



THE REPUBLIC OF KENYA

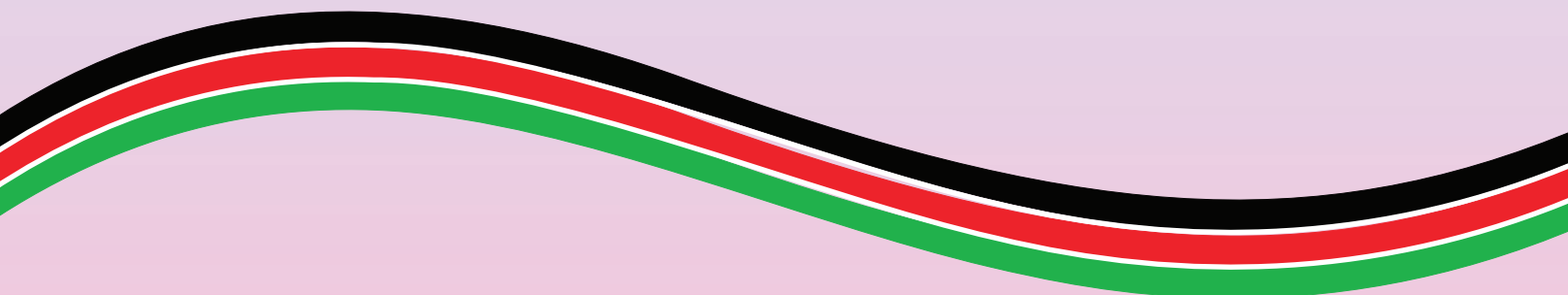
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE
FIRST NINE MONTHS OF
FY 2019/20**

MAY, 2020





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PREFACE

It is with great pleasure that I present to you the County Budget Implementation Review Report (CBIRR) for the first nine months of the financial year (FY) 2019/20. This report has been prepared in accordance with Article 228 (6) of the Constitution, which requires the Office of the Controller of Budget (OCOB) to submit to Parliament a report on the implementation of the budgets of the national and county governments every four months.

This quarterly report presents budget performance of the 47 County Governments for the period, July 2019 to March 2020. Information presented in this report was generated from statutory financial reports and statements submitted to the OCOB by County Treasuries and data from the Integrated Financial Management System (IFMIS). The information includes; revenue performance, expenditure outturn for both development and recurrent activities, and data on exchequer issues processed during the reporting period. The report identifies key challenges that affected effective budget implementation during the period under review and contains appropriate recommendations to address the challenges.

Through this quarterly CBIRR the OCOB aims at promoting prudent use of public resources by disseminating information on budget implementation to the general public in line with Section 39 (8) of the Public Finance Management (PFM) Act, 2012. I therefore urge the public to take an active interest in budget formulation, implementation, and, monitoring of implemented activities in order to contribute towards ensuring that public funds are used prudently and that, the government delivers on its objectives and promises to the citizenry.

I acknowledge the contributions from the staff of the OCOB and Counties for their support in preparing this report.



Dr. Margaret Nyakang'o
CONTROLLER OF BUDGET

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ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations -in-Aid
ASDSP	Agriculture Sector Development Support Programme
CA	County Assembly
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CFSP	County Fiscal Strategy Paper
CECM-F	County Executive Committee Member for Finance
CIDP	County Integrated Development Plan
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
EU	European Union
ECDE	Early Childhood Development Education
F.I.F	Facility Improvement Fund
FY	Financial Year
IB	Internet Banking
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and Support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KASP	Kenya Agricultural Support Programme
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
KRB	Kenya Roads Board
Kshs	Kenya Shillings
KUSP	Kenya Urban Support Project
LPG	Liquefied Petroleum Gas
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SRC	Salaries and Remuneration Commission
THSUC	Transforming Health Systems for Universal Health Care
UIG	Urban Institutional Grants
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared in fulfilment of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It covers the period from July, 2019 to March, 2020 and highlights the status of budget implementation by each of the 47 County Governments.

The approved aggregate budget estimates for the 47 County governments in FY 2019/20 was Kshs.498.95 billion and comprised of Kshs.198.85 billion (39.9 per cent) allocated to development expenditure and Kshs.300.01 billion (60.1 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 budget must be allocated for development programs.

In order to finance the budgets, county governments expect to receive Kshs.316.5 billion as equitable share of revenue raised nationally, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.57.82 billion from own revenue sources, and utilize Kshs.51.33 billion cash balance from FY 2018/19. The total funds available to the County Governments in the first nine months of the FY 2019/20 amounted to Kshs.286.7 billion. This amount consisted of Kshs.196.23 billion as equitable share of revenue raised nationally, Kshs.11.10 billion as conditional grants disbursed by the National Treasury, Kshs.51.33 billion cash balance from FY 2018/19, and Kshs.28.04 billion raised from own sources.

During the reporting period, county governments generated a total of Kshs.28.04 billion from own source revenue, which was 48.5 per cent of the annual target of Kshs.57.82 billion. This was a slight decrease compared to Kshs.28.92 billion generated in a similar period of FY 2018/19. Analysis of own source revenue as a proportion of the annual revenue target indicates that Tana River, Samburu, and Uasin Gishu achieved the highest proportions at 96.1 per cent, 76.8 per cent, and 73.4 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were Trans Nzoia at 30.2 per cent, Kajiado at 29.6 per cent, and Nandi at 27.9 per cent.

In the first nine months of the FY 2019/20, the Controller of Budget authorised withdrawals of Kshs.252.10 billion from the County Revenue Funds to County Operational Accounts of the County Governments for budget execution. The total expenditure by County governments in the first nine months FY 2019/20 was Kshs.241.6 billion and represented an absorption rate of 49.3 per cent of the total annual County Government's Budgets. The absorption rate was an improvement from 48.4 per cent attained in the first nine months of FY 2018/19 where total expenditure was Kshs.230.47 billion. Recurrent expenditure was Kshs.191.82 billion while development expenditure amounted to Kshs.49.78 billion. Budget implementation during the reporting period shows a slight improvement in the absorption of development budget from 24.4 per cent in a similar in the previous financial year to 25 per cent. However, there was a decline in the percentage of recurrent expenditure to recurrent budget from 64.5 per cent recorded in the first nine months of FY 2018/19 to 63.9 per cent in the reporting period. A review of cumulative expenditure by economic classification showed that Kshs.126.28 billion (52.3 per cent) was spent on personnel emoluments, Kshs.65.34 billion (27.1 per cent) on operations and maintenance, and Kshs.49.78 billion (20.6 per cent) on development expenditure.

Counties that reported the highest absorption of development expenditure were; Murang'a at 60.2 per cent, Tana River at 45.6 per cent, and Marsabit at 43.5 per cent. Nairobi City County, Samburu County and Nyandarua County had the lowest absorption of development budget at 11.1 per cent, 6 per cent, and 4.1 per cent respectively.

County Assemblies reported an increase in expenditure on MCAs sitting allowance from Kshs.1.55 billion in a similar period of FY 2018/19 to Kshs.1.62 billion. The OCOB noted that Homa Bay and Tana River County Assemblies reported higher average monthly expenditure on sitting allowances to MCAs than the Salaries and Remuneration Commission (SRC) recommended monthly ceiling of Kshs.124,800.

During the reporting period, the OCOB identified challenges that continued to hinder effective budget execution. They included; high expenditure on Personnel Emoluments, Under-performance of own source revenue collection which was 48.5 per cent of annual target, low expenditure on the development budget, which was 25 per cent of the annual development budget, failure to report on programme achievements by County Governments, and economic impact of the COVID-19 disease.

To address these challenges, OCOB recommends that the Counties should ensure expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015, develop and implement alternative measures to ensure the budget is fully financed and County Treasury to restrict expenditure on non-core activities while monitoring the effects of the COVID-19 pandemic on the economy. In order to address the low expenditure of development budget, Counties should develop and implement strategies of enhancing expenditure on development activities in line with Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012. County Treasury should develop capacity to ensure

that, the reports submitted to the Controller of Budget contain sufficient financial and non-financial information on achievements of programmes and projects as set out in the Programme Based Budget framework in order to promote transparency and accountability in use of public funds.

FY 2019/20 COUNTY GOVERNMENTS' APPROVED BUDGET ESTIMATES

**Development Expenditure
Estimates**

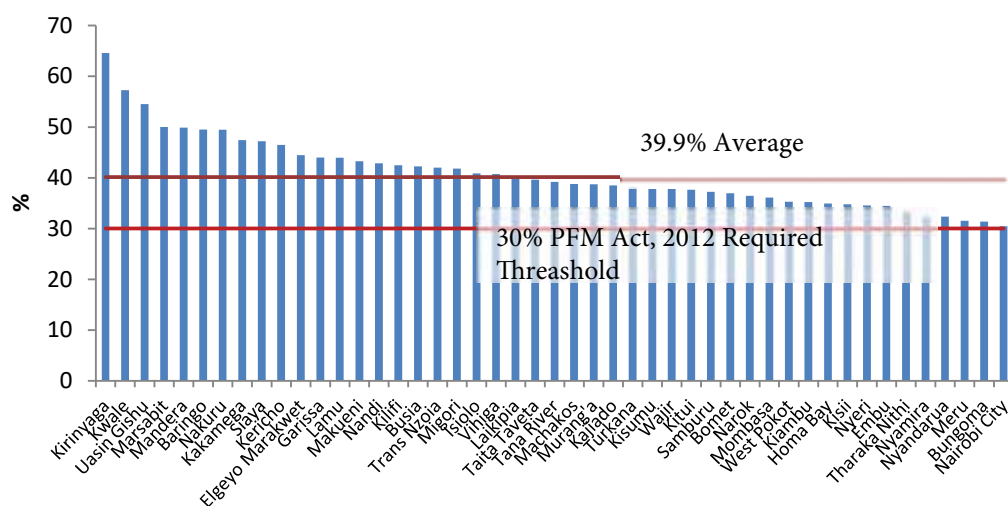
**Kshs.198.85
billion**

**Total Budget
Kshs.498.95
billion**

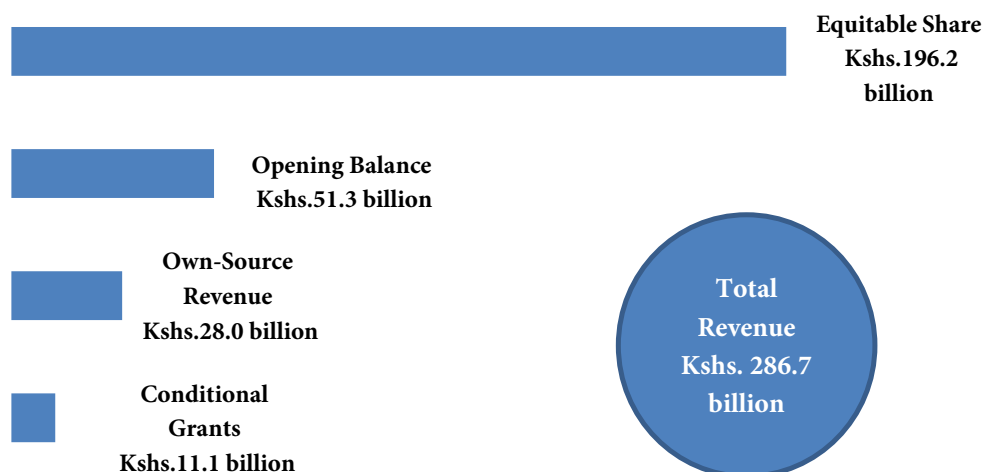
**Recurrent Expenditure
Estimates**

**Kshs.300.10
billion**

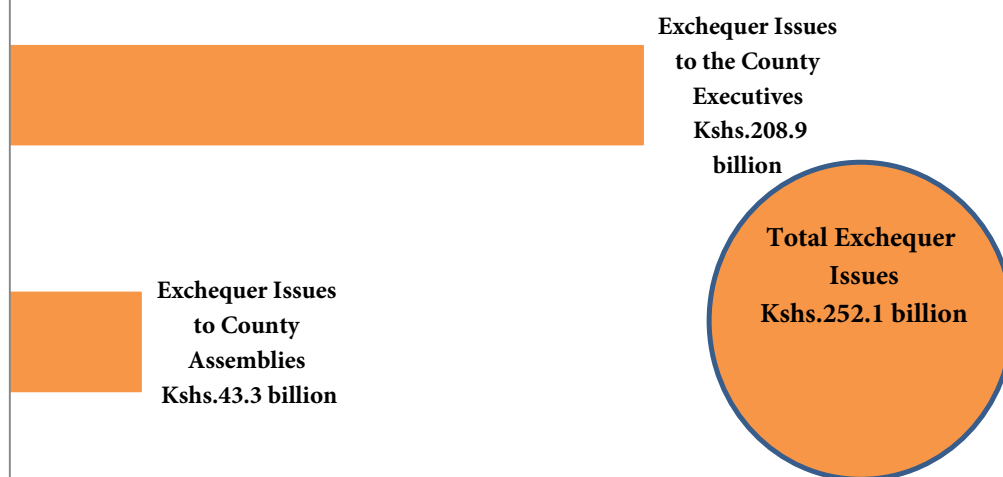
FY 2019/20 COUNTY GOVERNMENTS' DEVELOPMENT BUDGET ALLOCATION AS A PERCENTAGE OF TOTAL BUDGET



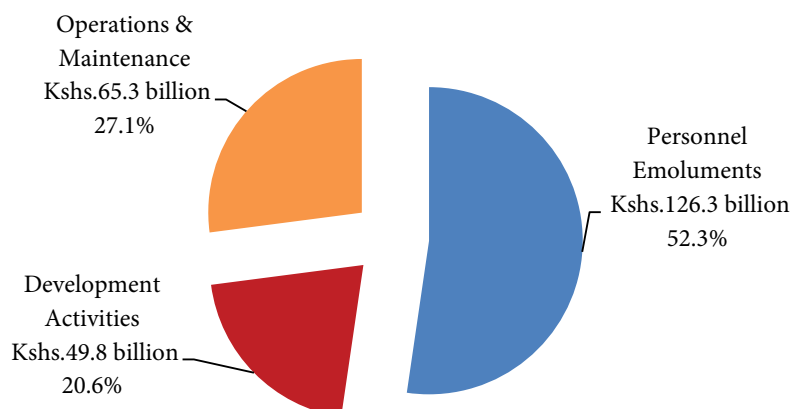
TOTAL REVENUE AVAILABLE IN THE FIRST NINE MONTHS OF FY 2019/20



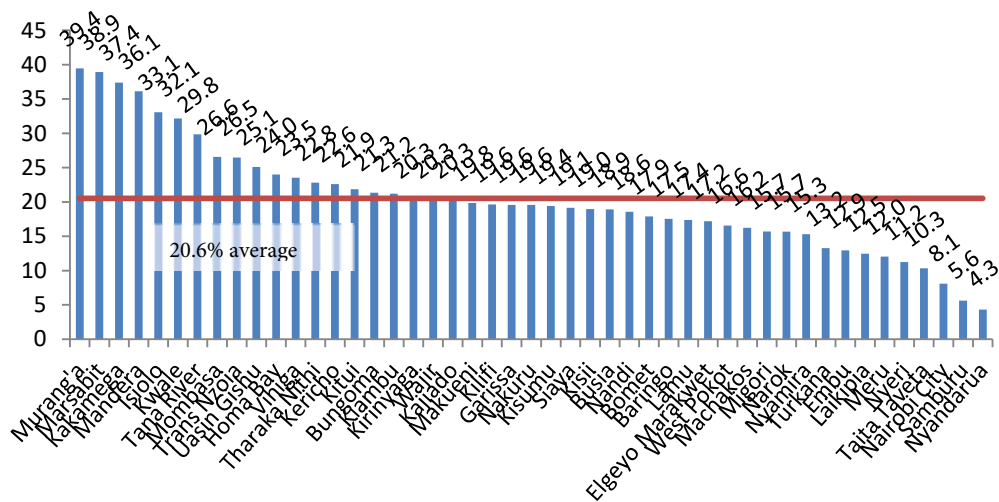
EXCHEQUER ISSUES IN THE FIRST NINE MONTHS OF FY 2019/20



EXPENDITURE BY ECONOMIC CLASSIFICATION IN THE FIRST NINE MONTHS OF FY 2019/20



DEVELOPMENT EXPENDITURE AS A PERCENTAGE OF TOTAL EXPENDITURE IN THE FIRST NINE MONTHS OF FY 2019/20



Article 228 of the Constitution of Kenya, 2010 established the OCOB to oversee the implementation of the budgets of the national and county governments by authorising withdrawals from public funds, and submit a report to each House of Parliament on the implementation of budgets every four months.

It is in light of the above legal requirement that this County Budget Implementation Review Reports is produced. This report covers the first nine months of the financial year (FY) 2019/20. The report presents a review of in-year budget execution by the County Governments and is prepared in fulfilment of Article 228 (6) of the Constitution of Kenya, 2010, which require the Controller of Budget to report on budget implementation by submitting quarterly budget implementation review reports to each House of Parliament every four months.

The report presents the status of budget execution by the County Governments during the period, July 2019 to March 2020 and provides information on approved budgets, revenue received and expenditure incurred, which is compared against the annual targets. The revenue received is disaggregated into; own source revenue (OSR) raised by counties, disbursement of the equitable share of revenue raised nationally, grants received from the National Government and Development Partners. The report is useful to the Senate and County Assemblies who are conferred with the oversight mandate on utilization of public funds by the County Governments. It also provides members of the public with useful information on budget implementation.

The structure of the report is as follows; chapter one captures the introduction while chapter two provides an analysis of the counties' cumulative revenue and expenditure performance which is compared with the annual targets. Expenditure performance is summarised into broad economic classifications of recurrent and development expenditure. However, recurrent expenditure is disaggregated into Personnel Emoluments (PE) and Operations and Maintenance (O&M). Chapter three presents county-specific information on budget financing, budget allocation, exchequer issues and expenditure performance. The key challenges that affected budget execution are identified and appropriate recommendations are provided in chapter three while cross-cutting challenges that affected budget implementation by the County Governments and appropriate recommendations are presented in chapter four. Lastly, the conclusion is offered in chapter five.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST NINE MONTHS OF FY 2019/20

2.1 Introduction

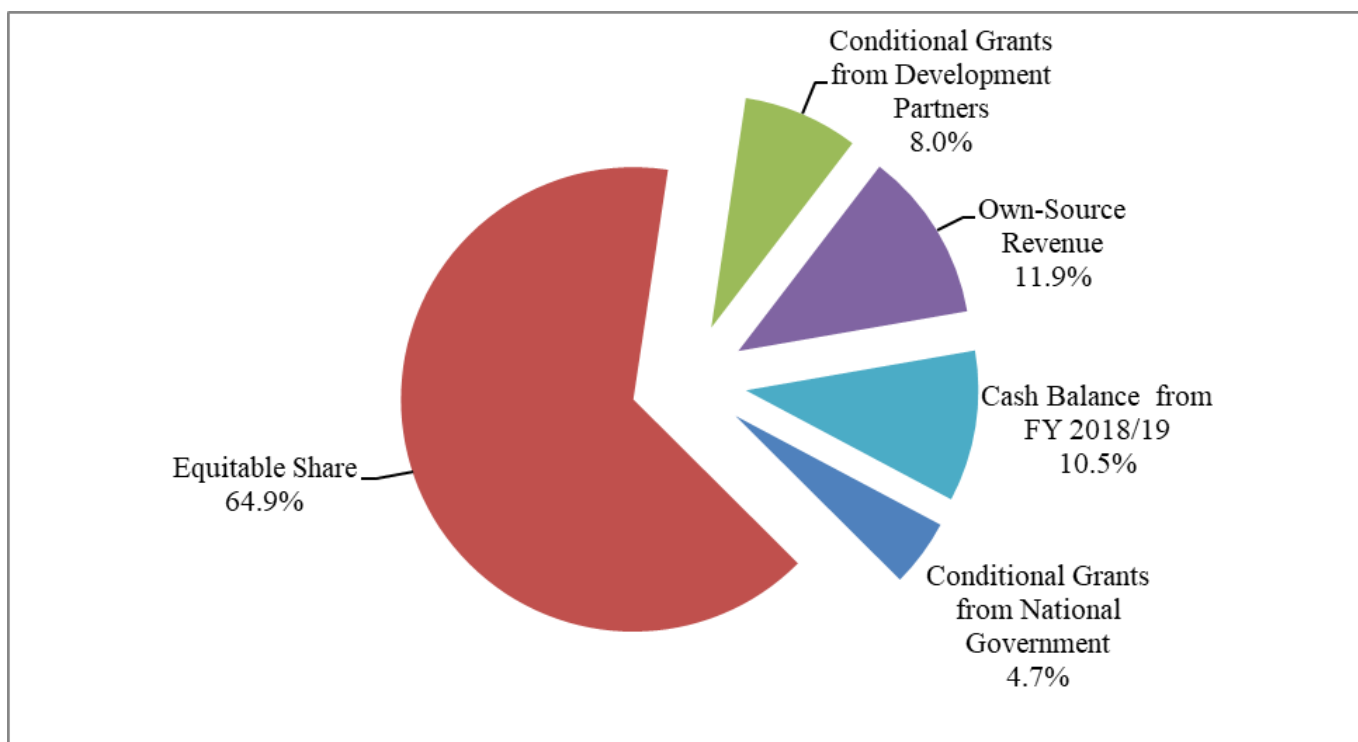
This chapter presents the financial analysis of aggregated county budget implementation for the first nine months of the FY 2019/20.

2.2 Revenue Analysis

In first nine months of the FY 2019/20, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.498.95 billion and comprised of Kshs.198.85 billion (39.9 per cent) allocated to development expenditure and Kshs.300.01 billion (60.1 per cent) for recurrent expenditure.

In order to finance the budgets, County Governments expect to receive Kshs.316.5 billion as equitable share of revenue raised nationally, Kshs.22.9 billion as total conditional grants from the National Government, Ksh.39.09 billion as total loans and grants from Development Partners, generate Kshs.57.82 billion from own revenue sources, and utilize Kshs.51.33 billion cash balance from the FY 2018/19. Figure 2-1 shows expected sources of budget financing in FY 2019/20.

Figure 2-1: Expected Sources of Budget Financing in FY 2019/20



The breakdown of conditional grants as per the CARA, 2019 is shown in Table 2-1.

Table 2-1: Conditional Grants as per the CARA, 2019

S/No.	Grants Contained in CARA, 2019	Annual CARA, 2019 Allocation (Kshs.)
Conditional grants from the National Government		
1	Leasing of Medical Equipment	6,200,000,000
2	Level 5 Hospitals	4,326,000,000
3	Road Maintenance Fuel Levy Fund	8,984,062,500
4	Compensation of User Fee Foregone	900,000,000
5	Rehabilitation of Village Polytechnics	2,000,000,000
6	Construction of County Headquarters	485,152,184
	Sub Total	22,895,214,684
Conditional grants from Development Partners		
7	Transforming Health Systems for Universal Car Project (World Bank),	2,994,247,736
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	7,232,719,940

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

Source: CARA, 2019

2.2.1 Overall Revenue Out-turn

The total funds available to the County Governments in the first nine months of the FY 2019/20 amounted to Kshs.286.7 billion. This amount consisted of Kshs.196.23 billion as equitable share of revenue raised nationally, Kshs.11.10 billion as conditional grants disbursed by the National Treasury, Kshs.51.33 billion cash balance from FY 2018/19, and Kshs.28.04 billion raised from own sources. Disbursements by the National Treasury exclude releases towards Leasing of Medical Equipment, Supplement for Construction of County Headquarters, and Road Maintenance Fuel Levy, which are administered directly by the respective Ministries, Departments and Agencies (MDAs).

2.2.2 Own- Source Revenue

The aggregate annual own source revenue target for counties in FY 2019/20 is Kshs.57.82 billion. During the reporting period, County Governments generated a total of Kshs.28.04 billion, which was 48.5 per cent of the annual target. This was a slight decrease compared to Kshs.28.92 billion generated in a similar period of FY 2018/19. An analysis of quarterly own source revenue collection for the period from July, 2019 to March, 2020 is shown in Table 2.2.

Table 2-2: Own Source Revenue Collection from July, 2019 to March, 2020

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Nine Months of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	393.42	-	393.42	245.90	-	245.90	62.5
Bomet	275.92	-	275.92	138.58	-	138.58	50.2
Bungoma	500.00	393.75	893.75	248.43	352.32	600.75	67.2
Busia	504.50	-	504.50	186.60	-	186.60	37.0
Elgeyo Marakwet	88.00	64.00	152.00	52.94	40.70	93.65	61.6
Embu	511.00	389.00	900.00	184.34	217.51	401.86	44.7
Garissa	150.00	-	150.00	71.37	-	71.37	47.6
Homa Bay	144.89	62.70	207.59	90.55	6.74	97.29	46.9
Isiolo	170.86	-	170.86	114.16	-	114.16	66.8
Kajiado	1,793.86	-	1,793.86	531.68	-	531.68	29.6
Kakamega	2,131.64	-	2,131.64	881.20	-	881.20	41.3
Kericho	913.94	-	913.94	278.53	-	278.53	30.5
Kiambu	3,853.59	-	3,853.59	1,895.64	-	1,895.64	49.2
Kilifi	1,100.00	-	1,100.00	619.50	-	619.50	56.3
Kirinyaga	480.00	-	480.00	286.90	-	286.90	59.8
Kisii	870.00	-	870.00	286.68	-	286.68	33.0
Kisumu	1,438.48	-	1,438.48	672.34	-	672.34	46.7
Kitui	600.00	-	600.00	316.38	-	316.38	52.7
Kwale	325.00	-	325.00	205.34	-	205.34	63.2

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Nine Months of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Laikipia	1,006.88	-	1,006.88	507.96	-	507.96	50.4
Lamu	100.00	-	100.00	46.92	-	46.92	46.9
Machakos	1,608.58	-	1,608.58	1,085.63	-	1,085.63	67.5
Makueni	655.24	-	655.24	356.57	-	356.57	54.4
Mandera	183.56	-	183.56	87.85	-	87.85	47.9
Marsabit	170.00	-	170.00	107.22	-	107.22	63.1
Meru	705.00	120.00	825.00	320.00	-	320.00	38.8
Migori	450.00	-	450.00	250.55	-	250.55	55.7
Mombasa	5,000.00	-	5,000.00	2,443.08	-	2,443.08	48.9
Murang'a	960.00	-	960.00	471.64	-	471.64	49.1
Nairobi City	17,049.64	266.65	17,316.30	7,066.12	172.64	7,238.76	41.8
Nakuru	2,100.00	1,000.00	3,100.00	1,140.61	828.16	1,968.76	63.5
Nandi	628.82	-	628.82	175.74	-	175.74	27.9
Narok	3,190.31	-	3,190.31	2,183.81	-	2,183.81	68.5
Nyamira	250.00	-	250.00	129.34	-	129.34	51.7
Nyandarua	600.00	30.00	630.00	232.61	14.14	246.74	39.2
Nyeri	1,000.00	-	1,000.00	524.81	-	524.81	52.5
Samburu	267.03	-	267.03	205.21	-	205.21	76.8
Siaya	420.00	-	420.00	130.54	-	130.54	31.1
Taita Taveta	350.00	-	350.00	206.53	-	206.53	59.0
Tana River	66.00	-	66.00	63.45	-	63.45	96.1
Tharaka Nithi	350.00	-	350.00	181.98	-	181.98	52.0
Trans Nzoia	500.00	-	500.00	151.01	-	151.01	30.2
Turkana	250.00	-	250.00	112.79	-	112.79	45.1
Uasin Gishu	900.00	-	900.00	660.94	-	660.94	73.4
Vihiga	192.09	-	192.09	128.00	-	128.00	66.6
Wajir	150.00	-	150.00	47.90	-	47.90	31.9
West Pokot	150.32	-	150.32	77.24	-	77.24	51.4
Total	55,498.56	2,326.10	57,824.66	26,403.12	1,632.21	28,035.33	48.5

Source: County Treasury

Analysis of own source revenue as a proportion of the annual revenue target indicates that Tana River, Samburu, and Uasin Gishu achieved the highest proportions at 96.1 per cent, 76.8 per cent, and 73.4 per cent respectively. Conversely, counties that recorded the lowest proportion of own source revenue against annual targets were Trans Nzoia at 30.2 per cent, Kajiado at 29.6 per cent, and Nandi at 27.9 per cent.

2.2.3 Funds Released to the Counties from the Consolidated Fund

In the first nine months of FY 2019/20, the Controller of Budget approved transfer of Kshs.207.34 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. A detailed analysis of the equitable share and conditional grant releases to each county is provided in chapter three.

2.2.4 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.252.10 billion from the County Revenue Funds to County Operational Accounts of the County Governments. The transfers comprised of Kshs.208.85 billion (82.8 per cent) to the County Executive and Kshs.43.25 billion (17.2 per cent) to the County Assembly. A detailed analysis of the funds released to each county is provided in chapter three.

2.3 Expenditure Analysis

The total expenditure by County governments in the first nine months FY 2019/20 was Kshs.241.6 billion representing an absorption rate of 49.3 per cent of the total annual County Government's Budgets. The absorption rate was an improvement from 48.4 per cent attained in the first nine months of FY 2018/19 where total expenditure was Kshs.230.47 billion.

Recurrent expenditure was Kshs.191.82 billion, representing 63.9 per cent of the annual recurrent budget, and a decline from 64.5 per cent reported in a similar period of FY 2018/19. Development expenditure amounted to Kshs.49.78 billion, representing an absorption rate of 25 per cent, and an increase from 24.4 per cent attained in the first nine months of FY 2018/19 when total development expenditure was Kshs.46.55 billion. The analysis of expenditure by economic classification in first nine months FY 2019/20 is provided in Table 2-3.

Table 2-3: Expenditure in the First Nine Months of FY 2019/20 by Economic Classification

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	2,300,707,730	634,451,313	2,935,159,044	624,672,962	3,559,832,005
Bomet	1,934,728,752	851,070,597	2,785,799,350	606,762,373	3,392,561,722
Bungoma	3,583,334,644	1,765,031,664	5,348,366,308	1,449,894,235	6,798,260,543
Busia	2,129,024,624	1,132,210,501	3,261,235,125	760,764,129	4,021,999,254
Elgeyo Marakwet	1,780,638,292	521,127,624	2,301,765,916	477,884,070	2,779,649,986
Embu	2,263,909,823	651,854,631	2,915,764,454	433,415,669	3,349,180,123
Garissa	3,344,684,038	849,798,187	4,194,482,225	1,020,102,231	5,214,584,456
Homa Bay	2,535,784,019	1,264,259,864	3,800,043,883	1,199,073,539	4,999,117,421
Isiolo	1,246,487,701	570,766,323	1,817,254,024	898,283,966	2,715,537,990
Kajiado	2,287,570,533	1,722,772,252	4,010,342,785	1,018,404,444	5,028,747,229
Kakamega	3,453,676,139	1,733,204,749	5,186,880,888	3,098,857,517	8,285,738,405
Kericho	2,021,512,780	1,135,242,392	3,156,755,172	921,574,977	4,078,330,149
Kiambu	5,317,036,939	2,471,282,055	7,788,318,994	2,095,814,429	9,884,133,423
Kilifi	3,182,027,047	1,702,451,795	4,884,478,842	1,193,446,443	6,077,925,285
Kirinyaga	1,533,056,161	895,728,815	2,428,784,975	616,993,015	3,045,777,990
Kisii	3,870,976,647	1,418,514,828	5,289,491,475	1,237,988,323	6,527,479,798
Kisumu	3,775,968,213	1,365,841,545	5,141,809,758	1,237,988,323	6,379,798,081
Kitui	3,610,849,004	1,641,917,174	5,252,766,178	1,469,236,388	6,722,002,566
Kwale	1,966,682,423	1,491,345,551	3,458,027,974	1,638,430,222	5,096,458,197
Laikipia	1,997,795,221	1,034,846,040	3,032,641,261	560,654,861	3,593,296,122
Lamu	1,505,213,460	982,019,773	2,487,233,233	523,193,688	3,010,426,921
Machakos	4,087,699,967	1,359,079,440	5,446,779,407	1,054,306,055	6,501,085,462
Makueni	2,786,535,470	1,622,602,116	4,409,137,585	1,090,726,985	5,499,864,570
Mandera	2,128,297,317	2,646,500,098	4,774,797,414	2,699,621,910	7,474,419,325
Marsabit	1,920,433,225	925,488,946	2,845,922,171	1,813,729,373	4,659,651,544
Meru	3,650,030,551	1,803,677,558	5,453,708,109	746,576,528	6,200,284,637

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	2,126,793,255	1,257,292,058	3,384,085,313	630,227,610	4,014,312,923
Mombasa	3,488,524,524	1,645,590,285	5,134,114,809	1,856,698,370	6,990,813,179
Murang'a	2,428,778,903	780,403,779	3,209,182,683	2,090,515,566	5,299,698,249
Nairobi City	8,729,763,845	5,523,931,993	14,253,695,838	1,253,766,909	15,507,462,747
Nakuru	4,507,551,722	1,905,474,950	6,413,026,672	1,559,645,217	7,972,671,889
Nandi	2,762,563,544	895,095,166	3,657,658,710	833,951,254	4,491,609,964
Narok	2,803,851,900	2,805,833,388	5,609,685,288	1,042,423,986	6,652,109,274
Nyamira	2,183,228,499	1,018,248,806	3,201,477,305	578,245,180	3,779,722,485
Nyandarua	1,593,456,237	1,183,097,244	2,776,553,481	125,303,205	2,901,856,686
Nyeri	2,906,423,575	1,355,571,363	4,261,994,938	539,312,984	4,801,307,922
Samburu	1,658,203,526	813,729,555	2,471,933,081	147,367,279	2,619,300,360
Siaya	1,896,982,630	1,340,819,306	3,237,801,936	766,432,284	4,004,234,220
Taita Taveta	1,533,592,466	980,198,809	2,513,791,275	289,323,082	2,803,114,357
Tana River	1,372,456,290	1,524,105,989	2,896,562,279	1,231,788,915	4,128,351,194
Tharaka Nithi	1,603,680,059	618,392,781	2,222,072,839	656,442,186	2,878,515,025
Trans Nzoia	2,129,143,020	1,014,610,530	3,143,753,550	1,131,192,245	4,274,945,795
Turkana	3,073,228,313	2,163,678,092	5,236,906,405	799,741,588	6,036,647,992
Uasin Gishu	2,270,493,758	1,236,784,209	3,507,277,967	1,173,894,327	4,681,172,294
Vihiga	1,808,775,373	905,904,988	2,714,680,361	835,594,877	3,550,275,238
Wajir	3,190,641,563	1,292,002,799	4,482,644,362	1,138,664,171	5,621,308,533
West Pokot	1,997,418,259	1,082,336,829	3,079,755,088	610,991,131	3,690,746,219
Total	126,280,211,981	65,536,188,749	191,816,400,730	49,779,919,018	241,596,319,748

Source: OCOB and County Treasury

The Counties that attained the highest expenditure in absolute terms were; Nairobi City at Kshs.15.51 billion, Kiambu at Kshs.9.88 billion, and Kakamega at Kshs.8.29 billion. The lowest expenditure was recorded by Samburu, Isiolo and Elgeyo Marakwet at Kshs.2.62 billion, Kshs.2.72 billion and Kshs.2.77 billion respectively.

A review of cumulative expenditure by economic classification showed that Kshs.126.28 billion (52.3 per cent) was spent on personnel emoluments, Kshs.65.34 billion (27.1 per cent) on operations and maintenance, and Kshs.49.78 billion (20.6 per cent) on development expenditure.

2.3.1 Development Expenditure

The County governments spent Kshs.49.78 billion on development activities, representing an absorption rate of 25 per cent of the annual development budget, which is an improvement from 24.4 per cent, reported in a similar period of FY 2018/19 when development expenditure was Kshs.46.55 billion.

Analysis of county budgets and expenditure in the nine months FY 2019/20 is provided in Table 2-4.

Table 2-4: County Budget Allocation, Expenditure and Absorption Rate for the First Nine Months FY 2019/20

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Baringo	4,383.00	4,298.52	8,681.52	2,935.16	624.67	3,559.83	67.0	14.5	41.0
Bomet	4,470.70	2,616.92	7,087.62	2,785.80	606.76	3,392.56	62.3	23.2	47.9
Bungoma	9,015.27	4,581.80	13,597.06	5,348.37	1,449.89	6,798.26	59.3	31.6	50.0
Busia	5,350.35	3,915.25	9,265.60	3,261.24	760.76	4,022.00	61.0	19.4	43.4
Elgeyo/Marakwet	3,342.12	2,425.00	5,767.12	2,301.77	477.88	2,779.65	68.9	19.7	48.2
Embu	4,331.36	2,279.60	6,610.96	2,915.76	433.42	3,349.18	67.3	19.0	50.7
Garissa	6,122.97	4,807.49	10,930.46	4,194.48	1,020.10	5,214.58	68.5	21.2	47.7
Homa Bay	5,424.72	2,913.07	8,337.79	3,800.04	1,199.07	4,999.12	70.1	41.2	60.0
Isiolo	3,401.67	2,349.49	5,751.16	1,817.25	898.28	2,715.54	53.4	38.2	47.2
Kajiado	6,324.65	3,961.80	10,286.44	4,010.34	1,018.40	5,028.75	63.4	25.7	48.9
Kakamega	8,269.11	7,341.27	15,610.38	5,186.88	3,098.86	8,285.74	62.7	42.2	53.1
Kericho	4,608.07	4,003.31	8,611.38	3,156.76	921.57	4,078.33	68.5	23.0	47.4
Kiambu	11,502.40	6,412.96	17,915.36	7,788.32	2,095.81	9,884.13	67.7	32.7	55.2
Kilifi	8,470.42	6,253.22	14,723.64	4,884.48	1,193.45	6,077.93	57.7	19.1	41.3
Kirinyaga	4,295.81	1,835.80	6,131.62	2,428.78	616.99	3,045.78	56.5	33.6	49.7
Kisii	8,456.98	4,311.71	12,768.69	5,289.49	1,237.99	6,527.48	62.5	28.7	51.1
Kisumu	7,541.37	4,514.77	12,056.14	5,141.81	1,237.99	6,379.80	68.2	27.4	52.9
Kitui	7,214.84	4,163.66	11,378.50	5,252.77	1,469.24	6,722.00	72.8	35.3	59.1
Kwale	5,984.17	7,124.77	13,108.94	3,458.03	1,638.43	5,096.46	57.8	23.0	38.9
Laikipia	4,277.97	2,827.66	7,105.63	3,032.64	560.65	3,593.30	70.9	19.8	50.6
Lamu	2,655.94	2,080.38	4,736.32	2,487.23	523.19	3,010.43	93.6	25.1	63.6
Machakos	8,105.62	5,385.75	13,491.37	5,446.78	1,054.31	6,501.09	67.2	19.6	48.2
Makueni	6,332.08	4,847.56	11,179.64	4,409.14	1,090.73	5,499.86	69.6	22.5	49.2
Mandera	6,510.52	6,476.97	12,987.49	4,774.80	2,699.62	7,474.42	73.3	41.7	57.6
Marsabit	4,170.14	4,173.39	8,343.53	2,845.92	1,813.73	4,659.65	68.2	43.5	55.8
Meru	7,847.65	3,346.00	11,193.65	5,453.71	746.58	6,200.28	69.5	22.3	55.4
Migori	5,552.51	3,989.35	9,541.86	3,384.09	630.23	4,014.31	60.9	15.8	42.1
Mombasa	9,357.92	5,309.28	14,667.20	5,134.11	1,856.70	6,990.81	54.9	35.0	47.7
Murang'a	5,495.23	3,472.57	8,967.80	3,209.18	2,090.52	5,299.70	58.4	60.2	59.1
Nairobi City	25,710.13	11,271.26	36,981.39	14,253.70	1,253.77	15,507.46	55.4	11.1	41.9
Nakuru	10,806.49	10,943.61	21,750.11	6,413.03	1,559.65	7,972.67	59.3	14.3	36.7
Nandi	5,106.23	3,407.23	8,513.46	3,657.66	833.95	4,491.61	71.6	24.5	52.8
Narok	7,913.99	4,826.81	12,740.80	5,609.69	1,042.42	6,652.11	70.9	21.6	52.2
Nyamira	4,901.38	2,100.59	7,001.98	3,201.48	578.25	3,779.72	65.3	27.5	54.0
Nyandarua	4,909.39	3,074.32	7,983.71	2,776.55	125.30	2,901.86	56.6	4.1	36.3
Nyeri	5,787.88	3,055.15	8,843.03	4,261.99	539.31	4,801.31	73.6	17.7	54.3
Samburu	4,494.77	2,441.51	6,936.27	2,471.93	147.37	2,619.30	55.0	6.0	37.8
Siaya	4,870.25	4,353.10	9,223.35	3,237.80	766.43	4,004.23	66.5	17.6	43.4
Taita/Taveta	3,466.84	2,275.47	5,742.31	2,513.79	289.32	2,803.11	72.5	12.7	48.8
Tana River	5,333.27	2,702.05	8,035.32	2,896.56	1,231.79	4,128.35	54.3	45.6	51.4
Tharaka -Nithi	3,399.25	1,676.08	5,075.34	2,222.07	656.44	2,878.52	65.4	39.2	56.7
Trans Nzoia	4,692.50	3,281.89	7,974.39	3,143.75	1,131.19	4,274.95	67.0	34.5	53.6
Turkana	10,120.27	4,792.36	14,912.63	5,236.91	799.74	6,036.65	51.7	16.7	40.5

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Uasin Gishu	5,217.34	6,253.09	11,470.44	3,507.28	1,173.89	4,681.17	67.2	18.8	40.8
Vihiga	4,174.81	2,868.40	7,043.20	2,714.68	835.59	3,550.28	65.0	29.1	50.4
Wajir	6,224.00	5,244.33	11,468.33	4,482.64	1,138.66	5,621.31	72.0	21.7	49.0
West Pokot	4,155.10	2,265.70	6,420.80	3,079.76	610.99	3,690.75	74.1	27.0	57.5
Total	300,099.45	198,852.28	498,951.73	191,816.40	49,779.92	241,596.32	63.9	25.0	48.4

Source: OCOB and County Treasury

Analysis of development expenditure as a proportion of approved annual development budget shows that Murang'a, Tana River, and Marsabit Counties attained the highest absorption rate at 60.2 per cent, 45.6 per cent, and 43.5 per cent respectively. Nairobi City County, Samburu County and Nyandarua County had the lowest absorption of development budget at 11.1 per cent, 6 per cent, and 4.1 per cent respectively. An analysis of the development projects implemented by counties is provided in chapter three.

2.3.2 Recurrent Expenditure

During the reporting period, Counties spent an aggregate of Kshs.191.82 billion or 79.4 per cent of the total expenditure on recurrent activities. This expenditure represents 63.9 per cent of the annual county government's budget for recurrent activities, and a slight decline from 64.5 per cent recorded in a similar period of FY 2018/19 when expenditure stood at Kshs.183.92 billion.

The recurrent expenditure comprised of Kshs.126.28 billion (65.8 per cent) on personnel emoluments and Kshs.65.44 billion (34.2 per cent) on operations and maintenance expenditure (O&M). An analysis of the recurrent expenditure by counties is provided in chapter three.

2.3.3 Review of MCAs Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.1.62 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.88 billion. This expenditure translates to 56.2 per cent of the approved MCAs sitting allowance budget, and an increase from Kshs.1.55 billion spent in a similar period of FY 2018/19. Table 2-5 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in the first nine months FY 2019/20.

Table 2-5: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Nine Months of FY 2019/20

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Average monthly sitting allowance per MCA
	A	B		C=B/A*100	E=B/D/6
Baringo	56,018,088	36,730,200	46	65.6	88,720
Bomet	33,755,071	22,662,711	37	67.1	68,056
Bungoma	51,981,728	28,781,887	61	55.4	52,426
Busia	96,192,000	59,042,516	54	61.4	121,487
Elgeyo Marakwet	42,931,200	27,301,300	34	63.6	89,220
Embu	32,103,000	29,919,772	35	93.2	94,983
Garissa	63,024,000	28,171,700	49	44.7	63,881
Homa Bay	110,760,000	84,111,537	61	75.9	153,209
Isiolo	17,280,000	13,849,719	18	80.1	85,492
Kajiado	45,000,000	9,771,200	42	21.7	25,850
Kakamega	133,286,400	99,964,800	90	75.0	123,413
Kericho	56,248,800	36,665,611	48	65.2	84,874
Kiambu	94,500,000	61,180,600	93	64.7	73,095
Kilifi	55,000,000	39,242,010	56	71.3	77,861
Kirinyaga	70,438,400	22,566,700	34	32.0	73,747
Kisii	118,868,000	78,180,121	71	65.8	122,348
Kisumu	73,946,300	42,683,487	49	57.7	96,788

County	Budget (Kshs.)	Expenditure (Kshs.)	No. of MCA's	Absorption Rate (%)	Average monthly sitting allowance per MCA
	A	B		C=B/A*100	E=B/D/6
Kitui	74,024,015	58,905,667	55	79.6	119,001
Kwale	102,931,269	26,645,412	34	25.9	87,077
Laikipia	41,470,000	22,227,400	25	53.6	98,788
Lamu	16,592,000	13,993,300	19	84.3	81,832
Machakos	64,228,920	28,923,800	61	45.0	52,685
Makueni	66,063,900	43,424,700	49	65.7	98,469
Mandera	58,240,000	23,805,600	49	40.9	53,981
Marsabit	45,000,000	17,798,200	31	39.6	63,793
Meru	114,034,000	70,589,360	69	61.9	113,670
Migori	128,007,000	45,665,472	57	35.7	89,017
Mombasa	40,000,000	26,571,400	43	66.4	68,660
Murang'a	72,000,000	38,522,742	54	53.5	79,265
Nairobi City	102,398,400	58,061,900	124	56.7	52,027
Nakuru	103,000,000	53,263,294	79	51.7	74,913
Nandi	49,920,000	16,778,000	40	33.6	46,606
Narok	55,000,000	28,490,800	48	51.8	65,951
Nyamira	54,637,196	40,551,022	37	74.2	121,775
Nyandarua	55,773,600	32,354,684	40	58.0	89,874
Nyeri	50,668,800	23,862,800	45	47.1	58,920
Samburu	10,883,800	5,119,800	28	47.0	20,317
Siaya	54,624,000	29,292,400	43	53.6	75,691
Taita Taveta	19,648,000	15,962,500	34	81.2	52,165
Tana River	39,360,000	28,235,600	24	71.7	130,720
Tharaka Nithi	15,327,650	15,327,650	21	100.0	81,099
Trans Nzoia	62,853,600	21,497,124	40	34.2	59,714
Turkana	71,904,000	19,272,800	48	26.8	44,613
Uasin Gishu	39,600,000	27,292,200	48	68.9	63,176
Vihiga	66,643,200	35,929,700	39	53.9	102,364
Wajir	19,375,200	14,881,200	46	76.8	35,945
West Pokot	31,968,328	13,730,552	34	43.0	44,871
Total	2,877,509,865	1,617,802,949	2,242	56.2	80,177

Source: OCOB and County Treasury

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

3 BUDGET PERFORMANCE BY COUNTY

3.1 Introduction

This chapter provides individual County budget performance for the first nine months of FY 2019/20. The 47 County Governments are presented in alphabetical order.

3.2 Baringo County

3.2.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expected to receive Kshs.5.09 billion (58.6 per cent) as equitable share of revenue raised nationally, Kshs.639.95 million (7.4 per cent) as total conditional grants, generate Kshs.393.42 million (4.5 per cent) from own source revenue, and had Kshs.1.87 billion (21.5 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.690.54 million (8 per cent) as "other revenues" not contained in the CARA, 2019.

3.2.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Ksh.3.66 billion as equitable share of the revenue raised nationally, Kshs.305.58 million as total conditional grants, raised Kshs.245.90 million from own-source revenue, and had a cash balance of Kshs.1.87 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.09 billion as shown in Table 3-1.

Table 3-1: Baringo County, Revenue Performance in the First Nine Months of FY 2019/20

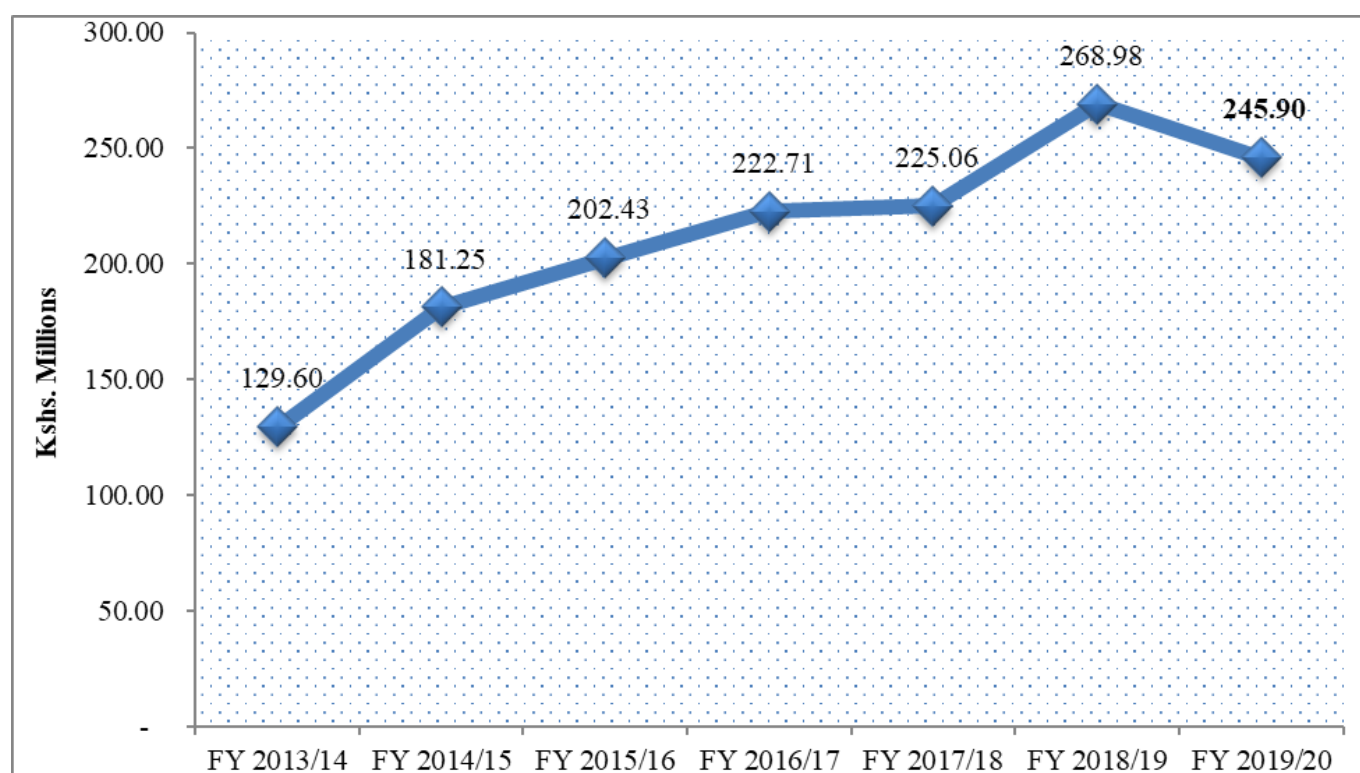
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,095,650,000	5,086,800,000	3,663,772,350	72.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	13,191,000	13,191,000	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	144,643,406	144,643,406	72,321,703	50.0
4.	Rehabilitation of Village Polytechnics	24,873,298	24,873,298	12,436,649	50.0
Sub -Total		314,622,598	314,622,598	84,758,352	26.9
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	39,175,834	39,175,834	13,090,328	33.4
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	141,097,380	141,097,380	54,084,479	38.3
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	52,360,500	52,360,500	-	-
9.	DANIDA Grant	15,187,500	15,187,500	-	-
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,118,210	21,118,210	-	-
11.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	-	138,074,112	-
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,586,468	17,586,468	15,572,057	88.5
13.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WATER)	-	-	-	-

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
14.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub -Total		325,325,892	325,325,892	220,820,977	67.9
D	Other Sources of Revenue				
15.	Own Source Revenue	-	393,416,291	245,900,703	62.5
16.	Balance b/f from FY2018/19	-	1,870,816,863	1,870,816,863	100.0
17.	Other Revenues	-	690,539,359	-	-
18.	A-I-A	-	-	-	-
Sub -Total		-	2,954,772,513	2,116,717,566	71.6
Grand Total		5,735,598,490	8,681,521,003	6,086,069,245	70.1

Source: Baringo County Treasury

Figure 3-1 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-1: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Baringo County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.245.90 million as own-source revenue. This amount represented a decrease of 8.6 per cent when compared to Kshs.268.98 million realised during the same period in FY 2018/19, and represented 62.5 per cent of the annual target.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.72 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.485.49 million (13 percent) for development programmes and Kshs.3.24 billion (87 per cent) for recurrent programmes.

3.2.4 Overall Expenditure Review

A total of Kshs.3.56 billion was spent on development and recurrent programmes and represented 95.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.624.67 million and Kshs.2.94

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 14.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67 per cent.

3.2.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.30 billion was spent on compensation to employees, Kshs.634.45 million on operations and maintenance, and Kshs.624.67 million on development expenditure.

Table 3-2: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,382,999,315	3,235,034,204	2,935,159,044	82.5	67.0
Compensation to Employees	3,355,675,673	2,449,398,575	2,300,707,730	64.6	68.6
Operations and Maintenance	1,027,323,642	785,635,629	634,451,313	17.8	61.8
Total Development Expenditure	4,298,521,687	485,489,069	624,672,962	17.5	14.5
Development Expenditure	4,298,521,687	485,489,069	624,672,962	17.5	14.5
Total	8,681,521,002	3,720,523,273	3,559,832,005	100.0	41.0

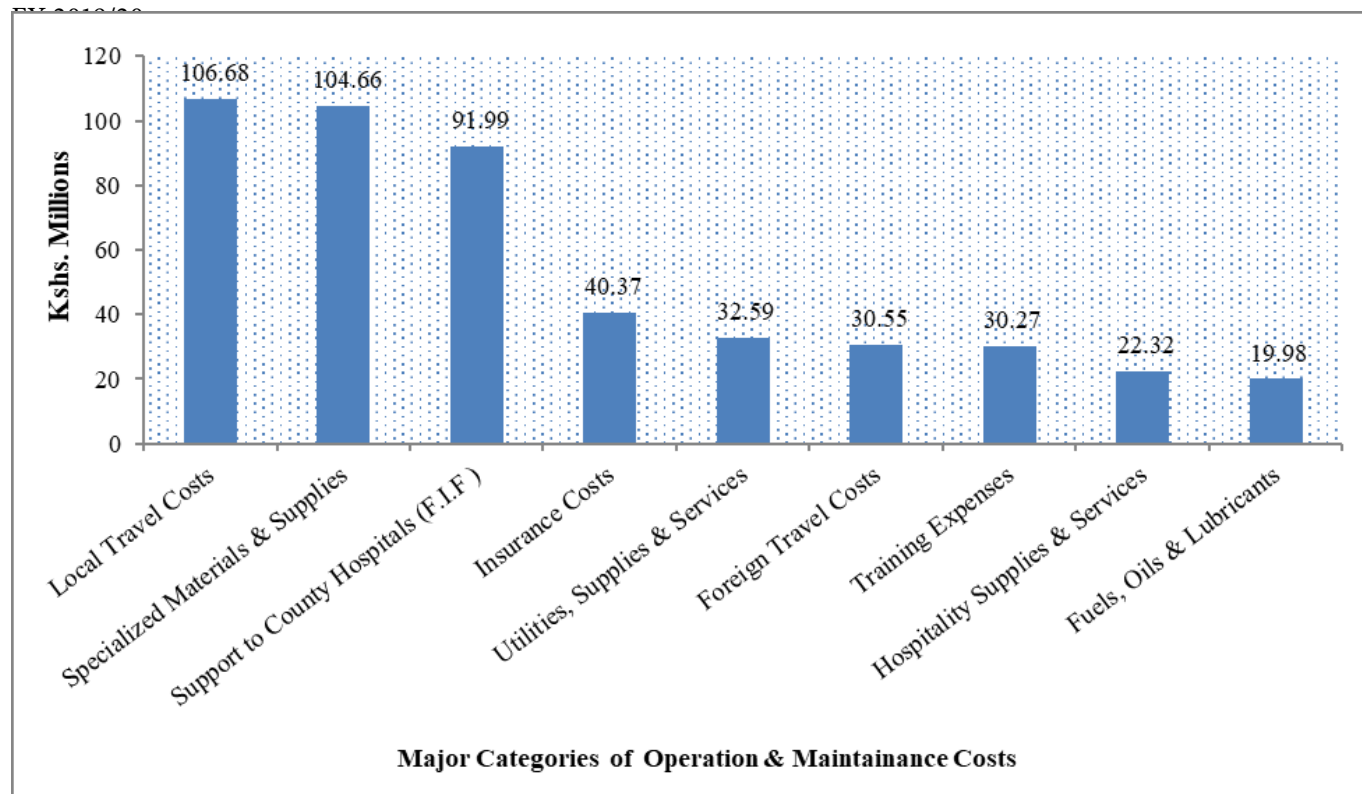
Source: Baringo County Treasury

Expenditure on compensation to employees was 64.6 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 7 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.15 billion.

3.2.6 Analysis of Operations and Maintenance Expenditure

Figure 3-2 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-2: Baringo County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months



Source: Baringo County Treasury

The County spent Kshs.36.73 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.56.02 million. The average monthly sitting allowance translated to Kshs.88,720 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.106.68 million and comprised of Kshs.64.57 million spent by the County Assembly and Kshs.42.11 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.30.55 million and comprised of Kshs.18.73 million spent by the County Assembly and Kshs.11.82 million spent by the County Executive.

3.2.7 Development Expenditure Analysis

The total development expenditure of Kshs.624.67 million represented 14.5 per cent of the annual development budget of Kshs.4.30 billion and represented an increase of 14.5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.545.36 million. Table 3-3 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-3: Baringo County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Projects Name/ Description	Project Location	Project Budget (Kshs)	Project Actual Expenditure (Kshs)	Absorption (%)
1	Purchase of Tippers, Backhoe, Excavator, Dozer, Roller and Grader	Eldama Ravine Sub-County	150,000,000	55,800,000	37.2
2	Assorted projects funded by KCSAP Grants	County wide	141,097,380	54,087,479	38.3
3	Supply of Theatre Equipment	Kabartonjo & Chemolinget sub-county hospitals	16,603,500	16,603,500	100.0
4	Construction of County Assembly Offices	County Assembly Premises	12,704,016	12,539,584	98.7
5	ASDSP County Matching fund	Countywide	11,000,000	11,000,000	100.0
6	ICT Infrastructural Development	County wide	24,000,000	7,800,000	32.5
7	Construction & Completion of Surgical Block	Kabarnet County Referral Hospital	119,799,530	7,600,000	6.3
8	Construction of office block	Department of Transport	7,361,184	7,361,184	100.0
9	Routine Maintenance of Roads	Benonin- Kaplelecha- Kapius Road	6,793,850	6,793,251	100.0
10	Supervision and Maintenance of Road works	Across the County	16,000,000	6,790,000	42.4

Source: Baringo County Treasury

3.2.8 Budget Performance by Department

Table 3-4 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-4: Baringo County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	644.63	12.70	437.85	12.60	427.14	12.54	97.6	99.5	66.3	98.7
Governor/County Executive Services	479.45	58.56	323.13	15.75	182.09	15.05	56.4	95.6	8.0	25.7
County Treasury Services	278.58	36.00	232.82	-	202.58	-	87.0	-	72.7	-
Roads, Transport, Energy & Public Works	62.89	976.23	47.88	112.02	52.46	139.72	109.6	124.7	83.4	14.3
Industrialization, Commerce & Tourism	74.85	158.83	73.29	3.56	66.51	16.98	90.8	476.5	88.9	10.7
Education and Vocational Training (ICT)	335.79	204.56	190.05	29.38	208.81	27.20	109.9	92.6	62.2	13.3
Youth Affairs, Sports, Culture, Gender & Social Services	33.43	98.79	24.49	97.20	27.00	8.31	110.2	8.5	80.7	8.4
Health Services	1,973.04	898.30	1,517.01	16.94	1,515.87	71.17	99.9	420.1	76.8	7.9
Lands, Physical Planning & Urban Development	87.17	271.16	73.73	97.71	34.20	22.27	46.4	22.8	39.2	8.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & Fisheries Management	254.84	486.03	203.75	7.44	134.24	213.96	65.9	2877.0	52.7	44.0
Water & Irrigation	121.25	1,050.73	83.70	90.76	69.63	94.34	83.2	103.9	57.4	9.0
Environment & Natural Resources	37.05	46.63	27.35	2.12	14.64	3.14	53.5	148.1	39.5	6.7
Total	4,383.00	4,298.52	3,235.03	485.49	2,935.16	624.67	90.7	128.7	67.0	14.5

Source: Baringo County Treasury

Analysis of expenditure by department shows that the County Assembly Entity recorded the highest absorption rate of development budget at 98.7 per cent while the Department of County Treasury Services did not report any expenditure on development activities. The Department of Industrialisation, Commerce & Tourism had the highest percentage of recurrent expenditure to its recurrent budget at 88.9 per cent while the Department of Governor/County Executive Services registered the lowest at 38 per cent.

3.2.9 Budget Execution by Programmes and Sub-Programmes

Table 3-5 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-5: Baringo County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Default	Default - Non Programmatic	-	269,600	(269,600)	-
General administration	General Administration, Planning & Support Services	344,211,616	175,061,544	169,150,072	50.9
Land Administration	Land Adjudication and Demarcation	27,700,000	192,200	27,507,800	0.7
Urban Development-Eldama ravine	Support Service	40,000,000	-	40,000,000	-
Livestock Development and Management	General Administration, Planning & Support Services	12,800,000	1,020,134	11,779,866	8.0
	Support service	443,134,299	206,946,721	236,187,578	46.7
	Livestock Improvement, Pasture & Fodder Development	6,000,000	-	6,000,000	-
	Apiculture Development	5,000,000	895,000	4,105,000	17.9
	Sub total	466,934,299	208,861,855	258,072,444	44.7
Agricultural Development	Administration, Planning & Support Services	1,000,000	1,000,000	-	100
Agricultural Training Services	Administration, Planning & Support Services	1,300,000	1,300,000	-	100
Other Urban Infrastructure development and management	KUSP Programme	52,360,500	-	52,360,500	-
Crop Production and Management	Agribusiness Infrastructure Development	11,400,000	3,612,150	7,787,850	31.7
Fisheries Development and Management	Aquaculture Development	3,000,000	110,000	2,890,000	3.7
Urban Development-Kabarnet	Administration, Planning & Support Services	134,702,716	18,794,629	115,908,087	14.0
Land Use Planning	Land Planning and Development	16,600,000	-	16,600,000	0.0
General administration	Administration, Planning & Support Services	62,894,893	57,556,573	5,338,320	91.5
Rural Infrastructure Development	Rural road development and management	-	-	-	-
Development and Rehabilitation of rural roads and structures	Roads opening and rehabilitation	831,582,296	273,346,826	558,235,470	32.9
General administration	Administration, Planning & Support Services	74,853,448	67,118,459	7,734,989	89.7

Budget Execution by Programmes and Sub-Programmes					
Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Tourism Development & Marketing	Administration, Planning & Support Services	-	-	-	-
Trade Development	Trade Development	5,752,776	4,679,922	1,072,854	81.4
Industrial Development services	Industrial Development services	-	-	-	-
	Administration, Planning & Support Services	153,074,112	3,189,558	149,884,554	2.1
	Sub total	153,074,112	3,189,558	149,884,554	2.1
General administration	Administration, Planning & Support Services	1,879,576,758	1,560,645,167	318,931,591	83.0
Health /Preventive services	General Administration, Planning & Support Services	-	28,606,170	(28,606,170)	-
	Support Service	-	-	-	-
	Sub total	-	28,606,170	(28,606,170)	-
Curative and Rehabilitative Services	General administration, planning & support services	40,164,034	-	40,164,034	-
	Support Service	131,914,894	-	131,914,894	-
	Support to County Hospitals (FIF)	80,074,047	76,283,435	3,790,612	95.3
	Sub total	252,152,975	76,283,435	175,869,540	30.3
Preventive and Promotive Health Services	Infrastructure Development	46,400,000	3,224,867	43,175,133	7.0
	Compensation for User fees Forgone	665,007,098	69,296,221	595,710,877	10.4
	Primary Health Care	28,200,000	6,434,620	21,765,380	22.8
	Sub total	739,607,098	78,955,708	660,651,390	10.7
General Administration Services	General administration, planning & support services	281,402,357	204,633,439	76,768,918	72.7
Early Childhood Development Education	Early Childhood Development Education	-	-	-	-
	General Administration, Planning & Support Services	24,770,000	-	24,770,000	-
	Support Service	164,870,659	-	164,870,659	-
	Sub total	189,640,659	-	189,640,659	-
Vocational Training	General administration, planning & support services	14,923,979	918,907	14,005,072	6.2
General Administration, Planning and support services	General Administration services	144,643,406	4,640,000	140,003,406	3.2
Special programmes	Secondary Schools bursary	30,000,000	30,000,000	-	100.0
	Capitation Allocation on VTC - Grant	9,949,320	9,510,000	439,320	95.6
	School Feeding Programme	14,442,715	-	14,442,715	-
	Sub total	54,392,035	39,510,000	14,882,035	72.6
P1 OFFICE OF THE CLERK	General administration, planning & support services	-	-	-	-
General Administration, Planning and Support Services	Support Service	305,595,875	201,643,913	103,951,962	66.0
	General Administrative Services	12,704,016	12,539,583	164,433	98.7
	Sub total	318,299,891	214,183,496	104,116,395	67.3
General Administration	General administration	-	-	-	-
	General Administration, Planning & Support Services	208,938,252	153,272,927	55,665,325	73.4
	Support service	-	-	-	-
	Internal Audit Services	1,300,000	1,098,000	202,000	84.5
	Emergency Fund	14,000,000	11,134,230	2,865,770	79.5
	Sub total	224,238,252	165,505,157	58,733,095	73.8
Treasury Accounts	General Administration	-	-	-	-
KDS Programme	General administration, planning & support services	31,500,000	25,090,100	6,409,900	79.7
Economic Planning, Budget, Monitoring and Evaluation Services	Support Service	2,042,550	1,021,000	1,021,550	50.0
	Monitoring and Evaluation Services	2,557,182	1,673,590	883,592	65.4
	Budget Process And Public Participation Services	6,090,000	5,255,350	834,650	86.3
	Sub total	10,689,732	7,949,940	2,739,792	74.4

Budget Execution by Programmes and Sub-Programmes					
Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Revenue Services Development Services	General Administration, Planning & Support Services	9,155,519	8,048,318	1,107,201	87.9
	Support service	3,000,000	2,878,000	122,000	95.9
	Infrastructural Development	36,000,000	-	36,000,000	0.0
	Sub total	48,155,519	10,926,318	37,229,201	22.7
Civic Education Development Services	Civic Education Development Services	1,597,102	1,593,151	3,951	99.8
Inter and intra -governmental Relations services	General Administration, planning & Support Services	7,000,000	5,329,091	1,670,909	76.1
	General Administration, planning & Support Services	85,043,057	61,586,439	23,456,618	72.4
	County Secretary	102,319,443	34,150,918	68,168,525	33.4
	Deputy Governor	24,765,974	15,040,320	9,725,654	60.7
	Legal services	13,000,000	8,248,280	4,751,720	63.4
	Public Administration and devolution Services	91,828,349	15,782,427	76,045,922	17.2
	Communication Services	300,000	295,000	5,000	98.3
	Mogotio Sub County Administration Services	16,851,692	6,147,165	10,704,527	36.5
	Baringo Central Sub County Administration Services	15,255,765	7,716,346	7,539,419	50.6
	Baringo North Sub County Administration Services	17,684,745	7,860,330	9,824,415	44.4
	Baringo South Sub County Administration Services	19,510,904	8,487,935	11,022,969	43.5
	Tiaty Sub County Administration Services	18,841,842	3,632,709	15,209,133	19.3
	County Public Services Board Services	48,230,907	11,030,554	37,200,353	22.9
	Eldama Ravine Sub County Administration Services	17,224,229	9,508,967	7,715,262	55.2
	Sub -total	470,856,907	189,487,391	281,369,516	40.2
	Legislative Representation and Oversight services	339,037,766	-	339,037,766	0.0
	General administrative services	-	-	-	-
	ICT Development	24,000,000	-	24,000,000	-
	Infrastructure development	34,558,240	-	34,558,240	-
	Sub -total	58,558,240	-	58,558,240	-
	General Administration, planning & Support Services	26,432,472	-	26,432,472	-
	General Administration, planning & Support Services	10,700,000	-	10,700,000	-
	Support service	7,300,000	-	7,300,000	-
	Gender mainstreaming	1,000,000	-	1,000,000	-
	Sub -total	19,000,000	-	19,000,000	-
Sport Development	General Administration, planning & Support Services	84,292,570	-	84,292,570	-
	Support service	1,500,000	-	1,500,000	-
	Sub -total	85,792,570	-	85,792,570	-
	Conservation of Cultural Heritage	1,000,000	210,450	789,550	21.0
	General Administration, planning & Support Services	121,251,196	71,027,531	50,223,665	58.6
	General Administration, planning & Support Services	-	9,341,058	(9,341,058)	-
	Support service	370,321,000	5,147,650	365,173,350	1.4
	Water Harvesting Storage and Flood Control	680,408,787	102,584,342	577,824,445	15.1
	Sub -total	1,050,729,787	117,073,050	933,656,737	11.1
	General Administration, planning & Support Services	33,627,305	7,117,500	26,509,805	21.2
	General Administration, planning & Support Services	-	2,095,100	(2,095,100)	-
	Support service	6,000,000	-	6,000,000	0.0

Budget Execution by Programmes and Sub-Programmes					
Programmes	Sub- Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub -Total	6,000,000	2,095,100	3,904,900	34.9
	General Administration, planning & Support Services	37,048,339	16,783,814	20,264,525	45.3
	Protection of rivers and streams	1,000,000	496,200	503,800	49.6
	County Forest conservation and management	6,000,000	2,495,110	3,504,890	41.6
Grand Total		8,681,521,001	3,646,649,540	5,034,871,461	42.0

Source: Baringo County Treasury

The programmes that performed well based on expenditure absorption were: Agriculture Development and Agricultural Training Services at 100 per cent each, followed by Civic Education Development Services at 99.8 per cent, General Administrative Planning Services at 98.7 per cent, and Revenue Support and Development Services at 95.9 per cent of their respective budget allocation.

3.2.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.624.67 million out of an annual development budget allocation of Kshs.4.30 billion. The development expenditure accounted for an absorption rate of 14.5 per cent.
2. A high wage bill, which accounted for 64.6 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other core programmes.
3. Delay in submission of financial reports to the OCOB for Car Loans and House Mortgage Fund Scheme, Bursary/Scholarships Fund, Enterprise Fund contrary to Section 168 of the PFM Act, 2012.
4. Failure to establish a County Budget and Economic Forum (CBEF) as required by Section 137 of the PFM Act, 2012 to serve as a forum for consultation on matters relating to budgeting, economic and financial matters at the County level.

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

1. The County should identify and address the issues causing delay in the implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County Executive Committee Member for Finance should ensure timely submission of quarterly financial reports by Fund Administrators as stipulated in Section 168 of the PFM Act, 2012.
4. The County Executive should establish the County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012.

3.3 Bomet County

3.3.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.5.51 billion (77.7 per cent) as equitable share of revenue raised nationally, Kshs.918.70 million (13 per cent) as total conditional grants, generate Kshs.275.92 million (3.9 per cent) from own sources of revenue, and Kshs.385.90 million (5.4 per cent) as cash balance from FY 2018/19. Table 3-6 shows the expected sources of financing by category in FY 2019/20.

3.3.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.02 billion as equitable share of the revenue raised nationally, Kshs.188.50 million as total conditional grants, raised Kshs.138.58 million from own-source revenue, and had a cash balance of Kshs.385.90 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.74 billion as shown in Table 3-6.

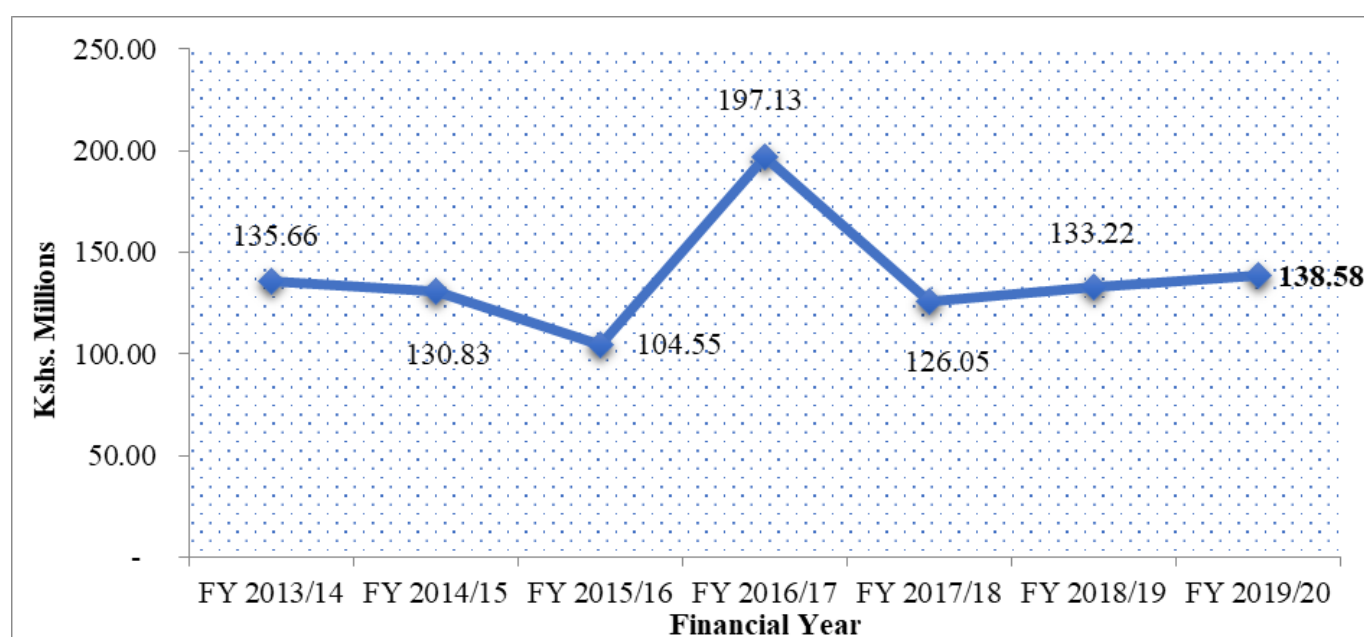
Table 3-6: Bomet County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the First Nine months FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,507,100,000	5,507,100,000	3,023,397,900	54.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	16,713,356	16,713,356	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	156,322,688	156,322,688	78,161,344	50.0
4.	Rehabilitation of Village Polytechnics	57,875,000	57,875,000	23,694,149	40.9
Sub Total		362,825,938	362,825,938	101,855,493	28.1
C.	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	7,316,089	20.9
6.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	215,200,000	215,200,000	69,033,478	32.1
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	240,534,800	240,534,800	334,800	0.1
8.	DANIDA Grant	17,718,750	17,718,750	-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	30,000,000	30,000,000	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,416,549	17,416,549	9,958,275	57.2
Sub Total		555,870,099	555,870,099	86,642,642	15.6
D	Other Sources of Revenue				
11.	Own Source Revenue	275,922,277	275,922,277	138,580,120	50.2
12.	Balance b/f from FY2018/19	385,900,000	385,900,000	385,900,000	100.0
Sub Total		661,822,277	661,822,277	524,480,120	79.2
Grand Total		7,087,618,314	7,087,618,314	3,736,376,155	52.7

Source: Bomet County Treasury

Figure 3-79 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-3: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Bomet County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.138.58 million as own-source revenue. This amount represented an increase of 4 per cent when compared to Kshs.133.22 million realised during the same period in FY 2018/19, and represented 50.2 per cent of the annual target.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.93 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.649.88 million (16.6 per cent) for development programmes and Kshs.3.28 billion (83.4 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

A total of Kshs.3.39 billion was spent on development and recurrent programmes and represented 86.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.606.76 million and Kshs.2.79 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 23.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 62.3 per cent.

3.3.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.93 billion was spent on compensation to employees, Kshs.851.07 million on operations and maintenance, and Kshs.606.76 million on development expenditure.

Table 3-7: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	4,470,702,594	3,276,002,620	2,785,799,350	82.1	62.3
Compensation to Employees	2,461,225,287	2,027,690,192	1,934,728,752	57.0	78.6
Operations and Maintenance	2,009,477,307	1,248,312,428	851,070,597	25.1	42.4
Total Development Expenditure	2,616,915,720	649,882,570	606,762,373	17.9	23.2
Development Expenditure	2,616,915,720	649,882,570	606,762,373	17.9	23.2
Total	7,087,618,314	3,925,885,190	3,392,561,722	100	47.9

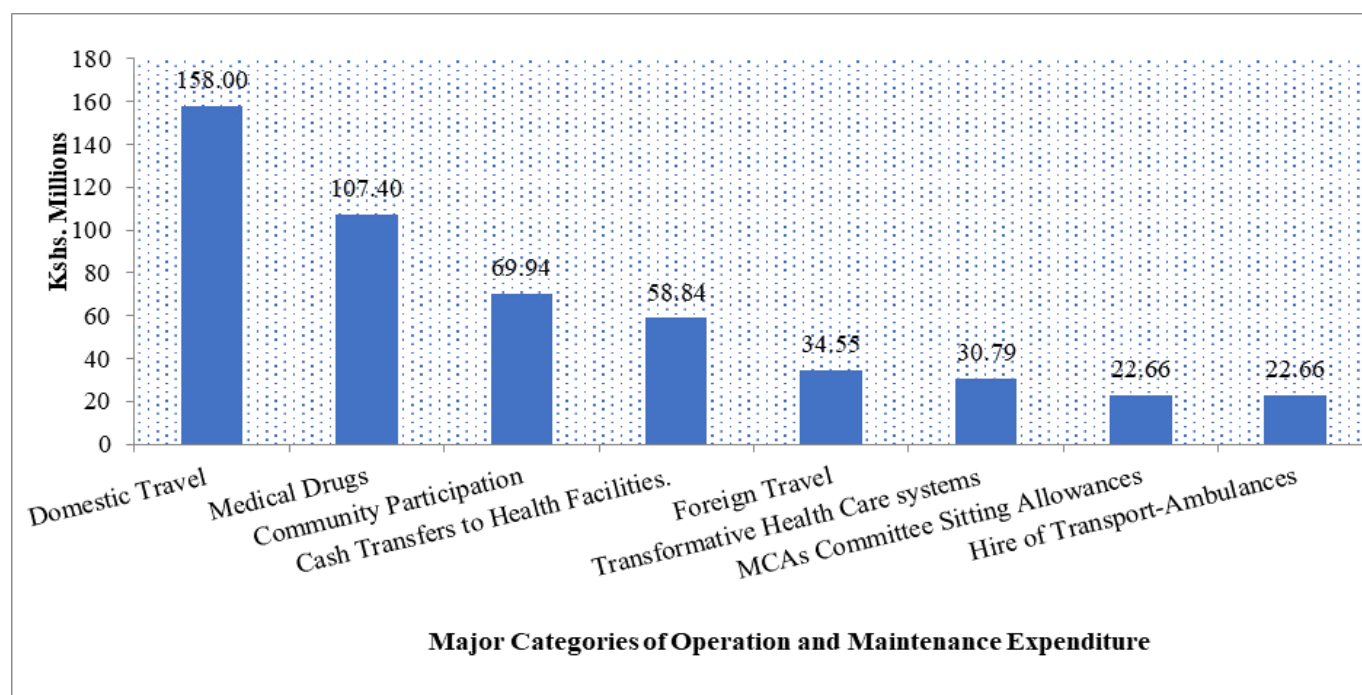
Source: Bomet County Treasury

Expenditure on compensation to employees was 57 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 2 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.97 billion.

3.3.6 Analysis of Operations and Maintenance Expenditure

Figure 3-4 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-4: Bomet County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Bomet County Treasury

The County spent Kshs.22.66 million on committee sitting allowances in the first nine months of FY 2019/20 for the 37 MCAs and Speaker against the annual budget allocation of Kshs.33.75 million. The average monthly sitting allowance translated to Kshs.68,056 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.158.16 million and comprised of Kshs.64.40 million spent by the County Assembly and Kshs.93.76 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.34.55 million and comprised of Kshs.34.55 million spent by the County Assembly and Kshs.18.67 million spent by the County Executive.

3.3.7 Development Expenditure Analysis

The total development expenditure of Kshs.606.76 million represented 23.2 per cent of the annual development budget of Kshs.2.62 billion and represented a decrease of 9.2 per cent compared to a similar period in FY2018/19 when the County spent Kshs.668.32 million. Table 3-3 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-8: Bomet County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Sigor Ward Office	Sigor	15,000,000	12,921,045	86.1
2	Construction of Boda Boda Shades	All Wards	32,503,598	32,503,598	100
3	Ndarawetta Ward Office	Ndarawetta	8,811,232	8,811,232	100
4	Revenue collection automation system	County wide	30,000,000	27,213,722	90.7
5	Mabwaita-Kap Cristina, Simbi-Kamusa	Rongena / Manaret	7,500,000	7,448,012	99.3
6	Sotik Primary - Mumberes Road	Chemagel	6,500,000	5,118,850	78.8
7	Njorwet water pan	Mutarakwa	3,994,760	3,994,760	100.0
8	Sumek-Kapkesembe pipeline extension	Kapletundo	3,998,231	3,998,231	100.0
9	Chebunyo cattle saleyard ,perimeter & gates	Chebunyo	3,500,000	3,184,508	91.0
10	Construct and Bomet IAAF stadium	Nyongores	30,000,000	14,000,000	46.7

Source: Bomet County Treasury

3.3.8 Budget Performance by Department

Table 3-9 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-9: Bomet County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	646.32	60.00	439.00	19.24	419.20	19.09	95.5	99.2	64.9	31.8
County Executives	1,753.87	-	1,499.41	-	1,415.21	-	94.4	-	80.7	-
Public Service Board	20.03	-	8.79	-	5.46	-	62.1	-	27.2	-
Administration	58.39	69.61	38.48	14.85	27.51	9.50	71.5	64.0	47.1	13.7
Information Communication and Technology	25.71	21.00	10.28	-	10.43	-	101.5	-	40.6	-
Finance	105.77	99.93	52.34	61.04	72.55	80.52	138.6	131.9	68.6	80.6
Economic Planning	133.87	-	55.90	-	27.29	-	48.8	-	20.4	-
Lands, Housing and Urban Planning	71.49	280.56	15.03	0.93	17.51	0.60	116.5	64.1	24.5	0.2
Youth, Sports, Gender and Culture	88.02	37.00	75.10	15.77	49.97	14.00	66.5	88.8	56.8	37.8
Medical Services & Public Health	1,188.09	374.73	857.07	13.23	577.01	14.74	67.3	111.4	48.6	3.9
Education and Vocational Training	146.47	128.18	54.06	56.42	29.63	56.13	54.8	99.5	20.2	43.8
Water Sanitation and Environment	86.51	404.35	80.15	73.53	61.08	73.27	76.2	99.6	70.6	18.1
Agriculture Cooperatives and Marketing	60.97	363.20	43.48	118.12	26.83	59.09	61.7	50.0	44.0	16.3
Roads, Public Works & Transport	58.38	655.57	32.14	220.60	17.86	224.00	55.6	101.5	30.6	34.2
Trade, Energy, Tourism, Industry and Investment	26.80	122.80	14.77	56.15	28.27	55.81	191.4	99.4	105.5	45.4
TOTAL	4,470.70	2,616.92	3,276.00	649.88	2,785.80	606.76	85.0	93.4	62.3	23.2

Source: Bomet County Treasury

Analysis of expenditure by department shows that the Department of Finance recorded the highest absorption rate of development budget at 80.6 per cent while the Department of ICT did not report expenditure on development activities. The Department of Trade, Energy, Tourism, Industry and Investment had the highest percentage of recurrent expenditure to its recurrent budget at 105.5 per cent while the Department of Education and Vocational Training had the lowest at 20.2 per cent. Performance above 100 per cent is irregular and should be corrected through the supplementary budget process.

3.3.9 Budget Execution by Programmes and Sub-Programmes

Table 3-10 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-10 : Bomet County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
COUNTY EXECUTIVE	Compensation to employees	1,494,638,552	1,287,873,481	206,765,071	86%
County Executive	Use of Good and Services	259,227,874	127,333,640	131,894,234	49%
PUBLIC SERVICE BOARD				-	
Public service Board	Use of Good and Services	20,034,200	5,457,290	14,576,910	27%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
ADMINISTRATION	Use of Good and Services	58,190,252	27,474,251	30,716,001	47%
Administration-Governance	Training Services	100,000	33,000	67,000	33%
	Consultancy Services	100,000	-	100,000	0%
Infrastructure Development	Purchase of Motor Vehicle(Fire Engine)	30,000,000	-	30,000,000	0%
	Residential Buildings	19,000,000	9,504,993	9,495,007	50%
	Non Residential Buildings- Offices	20,610,000	-	20,610,000	0%
ICT DEPARTMENT			-	-	
Program 2-ICT Services	Information Communication Technology (ICT) Services		-	-	
	S.P 1.1 Development of infrastructure and connectivity	7,000,000	-	7,000,000	0%
	S.P 1.2 ICT Connectivity enhancement	4,000,000	-	4,000,000	0%
	S.P 1.3 E-government services	10,000,000	-	10,000,000	0%
			-	-	
FINANCE	Use of Good and Services	105772392	72,550,763	33,221,629	69%
P5 Financial management Services	Preparation of County Valuation roll	0	-	-	
	Automation of Revenue	15427759	13,905,595	1,522,164	90%
	Pending Bills	84500000	76,910,833	7,589,167	91%
2. ECONOMIC PLANNING Other Recurrent Expenditure	22 - Use of Goods and Services total	62,170,585	13,673,156	48,497,429	22%
			-	-	
	LREB	3,000,000	-	3,000,000	0%
	KDSP	30,000,000	-	30,000,000	0%
P 2- Budget Preparation			-	-	
	Preparation of Budget Documents	8,000,000	5,505,000	2,495,000	69%
	Awareness and Publicity Campaigns	6,000,000	4,610,400	1,389,600	77%
P3 Monitoring and Evaluation			-	-	
	Monitoring services(Installation of M&E dashboard)	11,000,000	-	11,000,000	0%
	Awareness and Publicity Campaigns	100,000	-	100,000	0%
P4 Planning and Statistics			-	-	
	County Plans	9,598,250	-	9,598,250	0%
	County Statistics	4,000,000	3,501,500	498,500	88%
			-	-	
			-	-	
LANDS HOUSING AND URBAN PLANNING	Use of Goods and Services total	26,491,187	16,136,987	10,354,200	61%
Infrastructure Development	Contracted Technical Services	20,500,000	-	20,500,000	0%
	Purchase of land	50,000,000	-	50,000,000	0%
	Other Infrastructure and Civil Works	14,943,613	-	14,943,613	0%
	Engineering and Design Plans	2,112,174	598,650	1,513,524	28%
	Non-Residential Buildings (offices, schools, hospitals, etc..)	3,000,000	-	3,000,000	0%
KUSP RECURRENT					-
					-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Training and Capacity Building of Bomet Municipal Board and Staff	1,500,000	-	1,500,000	0%
	Completion of Bomet Municipal Urban Integrated Development Plan	7,000,000	-	7,000,000	0%
	Kembu IDEP	3,000,000	-	3,000,000	0%
	Sigor IDEP	3,000,000	-	3,000,000	0%
	Mulot Town Integrated Plan	7,000,000	-	7,000,000	0%
	County urban areas strategic plan	9,000,000	-	9,000,000	0%
	County physical planning g/ Development control	6,000,000	-	6,000,000	0%
	Electricity	50,000	-	50,000	0%
	Water and sewerage charges	30,000	-	30,000	0%
	Telephone, Telex, Facsimile and Mobile Phone Services	10,000	-	10,000	0%
	Courier and Postal Services	10,000	-	10,000	0%
	Travel Costs (bus, railway, mileage allowances, etc.)	400,000	-	400,000	0%
	Domestic Travel and Subs.-Others	1,225,000	-	1,225,000	0%
	Publishing and Printing Services	150,000	-	150,000	0%
	Subscriptions to Newspapers, Magazines and Periodicals	20,000	-	20,000	0%
	Advertising, Awareness & Publicity Campaigns	400,000	-	400,000	0%
	Trade Shows and Exhibitions	200,000	-	200,000	0%
	Other Operating expenses- Community Participation	1,310,000	1,000,000	310,000	76%
	Catering Services (receptions), Accommodation, Gifts, Food and Drinks	165,000	-	165,000	0%
	Boards, Committees, Conferences and Seminars	1,350,000	-	1,350,000	0%
	Gas Expenses	50,000	-	50,000	0%
	Purchase of Uniforms and Clothing-Staff	300,000	-	300,000	0%
	Accommodation - Domestic Travel	1,200,000	-	1,200,000	0%
	Daily Subsistence Allowance	1,120,000	372,000	748,000	33%
	Sanitary and Cleaning Materials, Supplies and Services	250,000	-	250,000	0%
	Bank Service Commission and Charges	10,000	-	10,000	0%
	Purchase of household and institutional appliances	150,000	-	150,000	0%
	Sundry items	100,000	-	100,000	0%
KUSP DEVELOPMENT					-
					-
	Construction of Bomet University-Chebiri-Major Estate Road to Bitumen Standard	67,000,000	-	67,000,000	0%
	Improvement of Selected Silbwet Town Access Roads to Bitumen Standards.	50,000,000	-	50,000,000	0%
	Construction of Additional Market Stalls and Installation of Canro Blocks/ Works in Bomet Market.	56,600,000	-	56,600,000	0%
	Purchase of Farm Tractor with Skip Loader	8,000,000	-	8,000,000	0%
	Preparation of Detailed Designs and Environmental Impact Reports for KUSP Projects	8,400,000	-	8,400,000	0%
YOUTH SPORTS GENDER AND CULTURE					
	Use of Goods and Services total	15,200,000	9,551,845	5,648,155	63%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
PROGRAMME 1 Policy Development and Administrative Services	Policy Development	500,000	-	500,000	0%
	Capacity Building	1,000,000	254,800	745,200	25%
PROGRAMME 2 Gender, Children Services and Social Protection					
	SP 2.1 Training and gender empowerment	6,400,000	5,418,900	981,100	85%
	SP 2.2 Social protection and children services	12,300,000	9,569,440	2,730,560	78%
PROGRAMME 3 Culture and library services	PROGRAMME 3 Culture and library services				
	SP 3.1 Cultural Development	3,120,370	731,360	2,389,010	23%
	SP 3.2 Public Records and Archives Management	1,000,000	-	1,000,000	0%
PROGRAMME 4 Youth and Sports Development					
	SP 4.2 Sports Enhancement	9,500,000	3,844,900	5,655,100	40%
	SP 4.3 Revitalization of youth programmes	9,000,000	3,397,970	5,602,030	38%
	SP 4.4 Internship Programme	27,000,000	14,334,000	12,666,000	53%
	SP 4.5 Establishment of Youth Empowerment facilities and equipment	3,000,000	2,868,500	131,500	96%
DEVELOPMENT					
P.3	SP 2.2 Social Protection and Children Services	2,000,000	-	2,000,000	0%
P 3	SP 3.1 Cultural Development				
	SP 3.2 Public Records and Archives Management	4,000,000	-	4,000,000	0%
P 4	SP 4.5 Development of sporting facilities	31,000,000	-	31,000,000	0%
MEDICAL SERVICES AND PUBLIC HEALTH					
Salaries and Wages	Compensation to Employees	665,000,000	324,731,153	340,268,848	49%
Operation and maintenance	Use of Goods and Services	27,495,831	14,760,723	12,735,108	54%
Programmes 4	Policy Development	2,000,000	-	2,000,000	0%
	Transformative Health Care systems	87,100,000	30,790,681	56,309,319	35%
	DANIDA Funds disbursements	17,718,750	7,000,000	10,718,750	40%
	User fees forgone disbursements	16,713,356	-	16,713,356	0%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	Cash Transfers to Health Facilities.	58,853,899	58,837,980	15,919	100%
	Specialized Materials and Supplies -(Renal, CT-SCAN, Ophthalmic, Oncology, HDU, theatre consumables)	12,000,000	-	12,000,000	0%
	Medical Drugs	160,770,000	107,401,075	53,368,925	67%
	Dressings and Other Non- Pharmaceutical Medical Items -(gloves, linen, etc)	10,000,000	4,687,450	5,312,550	47%
	Hire of Transport - ambulance service	24,000,000	22,660,084	1,339,916	94%
	Laboratory Materials, Supplies and Small Equipment	18,620,000	6,066,640	12,553,360	33%
	Community and health facility based interventions	60,329,352	-	60,329,352	0%
	Communicable disease prevention and Control	4,450,000	-	4,450,000	0%
	Sanitation programmes (including BIDP)	10,500,000	-	10,500,000	0%
	Nutrition services	3,560,000	70,000	3,490,000	2%
	Community maternal and child health	8,981,552	-	8,981,552	0%
P5. DEVELOPMENT	DEVELOPMENT				
	Non-Residential Buildings (Hospitals, Health centers, dispensaries)	185,000,000	5,099,298	179,900,702	3%
	Purchase of Medical and Dental Equipment -	25,820,000	9,641,489	16,178,511	37%
	Leasing of medical equipment	131,914,894	-	131,914,894	0%
	Purchase of ambulances	20,000,000	-	20,000,000	0%
	Procurement, Installation & commissioning of a standby generator for Longisa CRH	9,000,000	-	9,000,000	0%
	Information communication technology - CCTV for Longisa CRH	3,000,000	-	3,000,000	0%
AGRICULTURE COOPERATIVES AND MARKETING					
Operation and Maintenance	Use of Goods and Services sub total	60,972,095	26,833,614	34,138,481	44%
P.1Development			-	-	
	IDA(Word Bank) Kenya Climate Smart	215,200,000	11,304,194	203,895,806	5%
P.2Crop development and management					
	Other infrastructure and civil works-Cash crop development	6,000,000	-	6,000,000	0%
	Purchase of Certified Crop Seeds	1,100,000	1,100,000	-	100%
	Supplies for Production	12,000,000	11,475,000	525,000	96%
	Non-Residential Buildings (offices, schools, hospitals, etc.- Satellite ATCs	4,900,000	3,338,236	1,561,764	68%
	Policy development on animal health and production	1,000,000	-	1,000,000	0%
	Agricultural Materials supplies and small Equipment	4,900,000	346,750	4,553,250	7%
	Other current transfers- Co-funding	5,000,000	-	5,000,000	0%
	Agricultural Materials, Supplies and Small Equipment	1,400,000	-	1,400,000	0%
	Food & Nutrition Security	6,400,000	-	6,400,000	0%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
P3. Agribusiness - Development and marketing					
	SP3.1 Cooperative development				
	Cooperative societies	7,000,000	1,000,000	6,000,000	14%
	Purchase of Agricultural machinery and Equipment- Value Addition	4,100,000	-	4,100,000	0%
	Other infrastructure and Civil Works -Value addition	6,000,000	-	6,000,000	0%
	Other infrastructure and Civil Works -	7,000,000	6,494,093	505,908	93%
P4. Livestock, Fisheries & Veterinary Services					
	SP4.1 Livestock Development				
	Agricultural Materials, Supplies and Small Equipment	2,700,000	852,000	1,848,000	32%
	Construction of buildings -Cooling plant	3,000,000	597,500	2,402,500	20%
	SP 4.2 Fisheries Development				
	Construction of Fish pond	400,000	-	400,000	0%
	Purchase of Animals and Breeding Stock	500,000	500,000	-	100%
	SP 4.3 Disease, Vector and pest control				
	Veterinarian Supplies and Materials	4,000,000	525,000	3,475,000	13%
	SP 4.4 Veterinary services development	-	-	-	
	Construction of buildings	19,000,000	3,536,896	15,463,105	19%
	Refurbishment of Non-Residential Buildings-Dips and slaughter and Tea buying centres	58,000,000	18,024,133	39,975,867	31%
Programme 1	Policy planning and administrative services				
	County water policy and bill	2,000,000	-	2,000,000	0%
	Consultancy Services for Feasibility Study to identify potential sources for development of water Supply	4,000,000	-	4,000,000	0%
	Consultancy Services for Preparation of County Natural Resources Master Plan (EOI and Design)	2,000,000	-	2,000,000	0%
Programme 2	Development of Water Supply for Domestic and Commercial purposes				
	Water supply infrastructure	257,846,082	107,173,746	150,672,336	42%
	BIDP Programme	35,000,000	35,000,000	-	100%
	water harvesting and storage	33,000,000	-	33,000,000	0%
	Spring protection	15,000,000	-	15,000,000	0%
	Drilling of boreholes	33,000,000	-	33,000,000	0%
Programme 3	Irrigation Development	-	-	-	
	Irrigation infrastructure	5,000,000	-	5,000,000	0%
Programme 4	Environmental and natural resources protection and conservation				
	Soil and water conservation	3,000,000	-	3,000,000	0%
	Riparian protection	2,000,000	1,258,240	741,760	63%
	Agroforestry	6,000,000	4,257,363	1,742,637	71%
	Solid waste management	500,000	-	500,000	0%
	Climate Change adaptation and Mitigation	4,000,000	797,801	3,202,200	20%
	Environmental education and awareness	2,000,000	-	2,000,000	0%
EDUCATION AND VOCATIONAL TRAININGS					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Operation and maintenance	Use of Goods and Services	10,839,269	3,455,880	7,383,389	32%
Policy, Planning and General Administrative services					
	Mobilization and Awareness	1,259,321	901,000	358,321	72%
	Bursaries and Support Services	56,496,660	20,434,107	36,062,553	36%
	Revolving Fund	20,000,000	-	20,000,000	0%
	Other Transfers (Support to Polytechnic)	57,875,000	4,835,628	53,039,372	8%
DEVELOPMENT					
Early Childhood Development and Education					
	Construction of ECD Classrooms	112,500,000	53,788,896	58,711,104	48%
	Furniture in ECD	4,050,000	-	4,050,000	0%
	Teaching/ Learning Materials	700,000	-	700,000	0%
	Ancillary Education Support	5,000,000	-	5,000,000	0%
Technical Vocational Educational and Training					
	Infrastructure Development and expansion	5,925,000	2,343,379	3,581,621	40%
ROADS PUBLIC WORKS AND TRANSPORT					
	Use of Goods and Services sub total	58,382,125	17,859,717	40,522,408	31%
Programme 1	Policy planning and administrative services		-	-	
	Policy Development (Roads)	2,500,000	-	2,500,000	0%
Programme 2	Roads Construction & Maintenance				
	Major Roads (Upgrading to Bitumen Standards (Feasibility study and EIA))				
	Construction of Roads	547,566,703	148,535,579	399,031,124	27%
	Overhaul of Roads (RMLF)	156,322,688	54,819,037	101,503,651	35%
Programme 3	Development and Maintenance of other Public works				
	Construction and Maintenance of Motorized Bridge	20,000,000	18,321,865	1,678,135	92%
	Culvert Installation	14,000,000	-	14,000,000	0%
	Foot Bridge construction	5,000,000	2,325,452	2,674,548	47%
	Construction and equipping of Material Testing Lab	6,000,000	-	6,000,000	0%
	Consultancy services for Construction works	5,000,000	-	5,000,000	0%
Programme 4	County Transport Infrastructure				
	Operationalization of a Fleet management system and construction of a control room	5,000,000	-	5,000,000	0%
TRADE ENERGY TOURISM INDUSTRY AND INVESTMENT					
	Use of Goods and Services	20,396,647	13,474,597	6,922,050	66%
	Other Recurrent Expenditure		-	-	
	Maintenance Expenses - Motor Vehicle	3,404,353	890,575	2,513,778	26%
P1. Trade Development					
	Capacity Building Of Smes	2,000,000	24,400	1,975,600	1%
	Trade Awards	1,000,000	480,000	520,000	48%
Development Expenditure					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
P1. Trade Development					
	S.P 1.1 County Enterprise Fund	21,000,000	19,919,027	1,080,973	95%
	S.P 1.2 Market Development	32,696,006	4,827,985	27,868,021	15%
	S.P 1.3 Fair Trade And Consumer Protection Practices	1,000,000	-	1,000,000	0%
P2. Energy Development	P2. Energy Development				
	S.P 2.1 Power Generation And Distribution Service_ street lights	5,000,000	2,147,216	2,852,784	43%
	S.P 2.3 Counterpart funding Matching Funds REA	10,000,000	10,000,000	-	100%
	S.P 2.4 Installation and Maintenance of street lights	20,000,000	11,823,723	8,176,277	59%
P3. Tourism Development	P3. Tourism Development	-	-	-	
	S.P 3.1 Development Of The Tourism Niche Products	16,100,000	-	16,100,000	0%
P4. Industry Development		-	-	-	
	S.P 4.3 Industrial Development And Support	13,000,000	3,087,087	9,912,913	24%
	S.P 4.4 . Equipping of Jua Kali sheds	4,000,000	4,000,000	-	100%
COUNTY ASSEMBLY				-	
Salaries and Wages	Compensation for Employees	301,586,735	194,790,676	106,796,059	65%
	SP 1.1: Legislative Services	142,060,336.00	102,819,811	39,240,525	72%
P1 County Assembly Legislative Services	SP 1.2: Committee Services	30,492,000.00	22,662,711	7,829,289	74%
	SP 2.2: Public Participation	41,940,126.00	36,704,731	5,235,395	88%
P2 Oversight Presentation	SP 2.1: Decentralization of Services	30,340,000.00	34,409,090	-4,069,090	113%
	SP 3.2: Administrative Services	159,902,326.00	46,904,666	112,997,660	29%
	COUNTY TOTAL	7,087,618,314	3,379,161,223	3,708,457,091	48%

Source: Bomet County Treasury

The programmes that performed well based on expenditure absorption were: Decentralization of County Assembly services at 113 per cent, Equipping of Jua Kali sheds at 100 per cent, Cash Transfers to Health Facilities at 100 per cent, and Purchase of Certified Crop Seeds at 100 per cent of budget allocation.

3.3.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.606.76 million out of annual development budget of Kshs.2.62 billion. The development expenditure represented 23.2 per cent of the annual development.
3. A high wage bill, which accounted for 57 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-9 and table 3-10 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in the implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.4 Bungoma County

3.4.1 Overview of the FY 2019/20 Budget

The County's Approved Supplementary Budget for FY 2019/20 was Kshs.13.60 billion, comprising of Kshs.4.58 billion (33.7 per cent) and Kshs.9.02 billion (66.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.89 billion (65.4 per cent) as equitable share of revenue raised nationally, Kshs.1.99 billion (14.6 per cent) as total conditional grants, generate Kshs.500 million (3.7 per cent) from own sources of revenue, and Kshs.1.82 billion (9.5 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.393.75 million (2.9 per cent) as "other revenues" not contained in the CARA, 2019.

3.4.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.7.23 billion as equitable share of the revenue raised nationally, Kshs.321.93 million as total conditional grants, raised Kshs.248.43 million from own-source revenue, Appropriation In Aid (AIA) Kshs.352.32 million and had a cash balance of Kshs.1.82 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.97 billion as shown in Table 3-11.

Table 3-11: Bungoma County, Revenue Performance in the First Nine Months of FY 2019/20

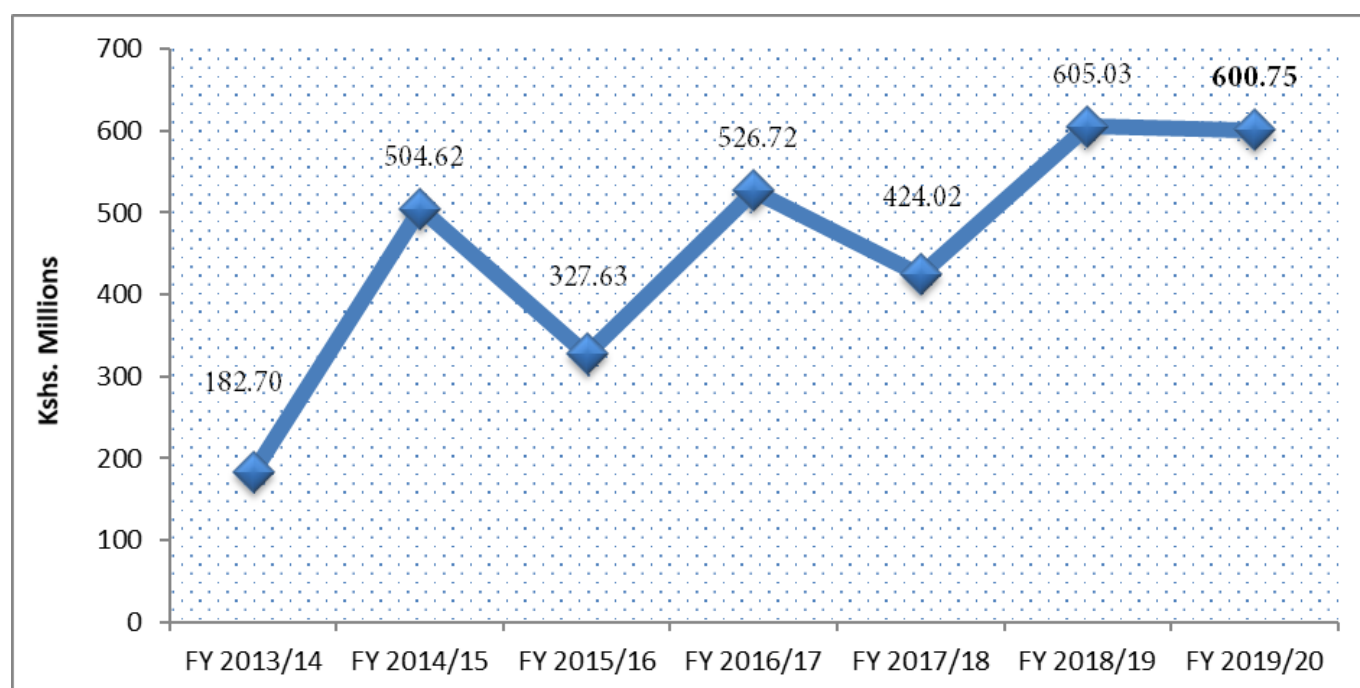
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,893,650,000	8,893,650,000	7,230,000,081	81.3
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	32,837,307	32,837,307	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	252,452,156	252,452,156	63,113,039	25.0
4.	Rehabilitation of Village Polytechnics	53,928,298	119,428,298	-	-
5.	Sub Total	471,132,655	536,632,655	63,113,039	13.4
C.	Loans and Grants from Development Partners				
6.	Transforming Health systems for Universal care Project (WB)	143,042,792	198,056,208	76,022,921	53.1
7.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	427,418,760	122,732,632	35.1
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	88,329,310	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	300,977,100	513,514,889	41,200,000	13.7
10.	DANIDA Grant	26,718,750	26,718,750	13,359,375	50.0
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,814,092	28,550,088	5,500,000	29.2
12.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	160,000,000	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
14.	UNICEF: United Nations Children's Fund	-	3,517,500	-	-
Sub Total		958,352,734	1,454,905,505	258,814,928	27.0
D	Other Sources of Revenue				

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
15.	Own Source Revenue	-	500,000,000	248,426,779	49.7
16.	Balance b/f from FY 2018/19	-	1,818,129,761	1,818,129,761	100.0
17.	A-I-A	-	393,746,372	352,321,224	89.50
Sub Total		-	2,711,876,133	2,418,877,764	89.2
Grand Total		10,323,135,389	13,597,064,293	9,970,805,812	73.30

Source: Bungoma County Treasury

Figure 3-5 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-5: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Bungoma County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.600.75 million (Kshs.248.43 million as own-source revenue and Kshs.352.32 million as A.I.A). This amount represented a decrease of 0.7 per cent when compared to Kshs.605.03 million realised during the same period in FY 2018/19, and represented 67.2 per cent of the annual target.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.23 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.45 billion (20.1 percent) for development programmes and Kshs.5.78 billion (79.9 per cent) for recurrent programmes.

3.4.4 Overall Expenditure Review

A total of Kshs.6.80 billion was spent on development and recurrent programmes and represented 94 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.45 billion and Kshs.5.35 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 31.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 59.3 per cent.

3.4.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.58 billion was spent on compensation to employees, Kshs.1.7 billion on operations and maintenance, and Kshs.1.45 billion on development expenditure.

Table 3-12: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer (Kshs.)	Issues	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	9,015,267,096	5,780,200,885		5,348,366,308	78.7	59.3
Compensation to Employees	4,983,842,317	3,516,965,115		3,583,334,644	52.7	71.9
Operations and Maintenance	4,031,424,779	2,263,235,770		1,765,031,664	26.0	43.8
Development Expenditure	4,581,797,197	1,449,799,196		1,449,894,235	21.3	31.6
Total	13,597,064,293	7,230,000,081		6,798,260,543	100.0	50.0

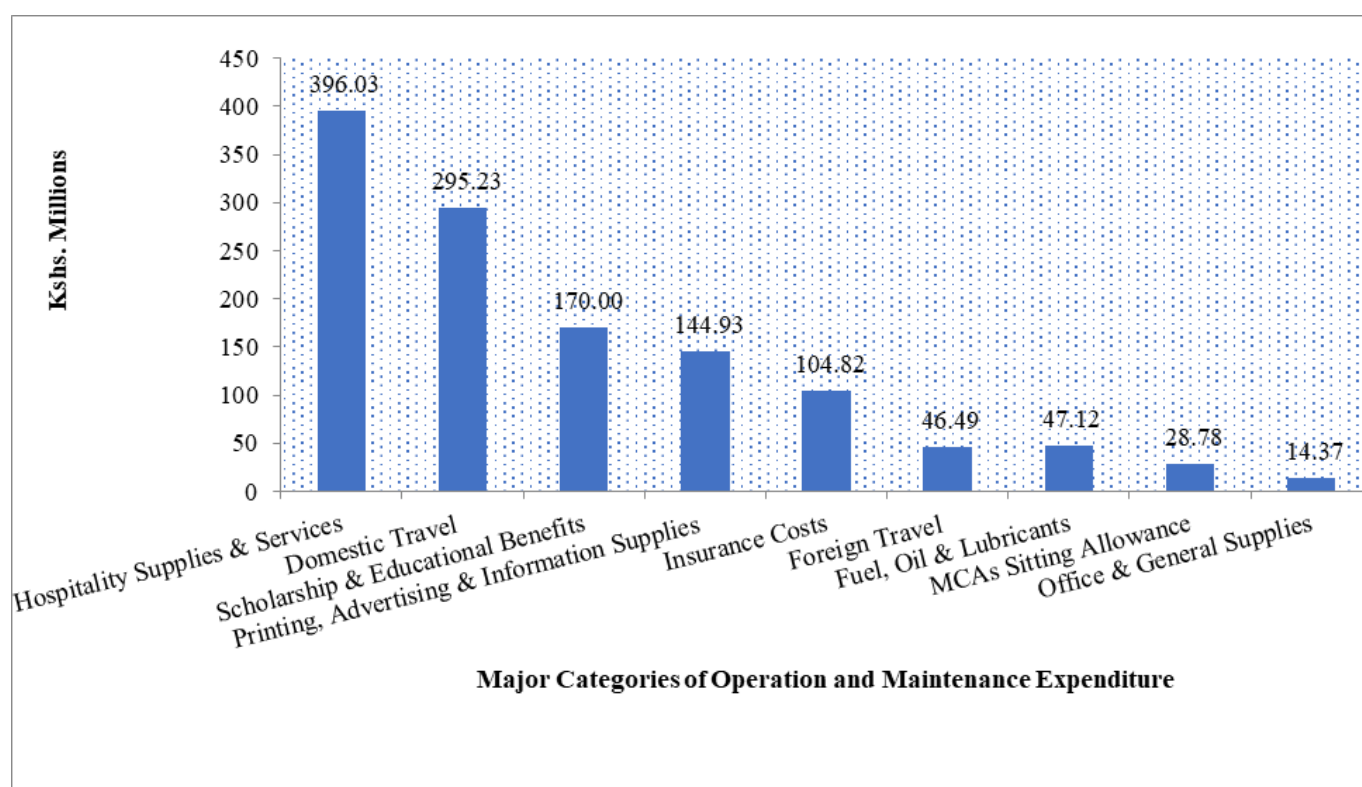
Source: Bungoma County Treasury

Expenditure on compensation to employees was 52.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 3.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.45 billion.

3.4.6 Analysis of Operations and Maintenance Expenditure

Figure 3-6 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-6: Bungoma County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Bungoma County Treasury

The County spent Kshs.28.78 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.51.98 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.52,426 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.295.23 million and comprised of Kshs.19.05 million spent by the County Assembly and Kshs.276.18 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.46.49 million and comprised of Kshs.1.29 million spent by the County Assembly and Kshs.45.20 million by the County Executive.

3.4.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.45 billion represented 31.6 per cent of the annual development budget of Kshs.4.58 billion and represented an increase of 46 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.992.54 million. Table 3-13 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-13: Bungoma County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Purchase and delivery of certified fertilizer for Farm Input Support	45 Wards	143,100,000	64,621,138	42.5
2.	Upgrading of Kanduyi –Sang'alo Junction Dual Carriage	Kanduyi- Sang'alo Junction	271,912,595	262,150,923	96.4
3.	Upgrading of Misikhu –Brigadier Road	Tongaren	100,000,000	35,809,404	35.8
4.	Construction of a 300 bed Maternal and Child Health Ward	Bungoma County Referral Hospital	65,000,000	25,045,531	38.5
5.	Health WARD BASED Projects	45 Wards	92,326,171	8,687,559	9.4
6.	Construction of ECDE classroom and equipping and ward projects	45 Wards	289,636,547	40,312,013	13.9
7.	Development of VTC centres of excellence	45 Wards	35,000,000	1,250,000	3.6
8.	WARD BASED projects	45 Wards	134,369,325	14,799,234	11.0
9.	Construction of Kanduyi stadium	Kanduyi	100,016,248	93,870,663	93.9
10.	Other infrastructure and civil works: Phase two Construction of Administration block	County Assembly: Headquarters	137,680,427	71,318,763	51.8

Source: Bungoma County Treasury

3.4.8 Budget Performance by Department

Table 3-14 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-14: Bungoma County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	409.34	784.24	342.18	113.61	271.83	227.45	79.4	200.2	66.4	29.0
Tourism, Forestry, Environment, Water & Natural Resources	232.02	455.86	167.50	26.33	162.04	16.60	96.7	63.0	69.8	3.6
Roads and Public Works	159.79	1,353.52	114.63	961.74	98.63	740.37	86.0	77.0	61.7	54.7
Education, Science, Sports and Youth Affairs	1,187.29	424.86	877.90	75.25	856.55	41.56	97.6	55.2	72.1	9.8
Health & Sanitation	3,436.36	284.37	1,862.75	37.98	1,675.74	35.58	90.0	93.7	48.8	12.5
Trade, Energy and Industrialization	70.15	85.15	32.40	-	32.21	-	99.4	0.0	45.9	-
Land, Urban, Physical Planning and Housing	125.46	629.33	56.06	58.19	51.19	207.71	91.3	357.0	40.8	33.0
Gender, Culture, Youth and Sports	123.39	129.45	68.53	98.14	75.06	93.87	109.5	95.6	60.8	72.5
Finance and Planning	1,194.40	21.82	878.00	-	850.91	-	96.9	0.0	71.2	-
County Public Service	45.87	-	27.12	-	29.17	-	107.5	-	63.6	-
Office of Governor/& Deputy Governor	478.69	-	338.52	-	352.71	-	104.2	-	73.7	-
Public Administration	684.85	238.89	361.83	11.71	349.61	11.71	96.6	100.0	51.1	4.9
County Assembly	867.66	174.29	652.76	66.84	542.72	75.05	83.1	112.3	62.5	43.1
Total	9,015.27	4,581.80	5,780.20	1,449.80	5,348.37	1,449.89	92.5	100.0	59.3	31.6

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 72.5 per cent. The Department of Education and Science had the highest percentage of recurrent expenditure to its recurrent budget at 72.1 per cent while the Department of Physical Planning and Housing had the lowest at 40.8 per cent.

