673	-	5	-
Basic Education	Early Childhood Development Education	181,293,396	111,574,311	39,614,619	9,763,654	22	9
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	9,000,000	13,095,969	3,943,412	-	44	-
Youth development and empowerment services	Youth Development (YP) Training	-	39,000,000	20,179,203	-		-
		530,763,413	163,670,280	236,448,907	9,763,654	45	6
DEPARTMENT: HEALTH SERVICES							
Curative Health	Administration and Planning	1,467,116,166	212,192,134	768,406,091	87,964,291	52	41
Curative Health	Hospital(curative) Services	-	-	-	-		
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,104,362,375	238,467,843	792,750,943	3,763,544	72	2
		2,571,478,541	450,659,977	1,561,157,034	91,727,835	61	20
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING							
Administration and support services	General Administration and Planning	43,241,424	17,000,000	25,880,912	1,692,611	60	1
Housing Development and Human Resource	Housing Development	10,628,496	44,537,768	9,349,437	-	88	-
Land policy and planning	Development Planning and Land Reforms	34,150,276	22,896,545	25,662,947	-	75	-
Land policy and planning	Land Use Planning	6,102,443	-	3,076,730	-	50	
		94,122,639	84,434,313	63,970,026	1,692,611	68	2

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd March (Kshs.)		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Expen- diture	Recur- rent Expendi- ture	Develop- ment Ex- penditure
DEPARTMENT: PUB- LIC WORKS, ROADS AND TRANSPORT							
Transport Management and Safety	General Admin- istration Planning and Support Services	68,509,287	-	37,045,691	-	54	-
Infrastructure, Roads and Transport	Rehabilitation of Road	3,550,000	520,199,963	-	17,868,584	-	3
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	11,356,317	416,435	6,036,581	-	53	-
		83,415,604	520,616,398	43,082,272	17,868,584	52	3
DEPARTMENT: TRADE, INDUSTRIAL- ISATION, TOURISM, WILDLIFE AND CO- OPERATIVE MAN- AGEMENT							
Trade development and investment	Fairtrade Practic- es and Consumer Protection (weight & measures)	42,012,823	15,688,015	27,096,525	1,929,834	64	12
Trade development and investment	Administrative and Support Services.	14,386,035	-	4,557,782	-	32	-
Cooperative development and management	Cooperative Advi- sory & Extension Services.	2,196,502	20,115,496	1,181,824	-	54	-
Tourism development and marketing	Local Tourism Development.	-	7,000,000	-	-		-
		58,595,360	42,803,511	32,836,131	1,929,834	56	5
DEPARTMENT: ICT AND E-GOVERN- MENT							
Information & Communication Service	News and Infor- mation Services	51,466,937	39,661,897	20,770,678	569,353	40	1
Information & Communication Service	ICT and BPO development services	4,366,170	-	-	-	-	-
		55,833,107	39,661,897	20,770,678	569,353	37	1
DEPARTMENT: COUNTY PUBLIC SER- VICE BOARD							
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Manage- ment.	63,512,544	-	36,363,849	-	57	-

Programme	Sub-Programme	Approved Supplementary 1 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd March (Kshs.)		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Expen- diture	Recur- rent Expendi- ture	Develop- ment Ex- penditure
		63,512,544		36,363,849	-	57	
DEPARTMENT: PUB- LIC SERVICE MAN- AGEMENT							
Administration of Human Resources and Public Service	General Adminis- tration, Planning and Support Services	293,817,722	5,950,340	179,290,371	997,003	61	17
Administration of Human Resources and Public Service	Human Resource Development	125,052,535	-	37,263,301	-	30	-
		418,870,257	5,950,340	216,553,672	997,003	52	17
County Executive Grand Total		4,803,143,028	2,692,950,371	2,661,402,614	253,993,087	55	9
Speaker's office	Speaker's office	372,338,550	-	247,839,100	-	67	-
Clerk's Office	Clerk's Office	553,152,382	45,673,899.00	330,128,847	2,203,297	60	5
County Assembly Ser- vice Board	County Assembly Service Board	8,322,996	-	5,254,676	-	63	-
		933,813,928	45,673,899.00	583,222,623	2,203,297	62	5
Grand Total		5,736,956,956	2,738,624,270	3,244,625,236	256,196,384	57	9

Source: Kericho County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Housing Development in the Department of Lands, Housing And Physical Planning at 88.0 per cent, Livestock Disease Management and Control in the Department of Agriculture, Livestock And Fisheries at 79 per cent, Preventive Medicine and Promotive Health in the Department of Health Services at 72 per cent of budget allocation.

3.12.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 25th April 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to Section 168 of the PFM Act, 2012. The reports for the Education Bursary funds within 30 wards, Mortgages Fund, Car loans for MCAs Fund and Car Loans/Mortgages for Staff Fund were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.449.86 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.489.02 million as of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.384.05 million were processed through the manual payroll, accounting for 16.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Underperformance of own-source revenue at Kshs.289.26 million against an annual projection of Kshs.1.03 billion, representing 28 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

3.13 County Government of Kiambu

3.13.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.16.47 billion, comprising Kshs.4.88 billion (per cent) and Kshs.11.59 billion (70.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 5.9 per cent compared to the previous financial year when the approved budget was Kshs.17.51 billion and comprised of Kshs.4.87 billion towards development expenditure and Kshs.12.64 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.72 billion (71.1 per cent) as the equitable share of revenue raised nationally, and generate Kshs.4.14 billion (25.1 per cent) from its own sources of revenue. The County expects to receive Kshs.589.24 million (3.6 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project (WB) Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant Kshs.73.73 million, DANIDA Grant Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Kshs.30.34 million, and Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million. The County also expects other revenue(s) from Médecins Sans Frontières-MSF BELGIUM of Kshs.26.40 million and the IDA (World Bank) Financing Locally led Climate Action (FLLoCA) Level 1 Kshs.22 million.

3.13.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.6.74 billion as the equitable share of the revenue raised nationally, raised Kshs.2.44 million as own-source revenue, and Kshs.11 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.9.22 billion, as shown in Table 3.72: Kiambu County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.72: Kiambu County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	11,717,525,720	6,737,577,288	57.5
Sub total		11,717,525,720	6,737,577,288	57.5
B	Conditional Grants			
1.	Transforming Health Systems for Universal Health Care	11,433,390	-	-
2.	World Bank-Nation Agriculture & Rural Growth Project	402,836,649	-	-

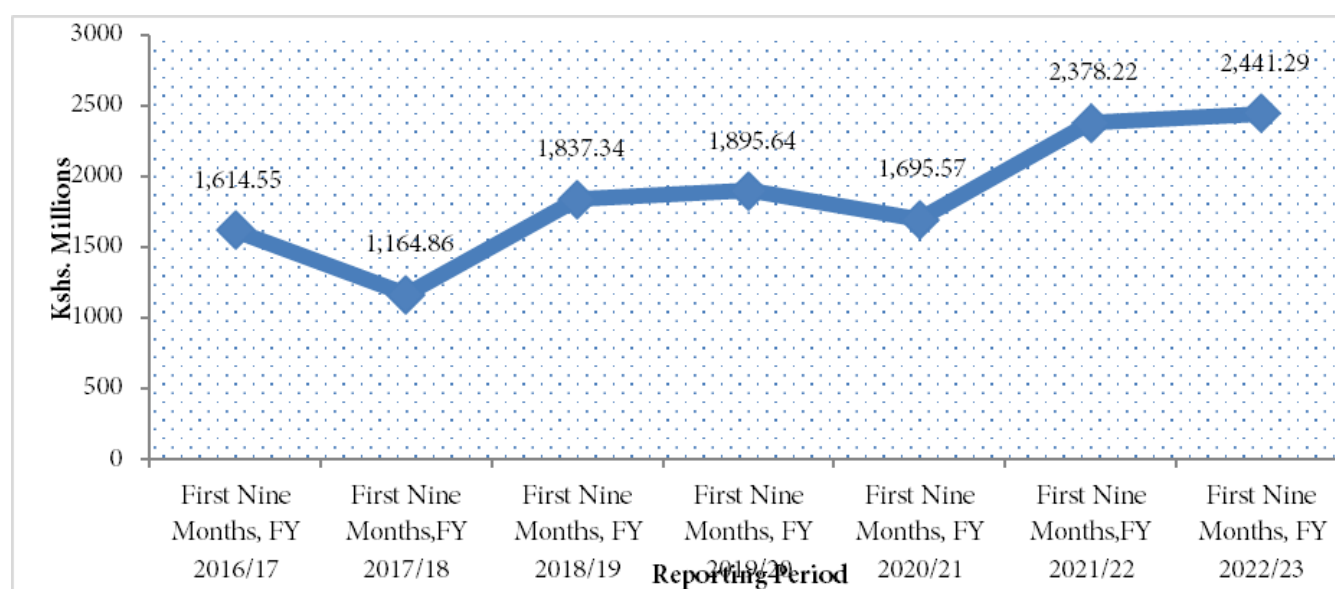
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	Kenya Devolution Support Program- KDSP Level 2	73,731,600	-	-
4.	Danish International Development Agency-DANIDA	20,897,250	-	-
5.	Agriculture Sector Development Support Programme -ASDSP	30,340,365	-	-
6.	Kenya Informal Settlements Improvement Project-KISIP II-Housing	50,000,000	-	-
7.	IDA (World Bank) Financing Locally Led Climate Action (FLLoCA) Level 1	22,000,000	11,000,000	50.0
Sub total		611,239,254	11,000,000	1.8
C	Other Sources of Revenue			
1.	Own Source Revenue	4,136,821,507	2,441,291,931	59.0
2.	Other Revenues – MSF Belgium	26,400,000	26,700,000	101.1
Sub Total		4,136,821,507	2,467,991,931	59.3
Grand Total		16,491,986,481	9,216,569,219	55.9

Source: Kiambu County Treasury

The MSF - Belgium conditional grant with an approved budget of Kshs.26.4 million is subject to reimbursing the actual human resources costs (Kshs.26.7 million) incurred during the period.

Figure 3.37: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

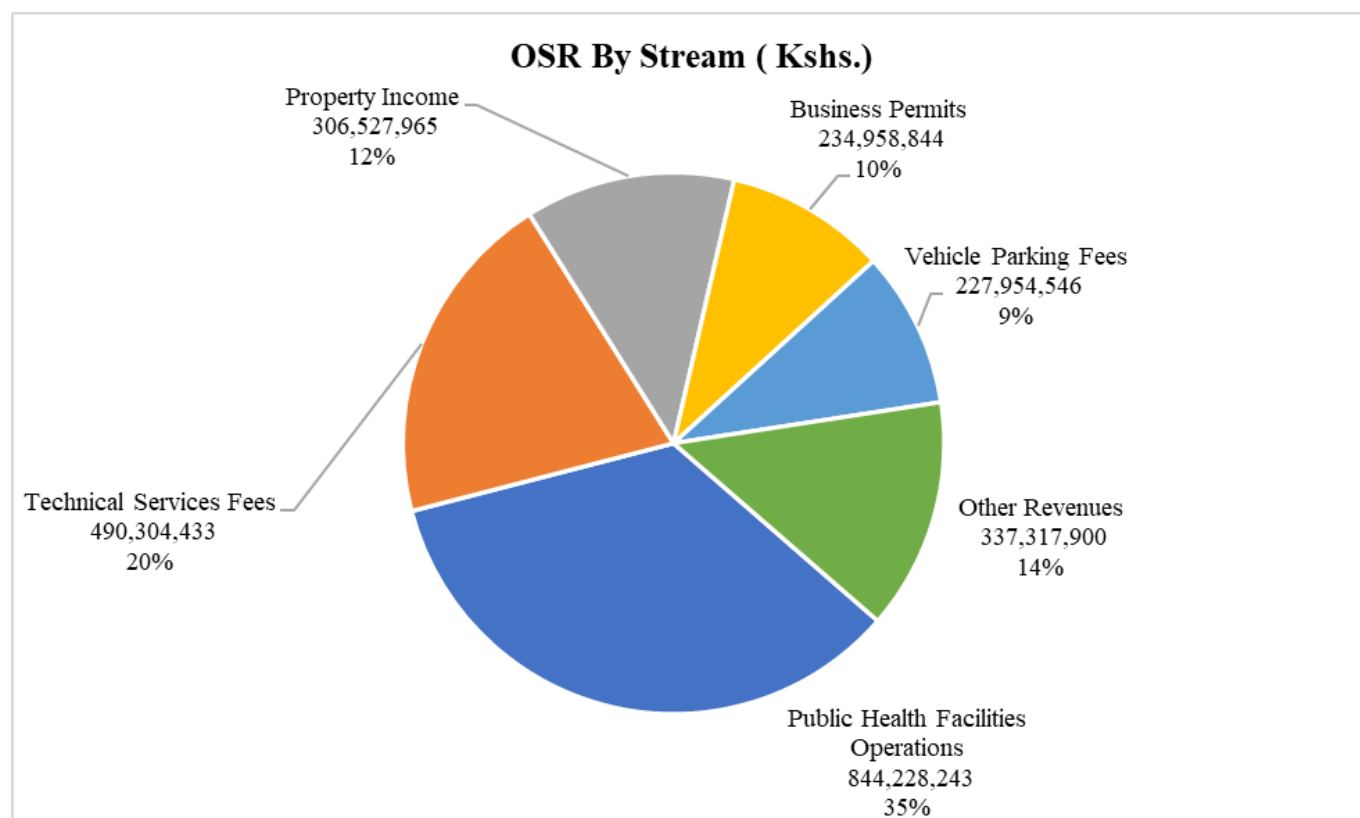
Figure 3.37: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kiambu County Treasury

In the first nine months of FY 2022/23, the County generated Kshs.2.44 billion from its own sources of revenue. This amount represented an increase of 2.7 per cent compared to Kshs.2.38 billion realized in a similar period in FY 2021/22 and was 59.0 per cent of the annual target and 36.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.77.64 million. The revenue streams which contributed the highest OSR are shown in Figure 3.38: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.38: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kiambu County Treasury

The highest revenue stream of Kshs.844.23 million was from public health facilities operations, contributing to 35 per cent of the total OSR collected during the reporting period.

3.13.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.96 billion from the CRF account during the reporting period. This amount comprised Kshs.403.73 million (5.1 per cent) for development programmes and Kshs.7.56 billion (94.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.5.71 billion was released towards compensation to employees, Kshs.1.85 billion was for Operations and Maintenance expenditure, while Kshs.403.73 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.462.88 million.

3.13.4 County Expenditure Review

The County spent Kshs.8.83 billion on development and recurrent programmes during the reporting period. This expenditure represented 110.8 per cent of the total funds released by the CoB and comprised Kshs.807.14 million and Kshs.8.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.5 per cent. In contrast, recurrent expenditure represented 69.2 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.5.62 billion comprised of Kshs.4.38 billion for recurrent expenditure and Kshs.1.23 billion for development activities. During the period under review, pending bills amounting to Kshs.283.37 million were settled, consisting of Kshs.181.59 million for recurrent expenditure and Kshs.101.78 million for development programmes. Therefore, as of 31st March 2023, the outstanding pending bills were Kshs.5.33 billion.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.98 billion on employee compensation, Kshs.2.40 billion on operations and maintenance, and Kshs.807.14 million on development activities. Similarly, the County Assembly spent Kshs.346.39 million on employee compensation and Kshs.292.51 million on operations and maintenance, as shown in Table 3.73: Summary of Budget and Expenditure by Economic Classification.

Table 3.73: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	10,184,410,835	1,401,698,533	7,380,686,453	638,899,873	72.5	45.6
Compensation to Employees	7,398,077,637	571,102,971	4,979,428,218	346,390,245	67.3	60.7
Operations and Maintenance	2,786,333,198	830,595,562	2,401,258,235	292,509,628	86.2	35.2
Development Expenditure	4,783,877,113	100,000,000	807,143,298	-	16.9	-
Total	14,968,287,948	1,501,698,533	8,187,829,751	638,899,873	54.7	42.5

Source: Kiambu County Treasury

3.13.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.5.33 billion, or 57.8 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.9.22 billion. This expenditure represented a decrease from Kshs.6.02 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.3.03 billion paid to health sector employees, translating to 56.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.07 million were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.274.39 million was processed through manual payrolls. The manual payrolls accounted for 5.1 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.24.51 million on committee sitting allowances for the 87 MCAs and the Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.31,296 per MCA. The County Assembly has established 23 Committees.

3.13.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.2.23 billion to county-established funds in FY 2022/23, constituting 13.6 per cent of the County's overall budget, with the Kiambu County Facility Improvement Fund accounting for 77.1 per cent of the allocation. Table 3.74: Performance of County Established Funds as of 31st March 2023 summarizes each established Fund's budget allocation and performance during the reporting period.

Table 3.74: Performance of County Established Funds as of 31st March 2023

S/No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Kiambu Alcoholic Drinks Control Fund	31,300,000	29,328,462	29,236,430	Yes
2.	Kiambu County Education Bursary Fund	100,000,000	100,000,000	3,874,755	Yes
3.	Kiambu County Emergency Fund	30,000,000	15,000,000	3,126,880	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	12,500,000	-	491,623	Yes
5.	Kiambu County Jjinue Fund	50,000,000	-	277,114	Yes
6.	Kiambu County Facility Improvement Fund	1,723,826,023	-	849,981,874	Yes
County Assembly Established Funds					
7.	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	237,000,000	-	229,660	Yes
8.	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	-	Yes
	Total	2,234,626,023	144,328,462	887,218,336	

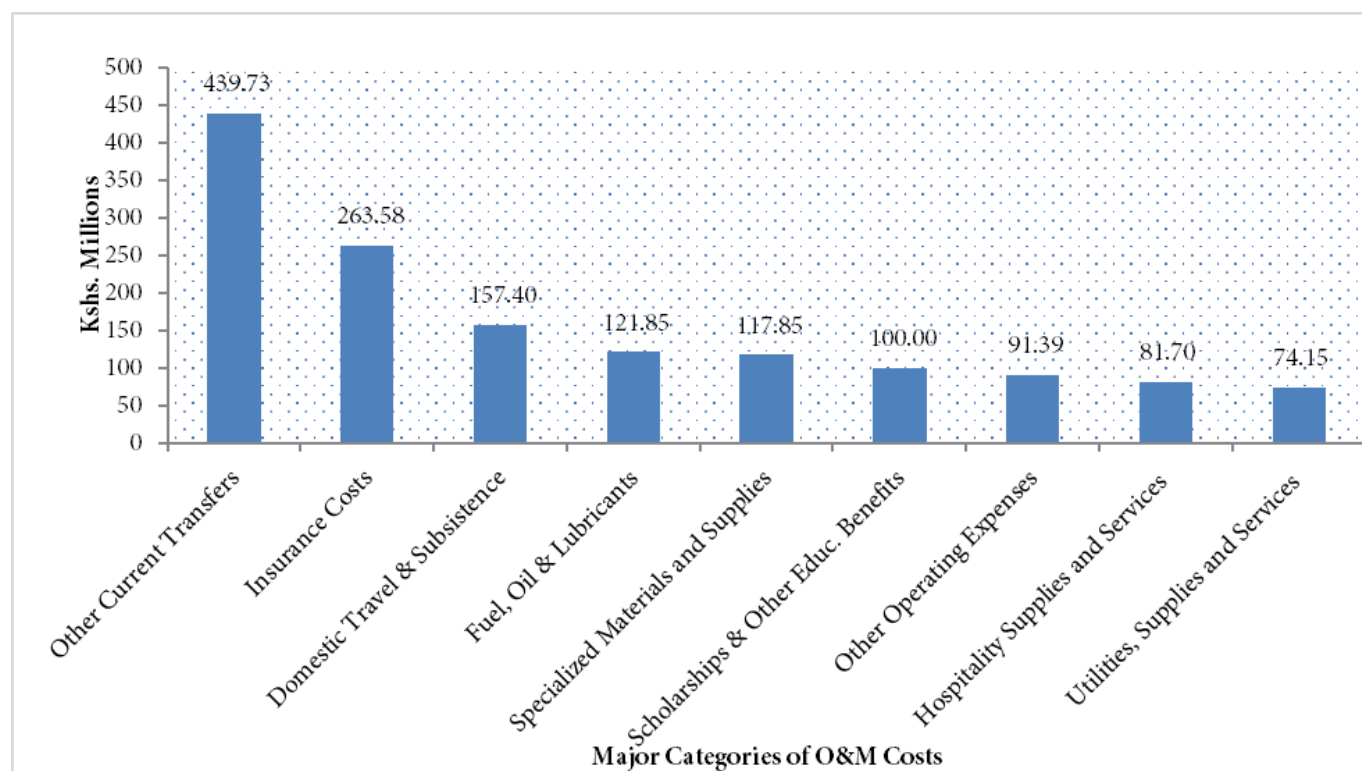
Source: Kiambu County Treasury

Further analysis established that all the County established funds for both the County Executive and County Assembly operated commercial bank accounts contrary to Section 82(1)(b) of the PFM (County Regulations) 2015, which requires all government bank accounts be opened and operated at the Central bank of Kenya. Further, the monies for the Kiambu County Facility Improvement Fund are drawn from the Fund as an A-I-A through a County legislation, Kiambu County Health Services Act 2019, and spent outside the IFMIS contrary to the provisions of the PFM Act, 2012.

3.13.9 Expenditure on Operations and Maintenance

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

Figure 3.39: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: Kiambu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.157.40 million and comprised of Kshs.110.94 million spent by the County Assembly and Kshs.46.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.99 million and comprised Kshs.13.60 million by the County Assembly and Kshs.0.39 million by the County Executive.

A breakdown of the “Other Operating Expenses” includes membership fees, dues and subscriptions to professional and trade bodies of Kshs.11.45 million, contracted professional services of Kshs.7.89 million, bank service commission and charges of kshs.14.58 million, and other operating expenses – other Kshs.52.32 million.

3.13.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.807.14 million on development programmes, representing an increase of 31.0 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.615.95 million. Table 3.75: Kiambu County, List of Development Projects with the Highest Expenditure summarizes development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Crop and Irrigation	NARIGP	All wards	409,336,648	110,216,401	26.9
2	Crop and Irrigation	Procurement of food crop fertilizer and coffee fertilizer	All wards	90,000,000	80,585,550	89.5
3	Crop and Irrigation	Procurement and distribution of certified crop seeds and tree seedlings	All wards	70,000,000	35,015,000	0.50
4	Livestock	Purchase of Animal and Breeding Stock	All wards	55,000,000	26,408,150	48.0

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
5	Roads, Transport, Public Works & Utilities	Street lighting installation (1134 No)	All wards	135,094,904	16,302,700	12.1
6	Roads, Transport, Public Works & Utilities	Payables from previous financial years	All Wards	498,374,561	13,352,028	2.7
7	Livestock	Simba corporation	All wards	13,029,000	13,029,000	100
8	Livestock	Kenya Animal Genetic Resource Centre	All wards	7,149,600	7,149,600	100
9	Livestock	Kenya Veterinary Vaccines	All wards	4,962,500	4,962,500	100
10	Livestock	Kenya Animal Genetic Resource Centre	All wards	7,149,600	7,149,600	100

Source: Kiambu County Treasury

3.13.11 Budget Performance by Department

Table 3.76: Kiambu County, Budget Allocation and Absorption Rate by Department summarizes the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,401.70	100.00	723.43	-	638.90	-	88.3	-	45.6	-
County Executive	341.58	-	163.73	-	156.38	-	95.5	-	45.8	-
County Public Service Board	78.10	-	41.16	-	24.05	-	58.4	-	30.8	-
Finance, Economic Planning and ICT	1,412.25	203.86	976.26	-	731.48	-	74.9	-	51.8	-
Administration and Public Service	835.99	31.00	407.59	-	403.09	-	98.9	-	48.2	-
Agriculture, Crop Production & Irrigation	463.16	887.78	285.73	278.13	202.01	285.74	70.7	102.7	43.6	32.2
Water, Environment and Natural Resources	341.52	310.58	241.42	15.63	212.87	9.29	88.2	59.5	62.3	3.0
Health Services	4,874.44	821.64	3,512.17	11.15	4,129.61	453.13	129.6	4,065.5	93.4	55.1
Education, Culture and Social Services	971.20	248.01	666.64	4.49	613.18	4.49	92.0	100.0	63.1	1.8
Youth and Sports	111.25	175.54	74.37	3.00	55.83	-	75.1	-	50.2	-
Lands, Physical Planning and Housing	214.66	280.0	124.05	2.24	118.00	8.24	95.1	368.3	55.0	2.9
Trade, Tourism, Industry and Co-operative	145.50	386.10	71.67	-	62.74	0.81	87.5	-	43.1	0.2
Roads, Transport and Public Works	394.76	1,439.37	271.79	89.11	250.47	45.45	92.2	51.0	63.5	3.2
Total	11,586.12	4,883.88	7,560.01	403.73	8,019.59	807.14	106.1	199.9	69.2	16.5

Source: Kiambu County Treasury

Analysis of expenditure by the department shows that the Department of Health Services recorded the highest absorption rate of development budget at 55.1 per cent, followed by the Department of Agriculture, Crop Production & Irrigation at 32.2 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 93.4 per cent, while the County Public Service Board had the lowest at 30.8 per cent.

Further analysis shows expenditures to exchequer issues for the Department of Health Services are 129.6 per cent and 4,065.5 per cent for recurrent and development expenditures, respectively, which is above 100 per cent as indicated by the financial statements using payments done at the IFMIS level. This also applies to the Department of Lands, Physical Planning and Housing (368.3 per cent) and the Department of Agriculture, Crop Production & Irrigation (129.6 per cent). Generally, a substantial number of transactions may appear as having been paid in IFMIS, but they are awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 3.77: Kiambu County, Budget Execution by Programmes and Sub-Programmes summarizes the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.77: Kiambu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and Oversight services	Legislation and Oversight services	780,400,000	-	287,064,625	-	36.8	-
Representation services	Representation services	53,500,000	100,000,000	74,106,915	-	138.5	-
General Administration and support services	General Administration and support services	567,798,533	-	277,728,333	-	48.9	-
	Sub-Total	1,401,698,533	100,000,000	638,899,873	-	45.6	-
Executive Services							
General Administration and support services							-
	General Administration Planning and Support Services	282,967,488	-	147,240,980	-	52.0	-
Representation services							
	Representation services	58,613,503	-	9,137,368	-	15.6	-
	Sub-Total	341,580,991	-	156,378,348	-	45.8	-
County Public Service Board							
Human Resource development and management services		78,096,211	-	24,046,587	-	30.8	-
	Human Resource development and management services	78,096,211	-	24,046,587	-	30.8	-
	Sub-Total	78,096,211	-	24,046,587	-	30.8	-
Finance, Economic Planning and ICT							
Public Finance Management, Economic Policy & Strategy	General Administration and support services	1,098,622,359	132,494,192	546,128,821	-	49.7	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Economic planning services	16,500,000	-	12,455,982	-	75.5	-
	financial management services	225,764,623	-	172,891,334	-	76.6	-
	ICT Services	71,367,586	71,367,586	-	-	-	-
	Sub-Total	1,412,254,568	203,861,778	731,476,137	-	51.8	-
Administration and Public Service							
Human Resource Development and Management	Human Resource Development and Management	19,121,529	-	4,307,200	-	22.5	-
General Administration Planning and Support Services	General Administration Planning and Support Services	816,866,812	31,000,000	398,784,851	-	48.8	-
	Sub-Total	835,988,341	31,000,000	403,092,051	-	48.2	-
Agriculture, Crop Production & Irrigation							
Fisheries Development	Fisheries Development	-	11,250,000	-	-	-	-
Livestock resource management and development	Livestock resource management and development	-	58,750,000	-	30,108,150	-	51.2
Crop production and management	Crop production and management	-	817,778,887	-	255,635,171	-	31.3
Administration, Planning and Support Services	General administration and support services	463,162,497	-	202,006,135	-	43.6	-
	Sub-Total	463,162,497	887,778,887	202,006,135	285,743,321	43.6	32.2
Water, Environment and Natural Resources							
Water Resource Management and Sanitation	Water provision and management	-	191,000,000	-	9,293,284	-	4.9
Environment and Solid Waste Management	Environmental management	-	94,580,000	-	-	-	-
Sensitization on Renewable Energy and Climate Change	Renewable Energy and Climate Change	-	10,000,000	-	-	-	-
Natural Resources and Forestry Conservation	Natural Resources Conservation and Management	-	15,000,000	-	-	-	-
General Administration and Support Services	General Administration and Support Services	341,523,466	-	212,874,119	-	62.3	-
	Sub-Total	341,523,466	310,580,000	212,874,119	9,293,284	62.3	3.0
Health Services							
Health Services	Health curative services	603,006,903	821,636,481	524,122,880	453,126,689	86.9	55.1
	General Administration and Support Services	4,131,533,024	-	4,001,388,703	-	96.8	-
	Preventive and Promotive Services	43,900,000	-	15,081,370	-	34.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Pharmaceutical and Non-Pharmaceutical supplies	96,000,000	-	9,998,003	-	10.4	-
	Sub-Total	4,874,439,927	821,636,481	4,550,590,956	453,126,689	93.4	55.1
Education, Culture and Social Services							
Pre-primary education and youth polytechnics services	Pre-primary education and youth polytechnics services	184,000,000	248,007,975	103,788,051	4,485,450	56.4	1.8
	General Administration and Support Services	771,702,219	-	503,564,882	-	65.3	-
	Culture, Gender and Social Services	15,500,000	-	5,829,740	-	37.6	-
	Sub-Total	971,202,219	248,007,975	613,182,673	4,485,450	63.1	1.8
Youth & Sports							
Development and Management of Sports Facilities	Youth and Sports Administration	-	175,538,853	-	-	-	-
General administration and support services	Promotion and development of Sports, Youth Services	102,718,960	-	55,071,015	-	53.6	-
Youth Empowerment	Communication	8,526,320	-	757,650	-	8.9	-
	Sub-Total	111,245,280	175,538,853	55,828,665	-	50.2	-
Lands, Physical Planning and Housing							
Land Management and Physical Planning	Housing Development	-	114,000,000	-	2,236,085	-	2.0
	Land Management and Physical Planning	202,707,046	166,000,000	114,961,350	6,000,000	56.7	3.6
Municipal Administration and Urban Development	Municipal Administration and Urban Development	11,952,608	-	3,040,622	-	25.4	-
	Sub-Total	214,659,654	280,000,000	118,001,972	8,236,085	55.0	2.9
Trade, Industrialization, Tourism, Investment and Co-operative Development							
	Tourism Development and Promotion	-	25,000,000	-	-	-	-
	Cooperative Development and promotion	25,047,334	41,000,000	821,610	-	3.3	-
	General administration and support services	26,405,000	-	1,250,292	-	4.7	-
	Industrialization	-	5,098,576	-	-	-	-
	Trade Administration, Development and Promotion	94,050,000	280,000,002	60,664,298	806,200	64.5	0.3
	Enterprise Development	-	35,000,000	-	-	-	-
	Sub-Total	145,502,334	386,098,578	62,736,200	806,200	43.1	0.2

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads, Transport and Public Works							
Maintenance of Roads, Bridges, Construction and Maintenance	Construction of road and civil works	-	1,439,374,561	-	45,452,269	-	3.2
	General Administration and Support services	394,755,347	-	250,472,610	-	63.5	-
	Sub-Total	394,755,347	1,439,374,561	250,472,610	45,452,269	63.5	3.2
	Grand Total	11,586,109,368	4,883,877,113	8,019,586,326	807,143,298	69.2	16.5

Source: Kiambu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Representation Services in the County Assembly at 138.5 per cent, General Administration and Support Services of Health Services at 96.9 per cent, Curative Services in the Department of Health Services at 86.9 per cent, and financial management services in the Department of Finance, Economic Planning and ICT at 76.6 per cent of budget allocation.

3.13.13 Key Observations and Recommendations

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

1. High pending bills amounted to Kshs.5.33 billion as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.462.88 million at the end of the first nine months of FY 2022/23.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.274.39 million were processed through the manual payroll, accounting for 5.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. Fund expenditures for the Kiambu County Facility Improvement Fund are being retained at source (through county legislation) and spent outside the IFMIS system contrary to the provisions of the PFM Act 2012.
4. County Executive and County Assembly operate commercial bank accounts for all of their County established funds contrary to Section 82(1)(b) of the PFM (County Regulations) 2015, which requires all government bank accounts to be opened and operated at the Central Bank of Kenya.

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

1. The County leadership should address the high level of pending bills, while ensuring that only genuine bills are paid without delay in the remaining financial year period.
2. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
3. The County should institute mechanisms for proper budget formulation and expenditure of the County Health Services Facility Improvement Fund. This should be done to ensure the financial transactions of the FIF are captured in the IFMIS system.
4. The County Treasury should ensure that all the bank accounts for the County established funds are operated in the Central Bank of Kenya as per section 82(1)(a) of the PFM (County Regulations) 2015.

3.14 County Government of Kilifi

3.14.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.15.35 billion, comprising Kshs.5.79 billion (37.7 per cent) and Kshs.9.56 billion (62.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 2.6 per cent compared to the previous financial year when the approved second supplementary budget was Kshs.15.76 billion and comprised of Kshs.6.26 billion towards development expenditure and Kshs.15.76 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.64 billion (75.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.27 billion (8.3 per cent) from its own sources of revenue, Kshs.1.72 billion (11.2 per cent) as conditional grants, and a cash balance of Kshs.722.58 million (4.7 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.78.

3.14.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.76 billion as the equitable share of the revenue raised nationally, raised Kshs.661.68 million as own-source revenue, Kshs.872.36 million as conditional grants, and had a cash balance of Kshs.722.58 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.8.02 billion, as shown in Table 3.78: Kilifi County, Revenue Performance in the First Nine Months of FY 2022/23.

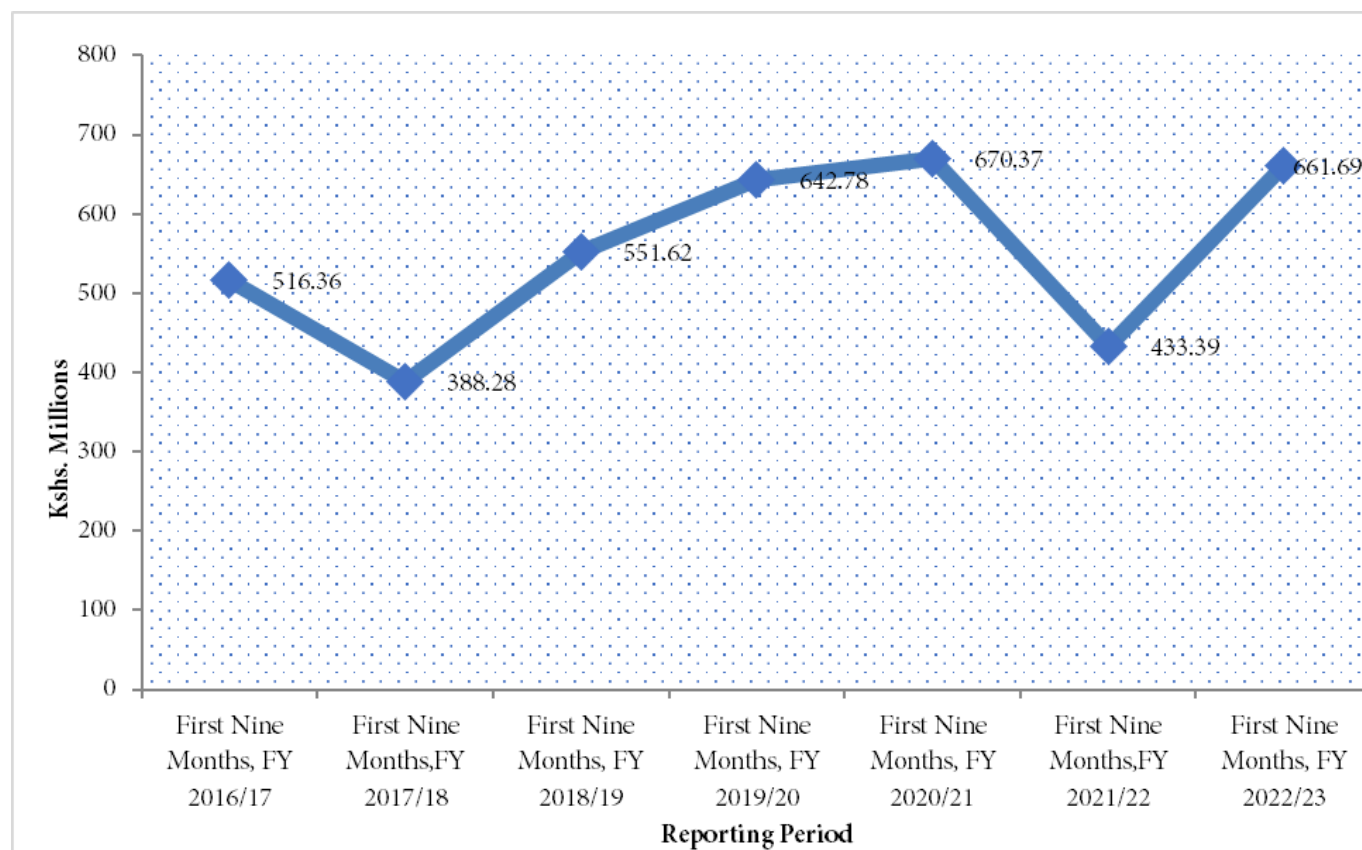
Table 3.78: Kilifi County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	5,762,588,506	49.5
Sub Total		11,641,592,941	5,762,588,506	49.5
B	Conditional Grants			
1	National Agriculture & Rural Inclusive Growth Project (NAGRIP)	328,154,152	282,617,605	86.1
2	Water & Sanitation Development Program (WSDP)	900,000,000	572,500,562	63.6
4	Agriculture Sector Development Support Program II (ASDP II)	11,235,089	6,242,200	55.6
5	World Bank Credit to Finance Locally-Led Climate Action Program	22,000,000	11,000,000	50.0
6	Leasing of Medical Equipment	110,638,298	-	-
7	DANIDA-Universal Health Care in Devolved System Program	33,598,125	-	-
8	Kenya Devolution Support Program II (KDSP)	37,044,750	-	-
9	Kenya Informal Settlement Improvement Project (KISIP)	200,000,000	-	-
10	Kenya Urban Support Program (KUSP)	3,534,477	-	-
11	World Bank Credit for National Agriculture Value Chain Development Project (NAVC-DP)	70,000,000	-	-
	Sub- Total	1,716,204,891	872,360,367	50.8
C	Other Sources of Revenue			
12	Own Source Revenue	1,271,385,905	661,686,660	52.0
13	Balance b/f from FY2021/22	722,581,977	722,581,977	100.0
Sub Total		1,993,967,882	1,384,268,637	69.4
Grand Total		15,351,765,714	8,019,217,510	52.2

Source: Kilifi County Treasury

Figure 3.40: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

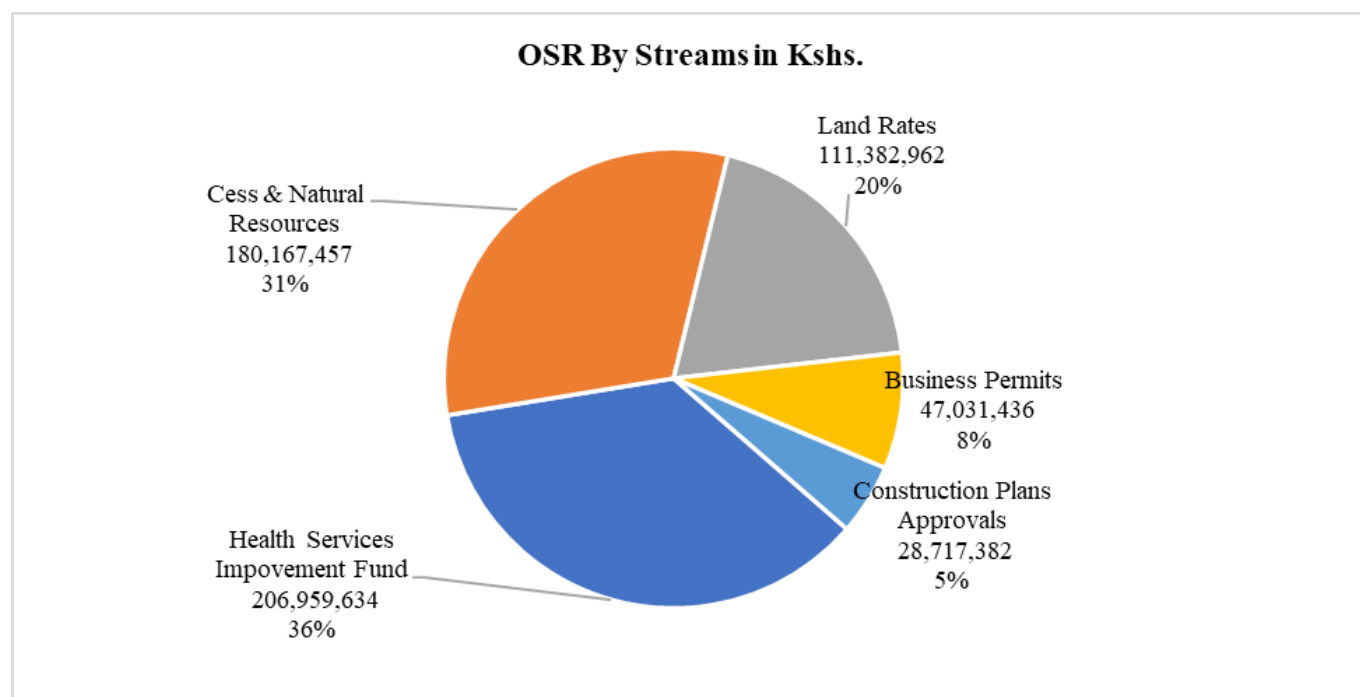
Figure 3.40: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kilifi County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.661.69 million from its own sources of revenue, which represented an increase of 52.7 per cent compared to Kshs.433.38 million realised in a similar period in FY 2021/22 and was 52 per cent of the annual target and 11.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.41: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.41: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kilifi County Treasury

The highest revenue stream of Kshs.206.96 million was from the health services improvement fund, contributing to 36 per cent of the total OSR collected during the reporting period.

3.14.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.47 billion from the CRF account during the reporting period. This amount comprised Kshs.1.35 billion (18.1 per cent) for development programmes and Kshs.6.12 billion (81.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.42 billion was released towards compensation to employees and Kshs.2.69 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.1.01 billion.

3.14.4 County Expenditure Review

The County spent Kshs.6.18 billion on development and recurrent programmes during the reporting period. This expenditure represented 82.7 per cent of the total funds released by the CoB and comprised Kshs.452.47 million and Kshs.5.73 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.8 per cent. In contrast, recurrent expenditure represented 59.9 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.3.12 billion, comprised of Kshs.1.75 billion for recurrent expenditure and Kshs.1.37 billion for development activities. During the period under review, pending bills amounting to Kshs.933.03 million were settled, consisting of Kshs.480.56 million for recurrent expenditure and Kshs.452.47 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.2.19 billion.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.24 billion on employee compensation, Kshs.1.86 billion on operations and maintenance, and Kshs.452.47 million on development activities. Similarly, the County Assembly spent Kshs.286.23 million on employee compensation and Kshs.341.56 million on operations and maintenance, as shown in Table 3.79: Summary of Budget and Expenditure by Economic Classification.

Table 3.79: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,556,636,953	900,000,000	5,104,417,102	627,788,119	53.4	69.8
Compensation to Employees	4,454,924,889	463,870,927	3,242,166,072	286,228,216	72.8	61.7
Operations and Maintenance	5,101,712,064	436,129,073	1,862,251,030	341,559,903	36.5	78.3
Development Expenditure	5,795,128,761	-	452,470,725	-	7.8	
Total	15,351,765,714	900,000,000	5,556,887,827	627,788,119	36.1	69.8

Source: Kilifi County Treasury

3.14.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.53 billion, or 44.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.8.02 billion. This expenditure represented an increase from Kshs.3.29 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.54 billion paid to health sector employees, translating to 43.7 per cent of the total wage bill.

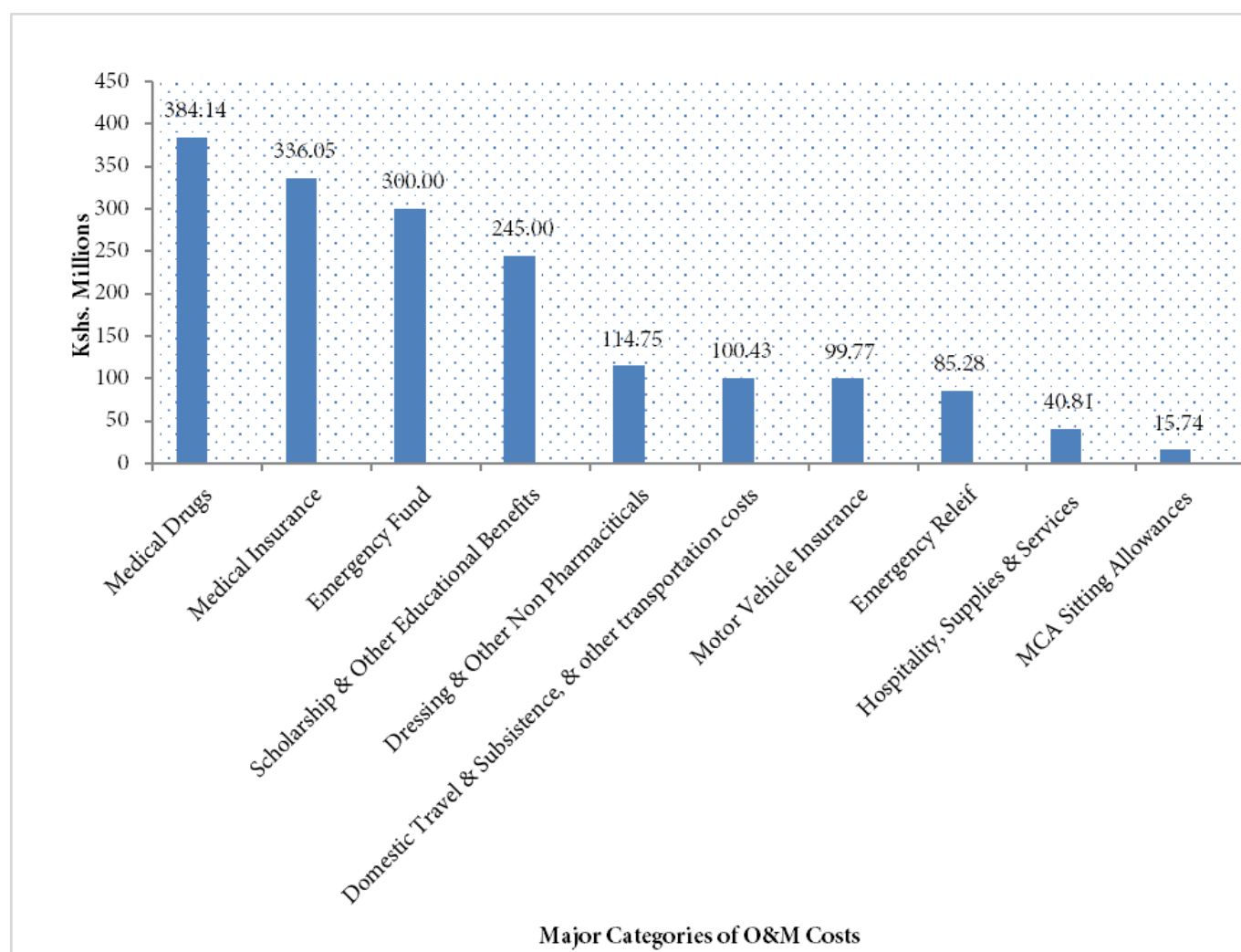
Further analysis indicates that PE costs amounting to Kshs.3.35 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.182.76 million was processed through manual payrolls. The manual payrolls accounted for 5.6 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.15.74 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.31.95 million. The average monthly sitting allowance was Kshs.31,801 per MCA. The County Assembly has established 23 Committees.

3.14.8 Expenditure on Operations and Maintenance

Figure 3.42: Kilifi County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.42: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: Kilifi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.100.43 million and comprised of Kshs.60.76 million spent by the County Assembly and Kshs.39.67 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.11 million by the County Assembly.

3.14.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.997 million to county-established funds in FY 2022/23, constituting 6.5 per cent of the County's overall budget. Table 3.80: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.80: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
County Executive Established Funds					
1.	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023
2.	Kilifi County Ward Scholarship Fund	350,000,000	212,370,094	175,000,000	Yes
3.	Kilifi County Emergency Fund	300,000,000	284,897,238	284,897,238	Yes
4.	Kilifi County Mbegu Fund	116,000,000	58,000,000	58,000,000	Yes
County Assembly Established Funds					
5.	Kilifi County Assembly Car Loan & Mortgage Fund	111,000,000	-	-	Yes
	Total	997,000,000	552,267,332	552,267,332	

Source: Kilifi County Treasury

During the reporting period, OCoB received all quarterly financial returns from Fund Administrators of all the funds, as indicated in Table 3.80: Performance of County Established Funds as of 31st March 2023.

3.14.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.452.47 million on development programmes, representing a decrease of 57.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.07 billion. Table 3.81: Kilifi County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.81: Kilifi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services	Kilifi County Health Complex (Phase II)	Kilifi County Headquarters	122,260,847	79,393,525	65
2	Roads & Public Works	Upgrading to Bitumen Standards of Kibao cha Fundisa Road	Adu	93,431,679	93,431,679	100
3	Roads & Public Works	Upgrading to Bitumen Standards of Mtondoni to Kwa Chief Road	Shimo la Tewa	38,971,683	38,971,683	100
4	Education	Completion of Mtomondoni Pre-Primary School	Shimo la Tewa	13,234,556	13,234,556	100
5	Lands & Physical Planning	Survey of Majengo Kanamai Road	Kanamai	9,890,800	9,890,800	100
6	Lands & Physical Planning	Survey of Minyenzini/Kalumani Adjunction Section	Minyenzini	9,880,880	9,880,880	100
7	Roads & Public Works	Completion of Grading & Graveling of Ganze Midodoni-Palakumi Road	Ganze	9,510,968	9,510,968	100
8	Education	Completion of 2nd Generation ECD Center at Kazurini Special School	Kaloleni	13,021,108	8,861,386	68.1
9	Medical Services	Construction of Soyo Soyo Dispensary	Soyo Soyo	7,000,000	7,000,000	100
10	Education	Completion of 2 ECD Classrooms at Ulaya Primary School	Garashi	4,564,814	4,564,814	100

Source: Kilifi County Treasury

3.14.11 Budget Performance by Department

Table 3.82: Kilifi County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.82: Kilifi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assem- bly	900.00	150.00	672.87	-	627.78	-	93.3	-	69.8	-
Office of the Governor	355.93	-	219.65	-	173.69	-	79.1	-	48.8	-
County Attorney	85.24	30.00	32.40	-	44.79	-	138.2	-	52.5	-
Finance	850.68	25.78	429.78	1.65	415.50	2.34	96.7	141.8	48.8	9.1
Economic Planning	72.39	-	8.35	-	26.41	-	316.3	-	36.5	-
Agriculture	65.40	591.22	53.29	194.54	33.08	13.83	62.1	7.1	50.6	2.3
Blue Economy					5.94	-				
Livestock	23.30	36.28	10.00	-	10.38	-	103.8	-	44.5	-
Fisheries	14.69	118.50	-	-	-	-	-	-	-	-
Water & Sanitation	51.44	1,568.27	20.05	636.34	-	-	-	-	-	-
Environment & Natural Resources	82.24	67.59	59.50	30.59	62.26	-	104.6	-	75.7	-
Education (Sports & Youth Affairs)	402.04	399.76	261.77	36.84	256.01	33.08	97.8	89.8	63.7	8.3
ICT	22.40	-	-	-	-	-	-	-	-	-
Medical Services	1,026.39	592.92	706.30	104.47	606.88	113.38	85.9	108.5	59.1	19.1
Public Health	100.18	55.39	34.66	-	9.09	-	26.2	-	9.1	-
Roads & Public Works	228.77	1,143.69	141.91	273.29	155.37	260.80	109.5	95.4	67.9	22.8
Lands and energy	370.79	345.19	205.40	15.05	181.32	11.48	88.3	76.3	48.9	3.3
Physical Planning & Urban Development	38.36	136.73	-	-	-	-	-	-	-	-
Gender, Culture & Social Services	66.35	274.33	28.76	-	24.19	-	84.1	-	36.5	-
Trade And Tourism	42.23	243.97	44.99	58.00	9.72	17.56	21.6	30.3	23.0	7.2
Cooperatives Devpt	7.33	-	-	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Board	63.69	-	4.78	-	5.27	-	110.3		8.3	-
Devolution & Disaster Service	226.72	15.47	91.55	-	92.17	-	100.7		40.7	-
Public Service Management	4,460.07	-	3,091.28	-	3,012.28	-	97.4		67.5	-
Total	9,556.63	5,795.09	6,117.29	1,350.77	5,752.13	452.47	94.0	32.7	60.2	7.6

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Roads & Public Works recorded the highest absorption rate of development budget at 22.8 per cent, followed by the Department of Medical Services at 19.1 per cent. The Department of Environment & Natural Resources had the highest percentage of recurrent expenditure to budget at 75.7 per cent, while the Department of Blue Economy did not incur any recurrent expenditure.

3.14.12 Budget Execution by Programmes and Sub-Programmes

Table 3.83: Kilifi County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.83: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Expenditure	Recurrent Expen- diture	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
AGRICULTURE							
	Administrative ser- vices	16,390,650	47,000,000	5,552,142	-	34	-
		16,390,650	47,000,000	5,552,142	-	34	-
		19,853,690	66,000,000	13,476,354	3,000,000	68	5
		19,853,690	66,000,000	13,476,354.	3,000,000	68	5
	Sub-programme	29,156,899	53,601,868	14,052,852	-	48	-
Sub Total		29,156,899	53,601,868	14,052,852		48	-
Sub Total		65,401,239	166,601,868	33,081,348	3,000,000	51	2
OFFICE OF THE GOVERNOR							
	Administrative ser- vices	53,089,348		17,372,787		33	
	Governance and na- tional values	302,838,227		156,312,325		52	
		355,927,575		173,685,112		49	
	Sub-Total	355,927,575		173,685,112		49	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Expenditure	Recurrent Expen- diture	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
Sub Total		355,927,575		173,685,112		49	
COUNTY ATTORNEY							
	P1.1: Administra- tion, Planning and Support Services	50,718,601	30,000,000	44,794,916	-	88	-
	SP. 2.1 Legal Repre- sentation and Coordinating Prosecution	28,312,959		-	-	-	
	SP.2.2 Legislative Drafting	6,054,000		-	-	-	
Sub Total		85,085,560	30,000,000	44,794,917	-	53	-
FINANCE	SP 1 Administration, Planning and Support Service	222,281,690	325,841,541	548,123,231	365,337,000	247	112
	SP 2.1. Budget For- mulation, Coordination and Manage- ment	20,712,337	17,615,250	38,327,587	16,465,598	185	93
	SP 2.2: Audit Ser- vices	11,100,000	30,116,195	41,216,195	4,340,308	371	14
	SP 2.3: Accounting Services	19,847,401	3,450,528	23,297,929	10,335,471	117	300
	SP 2.4: Public Pro- curement and Dis- posal Services	17,100,000	3,299,100	20,399,100	7,967,553	119	242
	SP 2.5: Resource Mo- bilisation	25,565,000	179,533,805	205,098,805	13,383,912	802	7
		316,606,428	559,856,419	876,462,847	417,829,842	277	75
Sub Total	316606428	559,856,419	876,462,847	417,829,842	458,633,004	75	52
GENDER, CULTURE, SOCIAL SERVICES, YOUTH AND SPORTS							
	SP1.1: General Ad- ministration, Plan- ning and Support services	23,678,555	1,443,243	22,235,312		94	-
	SP 2.1 Heritage Conservation Pro- gramme	3,680,320	270,757	3,409,563		93	-
	SP 4.3 Social Devel- opment and Child Affairs	34,251,121	-	34,251,121		100	
	SP 5.1 Sports Devel- opment	270,224,870	2,476,400	267,748,470		99	-
	SP 7.1 Library services	8,841,730	-	8,841,730		100	
Sub Total		340,676,596	4,190,400	336,486,196		99	-
PUBLIC SERVICE MAMANGEMENT							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Expenditure	Recurrent Expen- diture	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
	Administration, Planning and Support Services	4,451,769,213	-	3,011,991,506.		68	
	Sub Total	4,451,769,213	-	3,011,991,506		68	
	Human Resource Development	8,300,000		292,320		4	
	Sub-Total	8,300,000	-	292,320		4	
Sub Total		4,460,069,213	-	3,012,283,826		68	
ROADS, TRANSPORT & PUBLIC WORKS							
	Administrative Services	228,765,413	1,143,697,407	155,366,762	260,802,846	68	23
TRADE, TOURISM & COOPERATIVE DEVELOPMENT							
	SP1.1: General Administration, Planning and Support services	29,650,000	8,651,573	20,998,427		71	-
P2: Trade Development and Promotion	SP2.1:Market Development	2,200,000	19,700	2,180,300		99	-
	SP2.2:Fair Trade & Consumer Protection	2,500,000	618,800	1,881,200		75	-
	SP2.3:Trade Development	221,220,420	17,997,653	203,222,767		92	-
	SP2.4: Investment Promotion	-	-	-			
P3: Cooperative Development & Mgt	SP3.1Promotion of Cooperatives	19,100,000	-	19,100,000		100	
	SP3.2 Cooperative Governance & Advisory	5,000,000	-	5,000,000		100	
	SP3.3: Cooperative Marketing & Value Addition	4,300,568	-	4,300,568		100	
	SP3.4Cooperative, Education Research & Development	-	-	-			
P4. Tourism Development and Promotion	SP4.1Tourism Promotion & Marketing	2,400,000	-	2,400,000		100	
	SP4.2Niche Tourism Products Development & Diversification	14,050,000	-	14,050,000		100	
	SP4.4: Tourism Training & Capacity Building	878,784	-	878,784		100	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Expenditure	Recurrent Expen- diture	Development Expenditure	Recur- rent Expendi- ture	Development Expenditure
		9,556,636,953	5,795,128,761	5,104,417,102	441,647,387	53.4	8

Source: Kilifi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Training and Capacity Building in the Department of Trade Development & Promotion at 100 per cent, Library Services in the Department of Gender, Social Services, Youth & Sports at 100 per cent, Trade, Tourism & Cooperative Development at 99.1 per cent in the Department of Trade, Tourism, & Cooperative Development at and General administration in the department of Trade, Tourism & Cooperative Development at 70.8 per cent of budget allocation.

3.14.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 24/4/2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.82: Kilifi County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. High pending bills amounting to Kshs.2.19 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.1.01 billion at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.182.76 million were processed through the manual payroll, accounting for 5.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Inconsistencies in financial reporting: The expenditures by program and sub-programs do not tally with the expenditure reporting of departments and the report on expenditure by economic classification.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.
4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
5. The County Treasury should ensure there is consistency in financial reporting, both in expenditure by programs and subprograms and expenditure reporting by departments.

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.12 billion, comprising Kshs.2.19 billion (30.8 per cent) and Kshs.4.92 billion (69.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 8.2 per cent compared to the previous financial year when the approved budget was Kshs.7.71 billion and comprised of Kshs.3.17 billion towards development expenditure and Kshs.4.53 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.19 billion (73.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.550 million (7.7 per cent) from its own source of revenue, Kshs.435.98 million (6.1 per cent) as conditional grants, and a cash balance of Kshs.940.39 million (13.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.84.

3.15.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.57 billion as the equitable share of the revenue raised nationally, raised Kshs.439.87 million as own-source revenue, Kshs.8.10 million as conditional grants, and had a cash balance of Kshs.940.39 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.96 billion, as shown in Table 3.84: Kirinyaga County, Revenue Performance in the First Nine Months of FY 2022/23.

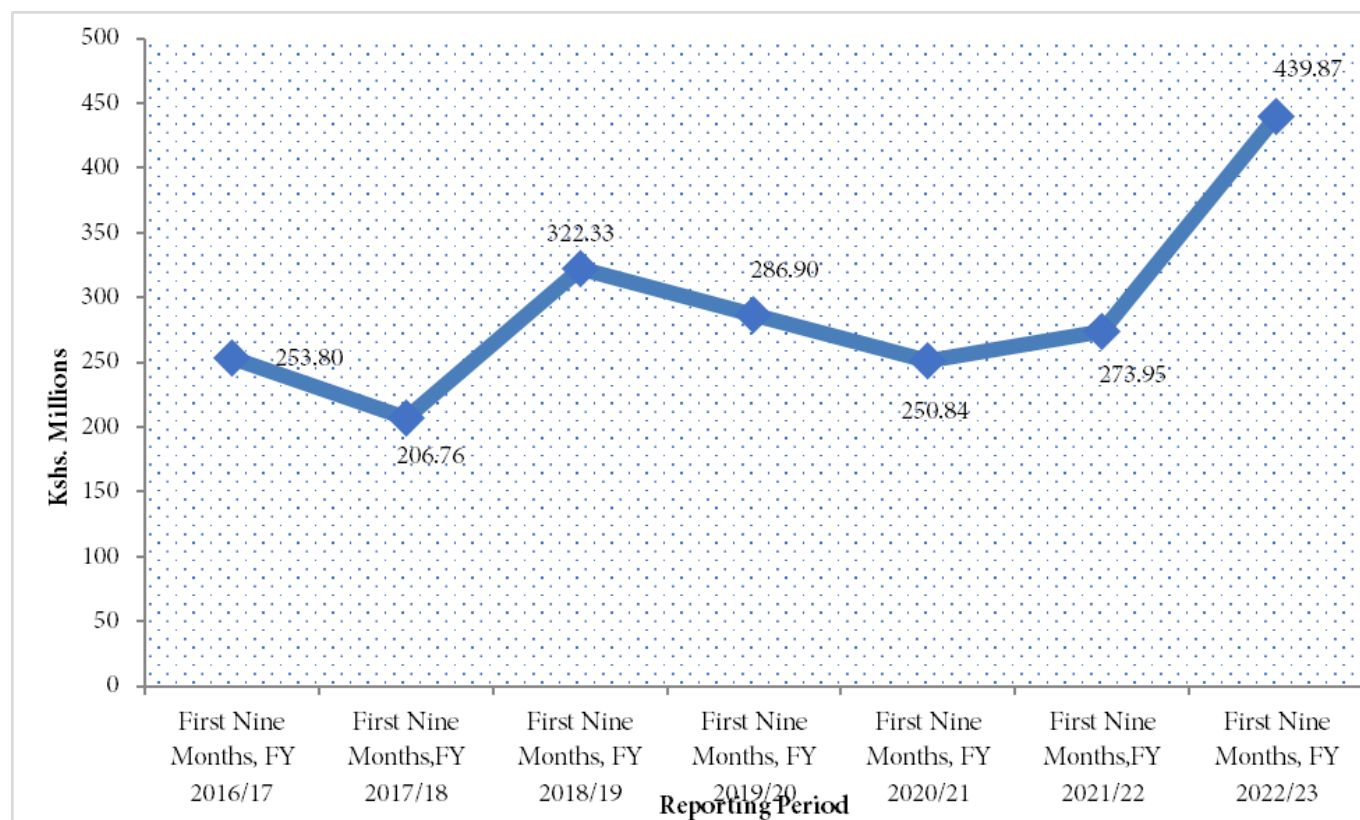
Table 3.84: Kirinyaga County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	2,572,108,085	49.5
Sub Total		5,196,177,952	2,572,108,085	49.5
B	Conditional Grants			
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	344,612,512	-	-
2	DANIDA Grant	8,937,800	-	-
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	9,324,972	8,108,733	87.0
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	51,104,534	-	-
5	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	-	-
	Sub-Total	435,979,818	8,108,733.00	1.9
C	Other Sources of Revenue			
6	Own Source Revenue	550,000,000	439,870,609	80.0
7	Balance b/f from FY2021/22	940,390,660	940,390,660	100.0
Sub Total		1,490,390,660	1,380,261,269	92.6
Grand Total		7,122,548,430	3,960,478,087	55.6

Source: Kirinyaga County Treasury

Figure 3.43: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

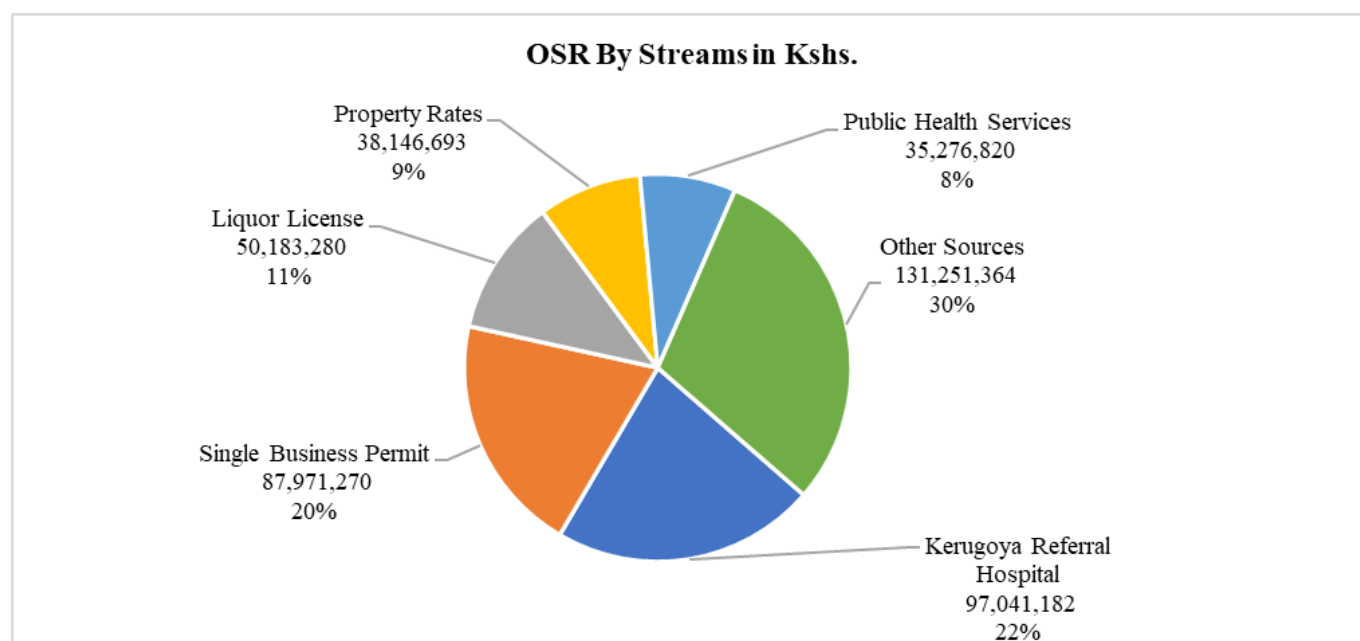
Figure 3.43: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kirinyaga County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.439.87 million from its own sources of revenue. This amount represented an increase of 60.6 per cent compared to Kshs.273.95 million realised in a similar period in FY 2021/22 and was 80.0 per cent of the annual target and 11.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.44: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.44: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kirinyaga County Treasury

The highest revenue stream of Kshs.97.04 million was from Kerugoya Referral Hospital, contributing to 22 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.159.65 million representing 36.3 per cent of the overall OSR in the first nine months of FY 2022/23.

3.15.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.15 billion from the CRF account during the reporting period. This amount comprised Kshs.426.23 million (13.5 per cent) for development programmes and Kshs.2.72 billion (86.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.94 billion was released towards compensation to employees, Kshs.782.81 million was for Operations and Maintenance expenditure, while Kshs.426.23 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.270.99 million.

3.15.4 County Expenditure Review

The County spent Kshs.3.15 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.0 per cent of the total funds released by the CoB and comprised Kshs.426.33 million and Kshs.2.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.4 per cent. In contrast, recurrent expenditure represented 55.3 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.801.12 million, comprised of Kshs.441.41 million for recurrent expenditure and Kshs.359.72 million for development activities. During the period under review, pending bills amounting to Kshs.409.72 million were settled, consisting of Kshs.210.52 million for recurrent expenditure and Kshs.199.21 million for development programmes, and therefore, the outstanding amount as of 31st March 2023 was Kshs.391.41 million.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.72 billion on employee compensation, Kshs.556.81 million on operations and maintenance, and Kshs.426.33 million on development activities. Similarly, the County Assembly spent Kshs.218.56 million on employee compensation and Kshs.225.99 million on operations and maintenance, as shown in Table 3.85: Summary of Budget and Expenditure by Economic Classification.

Table 3.85: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,245,284,677	681,635,622	2,279,514,348	444,555,487	2,279,514,348	444,555,487	53.7	65.2
Compensation to Employees	2,666,608,688	320,675,652	1,722,699,065	218,561,137	1,722,699,065	218,561,137	64.6	68.2
Operations and Maintenance	1,578,675,989	360,959,970	556,815,282	225,994,350	556,815,282	225,994,350	35.3	62.6
Development Expenditure	2,157,210,891	38,417,240	426,233,775	-	426,233,775	-	19.8	-
Total	6,402,495,568	720,052,862	2,705,748,123	444,555,487	2,705,748,123	444,555,487	42.3	61.7

Source: Kirinyaga County Treasury

3.15.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.94 billion, or 49.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.96 billion. This expenditure represented a decrease from Kshs.2.01 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.05 billion paid to health sector employees, translating to 54.1 per cent of the total wage bill.

Further analysis indicates that PE costs show that Kshs.1.78 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.160.52 million was processed through manual payrolls. The manual payrolls accounted for 8.3 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.4.46 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.48.59 million. The average monthly sitting allowance was Kshs.15,048 per MCA. The County Assembly has established 24 Committees.

3.15.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.248.93 million to county-established funds in FY 2022/23, constituting 0.9 per cent of the County's overall budget.

Table 3.86 summarises each established Fund's budget allocation and performance during the reporting period.

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	County Emergency Fund	8,000,000	-	-	Yes
2	County Bursary Fund	108,200,000	-	2,879,240	Yes
3	Executive Car Loan and Mortgage Fund	31,300,000	17,000,000	50,008,016	Yes
County Assembly Established Funds					
4	County Assembly Car Loans and Mortgage Fund	101,428,343	50,000,000	23,868,775.15	Yes
	Total	248,928,343	67,000,000	76,756,031.44	

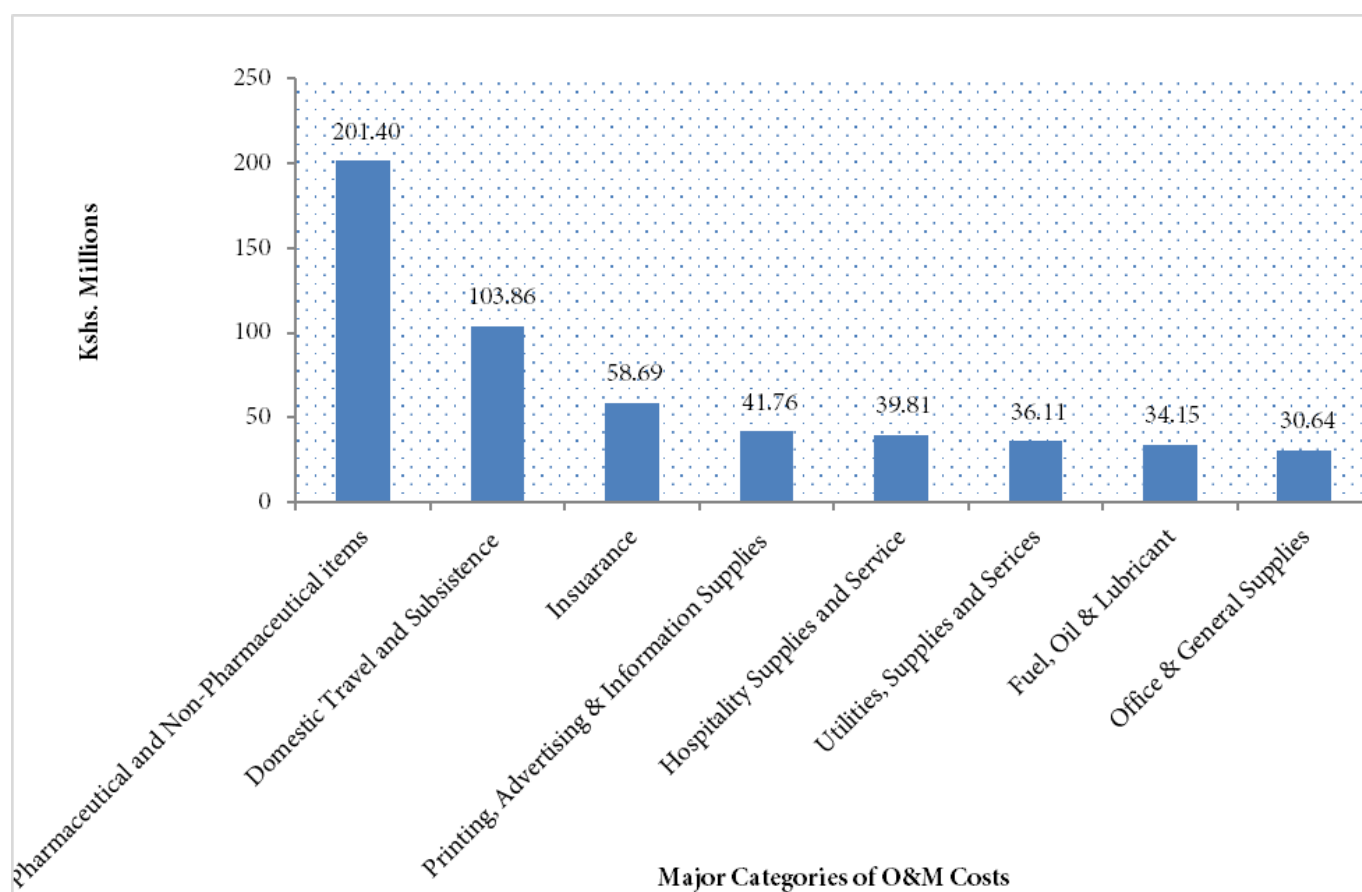
Source: Kirinyaga County Treasury

The OCoB received all quarterly financial returns from Fund Administrators during the reporting period, as indicated in Table 3.86 summarises each established Fund's budget allocation and performance during the reporting period..

3.15.9 Expenditure on Operations and Maintenance

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

Figure 3.45: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.103.86 million and comprised of Kshs.75.78 million spent by the County Assembly and Kshs.28.07 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.59 million and comprised of Kshs.11.45 million by the County Assembly and Kshs.5.14 million by the County Executive.

3.15.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.426.33 million on development programmes, representing a decrease of 51.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.879.20 billion. Table 3.87: Kirinyaga County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.87: Kirinyaga County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum	Budget	FY 2022-23 Expenditure (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services and Public Health	Completion of Construction of the medical complex	Kerugoya ward	1,474,988,910	154,240,577	119,420,272	1,241,751,834	84

No.	Sector	Project Name	Project Location	Contract sum	Budget	FY 2022-23 Expenditure (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
2	Transport and Infrastructure	Proposed Construction Of Wanguru Town Parking Spaces, Street Roads, Walkways And Associated Works. Cgk/Scm/Tr&Pw/001/2021-2022	Tebere Ward	135,745,230	67,282,258	42,113,106	110,576,078	81
3	County Executive	Construction of Governors residence	Kabare Ward	52,221,158	45,000,000	39,982,215	39,982,215	77
4	Medical Services and Public Health	Upgrading of Kianyaga Level 4 Hospital	Baragwi Ward	288,561,930	84,864,903	36,596,134	87,325,967	30
5	Medical Services and Public Health	Upgrading of Kimbimbi Level 4 Hospital	Nyangati Ward	288,561,930	84,867,903	33,265,080	78,447,814	27
6	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY2022/23	County Wide	344,612,512	344,612,512	27,156,162	27,156,162	8
7	Transport and Infrastructure	Construction of a security perimeter wall with electric fencing on 5 acres of land to secure the official residence and the County official functions & events facility	Kabare Ward	18,984,750	25,000,000	19,601,096	15,366,658	81
		Being payment for spot improvement of the access road to the official residence of HE governor near Thiba dam	Kabare Ward	4,234,438			4,234,438	100
8	Transport and Infrastructure	Spot improvement of njagi gachi-ni-mukui-kenya assemblies of God kondo-true vine gospel church-karia gatome maendeleo coucillor gachoki kerugoya boys road	Kerugoya	18,359,088	127,349,086	18,359,088	18,359,088	100
9	Transport and Infrastructure	Spot improvement of kirigo- starwood kibingo road- kiaritha road	Kerugoya	16,690,428		16,690,428	16,690,428	100
10	Transport and Infrastructure	Spot improvement of riakaregi macere nduru githunguri kabumbu gkarara kwa mugambi mbabya and mukithi road	Kerugoya	16,834,523		16,834,523	16,834,523	100

No.	Sector	Project Name	Project Location	Contract sum	Budget	FY 2022-23 Expenditure (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
11	Transport and Infrastructure	Spot improvement of kimandi area kwa miraro munanda ngunyi njagi roads	Kerugoya	13,664,575		13,664,575	13,664,575	100

Source: Kirinyaga County Treasury

3.15.11 Budget Performance by Department

Table 3.88: Kirinyaga County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.88: Kirinyaga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	232.90	420.11	143.61	27.16	143.61	27.16	100.0	100.0	61.7	6.5
Cooperative Development Trade and Tourism	42.84	13.50	23.07	-	23.07	-	100.0	-	53.9	-
County Assembly	681.64	38.42	444.56	-	444.56	-	100.0	-	65.2	-
County Executive	548.98	251.45	227.75	85.76	227.75	85.76	100.0	100.0	41.5	34.1
Education	388.23	4.30	149.46	-	149.46	-	100.0	-	38.5	-
Environment and Natural Resources	130.49	72.84	69.24	-	69.24	-	100.0	-	53.1	-
Finance and Economic Planning	608.65	19.21	230.71	-	230.71	-	100.0	-	37.9	-
Gender and Youth	51.67	42.13	22.61	-	22.61	-	100.0	-	43.8	-
Medical Services and Public Health	2111.61	782.65	1323.07	193.48	1323.07	193.48	100.0	100.0	62.7	24.7
Physical Planning and Housing	33.97	78.08	17.17	-	17.17	-	100.0	-	50.5	-
Sports Culture and Social Services	21.21	8.47	9.47	-	9.47	-	100.0	-	44.7	-
Transport and Infrastructure	74.73	464.48	63.35	119.83	63.35	119.83	100.0	100.0	84.8	25.8
Total	4,926.92	2,195.63	2,724.07	426.23	2,724.07	426.23	100.0	100.0	55.3	19.4

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of the County Executive recorded the highest absorption rate of development budget at 34.1 per cent, followed by the Department of Transport and Infrastructure at 25.8 per cent. The Department of Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 84.8 per cent, while the Department of Education had the lowest at 38.5 per cent.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 3.89: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.89: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and Oversight	Legislation and Oversight	681,635,622	38,417,240	444,555,487		65.2	-
Sub Total		681,635,622	38,417,240	444,555,487	-	65.2	-
County Executive							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of the Governor and Deputy Governor	070601 County Executive Services	365,594,668	-	167,169,660	-	45.7	-
County Executive Administration	070701 County Executive Services	-	251,446,624	-	85,761,437	-	34.1
Management of County Affairs	070801 Coordination of County Functions	137,652,000	-	40,840,933	-	29.7	-
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000	-	343,600	-	5.5	-
County Public Service Board	071001 Human Resource Management	14,906,040	-	7,685,050	-	51.6	-
Administrative Support Services	020202 ICT Governance	3,480,000	-	2,152,500	-	61.9	-
	020701 Government Buildings Services	2,567,000	-	1,329,000	-	51.8	-
	070411 Audit Committee	1,919,000	-	51,000	-	2.7	-
	070412 County Enforcement Activities	4,185,000	-	400,000	-	9.6	-
	070413 ICT Infrastructure Development Management	10,958,800	-	7,046,000	-	64.3	-
	070414 ICT Systems Development Management	1,522,000	-	732,500	-	48.1	-
Sub Total		548,984,508	251,446,624	227,750,243	85,761,437	41.5	34.1
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	547,349,550	19,210,510	191,611,576	-	35.0	-
	070402 Revenue Services	17,300,000	-	10,687,823	-	61.8	-
	070404 Procurement and Supply Services	9,770,000	-	6,752,475	-	69.1	-
	070405 Internal Audit Services	1,718,200	-	50,000	-	2.9	-
	070408 Budget Formulation, Coordination and Management	8,970,920	-	6,396,800	-	71.3	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	070409 Accounting Services	7,945,000	-	4,513,500	-	56.8	-
County Planning and Economic Policy Management	070501 Economic Planning Services	15,599,000	-	10,701,842	-	68.6	-
Sub Total		608,652,670	19,210,510	239,278,756	-	39.3	-
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,111,605,163	782,650,068	1,323,071,250	193,482,589	62.7	24.7
Sub Total		2,111,605,163	782,650,068	1,314,506,510	193,482,589	62.3	24.7
Education						-	-
Basic Education	050101 General Administration	380,114,905	-	149,258,443	-	39.3	-
	050102 Free Pre-Primary Education	7,440,000	-	151,500	-	2.0	-
State Education Function Support	050203 Tertiary Education	-	4,300,000	-	-	-	-
Technical and Vocational Training	050301 Village Polytechnique	678,500	-	49,200	-	7.3	-
Sub Total		388,233,405	4,300,000	149,459,143	-	38.5	-
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	-	-	-	-
	010105 Live-stock Production Management	2,480,000	-	1,088,104	-	43.9	-
	010106 Live-stock Disease Management & Control	1,200,000	-	26,000	-	2.2	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	-	364,224		24.3	-
	010203 Agribusiness and Market Development	320,000	-	2,500		0.8	-
	010206 Land and Crop Development	1,331,000	-	707,032		53.1	-
	010207 Food Security Initiatives	400,000	-	-		-	-
Kamweti Agricultural Training Centre	Extension and Training	-	-	-		-	-
Fisheries Development	010402 Aquaculture Development	200,000	-	-		-	-
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	295,000		54.3	-
	011001 General Administration and Planning	224,623,628	420,106,201	141,124,521	27,156,162	62.8	6.5
Sub Total		232,902,628	420,106,201	143,607,381	27,156,162	61.7	6.5
Gender and Youth							
Culture	090702 Social Welfare Services	18,687,000	-	8,759,750	-	46.9	-
	091201 Gender Administration Services	30,821,210	-	13,514,896	-	43.8	-
	091301 Gender and Social Development	1,490,000.00	42,133,334.00	310,000	-	20.8	-
Youth	090901 Youth Development and Empowerment Services	670,000.00	-	30,000	-	4.5	-
Sub Total		51,668,210	42,133,334	22,614,646	-	43.8	-
Sports Culture and Social Services							
Sports	090701 General Administration	12,721,217	-	8,138,117	-	64.0	-
	090801 Development of Sports and Sports Facilities	-	8,466,666	-	-	-	-
	091401 Management & Development of Sports and Sports Facilities	1,905,000	-	141,100	-	7.4	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	774,500	-	50.0	-
	091701 Pres-ervation & Promotion of Heritage and Culture	248,800	-	-	-	-	-
Children Services	091101 Child Community Support Services	4,784,000.00	-	417,706	-	8.7	-
Sub Total		21,208,017	8,466,666	9,471,423	-	44.7	-
Cooperative Development Trade and Tourism							
Trade Devel- opment and Investment	030401 General Administration and Planning	38,349,441	-	22,567,855	-	58.8	-
	030103 Capac-ity Building for Traders and SMEs	1,077,000	-	-	-	-	-
	030104 promo-tion, Develop-ment & Growth of Trade	354,000	-	-	-	-	-
	030105 Fair Trade Practises and Consumer Protection	205,000	-	-	-	-	-
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	85,000	-	43.5	-
	030304 Interna-tional Tourism Promotion and Marketing	310,000	-	84,400	-	27.2	-
	030305 Promo-tion of Industri-al Development	1,268,500	-	14,000	-	1.1	-
	030306 Provi-sion of Industri-al Training	140,000	-	-	-	-	-
Cooperative Development and Marketing	030101 General Administration & Planning	-	13,500,000	-	-	-	-
	030405 Cooper-ative Advisory and Extension Services	295,000	-	44,000	-	14.9	-
	030406 Cooper-ative Education and Training	416,000	-	247,000	-	59.4	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	030407 Coop-erative Gov-ernance and Accountability	159,000	-	30,000	-	18.9	-
Cooperative Audit Services	030603 Inspec-tions and In-vestigations for Cooperatives	70,000	-	-	-	-	-
Sub Total		42,839,441	13,500,000	23,072,255	-	53.9	-
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	-	72,836,666	-	-	-	-
Energy Programme	090301 Energy Services	405,000	-	13,750	-	3.4	-
Cleaning and Waste Management	090502 Environ-ment Man-agement and Protection	675,800	-	180,200	-	26.7	-
Environment Management and Protection	100401 Environ-ment Man-agement and Protection	22,000,000	-	-	-	-	-
Nema	090401 Waste Management Services	107,408,439	-	69,049,030	-	64.3	-
Sub Total		130,489,239	72,836,666	69,242,980	-	53.1	-
Lands, Housing and Urban Development							
Land and Physi-cal Planning	010601 General Administration and Planning	29,853,028	-	16,318,461	-	54.7	-
	010604 County Spatial Planning	3,190,000	-	601,970	-	18.9	-
	010605 Town Zoning and Mapping	-	78,079,534	-	-	-	-
	010607 Survey and Mapping	505,000	-	60,000	-	11.9	-
Housing Development	010701 Im-provement and Development of Human Settle-ments	420,000	-	184,800	-	44.0	-
Sub Total		33,968,028	78,079,534	17,165,231	-	50.5	-
Transport and Infrastructure							
Transport Man-agement	020301 General Administration and Planning	61,511,285	-	55,097,205	-	89.6	-
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	1,818,283	-	81.8	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	464,481,288	150,000	119,833,586.50	11.5	25.8
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	-	6,280,294	-	64.7	-
Sub Total		74,733,368	464,481,288	63,345,782	119,833,587	84.8	25.8
Grand Total		4,926,920,299	2,195,628,131	2,724,069,835	426,233,775	55.3	19.4

Source: Kirinyaga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Planning in the Department of Transport and Infrastructure at 89.6 per cent, Fire Fighting and Emergency Services in the Department of Transport and Infrastructure at 81.8 per cent, Budget Formulation, Coordination and Management in the Department of Finance and Economic Planning at 71.3 per cent, and Procurement and Supply Services Management in the Department of Finance and Economic Planning at 69.1 per cent of budget allocation.

3.15.13 Key Observations and Recommendations

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

1. High pending bills amounting to Kshs.391.41 million as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.270.98 million at the end of the first nine months of FY 2022/23.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.160.52 million were processed through the manual payroll, accounting for 8.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.
2. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.16 County Government of Kisii

3.16.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.11 billion, comprising Kshs.3.29 billion (29.6 per cent) and Kshs.7.82 billion (70.4 per cent) allocation for development and recurrent programmes, respectively. The approved supplementary budget estimate represents a decrease of 11.7 per cent compared to the previous financial year when the approved supplementary budget was Kshs.12.59 billion and comprised of Kshs.4.09 billion towards development expenditure and Kshs.8.5 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.89 billion (80.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.750 million (6.7 per cent) from its own sources of revenue, Kshs.412.43 million as conditional grants, and a cash balance of Kshs.1.06 billion (9.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.90.

3.16.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.40 billion as the equitable share of the revenue raised nationally, raised Kshs.252.07 million as own-source revenue, Kshs.152.31 million as conditional grants, and had a cash balance of Kshs.792.33 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.6 billion, as shown in Table 3.90: Kisii County, Revenue Performance in the First Nine Months of FY 2022/23.

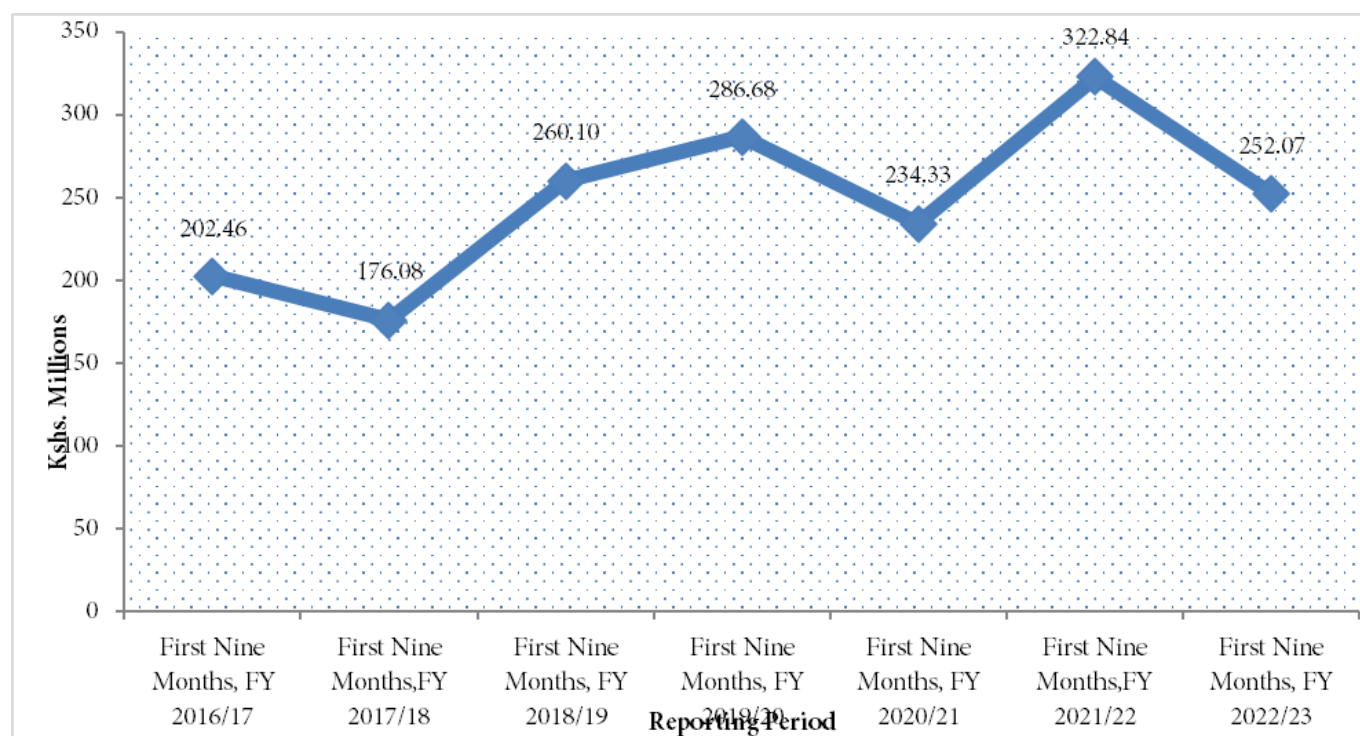
Table 3.90: Kisii County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,894,274,509	4,403,087,191	49.5
Sub total		8,894,274,509	4,403,087,191	49.5
B	Conditional Grants			
1.	Leasing of Medical Equipment	110,638,298	-	-
2.	DANIDA	25,045,875	-	-
3.	Finance for Locally-Led Climate Action Program (FLLo-CA)	22,000,000	11,000,000	50.0
4.	Agriculture Sector Development Support Program - ASDSP	10,517,407	-	-
5.	National Agricultural and Rural Inclusive Project	171,890,010	141,307,394	82.2
6.	National Agricultural Value Chain Development Project (NAVCDP)-World Bank credit	70,000,000	-	-
7.	Kenya Urban Support Programme (KUSP)	2,339,915	-	-
Sub total		412,431,505	152,307,394	36.9
C	Other Sources of Revenue			
1.	Own Source Revenue	750,000,000	252,067,641	33.6
2.	Unspent balance from FY 2021/22	1,057,149,481	792,330,286	74.9
Sub Total		1,807,149,481	1,044,397,927	57.8
Grand Total		11,113,855,495	5,599,792,512	50.4

Source: Kisii County Treasury

Figure 3.46: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

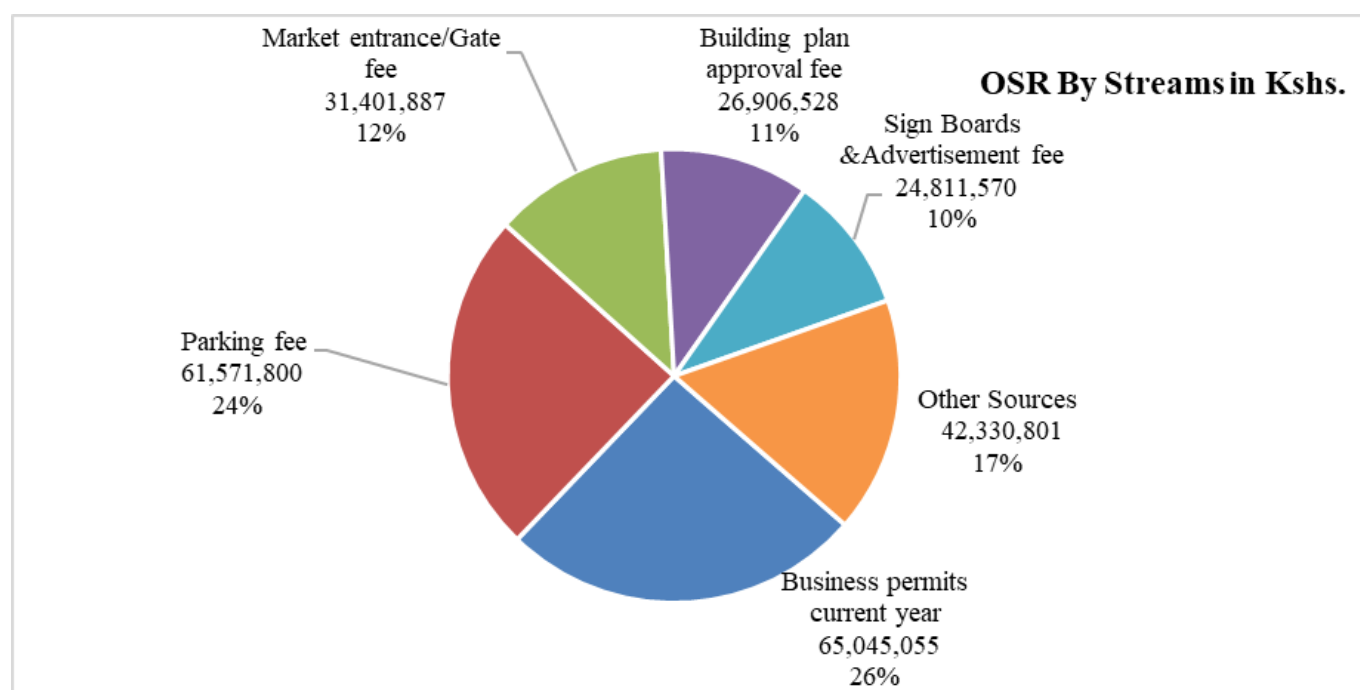
Figure 3.46: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kisii County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.252.07 million from its own sources of revenue. This amount represented a decrease of 21.9 per cent compared to Kshs.322.84 million realised in a similar period in FY 2021/22 and was 33.6 per cent of the annual target and 5.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.47: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.47: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kisii County Treasury

The highest revenue stream of Kshs.65.05 million was from business permits for the current year contributing to 26 per cent of the total OSR collected during the reporting period.

3.16.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.80 billion from the CRF account during the reporting period. This amount comprised Kshs.269.59 million (5.6 per cent) for development programmes and Kshs.4.53 billion (94.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.69 billion was released towards compensation to employees, Kshs.843.33 million was for Operations and Maintenance expenditure, while Kshs.269.59 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.794.31 million.

3.16.4 County Expenditure Review

The County spent Kshs.4.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.1 per cent of the total funds released by the CoB and comprised Kshs.114.69 million and Kshs.4.51 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.5 per cent. In contrast, recurrent expenditure represented 57.5 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.46 billion, comprised of Kshs.394.77 million for recurrent expenditure and Kshs.1.07 billion for development activities. During the period under review, pending bills amounting to Kshs.180.85 million were settled, consisting of Kshs.76.54 million for recurrent expenditure and Kshs.104.3 million for development programmes, and therefore, the outstanding amount as of 31st March 2023 was Kshs.1.28 billion.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.4 billion on employee compensation, Kshs.581.4 million on operations and maintenance, and Kshs.92.6 million on development activities. Similarly, the County Assembly spent Kshs.287 million on employee compensation, Kshs.241.7 million on operations and maintenance, and Kshs.22.1 million on development activities, as shown in Table 3.91:

Summary of Budget and Expenditure by Economic Classification.

Table 3.91: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,429,532,061	1,390,629,982	3,982,998,527	528,631,184	61.9	38.0
Compensation to Employees	4,965,798,150	550,655,607	3,401,619,545	286,966,899	68.5	52.1
Operations and Maintenance	1,463,733,911	839,974,375	581,378,982	241,664,285	39.7	28.8
Development Expenditure	3,174,342,987	119,350,465	92,560,019	22,127,103	2.9	18.5
Total	9,603,875,048	1,509,980,447	4,075,558,546	550,758,287	42.4	36.5

Source: Kisii County Treasury

3.16.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.69 billion, or 65.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.6 billion. This expenditure represented a decrease from Kshs.3.85 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.74 billion paid to health sector employees, translating to 47.2 per cent of the total wage bill.

Further analysis indicates that PE costs show that payments amounting to Kshs.3.65 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.39.86 million was processed through manual payrolls. The manual payrolls accounted for 1.1 per cent of the total PE cost. They were attributed

to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.14.7 million on committee sitting allowances for the 71 MCAs and the Speaker against the annual budget allocation of Kshs.46.0 million. The average monthly sitting allowance was Kshs.22,947 per MCA. The County Assembly has established 20 Committees.

3.16.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.390 million to county-established funds in FY 2022/23, constituting 3.5 per cent of the County's overall budget. Table 3.92: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.92: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Revised Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Kisii County Bursary Fund	145,000,000	-	-	Yes
2.	County Emergency Fund	15,000,000	-	-	No
3.	Car and Mortgage Fund	30,000,000	-	-	No
County Assembly Established Funds					
4.	Kisii County Assembly Members Loans and Mortgage Fund	200,000,000	50,000,000	50,000,000	Yes
	Total	390,000,000	50,000,000	50,000,000	

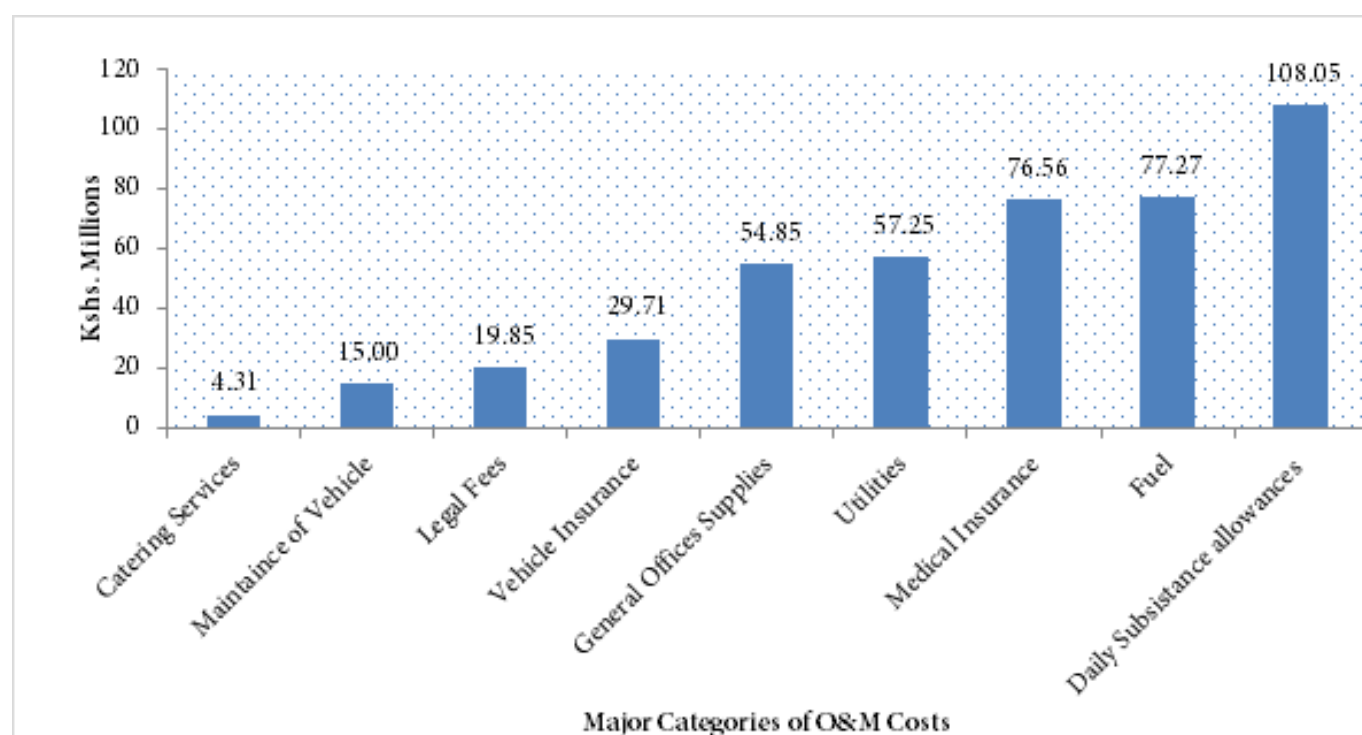
Source: Kisii County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Emergency Fund and the Executive Car & Mortgage Fund, as indicated in Table 3.92: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.16.9 Expenditure on Operations and Maintenance

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

Figure 3.48: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: Kisii County Treasury

During the period, expenditure on domestic travel amounted to Kshs.205.31 million and comprised of Kshs.116.52 million spent by the County Assembly and Kshs.88.79 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.41 million and comprised of Kshs.1.9 million by the County Assembly and Kshs.4.5 million by the County Executive. A breakdown of “other operating expenses” is shown below.

No.	Item Description	Expenditure (Kshs.)
1	Membership fees, dues and subscriptions to professional and trade bodies	1,510,740
2	Security operations/ allowances	10,632,000
3	Legal fees	6,502,751
4	Purchase of office furniture	350,000
5	Contracted guards and cleaning services	32,810,000
6	Contracted professional services	10,500,000
7	Ward office expenses	5,816,604
8	Contracted Technical services	11,672,691
	Total	79,794,786

Source: Kisii County Treasury

3.16.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.114.69 million on development programmes, representing a decrease compared to a similar period in FY 2021/22 when the County spent Kshs.1.30 billion. Table 3.93: Kisii County, List of Development Projects with the Highest Expenditure.

Table 3.93: Kisii County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	County Health Services	Upgrade of Kiamwasi Health Center	Kiamwasi	12,230,483	7,019,539	57	Ongoing
2	Energy, Water, Environment and Natural Resources	Rehabilitation of the upper Nyanchwa line to extend the water line from Milimani Tanks to Nyanchwa Tank and surroundings	Kisii Town	20,049,865	3,975,000	20	Complete
3	Roads and Public Works	Repair and Maintenance of Entake Junction- Riorangi Road	Bomariba	3,946,378	3,944,174	100	Complete
4	Roads and Public Works	Repair and Maintenance of Embassy-Nyakobaria Road	Mosocho	3,004,197	2,999,180	100	Complete
5	Roads and Public Works	Repair and Maintenance of Kiambori Riverside Road	Bogetenga	3,000,000	2,997,842	100	Complete
6	Roads and Public Works	Nyamokomba- Nyagesenda	Sensi	3,000,000	2,760,568	92	Complete
7	Energy, Water, Environment and Natural Resources	Construction of Etanda Water Project	Marani	5,701,000	2,722,700	48	Ongoing
8	County Health Services	Maintenance of Assorted Equipment at County Health Services	All wards	17,447,001	2,653,077	15	Complete
9	Energy, Water, Environment and Natural Resources	Construction of Rioma Market Borehole	Marani	3,396,500	2,636,500	78	Ongoing
10	Energy, Water, Environment and Natural Resources	Construction of Gionseri Water Project Phase11	Masige West	2,499,900	2,300,000	92	Complete

Source: Kisii County Treasury

3.16.11 Budget Performance by Department

Table 3.94: Kisii County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.94: Kisii County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1390.63	119.4	528.63	22.13	528.63	22.13	100.0	100.0	38.0	18.5
Office of the Governor	412.13	23.0	236.64	-	230.83	-	97.5	-	56.0	-
Finance and Economic Planning	931.43	77.5	628.62	2.32	621.40	2.32	98.9	100.0	66.7	3.0

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
Agriculture, Livestock, Fisheries and Co- operative Development	310.86	486.6	184.65	179.05	183.94	35.56	99.6	19.9	59.2	7.3
Energy, Water, Environment and Natural Resources	109.15	177.3	44.76	23.76	44.22	13.76	98.8	57.9	40.5	7.8
Education, Youth Affairs & Social Development	438.44	291.4	371.36	-	370.76	-	99.8	0	84.6	-
County Health Services	3109.73	715.4	1877.57	16.46	1864.41	15.05	99.3	91.4	60.0	2.1
Lands, Physical Planning & Urban Development	120.25	101.55	84.0	-	83.79	-	99.8	-	69.7	-
Roads, Public Works, Transport and Housing	186.13	763.7	98.41	25.87	98.34	25.87	99.9	100.0	52.8	3.4
Trade Development, Industry & Tourism	88.63	127.4	45.79	-	45.19	-	98.7	-	51.0	-
Culture and Social Ser- vices	82.49	103.7	55.90	-	55.16	-	98.7	-	66.9	-
Kisii Town	161.59	219.4	69.58	-	68.80	-	98.9	-	42.6	-
Administration and Stake- holder Management	473.51	44.1	306.80	-	304.55	-	99.3	-	64.3	-
Ogembo Municipality	5.2	43.3	0.63	-	-	-	-	-	-	-
Total	7820.16	3293.7	4533.33	269.59	4500.02	114.69	99.3	42.5	57.5	3.5

Source: Kisii County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 18.5 per cent, followed by the Department of Energy, Water, Environment and Natural Resources at 7.8 per cent. The Department of Education, Youth Affairs & Social Development had the highest percentage of recurrent expenditure to budget at 84.6 per cent, while the Ogembo Municipality had no expenditure.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 3.95: Kisii County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.95: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Development Expenditure
County Assembly	Office of the speaker	5,936,560	-	1,677,201	-	28.3	-
	Representation, legislative and over- sight services	190,296,116	-	98,428,453	-	51.7	-
	County Assembly Service Board	1,194,397,306	119,350,465	428,525,530	22,127,103	35.9	18.5
	Sub Total	1,390,629,982	119,350,465	528,631,184	22,127,103	38.0	18.5

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Development Expenditure
Executive Office of the Governor, Deputy Gov- ernor, County Secretary and the Public Service Board	Administration, Planning and Sup- port Services	362,131,282	23,000,000	209,663,799	-	57.9	-
	Office of the County Secretary	5,620,000	-	3,065,792	-	54.6	-
	Legal Services	11,120,000	-	5,831,230	-	52.4	-
	Communication Services	6,120,000	-	1,388,220	-	22.7	-
	Public Private Part- nership	10,508,800	-	1,646,000	-	15.7	-
	County Public Ser- vice Board	16,625,000	-	9,234,345	-	55.5	-
	Sub-Total	412,125,082	23,000,000	230,829,386	-	56.0	-
Administra- tion, Corporate Services and Stakeholder Management	Administration, Planning and Sup- port Services	399,689,227	-	278,764,969	-	69.7	-
	Devolved Units Services	4,100,000	43,633,140	-	-	-	-
	Human Resource Development	13,150,000	-	-	-	-	-
	Enforcement Ser- vices	6,500,000	-	-	-	-	-
	Stakeholder Man- agement	37,624,764	-	24,621,549	-	65.4	-
	Public Participation and Civic Education	1,250,000	-	-	-	-	-
	Disaster Manage- ment	8,200,000	450,000	-	-	-	-
	Fleet Management	3,000,000	-	1,166,674	-	38.9	-
	Sub-Total	473,513,991	44,083,140	304,553,192	-	64.3	-
Finance and Eco- nomic Planning	Administration, Coordination and Support Services	806,100,387	-	564,425,712	-	70.0	-
	Public Financial Management Ser- vices	47,972,500	-	27,161,097	-	56.6	-
	County Planning Services	77,357,788	77,482,391	29,814,955	2,322,320	38.5	3.0
	Sub-Total	931,430,675	77,482,391	621,401,764	2,322,320	66.7	3.0
Agriculture, Livestock, Fisher- ies and Coopera- tive Development	Administrative and Support Services	18,145,908	171,890,010	277,500	-	1.5	-
	Crop Development and Value Addition	263,931,493	43,968,389	167,653,146	-	63.5	-
	Livestock Develop- ment	4,950,000	5,000,000	125,000	-	2.5	-
	Veterinary Services	17,880,000	137,058,835	15,880,000	35,560,000	88.8	25.9
	Co-Operative Development and Management	1,600,000	70,000,000	-	-	-	-
	Fisheries Develop- ment	850,000	17,500,000	-	-	-	-
	Kisii Agricultural Training Centre	3,500,000	41,169,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Development Expenditure
	Sub-Total	310,857,401	486,586,234	183,935,646	35,560,000	59.2	7.3
Energy, Water, Environment and Natural Resources	Administration and Planning Services	42,160,000	-	9,513,199	-	22.6	-
	Water and Sanita- tion Services	66,486,800	110,119,666	34,704,031	13,764,200	52.2	12.5
	Environment Man- agement	-	59,302,000	-	-	-	-
	Energy Services	500,000	7,903,759	-	-	-	-
	Sub-Total	109,146,800	177,325,425	44,217,230	13,764,200	40.5	7.8
Education, Labour and Man- power Develop- ment	General Adminis- tration and Planning Services	438,441,157	145,000,000	370,761,453	-	84.6	-
	Early Childhood Development Edu- cation	-	85,698,014	-	-	-	-
	Vocational Training	-	60,706,119	-	-	-	-
	Sub-Total	438,441,157	291,404,133	370,761,453	-	84.6	-
County Health Services	Medical Services	3,068,380,553	715,439,060	1,864,409,412	15,047,276	60.8	2.1
	Public Health	41,350,000	-	-	-	-	-
	Sub-Total	3,109,730,553	715,439,060	1,864,409,412	15,047,276	60.0	2.1
Lands, Physical Planning and Urban Develop- ment	Administration, Planning and Sup- port Services	120,250,000	-	83,793,214	-	69.7	-
	Land Use Services	-	3,545,569	-	-	-	-
	Urban Development	-	98,004,480	-	-	-	-
	Sub-Total	120,250,000	101,550,049	83,793,214	-	69.7	-
Roads, Public Works, Transport and Housing	General Adminis- tration And Plan- ning Services	78,523,717	-	51,066,431	-	65.0	-
	Roads Development	-	715,717,952	-	25,866,223	-	3.6
	Public Works	103,858,838	47,991,474	47,277,716	-	45.5	-
	Housing Services	3,750,000	-	-	-	-	-
	Sub-Total	186,132,555	763,709,426	98,344,147	25,866,223	52.8	3.4
Trade, Tourism and Industry	Administration and Planning Services	78,979,998	127,414,293	45,047,775	-	57.0	-
	Tourism Develop- ment	3,900,000	-	42,000	-	1.1	-
	Weights and Mea- sures	4,250,000	-	-	-	-	-
	Liquor Licensing	45,800	-	-	-	-	-
	Betting and Gam- ing	1,454,200	-	96,000	-	6.6	-
	Sub-Total	88,629,998	127,414,293	45,185,775	-	51.0	-
Culture and Social Services	Administration and Planning Services	69,272,884	-	50,636,133	-	73.1	-
	Sports Development	9,900,000	84,722,368	3,678,000	-	37.2	-
	Cultural Services	1,811,694	18,940,961	575,000	-	31.7	-
	Social Development	1,504,000	-	266,600	-	17.7	-
	Sub-Total	82,488,578	103,663,329	55,155,733	-	66.9	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Kisii Municipality	General Administration, Planning And Support Services	161,585,271	-	68,803,575	-	42.6	-
	Infrastructure Development	-	219,385,507	-	-	-	-
	Sub-Total	161,585,271	219,385,507	68,803,575	-	42.6	-
Ogembo Municipality	General Administration, Planning And Support Services	5,200,000	-	-	-	-	-
	infrastructure development	-	43,300,000	-	-	-	-
	Sub-Total	5,200,000	43,300,000	-	-	-	-
TOTAL		7,820,162,043	3,293,693,452	4,500,021,711	114,687,122	57.5	3.5

Source: Kisii County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Veterinary services in the Department of Agriculture, Livestock, Fisheries and Co-operative development at 88.8 per cent, General Administration and planning services in the Department of Education, Labour and Manpower Development at 84.6 per cent, Administration, Coordination and Support services in the Department of Finance and Economic Planning at 70.0 per cent, and Administration, Planning and support services at 69.7 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th April, 2023.
2. Underperformance of own-source revenue at Kshs.252.07 million against an annual projection of Kshs.750 million, representing 33.6 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Emergency Fund and Executive Car & Mortgage Fund reports were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.1.28 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.794.3 million at the end of the first nine months of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.39.86 million were processed through the manual payroll, accounting for 1.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.17 County Government of Kisumu

3.17.1 Overview of FY 2022/23 Budget

The County's approved FY 2022/23 budget is Kshs.12.04 billion, comprising Kshs.3.81 billion (31.7 per cent) and Kshs.8.22 billion (68.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 6.3 per cent compared to the previous financial year when the approved budget was Kshs.11.32 billion and comprised of Kshs.3.80 billion towards development expenditure and Kshs.7.56 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.03 billion (66.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.76 billion (14.6 per cent) from its own sources of revenue, Kshs.1.60 billion (13.2 per cent) as conditional grants, and a cash balance of Kshs.652.65 million (5.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.96.

3.17.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.62 billion as the equitable share of the revenue raised nationally, raised Kshs.823.63 million as own-source revenue, Kshs.70.01 million as conditional grants, and had a cash balance of Kshs.652.65 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.16 billion, as shown in Table 3.96: Kisumu County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.96: Kisumu County, Revenue Performance in the First Nine Months of FY 2022/23

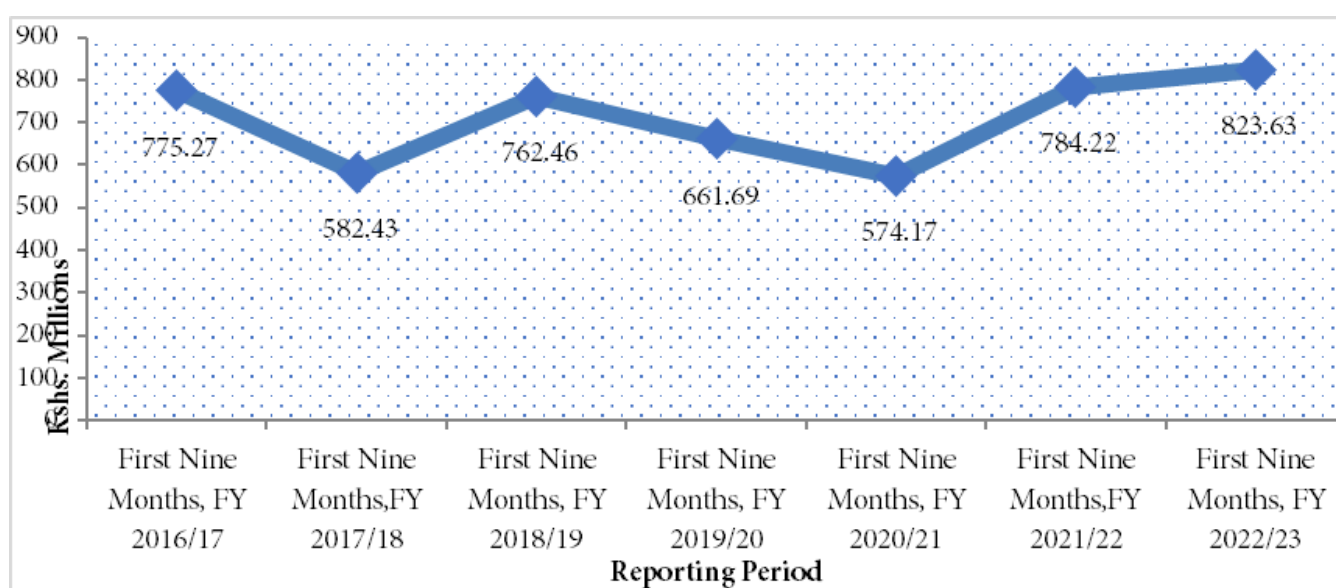
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,026,139,240	4,615,030,066	57.5
Sub Total		8,026,139,240	4,615,030,066	57.5
B	Conditional Grants			
1	DANIDA	29,554,200	-	-
2	World Bank-Kenya Devolution Support Programme (KDSP)	64,134,545	-	-
3	Conditional Allocations-Development of Youth Polytechnics	15,953,192	-	-
4	ASDSP	37,530,362	-	-
5	EU Water Tower.	3,524,998	-	-
6	WORLD BANK-Locally-Led Climate Action Program (FLLoCA)	125,000,000	70,007,432.	56.0
7	EU IDEAS	24,604,061	-	-
8	Conditional allocations for RMLF	93,997,196	-	-
9	IDA (World Bank) Climate Smart Agri Project (KCSAP)	549,255,412	-	-
10	IDA (World Bank) Kusp (UDG)	579,241	-	-
11	Unicef	499,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12	UHC Funds	61,190,702	-	-
13	EU Water Tower Protection and Climate change mitigation (SEACAP)	10,000,000	-	-
14	World Bank-Kenya Informal Settlement Improvement Project (KISSIP II)	578,640,055	-	-
	Sub-Total	1,594,462,964	70,007,432	4.4
C	Other Sources of Revenue			
1	Own Source Revenue	1,762,226,587	823,626,923	46.7
2	Balance b/f from FY2021/22	652,654,461	652,654,461	100.0
	Sub Total	2,414,881,048	1,476,281,384	61.1
	Grand Total	12,035,483,252	6,161,318,882	51.2

Source: Kisumu County Treasury

Figure 3.49: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

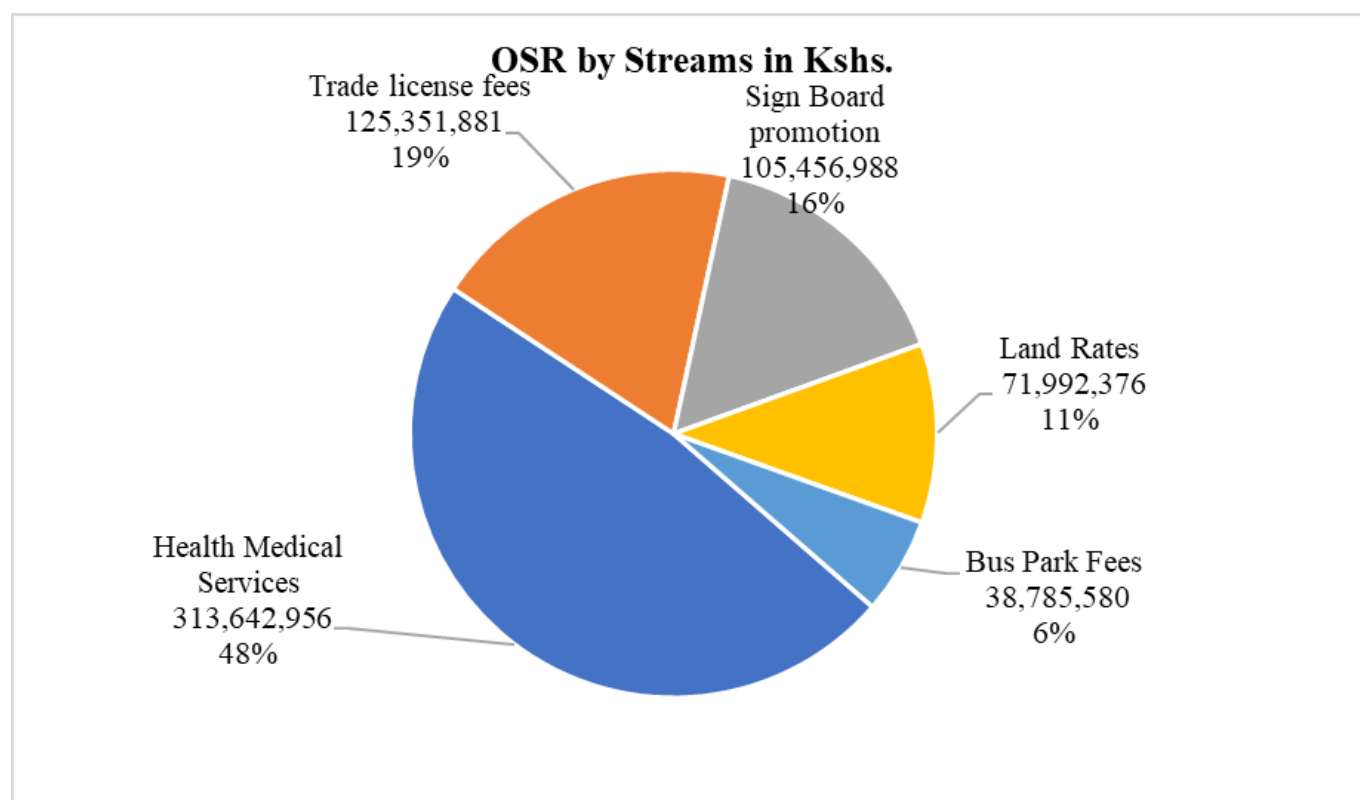
Figure 3.49: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kisumu County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.823.63 million from its own sources of revenue. This amount represented an increase of 5.3 per cent compared to Kshs.784.23 million realised in a similar period in FY 2021/22 and was 46.7 per cent of the annual target and 17.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.50: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.50: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kisumu County Treasury

The highest revenue stream of Kshs.313.64 million was from the health medical services charges contributing to 48.0 per cent of the total OSR collected during the reporting period.

3.17.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.74 billion from the CRF account during the reporting period. This amount comprised Kshs.515.46 million (10.9 per cent) for development programmes and Kshs.4.23 billion (89.1per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.24 billion was released towards compensation to employees and Kshs.1.11 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.751.57 million.

3.17.4 Borrowing by the County

The County of Kisumu entered into an agreement with the Kenya Commercial Bank of Kenya for short-term borrowing for payment of salaries. During the period, the county government borrowed a total of Kshs.957.39 million. The county has since paid off the overdraft.

3.17.5 County Expenditure Review

The County spent Kshs.4.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.4 per cent of the total funds released by the CoB and comprised Kshs.514.27 million and Kshs.4.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.5 per cent. In contrast, recurrent expenditure represented 51.4 per cent of the annual recurrent expenditure budget.

3.17.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.92 billion for development expenditure activities. During the period under review, pending bills amounting to Kshs.514.27 million were settled, and therefore, the outstanding amount as of 31st March 2023 was Kshs.1.45 billion.

3.17.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.50 billion on employee compensation, Kshs.316.62 million on operations and maintenance, and Kshs.466.62 million on development activities. Similarly, the County Assembly spent Kshs.194.92 million on employee compensation, Kshs.207.94 million on operations and maintenance, and Kshs.46.62 million on development activities, as shown in Table 3.97: Summary of Budget and Expenditure by Economic Classification.

Table 3.97: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,454,629,387	767,524,122	3,819,738,909	402,850,900	51.2	52.5
Compensation to Employees	4,739,766,965	336,490,356	3,503,121,440	194,915,180	73.9	57.9
Operations and Maintenance	2,714,862,422	431,033,766	316,617,469	207,935,720	11.7	48.2
Development Expenditure	3,663,329,743	150,000,000	467,615,509	46,615,509	12.8	31.1
Total	11,117,959,130	917,524,122	4,287,354,418	449,466,409	38.6	49.0

Source: Kisumu County Treasury

3.17.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.70 billion, or 60.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.16 billion. This expenditure represented a decrease from Kshs.4.04 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.82 billion paid to health sector employees, translating to 50.1 per cent of the total wage bill.

Further analysis indicates that PE costs shows that Kshs.3.38 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.316.86 million was processed through manual payrolls. The manual payrolls accounted for 8.6 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.15.22 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.70.47 million. The average monthly sitting allowance was Kshs.39,980 per MCA. The County Assembly has established 23 Committees.

3.17.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.520 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.98: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.98: Performance of County Established Funds as of 31st March 2023

Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
Bursary / Education	205,000,000.00	51,250,000.00	51,250,000.00	yes
Kisumu County Social Health Insurance Fund.	105,000,000.00	-		No
Kisumu County Emergency Fund	100,000,000.00	20,000,000.00	20,000,000.00	yes
Kisumu County Assembly Loan Mortgage Fund	25,000,000.00	10,000,000.00	10,000,000.00	yes
Kisumu Enterprises Fund	50,000,000.00	-		No
Kisumu County Rural Electrification and renewal Enegy corp. Fund	35,000,000.00	-	-	No
Total	520,000,000.00	`	81,250,000.00	

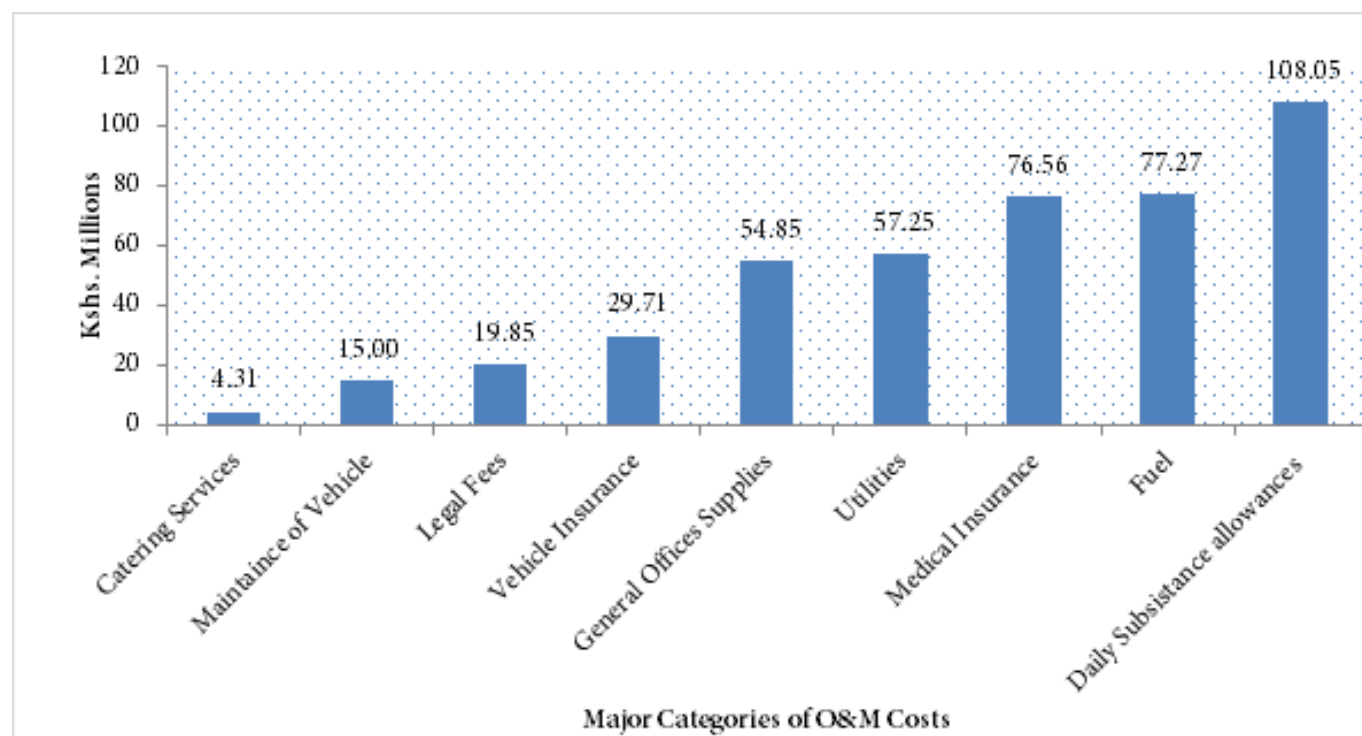
Source: Kisumu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of three funds, as indicated in Table 3.98: Performance of County Established Funds as of 31st March 2023. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.17.10 Expenditure on Operations and Maintenance

Figure 3.51: Kisumu County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.51: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: Kisumu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.108.05 million and comprised of Kshs.68.21 million spent by the County Assembly and Kshs.39.84 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.22 million and comprised of Kshs.3.72 million by the County Assembly and Kshs.10.50 million by the County Executive.

3.17.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.514.27 million on payments of pending bills. No new development program projects were initiated and paid for during the reporting period.

3.17.12 Budget Performance by Department

Table 3.99: Kisumu County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.99: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,376.48	1,659.22	828.05	371.69	828.05	370.50	100.0	99.7	60.2	22.3
Office of the Governor	285.83	45.00	134.03	-	134.03	-	100.0	-	46.9	-
Public Health and Sanitation	3,438.14	151.20	1,981.72	-	1,863.54	-	94.0	-	54.2	-
Tourism Culture, Art and Sports	87.96	59.00	32.83	-	32.83	-	100.0	-	37.3	-
Roads Public Works and Transport	198.96	250.60	53.49	-	53.49	-	100.0	-	26.9	-
Lands Physical Planning and Urban Development	88.27	482.64	14.74	-	14.74	-	100.0	-	16.7	-
Agriculture, Livestock, Food and Fisheries	205.81	498.78	140.58	74.84	140.58	74.84	100.0	100.0	68.3	15.0
Education, HRD and IT	615.58	123.70	301.01	22.28	301.01	22.28	100.0	100.0	48.9	18.0
Water, Environment and Natural Resources	125.16	186.30	12.84	-	12.84	-	100.0	-	10.3	-
County Public Service Board	88.83	-	18.57	-	18.57	-	100.0	-	20.9	-
Public Administration and Devolution	430.49	-	263.96	-	263.96	-	100.0	-	61.3	-
Trade, Energy and Industry	120.98	138.40	64.00	-	64.00	-	100.0	-	52.9	-
Kisumu City	392.14	68.49	98.60	-	98.60	-	100.0	-	25.1	-
County Assembly	767.52	150.00	402.87	46.66	402.87	46.66	100.0	100.0	52.5	31.1
Total	8,222.15	3,813.33	4,347.28	515.46	4,229.10	514.27	97.3	99.8	51.4	13.5

Source: Kisumu County Treasury

Analysis of development expenditure shows that the County Assembly recorded the highest absorption rate of development budget at 31.1 per cent, followed by the Department of Finance and Economic Planning at 22.3 per cent. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 68.3 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 10.3 per cent.