3.4.9 Budget Execution by Programmes and Sub-Programmes

Table 3-15 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-15 : Bungoma County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Water and Natural Resources					
General administration, planning and support services	Administrative and Support Services	158,303,516	33,317,676	124,985,840	21.0
Water and sewerage services management	Purchase of drilling gir	49,000,000	-	49,000,000	-
	other infrastructure and civil works (Ward Based Projects)	126,846,763	14,799,234	112,047,529	11.7
Forest Conservation, Protection and Management	Purchase of Tree seed and seedlings	160,000,000	-	160,000,000	-
Sub total		494,150,279	48,116,910	446,033,369	9.7
Trade, Energy and Industrialization					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	99,333,230	32,207,332	67,125,899	32.4
Market Infrastructure Development	Market Infrastructure Development	12,389,019	-	12,389,019	-
Trade and Enterprise Development	Trade and Enterprise Development	9,518,798	-	9,518,798	-
Energy access and Industrial development	Energy access and Industrial development	6,127,965	-	6,127,965	-
Ward Based Projects	Ward Based Projects	27,938,036	-	27,938,036	-
Sub total		155,307,048	32,207,332	123,099,716	20.7
Education and Planning					
General Administration, Planning, Policy Coordination and Support Services	Administrative and Support Services	1,080,754,896	677,825,163	402,929,733	62.7
	Support Services	1,300,000	5,576,100	(4,276,100)	428.9
	HR development and management	2,000,000	1,446,400	553,600	72.3
Early Childhood Development and Education	ECDE CB curriculum implementation	500,000	500,000	-	100.0
	Special needs education	300,000	300,000	-	100.0
	Quality assurance and standards	300,000	300,000	-	100.0
	Infrastructure development	126,922,941	40,091,477	86,831,464	31.6
Vocational Education and Training	Tuition support programme	124,503,298	220,536	124,282,762	0.2
	Special needs education	300,000	300,000	-	100.0
	Centres of excellence	19,000,000	-	19,000,000	-
	Quality assurance and standards	300,000	300,000	-	100.0
	Infrastructure development	12,243,545	1,250,000	10,993,545	10.2
Education Support Programme	Education scholarship and bursary scheme	243,726,800	170,000,000	73,726,800	69.8
Sub total		1,612,151,480	898,109,676	714,041,804	55.7
Environment and Tourism					
General Administration, Planning, Policy Coordination and Support Services	Personnel Emolument	28,716,261	17,039,690	11,676,572	59.3
	Planning services	3,000,000	800,000	2,200,000	26.7
	Support services	141,392,485	112,686,244	28,706,241	79.7
Tourism Product Development and Marketing	Feasibility and Appraisal studies	1,288,784	-	1,288,784	-
	Tourist product promotion and marketing	3,866,351	-	3,866,351	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Integrated Solid Waste Management	Dumpsite development and management	15,465,404	-	15,465,404	-
Sub Total		193,729,285	130,525,934	63,203,351	67.4
Lands, Urban and Physical Planning					
General Administration, Planning and Support Services	General administration, planning and support services	140,348,942	38,193,383	102,155,560	27.2
Land Resource Management and Survey	Land Resource Management and survey	65,037,640	12,732,674	52,304,967	19.6
Urban Development	Urban development	521,078,910	194,977,972	326,100,938	37.4
Sub Total		726,465,492	245,904,028	480,561,464	33.8
County Public Service Board					
General Administration, planning and Support Services	General Administration, planning and Support Services	37,285,851	29,168,844	8,117,007	78.2
Human Resource Management and Development	Human Resource Management and Development	6,185,300	-	6,185,300	-
Governance and National Values	Governance and National Values	2,400,000	-	2,400,000	-
Sub Total		45,871,151	29,168,844	16,702,307	63.6
Public Administration					
General Administration, Planning and Support Services	Administration & support services	389,432,956	252,697,842	136,735,114	64.9
Public participation ,Civic Education and Outreach services	Civic education	6,000,000	-	6,000,000	-
Service Delivery and Organizational Transformation	Institutional development and support services	14,438,517	814,048	13,624,469	5.6
Sub Total		409,871,473	253,511,890	156,359,583	61.9
Housing					
General Administration, Planning and Support Services	General Administration, Planning and support services	21,884,190	12,992,339	8,891,851	59.4
Housing Development and Management	Housing development and management	6,443,919	-	6,443,919	0.0
Sub Total		28,328,109	12,992,339	15,335,770	45.9
Finance and Economic Planning					
General Administration ,Planning and Support Services	Administrative services(Administrative Services, Quality management system, office facilities)	362,300,254	163,923,451	198,376,803	45.2
	Human resource management services	438,270,885	534,453,981	(96,183,096)	121.9
	Financial services(pension, insurance & tax)	137,176,039	64,040,868	73,135,171	46.7
Economic Development Planning and Coordination	Economic development planning and coordination	86,026,515	64,756,270	21,270,245	75.3
Monitoring & Evaluation services	Monitoring & Evaluation services	8,272,960	6,622,800	1,650,160	80.1
County Public Financial Management	County Public Financial Management	154,131,610	-	154,131,610	0.0
Audit Services	Audit Services	30,047,900	17,112,024	12,935,877	56.9
Sub Total		1,216,226,163	850,909,394	365,316,769	70.0
Governor/ Deputy Governor's Office					
General Administration, Planning and Support Services	General Administration, Planning and support services	391,951,497	352,707,692	39,243,805	90.0
County Executive Committee Affairs	County Executive Committee Affairs	22,956,484	-	22,956,484	-
County Strategic and Service Delivery	County Strategic and Service Delivery	6,627,827	-	6,627,827	-
Governance and strategic leadership	Governance and strategic leadership	47,151,184	-	47,151,184	-
County Government Advisory Services	County government advisory services	10,000,000	-	10,000,000	-
Sub Total		478,686,992	352,707,692	125,979,300	73.7
Health and Sanitation					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration, Planning, Policy Coordination and Support Services	General Administration, Planning, Policy Coordination and Support Services	2,848,729,902	1,605,207,021	1,243,522,881	56.3
Preventive and Promotive Health Services	Preventive and Promotive Health Services	332,889,500	105,238,923	227,650,577	31.6
Curative and Rehabilitative Health Services	Curative and Rehabilitative Health Services	315,001,345	-	315,001,345	-
Reproductive, Maternal, New Born and Child Health	Reproductive, Maternal, New Born and Child Health	190,613,112	-	190,613,112	-
Sanitation Management	Sanitation Management	25,491,544	877,800	24,613,744	3.4
Public Health Department	Public health Department	8,008,550		8,008,550	0.0
Sub Total		3,720,733,953	1,711,323,745	2,009,410,208	46.0
County Secretary					
General Administration ,Planning and Support Services	General administration, planning and support services	289,413,747	96,916,976	192,496,771	33.5
ICT and Information Management Services	ICT and information management services	11,912,559	10,895,073	1,017,486	91.5
Kenya Devolution Development	Kenya devolution development	212,537,789	-	212,537,789	-
Sub Total		513,864,095	107,812,049	406,052,045	21.0
Roads and Public Works					
General Administration, Planning and Support Services	General administration, planning and support services	495,493,739	279,260,102	216,233,637	56.4
Public Safety and Transport Operations	public safety and transport operations	5,316,000		5,316,000	-
Building Standard and Civil Works	building standard and civil works	2,936,000		2,936,000	-
Transport And Infrastructure Development and Management	Transport and infrastructure development and management	1,009,563,895	559,737,131	449,826,765	55.4
Sub Total		1,513,309,634	838,997,233	674,312,401	55.4
Agriculture, Livestock, Fisheries, Irrigation and Co-operatives					
General Administration, Planning and Support Services	General administration, planning and support services	471,626,017	252,251,667	219,374,350	53.5
Other Capital grants and Transfers-ASDSP and NARGIP	Other Capital grants and transfers-ASDSP and NARGIP	514,827,731	91,634,790	423,192,941	17.8
Infrastructure and Civil Works	infrastructure and civil works	96,009,694	65,254,459	30,755,235	68.0
Crop Development and Management	Crop development and management	98,155,938	94,102,738	4,053,200	95.9
Agricultural Institutions and Development	Agricultural Institutions and Development	4,275,308	-	4,275,308	-
Ward Fund Projects	Ward Fund projects	8,681,882	-	8,681,882	-
Sub Total		1,193,576,570	503,243,655	690,332,916	42.2
Gender, Youth Culture and Sports					
General Administration, Planning and Support Services	Administrative services	81,386,890	75,058,579	6,328,311	92.2
Cultural Development and Management	Development of historical & cultural sites	24,000,000	-	24,000,000	-
Gender Equality and Empowerment of Vulnerable Groups	Establish gender Technical working groups	5,000,000	-	5,000,000	-
Sports and Talent Development & Management	Sports and talent development & management	13,000,000	-	13,000,000	-
Infrastructure and Civil Works	Infrastructure and civil works	25,626,928	-	25,626,928	-
Sports Facility Development and Management	Sports Facility development and management	103,826,616	93,870,663	9,955,953	90.4
Sub total		252,840,434	168,929,242	83,911,192	66.8
County Assembly					
General Administration Planning and Support Services	Administrative services	578,391,156	333,235,341	245,155,815	57.6
Legislation	Legislation	26,848,646	16,284,976	10,563,670	60.7
Representation and Outreach Services	Representation	81,303,743	45,503,923	35,799,820	56.0
Oversight	Oversight activities	181,118,138	147,691,714	33,426,424	81.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Infrastructure	Infrastructural Development	139,290,453	72,558,433	66,732,021	52.1
	Other Infrastructure and Civil works	35,000,000	4,098,500	30,901,500	11.7
Sub total		1,041,952,136	619,372,886	422,579,250	59.4
Grand Total		13,597,064,294	6,803,832,847	6,793,231,447	50.0

Source: Bungoma County Treasury

The programmes that performed well based on expenditure absorption were: Human Resource management services at 121.9 per cent and Crop Development and Management at 95.9 per cent,

3.4.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.1.45 billion in the first nine months of FY 2019/20 out of annual development budget of Kshs.4.58 billion, which represented 31.6 per cent of the annual development.
3. A high wage bill, which accounted for 52.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.248.43 million against annual projection of Kshs.500 million. The realised own source revenue represented 49.7 per cent of its annual target.
5. Failure by Fund Administrators to submit expenditure reports on the established County Funds. The expenditure returns which are pending included; Trade Loan, Emergency Fund, Women empowerment Fund, Youth Empowerment Fund and Disability Fund. This is contrary to Section 168 of the PFM Act, 2012.
6. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-15 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
5. *The CECM-F should ensure Fund Administrators adhere to the reporting requirement in line with the PFM Act, 2012.*
6. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.5 Busia County

3.5.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.9.27 billion, comprising of Kshs.3.92 billion (42.3 per cent) and Kshs.5.35 billion (57.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.01 billion (64.9 per cent) as equitable share of revenue raised nationally, Kshs.690.13 million (7.4 per cent) as total conditional grants, generate Kshs.504.50 million (5.4 per cent) from own sources of revenue, and Kshs.1.77 billion (19.2 per cent) as cash balance from FY 2018/19.

3.5.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.30 billion as equitable share of the revenue raised nationally, Kshs.280.58 million as total conditional grants, raised Kshs.186.60 million from own-source revenue, and had a cash balance of Kshs.1.77 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.54 billion as shown in Table 3-16.

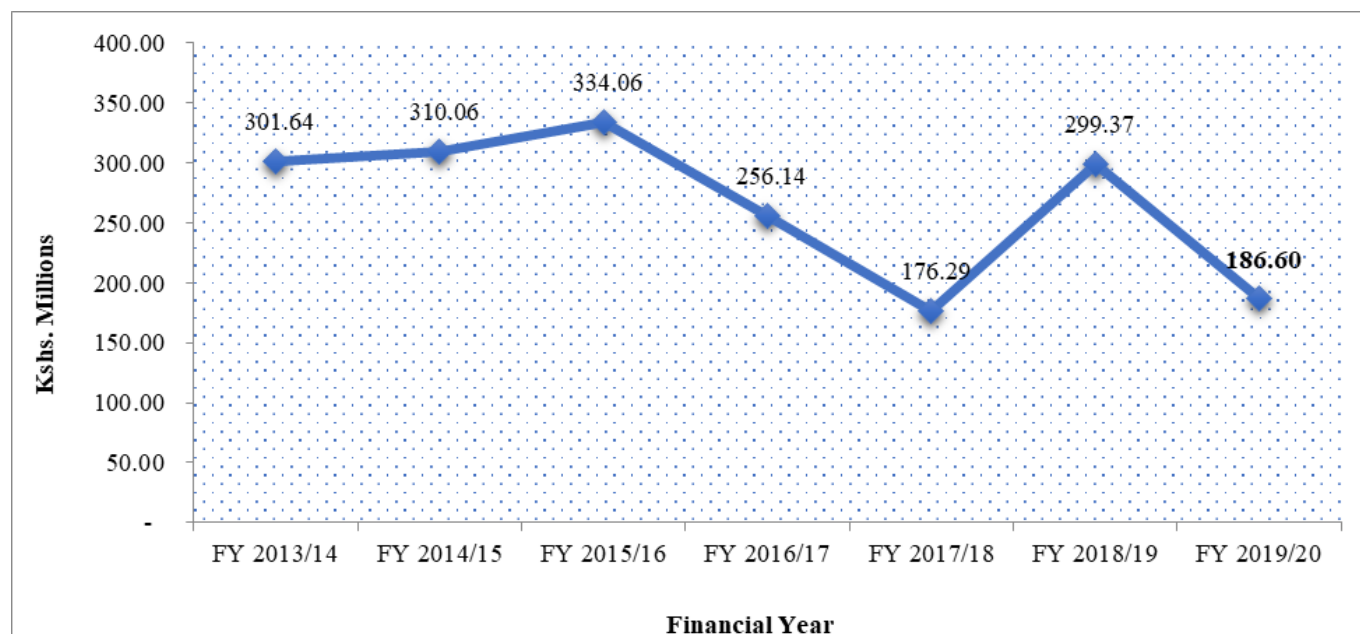
Table 3-16: Busia County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,013,000,000	6,013,000,000	3,301,411,500	54.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	16,934,085	16,934,085	-	-
2.	Road Maintenance Fuel Levy Fund	170,697,188	170,697,188	85,348,594	50
3.	Rehabilitation of Village Polytechnics	63,333,298	63,333,298	31,666,649	50
Sub Total		250,964,571	250,964,571	117,015,243	46.6
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	81,106,071	81,106,071	58,262,547	71.8
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	116,993,505	116,993,505	44,822,152	38.3
3.	Kenya Urban Institutional Grant- Urban Institutional Grant	8,800,000.	50,000,000	41,200,000	82.4
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
5.	DANIDA Grant	17,812,500	17,812,500	8,906,250	50
6.	EU Grant	80,000,000	45,000,000	-	-
7.	Agricultural Sector Development Support Programme	-	18,257,455	10,378,728	56.8
8.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	-	80,000,000	-	-
Sub Total		334,712,076	439,169,531	163,569,677	37.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	504,500,651	186,597,486	36.9
2.	Balance b/f from FY 2018/19	-	1,775,199,946	1,775,199,946	100.0
3.	Other Revenues	-	282,768,913	-	-
Sub Total		-	2,562,469,510	1,961,797,432	76.6
Grand Total		6,598,676,647	9,265,603,612	5,543,793,852	59.8

Source: Busia County Treasury

Figure 3-7 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-7: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Busia County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.186.60 million as own-source revenue. This amount represented a decrease of 37.7 per cent when compared to Kshs.299.37 million realised during the same period in FY 2018/19, and represented 36.9 per cent of the annual target. The decline in revenue was due to failure to undertake routine enforcement by revenue officers and closure of markets due to the effects of COVID-19.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.01 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.985.95 million (19.7 percent) for development programmes and Kshs.4.03 billion (80.3 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

A total of Kshs.4.02 billion was spent on development and recurrent programmes and represented 80 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.760.76 million and Kshs.3.26 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.4 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 61 per cent.

3.5.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.13 billion was spent on compensation to employees, Kshs.1.13 billion on operations and maintenance, and Kshs.760.76 million on development expenditure.

Table 3-17: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,350,352,963	4,026,349,541	3,261,235,125	81.1	61.0
Compensation to Employees	3,111,652,998	2,507,644,932	2,129,024,624	52.9	68.4
Operations and Maintenance	2,238,699,968	1,518,704,609	1,132,210,501	28.2	50.6
Total Development Expenditure	3,915,250,648	985,931,552	760,764,129	18.9	19.4
Development expenditure	3,915,250,648	985,931,552	760,764,129	18.3	18.8
Total	9,265,603,611	5,012,281,093	4,021,999,254	100.0	43.4

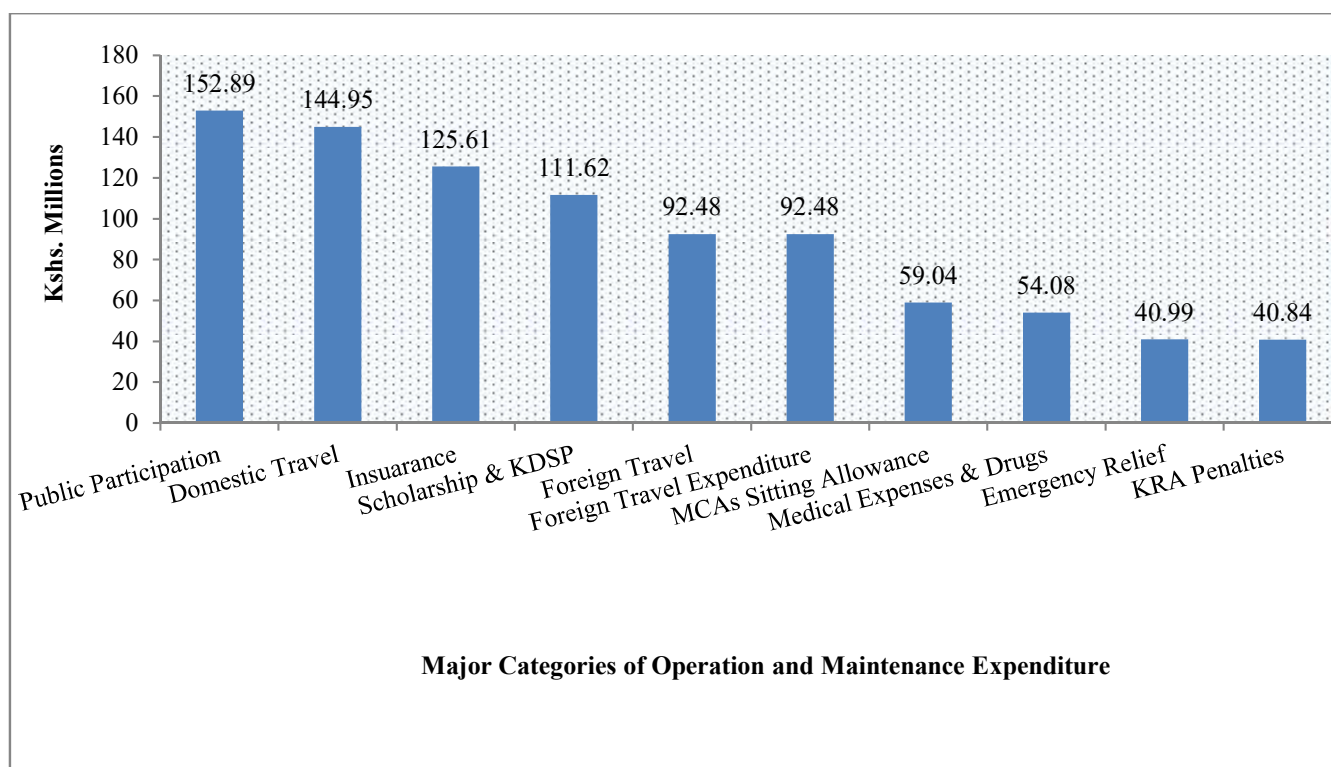
Source: Busia County Treasury

Expenditure on compensation to employees was 52.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 9.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.94 billion.

3.5.6 Analysis of Operations and Maintenance Expenditure

Figure 3-8 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-8: Busia County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Busia County Treasury

The County spent Kshs.59.04 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.96.19 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.121,487 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.144.95 million and comprised of Kshs.73.56 million spent by the County Assembly and Kshs.71.38 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.92.48 million and comprised of Kshs.56.99 million spent by the County Assembly and Kshs.35.48 million spent by the County Executive.

3.5.7 Development Expenditure Analysis

The total development expenditure of Kshs.760.76 million represented 19.4 per cent of the annual development budget of Kshs.3.92 billion and represented a decrease of 23.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.942.20 million. Table 3-3 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-18: Busia County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Routine Maintenance of Roads	Public Works	County wide	842,741,062	234,077,891	27.8
2	Drilling & Equipping of Boreholes	Water	County wide	147,408,809	121,579,393	82.5
3	Construction of Maternity/New Born unit & refurbishment of Referral Hospital	Health	Busia Referral Hospital	90,900,000	44,174,304	48.6
4	Construction of Fish Market & Incubation Centre	Agriculture	Matayos & Busia ATC	97,000,000	41,062,684	42.3
5	Construction of Subsidized Vocational Training Centre	Education	All Village poly-technics	65,794,005	36,896,251	56.1
6	Construction of Market stalls/shades	Trade	County wide	205,395,177	28,997,523	14.1
7	Mundika Water Supply Hybridization & Automation	Water	Mundika	40,000,000	26,715,862	66.8
8	Solar Lights Installation & Solid waste Management	Lands & Housing	County wide	33,821,079	22,849,080	67.6
9	Inputs Support services	Agriculture	County wide	27,000,000	17,300,100	64.1
10	Construction and completion of accident and emergency block	Health	County Referral Hospital	10,601,340	8,101,340	76.4

Source: Busia County Treasury

3.5.8 Budget Performance by Department

Table 3-19 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-19: Busia County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	219.83	664.93	196.49	178.24	176.6	154.71	89.7	86.8	80.1	23.3
Cooperative Development Trade and Tourism	76.12	205.39	79.34	64.38	36.15	28.99	45.6	45.0	47.5	14.1
Education and Vocational Training	422.78	238.23	394.96	140.83	297.76	38.81	75.4	27.6	70.4	16.3
Finance and Economic Planning	815.76	66.53	718.19	22.45	688.11	2.54	95.8	11.3	84.4	3.8
Youth, Culture, Sports, Tourism and Social Services	90.32	41.55	76.95	23.15	63.69	17.77	82.8	76.8	70.5	42.8
Roads, Public works, Energy and Transport	88.56	858.92	76.82	200.39	44.14	233.75	57.5	116.6	49.8	27.2
Public Service Management	403.48	-	185.02	-	119.55	-	64.6	-	29.6	-
Lands, Housing and Urban Development	115.81	339.75	100.48	45.96	10.58	24.85	10.5	54.1	9.1	7.3
Water and Environment	120.92	596.77	110.12	110.59	64.49	121.58	58.6	109.9	53.3	20.4
Health and Sanitation	1,770.86	779,995	1,170.24	168.17	885.16	112.61	75.6	67.0	50	14.4
County Public Service Board	58.29	-	69.22	-	29.15	-	42.1	-	50	-
The Governorship	428.656	19.15	275.86	7.42	288.42	815.28	104.5	11.0	67.3	4.3
County Assembly	738.97	104.77	572.64	24.33	557.86	24.33	97.4	100.0	75.5	23.2
TOTAL	5,350.35	3,915.25	4,026.35	985.93	3,261.23	760.76	81.0	77.2	61	19.4

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Youth, Culture, Sports, Tourism and Social Services recorded the highest absorption rate of development budget at 42.8 per cent while the Department of Finance and Economic Planning reported the lowest at 3.8 per cent.

3.5.9 Budget Execution by Programmes and Sub-Programmes

Table 3-20 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-20 : Busia County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES					
CP1 : General Administration and support services	Administrative support services	219,828,995	176,165,901	43,663,094	80.1
CP2 : Crop Production and Management	CSP 3.1 Input support services	27,000,000	17,300,100	9,699,900	64.1
	CSP 3.2: Crop Development	6,050,000	-	6,050,000	-
	CSP 3.3: Crop protection	5,010,000	-	5,010,000	-
CP3: Land Use and Management	CSP 2.1: Agricultural Mechanization	12,300,000	-	12,300,000	-
CP4: Agricultural training and extension services	CSP 4.1: Agriculture Extension Services	3,000,000	-	3,000,000	-
	CSP 4.2: Agricultural training services	153,234,646	74,875,202	78,359,444	48.9
CP 5: Agribusiness and agricultural value chain Development	CSP 5.1: Value addition	372,190		372,190	-
CP 6: Agricultural Financial Support Services	CSP 6.1: Agricultural credit support services	8,000,000	4,175,000	3,825,000	52.2
CP 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	208,607,507	-	208,607,507	-
CP 8: Fisheries and Aquaculture Resources Development	CSP 8.1: Aquaculture development	6,080,000	-	6,080,000	-
	CSP 8.2: Fisheries Training infrastructure development	5,000,000	-	5,000,000	-
	CSP 8.3: Fish value addition and marketing	-	-	-	-
	CSP 8.4: Lake Based agriculture parks	20,000,000	8,730,255	11,269,745	43.7
CP 9: Veterinary Health Services	CSP 9.1: Veterinary Disease Control	10,585,000	1,000,000	9,585,000	9.4
	CSP 9.2: AI services	3,500,000	-	3,500,000	-
	CSP 9.3: Meat inspection services	2,000,000	-	2,000,000	-
CP 10: Livestock production and development	CSP 10.1: Livestock production improvement	5,000,000	-	5,000,000	-
	CSP 10.2: Livestock Execution	-	-	-	-
CP 11: Other Development Projects	CSP 11.1: Other Development Projects	188,454,000	48,625,930	139,828,070	25.8
Sub totals		884,022,338	330,872,388	553,149,950	37.4
DEPARTMENT OF TRADE, COOPERATIVE AND INDUSTRIALIZATION					
CP 12: General Administration and support services	CSP 12.1: Administrative support service	76,117,960	36,151,936	39,966,006	47.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 13: Trade Development and Investment	CSP 13.1: Busia county trade and development fund	5,000,000	-	5,000,000	-
	CSP 13.2: Market modernization and development	49,574,063	26,265,995	23,308,066	53.0
CP 14: Fair Trade Practices	CSP 14.1: Weights and measures	5,000,000	-	5,000,000	-
CP 15: Cooperative Development	CSP 15.1: Busia county cooperative enterprise development fund	-	-	-	-
	CSP 15.2: Revitalization of cotton ginneries	-	-	-	-
	CSP 15.3: value addition	7,000,000	-	7,000,000	-
CP 16: Other Development Projects	CSP 16.1: Other development projects	138,821,114	2,731,546	136,089,588	2.0
Sub totals		281,513,137	65,149,477	216,363,660	23.1
DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND SERVICE DELIVERY					
CP 22: General Administration and support services	CSP 22.1: Administrative support services	815,755,683	688,111,676	127,644,008	84.4
CP 23: Financial management, control and development services	CSP 23.1: Revenue generation services	14,892,000	-	14,892,000	-
CP 24: Information and communication services	CSP 24.1: ICT support services	9,534,474	-	9,534,474	-
CP 25: Other Development Projects	CSP 25.1: Other development projects	42,100,000	2,542,759	39,557,241	6.0
Sub Totals		882,282,157	690,654,434	191,627,723	78.3
DEPARTMENT OF EDUCATION AND VOCATIONAL TRAINING					
CP 17: General Administration support services	CSP 17.1: Administrative support services	422,777,072	297,763,556	297,763,552	70.4
CP 18> Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of Infrastructure in E.C.D.E Centres	8,072,267	-	8,072,267	-
	CSP 18.2: E.C.D.E Capitation	2,000,000	-	2,000,000	-
	CSP 18.3: Child Nutrition	-	-	-	-
CP 19: Tertiary/ Vocational Training Development	CSP 19.1: Infrastructure Development	14,302,411	-	14,302,411	-
CP 20: Education Support	CSP 20.1: Education Support	109,159,139	27,579,254	81,579,885	25.3
CP 21: Other development projects	CSP 21.1: Other development projects	104,701,726	11,227,775	93,473,950	10.7
Sub totals		661,012,615	336,570,585	497,192,065	50.9
DEPARTMENT OF COMMUNITY DEVELOPMENT, TOURISM AND CULTURE					
CP 26: General Administration services	CSP 26.1: Administrative support services	90,318,745	63,690,111	26,628,634	70.5
CP 28: Youth and Empowerment Development	CSP 28.1: Equipping and Operationalization of Youth Empowerment	3,000,000	-	3,000,000	-
CP 29: Promotion and development of Sports	CSP 29.1: Infrastructure development	4,000,000	-	4,000,000	-
	CSP 29.2: Sports promotion	2,000,000	-	2,000,000	-
CP 31: Culture promotion and development	CSP 31.1: Cultural infrastructural development	4,000,000	-	4,000,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 33: Alcoholic drinks and drug control	CSP 33.1: Infrastructure development	6,000,000	3,058,621	2,941,379	51.0
CP 34: Other development projects	CSP 34.1: Other development projects	22,546,000	14,712,877	7,833,124	65.3
Sub totals		131,864,745	81,461,608	50,403,138	61.8
DEPARTMENT OF PUBLIC WORKS, ROAD AND ENERGY					
CP 35: General Administration and support services	CSP 35.1: Administrative support service	88,561,632	44,136,318	44,425,314	49.8
CP 36: Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	232,685,890	36,246,595	196,439,295	15.6
	CSP 36.2: Development of Roads	136,587,159		136,587,159	-
CP 37: Building Infrastructure Development	CSP 37.1: Infrastructure Development	1,000,000	-	1,000,000	-
CP 38: Energy Development	CSP 38.1 Energy Services	-	-	-	-
	CSP 38.2: Solar Energy Exploration	15,298,640	1,879,901	13,418,739	12.3
	CSP 38.3: Renewable energy	-	-	-	-
CP 40: Other Development Projects	CSP 40.1: Other Development Projects	473,348,189	195,627,244	277,720,945	41.3
Sub totals		947,481,510	277,890,058	669,591,452	29.3
DEPARTMENT OF PUBLIC SERVICE MANAGEMENT					
CP 41: General Administration and support services	CSP 41.1: Administrative support services	403,477,800	119,546,927	283,930,873	29.6%
Sub totals		403,477,800	119,546,927	283,930,873	29.6
DEPARTMENT OF LANDS AND URBAN DEVELOPMENT					
CP 42: General Administration and support services	CSP 42.1: Administrative support services	115,811,833	10,584,775	105,227,058	9.1
CP 43: County Land Administration and planning	CSP 43.1: Land use planning	5,000,000	-	5,000,000	-
CP 44: Housing development and management	CSP 44.1: Housing Development	31,000,000	19,396,367	11,603,633	62.6
CP 45: County Urban management and Development	CSP 45.1: Urban management	55,821,079	-	55,821,079	-
	CSP 45.2: Urban Development	202,143,000	-	202,143,000	-
CP 46: Other Development Projects	CSP 46.1: Other Development Projects	45,781,992	5,452,713	40,329,279	11.9
Sub totals		455,557,904	35,433,856	420,124,048	7.8
DEPARTMENT OF WATER, ENVIRONMENT AND NATURAL RESOURCES					
CP 47: General Administration and support services	CSP 47.1: Administrative support services	120,923,000	64,498,011	56,424,989	53.3
CP 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	38,355,857	-	38,355,857	-
	CSP 48.2: Rural water supply	85,366,204	72,269,074	13,097,130	84.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	19,000,000	42,711,445	(23,711,445)	224.8
CP 50: Small Holder Irrigation and Drainage	CSP 50.1: Irrigation infrastructure development	2,000,000	-	2,000,000	-
CP 51: Forest development and management	CSP 51.1: Rehabilitation and Restoration degraded landscape	3,984,500	-	3,984,500	-
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	115,000,000	-	115,000,000	-
CP53: Other Development Projects	CSP 53.1 Other Development Projects	333,066,576	6,598,584	326,467,992	2.0
Sub totals		717,696,137	186,077,114	531,619,023	25.9
DEPARTMENT OF HEALTH AND SANITATION					
CP 54: General Administration and support services	CSP 54.1: Administrative support service	1,770,861,618	885,159,378	885,702,240	50.0
CP 55: Curative Health Services	CSP 55.1: Infrastructure development	406,622,903	78,113,132	328,509,771	19.2
	CSP 55.2: Hospital equipment	32,257,238	-	32,257,238	-
CP 56: Preventive and Promotive Health services	CSP 56.1: Infrastructure development	30,292,666	26,657,165	3,635,501	88.0
	CSP 56.2: Lower level hospital equipment	7,152,402	-	7,152,402	-
	CSP 56.3: Preventive Services	5,740,733	-	5,740,733	-
	CSP 56.4: Health promotion unit	163,106,526	-	163,106,526	-
CP 57: Other Development Projects	CSP 57.1: Other Development projects	134,823,424	7,838,125	126,985,299	5.8
Sub totals		2,550,857,510	997,767,800	1,553,089,710	39.1
COUNTY PUBLIC SERVICE BOARD					
CP 58: General Administration and support services	CP 58: General Administration and support services	58,290,079	29,148,939	29,141,140	50.0
Sub Totals		58,290,079	29,148,939	29,141,140	50.0
OFFICE OF THE GOVERNOR					
CP 59: General Administration and support services	CSP 59.1: Administrative support service	428,655,884	288,415,063	140,240,821	67.3
CP 61: Information dissemination and knowledge management	CSP 60.1: Communication Services	10,000,000	-	10,000,000	-
CP 62: Other Development Projects	CSP 62.1: Other Development projects	9,150,000	815,280	8,334,720	8.9
Sub Totals		447,805,884	289,230,343	158,575,541	64.6
COUNTY ASSEMBLY					
CP 63: General Administration and Support Services	CP 63: General Administration and Support Services	738,972,660	557,862,516	181,110,144	75.5
CP64: Infrastructure Development	CP 64: Infrastructure Development	104,769,135	24,332,910	80,436,225	23.2
sub totals		843,741,795	582,195,426	261,546,369	69.0
Grand Total		9,265,603,611	4,021,998,954	5,416,354,693	42

Source: Busia County Treasury

The programmes that performed well based on expenditure absorption were: Environment management and protection at 224.8 per cent, Preventive and promotive Health services at 88.0 per cent, Water Supply Services at 84.7 per cent and General Administration and support services at 84.4 per cent of budget allocation.

3.5.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.760.76 million out of annual development budget of Kshs.3.91 billion. The development expenditure represented 19.4 per cent of the annual development.
2. A high wage bill, which accounted for 52.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.186.59 million against annual projection of Kshs.504.50 million. The realised own source revenue represented 36.9 per cent of its annual target.
4. Delay in approval of planning documents by the County Assembly. The Draft CFSP which was submitted to the County Assembly of Busia on 28th February had not been adopted by 24th March, 2020, thereby contravening Section 117 (6) of the PFM Act, 2012 which stipulates a time frame of not more than fourteen days from the date of submission.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-20 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
4. *The County Assembly should approve planning documents in a timely manner for smooth budget implementation.*
5. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.6 Elgeyo Marakwet County

3.6.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.5.77 billion, comprising of Kshs.2.42 billion (42 per cent) and Kshs.3.34 billion (58 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.86 billion (67 per cent) as equitable share of revenue raised nationally, Kshs.1.15 billion (20 per cent) as total conditional grants, generate Kshs.152 million (2.6 per cent) from own sources of revenue, and had Kshs.568.31 million (9.9 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.32.92 million (0.6 per cent) as "other revenues" not contained in the CARA 2019.

3.6.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.78 billion as equitable share of the revenue raised nationally, Kshs.175.05 million as total conditional grants, raised Kshs.93.65 million from own-source revenue, and had a cash balance of Kshs.568.31 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.62 billion as shown in Table 3-21.

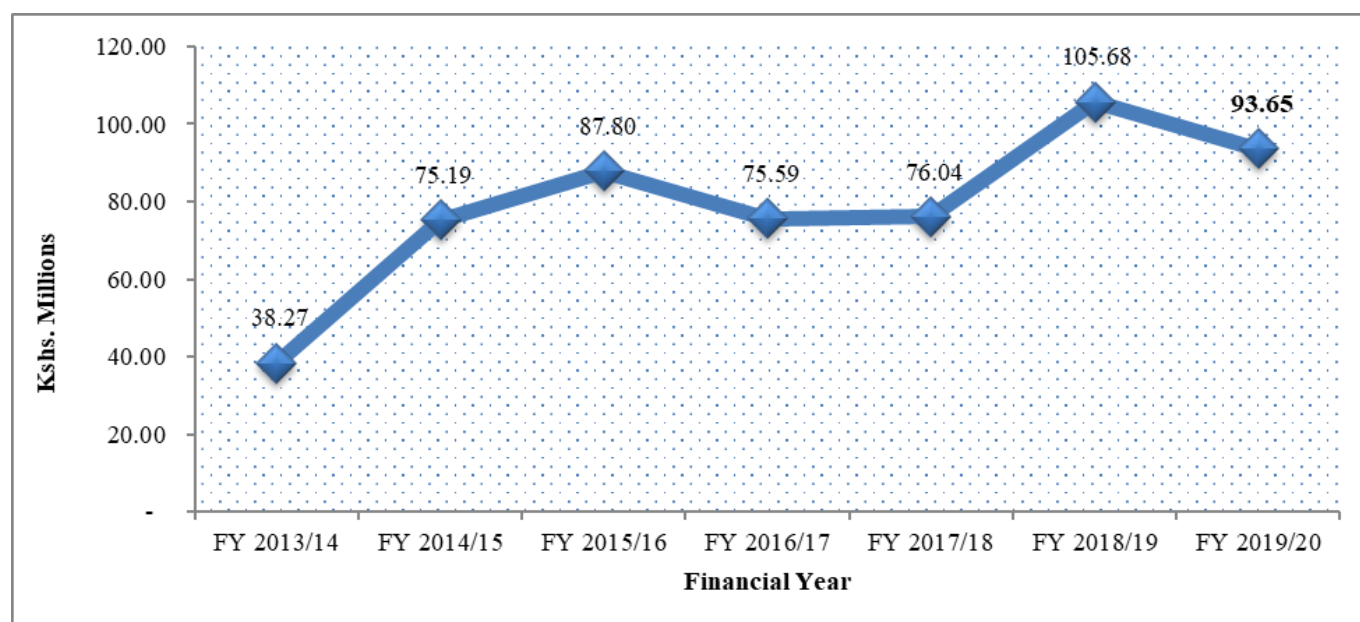
Table 3-21: Elgeyo Marakwet County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,861,300,000	3,861,300,000	2,776,274,700	71.9
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	8,788,919	13,099,803	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	109,605,563	175,246,930	65,641,367	37.5
4.	Rehabilitation of Village Polytechnics	30,228,298	40,741,543	15,114,149	37.1
Sub Total		250,537,674	361,003,170	80,755,516	28.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	57,353,972	23,478,419	40.9
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	118,422,545	219,784,900	45,371,285	79.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level I Grant	30,000,000	237,806,514	10,253,594	6.1
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	89,802,100	184,342,447	-	-
5.	DANIDA Grant	11,250,000	11,250,000	5,625,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,632,723	36,041,661	9,566,361	26.5
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
8	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	45,000,000	45,000,000	-	-
Sub Total		354,907,368	791,579,494	94,294,659	26.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	152,000,000	93,649,387	61.6
2.	Balance b/f from FY 2018/19	-	568,313,952	568,313,952	100
3.	Other Revenues	-	32,921,619	10,164,152	38.8
Sub Total		-	753,235,571	672,127,491	90.0
Grand Total		4,496,745,042	5,767,118,235	3,623,542,366	64.2

Source: Elgeyo Marakwet County Treasury

Figure 3-9 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-9: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Elgeyo Marakwet County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.93.65 million as own-source revenue. This amount represented a decrease of 11.4 per cent when compared to Kshs.105.68 million realised during the same period in FY 2018/19, and represented 61.6 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.80 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.483.68 million (17.3 percent) for development programmes and Kshs.2.31 billion (82.7 per cent) for recurrent programmes.

3.6.4 Overall Expenditure Review

A total of Kshs.2.78 billion was spent on development and recurrent programmes and represented 99.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.477.88 million and Kshs.2.30 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 68.9 per cent.

3.6.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.60 billion was spent on compensation to employees, Kshs.700.15 million on operations and maintenance, and Kshs.477.88 million on development expenditure.

Table 3-22: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditures (%)	Absorption (%)
Total Recurrent Expenditure	3,342,118,552	2,314,739,824	2,301,765,916	82.8	68.9
Compensation to Employees	2,495,612,754	1,807,083,590	1,780,638,292	64.1	71.4
Operations and Maintenance	846,505,798	507,656,234	521,127,624	18.7	61.6
Total Development Expenditure	2,424,999,683	483,676,948	477,884,070	17.2	19.7
Development Expenditure	2,424,999,683	483,676,948	477,884,070	17.2	19.7
Total	5,767,118,235	2,798,416,772	2,779,649,986	100.0	48.2

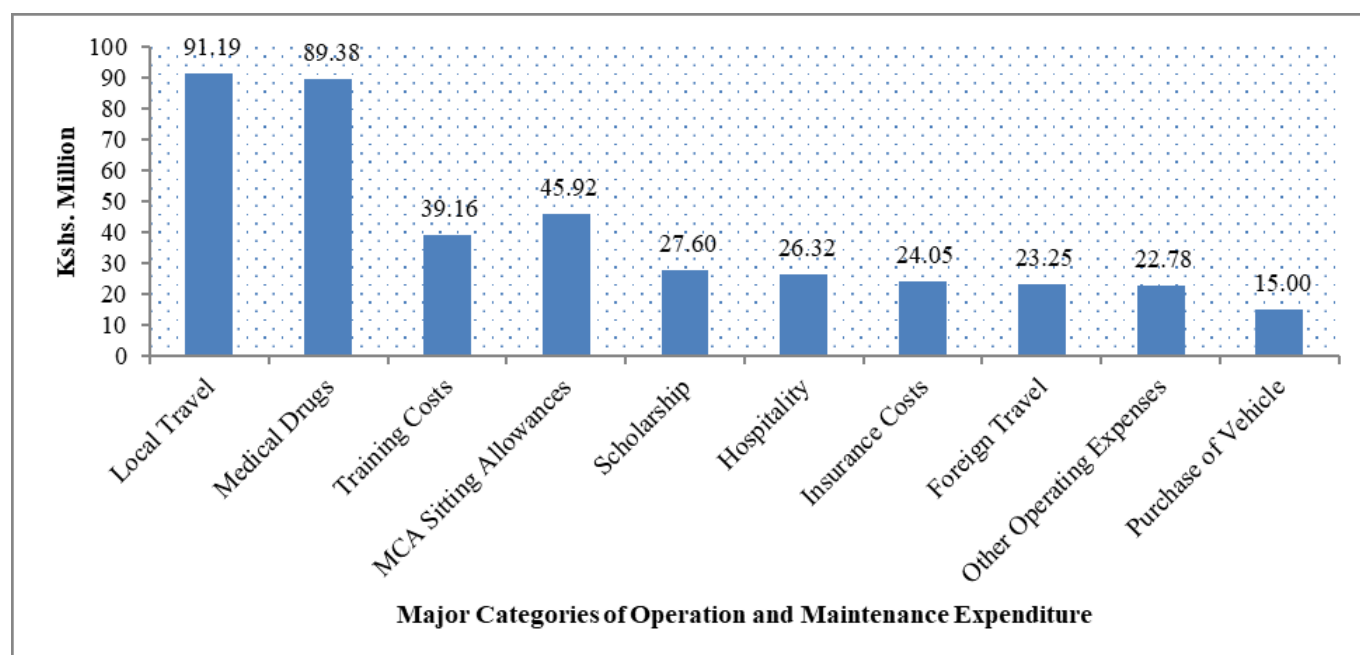
Source: Elgeyo Marakwet County Treasury

Expenditure on compensation to employees was 64.1 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 11.1 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.80 billion.

3.6.6 Analysis of Operations and Maintenance Expenditure

Figure3-10 shows a summary of operations and maintenance expenditure by major categories.

Figure3-10: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Elgeyo Marakwet County Treasury

The County spent Kshs.27.30 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.42.93 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.89,220 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.91.19 million and comprised of Kshs.43.37 million spent by the County Assembly and Kshs.47.82 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.23.25 million and comprised of Kshs.21.11 million spent by the County Assembly and Kshs.2.14 million by the County Executive.

3.6.7 Development Expenditure Analysis

The total development expenditure of Kshs.477.88 million represented 19.7 per cent of the annual development budget of Kshs.2.42 billion and represented a decrease of 17.4 per cent compared to a similar period in FY2018/19 when the County spent Kshs.578.54 million. Table 3-23 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-23: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Mosongo/Barsombe Water Project	Cherangany	8,470,464	8,470,464	100
2	Supply and Delivery of ECDE Furniture	All Wards	6,904,900	6,904,900	100
3	Construction of Kosich Water Project	Embobut	4,995,000	4,995,000	100
4	Supply of Milk Van (Purchase of Heifers)	Kaptarakwa	4,512,000	4,512,000	100
5	Rehabilitation of pipelines at Tirich Water Project	Embobut	3,999,600	3,999,600	100
6	Construction of Kapsosio Foot Bridge	Soy South	3,949,500	3,949,500	100
7	Construction of Sub-County Hospital Theatre at Kaptarakwa	Kaptarakwa	3,609,270	3,609,270	100
8	Opening, Construction and Maintenance of Salaba-Kabulwo Road	Emsoo	3,265,900	3,265,900	100
9	Expansion of pipes and Construction of Ngemba-Cheptile Water Project	Tambach	5,639,100	3,101,505	100

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
10	Opening and Maintenance of Kamui Dispensary-Marsitet Road	Kapswor	2,998,280	2,953,280	100

Source: Elgeyo Marakwet County Treasury

3.6.8 Budget Performance by Department

Table 3-24 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-24: Elgeyo Marakwet County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	566.84	1.03	437.20	-	432.45	-	98.9	-	76.3	-
Office of the Governor	177.13	-	116.81	-	115.59	-	99.0	-	65.3	-
Finance and Economic planning	287.54	-	171.58	-	163.46	-	95.3	-	56.8	-
Agriculture, and Irrigation	98.85	516.49	69.19	67.39	68.62	77.01	99.2	114.3	69.4	14.9
Education and Tech. Training	252.00	310.82	157.06	83.73	155.75	68.36	99.2	81.6	61.8	22.0
Health and Sanitation	1,449.15	427.76	1,054.91	69.89	1,064.70	68.37	100.9	97.8	73.5	16.0
Water, Lands, Environment & Climate Change	77.97	434.91	54.06	70.93	52.54	84.82	97.2	119.6	67.4	19.5
Roads, Public Works and Transport	72.20	440.19	44.84	110.64	44.00	98.85	98.1	89.3	60.9	22.5
Tourism, Culture, Wildlife, Trade & Industry	33.99	26.22	24.43	9.40	24.20	9.35	99.1	99.5	71.2	35.7
Youth Affairs, Sports, ICT & Social Services	39.72	131.99	24.42	42.72	24.05	42.63	98.5	99.8	60.6	32.3
Public Service Management & County Administration	145.25	36.08	63.51	15.36	60.46	14.94	95.2	97.3	41.6	41.4
County Public Service Board	39.88	-	24.99	-	25.40	-	112.0	-	70.2	-
Livestock Production, Fisheries & Cooperative Development	101.61	99.49	71.74	13.62	70.54	13.55	98.3	99.5	69.4	13.6
Total	3,342.12	2,425.00	2,314.74	483.68	2,301.77	477.88	99.4	98.8	68.9	19.7

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of Public Service Management and County Administration recorded the highest absorption rate of development budget at 41.4 per cent while the County Assembly did not report expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 76.3 per cent while the Department of Public Service Management and County Administration had the lowest at 41.6 per cent.

3.6.9 Budget Execution by Programmes and Sub-Programmes

Table 3-25 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-25 : Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Program	Sub-Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Assembly					
Legislation and representation		291,779,640	210,564,419	81,215,221	72.2
	Legislation and representation	291,779,640	210,564,419	81,215,221	72.2
Legislative oversight		67,661,825	45,922,559	21,739,266	67.9
	Legislative oversight	67,661,825	45,922,559	21,739,266	67.9

Program	Sub-Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General administration, planning and Support Services		208,431,332	175,349,345	33,081,987	84.1
	General administration, planning and Support Services	208,431,332	175,349,345	33,081,987	84.1
Sub-Total		567,872,797	431,836,323	136,036,474	76.0
Office of the Governor					
Open Governance, Transparency and Accountability		57,258,413	31,755,830	25,502,583	55.5
	Governance	57,258,413	31,755,830	25,502,583	55.5
General administration and support Services		119,871,417	83,834,209	36,037,208	69.9
	General administration and support Services	119,871,417	83,834,209	36,037,208	69.9
Sub-Total		177,129,830	115,590,039	61,539,791	65.3
Finance and Economic Planning					
General administration and support Services		163,106,386	118,256,759	44,849,627	72.5
	General administration and support services	163,106,386	118,256,759	44,849,627	72.5
Financial Management		51,749,493	28,178,783	23,570,710	54.5
	Monitoring, Evaluation and reporting	15,082,200	10,132,450	4,949,750	67.2
	Economic Planning & Budgeting	16,965,000	8,744,678	8,220,322	51.5
	Accounting services	3,389,693	1,239,545	2,150,148	36.6
	Supply Chain Management	2,655,000	1,275,010	1,379,990	48.0
	Revenue Management Services	13,657,600	6,787,100	6,870,500	49.7
General administration, planning and Support Services		72,682,223	16,344,128	56,338,095	22.5
	General administration, planning and support Services	72,682,223	16,344,128	56,338,095	22.5
Sub-Total		287,538,102	162,779,670	124,758,432	56.6
Agriculture and Irrigation					
General administration and support Services		98,853,546	68,619,135	30,234,411	69.4
	General administration and support services	98,853,546	68,619,135	30,234,411	69.4
Crop Development		484,866,111	69,671,677	415,194,434	14.4
	Cash Crops Development	42,029,354	7,140,896	34,888,458	17.0
	Food Crops Development	2,756,260	-	2,756,260	0.0
	Agricultural Extension and Training Services	440,080,497	62,530,781	377,549,716	14.2
Soil Conservation		1,607,975	-	1,607,975	0.0
	Soil Conservation	1,607,975	-	1,607,975	0.0
Irrigation Development		30,018,576	270,000	29,748,576	0.9
	Irrigation Development	30,018,576	270,000	29,748,576	0.9
Sub-Total		615,346,208	138,560,812	476,785,396	22.5
Education and Technical Training					
General administration and support Services		251,998,551	155,753,984	96,244,567	61.8
	General administration and support services	251,998,551	155,753,984	96,244,567	61.8
Technical and Vocational Education and Training (TVET)		138,416,611	68,314,297	70,102,315	49.4
	Technical Vocational Education & Training	138,416,611	68,314,297	70,102,315	49.4
Pre-Primary Education		172,402,283	-	172,402,283	0
	Pre-Primary Education	172,402,283	-	172,402,283	0

Program	Sub-Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub-Total		562,817,445	224,068,280	338,749,165	39.8
Department of Health Services					
Preventive and Promotive health		55,410,481	-	55,410,481	0
	Community and Environmental Health	47,210,481	-	47,210,481	0
	Communicable & Non-Communicable	8,200,000	-	8,200,000	0
	Disease Prevention & Control				
Curative and Rehabilitative Health		849,602,746	358,971,120	490,631,626	42.3
	Commodity management	95,257,103	75,381,708	19,875,395	79.1
	County Hospitals	390,431,202	215,216,620	175,214,582	55.1
	Primary Care Units	352,914,441	68,372,792	284,541,649	19.4
	Emergency Medical Services	11,000,000	-	11,000,000	0.0
General administration and support Services		971,899,117	774,098,135	197,800,982	79.6
	General administration and support Services	971,899,117	774,098,135	197,800,982	79.6
Sub-Total		1,876,912,344	1,133,069,255	743,843,089	60.4
Water, Lands, Environment & Climate Change					
Housing Development		77,965,210	52,537,372	25,427,838	67.4
	Housing Development	77,965,210	52,537,372	25,427,838	67.4
Water and Sanitation Management		191,310,621	27,836,467	163,474,154	14.6
	Water Services	191,310,621	27,836,467	163,474,154	14.6
Environmental Management and Protection		51,061,177	-	51,061,177	0
	Environmental conservation	51,061,177	-	51,061,177	0
Solid Waste Management		1,000,000	-	1,000,000	0
	Solid waste management	1,000,000	-	1,000,000	0
Lands, Physical Planning and Urban Development		191,542,446	56,985,723	134,556,723	29.8
	Lands, Physical planning and Urban Development	191,542,446	56,985,723	134,556,723	29.8
Sub-Total		512,879,454	137,359,562	375,519,892	26.8
Roads, Transport and Public Works					
General administration and support Services		66,585,840	41,649,447	24,936,393	62.6
	General administration and support services	66,585,840	41,649,447	24,936,393	62.6
Land Policy and Planning		700,000	-	700,000	0.0
	Development Planning and Land Reforms	700,000	-	700,000	
Road Improvement		425,791,006	98,849,999	326,941,007	23.2
	Rural road Works	425,791,006	98,849,999	326,941,007	23.2
Public works		12,600,000	150,680	12,449,320	1.2
	Public Works	12,600,000	150,680	12,449,320	1.2
Energy		6,712,384	2,212,384	4,500,000	33.0
	Energy	6,712,384	2,212,384	4,500,000	33.0
Sub-Total		512,389,230	142,862,510	368,826,720	119.9
Tourism, Culture, Wildlife, Trade and Industry					
General administration and support Services		33,992,393	24,203,287	9,789,106	71.2
	General administration and support services	33,992,393	24,203,287	9,789,106	71.2
Tourism Development		13,307,248	4,189,225	9,118,023	31.5
	Tourism Development	13,307,248	4,189,225	9,118,023	31.5
Trade and Enterprise Development		8,429,859	2,229,588	6,200,271	26.4

Program	Sub-Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Trade and enterprise development	8,429,859	2,229,588	6,200,271	26.4
Culture and Heritage Preservation		4,485,734	2,930,734	1,555,000	65.3
	Culture and Heritage Preservation	4,485,734	2,930,734	1,555,000	65.3
Sub-Total		60,215,234	33,552,834	26,662,400	55.7
Youth Affairs, Sports, ICT & Social Services					
General administration and support Services		39,720,075	24,054,638	15,665,437	60.6
	General administration and support services	39,720,075	24,054,638	15,665,437	60.6
Sports Development		16,753,640	6,177,959	10,575,681	36.9
	Sports Infrastructure Development	16,753,640	6,177,959	10,575,681	36.9
Social Empowerment		98,341,267	30,173,665	68,167,602	30.7
	Social Empowerment	98,341,267	30,173,665	68,167,602	30.7
Social Protection.		12,780,000	6,147,500	6,632,500	48.1
	Social Protection	12,780,000	6,147,500	6,632,500	48.1
Gender & Youth Empowerment		0	135,000	-135,000	0.0
	Gender Mainstreaming	0	-	0	0.0
	Youth Development Services	0	135,000	-135,000	0.0
ICT Services		4,120,000	-	4,120,000	0
	ICT Services	4,120,000	-	4,120,000	0
Sub-Total		171,714,982	66,688,762	105,026,220	38.8
Public Service Management & County Administration					
General administration and support Services		142,646,591	60,229,935	82,416,656	42.2
	General administration and support services	142,646,591	60,229,935	82,416,656	42.2
Public Service Management		38,682,759	15,140,272	23,542,487	39.1
	Coordination of government functions	36,084,249	14,940,272	21,143,977	41.4
	Citizen participation and Civic Education	2,598,510	200,000	2,398,510	7.7
Sub-Total		181,329,350	75,370,207	105,959,143	41.6
County Public Service Board					
General administration and support Services		39,878,421	25,400,962	14,477,459	63.7
	General administration and support services	39,878,421	25,400,962	14,477,459	63.7
Sub-Total		39,878,421	25,400,962	14,477,459	63.7
Livestock, Fisheries & Cooperative Development					
General administration and support Services		101,607,670	70,685,867	30,921,803	69.6
	General administration and support services	101,607,670	70,685,867	30,921,803	69.6
Livestock Development		63,801,363	7,528,879	56,272,484	11.8
	Livestock Production	62,415,899	7,229,000	55,186,899	11.6
	Livestock Extension and Training Services	1,385,464	299,879	1,085,585	21.6
Cooperative Development		5,944,272	1,518,913	4,425,359	25.6
	Cooperatives development	5,944,272	1,518,913	4,425,359	25.6
Veterinary Services		29,741,533	5,192,671	24,548,862	17.5
	Disease Surveillance and control	20,544,773	4,964,671	15,580,102	24.2
	A I Services	9,196,760	228,000	8,968,760	2.5
Sub-Total		201,094,838	84,926,330	116,168,508	42.2
4360		-	7,537,343	(7,537,343)	0
	Default - Non Programmatic	-	7,537,343	(7,537,343)	0
GRAND-TOTAL		5,767,118,235	2,779,602,890	2,986,815,345	48.2

Source: Elgeyo Marakwet County Treasury

The programmes that performed well based on expenditure absorption were: General administration and support services (County Assembly) at 84.1 per cent, General administration and support services (Department of Health and Sanitation) at 79.6 per cent, General administration and support services (Department of Finance and Planning) at 72.5 per cent, and legislation and representation (County Assembly) at 72.2 per cent.

3.6.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the First Nine Months of FY 2019/20 whereby, the County spent Kshs.477.88 million out of annual development budget of Kshs.2.42 billion. The development expenditure represented 19.7 per cent of the annual development.
2. A high wage bill, which accounted for 64.1 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. *The County Treasury should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*

3.7 Embu County

3.7.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expected to receive Kshs.4.46 billion (67.4 per cent) as equitable share of revenue raised nationally, Kshs.1.18 billion (17.9 per cent) as total conditional grants and to generate Kshs.511 million (7.7 per cent) from own source revenue and Ksh.389 million (5.9 per cent) as Appropriations in Aid. The County included Kshs.70.7 million (1.1 per cent) as conditional grant from NAGRIP for FY 2018/19 which was not in CARA, 2019 and did not budget for other cash balance from FY 2018/19.

3.7.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.09 billion as equitable share of the revenue raised nationally, Kshs.409.92 million as total conditional grants, raised Kshs.401.86 million from own-source revenue, Kshs.217.11 million from Appropriations in Aid, and had a cash balance of Kshs.110.64 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.23 billion as shown in Table 3-26.

Table 3-26: Embu County, Revenue Performance in the First Nine Months of FY 2019/20

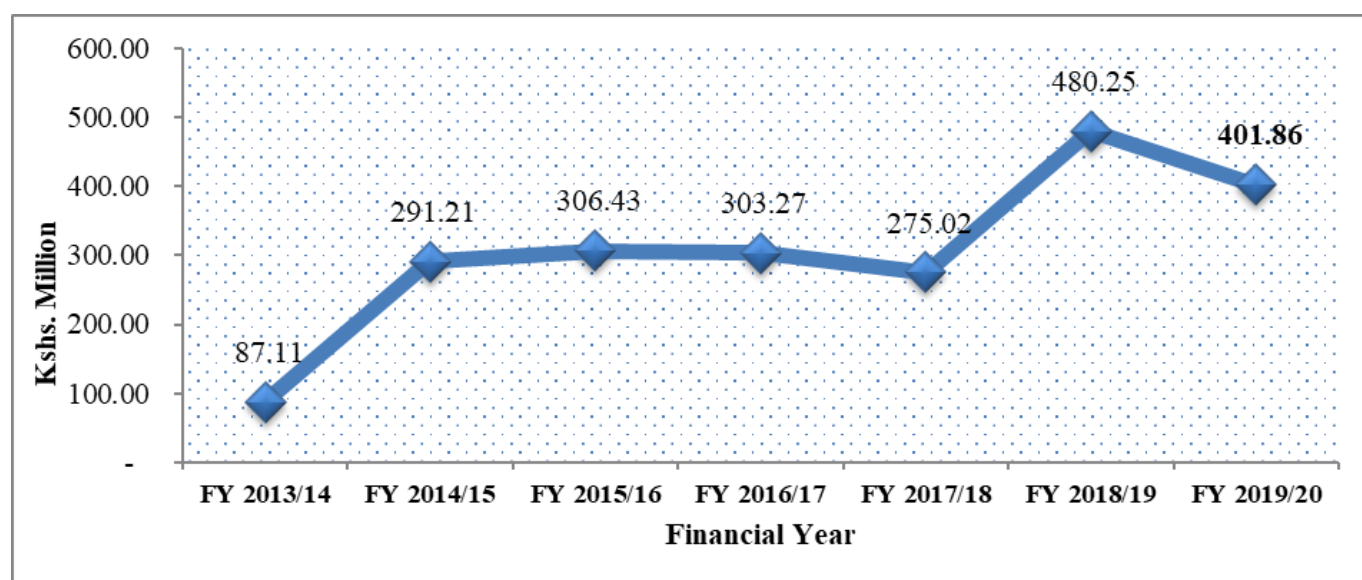
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,304,400,000	4,458,800,000	3,094,863,600	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	216,448,092	71.9
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	122,183,250	122,183,250	-	-
4.	Rehabilitation of Village Polytechnics	33,603,298	33,603,298	16,801,649	50
5.	Compensation for User Fee Foregone	10,724,225	10,724,225	-	-
	Sub Total	599,466,129	599,466,129	233,249,741	38.9
C.	Loans and Grants from Development Partners				
1.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	116,389,214	33.3
2.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	119,892,100	119,892,100	-	-
3.	Transforming Health systems for Universal care Project (WB)	44,569,827	44,569,827	44,663,425	100.2

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	0.0
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,418,468	15,418,468	8,959,234	58.1
6.	DANIDA Grant	13,312,500	13,312,500	6,656,250	50.0
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		581,992,895	581,992,895	176,668,122	30.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	511,000,000	401,856,065	78.6
2.	Balance B/f from FY 2018/19	-	-	110,635,317	-
3.	Other Revenues (NAGRIP)	-	70,703,400	-	-
4.	A-I-A	-	389,000,000	217,511,265	55.9
Sub Total		-	970,703,400	730,002,647	75.2
Grand Total		6,456,562,424	6,610,962,424	4,234,784,110	65.6

Source: Embu County Treasury

Figure 3-11 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-11: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Embu County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.401.86 million as own-source revenue. This amount represented a decrease of 16.3 per cent when compared to Kshs.480.25 million realised during the same period in FY 2018/19, and represented 78.6 per cent of the annual target.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.78 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.517.52 million (13.7 percent) for development programmes and Kshs.3.26 billion (86.3 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

A total of Kshs.3.35 billion was spent on both development and recurrent programmes and represented 88.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.433.42 million and Kshs.2.92 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67.3 per cent.

3.7.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.26 billion was spent on compensation to employees, Kshs.651.85 million on operations and maintenance, and Kshs.433.42 million on development expenditure.

Table 3-27: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer (Kshs.)	Issues	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,331,361,359	3,262,117,721		2,915,764,454	87.1	67.3
Compensation to Employees	3,110,069,525	2,369,178,067		2,263,909,823	67.6	72.8
Operations and Maintenance	1,221,291,834	892,939,654		651,854,631	19.5	53.4
Total Development Expenditure	2,279,601,065	517,517,296		433,415,668	12.9	19.0
Development expenditure	2,279,601,065	517,517,296		433,415,668	12.9	19.0
Total	6,610,962,424	3,779,635,017		3,349,180,122	100.0	50.7

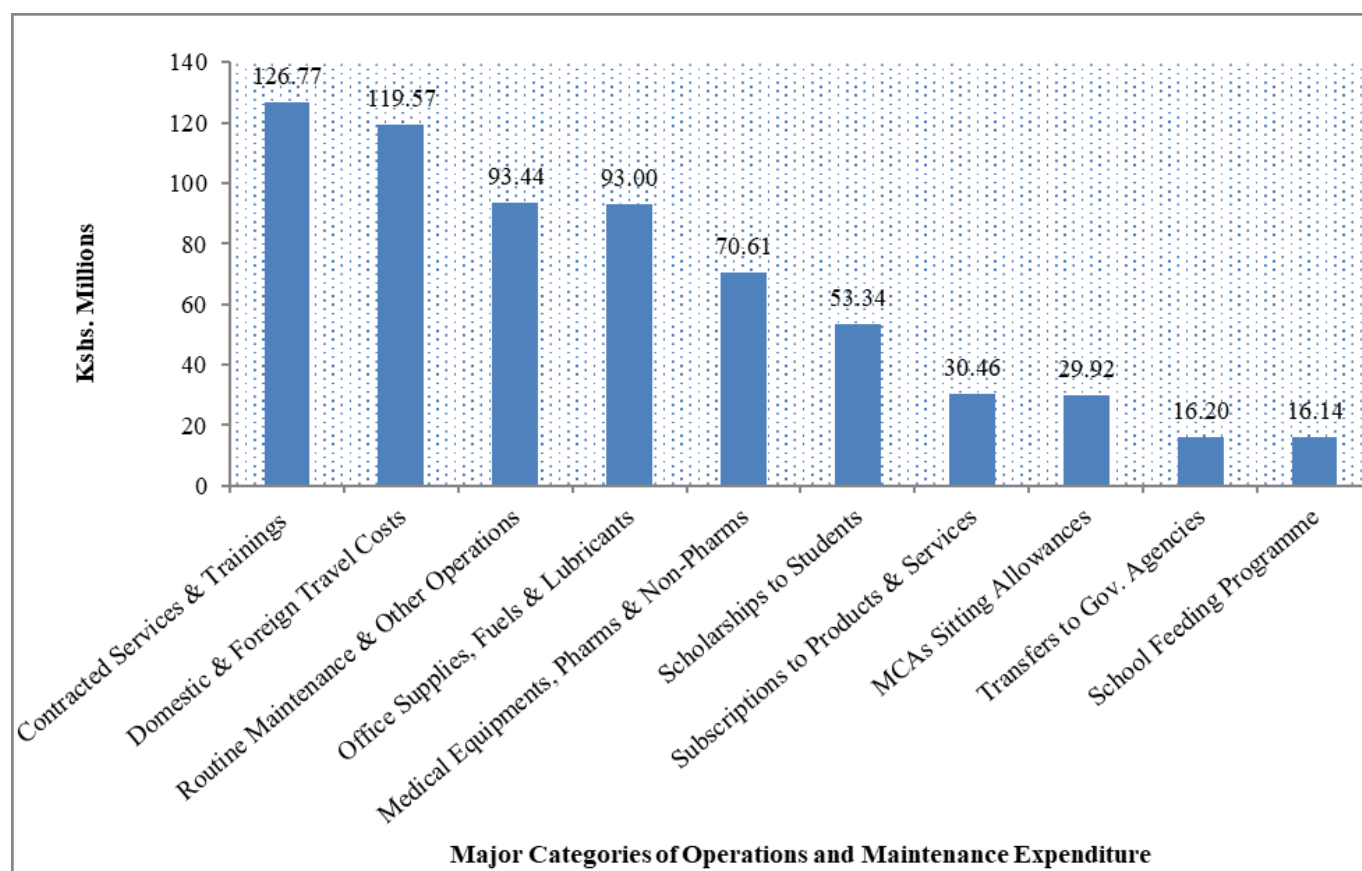
Source: Embu County Treasury

Expenditure on compensation to employees was 67.6 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 5.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.40 billion.

3.7.6 Analysis of Operations and Maintenance Expenditure

Figure 3-12 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-12: Embu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Embu County Treasury

The County spent Kshs.29.92 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.32.10 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.94,983 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.119.57 million and comprised of Kshs.100.72 million spent by the County Assembly and Kshs.18.85 million spent by the County Executive. The County did not report expenditure on foreign travel by both County Assembly and County Executive.

3.7.7 Development Expenditure Analysis

The total development expenditure of Kshs.433.42 million represented 19 per cent of the annual development budget of Kshs.2.28 billion and represented an increase of 30.4 per cent compared to a similar period in FY2018/19 when the County spent Kshs.332.26 million. Table 3-28 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-28: Embu County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

No	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1.	Construction of Office Complex	Kirimari	98,000,000	46,051,826	47.0
2.	Construction of New Badea Block B	Kirimari	33,000,000	24,860,197	75.3
3.	Kavutiri-Muchagori	Gaturi North	10,000,000	20,942,268	209.4
4.	Nthagaiya	Runyenjes Central	10,000,000	19,757,700	197.6
5.	Uchumi-Kiambuthi	Kirimari	10,000,000	12,985,649	129.9
6.	Payment Of Legal Fees (Court Decree Award)	Mwea Scheme	-	12,100,000	-
7.	Completion Of Bio Medical Engineering Workshop Phase 2	Kirimari	5,000,000	10,888,428	217.8
8.	Rehabilitation And Equipping of the Majimbo Fire Station	Kirimari	15,213,565	8,436,367	55.5
9.	Upgrading to Bitumen Standards of Kavutiri Factory - Muchagori Market Road	Gaturi North	10,000,000	8,184,870	81.8
10.	Road Construction Major -Upgrading to Bitumen Standard of Kangaru-Kairuri Phase 2.	Kirimari	-	5,824,070	-

Source: Embu County Treasury

*** The County settled the Mwea Scheme legal fees and upgrading to Bitumen Standard of Kangaru-Kairuri road which were part of pending bills without budget provisions.

3.7.8 Budget Performance by Department

Table 3-29 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-29: Embu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	212.63	-	160.78	-	145.02	-	90.2	-	68.2	-
County Public Service Board	32.53	-	25.64	-	19.51	-	76.1	-	60.0	-
Public Service and Administration	390.04	15.21	298.58	5.00	285.29	8.44	95.5	168.7	73.1	55.5
Finance and Economic Planning	116.71	46.00	73.58	32.31	61.90	9.23	84.1	28.6	53.0	20.1
Lands, Physical Planning & Urban Development.	38.07	149.69	22.95	5.00	22.98	18.44	100.1	368.8	60.4	12.3
Investment, Industrialization, Trade & Tourism	26.33	98.06	22.28	5.30	13.91	21.45	62.5	404.8	52.8	21.9
Agriculture, Livestock, Fisheries & Co-op Devt	289.48	452.48	228.53	108.02	187.61	7.41	82.1	6.9	64.8	1.6
Water, Environment & Natural Resources	57.37	124.10	46.32	29.30	34.43	17.78	74.3	60.7	60.0	14.3
Health	1,829.38	204.05	1,421.57	72.60	1,287.60	36.34	90.6	50.0	70.4	17.8
Embu Level 5 Hospital	210.73	138.51	208.36	54.50	157.39	49.63	75.5	91.1	74.7	35.8

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exche- quer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure, Public Works and Housing.	61.46	688.94	54.41	149.43	41.51	162.99	76.3	109.1	67.5	23.7
Education, Science and Technology	447.23	78.97	324.15	10.00	272.97	31.01	84.2	310.1	61.0	39.3
Youth Empowerment, Sports, Gender, Culture, Children & Social Services	19.33	120.73	16.99	-	8.56	24.65	50.4	-	44.3	20.4
County Assembly	600.06	162.85	358.00	46.05	377.08	46.05	105.3	100.0	62.8	28.3
TOTAL	4,331.36	2,279.60	3,262.12	517.52	2,915.76	433.42	89.4	83.7	67.3	19.0

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 55.5 per cent while the Department of Agriculture, Livestock, Fisheries and Co-Operative Development reported the lowest at 1.6 per cent. The Department of Embu Level 5 Hospital had the highest percentage of recurrent expenditure to its recurrent budget at 74.7 per cent while the Department of Youth Empowerment, Sports, Gender, Culture, Children and Social Services had the lowest at 44.3 per cent.

3.7.9 Budget Execution by Programmes and Sub-Programmes

Table 3-30 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-30: Embu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expendi- ture (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
OFFICE OF GOVERNOR					
General Administration Plan- ning & Support Services	Management of County Affairs (Office of Governor)	127,578,521	87,014,791	40,563,731	68.2
County Leadership and Coordi- nation	Sub-County Administration and Field Services	42,526,174	29,004,930	13,521,244	68.2
	Management of County Exec- utive Services (Office of County Secretary)	25,515,704	17,402,958	8,112,746	68.2
	Public Sector Advisory Services (Legal, Political and Economic Advisors)	17,010,470	11,601,972	5,408,497	68.2
Sub Total		212,630,869	145,024,651	67,606,218	68.2
COUNTY PUBLIC SERVICE BOARD					
Administration of Human Re- sources in Public Service	Performance Management & Dis- cipline	5,530,331	3,316,412	2,213,919	60.0
	Administration of Board pro- grammes	8,132,839	4,877,076	3,255,763	60.0
	Recruitment and Selection, Car- eer Management, HR Policy and Audit	11,385,975	6,827,907	4,558,068	60.0
	Quality service delivery in the County Public Service that is ef- fective and efficient	7,482,212	4,486,910	2,995,302	60.0
Sub Total		32,531,357	19,508,305	13,023,052	60.0
PUBLIC SERVICE AND ADMINISTRATION					
General Administration Plan- ning & Support Services	Service delivery and management of County Affairs	141,839,342	102,803,744	39,035,598	72.5
Public Service	Human Resource Development and Culture Change Management	101,313,816	73,431,246	27,882,570	72.5
	Office Infrastructure Develop- ment	162,102,105	117,489,993	44,612,112	72.5
Sub Total		405,255,262	293,724,982	111,530,280	72.5
FINANCE AND ECONOMIC PLANNING					
General Administration Plan- ning & Support Services	Administration, Planning & Sup- port Services	26,897,818	11,759,093	15,138,725	43.7

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
Economic Policy and County Planning	Economic Development Planning and Coordination	25,285,858	11,054,382	14,231,476	43.7
Financial Management Services	Revenue Management Services	26,897,818	11,759,093	15,138,725	43.7
	Control and Management of Public Finances	13,448,909	5,879,546	7,569,363	43.7
Monitoring and Evaluation	Monitoring and Evaluation of Projects	16,138,691	7,055,456	9,083,235	43.7
Research and Statistics	County Database and Profile	13,448,909	5,879,546	7,569,363	43.7
Kenya Devolution Support Programme	Kenya Devolution Support Programme	40,595,727	17,747,496	22,848,231	43.7
Sub Total		162,713,731	71,134,612	91,579,119	43.7
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
Land Policy and Planning	Spatial planning and urban Planning	44,716,358	10,355,241	34,361,118	23.2
	Survey and Land Planning	47,682,471	10,355,241	37,327,231	21.7
Environment Management & Natural Resources Conservation	Environment Management and Natural Resources Conservation	57,218,965	12,426,289	44,792,677	21.7
General Administration, Planning & Support Services	General Administration and Support Services	38,145,977	8,284,192	29,861,784	21.7
Sub Total		187,763,771	41,420,962	146,342,809	22.1
INVESTMENT, INDUSTRIALIZATION, TRADE AND TOURISM					
Administrative Support Services	Administrative Support Services	14,697,326	4,178,961	10,518,365	28.4
Trade development and Promotion	Trade development and Promotion	59,937,807	17,042,403	42,895,403	28.4
Industrial Development and Investment	Industrial Development and Investment	27,366,215	7,781,167	19,585,048	28.4
Tourism Development	Tourism Development	22,390,540	6,366,409	16,024,131	28.4
Sub Total		124,391,888	35,368,941	89,022,947	28.4
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
Administrative Support Services	Administrative Support Services	93,422,817	24,555,569	68,867,248	26.3
Crop Development and Management	Crop Development and Management	348,272,830	91,541,208	256,731,622	26.3
Agribusiness and Information Management	Agribusiness and Information Management	96,455,624	25,352,722	71,102,902	26.3
Livestock Resources Management & Development	Livestock Resources Management and Development	129,618,434	34,069,347	95,549,087	26.3
Fisheries Development	Fisheries Development	74,196,634	19,502,094	54,694,540	26.3
Sub Total		741,966,339	195,020,940	546,945,399	26.3
WATER, ENVIRONMENT AND NATURAL RESOURCES					
Water Supply and sewerage Services	Domestic Water Supply	72,588,981	20,882,218	51,706,763	28.8
Irrigation	Provision of Irrigation water	68,959,532	19,838,107	49,121,425	28.8
General Administration Planning & Support Services	General Administration and Support Services	39,923,940	11,485,220	28,438,720	28.8
Sub Total		181,472,453	52,205,544	129,266,909	28.8
HEALTH					
Curative Health Services	Primary Health Care	1,228,076,816	763,247,757	464,829,059	62.1
Preventive and Promotive Health Services	Health Promotion & Disease Control	453,511,964	313,443,166	140,068,798	69.1
General Administration Planning & Support Services	General Administration Services	351,840,500	247,246,305	104,594,196	70.3
Sub Total		2,033,429,281	1,323,937,228	709,492,053	65.1
EMBU LEVEL 5 HOSPITAL					
Curative Health Services	Primary Health Care	259,931,469	139,694,880	120,236,589	53.7
Preventive and Promotive Health Services	Health Promotion & Disease Control	53,386,955	38,840,665	14,546,290	72.8
General Administration Planning & Support Services	General Administration services	35,924,794	28,489,417	7,435,377	79.3

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
Sub Total		349,243,218	207,024,961	142,218,257	59.3
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING					
General Administration Planning & Support Services	General Administration Services	150,079,361	40,900,272	109,179,089	27.3
Roads Transport	Road Infrastructure and Public Works	375,198,402	102,250,679	272,947,723	27.3
Energy and housing	Energy and Housing	225,119,041	61,350,408	163,768,634	27.3
Sub Total		750,396,804	204,501,359	545,895,445	27.3
EDUCATION, SCIENCE AND TECHNOLOGY					
General Administration, Planning & Support Services	General Administration and Support Services	157,861,659	91,192,054	66,669,605	57.8
Quality Assurance and Standards	Quality Assurance and standards	131,551,383	75,993,379	55,558,004	57.8
ECDE and Tertiary Education (Polytechnics)	ECDE and Tertiary Education (Polytechnics)	236,792,489	136,788,081	100,004,407	57.8
Sub Total		526,205,530	303,973,514	222,232,016	57.8
YOUTH EMPOWERMENT, SPORTS, GENDER, CULTURE, CHILDREN AND SOCIAL SERVICES					
Policy and General administrative services	General administrative unit	14,005,430	3,320,683	10,684,747	23.7
Gender and Social Development	Communication mobilization and development	21,008,145	4,981,024	16,027,120	23.7
	Social welfare services	14,005,430	3,320,683	10,684,747	23.7
	Vocational rehabilitation and training	14,005,430	3,320,683	10,684,747	23.7
	Gender mainstreaming and development	21,008,145	4,981,024	16,027,120	23.7
Children Services	Child rehabilitation and custody	14,005,430	3,320,683	10,684,747	23.7
Culture and Cultural Preservation	Cultural preservation	14,005,430	3,320,683	10,684,747	23.7
Youth Development and Empowerment Services	Youth Development and Empowerment Services	14,005,430	3,320,683	10,684,747	23.7
Management & development of Sport & Sport facilities	Community Sports programme	14,005,430	3,320,683	10,684,747	23.7
Sub Total		140,054,297	33,206,828	106,847,469	23.7
COUNTY ASSEMBLY					
General Administration Planning & Support Services	General Administration Planning & Support Services	315,969,837	175,244,628	140,725,209	55.5
Legislation	Legislation	446,937,787	247,882,667	199,055,120	55.5
Sub Total		762,907,624	423,127,295	339,780,329	55.5
Grand Total		6,610,962,424	3,349,180,123	3,261,782,301	50.7

Source: Embu County Treasury

The programmes that performed well based on expenditure absorption were: General Administration services program under Embu level 5 at 79.3 per cent, Health Promotion and Disease Control under Embu level 5 at 72.8 per cent, General Administration Planning and Support Services and Public Service programs under the Public Service and Administration department at 72.48 per cent and General Administration services under health department at 70.3 per cent of the allocated budget.

3.7.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.433.42 million out of annual development budget of Kshs.2.28 billion. The development expenditure represented 19 per cent of the annual development.
2. A high wage bill, which accounted for 67.6 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Non-inclusion of pending bills in the Approved Budget for FY 2019/20. The County had not included the pending bills carried forward from FY 2018/19 in the budget and therefore could not be able to settle them as

first charge as required by law.

4. Delay by the County Assembly to approval key planning policy documents such as the Annual Development Plan (ADP), and the County Fiscal Strategy Paper (CFSP) as at 31st March 2020.

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

1. *The County Treasury should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should prepare a Supplementary Budget to include outstanding pending bills in order to facilitate their payment.*
4. *The County Assembly should comply with the timelines stipulated in law in the approval of key planning documents so as to facilitate smooth implementation of the budget*

3.8 Garissa County

3.8.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.6.88 billion (58.1 per cent) as equitable share of revenue raised nationally, Kshs.1.63 billion (13.7 per cent) as total conditional grants, generate Kshs.150 million (1.3 per cent) from own sources of revenue, and Kshs.2.27 billion (19.2 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.918.39 million (7.8 per cent) as "other revenues" not contained in the CARA, 2019.

3.8.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.36 billion as equitable share of the revenue raised nationally, Kshs.463.26 million as total conditional grants, raised Kshs.71.37 million from own-source revenue, and had a cash balance of Kshs.1.27 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.16 billion as shown in Table 3-31 .

Table 3-31: Garissa County, Revenue Performance in the First Nine Months of FY 2019/20

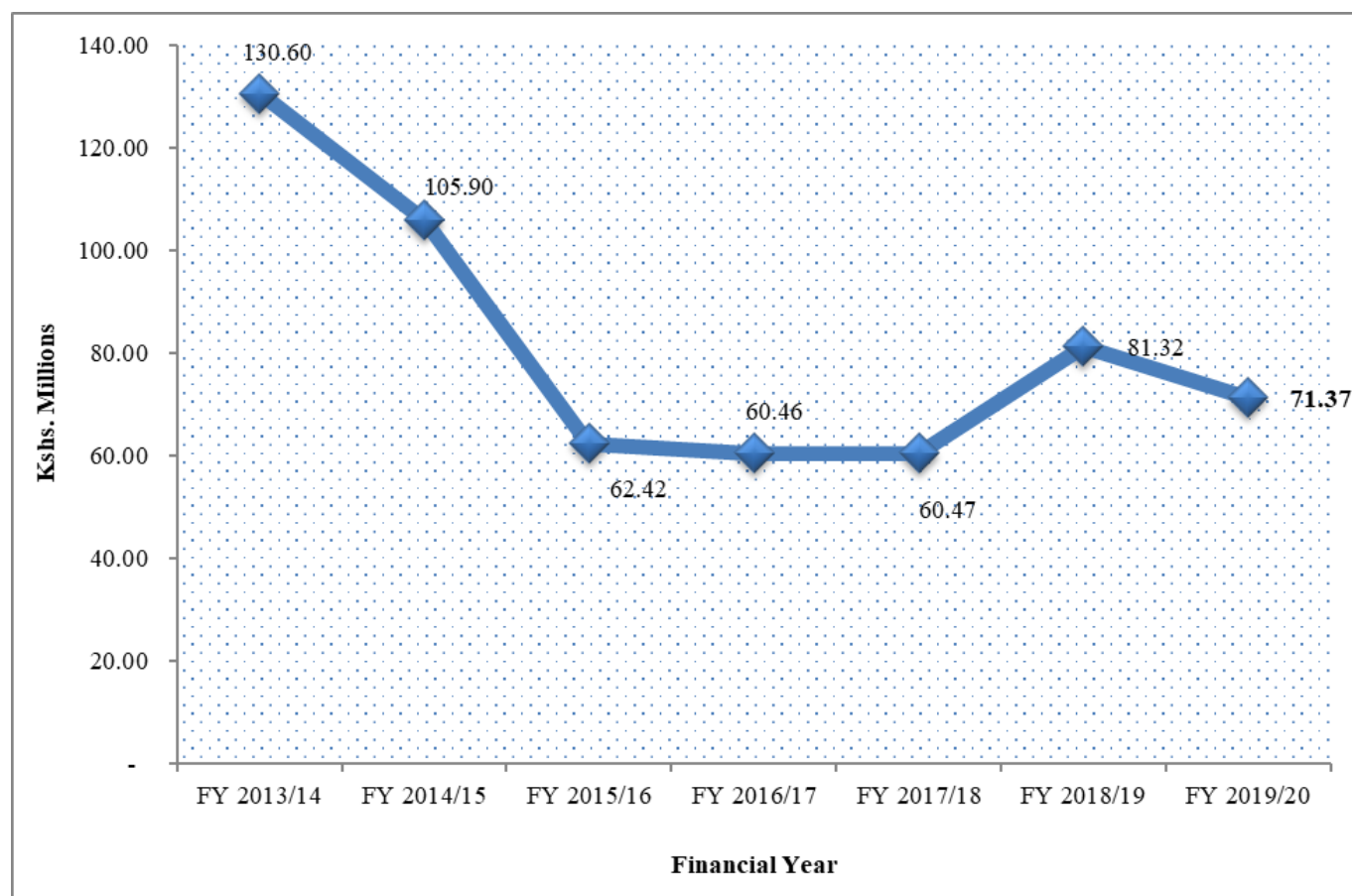
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,882,000,000	6,882,000,000	4,358,806,105	63.3
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	110,037,243	31.9
2.	Compensation for User Fee Foregone	12,964,636	12,964,636	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	199,446,188	199,446,188	99,723,094	50.0
5.	Rehabilitation of Village Polytechnics	20,628,298	20,628,298	10,314,149	50.0
Sub Total		709,693,900	709,693,900	220,074,486	31.0
C	Loans and Grants from Development Partners				
6.	Transforming Health systems for Universal care Project (WB)	47,421,765	47,421,765	37,421,763	78.9
7.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,422,858	157,422,858	60,357,821	38.3
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	233,506,000	233,506,000	-	-
10.	DANIDA Grant	20,718,750	20,718,750	10,359,375	50.0
11.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	135,046,320	33.8

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,520,018	20,520,018	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		918,389,391	918,389,391	243,185,279	26.5
D	Other Sources of Revenue				
14.	Own Source Revenue	-	150,000,000	71,371,500	47.6
15.	Balance b/f from FY2018/19	-	2,270,378,994	1,270,378,994	56.0
16.	Other Revenues	-	-	-	-
Sub Total		-	2,420,378,994	1,341,750,494	42.0
Grand Total		8,510,083,291	10,930,462,277	6,163,816,364	52.0

Source: Garissa County Treasury

Figure 3-13 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-13: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Garissa County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.71.37 million as own-source revenue. This amount represented a decrease of 12.2 per cent when compared to Kshs.81.32 million realised during the same period in FY 2018/19, and was 47.6 per cent of the annual target.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.26 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.05 billion (19.9 percent) for development programmes and Kshs.4.21 billion (80.1 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

A total of Kshs.5.26 billion was spent on development and recurrent programmes and represented 100 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.4.21 billion and Kshs.1.02 billion on recurrent and development activities respectively. Expenditure on development programmes represented an absorption rate of 21.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 68.5 per cent.

3.8.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.34 billion was spent on compensation to employees, Kshs.849.80 million on operations and maintenance, and Kshs.1.02 billion on development expenditure.

Table 3-32: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,122,968,278	4,213,591,445	4,194,482,225	80.4	68.5
Compensation to Employees	4,234,143,994	3,355,793,258	3,344,684,038	64.1	79.0
Operations and Maintenance	1,888,824,284	857,798,187	849,798,187	16.3	45.0
Total Development Expenditure	4,807,493,999	1,048,972,885	1,020,102,231	19.6	21.2
Total	10,930,462,277	5,262,564,330	5,214,584,456	100	47.7

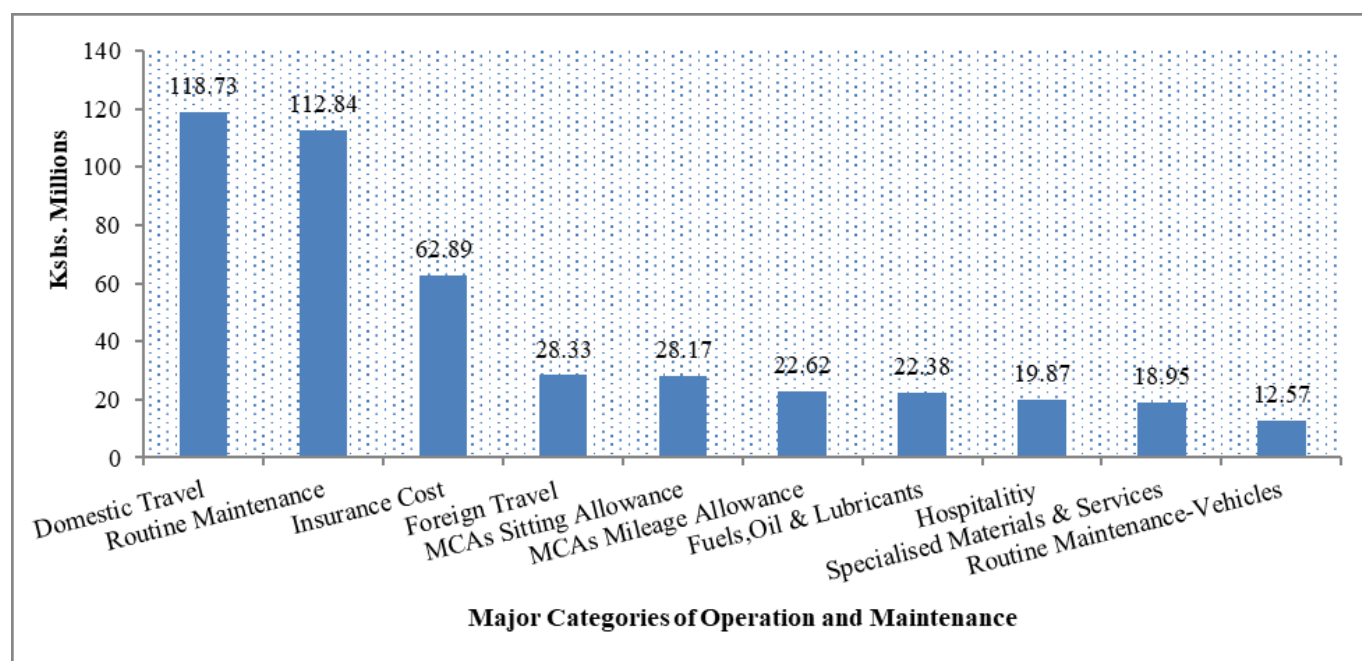
Source: Garissa County Treasury

Expenditure on compensation to employees was 64.1 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 1.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.29 billion.

3.8.6 Analysis of Operations and Maintenance Expenditure

Figure 3-14 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-14: Garissa County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Garissa County Treasury

The County spent Kshs.28.17 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.63.02 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.63,881 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.118.73 million and comprised of Kshs.57.09 million spent by the County Assembly and Kshs.61.64 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.28.33 million and comprised of Kshs.7.20 million spent by the County Assembly and Kshs.21.13 million by the County Executive.

3.8.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.05 billion represented 21.2 per cent of the annual development budget of Kshs.4.81 billion and represented a decrease of 11.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.15 billion. Table 3-33 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-33: Garissa County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Sub County Offices at Bura, Garissa County	Fafi Sub County	23,714,573	20,000,000	84.3
2	Construction of Modern Sub County Offices at Garissa	Garissa Township	105,033,786	35,000,000	33.3
3	Construction of Sub County Offices at Masalani, Garissa County	Ijara Sub County	20,922,885	10,000,000	47.8
4	Construction of County Health Headquarters	Garissa Township	20,416,339	12,505,052	61.3
5	Construction of Orphanage Centre at Dogob in Balam-bala Sub County	Balambala Sub County	92,788,454	10,000,000	10.8
6	Construction of New Water Pan at Dogob Centre , Bal-ambala Sub County	Balambala Sub County	28,208,051	14,000,000	49.6
7	Construction of Water Pan at Saragulu Hulugho Sub county	Ijara Sub County	28,067,114	28,067,114	100.0
8	Provision of Consultancy Services for Soil Survey in Ir-rigation Scheme	Garissa Township	20,976,071	15,000,000	71.5
9	Beautification along Kismayu Road at Township Sub County	Garissa Township	9,882,852	6,339,458	64.1

Source: Garissa County Treasury

3.8.8 Budget Performance by Department

Table 3-34 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-34: Garissa County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Co-operative	165.18	315.44	106.07	161.30	106.07	161.19	100.0	99.9	64.2	51.1
Environment, Energy & Natural Resources	63.15	60.00	43.68	-	43.53	-	99.7	0.0	68.9	-
Roads and Transport	40.32	522.15	26.13	182.71	23.13	182.53	88.5	99.9	57.4	35.0
Trade, Enterprise Development and Tourism	110.00	163.00	49.15	-	44.12	-	89.8	-	40.1	-
Health and Sanitation	2,457.17	588.41	1,900.00	155.79	1,900.04	156.68	100.0	100.6	77.3	26.6
Education and Labour	542.18	106.63	323.15	22.08	323.15	22.12	100.0	100.1	59.6	20.7
County Assembly	756.40	-	460.00	-	460.00	-	100.0	-	60.8	-
Executive Services	393.79	120.15	266.86	-	266.13	-	99.7	-	67.6	-
Finance and Economic Planning	892.14	161.85	595.88	92.59	590.60	92.53	99.1	99.9	66.2	57.2
Gender, Social services and sports	71.20	170.00	50.00	50.55	49.21	49.99	98.4	98.9	69.1	29.4
Water and Irrigation services	199.56	200.20	115.64	304.96	111.38	304.88	96.3	100.0	55.8	15.2
Lands, Housing and Urban	322.79	355.55	225.22	50.22	224.30	50.19	99.6	99.9	69.5	14.1

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
CPSB	37.03	-	18.24	-	18.24	-	100.0	-	49.2	-
Town Management Board	72.00	242.31	33.58	-	34.58	-	103.0	-	48.0	-
Total	6,122.96	4,807.49	4,213.59	1,048.97	4,194.48	1,020.10	99.5	97.2	68.5	21.2

Source: Garissa 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 57.2 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 77.3 per cent while the Department of Trade, Enterprise Development and Tourism had the lowest at 40.1 per cent.

3.8.9 Budget Execution by Programmes and Sub-Programmes

Table 3-35 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-35 : Garissa County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Budget (Kshs)	Payments (Kshs)	Variance (Kshs)	Absorption (%)
AGRICULTURE	Agriculture Department	1,200,000	600,000	600,000	50.0
	Crop Production and Irrigation services	1,200,000	600,000	600,000	50.0
	Administrative and support services	-	-	-	-
	Administrative and support services	-	-	-	-
	Livestock Department	83,645,730	7,615,139	76,030,591	9.1
	Livestock production services	83,645,730	7,615,139	76,030,591	9.1
	Irrigation Department	-	-	-	-
	Crop Production and Irrigation services	-	-	-	-
	Fisheries Department	200,000	0	200,000	-
	0 Fisheries production services	200,000	0	200,000	-
		355,481,104	72,425,386	283,055,718	20.4
	Administrative and support services	355,481,104	72,425,386	283,055,718	20.4
		600,000	-	600,000	-
	Administrative and support services	600,000	-	600,000	-
	Environment and Natural Resource Management				
ENVIRONMENT	Environment and Forestry Department	1,100,000	396,300	703,700	36.0
	Forest, Wildlife and Tourism	1,100,000	396,300	703,700	36.0
	Natural Resources Department	1,600,000	310,000	1,290,000	19.4
	Environment and Natural Resource Management	1,600,000	310,000	1,290,000	19.4
	Tourism Departments	-	-	-	-
	Forest, Wildlife and Tourism	-	-	-	-
	Animal Disease Control	119,243,025	11,973,532	107,269,493	10.0
	Administration and Support Services	119,243,025	11,973,532	107,269,493	10.0
ROADS	Roads	466,571,746	201,290,728	265,281,018	43.1
	Roads network and Transport services	2,417,200	468,900	1,948,300	19.4
	General Administration and Support Services	-	-	-	-
	Roads Development Program	464,154,546	200,821,828	263,332,718	43.3
	Administration Department	37,906,400	4,029,600	33,876,800	10.6
	General Administration and Support Services	37,906,400	4,029,600	33,876,800	10.6
	Lands Department				

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Budget (Kshs)	Payments (Kshs)	Variance (Kshs)	Absorption (%)
TRADE	Cooperative Development				
	Trade And Co-Operative Development Program				
	Trade Department	102,400,000	368,000	102,032,000	0.4
	Departmental service programme	100,000,000	-	100,000,000	-
	Administrative and support Services	-	-	-	-
	Trade And Co-Operative Development Program	2,400,000	368,000	2,032,000	15.3
	Weight and Measures Department	1,350,000	650,000	700,000	48.1
	Departmental service programme	1,350,000	650,000	700,000	48.1
	Village Polytechnics	105,447,996	5,865,922	99,582,074	5.6
	Administrative and support Services	105,447,996	5,865,922	99,582,074	5.6
		802,259	-	802,259	-
	Forest, Wildlife and Tourism	-	-	-	-
	Administrative and support Services	802,259	-	802,259	-
HEALTH	Curative and Emergency Services Department	-	-	-	-
	Curative Services	-	-	-	-
	Preventive and Promotive Health	711,013,649	117,348,176	593,665,473	16.5
	Preventive and Promotive Services	22,718,750	8,600,783	14,117,967	37.9
	Curative Services	497,414,894	97,792,400	399,622,494	19.7
	General Administration and Support Services	190,880,005	10,954,993	179,925,012	5.7
	Administration Finance and HR	2,161,075,806	1,725,059,544	436,016,262	79.8
	Preventive and Promotive Services	49,638,369	38,247,239	11,391,130	77.1
	Curative Services	68,320,000	0	68,320,000	0.0
	General Administration and Support Services	2,043,117,437	1,686,812,305	356,305,132	82.6
EDUCATION	Education Department	385,619,161	12,032,795	373,586,366	3.1
	ECD Program	-	-	-	-
	Youth polytechnics	24,628,298	6,030,000	18,598,298	24.5
	General Administration and Support Services	360,990,863	6,002,795	354,988,068	1.7
	Polytechnics Department	44,412,400	27,650,534	16,761,866	62.3
	ECD Program	44,412,400	27,650,534	16,761,866	62.3
	Public Service Board and Human Resource	136,991,478	7,880,189	129,111,289	5.8
	ECD Program	-	-	-	-
	General Administration and Support Services	136,991,478	7,880,189	129,111,289	5.8
	Administration and construction works	-	-	-	-
	Research, Statistics and Information	40,782,733	1,799,800	38,982,933	4.4
	Departmental Programs	40,782,733	1,799,800	38,982,933	4.4

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Budget (Kshs)	Payments (Kshs)	Variance (Kshs)	Absorption (%)
COUNTY AF-FAIRS	Governor's Office	179,400,000	56,686,673	122,713,327	31.6
	Administration and construction works	-	-	-	-
	County Executive Services	179,400,000	56,686,673	122,713,327	31.6
	Deputy Governor's Office	36,120,000	12,803,985	23,316,015	35.4
	County Executive Services	36,120,000	12,803,985	23,316,015	35.4
	Operations and Sub County Offices	210,962,000	153,322,817	57,639,184	72.7
	Departmental Programs	120,152,000	92,116,838	28,035,162	76.7
	County Executive Services	-	-	-	-
	Administration and construction works	90,810,000	61,205,978	29,604,022	67.4
	Human Resource Department	-	-	-	-
	Administration and construction works	-	-	-	-
	Information Department	20,000,000	5,596,700	14,403,300	28.0
	Construction Works	-	-	-	-
	Administration and construction works	20,000,000	5,596,700	14,403,300	28.0
	Departmental Programs	-	-	-	-
	Special Program and Inter Governmental Relations Department	-	-	-	-
	Departmental Programs	-	-	-	-
FINANCE	Street Lighting	48,656,215	19,242,400	29,413,815	39.5
	Administration and construction works	48,656,215	19,242,400	29,413,815	39.5
		18,812,430	6,993,800	11,818,630	37.2
	Departmental Programs	18,812,430	6,993,800	11,818,630	37.2
		-	-	-	-
	Departmental Programs	-	-	-	-
	Accounting Department	3,713,739	2,604,000	1,109,739	70.1
	Construction Works	-	-	-	-
	Departmental programs	3,713,739	2,604,000	1,109,739	70.1
	Water Services	-	-	-	-
FINANCE	Budgetary Department	6,780,000	4,009,664	2,770,336	59.1
	Departmental programs	6,780,000	4,009,664	2,770,336	59.1
	Revenue Department	208,927,781	142,225,385	66,702,396	68.1
	Departmental programs	208,927,781	142,225,385	66,702,396	68.1
	Economic Planning Department	34,086,000	8,525,562	25,560,438	25.0
	Departmental programs	34,086,000	8,525,562	25,560,438	25.0
	Town Management Services	-	-	-	-
	Supply Chain Management	5,630,000	2,037,984	3,592,016	36.2
	Departmental programs	5,630,000	2,037,984	3,592,016	36.2
	Internal Audit Department	3,862,600	1,340,700	2,521,900	34.7
	Departmental programs	3,862,600	1,340,700	2,521,900	34.7
	Special Program	272,940,000	56,168,704	216,771,296	20.6
	Administration and construction works	272,940,000	56,168,704	216,771,296	20.6
FINANCE	Urban Planning	511,848,000	-	511,848,000	-
	Construction Works	-	-	-	-
	Town Management Services	511,848,000	-	511,848,000	-
		431,420,628	281,679,050	149,741,578	65.3
	Administration and construction works	431,420,628	281,679,050	149,741,578	65.3
		16,780,548	7,901,169	8,879,380	47.1
	Administration and construction works	16,780,548	7,901,169	8,879,380	47.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Budget (Kshs)	Payments (Kshs)	Variance (Kshs)	Absorption (%)
CULTURE	Culture and Heritage Department	-	-	-	-
	Cultural activities	86,411,832	13,616,968	72,794,864	15.8
		-	-	-	-
	Administration Support Services and construction works	86,411,832	13,616,968	72,794,864	15.8
	Public Entertainment	1,025,000	185,000	840,000	18.0
		1,025,000	185,000	840,000	18.0
	Liquor Licensing	-	-	-	-
		-	-	-	-
	Cinemas	153,763,600	150,489,774	3,273,826	97.9
	Administration Support Services and construction works	150,000,000	149,971,574	28,426	100.0
WATER	Administration Department	628,556,361	300,949,984	327,606,377	47.9
	Water Services	628,556,361	300,949,984	327,606,377	47.9
	Administration and Support Services	-	-	-	-
	Water Supply Services	1,466,000,000	287,909,407	1,178,090,593	19.6
	Water Services	1,466,000,000	287,909,407	1,178,090,593	19.6
		-	-	-	-
		55,000,000	62,918,217	-7,918,217	114.4
	Crop Production and Irrigation services	5,000,000	388,876	4,611,124	7.8
	Water Services	50,000,000	62,529,341	-12,529,341	125.1
URBAN PLAN- NING	Urban Sanitation and Development	900,000	336,880	563,120	37.4
	Town Management Services	900,000	336,880	563,120	37.4
	Urban Planning and Disaster Management	235,120,626	3,500,700	231,619,926	1.5
	Lands And Physical Planning Program	233,506,000	2,999,800	230,506,200	1.3
	Town Management Services	1,614,626	500,900	1,113,726	31.0
	Administration and Services	289,700,000	171,916,797	117,783,204	59.3
	Town Management Services	289,700,000	171,916,797	117,783,204	59.3
	Town Management Services	-	-	-	-
		8,000,000	3,197,300	4,802,700	40.0
	Lands And Physical Planning Program	-	-	-	-
	Town Management Services	-	-	-	-
	Land Policy and Physical Planning Plans	8,000,000	3,197,300	4,802,700	40.0
		129,616,390	55,433,732	74,182,658	42.8
	Public Works and Housing Program	129,616,390	55,433,732	74,182,658	42.8
	Town Management Services	-	-	-	-
CPSB		37,072,000	-228,050	37,300,050	-0.6
	General Administration and Support Services	37,072,000	-228,050	37,300,050	-0.6
MUNICIPALITY	Town Management Boards	314,306,000	-	314,306,000	-
	Administration and Support Services and Development works	72,000,000	-	72,000,000	-
	Lands And Physical Planning Program	242,306,000	-	242,306,000	-
	Grand Total	10,930,462,277	5,550,556,495	5,379,905,782	50.8

Source: Garissa County Treasury

The programmes that performed well based on expenditure absorption were: Water Services at 125.1 per cent and Administration Support Services (Under Department of Culture) at 100 per cent.

3.8.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely

preparation of budget implementation report.

2. Slow absorption of development funds. The County spent Kshs.1.02 billion in the first nine months of FY 2019/20 out of annual development budget of Kshs.4.81 billion, which represented 21.2 per cent of the annual development.
3. A high wage bill, which accounted for 64.1 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.71.37 million against annual projection of Kshs.150 million. The realised own source revenue represented 47.6 per cent of its annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*

3.9 Homa Bay County

3.9.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.8.34 billion, comprising of Kshs.2.91 billion (34.9 per cent) and Kshs.5.42 billion (65.1 per cent) allocation for development and recurrent programmes respectively.

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

3.9.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.85 billion as equitable share of the revenue raised nationally, Kshs.324.81 million as total conditional grants, raised Kshs.90.55 million from own-source revenue, and had a cash balance of Kshs.1.05 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.32 billion as shown in Table 3-36.

Table 3-36: Homa Bay County, Revenue Performance in the First Nine Months of FY 2019/20

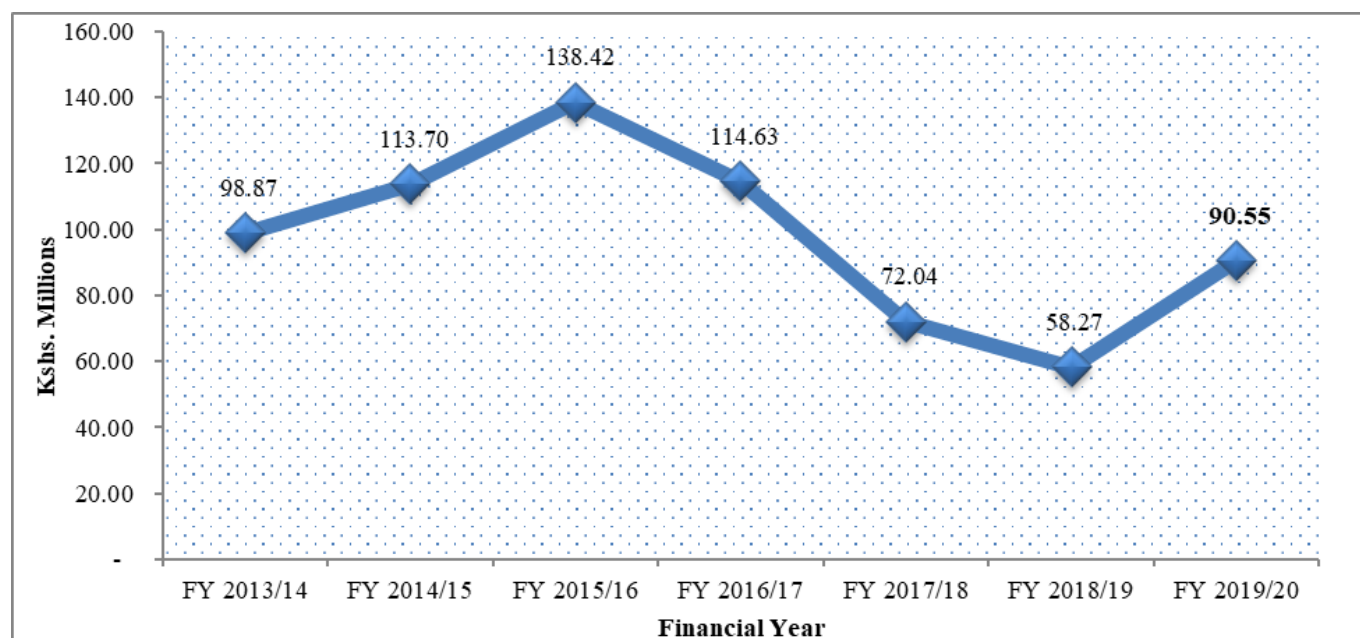
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,741,450,000	7,149,771,000	4,847,102,550	67.8
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	22,185,346	22,185,346	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894.00	-	-
3.	Road Maintenance Fuel Levy Fund	191,360,531	191,360,531	139,703,885	73.0
4.	Rehabilitation of Village Polytechnics	35,163,298	35,163,298	17,581,649	50
Sub Total		380,624,069	380,624,069.00	157,285,534	41.3
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	53,812,849	53,812,849	43,937,910	81.6
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	113,606,748	32.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	119,361,500	119,361,500	-	-

S/No	Revenue	Annual 2019 CARA, Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
9.	DANIDA Grant	19,968,750	19,968,750	9,984,375	50
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,858,004	17,858,004	-	-
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		599,801,103	599,801,103	167,529,034	27.9
D	Other Sources of Revenue				
	Own Source Revenue		144,892,435	90,550,000	62.5
	Balance b/f from FY2018/19	-	-	1,054,447,420	-
	A-I-A	-	62,699,089	6,735,074	10.7
Sub Total		-	207,591,524	1,151,732,494	554.8
Grand Total		7,721,875,172	8,337,787,696	6,323,649,612	75.8

Source: Homa Bay County Treasury

Figure 3-15 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-15: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Homa Bay County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.90.55 million as own-source revenue. This amount represented an increase of 55.4 per cent when compared to Kshs.58.27 million realised during the same period in FY 2018/19, and represented 62.5 per cent of the annual target.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.49 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.49 billion (27.1 per cent) for development programmes and Kshs.4.01 billion (72.9 per cent) for recurrent programmes.

3.9.4 Overall Expenditure Review

A total of Kshs.5.0 billion was spent on development and recurrent programmes and represented 91 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.20 billion and Kshs.3.80 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 41.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 70.1 per cent.

3.9.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.54 billion was spent on compensation to employees, Kshs.1.26 billion on operations and maintenance, and Kshs.1.20 billion on development expenditure.

Table 3-37: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget(Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,424,717,761	4,006,243,283	3,800,043,883	76.0	70.1
Compensation to Employees	3,369,731,308	2,834,849,881	2,535,784,019	50.7	75.3
Operations and Maintenance	2,054,986,453	1,171,393,402	1,264,259,864	25.3	61.5
Total Development Expenditure	2,913,069,935	1,485,715,948	1,199,073,539	24.0	41.2
Total	8,337,787,696	5,491,959,231	4,999,117,421	100	60

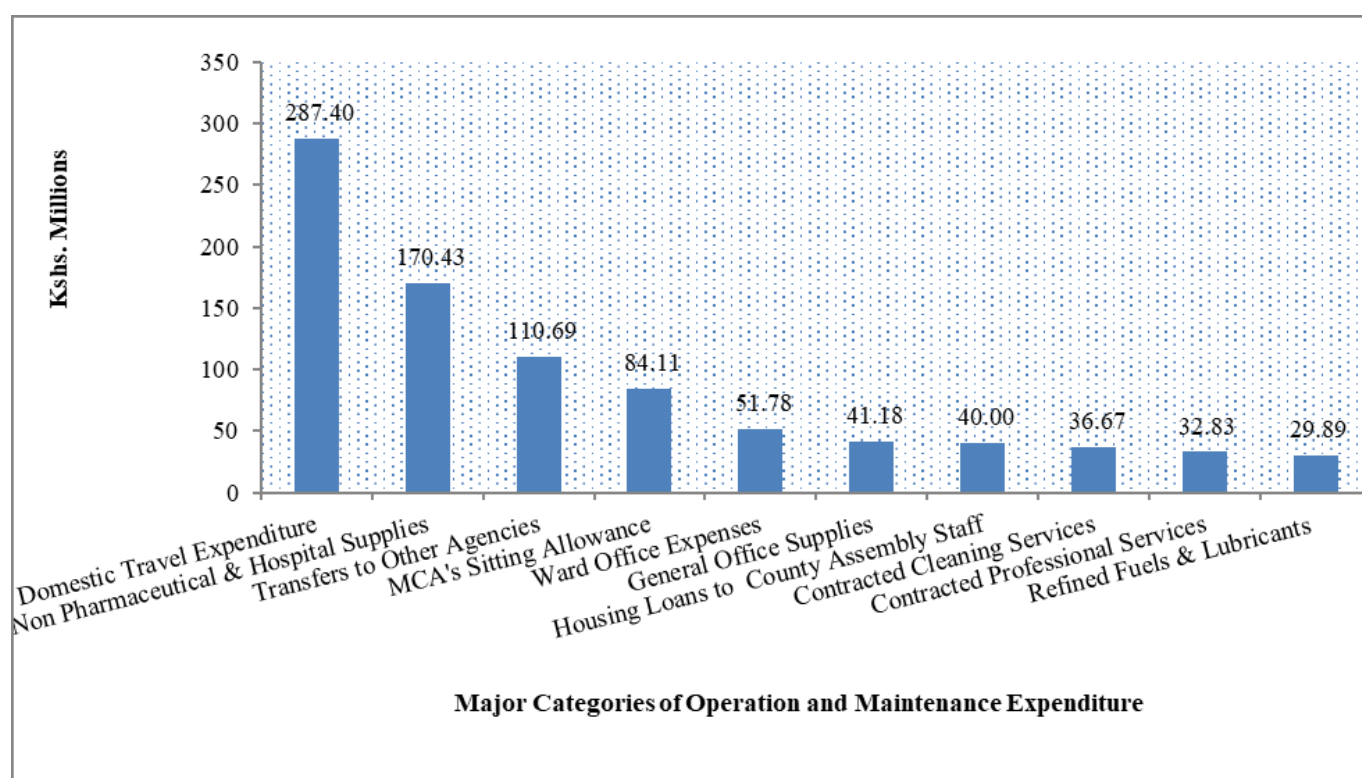
Source: Homa Bay County Treasury

Expenditure on compensation to employees was 50.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 5.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.40 billion.

3.9.6 Analysis of Operations and Maintenance Expenditure

Figure 3-16 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-16: Homa Bay County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Homa Bay County Treasury

The County spent Kshs.84.11 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.110.76 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.153,209 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.287.40 million and comprised of Kshs.93.02 million spent by the County Assembly and Kshs.194.38 million by the County Executive.

3.9.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.20 billion represented 41.2 per cent of the annual development budget of Kshs.2.91 billion and represented an increase of 158.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.470.71 million. Table 3-38 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-38: Homa Bay County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1.	Kadongo -Gendia Road	Roads, Transport and Public Works		687,270,373	161,776,576	23.5
2.	Construction of Homa Bay Stadium	Tourism, Sports, Youth Gender, Culture and Social Services	Arujo Ward Homa Bay Sub County	160,329,509	97,575,889	60.9
3.	Construction of Finance Office Block	Finance, Economic Planning and Service Delivery	Homa Bay Town	47,004,390	44,153,621	93.9
4.	Refurbishment of Homa Bay Referral Hospital	Health Services	Homa Bay Town	111,000,000	27,000,000	24.3
5.	Supply, Installation, Testing and Commissioning of Solar Street Lights	Energy and Mining	Homa bay Town, Ndhiwa,Suba North and Suba South	28,427,080	21,587,200	75.9
6.	Perimeter Wall Fencing of Homa Bay Stadium	Tourism, Sports, Youth Gender, Culture and Social Services	Arujo Ward Homa Bay Sub County	28,000,000	18,548,551	66.2
7.	Purchase of Motor Grader	Roads, Transport and Public Works	Homa Bay Town	51,400,000	14,067,242	27.4
8.	Establishment of produce post-harvest handling facility	Agriculture, Livestock, Fisheries and Food Security	Suba South Sub County	23,139,180	14,800,000	64.0
9.	Construction of Maternity Block in Rangwe	Health Services	Rangwe	11,792,003	11,792,003	100.0
10.	Pedo- Angalo -Beach Road	Roads, Transport and Public Works		7,624,500	7,178,428	94.1

Source: Homa Bay County Treasury

3.9.8 Budget Performance by Department

Table 3-39 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-39: Homa Bay County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Food Security	198.97	616.53	172.50	201.29	101.34	41.03	58.7	20.4	50.9	6.7
Tourism, Sports, Youth Gender, Culture and Social Services	51.58	212.04	39.65	173.00	34.49	115.36	87.0	66.7	66.9	54.4
Roads, Transport and Public Works	84.92	420.42	62.10	286.73	56.46	326.57	90.9	113.9	66.5	77.7
Energy and Mining	35.78	79.23	27.00	43.00	23.59	48.72	87.4	113.3	65.9	61.5
Education and ICT	550.23	111.73	384.90	44.50	290.22	34.25	75.4	77.0	52.7	30.7
Health Services	2,268.01	344.32	1,791.74	165.00	1,586.23	128.10	88.5	77.6	69.9	37.2
Lands, Housing, Urban Development and Physical Planning	60.16	172.70	36.20	71.20	49.24	23.87	136.0	33.5	81.8	13.8
Trade, Industrialization, Cooperatives and Enterprise Development	217.95	157.94	196.10	137.00	184.06	97.20	93.9	70.9	84.5	61.5
Water, Environment and Natural Resources	157.36	330.65	119.15	251.00	131.40	119.12	110.3	47.5	83.5	36.0

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
Finance, Economic Planning and Service Delivery	224.48	251.22	152.80	40.00	220.98	187.51	144.6	468.8	98.4	74.6
Office of the Governor	549.94	88.00	312.80	73.00	496.95	77.35	158.9	106.0	90.4	87.9
County Public Service Board	70.69	6.00	50.30	-	34.10	-	67.8	-	48.2	-
County Assembly Service Board	932.23	122.28	644.00	-	579.77	-	90.0	-	62.2	-
Homa Bay Municipal Board	22.40	-	17.00	-	11.20	-	65.9	-	50.0	-
TOTAL	5,424.72	2,913.07	4,006.24	1,485.72	3,800.04	1,199.07	94.9	80.7	70.1	41.2

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 87.9 per cent while the County Assembly and County Public Service Board did not report expenditure on development activities. The Department of Finance, Economic Planning and Service Delivery had the highest percentage of recurrent expenditure to its recurrent budget at 98.4 per cent while the County Public Service Board had the lowest at 48.2 per cent.

3.9.9 Budget Execution by Programmes and Sub-Programmes

Table 3-40 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-40 : Homa Bay County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000	-	4,000,000	-
	General Administration and Support Services	194,973,123	101,342,909	93,630,214	52.0
	Sub total	198,973,123	101,342,909	97,630,214	50.9
Crop, Land and Agribusiness Development Services	Crop Development Services	17,906,014	15,072,297	2,833,717	84.2
	Agribusiness Development Services	25,687,000	-	25,687,000	-
	Land Development Services	20,500,000	-	20,500,000	-
	National Agriculture Rural Inclusive Growth	350,000,000	10,021,200	339,978,800	2.9
	Agriculture Sector Development Support Programme	22,845,232	-	22,845,232	-
	Sub total	436,938,246	-	411,844,749	-
Food Security Enhancement Services	Farm Input Access Services	19,497,000	15,931,777	3,565,223	81.7
	Sub Sector Infrastructure Development Services	15,000,000	-	15,000,000	-
	Sub total	34,497,000	-	18,565,223	-
Fisheries Resources Development Services	Capture Fisheries	12,442,238	-	12,442,238	-
	Farmed Fish Production	54,581,800	-	54,581,800	-
	Sub total	67,024,038	-	67,024,038	-
Livestock Development Programme	Livestock Improvement and Development	36,352,000	-	36,352,000	-
	Livestock Products Value Addition and Marketing	36,110,000	-	36,110,000	-
	Livestock Health and Disease Management	5,613,000	-	5,613,000	-
	Sub total	78,075,000	-	78,075,000	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Support Services	38,486,669	34,494,999	3,991,670	89.6
	Policy and Planning Services	2,000,000	-	2,000,000	-
	Sub total	40,486,669	34,494,999	5,991,670	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	12,615,425	-	12,615,425	-
	Cultural Development and Promotion Services	14,000,000	-	14,000,000	-
	Sub total	26,615,425	-	26,615,425	-
Social Development and Empowerment Services	Gender and Women Empowerment	1,895,000	-	1,895,000	-
	Social Development and Support Services	16,095,316	3,876,527	12,218,789	24.1
	Youth Empowerment	2,000,000	-	2,000,000	-
	Disability Mainstreaming	4,000,000	-	4,000,000	-
	Sub total	23,990,316	3,876,527	20,113,789	16.2
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	160,329,509	111,488,258	48,841,251	69.5
	Sports Management and Talent Development	12,200,000	-	12,200,000	-
	Sub total	172,529,509	-	61,041,251	-
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	65,399,938	56,561,409	8,838,529	86.5
	Roads and Transport Services Operations	11,374,762	-	11,374,762	0.0
	Sub total	76,774,699	56,561,409	20,213,290	73.7
Public works and maintenance services	Quality control	974,100	-	974,100	-
	Plant and Machinery maintenance	5,600,000	-	5,600,000	-
	Enforcement Services	1,570,000	-	1,570,000	-
	Sub total	8,144,100	-	8,144,100	-
Road Development and Maintenance Services	Road Development and Rehabilitation services	48,499,922	32,836,836	15,663,086	67.7
	Road maintenance	346,004,452	293,734,471	52,269,981	84.9
	Sub total	394,504,374	326,571,307	67,933,067	82.8
Transport Services	Bus Park Improvement Services	25,920,000	-	25,920,000	-
	Sub total	25,920,000	-	25,920,000	-
Department of Energy and Mining					
Energy Services	Electrical Power Services	14,800,000	9,887,675	4,912,325	66.8
	Solar Power Services	43,658,987	37,082,463	6,576,524	84.9
	Low Cost energy Technologies promotion Services	17,772,949	1,745,122	16,027,827	9.8
	Sub total	76,231,936	48,715,260	27,516,676	63.9
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	3,000,000	-	3,000,000	-
	Sub total	3,000,000	-	3,000,000	-
General Administration, Planning and Support Services	Administrative Support Services	35,088,406	23,592,130	11,496,276	67.2
	Development of Policies, Plans, Regulations and Legislations	649,149	-	649,149	-
	Sub total	35,737,555	-	12,145,425	-
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	14,948,426	-	14,948,426	-
	Quality Assurance Services	522,729,773	290,217,504	232,512,269	55.5
	Sub total	537,678,199	290,217,504	247,460,695	54.0
ECDE and Vocational Training Services	ECDE Services	55,275,957	10,253,788	45,022,169	18.6
	Vocational Training Services	56,458,942	24,000,000	32,458,942	42.5
	Sub total	111,734,899	34,253,788	77,481,111	30.7
ICT Services	Information Services	1,030,700	-	1,030,700	-
	ICT Infrastructure Development	11,521,409	-	11,521,409	-
	Sub total	12,552,109	-	12,552,109	-
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	13,473,807	-	13,473,807	-
	Administrative Support Services	1,864,490,967	1,367,121,420	497,369,547	73.3
	Sub total	1,877,964,774	1,367,121,420	510,843,354	72.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Preventive and promotive health services	Community health services	77,400,000	31,100,000	46,300,000	40.2
	Disease control services	47,500,000	17,579,017	29,920,983	37.0
	Sub total	124,900,000	48,679,017	76,220,983	39.0
Curative and rehabilitative health services	Routine medical health services	268,017,729	217,356,330	50,661,399	81.1
	Medical emergency response services	12,000,000	-	12,000,000	-
	Facility infrastructure improvement services	323,247,690	81,173,378	242,074,312	25.1
	Sub total	603,265,419	298,529,708	304,735,711	49.5
Research and development service	Research and surveillance services	2,703,000	-	2,703,000	-
	Capacity Development Services	3,500,000	-	3,500,000	-
	Sub total	6,203,000	-	6,203,000	-
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	33,768,440	49,242,113	15,473,673	145.8
	Policy development	1,390,000	-	1,390,000	-
	Monitoring and Evaluation	694,409	-	694,409	-
	General office operations	24,310,550	-	24,310,550	-
	Sub total	60,163,399	49,242,113	10,921,286	81.8
Lands and Physical planning	County Spatial Planning	35,477,062	17,187,748	18,289,314	48.4
	Survey, Demarcation and up-grading of markets	6,232,308	6,678,011	-445,703	107.2
	Sub total	41,709,370	23,865,759	17,843,611	57.2
Housing and Urban Development	Housing improvement services	8,000,760	-	8,000,760	-
	Smart settlement services (Equipping of Ndhiwa ABTC)	3,100,000	-	3,100,000	-
	Kenya Urban Support Programme (KUSP)	119,892,100	-	119,892,100	-
	Sub total	130,992,860	-	130,992,860	-
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	171,826,059	173,763,135	-1,937,076	101.1
	Policy Development and Implementation Services	46,123,140	11,100,000	35,023,140	24.1
	Sub total	217,949,199	184,863,135	33,086,064	84.8
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	10,000,000	6,154,285	3,845,715	61.5
	Enterprise Development and Promotion Services	5,889,893	-	5,889,893	-
	Trade Infrastructure Development Services	90,245,511	90,245,511	-	100.0
	Sub total	106,135,404	96,399,796	9,735,608	90.8
Industrial Development and Investment Services	Value Chain Development Services	49,800,000	-	49,800,000	-
	Financial and Investment Services	2,000,000	-	2,000,000	-
	Sub total	51,800,000	-	51,800,000	-
Department of Water, Environment and Natural Resources					
General Administrative services	Administrative Support Services	156,158,105	115,457,673	40,700,432	73.9
	Policy and Planning Services	1,200,000	-	1,200,000	-
	Sub total	157,358,105	115,457,673	41,900,432	73.4
Water Supply and Management Services	Urban Water Supply Services	51,845,920	42,928,611	8,917,309	82.8
	Rural Water Supply Services	228,500,000	87,452,126	141,047,874	38.3
	Sub total	280,345,920	130,380,737	149,965,183	46.5
Environmental Protection and Management Services	Pollution and Waste Management services	34,100,000	4,679,393	29,420,607	13.7
	Forestry Development Services	11,200,000	-	11,200,000	-
	Land Reclamation Services	5,000,000	-	5,000,000	-
	Sub total	50,300,000	4,679,393	45,620,607	9.3
Department of Finance, Economic Planning and Service Delivery					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
General administration and support services	Staff Remuneration and Welfare Support Services	109,871,580	109,779,549	92,031	99.9
	General Logistics, Coordination and Asset Management Services	8,735,098	8,693,000	42,098	99.5
	Devolution and Service Delivery Support Services	41,216,648	40,759,526	457,122	98.9
	Sub total	159,823,326	159,232,075	591,251	99.6
Planning, budgeting and development coordination services	Economic planning and development services	108,600,200	108,594,906	5,294	100.0
	Resource Allocation Services	12,129,714	11,440,500	689,214	94.3
	Community Development Participation Services	30,146,160	29,425,178	720,982	97.6
	Sub total	150,876,074	149,460,584	1,415,490	99.1
Strategy and service delivery management services	Monitoring and evaluation services	7,989,200	7,421,830	567,370	92.9
	Strategy and service delivery improvement services	3,970,000	3,800,000	170,000	95.7
	Sub total	11,959,200	11,221,830	737,370	93.8
Resource mobilization services	External Resources Mobilization Services	8,448,248	6,300,230	2,148,018	74.6
	Internal Revenue Generation Services	53,721,280	41,614,830	12,106,450	77.5
	Sub total	62,169,528	47,915,060	14,254,468	77.1
Financial management services	Accounting and Financial Reporting Services	12,554,530	6,900,480	5,654,050	55.0
	Audit and Advisory Services	8,318,740	3,371,827	4,946,913	40.5
	Emergency Management Services	70,000,000	30,288,109	39,711,891	43.3
	Sub total	90,873,270	40,560,416	50,312,854	44.6
Office of the Governor					
Public service administration support services	Human resource management and development services	260,167,019	215,805,400	44,361,619	82.9
	Supply Chain Management Services	5,559,541	5,540,231	19,310	99.7
	Legal Services	16,000,000	4,800,000	11,200,000	30.0
	Logistics, security and asset management services	33,824,360	33,200,400	623,960	98.2
	Performance contracting and appraisal services	7,500,000	6,300,150	1,199,850	84.0
	Sub total	323,050,920	265,646,181	57,404,739	82.2
Governance and coordination services	Executive management and liaison services	94,565,410	83,700,000	10,865,410	88.5
	Field coordination and administration services	154,266,000	153,140,005	1,125,995	99.3
	Sub total	248,831,410	236,840,005	11,991,405	95.2
Strategy and service delivery improvement services	Strategy and advisory services	19,739,640	27,275,425	19,739,640	138.2
	Efficiency monitoring services	32,003,000	44,534,297	32,003,000	139.2
	Information and communication services	5,950,000	-	5,950,000	-
	Disaster management services	8,360,600	-	8,360,600	-
	Sub total	66,053,240	71,809,722	66,053,240	108.7
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	2,124,900	-	2,124,900	-
	Administrative Support Services	51,444,305	24,483,626	26,960,679	47.6
	Facility Improvement & Capacity Strengthening Services	6,000,000	4,020,644	1,979,356	67.0
	Sub total	59,569,205	28,504,270	31,064,935	47.9
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	4,817,000	-	4,817,000	-
	Human Resource Advisory Services	8,230,000	5,100,000	3,130,000	62.0
	Capacity Development Services	3,295,500	500,000	2,795,500	15.2
	Sub total	16,342,500	5,600,000	10,742,500	34.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Expenditure (Kshs)	Variance (Kshs)	Absorption (%)
Performance Management Services	Performance Contracting and Appraisal Services	783,000	-	783,000	-
	Sub total	783,000	-	783,000	-
County Assembly Service Board					
Legislative Services	Members welfare Support services	323,630,788	210,661,122	112,969,666	65.1
	Legislative development and approval services	53,176,569	33,241,762	19,934,807	62.5
	Sub total	376,807,357	243,902,884	132,904,473	64.7
Oversight and Control Services	Capacity building services	8,000,000	7,498,138	501,862	93.7
	Report writing services	19,500,000	14,485,473	5,014,527	74.3
	Public participation and education services	12,081,120	8,308,402	3,772,718	68.8
	Sub total	39,581,120	30,292,013	9,289,107	76.5
Ward Representation Services	Staff welfare support services	51,619,464	30,269,284	21,350,180	58.6
	Ward operations and maintenance	84,000,000	51,778,950	32,221,050	61.6
	Sub total	135,619,464	82,048,234	53,571,230	60.5
Policy, Planning and Administrative support services	Administrative support services	234,525,916	147,895,836	86,630,080	63.1
	Financial management Services	145,698,720	75,630,195	70,068,525	51.9
	Assembly infrastructure development Services	122,283,799	0	122,283,799	0.0
	Sub total	502,508,435	223,526,031	278,982,404	44.5
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	5,000,000	3,500,000	1,500,000	70.0
	Administration and Support Services	13,150,000	7,700,000	5,450,000	58.6
	Sub total	18,150,000	11,200,000	6,950,000	61.7
Urban development services	Project coordination services	4,250,000	-	4,250,000	-
	Sub total	4,250,000	-	4,250,000	-
Grand Total		8,337,742,696	4,999,117,421	3,338,625,275	60.0

Source: Homa Bay County Treasury

The programmes that performed well based on expenditure absorption were: Strategy and Service Delivery Improvement Services at 108.7 per cent, General Administration and Support Services at 99.6 per cent, Planning, Budgeting and Development Coordination Services at 99.1, Governance and Coordination Services at 95.2 per cent, and Trade, Cooperative and Entrepreneurship Development Service at 90.8 per cent.

3.9.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.1.20 billion out of annual development budget of Kshs.2.91 billion. The development expenditure represented 41.2 per cent of the annual development.
3. A high wage bill, which accounted for 50.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.

3.10 Isiolo County

3.10.1 Overview of the FY 2019/20 Budget

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

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

3.10.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2 billion as equitable share of the revenue raised nationally, Kshs.132.72 million as total conditional grants, raised Kshs.114.16 million from own-source revenue, and had a cash balance of Kshs.125.02 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.2.38 billion as shown in Table 3-41.

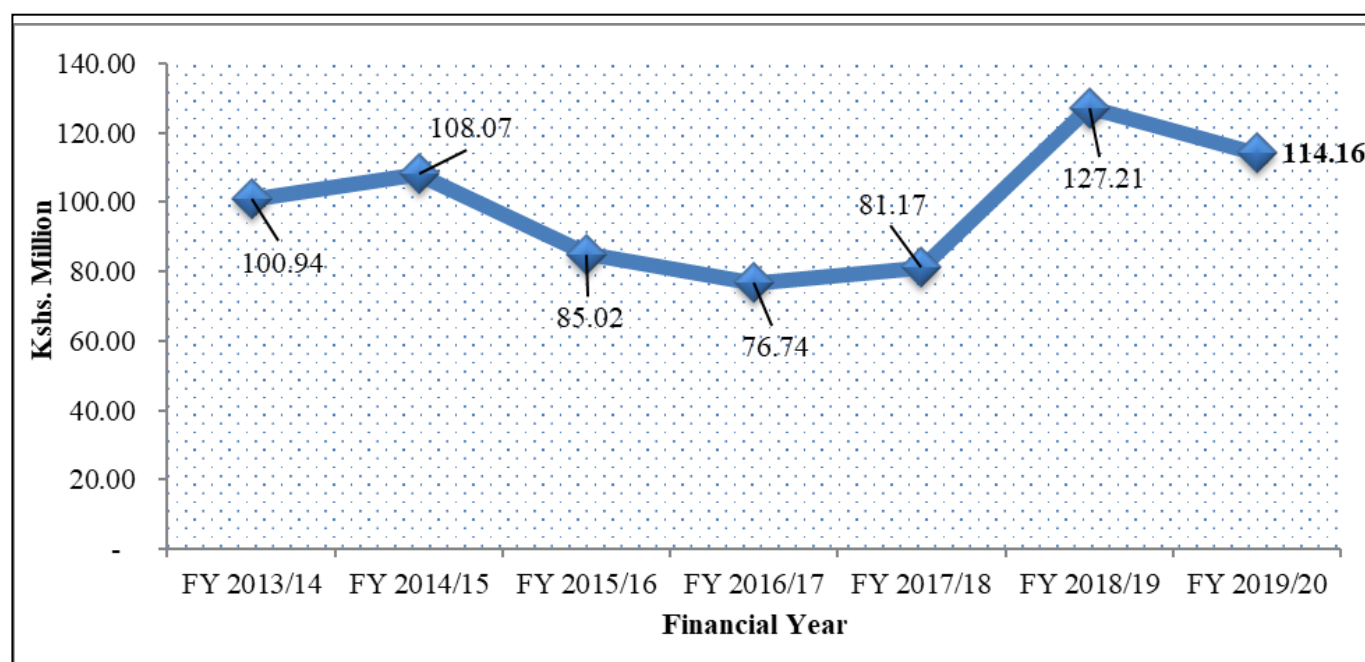
Table 3-41: Isiolo County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual 2019 (Kshs)	CARA, Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000		4,241,100,000	2,003,957,059	48.2
B.	Conditional Grants from the National Government Revenue					
1.	Supplement for construction of county headquarters	121,000,000		121,000,000	-	-
2.	Compensation for User Fee Foregone	3,472,461		3,472,461	-	-
3.	Leasing of Medical Equipment	131,914,894		-	-	-
4.	Road Maintenance Fuel Levy Fund	120,386,438		120,386,438	-	-
5.	Rehabilitation of Village Polytechnics	10,833,298		10,833,298	5,416,649	50
6.	Universal Health Cover	-		214,047,141	-	-
	Sub Total	387,607,091		562,182,394	5,416,649	19.5
C	Loans and Grants from Development Partners					
7.	Transforming Health systems for Universal care Project (WB)	64,373,437		82,360,010	8,896,761	10.8
8.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	175,648,054		208,624,153	65,496,042	31.4
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000		68,668,826	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	93,968,100		187,936,200	41,200,000	21.9
11.	DANIDA Grant	11,718,750		16,572,474	5,859,375	35.4
12.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,540,513		32,174,929	5,846,838	18.2
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000		50,000,000	-	-
14.	Food and Agriculture Organization of the United Nations-Livestock Grant b/f 2018/19	-		5,652,760	-	-
	Sub Total	403,048,854		651,989,352	127,299,016	19.5
D	Other Sources of Revenue					
15.	Own Source Revenue	-		170,861,338	114,160,188	66.8
16.	Balance b/f from FY 2018/19	-		125,016,874	125,016,874	89.0
	Sub Total	-		295,885,473	239,177,062	80.8
	Grand Total	4,899,841,051		5,751,157,219	2,375,849,786	41.3

Source: Isiolo County Treasury

Figure 3-17 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-17: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Isiolo County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.114.16 million as own-source revenue. This amount represented a decrease of 10.3 per cent when compared to Kshs.127.21 million realised during the same period in FY 2018/19, and represented 66.8 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.08 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.228.37 million (11 per cent) for development programmes and Kshs.1.85 billion (89 per cent) for recurrent programmes.

3.10.4 Overall Expenditure Review

A total of Kshs.1.91 billion was spent on development and recurrent programmes and represented 92 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.217.69 million and Kshs.1.69 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 9.3 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 49.8 per cent.

3.10.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.02 billion was spent on compensation to employees, Kshs.672.26 million on operations and maintenance, and Kshs.217.69 million on development expenditure.

Table 3-42: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	3,401,671,428	1,850,928,150	1,694,701,770	88.6	49.8
Compensation to Employees	523,677,355	1,110,996,594	1,022,445,354	53.5	195.2
Operations and Maintenance	595,346,932	739,931,556	672,256,416	35.2	112.9
Development Expenditure	2,349,485,790	228,367,075	217,691,408	11.4	9.3
Total	5,751,157,218	2,079,295,224	1,912,393,178	100	33.3

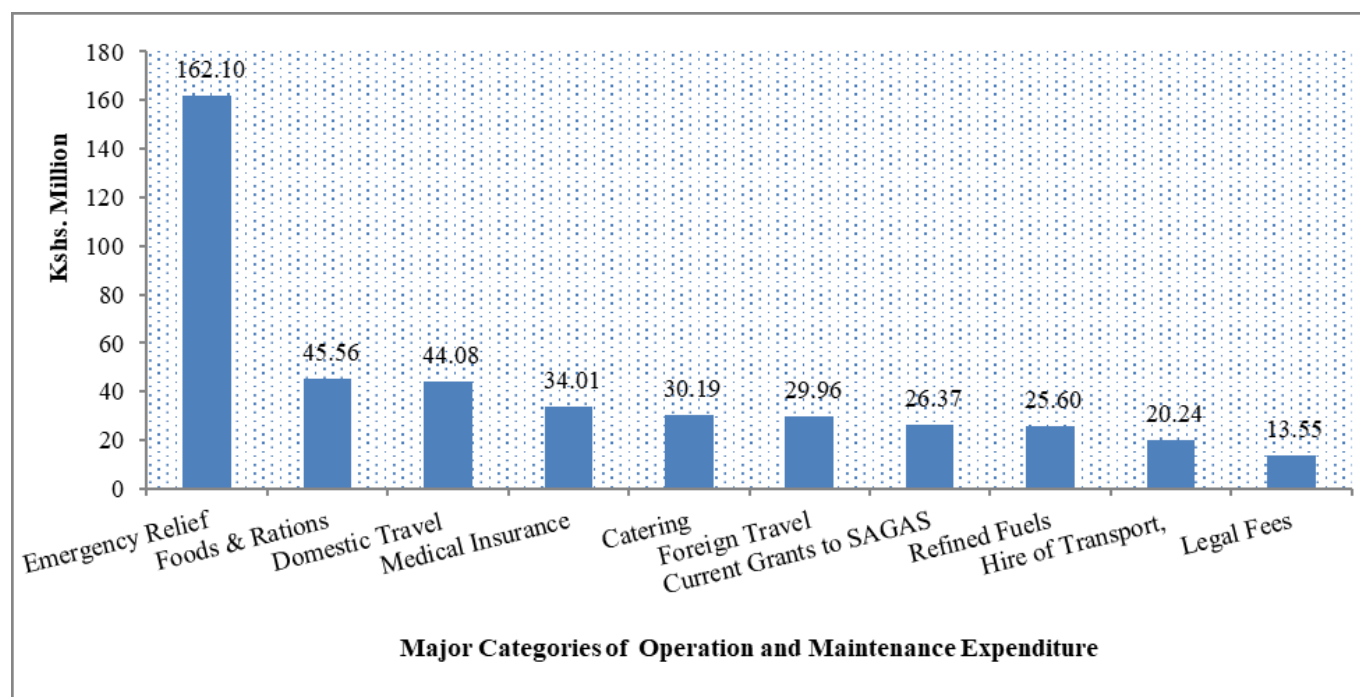
Source: Isiolo County Treasury

Expenditure on compensation to employees was 53.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 8.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.11 billion.

3.10.6 Analysis of Operations and Maintenance Expenditure

Figure 3-18 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-18: Isiolo County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Isiolo County Treasury

The County spent Kshs.13.85 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.17.28 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.85,492 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.08 million and comprised of Kshs.16.44 million spent by the County Assembly and Kshs.27.64 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.29.96 million which was entirely spent by the County Executive.

3.10.7 Development Expenditure Analysis

The total development expenditure of Kshs.217.69 million represented 9.3 per cent of the annual development budget of Kshs2.35 billion and represented a decrease of 20.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.288.53 billion. Table 3-43 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-43: Isiolo County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1.	Construction of Isiolo Stadium	Education and vocational training	Isiolo Municipality	95,000,000	50,342,844	53.0
2.	Pre-feasibility, Feasibility and Appraisal Studies-Exchequer-County Land Survey and Mapping	Land and urban planning	Isiolo Municipality	9,904,800	8,905,800	89.9
	Construction of Isiolo market	Town Administration	Isiolo Municipality	135,536,430	54,365,588	40.1
3.	Purchase of Agricultural Machinery and Equipment-Veterinary Support Services	Agriculture	Isiolo Municipality	15,000,000	10,486,503	69.9
4.	Climate Change Mitigation	Agriculture	County wide	182,000,000	145,749,294	80.1

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
5.	Estate Flood lighting facilities	Land and urban planning	County wide	95,097,509	76,740,948	80.7
6.	Domestic payables (pending bills)	Finance	County wide	660,038,656	144,453,184	21.9
7.	livestock infrastructure development	Agriculture	county wide	66,741,770	10,096,700	15.1
8.	Water Supply and Storage-Markets	Water and irrigation	County wide	24,160,079	14,023,484	58.0
9.	Preventive and Promotive Health Services	Health services	County wide	19,407,306	15,399,121	79.3

Source: Isiolo County Treasury

3.10.8 Budget Performance by Department

Table 3-44 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-44: Isiolo County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	421.36	87.40	270.50	40.00	268.12	32.80	99.1	82.0	63.6	37.5
Office of the Governor	292.94	-	154.85	-	143.83	-	92.9		49.1	-
County Public Service Board	58.94	-	38.95	-	10.72	-	27.5		18.2	-
County Secretary	23.30	-	7.85	-	6.08	-	77.4		26.1	
Administration and PSM	142.87	19.95	41.84	-	4.02	-	9.6		2.8	-
Delivery Unit	14.00	-	8.25	-	4.34	-	52.6		31.0	-
Office of the Deputy Governor	25.00	-	9.73	-	7.56	-	77.7		30.2	
Cohesion, Intergovernmental Relations, Aid Coordination, & Disaster Management	63.06	-	39.43	-	38.78	-	98.4		61.5	-
Finance and Economic Planning	230.34	350.47	98.91	86.35	97.18	83.99	98.2	97.3	42.2	24.0
Special Programmes and ICT	246.31	-	12.92	-	9.32	-	72.1		3.8	-
Economic Planning	57.03	-	32.49	-	31.40	-	96.6		55.1	-
Lands and Physical Planning	39.52	30.29	12.87	3.52	11.33	3.41	88.1	97.1	28.7	11.3
Roads and Infrastructure	16.74	287.39	5.53	-	4.28	-	77.5		25.6	-
Public Works and Housing	23.16	3.50	12.48	-	12.00	-	96.1		51.8	-
Municipal Administration	82.59	335.27	57.17	54.37	44.32	53.64	77.5	98.7	53.7	16.0
Agriculture	50.88	264.87	28.32	-	27.98	-	98.8		55.0	-
Livestock, Veterinary and Fisheries	101.97	65.58	60.17	-	58.07	-	96.5		56.9	-
Education and Vocational Training	211.52	70.58	161.68	-	153.99	-	95.2		72.8	-
Youth and Sports	21.46	133.00	5.45	-	4.70	-	86.2		21.9	-
Culture and Social Services	26.89	23.80	11.91	-	10.88	-	91.3		40.4	-
Tourism and Wildlife Management	118.25	25.79	65.78	-	62.08	-	94.4		52.5	-
Trade, Industries, Cooperatives	18.56	27.58	10.30	-	6.18	-	60.1		33.3	-
Water and Irrigation	53.65	139.74	43.04	-	41.99	-	97.6		78.3	-
Environment and Natural Resources	28.95	42.73	17.66	-	11.72	-	66.4		40.5	-
Health Services	1,032.39	441.54	642.86	44.14	623.83	43.85	97.0	99.3	60.4	9.9
Total	3,401.67	2,349.49	1,850.93	228.37	1,694.70	217.69	91.6	95.3	49.8	9.3

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 37.5 per cent. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to its recurrent budget at 78.3 per cent while the Department of Administration and Public Service Management (PSM) had the lowest at 2.8 per cent.

3.10.9 Budget Execution by Programmes and Sub-Programmes

Table 3-45 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-45 : Isiolo County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
3000			-	-	-
	0	Default - Non Programmatic	-	-	-
1-1--3000			89,176,875	75,779,983	85.0
	101013510	Extension services,	-	-	-
	101023510	Livestock Production	88,486,875	75,779,983	85.6
	101083510	livestock infrastructure development	690,000	-	-
103003000			51,706,138	35,983,700	69.6
	103013510	Administration and Support Services	51,706,138	35,983,700	69.6
	103023510	generation of sector policy and direction	-	-	-
	103063510		-	-	-
	103093510		-	-	-
104003000			246,299,142	161,932,380	65.7
	104043510	Establishment of Demo Farms	24,040,573	14,683,086	61.1
	104053510	Administration Climate Change Mitigation	222,258,569	145,749,294	65.6
	104063510	Irrigation	-	1,500,000	-
	104073510	Policy Devt	-	-	-
105003000			25,889,251	22,874,187	88.4
	105013510	Veterinary Support Services	25,889,251	22,874,187	88.4
107003000			22,356,220	14,998,159	67.1
	107013510	Administration and Planning Services	22,356,220	14,998,159	67.1
108003000			-	-	-
	108013510	Crop Productivity Enhancement Support	-	-	-
	108053510	Livestock Production Services	-	-	-
109003000			42,044,186	22,216,333	52.8
	109013510	County land planning and spatial development	24,218,866	11,330,533	46.8
	109023510	County Land Survey and Mapping	17,825,320	10,885,800	61.1
	109033510	land management infrastructural development	-	-	-
204003000			268,172,267	113,412,428	42.3
	204013510	Road Improvement	10,440,117	4,284,134	41.0
	204023510	Estate Flood lighting facilities.	257,732,150	109,128,295	42.3
	204033510	Bridge Infrastructure and Engineering Designs	-	-	-
	204043510	Roads Maintenance Emergency	-	-	-
206003000			237,936,200	113,172,783	47.6
	206013510	Control of invasive species (Mathenge)	50,000,000	26,402,850	52.8
	206023510	Urban Development	187,936,200	86,769,933	46.2
207003000			142,385,541	96,791,172	68.0
	207013510	General Administration and Planning	32,049,111	17,918,287	55.9
	207023510	Infrastructural Development	110,336,430	78,872,885	71.5
301003000			19,655,746	6,183,921	31.5
	301013510	Entrepreneurship and business management training	17,655,746	6,183,921	35.0
	301023510	Micro and Small Business Support Services	2,000,000	-	-
	301033510	Infrastructure support	-	-	-
	303013510	Co-operative training and supervision	-	-	-
304003000			120,872,880	72,077,415	59.6

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	304013510	Tourism Promotion and Marketing	-	-	-
	304023510	Tourism Development	120,872,880	72,077,415	59.6
	304033510	Protection of endangered wildlife animals.	-	-	-
	304043510	Conservancy development and support	-	-	-
401003000			152,521,039	117,004,134	76.7
	401013510	Community Health Strategy	-	-	-
	401023510	Preventive and Promotive Health Services	125,822,002	86,967,641	69.1
	401033510	Disease Surveillance And Epidemic preparedness	16,572,474	7,977,768	48.1
	401043510	Health communication, Promotive Services & health promotion	-	-	-
	401053510		10,126,563	22,058,725	217.8
	401063510	Purchase of KEPI Fridges	-	-	-
402003000			1,106,369,204	559,760,563	50.6
	402013510	Provision Of Essential Health products In all The Level	-	-	-
	402023510	Elimination Of Communicable & Non Communicable Diseases	-	-	-
	402033510	Administration Support Services	876,822,063	553,360,563	63.1
	402043510	SP4 Administration Support services(Medical Services)	15,500,000	-	-
	402083510	Beyond Zero Campaigns	-	-	-
	402093510	Preventive and Promotive Services	214,047,141	6,400,000	3.0
403003000			93,774,226	50,914,883	54.3
	403013510	Curative and Rehabilitative Health Services	86,411,350	47,728,413	55.2
	403023510	Health Information System	-	-	-
	403033510	Leadership/Governance	-	-	-
	403043510	Human Resources for health	-	-	-
	403053510	Curative Infrastructure Support	7,362,876	3,186,470	43.3
404003000			-	-	-
	404013510	World Bank Loan for Transforming Health System for Universal Car	-	-	-
501003000			188,114,144	140,004,449	74.4
	501013510	Administration	153,114,144	105,004,449	68.6
	501023510	Personnel services	-	-	-
	501033510	Contracted Services	35,000,000	35,000,000	100.0
502003000			40,815,568	19,579,106	48.0
	502013510	ECDE Classroom Infrastructure	30,815,568	5,595,106	18.2
	502023510	Vocational Training	-	-	-
	502033510	Youth Polytechnics	10,000,000	13,984,000	139.8
	502043510	Promotion of Quality Youth empowerment	-	-	-
	502063510	Child Rescue Centre In Isiolo	-	-	-
503003000			10,833,297	-	-
	503033510	Sport Youth and Gender	-	-	-
	503053510		10,833,297	-	-
	503103510	Construction of Youth Polytechnic	-	-	-
504003000			112,589,826	60,042,895	53.3
	504013510	Sports Academy Centre	95,000,000	50,342,844	53.0
	504023510	Youth and Women Empowerment	17,589,826	9,700,051	55.1
505003000			31,682,577	13,775,978	43.5
	505013510	Culture Development	31,682,577	13,775,978	43.5
701003000			12,249,703	7,562,029	61.7
	701023510	Administration and Coordination of County Affairs	-	-	-
	701033510	County Executive Services	12,249,703	7,562,029	61.7
708003000			12,604,000	4,339,392	34.4
	708013510	Governors Delivery Unit	12,604,000	4,339,392	34.4
709003000			957,589,101	277,891,743	29.0
	709013510	Personnel Services	86,235,450	52,466,550	60.8
	709023510	Support Services	-	-	-
	709043510	Purchase of Pool Transport	-	-	-
	709053510	Other Support Services	-	-	-
	709073510	ICT Infrastructure Support	-	-	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
710003000			67,301,101	44,787,646	66.5
	710013510	Administrative Services	67,301,101	44,787,646	66.5
	710033510	County Debt Management	-	-	-
	710063510	Accounting Services	-	-	-
711003000			53,555,239	38,396,456	71.7
	711013510	Monitoring and Evaluation	30,347,508	18,156,146	59.8
	711023510	Economic Policy and County Development Plans	7,017,731	5,792,300	82.5
	711043510	County Development Stakeholders Forums	6,900,000	6,071,160	88.0
	711053510	County Baseline Surveys on County Development Indicators	9,000,000	8,376,850	93.1
	711073510	Capacity building and Support to Departments	290,000	-	-
	711093510	County Strategic Plan and Performance Management Plan	-	-	-
712003000			53,558,118	46,709,940	87.2
	712013510	Administrative and Civic Education Services	53,558,118	46,709,940	87.2
	712023510	Conflict Management and Resolution	-	-	-
713003000			326,077,985	180,826,897	55.5
	713013510	County Governance	326,077,985	180,826,897	55.5
716003000			22,913,881	12,076,706	52.7
	716013510	Devolved Administrative Affairs	22,913,881	12,076,706	52.7
719003000			136,470,935	75,363,058	55.2
	719013510	Personnel Services	-	-	-
	719023510	General Administration Support Services	136,470,935	75,363,058	55.2
	719043510	Town Infrastructure Support Services	-	-	-
723003000			54,504,865	10,718,988	19.7
	723013510	Personnel Services	-	-	-
	723023510	Administration Support Services	54,504,865	10,718,988	19.7
725003000			247,632,894	179,322,201	72.4
	725013510	Administration & Planning	22,434,514	8,288,701	36.9
	725023510	Disaster management	225,198,380	171,033,500	75.9
726003000			68,668,826	-	-
	726013510	Kenya Devolution Support	68,668,826	-	-
902003000			27,000,000	-	-
	902013510	Youth and Women Empowerment support Services	13,000,000	-	-
	902023510	Marginalized Group Empowerment support services	8,000,000	-	-
	902033510	Empowerment Support Services	6,000,000	-	-
1001003000			60,887,949	41,993,438	69.0
	1001013510	Administration and Planning Support Services	60,887,949	41,993,438	69.0
1002003000			96,554,639	26,935,481	27.9
	1002023510	Water Supply and Storage	94,054,639	25,435,481	27.0
	1002043510	Civil Works-Establishment of Dams & Pans	2,500,000	1,500,000	60.0
1003003000			41,638,497	11,720,035	28.1
	1003013510	Administration and Support Services	24,906,868	11,720,035	47.1
	1003023510	Environmental Conservation	16,731,629	-	-
		Grand Total	5,751,157,218	2,655,148,477	50.6

Source: Isiolo County Treasury

The programmes that performed well based on expenditure absorption were Youth Polytechnics at 139.8 per cent, County Baseline Surveys on County Development Indicators at 93.1 per cent, Administrative and Civic Education Services at 87.2 per cent, and Disaster management at 75.9 per cent.

3.10.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.217.69 million out of annual development budget of Kshs.2.35 billion. The development expenditure represented 9.3

per cent of the annual development.

3. A high wage bill, which accounted for 53.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*

3.11 Kajiado County

3.11.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.6.30 billion (61.3 per cent) as equitable share of revenue raised nationally, Kshs.985.98 million (9.6 per cent) as total conditional grants, generate Kshs.1.79 billion from own sources of revenue (17.5 per cent), and Kshs.1.2 billion (11.7 per cent) as cash balance from FY 2018/19.

3.11.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.62 billion as equitable share of the revenue raised nationally, Kshs. 207.37 million as total conditional grants, raised Kshs.531.68 million from own revenue sources, and had a cash balance of Kshs.1.2 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.56 billion as shown in Table 3-46.

Table 3-46: Kajiado County, Revenue Performance in the First Nine Months of FY 2019/20

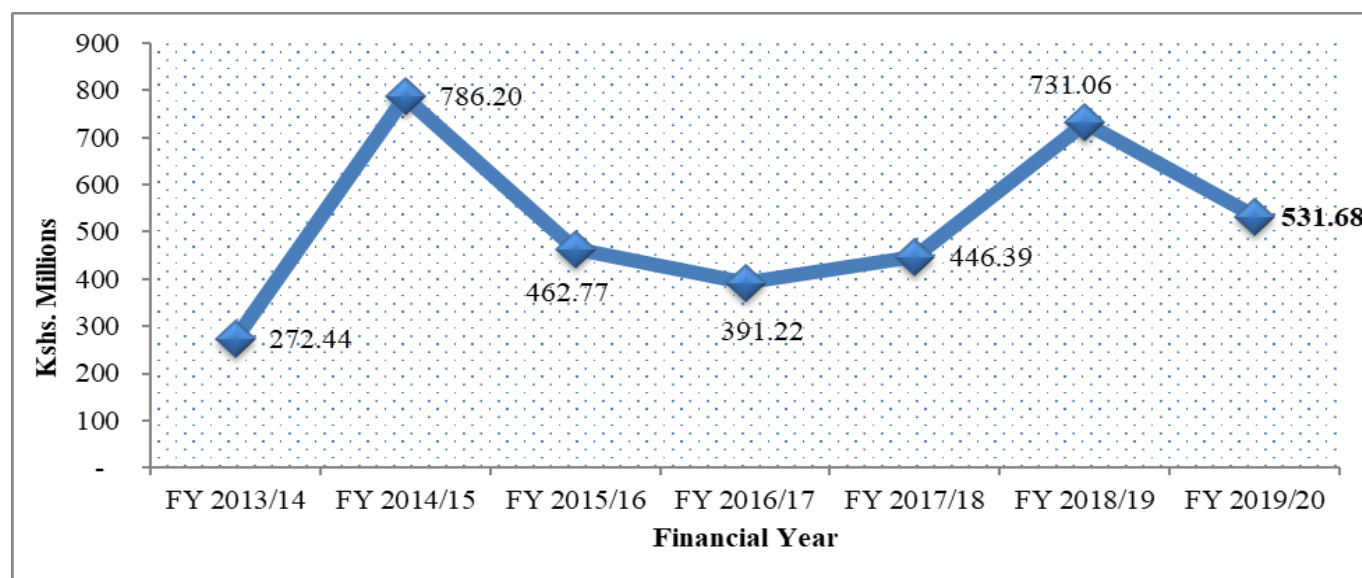
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,424,950,000	6,297,803,101	4,619,539,050	73.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	16,955,365	16,955,365	-	-
2.	Road Maintenance Fuel Levy Fund	182,376,469	182,376,469	-	-
3.	Rehabilitation of Village Polytechnics	35,493,298	35,493,298	17,746,649	50
	Sub Total	234,825,132	234,825,132	17,746,649	7.6
C.	Loans and Grants from Development Partners				
4.	Transforming Health Systems for Universal Care Project (WB)	135,621,176	135,621,176	125,645,768	92.6
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	143,531,050	143,531,050.00	55,019,659	38.3
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	79,227,030	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	265,950,300	265,950,300	-	-
8.	DANIDA Grant	24,844,848	24,844,848	8,953,125	36
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	84,695,492	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,285,908	17,285,908	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	-	-	-
	Sub Total	626,033,282	751,155,804	189,618,552	25.2
D.	Other Sources of Revenue				
12.	Own Source Revenue	-	1,793,857,006	531,679,440	29.6

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
13.	Balance b/f from FY 2018/19	-	1,200,000,000	1,200,000,000	100
	Sub Total	-	2,993,857,006	1,731,679,440	57.8
	Grand Total	7,285,808,414	10,277,641,043	6,558,583,691	63.8

Source: Kajiado County Treasury

Figure 3-19 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-19: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kajiado County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.531.68 million from own revenue sources. This amount represented a decrease of 27.3 per cent when compared to Kshs.731.06 million realised during the same period in FY 2018/19, and represented 29.6 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.53 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.699.61 million (15.5 per cent) for development programmes and Kshs.3.83 billion (84.5 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

A total of Kshs.5.03 billion was spent on development and recurrent programmes and represented 111.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.02 billion and Kshs.4.01 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 25.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 63.4 per cent.

3.11.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.29 billion was spent on compensation to employees, Kshs.1.72 billion on operations and maintenance, and Kshs.1.02 billion on development expenditure.

Table 3-47: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,324,645,823	4,010,342,785	79.7	63.4
Compensation to Employees	3,430,989,522	2,287,570,533	45.5	66.7
Operations and Maintenance	2,893,656,301	1,722,772,252	34.3	59.5
Development Expenditure	3,961,795,220	1,018,404,444	20.3	25.7
Grand Total	10,286,441,043	5,028,747,229	100.0	48.9

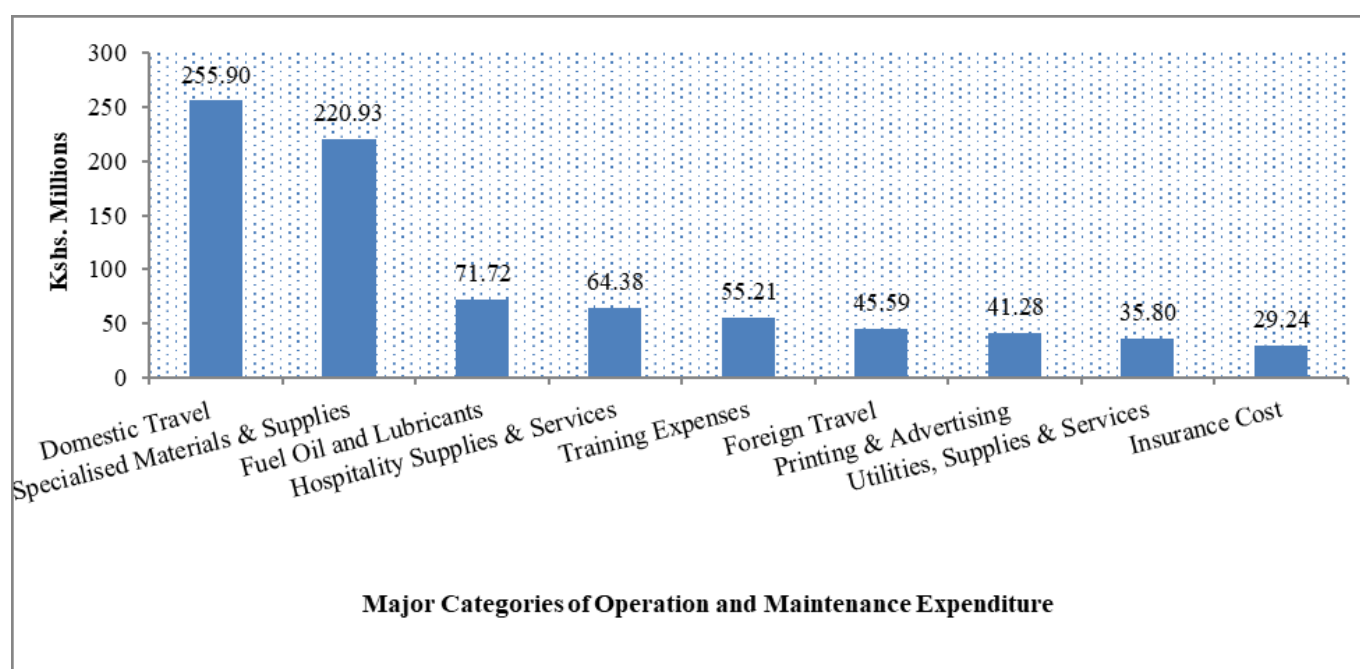
Source: Kajiado County Treasury

Expenditure on compensation to employees was 45.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 64.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.39 billion.

3.11.6 Analysis of Operations and Maintenance Expenditure

Figure 3-20 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-20: Kajiado County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kajiado County Treasury

The County spent Kshs.9.77 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.45 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.25,850 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.255.90 million and comprised of Kshs.116.84 million spent by the County Assembly and Kshs.139.06 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.45.59 million and comprised of Kshs.21.06 million spent by the County Assembly and Kshs.24.53 million by the County Executive.

3.11.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.02 billion represented 25.7 per cent of the annual development budget of Kshs.3.96 billion and represented a decrease of 1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.03 billion. Table 3-48 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-48: Kajiado County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Actual Expenditure (Kshs.)
1	Fence at Kajiado/Kisaju	Kajiado/Kisaju	24,575,750
2	Supply, Delivery and Installation of Medical Equipment	Not Stated	15,942,668
3	Construction Of Kitengela Market	Kitengela Market	14,920,755
4	Arthi House In Kajiado Town	Kajiado Town	13,653,403
5	Conference Hall And Fence At County Gardens	Not Stated	12,887,310
6	Construction Of Sports Ground At Kajiado Stadium	Kajiado Stadium	11,905,080
7	Construction Of Sports Ground At Kajiado Stadium	Kajiado Stadium	11,905,080
8	Proposed Isinya Public Park Beautification	Isinya Public Park	11,744,084
9	Eiti Primary School Water Project	Eiti Primary School	10,821,640
10	Upgrading Of Loitoktok Hospital	Loitoktok Hospital	9,735,022

Source: Kajiado County Treasury

3.11.8 Budget Performance by Department

Table 3-49 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-49: Kajiado County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	267.86	-	170.48	-	166.29	-	97.5	-	62.1	-
County Public Service Board	102.76	-	53.99	-	52.40	-	97.1	-	51.0	-
Medical Services, Public Health and Sanitation	2,255.05	269.40	1,447.62	75.00	1,632.59	75.00	112.8	100.0	72.4	27.8
Water, Irrigation, Environment & Natural Resources	250.27	354.80	139.91	-	124.64	4.73	89.1	-	49.8	1.3
Roads Transport, Public Works, Housing & Energy	218.31	687.28	135.99	-	121.65	72.06	89.5	-	55.7	10.5
Public Service, Administration & Citizen Participation	536.30	-	299.41	-	282.60	-	94.4	-	52.7	-
Finance, Economic Planning and ICT	640.54	1,497.94	332.17	606.87	348.50	779.71	104.9	128.5	54.4	52.1
Lands, Physical Planning and Urban Development	120.59	333.45	124.55	-	106.26	-	85.3	-	88.1	-
Education, Youth & Sports	678.19	331.39	373.10	17.75	400.82	18.18	107.4	102.4	59.1	5.5
Gender Social Services, Culture, Tourism & Wildlife	122.03	28.50	61.75	-	71.26	-	115.4	-	58.4	-
Trade Cooperative and Enterprise Development	107.47	149.90	68.87	-	62.70	-	91.0	-	58.3	-
Agriculture, Livestock, Veterinary Services and Fisheries	359.52	154.13	203.97	-	212.59	62.29	104.2	-	59.1	40.4
County Assembly	665.76	155.00	415.82	-	428.06	6.44	102.9	-	64.3	4.2
TOTAL	6,324.65	3,961.80	3,827.63	699.61	4,010.34	1,018.40	104.8	145.6	63.4	25.7

Source: Kajiado County Treasury

Analysis of expenditure by department shows that the Department of Finance, Economic Planning and ICT recorded the highest absorption rate of development budget at 52.7 per cent. The Department of Lands, Physical Planning and Urban Development had the highest percentage of recurrent expenditure to its recurrent budget at 88.1 per cent while the Department of Water, Irrigation, Environment & Natural Resources had the lowest at 49.8 per cent.

3.11.9 Budget Execution by Programmes and Sub-Programmes

Table 3-50 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-50 : Kajiado County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
General Administration, Planning and Support Services	Sub Total	436,959,593	72,200,476	364,759,117	16.5
	Headquarters Administrative Services	-	-	-	-
	General Administration and Support Services	436,959,593	72,200,476	364,759,117	16.5
Crop and Plant Husbandry	Sub Total	-	-	-	-
	Crop Development and Management.	-	-	-	-
	Plant Diseases Management and Control	-	-	-	-
Livestock Recourses Management and Development	Sub Total	2,741,900	108,500	2,633,400	4.0
	Animal Husbandry Management	-	-	-	-
	Livestock Sale Yard and Abattoirs Development	-	-	-	-
	Veterinary Services	2,741,900	108,500	2,633,400	4.0
Fisheries Development and Management	Sub Total	3,822,078	1,010,830	2,811,248	26.4
	Fisheries Policy Strategy and Capacity Building	-	-	-	-
	Fisheries	3,822,078	1,010,830	2,811,248	26.4
Land Policy and Planning	Sub Total	155,609,900	59,440,062	96,169,838	38.2
	Land Survey	-	-	-	-
	Boundaries and Fencing Services	-	-	-	-
	Physical Planning	82,121,900	4,303,911	77,817,989	5.2
	Land Survey and Mapping	11,686,000	2,620,617	9,065,383	22.4
	Housing	-	-	-	-
		7,102,000	2,005,100	5,096,900	28.2
		54,700,000	50,510,434	4,189,566	92.3
Animal Husbandry Livestock Resource Management and Development	Sub Total	89,289,241	31,945,529	57,343,712	35.8
	Animal Husbandry	27,371,422	5,941,592	21,429,831	21.7
	County Abattoirs	1,979,284	232,102	1,747,182	11.7
	Animal Disease Control	59,071,161	25,644,436	33,426,726	43.4
	Livestock Sale Yards	867,374	127,400	739,974	14.7
Agricultural Development	Sub Total	27,022,769	1,847,564	25,175,205	6.8
	Crop Husbandry	14,387,500	62,300	14,325,200	0.4
	Plant Disease Control	1,959,419	29,400	1,930,019	1.5
	Agricultural Mechanization Services	7,897,500	1,755,864	6,141,636	22.2
	Demonstration Farm	1,108,200	-	1,108,200	-
	Agricultural Training Centre	1,670,150	0	1,670,150	-
Environment Management	Sub Total	138,432,189	20,476,023	117,956,166	14.8
	Environmental Protection	126,848,231	18,433,868	108,414,363	14.5
	Noise Pollution Management	2,600,000	143,600	2,456,400	5.5
	Control of Air Pollution	1,533,958	348,005	1,185,953	22.7
		7,450,000	1,550,550	5,899,450	20.8
General Administration, Planning and Support Services	Sub Total	854,599,166	117,825,747	736,773,419	13.8
	Headquarters Administrative Services	107,806,001	24,516,576	83,289,425	22.7
	Roads	695,276,479	76,938,813	618,337,666	11.1
	Energy	20,100,000	7,269,370	12,830,630	36.2
	Fire Fighting	9,300,000	1,892,988	7,407,012	20.4
	Transport	22,116,686	7,208,000	14,908,686	32.6
Energy and Infrastructure	Sub Total	26,832,572	4,247,830	22,584,742	15.8
	Construction of Roads and Bridges	-	-	-	-
	Development of Energy	-	-	-	-
	Housing	26,832,572	4,247,830	22,584,742	15.8
Public Works, Transport and Housing Development	Sub Total	10,000,000	-	10,000,000	-
	Housing Development	10,000,000	-	10,000,000	-
	Fire Fighting Services	-	-	-	-
	Transport Services	-	-	-	-
Roads and Public Works	Sub Total	14,150,000	3,191,100	10,958,900	22.6
	Public Works	14,150,000	3,191,100	10,958,900	22.6

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
General Administration, Planning and Support Services	Sub Total	72,984,939	14,158,024	58,826,915	19.4
	General Administration, Planning and Support Services	72,984,939	14,158,024	58,826,915	19.4
Trade Development	Sub Total	164,381,198	9,220,796	155,160,402	5.6
	Trade Licensing	2,774,000	705,500	2,068,500	25.4
	Trade Development	137,478,470	1,703,609	135,774,861	1.2
	Cooperative Services and Development	17,161,592	6,054,787	11,106,805	35.3
	Enterprise Development	6,967,136	756,900	6,210,236	10.9
Culture And Local Tourism Promotion	Sub Total	8,366,156	2,338,170	6,027,986	27.9
	Local Tourism Promotion	8,366,156	2,338,170	6,027,986	27.9
General Administration, Planning and Support Services	Sub Total	1,971,992,905	462,190,780	1,509,802,125	23.4
	Health Policy, Planning & Financing	-	-	-	-
	General Administration and Support Services	1,971,992,905	462,190,780	1,509,802,125	23.4
Curative Health Services	Sub Total	312,834,835	110,430,616	202,404,220	35.3
	Medical Services	312,834,835	110,430,616	202,404,220	35.3
	Ambulance Services	-	-	-	-
Curative and Rehabilitative	Sub Total	10,059,700	4,912,655	5,147,045	48.8
	Medical Supplies	-	-	-	-
	Ambulance services	10,059,700	4,912,655	5,147,045	48.8
Public Health and Sanitation	Sub Total	229,558,695	84,263,875	145,294,820	36.7
	Preventive and Promotive	209,568,093	79,523,275	130,044,818	37.9
	Licensing and control of undertaking	10,358,518	2,187,520	8,170,998	21.1
	Sanitation	4,526,166	1,353,080	3,173,086	29.9
	Mobile Clinics	5,105,918	1,200,000	3,905,918	23.5
General Administration, Planning and Support Services	Sub Total	394,142,388	99,450,033	294,692,355	25.2
	Headquarters Administrative Services	394,142,388	99,450,033	294,692,355	25.2
Social Protection, Culture and Recreation	Sub Total	1,100,000	235,200	864,800	21.4
	Home craft Centres Development	1,100,000	235,200	864,800	21.4
	Control of Drugs and Pornography	-	-	-	-
	Betting and Casinos	-	-	-	-
	Museum Development	-	-	-	-
	Sports Training and Competitions	-	-	-	-
	County Parks Management	-	-	-	-
Education Support	Sub Total	577,339,343	33,720,113	543,619,230	5.8
	Pre-Primary Education	429,820,045	4,486,137	425,333,908	1.0
	Home Craft Centres	147,519,298	29,233,976	118,285,322	19.8
	Village Polytechnics	-	-	-	-
Social Protection and Recreation	Sub Total	11,189,554	2,190,230	8,999,324	19.6
	Control of Drugs and Pornography	4,735,654	1,139,180	3,596,474	24.1
	Liquor Licensing	6,048,700	960,050	5,088,650	15.9
	Betting and Casinos	405,200	91,000	314,200	22.5
	Sports Training and Competitions	-	-	-	-
General Administration and Policy Coordination	Sub Total	2,397,272,617	553,489,968	1,843,782,649	23.1
	Headquarters Administrative Services	2,363,490,617	546,843,351	1,816,647,267	23.1
	County Executive Committee	16,932,000	3,988,128	12,943,872	23.6
	ICT	-	-	-	-
	County Inspectorate	16,850,000	2,658,490	14,191,510	15.8
Executive Committee Affairs	Sub Total	-	-	-	-
	General Administrative and Executive Affairs	-	-	-	-
Public Services Coordination and Management	Sub Total	117,550,000	32,067,633	85,482,367	27.3
	Human Resource Management	117,550,000	32,067,633	85,482,367	27.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Public Financial Management	Sub Total	278,949,832	56,704,852	222,244,980	20.3
	Budget Formulation Coordination and Management	-	-	-	-
	Audit Services	-	-	-	-
	Accounting services	-	-	-	-
	Supply Chain Management Services	63,696,000	9,201,792	54,494,208	14.4
	Fiscal and Economic Planning	24,756,000	9,041,798	15,714,202	36.5
	Budget	18,518,000	6,997,342	11,520,658	37.8
	Accounting	16,884,000	7,211,154	9,672,846	42.7
	Procurement	-	-	-	-
	Internal Audit	11,147,531	1,563,200	9,584,331	14.0
	Revenue Collection	143,948,301	22,689,566	121,258,735	15.8
Economic Policy Coordination and Supervision	Sub Total	16,341,000	7,729,000	8,612,000	47.3
	Economic Planning Coordination Services	-	-	-	-
	Statistical Information Services	-	-	-	-
	Monitoring and Evaluation Services	16,341,000	7,729,000	8,612,000	47.3
Devolution Services	Sub Total	64,268,000	27,308,930	36,959,070	42.5
	Coordination Of Devolution Services	31,608,000	16,647,101	14,960,899	52.7
	Intergovernmental Relations	17,620,000	7,698,757	9,921,243	43.7
	County Government Advisory Service	15,040,000	2,963,072	12,076,928	19.7
Public Service, Administration and Citizen Participation	Sub Total	84,744,127	20,054,160	64,689,967	23.7
	County Administration Services	-	-	-	-
	Public Service, administration and citizen participation	-	-	-	-
	County administration	57,744,127	12,100,000	45,644,127	21.0
	county executive committee	-	-	-	-
	Citizen participation	27,000,000	7,954,160	19,045,840	29.5
Citizen Participation	Sub Total	-	-	-	-
	Citizen Participation	-	-	-	-
ICT, Special Programmes and Service Delivery	Sub Total	45,077,769	24,671,405	20,406,364	54.7
	Information, Communication and Technology	33,376,151	20,659,261	12,716,890	61.9
	Special Programmes	11,701,618	4,012,144	7,689,474	34.3
	Sub Total	35,168,128	6,848,160	28,319,968	19.5
	Museum	3,027,000	1,265,880	1,761,120	41.8
	Cultural Activities	31,981,128	5,432,280	26,548,848	17.0
	County Parks	160,000	150,000	10,000	93.8
	Sub Total	95,442,937	16,546,298	78,896,639	17.3
	Gender	95,442,937	16,546,298	78,896,639	17.3
	Sub Total	57,365,780	16,692,020	40,673,760	29.1
	Youth Development	20,000,000	-	20,000,000	-
	Sports Training and Competitions	17,000,080	2,283,100	14,716,980	13.4
	Gender Mainstreaming	6,492,700	2,465,820	4,026,880	38.0
	Disability Mainstreaming	13,873,000	11,943,100	1,929,900	86.1
General Administration, Planning and Support Services	Sub Total	121,264,405	19,521,281	101,743,124	16.1
	Human Resources and Support Services	-	-	-	-
	Storm Water Management Services	7,750,000	666,000	7,084,000	8.6
	General Administration, Policy and Coordination	113,514,405	18,855,281	94,659,124	16.6
Water and Sanitation Services	Sanitation Services	-	-	-	-
	Water Supply Infrastructure	-	-	-	-
	Sub Total	345,376,067	12,168,918	333,207,149	3.5
	Water	333,010,000	10,966,969	322,043,031	3.3
	Sanitation	-	-	-	-
	Storm Water Management	-	-	-	-
	Irrigation	12,366,067	1,201,949	11,164,118	9.7
Grand Total		9,172,229,783	1,929,206,778	7,243,023,005	21.0

Source: Kajiado County Treasury

The programmes that performed well based on expenditure absorption were: ICT, Special Programmes and Service Delivery at 54.7 per cent, Curative and Rehabilitative at 48.8 per cent, Devolution Services at 42.5 per cent, and Land Policy and Planning at 38.2 per cent of budget allocation.

3.11.10 Key Observations and Recommendations

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

1. Under-performance of own revenue collection, which declined by 27.3 per cent from Kshs.731.06 million achieved in a similar period of FY 2018/19 to Kshs.531.68 million in the reporting period. The performance of own source revenue represented 29.6 per cent of the annual target.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
3. Discrepancy between the report on budget execution by programmes and sub programmes which indicates approved budget as Kshs.9.17 billion compared to the County Appropriation Act, 2019 which shows the budget as Kshs.10.29 billion.
4. A high wage bill, which accounted for 45.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. *The County Treasury should formulate and implement strategies to enhance own revenue collections in order to ensure all planned activities are adequately funded.*
2. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
3. *The County should regularly reconcile the budget documents against the IFMIS uploaded budget to ensure reports on budget implementation are credible.*
4. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*

3.12 Kakamega County

3.12.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.15.61 billion, comprising of Kshs.7.34 billion (47 per cent) and Kshs.8.27 billion (53 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.41 billion (66.7 per cent) as equitable share of revenue raised nationally, Kshs.2.55 billion (16.3 per cent) as total conditional grants, generate Kshs.2.13 billion (13.7 per cent) from own sources of revenue, and had Kshs.520.72 million (3.3 per cent) as cash balance from FY 2018/19.

3.12.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.7.49 billion as equitable share of the revenue raised nationally, Kshs.599.89 million as total conditional grants, raised Kshs.881.20 million from own-source revenue, and had a cash balance of Kshs.520.72 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.49 billion as shown in Table 3-51 .

Table 3-51: Kakamega County, Revenue Performance in the First Nine Months of FY 2019/20

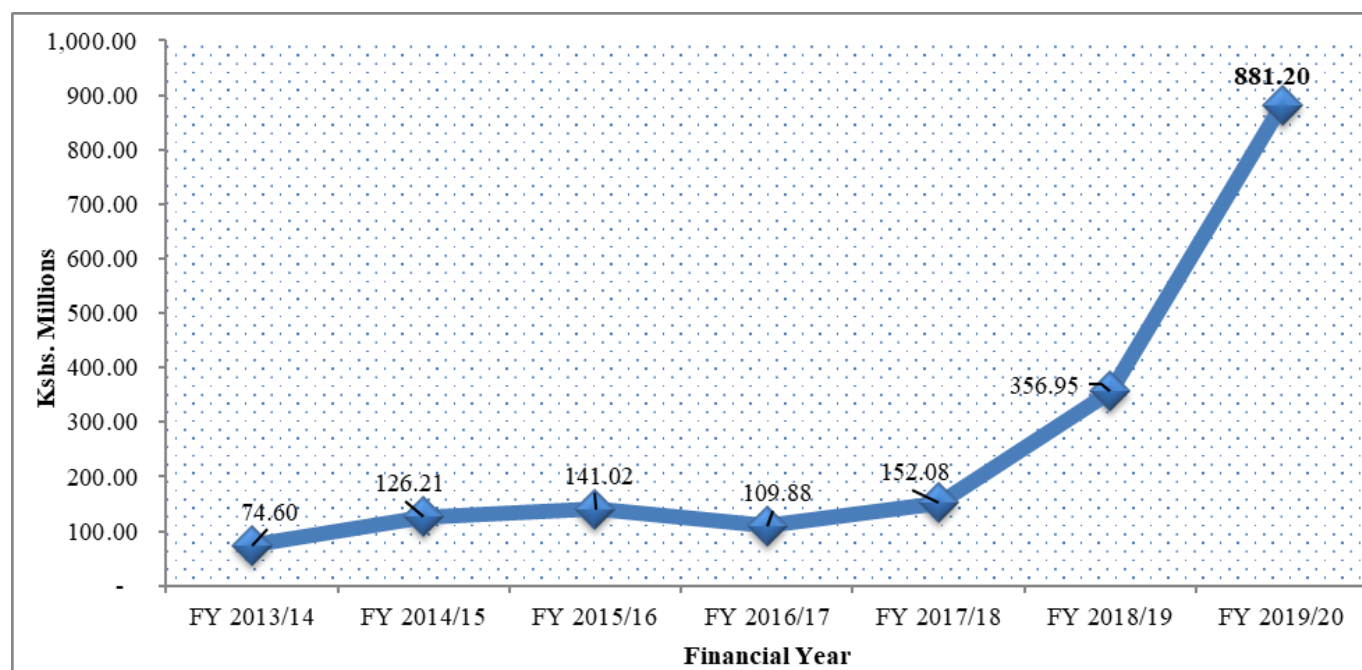
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,412,850,000	10,412,850,000	7,486,839,150	71.9
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	531,967,631	307,216,646	71.9
2.	Compensation for User Fee Foregone	37,789,290	37,789,290	-	-
3.	Leasing of Medical Equipment	131,914,894	-	-	-

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	Road Maintenance Fuel Levy Fund	295,575,656	355,776,173	147,787,828	50.0
5.	Rehabilitation of Village Polytechnics	6,923,298	76,923,298	38,461,649	50.0
Sub Total		969,486,375	969,486,375	1,002,456,392	50.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	61,794,598	91,576,273	39,908,896	64.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	44,824,647	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	93,508,830	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	389,118,800	778,237,600	-	-
5.	DANIDA Grant	30,843,750	30,843,750	15,421,875	50.0
6.	Kenya Agricultural Support Program (KASP)	-	38,967,574	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	262,583,677	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,811,716	-	6,270,572	31.7
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		737,368,864.00	1,542,717,704	106,425,990	14.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	2,131,640,441	881,204,257	41.3
2.	Balance b/f from FY2018/19	-	520,718,397	520,718,397	100.0
Sub Total			2,652,358,838	1,401,922,654	52.9
Grand Total		12,119,705,239	15,610,382,934	9,488,653,917	60.8

Source: Kakamega County Treasury

Figure 3-21 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-21: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kakamega County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.881.20 million as own-source revenue. This amount represented an increase of 146.9 per cent when compared to Kshs.356.95 million realised during the same period in FY 2018/19, and represented 41.3 per cent of the annual target.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.9.69 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.3.16 million (32.6 per cent) for development programmes and Kshs.6.54 billion (67.4 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

A total of Kshs.8.29 billion was spent on development and recurrent programmes and represented 85.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.3.10 billion and Kshs.5.19 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 42.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 62.7 per cent.

3.12.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.45 billion was spent on compensation to employees, Kshs.1.73 million on operations and maintenance, and Kshs.3.10 million on development expenditure.

Table 3-52: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,269,111,963	6,535,936,618	5,186,880,888	62.6	62.7
Compensation to Employees	5,412,397,806	3,911,495,846	3,453,676,139	41.7	63.8
Operations and Maintenance	2,856,714,157	2,624,440,771	1,733,204,749	20.9	60.7
Total Development Expenditure	7,341,270,971	3,158,723,714	3,098,857,516	37.4	42.2
Development Expenditure	7,341,270,971	3,158,723,714	3,098,857,516	37.4	42.2
Total	15,610,382,934	9,694,660,332	8,285,738,404	100.0	53.1

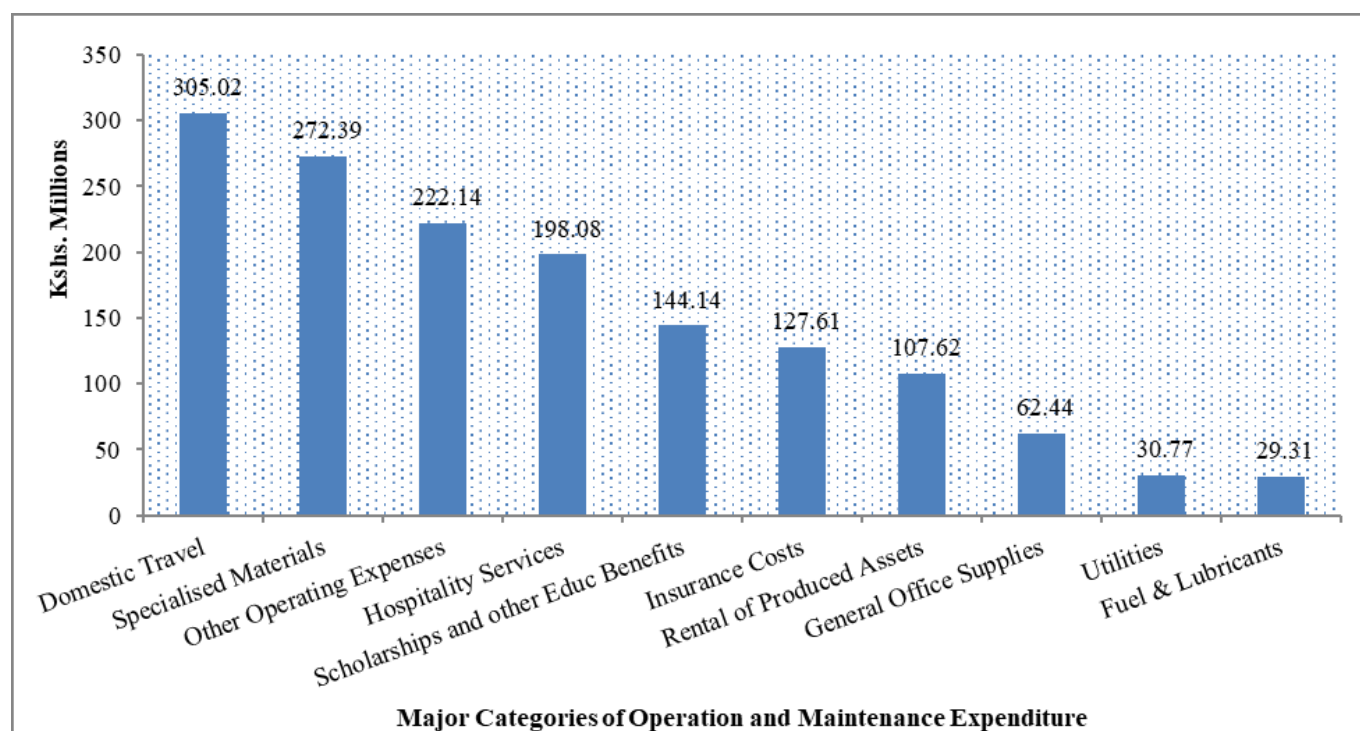
Source: Kakamega County Treasury

Expenditure on compensation to employees was 41.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 9.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.83 billion.

3.12.6 Analysis of Operations and Maintenance Expenditure

Figure 3-22 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-22: Kakamega County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kakamega County Treasury

The County spent Kshs.99.96 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.123.413 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.305.02 million and comprised of Kshs.129.93 million spent by the County Assembly and Kshs.175.08 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.11.56 million and comprised of Kshs.1.09 million spent by the County Assembly and Kshs.10.47 million spent by the County Executive.

3.12.7 Development Expenditure Analysis

The total development expenditure of Kshs.3.10 million represented 42.2 per cent of the annual development budget of Kshs.7.34 billion and represented an increase of 5.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.95 billion. Figure 3-53 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-53: Kakamega County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Level 5 hospital grant	CGH kakamega	531,967,631	408,623,094	76.8
2	Bukhungu stadium	Kakamega town	584,400,000	316,675,406	54.2
3	County Youth Works-Ward based	All sub counties	316,125,550	231,787,297	73.3
4	Bitumen road	Lurambi, Likuyani, Matungu and Butere	518,000,000	226,573,976	43.7
5	Construction of Kakamega County Teaching and Referral Hospital	Kakamega town	250,000,000	207,004,481	82.8
6	Kenya Urban Support programme(KUSP)-Mumias	Mumias town	412,000,000	148,634,866	36.1
7	Road Levy Fund	All sub counties	355,776,173	145,104,975	40.8
8	KUSP- Kakamega	Kakamega town	366,237,600	138,864,763	37.9
9	Infrastructure (ECDE Centres -Ward Based Phase 3 & 4)	All sub counties	177,000,000	124,000,000	70.1

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
10	Polytechnic Subsidy Programme - Capitation	All sub counties	115,000,000	102,662,000	89.3

Source: Kakamega County Treasury

3.12.8 Budget Performance by Department

Table 3-54 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-54: Kakamega County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	211.47	50.20	182.57	-	131.01	2.75	71.8	-	62.0	5.5
Public Service and Administration	5234.37	223.51	4161.36	13.60	3280.78	7.29	78.8	53.6	62.7	3.3
Finance & Economic Planning	292.68	5.00	255.25	-	176.69	-	69.2	-	60.4	-
Water, Environment & Natural Resources	38.75	568.58	30.66	364.70	30.06	114.10	98.1	31.3	77.6	20.1
Social Services, Youth and Sports	75.46	715.00	62.90	377.59	37.13	373.01	59.0	98.8	49.2	52.2
Transport, Infrastructure, Public Works & Energy	22.76	1694.90	19.35	719.23	17.45	696.70	90.2	96.9	76.7	41.1
Lands, Housing, Urban Areas and Physical Planning	217.70	889.34	203.28	38.12	97.40	322.76	47.9	846.7	44.7	36.3
Health Services	710.60	1406.00	581.56	829.51	433.01	841.01	74.5	101.4	60.9	59.8
Agriculture, Livestock, Fisheries and Cooperatives	58.12	640.97	36.31	204.77	26.30	173.54	72.4	84.8	45.2	27.1
Trade, Industrialization and Tourism	55.49	328.50	34.37	93.92	24.41	54.17	71.0	57.7	44.0	16.5
Education, Science & Technology & ICT	200.31	578.92	183.76	442.95	170.04	438.14	92.5	98.9	84.9	75.7
County Public Service Board	34.40	-	26.17	-	20.27	-	77.4	-	58.9	-
ICT, E-government & Communication	50.04	190.35	34.59	74.34	22.51	75.40	65.1	101.4	45.0	39.6
County Assembly	1066.94	50.00	703.81	-	719.19	-	102.2	-	67.4	-
TOTAL	8,269.11	7,341.27	6,515.94	3,158.72	5,186.24	3,098.86	79.6	98.1	62.7	42.2

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Education Science and Technology recorded the highest absorption rate of development budget at 75.7 per cent while the Department of Finance and Economic Planning and the County Assembly did not report any expenditure on development activities. The Department of Education, Science and Technology had the highest percentage of recurrent expenditure to its recurrent budget at 84.9 per cent while the Department of Trade, Industrialization and Tourism had the lowest at 44.0 per cent.

3.12.9 Budget Execution by Programmes and Sub-Programmes

Table 3-55 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-55 : Kakamega County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
4810		-	486,163,320	(486,163,320)	-
	Default - Non Programmatic	-	486,163,320	(486,163,320)	-
Livestock Resource Management and Development		180,752,962	90,742,365	90,010,597	50.2

Budget Execution by Programmes and Sub-Programmes					
Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
	Livestock resource management and development	82,121,280	56,778,352	25,342,928	69.1
	Livestock Value Chains Development	5,000,000	1,718,571	3,281,429	34.4
	Livestock disease and pest prevention	30,631,682	12,675,143	17,956,539	41.4
	Livestock Market infrastructure Improvement	63,000,000	19,570,299	43,429,701	31.1
Fisheries Development		31,836,052	33,400,674	(1,564,622)	104.9
	Promotion of Fish Farming	31,836,052	33,400,674	(1,564,622)	104.9
Crop Production and Management Services		430,607,730	98,169,004	332,438,726	22.8
	Crop production and management services	9,500,000	3,822,400	5,677,600	40.2
	Horticulture Promotion and Development	257,640,156	20,976,272	236,663,884	8.1
	Farm Input Support and Subsidies	3,000,000	1,536,000	1,464,000	51.2
	Agricultural Extension and Research	160,467,574	71,834,332	88,633,242	44.8
Agricultural training services		18,816,693	3,321,373	15,495,321	17.7
	Agricultural training services	18,816,693	3,321,373	15,495,321	17.7
Cooperative development and marketing		29,512,878	3,975,800	25,537,078	13.5
	Cooperative development and marketing	29,512,878	3,975,800	25,537,078	13.5
Land use policy and planning		121,525,706	26,414,900	95,110,806	21.7
	Land use policy and planning	88,447,010	14,425,713	74,021,297	16.3
	Land Administration and Planning	19,663,820	8,775,703	10,888,117	44.6
	Survey Services	13,414,876	3,213,483	10,201,393	24.0
Housing development and management		7,300,520	2,372,062	4,928,458	32.5
	Housing development and management	7,300,520	2,372,062	4,928,458	32.5
Urban Development Service		978,216,169	343,756,998	634,459,171	35.1
	Urban Transport management	836,337,600	265,517,924	570,819,677	31.7
	Urban Areas Landscape Improvement	141,878,569	78,239,075	63,639,494	55.1
Irrigation and Drainage Development		7,559,286	4,608,308	2,950,978	61.0
	Small Holder Irrigation and Drainage	7,559,286	4,608,308	2,950,978	61.0
Infrastructure , roads and transport services		1,569,459,800	588,283,800	981,176,000	37.5
	Infrastructure , roads and transport services	671,901,723	183,380,577	488,521,146	27.3
	Infrastructure Development	60,000,000	19,932,057	40,067,943	33.2
	Road construction	837,558,077	384,971,166	452,586,911	46.0
Administrative, planning and support services		-	2,828,972	(2,828,972)	-
	Administrative, planning and support services	-	2,828,972	(2,828,972)	-
Energy Reticulation		100,000,000	24,265,156	75,734,844	24.3
	Rural Electrification	100,000,000	24,265,156	75,734,844	24.3
Public works Management		48,205,954	32,368,473	15,837,481	67.1
	Public works Management	48,205,954	32,368,473	15,837,481	67.1
Administration, Planning and support services		24,118,761	10,457,213	13,661,548	43.4
	Administration Support Services	24,118,761	10,457,213	13,661,548	43.4
Trade Development and Investment		132,400,362	32,824,345	99,576,017	24.8
	Modern Market Infrastructure	126,400,362	32,824,345	93,576,017	26.0
	Trade Financing	6,000,000	-	6,000,000	-
Tourism Development and Marketing		33,836,437	10,207,158	23,629,279	30.2
	Development of Local Content Niche Tourism	33,836,437	10,207,158	23,629,279	30.2

Budget Execution by Programmes and Sub-Programmes					
Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
Industrial development and investment		193,638,459	58,696,455	134,942,004	30.3
	Industrial Development and Promotion	126,138,459	18,876,455	107,262,004	15.0
	SME and Cottage industry development	67,500,000	39,820,000	27,680,000	59.0
Preventive and promotive services		172,247,625	20,502,575	151,745,050	11.9
	Community Health Strategy	48,000,000	12,318,240	35,681,760	25.7
	Diseases surveillance & Emergency response	5,000,000	1,383,635	3,616,365	27.7
	Nutrition service Promotion	2,000,000	126,000	1,874,000	6.3
	HIV /AIDS Control	2,000,000	366,000	1,634,000	18.3
	Maternal and child healthcare promotion	107,321,625	1,955,500	105,366,125	1.8
	TB Control	2,000,000	879,900	1,120,100	44.0
	Malaria control	1,926,000	-	1,926,000	-
	Promotion of family planning	4,000,000	3,473,300	526,700	86.8
Curative services		1,874,042,224	1,158,534,114	715,508,110	61.8
	Curative services	973,967,631	667,072,881	306,894,750	68.5
	Community Health Strategy	885,074,593	476,461,233	408,613,360	53.8
	Disease Surveillance and Response	15,000,000	15,000,000	-	100.0
Administrative, planning and support services		70,305,750	28,471,479	41,834,271	40.5
	Administrative, planning and support services	53,231,750	22,103,979	31,127,771	41.5
	Disability mainstreaming	1,000,000	437,400	562,600	43.7
	Health Data and Information Management	16,074,000	5,930,100	10,143,900	36.9
Vocational Education and Training development		97,298,893	47,396,778	49,902,115	48.7
	Polytechnic Support and Development	97,298,893	47,396,778	49,902,115	48.7
Early Childhood Development Education (ECDE)		347,355,595	220,061,002	127,294,594	63.4
	ECD Infrastructure Development	227,000,000	119,731,004	107,268,997	52.7
	SP2 ECD education improvement and Support	120,355,595	100,329,998	20,025,597	83.4
Education Support Programme		219,582,721	187,605,814	31,976,907	85.4
	Education Financial Support	219,582,721	187,605,814	31,976,907	85.4
Polytechnic Improvement		115,000,000	21,999,000	93,001,000	19.1
	Polytechnic Tuition Subsidy	115,000,000	21,999,000	93,001,000	19.1
Management of county affairs		178,264,286	98,013,614	80,250,672	55.0
	County executive services	178,264,286	98,017,752	80,246,534	55.0
Coordination and supervisory services		18,650,480	2,969,074	15,681,406	15.9
	Coordination and supervisory services	18,650,480	2,969,074	15,681,406	15.9
Information and communication services		231,162,028	93,994,524	137,167,504	40.7
	Information and communication services	231,162,028	93,994,524	137,167,504	40.7
Economic and policy formulation and management planning		46,415,412	23,180,809	23,234,603	49.9
	Economic and policy formulation and management planning	46,415,412	23,180,809	23,234,603	49.9
Public finance management		195,510,054	105,381,501	90,128,553	53.9
	Public finance management	90,609,000	38,100,785	52,508,215	42.0
	Financial Accounting and Reporting	49,521,250	32,732,084	16,789,166	66.1
	Budget Formulation and management	41,580,354	28,660,641	12,919,713	68.9
	Revenue Mobilization	13,799,450	5,887,991	7,911,459	42.7
Coordination and supervisory services		64,759,448	31,645,881	33,113,567	48.9
	Coordination and supervisory services	45,686,537	22,942,933	22,743,604	50.2

Budget Execution by Programmes and Sub-Programmes					
Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
	County Internal Audit services	19,072,911	8,702,948	10,369,963	45.6
County Assembly		1,116,936,774	218,126,755	898,810,019	19.5
	County Assembly	1,116,936,774	218,126,755	898,810,019	19.5
County Public service and Administrative services		5,483,988,897	3,306,116,197	2,177,872,700	60.3
	County Administration	465,157,181	153,163,808	311,993,373	32.9
	Human Resource Management	5,018,831,716	3,152,952,389	1,865,879,327	62.8
General Administration and Support services		41,082,354	14,488,642	26,593,712	35.3
	Administrative Services	41,082,354	14,488,642	26,593,712	35.3
Alcoholics and Drinks Control		8,290,499	5,535,077	2,755,422	66.8
	Alcohol and Drug Rehabilitation Program	8,290,499	5,535,077	2,755,422	66.8
Investment promotion	Investment promotion	23,905,722	8,945,121	14,960,601	37.4
	Investment promotion	23,905,722	8,945,121	14,960,601	37.4
901004810		28,703,052	14,732,085	13,970,967	51.3
	Administrative Services	28,703,052	14,732,085	13,970,967	51.3
902004810		51,341,209	23,052,038	28,289,171	44.9
	Culture and Heritage Conservation	51,341,209	23,052,038	28,289,171	44.9
903004810		622,912,129	354,507,795	268,404,335	56.9
	Development of Sports facilities	584,400,000	316,675,406	267,724,595	54.2
	Promotion and Development of Sports and Talent	38,512,129	37,832,389	679,740	98.2
904004810		15,234,446	5,106,770	10,127,676	33.5
	Youth Disability and Gender Empowerment	15,234,446	5,106,770	10,127,676	33.5
906004810		71,402,505	14,565,787	56,836,718	20.4
	Social Development and Protection	66,203,433	12,787,693	53,415,740	19.3
	Child welfare Services	5,199,072	1,778,094	3,420,978	34.2
908004810		866,602	608,560	258,042	70.2
	Library services	866,602	608,560	258,042	70.2
1005004810		128,382,315	9,062,427	119,319,888	7.1
	Farm Forest Resource Management	90,849,984	2,478,640	88,371,344	2.7
	Mineral Resource Management	37,532,331	6,583,787	30,948,544	17.5
1006004810		454,131,971	132,871,862	321,260,109	29.3
	Water Resource Supply and management	454,131,971	132,871,862	321,260,109	29.3
1007004810		24,822,174	6,269,892	18,552,282	25.3
	Environmental Protection	24,822,174	6,269,892	18,552,282	25.3
Grand Total		15,610,382,934	8,006,601,545	7,603,781,389	51.3

Source: Kakamega County Treasury

The programmes that performed well based on expenditure absorption were: Fisheries Development at 104.9, Education Support Program at 85.4 per cent, Public Works Management at 67.1 and Curative Services Program at 61.8 per cent were the best performing programs.

3.12.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 41.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.3.10 billion out of annual development budget of Kshs.7.34 billion. The development expenditure represented 42.2 per cent of the annual development.

4. Despite own source revenue rising exponentially, it still falls short when mapped against the annual revenue target. By the end of the reporting period, the County had collected Kshs.881.20 million compared to Kshs.356.95 million in a similar period of FY 2018/19. When this year's collection as at end of the reporting period is measured against the set annual target of Kshs.2.13 billion, the County has collected only 42.3 per cent of the target.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-55 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County Treasury and the County Assembly should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should identify and address the issues causing delay in implementation of development projects.*
4. *The County should set realistic own source revenue target so as to ensure the approved budget is fully financed.*
5. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.13 Kericho County

3.13.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expected to receive Kshs.5.27 billion (61.1 per cent) as equitable share of revenue raised nationally, Kshs.799.79 million (9.3 per cent) as total conditional grants, generate Kshs.913.94 million from own source revenue, and had Kshs.1.62 billion (18.9 per cent) as cash balance from FY 2018/19.

3.13.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.87 billion as equitable share of the revenue raised nationally, Kshs.130.73 million as total conditional grants, raised Kshs.278.53 million from own-source revenue, and had a cash balance of Kshs.1.67 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.95 billion as shown in Table 3-56.

Table 3-56: Kericho County, Revenue Performance in the First Nine Months of FY 2019/20

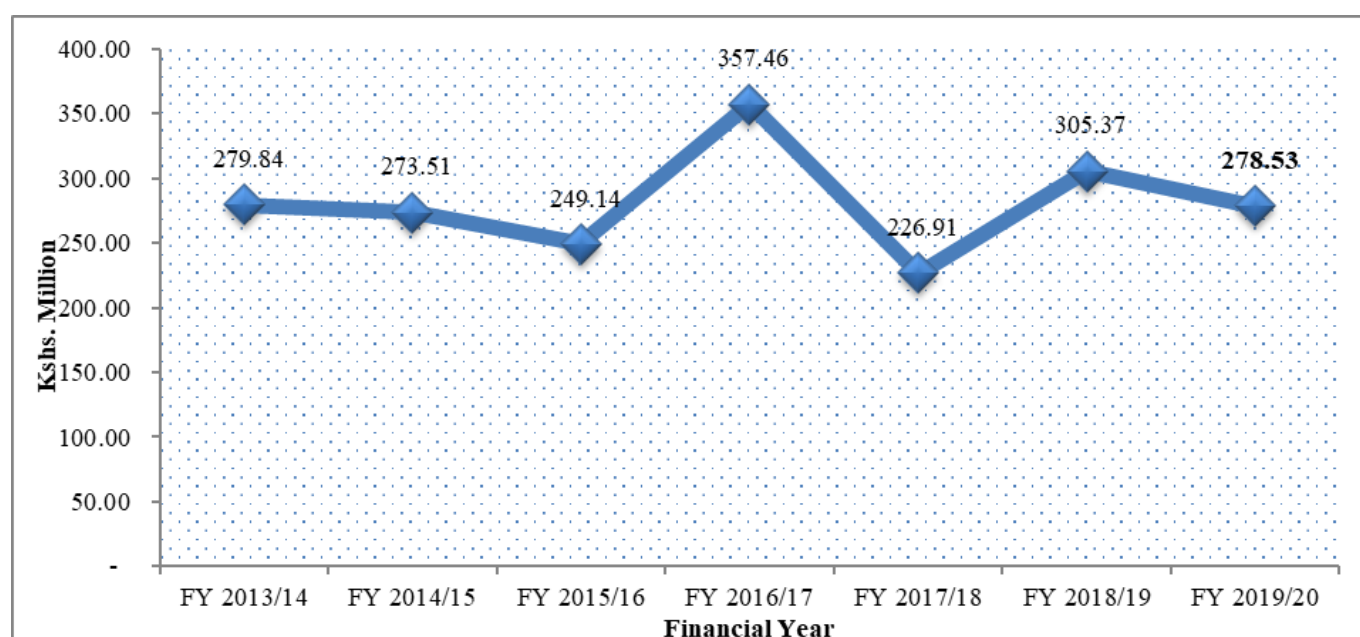
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,380,500,000	5,270,000,000	3,868,579,500	72%
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,048,789	18,048,789	-	-
2.	Leasing of Medical Equipment	131,914,894		-	-
3.	Road Maintenance Fuel Levy Fund	152,729,063	152,729,063	76,364,531	50
4.	Rehabilitation of Village Polytechnics	29,433,298	29,433,298	14,716,649	50
Sub Total		332,126,044	200,211,150	91,081,180	27
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	71,544,247	61,507,974	30,195,787	42
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	199,459,400	117,000,000	-	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	44,538,343	-	-

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	256,299,000	256,299,000	-	-
5.	DANIDA Grant	17,062,500	17,516,250	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,415,491	-	9,457,746	58
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	10,000,000	-	-
8.	Other Donor	-	92,719,071	-	-
Sub Total		599,580,638	599,580,638	39,653,533	6.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	913,935,000	278,534,110	30.5
2.	Balance b/f from FY 2018/19	-	1,627,652,234	1,670,730,626	102.6
Sub Total		-	2,541,587,234	1,949,264,736	76.7
Grand Total		6,312,206,682	8,611,379,022	5,948,578,949	67.2

Source: Kericho County Treasury

Figure 3-23 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-23: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kericho County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.278.53 million as own-source revenue. This amount represented a decrease of 8.8 per cent when compared to Kshs.305.37 million realised during the same period in FY 2018/19, and represented 30.5 per cent of the annual target.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.49 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.26 billion (28.1 percent) for development programmes and Kshs.3.23 billion (71.9 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

A total of Kshs.4.07 billion was spent on development and recurrent programmes and represented 90.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.921.57 million and Kshs.3.16

billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 23 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 68.5 per cent.

3.13.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.02 billion was spent on compensation to employees, Kshs.1.13 billion on operations and maintenance, and Kshs.921.57 million on development expenditure.

Table 3-57: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,608,073,372	3,225,676,737	3,156,755,172	77.4	68.5
Compensation to Employees	2,904,565,938	2,021,512,780	2,021,512,780	49.6	69.6
Operations and Maintenance	1,703,507,434	1,204,163,957	1,135,242,392	27.8	66.6
Total Development Expenditure	4,003,305,650	1,261,190,441	921,574,977	22.6	23.0
Development Expenditure	4,003,305,650	1,261,190,441	921,574,977	22.6	23.0
Total	8,611,379,022	4,486,867,178	4,078,330,149	100.0	47.4

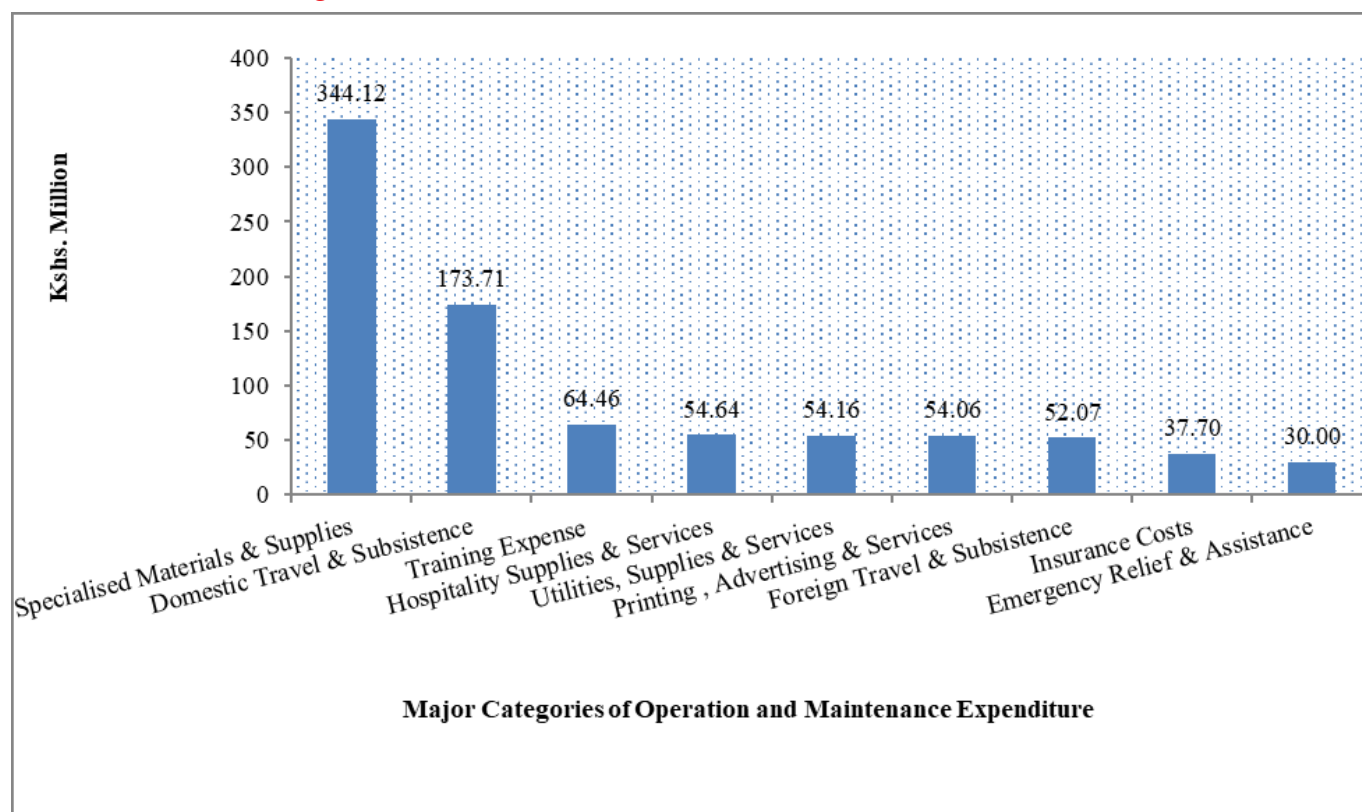
Source: Kericho County Treasury

Expenditure on compensation to employees was 49.6 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 0.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.03 billion.

3.13.6 Analysis of Operations and Maintenance Expenditure

Figure 3-24 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-24: Kericho County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kericho County Treasury

The County spent Kshs.36.67 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.56.25 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.84,874 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.173.70 million and comprised of Kshs.90.33 million spent by the County Assembly and Kshs.83.37 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.52.07 million and comprised of Kshs.30.79 million spent by the County Assembly and Kshs.21.27 million spent by the County Executive.

3.13.7 Development Expenditure Analysis

The total development expenditure of Kshs.921.57 million represented 23 per cent of the annual development budget of Kshs.4.0 billion and represented an increase of 41 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.653.77 billion. Table 3-58 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-58: Kericho County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Rehabilitation And Construction of Kimologit Water Supply	Kamasian ward	26,465,632	26,465,632	100.0
2	Supply of bulk water to bureti	Bureti	25,000,000	25,000,000	100.0
3	Kipkobob Water Project	Chemosot	120,000,000	19,123,848	15.9
4	Storm water drainage	Kericho town	138,859,917	17,524,775	12.6
5	Compensation of KEWASCO (Toror) Land	Kapcheptoror	15,000,000	10,000,000	66.7
6	Earthworks/Bush clearing	Chemosot	8,852,060	8,852,060	100.0
7	Main Low Voltage Gear Switch Panel and Controller Factor at Kcrh and Kapkatet	Kericho and kapkatet	8,619,333	8,619,333	100.0
8	Delivery of Beds and Linen	Kericho	8,610,745	8,610,745	100.0
9	Supply, Delivery, Installation and Testing of Vaccines Refrigerators	Kericho	8,400,000	8,400,000	100.0
10	Kipkelion Water Supply -Jambo Kenya-Siret	Kipkelion	7,928,025	7,928,025	100.0

Source: Kericho County Treasury

3.13.8 Budget Performance by Department

Table 3-59 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-59: Kericho County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	690.83	32.00	467.79	-	507.60	1.27	67.7	0.0	73.5	4.0
Agriculture, Livestock Development and Fisheries	191.23	226.49	121.13	81.22	121.43	10.33	63.3	35.9	63.5	4.6
County Public Service Board	56.70	-	30.20	-	29.68	-	53.3	-	52.3	-
Education, Youth Affairs, Children, Culture and Social Services	405.42	334.56	185.05	28.24	192.36	27.93	45.6	8.4	47.4	8.3
Finance and Economic Planning	273.62	845.92	153.24	82.58	175.87	91.38	56.0	9.8	64.3	10.8
Health	2,059.42	567.03	1,638.06	249.08	1,545.23	174.68	79.5	43.9	75.0	30.8
Information Communication Technology (ICT)	183.62	119.08	41.62	50.81	53.14	16.43	22.7	42.7	28.9	13.8

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
Lands, Housing And Physical Planning	75.16	383.75	53.12	31.05	59.01	21.65	70.7	8.1	78.5	5.6
Office of the Governor	124.03	-	89.95	-	107.47	-	72.5	0.0	86.6	-
Public Service Management (PSM)	289.59	44.22	191.44	1.49	185.25	-	66.1	3.4	64.0	-
Public Works, Roads, Transport and ICT	65.64	983.96	43.22	597.59	49.91	434.73	65.8	60.7	76.0	44.2
Trade, Industrialisation, Tourism, Wildlife and Cooperative Management	65.18	51.97	41.85	16.75	41.07	15.82	64.2	32.2	63.0	30.4
Water, Energy, Natural Resources and Environment	127.62	414.31	87.47	122.37	88.73	124.46	68.5	29.5	69.5	30.0
Total	4,608.07	4,003.31	3,224.41	1,261.19	3,156.76	918.68	68.2	31.5	68.5	22.9

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Public Works, Roads, Transport and ICT recorded the highest absorption rate of development budget at 44.2 per cent while the County Assembly recorded absorption of 4.6 percent. The Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 86.6 per cent while the Department of Information Communication Technology had the lowest at 28.9 per cent.

3.13.9 Budget Execution by Programmes and Sub-Programmes

Table 3-60 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-60 : Kericho County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
COUNTY ASSEMBLY					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES REPORT AS AT 31ST MARCH, 2019 (FIRST NINE MONTHS, FY2019/20)					
Speaker's office	Speaker's office	386,811,794	289,527,217	97,284,577	74.8
Clerk's Office	Clerk's Office	314,250,754	206,394,939	107,855,815	65.7
County Assembly Service Board	County Assembly Service Board	21,762,996	12,950,511	8,812,485	59.5
		722,825,544	508,872,667	213,952,877	70.4
DEPARTMENT: GOVERNOR'S OFFICE					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES REPORT AS AT 31ST MARCH, 2019 (FIRST NINE MONTHS, FY2019/20)					
County Coordination Services	County Coordination Services	100,596,799	85,427,605	15,169,194	84.9
Public sector advisory services	Economic and Social Advisory Service	23,432,859	22,041,351	1,391,508	94.0
		124,029,658	107,468,956	16,560,702	86.6
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES REPORT AS AT 31ST MARCH, 2019 (FIRST NINE MONTHS, FY2019/20)					
Administration, Planning and Support Services.	Administration Services.	1,053,915,888	215,262,082	838,653,806	20.4
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	20,678,041	11,566,240	9,111,801	55.9
Public Finance Management	Budget Formulation co-ordination and management	36,607,709	35,146,729	1,460,980	96.0
Audit Services	County Audit	8,346,980	5,271,157	3,075,823	63.1
		1,119,548,618	267,246,208	852,302,410	23.8
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	40,616,334	14,586,367	26,029,967	35.9
Crop Development and Management	Agriculture Extension Services	284,399,792	72,552,063	211,847,729	25.5
Livestock Resource Management and Development	Livestock Disease Management and Control.	16,489,873	6,800,409	9,689,464	41.2
Livestock Resource Management and Development	Livestock Production and Extension Services	64,287,746	35,204,208	29,083,538	54.7
Fisheries development	Management and Development of Capture Fisheries	11,930,057	2,620,400	9,309,657	21.9
		417,723,802	131,763,447	285,960,355	31.5
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	160,574,890	88,733,222	71,841,668	55.2
Water supply services	Rural Water Supply	381,355,583	124,457,027	256,898,556	32.6
		541,930,473	213,190,249	328,740,224	39.3
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CHILDREN, CULTURE AND SOCIAL SERVICES					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
General Administration & planning services.	Policy Development and Administration	256,955,668	168,661,198	88,294,470	65.6
Basic Education	Early Childhood Development Education	469,761,660	46,141,667	423,619,992	9.8
Gender and Social Development	Social Welfare Services/ Social Infrastructure Development	13,270,000	5,481,589	7,788,411	41.3
		739,987,328	220,284,454	519,702,874	29.7
DEPARTMENT: HEALTH SERVICES					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Curative Health	Administration and Planning	967,643,829	631,532,545	336,111,284	65.2
Curative Health	Hospital (curative) Services	140,537,188	73,699,872	66,837,316	52.4
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,518,269,245	1,014,679,421	503,589,824	66.8
		2,626,450,263	1,719,911,838	906,538,425	65.4
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Administration and support services	General Administration and Planning	48,728,276	25,763,853	22,964,423	52.8
Housing Development and Human Resource	Housing Development	54,628,668	28,122,151	26,506,517	51.4
Land policy and planning	Development Planning and Land Reforms	346,168,178	24,345,731	321,822,447	7.0
Land policy and planning	Land Use Planning	9,383,798	2,423,905	6,959,893	25.8
		458,908,920	80,655,640	378,253,280	17.5
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Transport Management and safety	General Administration Planning and Support Services	41,925,059	19,189,567	22,735,492	45.7
Infrastructure, Roads and Transport	Rehabilitation of Road	859,616,034	434,731,291	424,884,744	50.5
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	148,065,562	30,724,314	117,341,248	20.7
		1,049,606,655	484,645,171	564,961,484	46.1
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMESREPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	75,684,233	43,993,908	31,690,325	58.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Trade development and investment	Administrative and Support Services.	20,587,704	4,469,508	16,118,196	21.7
Cooperative development and management	Cooperative Advisory & Extension Services.	18,372,940	8,428,345	9,944,595	45.8
Tourism development and marketing	Local Tourism Development.	2,500,000	-	2,500,000	-
		117,144,877	56,891,761	60,253,116	48.5
DEPARTMENT: ICT AND E-GOVERNMENT					
BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES REPORT AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Information & Communication Service	News and Information Services	99,590,110	53,143,252	46,446,858	53.3
Information & Communication Service	ICT and BPO development services	203,115,093	16,432,623	186,682,470	8.0
		302,705,203	69,575,875	233,129,328	22.9
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	56,703,222	29,675,825	27,027,397	52.3
		56,703,222	29,675,825	27,027,397	52.3
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
BUDGET EXECUTION BY PROGRAMMES AND SUB- AS AT 31ST MARCH, 2020 (FIRST NINE MONTHS, FY2019/20)					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	77,872,677	26,468,769	51,403,909	33.9
Administration of Human Resources and Public Service	Human Resource Development	255,941,783	161,679,289	94,262,494	63.1
		333,814,460	188,148,058	145,666,402	56.3
Grand Total		8,611,379,022	4,078,330,149	4,319,095,996	47.3

Source: Kericho County Treasury

The programmes that performed well based on expenditure absorption were: Government buildings at 133.8 per cent, Power transmission and distribution at 112.9 per cent, Governance and County Values at 83 per cent, and Legislation and oversight at 39.3 per cent of budget allocation.

3.13.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds. The County spent Kshs.921.57 million in the first nine months of FY 2019/20 out of annual development budget of Kshs.4.0 billion. The development expenditure represented 23.0 per cent of the annual development.
3. A high wage bill, which accounted for 49.6 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.278.53 million against annual projection of Kshs.913.93 million. The realised own source revenue represented 30.5 per cent of its annual target.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-60 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*

5. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.14 Kiambu County

3.14.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.17.92 billion, comprising of Kshs.6.41 billion (35.8 per cent) and Kshs.11.50 billion (64.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.9.43 billion (52.6 per cent) as equitable share of revenue raised nationally, Kshs.3.41 billion (19 per cent) as total conditional grants, generate Kshs.3.85 billion (21.5 per cent) from own sources of revenue, and had Kshs.1.19 billion (6.7 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.25.76 million (0.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.14.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.6.03 billion as equitable share of the revenue raised nationally, Kshs.771.86 million as total conditional grants, raised Kshs.1.90 billion from own-source revenue, and had a cash balance of Kshs.1.19 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.89 billion as shown in Table 3-61.

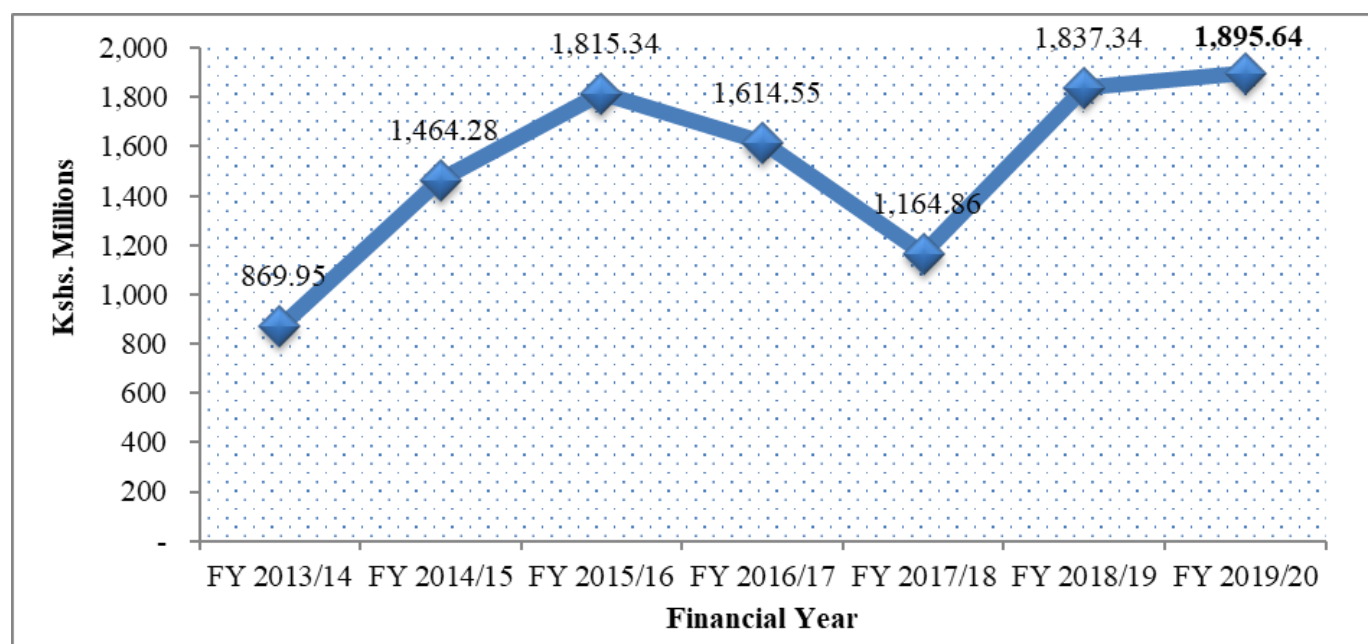
Table 3-61: Kiambu County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	9,431,700,000	9,431,700,000	6,026,856,300	63.9
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	538,716,763	538,716,763	387,337,353	71.9
2	Compensation for User Fee Foregone	34,671,542	34,671,542	-	-
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	267,725,063	267,725,063	133,862,531	50.0
5	Rehabilitation of Village Polytechnics	55,113,298	55,113,298	27,556,649	50.0
	Sub Total	1,028,141,560	1,028,141,560	548,756,533	53.4
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	80,079,440	80,079,440	51,316,016	64.1
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	331,195,210	331,195,210	147,862,547	44.6
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,885,993,000	1,885,993,000	-	-
5	DANIDA Grant	27,937,500	27,937,500	13,968,750	50.0
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,404,219	17,404,219	9,952,110	57.2
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
	Sub Total	2,381,409,369	2,381,409,369	223,099,423	9.4
D	Other Sources of Revenue				
1	Own Source Revenue	-	3,853,594,495	1,895,643,994	49.2
2	Balance b/f from FY2019/20	-	1,194,751,803	1,194,751,803	100.0
3	Other Revenues-MSF Belgium	-	25,764,540	-	-
	Sub Total	-	5,074,110,838	3,090,395,797	60.9
	Grand Total	12,841,250,929	17,915,361,767	9,889,108,053	55.2

Source: Kiambu County Treasury

Figure 3-25 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-25: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kiambu County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.1.90 billion as own-source revenue. This amount represented an increase of 3.2 per cent when compared to Kshs.1.84 billion realised during the same period in FY 2018/19, and represented 49.2 per cent of the annual target.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.9.59 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.97 billion (20.5 percent) for development programmes and Kshs.7.62 billion (79.5 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

A total of Kshs.9.88 billion was spent on development and recurrent programmes and represented 103.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.10 billion and Kshs.7.79 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 32.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67.7 per cent.

3.14.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.5.32 billion was spent on compensation to employees, Kshs.2.47 billion on operations and maintenance, and Kshs.2.10 billion on development expenditure.

Table 3-62: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Actual Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	11,502,398,995	7,622,615,197	7,788,318,994	78.8	67.7
Compensation to Employees	7,254,674,142	5,422,594,183	5,317,036,939	53.8	73.3
Operations and Maintenance	4,247,724,853	2,200,021,014	2,471,282,055	25.0	58.2
Total Development Expenditure	6,412,962,772	1,966,880,559	2,095,814,429	21.2	32.7
Development Expenditure	6,412,962,772	1,966,880,559	2,095,814,429	21.2	32.7
Total	17,915,361,767	9,589,495,757	9,884,133,423	100.0	55.2

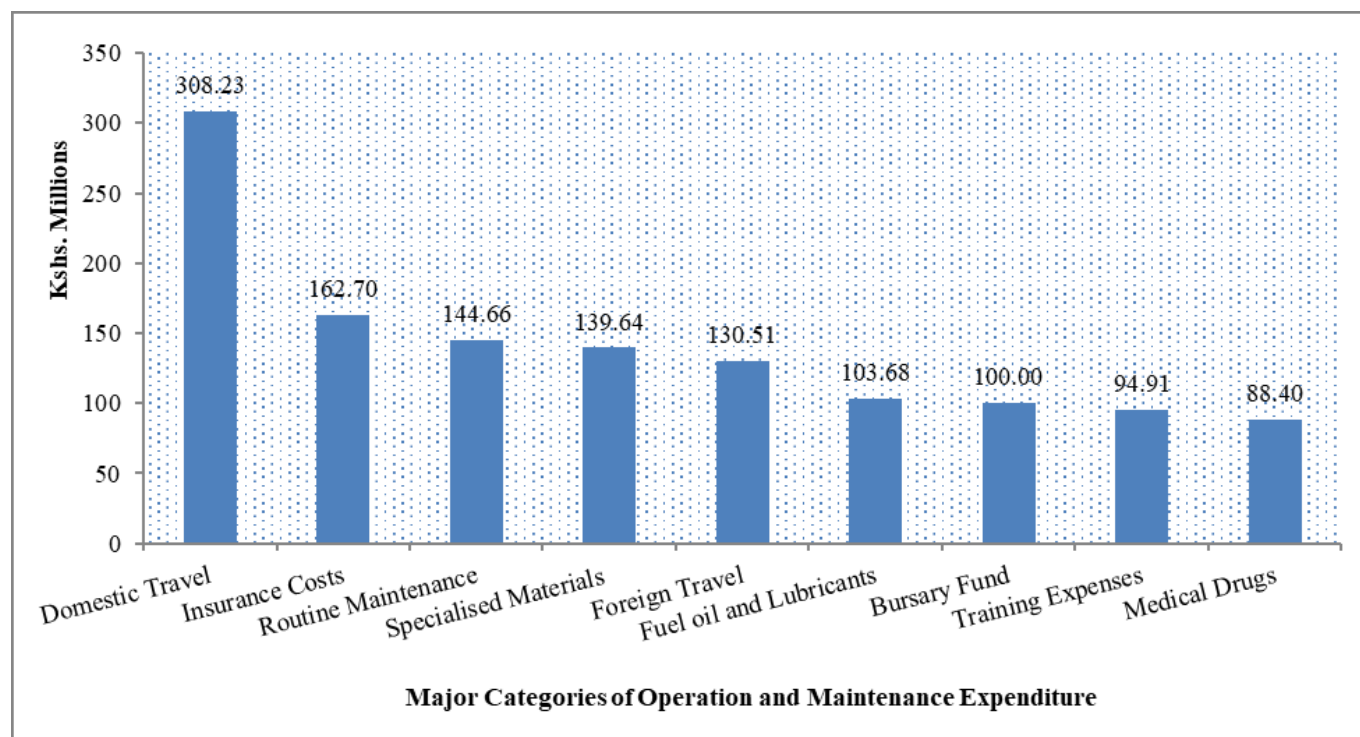
Source: Kiambu County Treasury

Expenditure on compensation to employees was 53.8 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 6.5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.4.99 billion.

3.14.6 Analysis of Operations and Maintenance Expenditure

Figure 3-26 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-26: Kiambu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kiambu County Treasury

The County spent Kshs.61.18 million on committee sitting allowances for the 92 MCAs and Speaker against the annual budget allocation of Kshs.94.50 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.73,095 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.308.23 million and comprised of Kshs.142.09 million spent by the County Assembly and Kshs.166.14 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.130.51 million and comprised of Kshs.96.38 million spent by the County Assembly and Kshs.34.13 million spent by the County Executive.

3.14.7 Development Expenditure Analysis

The total development expenditure of Kshs.2.10 billion represented 32.7 per cent of the annual development budget of Kshs.6.41 billion and represented an increase of 22.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.71 billion. Table 3-63 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-63: Kiambu County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Various Development issues under conditional grant-Gatundu Level 5 Hospital, (laundry, Renal dialysis, Renovation & Isolation center, medical equipment)	Gatundu South	179,572,255	98,484,508	54.8
2	Various Development issues under conditional grant-Thika Level 5 Hospital (Incinerator, Morgue renovation, Covid -19 response, laundry machine, x-ray machines)	Thika	179,572,255	89,470,118	49.8
3	Various Development issues under conditional grant-Kiambu Level 5 Hospital	Kiambu	179,572,255	89,470,118	49.8
4	Conditional grant - NARIGP		337,695,210	61,268,467	18.1
5	Construction of 4-storeyed type medical ward block at Tigoni level 4 hospital	Limuru	160,740,400	55,535,404	34.5
6	Purchase of certified seed and pesticides	All Wards	56,516,428	39,967,555	70.7
7	Construction of level 4 hospital at Githunguri health centre	Githunguri	676,000,000	39,546,042	5.9
8	Construction of Juja sub county offices	Juja	61,824,375	25,355,890	41.0
9	Construction of 4-storeyed type medical ward block at Lari Sub-district hospital	Lari	191,807,905	19,460,764	10.1
10	Construction of level 4 hospital at Bibirioni	Limuru	285,999,964	10,000,000	3.5

Source: Kiambu County Treasury

3.14.8 Budget Performance by Department

Table 3-64 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-64: Kiambu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,135.5	76.0	789.3	-	789.3	-	100.0	-	69.5	-
County Executive	380.5	-	241.6	-	228.9	-	94.7	-	60.2	-
County Public Service Board	82.0	-	38.0	-	47.7	-	125.6	-	58.2	-
Finance and Economic Planning	1,683.3	335.0	898.6	35.2	978.1	54.3	108.8	154.2	58.1	16.2
Administration, and Public Service and Communication	763.9	74.5	459.5	22.1	513.1	34.2	111.7	154.9	67.2	46.0
Agriculture, Crop Production and Irrigation	512.1	616.9	323.6	137.7	336.9	131.9	104.1	95.8	65.8	21.4
Water, Energy, Environment and Natural Resources	333.0	247.5	208.7	73.6	205.6	72.5	98.5	98.6	61.8	29.3
Health Services	4,725.3	945.2	3,512.0	640.0	3,541.6	472.9	100.8	73.9	74.9	50.0
Education, Youth, Sports, Culture and Social Services	883.8	203.3	482.0	81.6	511.5	57.9	106.1	71.0	57.9	28.5
Youth and Sports	175.9	175.7	139.3	41.2	112.4	55.7	80.7	135.0	63.9	31.7
Lands, Physical Planning and Housing	246.7	1,967.9	178.4	13.5	152.2	27.0	85.4	199.7	61.7	1.4
Trade, Tourism, Industry and Co-operative	154.2	274.4	91.3	38.7	76.2	90.9	83.5	234.8	49.4	33.1
Roads, Transport and Public Works	426.3	1,496.5	260.4	883.2	294.8	1,098.5	113.2	124.4	69.2	73.4
Total	11,502.4	6,413.0	7,622.6	1,966.9	7,788.3	2,095.8	102.2	106.6	67.7	32.7

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 73.4 per cent while the County Assembly did not report expenditure on development activities. The Department of Health Services had the highest percentage of recurrent expenditure to its recurrent budget at 74.9 per cent while the Department of Trade, Tourism, Industry and Co-operative had the lowest at 49.4 per cent.

3.14.9 Budget Execution by Programmes and Sub-Programmes

Table 3-65 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-65 : Kiambu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Agriculture, Crop Production and Irrigation					
0101004060 Crop, Livestock and Fisheries development and Management	General administration and support services	508,562,751	335,042,694	173,520,057	65.9
	Livestock resource management and development	116,332,970	51,078,564	65,254,406	43.9
	Fisheries Development	15,923,116	3,635,080	12,288,036	22.8
	Crop production and management	488,192,376	78,981,397	409,210,979	16.2
		1,129,011,213	468,737,735	660,273,478	41.5
Sub Total		1,129,011,213	468,737,735	660,273,478	41.5
Lands, Physical Planning and Housing					
0102004060 Land Management and Physical Planning; & Housing Development	Planning & Housing Administration	196,743,198	131,440,663	65,302,535	66.8
	Land Management and Physical Planning	78,879,548	20,994,97	57,884,577	26.6
		275,622,746	152,435,634	123,187,112	55.3
0105004060 Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,939,012,869	26,829,739	1,912,183,130	1.4
Sub Total		2,214,635,615	179,265,373	2,035,370,242	8.1
Roads, Transport and Public Works					
0201004060 Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction of road and civil works	1,496,530,822	1,098,500,705	398,030,117	73.4
0202004060 Administration, planning & support	General Administration and Support services	426,275,910	294,821,981	131,453,929	69.2
Sub Total		1,922,806,732	1,393,322,686	529,484,046	72.5
Trade, Tourism, Industry and Co-operative					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
0301004060 Industrial, Investments, Tourism, Trade and Co-operative Development	General administration and support services	147,157,571	76,180,555	70,977,016	51.8
	Trade, Industrial Development and Investments	175,698,393	63,258,180	112,440,213	36.0
	Tourism Development and Promotion	40,550,128	15,691,268	24,858,860	38.7
	Cooperative Development and promotion	22,970,000	3,020,849	19,949,151	13.2
	Enterprise Development	42,168,391	8,904,367	33,264,024	21.1
		428,544,483	167,055,219	261,489,264	39
Sub Total		428,544,483	167,055,219	261,489,264	39
Health Services					
0401004060 Curative and preventive health care services	Health curative services	1,826,018,923	935,999,633	890,019,290	51.3
0402004060 Administration, Planning and Support Services	General Administration and Support Services	3,591,119,417	2,946,168,549	644,950,868	82
0403004060 Preventive Health Services	Community Health Services	153,335,906	43,863,218	109,472,688	28.6
0405004060 County Pharmaceutical Services	Pharmaceutical and Non Pharmaceutical supplies	100,000,000	88,399,275	11,600,725	88.4
Sub Total		5,670,474,246	4,014,430,675	1,656,043,571	70.8
Education, Youth, Sports, Culture and Social Services					
0501004060 Pre-primary education, Promotion of Culture; ICT and social Services	Pre-primary education and youth polytechnics services	203,299,402	57,947,983	145,351,419	28.5
0502004060 General Administration and support Services	General Administration and support Services	693,996,202	387,666,891	306,329,311	55.9
0503004060 Pre-primary education, Vocational Education and Training	Early Childhood Development	187,300,000	123,847,738	63,452,262	66.1
0504004060 Culture Gender and Social Service Development	Gender Mainstreaming	2,500,000	-	2,500,000	-
Sub Total		1,087,095,604	569,462,612	517,632,992	52.4
County Assembly					
General Administration and Support Services	General Administration and support services	465,122,421	258,207,079	206,915,342	55.5
Representation Services	Representation services	135,640,000	86,305,505	49,334,495	63.6
0701004060 Legislation and Oversight of county Government	Legislation and Oversight services	610,765,515	444,811,841	165,953,674	72.8
Sub Total		1,211,527,936	789,324,425	422,203,511	65.2
County Executive					
0702004060 Leadership and Coordination of County Administration and Departments	General Administration and support services	319,767,458	191,594,864	128,172,594	59.9
	Public Sector Advisory Services	60,710,000	37,318,701	23,391,299	61.5
		380,477,458	228,913,565	151,563,893	60.2
Sub Total		380,477,458	228,913,565	151,563,893	60.2

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
County Public Service Board					
0703004060 Leadership and Admin of HR management and development in County Public Service	Human Resource development and management services	81,962,096	47,742,183	34,219,913	58.2
Sub Total		81,962,096	47,742,183	34,219,913	58.2
Finance and Economic Planning					
0704004060 Public Finance Management and Economic Policy and Strategy	General Administration and support services	1,760,667,075	799,876,193	960,790,882	45.4
	financial management services	231,078,246	208,896,079	22,182,167	90.4
	Economic planning services	26,553,152	23,600,096	2,953,056	88.9
		2,018,298,473	1,032,372,368	985,926,105	51.2
Sub Total		2,018,298,473	1,032,372,368	985,926,105	51.2
Administration, and Public Service and Communication					
0705004060 Admin & coordination of county affairs, HR Dev, Management, Capacity Building	General administration and support services	781,854,401	511,564,315	270,290,086	65.4
	Human resource development and management	56,509,000	35,780,578	20,728,422	63.3
		838,363,401	547,344,893	291,018,508	65.3
Sub Total		838,363,401	547,344,893	291,018,508	65.3
Youth and Sports					
0901004060 Promotion and development of sports; Youth services	General administration and support services	285,378,962	126,278,015	159,100,947	44.2
902004060 ICT Services	ICT Services	66,249,021	41,752,751	24,496,270	63
Sub Total		351,627,983	168,030,766	183,597,217	47.8
Water, Energy, Environment and Natural Resources					
1001004060 Water Resources Management, Environment Protection and Conservation	Environmental management	48,144,735	20,895,277	27,249,458	43.4
	Water provision and management	197,400,000	51,605,781	145,794,219	26.1
	Renewable Energy and Climate Change	2,000,000	-	2,000,000	-
		247,544,735	72,501,058	175,043,677	29.3
1002004060 General Administration Planning and Support Services	General Administration and Support Services	332,991,792	205,629,865	127,361,927	61.8
Sub Total		580,536,527	278,130,923	302,405,604	47.9
Grand Total		17,915,361,767	9,884,133,423	8,031,228,344	55.2

Source: Kiambu County Treasury

The programmes that performed well based on expenditure absorption were: Pharmaceutical Services at 88.4 per cent, Administration, Planning and Support Services at 82 per cent, Governance and Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance at 73.4 per cent, and Legislation and Oversight of County Government at 72.8 per cent of budget allocation.