3.17.13 Budget Execution by Programmes and Sub-Programmes

summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.100: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
Vote	Department of Trade, Energy and Industry						
205005080		23,750,648.00	43,000,000.00	3,492,953.00	36,992,820.00	14.7	86.0
		2,875,324.00	43,000,000.00	304,468.00		10.6	-
	Petroleum and Electricity	20,875,324.00	-	3,188,485.00	-	15.3	
206005080		2,175,324.00	-	363,200.00	-	16.7	
	Green Energy	2,175,324.00	-	363,200.00	-	16.7	
301005080		1,800,000.00	-	662,670.00	-	36.8	
	Trade Support Services	1,800,000.00	-	662,670.00	-	36.8	
302005080		1,500,000.00	-	93,800.00	-	6.3	
	Verification and Calibration of Weighing Equipment	1,500,000.00	-	93,800.00	-	6.3	
306005080		5,700,000.00	50,000,000.00	635,966.00	-	11.2	-
	Business Development Services	5,700,000.00	50,000,000.00	635,966.00	-	11.2	-
504005080		500,000.00	-	-	-	-	
	Betting Control Services	500,000.00	-	-	-	-	
508005080		300,000.00	-	-	-	-	
	Alcoholic Drinks	300,000.00	-	-	-	-	
704005080		84,855,345.00	45,404,061.00	58,751,411.00		69.2	
	General Administration and Support services	84,855,345.00	45,404,061.00	58,751,411.00		69.2	
	SUB Total	120,581,317.00	138,404,061.00	64,000,000.00		53.1	
Vote	Department of Public Administration and Devolution						
515005079		16,200,000.00	-	9,917,000.00	-	61.2	
	Primary Policy and Legislation	16,200,000.00	-	9,917,000.00	-	61.2	
701005079		238,341,737.00	-	111,227,759.50	-	46.7	
	Development and Management of County Administrative systems	238,341,737.00	-	111,227,759.50	-	46.7	
704005079		155,200,000.00	-	140,558,228.50	-	90.6	
	Human Resource Recruitment and Development	155,200,000.00	-	140,558,228.50	-	90.6	
709005079		11,750,000.00	-	2,017,740.00	-	17.2	

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Public participation services	11,750,000.00	-	2,017,740.00	-	17.2	
711005079		9,000,000.00	-	241,135.00	-	2.7	
	County Planning and Development Coordination Services	9,000,000.00	-	241,135.00	-	2.7	
	SUB Total	430,491,737.00	-	263,961,863.00	-	61.3	
Vote	Kisumu - Department of Finance and Economic Planning						
201005076		14,151,600.00	-	4,364,750.00	-	30.8	
	General administration & planning	14,151,600.00	-	4,364,750.00	-	30.8	
203005076		1,140,638,089.00	1,659,218,045.00	717,025,405.10	370,502,141.00	62.9	22.3
	Administrative services	1,140,638,089.00	1,659,218,045.00	717,025,405.10	370,502,141.00	62.9	22.3
305005076		11,000,000.00	-	3,191,350.00	-	29.0	
	Extension services	11,000,000.00	-	3,191,350.00	-	29.0	
703005076		10,750,000.00	-	3,580,660.90	-	33.3	
	Internal Auditing Services	10,750,000.00	-	3,580,660.90	-	33.3	
705005076		158,356,063.00	-	82,152,494.00	-	51.9	
	assets management	5,500,000.00	-	2,161,750.00	-	39.3	
	management of public financial resources	10,012,585.00	-	880,750.00	-	8.8	
	Budget Formulation & Coordination Services	73,243,478.00	-	40,187,214.00	-	54.9	
	Revenue Mobilisation	69,600,000.00	-	38,922,780.00	-	55.9	
706005076		41,584,000.00	-	17,733,013.00	-	42.6	
	Policy Formulation & Planning	24,600,000.00	-	9,020,211.00	-	36.7	
	Monitoring & Evaluation	16,984,000.00	-	8,712,802.00	-	51.3	
	SUB Total	1,376,479,752.00	1,659,218,045.00	828,047,673.00	370,502,141.00	60.2	22.3
Vote	County Public Service Board						
704005075		88,833,775.00	-	18,566,657.00	-	20.9	
	General Administration and Support services	86,159,975.00	-	18,566,657.00	-	21.5	
	Promotion of Values and Principles	2,173,800.00	-	-	-	-	
	Human Resource Recruitment and Development	500,000.00	-	-	-	-	

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Grand Total	88,833,775.00	-	18,566,657.00	-	20.9	
Vote	5061-Kisumu - Department of Governance and Administration						
206005061		26,950,000.00	-	12,468,933.00	-	46.3	
	Resource Mobilisation	26,950,000.00	-	12,468,933.00	-	46.3	
701005061		700,000.00	-	-	-	-	
	Social Responsibility Including Civic and Public Engagement	700,000.00	-	-	-	-	
702005061		11,400,000.00	-	1,279,800.00	-	11.2	
	Emergency, Relief, Disaster Management and control	0	-	-	-		
	Inter-Government Coordination and Protocol	11,400,000.00	-	1,279,800.00	-	11.2	
703005061		23,709,952.00	-	3,796,127.00	-	16.0	
	Internal Auditing Services	0	-	-	-		
	Governor's Press Service and Communication	23,709,952.00	-	3,796,127.00	-	16.0	
704005061		208,219,656.00	45,000,000.00	114,430,539.00	-	55.0	
	General Administration and Support services	208,219,656.00	45,000,000.00	114,430,539.00	-	55.0	
706005061		14,850,000.00	-	2,054,947.00	-	13.8	
	Monitoring & Evaluation	14,850,000.00	-	2,054,947.00	-	13.8	
	SUB Total	285,829,608.00	45,000,000.00	134,030,346.00	-	46.9	
Vote	5064-Kisumu - Department of Tourism, Trade and Heritage						
101005064		42,535,873.00	-	15,854,959.50	-	37.3	
	Planning and Coordination Services	42,535,873.00	-	15,854,959.50	-	37.3	
103005064		1,500,000.00	-	100,000.00	-	6.7	
	Physical planning services	1,500,000.00	-	100,000.00	-	6.7	
301005064		2,350,000.00	-	-	-	-	
	Infrastructure Development	2,350,000.00	-	-	-	-	
303005064		8,563,750.00	-	1,389,361.00	-	16.2	
	Tourism Standards Development	2,250,000.00	-	500,000.00	-	22.2	

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Tourism Event Management	4,000,000.00	-	49,361.00	-	1.2	
	Tourism Development	2,313,750.00	-	840,000.00	-	36.3	
304005064		14,750,000.00	-	3,339,000.00	-	22.6	
	Administration planning	14,750,000.00	-	3,339,000.00	-	22.6	
502005064		1,000,000.00	50,000,000.00	200,000.00	-	20.0	
	Youth Training Facilities	1,000,000.00	50,000,000.00	200,000.00	-	20.0	
504005064		1,480,000.00	-	159,678.00	-	10.8	
	Social Dev. Facilities	955,000.00	-	100,000.00	-	10.5	
	Gender & Disability Mainstreaming	525,000.00	-	59,678.00	-	11.4	
506005064		2,027,500.00	-	88,650.00	-	4.4	
	Sports Management	320,000.00	-	12,250.00	-	3.8	
	Talent Development	1,707,500.00	-	76,400.00	-	4.5	
507005064		9,778,625.00	-	5,637,900.00	-	57.7	
	Sports Academy	9,778,625.00	-	5,637,900.00	-	57.7	
907005064		3,971,250.00	9,000,000.00	6,058,736.50	-	152.6	
	Artistic Talent Development	2,737,500.00	9,000,000.00	5,958,736.50	-	217.7	
	Culture and Heritage Development	1,233,750.00	-	100,000.00	-	8.1	
	SUB Total	87,956,998.00	59,000,000.00	32,828,285.00	-	37.3	
Vote	Department of Transport and Infrastructure						
	Road construction and maintenance services	62,607,532.00	250,600,000.00	20,200,000.00		32.3	
207005065		60,000,000.00	-	6,850,210.00	-	11.4	
	Public Works	5,000,000.00	-	-	-	-	
	Mechanical Engineering Services	55,000,000.00	-	6,850,210.00	-	12.5	
304005065		76,353,738.00	-	26,440,390.00	-	34.6	
	Administration planning	76,353,738.00	-	26,440,390.00	-	34.6	
	Subtotal	198,961,270.00	250,600,000.00	53,490,600.00		26.9	
Vote	Department of Lands, Housing and Physical Planning						
5067		-	-	-	-		
102005067		950,000.00	-	150,000.00	-	15.8	
	County Survey	950,000.00	-	150,000.00	-	15.8	
103005067		3,900,000.00	-	694,800.00	-	17.8	

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Physical planning services	1,350,000.00	-	374,000.00	-	27.7	
	county housing management	2,550,000.00	-	320,800.00	-	12.6	
109005067		21,053,620.00	-	1,211,690.00	-	5.8	
	Urban planning and development	21,053,620.00	-	1,211,690.00	-	5.8	
201005067		61,312,142.00	478,640,055.00	12,583,510.00	-	20.5	
	General administration & planning	61,312,142.00	478,640,055.00	12,583,510.00	-	20.5	
304005067		1,050,000.00	4,000,000.00	100,000.00	-	9.5	
	Administration planning	1,050,000.00	4,000,000.00	100,000.00	-	9.5	
	SUB Total	88,265,762.00	482,640,055.00	14,740,000.00	-	16.7	
Vote	Department of Agriculture, Livestock and Fisheries						
101005068		150,691,428.00	477,275,932.00	135,417,934.70	74,838,368.00	89.9	15.7
	Planning and Administration	150,691,428.00	477,275,932.00	135,417,934.70	74,838,368.00	89.9	15.7
104005068		600,000.00	-	36,400.00	-	6.1	
	Promotion of Soil and Water Management	600,000.00	-	36,400.00	-	6.1	
105005068		44,215,499.00	19,500,000.00	4,763,749.30	-	10.8	-
	Promotion of Fisheries Value Chains	-	-	-	-		
	Promotion of Crop production Value Chains	200,000.00	7,000,000.00	-	-	-	
	Management of Agriculture Advisory services	7,353,445.00	-	395,412.10	-	5.4	
	Development of Product Quality Assurance	750,000.00	-	-	-	-	
	Management of Stations	25,350,000.00	-	4,206,348.35	-	16.6	
	Promotion of Livestock Production Value Chains	10,562,054.00	12,500,000.00	161,988.85	-	1.5	
106005068		1,100,000.00	-	-	-	-	
	Agriculture input Access	-	-	-	-	-	
	Agriculture Credit Access	1,100,000.00	-	-	-	-	
107005068		1,000,000.00	2,000,000.00	-	-	-	
	Promotion value addition	500,000.00	2,000,000.00	-	-	-	
	Promotion of Agribusiness	500,000.00	-	-	-	-	

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
203005068		-	-	(230,034.00)	-		
	Administrative services	-	-	(230,034.00)	-		
701005068		6,900,000.00	-	587,300.00	-	8.5	
	Human Resource development services	6,900,000.00	-	587,300.00	-	8.5	
707005068		1,300,000.00	-	-	-	-	
	Management Information System	1,300,000.00	-	-	-	-	
		205,806,927.00	498,775,932.00	140,575,350.00	74,838,368.00	68.3	15.0
Vote	Policy Planning & Administration						
Program	Sustainable Access to Safe Water						
101005069		386,315,031.00	-	196,087,485.00	-	50.8	
	Environment Conservation Of Natural Resources	386,315,031.00	-	196,087,485.00	-	50.8	
208005069		11,385,000.00	-	679,280.00	-	6.0	
	ICT Services	11,385,000.00	-	679,280.00	-	6.0	
502005069		3,680,000.00	-	857,550.00	-	23.3	
	Youth Polytechnics Services	3,680,000.00	-	857,550.00	-	23.3	
504005069		2,270,000.00	-	396,800.00	-	17.5	
	Gender & Disability Mainstreaming	2,270,000.00	-	396,800.00	-	17.5	
	Social Dev. Facilities	0	-	-	-		
505005069		208,349,001.00	62,249,894.00	102,770,800.00	-	49.3	-
	Early Child Education	208,349,001.00	62,249,894.00	102,770,800.00	-	49.3	-
517005069		2,610,000.00	61,453,192.00	218,200.00	22,275,000.00	8.4	36.2
	Sports Management	2,610,000.00	61,453,192.00	218,200.00	22,275,000.00	8.4	36.2
701005069		970,000.00	-	-	-	-	
	Sports Academy	970,000.00	-	-	-	-	
		615,579,032.00	123,703,086.00	301,010,115.00	22,275,000.00	48.9	18.0
Vote	ECD Equipping/ Teaching Materials						
Program	ECD Feeding Programme						
101005070		39,455,912.00	-	6,375,684.00	-	16.2	
	Routine Nutritional Survey	39,455,912.00	-	6,375,684.00	-	16.2	
105005070	Skill Gap Analysis in Youth Polytechnics	23,025,884.00	-	5,662,402.00	-	24.6	
		-	-	-	-		

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	Youth Training and Legislation	23,025,884.00	-	5,662,402.00	-	24.6	
205005070		1,400,000.00	-	9,000.00	-	0.6	
	Human Resource development services	1,400,000.00	-	9,000.00	-	0.6	
206005070	Administration	200,000.00	-	-	-	-	
	Social Responsibility Including Civic and Public Engagement	200,000.00	-	-	-	-	
301005070	General Administration and Support services	6,493,322.00	-	21,000.00	-	0.3	
		6,493,322.00	-	21,000.00	-	0.3	
902005070		49,631,493.00	186,300,000.00			-	
	Sustainable Access to safe Water	940,000.00	-			-	
	Water resources & Sewerage services	48,691,493.00	186,300,000.00			-	-
904005070		3,696,856.00	-	-	-		
	Solid Waste Management	2,567,000.00	-	-	-		
	Environment Conservation Of Natural Resources	1,129,856.00	-	-	-		
906005070		1,460,000.00	-	775,000.00	-	53.1	
	Pollution Control	1,460,000.00	-	775,000.00	-	53.1	
	SUB Total	125,363,467.00	186,300,000.00	12,843,086.00		10.2	-
Vote	City of Kisumu						
108005072		21,855,964.00	-	1,632,442.35	-	7.5	
	Local Revenue Mobilisation	21,855,964.00	-	1,632,442.35	-	7.5	
109005072		32,793,465.00	-	9,502,242.30	-	29.0	
	Urban planning and development	32,793,465.00	-	9,502,242.30	-	29.0	
401005072		107,912,257.00	-	33,518,426.90	-	31.1	
	Health promotion service	45,290,823.00	-	11,272,926.90	-	24.9	
	Environmental health and sanitation	62,621,434.00	-	22,245,500.00	-	35.5	
501005072		33,411,122.00	-	16,170,000.00	-	48.4	
	Promotion of early childhood education.	33,411,122.00	-	16,170,000.00	-	48.4	
704005072		196,166,514.00	68,488,564.00	37,772,804.45		19.3	
	General Administration and Support services	196,166,514.00	68,488,564.00	37,772,804.45		19.3	-

Program	Sub Program	Revised Estimates		Expenditure		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
904005072		-	-	-	-		
	Solid Waste Management	-	-	-	-		
Vote	County Assembly						
	SUB Total	767,524,122.00	150,000,000.00	402,868,720.00	46,657,736.00	52.5	31.1
GRAND TOTAL		8,222,153,509.00	3,813,329,743.00	3,761,483,918.00	514,273,245.00	45.7	13.5

Source: Kisumu County Treasury

Artistic Talent Sup-Programme in the Department of Tourism, Trade and Heritage had the highest absorption rate of 217.7 per cent, which is irregular and should be corrected before the closure of the financial year. Further, the County Assembly did not provide its report on Budget Execution by Programmes and Sub-programmes.

3.17.14 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.823.63 million against an annual projection of Kshs.1.76 million, representing 46.7 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Kisumu Health Insurance Fund, Kisumu Enterprise Fund, and Kisumu County Rural Electrification and Renewal Energy Corp. Fund were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.1.45 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.751.57 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.316.86 million were processed through the manual payroll, accounting for 8.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.
4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.18 County Government of Kitui

3.18.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.38 billion, comprising Kshs.3.72 billion (30 per cent) and Kshs.8.66 billion (70 per cent) allocation for development and recurrent programmes,

respectively. The approved budget estimate represents a decrease of 0.72 per cent compared to the previous financial year when the approved budget was Kshs.12.47 billion and comprised of Kshs.4.14 billion towards development expenditure and Kshs.8.33 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.39 billion (84 per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (3.2 per cent) from its own sources of revenue, Kshs.467.03 million (3.8 per cent) as conditional grants, and a cash balance of Kshs.1.12 billion (9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.101.

3.18.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.98 billion as the equitable share of the revenue raised nationally, raised Kshs.338.55 million as own-source revenue, Kshs.191.64 million as conditional grants, and had a cash balance of Kshs.1.12 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.62 billion, as shown in Table 3.101: Kitui County, Revenue Performance in the First Nine Months of FY 2022/23.

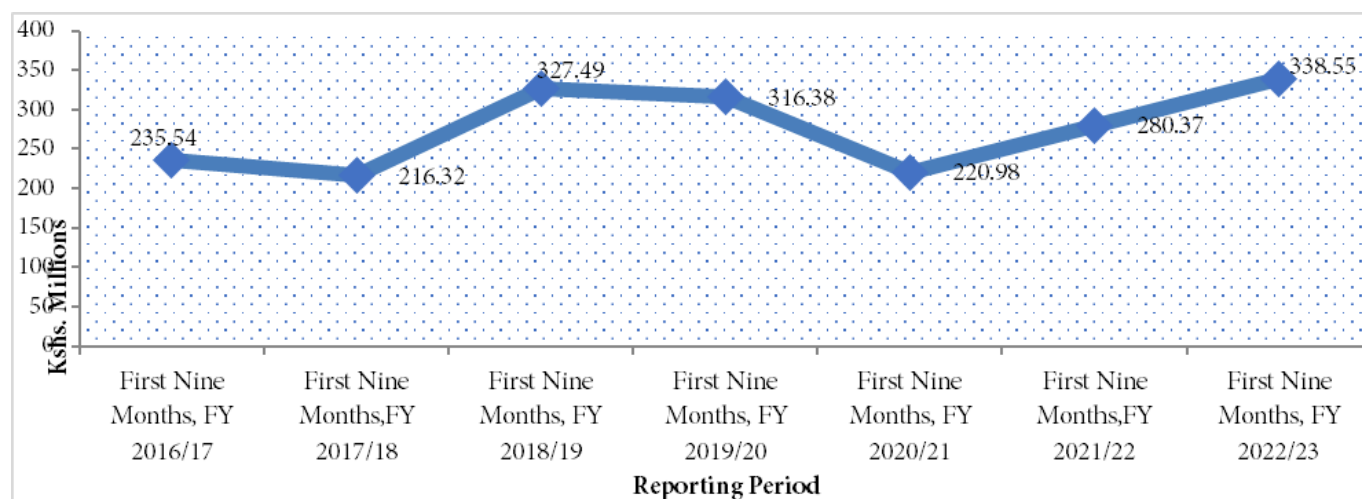
Table 3.101: Kitui County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,393,970,413	5,976,532,989	57.5
Sub Total		10,393,970,413	5,976,532,989	57.5
B	Conditional Grants			
1	Agricultural Sector Development Support Program	10,112,374	11,636,683	-
2	World Bank (Emergency Locust Response Project (ELRP))	30,223,000	27,584,884	91.3
3	National Agricultural Rural Inclusive Growth Program	283,089,026	152,423,007	53.8
	World Bank Credit to Finance Locally - Led Climate Action Program (FLLoCA)	125,000,000		-
4	HSSP/HSPS - (DANIDA/IDA)	18,609,300		-
	Sub-Total	467,033,700.00	191,644,574.45	41.0
C	Other Sources of Revenue			
1	Own Source Revenue	400,000,000	338,546,086	84.6
2	Balance b/f from FY2021/22	1,118,001,643	1,118,001,643	100.0
Sub Total		1,518,001,643	1,456,547,729	96.0
Grand Total		12,379,005,756	7,624,725,292	61.6

Source: Kitui County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

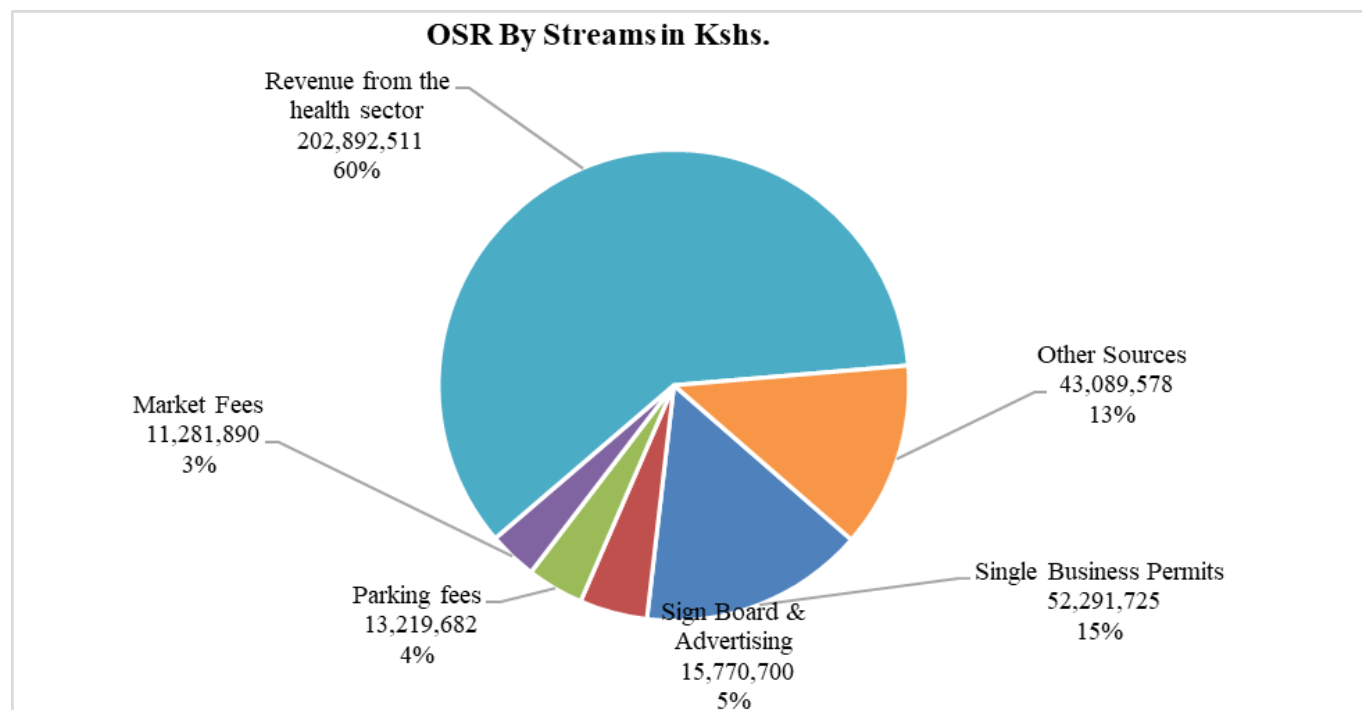
Figure 3.52: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kitui County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.338.55 million from its own sources of revenue, which represented an increase of 20.7 per cent compared to Kshs.280.37 million realised in a similar period in FY 2021/22 and was 84.6 per cent of the annual target and 5.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.53: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.53: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kitui County Treasury

The highest revenue stream of Kshs.202.89 million was received from the health sector, contributing to 60 per cent of the total OSR collected during the reporting period.

3.18.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.12 billion from the CRF account during the reporting period. This amount comprised Kshs.527.80 million (8.6 per cent) for development programmes and Kshs.5.59 billion (91.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.9 billion was released towards compensation to employees and Kshs.1.72 billion was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.351.73 million.

3.18.4 County Expenditure Review

The County spent Kshs.6.08 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.3 per cent of the total funds released by the CoB and comprised Kshs.514.01 million and Kshs.5.56 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.8 per cent. In contrast, recurrent expenditure represented 64.2 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.1.43 billion as of 31st March 2023

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.67 billion on employee compensation, Kshs.1.36 billion on operations and maintenance, and Kshs.514.01 million on development activities. Similarly, the County Assembly spent Kshs.237.85 million on employee compensation and Kshs.357.65 million on operations and maintenance, as shown in Figure 3.54: Summary of Budget and Expenditure by Economic Classification.

Figure 3.54: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,361,531,764	1,300,819,066	5,025,468,752	595,502,485	68.3	45.8
Compensation to Employees	4,892,334,803	389,898,562	3,666,259,308	237,852,196	74.9	61.0
Operations and Maintenance	2,469,196,961	910,920,504	1,359,209,444	357,650,289	55.0	39.3
Development Expenditure	3,487,596,374	229,058,553	514,010,307	-	14.7	-
Total	10,849,128,138	1,529,877,619	5,539,479,059	595,502,485	4.7	38.9

Source: Kitui County Treasury

3.18.7 Expenditure on Employees' Compensation

Employee compensation expenditure was Kshs.3.90 billion during the reporting period, or 51.2 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.7.62 billion. This expenditure represented a decrease from Kshs.3.92 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.911.37 million paid to health sector employees, translating to 25.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.28 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.619.47 million was processed through manual payrolls. The manual payrolls accounted for 15.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.5.41 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.45.68 million. The average monthly sitting allowance was Kshs.10,935 per MCA. The County Assembly has established 22 Committees.

3.18.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.339.4 million to county-established funds in FY 2022/23, constituting 2.74 per cent of the County's overall budget. Table 3.102: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.102: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Kshs.)
County Executive Established Funds					
1.	Bursary Fund	86,400,000	86,400,000	86,400,000	Yes
2.	Empowerment Fund	20,000,000	-	-	No
County Assembly Established Funds					
3.	Kitui County Assembly Service Board Employees' Car & Mortgage Fund Schemes	130,000,000	-	-	No
4.	Kitui County Assembly Car Loan And Mortgage (Members) Scheme Fund	103,000,000	-	-	No
	Total	339,400,000	86,400,000	86,400,000	

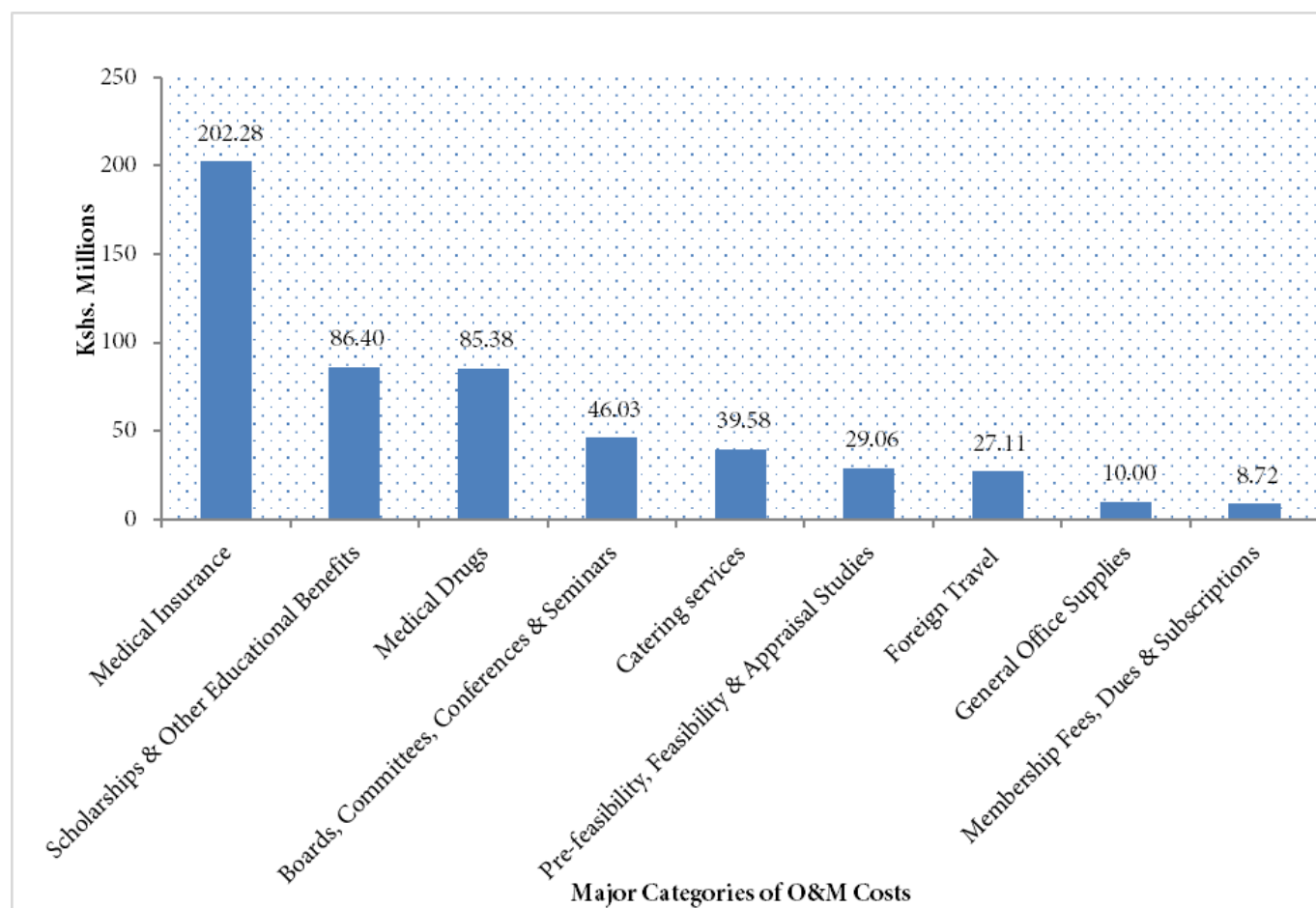
Source: Kitui County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Empowerment Fund, Kitui County Assembly Service Board Employees' Car & Mortgage Fund scheme Fund, and Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund as indicated in Table 3.102: Performance of County Established Funds as of 31st March 2023, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.18.9 Expenditure on Operations and Maintenance

Figure 3.55: Kitui County, Operations and Maintenance Expenditure by Major Categories shows the summary of operations and maintenance expenses

Figure 3.55: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui County Treasury

During the period, expenditure on domestic travel amounted to Kshs.124.13 million and comprised of Kshs.20.56 million spent by the County Assembly and Kshs.103.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.11 million and comprised of Kshs.24.82 million by the County Assembly and Kshs.2.29 million by the County Executive.

3.18.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.514.01 million on development programmes, representing a decrease of 72.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.19 billion.

Table 3.103: Kitui County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.103: Kitui County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands and infrastructure	Mechanical Transport fund	Countywide	20,000,000	20,000,000	100
2	Agriculture Water and Irrigation	Power supply to Masinga Treatment works	Kitui Central	10,159,863	10,159,863	100

No.	Sector	Project Name	Project Location	Contract Sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
3	Agriculture Water and Irrigation	Power supply to Masinga Treatment works for the month of August 2022	Kitui Central	9,335,105	9,335,105	100
4	Health and Sanitation	Mango Processing Plant	Lomut ward	9,186,500	9,186,500	100
5	Agriculture	Supply and delivery of green gram seeds and cowpeas to sub-counties	Countywide	7,442,198	7,442,198	100
6	Agriculture Water and Irrigation	Power supply to Kiambere Treatment works	Kitui Central	6,948,965	6,948,965	100
7	Agriculture Water and Irrigation	Masinga water treatment works	Kitui Central	5,159,420	5,159,420	100
8	Water	Supply of electricity for Kiambere water treatment works	Mwingi central	5,019,314	5,019,314	100
9	Infrastructure	Improvement of Itiko to Mutito Hill water intake	Kitui East	4,789,700	4,789,700	100
10	Infrastructure	Maintenance of Mutula Market Kavuvu- Junction to Mutulu	Kitui East	4,772,175	4,772,175	100

Source: Kitui County Treasury

3.18.11 Budget Performance by Department

Table 3.104: Kitui County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.104: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,141.98	864.35	677.37	4.90	570.57	3.29	84.2	67.1	50.0	0.4
Public Service Management & Administration	138.20	-	138.20	-	134.31	-	97.2		97.2	-
Agriculture, Water & Irrigation	195.69	461.78	165.49	182.47	165.49	182.47	100.0	100.0	84.6	39.5
Health and Sanitation	3,455.39	163.80	2,895.33	37.54	2,895.33	37.54	100.0	100.0	83.8	22.9
Trade, Cooperatives & Investment	178.27	63.38	107.78	1.64	107.78	1.64	100.0	100.0	60.5	2.6
Gender, Sports & Culture	108.75	109.00	36.08	-	36.08	-	100.0		33.2	-
Basic Education ICT & Youth Development	564.76	120.02	410.84	1.55	330.59	1.41	80.5	91.0	58.5	1.2
Kitui Municipality	125.69	165.01	56.41	-	56.41	-	100.0		44.9	-
Mwingi Town Administration	71.63	42.63	38.70	4.29	38.70	4.29	100.0	100.0	54.0	10.1
Livestock, Apiculture & Fisheries	340.36	458.61	42.89	203.01	42.89	203.01	100.0	100.0	12.6	44.3
Lands & Physical Planning	86.36	47.77	39.69	-	39.69	-	100.0		46.0	-
Infrastructure, Housing, Transport & Public Works	258.59	642.30	200.29	71.21	116.66	70.15	58.2	98.5	45.1	10.9
Environment, Tourism & Natural Resources	131.93	174.06	95.94	21.18	79.36	10.18	82.7	48.1	60.2	5.8
Gender, Sports & Culture	108.75	109.00	48.15	-	36.84	-	76.5		33.9	-
County Treasury	437.37	144.62	284.59	-	282.70	0.02	99.3		64.6	-
County Public Service Board	84.28	-	68.30	-	36.38	-	53.3		43.2	-
County Assembly	1,300.82	229.06	593.02	-	592.06	-	99.8		45.5	-
Office of The Deputy Governor	42.28	30.27	23.75	-	1.60	-	6.7		3.8	-
Total	8,771.10	3,825.65	5,922.81	527.80	5,563.43	514.01	99.5	97.4	64.2	13.8

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Livestock, Apiculture & Fisheries recorded the highest absorption rate of development budget at 44.3 per cent, followed by the Department of Agriculture, Water & Irrigation at 39.5 per cent. The Department of Public Service Management & Administration had the highest percentage of recurrent expenditure to budget at 97.2 per cent. In comparison, the Department of Office of the Deputy Governor had the lowest at 3.8 per cent.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 3.105: Kitui County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

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

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
3711-Kitui - Office of The Governor							
Decentralised Units Service Delivery Coordi- nation	Headquarters	51,347,703.00	13,153,076.00	14,131,035.00	700,000.00	28	5
		8,079,160.00	13,153,076.00	3,118,164.00	700,000.00	39	5
	Headquarters Total	59,426,863.00	13,153,076.00	17,249,199.00	700,000.00	29	5
Decentralised Units Service Delivery Coordi- nation Total		59,426,863.00	821,197,781.00	17,249,199.00	11,590,582.00	29	1
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	763,876,784.00	-	371,392,281.00		49	-
		100,167,272.00	-	95,317,783.00	-	95	-
	General Admin- istration And Planning Head- quarters Total	864,044,056.00	-	466,710,064.00	-	54	-
General Admin- istration And Planning Total		864,044,056.00	-	466,710,064.00	-	54	-
Governor's Service Delivery Unit & Public Communi- cation	Headquarters	16,836,300.00	-	9,544,989.00	-	57	-
	Headquarters Total	16,836,300.00		9,544,989.00	-	57	-
Governor's Service Delivery Unit & Public Communi- cation Total		16,836,300.00	-	9,544,989.00	-	57	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Office of Chief of Staff	Office of Chief of Staff head-quarters	42,916,692.00	-	2,700,000.00	-	6	-
	Office of Chief of Staff Head-quarters Total	42,916,692.00	-	2,700,000.00	-	6	-
Office of Chief of Staff Total		42,916,692.00	-	2,700,000.00	-	6	-
Office of County Attorney	Office of County Attorney head-quarters	71,996,863.00	-	10,166,333.00	-	14	-
	Office of County Attorney headquarters Total	71,996,863.00	-	10,166,333.00	-	14	-
Office of County Attorney Total		71,996,863.00	-	10,166,333.00	-	14	-
Office of the County Secretary	Headquarters	31,860,289.00	-	17,171,485.00	--	54	-
	Headquarters Total	31,860,289.00	-	17,171,485.00	-	54	-
Office of the County Secretary Total		31,860,289.00	-	17,171,485.00		54	-
Procurement	Procurement Headquarters	54,899,883.00	30,000,000.00	47,023,144.00	-	86	-
	Procurement Headquarters Total	54,899,883.00	851,197,781.00	47,023,144.00	11,590,582.00	86	1
Procurement Total		54,899,883.00	851,197,781.00	47,023,144.00	11,590,582.00	86	1
3711-Kitui - Office of The Governor Total		1,141,980,946.00	864,350,857.00	570,565,214.00	12,290,582.00	50	1
3712-Kitui - Administration and Coordination of County Affairs							
Coordination And Administrative Services	Coordination And Administrative Services Headquarters	34,128,249.00	-	33,487,711.00	-	98	-
		63,678,697.00	-	63,213,647.00	-	99	-
	Coordination And Administrative Services Headquarters Total	97,806,946.00	-	96,701,358.00	-	99	-
Coordination And Administrative Services Total		97,806,946.00	-	96,701,358.00	-	99	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Coordination And Programmes Tracking	Coordina- tion And Programmes Tracking Head- quarters	3,137,300.00	-	2,162,850.00	-	69	-
	Coordination And Pro- grammes Track- ing Headquar- ters Total	3,137,300.00	-	2,162,850.00	-	69	-
Coordination And Programmes Tracking Total		3,137,300.00	-	2,162,850.00	-	69	
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	37,257,542.00	-	35,442,070.00	-	95	-
	General Admin- istration And Planning Head- quarters Total	37,257,542.00	-	35,442,070.00	-	95	-
General Admin- istration And Planning Total		37,257,542.00	-	35,442,070.00	-	95	-
3712-Kitui - Administration and Coordination of County Affairs Total			138,201,788.00	-	134,306,278.00	-	97
3713-Kitui - Agriculture Water and Livestock Development							
Agriculture	Agriculture Headquarters	301,950.00	108,043,843.00	46,255.00	114,499,727.00	15	106
		6,641,003.00	-	6,314,303.00	-	95	
		6,197,464.00	5,500,000.00	3,502,365.00	5,500,000.00	57	100
		4,823,551.00	127,000,000.00	1,003,783.00	-	21	-
	Agriculture Headquarters Total	17,963,968.00	240,543,843.00	10,866,706.00	119,999,727.00	60	50
Agriculture Total		17,963,968.00	240,543,843.00	10,866,706.00	119,999,727.00	60	50
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	76,135,516.00		74,853,915.00	-	98	-
	General Admin- istration And Planning Head- quarters Total	76,135,516.00		74,853,915.00	-	98	-
General Admin- istration And Planning Total		76,135,516.00		74,853,915.00	-	98	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Water	Water Head- quarters	81,105,259.00		75,616,779.00	-	93	-
		8,933,927.00	147,052,719.00	3,648,766.00	17,129,948.00	41	12
		11,552,978.00	74,182,169.00	1,593,688.00	45,337,794.00	14	61
	Water Head- quarters Total	101,592,164.00	221,234,888.00	80,859,233.00	62,467,742.00	80	28
Water Total		101,592,164.00	221,234,888.00	80,859,233.00	62,467,742.00	80	28
3713-Kitui - Agriculture Water and Livestock Development Total		195,691,648.00	461,778,731.00	166,579,854.00	182,467,469.00	85	40
3714-Kitui - Basic Education, ICT, and Youth Development							
Basic Education	Basic Education Headquarters	-	107,653,838.00	(80,970.00)	2,006,600.00		2
		304,013,400.00	107,653,838.00	235,895,172.00	2,006,600.00	78	2
	Basic Education Headquarters Total	304,013,400.00	107,653,838.00	235,814,202.00	2,006,600.00	78	2
Basic Education Total		304,013,400.00	11,362,908.00	235,814,202.00	-	78	-
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	234,896,461.00	-	75,137,332.00	-	32	-
	General Admin- istration And Planning Head- quarters Total	234,896,461.00	-	75,137,332.00	-	32	-
General Admin- istration And Planning Total		234,896,461.00	-	75,137,332.00	-	32	-
ICT	ICT headquar- ters	1,388,290.00		693,042.00		50	
	ICT headquar- ters Total	1,388,290.00	1,000,000.00	693,042.00	-	50	-
ICT Total		1,388,290.00	12,362,908.00	693,042.00	-	50	-
Training And Skills Development	Training And Skills Develop- ment Headquar- ters	16,319,500.00	-	10,909,236.00	-	67	-
		8,144,339.00	-	8,038,339.00	-	99	-
	Training And Skills Develop- ment Headquar- ters Total	24,463,839.00		18,947,575.00	-	77	-
Training And Skills Develop- ment Total		24,463,839.00	12,362,908.00	18,947,575.00	-	77	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
3714-Kitui - Basic Education, ICT, and Youth Development Total		564,761,990.00	120,016,746.00	330,592,151.00	2,006,600.00	59	2
3715-Kitui - Lands, Infrastructure, Housing and Urban Development							
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	208,702,307.00	-	81,428,289.00	-	39	-
	General Admin- istration And Planning Head- quarters Total	208,702,307.00	10,118,944.00	81,428,289.00	-	39	-
General Admin- istration And Planning Total		208,702,307.00		81,428,289.00	-	39	-
Housing	Housing Head- quarters	2,577,000.00		2,233,850.00	-	87	-
		12,062,000.00		7,991,517.00	-	66	-
	Housing Head- quarters Total	14,639,000.00	10,118,944.00	10,225,367.00	-	70	-
Housing Total		14,639,000.00	10,118,944.00	10,225,367.00	-	70	-
Roads, Transport And Mechanical Services	Roads, Trans- port And Me- chanical Services Headquarters	17,012,500.00	630,179,981.00	12,406,197.00	142,152,940.00	73	23
		18,235,426.00	2,000,000.00	12,599,270.00	-	69	-
	Roads, Trans- port And Me- chanical Services Headquarters Total	35,247,926.00	632,179,981.00	25,005,467.00	142,152,940.00	71	22
Roads, Transport And Mechanical Services Total		35,247,926.00	632,179,981.00	25,005,467.00	142,152,940.00	71	22
3715-Kitui - Lands, Infrastructure, Housing and Urban Development Total		258,589,233.00	642,298,925.00	116,659,123.00	142,152,940.00	45	22
3716-Kitui - Health and Sanitation							
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	1,013,651,742.00	100,731,234.00	924,034,742.00	-	91	-
		23,949,437.00	100,731,234.00	22,955,911.00	-	96	-
		2,421,800.00	100,731,234.00	1,043,500.00	-	43	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
	General Admin- istration And Planning Head- quarters Total	1,040,022,979.00		948,034,153.00	-	91	-
General Admin- istration And Planning Total		1,040,022,979.00		948,034,153.00	-	91	
Health Promo- tion and Disease Control	Health Pro- motion and Disease Control headquarters	2,092,132.00		250,200.00	-	12	-
	Health Promo- tion and Disease Control Head- quarters Total	2,092,132.00		250,200.00	-	12	-
Health Promotion and Disease Con- trol Total		2,092,132.00		250,200.00	-	12	-
Medical Services	Medical Services Headquarters	1,251,798,511.00		1,062,947,801.00	-	85	-
		8,300,000.00		5,259,976.00	-	63	-
		628,958,332.00		513,138,842.00	-	82	-
		66,611.00		66,611.00	-	100	-
	Medical Services Headquarters Total	1,889,123,454.00		1,581,413,230.00	-	84	-
Medical Services Total		1,889,123,454.00		1,581,413,230.00	-	84	-
Public Health	Public Health Headquarters	3,920,591.00		2,230,948.00	-	57	-
		1,640,000.00		797,200.00	-	49	-
		2,455,000.00		1,417,500.00	-	58	-
	Public Health Headquarters Total	8,015,591.00		4,445,648.00	-	55	-
Public Health Total		8,015,591.00		4,445,648.00	-	55	-
Rural Health Services	Rural Health Services	395,000,000.00		316,847,333.00	-	80	-
		59,596,134.00		38,565,572.00	-	65	-
		61,542,793.00	63,066,085.00	6,488,781.00	37,544,327.00	11	60
	Rural Health Services Total	516,138,927.00	63,066,085.00	361,901,686.00	37,544,327.00	70	60
Rural Health Services Total		516,138,927.00	63,066,085.00	361,901,686.00	37,544,327.00	70	60
3716-Kitui - Health and Sanita- tion Total		3,455,393,083.00	163,797,319.00	2,896,044,917.00	37,544,327.00	84	23

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
3717-Kitui - Trade, Cooperatives and Investments							
cooperatives	cooperatives Headquarters	27,983,167.00	63,381,764.00	25,486,633.00	1,643,683.00	91	3
		10,172,421.00	63,381,764.00	4,577,150.00	1,643,683.00	45	3
	cooperatives Headquarters Total	38,155,588.00	-	30,063,783.00	-	79	-
cooperatives Total		38,155,588.00	-	30,063,783.00	-	79	-
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	119,163,369.00	-	75,959,637.00	-	64	-
	General Admin- istration And Planning Head- quarters Total	119,163,369.00	-	75,959,637.00	-	64	-
General Admin- istration And Planning Total		119,163,369.00	-	75,959,637.00	-	64	-
Trade And Markets	Trade And Mar- kets Headquar- ters	17,506,632.00	-	7,531,793.00	-	43	-
		3,440,172.00	-	(276,149.00)	-	-8	-
	Trade And Mar- kets Headquar- ters Total	20,946,804.00	-	7,255,644.00	-	35	-
Trade And Mar- kets Total		20,946,804.00	63,381,764.00	7,255,644.00	1,643,683.00	35	3
3717-Kitui - Trade, Coopera- tives and Invest- ments Total		178,265,761.00	63,381,764.00	113,279,064.00	1,643,683.00	64	3
3719-Kitui - Environment and Natural Resources							
Energy	Energy Head- quarters	1,268,501.00	3,000,000.00	548,352.00	3,000,000.00	43	100
		4,018,724.00	37,015,151.00	2,364,472.00	4,256,878.00	59	12
	Energy Head- quarters Total	5,287,225.00	40,015,151.00	2,912,824.00	7,256,878.00	55	18
Energy Total		5,287,225.00	40,015,151.00	2,912,824.00	7,256,878.00	55	18
Environment	Environment Headquarters	10,459,400.00	133,000,000.00	5,650,531.00	2,483,920.00	54	2
		3,212,904.00	-	940,416.00	-	29	
		1,066,513.00	540,440.00	988,427.00	440,400.00	93	81
	Environment Headquarters Total	14,738,817.00	-	7,579,374.00	-	51	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Environment Total		14,738,817.00	133,540,440.00	7,579,374.00	2,924,320.00	51	2
General Administration And Planning	General Administration And Planning Headquarters	89,980,929.00	133,540,440.00	55,673,218.00	2,924,320.00	62	2
	General Administration And Planning Headquarters Total	89,980,929.00	-	55,673,218.00	-	62	
General Administration And Planning Total		89,980,929.00	500,000.00	55,673,218.00	-	62	-
Mineral Resources	Mineral Resources Headquarters	1,101,267.00	500,000.00	540,400.00	-	49	-
		4,241,366.00	500,000.00	3,037,379.00	-	72	-
		3,001,553.00	-	759,451.00	-	25	-
		2,009,772.00	-	414,523.00	-	21	-
		3,494,507.00	-	369,716.00	-	11	-
	Mineral Resources Headquarters Total	13,848,465.00	-	5,121,469.00	-	37	-
Mineral Resources Total		13,848,465.00	-	5,121,469.00	-	37	-
Tourism	Headquarters	427,088.00	-	427,087.00	-	100	-
		1,272,037.00	-	1,271,820.00	-	100	-
		6,377,623.00	-	6,377,406.00	-	100	-
	Headquarters Total	8,076,748.00	-	8,076,313.00	-	100	-
Tourism Total		8,076,748.00	-	8,076,313.00	-	100	
3719-Kitui - Environment and Natural Resources Total		131,932,184.00	174,055,591.00	79,363,198.00	10,181,198.00	60	6
3720-Kitui - Tourism, Sports and Culture							
Gender, Culture and Social Services	Gender, Culture and Social Services Headquarters	5,279,097.00	28,508,786.00	854,604.00	-	16	-
		11,059,780.00	3,800,000.00	4,233,823.00	-	38	-
		3,138,461.00	23,000,000.00	1,172,729.00	-	37	-
		2,360,000.00	55,308,786.00	843,600.00	-	36	-
	Gender, Culture and Social Services Headquarters Total	21,837,338.00	55,308,786.00	7,104,756.00	-	33	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Gender, Culture and Social Services Total		21,837,338.00	4,500,000.00	7,104,756.00	-	33	-
General Administration And Planning	General Administration And Planning Headquarters	55,892,570.00	4,500,000.00	21,747,652.00	-	39	-
	General Administration And Planning Headquarters Total	55,892,570.00	4,500,000.00	21,747,652.00	-	39	-
General Administration And Planning Total		55,892,570.00	-	21,747,652.00	-	39	-
Internet	Headquarters	7,995,000.00	-	1,659,400.00	-	21	-
		10,990,528.00	-	1,809,300.00	-	16	-
	Headquarters Total	18,985,528.00	-	3,468,700.00	-	18	-
internet Total		18,985,528.00	-	3,468,700.00	-	18	-
sports	sports headquarters	8,460,000.00	-	2,854,915.00	-	34	-
		3,577,231.00	49,190,386.00	1,664,381.00	-	47	-
	sports headquarters Total	12,037,231.00	49,190,386.00	4,519,296.00	-	38	-
sports Total		12,037,231.00	49,190,386.00	4,519,296.00	-	38	-
3720-Kitui - Tourism, Sports and Culture Total		108,752,667.00	108,999,172.00	36,840,404.00	-	34	-
3721-Kitui - County Treasury							
Accounts	Accounts Headquarters	6,210,000.00	144,622,885.00	4,432,910.00	21,700.00	71	0.02
		19,665,891.00	144,622,885.00	12,717,869.00	21,700.00	65	0.02
	Accounts Headquarters Total	25,875,891.00	144,622,885.00	17,150,779.00	21,700.00	66	0.02
Accounts Total		25,875,891.00	-	17,150,779.00	-	66	-
Budgetary Supplies	Budgetary Supplies Headquarters	54,713,395.00	-	44,207,752.00	-	81	--
	Budgetary Supplies Headquarters Total	54,713,395.00	-	44,207,752.00	-	81	-
Budgetary Supplies Total		54,713,395.00	-	44,207,752.00	-	81	-
Economic Affairs	Economic Affairs Headquarters	39,182,667.00	-	24,516,787.00	-	63	-
		8,925,000.00	-	7,811,676.00	-	88	-
		13,516,551.00	-	9,670,449.00	-	72	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
	Economic Af- fairs Headquar- ters Total	61,624,218.00	-	41,998,912.00	-	68	-
Economic Affairs Total		61,624,218.00	-	41,998,912.00	-	68	-
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	283,640,651.00	-	213,911,416.00	-	75	-
	General Admin- istration And Planning Head- quarters Total	283,640,651.00	-	213,911,416.00	-	75	--
General Admin- istration And Planning Total		283,640,651.00	-	213,911,416.00	-	75	-
Internal Audit	Internal Audit Headquarters	11,516,551.00	-	8,430,247.00	-	73	-
	Internal Audit Headquarters Total	11,516,551.00	-	8,430,247.00	-	73	-
Internal Audit Total		11,516,551.00		8,430,247.00	-	73	-
3721-Kitui - County Treasury Total		437,370,706.00	144,622,885.00	325,699,106.00	21,700.00	74	-
3722-Kitui - County Public Service Board							
Board	Board headquar- ters	10,885,000.00	-	5,613,667.00	-	52	-
		8,746,200.00	-	3,490,512.00	-	40	-
		5,960,000.00	-	2,971,943.00	-	50	-
	Board headquar- ters Total	25,591,200.00	-	12,076,122.00	-	47	-
board Total		25,591,200.00		12,076,122.00	-	47	-
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	58,687,183.00	-	24,300,172.00	-	41	-
	General Admin- istration And Planning Head- quarters Total	58,687,183.00	-	24,300,172.00	-	41	-
General Admin- istration And Planning Total		58,687,183.00	-	24,300,172.00	-	41	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
3722-Kitui - County Public Service Board Total		84,278,383.00	-	36,376,294.00	-	43	-
3723-Kitui - County Assembly							
General Admin- istration And Planning	General Ad- ministration And Planning Headquarters	303,402,199.00	-	199,859,832.00	-	66	
	General Admin- istration And Planning Head- quarters Total	303,402,199.00	--	199,859,832.00	-	66	--
General Admin- istration And Planning Total		303,402,199.00	-	199,859,832.00		66	-
Legislative Depart- ment	Legislative Department Headquarters	997,416,867.00	229,058,553.00	396,201,553.00	-	40	-
	Legislative Department Headquarters Total	997,416,867.00	229,058,553.00	396,201,553.00	-	40	-
Legislative De- partment Total		997,416,867.00	229,058,553.00	396,201,553.00	-	40	-
3723-Kitui - County Assembly Total		1,300,819,066.00	229,058,553.00	596,061,385.00	-	46	-
3724-Kitui - Kitui Municipality							
Environment, Culture, Recreation and Community Development	Environment, Culture, Rec- reation and Community Development - Headquarters	25,270,065.00	--	13,967,629.00	-	55	-
	Environment, Culture, Rec- reation and Community Development - Headquarters Total	25,270,065.00	-	13,967,629.00	-	55	-
Environment, Culture, Recre- ation and Com- munity Develop- ment Total		25,270,065.00	-	13,967,629.00	-	55	-
Finance	Finance head- quarters	18,577,938.00	-	9,588,601.00	-	52	

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
	Finance head- quarters Total	18,577,938.00		9,588,601.00	-	52	-
Finance Total		18,577,938.00	-	9,588,601.00		52	
General Admin- istration And Planning	General Admin- istration And Planning- Head- quarters	63,391,081.00	-	26,524,909.00	-	42	-
	General Admin- istration And Planning- Head- quarters Total	63,391,081.00	-	26,524,909.00		42	--
General Admin- istration And Planning Total		63,391,081.00		26,524,909.00	--	42	
Planning, Devel- opment Control, Transport and Infrastructure	Planning, Devel- opment Control, Transport and Infrastructure - Headquarters	11,900,000.00	17,000,000.00	4,230,719.00	-	36	-
	Planning, Devel- opment Control, Transport and Infrastructure - Headquarters Total	11,900,000.00	54,505,184.00	4,230,719.00	-	36	-
Planning, Devel- opment Control, Transport and Infrastructure Total		11,900,000.00	54,505,184.00	4,230,719.00	-	36	-
Trade, Commerce and Industrialisa- tion	Trade, Com- merce and Industrialisation headquarters	6,550,000.00	54,505,184.00	2,164,447.00	-	33	-
	Trade, Com- merce and Industrialisation headquarters Total	6,550,000.00	93,502,708.00	2,164,447.00	-	33	-
Trade, Commerce and Industrialisa- tion Total		6,550,000.00	93,502,708.00	2,164,447.00	-	33	-
3724-Kitui - Kitui Municipality Total		125,689,084.00	165,007,892.00	56,476,305.00	-	45	-
3725-Kitui - Mwingi Town Administration							

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Environment, Culture, Recreation and Community Development	Environment, Culture, Recreation and Community Development - Headquarters	940,000.00	1,862,926.00	324,020.00	1,149,654.00	34	62
	Environment, Culture, Recreation and Community Development - Headquarters Total	940,000.00	1,862,926.00	324,020.00	1,149,654.00	34	62
Environment, Culture, Recreation and Community Development Total		940,000.00	1,862,926.00	324,020.00	1,149,654.00	34	62
General Administration And Planning	General Administration And Planning- Headquarters	2,490,465.00	6,600,000.00	1,559,806.00	-	63	-
		63,132,462.00	-	34,900,247.00	-	55	-
		793,546.00	4,691,017.00	643,201.00	-	81	-
	General Administration And Planning- Headquarters Total	66,416,473.00	7,256,000.00	37,103,254.00	1,142,435.00	56	16
General Administration And Planning Total		66,416,473.00	18,547,017.00	37,103,254.00	1,142,435.00	56	6
Planning, Development Control, Transport and Infrastructure	Planning, Development Control, Transport and Infrastructure - Headquarters	3,193,267.00	18,547,017.00	879,200.00	1,142,435.00	28	6
		881,697.00		300,000.00		34	
		195,100.00	22,221,391.00	90,800.00	1,996,580.00	47	9
	Planning, Development Control, Transport and Infrastructure - Headquarters Total	4,270,064.00	22,221,391.00	1,270,000.00	1,996,580.00	30	9
	Planning, Development Control, Transport and Infrastructure Total	4,270,064.00	22,221,391.00	1,270,000.00	1,996,580.00	30	9

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
	3725-Kitui - Mwingi Town Administration Total	71,626,537.00	42,631,334.00	38,697,274.00	4,288,669.00	54	10
3726-Ministry of Livestock Apiculture and Fisheries							
Agriculture	Headquarters	5,705,446.00	355,809,872.00	1,263,550.00	187,853,704.00	22	53
		14,205,454.00	20,000,000.00	648,407.00	3,322,952.00	5	17
		26,180,001.00	61,507,673.00	4,648,639.00	11,636,683.00	18	19
	Headquarters Total	46,090,901.00	437,317,545.00	6,560,596.00	202,813,339.00	14	46
Agriculture Total		46,090,901.00	437,317,545.00	6,560,596.00	202,813,339.00	14	46
Aquaculture Devt	Headquarters	1,784,771.00	1,000,000.00	461,628.00	-	26	-
	Headquarters Total	1,784,771.00	1,000,000.00	461,628.00	-	26	-
Aquaculture Devt Total		1,784,771.00	1,000,000.00	461,628.00	-	26	-
General Adminis- tration	Headquarters	282,490,085.00	9,598,750.00	72,736,255.00	199,800.00	26	2
	Headquarters Total	282,490,085.00	10,698,650.00	72,736,255.00	-	26	-
General Adminis- tration Total		282,490,085.00	-	72,736,255.00	-	26	-
Livestock Devt	Headquarters	4,789,654.00	-	1,298,659.00	-	27	-
		5,203,130.00	-	842,405.00	-	16	-
	Headquarters Total	9,992,784.00	20,297,400.00	2,141,064.00	199,800.00	21	1
Livestock Devt Total		9,992,784.00	20,297,400.00	2,141,064.00	199,800.00	21	1
3726-Ministry of Livestock Apicul- ture and Fisheries Total		340,358,541.00	458,614,945.00	81,899,543.00	203,013,139.00	24	44
3727-Kitui Ministry of Lands and Physical Planning							
General Adminis- tration	Headquarters	73,077,579.00	3,683,111.00	31,435,315.00	-	43	-
	Headquarters Total	73,077,579.00	3,683,111.00	31,435,315.00	-	43	-
General Adminis- tration Total		73,077,579.00	3,683,111.00	31,435,315.00	-	43	-
Land Adjudication	Headquarters	3,725,000.00	19,561,724.00	2,434,383.00	-	65	-
	Headquarters Total	3,725,000.00	19,561,724.00	2,434,383.00	-	65	-
Land Adjudica- tion Total		3,725,000.00	19,561,724.00	2,434,383.00	-	65	-
Land Information & Mgt	Headquarters	3,650,000.00	9,500,000.00	2,576,590.00	-	71	-
	Headquarters Total	3,650,000.00	9,500,000.00	2,576,590.00	-	71	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent budget	Development budget	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expen- diture
Land Information & Mgt Total		3,650,000.00	9,500,000.00	2,576,590.00	-	71	-
Land Survey	Headquarters	2,450,000.00		1,515,220.00	-	62	-
	Headquarters Total	2,450,000.00		1,515,220.00	-	62	-
Land Survey Total		2,450,000.00		1,515,220.00	-	62	-
Lands & Housing	Headquarters	3,455,950.00	15,023,045.00	1,730,670.00	-	50	-
	Headquarters Total	3,455,950.00	15,023,045.00	1,730,670.00	-	50	-
Lands & Housing Total		3,455,950.00	15,023,045.00	1,730,670.00	-	50	-
3727-Kitui Minis- try of Lands and Physical Planning Total		86,358,529.00	47,767,880.00	39,692,178.00	-	46	-
3728-Kitui - Office of the Deputy Governor							
Administration Planning & Sup- port Services	Headquarters	9,314,596.00	22,690,000.00	797,082.00	-	9	-
	Headquarters Total	9,314,596.00	22,690,000.00	797,082.00	-	9	-
Administration Planning & Sup- port Services Total		9,314,596.00	22,690,000.00	797,082.00	-	9	-
Performance Mgt & Disaster Miti- gation	Headquarters	11,460,000.00	884,853.00	430,200.00	-	4	-
	Headquarters Total	11,460,000.00	3,900,095.00	430,200.00	-	4	-
Performance Mgt & Disaster Mitiga- tion Total		11,460,000.00	1,797,385.00	430,200.00	-	4	-
Tourism Devt & Promotion	Headquarters	1,752,922.00	6,582,333.00	327,500.00	-	19	-
		1,909,773.00	6,582,333.00	-	-	0	-
		17,843,393.00	1,000,000.00	43,400.00	-	0	-
	Headquarters Total	21,506,088.00	1,000,000.00	370,900.00	-	2	-
Tourism Devt & Promotion Total		21,506,088.00	1,000,000.00	370,900.00	-	2	-
3728-Kitui - Office of the Deputy Governor Total		42,280,684.00	30,272,333.00	1,598,182.00	-	4	-
TOTAL		8,662,350,830.00	3,716,654,927.00	5,563,425,022.00	514,010,307.00	65	16

Source: Kitui County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Tourism in the Department of Tourism at 100 per cent, Coordination And Administrative Services Headquarters in the Department of Office of the Governor at 99 per cent, General Administration And Planning Headquarters Total at the Department of public service management and administration at 98 per cent and water at 93 per cent of budget allocation.

3.18.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 11th May 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Empowerment Fund, Kitui County Assembly Service Board Employees' Car & Mortgage Fund schemes, Kitui County Assembly Car Loan and Mortgage (members) scheme and the Empowerment Fund were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.898.40 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.351.73 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.619.47 million were processed through the manual payroll, accounting for 15.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.73 billion, comprising Kshs.4.84 billion (41.2 per cent) and Kshs.6.89 billion (58.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 4.5 per cent compared to the previous financial year when the approved budget was Kshs.12.29 billion and comprised of Kshs.5.52 billion towards development expenditure and Kshs.6.76 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.27 billion (70.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.557.12 million (4.7 per cent) from its own sources of revenue, Kshs.1.61 billion (13.7 per cent) as conditional grants, and a cash balance of Kshs.1.30 billion (11.1 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.106.

3.19.2 Revenue Performance

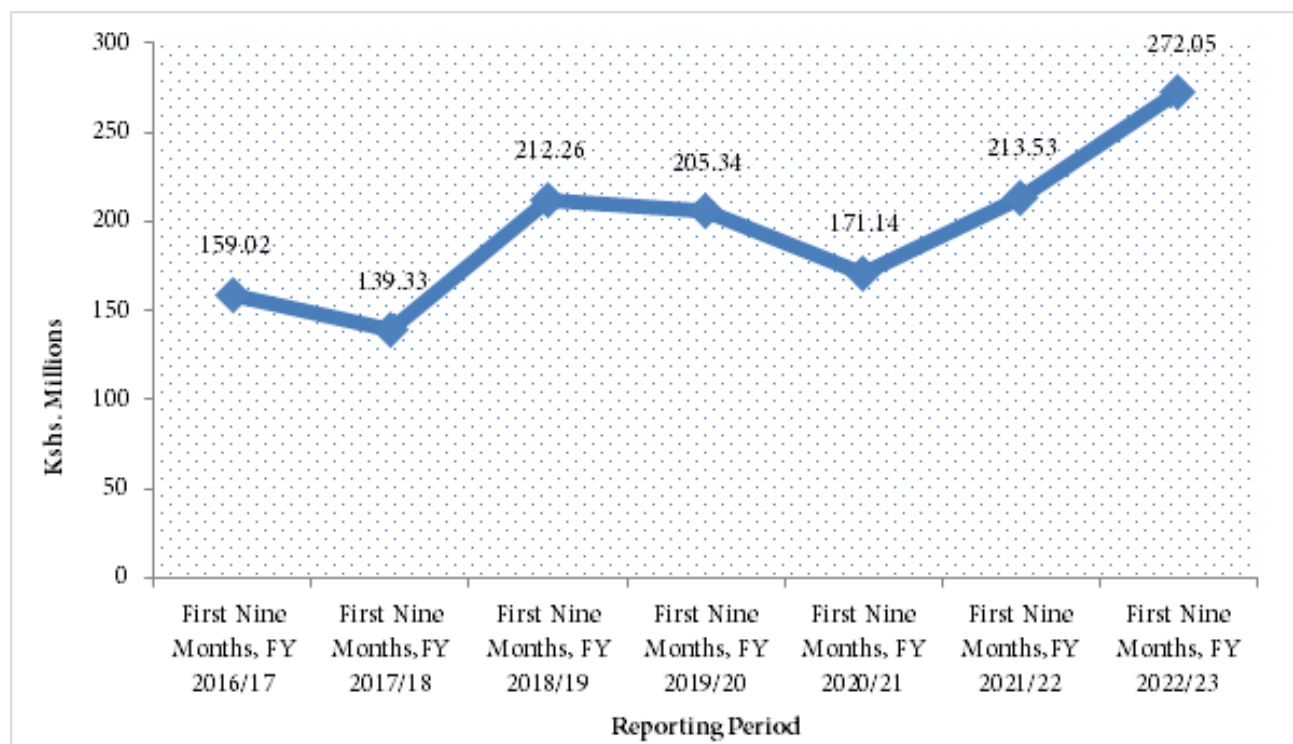
In the first nine months of FY 2022/23, the County received Kshs.4.75 billion as the equitable share of the revenue raised nationally, raised Kshs.272.09 million as own-source revenue and had a cash balance of Kshs.1.30 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.32 billion, as shown in Table 3.106: Kwale County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.106: Kwale County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	4,752,711,673	57.5
	Sub Total	8,265,585,516	4,752,711,673	57.5
B	Conditional Grants			
1	Compensation for User Fees Forgone	14,814,598	-	-
3	Road Maintenance Levy	257,663,634	-	-
4	Development of Youth Polytechnics	54,838,548	-	-
5	World Bank Grant on Kenya Devolution Support Programme (KDSP)	91,452,573	-	-
6	KDSP (Level II Grant)	102,491,953	-	-
7	Urban Development Grant (UDG)	31,055,373	-	-
8	Urban Institutional Grant (UIG)	11,426,233	-	-
9	DANIDA Grant to Supplement Financing of County Health Facilities	33,726,199	-	-
10	World Bank Grant for Universal Health Care Project 0 THS	22,171,888	-	-
11	World Bank Loan for National Agricultural and Rural Inclusive Growth Project	278,050,578	-	-
12	Agricultural Sector Development Support Programme	40,883,786	-	-
13	Water and Sanitation Development Project (WSDP)	600,000,000	-	-
14	Kenya Informal Settlement Improvement Project KISIP II	50,000,000	-	-
15	EU-IDEAS Tranche III	11,000,000	-	-
16	EU-IDEAS Grant balance	3,726,052	-	-
17	COVID-19 Grant	3,778,038	-	-
	Sub Total	1,607,079,453	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	557,116,564	272,086,203	48.8
2	Balance b/f from FY2021/22	1,299,888,249	1,299,888,249	100
	Sub Total	1,857,004,813	1,571,974,452	84.7
	Grand Total	11,729,669,782	6,324,686,125	53.9

Source: Kwale County Treasury shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

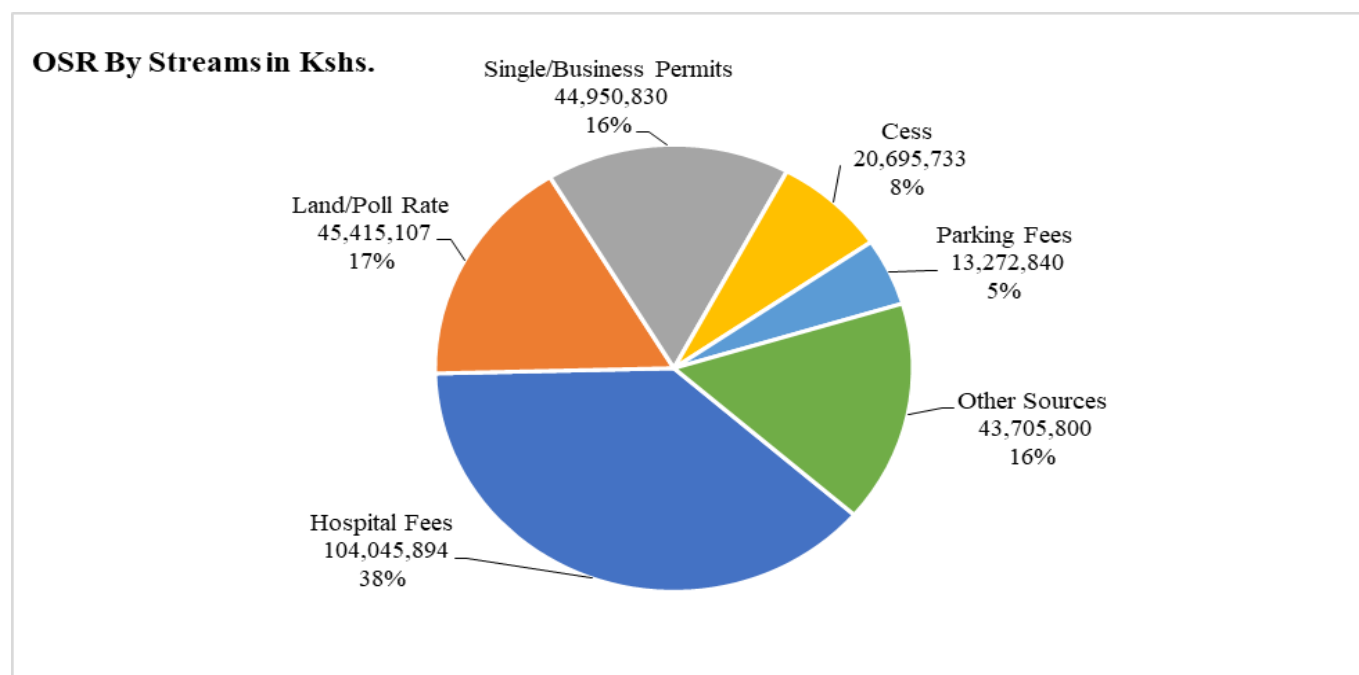
Figure 3.56: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.



Source: Kwale County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.272.05 million from its own sources of revenue. This amount represented an increase of 27.4 per cent compared to Kshs.213.53 million realised in a similar period in FY 2021/22 and was 48.8 per cent of the annual target and 5.7 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.27.45 million. The revenue streams which contributed the highest OSR are shown in Figure 3.57: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.57: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Kwale County Treasury

The highest revenue stream of Kshs.104.05 million was from hospital fees contributing to 38 per cent of the total OSR collected during the reporting period.

3.19.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.87 billion from the CRF account during the reporting period. This amount comprised Kshs.1.25 billion (21.2 per cent) for development programmes and Kshs.4.62 billion (78.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.53 billion was released towards compensation to employees and Kshs.2.09 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.706.13 million.

3.19.4 County Expenditure Review

The County spent Kshs.5.51 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.9 per cent of the total funds released by the CoB and comprised Kshs.1.08 billion and Kshs.4.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.4 per cent. In contrast, recurrent expenditure represented 64.3 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.309.04 million, comprised of Kshs.283.86 million for recurrent expenditure and Kshs.25.18 million for development activities. During the period under review, pending bills amounting to Kshs.160.66 million were settled, consisting of Kshs.135.48 million for recurrent expenditure and Kshs.25.18 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.176.07 million.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.42 billion on employee compensation, Kshs.1.84 billion on operations and maintenance, and Kshs.1.05 billion on development activities. Similarly, the County Assembly spent Kshs.145.60 million on employee compensation, Kshs.25.07 million on operations and maintenance, and Kshs.35.03 million on development activities, as shown in Table 3.107.

Table 3.107: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,015,515,661	875,860,410	4,257,799,119	170,668,103	70.8	19.5
Compensation to Employees	3,101,334,260	301,291,321	2,419,636,031	145,599,825	78	48.3
Operations and Maintenance	2,914,181,401	574,569,089	1,838,163,088	25,068,278	63.1	4.4
Development Expenditure	4,545,013,050	293,280,662	1,047,102,739	35,026,637	23	11.9
Total	10,560,528,711	1,169,141,072	5,304,901,858	205,694,740	50.2	17.6

Source: Kwale County Treasury

3.19.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.57 billion, or 40.6 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.32 billion. This expenditure represented an increase from Kshs.1.98 billion reported in a similar period of FY 2021/22 due to the delay in payment of the salary for March 2023. The wage bill included Kshs.1.35 billion paid to health sector employees, translating to 0.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.53 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.50.38 million was processed through manual payrolls. The manual payrolls accounted for 2.0 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.12.19 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.44.69 million. The average monthly sitting allowance was Kshs.43,690 per MCA.

3.19.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.659.36 million to county-established funds in FY 2022/23, constituting 5.6 per cent of the County's overall budget. Table 3.108: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.108: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023
		A	B	C	D
County Executive Established Funds					
1.	Bursary & Scholarship Fund	400,000,000	400,000,000	400,000,000	YES
2.	Emergency Fund	9,419,880	-	-	NO
County Assembly Established Funds					
3.	Car Loan & Mortgage Fund	250,360,000	-	-	YES
	Total	659,779,880	400,000,000	400,000,000	

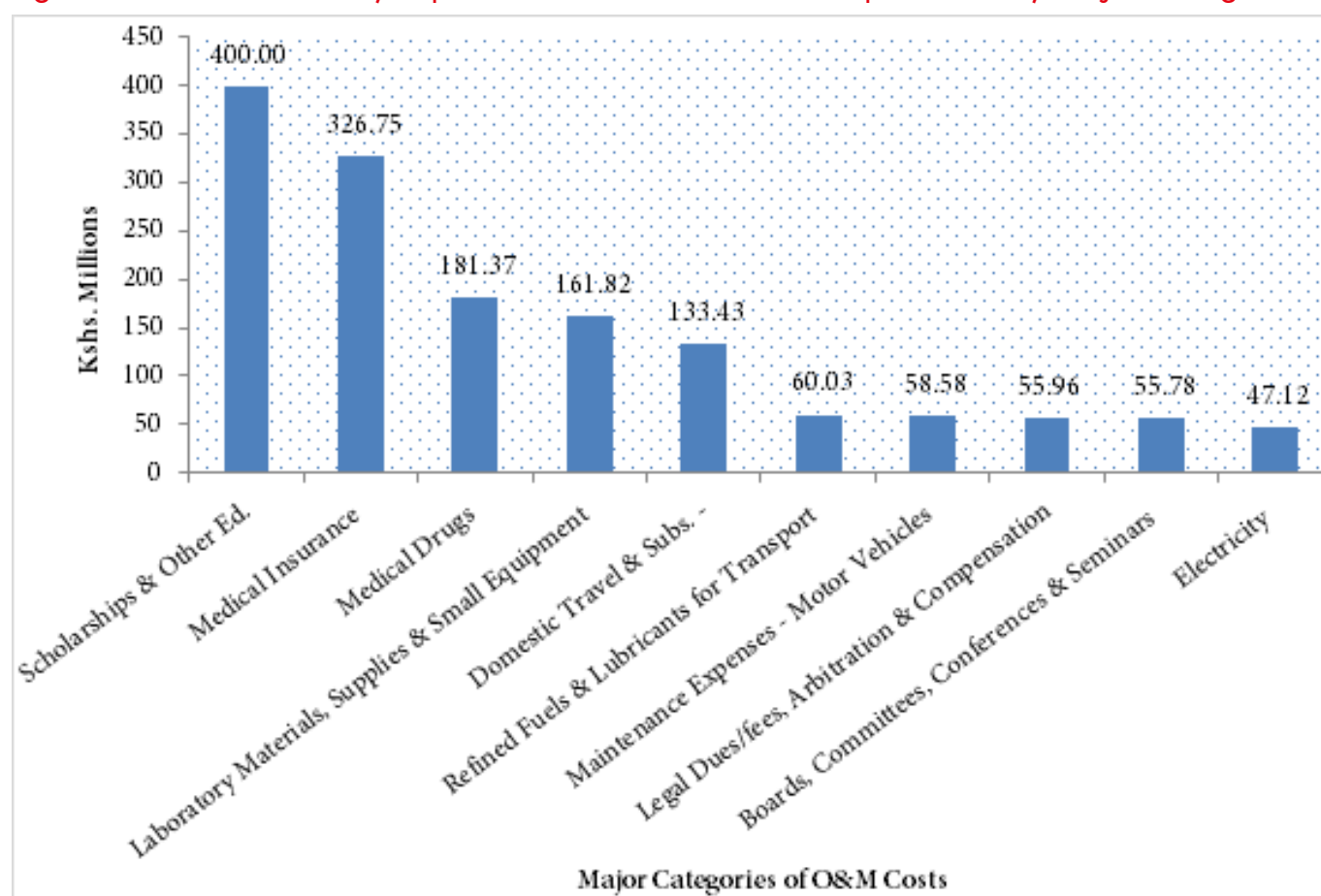
Source: Kwale County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrator of the Emergency Fund as indicated in Table 3.108: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.19.9 Expenditure on Operations and Maintenance

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

Figure 3.58: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: Kwale County Treasury

During the period, expenditure on domestic travel amounted to Kshs.133.43 million and comprised of Kshs.3.07 million spent by the County Assembly and Kshs.130.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.10 million and comprised of Kshs.1.59 million by the County Assembly and Kshs.0.51 million by the County Executive.

3.19.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.08 billion on development programmes, representing a decrease of 17.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.31 billion. Table 3.109: Kwale County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.109: Kwale County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Water Services	Water and Sanitation Grant	Kwale HQ	388,611,223	325,417,009	83.7
Executive Services	Murraming of culture Road to Stadium	Tsimba/ Golini	183,403,077	118,790,822	64.8
County Assembly	Assembly complex- Fittings & Fixtures	Tsimba-Golini Ward	136,525,897	110,800,717	81.2
Trade	Construction of a Fresh produce Wholesale market at Kombani	Waa /Ngombeni ward	118,634,482	106,840,083	90.1

Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Water Services	Pipeline extension from Nyalani to Mwangoni to Bang'a (Pipeline Extension from Vigurungani to TTC at Bang'a) in Puma ward-KDSP Grant II	Puma ward	102,491,953	102,491,953	100.0
Trade	Construction of Fruit Processing plant at Shimba Hills - Phase I	Kubo South Ward	61,562,268	61,562,268	100.0
Trade	Construction of fruit processing plant in Shimba Hills Phase I - Kubo South Ward	Kubo South Ward	67,794,770	59,705,180	88.1
County Assembly	Assembly Complex- Mechanical Works	Tsimba-Golini Ward	69,486,668	55,730,344	80.2
Trade	Proposed construction of Lemba(Diani) market	Ukunda	46,730,483	46,730,483	100.0
County Assembly	Assembly complex- Proposed External Works	Tsimba-Golini Ward	156,399,413	44,268,659	28.3

Source: Kwale County Treasury

3.19.11 Budget Performance by Department

Table 3.110: Kwale County, Budget Allocation and Absorption Rate by Departments summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.110: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,049.40	63.81	823.63	13.37	717.69	-	87.1	-	68.4	-
Agriculture, Livestock and Fisheries	209.50	498.37	111.81	178.34	121.40	65.69	108.6	36.8	58.0	13.2
Land, Environment, Mining and natural resources	81.97	162.14	41.30	13.63	41.15	13.63	99.6	100.0	50.2	8.4
Medical and Public Health Services	2,758.01	647.45	1,898.75	150.96	1,890.09	164.65	99.5	109.1	68.5	25.4
County Assembly	875.86	293.28	309.81	172.16	170.67	35.03	55.1	20.4	19.5	11.9
Trade, Investment and Co-operative Development	58.46	190.32	34.92	45.49	39.56	51.63	113.3	113.5	67.7	27.1
Community Development	102.90	141.03	56.35	-	55.37	1.90	98.3	-	53.8	1.4
Executive Services	152.61	40.92	112.50	-	94.22	-	83.8	-	61.7	-
Education	926.94	695.19	842.85	125.06	859.05	153.16	101.9	122.5	92.7	22.0
Water Services	96.73	1,188.29	47.84	503.93	67.02	535.53	140.1	106.3	69.3	45.1
Roads and Public Works	172.16	745.49	74.76	37.19	99.56	47.32	133.2	127.2	57.8	6.4
Tourism and ICT	50.66	45.41	26.53	4.54	28.07	4.54	105.8	100.0	55.4	10.0
County Public Service Board	55.29	-	35.47	-	34.38	-	96.9	-	62.2	-

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
Public Service & Administration	281.08	20.93	198.93	-	205.78	-	103.4	-	73.2	-
Kwale Municipality	9.85	69.26	2.61	1.34	3.29	10.06	126.1	-	33.4	27.6
Diani Municipality	9.94	36.39	1.40	-	1.16	-	82.9	-	11.7	-
Total	6,891.36	4,838.28	4,619.46	1,246.01	4,428.46	1,083.14	95.9	86.9	64.3	22.4

Source: Kwale County Treasury

Analysis of expenditure by department shows that the Department of Water Services recorded the highest absorption rate of the development budget at 45.1 per cent, followed by the Department of Kwale Municipality at 27.6 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 92.7 per cent, while the Department of Kwale Municipality had the lowest at 11.7 per cent.

Several departments reported expenditures above the exchequer issued during the reporting period, which is irregular and should be addressed by strengthening internal control processes.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 3.111: Kwale County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.111: Kwale County, Budget Execution by Programmes and Sub-Programmes

Pro- gramme	Programme and Sub-Pro- gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Department of Finance and Economic Planning							
3061	Personal Services (0704013060)	174,155,265		151,132,423		87	-
	704023060	-	-	-	-	-	-
	General Administration (0704043060)	761,176,479	60,810,289	533,419,861		70	-
	Sub-Total	836,573,239	60,810,289	609,510,752		73	-
	Revenue Collection Management (0710013060)	60,692,972	3,000,000	13,996,175		23	-
	Sub-Total	60,692,972	3,000,000	13,996,175		23	-
	Public Finance and Accounting Services (0711013060)	20,407,012		10,155,179		50	-
	Procument Services (0711023060)	11,566,000		3,707,870		32	-
	Risk Assurance Services (0711033060)	21,421,325		5,278,008		25	-
	Sub-Total	53,394,337	-	19,141,057		36	-
Total		1,049,419,053	63,810,289	717,689,515		68	-
Kwale - Agriculture, Livestock and Fisheries							
3062	General administration and sup- port services {0102053060}	164,758,131	324,360,833	113,254,992	32,975,642	69	10.17
	Crop production & food security {0107013060}	2,631,000	42,101,018	1,446,943	8,382,400	1	19.91

Pro-gramme	Programme and Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
	Dairy and meat production {0108013060}	3,604,483	22,200,000	1,291,700	13,182,000	-	59.38
	Fish production management {0109013060}	4,159,096	27,687,050	802,300	4,550,300	-	16.43
	Livestock disease control {0108033060}	9,065,000	60,020,000	933,314	1,599,904	-	2.67
	Farmland utilization, mechaniza- tion & crop storage {0107033060}	22,758,860	20,000,000	3,150,648	5,000,000	-	25.00
	Agricultural extension, research & training. {0107023060}	2,525,000	2,000,000	516,398	-	-	-
Total		209,501,570	498,368,901	121,396,295	65,690,246	70	134
Kwale - Land, Environment, Mining and Natural Resources							
3063	0102053060 (General administra- tion and Support services	32,004,454	101,338,944	14,240,436	11,579,280	44	11
	0102063060 (Personnel Services)	26,941,639	-	24,633,158	-	91	-
	0102073060 ()	11,426,233	-	19,600	-	-	-
	0104013060 (Physical develop- ment plans)	4,600,000	37,000,000	644,025	-	14	-
	0105013060 (Establishment of squatter settlement schemes	3,800,000	23,800,000	1,616,900	2,047,500	43	9
	0106023060 (County Environ- mental Awareness Initiative)	3,100,000	-	-	-	-	-
	0901023060 ()	100,000	-	-	-	-	-
Total		81,972,326	162,138,944	41,154,119	13,626,780	50	8
Kwale - Health Services							
3064	Public Health(0401053060)	5,839,657	-	1,835,662	-	31	
	401013060	-	-	-	-		
	Maternal New Born And Child Health(0401023060)	22,171,888	-	-	-	-	
	401033060	-	-	-	-		
	Sub Total	28,011,545	-	1,835,662	-	7	
	402083060	-	-	-	-		
	402073060	-	-	-	-		
	operational Rural health Facili- ties(0402023060)	14,805,000	-	1,194,920	-	8	
	Medical Drugs(0402043060))	520,765,641	-	365,828,508	-	70	
	Sub-Total	535,570,641	-	367,023,428	-	69	
	General Administration(0403013060)	99,189,205	375,604,430	51,984,543	123,663,112	52	33
	Personnel Services(0403053060)	1,852,248,939	-	1,351,518,480	-	73	
	Sub-Total	1,951,438,144	375,604,430	1,403,503,022	123,663,112	72	33
	Msambweni Hospital (0405013060)	74,590,883	48,685,104	42,991,482	-	58	-
	Sub-Total	74,590,883	48,685,104	42,991,482	-	58	-
	Kinango Hospital(0406013060)	28,927,000	35,120,000	17,385,337	-	60	-
	Sub-Total	28,927,000	35,120,000	17,385,337	-	60	-
	Kwale Hospital(0407013060)	24,650,000	22,699,406	18,769,478	4,198,205	76	18
	Sub-Total	24,650,000	22,699,406	18,769,478	4,198,205	76	18
	408013060	7,340,000	-	4,505,809	-	61	

Pro- gramme	Programme and Sub-Pro- gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
	Sub-Total	7,340,000	-	4,505,809	-	61	
	Samburu Hospital(0409013060)	30,565,000	-	8,631,244	-	28	
	Sub-Total	30,565,000	-	8,631,244	-	28	
	Lungalunga Hospital(0410013060)	18,820,000	6,629,510	12,030,893	-	64	-
	Sub-Total	18,820,000	6,629,510	12,030,893	-	64	-
	411013060	-	-	-	-		
	Sub-Total	-	-	-	-		
	Rural Health Facili- ties(0412013060)	55,478,597	158,714,452	12,713,959	36,784,209	23	23
	Sub-Total	55,478,597	158,714,452	12,713,959	36,784,209	23	23
	Diani Health Centre(0413013060)	2,615,000	-	695,400	-	27	
	Sub-Total	2,615,000	-	695,400	-	27	
Total		2,758,006,810	647,452,902	1,890,085,715	164,645,526	69	25
Kwale - County Assembly							
3065	Audit Services (0704013060)	301,291,321	-	145,599,825	-	48	-
	General Administration and Sup- port Services (0704043060)	180,187,049	263,280,662	17,765,591	35,026,637	10	13
	Sub Total	481,478,370	263,280,662	163,365,416	35,026,637	34	13
	Oversight and legislation of coun- ty affairs	394,382,040	30,000,000	7,302,687	-	2	-
	Sub-Total	394,382,040	30,000,000	7,302,687	-	2	-
Total		875,860,410	293,280,662	170,668,103	35,026,637	-	-
Kwale - Industry, Trade and Investments							
3066							
	Trade Development and Invest- ment (301013060)	6,349,500	1,114,246	2,849,193	1,111,000	45	100
	Weights & Measures (301043060)	2,372,000	1,012,951	1,417,796	-	60	-
	301053060	-			-	-	-
	Sub Total	8,721,500	12,127,197	4,266,989	1,111,000	49	9
	Co-operative Development (30202360)	3,132,000	15,087,050	1,413,511	-	45	
	Sub Total	3,132,000	15,087,050	1,413,511	-	45	
	Personnel Services (305013060)	32,127,589	-	27,412,879	-	85	
	Administration ser- vices(0305023060)	10,526,778	87,396,454	4,480,606	50,523,960	43	58
	Sub Total	42,654,367	87,396,454	31,893,485	50,523,960	75	58
	Construction of new mar- kets(0306023060)	2,663,069	44,010,397	1,483,891	-	56	
	Sub Total	2,663,069	44,010,397	1,483,891	-	56	
	Industry & Enterprise Development (30703060)	1,288,607	41,701,327	500,310	-	39	
	Sub Total	1,288,607	41,701,327	500,310	-	39	
Total		58,459,543	190,322,425	39,558,186	51,634,960	68	27
Kwale - Community Development, Youth and Women Empowerment and Social Services							
3067	Administration (9030003067)	19,200,000	45,214,786	5,753,405	-	30	-

Pro-gramme	Programme and Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Community development (9040003067)	16,416,925		9,667,828	-	59	
	Culture and heritage (905003067)	16,050,000	72,491,477	1,969,614	-	12	-
	Sports and talent management (9060003067)	51,236,605	23,324,181	37,974,287	1,902,167	74	8
Total		102,903,530	141,030,444	55,365,134	1,902,167	54	1
Kwale - Office of the Governor and the Deputy Governor							
3068	704003068(Office of Governor Deputy Governor)	135,524,810	40,921,795	88,263,886	-	65	-
	707003068(Directorate of Communication)	17,082,521		5,958,584		35	
Total		152,607,331	40,921,795	94,222,470	-	62	
Kwale - Education							
3069	Personnel Services (0502023060)	447,983,678	-	421,118,138		94	-
	Administration Planning support service (0502013060)	12,134,731	283,846,398	5,711,135	109,366,867	47	39
		460,118,409	283,846,398	426,829,273	109,366,867		
	Scholarship and Bursary (0504013060)	400,000,000	-	400,000,000	-	100	
		400,000,000	-	400,000,000	-		
	Infrastructure development (0503023060) & (0501043060)		118,397,548	6,264,001	22,450,034		19
		-	118,397,548	6,264,001	22,450,034	-	19
	Early Childhood Development (0501043060)	66,817,400	292,947,750	25,957,873	21,341,345	39	7
		66,817,400	292,947,750	25,957,873	21,341,345		
Total		926,935,809	695,191,696	859,051,147	153,158,246	-	-
Kwale - Water and Urban Planning and Decentralised Units							
3070	Construction & Maintenance of water pipeline supply systems (1001023060)		144,800,000				-
	Development of Borehole water supply system (1001033060)		96,125,844				-
	Development/Construction of surface water supply systems (1001043060)		221,987,050				-
	Community Water Project (1001063060)		34,516,685	500,001	7,454,200		22
	Personnel Services (1002013060)	35,426,928		29,903,082		84	
	Administration Services (1002023060)	61,299,807	690,856,693	36,617,822	527,077,095	60	76
Total		96,726,735	1,188,286,272	67,020,905	534,531,295	1	45
Kwale - Infrastructure and Public Works							
3071	Administration Services (0305023060)		385,850,468		-		-
	Rehabilitation of Roads, Drainage and Bridges (0202013060)		51,387,050		-		-
	Personnel Services (0305013060)	67,225,905		45,087,652		67	

Pro-gramme	Programme and Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Installation of Street Lighting Facilities (0203013060)	104,938,145	308,252,522	54,476,039	47,317,050	52	15
Total		172,164,050	745,490,040	99,563,691	47,317,050	58	6
Kwale- Public Service and Administration							
3072	Personnel services {0305013060}	3,560,605	8,481,050	1,408,470		40	-
	Administration services {0305023060}	20,921,809		17,730,782		85	
	Local area network installation and ICT support {0308013060}	21,067,499	16,049,218	7,598,936	4,535,414	36	28
	Tourism Promotion {0304013060}	5,110,934	20,883,345	1,333,780		26	-
Total		50,660,847	45,413,613	28,071,968	4,535,414	55	10
Kwale- County Public Service Board							
3073	Human resource planning (706013060)	14,714,312	-	9,619,057	-	65	-
	Transformation of service delivery in public service (706023060)	5,000,000	-	2,246,900	-	45	-
	Compensation to employees (706043060)	29,298,166	-	17,895,725	-	61	-
	Human resource planning (706053060)	4,000,000	-	2,488,550	-	62	-
	Staff rationalisation (706063060)	2,281,505	-	2,127,950	-	93	-
Total		55,293,983	-	34,378,181	-	62	-
Kwale- Public Service and Administration							
3074	704043060 General Administration	26,786,369	20,936,933	20,656,570		77	
	704013060 (Audit Services)	183,229,195		159,148,682		87	
	Sub Total	210,015,564	20,936,933	179,805,252	-	86	
	708033060 County compliance and enforcement	14,285,200	-	2,857,563		20	
	Sub Total	14,285,200	-	2,857,563	-	-	
	712013060 Sub County Admin Msambweni	8,082,512	-	3,723,075		46	
	712023060 Sub County Admin Lunga Lunga	9,808,112	-	3,625,230		37	
	712033060 Sub County Admin Matuga	11,102,000	-	3,335,215		30	
	712043060 Sub County Admin Kinango	9,211,600	-	5,973,375		65	
	Sub-Total	38,204,224	-	16,656,895		44	
	713013060 County Garbage and Cleaning Services	9,424,445		5,751,564		61	
	Sub-Total	9,424,445		5,751,564		61	
	714013060 (Human Resource Mgt)	9,150,000		713,380		8	
	Sub-Total	9,150,000		713,380		8	
Total		281,079,433	20,936,933	205,784,654		73	
Municipality of Kwale							
3075	0102063060 (Personnel)	1,749,685	-	-	-	-	-
	0111013060 (Kwale municipality)	8,099,209	69,260,304	3,292,978	10,061,054	41	15
Total		9,848,894	69,260,304	3,292,978	10,061,054	41	15

Pro-gramme	Programme and Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Municipality of Diani							
3076	0102063060 (Personnel)	2,099,622	-	-	-	-	-
	0112013060 (Diani municipality)	7,836,125	36,388,491	1,164,160	-	15	-
Total		9,935,747	36,388,491	1,164,160	-	15	-
Grand Total		6,891,376,071	4,838,293,711	4,428,467,221	1,082,129,375	64	22

Source: Kwale County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Bursary and Scholarship in the Department of Education at 100 per cent, personnel services in the Department of Education at 94 per cent, staff rationalisation in the Department of Public Service Board at 93 per cent, and personnel services in the department of Land, Environment, Mining and Natural Resources at 91 per cent of budget allocation.

3.19.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 27th April 2023.
2. The underperformance of own-source revenue at Kshs.272.09 million against an annual projection of Kshs.557.12 million, representing 48.8 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.110: K w a l e County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency Fund were not submitted to the Controller of Budget.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.20 County Government of Laikipia

3.20.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.85 billion, comprising Kshs.1.79 billion (26.2 per cent) and Kshs.5.06 billion (73.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a 25.1 per cent decrease compared to the previous financial year when the approved budget was Kshs.8.57 billion and comprised of Kshs.3.81 billion towards development expenditure and Kshs.4.77 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (74 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.29 billion (18.7 per cent) from its own source of revenue, Kshs.343.17 million (4.9 per cent) as conditional grants, Kshs.161.66 million (2.3 per cent) as equalisation fund and a cash balance of Kshs.5.57 million (0.1per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.112.

3.20.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.95 billion as the equitable share of the revenue raised nationally, raised Kshs.648.18 million as own-source revenue, Kshs.92.89 million as conditional grants, and had a cash balance of Kshs.5.57 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.69 billion, as shown in Table 3.112: Laikipia County, Revenue Performance in the First Nine Months of FY 2022/23.

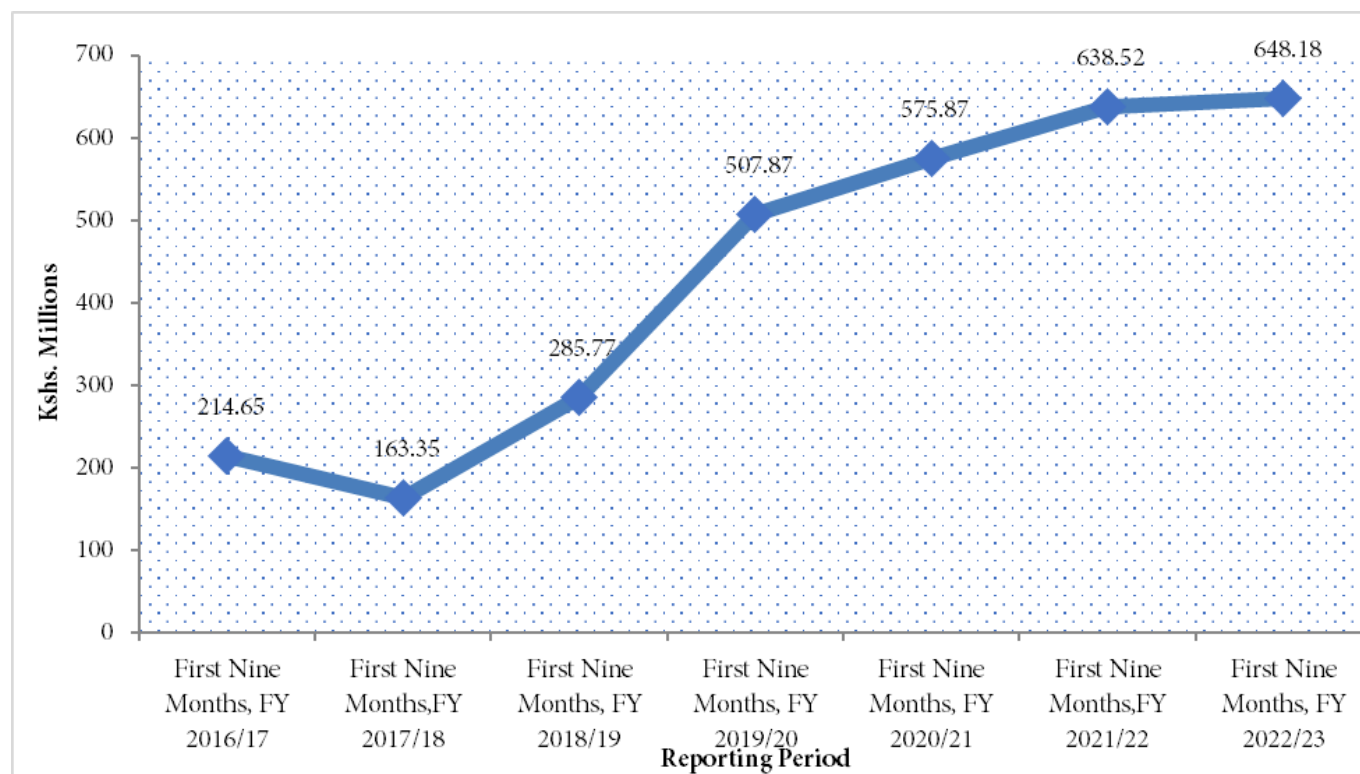
Table 3.112: Laikipia County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,136,265,679	2,953,352,764	57.5
Sub Total		5,136,265,679	2,953,352,764	57.5
B	Conditional Grants			
1	Lease of medical equipment	110,638,298	-	-
2	Laikipia County Primary Health Care	36,205,221	-	-
3	Kenya Climate Smart Agriculture	116,232,460	66,193,250	56.9
4	Kenya Devolution Support Project Level 2	12,000,000	-	-
5	DANIDA Grant	1,832,178	-	-
6	EU Ideas	18,226,569	-	-
7	Agricultural Sector Development Support Programme	27,031,259	14,124,414	52.3
8	Locally - Led-Climate Action Programme	11,000,000	11,000,000	100.0
9	UNICEF Grant	10,000,000	1,578,600	15.8
Sub-Total		343,165,985	92,896,264	27.1
D	Other Sources of Revenue			
1	Own Source Revenue	1,297,000,000	648,178,629	49.9
2	Balance b/f from FY2021/22	5,571,567	5,571,567	100.0
Sub Total		1,464,233,331	653,750,196	44.6
Grand Total		6,943,664,995	3,699,999,224	53.3

Source: Laikipia County Treasury

Figure 3.59: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

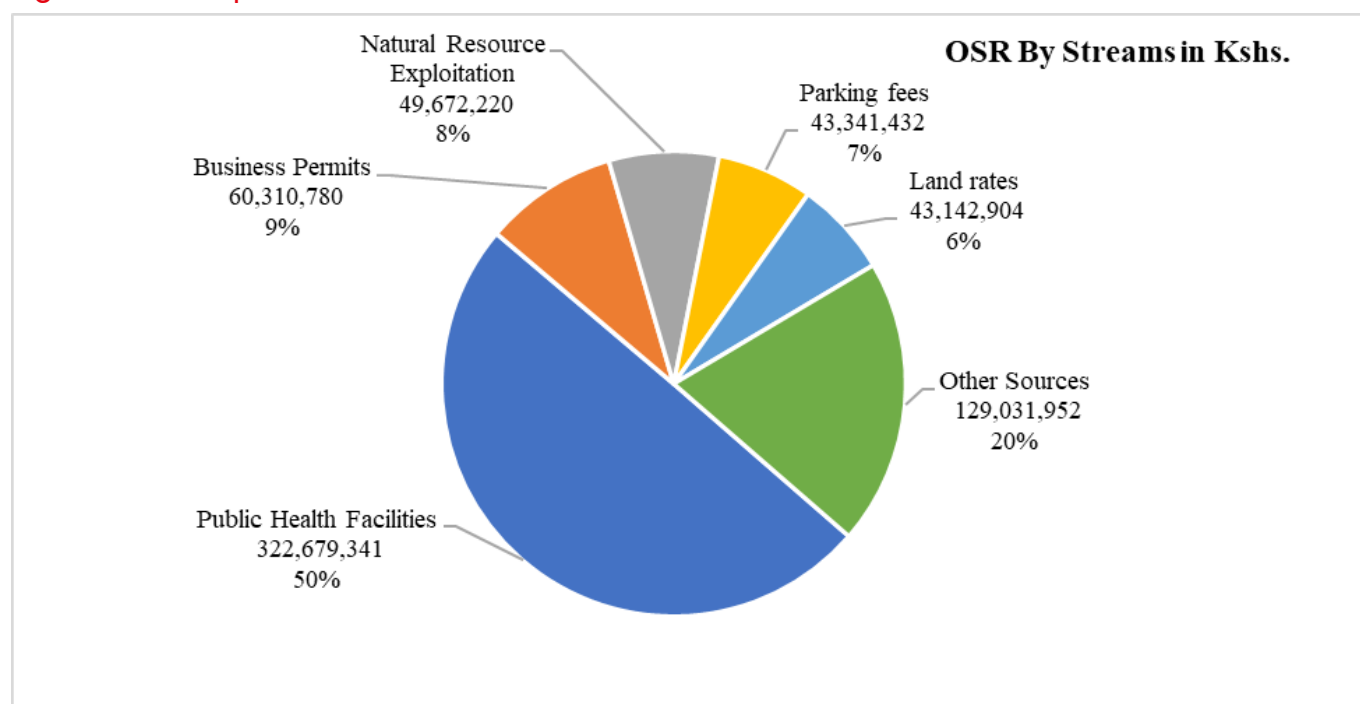
Figure 3.59: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Laikipia County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.648.19 million from its own sources of revenue, which represented an increase of 1.5 per cent compared to Kshs.638.52 million realised in a similar period in FY 2021/22 and was 49.9 per cent of the annual target and 21.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.58.39 million. The revenue streams which contributed the highest OSR are shown in Figure 3.60: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.60: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Laikipia County Treasury

The highest revenue stream of Kshs.322.67 million was hospital collections contributing to 50 per cent of the total OSR collected during the reporting period.

3.20.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.54 billion from the CRF account during the reporting period. This amount comprised Kshs.381.78 million (10.8 per cent) for development programmes and Kshs.3.15 billion (89.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.17 billion was released towards compensation to employees and Kshs.986.85 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.165.01 million.

3.20.4 Borrowing by the County

The County Treasury has an arrangement with the Cooperative Bank to pay salaries whenever there is a delay in the disbursement of the equitable share.

3.20.5 County Expenditure Review

The County spent Kshs.3.6 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.7 per cent of the total funds released by the CoB and comprised Kshs.398.53 million and Kshs.3.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.2 per cent. In contrast, recurrent expenditure represented 63.4 per cent of the annual recurrent expenditure budget.

3.20.6 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.831.66 million as of 31st March 2023

3.20.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.02 billion on employee compensation, Kshs.731.74 million on operations and maintenance, and Kshs.397.22 million on development activities. Similarly, the County Assembly spent Kshs.146.06 million on employee compensation, Kshs.310.36 million on operations and maintenance, and Kshs.1.31 million on development activities, as shown in Table 3.113: Summary of Budget and Expenditure by Economic Classification.

Table 3.113: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,394,252,468	662,869,078	2,749,366,388	456,425,319	62.6	68.9
Compensation to Employees	3,270,068,295	219,508,383	2,017,630,401	146,063,578	61.7	66.5
Operations and Maintenance	1,124,184,173	443,360,695	731,735,987	310,361,741	65.1	70.0
Development Expenditure	1,693,042,768	103,000,000	397,223,468	1,306,223	23.5	1.3
Total	6,087,295,236	765,869,078	3,146,589,856	457,731,542	51.7	59.8

Source: Laikipia County Treasury

3.20.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.16 billion, or 58.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.69 billion. This expenditure represented an increase from Kshs.2.02 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.03 billion paid to health sector employees, translating to 47.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.75 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.408.67 million was processed through manual payrolls. The manual payrolls accounted for 18.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.69 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.22.18 million. The average monthly sitting allowance was Kshs.40,665 per MCA. The County Assembly has established 18 Committees.

3.20.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.339.39 million to county-established funds in FY 2022/23, constituting 4.9 per cent of the County's overall budget. Table 3.114: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.114: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023
1.	Cooperative Revolving Fund	500,000	-	-	Yes
2.	Enterprise Revolving Fund	4,083,000	-	-	Yes
3.	Leasing fund	37,500,000	32,245,129	32,245,129	Yes
4.	Emergency Fund	50,000,000	21,097,400	21,097,400	Yes
5.	Bursary Fund	52,200,000	50,000,000	50,000,000	No
6.	County Assembly Car & Mortgage Scheme	195,114,621	139,000,000	139,000,000	No
	Total	339,397,621	242,342,529	242,342,529	

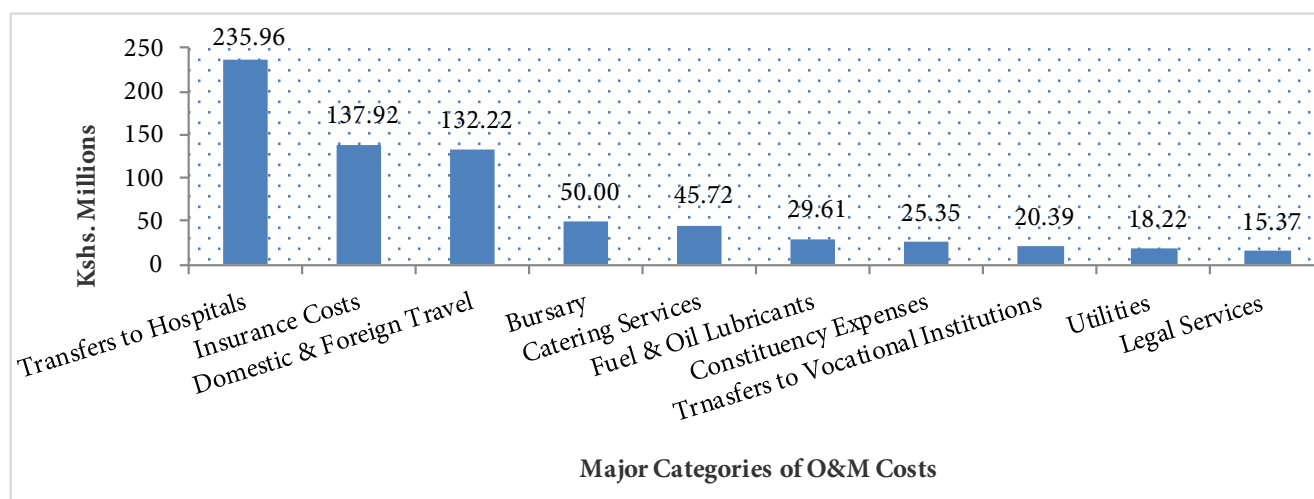
Source: Laikipia County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of two funds, as indicated in Table 3.114: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.20.10 Expenditure on Operations and Maintenance

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

Figure 3.61: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.98.95 million and comprised of Kshs.32.85 million spent by the County Assembly and Kshs.66.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33.27 million, which comprised of Kshs.22.08 million by the County Assembly and Kshs.11.19 million by the County Executive.

3.20.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.398.53 million on development programmes, representing a decrease of 65.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.17 billion. Table 3.115: Laikipia County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.115: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Proposed Construction of Modern Kiosk at Sosian	Sosian	3,996,200	3,996,200	100
2	Construction of Maternity Block at Melwa Dispensary	Melwa	3,959,323	3,959,323	100
3	Grading, gravelling and culvert installation at Graton Lenaishio	Mukogondo East	3,844,588	3,844,588	100
4	Supply and Delivery of Vaccines	County Wide	2,840,000	2,840,000	100
5	Construction of Modern Kiosk at Kimanju Market	Kimanju Market	3,964,416	3,964,416	100
6	Rehabilitation of Kaguaru Spring Water	Igwamiti	2,912,712	2,912,712	100
7	Rehabilitation of Machunguru Borehole	Rumuruti	2,917,500	2,917,500	100
8	Drilling & development of Ngumo Secondary Borehole	Ngumo Secondary	1,907,500	1,907,500	100
9	Construction of 3 10m3 plastic tank bases & pipping at Suguroi IDP Camp	Suguroi IDP Camp	1,517,601	1,517,601	100
10	Construction of Bodaboda sheds at Simoto, Ndurumo, Olenyiro and Kapkures	Rumuruti	1,526,444	1,526,444	100

Source: Laikipia County Treasury

3.20.12 Budget Performance by Department

Table 3.116: Laikipia County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.116: Laikipia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	3,598.60	32.29	2,234.01	0.74	2,213.63	12.74	99.1	1,721.70	61.5	39.5
County Treasury Services	197.75	406.78	89.19	114.46	105.63	116.16	118.4	101.5	53.4	28.6
Health Services	406.39	695.66	304.82	130.61	290.07	164.36	95.2	125.8	71.4	23.6
Agriculture, Livestock & Fisheries	49.24	179.24	25.19	90.53	30.3	60.99	120.3	67.4	61.5	34
Infrastructure, Physical Planning & Lands	10.54	235.07	5.66	33.18	5.76	32.19	101.8	97	54.6	13.7
Education services	110.5	43.03	86.54	-	88.57	-	102.3	-	80.2	-
Trade, Tourism & Cooperatives	9.22	45	7.81	-	6.01		77	-	65.3	-
Water, Environment & Natural Resources	10.02	51	8.66	10.95	8.9	10.77	102.8	98.4	88.8	21.1
Rumuruti Municipality	2	4.98	0.5	-	0.5		100	-	25	-
County Assembly	662.87	103	390.86	1.31	456.43	1.31	116.8	100	68.9	1.3
Total	5,057.13	1,796.04	3,153	382	3,206	398.53	101.7	104.4	63.5	22.2

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the Administration department recorded the highest absorption rate of development budget at 39.5 per cent, followed by the Department of Agriculture, Livestock & Fisheries at 34.0 per cent. The Department of Water had the highest percentage of recurrent expenditure to budget at 88.8 per cent, while Rumuruti Municipality had the lowest at 25 per cent.

Further, the report on department budget performance shows that several departments reported expenditures above the approved exchequer issues, which indicates a weak internal control at the County Treasury.

3.20.13 Budget Execution by Programmes and Sub-Programmes

Table 3.117 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.117: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Education					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
General Administration & Planning services	Personnel services				
	Administration Services	4,736,405	3,723,727	1,012,678	78.6
Vocational Training Institutes.	Vocational Training Institutes.	29,647,149	20,553,650	9,093,499	69.3
Collaboration with Stakeholders	Collaboration with Stakeholders.	3,500,000	84,000	3,416,000	2.4
Gender Culture and Social Services.	Gender Culture and Social Services.	7,878,948	134,442	7,744,506	1.7
Youth and Sports.	Youth & Sports	13,000,000	10,443,869	2,556,131	80.3
Education & Library Services	Education and Library Services.	91,660,000	52,850,650	38,809,350	57.7
Talent Development Services	Childcare & rehabilitation	2,603,136	508,936	2,094,200	19.6
	Talent Development	500,000	271,064	228,936	54.2
Sub-total		153,525,638	88,570,338	64,955,300	57.7
County Assembly					
General Administration & Planning Services	Administration services	397,721,447	273,855,191	123,866,255	68.9
Legislative & Oversight	Legislation & Oversight Services	265,147,631	182,570,128	82,577,504	68.9
Infrastructure improvement services	County Assembly Infrastructure improvement	103,000,000	1,306,223	101,693,777	1.3
Sub-total		765,869,078	457,731,542	308,137,536	59.8
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	175,000,000		175,000,000	-
	Health Products & Technologies Support	200,000,000	105,191,892	94,808,108	52.6
	Emergency Referral & Rehabilitative Service	590,804,400	254,313,715	336,490,685	43.1
General Administration & Planning Services	Essential Health Institutions & Services	30,000,000	14,322,629	15,677,371	47.7
	Strategic health Interventions	36,205,271	34,378,707	1,826,564	95.0
	Human Resource Development	12,000,000	11,298,297	701,703	94.2
	Health Policy, Governance, Planning & Financing	8,000,000	5,613,744	2,386,256	70.2
	Health Information Standards & Quality Assurance	6,000,000	3,375,000	2,625,000	56.3
	Community Health Strategy, Advocacy & Surveillance	12,040,400	12,237,200	- 196,800	101.6
Preventive Health Services	Family Planning, Maternal & Child Health Services	9,000,000	6,328,590	2,671,410	70.3
	Non-Communicable Diseases Control & Prevention	3,000,000	2,485,900	514,100	82.9
	Public Health Promotion & Nutrition Services	5,000,000	664,599	4,335,401	13.3
	TB/HIV/AIDS Prevention & Control	15,000,000	4,216,196	10,783,804	28.1
Sub-total		1,102,050,071	454,426,468	647,623,603	41.2
Infrastructure, Physical Planning & Lands					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
General Administration and Planning Services	Administration Services	7,000,000	3,861,397	3,138,603	55.2
	Planning and Financial Management	-	-	-	-
Financial Services	County Treasury administrative services	-	-	-	-
Land and Housing Management	Housing Policy Development	1,500,000	915,228	584,772	61.0
Public Works Service Delivery Improvement	County Building Construction Standard	1,000,000	530,500	469,500	53.1
Renewable /Green Energy Services	County renewable/green energy services	6,036,268	1,435,900	4,600,368	23.8
Roads Network Improvement Housing and Urban Development	Road Network improvement	210,000,000	31,211,241	178,788,759	14.9
	Road network maintenance	20,066,862	-	20,066,862	-
	Heavy equipment Maintenance	-	-	-	-
	Urban Development	-	-	-	-
Critical Infrastructure Rehabilitation and Construction	Inter ward Bridge construction program	-	-	-	-
Administration and Support Services	Managed Specialised equipment and Vehicles	-	-	-	-
Physical Planning and Survey	Survey and Planning services	-	-	-	-
	Land Management services	-	-	-	-
Sub-total		245,603,130	37,954,266	207,648,864	15.5
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	1,570,000	1,142,900	427,100	72.8
	Personnel Services	2,700,000	872,300	1,827,700	32.3
	Pending bills	-	-	-	-
Cooperative Development and promotion	Cooperative Development and promotion	2,515,450	2,106,800	408,650	83.8
	Research & Development	-	-	-	-
	Revolving Fund	-	-	-	-
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	44,000,000	1,091,982	42,908,018	2.5
	Market Infrastructure Development	-	-	-	-
	Meteorological Lab-weights and measures	500,000	-	500,000	-
Tourism Development & Promotion	Tourism Promotion and Marketing	2,930,000	800,600	2,129,400	27.3
	Tourism Infrastructural Development	-	-	-	-
Sub-total		54,215,450	6,014,582	48,200,868	11.1
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,462,302,619	2,125,161,807	1,337,140,813	61.4
	County Public Service Board	13,500,000	11,700,920	1,799,080	86.7
County Administration Services	Headquarter Administration Services	25,444,698	16,930,013	8,514,685	66.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
	ICT Infrastructure & Connectivity	4,300,000	742,570	3,557,430	17.3
	County Administration Services	6,400,000	3,188,392	3,211,608	49.8
	County services delivery and result reporting	1,000,000	1,000,000	-	100.0
	Car & Mortgage	-	-	-	-
	Decentralised Services	10,700,000	300,092	10,399,908	2.8
	Executive Support Service	64,150,000	37,402,154	26,747,846	58.3
	Grants & Transfers	13,289,366	12,000,000	1,289,366	90.3
	Urban Facilities Management	10,000,000	8,000,000	2,000,000	80.0
	Legal Services	2,500,000	2,023,400	476,600	80.9
Security & Policing Services	Disaster Reduction Management	1,500,000	323,700	1,176,300	21.6
	Enforcement and Disaster Management	1,000,000	791,000	209,000	79.1
	Alcohol Control Committee	3,000,000	382,960	2,617,040	12.8
	Intergovernmental & Donor Relations	4,000,000	3,078,808	921,192	77.0
	Fire Services	7,300,000	1,916,540	5,383,460	26.3
Public Participation & Civic Education	Public participation	2,000,000	1,430,000	570,000	71.5
Sub-total		3,630,886,683	2,226,372,356	1,404,514,328	61.3
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	21,500,000	500,000	21,000,000	2.3
General Administration & Support Services	Administrative and Planning Services	5,231,689	4,168,991	1,062,698	79.7
	Motor vehicle maintenance and fuel provision	4,787,900	4,726,350	61,550	98.7
Environment & Natural Resources	Solid Waste Management	13,500,000	9,499,010	4,000,990	70.4
	Human-Wildlife Conflict Prevention	2,000,000	-	2,000,000	-
	Natural Resources Management	2,000,000	775,000	1,225,000	38.8
	Climate Change Adaptation & Mitigation	11,000,000	-	11,000,000	-
	Integrated land rehabilitation	1,000,000	-	1,000,000	-
Sub-total		61,019,589	19,669,351	41,350,238	32.2
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	45,208,016	17,746,912	27,461,104	39.3
	Agriculture Sector Extension Management	27,031,259	19,124,414	7,906,845	70.7
Livestock Production	Livestock Resource Development and Management	2,200,000	-	2,200,000	-
	Livestock Marketing and Value Addition		-	-	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
Crop Production & Horticulture	Land and Crop Productivity Enhancement and Management	5,000,000	-	5,000,000	-
	Strategic Food Security Service	26,914,415	-	26,914,415	-
	Agribusiness and Information Management		-	-	-
	Standards and Quality Assurance		-	-	-
	Climate Change Adaptation & Mitigation	116,327,634	51,576,787	64,750,847	44.3
Veterinary Services	Animal Health and Disease Management	4,800,000	2,840,000	1,960,000	59.2
Fisheries Services	Fisheries Development and Management	1,000,000		1,000,000	-
Sub-total		228,481,324	91,288,113	137,193,211	40.0
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	37,187,066	8,467,772	28,719,294	22.8
Administration, Planning & Support Services	Personnel Services	3,000,000	1,521,386	1,478,614	50.7
	General Administration Services	399,209,651	136,324,441	262,885,210	34.1
	Market Infrastructural Services	3,597,838	2,750,000	847,838	76.4
Public Finance Management Services	Internal Audit Services	8,008,222	8,004,519	3,703	100.0
	Enterprise Development Fund	3,958,120	3,958,120	-	100.0
	Budget Management	4,229,245	4,135,700	93,545	97.8
	Financial Automation Services	3,036,971	2,170,279	866,692	71.5
	Revenue collection services	36,600,000	16,420,000	20,180,000	44.9
	Revenue Management	30,000,000	4,400,000	25,600,000	14.7
	County Emergency Fund	50,000,000	21,097,400	28,902,600	42.2
	Supply chain management services	2,813,518	1,914,000	899,518	68.0
Development Planning Services	Monitoring and Evaluation Services	588,000	510,750	77,250	86.9
	Integrated Planning	1,418,436	1,316,115	102,321	92.8
	Strategic Partnership & Collaboration	13,000,000	3,000,000	10,000,000	23.1
	Research, Statistics & Documentation	4,158,140	2,993,640	1,164,500	72.0
	Participatory Budgeting	3,725,000	2,810,261	914,739	75.4
Sub-total		604,530,207	221,794,383	382,735,824	36.7
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	2,000,000	500,000	1,500,000	25.0
Roads Network Improvement Housing and Urban Development	Road Network improvement	4,983,144	-	4,983,144	-
Sub-Total		6,983,144	500,000	6,483,144	7.2

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
Grand Total		6,853,164,314	3,604,321,399	3,248,842,915	52.6

Source: Laikipia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Services, delivery & results reporting in the Department of Administration at 100 per cent, Strategic health interventions in the Department of Health at 94.9 per cent, and Integrated planning in the Department of Finance & Economic Planning at 92.8 per cent of budget allocation.

3.20.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County to the Controller of Budget affected the timely preparation of the budget implementation report. The Assembly report was received on 26th April 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.116: Laikipia County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. High pending bills amounting to Kshs.831.66 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.165.01 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.408.67 million were processed through the manual payroll, accounting for 18.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.21 County Government of Lamu

3.21.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.4.64 billion, comprising Kshs.1.65 billion (35.5 per cent) and Kshs.3.0 billion (64.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 7.1 per cent compared to the previous financial year when the approved budget was Kshs.5.0 billion and comprised of Kshs.1.97 billion towards development expenditure and Kshs.3.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.11 billion (66.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.131 million (2.8 per cent) from its own source of revenue, Kshs.375.42 million (8.1 per cent) as conditional grants, and a cash balance of Kshs.1.03 billion (22.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.118.

The cash balance from the previous financial year comprises Kshs.228.05 million, which was unspent conditional grants, Kshs.248.45 million, which had not yet been received Equitable Share of Revenue Raised Nationally as at the end of the financial year, and Kshs. 551.96 million was the balance in the CRF account at the Central Bank of Kenya.

3.21.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.1.79 billion as the equitable share of the revenue raised nationally, raised Kshs.82.20 million as own-source revenue, Kshs.19.53 million as conditional grants, and had a cash balance of Kshs.1.03 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.92 billion, as shown in Table 3.118: Lamu County, Revenue Performance in the First Nine Months of FY 2022/23.

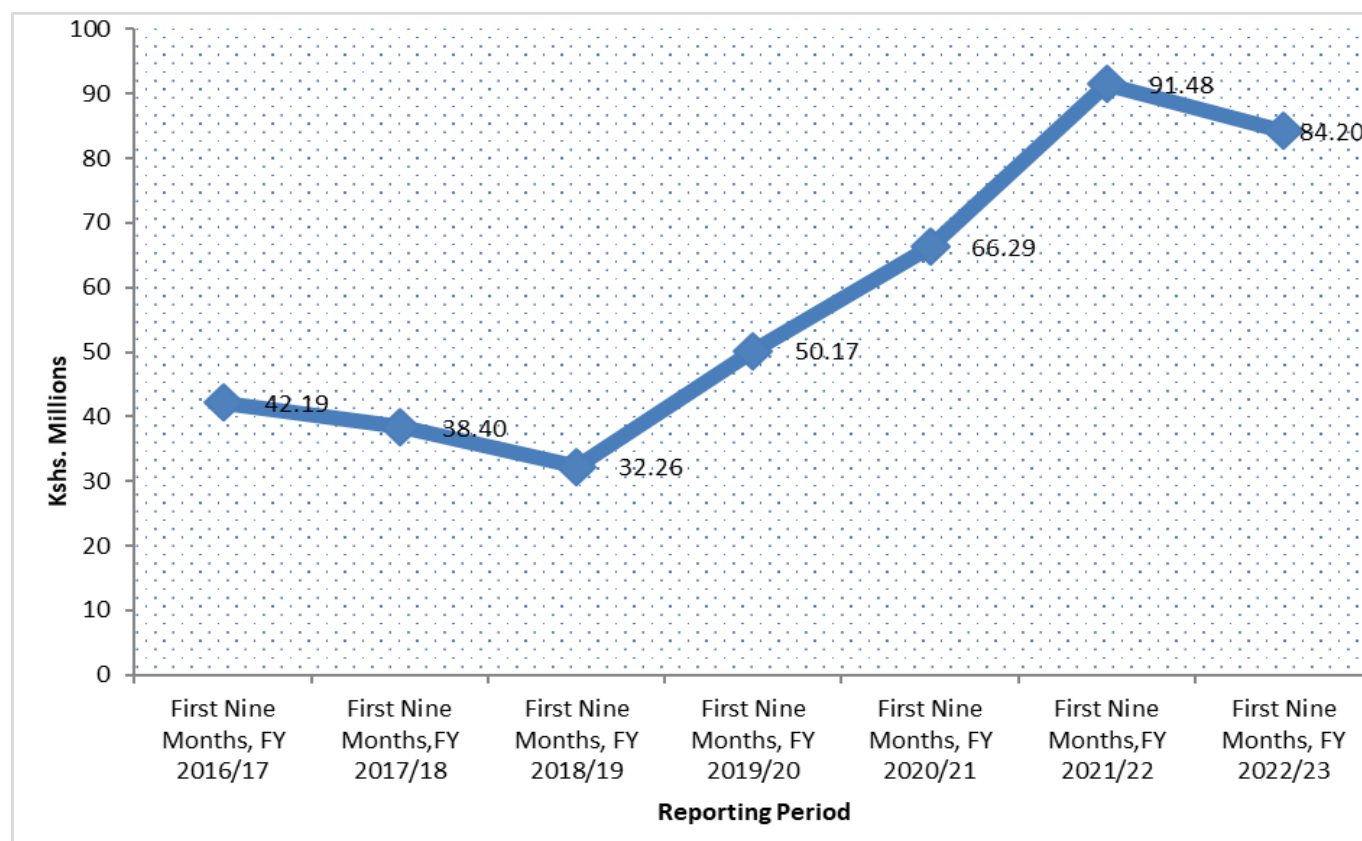
Table 3.118: Lamu County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	3,105,649,643	1,785,748,543	57.5
Sub total		3,105,649,643	1,785,748,543	57.5
B	Conditional Grants			
1.	Kenya Informal Settlements Improvement Project (KI-SIP)-Lamu Municipality	200,000,000		
2.	IDA(World Bank/Kenya Climate Smart Agriculture Projects	144,452,636	5,236,636.00	3.6
3.	Sweden AGRICULTURAL Sector Development Support Programme(ASDSP II)	14,500,000	14,297,122.00	98.6
4.	Financing Locally Led Climate Action Program-Floca	11,000,000		
5.	DANIDA Grant Primary Health Care in Devolved Context	5,469,400		
FY 2022/23 Conditional Grants total		375,422,036	19,533,758	5.2
1.	B/F IDA(World Bank/Transforming Health System For Universal Care Project	56,619,171	56,619,171	100
2.	B/F IDA(World Bank/Kenya Climate Smart Agriculture Projects	52,143,781	52,143,781	100
3.	B/F KENYA DEVOLUTION SUPPORT PROGRAMME -Finance	45,302,506	45,302,506	100
4.	B/F Sweden AGRICULTURAL Sector Development Support Programme(ASDSP II)	31,477,419	31,477,419	100
5.	B/F Urban Development Grant -Lamu Municipality	17,882,869	17,882,869	100
6.	B/F Urban Investment Grant KUSP-Lamu Municipality	13,150,302	13,150,302	100
7.	B/F Fuel levy	8,631,794	8,631,794	100
8.	B/F Covid-19 grant	2,839,717	2,839,717	100
9.	Conditional Grants B/F	228,047,559	228,047,559	100
Sub total		603,469,595	247,581,317	5.2
C	Other Sources of Revenue			
1.	Own Source Revenue	131,000,000	84,202,182	64.3
2.	Unspent balance from FY 2021/22	551,956,328	551,956,328	100
3.	B/F of Equitable Share of Revenue Raised Nationally	248,451,970	248,451,970	100
Sub Total		931,408,298	884,610,480	95.0
Grand Total		4,640,527,536	2,917,940,340	62.9

Source: Lamu County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

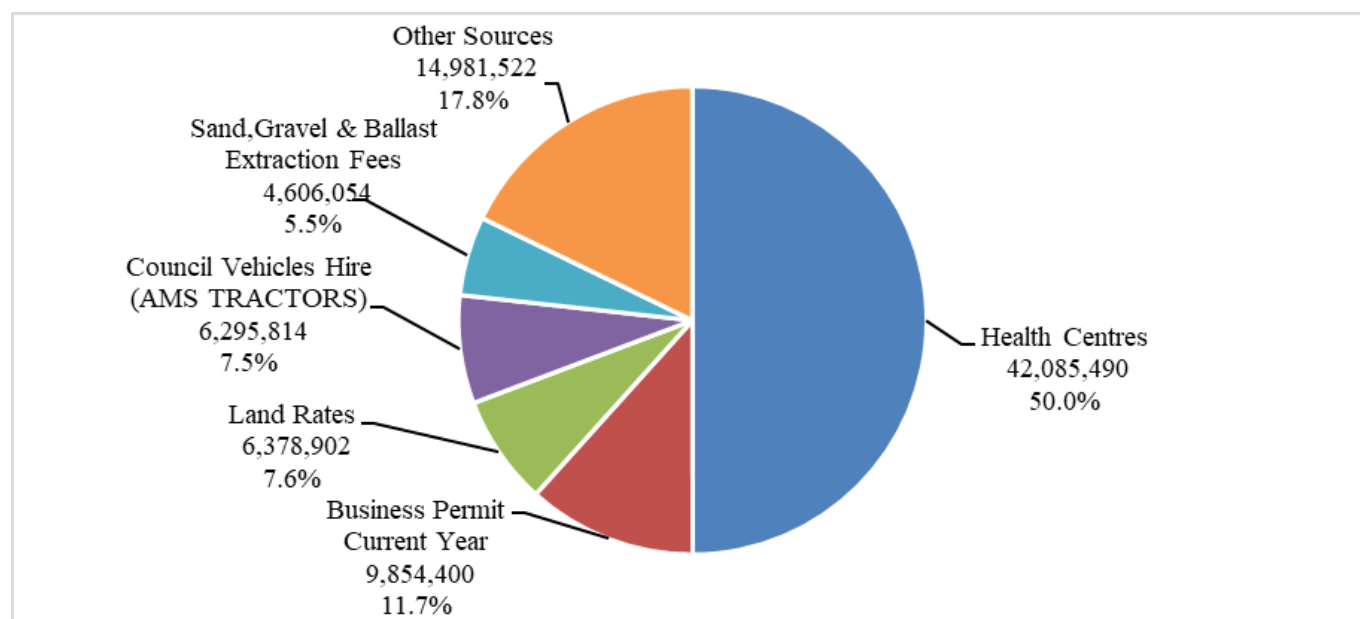
Figure 3.62: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Lamu County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.84.20 million from its own sources of revenue, which represented a decrease of eight per cent compared to Kshs.91.48 million realised in a similar period in FY 2021/22 and was 64.3 per cent of the annual target and 2.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.63: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.63: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Lamu County Treasury

The highest revenue stream of Kshs.42.09 million was from Health Centres capitation, contributing to 50 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.43.11 million representing 51.2 per cent of the overall OSR in the first nine months of FY 2022/23.

3.21.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.06 billion from the CRF account during the reporting period. This amount comprised Kshs.211.87 million (10.3 per cent) for development programmes and Kshs.1.84 billion (89.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.23 billion was released towards compensation to employees and Kshs.610.20 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.514.55 million.

3.21.4 County Expenditure Review

The County spent Kshs.2.15 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.4 per cent of the total funds released by the CoB and comprised Kshs.217.40 million and Kshs.1.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.2 per cent. In contrast, recurrent expenditure represented 64.4 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.73.08 million, comprised of Kshs.60.05 million for recurrent expenditure and Kshs.13.02 million for development activities. During the period under review, pending bills amounting to Kshs.43.37 million were settled, consisting of Kshs.42.60 million for recurrent expenditure and Kshs.0.77 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.29.71 million.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.08 billion on employee compensation, Kshs.633.12 million on operations and maintenance, and Kshs.217.40 million on

development activities. Similarly, the County Assembly spent Kshs.221.89 billion on employee compensation and Kshs.104.34 million on operations and maintenance, as shown in Table 3.119: Summary of Budget and Expenditure by Economic Classification.

Table 3.119: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,505,187,126	490,250,000	1,708,321,925	221,885,453	68.2	45.3
Compensation to Employees	1,733,599,575	232,814,832	1,075,204,395	104,341,652	62.0	44.8
Operations and Maintenance	771,587,551	257,435,168	633,117,530	117,543,801	82.1	45.7
Development Expenditure	1,501,090,410	144,000,000	217,401,337	-	14.5	-
Total	4,006,277,536	634,250,000	1,925,723,262	221,885,453	48.1	35.0

Source: Lamu County Treasury

3.21.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.18 billion, or 40.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.2.92 billion. This expenditure represented an increase of 3.9 per cent from Kshs.1.14 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.644.08 million paid to health sector employees, translating to 54.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.06 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.116.71 million was processed through manual payrolls. The manual payrolls accounted for 9.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.2.56 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.19.36 million. The average monthly sitting allowance was Kshs.14,989 per MCA. The County Assembly has established 17 Committees.

3.21.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.179.00 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 3.120: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.120: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Emergency Fund	10,000,000	10,000,000	1,500,000	No
2.	Lamu County Executive Staff Housing Fund	-	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
3.	Lamu County Disability Fund.	7,000,000	-		No
4.	Lamu County Youth Fund.	7,000,000	-		No
5.	Lamu County Women Fund.	8,000,000	-		No
6.	Lamu County Bursary Fund.	120,000,000	119,994,392	119,553,978.00	No
County Assembly Established Funds					
7.	County Assembly of Lamu car loan and mortgage fund	27,000,000	-	-	YES
	Total	179,000,000	129,994,392	121,053,978.00	

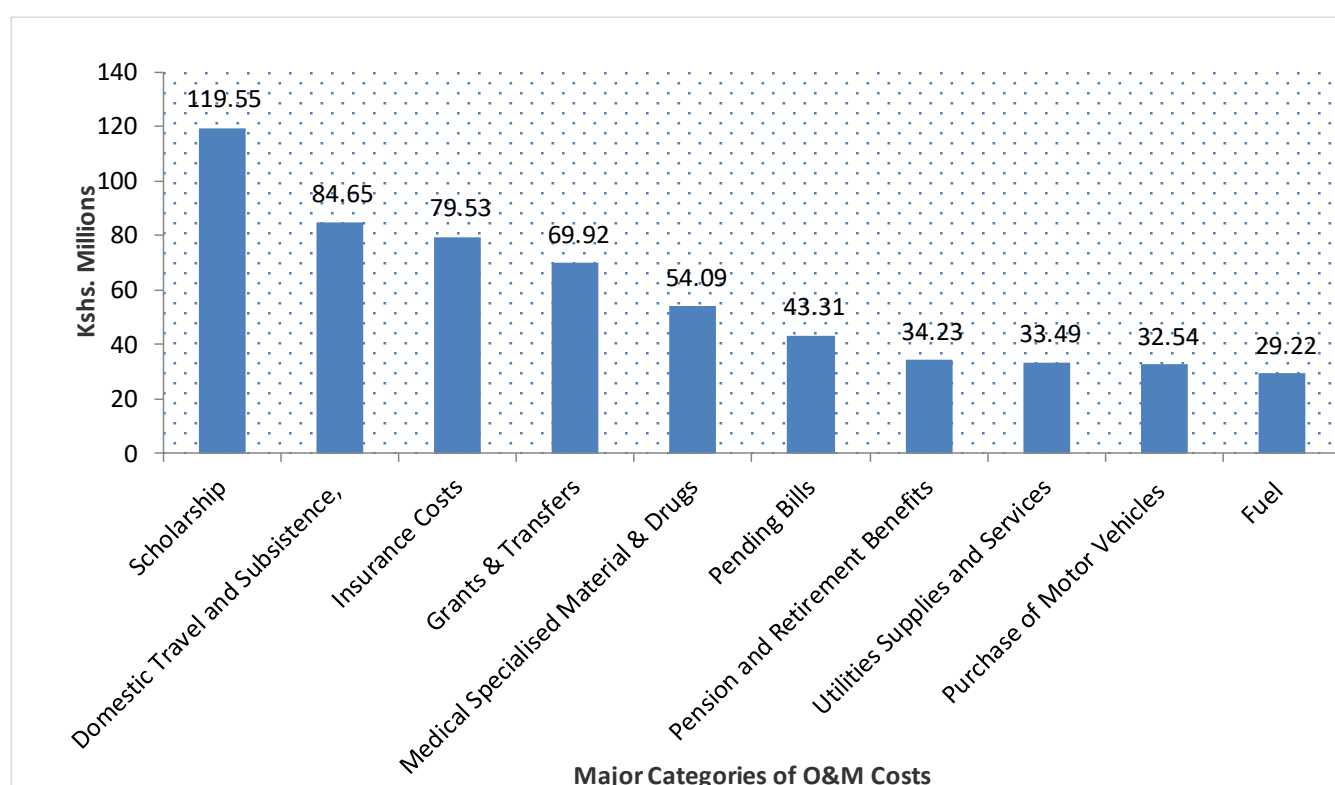
Source: Lamu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of all funds except for the County Assembly of Lamu Car Loan and Mortgage Fund, as indicated in Table 3.120: Performance of County Established Funds as of 31st March 2023, which is contrary to the requirement of Section 168 of the PFM Act, 2012.

3.21.9 Expenditure on Operations and Maintenance

Figure 3.64: Lamu County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.64: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.84.65 million and comprised of Kshs.19.21 million spent by the County Assembly and Kshs.65.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.14 million and comprised of Kshs.17.88 million by the County Assembly and Kshs.1.26 million by the County Executive.

3.21.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.217.40 million on development programmes, representing a decrease of 1.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.220.39 million. Table 3.121: Lamu County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.121: Lamu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Lamu Municipality	Construction of Pavement and liquid waste management system	Shella	18,200,000	18,862,831	10,793,925	57.2
2	Water Management & Conservation	Rehabilitation of water wells	Mkomani/ Shella	6,953,700	7,000,000	6,953,678	99.3
3	Agriculture and Irrigation and Cooperative Development	Purchase of Certified Crop Seed	County-wide	30,000,000	30,000,000	5,302,500	17.7
4	Infrastructure and Energy	Public Streetlights	County-wide	30,000,000	30,000,000	5,131,526	17.1
5	Municipality	Purchase of Tractor and Trailer for Garbage Collection	Hindi	5,090,793	5,200,000	5,090,793	97.9
6	Infrastructure and Energy	Routine Maintenance of Umoja Road	Bahari	4,999,252	5,000,000	4,999,252	100.0
7	Infrastructure and Energy	Routine Maintenance of Witu Tangeni Road	Witu	4,998,962	5,000,000	4,998,962	100.0
8	Infrastructure and Energy	Routine Maintenance of PCEA, Maumau, Kisimani Road	Hongwe	4,998,857	5,000,000	4,998,857	100.0
9	Infrastructure and Energy	Routine Maintenance of Mkunumbi Bahati Njema Road	Mkunumbi	4,998,869	5,000,000	4,998,869	100.0
10	Infrastructure and Energy	Routine Maintenance of Nathan to Bomani Road	Hongwe	4,998,368	5,000,000	4,998,368	100.0

Source: Lamu County Treasury

3.21.11 Budget Performance by Department

summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.122: Lamu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.25	144.00	232.72	-	221.89	-	95.3	-	45.3	-
County Executive and PSM	432.20	47.26	286.56	-	285.72	-	99.7	-	66.1	-
Finance, Economy & Strategic Planning	158.42	-	80.88	-	111.75	-	138.2	-	70.5	-
Agriculture and Irrigation and Cooperative Development	134.10	290.18	57.81	40.03	86.49	65.71	149.6	164.1	64.5	22.6
Land and Physical Planning	27.72	99.11	14.80	-	14.90	-	100.7	-	53.7	-
Education and Vocation Training	263.48	115.98	223.73	36.00	224.16	36.00	100.2	100.0	85.1	31.0
Medical Services	1,082.00	243.57	706.36	22.34	736.25	24.55	104.2	109.9	68.0	10.1
Trade, Investment & Tourism	53.58	26.40	39.58	1.65	44.92	1.65	113.5	100.0	83.8	6.3
County Public Service Board	49.36	-	33.05	-	30.90	-	93.5	-	62.6	-
Water Management & Conservation	41.12	162.03	27.71	35.43	27.73	20.77	100.1	58.6	67.4	12.8
Youth, Gender, Culture, Sports and Social Services	19.60	62.00	8.81	3.98	7.17	3.98	81.3	100.0	36.6	6.4
Sanitation and Environment	86.56	11.50	47.08	2.40	46.23	2.40	98.2	100.0	53.4	20.9
Fisheries Development	31.90	25.00	20.03	-	18.93	-	94.5	-	59.3	-
Budget And Economic Planning	25.81	-	15.39	-	15.82	-	102.8	-	61.3	-
Infrastructure and Energy	49.00	185.00	25.50	58.19	26.28	39.70	103.1	68.2	53.6	21.5
Lamu Municipality	50.36	233.06	24.61	11.85	31.06	22.64	126.2	191.1	61.7	9.7
Total	995.44	1,645.09	44.62	211.87	30.21	217.40	104.6	102.6	64.4	13.2

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Education and Vocation Training recorded the highest absorption rate of development budget at 31.0 per cent, followed by the Department of Agriculture and Irrigation and Cooperative Development at 22.6 per cent. The Department of Education and Vocation Training had the highest percentage of recurrent expenditure to budget at 85.1 per cent, while the Department of Youth, Gender, Culture, Sports and Social Services had the lowest at 36.6 per cent.

Further, the report on budget performance by departments shows that several departments reported expenditures above the approved exchequer issues, which indicates a weak internal control at the County Treasury.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 3.123: Lamu County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.123: Lamu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department County Assembly							
Programme 1: Administration, planning and sup- port services.	Sub-programme 1.1 General Administration, Planning and Support Services	249,273,120	40,000,000	104,598,222		42.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Programme 2: Legislative Ser- vices, Representa- tion & Oversight	Sub-programme 2.1: Legislative Services, Rep- resentation and Oversight	240,976,880	104,000,000	117,287,231		48.7	-
	Total	490,250,000	144,000,000	221,885,453	-	45.3	-
Department County Executive and PSM							
Programme 2	Sub-programme 3.1: Headquar- ters	327,209,162		242,519,366		74.1	-
	Sub-programme 3.2: Office of the Governor & Deputy Gover- nor	104,987,930		43,200,802		41.1	-
	P3. Projects		47,256,237		-		
	Total	432,197,092	47,256,237	285,720,168	-	66.1	-
Department Finance, Economy & Strategic Planning							
0711003210 P11 Administration, planning support services	0711003210 P11 Headquarters	102,189,492		65,858,412		64.4	-
	0711013210 KDSP Head- quarters	45,302,506		40,170,000		88.7	-
	Sub-Total	147,491,998	-	106,028,412	-	71.9	-
0712003210 P12 Control & man- agement of Public Finance	SP2 Resource mobilisation	1,982,705		1,140,441		57.5	-
	SP3 Internal Audit	1,780,202		1,060,413		59.6	-
	SP4 Procurement	1,861,955		1,313,040		70.5	-
	SP5 Public Finance & Ac- counting	5,303,258		2,212,232		41.7	-
	Sub-Total	10928120	-	5,726,126	-	52.4	-
	Total	158,420,118	-	111,754,538	-	70.5	-
Department Agriculture and Irrigation and Cooperative Development - 3214000000							
Programme 4: P11: Livestock Extension Ser- vices	SP1 Livestock Extension Ser- vices	1,900,068	15,000,000	470,050		24.7	-
P12 Veteri- nary Service Management -3214100801	SP1 Veterinary Service Manage- ment	1,417,644	1,559,746	72,850		5.1	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P16 Crop Development & Management	SP3 Promotion of Agro-Pro-cessing & Value Addition Tech-nologies	35,952,636	177,143,781	29,022,737	19,812,000	80.7	11.2
P6 Administra-tion, Planning and Monitoring & Evaluation	Directorate of Agriculture & Extension Services	94,392,844	15,000,000	56,825,830	15,000,000	60.2	100.0
P8 Co-manage-ment	SP 8.1: Cooper-ative Develop-ment - ASDSPII Grant	435,080	51,477,419	100,600	25,591,479	23.1	49.7
Value Addition and Marketing			30,000,000		5,302,500	-	17.7
	Total	134,098,272	290,180,946	86,492,067	65,705,979	64.5	22.6
Department Land and Physical Planning							
P2: Land Man-agement	SP 2.1: Consul-tancy services for Planning and Surveying		56,109,907			-	
	Sub-Programme 2.2: Land Adjudication & Regularisation		10,000,000			-	
	Sub-programme 2.3: Planning and Surveying		10,500,000			-	
	Sub-programme 2.4: RTK Machine and Handheld GPS gadgets		3,200,000			-	
	Sub-programme 2.5: Spatial planning		19,300,000			-	
	Sub-Total		99,109,907			-	-
	Total	27,721,092	99,109,907	14,899,795	-	53.	-
Department of Education and Vocation Training							
0501003210 Programme 1: Administration, planning & sup-port services	Sub-programme 1.1: Headquar-ters	143,478,320		104,609,970		72.9	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
0502003210 Programme 2: Education and Training Pro- gramme	Sub-programme 2.1: Promotion of Early Child- hood Education	120,000,000		119,553,978		99.6	-
	Sub-Programme 2.2: Educational Projects		115,976,079		36,000,000	-	31
	Sub-Total	120,000,000	115,976,079	119,553,978	36,000,000		
	Total	263,478,320	115,976,079	224,163,948	36,000,000	85.1	31
Department Medical Services							
0501003210 Programme 1: Administration, planning & sup- port services	Sub-programme 1.1: Human resource man- agement and development	936,137,876		669,761,851		71.5	-
3217000201 Programme 2: Curative & Rehabilitative Services	Sub-programme 2.1: Primary health services	139,617,688	163,570,996	63,892,529	24,550,335	45.8	15
3217000301 Programme 3 Preventive & Pro- motive Services	Sub-programme 4.1: Preventive and Promotive Services	6,245,000	80,000,000	2,595,960		41.6	-
	Total	1,082,000,564	243,570,996	736,250,339	24,550,335	68.0	10.1

Department Trade, Investment & Tourism

0301003210 Programme 1: Administration, Planning & Sup- port Services	Sub-programme 1.1: Administra- tion Services	32,504,938		24,613,849		75.7	
0302003210 Pro- gramme 2: Tour- ism Promotion	Sub-Programme 2.1: Tourism Marketing and Promotion	20,310,046	1,000,000	19,769,259		97.3	
0303003210 Pro- gramme 3 Trade Development	Sub-Programme 3.1 Trade Pro- motion	762,000	9,617,153	534,730		70.2	
	Sub-Programme 3.3 Market development		15,080,117		1,651,303		11.0
	Sub-Total	762,000	24,697,270	534,730	1,651,303	70.2	6.7

0305023210 Programme5 Infrastructure and Civil Works Total	Sub-Programme 5.1 SME Development		706,407				
	Total	53,576,984	26,403,677	44,917,838	1,651,303	83.8	6.3

Department County Public Service Board

0709003210 Programme 1: Administration Services	Sub-programme 1.2: Personnel service	40,049,728		27,283,849		68.1	-
0710003210 Programme 10: Human Resource Management & Development	Sub-programme 2.1: Headquarters	9,305,596		3,619,170		38.9	-
	Total	49,355,324	-	30,903,019	-	62.6	-

Department of Water Management & Conservation

"0105003210 Programme 5: Water management, Conservation & Provision"	Sub-Programme 5.1 Administration Services	20,941,236		9,650,809		46.1	-
	Sub-Programme 5.2: Conservation & Provision	20,174,500	162,031,738	18,075,761	20,771,872	89.6	12.8
	Total	41,115,736	162,031,738	27,726,570	20,771,872	67.4	12.8

Department Youth, Gender, Culture, Sports and Social Services

0101003210 Programme 1: Administration, Planning & Support Services	Sub-programme 1.1: Headquarters	19,595,252		7,165,213		36.6%	-
Programme 2 Youth and Sports Development	Sub-programme 2.1 Construction of Buildings		3,000,000		-	-	-
	Sub-programme 2.2: Promotion of Sports		13,997,999		3,981,500	-	28.4
	Sub-programme 2.3: Youth Empowerment		7,000,000		-	-	-
	Sub-Total	-	23,997,999	-	3,981,500	-	-
0504003210 Programme 3 Social Services	Sub-programme 3.1: Construction of Social Hall		10,982,203		-	-	-
	Sub-programme 3.2: PWD Empowerment Programme		7,000,000		-	-	-
	Sub-programme 3.3: Renovation of Social Hall		12,017,797		-	-	-

	Sub-programme 3.4: Women Empowerment		8,000,000			-	-
	Sub-Total	-	38,000,000	-	-	-	-
	Total	19,595,252	61,997,999	7,165,213	3,981,500	36.6	6.4

Department of Sanitation and Environment

0501003210 Programme 1: General Administration, Planning and Support Services	Sub-programme 1.1: Headquarters	70,502,177		45,257,662		64.2	-
	Sub-Programme 1.2: Public Health and Sanitation	16,057,081		976,900		6.1	-
	Sub-Total	86,559,258	-	46,234,562	-	53.4	-
Programme 4: Environmental Health & Sanitation	Sub-programme 2.1: Public Health & Licencing		7,900,000		2,398,800	-	30.4
	Sub-Programme 2.2: Waste Management		3,600,000		-	-	-
	Sub Total	-	11,500,000	-	2,398,800	-	20.9
	Total	86,559,258	11,500,000	46,234,562	2,398,800	53.4	20.9

Department Fisheries Development

0709003210 Programme 1: Administration, planning and support services.	Sub-programme 1.1: Headquarters	31,899,812		18,930,874		59.3	-
Programme 2: Fisheries Development Services	Sub-programme 2.1: Fish farming		25,000,000			-	-
	Total	31,899,812	25,000,000	18,930,874	-	59.3	-

Department Budget And Economic Planning

Programme 1: Administration services	Sub - programme 1.1 Headquarters	15,379,964		11,022,411		71.7	-
Programme 2: Economic planning	Sub-programme 2.1 Budget & Economic Planning	10,429,172		4,793,934		46.0	-
	Total	25,809,136	-	15,816,345	-	61.3	-

Department Infrastructure and Energy

0101003210 Programme 1: Administration, planning & Support Services	Sub-programme 1.1: Headquarters	49,001,448		26,283,550		53.6	-
Programme 2 Infrastructure Development	Sub-programme 2.1: Roads and Civil Works		78,000,000		4,576,970	-	5.9

	Sub-Programme 2.2: Public Street Lighting		10,000,000		5,131,526	-	51.3
	Sub-programme 2.3: Routine Maintenance		97,000,000		29,991,334	-	30.9
	Sub-Total	-	185,000,000	-	39,699,830	-	21.5
	Total	49,001,448	185,000,000	26,283,550	39,699,830	53.6	21.5

Department Lamu Municipality

0101003210 Programme 1: Administration, planning & Sup- port Services	Sub-programme 1.1: Headquarters	37,208,409		25,327,063		68.1	-
	Sub-Programme 1.2: Kenya Urban Sup- port Programme	13,150,309		5,736,036		43.6	-
	Sub-Total	50,358,718	-	31,063,099	-	61.7	-
Programme 4 Infrastructure Development	Sub-Programme 4.1: Other Infrastructure and Civil Works		220,662,831		10,793,925	-	4.9
	Sub-programme 4.2: Purchase of Bicycles, Motorcycles, Trucks, Trailers & Tractors		12,400,000		11,847,793	-	95.5
	Sub-Total	-	233,062,831	-	22,641,718	-	9.7
	Total	50,358,718	233,062,831	31,063,099	22,641,718	61.7	9.7
Grand Total		2,995,437,126	1,645,090,410	1,930,207,378	217,401,337	64.4	13.2

Source: Lamu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Directorate of Agriculture & Extension Services in the Department of Agriculture and Irrigation and Cooperative Development at 100 per cent, Sub-programme 4.2: Purchase of Bicycles, Motorcycles, Trucks, Trailers & Tractors in the Department of Lamu Municipality at 95.5 per cent, Sub-Programme 2.2: Public Street lighting in the Department of Infrastructure and Energy at 51.3 per cent, and Sub-Programme 8.1: Cooperative Development - ASDSPII Grant in the Department of Agriculture and Irrigation and Cooperative Development at 49.7 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in where the County incurred expenditure over approved exchequer issues in several departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Lamu County Executive Staff Housing Fund, Lamu County Disability, Lamu County Youth Fund, Lamu County Women Fund., and Lamu County Bursary Fund were not submitted to the Controller of Budget.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.116.71 million were processed through the manual payroll, accounting for 9.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.22 County Government of Machakos

3.22.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.61 billion, comprising Kshs.3.79 billion (30.1 per cent) and Kshs.8.82 billion (69.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 4 per cent compared to the previous financial year when the approved budget was Kshs.13.09 billion and comprised of Kshs.3.98 billion towards development expenditure and Kshs.9.11 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.16 billion (72.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.69 billion (13.4 per cent) from its own sources of revenue, Kshs.891.89 million as conditional grants (7.1 per cent), Kshs.133.49 million as NHIF Reimbursements (1.1 per cent) and a cash balance of Kshs.732.98 million (5.8 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.124.

3.22.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.54 billion as the equitable share of revenue raised nationally, raised Kshs.848.47 million as own-source revenue, Kshs.117.62 million as conditional grants, and had a cash balance of Kshs.732.98 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.23 billion, as shown in Table 3.124: Machakos County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.124: Machakos County, Revenue Performance in the First Nine Months of FY 2022/23

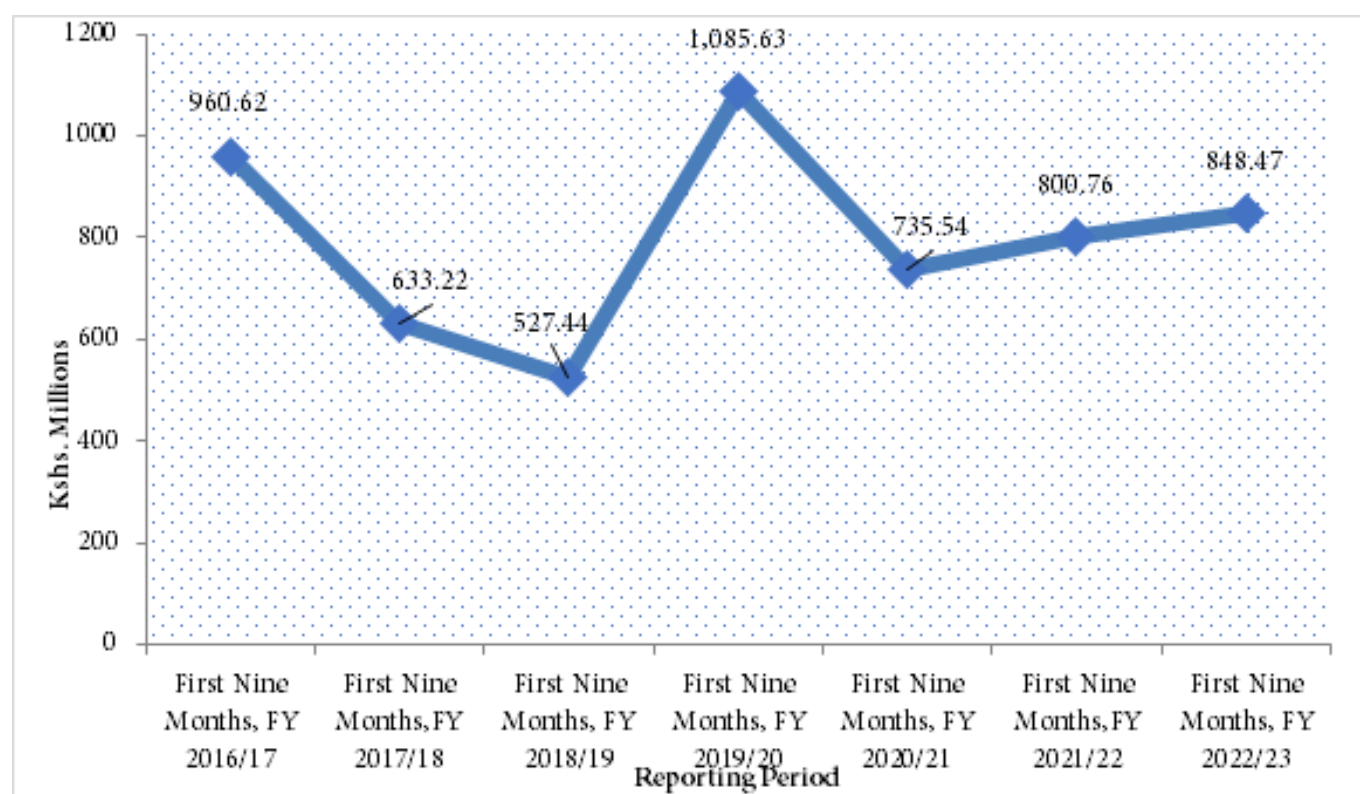
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	4,535,340,593	49.5
Sub Total		9,162,304,232	4,535,340,593	49.5
B	Conditional Grants			
1	Leasing of Medical Equipment	110,638,298		-
2	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	333,029,930	68,040,614	20.4
3	Universal Healthcare in Devolved System Program-DANI-DA	24,931,813		-
4	Agriculture Sector Development Support Program-SIDA	30,222,761	11,996,442	39.7
5	Emergency Locust Response Project-World Bank	67,674,400	26,583,748	39.3
6	Credit to Finance Locally-Led Climate Change Action Programme (FLLoCA) – World Bank	147,000,000	11,000,000	7.5
7	Kenya Devolution Support Project (KDSP)-World Bank	167,833,059	-	-
8	Kenya Urban Support Project (UIG)-World Bank	1,145,356	-	-
9	Kenya Urban Support Project (UDG)-World Bank	3,583,678	-	-
10	Transforming Health Systems for Universal Care Project-World Bank	5,832,823	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub-Total		891,892,118	117,620,804	13.2
C	Other Sources of Revenue			
1	Own Source Revenue	1,690,079,199	848,466,003	50.2
2	Balance b/f from FY2021/22	732,984,335	732,984,335	100.0
3	Other Revenues (NHIF Reimbursements)	133,492,346	-	-
Sub Total		2,556,555,880	1,581,450,338	61.9
Grand Total		12,610,752,230	6,234,411,735	49.4

Source: Machakos County Treasury

Figure 3.65: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

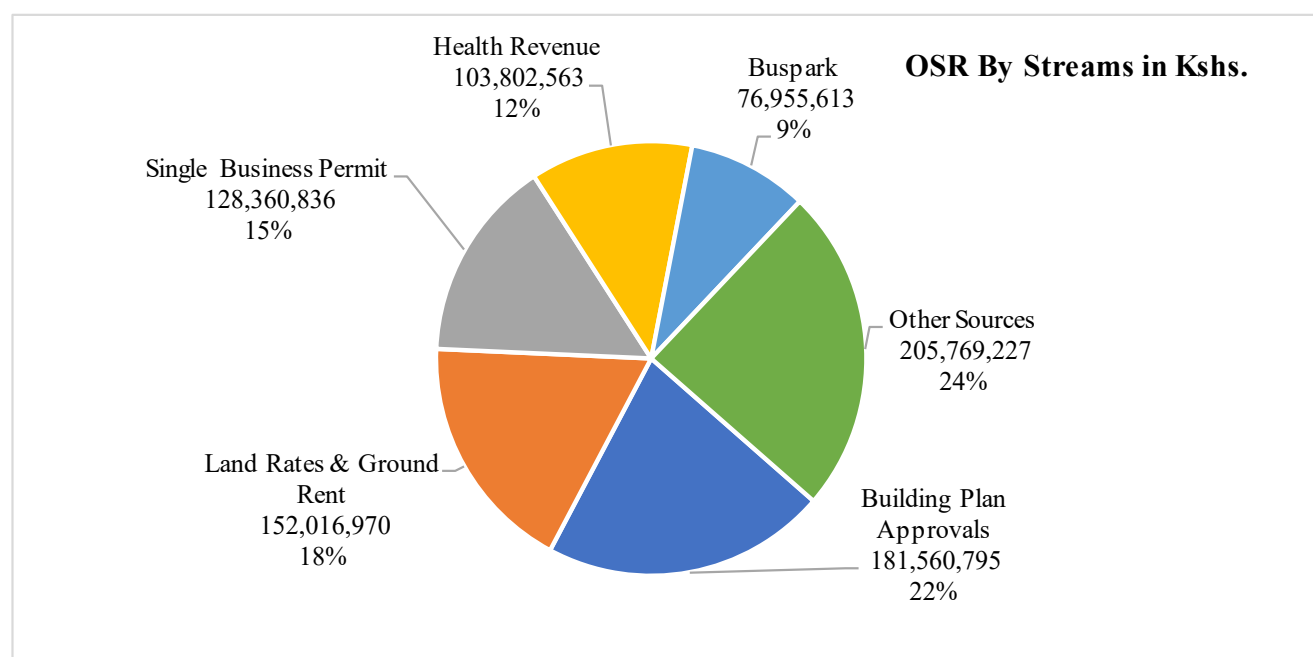
Figure 3.65: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Machakos County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.848.47 million from its own sources of revenue. This amount represented an increase of 6 per cent compared to Kshs.800.76 million realised in a similar period in FY 2021/22 and was 50.2 per cent of the annual target and 21.5 per cent of the total revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.66: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.66: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Machakos County Treasury

The highest revenue stream of Kshs.181.56 million was from Building Plan Approvals contributing to 22 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.103.80 million, representing 12 per cent of the overall OSR in the first nine months of FY 2022/23.

3.22.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.79 billion from the CRF account during the reporting period. This amount comprised Kshs.393.25 million (5.8 per cent) for development programmes and Kshs.6.39 billion (94.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.4.73 billion was released towards compensation to employees and Kshs.1.66 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.832.94 million.

3.22.4 County Expenditure Review

The County spent Kshs.5.49 billion on development and recurrent programmes during the reporting period. This expenditure represented 80.9 per cent of the total funds released by the CoB and comprised Kshs.356.02 million and Kshs.5.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.4 per cent. In contrast, recurrent expenditure represented 58.3 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported stock of pending bills amounting to Kshs.2.93 billion, comprised of Kshs.1.95 billion for recurrent expenditure and Kshs.979.35 million for development activities. During the period under review, pending bills amounting to Kshs.42.17 million were settled. Therefore, as of 31st March 2023, the outstanding amount was Kshs.2.88 billion.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.71 billion on employee compensation, Kshs.839.89 million on operations and maintenance, and Kshs.350.55 million on

development activities. Similarly, the County Assembly spent Kshs.273.86 million on employee compensation, Kshs.311.84 million on operations and maintenance, and Kshs.5.47 million on development activities, as shown in Table 3.125: Summary of Budget and Expenditure by Economic Classification.

Table 3.125: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,630,551,476	1,189,846,181	4,554,476,813	585,706,434	59.7	49.2
Compensation to Employees	5,712,242,805	420,791,699	3,714,579,714	273,865,720	65	65.1
Operations and Maintenance	1,918,308,671	769,054,482	839,897,098	311,840,714	43.8	40.5
Development Expenditure	3,471,854,573	318,500,000	350,550,290	5,465,955	10.1	1.7
Total	11,102,406,049	1,508,346,181	4,905,027,103	591,172,389	44.2	39.2

Source: Machakos County Treasury

3.22.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.99 billion, or 63.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.23 billion. This expenditure represented a decrease from Kshs.4.63 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.2.57 billion paid to health sector employees, translating to 64 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.82 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.204.86 million was processed through manual payrolls. The manual payrolls accounted for 5.1 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.35.89 million on committee sitting allowances for the 60 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.65,389 per MCA. The County Assembly has established 28 Committees.

3.22.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.252 million to county-established funds in FY 2022/23, constituting 2 per cent of the County's overall budget. Table 3.126: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.126: Performance of County Established Funds as of 31st March 2023

No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
	Bursary Fund	80,000,000	40,000,000	-	YES
County Assembly Established Funds					

No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
	Car and Mortgage loan Fund - Assembly- MCAs	122,000,000	24,000,000	-	NO
	Car and Mortgage loan Fund - Assembly- Staff	50,000,000	-	-	NO
	Total	252,000,000	64,000,000		

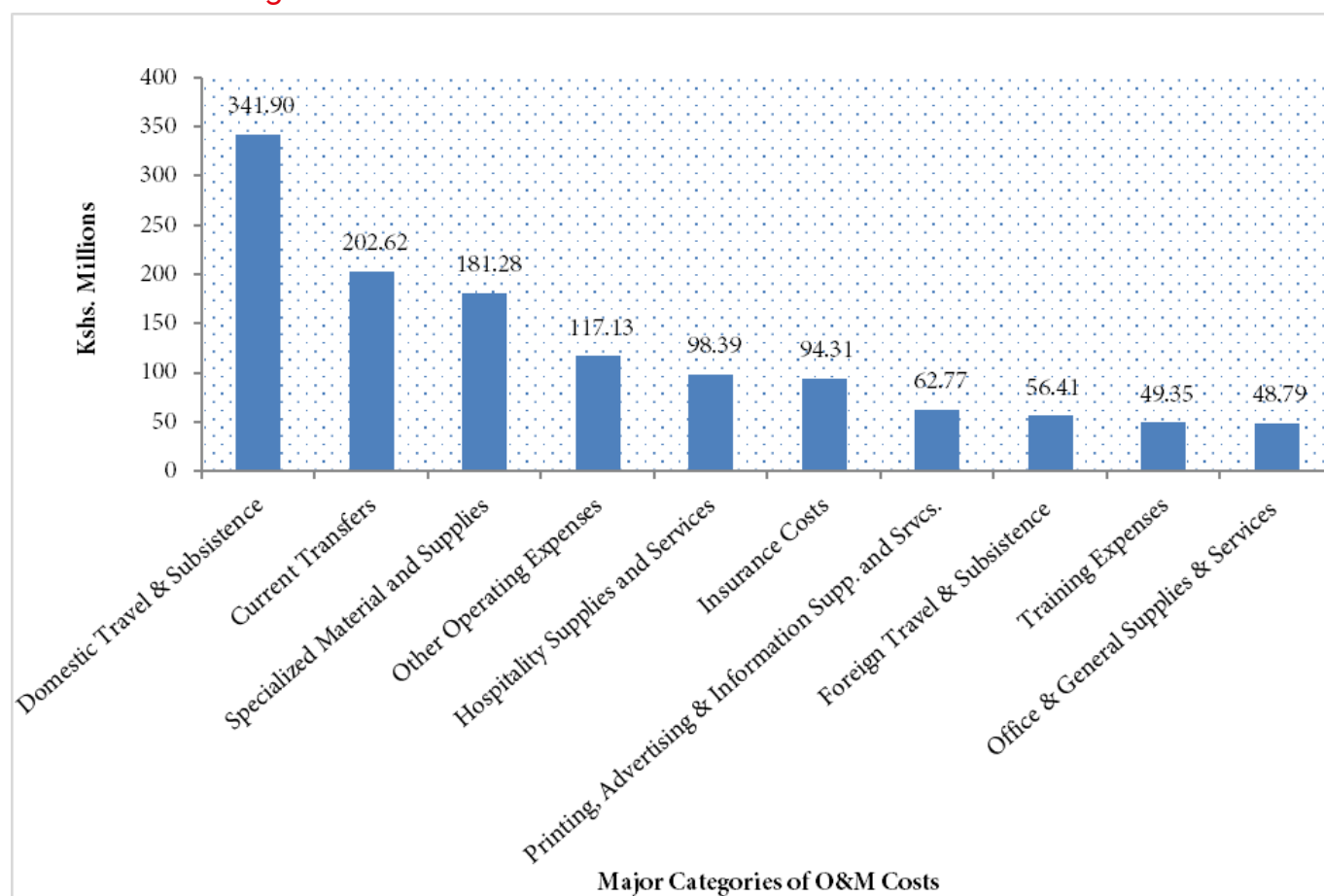
Source: Machakos County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of Car and Mortgage Loan Funds for both Members of the County Assembly and Staff, as indicated in Table 3.126: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.22.9 Expenditure on Operations and Maintenance

Figure 3.67: Machakos County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.67: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

During the period, expenditure on domestic travel amounted to Kshs.341.90 million and comprised of Kshs.161.28 million spent by the County Assembly and Kshs.115.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.28 million and comprised of Kshs.9.17 million by the County Assembly and Kshs.14.11 million by the County Executive.

3.22.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.356.02 million on development programmes, representing a decrease of 37.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.569.41 million. Table 3.127: Machakos County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.127: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Fuel for Construction of Roads	Transport	Various Sub counties	55,000,000	51,500,000	94
2	Installation of Ct Scan Machine at Machakos Level 5 Hospital	Health	Machakos	67,500,000	41,500,000	61
3	Electricity Bill for Streetlights for Aug 2022	Energy	Various Sub counties	29,502,191	21,250,204	72
4	Being Payment for the Construction of Office Block at Machakos New City	Transport	Machakos	67,761,524	20,984,339	31
5	Distribution of Beans and Green Grams Seeds	Agriculture	Various Sub counties	21,200,000	20,908,515	99
6	KRA Withholding Vat and Tax Arrears	Finance	Machakos	181,926,333	18,924,132	10
7	Fuel for Rehabilitation of Boreholes	Water	Various Sub counties	13,695,080	10,399,500	76
8	Motor Graders to Support the Rapid Result Initiative Programme of Grading 3,000 Kilometers of Road Network Within the County	Transport	Various Sub counties	150,357,963	9,253,544	6
9	Motor Vehicle Spare Parts and Service Parts	Transport	Various Sub counties	51,093,528	5,820,460	11
10	Distribution of Hass Avocado and Fruit Tree Seedlings	Agriculture	Various Sub counties	6,413,851	5,607,600	87

Source: Machakos County Treasury

3.22.11 Budget Performance by Department

Table 3.128: Machakos County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.128: Machakos County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	592.14	19.33	251.79	-	220.12	-	87.4	-	37.2	-
County Public Service Board	58.74	20.11	30.39	-	12.10	-	39.8	-	20.6	-
Roads, Transport and Public Works.	256.91	624.49	208.80	93.78	166.43	92.31	79.7	98.4	64.8	14.8
Health Services and Emergency Services	3,924.56	725.10	3,318.29	56.77	2,689.77	59.09	81.1	104.1	68.5	8.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resources	110.75	477.23	77.17	68.37	45.91	10.40	59.5	15.2	41.5	2.2
Agriculture, Food Security and Co-operative Development.	374.59	552.24	181.25	145.72	183.73	145.32	101.4	99.7	49.0	26.3
Finance and Economic Planning.	527.41	271.06	335.20	0.60	252.05	19.40	75.2	3,211.4	47.8	7.2
Public Service, Quality Management and ICT	366.55	53.19	259.87	2.96	237.06	2.79	91.2	94.0	64.7	5.2
Tourism, Youth, Sports and Culture.	132.62	126.99	60.56	0.79	51.01	-	84.2	-	38.5	-
Trade, Industrialisation and Innovation.	146.84	177.96	69.74	0.22	39.41	-	56.5	-	26.8	-
Education, Skills Training and Social Welfare	457.47	236.46	300.18	1.63	247.74	-	82.5	-	54.2	-
Energy, Lands, Housing and Urban Development.	188.45	147.29	109.69	16.94	55.37	21.25	50.5	125.4	29.4	14.4
County Administration and Decentralised Units.	493.51	40.40	470.54	-	353.77	-	75.2	-	71.7	-
County Assembly	1,189.85	318.50	723.26	5.47	585.71	5.47	81.0	100.0	49.2	1.7
Total	8,820.40	3,790.35	6,396.73	393.25	5,140.18	356.02	80.4	90.5	58.3	9.4

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Food Security and Co-operative Development recorded the highest absorption rate of development budget at 26.3 per cent, followed by the Department of Roads, Transport and Public Works at 14.8 per cent. The Department of County Administration and Decentralised Units had the highest percentage of recurrent expenditure to budget at 71.7 per cent, while the County Public Service Board had the lowest at 20.6 per cent.

Further, the report on department budget performance shows that several departments reported expenditure above the approved exchequer issues, indicating a weak internal control at the County Treasury.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 3.129: Machakos County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.129: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Office of The Governor							

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Co0Ordination and Supervisory Services	Office of The Gov- ernor	318,293,561	19,334,385	163,659,937	-	51	-
	Transport Services	22,651,209	-	15,378,622	-	68	-
	Human Resource and Administration Section	67,903,820	-	14,053,570	-	21	-
	ICT Section	16,995,994	-	5,571,825	-	33	-
	Hospitality Ser- vices Section	25,973,355	-	7,828,800	-	30	-
	Cabinet Office	6,493,175	-	764,000	-	12	-
	Office of The Depu- ty Governor	68,988,765	-	11,998,038	-	17	-
	Directorate of Projects Delivery, Monitoring and Evaluation	21,078,510	-	565,600	-	3	-
	Office of The Coun- ty Secretary	31,786,195	-	150,000	-	1	-
	Office of The Coun- ty Advisors	11,980,064	-	150,000	-	1	-
Subtotal		592,144,648	19,334,385	220,120,392	-	37	-
County Public Service Board							
Human Resource and Administration	Human Resource and Administration	58,736,706	20,112,751	12,104,071		20.6	-
Subtotal		58,736,706	20,112,751	12,104,071		20.6	-
Roads, Transport and Public Works							
Headquarters Administrative Services	Head Quarter Administrative Services	182,955,703	67,380,424	118,801,740	5,820,460	64.9	8.6
Road Development Management	Road Development and Management	833,214	364,359,647	331,800	9,253,544	39.8	2.5
County Government Building Services	County Govern- ment Buildings	113,399	135,000,000	99,850	25,732,469	88.1	19.1
County Fleet Management	County Fleet Man- agement	73,011,765	57,750,000	47,193,765	51,500,000	64.6	89.2
Subtotal		256,914,081	624,490,071	166,427,155	92,306,473	64.8	14.8
Health and Emergency Services							
General Admin- istration and Support Services	General Adminis- tration and Support Services	3,365,875,598	350,106,166	2,388,941,862	19,244,099	71	5.5

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Curative and Rehabilitative Health	Machakos Level 5	353,238,105	160,500,000	215,367,787	42,281,430	61	26.3
	Kangundo Level 4	53,712,125	15,200,000	31,497,301	-	58.6	-
	Matuu Level 4	37,923,785	25,000,000	10,040,145	-	26.5	-
	Kathiani Level 4	26,327,763	21,675,130	5,133,800	-	19.5	-
	Mwala Level 4	12,024,971	16,230,000	2,900,000	-	24.1	-
	Kimiti Level 4	4,305,321	5,000,000	400,000	-	9.3	-
	Masinga Level 4	4,465,149	5,500,000	437,000	-	9.8	-
	Athi River Level 4	4,428,399	25,000,000	500,000	-	11.3	-
	Mutituni Level 4	6,428,899	5,000,000	500,000	-	7.8	-
	Ndithini Level 4	6,329,571	5,000,000	711,220	-	11.2	-
	Kalama Level 4	5,758,494	5,000,000	1,164,300	-	20.2	-
Preventive and Promotive Services	Public Health and Community Outreach	38,742,655	70,744,985	27,177,504	-	70.1	-
Emergency Services	Emergency Ser- vices	5,000,000	15,145,000	5,000,000	-	100	-
Subtotal		3,924,560,835	725,101,281	2,689,770,919	61,525,529	68.5	8.5
Water, Irrigation, Environment and Natural Resources							
Water Supply and Sewerage	Water Supply and Sewerage	4,412,665	174,619,199	815,000	10,399,500	18.5	6.0
Irrigation Schemes Development and Promotion	Irrigation Schemes, Development and Promotion	-	53,103,092	-	-	-	-
General Administrative and Support Services	General Adminis- trative and Support Services	103,100,619	15,683,382	43,852,488	-	42.5	-
General Administrative and Support Services	Environment and Natural Resources	3,233,170	233,822,262	1,240,000	-	38.4	-
Subtotal		110,746,454	477,227,935	45,907,488	10,399,500	41.5	2.2
Agriculture, Food Security and Co-operative Development							
General Admin- istration and Support Services	General Adminis- tration and Support Services	330,375,406	393,674,921	179,950,251	116,067,818	54.5	29.5
Crop Development and Management	Crop Development and Management	3,170,000	56,200,000	956,100	9,416,575	30.2	16.8
Livestock Resources Management and Development	Livestock Resourc- es Management and Development	2,560,000	12,079,000	1,116,379	3,993,392	43.6	33.1
Fisheries Development	Fisheries Develop- ment	1,400,000	4,200,000	496,500	1,799,940	35.5	42.9
Veterinary Services	Veterinary Services	1,947,580	36,250,227	879,144	-	45.1	-

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Agriculture Training Centre	Agriculture Training Centre	2,550,000	3,100,000			-	-
Co-operative Development and Marketing	Co-operative Development and Marketing	25,757,646	1,214,200	200,000		0.8	-
	Capacity Building To Co-operative Societies	-				-	-
	Promotion of Co-operative Marketing and Value Chain	1,650,000	44,413,851	-	14,041,918	-	31.6
Co-operative Development and Marketing	Co-operative Financial Services	1,100,000		84,000		7.6	-
	Promotion and Growth of Co-operative Societies	1,662,000	1,104,276	50,000		3.0	-
	Co-operative Audit Support Services	2,416,000				-	-
Subtotal		374,588,632	552,236,475	183,732,374	145,319,643	49.0	26.3
Finance and Revenue Management							
Resource Mobilisation	Revenue Management	246,784,017	83,088,990	207,372,462		84.0	-
County Treasury	Budget Formulation, Coordination and Implementation Section	40,229,746	43,931,500	25,235,983	472,800	62.7	1.1
	Supply Chain Management Section	9,741,708	800,000	2,446,800		25.1	-
	Accounts Services	26,901,846	117,445,544	6,865,238	18,924,132	25.5	16.1
	Audit Section	16,700,000	500,000	801,000		4.8	-
	Human Resource Management and Support Services	151,106,931	5,000,000	6,549,756		4.3	-
Economic Planning & External Resource Mobilization	Economic Planning and Statistical Services	35,150,326	20,293,885	2,593,597		7.4	-
	External Resource Mobilisation	800,000	-	186,800		23.4	-
Subtotal		527,414,574	271,059,919	252,051,636	19,396,932	47.8	7.2
Public Service, Quality Management and ICT							
Public Service & Quality Management	General Administration and Support Services	301,341,321	47,925,375	224,459,542	2,786,697	74.5	5.8
	Quality Management	245,000				-	-
	Training, Research and Development	5,869,500		286,190		4.9	-

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
ICT	ICT General Administration and Support Services	52,152,968		12,234,448		23.5	-
	ICT Infrastructure	5,018,554	5,262,277	76,500		1.5	-
	Closed Circuit Television	1,925,000				-	-
Subtotal		366,552,343	53,187,652	237,056,680	2,786,697	64.7	5.2
Tourism, Youth, Sports and Culture							
General Ad- ministration and Planning	General Adminis- trative and Support Services	102,131,897		48,818,901		47.8	-
Heritage & Culture	Heritage & Culture	1,082,320		632,214		58.4	-
Liquor Management	Liquor Manage- ment	775,970		10,835		1.4	-
Tourism Development and Marketing	Tourism Develop- ment and Market- ing	1,056,574	11,328,064			-	-
Management of Recreational Facilities	Management of Recreational Services	750,000	40,550,768	400,000		53.3	-
Entertainment	Machawood	1,966,115	183,335	450,000		22.9	-
County Beautification	County Image Directorate	1,120,000	183,335	500,000		44.6	-
Youth Development	Youth Develop- ment	-				-	-
Stadium Management	Stadium Manage- ment	1,449,952	59,793,457			-	-
Youth Empowerment	Youth Empower- ment	1,364,765	2,478,500	200,000		14.7	-
Sports Promotion	Sports Promotion	20,920,000	12,473,000			-	-
Subtotal		132,617,593	126,990,459	51,011,950	-	38.5	-
Trade, Economic Planning and Industrialization							
General Ad- ministration and Support Services	Headquarter Administration Services	69,990,210		26,621,309		38.0	-
Trade Development	Trade Develop- ment	724,028	91,460,907	720,000		99.4	-
	Business and En- terprise Develop- ment	1,566,765	30,000,000	458,000		29.2	-
Industrial Development	Industrialisation and Innovation	-	56,500,000			-	-
Investment Promotion	Investment Facili- tation and Support	56,000				-	-
Hygiene and Sanitation	Hygiene and San- itation	2,845,783		2,550,125		89.6	-
Legal Services	Legal Services	71,661,923		9,063,769		12.6	-
Subtotal		146,844,709	177,960,907	39,413,203	-	26.8	-

Programme	Sub0Programme	Approved Estimates (Kshs.)		Actual Expenditure As of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recur- rent Expendi- ture	Develop- ment Ex- penditure
Education, Skills, Training & Social Welfare							
General Ad- ministration and Support Service	Head Quarter Administrative Services	428,971,858	76,674,798	247,641,168		57.7	-
Basic Education	Basic Education	-	13,150,000	-		-	-
Youth Development Services	Youth Develop- ment Services	19,000,000	136,635,790	-		-	-
Gender and Social Services	Gender and Social Services	9,500,000	10,000,000	99,000		1.0	-
Subtotal		457,471,858	236,460,588	247,740,168	-	54	-
Energy, Lands, Housing and Urban Development							
General Ad- ministration and Support Service	Head Quarter Administrative Services	54,201,941	3,380,352	24,905,078		45.9	-
County Electrification	County Electrifi- cation	17,809,205	95,330,321	6,369,033	18,815,516	35.8	19.7
Housing and Urban Development	Housing and Ur- ban Development	99,241,682	48,583,678	14,960,564		15.1	-
	Machakos Munic- ipality	5,400,000		4,750,000		88.0	-
	Mavoko Munici- pality	7,400,000		3,066,839		41.4	-
	Kangundo Tala Municipality	4,400,000		1,317,070		29.9	-
Subtotal		188,452,828	147,294,351	55,368,584	18,815,516	29.4	12.8
County Administration and Decentralized Units							
General Ad- ministration and Support Services	General Adminis- tration and Support Services	471,727,905	28,049,678	351,919,793		74.6	-
Civic Engagement	Civic Engagement	1,200,000		330,000		27.5	-
Administration and Coordination Services	Administration and Co0Ordination Services	1,828,214		250,000		13.7	-
Solid Waste Management	Solid Waste Man- agement	1,000,000	2,100,000	600,000		60.0	-
Forensics and Inspectorate Services	Inspectorate Ser- vices and Manage- ment	17,750,096	10,248,122	672,400		3.8	-
Subtotal		493,506,215	40,397,800	353,772,193	-	71.7	-
	County Assembly	1,189,846,181	318,500,000	-		-	-
Subtotal		1,189,846,181	318,500,000	-	-	-	-
Grand Total		8,820,397,657	3,790,354,573	4,554,476,813	350,550,290	51.6	9.2

Source: Machakos County Treasury

Sub-programmes with the highest levels of implementation based on development expenditure absorption rates were; County Fleet Management at 89.2 per cent, Fisheries Development at 42.9 per cent and Livestock Resource

Management and Development at 33.1 per cent, while the Sub-programmes of Health Emergency Services, Trade Development and County Government Buildings had the highest absorption rate on recurrent expenditure at 100 per cent, 99.4 per cent and 88.1 per cent respectively.

3.22.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 25th April 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.128: Machakos County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the County Assembly MCAs Car Loan and Mortgage Fund, County Assembly Staff Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
4. High pending bills amounting to Kshs.2.88 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.832.94 million at the end of the first nine months of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.204.86 million were processed through the manual payroll, accounting for 5.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

The County should implement the following recommendations 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 the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.53 billion, comprising Kshs.3.85 billion (33.4 per cent) and Kshs.7.68 billion (66.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a growth of 2.5 per cent compared to the previous financial year when the approved budget was Kshs.11.25 billion and comprised of Kshs.4.27 billion towards development expenditure and Kshs.6.98 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.13 billion (70.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.795 million (6.9 per cent) from its own source of revenue, Kshs.450 million (3.9 per cent) as Appropriation in Aid (AiA), Kshs.861 million as conditional grants, and a cash balance of Kshs.1.29 billion (11.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.130.

3.23.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.68 billion as the equitable share of the revenue raised nationally, raised Kshs.268.84 million as own-source revenue, Kshs.317.04 million as Appropriation in Aid, Kshs.208.36 million as conditional grants, and had a cash balance of Kshs.1.29 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.76 billion, as shown in Table 3.130: Makueni County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.130: Makueni County, Revenue Performance in the First Nine Months of FY 2022/23

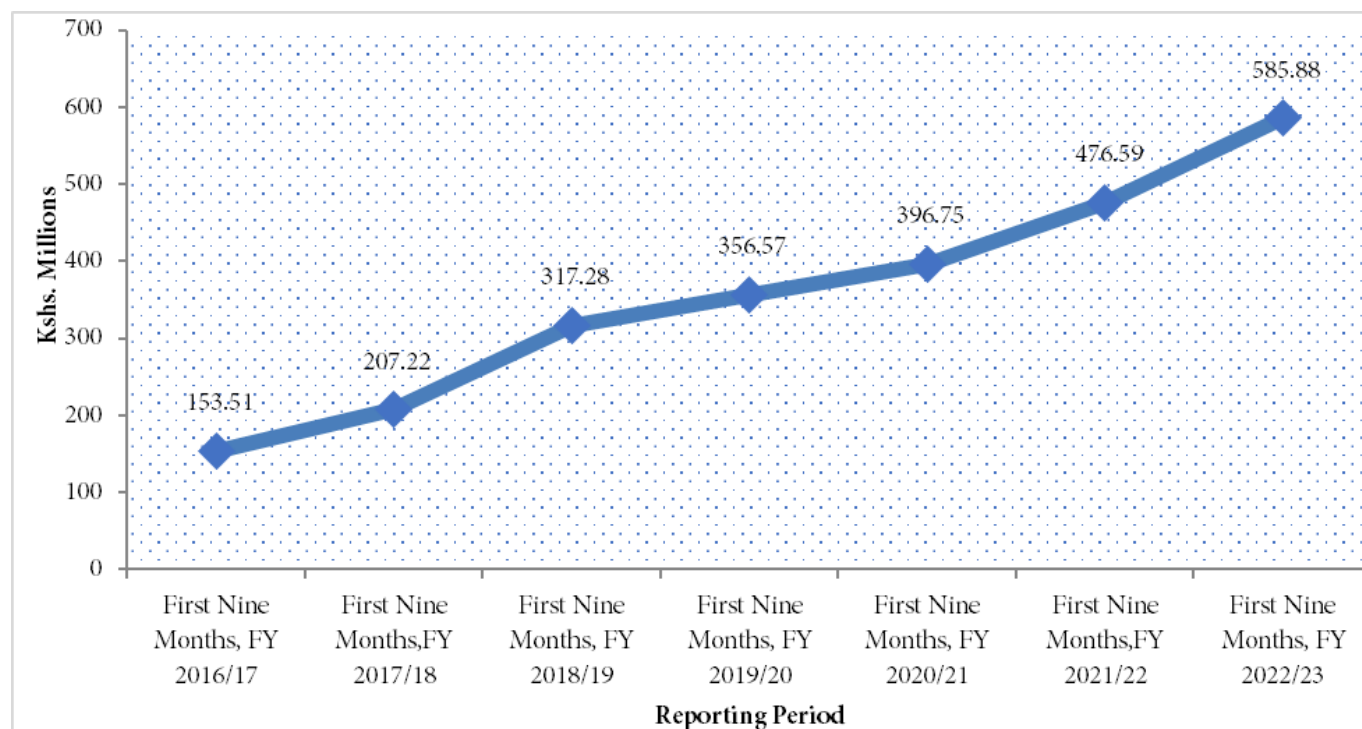
No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	4,676,350,545	57.5
Sub Total		8,132,783,562	4,676,350,545	57.5
B	Conditional Grants			
1	FLOCA Funding	125,000,000	11,000,000	8.8
2	Nutrition International Donor funding	10,000,000	5,000,000	50
3	DANIDA – Support level 2 and 3 health facilities	12,636,000	-	-
4	DANIDA Support level 1	2,983,500	-	-
5	Transforming Health Systems for Universal Care Project (WB)	89,994,592	-	-
6	Conditional Allocation for Leasing of Medical Equipment	110,638,298	-	-
7	EU Grant (Instruments for Devolution Advice and Support IDEAS	11,000,000	9,245,000	84
8	Sweden0 Agricultural Sector Development Support Programme (ASDSP) II	17,879,866	5,415,760	30.3
9	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	137,899,268	177,696,772	128.9
10	Conditional allocations- other loans and grants	294,968,475	-	-
11	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) Grant	48,000,000	-	-
Sub Total		861,000,000	208,357,531	24
C	Other Sources of Revenue			
1	Own Source Revenue	795,000,000	268,843,575	33.8
2	Balance B/F from FY2021/22	1,290,814,912	1,290,814,912	100.0
3	AIA	450,000,000	317,041,060	70.5
Sub Total		2,535,814,912	1,876,699,547	74.0
Grand Total		11,529,598,474	6,761,407,623	58.6

Source: Makueni County Treasury

The County budgeted Kshs.137.90 million for IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NAGRIP) conditional grant, while the amount allocated in CARA,2022 was Kshs.177.70 million. The County intends to approve the second supplementary budget to correct the difference.

Figure 3.68: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

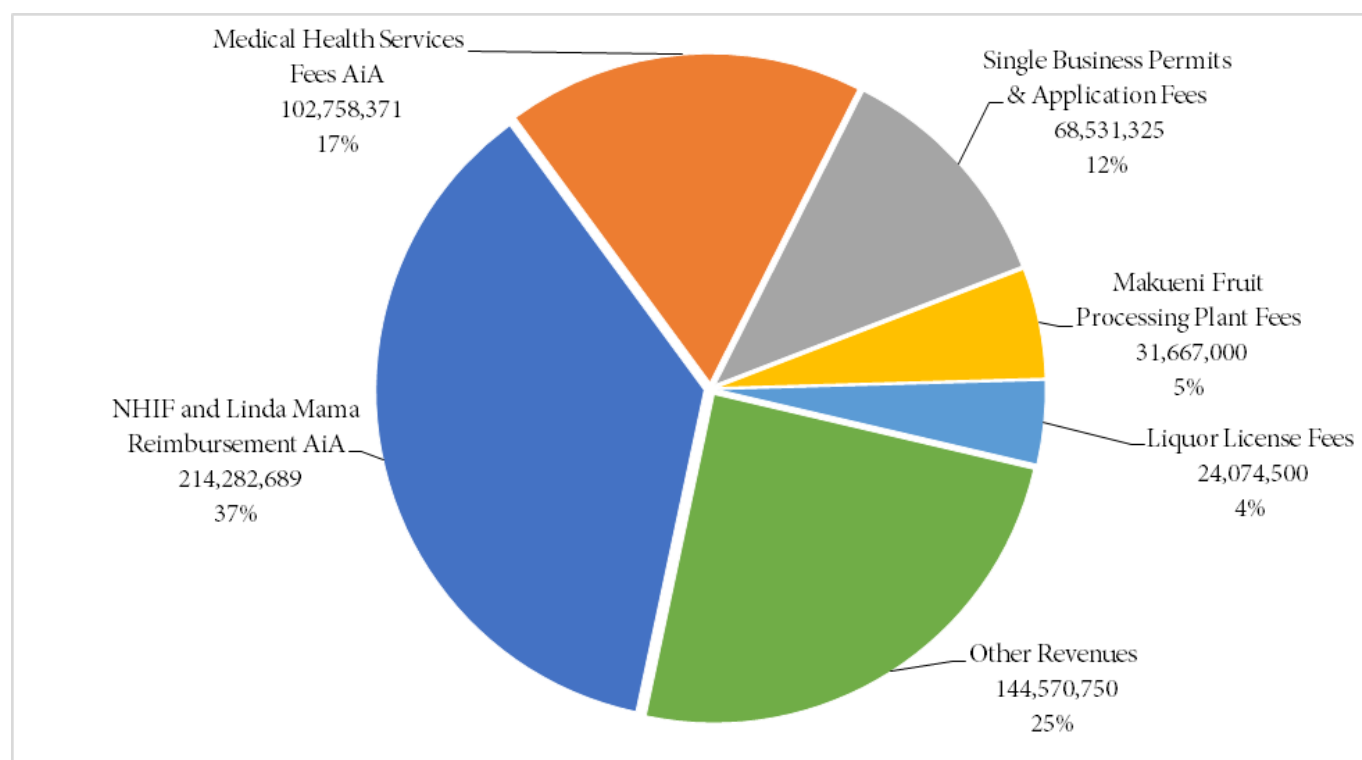
Figure 3.68: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Makueni County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.585.88 million from its own revenue sources, including the Appropriation in Aid. This amount represented an increase of 22.9 per cent compared to Kshs.476.59 million realised in a similar period in FY 2021/22. It was 47.1 per cent of the annual target and 12.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.69.

Figure 3.69: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Makueni County Treasury

The highest revenue stream of Kshs.214.28 million and Kshs.102.76 million was from NHIF and Linda Mama Reimbursement Afya Fees and Medical Health Services Fees funds, respectively, administered as Appropriation in Aid Revenue generated by the health sector amounted to Kshs.333.58 million, which represented 56.9 per cent of the overall OSR in the first nine months of FY 2022/23.

3.23.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.10 billion from the CRF account during the reporting period. This amount comprised Kshs.655.89 million (12.9 per cent) for development programmes and Kshs.4.44 billion (87.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.99 billion was released towards compensation to employees and Kshs.1.45 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.693.59 million.

3.23.4 County Expenditure Review

The County spent Kshs.4.05 billion on development and recurrent programmes during the reporting period. This expenditure represented 79.4 per cent of the total funds released by the CoB and comprised of Kshs.3.76 billion and Kshs.280.97 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.3 per cent. In contrast, recurrent expenditure represented 49 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.683.43 million, comprised of Kshs.320.04 million for recurrent expenditure and Kshs.363.39 million for development activities. During the period under review, pending bills amounting to Kshs.257.04 million were settled, consisting of Kshs.130.94 million for recurrent expenditure and Kshs.126.09 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.426.39 million.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.47 billion on employee compensation, Kshs.854.79 million on operations and maintenance, and Kshs.262.90 million on development activities. Similarly, the County Assembly spent Kshs.224.14 million on employee compensation, Kshs.212.20 million on operations and maintenance, and Kshs.18.07 million on development activities, as shown in Table 3.131.

Table 3.131: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,922,906,679	755,817,316	3,328,379,912	436,347,990	48.1	57.7
Compensation to Employees	4,071,498,929	364,390,782	2,473,585,605	224,143,759	60.8	61.5
Operations and Maintenance	2,851,407,750	391,426,534	854,794,307	212,204,231	30.0	54.2
Development Expenditure	3,810,640,668	40,233,812	262,897,938	18,072,912	6.9	44.9
Total	10,733,547,347	796,051,128	3,591,277,851	454,420,902	33.5	57.1

Source: Makueni County Treasury

3.23.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.99 billion, or 39.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.76 billion. This expenditure represented an increase from Kshs.2.23 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.60 billion paid to health sector employees, translating to 59.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.71 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.285.64 million was processed through manual payrolls. The manual payrolls accounted for 9.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.24.77 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.48.68 million. The average monthly sitting allowance was Kshs.56,164 per MCA. The County Assembly has established 22 Committees.

3.23.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.380 million to county-established funds in FY 2022/23, constituting 3.3 per cent of the County's overall budget. Table 3.132: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.132: Performance of County Established Funds as of 31st March 2023

No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Emergency Relief Fund	30,000,000	28,438,607	24,152,798	Yes
2	Scholarships Fund	30,000,000	14,098,737	14,568,737	Yes
3	Tetheka Fund	-	-	-	Yes
4	Executive Car Loan Fund	80,000,000	-	-	Yes
County Assembly Established Funds					
5	Car Reimbursement Fund - County Assembly	133,824,000	-	-	N/A
6	Car & Mortgage Loan Fund - County Assembly	106,176,000	119,724,000	119,724,000	Yes
Total		380,000,000	162,261,344	158,445,535	

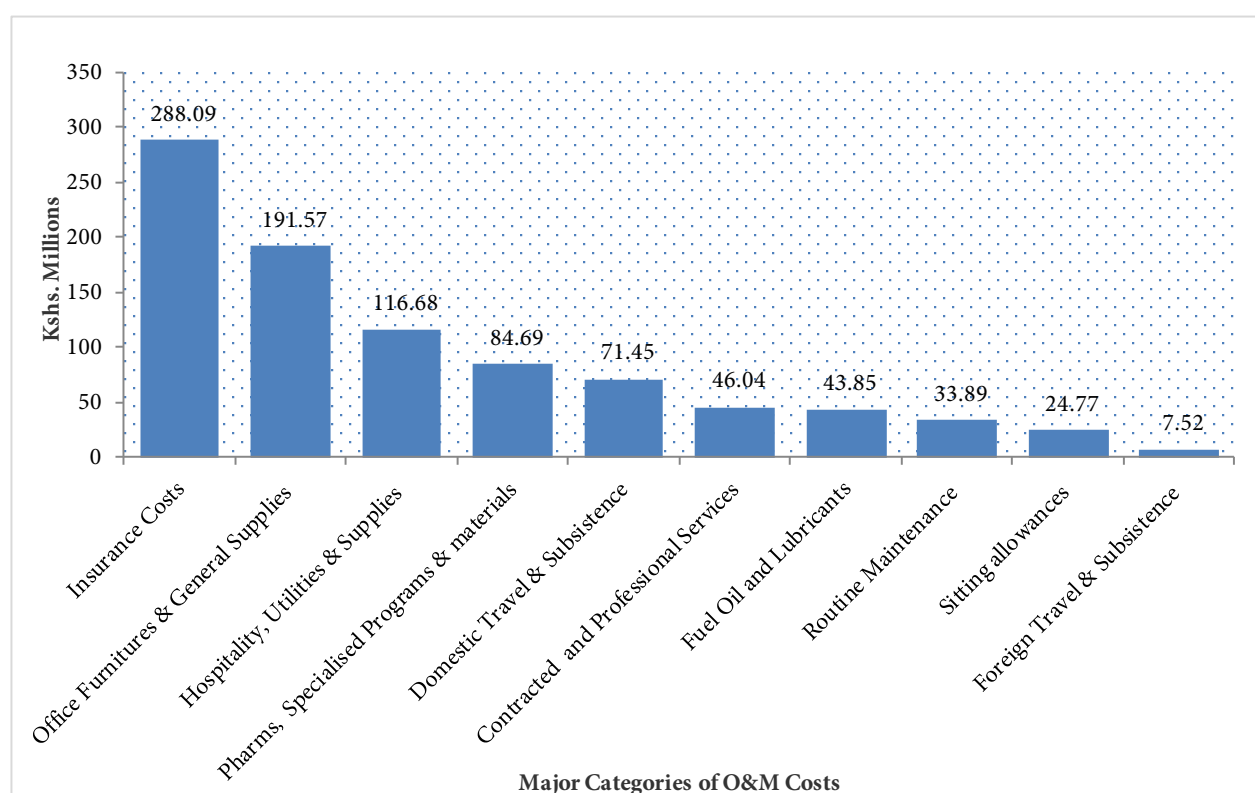
Source: Makueni County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of established funds that were in operation as of 30th March 2023, as indicated in Table 3.132: Performance of County Established Funds as of 31st March 2023 in adherence to the requirement of Section 168 of the PFM Act, 2012.

3.23.9 Expenditure on Operations and Maintenance

Figure 3.70: Makueni County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.70: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

During the period, expenditure on domestic travel amounted to Kshs.71.45 million and comprised of Kshs.44.09 million spent by the County Assembly and Kshs.27.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.52 million and comprised Kshs.6.21 million by the County Assembly and Kshs.1.31 million by the County Executive.

3.23.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.280.97 million on development programmes, representing a decrease of 77.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.24 billion. Table 3.133: Makueni County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.133: Makueni County, List of Development Projects with the Highest Expenditure

No.	Project Name	Department	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 2 grant."	Finance and Economic Planning	County Wide	226,785,423	108,712,774	47.9
2	Transforming Health Systems for Universal Care Project (WB)	Health Services	County Wide	89,994,592	48,162,921	53.5
3	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	Wote Municipality	County Wide	67,130,169	39,512,058	58.9
4	Desilting, Expansion, construction of treatment works of Ndukuma Earth Dam and extension to Wote town - phase 1	Water and Sanitation	Ndukuma	45,509,592	13,681,220	30.1
5	Nutrition International Donor funding	Health Services	County Wide	26,534,121	15,099,234	56.9
6	Other Infrastructure and Civil Works	Transport and County Infrastructure	County Wide	26,999,840	6,802,240	25.2
7	Other Infrastructure-CCTV Installations	County Assembly	HQ	4,974,000	4,974,000	100.0
8	Other Infrastructure-Stone Pitching and Cabro Works Phase III	County Assembly	HQ	5,500,000	4,958,222	99.2
9	Kithokoosyo water pipeline extension - Works by KIMAWAS-CO	Water and Sanitation	Kikumbulyu South	2,000,000	2,714,900	135.7
10	Wote Water supply- WOWAS-CO	Water and Sanitation		2,500,000	2,500,000	100.0

Source: Makueni County Treasury

3.23.11 Budget Performance by Department

Table 3.134: Makueni County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.134: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Attorneys Office	25.5	20.0	2.6	-	2.0	-	76.2	-	7.7	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governorship	199.0	225.4	101.4	7.5	82.3	-	81.2	-	41.4	-
Office of Deputy Governor, County Administration and Intergovernmental Relations	64.7	72.1	13.4	-	11.4	-	84.7	-	17.6	-
County Public Service Board	79.0	-	33.7	-	22.2	-	66.0	-	28.1	-
Lands, Urban Planning and Envi- ronmental Management	136.8	3.5	71.8	-	54.6	3.7	76.1	-	39.9	106.9
Wote Municipality	43.2	-	3.4	-	4.8	39.5	140.6	-	11.1	-
Trade, Industry, Tourism and Coop- eratives	67.8	46.7	31.0	1.8	20.2	-	65.0	-	29.7	-
Gender, Culture and Social Services	87.8	91.4	42.3	14.9	24.3	2.4	57.4	15.9	27.6	2.6
County Secretary	516.0	-	382.1	-	342.9	-	89.8	-	66.5	-
Finance & Socio- Economic Planning	839.9	623.9	266.8	73.5	384.3	108.7	144.1	147.8	45.8	17.4
County Education & Civic Educa- tion	480.8	213.2	272.1	3.4	227.3	2.6	83.5	75.9	47.3	1.2
Transport and County Infrastructure	175.0	557.7	92.9	54.6	76.3	6.8	82.2	12.5	43.6	1.2
Agriculture, Livestock & Food Security	289.5	649.1	170.3	367.2	143.9	-	84.5	-	49.7	-
Water and Environment	130.1	554.1	69.0	59.7	53.2	35.7	77.1	59.8	40.9	6.4
Sand Authority	71.2	35.6	36.9	15.0	27.2	-	73.8	-	38.2	-
Health Services	3,403.9	704.3	2,043.1	39.0	1,741.6	63.3	85.2	162.2	51.2	9.0
Devolution and Public Service	312.5	13.6	171.1	0.3	109.9	0.2	64.2	70.9	35.1	1.4
County Assembly	755.8	40.2	636.9	19.0	436.3	18.1	68.5	95.2	57.7	44.9
Total	7,678.7	3,850.9	4,440.7	655.9	3,764.7	281.0	84.8	42.8	49.0	7.3

Source: Makueni County Treasury

Analysis of expenditure by department shows that the Department of Lands, Urban Planning and Environmental Management recorded the highest absorption rate of development budget at 106.9 per cent, followed by the Department of County Assembly at 44.9 per cent. The Department of County Secretary had the highest percentage of recurrent expenditure to budget at 66.5 per cent, while the Department of County Attorney's Office had the lowest at 7.7 per cent.

The expenditures by Lands, Urban Planning and Environmental Management, Wote Municipality, Finance and Socio-Economic Planning and Health Services departments are above the exchequer releases, occasioned by the spending of conditional grants that had been retained in special purpose account by the end of year FY 2021/22.

3.23.12 Budget Execution by Programmes and Sub-Programmes

summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.135: Makueni County, Budget Execution by Programmes and Sub-Programmes

Department	Program	Sub Program	Budget in Kshs		Expenditure in Kshs		Rate of Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	General Administration and Planning	General Administration and Planning	79,013,066	20,000,000	18,950,687	-	24.0	-
County Public Service Board Total			79,013,066	20,000,000	18,950,687	-	24.0	-
County Secretary	Leadership and coordination of departments	Leadership and coordination of departments	516,040,327	-	342,934,185	-	66.5	-
County Secretary Total			516,040,327	-	342,934,185	-	66.5	-
Devolution & Public Service	Enforcement and compliance	Enforcement and compliance		-	304,420	-	-	-
	Information and communication	Information and communication		-	-	-	-	-
	Volunteerism & mentorship	Volunteerism & mentorship		-		-	-	-
	General administration & planning	General administration & planning	263,545,578	5,495,742	109,095,463	-	41.4	-
	Youth Development Support & Empowerment	Youth Development		-		-	-	-
	Public Participation & Civic Education	Public Participation & Civic Education	48,987,500	8,131,545	2,931,877	194,500	6.0	2.4
Devolution & Public Service Total			312,533,078	13,627,288	112,331,760	194,500	35.9	1.4
Finance & Socio-Economic Planning	General administration & planning	General administration & planning	645,988,652	623,898,688	304,713,954	108,712,774	47.2	17.4
	Public financial management	Accounting services	13,321,267	-	3,443,327	-	25.8	-
		Budget formulation, coordination and management	50,570,000	-	22,895,560	-	45.3	-
		Economic planning	53,558,480	-	24,353,882	-	45.5	-
		Internal audit services	8,600,000	-	1,639,190	-	19.1	-
		Resource mobilisation	60,120,196	-	12,773,022	-	21.2	-
		Supply chain management services	7,723,200	-	371,025	-	4.8	-
	Finance & Socio-Economic Planning Total		839,881,795	623,898,688	370,189,961	108,712,774	44.1	17.4

Department	Program	Sub Program	Budget in Kshs		Expenditure in Kshs		Rate of Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
Health	Curative healthcare services	Curative healthcare services	233,962,800	-	-	-	-	-
	General administration & planning	General administration & planning	3,000,346,037	677,805,770	1,722,289,629	63,262,155	57.4	9.3
	Preventive and promotive health-care services	Preventive and promotive health-care services	169,606,500	26,534,121	27,497,689	-	16.2	-
Health Total			3,403,915,337	704,339,891	1,749,787,318	63,262,155	51.4	9.0
Land, Physical Planning & Mining	Urban planning	Urban planning	12,958,186	32,478,511	-	1,497,500	-	4.6
	Environment management and protection	Environment management and protection	46,162,296	166,843,881	29,467,280	2,243,300	63.8	1.3
	General administration & planning	General administration & planning	127,273,205	4,031,500	43,233,124	-	34.0	-
	Land Survey & Mapping	Land Survey & Mapping	6,766,920	26,054,766	665,739	-	9.8	-
	Mining mapping & development	Mining mapping & development	3,100,000	-	250,000	-	8.1	-
Land, Physical Planning & Mining Total			196,260,607	229,408,658	73,616,143	3,740,800	37.5	1.6
Sand Authority	General Administration & planning	: General Administration & Planning	71,222,376	35,618,448	27,238,272		38.2	-
Sand Authority Total			71,222,376	35,618,448	27,238,272		38.2	-
Transport & Infrastructure	Infrastructure development	Infrastructure development	7,386,000	12,000,000	-		-	-
	Energy Infrastructure & development	Energy Infrastructure & development	26,731,892	72,616,376	13,975,711	6,802,240	52.3	9.4
	General administration & planning	General administration & planning	112,224,497	-	62,336,501	-	55.5	-
	Road transport	Road transport	28,678,560	473,078,437	-		-	-
Transport & Infrastructure Total			175,020,949	557,694,813	76,312,211	6,802,240	43.6	1.2
Water and sanitation	Environment management and protection	Environment management and protection		-		-	-	-
	General administration & planning	General administration & planning	116,253,911	12,000,000	59,144,868	-	50.9	-
	Irrigation infrastructure development	Irrigation infrastructure development		-		-	-	-

Department	Program	Sub Program	Budget in Kshs		Expenditure in Kshs		Rate of Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
	Water in- frastructure Development	Piped water supply infra- structure	4,070,000	358,949,047	530,000	14,151,890	13.0	3.9
		Groundwater development	4,972,322	61,169,501	300,000	7,394,003	6.0	12.1
		Water har- vesting and storage	4,850,000	121,937,322	712,446	14,181,220	14.7	11.6
Water and sanitation Total			130,146,233	554,055,870	60,687,313	35,727,113	46.6	6.4
Wote Munic- ipality	Wote Munic- ipality	Wote Munic- ipality	43,176,365	72,053,857	4,783,722	39,512,058	11.1	54.8
Wote Municipality Total			43,176,365	72,053,857	4,783,722	39,512,058	11.1	54.8
Agriculture, Livestock and Food Security	Agribusiness and informa- tion manage- ment	Agribusiness and informa- tion manage- ment	2,404,369	160,855,936	262,500		10.9	-
	Cooperative development and manage- ment	Cooperative development and manage- ment	-	10,000,000	-		-	-
	General ad- ministration & planning	General ad- ministration & planning	261,188,746	191,783,560	142,756,600		54.7	-
	Land, Crop development & produc- tivity	Land, Crop development & produc- tivity	3,445,000	232,530,562	632,500		18.4	-
	Livestock Production, Management and Develop- ment	Livestock Production, Management and Develop- ment	22,458,450	53,927,723	250,000		1.1	-
Agriculture, Livestock and Food Security Total			289,496,564	649,097,782	143,901,600		49.7	-
Trade, Industry, Tourism and Coopera- tives	Cooperative development and manage- ment	Cooperative development and manage- ment	-	900,000	-	-	-	-
	Industrial development and promo- tion	Industrial development and promo- tion	350,000	5,000,000	-	-	-	-
	Tourism de- velopment & promotion	Tourism de- velopment & promotion	350,000	5,000,000	-	-	-	-

Department	Program	Sub Program	Budget in Kshs		Expenditure in Kshs		Rate of Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
	Trade devel- opment & promotion	Entrepre- neurial development and training		-		-	-	-
		Fairtrade and consumer protection		-		-	-	-
		Local markets development		-		-	-	-
		Trade marketing & promotion	7,637,500	31,798,355	1,175,490	-	15.4	-
Trade, Industry, Tourism and Cooperatives Total			8,337,500	42,698,355	1,175,490	-	14.1	-
County Education and Civic Education	ICT Infra- structure & Systems Development	ICT Infra- structure & Systems Development	23,569,429	15,226,490	1,408,110	-	6.0	-
	Early childhood education	Early childhood education	14,120,429	111,167,241	14,300	1,243,651	0.1	1.1
	General ad- ministration & planning	General ad- ministration & planning	402,841,625	5,000,000	210,940,281	-	52.4	-
	Sports Devel- opment	Sports Devel- opment		-	-	-	-	-
	Support to education	Support to education	38,994,429	17,263,975	15,008,177		38.5	-
	Technical training & non-formal education	Technical training & non-formal education	1,268,929	64,586,600	-	1,333,940	-	2.1
	Youth De- velopment Support & Empower- ment	Youth Devel- opment		-		-	-	-
County Education and Civic Education Total			480,794,842	213,244,306	227,370,868	2,577,591	47.3	1.2
Gender, Culture and Social Services	Gender & Social Devel- opment	Gender & Social Devel- opment	17,419,307	16,917,260	200,000	1,999,208	1.1	11.8
	General ad- ministration & planning	General ad- ministration & planning	65,889,061	-	23,987,717	-	36.4	-
	Sports Devel- opment	Sports Devel- opment	2,040,000	47,985,452	-	-	-	-
	Youth De- velopment Support & Empower- ment	Youth Devel- opment	2,500,000	26,500,000	-	369,500	-	1.4
Gender, Culture and Social Services Total			87,848,368	91,402,712	24,187,717	2,368,708	27.5	2.6
County Attorneys Office	Legal & advi- sory services	Legal & advi- sory services	25,493,375	-	1,223,409	-	4.8	-

Department	Program	Sub Program	Budget in Kshs		Expenditure in Kshs		Rate of Absorption	
			Rec	Dev	Rec	Dev	Rec	Dev
County Attorneys Office Total			25,493,375	-	1,223,409	-	4.8	-
Office of the Governorship	General ad- ministration & planning	General ad- ministration & planning	263,725,897	3,500,000	93,689,257	-	35.5	-
Office of the Governorship Total			263,725,897	3,500,000	93,689,257	-	35.5	-
County Assembly	Legislation & Oversight	Legislation & Oversight	755,817,316	40,233,812	436,347,990	18,072,912	57.7	44.9
County Assembly Total			755,817,316	40,233,812	436,347,990	18,072,912	57.7	44.9
Grand Total			7,678,723,995	3,850,874,480	3,764,727,903	280,970,851	49.0	7.3

Source: Makeni County Treasury

Sub-programmes with the highest levels of implementation based on development absorption rates were: Wote Municipality in the Department of Lands at 54.8 per cent, Legislation and Oversight in the County Assembly at 44.9 per cent, General Administration & Planning in the Department of Finance and Social Economic Planning at 17 per cent, and Gender & Social Development at 12 per cent of budget allocation.

3.23.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th April 2023
2. The underperformance of own-source revenue at Kshs.585.88 million against an annual projection of Kshs.1.25 billion, representing 47.1 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.285.64 million were processed through the manual payroll, accounting for 9.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. High pending bills amounting to Kshs.426.39 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.693.59 million at the end of the first nine months of FY 2022/23.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

3.24 County Government of Mandera

3.24.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.43 billion, comprising Kshs.4.26 billion (34.3 per cent) and Kshs.8.17 billion (65.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 6.2 per cent compared to the previous financial year when the approved budget was Kshs.13.25 billion and comprised of Kshs.5.71 billion towards development expenditure and Kshs.7.54 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.19 billion (84.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.255.44 million (2.1 per cent) from its own sources of revenue, Kshs.76.17 million as conditional grants, and a cash balance of Kshs.906.85 million (7.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.136.

3.24.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.54 billion as the equitable share of the revenue raised nationally, raised Kshs.89.1 million as own-source revenue and had a cash balance of Kshs.906.85 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.54 billion, as shown in Table 3.136: Mandera County, Revenue Performance in the First Nine Months of FY 2022/23.

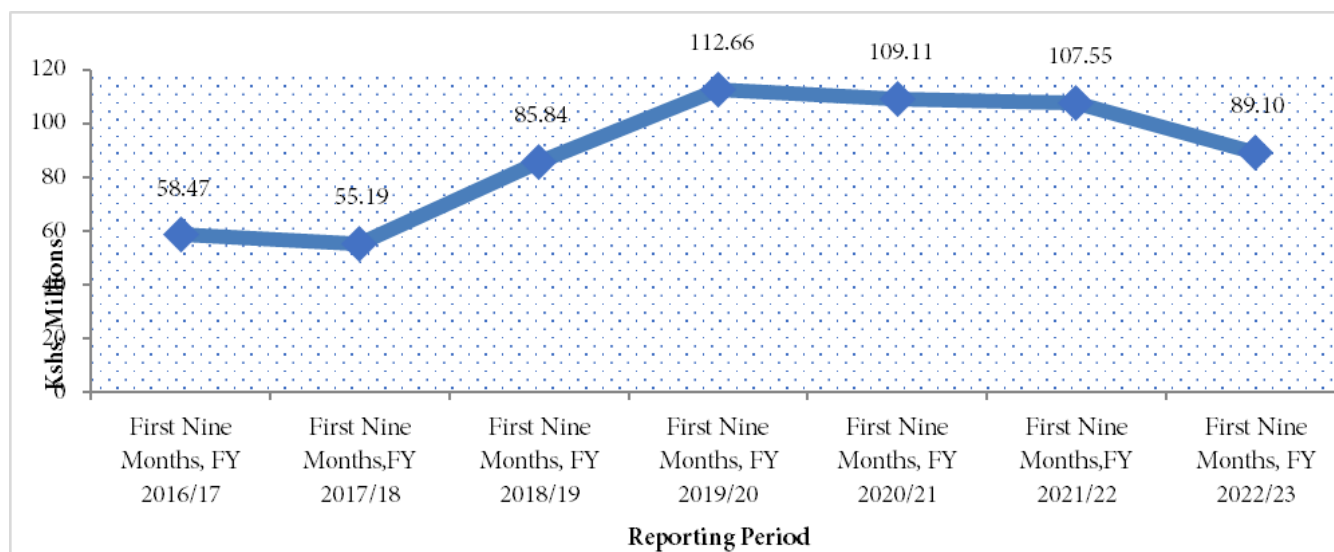
Table 3.136: Mandera County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	5,539,239,385	49.5
Sub Total		11,190,382,598	5,539,239,385	49.5
B	Conditional Grants			
1	World Bank/Japan Funding for Health Sector - Transforming Health care - Universal Health	54,721,395	-	-
2	Kenya Urban and Institutional Grant b/f	21,451,158	-	-
Sub Total		76,172,553	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	255,436,786	89,102,787	34.9
2	Balance b/f from FY2021/22	906,845,632	906,845,632	100
Sub Total		1,162,282,418	995,948,419	85.7
Grand Total		12,428,837,569	6,535,187,804	52.6

Source: Mandera County Treasury

Figure 3.71: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

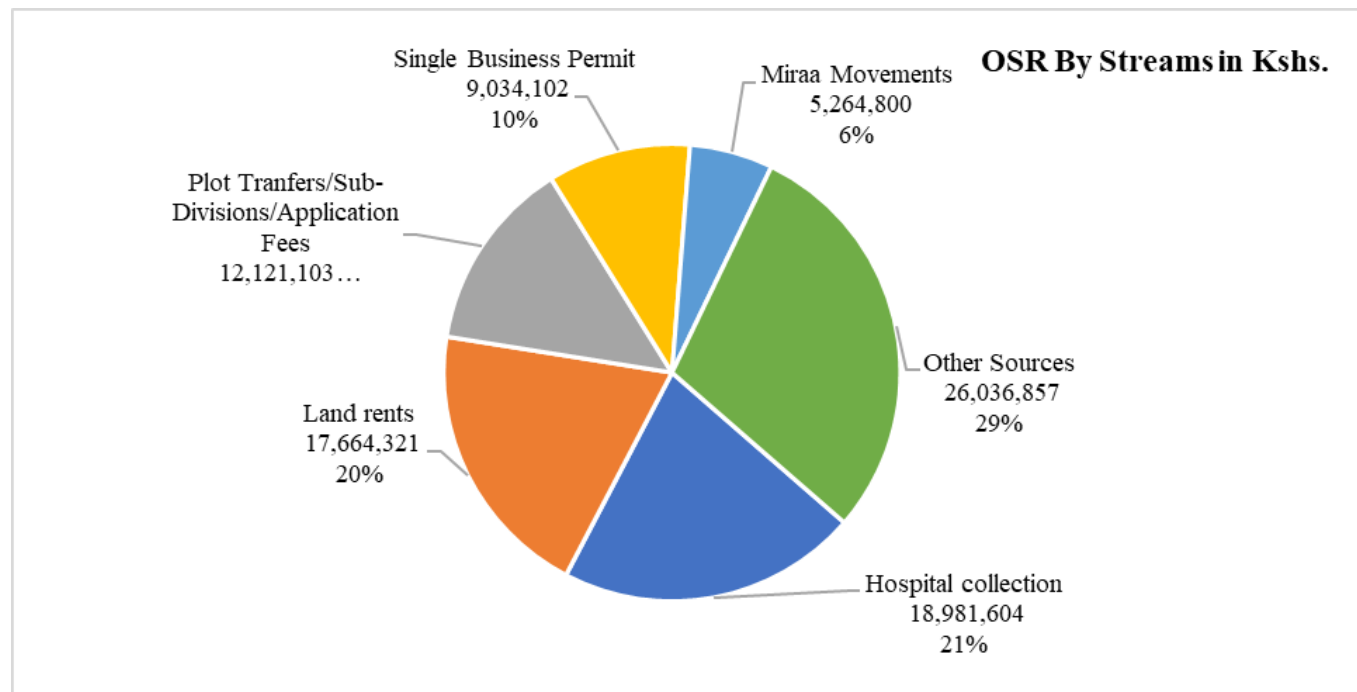
Figure 3.71: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Mandera County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.89.1 million from its own sources of revenue. This amount represented a decrease of 17.2 per cent compared to Kshs.107.55 million realised in a similar period in FY 2021/22 and was 34.9 per cent of the annual target and 1.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.72: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.72: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Mandera County Treasury

The highest revenue stream of Kshs.18.98 million was from Hospital collections contributing to 21 per cent of the total OSR collected during the reporting period.

3.24.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.73 billion from the CRF account during the reporting period. This amount comprised Kshs.1.67 billion (29.1 per cent) for development programmes and Kshs.4.06 billion (70.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.03 billion was released towards compensation to employees and Kshs.2.03 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.52.81 million.

3.24.4 County Expenditure Review

The County spent Kshs.6.55 billion on development and recurrent programmes during the reporting period. This expenditure represented 114.4 per cent of the total funds released by the CoB and comprised of Kshs.1.67 billion and Kshs.4.89 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 39.1 per cent. In contrast, recurrent expenditure represented 59.9 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

The County Treasury reported that the pending bills had accumulated to Kshs.2.13 billion, and an internal committee was verifying it. However, they did not provide a schedule showing the composition of the pending bills.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.80 billion on employee compensation, Kshs.2.6 billion on operations and maintenance, and Kshs.1.66 billion on development activities. Similarly, the County Assembly spent Kshs.230.46 million on employee compensation, Kshs.252.39 million on operations and maintenance, and Kshs.2.03 million on development activities, as shown in Table 3.137: Summary of Budget and Expenditure by Economic Classification.

Table 3.137: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,177,253,609	990,090,152	4,405,810,086	482,843,933	61.4	48.8
Compensation to Employees	4,024,671,751	445,536,484	1,802,418,737	230,455,733	44.8	51.7
Operations and Maintenance	3,152,581,859	544,553,668	2,603,391,349	252,388,200	82.6	46.3
Development Expenditure	3,939,240,253	322,253,555	1,663,645,683	2,028,303	42.2	0.6
Total	11,116,493,862	1,312,343,707	6,069,455,769	484,872,236	54.6	36.9

Source: Mandera County Treasury

3.24.7 Expenditure on Employees' Compensation

Employee compensation expenditure was Kshs.2.03 billion during the reporting period, or 31.1 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.54 billion. This expenditure represented a decrease from Kshs.3.29 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.2 billion paid to health sector employees, translating to 59.2 per cent of the total wage bill. The decrease in Personnel Emoluments is attributed to non-payment of salaries due to delays in releasing the equitable share of revenue by the National Treasury.

Further analysis indicates that PE costs amounting to Kshs.1.89 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.100.78 million was processed through manual payrolls. The manual payrolls accounted for 5.3 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.8.95 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.28.34 million. The average monthly sitting allowance was Kshs.20,296 per MCA. The County Assembly has established 23 Committees.

3.24.8 County Emergency Fund and County-Established Funds

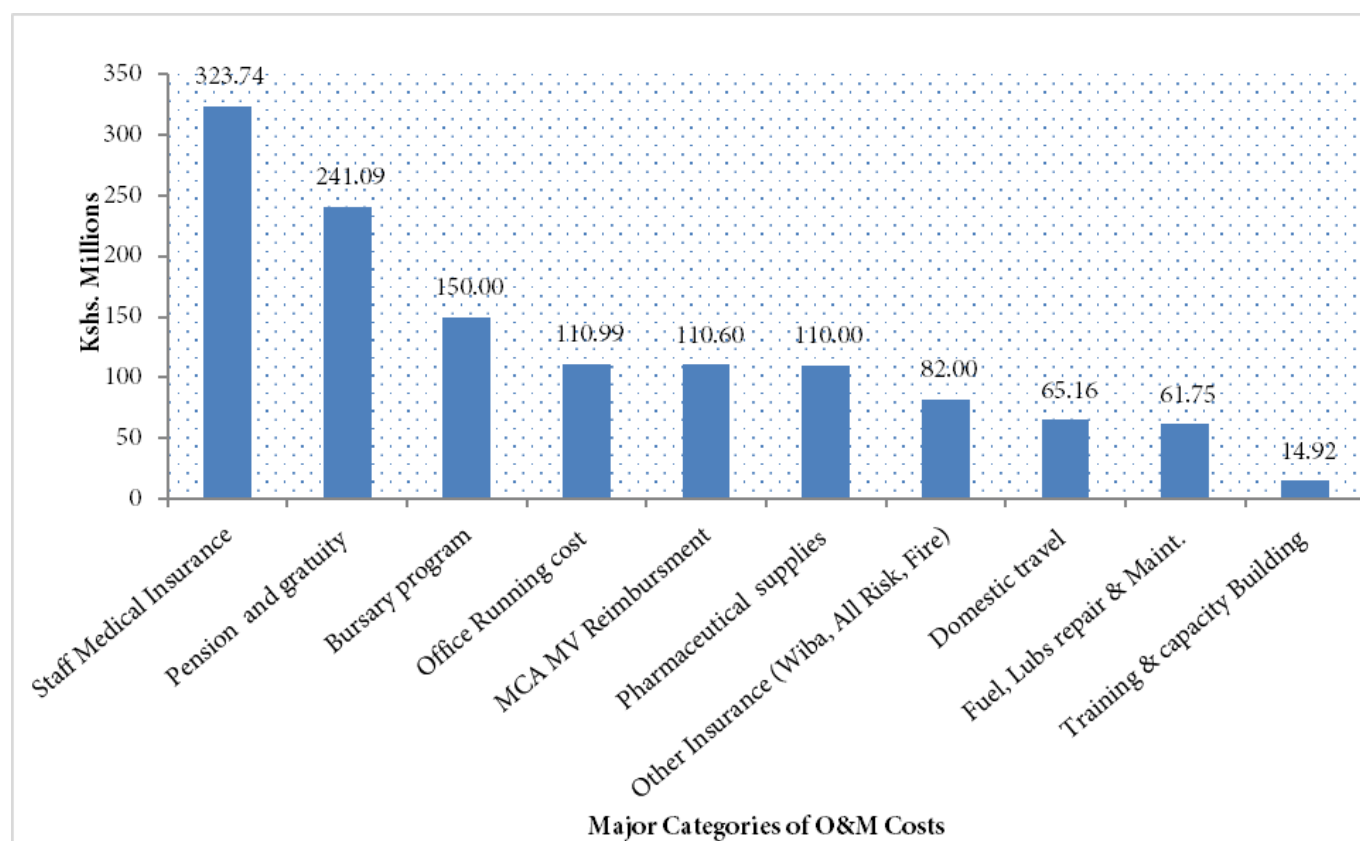
Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.350 million to the Bursary Fund in the FY 2022/23, constituting 2.8 per cent of the County's overall budget. The County reported an expenditure of Kshs.150 million on the Bursary Fund as of 31st March 2023.

3.24.9 Expenditure on Operations and Maintenance

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

Figure 3.73: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

During the period, expenditure on domestic travel amounted to Kshs.65.16 million and comprised of Kshs.27.77 million spent by the County Assembly and Kshs.37.39 million by the County Executive.

3.24.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.67 billion on development programmes, representing a decrease of 23.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.17 billion. Table 3.138: Mandera County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.138: Mandera County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health	Proposed Improvement of Banisa Hospital	Banisa	57,000,000	40,000,000	70
2	Health	Completion of Harshilmi Hospital	Banisa	48,000,000	36,000,000	75
3	Agriculture	Proposed Construction of Slaughterhouse in Mandera East	Mandera South	35,000,000	24,316,500	69
4	Water Services	Construction Of 60,000Me Qorile Earth Pan	Qorile	30,000,000	20,000,000	100
5	Gender	Construction of Vulnerable Houses	County Wide	23,500,000	18,000,000	77
6	Agriculture	Construction Of Koromey Irrigation Project	Mandera South	20,652,205	10,000,000	48

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
7	Education	Construction of new Gate, Cabro the Road from the gate to the new admin block and the parking area at MTTI	Mandera	9,851,996	9,851,996	100
8	Agriculture	Construction Of Kutulo(Malbe) Water Pan For Irrigation Project	Mandera South	45,774,646	9,000,000	20
9	Agriculture	Completion Livestock Market	Mandera South	40,000,000	8,000,000	20
10	Education	Proposed Construction of MTTC	Mandera	35,000,000	8,000,000	23

Source: Mandera County Treasury

3.24.11 Budget Performance by Department

Table 3.139: Mandera County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.139: Mandera County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	990.09	322.25	483.30	2.03	482.84	2.03	99.9	100.0	48.8	0.6
Agriculture Live-stock and Fisheries	163.06	236.02	97.50	55.22	113.57	55.22	116.5	100.0	69.6	23.4
Education, Culture and Sports	788.22	212.42	256.03	20.35	396.94	20.35	155.0	100.0	50.4	9.6
Gender, Youth and Social Service	591.94	35.24	36.82	25.74	49.67	25.74	134.9	100.0	8.4	73.0
Finance	376.50	67.88	235.83	9.30	273.63	9.30	116.0	100.0	72.7	13.7
Health Services	2,303.01	468.87	1,277.53	150.00	1,455.89	150.00	114.0	100.0	63.2	32.0
Trade, Investments, Industrialisation and Cooperative Development	53.49	28.09	26.90	-	35.96	-	133.7	-	67.2	-
Lands, Housing and Physical Planning	81.78	482.30	46.10	399.48	54.54	399.48	118.3	100.0	66.7	82.8
Office of the Governor	459.07	-	242.92	-	312.99	-	128.8	-	68.2	-
County Public Service Board	69.53	45.79	39.76	10.00	51.10	5.00	128.5	50.0	73.5	10.9
Public Service, Management and Devolved Unit	1,763.24	20.90	993.35	5.00	1,279.04	10.00	128.8	200.0	72.5	47.8
Public Works Roads and Transport	168.22	852.95	91.55	379.27	109.81	379.27	119.9	100.0	65.3	44.5
Water, Environment and Natural Resources	359.18	1,488.77	235.07	609.28	272.67	609.28	116.0	100.0	75.9	40.9
Total	8,167.34	4,261.49	4,062.66	1,665.67	4,888.65	1,665.67	120.3	100.0	59.9	39.1

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Lands & Housing recorded the highest absorption rate of development budget at 82.8 per cent, followed by the Department of Gender at 73 per cent. The Department of Water had the highest percentage of recurrent expenditure to budget at 75.9 per cent, while the Department of Gender had the lowest at 8.4 per cent.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.140: County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.140: County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly	Infrastructure Development	322,253,555	2,028,303	320,225,252	0.6
	Administration, planning and support services	990,090,152	482,843,933	507,246,219	48.8
	Sub Total	1,312,343,707	484,872,236	827,471,472	36.9
Agricultural and Livestock Sector Support	Food security Initiatives	209,488,884	34,300,240	175,188,644	16.4
	Livestock Production	26,534,483	20,916,260	5,618,223	78.8
	Sub Total	236,023,367	55,216,500	180,806,867	23.4
Administration Services	Administration and Compensation	4,378,437,639	2,373,241,382	2,005,196,258	54.2
	Sub Total	4,378,437,639	2,373,241,382	2,005,196,258	54.2
Trade, Cooperatives and Investment Sector Support	Trade Development and Promotion	28,092,667	23,396,997	4,695,670	83.3
	Sub Total	28,092,667	23,396,997	4,695,670	83.3
Youth Rehabilitation and Development	Youth Affairs	35,244,700	25,744,700	9,500,000	73.0
	Sub Total	35,244,700	25,744,700	9,500,000	73.0
ECDE and Sports Development Services	Early Childhood Development Education (ECDE)	212,417,921	20,351,996	192,065,925	9.6
	Sub Total	212,417,921	20,351,996	192,065,925	9.6
Physical Infrastructure Development	Health Infrastructure	468,874,654	150,002,616	318,872,038	32.0
	Land Survey	482,300,000	399,476,690	82,823,310	82.8
	Physical Infrastructure	1,241,895,461	394,272,468	847,622,993	31.7
	Sub Total	2,193,070,115	943,751,774	1,249,318,341	43.0
General Administration & Support Services	Administration, planning and support services	3,788,906,122	1,999,171,708	1,789,734,414	52.8
	Sub Total	3,788,906,122	1,999,171,708	1,789,734,414	52.8
Public Financial Management	Financial Management Services	67,880,000	9,300,000	58,580,000	13.7
	Sub Total	67,880,000	9,300,000	58,580,000	13.7
Water Provision Services	Water Supply	1,475,155,038	609,280,713	865,874,325	41.3
	Sub Total	1,475,155,038	609,280,713	865,874,325	41.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Solar Energy and Environmental Services	Environmental Management Services	13,610,000	10,000,000	3,610,000	73.5
	Sub Total	13,610,000	10,000,000	3,610,000	73.5
	Total	12,428,837,570	6,554,328,005	7,186,853,273	52.7

Source: Mandera County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Trade Development and Promotion at 83.3 per cent, Land Survey in the Department of Physical Planning at 82.8 per cent and Environmental Management Service at 73.5 per cent of the annual allocation.

3.24.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 25th April 2023.
2. The underperformance of own-source revenue at Kshs.89.1 million against an annual projection of Kshs.255.44 million, representing 34.9 per cent of the annual target.
3. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Bursary Fund were not submitted to the Controller of Budget.
4. Failure to pay pending bills in the period under review which had accumulated to Kshs.2.13 billion.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.105.78 million were processed through the manual payroll, accounting for 5.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed in order to reduce the accumulation of pending bills.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the pending bills to ensure genuine bills are paid promptly in the remaining financial year period. The verification process of pending bills should be finalised for the confirmed bills to be paid.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.25 County Government of Marsabit

3.25.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.83 billion, comprising Kshs.5.02 billion (56.8 per cent) and Kshs.3.81 billion (43.2 per cent) allocation for development and recurrent programmes, respectively.

The approved budget estimate represents a decrease of 5.4 per cent compared to the previous financial year when the approved budget was Kshs.9.33 billion and comprised of Kshs.4.59 billion towards development expenditure and Kshs.4.75 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.28 billion (82.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from its own source of revenue, Kshs.738.98 million as conditional grants, and a cash balance of Kshs.646.69 million (7.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.131.

The cash balance from the previous financial year comprised Kshs.64.53 million, which was swept to the CRF account at the end of the financial year, and Kshs.582.16 million as the balance in the CRF account at the Central Bank of Kenya.

3.25.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.62 billion as the equitable share of the revenue raised nationally, raised Kshs.104.52 million as own-source revenue, Kshs.102.23 million as conditional grants, and had a cash balance of Kshs.646.69 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.46 billion, as shown in Table 3.141: Marsabit County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.141: Marsabit County, Revenue Performance in the First Nine Months of FY 2022/23

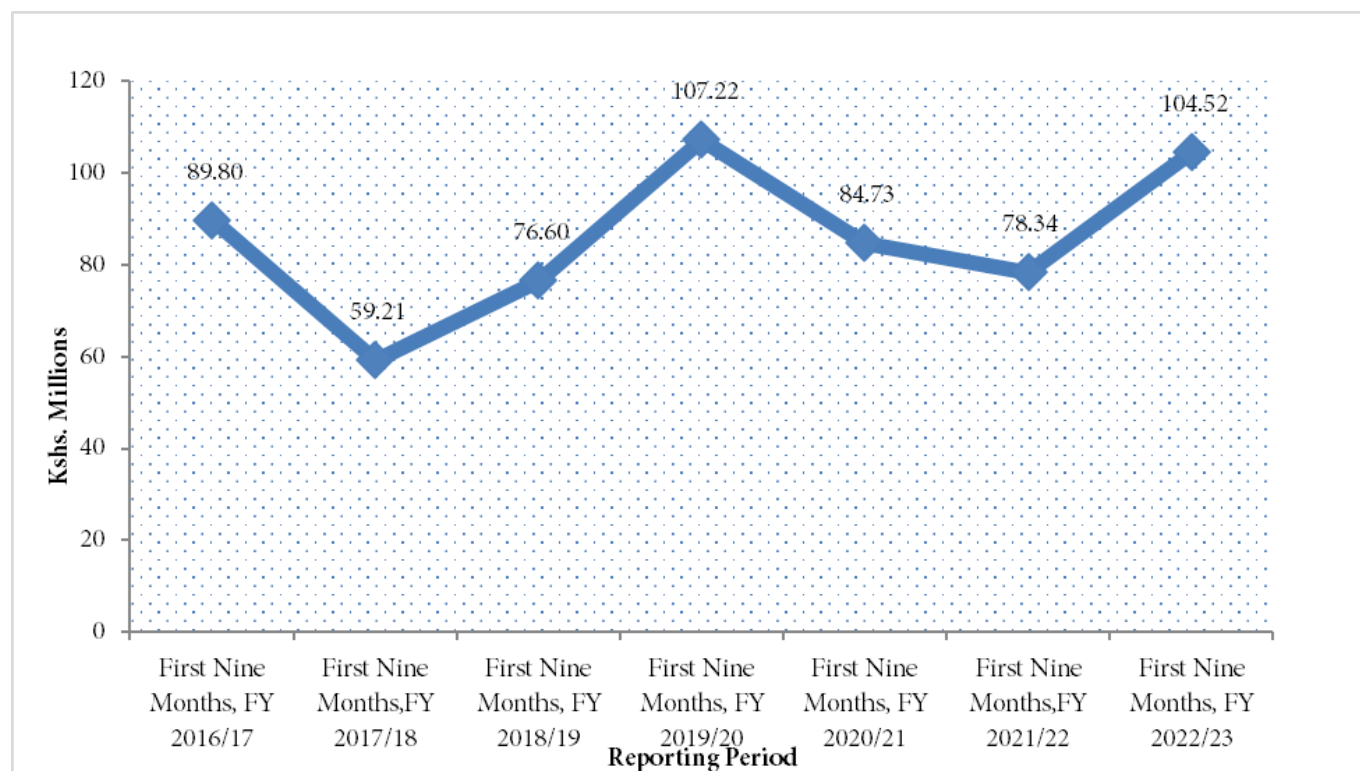
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,277,004,032	3,602,116,994	49.5
Sub Total		7,277,004,032	3,602,116,994	49.5
B	Conditional Grants			
1	German Development Bank (KFW) Drought Resilience Programme In Northern Kenya (DRPNK)	387,000,000	-	-
2	World Bank- Emergency Locust Response Project (ELRP)	93,873,850	36,875,373	39.3
3	Conditional Grant - IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	55,194,559	55,194,559	100.0
4	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)-Unspent balance	38,483,480	-	-
5	Conditional Grant - Emergency Locust Response Project - Unspent Balance	32,294,514	-	-
6	Road Maintenance Fuel Levy Fund- Unspent Balance	30,161,903	-	-
7	IDA (World Bank) Credit: Kenya Urban Support Project (KUSP)- Unspent Balance	18,628,694	-	-
8	Sweden Agricultural Support Dev Support Programme (ASDSP)II	18,451,009	7,156,508	38.8
9	EU Grant (U - Instrument for Devolution Advise and Support (IDEAS)	16,140,048	-	-
10	DANIDA Grant - (Primary Health Care in Devolved Context)	14,273,800	-	-
11	IDA (World Bank) credit: (Financing Locally-Led Climate Action(FLLoCA) Programm, County Climate Institutional Support (CCIS) Grant (level I)	11,000,000	11,000,000	100.0
12	IDA (World Bank) Credit - (Transforming Health Systems for Universal Care Project) - Unspent Balance	7,510,357	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
13	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG) - Unspent Balance	7,384,101	-	-
14	IDA (World Bank) Credit: Kenya Devolution Support Project (KDSP) - Unspent Balance	7,184,483	-	-
15	Conditional Grant - Rehabilitation of Village Polytechnics - Unspent Balance	1,159,347	-	-
16	Sweden Agricultural Support Dev Support Programme (ASDSP)II - Unspent Balance	241,993	-	-
Sub-Total		738,982,138	110,226,440	14.9
C	Other Sources of Revenue			
1	Own Source Revenue	170,000,000	104,515,927	61.5
2	Balance b/f from FY2021/22	646,690,645	646,690,645	100.0
Sub Total		816,690,645	751,206,572	92.0
Grand Total		8,832,676,815	4,463,550,006	50.5

Source: Marsabit County Treasury

Figure 3.74: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

Figure 3.74: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23

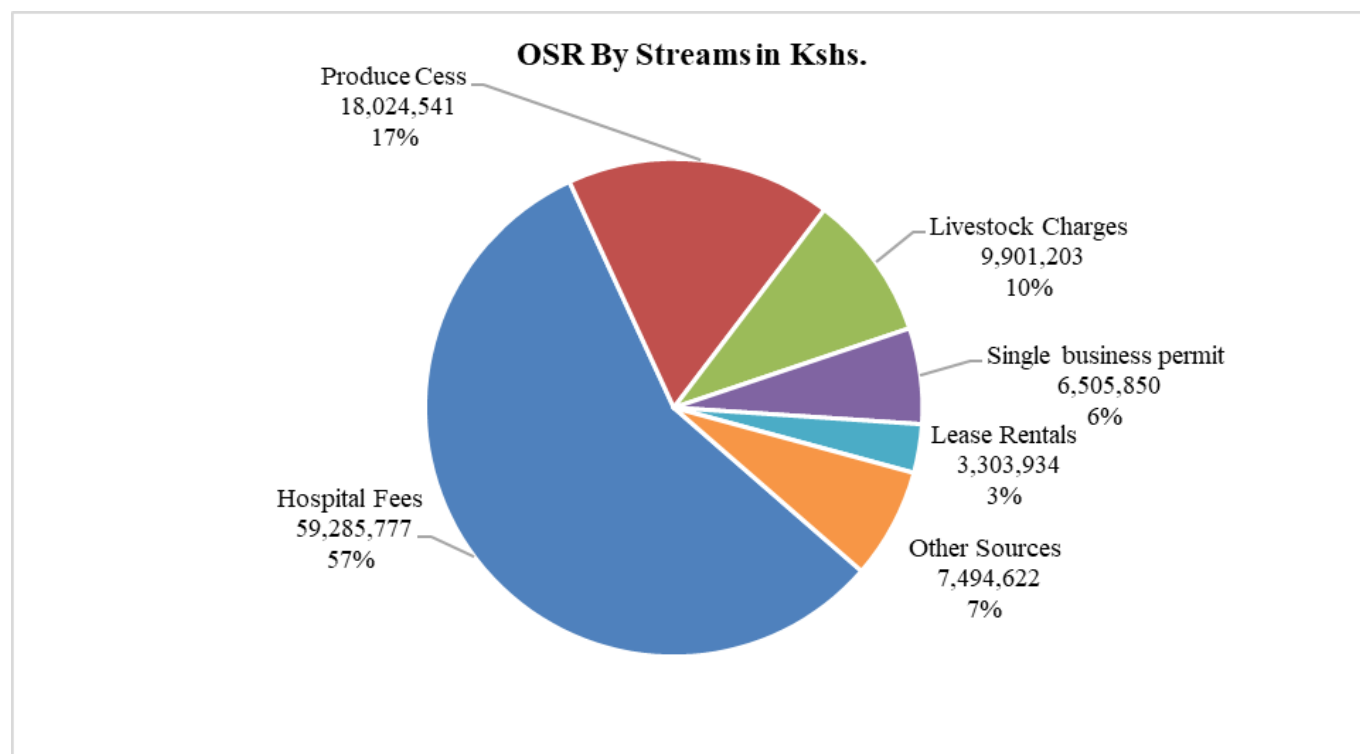


Source: Marsabit County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.104.52 million from its own sources of revenue and representing an increase of 33.4 per cent compared to Kshs.78.33 million realised in a similar period in FY 2021/22. It was 61.5 per cent of the annual target and 2.9 per cent of the equitable revenue share

disbursed during the period. The reported OSR collection does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR are shown in Figure 3.75: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.75: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Marsabit County Treasury

The highest revenue stream of Kshs.59.29 million was from hospital fees contributing to 57 per cent of the total OSR collected during the reporting period.

3.25.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.31 billion from the CRF account during the reporting period. This amount comprised of Kshs.1.03 billion (24 per cent) for development programmes and Kshs.3.28 billion (76 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.12 billion was released towards compensation to employees, Kshs.881.47 million was for Operations and Maintenance expenditure, while Kshs.1.03 billion was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.96.25 million.

3.25.4 County Expenditure Review

The County spent Kshs.4.03 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.5 per cent of the total funds released by the CoB and comprised of Kshs.1.03 billion and Kshs.2.99 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.1 per cent. In contrast, recurrent expenditure represented 59.7 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.05 billion, which comprised Kshs.44.16 million for recurrent expenditure and Kshs.1.01 billion for development activities. During the period under review, pending bills for development programmes amounting to Kshs.102.05 million were settled. Therefore, the outstanding amount was Kshs.952.27 million as of 31st March 2023.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.99 billion on employee compensation, Kshs.638.69 million on operations and maintenance, and Kshs.1.03 billion on development activities. Similarly, the County Assembly spent Kshs.123.38 million on employee compensation and Kshs.242.78 million on operations and maintenance, as shown in Table 3.142: Summary of Budget and Expenditure by Economic Classification.

Table 3.142: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,131,974,267	886,688,729	2,631,252,186	366,167,724	63.7	41.3
Compensation to Employees	2,963,571,733	208,962,747	1,992,563,645	123,386,125	67.2	59.0
Operations and Maintenance	1,168,402,534	677,725,982	638,688,541	242,781,599	54.7	35.8
Development Expenditure	3,474,608,383	339,405,435	1,034,721,578	-	29.8	-
Total	7,606,582,650	1,226,094,164	3,665,973,764	366,167,724	48.2	29.9

Source: Marsabit County Treasury

3.25.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.12 billion, or 47.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.46 billion. This expenditure represented a decrease from Kshs.2.47 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.962.85 million paid to health sector employees, translating to 45.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.72 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.394.11 million was processed through manual payrolls. The manual payrolls accounted for 18.6 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.8.98 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.30,254 per MCA. The County Assembly has established 21 Committees.

3.25.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.346.47 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 3.143 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.143: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
8.	Scholarship Fund	100,000,000	100,000,000	-	NO
9.	Emergency Fund	117,474,267	117,000,000	-	NO
10.	Car Loan and Mortgage- Executive	40,000,000	40,000,000	-	NO
County Assembly Established Funds					
11.	Car Loan and Mortgage Fund - Assembly	89,000,000	20,000,000	20,000,000	YES
12.	Total	346,474,267	277,000,000	277,000,000	

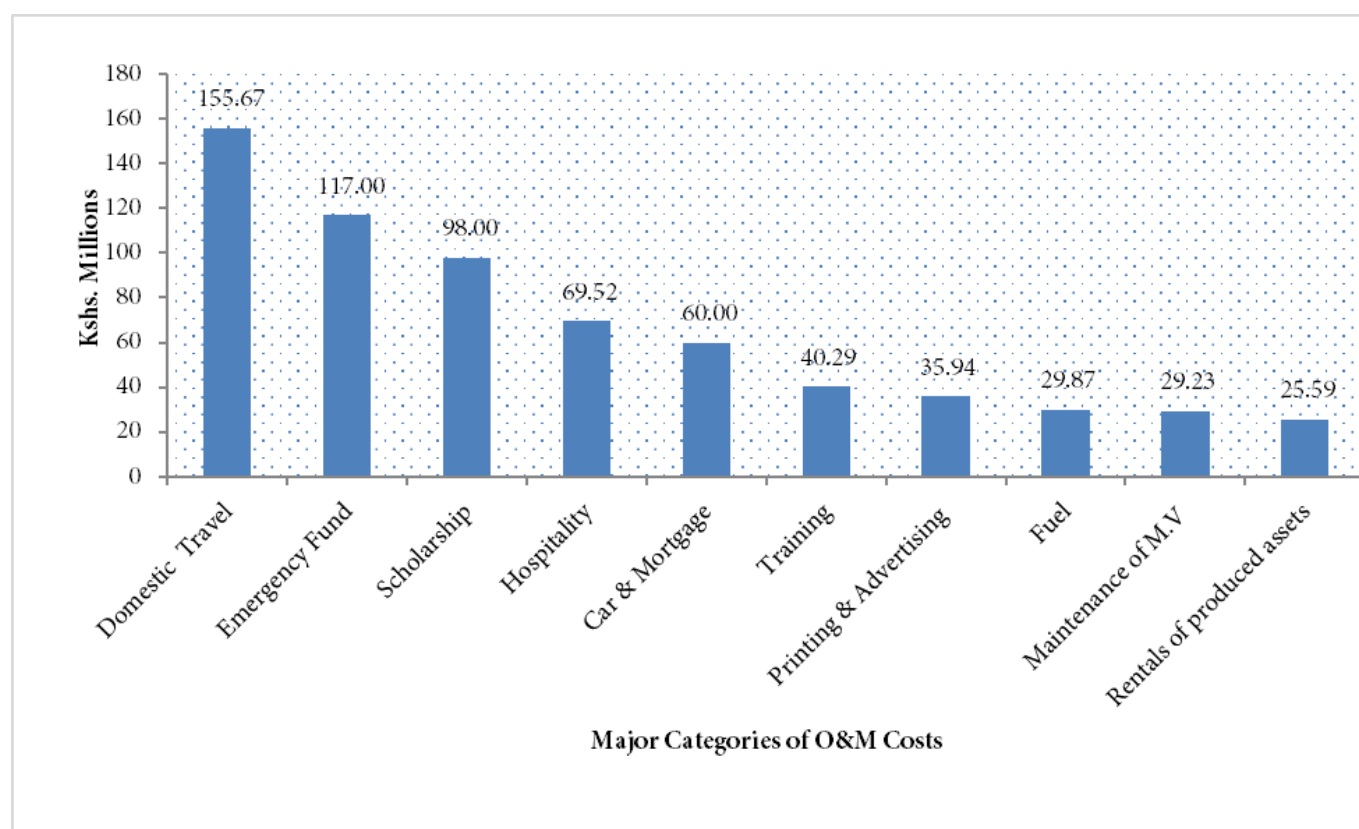
Source: Marsabit County Treasury

During the reporting period, OcoB did not receive quarterly financial returns from Fund Administrators of the Scholarship Fund, Emergency Fund and Executive Car Loan and Mortgage Fund, as indicated in Table 3.143: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.25.9 Expenditure on Operations and Maintenance

Figure 3.76: Marsabit County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.76: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

During the period, expenditure on domestic travel amounted to Kshs.155.67 million and comprised of Kshs.65.64 million spent by the County Assembly and Kshs.90.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.98 million and was incurred by the County Executive.

3.25.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.03 billion on development programmes, representing a decrease of 55.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.32 billion. Table 3.144: Marsabit County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.144: Marsabit County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	Lands & Urban Development	Upgrading 4 No. Moyale town roads to bitumen standard	Moyale	80,000,000	59,677,824.	80
2.	Lands & Urban Development	Upgrading of korr loglogo road	Loglogo	15,000,000	10,000,000	100
3.	Water, & Natural Resources	water tracking services	County Wide	9,400,000	9,400,000	100
4.	Water & Natural Resources	Engine overhaul and body work for water bowsers	County HQ	3,890,000	3,890,000	100
5.	Water, & Natural Resources	Supply of pumps and motors for boreholes	Various	3,000,000	3,000,000	100
6.	Water, & Natural Resource	Supply Of 32kva Aksa Prime Power Genset For Borehole	Mbagas	3,000,000	3,000,000	100

Source: Marsabit County Treasury

3.25.11 Budget Performance by Department

Table 3.145: Marsabit County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.145: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	886.69	339.41	444.75	-	366.17	-	82.3	-	41.3	-
County Executive	559.5	840	395.3	451.65	437.12	451.65	110.6	100	78.1	53.8
Finance & Economic Planning	459.48	640.31	367.68	217.66	383.31	217.66	104.3	100	83.4	34
Agriculture, Live-stock & Fisheries	268.68	726.68	149.79	153.68	118.23	154.31	78.9	100.4	44	21.2
County Public Service Board	95.87	5	47.27	-	49.97	-	105.7	-	52.1	-
Education, Skill Development, Youth & Sports	385.71	58.66	312.85	8.39	265.76	8.39	84.9	100	68.9	14.3
County Health Services	1,445.96	408.78	1,018.76	123.11	973.64	123.11	95.6	100	67.3	30.1
Administration, Co-ordination & ICT	315.9	250	161.43	-	152.56	-	94.5	-	48.3	-
Energy, Lands & Urban Development	158.64	95.21	99.17	39.98	65.97	39.34	66.5	98.4	41.6	41.3
Roads & Public Works	114.15	125.16	71.9	-	33.24	-	46.2	-	29.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment & Natural Resources	154.06	295.8	104.12	40.25	73.35	40.25	70.4	100	47.6	13.6
Trade, Industry & Enterprise Develop- ment	82.85	9	48.66	-	40.02		82.2	-	48.3	-
Tourism, Culture & Social Services	91.18	20	55.31	-	38.08		68.9	-	41.8	-
Total	5,018.66	3,814.01	3,276.99	1,034.72	2,997.42	1,034.72	91.5	100	59.7	27.1

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of County Executive recorded the highest absorption rate of development budget at 53.8 per cent, followed by the Department of Energy, Lands & Urban Development at 41.3 per cent. The Department of Finance & Economic Planning had the highest percentage of recurrent expenditure to budget at 83.4 per cent, while the Department of Roads & Public Works had the lowest at 29.1 per cent.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 3.146: Marsabit County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.146: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
General Administra- tion Support Services	SP 1.1 Salaries and Allowances for Em- ployees and MCAs	208,962,747	-	123,386,125	-	59.0	-
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	41,400,000	-	23,836,388	-	57.6	-
	SP 1.3 Domestic pay- ables from previous financial years	44,162,996	-	-	-	-	-
Legislature and Oversight	SP 2.1 Domestic and foreign accommo- dation, air travel and daily subsistence allowance	103,257,475	-	65,604,273	-	63.5	-
	SP 2.2 ICT, Hansard and Communication Equipment	9,500,000	-	1,596,176	-	16.8	-
	SP 2.3 Mortgage & Car Loans and Tax	167,032,790	-	20,000,000	-	12.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	SP 2.4 Staff Training and Development and Tuitions	32,950,000	-	11,368,400	-	34.5	-
County Assembly Infrastructure improvement	SP 3.12 Maintenance of motor vehicle	7,000,000	-	4,129,700	-	59.0	-
	SP 3.13 Purchase of furniture and general equipment	7,366,768	-	1,500,000	-	20.4	-
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for the speaker's residence, construction and equipping of ward offices	-	339,405,435	-	-	-	-
	SP 3.15 Improvement of ICT services	5,016,760	-	2,357,780	-	47.0	-
	SP 3.16 Maintenance of plants, machinery & other assets	5,000,000	-	2,473,615	-	49.5	-
	SP 3.17 Electricity, water and sewerage and other utility charges	13,428,878	-	4,245,500	-	31.6	-
	SP 3.18 Printing, advertisement and information supplies and services	36,199,509	-	20,177,864	-	55.7	-
	SP 3.19 Rental of approved assets and hire of motor vehicles	5,200,000	-	420,000	-	8.1	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	31,937,645	-	13,652,949	-	42.7	-
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	37,500,000	-	32,237,000	-	86.0	-
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	-	2,515,600	-	28.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	17,055,516	-	1,740,000	-	10.2	-
	SP 3.24 Ward office	40,000,000	-	16,566,648	-	41.4	-
	SP 3.25 Uniform, Specialised materials and supplies	9,000,000	-	6,760,000	-	75.1	-
	-SP 3.26 Membership fees and dues and subscription for international organisation	5,500,000	-	-	-	-	-
	SP 3.28 Refurbishment of buildings	4,000,000	-	3,630,000	-	90.8	-
	SP 3.29 Gratuity/pension	33,217,645	-	7,969,707	-	24.0	-
	SP 3.30 Purchase of motor vehicle	13,000,000	-	-	-	-	-
	Sub Total	886,688,729	339,405,435	366,167,725	-	41.3	-
EXECUTIVE SERVICES							
Executive Services	General Administration, Planning and Support Services	559,500,000	140,000,000	437,116,059	114,622,508	78.1	81.9
	Management of County Affairs	-	700,000,000	-	337,031,506	-	48.1
	Sub Total	559,500,000	840,000,000	437,116,059	451,654,014	78.1	53.8
PHYSICAL PLANNING AND DEVELOPMENT							
	Urban Development Services	-	95,212,794	-	39,340,992	-	41.3
	Physical Planning and Development	158,637,768	-	65,974,317	-	41.6	-
	Sub Total	158,637,768	95,212,794	65,974,317	39,340,992	41.6	41.3
EDUCATION, SKILLS DEVELOPMENT, YOUTH AND SPORTS							
Education, Skills Development, Youth and Sports	General Administration, Planning and Support Services	385,713,481	-	265,757,866	-	68.9	-
	Youth Development	-	58,659,347	-	8,390,069	-	14.3
	Sub Total	385,713,481	58,659,347	265,757,866	8,390,069	68.9	14.3
AGRICULTURE, LIVESTOCK AND FISHERIES							
Agriculture Livestock and Fisheries	General Administration, Planning and Support Services	111,831,802	-	63,501,015	-	56.8	-
	Livestock Production and Management	124,332,979	-	53,486,074	-	43.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Fisheries Development and Management	32,513,970		1,247,744		3.8	-
	Crop Development and Management		726,679,453		154,313,939	-	21.2
	Sub Total	268,678,751	726,679,453	118,234,833	154,313,939	44.0	21.2
HEALTH SERVICES-							
Health Services	General Administration, Planning and Support Services	1,445,958,993		973,642,048		67.3	-
	Health Infrastructure development		408,784,157		123,109,912	-	30.1
	Sub-Total	1,445,958,993	408,784,157	973,642,048	123,109,912	67.3	30.1
ADMINISTRATION AND ICT							
Administration and ICT	General administration planning and Support Services	315,900,000	250,000,000	152,557,972		48.3	-
	Sub-Total	315,900,000	250,000,000	152,557,972	-	48.3	-
COUNTY PUBLIC SERVICE BOARD							
County Public Service Board	General administration planning and Support Services	95,868,568	5,000,000	49,971,724	-	52.1	-
	Sub-Total	95,868,568	5,000,000	49,971,724	-	52.1	-
TOURISM, CULTURE AND SOCIAL SERVICES							
Tourism, Culture and Social Services	Cultural infrastructure development		20,000,000		-	-	-
	General administration, planning and support services	91,181,472		38,083,489		41.8	-
	Sub-Total	91,181,472	20,000,000	38,083,489	-	41.8	-
FINANCE AND ECONOMIC PLANNING							
Finance and Economic Planning	General administration planning and Support Services	459,480,261	640,310,729	383,311,987	217,660,721	83.4	34.0
	Sub-Total	459,480,261	640,310,729	383,311,987	217,660,721	83.4	34.0
ROADS, PUBLIC WORKS, TRANSPORT AND HOUSING DEVELOPMENT							
Transport and Housing Development	Road Transport Infrastructure Development		125,161,903		-	-	-
	General administration planning and Support Services	114,149,413		33,235,140		29.1	-
	Sub-Total	114,149,413	125,161,903	33,235,140	-	29.1	-
TRADE, INDUSTRY AND ENTERPRISE DEVELOPMENT							
Trade, Industry and Enterprise Development	General administration planning and Support Services	82,850,000		40,020,947		48.3	-
	Trade and Industrial Development		9,000,000			-	-
	Sub-Total	82,850,000	9,000,000	40,020,947	-	48.3	-
WATER, ENVIRONMENT AND NATURAL RESOURCES							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31 st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water, Environment and Natural Resources	Water Resources Management		295,800,000		40,251,931	-	13.6
	General administra- tion planning and Support Services	154,055,560		73,345,803		47.6	-
	Sub-Total	154,055,560	295,800,000	73,345,803	40,251,931	47.6	13.6
Grand Total		5,018,662,996	3,814,013,818	2,997,419,910	1,034,721,578	59.7	27.1

Source: Marsabit County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration planning and Support Services in the Department of Finance and Economic Planning at 83.4 per cent, General administration planning and Support Services in the Department of County Executive Services Planning at 81.9 per cent General Administration, Planning and Support Services in the Department of Education, Skills Development, Youth and Sports at 68.9 per cent, General Administration, Planning and Support Services in the Department of Health Services at 67.3 per cent of budget allocation.

3.25.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The data was received on 25th April 2023
2. High pending bills amounting to Kshs.952.28 million as of 31st March 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.394.11 million were processed through the manual payroll, accounting for 18.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Scholarship Fund, Emergency Fund and County Executive Car Loan and Mortgage Fund reports were not submitted to the Controller of Budget.
5. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.145: Marsabit County, Budget Allocation and Absorption Rate by Department where the County incurred expenditures above the approved exchequer issues in several departments.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers.
4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.

3.26 County Government of Meru

3.26.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.65 billion, comprising Kshs.3.72 billion (29.4 per cent) and Kshs.8.93 billion (70.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 1.0 per cent compared to the previous financial year when the approved budget was Kshs.12.54 billion and comprised of Kshs.4.19 billion towards development expenditure and Kshs.8.35 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.25 billion (81.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.600 million (4.7 per cent) from its own sources of revenue, Kshs.408.79 million (3.2 per cent) as Appropriation in Aid, Kshs.1.3 billion as conditional grants, and a cash balance of Kshs.71.03 million (0.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.147.

3.26.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.46 billion as the equitable share of the revenue raised nationally, raised Kshs.308.11 million as own-source revenue, Kshs.250.7 million as Appropriation in Aid, Kshs.230.16 million as conditional grants, Kshs.33.67 million as other revenues, and a cash balance of Kshs.71.03 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.35 billion, as shown in Table 3.147.

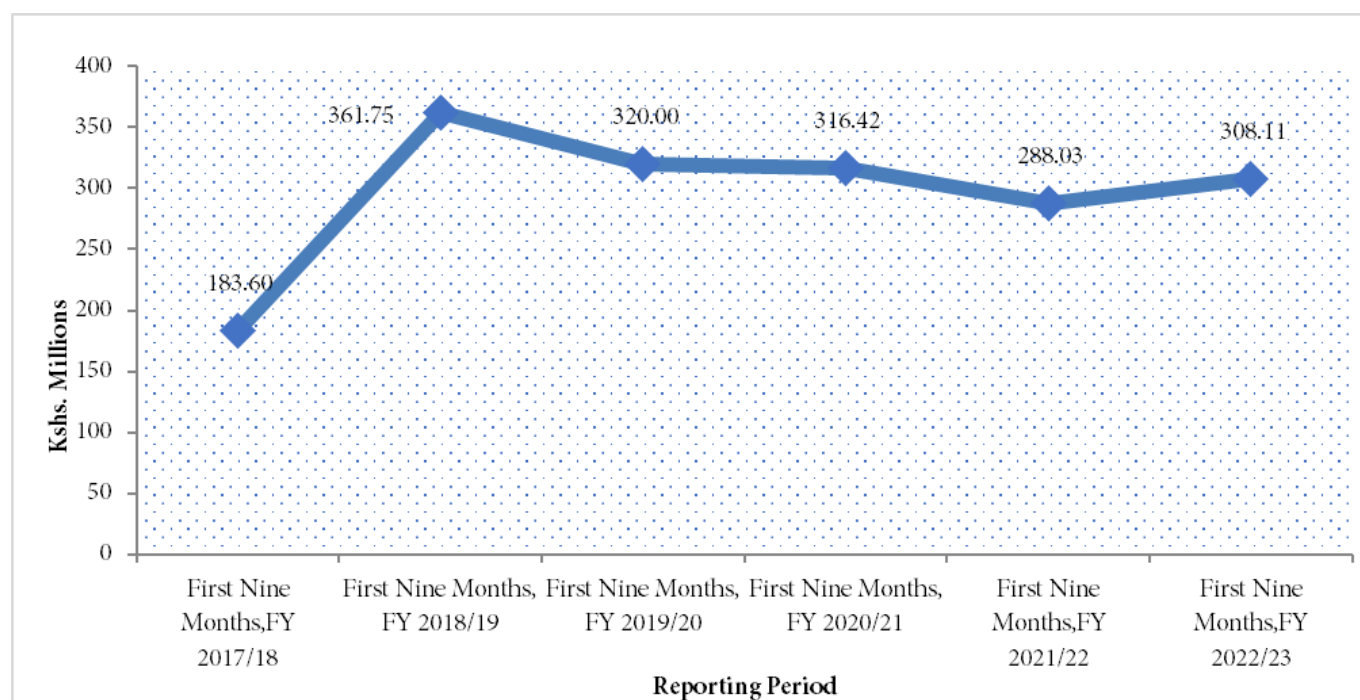
Table 3.147: Meru County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,253,365,924	5,458,967,968	53.2
Sub Total		10,253,365,924	5,458,967,968	53.2
B	Conditional Grants			
1	World Bank Loan to transform health systems for universal care project	36,886,029	-	-
2	World Bank for national agricultural and Rural Inclusive Growth Project (NARIGP)	398,724,835	106,242,857	26.6
3	World Bank for national agricultural value chain development project (NAVCDP)	70,000,000	26,483,795	37.8
4	World Bank Urban development grant for Kenya urban support program (KUSP)	116,890,200	2,339,915	2.0
5	KDSP (Level 1+ Level 2 Grant FY 2019-20)	339,344,646	9,945,897	2.9
6	KDSP (Level 1 Grant FY 2018-19)	45,000,000	-	-
7	DANIDA	28,824,712	-	-
8	GoK-ASDSP	35,889,430	-	-
9	World Bank Emergency Locust Response Project (ELRP)	78,609,402	74,143,047	94.3
10	World Bank Kenya Informal Settlement Improvement Project-KISIP II	110,000,000	-	-
11	World Credit Financing Locally-Led Climate Action	22,000,000	11,000,000	50.0
Sub-Total		1,282,169,254	230,155,511	18.0
C	Other Sources of Revenue			
1	Own Source Revenue	600,000,000	308,111,474	51.4
2	Balance b/f from FY2021/22	71,028,758	71,028,758	100.0
3	AIA	408,791,177	250,704,375	61.3
4	Other Revenues	33,670,051	33,670,051	100.0
Sub Total		1,113,489,987	663,514,658	59.6
Grand Total		12,649,025,164	6,352,638,137	50.2

Source: Meru County Treasury

Figure 3.77: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2017/18 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2017/18 to FY 2022/23.