3.14.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.2.10 billion out of annual development budget of Kshs.6.41 billion. The development expenditure represented 32.7 per cent of the annual development.
2. A high wage bill, which accounted for 53.8 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.1.90 billion against annual projection of Kshs.3.85 billion. The realised own source revenue represented 49.2 per cent of its annual target.

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

1. *The County should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*

3.15 Kilifi County

3.15.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.10.44 billion (70.9 per cent) as equitable share of revenue raised nationally, Kshs.2.24 billion (15.2 per cent) as total conditional grants, generate Kshs.1.1 billion (7.5 per cent) from own sources of revenue, and had Kshs.936.52 million (6.4 per cent) as cash balance from FY 2018/19.

3.15.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.6.57 billion as equitable share of the revenue raised nationally, Kshs.886.77 million as total conditional grants, raised Kshs.619.5 million from own-source revenue, and had a cash balance of Kshs.936.52 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.9.01 billion as shown in Table 3-66.

Table 3-66: Kilifi County, Revenue Performance in the First Nine Months of FY 2019/20

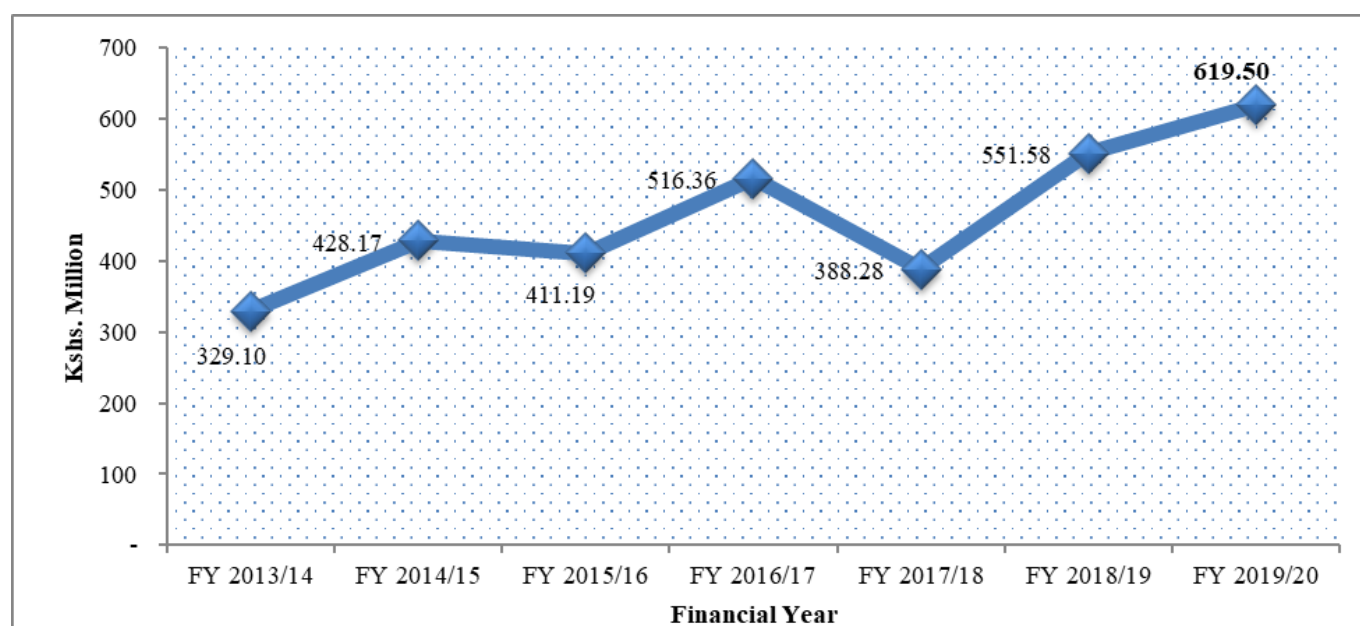
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,444,500,000	10,444,500,000	6,573,074,436	63
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	26,056,268	26,056,268	25,969,855	100
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	320,311,580	320,311,580	285,223,456	89
4.	Rehabilitation of Village Polytechnics	58,863,298	58,863,298	40,041,425	68
Sub Total		537,146,040	537,146,040	351,234,736	65
C Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	137,494,851	137,494,851	80,946,552	59
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	50,078,476	14
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	330,534,500	330,534,500	330,534,500.00	100
6.	DANIDA Grant	32,775,320	32,775,320	32,775,320	100

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	600,000,000	600,000,000	-	-
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	153,800,563	153,800,563	-	-
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,723,695	19,723,695	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	41,200,000.00	82
13.	SlovakAid-Desktop Support for Vocational Training	1,140,000	1,140,000	-	-
Sub Total		1,705,468,929	1,705,468,929	535534848.10	31
D	Other Sources of Revenue				
1.	Own Source Revenue	1,100,000,000	1,100,000,000	619,501,468	56.3
2.	Balance b/f from FY2018/19	-	936,521,064	936,521,064	100
Sub Total		1,100,000,000	2,036,521,064	1,556,022,532	76.4
Grand Total		13,787,114,969	14,723,636,033	9,015,866,552	61.2

Source: Kilifi County Treasury

Figure 3-79 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-27: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kilifi County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.619.50 million as own-source revenue. This amount represented an increase of 10.9 per cent when compared to Kshs.551.58 million realised during the same period in FY 2018/19, and represented 56.3 per cent of the annual target.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.94 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.44 billion (20.7 percent) for development programmes and Kshs.5.50 billion (79.3 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

A total of Kshs.6.07 billion was spent on development and recurrent programmes and represented 87.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.19 billion and Kshs.4.88 billion

on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.1 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 57.7 per cent.

3.15.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.18 billion was spent on compensation to employees, Kshs.1.7 billion on operations and maintenance, and Kshs.1.19 billion on development expenditure.

Table 3-67: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,470,419,926	5,499,668,586	4,884,478,842	80.4	57.7
Compensation to Employees	4,223,260,346	3,282,027,047	3,182,027,047	52.4	75.3
Operations and Maintenance	4,247,159,580	2,217,641,539	1,702,451,795	28.0	40.1
Total Development Expenditure	6,253,216,107	1,436,812,404	1,193,446,443	19.6	19.1
Development expenditure	6,253,216,107	1,436,812,404	1,193,446,443	19.6	19.1
Total	14,723,636,033	6,936,480,990	6,077,925,285	100.0	41.3

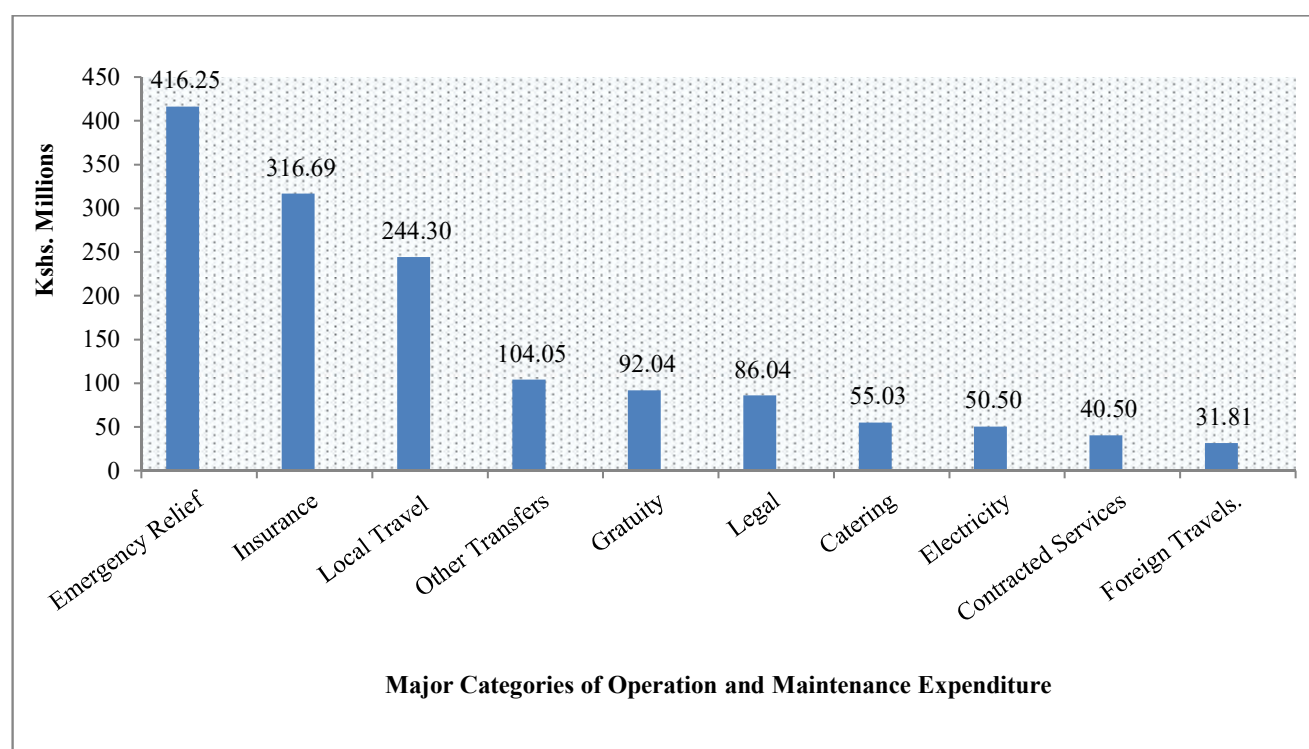
Source: Kilifi County Treasury

Expenditure on compensation to employees was 52.4 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 3.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.28 billion.

3.15.6 Analysis of Operations and Maintenance Expenditure

Figure 3-28 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-28: Kilifi County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kilifi County Treasury

The County spent Kshs.39.2 million on committee sitting allowances for the 56 MCAs and Speaker against the annual budget allocation of Kshs.55 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.77,861 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.244.3 million and comprised of Kshs.102.03 million spent by the County Assembly and Kshs.142.27 million by the County Executive. Expenditure on foreign travel amounted to Kshs.31.81 million and comprised of Kshs.15.56 million spent by the County Assembly and Kshs.16.24 million by the County Executive.

3.15.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.19 billion represented 19.1 per cent of the annual development budget of Kshs.6.25 billion and represented a decrease of 31.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.57 billion. Table 3-68 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-68: Kilifi County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure(Kshs.)	Absorption Rate (%)
1	National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture	Kilifi	350,000,000	137,004,935	39.1
2	Roads Maintenance Levy Fund	Roads	County	320,311,580	96,248,675	30.0
3	Construction of hospital complex	Health	Kilifi	190,281,735	82,840,660	43.5
4	Construction of malindi beach road	Roads	Malindi	130,000,000	70,013,238	53.9
5	Mbegu Fund	Trade	County	105,000,000	70,000,000	66.7
6	Upgrading of A7(Mzambarauni/ Mtwapa Health Centre road to Bitum standard	Roads	Mtwapa	80,139,072	44,286,910	55.3
7	Purchase 1 Buldozer	Agriculture	Mariakani	41,789,000	41,789,000	100.0
8	Completion of Mtwapa Bus Park	Roads	Mtwapa	57,000,000	32,513,176	57.0
9	Agriculture Sector Development Support Project (co-funding)	Agriculture	Kilifi	25,223,695	25,223,695	100.0
10	Opening, bush clearing and grading of Mulunguni, Ndharako - Kilulu Road	Roads		22,000,000	21,251,556	96.6

Source: Kilifi County Treasury

3.15.8 Budget Performance by Department

Table 3-69 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-69: Kilifi County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	803	200	650	91	529	90	81.5	99.0	65.9	45.1
Office of the Governor	358	-	239	-	190	-	79.6	-	53.2	-
County Attorney	103	-	79	-	61	-	77.4	-	59.8	-
Finance	544	6	211	-	142	-	67.3	-	26.1	-
Economic Planning	92	-	20	-	5	-	25.5	-	5.4	-
Agriculture	308	523	209	181	95	58	45.1	32.3	30.7	11.2
Livestock	21	146	-	44	-	59	-	135.2	-	40.8
Fisheries	21	117	-	4	-	17	-	427.0	-	14.7
Water and Sanitation	232	1,122	158	98	134	158	85.3	160.5	57.9	14.1
Environment & Natural Resources	60	2	36	-	39	-	107.6	-	64.3	-
Education (Sports & Youth Affairs)	930	560	644	130	661	71	102.7	54.6	71.1	12.7

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
ICT	70	-	-	-	-	-	-	-	-	-
Medical Services	2,553	931	2,092	199	1,855	192	88.7	96.3	72.6	20.6
Public Health	602	64	95	4	138	-	145.2	-	22.9	-
Roads & Public Works	342	1,336	243	447	215	335	88.5	74.8	62.9	25.0
Lands and energy	134	197	68	-	69	-	101.1	-	51.7	-
Physical Planning & Urban Development	81	96	5	-	45	-	905.6	-	56.0	-
Gender, Culture & Social Services	120	318	75	80	59	51	78.8	64.6	49.0	16.2
Trade and Tourism	155	260	81	151	74	153	91.4	101.6	47.4	58.8
Cooperatives Devpt	28	-	4	-	6	-	163.1	-	21.3	-
Public Service Board	82	-	47	-	12	-	26.3	-	15.1	-
Devolution & Public Service	210	43	201	8	146	8	72.7	-	69.4	18.8
Disaster Management	582	3	340	-	408	-	119.9	-	70.2	-
Kilifi Municipality	20	97	1	-	-	-	-	-	-	-
Malindi Municipality	19	233	2	-	-	-	-	-	-	-
TOTAL	8,470	6,253	5,500	1,437	4,884	1,193	88.8	83.1	57.7	19.1

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Trade & Tourism recorded the highest absorption rate of development budget at 58.8 per cent while the Department of Medical Services had the highest percentage of recurrent expenditure to its recurrent budget at 72.6 per cent.

3.15.9 Budget Execution by Programmes and Sub-Programmes

Table 3-70 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-70 : Kilifi County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)	
County Attorney	Administration Planning And Support Services	102,575,000	61,319,120	-	59.8	
	Sub total	102,575,000	61,319,120	-	59.8	
Agriculture	Administration, Planning and Support services	628,693,052	67,247,193	561,445,859	10.7	
	Food Sufficiency Initiatives	55,747,191	24,091,888	31,655,303	43.2	
	Agribusiness and Information Management	38,207,963	3,174,014	35,033,949	8.3	
	Irrigation and Drainage Infrastructure	108,034,622	58,314,599	49,720,023	54.0	
	Sub total	830,682,828	152,827,693	677,855,135	18.4	
Devolution, Public service and Disaster management	disaster management & risk management	150,205,500	129,930,515	-	86.5	
	Public participation	8,316,7000	1,338,735	-	16.1	
	sub county and ward administration services	17,020,025	3,846,125	-	22.6	
	Administration, Planning and Support Services	34,507,700	10,758,905	-	31.2	
	Development	42,644,351	8,015,686	-	18.8	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Education	Sub total	252,694,276	153,889,966	-	60.9
	General administration, planning and support services	565,857,547	377,613,197	-	66.7
	Early Childhood development education	5,287,430	362,720	-	6.9
	Education support services	354,560,000	283,238,600	-	79.9
	Vocation Education and training	4,350,000	243,050	-	5.6
	Development	560,420,839.	71,014,668.75	-	12.7
Environment, Forestry, Natural Resources & Wildlife	Sub total	1,490,475,816	732,472,235.70	-	49.1
	Environment management and protection	60,290,702	38,739,471.10	-	64.3
	Development	1,800,000	-	-	-
Economic Planning	Sub total	62,090,702	38,739,471.10	-	62.4
	Administration, Support and Planning Services	32,547,000	1,087,554	-	3.3
	County Fiscal Planning	42,063,000	2,753,220	-	6.5
	Statistical Information services / Monitoring	17,346,532	1,137,430	-	6.6
Finance	Sub total	91,956,532	4,978,204	-	5.4
	Administration, Support and Planning Services	380,518,749	114,868,367	-	30.2
	Budget Formulation, Coordination and Management	36,147,000	6,492,784	-	18.0
	Audit Service	16,480,000	837,502	-	5.1
	Accounting Services	28,760,700	7,726,676	-	26.9
	Supply Chain Management	7,550,000.	2,279,985	-	30.2
	Resource Mobilization & Revenue Management	74,649,997	9,982,869	-	13.4
	Development	6,000,000	-	-	-
Gender	Sub total	550,106,446	142,188,183	-	25.8
	Development Planning and Land Reforms	1,420,000	1,420,000	-	100.0
	Betting Control and Lottery Policy Services	2,000,000	792,478.	-	39.6
	Gender Mainstreaming	19,199,500	3,009,801	-	15.7
	Development and Management of Sports Facilities	1,280,000	620,100	-	48.4
	Conservation and Heritage	4,040,000	2,370,825	-	58.7
	General Administration, Planning and Support Services	88,865,848	48,177,308.95	-	54.2
	Social Welfare and Vocational Rehabilitation	3,651,000	2,688,140	-	73.6
	Development	317,750,685	51,471,969.10	-	16.2
Medical Services	Sub total	438,207,033	110,550,622.05	-	25.2
	Gen Medical Services	2,000,000,000	1,693,894,768.95	821,602,742	84.7
	Gen Public Service	489,123,063	160,863,274	-	32.9
	Development	994,666,654	192,051,720.30	-	19.3
Lands & Energy	Sub total	3,483,789,717	2,046,809,763	821,602,742	58.8
	General Administration Planning and Support services	114,634,878	61,606,605	-	53.7
	Land policy and planning	13,600,000	5,023,751	-	36.9
	Alternative Energy Technologies	5,600,000	2,524,490	-	45.1
	Development	196,649,594	-	-	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Livestock	Sub total	330,484,472	69,154,846	-	20.9
	Administration, Planning and Support services	9,100,764	4,918,976	4,181,788	54.1
	Livestock Production and Management	106,405,022	42,950,083	63,454,939	40.4
	Livestock Value Addition and Marketing	5,400,000	2,001,545	3,398,455	37.1
	Food Safety and Animal Products Development	4,305,000	894,360	3,410,640	20.8
	Livestock Disease Management and Control	41,951,667.36	8,678,140	33,273,527	20.7
Office of the Governor	Sub total	167,162,453	59,443,104	107,719,350	35.6
	Intergovernmental relations	21,000,000	14,498,783.00	-	69.0
	Administration, planning and support services	336,879,649	175,750,657	-	52.2
County Assembly	Sub total	357,879,649	190,249,440	-	53.2
	General administration	803,455,640	529,483,539.65	-	65.9
	Development	200,000,000	90,222,155	-	45.1
Public Works	Sub total	1,003,455,640	619,705,694.65	-	61.8
	General administration, planning and support services	341,588,322	214,858,118	-	62.9
	Road Transport	1,336,477,382	334,522,013	-	25.0
Trade & Tourism	Sub total	1,678,065,704	549,380,131	-	32.7
	General Administration, Planning and Support services	155,383,322	73,684,285.00	-	47.4
	Trade Development and Promotion	260,229,808	153,040,001.85	-	58.8
	Co-operative Development and Promotion	28,178,850	5,993,130.15	-	21.3
Public Service Management	Sub total	443,791,980	232,717,417.00	-	52.4
	County Secretary	19,208,122	13,122,900.00	-	68.3
	Administration, Planning and Support Services	551,111,438	391,715,334.50	-	71.1
	Human resource Management	8,580,000	1,656,615.00	-	19.3
	Strategic Human Resource Management	2,668,000	1,552,774.00	-	58.2
	Development	2,500,000		-	-
Water & Sanitation	Sub total	584,067,560	408,047,623.50	-	69.9
	General Administration, Planning and Support Services	231,930,095	134,378,924	97,551,171	57.9
	Water Resource management	1,122,098,708	158,051,856	964,046,852	14.1
	Sub total	1,354,028,803	292,430,780	1,061,598,023	21.6
Public Health	Health Promotion & Non combative prevention	665,624,896	137,898,056	-	20.7
	Sub total	665,624,896	137,898,056	-	20.7
County Public Service Board	General Administration	82,345,935	12,412,984	-	15.1
	Sub total	82,345,935	12,412,984	-	15.1
Physical Planning	Urban Development and Management	58,000,000	41,750,000	-	72.0
	Land Use and Planning	16,399,000	2,591,682	-	15.8
	Housing Development and Human Settlement	2,200,000	1,019,600	-	46.3
	Government Buildings	4,476,595	50,000	-	1.1
	Development	95,869,941	-	-	-
	Sub total	176,945,536	45,411,282.	-	25.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Fisheries	Fisheries Policy and Capacity Development	16,398,710	6,537,745	9,860,965	39.9
	Sustainable Fisheries Production and Management	3,294,250	115,400	3,178,850	3.5
	Assurance of Fish Safety, Value Addition and Marketing	73,247,250	5,770,855	67,476,395	7.9
	Marine Fisheries Production & blue economy	45,500,000	4,874,670	40,625,330	10.7
	Sub total	138,440,210	17,298,670	121,141,540	12.5
ICT	ICT Support services	69,826,139	-	-	-
	Sub total	69,826,139	-	-	-
Kilifi Municipality	ICT Support services	116,193,668	-	-	-
	Sub total	116,193,668	-	-	-
Malindi Municipality	ICT Support services	252,745,048	-	-	-
	Sub total	252,745,048	-	-	-
Grand Total		14,723,636,043	6,077,925,286	2,789,916,789	41.3

Source: Kilifi County Treasury

The programmes that performed well based on expenditure absorption were: Development Planning and Land Reforms at 100 per cent, Disaster Management & Risk Management at 86.5 per cent, General Medical Services at 84.7 per cent, and Education Support Services at 79.9 per cent of budget allocation.

3.15.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Slow absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.1.19 billion out of annual development budget of Kshs.6.25 billion. The development expenditure represented 19.1 per cent of the annual development budget.
3. Under performance of own revenue at Kshs.619.5 million against annual projection of Kshs.1.1 billion. The realised own source revenue represented 56.3 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

3.16 Kirinyaga County

3.16.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.6.13 billion, comprising of Kshs.1.84 billion (29.9 per cent) and Kshs.4.3 billion (70.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.24 billion (69.2 per cent) as equitable share of revenue raised nationally, Kshs.683.07 billion (11.1 per cent) as total conditional grants, generate Kshs.480 million (7.8 per cent) from own sources of revenue, and had Kshs.662.04 million (10.8 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.65.40 million (1.1 per cent) as "other revenues" not contained in the CARA, 2019.

3.16.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.33 billion as equitable share of the revenue raised nationally, Kshs.225.78 million as total conditional grants, raised Kshs.286.9 million from own-source revenue, and had a cash balance of Kshs.662.04 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.57 billion as shown in Table 3-71.

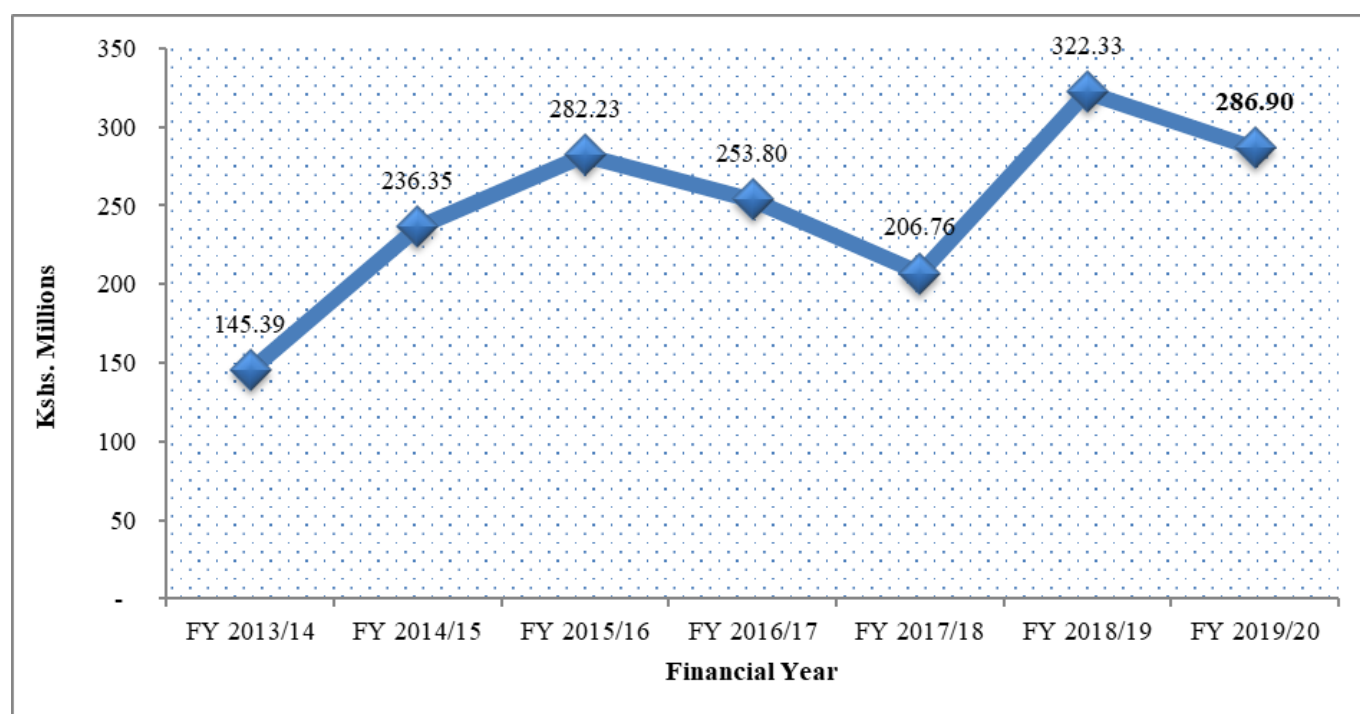
Table 3-71: Kirinyaga County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	2,328,363,900	54.9
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	11,282,570	11,282,570	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	120,386,438	120,386,438	60,193,220	50.0
4.	Rehabilitation of Village Polytechnics	34,503,298	34,503,298	17,251,649	50.0
Sub Total		298,087,200	166,172,306	77,444,869	46.6
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	30,000,000	22,985,268	76.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	110,704,733	31.6
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	71,302,200	71,302,200	-	-
5.	DANIDA Grant	12,281,250	12,281,250	6,140,625	50.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,513,506	14,513,306	8,506,753	58.6
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		521,896,956	516,896,756	148,337,379	28.7
D	Other Sources of Revenue				
1	Own Source Revenue	-	480,000,000	286,899,177	59.8
2	Balance b/f from FY2018/19	-	662,041,117	662,041,117	100.0
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant Bal B/F FY 2018-19	-	41,078,830	41,078,830	100.0
4	Grants (ASDSP II)	-	6,500,000	6,500,000	100.0
5	Transforming Healthcare Systems for Universal Care Project (THSUCP) Roll-Over from FY 2018/2019	-	5,037,424	5,037,424	100.0
6	Grant for Youth Polytechnics (Carried forward from FY 2018/2019)	-	12,791,450	12,791,450	100.0
Sub Total		-	1,207,448,820	1,014,347,998	84.0
Grand Total		5,061,084,156	6,131,617,883	3,568,494,147	58.2

Source: Kirinyaga County Treasury

Figure 3-29 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-29: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kirinyaga County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.286.9 million as own-source revenue. This amount represented a decrease of 11.1 per cent when compared to Kshs.322.33 million realised during the same period in FY 2018/19, and represented 59.8 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.28 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.616.99 million (18.8 percent) for development programmes and Kshs.2.67 billion (81.2 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

A total of Kshs.3.05 billion was spent on development and recurrent programmes and represented 92.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.616.99 million and Kshs.2.43 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 33.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 56.5 per cent.

3.16.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.53 billion was spent on compensation to employees, Kshs.895.73 million on operations and maintenance, and Kshs.616.99 million on development expenditure.

Table 3-72: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,295,813,261	2,667,007,368	2,428,784,975	79.7	56.5
Compensation to Employees	2,907,074,302	1,742,968,319	1,533,056,161	50.3	52.7
Operations and Maintenance	1,388,738,959	924,039,048	895,728,815	29.4	64.5
Total Development Expenditure	1,835,804,622	616,993,015	616,993,015	20.3	33.6
Development expenditure	1,835,804,622	616,993,015	616,993,015	20.3	33.6
Total	6,131,617,882	3,284,000,383	3,045,777,990	100.0	49.7

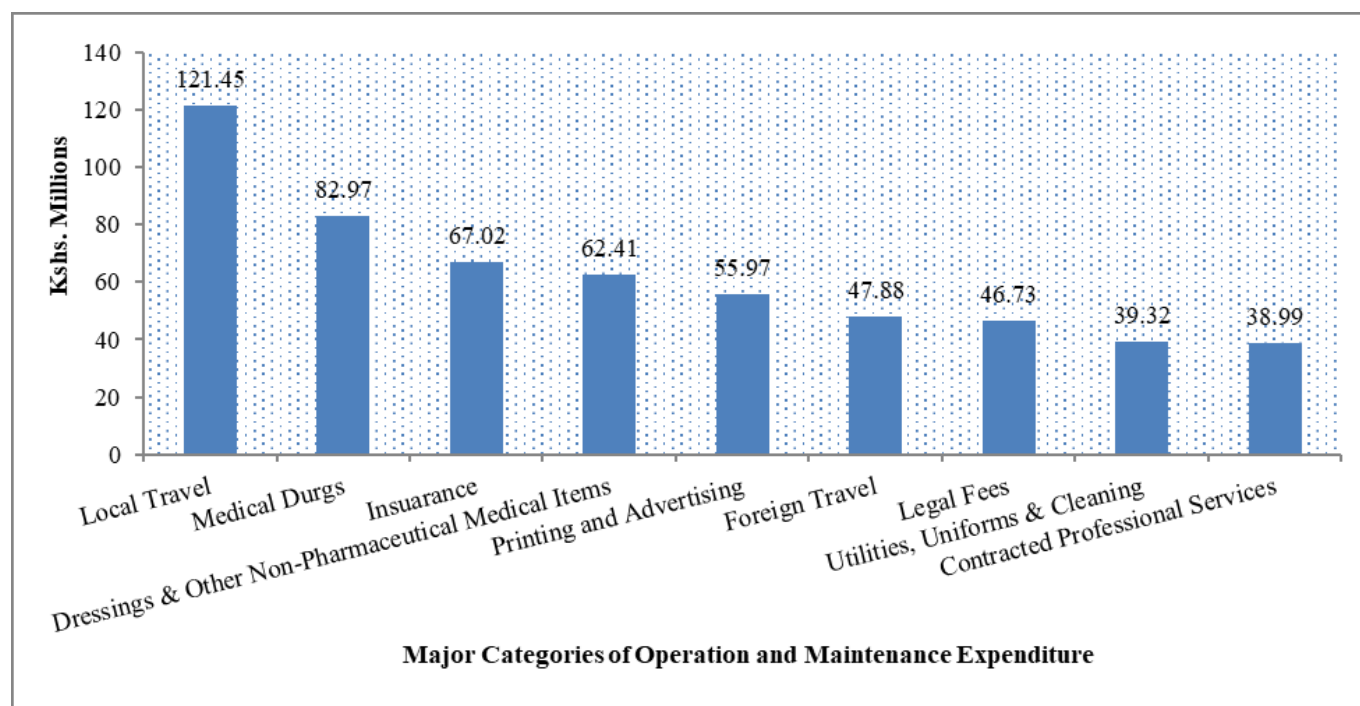
Source: Kirinyaga County Treasury

Expenditure on compensation to employees was 50.3 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 23.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.99 billion.

3.16.6 Analysis of Operations and Maintenance Expenditure

Figure 3-30: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-30: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kirinyaga County Treasury

The County spent Kshs.22.57 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.70.44 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.73,747 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.121.43 million and comprised of Kshs.77.38 million spent by the County Assembly and Kshs.44.07 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.47.88 million and comprised of Kshs.36.37 million spent by the County Assembly and Kshs.11.14 million spent by the County Executive.

3.16.7 Development Expenditure Analysis

The total development expenditure of Kshs.616.99 million represented 33.6 per cent of the annual development budget of Kshs.1.84 billion and represented an increase of 16.1 per cent compared to a similar period in FY2018/19 when the County spent Kshs.531.46 million. Table 3-73 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-73: Kirinyaga County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of 220 bed capacity medical complex	Medical Services and Public Health	Kerugoya	322,000,000	214,600,600	66.6
2	Capital Grants to Semi-Autonomous Government Agencies	Agriculture, Livestock and Fisheries	All Wards	350,000,000	96,273,188	27.5
3	Grants to Youth Polytechnics	Education	Grants To Youth Polytechnics	47,294,748	17,251,649	36.5

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	Agriculture & Rural Inclusive Growth Project (NARIGP)	Agriculture, Livestock and Fisheries	Other Capital Grants & Transfers	90,356,687	14,431,545	16.0
5	Paving & Marking of Kutus Matatu Parking and Marking in Kabare/ Nyangati Wards (County Funded)	Transport and Infrastructure	County Hqs/Kabare/ Nyangati	11,395,277	10,750,900	94.3

Source: Kirinyaga County Treasury

3.16.8 Budget Performance by Department

Table 3-74 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-74: Kirinyaga County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	224.2	488.3	128.8	120.4	103.9	120.4	80.7	100	46.3	24.7
Cooperative Development Trade and Tourism	52.3	69.9	22.5	8.8	22.5	8.8	99.7	100	43	12.5
County Assembly	569.4	120.9	436.4	-	434.9	-	99.7	-	76.4	-
County Executive	541.2	285.3	300.1	57.6	279.4	57.6	93.1	100	51.6	20.2
Education	173.0	47.3	94.7	17.3	73.5	17.3	77.7	100	42.5	36.5
Environment and Natural Resources	108.5	48.9	71.3	15.9	67.7	15.9	94.9	100	62.4	32.6
Finance and Economic Planning	417.5	30.0	220.9	16	202.8	16	91.8	100	48.6	53.2
Gender and Youth	37.2	29.7	27.5	5.8	24.2	5.8	87.8	100	65	19.7
Medical Services and Public Health	2018.4	404.8	1284.9	231.7	1147.0	231.7	89.3	100	56.8	57.2
Physical Planning and Housing	37.5	71.3	13.3	-	12.0	-	90.3	-	32.1	-
Sports Culture and Social Services	38.7	12.5	24.2	-	24.0	-	98.9	-	61.9	-
Transport and Infrastructure	78.1	226.8	42.3	143.5	36.9	143.5	87.3	100	47.3	63.3
TOTAL	4,295.8	1,835.8	2,667	617	2,428.8	617	91.1	100	56.5	33.6

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Medical Services and Public Health recorded the highest absorption rate of development budget at 57.2 per cent while the Department of Physical Planning and Housing, Sports, Culture and Social Services and the County Assembly did not report expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 76.4 per cent while the Department of Physical Planning and Housing had the lowest at 32.1 per cent.

3.16.9 Budget Execution by Programmes and Sub-Programmes

Table 3-75 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-75 : Kirinyaga County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Legislation and Oversight	Legislation and Oversight	690,254,050	434,943,432	255,310,618	63.0
Sub Total		690,254,050	434,943,432	255,310,618	63.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Office of the Governor and Deputy Governor	070601 County Executive Services	307,762,053	186,310,984	121,451,069	60.5
County Executive Administration	County Executive Services	285,308,732	34,486,772	250,821,960	12.1
Management of County Affairs	070801 Coordination of County Functions	187,608,830	86,750,854	100,857,976	46.2
County Executive Committee Affairs	070901 Organization of County Business	5,600,000	3,929,855	1,670,145	70.2
County Public Service Board	071001 Human Resource Management	17,311,040	10,689,871	6,621,169	61.8
Administrative Support Services	020202 Administrative Support Services	10,280,000	4,890,132	5,389,868	47.6
	070411 Audit Committee	2,600,000	2,344,172	255,828	90.2
	070412 County Enforcement Activities	3,950,000	2,462,310	1,487,690	62.3
	070413 ICT Infrastructure Development Management	4,184,000	3,685,979	498,022	88.1
	070414 ICT Systems Development Management	1,940,000	1,475,808	464,192	76.1
Sub Total		826,544,655	337,026,737	489,517,918	40.8
Public Finance Management	070401 Finance Services	368,851,532	170,074,111	198,777,421	46.1
	070402 Revenue Services	46,390,000	28,889,477	17,500,523	62.3
	070404 Procurement and Supply Services	8,126,500	6,753,121	1,373,379	83.1
	070405 Internal Audit Services	2,363,200	1,774,840	588,360	75.1
	070408 Budget Formulation, Coordination and Management	8,060,000	4,444,480	3,615,520	55.1
	070409 Accounting Services	6,255,000	3,886,487	2,368,513	62.1
County Planning and Economic Policy Management	070501 Economic Planning Services	7,428,000	2,920,790	4,507,210	39.3
Sub Total		447,474,232.00	218,743,306.11	228,730,925.89	48.9
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,423,221,282	1,378,633,600	1,044,587,682	56.9
Sub Total		2,423,221,282	1,378,633,600	1,044,587,682	56.9
Basic Education	050101 General Administration	164,174,229	70,394,682	93,779,547	42.9
	050102 Free Pre- Primary Education	7,980,000	2,716,450	5,263,550	34.0
State Education Function Support	050203 Tertiary Education	47,294,748	17,251,649	30,043,099	36.5
Technical and Vocational Training	050301 Village Polytechnique	815,000	400,260	414,740	49.1
Sub Total		220,263,977	90,763,041	129,500,936	41.2
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	55,000	250,000	18.0
	010105 Livestock Production Management	2,780,000	1,023,330	1,756,670	36.8
	010106 Livestock Disease Management & Control	1,300,000	412,070	887,930	31.7
Crop Development and Management	010202 Agricultural Extension Services	2,000,000	1,488,976	511,024	74.4
	010203 Agribusiness and Market Development	335,000	218,294	116,706	65.2
	010206 Land and Crop Development	1,331,000	1,123,181	207,820	84.4
	010207 Food Security Initiatives	400,000	399,720	280	99.9
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	-
Fisheries Development	010402 Aquaculture Development	200,000	200,000	-	100.0
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	5,910,000	4,254,535	1,655,465	72.0
	010601 General Administration and Planning	697,920,024	215,132,783	482,787,241	30.8
Sub Total		712,481,024	224,307,889	488,173,136	31.5
Culture	091201 Gender Administration Services	32,671,210	21,646,727	11,024,483	66.3
	091301 Gender and Social Development	32,484,000	7,321,002	25,162,998	22.5
Youth	090901 Youth Development and Empowerment Services	1,700,000	1,036,410	663,590	61.0
Sub Total		66,855,210	30,004,139	36,851,071	44.9
Sports	090801 Development of Sports and Sports Facilities	12,500,000	-	12,500,000	-
	091401 Management & Development of Sports and Sports Facilities	16,288,000	10,350,000	5,938,000	63.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Social Services	090702 Social Services	5,054,000	4,404,966	649,034	87.2
	091601 Control & Campaign Against Drug & Substance Abuse	3,084,000	3,084,000	-	100.0
	091701 Preservation & Promotion of Heritage and Culture	334,000	334,000	-	100.0
Children Services	091101 Child Community Support Services	5,797,000	5,797,000	-	100.0
Sub Total		43,057,000	23,969,966	19,087,034	55.7
Trade Development and Investment	030401 General Administration and Planning	37,063,666	18,855,471	18,208,195	50.9
	030103 Capacity Building for Traders and SME's	357,000	54,600	302,400	15.3
	030104 promotion, Development & Growth of Trade	37,670,653	5,424,411	32,246,243	14.4
	030105 Fair Trade Practices and Consumer Protection	350,000	186,500	163,500	53.3
Tourism Development and Marketing	030302 Tourism promotion and Marketing	2,257,000	140,199	2,116,801	6.2
	030304 International Tourism Promotion and Marketing	410,000	184,800	225,200	45.1
	030305 Promotion of Industrial Development	1,905,000	548,100	1,356,900	28.8
	030306 Provision of Industrial Training	1,230,000	80,399	1,149,602	6.5
Cooperative Development and Marketing	030101 General Administration & Planning	34,096,438	4,816,820	29,279,618	14.1
	030405 Cooperative Advisory and Extension Services	3,960,000	333,299	3,626,701	8.4
	030406 Cooperative Education and Training	2,450,000	340,399	2,109,601	13.9
	030407 Cooperative Governance and Accountability	283,300	155,800	127,500	55.0
Cooperative Audit Services	030603 Inspections and Investigations for Co-operatives	174,200	108,999.9	65,200	62.6
Sub Total		122,207,257	31,229,796	90,977,461	25.6
Water Supply Services	090101 Water and Irrigation	48,934,000	24,624,382	24,309,618	50.3
Energy Programme	090301 Energy Services	580,000	250,800	329,200	43.2
NEMA	090502 Environment Management and Protection	50,341,600	31,234,588	19,107,012	62.0
Water	090701 General Administration & Planning	65,715,308	27,543,585	38,171,723	41.9
Sub Total		165,570,908	83,653,355	81,917,553	50.5
Land and Physical Planning	010601 General Administration and Planning	35,638,028	10,938,326	24,699,702	30.7
	010604 County Spatial Planning	655,000	353,370	301,630	53.9
	010605 Town Zoning and Mapping	71,302,200	-	71,302,200	-
	010607 Survey and Mapping	695,000	434,350	260,650	62.5
Estate Management	011100 Estate Management	500,000	312,480	187,520	62.5
Sub Total		108,790,228	12,038,526	96,751,702	11.1
Transport Management	020301 General Administration and Planning	62,148,285	29,199,815	32,948,470	47.0
Disaster Management	020401 Fire Fighting and Emergency Services	1,658,000	1,306,739	351,261	78.8
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	228,131,775	142,592,438	85,539,337	62.5
Government Building Services	020701 Government Building Services	3,260,000	908,840	2,351,160	27.9
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	6,456,371	3,243,629	66.6
Sub Total		304,898,060	180,464,203	124,433,857	59.2
Grand Total		6,131,617,883	3,045,777,990	3,085,839,893	49.7

Source: Kirinyaga County Treasury

The programmes that performed well based on expenditure absorption were: Child Community Support Services, Control & Campaign against Drug & Substance Abuse, Preservation & Promotion of Heritage and Culture and Aquaculture development at 100 per cent, Food Security Initiatives at 99.9 per cent, Audit Committee at 90.2 per cent.

3.16.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent

Kshs.616.99 million out of annual development budget of Kshs.1.84 billion. The development expenditure represented 33.6 per cent of the annual development.

2. A high wage bill, which accounted for 50.3 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.286.9 million against annual projection of Kshs.480 million. The realised own source revenue represented 59.8 per cent of its annual target.

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

1. *The County should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*

3.17 Kisii County

3.17.1 Overview of the FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.12.77 billion, comprising of Kshs.4.31 billion (33.8 per cent) and Kshs.8.46 billion (66.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.79 billion (61 per cent) as equitable share of revenue raised nationally, Kshs.1.80 billion (14.1 per cent) as total conditional grants, generate Kshs.870 million (6.8 per cent) from own sources of revenue, and had Kshs.2.31 billion (18.1 per cent) as cash balance from FY 2018/19.

3.17.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.98 billion as equitable share of the revenue raised nationally, Kshs.888.67 million as total conditional grants, raised Kshs.286.68 million from own-source revenue, and had a cash balance of Kshs.1.53 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.68 billion as shown in Table 3-76.

Table 3-76: Kisii County, Revenue Performance in the First Nine Months of FY 2019/20

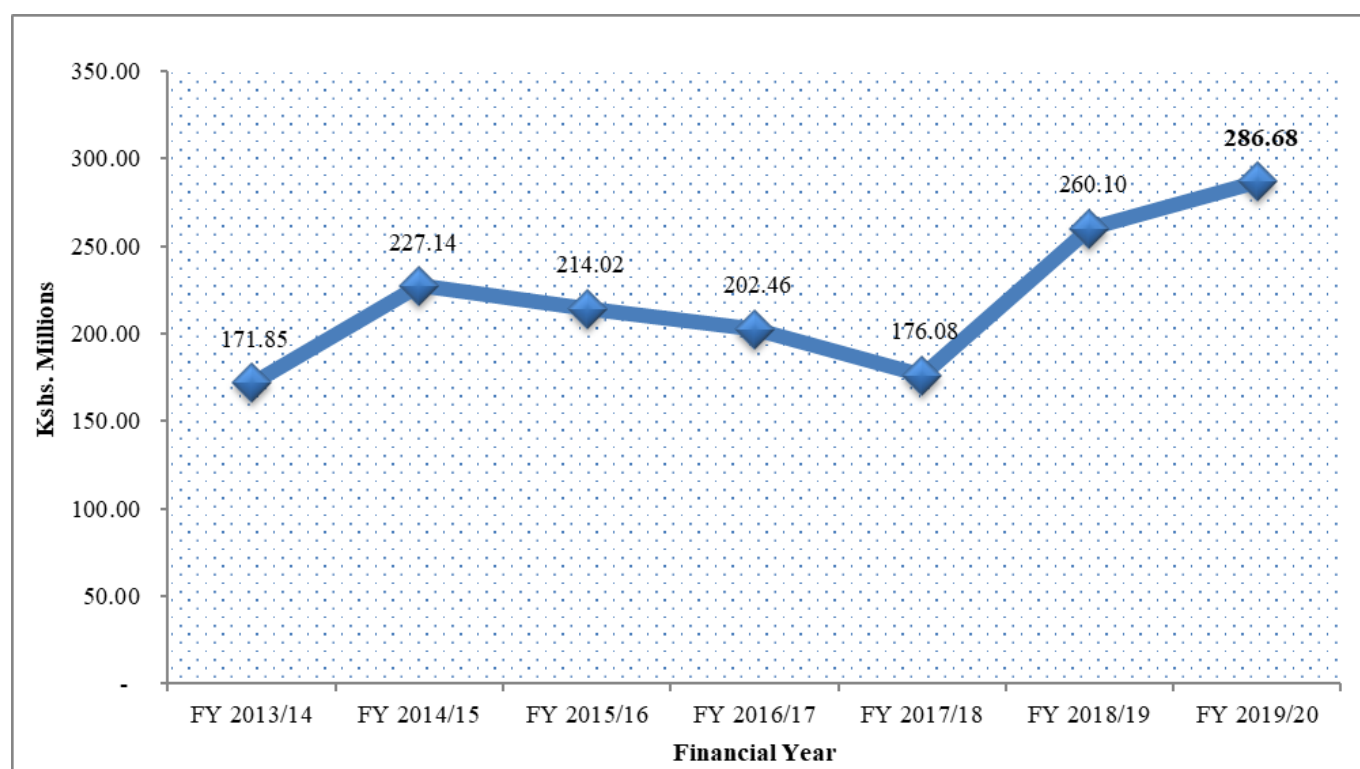
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,785,900,000	7,785,900,000	4,975,190,100	64
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level -5 Hospitals	417,572,254	417,527,254	300,234,450	72
2.	Compensation for User Fee Foregone	26,138,997	26,138,997	-	-
3.	Leasing of medical equipment	131,914,894	131,914,894	-	-
4.	Road maintenance Fuel Levy Fund	221,007,938	221,007,938	110,503,970	50
5.	Rehabilitation of Village Polytechnics	74,553,298	74,553,298	37,276,649	50
	Sub Total	871,187,381	871,142,381	448,015,069	51
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	44,696,901	44,696,901	29,680,963	66
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	154,252,097	44
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	164,053,800	164,053,800	-	-
5.	DANIDA Grant	22,968,750	22,968,750	11,484,375	50
6.	EU Grant (Instruments for Devolution Advice and Support IDEAS)	45,697,438	45,697,438	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	234,727,114	234,727,114	100

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,527,653	18,527,653	10,513,827	57
9	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
10	Aquaculture Business Development Programme (IFAD)	-	12,500,000	-	-
Sub Total		684,744,542	931,971,656	440,658,376	64
D	Other Sources of Revenue				
1.	Own Source Revenue		870,000,000	286,676,440	33
2.	Balance b/f from FY2018/19		2,309,631,924	1,531,924,409	66
Sub Total		-	3,179,631,924	1,818,600,849	57
Grand Total		9,341,831,923	12,768,645,961	7,682,464,394	82.2

Source: Kisii County Treasury

Figure 3-31 Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-31: Kisii County, Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kisii County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.286.68 million as own-source revenue. This amount represented an increase of 10.2 per cent when compared to Kshs.260.10 million realised during the same period in FY 2018/19, and represented 33 per cent of the annual target.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.76 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.38 billion (20.5 per cent) for development programmes and Kshs.5.37 billion (79.5 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

A total of Kshs.6.88 billion was spent on development and recurrent programmes and represented 101.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.59 billion and Kshs.5.29 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 36.8 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 62.5 per cent.

3.17.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.87 billion was spent on compensation to employees, Kshs.1.42 billion on operations and maintenance, and Kshs.1.59 billion on development expenditure.

Table 3-77: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,456,979,569	5,372,177,694	5,289,491,475	76.9	62.5
Compensation to Employees	5,360,525,156	3,878,383,909	3,870,976,647	56.3	72.2
Operations and Maintenance	1,675,885,732	1,505,221,003	1,418,514,828	20.6	84.6
Development Expenditure	4,311,711,392	1,385,410,438	1,586,215,882	23.1	36.8
Total	12,768,690,961	6,757,588,132	6,875,707,357	100	53.8

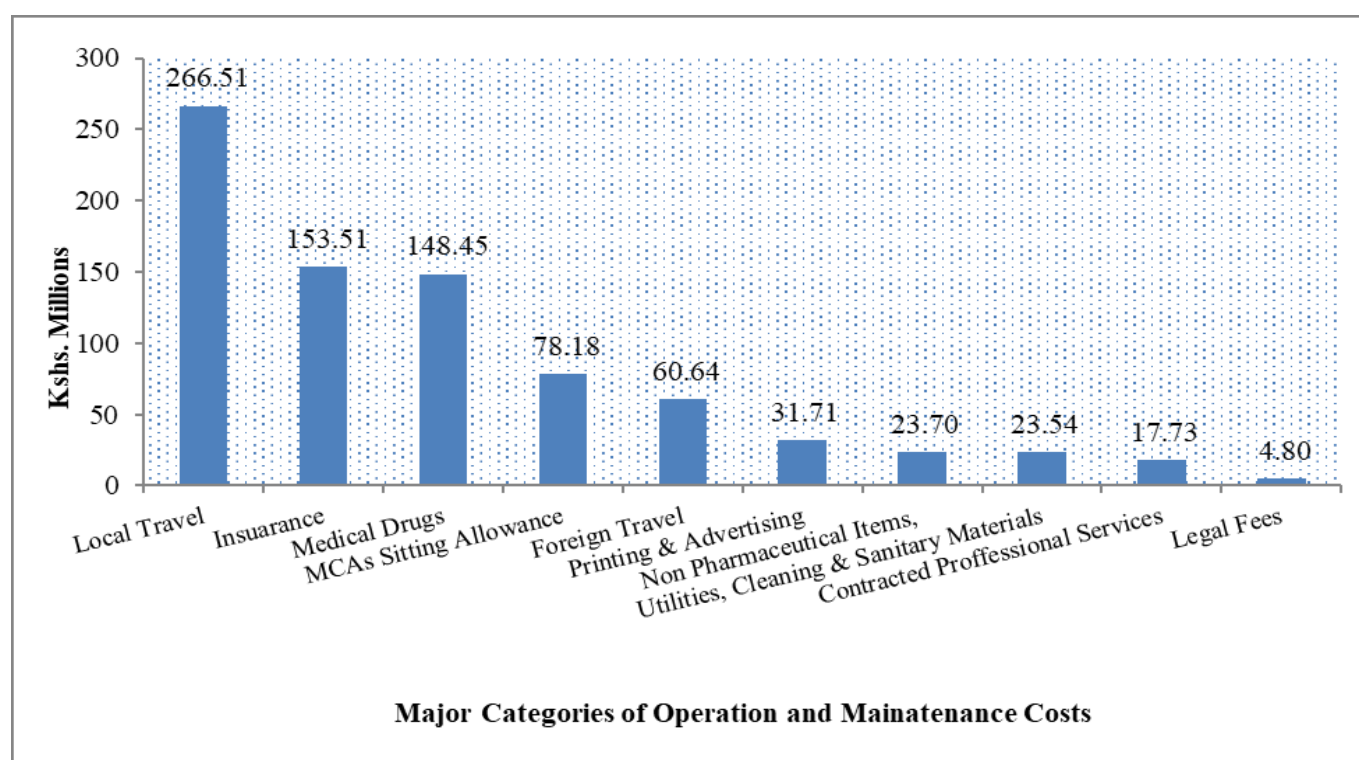
Source: Kisii County Treasury

Expenditure on compensation to employees was 56.3 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 15.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.35 billion.

3.17.6 Analysis of Operations and Maintenance Expenditure

Figure 3-32 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-32: Kisii County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months of FY 2019/20



Source: Kisii County Treasury

The County spent Kshs.78.18 million on committee sitting allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.118.69 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.122,348 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.266.51 million and comprised of Kshs.57.35 million spent by the County Assembly and Kshs.209.16 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.60.64 million and comprised of Kshs.20.42 million by the County Assembly and Kshs.40.21 million spent by the County Executive.

3.17.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.59 billion represented 36.8 per cent of the annual development budget of Kshs.4.31 billion and represented an increase of 57.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.01 billion. Table 3-78 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-78: Kisii County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Mother- Child Hospital (Multi -year Project	Kisii Level 6 Hospital	267,566,626	148,966,701	56
2	Upgrade of Marani Level Hospital	Marani	329,635,783	67,627,811	21
3	Proposed Doctor's KTRH	Kisii Level 6 Hospital	127,117,995	44,757,040	35
4	Supply, Delivery and Installation of 170 Solar Streetlights	All Wards	54,898,600	44,000,000	80
5	Transfer to Mechanical Transport Fund (MTF)	Headquarters	40,541,743	40,541,743	100
6	Supply, Delivery and Installation of Morgue Pathology	Kisii Level 6 Hospital	78,934,080	30,000,000	38
7	Supply of Drilling Rig Unit Complete with its Accessories	Kisii County Head-quarters	23,000,000	23,000,000	100
8	Kisii Main -Stage- Getare Road	Getare	35,673,982	21,022,383	59
9	Consultancy Services For the Preparation of Local Physical Development Plans for Marani, Masimba, Nyamarambe, and Mo-socho Towns.	Marani, Masimba, Nyamarambe, Mo-socho	46,959,700	17,897,750	38
10	Supply, Delivery and Distribution of Semen, Liquid Nitrogen and artificial Insemination Equipment	Kisii County Head-quarters	17,345,000	17,345,000	100

Source: Kisii County Treasury

3.17.8 Budget Performance by Department

Table 3-79 show a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-79: Kisii County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	958.15	200.00	599.43	66.92	593.43	66.92	99.0	100	61.9	33.5
Office of the Governor and Deputy Governor	578.55	15.00	336.25	2,394.92	321.64	2.39	95.7	100	55.6	15.9
Administration, and Stakeholder Development	695.53	47.95	447.80	15.50	445.82	14.66	99.6	94.6	64.1	30.6
Finance and Economic Planning	1350.30	79.95	891.18	12.56	901.04	12.56	101.1	100	66.7	15.7
Agriculture, Livestock, Fisheries and Co-operative Development	409.36	584.29	257.12	276.35	261.29	356.17	101.6	128.9	63.8	61.0
Energy, Environment and Natural Resources	234.22	253.57	97.50	83.65	87.75	83.65	90.0	100	37.5	33.0

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education	614.57	202.93	350.40	51.35	342.02	102.11	97.6	198.8	55.7	50.3
County Health Services	2995.96	1099.25	2,040.08	352.18	2010.78	359.08	98.5	98.3	67.1	32.7
Lands, Physical Planning & Urban Development	103.39	138.86	72.63	96.64	67.55	96.64	93.0	100	65.3	69.6
Roads Development	175.57	1099.31	93.91	312.33	98.03	340.47	104.4	109.0	55.8	31.0
Trade	107.77	123.75	54.50	42.54	52.89	42.54	97.0	100	49.1	34.4
Culture and Social Services	91.65	164.62	46.04	37.94	44.73	35.79	97.2	94.3	48.8	21.7
Kisii Town	141.96	302.25	83.33	22.04	62.51	73.22	75.0	332.2	44.0	24.2
TOTAL	8,456.98	4,311.71	5,372.18	1,385.41	5,289.49	1,586.22	98.5	114.5	62.5	36.8

Source: Kisii County Treasury

Analysis of expenditure by department shows that the Department of Lands, Physical Planning & Urban Development recorded the highest absorption rate of development budget at 69.6 per cent. The Department of County Health Services had the highest percentage of recurrent expenditure on the recurrent budget at 67.1 per cent while the Department of Energy, Environment and Natural resources had the lowest at 37.5 per cent.

3.17.9 Budget Execution by Programmes and Sub-Programmes

Table 3-80 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-80 : Kisii County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)	
County Assembly	Office of the speaker	38,389,787	16,845,218	21,544,569	43.9	
	Representation, legislative and oversight services	546,943,330	383,376,108	163,567,222	70.1	
	County Assembly Service Board	572,867,588	260,127,875	312,739,713	45.4	
	Sub total	1,158,200,705	660,349,201	497,851,504	57.0	
County Executive	Administration, planning and support services	435,192,154	264,755,654	170,436,500	60.8	
	office of the county secretary	39,520,000	20,793,885	18,726,115	52.6	
	legal services	25,700,000	13,206,147	12,493,853	51.4	
	communication services	44,144,924	6,222,124	37,922,800	14.1	
	special programmes	8,350,000	2,930,370	5,419,630	35.1	
	public private partnership	2,500,000	1,231,000	1,269,000	49.2	
	Advisory services	4,350,000		4,350,000	0.0	
	County public service Board	33,792,000	13,762,996	20,029,004	40.7	
	Sub total	593,549,078	322,902,176	270,646,902	54.4	
Administration, cooperate services and Stakeholder management	Administration, planning and support services	601,610,804	415,798,340	185,812,464	69.1	
	devolved units services	65,745,650	18,386,074	47,359,576	28.0	
	Human Resource development	10,060,000	4,498,611	5,561,389	44.7	
	Enforcement services	13,300,000		13,300,000	0.0	
	Stakeholder management	23,808,809	4,377,877	19,430,932	18.4	
	Public participation and civic Education	13,820,000	10,577,043	3,242,957	76.5	
	Disaster management	15,130,000	4,988,735	10,141,265	33.0	
	Sub total	743,475,263	458,626,680	284,848,583	61.7	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance & Economic planning	Administration, coordination and support services	1,056,699,209	773,319,590	283,379,590	73.0
	Public financial management services	128,727,850	51,509,127	77,218,723	40.0
	County planning services	244,819,575	88,775,755	156,043,820	36.0
	Sub total	1,430,246,634	913,604,472	516,642,162	64.0
Agriculture, Livestock, Veterinary & Fisheries	Administrative and support services	545,994,178	357,484,885	188,509,293	65.5
	crop development and value addition	138,733,337	51,750,770	86,982,567	37.3
	Livestock development	23,250,000	15,595,808	7,654,192	67.1
	Veterinary services	222,500,000	168,893,245	53,606,755	75.9
	Co-operative development and management	2,250,000	1,125,000	1,125,000	50.0
	Fisheries development	48,000,000	19,203,740	28,796,260	40.0
	Kisii agricultural training centre	12,927,550	3,407,540	9,520,010	26.4
	Sub total	993,655,065	617,460,988	376,194,077	62.1
Energy, Environment And Natural Resources	Administration and planning services	136,621,579	74,680,317	61,941,262	54.7
	Water and sanitation services	320,619,861	85,438,621	235,181,240	26.6
	Environment management	22,000,000	7,439,546	14,560,454	33.8
	Energy services	8,550,000	3,839,500	4,710,500	44.9
	Sub total	487,791,440	171,397,984	316,393,456	35.1
Education, Youth Affairs & Social Development	General administration and planning services	614,572,043	342,018,068	272,553,975	55.7
	Early childhood development education	42,966,201	11,902,631	31,063,570	27.7
	Vocational training	159,958,902	90,205,171	69,753,731	56.4
	Sub total	817,497,146	444,125,870	373,371,276	54.3
County Health Services	Medical services	4,080,255,441	2,364,312,879	1,715,942,562	57.9
	Public health	14,950,000	5,551,978	9,398,022	37.1
	Sub total	4,095,205,441	2,369,864,857	1,725,340,584	57.9
Lands, Physical Planning and Urban Development	Administration, planning and support services	76,485,904	50,164,027	26,321,877	65.6
	Land use services	118,500,000	91,879,530	26,620,470	77.5
	Urban development	47,261,501	22,150,673	25,110,828	46.9
	Sub total	242,247,405	164,194,230	78,053,175	67.8
Roads, Public Works, Transport and Housing	General administration and planning services	108,895,000	75,091,969	33,803,031	69.0
	Roads development	1,069,470,039	336,141,173	733,328,866	31.4
	Public works	90,712,706	23,393,642	67,319,064	25.8
	Housing services	5,800,000		5,800,000	0.0
	Sub total	1,274,877,745	434,626,784	840,250,961	34.1
Trade, Tourism, Cooperatives and Enterprise Development	Administration and planning services	204,699,806	83,821,145	120,878,661	40.9
	Tourism development	14,271,000	4,137,402	10,133,598	29.0
	Weights and measures	2,550,000	1,629,400	920,600	63.9
	Liquor licensing	1,950,000	1,380,000	570,000	70.8
	Betting and gaming	8,050,000	4,466,224	3,583,776	55.5
	Sub total	231,520,806	95,434,171	136,086,635	41.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Culture and Social Services	Administration and planning services	59,465,252	32,993,152	26,472,100	55.5
	Sports development	153,303,443	28,572,865	124,730,578	18.6
	Cultural services	40,797,540	18,956,768	21,840,772	46.5
	Social development	2,700,000		2,700,000	0.0
	Sub total	256,266,235	80,522,785	175,743,450	31.4
Kisii town	General administration, planning and support services	141,962,275	62,512,656	79,449,619	44.0
	Infrastructure development	302,245,723	73,223,300	229,022,423	24.2
	Sub total	444,207,998	135,735,956	308,472,042	30.6
GRAND TOTAL		12,768,740,961	6,868,846,154	5,899,894,807	53.8

Source: Kisii County Treasury

The programmes that performed well based on expenditure absorption were: Land use services at 77.5 per cent, Public Participation and Civic Education at 76.5 per cent, Veterinary Services at 75.9 per cent, and Administration, Co-ordination and support Services at 73 per cent of budget allocation.

3.17.10 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 56.3 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
2. Under performance of own revenue at Kshs.286.68 million against annual projection of Kshs.870 million. The realised own source revenue represented 33 per cent of its annual target
3. Failure by County Assembly to adhere to ceilings on recurrent expenditure allocation as contained in CARA, 2019 by allocating Kshs.958.15 million against the legal ceilings of Kshs.919.51 million.

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

1. The County Public Service Board should develop and implement an optimal staffing structure to contain expenditure on personnel costs within 35 per cent of the County's total revenue in line with Regulation 25(I)(b) of the PFM (County Governments) Regulations, 2015.
2. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
3. The County Assembly should adhere to the recurrent expenditure ceilings set in CARA, 2019.

3.18 Kisumu County

3.18.1 Overview of the FY 2019/20 Budget

The County's Approved Supplementary Budget for FY 2019/20 was Kshs.12.06 billion, comprising of Kshs.4.51 billion (37.4 per cent) and Kshs.7.54 billion (62.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.84 billion (56.7 per cent) as equitable share of revenue raised nationally, Kshs.1.80 billion (14.9 per cent) as total conditional grants, generate Kshs.1.44 billion (12 per cent) from own sources of revenue, and had Kshs.1.52 billion (12.6 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.457.63 million (3.8 per cent) as "other revenues" not contained in the CARA 2019.

3.18.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.75 billion as equitable share of the revenue raised nationally, Kshs.575.23 million as total conditional grants, raised Kshs.671.66 million from own-source revenue, and had a cash balance of Kshs.1.52 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.52 billion as shown in Table 3-81.

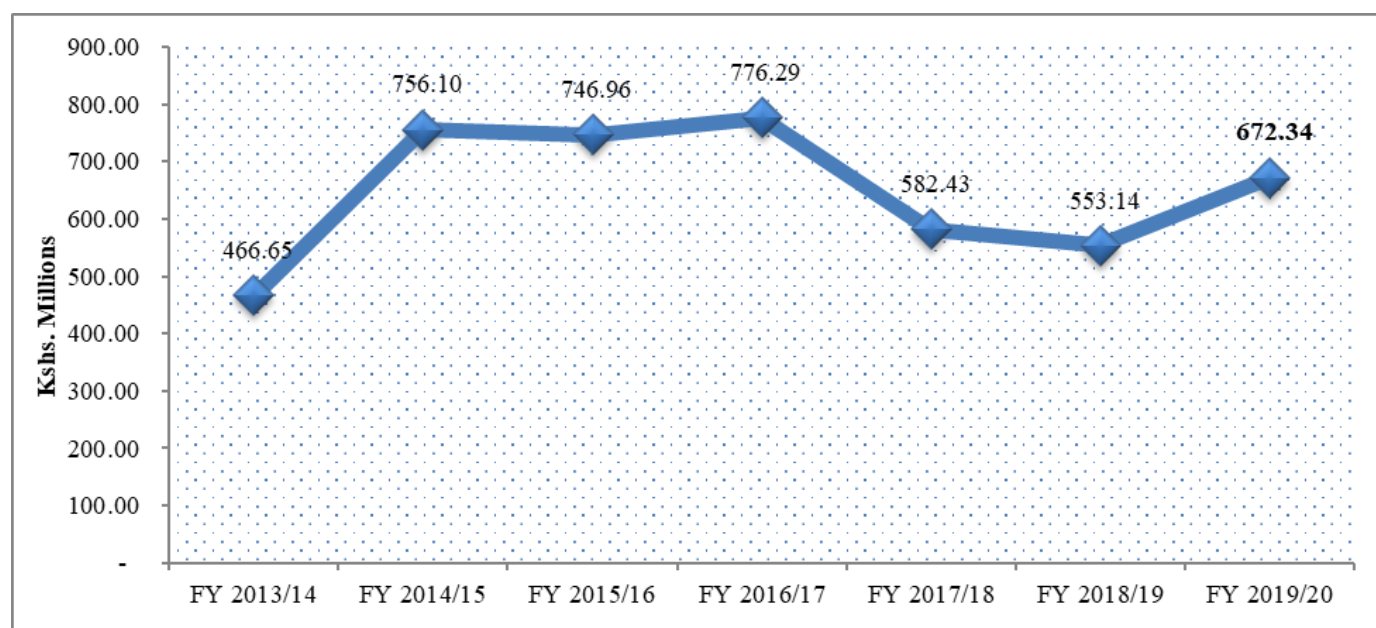
Table 3-81: Kisumu County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,836,400,000	6,836,400,000	3,753,183,600	54.9
B.	Conditional Grants from the National Government				
1	Level – 5 Hospital	369,017,341	369,017,341	265,323,469	71.9
2	Road Maintenance Fuel Levy Fund	194,055,750	194,055,750	97,027,875	50
3	Rehabilitation of Village Polytechnics	41,673,298	41,673,298	20,836,649	50
4	Compensation for User Fee Foregone	21,299,489	21,299,489	-	-
Sub Total		626,045,878	626,045,878	383,187,993	61.2
C	Loans and Grants from Development Partners				
1	IDA (WB) - (KUSP) –Urban Development Grant (UDG)	773,573,300	773,573,300	-	-
2	IDA (WB) Credit-Kenya Climate Smart Agriculture Project	118,482,110	118,482,110	45,394,174	38.3
3	EU Grant – Instruments for Devolution Advice & Support [IDEAS]	90,000,000	90,000,000	-	-
4	EU Grant – Water Tower Protection [WaTer]	80,000,000	80,000,000	-	-
5	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	35,082,339	100.2
6	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
7	DANIDA Grant	20,625,000	20,625,000	10,312,500	50
8	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,029,227	17,029,227	9,764,613	57.3
9	IDA (WB) (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		1,173,509,637	1,173,509,637	100,553,626	8.6
D	Other Sources of Revenue				
1	Own Source Revenue	-	1,438,478,604	672,344,142	46.7
2	Balance b/f from FY 2018/19	-	1,524,076,529	1,524,076,529	100
3	Other Revenues	-	457,627,720	91,525,545	20
Sub Total		-	3,420,182,853	2,287,257,968	66.9
Grand Total		8,635,955,515	12,056,138,368	6,524,871,435	54.1

Source: Kisumu County Treasury

Figure 3-33 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-33: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kisumu County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.672.34 million as own-source revenue. This amount represented an increase of 21.4 per cent when compared to Kshs.553.14 million realised during the same period in FY 2018/19, and represented 46.7 per cent of the annual target.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.85 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.297.66 million (6.2 per cent) for development programmes and Kshs.4.55 billion (93.8 per cent) for recurrent programmes.

3.18.4 Overall Expenditure Review

A total of Kshs.6.38 billion was spent on development and recurrent programmes and represented 131.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.24 billion and Kshs.5.14 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 27.4 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 68.2 per cent.

3.18.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.78 billion was spent on compensation to employees, Kshs.1.37 million on operations and maintenance, and Kshs.1.24 million on development expenditure.

Table 3-82: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,541,366,032	4, 551, 809, 641	5, 141, 809, 758	80.6	68.2
Compensation to Employees	4,496,484,103	3, 431, 291, 625	3, 775, 968, 213	59.2	84.0
Operations and Maintenance	3,044,881,929	1, 120, 518, 016	1, 365, 841, 545	21.4	44.9
Total Development Expenditure	4,514,772, 336	297, 656, 693	1, 237, 988, 323	19.4	27.4
Development Expenditure	4,514,772,335	297, 656, 693	1, 237, 988, 323	19.4	27.4
Total	12,056,138,368	4, 849, 466, 334	6, 379, 798, 081	100	52.9

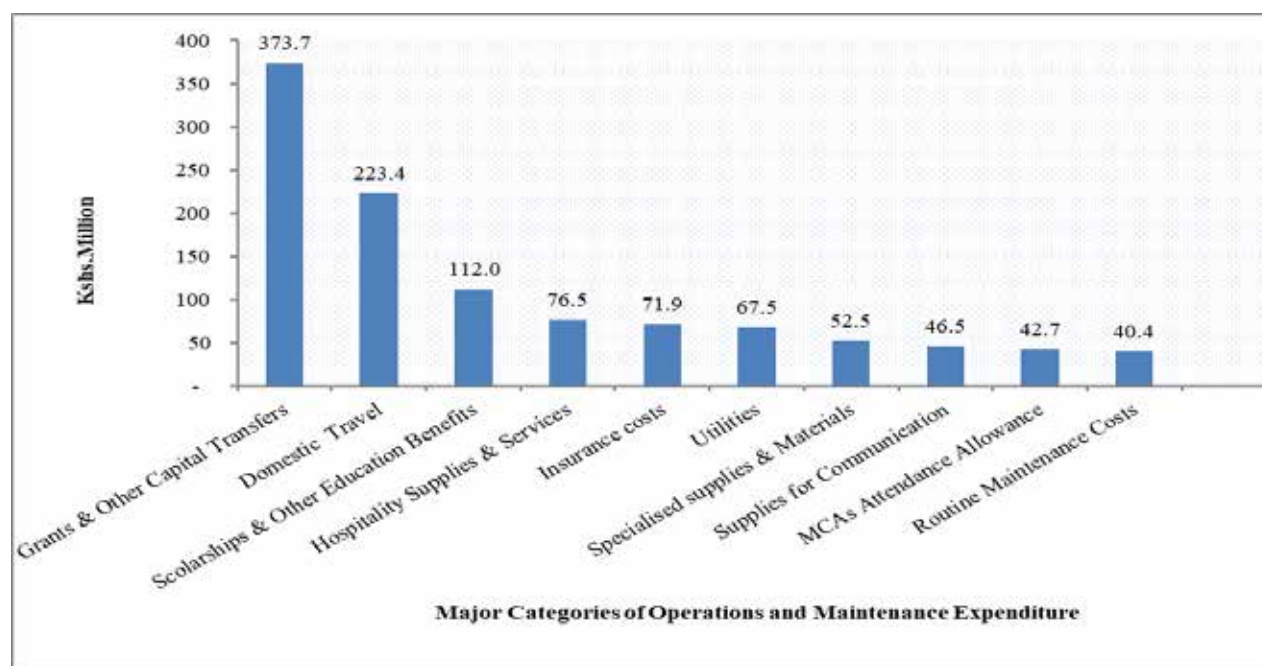
Source: Kisumu County Treasury

Expenditure on compensation to employees was 59.2 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 16.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.25 billion.

3.18.6 Analysis of Operations and Maintenance Expenditure

Figure 3-34 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-34: Kisumu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kisumu County Treasury

The County spent Kshs.42.68 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.73.95 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.96,788 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.223.40 million and comprised of Kshs.109.92 million spent by the County Assembly and Kshs.113.48 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.28.08 million and comprised of Kshs.13.51 million spent by the County Assembly and Kshs.14.57 million spent by the County Executive.

3.18.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.24 billion represented 27.4 per cent of the annual development budget of Kshs.4.51 billion and represented an increase of 11.7 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.11 billion. The payments relates mainly to pending bills as reported in the Special Report by the Office of the Auditor General.

3.18.8 Budget Performance by Department

Table 3-83 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-83: Kisumu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor and County Administration	531.36	65.00	388.15	-	354.85	-	91.40	-	66.8	-
Finance and Economic Planning	1,265.89	1,753.35	638.45	221.00	585.31	963.81	91.70	436.10	46.2	55.0
Agriculture, Livestock and Fisheries	239.50	197.07	160.14	60.16	132.65	66.73	82.80	110.90	55.4	33.9
Education, Human Resource Development & ICT	402.18	225.64	119.01	1.94	189.59	43.68	159.30	2,251.50	47.1	19.4
Tourism, Culture, Arts and Sports	106.45	42.04	69.18	-	37.43	2.61	54.10	-	35.2	6.2
Physical Planning, Lands, Housing & Urban Devel.	27.58	104.23	15.20	-	5.01	32.00	33.00	-	18.2	30.7
Public Works, Roads and Transport	177.66	451.91	123.61	-	74.66	-	60.40	-	42.0	-
Health Services	3,255.52	238.55	2,032.78	-	2,691.45	101.85	132.40	-	82.7	42.7
Water, Environment and Natural Resources	79.41	243.44	45.18	-	36.31	-	80.40	-	45.7	-
Business, Co-Operatives and Markets	32.42	176.74	22.10	-	15.43	-	69.80	-	47.6	-
Energy and Industry	51.41	71.80	36.50	-	18.55	-	50.80	-	36.1	-
County Assembly	701.92	90.00	476.58	-	493.52	-	103.60	-	70.3	-
City of Kisumu	621.33	855.01	390.66	14.55	487.58	27.31	124.80	187.70	78.5	3.2
County Public Service Board	48.75	-	34.26	-	19.45	-	56.80	-	39.9	-
Total	7,541.37	4,514.77	4,551.81	297.66	5,141.81	1,237.99	113.00	415.90	68.2	27.4

Source: Kisumu 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 55.0 per cent, followed by the Department of Health Services at 42.7 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to its recurrent budget at 82.7 per cent while the Department of Physical Planning, Lands, Housing and Urban Development had the lowest at 18.2 per cent.

3.18.9 Budget Execution by Programmes and Sub-Programmes

Table 3-84 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-84: Kisumu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

	Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Department of Office of The Governor and County Administration					
051500	Pre-primary policy and legislation	30,885,316	14,728,960	16,156,356	47.7
071100	County planning & development coordination services	8,050,630	3,360,970	4,689,660	41.7
070400	County public service board	346,184,939	262,489,414	83,695,525	75.8

	Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
010100	General administration & planning services	2, 287, 500	0	2, 287, 500	0
020300	Administration planning and support services	54, 359, 519	14, 923, 966	39, 435, 553	27.5
020600	Mining efficiency	68, 733, 213	15, 448, 134	53, 285, 079	22.5
070300	Inter-governmental relations, communication & protocol	11, 765, 695	2, 809, 438	8, 956, 257	23.9
070200	Management of county affairs & special programmes	11, 852, 198	7, 746, 291	4, 105, 907	65.4
070100	General administration and planning services	62, 243, 185	33, 436, 504	28, 806, 681	53.7
	Sub total	596, 362, 195	354, 943, 676	241, 418, 518	59.5
Department of Health Services					
040500	Health Sector Support Program [DANIDA]	500, 000	232, 940	267, 060	46.6
040800	Kisumu County Referral hospital	26, 574, 850	26, 574, 850	0	100
040600	Health curative services	44, 303, 000	5, 446, 547	38, 856, 452	12.3
040100	Preventive & promotive health services	43, 940, 000	13, 430, 047	30, 509, 953	30.6
040700	Jaramogi Oginga Odinga Teaching & Referral Hospital	100, 000, 000	100, 000, 000	0	100
040300	General administration, operational research and planning	2, 829, 350, 089	2, 426, 249, 885	403, 100, 204	85.6
040900	Medical and Bio – Medical services	183, 302, 887	27, 690, 615	155, 612, 272	15.1
040700	Jaramogi Oginga Odinga Teaching and Referral Hospital	266, 102, 176	196, 524, 398	69, 577, 778	73.9
	Sub total	3, 494, 073, 002	2, 796, 149, 283	697, 923, 719	80.0
Department of Tourism, Trade and Heritage					
070700	County communication & ICT Services	4, 884, 819	2, 864, 344	2, 020, 475	58.6
030300	Tourism development and management	17, 742, 028	7, 344, 090	10, 397, 938	41.4
010100	General administration and planning services	6, 865, 060	5, 395, 029	1, 470, 031	78.6
050600	Sports management and development	6, 494, 192	2, 601, 272	3, 892, 920	40.1
020900	Communication services	2, 190, 943	1, 252, 270	938, 673	57.2
070100	General administration and planning services	105, 580, 824	18, 228, 716	87, 352, 108	17.3
090700		4, 731, 481	2, 352, 584	2, 378, 89	49.7
	Sub total	148, 489, 347	40, 038, 305	108, 451, 042	27.0
Department of Transport and Infrastructure					
030400	Administration and planning support	116, 451, 014	68, 729, 494	47, 721, 520	59.0
020100	County roads and public works management	283, 374, 890	4, 022, 250	279, 352, 640	1.4
020700	Roads general administration and planning	202, 555, 750	0	202, 555, 750	0
020700	Roads general administration and planning services	27, 180, 113	1, 903, 290	25, 276, 823	7.0
	Sub total	629, 561, 767	74, 655, 034	554, 906, 733	11.9
Department of Lands, Housing and Physical Planning					
010300	Physical planning and housing	55, 000, 000	13, 566, 546	41, 433, 454	24.7
020100	County roads and public works management	76, 808, 885	23, 439, 149	53, 369, 736	30.5
	Sub total	131, 808, 885	37, 005, 695	94, 803, 190	28.1
Department of Agriculture, Livestock and Fisheries					
090400	Environment planning and management	9, 252, 000	(1, 110, 000)	10, 362, 000	(12.0)
010700	Promotion of market access and product development	9, 070, 450	255, 600	8, 814, 850	2.8
090100	General administration and planning services	5, 056, 740	(21, 634, 110)	26, 690, 850	(427.8)
010100	General and planning services	345, 102, 835	216, 262, 013	128, 840, 822	62.7
010500	Agriculture productivity improvement	28, 635, 098	4, 307, 611	24, 327, 487	15.0
010400	Promotion of sustainable land use	27, 480, 582	995, 400	26, 485, 182	3.5
010600	Agriculture productivity improvement	11, 967, 008	303, 600	11, 663, 408	2.5
	Sub total	436, 564, 713	199, 380, 114	237, 184, 599	45.7
Department of Education, Gender, Culture and Sports					
070400	County public serve board	141, 964, 000	3, 833, 386	138, 130, 614	2.7
051700	Youth training and legislation	13, 529, 202	815, 962	12, 713, 240	6.0
050500	Early childhood education management	2, 707, 200	692, 677	2, 014, 523	25.6
010100	General administration and planning services	138, 093, 513	60, 243, 332	77, 850, 181	43.6
070100	General administration and planning services	233, 407, 208	124, 250, 262	109, 156, 946	53.2
050200	Youth training and development	7, 000, 000	0	7, 000, 000	0
020800	ICT services	2, 434, 600	1, 771, 725	662, 875	72.8
050200	Youth training and development	3, 710, 000	1, 758, 429	1, 951, 571	47.4
010100	General administration and planning services	58, 676, 600	16, 977, 932	41, 698, 668	28.9
050400	Gender and social development	1, 298, 000	58, 000	1, 240, 000	4.5

	Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
090500	Sports and cultural services	25,000,000	22,869,208	2,130,792	91.5
	Sub total	627,820,323	233,270,913	394,549,410	37.2
Department of Water, Environment and Natural Resources					
020600	Mining efficiency	600,000	30,000	570,000	5.0
090200	Conservation and management of natural ecosystem	220,452,329	19,886,391	200,565,938	9.0
070400	County public service board	570,000	30,000	540,000	5.3
070400	County public service board	551,280	299,420	251,860	54.3
070100	General administration and planning services	360,000	150,437	20,563	41.8
030300	Tourism development and management	473,600	63,697	409,903	13.4
090300	General administration and planning services	31,843,002	13,697,799	18,145,203	43.0
010100	General administration and planning services	2,031,761	1,368,415	663,346	67.4
010500	Agriculture productivity improvement	604,000	0	604,000	0
090400	Environment planning and management	65,357,413	782,150	64,575,263	1.2
	Sub total	323,843,385	36,308,309	287,535,076	11.2
Department of City of Kisumu					
040100	Preventive and Promotive health services	203,279,322	155,596,500	47,682,822	76.5
010800	Revenue generation and management	1,022,451,093	145,559,050	876,892,043	14.2
070400	County public service board	55,232,514	48,933,661	6,298,853	88.6
010900	Urban planning and development control	81,415,724	67,465,274	13,950,450	82.9
050100	Early childhood development	113,956,687	95,968,412	17,988,275	84.2
	Sub total	1,476,335,340	513,522,897	962,812,443	34.8
Department of County Assembly					
070500	Public finance management	16,002,920	7,925,648	8,077,272	49.5
070800	Legislation and oversight services	139,907,449	107,570,914	32,336,535	76.9
071000	County assembly service board	405,129,055	224,090,885	181,038,170	55.3
070100	General administration and planning services	126,160,776	67,493,406	58,667,370	53.5
090500	Sports and cultural services	66,552,982	55,322,822	11,230,160	83.1
020300	Administration, planning and support services	38,168,312	31,120,583	7,047,729	81.5
	Sub total	791,921,494	493,524,257	298,397,237	62.3
Department of County Public Service Board					
070400	County public service board	48,745,505	21,889,017	26,856,487	44.9
	Sub total	48,745,505	21,889,017	26,856,487	44.9
Department of Finance and Economic Planning					
020300	Administration, planning and support services	1,027,751,059	807,082,627	220,668,432	78.5
070100	General administration and planning services	1,714,662,502	659,055,039	1,055,607,463	38.4
010100	General administration and planning services	20,000,000	0	20,000,000	0
070300	Intergovernmental relations, communication and protocol	10,076,719	7,534,014	2,542,705	74.8
070500	Public financial management	203,554,379	64,630,943	138,923,436	31.8
070600	County planning & development coordination services	43,192,078	10,814,961	32,377,117	25.0
	Sub total	3,019,236,737	1,549,117,585	1,470,118,152	51.3
Department of Business, Co – operatives and Marketing					
030500	Co-operative development and management	47,566,360	292,900	47,273,460	0.6
070400	County public service board	24,077,917	11,078,653	12,999,264	46.0
030100	General administration and policy making services	66,630,944	1,131,050	65,499,894	1.7
030200	Regulation and verification of weights	9,697,875	897,375	8,800,500	9.3
050400	Gender and social development	4,104,200	727,760	3,376,440	17.7
030700	Industrial development	49,792,200	668,640	49,123,560	1.3
050800	Alcoholic drinks	7,300,000	635,600	6,664,400	8.7
	Sub total	209,169,496	15,431,978	193,737,518	7.4
Department Energy and Industry					
020300	Administration, planning and support services	15,730,913	1,579,081	14,151,832	10.0
020500	Energy production	40,650,000	479,976	40,170,024	1.2
070400	County public service board	43,186,266	16,185,603	27,000,663	37.5
030700	Industrial development	22,469,000	96,970	22,372,030	0.4

	Programmes	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
020600	Mining efficiency	1, 170, 000	206, 160	963, 840	17.6
	Sub total				
Grand Total		12, 056, 138, 368	6, 383, 784, 853	5, 672, 353, 515	53.0

Source: Kisumu County Treasury

The best performing programmes were: Kisumu County Referral Hospital at 100.0 per cent, Jaramogi Oginga Odinga Teaching and Referral Hospital at 100.0 per cent, Sports and Cultural Services at 91.5 per cent, and County Public Service Board at 88.6 per cent of budget allocation.

3.18.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.1.24 billion out of annual development budget of Kshs.4.51 billion. The development expenditure represented 27.5 per cent of the annual development.
3. A high wage bill, which accounted for 59.2 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.671.66 million against annual projection of Kshs.600 million which represented 28.7 per cent of its annual target.
5. Direct spending of revenue before banking as demonstrated by incurring expenditure in excess of exchequer releases

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
5. *The County should bank all revenues before spending in line with Section 109 (2) of the PFM Act, 2012.*

3.19 Kitui County

3.19.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.11.38 billion, comprising of Kshs.4.17 billion (36.6 per cent) and Kshs.7.21 billion (63.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.83 billion (77.6 per cent) as equitable share of revenue raised nationally, Kshs.1.42 billion (12.4 per cent) as total conditional grants, generate Kshs.600 million (5.3 per cent) from own sources of revenue, and Kshs.526.21 million (4.6 per cent) as cash balance from FY 2018/19. The County also expects to receive other revenue amounting to Kshs.9.18 million (0.1 per cent) not contained in CARA 2019.

3.19.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.6.35 billion as equitable share of the revenue raised nationally, Kshs.461.01 million as total conditional grants, raised Kshs.316.38 million from own-source revenue, and had a cash balance of Kshs.526.21 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.65 billion as shown in Table 3-85.

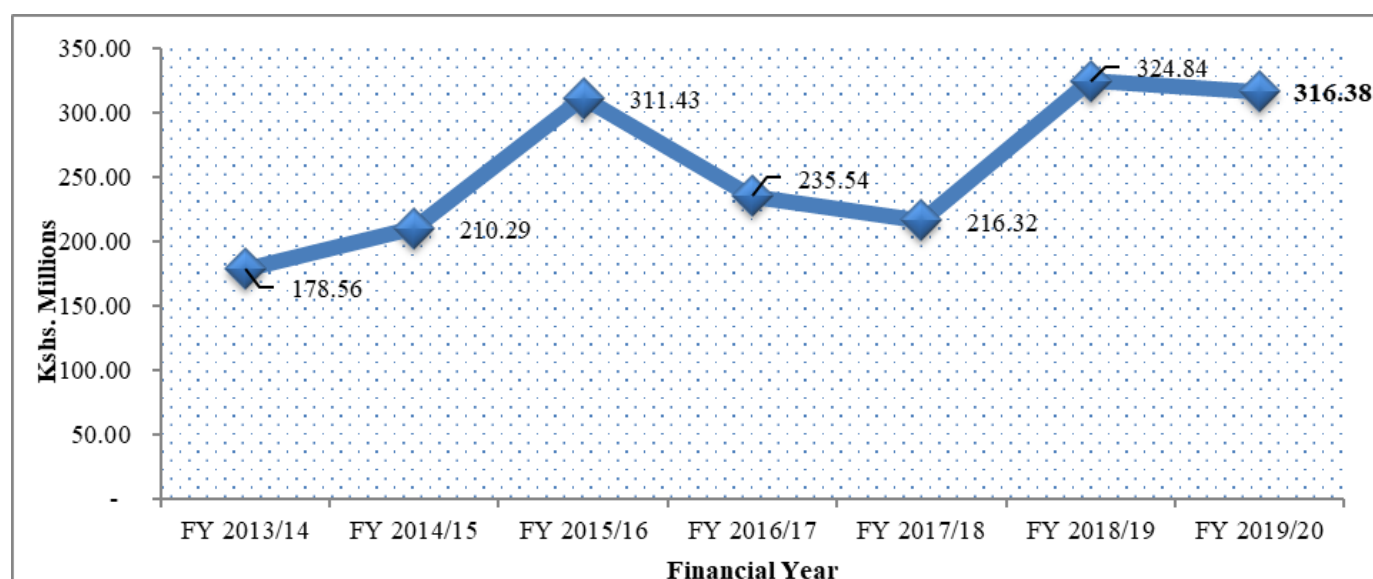
Table 3-85: Kitui County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,830,350,000	8,830,350,000	6,349,021,650	71.9
B.	Conditional Grants from the National Government				
1	Compensation for User Fee Foregone	22,499,906	22,499,906	-	-
2	Leasing of Medical Equipment	131,914,894	-	-	-
3	Road Maintenance Fuel Levy Fund	250,655,344	280,638,858	125,327,672	45
4	Rehabilitation of Village Polytechnics	72,588,297	72,882,525	36,294,149	50
Sub Total		477,658,441	376,021,289	161,621,821	43
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	129,886,088	146,059,341	103,785,962	71
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	384,709,261	173,611,518	45
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,140,998	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	232,374,200	363,132,592	-	-
5	DANIDA Grant	26,062,500	26,062,500	13,031,250	50
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,392,968	36,633,313	8,964,323	24
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		797,515,756	1,036,738,005	299,393,053	29
D	Other Sources of Revenue				
1	Own Source Revenue	-	600,000,000	316,379,033	52.7
2	Balance b/f from FY 2018/19	-	526,210,232	526,210,232	100
3	Other Revenues	-	9,180,723	-	-
Sub Total		-	1,135,390,955	842,589,265	74
Grand Total		10,105,524,197	11,378,500,249	7,652,625,789	67

Source: Kitui County Treasury

Figure 3-35 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-35: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Kitui County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.316.38 million as own-source revenue. This amount represented a decrease of 2.6 per cent when compared to Kshs.324.84 million realised during the same period in FY 2018/19, and represented 52.7 per cent of the annual target.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.87 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.45 billion (21.2 per cent) for development programmes and Kshs.5.42 billion (78.8 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

A total of Kshs.6.72 billion was spent on development and recurrent programmes and represented 97.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.47 billion and Kshs.5.25 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 35.3 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 72.8 per cent.

3.19.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.61 billion was spent on compensation to employees, Kshs.1.64 billion on operations and maintenance, and Kshs.1.47 billion on development expenditure.

Table 3-86: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,214,835,820	5,416,187,600	5,252,766,178	78.1	72.8
Compensation to Employees	4,662,277,958	3,588,418,247	3,610,849,004	53.7	77.4
Operations and Maintenance	2,552,557,862	1,827,769,353	1,641,917,174	24.4	64.3
Total Development Expenditure	4,163,664,429	1,454,363,182	1,469,236,388	21.9	35.3
Development Expenditure	4,163,664,429	1,454,363,182	1,469,236,388	21.9	35.3
Total	11,378,500,249	6,870,550,782	6,722,002,566	100.0	59.1

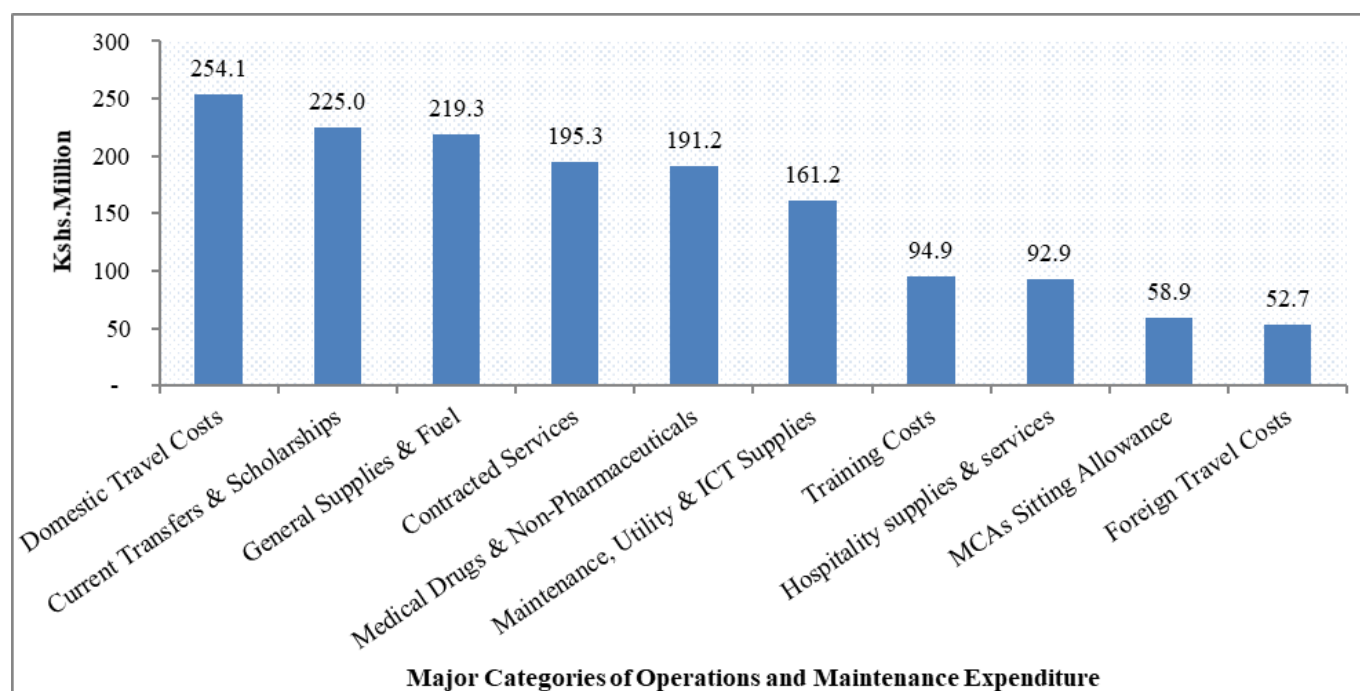
Source: Kitui County Treasury

Expenditure on compensation to employees was 53.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 10.9 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.26 billion.

3.19.6 Analysis of Operations and Maintenance Expenditure

Figure 3-36: shows a summary of operations and maintenance expenditure by major categories.

Figure 3-36: Kitui County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kitui County Treasury

The County spent Kshs.58.9 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.74.02 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.119,001 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.254.1 million and comprised of Kshs.93.60 million spent by the County Assembly and Kshs.160.49 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.52.70 million and comprised of Kshs.44.69 million spent by the County Assembly and Kshs.8 million by the County Executive.

3.19.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.47 billion represented 35.3 per cent of the annual development budget of Kshs.4.16 billion and represented a decrease of 30.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.12 billion. Table 3-87 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-87: Kitui County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply of power for Masinga water treatment works	Head-quarters	61,203,706	61,203,716	100
2	Supply of power for Kiambere water treatment works	Head-quarters	40,922,484	40,922,484	100
3	Supply of production materials for Kitui county textile centre	Head-quarters	35,668,960	35,668,960	100
4	Supply of installation and commissioning of stationery stone crusher plant 100-120 tons/hr capacity	Head-quarters	85,305,490	25,591,647	30
5	Supply and Delivery of Horticultural Seeds	Head-quarters	23,543,385	23,543,385	100
6	Supply of fuel for grading of roads using county machinery	Head-quarters	20,499,500	20,499,500	100
7	Rehabilitation of pipeline from Katwala well to Mbitini market	Head-quarters	18,239,036	18,239,036	100
8	Upgrading to bitumen standard at Katulani market road	Head-quarters	48,993,768	16,702,818	34.1
9	Construction of Kitambaasye Earthdam	Headquarters	16,022,254	16,022,254	100
10	Pipeline extension works from Katutu-Kyenge and Kyeni return line	Head-quarters	19,978,359	15,982,687	80

Source: Kitui County Treasury

3.19.8 Budget Performance by Department

Table 3-88 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-88: Kitui County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	629.70	760.53	536.41	92.23	457.58	149.92	85.3	162.5	72.7	19.7
Public Service Management and Administration	402.75	7.38	356.63	5.75	216.77	6.85	60.8	119.1	53.8	92.8
Agriculture, Water & Livestock Development	460.02	1,169.19	431.54	518.70	388.24	511.51	90.0	98.6	84.4	43.7
Basic Education, ICT & Youth Development	466.26	170.64	345.10	48.41	292.39	18.85	84.7	38.9	62.7	11.0
Lands, Infrastructure, Housing & Urban Development	236.55	629.81	203.96	315.52	128.29	244.81	62.9	77.6	54.2	38.9
Health & Sanitation	3,070.85	396.60	2,119.34	253.55	2,530.43	237.56	119.4	93.7	82.4	59.9
Trade, Cooperatives & Investment	300.03	260.82	228.66	75.23	200.62	92.44	87.7	122.9	66.9	35.4
Environment & Natural Resources	97.44	133.85	73.34	29.49	44.55	25.47	60.7	86.4	45.7	19.0
Tourism, Sports & Culture	117.08	101.86	84.08	41.42	47.41	35.91	56.4	86.7	40.5	35.3
County Treasury	364.64	30.14	278.19	-	237.27	4.30	85.3	∞	65.1	14.3
County Public Service Board	40.18	-	31.80	-	12.37	-	38.9	∞	30.8	∞
County Assembly	909.24	40.00	638.20	-	629.05	-	98.6	∞	69.2	0.0
Kitui Municipality	57.70	441.48	45.39	68.57	50.16	138.42	110.5	201.9	86.9	31.4
Mwingi Town Administration	62.40	21.35	43.52	5.49	17.63	3.21	40.5	58.4	28.3	15.0
TOTAL	7,214.84	4,163.66	5,416.19	1,454.36	5,252.77	1,469.24	97.0	101.0	72.8	35.3

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Public Service Management and Administration recorded the highest absorption rate of development budget at 92.8 per cent while the County Assembly did not report expenditure on development activities. The Department of Kitui Municipality had the highest percentage of recurrent expenditure to its recurrent budget at 86.9 per cent while the Department of Mwingi Town Administration had the lowest at 28.3 per cent.

3.19.9 Budget Execution by Programmes and Sub-Programmes

Table 3-89 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-89 : Kitui County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Office of the Governor					
General Administration & Planning	704023710	-	19,063,868	(19,063,868)	∞
General Administration & Planning	702013710	123,581,369	92,630,521	30,950,848	75.0
Procurement	704023710	36,428,979	26,379,263	10,049,716	72.4
General Administration & Planning	705013710	50,899,990	26,556,456	24,343,534	52.2
General Administration & Planning	701013710	1,179,319,481	442,866,505	736,452,976	37.6
	Sub total	1,390,229,819	607,496,613	782,733,206	43.7
Public Service Management and Administration					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Coordination & Programmes Tracking	706013710	1,225,000	1,225,000	-	100.0
Coordination & Administrative Services	705013710	121,560,777	73,183,749	48,377,028	60.2
Coordination & Administrative Services	706013710	147,430,212	79,922,235	67,507,977	54.2
General Administration & Planning	701013710	139,917,282	69,291,822	70,625,460	49.5
	Sub total	410,133,271	223,622,806	186,510,465	54.5
Agriculture, Water & Livestock Development					
Water	111033710	68,773,276	66,149,154	2,624,122	96.2
General Administration And Planning	101013710	282,101,753	258,617,387	23,484,366	91.7
Agriculture	103013710	68,730,467	46,587,462	22,143,005	67.8
Water	111013710	499,274,938	277,810,031	221,464,907	55.6
Water	111023710	151,365,933	78,350,632	73,015,301	51.8
Agriculture	101029999	33,721,569	15,967,191	17,754,378	47.4
Livestock Production	106023710	24,061,894	10,028,067	14,033,827	41.7
Agriculture	102013710	434,138,983	138,096,062	296,042,921	31.8
Livestock Production	106013710	18,435,411	5,631,293	12,804,118	30.5
Agriculture	104013710	7,567,447	2,238,174	5,329,273	29.6
Fisheries	105013710	1,464,888	275,085	1,189,803	18.8
Agriculture	103023710	39,570,555	-	39,570,555	0.0
	Sub total	1,629,207,114	899,750,538	729,456,576	55.2
Basic Education, ICT & Youth Development					
Basic Education	501013710	273,299,411	225,047,647	48,251,764	82.3
	505013710	28,231,500	15,030,614	13,200,886	53.2
Basic Education	502013710	25,726,261	6,273,968	19,452,293	24.4
General Administration And Planning	501013710	93,547,181	22,731,880	70,815,301	24.3
Training And Skills Development	506013710	58,683,923	11,956,859	46,727,064	20.4
Training And Skills Development	503013710	157,405,981	30,201,175	127,204,806	19.2
	Sub total	636,894,257	311,242,143	325,652,114	48.9
Lands, Infrastructure, Housing & Urban Development					
Survey And Mapping	108023710	11,338,040	9,661,225	1,676,815	85.2
Roads, Transport And Mechanical Services	203013710	38,316,659	21,079,310	17,237,349	55.0
Housing	109013710	22,860,135	12,411,120	10,449,015	54.3
General Administration And Planning	101013710	116,725,577	63,076,088	53,649,489	54.0
Land Adjudication And Settlement	108023710	11,650,000	6,052,667	5,597,333	52.0
Physical Planning	108013710	18,984,774	8,219,105	10,765,669	43.3
Housing	107013710	25,646,196	10,742,829	14,903,367	41.9
Roads, Transport And Mechanical Services	110013710	618,345,270	241,851,964	376,493,306	39.1
Public Works	109013710	2,500,000	-	2,500,000	0.0
	Sub total	866,366,651	373,094,308	493,272,343	43.1
Health & Sanitation					
General Administration & Planning	401033710	-	775,413	(775,413)	∞
Public Health	403013710	32,634,788	35,070,974	(2,436,186)	107.5
General Administration & Planning	401013710	425,835,263	397,787,605	28,047,658	93.4
Medical Services	402013710	1,785,773,305	1,602,650,229	183,123,076	89.7
Rural Health Services	402013710	212,494,501	163,030,131	49,464,370	76.7
Public Health	403033710	3,625,129	2,560,026	1,065,103	70.6
Medical Services	403023710	446,896,946	304,067,368	142,829,578	68.0
Rural Health Services	402033710	295,960,939	169,765,274	126,195,665	57.4
Health Promotion & Disease Control	404013710	1,678,948	902,072	776,876	53.7
Public Health	403023710	2,282,640	1,174,033	1,108,607	51.4
Rural Health Services	404023710	146,059,341	74,968,339	71,091,002	51.3
General Administration & Planning	401023710	54,435,207	25,363,703	29,071,504	46.6
Medical Services	402023710	11,204,218	3,092,068	8,112,150	27.6
Rural Health Services	404043710	22,499,906	(4,694,754)	27,194,660	-20.9
Medical Services	404033710	26,062,500	(8,528,100)	34,590,600	-32.7
	Sub total	3,467,443,631	2,767,984,381	699,459,250	79.8
Trade, Cooperatives & Investments					
Trade & Markets	303013710	-	730,600	(730,600)	∞
Trade & Markets	303023710	65,373,790	56,285,031	9,088,759	86.1
Cooperatives	304023710	76,269,260	57,319,672	18,949,588	75.2
Cooperatives	304013710	230,665,995	109,793,435	120,872,560	47.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade & Markets	301013710	43,227,140	16,351,508	26,875,632	37.8
General Administration & Planning	301013710	145,319,193	52,584,220	92,734,973	36.2
	Sub total	560,855,378	293,064,466	267,790,912	52.3
Environment & Natural Resources					
Mineral Resources	1008013710	1,835,509	1,156,390	679,119	63.0
Mineral Resources	1007013710	15,248,950	8,239,865	7,009,085	54.0
Environment	1003013710	8,052,449	3,977,667	4,074,782	49.4
General Administration & Planning	1001013710	45,685,842	21,934,884	23,750,958	48.0
Mineral Resources	1003013710	18,329,418	8,636,822	9,692,596	47.1
Mineral Resources	1003023710	10,575,554	4,761,337	5,814,217	45.0
Energy	1005013710	3,221,570	1,374,148	1,847,422	42.7
Environment	1004013710	5,749,822	1,499,770	4,250,052	26.1
Environment	1002013710	19,072,421	4,314,256	14,758,165	22.6
Mineral Resources	1003043710	7,639,792	1,629,492	6,010,300	21.3
Energy	1006013710	95,881,509	12,499,020	83,382,489	13.0
	Sub total	231,292,836	70,023,651	161,269,185	30.3
Tourism, Sports & Culture					
Natural Resources	1003023710	-	(963,850)	963,850	∞
Gender, Culture & Social Services Headquarters	307023710	11,598,862	7,391,329	4,207,533	63.7
	306013710	20,758,126	12,949,924	7,808,202	62.4
Gender, Culture & Social Services Headquarters	308023710	1,342,100	798,740	543,360	59.5
Tourism	305033710	28,132,180	12,989,270	15,142,910	46.2
Gender, Culture & Social Services Headquarters	308013710	5,724,296	2,350,566	3,373,730	41.1
Kitui - Tourism, Sports & Culture	301013710	40,466,504	15,658,433	24,808,071	38.7
Tourism	305013710	6,743,021	2,389,459	4,353,562	35.4
Tourism	1003023710	32,517,794	10,083,180	22,434,614	31.0
	306023710	59,305,935	16,880,673	42,425,262	28.5
Gender, Culture & Social Services Headquarters	307013710	12,351,658	2,794,075	9,557,583	22.6
	Sub total	218,940,476	83,321,799	135,618,677	38.1
County Treasury					
Economic Affairs	712023710	-	613,000	(613,000)	∞
Procurement	704013710	-	58,250	(58,250)	∞
General Administration And Planning	701013710	69,695,929	61,373,506	8,322,423	88.1
Economic Affairs	710023710	12,849,045	11,194,520	1,654,525	87.1
Internal Audit	712033710	6,679,095	5,089,299	1,589,796	76.2
Accounts	712053710	12,047,520	8,555,246	3,492,274	71.0
Budgetary Supplies	712023710	7,248,433	4,304,488	2,943,945	59.4
Budgetary Supplies	712013710	127,451,132	74,247,887	53,203,245	58.3
Accounts	704013710	55,878,165	31,793,256	24,084,909	56.9
Economic Affairs	710013710	102,933,808	44,343,553	58,590,255	43.1
	Sub total	394,783,127	241,573,005	153,210,122	61.2
County Public Service Board					
General Administration & Planning	701013710	14,031,562	6,368,180	7,663,382	45.4
	714013710	5,757,965	1,700,271	4,057,694	29.5
	713023710	9,991,219	2,264,673	7,726,546	22.7
	713013710	10,395,276	2,033,020	8,362,256	19.6
	Sub total	40,176,022	12,366,144	27,809,878	30.8
County Assembly					
General Administration & Planning	701013710	295,039,872	198,364,789	96,675,083	67.2
Legislative Department	715013710	654,199,888	430,685,326	223,514,562	65.8
	Sub total	949,239,760	629,050,115	320,189,645	66.3
Kitui Municipality					
General Administration & Planning	201013710	81,186,289	108,670,253	(27,483,964)	133.9
Environment, Culture, Recreation & Community Development	207013710	4,865,079	3,515,493	1,349,586	72.3
Planning, Development Control, Transport & Infrastructure	209013710	413,132,592	76,389,088	336,743,504	18.5
	Sub total	499,183,960	188,574,834	310,609,126	37.8
Mwingi Town Administration					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Planning, Development Control, Transport & Infrastructure	207033710	431,200	229,700	201,500	53.3
Planning, Development Control, Transport & Infrastructure	207023710	1,234,000	652,103	581,897	52.8
General Administration & Planning	201013710	40,581,891	11,767,926	28,813,965	29.0
Planning, Development Control, Transport & Infrastructure	207013710	19,531,997	4,782,973	14,749,024	24.5
Environment, Culture, Recreation & Community Development	1001013710	3,615,181	776,000	2,839,181	21.5
General Administration & Planning	706013710	3,987,331	624,000	3,363,331	15.6
General Administration & Planning	109013710	14,372,347	2,005,061	12,367,286	14.0
	Sub total	83,753,947	20,837,763	62,916,184	24.9
Grand Total		11,378,500,249	6,722,002,566	4,656,497,683	59.1

Source: Kitui County Treasury

The programmes that performed well based on expenditure absorption were: General Administration and Planning under department of Kitui Municipality at 133.9 per cent followed by Public Health at 107.5 per cent under department of Health & Sanitation.

3.19.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.1.47 billion out of annual development budget of Kshs.4.16 billion. The development expenditure represented 35.3 per cent of the annual development.
2. A high wage bill, which accounted for 53.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-89 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.20 Kwale County

3.20.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.13.11 billion, comprising of Kshs.7.12 billion (54.4 per cent) and Kshs.5.98 billion (45.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.79 billion (59.4 per cent) as equitable share of revenue raised nationally, Kshs.2.51 billion (19.2 per cent) as total conditional grants, generate Kshs.325 million (2.5 per cent) from own sources of revenue, and had Kshs.2.48 billion (19 per cent) as cash balance from FY 2018/19.

3.20.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.60 billion as equitable share of the revenue raised nationally, Kshs.434.48 million as total conditional grants, raised Kshs.205.34 million from own-source revenue, and had a cash balance of Kshs.2.48 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.72 billion as shown in Table 3-90.

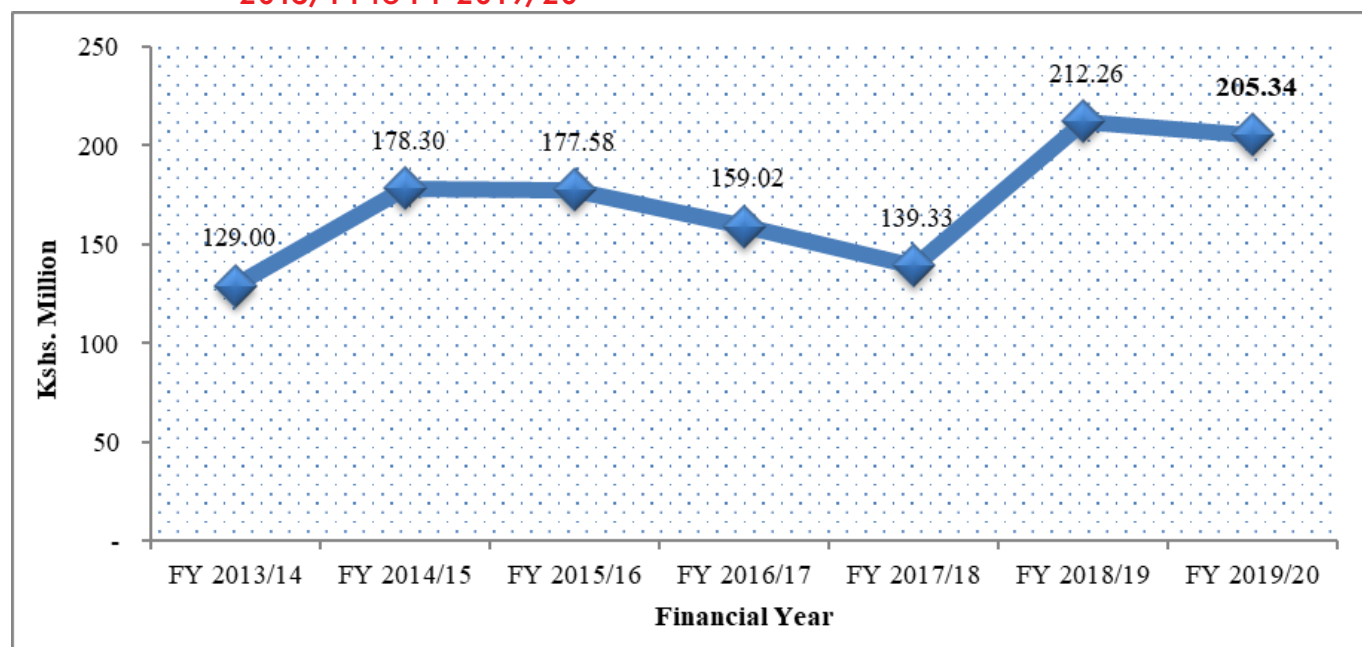
Table 3-90: Kwale County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,785,900,000	7,785,900,000	5,598,062,100	71.9
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	15,209,593	15,209,593	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	221,007,938	554,658,944	110,503,970	19.9
4	Rehabilitation of Village Polytechnics	59,793,298	74,646,131	29,896,649	40.1
	Sub Total	427,925,723	776,429,562	140,400,619	18.1
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	157,706,559	232,432,564	94,941,794	40.8
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	446,856,687	125,829,663	28.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	62,970,782	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	100,000,000	-	-
5.	DANIDA Grant	22,500,000	22,500,000	11,250,000	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	44,360,883	88,497,081	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	300,000,000	700,000,000	45,015,440	6.4
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,348,633	34,063,104	17,040,528	50.0
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
	Sub Total	982,716,075	1,737,320,218	294,077,425	16.9
D	Other Sources of Revenue				
1	Own Source Revenue	-	325,000,000	205,335,550	63.2
2	Balance b/f from FY2018/19	-	2,484,289,495	2,484,289,495	100
	Sub Total	-	2,809,289,495	2,689,625,045	95.7
	Grand Total	9,196,541,798	13,108,939,275	8,722,165,189	66.5

Source: Kwale County Treasury

Figure 3-37: shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-37: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



During the first nine months of FY 2019/20, the County generated a total of Kshs.205.34 million as own-source revenue. This amount represented a decrease of 3.3 per cent when compared to Kshs.212.26 million realised during the same period in FY 2018/19, and represented 63.2 per cent of the annual target.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.24 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.96 million (31.4 percent) for development programmes and Kshs.4.28 billion (68.6 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

A total of Kshs.5.10 billion was spent on development and recurrent programmes and represented 81.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.64 billion and Kshs.3.46 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 23 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 57.8 per cent.

3.20.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.97 billion was spent on compensation to employees, Kshs.1.49 billion on operations and maintenance, and Kshs.1.64 billion on development expenditure.

Table 3-91: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,984,170,781	4,281,781,097	3,458,027,974	67.9	57.8
Compensation to Employees	3,062,928,785	2,215,560,440	1,966,682,423	38.6	64.2
Operations and Maintenance	2,921,241,996	2,066,220,657	1,491,345,551	29.3	51.1
Total Development Expenditure	7,124,768,494	1,958,635,542	1,638,430,222	32.1	23.0
Development expenditure	7,124,768,494	1,958,635,542	1,638,430,222	32.1	23.0
Total	13,108,939,275	6,240,416,639	5,096,458,197	100.0	38.9

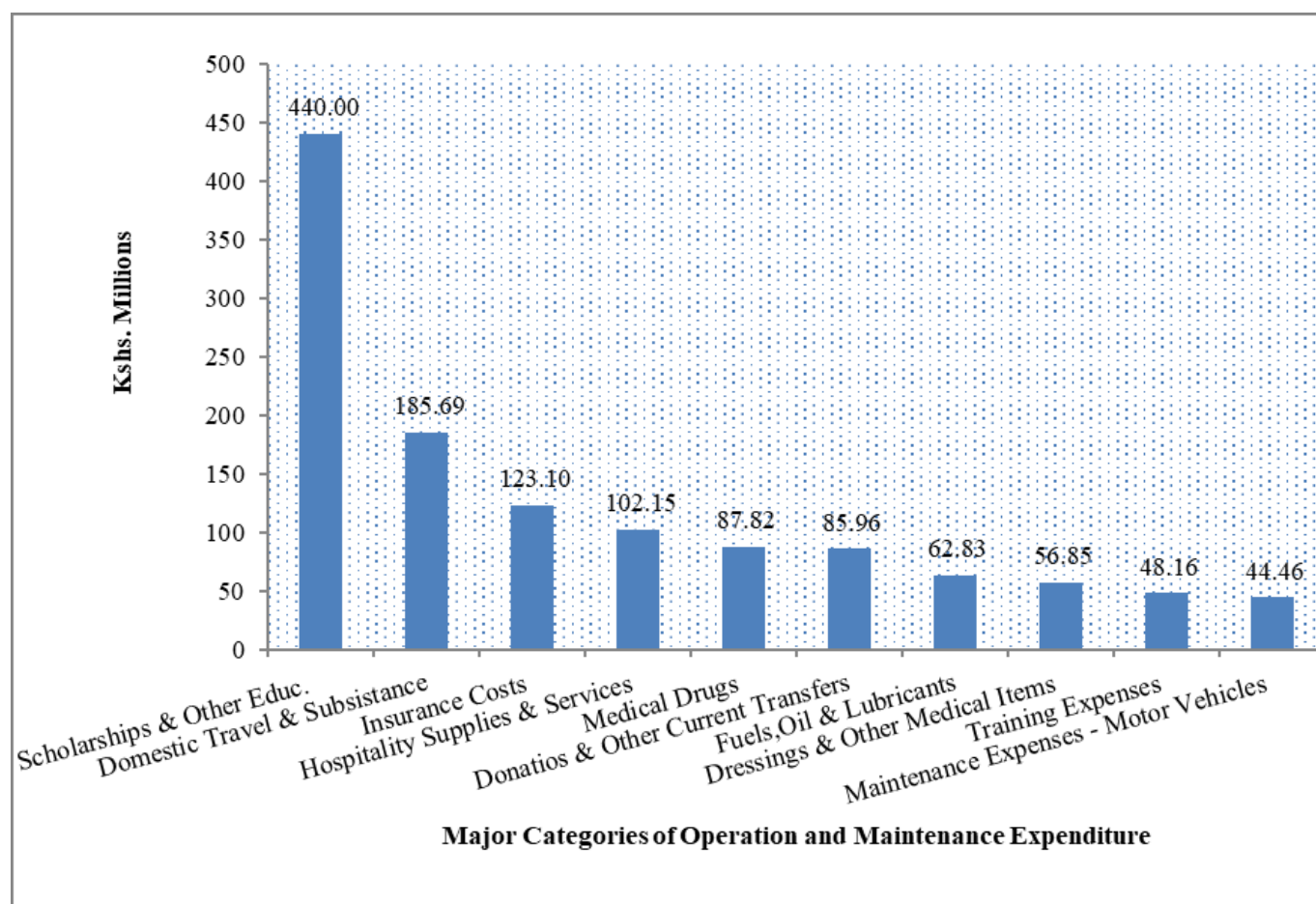
Source: Kwale County Treasury

Expenditure on compensation to employees was 38.6 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 10.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.78 billion.

3.20.6 Analysis of Operations and Maintenance Expenditure

Figure 3-26: Kiambu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-38: Kwale County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Kwale County Treasury

The County spent Kshs.26.65 million on committee sitting allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.102.93 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.87,076 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.185.69 million and comprised of Kshs.70.87 million by the County Assembly and Kshs.114.82 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.10.14 million and comprised of Kshs.9.56 million by the County Assembly and Kshs.580,478 spent by the County Executive.