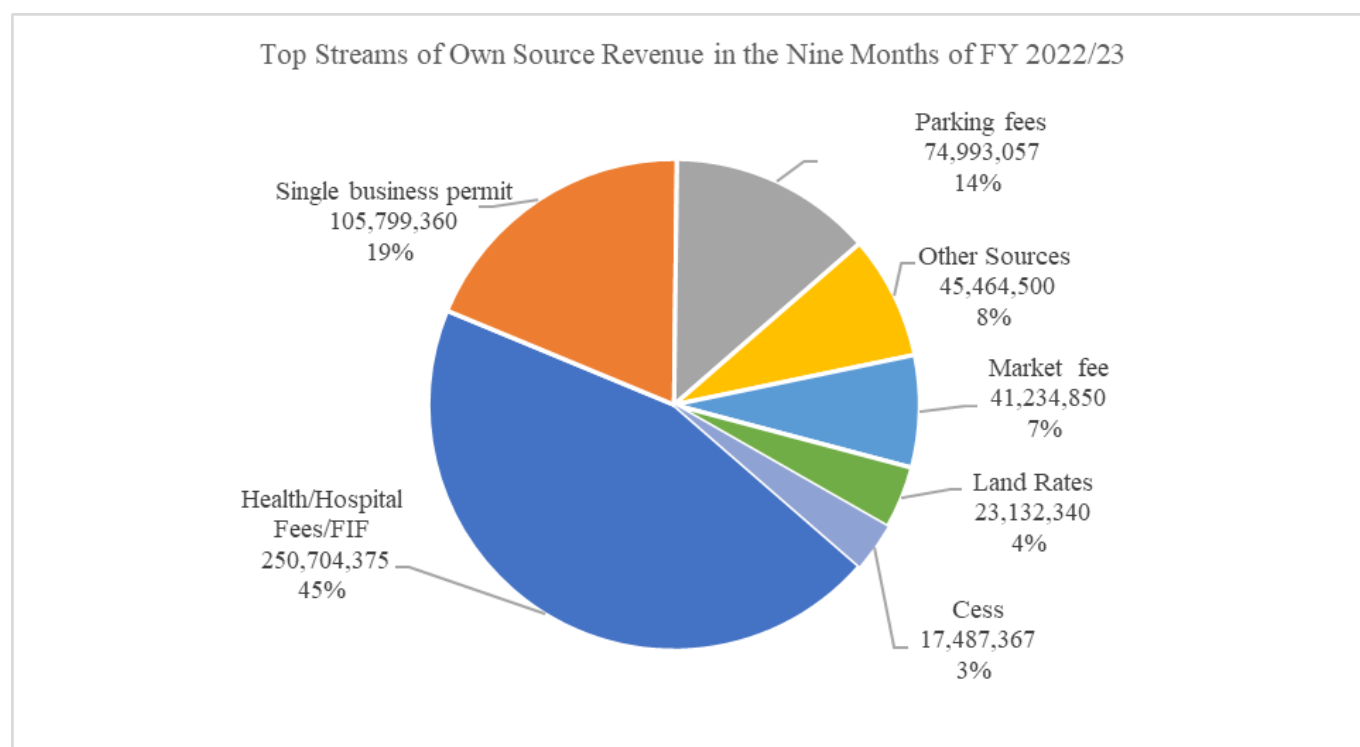
Figure 3.77: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2017/18 to FY 2022/23



Source: Meru County Treasury

In the first nine months of FY 2022/23, the County generated Kshs.308.11 million from its own sources of revenue. This amount represented an increase of 7.0 per cent compared to Kshs.288.03 million realised in a similar period in FY 2021/22 and was 51.4 per cent of the annual target and 4.9 per cent of the equitable revenue share disbursed. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs. 1.17 million. The revenue streams which contributed the highest OSR are shown in Figure 3.78: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.78: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Meru County Treasury

The highest revenue stream of Kshs.250.70 million was from Health/Hospital Fees/FIF, contributing to 45 per cent of the total OSR collected during the reporting period.

3.26.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.95 billion from the CRF account during the reporting period. This amount comprised Kshs.333.80 million (5.6 per cent) for development programmes and Kshs.5.61 billion (94.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.4.17 billion was released towards compensation to employees and Kshs.1.44 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.71.03 million.

3.26.4 County Expenditure Review

The County spent Kshs.5.94 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.333.80 million and Kshs.5.60 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.0 per cent. In contrast, recurrent expenditure represented 62.7 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.16 billion, which comprised Kshs.382.92 million for recurrent expenditure and Kshs.779.61 million for development activities. The County Treasury did not report any payments in the period under review.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.87 billion on employee compensation, Kshs.1.01 billion on operations and maintenance, and Kshs.324.42 million on development

activities. Similarly, the County Assembly spent Kshs.234.79 million on employee compensation, Kshs.500.69 million on operations and maintenance, and Kshs.9.38 million on development activities, as shown in Table 3.148: Summary of Budget and Expenditure by Economic Classification.

Table 3.148: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,628,986,593	1,303,716,425	4,865,917,130	735,489,268	63.8	56.4
Compensation to Employees	5,303,934,836	478,047,079	3,853,391,538	234,790,221	72.7	49.1
Operations and Maintenance	2,325,051,757	825,669,346	1,012,525,592	500,699,047	43.5	60.6
Development Expenditure	3,631,386,897	84,935,250	324,415,106	9,383,000	8.9	11.0
Total	11,260,373,489	1,388,651,675	5,190,332,236	744,872,268	46.1	53.6

Source: Meru County Treasury

3.26.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.4.09 billion, or 64 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.6.35 billion. This expenditure represented an increase from Kshs.129.86 million reported in a similar period of FY 2021/22. The wage bill included Kshs.1.27 billion paid to health sector employees, translating to 31.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.84 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.243 million was processed through manual payrolls. The manual payrolls accounted for 5.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.16.24 million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.122.25 million. The average monthly sitting allowance was Kshs.26,158 per MCA. The County Assembly has established 27 committees.

3.26.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.854.72 million to county-established funds in FY 2022/23, constituting 7.5 per cent of the County's overall budget. Table 3.149: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.149: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the Nine Months of FY 2022/23 (Kshs)	Actual Expenditure for the Nine Months FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2022 (Yes/No)
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the Nine Months of FY 2022/23 (Kshs)	Actual Expenditure for the Nine Months FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2022 (Yes/No)
1.	Micro-Finance	82,155,481	67,146,468.00	15,009,013	Yes
2.	Investment and Development	37,340,051	30,000,000.00	7,340,051	No
3.	Meru Youth Service	70,000,000	57,164,596.27	12,835.404	No
4.	Revenue Board	338,539,303	237,277,935.15	101,261,368	Yes
5.	Education Scholarship	136,000,000	-	-	Yes
County Assembly Established Funds					
1	Car Loan and mortgage	190,680,432	150,000,000.00	40,680,432	Yes
	Total	854,715,268	541,588,999.42	313,126,269	

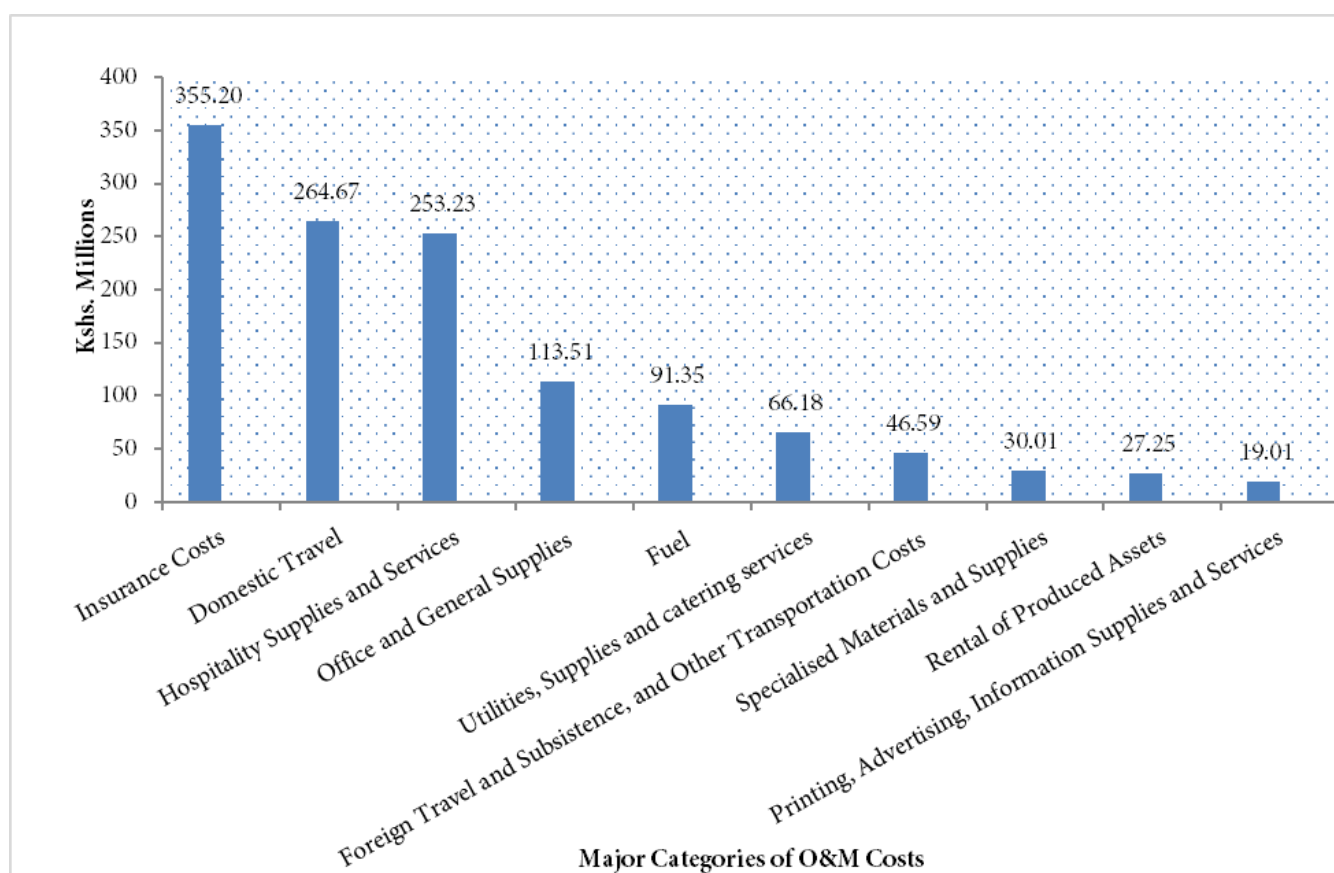
Source: Meru County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Meru County Youth Service Fund and Meru County Investment and Development Corporation funds, as indicated in Table 3.149: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.26.9 Expenditure on Operations and Maintenance

Figure 3.79: Meru County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.79: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.264.67 million and comprised of Kshs.97.3 million spent by the County Assembly and Kshs.167.3 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.59 million and comprised of Kshs.45.09 million by the County Assembly and Kshs.1.5 million by the County Executive.

3.26.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.333.80 million on development programmes, representing a decrease of 60.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.843.34 million. Table 3.150: Meru County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.150: Meru County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	International Red Locust Control Organization for Central and Southern Africa	Countywide	47,000,000	29,847,518	63.5
2	World Bank for national agricultural and Rural Inclusive Growth Project (NARIGP)	Countywide	442,988,206	199,483,369	45.0
3	ASDSP	Countywide	64,000,000	9,945,897	15.5
4	Purchase of Hansard Equipment	Assembly	9,383,000	9,383,000	100.0
5	Construction of Municipal Court Offices	Municipality	20,000,000	19,994,822	100.0
6	MTEF roads project	Countywide	180,000,000	30,000,000	16.7
7	Grading and gravelling of roads	Countywide	200,185,064	11,350,000	5.7

Source: Meru County Treasury

3.26.11 Budget Performance by Department

Table 3.151: Meru County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.151: Meru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,303.72	84.94	736.62	9.38	735.49	9.38	99.8	100.0	56.4	11.0
Office of the Governor	178.56	-	70.80	-	70.80	-	100.0	-	39.6	-
Finance, Economic Planning and ICT	962.37	116.33	530.94	-	530.94	-	100.0	-	55.2	-
Agriculture, Livestock and Fisheries Development	50.44	750.40	30.27	239.28	30.27	239.28	100.0	100.0	60.0	31.9
Water Service and Irrigation	20.41	348.66	12.15	3.00	12.15	3.00	100.0	100.0	59.5	0.9
Education, Technology, Gender and Social Development	210.75	167.65	33.13	-	33.13	-	100.0	-	15.7	-
Health Service	404.44	525.93	152.07	-	142.38	-	93.6	-	35.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Physical Planning, Urban Development and Public Works	73.99	367.54	21.40	19.99	21.40	19.99	100.0	100.0	28.9	5.4
Public Service Administration and Legal Affairs	5,483.28	384.34	3,939.25	-	3,939.25	-	100.0	-	71.8	-
Road, Transport and Energy	30.35	715.79	10.44	41.35	10.44	41.35	100.0	100.0	34.4	5.8
Trade, Investment, Industrialization, Tourism and Cooperative Development	64.43	105.31	14.71	-	14.71	-	100.0	-	22.8	-
Youth Affairs and Sport	98.01	86.34	36.37	20.79	36.37	20.79	100.0	100.0	37.1	24.1
County Public Service Board	28.75	-	17.86	-	17.86	-	100.0	-	62.1	-
Environment, Wildlife and Natural Resources	23.20	63.10	6.14	-	6.22	-	101.2	-	26.8	-
Total	8,932.70	3,716.32	5,612.15	333.80	5,601.41	333.80	99.8	100.0	62.7	9.0

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries Development recorded the highest absorption rate of development budget at 31.9 per cent, followed by the Department of Youth Affairs and Sports at 24.1 per cent. The Department of Public Service, Administration and Legal Affairs had the highest percentage of recurrent expenditure to budget at 71.8 per cent, while the Department of Education, Technology, Gender and Social Development had the lowest at 15.7 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.152: Meru County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.152: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	FY 2022/23 Supplementary 1 Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A1	B	C=A-B	D=B/A*100
Assembly	Legislation and Representation	426,971,753	260,571,805	166,399,948	61.0
	Legislative Oversight	255,545,918	124,462,929	131,082,989	48.7
	General Admin, Planning & Support	706,134,004	359,837,535	346,296,469	51.0
Total		1,388,651,675	744,872,268	643,779,407	53.6
Department: Office of The Governor					
General Administration	General Administration	90,870,258	44,370,020	46,500,238	48.8

Programme	Sub-Programme	FY 2022/23 Supplementary 1 Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A1	B	C=A-B	D=B/A*100
Governor Press/Communication and Events	Governor Press/Communication and Events	23,108,890	5,363,290	17,745,600	23.2
Efficiency Monitoring	Efficiency Monitoring	14,866,180	4,721,449	10,144,731	31.8
Delivery Unit Research and Strategy	Delivery Unit Research and Strategy	9,950,000	3,536,320	6,413,680	35.5
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	25,016,780	2,164,900	22,851,880	8.7
External Linkages & Partnership	External Linkages & Partnership	7,200,000	5,395,100	1,804,900	74.9
County Secretary	County Secretary	7,548,766	5,247,300	2,301,466	69.5
Total		178,560,874	70,798,380	107,762,494	39.7
Department: Finance Economic Planning & ICT					
General Administration	Administration	267,874,641	73,984,327	193,890,314	27.6
Admin	Office Affairs	22,014,064	9,032,475	12,981,589	41.0
Procurement	Procurement	8,001,480	6,424,732	1,576,748	80.3
Internal Audit	Internal Audit	9,473,899	6,133,108	3,340,791	64.7
Budget and Policy	Budget and Policy	27,707,825	16,746,728	10,961,097	60.4
Accounts	Accounts	5,941,200	6,341,535	-400,335	106.7
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corporation	50,340,051	30,000,000	20,340,051	59.6
Microfinance Corporation	Meru Micro Finance Corporation	80,155,481	67,146,468	13,009,013	83.8
Revenue Board	Revenue Board	338,539,303	237,277,935	101,261,368	70.1
ICT Development	ICT Development	84,201,396	7,555,006	76,646,390	9.0
Economic Planning and Coordination Services	Economic Planning and Coordination Services	19,557,188	12,580,888	6,976,300	64.3
Fleet Management	Fleet Management	164,892,816	57,715,328	107,177,488	35.0
Total		1,078,699,345	530,938,531	547,760,814	49.2
Department: Agriculture, Livestock Development And Fisheries					
General Administration	General Administration	7,650,449	2,727,870	4,922,579	35.7
Livestock	Livestock	57,743,250	10,857,697	46,885,553	18.8
Fisheries	Fisheries	3,199,600	1,749,265	1,450,335	54.7
Agricultural Services	Agricultural Services	708,457,430	232,451,787	476,005,643	32.8
Animal Disease Management	Animal Disease Management	2,191,500	533,000	1,658,500	24.3
Agricultural Training Centre (ATC) & AMS	Agricultural Training Centre (ATC)	21,600,000	21,229,347	370,653	1.0
Total		800,842,229	269,548,967	531,293,263	33.7
		348,657,725.00			
Department: Water & Irrigation					
General Administration	Administration Services	369,071,166	15,152,484	353,918,682	4.1
Total		369,071,166	15,152,484	353,918,682	4.1

Programme	Sub-Programme	FY 2022/23 Supplementary 1 Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A1	B	C=A-B	D=B/A*100
		66,827,375.00			
Department: Education, Technology, Gender & Social Development					
General Administration	General Administration	23,387,420	11,404,100	11,983,320	48.8
Early Childhood Development Education(ECDE)	Early Childhood Development Education(-ECDE)	214,421,292	4,170,200	210,251,092	1.9
'Technical and Vocation Education	'Technical and Vocation Education	69,819,775	2,962,430	66,857,345	4.2
Youth Services	'Gender Mainstreaming and Social Services	70,769,600	14,593,600	56,176,000	20.6
Total		378,398,087	33,130,330	345,267,757	8.8
Department: Health Services					
General Administration	General Administration		-	-	-
Curative Health	Curative Health	782,489,137	116,074,949	666,414,188	14.8
Preventive and Promotive Health	Preventive and Promotive Health	147,886,442	26,300,651	121,585,791	17.8
Total		930,375,579	142,375,600	787,999,979	15.3
Department: Lands, Physical Planning, Urban Development & Public Works					
General Administration	General Administration	19,500,000	-	19,500,000	-
Lands & Public Works	Lands & Public Works	93,273,371	4,725,460	88,547,911	5.1
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	302,782,805	30,427,162	272,355,643	10.1
Meru Municipality	Meru Municipality	25,968,001	6,241,637	19,726,364	24.0
Total		441,524,177	41,394,259	400,129,918	9.4
Department: Public Service Administration & Legal Affairs					
General Administration	General Administration	399,458,286	7,986,452	391,471,835	2.0
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	22,981,000	14,316,951	8,664,049	62.3
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	87,550,969	37,179,966	50,371,003	42.5
Human Resource	Human Resource	5,285,292,700	3,853,391,538	1,431,901,162	72.9
Office of the County Attorney	Office of the County Attorney	69,846,120	26,278,788	43,567,332	37.6
Towns Management & Administration	Towns Management & Administration	2,500,000	100,000	2,400,000	4.0
Total		5,867,629,075	3,939,253,694	1,928,375,381	67.1
Department: 'Roads, Transport & Energy					
General Administration-Roads	General Administration-Roads	708,901,976	47,139,620	661,762,356	6.7
Energy	Energy	37,239,900	4,645,600	32,594,300	12.5

Programme	Sub-Programme	FY 2022/23 Supplementary 1 Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A1	B	C=A-B	D=B/A*100
Total		746,141,876	51,785,220	694,356,656	6.9
Department: 'Trade, Tourism & Cooperatives Development					
Headquarters	Headquarters		-	-	
Co-operatives Development	Co-operatives Development	35,855,307	2,761,600	33,093,707	7.7
Tourism Development	Tourism Development	40,102,650	6,545,507	33,557,143	16.3
Trade Development	Trade Development	93,773,413	5,400,431	88,372,982	5.8
Total		169,731,370	14,707,538	155,023,832	8.7
Department: 'Youth Affairs & Sports					
General Administration	General Administration				
Youth Affairs	Youth Affairs	114,389,613	46,354,996	68,034,616	40.5
Sports Development	Sports Development	44,804,386	7,483,100	37,321,286	16.7
Arts and Culture Development	Arts and Culture Development	25,152,000	3,326,500	21,825,500	13.2
Total		184,345,999	57,164,596	127,181,403	31.0
Department: County Public Service Board					
Human Resource Management	Human Resource Management	28,750,369	17,864,098	10,886,271	62.1
Total		28,750,369	17,864,098	10,886,271	62.1
Department: Environment, Natural Resources & Climate Change					
General Administration	General Administration	64,303,345	6,218,540	58,084,805	9.7
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	22,000,000	-	45,500,592	-
Total		86,303,345	6,218,540	25,381,460	7.2
Grand Total		12,649,025,164	5,935,204,505	6,713,820,659	46.9

Source: Meru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were; Accounts in the Department of Finance at 106.74 per cent, Agriculture Training Centre in the Department of Agriculture at 98.3 per cent, Micro-finance in the Department of Finance at 83.8 per cent, and Human Resource in the department of Public Service at 72.91 per cent of budget allocation.

3.26.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 28th April 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, contrary to Section 168 of the PFM Act, 2012. Meru County Investment and Development Fund and Meru County Youth Fund reports were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.1.16 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.71.03 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.243 million were processed through the

manual payroll, accounting for 5.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.27 County Government of Migori

3.27.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10.21 billion, comprising Kshs.3.18 billion (31.1 per cent) and Kshs.7.03 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 2.1 per cent compared to the previous financial year when the approved budget was Kshs.10.43 billion and comprised of Kshs.3.53 billion towards development expenditure and Kshs.6.90 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8 billion (78.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.450 million (4.4 per cent) from its own source of revenue, Kshs.775.85. million (7.6 per cent) as conditional grants, and a cash balance of Kshs.976.12 million (9.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.153.

3.27.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.96 billion as the equitable share of the revenue raised nationally, raised Kshs.288.26 million as own-source revenue, Kshs.124.30 million as Conditional grants, and had a cash balance of Kshs.976.12 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.35 billion, as shown in Table 3.153: Migori County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.153: Migori County, Revenue Performance in the First Nine Months of FY 2022/23

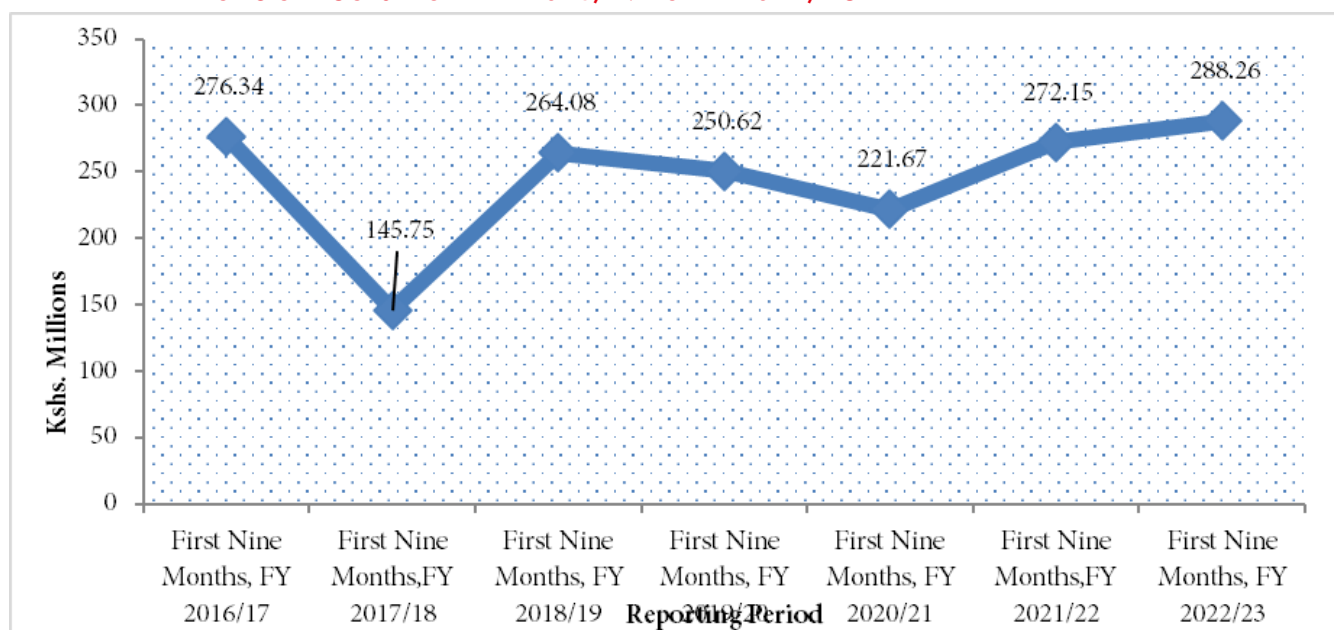
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,005,020,448	3,962,485,122	49.5
Subtotal		8,005,020,448	3,962,485,122	49.5
B	Conditional Grants			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	15,006,750	-	-
2.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	433,960,288	114,220,853	26.3
3.	Instrument for Devolution Advice and Support (IDEAS)	15,626,168	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	Transforming Health Systems for Universal Care Project	48,944,473	-	-
5.	UNFPA - 9th Country Programme Implementation	4,432,000	-	-
6.	Agricultural Sector Development Support Programme (ASDSP) II	31,009,120	10,084,066	32.5
7.	Climate Change	10,000,000	-	-
8.	County Urban Development Grant	206,871,236	-	-
9.	Urban Institutional Grant	10,000,000	-	-
Subtotal		775,850,035	124,304,919	16.0
C	Other Sources of Revenue			
10.	Own Source Revenue	450,000,000	288,255,787	64.1
11.	Unspent balance from FY 2021/22	976,117,259	976,117,259	100.0
Sub- Total		1,426,117,259	1,264,373,046	88.7
Grand Total		10,206,987,742	5,351,163,087	52.4

Source: Migori County Treasury

Figure 3.80: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

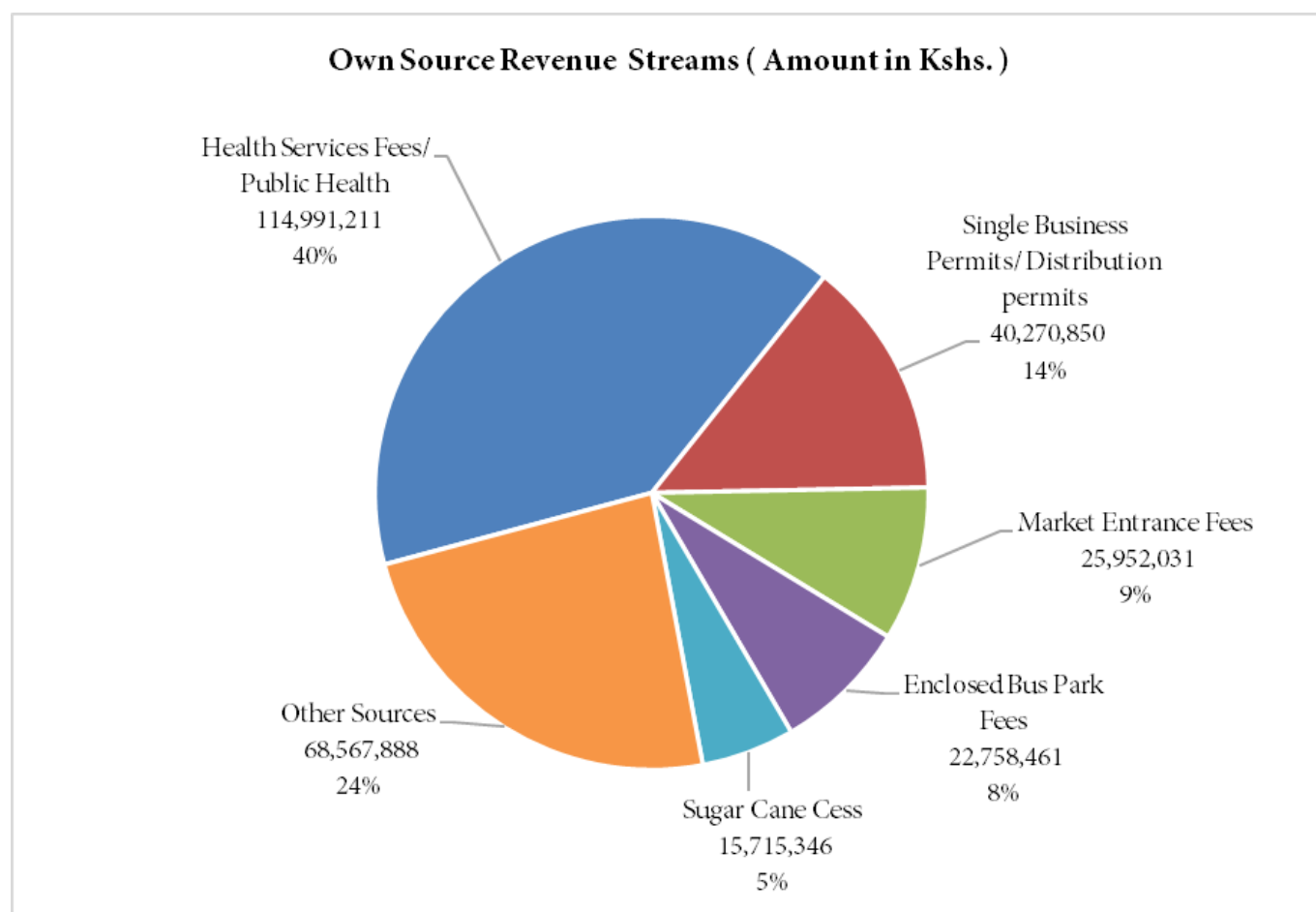
Figure 3.80: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Migori County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.288.26 million from its own sources of revenue, which represented an increase of 5.9 per cent compared to Kshs.272.15 million realised in a similar period in FY 2021/22 and was 64.1 per cent of the annual target and 7.3 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.81: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.81: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Migori County Treasury

The highest revenue stream of Kshs.114.99 million was from Health services fees, contributing to 40 per cent of the total OSR collected during the reporting period.

3.27.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.11 billion from the CRF account during the reporting period. This amount comprised Kshs.168.30 million (4.1 per cent) for development programmes and Kshs.3.94 billion (95.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs. 2.20 billion was released towards compensation to employees and Kshs.1.74 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.1.09 billion.

3.27.4 County Expenditure Review

The County spent Kshs.4.13 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.4 per cent of the total funds released by the CoB and comprised of Kshs.187.64 million and Kshs.3.94 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.9 per cent. In contrast, recurrent expenditure represented 56.1 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.561.93 million, comprised of Kshs.473.98 billion for recurrent expenditure and Kshs.74.95 million for development activities. During the period under review, pending bills amounting to Kshs.128.65 million were settled, which was entirely for recurrent expenditure. Therefore, the outstanding amount as of 31st March 2023 was Kshs.433.28 million.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.95 billion on employee compensation, Kshs.1.41 billion on operations and maintenance, and Kshs.187.64 million on development activities. Similarly, the County Assembly spent Kshs.248.95 million on employee compensation and Kshs.330.86 million on operations and maintenance, as shown in Table 3.154: Summary of Budget and Expenditure by Economic Classification.

Table 3.154: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,172,066,235	855,472,209	3,360,514,584	579,815,362	54.4	67.8
Compensation to Employees	2,819,221,092	308,150,901	1,953,855,517	248,950,949	69.3	80.8
Operations and Maintenance	3,352,845,143	547,321,308	1,406,659,067	330,864,413	42.0	60.5
Development Expenditure	3,089,449,298	90,000,000	187,639,962	-	6.1	-
Total	9,261,515,533	945,472,209	3,548,154,546	579,815,362	38.3	61.3

Source: Migori County Treasury

3.27.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.20 billion, or 41.2 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.35 billion. This expenditure represented a 13.8 per cent decrease from Kshs.2.56 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.08 billion paid to health sector employees, translating to 49.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.03 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.169.59 million was processed through manual payrolls. The manual payrolls accounted for 7.7 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.56.41 million on committee sitting allowances for the 59 MCAs and the Speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.104,467 per MCA. The County Assembly has established 27 Committees.

3.27.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.394 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 3.155: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.155: Performance of County Established Funds as of 31st March 2023

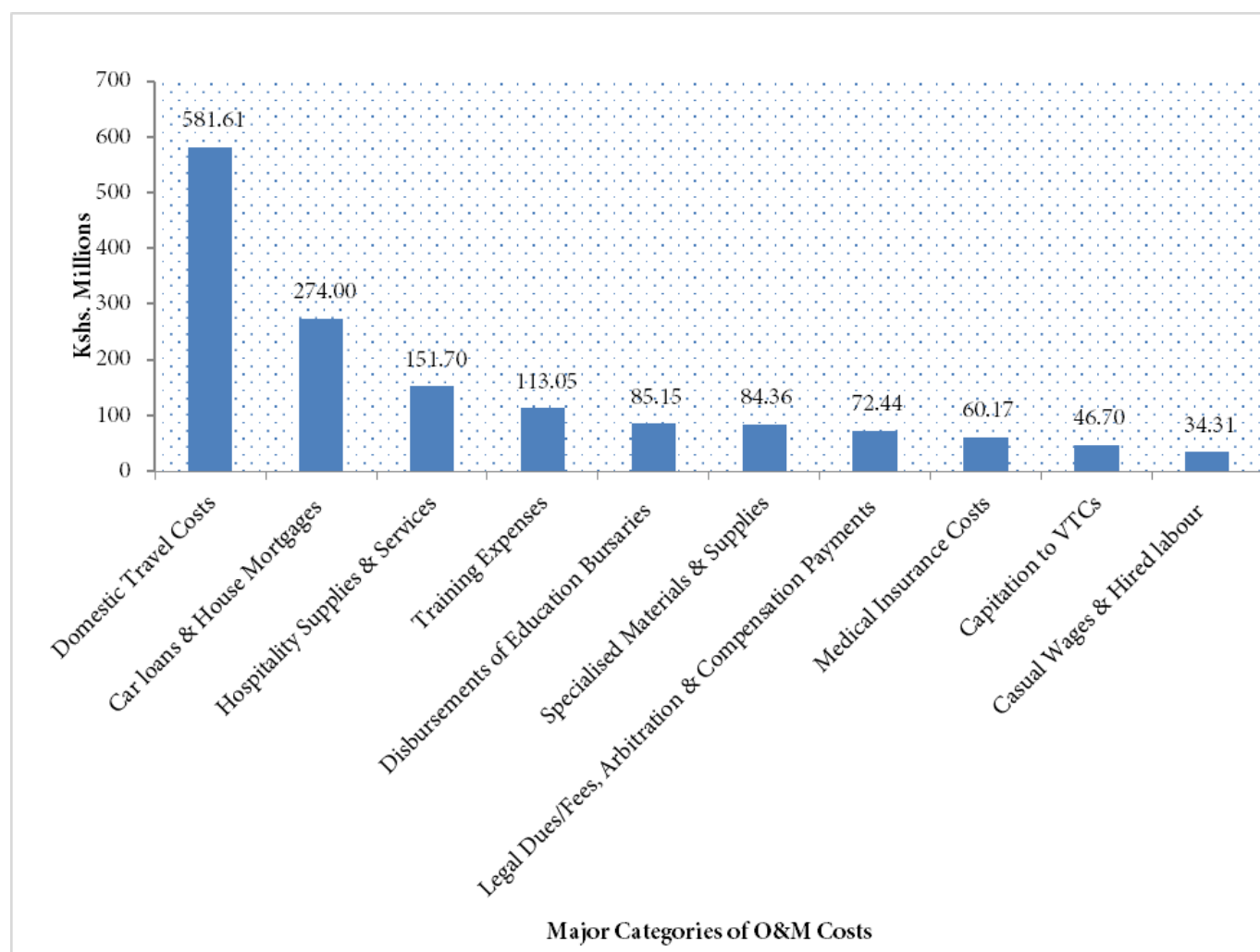
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
1.	Migori County Executive Car loans & House Mortgage fund Scheme	178,000,000	178,000,000	178,000,000	No
2.	Migori County Education Bursary Fund	120,000,000	85,153,497	85,153,497	Yes
3.	Migori County Alcoholic Drink Fund	-	-	-	No
County Assembly Established Funds					
4.	Migori County Assembly Car loans & House Mortgage fund Scheme	96,000,000	96,000,000	96,000,000	No
	Total	394,000,000	359,153,497	359,153,497	

Source: Migori County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of both County Executive & Assembly Car loans & House mortgage funds and Migori County Alcoholic Drink Fund as indicated in Table 3.155: Performance of County Established Funds as of 31st March 2023.

Figure 3.82 : Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

During the period, expenditure on domestic travel amounted to Kshs.581.61 million and comprised of Kshs.154.27 million spent by the County Assembly and Kshs.427.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.63 million, comprising Kshs.7.47 million by the County Assembly and Kshs.2.16 million by the County Executive.

3.27.9 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.187.64 million on development programmes, representing a decrease of 72.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.675.16 million. Table 3.156: Migori County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.156: Migori County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount Paid to Date (Kshs)	Implementation Status (%)
1	Agriculture, Livestock Production, Fisheries, Veterinary Services	National Agricultural and Rural Inclusive Growth Project (NARIGP) Assorted Projects Funded	County Wide	480,595,576	172,055,896	10
2	Agriculture, Livestock Production, Fisheries, Veterinary Services	Agricultural Sector Development Support Programme (ASDSP) II Assorted Projects Funded	County Wide	28,475,001	15,584,066	55

Source: Migori County Treasury

3.27.10 Budget Performance by Department

Table 3.157: Migori County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.157: Migori County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock Production, Fisheries, Veterinary Services	246.39	551.50	119.64	165.28	119.64	187.64	100.0	113.5	48.6	34.0
County Executive	390.42	126.48	251.61	-	251.56	-	100.0	-	64.4	-
Public Service Management	945.66	117.24	501.63	-	501.63	-	100.0	-	53.0	-
Education, Youth Sports, Culture & Social Development	601.13	179.11	355.65	-	355.65	-	100.0	-	59.2	-
Trade Development and Regulation	136.68	88.80	46.47	-	46.47	-	100.0	-	34.0	-
Lands, Housing, Physical Planning and Survey	165.35	349.32	66.12	-	66.12	-	100.0	-	40.0	-
Finance and Economic Planning	773.66	-	368.81	-	368.81	-	100.0	-	47.7	-
Public Health & Nutrition Services	447.64	177.08	82.29	-	82.05	-	99.7	-	18.3	-
Medical Health Services	1,826.56	261.63	1,326.46	-	1,325.64	-	99.9	-	72.6	-
Environment and Disaster Management	141.35	4.00	43.69	-	43.69	-	100.0	-	30.9	-
Roads, Public Works Transport	225.96	879.84	54.63	-	54.55	-	99.9	-	24.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	855.47	90.00	581.81	-	579.82	-	99.7	-	67.8	-
Water and Energy	108.76	354.46	42.23	3.02	41.92	-	99.3	-	38.5	-
County Attorney	162.50	-	102.79	-	102.79	-	100.0	-	63.3	-
	7,027.54	3,179.45	3,944	168.30	3,940.33	187.64	99.9	111.5	56.1	5.9

Source: Migori County Treasury

Analysis of expenditure by department shows that only the Department of Agriculture, Livestock Production, Fisheries, and Veterinary Services had the development expenditure with an absorption rate of development budget at 34 per cent, while the rest of the Departments and County Assembly did not incur any development expenditure. The Department of Medical Health Services had the highest percentage of recurrent expenditure to budget at 72.6 per cent while the Department of Public Health & Nutrition Services recorded the lowest at 18.3 per cent.

3.27.11 Budget Execution by Programmes and Sub-Programmes

Table 3.158: Migori County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.158: Migori County, Budget Execution by Programmes and Sub-Programmes

Program	Sub -Program	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Livestock Development and Fisheries Development					
Agriculture	Crop development and management	20,000,000	-	20,000,000	-
	General administration, planning & support service	700,475,709	280,169,256	420,306,453	40.0
Fisheries	Fisheries Development	9,775,756	2,201,000	7,574,756	22.5
	General administration, planning & support service	19,015,244	15,584,066	3,431,178	82.0
Livestock	Livestock Resources Management and Development	8,124,999	-	8,124,999	-
	General administration, planning & support service	16,884,660	2,035,000	14,849,660	12.1
Veterinary	General administration, planning & support service	11,800,640	7,286,500	4,514,140	61.7
	Livestock Resources Management and Development	1,130,000		1,130,000	-
	Veterinary services	9,894,605		9,894,605	-
Macalder Sheep & Goat Station	Cooperative development	780,000		780,000	-
Sub- total		797,881,613	307,275,822	490,605,791	38.5
County Assembly					
General administration and support services	Administrative services	18,240,462	8,155,275	10,085,187	44.7
Oversight management services	Committee management services	130,200,000	46,968,557	83,231,443	36.1
Legislative services	Representation	102,200,000	3,500,000	98,700,000	3.4

Program	Sub -Program	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
General administration and support services	Administrative services	632,211,320	521,191,530	111,019,790	82.4
Pending bills	Pending bills	12,620,427	-	12,620,427	-
Infrastructure development	infrastructures development	50,000,000	-	50,000,000	-
Sub -total		945,472,209	579,815,362	365,656,847	61.3
County Attorney					
Management and administration	General administration	53,000,000	19,733,000	33,267,000	37.2
	Finance	50,000,000	49,659,771	340,229	99.3
	Statistics, research, information management and public relations	2,900,000	850,000	2,050,000	29.3
Law administration	Law report and reviews	17,000,000	3,744,000	13,256,000	22.0
	Promotion of rule of law	1,000,000	1,000,000	-	100.0
	Legal aid	1,000,000	999,400	600	99.9
Legal education	Professional and career development	2,600,000	931,000	1,669,000	35.8
Pending bills	Pending bills	35,000,000	25,876,204	9,123,796	73.9
Sub- total		162,500,000	102,793,375	59,706,625	63.3
County Executive					
Governance and Executive Management (Office of governor)	Citizen Delivery Services	145,792,000	96,741,915	49,050,085	66.4
	General Administration	129,477,014		129,477,014	-
	Lake Region Economic Block	5,000,000	2,000,000	3,000,000	40.0
	Council of Governors	5,000,000	7,755,200	- 2,755,200	155.1
	Liaison office - Nairobi	15,000,000	13,173,420	1,826,580	87.8
	Chief of Staff	5,000,000	4,226,700	773,300	84.5
	Protocol	5,000,000	4,953,180	46,820	99.1
	Security Services	8,500,000	8,128,786	371,214	95.6
	Communication and Press	5,000,000	4,930,286	69,714	98.6
	Political Advisor	5,000,000	4,750,150	249,850	95.0
	Economic Advisor	5,000,000	5,000,000	-	100.0
	Pending bills	12,761,834	840,000	11,921,834	6.6
	Special Programs and External Partnerships	34,950,000	8,212,000	26,738,000	23.5
	Monitoring, Evaluation	29,838,000	23,610,210	6,227,790	79.1
Governance and Executive management (Deputy governor)	General Administration and Support Services (Executive)	47,993,000	29,627,820	18,365,180	61.7
	Enhanced Management, Coordination & Supervision.	15,315,000	8,987,439	6,327,561	58.7
Governance and Executive management (County secretary)	Governance and Executive management (county sec))	42,274,494	28,624,098	13,650,396	67.7
Sub- total		516,901,342	251,561,204	265,340,138	48.7
Education, Gender, Sports, Youth Development and Culture					

Program	Sub -Program	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Education	External Funding	36,463,544	36,463,544	-	100.0
	General administration, planning & support service-All Sectors	296,938,098	162,408,018	134,530,080	54.7
	Education Support Services	190,000,000	116,169,310	73,830,690	61.1
	Youth development and empowerment services	102,333,924	25,209,800	77,124,124	24.6
	ECDE Services	95,972,187	-	95,972,187	-
Sports	Gender and Equality Services	564,974	-	564,974	-
	Sports Development	18,299,158	8,537,040	9,762,118	46.7
	General administration, planning & support service-All Sectors	24,660,000	3,470,000	21,190,000	14.1
	Culture Development Promotion and Arts	6,000,000	3,390,200	2,609,800	56.5
	National arts and cultural services	9,000,000	-	9,000,000	-
Sub -total		780,231,885	355,647,912	424,583,973	45.6
Environment, Natural Resource and Disaster Management					
Solid Waste Management	Solid Waste Management	26,300,000	6,788,602	19,511,398	25.8
External Funding	Donor Funds	15,000,000	15,000,000	-	100.0
Disaster Management Services	Disaster Management Services	21,800,000	6,505,490	15,294,510	29.8
General Administration Support Services	General Administration Support Services	82,249,230	15,396,955	66,852,275	18.7
Sub -total		145,349,230	43,691,047	101,658,183	30.1
Finance and Economic Planning					
General Administration	General Administration	369,907,868	160,828,061	209,079,807	43.5
Financial management services	Resource mobilisation	36,953,148	17,102,965	19,850,183	46.3
	Accounting Services	178,796,306	74,222,843	104,573,463	41.5
	Procurement Services	17,392,570	7,572,062	9,820,508	43.5
	Audit Services	14,840,000	11,998,565	2,841,435	80.9
Economic policy and county planning	Budget Coordination and Management	53,275,000	50,909,348	2,365,652	95.6
	Policy and Plans Developments	66,455,604	33,944,524	32,511,080	51.1
	General administration planning and support services	36,039,014	12,227,191	23,811,823	33.9
Sub- total		773,659,510	368,805,559	404,853,951	47.7
Health-Medical services					
Curative, Rehabilitative and Referral services	Hospital Services	192,773,590	86,263,040	106,510,550	44.7
Donor support services	Donor support services	153,297,872	-	153,297,872	-
General administration, planning & support service-All Sectors	General administration	1,464,317,823	1,224,390,213	239,927,610	83.6
Maternal Child Health Services	Maternal Health Services	2,512,000	-	2,512,000	-

Program	Sub -Program	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Essential Health Products and Technologies	Essential Health Products and Technologies	234,737,838		234,737,838	-
Preventive, promotive Health services and Disease Control	Preventive, promotive Health services and Disease Control	40,560,000	14,990,400	25,569,600	37.0
Sub- total		2,088,199,123	1,325,643,653	762,555,470	63.5
Health - Public health & Nutrition Services					
Essential Health Products and Technologies	Essential Health Products and Technologies	153,617,385		153,617,385	-
General administration, planning & support service- All Sectors	General administration, planning & support service- All Sectors	324,788,177	51,119,115	273,669,062	15.7
Donor support services	Donor support services	96,971,223	5,891,265	91,079,958	6.1
Preventive, promotive Health services and Disease Control	Preventive, promotive Health services and Disease Control	49,341,541	25,034,904	24,306,637	50.7
Sub- total		624,718,326	82,045,284	542,673,042	13.1
Lands, Housing and Physical Planning					
Lands	General administration, planning & support service	59,686,797	18,777,040	40,909,757	31.5
	Land development services	59,049,142		59,049,142	-
Physical Planning	Physical planning services	41,400,000		41,400,000	-
	General administration, planning & support service	267,298,312	26,786,270	240,512,042	10.0
Urban Development	General administration, planning & support service	87,239,832	20,555,568	66,684,264	23.6
Sub -total		514,674,083	66,118,878	448,555,205	12.8
Public Service Management					
Public Service Management	Human resources management and Development	10,700,553	2,044,980	8,655,573	19.1
	Strategy and service delivery	2,080,916	2,000,000	80,916	96.1
	General administration and support services (PSM)	861,164,536	436,924,668	424,239,868	50.7
	Enhanced Management, Coordination & Supervision.	3,060,000	1,072,872	1,987,128	35.1
Public Service Board	Personnel management	20,430,840	14,937,230	5,493,610	73.1
	General administration and support services (PSM)	54,765,110	19,753,961	35,011,149	36.1
Information Communication Technology - ICT	ICT Infrastructure	58,960,831	5,675,760	53,285,071	9.6
	General Administration and Support Services (ICT)	32,639,169	7,513,200	25,125,969	23.0
Ferries and Harbours	Sub County Administration Services	19,100,000	11,705,705	7,394,295	61.3
Sub total		1,062,901,955	501,628,376	561,273,579	47.2

Program	Sub -Program	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Roads, Transport and Public Works					
Roads	General administration, planning	82,964,494	51,453,233	31,511,261	62.0
	Road Development, Maintenance and Management	734,841,240	-	734,841,240	-
Transport	Road Development, Maintenance and Management.	260,000,000	-	260,000,000	-
Public Works	General administration, planning & support service-All Sectors	8,000,000	3,100,740	4,899,260	38.8
	Transport Infrastructure Development	20,000,000	-	20,000,000	-
Sub total		1,105,805,734	54,553,973	1,051,251,761	4.9
Trade Tourism and Cooperative Development					
Trade	Trade development	83,798,433	-	83,798,433	-
	General administration, planning & support service-All Sectors	90,679,646	45,969,621	44,710,025	50.7
	Liquor Licensing and Control Services	2,500,000	-	2,500,000	-
	Legal Metrology Services	1,500,000	-	1,500,000	-
Industrialisation	Industrial development and investment	41,000,000	-	41,000,000	-
Tourism	Commerce and tourism development	4,000,000	-	4,000,000	-
Cooperatives	Cooperative development	2,000,000	500,000	1,500,000	25.0
Sub total		225,478,079	46,469,621	179,008,458	20.6
Water and Energy					
Water Supply and Management Services	Rural Water Services	303,748,281	-	303,748,281	-
	General administration	69,693,009	24,262,748	45,430,261	34.8
	Urban Water Supply & Management	25,247,316	17,657,092	7,590,224	69.9
Alternative Energy Services	Alternative Energy Technologies	62,026,046	-	62,026,046	-
	Conventional Power Services	2,500,000	-	2,500,000	-
Sub total		463,214,652	41,919,840	421,294,812	9.0
Grand total		10,206,987,741	4,127,969,908	6,079,017,833	40.4

Source: Migori County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: the Council of Governors in the Department of County Executive at 155.1 per cent (this should be regularised before the closure of the financial year), Promotion of Law in the Department of County Attorney at 100 per cent, External funding (Capitation to VETCs) in the Department of Education, Gender, Sports, Youth Development and Culture at 100 per cent, and equally Donor funds in the Department of Environment, Natural Resource and Disaster Management at 100 per cent of their budget allocation.

3.27.12 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.157: Migori County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in the Department of Agriculture, Livestock Production, Fisheries & Veterinary Services and over expenditure in the Department of County Executive under council of Governors sub-programme
2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for County Executive & Assembly Car loans & House mortgage Fund and Migori County Alcoholic Drink were not submitted to the Controller of Budget.
3. High pending bills amounted to Kshs.433.28 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.1.09 billion at the end of the first nine months of FY 2022/23.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.169.59 million were processed through the manual payroll, accounting for 7.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.28 County Government of Mombasa

3.28.1 Overview of FY 2022/23 Budget

The County's approved FY 2022/23 budget is Kshs.13.70 billion, comprising Kshs. 4.40 billion (32.1 per cent) and Kshs.9.30 billion (67.9 per cent) allocated for development and recurrent programmes, respectively. The approved budget estimate is a 6.2 per cent decline compared to the previous financial year when the approved Supplementary budget was Kshs.14.60 billion and comprised of Kshs.4.43 billion towards development expenditure and Kshs.10.17 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.57 billion (55.2 per cent) as the equitable share of revenue raised nationally and generate Kshs.4.81 billion (35.1 per cent) from own-source of revenue. The County also expects to receive Kshs.1.32 billion (9.6 per cent) as conditional grants, which comprises Kshs.950 million of IDA (WB) Credit: Water & Sanitation Development Project (WSDP), Kshs.219.42 million of World Bank - Kenya Informal Settlement Improvement Project (KISIP II), Kshs.125 million for Finance Locally - Led Climate Action Program (FLLOCA), Kshs.14.87 million for DANIDA Grant and Kshs.8.85 million for Sweden - Agricultural Sector Development Support Programme (ASDSP) II.

The conditional grants from FY 2021/22 amounted to Kshs.39.32 million. They comprised Kshs.10.01 million from the Road Maintenance Levy Fund, Kshs.23.08 million from the DANIDA Grant, Kshs.2.84 million from the COVID-19 Grant and Kshs.1.37 million from ASDSP II. These carried-forward conditional grants were not captured in the budget. The cash balance from the previous financial year was Kshs.39.42 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.28.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.35 billion as the equitable share of the revenue raised nationally, raised Kshs.2.97 billion as own-source revenue, Kshs.335.71 million as conditional grants, and had a cash balance of Kshs.39.42 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.70 billion, as shown in Table 3.159: Mombasa County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.159: Mombasa County, Revenue Performance in the First Nine Months of FY 2022/23

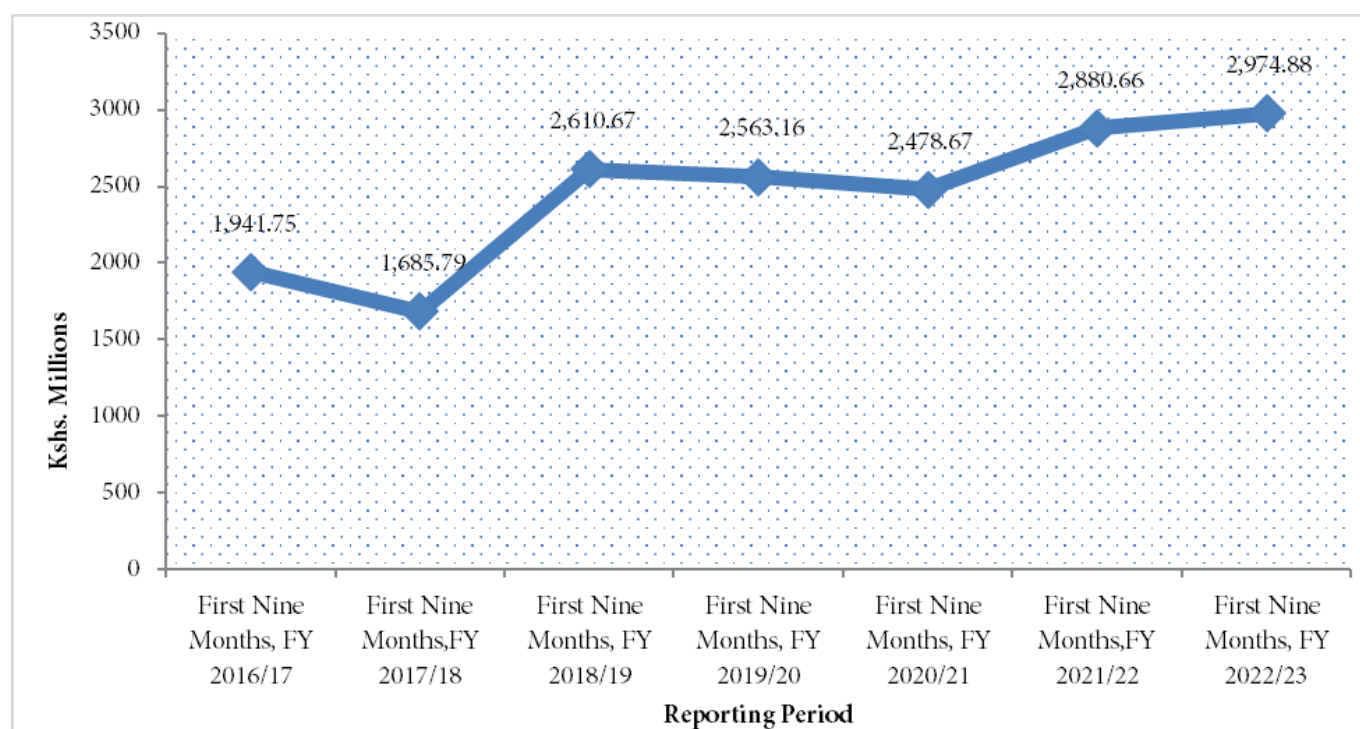
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061	4,351,228,587	57.5
	Sub-Total	7,567,354,061	4,351,228,587	57.5
B	Conditional Grants			
1	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	950,000,000	335,708,691	35.3
2	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	219,423,444	-	-
3	Finance Locally - Led Climate Action Program (FLOCA)	125,000,000	-	-
4	DANIDA Grant	14,874,100	-	-
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	8,847,410	-	-
	Sub Total	1,318,144,954	335,708,691	25.5
C	Other Sources of Revenue			
1	Own Source Revenue	4,814,500,985	2,974,881,568	61.8
2	Unspent balance from FY 2021/22	-	39,420,923	-
	Sub Total	4,814,500,985	3,014,302,491	62.6
	Grand Total	13,700,000,000	7,701,239,769	56.2

Source: Mombasa County Treasury

The original budget estimates did not include Kshs.39.4 million from FY 2021/22.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23

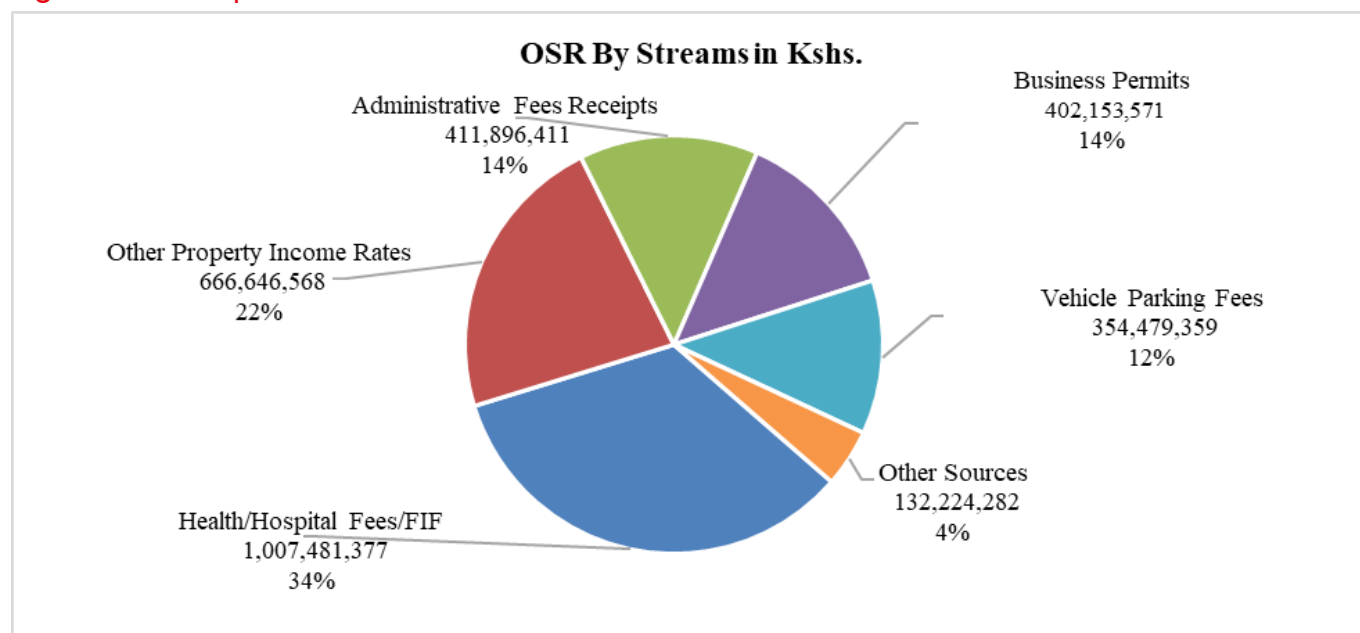


Source: Mombasa County Treasury

In the first nine months of FY 2022/23, the County generated Kshs.2.97 billion from its own sources of revenue, which represented an increase of 3.3 per cent compared to Kshs.2.88 billion realised in a similar period in FY

2021/22 and was 61.8 per cent of the annual target and 68.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.84: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.84: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Mombasa County Treasury

The highest revenue stream of Kshs.1.0 billion was from the Health/Hospital Fees/Facility Improvement Fund, contributing to 33.9 per cent of the total OSR collected during the reporting period.

3.28.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.01 billion from the CRF account during the reporting period. This amount comprised Kshs.395.15 million (6.6 per cent) for development programmes and Kshs.5.61 billion (93.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.4.11 billion was released towards employee compensation, and Kshs.1.50 billion was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.436.92 million.

3.28.4 Borrowing by the County

The County had an outstanding Equity Bank overdraft of Kshs.856.09 million, converted into a term loan of Kshs.745.30 million. The outstanding loan balance was Kshs.396.86 million as of 31st March 2023. This loan facility was, however, not processed in line with Article 212 of the Constitution.

3.28.5 County Expenditure Review

The County spent Kshs.7.18 billion on development and recurrent programmes during the reporting period. This expenditure represented 119.5 per cent of the total funds released by the CoB and comprised Kshs.443.18 million and Kshs.6.74 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.1 per cent. In contrast, recurrent expenditure represented 72.5 per cent of the annual recurrent expenditure budget.

3.28.6 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.4.91 billion as of 31st March 2023.

3.28.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.83 billion on employee compensation, Kshs.2.48 billion on operations and maintenance, and Kshs.438.02 million on development activities. Similarly, the County Assembly spent Kshs.218.16 million on employee compensation, Kshs.213.77 million on operations and maintenance, and Kshs.5.17 million on development activities, as shown in Table 3.160: Summary of Budget and Expenditure by Economic Classification.

Table 3.160: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,441,000,000	859,000,000	6,306,566,295	431,923,191	74.7	50.3
Compensation to Employees	5,350,146,504	375,697,221	3,832,450,468	218,156,682	71.6	58.1
Operations and Maintenance	3,090,853,496	483,302,779	2,479,283,591	213,766,509	80.2	44.2
Development Expenditure	4,370,000,000	30,000,000	438,015,759	5,167,764	10.0	17.2
Total	12,811,000,000	889,000,000	6,744,582,054	437,090,955	52.6	49.2

Source: Mombasa County Treasury

3.28.8 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.4.05 billion, or 52.6 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.7.70 billion. This expenditure represented an increase from Kshs.3.52 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.1.63 billion paid to health sector employees, translating to 40.2 per cent of the total wage bill. The significant increase in Personnel Emoluments expenditure was attributed to the payment of salary debt to LAPTRUST and outstanding Equity Bank Loan incurred over previous financial years.

Further analysis indicates that PE costs amounting to Kshs.3.69 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.360.97 million was processed through manual payrolls. The manual payrolls accounted for 8.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.30.16 million on committee sitting allowances 41 MCAs and the Speaker against the annual budget allocation of Kshs.41 million. The average monthly sitting allowance was Kshs.79,795 per MCA. The County Assembly has established 21 Committees.

3.28.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.441.89 million to county-established funds in FY 2022/23, which constituted 3.2 per cent of the County's overall budget for the year. summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.161: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Mombasa County Scholarship and Other Educational Benefits	211,890,000	-	-	No
2.	Grants for Management of Natural Disasters	30,000,000	-	-	No
County Assembly Established Funds					
3.	Car Loans and Mortgages for Members and Staff	200,000,000	50,000,000	50,000,000	Yes
	Total	441,890,000	50,000,000	-	

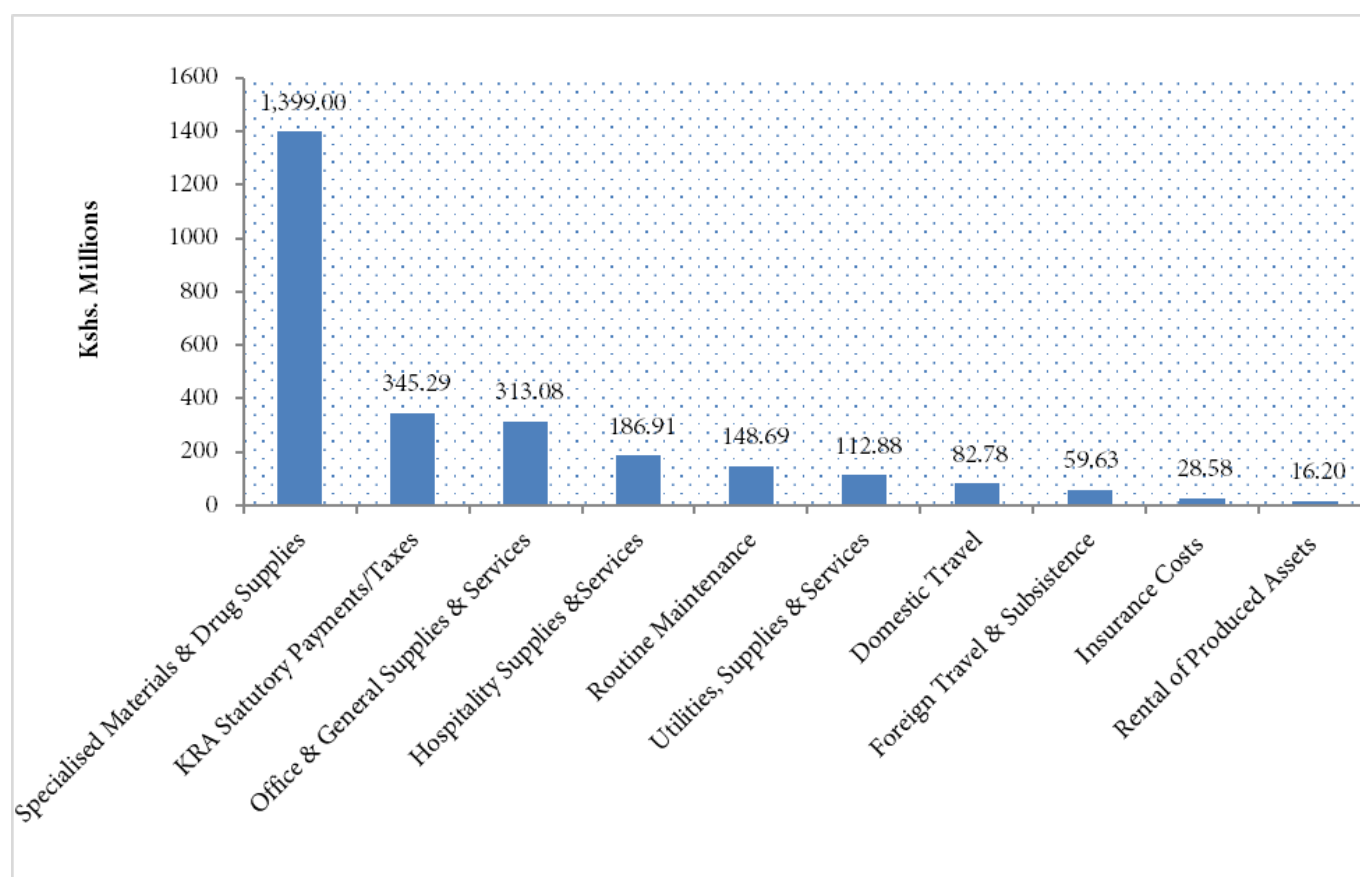
Source: Mombasa County Treasury

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

3.28.10 Expenditure on Operations and Maintenance

Figure 3.85: Mombasa County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.85: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.82.78 million and comprised of Kshs.42.23 million spent by the County Assembly and Kshs.40.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.59.63 million and comprised of Kshs.39.14 million by the County Assembly and Kshs.20.49 million by the County Executive.

3.28.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.443.18 million on development programmes, representing a decrease of 80.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.28 billion. Table 3.162: Mombasa County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.162: Mombasa County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	IDA (Wb) Credit: Water & Sanitation	Across the County	1,100,000,000	335,708,691	50.5
2	Routine Maintenance of Jomvu M91, Wajir K5 & Kipchoge Keino M108 Roads	Jomvu Kuu	10,909,556	8,884,861	81.4
3	Routine Maintenance of Kiambu M234 Pwani 230 And Oceanic Road M227 Roads	Likoni	10,811,388	8,875,416	82.1
4	Routine Maintenance of Serena Road Loop (P117) And Vok Loop(L4) Roads	Nyali	16,721,677	8,834,832	52.8
5	Stormwater Drainage Improvement Table Crossing and Walkway Construction Along Railway Round About	Mvita	31,431,047	8,568,778	27.3
6	Routine Maintenance Of Beach, Bungalows And Coral Drive Roads	Nyali	9,051,904	7,714,518	85.2
7	Routine Maintenance of Margret Avenue, Dr Rashid & David Kayanda Roads	Mvita	11,540,476	7,544,009	65.4
8	Routine Maintenance of Raha Leo, George Morara And Mackinnon Roads	Mvita	8,893,193	7,512,758	84.5

Source: Mombasa County Treasury

3.28.12 Budget Performance by Department

Table 3.163: Mombasa County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.163: Mombasa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Executive	360.00	25.00	203.85	-	112.68	1.84	55.3	-	31.3	7.4
Public Service Board	130.00	20.00	109.00	-	51.01	-	46.8	-	39.2	-
Finance and Economic Planning	594.48	300.00	466.95	5.96	972.48	5.96	208.3	100.0	163.6	2.0
Energy, Environment and Waste Management	615.00	430.00	538.23	3.58	324.76	3.58	60.3	100.0	52.8	0.8

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
Education, Information Technology and MV 2035	627.52	300.00	435.30	-	204.19	-	46.9	-	32.5	-
Health Services	3,255.00	149.00	1,629.67	-	3,324.15	-	204.0	-	102.1	-
Water, Environment and Natural Resources	130.00	1,000.00	50.53	335.71	22.68	335.71	44.9	100.0	17.4	33.6
Youth, Gender, Sports and Cultural Affairs	260.00	500.00	75.66	-	54.05	-	71.4	-	20.8	-
Trade, Tourism and Investments	450.00	380.00	192.75	-	221.48	14.63	114.9	-	49.2	3.8
County Planning, Land and Housing	270.00	400.00	155.14	-	87.72	17.36	56.5	-	32.5	4.3
Transport, Infrastructure and Public Works	594.00	526.00	359.59	37.12	310.55	53.24	86.4	143.4	52.3	10.1
Agriculture, Fisheries, Livestock and Cooperatives	235.00	250.00	133.24	7.61	98.60	5.70	74.0	74.9	42.0	2.3
Devolution and Public Service Administration	920.00	90.00	833.05	-	522.22	-	62.7	-	56.8	-
County Assembly	859.00	30.00	431.92	5.17	431.92	5.17	100.0	100.0	50.3	17.2
Total	9,300	4,400	5,615	395	6,738	443	120.0	112.2	72.5	10.1

Source: Mombasa County Treasury

Analysis of expenditure by department shows that the Department of Water, Environment and Natural Resources recorded the highest absorption rate of development budget at 33.6 per cent, followed by the County Assembly at 17.2 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 163.6 per cent, while the Department of Water, Environment and Natural Resource had the lowest at 17.4 per cent.

Further, the report on department budget performance shows that several departments reported expenditures above the approved exchequer issues and approved budget, which indicates a weak internal control at the County Treasury.

3.28.13 Budget Execution by Programmes and Sub-Programmes

Table 3.164: Mombasa County, Budget Execution by Programmes and Sub-Programmes Summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.164: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
3011 The Executive	Governor's Affairs & Advisory Services	160,000,000	114,517,628	45,482,372	71.6
	Deputy Governor's Affairs & External Relations	90,000,000	-	90,000,000	-
	Cabinet Affairs, Policy Research and Legal Services	80,500,000	-	80,500,000	-
	MV 2035 & E-Government	18,000,000	-	18,000,000	-
	Strategic Delivery Unit	36,500,000	-	36,500,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
3013 County Public Service Board	Administration Unit	150,000,000	51,011,377	98,988,623	34.0
3014 Finance and Economic Planning	Administration Unit	825,323,346	958,683,455	- 133,360,109	116.2
	Accounting Unit	30,150,000	12,351,000	17,799,000	41.0
	Planning and Monitoring Unit	39,010,654	7,405,479	31,605,174	19.0
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	569,234,748	313,333,181	255,901,567	55.0
	Waste Management	75,239,000	-	75,239,000	-
	Environmental Compliance and Monitoring	126,960,000	14,999,984	111,960,016	11.8
	Climate Change	180,239,000	-	180,239,000	-
	Energy	93,327,252	-	93,327,252	-
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	349,626,000	203,167,513	146,458,487	58.1
	Education headquarters	104,200,000	-	104,200,000	-
	Childcare	117,500,000	-	117,500,000	-
	Elimu Fund	211,890,000	-	211,890,000	-
	Information Technology Headquarters	144,300,000	1,026,983	143,273,017	0.7
3017 Health Services	Administration Unit	3,034,341,215	2,723,973,051	310,368,164	89.8
	Curative/Clinical Health Services	231,789,182	599,004,585	- 367,215,403	258.4
	Preventive and Promotive Services Unit	86,072,683	-	86,072,683	-
	Special Programs	51,796,920	1,170,000	50,626,920	2.3
3018 Water, Sanitation & Natural Resources	Administration unit	1,063,570,000	335,708,691	727,861,309	31.6
	Sanitation/Sewerage Services Headquarters	28,750,000	22,677,655	6,072,345	78.9
	Water Supply Headquarters	20,450,000	-	20,450,000	-
	Natural Resources	17,230,000	-	17,230,000	-
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	108,391,660	51,779,675	56,611,986	47.8
	Youth Empowerment	52,380,003	436,345	51,943,658	0.8
	Gender Affairs and Disability Mainstreaming	77,000,000	-	77,000,000	-
	Sports Unit	474,100,000	1,837,758	472,262,242	0.4
	Sports development	30,500,000	-	30,500,000	-
	Cultural Affairs	17,628,337	-	17,628,337	-
	Public Recreation and Entertainment	-	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
3020 Trade, Tourism & Investment	Administration Unit	335,745,978	216,447,728	119,298,250	64.5
	Trade Development	163,787,810	560,000	163,227,810	0.3
	Development of Tourism	22,158,933	-	22,158,933	-
	Investment Promotion and Products Headquarters	-	-	-	-
	Ease of Doing Business-Headquarters	73,105,082	16,547,567	56,557,515	22.6
	Development of County Industrial Parks	235,202,197	2,555,172	232,647,025	1.1
3021 Lands, Housing and Physical Planning	Administration Unit	216,660,381	87,718,091	128,942,290	40.5
	Land Management Unit	23,566,175	-	23,566,175	-
	Physical planning	87,650,000	17,364,223	70,285,777	19.8
	Housing Development Unit	45,350,000	-	45,350,000	-
	Urban Renewal	296,773,444	-	296,773,444	-
3022 Transport, Infrastructure & Public Works	Administration Unit	430,992,272	310,521,891	120,470,381	72.0
	Road and Transport Unit	474,902,430	53,269,408	421,633,022	11.2
	Works Unit	19,750,000	-	19,750,000	-
	Transport Planning, Management and Safety	38,780,298	-	38,780,298	-
	Mechanical Services	69,375,000	-	69,375,000	-
	Safety, Risk Management and Rescue Services	86,200,000	-	86,200,000	-
3023 Agriculture, Fisheries, Livestock and Cooperatives	Administration Unit-Headquarters	157,140,832	96,952,336	60,188,496	61.7
	Crop Management Unit	110,076,858	1,222,601	108,854,257	1.1
	Livestock Unit	71,706,256	375,897	71,330,359	0.5
	Fisheries Unit-Headquarters	72,774,916	-	72,774,916	-
	Veterinary Services	51,189,045	5,744,666	45,444,379	11.2
	Cooperatives	22,112,093	-	22,112,093	-
3026 Devolution & Public Service Administration	Administration	764,881,613	478,596,113	286,285,500	62.6
	Devolution and public service administration	20,636,398	22,000	20,614,398	0.1
	County Administration and Decentralised Services	83,472,796	-	83,472,796	-
	Public Service Reforms and Delivery	72,909,194	42,000,000	30,909,194	57.6
	Compliance and Enforcement	68,100,000	1,600,000	66,500,000	2.3
3012 County Assembly	General Administration and Planning	142,482,389	227,260,943	- 84,778,554	159.5
	Legislation, Oversight and Representation	746,517,611	209,830,012	536,687,599	28.1
Grand Total		13,700,000,000	7,181,673,009	6,518,326,991	52.4

Sub-programmes with the highest levels of implementation based on absorption rates were; Curative/Clinical Health Services in the Department of Health Services at 258.4 per cent, in General Administration and Planning of the County Assembly at 159.5 per cent and Administration Unit in the Department of Finance and Economic Planning at 116.2 per cent as per the budget allocation. The absorption rates above 100 per cent result from irregular expenditures and should be corrected before the closure of the financial year.

3.28.14 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.163: Mombasa County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
2. High pending bills amounting to Kshs.4.91 billion as of 31st March 2023, while cash in the CRF was at Kshs.436.92 million at the end of the first nine months of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.360.97 million were processed through the manual payroll, accounting for 8.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012, as shown in Table 3.161

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.9.64 billion, comprising Kshs.2.89 billion (30.0 per cent) and Kshs.6.74 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 9.6 per cent compared to the previous financial year when the approved budget was Kshs.10.66 billion and comprised of Kshs.3.29 billion towards development expenditure and Kshs.7.37 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.18 billion (74.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.50 billion (15.6 per cent) from its own sources of revenue, Kshs.639.63 million (6.6 per cent) million as conditional grants, and a cash balance of Kshs.322.00 million (3.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.165.

3.29.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.55 billion as the equitable share of the revenue raised nationally, raised Kshs.453.67 million as own-source revenue, Kshs.284.37 million as conditional grants, and had a cash balance of Kshs.574.41 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.85 billion, as shown in Table 3.165: Murang'a County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.165: Murang'a County, Revenue Performance in the First Nine Months of FY 2022/23

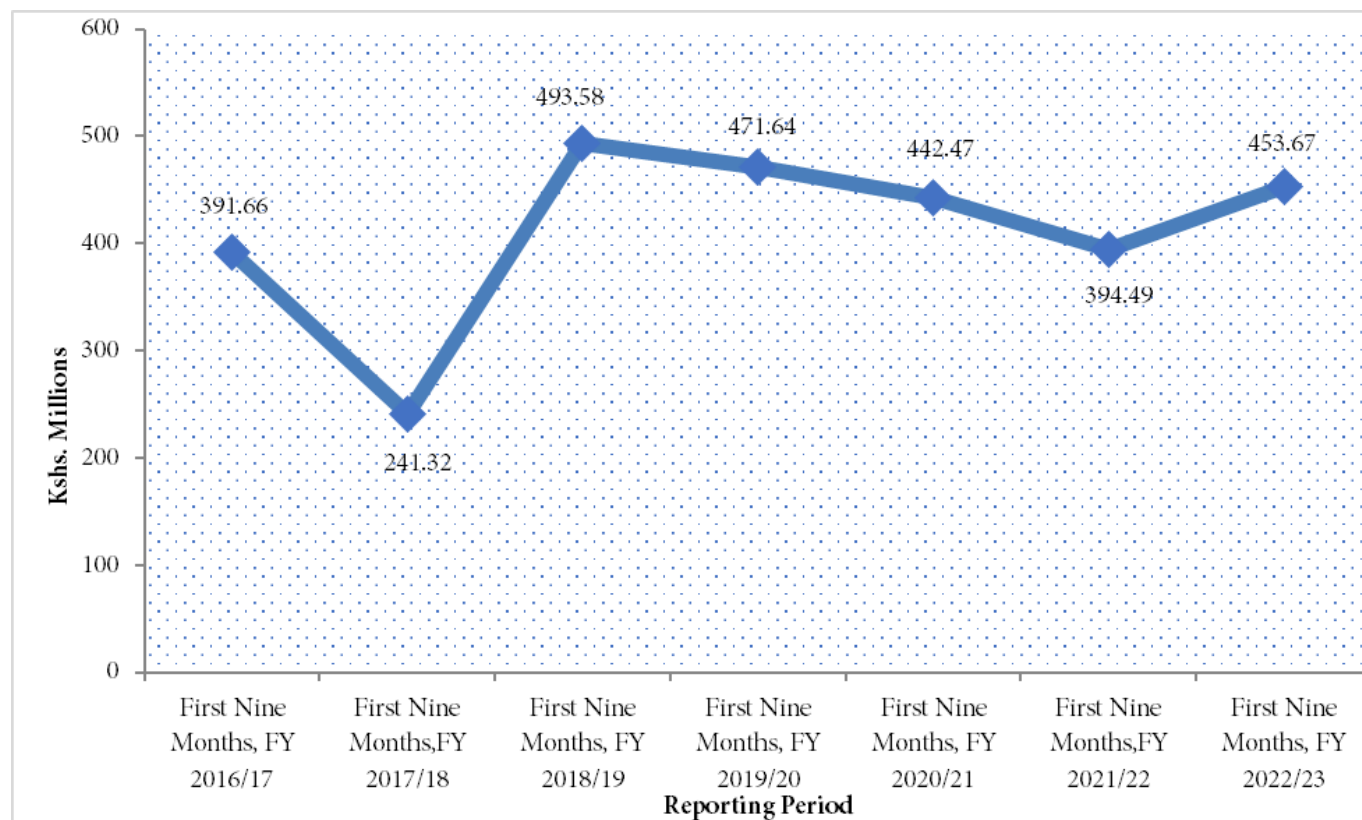
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	3,546,616,180	49.4
Sub Total		7,180,155,855	3,546,616,180	49.4
B	Conditional Grants			
1	User Fees Foregone	20,138,691	-	-
2	Nutritional International Grant	20,612,450	-	-
3	Leasing of Medical Equipment	153,297,782	-	-
4	Transforming Health Systems for Universal Care Project (WB)	81,798,466	-	-
5	IDA (World Bank) National Agriculture and Rural Inclusive Growth Project (NAGRIP)	335,683,961	215,574,043	64.2
6	IDA (World Bank) National Agricultural Value Chain Development Project (NAVCDP)	-	-	-
7	DANIDA Grant (Universal Healthcare in Devolved System Program	15,350,363	6,977,438	45.5
8	Agricultural Sector Development Support Programme (ASDSP) II	12,746,035	15,245,673	119.6
9	Murang'a County Nutrition Grant	-	46,572,800	-
Sub-Total-		639,627,747.50	284,369,954.00	44.5
C	Other Sources of Revenue			
1	Own Source Revenue	1,500,000,000	453,667,425	30.2
2	Balance B/F from FY2021/22	322,000,000	574,412,467	178.4
Sub Total		1,822,000,000	1,028,079,892	56.4
Grand Total		9,641,783,603	4,859,066,026	50.4

Source: Murang'a County Treasury

The cash balance from the previous financial year includes the June 2022 disbursement of the equitable share of revenue received in July 2022 hence the performance above 100 per cent. This should be addressed through a supplementary budget process.

Figure 3.86: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

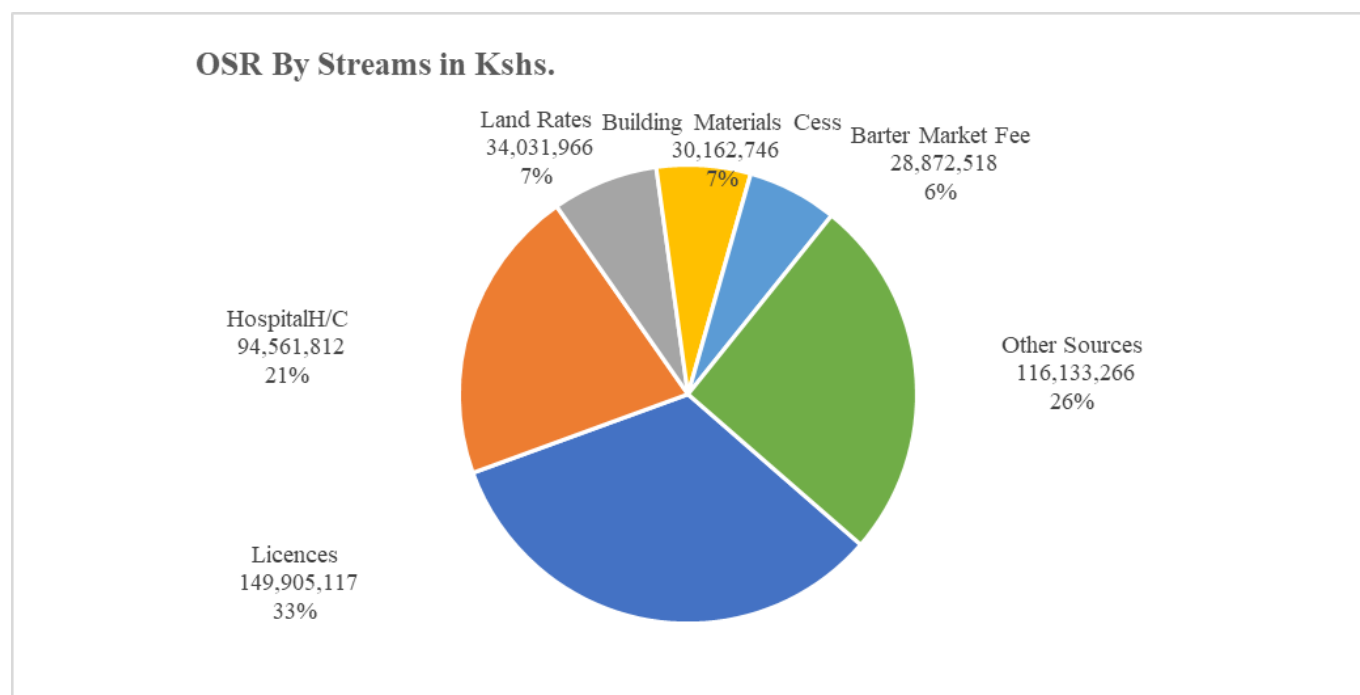
Figure 3.86: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Murang'a County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.453.67 million from its own sources of revenue. This amount represented an increase of 15.0 per cent compared to Kshs.394.49 million realised in a similar period in FY 2021/22 and was 30.2 per cent of the annual target and 6.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.87

Figure 3.87: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Murang'a County Treasury

The highest revenue stream of Kshs.149.91 million was from licenses contributing to 33 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.94.56 million, representing 21 per cent of the overall OSR in the first nine months of FY 2022/23.

3.29.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.77 billion from the CRF account during the reporting period. This amount comprised Kshs.512.67 million (10.7 per cent) for development programmes and Kshs.4.26 billion (89.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs. 2.8 billion was released towards compensation to employees, Kshs.1.43 billion was for Operations and Maintenance expenditure while Kshs.512.67 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.681.63 million.

3.29.4 County Expenditure Review

The County spent Kshs.4.67 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.9 per cent of the total funds released by the CoB and comprised Kshs.506.81 million and Kshs.4.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.5 per cent. In contrast, recurrent expenditure represented 61.7 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.7 billion, comprised of Kshs.2.41 billion for recurrent expenditure and Kshs.346.39 billion for development activities. Out of the above-stated stock of pending bills, the County has reported that only Kshs.661.07 million falls under the eligible pending bills category and have since provided a payment plan. During the period under review, eligible pending bills amounting to Kshs.93.10 million were settled, consisting of Kshs.26.87 million for recurrent expenditure and Kshs.66.23 million for development programmes. Therefore, the outstanding pending bills were Kshs.2.66 billion as of 31st March 2023.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.68 billion on employee compensation, Kshs.1.07 billion on operations and maintenance, and Kshs.502.18 million on development activities. Similarly, the County Assembly spent Kshs. 142.33 million on employee compensation, Kshs.277.14 million on operations and maintenance, and Kshs.4.63 million on development activities, as shown in Table 3.166: Summary of Budget and Expenditure by Economic Classification.

Table 3.166: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,822,072,148	927,000,000	3,747,927,430	419,483,003	64.4	45.3
Compensation to Employees	4,066,423,292	319,650,000	2,681,958,628	142,337,176	66.0	44.5
Operations and Maintenance	1,755,648,856	607,350,000	1,065,968,802	277,145,826	60.7	45.6
Development Expenditure	2,842,711,455	50,000,000	502,181,159	4,633,760	17.7	9.3
Total	8,664,783,603	977,000,000	4,250,108,589	424,116,763	49.1	43.4

Source: Murang'a County Treasury

3.29.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.82 billion, or 55.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.85 billion. This expenditure represented a decrease from Kshs.2.90 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.80 billion paid to health sector employees, translating to 67.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.42 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.260.81 million was processed through manual payrolls. The manual payrolls accounted for 9.7 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.73 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.17,891 per MCA. The County Assembly has established 17 Committees.

3.29.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.728.90 million to county-established funds in FY 2022/23, constituting 7.6 per cent of the County's overall budget. summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.167: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
			(Kshs.)		(Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Murang'a County Education Scholarship Fund	260,000,000.00	259,422,691	261,916,780.00	Yes
2.	Staff Car Loan and Mortgage Fund	1,900,000.00	-	-	Not in Operation
3.	Emergency Fund	92,000,000.00	-	-	Not in Operation
4.	Agricultural Farm Inputs Subsidy and Incentives Fund	200,000,000.00	62,515,280	10,385,012.00	Yes
County Assembly Established Funds					
5.	County Assembly Car Loan and Mortgage Fund	175,000,000.00	90,336,500.00	149,290,470.00	Yes
	Total	728,900,000.00	412,274,471.00	421,592,262.00	

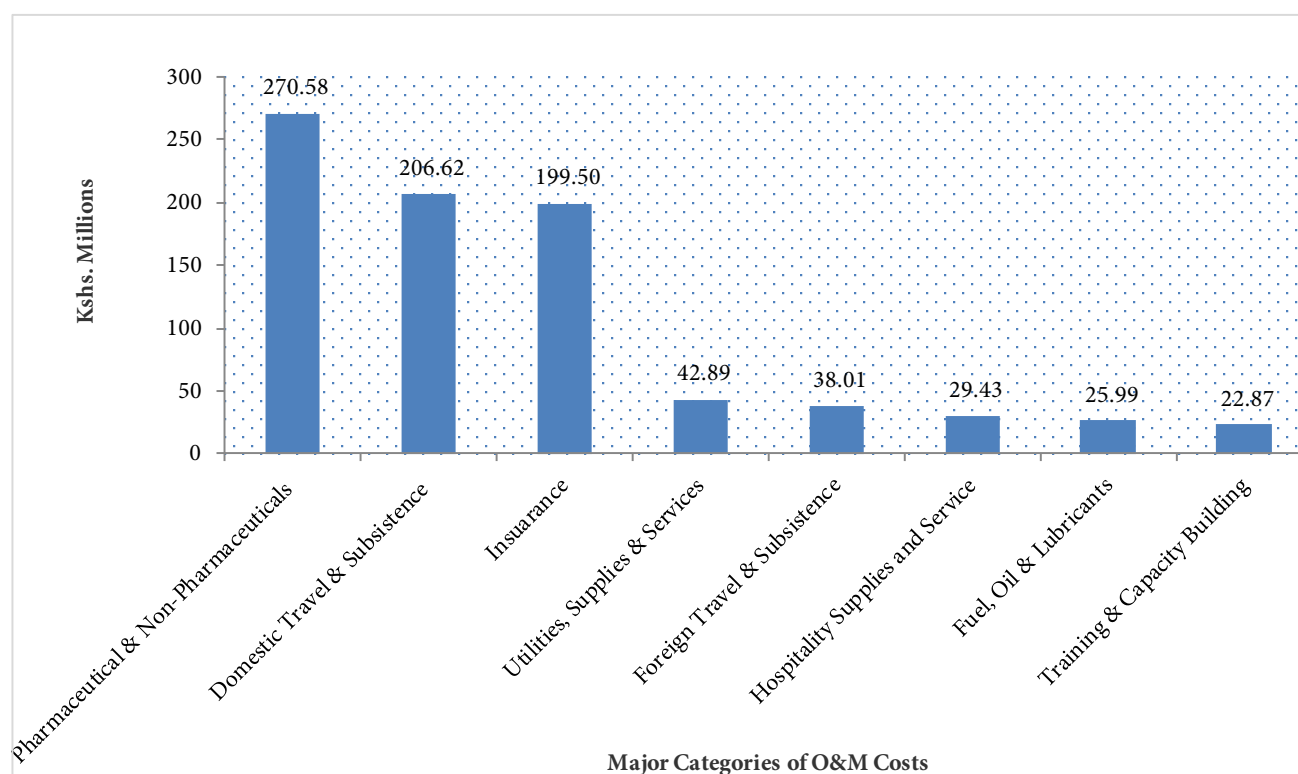
Source: Murang'a County Treasury

During the reporting period, OCoB did receive quarterly financial returns from all the Fund Administrators, as indicated in .

3.29.9 Expenditure on Operations and Maintenance

Figure 3.88: Murang'a County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

During the period, expenditure on domestic travel amounted to Kshs.206.61 million and comprised of Kshs.131.86 million spent by the County Assembly and Kshs.74.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.38.01 million and comprised of Kshs.25.84 million by the County Assembly and Kshs.12.42 million by the County Executive.

3.29.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.506.81 million on development programmes, representing a decrease of 41.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.863.77 million. Table 3.168: Murang'a County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.168: Murang'a County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	FT 2022-23 Budget Estimates	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1.	Agricultural Farm Input Subsidy fund	Countywide	20,000,000	60,615,280	30.3	Ongoing
2.	Installation of Electronic voting machine	Countywide	9,000,000	9,000,000	100	complete
3.	Sports equipment	County wide	6,461,394	6,461,394	100	complete
4.	Persons living with disabilities	Countywide	5,929,600	5,929,600	100	complete
5.	Grading works of Mutunguru Kigori-Irati access road	Kigumo Ward	3,941,100	3,941,100	100	complete
6.	Grading works of Kongoini pri-Kongoini catholic church and Majoice access road	Mbiri	3,891,510	3,891,510	100	complete
7.	Grading works of Ng'araria -Githini-Njooria -Kaburugi Kirarii Mwaya access road	Ngararia Ward	3,709,680	3,709,680	100	complete
8.	Grading works of Gaiyanga- Kagumoini access road	Kagumo ini	3,540,000	3,540,000	100	complete
9.	Grading works of Gikuu -Ndaamba access road	Gikuu -Ndaamba	3,515,960	3,515,960	100	complete
10.	Grading/gravelling works of Ihiga Gituri access road	Gitugi	3,456,800	3,456,800	100	complete

Source: Murang'a County Treasury

3.29.11 Budget Performance by Department

Table 3.169: Murang'a County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.169: Murang'a County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	239.79	668.63	171.21	305.30	126.04	302.40	73.6	99.1	52.6	45.2
Commerce, Trade, Industry and Tourism	45.65	110.26	16.39	1.77	21.57	1.77	131.6	100.0	47.2	1.6
County Public Service Board	38.51	-	23.43	0.00	12.12	-	51.7	-	31.5	-
Education & Technical Training	668.96	32.80	594.50	1.50	510.89	1.50	85.9	100.0	76.4	4.6
Energy Transport and Roads	21.76	513.30	14.15	48.18	7.32	48.18	51.7	100.0	33.6	9.4
Environment & Natural Resources	23.18	73.00	10.40	0.00	8.35	-	80.2	-	36.0	-
Finance, Information Technology and Economic Planning	345.90	167.00	168.14	0.00	209.43	0.07	124.6	-	60.5	-
Health and Sanitation	3,180.25	783.49	1,870.95	141.49	2,294.48	138.48	122.6	97.9	72.1	17.7
Lands, Housing & Physical Planning	28.42	63.70	10.38	1.23	9.46	1.23	91.1	100.0	33.3	1.9

Public Service Administration	748.13	-	645.22	0.00	321.86	-	49.9	-	43.0	-
Water & Irrigation	90.18	90.50	35.72	1.56	22.89	1.56	64.1	100.0	25.4	1.7
Youth, Culture, Gender, Social Services & Special Programs	62.31	218.00	44.37	7.01	35.46	7.00	79.9	99.8	56.9	3.2
County Assembly	927.00	50.00	508.86	4.63	419.48	4.63	82.4	100.0	45.3	9.3
Governorship, County Coordination and Administration	264.76	-	143.99	0.00	165.99	-	115.3	-	62.7	-
Murang'a Municipality	64.27	122.04	2.58	0.00	2.08	-	80.6	-	3.2	-
Total	6,749.07	2,892.71	4,260.29	512.67	4,167.41	506.81	97.8	98.9	61.7	17.5

Source: Murang'a 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 45.2 per cent, followed by the Department of Health and Sanitation at 17.7 per cent. The Department of Education & Technical Training had the highest percentage of recurrent expenditure to budget at 76.4 per cent while the Department of Murang'a Municipality had the lowest at 3.2 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.170: Murang'a County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.170: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Governorship, County Coordination and Administration							
Monitoring and Evaluation	101024010 Project Co-ordination and Monitoring	3,600,000	-	2,089,851	-	58.1	--
County Co-ordination	705024010 Office Ad-ministration and Support Services	55,200,000	-	37,126,325	-	67.3	--
Public and Citizen Participation	705034010 Public Partici-pation	6,896,000	-	5,395,545	-	78.2	--
Administration and Support	706014010 County Execu-tive and Coordination	179,976,902	-	113,529,936	-	63.1	--
Audit and Monitoring	718014010 Audit and Other Monitoring	5,670,000	-	2,178,385	-	38.4	--
Disaster Program	902044010 Disaster Re-sponse and Mitigation	13,421,000	-	5,665,756	-	42.2	--
Sub Total		264,763,902	-	165,985,799	-	62.7	--
Finance, Information Technology and Economic Planning							
Revenue Program	108014010 Local Revenue Mobilisation	20,130,000	-	16,931,835	-	84.1	--
ICT Program	703014010 Automation and Revenue System	500,000	-	216,000	-	43.2	--

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Financial Management Program	703024010 Budget Formu- lation Coordination and Management	3,600,000	-	2,303,426	-	64.0	--
	703034010 Economic Plan- ning and CIDP Review	15,600,000	-	11,195,055	-	71.8	--
	718024010 Corporate Gov- ernance	3,990,000	-	2,113,560	-	53.0	--
	75014010 Budget Imple- mentation and Monitoring	3,660,000	-	3,361,945	-	91.9	--
	705034010 Public Partici- pation	29,180,000	-	12,604,563	-	43.2	--
	730014010 Budget Imple- mentation and Monitoring	3,320,000	-	1,702,380	-	51.3	--
Administration and Support	706014010 General Ad- ministration Planning and support Services	265,916,609	167,000,000	159,000,346	68,440	59.8	--
Sub Total		345,896,609	167,000,000	209,429,110	68,440	60.5	--
Agriculture, Livestock and Fisheries							
Food Security	10104010 Land and Crops Development	2,970,000	-	2,303,720	-	77.6	-
	101024010 Promotion Food Security	3,850,000	632,929,996	1,516,660	291,434,996	39.4	46.0
	101124010 Capacity Devel- opment, Mechanisation and Innovation	3,850,000	-	1,770,966	-	46.0	-
Livestock Development Program	103084010 Veterinary Services	4,370,000	29,100,000	1,577,535	8,838,074	36.1	30.4
	107024010 Livestock and Fisheries Development	1,705,000	6,600,000	398,800	2,125,000	23.4	32.2
Administration and Support	706014010 General Ad- ministration Planning and Support Services	223,040,035	-	118,475,217	-	53.1	--
Sub Total		239,785,035	668,629,996	126,042,898	302,398,070	52.6	45.2
Energy Transport and Roads							
Urban Develop- ment Program	102074010 Urban Development and Support	3,650,900	-	967,170	-	26.5	--
Energy Development Program	103094010 Promotion of Energy & Renewable Ener- gy Sources	1,100,000	-	-	-	-	--
Infrastructure Development Program	202014010 Construction of Roads and Bridges	17,007,900	-	6,350,381	-	37.3	--
	202064010 Infrastructure Development	-	513,300,000	-	48,178,828	-	9.4
Sub Total		21,758,800	513,300,000	7,317,551	48,178,828	33.6	9.4
Commerce, Trade, Industry and Tourism							
Agro Marketing	102054010 Cooperatives	-	29,705,000	-	847,627	--	2.9
Tourism Program	110014010 Tourism Devel- opment	4,060,000	-	897,240	-	22.1	--
	301014010 Tourism Promo- tion and Marketing	-	5,550,000	-	920,694	--	16.6

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Trade Development Program	111014010 Trade & Enter- prise Development	7,160,000	-	3,045,440	-	42.5	--
	302014010 Domestic Trade Development	14,100,000	75,000,000	7,039,784	-	49.9	--
	302024010 Fair Trade and Consumer Protection	4,050,000	-	87,000	-	2.1	--
Administration and Support	706014010 General Ad- ministration Planning and Support Services	16,283,307	-	10,501,585	-	64.5	--
Sub Total		45,653,307	110,255,000	21,571,049	1,768,321	47.2	1.6
Education & Technical Training							
Ecde Programme	501034010 Early Childhood Development Education	-	10,000,000	-	-	--	--
	509014010 Early Child De- velopment and Education	280,063,603	-	204,087,245	-	72.9	-
Polytechnics Program	50714010 Revitalisation of Youth Polytechnics	120,800,265	18,600,000	42,138,398	1,499,796	34.9	8.1
Education Intervention Program	501054010 Motivation of Primary and Secondary School	-	4,200,000	-	-	-	-
	509024010 Motivation of Primary and Secondary Schools	264,700,000	-	262,626,291	-	99.2	-
Administration and Support	706014010 General Ad- ministration Planning and Support Services	3,400,000	-	2,037,140	-	59.9	-
Sub Total		668,963,868	32,800,000	510,889,074	1,499,796	76.4	4.6
Health And Sanitation							
Infrastructure Development Program	10110410 Infrastructure Development	1,615,000	-	1,005,000	-	62.2	-
	109024010 Infrastructure Improvement Services		251,600,000	-	4,106,498	-	1.6
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	10,010,000	-	3,200,992	-	32.0	-
Curative Program	402054010 Free Primary HealthCare	614,020,000	253,297,782	452,444,575	2,254,000	73.7	0.9
Administration and Support	706014010 General Ad- ministration Planning and support Services	2,554,609,847	278,589,246	1,837,833,958	132,117,346	71.9	47.4
Sub Total		3,180,254,847	783,487,028	2,294,484,525	138,477,844	72.1	17.7
Lands, Housing & Physical Planning							
Land Policy Succession and Surveying	103014010 Land Policy and Planning	-	46,700,000	-	-	-	-
	103044010 Land Survey	-	5,000,000	-	-	-	-
Estate Management	701034010 Public Trusts and Estates Management	-	12,000,000	-	1,231,041	-	10.3
Administration and Support	706014010 General Ad- ministration Planning and support Services	28,416,078	-	9,456,092	-	33.3	-
Sub Total		28,416,078	63,700,000	9,456,092	1,231,041	33.3	1.9

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
County Public Service Board							
National Values and Governance Program	706014010 General Administration Planning and support Services	38,509,490	-	12,120,367	-	31.5	-
Sub Total		38,509,490	-	12,120,367	-	31.5	-
Youth, Culture, Gender, Social Services & Special Programs							
Social Development Program	102054010 Cooperatives	5,460,000	-	1,586,810	-	29.1	-
	901014010 Social Welfare and Vocational Rehabilitation	2,450,000	-	1,032,380	-	42.1	-
	902024010 Persons Living With Disabilities	-	20,000,000	-	-	-	-
	711024010 Gender & Social-Economic Empowerment	-	188,000,000	-	6,328,499	-	3.4
General Administration and Support	706014010 General Administration Planning and support Services	43,241,970	-	28,266,015	-	65.4	-
Youth Development Program	711014010 Youth Development Services	660,000	-	31,300	-	4.7	-
	903034010 Development and Management of Sports Facilities	7,420,000	-	4,027,440	-	54.3	-
Cultural Development Program	904014010 Development and Promotion of Culture	3,074,115	10,000,000	515,200	670,320	16.8	6.7
Sub Total		62,306,085	218,000,000	35,459,145	6,998,819	56.9	3.2
Environment & Natural Resources							
Waste Management Program	101094010 Solid Waste Managaemnt	6,224,872	63,100,285	3,645,375	-	58.6	-
	102064010 Environmental management & Protection	-	9,900,000	-	-	-	-
Administration and Support	706014010 General Administration Planning and support Services	11,254,440	-	3,393,051	-	30.1	-
Environmental Governance	1001054010 Environmental Leadership and Governance	5,700,000	-	1,310,540	-	23.0	-
Sub Total		23,179,312	73,000,285	8,348,966	-	36.0	-
Public Service Administration							
Human Resource Development Program	101064010 Human Resource Management and Development	14,810,000	-	3,989,545	-	26.9	-
Administration and Support	706001410 General Administration Planning and Support Services	733,320,876	-	317,870,580	-	43.3	-
Sub Total		748,130,876	-	321,860,125	-	43.0	-
Water & Irrigation							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Support	706014010 General Administration Planning and Support Services	85,864,439		22,387,301	-	26.1	-
Water Development Program	1004014010 Water Supply Infrastructure	4,319,500	90,500,000	498,150	1,560,000	11.5	1.7
Sub Total		90,183,939	90,500,000	22,885,451	1,560,000	25.4	1.7
Murang'a Municipality							
Municipal Development Program	10109410 Solid Waste Management	-	8,800,000	-	-	-	-
	101104010 Infrastructure Development	-	100,239,147	-	-	-	-
	102074010 Urban Development and Support	-	10,000,000	-	-	-	-
	703014010 Revenue Automation	-	3,000,000	-	-	-	-
	706014010 General Administration Planning and Support Services	64,270,000	-	2,077,280	-	3.2	-
Sub Total		64,270,000	122,039,147	2,077,280	-	3.2	-
County Assembly							
Legislation and representation	10701024010 Legislation and representation	343,900,000	-	157,560,758	-	45.8	-
Oversight	10701054010 Oversight	300,756,000	-	92,891,476	-	30.9	-
Administration planning and support	107010614010 Administration planning and support	282,344,000	50,000,000	169,030,769.00	4,633,760	59.9	9.3
Sub Total		927,000,000	50,000,000	419,483,003	4,633,760	45.3	9.3
Grand Total		6,749,072,148	2,892,711,456	4,167,410,434	506,814,919	61.7	17.5

Source: Murang'a County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Motivation of Primary and Secondary Schools in the Department of Education & Technical Training at 99.2 per cent, Budget Implementation and Monitoring in the Department of Finance, Information Technology and Economic Planning at 91.2 per cent, Local Revenue Mobilisation in the Department of Finance, Information Technology and Economic Planning at 84.1 per cent, and Public Participation in the Department of Governorship, County Coordination and Administration at 78.2 per cent of budget allocation.

3.29.13 Key Observations and Recommendations

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

1. Underperformance of own-source revenue at Kshs.453.66 million against an annual projection of Kshs. 1.5 billion, representing 30.2 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.169: Murang'a County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. High pending bills amounting to Kshs.2.66 billion as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.681.63 million at the end of the first nine months of FY 2022/23.

4. Use of manual payroll. Personnel emoluments amounting to Kshs.260.81 million were processed through the manual payroll, accounting for 9.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.30 County Government of Nairobi City

3.30.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.39.61 billion, comprising Kshs.11.88 billion (30.0 per cent) and Kshs.27.73 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.03 per cent compared to the previous financial year when the approved budget was Kshs.39.63 billion and comprised of Kshs.10.33 billion towards development expenditure and Kshs.29.29 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.17.89 billion (45.2 per cent) from its own source of revenue, Kshs.250 million (0.6 per cent) as Appropriation in Aid, Kshs.1.42 billion (3.6 per cent) as conditional grants, and a cash balance of Kshs.800 million (2.0 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.171.

3.30.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.11.07 billion as the equitable share of the revenue raised nationally, raised Kshs.7.12 billion as own-source revenue, Kshs.166.32 million as Appropriation in Aid, and Kshs.958.90 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.19.32 billion, as shown in Table 3.171: Nairobi City County, Revenue Performance in the First Half of FY 2022/23.

Table 3.171: Nairobi City County, Revenue Performance in the First Half of FY 2022/23

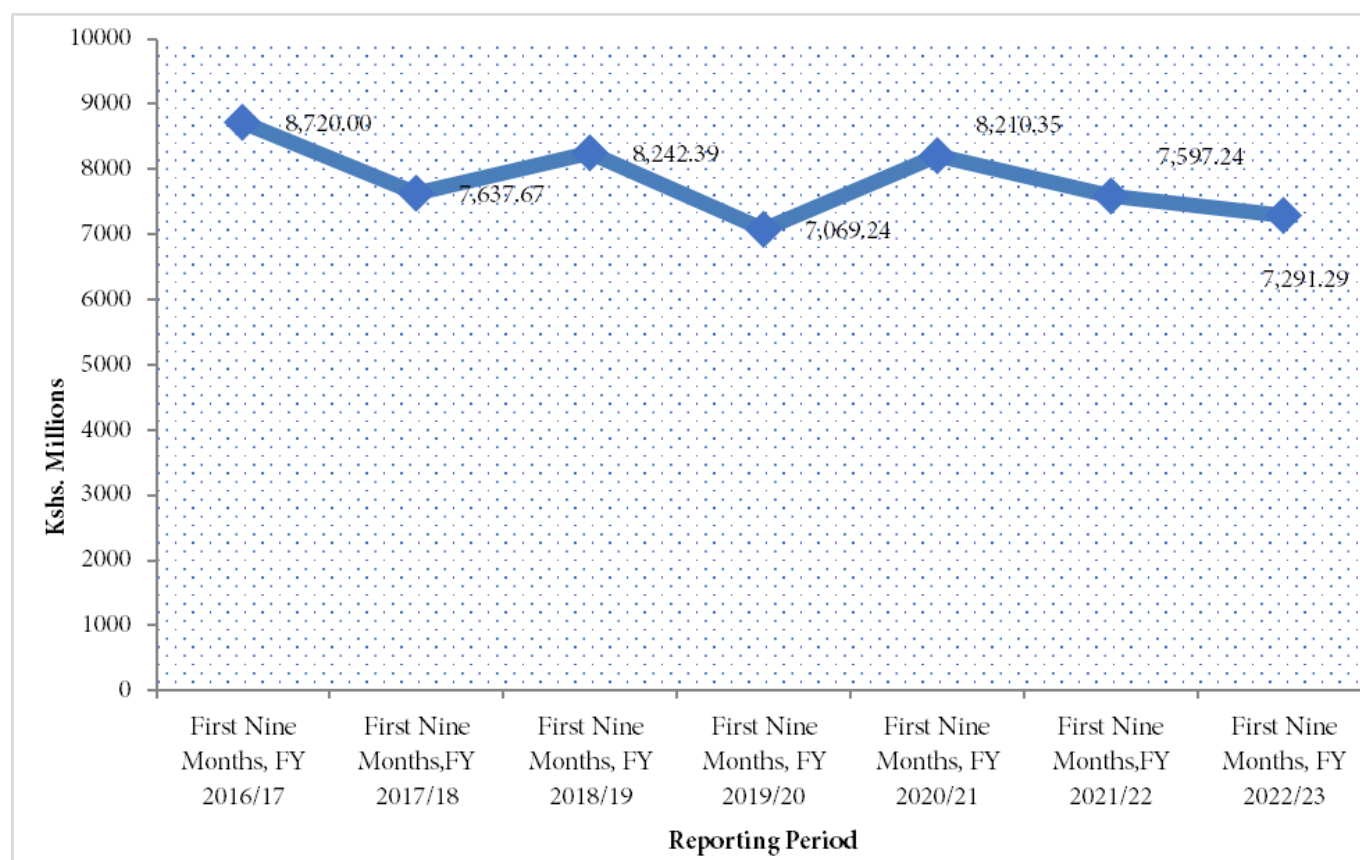
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,249,677,412	11,068,564,516	57.5
Sub Total		19,249,677,412	11,068,564,516	57.5
B	Conditional Grants			
1	Road Maintenance Fuel Levy Fund	1,127,000,000	927,334,931	82.3
C	Loans and Grants from Development Partners			
1	Transforming Health Systems for Universal Care Project (WB)	87,492,017	-	-
2	DANIDA Grant	35,272,875	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	36,639,733	31,569,932	86.2
Sub-Total		1,286,404,625	958,904,863	67.3
D	Other Sources of Revenue			
1	Own Source Revenue	17,889,895,429	7,124,974,887	39.8
2	Balance b/f from FY 2021/22	800,000,000	-	-
3	AIA	250,000,000	166,318,567	43.84
Sub Total		18,939,895,429	7,291,293,454	14.33
Grand Total		39,613,916,279	19,318,762,833	48.8

Source: Nairobi City County Treasury

Figure 3.89: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23. shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

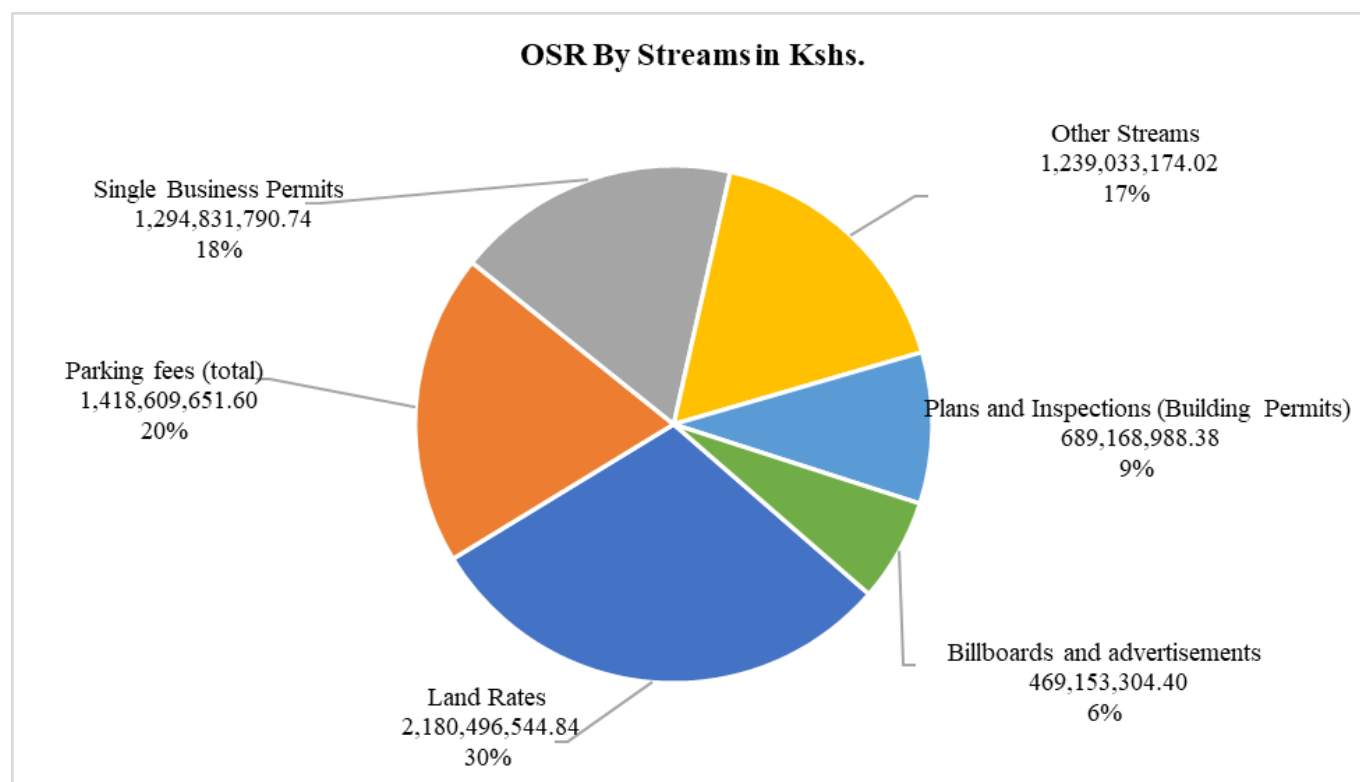
Figure 3.89: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23.



Source: Nairobi City County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.7.29 billion from own sources of revenue. This amount represented a decrease of 4.0 per cent compared to Kshs.7.60 billion realised in a similar period in FY 2021/22 and was 39.8 per cent of the annual target and 64.4 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.90: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.90: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.2.18 billion was from land rates contributing to 30 per cent of the total OSR collected during the reporting period.

3.30.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.17.26 billion from the CRF account during the reporting period. This amount comprised Kshs.1.31 billion (7.6 per cent) for development programmes and Kshs.15.95 billion (92.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.10.32 billion was released towards compensation to employees and Kshs.5.63 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.1.45 billion.

3.30.4 County Expenditure Review

The County spent Kshs.17.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.4 per cent of the total funds released by the CoB and comprised of Kshs.1.31 billion and Kshs.16.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.0 per cent, while recurrent expenditure represented 57.8 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

During the period under review, the County Treasury reported pending bills of Kshs.102.61 billion, which comprised Kshs.29.2 billion for Suppliers/Contractors, Kshs.46.90 billion as Statutory Payments, and Kshs.26.51 million as Loans, Utilities & Contingent Liabilities. The County allocated Kshs.1.4 billion to pay pending bills in the FY 2022/23.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.9.81 billion on employee compensation, Kshs.4.97 billion on operations and maintenance, and Kshs.1.29 billion on development activities. Similarly, the County Assembly spent Kshs.504.24 million on employee compensation, Kshs.724.15 million on operations and maintenance, and Kshs.14.08 million on development activities as shown in Table 3.172: Summary of Budget and Expenditure by Economic Classification.

Table 3.172: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	25,454,115,657	2,275,288,302	14,789,152,013	1,228,391,906	58.1	54.0
Compensation to Employees	15,272,524,802	789,138,818	9,814,291,430	504,242,855	64.3	63.9
Operations and Maintenance	10,181,590,855	1,486,149,484	4,974,860,583	724,149,051	48.9	48.7
Development Expenditure	10,674,512,320	1,210,000,000	1,292,674,572	14,078,142	12.1	1.2
Total	36,128,627,977	3,485,288,302	16,081,826,585	1,242,470,048	44.5	35.6

Source: Nairobi City County Treasury

3.30.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.10.32 billion, or 53.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.19.32 billion. This expenditure represented a decrease from Kshs.10.91 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.4.51 billion paid to health sector employees, translating to 43.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.9.85 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.469.32 million was processed through manual payrolls. The manual payrolls accounted for 4.5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.27.84 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.55.04 million. The average monthly sitting allowance was Kshs.24,944 per MCA. The County Assembly has established 26 Committees.

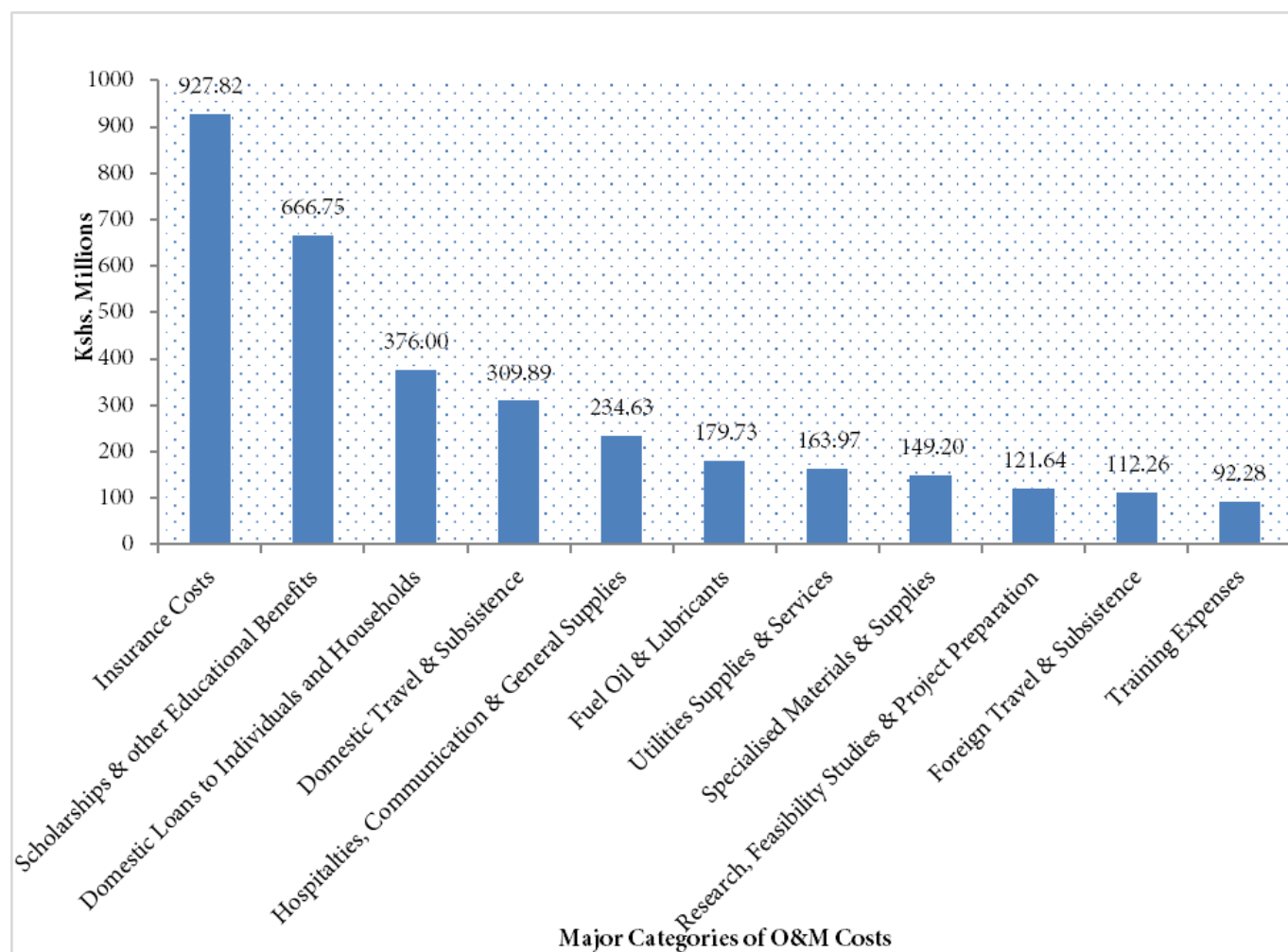
3.30.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County did not make budgetary allocations to any established Fund in FY 2022/23.

3.30.9 Expenditure on Operations and Maintenance

Figure 3.91: Nairobi City County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.91: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

During the period, expenditure on domestic travel amounted to Kshs.309.89 million and comprised of Kshs.148.80 million spent by the County Assembly and Kshs.161.09 million by the County Executive. Expenditure on foreign travel amounted to Kshs.112.26 million and comprised of Kshs.51.00 million by the County Assembly and Kshs.61.26 million by the County Executive.

3.30.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.31 billion on development programmes, representing an increase of 23.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.06 billion. Table 3.173: Nairobi City County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.173: Nairobi City County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health	General renovation at Pumwani Maternity Hospital, including cold rooms	Kamukunji Sub County	48,728,665	25,000,000	51.3
2	Roads, Public Works & Transport	Rehabilitation Of Lot 5 Roads In Industrial Area - Catalyst Road, Machakos Road, Baricho Road And Wundanyi Industrial Area Nairobi	Industrial area	57,783,080	57,783,080	100.0

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Roads, Public Works & Transport	Rehabilitation of Lot 6 Roads In the Industrial Area, Nairobi-Rangwe Road, Mareba Road, Hola Road, Lusingeti Road And Kitui Road	Industrial area	53,844,880	53,844,880	100.0
4	Roads, Public Works & Transport	Rehabilitation Of Lot 7 Roads In Industrial Area Nairobi (Migwani Road, Isiolo Road, Bandari Road, Wajir Road, Chogoria Road, Jirore Road	Industrial area	75,815,280	75,815,280	100.0
5	Roads, Public Works & Transport	Rehabilitation Of Lot 8 Roads In Industrial Area Nairobi (Butere Road, Yarrow Road, Bunyala Road, Factory Street	Industrial area	47,212,310	47,212,310	100.0
6	Roads, Public Works & Transport	Rehabilitation Of Lot 9 Roads In Industrial Area, Nairobi (Ndume Road, Nyahera Road, Runyenje Road, Lokitaung Road, Mogadishu Road, Construction Of Nmt's	Industrial area	78,193,860	78,193,860	100.0
7	Roads, Public Works & Transport	Rehabilitation Of Roads In Eastleigh Area, Nairobi (Waudu Road, Muinami Road, Timboroa Road, 2nd Avenue & 9th Street	Eastleigh	76,534,000	76,534,000	100.0
8	Roads, Public Works & Transport	Rehabilitation Of Roads In Eastleigh Area, Nairobi (Malewa Road, 6th Street, 14th Street, 15th Street, Kiambiu Road)	Eastleigh	84,947,960	84,947,960	100.0
9	Roads, Public Works & Transport	Construction of Drumvale – Sir Henry Ring Road In Ruai	Ruai	155,501,006	155,501,006	100.0
10	Roads, Public Works & Transport	Construction Of 1st & 2nd Avenue, Block 10 In Ruai Ward	Ruai	50,000,000	50,000,000	100.0

Source: Nairobi City County Treasury

3.30.11 Budget Performance by Department

Table 3.174: Nairobi City County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.174: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	111.44	10.00	57.50	-	55.12	-	95.86	-	49.5	-
Office Of Governor & Deputy Governor	4,769.83	356.43	2,866.72	-	2,884.89	-	100.63	-	60.5	-
ICT, E-Govt & Public Communications	137.52	142.80	73.34	-	72.74	-	99.18	-	52.9	-
Finance & Economic Planning	2,530.04	819.29	1,150.07	100.00	1,222.90	100.00	106.33	100.0	48.3	12.2
Health	4,651.14	752.26	2,112.60	25.00	2,113.50	25.00	100.04	100.0	45.4	3.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Urban Planning and Lands	234.51	89.50	110.74	-	108.81		98.26	-	46.4	-
Public Works, Transport & Infrastructure	1,269.45	3,913.45	461.80	927.33	462.42	927.33	100.13	100.0	36.4	23.7
Education, Youth Affairs, Sports, Culture & Social Services	2,253.10	877.46	1,530.56	76.81	1,539.14	76.81	100.56	100.0	68.3	8.8
Trade, Commerce, Tourism & Cooperatives	348.37	345.50	239.52	-	239.30	-	99.91	-	68.7	-
Public Service Management	1,777.51	24.60	1,105.17	-	970.58		87.82	-	54.6	-
Agriculture, Livestock Development, Fisheries & Forestry	286.98	38.00	137.89	-	139.20		100.95	-	48.5	-
County Assembly	2,275.29	1,210.00	1,228.39	14.08	1,228.39	14.08	100.00	100.0	54.0	1.2
Environment, Water, Energy & Natural Resources	2,230.62	1,457.22	289.07	-	286.42		99.08	-	12.8	-
Urban Renewal and Housing	22.12	305.50	0.58	-	0.58		100.00	-	2.6	-
Ward Development Programmes	74.26	1,492.50	32.24	163.53	31.16	163.53	96.65	100.0	42.0	11.0
Emergency Fund	-	-	-	-	-		-	-	-	-
Liquor Board	200.00	50.00	-	-	105.15		-	-	52.6	-
Nairobi Metropolitan Services	4,557.23	-	4,557.23	-	4,557.23		100.00	-	100.0	-
Total	27,729.41	11,884.51	15,953.42	1,306.75	16,017.54	1,306.75	100.40	100.0	57.8	11.0

Source: Nairobi City County Treasury

Analysis of expenditure by department shows that the Department of Public Works, Transport & Infrastructure recorded an absorption rate of development budget at 23.7 per cent, followed by the Department of Finance & Economic Planning at 12.2 per cent. The Department of Nairobi Metropolitan Services had the highest percentage of recurrent expenditure to budget at 100.0 per cent, while the Departments of Emergency Fund did not record any expenditure.

3.30.12 Budget Execution by Programmes and Sub-Programmes

summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.175: Nairobi City County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0701000 P1 General Administration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	131,339,056	55,118,661	76,220,395	42.0
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	131,339,056	55,118,661	76,220,395	42.0
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	558,487,666	282,351,966	276,135,700	50.6
	0718025310 Sp2 Sub County Administration	1,403,680,796	982,816,454	420,864,342	70.0
	0718075310 Sp7 County Executive	307,356,337	98,079,308	209,277,029	31.9
	0718095310 Sp9 Audit	69,338,168	35,996,270	33,341,898	51.9
	5312001400 Research Policy & Development	2,340,733	-	2,340,733	-
	5312001500 Records Management	4,000,000	-	4,000,000	-
	5312001600 Donor Coordination and Stakeholders Engagement	80,000,000	3,035,399	76,964,601	3.8
0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	1,539,246,814	1,084,789,941	454,456,873	70.5
	0724015310 sp 24.1 investigative Services	48,056,981	20,143,839	27,913,142	41.9
P; 0726005310: Disaster Management Coordination	072601510: Fire & Disaster Management	488,443,380	258,251,315	230,192,065	52.9
0725005310 P 25 Management of legal affairs	0725015310 sp 25.1 legal services	298,060,917	119,428,510	178,632,407	40.1
	Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	4,799,011,792	2,884,893,002	1,914,118,790	60.1
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	86,774,048	63,739,740	23,034,308	73.5
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	39,411,418	6,592,802	32,818,616	16.7
	0208030 SP 2.3: ICT and Media Regulatory Services	17,854,301	2,176,487	15,677,814	12.2
	0208040 SP 2.4 E-Government Services	9,493,789	133,600	9,360,189	1.4
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	175,881,048	100,000	175,781,048	0.1
	0210035310 sp 3:Information Security	9,504,365	-	9,504,365	-
	Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	338,918,969	72,742,629	266,176,340	21.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0701005310 Public Financial Management	0701015310 Assets Management Services	163,142,268	135,613,017	27,529,251	83.1
	0701065310 sp1.6 Accounting Services	4,437,130	13,907,103	(9,469,973)	313.4
	0701075310 sp1.7 Budget Formulation Coordination and mgt	139,761,559	52,365,837	87,395,722	37.5
	0701085310 sp1.8 Resource Mobilisation	320,955,697	237,226,498	83,729,199	73.9
	070115310 Debt Management Services	454,574,567	327,160,972	127,413,595	72.0
	0718085310 Sp8 Supply Chain Management	229,881,091	106,862,882	123,018,209	46.5
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	497,912,311	352,144,571	145,767,740	70.7
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	162,229,200	97,621,930	64,607,270	60.2
	Total 5314000000 FINANCE & ECONOMIC PLANNING	1,972,893,823	1,322,902,810	649,991,013	67.1
			-	-	-
0401115310 HIV/AIDS Prevention & Control Unit	5315000900 HIV/AIDS prevention and control unit	1,600,057	-	1,600,057	-
0401125310 TB Control	5315001000 TB control unit	1,200,042	-	1,200,042	-
0401135310 Malaria Control & Other Communicable Diseases	5315001100 Malaria Control & Other Communicable Diseases unit	1,200,042	-	1,200,042	-
0401145310 Reproductive Health & Maternal Health (RMNCAH)	5315001200 Reproductive Health, Maternal Health (RMNCAH)	98,992,017	58,326,740	40,665,277	58.9
0401155310 Environmental / Public Health	5315001300 Environmental Public Health	99,100,006	11,653,400	87,446,606	11.8
0402065310 sp.2.6 County Referral Hospitals	5315000300 Mbagathi District Hospital	155,680,299	-	155,680,299	-
	5315000400 Pumwani Maternity Hospital	195,523,761	25,000,000	170,523,761	12.8
	Pumwani Nursing School.	20,400,000	-	20,400,000	-
	5315000500 Mama Lucy Hospital	439,724,895	37,289,000	402,435,895	8.5
	5315000600 Mutuini Hospital	71,900,000	-	71,900,000	0.0
0402075310 sp.2.7 Health Centres & Dispensaries	5315001600 Health centres & dispensaries	849,083,513	142,588,400	706,495,113	16.8
0404015310 Sp4.1 Administration/Human Resource for Health	5315001800 Administration unit	3,591,741,213	1,856,117,946	1,735,623,267	51.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0404025310 Sp4.2 Health Policy, Planning & Financing	5315001700 Health Policy, Planning and Financing Unit	22,600,000	6,558,800	16,041,200	29.0
0404035310 sp 4.3 Health Commodities	5315001900 Health Commodities	-	-	-	-
0404055310 sp 4.5 Coroner services unit	5315002100 Coroner Services unit	41,818,371	-	41,818,371	-
5315002200 Nairobi County Covid-19 Response	5315002200 Nairobi County Covid-19 Response	4,000,000	964,400	3,035,600	24.1
Total 5315000000 HEALTH		5,594,564,216	2,138,498,686	3,456,065,530	38.2
		-	-	-	-
0106010 SP.6.1 Administration, Planning & Support Services	5316000100 Headquarters	181,996,138	91,553,210	90,442,928	50.3
0114015310 sp 8.1 Urban planning	5316000200 Physical Planning	105,973,075	9,811,381	96,161,694	9.3
0115025310 sp 9.2 land survey	5316000500 Survey and GIS Department	111,878,602	7,447,500	104,431,102	6.7
	5316000400 Valuation	35,000,000	-	35,000,000	-
Total 5316000000 URBAN PLANNING AND LANDS		434,847,815	108,812,091	326,035,724	25.0
		-	-	-	-
0207010 SP 1: General Administration, Planning And Support Services	5317000100 Headquarters	1,014,711,402	319,655,202	695,056,200	31.5
0211015310 sp 5.1 Construction Roads & Drainages & Maintenance	5317000200 Roads	1,683,566,420	930,000	1,682,636,420	0.1
0212015310 sp 6.1 Transport Facilities & Traffic Management	5317000300 Transport	760,722,444	141,834,205	618,888,239	18.6
	5317000400 Public Works	62,218,517	-	62,218,517	-
0213015310 sp 7.1 Public Streetlighting Installations & Maintenances	5317000800 Electrical	384,000,208	-	384,000,208	-
0213025310 sp 7.2 Motor Vehicle, Machinery & Plant Maintenance	5317000900 Garage/Transportation	15,800,097	-	15,800,097	-
0213035310 sp 7.3 Institutional Buildings Maintenance	5317001000 Building Works	13,786,878	-	13,786,878	-
	5317001200 Road Maintenance Levy	1,127,000,000	927,334,931	199,665,069	82.3
	Total 5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	5,061,805,966	1,389,754,338	3,672,051,628	27.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,909,625,209	1,274,795,309	634,829,900	66.8
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	339,228	146,300	192,928	43.1
	0509025310 sp 9.2 Early Childhood Development Centres	449,841,331	111,817,283	338,024,048	24.9
	0509035310 sp 9.3 Technical and Vocational Training	76,005,445	1,139,700	74,865,745	1.5
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	180,943,809	127,902,201	53,041,608	70.7
	0902025310 Sp.2.2 Gender and Community Empowerment	760,026	-	760,026	-
	0902035310 Sp.2.3 Development and promotion of culture/ heritage	-	-	-	-
	0902045310 Sp.2.4 Development and promotion of sports	350,163,678	94,647,045	255,516,634	27.0
	0902055310 Sp.2.5 Youth Empowerment and Promotion	43,955,077	1,367,800	42,587,277	3.1
	0902065310 Sp 2.6 Social welfare and care for the Aged	35,579,142	2,185,700	33,393,442	6.1
	0902075310 Sp 2.7 Promotion of Library and Information Services	2,999,990	-	2,999,990	-
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	23,339,366	1,948,842	21,390,524	8.4
	Total 5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	3,073,552,301	1,615,950,179	1,457,602,122	52.6
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	223,072,543	200,293,317	22,779,226	89.8
0310005310 P.10 Cooperative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	4,292,326	1,606,400	2,685,926	37.4
	0310025310 sp 10.2 Cooperative Audit Services	2,420,819	90,000	2,330,819	3.7
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	6,155,512	1,085,300	5,070,212	17.6
0312005310 P.12 Trade Development and Market Services	0312015310 sp 12.1 Trade Development	222,115,357	33,031,544	189,083,813	14.9
	0312025310 sp 12.2 Market Services	225,839,758	1,887,300	223,952,458	0.8

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	0313025310 sp 13.2 Weights & Measures Services	34,509,044	223,900	34,285,144	0.6
	0313035310 sp 13.3 Trade Licensing Services	39,813,397	896,000	38,917,397	2.3
	0313045310 sp 13.4 Betting & Gaming Services	7,312,220	188,400	7,123,820	2.6
	Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	765,530,976	239,302,161	526,228,815	31.3
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	848,890,631	250,235,174	598,655,457	29.5
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	1,414,653,983	692,831,618	721,822,365	49.0
	0710020 S.P.5.2 Human Resource Development	95,959,112	26,413,867	69,545,245	27.5
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	8,296,507	645,800	7,650,707	7.8
	0723025310 sp 23.2 Governance Monitoring and Evaluation	4,947,176	409,500	4,537,676	8.3
	0723035310 sp 23.3 Quality Management Systems and ISO certification	2,340,488	39,600	2,300,888	1.7
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	2,375,087,897	970,575,559	1,404,512,338	40.9
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	202,305,718	104,686,570	97,619,148	51.7
P;0119005310:Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	23,150,531	1,223,979	21,926,552	5.3
	0119025310: Fisheries Development and Management	23,006,605	114,050	22,892,555	0.5
	0119035310: Livestock Resources management and development	18,053,575	428,000	17,625,575	2.4
	5321000800 Agricultural Development Support Project	71,030,327	32,017,925	39,012,402	45.1
0116005310 P.10:Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	27,539,330	508,022	27,031,308	1.8
0117005310 P.11:Aforestation	0117015310 sp 11.1 Forestry Services	-	-	-	-
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	4,444,791	226,300	4,218,491	5.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY		369,530,877	139,204,846	230,326,031	37.7
		-	-	-	-
1001015310 Sp1 General Administration & Support Services	5323000100 Headquarters	641,652,551	252,153,263	389,499,288	39.3
1002035310 sp 2.3 Solid waste management	5323000300 Solid Waste Management Section	2,915,827,449	34,271,020	2,881,556,430	1.2
1002045310 sp 2.4 Beautification, Recreation and Greening Services	5323000200 Parks & Open Spaces Section	110,950,000	-	110,950,000	-
1002055310 sp 2.5 Environment Planning Management Services	5323000400 Environmental Monitoring Compliance & Enforcement	35,000,000	-	35,000,000	-
1004055310 sp 4.5 Energy & Natural resources	5323000500 Energy & Natu- ral resources department	191,640,956	-	191,640,956	-
0117015310 sp 11.1 Forestry Services	5321000700 Forestry De- partment	10,623,549	-	10,623,549	-
	Total 5323000000 EN- VIRONMENT, WATER, ENERGY & NATURAL RESOURCES	3,905,694,505	286,424,283	3,619,270,222	7.3
		-	-	-	-
0102045310 SP4 Urban Renewal	5324000200 Urban Renewal	17,198,128	582,320	16,615,808	3.4
	5324000300 Housing Devel- opment	221,500,000	-	221,500,000	-
0113015310 sp 7.1 Building services research and information	5324000400 Building Ser- vices Department	15,233,423	-	15,233,423	-
Total 5324000000 URBAN RENEWAL AND HOUSING		253,931,551	582,320	253,349,231	0.2
0214005310 P8: Ward Development	0214015310 sp 8.1 Ward De- velopment & Administration	1,565,278,256	194,684,996	1,370,593,260	12.4
	D5325 WARD DEVELOP- MENT PROGRAMMES	1,565,278,256	194,684,996	1,370,593,260	12.4
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	105,147,114	144,852,886	42.1
	Total 5327000000 LIQUOR LICENSING BOARD	250,000,000	105,147,114	144,852,886	42.1
07220001 Legislation, Oversight and Representation	07220001 Legislation, Over- sight and Representation	3,485,288,302	1,242,470,048	2,242,818,254	35.6
	Total COUNTY ASSEMBLY	3,485,288,302	1,242,470,048	2,242,818,254	35.6
	5328000100 Nairobi Metro- politan Services	5,236,639,977	4,557,232,909	679,407,068	87.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	TOTAL NAIROBI METROPOLITAN SERVICES	5,236,639,977	4,557,232,909	679,407,068	87.0
	Total Voted Expenditure KShs.	39,613,916,279	17,324,296,632	22,289,619,647	43.7

Source: Nairobi City County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting Services in the Department of Finance & Economic Planning at 313.4 per cent, General Administration Planning and Support Services in the Department of Trade, Commerce, Tourism & Cooperatives at 89.8 per cent, Assets Management Services in the Department of Finance & Economic Planning at 83.1 per cent, and Sub County Administration in the Department of Office of Governor & Deputy Governor at 70.0 per cent of budget allocation.

3.30.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.7.29 billion against an annual projection of Kshs.17.89 billion, representing 39.8 per cent of the annual target.
2. A high wage bill, which accounted for 53.4 per cent of the total expenditure in the period under review, thus constraining funding to other programmes.
3. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 5th May 2023.
4. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.174: Nairobi City County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure above the COB-approved exchequer issues in a number of departments.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.469.32 million were processed through the manual payroll and accounted for 4.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High level of pending bills which was Kshs.102.61 billion as of 31st March 2023. We however note the County allocated Kshs.1.4 billion towards pending bills in FY 2022/23 which is inadequate.

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

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the COB-approved exchequer issues. Further, all revenues should be banked in the CRF account in accordance with Section 109 (2) of the PFM Act, 2012.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*

3.31 County Government of Nakuru

3.31.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.21.11 billion, comprising Kshs.8.27 billion (39.2 per cent) and Kshs.12.84 billion (60.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 10.2 per cent compared to the previous financial year when the approved budget was Kshs.23.51 billion and comprised of Kshs.10.66 billion towards development expenditure and Kshs.12.85 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.03 billion (58.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.58 billion (16 per cent) from its own sources of revenue, Kshs.1.3 billion (5.8 per cent) as Appropriation in Aid, Kshs.588.26 million as conditional grants, and a cash balance of Kshs.3.92 billion (17.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.176.

3.31.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.41 billion as the equitable share of the revenue raised nationally, raised Kshs.1.09 billion as own-source revenue, Kshs.1.06 billion as Appropriation in Aid, Kshs.115.14 million as conditional grants, and had a cash balance of Kshs.3.92 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.11.59 billion, as shown in Table 3.176: Nakuru County, Revenue Performance in the First Nine Months of FY 2022/23.

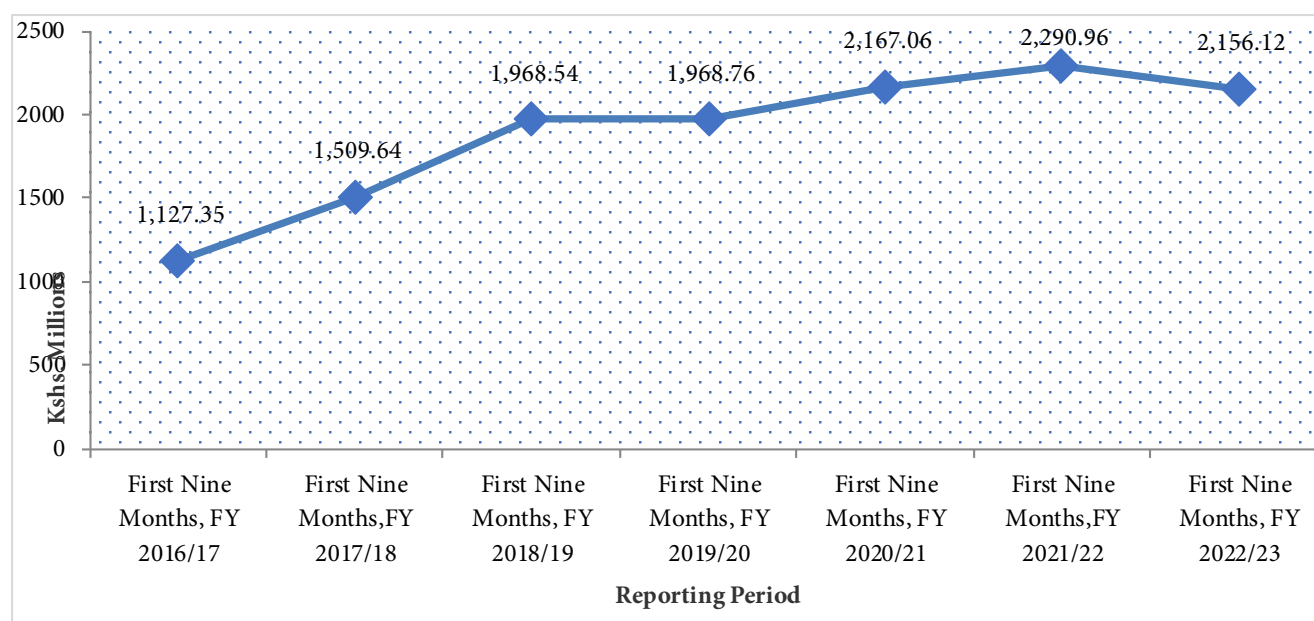
Table 3.176: Nakuru County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	13,036,116,323	5,405,838,273	41.5
Sub total		13,036,116,323	5,405,838,273	41.5
B	Conditional Grants			
1.	DANIDA	22,094,250	-	-
2.	World Bank National Agricultural and Rural Inclusive growth projects (NARIGP)	92,144,660	91,392,701	99.2
3.	Agricultural Sector Development Support Projects (ASDSP II)	15,827,494	5,252,658	33.2
4.	Interest Earned in Nakuru City KUSP UDG Grant Account	21,554,657	-	-
5.	Conditional Allocation from a World Bank Credit to Finance Locally Led Climate Action Program (FLLoCA), County Climate Institutional Support (CCIS) (Level I)	11,000,000	11,000,000	100.0
6.	Kenya Informal Settlement Improvement Project II (KISIP II)	300,000,000	-	-
7.	Nutrition International Grant	15,000,000	7,499,400	50.0
8.	Leasing of Medical Equipment	110,638,298	-	-
Sub total		588,259,359	115,144,759	19.6
C	Other Sources of Revenue			
1.	Own Source Revenue	2,280,000,000	1,092,303,920	47.9
2.	Appropriation in Aid	1,300,000,000	1,063,820,418	81.8
3.	Unspent balance from FY 2021/22	3,915,012,915	3,915,012,915	100.0
Sub Total		7,495,012,915	6,071,137,253	81.0
Grand Total		21,109,388,598	11,592,120,285	54.9

Source: Nakuru County Treasury

Figure 3.92: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

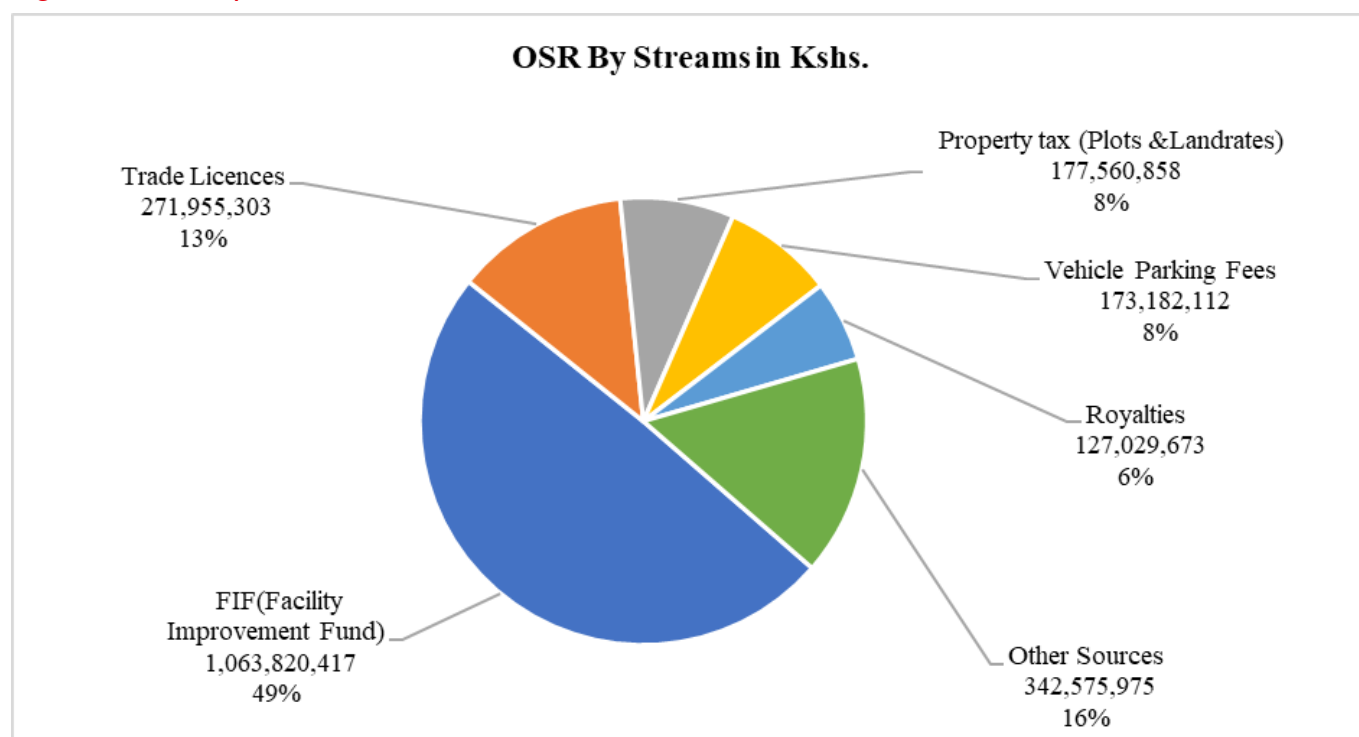
Figure 3.92: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nakuru County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.2.16 billion from its own sources of revenue. This amount represented a decrease of 5.7 per cent compared to Kshs.2.29 billion realised in a similar period in FY 2021/22 and was 60.2 per cent of the annual target and 39.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.93: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.93: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nakuru County Treasury

The highest revenue stream of Kshs.1.06 billion was from FIF (Facility Improvement Fund), contributing to 49 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.1.11 billion, representing 51.4 per cent of the overall OSR in the first nine months of FY 2022/23.

3.31.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.8.37 billion from the CRF account during the reporting period. This amount comprised Kshs.739.75 million (8.8 per cent) for development programmes and Kshs.7.63 billion (91.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.4.68 billion was released towards compensation to employees and Kshs.2.95 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.3.92 billion.

3.31.4 County Expenditure Review

The County spent Kshs.7.52 billion on development and recurrent programmes during the reporting period. This expenditure represented 89.8 per cent of the total funds released by the CoB and comprised Kshs.837.79 million and Kshs.6.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 10.1 per cent. In contrast, recurrent expenditure represented 52.0 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.04 billion. During the period under review, pending bills amounting to Kshs.119.87 million were settled. Therefore, as of 31st March 2023, the outstanding amount was Kshs.874.39 million.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.45 billion on employee compensation, Kshs.1.50 billion on operations and maintenance, and Kshs.779.16 million on development activities. Similarly, the County Assembly spent Kshs.280.36 million on employee compensation, Kshs.450.38 million on operations and maintenance, and Kshs.58.63 million on development activities, as shown in Table 3.177: Summary of Budget and Expenditure by Economic Classification.

Table 3.177: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,208,846,314	1,635,212,204	5,952,899,563	730,733,224	53.1	44.7
Compensation to Employees	7,563,091,950	437,923,966	4,454,920,133	280,357,253	58.9	64.0
Operations and Maintenance	3,645,754,364	1,197,288,238	1,497,979,430	450,375,971	41.1	37.6
Development Expenditure	8,047,179,252	218,150,825	779,157,597	58,631,777	9.7	26.9
Total	19,256,025,566	1,853,363,029	6,732,057,159	789,365,001	35.0	42.6

Source: Nakuru County Treasury

3.31.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.4.74 billion, or 45.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.11.59 billion. This expenditure represented an increase from Kshs.4.01 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.2.85 billion paid to health sector employees, translating to 60.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.73 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.1.00 billion was processed through manual payrolls. The manual payrolls accounted for 21.2 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.11.02 million on committee sitting allowances for the 83 MCAs and the Speaker against the annual budget allocation of Kshs.37.90 million. The average monthly sitting allowance was Kshs.14,750 per MCA. The County Assembly has established 23 Committees.

3.31.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.906.33 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.178: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.178: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	70,000,000	70,000,000	-	No
2.	Nakuru County Persons Living with Disability Fund	-	-	-	No
3.	Bursary Fund	177,250,852	177,250,852	-	No
4.	Nakuru County Executive Car and Mortgage Loan	60,000,000	-	-	No
5.	Nakuru County Enterprise Fund	25,000,000	-	-	No
County Assembly Established Funds					
6.	Nakuru County Assembly MCA Car and Mortgage Loan	574,080,833	499,008,833	499,008,833	Yes
	Total	906,331,685	746,259,685	499,008,833	

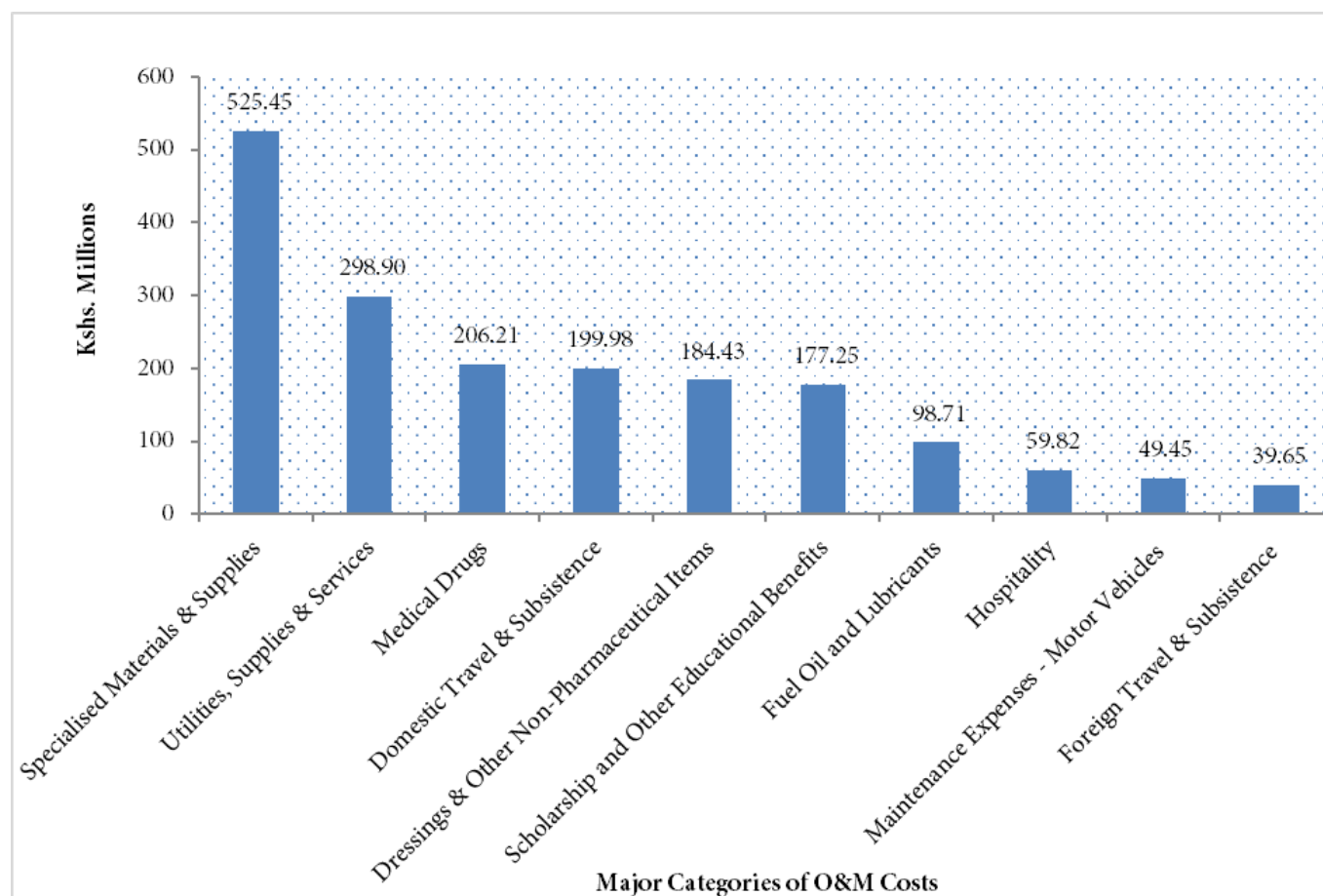
Source: Nakuru County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of 5 funds, as indicated in Table 3.178: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.31.9 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.199.98 million and comprised of Kshs.81.01 million spent by the County Assembly and Kshs.118.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.39.65 million and comprised of Kshs.22.35 million by the County Assembly and Kshs.17.29 million by the County Executive.

3.31.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.837.79 million on development programmes, representing a decrease of 60.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.13 billion. Table 3.179: Nakuru County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.179: Nakuru County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance and Economic Planning	County Debt Management (as per the County Medium Term Debt Management Strategy Paper)	Hqs	430,579,850	253,963,707	59.0
2	Finance and Economic Planning	Development and Implementation of Revenue System (4.3% admin)	Hqs	92,140,000	18,192,242	19.7
3	Agriculture	National Agricultural and Rural inclusive growth Projects (NARIGP)	Hqs	92,144,660	176,743,725	191.8
4	Agriculture	Agricultural Sector Development Support Projects (ASDSP II)	Hqs	15,827,494	53,359,679	337.1
5	Health	Purchase of medical and dental equipment (FIF)	Hqs	60,000,000	27,140,063	45.2

No	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Health	World Bank Transforming Health Systems for Universal Care (THS-UC)	Hqs	79,405,205	58,066,230	73.1
7	Naivasha Municipality	Construction of Naivasha Market Phase 2	Naivasha Town	260,000,000	153,939,017	59.2
8	Naivasha Municipality	Completion of Construction of Naivasha Municipal Park, construction of drainage and NMT facilities on adjoining Roads	Naivasha Town	69,229,960	48,270,269	69.7
9	Naivasha Municipality	Improvement of 3km roads in Lakeview ward to bitumen standards and construction of related infrastructure	Naivasha Town	89,133,075	15,079,420	16.9
10	Office of the Governor	Office block in Milimani (Annex to Main Governor's Office)	Hq	167,667,114	78,313,946	46.7

Source: Nakuru County Treasury

3.31.11 Budget Performance by Department

Table 3.180: Nakuru County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.180: Nakuru County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,635.21	218.15	1,172.76	40.20	730.73	58.63	62.3	145.8	44.7	26.9
County Treasury	1,056.06	1,120.15	608.51	272.08	493.19	272.16	81.0	100.0	46.7	24.3
Public Service, Training and Devolution	804.50	34.30	667.07	-	472.60	-	70.8	-	58.7	-
Agriculture, Livestock and Fisheries	514.65	432.93	397.40	135.38	225.81	1.07	56.8	0.8	43.9	0.2
Lands, Physical Planning and Housing	145.63	764.62	84.28	3.80	47.37	-	56.2	-	32.5	-
Office of the Governor and Deputy Governor	330.66	161.67	260.56	138.92	131.03	78.31	50.3	56.4	39.6	48.4
Education, Vocational training, ICT and E-Government	862.84	610.41	613.90	74.76	454.45	73.24	74.0	98.0	52.7	12.0
Trade, Industry, Marketing and Tourism	190.47	155.29	68.42	-	14.58	0.27	21.3	-	7.7	0.2
Youth, Culture, Gender, Sports and Social Services.	239.20	192.96	104.98	-	40.72	-	38.8	-	17.0	-
Infrastructure	336.23	1,254.47	247.54	12.90	184.86	12.90	74.7	100.0	55.0	1.0
Water, Environment, Energy and Natural Resources	305.38	986.46	229.15	33.31	153.68	-	67.1	-	50.3	-
Health Services	6,058.51	1,265.48	3,113.28	28.40	3,679.91	112.05	118.2	394.5	60.7	8.9
County Public Service Board	69.18	8.00	36.49	-	34.83	-	95.5	-	50.4	-
Nakuru City	44.89	753.92	17.79	-	10.69	-	60.9	-	24.8	-
Naivasha Municipality	36.55	306.53	10.05	-	8.58	229.16	85.4	-	23.5	74.8
Office of the County Attorney	214.10	-	1.87	-	0.62	-	33.2	-	0.3	-
Total	12,844.06	8,265.33	7,634.04	739.75	6,683.63	837.79	87.6	113.3	52.0	10.1

Source: Nakuru County Treasury

Analysis of expenditure by department shows that the Naivasha Municipality recorded the highest absorption rate of the development budget at 74.8 per cent, followed by the Office of the Governor and Deputy Governor at 48.4 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 60.7 per cent, while the Office of the County Attorney had the lowest at 0.3 per cent.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 3.181: Nakuru County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.181: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
FINANCE AND ECONOMIC PLANNING				
Administration, Planning and Support Services	SP 1.1: Administration Services	711,503,905	32,176,006	4.5
	SP 1.2: Personnel Services	539,673,258	385,990,255	71.5
	SP 1.3: Financial Services	100,000	-	-
	Subtotal	1,251,277,162	418,166,261	33.4
Public Finance Management	SP 2.1: Budget Formulation Coordination and Management	108,424,726	22,794,300	21.0
	SP 2.2: Resource Mobilisation	78,305,320	20,026,937	25.6
	SP 2.3: Internal Audit	45,170,674	9,846,819	21.8
	SP 2.4: Procurement	17,911,603	2,723,180	15.2
	SP 2.5: Public Finance and Accounting	28,639,827	4,984,625	17.4
	SP 2.6: Debt Management	438,081,958	255,091,888	58.2
	SP 2.7: External Resource Mobilisation	11,823,988	1,149,097	9.7
	Sub total	728,358,097	316,616,846	43.5
Economic, Financial Policy Formulation And Management	SP 3.1: Fiscal Planning	48,332,172	18,117,096	37.5
	SP 3.2: Monitoring & Evaluation / Statistical Data Management	9,566,747	2,826,100	29.5
	SP 3.3: KDSP Programme	138,674,737	10,254,000	7.4
	Subtotal	196,573,657	31,197,196	15.9
Total Expenditure of Vote		2,176,208,916	765,980,303	35.2
INFRASTRUCTURE				
Administration, Planning and Support Services	SP 1.1. Administrative services.	43,967,412	17,430,283	39.6
	SP 1.2: Personnel services.	142,476,936	80,647,659.98	56.6
	SP 1.3: Financial Services.	-	-	-
	Sub total	186,444,348	98,077,943	52.6
Infrastructure, Development & Maintenance.	SP 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	1,277,149,056	29,918,332.80	2.3
	SP 2.2-Rehabilitation & Maintenance of Transport Terminus.	4,850,000	349,100	7.2
	SP 2.3-Construction & Maintenance of non-residential County Buildings.	14,350,000	485,140	3.4
	SP 2.4-Installation, Rehabilitation & Maintenance of Lighting Facilities.	99,200,000	68,354,200	68.9
	Subtotal	1,395,549,056	99,106,773	7.1
Firefighting & Disaster Management.	SP 3.1 Firefighting and Emergency Services	8,700,000	570,600	6.6
	S.P3.2 Disaster management(fire and rescue)	-	-	-
	Subtotal	8,700,000	570,600	6.6
Total Expenditure of Vote		1,590,693,404	197,755,316	12.4
EDUCATION, ICT, E-GOVERNMENT AND PUBLIC COMMUNICATION				

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Administration, Planning and Support Services	S.P. 1:1 Personnel services	411,430,479	265,237,080	64.5
	SP 1:2 Administration and Support Services	532,558,529	11,388,337	2.1
	SP 1.3: Financial services	-	-	-
	Sub total	943,989,008	276,625,417	29.3
Promotion of Early Childhood Education and Development	SP 2.1: Promotion of early childhood	145,123,282	3,052,753	2.1
	SP 2.2: Bursaries	177,250,852	177,250,852	100.0
	SP 2.3: Education development	18,457,589	-	-
	Sub total	340,831,723	180,303,605	52.9
Vocational Training	SP 3.1: Vocational training	72,887,706	3,285,608	4.5
	SP 3.2: Revitalisation of the youth programme	90,843,757	66,285,000	73.0
	Sub total	163,731,463	69,570,608	42.5
Information and Communication Service	SP 4.1: Public Communication and Media Services	16,361,200	1,383,300	8.5
	Sub total	16,361,200	1,383,300	8.5
ICT Infrastructure Development and e-Government Services	SP 5.1: Network Infrastructure	-	-	-
	SP 5.2: Hardware and Software Platforms	-	-	-
	SP 5.3: e-Government Services	8,334,587	-	-
	Sub total	8,334,587	-	-
Total Expenditure of Vote		1,473,247,981	527,882,930	35.8
NAKURU CITY				
General Administration Planning & Support Services	SP 1.1 Administration and Planning	31,864,465	1,070,700	3.4
	SP 1.2 Personnel Services	13,553,051	7,806,036	57.6
	SP 1.3 Financial Services	600,000	300,000	50.0
	Sub total	46,017,516	9,176,736	19.9
Programme 2: Nakuru City Urban Planning and Development	SP 2.1 Infrastructure Development and Urban Planning	49,397,727	-	-
	SP 2.2 Nakuru City Environmental Management	11,712,512	567,400	4.8
	SP 2.3 Trade Markets and Investments	950,016	824,500	86.8
	SP 2.4 Nakuru City Social Services	1,752,145	118,600	6.8
	Sub total	63,812,400	1,510,500	2.4
Total Expenditure of Vote		109,829,916	10,687,236	9.7
PUBLIC SERVICE TRAINING AND DEVOLUTION				
Administration, Planning and Support service	Sub-programme 1.1(Administration service)	150,080,964	75,600,000	50.4
	Sub-programme 1.2(Personal Service)	654,880,126	406,115,762	62.0
	Sub-programme 1.3(Financial Service)	50,000	-	-
	Sub-programme 1.4(Co-ordination of Public and Special Community Programme)	3,500,000	1,250,000	35.7
	Sub-programme 1.5(Mainstream Workplace HIV/AIDS, Alcohol & Drug Abuse Control)	2,000,000	-	-
	Sub-programme 1.6(Rehabilitation/Construction of Sub County Offices)	49,880,408	-	-
	Sub total	860,391,498	482,965,762	56.1

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Human Resource Management and Development	Sub-programme 3.1 Performance Contracting	4,000,000	1,500,000	37.5
	Sub-programme 3.2 Performance Appraisal System	4,500,000	3,150,000	70.0
	Sub-programme 3.3 Staff Development Through Capacity Building and Training	30,399,580	7,496,050	24.7
	Sub total	38,899,580	12,146,050	31.2
Disaster Management and Humanitarian Assistance	Sub-programme 4.1 Disaster Management and Humanitarian Assistance	5,000,000	-	-
Total Expenditure of Vote		1,803,582,156	495,111,812	27.5
AGRICULTURE, LIVESTOCK AND FISHERIES				
Administration, Planning and Support Services	SP 1.1: Administration, Planning and Support Services	232,487,980	20,424,488	8.8
	SP 1.2: Human Resources Services	393,080,034	190,960,392	48.6
	Subtotal	625,568,014	211,384,880	33.8
Livestock Resource Management And Development	SP 2.1: Livestock Production and Management	9,717,879	156,100	1.6
	SP 2.2: Promotion of Value Addition of Livestock and Livestock Products	9,000,000	-	-
	SP 2.3: Livestock Extension Service Delivery	3,121,854	-	-
	SP 2.4: Food Safety and Livestock Products Development	13,902,317	2,427,930	17.5
	SP 2.5: Livestock Disease Management and Control	16,084,029	7,716,000	48.0
	Sub total	51,826,079	10,300,030	19.9
Fisheries Development	SP 3.1: Aquaculture Development	2,115,282	835,780	39.5
	SP 3.2: Development of Capture Fisheries Resources	3,829,790	-	-
	SP 3.3: Fish Quality Assurance, Value Addition and Marketing	1,286,269	-	-
	Sub total	7,231,341	835,780	11.6
Crop Development And Management	SP 4.1: Agriculture Extension, Research and Training	15,453,147	4,434,183	28.7
	SP 4.2: Crop Production and Food Security	241,439,000	1,067,171	0.4
	SP 4.3: Farm Land Utilization, Conservation and Mechanization	3,257,429	-	-
	SP 4.4: Agribusiness Development and Marketing	2,196,040	-	-
	SP 4.5: Agri-Nutrition	611,345	-	-
	Sub total	262,956,961	5,501,354	2.1
Total Expenditure of Vote		947,582,395	228,022,044	24.1
LANDS HOUSING AND PHYSICAL PLANNING				
Administration, Planning, Management and Support Services	SP 1.1 Administration and financial service	120,105,083	4,109,907	3.4
Land Use Planning and Survey	SP 2.1 Nakuru County Land use plan	761,457,407	-	-
	SP 2.2 Land Information Management System (LIM)	3,400,000	1,285,944	37.8
	SP 2.3 Urban Plan and Development	1,925,000	550,000	28.6
	SP 2.4 Survey and Mapping f Nakuru County	3,170,000	-	-
	SP 2.5 Surveying of Urban Centers	1,348,045	245,000	18.2
	SP 2.6 Surveying of County Estate and Facilitation of Lease Processing	1,500,000	265,000	17.7
	SP 2.7 Establishment of a Survey Centre and Mapping Centre	1,000,000	120,000	12.0

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Housing Development and Management	SP 3.1 Maintenance of County Houses	6,356,997	1,643,963	25.9
	SP 3.2 Housing Technology Establishment of Five Constituency Building Technology Centers	3,500,000	-	-
	SP 3.3 Development of Housing Infrastructure	6,479,073	-	-
Total Expenditure of Vote		910,241,605	8,219,814	0.9
COUNTY PUBLIC SERVICE BOARD				
Administration And Human Resource Planning	SP1.1 Administration services	70,349,524	30,334,351	43.1
	SP1.2 Financial services	2,000,000	1,000,000	50.0
	SP1.3 Human Resource Planning	4,000,000	1,500,000	37.5
	SP 1.4 Provision of Human Resource Planning	3,000,000	2,000,000	66.7
Total Expenditure of Vote		79,349,524	34,834,351	43.9
WATER ENVIRONMENT ENERGY AND NATURAL RESOURCES				
Administration	SP 1.1: Administrative services	32,310,941	7,032,714	21.8
	SP 1.2: Human Resource	216,813,857	138,547,916	63.9
	SP 1.3 Finance services	-	-	-
	Sub total	249,124,798	145,580,630	58.4
Water and Sewerage management	SP 2.1 Provision of Water	581,182,134	1,694,003	0.3
	SP 2.2 Provision of Sewerage	-	-	-
	Sub total	581,182,134	1,694,003	0.3
Environmental Management	SP 3:1 Pollution control	173,192,528	4,896,797	2.8
	SP 3:2 Solid Waste Management	-	-	-
	SP 3:3 Greening and Beautification	74,742,923	1,395,196	1.9
	Sub total	247,935,451	6,291,993	2.5
County Energy, Planning, Regulations, Operation & Development		2,000,000	-	-
Total Expenditure of Vote		1,080,242,383	153,566,626	14.2
HEALTH				
Administration and Planning	SP 1.1: Health Information System	17,485,667	-	-
	SP 1.2: Governance and Leadership	495,099,478	109,105,193	22.0
	SP 1.3: Human Resource Management	3,943,340,192	2,596,838,266	65.9
	SP 1.4: Research and Development	2,500,000	-	-
	SP 1.5: Health Infrastructure and Development	10,833,333	40,000	0.4
	Sub total	4,469,258,670	2,705,983,459	60.5
Health Preventive and Promotive Services	SP 2:1: Primary Health Care	606,620,683	75,694,861	12.5
	SP 2.2: Environmental Health and Sanitation	2,000,000	-	-
	SP 2:3: Human Resource	17,049,940	-	-
	SP 2.4: Disease Surveillance and Emergency Response	1,897,550	-	-
	SP 2.5: Health Promotive	1,000,000	-	-
	SP 2:6: HIV Programme	2,000,000	1,636,580	81.8
	SP 2:7: Nutrition	29,980,932	3,956,767	13.2
	SP 2:8 Reproductive Health	1,750,000	-	-
	SP 2:9 Immunization	1,825,775	-	-
	Sub total	664,124,880	81,288,207	12.2

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Health Curative and Rehabilitative Services	SP 3:1: Provision of Essential Health Services at all levels	1,865,973,897	748,083,909	40.1
	SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000		-
	SP 3:3: Human Resource	322,427,403	256,602,833	79.6
	Sub total	2,190,601,300	1,004,686,743	45.9
Total Expenditure of Vote		7,323,984,850	3,791,958,409	51.8
NAIVASHA MUNICIPALITY				
Administration Planning and Support Services	SP 1.1 Administration and Planning	19,693,628	2,544,645	12.9
	SP 1.2 Personnel Services	9,388,787	4,147,401	44.2
	SP 1.3 Financial Services	600,000	-	-
	Sub total	29,682,415	6,692,046	22.5
Naivasha Municipal Services	SP 2.1: Planning and Infrastructure	310,805,177	229,163,581	73.7
	SP 2.2: Environmental Management and Sanitation	900,000	-	-
	SP 2.3: Naivasha Social Services	900,000	-	-
	SP 2.4: Tourism, Investment and Trade	800,000	-	-
	Sub total	313,405,177	229,163,581	73.1
Total Expenditure of Vote		343,087,592	235,855,627	68.7
TRADE, COOPERATIVES, INDUSTRIALISATION AND TOURISM				
Administration Planning	SP 1.1 Administration, Planning and Support Services	32,663,822	11,505,649	35.2
	SP 1.2 Personnel Services	60,750,956	26,931,971	44.3
	SP 1.3 Financial Services	-	-	-
	Sub total	93,414,778	38,437,621	41.1
Cooperatives	SP 2.1 Management of Market Cooperatives	5,175,000	225,000	4.3
	SP2.2SACCO Empowerment	27,662,791	-	-
	SP 2.3 Cooperatives Leadership and Governance	2,732,964	270,200	9.9
	Sp 2.4. Strengthening cooperatives	1,248,547	623,800	50.0
	Sp 2.5 Empowering youth, women and peds Participation in co-operatives	1,165,698	-	-
	Sub total	37,985,000	1,119,000	2.9
Commerce and Enterprises	SP 3.1. Business development services for SMEs	3,195,108	552,100	17.3
	SP 3.2producer business groups	2,000,000	58,600	2.9
	SP 3.3. SMES training	1,974,892	240,000	12.2
	SP 3.4 Smes funding	25,000,000	-	-
	SP 3.5 Establishment of business incubation/enterprise centres	6,300,000	-	-
	SP 3.6. Consumer protection	7,475,000	401,050	5.4
	Sub total	45,945,000	1,251,750	2.7
Market	SP 4.1. Market rehabilitation	119,993,397	3,400	-
	SP 4.2 Development of new markets	17,000,000	-	-
	SP 4.3. Market user delivery services	15,350,000	3,415,300	22.2
	Sub total	152,343,397	3,418,700	2.2
Tourism	SP 5.1. Promotion of local tourism	4,000,000	139,300	3.5
	SP 5.2. Management of county tourism information centre	4,200,000	72,850	1.7
	Sub total	8,200,000	212,150	2.6

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Alcoholic Drinks and Control	SP 6.1 Inspection, Approval and Liquor Licensing	5,000,000	-	-
	SP 6.2. Liquor Enforcement and Compliance	834,749	577,800	69.2
	SP 6.3 Research and Innovation	1,000,251	-	-
	SP 6.4 Treatment and Rehabilitation of Persons Dependent on Alcoholic Drink	-	-	-
	SP 6.5. Education and Training of Sub County and Review Committee	1,040,000	288,960	27.8
	Sub total	7,875,000	866,760	11.0
Total Expenditure of Vote		345,763,175	45,305,981	13.1
YOUTH GENDER CULTURE SPORTS AND SOCIAL SERVICES				
Administration Planning and Support Services	SP 1.1 Administration	143,009,026	6,263,403	4.4
	SP 1.2 Personnel Services	107,438,027	37,790,575	35.2
	SP 1.3 Financial services	4,017,250	677,500	16.9
	Sub total	254,464,303	44,731,478	17.6
Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.1. Cultural development activities	10,000,000	3,608,984	36.1
	SP 2.2. Gender development activities	16,750,000	1,923,900	11.5
	SP 2.3. Promotion of responsible gaming	1,905,000	226,510	11.9
	SP 2.4. Social Development activities	13,870,000	2,446,471	17.6
	SP 2.5. Social Cultural Development	12,000,000	-	-
	Sub total	54,525,000	8,205,865	15.0
Management and Development Of Sports, Recreation And Sports Facilities	SP 3.1. Development of sports infrastructure	42,823,107	-	-
	SP 3.2. Sporting Tournament	7,080,000	2,692,700	38.0
	SP 3.3. Sports Funding	39,220,000	17,152,120	43.7
	Subtotal	89,123,107	19,844,820	22.3
Youth Empowerment and Participation	SP 4.1. Youth empowerment and participation	29,040,406	3,325,367	11.5
	SP 4.2. Youth development	5,000,000	-	-
	Subtotal	34,040,406	3,325,367	9.8
Total Expenditure of Vote		432,152,816	76,107,531	17.6
OFFICE OF THE COUNTY ATTORNEY				
Human Resource Management and Development	Sub-programme 1.1(Administration service)	3,800,000	161,130	4.2
	Sub-programme 1.2(Personal Service)	40,000	24,000	60.0
	Sub-programme 1.3(Financial Service)	500,000	88,000	17.6
Provision of Advisory Services	Sub-programme 2.1 Advising on legal matters	5,000,000	250,000	5.0
	Sub-programme 2.2 Legal Services	1,050,000	33	-
Provision of Legal Services	Sub-programme 3.1 Litigation	201,900,000	20,000	-
	Sub-programme 3.2 Formulation and Review of Bills	2,000,000	17,137	0.9
	Sub-programme 3.3 Conveyance and Commercial Transactions	1,000,000	30,000	3.0
Total Expenditure of Vote		215,290,000	590,300	0.3

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR				
Administration, Planning & Support	Administration & Planning	125,872,444	49,593,646	39.4
	Personnel services	112,200,860	58,196,271	51.9
Management Of County Affairs	County executive services	42,797,454	4,000,000	9.3
	Policy direction & coordination	76,600,368	2,854,000	3.7
	County policing services	3,960,221	3,500,000	88.4
	Leadership & governance	2,640,147	2,100,000	79.5
Coordination & Supervisory Services	Organisation of county business	19,801,104	6,875,000	34.7
	Special programmes	9,648,896	3,906,174	40.5
Total Expenditure of Vote		393,521,494	131,025,091	33.3
GRAND TOTAL		21,109,388,595	7,522,059,620	35.6

Source: Nakuru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: bursaries in the Department of Education, ICT, E-Government and Public Communication at 100 per cent, County Policing Services in the Office of the Governor at 88.4 per cent, Trade Markets and Investments in the Department of Nakuru City at 86.8 per cent, and HIV Programme in the Department of Health at 81.8 per cent.

3.31.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 28th April 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.180: Nakuru County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Nakuru County Persons Living with Disability Fund, Bursary Fund, Nakuru County Executive Car and Mortgage Loan, and Nakuru County Enterprise Fund were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.1.0 billion were processed through the manual payroll, accounting for 21.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. High pending bills amounting to Kshs.874.39 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.3.92 billion at the end of the first nine months of FY 2022/23.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.

4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
5. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

3.32 County Government of Nandi

3.32.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.8.51 billion, comprising Kshs.2.36 billion (27.8 per cent) and Kshs.6.15 billion (72.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.1 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.5.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.99 billion (82.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.373.23 million (4.4 per cent) from its own source of revenue, Kshs.595 million (7.0 per cent) as conditional grants, and a cash balance of Kshs.553.64 million (6.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.182.

3.32.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.02 billion as the equitable share of the revenue raised nationally, raised Kshs.136.31 million as own-source revenue, Kshs.176.21 million as conditional grants, and had a cash balance of Kshs.586.68 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.16 billion, as shown in Table 3.182: Nandi County, Revenue Performance in the First Nine Months of FY 2022/23.

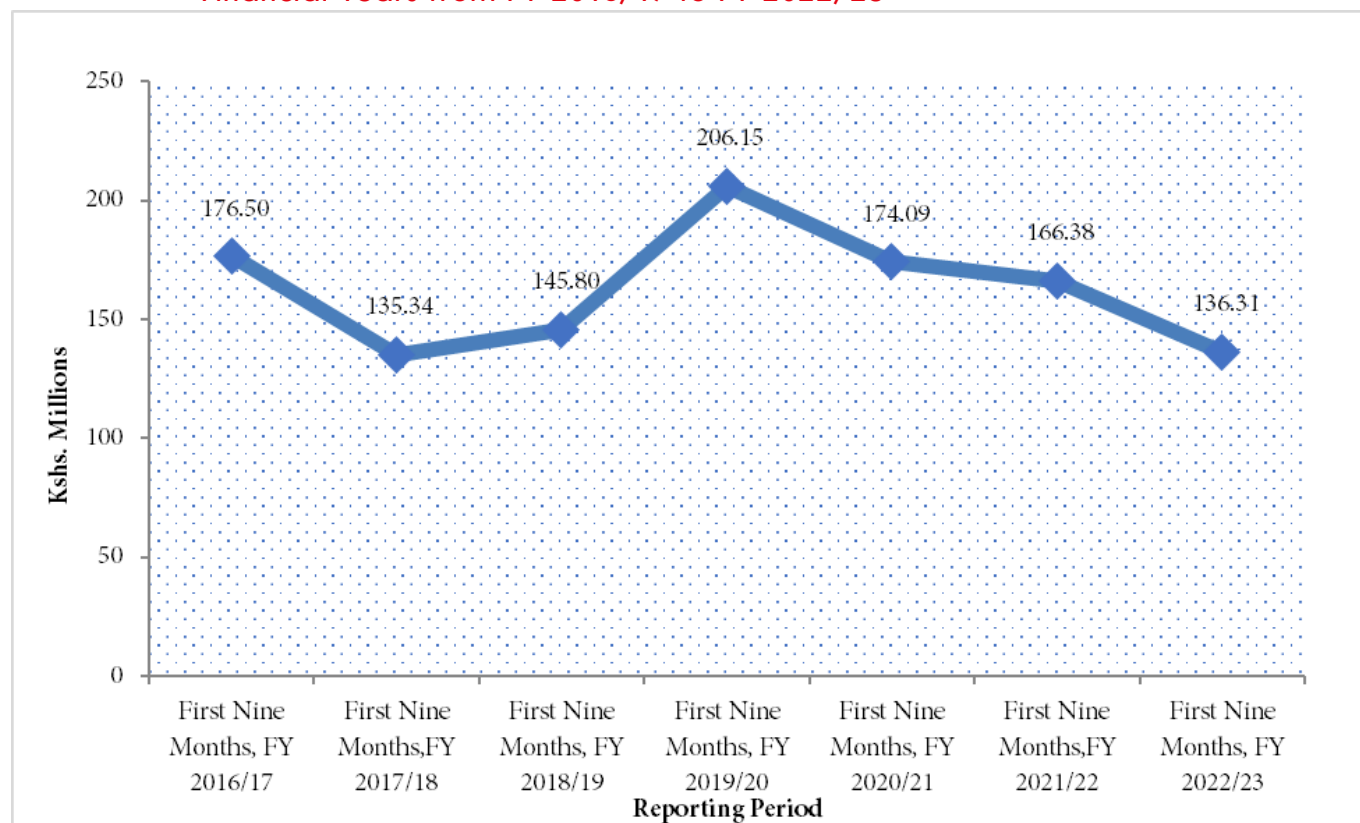
Table 3.182: Nandi County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	4,019,749,703	57.5
Sub Total		6,990,869,041	4,019,749,703	57.5
B	Conditional Grants			
1	DANIDA Health Sector Programme Support (HSPPS)	26,482,300	-	-
2	WB -Transforming of Health Systems 2021-22	59,482,857	-	-
3	Agricultural Sector Development Support Programme (ASD-SP)	8,889,036	2,882,696	32.4
4	National Agricultural and Rural Inclusive Growth Project	297,105,136	154,826,948	52.1
5	Climate Action Programme	125,000,000	11,000,000	8.8
6	Nutrition International	10,000,000	7,498,800	75.0
7	Kenya Informal Settlement Fund	66,519,088	-	-
	Sub-Total	593,478,417	176,208,444	29.7
C	Other Sources of Revenue			
1	Own Source Revenue	373,234,444	136,313,307	36.5
2	Balance b/f from FY2021/22	595,000,000	586,681,809	98.6
Sub Total		968,234,444	959,916,253	99.1
Grand Total		8,552,581,902	5,155,874,400	60.3

Source: Nandi County Treasury

Figure 3.95: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

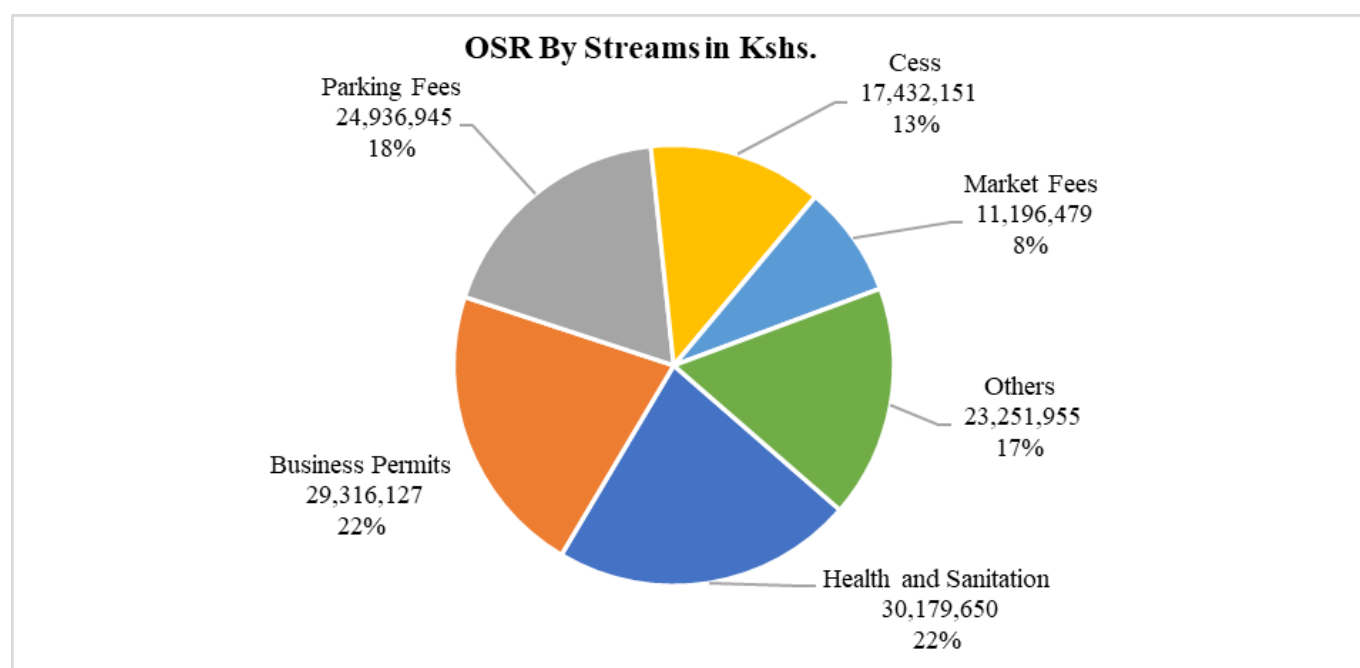
Figure 3.95: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nandi County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.136.31 million from its own revenue sources, which represented a decrease of 18.1 per cent compared to Kshs.166.38 million realised in a similar period in FY 2021/22 and was 36.5 per cent of the annual target and 3.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.96: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.96: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nandi County Treasury

The highest revenue stream of Kshs.30.18 million was from Health and Sanitation, contributing to 22 per cent of the total OSR collected during the reporting period.

3.32.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.92 billion from the CRF account during the reporting period. This amount comprised Kshs.699.63 million (14.2 per cent) for development programmes and Kshs.4.22 billion (85.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.82 billion was released towards compensation to employees and Kshs.1.40 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.46.33 million.

3.32.4 County Expenditure Review

The County spent Kshs.4.44 billion on development and recurrent programmes during the reporting period. This expenditure represented 98 per cent of the total funds released by the CoB and comprised of Kshs.802.13 million and Kshs.4.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 33.9 per cent. In contrast, recurrent expenditure represented 65.3 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills as of 31st March 2023 of Kshs.873.76 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.58 billion on employee compensation, Kshs.1.05 billion on operations and maintenance, and Kshs.802.13 million on development activities. Similarly, the County Assembly spent Kshs.233.76 million on employee compensation and Kshs.146.26 million on operations and maintenance, as shown in Table 3.183: Summary of Budget and Expenditure by Economic Classification

Table 3.183: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,478,908,313	669,452,973	3,636,391,701	380,017,578	66.4	56.8
Compensation to Employees	3,632,884,170	409,271,924	2,583,006,268	233,755,738	71.1	57.1
Operations and Maintenance	1,846,024,143	260,181,049	1,053,385,433	146,261,840	57.1	56.2
Development Expenditure	2,289,382,457	75,000,000	802,128,672	-	35.0	-
Total	7,768,290,770	744,452,973	4,438,520,373	380,017,578	57.1	51.0

Source: Nandi County Treasury

3.32.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.82 billion, or 54.6 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.16 billion. This expenditure represented a 9.8 per cent decrease from Kshs.3.12 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.1.58 billion paid to health sector employees, translating to 56.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.58 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.235.86 million was processed through manual payrolls. The manual payrolls accounted for 8.4 per cent of the total PE cost. They were attributed to delays in the allocation

of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.95 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.31.92 million. The average monthly sitting allowance was Kshs.9,753 per MCA. The County Assembly has established 21 Committees.

3.32.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.238 million to county-established funds in FY 2022/23, constituting 2.8 per cent of the County's overall budget. Table 3.184: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.184: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
7.	Emergency Fund	10,000,000	-	-	No
8.	Nandi County Education Fund	78,000,000	72,000,000	72,000,000	Yes
9.	Nandi Executive Car Loan & Mortgage Fund	50,000,000	50,000,000	-	No
County Assembly Established Funds					
1.	County Assembly Car Loan & Mortgage Fund	100,000,000	-	-	Yes
	Total	238,000,000	122,000,000	72,000,000	

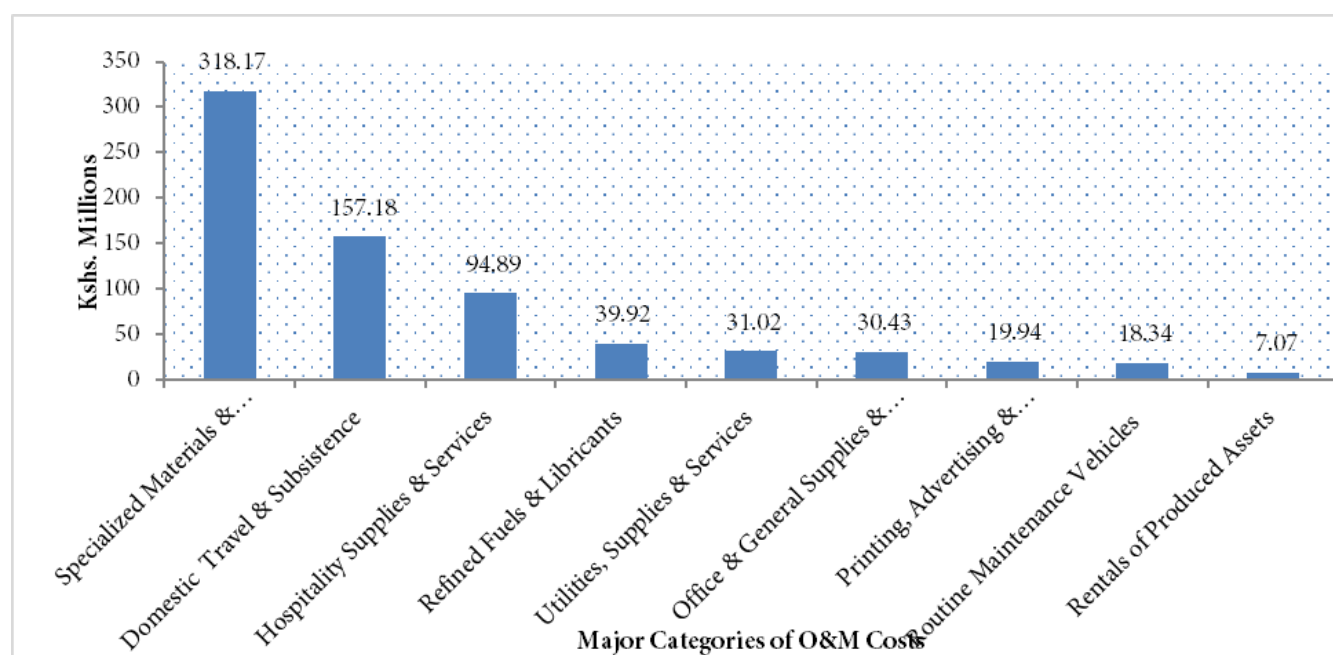
Source: Nandi County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of the Nandi Executive Car Loan & Mortgage Fund and the Emergency Fund, as indicated in Table 3.184: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.32.9 Expenditure on Operations and Maintenance

Figure 3.97: Nandi County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.97: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.157.18 million and comprised of Kshs.51.78 million spent by the County Assembly and Kshs.105.40 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.31 million by the County Executive.

3.32.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.802.13 million on development programmes, representing a decrease of 8.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.877.22 million. Table 3.185: Nandi County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.185: Nandi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount Paid to Date (Kshs.)	Implementation Status (%)
2.	Lands and Natural Resources	Development of County Spatial Plant	County Wide	83,000,000	36,700,000	44
3.	Agriculture and Co-operatives	Part Payment for Construction of NCC Kabiye	Kabiye	10,000,000	10,000,000	70
4.	Sports	Part Payment for The Construction of Eliud Kipchoge Complex	Kapsabet	10,000,000	9,527,586	70
5.	Lands and Natural Resources	Construction of Ndubene-ti Water Project	Kilibwoni	4,969,776	4,884,090	98.3
6.	Education	Payment for Construction of Twin Workshop at Jean Marie Seroney	Tinderet	4,999,999	4,763,792	95.3
7.	Transport and Infrastructure	Supply of Fuel for Road-works	County Wide	3,977,760	3,977,760	100
8.	Health and Sanitation	Proposed Renovation Works at Kemeloi Dispensary	Kemeloi Maraba	3,443,380	3,280,710	95.3

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount Paid to Date (Kshs.)	Implementation Status (%)
9.	Lands and Natural Resources	Construction of Ndulele Water Project	Kabiyet	3,212,890	3,061,109	95.3
10.	Transport and Infrastructure	Supply and Delivery of Murrum	County Wide	30,000	3,000,000	100
11.	Lands and Natural Resources	Supply of Borehole Casings	County Wide	2,940,000	2,889,310	100

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 3.186: Nandi County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.186: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	535.44	50.30	319.03	7.69	433.79	7.79	136.0	101.3	81.0	15.5
Finance and Economic Planning	690.63	11.00	315.65	7.74	372.21	-	117.9	-	53.9	-
Administration, Public Service and E-Government	79.45	164.67	39.91	66.53	41.53	63.15	104.0	94.9	52.3	38.4
Health and Sanitation	2,914.25	429.71	2,191.46	83.53	2,095.19	124.52	95.6	149.1	71.9	29.0
Agriculture and Co-Operatives Development	275.88	588.48	294.26	278.26	162.70	303.24	55.3	109.0	59.0	51.5
Tourism, Culture and Social Welfare	56.77	11.37	24.85	6.53	17.09	2.40	68.8	36.7	30.1	21.1
Sports, Youth Affairs and Arts	120.58	66.70	46.99	15.49	45.87	18.04	97.6	116.4	38.0	27.0
Education and Vocational Training	458.87	202.69	374.26	39.33	381.62	50.55	102.0	128.5	83.2	24.9
Lands, Environment, Natural Resources and Climate Change	106.12	319.48	46.96	111.87	24.06	112.06	51.2	100.2	22.7	35.1
Roads, Transport and Infrastructure	126.72	357.51	49.89	79.83	29.45	116.44	59.0	145.9	23.2	32.6
Trade and Industrial Development	58.50	87.47	17.25	2.82	10.17	3.95	59.0	140.1	17.4	4.5
Public Service and Labour	55.70	-	6.13	-	22.71	-	370.4	-	40.8	-
County Assembly	669.45	75.00	490.65	-	380.02	-	77.5	-	56.8	-
Total	6,148.36	2,364.38	4,217.30	699.63	4,016.41	802.13	95.2	114.7	65.3	33.9

Source: Nandi County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Co-operatives Development recorded the highest absorption rate of development budget at 51.5 per cent, followed by the Department of Administration, Public Service and E-Government at 38.4 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 83.2 per cent, while the Department of Trade and Industrial Development had the lowest at 17.4 per cent.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 3.187: Nandi County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.187: Nandi County, Budget Execution by Programmes and Sub-Programmes

	Programme Description	Approved Bud- get	Actual Payments	Variance	Absorption Rate (%)
		(Kshs.)	(Kshs.)	(Kshs.)	
Lands, Environment and Natural Resources	Land Policy and Planning	275,877,543	162,704,965	113,172,578	59
	Development Planning and Land Reforms	275,877,543	162,704,965	113,172,578	59
	Housing Development and Human Settlement				
	Housing Development				
		588,479,420	303,236,110	285,243,310	51.5
	Building Standards and Research	588,479,420	303,236,110	285,243,310	51.5
Agriculture, Livestock and Fisheries	General Administration Planning and Support Services	429,711,061	124,519,649	305,191,412	29
	Agricultural Policy, Legal and Regulatory Frameworks	429,711,061	124,519,649	305,191,412	29
	Irrigation and Drainage Infrastructure	319,478,930	112,063,033	207,415,897	35.1
	Promotion of Irrigation and Drainage Development and Management	319,478,930	112,063,033	207,415,897	35.1
Roads Transport and Public Works	General Administration, Planning and Support Services	232,834,518	53,510,571	179,323,947	23
	General Administration, Planning and Support Services	232,834,518	53,510,571	179,323,947	23
	Road Transport	357,509,059	116,435,109	241,073,950	32.6
	Construction of Roads and Bridges	-	-	-	-
	Rehabilitation of Roads	357,509,059	116,435,109	241,073,950	32.6
Trade and Industrial Development	General Administration Planning and Support Services	235,851,793	73,123,354	162,728,439	31
	General Administration Planning and Support Services	235,851,793	73,123,354	162,728,439	31
	Industrial Development and Investments	87,470,383	3,952,390	83,517,993	4.5
	Promotion of Industrial Development and Investments	87,470,383	3,952,390	83,517,993	4.5
Tourism, Culture and Co-operative Development	Tourism Development and Promotion	11,372,000	2,395,400	8,976,600	21.1
	Tourism Promotion and Marketing	-	-	-	-
	Niche tourism product development and diversification	11,372,000	2,395,400	8,976,600	21.1
Health and Sanitation	Preventive & Promotive Health Services	2,914,245,923	2,095,185,640	819,060,283	71.9
	Communicable Disease Control	2,914,245,923	2,095,185,640	819,060,283	71.9
Education Research and Vocational Training	Primary Education	458,873,616	381,621,450	77,252,166	83.2
	Free Primary Education	458,873,616	381,621,450	77,252,166	83.2
	Secondary Education	202,693,002	50,550,966	152,142,036	24.9
	Secondary Bursary Management Services	202,693,002	50,550,966	152,142,036	24.9

	Programme Description	Approved Budget	Actual Payments	Variance	Absorption Rate (%)
		(Kshs.)	(Kshs.)	(Kshs.)	
Finance and Economic Planning	General Administration Planning and Support Services	1,237,071,426	806,002,791	431,068,635	65.2
	General Administration Planning and Support Services	1,237,071,426	806,002,791	431,068,635	65.2
	National Statistical Information Services	50,300,000	7,787,400	42,512,600	15.5
	National Statistical Information Services	50,300,000	7,787,400	42,512,600	15.5
County Assembly	Legislation and Representation	299,819,711	127,396,142	172,423,569	42.5
	Legislation and Representation	299,819,711	127,396,142	172,423,569	42.5
	General Administration, Planning and Support Services	669,452,973	389,141,476	280,311,497	58.1
	Administration	669,452,973	389,141,476	280,311,497	58.1
Youth, Gender and Social Services	Sports	75,000,000	-	75,000,000	-
	Sports Training and competitions	75,000,000	-	75,000,000	-
	Culture	66,702,385	18,035,400	48,666,985	27
	Conservation of Heritage	-	-	-	-
	Public Records and Archives Management	66,702,385	18,035,400	48,666,985	27
	Grand Total	8,512,743,743	4,827,661,846	3,685,081,897	56.7

Source: Nandi County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Free Primary Education in the Department of Education and Vocational Training at 83.2 per cent, Communicable Disease Control in the Department of Health and Sanitation at 71.9 per cent, General Administration Planning and Support Services in the Department of Education and Vocational Training at 65.2 per cent, and Development Planning and Land Reforms in the Department of Lands, Environment, Natural Resources and Climate Change at 59 per cent of budget allocation.

3.32.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The complete report was received on 8th May 2023.
2. The underperformance of own-source revenue at Kshs.136.31 million against an annual projection of Kshs.373.23 million, representing 36.5 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.186: Nandi County, Budget Allocation and Absorption Rate by Department, where the County incurred expenditure over approved exchequer issues in several departments.
4. High pending bills amounting to Kshs.873.76 million as of 31st March 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.235.86 million were processed through the manual payroll, accounting for 8.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012, as shown in Table 3.184: Performance of County Established Funds as of 31st March 2023.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.
5. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.33 County Government of Narok

3.33.1 Overview of FY 2022/23 Budget

The County's first supplementary budget for the FY 2022/23 is Kshs.15.66 billion, comprising Kshs.6.17 billion (39.4 per cent) and Kshs.9.49 billion (60.6 per cent) allocation for development and recurrent programmes, respectively. The supplementary budget estimates represent an increase of 21.7 per cent compared to the previous financial year when the approved budget was Kshs.12.87 billion and comprised of Kshs.4.25 billion towards development expenditure and Kshs.8.62 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.84 billion (56.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.69 billion (29.9 per cent) from its own sources of revenue, Kshs.1.82 billion (11.6 per cent) as conditional grants, and a cash balance of Kshs.311.81 million (2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.188.

3.33.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.5.09 billion as the equitable share of the revenue raised nationally, raised Kshs.2.45 billion as own-source revenue, Kshs.219.16 million as conditional grants, and had a cash balance of Kshs.311,81 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.75 billion, as shown in Table 3.188: Narok County, Revenue Performance in the First Nine Months of FY 2022/23

Table 3.188: Narok County, Revenue Performance in the First Nine Months of FY 2022/23

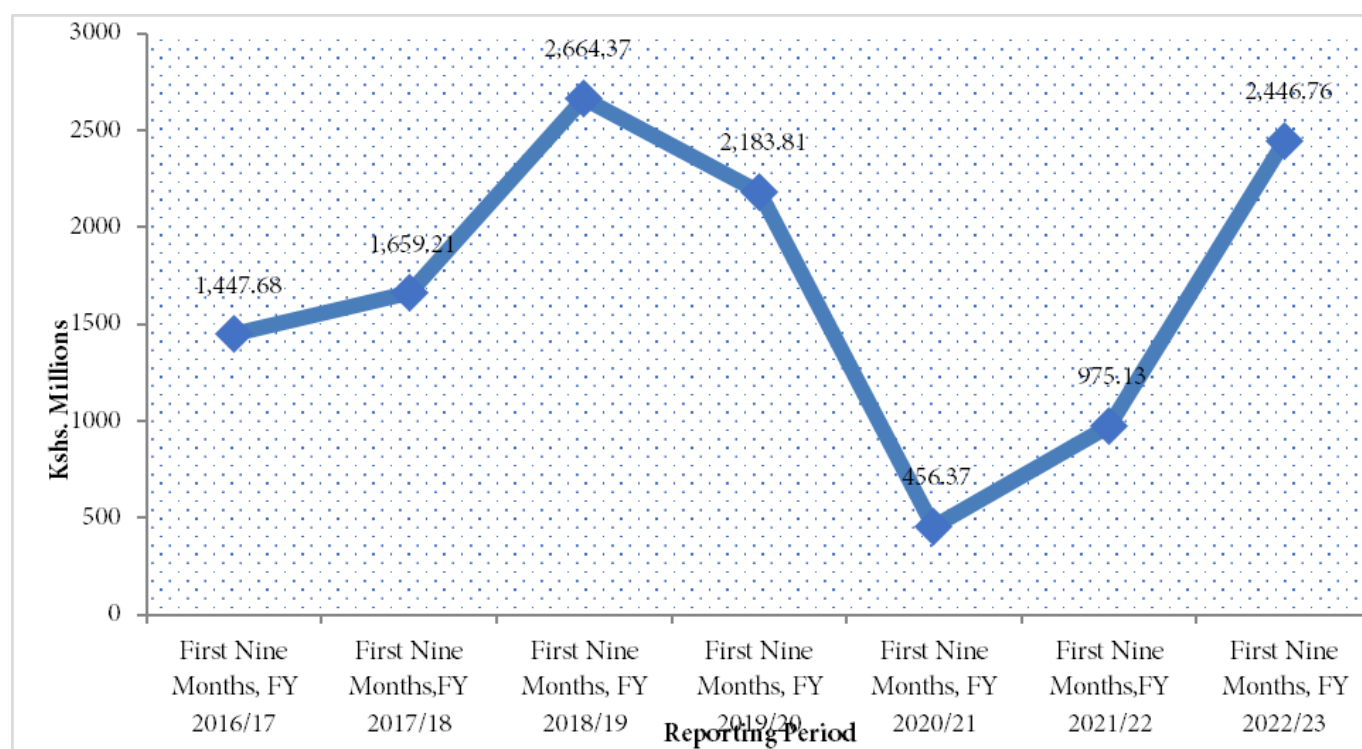
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	5,085,753,933	57.5
Sub Total		8,844,790,000	5,085,753,933	57.5
B	Conditional Grants			
1.	Leasing of Medical Equipment	110,638,298	-	-
2.	Equalisation fund	1,045,651,263	-	-
3.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	243,107,598	198,081,838	81.5
4.	IDA (World Bank) credit National Agricultural Value Chain Development Project	70,000,000	-	-
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant-B/f	68,451,638	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	2,339,915.00	-	-
7.	DANIDA Grant	25,860,375.00	-	-
8.	DANIDA B/F	8,905,875.00	-	-
9.	B/F Grant NARIGP	197,119,842.00	-	-
10.	B/F Agricultural Sector Development Support Program (ASDSP)	12,697,228.00	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	10,076,723.00	10,076,723	100.0
12.	Financing Locally Led Climate Action (FLLoCA)	22,000,000.00	11,000,000	50.0
13.	Sub-Total	1,816,848,755	219,158,561	12.1
C	Other Sources of Revenue			
	Own Source Revenue	4,690,625,651	2,446,759,031	52.2
	Balance b/f from FY2021/22	311,813,069	-	-
	Sub Total	5,002,438,720	2,446,759,031	48.9
	Grand Total	15,664,077,475	7,751,671,525	49.5

Source: Narok County Treasury

Figure 3.98: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

Figure 3.98: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23

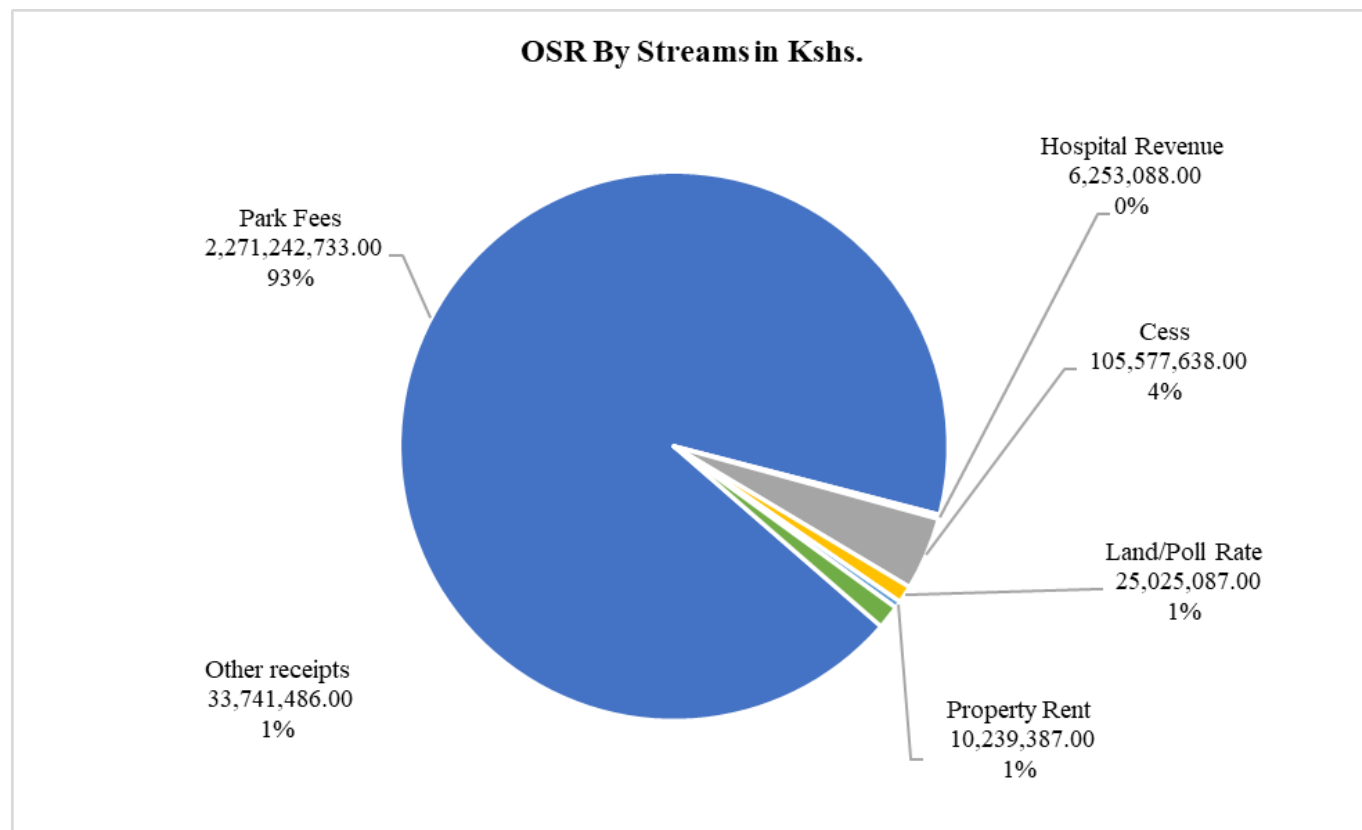


Source: Narok County Treasury

In the first nine months of FY 2022/23, the County generated Kshs.2.45 billion from its own sources of revenue, which represented an increase of 151 per cent compared to Kshs.975.13 million realised in a similar period in

FY 2021/22 and was 52.2 per cent of the annual target and 31.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.99: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.99: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Narok County Treasury

The significant increase was attributed to the opening of the major sectors of the economy and the uplifting of the restrictions imposed generally in the country following the global Covid 19 Pandemic that primarily affected the Tourism Sector, the County's significant revenue stream.

The highest revenue stream of Kshs.2.27 billion was from park fees contributing to 93 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.6.25 million, representing 0.3 per cent of the overall OSR in the first nine months of FY 2022/23.

3.33.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.09 billion from the CRF account during the reporting period. This amount comprised Kshs.916.60 million (12.9 per cent) for development programmes and Kshs.6.17 billion (87.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.11 billion was released towards compensation to employees and Kshs.3.06 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.45.04 million.

3.33.4 County Expenditure Review

The County spent Kshs.6.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.7 per cent of the total funds released by the CoB and comprised Kshs.868.9 million and Kshs.5.92 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.1 per cent. In contrast, recurrent expenditure represented 62.4 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.1.29 billion as of 31st March 2023.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.70 billion on employee compensation, Kshs.2.72 billion on operations and maintenance, and Kshs.868.84 million on development activities. Similarly, the County Assembly spent Kshs.319.38 million on employee compensation and Kshs.184.08 million on operations and maintenance, as shown in Table 3.189: Summary of Budget and Expenditure by Economic Classification.

Table 3.189: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,378,858,518	1,112,839,410	5,415,742,370	503,453,482	64.6	45.2
Compensation to Employees	4,046,607,718	489,435,962	2,699,035,024	319,376,143	66.7	65.3
Operations and Maintenance	4,332,250,800	623,403,448	2,716,707,346	184,077,339	62.7	29.5
Development Expenditure	6,072,379,547	100,000,000	868,835,350	-	14.3	-
Total	14,451,238,065	1,212,839,410	6,284,577,720	503,453,482	43.5	41.5

Source: Narok County Treasury

3.33.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.02 billion, or 38.9 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.7.75 billion. This expenditure represented a decrease from Kshs.3.17 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.962.68 million paid to health sector employees, translating to 31.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.01 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.8.22 million was processed through manual payrolls. The manual payrolls accounted for 0.3 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.10.56 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.34.8 million. The average monthly sitting allowance was Kshs.23,466 per MCA. The County Assembly has established 21 Committees.

3.33.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.882.68 million to county-established funds in FY 2022/23, constituting 5.6 per cent of the County's overall budget. Table 3.190: Performance of County Established Funds as of 31st March 2023. summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.190: Performance of County Established Funds as of 31st March 2023.

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2022 (Yes/No)
County Executive Established Funds					
1	Scholarships and Other Educational Benefits - Secondary Education	372,115,731	371,500,000	372,115,000	Yes
2	Capital Grants and Transfer (To Maasai Mara Community Support Fund)	98,950,240	5,000,000	5,000,000	No
3	Grant Transfers- Narok and Kajiado Economic Block (NAKAEB).	33,424,846	12,000,000	11,639,900	No
County Assembly Established Funds					
4	House loans to members of parliament and their staff	378,184,348.00	45,000,000.00	45,000,000	No.
	Total	882,675,165.00	433,500,000.00	433,754,900.00	

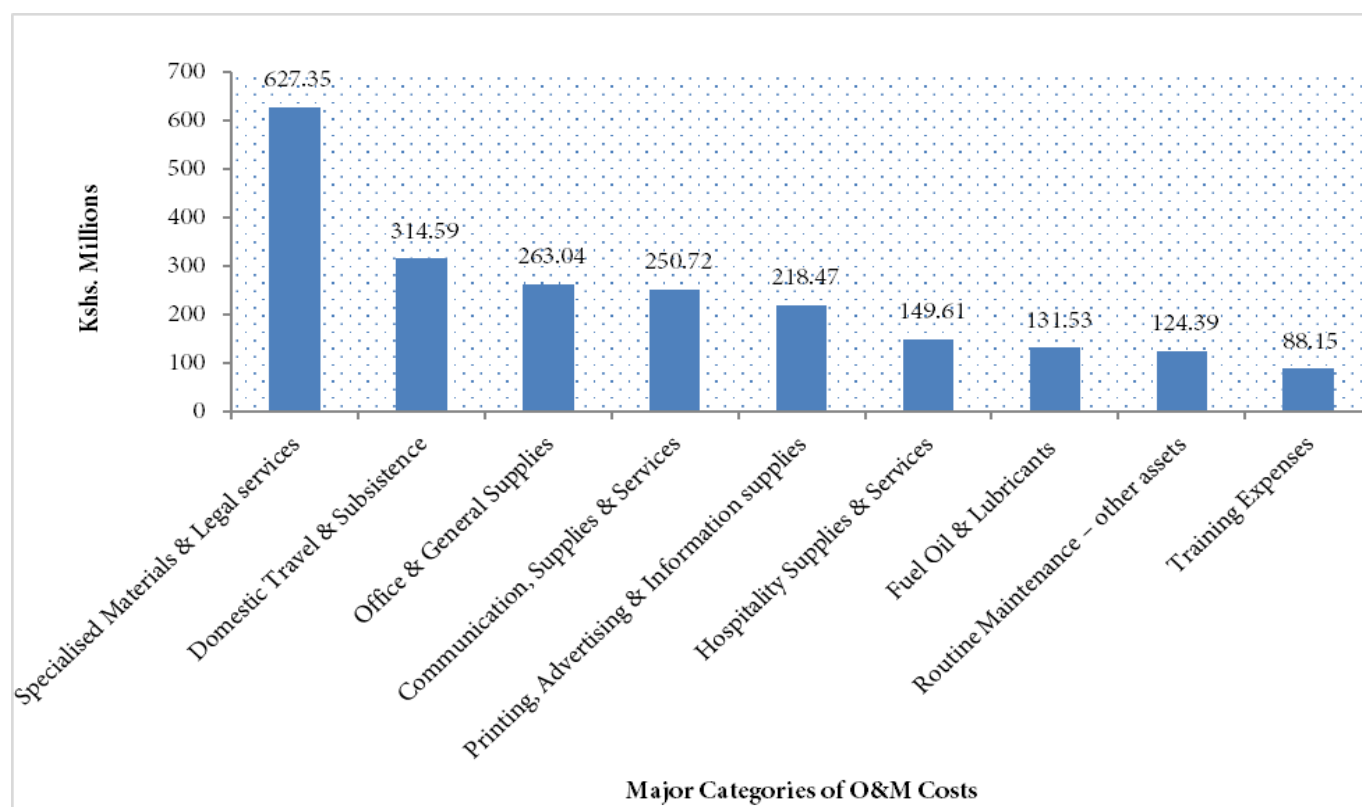
Source: Narok County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of three funds, as indicated in Table 3.190: Performance of County Established Funds as of 31st March 2023.. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 3.100: Narok County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.100:Narok County, Operations and Maintenance Expenditure by Major Categories



Source: Narok County Treasury

During the period, expenditure on domestic travel amounted to Kshs.314.59 million and comprised Kshs.152.76 million spent by the County Assembly and Kshs.161.83 million by the County Executive.

3.33.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.868.84 million on development programmes, representing an increase of 73 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.502.11 million. Table 3.191: Narok County, List of Development Projects with the Highest Expenditure. summarises development projects with the highest expenditure in the reporting period.

Table 3.191: Narok County, List of Development Projects with the Highest Expenditure.

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Proposed construction of new hospital block and mortuary at Narok County Referral Hospital	Narok Town	637,680,795	603,228,932	603,228,932	95
2	Health and Sanitation	Mechanical, electrical, engineering services and associated works for the referral hospital	Narok Town	469,614,655	469,614,655	304,797,960	65
3	Health and Sanitation	Proposed construction of a new Narok County Medical School, Hostels	Narok Town	288,850,043	288,850,043	256,712,952	89
4	Transport, Public Works and Infrastructure	proposed routine maintenance of Oololaimutia - Orkorai - 15km	Narok East	13,943,200	13,943,200	13,943,200	100
5	Health and Sanitation	Proposed construction of a standard health centre at Esoit - Transmara West	Narok West	25,803,086	25,803,086	6,158,870	24

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 3.192: Narok County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.192: Narok County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Departments	1,112.84	100.00	577.41	35.29	503.45	-	87.2	-	45.2	-
Office of the Governor and Deputy Governor	167.87	-	102.50	-	100.35	-	97.9	-	59.8	-
Treasury, Economic Planning	1,054.26	216.36	697.54	-	688.67	-	98.7	-	65.3	-
County Transport, Public Works and Infrastructure	439.67	2,071.78	332.48	291.36	320.13	290.04	96.3	99.5	72.8	14.0
Education Youth Affairs, Sports Culture and Social Services	1,321.68	623.90	1,092.61	-	1,081.11	-	98.9	-	81.8	-

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
Environment & Natural Resources	268.06	618.45	217.73	15.70	215.62	15.44	99.0	98.3	80.4	2.5
County Public Service Board	95.58	-	55.73	-	52.08	-	93.5	-	54.5	-
Agriculture, Livestock and Fisheries	301.63	789.54	222.65	253.19	218.13	252.21	98.0	99.6	72.3	31.9
County Health and Sanitation	2,816.58	1,300.94	1,883.83	318.05	1,880.99	308.59	99.8	97.0	66.8	23.7
Lands, Housing, Physical Planning & Urban Development	342.64	97.38	231.22	-	230.26	-	99.6	-	67.2	-
Tourism and Wildlife	219.89	-	214.50	-	198.22	-	92.4	-	90.1	-
Trade, Investment, Marketing and Cooperatives management	340.24	158.81	440.41	-	339.99	-	77.2	-	99.9	-
County Administration and Public Service Management	879.54	115.23	57.89	3.00	50.20	2.55	86.7	85.0	5.7	2.2
ICT and E-government	131.23	80.00	47.66	-	40.00	-	83.9	-	30.5	-
Total	9,491.70	6,172.38	6,174.15	916.60	5,919.20	868.84	95.87	94.79	62.36	14.08

Source: Narok 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 31.9 per cent, followed by the Department of Health and Sanitation at 23.7 per cent. The Department of Trade, Investment Marketing, and Cooperative Management had the highest percentage of recurrent expenditure to budget at 99.9 per cent. The Department of Administration and Public Service Management had the lowest at 5.7 per cent.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 3.193: Narok County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.193: Narok County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		-	7,500,000.00	-7,500,000.00	-
-	Default - Non Programmatic	-	7,500,000.00	-7,500,000.00	-
		928,269,027.00	303,270,272.26	624,998,754.74	33
Agriculture, Livestock and Fisheries	Crop Productivity Improvement	928,269,027.00	303,270,272.26	624,998,754.74	33
		133,222,448.00	1,823,520.00	131,398,928.00	1
Agriculture, Livestock and Fisheries	Livestock Pests & Disease Management & Control	61,891,447.00	-	61,891,447.00	-
Agriculture, Livestock and Fisheries	Livestock Information Management	71,331,001.00	1,823,520.00	69,507,481.00	3
		29,682,503.00	-	29,682,503.00	-

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Livestock and Fisheries	Fish Products Production	29,682,503.00	-	29,682,503.00	-
		109,227,117.00	2,390,850.00	106,836,267.00	2
Lands, Housing, Physical Planning & Urban Development	Development Planning and Land Reforms	109,227,117.00	2,390,850.00	106,836,267.00	2
		225,720,809.00	1,691,215.00	224,029,594.00	1
Lands, Housing, Physical Planning & Urban Development	Housing Development	225,720,809.00	1,691,215.00	224,029,594.00	1
		258,368,217.00	84,117,373.00	174,250,844.00	33
Lands, Housing, Physical Planning & Urban Development	Metropolitan Planning & Infrastructure Development	253,495,217.00	84,117,373.00	169,377,844.00	33
Lands, Housing, Physical Planning & Urban Development	SP2 Urban Planning, Investment and Research	4,873,000.00	-	4,873,000.00	-
		2,511,445,045.00	1,143,654,836.20	1,367,790,208.80	46
Administration and Public Service Management	General Administration, Planning and Support Services	79,320,509.00	731,371,549.20	-652,051,040.20	922
Transport, Public works and infrastructure	Construction of Roads and Bridges	2,331,737,763.00	385,575,688.00	1,946,162,075.00	17
Transport, Public works and infrastructure	Maintenance of Roads	100,386,773.00	26,707,599.00	73,679,174.00	27
		229,107,511.00	5,484,118.00	223,623,393.00	2
Treasury, Economic Planning and ICT	ICT Infrastructure Development	229,107,511.00	5,484,118.00	223,623,393.00	2
		265,160,000.00	161,240.00	264,998,760.00	-
Administration and Public Service Management	Administrative Services	7,189,648.00	-	7,189,648.00	-
Trade and Industrialisation	Cooperative Development & Management	38,486,530.00	-	38,486,530.00	-
Trade and Industrialisation	Trade Development and Promotion	219,483,822.00	161,240.00	219,322,582.00	-
		868,163,514.00	30,810,816.00	837,352,698.00	4
Tourism and Wildlife	Tourism Promotion and Marketing	754,655,356.00	30,810,816.00	723,844,540.00	4
Tourism and Wildlife	Tourism Infrastructure Development	113,508,158.00	-	113,508,158.00	-
		1,300,937,004.00	606,307,602.30	694,629,401.70	47
Health and Sanitation	Health Promotion	1,300,937,004.00	606,307,602.30	694,629,401.70	47
		432,151,700.00	195,777,667.00	236,374,033.00	45
Health and Sanitation	Referral Services	432,151,700.00	195,777,667.00	236,374,033.00	45
		2,473,145,566.00	1,947,889,835.60	525,255,730.40	79

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Health and Sanitation	Health Policy, Planning and Financing	2,473,145,566.00	1,947,889,835.60	525,255,730.40	79
		1,676,753,748.00	1,484,068,870.50	192,684,877.50	89
Education Youth Affairs, Sports Culture and Social Services	Early Child Development and Education	1,676,753,748.00	1,484,068,870.50	192,684,877.50	89
		1,184,111,226.00	209,049,536.50	975,061,689.50	18
Administration and Public Service Management	Administrative Services	229,914,781.00	19,955,012.00	209,959,769.00	9
Administration and Public Service Management	Coordination and Administrative Services	430,876,185.00	112,515,679.50	318,360,505.50	26
Administration and Public Service Management	Public Service and Field Administra- tive Services	427,740,260.00	52,494,085.00	375,246,175.00	12
Public Service Board	Board Manage- ment Services	95,580,000.00	24,084,760.00	71,495,240.00	25
		606,852,052.00	343,572,585.00	263,279,467.00	57
Treasury, Economic Planning and ICT	Accounting ser- vices	62,676,419.00	11,008,522.00	51,667,897.00	18
Treasury, Economic Planning and ICT	Resource Mobili- sation	311,027,722.00	273,278,397.00	37,749,325.00	88
Treasury, Economic Planning and ICT	Budget Formula- tion, Coordination and Management	41,860,423.00	5,009,030.00	36,851,393.00	12
Treasury, Economic Planning and ICT	Supply Chain Management Services	117,927,102.00	42,802,804.00	75,124,298.00	36
Treasury, Economic Planning and ICT	Internal Audit Services	73,360,386.00	11,473,832.00	61,886,554.00	16
		645,884,947.00	293,491,305.00	352,393,642.00	45
Treasury, Economic Planning and ICT	Economic Plan- ning Coordination	607,275,128.00	282,298,850.00	324,976,278.00	46
Treasury, Economic Planning and ICT	Monitoring and Evaluation Services	38,609,819.00	11,192,455.00	27,417,364.00	29
		355,230,000.00	-	355,230,000.00	-
Treasury, Economic Planning and ICT	County Co-ordina- tion Services	355,230,000.00	-	355,230,000.00	-
		444,139,196.00	108,070,751.00	336,068,445.00	24
Education Youth Affairs, Sports Culture and Social service	Gender and Youth Development	47,954,358.00	1,339,400.00	46,614,958.00	3
Education Youth Affairs, Sports Culture and Social service	Social Assistance to Vulnerable Groups	21,803,130.00	-	21,803,130.00	-
Education Youth Affairs, Sports Culture and Social service	Development and Promotion of Culture	19,852,699.00	990,400.00	18,862,299.00	5
Education Youth Affairs, Sports Culture and Social service	Development and Management of sports facilities	202,812,944.00	102,000,000.00	100,812,944.00	50

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Education Youth Affairs, Sports Culture and Social service	Voluntary Training Services	151,716,065.00	3,740,951.00	147,975,114.00	2
		986,505,845.00	133,635,864.75	852,869,980.25	14
Environment & Natural Resources	Forests Conservation and Management	986,505,845.00	133,635,864.75	852,869,980.25	14
	Grand Total	15,664,077,475.00	6,897,284,140.11	8,766,793,334.89	44

Source: Narok County Treasury

The County spent Kshs.7.5 million “Default - Non-Programmatic” programme, a below-the-line item during the period, while the General Administration, Planning and Support Services had an absorption rate of 922 per cent of the annual allocation. These should be corrected before the closure of the financial year.

3.33.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the budget implementation's timely preparation. The report was submitted on 4th May 2023.
2. Fund Administrators failed to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the Masai Mara Community Support Fund, NAKAEB Fund and House loans to members of parliament and their staff Fund were not submitted to the Controller of Budget.
3. High level of pending bills amounting to Kshs.1.29 billion as of 31st March 2023, which does not capture the report by an Internal Committee established by the Governor to verify pending bills as its report had not been finalised.
4. The report on Budget Execution by Programmes and Sub-Programmes showed high expenditure on undefined programmes and expenditure above budget allocations, indicating weak internal control by the County Treasury.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
4. *The County Treasury should strengthen internal expenditure controls to ensure the credibility of financial reports and adherence to expenditure ceilings by spending entities.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.80 billion, comprising Kshs.2.03 billion (29.9 per cent) and Kshs.4.77 billion (70.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.4 per cent compared to the previous financial year when the approved budget was Kshs.6.83 billion and comprised of Kshs.2.05 billion towards development expenditure and Kshs.4.78 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (75.5per cent) as the equitable share of revenue raised nationally, generate Kshs.280 million (4.1 per cent) from its own sources of revenue, Kshs.205 million (3.0 per cent) as Appropriation in Aid, Kshs.225.76 million (3.1 per cent) as conditional grants, and a cash balance of Kshs.951.29 million (14.0 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.194.

3.34.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.54 billion as the equitable share of the revenue raised nationally, raised Kshs.65.49 million as own-source revenue, Kshs.128.84 million as Appropriation in Aid, Kshs.161.54 million as conditional grants, and had a cash balance of Kshs.951.29 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.85 billion, as shown in Table 3.194: Nyamira County, Revenue Performance in the First Nine Months of FY 2022/23.

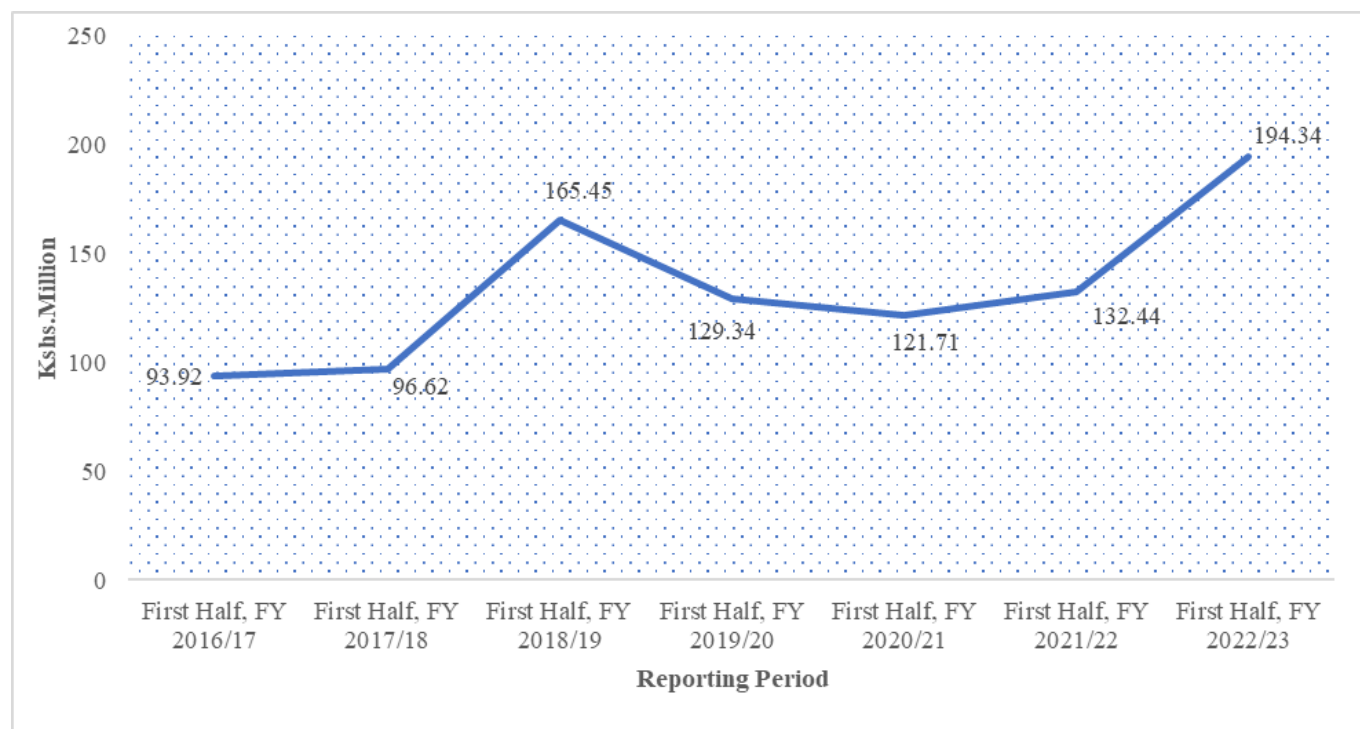
Table 3.194: Nyamira County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5, 135, 340, 036	2, 541, 993, 318	49.5
Sub total		5, 135, 340, 036	2, 541, 993, 318	49.5
B	Conditional Grants			
1.	National and Rural Inclusive Growth Project	181, 161, 414	145, 762, 182	80.5
2.	Climate Change	22, 000, 000	11, 000, 000	50.0
3.	DANIDA	15, 475, 500	-	-
4.	Agricultural Sector Development Support Program	4, 781, 637	4, 781, 637	100.0
5.	Kenya Urban Support Program	2, 339, 915	-	-
Sub total		225, 758, 466	161, 543, 819	71.6
C	Other Sources of Revenue			
1.	Own Source Revenue	280, 000, 000	65, 494, 749	23.4
2.	Appropriation in Aid	205, 000, 000	128, 844, 288	62.9
3.	Unspent balance from FY 2021/22	951, 287, 080	951, 287, 080	100.0
Sub Total		1, 436, 287, 080	1, 145, 626, 117	79.8
Grand Total		6, 797, 385, 582	3, 849, 163, 254	56.6

Source: Nyamira County Treasury

Figure 3.101: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

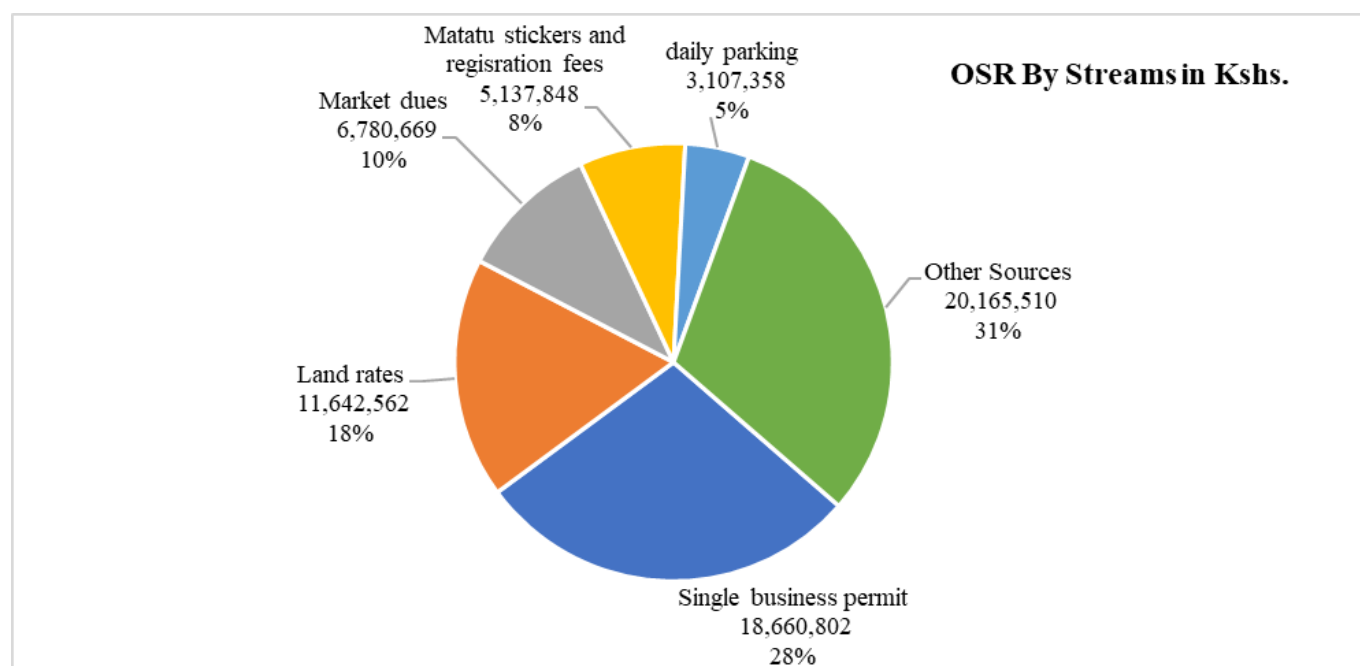
Figure 3.101: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nyamira County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.194.34 million from its own sources of revenue, which represented an increase of 46.9 per cent compared to Kshs.132.44 million realised in a similar period in FY 2021/22 and was 40.1 per cent of the annual target and 7.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.102: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.102: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nyamira County Treasury

The highest revenue stream of Kshs.18.66 million was from Single business permits, contributing to 28.0 per cent of the total OSR collected during the reporting period. Revenue from the health sector, referred to as Appropriation in Aid, amounted to Kshs.128.84 million, representing 66.3 per cent of the overall OSR in the first nine months of FY 2022/23.

3.34.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.18 billion from the CRF account during the reporting period. This amount comprised Kshs.563.64 million (17.7 per cent) for development programmes and Kshs.2.62 billion (82.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.86 billion was released towards compensation to employees and Kshs.765.32 million was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.31.92 million.

3.34.4 Borrowing by the County

The County borrowed Kshs.112.78 million from Cooperative Bank, Nyamira Branch, for salary support for February 2023 and was outstanding as of 31st March 2023.

3.34.5 County Expenditure Review

The County spent Kshs.3.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 108.8 per cent of the total funds released by the CoB and comprised of Kshs.729.84 million and Kshs.2.73 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 36.0 per cent. In contrast, recurrent expenditure represented 57.2 per cent of the annual recurrent expenditure budget.

3.34.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.314.30 million, comprised of Kshs.152.29 million for recurrent expenditure and Kshs.162.01 million for development activities. During the period under review, pending bills amounting to Kshs.224.02 million were settled, consisting of Kshs.106.91 million for recurrent expenditure and Kshs.117.11 million for development programmes. Therefore, on 31st March 2023, the outstanding amount was Kshs.90.28 million.

3.34.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.83 billion on employee compensation, Kshs.377.51 million on operations and maintenance, and Kshs.653.74 million on development activities. Similarly, the County Assembly spent Kshs.208.52 million on employee compensation, Kshs.313.41 million on operations and maintenance, and Kshs.76.11 million on development activities, as shown in Table 3.195: Summary of Budget and Expenditure by Economic Classification.

Table 3.195: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,033,023,688	735,070,587	2,205,305,640	521,924,567	54.7	71.0
Compensation to Employees	2,903,100,239	351,791,638	1,827,799,078	208,516,220	63.0	59.3
Operations and Maintenance	1,129,923,449	383,279,949	377,506,562	313,408,347	33.4	81.8
Development Expenditure	1,910,291,307	119,000,000	653,734,423	76,107,113	34.2	64.0
Total	5,943,314,995	854,070,587	2,859,040,063	598,031,680	48.1	70.0

Source: Nyamira County Treasury

3.34.8 Expenditure on Employees' Compensation

Employee compensation expenditure was Kshs.2.04 billion during the reporting period, or 53.0 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.85 billion. This expenditure represented a decrease from Kshs.2.54 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.925.79 million paid to health sector employees, translating to 45.5 per cent of the total wage bill. The decrease in the wage bill compared to a similar period in FY 2021/22 is due to the delay in payment for the salary of March 2023.

The County Assembly spent Kshs.6.99 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.11.33 million. The average monthly sitting allowance was Kshs.20,985 per MCA. The County Assembly has established 20 Committees.

3.34.9 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.324 million to county-established funds in FY 2022/23, constituting 4.8 per cent of the County's overall budget. Table 3.196: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.196: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Education support	122,000,000	-	-	No
2.	Car Loan & Mortgage	70,000,000	-	-	No
3.	Emergency Relief	5,000,000	-	-	No
County Assembly Established Funds					
4.	Car loan & Mortgage	127,000,000	85,000,000	85, 000, 000	Yes
	Total	324,000,000	85,000,000	85, 000, 000	

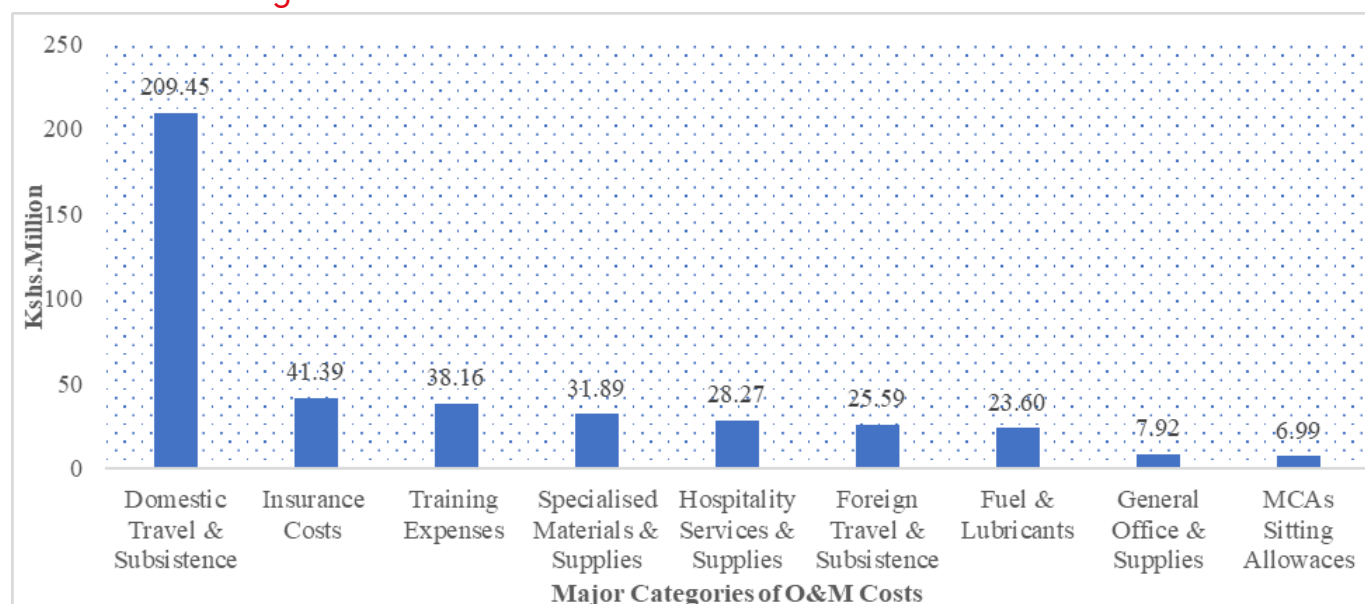
Source: Nyamira County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of the three established funds, as indicated in Table 3.196: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.34.10 Expenditure on Operations and Maintenance

Figure 3.103: Nyamira County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.103: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

During the period, expenditure on domestic travel amounted to Kshs.209.45 million and comprised of Kshs.119.83 million spent by the County Assembly and Kshs.89.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.59 million and comprised of Kshs.11.87 million by the County Assembly and Kshs.13.71 million by the County Executive.

3.34.11 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.729.84 million on development programmes, representing an increase of 2.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.713.76 million. Table 3.197: Nyamira County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.197: Nyamira County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Environment	Supply and installation of solar-powered streetlights	Countywide	10,540,200	5,270,200	50
2	Environment	Chepilat borehole	Chepilat	4,403,300	4,403,300	100
3	Education	2 ECDE classrooms at GEKE primary school	Geke Pry school.	3,349,930	3,349,930	100
4	Education	ECDE classroom at Chinche primary school	Chinche Pry school	3,297,690	3,297,690	100
5	Municipality	Supply and installation of solar-powered streetlights	County HQ	5,990,000	5,990,000	100
6	Roads	Heavy machinery & equipment	Countywide	7,442,288	7,442,288	100
7	Roads	Ekerubo Gietai institute-B0nyunyu-Avacado	Kemera Ward	4,308,124	4,308,124	100
8	Roads	Nyakongo society-Emenyanya-road	Kemera Ward	4,290,191	4,290,191	100
9	Health	Outpatient department and inpatient wards	Ekerenyo Sub county Hospital	34,589,321	10,196,406	29.5
10	Health	Inpatient wards with an operating theatre.	Magwagwa H. Centre.	64,551,976	6,507,342	10.1

Source: Nyamira County Treasury

3.34.12 Budget Performance by Department

Table 3.198: Nyamira County, Budget Allocation and Absorption Rate by Department. summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.198: Nyamira County, Budget Allocation and Absorption Rate by Department.

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	735.07	119	458.54	93.9	521.92	76.11	113.8	81.1	71.0	64.0
County Executive Office	469.16	-	177.7	-	196.9	-	110.8	-	42.0	-
Finance & Economic Planning	553.62	427.48	277.83	204.42	275.41	227.32	99.1	111.2	49.7	53.2
Agriculture, Livestock & Fisheries	159.88	353.98	86.38	216.52	85.05	217.38	98.5	100.4	53.2	61.4
Environment, Energy, N. Resources	81.48	91.21	46.95	-	47.02	24.53	100.1	-	57.7	26.9
Education & ICT	377.67	188.81	167.1	-	166.14	24.78	99.4	739.7	44.0	13.1
Health services	1,631.96	341.19	946.13	16.97	968.94	46.73	102.4	275.4	59.4	13.7
Lands, Housing & Urban Develop.	116.4	137.69	69.31	1.99	67.03	2.43	96.7	122.1	57.6	1.8
Roads, Transport & Public Works	106.69	126.11	75.37	26.49	78.15	77.24	103.7	291.6	73.2	61.2
Trade, Tourism, Industrialisation	49.34	17	23.47	-	21.73	0.33	92.6	-	44.0	1.9
Youths, Sports, Gender, Culture	66.62	18.5	34.42	-	36.15	-	105.0	-	54.3	-
County Public Service Board	64.61	-	31.04	-	33.49	-	107.9	-	51.8	-
Public Service Management	335.72	63	222.8	-	222.55	1.74	99.9	-	66.3	2.8
Nyamira Municipality	19.88	145.31	4.16	-	6.74	31.25	162.0	-	33.9	21.5
Total	4,768.10	2,029.28	2,621.20	563.64	2,727.22	729.84	104.0	129.5	57.2	36.0

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 64.0 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 61.4 per cent. The Department of Roads, transport and public works had the highest percentage of recurrent expenditure to budget at 73.3 per cent, while the Nyamira Municipality had the lowest at 33.9 per cent.

Further, the report on department budget performance shows that several departments reported expenditure above the approved exchequer issues, indicating a weak internal control at the County Treasury.

3.34.13 Budget Execution by Programmes and Sub-Programmes

Table 3.199: Nyamira County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.199: Nyamira County, Budget Execution by Programmes and Sub-Programmes

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Sub total		854, 070, 587	598, 031, 680	256, 038, 907	

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
010100	Policy planning, general administration	460, 926, 193	363, 913, 561	97, 012, 632	79.0
070800	Legislation and representation services	23, 959, 000	21, 623, 188	2, 335, 812	90.3
070900	Committee management services	369, 185, 394	212, 494, 930	156, 690, 464	57.6
Department of County Executive					
070100	General administration and support services	401, 490, 445	183, 575, 519	217, 914, 926	45.7
subtotal		401, 490, 445	183, 575, 519	217, 914, 926	
070100	General administration and support services	20, 000, 000	463, 400	19, 536, 600	2.3
070600	Governance and coordination services	47, 671, 880	12, 857, 000	34, 814, 880	27.0
subtotal		67, 671, 880	13, 320, 400	54, 351, 480	19.7
Department of Finance and economic planning					
050400	ICT Services	1, 427, 500	850, 000	577, 500	59.5
070100	General administration and support services	383, 100, 913	239, 896, 664	143, 204, 249	62.6
070200	Budget management	224, 000, 000	183, 821, 085	40, 178, 915	82.1
070500	Resource mobilisation	3, 042, 623	2, 760, 350	282, 273	90.7
Sub total		611, 571, 036	427, 328, 100	184, 242, 937	69.9
050400	ICT Services	11, 672, 500	704, 500	10, 968, 000	6.0
070200	Budget formulation and management	103, 187, 225	36, 646, 380	66, 540, 845	35.5
070500	Resource mobilisation	103, 242, 919	6, 146, 300	97, 096, 619	18.6
Sub total		148, 102, 644	43, 497, 180	104, 605, 464	
070400	County financial management & control	3, 323, 155	2, 301, 350	1, 021, 805	69.3
070500	Resource mobilisation	70, 000, 000	-	70, 000, 000	-
Sub total		73, 323, 155	2, 301, 350	1, 021, 805	
010100	General administration and support services	3, 049, 570	971, 300	2, 078, 270	31.9
Sub total		3, 049, 570	971, 300	2, 078, 270	
070400	County financial management & control	3, 335, 487	2, 338, 850	996, 637	70.1
Sub total		3, 335, 487	2, 338, 850	996, 637	
070200	Budget formulation and management	141, 716, 375	26, 297, 920	115, 418, 455	18.6
Sub total		141, 716, 375	26, 297, 920	115, 418, 455	
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	151, 714, 950	82, 513, 774	69, 201, 175	54.4
Sub total		151, 714, 950	82, 513, 774	69, 201, 175	
010400	Livestock promotion and development	13, 133, 369	2, 252, 500	10, 880, 869	17.2
Sub total		13, 133, 369	2, 252, 500	10, 880, 869	
010200	Crop, agribusiness & land management services	347, 013, 344	217, 541, 150	129, 472, 194	62.7
Sub total		347, 013, 344	217, 541, 150	129, 472, 194	
010300	Fisheries development & promotion services	2, 001, 616	120, 800	1, 880, 816	6.0
Sub total		2, 001, 616	120, 800	1, 880, 816	
Environment, water and natural resources					

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
100100	Policy planning, general administration and support services	76, 613, 542	45, 486, 172	31, 127, 370	59.4
Subtotal		76, 613, 542	45, 486, 172	31, 127, 370	
100200	Other energy sources promotion	4, 925, 503	281, 060	4, 644, 443	5.7
Sub total		4, 925, 503	281, 060	4, 644, 443	
100300	Water supply and management services	34, 635, 520	4, 105, 126	30, 530, 394	11.9
Subtotal		34, 635, 520	4, 105, 126	30, 530, 394	
100400	Agroforestry promotion	56, 520, 089	21, 683, 180	34, 836, 909	38.4
Subtotal		56, 520, 089	21, 683, 180	34, 836, 909	
Department of Education and vocational training					
050100	General administration, policy planning & support services	374, 455, 770	164, 788, 774	209, 666, 996	44.0
Sub total		374, 455, 770	164, 788, 774	209, 666, 996	
050200	ECDE and CCC development services	185, 253, 871	25, 209, 444	160, 044, 428	13.6
Subtotal		185, 253, 871	25, 209, 444	160, 044, 428	
050300	Vocational training and development services	6, 773, 322	924, 500	5, 848, 822	13.6
Subtotal		6, 773, 322	924, 500	5, 848, 822	
Department of Health Services					
040100	General administration, planning and support services	1,510,290,200	928, 934, 021	581, 356, 179	61.5
Subtotal		1,510,290,200	928, 934, 021	581, 356, 179	
040200	Curative health services	462, 855, 687	86, 734, 916	376, 120, 771	18.7
Subtotal		462, 855, 687	86, 734, 916	376, 120, 771	
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	110, 352, 145	64, 266, 952	46, 085, 193	58.2
Subtotal		110, 352, 145	64, 266, 952	46, 085, 193	
010500	Physical planning and surveying services	73, 317, 822	4, 995, 200	68, 322, 622	6.8
Subtotal		73, 317, 822	4, 995, 200	68, 322, 622	
010700	Management and development of towns	70, 422, 930	200, 000	70, 222, 930	0.3
Subtotal		70, 422, 930	200, 000	70, 222, 930	
Department of Roads, Transport and Public Works					
020100	General administration and support services	83, 727, 665	57, 235, 788	26, 491, 877	68.4
Subtotal		83, 727, 665	57, 235, 788	26, 491, 877	
020200	Roads development and management	148, 071, 270	97, 155, 193	50, 916, 077	65.6
Subtotal		148, 071, 270	97, 155, 193	50, 916, 077	
020200	Roads development and management	1, 000, 000	999, 950	50	100.0
Subtotal		1, 000, 000	999, 950	50	
Department of trade, tourism, industrialisation and cooperative development					
030100	Policy planning, general administration and support services	41, 166, 152	17, 706, 590	23, 459, 562	43.0
030300	Tourism development and promotion	1, 314, 420	605, 800	708, 620	46.1
Subtotal		42, 480, 572	18, 312, 390	24, 168, 182	43.1

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
030200	Trade, cooperative, investment development promotion	23, 859, 378	3, 744, 950	20, 114, 428	15.7
Subtotal		23, 859, 378	3, 744, 950	20, 114, 428	
Department of youth, sports, gender, culture and social services					
070100	General administration and support services	55, 208, 149	31, 477, 758	23, 730, 391	57.0
	Subtotal	55, 208, 149	31, 477, 758	23, 730, 391	
090200	Promotion and management of sports	9, 156, 275	2, 418, 900	6, 737, 375	26.4
Subtotal		9, 156, 275	2, 418, 900	6, 737, 375	
090200	Promotion and management of sports	20, 751, 469	2, 251, 820	18, 499, 649	10.9
Subtotal		20, 751, 469	2, 251, 820	18, 499, 649	
Department of County public service board					
070100	General administration and support services	3, 599, 850	367, 522	3, 232, 328	10.2
100100	Policy planning, general administration and support services	61, 009, 840	33, 124, 257	27, 885, 583	54.3
Subtotal		64, 609, 690	33, 491, 779	31, 117, 911	51.8
Department of public service management					
010100	Policy planning, general administration and support services	311, 060, 044	215, 207, 594	95, 852, 450	69.2
070100	General administration and support services	1, 086, 450	152, 000	934, 450	14.0
071000	Coordination, strategy and HR Services	86, 572, 764	8, 930, 448	77, 642, 316	10.3
	Subtotal	398, 719, 258	224, 290, 042	174, 429, 216	56.3
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	17, 645, 983	6, 743, 159	10, 902, 824	38.2
020200	Roads development and management	147, 545, 014	31, 250, 144	116, 294, 870	21.2
Sub total		165, 190, 997	37, 993, 303	127, 197, 694	23.0
Grand Total		6,797,385,582	3,457,071,738	3,340,313,844	50.9

Source: Nyamira County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Roads Development and Management in the Department of Roads, transport and Public Works at 100.0 per cent, Committee management services in the Department of County Assembly at 90.3 per cent, Budget Management at the Department of Finance, ICT and economic planning at 82.1 per cent, and Policy planning, general administration and support services at the County Assembly at 79.0 per cent of budget allocation.

3.34.14 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.65.49 million against an annual projection of Kshs.280 million, representing 23.4 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.198: Nyamira County, Budget Allocation and Absorption Rate by Department. where the County incurred expenditure over approved exchequer issues in several departments.
3. Fund Administrators did not submit quarterly financial and non-financial reports to the COB, contrary to

Section 168 of the PFM Act, 2012. The Education Support Fund, Emergency Fund, and Car Loan & Mortgage reports for the County Executive Fund were not submitted to the Controller of Budget.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.84 billion, comprising Kshs.2.65 billion (33.8 per cent) and Kshs.5.19 billion (66.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 8 per cent compared to the previous financial year when the approved budget was Kshs.7.29 billion and comprised of Kshs.2.82 billion towards development expenditure and Kshs.4.47 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.67 billion (72.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.660 million (8.4 per cent) from its own sources of revenue, Kshs.982.38 million (12.5 per cent) as conditional grants, Kshs.453.64 million (5.8 per cent) as other revenues, and a cash balance of Kshs.73.38 million (0.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.200.

3.35.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.81 billion as the equitable share of the revenue raised nationally, raised Kshs.346.95 million as own-source revenue, Kshs.194.31 million as conditional grants, Kshs.453.64 million as other revenues, and had a cash balance of Kshs.73.38 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.88 billion, as shown in Table 3.200: Nyandarua County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.200: Nyandarua County, Revenue Performance in the First Nine Months of FY 2022/23

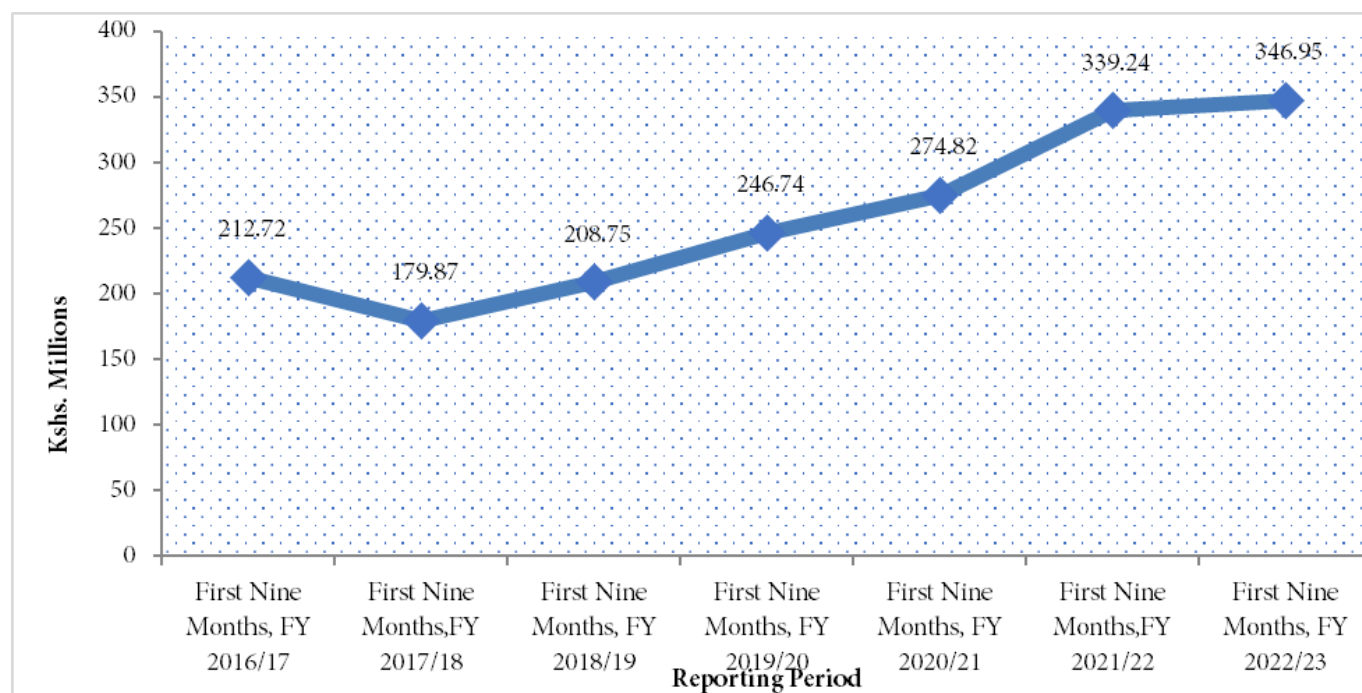
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,670,444,228	2,806,869,895	49.5
	Sub Total	5,670,444,228	2,806,869,895	49.5
B	Conditional Grants			
5.	Supplement for Construction of County Headquarters	90,800,000	-	-
6.	Leasing of Medical Equipment	110,638,298	-	-
7.	DANIDA Grant For Universal Healthcare for Devolved System Programme	10,271,800	-	-
8.	World Bank Grant for Kenya Climate Smart Agriculture Project (KCSAP)	289,609,680	75,718,650	26.1
9.	Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II	8,725,383	4,496,557	51.5
10.	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	25,497,691	-	-
11.	World Bank Grant for KDSP (Level II)	98,191,994	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12.	EU Grant -Instruments for Devolution Advice and Support (IDEAS)	11,000,000	18,896,348	171.8
13.	World Bank- Financing Locally Led Climate Action Program (FLLOCA)	125,000,000	11,000,000	8.8
14.	Road Maintenance Levy Fund - B/f 2016-17	7,154,957	7,154,957	100.0
15.	Kenya Devolution Support Programme Level 1- B/f	27,904,654	27,904,654	100.0
16.	Transfers to Village Polytechnics Bal B/f	5,661,342	5,661,342	100.0
17.	World Bank Grant for Kenya Climate Smart Agriculture Project (KCSAP) B/F	43,480,659	43,480,659	100.0
18.	DANIDA Grant For Universal Healthcare for Devolved System Programme	25,639,079	-	-
19.	World Bank (IDA) Loan for Transforming Health Systems	97,400,728	-	-
20.	DANIDA Grant For Universal Healthcare for Devolved System Programme	5,399,625	-	-
Sub-Total		982,375,891	194,313,168	19.8
D	Other Sources of Revenue			
1.	Own Source Revenue	660,000,000	346,946,994	52.6
2.	Balance b/f from FY 2021/22	73,384,649	73,384,649	100.0
3.	Other Revenues	453,635,542	453,635,542	100.0
Sub Total		1,187,020,191	873,967,185	73.6
Grand Total		7,839,840,310	3,875,150,248	49.4

Source: Nyandarua County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

Figure 3.104 Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23

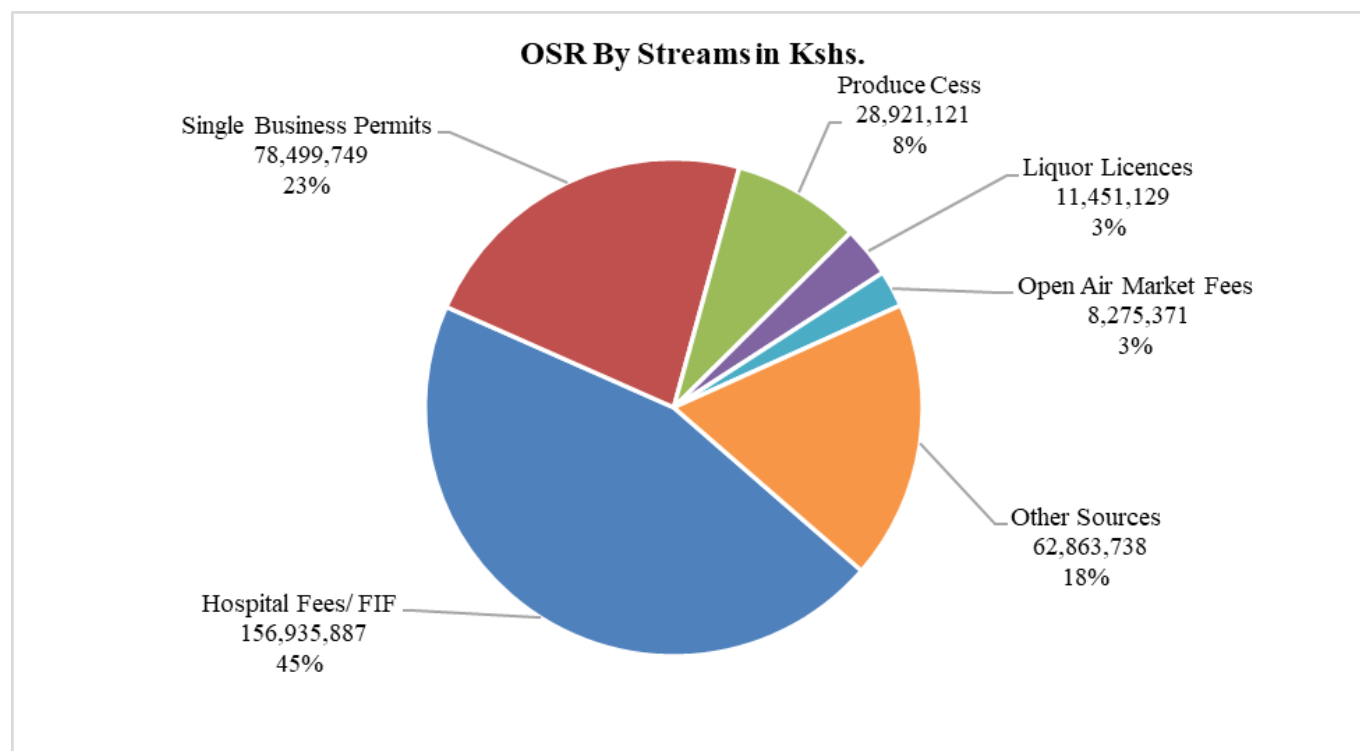


Source: Nyandarua County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.346.95 million from its own sources of revenue, which represented an increase of 2.2 per cent compared to Kshs.339.24 million realised in a similar

period in FY 2021/22 and was 52.6 per cent of the annual target and 12.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.105: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.105: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nyandarua County Treasury

The highest revenue stream of Kshs.156.94 million was from Hospital fees, contributing to 45 per cent of the total OSR collected during the reporting period. Revenue from the Single Business Permit amounted to Kshs.78.50 million, representing 23 per cent of the overall OSR in the first nine months of FY 2022/23.