3.20.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.64 billion represented 23 per cent of the annual development budget of Kshs.7.12 billion and represented an increase of 21.9 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.34 billion. Table 3-92 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-92: Kwale County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Sport field levelling	Kwale	81,819,999	51,995,025	63.5
2	Augmentation and expansion of Mwanda Matumbi Pipeline (4 x 6 diameter including extensions to Pemba and Lutsangani in Mwavumbo ward	Mwavumbo ward	40,000,000	39,666,200	99.2
3	County Flagship Project 5 Kizingo Dam- Phase 2: Completion of Earth works and Construction of Water Off Take system in Mackinon Rd ward	Mackinon	54,112,304	35,209,886	65.1

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	Supply, installtion and testing of Solar Powered Pumps in 13No Boreholes in Ukunda, Kinondo, Tsimba Golini, Tiwi, Gombato, Dzombo, Waa Ngombeni, Vanga, Kubo South, Mwereni, Pongwe Kiokoneni and Ramisi Wards	Ukunda	31,861,465	31,791,495	99.8
5	EU Grant for Instrument for Devolution Advice and Support	Waa/Ng'ombeni ward	44,360,883	27,892,626	62.9
6	Construction of Busho-Kilibasi pipeline(Mackinon Road)	Mackinon Road	33,673,228	25,869,866	76.8
7	Certified Seeds - provision of certified seeds ,seedling)-promotion of food crops	All wards	30,250,000	24,000,000	79.3
8	Drift Installation at Mnyalatsoni - Ramisi Road at Kubo South Ward	Kubo south	22,412,796	22,412,796	100
9	Proposed Cabro Paving of Mkilo Road in Mwavumbo Road	Mwavumbo	20,057,994	20,057,994	100

Source: Kwale County Treasury

3.20.8 Budget Performance by Department

Table 3-93 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-93: Kwale County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	554.68	25.31	366.76	9.77	252.73	9.77	68.9	100.0	45.6	38.6
Agriculture, Livestock and Fisheries	202.06	796.13	143.05	267.17	140.61	170.91	98.3	64.0	69.6	21.5
Land, Environment, Mining and natural resources	103.29	133.13	26.74	26.31	32.68	26.28	122.2	99.9	31.6	19.7
Medical and Public Health Services	2,186.03	1,034.95	1,640.94	220.56	1,223.11	204.15	74.5	92.6	56.0	19.7
County Assembly	689.35	247.36	494.89	117.62	357.05	114.60	72.2	97.4	51.8	46.3
Trade, Investment and Co-operative Development	61.06	318.15	38.80	45.55	31.49	75.08	81.2	164.8	51.6	23.6
Social Services and Talent Management	196.08	302.88	156.89	89.24	120.12	85.29	76.6	95.6	61.3	28.2
Executive Services	142.07	120.89	103.63	21.05	79.14	-	76.4	0.0	55.7	-
Education	943.42	1,153.76	724.13	408.88	760.58	306.05	105.0	74.9	80.6	26.5
Water Services	82.21	1,747.23	52.84	465.79	40.03	363.07	75.8	78.0	48.7	20.8
Roads and public Works	166.14	986.94	112.33	248.17	97.00	244.68	86.4	98.6	58.4	24.8
Tourism and ICT	49.75	113.33	32.86	30.67	32.42	30.67	98.7	100.0	65.2	27.1
County Public Service Board	52.64	-	17.87	-	18.42	-	103.1	0.0	35.0	-
Public Service & Administration	489.91	64.70	328.84	7.86	272.65	7.86	82.9	100.0	55.7	12.2
Kwale Municipality	62.00	50.00	41.20	-	-	-	-	-	-	-
Diani Municipality	3.50	30.00	-	-	-	-	-	-	-	-
TOTAL	5,984.17	7,124.77	4,281.78	1,958.64	3,458.03	1,638.43	80.8	83.7	57.8	23.0

Source: Kwale County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 46.3 per cent. The Department of Education had the highest percentage of recurrent expenditure to its recurrent budget at 80.6 per cent while the Kwale Municipality and Diani Municipality did not record any expenditure during the reporting period.

3.20.9 Budget Execution by Programmes and Sub-Programmes

Table 3-94 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-94 : Kwale County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Finance and Economic Planning				
Budget formulation, coordination and management (0703023060)	68,737,842	48,133,190	20,604,652	30.0
General Administration (0704043060)	151,153,268	44,029,382	107,123,886	70.9
Revenue Collection Management (0710013060)	21,631,598	9,007,764	12,623,834	58.4
Public Finance and Accounting Services (0711013060)	8,720,017	4,482,273	4,237,744	48.6
Procurement Services (0711023060)	5,285,681	1,676,650	3,609,031	68.3
Risk Assurance Services (0711033060)	5,361,200	2,259,178	3,102,022	57.9
Personal Services(0704013060)	229,495,874	152,914,864	76,581,010	33.4
Sub Total	490,385,480	262,503,301	227,882,179	46.5
Agriculture, Livestock and Fisheries				
General Administration and Support Services {0102053060}	745,989,584	241,220,165	504,769,419	67.7
Crop Production & Food Security {0107013060}	74,463,032	5,523,890	68,939,142	92.6
Dairy And Meat Production {0108013060}	38,381,000	12,750,356	25,630,644	66.8
Fish Production Management {0109013060}	29,279,200	15,748,422	13,530,778	46.2
Livestock Disease Control {0108033060}	41,850,000	5,434,030	36,415,970	87.0
Farm Land Utilization, Mechanization & Crop Storage {0107033060}	44,427,436	30,286,896	14,140,540	31.8
Agricultural Extension, Research & Training. {0107023060}	23,801,000	561,750	23,239,250	97.6
Sub Total	998,191,252	311,525,509	686,665,743	68.8
Land, Environment, Mining and natural resources			-	
0102053060 (General administration and Support services	109,803,699	31,925,149	77,878,551	70.9
0102063060 (Personnel Services)	25,581,648	21,101,506	4,480,142	17.5
0104013060 (Physical development plans)	13,500,000	4,868,230	8,631,770	63.9
0105013060 (Establishment of squatter settlement schemes	4,793,333	450,020	4,343,313	90.6
'0105033060 (identification and acquisition of land for development)	11,680,000	-	11,680,000	100.0
0106023060 (County Environmental Awareness Initiative)	16,929,550	609,250	16,320,300	96.4
0111013060 (kwale municipality)	51,200,000		51,200,000	100.0
0112013060 (Diani Municipality)	4,000,000		4,000,000	100.0
Sub Total	237,488,230	58,954,155	178,534,075	75.2
Medical and Public Health Services				
General Administration(0403013060)	878,741,657	297,450,116	581,291,541	33.8
Medical Drugs(0402043060))	216,533,928	144,700,848	71,833,080	66.8
Hmis (0403043060)	7,500,000	2,160,000	5,340,000	28.8

Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Personnel Services(0403053060)	1,314,842,910	889,011,538	425,831,372	67.6
Msambweni Hospital (0405013060)	26,976,000	2,756,722	24,219,278	10.2
Kinango Hospital(0406013060)	23,395,000	1,733,807	21,661,193	7.4
Kwale Hospital(0407013060)	23,974,800	1,271,901	22,702,899	5.3
Tiwi Rural Health Facility(0408013060)	4,820,000	74,200	4,745,800	1.5
Samburu Hospital(0409013060)	1,240,000	-	1,240,000	0.0
Lungalunga Hospital(0410013060)	20,100,000	470,550	19,629,450	2.3
Public Health(0401053060)	43,750,000	1,176,059	42,573,941	2.7
Rural Health Facilities(0412013060)	290,633,634	20,844,582	269,789,052	7.2
Diani Health Center (0413013060)	600,000	-	600,000	-
Other Current Transfers (0401023060)	177,810,035	65,606,129	112,203,906	36.9
Sub Total	3,030,917,964	1,427,256,452	1,603,661,512	47.1
County Assembly				
General Administration('0704013060)	276,194,154	162,113,835	114,080,319	58.7
Oversight& Legislation Of County Affairs('0705013060)	132,884,166	80,372,406	52,511,760	60.5
General Administration And Support Services('0704043060)	527,628,462	229,163,995	298,464,467	43.4
Sub Total	936,706,782	471,650,236	465,056,546	50.4
Trade, Investment and Co-operative Development				
Administration services(0305023060)	9,262,773	3,913,191	5,349,582	42.2
Construction of new markets(0306023060)	24,503,272	-	24,503,272	-
Weights & Measures	10,042,000	8,132,193	1,909,807	81.0
Trade Development and Investment	12,947,800	4,419,860	8,527,940	34.1
Other Current Transfers(0306023060)	88,497,081	27,892,626	60,604,455	31.5
Personnel services(0305013060)	23,934,891	17,246,828	6,688,063	72.1
Building Capacity of Traders for better Market Access (301013060)	3,381,000	1,226,461	2,154,539	36.3
Availing Affordable Credit to Entrepreneurs for Wealth creation(301023060)	39,000,000	-	39,000,000	-
Industry & Enterprise Development	85,221,449	925,476	84,295,973	1.1
Cooperative Development	5,816,000	2,369,792	3,446,208	40.7
Domestic payable-from previous years	97,303,888	40,449,279	56,854,609	41.6
Sub Total	399,910,154	106,575,706	293,334,448	26.6
Social Services and Talent Management				
0903013060	46,239,114	34,761,529	11,477,585	75.2
0903023060 Community Development	32,750,000	1,620,470	31,129,530	4.9
0903033060	5,000,000	475,100	4,524,900	9.5
0904013060 Culture and Heritage	46,812,000	15,038,574	31,773,426	32.1
0905013060	42,650,000	2,794,640	39,855,360	6.6
0905023060sports and Talent Development	82,100,000	3,762,925	78,337,075	4.6
0905033060	34,879,044	25,812,971	9,066,073	74.0
0906013060	33,360,230	23,652,030	9,708,200	70.9
0906023060 Administration	190,547,354	97,493,768	93,053,586	51.2
Sub Total	514,337,742	205,412,007	308,925,735	39.9
Executive Services				
Audit Services704013060	74,747,729	52,675,207	22,072,522	70.5
General Administration704043060	181,832,536	23,692,957	158,139,579	13.0
Legal Advisory Services707013060	3,350,000	930,000	2,420,000	27.8

Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Media and Communication Services707033060	3,026,460	1,843,700	1,182,760	60.9
Sub Total	262,956,725	79,141,864	183,814,861	30.1
Education			-	
Personnel Services (0502023060)	408,792,483	295,200,711	113,591,772	72.2
Scholarship and Bursary (0504013060)	440,000,000	440,000,000	-	100.0
Administration Planning support service (0502013060)	603,459,127	275,059,869	328,399,258	45.6
Infrastructure development (0503023060) AND (0501043060)	570,387,131	41,493,642	528,893,489	7.3
Youth Training Development(0503013060)	14,670,000	3,695,051	10,974,949	25.2
Early Childhood Development (0501013060)	59,872,000	11,186,467	48,685,533	18.7
Sub Total	2,097,180,741	1,066,635,740	1,030,545,001	50.9
Water Services				
Construction & Maintenance of water pipeline supply systems (1001023060)	109,300,516	-	109,300,516	-
Development of Borehole water supply system (1001033060)	105,963,604	-	105,963,604	-
Development/Construction of surface water supply systems (1001043060)	162,562,014	-	162,562,014	-
Community Water Project (1001063060)	27,450,000	11,425,980	16,024,020	41.6
Personnel Services (1002013060)	30,005,693	20,194,066	9,811,627	67.3
Administration Services (1002023060)	1,394,157,691	371,486,041	1,022,671,650	26.6
Sub Total	1,829,439,518	403,106,087	1,426,333,431	22.0
Roads and public Works				
Administration Services (0305023060)	467,361,583	265,899,876	201,461,707	56.9
Rehabilitations of Roads, Drainage and bridges (0202013060)	569,530,747	15,380,457	554,150,290	2.7
Personnel Services (0305013060)	79,298,371	55,619,981	23,678,390	70.1
Installation of Street Lighting Facilities (0203013060)	36,888,000	4,783,230	32,104,770	13.0
Sub Total	1,153,078,701	341,683,544	811,395,157	29.6
Tourism and ICT				
Personnel services {0305013060}	20,578,251	18,856,330	1,721,921	91.6
Administration services {0305023060}	46,942,874	11,869,468	35,073,406	25.3
Local area network installation and ict support {0308013060}	48,432,568	20,330,238	28,102,330	42.0
Tourism Promotion {0304013060}	47,125,121	12,027,946	35,097,175	25.5
Sub Total	163,078,814	63,083,982	99,994,832	38.7
Public Service Board				
Human Resource Planning (706013060)	15,911,156	7,483,100	8,428,056	47.0
Transformation of Service Delivery In Public Service (706023060)	2,172,000	1,067,780	1,104,220	49.2
Hr Management and Skill Development (706033060)	-	-	-	-
Compensation to Employees (706043060)	30,800,315	8,292,962	22,507,353	26.9
Human Resource Planning (706053060)	1,320,000	599,200	720,800	45.4
Staff Rationalization (706063060)	2,440,000	976,400	1,463,600	40.0
Sub Total	52,643,471	18,419,442	34,224,029	35.0
Public Service & Administration				
Audit Services0704013060	158,844,278	134,553,951	24,290,327	84.7
General Adminstration0704043060	315,705,652	117,680,159	198,025,493	37.3
County compliance and enforcement0708033060	11,949,000	9,066,714	2,882,286	75.9
Sub County Admin Msambweni0712013060	8,328,000	4,084,164	4,243,836	49.0
sub County Admin lungalunga0712023060	9,858,000	2,491,148	7,366,852	25.3

Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
sub County Admin Matuga0712033060	14,108,000	2,622,784	11,485,216	18.6
sub County Admin Kinango0712043060	11,631,003	3,484,190	8,146,813	30.0
county garbage and cleaning services0713013060	13,221,568	6,252,210	6,969,358	47.3
Human Resource and Planning,0714013060	10,963,000	274,850	10,688,150	2.5
Sub Total	554,608,501	280,510,170	274,098,331	50.6
Grand Total	12,720,924,075	5,096,458,195	7,624,465,880	40.1

Source: Kwale County Treasury

* Budget Execution by Programmes and Sub-Programmes analysis is based on Supplementary Budget 1.

The best performing programs across the County were: Bursary and Scholarship at 100 per cent, Personnel Services at 91.6 per cent, Audit Services at 84.7 per cent, and weight & Measures at 81.0 per cent of budget allocation.

3.20.10 Key Observations and Recommendations

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

1. Low absorption of development funds. The County spent Kshs.1.64 billion in the first nine months of FY 2019/20 out of annual development budget of Kshs.7.12 billion. The development expenditure represented 23.0 per cent of the annual development.
2. Failure by the National Treasury to disburse the equitable share of revenue raised nationally as per the disbursement schedule during the second quarter of FY 2019/20.

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

1. The County should identify and address issues causing delay in implementation of development projects.
2. The County Treasury should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the Approved Disbursement Schedule.

3.21 Laikipia County

3.21.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.4.18 billion (58.8 per cent) as equitable share of revenue raised nationally, Kshs.189 million (2.7 per cent) as total conditional grants, generate Kshs.1.01 billion (14.2 per cent) from own sources of revenue, Kshs.492.17 million (6.9 per cent) as loans and grants from development partners and had Kshs.1.24 billion (17.4 per cent) as balance from FY 2018/19 comprising of Kshs.572.93 million as grants bank balances, and Kshs.666.87 million for repayment of recurrent and development pending bills.

3.21.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.09 billion as equitable share of the revenue raised nationally, Kshs.142.01 million as total conditional grants, raised Kshs.507.96 million from own-source revenue, and had a cash balance of Kshs.1.24 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.97 billion as shown in Table 3-95.

Table 3-95: Laikipia County, Revenue Performance in the First Nine Months of FY 2019/20

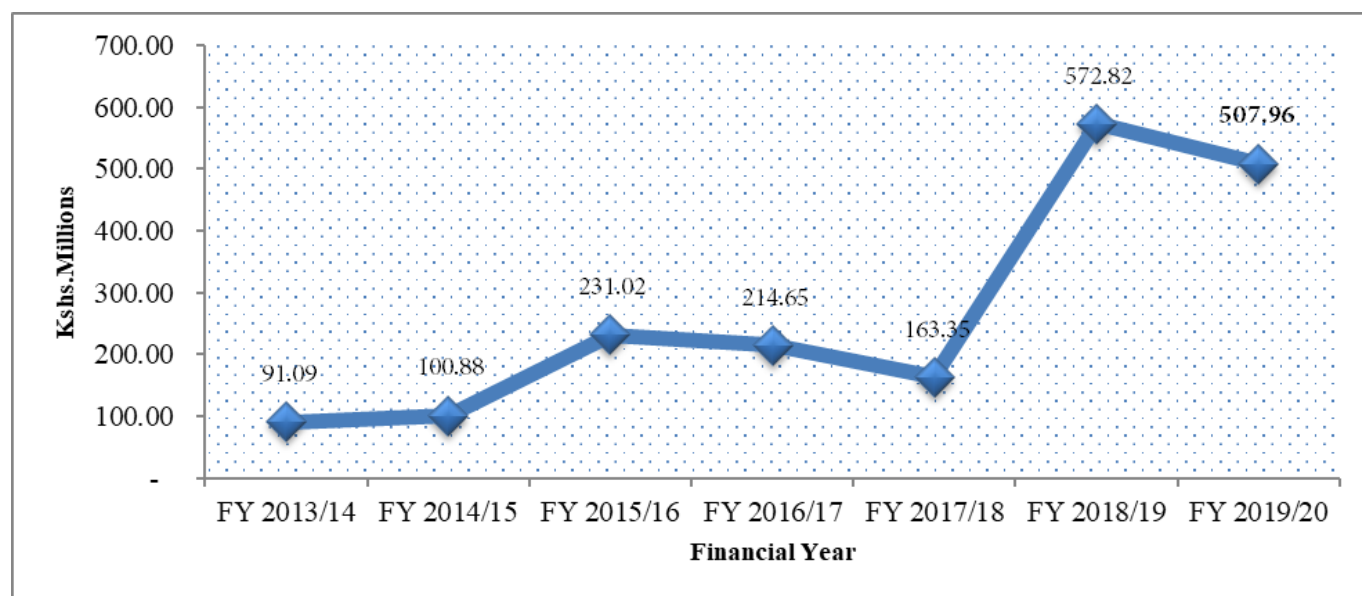
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,524,755,470	4,177,800,000	3,085,203,847	73.8
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	9,968,208	9,968,208	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	118,589,625	118,589,625	59,294,812	50.0

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2019/20 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	Rehabilitation of Village Polytechnics	31,908,298	60,433,298	15,954,149	26.4
Sub Total		292,381,025	188,991,131	75,248,961	39.8
C	Loans and Grants from Development Partners				
10.	Transforming Health Systems for Universal Care Project (WB)	35,000,000	60,000,635	9,056,052	15.1
11.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	131,027,150	208,624,542	50,214,820	24.1
12.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	71,121,027	-	-
13.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
14.	DANIDA Grant	12,281,250	12,281,250	6,140,625	50.0
15.	EU Grant (Instruments for Devolution Advice and Support IDEAS)	21,345,341	38,318,050	-	-
16.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,625,223	14,771,019	-	-
17.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
18.	UNICEF Grant	-	14,058,783	1,348,200	9.6
Sub Total		305,078,964	477,975,306	66,759,697	14.0
D	Other Sources of Revenue				
1	Own Source Revenue	1,006,875,000	1,006,875,000	507,958,099	50.4
2	Balance b/f from FY 2018/19	1,239,799,824	1,239,799,824	1,239,799,824	100.0
Sub Total		2,246,674,824	2,246,674,824	1,747,757,923	77.8
Grand Total		7,368,890,283	7,091,441,261	4,974,970,428	70.2

Source: Laikipia County Treasury

Figure 3-39 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-39: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Laikipia County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.507.96 million as own-source revenue. This amount represented a decrease of 11.3 per cent when compared to Kshs.572.82 million realized during the same period in FY 2018/19, and represented 50.4 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.74 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.617.73 million (16.5 percent) for development programmes and Kshs.3.12 billion (83.5 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

A total of Kshs.3.59 billion was spent on development and recurrent programmes and represented 96.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.560.65 million and Kshs.3.03 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.8 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 70.9 per cent.

3.21.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.99 billion was spent on compensation to employees, Kshs.1.03 billion on operations and maintenance, and Kshs.560.65 million on development expenditure.

Table 3-96: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,277,967,968	3,119,335,351	3,032,641,261	84.4	70.9
Compensation to Employees	2,458,795,648	1,999,224,561	1,997,795,221	55.6	81.3
Operations and Maintenance	1,819,172,320	950,237,889	1,034,846,040	28.8	56.9
Total Development Expenditure	2,827,663,524	617,733,934	560,654,861	15.6	19.8
Development expenditure	2,827,663,524	617,733,934	560,654,861	15.6	19.8
Total	7,105,631,492	3,737,069,285	3,593,296,122	100	50.6

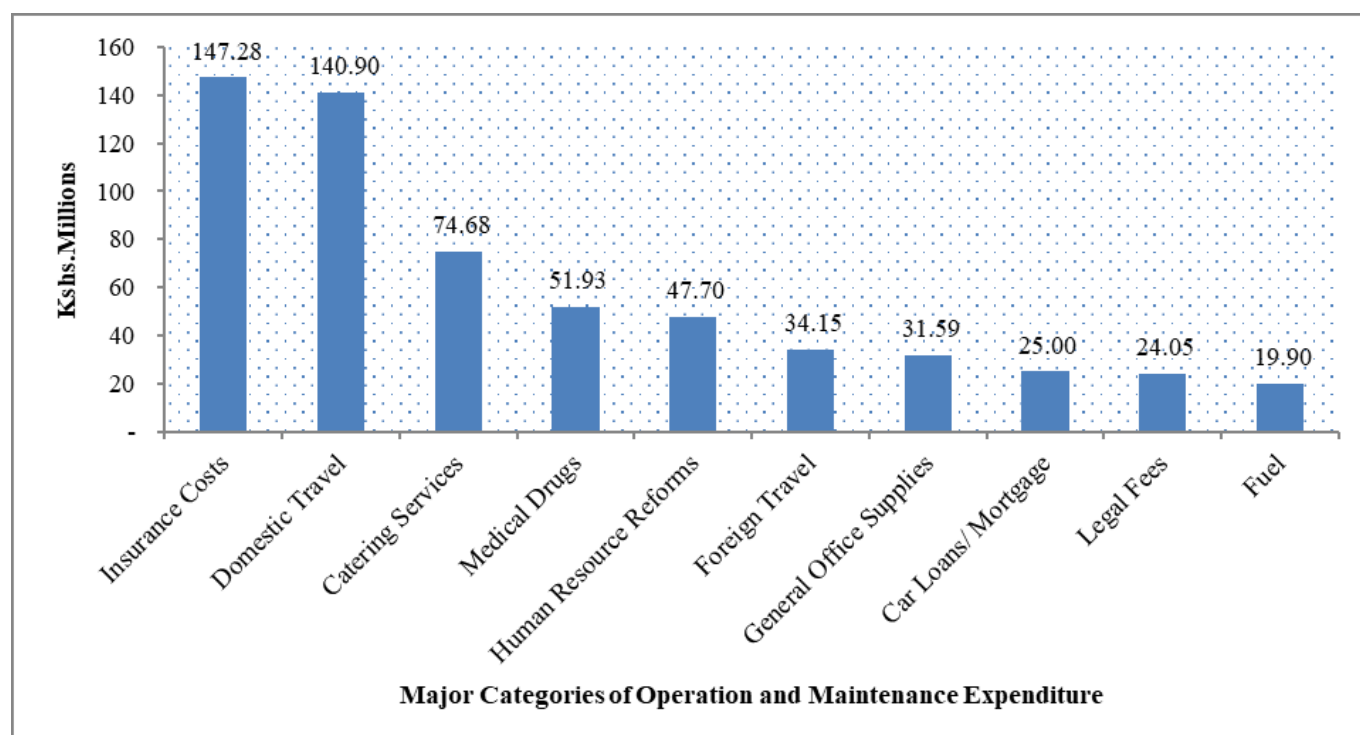
Source: Laikipia County Treasury

Expenditure on compensation to employees was 55.6 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 3.6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.92 billion.

3.21.6 Analysis of Operations and Maintenance Expenditure

Figure 3-40 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-40: Laikipia County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Laikipia County Treasury

The County spent Kshs.22.23 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.41.47 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.98,788 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.140.9 million and comprised of Kshs.33.55 million spent by the County Assembly and Kshs.107.35 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.34.15 million and comprised of Kshs.28.49 million spent by the County Assembly and Kshs.5.66 million spent by the County Executive.

3.21.7 Development Expenditure Analysis

The total development expenditure of Kshs.560.65 million represented 19.8 per cent of the annual development budget of Kshs.2.83 billion and represented a decrease of 31.3per cent compared to a similar period in FY2018/19 when the County spent Kshs.816.45 billion. Table 3-97 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-97: Laikipia County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure 9Kshs.)	Absorption Rate (%)
1	Construction of Ndathimi Dam	Agriculture (Climate Smart)	Marmanet	25,000,000	16,646,200	66.6
2	Rehabilitation of Matuiku Dam	Agriculture (Climate Smart)	Umande	7,579,000	7,579,000	100.0
3	Fencing of Juakali sheds	Trade, Tourism	Rumuruti	2,799,312	2,799,312	100.0
4	Drilling of Endana Borehole	Trade, Tourism	Segera	2,484,372	2,535,363	102.1
5	Fuel Cards replenishment	Infrastructure	County Wide	91,000,000	23,685,211	26.0
6	Renovation of Nanyuki Stadium	Education	Thingithu	3,705,844	3,705,844	100.0
7	Construction of Workshop at Sipili VTC	Education	Sipili	3,233,544	3,233,544	100.0
8	Construction of Maternity Block at Nyahururu	Health	Marmanet	24,986,408	8,696,812	34.8

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure 9Kshs.)	Absorption Rate (%)
9	Construction of surgical Theatre at Lamuria	Health	Tigithi	14,900,084	5,226,642	35.1
10	Upgrading of Roads in Winyumiririe	Finance	Winyumiririe	11,410,221	11,410,221	100.0

Source: Laikipia County Treasury

3.21.8 Budget Performance by Department

Table 3-98 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-98: Laikipia County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	472.39	76.67	377.12	26.80	337.92	22.96	89.6	85.7	71.5	29.9
County Administration Services	2,817.33	171.83	2,200.32	15.71	2,186.54	15.71	99.4	100.0	77.6	9.1
Finance & Economic planning	262.08	442.57	158.21	165.72	149.46	133.50	94.5	80.6	57.0	30.2
Agriculture, Livestock, Veterinary & Fisheries	57.42	454.22	17.68	90.26	14.00	89.73	79.2	99.4	24.4	19.8
Education, Youth Affairs & Social Development	72.22	263.85	13.73	45.60	11.54	44.54	84.1	97.7	16.0	16.9
County Health Services	483.82	142.01	260.77	53.65	245.85	44.53	94.3	83.0	50.8	31.4
Infrastructure, Physical Planning & Lands	68.04	824.95	55.47	138.58	54.61	135.73	98.4	97.9	80.3	16.5
Water, Environment & Natural Resources	19.60	272.51	17.96	68.89	15.33	61.99	85.3	90.0	78.2	22.7
Trade, Tourism, Cooperatives and Enterprise Development	25.08	179.05	18.07	12.52	17.39	11.97	96.2	95.6	69.3	6.7
TOTAL	4,277.97	2,827.66	3,119.34	617.73	3,032.64	560.65	97.2	90.8	70.9	19.8

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the Department of County Health Services recorded the highest absorption rate of development budget at 31.4 per cent while the Department of Trade, Tourism Cooperatives & Enterprise Development had the lowest at 6.7 per cent. Department of Infrastructure, Physical Planning & Lands had the highest percentage of recurrent expenditure to its recurrent budget at 80.3 per cent while the Department of Education, Youth Affairs & Social Services had the lowest at 16 per cent.

3.21.9 Budget Execution by Programmes and Sub-Programmes

Table 3-99 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-99 : Laikipia County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
EDUCATION, YOUTH & SPORTS					
General Administration & Planning services	Headquarter Administration Services	15,000,000	4,213,921	10,786,079	28.1
Education Empowerment	Education Empowerment Programme	50,000,000		50,000,000	0.0
Sports, Arts and Social Services	Talent Development Services	600,000	219,758	380,242	36.6
	Social and Cultural Development	11,100,000	269,943	10,830,057	2.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education and Training	Vocational Education and Training	3,777,793	3,650,340	127,453	96.6
	Education Empowerment		286,100	-286,100	
Financial Services	County Treasury Administrative Services	85,360,700	24,866,728	60,493,972	29.1
Sports Improvement and Support Programme	Sports Promotion Services	21,775,883	1,265,700	20,510,183	5.8
ECDE Development	ECDE Infrastructure Improvement	37,450,000	1,110,150	36,339,850	3.0
Children Support Programme	Children Institution Support Programme	12,848,207	1,099,114	11,749,093	8.6
Vocational Training development	Infrastructure Improvement	98,153,311	19,106,170	79,047,141	19.5
Sub-total		336,065,894	56,087,924	279,977,970	16.7
COUNTY ASSEMBLY					
General Administration & Planning Services	Administration services	282,800,648	180,257,384	102,543,263.84	63.7
Legislative & Oversight	Legislation & Oversight Services	189,587,406	157,659,579	31,927,827.00	83.2
Infrastructure improvement services	County Assembly Infrastructure improvement	76,672,607	22,961,169	53,711,438.00	29.9
Sub-total		549,060,661	360,878,132	188,182,528.84	65.7
COUNTY HEALTH SERVICES					
General Administration & Planning	Emergency Referral & Rehabilitative Services	48,672,664	2,067,050	46,605,614	4.2
	Essential Health Institutions & Services	88,228,490	26,860,695	61,367,795	30.4
	Use of goods & services	2,874,619	2,859,163	15,456	99.5
	Community Health Strategy, Advocacy & Surveillance	18,413,700	11,531,589	6,882,111	62.6
	County Treasury administrative services	123,333,378	64,178,618	59,154,760	52.0
	Emergency Response Services	24,645,672		24,645,672	0.0
Curative & Rehabilitative Services	Strategic Health Interventions	2,701,874	1,630,014	1,071,860	60.3
	Community Health Strategy, Advocacy & Surveillance	12,608,746	7,118,518	5,490,228	56.5
	Use of Goods & Services	3,403,748	3,395,951	7,797	99.8
	Emergency referral & Rehabilitative Services	56,037,483	31,394,684	24,642,799	56.0
Preventive Health Services	Strategic Health Interventions	3,800,000	2,110,900	1,689,100	55.6
	Emergency referral & Rehabilitative Services	940,154	626,820	313,334	66.7
	Use of Goods & Services	30,083,881	22,765,211	7,318,670	75.7
	Participatory Budgeting Support Services	750,000	761,306	-11,306	101.5
Nanyuki Referral Hospital	Emergency referral & Rehabilitative Services	112,640,834	62,462,965	50,177,869	55.5
Nyahururu Referral Hospital	Emergency referral & Rehabilitative Services	96,699,071	50,616,558	46,082,513	52.3
Sub-total		625,834,314	290,380,042	335,454,272	46.4
INFRASTRUCTURE, PHYSICAL PLANNING & LANDS					
Administration, Planning and Support Services	Administration Services	66,036,268	48,019,534	18,016,734	72.7
	Personnel Services	1,994,000	0	1,994,000	0.0
Physical Planning Services	Land Management Services and Development of Valuation roll	10,000,000	1,464,625	8,535,375	14.6
	Survey, Planning Services and Titling	12,000,000	0	12,000,000	0.0
Housing and Urban Development	Housing Improvement	2,000,000	0	2,000,000	0.0
	Urban development and Management	105,783,080	1,136,150	104,646,930	1.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Works Service delivery Improvement	County Building Construction Standards	900,602	0	900,602	0.0
	Public Building and Bridges Inspectorate Services	3,400,000	1,015,600	2,384,400	29.9
	Private Building Inspectorate Services	700,000	0	700,000	0.0
Roads Network Improvement and Urban Development	Roads Network Improvement and Bridges	550,483,915	112,046,444	438,437,471	20.4
	Bridges infrastructural Services	16,000,000	0	16,000,000	0.0
	Leased Equipment Operations Support	91,000,005	23,685,211	67,314,794	26.0
Renewable Energy Services	County Renewable/Green Energy Services	1,200,000	997,750	202,250	83.1
Financial Services	County Treasury administrative services	31,486,317	1,975,413	29,510,904	6.3
Sub-total		892,984,187	190,340,727	702,643,460	21.3

TRADE, TOURISM & COOPERATIVES

General Administration & Planning services	Administration Service	4,000,000	2,470,672	1,529,328	61.8
	Personnel Services	2,715,450	2,533,900	181,550	93.3
	Policy Development	1,000,000	850,000	150,000	85.0
	Pending bills	4,865,667	2,535,771	2,329,896	52.1
Co-operative Development and promotion	Co-operative Development and promotion	1,800,000	1,337,600	462,400	74.3
Tourism Promotion and Marketing	Tourism Infrastructural Development	1,700,000	536,400	1,163,600	31.6
Trade development and promotion	Market Infrastructure development/Trade Promotion services	179,053,423	11,967,946	167,085,477	6.7
	Tourism development and Promotion	9,000,000	7,121,628	1,878,372	79.1
Sub-total		204,134,540	29,353,917	174,780,623	14.4

COUNTY ADMINISTRATION SERVICES

Human Capital Management & Development	Compensation to employees	2,546,275,000	1,997,795,221	548,479,779	78.5
County Administration Services	Car and mortgage -state officers	30,000,000	15,000,000	15,000,000	50.0
	County Administration Management	96,800,634	11,108,487	85,692,147	11.5
	County services delivery and result reporting	3,987,243	2,302,381	1,684,862	57.7
	Decentralized Services	123,332,299	59,671,610	63,660,689	48.4
	Executive Support Service	39,950,000	36,361,235	3,588,765	91.0
	Headquarter Administration Services	112,306,000	61,180,297	51,125,703	54.5
Security & Policing Services	Disaster Reduction Management	6,500,000	7,209,902	-709,902	110.9
	Enforcement And Disaster Management	7,000,000	2,431,478	4,568,522	34.7
	Alcohol Control Committee	4,000,000	713,400	3,286,600	17.8
	Fire Services	5,500,000	3,449,521	2,050,479	62.7
Public Participation & Civic Education	Public participation	13,499,000	5,024,498	8,474,502	37.2
Sub-total		2,989,150,176	2,202,248,030	786,902,146	73.7

WATER, ENVIRONMENT & NATURAL RESOURCES

Financial Services	County Treasury Administrative Services	71,054,010	46,996,348	24,057,662	66.1
Water Development	Rural Water Supply & Sanitation	182,736,995	12,945,131	169,791,864	7.1
General Administration & Support Services	Administration & Planning Services	11,019,589	4,651,250	6,368,339	42.2
	Personnel Services	5,000,000	4,670,110	329,890	93.4
	Strategic Project Monitoring & Intervention	2,000,000	1,419,400	580,600	71.0
Environment & Natural Resources	Solid Waste Management	12,000,000	1,939,520	10,060,480	16.2
	Human Wildlife Conflict Prevention	5,300,000	4,691,297	608,703	88.5
	Natural Resources Management	3,000,000	0	3,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-total		292,110,594	77,313,056	214,797,538	26.5
AGRICULTURE, LIVESTOCK & VETERINARY					
General Administrative & Planning Services	Headquarter Administration Services	37,650,016	5,599,305	32,050,711	14.9
	County Treasury Administrative Services	53,307,377	7,651,139	45,656,238	14.4
Irrigation Development & Management	Irrigation Development and management	14,900,000	108,700	14,791,300	0.7
Crop Development	Land and Crop Productivity Enhancement and Management	4,599,304	557,707	4,041,597	12.1
	Strategic Food Security Service/AMS	21,066,406	2,413,230	18,653,176	11.5
	Agriculture Sector Extension Management	20,113,228	3,171,138	16,942,090	15.8
Livestock Resources Management	Animal Health and Disease Management and Control	7,914,982	1,450,008	6,464,974	18.3
	Kenya Climate Smart Agriculture Programme	236,763,388	59,684,567	177,078,821	25.2
	Livestock Resource Development and Management	8,960,000	321,890	8,638,110	3.6
Fisheries Development	Fisheries Development and Management	2,200,000	377,700	1,822,300	17.2
	EU-LED IDEAS	104,166,406	22,396,076	81,770,330	21.5
Sub-total		511,641,107	103,731,460	407,909,647	20.3
FINANCE & ECONOMIC PLANNING					
General Administration & Planning Services	Headquarter administration services	59,727,984	103,072,376	-43,344,392	172.6
	Managed Specialized Equipment	88,500,000	44,000,000	44,500,000	49.7
	Infrastructural Services	16,246,090		16,246,090	-
	County Administration	16,525,728	11,466,998	5,058,730	69.4
Public Finance Management Services	Accounting and Reporting Services	20,500,000	4,917,584	15,582,416	24.0
	Internal Audit Services	13,020,000	3,959,755	9,060,245	30.4
	Revenue collection services	71,600,000	25,706,300	45,893,700	35.9
	Fleet and Logistics	4,500,000		4,500,000	-
	Supply chain management services	7,700,000	7,194,512	505,488	93.4
Development Planning Services	Integrated Monitoring and Evaluation Services	9,500,000	5,139,500	4,360,500	54.1
	Planning & Budgeting	53,010,000	27,716,842	25,293,158	52.3
	KDSP Headquarters	343,820,217	49,788,967	294,031,250	14.5
Sub-total		704,650,019	282,962,834	421,687,185	40.2
GRAND TOTAL		7,105,631,492	3,593,296,122	3,512,335,370	50.6

Source: Laikipia County Treasury

The programmes that performed well based on expenditure absorption were: Disaster Reduction Management at 110.9 per cent, Participatory Budgeting Support Services at 101.5 per cent, and Headquarter administration services under the Department of Finance and Economic Planning at 172.6 per cent. Performance above 100 per cent is irregular and should be corrected through the Supplementary Budget process.

3.21.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.560.65 million out of annual development budget of Kshs.2.83 billion. The development expenditure represented 19.8 per cent of the annual development.
2. A high wage bill, which accounted for 55.6 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.507.96 million which represented a decrease of 11.3 per cent when compared to Kshs.572.82 million during the same period in FY 2018/19. The realised own source revenue represented 50.4 per cent of the annual target of Kshs.1.01 billion.

4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-99 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
4. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.22 Lamu County

3.22.1 Overview of the FY 2019/20 Budget

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

To finance the budget, the County expects to receive Kshs.2.6 billion (54.8 per cent) as equitable share of revenue raised nationally, Kshs.544.59 million (11.5 per cent) as total conditional grants, generate Kshs.100 million (2.1 per cent) from own sources of revenue, and had Kshs.1.46 billion (30.9 per cent) cash balance from FY 2018/19. The County also budgeted to receive Kshs.32.76 million (0.7 per cent) from other revenues not contained in the CARA, 2019.

3.22.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.1.87 billion as equitable share of the revenue raised nationally, Kshs.193.23 million as total conditional grants, raised Kshs.46.92 million from own-source revenue, and had a cash balance of Kshs.1.46 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.57 billion as shown in Table 3-100.

Table 3-100: Lamu County, Revenue Performance in the First Nine Months of FY 2019/20

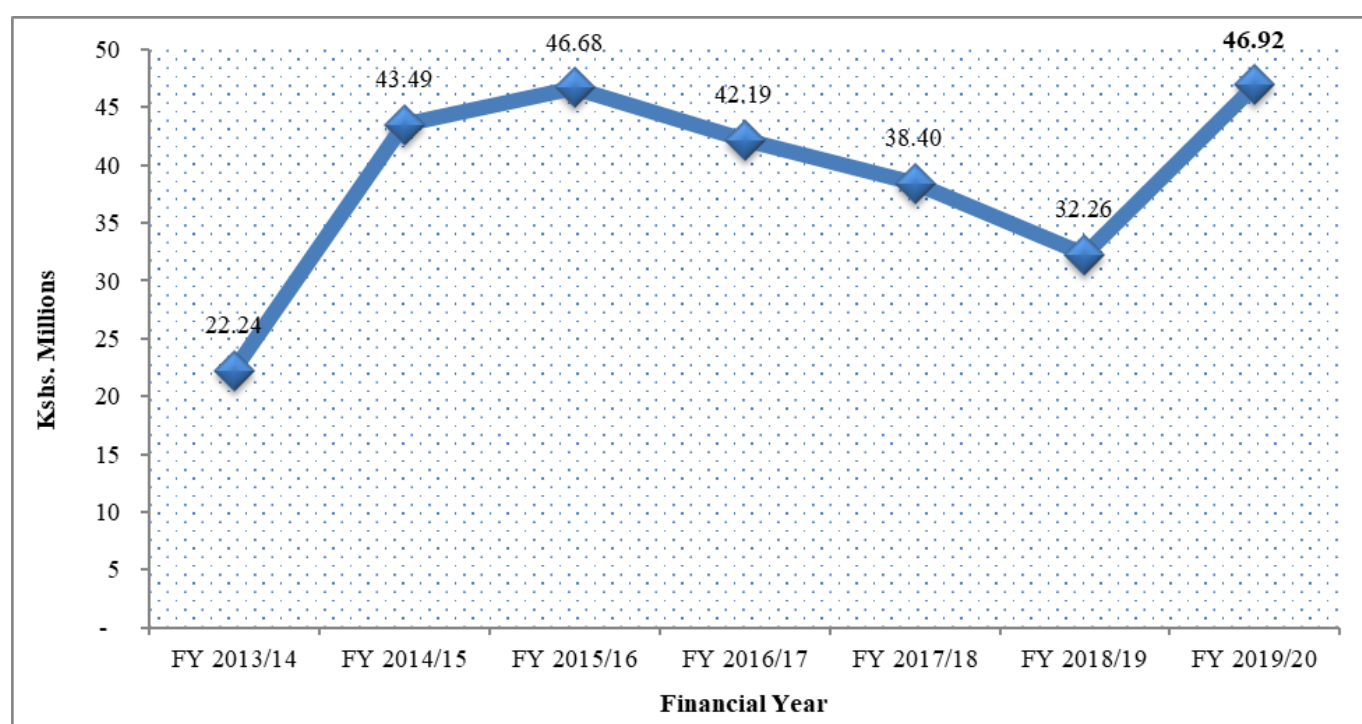
S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	2,595,300,000	2,595,300,000	1,866,020,700	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	22,132,070	18.3
2.	Compensation for User Fee Foregone	2,451,034	2,451,034	-	-
3.	Leasing of Medical Equipment	131,914,894	-	-	-
4.	Road Maintenance Fuel Levy Fund	73,669,313	73,669,313	60,663,461	82.3
5.	Rehabilitation of Village Polytechnics	41,298,298	41,298,298	20,649,149	50
	Sub Total	370,333,539	238,418,645	79,615,875	21.5
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	24,095,317	68.8
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	157,507,010	157,507,010	60,390,161	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5.	DANIDA Grant	10,593,750	10,593,750	5,296,875	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,265,997	14,265,997	-	-

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		306,166,757	306,166,757	89,782,353	29.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	100,000,000	46,923,666	46.9
2.	Balance b/f from FY 2018/19	-	1,463,672,976	1,463,672,976	100.0
3.	Other Revenues (KDSP L1 2019-19)	-	32,758,653	-	-
Sub Total		-	1,596,431,629	1,510,596,642	94.6
Grand Total		3,271,800,296	4,736,317,031	3,569,844,375	75.4

Source: Lamu County Treasury

Figure 3-41 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-41: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Lamu County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.46.92 million as own-source revenue. This amount represented an increase of 45.4 per cent when compared to Kshs.32.26 million realised during the same period in FY 2018/19, and represented 46.9 per cent of the annual target.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.1.87 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.285.89 million (15.3 percent) for development programmes and Kshs.1.59 billion (84.7 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

A total of Kshs.1.72 billion was spent on development and recurrent programmes and represented 100.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.211.61 million and Kshs.1.51 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 10.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 56.7 per cent.

3.22.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.982.02 million was spent on compensation to employees, Kshs.523.19 million on operations and maintenance, and Kshs.211.61 million on development expenditure.

Table 3-101: Lamu County, Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure Kshs.	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	2,655,940,021	1,588,757,160	1,505,213,460	87.7	56.7
Compensation to Employees	1,420,033,746	1,012,777,893	982,019,773	57.2	69.2
Operations and Maintenance	1,235,906,275	575,979,266	523,193,688	30.5	42.3
Total Development Expenditure	2,080,377,010	285,888,139	211,611,877	12.3	10.2
Development expenditure	2,080,377,010	285,888,139	211,611,877	12.3	10.2
Total	4,736,317,031	1,874,645,299	1,716,825,337	100	36.2

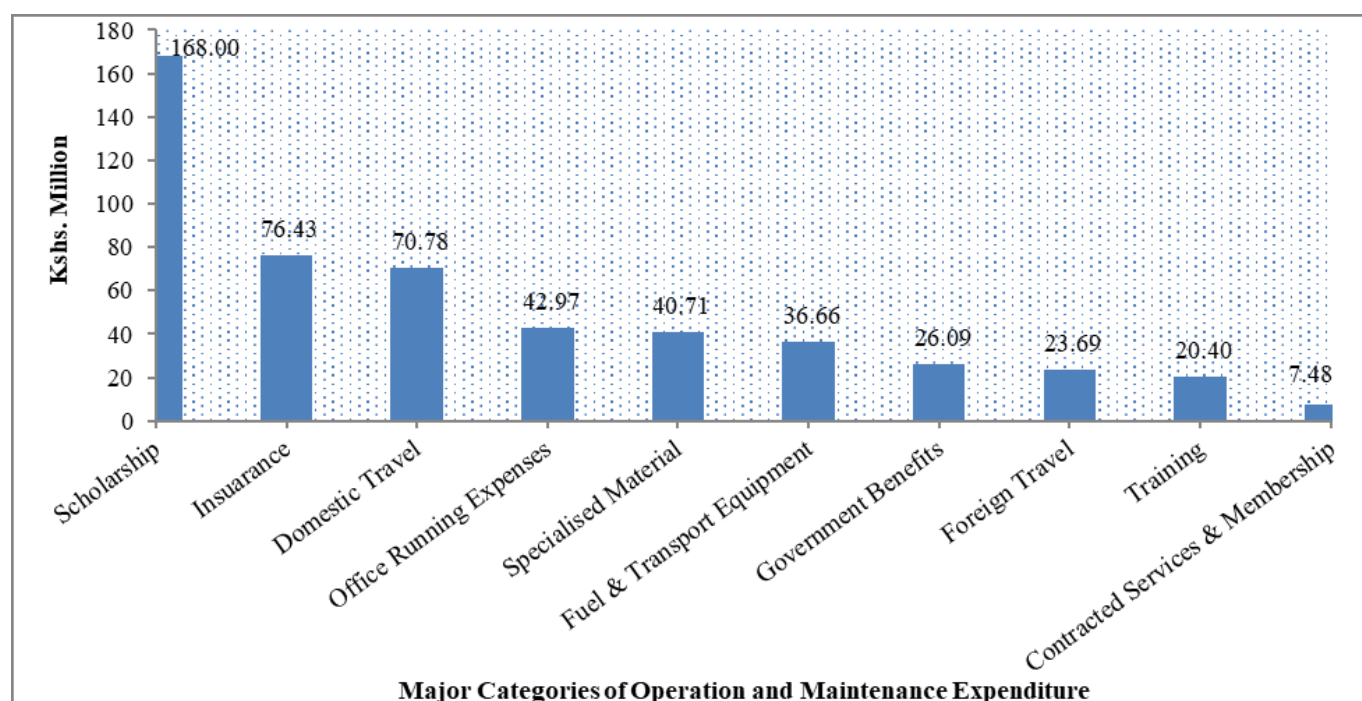
Source: Lamu County Treasury

Expenditure on compensation to employees was 57.2 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 69.6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.579.11million.

3.22.6 Analysis of Operations and Maintenance Expenditure

Figure 3-42 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-42: Lamu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Lamu County Treasury

The County spent Kshs.13.99 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.16.59 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.81,832 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.70.78 million and comprised of Kshs.29.78 million by the County Assembly and Kshs.41 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.23.69 million entirely by the County Assembly.

3.22.7 Development Expenditure Analysis

The total development expenditure of Kshs.211.61 million represented 10.2 per cent of the annual development budget of Kshs.2.08 billion and represented a decrease of 32.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.314.21 million. Table 3-102 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-102: Lamu County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Water Supply and Connection	Faza and Kiunga	90,000,000	27,793,987	30.9
2	Construction of County Annex-Conditional Grant	County Headquarters -Mokowe	121,000,000	22,132,070	18.3
3	Construction of Enforcement and Training (Command) Centres	Mkomani, Shella, Hindi, Mkunumbi, hongwe, Bahari, witu, Kuinga, Faza and basuba	20,000,000	19,900,000	99.5
4	Desalination Plant - Mokowe	Mtangawanda	10,000,000	7,941,139	79.4
5	Furniture and Fittings - HQs	County HQS Hindi	90,000,000	7,704,900	8.6
6	Construction of Jua Kali shed and Purchase of welding equipment, Ki-ongwe	Bahari	6,000,000	4,867,447	81.1
7	Construction of modern toilets	All Wards	26,000,000	3,947,381	15.2
8	Construction and Rehabilitation of Sports Facilities	Faza	3,000,000	2,994,120	99.80
9	Provision of certified maize seeds, NERICA seeds, cow peas and green grams	Countywide	13,000,000	2,460,000	18.9

Source: Lamu County Treasury

3.22.8 Budget Performance by Department

Table 3-103 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-103: Lamu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	405.0	195.0	219.11	7.70	201.9	7.7	92.2	100.0	49.9	4.0
County Executive	427.7	246.7	253.03	42.50	227.3	42.0	119.0	98.9	53.1	17.0
Finance	101.4	4.1	53.36	0.00	52.0	-	109.4	-	51.3	-
Agriculture & Irrigation	117.2	169.9	40.91	68.35	40.2	2.5	109.8	3.6	34.3	1.4
Land, Physical Planning	34.5	140.6	23.60	0.00	25.8	-	115.8	-	74.9	-
Education and Vocational Training	257.5	179.6	218.73	27.06	222.4	50.6	104.7	187.1	86.4	28.2
Medical Services	914.3	336.2	587.77	13.07	568.6	13.1	107.7	100.0	62.2	3.9
Trade, Tourism & Investment Development	26.0	27.9	14.66	8.82	8.0	8.8	57.9	100.0	30.9	31.6
Livestock, Veterinary & Cooperative Development	38.0	43.0	24.58	0.93	26.8	0.9	123.3	100.0	70.6	2.2

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 Board	45.2	-	15.42	0.00	15.7	-	110.1	-	34.8	-
Water Management & Conservation	27.0	182.7	13.13	35.74	12.0	35.7	97.5	100.0	44.6	19.6
Gender, Youth, Culture, Sports & Social Services	25.0	124.8	13.80	17.03	8.1	17.0	63.9	100.0	32.3	13.6
Public Health Sanitation and Environment	86.3	31.6	56.80	3.95	47.8	3.9	93.7	100.0	55.5	12.5
Fisheries Development	33.9	37.1	20.18	0.08	18.0	0.1	99.4	100.0	53.2	0.2
Budget & Economic Planning	19.9	-	9.79	0.00	9.5	-	110.1	-	47.6	-
Infrastructure and Energy	43.3	262.9	23.75	60.66	20.1	21.9	100.5	36.0	46.5	8.3
Lamu Municipality	53.8	98.2	0.13	0.00	0.7	7.3	542.2	-	1.3	7.5
Total	2,655.9	2,080.4	1588.76	285.89	1,505.2	211.6	105.3	74.0	56.7	10.2

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Trade, Tourism & Investment Development recorded the highest absorption rate of development budget at 31.6 per cent while the Department of Finance, Economy & Strategic Planning and the Department of Land & Physical Planning did not report any expenditure on development activities. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to its recurrent budget at 86.4 per cent while the Lamu Municipality had the lowest at 1.3 per cent.

3.22.9 Budget Execution by Programmes and Sub-Programmes

Table 3-104 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-104 : Lamu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
RECURRENT EXPENDITURE					
	General Administration & Planning	201,811,120	91,248,678	110,562,442	45.2
County Assembly	Legislation. Representation & Oversight	203,188,880	110,686,026	92,502,854	54.5
	Sub total	405,000,000	201,934,704	203,065,296	49.9
County Executive	Headquarters	209,997,394	162,220,179	47,777,215	77.2
	Office of the Governor & Deputy Governor	195,474,344	59,098,716	136,375,628	30.2
	Public Service Management	4,175,000	2,604,824	1,570,176	62.4
	County Public Service	18,044,856	3,348,181	14,696,675	18.6
	Sub total	427,691,594	227,271,900	200,419,694	53.1
Finance	Headquarters	101,367,686	52,040,999	49,326,687	51.3
	Sub total	101,367,686	52,040,999	49,326,687	51.3
Agriculture & Irrigation	Directorate of Agriculture and Extension Services	68,009,607	36,121,794	31,887,813	53.1
	Crop Management	7,476,915	-	-	-
	Crop Husbandry	1,967,844	-	1,967,844	0.0
	Agriculture Training Centers (ATC)				
	Plant Disease Control	39,701,490	4,072,108	35,629,382	10.3
	Sub total	117,155,856	40,193,902	76,961,954	34.3

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Land, Physical Planning	Headquarters	24,151,163	15,944,836	8,206,327	66.0
	Housing, Urban Dev and Infrastructure	250,000	-	250,000	0.0
	Survey & Planning	10,100,000	9,900,000	200,000	98.0
	Sub total	34,501,163	25,844,836	8,656,327	74.9
Education, Gender, Sports, Youth, Culture & Social services	Headquarters	29,520,409	20,174,317	9,346,092	68.3
	Village Polytechnics	-	-		
	Early Childhood Development	227,930,800	202,223,553	25,707,247	88.7
	Sub total	257,451,209	222,397,870	35,053,339	86.4
Medical Services	Headquarters	714,628,305	513,944,489	200,683,816	71.9
	Curative & Rehabilitative Health Dept	141,980,020	48,889,924	93,090,096	34.4
	Preventive & Promotive Health Dept	57,724,264	5,796,875	51,927,389	10.0
	Sub total	914,332,589	568,631,288	345,701,301	62.2
Trade, Tourism & Investment Development	Headquarters	10,244,893	6,629,473	3,615,420	64.7
	Tourism	3,096,382	853,680	2,242,702	27.6
	Culture	9,000,000	-	9,000,000	0.0
	Trade & Investment	3,654,341	559,423	3,094,918	15.3
	Sub total	25,995,616	8,042,576	17,953,040	30.9
Livestock, Veterinary & Cooperative Development	Headquarters	10,920,693	8,334,133	2,586,560	76.3
	Livestock Production	9,890,936	7,517,007	2,373,929	76.0
	Veterinary Services	15,160,881	10,739,584	4,421,297	70.8
	Cooperative Development	2,011,734	230,991	1,780,743	11.5
	Sub total	37,984,244	26,821,715	11,162,529	70.6
Public Service Board	Trade Development & Regulation	45,217,320	15,729,337	29,487,983	34.8
	Sub total	45,217,320	15,729,337	29,487,983	34.8
Water Management & Conservation	Headquarter	16,754,852	7,384,462	9,370,390	44.1
	Headquarter	10,286,597	4,664,604	5,621,993	45.3
	Sub total	27,041,449	12,049,066	14,992,383	44.6
Gender, Youth, Culture, Sports & Social Services	Headquarter	9,861,732	3,911,476	5,950,256	39.7
	Headquarter	10,784,200	3,479,876	7,304,324	32.3
	Social Services	4,373,200	694,700	3,678,500	15.9
	Sub total	25,019,132	8,086,052	16,933,080	32.3
Public Health Sanitation and Environment	Headquarter	86,274,460	47,844,900	38,429,560	55.5
	Sub total	86,274,460	47,844,900	38,429,560	55.5
Fisheries Development	Headquarter	33,852,020	18,000,797	15,851,223	53.2
	Sub total	33,852,020	18,000,797	15,851,223	53.2
Budget & Economic Planning	Economic Planning and Budgeting	19,949,480	9,487,773	10,461,707	47.6
	Sub total	19,949,480	9,487,773	10,461,707	47.6
Infrastructure and Energy	Headquarter	43,316,204	20,127,676	23,188,528	46.5
	Sub total	43,316,204	20,127,676	23,188,528	46.5
Lamu Municipality	Headquarter	53,790,000	708,070	53,081,930	1.3
	Sub total	53,790,000	708,070	53,081,930	1.3
Grand Total		2,655,940,022	1,505,213,461	1,150,726,561	56.7
DEVELOPMENT EXPENDITURE					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
County Assembly	General Administration and Planning				
	Legislation. Representation and Oversight	195,000,000	7,704,900	187,295,100	4.0
	Sub total	195,000,000	7,704,900	187,295,100	4.0
County Executive	Headquarters	197,000,000	42,032,069	154,967,931	21.3
	Office of the Governor & Deputy Governor	45,000,000	-	45,000,000	0.0
	Public Service Management	3,000,008	-	3,000,008	0.0
	County Public Service	1,685,376	-	1,685,376	0.0
	Sub total	246,685,384	42,032,069	204,653,315	17.0
Finance	Accounting, Standards & Reporting	4,100,000	-	4,100,000	0.0
	Sub total	4,100,000	-	4,100,000	0.0
Agriculture & Irrigation	Directorate of Agriculture and Extension Services	-	-		
	Crop Management	15,460,000	2,460,000	13,000,000	15.9
	Crop Husbandry		-	-	-
	Agriculture Training Centers (ATC)			5,000,000	0.0
	Plant Disease Control	149,441,632	-	149,441,632	-
	Sub total	169,901,632	2,460,000	167,441,632	1.4
Land, Physical Planning	Headquarters	-	-	-	-
	Housing, Urban Dev and Infrastructure	-	-	-	-
	Survey & Planning	140,646,644	-	140,646,644	-
	Sub total	140,646,644	-	140,646,644	-
Education, Gender, Sports, Youth, Culture & Social services	Headquarters	-	-	-	-
	Village Polytechnics	83,598,297	44,212,699	39,385,598	52.9
	Early Childhood Development	96,014,321	6,406,660	89,607,661	6.7
	Sub total	179,612,618	50,619,359	128,993,259	28.2
Medical Services	Headquarters			-	-
	Curative & Rehabilitative Health Dept	350,000	-	350,000	-
	Preventive & Promotive Health Dept	335,891,284	13,065,500	322,825,784	3.9
	Sub total	336,241,284	13,065,500	323,175,784	3.9
Trade, Tourism & Investment Development	Headquarters				
	Tourism				
	Culture				
	Trade & Investment	27,900,000	8,817,618	19,082,382	31.6
	Sub total	27,900,000	8,817,618	19,082,382	31.6
Livestock, Veterinary & Cooperative Development	Headquarters			-	-
	Livestock Production	20,000,000	-	20,000,000	0.0
	Veterinary Services	23,017,253	934,473	22,082,780	4.1
	Cooperative Development			-	-
	Sub total	43,017,253	934,473	42,082,780	2.2
Water Management & Conservation	Headquarter	182,672,073	35,735,126	146,936,947	19.6
	Headquarter			-	-
	Sub total	182,672,073	35,735,126	146,936,947	19.6

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Gender, Youth, Culture, Sports & Social Services	Headquarters	76,540,000	17,034,120	59,505,880	22.3
	Headquarters	-	-	-	-
	Social Services	48,256,840	-	48,256,840	0.0
	Sub total	124,796,840	17,034,120	107,762,720	13.6
Public Health Sanitation & Environment	Headquarter	31,581,390	3,947,381	27,634,009	12.5
	Sub Total	31,581,390	3,947,381	27,634,009	12.5
Fisheries Development	Headquarter	37,098,203	76,560	37,021,643	0.2
	Sub Total	37,098,203	76,560	37,021,643	0.2
Infrastructure & Energy	Headquarter	262,876,289	21,850,209	241,026,080	8.3
	Sub total	262,876,289	21,850,209	241,026,080	8.3
Lamu Municipality	Headquarter	98,247,400	7,334,562	90,912,838	7.5
	Sub total	98,247,400	7,334,562	90,912,838	7.5
Grand Total		2,080,377,010	211,611,877	1,868,765,133	10.2

Source: Lamu County Treasury

The programmes that performed well based on expenditure absorption were: Village Polytechnics under the Department of Education, Gender, Sports, Youth, Culture & Social Services at 52.9 per cent, Trade & Investment under Trade, Tourism & Investment Development at 31.6 per cent, followed by Headquarter Buildings under the Department Gender, Youth, Culture, Sports & Social Services at 22.3 per cent and Headquarter Buildings under County Executive at 21.3 per cent of budget allocation.

3.22.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.211.61 million out of annual development budget of Kshs.2.08 billion. The development expenditure represented 10.2 per cent of the annual development.
3. A high wage bill, which accounted for 57.2 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.46.92 million against annual projection of Kshs.100 million. The realised own source revenue represented 46.9 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

3.23 Machakos County

3.23.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.13.49 billion, comprising of Kshs.5.39 billion (39.9 per cent) and Kshs.8.10 billion (60.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.75 billion (57.7 per cent) as equitable share of revenue raised nationally, Kshs.2.19 billion (16.2 per cent) as total conditional grants, generate Kshs.1.61 billion (11.9 per cent) from own sources of revenue, and had Kshs.1.94 billion (14.4 per cent) as cash balance from FY 2018/19.

3.23.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.26 billion as equitable share of the revenue raised nationally, Kshs.481.57 million as total conditional grants, raised Kshs.1.09 billion from own-source revenue, and had a cash balance of Kshs.1.94 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.76 billion as shown in Table 3-105.

Table 3-105: Machakos County, Revenue Performance in the First Nine Months of FY 2019/20

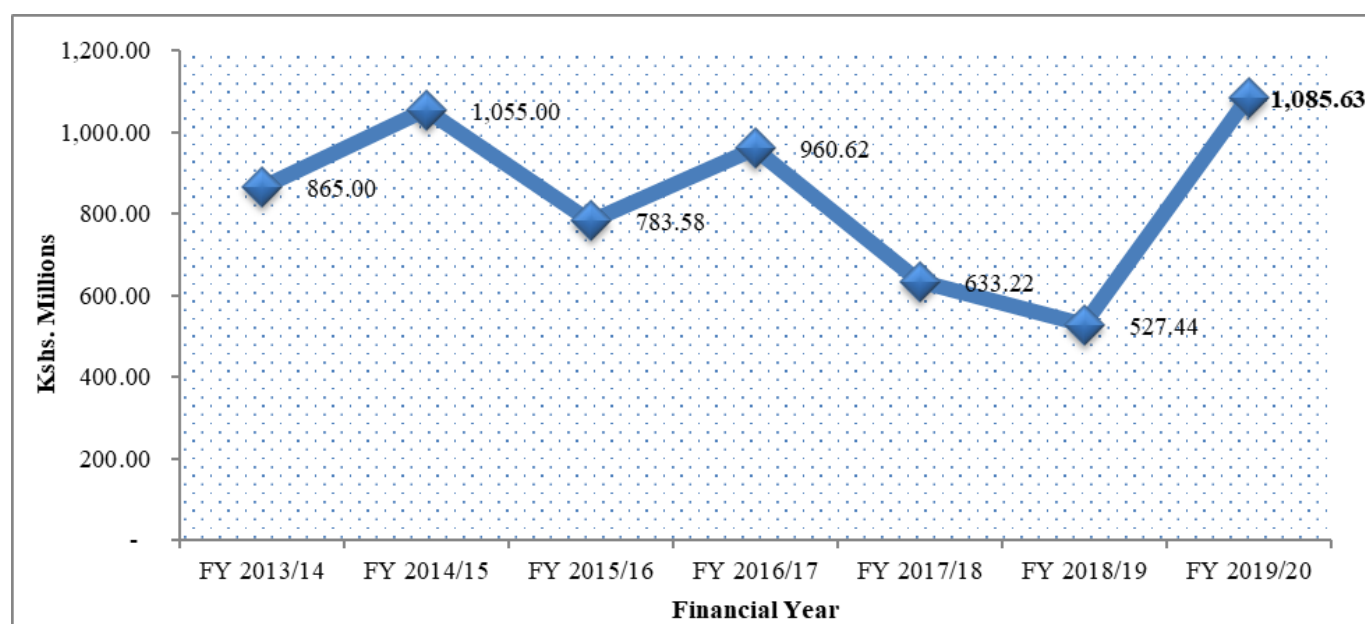
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,754,250,000	7,754,250,000	4,257,083,250	54.9
B.	Conditional Grants from the National Government Revenue				
1	Grants to Level-5 Hospitals	383,583,815	383,583,815	275,796,761	71.9
2	Compensation for User Fee Foregone	24,129,039	24,129,039	-	-
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	220,109,531	220,109,531	55,027,383	25
5	Rehabilitation of Village Polytechnics	51,093,298	51,093,298	25,546,649	50
	Sub Total	810,830,577	810,830,577	356,370,793	44
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	129,858,778	129,858,778	55,209,313	42.5
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	150,156,390	150,156,390	57,565,560	38.3
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	1,018,320,500	1,018,320,500	-	-
5	DANIDA Grant	24,843,750	24,843,750	12,421,875	50.0
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,869,663	17,869,663	-	-
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
	Sub Total	1,379,849,081	1,379,849,081	125,196,747	9.1
	Total	2,190,679,658	2,190,679,658	481,567,540	22
D	Other Sources of Revenue				
1	Own Source Revenue	-	1,608,576,900	1,085,628,790	67.5
2	Balance b/f from FY 2018/19	-	1,937,863,603	1,937,863,603	100
	Sub Total	-	3,546,440,503	3,023,492,393	85.3

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		9,944,929,658	13,491,370,161	7,762,143,183	57.2

Source: Machakos County Treasury

Figure 3-43 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-43: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Machakos County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.1.09 billion as own-source revenue. This amount represented an increase of 105.8 per cent when compared to Kshs.527.44 million realised during the same period in FY 2018/19, and represented 67.5 per cent of the annual target. The improvement is because of intensive mobilization of revenue in the FY 2019/20.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.92 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.70 billion (21.4 percent) for development programmes and Kshs.6.23 billion (78.6 per cent) for recurrent programmes.

3.23.4 Overall Expenditure Review

A total of Kshs.6.50 billion was spent on development and recurrent programmes and represented 82 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.05 billion and Kshs.5.45 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 19.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67.2 per cent.

3.23.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.4.09 billion was spent on compensation to employees, Kshs.1.36 billion on operations and maintenance, and Kshs.1.05 billion on development expenditure.

Table 3-106: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	8,105,621,418	6,226,524,905	5,446,779,407	83.8	67.2
Compensation to Employees	4,464,707,363	4,087,699,967	4,087,699,967	62.9	91.6
Operations and Maintenance	3,640,914,055	2,138,824,938	1,359,079,440	20.9	37.3
Total Development Expenditure	5,385,748,743	1,695,022,500	1,054,306,055	16.2	19.6
Development expenditure	5,385,748,743	1,696,803,305	1,054,306,055	16.2	19.6
Total	13,491,370,161	7,141,801,907	6,501,085,462	100.0	48.2

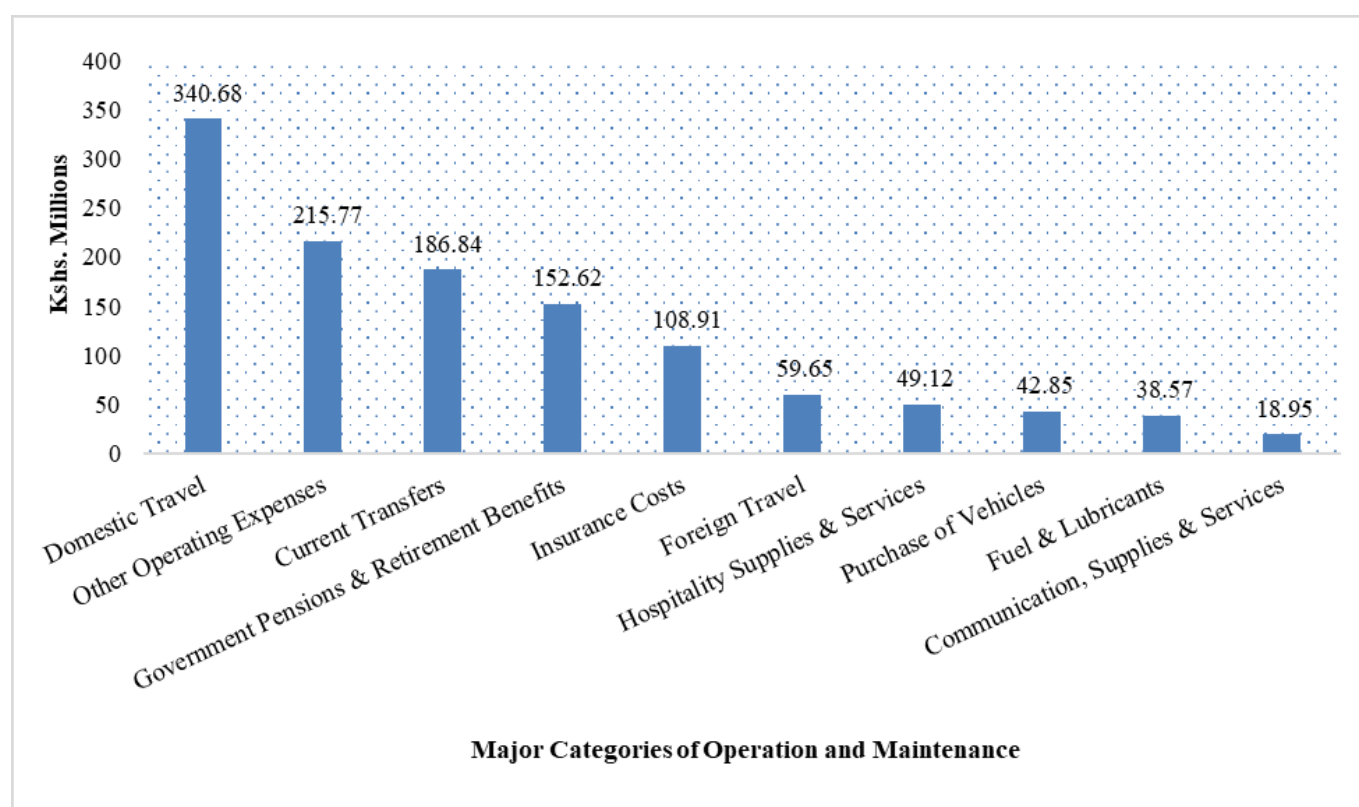
Source: Machakos County Treasury

Expenditure on compensation to employees was 62.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 3.2 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.96 billion.

3.23.6 Analysis of Operations and Maintenance Expenditure

Figure 3-44 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-44: Machakos County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Machakos County Treasury

The County spent Kshs.28.92 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.64.23 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.52,685 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.340.68 million and comprised of Kshs.198.40 million spent by the County Assembly and Kshs.141.87 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.59.65 million and comprised of Kshs.49.14 million spent by the County Assembly and Kshs.10.51 million by the County Executive.

3.23.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.05 billion represented 19.6 per cent of the annual development budget of Kshs.5.39 billion and represented an increase of 41.6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.744.39 million. Table 3-107 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-107: Machakos County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Miangeni Earth Dam	Water	Miangeni	100,000,000	49,545,827	49.5
2	Urban Regeneration of Kathome Market Phase One	Trade	Kathome	32,000,000	16,560,671	51.8
3	Landscaping Works at County Government Offices	Roads	Machakos	304,583,388	13,497,357	4.4
4	Supply & Delivery of Greenhouses	Agriculture	Various locations	18,500,000	8,353,448	45.2
5	Routine Maintenance of Mukunike-Kathaana Road	Roads	Kathaana	4,939,400	4,939,400	100.0
6	Construction of 5 ECDE Classes at Yatta Sub County	Education	Yatta	4,050,465	4,050,466	100.0
7	Installation of Drainage Structures at Kwa Mbuthu Road	Roads	Kwa Mbuthu	3,363,280	3,363,280	100.0
8	Payment For Construction of 4 ECDE Classes at Matungulu Sub County	Education	Yatta	3,272,279	3,272,279	100.0
9	Upgrading of Makutano-Kithimani Road	Roads	Mwala	3,065,515	3,065,515	100.0

Source: Machakos County Treasury

3.23.8 Budget Performance by Department

Table 3-108 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-108: Machakos County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	552.71	5.42	398.84	1.96	271.14	8.44	68.0	430.4	49.1	155.6
Public Service, Labour and ICT	783.57	33.63	571.08	7.22	1975.31	3.65	345.9	50.5	252.1	10.8
Trade, Investment, Economic Planning and Industrialization	289.46	143.55	209.41	45.53	179.65	47.76	85.8	104.9	62.1	33.3
Finance and Revenue Management	480.66	89.74	378.47	-	246.53	-	65.1	-	51.3	-
Decentralized Units, County Administration, Water and Irrigation	312.32	67.38	230.53	-	108.96	13.50	47.3	-	34.9	20.0
Agriculture, Food Security and Co-operative Development	369.51	362.77	250.67	85.94	117.40	26.23	46.8	30.5	31.8	7.2
Water, irrigation, Environment and Natural Resources	112.86	810.18	84.82	198.18	36.17	163.75	42.6	82.6	32.1	20.2
Health and Emergency Services	3395.51	643.72	2957.21	403.57	1570.86	77.65	53.1	19.2	46.3	12.1
Transport, Roads, Public Works and Housing	180.55	1257.79	159.67	792.95	86.11	588.19	53.9	74.2	47.7	46.8
Education, Youth and Social Welfare	360.33	233.98	109.66	92.46	112.51	43.58	102.6	47.1	31.2	18.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands , Urban Development, Energy & Natural Resources	160.18	1136.52	77.81	23.68	43.31	23.35	55.7	98.6	27.0	2.1
Tourism Sports and Culture	141.46	206.42	68.82	11.70	53.61	29.18	77.9	249.5	37.9	14.1
County Public Service Board	55.34	7.65	34.42	-	13.49	-	39.2	-	24.4	-
County Assembly	911.15	387.00	695.13	31.84	631.74	29.02	90.9	91.1	69.3	7.5
Total	8,105.62	5,385.75	6,226.52	1,695.02	5,446.78	1,054.31	87.5	62.2	67.2	19.6

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Office of the Governor recorded the highest absorption rate of development budget at 155.6 per cent while the Department of Public Service Board and the Department of Finance and Revenue Management did not report expenditure on development activities. The Department of Public Service, Labour & ICT had the highest percentage of recurrent expenditure to its recurrent budget at 252.1 per cent, while the Department of Public Service Board had the lowest at 24.4 per cent. A performance above 100 per cent is irregular and should be corrected before the end of the financial year by restructuring the estimates through a supplementary budget process.

3.23.9 Budget Execution by Programmes and Sub-Programmes

Table 3-109 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-109 : Machakos County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Office of the Governor					
Co-ordination and Supervisory Services	Co-ordination and Supervisory Services	558,128,499	279,575,323	278,553,176	50.1
	Sub total	558,128,499	279,575,323	278,553,176	50.1
Finance and Revenue Management					
Revenue Management	Revenue Management	186,928,163	63,611,580	123,316,583	34.0
Financial Management	Budget Formulation, Coordination and Implementation	38,652,240	16,882,088	21,770,152	43.7
Supply Chain Management	Supply Chain Management	4,271,964	-	4,271,964	-
Accounts Services	Accounts Services	10,735,603	10,727,910	7,693	99.9
Audit Services	Audit Services	4,101,320	2,297,730	1,803,590	56.0
Human Resource Management and Support Services	Human Resource Management and Support Services	282,149,172	145,555,880	136,593,292	51.6
County Planning and Statistical Information Services	County Planning and Statistical Information Services	43,562,000	7,459,228	36,102,772	17.1
	Sub total	570,400,462	246,534,416	323,866,046	43.2
Public Service, Quality Management and ICT					
General Administration and Support Services	Support Services	621,103,613	1,961,815,220	(1,340,711,606)	315.9
Quality Management	Quality Management	950,000	-	950,000	-
Training, Research and Development	Human Resource Capacity Development	108,995,411	1,983,740	107,011,671	1.8
ICT Infrastructure	ICT Infrastructure	83,911,182	15,155,991	68,755,191	18.1
Closed Circuit Television (CCTV)	Closed Circuit Television (CCTV)	2,245,000	-	2,245,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub total	817,205,207	1,978,954,951	(1,161,749,743)	242.2
County Public Service Board					
Human Resource Administration	Human Resource Administration	62,988,944	13,486,213	49,502,732	21.4
	Sub total	62,988,944	13,486,213	49,502,732	21.4
Roads, Transport and Public Works					
General Administration and Support Services	Support Services	232,336,447	64,868,511	167,467,936	27.9
Road Development and Management	Road Development and Management	763,965,251	314,965,906	448,999,345	41.2
County Government Buildings Services	County Government Buildings Services	319,048,005	247,922,909	71,125,096	77.7
County Fleet Management	County Fleet Management	122,988,387	46,538,580	76,449,807	37.8
	Sub total	1,438,338,090	674,295,907	764,042,183	46.9
Health and Emergency Services					
General Administration And Support Services	Support Services	2,923,002,743	1,544,388,129	1,378,614,613	52.8
Preventive and Promotive Services	Preventive and Promotive Services	926,013,550	94,292,517	831,721,033	10.2
Emergency Services	Emergency Services	21,595,884	-	21,595,884	0.0
public health and community outreach	public health and community outreach	168,619,502	9,833,240	158,786,262	5.8
	Sub total	4,039,231,678	1,648,513,886	2,390,717,792	40.8
Agriculture, Food Security and Co-operative Development					
General Administration and Support Services	Support Services	304,138,221	55,475,890	248,662,330	18.2
Crop Development and Management	Crop Development and Management	178,473,607	56,035,606	122,438,002	31.4
Livestock Resources Management and Development	Livestock Resources Management	60,375,583	22,029,055	38,346,528	36.5
Fisheries Development	Fisheries Development	23,464,467	8,629,960	14,834,507	36.8
Veterinary Services	Veterinary Services	69,396,657	10,000	69,386,657	-
Agriculture Training Centre	Agriculture Training Centre	13,413,456	110,069	13,303,387	0.8
Cooperative Development and Marketing	Cooperative Development and Marketing	83,008,830	1,340,484	81,668,346	1.6
	Sub total	732,270,821	143,631,063	588,639,758	19.6
Tourism, Youth, Sports and Culture					
General Administration and Support Services	Support Services	62,679,185	33,516,948	29,162,237	53.5
Heritage & Culture	Heritage & Culture Preservation	5,149,882	2,678,704	2,471,178	52.0
Liquor Management	Liquor Management	1,330,790	284,483	1,046,307	21.4
Tourism Development and Marketing	Tourism Development	18,370,405	80,000	18,290,405	0.4
County Image Directorate	County Beautification	74,790,873	27,421,089	47,369,784	36.7
Management and Development of Sports and Sports Facilities	Management of Sports	185,562,850	18,814,499	166,748,351	10.1
	Sub total	347,883,985	82,795,723	265,088,262	23.8
County Administration and Decentralized Units					
General Administration and Support Services	Support Services	257,434,675	96,483,393	160,951,282	37.5
Civic Engagement	Civic Engagement	39,513,850	6,875,228	32,638,622	17.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration and Coordination Services	Administration and Coordination Services	21,944,074	9,884,052	12,060,023	45.0
Solid Waste Management	Solid Waste Management	10,725,513	4,255,069	6,470,444	39.7
Sanitation Management	Sanitation	1,530,000	300,000	1,230,000	19.6
Inspectorate services and Management	Inspectorate Services	48,553,554	4,656,847	43,896,707	9.6
	Sub total	379,701,667	122,454,589	257,247,078	32.3
Trade, Industrialization and Innovation					
General Administration and Support Services	Support Services	74,720,289	26,647,447	48,072,842	35.7
Trade Development	Trade Development	71,750,000	17,771,922	53,978,078	24.8
Business and Enterprise Development	Business and Enterprise Development	10,279,107	3,236,800	7,042,307	31.5
Industrialization and innovation	Industrialization and innovation	80,495,664	37,788,499	42,707,165	46.9
Machakos Investment Promotion Board	Investment Facilitation and Support	10,259,324	694,069	9,565,255	6.8
County Law Office	Legal Office	185,507,650	141,271,520		76.2
	Sub total	433,012,034	227,410,257	205,601,777	52.5
County Assembly					
Legislation and Oversight	Legislation and Oversight	1,298,145,156	660,759,414	637,385,742	50.9
	Sub total	1,298,145,156	660,759,414	637,385,742	50.9
Education, Skills Training and Social Welfare					
General Administration and Support Services	Support Services	448,645,916	87,513,779	361,132,137	19.5
Basic Education	Provision of Education Services	47,011,315	65,076,291	(18,064,975)	138.4
Youth Development Services	Youth Empowerment	82,251,483	1,518,970	80,732,513	1.8
Gender and Social Services	Social Protection	16,406,107	1,984,250	14,421,857	12.1
	Sub total	594,314,821	156,093,290	438,221,532	26.3
Energy, Lands, Housing and Urban Development					
General Administration and Support Services	Support Services	52,602,449	41,168,414	11,434,036	78.3
Housing and Urban Development	Land Policy and Planning	1,138,279,113	22,784,671	1,115,494,443	2.0
Energy and Natural Resources	Energy and Natural Resources	105,823,999	2,699,469	103,124,530	2.6
	Sub total	1,296,705,561	66,652,554	1,230,053,008	5.1
Water, irrigation, Environment and Natural Resources					
Water Supply and Sewerage	Water Supply and Sewerage	430,417,474	130,499,872	299,917,602	30.3
Irrigation Schemes Development and Promotion.	Irrigation Development	399,764,626	55,361,027	344,403,599	13.8
	Development and promotion of irrigation schemes	5,562,474	-	5,562,474	-
General Administration and Support Services	Support Services	80,552,684	13,829,911	66,722,774	17.2
Environment and Natural Resources	Environment and Natural Resources	6,745,978	237,069		
	Sub total	923,043,236	199,927,878	723,115,358	21.7
Grand Total		13,491,370,161	6,501,085,462	6,990,284,699	48.2

Source: Machakos County Treasury

The programmes that performed well based on expenditure absorption were: Accounts Services at 99.9 per cent, General Administration (Energy, Lands, Housing & Urban Development) at 78.3 per cent, County Government Building Services at 77.7 per cent, and County Law Office at 76.2 per cent of budget allocation.

3.23.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.1.05 billion out of annual development budget of Kshs.5.39 billion. The development expenditure represented 19.6 per cent of the annual development budget.
3. A high wage bill, which accounted for 62.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-108 and table 3-109 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.24 Makueni County

3.24.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.11.18 billion, comprising of Kshs.4.85 billion (43.4 per cent) and Kshs.6.33 billion (56.6 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.41 billion (66.2 per cent) as equitable share of revenue raised nationally, Kshs.994.75 billion (8.9 per cent) as total conditional grants, generate Kshs.655.24 million (5.9 per cent) from own sources of revenue, and had Kshs.1.69 billion (15.1 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.431.41 million (3.9 per cent) as "other revenues" not contained in the CARA, 2019.

3.24.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.32 billion as equitable share of the revenue raised nationally, Kshs.408.09 million as total conditional grants, raised Kshs.356.57 million from own-source revenue, had a cash balance of Kshs.735.0 million from FY 2018/19, and received Kshs.297.02 million from "other revenues" not contained in the CARA, 2019. The total funds available for budget implementation during the period amounted to Kshs.7.12 billion as shown in Table 3-110.

Table 3-110: Makueni County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,406,100,000	7,406,100,000	5,324,985,900	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	19,435,760	19,435,760	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	210,227,063	210,227,063	105,113,532	50
4.	Rehabilitation of Village Polytechnics	60,333,298	60,333,298	30,166,649	50
	Sub Total	421,911,015	289,996,121	135,280,181	46.6
C	Loans and Grants from Development Partners				

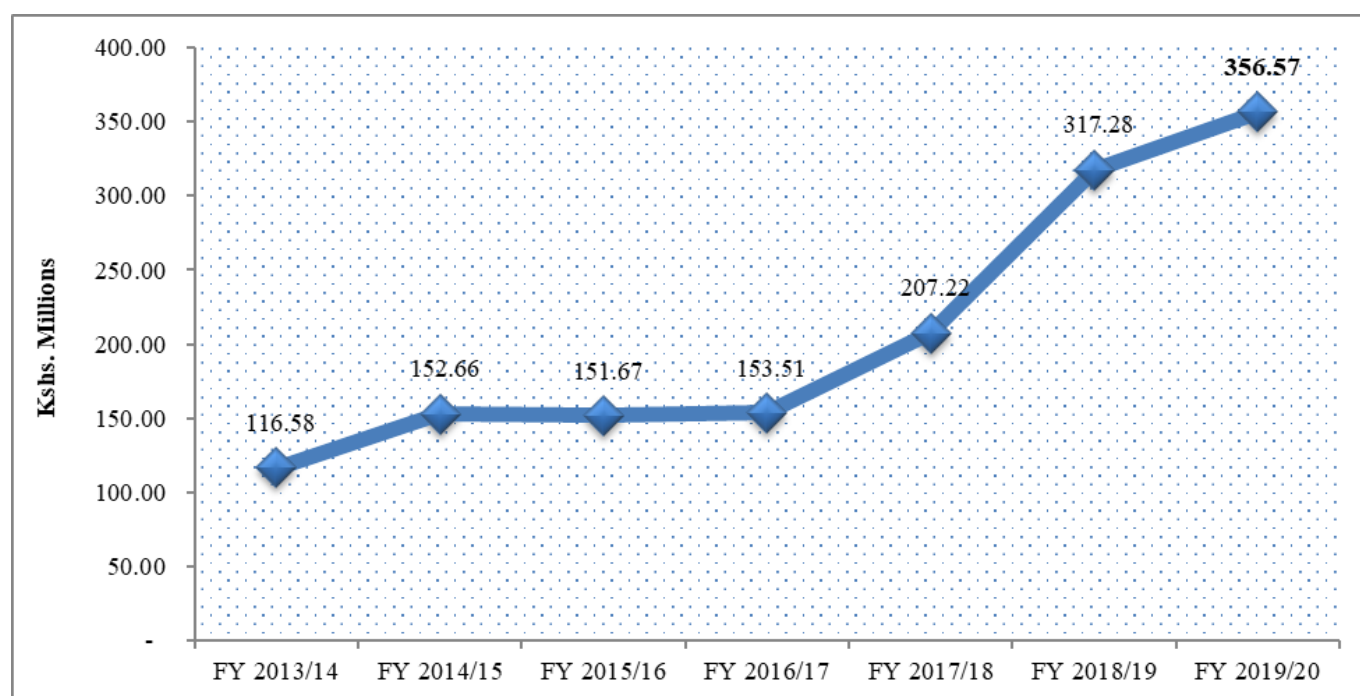
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Transforming Health systems for Universal care Project (WB)	89,179,782	89,179,782	84,293,539	94.5
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	167,099,969	47.7
3.	DA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	136,261,600	136,261,600	-	-
5.	DANIDA Grant	21,281,250	21,281,250	10,640,625	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	50,180,747	50,180,747	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,051,135	19,051,135	10,775,568	56.6
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000.00	8,800,000.00	-	-
Sub Total		704,754,514	704,754,514	272,809,701	38.7
D	Other Sources of Revenue				
1	Own Source Revenue	-	655,235,126	356,567,485	54.4
2	Balance b/f from FY 2018/19	-	1,692,140,526	735,001,969	43.4
3	Other Revenues	-	431,414,494	297,021,753	68.8
Sub Total		-	2,778,790,146	1,388,591,207	50.0
Grand Total		8,532,765,529	11,179,640,781	7,121,666,988	63.7

Source: Makueni County Treasury

*Under “other revenues”, there was Kshs.296.65 million that was receipted under IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant (non-CARA 2019). This amount also formed part of the Cash Balance from 2018/19. To avoid double counting, in this report this amount is only captured under “other revenues.

Figure 3-45 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-45: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Makeni County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.356.57 million as own-source revenue. This amount represented an increase of 12.4 per cent when compared to Kshs.317.28 million realised during the same period in FY 2018/19, and represented 54.4 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.03 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.63 billion (27.1 per cent) for development programmes and Kshs.4.4 billion (72.9 per cent) for recurrent programmes.

3.24.4 Overall Expenditure Review

A total of Kshs.5.5 billion was spent on development and recurrent programmes and represented 91.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.09 billion and Kshs.4.41 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 22.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 69.6 per cent.

3.24.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.79 billion was spent on compensation to employees, Kshs.1.62 billion on operations and maintenance, and Kshs.1.09 billion on development expenditure.

Table 3-111: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,332,077,327	4,395,695,186	4,409,137,585	80.2	69.6
Compensation to Employees	3,698,313,838	2,742,088,465	2,786,535,470	50.7	75.3
Operations and Maintenance	2,633,763,488	1,653,606,721	1,622,602,116	29.5	61.6
Total Development Expenditure	4,847,563,456	1,634,231,092	1,090,726,985	19.8	22.5
Development expenditure	4,847,563,456	1,634,231,092	1,090,726,985	19.8	22.5
Total	11,179,640,783	6,029,926,278	5,499,864,570	100.0	49.2

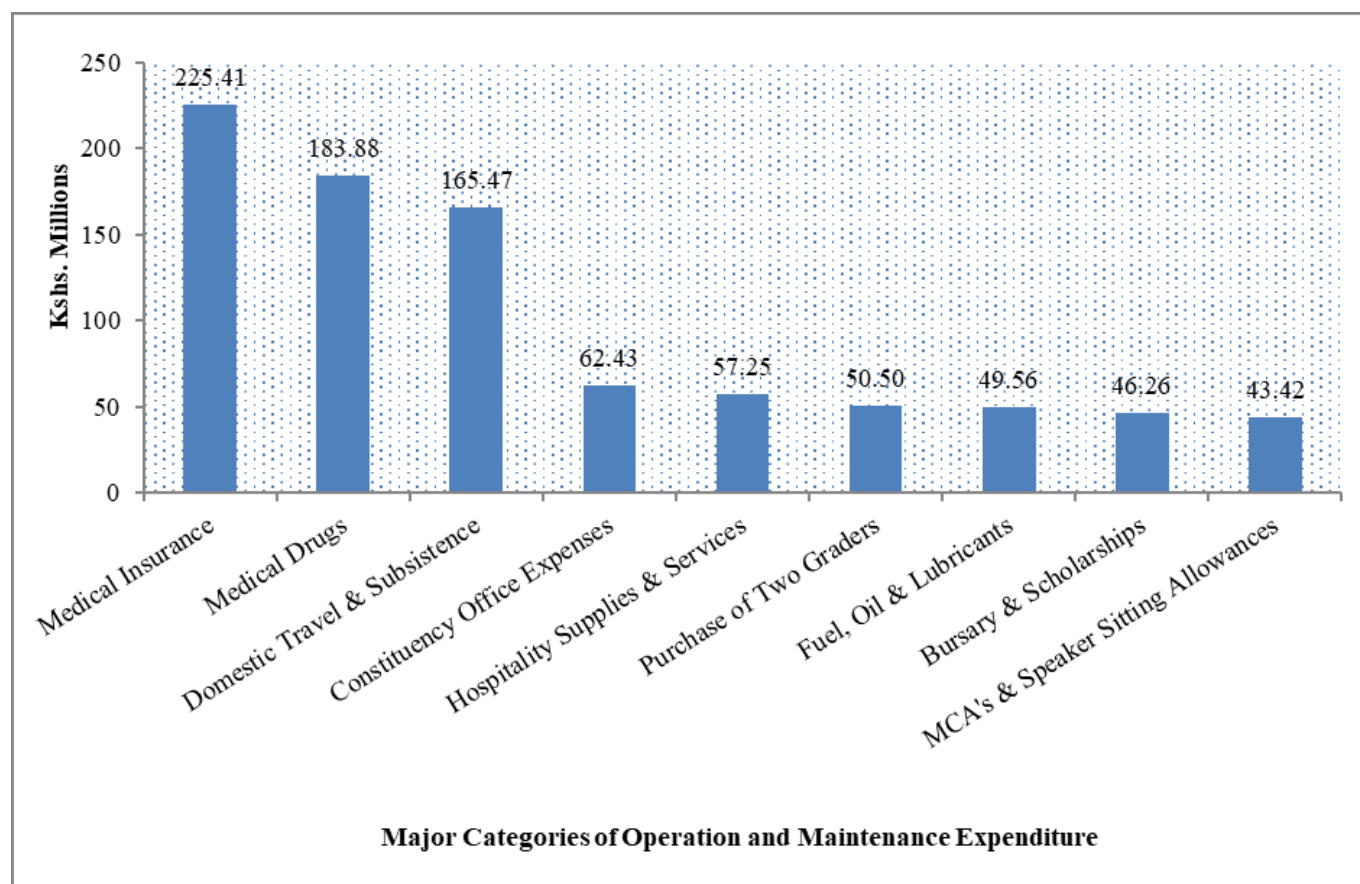
Source: Makeni County Treasury

Expenditure on compensation to employees was 50.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 7.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.59 billion.

3.24.6 Analysis of Operations and Maintenance Expenditure

Figure 3-46 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-46: Makueni County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Makueni County Treasury

The County spent Kshs.43.42 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.66.06 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.98,468 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.165.47 million and comprised of Kshs.88.53 million spent by the County Assembly and Kshs.76.94 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.23.09 million and comprised of Kshs.12.89 million spent by the County Assembly and Kshs.10.21 million spent by the County Executive.

3.24.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.09 billion represented 22.5 per cent of the annual development budget of Kshs.4.85 billion and represented a decrease of 16.7 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.31 billion. Table 3-112 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-112: Makueni County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name / Description	Department	Project Location	Project Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Universal health care programme	Health Services	County Wide	311,402,918	211,431,114	67.9
2	IDA (World Bank) credit: Kenya Urban Support Project(KUSP) - Urban Development Grant (UDG)	Lands, Mining & Urban Planning	Wote Municipality	198,206,302	54,845,636	27.7
3	AIA-Makueni Fruit Processing Plant	Agriculture, Livestock, Irrigation & Fisheries	Kalamba	61,494,081	48,515,285	78.9
4	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	Agriculture, Livestock, Irrigation & Fisheries	Several Wards (20)	442,863,852	46,379,115	10.5
5	Conditional Allocation for Development of Youth Polytechnics	Education, Sports & ICT	All wards	68,067,948	30,166,548	44.3
6	Transforming Health Systems for Universal Care Project (WB)	Health Services		155,865,040	27,157,307	17.4
7	Ligi Mashinani / sport Development/ Anti-Drug & substance abuse programme	Education, Sports & ICT	County Wide	30,000,000	21,213,310	70.7
8	Roads upgrade programme - ward - fuel levy funding	Transport & Infrastructure		39,209,281	17,951,032	45.8
9	Completion works to office block, Governor's & Deputy Governor House	Transport & Infrastructure	Wote	35,010,157	17,802,105	50.8
10	Purchase of Medical Equipment	Health Services		18,120,883	15,098,500	83.3

Source: Makueni County Treasury

3.24.8 Budget Performance by Department

Table 3-113 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-113: Makueni County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	704.0	121.2	593.4	16.1	563.2	16.1	94.9	100	80	13.3
Office of the Governor	188.5	-	156.3	-	138.8	-	88.8	-	73.6	-
Office of the Deputy Governor	13.5	-	10.5	-	10.1	-	96	-	75.3	-
County Attorney's Office	24.8	-	19.5	-	16.1	-	82.3	-	64.7	-
County Public Service Board	56.3	-	36.8	-	29.8	-	81	-	52.9	-
County Secretary Office	405.7	-	328.2	-	349.6	-	106.5	-	86.2	-
Devolution, Administration, Participatory Development, Youth & Public Service	278.8	95.8	187.7	18.1	210.4	24.2	112.1	133.7	75.5	25.3
Finance and Socio Economic Planning	590.4	399.7	363.9	347.4	390.7	5.1	107.4	1.5	66.2	1.3
Agriculture, Irrigation, Livestock & Fisheries Development	264.2	842.3	184.0	283.8	186.4	140.1	101.3	49.4	70.6	16.6
Water, Environment & Climate Change	218.7	1,115.7	168.3	233.9	139.3	186.9	82.8	79.9	63.7	16.7
Education and ICT	403.6	348.3	244.1	68.0	280.3	78.9	114.8	116.1	69.4	22.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	2,772.9	665.9	1,813.5	424.7	1,837.6	302.8	101.3	71.3	66.3	45.5
Lands, Mining and Urban Development	59.7	293.1	43.5	29.8	28.3	72.9	65	245.1	47.4	24.9
Transport and Infrastructure	226.9	798.5	154.5	188.1	152.3	236.3	98.6	125.6	67.1	29.6
Trade, Industry, Tourism & Cooperatives	50.8	60.0	41.0	11.5	31.1	17.1	75.8	148.6	61.2	28.4
Gender and Social Services	73.3	107.0	50.3	12.9	45.3	10.3	90.1	79.8	61.8	9.6
Total	6,332.1	4,847.6	4,395.7	1,634.2	4,409.1	1,090.7	100.3	66.7	69.6	22.5

Source: Makueni County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 45.5 per cent while the Department of Finance and Socio Economic Planning reported the lowest absorption rate at 1.3 per cent. The County Secretary Office had the highest percentage of recurrent expenditure to its recurrent budget at 86.2 per cent while the Department of Lands, Mining and Urban Development had the lowest at 47.4 per cent.

3.24.9 Budget Execution by Programmes and Sub-Programmes

Table 3-114 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-114 : Makueni County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning							
	SP1. 1 General administration & planning	243,395,264	141,986,007	385,381,271	182,129,611	5,173,920	187,303,531	48.6
	Programme 2: Land, Crop development & productivity		-					
	SP2. 1Land, Crop development & productivity	2,000,000	539,977,726	541,977,726	-	66,353,546	66,353,546	12.2
	P3;Agribusiness and information management		-					
	SP3. 1Agribusiness and information management	18,775,000	74,257,066	93,032,066	4,258,333	51,515,285	55,773,618	60.0
	Programme 4: Livestock Production, Management and Development		-					
	SP4. 1Livestock-Production, Management and Development	-	86,076,847	86,076,847	-	17,105,584	17,105,584	19.9
	Total Budget	264,170,264	842,297,646	1,106,467,910	186,387,944	140,148,336	326,536,280	29.5

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
Transport & Infrastructure	Programme 1: General administration & planning		-					
	SP1. 1 General administration & planning	117,716,861	534,497	118,251,358	70,839,070	-	70,839,070	59.9
	Programme 2: Road transport		-					
	SP2. 1 Road transport	88,750,000	727,701,537	816,451,537	72,420,119	194,366,282	266,786,401	32.7
	P3; Infrastructure development		-					
	SP3. 1 Infrastructure development	3,000,000	66,409,671	69,409,671	2,053,103	41,695,942	43,749,045	63.0
	Programme 2: Energy Infrastructure & development		-					
	SP4. 1 Energy Infrastructure & development	17,400,000	3,873,771	21,273,771	7,003,012	197,120	7,200,132	33.8
	Total Budget	226,866,861	798,519,477	1,025,386,338	152,315,303	236,259,344	388,574,647	37.9
Trade, Industry & Cooperatives	Programme 1: General administration & planning		-					
	SP1. 1 General administration & planning	44,536,509	-	44,536,509	26,957,435	-	26,957,435	60.5
	Programme 2: Trade development & promotion		-					
	SP2.4; Trade marketing & promotion	2,770,000	40,968,120	43,738,120	1,250,000	6,466,346	7,716,346	17.6
	P3; Industrial development and promotion		-					
	SP3. 1 Industrial development and promotion	1,160,000	2,500,000	3,660,000	950,000	500,000	1,450,000	39.6
	Programme 4: Tourism development & promotion		-			-		
	SP4. 1 Tourism development & promotion	1,160,000	7,320,131	8,480,131	950,000	4,973,620	5,923,620	69.9
	Programme 5: Cooperative development and management		-			-		
	SP4. 1 Cooperative development and management	1,160,000	9,225,168	10,385,168	950,000	5,129,115	6,079,115	58.5
	Total Budget	50,786,509	60,013,418	110,799,928	31,057,435	17,069,081	48,126,515	43.4
	Programme 1: General administration & planning		-			-		
	SP1. 1 General administration & planning	53,603,906	-	53,603,906	24,022,211	-	24,022,211	44.8
	Programme 2: Land Survey & Mapping		-			-		

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
Land, Physical Planning & Mining	SP2. 1: Land Survey & Mapping	1,972,737	39,526,939	41,499,676	1,642,188	13,905,980	15,548,168	37.5
	P3; Urban planning		-			-		
	SP3. 1 Urban planning	2,692,000	253,206,302	255,898,302	1,649,320	58,679,556	60,328,876	23.6
	Programme 2: Mining mapping & development		-			-		
	SP4. 1 Mining mapping & development	1,430,000	341,100	1,771,100	994,000	341,100	1,335,100	75.4
	Total Budget	59,698,643	293,074,341	352,772,985	28,307,719	72,926,636	101,234,355	28.7
	Programme 1: General administration & planning		-			-		
	SP1. 1 General administration & planning	173,758,577	12,780,770	186,539,346	115,993,249	7,996,729	123,989,978	66.5
	Programme 2: Water infrastructure Development		-			-		
Water, Irrigation & Environment	SP 2.1 Water harvesting and storage	8,300,000	274,686,471	282,986,471	2,460,570	41,525,501	43,986,071	15.5
	SP 2.2. Piped water supply infrastructure	2,500,000	430,754,474	433,254,474	1,100,000	58,832,796	59,932,796	13.8
	SP2.3 Ground water development	1,800,000	292,157,196	293,957,196	1,600,000	48,857,165	50,457,165	17.2
	P3; Irrigation infrastructure development	32,346,000	105,345,919	137,691,919	4,667,815	29,643,588	34,311,403	24.9
	SP3. 1 Irrigation infrastructure development	218,704,577	1,115,724,830	1,334,429,407	125,821,634	186,855,778	312,677,413	23.4
	Programme 4: Environment management and protection		-			-		
	SP4. 1 Environment management and protection	271,297,447	-	271,297,447	199,053,559	-	199,053,559	73.4
	Total Budget		-			-		
	Programme 1: General administration & planning	35,606,909	109,622,501	145,229,410	7,089,809	15,308,597	22,398,406	15.4
	SP1. 1 General administration & planning		-			-		
	Programme 2: Early childhood education	12,356,629	112,447,938	124,804,568	1,931,826	41,916,030	43,847,856	35.1
Education & ICT	SP1. 1 Early childhood education		-			-		
	Programme 3: Technical training & non formal education	59,226,629	3,507,562	62,734,191	51,888,553	-	51,888,553	82.7
	SP1. 1 Technical training & non formal education		-			-		

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
	Programme 4: Support to education	13,786,629	24,911,374	38,698,004	4,825,380	-	4,825,380	12.5
	SP1. 1 Support to education		-			-		
	Programme 5: ICT Infrastructure & Systems Development	3,442,629	-	3,442,629	2,290,541	-	2,290,541	66.5
	SP3. 1 ICT Infrastructure & Systems Development		-			-		
	Programme 6: Youth Development support & Empowerment	7,864,344	97,822,311	105,686,654	6,872,455	21,690,910	28,563,365	27.0
	SP6. 1 Youth Development	403,581,217	348,311,686	751,892,903	273,952,124	78,915,537	352,867,661	46.9
	Programme 7: Sports Development		-			-		
	SP7. 1 Sports Development	2,391,445,874	665,913,017	3,057,358,890	1,625,840,534	302,842,259	1,928,682,793	63.1
	Total Budget		-			-		
	Programme 1: General administration & planning	310,833,333	-	310,833,333	188,762,448	-	188,762,448	60.7
	SP1. 1 General administration & planning		-			-		
	Programme 2: Curative health care services	70,662,182	-	70,662,182	22,958,239	-	22,958,239	32.5
Health	SP2. 1: Curative health care services	2,772,941,389	665,913,017	3,438,854,405	1,837,561,220	302,842,259	2,140,403,479	62.2
	Programme 3: Preventive and promotive health care services		-			-		
	SP3. 1 Preventive and promotive health care services	64,726,049	-	64,726,049	39,666,349	-	39,666,349	61.3
	Total Budget		-			-		
	Programme 1: General administration & planning	8,579,000	106,992,864	115,571,864	2,957,807	10,257,302	13,215,109	11.4
	SP2. 1 Gender & Social Development		-			-		
	P3: Youth Development support & Empowerment		-			-		
Youth, Gender & Social Services	SP3. 1 Youth Development	73,305,049	106,992,864	180,297,914	42,624,156	10,257,302	52,881,458	29.3
	Programme 2: Sports Development		-			-		
	SP4. 1 Sports Development	24,836,716	-	24,836,716	16,077,685	-	16,077,685	64.7
	Total Budget	24,836,716	-	24,836,716	16,077,685	-	16,077,685	64.7

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
	Programme 1: Legal & advisory services		-			-		
	SP1. 1 Legal & advisory services	405,694,406	-	405,694,406	349,557,160	-	349,557,160	86.2
	Total Budget	405,694,406	-	405,694,406	349,557,160	-	349,557,160	86.2
	Programme 1: Leadership and coordination of departments.		-			-		
	SP1. 1 Leadership and coordination of departments.	201,931,902	-	201,931,902	174,937,354	-	174,937,354	86.6
County Attorney	Total Budget	201,931,902	-	201,931,902	174,937,354	-	174,937,354	86.6
	Programme 1: General administration & planning		-			-		
	SP1. 1 General administration & planning	225,712,036	23,606,318	249,318,354	173,197,154	8,438,931	181,636,085	72.9
County Secretary	Total Budget		-			-		
	Programme 1: General administration & planning	22,885,474	4,000,000	26,885,474	17,982,139	-	17,982,139	66.9
	SP1. 1 General administration & planning		-			-		
Governorship	Programme 2: Public Participation & Civic Education	1,800,000	143,630	1,943,630	415,972	-	415,972	21.4
	SP2. 1: Public Participation & Civic Education		-			-		
	Programme 3: Information and communication	13,400,000	-	13,400,000	10,201,223	-	10,201,223	76.1
Devolution & Public Service	SP3. 1 Information and communication		-			-		
	Programme 4: Enforcement and compliance	14,000,000	-	14,000,000	6,640,119	326,000	6,966,119	49.8
	SP4. 1 Enforcement and compliance		-			-		
	Programme 5: Volunteerism & mentorship	1,000,000	68,025,968	69,025,968	1,000,000	15,455,840	16,455,840	23.8
	SP5. 1 Volunteerism & mentorship	278,797,510	95,775,916	374,573,426	209,436,607	24,220,771	233,657,379	62.4
	Programme 6: Youth Development support & Empowerment		-			-		
	SP6. 1 Youth Development	56,348,175	-	56,348,175	29,820,387	-	29,820,387	52.9
	Total Budget	56,348,175	-	56,348,175	29,820,387	-	29,820,387	52.9
	Programme 1: General Administration and Planning		-			-		

Department	Programme / Sub Programme	Rec Budget (Kshs)	Dev Budget (Kshs)	Total Budget Estimates (Kshs)	Rec Expenditure (Kshs)	Dev Expenditure (Kshs)	Total Expenditure (Kshs)	Implementation Status (%)
	SP1.1 : General Administration and Planning	379,277,082	399,697,176	778,974,259	259,554,720	5,098,800	264,653,520	34.0
	Total Budget		-			-		
	Programme 1: General administration & planning	18,536,000	-	18,536,000	11,926,842	-	11,926,842	64.3
	SP1. 1 General administration & planning	70,672,195	-	70,672,195	47,884,962	-	47,884,962	67.8
County Public Service Board	Programme 2: Public financial management	18,286,000	-	18,286,000	11,039,322	-	11,039,322	60.4
	SP2.1 Accounting services	51,586,000	-	51,586,000	39,512,179	-	39,512,179	76.6
	SP2.2; Budget formulation, co-ordination and management	11,286,000	-	11,286,000	8,708,478	-	8,708,478	77.2
Finance & Socio Economic Planning	SP2.3; Internal audit services	40,786,000	-	40,786,000	12,036,952	-	12,036,952	29.5
	SP2.4; Resource mobilisation	590,429,278	399,697,176	990,126,454	390,663,455	5,098,800	395,762,255	40.0
	SP2.5; Supply chain management services	703,984,829	121,243,084	825,227,913	563,195,344	16,133,140	579,328,484	70.2
	SP2.6; Economic planning	703,984,829	121,243,084	825,227,913	563,195,344	16,133,140	579,328,484	70.2
	Total Budget	6,332,077,325	4,847,563,457	11,179,640,782	4,411,715,527	1,090,726,984	5,502,442,511	49.2

Source: Makeni County Treasury

The best performing programmes were: general administration and planning under Governorship at 86.6 per cent, leadership and coordination of departments under County Secretary Office at 86.2 per cent, support to education under Department of Education and ICT at 82.7 per cent, and enforcement and compliance under Department of Devolution, Administration, Participatory Development, Youth & Public Service at 76.1 per cent of budget allocation.

3.24.10 Key Observations and Recommendations

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

1. Low absorption of development funds whereby, the County spent Kshs.1.09 billion out of annual development budget of Kshs.4.85 billion. The development expenditure represented 22.5 per cent of the annual development.
2. A high wage bill, which accounted for 50.7 per cent of the total expenditure in the First Nine Months of FY 2019/20, thus constraining funding to other programmes.
3. Delay in submission of financial statements of established County Funds (Bursary and Scholarship, Car Loan and Mortgage Funds for Executive and Assembly, and Emergency Fund) in line with section 168 of the PFM Act, 2012.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. All Fund Administrators should ensure timely submission of expenditure reports of established Funds in line with Section 168 of PFM Act, 2012.

3.25 Mandera County

3.25.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.12.99 billion, comprising of Kshs.6.48 billion (49.9 per cent) and Kshs.6.51 billion (50.1 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.22 billion (78.7 per cent) as equitable share of revenue raised nationally, Kshs.1.21 billion (9.3 per cent) as total conditional grants, generate Kshs.183.56 million from own sources of revenue (1.4 per cent), and had Kshs.1.37 billion (10.6 per cent) as cash balance from FY 2018/19.

3.25.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.61 billion as equitable share of the revenue raised nationally, Kshs.122.85 million as total conditional grants, raised Kshs.87.85 million from own revenue sources, and had a cash balance of Kshs.1.37 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.20 billion as shown in Table 3-115

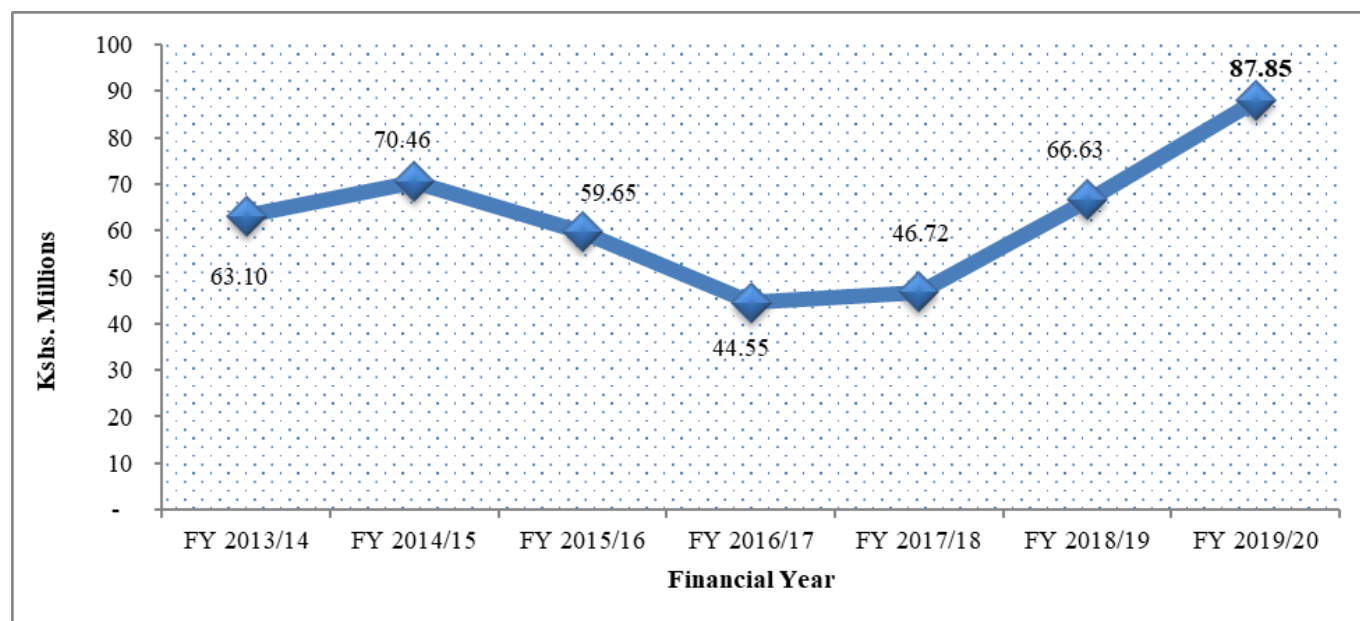
Table 3-115: Mandera County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,222,950,000	10,222,950,000	5,612,399,550	54.9
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	25,474,920	25,474,920	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	290,185,219	290,185,219	-	-
4.	Rehabilitation of Village Polytechnics	22,113,298	22,113,298	11,056,649	50
	Sub Total	469,688,331	337,773,437	11,056,649	2.4
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	125,791,038	65,351,998	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	76,718,822	38.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	175,819,500	175,819,500	-	-
5.	DANIDA Grant	30,281,250	30,281,250	15,140,626	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,822,072	22,822,072	19,935,060	87.3
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	294,216,316	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
	Sub Total	593,513,860	868,491,136	111,794,508	18.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	183,559,629	87,848,740	47.9
2.	Balance b/f from FY2018/19	-	1,374,718,639	1,374,718,639	100
	Sub Total	-	1,558,278,268	1,462,567,379	93.9
	Grand Total	11,286,152,191	12,987,492,841	7,197,818,086	63.8

Source: Mandera County Treasury

Figure 3-26: Kiambu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-47: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Mandera County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.87.85 million from own revenue sources. This amount represented an increase of 31.8 per cent when compared to Kshs.66.63 million realised during the same period in FY 2018/19, and represented 47.9 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.35 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.2.72 billion (37 per cent) for development programmes and Kshs.4.63 billion (63 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

A total of Kshs.7.47 billion was spent on development and recurrent programmes and represented 101.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.70 billion and Kshs.4.77 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 41.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 73.3 per cent.

3.25.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.13 billion was spent on compensation to employees, Kshs.2.65 billion on operations and maintenance, and Kshs.2.7 billion on development expenditure.

Table 3-116: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,510,523,183	4,774,797,414	63.9	73.3
Compensation to Employees	3,067,858,533	2,128,297,317	28.5	69.4
Operations and Maintenance	3,442,664,649	2,646,500,098	35.4	76.9
Development Expenditure	6,476,969,658	2,699,621,910	36.1	41.7
Grand Total	12,987,492,841	7,474,419,325	100	57.6

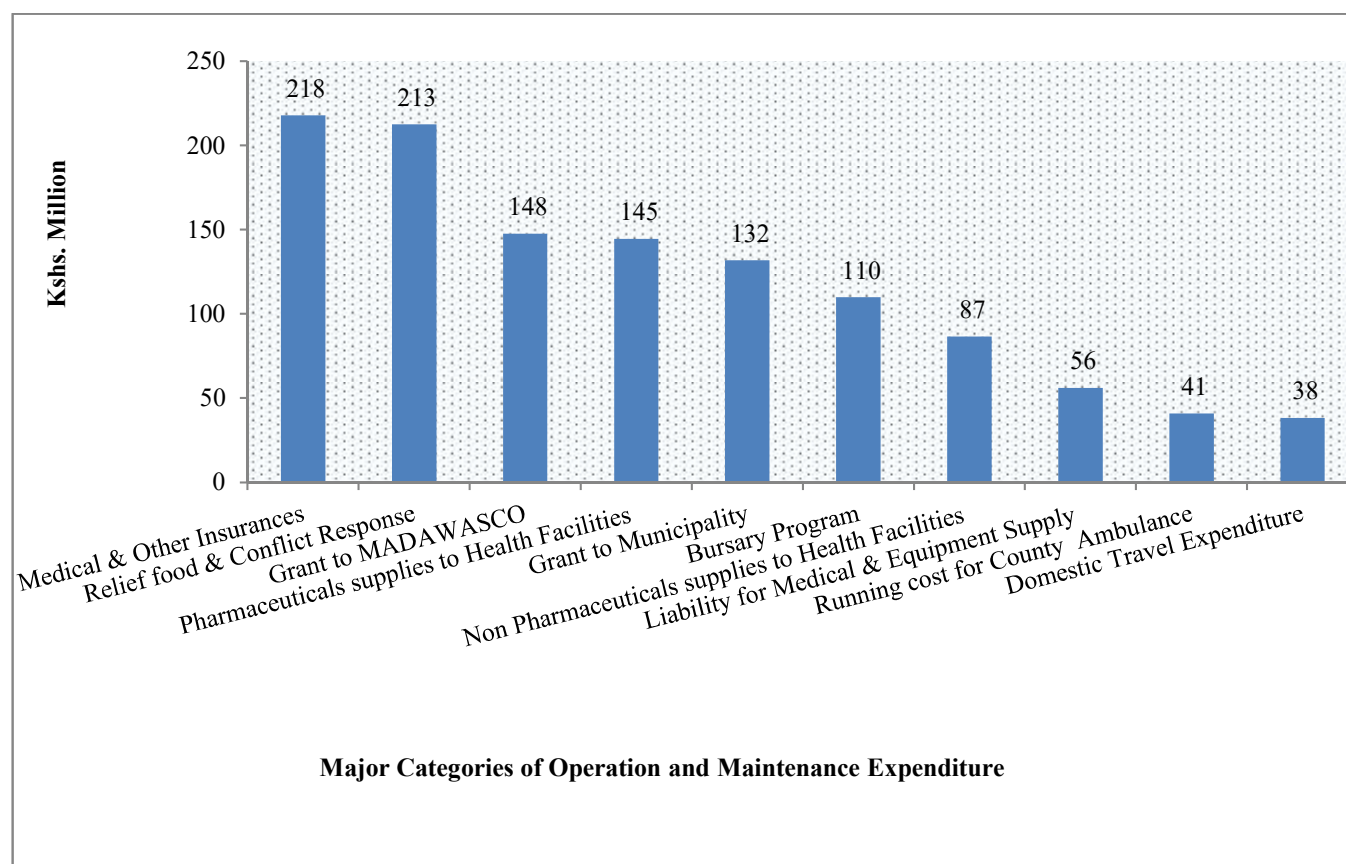
Source: Mandera County Treasury

Expenditure on compensation to employees was 28.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease compared to a similar period in FY2018/19 when the County spent Kshs.2.18 billion.

3.25.6 Analysis of Operations and Maintenance Expenditure

Figure 3-48 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-48: Mandera County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Mandera County Treasury

The County spent Kshs.23.81 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.58.24 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.53,981 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.38.20 million and comprised of Kshs.33.90 million spent by the County Assembly and Kshs.4.30 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.10.74 million and comprised of Kshs.6.91 million by the County Assembly and Kshs.3.83 million spent by the County Executive.