3.35.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.75 billion from the CRF account during the reporting period. This amount comprised Kshs.594.86 million (15.9 per cent) for development programmes and Kshs.3.16 billion (84.1 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs1.88 billion was released towards compensation to employees and Kshs.1.28 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.429.71 million.

3.35.4 County Expenditure Review

The County spent Kshs.3.73 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.2 per cent of the total funds released by the CoB and comprised of Kshs.507.90 million and Kshs.3.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.2 per cent. In contrast, recurrent expenditure represented 60.5 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.33 billion, comprised of Kshs.450.54 million for recurrent expenditure and Kshs.875.79 million for development activities.

During the period under review, pending bills amounting to Kshs.242.17 million were settled, consisting of Kshs.48.97 million for recurrent expenditure and Kshs.193.20 million for development programmes. Therefore, the outstanding amount as of 31st March 2023 was Kshs.1.08 billion.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.64 billion on employee compensation, Kshs.1.01 billion on operations and maintenance, and Kshs.573.14 million on development activities. Similarly, the County Assembly spent Kshs.214.26 million on employee compensation, Kshs.281.44 million on operations and maintenance, and Kshs.21.72 million on development activities, as shown in Table 3.201: Summary of Budget and Expenditure by Economic Classification.

Table 3.201: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,269,302,250	809,747,686	2,643,445,027	495,706,584	61.9	61.2
Compensation to Employees	2,158,950,000	390,946,020	1,637,721,693	214,263,119	75.9	54.8
Operations and Maintenance	2,110,352,250	418,801,666	1,005,723,334	281,443,465	47.7	67.2
Development Expenditure	2,648,790,374	112,000,000	573,139,921	21,723,412	21.6	19.4
Total	6,918,092,624	921,747,686	3,216,584,948	517,429,996	46.5	56.1

Source: Nyandarua County Treasury

3.35.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.85 billion, or 47.8 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.88 billion. This expenditure represented a decrease from Kshs.1.86 billion reported in a similar period of FY 2021/22.

Further analysis indicates that PE costs amounting to Kshs.1.61 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.245.70 million was processed through manual payrolls. The manual payrolls accounted for 13.3 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.15.25 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.35.92 million. The average monthly sitting allowance was Kshs.40,351.86 per MCA. The County Assembly has established 15 Committees.

3.35.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.483.52 million to county-established funds in FY 2022/23, constituting 6.2 per cent of the County's overall budget. summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.202: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
County Executive Established Funds					
1.	County Bursary Fund	218,600,000	218,600,000	-	No
2.	County Emergency Fund	50,000,000	40,000,000	-	No
3.	County Mortgage Fund	70,000,000	70,000,000	-	No
County Assembly Established Funds				-	
4.	County Assembly Car and Mortgage Fund	114,921,255	44,921,255		No
5.	County Assembly Staff Car and Mortgage Fund	30,000,000	30,000,000	-	No
	Total	483,521,255	403,521,255	-	

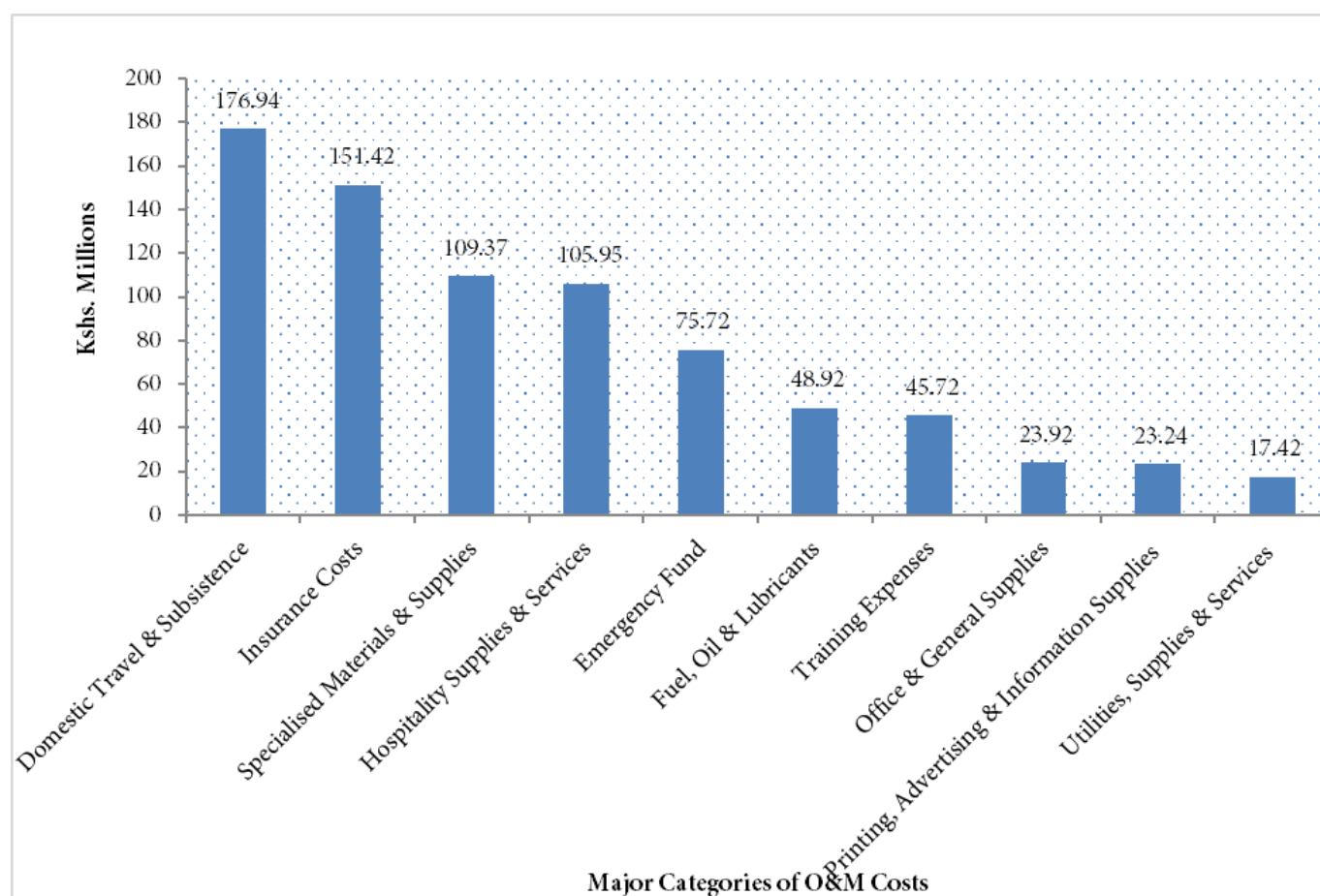
Source: Nyandarua County Treasury

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

3.35.9 Expenditure on Operations and Maintenance

Figure 3.106: Nyandarua County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.106: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

During the period, expenditure on domestic travel amounted to Kshs.176.94 million and comprised of Kshs.76.49 million spent by the County Assembly and Kshs.100.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.55 million and comprised of Kshs.1.25 million by the County Assembly and Kshs.0.3 million by the County Executive.

3.35.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.507.90 million on development programmes, representing an increase of 77.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.286.13 million. Table 3.203: Nyandarua County, List of Development Projects with the Highest Expenditure

Table 3.203: Nyandarua County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.203: Nyandarua County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	JM Complex- County Contribution	Rurii	150,000,000	54,450,730	36.3
2.	Supply and installation of solar power panels and construction of 6M high solar panels support structures facilities at Gatimu and Nyakanja water project		19,990,843	19,382,779	97.0
3.	Proposed construction of perimeter wall phase 2 for the potato processing warehouse - Civitra Company Ltd	Nyakio	13,277,573	6,593,317	49.7
4.	Ol Kalou Stadium- Construction and other works	Kaimbaga	10,000,000	5,000,000	50.0

Source: Nyandarua County Treasury

3.35.11 Budget Performance by Department

Table 3.204: Nyandarua County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure, and absorption rate in the first nine months of FY 2022/23.

Table 3.204: Nyandarua County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	131.65	-	70.50	-	70.50	-	100.0	-	53.6	-
Office of the County Secretary	2,435.13	-	1,622.92	-	1,622.92	-	100.0	-	66.6	-
Office of the County Attorney	34.55	-	4.57	-	4.57	-	100.0	-	13.2	-
Public Administration and ICT	46.26	1.00	25.37	-	25.37	-	100.0	-	54.8	-
County Public Service Board	25.25	-	16.66	-	16.66	-	100.0	-	66.0	-
Finance & Economic Development	520.58	18.22	426.82	8.22	426.82	8.22	100.0	100.0	82.0	45.1
Health Services	588.63	334.60	236.39	144.37	236.39	144.37	100.0	100.0	40.2	43.1
Education	76.34	110.10	26.67	10.38	26.67	10.38	100.0	100.0	34.9	9.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Industrialisation, Trade and Cooperative Development	40.91	91.05	19.19	26.16	19.19	26.16	100.0	100.0	46.9	28.7
Ol -Kalou Municipality	22.81	30.90	7.97	1.50	7.97	1.50	100.0	100.0	34.9	4.9
Youth, Sports and Arts	106.66	50.80	31.96	10.00	31.96	10.00	100.0	100.0	30.0	19.7
Water, Environment, Tourism & Natural Resources	56.41	489.09	28.53	45.09	28.53	45.09	100.0	100.0	50.6	9.2
Transport, Energy	100.08	941.09	47.82	104.01	47.82	104.01	100.0	100.0	47.8	11.1
Lands, Housing, Physical Planning and Urban Development	43.50	73.07	13.44	11.96	13.44	11.96	100.0	100.0	30.9	16.4
Agriculture Livestock & Fisheries	152.56	396.88	64.63	211.45	64.63	124.49	100.0	58.9	42.4	31.4
County Assembly	809.75	112.00	513.78	21.72	495.71	21.72	96.5	100.0	61.2	19.4
Total	5,191.05	2,648.79	3,157.22	594.86	3,139.15	507.90	99.4	85.4	60.5	19.2

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Development recorded the highest absorption rate of development budget at 45.1 per cent, followed by the Department of Health Service at 43.1 per cent. The Department of Finance and Economic Development had the highest percentage of recurrent expenditure to budget at 82.0 per cent, while the office of the County Attorney had the lowest at 13.2 per cent. Further analysis of spending of both the County Assembly and the Executive revealed that the recurrent costs of both entities were within the set ceilings as set by CARA, 2022.

3.35.12 Budget Execution by Programmes and Sub-Programmes

Table 3.205: Nyandarua County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.205: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
OFFICE OF THE GOVERNOR							
General admin- istration, plan- ning and support services	Service Delivery Unit	20,200,000	-	10,344,795		51.21	-
	Governor's Office & Investment Pro- motion	81,000,000	-	46,555,356		57.48	-
	Liaison and In- tergovernmental Relations	20,900,000	-	8,952,366		42.83	-
	Civic Education and Public Participation	9,548,320	-	4,648,054		48.68	-
Sub Total		131,648,320	-	70,500,571	-	53.55	-
OFFICE OF THE COUNTY SECRETARY							
-							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
County Secretary	County Secretary-Administration	80,700,000	-	70,730,164	-	87.65	-
	Cabinet Affairs	1,920,000	-	1,688,110	-	87.92	-
Human Resource Management	Payroll (Including Compensation to employees)	2,161,785,150	-	1,472,067,247	-	68.09	-
	Human Resource Management (In- cluding employee gratuity, pension and medical insur- ance)	190,723,263	-	78,438,240	-	41.13	-
Sub Total		2,435,128,413	-	1,622,923,761	-	66.65	-
OFFICE OF COUNTY ATTORNEY							
County Attorney Services	legal and public affairs	34,550,000		4,566,202		13.22	-
Sub Total		34,550,000		4,566,202		13.22	-
PUBLIC ADMINISTRATION AND ICT							
Public administra- tion	Public Administra- tion	3,255,000		2,365,526		72.67	-
	sub-county and ward administration	19,855,000		13,169,514		66.33	-
	Communication and Public Relations	5,950,957	999,969	2,851,681		47.92	-
	Enforcement and Compliance	9,750,000		4,144,970		42.51	-
ICT and E-government Services	ICT and E-govern- ment Services	7,450,000		2,842,092		38.15	-
Sub Total		46,260,957	999,969	25,373,783	-	54.85	
COUNTY PUBLIC SERVICE BOARD							
County Public Service Board	County Public Ser- vice Board	25,250,000		16,656,456		65.97	-
Sub Total		25,250,000	-	16,656,456	-	65.97	-
FINANCE AND ECONOMIC DEVELOPMENT							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
Public Finance Management	County Funds	338,600,000	10,000,000	328,600,000		97.05	-
	Treasury services	18,389,315		13,608,727		74.00	-
	Nyandarua County Trade Development and Investment Au- thority (NCTDIA)	4,000,000		3,263,082		81.58	-
	Financial reporting	7,850,000		6,717,668		85.58	-
	Revenue Collection and Administration (Including automa- tion)	33,509,064		28,468,112		84.96	-
	Revenue Enhance- ment and Moni- toring	16,240,000		8,945,941		55.09	-
	Supply Chain Man- agement	8,026,500		4,850,448		60.43	-
	Internal Audit and Risk Management	8,040,000		5,499,359		68.40	-
	Internal Audit Com- mittee	3,000,000		1,931,850		64.40	-
Economic planning and development	County Budgeting	15,405,000		6,312,029		40.97	-
	County Statistics and Data Bank	5,100,000		3,346,626		65.62	-
	Monitoring and Evaluation	6,960,192	8,221,124	2,055,730	8,221,124	29.54	100.00
	Economic Model- ling and Research	3,451,700		1,114,300		32.28	-
	Economic Develop- ment Planning	52,010,412		12,103,797		23.27	-
Sub Total		520,582,183	18,221,124	426,817,669	8,221,124	81.99	45.12
HEALTH SERVICES							
Preventive and Pro- motive Services	Preventive and Pro- motive Services	8,000,000		4,277,905		53.47	-
Curative Services	Curative Services	277,746,500		161,945,463		58.31	-
	Universal health care and grants	294,181,451		65,240,127		22.18	-
General administration, planning and support services	Solid Waste and Cemeteries	8,700,000	1,500,000	4,924,454		56.60	-
	Infrastructure and Equipment		333,101,679		144,369,495	-	43.34
Sub total		588,627,951	334,601,679	236,387,949	144,369,495	40.16	43.15
EDUCATION, GENDER, YOUTH, CULTURE, GENDER AND SOCIAL SERVICES							
Primary education	ECDE	22,150,000	38,595,473	12,888,382		58.19	-
Youth Training and Development	Revisitation of youth polytechnics	35,867,342	10,700,000	2,675,765		7.46	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
Culture	development and promotion of culture	2,280,000	2,000,000	1,686,380		73.96	-
Arts & Theatre	Arts & Theatre	16,042,780	58,800,235	9,423,117	10,381,164	58.74	17.65
Sub Total		76,340,122	110,095,708	26,673,644	10,381,164	34.94	9.43
INDUSTRIALISATION, TRADE, COOPERATIVES & URBAN DEVEL- OPMENT							
Trade development and promotion	Financial and Trade Services	8,430,000	13,300,000	5,110,970		60.63	-
Industrial development and investment	Industrial and Enterprise Develop- ment	3,347,585	4,000,000	2,671,976		79.82	-
	Weights & Measures	1,500,000		767,800		51.19	-
Cooperative development and management	Cooperative adviso- ry services	10,910,000		3,151,140		28.88	-
	cooperative audit extension services	3,000,396		2,110,910		70.35	-
Urban development	Urban development	13,719,384	73,749,881	5,381,984	26,157,146	39.23	35.47
Ol'kalou municipality	Ol'kalou munici- pality	22,805,000	30,897,691	7,968,994	1,499,904	34.94	4.85
Sub Total		63,712,365	121,947,572	27,163,774	27,657,050	42.64	22.68
YOUTH, SPORTS AND ARTS							
Sports	Sports Development	20,249,000	14,998,020	6,440,391	10,000,000	31.81	66.68
Youth Affairs	Youth Affairs	17,555,000		5,893,982		33.57	-
Gender Affairs and Social Services & youth empowerment	Social Services	31,910,008	9,250,000	4,091,263		12.82	-
	Gender Affairs and Social Services	30,943,116	26,548,712	12,819,859		41.43	-
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,000,000		2,711,310		45.19	-
Sub Total		106,657,124	50,796,732	31,956,805	10,000,000	29.96	19.69
WATER, TOURISM, ENVIRONMENT AND NATURAL RESOURCES							
Water Resource Development.	water resource conservation and protection, infra- structure and flood control	17,750,648	152,333,801	10,088,377		56.83	-
Environment	environmental sup- port and manage- ment	6,730,000	1,000,000	4,302,449		63.93	-
	climate change resilience	5,245,000	128,000,000	3,806,393		72.57	-
	natural resource	2,135,000		509,600		23.87	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
Tourism development and promotion	tourism infrastructure development	22,751,475	207,756,695	8,575,243	45,092,504	37.69	21.70
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	1,800,000		1,252,000		69.56	-
Sub Total		56,412,123	489,090,496	28,534,062	45,092,504	50.58	9.22
TRANSPORT, ENERGY AND PUBLIC WORKS							
Road transport	Transport (Including fuel level, General Administration & Support Services)	40,870,000	408,657,029	20,904,921	52,110,747	51.15	12.75
	Public Works	27,219,820	501,789,779	6,917,993	51,894,617	25.42	10.34
Alternative energy technologies	alternative energy technologies	26,290,000	30,640,000	16,817,852		63.97	-
General administration, planning and support services	Emergency Response & Preparedness	5,700,000		3,180,000		55.79	-
Sub Total		100,079,820	941,086,808	47,820,766	104,005,364	47.78	11.05
LANDS, HOUSING AND PHYSICAL PLANNING							
Land policy and planning	Physical Planning	6,500,000		2,356,000		36.25	-
	Survey and Mapping	11,850,000		3,653,090		30.83	-
	Land Administration and Management	12,779,780	31,050,000	4,819,892		37.71	-
Housing	Housing	12,367,491	42,024,209	2,606,151	11,960,081	21.07	28.46
Sub Total		43,497,271	73,074,209	13,435,133	11,960,081	30.89	16.37
AGRICULTURE, LIVESTOCK AND FISHERIES							
Crop development and management	land and crop development	68,871,011	389,649,095	43,027,186	121,277,406	62.48	31.12
	Seed Potato Production Unit (SPPU Lab)	7,788,287	5,026,983	3,723,035	3,214,415	47.80	63.94
Livestock resources management and development	livestock production and management	30,575,000	1,700,000	3,271,109		10.70	-
	Veterinary Services	13,945,000		3,248,876		23.30	-
Fisheries Development and management	fisheries policy, strategy and capacity building	2,150,000	500,000	830,230		38.62	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Develop- ment Expen- diture	Recurrent Expenditure	Develop- ment Expen- diture
General administration, planning and support services	Institution Support (ATCs)	6,240,000		3,226,884		51.71	-
	Agriculture Mecha- nization Services	3,210,000		1,807,880		56.32	-
	General Administra- tion and Extension Services	10,312,303		4,265,388		41.36	-
	Subsidised Artificial Insemination	9,464,000		1,233,864		13.04	-
Sub Total		152,555,601	396,876,078	64,634,452	124,491,821	42.37	31.37
COUNTY ASSEMBLY							
County Assembly	Legislative, oversight and representation	809,747,686	112,000,000	495,706,584	21,723,413	61.22	19.40
Sub Total		809,747,686	112,000,000	495,706,584	21,723,413	61.22	19.40
Grand Total		5,191,049,937	2,648,790,374	3,139,151,611	507,902,015	60.5	19.2

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Monitoring and evaluation in the Department of Finance and Economic Planning at 100 per cent, Sports development in the Department of Youth Sports and Arts at 66.7 per cent, Seed Potato production in the Department of Agriculture and Livestock at 63.9 per cent, and Infrastructure and Equipment in the department of health at 43.3 per cent of budget allocation.

3.35.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 08th May 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Bursary Fund and Car Loan and Mortgage Fund and County Assembly Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.1.08 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.429.71 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.245.70 million were processed through the manual payroll, accounting for 13.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.36 County Government of Nyeri

3.36.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.61 billion, comprising Kshs.2.28 billion (30 per cent) and Kshs.5.33 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a 13 per cent decrease compared to the previous financial year when the approved budget was Kshs.8.75 billion and comprised of Kshs.2.66 billion towards development expenditure and Kshs.6.09 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.23 billion (81.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.800 million (10.5 per cent) from its own source of revenue, Kshs.282.14 million (3.7 per cent) as conditional grants, and a cash balance of Kshs.297.61 million (3.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.206.

The cash balance from the previous financial year comprises Kshs.297.32 million, which was unspent conditional grants and Kshs.0.29 million, which was the balance in the CRF.

3.36.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.58 billion as the equitable share of the revenue raised nationally, raised Kshs.438.79 million as own-source revenue, Kshs.151.39 million as conditional grants, and had a cash balance of Kshs.297.61 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.47 billion, as shown in Table 3.206: Nyeri County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.206: Nyeri County, Revenue Performance in the First Nine Months of FY 2022/23

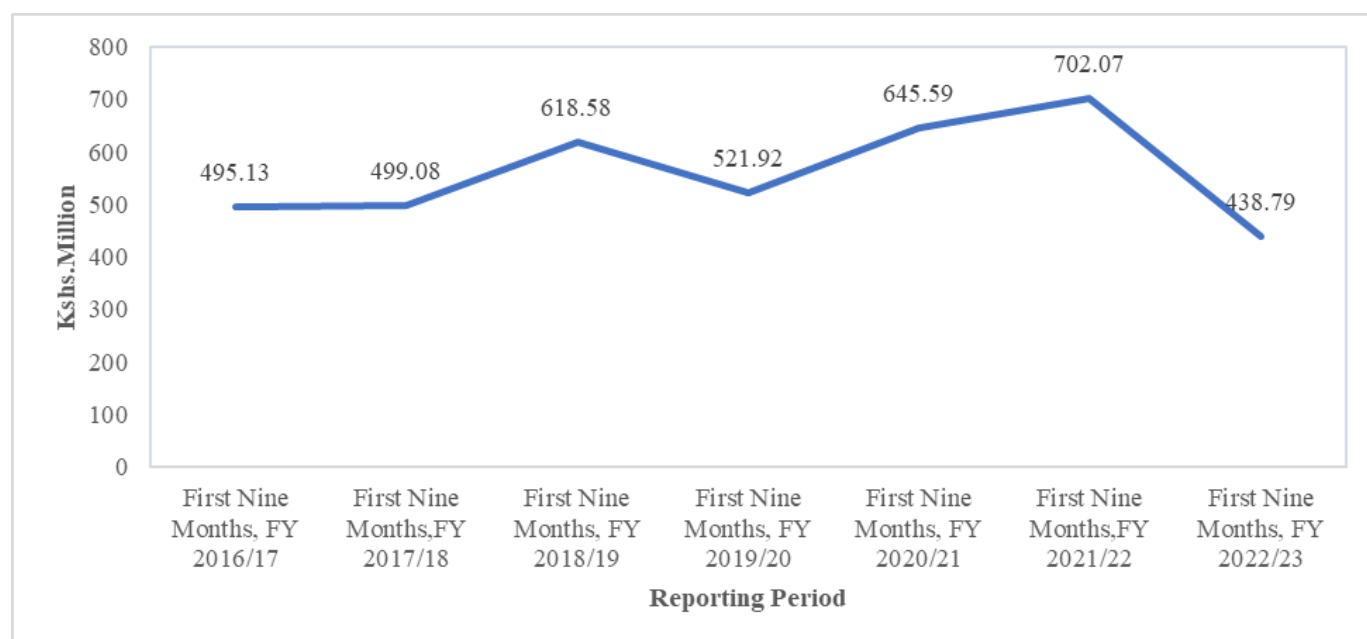
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,228,728,555	3,581,518,923	57.5
Subtotal		6,228,728,555	3,581,518,923	57.5
B	Conditional Grants			
1	Kenya Informal Settlement Programme	30,000,000	-	-
2	DANIDA	17,409,938	-	-
3	Kenya Climate Smart Agriculture Project (KCSAP)-Grants	124,713,230	124,713,230	100.0
4	Agriculture Sector Development Support Programme (ASDSP)	15,674,770	15,674,770	100.0
5	IDA (World Bank) Credit- FLLOCA Climate Change Grant Level 1	22,000,000	11,000,000	50.0
6	IDA (World Bank) Credit- National Agricultural Value Chain Development	70,000,000	-	-
7	IDA (world bank)-Kenya Urban Support Programme	2,339,915	-	-
Sub total		282,137,853	151,388,000	53.6
C	Other Sources of Revenue			
1	Own Source Revenue	800,000,000	438,793,355	54.9

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2	Unspent balance from FY 2021/22	297,605,698	297,605,698	100.0
Sub Total		1,097,605,698	736,399,053	67.1
Grand Total		7,608,472,106	4,469,305,976	58.7

Source: Nyeri County Treasury

8 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

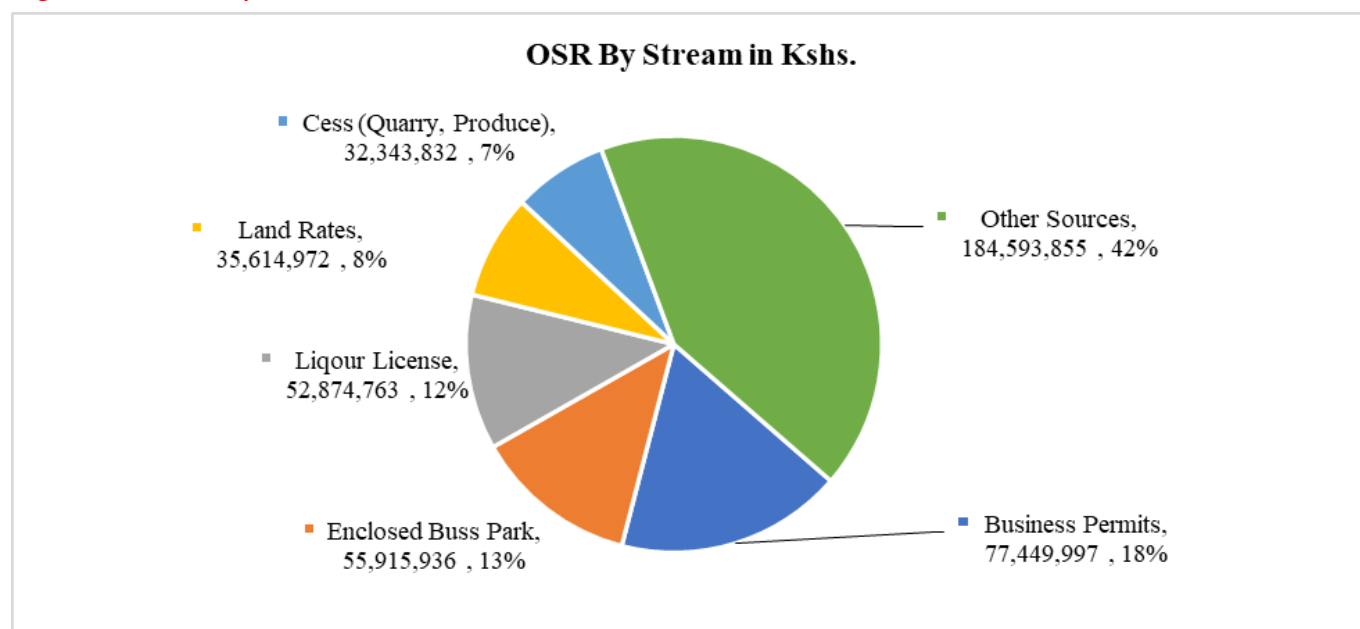
Figure 3.107: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nyeri County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.438.79 million from its own sources of revenue. This amount represented a decrease of 37.5 per cent compared to Kshs.702.07 million realised in a similar period in FY 2021/22 and was 54.9 per cent of the annual target and 12.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.108: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.108: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Nyeri County Treasury

The highest revenue stream of Kshs.77.45 million was from Business permits, contributing to 18 per cent of the total OSR collected during the reporting period. Revenue from the health sector was Kshs.336.32 million, but this amount was directly swept to the Health Services Fund as is not accounted as part of OSR.

3.36.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.83 billion from the CRF account during the reporting period. This amount comprised Kshs.615.16 million (16.1 per cent) for development programmes and Kshs.3.21 billion (83.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.41 billion was released towards compensation to employees and Kshs.806.87 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.326.58 million.

3.36.4 County Expenditure Review

The County spent Kshs.4.62 billion on development and recurrent programmes during the reporting period. This expenditure represented 120.7 per cent of the total funds released by the CoB and comprised Kshs.964.87 million and Kshs.3.66 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 42.3 per cent. In contrast, recurrent expenditure represented 68.7 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.456.74 million, comprised of Kshs.127.83 million for recurrent expenditure and Kshs.328.91 million for development activities. During the period under review, pending bills amounting to Kshs.318.02 million were settled, consisting of Kshs.11.95 million for recurrent expenditure and Kshs.306.07 million for development programmes. Therefore, on 31st March 2023, the outstanding amount was Kshs.138.72 million.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.58 billion on employee compensation, Kshs.532.38 million on operations and maintenance, and Kshs.964.87 million on development activities. Similarly, the County Assembly spent Kshs.154.12 million on employee compensation and Kshs.385.94 million on operations and maintenance, as shown in Table 3.207: Summary of Budget and Expenditure by Economic Classification.

Table 3.207: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,490,764,350	835,166,124	3,116,759,498	540,060,826	69.4	64.7
Compensation to Employees	3,642,544,891	227,109,345	2,584,373,710	154,123,107	70.9	67.9
Operations and Maintenance	848,219,459	608,056,779	532,385,788	385,937,719	62.8	63.5
Development Expenditure	2,230,041,632	52,500,000	964,872,212	0	43.3	0.0
Total	6,720,805,982	887,666,124	4,081,631,710	540,060,826	60.7	60.8

Source: Nyeri County Treasury

3.36.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.74 billion, or 61.3 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.47 billion. This expenditure represented a decrease from Kshs.3.03 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.57 billion paid to health sector employees, translating to 57.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.56 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.183.11 million was processed through manual payrolls. The manual payrolls accounted for 6.3 per cent of the total PE cost. They were attributed to delays in the allocation

of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.53 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.34.56 million. The average monthly sitting allowance was Kshs.19,909 per MCA. The County Assembly has established 20 Committees.

3.36.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.157 million to county-established funds in FY 2022/23, constituting 2.1 per cent of the County's overall budget. Table 3.208: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.208: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23	Actual Expenditure for the Nine Months of FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 31st March 2023
County Executive Established Funds					
1.	Elimu Fund	40,000,000	-	-	Yes
2.	Enterprise Fund	10,000,000	10,000,000	10,000,000	Yes
3.	Nyeri County Car Loan & Mortgage Fund	-	-	-	-
County Assembly Established Funds					
4.	Nyeri County Assembly Car Loan & Mortgage (Members)	92,000,000	92,000,000	92,000,000	Yes
5.	Nyeri County Assembly Car Loan & Mortgage (Staff)	15,000,000	9,375,000	-	Yes
	Total	157,000,000	116,375,000	102,000,000	

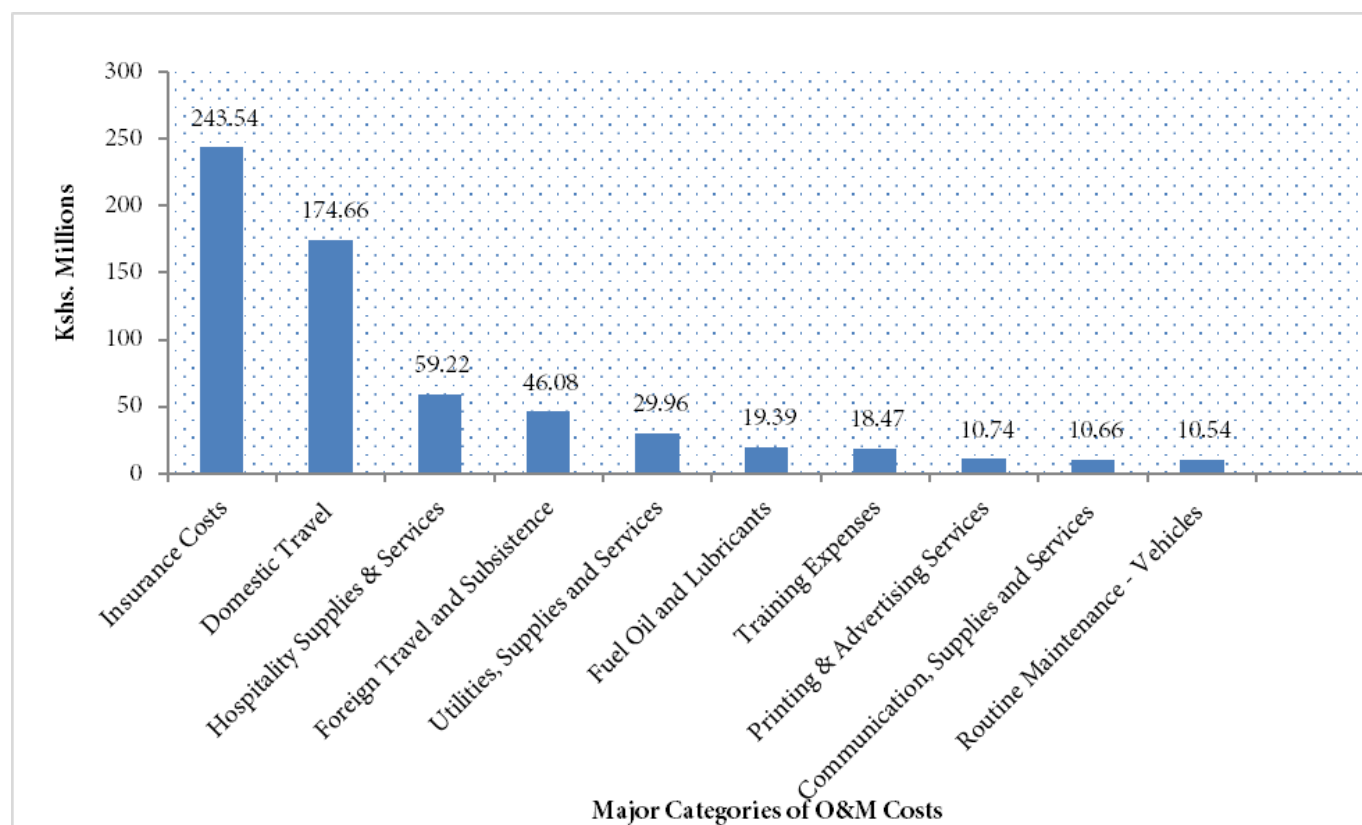
Source: Nyeri County Treasury

During the reporting period, OCoB received quarterly financial returns from the Fund Administrators of all the county-established funds, as indicated in Table 3.208: Performance of County Established Funds as of 31st March 2023.

3.36.9 Expenditure on Operations and Maintenance

Figure 3.109: Nyeri County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.109: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

During the period, expenditure on domestic travel amounted to Kshs.174.66 million and comprised of Kshs.109.45 million spent by the County Assembly and Kshs.65.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.08 million and comprised of Kshs.41.19 million by the County Assembly and Kshs.4.88 million by the County Executive.

3.36.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.964.87 million on development programmes, representing an increase of 63.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.613.94 million. Table 3.209: Nyeri County, List of Development Projects with the Highest Expenditure

Table 3.209: Nyeri County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.209: Nyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project name	Project Location	Budget (Kshs)	Amount Paid to date (Kshs)	Implementation Status (%)
1	Health	Payments of ongoing Works - Naro-moru Level 4 Hospital	Countywide	229,629,574	32,577,765	14.19
2	Roads & Public Works	Kenya Urban Support Program – Construction of Nyeri Main Transport Termini at Asian Quarters	Rware Ward	123,655,394	29,434,937	23.80
3		Purchase of specialised vehicles	HQ	30,500,000	25,430,000	83.3

No.	Sector	Project name	Project Location	Budget (Kshs)	Amount Paid to date (Kshs)	Implementation Status (%)
4	Gender, Youth & Social Services	Purchase of empowerment equipment and Ongoing works	Countywide	25,000,000	25,000,000	100
5	Lands	Mapping of public land and securing the same with the county land registrar -phase 1. and Survey of Colonial villages	i)Mt. Kenya Hospital and Karia Dispensary. ii)County Residential Estates - Muthaiga and Blue Valley Estates. And Survey of Iruri, Ngora-no, Warazo, Gitegi, Ihwa and Ruthagati.	14,117,545	14,090,520	99.8
6	Roads & Public Works	Construction of Roads for Wards within the Nyeri Municipality	Rware, Kamakwa, Kiganjo-Mathari, Ruringú, Gatitu-Muruguru	12,000,000	9,875,660	82.3
7	Agriculture	Counterpart funding Coffee Rehabilitation Programme under KCSAP	Kirim-ukuyu, Gikondi, Iririani, Konyu, Ruringu, Aguthi Gaaki	10,615,080	9,555,523	90.0
	Social Services	Refurbishment of Karatina town hall, including the construction of a sentry and gate	Karatina Town Hall	9,486,625	6,258,055	65.9
8	Health	Purchase of medical and dental equipment	Countywide	14,000,000	8,931,305	63.8
9	Social Services	Construction of a Gate House, Sorting Sheds and an Ablution Block at Karindundu Dumpite	Karatina	8,500,000	7,155,100	84.1
10	Health	Construction of OPD at Mukurweini Hospital	Mukurwe-ini	7,000,000	7,081,545	101.16%

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 3.210 summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.210: Nyeri County, Budget Allocation and Absorption Rate by Department

County Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and Deputy Governor	123.86	20.00	76.02	-	87.66	-	115.3	-	70.8	-
Office of the County Secretary	312.94	45.55	270.10	27.74	274.37	33.99	101.6	122.6	87.7	74.6
Finance and Economic Planning	755.09	250.23	287.80	4.90	330.94	40.14	115.0	818.4	43.8	16.0
Lands, Physical Planning, Housing and Urbanization	49.95	234.78	31.77	45.11	32.81	71.58	103.3	158.7	65.7	30.5
Health Services	2,250.69	382.10	1,480.57	57.39	1,663.70	157.79	112.4	274.9	73.9	41.3
Gender, Youth and Social Services	59.96	55.85	31.86	21.30	36.40	47.87	114.2	224.8	60.7	85.7
County Public Service and Environment	107.27	62.14	76.54	17.09	85.62	20.40	111.9	119.4	79.8	32.8

County Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	240.40	355.21	161.42	192.90	179.15	237.35	111.0	123.0	74.5	66.8
Trade, Culture, Tourism and Co-operative Development	48.83	101.90	27.20	33.62	30.57	49.20	112.4	146.3	62.6	48.3
Education and Sports	296.34	39.60	165.25	8.33	227.29	16.62	137.5	199.5	76.7	42.0
Water and Irrigation Services	72.91	181.99	36.21	19.64	41.15	40.40	113.6	205.7	56.4	22.2
County Public Service Board	36.83	8.00	26.03	-	28.00	-	107.6	-	76.0	-
Transport, Public Works Infrastructure and Energy	95.95	492.71	59.25	187.14	64.87	249.52	109.5	133.3	67.6	50.6
Office of the County Attorney	39.73		20.95		34.23	-	163.3	-	86.1	-
County Assembly	835.17	52.50	463.21		540.06	-	116.6	-	64.7	-
Total	5,325.93	2,283	3,214.20	615.16	3,656.82	964.87	113.8	156.8	68.7	42.3

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Department of Gender, Youth and Social Services recorded the highest absorption rate of development budget at 85.7 per cent, followed by the Office of the County Secretary at 74.6 per cent. The Office of the County Secretary and County Attorney had the highest percentage of recurrent expenditure to budget at 87.7 per cent and 86.1 per cent, respectively. Further, it is noted that most departments incurred expenditures above approved exchequer issues, which indicates a weak internal control practice by the Accounting Officers.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 3.211: Nyeri County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.211: Nyeri County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock and Fisheries							
Agricultural Manage-ment	Administration and planning services	225,992,680	334,120,139	169,588,924	228,216,159	75.0	68.3
Livestock Production Management	Provision of Ex-tension Services to Livestock farmers	2,089,500	6,500,000	757,900	2,433,400	36.3	37.4
Crop Management	Administra-tive Support Services	2,139,500	-	784,302		36.7	-
Fisheries development	Administra-tive Support Services	1,609,500	-	688,530		42.8	-
Veterinary services	Administra-tive Support Services	3,009,663	9,000,000	1,770,680	3,000,000	58.8	33.3
Wambugu ATC	Farm Develop-ment	4,551,500	2,969,782	4,551,250	1,978,938	100.0	66.6

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
AMS Naromoru	Development of Agricultural Land For Crop Production	1,010,500	2,623,369	1,010,500	1,723,369	100.0	65.7
		240,402,843	355,213,290	179,152,086	237,351,865	74.5	66.8
Lands, Physical Planning, Housing and Urbanization							
Land Planning Services	Administration and personnel services	44,460,083	234,778,175	30,934,579	71,584,276	69.6	30.5
Land Policy & Planning	Land Policy Formulation	3,855,000	-	1,410,520	-	36.6	-
Housing Development and Human Settlement	Government Building	1,637,500	-	461,344	-	28.2	-
		49,952,583	234,778,175	32,806,443	71,584,276	65.7	30.5
Transport, Public Works, Infrastructure & Energy							
General administration and policy Development and implementation	Administration, planning and support services	73,169,951	-	46,384,296	-	63.4	-
Roads development, maintenance and management	County access and feeder roads improvement	-	203,245,592	-	116,129,624	-	-
Energy Sector Development	Street lighting programme	22,776,747	289,459,748	18,487,510	133,387,056	81.2	46.1
		95,946,698	492,705,340	64,871,806	249,516,680	67.6	50.6
Trade, Culture, Tourism & Cooperative Development							
Trade and Cooperative Development	Trade Promotion	45,365,025	78,500,000	29,575,579	38,409,884	65.2	48.9
Tourism Development	Promotion of Tourism	1,860,000	5,400,000	563,842	4,326,780	30.3	80.1
Co-operatives	Co-operative Development	1,600,000	18,003,199	434,227	6,464,596	27.1	35.9
		48,825,025	101,903,199	30,573,648	49,201,260	62.6	48.3
Health Services							
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,229,295,902	382,098,499	1,663,704,024	157,793,004	74.6	41.3
Rural Health	Administration, Planning and General Support Services	21,394,238	-	-	-	-	-
		2,250,690,140	382,098,499	1,663,704,024	157,793,004	73.9	41.3
Education & Sports							
General administration and policy Development and implementation	Administrative Support Services	287,671,287	-	221,983,193	-	77.2	-
ECDE Management	ECDE Management	4,932,496	-	3,266,895	-	66.2	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Youth Training and Development	Youth Polytechnics	-	9,300,000	-	994,644	-	10.7
County Sports Development	Search and nurture talents	-	3,800,000	-	2,799,400	-	73.7
		296,344,783	39,600,000	227,291,122	16,617,167	76.7	42.0
Office of the Governor & Deputy Governor							
Management and Co-ordination of county affairs	Administration, planning and support services	123,863,962	20,000,000	87,657,970	-	70.8	-
		123,863,962	20,000,000	87,657,970	-	70.8	-
Office of the County Secretary							
Coordination of County Functions and Public Service Management	Coordination of County Functions and Public Service Management	310,551,074	45,546,256	273,129,154	33,994,869	87.9	74.6
	Community sensitisation, education and public participation	1,017,000	-	375,090	-	36.9	-
	ICT Development	1,370,000	-	869,450	-	63.5	-
		312,938,074	45,546,256	274,373,694	33,994,869	87.7	74.6
Finance & Economic Planning							
Executive services	Administration and personnel services	696,908,827	250,229,574	293,620,516	40,137,185	42.1	16.0
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	9,440,400	-	4,824,269	-	51.1	-
Public Finance Management	Financial Accounting	8,581,000	-	6,413,702	-	74.7	-
	Procurement Compliance and Reporting	7,202,000	-	5,081,669	-	70.6	-
	Internal Audit	5,559,800	-	4,070,500	-	73.2	-
Revenue Mobilisation	Revenue Mobilisation	24,700,000	-	14,976,033	-	60.6	-
Economic Planning and Policy Formulation	Monitoring and Evaluation	2,700,000	-	1,951,600	-	72.3	-
		755,092,027	250,229,574	330,938,289	40,137,185	43.8	16.0
County Assembly							
County Assembly Services	Administration and planning services	628,166,124	-	413,060,826	-	65.8	-
	Legislative & Oversight	207,000,000	-	127,000,000	-	61.4	-
	Infrastructure development	-	52,500,000	-	-	-	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate %	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
		-	52,500,000	540,060,826	-	-	-
County Public Service & Solid Waste Management							
Human resources Management	Administra-tion Planning and Support Services	100,792,342	6,136,499	85,620,665	1,071,973	84.9	17.5
Sanitation management	Administra-tive Support Services	-	56,000,000	-	19,328,729	-	34.5
		-	62,136,499	-	20,400,702	-	32.8
County Public Service Board							
General Adminis-tration and Planning services	Administration and Personnel Services	36,828,187	8,000,000	27,998,869	-	76.0	-
		36,828,187	8,000,000	27,998,869	-	76.0	-
Gender, Youth & Social Services							
General Adminis-tration and Planning services	Administration and personnel services	53,552,024	-	33,151,296	-	61.9	-
Social development	Administration and planning services	2,262,000	-	1,171,469	-	51.8	-
Disaster Management	Administration and planning services	4,150,000	-	2,074,200	-	-	-
		59,964,024	-	36,396,965	-	60.7	-
Water & Irrigation Services							
Water Management	Administra-tive Support Services	70,549,777	106,769,171	37,314,679	38,735,958	52.9	36.3
Environment and Climate Change	Administra-tive Support Services	8,839,414	75,216,129	3,833,831	1,664,498	43.4	2.2
		79,389,191	181,985,300	41,148,510	40,400,456	51.8	22.2
Office of the County Attorney							
General Adminis-tration and Planning services	Administration and personnel services	39,734,471	-	34,225,408	-	86.1	-
		39,734,471	-	34,225,408	-	86.1	-
	Grand Total	5,325,930,474	2,282,541,632	3,656,820,325	964,872,213	68.7	42.3

Source: Nyeri County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were Farm development in the Department of Agriculture at 100 per cent, Coordination of County functions in the Office of the County Secretary at 87.9 per cent, and street lighting in the Department of Transport, Public Works and Energy at 81.2 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely

preparation of the budget implementation report. The report was received on 27th April 2023.

2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.210: Nyeri County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.183.11 million were processed through the manual payroll, accounting for 6.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

5. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.37 County Government of Samburu

3.37.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.98 billion, comprising Kshs.2.18 billion (31.3 per cent) and Kshs.4.79 billion (68.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 4.3 per cent compared to the previous financial year when the approved budget was Kshs.7.29 billion and comprised of Kshs.2.82 billion towards development expenditure and Kshs.4.47 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.37 billion (77.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.240.33 million (3.4 per cent) from its own sources of revenue, Kshs.623.14 million (8.9 per cent) as conditional grants, other revenues Kshs.429.71 million (11.2 per cent) and a cash balance of Kshs.315.08 million (4.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.212.

3.37.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.66 billion as the equitable share of the revenue raised nationally, raised Kshs.167.65 million as own-source revenue, Kshs.160.16 million as conditional grants, Kshs.429.71 from other sources, and had a cash balance of Kshs.425.33 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs3.84 billion, as shown in Table 3.212: Samburu County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.212: Samburu County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,371,346,037	2,658,816,289	49.5
Sub Total		5,371,346,037	2,658,816,289	49.5
B	Conditional Grants			
1	Conditional Grant-Compensation for User Fee Foregone	5,235,578	-	-
2	Conditional Grant-Leasing of Medical Equipment	110,638,298	-	-
3	Kenya Urban Support Programme (UDG and UIG)	13,069,989	-	-
4	Kenya Urban Support Programme (UDG and UIG) 20-21	2,339,915	-	-

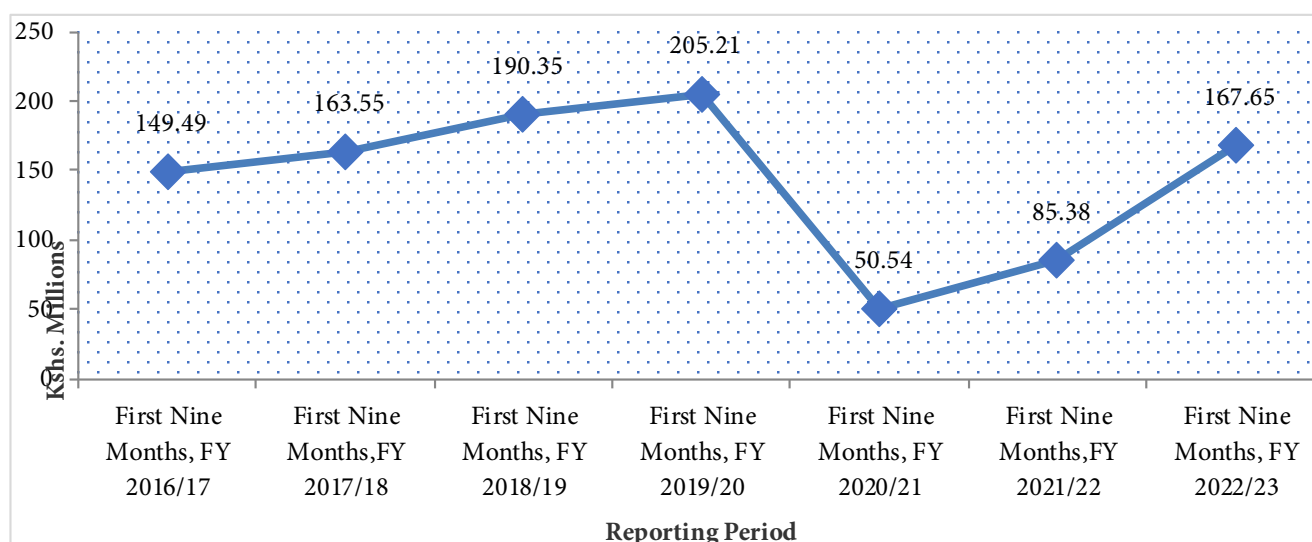
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	Kenya Devolution Support Program (KDSP)	57,215,708	-	-
6	DANIDA (Health support funds)	14,864,625	-	-
7	DANIDA (Health support funds) additional	3,285,000	-	-
8	World bank loan for National Agricultural and Rural Inclusive Growth Project	174,103,490	89,038,279	51.1
9	EU Grant - Instrument for Devolution Advice and Support (Abattoir Construction)	15,626,168	19,200,816	122.9
10	Balance brought forward 2021-22 for construction of Abattoir	23,060,111	-	-
11	Agriculture Sector Development Support Programme (ASD-SP)	25,141,706	15,939,016	63.4
12	COVID FUND	5,500,000	-	-
13	Agriculture Sector Development Support Programme (ASD-SP) B/F	6,000,000	-	-
14	Kenya Road Board (Fuel Levy)	11,600,000	-	-
15	DANIDA (Health support funds) B/F	5,119,125	-	-
16	World Bank Loan for transforming health systems for universal care project B/F	1,576,606	-	-
17	ELRP (Locust)	91,588,750	35,977,744	39.3
18	ELRP (Locust) b/f	35,176,647	-	-
19	Finance Locally led Climate Action Program (FLLoCA)	22,000,000	-	-
Sub-Total		623,141,716	160,155,855	25.7
C	Other Sources of Revenue			
1	Own Source Revenue	240,330,500	167,647,770	69.8
2	Balance b/f from FY2021/22	315,081,301	425,333,956	135.0
4	Other Revenues	429,707,684	429,707,684	100.0
Sub Total		985,119,485	1,022,689,410	103.8
Grand Total		6,979,607,238	3,841,661,554	55.0

Source: Samburu County Treasury

During the period under review, the actual receipt of cash in EU Grant for the instrument for devolution advice and support (Abattoir Construction) conditional grant exceeded initially budgeted amounts by 22.9 per cent. Moreover, the County Treasury has not reconciled its revenues in view of the balance brought forward, hence reporting a higher cash balance than budgeted. These discrepancies should be corrected in the Supplementary Budget process.

Figure 3.110 Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

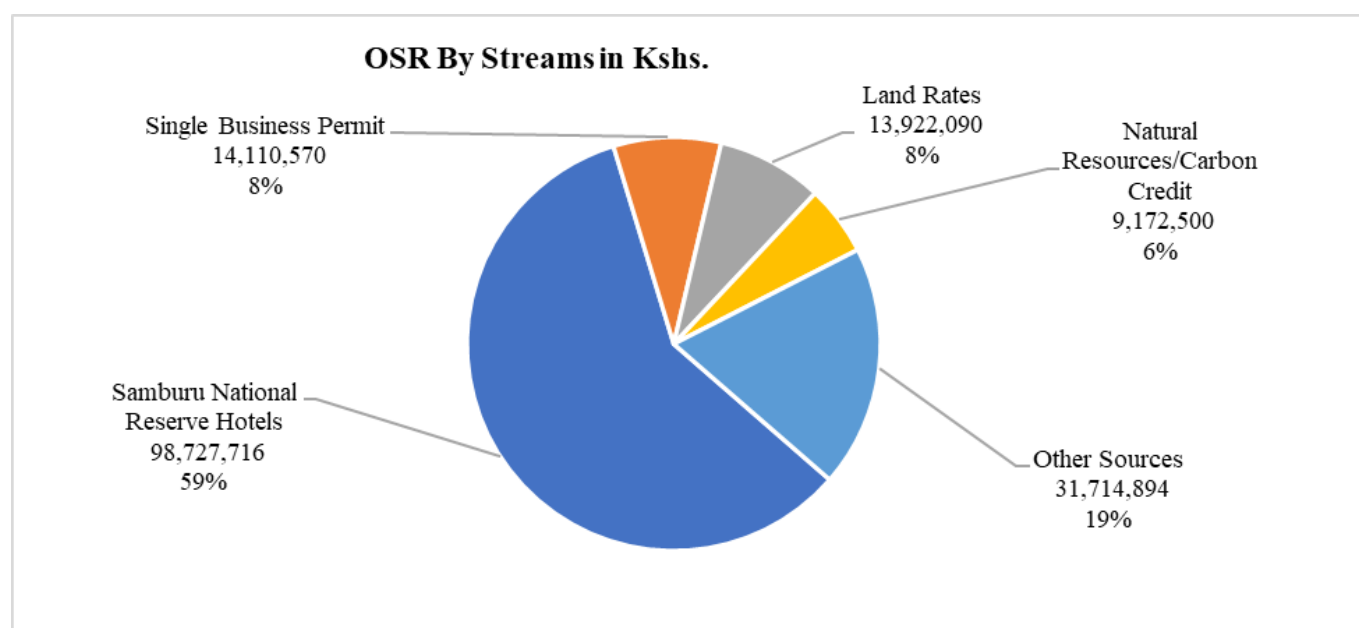
Figure 3.110 Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Samburu County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.167.65 million from its own sources of revenue, which represented an increase of 96.3 per cent compared to Kshs.85.38 million realised in a similar period in FY 2021/22 and was 69.7 per cent of the annual target and 6.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.111.

Figure 3.111: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Samburu County Treasury

The highest OSR stream was from the Samburu National Reserve of Kshs.98.73 million, which was 59 per cent of the overall collected OSR in the reporting period.

3.37.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.80 billion from the CRF account during the reporting period. This amount comprised Kshs.892.05 million (23.4 per cent) for development programmes and Kshs.2.91

billion (77.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.78 billion was released towards compensation to employees and Kshs.1.13 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.425.33 million.

3.37.4 County Expenditure Review

The County spent Kshs.4.19 billion on development and recurrent programmes during the reporting period. This expenditure represented 115 per cent of the total funds released by the CoB and comprised Kshs.992.21 million and Kshs.3.20 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 45.4 per cent. In contrast, recurrent expenditure represented 66.8 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.821.68 million, comprised of Kshs.245.76 million for recurrent expenditure and Kshs.575.92 million for development activities. During the period under review, pending bills amounting to Kshs.296.93 million were settled, consisting of Kshs.95.62 million for recurrent expenditure and Kshs.201.31 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.524.75 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.57 billion on employee compensation, Kshs.1.21 billion on operations and maintenance, and Kshs.864.15 million on development activities. Similarly, the County Assembly spent Kshs.211.07 million on employee compensation, Kshs.212.10 million on operations and maintenance, and Kshs.128.06 million on development activities, as shown in Table 3.213: Summary of Budget and Expenditure by Economic Classification.

Table 3.213: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,259,449,123	535,331,727	2,778,263,361	423,168,888	65.2	79.0
Compensation to Employees	2,149,562,380	313,475,227	1,567,933,498	211,067,296	72.9	67.3
Operations and Maintenance	2,109,886,743	221,856,500	1,210,329,863	212,101,592	57.4	95.6
Development Expenditure	2,053,826,388	131,000,000	864,150,778	128,061,579	42.1	97.8
Total	6,313,275,511	666,331,727	3,642,414,139	551,230,467	57.7	82.7

Source: Samburu County Treasury

3.37.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.78 billion, or 46.3 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.84 billion. This expenditure represented an increase from Kshs.1.77 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.599.65 million paid to health sector employees, translating to 33.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.41 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.370.61 million was processed through manual payrolls. The manual payrolls accounted for 20.8 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.16.79 million on committee sitting allowances for the 26 MCAs and the Speaker against the annual budget allocation of Kshs.24.5 million. The average monthly sitting allowance was Kshs.71,753 per MCA. The County Assembly has established 15 Committees.

3.37.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.416.50 million to county-established funds in FY 2022/23, constituting 6.0 per cent of the County's overall budget. Table 3.214: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.214: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds				
1.	Youth & Women Enterprise Fund	10,000,000	-	No
2.	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	-	No
3.	Bursaries and Support Services - Department of Education and Vocational Training	117,700,000	116,300,000	No
4.	PLWD Fund	5,000,000	-	No
5.	Emergency Fund – Department of Finance	140,000,000	140,000,000	No
County Assembly Established Funds				
1.	Car Loan	18,800,000	-	No
	Total	416,500,000	256,300,000	

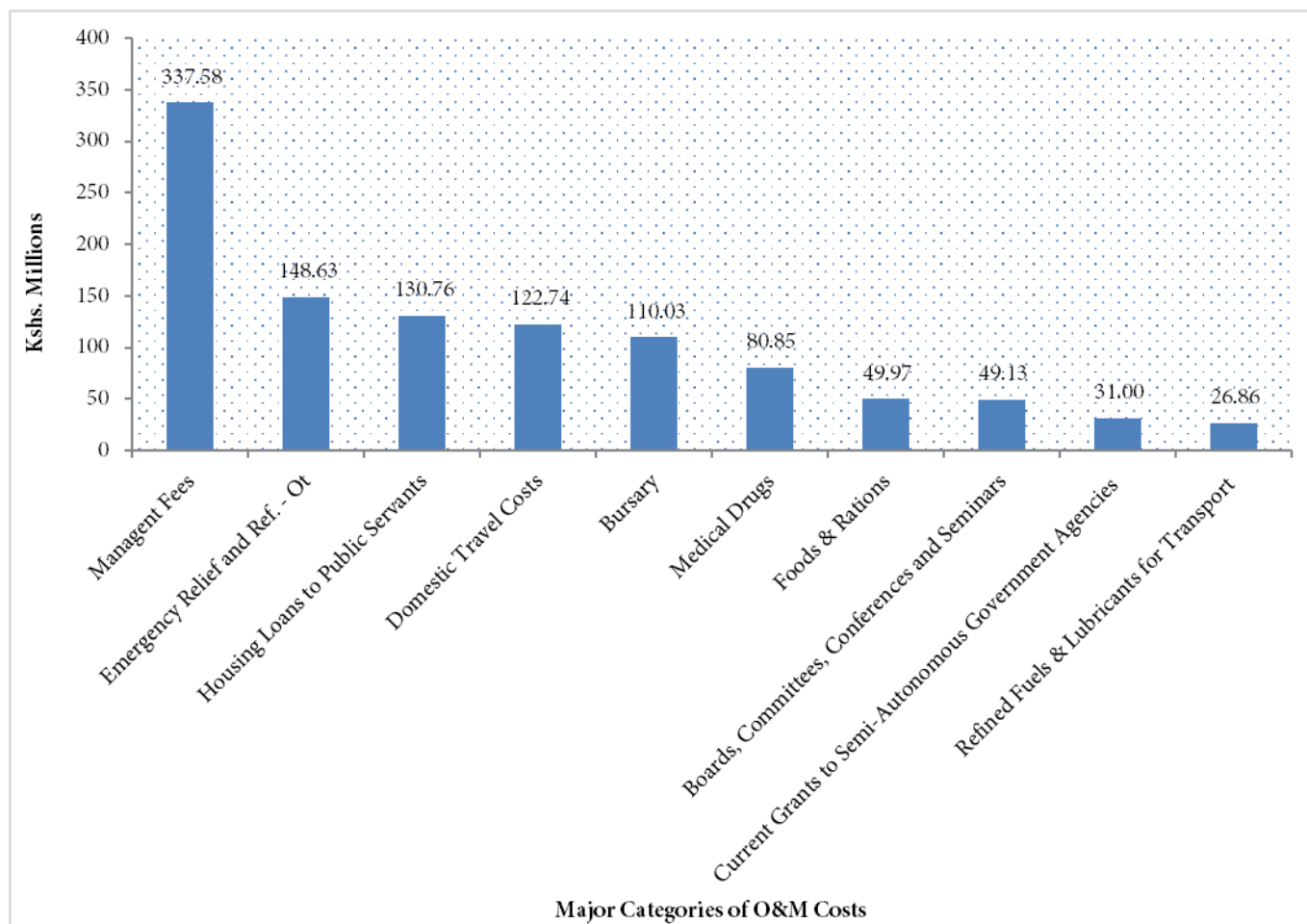
Source: Samburu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of all the funds, as indicated in Table 3.214: Performance of County Established Funds as of 31st March 2023. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.37.9 Expenditure on Operations and Maintenance

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

Figure 3.112: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

During the period, expenditure on domestic travel amounted to Kshs122.74 million and comprised of Kshs.52.36 million spent by the County Assembly and Kshs.70.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs16.54 million and comprised of Kshs.11.80 million by the County Assembly and Kshs.4.74 million by the County Executive.

3.37.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.992.21 million on development programmes, representing an increase of 64.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.604.04 million. Table 3.215 summarises development projects with the highest expenditure in the reporting period.

Table 3.215: Samburu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	County Health Services	Payment for Construction of Inpatient Block at County Referral Hospital	Maralal-Samburu West	37,002,833	37,002,833	100
2.	County Executive	Second Payment for Construction Of Governors Official Residence	Maralal-Samburu West	25,929,036	25,499,999	98
3.	Environment & Natural Resources	Drilling and Equipping Of 4no Borehole	Samburu North	21,974,304	21,974,304	100
4.	County Health Services	Payment For 2 Ambulances for Angata And Archer Post Sub-County Hospital	Archers-Samburu East	20,980,000	20,980,000	100
5.	Environment & Natural Resources	Drilling Of 3no Boreholes at Poro Loosuk Ward	Loosuk-Samburu West	15,099,073	15,099,073	100
6.	Education, Youth Affairs & Social Development	Ecd Classrooms	County Wide	14,218,200	14,218,200	100

Source: Samburu County Treasury

3.37.11 Budget Performance by Department

Table 3.216: Samburu County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure, and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.216: Samburu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	535.33	131	432.26	128.06	423.17	128.06	97.9	100.0	79.0	97.8
County Executive	532.71	33.93	281.33	25.5	352.56	25.5	125.3	100.0	66.2	75.2
Finance, Economic Planning & ICT	886.63	66.52	396.58	16.17	532.21	10.87	134.2	67.3	60.0	16.3
Agriculture, Livestock Development, Veterinary Services & Fisheries	321.51	315.69	177.2	274.28	155.01	138.97	87.5	50.7	48.2	44.0
Water, Environment, Natural Resources & Energy	207.21	463.67	131.86	162.92	100.6	184.18	76.3	113.0	48.5	39.7
Education and Vocational Training	524.17	136.37	372.9	19.75	385.99	118.77	103.5	601.5	73.6	87.1
Medical Services, Public Health & Sanitation	1183.09	389.18	709.41	50.17	1006.45	87.17	141.9	173.8	85.1	22.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing, Physical Planning & Urban Development	146.53	123.76	87.39	9.71	46.21	9.71	52.9	100.0	31.5	7.8
Roads, Transport & Public Works	116.24	256.52	66.56	59.52	41.06	92.74	61.7	155.8	35.3	36.2
Tourism, Trade, Enterprise Development & Cooperatives	216.51	243.46	149.8	137.35	87.91	174.33	58.7	126.9	40.6	71.6
Culture, Social Services, Gender, Sports & Youth Affairs	124.87	24.72	107.17	8.63	70.27	21.92	65.6	254.0	56.3	88.6
Total	4,794.80	2,184.82	2,912.46	892.06	3,201.44	992.22	109.9	111.2	66.8	45.4

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 97.8 per cent, followed by the Department of Culture, Social Services, Gender, and Sports & Youth Affairs at 88.6 per cent. The Department of Medical Services, Public Health & Sanitation had the highest percentage of recurrent expenditure to budget at 85.1 per cent, while the Department of Lands, Housing, and Physical Planning & Urban Development had the lowest at 31.5 per cent.

Further, the report on department budget performance shows that several departments reported expenditure over the approved exchequer issues, indicating a weak internal control at the County Treasury.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 3.217 summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.217: Samburu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expen- diture	Development Expenditure	Recurrent Expen- diture	Development Expenditure	Recurrent Expendi- ture	Development Expenditure
4212-Samburu - County Executive							
101004212		0	0	0	0		
	Administration, Planning and Sup- port Services	0	0	0	0		
701004212		435,201,603.00	33,929,036.00	305,501,446.00	25,499,999.00	70%	75%
	County Executive Services	0	0	0	0		
	Administration and Coordination of County Affairs	218,378,068.00	33,929,036.00	149,501,704.40	25,499,999.00	68%	75%
	Sub County Ad- ministration	171,420,791.00	0	118,648,695.05	0	69%	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Coordination, Supervision and Human Resource Services	45,402,744.00	0	37,351,046.55	0	82%	
702004212		0	0	0	0		
	Organisation of County Business	0	0	0	0		
703004212		34,480,800.00	0	4,434,178.20	0	13%	
	Economic, Social & Political Advisory Service	8,880,000.00	0	3,316,398.20	0	37%	
	County Policing	25,600,800.00	0	1,117,780.00	0	4%	
704004212		63,026,580.00	0	42,624,948.80	0	68%	
	Administration of Human Resources in County Public Service	63,026,580.00	0	42,624,948.80	0	68%	
705004212		0	0	0	0		
	Administration Services	0	0	0	0		
712004212		0	0	0	0		
	Special Programs	0	0	0	0		
	Sub-Total	532,708,983.00	33,929,036.00	352,560,573.00	25,499,999.00	66%	75%
4213-Samburu - Finance and Economic Planning							
705004213		491,252,468.00	0	224,074,623.95	0	46%	
	Administration Services	469,522,398.00	0	217,090,229.70	0	46%	
	System Security	21,730,070.00	0	6,984,394.25	0	32%	
706004213		209,555,479.00	66,521,681.00	138,700,034.65	10,874,100.00	66%	16%
	Fiscal Planning	36,206,088.00	36,521,681.00	21,664,001.15	10,874,100.00	60%	30%
	Resource Mobilization	68,350,561.00	30,000,000.00	51,430,592.70	0	75%	0%
	Budget Formulation Coordination and management	13,870,976.00	0	7,903,200.70	0	57%	
	Public finance and Accounting	40,319,310.00	0	29,871,860.80	0	74%	
	Internal Audit	25,959,518.00	0	11,308,061.90	0	44%	
	Procurement	24,849,026.00	0	16,522,317.40	0	66%	
712004213		176,586,860.00	0	166,771,205.90	0	94%	
	Special Programs	176,586,860.00	0	166,771,205.90	0	94%	
713004213		9,233,880.00	0	2,666,122.50	0	29%	
	General Administration (Economic Planning and ICT)	9,233,880.00	0	2,666,122.50	0	29%	
	Sub-Total	886,628,687.00	66,521,681.00	532,211,987.00	10,874,100.00	60%	16%
4214-Samburu - Agriculture, Livestock and Fisheries							
101004214		210,128,106.00	0	104,965,181.00	0	50%	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Administration, Planning and Support Services	210,128,106.00	0	104,965,181.00	0	50%	
103004214		58,031,505.00	75,929,306.00	15,656,835.85	14,675,600.00	27%	19%
	Promotion of Value Addition of Live-stock and Livestock Products	18,647,757.00	53,929,306.00	4,297,348.30	13,500,000.00	23%	25%
	Promotion of Dairy Production, Breeding and Disease control	20,387,478.00	0	5,372,746.55	0	26%	
	Livestock marketing and rangeland management	10,146,085.00	0	2,887,082.10	0	28%	
	Livestock Diseases management and Control	8,850,185.00	22,000,000.00	3,099,658.90	1,175,600.00	35%	5%
104004214		4,047,082.00	4,068,000.00	481,618.40	1,668,000.00	12%	41%
	Development of capture fisheries resources	4,047,082.00	4,068,000.00	481,618.40	1,668,000.00	12%	41%
105004214		49,303,666.00	235,689,890.00	33,906,201.75	122,625,416.00	69%	52%
	Crop Production and Food security	12,934,548.00	0	6,942,563.70	0	54%	
	Agricultural Extension Research and Training	36,369,118.00	235,689,890.00	26,963,638.05	122,625,416.00	74%	52%
	Sub-Total	321,510,359.00	315,687,196.00	155,009,837.00	138,969,016.00	48%	44%
4215-Samburu - Environment and Natural Resources							
101004215		0	0	0	0		
	Administration, Planning and Support Services	0	0	0	0		
1001004215		48,647,404.00	411,171,733.00	27,846,511.25	170,387,464.00	57%	41%
	Administration	48,647,404.00	411,171,733.00	27,846,511.25	170,387,464.00	57%	41%
1002004215		46,130,190.00	52,500,000.00	8,739,780.50	13,788,134.00	19%	26%
	Forests Conservation and Management	7,199,216.00	16,000,000.00	3,407,970.00	0	47%	0%
	Pollution control& monitoring	38,930,974.00	36,500,000.00	5,331,810.50	13,788,134.00	14%	38%
1003004215		12,787,348.00	0	3,866,127.00	0	30%	
	Control of soil erosion	5,179,514.00	0	511,000.00	0	10%	
	Mining Services	2,267,702.00	0	116,250.00	0	5%	
	Water Catchment and Protection Services	5,340,132.00	0	3,238,877.00	0	61%	
1004004215		99,641,339.00	0	60,144,299.25	0	60%	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Water and sanitation services	94,406,742.00	0	59,844,699.25	0	63%	
	Storm water management	5,234,597.00	0	299,600.00	0	6%	
	Sub-Total	207,206,281.00	463,671,733.00	100,596,718.00	184,175,598.00	49%	40%
4216-Samburu - Education, Youth Affairs and Sport							
101004216		0	0	0	0		
	Administration, Planning and Support Services	0	0	0	0		
501004216		165,634,758.00	0	158,280,892.80	0	96%	
	Bursary Management Services	0	0	0	0		
	General Administration Planning and Support Services	165,634,758.00	0	158,280,892.80	0	96%	
502004216		349,058,839.00	121,870,132.00	220,770,806.10	99,343,032.00	63%	82%
	Promotion of Early Childhood Education	349,058,839.00	121,870,132.00	220,770,806.10	99,343,032.00	63%	82%
	Promotion of youth empowerment	0	0	0	0		
503004216		0	0	0	0		
	Sports Development, Training & Competition	0	0	0	0		
504004216		9,471,986.00	14,500,000.00	6,937,874.10	19,430,125.50	73%	134%
	SP1 Revitalization of Youth Polytechnics	9,471,986.00	14,500,000.00	6,937,874.10	19,430,125.50	73%	134%
	Sub-Total	524,165,583.00	136,370,132.00	385,989,573.00	118,773,158.00	74%	87%
4217-Samburu - Health Services							
101004217		0	0	0	0		
	Administration, Planning and Support Services	0	0	0	0		
401004217		293,783,897.00	14,000,000.00	255,678,290.10	0	87%	0%
	Non-Communicable Disease & prevention control	35,152,682.00	0	31,531,823.40	0	90%	
	Maternal Health Services	54,089,842.00	0	48,449,215.60	0	90%	
	Communicable Disease Control	85,175,188.00	0	76,997,694.65	0	90%	
	Health Promotive Services	119,366,185.00	14,000,000.00	98,699,556.45	0	83%	0%
402004217		699,709,113.00	44,804,001.00	593,336,953.55	0	85%	0%

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	County Referral Services	508,312,101.00	44,804,001.00	482,898,761.45	0	95%	0%
	Free Primary Healthcare	166,482,850.00	0	95,172,137.30	0	57%	
	Provision Of Essential Health Services In All The Levels	24,914,162.00	0	15,266,054.80	0	61%	
403004217		189,593,882.00	330,377,673.00	157,435,401.35	87,169,044.00	83%	26%
	Health Standards and Quality Assurance Services	81,060,204.00	0	73,417,831.00	0	91%	
	Research And Development	8,519,002.00	0	4,666,542.80	0	55%	
	Health Infrastructure development	8,788,504.00	0	5,084,579.50	0	58%	
	Human Resources for health	71,238,943.00	0	63,287,629.05	0	89%	
	Health Policy, Planning & Financing	19,987,229.00	330,377,673.00	10,978,819.00	87,169,044.00	55%	26%
1003004217		0	0	0	0		
	Water Catchment and Protection Services	0	0	0	0		
	Sub-Total	1,183,086,892.00	389,181,674.00	1,006,450,645.00	87,169,044.00	85%	22%
4218-Samburu - Physical Planning, Housing and Urban Development							
101004218		94,429,859.00	0	29,846,157.20	0	32%	
	Administration, Planning and Support Services	94,429,859.00	0	29,846,157.20	0	32%	
102004218		19,934,159.00	28,069,989.00	8,297,657.80	9,705,968.00	42%	35%
	Housing management services	912,043.00	0	343,652.35	0	38%	
	GIS Data Base creation	0	0	0	0		
	Spatial planning	7,428,266.00	0	1,268,979.75	0	17%	
	Survey And Mapping	11,593,850.00	28,069,989.00	6,685,025.70	9,705,968.00	58%	35%
106004218		32,163,000.00	95,694,559.00	8,070,274.00	0	25%	0%
	Urban center management	32,163,000.00	95,694,559.00	8,070,274.00	0	25%	0%
	Sub-Total	146,527,018.00	123,764,548.00	46,214,089.00	9,705,968.00	32%	8%
4219-Samburu - Public Works, County Roads and Water							
101004219		0	0	0	0		
	Administration, Planning and Support Services	0	0	0	0		
201004219		70,706,024.00	0	30,870,087.00	0	44%	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Administrative services	57,077,548.00	0	23,170,913.60	0	41%	
	Design, implementation and supervision of public buildings	11,930,486.00	0	7,123,400.00	0	60%	
	Firefighting services	1,697,990.00	0	575,773.40	0	34%	
202004219		45,533,895.00	256,518,424.00	10,184,985.00	92,738,548.00	22%	36%
	Street lights management	16,447,732.00	0	5,131,752.70	0	31%	
	Rehabilitation of Roads, Drainage and Bridges	13,059,780.00	0	3,035,976.05	0	23%	
	Public Road transport and parking	7,853,125.00	256,518,424.00	1,723,256.25	92,738,548.00	22%	36%
	Design, supervision and rehabilitation of County Buildings	8,173,258.00	0	294,000.00	0	4%	
1001004219		0	0	0	0		
	Administration	0	0	0	0		
1002004219		0	0	0	0		
	Pollution control & monitoring	0	0	0	0		
1004004219		0	0	0	0		
	Storm water management	0	0	0	0		
	Water and sanitation services	0	0	0	0		
	Sub-Total	116,239,919.00	256,518,424.00	41,055,072.00	92,738,548.00	35%	36%
4220-Samburu - Trade, Tourism and Co-operative Development							
301004220		28,184,640.00	235,958,952.00	11,476,329.95	173,338,360.00	41%	73%
	General administration	28,184,640.00	235,958,952.00	11,476,329.95	173,338,360.00	41%	73%
302004220		28,236,026.00	2,000,000.00	12,901,586.05	0	46%	0%
	SACCO members' empowerment	0	0	0	0		
	Enhance Marketing Co-operatives	28,236,026.00	2,000,000.00	12,901,586.05	0	46%	0%
303004220		0	0	0	0		
	Business Development Services for MSE's	0	0	0	0		
304004220		121,712,245.00	0	55,084,110.65	0	45%	
	Tourism and Infrastructure Development	0	0	0	0		
	Tourism Training & capacity Building	0	0	0	0		

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Establish & Management of County Tourism Information Centre	121,712,245.00	0	55,084,110.65	0	45%	
305004220		26,806,084.00	0	5,271,110.35	0	20%	
	Domestic trade development	26,286,084.00	0	5,182,210.35	0	20%	
	Market development and promotion of fair trade services	520,000.00	0	88,900.00	0	17%	
306004220		11,570,856.00	5,500,000.00	3,173,484.00	991,130.00	27%	18%
	General Administration Planning and Support Services	11,570,856.00	5,500,000.00	3,173,484.00	991,130.00	27%	18%
	Sub-Total	216,509,851.00	243,458,952.00	87,906,621.00	174,329,490.00	41%	72%
4221-Samburu - Gender, Culture and Social Services							
502004221		0	0	0	0		
	Promotion of youth empowerment	0	0	0	0		
503004221		41,720,532.00	8,223,012.00	25,272,377.00	14,400,825.00	61%	175%
	Sports Development, Training & Competition	41,720,532.00	8,223,012.00	25,272,377.00	14,400,825.00	61%	175%
901004221		28,794,158.00	16,500,000.00	18,408,672.65	7,515,032.00	64%	46%
	General Administration Planning and Support Services	28,794,158.00	16,500,000.00	18,408,672.65	7,515,032.00	64%	46%
902004221		33,337,666.00	0	17,452,580.00	0	52%	
	Community Mobilization and Development	6,261,580.00	0	100,000.00	0	2%	
	Development and Promotion of Culture	8,036,086.00	0	1,399,060.00	0	17%	
	Social Welfare and Gender	18,070,000.00	0	15,487,220.00	0	86%	
	Conservation of Heritage	970,000.00	0	466,300.00	0	48%	
903004221		4,540,000.00	0	4,114,400.00	0	91%	
	Development and management for sports facilities	4,540,000.00	0	4,114,400.00	0	91%	
904004221		16,473,194.00	0	5,020,216.35	0	30%	
	General Administration Planning and Support Services (Sports)	16,473,194.00	0	5,020,216.35	0	30%	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub-Total	124,865,550.00	24,723,012.00	70,268,246.00	21,915,857.00	56%	89%
4210-Samburu - County Assembly							
707004210		535,331,727.00	423,168,888.45	131,000,000.00	128,061,579.00	0.24	0.30
	Legislative, Oversight and Representation	535,331,727.00	423,168,888.45	131,000,000.00	128,061,579.00	24%	30%
	Grand Total	4,794,780,850.00	2,476,995,276.45	2,909,263,361.00	992,212,357.00	61%	40%
		Grand Total		4,794,780,850		2,476,995,276	

Sub-programmes with the highest levels of implementation based on absorption rates were Sports Development, Training & Competition in the Department of Gender, culture and Social Services at 175.1 per cent, Revitalisation of youth polytechnics in the Department of Education, youth affairs and Sports at 134 per cent. Absorption rates above 100% are irregular and ought to be corrected before the end of the financial year.

3.37.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 10th May 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.216 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012, as shown in Table 3.214.
4. High level of pending bills which amounted to Kshs.524.74 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.425.33 million at the end of the first nine months of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.370.61 million were processed through the manual payroll, accounting for 20.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.38 County Government of Siaya

3.38.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.8.62 billion, comprising Kshs.2.82 billion (32.7 per cent) and Kshs.5.80 billion (67.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 3.9 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.5.62 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.97 billion (80.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.701 million (8.1 per cent) from its own sources of revenue, Kshs.258.70 million (2.9 per cent) as conditional grants, and a cash balance of Kshs.697.04 million (8.1 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.218: Siaya County, Revenue Performance in the First Nine Months of FY 2022/23.

3.38.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4 billion as the equitable share of the revenue raised nationally, raised Kshs.358.74 million as own-source revenue, Kshs.95.71 million as conditional grants, and had a cash balance of Kshs.697.04 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.5.16 billion, as shown in Table 3.218: Siaya County, Revenue Performance in the First Nine Months of FY 2022/23.

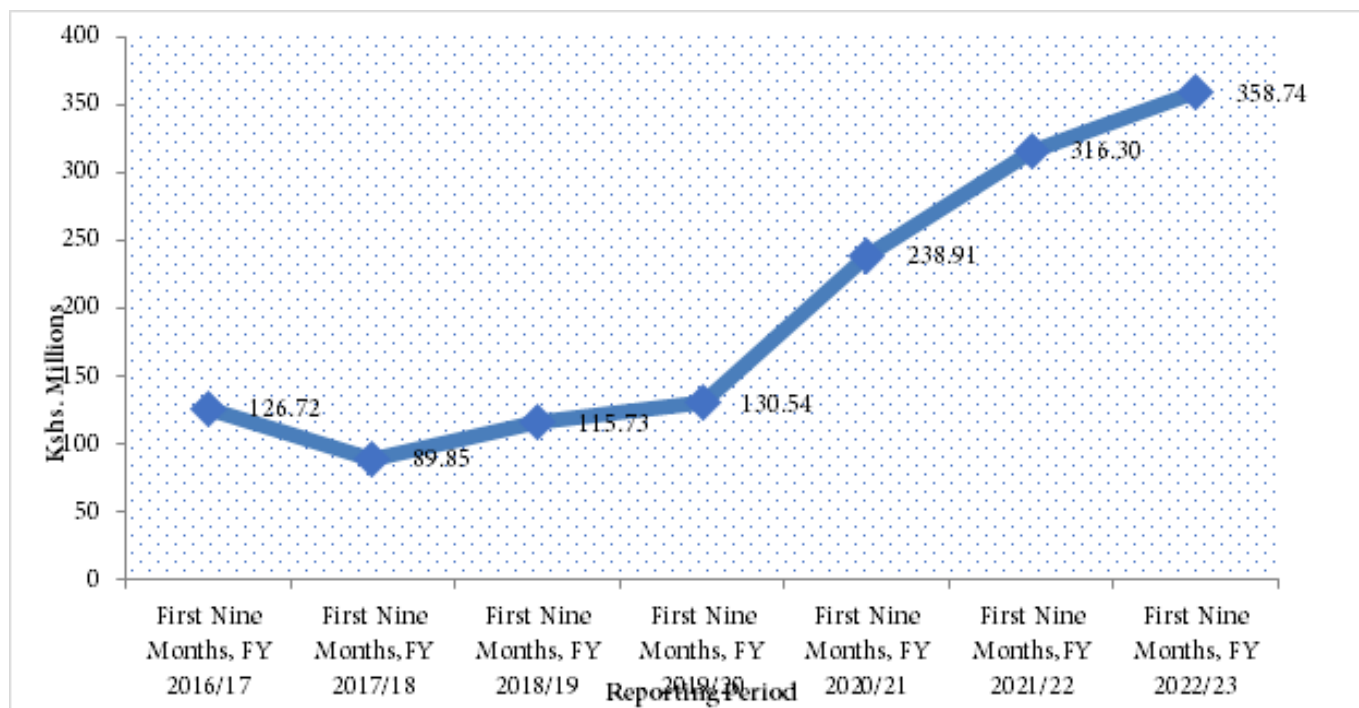
Table 3.218: Siaya County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,966,507,531	4,005,741,849	57.5
	Subtotal	6,966,507,531	4,005,741,849	57.5
B	Conditional Grants			
7.	DANIDA	12,206,100	-	-
8.	Lease of Medical Equipment	110,638,298	-	-
9.	Financing Local Led Climate Action (FLloCA)	11,000,000	11,000,000	100.0
10.	Kenya Climate Smart Agriculture Project (KCSAP) -IDA World Bank	75,368,050	75,368,050	100.0
11.	Sweden: Agriculture Sector Development Support Project (ASDSP)	14,538,059	9,337,829	64.2
	Equalization Fund	34,946,152	-	-
	Sub Total	258,696,659	95,705,879	37.0
C	Other Sources of Revenue			
1.	Own Source Revenue	700,998,234	358,741,601.44	51.2
2.	Unspent balance from FY 2021/22	697,043,128	697,043,128.00	100.0
	Sub Total	1,398,041,362	1,055,784,729.44	75.5
	Grand Total	8,623,245,552	5,157,232,407	59.8

Source: Siaya County Treasury

Figure 3.113 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

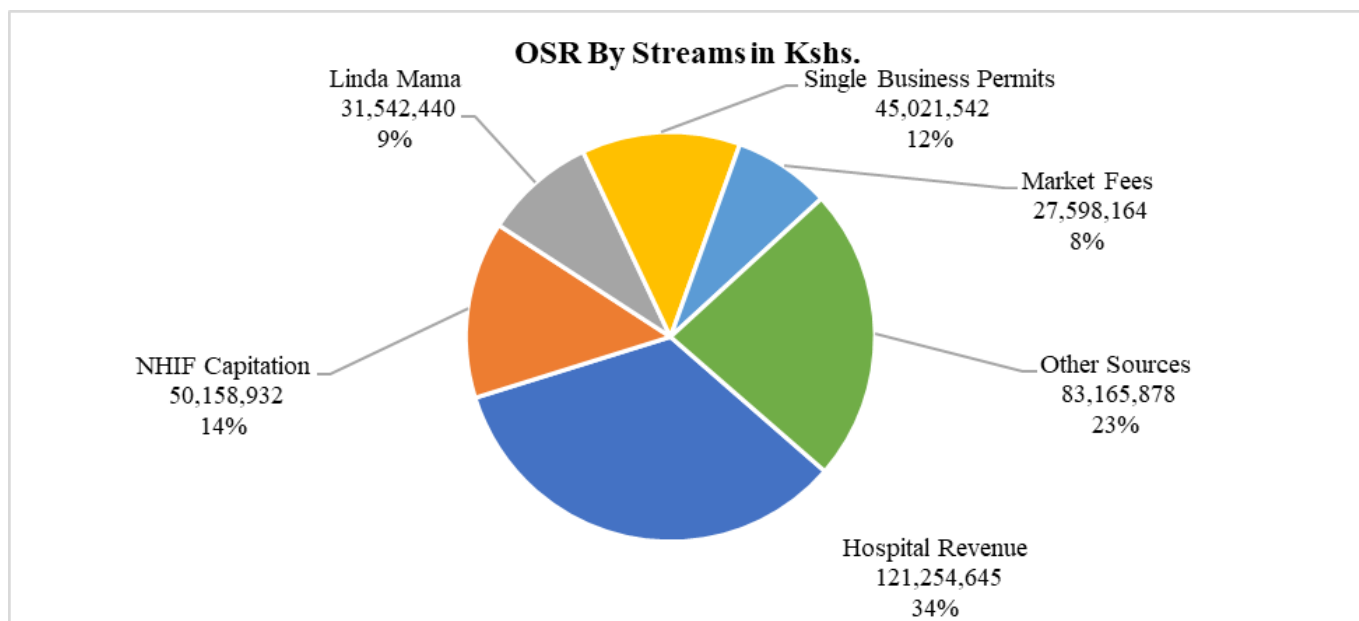
Figure 3.113: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Siaya County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.358.74 million from its own sources of revenue, which represented an increase of 13.4 per cent compared to Kshs.316.30 million realised in a similar period in FY 2021/22. It was 51.2 per cent of the annual target and 9.0 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.49.16 million. The revenue streams which contributed the highest OSR are shown in Figure 3.114: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.114: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Siaya County Treasury

The highest revenue stream of Kshs.121.25 million was from Hospital Revenue, contributing to 33.8 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.202.95 million, representing 56.6 per cent of the overall OSR in the first nine months of FY 2022/23.

3.38.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.92 billion from the CRF account during the reporting period. This amount comprised Kshs.610.64 million (15.6 per cent) for development programmes and Kshs.3.31 billion (84.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.15 billion was released towards compensation to employees and Kshs.1.16 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.594.14 million.

3.38.4 County Expenditure Review

The County spent Kshs.3.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.6 per cent of the total funds released by the CoB and comprised Kshs.513.33 million and Kshs.3.10 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.2 per cent. In contrast, recurrent expenditure represented 53.7 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.840.67 million, comprised of Kshs.380.21 million for recurrent expenditure and Kshs.460.45 million for development activities. During the period under review, pending bills amounting to Kshs.414.48 million were settled, consisting of Kshs.141.15 million for recurrent expenditure and Kshs.273.33 million for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.426.19 million.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.97 billion on employee compensation, Kshs.701.96 million on operations and maintenance, and Kshs.426.42 million on development activities. Similarly, the County Assembly spent Kshs.177.63 million on employee compensation, Kshs.265.66 million on operations and maintenance, and Kshs.86.90 million on development activities, as shown in Table 3.219 Summary of Budget and Expenditure by Economic Classification.

Table 3.219 Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,891,800,374	908,268,880	2,671,627,702	443,289,361	54.6	48.8
Compensation to Employees	2,844,246,522	380,219,901	1,969,671,761	177,625,294	69.3	46.7
Operations and Maintenance	2,047,553,852	528,048,979	701,955,941	265,664,067	34.3	50.3
Development Expenditure	2,411,287,546	411,888,752	426,423,005	86,903,233	17.7	21.1
Total	7,303,087,920	1,320,157,632	3,098,050,707	530,192,594	42.4	40.2

Source: Siaya County Treasury

3.38.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.15 billion, or 42.2 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.16 billion. This expenditure represented a decrease from Kshs.2.30 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.07 billion paid to health sector employees, translating to 49.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.71 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.477.34 million was processed through manual payrolls. The manual payrolls accounted for 21.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.12.56 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.52.56 million. The average monthly sitting allowance was Kshs.32,429 per MCA. The County Assembly has established 23 Committees.

3.38.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.285.21 million to county-established funds in FY 2022/23, constituting 3.3 per cent of the County's overall budget. Table 3.220: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.220: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Siaya County Emergency Fund	70,000,000	-	-	YES
2.	Siaya County Bursary Fund	75,000,000	75,000,000	75,000,000	YES
3.	Siaya County Cooperative Development Fund	8,000,000	-	-	YES
County Assembly Established Funds					
1.	Siaya County Assembly MCAs and Staff Car Loan and Mortgage Fund	132,212,000	92,500,000	92,500,000	YES
	Total	285,212,000	167,500,000	167,5000	

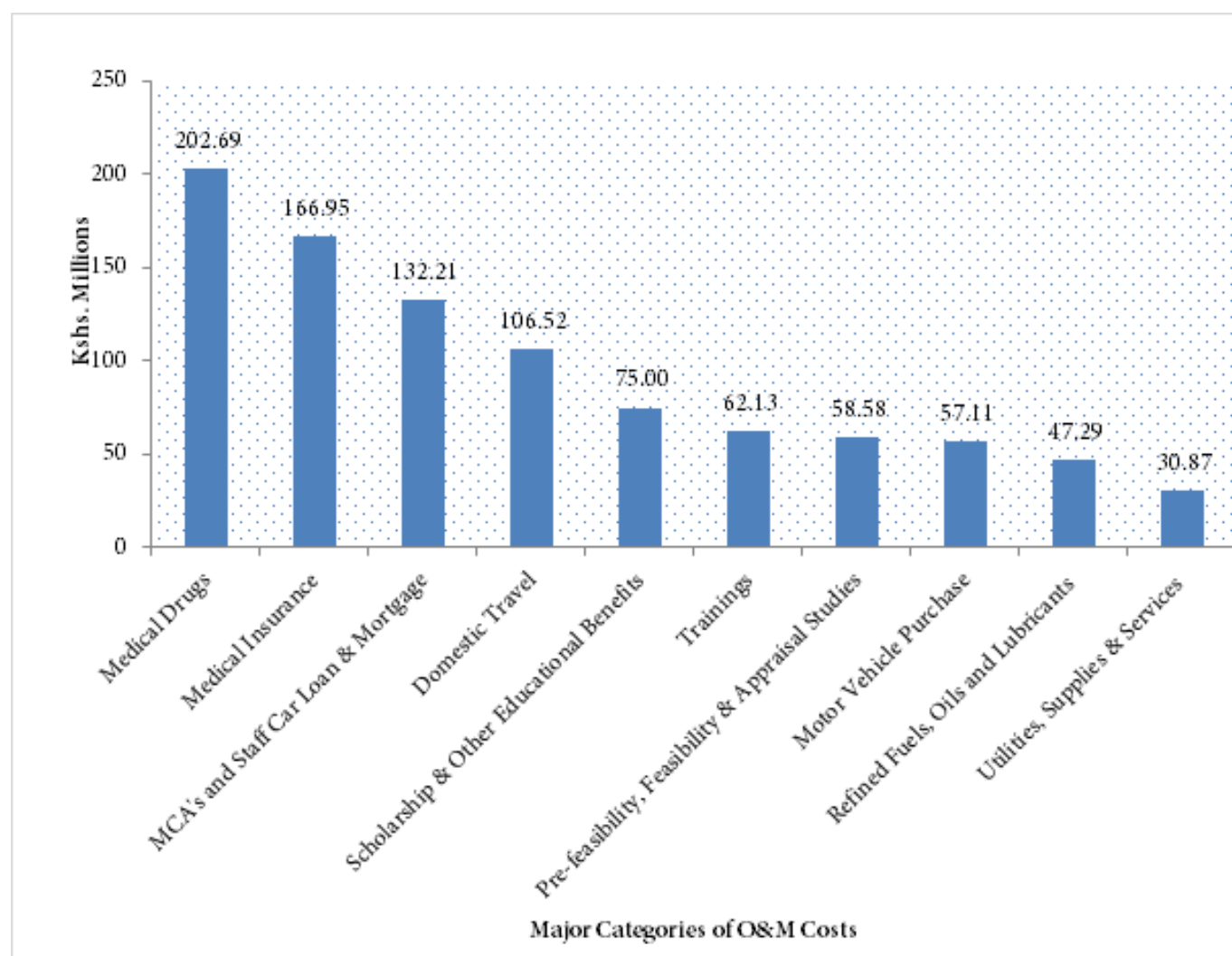
Source: Siaya County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of the funds as indicated in Table 3.220: Performance of County Established Funds as of 31st March 2023 as per the requirement of Section 168 of the PFM Act, 2012.

3.38.9 Expenditure on Operations and Maintenance

Figure 3.115: Siaya County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.115: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

During the period, expenditure on domestic travel amounted to Kshs.106.52 million and comprised of Kshs.46.09 million spent by the County Assembly and Kshs.60.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.10 million by the County Executive.

3.38.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.513.33 million on development programmes, representing a decrease of 37.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.821.38 million. Table 3.221 summarises development projects with the highest expenditure in the reporting period.

Table 3.221: Siaya County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Food, Livestock and Fisheries	Purchase of 10No. Tractors	County Headquarters	30,694,000	30,694,000	100.0
2	Agriculture, Food, Livestock and Fisheries	Purchase of certified Seeds	Countywide	40,000,000	39,999,700	100.0
3	Agriculture, Food, Livestock and Fisheries	Purchase of Fertiliser	Countywide	40,000,000	39,999,900	100.0

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
4	Water, Irrigation, Environment and Natural Resources	Pipeline Extension from Akala to Ob-och	Akala	44,620,800	44,620,240	100.0
5	Health Services	Construction of the Maternity Wing at Ambira Hospital	Unguja	19,200,000	18,200,000	94.8
6	Lands, Physical Planning, Housing and Urban Development	Completion of County Spatial Plan	Countywide	107,000,000	101,400,000	94.8
7	Lands, Physical Planning, Housing and Urban Development	Acquisition of Land for Development and Investment	Countywide	37,919,743	32,900,006	83.1
8	County Assembly	Construction and Fencing of Ward Offices	Ward Offices	160,167,929	121,408,776	75.8
9	County Assembly	Geo-survey Drilling and Equipping of Boreholes in the 30 ward offices	Ward Offices	125,662,548	64,836,358	51.6
10	County Assembly	Construction of Meeting Halls in the Ward Offices	Ward Offices	154,900,292	66,798,975	44.6

Source: Siaya County Treasury

3.38.11 Budget Performance by Department

Table 3.222: Siaya County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.222: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	908.27	411.89	450.93	86.92	443.29	86.90	98.3	100.0	48.8	21.1
Governance and Administration	607.05	10.50	428.77	-	390.59	-	91.1	-	64.3	-
Finance and Economic Planning	942.61	36.95	524.50	-	524.48	-	100.0	-	55.6	-
Agriculture, Irrigation, Food, Livestock and Fisheries	286.56	345.83	169.36	112.90	169.06	110.08	99.8	97.5	59.0	31.8
Water, Environment and Natural Resources	81.25	330.02	38.32	95.59	37.09	55.15	96.8	57.7	45.6	16.7
Education, Youth Affairs, Gender, Sports and Social Services	310.20	343.83	166.35	45.51	125.02	23.78	75.2	52.2	40.3	6.9
County Health Services	2,167.11	321.46	1,241.96	12.25	1,198.73	12.24	96.5	99.9	55.3	3.8
Lands, Physical Planning, Housing and Urban Development	145.92	93.17	89.88	33.32	56.99	32.90	63.4	98.8	39.1	35.3
Roads, Public Works, Energy and Transport	90.57	673.94	66.68	142.22	40.65	142.18	61.0	98.8	44.9	21.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Enterprise and Industrial Development	155.02	225.44	85.14	59.03	85.13	39.84	100.0	67.5	54.9	17.7
Tourism, Culture, ICT and Arts	105.50	30.15	43.93	22.89	43.89	10.26	99.9	44.8	41.6	34.0
	5,800.07	2,823.18	3,854.90	610.64	3,114.92	513.33	94.2	84.1	53.7	15.1

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Lands, Physical Planning, Housing and Urban Development recorded the highest absorption rate of development budget at 35.3 per cent, followed by the Department of Tourism, Culture, ICT and Arts at 34.0 per cent. The Department of Governance and Administration had the highest percentage of recurrent expenditure to budget at 64.3 per cent, while the Department of Lands, Physical Planning, Housing and Urban Development had the lowest at 39.1 per cent.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 3.223: Siaya County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.223: Siaya County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expendi- ture	Devel- opment Expendi- ture
County Assembly							
Programme 1	Legislation	504,559,078		301,842,338.30		59.8	-
	Oversight	40,000,000		34,444,025		86.1	-
	Staff Management and Development	363,709,802	411,888,752	270,573,074	91,996,692	74.4	22.3
	Sub Total	908,268,880.00	411,888,752.00	606,859,437.30	91,996,692.00	66.8	22.3
Governance and Administration							
General Adminis- tration, Planning and Support Services	General Adminis- tration, Planning and Support Ser- vices	269,552,963	10,500,000	102,566,655.10	-	38.1	-
The Office of the Governor	The Office of the Governor	141,425,762		52,507,873.40		37.1	-
County Public Service Board	County Public Ser- vice Board	61,651,031		5,587,354.80		9.1	-
Fire Fighting and Disaster Management	Fire Fighting and Disaster Manage- ment	6,567,848		2,238,026.20		34.1	-
Sub County Administration	Sub County Ad- ministration	97,557,046		3,062,934.95		3.1	-
Human Resource Management	Human Resource Management	30,294,879		614,250		2.0	-
	Sub-Total	607,049,529.00	10,500,000.00	166,577,094.45	-	27.4	

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Finance and Economic Planning							
Financial Services	Financial Services	17,058,211		3,299,115		19.3	-
Administration, Planning, Revenue and Accounting	Administration, Planning, Revenue and Accounting	786,819,350	36,946,152	205,789,719.30	-	26.2	-
Procurement	Procurement	5,454,630		3,068,060		56.2	-
Budget Services	Budget Services	42,535,007		32,155,769		75.6	-
Internal Audit	Internal Audit	10,239,329		6,549,073		64.0	-
Economic Planning Services	Economic Planning Services	46,104,736		19,998,111.85		43.4	-
Economic Planning Services	Economic Planning Services	34,396,309		17,646,767		51.3	-
	Sub -Total	942,607,572.00	36,946,152.00	288,506,615.15	-	30.6	-
Agriculture, Food, Livestock and Fisheries							
Administration	Administration	93,400,304	23,210,790	46,421,063.40	4,039,586.20	49.7	17.4
Veterinary Services	Veterinary Services	22,297,256	14,610,539	6,629,730	1,780,617.40	29.7	12.2
Crop Management	Crop Management	152,500,084	261,699,479	12,115,802.55	215,581,999.90	7.9	82.4
Fisheries Development and Management	Fisheries Development and Management	18,365,662	46,310,142	2,276,710	752,700	12.4	1.6
	Sub- Total	286,563,306.00	345,830,950.00	67,443,305.95	222,154,903.50	23.5	64.2
Water, Irrigation, Environment and Natural Resources							
Administration	Administration	40,100,652		6,138,361		15.3	-
Water Services	Water Services	37,180,000	330,019,142	16,088,844.55	110,397,969.20	43.3	33.5
Forestry	Forestry	3,970,000		2,164,590.60		54.5	-
	Sub- Total	81,250,652.00	330,019,142.00	24,391,796.15	110,397,969.20	30.0	33.5
Education, Youth Affairs, Gender and Social Services							
Administration Services	Administration Services	249,316,154		90,666,064.80		36.4	-
ECD Programmes	ECD Programmes	13,049,382	169,469,912	10,177,599	20,577,643	78.0	12.1
Youth Polytechnics and Youth Training	Youth Polytechnics and Youth Training	5,243,584	40,489,249	1,727,735	14,933,054	32.9	36.9
Sports	Sports	16,563,609	75,072,246	8,496,900	4,637,240	51.3	6.2

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Social Resources	Social Resources	26,029,585	59,203,058	10,308,425	33,575,962	39.6	56.7
	Sub -Total	310,202,314.00	344,234,465.00	121,376,723.80	73,723,898.50	39.1	21.4
County Health Services							
General Administration and Planning Services	General Administration and Planning Services	1,566,493,146		90,137,365.30		5.8	-
Curative Healthcare Services	Curative Healthcare Services	203,883,249	321,457,940	168,221,030.75	24,409,870.80	82.5	7.6
Preventive, Promotive and Rehabilitative Services	Preventive, Promotive and Rehabilitative Services	83,755,896		76,009,346.00		90.8	-
Facility Improvement Fund	Facility Improvement Fund	109,000,700		1,250,000		1.1	-
HIV Services	HIV Services	18,794,100		6,664,447		35.5	-
TB Services	TB Services	76,446,751		52,220,214		68.3	-
Nutrition Services	Nutrition Services	58,578,536		607,267		1.0	-
Environmental Health Services	Environmental Health Services	50,158,116		850,000		1.7	-
	Sub -Total	2,167,110,494.00	321,457,940.00	395,959,670.05	24,409,870.80	18.3	7.6
Lands, Physical Planning, Urban Development and Housing							
Physical Planning	Physical Planning	45,553,982	26,708,391	4,760,624	5,850,000	10.5	21.9
Land Survey and Mapping	Land Survey and Mapping	17,394,581	39,721,053	5,036,333	32,900,005.95	29.0	82.8
Housing	Housing	24,940,354	3,556,811	13,799,014.40		55.3	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	58,032,630	23,185,646	32,949,938.45		56.8	-
	Sub -Total	145,921,547.00	93,171,901.00	56,545,909.85	38,750,005.95	38.8	41.6
Roads, Public Works, Energy and Transport							
General Administration Services	General Administration Services	959,795				-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Road Development, Maintenance and Management	Road Development, Maintenance and Management	88,987,924	673,940,099	30,117,571.85	191,231,287.95	33.8	28.4
County Government Buildings Services	County Government Buildings Services	627,241				-	-
	Sub - Total	90,574,960.00	673,940,099.00	30,117,571.85	191,231,287.95	33.3	28.4
Enterprise and Industrial Development							
General Administration and Planning Services	General Administration and Planning Services	130,371,895		66,601,192.10		51.1	-
Trade Development and Investment Services	Trade Development and Investment Services	3,751,705		2,418,984.80		64.5	-
Promotion of Fair- Trade Practices	Promotion of Fair-Trade Practices	6,197,000		2,244,348		36.2	-
Cooperative Extension Services	Cooperative Extension Services	5,805,000		1,785,883		30.8	-
Market Services	Market Services	8,894,400	225,437,182	3,211,074	40,416,571.90	36.1	17.9
	Sub-Total	155,020,000.00	225,437,182.00	76,261,481.90	40,416,571.90	49.2	17.9
Tourism, Culture, Sports and Arts							
ICT	ICT	7,595,000	17,380,187	2,719,240.95		35.8	-
Tourism	Tourism		12,369,528		7,699,916.90		62.2
General Administration, Planning and Support Services	General Administration, Planning and Support Services	73,805,000		12,675,533.20		17.2	-
Communication Services	Communication Services	24,100,000		8,122,990		33.7	-
	Sub-Total	105,500,000.00	29,749,715.00	23,517,764.15	7,699,916.90	22.3	25.9
Grand Total		5,800,069,254	2,823,176,298	1,857,557,370	800,781,116	32.0	28.4

Source: Siaya County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were Land survey and mapping in the Department of Lands, Physical Planning, Urban Development and Housing at 82.8 per cent, Crop Management in the Department of Agriculture, Food, Livestock and Fisheries at 82.4 per cent, and Tourism in the Department of Tourism Culture, ICT, Sports and Arts at 62.2 per cent of budget allocation.

3.38.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th April 2023.
2. High pending bills amounting to Kshs.426.19 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.594.14 million at the end of the first nine months of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.477.34 million were processed through the manual payroll, accounting for 21.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Variance in financial reporting, The report on budget execution by programmes showed that total expenditure was Kshs.2.66 billion, which varies with the report on expenditure by economic classification, which shows Kshs.3.63 billion as expenditure during the period under review.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining three months of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should ensure that the financial reports are reviewed and reconciled regularly to enhance the credibility of its reports.*

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.11 billion, comprising Kshs.2.21 billion (31.1 per cent) and Kshs.4.89 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.7 per cent compared to the previous financial year when the approved budget was Kshs.7.15 billion and comprised of Kshs.2.49 billion towards development expenditure and Kshs.4.66 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.84 billion (68.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.389.40 million (5.5 per cent) from its own source of revenue, Kshs.151.71 million (2.1 per cent) from other revenue sources, Kshs.1.33 billion (18.8 per cent) as conditional grants, and a cash balance of KShs.387.27 million (5.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.224: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2022/23.

3.39.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.78 billion as the equitable share of the revenue raised nationally, raised Kshs.171.94 million as own-source revenue, Kshs.468.75 million as conditional grants, and

had a cash balance of Kshs.237,296 from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.42 billion, as shown in Table 3.224: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2022/23.

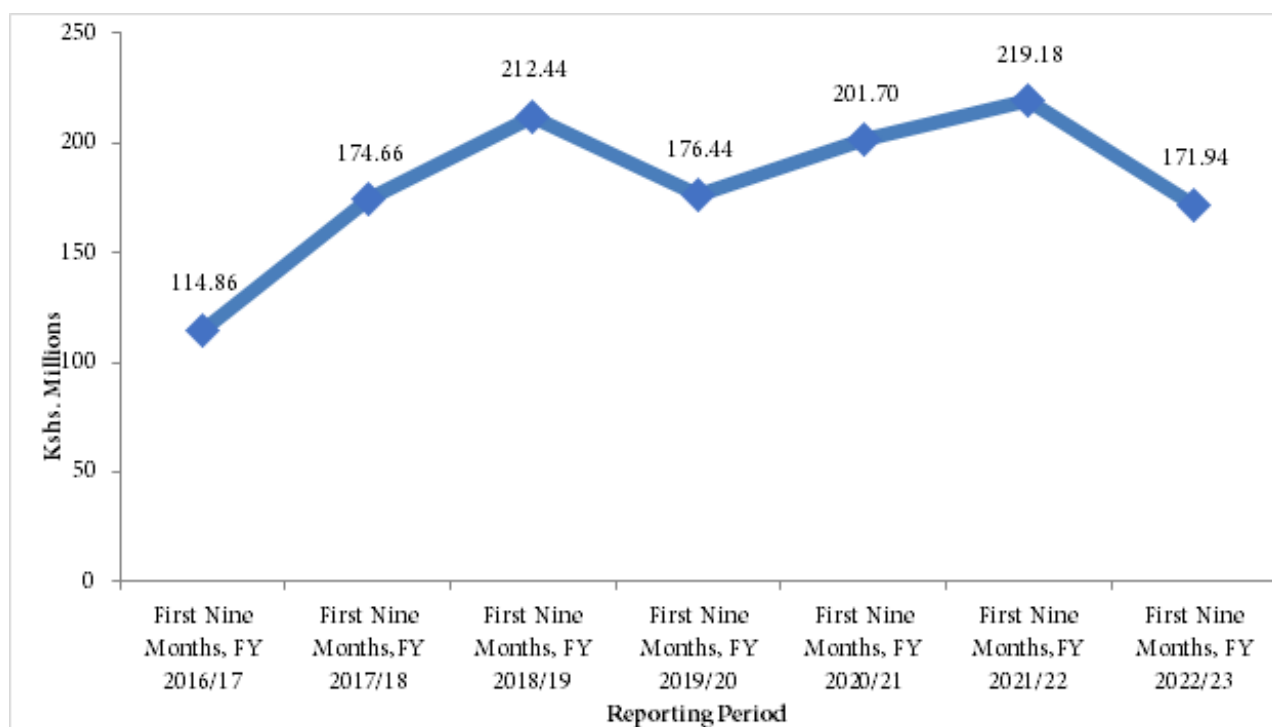
Table 3.224: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in KShs)	Actual Receipts (in KShs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,842,174,698	2,784,250,452	57.5
Sub Total		4,842,174,698	2,784,250,452	57.5
B	Conditional Grants			
1	Kenya Informal Settlement Improvement Project-World Bank	60,000,000	-	-
2	EU Grant (Instrument for Devolution Advice and Support IDEAS)	15,624,929	-	-
3	Danida grant for Universal Healthcare for Devolved System Program	8,937,800	-	-
4	Kenya Climate Smart Agriculture Program - IDA (World Bank)	290,416,775	124,522,005	42.9
5	Water and Sanitation Development Project (World Bank)	800,000,000	300,208,691	37.5
6	Agricultural Sector Development Support Programme (ASDSP)-Sweden	9,063,197	17,921,715	197.7
7	Locally Led Climate Action Programme-fLLO-CAP-WB grant	125,000,000	11,000,000	8.8
8	Transforming Health Systems for Universal Care Project- World Bank B/F	8,500,000	-	-
9	DANIDA- Universal healthcare financing-grant-FY 21/22	9,045,000	4,602,548	50.9
10	Mwatate Municipality B/F	10,500,000	10,500,000	100
Sub-Total		1,337,087,701	468,754,959	35.1
C	Other Sources of Revenue			
1	Own Source Revenue	389,402,624	171,935,581	44.2
2	Balance b/f from FY2021/22	387,275,976	237,296	0.1
4	Other Revenues	151,716,156	-	-
Sub Total		928,394,756	172,172,877	18.5
Grand Total		7,107,657,155	3,425,178,288	48.2

Source: Taita Taveta County Treasury

Figure 3.116: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

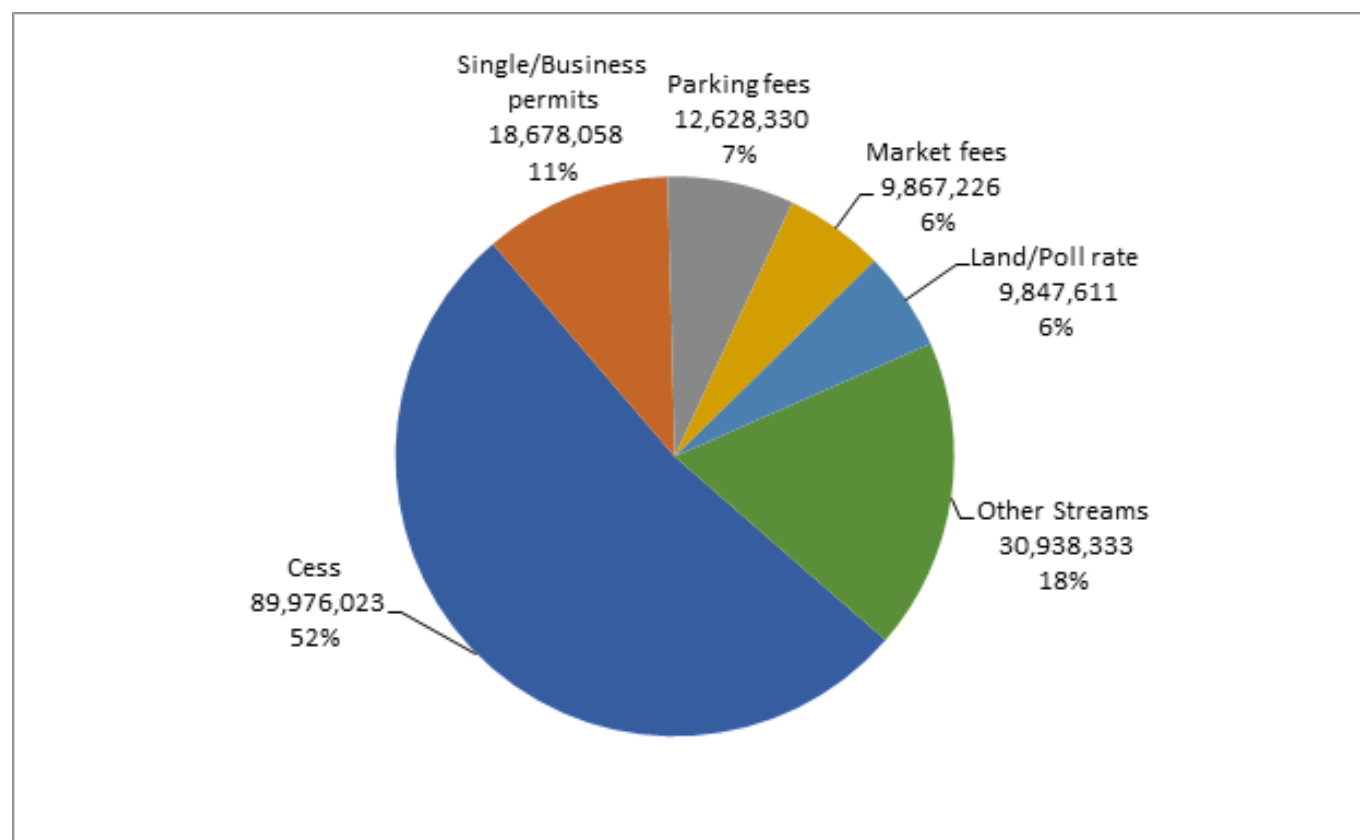
Figure 3.116: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Taita Taveta County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.171.94 million from its own sources of revenue. This amount represented a decrease of 21.5 per cent compared to Kshs.219.18 million realised in a similar period in FY 2021/22. It was 44.2 per cent of the annual target and 6.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.117: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.117: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



The highest revenue stream of Kshs.89.97 million was from Cess, contributing to 52 per cent of the total OSR collected during the reporting period.

3.39.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.40 billion from the CRF account during the reporting period. This amount comprised Kshs.499.30 million (14.7 per cent) for development programmes and Kshs.2.90 billion (85.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that KShs. 2.33 billion was released towards compensation to employees, Kshs.568.80 million was for Operations and Maintenance expenditure while Kshs.499.30 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.41.81 million.

3.39.4 County Expenditure Review

The County spent Kshs.3.40 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.499.30 million and Kshs.2.90 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.6 per cent. In contrast, recurrent expenditure represented 59.2 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.03 billion, comprised of Kshs.444.35 million for recurrent expenditure and Kshs.589.62 million for development activities. During the period under review, pending bills amounting to Kshs.137.05 million were settled, consisting of Kshs.115.61 million for recurrent expenditure and Kshs.21.44 million for development programmes. The outstanding pending bills as of 31st March 2023 were Kshs.896.92 million.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.09 billion on employee compensation, Kshs.346.95 million on operations and maintenance, and Kshs.489.82 million on development activities. Similarly, the County Assembly spent Kshs.199.25 million on employee compensation, Kshs.265.28 million on operations and maintenance, and Kshs.9.47 million on development activities, as shown in Table 3.225: Summary of Budget and Expenditure by Economic Classification.

Table 3.225: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (KShs.)		Expenditure (KShs)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Exec- utive	County As- sembly	County Executive	County Assembly
Total Recurrent Expenditure	3,925,012,566	975,022,686	2,437,909,746	464,537,989	62.1	47.6
Compensation to Employees	2,648,900,000	275,000,000	2,090,958,000	199,257,108	78.9	72.5
Operations and Maintenance	1,276,112,566	700,022,686	346,951,746	265,280,881	27.2	37.9
Development Expenditure	2,134,719,904	73,000,000	489,826,536	9,476,900	22.9	13
Total	6,059,732,469	1,048,022,686	2,927,736,282	474,014,889	48.3	45.2

Source: Taita Taveta County Treasury

3.39.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.29 billion, or 67 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.42 billion. This expenditure represented a decrease from Kshs.2.35 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.821.79 million paid to health sector employees, translating to 36 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.18 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.108.1 million was processed through manual payrolls. The manual payrolls accounted for 4.7 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.14.03 million on committee sitting allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.36.94 million. The average monthly sitting allowance was KShs. 47,262 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800. The County Assembly has established 23 Committees.

3.39.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.466 million to county-established funds in FY 2022/23, constituting 7 per cent of the County's overall budget. Table 3.226: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.226: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (KShs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (KShs)	Actual Expenditure for the First Nine Months of FY 2022/23 (KShs.)	Submission of Annual Financial Statements as of 31st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Education Fund	130,000,000	102,000,000	77,000,000	YES
2	County Emergency Fund	30,000,000	-	-	YES
3	County Executive Car Loan & Mortgage Fund	50,000,000	-	-	YES
County Assembly Established Funds					
4	County Assembly Car Loan & Mortgage Scheme Fund	185,000,000	53,940,000	53,940,000	YES
5	County Assembly Reimbursement of Car Grant	71,000,000	16,460,000	16,460,000	YES
	Total	466,000,000	172,400,000	147,400,000	

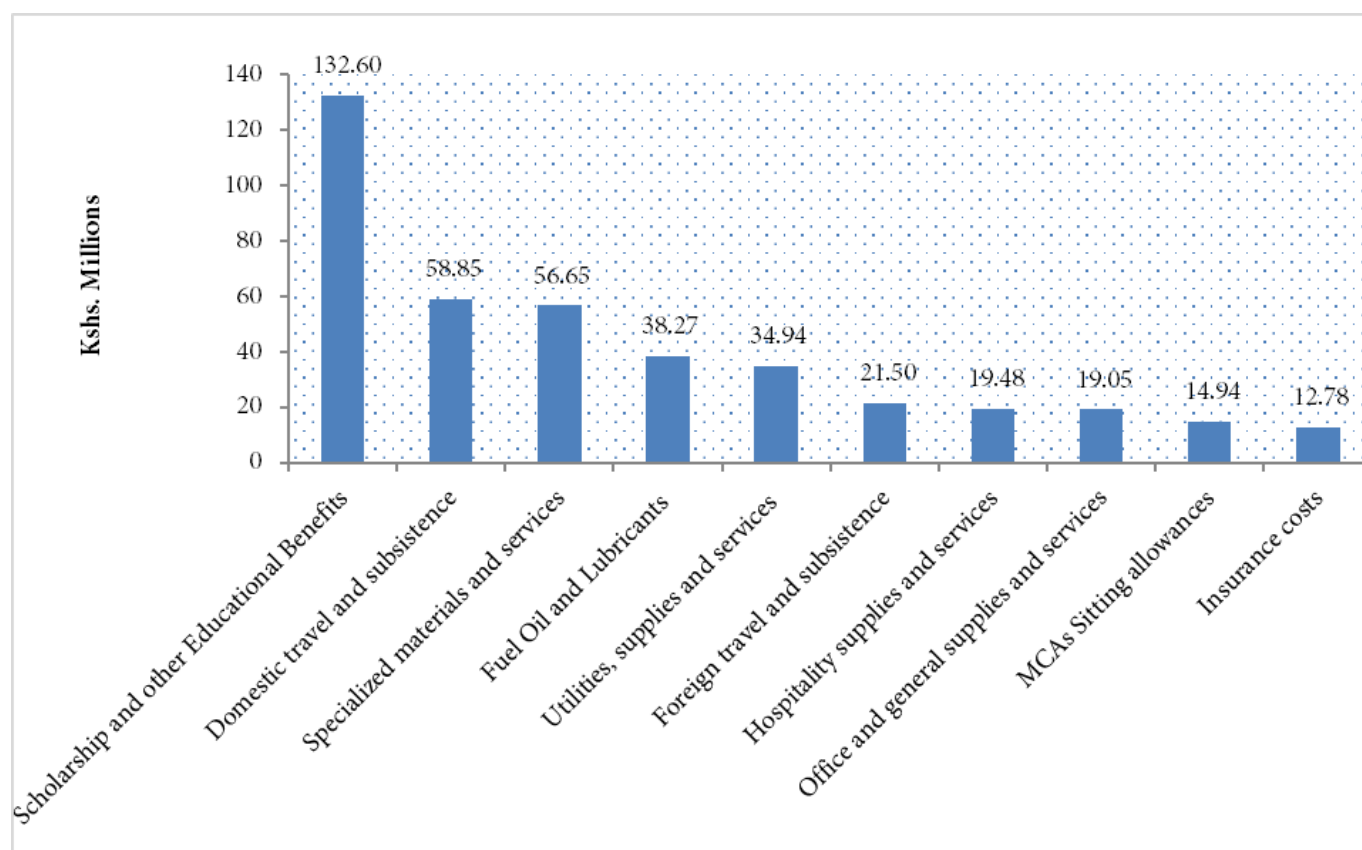
Source: Taita Taveta County Treasury

The OCoB received all the quarterly financial returns from the Fund Administrators of the five funds as indicated in Table 3.226: Performance of County Established Funds as of 31st March 2023 above as required as per Section 168 of the PFM Act, 2012.

3.39.9 Expenditure on Operations and Maintenance

Figure 3.118: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.118: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

During the period, expenditure on domestic travel amounted to Kshs.58.85 million and comprised of Kshs.41.92 million spent by the County Assembly and Kshs.16.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.21.5 million and comprised of Kshs.20.94 million by the County Assembly and Kshs.0.55 million by the County Executive.