3.25.7 Development Expenditure Analysis

The total development expenditure of Kshs.2.70 billion represented 41.7 per cent of the annual development budget of Kshs.6.48 billion and represented a decrease of 4.5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.83 billion. Table 3-117 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-117: Mandera County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Completion of County Headquarters	Mandera East	455,354,521	330,308,680	72.5
2	Proposed Completion of County Guest House	Mandera East	308,671,300	197,903,560	64.1
3	Proposed Kutulo (Malbe) Water Pan For Irrigation Projects In Kutulo Sub-County	Kutulo	207,092,828	135,000,000	65.2
4	IDP Housing Rhamu	Rhamu Sub-County	97,387,075	97,387,075	100.0

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
5	Proposed Construction of Mandera Teachers Training College	Mandera East	250,000,000	80,000,000	32.0
6	Completion of County Assembly Building	Mandera Town	80,000,000	66,394,427	83.0
7	Proposed Koromey Irrigation Projects	Mandera East	128,000,000	61,728,395	48.2
8	Construction of KMTC	Mandera East	60,000,000	60,000,000	100.0
9	Proposed Construction Of Modern Slaughter House	Mandera East	58,752,258	58,752,258	100.0
10	Emergency Pharmaceutical to Tabaka Sub-County Hospital	Mandera West	57,993,800	57,993,800	100.0

Source: Mandera County Treasury

3.25.8 Budget Performance by Department

Table 3-118 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-118: Mandera County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	751.83	268.83	366.41	84.32	526.28	84.32	143.6	100	70	31.4
Agriculture, Livestock and Fisheries	259.21	1,061.83	183.40	607.40	183.40	607.40	100	100	70.8	57.2
Education, Culture and Sports	441.48	453.60	338.57	197.86	338.57	194.36	100	98.2	76.7	42.8
Gender, Youth and Social Services	85.56	60.75	44.26	32.05	44.26	32.05	100	100	51.7	52.8
Finance & Economic Planning and ICT	630.02	284.41	478.92	255.63	477.92	255.63	99.8	100	75.9	89.9
Health Services	1,691.61	868.41	1,292.91	474.98	1,292.91	466.27	100	98.2	76.4	53.7
Trade, Investments, Industrialization, and Cooperative Development	71.61	282.27	29.74	107.37	29.74	106.51	100	99.2	41.5	37.7
Lands, Housing Developments and Physical Planning	279.48	216.32	219.12	19.70	219.12	19.70	100	100	78.4	9.1
Office of the Governor and Deputy Governor	449.39	-	320.83	-	320.33	-	99.8	-	71.3	-
County Public Service Board	56.76	-	47.24	-	47.24	-	100	-	83.2	-
Public Service Management and Devolved Units	1,138.28	248.50	781.55	148.11	778.55	143.12	99.6	96.6	68.4	57.6
Public Works Roads and Transport	126.57	1,449.72	88.89	419.62	88.89	419.62	100	100	70.2	28.9
Water, Energy, Environment, Natural Resources Tourism and Wildlife	528.71	1,282.35	439.38	370.65	427.58	370.65	97.3	100	80.9	28.9
Total	6,510.52	6,476.97	4,631.24	2,717.68	4,774.80	2,699.62	103.1	99.3	73.3	41.7

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic Planning and ICT recorded the highest absorption rate of development budget at 89.9 per cent while the Department of Lands, Housing Developments and Physical Planning reported the lowest at 9.1 per cent. The County Public Service Board had the highest percentage of recurrent expenditure to its recurrent budget at 83.2 per cent while the Department of Trade, Investments, Industrialisation, and Cooperative Development had the lowest at 41.5 per cent.

3.25.9 Budget Execution by Programmes and Sub-Programmes

Table 3-119 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-119 : Mandera County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes				
Programme	Sub Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Implementation Status (%)
Legislation & Oversight Services	Administration and Support Services	142,318,334	91,412,027	64.2
	County Assembly Administration offices	268,827,226	93,982,769	35.0
	Sub Total	411,145,560	185,394,796	45.1
Administration & Compensation	Administration Services	2,901,752,019	1,910,227,060	65.8
	Sub Total	2,901,752,019	1,910,227,060	65.8
Food security Initiatives	Agricultural Infrastructure, Conservation and Research	895,373,792	360,938,782	40.3
	Sub Total	895,373,792	360,938,782	40.3
Co-operative Development Programmes	Cooperatives Agricultural Support	6,800,000	4,700,000	69.1
	Sub Total	6,800,000	4,700,000	69.1
Sports and Early Childhood Development Education (ECDE)	ECDE Infrastructure.	453,601,223	198,311,179	43.7
	Sub Total	453,601,223	198,311,179	43.7
Financial Services	Finance information systems	67,778,989	44,069,566	65.0
	Procurement Services	284,405,058	255,438,646	89.8
	Sub Total	352,184,047	299,508,212	85.0
General Administration and Support Services	General Administration & Support Services	614,448,897	459,179,707	74.7
	General Administration & Support Services	2,133,091,294	1,633,068,127	76.6
	Sub Total	2,747,540,191	2,092,247,834	76.1
Physical Infrastructure Development	Infrastructure & Equipment	216,319,500	19,699,535	9.1
	Infrastructure Construction, Expansion and Maintenance	868,405,229	410,672,548	47.3
	Infrastructure Development and Expansion	248,497,599	148,341,821	59.7
	Infrastructure Development and Expansion	1,449,718,366	419,434,102	28.9
	Sub Total	2,782,940,694	998,148,006	35.9
Livestock Agricultural Sector Support	Livestock Agricultural Sector Support	217,273,247	106,497,361	49.0
	Sub Total	217,273,247	106,497,361	49.0
Solar and Energy Services	Street lighting	51,003,360	27,335,460	53.6
	Sub Total	51,003,360	27,335,460	53.6
Environmental Protection	Environmental Protection	39,328,128	9,179,010	23.3
	Sub Total	39,328,128	9,179,010	23.3
Trade development	Trade development & Promotion	347,075,858	131,585,477	37.9
	Sub Total	347,075,858	131,585,477	37.9
Water Provision Services	Water provision services	489,384,091	425,959,011	87.0
	Water Storage Structures	1,231,341,987	339,564,217	27.6
	Sub Total	1,720,726,078	765,523,228	44.5
Youth Rehabilitation and Development	Youth Development Programmes and Policy	60,748,646	32,037,462	52.7
	Sub Total	60,748,646	32,037,462	52.7
Grand Total		12,987,492,843	7,121,633,866	54.8

Source: Mandera County Treasury

The programmes that performed well based on expenditure absorption were: Financial Services at 85 per cent, General Administration and Support Services at 76.1 per cent, Co-operative Development Programmes at 69.1 per cent, and Administration & Compensation at 65.8 per cent of budget allocation.

3.25.10 Key Observations and Recommendations

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

1. Failure to budget for conditional grants per CARA, 2019 which delayed implementation of budgeted activities.

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

1. The County should prepare a Supplementary Budget to align the conditional grants to the CARA, 2019.

3.26 Marsabit County

3.26.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.8.34 billion, comprising of Kshs.4.17 billion (50 per cent) and Kshs.4.17 billion (50 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.77 billion (81.2 per cent) as equitable share of revenue raised nationally, Kshs.742.06 million (8.9 per cent) as total conditional grants, generate Kshs.170 million from own sources of revenue, and had Kshs.658.36 million (7.9 per cent) as cash balance from FY 2018/19.

3.26.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.33 billion as equitable share of the revenue raised nationally, Kshs.254.39 million as total conditional grants, raised Kshs.107.22 million from own-source revenue, and had a cash balance of Kshs.658.36 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.35 billion as shown in Table 3-120.

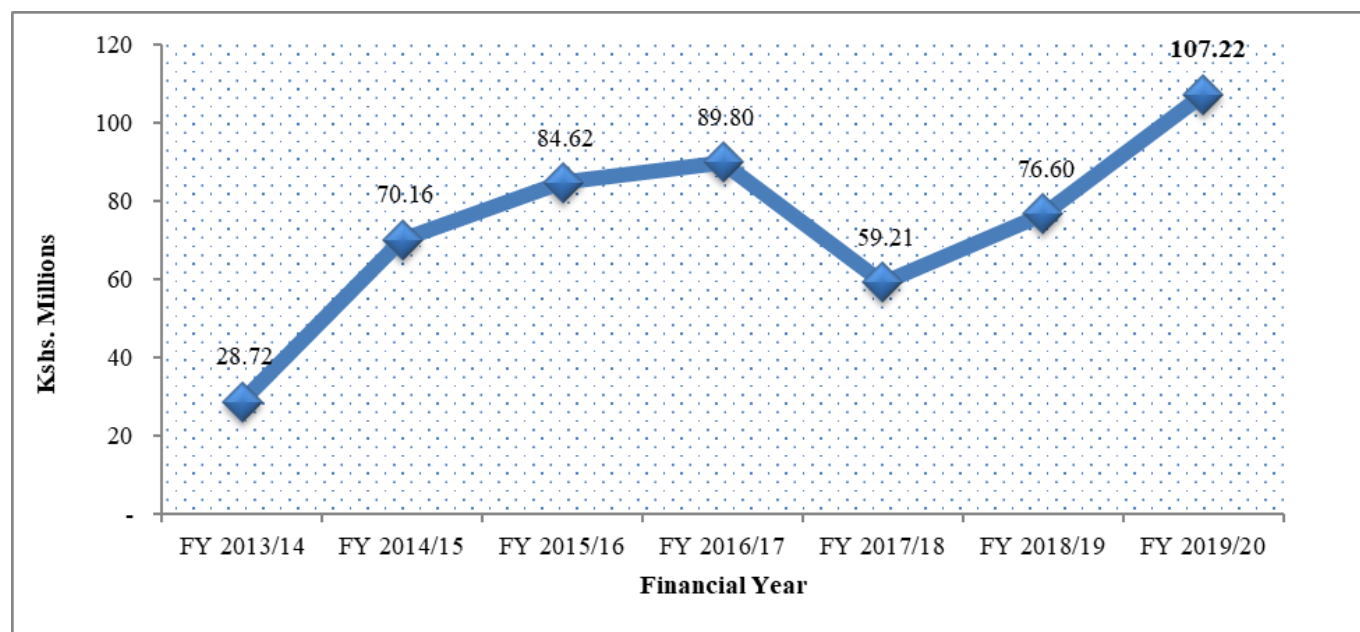
Table 3-120: Marsabit County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,773,100,000	6,773,100,000	4,328,010,900	63.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	6,643,714	6,643,714	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	192,258,938	192,258,938	96,129,469	50.0
4.	Rehabilitation of Village Polytechnics	15,558,298	15,558,298	7,779,149	50.0
Sub Total		346,375,844	214,460,950	103,908,618	48.5
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	57,240,000	57,240,000	57,240,000	100
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	156,114,090	156,114,090	59,854,908	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5.	DANIDA Grant	29,133,697	29,133,697	20,906,250	71.8
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	23,851,133	23,851,133	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,466,188	22,466,188	12,483,094	55.6
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
9.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	150,000,000	150,000,000	-	-
Sub Total		527,605,108	527,605,108	150,484,252	28.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	170,000,000	107,221,952	63.1
2.	Balance b/f from FY 2018/19	-	658,360,224	658,360,224	100.0
Sub Total		-	828,360,224	765,582,175	92.4
Grand Total		7,647,080,952	8,343,526,282	5,347,985,945	64.1

Source: Marsabit County Treasury

Figure 3-49 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-49: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Marsabit County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.107.22 million as own-source revenue. This amount represented an increase of 40 per cent when compared to Kshs.76.6 million realised during the same period in FY 2018/19, and represented 63 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.12 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.2.05 billion (40 per cent) for development programmes and Kshs.3.07 billion (60 per cent) for recurrent programmes.

3.26.4 Overall Expenditure Review

A total of Kshs.4.66 billion was spent on development and recurrent programmes and represented 91 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.81 billion and Kshs.2.85 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 43.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 68.2 per cent.

3.26.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.92 billion was spent on compensation to employees, Kshs.925.49 million on operations and maintenance, and Kshs.1.81 billion on development expenditure.

Table 3-121: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,170,135,505	3,071,252,634	2,845,922,171	61.1	68.2
Compensation to Employees	2,665,826,641	1,920,433,225	1,920,433,225	41.2	72.0
Operations and Maintenance	1,504,308,864	1,150,819,409	925,488,946	19.9	61.5
Total Development Expenditure	4,173,390,776	2,047,702,816	1,813,729,373	38.9	43.5
Development Expenditure	4,173,390,776	2,047,702,816	1,813,729,373	38.9	43.5
Total	8,343,526,281	5,118,955,450	4,659,651,544	100.0	55.8

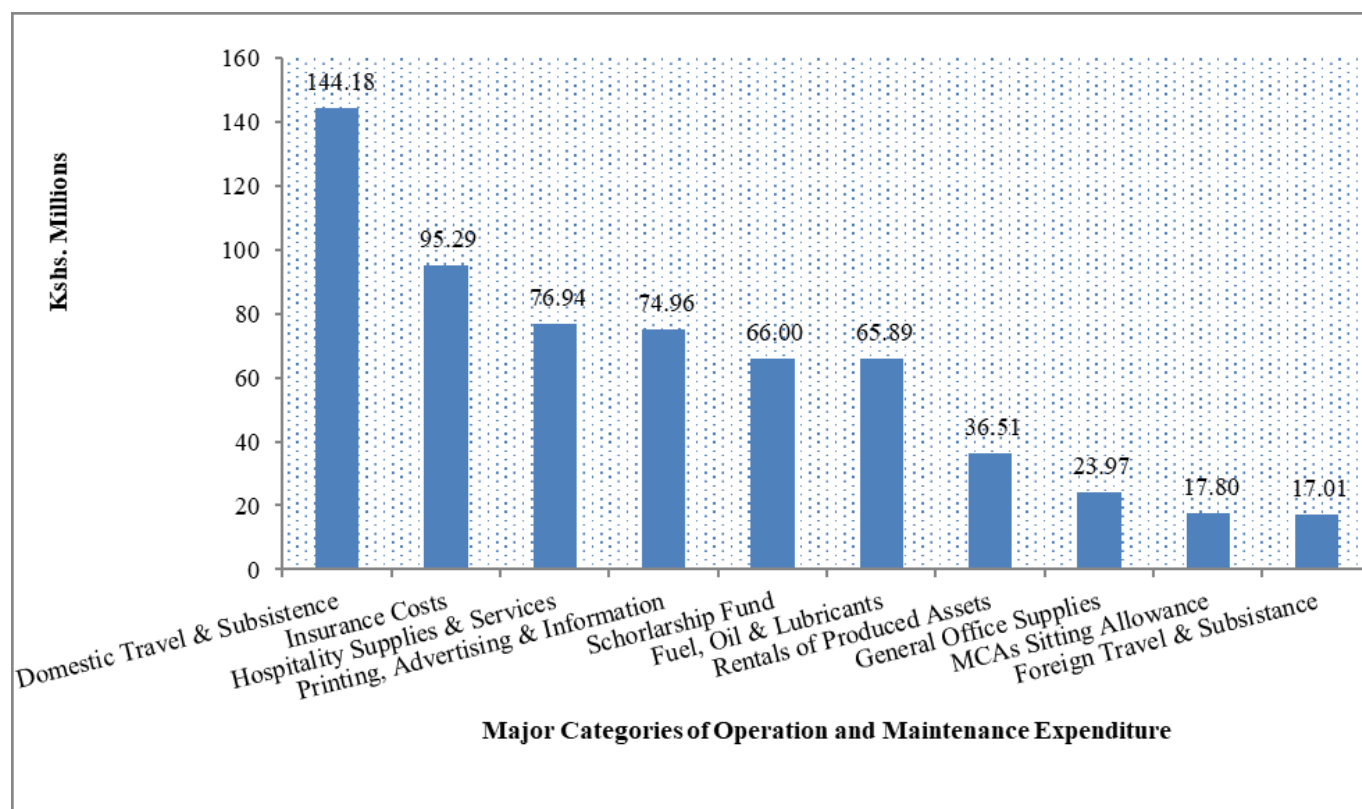
Source: Marsabit County Treasury

Expenditure on compensation to employees was 41.2 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.83 billion.

3.26.6 Analysis of Operations and Maintenance Expenditure

Figure 3-50 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-50: Marsabit County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Marsabit County Treasury

The County spent Kshs.17.8 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.45 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.63,793 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.144.18 million and comprised of Kshs.96.26 million spent by the County Assembly and Kshs.95.55 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.17 million and comprised of Kshs.9.35 million spent by the County Assembly and Kshs.7.66 million spent by the County Executive.

3.26.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.81 million represented 43.5 per cent of the annual development budget of Kshs.4.17 billion and represented an increase of 0.9 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.8 billion. Table 3-122 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-122: Marsabit County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed Construction of level four hospital at Sololo Makutano	Sololo	483,369,790	50,000,000	10.3
2	Upgrading of Marsabit town road to Bitumen Standards.	Marsabit Town	347,755,684	49,897,272	14.3
3	Proposed Erection & Completion of tuition block for proposed KMTC	Marsabit Town	200,920,462	25,000,000	12.4
4	Proposed Erection and completion of fish factory	Loyangalani	34,811,472	18,000,000	51.7
5	Proposed construction of Elle Bor water pan in Moyale	Moyale	14,100,194	14,100,194	100.0
6	Proposed Equipping of borehole and construction pump house	Logologo	4,699,630	4,699,630	100.0
7	Spot improvement works at Taqwa-Emmanuel road	Marsabit Town	3,499,410	3,499,410	100.0

Source: Marsabit County Treasury

3.26.8 Budget Performance by Department

Table 3-123 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-123: Marsabit County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	640.18	176.76	413.10	-	324.44	-	78.5	-	50.7	-
County Executive Services	535.28	728.87	415.86	544.10	465.07	633.53	111.8	116.4	86.9	86.9
Finance Management Services	269.05	180.00	198.69	100.00	181.74	132.90	91.5	132.9	67.6	73.8
Agriculture, Livestock	193.76	529.69	152.55	163.27	132.43	109.30	86.8	66.9	68.3	20.6
County Public Service Board	81.56	-	42.60	-	47.29	-	111.0	-	58.0	-
Education Youth Affairs	310.19	327.38	271.94	34.39	241.20	84.03	88.7	244.3	77.8	25.7
County Health Services	1,272.01	754.05	954.87	500.27	891.61	325.78	93.4	65.1	70.1	43.2
Administration and ICT	324.81	6.20	235.02	-	215.12	0.32	91.5	-	66.2	5.2
Physical Planning and Development	137.80	312.19	95.47	166.57	73.39	86.38	76.9	51.9	53.3	27.7
Public Works	85.47	437.04	56.93	254.64	52.69	188.81	92.6	74.1	61.6	43.2
Water Services	126.84	599.22	96.15	224.46	89.88	182.66	93.5	81.4	70.9	30.5
Trade and Industry	78.12	72.10	46.95	60	46.13	50	98.3	83.3	59.1	69.3
Tourism, Culture and Social Services	115.07	49.89	91.12	-	84.93	20.01	93.2	-	73.8	40.1
TOTAL	4,170.14	4,173.39	3,071.25	2,047.70	2,845.92	1,813.73	92.7	88.6	68.2	43.5

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of Executive Services recorded the highest absorption rate of development budget at 86.9 per cent while the County Assembly did not report expenditure on development activities. The Department of Executive Services had the highest percentage of recurrent expenditure to its recurrent budget at 86.9 per cent while the County Assembly had the lowest at 50.7 per cent.

3.26.9 Budget Execution by Programmes and Sub-Programmes

Table 3-124 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-124 : Marsabit County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
County Assembly Of Marsabit Operational And Oversight	Operations & Oversight	816,944,722	324,435,044	492,509,677	39.7
Physical Planning And Development	Urban Development Services	252,193,823	52,589,780	199,604,043	20.9
	Lands and Physical Planning Services	60,000,000	33,790,050	26,209,950	56.3
	General administration planning and Support Services	137,797,500	73,385,117	64,412,383	53.3
	Sub total	449,991,323	159,764,947	290,226,376	35.5
Education	General Administration, Planning and Support Services	310,193,916	241,201,207	68,992,709	77.8
	Pre – Primary Education	163,283,175	64,731,987	98,551,188	39.6
	Youth Development	75,930,000	14,844,700	61,085,300	19.6
	Vocational Education and Training	19,058,298	-	19,058,298	-
	Sports	69,110,000	4,453,600	64,656,400	6.4
	Sub total	637,575,389	325,231,494	312,343,895	51.0
Executive Services	General Administration, Planning and Support Services	578,869,015	525,435,083	53,433,932	90.8
	Management of County Affairs	585,857,842	483,769,989	102,087,853	82.6
	Public Sector Advisory Services	59,000,000	51,166,979	7,833,021	86.7
	Inter/Intra Governmental	20,000,000	20,000,000	-	100.0
	County Legal Services	20,417,773	18,227,200	2,190,573	89.3
	Sub total	1,264,144,630	1,098,599,251	165,545,379	86.9
Administration And ICT	General administration planning and Support Services	305,309,767	203,857,986	101,451,781	66.8
	ICT infrastructure	6,200,000	322,000	5,878,000	5.2
	Coordination of functions of devolved Units	16,500,000	10,191,080	6,308,920	61.8
	Public Participation and Civic Education	3,000,000	1,074,800	1,925,200	35.8
	Sub total	331,009,767	215,445,866	115,563,901	65.1
Agriculture and Livestock Development	General Administration, Planning and Support Services	87,330,449	77,770,292	9,560,157	89.1
	Livestock Resources Management and Development	177,086,044	51,211,640	125,874,404	28.9
	Fisheries Development and Management	81,221,448	9,427,629	71,793,819	11.6
	Crop Development and Management	377,811,056	103,318,673	274,492,383	27.3
	Sub total	723,448,997	241,728,234	481,720,763	33.4
Health Services	Curative Health Services	207,000,000	127,494,155	79,505,845	61.6
	General Administration, Planning and Support Services	1,809,065,412	1,079,914,945	729,150,467	59.7
	Maternal and child health	10,000,000	9,979,491	20,509	99.8
	Sub total	2,026,065,412	1,217,388,591	808,676,821	60.1

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)	
County Public Service Board	General administration planning and Support Services	69,249,999	43,719,489	25,530,510	63.1	
	Human Resource Management and Development	12,305,001	3,569,984	8,735,017	29.0	
	Sub total	81,555,000	47,289,473	34,265,527	58.0	
Culture and Social Services	Youth Development	10,000,000	9,540,700	459,300	95.4	
	Culture Services	25,985,019	10,467,150	15,517,869	40.3	
	Social Services	13,900,000	-	13,900,000	-	
	General administration planning and support services	115,067,500	84,930,865	30,136,635	73.8	
	Sub total	164,952,519	104,938,715	60,013,804	63.6	
	Finance and Economic Planning	General administration planning and Support Services	362,045,344	269,609,849	92,435,495	74.5
Public Finance Management		42,000,000	22,019,750	19,980,250	52.4	
Economic and financial policy Formulation		45,000,000	15,000,000	30,000,000	33.3	
Sub total		449,045,344	306,629,599	142,415,745	68.3	
Roads, Housing And Public Works	Road Transport Infrastructure Development	437,036,909	188,814,088	248,222,821	43.2	
	Housing Development	40,240,768	24,947,097	15,293,671	62.0	
	General administration planning and Support Services	45,230,401	27,745,037	17,485,364	61.3	
	Sub total	522,508,078	241,506,222	281,001,856	46.2	
Trade, Industry & Enterprise Development	General administration planning and Support Services	78,119,796	46,133,681	31,986,115	59.1	
	Trade and Industrial Development	12,100,000	-	12,100,000	-	
	Enterprise Development	60,000,000	50,000,000	10,000,000	83.3	
	Sub total	150,219,796	96,133,681	54,086,115	64.0	
Water	Water Resources Management	573,971,329	64,795,978	54,624,099	11.3	
	General administration planning and Support Services	87,983,660	50,906,954	209,600	57.9	
	Natural Resources Conservation and Management	64,110,315	3,553,900	475,900	5.5	
	Sub total	726,065,304	119,256,832	55,309,599	16.4	
GRAND TOTALS		8,343,526,281	4,498,347,949	3,293,679,458	53.9	

Source: Marsabit County Treasury

The programmes that performed well based on expenditure absorption were: Maternal and Child Health at 100 per cent, Youth Development at 95 per cent, Governance and County Values at 83 per cent, and Executive Services General Administration and Planning at 91 per cent of budget allocation.

3.26.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the First Nine Months of FY 2019/20 whereby, the County spent Kshs.1.81 billion out of annual development budget of Kshs.4.17 billion. The development expenditure represented 43.5 per cent of the annual development.
2. A high wage bill, which accounted for 41.2 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.

3.27 Meru County

3.27.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.11.19 billion, comprising of Kshs.3.35 billion (30 per cent) and Kshs.7.85 billion (70 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (71.8 per cent) as equitable share of revenue raised nationally, Kshs.1.51 billion (13.5 per cent) as total conditional grants, generate Kshs.705 million (6.3 per cent) from own sources of revenue, and had Kshs.820.87 million (7.3 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.120 million (1.1 per cent) as Appropriations in Aid.

3.27.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.14 billion as equitable share of the revenue raised nationally, Kshs.784.4 million as total conditional grants, raised Kshs.320 million from own-source revenue, and had a cash balance of Kshs.311.80 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.56 billion as shown in the Table 3-125.

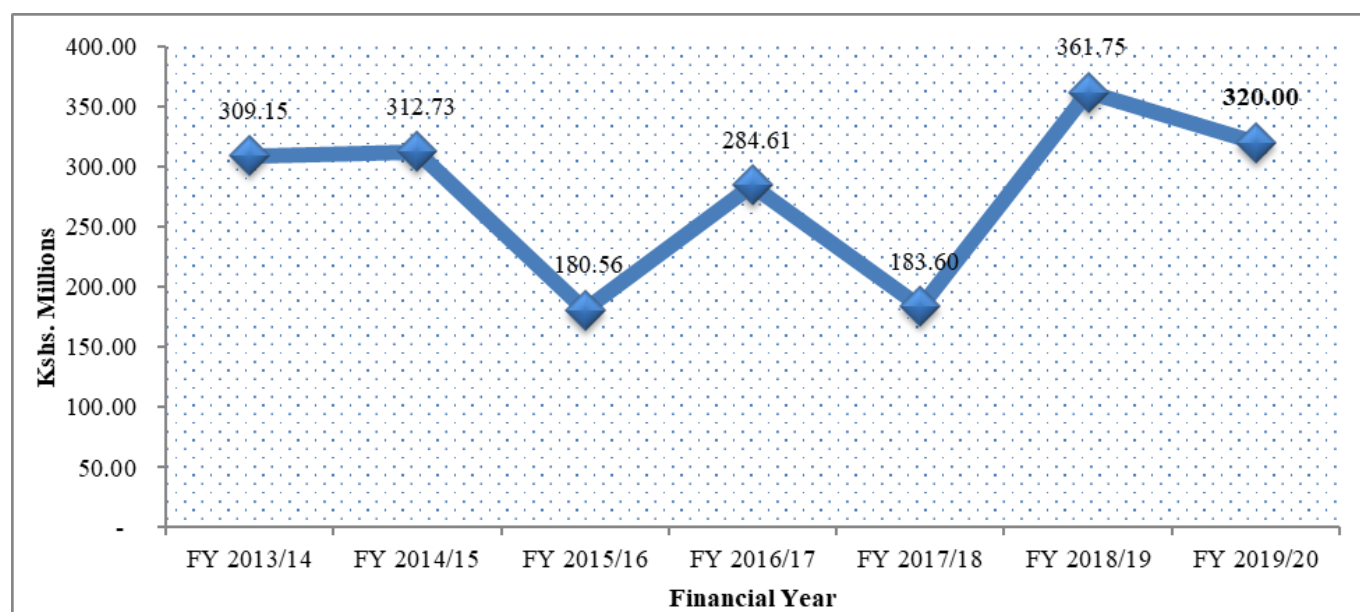
Table 3-125: Meru County, Revenue Performance in the First Nine Months of FY 2019/20

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,039,100,000	8,039,100,000	5,136,984,900	%
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	268,814,568	72
2.	Compensation for User Fee Foregone	31,648,428	31,648,428	-	-
3.	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	114,097,594	50
4.	Rehabilitation of Village Polytechnics	56,568,298	56,568,298	28,284,149	50
Sub Total		690,284,746	690,284,746	411,196,311	60
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	10,140,000	29
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	299,971,780	299,971,780	108,938,400	36
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	262,216,740	232,216,740	774
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	116,890,200	116,890,200	0.00	0.0
5.	DANIDA Grant	23,906,250	23,906,250	11,953,125	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,675,209	17,675,209	10,037,604	57
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant B/F	-	53,939,835	-	-
8.	ASDSP PROJECT B/F 2017-18	8,800,000	8,800,000	-	-
Sub Total		532,243,439	818,400,014	373,286,279.40	70
D	Other Sources of Revenue				
1.	Own Source Revenue	-	705,000,000	330,042,044	46.8
2.	Balance B/F from FY2018/19	-	820,867,758	311,801,251	38
3.	A.I.A	-	120,000,000	-	-
Sub Total			1,645,867,758	641,843,295	39
Grand Total		9,261,628,185	11,193,652,518	Error! Not a valid link.	70.9

Source: Meru County Treasury

Figure 3-51 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-51: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Meru County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.320 million as own-source revenue. This amount represented a decrease of 11.5 per cent when compared to Kshs.361.75 million realised during the same period in FY 2018/19, and represented 45.4 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.55 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.948.74 million (14.5 per cent) for development programmes and Kshs.5.60 billion (85.5 per cent for recurrent programmes).

3.27.4 Overall Expenditure Review

A total of Kshs.6.20 billion was spent on development and recurrent programmes and represented 94.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.746.58 million and Kshs.5.45 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 22.3 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 69.5 per cent.

3.27.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.65 billion was spent on compensation to employees, Kshs.1.80 billion on operations and maintenance, and Kshs.746.58 million on development expenditure.

Table 3-126: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,847,653,905	5,600,721,216	5,453,708,109	88.0	69.5
Compensation to Employees	4,977,115,282	3,657,727,350	3,650,030,551	58.9	73.3
Operations and Maintenance	2,870,538,623	1,942,993,866	1,803,677,558	29.1	62.8
Total Development Expenditure	3,345,998,613	948,741,827	746,576,528	12.0	22.3
Development Expenditure	3,345,998,613	948,741,827	746,576,528	12.0	22.3
Total	11,193,652,518	6,549,463,043	6,200,284,637	100.0	55.4

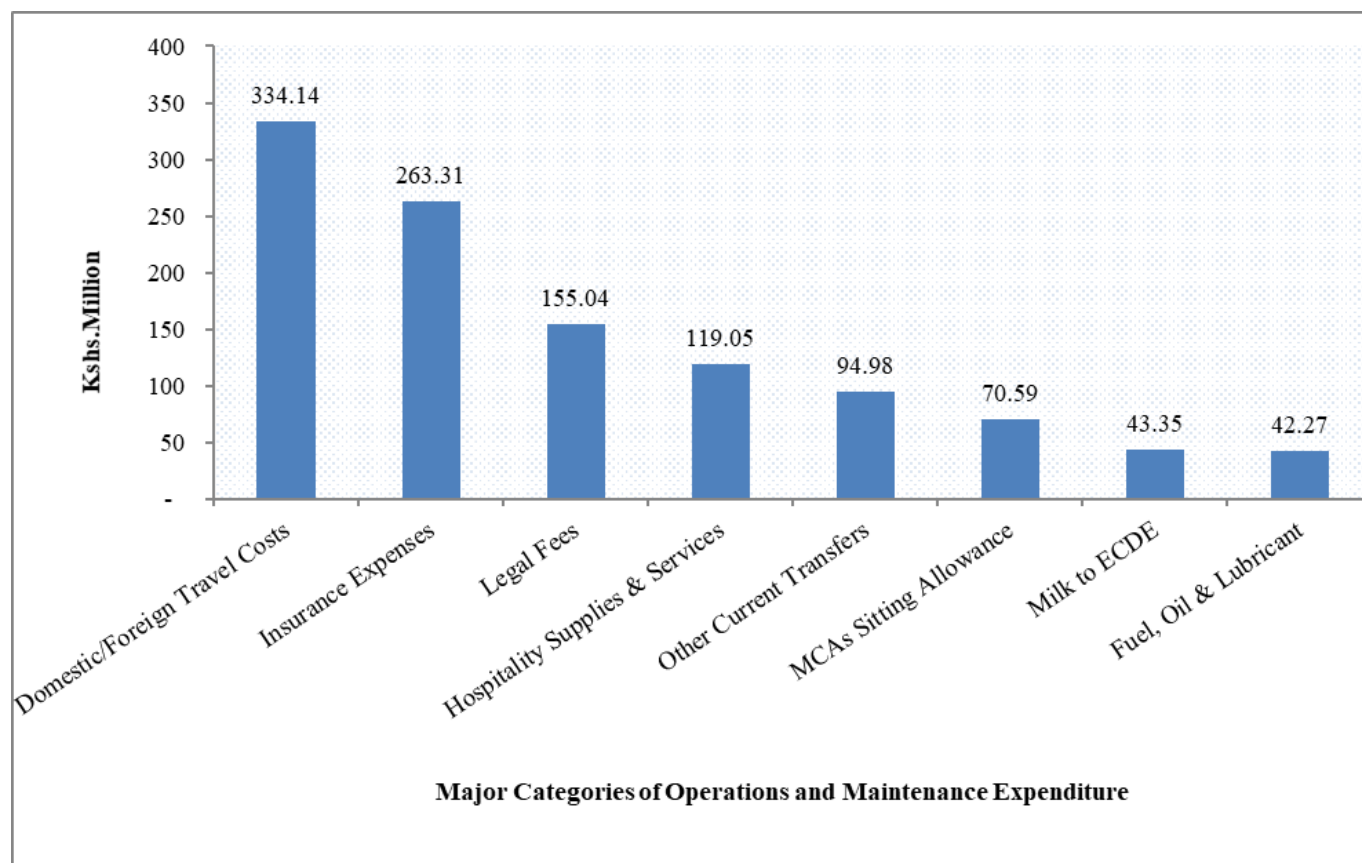
Source: Meru County Treasury

Expenditure on compensation to employees was 58.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 0.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.3.68 billion.

3.27.6 Analysis of Operations and Maintenance Expenditure

Figure 3-52 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-52: Meru County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Meru County Treasury

The County spent Kshs.70.59 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.114.03 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.113,670 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.320.91 million and comprised of Kshs.212.69 million spent by the County Assembly and Kshs.108.22 million spent by County Executive. Expenditure on Foreign travel amounted to Kshs.13.23 million and comprised of Kshs.8.83 million by the County Assembly and Kshs.4.40 million spent by the County Executive.

3.27.7 Development Expenditure Analysis

The total development expenditure of Kshs.746.58 million represented 22.3 per cent of the annual development budget of Kshs.3.35 billion and represented an increase of 25 per cent compared to a similar period in FY2018/19 when the County spent Kshs.597.23 million. Table 3-127 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-127: Meru County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement and Maintenance of the road	Countywide	377,900,000	113,469,288	30.0
2	Construction of ECDE classes	Countywide	95,500,000	71,600,000	75.0
3	Grading and murraming of the road	Countywide	195,647,527	57,048,797	29.2

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
4	Tourism development in Lake Nkunga, Meru Municipal Park and Mount Kenya	Countywide	5,980,000	20,980,000	350.8
5	Construction of KMTC building	Kanyakine	30,000,000	15,000,000	50.0
6	Procurement of Vaccines and Vaccination equipment	Countywide	13,000,000	14,800,333	113.8
7	Purchase of Macadamia and Avocado seedling	Countywide	15,000,000	11,000,055	73.3
8	Construction of the Cultural site building	Kianjai	15,000,000	10,000,000	66.7
9	Construction of Ward in Level 5 Hospital	Municipality	187,442,122	6,492,008	3.5
10	Weight and Measure	Countywide	2,100,000	878,200	41.8

Source: Meru County Treasury

3.27.8 Budget Performance by Department

Table 3-128 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-128: Meru County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	925.22	20.00	677.00	-	672.75	-	99.37	-	72.71	-
Office of the Governor	321.68	-	261.66	-	243.45	-	93.04	-	75.68	-
Finance, Economic Planning and ICT	780.35	42.50	540.53	-	481.45	-	89.07	-	61.70	-
Agriculture, Livestock and Fisheries	349.53	535.22	237.45	160.32	247.30	63.74	104.15	39.76	70.75	11.91
Water and Irrigation	115.12	156.30	115.12	51.32	87.56	23.32	76.06	45.44	76.06	14.92
Education Technology, Gender, Culture and Social Development	891.91	213.83	756.96	107.21	756.96	107.21	100.00	100.00	84.87	50.14
Health Service	3,036.29	371.94	2,030.85	119.04	2,001.23	107.58	98.54	90.37	65.91	28.92
Lands, Physical Planning, Urban Development and Public Works	171.30	374.90	64.21	32.90	66.04	32.90	102.85	100.00	38.55	8.78
Public Administration Service and Legal Affairs	827.28	232.22	673.31	-	654.45	-	97.20	-	79.11	-
Road, Transport and Energy	91.28	1,141.82	53.56	368.18	53.56	291.81	100.00	79.26	58.68	25.56
Trade, Investment, Industrialization, Tourism and Cooperative	104.37	135.36	55.63	72.60	58.10	91.00	104.44	-	55.67	67.23
Youth Affairs and Sport	151.84	108.52	88.92	37.17	85.08	29.02	95.68	78.07	56.03	26.74
Public Service Board	25.38	-	20.80	-	21.49	-	103.32	-	84.67	-
Environment, Wildlife and Natural Resource	56.10	13.40	24.71	-	24.27	-	98.22	-	43.26	-
Total	7,847.65	3,346.00	5,600.72	948.74	5,453.71	746.58	97.38	78.69	69.5	22.3

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Trade, Investment, Industrialization, Tourism and Cooperative recorded the highest absorption rate of development budget at 67.2 per cent while the Department of Public Administration Service and Legal Affairs and Environment, Wildlife and Natural Resource did not report expenditure on development activities. The Department of Education Technology, Gender, Culture and Social Development had the highest percentage of recurrent expenditure to its recurrent budget at 84.9 per cent while the Department of Lands, Physical Planning, Urban Development and Public Works had the lowest at 38.6 per cent.

3.27.9 Budget Execution by Programmes and Sub-Programmes

Table 3-129 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-129 : Meru County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Preventive and Promotive					
Health Care Services	Preventive health care	25,652,122	-	25,652,122	0.0%
Curative Health	Curative health care services	722,700,419	243,093,446	479,606,973	33.6
General Administration and Planning	General Administration and Planning	2,659,875,164	1,865,720,620	794,154,544	70.1
Efficiency, Monitoring and Evaluation					
	Performance management and Appraisal	1,000,000	254,000	746,000	25.4
Communication and Events	Communication and Events	26,150,000	23,232,650	2,917,350	88.8
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	14,200,000	5,750,000	8,450,000	40.5
Human Resource Management	Human Resource Management	136,800,629	116,770,197	20,030,432	85.4
General Administration, Planning and Support Services	Administration, Planning and Support Services	123,024,251	80,075,022	42,949,229	65.1
Partnership Development and External Linkages	Partnership Development and External Linkages	10,100,728	7,482,141	2,618,587	74.1
Finance, Economic Planning and ICT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	736,840,744	444,706,309	292,134,435	60.4
Public Finance Management	Budget Coordination & Management	26,400,000	13,389,150	13,010,850	50.7
	Internal Audit	7,550,000	5,860,604	1,689,396	77.6
	Procurement Service	7,300,000	7,300,000	-	100
ICT Development	ICT Development	12,339,132	2,975,600	9,363,532	24.1
Economic Planning & Coordination Services					
Fleet Management	Fleet Management	18,925,000	612,600	18,312,400	3.2
Agriculture, Livestock and Fisheries					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	815,757,184	270,206,997	545,550,187	33.1
Agriculture Development	Agriculture Development	22,008,000	23,407,545	(1,399,545)	106.4
Aquaculture Development	Aquaculture Development	7,628,000	1,105,192	6,522,808	14.5
Livestock Development	Livestock Development	7,981,000	478,020	7,502,980	6.0
Animal Disease Management					
County Owned Enterprise	Agricultural Training Centre	15,226,400	497,261	14,729,139	3.3
	Agricultural Mechanization Services	525,600		525,600	-
Education, Technology, Gender and Social Development					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	807,041,929	705,181,611	101,860,318	87.4
Basic Education	Basic Education	194,501,646	117,120,885	77,380,761	60.2
Technical & Vocational Education & Training					
Gender, Social Development & Children Services	Gender, Social Development & Children Services	36,000,000	10,547,651	25,452,349	29.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Water and Irrigation					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	115,120,000	87,556,460	27,563,540	76.1
Lands, Physical Planning, Urban Development and Public Works					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	108,702,987	70,999,197	37,703,790	65.3
Meru Town Municipality	Meru Town Municipality	310,430,649	1,411,350	309,019,299	0.5
Public Works	Public Works	127,067,366	26,528,807	100,538,559	20.9
Public Service Administration and Legal Affairs					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	52,852,589	35,907,873	16,944,716	67.9
Coordination of County Government Function	Coordination of County Government Function	14,395,000	12,970,760	1,424,240	90.1
County Enforcement Services	County Law Enforcement Service	2,530,000	795,000	1,735,000	31.4
Human Resource Management	Human Resource Management	820,853,506	440,561,793	380,291,713	53.7
Legal Representation and Advisory Services	Legal Representation and Advisory Services	157,779,879	158,844,967	(1,065,088)	100.7
Town Management & Administration	Town Management & Administration	11,087,868	5,373,629	5,714,239	48.5
Road, Transport and Energy					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	68,879,845	49,106,633	19,773,212	71.3
Electrification and Street Lighting	Electrification and Street Lighting	32,400,155	4,450,039	27,950,116	13.7
Road Transport	Road Transport	1,131,816,728	291,808,759	840,007,969	25.8
Trade, Investment, Industrialization, Tourism and Cooperative Development					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	51,770,110	35,400,074	16,370,036	68.4
Trade Development & Promotion					
Cooperative Development	Cooperative Development	20,000,000	10,110,687	9,889,313	50.6
Tourism Development and Promotion	Tourism Development and Promotion	22,580,000	28,078,399	(5,498,399)	124.4
Industrial Development and Investment	Industrial Development and Investment	-	-	-	-
Youth, Affairs and Sport					
General Administration, Planning and Support Services					
Youth Affairs	Youth Affairs	77,635,925	42,627,732	35,008,193	54.9
Sport Development	Sport Development	125,019,203	37,981,162	87,038,041	30.4
Arts & Culture Development	Arts & Culture Development	26,500,000	14,553,675	11,946,325	54.9
County Public Service Board					
Human Resource Management & Development	Human Resource Management & Development	25,381,034	21,494,000	3,887,034	84.7
Environment, Wildlife and Natural Resource					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	44,100,000	24,271,208	19,828,792	55.0
Environmental Management and Protection	Environmental Management and Protection	25,400,000	-	25,400,000	-
County Assembly					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	243,944,036	143,789,032	100,155,004	58.9
Legislative and Representation	Legislative and Representation	466,240,684	353,009,856	113,230,828	75.7
Legislative Oversight	Legislative Oversight	235,035,280	175,951,112	59,084,168	74.9
Total		11,193,652,518	6,200,284,637	4,993,367,882	55.4

Source: Meru County Treasury

The programmes that performed well based on expenditure absorption were: Tourism development and promotion at 124.4 per cent, Agriculture development at 106.4 per cent, Procurement Service at 100 per cent, and General Administration and Support Service at 87.4 per cent of budget allocation.

3.27.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.746.58 million out of annual development budget of Kshs.3.35 billion. The development expenditure represented 22.3 per cent of the annual development.
2. A high wage bill, which accounted for 58.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.320 million against annual projection of Kshs.705 million. The realised own source revenue represented 45.4 per cent of its annual target
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-129 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. *The County should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
4. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.28 Migori County

3.28.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.9.54 billion, comprising of Kshs.3.99 billion (41.8 per cent) and Kshs.5.55 billion (58.2 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.77 billion (71 per cent) as equitable share of revenue raised nationally, Kshs.1.53 billion (16 per cent) as total conditional grants, generate Kshs.450 million (4.7 per cent) from own sources of revenue, and had Kshs.791.95 million (8.3 per cent) as cash balance from FY 2018/19.

3.28.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.33 billion as equitable share of the revenue raised nationally, Kshs.217.65 million as total conditional grants, raised Kshs.250.55 million from own-source revenue, and had a cash balance of Kshs.791.95 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.59 billion as shown in Table 3-130.

Table 3-130: Migori County, Revenue Performance in the First Nine Months of FY 2019/20

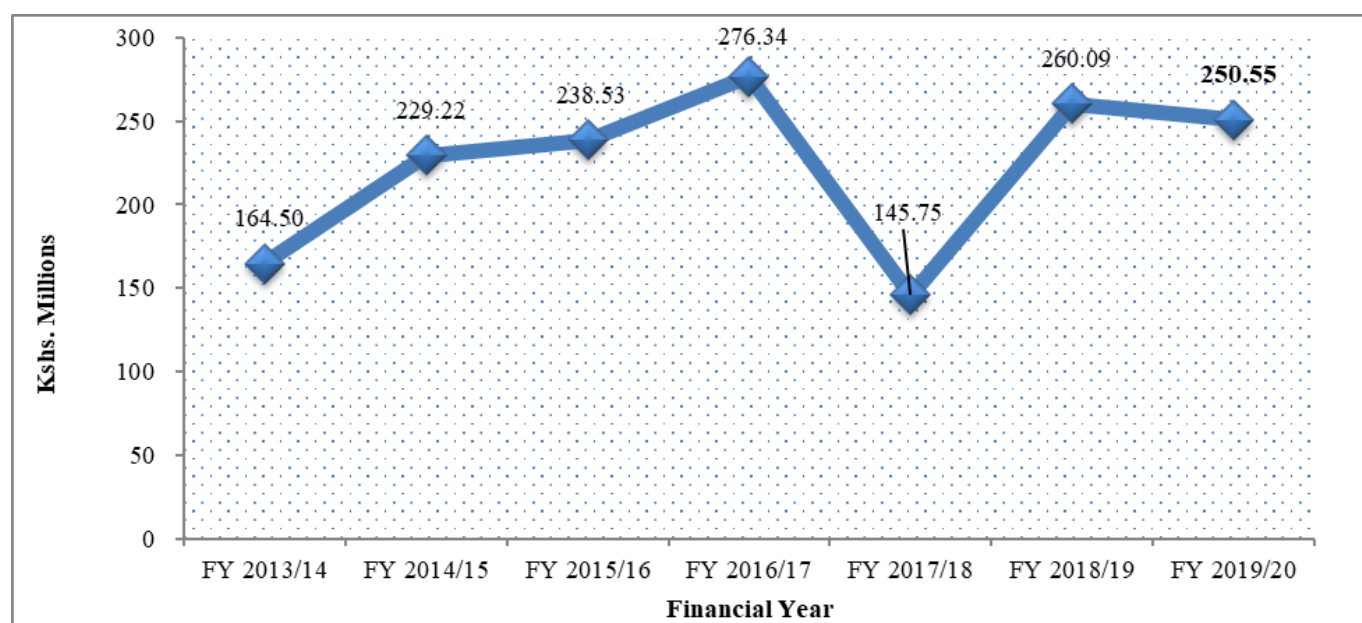
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,773,100,000	6,773,100,000	4,328,010,900	63.9
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	21,655,884	21,655,884	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3.	Road Maintenance Fuel Levy Fund	192,258,938	236,494,622	-	-
4.	Rehabilitation of Village Polytechnics	30,033,298	30,033,298	15,016,649	50
Sub Total		375,863,014	420,098,698	15,016,649	4
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	76,811,165	76,811,165	54,040,224	70.4
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	128,408,842	36.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	518,367,800	518,367,800	-	-
5.	DANIDA Grant	20,062,500	20,062,500	10,031,250	50
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	43,668,076	43,668,076	-	-
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,805,472	17,805,472	10,152,736.00	57
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
Sub Total		1,065,515,013	1,106,715,013	202,633,051.60	19
D	Other Sources of Revenue				
1.	Own Source Revenue	-	450,000,000	250,553,360	55.7
2.	Balance b/f from FY2018/19	-	791,947,717	791,947,717	100
Sub Total			1,241,947,717	1,042,501,077	84
Grand Total		8,214,478,027	9,541,861,428	5,588,161,677	68.0

Source: Migori County Treasury

Figure 3-53 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-53: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Migori County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.250.55 million as own-source revenue. This amount represented a decrease of 3.7 per cent when compared to Kshs.260.09 million realised during the same period in FY 2018/19, and represented 55.7 per cent of the annual target.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.91 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs1.21 billion (24.7 percent) for development programmes and Kshs.3.70 billion (75.3 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

A total of Kshs.4.01 billion was spent on development and recurrent programmes and represented 81.7 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.630.23 million and Kshs.3.38 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 15.8 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 60.9 per cent.

3.28.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.12 billion was spent on compensation to employees, Kshs1.26 billion on operations and maintenance, and Kshs.630.23 million on development expenditure.

Table 3-131: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,552,511,706	3,700,231,250	3,384,085,313	84.3	60.9
Compensation to Employees	2,878,630,982	2,069,236,019	2,126,793,255	53	73.9
Operations and Maintenance	2,673,880,724	1,630,995,231	1,257,292,058	31.3	47
Total Development Expenditure	3,989,349,722	1,212,491,042	630,227,610	15.7	15.8
Development Expenditure	3,989,349,722	1,212,491,042	630,227,610	15.7	15.8
Total	9,541,861,428	4,912,722,292	4,014,312,923	100	42.1

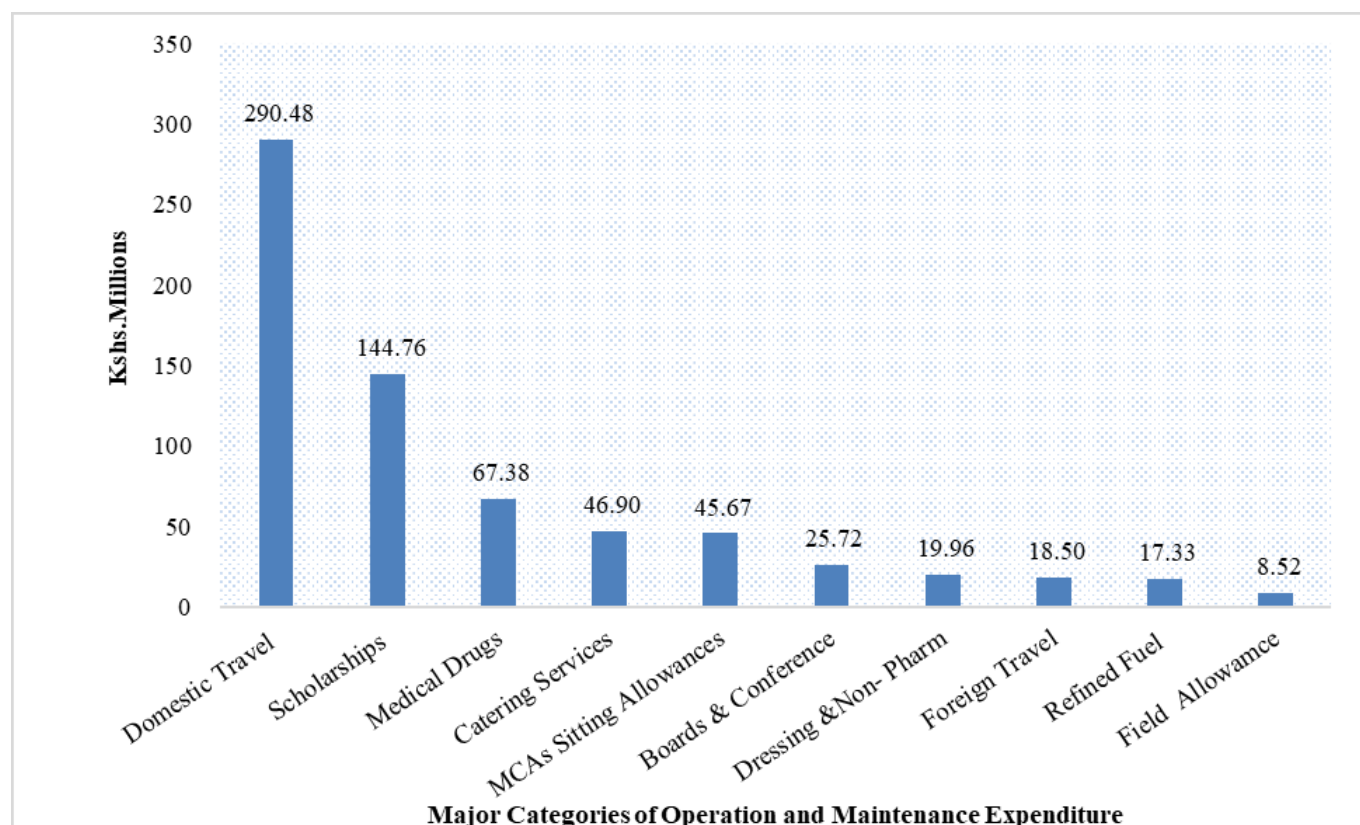
Source: Migori County Treasury

Expenditure on compensation to employees was 53 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs1.93 billion.

3.28.6 Analysis of Operations and Maintenance Expenditure

Figure 3-54 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-54: Migori County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Migori County Treasury

The County spent Kshs.45.67 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.128 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.89,017 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.290.48 million and comprised of Kshs.120.90 million spent by the County Assembly and Kshs.169.58 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.18.50 million and comprised of Kshs.15.25 million spent by the County Assembly and Kshs.3.25 million spent by the County Executive.

3.28.7 Development Expenditure Analysis

The total development expenditure of Kshs.630.23 million represented 15.8 per cent of the annual development budget of Kshs.3.99 billion and represented a decrease of 4.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.734.62 million. Table 3-132 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-132: Migori County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Kiringi bridge	Suna Central	100,000,000	71,046,062	71.0
2	Proposed Upgrading to Bitumen Standards of Uriri Oria (Kabwana) Road	North Kanyamkago	150,000,000	39,087,761	26.1
3	Maternal, Child Amenity Complex at MCRH	Suna Central	53,941,740	53,941,740	100.0
4	Completion and installations of Oxygen Plant MCRH	Suna Central	30,000,000	27,756,970	92.5
5	Installation of Solar Lights in various towns in Migori County	County wide	18,279,281	14,468,388	79.2
6	Proposed Access Road to Ngochoni and Nyamutiba	Nyamosense Komosoko	14,027,880	14,027,880	100.0
7	Proposed access to Korweny river	North Kamagambo	12,497,260	12,497,260	100.0
8	Walling of Governor's office /Treasury compound	Suna Central	10,000,000	9,616,000	96.2

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
9	Proposed Access to Ratiény	Muhuru	9,299,140	9,299,140	100.0
10	Proposed Access to Ore	Wasimbete	9,271,461	9,271,461	100.0

Source: Migori County Treasury

3.28.8 Budget Performance by Department

Table 3-133 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-133: Migori County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock Production, Fisheries and Veterinary Services	186.67	501.02	140.71	218.82	116.35	25.67	82.7	11.7	62.3	5.1
County Assembly	836.83	50	620	-	619.93	-	100.0	-	74.1	-
County Executive	303.34	306.5	217.2	10	170.33	17.71	78.4	177.1	56.2	5.8
Education, Youth, Sports, Culture, Gender and Social Services	419.56	207.42	205.29	55.78	314.39	19.21	153.1	34.4	74.9	9.3
Finance and Economic Planning	669.36	42.5	418.22	-	302.21	-	72.3	-	45.1	-
Health	1,774.95	552.06	1,381.52	177.65	1,164.21	123.59	84.3	69.6	65.6	22.4
Lands, Physical Planning and Housing	117.63	616.01	87.34	32.15	65.44	4.96	74.9	15.4	55.6	0.8
Management Environment, Natural Resources and Disaster Management	198.43	6.24	68.82	5.23	88.92	-	129.2	-	44.8	-
Public Service Management	757.88	63.6	359.55	63.37	366.81	3.33	102.0	5.3	48.4	5.2
Roads, Transport and Public Work	89.26	1,259.17	65.53	485.55	44.35	343.91	67.7	70.8	49.7	27.3
Trade, Tourism and Cooperative Development	71.49	104.95	64.53	44.18	61.03	25.65	94.6	58.1	85.4	24.4
Water and Energy	127.09	279.86	71	119.74	70.09	66.17	98.7	55.3	55.1	23.6
Total	5,552.49	3,989.33	3,699.71	1,212.47	3,384.06	630.2	91.5	52.0	60.9	15.8

Source: Migori County Treasury

Analysis of expenditure by department shows that the Department of Roads, Transport and public works recorded the highest absorption rate of development budget at 27.3 per cent. The Department of Trade, Tourism and Cooperative Development had the highest percentage of recurrent expenditure to its recurrent budget at 85.4 per cent while the Department of Management Environment, Natural Resources and Disaster Management had the lowest at 44.8 per cent.

3.28.9 Budget Execution by Programmes and Sub-Programmes

Table 3-134 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-134 : Migori County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
HEALTH					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Planning and administrative support services	Health Management Informative System	1,500,000	1,210,910	289,090	81
	Administrative And Support Services	1,340,729,812	1,113,664,150	227,065,662	83
	Sub total	1,342,229,812	1,114,875,060	227,354,752	83
Preventive And Promotive Health Services	Community Health Services	44,860,680	25,730,232	19,130,448	57
	Sanitation And Environmental Health Services	1,000,000	-	1,000,000	-
	Human Nutrition And Dietetics	2,000,000	1,115,500	884,500	56
	Communicable Disease Control	1,000,000	-	1,000,000	-
	Hiv And Aids Management	2,000,000	-	2,000,000	-
	Disease Surveillance/	1,500,000	1,141,500	358,500	76
	Emergency Preparedness And Response	1,000,000	57,600	942,400	6
	Health Promotion	1,500,000	1,014,200	485,800	68
	Family& Reproductive Health	17,000,000	2,313,500	14,686,500	14
	Sub total	71,860,680	31,372,532	40,488,148	44
Curative , Rehabilitative and Referral services	Pharmaceutical And Non –Pharmaceutical Commodities	316,638,857	103,561,306	213,077,551	33
	Diagnostic Services	2,500,000	1,404,450	1,095,550	56
	Sub total	319,138,857	104,965,756	214,173,101	33
Infrastructure Development	Infrastructure Development	343,348,878	-	343,348,878	-
	Sub total	343,348,878	-	343,348,878	-
External Funding	Donor Funds	96,862,500	36,590,548	60,271,952	38
	Conditional Grants	153,570,778	-	153,570,778	-
	Sub total	250,433,278	36,590,548		15
AGRICULTURE					
Agriculture (Policy, Planning, General Administration and Support Services)	General administration	151,734,680	110,836,394	40,898,286	73
	Sub total	151,734,680	110,836,394	40,898,286	73
	Field Extension Services and support programme	10,885,660	2,100,111	9,486,873	19
	Sub total	10,885,660	2,100,111	9,486,873	19
Crop development and management	Crop development	20,460,001	3,958,105	31,000,000	19
	Sub total	20,460,001	3,958,105	31,000,000	-
External Funding	Donor Funds	443,246,222	-	443,246,222	-
	Sub total	443,246,222	-	443,246,222	-
Fisheries (Policy, Planning, General Administration and Support Services)	General administration	7,184,160	-	7,184,160	-
	Field Extension Services and support programme	5,781,840	-	5,781,840	-
	Sub total	12,966,000	-	12,966,000	-
	Aquaculture development and extension	15,835,083	3,661,376	12,486,708	23
	Sub total	15,835,083	3,661,376	12,486,708	23
Livestock (Policy, Planning, General Administration and Support Services)	General administration	7,290,000	5,369,000	1,921,000	74
	Sub total	7,290,000	5,369,000	1,921,000	74
Livestock production and management	Enterprise Development And Value Addition	4,720,000	4,146,450	573,550	88
	Sub total	4,720,000	4,146,450	573,550	88
Veterinary Services (Policy, Planning, General Administration and Support Services)	General administration	6,919,000	2,070,000	4,849,000	30
	Field Extension Services and support programme	1,230,000	900,000	330,000	73
	Sub total	8,149,000	2,970,000	5,179,000	36

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Veterinary services	Livestock disease control & management	9,489,786	8,985,281	504,505	95
	Veterinary public health management	2,920,000	-	2,920,000	-
	Livestock breeding services	-	-	-	-
	Sub total	12,409,786	8,985,281	3,424,505	72
COUNTY EXECUTIVE					
Governance and Executive Management	Citizen delivery service	270,000,000	15,311,423	270,000,000	-
	Coordination of Devolved Ministries and Departments	31,768,582	17,716,000	14,052,582	56
	Sub total	301,768,582	33,027,423	268,741,159	11
Strategy and service delivery	Legal Services	68,100,000	43,639,368	24,460,632	64
	Efficiency monitoring services	7,636,000	4,997,644	2,638,356	65
	Sub total	75,736,000	48,637,012	27,098,988	64
Strategy and service delivery	Conflict Management And Resolution	1,101,000	1,191,500	(90,500)	108
	Sub total	1,101,000	1,191,500	(90,500)	108
Governor's Office (General Administration and Support Services)	General Administration Services	96,734,000	69,054,819	27,679,181	71
	Sub total	96,734,000	69,054,819	27,679,181	71
Cohesion And Peace Building	Peace Building, Education, Advocacy And Research	7,995,000	733,690	7,261,310	9
	Sub total	7,995,000	733,690	7,261,310	9
Deputy Governor's Office (General Administration and Support Services)	General Administration Services	20,063,200	10,508,800	9,554,400	52
	Sub total	20,063,200	10,508,800	9,554,400	52
Governance and Executive Management	Citizen Delivery services	3,374,000	-	3,374,000	-
	Sub total	3,374,000	-	3,374,000	-
County Secretary (General Administration and Support Services)	General Administration Services	20,632,000	16,915,162	3,716,838	82
	Sub total	20,632,000	16,915,162	3,716,838	82
Kenya Devolution Support Programme	Key Result Area1: Public Finance Management	3,600,000	-	3,600,000	-
	Key Result Area2: Planning , Monitoring And Evaluation	6,900,000	48,000	6,852,000	1
	Key Result Area3: Performance Contracting And Human Resources Management	10,800,000	-	10,800,000	-
	Key Result Area4: Civic Education And Public Participation	5,100,000	-	5,100,000	-
	Key Result Area5: Environment And Social Safeguard	3,600,000	-	3,600,000	-
	Sub total	30,000,000	48,000	29,952,000	0
Information Communication Technology (General Administration and Support Services)	General Administration Services	27,433,252	7,934,607	19,498,645	29
	Information communication and technology	25,000,000	-	25,000,000	-
	Sub total	52,433,252	7,934,607	44,498,645	15
PUBLIC SERVICE MANAGEMENT					
General Administration and Support Services	General Administration and Support Services	712,266,600	331,768,968	380,497,632	47
	Sub total	712,266,600	331,768,968	380,497,632	47
Human Capital Management And Development	Human Capital Strategy	2,000,000	-	2,000,000	-
	Information And Records Management	570,000	407,160	162,840	71
	Sub total	2,570,000	407,160	2,162,840	16
Sub County Administration Services	Devolved units Development services	50,604,036	9,759,129	40,844,907	19
	Sub total	50,604,036	9,759,129	40,844,907	19

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Civic Education And Public Participation	Civic Education	4,000,000	3,534,764	465,236	88
	Sub total	4,000,000	3,534,764	465,236	88
County Security and Compliance Enforcement Services	Support and Administration Services	3,240,000	973,000	2,267,000	30
	Sub total	3,240,000	973,000	2,267,000	30
General Administration and Support Services(PSB)	General Administration and Support Services	39,908,120	11,937,130	27,970,991	30
	Sub total	39,908,120	11,937,130	27,970,991	30
Human Capital Management And Development	Human Capital Strategy	3,570,000	4,153,707	(583,707)	116
	Public service board services	3,730,000	7,162,132	(3,432,132)	192
	Information And Records Management	1,600,000	459,018	1,140,982	29
	Sub total	8,900,000	11,774,857	(2,874,857)	132
EDUCATION, YOUTH, SPORTS, CULTURE, GENDER AND SOCIAL SERVICES					
General Administration and Support Services(Education)	General Administration and Support Services	169,110,498	150,941,998	18,168,500	89
	Sub total	169,110,498	150,941,998	18,168,500	89
Education Support Services	Bursary And Scholarship	180,856,780	144,755,980	36,100,800	80
	Sub total	180,856,780	144,755,980	36,100,800	80
Child Care Support Services	Infrastructure development and sanitation improvement	82,482,176	4,583,182	77,898,994	6
	ECDE Staffing	15,810,000	935,190	14,874,810	6
	Sub total	98,292,176	5,518,372	92,773,804	6
Quality Management Services	Quality Assurance and standard services	7,000,000	-	7,000,000	-
	Sub county education office services	1,600,000	703,410	896,590	44
	Sub total	8,600,000	703,410	7,896,590	8
Youth Development Empowerment	Vocational Education Training	28,000,000	2,810,010	25,189,990	
	Sub total	28,000,000	2,810,010	25,189,990	10
Sports and culture development	Culture and heritage conservation	5,000,000	3,210,200	1,789,800	64
	Sub total	5,000,000	3,210,200	1,789,800	64
Sports and culture development(Sports)	Sport and talent development	55,500,000	12,540,200	42,959,800	23
	General Administration and Support Services	35,585,117	11,816,635	9,180,000	
	Talent development services	5,500,000	17,000	5,483,000	0
	Sub total	96,585,117	24,373,835	72,211,282	25
Youth Development Empowerment(youth)	Youth home craft centers and enterprises services	1,500,000	-	1,500,000	-
	Sub total	1,500,000	-	1,500,000	-
External Funding	Conditional Grants	30,033,298	-	30,033,298	-
	Sub total	30,033,298	-	30,033,298	-
Sports and culture development(culture & social)	Culture and heritage conservation	3,500,000	-	3,500,000	-
	Sub total	3,500,000	-	3,500,000	-
Gender And Equality	Women empowerment enterprises and support services	4,000,000	1,292,700	2,707,300	32
	Pwds enterprises and support services	1,500,000	-	1,500,000	-
	Sub total	5,500,000	1,292,700	4,207,300	24
MANAGEMENT ENVIROMENT, NATURAL, RESOURCES AND DISASTER MANAGEMENT					
General Administration and Support Services(Environment)	General Administration and Support Services	77,000,810	38,098,693	38,902,117	49
	Sub total	77,000,810	38,098,693	38,902,117	49

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Environment management and protection	Solid waste management services	7,700,000	3,805,650	3,894,350	49
	Sub total	7,700,000	3,805,650	3,894,350	49
	Water resource conservation and management	300,000	1,008,900	(708,900)	336
	Climate change adoption and mitigation	540,000	324,000	216,000	60
	Forestry conservation and development	3,650,000	-	3,650,000	-
	Sub total	4,490,000	1,332,900	3,157,100	30
	Mining services	1,350,000	588,340	761,660	44
	Sub total	1,350,000	588,340	761,660	44
Disaster Management	Disaster management services	114,134,889	45,091,021	69,043,869	40
	Sub total	114,134,889	45,091,021	69,043,869	40
FINANCE ECONOMIC PLANNING					
General Administration and Support Services(Accounting)	General Administration and Support Services	232,228,662	25,720,134	206,508,528	11
	Sub total	232,228,662	25,720,134	206,508,528	11
Public finance management	Accounting services	272,687,835	205,362,946	67,324,889	75
	Sub total	272,687,835	205,362,946	67,324,889	75
General Administration and Support Services(Audit)	General Administration and Support Services	21,021,000	8,442,130	12,578,870	40
	Sub total	21,021,000	8,442,130	12,578,870	40
Public Financial management (procurement)	Procurement services	18,600,000	9,908,277	8,691,723	53
	Sub total	18,600,000	9,908,277	8,691,723	53
General Administration and Support Services(Revenue)	General Administration and Support Services	2,160,000	-	2,160,000	-
	Sub total	2,160,000		2,160,000	-
Public Financial management (Revenue)	Resource mobilization	58,775,000	10,061,010	48,713,990	17
	Sub total	58,775,000	10,061,010	48,713,990	17
General Administration and Support Services(Planning)	General Administration and Support Services	29,800,675	13,611,049	16,189,626	46
	Sub total	29,800,675	13,611,049	16,189,626	46
Economic policy and county planning	Budget coordination and management	60,583,116	27,823,504	32,759,612	46
	Policy and plans development	3,000,000	-	3,000,000	-
	County statistical information services	10,000,000	1,279,970	8,720,030	13
	Community development	3,000,000	-	3,000,000	-
	Sub total	76,583,116	29,103,474	47,479,642	38
LANDS ,HOUSINGAND PHYSICAL PLANNING					
General Administration and Support Services(Lands)	General Administration and Support Services	82,634,725	38,413,547	44,221,178	46
	Sub total	82,634,725	38,413,547	44,221,178	46
Physical planning service	Physical and urban planning services	82,150,722	4,959,000	77,191,722	6
	External funding	568,366,492	27,030,107	541,336,385	5
	Sub total	650,517,214	31,989,107	618,528,107	5
Housing Development services	Housing services	500,000	-	500,000	-
	Sub total	500,000	-	500,000	-
ROADS,TRANSPORTAND PUBLIC WORKS					
Policy, General administration, planning & support Service	General Administration and Support Services	67,257,644	36,092,585	31,165,059	54
	Sub total	67,257,644	36,092,585	31,165,059	54
Roads development, maintenance and management	Road network improvement	1,181,171,277	281,118,269	900,053,008	24
	Construction of bridges and maintenance	100,000,000	71,046,062	28,953,938	71
	Sub total	1,281,171,277	352,164,331	929,006,946	27

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
TRADE TOURISM AND COOPERATIVE					
Policy, Planning and Administrative Support Services	General Administration and Support Services	45,820,872	51,663,889	(5,843,017)	113
	Sub total	45,820,872	51,663,889	(5,843,017)	113
Trade And Markets Promotion And Development	Trade Development And Promotion Of SMEs Services	13,208,590	7,782,496	5,426,094	59
	Trade infrastructure development services	91,450,406	25,656,588	65,793,818	28
	Regional economic integration	420,000	102,000	318,000	24
	Sub total	105,078,996	33,541,084	71,537,912	32
Industrial development and investment services	Promotion Of Industrial Development And Investments	490,000	260,000	230,000	53
	Industrial Parks And Infrastructure Development	1,500,000	-	1,500,000	-
	Sub total	1,990,000	260,000	1,730,000	13
Cooperative development services	Cooperative Development Services And Promotion	7,820,000	120,000	7,700,000	2
	Cooperative Oversight And Compliance	1,416,000	120,000	1,296,000	8
	Cooperative Policy, Research And Advisory	1,080,000	120,000	960,000	11
	Sub total	10,316,000	360,000	9,956,000	3
Tourism Development	Tourism Promotion, Investment And Marketing	1,500,000	-	1,500,000	-
	Cradle Of Mankind Circuit	1,500,000	263,240	1,236,760	18
	Tourism products and services	7,000,000	-	7,000,000	-
	Sub total	10,000,000	263,240	9,736,760	3
Trade And Markets Promotion And Development	Metrological laboratory services	2,340,000	-	2,340,000	-
	Sub total	2,340,000	-	2,340,000	-
Liquor Licensing and Control Services	Infrastructure Development	900,000	596,539	303,461	66
	Sub total	900,000	596,539	303,461	66
COUNTY ASSEMBLY					
General Administration and Support Services(-SPEAKER DEPARTMENT)	Administrative services	15,000,000	-	15,000,000	-
	Sub total	15,000,000	-	15,000,000	-
Oversight Management Service	Committees management services	116,750,000	109,612,059	7,137,941	94
	Sub total	116,750,000	109,612,059	7,137,941	94
Legislative Service	Representation	25,863,160	20,788,873	5,074,287	80
	Sub total	25,863,160	20,788,873	5,074,287	80
General Administration and Support Services(-CLERK DEPARTMENT)	Administrative services	729,221,065	489,536,435	239,684,630	67
	Citizen Engagement		-	-	-
	Sub totals	729,221,065	489,536,435	239,684,630	67
WATER AND ENERGY					
Water supply and management services	Urban water Supply and Management Services	38,446,750	24,897,023	13,549,728	65
	Rural water services	183,934,649	51,701,249	132,233,400	28
	Green Energy Development	11,916,000	11,329,520	586,480	95
	Sub total	234,297,399	87,927,792	146,369,608	38
General administration, planning & support Service	General Administration ,policies and legal framework	76,736,446	33,866,293	42,870,154	44
	Sub total	76,736,446	33,866,293	42,870,154	44
Alternative Energy Services	Green Energy Development	76,311,281	14,468,388	61,842,893	19
	Sub total	76,311,281	14,468,388	61,842,893	19

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Operation And maintenance Of Rural Water Services	Water supplies and sewerage	19,611,766	-	19,611,766	-
	Sub total	19,611,766	-	19,611,766	-
Grand Total		9,541,861,428	4,014,312,923	5,527,548,505	42

Source: Migori County Treasury

The programmes that performed well based on expenditure absorption were: Human capital management and development at 132 per cent, Policy planning and administrative support at 113 per cent, Oversight management at 94 per cent, and General administration and support services at 89 per cent of budget allocation.

3.28.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Slow absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.630.23 million out of annual development budget of Kshs.3.98 billion. The development expenditure represented 15.8 per cent of the annual development.
3. A high wage bill, which accounted for 53 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-134 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.29 Mombasa County

3.29.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.14.67 billion, comprising of Kshs.5.31 billion (36.2 per cent) and Kshs.9.36 billion (63.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.7.06 billion (48.1 per cent) as equitable share of revenue raised nationally, Kshs.2.61 billion (17.8 per cent) as total conditional grants, generate Kshs.5 billion (34.1 per cent) from own sources of revenue.

3.29.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.07 billion as equitable share of the revenue raised nationally, Kshs.716.92 million as total conditional grants, raised Kshs.2.44 billion from own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.23 billion as shown in Table 3-135.

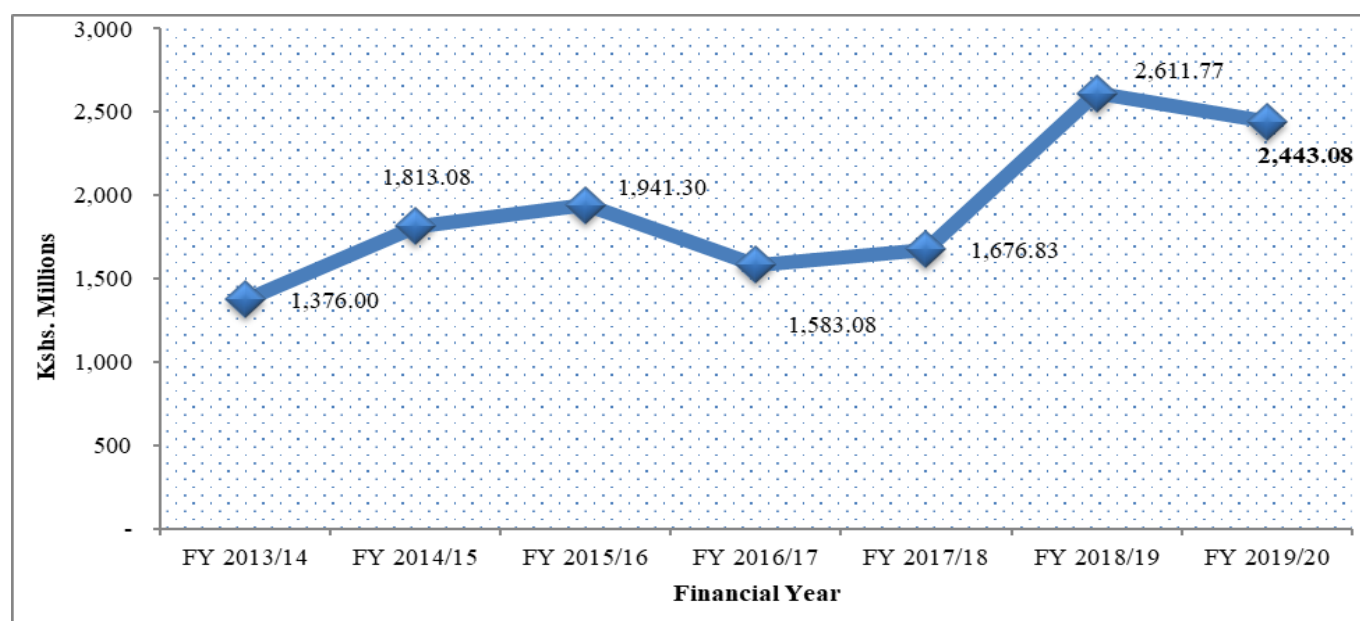
Table 3-135: Mombasa County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,057,950,000	7,057,950,000	5,074,666,050	71.9
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	279,287,863	71.9
2	Compensation for User Fee Foregone	23,385,934	23,385,934	12,281,250	52.5
3	Leasing of Medical Equipment	131,914,894	-	-	-
4	Road Maintenance Fuel Levy Fund	200,344,594	200,344,594	150,258,446	75
5	Rehabilitation of Village Polytechnics	25,473,298	25,473,298	12,736,649	50
Sub Total		769,558,026	637,643,132	454,564,208	59.1
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	37,921,806	37,921,806	5,330,698	14.1
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
3	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	312,750,671	-	-
4	DANIDA Grant	24,562,500	24,562,500	-	-
5	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,550,000,000	1,550,000,000	247,584,920	16
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,374,963	16,374,963	9,437,481	57.6
Sub Total		1,658,859,269	1,971,609,940	262,353,099	15.8
D	Other Sources of Revenue				
1	Own Source Revenue	-	5,000,000,000	2,443,078,210	48.9
Sub Total		-	5,000,000,000	2,443,078,210	48.9
Grand Total		9,486,367,295	14,667,203,072	8,234,661,567	56.1

Source: Mombasa County Treasury

Figure 3-55 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-55: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY2019/20



Source: Mombasa County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.2.44 billion as own-source revenue. This amount represented a decrease of 6.8 per cent when compared to Kshs.2.61 billion realised during the same period in FY 2018/19, and represented 48.9 per cent of the annual target.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.46 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.26 billion (19.4 per cent) for development programmes and Kshs.5.21 billion (80.6 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

A total of Kshs.6.99 billion was spent on development and recurrent programmes and represented 108.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.86 billion and Kshs.5.13 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 35 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 54.9 per cent.

3.29.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.49 billion was spent on compensation to employees, Kshs.1.65 billion on operations and maintenance, and Kshs.1.86 billion on development expenditure.

Table 3-136: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	9,357,919,376	5,207,094,054	5,134,114,809	73.4	54.9
Compensation to Employees	5,063,084,700	3,414,241,763	3,488,524,524	49.9	68.9
Operations and Maintenance	4,294,834,676	1,792,852,291	1,645,590,285	23.5	38.3
Total Development Expenditure	5,309,283,696	1,257,201,024	1,856,698,370	26.6	35
Development expenditure	5,309,283,696	1,257,201,024	1,856,698,370	26.6	35
Total	14,667,203,072	6,464,295,078	6,990,813,179	100	47.7

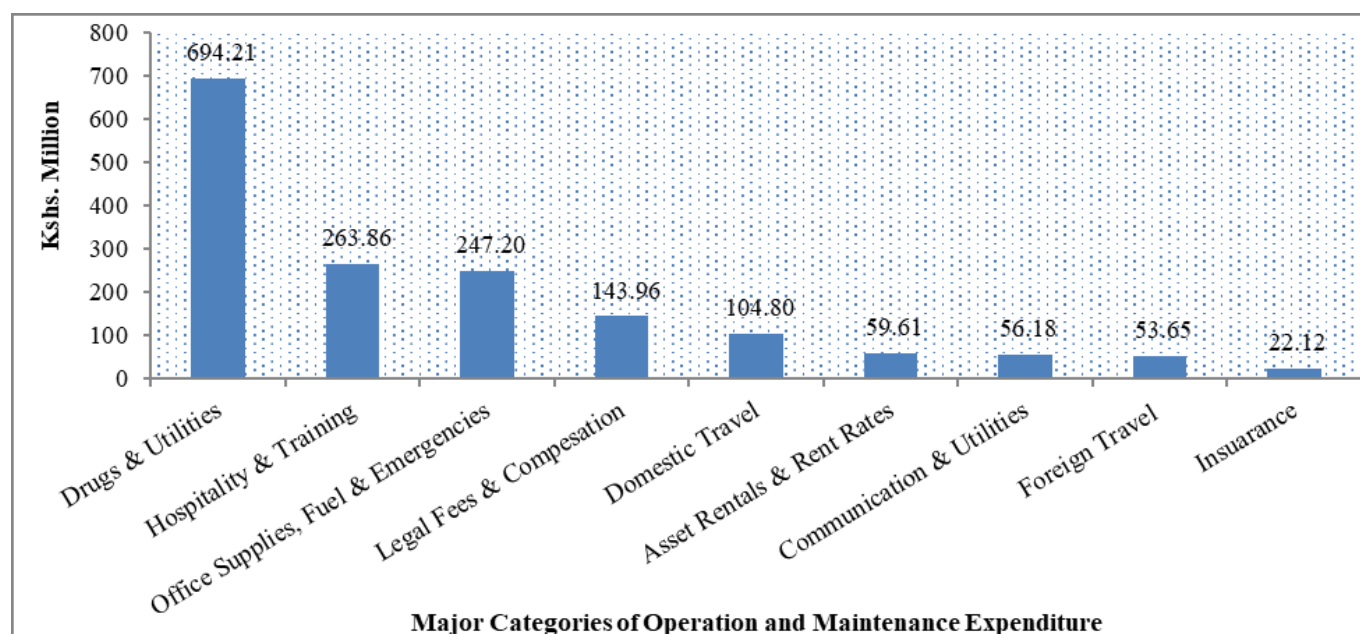
Source: Mombasa County Treasury

Expenditure on compensation to employees was 49.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 1.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.54 billion.

3.29.6 Analysis of Operations and Maintenance Expenditure

Figure 3-56 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-56: Mombasa County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Mombasa County Treasury

The County spent Kshs.26.57 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.68,660 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.104.8 million and comprised of Kshs.20.21 million spent by the County Assembly and Kshs.84.59 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.53.6 million and comprised of Kshs.25.55 million spent by the County Assembly and Kshs.28.11 million spent by the County Executive.

3.29.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.86 billion represented 35 per cent of the annual development budget of Kshs.5.31 billion and represented an increase of 48.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.37 billion. Table 3-137 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-137: Mombasa County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No	Department	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Mombasa – Water Sanitation & Natural Resources	Water Project-World Bank	Across the County	247,584,920	247,584,920	100
2	Mombasa - Youth, Gender , Sports and Cultural Affairs	Development of Stadium	Tudor	74,854,630	80,734,559	107.9
3	Mombasa - County Planning, Land and Housing	Payment For Prefeasibility Study & Consultancy Services To Develop County Policy On Planning & Urban Development	Across the County	18,285,800	19,722,173	107.9

S/No	Department	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	County Planning, Land & Housing	Development of County Government Policy Document For Rating, Valuation & ICT Integration Strategy	Across the County	17,661,900	19,049,265	107.9
5	Mombasa - Energy, Environment and Waste Management	Payment for Overhaul of Vehicles	Across the County	14,363,026	15,491,260	107.9
6	Mombasa - Energy, Environment and Waste Management	Payment of Overhaul Repair And Maintenance of Departmental Fleets	Across the County	13,267,241	14,309,400	107.9
7	Mombasa - Trade, Tourism and Investments	Pot Hole Repair & Carpeting of Kongowea Market Roads	Kongowea	12,791,379	13,796,158	107.9
8	Mombasa - County Planning, Land and Housing	Provision Consultancy Services For Development Of Mombasa Policy Documents	Across the County	12,575,862	13,563,712	107.9
9	County Planning, Land & Housing	Engagement of A Consulting Firm to Develop County Policy Documents Land Use And Housing Policy Review And Feasibility Study On Slum Upgrading	Across the County	11,408,103	12,304,224	107.9
10	Mombasa - Finance and Economic Planning	Renovation Of Banking Hall Finance & Economy Planning	Assembly Hall	9,969,430	10,752,542	107.9

Source: Mombasa County Treasury

3.29.8 Budget Performance by Department

Table 3-138 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-138: Mombasa County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Supplementary Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Executive	408.45	10.41	96.44	2.44	96.44	0.30	100	12.3	23.6	2.9
Finance and Economic Planning	1,647.87	714.52	863.22	167.80	863.22	407.29	100	242.7	52.4	57
Energy, Environment and Waste Management	443.49	317.16	226.35	74.48	226.35	71.82	100	96.4	51	22.6
Education, Information Technology & Mv 2035	581	221.91	250.32	68.55	250.32	35.87	100	52.3	43.1	16.2
Health	2,624.76	223.31	2,079.67	52.44	2,006.69	377.61	96.5	720.1	76.5	169.1
Water, Environment and Natural Resources	98.96	1,550	12.31	364	12.31	252.07	100	69.3	12.4	16.3
Youth, Gender, Sports and Cultural Affairs	243.70	401.99	45.32	94.40	45.32	86.03	100	91.1	18.6	21.4
Trade, Tourism and Investments	394.15	71.06	162.27	16.69	162.27	23	100	137.9	41.2	32.4
County Planning, Land and Housing	263.83	259.07	59.31	60.84	59.31	65.76	100	108.1	22.5	25.4
Transport, Infrastructure and Public Works	452.10	1,302.82	200.37	305.95	200.37	512.71	100	167.6	44.3	39.4
Agriculture, Fisheries, Livestock and Co-Operatives	188.51	175.72	67.22	41.27	67.22	20.19	100	48.9	35.7	11.5
Devolution and Public Service Administration	1,292.47	35.55	693.20	8.35	693.20	4.04	100	48.3	53.6	11.4
County Assembly	718.61	25.77	451.08	-	451.08	-	100	-	62.8	-
Total	9,357.92	5,309.28	5,207.09	1,257.2	5,134.11	1,856.7	98.6	147.7	54.9	35

Source: Mombasa County Treasury

Analysis of expenditure by department shows that the Department of Health recorded the highest absorption rate of development budget at 169.1 per cent while the County Assembly did not incur any costs on development activities. The Department of Health had the highest percentage of recurrent expenditure to its recurrent budget at 76.5 per cent while the Department of Water, Environment and Natural Resources the lowest at 12.4 per cent. Absorption rate above 100 per cent is irregular and should be corrected through the supplementary budget process.

3.29.9 Budget Execution by Programmes and Sub-Programmes

Table 3-139 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-139 : Mombasa County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
3011 The Executive	Governor's Affairs & Advisory Services	138,270,479	49,932,652	88,337,827	36.1
	Deputy Governor's Affairs & External Relations	92,117,045	19,575,163	72,541,882	21.3
	Cabinet Affairs, Policy Research and Legal Services	84,096,963	2,663,028	81,433,935	3.2
	MV 2035 & E-Government	13,428,650	-	13,428,650	-
	Strategic Delivery Unit	4,485,000	-	4,485,000	-
3013 County Public Service Board	Administration Unit	86,459,525	25,453,547	61,005,978	29.4
3014 Finance and Economic Planning	Administration Unit	1,978,613,010	885,174,306	1,093,438,704	44.7
	Accounting Unit	209,710,783	105,822,619	103,888,164	50.5
	Planning and Monitoring Unit	174,075,045	57,626,443	116,448,602	33.1
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	393,660,241	239,257,659	154,402,582	60.8
	Waste Management	184,693,088	52,727,231	131,965,857	28.5
	Environmental Compliance and Monitoring	126,727,950	4,779,310	121,948,640	3.8
	Climate Change	53,167,400	1,407,052	51,760,348	2.6
	Energy	2,404,000	-	2,404,000	-
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	263,079,423	133,943,086	129,136,337	50.9
	Education headquarters	164,864,132	34,088,339	130,775,793	20.7
	Childcare	72,062,000	-	72,062,000	-
	Elimu Fund	217,800,000	112,720,000	105,080,000	51.8
	Information Technology Headquarters	85,105,385	5,437,931	79,667,454	6.4
3017 Health Services	Administration Unit	2,529,829,109	2,048,428,095	481,401,014	81
	Curative/Clinical Health Services	147,695,420	-	147,695,420	-
	Preventive and Promotive Services Unit	165,339,437	31,239,810	134,099,627	18.9
	Special Programs	5,205,227	-	5,205,227	0.0
3018 Water, Sanitation & Natural Resources	Administration unit	51,023,693	12,313,366	38,710,327	24.1
	Sanitation/Sewerage Services Headquarters	608,930,666	-	608,930,666	-
	Water Supply Headquarters	938,006,011	252,074,290	685,931,721	26.9
	Natural Resources	51,000,000	-	51,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	124,067,532	44,672,849	79,394,683	36
	Youth Empowerment	94,545,520	3,414,552	91,130,968	3.6
	Gender Affairs and Disability Mainstreaming	57,347,500	204,828	57,142,672	0.4
	Sports development	321,747,749	76,731,682	245,016,067	23.8
	Cultural Affairs	41,558,428	6,327,195	35,231,233	15.2
	Public Recreation and Entertainment	6,429,110	-	6,429,110	-
3020 Trade, Tourism & Investment	Administration Unit	299,347,270	160,268,063	139,079,207	53.5
	Trade Development	79,675,750	20,680,788	58,994,962	26
	Development of Tourism	51,169,146	-	51,169,146	-
	Investment Promotion and Products Headquarters	32,042,527	4,326,833	27,715,694	13.5
	Ease of Doing Business-Headquarters	2,975,659	-	2,975,659	-
3021 Lands, Housing and Physical Planning	Administration Unit	264,166,089	119,082,308	145,083,781	45.1
	Land Management Unit	158,837,300	161,207	158,676,093	0.1
	Housing Development Unit	99,896,552	5,831,358	94,065,194	5.8
3022 Transport, Infrastructure & Public Works	Administration Unit	407,954,141	291,550,359	116,403,782	71.5
	Road and Transport Unit	1,086,964,935	373,230,296	713,734,639	34.3
	Works Unit	3,634,040	499,997	3,134,043	13.8
	Transport Planning, Management and Safety	124,233,046	34,889,463	89,343,583	28.1
	Mechanical Services	104,555,694	12,915,278	91,640,416	12.4
	Safety, Risk Management and Rescue Services	27,574,899	-	27,574,899	-
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	177,166,374	74,978,342	102,188,032	42.3
	Crop Management Unit	34,657,259	1,011,250	33,646,009	2.9
	Livestock Unit	23,784,488	-	23,784,488	-
	Fisheries Unit-Headquarters	109,007,510	11,418,930	97,588,580	10.5
	Veterinary Services	15,193,677	-	15,193,677	-
	Cooperatives	4,427,050	-	4,427,050	-
3026 Devolution & Public Service Administration	Administration	1,107,690,777	609,338,736	498,352,041	55
	Devolution and public service administration	24,237,052	19,081,000	5,156,053	78.7
	Public Service Reforms and Delivery	40,946,733	1,000,000	39,946,733	2.4
	Compliance and Enforcement	96,643,680	60,000,147	36,643,533	62.1
	County Administration and decentralized services	58,493,047	6,933,873	51,559,174	11.9
3012 County Assembly of Mombasa		744,382,857	451,081,819	293,301,039	60.6
Grand Total		14,667,203,073	6,464,295,078	8,202,907,994	44.1

Source: Mombasa County Treasury

The programmes that performed well based on expenditure absorption were: Health Services Administration Unit at 81 per cent, Devolution and Public Service Administration Unit at 78.7 per cent, Transport, Infrastructure & Public Services Administration Unit at 71.5 per cent, and Devolution & Public Service Compliance & Enforcement at 62.1 per cent of budget allocation.

3.29.10 Key Observations and Recommendations

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

1. Submission of incomplete financial reports by the County to the Controller of Budget, which affected timely preparation of budget implementation report.

2. Spending of revenue at source in contravention of Section 109 of the PFM Act 2012. The COB has noted, from the analysis of bank statements and expenditure returns, that the Department of Health did not bank all its revenue receipts into the CRF account.
3. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.1.86 billion out of annual development budget of Kshs.5.31 billion. The development expenditure represented 35 per cent of the annual development.
4. A high wage bill, which accounted for 49.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
5. Under performance of own revenue at Kshs.2.44 billion against annual projection of Kshs.5 billion. The realised own source revenue represented 48.9 per cent of its annual target.
6. Direct spending of revenue before banking as demonstrated by incurring expenditure in excess of exchequer releases

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

1. *The County Treasury should ensure timely preparation and submission of complete financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should ensure all departments adhere to Section 109 of the PFM Act, 2012 and bank all revenue receipts intact into the CRF account.*
3. *The County should identify and address the issues causing delay in implementation of development projects.*
4. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
5. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
6. *The County should bank all revenues before spending in line with Section 109 (2) of the PFM Act, 2012.*

3.30 Murang'a County

3.30.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.8.97 billion, comprising of Kshs.3.47 billion (38.7 per cent) and Kshs.5.5 billion (61.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.68 billion (74.5 per cent) as equitable share of revenue raised nationally, Kshs.802.97 million (9.0 per cent) as total conditional grants, generate Kshs.960.0 million (10.7 per cent) from own sources of revenue, and had Kshs.525.0 million (5.9 per cent) as cash balance from FY 2018/19.

3.30.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.02 billion as equitable share of the revenue raised nationally, Kshs.345.81 million as total conditional grants, raised Kshs.471.64 million from own-source revenue, and had a cash balance of Kshs. 525.00 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.37 billion as shown in Table 3-140.

Table 3-140: Murang'a County, Revenue Performance in the First Nine Months of FY 2019/20

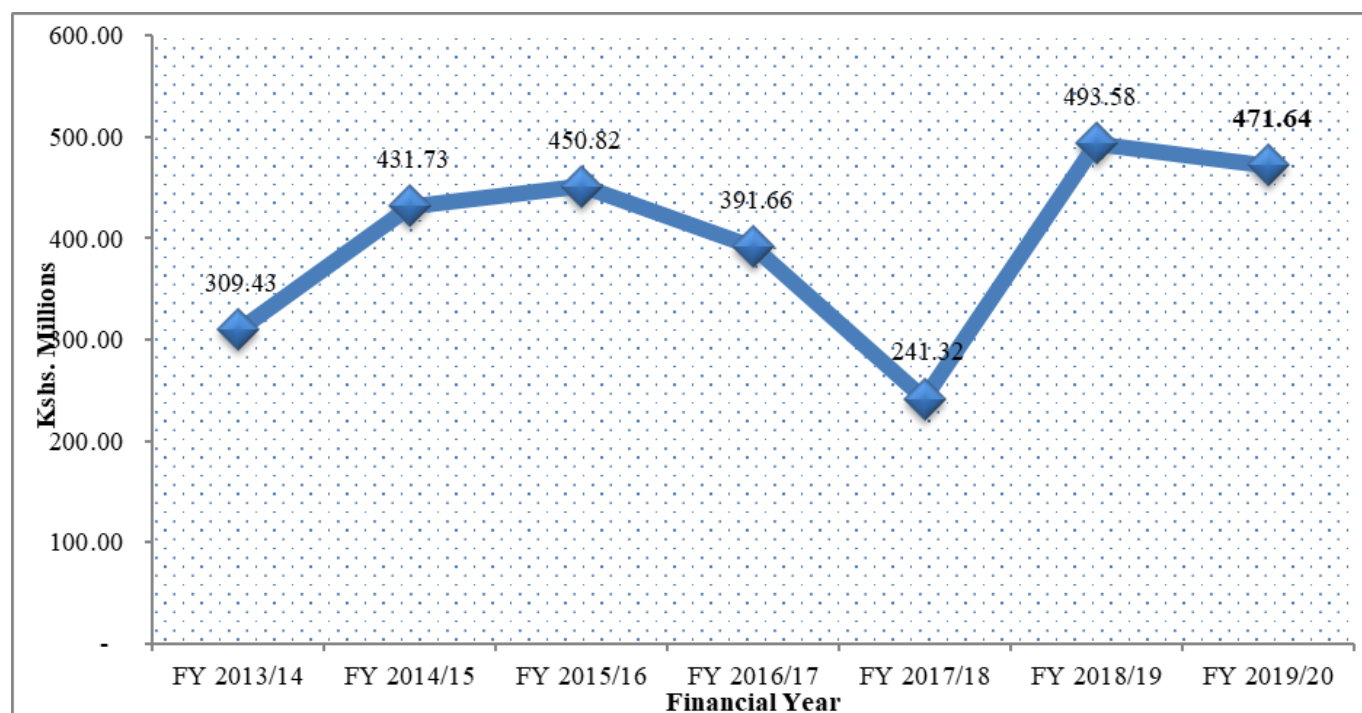
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,298,350,000	6,679,833,000	4,024,645,650	60.3
B.	Conditional Grants from the National Government				
1	Compensation for User Fee Foregone	20,138,691	20,138,691	-	-
2	Leasing of Medical Equipment	131,914,894	-	-	0.0
3	Road Maintenance Fuel Levy Fund	178,782,844	178,782,844	89,391,422	50.0
4	Rehabilitation of Village Polytechnics	83,268,298	83,268,298	41,634,149	50.0
Sub Total		414,104,727	282,189,833	131,025,571	46.4

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	76,894,209	76,894,209	77,074,190	100.2
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	307,623,650	307,623,650	128,385,896	41.7
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	62,437,600	62,437,600	-	-
5	DANIDA Grant	18,656,250	18,656,250	9,328,125	50.0
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,369,053	16,369,053	-	-
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	0.0
Sub Total		520,780,762	520,780,762	214,788,211	41.2
D	Other Sources of Revenue				
1	Own Source Revenue	-	960,000,000	471,637,942	49.1
2	Balance b/f from FY2018/19	-	525,000,000	525,000,000	100.0
Sub Total			1,485,000,000	996,637,942	67.1
Grand Total		7,233,235,489	8,967,803,595	5,367,097,374	59.8

Source: Murang'a County Treasury

Figure 3-57 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-57: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Murang'a County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.471.64 million as own-source revenue. This amount represented a decrease of 4.4 per cent when compared to Kshs.493.54 million realised during the same period in FY 2018/19, and represented 49.1 per cent of the annual target.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.38 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.2.11 billion (39.3 percent) for development programmes and Kshs.3.27 billion (60.7 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

A total of Kshs.5.30 billion was spent on development and recurrent programmes and represented 98.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.2.09 billion and Kshs.3.21 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 60.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 58.4 per cent.

3.30.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.43 billion was spent on compensation to employees, Kshs.780.40 million on operations and maintenance, and Kshs.2.09 billion on development expenditure.

Table 3-141: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,495,229,653	3,267,757,397	3,209,182,683	60.6	58.4
Compensation to Employees	4,200,248,149	2,428,778,903	2,428,778,903	45.8	57.8
Operations and Maintenance	1,294,981,504	838,978,494	780,403,779	14.7	60.3
Total Development Expenditure	3,472,573,942	2,114,224,035	2,090,515,566	39.4	60.2
Development Expenditure	3,472,573,942	2,114,224,035	2,090,515,566	39.4	60.2
Total	8,967,803,595.00	5,381,981,432	5,299,698,249	100	59.1

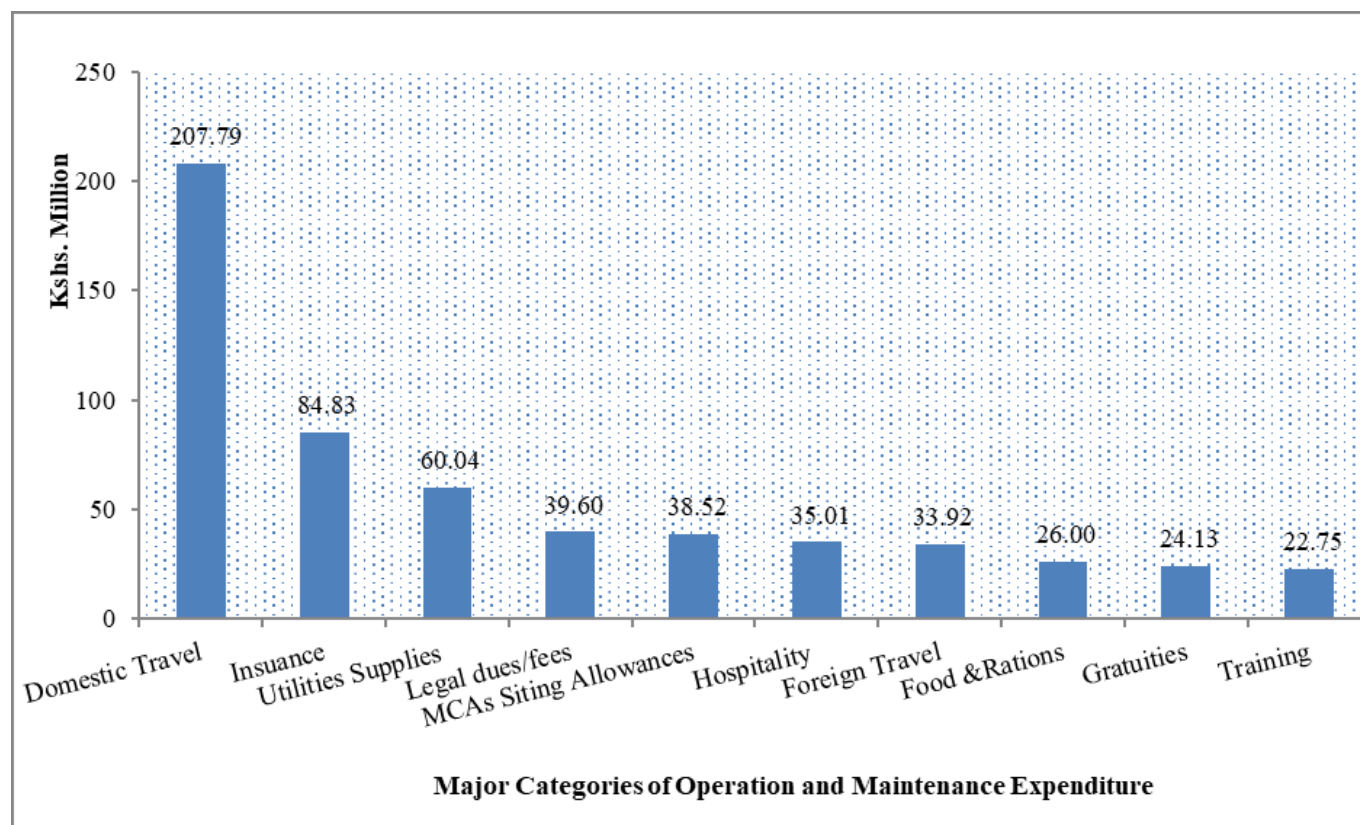
Source: Murang'a County Treasury

Expenditure on compensation to employees was 45.8 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 8.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.65 billion.

3.30.6 Analysis of Operations and Maintenance Expenditure

Figure 3-58 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-58: Murang'a County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Murang'a County Treasury

The County spent Kshs.38.52 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.72.00 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.79,265 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.207.79 million and comprised of Kshs.116.01 million spent by the County Assembly and Kshs.91.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33.92 million and comprised of Kshs.27.92 million by the County Assembly and Kshs.6.00 million spent by the County Executive.

3.30.7 Development Expenditure Analysis

The total development expenditure of Kshs.2.09 million represented 60.2 per cent of the annual development budget of Kshs.3.47 billion and represented an increase of 30.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.59 billion. Table 3-142 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-142: Murang'a County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Supply Of Pharms And Non-Pharms	countywide (Murang'a Level V Hospital)	868,924,209	849,565,264	97.8
2	Maintenance Of Roads, Ports And Jetties	Countywide (Various Wards)	737,019,018	455,177,815	61.8
3	School Feeding Programme	Countywide (ECDE Centres)	100,000,000	77,712,134	77.7
4	Youth Polytechnics And Vocational Training Support	Countywide (Youth Polytechnics)	73,000,000	67,939,498	93.1
5	Milk support	County Wide	56,639,659	56,639,659	100.0
6	Murang'a Cooperative Creameries Support	MCC	51,573,994	51,573,994	100.0
7	Supply Of Fertilizer	County Wide	35,774,400	35,774,400	100.0
8	Avocado Value Addition	County Wide	37,397,943	37,397,943	100.0
9	Education Intervention Programme	Countywide	95,000,000	35,157,243	37.0
10	Water development, sewers and other infrastructure	Countywide	345,000,000	30,147,376	8.7

Source: Murang'a County Treasury

3.30.8 Budget Performance by Department

Table 3-143 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-143: Murang'a County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination And Administration	300.24	-	206.55	-	206.55	-	100.0	-	68.8	-
Finance, Information Technology and Economic Planning	198.23	45.00	152.40	-	153.65	-	100.8	-	77.5	-
Agriculture, Livestock And Fisheries	259.63	584.99	98.50	422.03	100.50	412.03	102.	97.6	38.7	70.4
Energy Transport And Roads	24.73	737.02	9.30	463.85	9.30	460.02	100.	99.2	37.6	62.4
Commerce, Trade, Industry And Tourism	24.15	245.83	11.00	165.27	11.00	165.27	100.0	100.	45.5	67.2

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
Health And Sanitation	2,150.61	868.92	1,350.97	801.02	1,301.97	801.02	96.4	100.0	60.5	92.2
Lands, Housing & Physical Planning	46.20	126.94	16.90	5.61	16.90	5.61	100.0	100.0	36.6	4.4
Education & Technical Training	348.54	363.87	217.54	175.13	217.54	181.54	100.0	103.7	62.4	49.9
Public Service	1,005.68	-	669.05	-	669.12	-	100.0	-	66.5	-
Youth, Culture, Gender, Social Services & Special Programs	122.22	73.00	43.49	36.83	43.49	25.80	100.0	70.0	35.6	35.3
Environment & Natural Resources	46.88	32.00	16.20	2.19	16.20	2.19	100.0	100.0	34.6	6.8
County Public Service Board	39.19	-	21.00	-	21.68	-	103.2	-	55.3	-
Water & Irrigation	55.61	345.00	35.50	30.30	35.50	28.80	100.0	95.0	63.8	8.3
County Assembly	873.33	50.00	419.36	12.00	405.78	8.26	96.8	68.8	46.5	16.5
Total	5,495.23	3,472.57	3,267.76	2,114.22	3,209.18	2,090.52	98.2	98.9	58.4	60.2

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Health and Sanitation recorded the highest absorption rate of development budget at 92.2 per cent while the Department of Finance, Information Technology and Economic Planning did not report expenditure on development activities. The Department of Finance, Information Technology and Economic Planning had the highest percentage of recurrent expenditure to its recurrent budget at 77.5 per cent while the Department of Environment & Natural Resources had the lowest at 34.6 per cent.

3.30.9 Budget Execution by Programmes and Sub-Programmes

Table 3-144 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-144 : Murang'a County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cash Crop Development and Management	Land and Crops Development	3,900,000	1,242,689	2,657,311	31.9
	Promotion Food Security	261,069,053	153,505,499	107,563,554	58.8
	Sub Total	264,969,053	154,748,188	110,220,865	58.4
Livestock and fisheries Development	Formation of Fisheries and Cooperatives	5,000,000	1,200,000	3,800,000	24.0
	Value addition and marketing of fish products	114,173,298	53,703,610	60,469,688	47.0
	Local Poultry Development	2,000,000	1,845,089	154,911	92.3
	Sub Total	121,173,298	56,748,699	64,424,599	46.8
Land survey, housing and administration	Land Policy and Planning	22,500,000	-	22,500,000	-
	Land Survey	10,000,000	-	10,000,000	-
	Sub Total	32,500,000	-	32,500,000	-
Agribusiness and Information Management	Agribusiness and Market Development	4,200,000	577,586	3,622,414	13.8
	Sub Total	4,200,000	577,586	3,622,414	13.8
Livestock Resources Management and Development	Livestock Policy Development and capacity building Programme	-	-166,530	166,530	-
	Livestock Diseases Management and Control	16,000,000	7,840,877	8,159,123	49.0
	Sub Total	16,000,000	7,674,347	8,325,653	48.0
Land Administration and Management	Land Administration and Management	5,319,000	1,578,555	3,740,445	29.7
	Sub Total	5,319,000	1,578,555	3,740,445	29.7
Road Transport	Construction of Roads and Bridges	19,411,500	6,016,104	13,395,396	31.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	General Administration, Planning and Support Services	739,019,018	415,678,542	323,340,476	56.2
	Sub Total	758,430,518	421,694,646	336,735,872	55.6
ICT Infrastructure Development	ICT Infrastructure Connectivity	30,000,000	-	30,000,000	-
	Sub Total	30,000,000	-	30,000,000	-
Information And Communication Services	Office administration and support	-	-52,625	52,625	-
	Sub Total	-	-52,625	52,625	-
Tourism Development and Promotion	Tourism Promotion and Marketing	3,300,000	2,493,544	806,456	75.6
	Sub Total	3,300,000	2,493,544	806,456	75.6
Trade Promotion and marketing	Domestic Trade Development	245,832,114	133,586,960	112,245,154	54.3
	Sub Total	245,832,114	133,586,960	112,245,154	54.3
Cooperative Development and Management	Governance and Accountability	3,100,000	561,238	2,538,762	18.1
	Co-operative Advisory Services	20,779,074	2,370,500	18,408,574	11.4
	Sub Total	23,879,074	2,931,738	20,947,336	12.3
Trade Development and Promotion	Domestic Trade Development	4,600,000	3,249,200	1,350,800	70.6
	Fair Trade and Consumer Protection	3,100,000	527,800	2,572,200	17.0
	Sub Total	7,700,000	3,777,000	3,923,000	49.1
Curative Health Services	Forensic and Diagnostics	3,000,000	701,205	2,298,795	23.4
	Free Primary Healthcare	288,924,209	144,538,654	144,385,555	50.0
	Sub Total	291,924,209	145,239,859	146,684,350	49.8
Treatment and rehabilitation	Prevention Curriculum Development	3,000,000	727,710	2,272,290	24.3
	Sub Total	3,000,000	727,710	2,272,290	24.3
Education	Early Childhood Development Education	158,500,000	105,692,572	52,807,428	66.7
	Motivation of Primary and Secondary School	96,000,000	4,376,000	91,624,000	4.6
	Sub Total	254,500,000	110,068,572	144,431,428	43.2
Technical Vocational Education and Training	Infrastructure Development and Expansion	87,437,600	-	87,437,600	-
	Sub Total	87,437,600	-	87,437,600	-
Youth Training and Development	Revitalization of Youth Polytechnics	112,868,298	17,066,107	95,802,191	15.1
	Sub Total	112,868,298	17,066,107	95,802,191	15.1
General Administration, Planning and Support Services	County Administrative Services	20,000,000	1,188,000	18,812,000	5.9
	Sub Total	20,000,000	1,188,000	18,812,000	5.9
Legislation, Treaties and Advisory Services	Legislation, Treaties and Advisory Services	323,400,000	215,931,210	107,468,790	66.8
	Public Trusts and Estates Management	7,000,000	-	7,000,000	-
	Oversight	240,750,000	132,777,555	107,972,445	55.2
	Sub Total	571,150,000	348,708,765	222,441,235	61.1
Human Resource Management	Human Resource Management	16,198,711	2,468,860	13,729,851	15.2
	Staff Training and Capacity Building	314,123,650	84,300,650	229,823,000	26.8
	Sub Total	330,322,361	86,769,510	243,552,851	26.3
Budget Formulation Coordination and Management	Budget Formulation Coordination and Management	4,500,000	3,817,657	682,343	84.8
	Economic Planning and CIDP Review	4,500,000	3,233,477	1,266,523	71.9

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub Total	9,000,000	7,051,134	1,948,866	78.3
Public Participation	Public Participation	5,500,000	4,296,650	1,203,350	78.1
	Sub Total	5,500,000	4,296,650	1,203,350	78.1
General Administration Planning and support Services	General Administration Planning and support Services	818,332,032	-579,183,255	1,899,771,681	-70.8
	Sub Total	818,332,032	-579,183,255	1,899,771,681	-70.8
Gender & Youth Empowerment	Youth Development Services	2,100,000	1,464,000	636,000	69.7
	Gender & Socio-economic empowerment	30,000,000	7,082,985	22,917,015	23.6
	Sub Total	32,100,000	8,546,985	23,553,015	26.6
Public Financial Management	Accounting Services	5,000,000	73,080	4,926,920	1.5
	Public Financial Management Reforms	11,000,000	9,311,982	1,688,018	84.7
	Sub Total	16,000,000	9,385,062	6,614,938	58.7
Audit Services	County Governments Audit	5,449,999	3,864,326	1,585,673	70.9
	General Administration Planning and Support Services	6,500,000	4,955,056	1,544,944	76.2
	Sub Total	11,949,999	8,819,382	3,130,617	73.8
Control and Management of Public finances	Budget implementation and Monitoring	5,300,000	3,399,696	1,900,304	64.1
	Sub Total	5,300,000	3,399,696	1,900,304	64.1
Policy Formulation and Implementation	Policy Formulation and Implementation	-	-429,800	429,800	-
	Sub Total	-	-429,800	429,800	-
Social Assistance to vulnerable groups	Social Assistance to vulnerable groups	78,172,926	1,373,544	76,799,382	1.8
	Persons Living With Disabilities	5,000,000	2,739,129	2,260,871	54.8
	Disaster Fund Management	9,500,000	7,667,388	1,832,612	80.7
	Sub Total	92,672,926	11,780,061	80,892,865	12.7
Development and Management of Sports Facilities	Development and Management of Sports Facilities	50,052,096	27,199,122	22,852,974	54.3
	Sub Total	50,052,096	27,199,122	22,852,974	54.3
Development And Promotion of Culture	Development And Promotion of Culture	3,213,594	615,130	2,598,464	19.1
	Sub Total	3,213,594	615,130	2,598,464	19.1
Environmental Leadership and Governance	Environmental Leadership and Governance	15,000,000	3,402,682	11,597,318	22.7
	Sub Total	15,000,000	3,402,682	11,597,318	22.7
Hazardous Waste	Hazardous Waste	28,600,000	3,964,823	24,635,177	13.9
	Sub Total	28,600,000	3,964,823	24,635,177	13.9
Water Supply Infrastructure	Water Resources Management	400,610,127	356,120	400,254,007	8.9
	Sub Total	400,610,127	356,120	400,254,007	8.9
		8,967,803,595	5,299,698,248.	3,769,751,612	59.1

Source: Murang'a County Treasury

The programmes that performed well based on expenditure absorption were: Budget Formulation Coordination and Management at 78.3 per cent, Public Participation at 78.1 per cent, Audit Services at 73.8 per cent, General Administration Planning and support Services at 72.7 per cent, Legislation, Treaties and Advisory Service at 61.1 per cent, and Cash Crop Development and Management at 58.4 per cent of budget allocation.

3.30.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 45.8 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.471.64 million against annual projection of Kshs.960 million. The

realised own source revenue represented 49.1 per cent of its annual target.

4. Failure to correctly budget for equitable share of revenue as provided in the CARA 2019.
5. Failure to establish an Internal Audit Committee to oversee operations in the County contrary to Section 155 of the PFM Act, 2012.
6. Poor budgeting practice by the County Treasury as shown in table 3-144 where some programmes had negative nextpenditure amounts.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
4. *The County should prepare a Supplementary Budget to align equitable share of revenue with CARA, 2019.*
5. *The County to establish an Internal audit Committee in line with Section 155 of the PFM Act, 2012.*
6. *County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget.*

3.31 Nairobi City County

3.31.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.36.98 billion, comprising of Kshs.11.27 billion (30.5 per cent) and Kshs.25.71 billion (69.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.15.92 billion (43 per cent) as equitable share of revenue raised nationally, Kshs.749.02 million (2 per cent) as total conditional grants, Kshs.415 million as Road Maintenance Fuel Levy Fund (RMFLF) allocation for FY 2018/19, generate Kshs.17.05 billion (46.1 per cent) from own source revenue, and Kshs.2.58 billion (7 per cent) as cash balance from FY 2018/19, the County also budgeted to receive Ksh.266.65 million (0.7 per cent) as Appropriations in Aid.

3.31.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.7.07 billion as equitable share of the revenue raised nationally, raised Kshs.7.07 billion from own-source revenue, Kshs.415.85 million from Road Maintenance Fuel Levy Fund for FY 2018/19, Kshs.78.71 million as total conditional grants and had a cash balance of Kshs.2.58 billion from FY 2018/19. The County also received Ksh.172.64 million as Appropriations in Aid. The total funds available for budget implementation amounted to Kshs.17.38 billion as shown in Table 3-145.

Table 3-145: Nairobi City County, Revenue Performance in the First Nine Months of FY 2019/20.

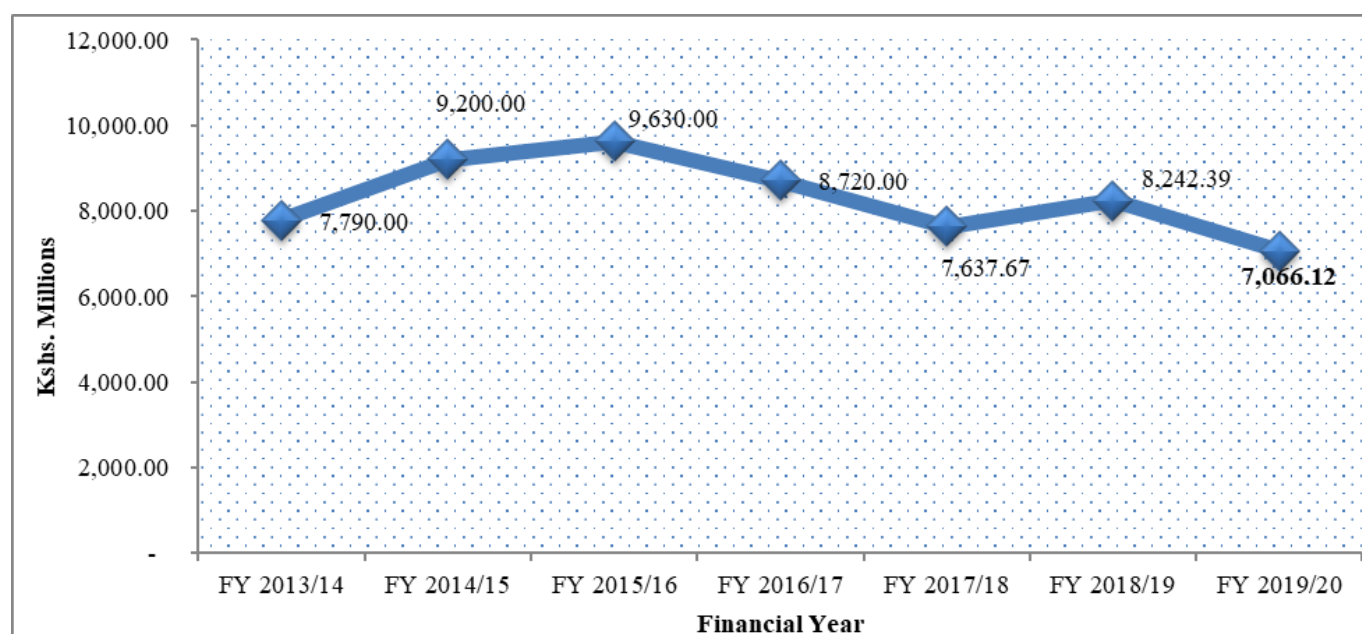
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	15,919,950,000	15,919,950,000	7,068,457,800	44.4
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	79,423,251	79,423,251	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	451,898,344	451,898,344	-	-
4.	Rehabilitation of Village Polytechnics	22,998,298	22,998,298	-	-
Sub Total		686,234,787	554,319,893	-	-
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	96,359,510	96,359,510	43,286,420	44.9

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
2.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
3.	DANIDA Grant	47,156,250	47,156,250	23,578,125	50
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,183,840	21,183,840	11,841,920	55.9
Sub Total		194,699,600	194,699,600	78,706,465	40.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	17,049,640,942	7,066,118,253	41.4
2.	Balance B/F from FY 2018/19	-	2,580,279,980	2,580,279,980	100
3.	Other Revenues (KRB FY 18/19)	-	415,845,530	415,847,530	100
4.	A-I-A	-	266,654,947	172,643,129	64.7
Sub Total		-	20,312,421,399	10,300,379,033	50.4
Grand Total		16,800,884,387	36,981,390,892	17,382,053,157	47.0

Source: Nairobi City County Treasury

Figure 3-59 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-59: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Nairobi City County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.7.07 billion as own-source revenue. This amount represented a decrease of 14.3 per cent when compared to Kshs.8.24 billion realised during the same period in FY 2018/19, and represented 41.4 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.15.43 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.24 billion (8 per cent) for development programmes and Kshs.14.18 billion (92 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

A total of Kshs.15.51 billion was spent on development and recurrent programmes and represented 100.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.25 billion and Kshs.14.25 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 11.1 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 55.4 per cent.