3.39.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.499.30 million on development programmes, representing an increase of 475.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.86.78 million. Table 3.227: Taita Taveta County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.227: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Agricultural Sector Development Programme (Grant)	Agriculture	Countywide	25,563,197	17,921,715	70
2	Kenya Climate Smart Agriculture Program - (World Bank)	Agriculture	Countywide	313,757,537	225,710,141	72
3	Water and Sanitation Development Project (World Bank)	Water	Countywide	800,000,000	604,999,977	76
4	Kenya Urban Support Programme-Urban Towns Upgrading	Lands	Mwatate	20,000,000	10,571,577	53

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
5	Refurbishment of Building (Old County Assembly Chambers)	Assembly	Wundanyi	10,000,000	9,476,900	95
6	Pending Bills	Finance	Countywide	262,388,851	98,987,850	38
7	Locally Led Climate Action Programme (Climate Change) WB	Water	Countywide	125,000,000	11,000,000	9

Source: Taita Taveta County Treasury

3.39.11 Budget Performance by Department

Table 3.228: Taita Taveta County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.228: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	975.02	73	464.54	9.48	464.54	9.48	47.6	13.0	47.6	13.0
Public Service and Administration	2,972.76	-	2,090.96	-	2,090.96	-	70.3	-	70.3	-
The Governor's and Deputy Governor's Office	131.73	1.72	52.12	-	52.12	-	39.6	-	39.6	-
Finance and Economic Planning	267.93	262.39	27.79	29	27.79	29	10.4	11.1	10.4	11.1
Agriculture, Livestock and Fisheries	23.21	382.75	5.55	145.44	5.55	145.44	23.9	38.0	23.9	38.0
Water and Irrigation	11.87	1,080.90	6.98	300.21	6.98	300.21	58.8	27.8	58.8	27.8
Education and Libraries	150.22	63.5	111.59	-	111.59	-	74.3	-	74.3	-
Health	172.74	69.73	92.32	4.6	92.32	4.6	53.4	6.6	53.4	6.6
Trade, Tourism and Cooperative Development	18.93	7	3.71	-	3.71	-	19.6	-	19.6	-
County Public Service Board	23.68	2.5	5.92	-	5.92	-	25.0	-	25.0	-
Infrastructure and Public Works	88.98	85.2	16.74	-	16.74	-	18.8	-	18.8	-
Lands, Environment and Natural Resources	52.02	123.29	22.27	10.57	22.27	10.57	42.8	8.6	42.8	8.6
Youth, Gender, Sports, Culture and Social Services	10.84	55.75	1.97	-	1.97	-	18.2	-	18.2	-
Total	4,899.93	2,207.73	2,902.46	499.30	2,902.46	499.30	100.0	100.0	59.2	22.6

Source: Taita Taveta 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 38 per cent, followed by the Department of Water and

Irrigation at 27.8 per cent. The Department of Education and Libraries had the highest percentage of recurrent expenditure to budget at 74.3 per cent. In comparison, the Department of Finance and Economic Planning had the lowest at 10.4 per cent.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 3.229: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.229: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
		-	-	
103003260	Infrastructure Development programme	-	-	
101003260	Administration Planning and Support Services	-	-	
701003260	General Administration support services	-	-	
	County Assembly Headquarters	1,048,022,686	474,014,889	45.2
702003260	County Assembly Infrastructure improvement	73,000,000	9,476,900	13.0
701003260	General Administration support services	975,022,686	464,537,989	47.6
	Headquarters	2,963,670,045	2,090,958,000	70.6
703003260	Decentralised Infrastructure development programme	-	-	-
701003260	General Administration support services	2,963,670,045	2,090,958,000	70.6
3260		-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
	Taveta Sub County Administration	540,000	-	-
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	540,000	-	-
	Wundanyi Sub County Administration	540,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
701003260	General Administration support services	540,000	-	-
	Mwatate Sub County Administration	540,000	-	-
701003260	General Administration support services	540,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Voi Sub County Administration	540,000	-	-
701003260	General Administration support services	540,000	-	-
	Taveta Town Administration	500,000	-	-
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	500,000	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Voi Town Administration	500,000	-	-
701003260	General Administration support services	500,000	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	County Policing Authority	-	-	-
701003260	General Administration support services	-	-	-
	Human Resource Management	2,000,000	-	-
701003260	General Administration support services	2,000,000	-	-
		3,480,000	-	-
701003260	General Administration support services	3,480,000	-	-
		450,000	-	-
701003260	General Administration support services	450,000	-	-
	Headquarters	84,541,320	35,700,000	42.2

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	84,541,320	35,700,000	42.2
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	-	-	-
	Office of the Deputy Governor	22,600,000	16,418,000	72.6
101003260	Administration Planning and Support Services	-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	22,600,000	16,418,000	72.6
	Special Programmes Unit	3,436,280	-	-
704003260	General Administration and Management of County Affairs	1,716,000	-	-
705003260	Leadership Development Programme	1,720,280	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Service Delivery Unit	562,000	-	-
704003260	General Administration and Management of County Affairs	562,000	-	-
	Industrialisation	-	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
	ICT	5,472,500	-	-
704003260	General Administration and Management of County Affairs	5,472,500	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
		1,859,001	-	-
704003260	General Administration and Management of County Affairs	1,859,001	-	-
		1,360,000	-	-
704003260	General Administration and Management of County Affairs	1,360,000	-	-
		13,620,000	-	-
704003260	General Administration and Management of County Affairs	13,620,000	-	-
	Headquarters	24,101,855	5,400,000	22.4
706003260	General Administration, Planning, Internal Audit & Support Services	24,101,855	5,400,000	22.4
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
	County Emergency Fund	30,000,000	-	-
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	30,000,000	-	-
	Equalisation of Wards Infrastructure	-	-	-
707003260	Treasury Development Programme	-	-	-
	Planning	20,305,000	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	20,305,000	-	-
707003260	Treasury Development Programme	-	-	-
	Gratuity Fund	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	County Executive Administration	50,000,000	29,000,000	58.0

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	50,000,000	29,000,000	58.0
701003260	General Administration support services	-	-	-
	Internal Audit Services	6,180,000	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	6,180,000	-	-
	Revenue Management	25,046,250	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	25,046,250	-	-
701003260	General Administration support services	-	-	-
	Procurement	3,844,462	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	3,844,462	-	-
	Accounting Services	9,825,320	-	-
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	9,825,320	-	-
	Kenya Devolution Support Programme	-	-	-
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
		361,014,458	-	-
707003260	Treasury Development Programme	262,388,851	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	98,625,607	-	-
	Headquarters	26,845,000	3,000,000	11.2
104003260	Agricultural Development Programme	20,500,000	3,000,000	14.6
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	6,345,000	-	-
	Livestock	10,910,000	-	-
101003260	Administration Planning and Support Services	9,210,000	-	-
102003260	Development programme	-	-	-
105003260	Livestock and Fisheries Development	1,700,000	-	-
104003260	Agricultural Development Programme	-	-	-
	Fisheries	545,000	-	-
105003260	Livestock and Fisheries Development	-	-	-
101003260	Administration Planning and Support Services	545,000	-	-
102003260	Development programme	-	-	-
	Veterinary	12,712,250	-	-
105003260	Livestock and Fisheries Development	5,600,000	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	7,112,250	-	-
	Agribusiness Project (EU Grant)	15,624,929	-	-
105003260	Livestock and Fisheries Development	15,624,929	-	-
101003260	Administration Planning and Support Services	-	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
	Kenya Climate Smart Agric Program	313,757,537	124,522,005	39.7
104003260	Agricultural Development Programme	-	-	-
105003260	Livestock and Fisheries Development	313,757,537	124,522,005	39.7
1001003260	Water and Irrigation Development Programme	-	-	-
	Water	25,563,197	17,921,715	70.1
105003260	Livestock and Fisheries Development	25,563,197	17,921,715	70.1
104003260	Agricultural Development Programme	-	-	-
	Headquarters	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Veterinary	-	-	-

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Fisheries	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Headquarters	80,871,250	-	-
1002003260	General Administration, Support and Support Services	11,871,250	-	-
1001003260	Water and Irrigation Development Programme	69,000,000	-	-
	Water Services	-	-	-
1002003260	General Administration, Support and Support Services	-	-	-
1001003260	Water and Irrigation Development Programme	-	-	-
	Bulk Water Project	15,000,000	-	-
1001003260	Water and Irrigation Development Programme	15,000,000	-	-
	Ambulance services	971,396,430	300,208,691	30.9
1001003260	Water and Irrigation Development Programme	971,396,430	300,208,691	30.9
	Public Health and Sanitation	25,000,000	-	-
1001003260	Water and Irrigation Development Programme	25,000,000	-	-
	Promotion of primary healthcare	500,000	-	-
1001003260	Water and Irrigation Development Programme	500,000	-	-
1002003260	General Administration, Support and Support Services	-	-	-
	Headquarters	59,555,018	-	-
501003260	General Administration, Planning and Support services	16,055,018	-	-
1001003260	Water and Irrigation Development Programme	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	43,500,000	-	-
	Polytechnics	22,420,000	-	-
502003260	Early Childhood Education and Youth Training Development Programme	20,000,000	-	-
501003260	General Administration, Planning and Support services	2,420,000	-	-
	Early Childhood Development	1,225,000	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
301003260	General Administration and support services programme	-	-	-
501003260	General Administration, Planning and Support services	1,225,000	-	-
	Library services	520,000	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	520,000	-	-
	Education Fund	130,000,000	111,586,455	85.8
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	130,000,000	111,586,455	85.8
	Energy	-	-	-
501003260	General Administration, Planning and Support services	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Headquarters	158,654,486	58,602,548	36.9
402003260	Health Development Programme	69,732,800	54,000,000	77.4
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
401003260	Administration and Support Services	88,921,686	4,602,548	5.2

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
704003260	General Administration and Management of County Affairs	-	-	-
	Wesu Hospital	462,500	-	-
401003260	Administration and Support Services	462,500	-	-
	Moi Referral Hospital	1,830,600	-	-
401003260	Administration and Support Services	1,830,600	-	-
	Mwatate Hospital	-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		37,500	-	-
401003260	Administration and Support Services	37,500	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		566,000	-	-
401003260	Administration and Support Services	566,000	-	-
		750,000	-	-
401003260	Administration and Support Services	750,000	-	-
		80,175,000	80,175,000	100.0
401003260	Administration and Support Services	80,175,000	80,175,000	100.0
402003260	Health Development Programme	-	-	-
	Headquarters	13,277,722	9,277,722	69.9
302003260	Trade Development programme.	5,000,000	1,000,000	20.0
301003260	General Administration and support services programme	8,277,722	8,277,722	100.0
	Trade	700,000	-	-
301003260	General Administration and support services programme	700,000	-	-
302003260	Trade Development programme.	-	-	-
	Sports	-	-	-
301003260	General Administration and support services programme	-	-	-
302003260	Trade Development programme.	-	-	-
	Gender	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Cooperative	2,061,335	-	-
301003260	General Administration and support services programme	2,061,335	-	-
302003260	Trade Development programme.	-	-	-
	Youth Development	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Culture	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Markets	1,630,879	-	-
301003260	General Administration and support services programme	1,630,879	-	-
		800,000	-	-
301003260	General Administration and support services programme	800,000	-	-
302003260	Trade Development programme.	-	-	-
	Weights and Measures	625,452	-	-

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
301003260	General Administration and support services programme	625,452	-	-
		-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Liquor Control and Licensing Fund	3,350,000	-	-
301003260	General Administration and support services programme	3,350,000	-	-
		3,484,630	-	-
302003260	Trade Development programme.	2,000,000	-	-
301003260	General Administration and support services programme	1,484,630	-	-
	Headquarters	26,176,831	3,420,825	13.1
703003260	Decentralised Infrastructure development programme	2,500,000	-	-
701003260	General Administration support services	23,676,831	3,420,825	14.4
	Headquarters	35,545,000	-	-
101003260	Administration Planning and Support Services	35,545,000	-	-
	ICT	-	-	-
101003260	Administration Planning and Support Services	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Roads	131,999,503	-	-
102003260	Development programme	83,400,000	-	-
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	48,599,503	-	-
	Housing	-	-	-
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Public Works	6,636,000	-	-
101003260	Administration Planning and Support Services	4,836,000	-	-
103003260	Infrastructure Development programme	-	-	-
102003260	Development programme	1,800,000	-	-
	Defunct Local Authorities	-	-	-
302003260	Trade Development programme.	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Headquarters	22,763,000	-	-
1003003260	Natural Resources Support Programme	-	-	-
301003260	General Administration and support services programme	-	-	-
102003260	Development programme	6,000,000	-	-
101003260	Administration Planning and Support Services	16,763,000	-	-
	Mwatate Municipal Administration	32,785,880	10,571,576	32.2
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	32,785,880	10,571,576	32.2
1003003260	Natural Resources Support Programme	-	-	-
		23,770,000	-	-
101003260	Administration Planning and Support Services	2,770,000	-	-
1003003260	Natural Resources Support Programme	-	-	-
102003260	Development programme	21,000,000	-	-
		32,485,000	22,268,800	68.6
101003260	Administration Planning and Support Services	32,485,000	22,268,800	68.6
102003260	Development programme	-	-	-
	Environment and Natural Resources	-	-	-
101003260	Administration Planning and Support Services	-	-	-
1003003260	Natural Resources Support Programme	-	-	-
		63,500,000	6,730,570	10.6
102003260	Development programme	63,500,000	6,730,570	10.6

Programme	Sub Programme	Approved Budget (Kshs)	Actual Expenditure as of 31st March 2023 (Kshs)	Absorption (%)
103003260	Infrastructure Development programme	-	-	-
301003260	General Administration and support services programme	-	-	-
	Headquarters	66,691,049	1,974,375	3.0
301003260	General Administration and support services programme	66,691,049	1,974,375	3.0
1003003260	Natural Resources Support Programme	-	-	-
1002003260	General Administration, Support and Support Services	-	-	-
	Grand Total	7,107,755,155	3,401,751,171	47.9

Source: Taita Taveta County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration & Support services in the Department of Trade at 100 per cent, General Administration, Planning & Support services in the Department of Education and Libraries at 86 per cent and General Administration & Management of County affairs in the Office of the Governor & Deputy Governor at 73 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

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

1. Underperformance of own-source revenue at Kshs. 171.94 million against an annual projection of Kshs.389.4 million, representing 44.2 per cent of the annual target.
2. High pending bills amounting to Kshs.896.92 million as of 31st March 2023. This is despite the availability of cash in the CRF, which stood at Kshs.41.81 million at the end of the first nine months of FY 2022/23.

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

1. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
2. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

3.40 County Government of Tana River

3.40.1 Overview of FY 2022/23 Budget

The County's FY 2022/23 approved budget is Kshs.7.94 billion, comprising Kshs.2.49 billion (31.4 per cent) and Kshs.5.45 billion (68.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.4 per cent compared to the previous financial year when the approved supplementary budget was Kshs.8.48 billion and comprised of Kshs.2.97 billion towards development expenditure and Kshs.5.51 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.53 billion (82.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.87.85 million (1.1 per cent) from its own sources of revenue, Kshs.244.71 million (3.1 per cent) as conditional grants, and a cash balance of Kshs.1.08 billion (13.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.230: Tana River County, Revenue Performance in the First Nine Months of FY 2022/23.

The cash balance from the previous financial year comprises Kshs.23.4 million from unspent conditional grants and Kshs.1.06 billion balance in the CRF account at the Central Bank of Kenya.

3.40.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.75 billion as the equitable share of the revenue raised nationally, raised Kshs.33.71 million as own-source revenue, Kshs.14.17 million as conditional

grants, and Kshs.1.08 billion cash balance from the previous financial year. The total funds available for budget implementation during the period amounted to Kshs.4.88 billion, as shown in Table 3.230: Tana River County, Revenue Performance in the First Nine Months of FY 2022/23.

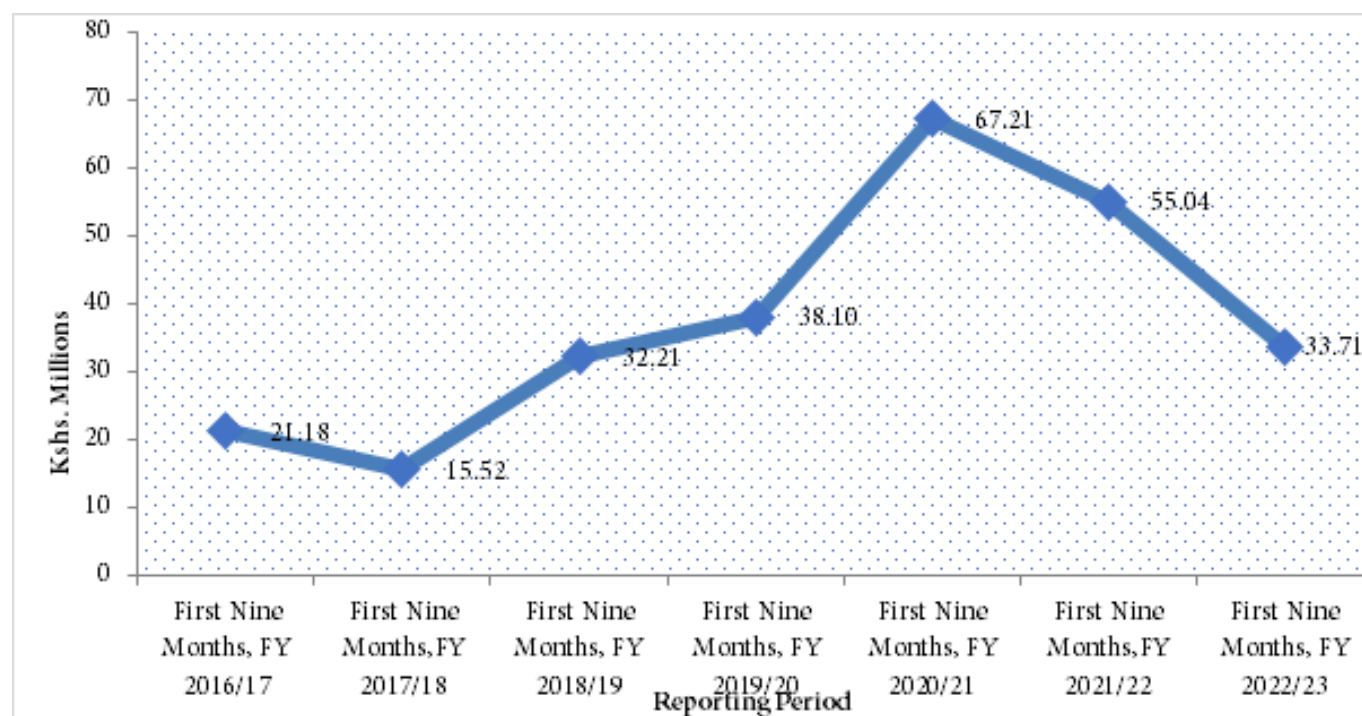
Table 3.230: Tana River County, Revenue Performance in the First Nine Months of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	3,753,835,041	57.5
Sub Total		6,528,408,765	3,753,835,041	57.5
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	82,386,194		-
2	Construction of County H/O	104,000,000		-
3	DANIDA (Universal Healthcare in Devolved System Program)	12,339,500		-
4	Instrument for Devolution Advice and Support (IDEAS)	14,727,370	14,177,150	96.3
5	Agricultural Sector Development Support Programme (ASDSP) II	20,261,832		-
6	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	11,000,000		-
	Sub-Total	244,714,896	14,177,150	5.8
C	Other Sources of Revenue			
1	Own Source Revenue	87,846,000	33,713,304	38.4
2	Balance b/f from FY2021/22	1,080,234,257	1,080,234,257	100
Sub Total		1,168,080,257	1,113,947,561	95.4
Grand Total		7,941,203,918	4,881,959,752	61.6

Source: Tana River County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

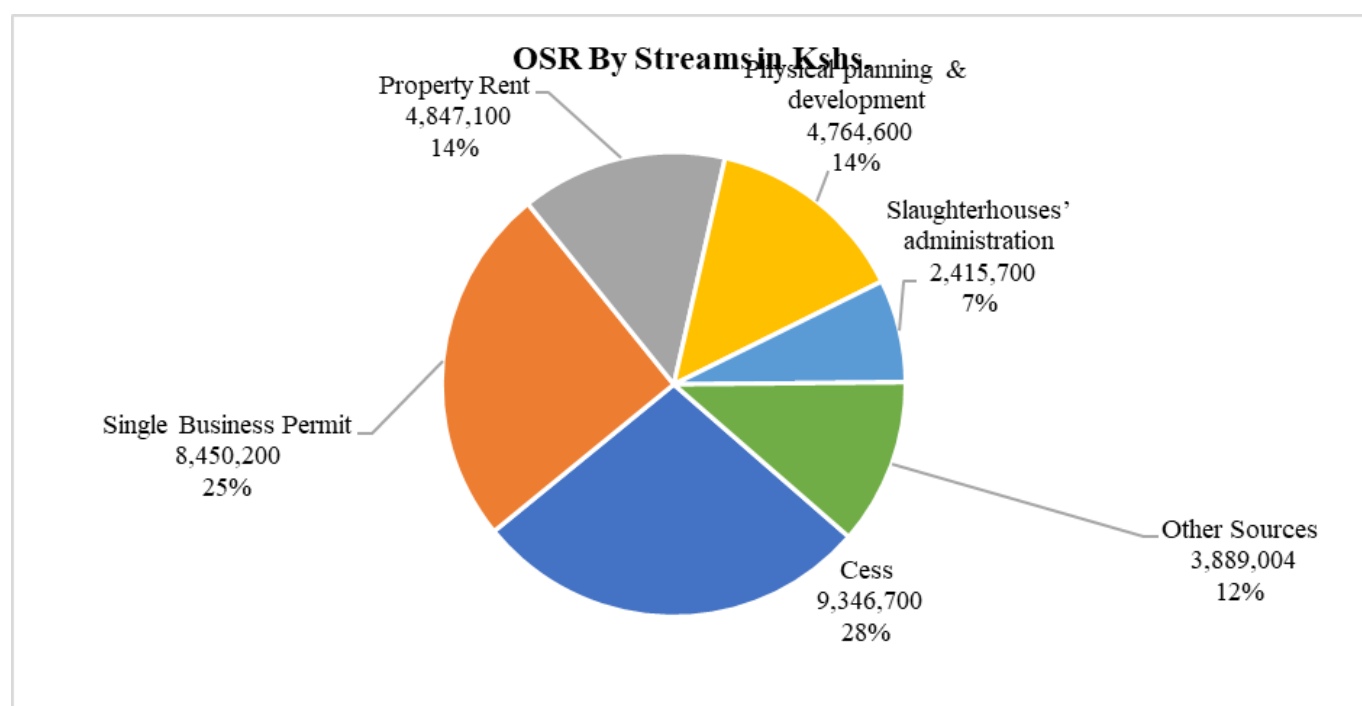
Figure 3.119: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Tana River County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.33.71 million from its own sources of revenue. This amount represented a decrease of 38.7 per cent compared to Kshs.55.04 million realised in a similar period in FY 2021/22 and was 38.4 per cent of the annual target and 1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.120:9: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.120:9: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Tana River County Treasury

The highest revenue stream of Kshs.9.34 million was from Cess, contributing to 28 per cent of the total OSR collected during the reporting period.

3.40.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.75 billion from the CRF account during the reporting period. This amount comprised Kshs.278.4 million (7.4 per cent) for development programmes and Kshs.3.48 billion (92.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.32 billion was released towards compensation to employees, Kshs.1.76 billion was for Operations and Maintenance expenditure, while Kshs.246.24 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.747.78 million.

3.40.4 County Expenditure Review

The County spent Kshs.3.58 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.3 per cent of the total funds released by the CoB and comprised Kshs.246.24 million and Kshs.3.33 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.9 per cent. In contrast, recurrent expenditure represented 61.1 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported stock of pending bills amounting to Kshs.2.41 billion, comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.35 billion for development activities. During the period under review, pending bills amounting to Kshs.397.96 million were settled, consisting of Kshs.296.24 million for recurrent expenditure and Kshs.101.71 million for development programmes, and therefore, the outstanding amount as of 31st March 2023 was Kshs.2.01 billion.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.15 billion on employee compensation, Kshs.1.39 billion on operations and maintenance, and Kshs.101.71 million on development activities. Similarly, the County Assembly spent Kshs.169.72 million on employee compensation, Kshs.365.08 million on operations and maintenance, and Kshs.144.52 million on development activities, as shown in Table 3.231: Summary of Budget and Expenditure by Economic Classification.

Table 3.231: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,660,503,016	788,396,751	2,547,105,777	534,798,234	54.7	67.8
Compensation to Employees	2,105,150,305	281,497,887	1,154,251,757	169,721,854	54.8	60.3
Operations and Maintenance	2,555,352,711	506,898,864	1,392,854,020	365,076,380	54.5	72.0
Development Expenditure	2,167,304,150	325,000,000	101,715,212	144,523,804	4.7	44.5
Total	6,827,807,166	1,113,396,751	2,648,820,989	679,322,038	38.8	61.0

Source: Tana River County Treasury

3.40.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.32 billion, or 27.1 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.88 billion. This expenditure represented an increase from Kshs.1.29 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.292.72 million paid to health sector employees, translating to 1.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.30 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.22.19 million was processed through manual payrolls. The manual payrolls accounted for 1.7 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.6.65 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.18.12 million. The average monthly sitting allowance was Kshs.14,082 per MCA. The County Assembly has established 19 Committees.

3.40.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.503.07 million to county-established funds in FY 2022/23, constituting 6.3 per cent of the County's overall budget. Table 3.232: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.232: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Tana River County Scholarship Fund	154,500,000	77,250,000	77,250,000	Yes
2.	Tana River County Emergency Fund	132,165,375	66,162,000	-	No.
3.	Tana River County Staff Car & Mortgage Fund	42,800,000	20,000,000	-	Yes
4.	Tana River Environment Fund	11,000,000			Not operationalised
County Assembly Established Funds					
5.	Tana River County Assembly Car & Mortgage Fund	205,405,962	120,000,000		No.
	Total	503,071,337	283,412,000	77,250,000	

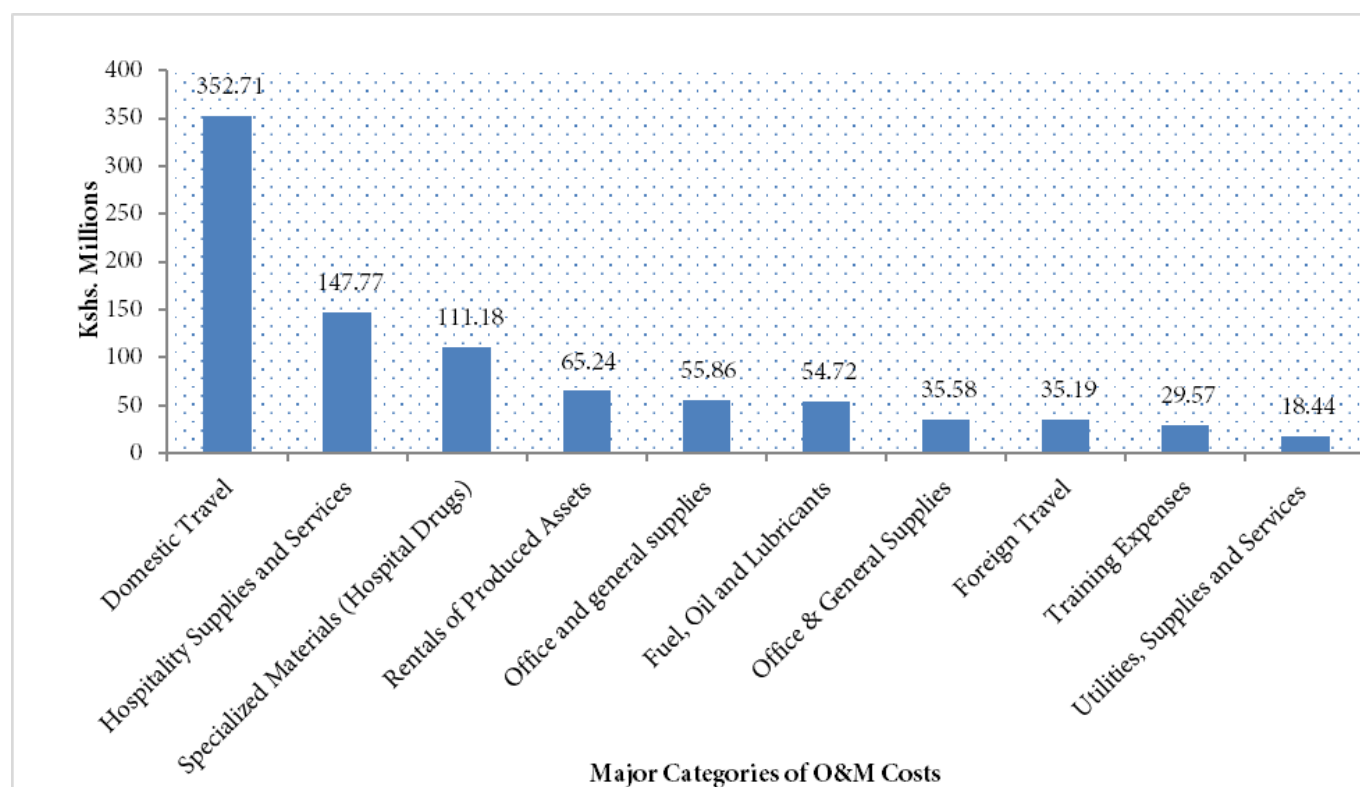
Source: Tana River County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators, as indicated in Table 3.232: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.40.9 Expenditure on Operations and Maintenance

Figure 3.121: Tana River County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.121: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

During the period, expenditure on domestic travel amounted to Kshs.352.71 million and comprised of Kshs.101.37 million spent by the County Assembly and Kshs.251.35 million by the County Executive. Expenditure on foreign travel amounted comprised Kshs.35.19 million by the County Executive.

3.40.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.246.24 million on development programmes, representing a decrease of 69.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.813.31 million. Table 3.233: Tana River County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.233: Tana River County, List of Development Projects with the Highest Expenditure

Project Name	Location	Budget Amount (Kshs.)	Amount Paid (Kshs.)	Implementation Status %
Construction of fire station at Hola	Chewani Ward	15,000,000	15,000,000	100
Construction of Kilelengwani mango collection centre	Kipini East	5,630,000	5,630,000	100
Construction of Kotole borehole	Hirimani	5,292,415	5,292,415	100
Renovation of supply chain office	Chewani Ward	3,800,000	3,800,000	100
Payment for completion of Hola stadium	Chewani Ward	9,386,845	9,386,845	100
Construction of Kipini west office at Hurara	Kipini West	4,045,500	4,045,500	100
Construction of mortuary at Minjila	Garsen Central	6,085,940	6,085,940	100
Construction of Titila water pan	Wayu Ward	4,907,575	4,907,575	100

Project Name	Location	Budget Amount (Kshs.)	Amount Paid (Kshs.)	Implementation Status %
Proposed solar pump equipping of Assa Kone borehole and pipeline extension in tana delta sub-county	Garsen North	3,693,500	3,693,500	100
Chewani solar small-scale irrigation project	Chewani Ward	12,758,651	12,758,651	100

Source: Tana River County Treasury

3.40.11 Budget Performance by Department

Table 3.234: Tana River County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.234: Tana River County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	788.39	325.00	534.80	144.52	534.80	144.52	100.0	100.0	67.8	44.5
Office of the Governor	451.77	-	312.93	-	259.94	-	83.1	-	57.5	-
Finance and Planning	644.58	466.45	433.68	100.65	413.48	100.65	95.3	100.0	64.1	21.6
Public Service Board	73.36	-	40.20	-	34.92	-	86.9	-	47.6	-
Trade, Tourism and Industry	33.59	72.00	12.19	-	12.19	-	100.0	-	36.3	-
Agriculture and Rural Development	155.15	304.87	102.28	-	83.17	-	81.3	-	53.6	-
Gender, Social Services and Youth Development	47.68	37.00	19.10	-	18.34	-	96.0	-	38.5	-
Education, Vocational Training and Sports	194.65	103.00	100.47	-	87.45	-	87.0	-	44.9	-
Health Services and Sanitation	1,181.67	170.00	661.15	-	646.46	-	97.8	-	54.7	-
Special Program and Cohesion	144.79	-	76.57	-	70.41	-	92.0	-	48.6	-
Roads and Public Works	67.98	537.48	21.71	1.06	20.17	1.06	92.9	100.0	29.7	0.2
Water, Environment and Natural Resources	119.42	401.50	33.80	-	33.80	-	100.0	-	28.3	-
Public Service, Administration and Citizen Participation	1,474.93	45.00	1,086.49	-	1,076.65	-	99.1	-	73.0	-
Lands and Physical Planning	34.44	30.00	17.99	-	17.58	-	97.7	-	51.0	-
Hola Municipality	36.45	-	22.06	-	21.54	-	97.6	-	59.1	-
Total	5,448.85	2,492.30	3,475.41	246.24	3,330.90	246.24	95.8	100.0	61.1	9.9

Source: Tana River County Treasury

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 44.5 per cent, followed by the Department of Finance & Planning at 21.6 per cent. The Department of Public Service & Administration had the highest percentage of recurrent expenditure to budget at 73 per cent, while the Department of Roads & Public Works had the lowest at 29.7 per cent.

3.40.12 Budget Execution by Programmes and Sub-Programmes

summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.235: Tana River County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
General Administration, Planning and support services	General Administration	788,396,752.00		534,798,234.00			
	Development		325,000,000.00		144,523,803.72		
	Sub Total	788,396,752.00	325,000,000.00	534,798,234.00	144,523,803.72	-	-
Office of the Governor							
Executive Services	County leadership & coordination of CDAs	38,500,000	-	38,630,731	-	100	
	County Government Advisory Service	64,878,000	-	57,318,949	-	88	
	Coordination of peace and cohesion	32,500,000	-	27,466,019	-	85	
	Sub Total	135,878,000	-	123,415,699	-		
General Administration, Planning and support services	General Administration, Planning and support services	315,890,101	-	136,521,793	-	43	
	Sub Total	315,890,101	-	136,521,793	-		
	Grand Total	451,768,101	-	259,937,492		58	
Finance and Economic planning							
Public Finance Management	PFM Enhancement	5,789,349		4,679,600	-	81	
	Economic planning and Budgeting	33,625,694		28,833,910	-	86	
	Monitoring and Evaluation	17,980,523		16,966,301	-	94	
	Supply chain management services	20,700,000		17,466,007	-	84	
	Own Source revenue collection	21,620,000		17,200,050	-	80	
	Accounting & Finance	25,200,000		18,705,170	-	74	
	Internal Audit	12,782,110		9,406,900	-	74	
	Sub Total	137,697,676	-	113,257,938	-	573	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	506,885,375	466,446,398	300,224,095	100,650,905	59	22
	Sub Total	506,885,375	466,446,398	300,224,095	100,650,905	59	22
	Grand Total	644,583,051	466,446,398	413,482,033	100,650,905	632	22
County Public Service Board							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration, Planning and Support Services	Human Resource Management and Development	6,169,276	-	5,459,100	-	88	
Skills and competency development	Skills and competency development	1,778,824	-	890,700	-	50	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	65,407,004	-	28,570,138	-	44	
	Grand Total	73,355,104	-	34,919,938	-	182	
Trade, Tourism and Cooperative Development							
General Administration	Trade, weights and measures	16,799,849	72,000,000	5,298,699	-	32	
Tourism promotion	Tourism promotion	10,079,909		2,262,050	-	22	
Cooperative Development	Cooperative Development	6,719,940		4,631,209	-	69	-
	Grand Total	33,599,698	72,000,000	12,191,958	-	36	-
					-		-
Agriculture, Livestock & Fisheries							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	5,055,788		3,840,450	-	76	-
Agricultural Development	Agricultural Mechanization Services (AMS)	12,764,500	65,500,000	11,065,800	-	87	-
	Crop Husbandry	76,169,666	15,000,000	13,950,874	-	18	-
	Plant Disease Control	1,600,000		1,500,891	-	94	-
	KCSAP	10,000,000	82,386,194	10,000,000	-	100	-
	ASDSP	5,000,000	20,261,832	5,000,000	-	100	-
	FAO	1,245,700		888,400	-	71	-
	Development	-	55,000,000	-			-
	Sub-Total	111,835,654	238,148,026	46,246,415	-	41	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,887,000	-	1,593,600	-	84	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Fisheries Development	Empowerment of women and youth on fish safety and quality assurance	1,520,000	-	964,780	-	63	-
	Construction of ice plant and cold storage	16,202,370	-	15,597,336	-	96	-
	Development	-	34,727,370				-
	Sub-Total	19,609,370	34,727,370	18,155,716	-	93	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	2,484,372	-	1,966,260	-	79	-
Veterinary Services	Extension services	1,118,500	-	942,542	-	84	-
	Breed improvement and artificial insemination	685,000	-	649,300	-	95	-
	Veterinary Public Health/Abattoirs	1,182,846	-	1,128,806	-	95	-
	Leather Development Services	382,000	-	397,800	-	104	-
Disease Control	Control Tsetse fly and Laboratory Services	2,468,872	-	1,973,100	-	80	-
	Conduct disease surveillance and carry out timely vaccination	6,594,600	-	6,030,800	-	91	-
	Sub-Total	14,916,190	-	13,088,608	-	88	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	4,589,975		2,845,171		62	-
Animal Husbandry, Livestock Resource Management and Development	Livestock Extension Services	2,396,595		1,721,850		72	-
	Animal Husbandry	1,805,000	32,000,000	1,107,600	-	61	-
	Sub-Total	8,791,570	32,000,000	5,674,621	-	65	-
	Grand Total	155,152,784	304,875,396	83,165,360	-	54	-
Gender, Social Service and Youth Development							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Child Protection.	Baseline Survey for OVC	3,700,000	-	671,715	-	18	-
	Community Awareness creation on Child Rights and Child Protection	1,300,000	-	446,400	-	34	-
	Enhanced Child Participation	700,000	-	375,000	-	54	-
Social Development and Protection	Women empowerment	1,050,000	-	503,100	-	48	-
	Gender and Leadership	10,450,000	-	140,000	-	1	-
	Youth Empowerment	-	37,000,000				-
Sports Training and Competitions	county Sports leagues	5,193,447	-	2,335,921	-	45	-
	Sports equipment and support	2,000,000	-	1,665,600	-	83	-
	Sub-Total	24,393,447	37,000,000	6,137,736	-	25	-
Culture and art development	Culture Promotion and Development	10,750,000	-	5,799,534	-	54	-
	Empowerment/Capacity building of cultural practitioners	5,200,000	-	701,325	-	13	-
	Sub-Total	15,950,000	-	6,500,859	-	41	-
General administration, support and planning	General administration, support and planning	7,340,000	-	5,698,800	-	78	-
	Sub-Total	7,340,000	-	5,698,800	-	78	-
	Grand Total	47,683,447	37,000,000	18,337,395	-	38	-
Education, Vocational training and ECDE							
Early Child care services	ECDE quality education standards service	2,265,000	-	1,338,700	-	59	-
	ECDE Access and Retention Services	20,700,000	13,000,000	20,450,000	-	99	-
	Sub Total	22,965,000	13,000,000	21,788,700	-	95	-
Vocational Training Services	VTC quality standards training services	2,855,000	-	1,799,094	-	63	-
	Free VTC education and training	11,256,327	50,000,000	5,656,327	-	50	-
	Sub Total	14,111,327	50,000,000	7,455,421	-	53	-
General Administration, Planning and support services	General Administration, Planning and support services	157,574,329	-	58,206,853	-	37	-
	Sub-Total	157,574,329	-	58,206,853	-	37	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
VTC access and retention of training	Development		40,000,000		-		-
	Development				-		-
	Sub Total	-	40,000,000	-	-		-
	Grand Total	194,650,656	103,000,000	87,450,974	-	45	-
Health and Sanitation							
Curative and Rehabilitative	Medical Supplies	142,650,000	-	102,498,793	-	72	-
	Medical Services	31,200,000	5,000,000	27,679,783	-	89	-
	Ambulance services	8,700,000	-	8,341,220	-	96	-
Preventive and Promotive	Preventive and Promotive	16,400,000	-	12,411,178	-	76	-
	Licensing and control of undertaking	9,045,859	-	8,840,310	-	98	-
	Licensing and control of undertaking	5,800,000	-	1,276,860	-	22	-
	Sub Total	213,795,859	5,000,000	161,048,144	-	75	-
General Administration, Planning and support services	General Administration, Planning and support services	962,950,719	45,000,000	483,273,708	-	50	-
	General Administration, Planning and support services	4,932,532		2,142,160	-	43	-
	Development	-	120,000,000	-	-		-
	Sub Total	967,883,251	165,000,000	485,415,868	-	94	-
	Grand Total	1,181,679,110	170,000,000	646,464,012	-	169	-
Special Programme							
Drought management (Preparedness, Response, Mitigation and Recovery)	Drought contingency	1,500,000	-	995,500	-	66	
	Disaster Risk Management Fund	133,325,095	-	62,165,375	-	47	-
Social protection and response to other disasters	Food distribution and rations	500,000	-	411,600	-	82	-
	Capacity building to respond to fire outbreaks and other disasters	500,000	-	-	-	0	-
	Resettlement of victims	1,000,000	-	1,000,000	-	100	-
	Sub-Total	136,825,095	-	64,572,475	-	47	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	7,972,672	-	5,838,505	-	73	-
	Sub-Total	7,972,672	-	5,838,505	-	73	-
	Grand Total	144,797,767	-	70,410,980	-	49	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads and public works							
County Roads Development	Monitoring and Evaluation	1,849,133		733,360		40	-
	Routine maintenance	3,628,330	71,250,000	482,300	1,064,307	13	-
	Opening of new roads	1,877,733	97,000,000	753,200	-	40	-
	Grading, Murmuring and tarmacking	1,645,000		589,000	-	36	-
	Sub-Total	9,000,196	168,250,000	2,557,860	1,064,307	28	-
County Housing Development and Urbanisation	Housing Development	7,482,780		779,244		10	-
	Urbanisation	2,402,000	20,000,000	470,555	-	20	-
	Sub Total	9,884,780	20,000,000	1,249,799	-	13	-
Public works and services	Public works and services	14,652,000	154,000,000	8,000,000	-	55	-
	Sub Total	14,652,000	154,000,000	8,000,000	-	55	-
General Administration and Support Services	General Administration and Support Services	34,451,763		8,366,391	-	24	-
	Sub-Total	34,451,763	-	8,366,391	-	24	-
county Headquarters	county Headquarters	-	232,356	-	-	-	-
	county Headquarters		175,000,000				-
Housing Development	Urbanisation		10,000,000		-		-
	Urbanisation		10,000,000		-		-
	Sub Total	-	195,232,356	-	-		-
	Grand Total	67,988,739	537,482,356	20,174,050	1,064,307	30	0.002
Water, Environment and Natural Resources							
Environment Management	Environmental Protection	33,552,415		10,995,001		33	-
	Environmental Protection	9,863,077	50,000,000	7,678,050	-	78	-
	Control of Air Pollution	2,795,484		2,031,800		73	-
	Solid Waste Management	11,098,615		5,621,200		51	-
	Sub-Total	57,309,591	50,000,000	26,326,051	-	46	-
General administration, planning support	General administration, planning support	42,154,270		2,076,005	-	5	-
	Sub-Total	42,154,270	-	2,076,005	-	5	

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Water Services	Water Management services	11,208,476		1,546,404		14	-
	Water Sanitation & Hygiene	3,767,316	351,500,000	2,134,212	-	57	-
	Storm Water Management	3,010,744		634,100	-	21	-
Energy Development	Energy	1,970,640		1,086,800	-	55	-
	Sub- Total	19,957,176	351,500,000	5,401,516	-	27	-
	Grand Total	119,421,037	401,500,000	33,803,572	-	28	-
Public service and administration							-
General Administration, support and planning	General Administration, support and planning	1,211,397,609	-	780,015,333	-	64	-
Human Resource & Development	Performance management system	4,200,000	-	1,572,894	-	37	-
	Human resource development	211,629,351	-	252,486,500	-	119	-
County Administration	Administration	37,100,000	30,000,000	35,687,760	-	96	-
	Enforcement	4,500,000	-	3,613,200	-	80	-
Citizen Participation	Citizen Participation	6,100,000	-	3,279,247	-	54	-
	Sub Total	1,474,926,960	30,000,000	1,076,654,934	-	73	-
Programme 2	Sub-programme	-	15,000,000		-		-
	Sub Total	-	15,000,000	-	-		-
Grand Total		1,474,926,960	45,000,000	1,076,654,934	-	73	-
Lands and physical planning							
General Administration, Planning and support services	General Administration, Planning and support services	1,356,000	-	57,250	-	4	-
Land Policy and Planning	Physical Planning	20,638,245	-	10,190,154	-	49	-
	Survey, Mapping and GIS	5,277,817	30,000,000	382,429	-	7	-
	Land Administration	7,174,500	-	6,947,267	-	97	-
	Grand Total	34,446,562	30,000,000	17,577,100	-	51	-
Hola Municipality							
General Administration and Support Services	General Administration and Support Services	36,450,000	-	21,535,977		59	-
	Sub- Total	36,450,000	-	21,535,977	-	59	
Grand Total		5,448,899,768	2,492,304,150	3,330,904,009	246,239,016	61.1	9.9

Source: Tana River County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human Resources Development in the Department of Public Service Administration at 119 per cent, Executive Services in the Department of Office of the Governor at 100 per cent, and Agricultural Development in the Department of Agriculture at 100 per cent, Resettlement of victims in the Department of Special Programmes at 100 per cent.

3.40.13 Key Observations and Recommendations

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

1. Underperformance of own-source revenue at Kshs.33.71 million against an annual projection of Kshs.87.84 million, representing 38.4 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Tana River Emergency Fund and Tana River County Assembly Car & Mortgage Fund reports were not submitted to the Controller of Budget.
3. High pending bills amounting to Kshs.2.01 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.747.78 million at the end of the first nine months of FY 2022/23.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year.*

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.5.68 billion, comprising Kshs.1.60 billion (28.2 per cent) and Kshs.4.08 billion (71.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 3.9 per cent compared to the previous financial year when the approved budget was Kshs.5.91 billion and comprised of Kshs.1.92 billion towards development expenditure and Kshs.3.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.55 billion (80.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.380 million (6.7 per cent) from its own sources of revenue, Kshs.396.15 million as conditional grants, and a cash balance of Kshs.353.88 million (6.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in .

The cash balance from the previous financial year comprises Kshs.169.90 million from unspent conditional grants and Kshs.183.98 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.41.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.42 billion as the equitable share of the revenue raised nationally, raised Kshs.164.55 million as own-source revenue, Kshs.152.71 million as conditional grants, and had a cash balance of Kshs.353.88 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.09 billion, as shown in

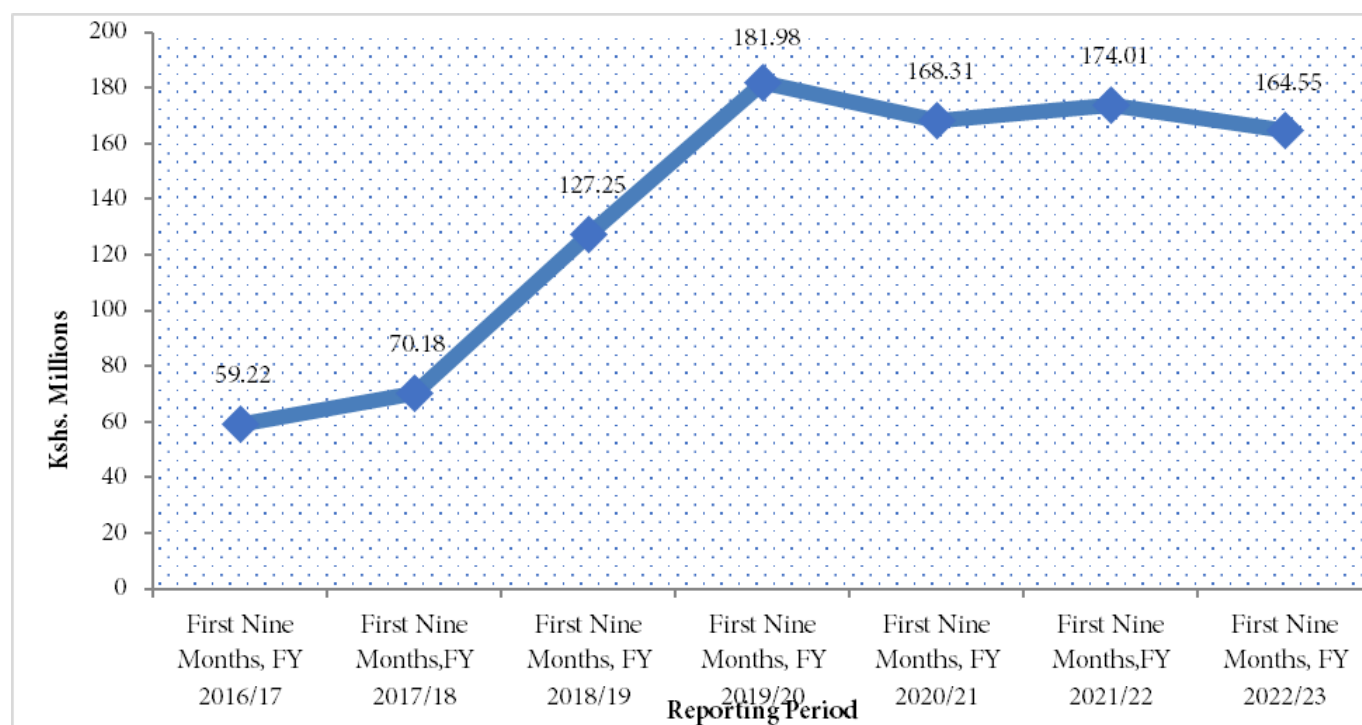
Table 3.236: Tharaka Nithi County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised nationally	4,551,334,282	2,423,164,192	53.2
Sub total		4,551,334,282	2,423,164,192	53.2
B	Conditional Grants			
1.	Conditional Grant- Leasing Of Medical Equipment	110,638,298	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	122,240,640	98,599,181	80.7
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP)	2,339,915	-	-
4.	DANIDA Grant	12,624,750	-	-
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	5,773,787	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,071,032	16,071,032	100.0
7.	World Bank Emergency Locust Responses Projects (ELRP)	68,827,500	27,036,707	39.3
8.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	22,000,000	11,000,000	50.0
9.	World Bank -Kenya Informal Settlement Improvement Project (KISIP II)	20,000,000	-	-
10.	Aquaculture Business Development Programme	15,630,100	-	-
Sub total		396,146,022	152,706,920	38.5
C	Other Sources of Revenue			
1.	Own Source Revenue	380,000,000	164,548,562	43.3
2.	Unspent balance from FY 2021/22	353,883,102	353,883,102	100.0
Sub Total		733,883,102	518,431,664	70.6
Grand Total		5,681,363,406	3,094,302,776	54.5

Source: Tharaka Nithi County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

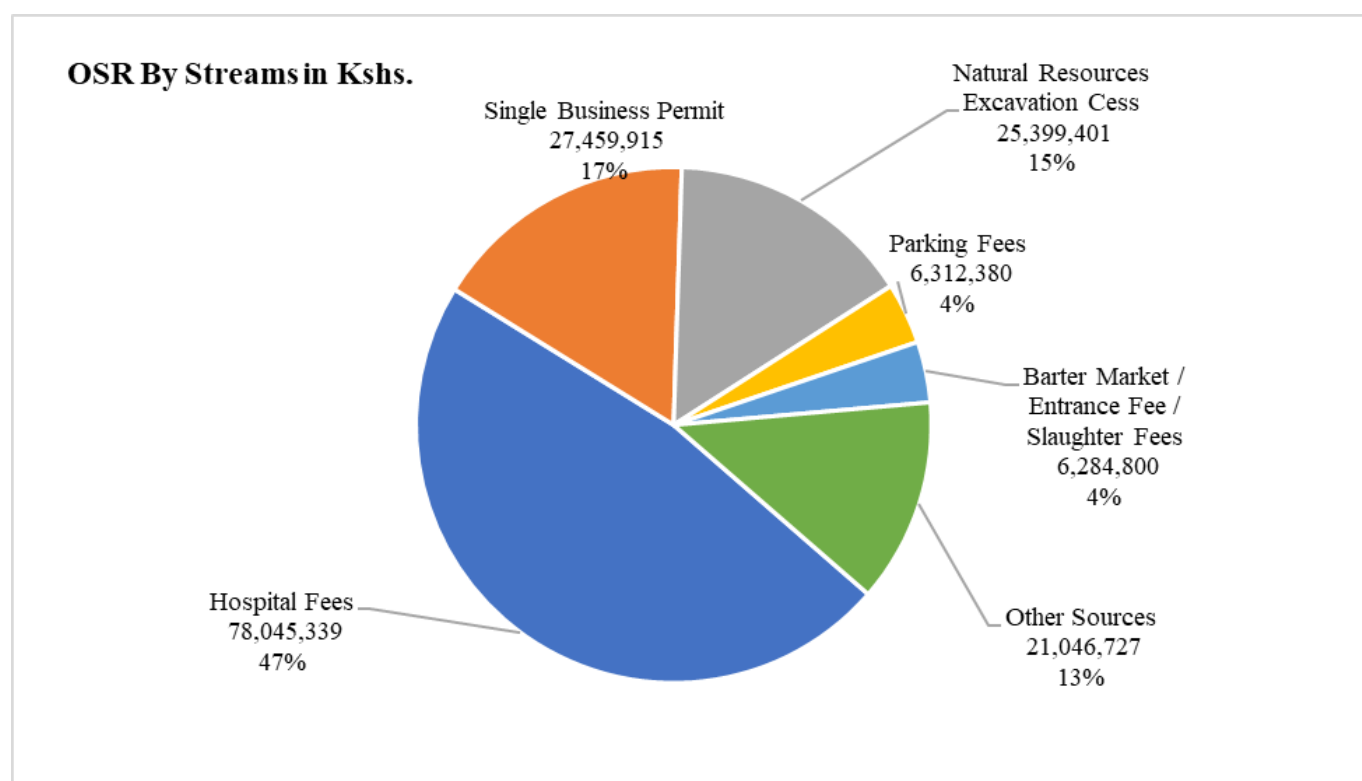
Figure 3.122: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Tharaka Nithi County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.164.55 million from its own sources of revenue. This amount represented a decrease of 5.3 per cent compared to Kshs.174.01 million realised in a similar period in FY 2021/22 and was 43.3 per cent of the annual target and 6.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.123: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.123: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Tharaka Nithi County Treasury

The highest revenue stream of Kshs.78.05 million was from Hospital Fees, contributing to 47 per cent of the total OSR collected during the reporting period.

3.41.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.80 billion from the CRF account during the reporting period. This amount comprised Kshs.456.61 million (16.3 per cent) for development programmes and Kshs.2.34 billion (63.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.78 billion was released towards compensation to employees, Kshs.567.94 million was for Operations and Maintenance expenditure, while Kshs.456.61 million was for development expenditure. The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.120.18 million.

3.41.4 County Expenditure Review

The County spent Kshs.2.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.5 per cent of the total funds released by the CoB and comprised Kshs.454.55 million and Kshs.2.33 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 28.4 per cent. In contrast, recurrent expenditure represented 57.1 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.952.62 million, comprised of Kshs.773.30 million for recurrent expenditure and Kshs.179.33 million for development activities. During the period under review, pending bills amounting to Kshs.250.48 million were settled, consisting of Kshs.192.89 million for recurrent expenditure and Kshs.57.59 million for development programmes. Therefore, as of 31st March 2023, the outstanding pending bills were Kshs.702.15 million.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.80 billion on employee compensation, Kshs.251.53 million on operations and maintenance, and Kshs.452.42 million on development activities. Similarly, the County Assembly spent Kshs.116 billion on employee compensation, Kshs.165.99 million on operations and maintenance, and Kshs.2.13 million on development activities, as shown in Table 3.237: Summary of Budget and Expenditure by Economic Classification.

Table 3.237: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,533,065,355	546,893,655	2,048,824,289	281,981,612	58.0	51.6
Compensation to Employees	2,357,193,334	219,478,417	1,797,298,785	115,993,665	76.2	52.8
Operations and Maintenance	1,175,872,021	327,415,238	251,525,504	165,987,947	21.4	50.7
Development Expenditure	1,571,404,396	30,000,000	452,416,211	2,134,514	28.8	7.1
Total	5,104,469,751	576,893,655	2,501,240,500	284,116,126	49.0	49.2

Source: Tharaka Nithi County Treasury

3.41.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.91 billion, or 61.8 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.09 billion. This expenditure represented an increase from Kshs.1.64 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.914.18 million paid to health sector employees, translating to 47.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.68 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.196.62 million was processed through manual payrolls. The manual payrolls accounted for 10.2 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.29 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.38.92 million. The average monthly sitting allowance was Kshs.33,758 per MCA. The County Assembly has established 19 Committees.

3.41.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.105.56 million to county-established funds in FY 2022/23, constituting 1.9 per cent of the County's overall budget. Table 3.238: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.238: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st March 2023 (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
1.	Tharaka Nithi County Emergency Fund	5,000,000	-	-	Yes
2.	Tharaka Nithi County Bursary Development Fund	20,560,000	-	-	Yes
3.	Car & Mortgage Fund (County Executive)	50,000,000	-	-	Yes
4.	Tharaka Nithi County Youth Empowerment Fund	-	-	-	Yes
5.	Tharaka Nithi County Assembly Car Loan & Mortgage Fund	30,000,000	30,000,000	30,000,000	Yes
	Total	105,560,000	30,000,000	30,000,000	

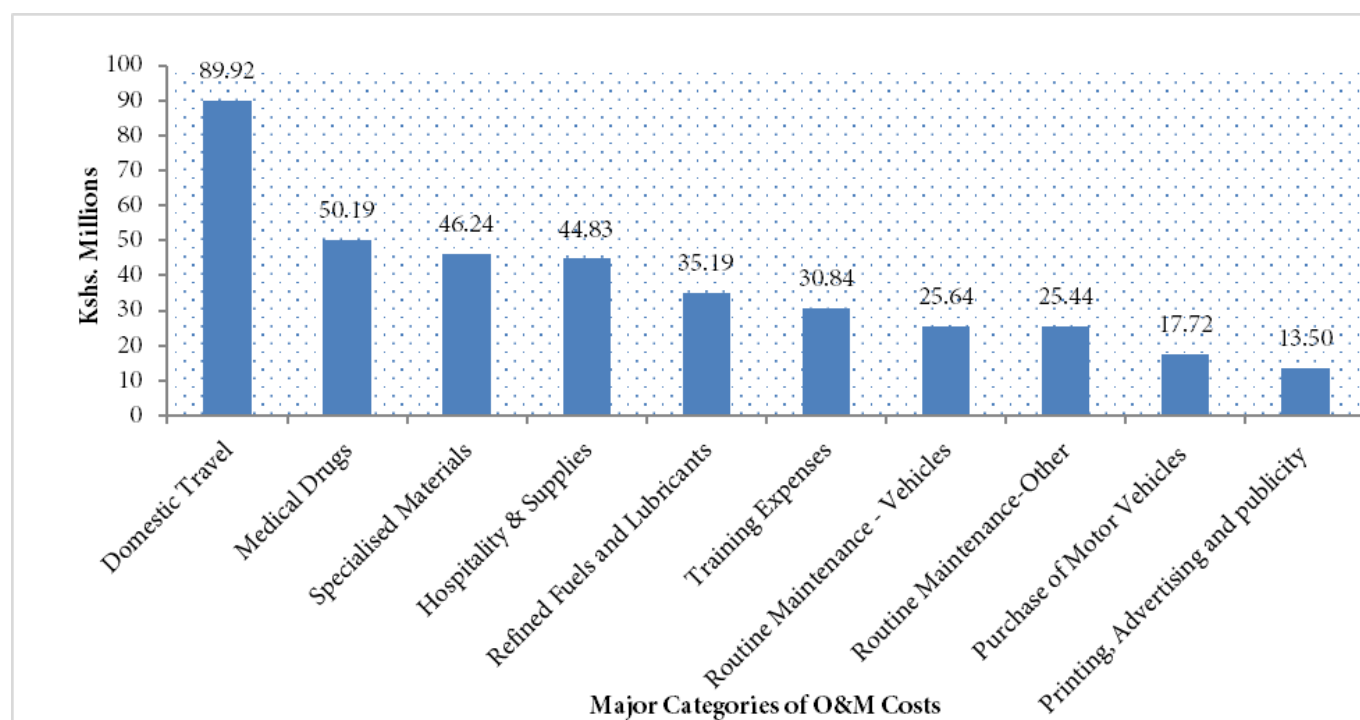
Source: Tharaka Nithi County Treasury

During the reporting period, OCoB received all quarterly financial returns from the Fund Administrators as indicated in Table 3.238: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.41.9 Expenditure on Operations and Maintenance

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

Figure 3.124: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.89.92 million and comprised of Kshs.64.71 million spent by the County Assembly and Kshs.25.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.06 million by the County Executive.

3.41.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.454.55 million on development programmes, representing a decrease of 24.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.601.08 million. Table 3.239: Tharaka Nithi County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.239: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Infrastructure and Public Works	Tarmacking of Mitheru-Kaanwa Road	Mitheru/Mariani	60,000,000	57,620,000	96
2	Roads, Infrastructure and Public Works	Tarmacking of Karandini-Kithioroni Road,	Magumoni	50,000,000	40,765,958	81.5
3	Roads, Infrastructure and Public Works	Tarmacking of Cheera - Ruguti Road	Mugwe	25,000,000	22,595,176	90.4
4	Water and Irrigation	Drilling and Solar powering communal boreholes	Countywide	32,500,000	18,520,000	57
5	Water and Irrigation	Support to community water projects	Countywide	23,000,000	14,406,020	62.6
6	Medical Services	Construction works at Chuka county referral hospital	Karingani	15,977,840	13,095,325	82
7	Roads, Infrastructure and Public Works	Tarmacking of Tunyai - Nthaara - Marimanti Road	chiakariga / Marimanti	20,000,000	11,427,987	57.1
8	Medical Services	Proposed modern kitchen at Marimanti Hospital	Marimanti	-	5,643,668	-

S/No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
9	Roads, Infrastructure and Public Works	Grading and Gravelling of Maumau-Kauuni Pry Road		4,870,260	4,870,260	100
10	Roads, Infrastructure and Public Works	Grading and Gravelling of Quba-Mautini Road		4,753,680	4,753,680	100

Source: Tharaka Nithi County Treasury

The County Treasury did not provide a budget for the proposed modern kitchen at the Marimanti Hospital project with an expenditure of Kshs.5.64 million. This should be regularised before the closure of the financial year.

3.41.11 Budget Performance by Department

Table 3.240: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.240: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor and Deputy Governor	169.04	-	75.43	-	74.62	-	98.9	-	44.1	-
Roads, Infrastructure, Public Works and ICT	221.72	562.11	91.77	156.17	90.99	156.13	99.1	100.0	41.0	27.8
Health Services	1,547.55	129.38	1,019.27	33.81	1,018.73	33.00	99.9	97.6	65.8	25.5
Lands, Physical Planning, Urban Development, Natural Resources	81.32	50.00	34.09	13.69	33.53	13.50	98.4	98.6	41.2	27.0
Agriculture, Cooperatives and Industry	136.84	464.56	73.99	202.16	73.97	201.51	100.0	99.7	54.1	43.4
Public Service, Urban Development and Disaster Management	124.79	-	84.95	-	84.86	-	99.9	-	68.0	-
Education and Vocational Training	226.17	49.66	129.00	6.33	128.53	6.29	99.6	99.4	56.8	12.7
Trade and Revenue	103.31	6.00	63.85	-	59.16	-	92.6	-	57.3	-
Finance and Economic Planning	310.10	6.00	165.13	-	164.53	-	99.6	-	53.1	-
County Assembly	546.89	30.00	282.15	2.13	281.98	2.13	99.9	100.0	51.6	7.1
Water Services and Irrigation	48.22	109.50	28.94	32.97	28.54	32.93	98.6	99.9	59.2	30.1
County Public Service Board	25.35	-	11.08	-	10.71	-	96.6	-	42.2	-
Energy and Housing	37.55	20.00	21.97	-	20.88	-	95.0	-	55.6	-
Public Health and Sanitation	366.74	110.64	191.76	-	191.36	-	99.8	-	52.2	-
Youth, Sports, Culture and Tourism	47.93	17.93	21.67	6.06	20.89	-	96.4	-	43.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Livestock, Veterinary and Fisheries Development	86.44	45.63	48.03	3.28	47.53	3.07	99.0	93.7	55.0	6.7
Total	4,079.96	1,601.40	2,343.10	456.61	2,330.81	454.55	99.5	99.5	57.1	28.4

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Cooperatives and Industry recorded the highest absorption rate of development budget at 43.4 per cent, followed by the Department of Water Services and Irrigation at 30.1 per cent. The Department of Public Service, Urban Development and Disaster Management had the highest percentage of recurrent expenditure to budget at 68.0 per cent, while the Department of Roads, Infrastructure, Public Works and ICT had the lowest at 41.0 per cent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.241: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.241: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of Governor and Deputy Governor							
P: County Government Advisory Services	SP: Communication and Strategy	11,530,000	-	2,565,623	-	22.3	-
P: County Leadership and Coordination of MDAs	SP: Coordination of CMAs (Office of County Secretary)	6,850,000	-	3,248,770	-	47.4	-
	SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	28,100,000	-	17,569,690	-	62.5	-
P: General Administration, Planning and Support Services	SP: Management of County Affairs (Office of Governor)	101,469,631	-	46,880,211	-	46.2	-
	SP: Coordination and Supervisory Services (Deputy Governor's Office)	21,088,000	-	4,358,814	-	20.7	-
Sub Total		169,037,631	-	74,623,108	-	44.1	-
Roads, Infrastructure and Public Works							
P: General Administration Planning and Support Services	SP: General Administration Services	90,599,200	170,000,000	53,411,568	22,764,410	59	13.4
P: Kathwana Municipality Development Programme	SP: Kathwana Urban Area Support	7,340,200	-	4,711,956	-	64.2	-
P: Public Works and Housing Services	SP: Public Works Services	21,850,000	-	2,302,066	-	10.5	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: Roads Transport	SP: Rural Roads Improvement and Maintenance Services	76,994,000	367,105,000	16,381,588	133,368,390	21.3	36.3
P: Urban Development and Administration	SP: Urban Administrative Services	24,933,524	25,000,000	14,181,799	-	56.9	-
Sub Total		221,716,924	562,105,000	90,988,977	156,132,800	41	27.8
Medical Services							
P: Curative and Rehabilitative Services	SP: Medical Supplies	222,650,000	-	89,559,814	-	40.2	-
	SP: Laboratory Services	56,000,000	-		-	-	-
P: General Administration Planning and Support Services	SP: General Administration Services	125,762,550	129,378,487	14,993,707	32,996,455	11.9	25.5
	SP: Human resource management	1,143,133,775	-	914,177,648	-	80	-
Sub Total		1,547,546,325	129,378,487	1,018,731,169	32,996,455	65.8	25.5
Lands and Physical planning							
P: Environment and Natural Resources Management	SP: Environment and Natural Resource	19,927,093	35,000,000	8,919,086	4,311,154	44.8	12.3
P: Environment Management and Natural Resources Conservation	SP: Environment and Natural Resources Management	22,200,000	-	-	-	-	-
P: Land Policy and Planning	SP: Physical Planning Services	34,608,000	15,000,000	24,334,498	9,186,048	70.3	61.2
	SP: Land administration & management	4,588,700	-	278,580	-	6.1	-
Sub Total		81,323,793	50,000,000	33,532,164	13,497,202	41.2	27
Agriculture and Crop Production							
P: Cooperative Development and Management	SP: Cooperative Development	3,493,683	-	11,200	-	0.3	-
P: Crop Development and Management	SP: Crops Development, Agribusiness and Market Development	10,879,445	305,612,912	435,400	169,751,555	4.	55.5
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	122,469,212	158,948,899	73,520,904	31,754,409	60	20
Sub Total		136,842,340	464,561,811	73,967,504	201,505,964	54.1	43.4
Public Administration and Devolution Affairs							
P: County Government Advisory Services	SP: Disaster Management and Coordination	1,600,000	-	305,682	-	19.1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	116,294,890	-	83,557,060	-	71.8	-
	SP: Sub-County Administration and Field Services	3,775,000	-	751,600	-	19.9	-
	SP: Human Resource Management Services	3,125,000	-	244,250	-	7.8	-
Sub Total		124,794,890	-	84,858,592	-	68	-
Education, Gender, Culture and Social Services							
P: Education and Youth Training	SP: Promotion of Basic Education (ECDE)	40,506,653	30,000,000	1,792,889	3,382,798	4.4	11.3
	SP: Youth Training and Capacity Building	16,213,935	19,659,900	242,100	2,906,110	1.5	14.8
P: General Administration Planning and Support Services	SP: Administration Planning and Support Services	169,444,800	-	126,491,564	-	74.7	-
Sub Total		226,165,388	49,659,900	128,526,553	6,288,908	56.8	12.7
Trade and Industry							
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	91,601,500	-	59,155,718	-	64.6	-
P: Industrial Development and Investment	SP: Industrial Development	7,600,000	-	-	-	-	-
	SP: Consumer Protection & Fair- Trade Practices	4,110,000	-	-	-	-	-
P: Resource Mobilisation	SP: Revenue Administration		6,000,000		-	-	-
Sub Total		103,311,500	6,000,000	59,155,718	-	57.3	-
Finance and Economic Planning							
P: Economic Policy and County Planning	SP: Monitoring and Evaluation Services	2,850,000	-	784,000	-	27.5	-
	SP: Economic Development, Planning and Coordination Services	3,200,000	-	1,252,700	-	39.1	-
	SP: County Statistics Services	1,900,000	-	1,235,400	-	65	-
P: Financial Management Services	SP: Supply Chain Management Services	1,900,000	-	972,060	-	51.2	-
	SP: Audit Services	4,200,000	-	1,356,100	-	32.3	-
	SP: Budget Formulation and Coordination	3,650,000	-	1,379,180	-	37.8	-
	SP: Accounting Services	3,100,000	-	2,073,194	-	66.9	-
P: General Administration, Planning and Support Services	SP: General Administration and Support Services		6,000,000		-	-	-
	SP: Human Resource Management Services	275,002,505	-	151,110,912	-	54.9	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: Resource Mobilisation	SP: Revenue Administration	14,300,000	-	4,368,250	-	30.5	-
Sub Total		310,102,505	6,000,000	164,531,796	-	53.1	-
Water Services and Irrigation							
P: Water Supply Services	SP: Domestic Water Services	40,765,250	61,500,000	25,701,734	21,434,714	63	34.9
	SP: Water Storage Services	1,382,760	-	392,050	-	28.4	-
	SP: Irrigation and Drainage Services	6,069,390	48,000,000	2,443,950	11,491,306	40.3	23.9
Sub Total		48,217,400	109,500,000	28,537,734	32,926,020	59.2	30.1
County Public Service Board							
P: Economic Policy and County Planning	SP: Monitoring and Evaluation Services	122,000	-	-	-	-	-
P: Financial Management	SP: Monitoring and Evaluation Services	1,157,870	-	557,370	-	48.1	-
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	22,763,000	-	9,664,546	-	42.5	-
P: Human Resource Management and Development	SP: County Public Service Board Services	1,304,280	-	485,360	-	37.2	-
Sub Total		25,347,150	-	10,707,276	-	42.2	-
Energy, Housing and ICT							
P: Energy Resource Development & Management	SP: Energy Resource Development & Management		20,000,000		-	-	-
P: General Administration Planning and Support Services	SP: General Administration Services	19,759,380	-	13,907,550	-	70.4	-
P: ICT Infrastructure Development	SP: ICT Infrastructure Development	17,790,185	-	6,976,909	-	39.2	-
Sub Total		37,549,565	20,000,000	20,884,459	-	55.6	-
Public Health and Sanitation							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
P: Preventive and Promotive Health Services	SP: Health Promotion and Disease Control	330,073,150	110,638,298	184,801,809	-	56	-
	SP: Environmental Health services	26,667,000	-	5,225,250	-	19.6	-
	SP: HIV and AIDS Support Services	2,500,000	-	147,080	-	5.9	-
	SP: Reproductive Maternal and Childhealth Services	2,500,000	-	150,000	-	6	-
	SP: Disease Surveillance	5,000,000	-	1,033,840	-	20.7	-
Sub Total		366,740,150	110,638,298	191,357,979	-	52.2	-
Youth, Sports, Culture and Tourism							
P: Culture, Arts and Social Services	SP: Culture and Arts Promotion	5,306,370	15,250,000	196,900	5,997,186	3.7	39.3
	SP: Gender, PWDs and Social Services	5,602,200	-	2,992,500	-	53.4	-
P: Sports Development and Promotion	SP: County Football League and Clubs Development	2,989,480	-	269,600	-	9	-
	SP: Athletics Championships and Other Games	5,365,910	-	500,600	-	9.3	-
	SP: Talent Search and Promotion	25,278,800	2,680,800	16,418,628	-	65	-
P: Tourism Development and Promotion	SP: Tourism Branding and Marketing	1,386,490	-	25,000	-	1.8	-
	SP: Miss Tourism Tharaka Nithi	1,997,550	-	486,600	-	24.4	-
Sub Total		47,926,800	17,930,800	20,889,828	5,997,186	43.6	33.4
Livestock, Veterinary and Fisheries Development							
P: Livestock and Fisheries Resource Management and Development	SP: Livestock Policy Development and Capacity Building	71,375,598	12,500,000	47,439,932	511,676	66.5	4.1
	SP: Veterinary Services and Disease Prevention	11,131,180	16,500,000	91,500	2,560,000	0.8	15.5
	SP: Fisheries Development and Promotion	3,936,216	16,630,100	-	-	-	-
Sub Total		86,442,994	45,630,100	47,531,432	3,071,676	55	6.7
County Assembly							
P: General Administration, Finance and Planning	SP: Finance Management Services	85,996,446	-	28,424,187	-	33.1	-
	SP: Management of County Assembly Affairs	166,740,655	30,000,000	95,949,620	2,134,514	57.5	7.1
	SP: Administrative Services	9,467,500	-	6,124,681	-	64.7	-
	SP: Housing loans to public servants	30,000,000	-	30,000,000	-	100	-
P: County Legislation and Oversight Services	SP: County Assembly Legislation	132,347,581	-	66,787,819	-	50.5	-
	SP: Coordination & Supervisory Services	8,540,000	-	4,217,605	-	49.4	-
	SP: Procedure & Oversight Services	113,801,473	-	50,477,700	-	44.4	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub Total		546,893,655	30,000,000	281,981,612	2,134,514	51.6	7.1
Grand Total		4,079,959,010	1,601,404,396	2,330,805,901	454,550,725	57.1	28.4

Source: Tharaka Nithi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: SP: Housing loans to public servants in the County Assembly at 100.0 per cent, SP: General Administration Services in the Department of Energy, Housing and ICT at 70.4 per cent, SP: Accounting Services in the Department of Finance and Economic Planning at 66.9 per cent, and SP: County Statistics Services in the Department of Finance and Economic Planning at 65.0 per cent of budget allocation.

3.41.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the budget implementation's timely preparation. The report was submitted on 27th April, 2023
2. Underperformance of own-source revenue at Kshs.164.55 million against an annual projection of Kshs.380 million, representing 43.3 per cent of the annual target
3. High pending bills amounting to Kshs.702.15 million as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.120.18 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.194.62 million were processed through the manual payroll, accounting for 10.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs. 9.29 billion, comprising Kshs.3.82 billion (41.1 per cent) and Kshs.5.47 billion (58.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.9.30 billion and comprised of Kshs.4.05 billion towards development expenditure and Kshs.5.25 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.19 billion (77.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.629.50 million (6.8 per cent) from its own source of revenue, Kshs.791.76

million as conditional grants (8.5 per cent), Kshs.574.89 million as Other Revenues (6.2 per cent) and a cash balance of Kshs.111.15 million (1.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.242: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2022/23.

3.42.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.56 billion as the equitable share of the revenue raised nationally, raised Kshs.348.43 million as own-source revenue, Kshs. 574.89 million as Other Revenues, Kshs.132.00 million as conditional grants and a cash balance of Kshs.111.15 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.72 billion, as shown in Table 3.242: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2022/23.

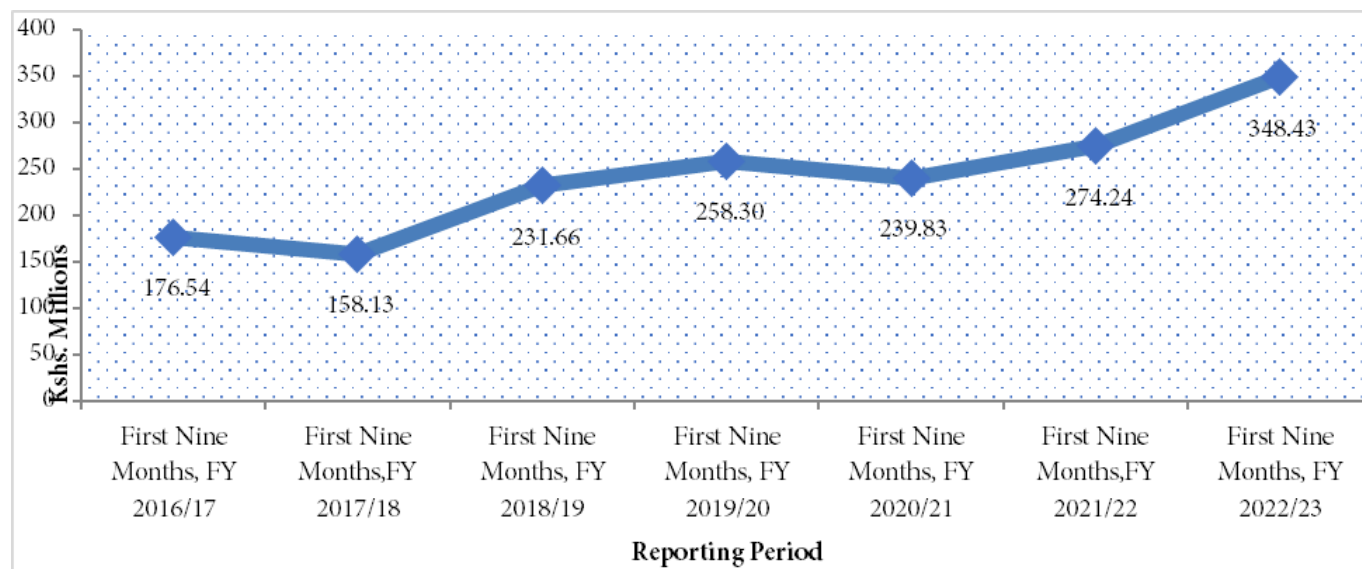
Table 3.242: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,186,157,670	3,557,148,047	49.5
Sub total		7,186,157,670	3,557,148,047	49.5
B	Conditional Grants			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	332,206,494	111,538,939	33.6
2.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,139,400	-	-
3.	Leasing of Medical Equipment	110,638,298	-	-
4.	Agricultural Sector Development Support Programme (ASD-SP) II	8,971,403	9,462,022	105.5
5.	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) “ Levels 2 grants”	105,802,077	-	-
6.	Kenya Informal Settlement Improvement Project II	200,000,000	-	-
7.	Financing Locally Led Climate Action	22,000,000	11,000,000	50.0
Sub total		791,757,672	132,000,961	16.7
C	Other Sources of Revenue			
1.	Own Source Revenue	629,500,000	348,425,969	55.3
2.	Balance b/f from FY 2021/22	111,146,408	111,146,408	100.0
3.	Other Revenues	574,892,612	574,892,612	100.0
Sub Total		1,315,539,020	1,034,464,989	78.6
Grand Total		9,293,454,362	4,723,613,997	50.8

Source: Trans Nzoia County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

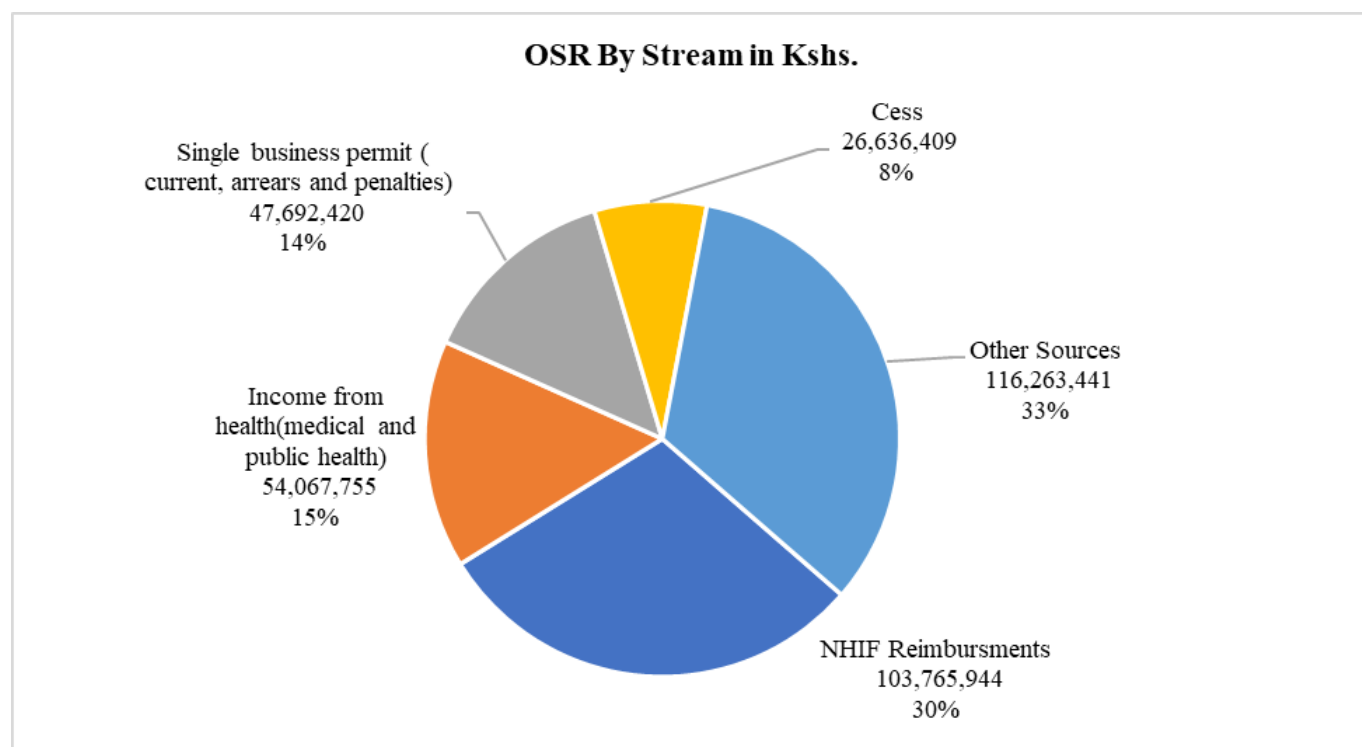
Figure 3.125: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Trans Nzoia County Treasury

In the first nine months of FY 2022/23, the County generated Kshs.348.43 million from its own sources of revenue. This amount represented an increase of 27.1 per cent compared to Kshs.274.24 million realised in a similar period in FY 2021/22 and was 55.3 per cent of the annual target and 9.8 per cent of the equitable revenue share disbursed during the period. The OSR does not include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR are shown in Figure 3.126: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.126: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs.103.77 million was from NHIF Reimbursements, contributing to 30 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.159.17 million and represented 45.7 per cent of the overall OSR in the first nine months of FY 2022/23.

3.42.3 County Expenditure Review

The County spent Kshs.3.71 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.4 per cent of the total funds released by the CoB and comprised Kshs.325.78 million and Kshs.3.39 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.5 per cent. In contrast, recurrent expenditure represented 61.9 per cent of the annual recurrent expenditure budget.

3.42.4 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.19 billion, comprised of Kshs.513.53 million for recurrent expenditure and Kshs.673.36 million for development activities. During the period under review, the County settled pending bills amounting to Kshs.168.49 million for recurrent expenditure, and therefore, the outstanding amount as of 31st March 2023 was Kshs.1.02 billion.

3.42.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.35 billion on employee compensation, Kshs.547.56 million on operations and maintenance, and Kshs.295.24 million on development activities. Similarly, the County Assembly spent Kshs.186.56 million on employee compensation, Kshs.306.87 million on operations and maintenance, and Kshs.30.54 million on development activities, as shown in Table 3.243: Summary of Budget and Expenditure by Economic Classification.

Table 3.243: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,742,480,344	731,650,593	2,894,410,623	493,429,762	61.0	67.4
Compensation to Employees	3,037,065,828	282,504,593	2,346,849,100	186,557,867	77.3	66.0
Operations and Maintenance	1,705,414,516	449,146,000	547,561,523	306,871,895	32.1	68.3
Development Expenditure	3,559,673,425	259,650,000	295,240,271	30,543,344	8.3	11.8
Total	8,302,153,769	991,300,593	3,189,650,894	523,973,106	38.4	52.9

Source: Trans Nzoia County Treasury

3.42.6 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.53 billion, or 53.6 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.72 billion. This expenditure represented an increase from Kshs.2.46 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.02 billion paid to health sector employees, which translated to 40.1 per cent of the total wage bill.

Further analysis indicates that PE costs of Kshs.2.37 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.165.53 million was processed through manual payrolls. The manual payrolls accounted for 6.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.6.45 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.32.86 million. The average monthly sitting allowance was Kshs.17,930 per MCA. The County Assembly has established 22 Committees.

3.42.7 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.436.50 million to county-established funds in FY 2022/23, constituting 4.7 per cent of the County's overall budget. Table 3.244: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.244: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Nawiri Fund	102,000,000	-	-	No
2.	Climate change fund	56,930,000	-	-	No
3.	Youth and Women Enterprise Fund	2,000,000	-	-	No
4.	Car Loan and Mortgage	50,000,000	50,000,000	50,000,000	No
5.	Elimu Bursary Fund	120,000,000	60,000,000	60,000,000	No
6.	Emergency Fund	50,000,000	-	-	No
County Assembly Established Funds					
7	Car Loan and Mortgage Scheme Fund (Members and Staff)	55,567,099	55,567,099	55,567,099	No
	Total	436,497,099	165,567,099	165,567,099	

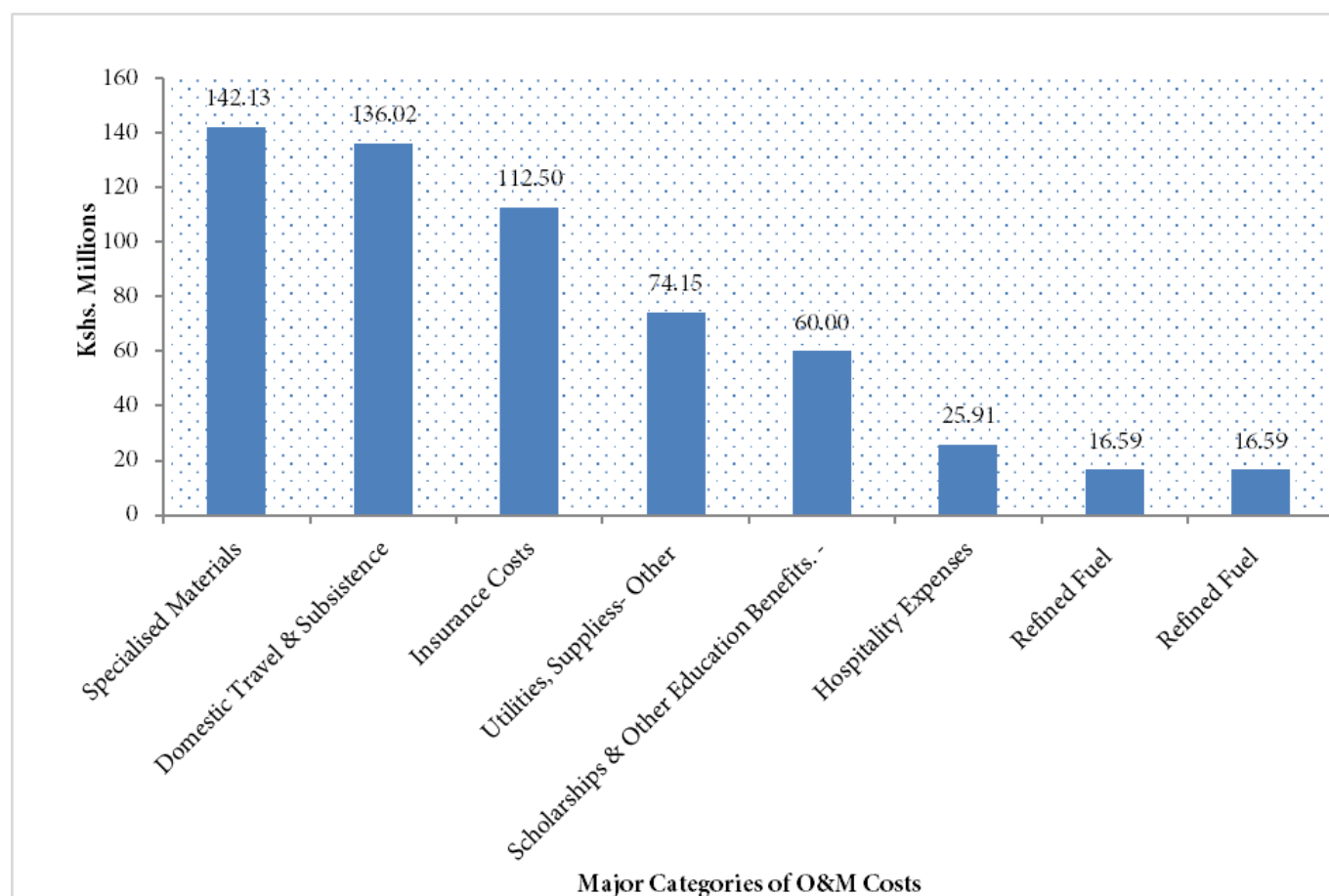
Source: Trans Nzoia County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators, as shown in Table 3.244: Performance of County Established Funds as of 31st March 2023 which is contrary to the requirement of Section 168 of the PFM Act, 2012.

3.42.8 Expenditure on Operations and Maintenance

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

Figure 3.127: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.136.02 million and comprised of Kshs.57.93 million spent by the County Assembly and Kshs.78.06 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.20 million and comprised of Kshs.1.12 million by the County Assembly and Kshs.0.05 million by the County Executive.

3.42.9 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.85 billion from the CRF account during the reporting period. This amount comprised Kshs.471.09 million (12.2 per cent) for development programmes and Kshs.3.38 billion (87.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.27 billion was released towards compensation to employees; Kshs.1.11 billion was for Operations and Maintenance expenditure while Kshs.471.09 million was for development expenditure. The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.666.04 million.

3.42.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.325.78 million on development programmes, representing a decrease of 77.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.46 billion. Table 3.245: Trans Nzoia County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.245: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Remarks
1	Gender	Proposed construction and rehabilitation of Kenyatta Stadium phase 1A	Kenyatta Stadium	657,305,894	85,682,000	85,449,766	The project is ongoing
2	County Assembly	Construction of Ultra-Modern Administration Block	County Assembly	464,359,150	125,000,000	30,543,344	The project is ongoing

Source: Trans Nzoia County Treasury

3.42.11 Budget Performance by Department

Table 3.246: Trans Nzoia County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure, and absorption rate in the first nine months of FY 2022/23.

Table 3.246: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	242.78	581.42	132.18	162.35	180.09	175.66	136.2	108.2	74.2	30.2
Livestock	17.59	86.47	-	5.20	-	-	-	-	-	-
Trade, Commerce	51.76	154.00	24.73	-	27.43	-	110.9	-	53.0	-
Water, Env and Natural Resources	84.36	288.09	40.01	-	76.77	-	191.9	-	91.0	-
Public Works, Transport and Infrastructure	174.14	439.27	82.95	-	101.63	7.62	122.5	-	58.4	1.7
Health Services	-	10.00	-	-	-	-	-	-	-	-
Health Corporate	1,902.96	390.23	1,619.51	51.70	1,167.05	9.64	72.1	18.7	61.3	2.5
Lands, Housing	73.54	289.43	28.83	-	44.22	-	153.4	-	60.1	-
Municipality Board of Kitale	67.63	59.26	0.60	-	0.70	-	116.9	-	1	-
Gender, Sports, Culture	52.86	205.08	27.22	85.45	48.46	72.87	178.0	85.3	91.7	35.5
Governance	173.76	25.00	19.22	-	107.61	-	559.9	-	61.9	-
Public Service Management	602.83	246.87	307.55	105.80	277.62	0.48	90.3	0.5	46.1	0.2
CPSB	73.15	13.47	2.33	-	11.63	-	498.9	-	15.9	-
Education & ICT	588.83	113.90	300.75	-	319.06	-	106.1	-	54.2	-
Finance	523.95	635.41	272.93	30.04	498.90	28.97	182.8	96.4	95.2	4.6
Economic Planning	46.69	21.80	3.09	-	17.15	-	554.8	-	36.7	-
County Attorney	65.63	-	24.59	-	16.09	-	65.4	-	24.5	-
County Assembly	731.65	259.65	493.43	30.54	493.43	30.54	100.0	100.0	67.4	11.8
Total	5,474.13	3,819.32	3,379.93	471.09	3,387.84	325.78	100.2	69.2	61.9	8.5

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the Department of Gender, Sports, and Culture recorded the highest absorption rate of development budget at 35.5 per cent, followed by the Department of Agriculture at 30.2 per cent. The Department of Finance had the highest percentage of recurrent expenditure to budget at 95.2 per cent, while the Department of Livestock did not report any expenditure.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 3.247: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.247: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Livestock		928,254,606.00	355,746,255.20	572,508,350.80	38.3
Crop Development		667,881,355.00	175,660,418.00	492,220,937.00	26.3
	Crop Diversification	581,416,276.00	175,660,418.00	405,755,858.00	30.2
	Post-harvest management and value addition	86,465,079.00	-	86,465,079.00	-
Administrative And Support Services		260,373,251.00	180,085,837.20	80,287,413.80	69.2
	Administrative And Support Services	260,373,251.00	180,085,837.20	80,287,413.80	69.2
Trade, Commerce and Industry		205,762,489.00	27,434,654.25	178,327,834.75	13.3
Medium and small Enterprises		154,000,000.00	-	154,000,000.00	-
	Medium and small Enterprises	154,000,000.00	-	154,000,000.00	-
Administrative And Support Services		51,762,489.00	27,434,654.25	24,327,834.75	53.0
	Administrative and Support Services	51,762,489.00	27,434,654.25	24,327,834.75	53.0
Water, Environment and Natural Resources		372,446,435.00	76,766,906.15	295,679,528.85	20.6
Environment management and protection		288,086,871.00	-	288,086,871.00	-
	Waste Management	288,086,871.00		288,086,871.00	-
Administrative and Support Services		84,359,564.00	76,766,906.15	7,592,657.85	91.0
	Administrative and Support Services	84,359,564.00	76,766,906.15	7,592,657.85	91.0
Public Works, Roads and Infrastructure		613,406,449.00	109,249,650.25	504,156,798.75	17.8
Road Construction and Road Maintenance		439,266,580.00	7,615,948.85	431,650,631.15	1.7
	Maintenance of Roads	439,266,580.00	7,615,948.85	431,650,631.15	1.7
Administrative And Support Services		174,139,869.00	101,633,701.40	72,506,167.60	58.4
	Administrative and Support Services	174,139,869.00	101,633,701.40	72,506,167.60	58.4
Health Services		10,000,000.00		10,000,000.00	-
Administrative And Support Services		10,000,000.00	-	10,000,000.00	-
	Administrative And Support Services	10,000,000.00	-	10,000,000.00	-
Lands, Housing and Urban Planning		362,977,156.00	44,224,770.55	318,752,385.45	12.2
Administrative And Support Services		362,977,156.00	44,224,770.55	318,752,385.45	12.2

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
	Administrative and Support Services	362,977,156.00	44,224,770.55	318,752,385.45	12.2
Gender, Sports, Culture and Tourism		257,945,327.00	121,324,006.00	136,621,321.00	47.0
Cultural development and promotion		205,082,445.00	72,868,024.60	132,214,420.40	35.5
	Culture development	205,082,445.00	72,868,024.60	132,214,420.40	35.5
Administrative And Support Services		52,862,882.00	48,455,981.40	4,406,900.60	91.7
	Administrative And Support Services	52,862,882.00	48,455,981.40	4,406,900.60	91.7
Public Service Management		849,701,128.00	278,100,444.85	571,600,683.15	32.7
Infrastructure Development		246,868,227.00	479,100.00	246,389,127.00	0.2
	Supervision and Management of Projects	246,868,227.00	479,100.00	246,389,127.00	0.2
Administrative And Support Services		602,832,901.00	277,621,344.85	325,211,556.15	46.1
	Administrative And Support Services	602,832,901.00	277,621,344.85	325,211,556.15	46.1
Education and ICT		702,733,145.00	319,064,329.65	383,668,815.35	45.4
Vocational Training Development		113,900,000.00	-	113,900,000.00	-
	Vocational Training Development	113,900,000.00	-	113,900,000.00	-
Administrative And Support Services		588,833,145.00	319,064,329.65	269,768,815.35	54.2
	Administrative And Support Services	588,833,145.00	319,064,329.65	269,768,815.35	54.2
Finance		1,159,352,734.00	527,873,320.40	631,479,413.60	45.5
Administrative and Support Services		1,159,352,734.00	527,873,320.40	631,479,413.60	45.5
	Supervision and Management of Projects	635,407,192.00	28,972,636.00	606,434,556.00	4.6
	Administrative And Support Services	523,945,542.00	498,900,684.40	25,044,857.60	95.2
Governance		198,758,719.00	107,605,528.95	91,153,190.05	54.1
Infrastructure Development		25,000,000.00	-	25,000,000.00	-
	Supervision and Management of Projects	25,000,000.00	-	25,000,000.00	-
Administrative And Support Services		173,758,719.00	107,605,528.95	66,153,190.05	61.9
	Administrative And Support Services	173,758,719.00	107,605,528.95	66,153,190.05	61.9
County Public Service Board		86,615,170.00	11,627,369.10	74,987,800.90	13.4
Governance and County Values		13,465,000.00	-	13,465,000.00	-
	Infrastructure Development	13,465,000.00	-	13,465,000.00	-
Administrative And Support Services		73,150,170.00	11,627,369.10	61,522,800.90	15.9
	Administrative And Support Services	73,150,170.00	11,627,369.10	61,522,800.90	15.9

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st March 2023	Variance (Kshs.)	Absorption Rate (%)
Health Corporate		2,293,190,678.00	1,176,690,627.55	1,116,500,050.45	51.3
Administrative and Support Services		2,293,190,678.00	1,176,690,627.55	1,116,500,050.45	51.3
	Preventive Health Services	390,227,415.00	9,644,144.00	380,583,271.00	2.5
	Administrative And Support Services	1,902,963,263.00	1,167,046,483.55	735,916,779.45	61.3
Economic Planning		68,494,733.00	17,150,595.45	51,344,137.55	25.0
County Research and Development Planning		21,800,000.00	-	21,800,000.00	-
	County Development Planning Services	21,800,000.00		21,800,000.00	-
Administrative And Support Services		46,694,733.00	17,150,595.45	29,544,137.55	36.7
	Administrative And Support Services	46,694,733.00	17,150,595.45	29,544,137.55	36.7
Municipality Board of Kitale		126,885,000.00	704,234.00	126,180,766.00	0.6
Administrative And Support Services		126,885,000.00	704,234.00	126,180,766.00	0.6
	Administrative And Support Services	126,885,000.00	704,234.00	126,180,766.00	0.6
County Attorney		65,630,000.00	16,088,202.15	49,541,797.85	24.5
Administrative And Support Services		65,630,000.00	16,088,202.15	49,541,797.85	24.5
	Administrative And Support Services	65,630,000.00	16,088,202.15	49,541,797.85	24.5
County Assembly		991,300,593.00	523,973,106.00	467,327,487.00	52.9
Administrative And Support Services		991,300,593.00	523,973,106.00	467,327,487.00	52.9
	Administrative and Support Services	991,300,593.00	523,973,106.00	467,327,487.00	52.9
Grand Total		9,293,454,362.00	3,713,624,000.50	5,579,830,361.50	40.0

Source: Trans Nzoia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Finance at 95.2 per cent, Administrative and Support Services in the Department of Gender, Sports, Culture and Tourism at 91.7 per cent, Administrative and Support Services in the Department of Water, Environment and Natural Resources at 91.0 per cent, and Administrative and Support Services in the Department of Agriculture, Livestock at 69.2 per cent of budget allocation.

3.42.13 Key Observations and Recommendations.

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 25th April 2023
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.246: Trans Nzoia County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure above the approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is

against the requirement of Section 168 of the PFM Act, 2012. Quarterly reports for the Car Loan and Mortgage, Elimu Bursary, Nawiri Fund, Climate change fund, Youth and Women Enterprise Fund, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds were not submitted to the Controller of Budget.

4. High level of pending bills which amounted to Kshs.1.02 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.666.04 million at the end of the first nine months of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.165.53 million were processed through the manual payroll, accounting for 6.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper control.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.43 County Government of Turkana

3.43.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.18.41 billion, comprising Kshs.5.88 billion (31.9 per cent) and Kshs.12.53 billion (68.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 31.2 per cent compared to the previous financial year when the approved budget was Kshs.14.03 billion and comprised of Kshs.4.77 billion towards development expenditure and Kshs.9.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.61 billion (68.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.198 million (1.1 per cent) from its own sources of revenue, Kshs.570.44 million (3.1 per cent) as conditional grants, and a cash balance of Kshs.5.03 billion (27.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.248: Turkana County, Revenue Performance in the First Nine Months of FY 2022/23.

The cash balance from the previous financial year comprises Kshs.335.18 million from unspent conditional grants, and Kshs.4.70 billion, which was the balance in the CRF account at the Central Bank of Kenya.

3.43.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.7.25 billion as the equitable share of the revenue raised nationally, raised Kshs.137.05 million as own-source revenue, Kshs.73.33 million as conditional grants, and had a cash balance of Kshs.4.70 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.12.16 billion, as shown in Table 3.248: Turkana County, Revenue Performance in the First Nine Months of FY 2022/23.

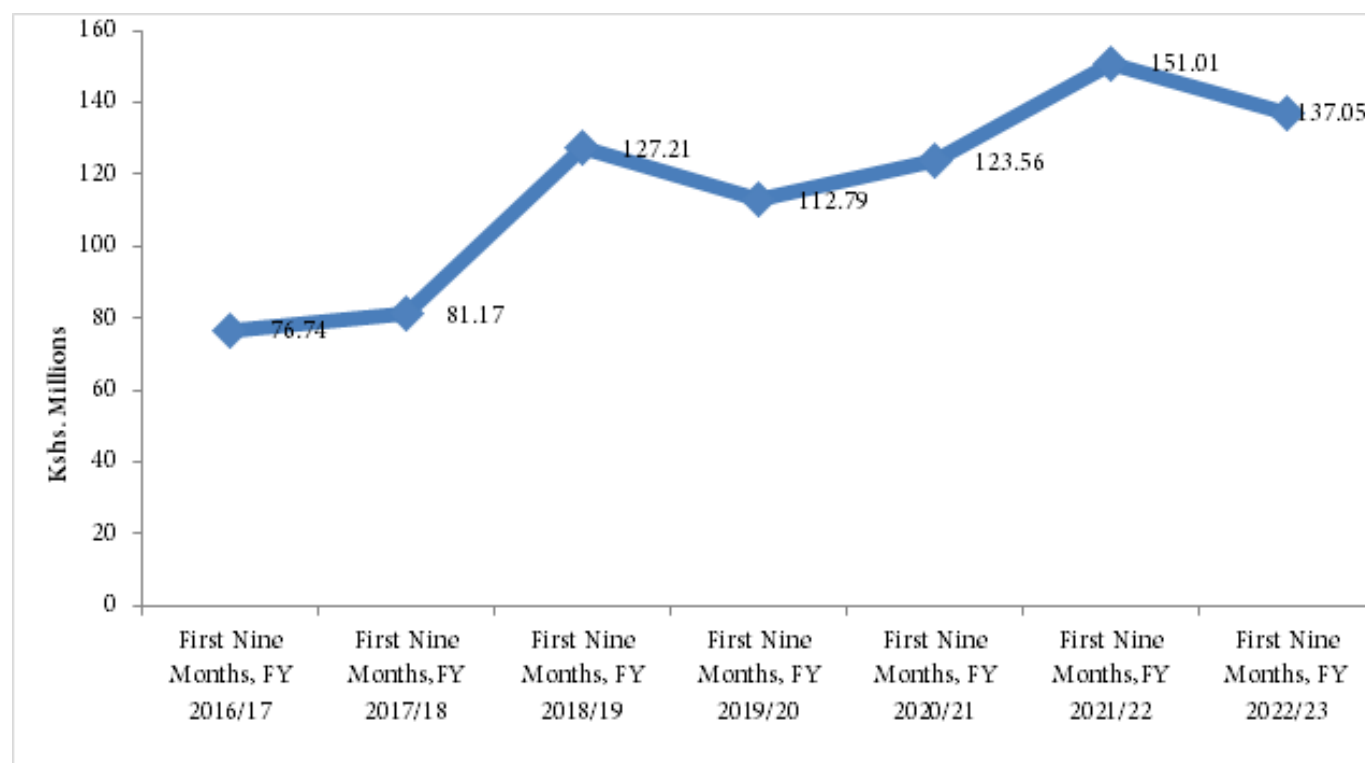
Table 3.248: Turkana County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	12,609,305,994.00	7,250,350,950.00	57.5
	Sub total	12,609,305,994.00	7,250,350,950.00	57.5
B	Conditional Grants			
1.	World Bank-Nation Agriculture & Rural Growth Project (NARIGP)	155,480,180.00	-	-
2.	Agriculture Sector Development support programme (ASDSP 11)	34,606,056.00	13,423,184.00	38.8
3.	Danish International Development Agency-DANIDA	33,903,563.00	-	-
4.	Kenya Urban Support Programme (KUSP)	2,339,915.00	-	-
5.	Drought Resilience Programme in Northern Kenya (DRPNK)	220,000,000.00	-	-
6.	IDA (World Bank) Financing Locally Led Climate Action Programme (FLLoCA)	22,000,000.00	11,000,000.00	50.0
7.	World Bank-Emergency Locust Response Project (ELRP)	102,108,500.00	40,110,095.00	39.3
8.	WB-Kenya Climate Smart Agriculture (KCSAP)	-	8,796,812.00	-
	Sub total	570,438,214.00	73,330,091.00	12.9
C	Other Sources of Revenue			
	Own Source Revenue	198,000,000.00	137,051,226.00	69.2
	Unspent balance from FY 2021/22	5,031,385,053.00	4,696,209,337.00	93.3
	Sub Total	5,229,385,053.00	4,833,260,563.00	92.4
	Grand Total	18,409,129,261.00	12,156,941,604.00	66.0

Source: Turkana County Treasury

Figure 3.128: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

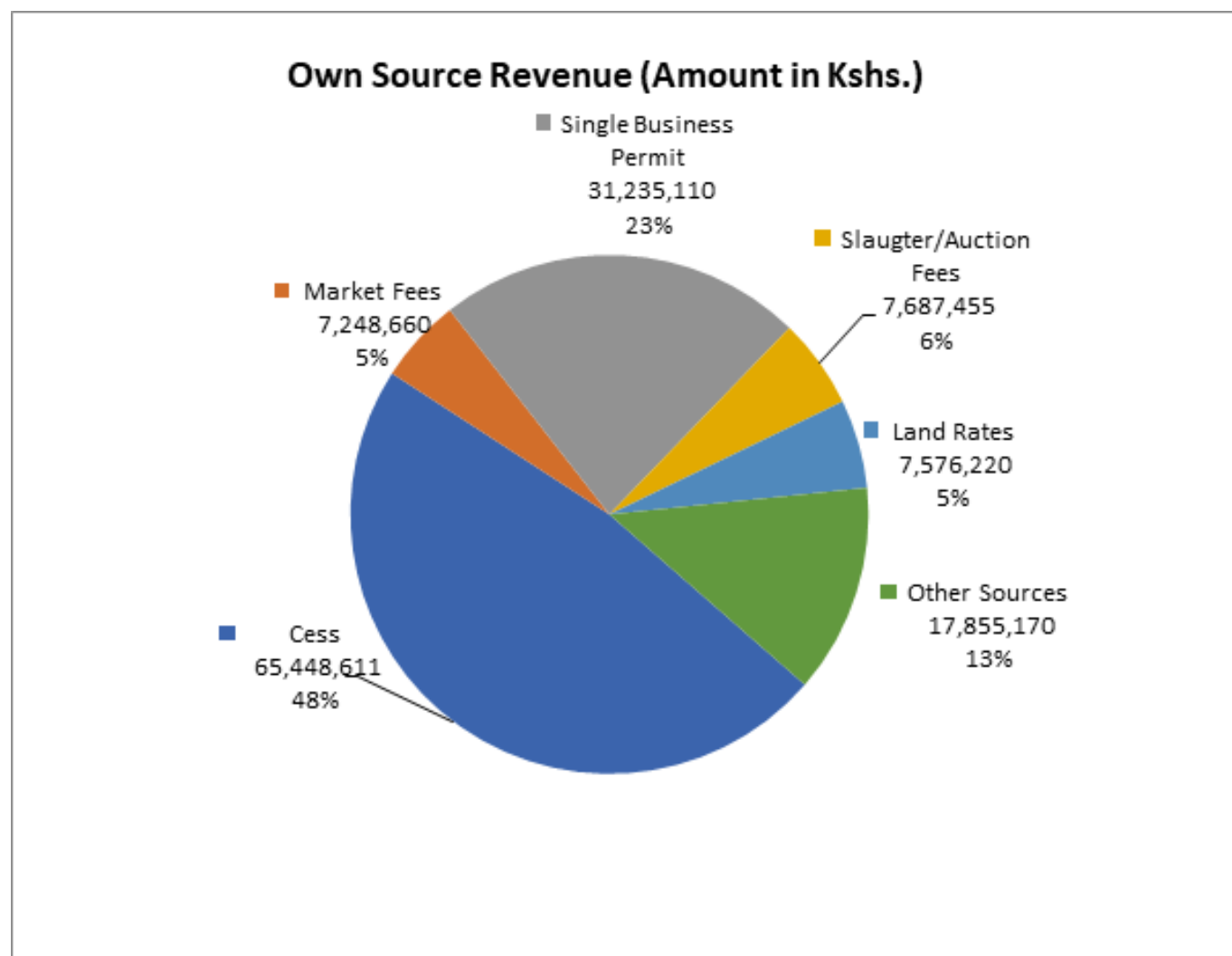
Figure 3.128: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Turkana County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.137.05 million from its own sources of revenue. This amount represented a decrease of 9.2 per cent compared to Kshs.151.01 million realised in a similar period in FY 2021/22 and was 69.2 per cent of the annual target and 1.9 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.2.72 million. The revenue streams which contributed the highest OSR are shown in Figure 3.129.

Figure 3.129: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Turkana County Treasury

The highest revenue stream of Kshs.65.45 million was from Cess, contributing to 47.8 per cent of the total OSR collected during the reporting period.

3.43.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.9.04 billion from the CRF account during the reporting period. This amount comprised Kshs.768.30 million (8.5 per cent) for development programmes and Kshs.8.28 billion (91.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.57 billion was released towards compensation to employees, Kshs.4.71 billion was for Operations and Maintenance expenditure, while Kshs.768.30 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.2.39 billion.

3.43.4 County Expenditure Review

The County spent Kshs.10.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 111 per cent of the total funds released by the CoB and comprised of Kshs.1.23 billion and Kshs.8.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 20.9 per cent. In contrast, recurrent expenditure represented 70.3 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.22 billion, comprised of Kshs.1.53 billion for recurrent expenditure and Kshs.681.71 million for development activities. During the period under review, pending bills amounting to Kshs.1.02 billion were settled, consisting of Kshs.730.45 million for recurrent expenditure and Kshs.287.09 million for development programmes. Therefore, the outstanding amount as of 31st March 2023 was Kshs.1.20 billion.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.45 billion on employee compensation, Kshs.4.74 billion on operations and maintenance, and Kshs.1.21 billion on development activities. Similarly, the County Assembly spent Kshs.264.87 million on employee compensation, Kshs.359.60 million on operations and maintenance, and Kshs.16.91 million on development activities, as shown in Table 3.249: Summary of Budget and Expenditure by Economic Classification.

Table 3.249: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,504,383,150	1,024,468,006	8,182,999,388	624,463,051	71.1	61.0
Compensation to Employees	3,894,458,905	676,810,278	3,446,007,150	264,866,031	88.5	39.1
Operations and Maintenance	7,609,924,245	347,657,728	4,736,992,238	359,597,020	62.2	103.4
Development Expenditure	5,712,278,105	168,000,000	1,214,012,631	16,912,504	21.3	10.1
Total	17,216,661,255	1,192,468,006	9,397,012,019	641,375,555	54.6	53.8

Source: Turkana County Treasury

3.43.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.71 billion, or 30.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.12.16 billion. This expenditure represented a decrease from Kshs.3.61 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1 billion paid to health sector employees, translating to 27 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.36 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.88.87 million was processed through manual payrolls. The manual payrolls accounted for 2.4 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.4.07 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.50.89 million. The average monthly sitting allowance was Kshs.9,423 per MCA. The County Assembly has established 21 Committees.

3.43.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.1.29 billion to county-established funds in FY 2022/23, constituting 7 per cent of the County's overall budget. Table 3.250: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.250: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Turkana County Emergency Fund	370,871,497	370,871,497	370,871,497	Yes
2.	Turkana County Biashara Fund	151,592,500	150,000,000	150,000,000	Yes
3.	Turkana County Youth and Women Empowerment Fund	181,643,940	120,000,000	120,000,000	Yes
4.	Turkana County Education & Skills Development Fund	386,496,520	384,219,180	384,219,180	Yes
5.	Turkana County Cooperative Enterprise Development Fund	47,326,825	45,321,825	45,321,825	Yes
6.	Turkana County Car Loan and Mortgage Fund	50,000,000	50,000,000	50,000,000	Yes
County Assembly Established Funds					
	Turkana County Assembly Car and Mortgage Fund	98,000,000	-	-	Yes
	Total	1,285,931,282	1,120,412,502	1,120,412,502	

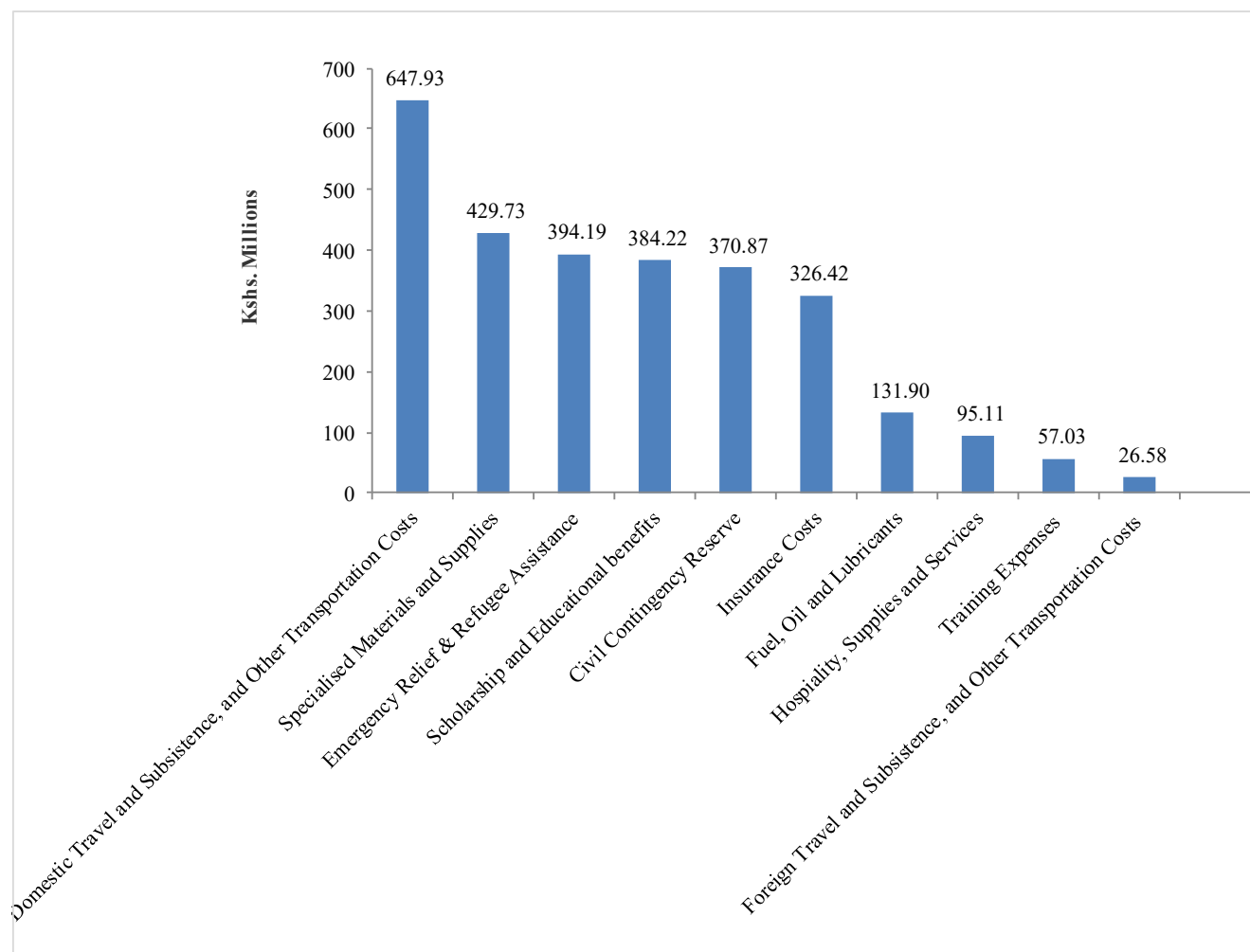
Source: Turkana County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of 7 funds as indicated in Table 3.250: Performance of County Established Funds as of 31st March 2023. As per the requirement of Section 168 of the PFM Act, 2012.

3.43.9 Expenditure on Operations and Maintenance

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

Figure 3.130: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

During the period, expenditure on domestic travel amounted to Kshs.647.93 million and comprised of Kshs.69.69 million spent by the County Assembly and Kshs.578.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.58 million and was incurred by the County Executive.

3.43.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.23 billion on development programmes, representing an increase of 39.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.880.80 million. Expenditure amounting to Kshs.393.30 million was reported as other capital transfers to the established County Youth and Women Fund, Cooperative Enterprise Development Fund and Biashara Fund. Table 3.251: Turkana County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.251: Turkana County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
1	Infrastructure, Transport and Public Works	Routine Maintenance of Roads	County Wide	73,975,000	31,665,520	42.8	Ongoing
2	Infrastructure, Transport and Public Works	Maintenance of Specialised Machinery	County Wide	33,000,000	14,080,100	42.7	Ongoing

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)	Remarks
3	Agriculture, Pastoral economy and Fisheries	ASDSP	County Wide	34,606,056	16,500,000	47.7	Ongoing
4	Agriculture, Pastoral economy and Fisheries	NARIGP	County Wide	155,480,180	26,744,339	17.2	Ongoing
5	Agriculture, Pastoral economy and Fisheries	DRPNK	County Wide	220,000,000	22,000,000	10.0	Ongoing

Source: Turkana County Treasury

3.43.11 Budget Performance by Department

Table 3.252: Turkana County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.252: Turkana County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	525.97	243.27	242.95	-	180.03	-	74.1	-	34.2	-
Office of the Deputy Governor	56.15	-	31.44	-	10.22	-	32.5	-	18.2	-
Ministry of Finance and Economic Planning	2,499.80	835.65	1,343.34	-	1,937.14	515.83	144.2	-	77.5	61.7
Ministry of Water Services, Environment and Mineral Resources	138.09	781.02	63.18	-	102.14	4.99	161.7	-	74.0	0.6
Ministry of Health & Sanitation Services	1,105.86	504.00	568.41	-	560.37	7.07	98.6	-	50.7	1.4
Ministry of Trade, Gender and Youth Affairs	153.69	435.26	87.18	321.04	79.78	385.21	91.5	120.0	51.9	88.5
Ministry of Education, Sports and Social Protection	687.29	490.70	598.61	6.52	614.66	4.89	102.7	74.9	89.4	1.0
Ministry of Public Services, Decentralized Administration & Disaster Management	5,445.90	35.57	4,078.44	-	4,315.13	-	105.8	-	79.2	-
Ministry of Infrastructure, Transport and Public Works	80.15	556.09	35.51	14.08	27.78	100.58	78.2	714.3	34.7	18.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Ministry of Agriculture Pastoral Economy and Fisheries	151.41	1,210.17	114.77	226.23	58.36	191.71	50.8	84.7	38.5	15.8
Ministry of Tourism, Culture and Natural Resources	130.82	271.09	99.61	72.67	63.35	1.50	63.6	2.1	48.4	0.6
Ministry of Lands, Energy, Housing and Urban Areas Management	106.73	118.04	55.34	77.98	22.27	2.24	40.2	2.9	20.9	1.9
Turkana County Assembly	1,024.47	225.00	705.27	49.77	624.46	16.910	88.5	34.0	61.0	7.5
Turkana County Public Service Board	158.53	2.00	100.19	-	84.08	-	83.9	-	53.0	-
Office of the County Attorney	155.70	-	101.27	-	77.00	-	76.0	-	49.5	-
Lodwar Municipality Board	108.30	172.42	51.09	-	50.70	-	99.2	-	46.8	-
Total	12,528.85	5,880.28	8,276.60	768.30	8,807.46	1,230.93	106.4	160.2	70.3	20.9

Source: Turkana County Treasury

Analysis of expenditure by department shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 88.5 per cent, followed by the Department of Finance and Economic Planning at 61.7 per cent. The Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 89.4 per cent, while the Department of Office of the Deputy Governor had the lowest at 18.2 per cent.

Further analysis shows expenditures to exchequer issues for the Department of Trade, Gender and Youth Affairs is at 120 per cent for development expenditure, which is above 100 per cent as indicated by the financial statements using payments done at IFMIS level. This also applies to the recurrent expenditure where the Department of Water Services, Environment and Mineral Resources is at 161.7 per cent, the Department of Finance and Economic Planning at 144.2 per cent, the Department of Education, Sports and Social Protection at 102.7 and the Department of Public Services, Decentralized Administration and Disaster Management at 105.8 per cent. Generally, a substantial number of transactions may appear as having been paid at IFMIS, but in practice, they are awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 3.253: Turkana County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.253: Turkana County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office of the Governor					
General Administration, Planning and Support Service	General Administration and Support services	245,071,924	72,393,108	172,678,816	29.5
Governor's Residence	Construction of the Governor's residence	1,616,437	269,000	1,347,437	16.6
	Documentation, communication policy and strategy	3,156,584	864,460	2,292,124	27.4
	Civic Education and Public Sensitization	11,324,708	5,188,920	6,135,788	45.8
	Production of County Newspaper and Newsletter	1,301,396	-	1,301,396	-
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	1,011,042	300,000	711,042	29.7
	Political and Intergovernmental Advisory Services	2,054,117	700,000	1,354,117	34.1
	Legal Advisory Services	1,411,043	467,200	943,843	33.1
	Security and cross-border Advisory Services	1,971,248	894,000	1,077,248	45.4
	Oil and Gas Advisory Service	1,411,042	116,800	1,294,242	8.3
	Gender and Partnership Advisory Services	1,411,042	322,000	1,089,042	22.8
	Special Interest groups	1,011,042	-	1,011,042	-
	Climate Change advisory services	1,011,042	-	1,011,042	-
	Education and youth Advisory services	1,011,042	-	1,011,042	-
	Culture, Arts and Heritage Advisory services	1,411,042	-	1,411,042	-
Security and Peace Building	Community Cohesion and Resettlement	16,211,207	6,784,367	9,426,840	41.8
	Operationalisation of peace-building structures and institutions	134,400,269	43,851,558	90,548,711	32.6
	Resettlement Infrastructural Programme	173,274,571	-	173,274,571	-
	Cross Border peace dividends programme	43,688,298	14,793,571	28,894,727	33.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Social and Financial Security	Assurance and Insurance of Govt. Assets	9,167,904	4,626,233	4,541,671	50.5
	Liability and Debt Management	6,368,904	4,675,168	1,693,736	73.4
	Turkana SACCO Seed Capital	11,600,061	1,207,949	10,392,112	10.4
Public Participation and Access to Information	Construction of Citizen Resource Centre	4,038,679	2,788,800	1,249,879	69.1
	Web site Development	6,780,245	2,548,400	4,231,845	37.6
	Social Budgeting and Generation of SIR Reports	2,018,886	1,914,080	104,806	94.8
	Intergovernmental Relation	25,606,600	2,943,600	22,663,000	11.5
	Strategy Development, Review, Support and Operationalization	1,577,044	562,800	1,014,244	35.7
Service Delivery- ISO Certification	Service Charter	4,021,349	2,358,000	1,663,349	58.6
	Development of County Filing Systems	4,339,073	1,673,800	2,665,273	38.6
	Procedure Manual and Training	31,979,699	2,909,900	29,069,799	9.1
Governors Press Service	Governors Press Support	17,988,296	4,875,210	13,113,086	27.1
	Sub total	769,245,836	180,028,923	589,216,913	23.4
Office of the Deputy Governor					
General Planning and Support	General Planning and Support services	25,351,000	5,093,512	20,257,488	20.1
Government Programming	Govt Programming	8,300,000	515,700	7,784,300	6.2
	Community Engagement	10,100,568	3,197,600	6,902,968	31.7
	Govt Stakeholder Engagement	6,800,000	1,417,200	5,382,800	20.8
	Govt Transformation	5,600,090	-	5,600,090	-
	Sub total	56,151,658	10,224,012	45,927,646	18.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Ministry of Finance and Economic Planning					
General Administration, Planning and Support Service	General Administration Services	2,344,326,326	1,849,840,811	494,485,515	78.9
	General Administration - Economic planning	34,733,408	20,288,515	14,444,893	58.4
Government Communication and Media Relations	Acquiring and developing of communication systems/equipment	9,500,000	3,445,510	6,054,491	36.3
	Policies	14,000,000	8,700,338	5,299,662	62.1
	Development and Implementation of ICT Policy and Regulations	2,533,806	801,013	1,732,793	31.6
Revenue Collection Systems	Feasibility Study on Revenue Base	2,100,775	875,900	1,224,875	41.7
	Awareness and Campaigns on Revenue.	8,974,000	3,421,194	5,552,806	38.1
	Motorbikes for Revenue Officers 30 No.	1,377,569	350,900	1,026,669	25.5
	Strengthening Revenue Systems	21,694,822	4,983,102	16,711,721	23.0
	Revenue Forecast and Revenue Budget Preparation	7,683,726	642,640	7,041,086	8.4
	Completion of Lokiriama Revenue Centre	20,000,000	-	20,000,000	-
Accountability and Transparency	Internal Audit	52,100,000	12,298,170	39,801,830	23.6
	Procurement systems	4,500,000	3,073,500	1,426,500	68.3
	IFMIS training	5,058,150	2,114,584	2,943,566	41.8
	Civil Contingency Reserve	-	-	-	-
	Financial Reporting/Research and Development	53,200,000	34,493,475	18,706,525	64.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Planning and Policy formulation	Economic Policy Formulation and Dissemination	17,095,355	11,834,526	5,260,829	69.2
	CIDP review and Dissemination	1,546,736	794,000	752,736	51.3
	County Budget and Economic Forums and Budget Preparation	135,166,723	-	135,166,723	-
	Emergency Fund	370,871,497	370,871,497	-	100.0
	Public Participation and Access to Information	3,017,266	3,017,266	-	100.0
	Waste Management	1,640,695	1,198,100	442,595	73.0
Monitoring and Evaluation	Softwares (E-ProMIS, GIS, e.t.c)	9,395,198	1,582,234	7,812,964	16.8
	Field visits, data collection and Reporting	7,084,583	3,438,191	3,646,392	48.5
	Training and Knowledge management	6,108,968	2,821,900	3,287,068	46.2
	Devolved Monitoring and Evaluation Committees	3,049,014	272,000	2,777,014	8.9
County Statistical Unit	Soft wares, databases and tools	35,600,000	27,434,992	8,165,008	77.1
	Capacity Development	3,026,422	1,321,708	1,704,714	43.7
	Project Mgt Information System	1,000,000	440,458	559,542	44.0
Budgetary Supply	Budget Formulation, Coordination and Management	72,568,288	27,852,245	53,884,017	38.4
	Public Participation in Budgeting	42,070,000	31,368,563	10,701,438	74.6
	County Budget and Economic Forum	16,806,053	8,695,830	8,110,223	51.7
	Accountability in Resource Allocation	22,600,000	12,883,592	9,716,408	57.0
Resource Mobilisation	Resource Mobilisation	5,017,378	1,811,600	3,205,778	36.1
	Sub total	3,335,446,758	2,452,968,352	882,478,406	73.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Ministry of Water Services, Environment and Mineral Resources					
Turkana Water Programme	General Administration, Planning and support services	2,000,000	-	2,000,000	-
	Construction and Desilting of Water Pans/Rock Catchment	55,000,000	-	55,000,000	-
	Rehabilitation of Water Infrastructure	228,908,716	10,066,736	218,841,980	4.4
	Drilling and Equipping of Boreholes	434,999,963	12,995,109	422,004,854	3.0
	Equipment of Quality Analysis Laboratory	4,500,000	-	4,500,000	-
	Project Coordination and Management	3,000,000	749,952	2,250,048	25.0
Joint planning with stakeholders	Technical planning and design	99,177,290	44,108,220	55,069,070	44.5
Irrigation and Schemes Development Programme	Feasibility studies for irrigation systems development	3,300,000	651,000	2,649,000	19.7
General Administration and Support	General Administration and Support	88,220,000	38,552,612	49,667,388	43.7
	Sub total	919,105,969	107,123,629	811,982,340	11.7
Ministry of Health & Sanitation Services					
General Administration, Planning and support services	General Administration, Planning and support services	418,313,145	136,502,471	281,810,674	32.6
	Health Facilities	484,003,789	67,106,059	416,897,730	13.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Support to Health Programs	HIV & AIDS, including community-based HIV interventions	606,000	105,000	501,000	17.3
	TB & Leprosy	300,000	-	300,000	-
	Malaria	500,000	-	500,000	-
	NTDs (neglected tropical diseases)	500,000	-	500,000	-
	Nutrition	542,500	-	542,500	-
	Reproductive health	480,000	-	480,000	-
	Disease surveillance	750,000	-	750,000	-
	EPI/outreaches	500,000	-	500,000	-
	Health promotion	75,530,390	34,047,945	41,482,445	45.1
	Environmental health services	600,000	45,000	555,000	7.5
	Emergency preparedness & disaster response	600,000	-	600,000	-
	mainstreaming	350,000	-	350,000	-
	Community Health Services	130,568,000	74,486,925	56,081,075	57.0
Laboratory Services	Laboratory Services	700,000	291,200	408,800	41.6
	Blood Transfusion Services	1,400,000	-	1,400,000	-
	Rehabilitative Services	500,000	245,000	255,000	49.0
	Referrals & Emergency Services	24,000,000	-	24,000,000	-
	Radiology Services	500,000	-	500,000	-
	Dental Services	500,000	-	500,000	-
	Clinical Services	472,500	-	472,500	-
	Nursing Services	400,000	-	400,000	-
	Rural Health Facility Support	47,698,888	23,576,040	24,122,848	49.4
	Sub county Health Facilities Support	2,600,000	-	2,600,000	-
	Turkana Level 6 Hospital	18,000,000	-	18,000,000	-
	Medical Supplies	364,263,000	228,167,303	136,095,697	62.6
	UHC Turkana	12,600,000	-	12,600,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Health Information and Management	Health Information & Mgt	1,773,000	147,000	1,626,000	8.3
	Quality Assurance	448,000	-	448,000	-
	Electronic Medical Records	4,400,000	1,784,010	2,615,990	40.5
	Monitoring & Evaluation Health	950,000	105,500	844,500	11.1
	Research & Development	200,000	-	200,000	-
	Policy & Planning Services	-	-	-	-
	Rehabilitation & Treatment	1,700,000	294,000	1,406,000	17.3
	Public Education & Awareness	800,000	-	800,000	-
	Liquor Licensing	11,215,000	251,300	10,963,700	2.2
	Training & Capacity Building	600,000	282,800	317,200	47.1
	Sub total	1,609,864,212	567,437,552	1,042,426,660	35.2
Ministry of Trade, Gender and Youth Affairs					
Youth Affairs Development	Youth Coordination and Representation	5,700,000	1,071,872	4,628,128	18.8
	Youth Employment Scheme	3,895,000	1,925,859	1,969,141	49.4
	Youth Rare skills	4,105,000	982,650	3,122,350	23.9
	Youth and Women Fund	186,343,940	186,293,940	50,000	100.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Modern Physical Markets Infrastructure	Construction & Development of Modern Physical Market	8,172,570	5,246,152	2,926,418	64.2
	Co-operative Marketing, Value Addition, Surveys & Research	5,300,000	1,904,059	3,395,941	35.9
	Co-operative Education, Training, Exchange and Ushirika Day Celeb	6,550,000	2,999,967	3,550,033	45.8
	Strengthening of Key Dormant Co-operative Societies	2,050,000	1,979,452	70,548	96.6
	Formulation of Cooperative Policy and Legal Frame Work	2,800,000	890,438	1,909,562	31.8
	Cooperative Development Fund	47,326,825	47,326,825	-	100.0
Cooperative Societies Development & Performance Improvement	Business Development and Training Services	3,050,000	1,471,562	1,578,438	48.2
	Consumer rights education	1,250,000	1,067,931	182,069	85.4
	Industrial Development and Investments	4,700,000	1,528,040	3,171,960	32.5
	Biashara Fund	150,000,000	150,000,000	151,592,500	100.0
General Administration	General Administration	157,710,733	60,300,554	97,410,179	38.2
	Sub total	588,954,068	464,989,301	275,557,267	79.0
Ministry of Education, Sports and Social Protection					
Social protection programs/ Affirmative Action	Construction of PWDs multi-purpose resource centre	22,782,535	8,730,080	14,052,455	38.3
	Marginalised and Minority groups support	31,520,000	15,832,000	15,688,000	50.2
	Child Rescue Centres	39,572,923	-	39,572,923	-
	Child Care & Protection	33,273,549	17,266,750	16,006,799	51.9
Sports and arts programme	Construction of sport Stadia	59,426,763	11,231,985	48,194,778	18.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General administration	General Administration	26,337,042	16,618,635	9,718,407	63.1
	Turkana Education and Skill Development Fund	386,496,520	384,219,180	2,277,340	99.4
Vocational Training	Youth Polytechnic Infrastructure	60,600,000	6,477,044	54,122,956	10.7
	Training and Development	4,610,000	2,265,566	2,344,434	49.1
	Co-Curricular Activities	3,501,017	263,800	3,237,217	7.5
	Youth Polytechnics- Conditional	12,709,894	12,709,894	-	100.0
Public Relations	Publicity	1,220,000	292,000	928,000	23.9
	Research and Sensitization	1,708,000	422,000	1,286,000	24.7
Early Childhood Education	School Feeding	148,787,478	125,185,208	23,602,270	84.1
	Quality Improvement	6,614,000	3,070,000	3,544,000	46.4
	Infrastructure Development	331,624,074	8,982,400	322,641,674	2.7
	Support to Pre-Primary Training	7,201,615	5,977,000	1,224,615	83.0
	Sub total	1,177,985,410	619,543,542	558,441,868	52.6
Ministry of Public Services, Decentralized Administration & Disaster Management					
Operationalisation of Decentralised Units	Operationalisation of Decentralised Units	10,761,200	3,866,656	6,894,544	35.9
	Decentralised County Policy	35,621,258	15,774,588	19,846,670	44.3
	Coordinated development	11,600,000	4,871,500	6,728,500	42.0
	Policy sensitisation and dissemination	16,933,500	5,237,450	11,696,050	30.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governance and Public participation	Civic education Programme	1,564,400	802,500	761,900	51.3
	Public Participation and access to information	8,747,050	478,700	8,268,350	5.5
	County Dialogue Forum	1,400,000	320,000	1,080,000	22.9
	National & County Holidays	1,655,500	-	1,655,500	-
	Policies Design	805,500	811,000	(5,500)	100.7
Disaster risk management	Disaster Preparedness Programmes	2,000,000	546,860	1,453,140	27.3
	Disaster Mitigation Programmes	2,000,000	370,000	1,630,000	18.5
	Stakeholders Coordination and Support Programme	2,000,000	350,000	1,650,000	17.5
	Humanitarian Relief Food Programme	819,368,027	408,262,233	411,105,794	49.8
	Disaster Risk Mgt	800,000	-	800,000	-
Inspectorate services	Inspectorate Training Institute	20,866,848	-	20,866,848	-
	Dispute Resolution	2,055,390	391,000	1,664,390	19.0
	Capacity Building	2,230,664	643,000	1,587,664	28.8
	Inspectorate Services	3,700,000	775,900	2,924,100	21.0
	Inspectorate Services Equip	3,700,000	2,328,120	1,371,880	62.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Human resource management	Payroll and record management	1,500,000	591,660	908,340	39.4
	Human Resource Development	19,900,000	6,061,800	13,838,200	30.5
	GHRIS Leave & Performance Module Implementation	2,200,000	216,960	1,983,040	9.9
	Digitisation and Automation of Human Resource Registry	3,800,000	723,840	3,076,160	19.0
	Mainstreaming Public Sector Integrity Programme	2,435,000	2,035,131	399,869	83.6
	County performance management	2,098,400	1,436,301	662,099	68.4
	Public Service Week	1,489,000	789,000	700,000	53.0
	Records Mgt	1,365,600	1,060,800	304,800	77.7
	HRM	1,712,000	290,370	1,421,630	17.0
General Administration, Planning and Support Services-Public Service	General Administration	4,497,153,616	3,856,097,481	641,056,135	85.7
	Sub total	5,481,462,953	4,315,132,850	1,166,330,103	78.7
Ministry of Infrastructure, Transport and Public Works					
Develop and Maintain Roads	Roads maintenance levy fund (RMLF)	291,000,000	76,267,000	214,733,000	26.2
	Roads	67,250,000	10,233,056	57,016,944	15.2
Develop and maintain staff housing and public offices	Staff Housing	77,779,529	-	77,779,529	-
Develop and maintain other public works	Machinery	30,000,000	14,080,100	15,919,900	46.9
	Professional Capacity Building	-	-	-	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration	General Administration	140,883,737	15,923,466	124,960,271	11.3
	General Administration- Public works	29,328,720	11,856,394	17,472,326	40.4
	Sub Total	636,241,986	128,360,016	507,881,970	20.2
Ministry of Agriculture, Pastoral Economy and Fisheries					
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	274,413,482	1,791,660	272,621,822	0.7
	Rehabilitation	800,000	-	800,000	-
	Soil & Water Conservation	2,000,000	599,915	1,400,085	30.0
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	1,800,000	1,182,000	618,000	65.7
	Fisheries livelihood support	33,200,000	31,220,000	1,980,000	94.0
	Fisheries Extension Services	2,300,000	702,000	1,598,000	30.5
	Fisheries resource management	6,287,443	2,064,599	4,222,845	32.8
	Fish Farming & Aquaculture	50,700,000	5,361,000	45,339,000	10.6
Sustainable management of fisheries resources	Frame survey	51,600,000	21,109,498	30,490,502	40.9
	Fish Stock assessment	3,900,000	1,642,900	2,257,100	42.1
	Monitoring, Control and Surveillance	16,300,000	984,600	15,315,400	6.0
	Resource monitoring facilities	2,850,000	1,392,800	1,457,200	48.9
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	63,500,000	25,595,900	37,904,100	40.3
	Provision of Livestock Extension services	3,600,000	1,662,000	1,938,000	46.2
	Livestock multiplication and breeding centre	19,083,682	291,200	18,792,482	1.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Livestock Value Chain	38,500,000	500,000	38,000,000	1.3
	Skills development	16,100,000	1,094,959	15,005,042	6.8
General Administration	General Administration	56,100,000	13,775,475	42,324,525	24.6
	General Administration and Support Services- Pastoral Economy and	107,508,501	54,943,564	52,564,937	51.1
Agriculture Programme	Agri-nutrition/Urban & peri-urban agriculture	7,800,000	-	7,800,000	-
	Smart agriculture practices (Innovations/technologies to mitigate	14,000,000	-	14,000,000	-
	Agricultural Sector Development Support Programme (ASDSP)	51,106,056	29,923,184	21,182,872	58.6
	Agricultural Mechanisation	17,208,874	804,118	16,404,756	4.7
	Agric market Access	1,100,000	98,000	1,002,000	8.9
	Agric Extension	30,250,000	4,585,500	25,664,500	15.2
	Subsidy & Support	3,600,000	-	3,600,000	-
	Pest Control & Mgt	4,700,000	-	4,700,000	-
	NARIGP	239,269,811	26,744,339	212,525,472	11.2
	DRNKP/KfW	242,000,000	22,000,000	220,000,000	9.1
	Sub Total	1,361,577,849	250,069,210	1,111,508,639	18.4
Ministry of Tourism, Culture and Natural Resources					
Establishment and rehabilitation of public utilities in Lodwar	Improvement of Moi Garden Stadia	24,000,000	-	24,000,000	-
	completion of recreational park	13,000,000	-	13,000,000	-
	setting up of dumping site in Lodwar	8,000,000	-	8,000,000	-
General Administration	General Administration, Planning and Support Services	23,620,000	12,993,680	10,626,320	55.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Tourism destination marketing and promotion	Tourism expos, incentives, conferences and exhibition program	1,300,000	249,000	1,051,000	19.2
	Community Based Tourism products	1,000,000	-	1,000,000	-
	Tourism Market Research (Baseline Survey & Mapping)	24,300,000	2,326,020	21,973,980	9.6
	Media Campaign and Promotion of Tourism Products and Programmes	800,000	-	800,000	-
Culture, arts, heritage development, promotion and preservation	Ushanga Initiative	9,000,000	989,600	8,010,400	11.0
	Culture Promotion and Preservation	4,500,000	268,800	4,231,200	6.0
	Annual tourism and cultural festival	69,500,000	22,124,053	47,375,947	31.8
Culture development and preservation infrastructure	Equipment and Infrastructure Development at Ekalees Centre	3,000,000	-	3,000,000	-
Forestry and wildlife management development and management	Forestry Management and Conservation	4,000,000	3,903,950	96,050	97.6
	Community Wildlife Conservation	1,500,000	120,400	1,379,600	8.0
	Forest Nature Based Development	1,800,000	950,000	850,000	52.8
	Forestry Development Infrastructure	23,100,000	-	23,100,000	-
	Forestry Protection	1,000,000	-	1,000,000	-
	Prosopis Mgt	1,100,000	135,000	965,000	12.3
Heritage Development, Promotion & Preservation	Heritage Development Promotion & Preservation	1,000,000	-	1,000,000	-
	Arts & Creativity Development	900,000	70,000	830,000	7.8
Environmental Governance Compliance Conservation Protection & Mgt	Environmental Governance & Compliance	2,000,000	466,400	1,533,600	23.3
	Environmental Protection & Conservation	1,900,000	639,400	1,260,600	33.7
	Plastic Collection Re-use Facility	1,300,000	440,625	859,375	33.9
	Climate Change & Adaptation	720,287	-	720,287	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Mineral Resource Mapping, Capacity Building & Mgt	Mineral Resource Mapping	144,378,013	17,161,672	127,216,341	11.9
	Management of Mining & Quarrying activities	2,000,000	15,000	1,985,000	0.8
	Capacity Building in the Exploitation of Mineral Resources	3,000,000	497,000	2,503,000	16.6
	Extractives Engagement Bills & Policies	1,600,000	90,000	1,510,000	5.6
Petroleum	Oil and Gas	1,400,000	304,200	1,095,800	21.7
	Establishment of Extractive Sector Regulations & Strategies	2,200,000	310,250	1,889,750	14.1
Energy Development Programme	Renewable Energy Development	2,480,000	793,500	1,686,500	32.0
Turkana Agriculture Programme	Organising field days, show and exhibitions	15,512,656	-	15,512,656	-
Turkana Rehabilitation Programme	Artisanal Mining Equipment	7,000,000	-	7,000,000	-
	Sub Total	401,910,956	64,848,550	337,062,406	16.1
Ministry of Lands, Energy, Housing and Urban Areas Management					
Adjudication, registry and settlement	Delineation & adjudication of community land	5,000,000	997,500	4,002,500	20.0
Spatial Planning	Spatial Planning	79,300,000	4,299,670	75,000,330	5.4
Formulation of community land policy and regulations	Urban Centre Mgt	36,304,936	822,100	35,482,836	2.3
Compulsory land acquisition for public utilities	Land acquisition for public utilities	16,600,000	142,800	16,457,200	0.9
General Administration	Lands General Administration, Planning and Support Services	27,300,000	12,879,133	14,420,867	47.2
Land Governance	Land Policies	60,260,518	5,368,790	54,891,728	8.9
	Sub Total	224,765,454	24,509,993	200,255,461	10.9
Turkana County Assembly					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Headquarters	General Administration Infrastructure and Development	168,000,000	16,912,505	151,087,496	10.1
	Construction of Speakers Residents	77,330,354	21,071,226	56,259,128	27.2
	Construction of New County Assembly	23,948,059	4,150,620	19,797,439	17.3
	General Administration, Planning and Support Services	980,189,593	599,241,204	380,948,389	61.1
	Sub Total	1,249,468,006	641,375,555	608,092,451	51.3
Turkana County Public Service Board					
County Internship Programme	County Internship Programme	36,800,600	22,381,700	14,418,900	60.8
Mainstream Public Sector Integrity Programme & Accountability	Mainstream Public Sector Integrity Programme & Accountability	1,000,000	869,700	130,300	87.0
	Public Evaluation of County Public Service Board Performance	22,674,582	2,553,803	20,120,779	11.3
	Human Resource Conference & Symposium	4,300,000	1,949,216	2,350,784	45.3
	Exit Meetings Per Department	2,350,000	1,480,700	869,300	63.0
	Assessment and stakeholder capacity mapping	1,900,000	1,606,000	294,000	84.5
Human resource	Scheme of service	1,600,000	1,049,300	550,700	65.6
	Performance Appraisal	4,980,000	2,009,500	2,970,500	40.4
	Enhancing Leadership in County Public Service	1,570,900	1,344,900	226,000	85.6
	Performance Management Monitoring	985,430	318,800	666,630	32.4
	County Public Service Pre-Retirement Sensitization	1,198,760	396,060	802,700	33.0
	Evaluation of Different Cadres of Employees (Promotion, Re-Designate)	1,297,654	790,000	507,654	60.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Quality Management Systems	Quality Management Systems Development & Establishment	1,500,000	793,476	706,524	52.9
	QMS Audit /Routine Inspection	974,500	583,700	390,800	59.9
	Documentation/Record Management for QMS	2,014,680	1,385,180	629,500	68.8
Development coordination Programme	Donor scan/Mapping	3,070,765	1,590,660	1,480,105	51.8
	Establishment of development committees	2,217,659	1,253,713	963,946	56.5
	Training of the development committees	5,242,352	2,222,816	3,019,536	42.4
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,190,000	235,560	954,440	19.8
General Administration and Support Services	General Administration	63,660,016	39,266,085	24,393,931	61.7
	Sub Total	160,527,898	84,080,869	45,635,071	52.4
Office of the County Attorney					
General Administration, Planning and Support Services	General Administration, Planning and Support Services-County At	17,305,600	8,122,460	7,452,800	46.9
Litigation	Litigation	89,700,000	58,018,557	54,850,000	64.7
	Govt Agreements & Contracts	11,315,000	2,110,200	3,157,500	18.6
	Legal Audit & Compliance	9,750,800	2,412,850	2,875,400	24.7
Legislation	Legislation	10,912,214	811,510	3,456,107	7.4
	Policy & Legal Briefs	8,224,000	1,395,800	2,112,000	17.0
Training of Legal Counsel	Training of Legal Counsel	4,270,000	3,342,575	2,135,000	78.3
	Legal Training & Awareness	4,225,702	782,400	2,112,851	18.5
	Sub Total	155,703,316	76,996,352	78,151,658	49.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q3 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Lodwar Municipality Board					
Municipal Services	General Admin Planning and Support Services	55,366,997	30,556,879	24,810,118	55.2
	Urban Development Grant	80,044,225	-	80,044,225	-
	Municipal Planning	9,722,565	1,895,087	7,827,478	19.5
	Municipal Services	135,583,145	18,246,901	117,336,244	13.5
	Sub Total	280,716,932	50,698,867	230,018,065	18.1
Grand Total		18,409,129,261	10,038,387,574	8,490,966,923	54.5

Source: Turkana County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Turkana Education and Skill Development Fund in the Department of Education, Sports and Social Protection at 100 per cent, Cooperative Development Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, Biashara Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, and Youth Polytechnic in the Department of Education, Sports and Social Protection at 100 per cent of budget allocation.

3.43.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.252: Turkana County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. High level of pending bills which amounted to Kshs.1.2 billion as of 31st March 2023. This is despite the availability of cash in the CRF account, which stood at Kshs.2.39 billion at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.88.87 million were processed through the manual payroll, accounting for 2.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.

4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.05 billion, comprising Kshs.5.12 billion (42.5 per cent) and Kshs.6.93 billion (57.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 8.8 per cent compared to the previous financial year when the approved budget was Kshs.13.21 billion and comprised of Kshs.6.11 billion towards development expenditure and Kshs.7.10 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.07 billion (67 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.4 billion (11.6 per cent) from its own sources of revenue, Kshs.258.28 million (2.1 per cent) as conditional grants and a cash balance of Kshs.2.32 billion (19.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.254: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2022/23.

3.44.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.99 billion as the equitable share of the revenue raised nationally, raised Kshs.729.31 million as own-source revenue, Kshs.98.5 million as conditional grants, and had a cash balance of Kshs.2.32 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.15 billion, as shown in Table 3.254: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.254: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2022/23

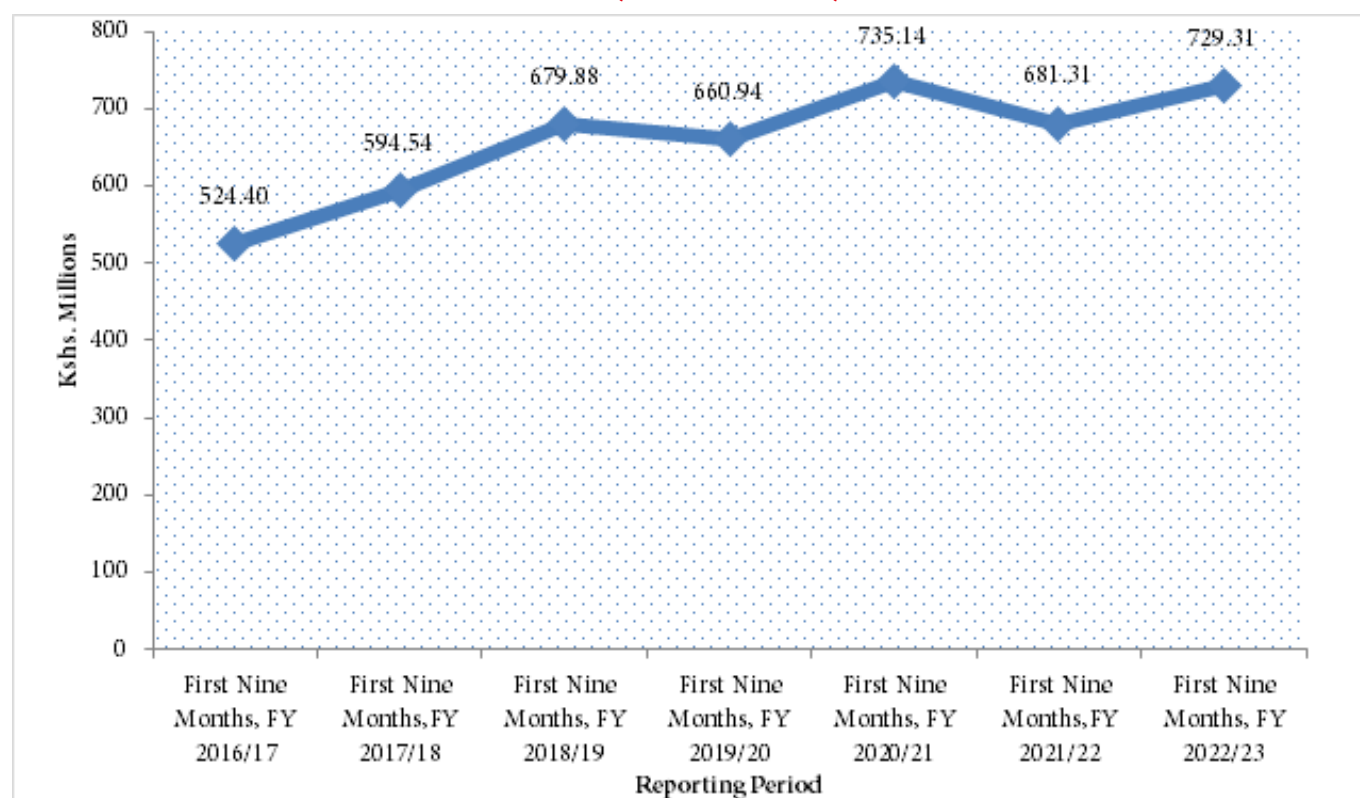
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	3,994,084,868	49.5
Sub Total		8,068,858,318	3,994,084,868	49.5
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (IDA- World Bank)	84,379,280	84,379,280	100.0
2	National Agricultural Value Chain Development-NAVCDP (IDA- World Bank)	70,000,000	-	-
3	Kenya Informal Settlements Improvement Projects	50,000,000	-	-
4	DANIDA (UHiDSP)- Health	20,362,500	-	-
5	World Bank Credit Finance locally-led Climate Action (FLLoCA)	22,000,000	11,000,000	50.0
6	Sweden Agriculture Sector Development Support Programme -ASDSP	9,199,487	3,122,200	33.9
7	Kenya Urban Support Programme	2,339,914	-	-
	Sub-Total	258,281,181	98,501,480	38.1
C	Other Sources of Revenue			
1	Own Source Revenue	1,400,471,850	729,312,963	52.1
2	Balance b/f from FY2021/22	2,324,297,020	2,324,297,020	100.0
Sub Total		3,724,768,870	3,053,609,983	82.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		12,051,908,369	7,146,196,331	59.3

Source: Uasin Gishu County Treasury

Figure 3.131: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

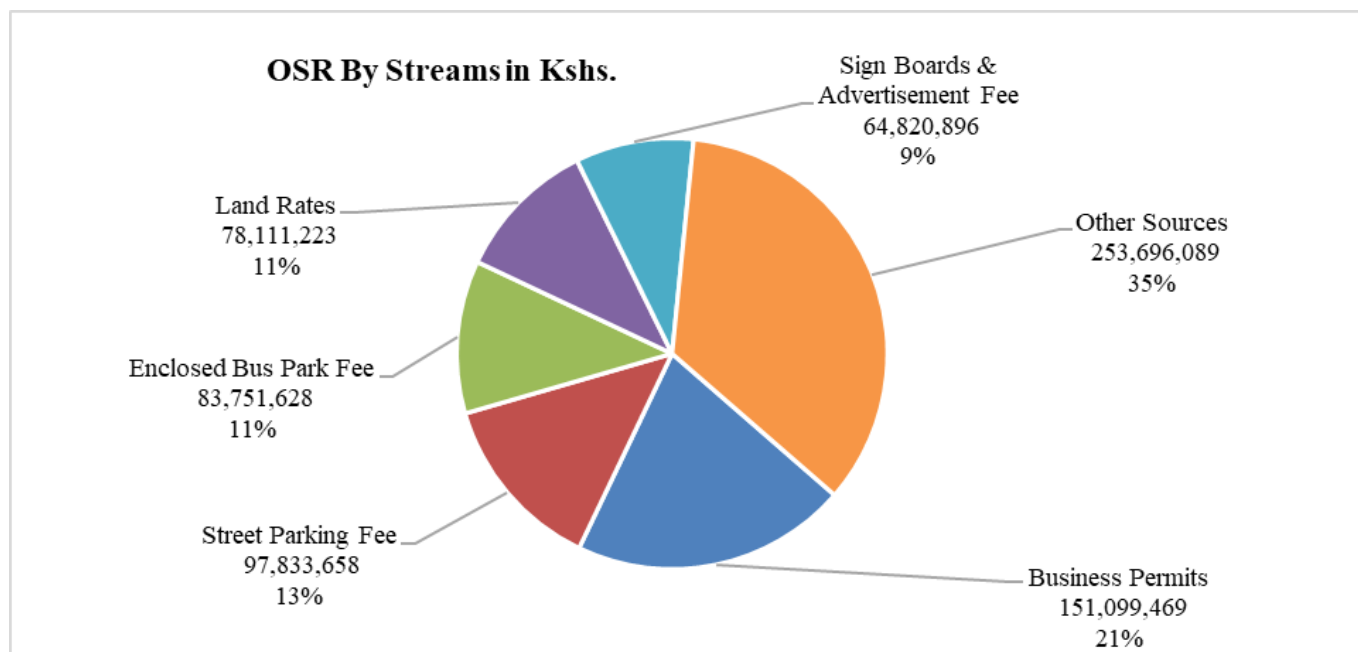
Figure 3.131: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Uasin Gishu County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.729.31 million from its own sources of revenue, which represented an increase of 7 per cent compared to Kshs.681.31 million realised in a similar period in FY 2021/22 and was 52.1 per cent of the annual target and 18.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.132: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.132: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs.151.10 million was from Business Permits, contributing to 21 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.32.72 million representing 4.5 per cent of the overall OSR in the first nine months of FY 2022/23.

3.44.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.04 billion from the CRF account during the reporting period. This amount comprised Kshs.1.03 billion (17 per cent) for development programmes and Kshs.5.01 billion (83 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.3.06 billion was released towards compensation to employees and Kshs.1.95 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.240.34 million.

3.44.4 County Expenditure Review

The County spent Kshs.5.90 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.8 per cent of the total funds released by the CoB and comprised of Kshs.1.08 billion and Kshs.4.83 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 21.1 per cent. In contrast, recurrent expenditure represented 69.6 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.745.74 million, comprised of Kshs.174.18 million for recurrent expenditure and Kshs.571.56 million for development activities. During the period under review, pending bills amounting to Kshs.481.19 million were settled, which consisted of Kshs.79.85 million for recurrent expenditure and Kshs.401.33 million for development programmes. Therefore, the outstanding amount as of 31st March 2023 was Kshs.264.55 million.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.71 billion on employee compensation, Kshs.1.36 billion on operations and maintenance, and Kshs.1.05 billion on development

activities. Similarly, the County Assembly spent Kshs.348.23 million on employee compensation, Kshs.408.93 million on operations and maintenance, and Kshs.30.91 million on development activities, as shown in Table 3.255: Summary of Budget and Expenditure by Economic Classification.

Table 3.255: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,030,130,642	903,027,730	4,068,871,230	757,162,240	67.5	83.8
Compensation to Employees	3,610,127,554	339,925,460	2,709,699,454	348,231,103	75.1	102.4
Operations and Maintenance	2,420,003,088	563,102,270	1,359,171,776	408,931,137	56.2	72.6
Development Expenditure	4,807,241,153	311,508,844	1,047,678,975	30,910,425	21.8	9.9
Total	10,837,371,795	1,214,536,574	5,116,550,205	788,072,665	47.2	64.9

Source: Uasin Gishu County Treasury

3.44.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.06 billion, or 43.4 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.7.15 billion. This expenditure represented an increase from Kshs.2.46 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.33 billion paid to health sector employees, translating to 43.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.53 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.532.20 million was processed through manual payrolls. The manual payrolls accounted for 17.4 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.15.77 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs.38,930 per MCA. The County Assembly has established 28 Committees.

3.44.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.512.6 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.256: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.256: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
1	Emergency Fund	25,000,000	25,000,000	25,000,000	Yes
County Executive Established Funds					
1	Uasin Gishu Inua Biashara Fund	96,100,000	88,000,000	88,000,000	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Nine Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023
2	Uasin Gishu County Bursary and Skills Development Support Fund	121,500,000	119,500,000	119,500,000	Yes
3	Car Loan & Mortgage - County Executive	80,000,000	80,000,000	80,000,000	Yes
4	Uasin Gishu TVET Fund	20,000,000	-	-	Yes
5	Cooperative Development Fund	70,000,000	55,900,000	55,900,000	Yes
County Assembly Established Funds					
6	Car Loan & Mortgage - County Assembly	100,000,000	100,000,000	100,000,000	Yes
	Total	512,600,000	468,400,000	468,400,000	

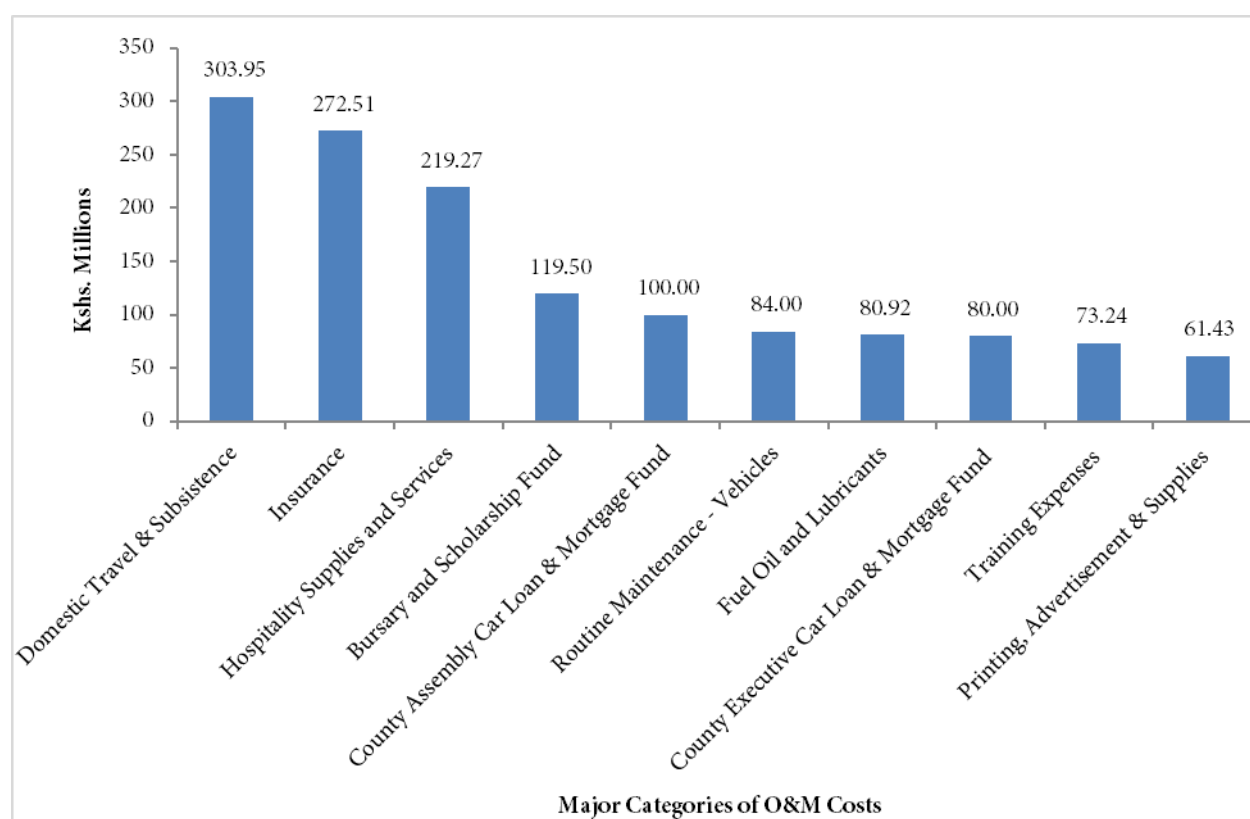
Source: Uasin Gishu County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of all funds as indicated in Table 3.256: Performance of County Established Funds as of 31st March 2023 in accordance with the requirement of Section 168 of the PFM Act, 2012.

3.44.9 Expenditure on Operations and Maintenance

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

Figure 3.133: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.303.95 million and comprised of Kshs.95.35 million spent by the County Assembly and Kshs.208.6 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.13 million by the County Executive.

3.44.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.1.08 billion on development programmes, representing a decrease of 16.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.29 billion. Table 3.257: Uasin Gishu County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.257: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No	Department	Projects Name	Project Location	Approved Budget FY (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Municipality of Eldoret	Construction of 64 stadium	Municipality of Eldoret	270,034,844	161,075,647	60
2	Devolution and Administration	Construction of Cluster 3 Ward Offices	Kapkures, Kipsomba, Tapsagoi, Huruma and Moisbridge	140,573,110	34,855,415	25
3	Education and Vocational Training	Purchase of ECDE Teaching/Learning Materials	Across the county	26,002,105	26,002,105	100
4	Clinical Services	Construction of Ziwa Level V Hospital	Ziwa	175,000,000	45,564,066	26

S/No	Department	Projects Name	Project Location	Approved Budget FY (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
5	Devolution and Administration	Construction of Cluster 4 Ward Offices	Langas, Kipkenyo, Megun, Ngeria, Kapsoya Cheptiret/Kipchamo	121,272,073	22,270,036	18
6	Devolution and Administration	Purchase and installation of communication systems	Across the county	27,176,055	17,800,000	65
7	Youth and Sports Development	Construction of Chagaiya High Altitude Training Center	Tarakwa	17,943,661	17,000,000	95
8	Education and Vocational Training	Construction of Administration block at Ngenyilel Vocational Training Center	Ngenyilel	43,116,432	16,000,000	37
9	Water, Irrigation and Sanitation	Construction of Ndemu water project(Aturei phase 2)	Kapseret/Simat	12,700,000	12,700,000	100
10	Roads, Transport and Public Works	Construction of drug store, warehouse store, Gatehouse, Biodigester and civil works at Eldoret Town	Kuinet/ Kap-suswa	31,182,570	10,000,000	32

Source: Uasin Gishu County Treasury

3.44.11 Budget Performance by Department

Table 3.258: Uasin Gishu County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure, and absorption rate in the first nine months of FY 2022/23.

Table 3.258: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	184.15	-	111.06	-	126.22	-	113.7	-	68.5	-
Finance	340.58	-	249.06	-	265.47	-	106.6	-	77.9	-
Public Service Management	686.07	12.62	524.82	4.79	498.42	6.99	95.0	145.9	72.6	55.4
ICT, E-Government and Innovation	56.80	98.64	40.52	1.59	32.98	1.59	81.4	100.0	58.1	1.6
Roads, Transport and Public Works	547.80	897.14	410.81	227.63	312.49	260.46	76.1	114.4	57.0	29.0
Lands and Housing	9.23	3.81	6.40	-	23.65	3.81	369.5	-	256.3	100.0
Water, Environment, Natural Resources, Tourism and Wildlife Management	62.97	80.37	32.49	52.10	104.97	99.05	323.1	190.1	166.7	123.2
Clinical Services	2,011.26	575.84	1,478.28	44.03	1,405.65	44.03	95.1	100.0	69.9	7.6
Agriculture and Agribusiness	239.12	505.32	174.60	105.59	157.44	17.90	90.2	16.9	65.8	3.5

DEPARTMENT	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industry, Investment and Tourism	73.61	217.41	29.25	112.01	60.62	111.84	207.2	99.9	82.3	51.4
Education and Vocational Training	672.41	275.95	542.21	143.36	511.91	127.66	94.4	89.1	76.1	46.3
County Public Service Board	73.72	-	34.97	-	43.22	-	123.6	-	58.6	-
County Assembly	903.03	311.51	757.16	30.91	757.16	30.91	100.0	100.0	83.8	9.9
Economic Planning	155.70	-	94.99	-	85.94	-	90.5	-	55.2	-
Administration and Devolution	157.61	401.58	72.41	106.85	100.34	107.77	138.6	100.9	63.7	26.8
Youth and Sports Development	167.64	90.57	129.57	58.13	134.10	6.01	103.5	10.3	80.0	6.6
Cooperatives and Enterprise Development	53.57	70.79	23.40	-	33.11	69.38	141.5	-	61.8	98.0
Livestock Development and Fisheries	61.77	145.96	3.65	21.54	32.66	11.54	894.8	53.6	52.9	7.9
Physical Planning and Urban Development	5.63	-	36.48	-	5.63	-	15.4	-	100.0	-
Eldoret Municipality	140.73	320.07	114.24	113.62	79.95	179.66	70.0	158.1	56.8	56.1
Promotive and Preventive Health	8.00	22.20	2.85	-	0.67	-	23.5	-	8.4	-
Energy, Environment, Climate Change and Natural Resources	8.00	93.02	-	-	1.45	-	-	-	18.2	-
Partnership, Liaison and Linkages	8.00	-	-	-	0.38	-	-	-	4.7	-
Gender, Social Protection and Culture	49.74	68.87	-	-	42.13	-	-	-	84.7	-
Housing and Urban Development	43.28	176.52	19.36	-	3.17	-	16.4	-	7.3	-
Lands and Physical Planning	51.09	331.57	30.35	5.92	1.10	-	3.6	-	2.1	-
Water, Irrigation and Sanitation	161.64	418.99	91.20	-	5.22	-	5.7	-	3.2	-
TOTAL	6,933.16	5,118.75	5,010.11	1,028.05	4,826.03	1,078.59	96.3	104.9	69.6	21.1

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Lands and Housing recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Cooperatives and Enterprise Development at 98.0 per cent. The Department of Lands and Housing had the highest percentage of recurrent expenditure to budget at 256.3 per cent, while the Department of Lands and Physical Planning had the lowest at 2.1 per cent.

Overall, the county's expenditure exceeded the exchequer issues, which is attributed to the county's spending part of the Kshs.2.32 billion cash balance from the previous financial year at the source. The Departments of Lands

and Housing and Water, Environment, Natural Resources, Tourism and Wildlife Management had an absorption rate of more than 100 per cent. This is attributed to the continued spending by the Department despite being notified of an intention to reduce their budget allocation in the first supplementary budget.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.259: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.259: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Governor's Office	General administration support services	Employee Support Services	184,145,119	126,224,424	68.5
Finance	Financial Services	Financial Services	340,581,459	265,468,755	77.9
Public Service Management	General administration support services	Administrative support services	636,190,785	496,270,859	78.0
	Records management services	Registry Services	455,000	120,600	26.5
		Library Services	62,048,000	9,018,262	14.5
ICT, E-Government and Innovation	ICT services	ICT Services	155,445,215	34,564,968	22.2
Roads, Transport and Public Works	General administration support services	Administrative support services	358,787,407	25,486,771	7.1
	Road & Transport Infrastructure Development	Roads Infrastructure Services	1,009,560,546	547,463,858	54.2
	Energy Services	Lighting services	10,000,000	-	-
	Public Works Services	Public Works Services	6,590,819	-	-
	Fire & Emergency Services	Fire and Emergency Services	60,000,000	-	-
Lands and Housing	Land Management and Administration	Administrative support services	13,036,965	27,459,481	210.6
Water, Environment, Natural Resources, Tourism and Wildlife Management	Water & Sanitation Development	Water Development Services	143,338,693	204,012,372	142.3
Clinical Services	Curative and Rehabilitative Services	County Referral Health Services	2,384,986,750	1,405,651,635	58.9
		Health transport services	202,110,000	44,019,701	21.8
Agriculture and Agribusiness	Crop Development and Management	Post-Harvest Management Services	232,770,773	162,463,876	69.8
		Crop Pest and Disease Control Services	33,880,335	26,183	0.1
		Crop Diversification	82,655,169	-	-
		Climate Smart Agriculture (World Bank)	383,463,189	12,732,581	3.3
	Agricultural training services	ATC Services	11,666,238	110,000	0.9

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Trade, Industry, Investment and Tourism	Trade Development and Promotion	Market Infrastructure Development Services	237,412,040	140,903,335	59.3
	Industrial Development, Investments and International Trade	Land Banking	53,610,931	31,556,912	58.9
Education and Vocational Training	ECD Education	Administrative Support Services	717,031,918	501,015,381	69.9
	Social Development Services	Community Development Services	56,030,172	3,454,550	6.2
	Development & Promotion of Culture	Cultural Services	24,794,880	15,605,472	62.9
	Education bursaries and scholarships services	Bursary & Scholarship	150,500,000	119,500,000	79.4
County Public Service Board	General administration, planning and support services	Administrative Support Services	73,723,564	43,218,019	58.6
County Assembly	General administration, planning and support services	Administrative Support Services	1,214,536,574	788,072,665	64.9
Economic Planning	Economic Planning Services	Planning Services	104,199,531	60,656,406	58.2
		M&E Services	26,500,000	17,050,780	64.3
		Statistical Services	25,000,000	8,234,480	32.9
Devolution and Public Administration	General administration support services	Employee support services	291,009,050	140,778,776	48.4
		Field Administrative Services	268,176,055	67,328,097	25.1
Youth and Sports Development	Youth Training and Empowerment	Administrative Support Services	100,492,979	90,256,322	89.8
		Youth Support Services	96,618,178	37,105,231	38.4
	Sports Development	Sports Development	61,103,638	12,747,700	20.9
Cooperatives and Enterprise Development	General Administrative Support Services	Administrative support services	71,860,523	49,990,371	69.6
	Cooperative Development Services	Cooperative Development and Management Services	30,000,000	30,000,000	100.0
		Enterprise Development Services	22,500,000	22,500,000	100.0
Livestock Development and Fisheries	Veterinary Services	Animal Breeding	112,323,230	12,869,330	11.5
		Livestock Disease Control Services	63,610,638	31,327,344	
	Livestock Production	Livestock Production Services	28,097,487	-	-
	Fisheries Production	Fisheries Production Services	3,700,000	-	-
Physical Planning and Urban Development	Physical Planning Services	Physical Planning Services	5,626,031	5,626,031	100.0

Department	Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure as of 31st March 2023	Absorption Rate (%)
Eldoret Municipality	Road and Transport Infrastructure Development	Construction of roads	196,400,898	107,348,676	54.7
		Construction of NMTs	103,000,000	50,000,000	48.5
	Urban Development & Management Services	Urban Development & Management Services	27,695,891	20,000,000	72.2
	General administration support services	Administration support services	133,706,161	82,265,588	61.5
Promotive and Preventive Health	General administration support services	General administration support services	30,200,978	668,340	2.2
Energy, Environment, Climate Change and Natural Resources	General administration support services	General administration support services	8,000,000	1,454,740	18.2
	Environment and Natural Resources	Environment and Natural Resources	34,703,601	-	-
	Climate Change Mitigation	Climate Change Mitigation	58,321,246	-	-
Partnership, Liaison and Linkages	General administration support services	General administration support services	8,000,000	377,144	4.7
Gender, Protection and Culture	General administration support services	General administration support services	4,800,000	813,043	16.9
	Social Protection	Social Protection	84,283,757	12,753,573	15.1
	Culture	Culture	29,529,843	28,563,410	96.7
Housing and Urban Development	General administration support services	General administration support services	43,283,300	3,166,800	7.3
	Urban Development	Urban Development	176,524,286	-	-
Lands and Physical Planning	General administration support services	General administration support services	107,273,315	1,095,760	1.0
	Survey Section	Survey Section	275,385,912	-	-
Water, Irrigation and Sanitation	General administration support services	General administration support services	161,640,107	5,224,268	3.2
	Water Section	Water Section	418,989,192	-	-
Total			12,051,908,369	5,904,622,870	49.0

Source: Uasin Gishu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative support services in the Department of Lands and Housing at 210.6 per cent, Water Development Services in the Department of Water, Environment, Natural Resources, Tourism and Wildlife Management at 142.3 per cent, Physical Planning Services in the Department of Physical Planning and Urban Development at 100 per cent, and Cooperative Development and Management Services and Enterprise Development Services in the Department of Cooperatives and Enterprise Development each at 100 per cent of budget allocation. The two sub-programs with an absorption rate of more than 100 per cent result from continuously incurring expenditure despite being notified of an intention to reduce their budget allocation in the first supplementary budget.

3.44.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 10th May 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 3.258: Uasin Gishu County, Budget Allocation and Absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.532.20 million were processed through the manual payroll, accounting for 17.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.45 County Government of Vihiga

3.45.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.57 billion, comprising Kshs.2.11 billion (32.1 per cent) and Kshs.4.46 billion (67.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 2.6 per cent compared to the previous financial year when the approved budget was Kshs.6.41 billion and comprised of Kshs.1.92 billion towards development expenditure and Kshs.4.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.07 billion (87.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.193.47 million (3.4 per cent) from its own source of revenue, Kshs.90.60 million (1.4 per cent) as Appropriation in Aid, and a cash balance of Kshs.816.83 million (12 per cent) from FY 2021/22. The County also expects to receive Kshs.404.43 million (9.1 per cent) as conditional grants.

3.45.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.2.92 billion as the equitable share of the revenue raised nationally, raised Kshs.176.02 million as own-source revenue, Kshs.43.23 million as Appropriation in Aid, Kshs.24.50 million as conditional grants, and a cash balance of Kshs.1.52 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.16 billion, as shown in Table 3.260: Vihiga County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.260: Vihiga County, Revenue Performance in the First Nine Months of FY 2022/23

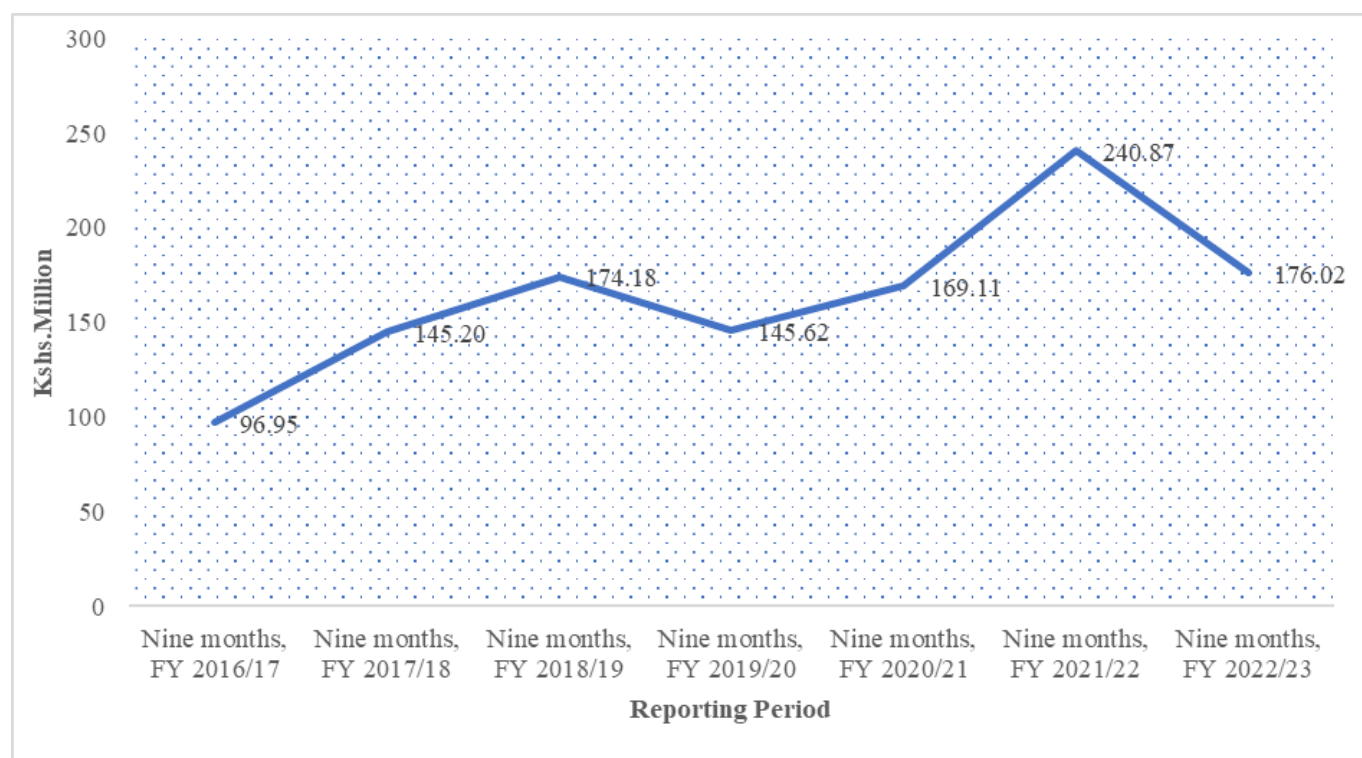
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,067,356,827	2,917,751,292	57.58
Sub total		5,067,356,827	2,917,751,292	57.58

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
B	Conditional Grants			
1.	Nutrition International	10,000,000	8,500,000	-
2.	Leasing of Medical Equipment	110,638,298	-	-
3.	DANIDA	9,804,900	-	-
4.	NARIGP	243,345,337	-	-
5.	ASDSP II	8,642,554	5,000,000	-
6.	FLLoCA	22,000,000	11,000,000	-
Sub total		404,431,089	24,500,000	-
C	Other Sources of Revenue			
7.	Own Source Revenue	193,470,488	176,015,208	91
8.	Appropriation in Aid	90,602,720	43,226,087	47.7
9.	Unspent balance from FY 2021/22	816,827,096	1,521,115	0.19
Sub Total		1,100,900,304	220,762,410	20.2
Grand Total		6,572,688,220	3,163,013,702	48.1

Source: Vihiga County Treasury

Figure 3.134: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

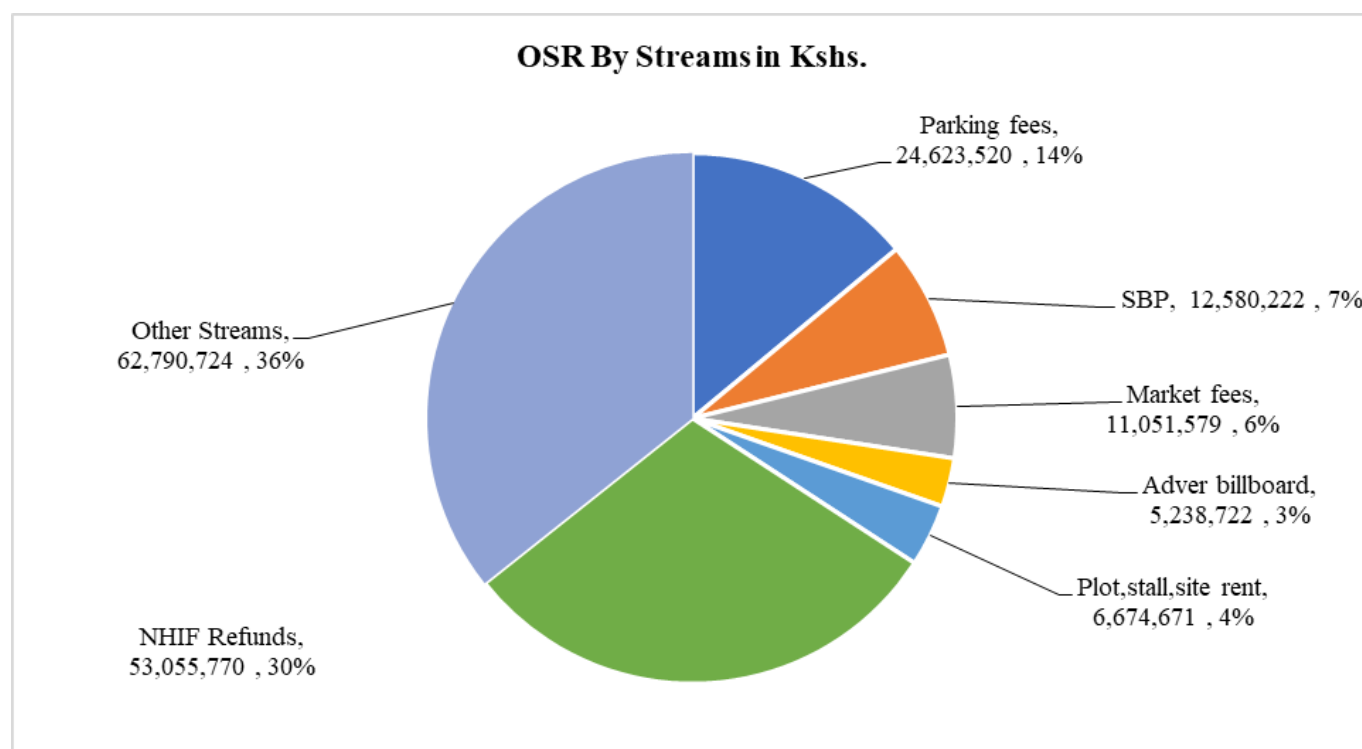
Figure 3.134: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: Vihiga County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.176,02 million from its own sources of revenue, which represented a decrease of 26.9 per cent compared to Kshs.178.64 million realised in a similar period in FY 2021/22 and was 91 per cent of the annual target and 6.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in .

Figure 3.135: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Vihiga County Treasury

The highest revenue stream of Kshs.53.06 million was from NHIF refunds, contributing to 30 per cent of the total OSR collected during the reporting period. Revenue from the health sector amounted to Kshs.97.17 million (comprised of Kshs.44.11 million as AIA and Kshs.53.06 million from NHIF), in the first nine months of FY 2022/23.

3.45.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.11 billion from the CRF account during the reporting period. This amount comprised Kshs.450.16 million (14.5 per cent) for development programmes and Kshs.2.66 billion (85.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.90 billion was released towards compensation to employees and Kshs.762.30 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.36.38 million.

3.45.4 County Expenditure Review

The County spent Kshs.3.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.7 per cent of the total funds released by the CoB and comprised Kshs.565.05 million and Kshs.2.74 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 26.8 per cent. In contrast, recurrent expenditure represented 61.5 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.25 billion, comprised of Kshs.386.16 million for recurrent expenditure and Kshs.868.82 million for development activities. During the period under review, pending bills amounting to Kshs.458.30 million were settled, consisting of Kshs.92.73 million for recurrent expenditure and Kshs.365.58 million for development programmes, and therefore, the outstanding amount was Kshs.796.68 million as of 31st March 2023.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.62 billion on employee compensation, Kshs.907.20 million on operations and maintenance, and Kshs.55.81 million on development activities. Similarly, the County Assembly spent Kshs.121.17 million on employee compensation, Kshs.91.13 million on operations and maintenance, and Kshs.8.24 million on development activities, as shown in Figure 3.136 : Summary of Budget and Expenditure by Economic Classification.

Figure 3.136 : Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,841,086,662	621,955,167	2,531,306,334	212,305,185	65.9	34.1
Compensation to Employees	2,146,622,687	361,566,781	1,624,104,045	121,174,877	75.7	33.5
Operations and Maintenance	1,694,463,975	260,388,386	907,202,289	91,130,308	53.5	35.0
Development Expenditure	2,104,646,391	5,000,000	556,811,807	8,241,193	26.5	164.8
Total	5,945,733,053	626,955,167	3,088,118,141	220,546,378	51.9	35.2

Source: Vihiga County Treasury

3.45.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.74 billion, or 55 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.3.16 billion. This expenditure represented a decrease from Kshs.2.25 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.638.21 million paid to health sector employees, translating to 36.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.51 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.235.28 million was processed through manual payrolls. The manual payrolls accounted for 13.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.21 million on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.7.15 million. The average monthly sitting allowance was Kshs.9,641 per MCA. The County Assembly has established 37 Committees.

3.45.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Ksh.280.78 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.261: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.261: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st March 2023 (Kshs.)	Actual Expenditure as of 31st March 2023 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	137,500,270	50,000,000	49,123,264	Yes
2.	Sports Fund	20,000,000	7,200,000	2,338,560	Yes
3.	Trade and Enterprise Fund	2,000,000	-	-	Yes
4.	Climate Change Fund	80,000,000	-	21,362,624	Yes
5.	Facility Improvement Fund (FIF)	40,602,720	-	22,655,129	Yes
County Assembly Established Funds					
6.	Car & Mortgage Fund	678,260	-	-	Yes
	Total	280,781,250	57,200,000	95,479,577	

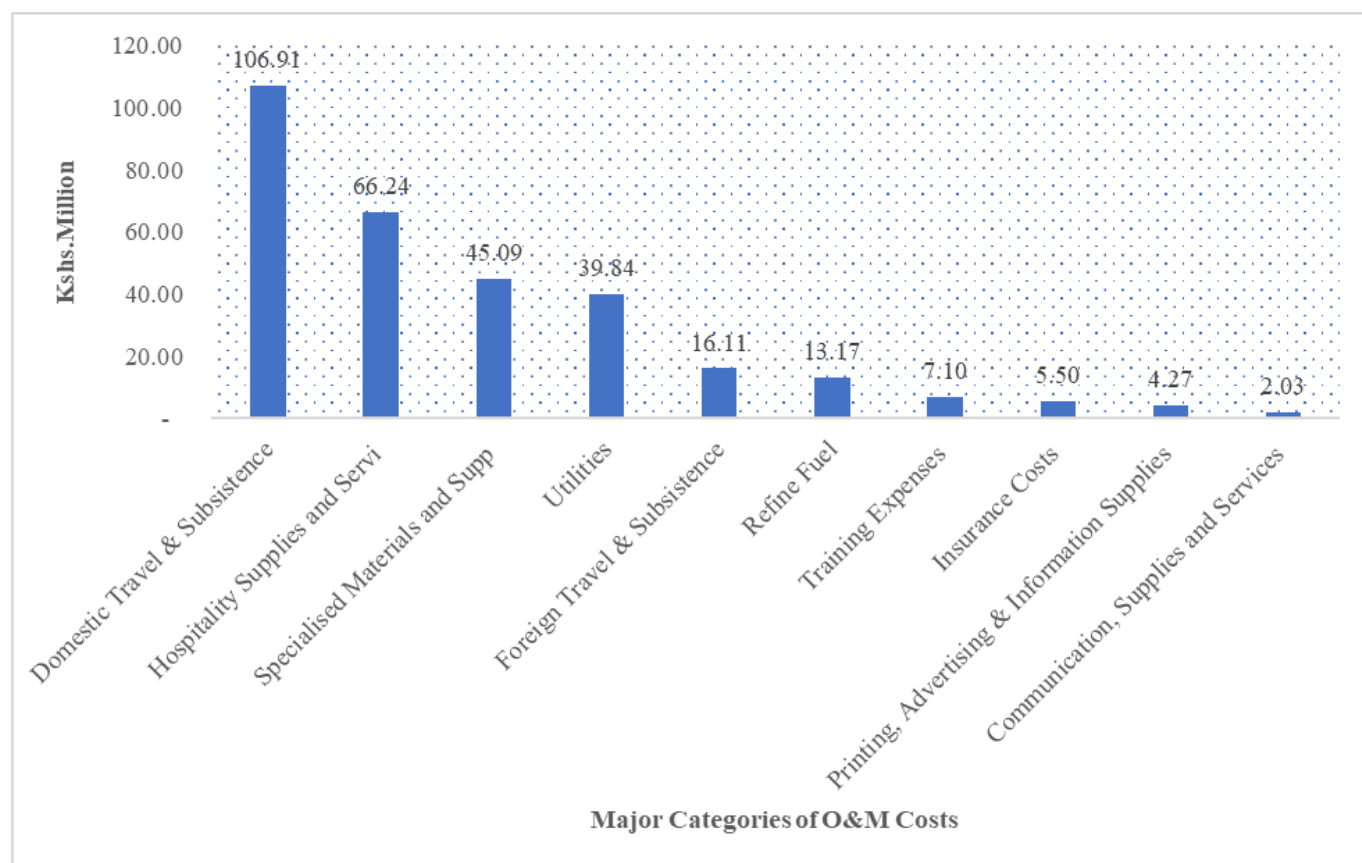
Source: Vihiga County Treasury

During the reporting period, OCoB received all quarterly financial returns from Fund Administrators of 6 funds, as indicated in Table 3.261: Performance of County Established Funds as of 31st March 2023 as per the requirement of Section 168 of the PFM Act, 2012.

3.45.9 Expenditure on Operations and Maintenance

Figure 3.137: Vihiga County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.137: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.106.91 million and comprised of Kshs.21.51 million spent by the County Assembly and Kshs.85.40 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.11 million by the County Executive.

3.45.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.565.05 million on development programmes, representing an increase of 25.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.449.83 million. The County Treasury did not provide a report showing a breakdown of the development programmes and projects implemented as of 31st December 2023.

3.45.11 Budget Performance by Department

Table 3.262: Vihiga County, Budget Allocation and Absorption Rate by Department summarises the approved budget allocation, expenditure and absorption rate by departments in the first nine months of FY 2022/23.

Table 3.262: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	298.10	3.00	196.00	-	186.13	4.33	95.0	-	62.4	144.4
Department of Finance and Economic Planning.	433.57	319.90	180.62	55.56	211.93	76.09	117.3	136.9	48.9	23.8
Agriculture, Livestock, Fisheries & Cooperatives	211.28	546.95	147.04	16.66	112.74	18.65	76.7	111.9	53.4	3.4
Health Services	1,501.95	313.57	808.99	65.44	1,178.64	60.70	145.7	92.8	78.5	19.4
Education, Science, Technical and Vocational Training	449.96	151.85	326.27	17.63	304.54	16.06	93.3	91.1	67.7	10.6
Gender, Culture, Youth, Sports and Social Services	102.74	48.70	64.95	-	37.45	-	57.7	-	36.5	-
Trade, Industry, Tourism and Entrepreneurship.	84.74	63.65	48.83	25.02	32.11	21.42	65.8	85.6	37.9	33.6
County Public Service Board	54.87	-	35.06	-	37.64	-	107.4	-	68.6	-
Environment, Water, Energy & Natural Resources.	159.07	251.56	91.11	43.13	76.48	44.35	83.9	102.8	48.1	17.6
Transport, Infrastructure & Communication	130.09	302.25	82.51	174.83	66.91	273.93	81.1	156.7	51.4	90.6
Physical Planning, Land and Housing	113.35	77.39	68.47	40.47	59.39	38.77	86.7	95.8	52.4	50.1
County Assembly	621.96	5.00	376.15	8.24	202.39	8.24	53.8	100.0	32.5	164.8
Administration and Coordination of County Affairs	301.36	25.83	235.51	3.17	237.26	2.50	100.7	78.8	78.7	9.7
Total	4,463.04	2,109.65	2,661.52	450.16	2,743.61	565.05	103.1	125.5	61.5	26.8

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the County Assembly and the Office of the Governor recorded the highest absorption rate of development budget at 164.8 per cent and 144.4 per cent, respectively. An absorption rate above 100 per cent is irregular and should be corrected before the end of the financial year. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 78.7 per cent, while the County Assembly had the lowest at 32.5 per cent.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.263: Vihiga County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.263: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Administration, Planning and Support Service		1,610,997,835.00	562,231,714.10	1,048,766,120.90	35
	Administrative Service	1,557,911,139.00	562,231,714.10	995,679,424.90	36
	Research and Development	48,552,523.00	-	48,552,523.00	-
	Formulation of Policies, Regulations and Legal Framework	4,534,173.00	-	4,534,173.00	-
Livestock Development and Management		29,900,000.00	666,302.00	29,233,698.00	2
	Veterinary Services and Extension	17,150,000.00	666,302.00	16,483,698.00	4
	Livestock Extension	12,750,000.00	-	12,750,000.00	-
Fisheries Development and Management		10,050,000.00	232,828.00	9,817,172.00	2
	Promotion of Fish Farming	10,050,000.00	232,828.00	9,817,172.00	2
Crop Development and Management		19,452,874.00	1,059,750.00	18,393,124.00	5
	Crop Extension	5,350,000.00	-	5,350,000.00	-
	Farm Input Subsidy	14,102,874.00	1,059,750.00	13,043,124.00	8
Cooperatives Development		13,550,000.00	6,239,546.00	7,310,454.00	46
	Cooperative Development Services	13,550,000.00	6,239,546.00	7,310,454.00	46
Land Survey and Mapping Services		5,000,000.00	1,482,416.00	3,517,584.00	30
	Land Survey and Mapping	5,000,000.00	1,482,416.00	3,517,584.00	30
1 Urban and Physical Planning and Housing Services		32,034,352.00	3,843,950.00	28,190,402.00	12
	Urban and Physical Planning	3,000,000.00	1,207,250.00	1,792,750.00	40
	Vihiga Municipality {KUSP}	29,034,352.00	2,636,700.00	26,397,652.00	9
Administration, Planning and Support Service		546,616,848.00	396,323,673.30	150,293,174.70	73
	Administrative Service	546,616,848.00	396,323,673.30	150,293,174.70	73
Transport Management		20,402,400.00	4,247,352.65	16,155,047.35	21
	Transport System Management	20,402,400.00	4,247,352.65	16,155,047.35	21
Infrastructure Development		800,000.00	-	800,000.00	-
	Roads Maintenance	800,000.00	-	800,000.00	-
Administration, Planning and Support Service		114,847,083.00	53,246,059.50	61,601,023.50	46
	Administrative Service	114,847,083.00	53,246,059.50	61,601,023.50	46
Public Finance Management		51,328,751.00	40,069,108.50	11,259,642.50	78
	ICT Printing press	51,328,751.00	40,069,108.50	11,259,642.50	78
Trade Development and Investment		32,544,003.00	10,277,132.00	22,266,871.00	32
	Market Development and Management	29,494,003.00	10,277,132.00	19,216,871.00	35
	Business Support and Consumer Protection	3,050,000.00	-	3,050,000.00	-
Tourism Development		-	-	-	-
	Tourism Promotion and Branding	-	-	-	-
Administration, Planning and Support Service		1,612,290,983.00	1,048,276,049.95	564,014,933.05	65
	Administrative Service	458,104,689.00	204,586,814.30	253,517,874.70	45
	Human Resource Management and Development	1,142,354,432.00	839,100,640.30	303,253,791.70	73
	Healthcare Financing	11,831,862.00	4,588,595.35	7,243,266.65	39

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Promotive and Preventive Healthcare Services		9,340,000.00	4,398,800.00	4,941,200.00	47
	Public Health Services	4,120,000.00	1,131,600.00	2,988,400.00	27
	Community Health Strategy	2,000,000.00	1,600,700.00	399,300.00	80
	Health Promotion	500,000.00	-	500,000.00	-
	Reproductive Healthcare	2,700,000.00	1,666,500.00	1,033,500.00	62
	Disease Surveillance and Emergency	20,000.00	-	20,000.00	-
Curative And Rehabilitative Health Services		96,800,000.00	47,618,613.00	49,181,387.00	49
	Medical services	96,300,000.00	47,315,313.00	48,984,687.00	49
	County referral services	500,000.00	303,300.00	196,700.00	61
Child and Maternal Health Care		52,094,828.00	24,029,815.70	28,065,012.30	46
	Antenatal and Post Natal healthcare	2,600,000.00	233,600.00	2,366,400.00	9
	Antenatal and Post Natal Healthcare	10,520,000.00	5,064,150.00	5,455,850.00	48
	Newborn, Child and Adolescent Health	500,000.00	371,500.00	128,500.00	74
	Nutrition Services	38,474,828.00	18,360,565.70	20,114,262.30	48
Administration, Planning and Support Service		241,316,859.00	141,861,969.90	99,454,889.10	59
	Administrative Service	241,316,859.00	141,861,969.90	99,454,889.10	59
Vocational Education and Training		145,594,092.00	83,397,611.40	62,196,480.60	57
	Youth Polytechnic Development	145,594,092.00	83,397,611.40	62,196,480.60	57
Early Childhood Development		246,918,085.00	150,341,681.70	96,576,403.30	61
	ECD Development	246,918,085.00	150,341,681.70	96,576,403.30	61
Administration, Planning and Support Service		1,048,479,453.00	509,857,661.35	538,621,791.65	49
	Administrative Service	1,014,694,780.00	498,513,326.35	516,181,453.65	49
	County Administration	12,047,533.00	3,924,435.00	8,123,098.00	33
	County Radio Information Services	21,737,140.00	7,419,900.00	14,317,240.00	34
Coordination of Policy Formulation Implementation of Vision 2030		5,000,000.00	-	5,000,000.00	-
	Emergency & Disaster Fund	5,000,000.00	-	5,000,000.00	-
Public Finance Management		253,484,227.00	67,835,635.00	185,648,592.00	27
	Public Finance Management	86,952,520.00	51,869,900.00	35,082,620.00	60
	Accounting Services	123,619,752.00	1,146,685.00	122,473,067.00	1
	Audit Services	4,414,440.00	3,410,170.00	1,004,270.00	77
	Budget Formulation Coordination	8,777,515.00	5,377,480.00	3,400,035.00	61
	Resource Mobilisation	23,110,000.00	2,022,500.00	21,087,500.00	9
	Budget Expenditure Management	6,610,000.00	4,008,900.00	2,601,100.00	61
County Planning Services		6,866,845.00	1,634,100.00	5,232,745.00	24
	Monitoring and Evaluation	2,666,845.00	-	2,666,845.00	-
	Coordination of Policy Formulation and Plans	4,200,000.00	1,634,100.00	2,565,900.00	39
Management and Administration of County Services		50,969,999.00	26,198,775.40	24,771,223.60	51
	County Executive	27,199,999.00	13,067,623.40	14,132,375.60	48
	County Secretary	10,170,000.00	6,239,531.00	3,930,469.00	61
	Legal Services	13,600,000.00	6,891,621.00	6,708,379.00	51
Administration, Planning and Support Service		59,041,842.00	32,722,719.65	26,319,122.35	55
	Administrative Service	59,041,842.00	32,722,719.65	26,319,122.35	55
903004860		45,600,000.00	5,934,200.00	39,665,800.00	13
	Promotion of Sports	32,150,000.00	1,812,200.00	30,337,800.00	6
	Promotion of Culture and Heritage	13,450,000.00	4,122,000.00	9,328,000.00	31

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
904004860		10,800,000.00	1,378,720.00	9,421,280.00	13
	Social Protection	5,500,000.00	-	5,500,000.00	-
	Gender, Children, Youth and People with Disability	5,300,000.00	1,378,720.00	3,921,280.00	26
Administration, Planning and Support Service		78,345,661.00	43,144,091.00	35,201,570.00	55
	Administrative Service	78,345,661.00	43,144,091.00	35,201,570.00	55
1003004860		83,696,200.00	33,110,147.90	50,586,052.10	40
	Water Supply Management	44,256,200.00	27,695,497.90	16,560,702.10	63
	Waste Water Management	39,440,000.00	5,414,650.00	34,025,350.00	14
1004004860		11,695,000.00	1,595,200.00	10,099,800.00	14
	Environmental Protection and Conservation	11,695,000.00	1,595,200.00	10,099,800.00	14
1005004860		26,830,000.00	5,408,895.00	21,421,105.00	20
	Farm Forest Management	9,445,000.00	2,599,195.00	6,845,805.00	28
	Natural Resources management	17,385,000.00	2,809,700.00	14,575,300.00	16
Grand Total		6,572,688,220.00	3,308,664,519.00	3,264,023,701.00	50

Source: Vihiga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Community Health strategy at the Department of Health Services at 80 per cent, ICT printing press in the Department of Finance and Economic Planning at 78 per cent, followed closely by Audit services at the Department of Finance and Economic Planning at 77 per cent, Human Resource Management and Development in the Department Public Service and Administration at 73 per cent and finally New-born, child and adolescent health in the Department of Health at 74 per cent of budget allocation.

3.45.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received past the deadline of 20th April 2023 and was incomplete as it lacked information on development expenditure programmes and projects implemented in the period.
2. Weak internal control by the County Treasury as evidenced by departments reporting expenditures above approved budget allocation, which is irregular, as shown in Table 3.262: Vihiga County, Budget Allocation and Absorption Rate by Department.
3. High pending bills amounting to Kshs.796.68 million as of 31st March 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.235.28 million were processed through the manual payroll, accounting for 13.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

4. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.46 County Government of Wajir

3.46.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.23 billion, comprising Kshs.3.11 billion (27.7 per cent) and Kshs.8.13 billion (72.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 2.7 per cent compared to the previous financial year when the approved budget was Kshs.10.94 billion and comprised of Kshs.4.29 billion towards development expenditure and Kshs.6.65 billion for recurrent expenditure. The County's development budget is below the required threshold of 30 per cent in the medium term as per Section 107 2(b) of the PFM Act, 2012.

To finance the budget, the County expects to receive Kshs.9.47 billion (84.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from its own sources of revenue, Kshs.803.48 million (7.2 per cent) as conditional grants, and a cash balance of Kshs.856.48 million (7.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.264: Wajir County, Revenue Performance in the First Nine Months of FY 2022/23.

The cash balance from the previous financial year comprises Kshs.157.61 million from unspent conditional grants and Kshs.698.93 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.46.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.4.29 billion as the equitable share of the revenue raised nationally, raised Kshs.34.83 million as own-source revenue, Kshs.319.10 million as conditional grants, and had a cash balance of Kshs.856.48 million from FY 2021/22. The county also received Kshs.33.91 million conditional grant from World Bank Universal Health Coverage which had not been budgeted for. The total funds available for budget implementation during the period amounted to Kshs.5.54 billion, as shown in Table 3.264: Wajir County, Revenue Performance in the First Nine Months of FY 2022/23.

Table 3.264: Wajir County, Revenue Performance in the First Nine Months of FY 2022/23

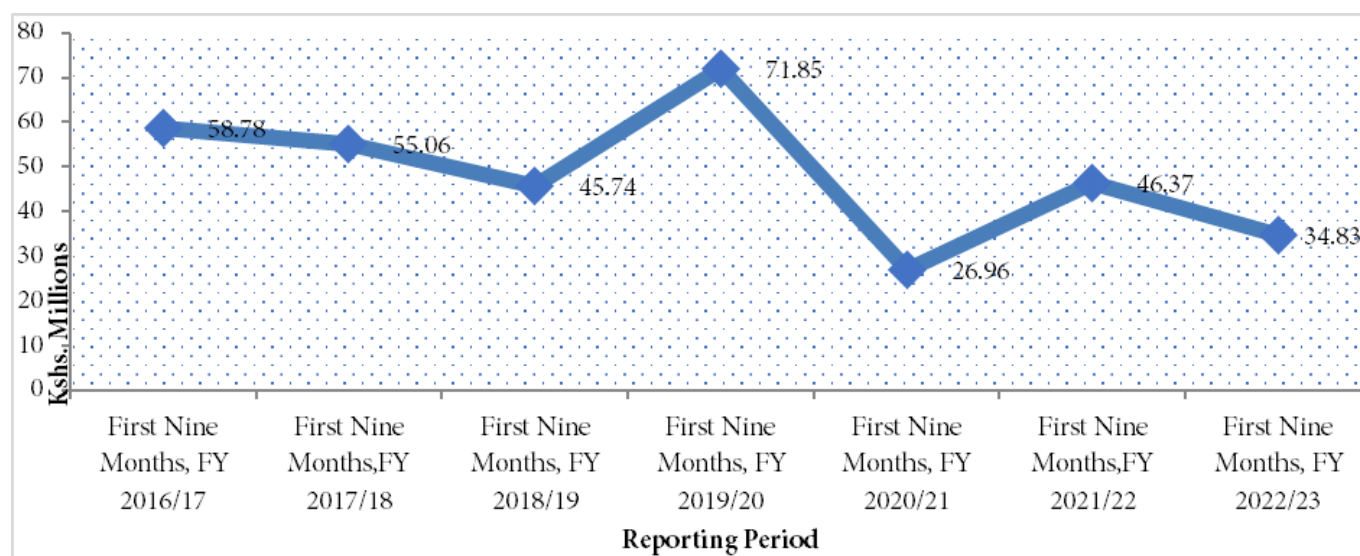
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	4,291,434,410	45.3
	Sub Total	9,474,726,151	4,291,434,410	45.3
B	Conditional Grants			
1	Wajir Water and Sanitation Project	500,000,000	300,333,644	60.1
2	Kenya Climate Smart Agriculture Project	78,101,121	-	-
3	Kenya Informal Settlement Improvement Project (KISIP II)	50,000,000	-	-
4	Emergency Locust Response Project (ELRP)	89,529,250	-	-
5	DANIDA to finance Universal Healthcare	27,489,375	13,260,125	48.2
6	Agriculture Sector Development Support Programme II (ASDSP II)	35,110,369	5,500,000	15.7
7	Locally-Led Climate Action Program (FLLoCA)	22,000,000	-	-
8	RVF Control Technical Support by FAO	1,247,800	-	-
	Sub-Total	803,477,915	319,093,769	39.7
C	Other Sources of Revenue			
1	Own Source Revenue	100,000,000	34,829,403	34.8

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Balance b/f from FY2021/22	856,476,559	856,476,559	100.0
4	Other Revenues (World Bank THUCPS)	-	33,912,315	-
Sub Total		956,476,559	925,218,277	96.7
Grand Total		11,234,680,625	5,535,746,456	49.3

Source: Wajir County Treasury

Figure 3.138: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

Figure 3.138: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23

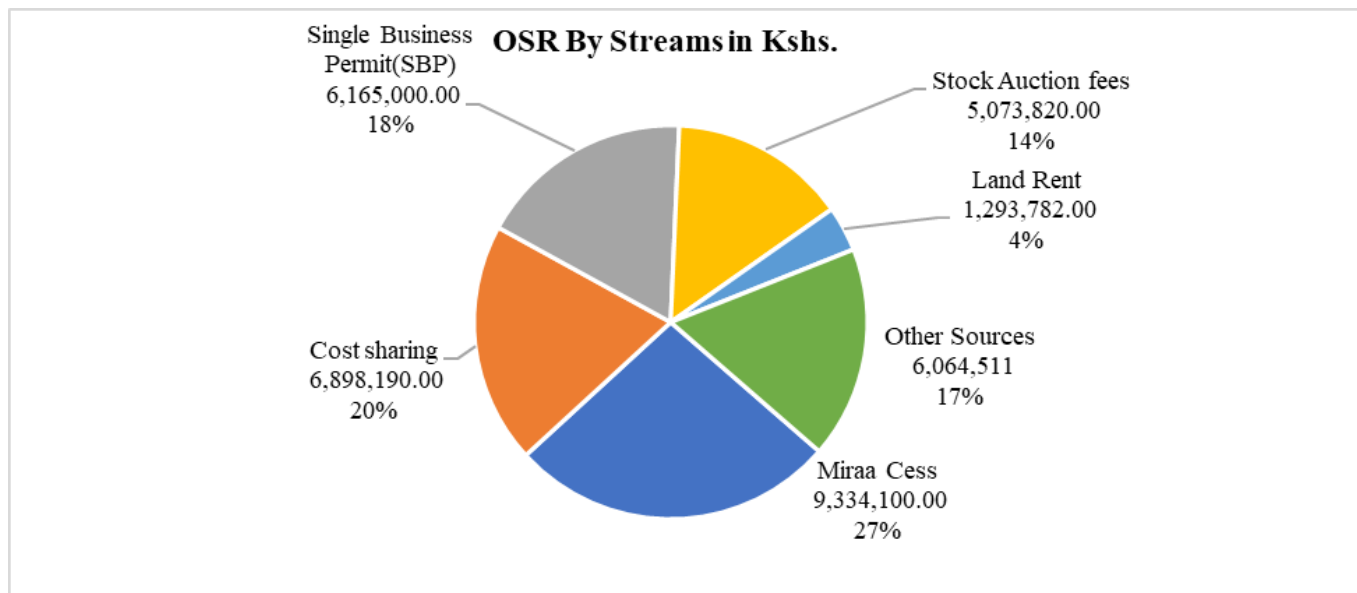


Source: Wajir County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.34.83 million from its own sources of revenue, which represented a decrease of 24.9 per cent compared to Kshs.46.37 million realised in a similar period in FY 2021/22 and was 34.8 per cent of the annual target and 0.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.139:

Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.139: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: Wajir County Treasury

The highest revenue stream of Kshs.9.3 million was from miraa cess contributing to 27 per cent of the total OSR collected during the reporting period. Revenue from the health sector (described as cost sharing) amounted to Kshs.6.9 million, representing 20 per cent of the overall OSR in the first nine months of FY 2022/23.

3.46.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.54 billion from the CRF account during the reporting period. This amount comprised Kshs.569.67 million (10.3 per cent) for development programmes and Kshs.4.97 billion (89.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.2.57 billion was released towards compensation to employees, and Kshs.2.40 billion was for Operations and Maintenance expenditures.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.1.81 million.

3.46.4 County Expenditure Review

The County spent Kshs.5.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.9 per cent of the total funds released by the CoB and comprised Kshs.569.67 million and Kshs.4.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.3 per cent. In contrast, recurrent expenditure represented 55 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.5.5 billion, comprised of Kshs.4.03 billion for development expenditure and Kshs.1.47 billion for recurrent activities. During the period under review, pending bills amounting to Kshs.117.34 million were settled and were for development programmes. Therefore, as of 31st March 2023, the outstanding amount was Kshs.5.38 billion.

The County has, however, initiated another pending bill audit to ascertain the correct position. The report had yet to be completed by 31st March 2023.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.29 billion on employee compensation, Kshs.1.75 billion on operations and maintenance, and Kshs.569.67 million on development

activities. Similarly, the County Assembly spent Kshs.279.11 million on employee compensation and Kshs.151.10 million on operations and maintenance shown in Table 3.265: Summary of Budget and Expenditure by Economic Classification.

Table 3.265: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,272,105,910	853,341,593	4,043,051,365	430,212,138	55.6	50.4
Compensation to Employees	3,902,512,483	528,293,019	2,292,940,772	279,107,974	58.7	52.8
Operations and Maintenance	3,369,593,427	325,048,574	1,750,110,593	151,104,164	51.9	46.4
Development Expenditure	3,109,233,122	-	569,673,720	-	18.3	-
Total	10,381,339,032	853,341,593	4,612,725,085	430,212,138	44.4	50.4

Source: Wajir County Treasury

3.46.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.2.57 billion, or 46.5 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.5.54 billion. This expenditure represented an increase from Kshs.2.46 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.26 billion paid to health sector employees, translating to 49.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.06 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.511.56 million was processed through manual payrolls. The manual payrolls accounted for 19.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.11.05 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.16.22 million. The average monthly sitting allowance was Kshs.24,561 per MCA. The County Assembly has established 21 Committees.

3.46.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.300 million to county-established funds in FY 2022/23, constituting 2.7 per cent of the County's overall budget. Table 3.266: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.266: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st March 2023
1.	County Emergency Fund	150,000,000.00	150,000,000.00	-	No
2.	Bursary Fund	150,000,000.00	150,000,000.00	-	No

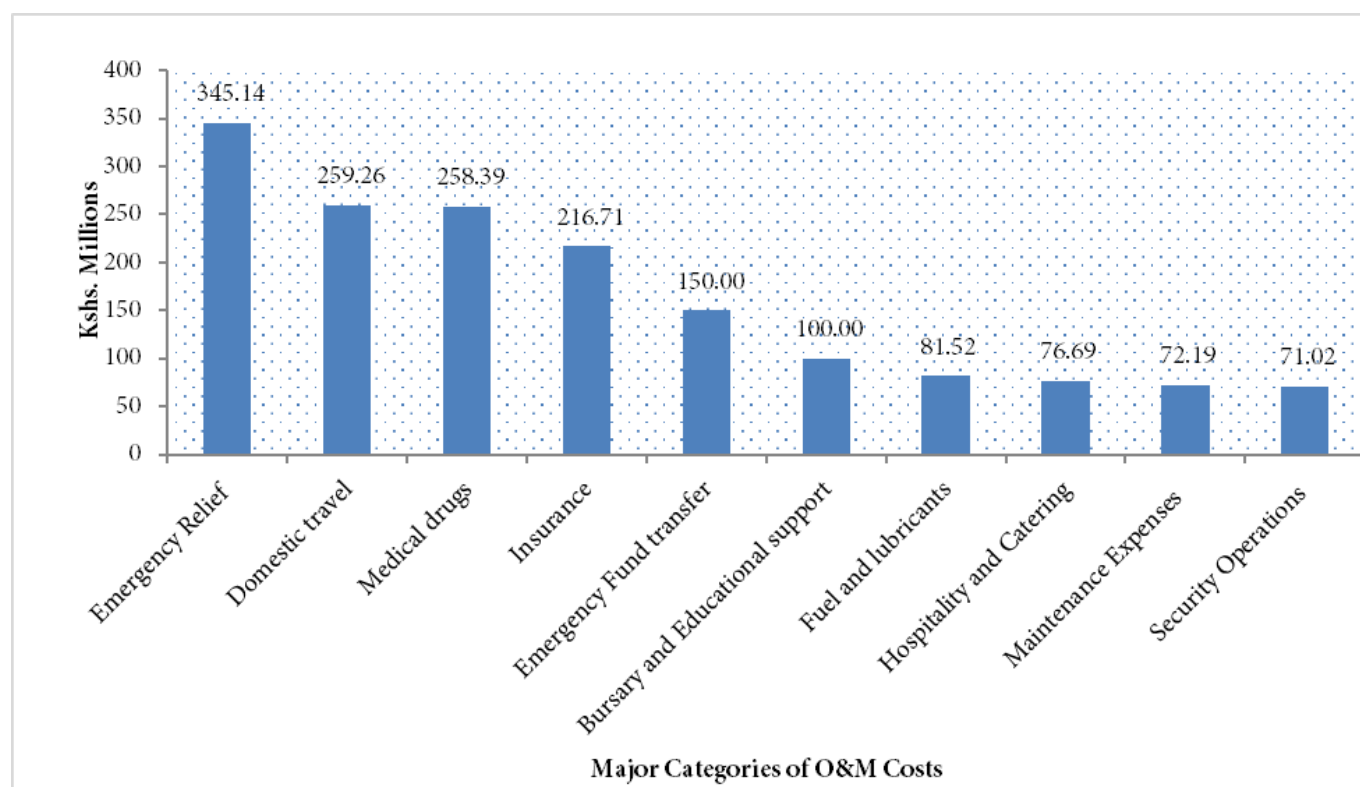
Source: Wajir County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of both the Emergency Fund and Bursary Fund, as indicated in Table 3.266: Performance of County Established Funds as of 31st March 2023 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.46.9 Expenditure on Operations and Maintenance

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

Figure 3.140:Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

During the period, expenditure on domestic travel amounted to Kshs.259.26 million and comprised of Kshs.70.28 million spent by the County Assembly and Kshs.188.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.81 million and comprised of Kshs.11.20 million by the County Executive and Kshs.612,518 by the County Assembly.

3.46.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.569.67 million on development programmes, representing an increase of 10.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.513.7 million. Table 3.267: Wajir County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.267: Wajir County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1.	Health	Proposed Repair Works Improvement And Maintenance Of 600 No. Existing Solar Street Lights In WC	Headquarter	79,995,425	76,547,346	Completed
2.	Health	Proposed perimeter Fencing wall at Wajir County Referral Hospital	Headquarter	20,000,000	19,137,931	Completed
3.	Health	Proposed Construction of Blood Transfusion Centre in Wajir Town.	Headquarter	14,000,000	13,396,551	Completed
4.	Health	The proposed renovation of the maternity, pediatric ward, Covid centre, theatre and drug store at WCRH	Headquarter	4,959,180	4,745,422.	Ongoing
5.	County Assembly	The proposed renovation of OPD block VCT and blood donor unit at WCRH	Headquarter	4,949,830	4,736,475	Ongoing
6.	Energy, Environment and Natural Resources	Renovation of laboratory, kitchen and walkways at WCRH	Headquarter	4,926,605	4,714,251	Completed

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
7.	Health	The proposed renovation of the eye unit, admin block, CT scan and GBV unit at WCRH	Headquarter	4,870,955	4,661,000	Completed
8.	Health	Renovation of the main store, renal unit, female ward, and radiology unit at WCRH	Headquarter	4,864,885	4,655,191	Completed
9.	Water	Drilling, Development And Testing Of Borehole At Sitawario In W.East Sub-County	Wajir East	4,500,800	4,408,000	100%
10.	Health	The proposed renovation of the surgical ward, male ward, placenta pit, and incinerator fence at WCRH	Headquarter	2,595,090	2,483,232	Completed

Source: Wajir County Treasury

3.46.11 Budget Performance by Department

Table 3.268: Wajir County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.268: Wajir County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	853	0.00	430	-	430	-	100.0	-	50.4	-
County Executive	597	0.00	343	-	284	-	82.9	-	47.6	-
Finance and Economic Planning	729	0.00	423	-	386	-	91.3	-	53.0	-
Agriculture, Livestock and Veterinary Services	349	429.48	255	73	227.95	72	89.4	99.3	65.4	16.8
Health Services	2,637	413.39	1,642	-	1,474.21	-	89.8	-	55.9	-
Roads, Transport, Public Works and Housing	172	365.80	82	93	66.31	93	81.3	100.0	38.6	25.3
Water Services	290	462.50	117	29	104.64	29	89.6	100.0	36.1	6.2
Energy, Environment and Climate Change	81	296.20	46	-	39.21	-	86.1	-	48.4	-
Public Service, Special Programs and County Administration	983	7.00	661	-	614.59	-	93.0	-	62.5	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Social Welfare and Family Affairs	761	119.04	564	38	500.69	38	88.8	100.0	65.8	31.9
ICT, Trade, Investment and Industrialization	183	228.60	97	-	81.76		84.1	-	44.7	-
Lands and Spatial Planning	46	101.42	25	-	19.22	-	76.9	-	42.1	-
WAJWASCO	151	520.00	84	303	80.18	300	95.2	99.0	53.0	57.8
CPSB	84	0	52	0	40.32	-	77.0	-	48.1	-
Municipality	210	165.80	147	38	123.57	38	83.9	-	58.9	-
Total	8,125	3,109	4,968	573	4,473	569	90.0	99.4	55.1	18.3

Source: Wajir County Treasury

Analysis of expenditure by the department shows that the Wajir Water and Sanitation Company(WAJWASCO) recorded the highest absorption rate of the development budget at 57.8 per cent, followed by the Department of Education, Social Welfare and Family Affairs at 31.9 per cent. The Department of Education, Social Welfare and Family Affairs had the highest percentage of recurrent expenditure to budget at 65.8 per cent, while the Department of Water Services had the lowest at 36.1 per cent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.269: Wajir County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.269: Wajir County, Budget Execution by Programmes and Sub-Programmes

Programme	S u b - P r o - gramme	Approved Estimates		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		(Kshs.)		(Kshs.)			
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Department: County Executive (Of- fice of the Governor)							
Coordination and Supervisory Services	Coordination and Superviso- ry Services	596,873,336	-	284,296,872	-	47.6	-
	Sub Total	596,873,336	-	284,296,872	-	47.6	-
Department: Finance and Economic Planning							-
Public Finance Management	Budget man- agement ser- vices	15,402,624	-	4,450,000	-	28.9	-
	County Ac- counting Ser- vices	560,535,701	-	323,340,841	-	57.7	-
	County Reve- nue Collection and Resource Mobilization	21,224,600	-	3,960,000	-	18.7	-
	Internal Audit Management Services	14,059,900	-	3,500,000	-	24.9	-

Programme	S u b - P r o - gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
	County Supply Chain Management	79158600	-	44,338,720	-	56	-
	Financial Reporting Services	6750000	-	1,050,000	-	15.6	-
Economic Planning Services	County Integrated Development Planning	31,662,000	-	5,490,000	-	17.3	-
	Sub-Total	728,793,425	-	386,129,561	-	53.0	
Department: Agriculture, Livestock and Veterinary Services							
Livestock management Services	Livestock Production Services	116,004,720.00	12,500,000	105,270,000	-	90.7	-
	Veterinary Services	10,728,108.00	55,726,800	1,050,000	-	9.8	-
General Administration and Support Services	General Administration and Support Services	196,953,695.00	-	118,217,058	-	60.0	-
Food Production Services	Food Production Services	17,919,400.00	347,557,226	2,610,000	72,722,695	14.6	21
Irrigation Management Services	Irrigation Management Services	3,533,200.00	11,500,000	100,000	-	2.8	-
Alternative Livelihood management	Alternative Livelihood management	3,577,800.00	2,200,000	700,000	-	19.6	-
	Sub-Total	348,716,923	429,484,026	227,947,058	72,722,694.75	65.4	17
Department: Health Services							
Curative, rehabilitative and Emergency services	Curative and rehabilitative services	737,935,500	263,535,028.00	413,536,007	-	56.0	-
	Emergency Referral Services	30,252,000	-	40,705,212	-	134.6	-
General Administration and Support Services	General Administration and Support Services	1,737,099,444	55,000,000.00	1,017,783,368	-	58.6	-
Public Health	Reproductive Maternal Neonatal Child Health	78,052,292	77,150,000.00		-	-	-
	Sanitation services	32,672,950	7,900,000.00	2,182,000	-	6.7	-
	Special Programme	12,800,000	7,800,000.00	-	-	-	-
	Health Research	8,186,000	2,000,000.00	-	-	-	-
	Sub-Total	2,636,998,186	413,385,028	1,474,206,587	-	55.9	-
Department: Roads, Transport, Public Works and Housing							

Programme	S u b - P r o - gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
County Roads and Transport management	Construction of County Roads	11,592,000	20,000,000	1,795,263	-	15.5	-
	maintenance and Rehabilitation of county roads	119,802,936	146,800,000	62,814,667	92,592,592.60	52.4	63
	county Transport Services	35,400,000	9,000,000	-	-	-	-
Public Work Services	Public Work Services	5,155,900	190,000,000	1,699,313	-	33.0	-
	Total	171,950,836	365,800,000	66,309,243	92,592,593	38.6	25
Department: Water Services							
Water Services	Water Supplies Overhaul and Maintenance Services	290,185,919	349,000,000	104,635,230	28,554,926.00	36.1	8
	Infrastructure development services	-	113,500,000	-	-		-
	Total	290,185,919	462,500,000	104,635,230	28,554,926	36.1	6
Department: Energy, Environment and Climate Change							
Energy development services	Energy development services	1,624,800	169,200,000	500,000	-	30.8	-
Environmental Conservation Services	Environmental Conservation Services	2,357,600	121,000,000	500,000	-	21.2	-
Natural Resource Management	Natural Resource Management	5,275,800	6,000,000	200,000	-	3.8	-
General Administration and Support Services	General Administration and Support Services	71,768,288		38,008,151	-	53.0	-
	Total	81,026,488	296,200,000	39,208,151	-	48.4	
Department: Public Service, Special Programs and County Administration							
Human Resources Management and decentralised services	Human Resources Management and decentralised services	358,814,480	-	200,386,471	-	55	-
Service Delivery and Performance Management	Service Delivery and Performance Management	6,758,400	-	700,000	-	10.4	-
Decentralised unit and Town admin	Decentralised unit and Town admin	28,708,400	-	2,600,000	-	9.1	-
Special Programs	Disaster Management & Humanitarian Coordination	543,459,800	-	407,234,357	-	74.9	-

Programme	S u b - P r o - gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
	Conflict, Pre- vention, Man- agement and Resolution	24,199,901	-	1,959,000	-	8.1	-
	Intergovern- mental Rela- tions	6,236,624	-	410,000	-	6.6	-
	Public Parti- cipation Services	5,602,000	7000000	250,000	-	4.5	
	Governance and Ethics	9,353,600		1,050,000	-	11.2	
	Total	983,133,205	7,000,000	614,589,828	-	62.5	-
Sports promotion and development	S u b - p r o - g r a m m e : Sports promo- tion and devel- opment	8,184,400	-	1,250,000	-	15.3	-
Programme 2: Early Childhood Education Development Services	S u b - p r o - gramme: Early Childhood Education De- velopment Ser- vices	164,909,950	77,374,000	152,200,000	37,969,863	92.3	49
Programme 3: Culture, Heritage and Library Services	S u b - p r o - gramme: Promo- tion of Culture and Heritage Ser- vices	13,456,600	-	1,550,000	-	11.5	-
Programme 4: Gender and Social Services	S u b - p r o - gramme: Gen- der & Social Services	138,892,700	27,200,000	78,933,863		56.8	-
Programme 5 Vocational Training Services	S u b - p r o - gramme: In- frastructural development	18,685,000	14,470,000	3,900,000		20.9	-
Programme 6: General administration, Planning and Support Services	S u b - p r o - gramme: Plan- ning and Sup- port Services	416,815,245	-	262,852,155	-	63.1	-
	Sub Total	760,943,895	119,044,000	500,686,018	37,969,863	65.8	32
ICT, Trade, Industrialization, Co-op- erative Development							
Programme 1: Trade Services	S u b - p r o - gramme: Busi- ness Support & Investment Services	2,404,140.00	211000000	1,350,000.00	-	56.2	-
Programme 2: Co- operatives Services	S u b - P r o - gramme: Ca- pacity Building Services	3683120	8,600,000	-	-	-	-

Programme	S u b - P r o - gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Programme 3: ICT Infrastructure Services	S u b - p r o - gramme: ICT Infrastructure Improvement & Enhancement Services	9,308,400	9,000,000	1,550,000.00		16.7	-
Programme 4: Industrialisation and Investment Services	S u b - P r o - gramme: Investment and Industry Services	2839080	-	-	-	-	-
Programme 5: General Administration, Planning and Support Services	S u b - p r o - g r a m m e : General administration, Planning and Support Services	164,773,720	-	78,860,163.33	-	47.9	-
	Sub Total	183,008,460	228,600,000	81,760,163	-	44.7	-
Lands and Spatial Planning							
Land Policy and Physical Planning	S u b - p r o - gramme: Urban Physical Planning Services	14,316,800	101,417,588	1,850,000.00	-	12.9	-
	S u b - P r o - g r a m m e : County Survey and Policy Services	4,128,600	-	-	-	-	-
General Administrative and Support Services	S u b - p r o - gramme: General Administrative and Support Services	27,195,339	-	17,371,058.27	-	63.9	-
	Sub-Total	45,640,739.20	101,417,588.00	19,221,058.27		42.1	-
WAJWASCO							
WAJWASCO	S u b - p r o - gramme: WAJWASCO	151,333,546.00	520,000,000.00	80,177,020	300,333,644	53.0	58
	Sub-Total	151,333,546	520,000,000	80,177,020	300,333,644	53.0	58
County Public Service Board							
County Public Service Board Services	S u b - p r o - gramme: Co-ordination and Supervisory	83,812,668	-	40,318,121	-	48.1	-
	Sub-Total	83,812,668	-	40,318,121	-	48.1	
Municipality							
Urban Development Services	S u b - P r o - gramme: Urban Development Services	209,688,284	165,802,480	123,566,455	37,500,000	58.9	23
	Sub-Total	209,688,284.00	165,802,480	123,566,455	37,500,000	58.9	23
Total		7,272,105,910.20	3,109,233,121.88	4,043,051,364.99	569,673,720.67	55.6	18
County Assembly Services	County Assembly Services	853,341,593.00	-	430,212,138	-	50.4	-

Programme	S u b - P r o - gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 31st March 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expen- diture	Development Ex- penditure	Recurrent Expen- diture	Development Ex- penditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Grand Total		8,125,447,503.20	3,109,233,121.88	4,473,263,502.99	569,673,720.67	55.1	18

Source: Wajir County Treasury

Sub-programs with the highest levels of implementation based on absorption rates were: Curative, rehabilitative, and Emergency services in the Department of Health Services at 134.6 per cent of budget allocation. An absorption rate above 100 per cent shows that the county's internal control mechanisms are inadequate as expenditure exceeds the approved budget allocation. This should be corrected before the closure of the financial year.

3.46.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 8th May 2023.
2. The underperformance of own-source revenue at Kshs.34.83 million against an annual projection of Kshs.100 million, representing 34.8 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB contrary to Section 168 of the PFM Act, 2012. The reports for the County Emergency Fund and County Bursary Fund were not submitted to the Controller of the Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.511.56 million were processed through the manual payroll, accounting for 19.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Failure to adhere to Section 107 2(b) of the PFM Act on fiscal responsibility principles requiring the County Government to allocate at least 30 per cent of approved estimates to development expenditure.
6. High pending bills amounting to Kshs.5.38 billion as of 31st March 2023, while cash in the CRF was at Kshs.1.81 million at the end of the first nine months of FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Treasury should observe fiscal responsibility principles in formulating its budget estimates. Expenditure on development activities should meet the minimum threshold in Section 107 2 (b) of the PFM Act, 2012.*

3.47 County Government of West Pokot

3.47.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.66 billion, comprising Kshs.2.46 billion (32.1 per cent) and Kshs.5.20 billion (67.9 per cent) allocation for development and recurrent programmes,

respectively. The approved budget estimate represents a decrease of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.7.67 billion and comprised of Kshs.2.56 billion towards development expenditure and Kshs.5.11 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.30 billion (82.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from own sources of revenue, Kshs.427.91 million as conditional grants (5.6 per cent), and a cash balance of Kshs.769.34 million (10.0 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 3.270: West Pokot County, Revenue Performance in the First Nine Months of FY 2022/23.

3.47.2 Revenue Performance

In the first nine months of FY 2022/23, the County received Kshs.3.62 billion as the equitable share of the revenue raised nationally, raised Kshs.107.17 million as own-source revenue, Kshs.167.89 million as conditional grants, and had a cash balance of Kshs.769.34 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.67 billion, as shown in Table 3.270: West Pokot County, Revenue Performance in the First Nine Months of FY 2022/23

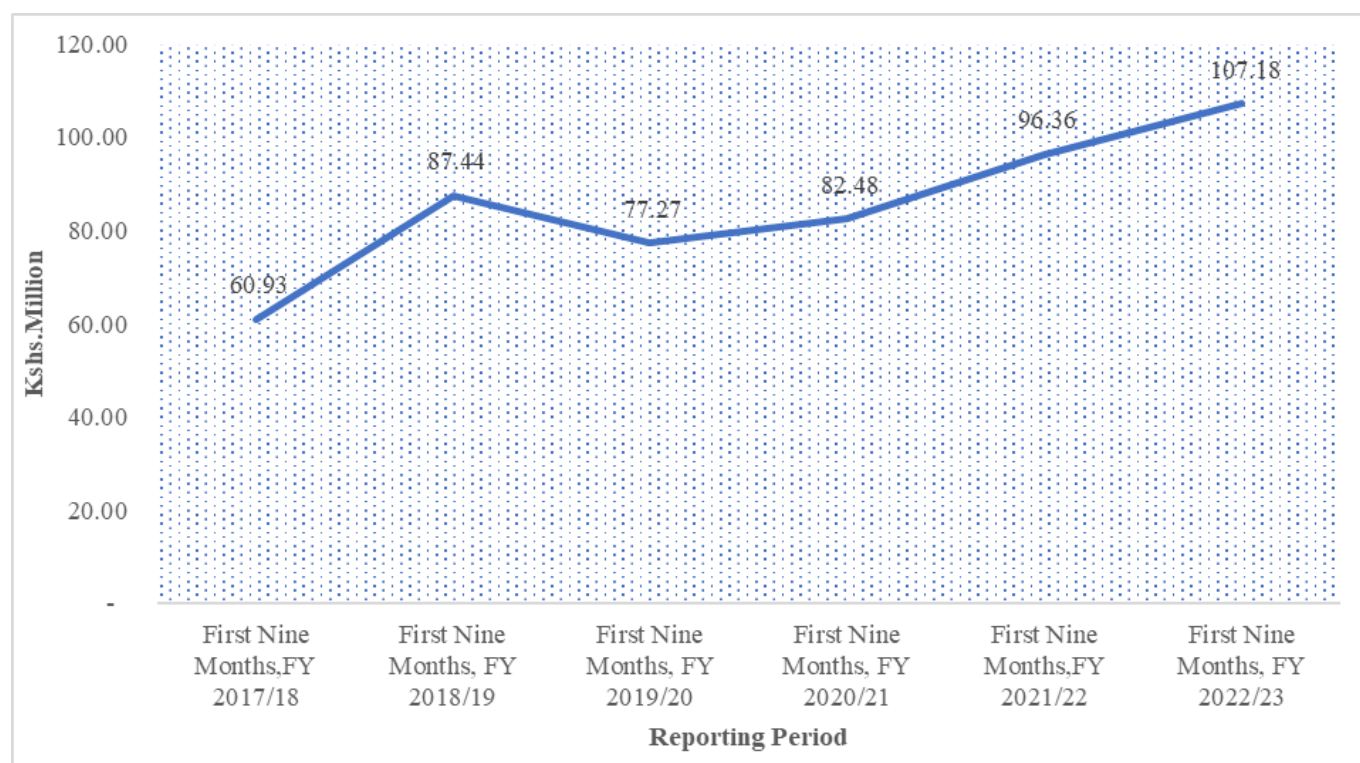
Table 3.270: West Pokot County, Revenue Performance in the First Nine Months of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,297,284,329	3,620,938,490	57.5
	Sub total	6,297,284,329	3,620,938,490	57.5
B	Conditional Grants			
1.	Kenya Climate Smart Agriculture Project	157,974,138	104,519,473	66.2
2.	Agriculture Sector Development Support Programme II	23,293,436	24,578,643	105.5
3.	Danida Grant	10,538,600	-	-
4.	Emergency Locust Response Project	70,759,700	27,795,710	39.3
5.	Locally-Led Climate Action Programme	11,000,000	11,000,000	100.0
6.	EU -IDEAS Grant	32,495,096	-	-
7.	Transforming Health Systems For Universal Care Project	52,000,000	-	-
8.	Kenya Devolution Support grant	67,508,711	-	-
9.	Kenya Urban Support Programme	2,339,914	-	-
	Sub total	427,909,596	167,893,827	39.2
C	Other Sources of Revenue			
10.	Own Source Revenue	170,000,000	107,178,284	63.0
11.	Unspent balance from FY 2021/22	769,343,264	769,343,264	100.0
	Sub Total	939,343,264	876,521,548	93.3
	Grand Total	7,664,537,189	4,665,353,866	60.9

Source: West Pokot County Treasury

shows the trend in own-source revenue collection for the first nine months of the financial year from FY 2016/17 to FY 2022/23.

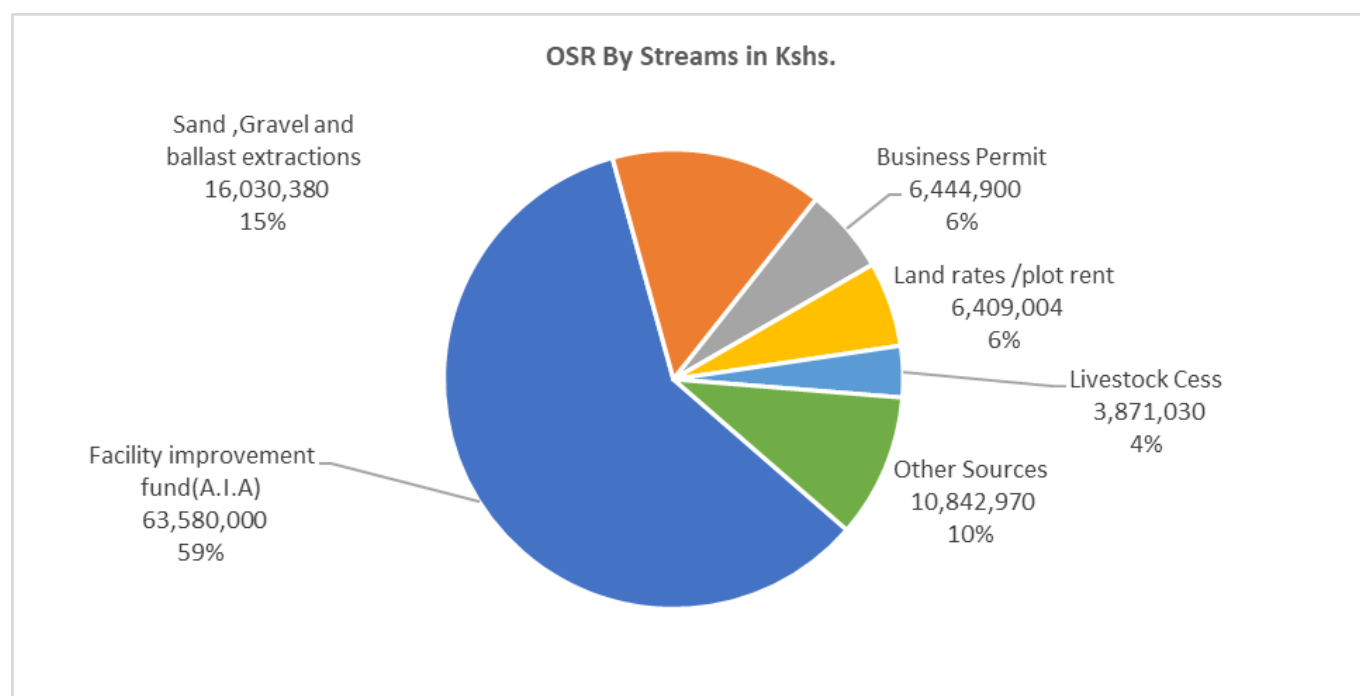
Figure 3.141: Trend in Own-Source Revenue Collection for the First Nine Months of the Financial Years from FY 2016/17 to FY 2022/23



Source: West Pokot County Treasury

In the first nine months of FY 2022/23, the County generated a total of Kshs.107.17 million from its own sources of revenue, which amount represented an increase of 11.2 per cent compared to Kshs.96.36 million realised in a similar period in FY 2021/22. It was 63.0 per cent of the annual target and 3.0 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 3.142: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23.

Figure 3.142: Top Streams of Own Source Revenue in the First Nine Months of FY 2022/23



Source: West Pokot County Treasury

The highest revenue stream of Kshs.63.58 million was from the Facility Improvement Fund (Health Sector), contributing to 59 per cent of the total OSR collected during the reporting period.

3.47.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.96 billion from the CRF account during the reporting period. This amount comprised Kshs.341.54 million (8.6 per cent) for development programmes and Kshs.3.62 billion (91.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first nine months of FY 2022/23 indicates that Kshs.1.91 billion was released towards compensation to employees and Kshs.1.71 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st March 2023 was Kshs.553.54 million.

3.47.4 County Expenditure Review

The County spent Kshs 3.97 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.3 per cent of the total funds released by the CoB and comprised Kshs.354.78 million and Kshs.3.62 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.4 per cent. In contrast, recurrent expenditure represented 69.6 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.263.57 million, which comprised Kshs.124.43 million for recurrent expenditure and Kshs.139.15 million for development activities. The County Treasury did not settle any pending bills during the reporting period.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.73 billion on employee compensation, Kshs.1.40 billion on operations and maintenance, and Kshs.354.78 million on development activities. Similarly, the County Assembly spent Kshs.170.41 million on employee compensation and Kshs.312.92 million on operations and maintenance, as shown in Table 3.271: Summary of Budget and Expenditure by Economic Classification.

Table 3.271: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)			Expenditure (Kshs.)			Absorption (%)		
	County Executive	County Assembly	County Executive	County Executive	County Assembly	County Executive	County Assembly		
Total Recurrent Expenditure	4,422,821,918	777,687,286	3,133,785,218	483,324,102	70.9	62.1			
Compensation to Employees	2,571,326,482	264,327,315	1,733,810,103	170,406,923	67.4	64.5			
Operations and Maintenance	1,851,495,436	513,359,971	1,399,975,115	312,917,179	75.6	61.0			
Development Expenditure	2,364,027,985	100,000,000	354,775,395	-	15.0	0.0			
Total	6,786,849,903	877,687,286	3,488,560,612	483,324,102	51.4	55.1			

Source: West Pokot County Treasury

3.47.7 Expenditure on Employees' Compensation

Employee compensation expenditure was Kshs.1.90 billion during the reporting period, or 40.8 per cent of the revenue for the first nine months of FY 2022/23 of Kshs.4.67 billion. This expenditure represented a decrease from Kshs.2.09 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.876.75 million paid to health sector employees, translating to 46.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.81 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.94.54 million was processed through manual payrolls. The manual payrolls accounted for 5.0 per cent of the total PE cost. They were attributed to delays in the allocation

of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.33 million on committee sitting allowances for the 31 MCAs and the Speaker against the annual budget allocation of Kshs.17.71 million. The average monthly sitting allowance was Kshs.25,441 per MCA. The County Assembly has established 27 Committees.

3.47.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows County Governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.571.28 million to county-established funds in FY 2022/23, constituting 7.4 per cent of the County's overall budget. Table 3.272: Performance of County Established Funds as of 31st March 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.272: Performance of County Established Funds as of 31st March 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Nine Months of FY 2022/23 (Kshs.)	Actual Expenditure for the First Months of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st March 2023 (Yes/No.)
County Executive Established Funds					
1.	County Bursary Fund	410,500,000	410,500,000	410,500,000	Yes
2.	County car loan & mortgage fund	80,000,000	80,000,000	103,858,110	
3.	County Cooperative Development Fund	-	-	-	No
County Assembly Established Funds					
4.	County Assembly members' car loan & mortgage fund	140,784,000	70,000,000	-	Yes
5.	County Assembly staff car loan & mortgage fund.	20,000,000	15,000,000	-	Yes
	Total	571,284,000	495,500,000	514,358,110	

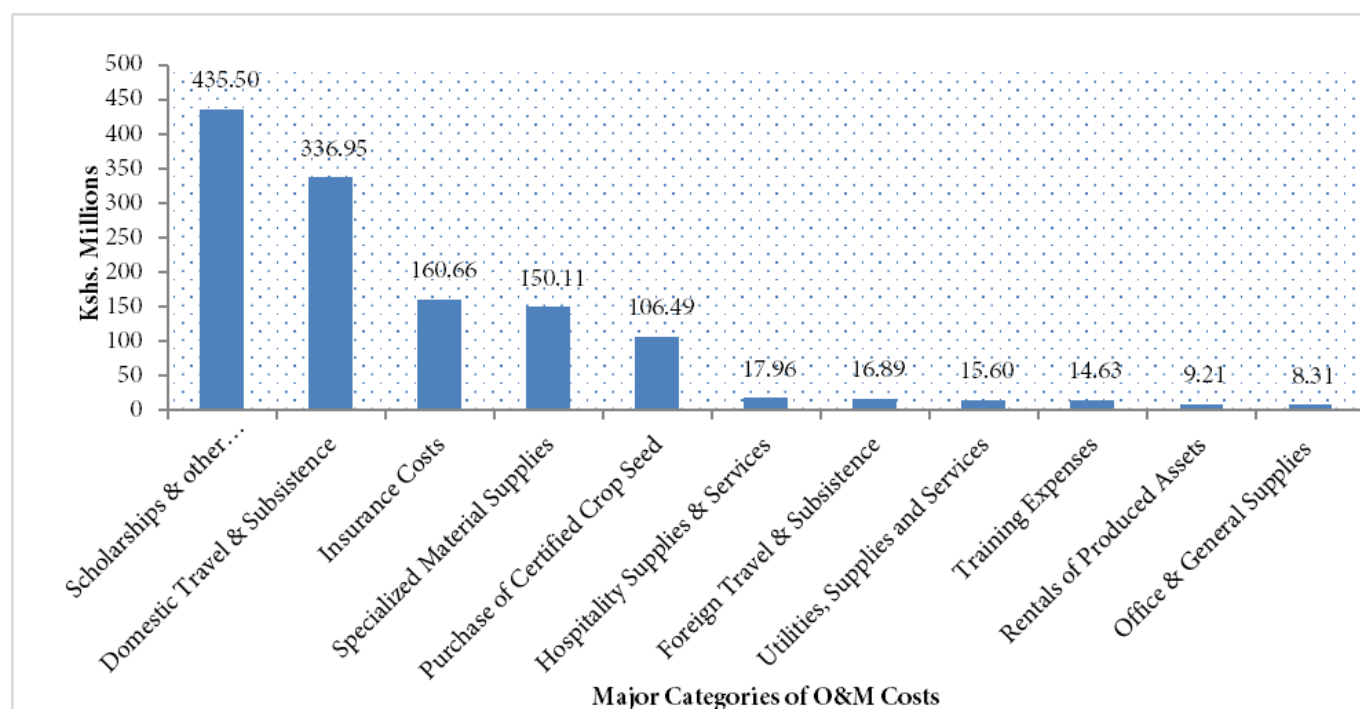
Source: West Pokot County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrator of the County Cooperative Development Fund, as indicated in Table 3.272: Performance of County Established Funds as of 31st March 2023, which is contrary to the requirement of Section 168 of the PFM Act, 2012.

3.47.9 Expenditure on Operations and Maintenance

Figure 3.143: West Pokot County, Operations and Maintenance Expenditure by Major Categories shows a summary of operations and maintenance expenditure by major categories.

Figure 3.143: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

During the period, expenditure on domestic travel amounted to Kshs.336.95 million and comprised of Kshs.101.30 million spent by the County Assembly and Kshs.235.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.89 million and comprised of Kshs.13.75 million by the County Assembly and Kshs.3.14 million by the County Executive.

3.47.10 Development Expenditure

In the first nine months of FY 2022/23, the County incurred Kshs.354.78 million on development programmes, representing a decrease of 2.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.363.37 million. Table 3.273: West Pokot County, List of Development Projects with the Highest Expenditure summarises development projects with the highest expenditure in the reporting period.

Table 3.273: West Pokot County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Finance Economic Planning	Completion of MRI unit	Kapenguria	56,267,279	23,234,031	57
2	Agriculture and Irrigation	Construction of Kikin irrigation scheme in Sook Ward	Sook	46,623,108	22,691,080	70
3	Agriculture and Irrigation	Construction of Chepsepin Hay store, hay office, farm establishment and hay farm fencing	Alale	18,583,188	14,290,991	100
4	Agriculture and Irrigation	Construction of river bank protection works at Kanyangareng – Ngotut Bridge in Alale	Kapchok	24,895,830	13,506,454	95
5	Agriculture and Irrigation	Construction of Chepsepin community water pan	Alale	15,932,858	13,096,369	100
6	Agriculture and Irrigation	Construction of Chepkoti irrigation scheme in Siyoi Ward	Siyoi	26,279,506	10,156,410	55

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
7	Roads, Public Works, Transport and Infrastructure	Maintenance of Embogh-Krich road in Endough ward	Endough	8,000,000	4,794,000	100
8	Roads, Public Works, Transport and Infrastructure	Maintenance of kacheliba kanyerus road in suam ward	Suam	7,000,000	4,198,200	100
9	Roads, Public Works, Transport and Infrastructure	Opening of Kokwotendwo - Nyarpat road in weiwei	Weiwei	7,000,000	4,194,750	100
10	Roads, Public Works, Transport and Infrastructure	Maintenance of Akiriamet Amole Road in Masol	Masol	7,000,000	4,193,250	100

Source: West Pokot County Treasury

3.47.11 Budget Performance by Department

Table 3.274: West Pokot County, Budget Allocation and Absorption Rate by Department summarises departments' approved budget allocation, expenditure and absorption rate in the first nine months of FY 2022/23.

Table 3.274: West Pokot County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	446.86	152.50	289.96	37.05	289.96	37.05	100.00	100.00	64.89	24.30
Finance and Economic Planning	334.86	220.77	236.65	-	236.65	13.23	100.00	-	70.67	5.99
Roads, Public Works, Transport and Infrastructure	97.76	553.86	43.99	64.32	43.99	64.32	100.00	100.00	45.00	11.61
Health, Sanitation and Emergencies	1,685.83	276.72	1,125.56	24.90	1,123.56	24.90	99.82	100.00	66.65	9.00
Education and Technical training	858.12	235.90	794.95	-	793.99	-	99.88	-	92.53	-
Agriculture and Irrigation	97.17	334.87	72.30	163.52	72.30	163.52	100.00	100.00	74.40	48.83
Pastoral Economy	106.50	123.29	59.21	47.35	59.21	47.35	100.00	100.00	55.60	38.41
Trade, Industrialization, Investment & Cooperatives	91.99	59.98	49.93	1.91	49.93	1.91	100.00	100.00	54.28	3.18
Land, Housing, Physical Planning and Urban Dev	111.98	32.05	49.85	-	49.85	-	100.00	-	44.52	-
Water, Environment and Natural Resources	87.29	298.78	57.18	2.50	57.18	2.50	100.00	100.00	65.51	0.84
Tourism, Youth, Sports, Gender and Social Services	79.29	70.32	40.76	-	40.76	-	100.00	-	51.41	-
County Public Service, ICT & Decentralized Units	339.91	5.00	289.24	-	289.24	-	100.00	-	85.09	-
Intergovernmental, Special programmes and Directorates	85.28	-	27.15	-	27.15	-	100.00	-	31.84	-

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	777.69	100.00	483.32	-	483.32	-	100.00	-	62.15	-
Total	5,200.51	2,464.03	3,620.07	341.54	3,617.11	354.78	99.92	103.87	69.55	14.40

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 48.8 per cent, followed by the Department of Pastoral Economy at 38.4 per cent. The Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 92.5 per cent. In contrast, the Department of Intergovernmental, Special Programmes and Directorates had the lowest at 31.8 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 3.275: West Pokot County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first nine months of FY 2022/23.

Table 3.275: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates	Estimates	Actual Expenditure as of 31st March 2022	Variance (Kshs.)	Absorption Rate (%)
Programme 1-COUNTY EXECUTIVE						
	SP 1 - (General Administration, planning and Support Services)	515,743,710.00		285,195,729.55	230,547,980.45	55.30
	SP 2 -(County Public service Board	18,597,120.00		7,261,093.75	11,336,026.25	39.04
	SP 3 -(County Executive affairs)	50,537,415.00		23,212,653.30	27,324,761.70	45.93
	SP 4-(Liasion and Intergovernmental service)	14,482,615.00		11,344,074.70	3,138,540.30	78.33
TOTAL		599,360,860.00		327,013,551.30	272,347,308.70	54.56
Programme 2 - FINANCE &ECONOMIC PLANNING						
	SP 1(General Administration, planning and Support Services	445,217,574.00		186,486,459.50	258,731,114.50	41.89
	SP 2-(Treasury Accounting Services)	6,759,823.00		5,301,400.00	1,458,423.00	78.43
	SP 3-(Supply Chain Management services)	8,368,000.00		3,588,800.00	4,779,200.00	42.89
	SP 4-(Resource Mobilization)	11,860,000.00		7,816,810.00	4,043,190.00	65.91
	SP 5-(Internal Audit services)	6,043,600.00		3,656,050.00	2,387,550.00	60.49
	SP 6-(Budget Formulation services)	15,446,000.00		8,723,450.00	6,722,550.00	56.48
	SP 7-(Economic Planning)	29,321,264.00		10,523,905.00	18,797,359.00	35.89
	SP 8-(Monitoring and Evaluation)	32,609,470.00		23,782,800.00	8,826,670.00	72.93
TOTAL		555,625,731.00		249,879,674.50	305,746,056.50	44.97
Programme 3 - ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE						
	SP 1(General Administration, planning and Support Services	86,090,881.00		41,560,272.15	44,530,608.85	48.27
	SP 2(Road Transport)	309,267,192.00		53,600,430.55	255,666,761.45	17.33
	SP 3(CONSTRUCTION OF BRIDGES)	73,991,030.00		1,491,700.00	72,499,330.00	2.02
	SP 5-(Ward Specific Projects)	182,264,657.00		11,659,776.00	170,604,881.00	6.40
TOTAL		651,613,760.00		108,312,178.70	543,301,581.30	16.62
Programme 4 - HEALTH AND SANITATION						

Programme	Sub-Programme	Approved Esti- mates	Actual Expen- diture as of 31st March 2022	Variance (Kshs.)	Absorption Rate (%)
	SP 1(General Administration, plan- ning and Support Services	1,352,117,257.00	903,104,964.40	449,012,292.60	66.79
	SP 2-(Preventive Health Services)	86,420,000.00	49,162,290.90	37,257,709.10	56.89
	SP 3-(Curative Health Services)	287,356,300.00	98,948,979.40	188,407,320.60	34.43
	SP 4-(Kacheliba Sub-county hospital)	13,940,000.00	7,406,593.95	6,533,406.05	53.13
	SP 5-(Sigor Sub county hospital)	13,860,000.00	7,292,946.30	6,567,053.70	52.62
	SP 6-(Chepareria Sub-county hospi- tal)	13,860,000.00	4,177,093.00	9,682,907.00	30.14
	SP 7(Facility Improvement Fund)	80,700,000.00	36,768,286.00	43,931,714.00	45.56
	SP 8(Ward Specific)	114,290,716.00	41,600,000.00	72,690,716.00	36.40
TOTAL		1,962,544,273.00	1,148,461,153.95	814,083,119.05	58.52
Programme 5 - EDUCATION AND TECHNICAL TRAINING					
	SP 1(General Administration, plan- ning and Support Services	446,928,078.00	221,906,075.40	225,022,002.60	49.65
	SP 2 -(ECD Services)	39,459,648.00	1,736,840.00	37,722,808.00	4.40
	SP 3-(Youth Vocational training)	34,305,408.00	33,147,000.00	1,158,408.00	96.62
	SP 4-(Bursary Fund)	440,500,000.00	440,500,000.00	-	100
	SP 5 - (Ward specific)	132,829,199.00	96,700,000.00	36,129,199.00	72.80
TOTAL		1,094,022,333.00	793,989,915.40	300,032,417.60	72.58
Programme 6 - AGRICULTURE AND IRRIGATION					
	SP 1 - (General Administration, plan- ning and Support Services)	90,886,450.00	68,468,252.10	22,418,197.90	75.33
	SP 2-(Crop Development and Man- agement)	310,414,320.00	166,682,584.00	143,731,736.00	53.70
	SP 3-(Cash Crop Production(Special Programs)	3,142,000.00	663,600.00	2,478,400.00	21.12
	SP 4 -(Ward specific)	27,597,973.00	-	27,597,973.00	-
TOTAL		432,040,743.00	235,814,436.10	196,226,306.90	54.58
Programme 7 - PASTORAL ECONOMY					
	SP 1 - (General Administration, plan- ning and Support Services)	87,088,053.00	50,374,595.80	36,713,457.20	57.84
	SP 2 - (Livestock production and Range Management)	74,812,438.00	51,495,490.20	23,316,947.80	68.83
	SP 3-(Livestock Disease manage- ment)	6,718,400.00	1,433,000.00	5,285,400.00	21.33
	SP 4-(Fisheries Development)	2,434,400.00	1,956,400.00	478,000.00	80.36
	SP 5-(Nasukuta Livestock Improve- ment Center)	1,528,000.00	-	1,528,000.00	-
	SP 6 -(Ward specific)	53,362,571.00	-	53,362,571.00	-
	SP 7 -(Dairy Development(Special Programmes)	3,842,000.00	1,300,000.00	2,542,000.00	33.84
TOTAL		229,785,862.00	106,559,486.00	123,226,376.00	46.37
Programme 8 - TRADE, INDUSTRIALISATION, INVESTMENT & COOP- ERATIVES DEVELOPMENT					
	SP 1 - (General Administration, Plan- ning and Support Services)	82,237,137.00	46,067,369.60	36,169,767.40	56.02
	SP 2-(Cooperative Development)	48,192,787.00	4,277,572.45	43,915,214.55	8.88
	SP 3 - (Trade, License and Market De- velopment)	6,360,000.00	1,497,300.00	4,862,700.00	23.54
	SP 4-(Ward specific)	15,180,824.00	-	15,180,824.00	-

Programme	Sub-Programme	Approved Estimates	Estimated Expenditure as of 31st March 2022	Variance (Kshs.)	Absorption Rate (%)
TOTAL		151,970,748.00	51,842,242.05	100,128,505.95	34.11
Programme 9 - LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
	SP 1 - (General Administration, planning and Support Services)	68,801,322.00	36,756,590.25	32,044,731.75	53.42
	SP 2 - (Land Policy and Physical Planning)	2,528,800.00	970,200.00	1,558,600.00	38.37
	SP 3 - (Housing Development)	1,612,000.00	1,169,050.00	442,950.00	72.52
	SP 4 - (Urban Development)	23,949,959.00	1779800	22,170,159.00	7.43
	SP 5 - (Kapenguria Municipality)	38,342,525.00	9,171,003.25	29,171,521.75	23.92
	SP 6 - (Ward specific)	8,790,728.00	-	8,790,728.00	-
TOTAL		144,025,334.00	49,846,643.50	94,178,690.50	34.61
Programme 10 - WATER, ENVIRONMENT AND NATURAL RESOURCES					
	SP 1 - (General Administration, Planning and Support Services)	70,503,713.00	35,879,637.40	34,624,075.60	50.89
	SP 2 - (Water Supply Services)	116,099,707.00	10,840,367.00	105,259,340.00	9.34
	SP 3 - (Environment & Natural Resource Development)	31,181,280.00	12,261,470.00	18,919,810.00	39.32
	SP 4 - (Ward Specific)	168,285,083.00	699,930.00	167,585,153.00	0.42
TOTAL		386,069,783.00	59,681,404.40	326,388,378.60	15.46
Programme 11 - YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.					
	SP 1 - (General Administration, Planning and Support Services)	51,503,500.00	25,859,410.30	25,644,089.70	50.21
	SP 2 - (Tourism Development)	3,478,413.00	551,400.00	2,927,013.00	15.85
	SP 3 - (Gender, Youths and sports Development)	50,803,279.00	13,479,300.00	37,323,979.00	26.53
	SP 4 - (Culture and Social Development)	1,939,718.00	874,500.00	1,065,218.00	45.08
	SP 5 - (Ward Specific)	41,878,198.00	-	41,878,198.00	-
TOTAL		149,603,108.00	40,764,610.30	108,838,497.70	27.25
Programme 12 - COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS					
	SP 1 - (General Administration, Planning and Support Services)	233,433,139.00	196,364,284.00	37,068,855.00	84.12
	SP 2 - (Human Resource)	1,944,000.00	1,487,932.70	456,067.30	76.54
	SP 3 - (Legal Services)	9,362,000.00	1,053,200.00	8,308,800.00	11.25
	SP 4 - (Records Management)	1,144,000.00	868,951.90	275,048.10	75.96
	SP 5 - (Communication Services)	1,140,000.00	764,261.55	375,738.45	67.04
	SP 6 - (ICT Infrastructure Connectivity)	2,716,422.00	849,250.00	1,867,172.00	31.26
	SP 7 - (Field Administration)	15,167,680.00	7,853,996.70	7,313,683.30	51.78
	SP 8 - (Mortgage)	80,000,000.00	80,000,000.00	-	100.00
TOTAL		344,907,241.00	289,241,876.85	55,665,364.15	83.86
Programme 13 - SPECIAL PROGRAMMES AND DIRECTORATES					
	SP 1 - (General Administration, Planning and Support Services)	14,134,126.00	8,121,599.40	6,012,526.60	57.46
	SP 2 - (Dairy Development)	-	-	-	-

Programme	Sub-Programme	Approved Esti- mates	Actual Expen- diture as of 31st March 2022	Variance (Kshs.)	Absorption Rate (%)
	SP 3-(Cash crop production)	-	-	-	-
	SP 4-(Investment and Cooperative development)	--	-	-	-
	SP 5 - (Emergency and disaster response)	45,050,000.00	3,456,500.00	41,593,500.00	7.67
	SP 6 -(Peace building and reconciliation)	11,426,000.00	7,330,300.00	4,095,700.00	64.15
	SP 7- (Resource mobilisation and Co-ordination)	4,030,000.00	1,969,900.00	2,060,100.00	48.88
	SP 8(Gender and special needs)	10,640,000.00	6,275,140.00	4,364,860.00	58.98
TOTAL		85,280,126.00	27,153,439.40	58,126,686.60	31.84
Programme 14 -COUNTY ASSEMBLY					
	SP 1 - (General Administration, planning and Support Services)	514,324,858.00	283,241,182.00	231,083,676.00	55.07
	SP 2 -(Legislation and Representation)	312,346,628.00	170,182,276.00	142,164,352.00	54.49
	SP 3-(Staff Affairs and development)	51,015,800.00	29,900,644.00	21,115,156.00	58.61
TOTAL		877,687,286.00	483,324,102.00	394,363,184.00	55.07
GRAND TOTAL		7,664,537,188.00	3,971,884,714.45	3,692,652,473.55	51.82

Source: West Pokot County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Bursary Fund in the Department of Education and Technical Training at 100.0 per cent, Mortgage in the Department of County Public Service, ICT and Decentralised Units at 100.0 per cent, Youth Vocational training in the Department of Education and Technical Training at 96.62 per cent, and General Administration, planning and Support Services at 84.12 per cent of budget allocation.

3.47.13 Key Observations and Recommendations.

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The reports were received on 5th May 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The County Cooperative Development Fund report was not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.263.57 million as of 31st March 2023. This is despite the availability of cash in the CRF account which stood at Kshs.553.54 million at the end of the first nine months of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.94.54 million were processed through the manual payroll, accounting for 5.0 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid promptly in the remaining financial year period.

4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights issues that adversely affected budget implementation and reporting in the first nine months of FY 2022/23 and includes appropriate recommendations to address the challenges. The cross-cutting challenges included:

4.2 Delay by the National Treasury to Disburse the Equitable Share of Revenue

County Governments were allocated Kshs.370 billion as equitable share of revenue raised nationally to finance their budgets in FY 2022/23. This allocation is contained in the County Allocation of Revenue Act, 2022, while the Disbursement Schedule provides for monthly transfers to County Governments by the National Treasury. As of 31st March 2023, the National Treasury had disbursed Kshs.183.15 billion as equitable share for FY 2022/23 and Kshs.29.6 billion, which was arrears of the equitable share from the previous financial year.

The amount disbursed by the National Treasury of Kshs.183.15 billion represented 49.5 per cent of the FY 2022/23 equitable share of Kshs.370 billion. At the end of the first nine months, Counties had not received their January, February and March 2023 allocations, amounting to Kshs.92.50 billion.

Failure by the National Treasury to adhere to the approved Disbursement Schedule of funds to County Governments adversely affected budget implementation, as shown by low expenditure on development activities, which was Kshs.29.32 billion compared to the budget allocation of Kshs.169.92 billion.

The National Treasury should ensure compliance with the approved Disbursement Schedule of funds to County Governments to ensure effective budget implementation.

4.3 Under-Performance of Own-Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, County Governments generated a total of Kshs.28.77 billion from own source revenue (OSR), which was 46.6 per cent of the annual target of Kshs.62.10 billion. Twenty-two Counties recorded below 50 per cent performance, namely; -Kwale, Embu, Kisumu, Kakamega, Taita-Taveta, Tharaka-Nithi, Busia, Nairobi City, Garissa, Tana River, Nandi, Mandera, Wajir, Makueni, Homa Bay, Kisii, Kajiado, Nakuru, Murang'a, Kericho, Vihiga, and Nyamira.

The underperformance of own-source revenue collection implies that the Counties could not implement some planned activities due to budget deficits. The Controller of Budget advises County Governments to enhance revenue collection strategies to realise the OSR targets and fully implement the approved programmes.

4.4 Low Expenditure on Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty per cent of the County Government's budget shall be spent on development expenditure.

During the reporting period, County Governments spent a total of Kshs.29.73 billion on development activities, representing 12.4 per cent of the total expenditure, and an absorption rate of 17.5 per cent of the annual development budget. Analysis of development expenditure as a proportion of approved annual development budget shows that eleven Counties reported absorption rates on development budget below 10 per cent. These were; Kisii, Embu, Migori, Makueni, Kilifi, Trans Nzoia, Meru, Vihiga, Kericho, Machakos, and Tana River.

The Controller of Budget recommends that Counties prioritise implementing development programmes to improve their citizens' living standards.

4.5 High Level of Pending Bills

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 states that “debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations”. Further, Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalised and signed contracts are budgeted before an accounting officer of the County government entity considers new projects.

As of 31st March 2023, County Governments reported outstanding pending bills of Kshs.159.73 billion. The Nairobi City County reported the highest level of pending bills at Kshs.102.81 billion. Other Counties with high level of pending bills are Wajir at Kshs.5.38 billion, Kiambu at Kshs.5.33 billion, and Mombasa at Kshs.4.91 billion. In the same period, the County government of Elgeyo Marakwet reported clearing all the outstanding pending bills.

The Controller of Budget advises County Governments to settle the eligible pending bills as a first charge on the budget in line with the law.

4.6 Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget

Section 168 of the PFM Act, 2012, requires Fund Administrators to prepare and submit quarterly financial statements for each Fund. The quarterly financial statements should be submitted to the County Treasury with a copy to the Controller of Budget fifteen days after the end of each quarter. During the reporting period, it was observed that several Fund Administrators did not submit the quarterly financial statements to the Controller of Budget within the legal timeline.

As shown in Chapter Three of this report, Fund Administrators in most Counties, failed to furnish the OCoB with quarterly reports on financial and non-financial information contrary to the requirement of Section 168 of the PFM Act, 2012. The Controller of Budget advises the County Executive Committee Members responsible for Finance to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the PFM Act, 2012.

5 CONCLUSION

The County Budget Implementation Review Report is prepared and publicized in fulfilment of Article 228 (6) of the Constitution, which requires the CoB to submit to each House of Parliament a report on the implementation of the budgets of the national and County Governments every four months.

The report provides an overview of the budget implementation status during the first nine months of FY 2022/23, analyses the revenue outturn and expenditure against annual targets, and identifies the County Governments' critical challenges during the review period.

In the reporting period, own source revenue collection in the Counties amounted to Kshs.28.94 billion and translated to 46.6 per cent of the annual target of Kshs.62.10 billion. This performance was an improvement compared to Kshs.27.09 billion generated in a similar in the previous financial year. While the progress is noted, it remains below the expected target of 75 per cent for the reporting period. The equitable share of revenue raised nationally and transferred to the County Governments was Kshs.183.15 billion, representing 49.5 per cent of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2022. The National Government transferred Kshs.7.66 billion as a conditional grant to County Governments, while the cash balance from FY 2022/23 was Kshs.36.72 billion. Overall, the County Governments had a total of Kshs.256.47 billion available for spending in the first nine months of FY 2022/23.

The combined County Governments expenditure amounted to Kshs.239.67 billion, representing an absorption rate of 46.7 per cent of the total annual aggregated County Government budgets. Recurrent expenditure was Kshs.209.95 billion, representing 61.1 per cent of the annual recurrent budget. Development expenditure amounted to Kshs.29.73 billion, representing an absorption rate of 17.5 per cent.

The key challenges that adversely affected budget implementation during the reporting period were; the underperformance of own source revenue collection, delay by the National Treasury to Disburse the Equitable Share of Revenue, and low expenditure on development programmes. The report provides appropriate recommendations to address the identified challenges. We recommend that the County Executive and Assembly implement these recommendations to enhance effective budget execution and achieve the desired budget goals.

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

Report corruption

corruption-reporting@cob.go.ke

Toll free number 0800720141