3.31.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.8.73 billion was spent on compensation to employees, Kshs.5.52 billion on operations and maintenance, and Kshs.1.25 billion on development expenditure.

Table 3-146: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	25,710,129,940	14,253,695,838	91.9	55.4
Compensation to Employees	14,241,481,185	8,729,763,845	56.3	61.3
Operations and Maintenance	11,468,648,755	5,523,931,993	35.6	48.2
Development Expenditure	11,271,260,947	1,253,766,909	8.1	11.1
Total	36,981,390,887	15,507,462,747	100.0	41.9

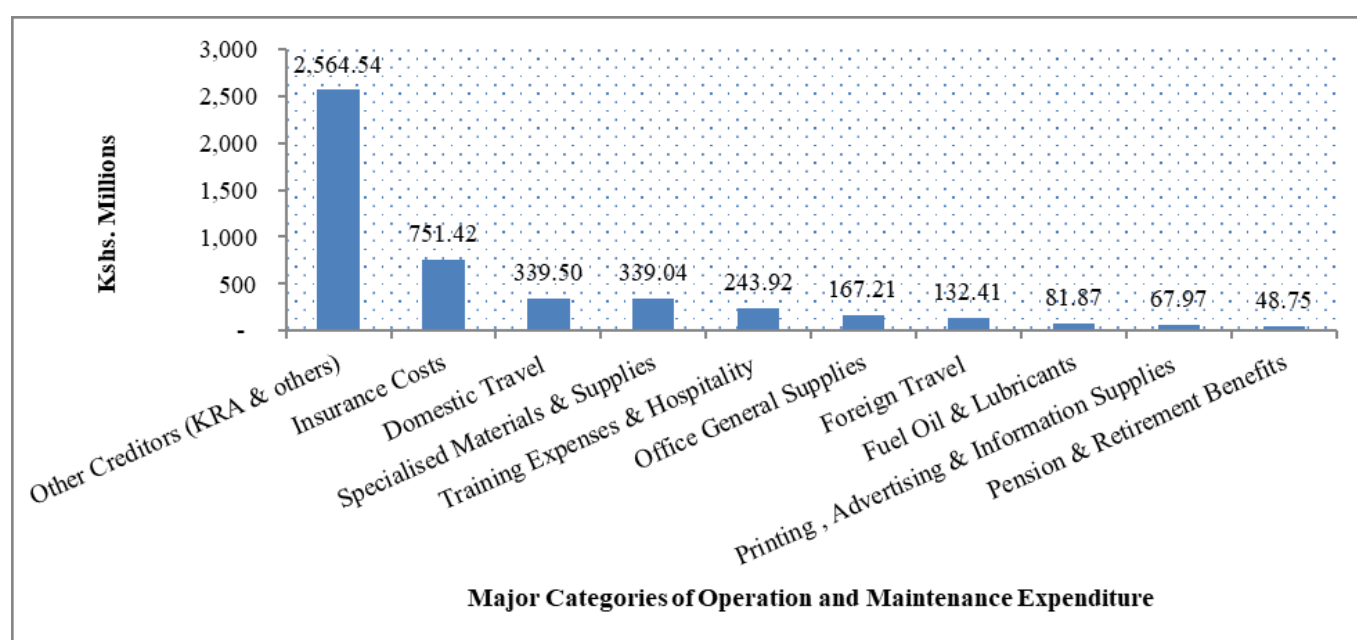
Source: Nairobi City County Treasury

Expenditure on compensation to employees was 56.3 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 22.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.11.2 billion.

3.31.6 Analysis of Operations and Maintenance Expenditure

Figure 3-60 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-60: Nairobi City County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Nairobi City County Treasury

The County spent Kshs.58.06 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.102.40 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.52, 027 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.339.50 million and comprised of Kshs.124.21 million spent by the County Assembly and Kshs.215.29 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.132.41 million and comprised of Kshs.71.44 million spent by the County Assembly and Kshs.60.97 million by the County Executive.

3.31.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.25 billion represented 11.1 per cent of the annual development budget of Kshs.11.27 billion and represented a decrease of 46.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.32 billion. Table 3-147 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-147: Nairobi City County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Actual Expenditure (Kshs.)
1.	Public lighting within Dandora Ward phase ii	Dandora II	9,874,636
2.	Supply ,delivery & installation of public lights within Utali ward	Utali	6,319,093
3.	Supply and delivery of 16a time switches	Electrical Section	13,755,001
4.	Supply and delivery of electrical material	Electrical Section	4,399,999
5.	Supply and delivery of street cables	Highway	11,138,400
6.	Construction of Githurai Zimerman across Gathara in river	Githurai	2,370,624
7.	Kayole Motorable Bridge Matopeni	Matopeni Spring Valley	17,982,944
8.	Completion of motorable bridge at Mwiki Githurai	Mwiki	20,406,702
9.	Construction of Public Transport-MWIKI	Mwiki	8,750,030
10.	Construction of public transport facility at Mama Lucy transport	Umoja 2	7,031,778
1.	Rehabilitation of Machakos county bus station	Country Bus Station	9,017,441

Source: Nairobi City County Treasury.

3.31.8 Budget Performance by Department

Table 3-148 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-148: Nairobi City County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Mil-lion)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	52.21	-	21.54	-	21.54	-	100.0	-	41.2	-
Office of Governor & Deputy Governor	5,479.45	628.00	2,902.97	-	2,902.97	-	100.0	-	53.0	-
ICT, E-GOVT & Public Communications	203.51	349.00	67.79	580.00	67.79	-	100.0	-	33.3	-
Finance & Economic Planning	4,660.77	862.11	3,320.47	8.48	3,320.47	580.00	100.0	6,840.9	71.2	67.3
Health	6,719.22	658.00	3,465.83	-	3,422.55	8.48	98.8	-	50.9	1.3
Urban Planning and Lands	488.48	168.00	243.72	653.03	243.72	-	100.0	-	49.9	-
Public Works Transport & Infrastructure	1,141.28	3,638.00	570.32	-	570.32	653.03	100.0	-	50.0	18.0
Education, Youth Affairs, Sports, Culture & Social Services	1,534.81	441.65	579.53	-	579.53	-	100.0	-	37.8	-
Trade, Commerce, Tourism & Cooperatives	611.90	473.50	245.39	-	245.39	-	100.0	-	40.1	-

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
Public Service Management	1,026.45	91.00	794.47	-	794.47	-	100.0	-	77.4	-
Agriculture, Livestock Development, Fisheries & Forestry	360.56	126.00	141.69	-	141.69	-	100.0	-	39.3	-
Environment, Water, Energy & Natural Resources	1,519.80	463.00	815.70	-	826.49	-	101.3	-	54.4	-
Urban Renewal and Housing	151.72	500.00	60.11	-	60.11	-	100.0	-	39.6	-
Ward Development Programmes	39.00	1,304.00	4.29	-	4.29	-	100.0	-	11.0	-
Emergency Fund	100.00	-	3.10	-	3.10	-	100.0	-	3.1	-
Liquor Licensing Board	211.00	39.00	-	-	171.69	12.26	-	-	81.4	31.4
County Assembly	1,410	1,530	948	-	878	-	92.6	-	62.2	-
TOTAL	25,710	11,271.26	14,184.82	1,241.51	14,253.70	1,253.77	100.5	101.0	55.4	11.1

Source: Nairobi City 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 67.3 per cent while most of the Departments did not report any expenditure on development activities. The Liquor Licensing Board had the highest percentage of recurrent expenditure to its recurrent budget at 81.4 per cent while the Emergency Fund had the lowest at 3.1 per cent.

3.31.9 Budget Execution by Programmes and Sub-Programmes

Table 3-149 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-149 : Nairobi City County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
0701000 P1 General Administration Planning and Support Services	General Administration Planning and Support Services	Error! Not a valid link.	21,537,006	30,677,496	41.2
Total 5311000000 COUNTY PUBLIC SERVICE BOARD		Error! Not a valid link.	21,537,006	30,677,496	41.2
General Administrative Services	General Administration & Support Services	Error! Not a valid link.	252,369,186	238,923,126	51.4
	0718025310 Sp2 Sub County Administration	Error! Not a valid link.	1,095,235,111	977,767,075	52.8
	0718075310 Sp7 County Executive	Error! Not a valid link.	101,585,132	253,838,833	28.6
	0718095310 Sp9 Audit	Error! Not a valid link.	37,751,205	61,349,736	38.1
Security and Safety Management	0724055310 Inspectorate	Error! Not a valid link.	1,122,614,434	918,068,043	55.0
	0724015310 sp 24.1 investigative Services	Error! Not a valid link.	36,892,687	54,004,714	40.6
Disaster Management Coordination & Control	0724045310 Fire & Disaster Management	Error! Not a valid link.	97,847,024	552,897,760	15.0
management of legal affairs	0725015310 sp 25.1 legal services	Error! Not a valid link.	158,672,853	147,632,289	51.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR		Error! Not a valid link.	2,902,967,633	3,204,481,575	47.5
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	114,011,356	55,949,536	58,061,820	49.1
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	65,500,000	10,528,937	54,971,063	16.1
	0208030 SP 2.3: ICT and Media Regulatory Services	19,500,000	1,213,725	18,286,275	6.2
	0208040 SP 2.4 E-Government Services	228,500,000	100,100	228,399,900	0.0
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	107,000,000	-	107,000,000	0.0
	0210035310 sp 3:Information Security	18,000,000	-	18,000,000	0.0
Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS		552,511,356	67,792,298	484,719,058	12.3
0701005310 Public Financial Management	0701015310 Assets Management Services	287,667,520	23,350,234	264,317,286	8.1
	0701065310 sp1.6 Accounting Services	3,251,694,840	3,144,246,546	107,448,294	96.7
	0701075310 sp1.7 Budget Formulation Coordination and mgt	176,129,010	45,422,774	130,706,236	25.8
	0701085310 sp1.8 Resource Mobilisation	355,754,600	30,858,628	324,895,972	8.7
	Debt Management Services	13,949,500	100,000	13,849,500	0.7
	0718085310 Sp8 Supply Chain Management	113,451,364	57,652,081	55,799,283	50.8
	5314001001 KDSP	83,000,000	-	83,000,000	0.0
	5314001101 County Budget & Economic Forum	5,470,000	-	5,470,000	0.0
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	916,314,417	571,924,987	344,389,430	62.4
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	319,446,289	26,916,115	292,530,174	8.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
Total 5314000000 FINANCE & ECONOMIC PLANNING		5,522,877,540	3,900,471,365	1,622,406,175	70.6
0401000 P.1 Preventive & Promotive Health Services	0401115310 HIV/AIDS Prevention & Control Unit	4,440,402	75,000	4,365,402	1.7
	0401125310 TB Control	2,200,000	-	2,200,000	0.0
	0401135310 Malaria Control & Other Communicable Diseases	1,400,000	117,600	1,282,400	8.4
	0401145310 Reproductive Health & Maternal Health (RMNCAH)	148,661,321	26,874,517	121,786,804	18.1
	0401155310 Environmental / Public Health	96,300,000	16,672,800	79,627,200	17.3
0402005310 Curative care	0402065310 sp.2.6 County Referral Hospitals	231,416,000	19,054,866	212,361,134	8.2
		218,544,000	29,042,325	189,501,675	13.3
		191,266,000	14,443,324	176,822,676	7.6
		91,224,000	921,000	90,303,000	1.0
	0402075310 sp.2.7 Health Centres & dispensaries	305,338,679	18,509,418	286,829,261	6.1
0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	5,324,566,646	3,065,151,239	2,259,415,407	57.6
	0404025310 Sp4.2 Health Policy, Planning & Financing	49,900,000	2,067,909	47,832,091	4.1
	0404035310 sp 4.3 Health Commodities	651,957,500	237,542,176	414,415,324	36.4
	0404045310 sp 4.4 Research, Quality assurance & standards unit	27,000,500	554,356	26,446,144	2.1
	0404055310 sp 4.5 Coroner services unit	33,000,000	-	33,000,000	0.0
Total 5315000000 HEALTH		7,377,215,048	3,431,026,531	3,946,188,517	46.5
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	290,837,689	134,771,845	156,065,844	46.3
0114005310 P.8: Urban Planning, compliance & enforcement	0114015310 sp 8.1 Urban planning	32,500,000	7,548,258	24,951,742	23.2
	0114025310 sp 8.2 Enforcement and compliance	88,200,000	920,800	87,279,200	1.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs.)	Implementa- tion Status (%)
0115005310 P9:Land manage- ment	0115015310 sp 9.1 valua- tion services	56,500,000		4,768,920	51,731,080	8.4
	0115025310 sp 9.2 land survey	170,437,596		94,217,804	76,219,792	55.3
	0115035310 sp 9.3 Admin- istrative services	18,000,000		1,492,568	16,507,432	8.3
Total 5316000000 URBAN PLANNING AND LANDS		656,475,285		243,720,195	412,755,090	37.1
0207000 P1: General Adminis- tration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	1,078,097,939		558,946,334	519,151,605	51.8
0211005310 P5:Roads,Drainage & Bridges	0211015310 sp 5.1 Con- struction Roads & Drain- ages & Maintenance	1,727,078,840		156,249,693	1,570,829,147	9.0
		1,530,781,160		415,847,530	1,114,933,630	27.2
0212005310 P6:Road Safety Interventions	0212015310 sp 6.1 Trans- port Facilities & Traffic Management	187,620,000		32,137,805	155,482,195	17.1
0213005310 P7: Institutional Buildings & Maintenance	0213015310 sp 7.1 Public street lighting Installations & Maintenances	230,000,000		60,162,242	169,837,758	26.2
	0213025310 sp 7.2 Mo- tor Vehicle, Machinery & Plant Maintenance	11,200,000		-	11,200,000	0.0
	0213035310 sp 7.3 Institu- tional Buildings Mainte- nance	14,500,000		-	14,500,000	0.0
Total 5317000000 PUBLIC WORKS ,TRANSPORT & INFRASTRUCTURE		4,779,277,939		1,223,343,605	3,555,934,334	25.6
0508005310 General adminis- tration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,149,631,494		431,805,115	717,826,379	37.6
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curric- ulum	1,000,000		267,200	732,800	26.7
	0509025310 sp 9.2 Early Childhood Development Centres	148,400,000		7,754,008	140,645,992	5.2
	0509035310 sp 9.3 Techni- cal and Vocational Train- ing	88,904,947		2,203,200	86,701,747	2.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs.)	Implementa- tion Status (%)
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	178,773,527		95,823,783	82,949,744	53.6
	0902025310 Sp.2.2 Gender and Community Empowerment	30,800,000		424,000	30,376,000	1.4
	0902035310 Sp.2.3 Development and promotion of culture/ heritage	38,150,000		674,200	37,475,800	1.8
	0902045310 Sp.2.4 Development and promotion of sports	239,000,000		23,678,122	215,321,878	9.9
	0902055310 Sp.2.5 Youth Empowerment and Promotion	26,300,000		13,834,642	12,465,358	52.6
	0902065310 Sp. 2.6 Social welfare and care for the Aged	30,000,000		1,714,800	28,285,200	5.7
	0902075310 Sp. 2.7 Promotion of Library and Information Services	4,300,000		377,105	3,922,895	8.8
	0902085310 Sp.2.8 Rescue and Rehabilitation of Children Services	41,200,000		975,250	40,224,750	2.4
Total 5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES		1,976,459,968		579,531,425	1,396,928,543	29.3
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	428,123,278		233,970,793	194,152,485	54.7
0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Co-operative Development Services	34,000,000		6,938,717	27,061,283	20.4
	0310025310 sp 10.2 Co-operative Audit Services	12,281,300		205,000	12,076,300	1.7
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	43,000,000		1,153,900	41,846,100	2.7
0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	170,000,000		2,296,201	167,703,799	1.4
	0312025310 sp 12.2 Market Services	280,000,000		417,870	279,582,130	0.1
	0313025310 sp 13.2 Weights & Measures Services	62,000,000		-	62,000,000	0.0
	0313035310 sp 13.3 Trade Licensing Services	35,000,000		-	35,000,000	0.0
	0313045310 sp 13.4 Betting & Gaming Services	21,000,000		412,449	20,587,551	2.0
Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES		1,085,404,578		245,394,930	840,009,648	22.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs.)	Implementa- tion Status (%)
0701000 P1 General Adminis- tration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	297,662,603		118,575,578	179,087,025	39.8
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	701,000,000		650,630,999	50,369,001	92.8
	0710020 S.P.5.2 Human Resource Development	74,785,035		21,575,612	53,209,423	28.9
0723005310 P 23 Performance Management and Public Ser- vice Delivery	0723015310 sp 23.1 Perfor- mance Contracting man- agement	10,000,000		1,745,758	8,254,242	17.5
	0723025310 sp 23.2 Gov- ernance Monitoring and Evaluation	25,000,000		1,725,348	23,274,652	6.9
	0723035310 sp 23.3 Qual- ity Management Systems and ISO certification	9,000,000		212,599	8,787,401	2.4
Total 5320000000 PUBLIC SERVICE MANAGEMENT		1,117,447,638		794,465,895	322,981,743	71.1
0106000 P 6 General Adminis- tration Planning and Support Services	0106010 SP.6.1 Adminis- tration, Planning & Sup- port Services	231,481,909		137,961,515	93,520,394	59.6
0108000 P2: Crop Develop- ment and Management	0108055310 SP5 Crop Production, Marketing & Research	38,494,806		3,046,284	35,448,522	7.9
0111000 P5: Fisheries Develop- ment and Management	0111020 SP 5.2 Aquacul- ture Development Market- ing & Research	31,509,644		681,984	30,827,660	2.2
0112000 P 6: Livestock Resources Management and Development	0112065310 Promotion of Dairy Production, Exten- sion & Research	31,533,999		-	31,533,999	0.0
0116005310 P.10:Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 An- imal Research, Diseases, Pest Control & Quality As- surance	55,152,413		-	55,152,413	0.0
0117005310 P.11:Aforestation	0117015310 sp 11.1 Forest- ry Services	24,532,637		-	24,532,637	0.0
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	26,830,000		-	26,830,000	0.0
5321000801 Agricultural De- velopment Support Project	5321000801 Agricultural Development Support Project	47,025,760		-	47,025,760	0.0
Total 5321000000 AGRI- CULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY		486,561,168		141,689,783	344,871,385	29.1
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	567,476,815		328,277,493	239,199,322	57.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual (Kshs)	Payments	Variance (Kshs.)	Implementa- tion Status (%)
1002005310 P 2 Environment Management and Protection.	1002035310 sp 2.3 Solid waste management	992,237,878		480,675,781	511,562,097	48.4
	1002045310 sp 2.4 Beau- tification, Recreation and Greening Services	43,687,121		9,157,669	34,529,452	21.0
	1002055310 sp 2.5 Envi- ronment planning Man- agement Services	27,400,000		120,800	27,279,200	0.4
1004005310 P4 Water Resourc- es Management	1004055310 sp 4.5 Energy & Natural resources	352,000,000		8,256,569	343,743,431	2.3
Total 5323000000 ENVIRO- MENT, WATER, ENERGY & NATURAL RESOURCES		1,982,801,814		826,488,313	1,156,313,501	41.7
0102000 P.2 Housing Develop- ment and Human Settlement	0102045310 SP4 Urban Renewal	298,000,000		1,078,025	296,921,975	0.4
	0102055310 SP5 Manage- ment of Rental Housing	25,900,000		1,258,900	24,641,100	4.9
0106000 P 6 General Adminis- tration Planning and Support Services	0106010 SP6.1 Adminis- tration, Planning & Sup- port Services	303,016,963		55,754,408	247,262,555	18.4
0113005310 P.7: Building Services	0113015310 sp 7.1 Build- ing services research and information	24,800,000		2,019,250	22,780,750	8.1
Total 5324000000 URBAN RENEWAL AND HOUSING		651,716,963		60,110,583	591,606,380	9.2
0214005310 P8: Ward Devel- opment	0214015310 sp 8.1 Ward Development & Adminis- tration	1,343,000,000		4,286,020	1,338,713,980	0.3
Total 5325000000 WARD DEVELOPMENT PRO- GRAMMES		1,343,000,000		4,286,020	1,338,713,980	0.3
0718005310 General Adminis- trative Services	0718015310 Sp1 General Administration & Support Services	100,000,000		3,100,000	96,900,000	3.1
5326000000 EMERGENCY FUND		100,000,000		3,100,000	96,900,000	3.1
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000		183,952,651	66,047,350	73.6
Total 5327000000 LIQUOR LICENSING BOARD		250,000,000		183,952,651	66,047,350	73.6
5322000000 COUNTY AS- SEMBLY	Legislation and Oversight	2,939,977,879		877,584,516	1,409,977,879	29.9
Total		36,981,390,886		15,507,462,746	20,821,512,656	41.9

Source: Nairobi City County Treasury.

The programmes that performed well based on expenditure absorption were: Human Resource Management (Public Service Transformation) at 92.8 per cent, Finance & Economic Planning (Accounting Services) at 96.7 per cent, and Liquor Licensing & Regulation (Liquor Licensing Board) at 73.6 per cent,

3.31.10 Key Observations and Recommendations

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

1. Slow absorption of development funds. The County spent Kshs.1.25 billion out of annual development budget

of Kshs.11.27 billion in the first nine months of FY 2019/20 which represented 11.1 per cent of the annual development.

2. A high wage bill, which accounted for 56.3 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.7.07 billion against annual projection of Kshs.17.05 billion. The realised own source revenue represented 41.4 per cent of its annual target.
4. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.

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

1. *The County should identify and address the issues causing delay in implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
3. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*

3.32 Nakuru County

3.32.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.21.75 billion, comprising of Kshs.10.94 billion (50.3 per cent) and Kshs.10.8 billion (49.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.10.45 billion (48.2 per cent) as equitable share of revenue raised nationally, Kshs.2.5 billion (11.5 per cent) as total conditional grants, generate Kshs.2.1 billion (9.7 per cent) from own source revenue, and had Kshs.5.68 billion (26.1 per cent) as cash balance from FY 2018/19 the County also budgeted to receive Ksh.1 billion (4.6 per cent) as Appropriations in Aid.

3.32.2 Revenue Performance

During the reporting period of FY 2019/20, the County received Kshs.5.70 billion as equitable share of the revenue raised nationally, Kshs.638.67 million as total conditional grants, raised Kshs.1.14 billion from own-source revenue, and had a cash balance of Kshs.5.68 billion from FY 2018/19. The County also received Ksh.828.16 million as Appropriations-in-Aid, bringing the total funds available for budget implementation during the period to Kshs.13.98 billion as shown in Table 3-150.

Table 3-150: Nakuru County, Revenue Performance in the First Nine months of FY 2019/20

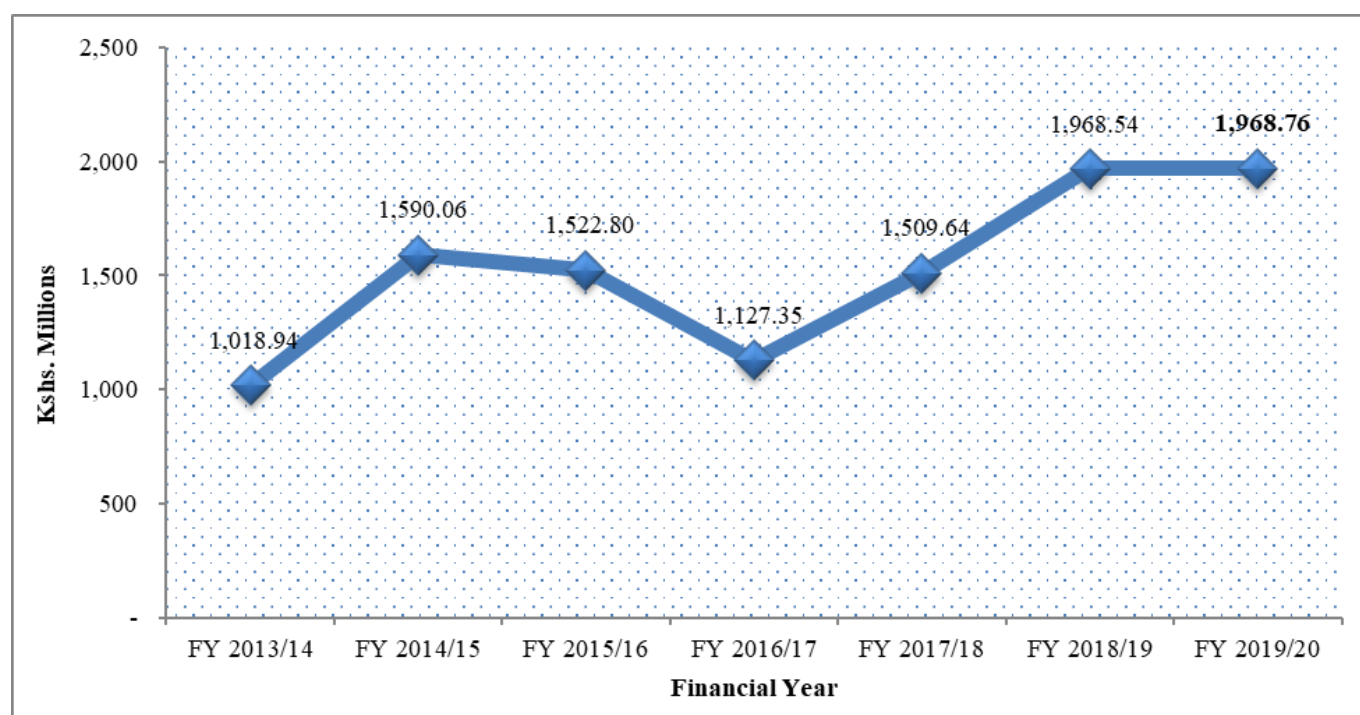
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,476,150,000	10,476,150,000	5,697,079,129	54
B.	Conditional Grants from the National Government Revenue				
1	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	268,814,566	72
2	Compensation for User Fee Foregone	38,723,265	38,723,265	-	-
3	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4	Road Maintenance Fuel Levy Fund	297,372,469	297,372,469	148,686,236	50
5	Rehabilitation of Village Polytechnics	63,063,298	63,063,298	31,531,649	50
Sub Total		904,946,758	904,946,758	449,032,451	50
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	58,346,857	58,346,857	29,171,563	50

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts in the FY 2019/20 (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	126,957,771	36
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	1,084,843,300	1,084,843,300	-	-
5	DANIDA Grant	41,107,213	41,107,213	14,109,375	34
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,507,501	18,507,501	16,339,584	88
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
8.	Ministry of Health Nutrition International	-	-	3,054,720	-
Sub Total		1,591,604,871	1,591,604,871	189,633,013	12
D	Other Sources of Revenue				
1.	Own Source Revenue	2,100,000,000	2,100,000,000	1,140,607,692	54.3
2.	Balance b/f from FY 2018/19	5,677,405,446	5,677,405,446	5,677,405,446	100
3.	A-I-A	1,000,000,000	1,000,000,000	828,156,293	82.8
Sub Total		8,777,405,446	8,777,405,446	7,646,169,431	87.1
Grand Total		21,750,107,075	21,750,107,075	13,981,914,024	64.3

Source: Nakuru County Treasury

Figure 3-61 shows the trend in own-source revenue collection from the first nine months of FY 2013/14 to the first nine months of FY 2019/20.

Figure 3-61: Trend in Own-Source Revenue Collection for the First Nine Months of FY 2013/14 to FY 2019/20



Source: Nakuru County Treasury

During the reporting period, the County generated a total of Kshs.1.97 billion as own-source revenue. This amount represented 63.5 per cent of the annual target.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.8.55 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.2.02 billion (23.6 per cent) for development programmes and Kshs.6.53 billion (76.4 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

A total of Kshs.7.97 billion was spent on development and recurrent programmes and represented 93.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.56 billion and Kshs.6.41 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 14.3 per cent while that incurred on recurrent expenditure programmes represented 59.3 per cent of the annual recurrent budget.

3.32.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.4.51 billion was spent on compensation to employees, Kshs.1.91 billion on operations and maintenance, and Kshs.1.56 billion on development expenditure.

Table 3-151: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	10,806,494,340	6,531,071,134	6,413,026,672	80.4	59.3
Compensation to Employees	5,897,177,617	4,261,827,387	4,507,551,722	56.5	76.4
Operations and Maintenance	4,909,316,723	2,269,243,747	1,905,474,950	23.9	38.8
Total Development Expenditure	10,943,612,736	2,015,678,175	1,559,645,217	19.6	14.3
Development expenditure	10,943,612,736	2,015,678,175	1,559,645,217	19.6	14.3
Grand Total	21,750,107,076	8,546,749,309	7,972,671,889	100.0	36.7

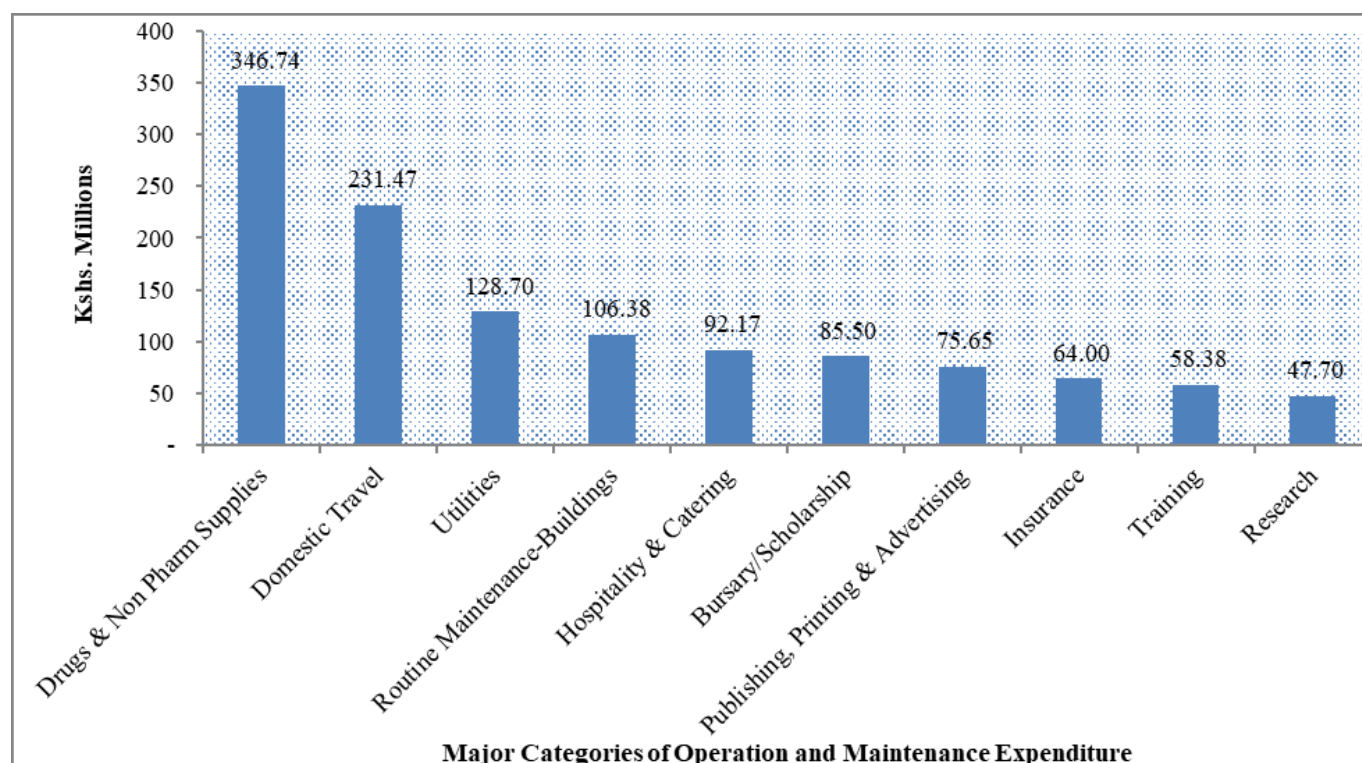
Source: Nakuru County Treasury

Expenditure on compensation to employees was 56.5 per cent of total expenditure in the reporting period and represented an increase of 5.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.4.28 billion.

3.32.6 Analysis of Operations and Maintenance Expenditure

Figure 3-62 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-62: Nakuru County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months of FY 2019/20



Source: Nakuru County Treasury

The County spent Kshs.53.6 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.103 million in the reporting period. The average monthly sitting allowance translated to Kshs.74,913 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.231.47 million and comprised of Kshs.104.01 million spent by the County Assembly and Kshs.127.5million on spent by the County Executive. Expenditure on foreign travel amounted to Kshs.47.03 million and comprised of Kshs.11.17 million spent by the County Assembly and Kshs.35.8 million spent by the County Executive.

3.32.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.56 billion represented 14.3 per cent of the annual development budget of Kshs.10.94 billion. Table 3-152 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-152: Nakuru County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of outpatient complex at Provisional General Hospital (PGH)	250,372,831	198,582,500	79.3
2	Construction of maternity at Gilgil Sub County hospital	35,653,683	17,260,379	48.4
3	Purchase of medical and dental equipment	47,000,000	17,095,089	36.4
4	Nyayo Gardens - Rehabilitation of Nyayo Gardens	19,600,000	15,620,411	79.7
5	Construction of outpatient block at Elburgon Sub County hospital	25,500,400	11,325,589	44.4
6	Malewa west water works	20,000,000	9,378,774	46.9
7	Purchase of (2) refuse trucks for Naivasha and Subukia	8,000,000	8,000,000	100
8	Desilting of storm water retention pond at Old Town water treatment works	5,000,000	4,502,946	90.1

S/No.	Project Name/Description	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
9	Purchase of skip loader	4,000,000	4,000,000	100
10	Purchase of solar pumps, piping equipment for water projects at Kiamaina Ward	10,000,000	3,395,873	34

Source: Nakuru County Treasury

3.32.8 Budget Performance by Department

Table 3-153 shows a summary of the approved budget allocation and performance by department in the reporting period.

Table 3-153: Nakuru County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	983.22	288.91	688.35	196.94	483.38	146.89	70.2	74.6	49.2	50.8
Finance and Economic Planning	908.14	477.53	643.28	147.99	559.28	136.64	86.9	92.3	61.6	28.6
Public Service Training and Devolution	728.1	66.47	470.59	1.5	481.92	-	102.4	-	66.2	-
Agriculture, Livestock and Fisheries	569.08	809.02	387.51	256.08	357.02	69.44	92.10	27.1	62.7	8.6
Lands, Physical Planning and Housing	140.66	1,495.32	90.67	41.2	91.11	34.3	100.5	83.2	64.8	2.3
Office of The Governor and Deputy Governor	315.82	124.74	255.98	5.6	215.24	-	84.10	-	68.2	-
Education Vocational training, ICT and E-Government	543.47	1,005.80	276.36	210.85	222.12	160.7	80.40	76.2	40.9	16
Trade, Industry Marketing and Tourism	142.44	494.32	78.86	79.74	80.78	29.72	102.4	37.3	56.7	6
Youth, Culture, Sports and Social Services	267.45	229.16	130.95	28.39	168.84	27.56	128.9	97.1	63.1	12
Infrastructure	376.55	2,226.21	243.08	425.76	263.9	380.78	108.6	89.4	70.1	17.1
Environment, Water, Energy and Natural Resources	296.79	1,457.45	204.19	231.45	226.31	210.53	110.8	91.0	76.3	14.4
Health Services	5,411.95	1,182.01	3,039.13	408.51	3,240.95	362.78	106.6	88.8	59.9	30.7
County Public Service Board (CPSB)	62.71	1.82	22.12	-	22.17	-	100.3	-	35.4	-
Nakuru Municipality	30.06	740.77	-	15.84	-	-	-	-	-	-
Naivasha Municipality	30.06	344.08	-	15.84	-	-	-	-	-	-
TOTAL	10,806.49	10,943.61	6,531.07	2014.75	6,413.03	1,559.34	109.8	83.4	59.3	14.3

Source: Nakuru County Treasury

Analysis of expenditure by department shows that County Assembly recorded the highest absorption rate of development budget at 50.8 per cent followed by the Department of Health Services at 30.7 per cent. The Department of Environment, Water, Energy and Natural Resources had the highest percentage of recurrent expenditure to its recurrent budget at 76.3 per cent while the Municipalities of Nakuru and Naivasha did not report any expenditure during the period.

3.32.9 Budget Execution by Programmes and Sub-Programmes

Table 3-154 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-154: Nakuru County, Budget Execution by Programmes and Sub-programmes in the First Ninem Months of FY 2019/20

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption Rate (%)
Non Programatic	Default - Non Programmatic	-	1,998,494	-1,998,494	

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption Rate (%)
Promotion of Dairy Production, Breeding and Disease Control	Promotion of Dairy Production, Breeding and Disease Control	165,460,985	122,224,763	43,236,223	73.9
Aquaculture development	Aquaculture development	32,317,531	7,248,246	25,069,285	22.4
Fish quality assurance, value addition and marketing	Fish quality assurance, value addition and marketing	6,544,400	-	6,544,400	-
Crop Production and Food Security	Crop Production and Food Security	714,896,639	206,569,685	508,326,954	28.9
Administration Services	Administration Services	580,794,349	238,355,426	342,438,923	41
Infrastructure for Land	Infrastructure for Land	1,394,169,522	1,164,686,831	229,482,691	83.5
Develop County Spatial Plan	Develop County Spatial Plan	7,950,000	3,120,176	4,829,824	39.3
Survey and Mapping	Survey and Mapping	72,741,060	1,883,523	70,857,538	2.6
Rehabilitation of Roads, Drainage and Bridges	Rehabilitation of Roads, Drainage and Bridges	2,249,881,909	535,851,807	1,714,030,103	23.8
Rehabilitation and construction of Transport terminals	Rehabilitation and construction of Transport terminals	22,463,200	447,585.45	22,015,614	1.99
Design, Supervision and Rehabilitation of County Buildings	Design, Supervision and Rehabilitation of County Buildings	3,791,400	2,505,600	1,285,800	66.1
Firefighting and Emergency Services	Firefighting and Emergency Services	9,590,200	6,246,794	3,343,406	65.1
Installation, Maintenance and Rehabilitation of lighting	Installation, Maintenance and Rehabilitation of lighting	102,330,000	66,707,478	35,622,523	65.2
Administration & Personnel	Administration & Personnel	343,792,160	171,698,648	172,093,512	49.9
Functional & Technical Support Centre-Help Desk	Functional & Technical Support Centre-Help Desk	22,269,000	5,692,845	16,576,154	25.6
Networking Infrastructure	Networking Infrastructure	55,066,066	-	55,066,066	-
Construction & Maintenance of Non Residential County Buildings	Construction & Maintenance of Non Residential County Buildings	4,761,482	-	4,761,482	-
Installation, Rehabilitation & Maintenance of Lighting Facilities	Installation, Rehabilitation & Maintenance of Lighting Facilities	6,000,000	-	6,000,000	-
Fire Fighting	Fire Fighting	15,000,000	-	15,000,000	-
Education Developments	Education Developments	33,466,339	-	33,466,339	-
Revitalization of Youth Programme	Revitalization of Youth Programme	115,035,198	59,502,750	55,532,448	51.7
Administration Services	Administration Services	93,553,912	40,552,179.50	53,001,732.50	43.4
Enhance Marketing Co-operatives	Enhance Marketing Co-operatives	28,940,000	1,302,600	27,637,400	4.5
Business Development Services for MSE's	Business Development Services for MSE's	14,202,313	6,035,676	8,166,637	42.5
Consumer protection	Consumer protection	1,920,000	63,000	1,857,000	3.3
Rehabilitation of existing markets	Rehabilitation of existing markets	494,817,032	161,433,189	333,383,843	32.6
Development of Retail and Wholesale Market in Nakuru	Development of Retail and Wholesale Market in Nakuru	-	2,494,928	-2,494,928	
Establish & Management of County Tourism Information Centre	Establish & Management of County Tourism Information Centre	3,820,000	616,827	3,203,173	16.2
Health Promotive Services	Health Promotive Services	658,704,271	214,270,777	444,433,494	32.5
Provision of Essential Health Services in all the Levels.	Provision of Essential Health Services in all the Levels.	2,221,962,276	633,801,029	1,588,161,247	28.5
Health Infrastructure Development	Health Infrastructure Development	41,308,823	6,442,542	34,866,281	15.6

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance(Kshs.)	Absorption Rate (%)
Human Resources for health	Human Resources for health	3,671,481,897	1,572,013,380	2,099,468,517.30	42.8
Research and Development	Research and Development	500,000	-	500,000	-
Administration	Administration	1,400,908,231	425,671,980	975,236,251	30.5
Promotion of Early Childhood Education	Promotion of Early Childhood Education	-	557,380	-557,380	
Promotion of Quality Youth Empowerment	Promotion of Quality Youth Empowerment	11,950,637	8,024,235	3,926,402	67.1
ICT Infrastructure and Connectivity	ICT Infrastructure and Connectivity	46,954,000	2,096,385	44,857,615	4.5
Budget Formulation Coordination and management	Budget Formulation Coordination and management	53,622,516	36,579,118	17,043,398	68.2
Resource Mobilization	Resource Mobilization	79,527,999	38,276,039	41,251,960	48.1
Internal Audit	Internal Audit	77,470,797	26,851,155	50,619,642	34.7
Procurement	Procurement	14,165,475	5,419,220	8,746,255	38.3
Public finance and Accounting	Public finance and Accounting	23,023,646	9,924,860	13,098,786	43.1
Debt Management	Debt Management	214,061,083	149,435,681	64,625,403	69.8
Fiscal Planning	Fiscal Planning	157,781,182.80	17,690,881	140,090,302	11.2
Administration Services	Administration Services	867,157,153	365,604,585	501,552,568	42.2
Procedures and Committee Services	Procedures and Committee Services	609,223,466	310,998,846	298,224,620	51.1
Finance and Budget	Finance and Budget	662,908,377	336,532,203	326,376,174	50.8
Administration and Coordination of County Affairs	Administration and Coordination of County Affairs	286,964,469	139,207,035	147,757,434	48.5
Organization of County Business	Organization of County Business	42,022,400	28,596,751	13,425,649	68.1
Economic, Social and Political Advisory Services	Economic, Social and Political Advisory Services	74,976,716	64,010,293	10,966,423	85.4
Administration	Administration	205,579,758	88,538,611	117,041,147	43.1
Pollution Control & Monitoring	Pollution Control & Monitoring	130,291,371	52,968,580	77,322,792	40.7
Forest Resources Management & Climate Change	Forest Resources Management & Climate Change	6,700,000	1,723,771	4,976,229	25.7
Water Provision & Drilling of Boreholes	Water Provision & Drilling of Boreholes	1,368,169,762	222,505,665	1,145,664,097	16.3
Rehabilitation of Council Houses	Rehabilitation of Council Houses	33,207,442	5,122,377	28,085,065	15.4
Housing Technology Transfer	Housing Technology Transfer	6,000,000	2,500,000	3,500,000	41.7
Promotion of Culture, Arts and Talents	Promotion of Culture, Arts and Talents	48,585,925	3,719,652	44,866,274	7.7
Social Development Programs	Social Development Programs	48,000,000	20,273,070	27,726,930	42.2
Rehabilitation of Social Halls, Libraries, Parks and Academies	Rehabilitation of Social Halls, Libraries, Parks and Academies	108,796,551	29,748,925	79,047,626	27.3
Strategic Project Monitoring and intervention (Ending Drought Emergency)	Strategic Project Monitoring and intervention(Ending Drought Emergency)	39,500,000	-	39,500,000	-
Electric Fence Installation Initiative	Electric Fence Installation Initiative	4,000,000	-	4,000,000	-
Total		21,750,107,075	7,972,671,889	14,123,763,008	35.1

Source: Nakuru County Treasury

The programmes that performed well based on expenditure absorption were: Infrastructure for Land at 83.5 per cent, followed by Promotion of Dairy Production, Breeding and Disease Control at 73.9 per cent.

3.32.10 Key Observations and Recommendations

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

1. Low absorption of the development budget, whereby, the County spent Kshs.1.56 billion translating to 14.6 per cent of development budget in the period.
2. Delay in submission of quarterly financial reports to the Controller of Budget by County Government entities in line with Section 166 of the PFM Act, 2012.
3. A high wage bill, which accounted for 56.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. *The County should put mechanisms in place to enhance absorption of development funds.*
2. *The County should ensure timely submission of quarterly financial reports in line with Section 166 of the PFM Act, 2012.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*

3.33 Nandi County

3.33.1 Overview of the FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.8.52 billion, comprising of Kshs.3.41 billion (40 per cent) and Kshs.5.11 billion (60 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.35 billion (62.8 per cent) as equitable share of revenue raised nationally, Kshs.931.50 million (10.9 per cent) as total conditional grants, generate Kshs.628.82 million (7.5 per cent) from own source revenue, and had Kshs.1.60 billion (18.8 per cent) as cash balance from FY 2018/19.

3.33.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.85 billion as equitable share of the revenue raised nationally, Kshs.250.83 million as total conditional grants, raised Kshs.175.74 million from own-source revenue, bringing the total funds available for budget implementation during the period to Kshs.4.27 billion as shown in Table 3-155.

Table 3-155: Nandi County, Revenue Performance in the First Nine Months of FY 2019/20

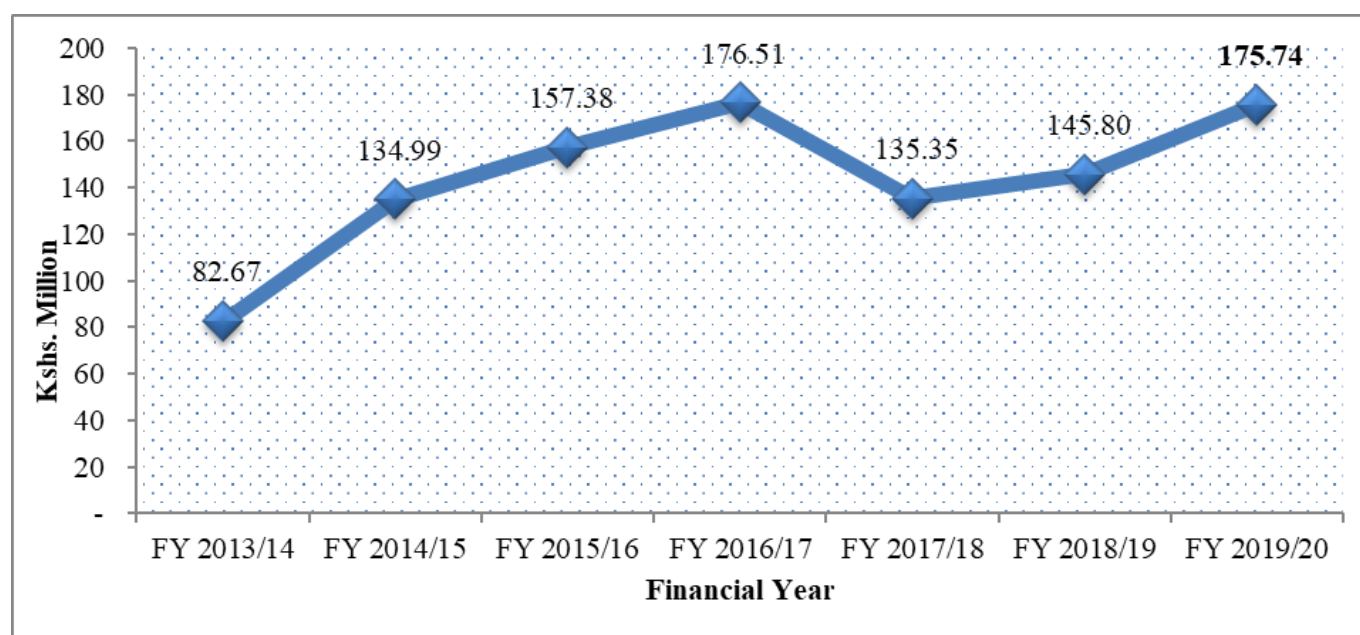
S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,348,850,000	5,348,850,000	3,845,823,150	71.9
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	18,086,363	18,086,363	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	151,830,656	151,830,656	37,957,664	25
4.	Rehabilitation of Village Polytechnics	32,793,298	32,793,298	16,396,649	50
	Sub Total	334,625,211	202,710,317	37,957,664	16.2
C.	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	46,342,186	46,342,186	44,928,998	97
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	343,929,300	343,929,300	128,856,468	37.5
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	177,231,700	177,231,700	-	-
9.	DANIDA Grant	16,031,250	16,031,250	8,015,625	50
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,507,185	16,507,185	14,672,654	88.9

S/No.	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		718,841,621	718,841,621	196,473,745	27.3
D	Other Sources of Revenue				
13.	Own Source Revenue	-	628,818,024	175,739,981	27.9
14.	Balance B/f from FY2018/19	-	1,604,287,705	-	-
15.	Other Revenues	-	8,861,585	-	-
Sub Total		-	2,243,056,494	175,739,981	7.8
Grand Total		6,402,266,832	8,513,458,432	4,272,391,189	50.2

Source: Nandi County Treasury

Figure 3-63 shows the trend in own-source revenue collection from the first nine months of FY 2013/14 to FY 2019/20.

Figure 3-63 : Trend in Own-Source Revenue Collection for the First Nine Months from the FY 2013/14 to FY 2019/20



Source: Nandi County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.175.74 million as own-source revenue. This amount represented an increase of 20.5 per cent when compared to Kshs.145.80 million realised during the same period in FY 2018/19, and represented 27.9 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.23 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.791.19 million (18.7 per cent) for development programmes and Kshs.3.44 billion (81.3 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

A total of Kshs.4.49 billion was spent on development and recurrent programmes and represented 106.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.833.95 million and Kshs.3.66 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 24.5 per cent while that incurred on recurrent expenditure programmes represented 71.6 per cent of the annual recurrent budget.

3.33.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.76 billion was spent on compensation to employees, Kshs.895.10 million on operations and maintenance, and Kshs.833.95 million on development expenditure.

Table 3-156: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,106,229,058	3,657,658,710	81.4	71.6
Compensation to Employees	3,822,075,741	2,762,563,544	61.5	72.3
Operations and Maintenance	1,284,153,317	895,095,166	19.9	69.7
Development Expenditure	3,407,229,374	833,951,254	18.6	24.5
Grand Total	8,513,458,432	4,491,609,964	100.0	52.8

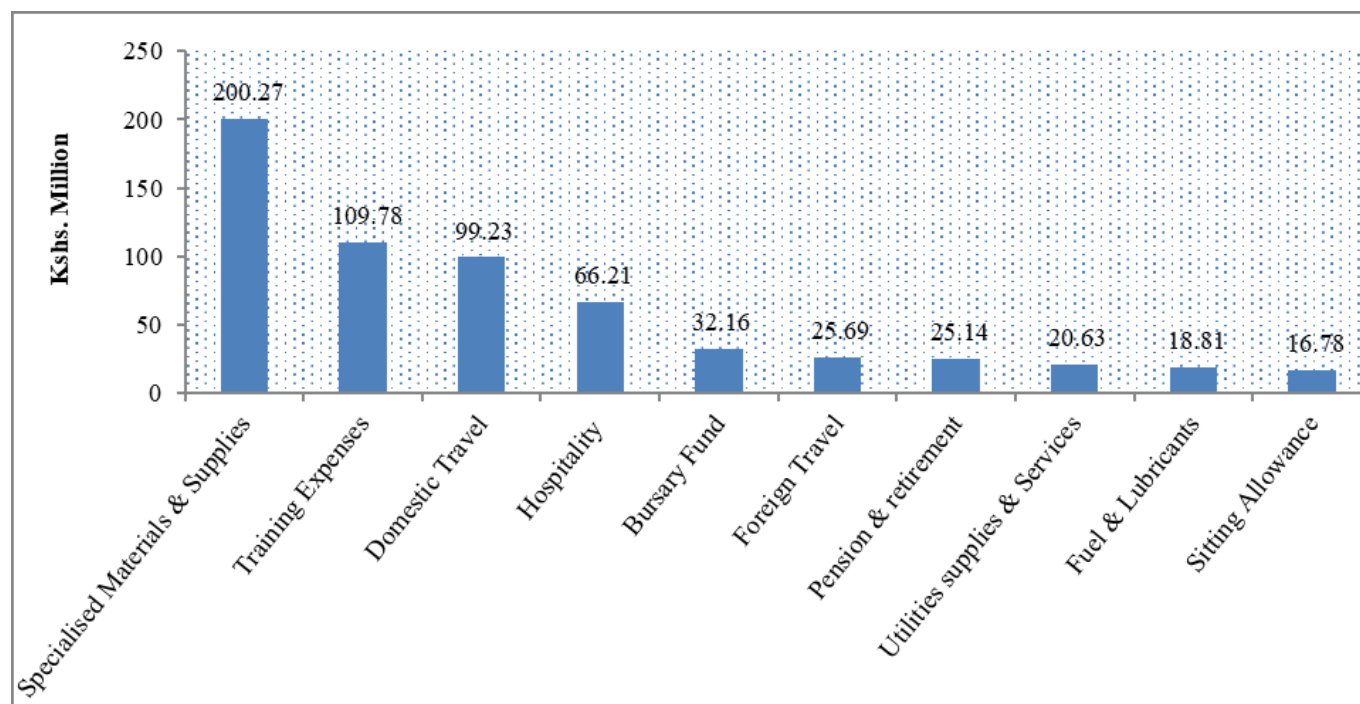
Source: Nandi County Treasury

Expenditure on compensation to employees was 61.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 12.4 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.42 billion.

3.33.6 Analysis of Operations and Maintenance Expenditure

Figure 3-64 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-64: Nandi County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Nandi County Treasury

The County spent Kshs.16.78 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.49.92 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.46,606 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.99.23 million and comprised of Kshs.26.65 million spent by the County Assembly and Kshs.72.58 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.25.69 million and comprised of Kshs.9.94 million spent by the County Assembly and Kshs.15.75 million spent by the County Executive.

3.33.7 Development Expenditure Analysis

The total development expenditure of Kshs.833.95 million represented 24.5 per cent of the annual development budget of Kshs.3.41 billion. Table 3-157 provides a summary of development projects with the highest expenditure in the first half of the financial year.

Table 3-157: Nandi County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Hire of excavators and Bulldozers for Road Works	County Wide	144,258,211	104,357,946	63.3
2	Repair and Renovation of Cattle Dips	County Wide	17,400,000	10,927,384	48.7
3	Supply of Fuel for Road Works	County Wide	45,000,000	18,065,163	37.5
4	Construction of Kapsabet County Referral Hospital	Kapsabet	160,000,000	63,320,496	34.5
5	Spot Improvement of County Roads (RMLF)	County Wide	217,830,656	67,412,485	33.6

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Construction of ECDE Centers	County Wide	57,000,000	17,144,609	27.4
7	Construction of Culverts and Bridges	Kapsabet, Kaptumo, Kobujoi and Kosirai	20,000,000	5,906,659	22.6
8	Construction of Water Projects	County Wide	126,000,000	29,882,625	20.2
9	Construction of Milk Processing Plant	Kabiyet	185,000,000	34,500,000	18.6
10	Construction and Repair of Dispensaries	County Wide	232,955,791	16,135,234	8
Total			1,061,186,447	263,294,655	24.8

Source: Nandi County Treasury

3.33.8 Budget Performance by Department

Table 3-158 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-158: Nandi County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs Million)		Exchequer Issues (Kshs Million)		Expenditure (Kshs Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	425.40	25.78	259.51	-	237.89	0.51	91.7	-	55.9	2
Finance and Economic Planning	437.42	45.64	273.17	14.24	341.23	24.92	124.9	174.9	78.0	54.6
Devolved Units and Special Programmes	515.59	377.82	357.97	11.81	338.95	15.86	94.7	134.3	65.7	4.2
Health and Sanitation	2,253.02	566.36	1,496.14	121.18	1,828.32	127.87	122.2	105.5	81.1	22.6
Agriculture, Livestock and Fisheries	280.12	771.94	196.42	247.46	141.18	225.92	71.9	91.3	50.4	29.3
Tourism, Culture and Co-operative Development	33.27	56.34	27.01	16.60	15.57	11.89	57.6	71.6	46.8	21.1
Youth, Gender and Social Services	50.83	76.74	39.20	7.96	22.31	8.96	56.9	112.6	43.9	11.7
Education Research and Vocational Training	237.77	311.61	175.63	59.76	138.27	55.90	78.7	93.6	58.2	17.9
Lands, Environment and Natural Resources	68.03	427.81	62.63	61.18	36.30	93.94	58.0	153.5	53.4	22
Roads Transport and Public Works	89.13	452.34	67.17	197.97	48.06	225.74	71.5	114.0	53.9	49.9
Trade and Industrial Development	41.08	94.60	28.95	2.33	19.86	4.66	68.6	200.3	48.3	4.9
Public Service and Labour	24.80	-	21.29	-	6.71	-	31.5	-	27.1	-
County Assembly	649.76	200.25	437.13	50.70	483.03	37.78	110.5	74.4	74.3	18.9
Grand Total	5,106.22	3,407.23	3,442.22	791.19	3,657.66	833.95	106.3	105.4	71.6	24.5

Source: Nandi 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 54.6 per cent while the Department of Public Service and Labour did not incur any development expenditure. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 81.1 per cent while the Department of Public Service and Labour had the lowest at 27.1 per cent.

3.33.9 1.5 Budget Execution by Programmes and Sub-Programmes

Table 3-159 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-159: Nandi County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20.

Programme	Sub- Programme	Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive					

Programme	Sub- Programme	Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and Planning	General Administration and Planning	425,402,580	237,886,613	187,515,967	55.9
	Sub total	425,402,580	237,886,613	187,515,967	55.9
Physical Infrastructure	Construction of Governor's Offices	25,780,655	514,500	25,266,155	2
	Sub total	25,780,655	514,500	25,266,155	2
Finance and Economic Planning					
General Administration and Planning	General Administration and Planning	437,422,915	341,218,373	96,204,542	78
	Sub total	437,422,915	341,218,373	96,204,542	78
Revenue Enhancement and Infrastructure	Revenue Collection and Management Phase 1	45,639,914	24,914,480	20,725,434	54.6
	Sub total	45,639,914	24,914,480	20,725,434	54.6
Devolved Units and Special Programmes					
Administration and Support of Human Resources	Administrative Support Services	704,358,625	338,951,430	365,407,195	48.1
	ICT Support Services	9,667,014	6,847,168	2,819,846	70.8
	Sub total	714,025,639	345,798,598	368,227,041	48.4
County Administrative Services	Urban Planning, Investment and Research	179,383,529	9,012,414	170,371,115	5
	Sub total	179,383,529	9,012,414	170,371,115	5
Health and Sanitation					
Health Service Delivery Administration Services	Health Service Delivery Administration Services	1,401,929,007	1,146,474,057	255,454,950	81.8
	Construction of building	397,901,930	27,494,524	370,407,406	6.9
	Sub total	1,799,830,937	1,173,968,581	625,862,356	65.2
Preventive & Promotive Health Services	Community Health Services	554,221,800	451,571,316	102,650,484	81.5
	Sub total	554,221,800	451,571,316	102,650,484	81.5
Curative Health Services	Curative Health Management Services	423,642,186	313,664,854	109,977,332	74
	Sub total	423,642,186	313,664,854	109,977,332	74
Health Sector Programme Support (DANIDA FUNDS)	County Health Facilities Support (DANIDA)	41,692,835	16,988,558	24,704,277	40.7
	Sub total	41,692,835	16,988,558	24,704,277	40.7
Agriculture, Livestock and Fisheries					
Administration and general support services	Administration and support services	280,118,698	141,177,593	138,941,105	50.4
	Sub total	280,118,698	141,177,593	138,941,105	50.4
Crop Development and Management	Land and Crops Development	367,500,000	144,672,555	222,827,445	39.4
	Value addition to Agricultural Products	6,000,000	-	6,000,000	-
	Sub total	373,500,000	144,672,555	228,827,445	38.7
Livestock Resources Management and Development	Livestock Production and Management	398,436,485	81,250,206	317,186,279	20.4
	Sub total	398,436,485	81,250,206	317,186,279	20.4
Tourism, Culture and Cooperative Development					

Programme	Sub- Programme	Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Tourism Development and Promotion	Niche Tourism Product Development and Diversification	2,094,049	897,290	1,196,759	42.8
	Sub total	2,094,049	897,290	1,196,759	42.8
General Administration and Planning	General Administration and Planning	30,224,961	14,234,335	15,990,626	47.1
	Sub total	30,224,961	14,234,335	15,990,626	47.1
Culture	Conservation of Heritage	950,000	440,300	509,700	46.3
	Development And Promotion of Culture	56,339,479	11,894,045	44,445,434	21.1
	Sub total	57,289,479	12,334,345	44,955,134	21.5
Youth, Gender and Social Services					
General Administration and Planning	General Administration and Planning	50,829,851	22,305,290	28,524,561	43.9
	Sub total	50,829,851	22,305,290	28,524,561	43.9
Sports Development	Sports Activities and Programs	69,237,355	8,958,616	60,278,739	12.9
	Sub total	69,237,355	8,958,616	60,278,739	12.9
Gender	Gender Main-streaming, Interventions and Development	7,500,000	-	7,500,000	-
	Sub total	7,500,000	-	7,500,000	-
Education, Research and Vocational Training					
General Administration and Planning	General Administration and Planning	236,483,239	137,466,433	99,016,806	58.1
	Sub total	236,483,239	137,466,433	99,016,806	58.1
Education	Early Child Development and Education.	209,560,919	39,306,384	170,254,535	18.8
	Sub total	209,560,919	39,306,384	170,254,535	18.8
Youth Training and Development	Revitalization of Youth Polytechnics	103,339,295	17,397,649	85,941,646	16.8
	Sub total	103,339,295	17,397,649	85,941,646	16.8
Lands, Environment and Natural Resources					
General Administration and Planning	General Administration and Planning	68,029,251	36,295,832	31,733,419	53.4
	Sub total	68,029,251	36,295,832	31,733,419	53.4
Land Adjudication	Demarcation and Survey of Community Land	25,000,000	5,000,000	20,000,000	20
	Sub total	25,000,000	5,000,000	20,000,000	20
Environmental Conservation & Protection	Forests Protection and Conservation of Swamps and Wetlands	10,600,000	-	10,600,000	-
	Sub total	10,600,000	-	10,600,000	-
Water Supply	Development of Water Catchment Areas and Distribution of Water	392,212,131	88,942,878	303,269,253	22.7
	Sub total	392,212,131	88,942,878	303,269,253	22.7
Roads, Transport and Public Works					

Programme	Sub- Programme	Supplementary Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and Planning	General Administration and Planning	89,132,976	45,255,297	43,877,679	50.8
	Sub total	89,132,976	45,255,297	43,877,679	50.8
Road Transport	Bridges and Foot Bridges	30,000,000	8,750,834	21,249,166	29.2
	Road-Works	422,338,867	219,784,581	202,554,286	52
	Sub total	452,338,867	228,535,415	223,803,452	50.5
Trade and Industrial Development					
General Administration and Planning	General Administration and Planning	41,078,075	19,859,964	21,218,111	48.3
	Sub total	41,078,075	19,859,964	21,218,111	48.3
Trade Development	Trade Development and Promotion	94,600,000	4,656,605	89,943,395	4.9
	Sub total	94,600,000	4,656,605	89,943,395	4.9
Public Service and Labour					
General Administration and Planning	General Administration and Planning	24,799,559	6,713,655	18,085,904	27.1
	Sub total	24,799,559	6,713,655	18,085,904	27.1
County Assembly					
General Administration and Support Services	Administration and support Services	200,250,000	37,782,147	162,467,853	18.9
	Sub total	200,250,000	37,782,147	162,467,853	18.9
County Assembly Service Board	Personnel services	649,760,252	483,029,188	166,731,064	74.3
	Sub total	649,760,252	483,029,188	166,731,064	74.3
Default - Non Programmatic Expenditure		-	48,212,734	-	-
Grand Total		8,513,458,432	4,539,822,697	4,021,848,468	52.8

Source: Nandi County Treasury

The programmes that performed well based on expenditure absorption were: Health Service Delivery Administration Services at 81.8 per cent, Community Health Services at 81.5 per cent and Curative Health Management Services at 74 per cent.

3.33.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.833.95 million out of annual development budget of Kshs.3.41 billion. The development expenditure represented 24.5 per cent of the annual development.
3. A high wage bill, which accounted for 61.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.175.74 million against annual projection of Kshs.628.82 million. The realised own source revenue represented 27.9 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

3.34 Narok County

3.34.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.12.74 billion, comprising of Kshs.7.91 billion (62 per cent) and Kshs.4.83 billion (38 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (63 per cent) as equitable share of revenue raised nationally, Kshs.1.17 billion (9.2 per cent) as total conditional grants, generate Kshs.3.2 billion (25.04 per cent) from own sources of revenue, and had Kshs.346.16 million (2.7 per cent) as cash balance from FY 2018/19.

3.34.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.41 billion as equitable share of the revenue raised nationally, Kshs.371.21 million as total conditional grants, raised Kshs.2.18 billion from own-source revenue, and had a cash balance of Kshs.346.16 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.7.31 billion as shown in Table 3-160 .

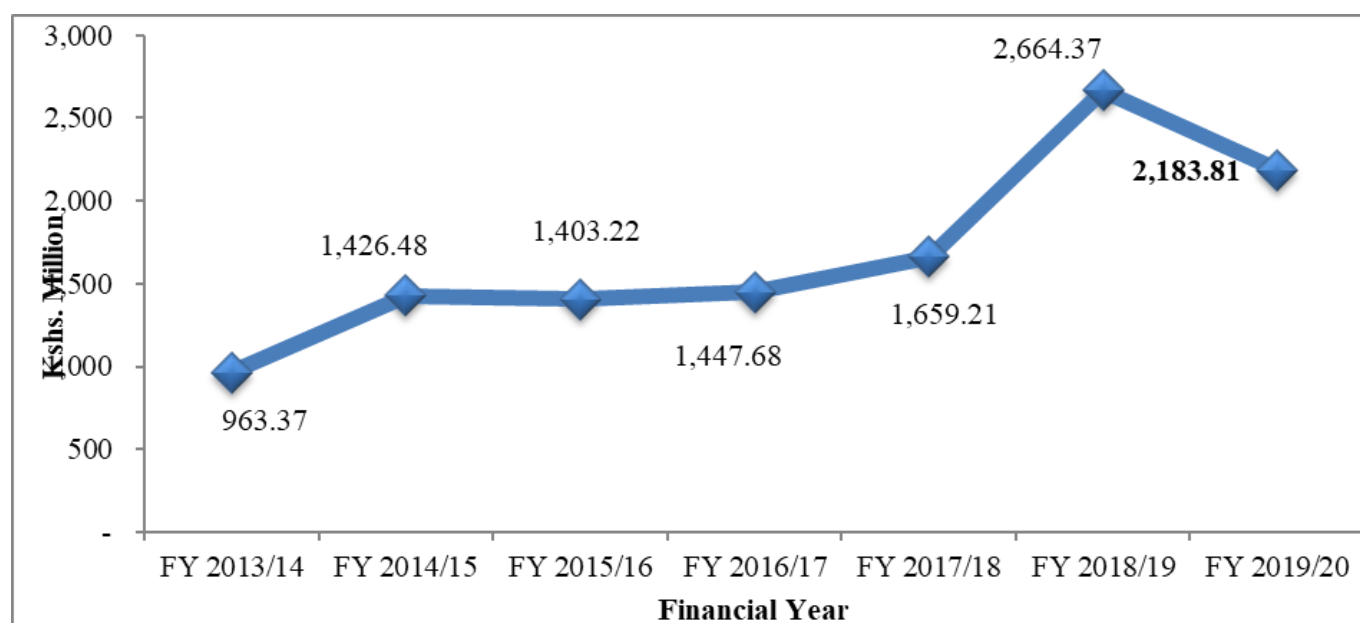
Table 3-160: Narok County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,039,100,000	8,039,100,000	4,413,465,900	54.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	20,595,297	20,595,297	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894.00	-	-
3.	Road Maintenance Fuel Levy Fund	228,195,188	228,195,188	114,097,594	50
4.	Rehabilitation of Village Polytechnics	19,488,298	19,488,298	9,744,149.00	50
Sub Total		400,193,677.00	400,193,677.00	123,841,743.00	30.9
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	38,282,966	38,282,966	33,163,917	86.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	147,838,247	42.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	215,020,331	215,020,331	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	124,905,300	124,905,300.00	41,200,000.00	33
5.	DANIDA Grant	19,031,250	19,031,250	15,023,933	78.9
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,793,235	17,793,235	10,146,618	57
Sub Total		765,033,082	765,033,082	247,372,715	32.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	3,190,313,827	2,183,811,776	68.5
2.	Balance b/f from FY2018/19	-	346,157,675	346,157,675	100
Sub Total		-	3,536,471,502	2,529,969,451	71.5
Grand Total		9,204,326,759	12,740,798,261	7,314,649,809	57.4

Source: Narok County Treasury

Figure 3-65 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-65: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Narok County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.2.18 billion as own-source revenue. This amount represented a decrease of 18.1 per cent when compared to Kshs.2.66 billion realised during the same period in FY 2018/19, and was 68.3 per cent of the annual target.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.7.14 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.45 billion (20.4 percent) for development programmes and Kshs.5.69 billion (79.6 per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

A total of Kshs.6.65 billion was spent on development and recurrent programmes and represented 93.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.04 billion and Kshs.5.61 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 21.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 70.9 per cent.

3.34.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.80 billion was spent on compensation to employees, Kshs.2.80 billion on operations and maintenance, and Kshs.1.04 million on development expenditure.

Table 3-161: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	7,913,989,300	5,687,579,541	5,609,685,288	84.3	70.9
Compensation to Employees	4,894,675,767	3,298,194,521	2,803,851,900	42.1	57.3
Operations and Maintenance	3,019,313,533	2,389,385,020	2,805,833,388	42.2	92.9
Total Development Expenditure	4,826,808,961	1,453,242,219	1,042,423,986	15.7	21.6
Development expenditure	4,826,808,961	1,453,242,219	1,042,423,986	15.7	21.6
Total	12,740,798,261	7,140,821,760	6,652,109,274	100	52.2

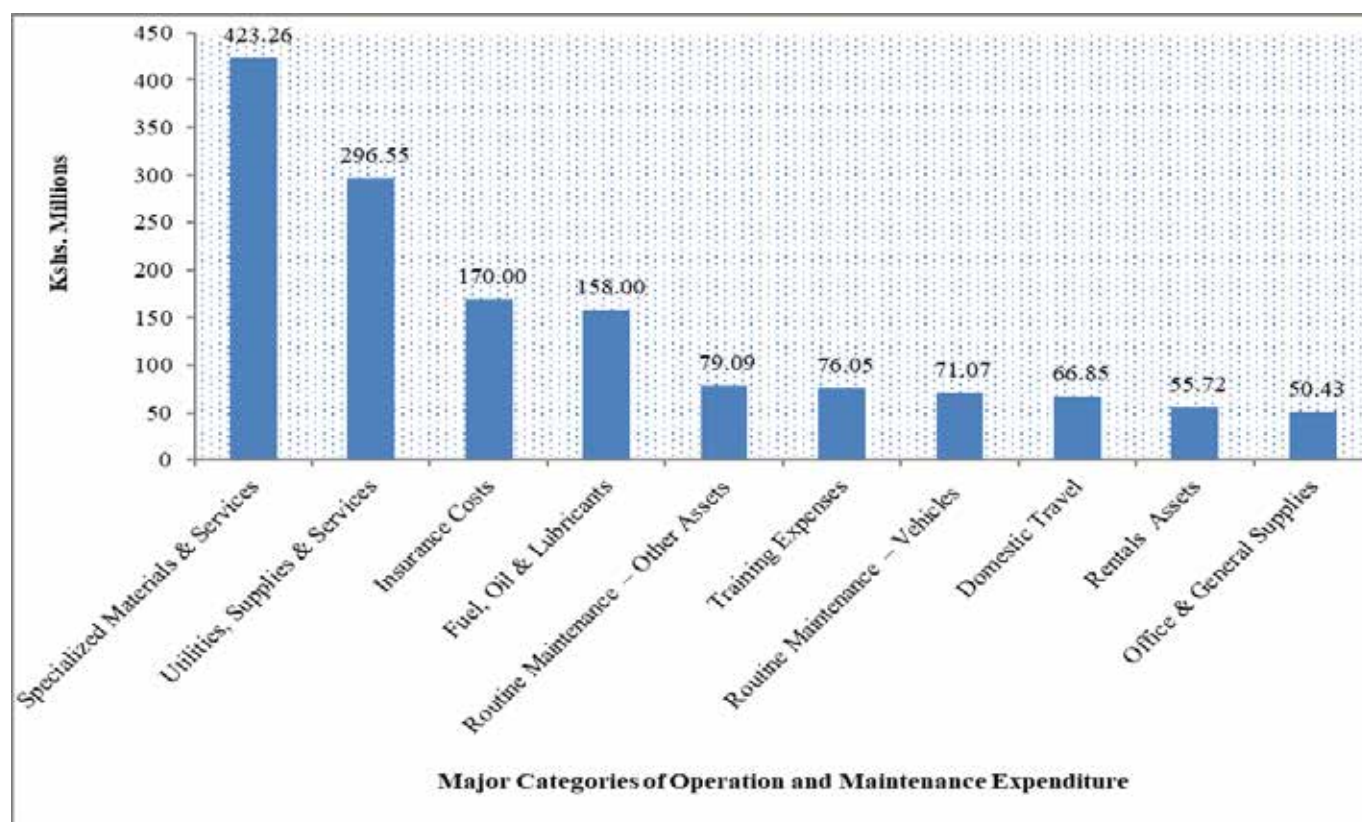
Source: Narok County Treasury

Expenditure on compensation to employees was 42.1 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 8.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.3.06 billion.

3.34.6 Analysis of Operations and Maintenance Expenditure

Figure 3-66 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-66: Narok County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Narok County Treasury

The County spent Kshs.28.49 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.55 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.65,951 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.66.85 million and comprised of Kshs.56.8 million spent by the County Assembly and Kshs.10 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.23.6 million and comprised of Kshs.2.2 million by the County Assembly and Kshs.21.4 million spent by the County Executive.

3.34.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.04 billion represented 21.6 per cent of the annual development budget of Kshs.4.8 billion and represented a decrease of 42.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.8 billion. Table 3-162 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-162: Narok County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Schools Infrastructure	Education	16 wards	100,000,000	89,100,000	89.1
2	Land Purchase at Mara /Ilmashari-ani Morijo/1303	Roads and Transport	Narok Town	52,940,000	9,750,000	18.4
3	Routine maintenance of Mutenguer -Olengoloto	Roads and Transport	Kilgoris Central In Trans Mara West Sub-County	38,678,040	35,488,276	91.8

S/No	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	Purchase of road and transport equipment	Roads & Transport	Narok Town ward	36,453,908	36,453,908	100.0
5	Construction Of A New Hospital Block	Health & Sanitation	Lolgorian Ward In Trans Mara West Sub-County	35,000,000	32,139,655	91.8
6	Routine maintenance of county roads-Enelerai-Ririk-Mwangaza road	Roads and Transport	Nkareta	23,493,535	18,794,828	80.0
7	Aitong-Oloosokon road	Roads and Transport	Mara Ward-Narok West Sub-County	21,000,000	18,360,517	87.4
8	Grading and gravelling of Narosura Oloisirua	Roads and Transport	Naroosu ra	20,121,978	17,506,121	87.0
9	Ormanie-Olokirikirai	Roads and Transport	Narok North Sub-County	20,000,000	18,970,259	94.9
10	Koibayiot-Angata road	Roads and Transport	Angata Ward-Trans Mara West Sub-County	20,000,000	17,755,517	88.8

Source: Narok County Treasury

3.34.8 Budget Performance by Department

Table 3-163 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-163: Narok County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	863.91	160.24	458.50	-	458.50	-	100	-	53.1	-
County Executive	307.84	-	255.36	-	252.15	-	98.7	-	81.9	-
Finance & Economic planning	825.07	445.31	619.92	60.00	613.59	60	99	100	74.4	13.5
County Transport, Public Works and Infrastructure	284.51	984.00	222.07	636.93	221.19	317.72	99.6	49.9	77.7	32.3
Education Youth Affairs, Sports Culture & Social Services	1,136.16	859.60	816.33	209.74	803.75	209.45	98.5	99.9	70.7	24.4
Environment & Natural Resources	201.77	287.00	164.68	87.00	162.80	42.00	98.9	48.3	80.7	14.6
County Public Service Board	95.24	-	77.61	-	76.29	-	98.3	-	80.1	-
Agriculture	380.40	669.71	304.37	194.56	303.58	194.50	99.7	100	79.8	29
County Health & Sanitation	2,126.59	681.51	1,558.20	220	1,525.04	179.50	97.9	81.6	71.7	26.3
Lands, Housing, Physical Planning & Urban Development	124.92	235.91	77.38	45	69.10	39.25	89.3	87.2	55.3	16.6
Tourism, and wildlife development	378.18	200.60	311.55	-	311.26	-	99.9	-	82.3	-
County Administration and Public service Management	1,064.10	200	727.69	-	722.78	-	99.3	-	67.9	-
Trade and Industrialization	125.30	102.93	93.93	-	89.66	-	95.5	-	71.6	-
TOTAL	7,913.99	4,826.81	5,687.58	1,453.24	5,609.69	1,042.42	98.6	71.7	70.9	21.6

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 32.3 per cent. The Department of Tourism had the highest percentage of recurrent expenditure to its recurrent budget at 82.3 per cent while the County Assembly had the lowest at 53.1 per cent.

3.34.9 Budget Execution by Programmes and Sub-Programmes

Table 3-164 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-164 : Narok County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation status %
102004610		Crop Development and management	636,899,217	280,323,940	356,575,277	44.0
	102024610	Crop Productivity Improvement	636,899,217	280,323,940	356,575,277	44.0
103004610		Livestock Resources management and development	384,070,685	156,163,365	227,907,319	40.7
	103014610	Livestock Pests & Disease Management & Control	126,133,135	37,500,000	88,633,135	29.7
	103074610	Livestock Information Management	257,937,550	118,663,365	139,274,185	46.0
104004610		Fisheries development and management	29,142,576	713,826	28,428,750	2.4
	104014610	Fish Products Production	29,142,576	713,826	28,428,750	2.4
105004610		Land Policy and Planning	27,386,103	3,726,023	23,660,080	13.6
	105014610	Development Planning and Land Reforms	27,386,103	3,726,023	23,660,080	13.6
	105024610					
106004610		Housing Development and Human Settlement	139,006,284	38,000,000	101,006,284	27.3
	106014610	Housing Development	139,006,284	38,000,000	101,006,284	27.3
107004610		Urban Mobility and Transport	194,434,931	11,367,280	183,067,651	5.8
	107014610	Metropolitan Planning & Infrastructure Development	194,434,931	11,367,280	183,067,651	5.8
	112029999	Livestock Production and Management				
201004610		Roads Transport and Public Works	1,268,514,572	747,585,234	520,929,338	58.9
	201014610	General Administration, Planning and Support Services	78,530,223	14,558,478	63,971,745	18.5
	201024610	Construction of Roads and Bridges	1,066,534,032	688,488,989	378,045,044	64.6
	201034610	Maintenance of Roads	123,450,317	44,537,767	78,912,550	36.1
202004610		ICT Services	66,759,277	10,858,072	55,901,205	16.3
	202014610	ICT Infrastructure Development	66,759,277	10,858,072	55,901,205	16.3
303004610		Tourism Development and Promotion	578,779,667	321,413,059	257,366,608	55.5
	303014610	Tourism Promotion and Marketing	578,779,667	321,413,059	257,366,608	55.5
401004610		Preventive & Promotive Health Services	681,512,500	339,255,527	342,256,973	49.8
	401014610	Health Promotion	681,512,500	339,255,527	342,256,973	49.8
402004610		Curative Health Services	187,053,885	97,544,148	89,509,737	52.1
	402014610	Referral Services	187,053,885	97,544,148	89,509,737	52.1

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation status %
403004610		General Administration, Planning & Support Services	1,939,537,421	1,419,258,094	520,279,327	73.2
	403014610	Health Policy, Planning and Financing	1,939,537,421	1,419,258,094	520,279,327	73.2
502004610		Manpower Development, Employment and Productivity Management	1,432,745,372	991,400,670	441,344,702	69.2
	502014610	Early Child Development and Education	1,032,745,372	768,700,670	264,044,702	74.4
	502024610	Infrastructure Development and Expansion	400,000,000	222,700,000	177,300,000	55.7
701004610		General Administration, Planning and Support Services	1,981,740,468	656,034,925	1,325,705,543	33.1
	701014610	Administrative Services	749,258,828	230,187,232	519,071,597	30.7
	701044610	Coordination and Administrative Services	429,098,675	189,007,375	240,091,300	44.0
	701054610	Public service and Field Administrative Services	592,237,439	172,929,492	419,307,947	29.2
	701084610	Board Management Services	211,145,526	63,910,827	147,234,699	30.3
	701104610	Legal and Public Affairs	-	-	-	
702004610		Public Finance Management	340,643,977	81,030,917	259,613,060	23.8
	702014610	Accounting services	48,760,875	3,125,808	45,635,067	6.4
	702024610	Resource Mobilization	107,587,783	29,323,330	78,264,453	27.3
	702034610	Budget Formulation, Coordination and Management	53,238,841	3,970,841	49,268,000	7.5
	702044610	Supply Chain Management Services	67,973,862	17,156,368	50,817,493	25.2
	702054610	Internal Audit Services	63,082,617	27,454,570	35,628,047	43.5
703004610		Economic Policy and County Planning	862,979,892	544,246,372	318,733,520	63.1
	703014610	Economic Planning Coordination	796,866,430	543,942,103	252,924,327	68.3
	703024610	Monitoring and Evaluation Services	66,113,462	304,269	65,809,193	0.5
704004610		Legislation and Representation	709,589,354	303,294,372	406,294,982	42.7
	704014610	Legislative Oversight	440,095,354	189,207,561	250,887,793	43.0
	704024610	County Co-ordination Services	249,354,000	112,490,161	136,863,839	45.1
	704034610	Research and Policy	20,140,000	1,596,650	18,543,350	7.9
901004610		Social Development and Children Services	563,012,887	306,572,500	256,440,387	54.5
	901014610	Gender and Youth Development	18,576,702	-	18,576,702	
	901024610	Social Assistance to Vulnerable Groups	25,671,459	3,016,000	22,655,459	11.7
	901034610	Development and Promotion of culture	10,167,615	114,800	10,052,815	1.1
	901044610	Development and Management of sports facilities	401,102,043	252,859,700	148,242,343	63.0
	901064610	Voluntary Training Services	107,495,068	50,582,000	56,913,068	47.1
1002004610		Environment Management and Protection	488,767,620	253,657,387	235,110,233	51.9
	1002014610	Forests Conservation and Management	488,767,620	253,657,387	235,110,233	51.9
			228,221,574	89,656,563	138,565,011	39.3
	1004014610	Trade Development and Promotion	228,221,574	89,656,563	138,565,011	39.3
Grand Total			12,740,798,260	6,652,102,274	6,088,695,986	52.2

Source: Narok County Treasury

The programmes that performed well based on expenditure absorption were: Early Child Development and Education at 74.4 per cent, Health Policy, Planning and Financing at 73.2 per cent, Construction of roads and bridges at 64.6 per cent, and Development and Management of sports Facilities at 63 per cent.

3.34.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Slow absorption of development funds. The County spent Kshs.1.04 billion out of annual development budget of Kshs.4.28 billion in the first nine months of FY 2019/20 which represented 21.6 per cent of the annual development.
3. A high wage bill, which accounted for 42.1 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.*
2. *The County should identify and address the issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*

3.35 Nyamira County

3.35.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.7 billion, comprising of Kshs.2.10 billion (30 per cent) and Kshs.4.90 billion (70 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.81 billion (68.7 per cent) as equitable share of revenue raised nationally, Kshs.786 million (11.2 per cent) as total conditional grants, generate Kshs.250 million (3.6 per cent) from own sources of revenue, and had Kshs.1.15 billion (16.5 per cent) as cash balance from FY 2018/19.

3.35.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.46 billion as equitable share of the revenue raised nationally, Kshs.1.86 billion as total conditional grants, raised Kshs.129.34 million from own-source revenue, and had a cash balance of Kshs.1.54 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.93 billion as shown in Table 3-165.

Table 3-165: Nyamira County, Revenue Performance in the First Nine Months of FY 2019/20

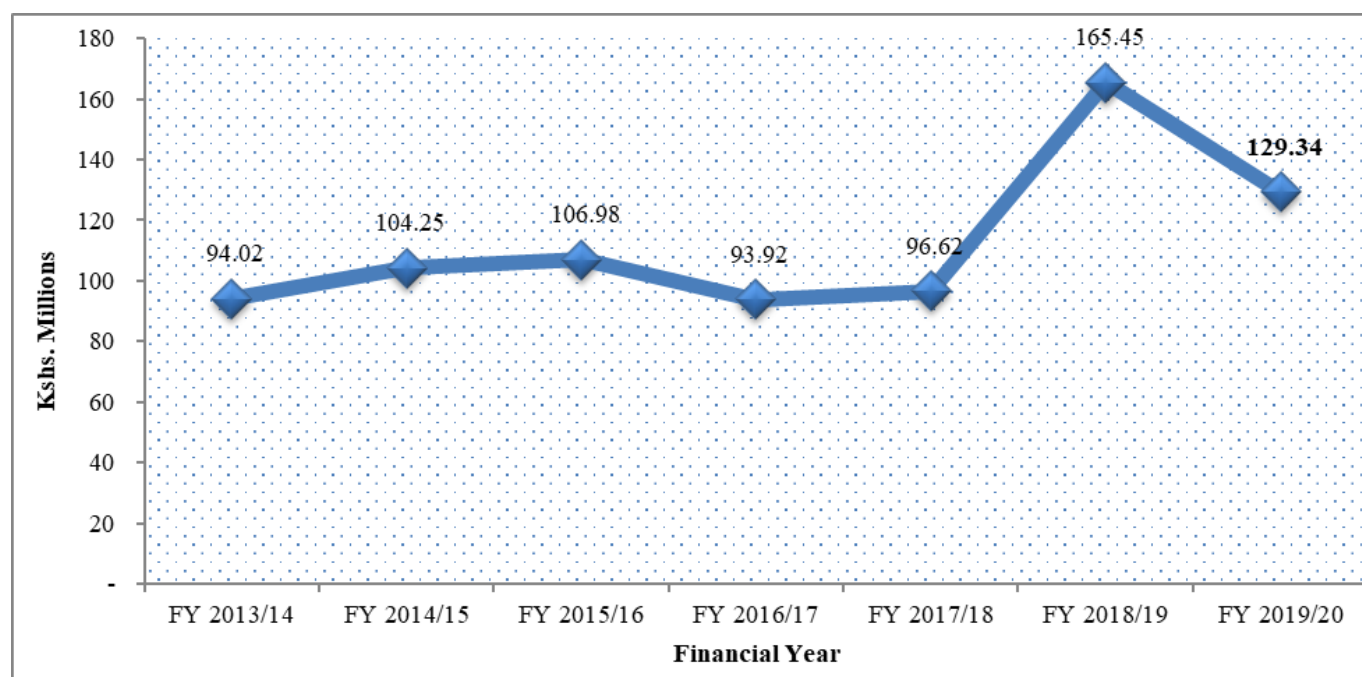
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,810,800,000	4,810,800,000	3,458,965,200	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	13,175,221	13,175,221	-	-
2.	Road Maintenance Fuel Levy Fund	136,557,750	136,557,750	-	-
3.	Rehabilitation of Village Polytechnics	67,068,298	67,068,298	33,534,149	50
	Sub Total	216,801,269	216,801,269	33,534,149	15.5
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	14,054,627	40.2

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	121,837,490	34.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	114,705,300	114,705,300	-	-
5.	DANIDA Grant	14,250,000	14,250,000	7,125,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,937,554	16,937,554	9,718,777	57.4
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		569,692,854	569,692,854	152,735,893	26.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	250,000,000	129,341,089	51.7
2.	Balance b/f from FY 2018/19	-	1,154,682,640	1,154,682,640	100
Sub Total		-	1,404,682,640	1,284,023,729	91.4
Grand Total		5,597,294,123	7,001,976,763	4,929,258,972	70.4

Source: Nyamira County Treasury

Figure 3-67 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-67: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Nyamira County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.129.34 million as own-source revenue. This amount represented a decrease of 21.8 per cent when compared to Kshs.165.45 million realised during the same period in FY 2018/19, and represented 51.7 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.72 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.614.95 million (16.5 percent) for development programmes and Kshs.3.11 billion (83.5 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

A total of Kshs.3.78 billion was spent on development and recurrent programmes and represented 101.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.578.23 million and Kshs.3.20 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 27.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 65.3per cent.

3.35.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.18 billion was spent on compensation to employees, Kshs.1.02 billion on operations and maintenance, and Kshs.578.25 million on development expenditure.

Table 3-166: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,901,383,733	3,108,643,055	3,201,477,305	84.7	65.3
Compensation to Employees	3,160,961,818	2,183,228,499	2,183,228,499	57.8	69.1
Operations and Maintenance	1,740,421,915	925,414,556	1,018,248,806	26.9	58.5
Total Development Expenditure	2,100,593,029	614,953,033	578,245,180	15.3	27.5
Development Expenditure	2,100,593,029	614,953,033	578,245,180	15.3	27.5
Total	7,001,976,762	3,723,596,088	3,779,722,485	100.0	54.0

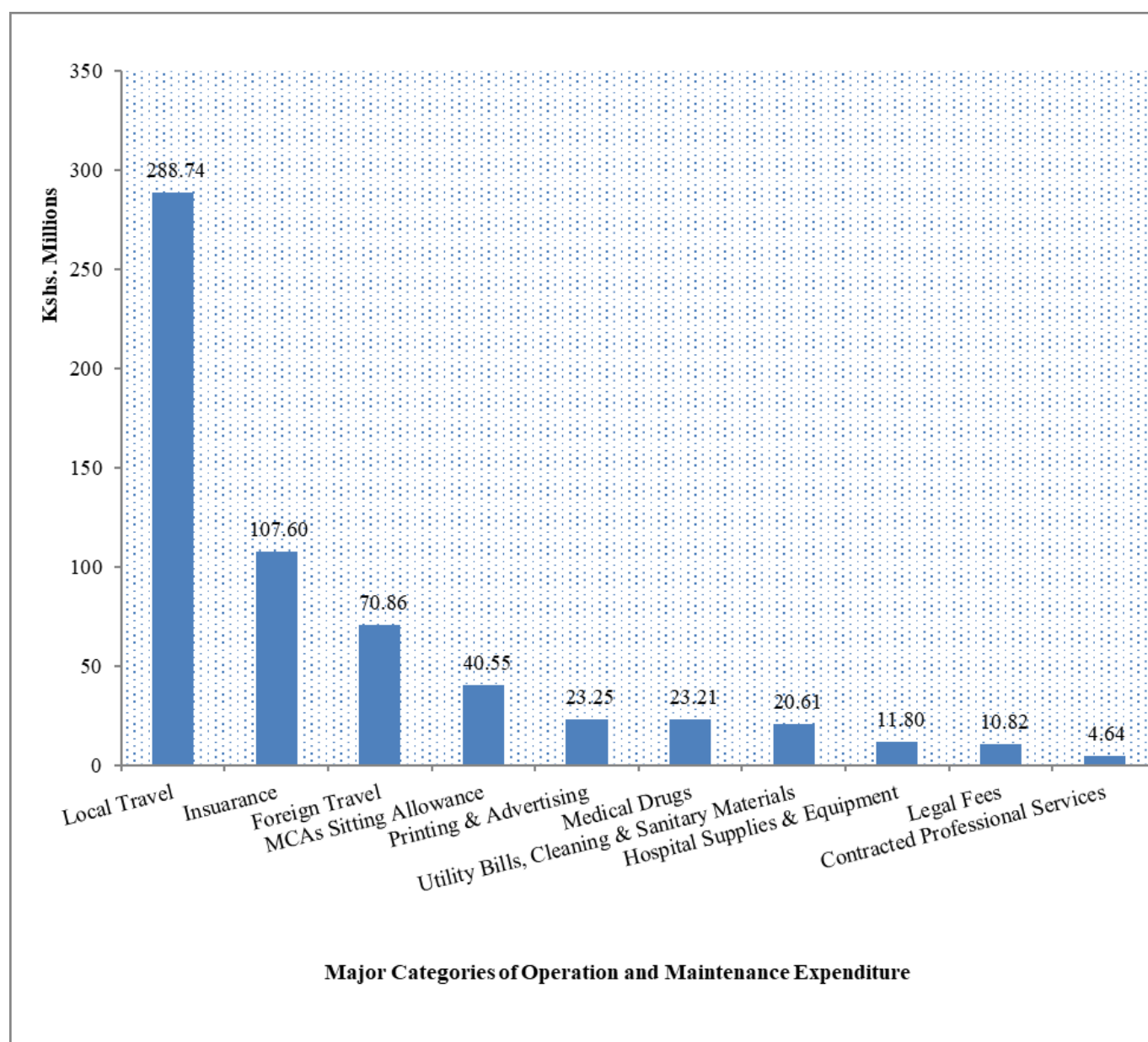
Source: Nyamira County Treasury

Expenditure on compensation to employees was 57.8 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 36.2 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.49 billion.

3.35.6 Analysis of Operations and Maintenance Expenditure

Figure 3-68 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-68: Nyamira County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Nyamira County Treasury

The County spent Kshs.40.55 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.54.64 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.121,774 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.288.74 million and comprised of Kshs.108.83 million spent by the County Assembly and Kshs.179.91 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.70.86 million and comprised of Kshs.35.46 million by the County Assembly and Kshs.35.40 million spent by the County Executive.

3.35.7 Development Expenditure Analysis

The total development expenditure of Kshs.578.23 million represented 27.5 per cent of the annual development budget of Kshs.2.1 billion and represented an increase of 5.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.550.30 billion. Table 3-167 provide a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-167: Nyamira County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Capital Grants to Other levels of government	County Wide	462,531,197	112,411,927	24.3
2	Construction and completion of Nyamira County Head Quarters	Township	382,970,401	78,000,000	20.4
3	Hire of Heavy Equipment (Plant and Machinery) for Road Construction works within the County to open up various Areas under the Mechanical and Transport Fund (MTF)	County wide	73,000,000	73,000,000	100.0
4	Proposed construction and completion of manga stadium	County Wide	83,721,866	21,321,584	25.5
5	Construction of 6 floor Office Block for MCAs and Staff Phase II	Assembly Hqs	92,019,042	17,711,591	19.2
6	Headquarters Construction of Phase III of the Doctors Plaza	Headquartes	33,000,000	12,598,377	38.2
7	Proposed supply, delivery, customization, commissioning and maintenance of Revenue collection and management system	County Wide	29,000,000	10,398,300	35.9
8	Supply of Fuel for use by Plant and Machinery for Construction of Roads in the County	County wide	15,000,000	7,500,000	50.0
9	Proposed Construction and Completion of inpatient wards block at Gesima Sub county hospital	Gesima	34,999,235	6,864,521	19.6
10	Supply and delivery of Local Vegetables Planting Materials for Distribution to Farmers Within the County	County Wide	6,000,000	6,000,000	100.0

Source: Nyamira County Treasury

3.35.8 Budget Performance by Department

Table 3-168 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-168: Nyamira County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Fisheries	168.71	487.45	113.93	150.71	123.70	120.29	108.6	79.8	73.3	24.7
Cooperative Development Trade and Tourism	49.14	69.12	27.35	-	30.71	1.42	112.3	-	62.5	2.1
County Assembly	616.11	140	458.41	26.78	452.34	26.78	98.7	100	73.4	19.1
County Executive	486.53	-	354.08	-	348.59	-	98.4	-	71.6	-
Education and Vocational Training	637.25	93.90	269.32	72.23	247.56	72.50	91.9	100.4	38.8	77.2
Environment and Natural Resources	89.11	118.04	53.58	34.02	64.94	39.98	121.2	117.5	72.9	33.9

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	511.36	47.26	238.30	7.90	329.65	10.40	138.3	131.6	64.5	22
Public Service Management	288.40	-	221.19	-	212.92	-	96.3	-	73.8	-
Gender, Youth, Sports, Culture & Social Services	50.19	110.72	32.07	18.01	36.48	21.32	113.7	118.4	72.7	19.3
County Public Service Board	48.75	-	29.51	-	33.75	-	114.4	-	69.2	-
Medical Services and Public Health	1,726.89	171.14	1,149.76	53.69	1,177.45	42.83	102.4	79.8	68.2	25
Land Housing & Physical Planning	72.12	177.71	58.06	78.70	59.66	83.22	102.7	105.7	82.7	46.8
Nyamira Municipality	66	225.15	41.20	-	8.74	0.43	21.2	-	13.2	0.2
Transport and Infrastructure	90.84	460.11	61.88	172.91	75	159.08	121.2	92	82.6	34.6
TOTAL	4,901.38	2,100.59	3,108.64	614.95	3,201.48	578.25	102.99	94.03	65.3	27.5

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Land Housing & Physical Planning recorded the highest absorption rate of development budget at 46.8 per cent while Nyamira Municipality of 0.2 per cent reported the least absorption on development activities. The Department of Land Housing & Physical Planning had the highest percentage of recurrent expenditure to its recurrent budget at 82.7 per cent while Nyamira Municipality had the lowest recurrent at 13.2 per cent.

3.35.9 Budget Execution by Programmes and Sub-Programmes

Table 3-169 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-169 : Nyamira County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Governors Office	General administration support services	284,470,188	183,791,935	100,678,253	64.6
	Policy development and support services	202,058,499	174,064,105	27,994,394	86.1
		486,528,687	357,856,040	128,672,647	73.6
Finance and Economic Planning	Information and communication services	10,000,000	-	10,000,000	-
	ICT infrastructural services	45,257,817	13,755,000	31,502,817	30.4
	General administration support services	313,642,323	258,268,310	55,374,013	82.3
	Policy development and support services	4,740,150	3,170,500	1,569,650	66.9
	Supply chain management	12,785,600	5,951,950	6,833,650	46.6
	Economic planning and coordination	69,203,440	27,537,120	41,666,320	39.8
	Budget formulation and management	85,393,000	26,325,350	59,067,650	30.8
	Audit services	9,071,280	5,463,400	3,607,880	60.2
	Internal Resource mobilization	8,524,022	6,687,494	1,836,528	78.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub Total	558,617,632	347,159,124	211,458,508	62.1
Agriculture, Livestock and Fisheries	General administration and support services	156,827,209	113,034,830	43,792,379	72.1
	Policy and planning	8,696,114	7,599,550	1,096,564	87.4
	Crop Development Services	429,939,866	96,078,400	333,861,466	22.3
	Agribusiness	46,156,331	22,556,827	23,599,504	48.9
	Aquaculture Promotion Services	3,372,000	1,848,000	1,524,000	54.8
	Livestock Products Value Addition and Marketing	9,258,950	3,016,050	6,242,900	32.6
	Animal Health Disease and Management	1,900,000	512,000	1,388,000	26.9
	Sub Total	656,150,470	244,645,657	411,504,813	37.3
Environment and Natural Resources	General administration and support services	57,361,604	48,348,468	9,013,136	84.3
	Policy and planning	4,218,670	3,105,450	1,113,220	73.6
	Other energy sources promotion	57,903,100	16,902,600	41,000,500	29.2
	Major towns water services	2,980,000	-	2,980,000	-
	Rural water services	61,696,097	29,776,826	31,919,271	48.3
	Pollution and waste management	7,833,996	3,882,872	3,951,124	49.6
	Agroforestry promotion	15,150,000	850,200	14,299,800	5.6
	Sub Total	207,143,467	102,866,416	104,277,051	49.7
Education and vocational training	General administration	29,063,368	8,745,429	20,317,939	30.1
	Planning policy	2,879,265	1,538,500	1,340,765	53.4
	ECDE and CCC management services	369,916,305	277,725,870	92,190,435	75.1
	Vocational management services	329,293,382	40,681,400	288,611,982	12.4
	Sub Total	731,152,320	328,691,199	402,461,121	45.0
Health Services	Health Promotion	427,522,327	247,134,806	180,387,521	57.8
	Communicable Disease Control	162,021,613	41,020,497	121,001,116	25.3
	Administration support services	177,301,155	110,837,429	66,463,726	62.5
	Medical services	1,090,125,247	822,979,874	267,145,373	75.5
	Facility infrastructural services	41,055,000	12,084,186	28,970,814	29.4
	Sub Total	1,898,025,342	1,234,056,793	663,968,549	65.0
Land Housing & Physical Planning	General administration and support services	66,045,731	56,109,964	9,935,767	85.0
	Policy and planning	6,072,400	2,868,900	3,203,500	47.2
	Physical Planning	20,000,000	-	20,000,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Surveying services	5,915,000	-	5,915,000	-
	Housing Improvement Services	127,730,329	80,986,948	46,743,381	63.4
	Town Management and Coordination	24,063,800	3,603,700	20,460,100	15.0
	Sub Total	249,827,260	143,569,512	106,257,748	57.5
Transport and Infrastructure	Administration and support services	88,279,966	78,115,776	10,164,190	88.5
	Policy and planning	2,560,853	1,875,100	685,753	73.2
	Construction of roads and bridges	142,502,698	60,711,683	81,791,015	42.6
	Rehabilitation and maintenance of Roads	317,612,187	100,952,591	216,659,596	31.8
	Sub Total	550,955,704	241,655,151	309,300,553	43.9
Trade, Tourism, Industrialization and Cooperative Development	General administration and support services	34,533,944	21,986,084	12,547,860	63.7
	Policy and planning services	2,100,306	1,709,160	391,146	81.4
	Cooperative promotion	14,313,440	3,576,850	10,736,590	25.0
	Trade promotion	64,714,734	3,568,700	61,146,034	5.5
	Tourism promotion and management	2,594,600	1,290,600	1,304,000	49.7
	Sub Total	118,257,024	32,131,394	86,125,630	27.2
Youths, Sports, Gender & Social Services	General administration support services	42,192,130	31,016,159	11,175,971	73.5
	Policy development and support services	3,066,000	2,078,000	988,000	67.8
	Community Development	97,713,224	46,335,259	51,377,965	47.4
	Cultural promotion heritage	17,942,724	1,269,600	16,673,124	7.1
	Sub Total	160,914,078	80,699,018	80,215,060	50.2
Public Service Board	General administration and support services	83,857,466	57,665,177	26,192,289	68.8
	Policy and planning	13,636,392	9,828,440	3,807,952	72.1
	Sub Total	97,493,858	67,493,617	30,000,241	69.2
Public Service Management	General administration and support services	542,819,942	411,458,423	131,361,519	75.8
	Policy and planning	14,168,600	7,599,400	6,569,200	53.6
	Communication services	2,334,000	1,707,000	627,000	73.1
	Field coordination and administration	4,335,000	1,310,308	3,024,692	30.2
	Strategy and Advisory Services	1,200,000	498,816	701,184	41.6
	Human resource management	7,792,000	3,204,986	4,587,014	41.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Human resource development	4,151,936	54,000	4,097,936	1.3
	Sub Total	576,801,478	425,832,933	150,968,545	73.8
Municipality	General administration and support services	291,149,600	8,410,900	282,738,700	2.9
	Sub Total	291,149,600	8,410,900	282,738,700	2.9
County Assembly	'Policy planning, general administration and support services	270,657,583	172,421,220	98,236,363	63.7
	General administration and support services	78,199,598	70,269,111	7,930,487	89.9
	Monitoring and evaluation services(Oversight)	334,961,329	150,649,642	184,311,687	45.0
	Sub Total	683,818,510	393,339,973	290,478,537	57.5
Grand Total		7,266,835,430	4,008,407,728	3,258,427,702	55.2

Source: Nyamira County Treasury

The programmes that performed well based on expenditure absorption were: General Administration and Support Services by County Assembly at 89.9 per cent, Policy Planning in Agricultural Sector at 88.5 per cent, Office of the Governor Policy and Support Services Programs at 86.1 per cent.

3.35.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby the County spent Kshs.578.25 million out of annual development budget of Kshs.2.10 billion. The development expenditure represented 27.5 per cent of total budget.
3. Under performance of own revenue at Kshs.129.34 million against annual projection of Kshs.250 million. The realised own source revenue represented 51.7 per cent of its annual target of total revenue target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

3.36 Nyandarua County

3.36.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.7.98 billion, comprising of Kshs.3.07 billion (38.5 per cent) and Kshs.4.91 billion (61.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.87 billion (61.1 per cent) as equitable share of revenue raised nationally, Kshs.819.53 billion (10.3 per cent) as total conditional grants, generate Kshs.600 million (7.5 per cent) from own sources of revenue, and had Kshs.980.23 million (12.3 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.679.85 million (8.5 per cent) as "other revenues" not contained in the CARA, 2019 and Kshs.30 million (0.4 per cent) as Appropriation in Aid (A-I-A).

3.36.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.5 billion as equitable share of the revenue raised nationally, Kshs.132.85 million as total conditional grants, raised Kshs.232.61 million from own-source revenue, had a cash balance of Kshs.980.23 million from FY 2018/19 and Kshs.14.14 million as A-I-A. The total funds available for budget implementation during the period amounted to Kshs.4.86 billion as shown in Table 3-170.

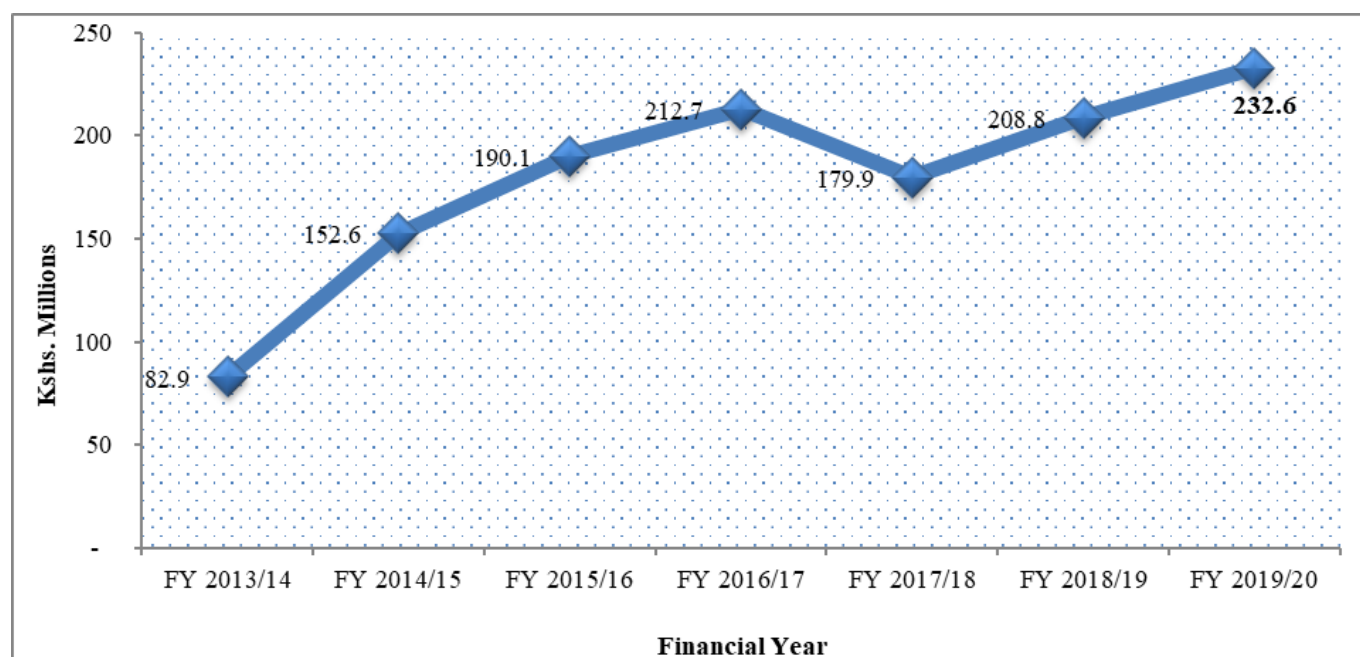
Table 3-170: Nyandarua County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of revenue raised nationally	4,874,100,000	4,874,100,000	3,504,477,900	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	12,735,922	12,735,922	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	138,354,563	138,354,563	-	-
5.	Rehabilitation of Village Polytechnics	37,983,298	37,983,298	18,991,649	50
Sub Total		441,988,677	441,988,677	18,991,649	4.3
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	26,981,527	77.1
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,268,690	117,268,690	79,516,538	67.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	135,543,400	135,543,400	-	-
4.	DANIDA Grant	14,718,750	14,718,750	7,359,375	50
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	20,223,224	20,223,224	-	-
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,987,360	15,987,360	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		377,541,424	377,541,424	113,857,439	30.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	600,000,000	232,605,140	38.8
2.	Balance b/f from FY2018/19	-	980,228,559	980,228,559	100.0
3.	Road maintenance levy fund b/f 2018/19	-	49,483,869	-	-
4.	Rehabilitation of village polytechnics FY 17/18	-	5,669,246	-	-
5.	Rehabilitation of village polytechnics b/f 2018/19	-	1,030,457	-	-
6.	Kenya Climate Smart Agriculture Project (KCSAP) b/f 2018/19	-	21,042,937	-	-
7.	World Bank Grant for KDSP Bal b/f	-	43,069,316	-	-
8.	World Bank Grant for KDSP - Level 1 b/f 2018/19	-	282,647,811	-	-
9.	World Bank Grant for KDSP - Level II	-	254,280,493	-	-
10.	NHC Engineer Hospital Refund	-	22,628,148	-	-
11.	A-I-A	-	30,000,000	14,139,416	47.1
Sub Total		-	2,290,080,836	1,226,973,115	56.6
Grand Total		5,693,630,101	7,983,710,937	4,864,300,103	60.9

Source: Nyandarua County Treasury

Figure 3-69 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-69: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Nyandarua County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.232.61 million as own-source revenue. This amount represented an increase of 11.4 per cent when compared to Kshs.208.75 million realised during the same period in FY 2018/19, and represented 38.8 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.98 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.193.28 million (6.5 percent) for development programmes and Kshs.2.79 billion (93.5 per cent) for recurrent programmes.

3.36.4 Overall Expenditure Review

A total of Kshs.2.9 billion was spent on development and recurrent programmes and represented 97.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.125.3 million and Kshs.2.78 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 4.1 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 56.6 per cent.

3.36.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.59 billion was spent on compensation to employees, Kshs.1.18 million on operations and maintenance, and Kshs.125.3 million on development expenditure.

Table 3-171: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues. Kshs.	Expenditure Kshs.	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,909,392,994	2,786,963,272	2,776,553,480	95.7	56.6
Compensation to Employees	2,165,961,670	1,578,437,373	1,593,456,237	54.9	73.6
Operations and Maintenance	2,743,431,324	1,208,525,899	1,183,097,244	40.8	43.1
Total Development Expenditure	3,074,317,944	193,278,284	125,303,205	4.3	4.1
Development expenditure	3,074,317,944	193,278,284	125,303,205	4.3	4.1
Total	7,983,710,938	2,980,241,556	2,901,856,685	100	36.3

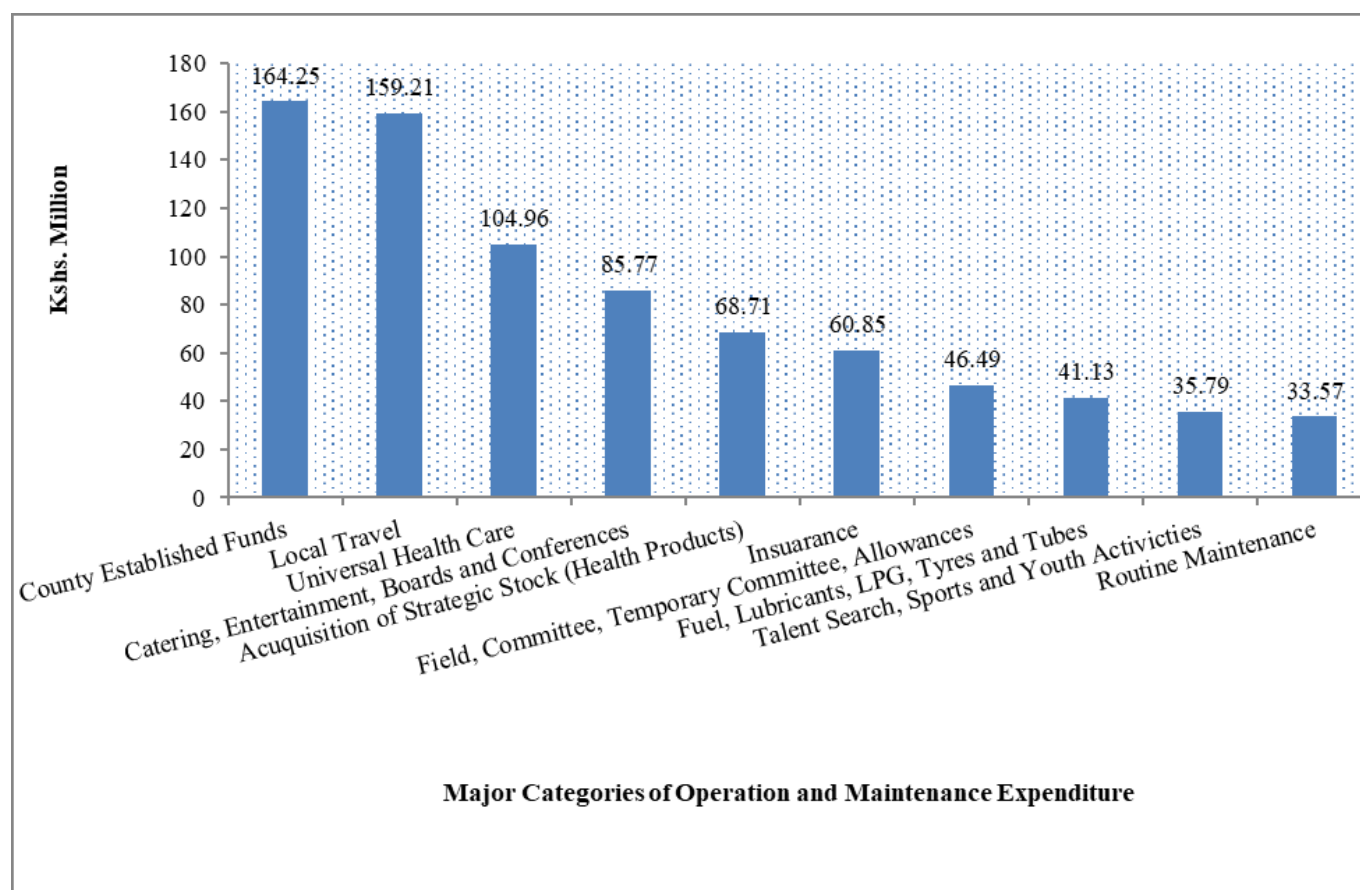
Source: Nyandarua County Treasury

Expenditure on compensation to employees was 54.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.52 billion.

3.36.6 Analysis of Operations and Maintenance Expenditure

Figure 3-70 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-70: Nyandarua County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Nyandarua County Treasury

The County spent Kshs.32.35 million on committee sitting allowances for the 40 MCAs and the Speaker against the annual budget allocation of Kshs.55.77 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.89,874 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.159.21 million and comprised of Kshs.65.46 million spent by the County Assembly and Kshs.93.75 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.27.27 million and comprised of Kshs.19.83 million by the County Assembly and Kshs.7.44 million spent by the County Executive.

3.36.7 Development Expenditure Analysis

The total development expenditure of Kshs.125.30 million represented 4.1 per cent of the annual development budget of Kshs.3.07 billion and represented a decrease of 58.6 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.302.59 million. Table 3-172 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-172: Nyandarua County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of an Office Block	County Assembly	Olkalou	174,587,579	76,090,004	76,090,004	43.6
2	Ol'Kalou Stadium- Completion of presidential dias	Youth Sports and the Arts	Olkalou	33,000,000	14,533,904	14,533,904	44
3	Ol'Kalou Stadium- Completion of fencing	Youth Sports and the Arts	Olkalou	8,000,000	5,118,978	5,118,978	64
4	Upgrade of JM Kariuki hospital	Health Services	Olkalou	20,000,000	4,000,762	4,000,762	20
5	Upgrade of Manunga Health Centre	Health Services	Kipipiri	6,000,000	5,957,624	5,957,624	99.3
6	Upgrade of kieni dispensary	Health Services	Kaimbaga	6,000,000	4,310,417	4,310,417	71.8
7	Cooperative infrastructure support	Industrialization Cooperatives, Trade & Enterprise Development		5,000,000	69,875	69,875	1.4
8	Construction of John Macharia Bridge	Transport, Energy & Public Works	Murungaru	4,995,238	4,993,702	4,993,702	100
9	Construction of Lands Office	Lands, Housing & Physical Planning	Olkalou	11,900,000	10,227,939	10,227,939	85.9

Source: Nyandarua County Treasury

3.36.8 Budget Performance by Department

Table 3-173 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-173: Nyandarua County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office & Service Delivery	137.95	5	41.04	-	76.44	-	186.3	-	55.4	-
The County Secretary	1,980.67	-	1,407.98	-	1,426.29	-	101.3	-	72	-
County Attorney	43.76	1	13.3	-	12.06	-	90.7	-	27.6	-
Public Administration & ICT	48.52	12.4	25.87	-	25.95	-	100.3	-	53.5	-
County Public Service Board	13.35	-	9.99	-	10.39	-	104	-	77.8	-
Finance & Economic Development	948.17	17	269.24	-	263.47	-	97.9	-	27.8	-
Health Services	487.32	230.69	239.97	25.06	209.05	14.27	87.1	56.9	42.9	6.2
Education, Gender, Youth, Culture and Social Services	129.46	153.11	60.06	3.38	40.24	-	67	-	31.1	-
Industrialization Cooperatives, Trade & Enterprise Development	38.49	76.88	19.8	0.07	19.88	0.07	100.4	100	51.7	0.1
Youth, Sports and Arts	56.33	81.11	37.78	25.52	43.13	19.65	114.2	77	76.6	24.2
Water , Environment, Tourism & Natural resources	66.32	446.58	33.94	-	26.39	-	77.8	-	39.8	-
Transport, Energy & Public Works	84.3	1,323.90	51.53	4.99	43.82	4.99	85	100	52	0.4

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
Lands, Housing & Physical Planning	46.26	322.46	18.45	10.23	19.05	10.23	103.2	100	41.2	3.2
Agriculture Livestock & Fisheries	167.83	177.58	44.53	47.93	48.98	-	110	-	29.2	-
County Assembly	660.67	226.59	513.47	76.09	511.41	76.09	99.6	100	77.4	33.6
TOTAL	4,909.39	3,074.32	2,786.96	193.28	2,776.55	125.3	99.6	64.8	56.6	4.1

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 33.6 per cent, followed by the Department of Youth, Sports and Arts at 24.2 per cent. The County Public Service Board had the highest percentage of recurrent expenditure to its recurrent budget at 77.8 per cent while the County Attorney had the lowest at 27.6 per cent.

3.36.9 Budget Execution by Programmes and Sub-Programmes

Table 3-174 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-174 : Nyandarua County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programme and Sub-Programme					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	Service Delivery Unit	14,980,000	7,320,249	7,659,751	48.9
	Governor's Office & Investment Promotion	92,108,088	57,966,118	34,141,970	62.9
	Liaison and Intergovernmental Relations	22,103,558	5,469,700	16,633,858	24.7
	Civic Education and Public Participation	13,761,544	5,686,913	8,074,631	41.3
Sub Total		142,953,190	76,442,980	66,510,210	53.5
County Secretary	County Secretary-Administration	14,088,205	10,387,815	3,700,390	73.7
	Communication and Public Relations	26,388,144	2,993,201	23,394,943	11.3
	Cabinet Affairs	724,000	439,440	284,560	60.7
Human Resource Management	Payroll (Including Compensation to employees)	1,854,310,000	1,395,249,284	459,060,716	75.2
	Human Resource Management (Including employee gratuity, pension and medical insurance)	85,160,100	17,220,471	67,939,629	20.2
Sub Total		1,980,670,449	1,426,290,211	554,380,238	72.0
County Attorney Services	legal and public affairs	44,757,896	12,060,304	32,697,592	26.9
Sub Total		44,757,896	12,060,304	32,697,592	26.9
Public administration	Public Administration	7,254,450	4,610,814	2,643,636	63.6
	sub-county and ward administration	36,614,394	16,263,514	20,350,880	44.4
	Enforcement and Compliance	5,349,000	3,384,233	1,964,767	63.3
ICT and E-government Services	ICT and E-government Services	11,700,000	1,689,615	10,010,385	14.4
Sub Total		60,917,844	25,948,176	34,969,668	42.6
County Public Service Board	County Public Service Board	13,350,000	10,391,098	2,958,902	77.8
Sub Total		13,350,000	10,391,098	2,958,902	77.8
Public Finance Management	County Funds	217,900,000	137,550,000	80,350,000	63.1
	County Pending Bills		-	-	0.0
	treasury services	617,032,254	37,962,306	579,069,948	6.2
	Financial reporting	4,025,000	2,910,482	1,114,518	72.3
	Revenue Collection and Administration (Including automation)	35,050,000	24,025,769	11,024,231	68.5
	Revenue Enhancement and Monitoring	17,552,425	11,372,088	6,180,337	64.8
	Supply Chain Management	7,250,000	6,298,123	951,877	86.9
	Internal Audit and Risk Management	15,120,000	10,393,240	4,726,760	68.7

Budget Execution by Programme and Sub-Programme					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Economic planning and development	County Budgeting	10,800,000	7,819,518	2,980,482	72.4
	County Statistics and Data Bank	5,900,000	4,701,737	1,198,263	79.7
	Monitoring and Evaluation	9,693,589	3,463,628	6,229,961	35.7
	Economic Modelling and Research	9,950,000	5,610,704	4,339,296	56.4
	Economic Development Planning (Including CE-KEB)	14,897,812	11,363,884	3,533,928	76.3
Sub Total		965,171,080	263,471,479	701,699,601	27.3
Preventive and Promotive Services	Preventive and Promotive Services	9,650,000	5,669,715	3,980,285	58.8
Curative Services	Curative Services (including universal health care and grants)	471,567,365	198,709,207	272,858,158	42.1
General administration, planning and support services	Solid Waste and Cemeteries	7,603,000	4,668,230	2,934,770	61.4
	Infrastructure and Equipment	229,193,757	14,268,803	214,924,954	6.2
Sub total		718,014,122	223,315,955	494,698,168	31.1
Primary education	ECDE	169,165,850	26,133,948	143,031,902	15.4
Youth training and development	Privatization of Youth Polytechnics	63,246,786	2,984,565	60,262,221	4.7
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	41,149,613	7,983,710	33,165,903	19.4
General administration, planning and support services	Alcohol Drinks Control and Civic Education	3,436,306	1,685,680	1,750,626	49.1
Culture	development and promotion of culture	5,570,000	1,454,118	4,115,882	26.1
Sub Total		282,568,555	40,242,021	242,326,534	14.2
Trade development and promotion	Financial and Trade Services (excluding CEKEB, county corporation & Micro-Finance fund)	81,599,863	4,785,536	76,814,327	5.9
Industrial development and investment	Industrial and Enterprise Development (Inclusive of KDSP)	3,930,000	1,349,045	2,580,955	34.3
	Weights & Measures	1,820,000	1,014,801	805,199	55.8
Cooperative development and management	Cooperative advisory services	28,020,000	12,798,041	15,221,959	45.7
Sub Total		115,369,863	19,947,423	95,422,440	17.3
Sports	Sports Development	107,477,807	52,320,532	55,157,275	48.7
Youth Affairs	Youth Affairs	19,295,268	6,873,480	12,421,788	35.6
Arts & Theater	Arts & Theater	10,671,892	3,591,180	7,080,712	33.7
Sub Total		137,444,967	62,785,192	74,659,775	45.7
Water Resource Development.	Water resource conservation and protection, infrastructure and flood control	421,899,816	15,889,110	406,010,706	3.8
Environment	Environmental support and management	48,148,449	5,576,697	42,571,752	11.6
Tourism development and promotion	Tourism infrastructure development	15,934,577	3,807,755	12,126,822	23.9
Irrigation and Drainage infrastructure	Promotion of irrigation and drainage development and management	26,918,807	1,121,123	25,797,684	4.2
Sub Total		512,901,649	26,394,685	486,506,964	5.1
Road transport	Transport (Including fuel level, General Administration & Support Services)	1,191,927,952	30,835,894	1,161,092,058	2.6
	Public Works	152,185,400	6,956,348	145,229,052	4.6
Alternative energy technologies	Alternative energy technologies	59,086,773	10,151,187	48,935,586	17.2
General administration, planning and support services	Emergency Response & Preparedness	5,000,000	874,905	4,125,095	17.5
Sub Total		1,408,200,125	48,818,334	1,359,381,791	3.5
Land policy and planning	Physical Planning	33,643,000	3,720,572	29,922,428	11.1
	Survey and Mapping	12,802,152	5,987,258	6,814,894	46.8
	Land Administration and Management	74,716,020	7,929,360	66,786,660	10.6
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	247,561,245	11,637,237	235,924,008	4.7
Sub Total		368,722,417	29,274,427	339,447,990	7.9

Budget Execution by Programme and Sub-Programme					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Crop development and management	Land and crop development	245,151,283	17,131,888	228,019,395	7.0
Livestock resources management and development	livestock production and management	21,570,343	3,203,395	18,366,948	14.9
	Veterinary Services	17,360,586	8,469,386	8,891,200	48.8
Fisheries Development and management	Fisheries policy, strategy and capacity building	3,894,250	1,569,755	2,324,495	40.3
General administration, planning and support services	Institution Support (ATCs)	20,704,142	3,014,076	17,690,066	14.6
	Agriculture Mechanization Services	7,780,000	1,150,280	6,629,720	14.8
	General administration and Extension Services	20,099,671	9,795,816	10,303,855	48.7
	Subsidized Artificial Insemination	8,849,850	4,643,010	4,206,840	52.5
Sub Total		345,410,125	48,977,606	296,432,519	14.2
County Assembly	Legislative, oversight and representation	887,258,655	587,496,794	299,761,861	66.2
Sub Total		887,258,655	587,496,794	299,761,861	66.2
Grand Total		7,983,710,937	2,901,856,686	5,081,854,251	36.3

Source: Nyandarua County Treasury

The programmes that performed well based on expenditure absorption were: Supply Chain Management at 86.9 per cent, County Statistics and Data Bank at 79.7 per cent, County Public Service Board at 77.8 per cent, and Economic Development Planning at 76.3 per cent of budget allocation.

3.36.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.125.30 million out of annual development budget of Kshs.3.07 billion. The development expenditure represented 4.1 per cent of the annual development.
2. A high wage bill, which accounted for 54.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.232.61 million against annual projection of Kshs.600 million. The realised amount represented 38.8 per cent of its annual target.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

3.37 Nyeri County

3.37.1 Overview of the FY 2019/20 Budget

The County's approved supplementary budget for FY 2019/20 was Kshs.8.84 billion, comprising of Kshs.3.05 billion (34.5 per cent) and Kshs.5.79 billion (65.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.41 billion (61.2 per cent) as equitable share of revenue raised nationally, Kshs.1.33 billion (15.1 per cent) as total conditional grants, generate Kshs.1 billion (11.3 per cent) from own sources of revenue, and had Kshs.1.1 billion (12.4 per cent) as cash balance from FY 2018/19.

3.37.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.89 billion as equitable share of the revenue raised nationally, Kshs.586.73 million as total conditional grants, raised Kshs.524.81 million from own-source revenue, and had a cash balance of Kshs.1.10 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.10 billion as shown in Table 3-175.

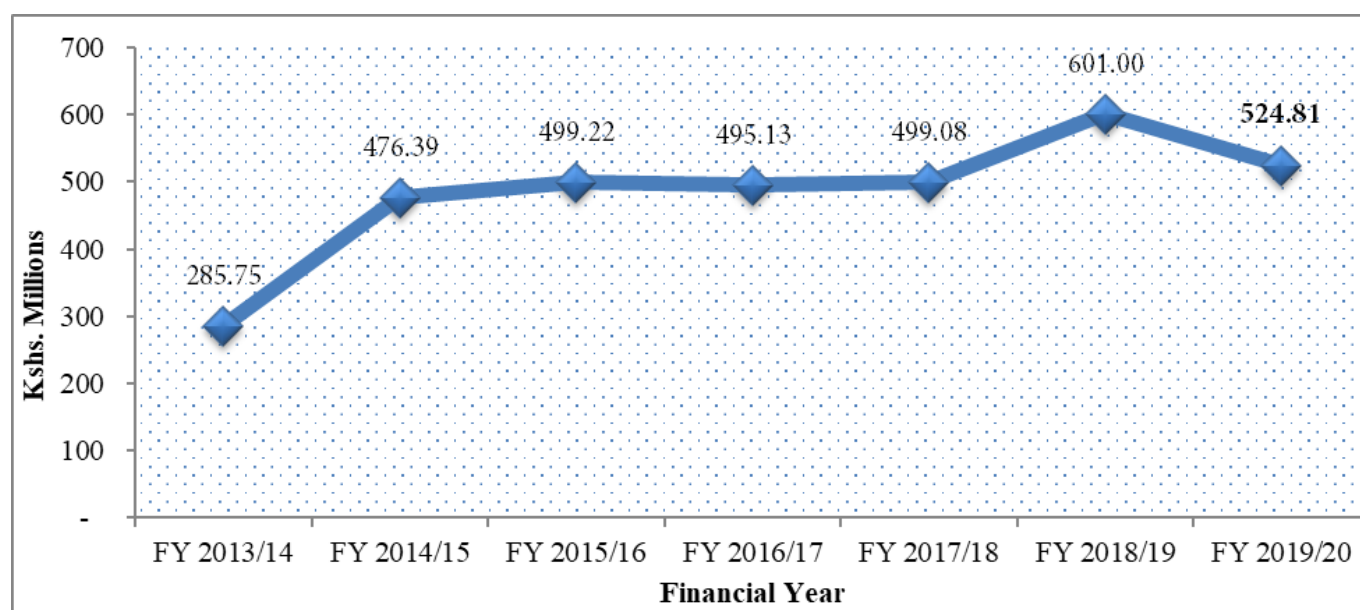
Table 3-175: Nyeri County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,412,150,000	5,412,150,000	3,891,335,850	71.9
B.	Conditional Grants from the National Government Revenue				
1.	Conditional Grants to Level-5 Hospitals	407,861,272	407,861,272	293,252,255	71.9
2.	Compensation for User Fee Foregone	13,701,379	13,701,379	-	-
3.	Universal Health care Project (GOK)	-	159,894,390	79,947,195	50
4.	Leasing of Medical Equipment	131,914,894	-	-	-
5.	Road Maintenance Fuel Levy Fund	153,627,469	153,627,469	76,813,735	50
6.	Rehabilitation of Village Polytechnics	55,143,298	55,143,298	27,571,649	50
Sub Total		762,248,312	790,227,808	477,584,834	62.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,181,184	50,181,184	19,219,748	38.3
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	186,033,960	186,033,960	82,425,346	44.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,639,100	-	-
5.	DANIDA Grant	15,000,000	15,000,000	7,500,000	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,187,858	15,187,858	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		541,842,102	541,842,102	109,145,094	20.1
D	Other Sources of Revenue				
1.	Own Source Revenue	1,000,000,000	1,000,000,000	524,807,962	52.5
2.	Balance b/f from FY 2018/19	1,098,807,774	1,098,807,774	1,098,807,774	100
Sub Total		2,098,807,774	2,098,807,774	1,623,615,736	77.4
Grand Total		8,815,048,188	8,843,027,684	6,101,681,514	69.2

Source: Nyeri County Treasury

Figure 3-71 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-71: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Nyeri County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.524.81 million as own-source revenue. This amount represented a decrease of 12.7 per cent when compared to Kshs.601 million realised during the same period in FY 2018/19, and represented 52.5 per cent of the annual target.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.06 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.772.86 million (15.3 percent) for development programmes and Kshs.4.29 billion (84.7 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

A total of Kshs.4.8 billion was spent on development and recurrent programmes and represented 94.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.539.31 million and Kshs.4.26 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 17.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 73.6 per cent.

3.37.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.91 billion was spent on compensation to employees, Kshs.1.35 billion on operations and maintenance, and Kshs.539.31 million on development expenditure.

Table 3-176: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,787,876,207	4,285,466,360	4,261,994,937	88.8	73.6
Compensation to Employees	3,635,564,701	2,907,500,000	2,906,423,575	60.5	79.9
Operations and Maintenance	2,152,311,506	1,377,966,360	1,355,571,363	28.2	63
Total Development Expenditure	3,055,151,477	772,862,007	539,312,983	11.2	17.7
Development Expenditure	3,055,151,477	772,862,007	539,312,984	11.2	17.7
Total	8,843,027,684	5,058,328,367	4,801,307,921	100	54.3

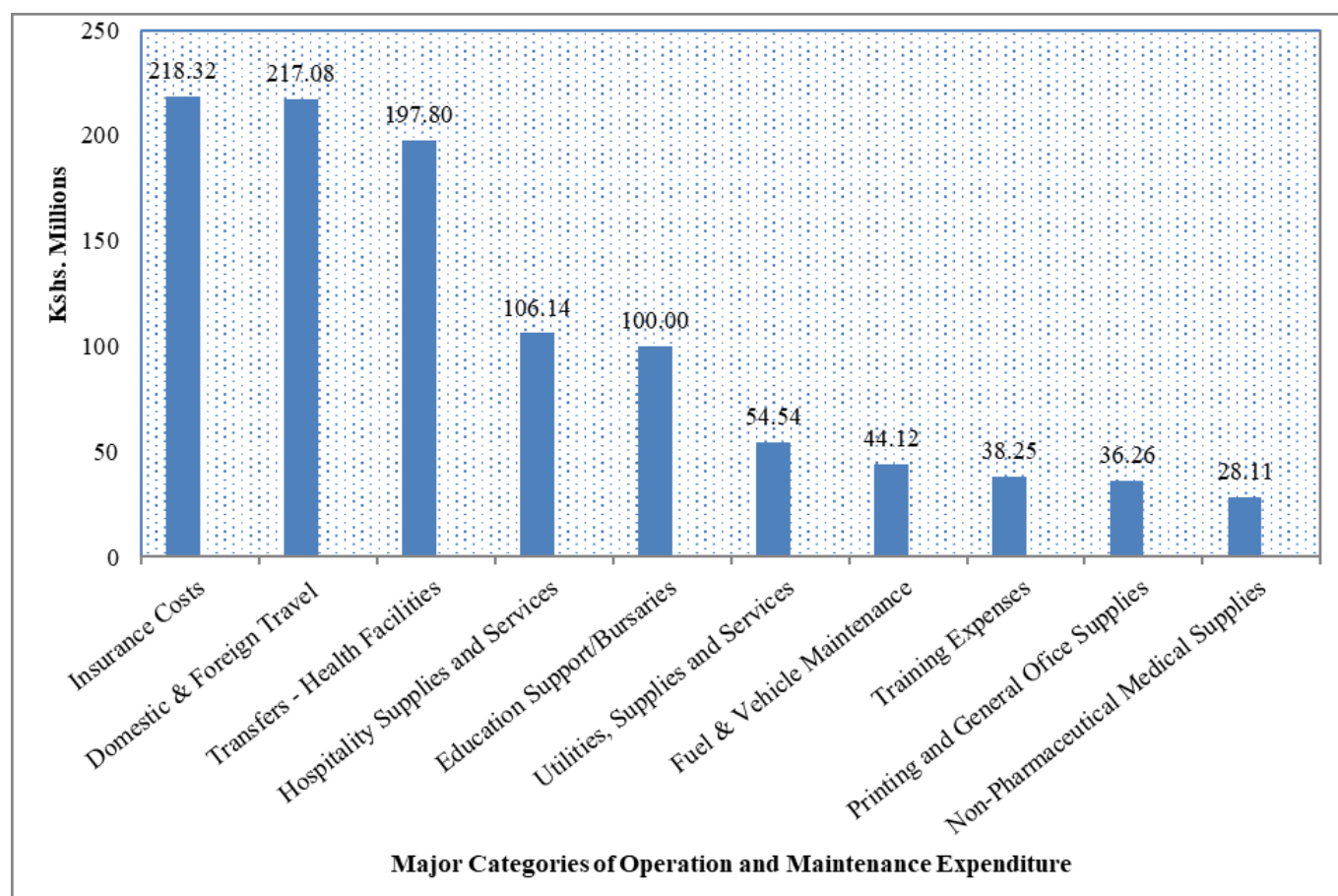
Source: Nyeri County Treasury

Expenditure on compensation to employees was 60.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 9.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.65 billion.

3.37.6 Analysis of Operations and Maintenance Expenditure

Figure 3-72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-72: Nyeri County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Nyeri County Treasury

The County spent Kshs.23.86 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.58,920 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.173.26 million and comprised of Kshs.106.54 million spent by the County Assembly and Kshs.66.72 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.43.82 million and comprised of Kshs.39.62 million spent by the County Assembly and Kshs.4.20 million spent by the County Executive.

3.37.7 Development Expenditure Analysis

The total development expenditure of Kshs.539.31 million represented 17.7 per cent of the annual development budget of Kshs.3.05 billion and represented a decrease of 10.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.602.95 million. Table 3-177 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-177: Nyeri County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Transport Termini at Asian quarters clearance Roads construction and main works	Rware	236,000,000	107,434,189	45.5
2	Other Capital transfers - Kenya Climate Smart Agriculture Project (KCSAP)	Gakawa, Thegu, Gatarakwa, Mugunda, Rugi and Mukurweini Central	226,938,149	89,538,626	39.5
3	Construction of New Naromoru Level 4 Hospital(Main Works)	Naromoru	229,776,792	83,864,428	36.5
4	Street Light Project	Countywide	26,689,900	26,689,900	100.0
5	Supply and delivery of 2 (two) 400 KVA generator sets at PGH Level 5 - Hospital	Rware	17,600,000	15,193,377	86.3
6	Agriculture Sector Development Support Project (ASDSP)	Countywide	27,796,087	12,624,729	45.4
7	Upgrading to bitumen standard of Railways-DCS Office-Ragati Bridge and Biashara Plaza-DEB pry-Law Courts roads	Karatina	30,365,349	11,027,679	36.3
8	Construction of Ruring'u Stadium Boundary Wall (Phase II)	Ruring'u	20,000,000	8,596,998	43.0
9	Artificial insemination (AI)	Countywide	10,000,000	8,527,800	85.3
10	Ihururu Rehabilitation centre	Dedan Kimathi	19,960,485	8,193,892	41.1

Source: Nyeri County Treasury

3.37.8 Budget Performance by Department

Table 3-178 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-178: Nyeri County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	149.92	-	111.27	-	108.71	-	97.7	-	72.5	-
Office of the County Secretary	308.39	7.51	279.77	5.58	259.87	5.58	92.9	100	84.3	74.4
Finance and Economic Planning	814.46	280.37	517.17	250.16	510.88	104.25	98.8	41.7	62.7	37.2
Lands, Physical Planning, Housing and Urbanization	46.96	678.76	37.75	42.05	36.84	112.22	97.6	266.9	78.4	16.5
Health, Public Health and sanitation	2,647.84	228.31	1,958.10	33.68	1,992.52	26.60	101.8	79	75.3	11.7
Gender and Social Services	71.08	45.70	40.90	0.76	34.72	0.76	84.9	100	48.8	1.7
County Public Service, Administration & Youth Affairs	61.39	-	47.74	-	46.11	-	96.6	-	75.1	-
Agriculture, Livestock and Fisheries	264.52	300.10	198.58	79.58	188.20	121.23	94.8	152.3	71.1	40.4
Trade, Culture, Tourism & Cooperative Development	57.08	66.37	38.19	12.45	35.36	12.45	92.6	100	61.9	18.8
Education, Science and Technology	388.58	133.76	314.85	38.18	314.98	42.41	100.0	111.1	81.1	31.7
Water, Environment & Natural resources	133.66	211.07	120.12	21.90	104.01	27.29	86.6	124.6	77.8	12.9
County Assembly	676.09	50.00	502.03	1.58	518.69	1.58	103.3	100	76.7	3.2

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
County Public Service Board	36.97	-	27.97	-	25.41	-	90.9	-	68.7	-
Transport, Public Works & Infrastructure	130.94	1,053.20	91.01	286.95	85.68	84.94	94.1	29.6	65.4	8.1
TOTAL	5,787.88	3,055.15	4,285.47	772.86	4,261.99	539.31	99.5	69.8	73.6	17.7

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Office of the County Secretary recorded the highest absorption rate of both development and recurrent budget at 74.4 per cent and 84.3 per cent respectively, while the Department of Gender and Social Services had the lowest absorption rate of both development and recurrent budget at 1.7 per cent and 48.8 per cent respectively.

3.37.9 Budget Execution by Programmes and Sub-Programmes

Table 3-179 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-179 : Nyeri County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Department	Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Implementation status (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	480,429,091	271,604,980	208,824,111	56.5
		County Agriculture Extension Program	14,892,751	3,405,243	11,487,508	22.9
	Wambugu ATC	Farm Development	9,746,988	9,603,498	143,490	98.5
	AMS Naromoru	Development Of Agricultural Land For Crop Production	8,903,922	10,010,522	-1,106,600	112.4
	Livestock Production Management	Provision of Extension Services to Livestock farmers	9,007,680	1,353,948	7,653,732	15.0
	Co-operative development	Cooperative Development And Management	5,195,077	661,879	4,533,198	12.7
	Fisheries development	Administrative Support Services	12,669,680	1,199,422	11,470,258	9.5
	Veterinary services	Administrative Support Services	28,971,680	12,251,766	16,719,914	42.3
	Sub-total		569,816,869	310,091,258	259,725,611	54.4
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	37,714,671	32,525,188	5,189,483	86.2
		Formulation of county spatial planning laws	150,000	193,250	-43,250	128.8
	Land Policy and Planning	Land Policy Formulation	682,938,277	114,389,266	568,549,011	16.7
	Housing Development and Human Settlement	Government Building	4,920,290	1,954,238	2,966,052	39.7
	Sub-total		725,723,238	149,061,942	576,661,296	20.5
Transport, Public Works Infrastructure and Energy	General administration and policy Development and implementation	Administration, planning and support services	87,818,245	70,597,684	17,220,561	80.4
	Energy Sector development	Street lighting programme	164,930,794	44,770,166	120,160,628	27.1
	Roads development, maintenance and management	County access and feeder roads improvement	931,384,662	55,253,164	876,131,498	5.9
	Sub-total		1,184,133,701	170,621,013	1,013,512,688	14.4

Department	Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Implementation status (%)
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	20,772,834	6,059,257	14,713,577	29.2
	Trade and Cooperative Development	Trade Promotion	97,480,440	41,084,779	56,395,661	42.1
	Sub-total		118,253,274	47,144,036	71,109,238	39.9
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,357,056,512	52,506,130	2,304,550,382	2.2
		Health Services	519,098,172	1,699,143,711	-1,180,045,539	327.3
	Sub-total		2,876,154,684	1,751,649,841	1,124,504,843	60.9
Education, Sports, Science and Technology	General administration and policy Development and implementation	Administrative Support Services	438,500,580	315,792,246	122,708,334	72.0
	County Sports Development	Search and nurture talents	56,456,510	325,711,207	-269,254,697	576.9
	ECDE Management	ECDE Management	3,349,000	5,073,441	-1,724,441	151.5
	ICT Development	ICT Infrastructure Development	24,034,000	3,037,180	20,996,820	12.6
	Sub-total		522,340,090	649,614,074	-127,273,984	124.4
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	147,020,638	1,160,640	145,859,998	0.8
		Management of county affairs	2,900,000	106,490,555	-103,590,555	3672.1
	Sub-total		149,920,638	107,651,195	42,269,443	71.8
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	289,930,477	7,805,559	282,124,918	2.7
		Coordination of functions of the County Executive Committee	24,968,468	243,615,393	-218,646,925	975.7
	Sub-total		314,898,945	251,420,952	63,477,993	79.8
Finance and Economic Planning	Executive services	Administration and personnel services	994,188,265	120,133,561	874,054,704	12.1
	Economic Planning	Monitoring and Evaluation	6,000,000	456,451,355	-450,451,355	7607.5
	Revenue Mobilization	Revenue Mobilization	45,995,000	2,002,970	43,992,030	4.4
	Public Finance Management	Financial Accounting	13,350,000	518,692,569	-505,342,569	3885.3
		Procurement Compliance and Reporting	10,500,000	369,730	10,130,270	3.5
		Internal Audit	10,980,000	46,112,367	-35,132,367	420.0
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	13,820,000	25,411,992	-11,591,992	183.9
	Sub-total		1,094,833,265	1,169,174,543	-74,341,278	106.8
County Assembly	General administration, Policy Development and implementation	Administration and planning services	726,085,232	9,925,891	716,159,341	1.4
County Public Service Management	Community sensitization, education and public participation	County publicity campaign	1,000,000	5,698,517	-4,698,517	569.9
	Human resources Management	Administration Planning and Support Services	61,391,918	6,135,682	55,256,236	10.0
	Sub-total		62,391,918	11,834,199	50,557,719	19.0
County Public Service Board		Administration and Personnel Services	36,966,959	6,200,082	30,766,877	16.8

Department	Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Implementation status (%)
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	54,217,408	27,564,030	26,653,378	50.8
	Social development	Administration and planning services	58,301,189	6,244,185	52,057,004	10.7
		County children's home management	4,260,000	1,664,904	2,595,096	39.1
	Sub-total		116,778,597	35,473,119	81,305,478	30.4
Water, Sewerage and Sanitation Services, Environment & Natural Resources	Water Management	Administrative Support Services	291,576,774	105,812,362	185,764,412	36.3
	Sanitation management	Administrative Support Services	34,840,260	9,383,811	25,456,449	26.9
	Environmental Management	Environment Conservation, Protection and Management	18,313,240	16,109,852	2,203,388	88.0
	Sub-total		344,730,274	131,306,026	213,424,248	38.1
Grand Total			8,843,027,684	4,801,168,172	4,041,859,513	54.3

Source: Nyeri County Treasury

3.37.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/2020. The County spent Kshs.539.31 million out of annual development budget of Kshs.3.05 billion. The development expenditure represented 17.7 per cent of the annual development.
2. A high wage bill, which accounted for 60.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Under performance of own revenue at Kshs.524.81 million against annual projection of Kshs.1.0 billion. The realised own source revenue represented 52.5 per cent of its annual target.
4. Failure by the National Treasury to disburse the equitable share of revenue raised nationally as per the Disbursement Schedule during the first nine months of FY 2019/20.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-179 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
4. The County Treasury should liaise with the National Treasury to ensure that allocated funds are released in a timely manner in line with the Approved Disbursement Schedule.
5. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.38 Samburu County

3.38.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.6.94 billion, comprising of Kshs.2.44 billion (35.2 per cent) and Kshs.4.49 billion (64.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.62 billion (66.6 per cent) as equitable share of revenue raised nationally, Kshs.1.06 billion (15.3 per cent) as total conditional grants, generate Kshs.267 million (3.8 per cent) from own sources of revenue, and had Kshs.984.3 million (14.2 per cent) as cash balance from FY 2018/19.

3.38.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.52 billion as equitable share of the revenue raised nationally, Kshs.87.04 million as total conditional grants and had raised Kshs.205.21 million from own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.2.81 billion as shown in Table 3-180.

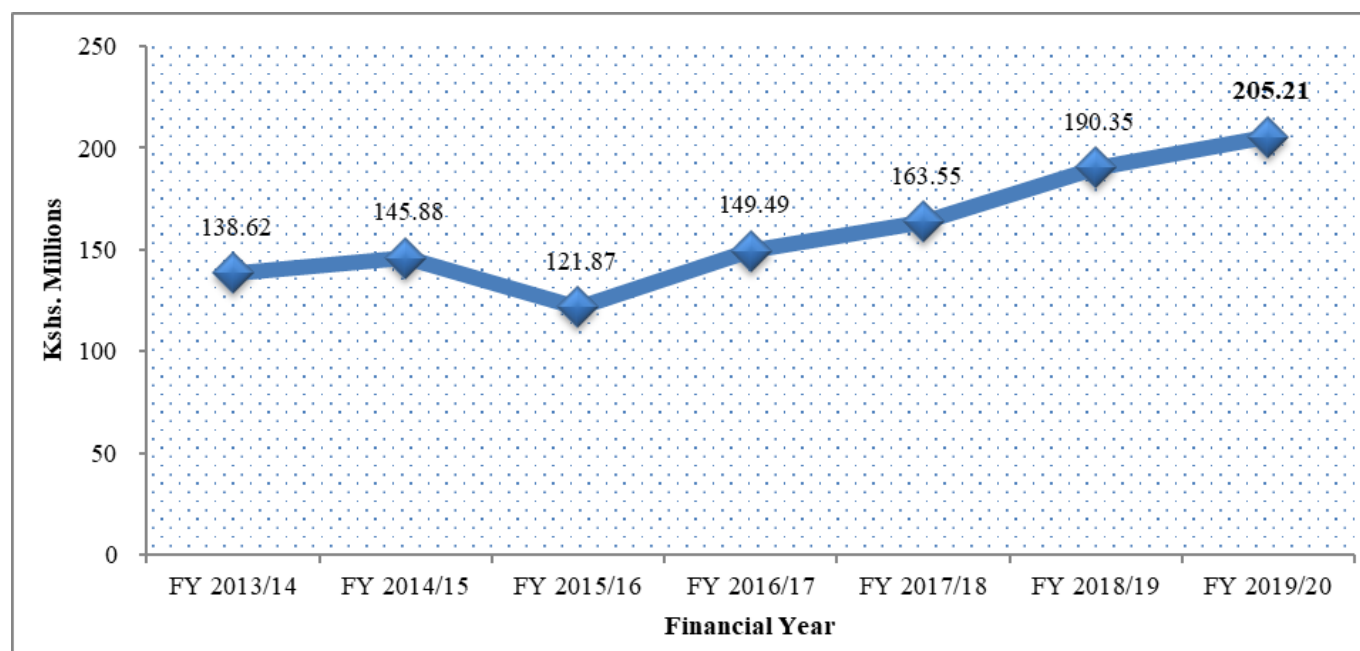
Table 3-180: Samburu County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,620,900,000	4,620,900,000	2,518,054,713	54.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	5,235,578	5,235,578	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	131,167,313	264,413,635	-	-
4.	Rehabilitation of Village Polytechnics	15,483,298	15,483,298	7,741,649	50
	Sub Total	283,801,083	417,047,405	7,741,649	2.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	52,658,727	26,751,418	76.4
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	45,941,836	13.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	100,000,000	-	-
5.	DANIDA Grant	13,218,750	13,218,750	6,609,375	50
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	32,159,348	32,159,348.00	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,994,320	18,994,320	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
	Sub Total	538,172,418	647,031,145	79,302,629.55	14.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	267,032,787	205,210,857	78.6
2.	Balance b/f from FY2018/19	-	984,259,986	-	-
	Sub Total	-	1,251,292,773	205,210,857	16.4
	Grand Total	5,442,873,501	6,936,271,323	2,810,309,849	51.6

Source: Samburu County Treasury

Figure 3-73 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-73: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Samburu County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.205.21 million as own-source revenue. This amount represented an increase of 7.8 per cent when compared to Kshs.190.35 million realised during the same period in FY 2018/19, and translates to 76.8 per cent of the annual target.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.61 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.47.74 million (1.8 per cent) for development programmes and Kshs.2.56 billion (98.2 per cent) for recurrent programmes.

3.38.4 Overall Expenditure Review

A total of Kshs.2.62 billion was spent on development and recurrent programmes and represented 100.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.147.37 million and Kshs.2.47 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 55 per cent.

3.38.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.66 billion was spent on compensation to employees, Kshs.813.73 million on operations and maintenance, and Kshs.147.37 million on development expenditure.

Table 3-181: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,494,765,488	2,557,357,343	2,471,933,081	94.4	55
Compensation to Employees	2,057,958,431	1,325,444,735	1,658,203,526	63.3	80.6
Operations and Maintenance	2,436,807,057	1,231,912,608	813,729,555	31.1	33.4
Total Development Expenditure	2,441,505,835	47,741,649	147,367,279	5.6	6
Development Expenditure	2,441,505,835	47,741,649	147,367,279	5.6	6
Total	6,936,271,323	2,605,098,992	2,619,300,360	100	37.8

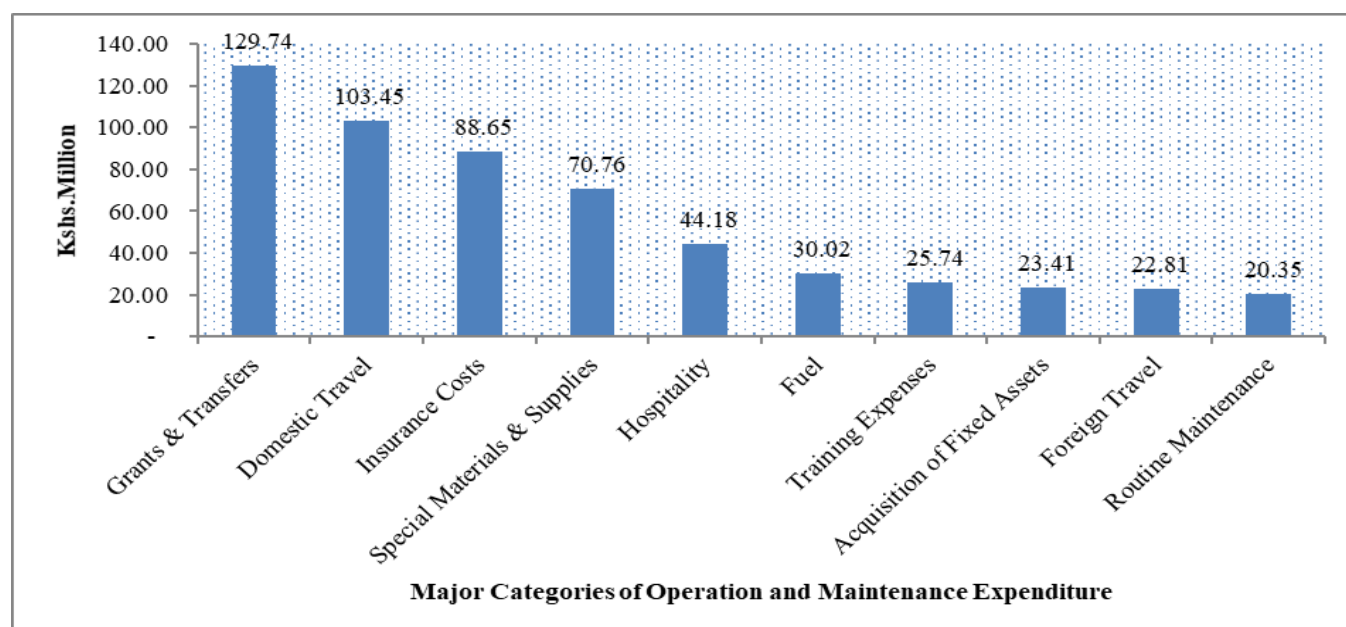
Source: Samburu County Treasury

Expenditure on compensation to employees was 63.3 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 23.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.34 billion.

3.38.6 Analysis of Operations and Maintenance Expenditure

Figure 3-74 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-74: Samburu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Samburu County Treasury

The County spent Kshs.5.12 million on committee sitting allowances for the 28 MCAs and Speaker against the revised annual budget allocation of Kshs.10.88 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.20,317 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.103.45 million and comprised of Kshs.18.41 million spent by the County Assembly and Kshs.85.04 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.22.81 million and comprised of Kshs.9.32 million by the County Assembly and Kshs.13.48 million spent by the County Executive.

3.38.7 Development Expenditure Analysis

The total commitments on development expenditure of Kshs.147.37 million represented 6 per cent of the annual development budget of Kshs.2.44 billion and represented a decrease of 66.6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.441.07 billion. Table 3-182 provides a summary of the development projects with the highest expenditure in the first nine months of the financial year.

Table 3-182: Samburu County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Support towards 10 conservancies	Countywide	44,342,531	44,342,531	100.0
2	Construction of Arsim Irrigation Project Phase II	Baragoi	17,738,407	17,738,407	100.0
3	Construction of Maralal Polytechnic administration block	Samburu Central	10,797,890	10,797,890	100.0
4	Youth and Women Enterprise Fund SME Groups Revolving Funds	Samburu Central	10,000,000	10,000,000	100.0
5	Routine Maintenance of Maralal Town Roads	Central	8,369,400	8,369,400	100.0
6	Improvement of UNCL Roar Lolkuniyani-Ngilai-Ndonyo Wasin	Samburu East	6,866,000	6,866,000	100.0

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
7	Drilling and Equipping of 7 boreholes at Samburu Central	Samburu Central	6,125,954	6,125,954	100.0
8	Improvement of UNCL Road Lesirikan-Keleswa	Samburu North	5,808,500	5,808,500	100.0
9	Supply of ECD learning materials	Samburu Central	4,926,450	4,926,450	100.0
10	Construction of dumpsite and perimeter wall	Waso Ward	3,617,310	3,617,310	100.0

Source: Samburu County Treasury

3.38.8 Budget Performance by Department

Table 3-183 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-183: Samburu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.30	80.00	369.43	-	332	-	90	-	67.8	-
County Executive	480.97	12.00	248.75	-	332	-	133.5	-	69	-
Finance, Economic Planning & ICT	748.80	55.52	355.14	-	309	-	87.1	-	41.3	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	538.03	339.05	335.59	-	153	22.17	45.8	-	28.6	6.5
Water, Environment, Natural Resources & Energy	182.12	407.67	88.56	-	58	14.28	66.2	-	32.2	3.5
Education and Vocational Training	438.49	165.24	310.84	7.7	351	30.17	113.1	389.7	80.2	18.3
Medical Services, Public Health & Sanitation	988.91	359.41	553.76	-	668	1.35	120.8	-	67.6	0.4
Lands, Housing, Physical Planning & Urban Development	143.11	164.97	50.03	-	35	-	70.5	-	24.6	-
Roads, Transport & Public Works	115.42	627.75	57.21	-	36	27.46	63.4	-	31.4	4.4
Tourism, Trade, Enterprise Development & Cooperatives	195.70	173.89	97.51	40	118	51.94	121.3	129.9	60.5	29.9
Culture, Social Services, Gender, Sports & Youth Affairs	172.90	56.00	90.53	-	75	-	83.3	-	43.6	-
TOTAL	4,494.77	2,441.51	2,557.36	47.74	2,471.93	147.37	96.7	308.7	55	6

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded the highest absorption rate of development budget at 29.9 per cent followed by the Department of Education and Vocational Training at 18.3 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to its recurrent budget at 80.2 per cent while the Department of Lands, Housing, Physical Planning & Urban Development had the lowest at 24.6 per cent.

3.38.9 Budget Execution by Programmes and Sub-Programmes

Table 3-184 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-184 : Samburu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
COUNTY EXECUTIVE					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	218,324,512	134,249,212	84,075,300	61.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	0704014210 SP2 Administration of Human Resources in County Public Service	66,354,595	36,609,198	29,745,397	55.2
	0701034210 SP3 Sub County Administration	170,868,388	129,989,113	40,879,275	76.1
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	37,421,177	31,163,896	6,257,281	83.3
	Sub total	492,968,672	332,011,419	160,957,253	67.4
FINANCE, ECONOMIC PLANNING & ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	496,099,408	153,926,830	342,172,578	31
	0705024210 SP2 ICT Services	68,039,343	8,417,171	59,622,172	12.4
	Sub total	564,138,751	162,344,001	401,794,750	28.8
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	33,881,646	28,956,041	4,925,605	85.5
	0706024210 SP2 Resource Mobilization	62,385,301	50,367,670	12,017,631	80.7
	0706034210 SP3 Internal Audit	24,079,558	9,348,815	14,730,743	38.8
	0706044210 SP4 Supply Chain Management	21,125,208	15,038,682	6,086,526	71.2
	0706014210 SP1 Budget Formulation Coordination and Management	10,579,310	9,689,391	889,919	91.6
	0706064210 SP6 Fiscal Planning	66,706,152	17,570,344	49,135,808	26.4
	Sub total	218,757,175	130,970,943	87,786,232	59.9
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	6,890,240	4,322,207	2,568,033	62.7
	Sub total	6,890,240	4,322,207	2,568,033	62.7
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	14,531,022	11,663,766	2,867,256	80.3
	Sub total	14,531,022	11,663,766	2,867,256	80.3
AGRICULTURE, LIVESTOCK DEVELOPMENT, VETERINARY SERVICES & FISHERIES					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	412,577,318	78,652,225	333,925,093	19.1
	Sub total	412,577,318	78,652,225	333,925,093	19.1
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock policy development and capacity building	15,943,416	9,875,142	6,068,274	61.9
	0103024210 SP2 Livestock Production and Management	167,429,252	36,830,702	130,598,550	22
	0103034210 SP3 Livestock Diseases management and control	50,546,262	7,972,331	42,573,931	15.8
	0103044210 SP4 Livestock marketing and rangeland management	9,280,755	5,870,582	3,410,173	63.3
	Sub total	243,199,685	60,548,757	182,650,928	24.9
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of fisheries	8,471,220	5,013,945	3,457,275	59.2
	Sub total	8,471,220	5,013,945	3,457,275	59.2
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	185,553,325	26,482,177	159,071,148	14.3
	0105024210 SP2 Food security Initiatives	27,280,199	5,317,814	21,962,385	19.5
	Sub total	212,833,524	31,799,991	181,033,533	14.9
WATER, ENVIRONMENT, NATURAL RESOURCES & ENERGY					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	124,451,982	28,395,951	96,056,031	22.8
	Sub total	124,451,982	28,395,951	96,056,031	22.8
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	19,326,039	3,343,973	15,982,066	17.3

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	1002024210 SP2 Forests Conservation and Management	7,206,368	1,259,793	5,946,575	17.5
	Sub total	26,532,407	4,603,766	21,928,641	17.4
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	8,260,886	1,262,249	6,998,637	15.3
	1003034210 SP3 Mining Services	7,066,000	2,062,500	5,003,500	29.2
	1003044210 SP4 Water catchment and protection services	69,661,708	515,151	69,146,557	0.74
	Sub total	84,988,594	3,839,900	81,148,694	4.5
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water management	7,193,593	1,156,200	6,037,393	16.1
	1004024210 SP2 Water and sanitation services	346,624,635	34,897,558	311,727,077	10.1
	Sub total	353,818,228	36,053,758	317,764,470	10.2
EDUCATION AND VOCATIONAL TRAINING					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	198,023,558	142,013,170	56,010,388	71.7
	Sub total	198,023,558	142,013,170	56,010,388	71.7
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalization of Youth Polytechnics	35,681,294	3,492,866	32,188,428	9.8
	Sub total	35,681,294	3,492,866	32,188,428	9.8
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education	370,028,446	236,285,809	133,742,637	63.9
	Sub total	370,028,446	236,285,809	133,742,637	63.9
MEDICAL SERVICES, PUBLIC HEALTH & SANITATION					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion	85,748,104	81,682,783	4,065,321	95.3
	0402014210 SP1 Nutrition	14,144,518	7,418,339	6,726,179	52.5
	0401054210 SP3 Communicable Disease Control	82,991,734	71,738,284	11,253,450	86.4
	0401064210 SP4 Non-communicable Disease Prevention & Control	38,870,936	33,764,419	5,106,517	86.9
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	61,112,750	48,883,226	12,229,524	80
	Sub total	282,868,042	243,487,051	39,380,991	86.1
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	360,109,585	261,180,449	98,929,136	72.5
	0402054210 SP2 Free Primary Health Services	158,200,280	58,574,964	99,625,316	37
	Sub total	518,309,865	319,755,413	198,554,452	61.7
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure development	368,462,715	6,132,610	362,330,105	1.7
	0403034210 SP2 Human Resource Management and Development	71,762,075	50,174,754	21,587,321	69.9
	0403044210 SP3 Monitoring and Evaluation, Research and Development	4,825,018	2,682,447	2,142,571	55.6
	0403054210 SP4 Health Policy, Planning & Financing	45,009,299	18,812,558	26,196,741	41.8
	0403064210 SP5 Health standards and quality assurance Services	57,090,371	29,181,448	27,908,923	51.1
	Sub total	547,149,478	106,983,817	440,165,661	19.6
LANDS, HOUSING, PHYSICAL PLANNING & URBAN DEVELOPMENT					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	56,999,546	10,658,902	46,340,644	18.7
	Sub total	56,999,546	10,658,902	46,340,644	18.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land use planning	27,414,274	3,134,750	24,279,524	11.4
	0102034210 SP2 Land Survey And Mapping	36,150,255	4,359,088	31,791,167	12.1
	0102044210 SP3 Housing management services	1,039,769	162,041	877,728	15.6
	Sub total	64,604,298	7,655,879	56,948,419	11.9
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban centre management	186,481,216	16,953,785	169,527,431	9.1
	Sub total	186,481,216	16,953,785	169,527,431	9.1
ROADS, TRANSPORT & PUBLIC WORKS					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	96,934,100	15,478,107	81,455,993	16
	0201034210 SP2 Firefighting services	385,786	100,541	285,245	26.1
	0201044210 SP3 Design, implementation and supervision of public buildings	20,296,380	5,963,609	14,332,771	29.4
	Sub total	117,616,266	21,542,257	96,074,009	18.3
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, rehabilitation and maintenance of Roads and Bridges	587,348,806	30,818,365	556,530,441	5.3
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,904,542	4,247,042	6,657,500	39
	0202034210 SP3 Street lights management	22,656,658	4,926,246	17,730,412	21.7
	0202044210 SP4 Public Road transport and Parking	4,650,189	2,188,250	2,461,939	47.1
	Sub total	625,560,195	42,179,903	583,380,292	6.7
TOURISM, TRADE, ENTERPRISE DEVELOPMENT & COOPERATIVES					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	54,806,203	7,565,531	47,240,672	13.8
	Sub total	54,806,203	7,565,531	47,240,672	13.8
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	19,691,510	4,379,101	15,312,409	22.2
	Sub total	19,691,510	4,379,101	15,312,409	22.2
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	217,847,189	118,716,648	99,130,541	54.5
	Sub total	217,847,189	118,716,648	99,130,541	54.5
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic trade development	54,301,359	25,779,115	28,522,244	47.5
	Sub total	54,301,359	25,779,115	28,522,244	47.5
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	22,944,656	13,810,063	9,134,593	60.2
	Sub total	22,944,656	13,810,063	9,134,593	60.2
CULTURE, SOCIAL SERVICES, GENDER, SPORTS & YOUTH AFFAIRS					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	47,416,736	25,970,476	21,446,260	54.8
	Sub total	47,416,736	25,970,476	21,446,260	54.8
0902004210 P2 Culture and social Services development	0902014210 SP1 Conservation of Heritage	2,403,600	1,503,680	899,920	62.6
	0902024210 SP2 Development and Promotion of Culture	32,659,858	5,489,030	27,170,828	16.8
	0902034210 SP3 Social Welfare and Gender	46,227,500	17,653,420	28,574,080	38.2

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	0902044210 SP4 Community Mobilization and development	9,507,810		2,567,467	6,940,343	27
	Sub total	90,798,768		27,213,597	63,585,171	30
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	37,572,000		1,211,950	36,360,050	3.2
	Sub total	37,572,000		1,211,950	36,360,050	3.2
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	36,928,844		14,758,676	22,170,168	40
	Sub total	36,928,844		14,758,676	22,170,168	40
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	16,186,002		6,242,100	9,943,902	38.6
	Sub total	16,186,002		6,242,100	9,943,902	38.6
COUNTY ASSEMBLY						
0707004210 P1 County Assembly Administration	0707014210 SP1 Legislative and Oversight	54,761,166		30,969,256	23,791,910	56.6
	0707024210 SP2 County Assembly Administration	296,730,088		144,293,725	152,436,363	48.6
	0707034210 SP3 Representation	218,805,780		157,160,641	61,645,139	71.8
	Sub total	570,297,034		332,423,622	237,873,412	58.3
Grand Total		6,936,271,323		2,619,300,360	4,316,970,963	37.8

Source: Samburu County Treasury

The programmes that performed well based on expenditure absorption were: Preventive and Promotive Health Services at 86.1 per cent, Special Programs at 80.3 per cent, Education's Administrative Services at 71.7 per cent, and Management of County Affairs at 67.4 per cent of budget allocation.

3.38.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.147.37 million (including unsettled commitments of Kshs.100 million) out of annual development budget of Kshs.2.44 billion. The development expenditure represented 6 per cent of the annual development.
2. A high wage bill, which accounted for 63.3 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.

3.39 Siaya County

3.39.1 Overview of the FY 2019/20 Budget

The County's approved budget for FY 2019/20 was Kshs.9.22 billion, comprising of Kshs.4.35 billion (47.2 per cent) and Kshs.4.87 billion (52.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expected to receive Kshs.5.67 billion (61.5 per cent) as equitable share of revenue raised nationally, Kshs.715.54 million (7.8 per cent) as total conditional grants, generate Kshs.420 million from own source revenue, and had Kshs.2.41 billion (26.2 per cent) as cash balance from FY 2018/19.

3.39.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.57 billion as equitable share of the revenue raised nationally, Kshs.120.63 million as total conditional grants, raised Kshs.130.54 million from own-source revenue, and had a cash balance of Kshs.1.6 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.52 billion as shown in Table 3-185.

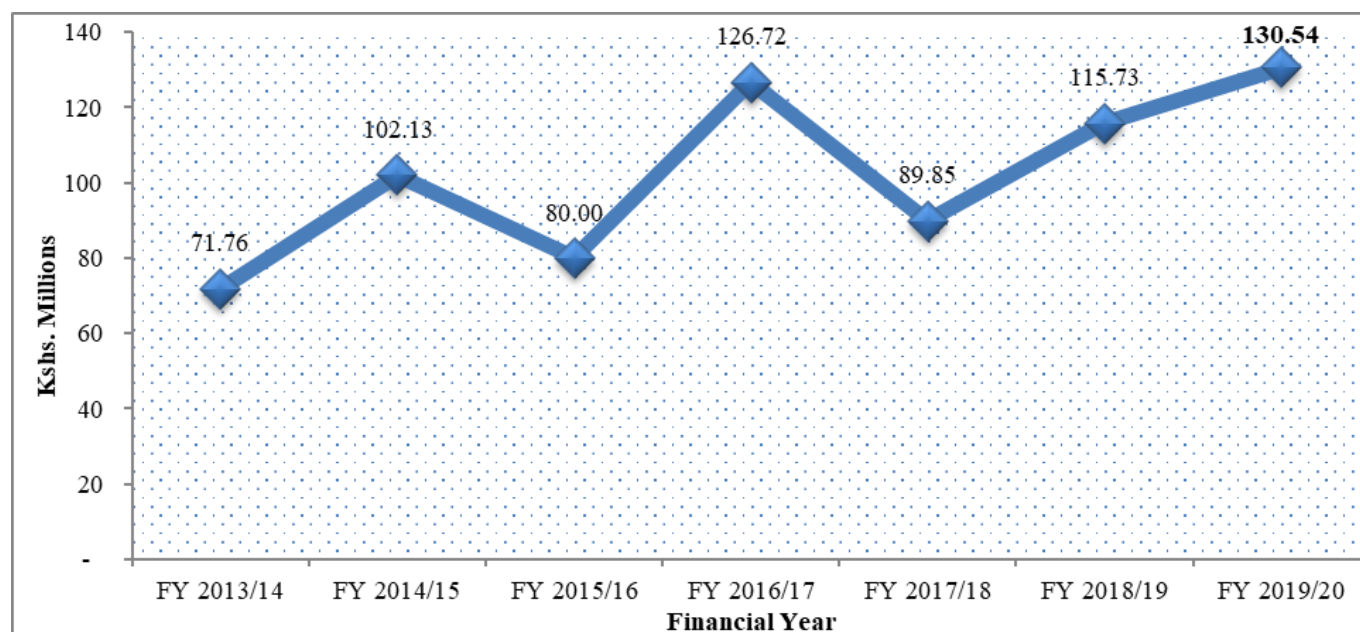
Table 3-185: Siaya County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,791,750,000	5,673,000,000	2,571,625,800	45.330968
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	18,194,808	18,194,808	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	164,408,344	164,408,344	82,204,172	50.0
4	Rehabilitation of Village Polytechnics	40,278,298	40,278,298	20,139,149	50.0
Sub Total		354,796,344	354,796,344	102,343,321	28.8
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	42,327,625	42,327,625	42,427,178	100.2
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	142,126,290	142,126,290	54,479,856	38.3
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	-	-
5	DANIDA Grant - Universal Healthcare for Devolved System Program	25,932,368	25,932,368	9,000,000	34.71
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,561,840	16,561,840	14,718,200	88.87
7	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	45,000,000	-	-
8	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
Sub Total		395,748,123	360,748,123	120,625,233	33.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	420,000,000	130,535,749	31.1
2.	Balance b/f from FY 2018/19	-	2,414,805,672	1,599,831,468	66.3
Sub Total		-	2,834,805,672	1,730,367,217	61.0
Grand Total		6,542,294,467	9,223,350,139	4,524,961,572	49.1

Source: Siaya County Treasury

Figure 3-75 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-75: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Siaya County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.130.54 million as own-source revenue. This amount represented an increase of 12.8 per cent when compared to Kshs.115.73 million realised during the same period in FY 2018/19, and represented 31.1 per cent of the annual target.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.38 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.896.61 million (20.5 percent) for development programmes and Kshs.3.48 billion (79.5 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

A total of Kshs.4 billion was spent on development and recurrent programmes and represented 91.5 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.766.43 million and Kshs.3.24 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 17.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 66.5 per cent.

3.39.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.9 billion was spent on compensation to employees, Kshs.1.34 million on operations and maintenance, and Kshs.766.43 million on development expenditure.

Table 3-186: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget FY 2019/20 (Kshs.)	Total Exchequer Issues (Kshs.)	Total Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,870,249,502	3,479,685,951	3,237,801,936	80.9	66.5
Compensation to Employees	2,926,638,524	2,021,764,596	1,896,982,630	47.4	64.8
Operations and Maintenance	1,943,610,978	1,457,921,355	1,340,819,306	33.5	69
Total Development Expenditure	4,353,100,637	896,609,175	766,432,284	19.1	17.6
Development expenditure	4,353,100,637	896,609,175	766,432,284	19.1	17.6
Grand Total	9,223,350,139	4,376,295,126	4,004,234,220	100.0	43.4

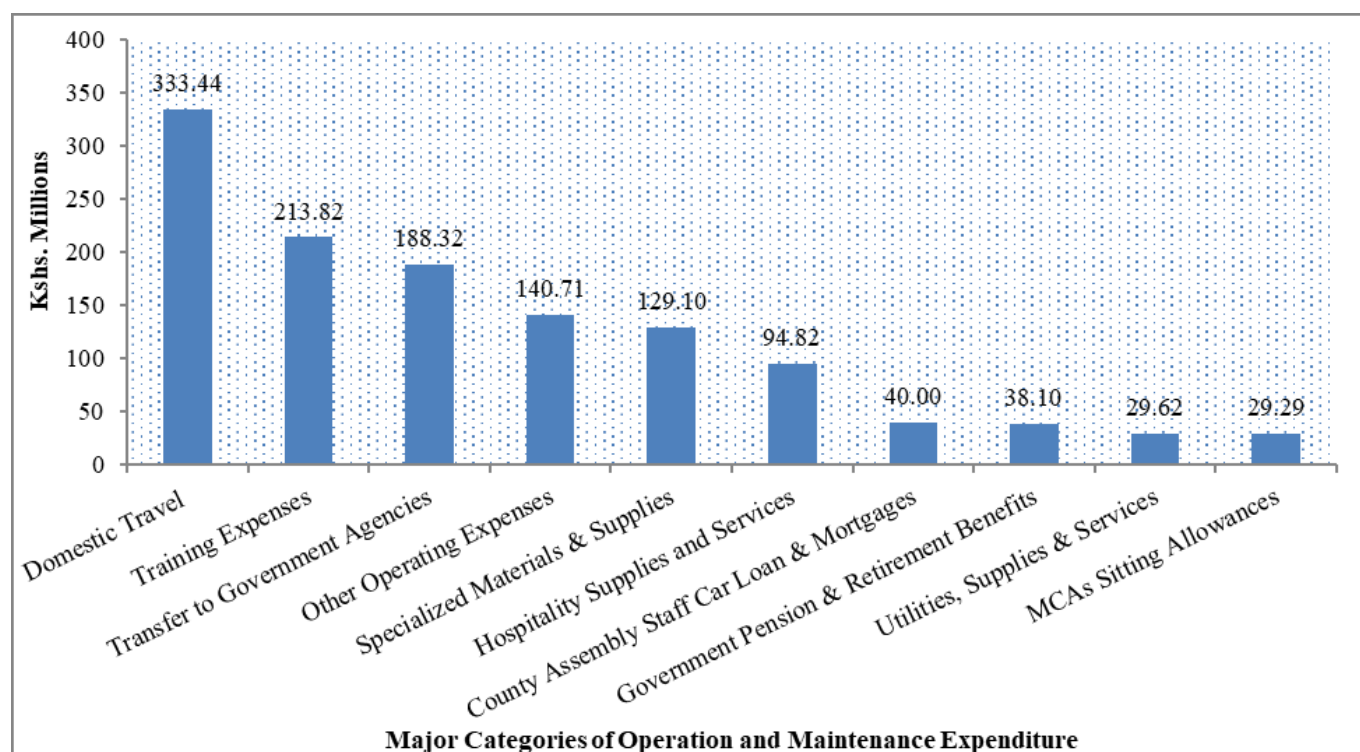
Source: Siaya County Treasury

Expenditure on compensation to employees was 47.4 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 6 per cent compared to a similar period in FY2018/19 when the County spent Kshs.2.02 billion.

3.39.6 Analysis of Operations and Maintenance Expenditure

Figure 3-76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-76: Siaya County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Siaya County Treasury

The County spent Kshs.29.29 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.54.62 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.75,691 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.333.44 million and comprised of Kshs.85.03 million spent by the County Assembly and Kshs.248.41 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.17.38 million and comprised of Kshs.4.7 million by the County Assembly and Kshs.12.68 million spent by the County Executive.

3.39.7 Development Expenditure Analysis

The total development expenditure of Kshs.766.43 million represented 17.6 per cent of the annual development budget of Kshs.4.35 billion and represented an increase of 327.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.179.29 billion. Table 3-187 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-187: Siaya County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Construction of Siaya Stadium	Tourism, Culture, Sports & Arts	Executive	232,000,000	76,035,016	76,035,016	32.8
2	Construction of Proposed County Headquarters Annex	Governance and Administration	Executive	44,000,000	31,122,006	31,122,006	70.7
3	Supply and delivery of tractors to agriculture department	Agriculture, Food, Livestock & Fisheries	Headquarters	15,383,574	-	15,383,574	100

S/No.	Project Name	Department	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
4	Construction of maternity wing at Ambira Sub-County Hospital	County Health Services	Ambira	13,687,355	10,056,776	10,056,776	73.5
5	Consultation Services For Construction of Stadium	Tourism, Culture, Sports and Arts	Executive	232,000,000	9,000,000	9,000,000	3.9
6	Pipeline extension from Boro market Uranga Mwer Nyadorera	Water, Irrigation, Environment & Natural Resources	West Alego	16,087,671	7,824,989	7,824,989	48.6
7	Construction of perimeter wall and laying of cabros at the Finance department	Finance and Economic Planning	Executive	11,031,807	7,357,543	7,357,543	66.7
8	Proposed fencing community water point and livestock trough at Uranga Pan	Agriculture, Food, Livestock & Fisheries	North Alego	5,650,168	5,650,168	5,650,168	100
9	Equipping Nyamasore borehole and Pap Otere borehole	Water, Irrigation, Environment & Natural Resources	Rarieda	5,500,000	5,499,391	5,499,391	100
10	Construction of Sheltered workshop at Nyasanda	Education, Youth Affairs, Gender & Social Services	Ugunja	5,000,000	5,000,000	5,000,000	100

Source: Siaya County Treasury

3.39.8 Budget Performance by Department

Table 3-188 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-188: Siaya County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec.	Dev	Rec.	Dev	Rec.	Dev	Rec.	Dev	Rec.	Dev
Governance and Administration	586.47	86.78	455.66	41.03	449.00	31.12	98.5	75.9	76.6	35.9
Finance and Economic Planning	513.83	17.03	330.56	11.72	382.19	8.02	115.6	68.4	74.4	47.1
Agriculture, Food, Livestock & Fisheries	263.94	361.51	194.70	102.54	197.14	49.96	101.3	48.7	74.7	13.8
Water, Irrigation, Environment & Natural Resources	64.51	472.09	51.50	81.30	50.93	68.73	98.9	84.5	79	14.6
Education, Youth Affairs, Gender & Social Services	310.43	418.82	174.97	71.44	167.30	63.81	95.6	89.3	53.9	15.2
County Health Services	1,941.42	671.44	1,408.75	87.18	1,202.93	66.30	85.4	76.1	62.0	9.9
Lands, Physical Planning, Urban Development and Housing	136.08	156.71	103.99	0.60	92.28	0.60	88.7	-	67.8	0.4
Roads, Public Works, Energy and Transport	87.20	1,002.64	69.42	266.23	57.80	260.83	83.3	98.0	66.3	26
Enterprise and Industrial Development	126.90	214.60	102.68	37.52	88.56	34.24	86.2	91.3	69.8	16
Tourism, Culture, Sports and Arts	93.17	362.85	76.20	99.26	72.59	85.04	95.3	85.7	77.9	23.4
County Assembly	746.31	588.64	511.25	97.79	477.09	97.79	93.3	100.0	63.9	16.6
TOTAL	4,870.2	4,353.1	3,479.7	896.6	3,237.80	766.43	93.0	85.5	66.5	17.6

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 47.1 per cent while the Department of Lands, Physical Planning, Urban Development and Housing reported the least expenditure on development activities at 0.4 per cent. The Department

of Water, Irrigation, Environment & Natural Resources had the highest percentage of recurrent expenditure to its recurrent budget at 79 per cent while the Department of Education, Youth Affairs, Gender & Social Services had the lowest at 53.9 per cent.

3.39.9 Budget Execution by Programmes and Sub-Programmes

Table 3-189 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-189 : Siaya County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption rate (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representation	308,711,142	220,454,523	88,256,619	71.4
	Sub total	308,711,142	220,454,523	88,256,619	71.4
Legislative Oversight	Legislative Oversight	82,352,400	70,460,545	11,891,855	85.6
	Sub total	82,352,400	70,460,545	11,891,855	85.6
General administration and planning support services	General administration and planning support services	943,886,097	283,958,714	659,927,383	30.1
	Sub total	943,886,097	283,958,714	659,927,383	30.1
GOVERNANCE AND ADMINISTRATION					
Coordination of devolved services	Coordination of devolved services	48,040,356	19,016,112	29,024,244	39.6
	Sub total	48,040,356	19,016,112	29,024,244	39.6
County Governance	County Governance	121,469,771	71,964,552	49,505,219	59.2
	Sub total	121,469,771	71,964,552	49,505,219	59.2
County Executive Administration	County Executive Administration	363,945,974	327,374,693	36,571,281	90
	Sub total	363,945,974	327,374,693	36,571,281	90
Human Capital Management	Human Capital Management	41,026,447	9,152,958	31,873,489	22.3
	Sub total	41,026,447	9,152,958	31,873,489	22.3
Information Communication Services	Information Communication Services	6,891,600	1,511,025	5,380,575	21.9
	Sub total	6,891,600	1,511,025	5,380,575	21.9
Monitoring and Evaluation	Monitoring and Evaluation	6,371,510	3,886,759	2,484,751	61
	Sub total	6,371,510	3,886,759	2,484,751	61
County Attorney	County Attorney	21,000,000	19,044,900	1,955,100	90.7
	Sub total	21,000,000	19,044,900	1,955,100	90.7
County Public Service Board	County Public Service Board	64,500,087	28,169,070	36,331,017	43.7
	Sub total	64,500,087	28,169,070	36,331,017	43.7
FINANCE AND ECONOMIC PLANNING					
General Administration	General Administration	388,086,899	269,647,797	118,439,102	69.5
	Sub total	388,086,899	269,647,797	118,439,102	69.5

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption rate (%)
Financial Services	Budget formulation, coordination and management	49,590,511	44,861,598	4,728,913	90.5
	Accounting Services	40,556,733	35,274,554	5,282,179	87
	Supply chain management services	6,728,344	5,098,172	1,630,172	75.8
	Revenue	16,126,862	13,949,442	2,177,420	86.5
	Audit and assurance services	5,019,424	4,391,590	627,834	87.5
	Sub total	118,021,874	103,575,356	14,446,518	87.8
Economic Planning Services	Economic Planning Services	24,751,572	16,985,181	7,766,391	68.6
	Sub total	24,751,572	16,985,181	7,766,391	68.6
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	439,692,018	167,143,444	272,548,574	38
	Sub total	439,692,018	167,143,444	272,548,574	38
Livestock Management and Development	Livestock Management and Development	38,758,222	12,784,559	25,973,663	33
	Sub total	38,758,222	12,784,559	25,973,663	33
Crop and Land Development	Crop and Land Development	97,188,079	41,748,591	55,439,488	43
	Sub total	97,188,079	41,748,591	55,439,488	43
Fisheries Management and Development	Fisheries Management and Development	26,350,017	12,788,023	13,561,994	48.5
	Sub total	26,350,017	12,788,023	13,561,994	48.5
Veterinary Services	Veterinary Services	23,455,022	12,634,328	10,820,694	53.9
	Sub total	23,455,022	12,634,328	10,820,694	53.9
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	490,553,985	99,233,906	391,320,079	20.2
	Sub total	490,553,985	99,233,906	391,320,079	20.2
General Administration, Planning and Support Services	General Administration, Planning and Support Services	37,431,930	16,142,934	21,288,996	43.1
	Sub total	37,431,930	16,142,934	21,288,996	43.1
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	8,610,241	4,285,232	4,325,009	49.8
	Sub total	8,610,241	4,285,232	4,325,009	49.8
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	302,381,817	154,184,667	148,197,150	51
	Sub total	302,381,817	154,184,667	148,197,150	51
County Pre Primary Education	County Pre Primary Education	423,079,150	75,032,105	348,047,045	17.7
	Sub total	423,079,150	75,032,105	348,047,045	17.7
Vocational Education and Training Development	Vocational Education and Training Development	2,153,117	709,230	1,443,887	32.9
	Sub total	2,153,117	709,230	1,443,887	32.9

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption rate (%)
County Social Security and Services	County Social Security and Services	1,638,681	1,184,314	454,367	72.3
	Sub total	1,638,681	1,184,314	454,367	72.3
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,594,453,578	1,054,925,769	539,527,809	66.2
	Sub total	1,594,453,578	1,054,925,769	539,527,809	66.2
Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	845,207,036	91,825,653	753,381,383	10.9
	Sub total	845,207,036	91,825,653	753,381,383	10.9
Preventive and Promotive Health Services	Preventive and Promotive Health Services	173,199,992	122,481,234	50,718,758	70.7
	Sub total	173,199,992	122,481,234	50,718,758	70.7
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	231,346,561	86,687,239	144,659,322	37.5
	Sub total	231,346,561	86,687,239	144,659,322	37.5
Land Use Planning	Land Use Planning	3,991,805	2,481,850	1,509,955	62.2
	Sub total	3,991,805	2,481,850	1,509,955	62.2
County Land Administration and Surveying	County Land Administration and Surveying	4,028,400	1,207,172	2,821,228	30
	Sub total	4,028,400	1,207,172	2,821,228	30
Housing and Urban Development	Housing and Urban Development	53,414,795	2,503,000	50,911,795	4.7
	Sub total	53,414,795	2,503,000	50,911,795	4.7
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Transport Infrastructure Development	Transport Infrastructure Development	1,082,710,581	314,818,628	767,891,953	29.1
	Sub total	1,082,710,581	314,818,628	767,891,953	29.1
County Government Building Services	County Government Building Services	1,210,930	749,943	460,987	61.9
	Sub total	1,210,930	749,943	460,987	61.9
General Administration, Planning and Support Services	General Administration, Planning and Support Services	5,917,255	3,057,459	2,859,796	51.7
	Sub total	5,917,255	3,057,459	2,859,796	51.7
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	118,051,779	59,097,523	58,954,256	50.1
	Sub total	118,051,779	59,097,523	58,954,256	50.1
Trade Development and Promotion	Trade Development and Promotion	216,449,919	59,246,270	157,203,649	27.4
	Sub total	216,449,919	59,246,270	157,203,649	27.4
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	3,000,000	2,121,612	878,388	70.7
	Sub total	3,000,000	2,121,612	878,388	70.7

Programme	Sub- Programme	FY 2019/20 Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption rate (%)
Alcoholic Drinks Control	Alcoholic Drinks Control	1,450,000	465,060	984,940	32.1
	Sub total	1,450,000	465,060	984,940	32.1
Co-operatives Development and Management	Co-operatives Development and Management	2,550,000	1,868,277	681,723	73.3
	Sub total	2,550,000	1,868,277	681,723	73.3
TOURISM, CULTURE SPORTS AND ARTS					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	74,158,651	23,648,843	50,509,808	31.9
	Sub total	74,158,651	23,648,843	50,509,808	31.9
Sports and Arts	Sports and Arts	368,837,399	127,664,010	241,173,389	34.6
	Sub total	368,837,399	127,664,010	241,173,389	34.6
Information, Communication Technology	Information, Communication Technology	6,553,450	3,126,476	3,426,974	47.7
	Sub total	6,553,450	3,126,476	3,426,974	47.7
Tourism development and Promotion	Tourism development and Promotion	6,470,000	3,184,684	3,285,316	49.2
	Sub total	6,470,000	3,184,684	3,285,316	49.2
Grand Total		9,223,350,139	4,004,234,220	5,219,115,919	43.4

Source: Siaya County Treasury

The programmes that performed well based on expenditure absorption were: County Attorney at 90.7 per cent, Budget formulation at 90.5 percent, County Executive Administration at 90 per cent and Governance and County Values at 83 per cent, and Legislative Oversight at 85.6 per cent of budget allocation.

3.39.10 Key Observations and Recommendations

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

1. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
3. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.766.43 million out of annual development budget of Kshs.4.35 billion. The development expenditure represented 17.6 per cent of the annual development.
4. A high wage bill, which accounted for 47.4 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
5. Under performance of own revenue at Kshs.130.54 million against annual projection of Kshs.420 million. The realised own source revenue represented 31.1 per cent of its annual target.
6. Delay by Fund Administrators to submit expenditure reports of the Car Loan and Mortgage Fund, and Bursary Fund contrary to Section 168 of the PFM Act, 2012

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

1. The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released in a timely manner in line with the Disbursement Schedule.
2. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
3. The County should identify and address the issues causing delay in implementation of development projects.

4. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
5. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
6. All Fund Administrators should ensure timely submission of expenditure reports in line with Section 168 of the PFM Act, 2012.

3.40 Taita Taveta County

3.40.1 Overview of the FY 2019/20 Budget

The County's Supplementary Budget for FY 2019/20 was Kshs.5.74 billion, comprising of Kshs.2.27 billion (39.6 per cent) and Kshs.3.47 billion (60.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.24 billion (73.9 per cent) as equitable share of revenue raised nationally, Kshs.1.12 billion (19.5 per cent) as total conditional grants, generate Kshs.350 million (6.1 per cent) from own sources of revenue, and had Kshs.32 million (0.6 per cent) as cash balance from FY 2018/19.

3.40.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.71 billion as equitable share of the revenue raised nationally, Kshs.163.6 million as total conditional grants, raised Kshs.206.53 million from own-source revenue, and had a cash balance of Kshs.79.42 thousand from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.08 billion as shown in Table 3-190.

Table 3-190: Taita Taveta County, Revenue Performance in the First Nine Months of FY 2019/20

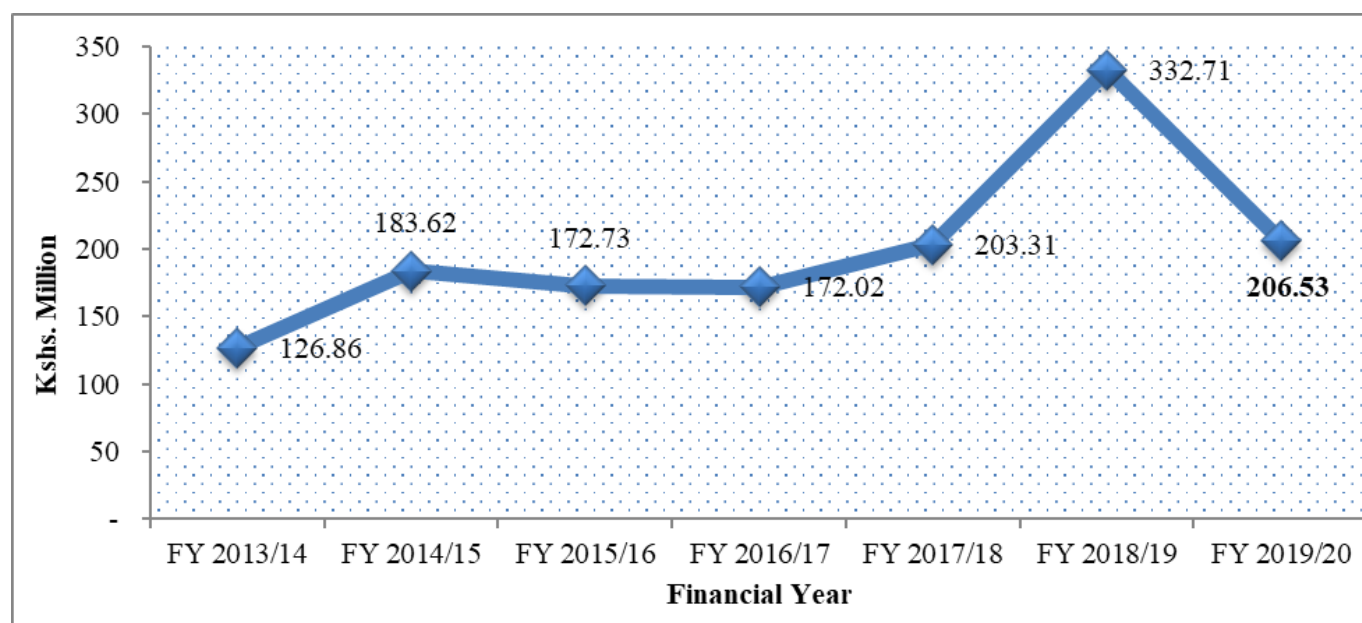
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	2,710,062,900	63.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	5,296,305	5,296,305	-	-
2.	Road Maintenance Fuel Levy Fund	146,386,438	146,386,438	-	-
3.	Rehabilitation of Village Polytechnics	72,010,910	72,010,910	27,819,149	38.6
Sub Total		223,693,653	223,693,653	27,819,149	12.4
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	56,942,903	56,942,903	39,908,759	70
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,024,000	117,024,000	44,833,870	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	100,000,000	100,000,000	-	-
5.	DANIDA Grant	12,093,750	12,093,750	6,046,875	50
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	42,394,162	42,394,162	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,060,386	17,060,386	-	-
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	70,000,000	70,000,000	45,015,440	64.3
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
Sub Total		895,515,201	895,515,201	135,804,944	15.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	350,000,000	206,526,123	59
2.	Balance b/f from FY2018/19	-	32,000,000	79,418	0.2
Sub Total		-	382,000,000	206,605,541	54.1

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		4,464,793,653	5,742,308,854	3,080,292,535	53.6

Source: Taita Taveta County Treasury

Figure 3-77 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-77: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Taita Taveta County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.206.53 million as own-source revenue. This amount represented a decrease of 37.9 per cent when compared to Kshs.332.71 million realised during the same period in FY 2018/19, and represented 59 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.79 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.440 million (15.8 percent) for development programmes and Kshs.2.35 billion (84.2 per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

A total of Kshs.2.72 billion was spent on development and recurrent programmes and represented 97.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.289.32 million and Kshs.2.43 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 12.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 70.2 per cent.

3.40.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.53 billion was spent on compensation to employees, Kshs.900.2 million on operations and maintenance, and Kshs.289.32 million on development expenditure.

Table 3-191: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,466,836,745	2,446,346,028	2,433,791,274	89.4	70.2

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Compensation to Employees	2,009,964,926	1,305,225,050	1,533,592,466	56.3	76.3
Operations and Maintenance	1,456,871,819	1,141,120,978	900,198,808	33.1	61.8
Total Development Expenditure	2,275,472,109	342,799,521	289,323,082	10.6	12.7
Development expenditure	2,275,472,109	342,799,521	289,323,082	10.6	12.7
Total	5,742,308,854	2,789,145,549	2,723,114,356	100.0	47.4

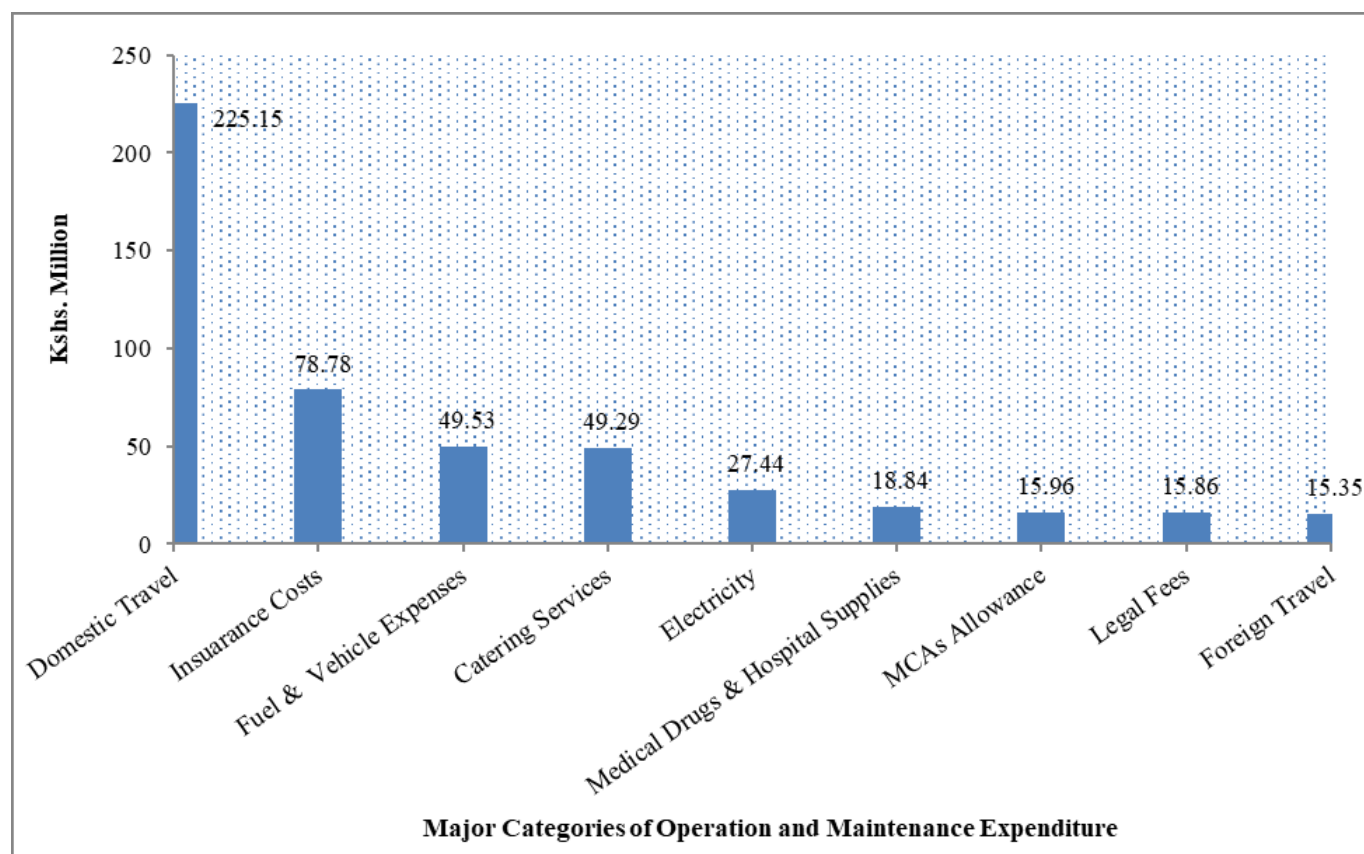
Source: Taita Taveta County Treasury

Expenditure on compensation to employees was 56.3 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.61 billion.

3.40.6 Analysis of Operations and Maintenance Expenditure

Figure 3-78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Taita Taveta County Treasury

The County spent Kshs.15.96 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.19.65 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.52,165 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.225.15 million and comprised of Kshs.122.92 million spent by the County Assembly and Kshs.102.23 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.15.35 million and comprised of Kshs.9.45 million spent by the County Assembly and Kshs.5.9 million spent by the County Executive.

3.40.7 Development Expenditure Analysis

The total development expenditure of Kshs.289.32 million represented 12.7 per cent of the annual development budget of Kshs.2.28 billion and represented a decrease of 56.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.670.13 million. Table 3-192 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-192: Taita Taveta County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Department	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Kenya Climate Smart Agriculture Program (KCSAP)	Agriculture	County Wide	117,024,000	89,849,220	60,920,652	52.1
2	Kenya Urban Support Project, (KUSP)- Mwatate Municipality	Public Works, Transport and Infrastructure	Mwatate	100,000,000	N/A	50,028,350	50
3	Completion and maintenance of access roads-Roads Levy	Public Works, Transport and Infrastructure	County Wide	146,386,438	60,193,219	41,025,866.25	28
4	County Assembly Headquarters	County Assembly	Wundanyi	67,000,000	38,000,000	36,530,000	54.5
5	Result Based Financing (Health)	Health	County Wide	74,332,958	27,022,156	15,831,025.50	21.3
6	VTC Capitation & support programme	Education, Libraries and ICT		72,010,910	27,819,149	4,202,237	5.8

Source: Taita Taveta County Treasury

3.40.8 Budget Performance by Department

Table 3-193 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-193: Taita Taveta County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	581.18	67.00	402.00	38.00	325.00	36.53	80.8	96.1	55.9	54.5
Devolution, Public Service and Administration	1,925.43	22.29	1,305.26	-	1,466.55	-	112.4	-	76.2	-
The Governor's And Deputy Governor's Office	144.15	3.00	128.57	-	111.68	-	86.9	-	77.5	-
Finance and Planning	242.31	76.00	120.08	80.98	215.51	144.98	179.5	179.0	88.9	190.8
Agriculture, Live-stock and Fisheries	29.65	238.50	25.67	44.83	10.14	44.83	39.5	100.0	34.2	18.8
Water, Environment and Sanitation	34.99	576.40	28.66	45.02	14.75	9.11	51.5	20.2	42.2	1.6
Education, Libraries and ICT	42.11	212.24	24.53	-	18.21	-	74.2	-	43.2	-
Health	330.83	375.14	286.49	45.96	218.12	18.64	76.1	40.6	65.9	5
Trade , Tourism ,Culture, Gender and Co-operative Development	16.63	98.26	15.21	-	9.82	-	64.6	-	59.1	-
County Public Service Board	6.05	4.00	5.14	-	4.13	-	80.4	-	68.3	-
Public Works, Transport and Infrastructure	36.77	255.79	35.86	60.19	24.80	31.03	69.2	51.5	67.5	12.1
Lands, Mining and Housing	67.29	116.30	60.63	-	8.15	-	13.4	-	12.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Youth, Gender, Sport, Culture & Social Services	9.45	230.56	8.24	27.82	6.93	4.20	84	15.1	73.3	1.8
TOTAL	3,466.84	2,275.47	2,446.35	342.80	2,433.79	289.32	99.5	84.4	70.2	12.7

Source: TaitaTaveta County Treasury

Analysis of expenditure by department shows that the Department of finance and planning recorded the highest absorption rate of development budget at 190.8 per cent. The Department of Finance and Planning had the highest percentage of recurrent expenditure to its recurrent budget at 88.9 per cent while the Department of Lands, Mining and Housing had the lowest at 12.1 per cent. Absorption rate above 100 per cent is irregular and should be corrected through the Supplementary Budget process.

3.40.9 Budget Execution by Programmes and Sub-Programmes

Table 3-194 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-194 : Taita Taveta County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Default - Non Programmatic	-	-1,389,014	1,389,014	-
101003260	Administration Planning and Support Services	72,100,507	40,061,114	32,039,394	56
	Administration Planning and Support Services	72,100,507	40,061,114	32,039,394	56
102003260	Development programme	-	-	-	-
	Development programme	-	-	-	-
103003260	Infrastructure Development programme	259,535,925	52,038,087	207,497,838	20
	Infrastructure Development programme	259,535,925	52,038,087	207,497,838	20
104003260	Agricultural Development Programme	208,900,108	60,774,031	148,126,077	29
	Agricultural Development Programme	208,900,108	60,774,031	148,126,077	29
105003260	Livestock and Fisheries Development	-	-	-	-
	Livestock and Fisheries Development	-	-	-	-
301003260	General Administration and support services programme	86,478,091	22,125,390.65	64,352,700.35	26
	General Administration and support services programme	86,478,091	22,125,390.65	64,352,700.35	26
302003260	Trade Development programme.	-	17,116,000	-17,116,000	-
	Trade Development programme.	-	17,116,000	-17,116,000	-
401003260	Administration and Support Services	239,354,398	88,115,051	151,239,348	37
	Administration and Support Services	239,354,398	88,115,051	151,239,348	37
402003260	Health Development Programme	301,036,653	38,865,550	262,171,103	13
	Health Development Programme	301,036,653	38,865,550	262,171,103	13
501003260	General Administration, Planning and Support services	179,760,149	15,861,491	163,898,658	9
	General Administration, Planning and Support services	179,760,149	15,861,491	163,898,658	9
502003260	Early childhood Education and Youth Training Development Programme	-	95,691,000	-95,691,000	-
	Early childhood Education & Youth Training Development Programme	-	95,691,000	-95,691,000	-
701003260	General Administration support services	2,719,380,575	1,878,753,130	840,627,445	69
	General Administration support services	2,719,380,575	1,878,753,130	840,627,445	69
702003260	County Assembly Infrastructure improvement	67,000,000	36,530,020	30,469,980	55
	County Assembly Infrastructure improvement	67,000,000	36,530,020	30,469,980	55

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
703003260	Decentralized Infrastructure development programme	92,010,910	15,369,675	76,641,235	17
	Decentralized Infrastructure development programme	92,010,910	15,369,675	76,641,235	17
704003260	General Administration and Management of County Affairs	131,961,927	111,680,982	20,280,946	85
	General Administration and Management of County Affairs	131,961,927	111,680,982	20,280,946	85
705003260	Leadership Development Programme	-	-	-	-
	Leadership Development Programme	-	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	475,558,691	409,558,241	66,000,450	86
	General Administration, Planning, Internal Audit & Support Services	475,558,691	409,558,241	66,000,450	86
707003260	Treasury Development Programme	379,544,919	228,249,986	151,294,933	60
	Treasury Development Programme	379,544,919	228,249,986	151,294,933	60
1001003260	Water and irrigation Development Programme	498,000,000	71,535,536	426,464,464	14
	Water and irrigation Development Programme	498,000,000	71,535,536	426,464,464	14
1002003260	General Administration, Support and Support Services	31,686,000	14,751,344	16,934,657	47
	General Administration, Support and Support Services	31,686,000	14,751,344	16,934,657	47
1003003260	Natural Resources Support Programme	-	-	-	-
	Natural Resources Support Programme	-	-	-	-
Grand Total	Grand Total	5,742,308,854	3,195,687,613	2,546,621,241	56

Source: Taita Taveta County Treasury

The programmes that performed well based on expenditure absorption were: General Administration, Planning, Internal Audit & Support Services at 86 per cent, General Administration and Management of County Affairs at 85 per cent, General Administration support services at 69 per cent and Treasury Development Programme at 60 per cent of budget allocation.

3.40.10 Key Observations and Recommendations

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

1. Slow absorption of development funds in the first nine months of FY 2019/2020. The County spent Kshs.298.32 million out of annual development budget of Kshs.2.28 billion. The development expenditure represented 12.7 per cent of the annual development.
2. A high wage bill, which accounted for 56.3 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
3. Weak budgetary control by the County Treasury which led to an absorption of development budget of 190.8 per cent by the Department of Finance and Planning which is irregular.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-193 where the County incurred expenditure in excess of approved budgetary allocations

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
3. The County Treasury should ensure there is a strict vote book control in order to ensure that expenditure is within the approved budget.
4. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.41 Tana River County

3.41.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.8.04 billion, comprising of Kshs.2.7 billion (33.6 per cent) and Kshs.5.33 billion (66.4 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.86 billion (72.9 per cent) as equitable share of revenue raised nationally, Kshs.707.40 million (8.8 per cent) as total conditional grants, generate Kshs.66 million (0.8 per cent) from own sources of revenue, and had Kshs.1.41 billion (17.5 per cent) as cash balance from FY 2018/19.

3.41.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.90 billion as equitable share of the revenue raised nationally, Kshs.456.13 million as total conditional grants, raised Kshs.63.45 million from own-source revenue, and had a cash balance of Kshs.1.41 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.6.83 billion as shown in Table 3-195.

Table 3-195: Tana River County, Revenue Performance in the First Nine Months of FY 2019/20

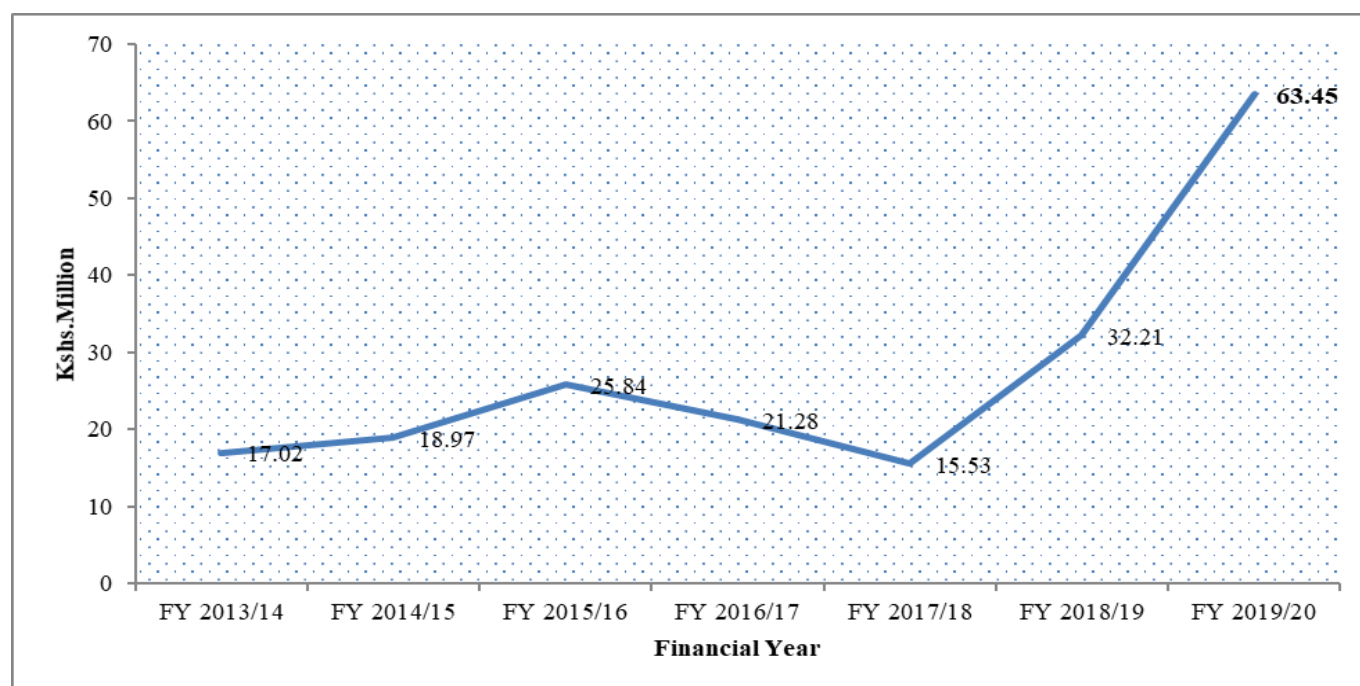
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,855,250,000	4,902,496,723	83.7
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	121,000,000	121,000,000	-	-
2.	Compensation for User Fee Foregone	5,682,537	5,682,537	-	-
3.	Road Maintenance Fuel Levy Fund	166,205,156	166,205,156	258,487,710	155.5
4.	Rehabilitation of Village Polytechnics	21,228,298	21,228,298	10,614,149	50.0
	Sub Total	314,115,991	314,115,991	269,101,859	85.7
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,849,353	50,849,353	49,515,703	97.4
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	200,000,000	200,000,000	76,718,822	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	50,000,000	100.0
5.	DANIDA Grant	16,593,750	16,593,750	8,296,875	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,431,865	15,431,865	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	1,245,700	1,245,700	-	-
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	20,358,867	20,358,867	2,500,000	12.3
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
	Sub Total	393,279,535	393,279,535	187,031,400	47.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	66,000,000	63,450,041	96.1
2.	Balance b/f from FY2018/19	-	1,406,678,998	1,406,678,998	100.0
	Sub Total	-	1,472,678,998	1,470,129,039	99.8
	Grand Total	6,562,645,526	8,035,324,524	6,828,759,021	85.0

Source: Tana River County Treasury

The received Road Maintenance Fuel Levy Fund include balances from FY 2018/19.

Figure 3-79 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-79: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Tana River County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.63.45 million as own-source revenue. This amount represented an increase of 96.9 per cent when compared to Kshs.32.21 million realised during the same period in FY 2018/19, and represented 96.1 per cent of the annual target.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.49 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.35 million (30 per cent) for development programmes and Kshs.3.14 billion (70 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

A total of Kshs.4.13 billion was spent on development and recurrent programmes and represented 91.8 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.23 billion and Kshs.2.90 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 45.6 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 54.3 per cent.

3.41.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.37 billion was spent on compensation to employees, Kshs.1.52 billion on operations and maintenance, and Kshs.1.23 billion on development expenditure.

Table 3-196: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,333,271,723	3,144,654,656	2,896,562,279	70.2	54.3
Compensation to Employees	2,335,154,785	1,392,941,768	1,372,456,290	33.2	58.8
Operations and Maintenance	2,998,116,939	1,751,712,888	1,524,105,989	36.9	50.8
Total Development Expenditure	2,702,052,801	1,348,942,118	1,231,788,915	29.8	45.6
Development Expenditure	2,702,052,801	1,348,942,118	1,231,788,915	29.8	45.6
Total	8,035,324,524	4,493,596,774	4,128,351,194	100.0	51.4

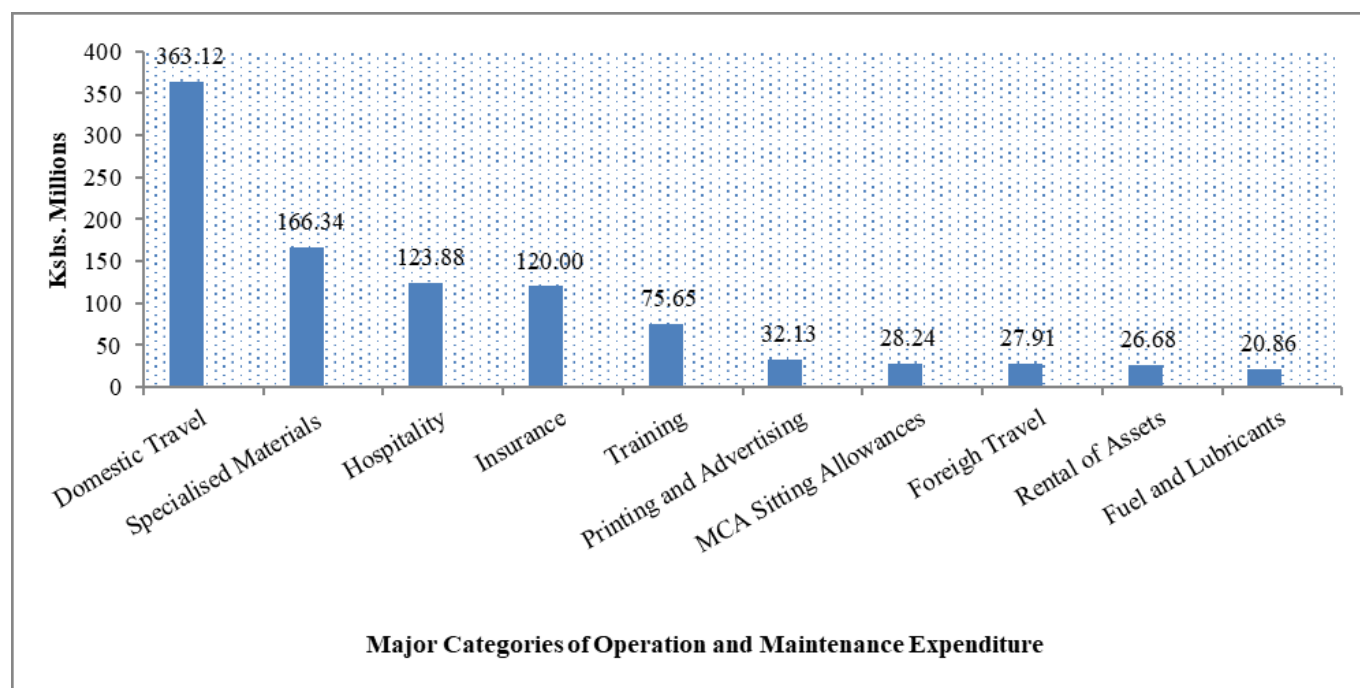
Source: Tana River County Treasury

Expenditure on compensation to employees was 33.2 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 22.3 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.12 billion.

3.41.6 Analysis of Operations and Maintenance Expenditure

Figure 3-80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-80: Tana River County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Tana River County Treasury

The County spent Kshs.28.24 million on committee sitting allowances for the 23 MCAs and Speaker against the annual budget allocation of Kshs.39.36 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.130,720 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.363.12 million and comprised of Kshs.100.36 million spent by the County Assembly and Kshs.262.76 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.27.91 million and comprised of Kshs.6.25 million spent by the County Assembly and Kshs.21.66 million spent by the County Executive.

3.41.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.23 million represented 45.6 per cent of the annual development budget of Kshs.2.70 billion and represented an increase of 112.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.580.77 billion. Table 3-197 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-197: Tana River County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs)	Absorption Rate (%)
1	Rehabilitation of B89-Handa Mpya Road	Mikinduni	35,00,000	35,000,000	100
2	Construction of Nyangwani Solar Project	Chewani	22,940,624	14,153,858	61.7
3	Opening of Minjila Fourt DCC Office Road	Garsen West	12,500,000	12,500,000	100
4	Rehabilitation of Ngao Township Road	Garsen South	11,778,020	11,778,020	100
5	Rehabilitation of Odha- Semikaro Road	Garsen South	9,963,453	9,963,453	100
6	Construction of hospital staff quarters	Garsen	6,841,223	6,841,223	100
7	Construction of Matagala Dispensary	Cheweale	4,952,828	4,952,828	100

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs)	Absorption Rate (%)
8	Rehabilitation of Malindi ya Ngwena Road	Chewani	3,999,300	3,999,300	100
9	Fencing of works office	Chewani	3,902,000	3,902,000	100
10	Construction of livestock production office	Hirimani	3,732,886	3,732,886	100

Source: Tana River County Treasury

3.41.8 Budget Performance by Department

Table 3-198 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-198: Tana River County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	608.79	-	439.32	-	312.68	-	71.2	-	51.4	-
County Public Service Board	50.22	-	41.17	-	141.65	-	344.1	-	282.1	-
Special Program	141.44	-	96.23	-	47.03	-	48.9	-	33.3	-
Education and Vocational Training	397.13	121.95	330.23	10.61	201.17	10.62	60.9	100.1	50.7	8.7
Culture, Gender, Youth, Sports and Social services	66.48	8.00	43.23	-	26.77	-	61.9	-	40.3	-
Medical Services, Public Health and Sanitation	1,233.24	32.20	877.24	-	754.06	-	86.0	-	61.1	-
Agriculture, Livestock, Fisheries & Veterinary	566.70	75.73	367.90	-	117.21	-	31.9	-	20.7	-
Water, Irrigation, Environment & Natural Resources	168.15	16.00	119.51	-	67.21	-	56.2	-	40.0	-
Roads, Transport, Public Works and Urbanization	119.98	747.00	81.45	256.93	140.49	298.39	172.5	116.1	117.1	39.9
Public Service Administration and Citizen Participation	402.47	8.41	321.55	-	198.70	-	61.8	-	49.4	0.0
Finance and Economic Planning	850.19	1,420.68	376.71	767.94	469.23	814.63	124.6	106.1	55.2	57.3
Trade, Tourism, Wildlife and Cooperatives	110.90	8.10	88.50	-	29.30	-	33.1	-	26.4	-
Lands and Physical Planning	78.56	3.98	63.99	-	21.82	-	34.1	-	27.8	-
County Assembly	486.49	160.00	324.29	94.89	329.14	108.14	101.5	114.0	67.7	67.6
Hola Municipality	52.50	100.00	41.20	50.00	-	-	-	-	-	-
Total	5,333.24	2,702.05	3,612.52	1,180.37	2,856.46	1,231.78	79.1	104.4	53.6	45.6

Source: Tana River County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 67.6 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to its recurrent budget at 282.1 per cent while the Hola Municipality did not report any expenditure during the period. Absorption rate above 100 per cent is irregular and should be corrected through the supplementary budget process.

3.41.9 Budget Execution by Programmes and Sub-Programmes

Table 3-199 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-199 : Tana River County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
DEVELOPMENT VOTE					
Agriculture	Agricultural Development project	178,000,000	-	178,000,000	-
	Minor/Village irrigation schemes	178,000,000	-	178,000,000	-
		178,000,000	-	178,000,000	-
Veterinary	Veterinary Services	38,300,000	-	38,300,000	-
	Build a modern slaughter house in Garsen	38,300,000	-	38,300,000	-
		38,300,000	-	38,300,000	-
Livestock	Animal Husbandry, Livestock Resource Management and Devt	20,000,000	-	20,000,000	-
	Animal Husbandry	7,000,000	-	7,000,000	-
	Livestock Sale Yard	13,000,000	-	13,000,000	-
		20,000,000	-	20,000,000	-
Fisheries	Fisheries	25,431,865	-	25,431,865	-
	Fish Pond rehabilitation	10,000,000	-	10,000,000	-
	Construction of Ice Plant and Cold Storage	15,431,865	-	15,431,865	-
		25,431,865	-	25,431,865	-
Land and Physical Planning	Land Policy and Planning	112,000,000	-	112,000,000	-
	Physical Planning	112,000,000	-	112,000,000	-
		112,000,000	-	112,000,000	-
Roads, Public Works and Housing	Public Works	346,000,000	-	346,000,000	-
	County Headquarters	346,000,000	-	346,000,000	-
	County Roads Development	488,537,191	264,577,555	223,959,636	54.2
	Routine Maintenance	312,237,191	264,577,555	47,659,636	84.7
	Opening of New Roads	84,700,000	-	84,700,000	-
	Grading and Murruming of County Roads	91,600,000	-	91,600,000	-
	County Housing Development	81,400,000	10,041,620	71,358,380	12.3
	Housing Development	59,200,000	10,041,620	49,158,380	17.0
	Urbanization	22,200,000	-	22,200,000	-
	Urban Development	100,000,000	-	100,000,000	-
	Hola Municipality	100,000,000	-	100,000,000	-
	TOTAL	1,015,937,191	274,619,175	741,318,016	27.0
Trade, Tourism And Cooperative Development	Promotion of Trade, Tourism and Cooperative Development	85,100,000	-	85,100,000	-
	Trade, Weights and Measures	75,100,000	-	75,100,000	-
	Trade Development	10,000,000	-	10,000,000	-
	TOTAL	85,100,000	-	85,100,000	-
Health and Sanitation	Construction and rehabilitation of Health Facilities	148,200,000	-	148,200,000	-
	TOTAL	148,200,000	-	148,200,000	-
Education and Vocational Training	Quality and Standard Assurance in EYE Center	116,300,000	-	116,300,000	-
	ECDE Infrastructure	116,300,000	-	116,300,000	-

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Vocational Training Centers and Adult Education	80,647,684	10,614,149	70,033,535	13.2
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	80,647,684	10,614,149	70,033,535	13.2
	TOTAL	196,947,684	10,614,149	186,333,535	5.4
Public Service, Administration and Citizen Participation	County Administration	50,000,000	-	50,000,000	-
	TOTAL	50,000,000	-	50,000,000	-
Finance and Economic Planning	Financial Management	805,774,496	325,390,424	480,384,072	40.4
	Own Source Revenue Collection	30,000,000	-	30,000,000	-
	Accounting & Finance	775,774,496	325,390,424	450,384,072	41.9
		805,774,496	325,390,424	480,384,072	40.4
Cohesion and Special Programme	Administration, planning support services	10,000,000	-	10,000,000	-
	Administration, planning support services	10,000,000	-	10,000,000	-
	Social Protection and Response to Other Disasters	40,000,000	-	40,000,000	-
	Resettlement of Victims	40,000,000	-	40,000,000	-
		50,000,000	-	50,000,000	-
Culture, Gender and Youth Services	Culture and Arts Development	8,600,000	-	8,600,000	-
	Culture Promotion and Development	8,600,000	-	8,600,000	-
	Sports, Training & Competition	83,500,000	-	83,500,000	-
	Rehabilitation and upgrading of Stadium	83,500,000	-	83,500,000	-
	TOTAL	92,100,000	-	92,100,000	-
Environment and Wildlife	Environmental Management Programme	41,157,260	-	41,157,260	-
	Environmental Protection	41,157,260	-	41,157,260	-
	TOTAL	41,157,260	-	41,157,260	-
Water and Sanitation	Water Services	203,842,740	-	203,842,740	-
	Water Services	203,842,740	-	203,842,740	-
		203,842,740	-	203,842,740	-
	Environmental Management Programme	41,157,260	-	41,157,260	-
	Environmental Protection	41,157,260	-	41,157,260	-
	TOTAL	245,000,000	-	245,000,000	-
RECURRENT VOTE					
Agriculture	Administration, planning support services	89,070,660	14,868,889	74,201,771	16.7
	Administration, planning support services	89,070,660	14,868,889	74,201,771	16.7
	Agricultural Development project	417,548,619	8,391,859	409,156,760	2.0
	Agricultural Mechanization Services (AMS Garsen station)	40,362,414	391,859	39,970,555	1.0

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Crop Husbandry	44,195,768	-	44,195,768	-
	Plant Disease Control	3,199,468	-	3,199,468	-
	KCSAP	271,414,525	-	271,414,525	-
	Agriculture Sector Development Support Project (ASDSP)	55,885,044	8,000,000	47,885,044	14.3
	Food and Agriculture Organization	2,491,400	-	2,491,400	-
		506,619,279	23,260,748	483,358,531	
Veterinary	Administration, planning support services	12,921,593	691,673	12,229,920	4.6
	Administration, planning support services	12,921,593	691,673	12,229,920	5.4
	Veterinary Services	20,362,081	935,500	19,426,581	5.4
	Veterinary extension services	9,406,985	400,000	9,006,985	4.6
	Artificial insemination (Pilot scheme)	6,314,000	326,700	5,987,300	4.3
	Build a modern slaughter house in Garsen	3,387,096	-	3,387,096	5.2
	Leather Development Service	1,254,000	208,800	1,045,200	-
	Diasease Control	23,148,990	1,225,000	21,923,990	16.7
	Conduct Disease Surveillance	16,671,611	1,057,000	15,614,611	5.3
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	6,477,379	168,000	6,309,379	6.3
		56,432,664	2,852,173	53,580,491	2.6
Livestock	Administration, planning support services	41,717,884	9,227,484	32,490,400	5.1
	Administration, planning support services	41,717,884	9,227,484	32,490,400	22.1
	Animal Husbandry, Livestock Resource Management and Devt	12,551,500	760,770	11,790,730	22.1
	Animal Husbandry	4,322,000	-	4,322,000	6.1
	Livestock Sale Yard	1,078,000	-	1,078,000	-
	Milk Cooling Plant	4,908,500	531,650	4,376,850	-
	Irrigation Fodder Production	2,243,000	229,120	2,013,880	10.8
		54,269,384	9,988,254	44,281,130	10.2
Fisheries	Administration, planning support services	17,444,852	1,551,396	15,893,456	18.4
	Administration, planning support services	17,444,852	1,551,396	15,893,456	8.9
	Fisheries	9,080,066	309,315	8,770,751	8.9
	Empowerment of Women and Youth on Fish Safety and Quality Assurance	6,270,066	-	6,270,066	3.4
	Construction of Ice Plant and Cold Storage	2,810,000	309,315	2,500,685	-
		26,524,918	1,860,711	24,664,207	11.0
Land And Physical Planning	Administration, planning support services	14,177,603	5,227,183	8,950,420	7.0
	Administration, planning support services	14,177,603	5,227,183	8,950,420	36.9
	Land Policy and Planning	62,659,513	7,582,228	55,077,285	36.9
	Physical Planning	53,809,335	5,538,238	48,271,097	12.1

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Land Survey and Mapping	5,650,178	2,043,990	3,606,188	10.3
	Land Administration	3,200,000		3,200,000	36.2
		76,837,116	12,809,411	64,027,705	16.7
Roads, Public Works and Housing	Administration, Planning and Support Services	72,268,416	9,223,171	63,045,245	12.8
	Administration, planning, Operation and Maintenance	72,268,416	9,223,171	63,045,245	12.8
	Public Works	22,627,000	4,426,035	18,200,965	19.6
	County Headquarters	22,627,000	4,426,035	18,200,965	19.6
	County Roads Development	5,334,999	35,251,500	(29,916,501)	660.8
	Routine Maintenance	1,778,333	-	1,778,333	-
	Opening of New Roads	1,778,333	35,000,000	(33,221,667)	1,968.1
	Grading and Murruming of County Roads	1,778,333	251,500	1,526,833	14.1
	County Housing Development	16,199,801	1,460,944	14,738,857	9.0
	Housing Development	6,981,410	751,900	6,229,510	10.8
	Urbanization	9,218,391	709,044	8,509,347	7.7
	Urban Development	50,000,000	50,000,000	-	100.0
	Hola Municipality	50,000,000	50,000,000	-	100.0
	TOTAL	166,430,216	100,361,650	66,068,566	60.3
Trade, Tourism and Cooperative Development	Administration and Support Services	23,595,543	7,072,081	16,523,462	30.0
	Administration, planning & support Services	23,595,543	7,072,081	16,523,462	30.0
	Promotion of Trade, Tourism and Cooperative Development	86,324,411	4,677,508	81,646,903	5.4
	Trade, Weights and Measures	69,941,666	2,689,555	67,252,111	3.8
	Promotion of Tourism	6,953,716	1,617,000	5,336,716	23.3
	Promotion of Cooperative Development	9,429,029	370,953	9,058,076	3.9
	TOTAL	109,919,954	11,749,589	98,170,365	10.7
Health and Sanitation	Administration and Support Services	1,014,693,503	200,992,697	813,700,806	19.8
	Administration, planning & support Services	1,014,693,503	200,992,697	813,700,806	19.8
	Curative and Rehabilitative	197,316,864	35,896,272	161,420,592	18.2
	Medical Supplies	162,120,000	23,017,372	139,102,628	14.2
	Medical Services	20,480,864	12,233,900	8,246,964	59.7
	Ambulance Services	14,716,000	645,000	14,071,000	4.4
	Preventive and Promotive	18,927,600	2,730,440	16,197,160	14.4
	Preventive and Promotive	14,190,800	1,604,870	12,585,930	11.3
	Licensing and Control of Undertaking	4,736,800	1,125,570	3,611,230	23.8
	TOTAL	1,230,937,967	239,619,409	991,318,558	19.5
Education and Vocational Training	General Administration, Planning and Support services	286,200,515	21,058,465	265,142,050	7.4
	General operation, Planning and support services	286,200,515	21,058,465	265,142,050	7.4
	Quality and Standard Assurance in EYE Center	79,000,000	7,411,300	71,588,700	9.4

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	ECDE Learning/Teaching Materials	20,500,000	4,274,300	16,225,700	20.9
	ECDE Furniture and Equipment Support	14,000,000	-	14,000,000	-
	ECDE Food Program	40,000,000	1,987,000	38,013,000	5.0
	ECDE Infrastructure	4,500,000	1,150,000	3,350,000	25.6
	Vocational Training Centers and Adult Education	36,229,485	17,736,844	18,492,641	49.0
	Youth Polytechnic Publicity Campaigns	7,000,000	3,037,975	3,962,025	43.4
	Annual Graduation and Rewards	14,129,485	540,600	13,588,885	3.8
	Provision of Modern Tools and Equipment	10,300,000	1,908,200	8,391,800	18.5
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	4,800,000	12,250,069	(7,450,069)	255.2
	TOTAL	401,430,000	46,206,609	355,223,391	11.5
Public Service, Administration and Citizen Participation	Administration, Planning and Support Services.	187,937,435	37,736,151	150,201,284	20.1
	Administration, Planning and Support Services.	187,937,435	37,736,151	150,201,284	20.1
	Human Resource and Development	133,635,976	83,564,540	50,071,436	62.5
	Performance Management System	11,041,991	1,804,540	9,237,451	16.3
	Human Resource Development	122,593,985	81,760,000	40,833,985	66.7
	County Administration	42,651,000	2,013,025	40,637,975	4.7
	ICT and Citizen Participation	11,892,576	2,375,090	9,517,486	20.0
	TOTAL	376,116,987	125,688,806	250,428,181	33.4
Finance and Economic Planning	Administration, planning support services	482,581,756	22,695,383	459,886,373	4.7
	Administration, planning support services	482,581,756	22,695,383	459,886,373	4.7
	Financial Management	142,763,604	283,419,956	(140,656,352)	198.5
	Financial management	7,892,957	3,471,740	4,421,217	44.0
	Supply Chain Managements	24,205,000	3,987,034	20,217,966	16.5
	Own Source Revenue Collection	21,815,005	-	21,815,005	-
	Budget and Economic Planning	32,410,000	5,457,172	26,952,828	16.8
	Accounting & Finance	34,688,450	268,346,310	(233,657,860)	773.6
	Internal Audit	6,672,192	485,400	6,186,792	7.3
	Monitoring and Evaluation	15,080,000	1,672,300	13,407,700	11.1
		625,345,360	306,115,339	319,230,021	49.0
Public Service Board	Board Operations & Governance	59,501,601	9,049,253	50,452,349	15.2
	Ethics Governance and Compliance	5,782,498	842,200	4,940,298	14.6
	Human Resource Management & Development	2,710,000	738,000	1,972,000	27.2
	Skills and Competence Development	1,800,000	248,100	1,551,900	13.8
		69,794,099	10,877,553	58,916,547	15.6
Office of the Governor	Administration, planning support services	379,958,061	149,715,891	230,242,170	39.4

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Administration, planning support services	379,958,061	149,715,891	230,242,170	39.4
	Performance Management	107,463,833	27,414,824	80,049,009	25.5
	County Leadership & Coordination of CDAs	54,000,000	11,475,041	42,524,959	21.3
	County Government Advisory Service	47,341,464	13,040,415	34,301,049	27.5
	Coordination of Peace and Cohesion	6,122,369	2,899,368	3,223,001	47.4
	TOTAL	487,421,894	177,130,715	310,291,179	36.3
Cohesion and Special Programme	Administration, planning support services	17,230,354	4,990,591	12,239,763	29.0
	Administration, planning support services	17,230,354	4,990,591	12,239,763	29.0
	Natural Disaster mitigation programme	79,884,563	24,061,597	55,822,966	30.1
	Drought management (Preparedness, Response and Recovery)	4,884,563	1,592,400	3,292,163	32.6
	Emergency Relief (food, medicine, blankets, cash grant)	75,000,000	22,469,197	52,530,803	30.0
	Social Protection and Response to Other Disasters	17,204,849	1,511,000	15,693,849	8.8
	Food Distribution and Rations	10,624,800	1,011,000	9,613,800	9.5
	Capacity Building to Response to Fire Outbreaks and Other Disaster	4,490,049	500,000	3,990,049	11.1
	Resettlement of Victims	2,090,000	-	2,090,000	-
		114,319,766	30,563,188	83,756,578	26.7
Culture, Gender and Youth Services	General Administration, Support and Support Services	19,399,500	3,762,807	15,636,693	19.4
	General Administration, Support and Support Services	19,399,500	3,762,807	15,636,693	19.4
	Culture and Arts Development	14,750,000	2,000,000	12,750,000	13.6
	Culture Promotion and Development	10,650,000	2,000,000	8,650,000	18.8
	Empowerment/Capacity Building of Cultural Practitioners	4,100,000	-	4,100,000	-
	Children Protection	8,500,000	749,500	7,750,500	8.8
	Baseline Survey for OVC	3,000,000	244,000	2,756,000	8.1
	Community Awareness Creation on Child Rights and Child Protection	3,500,000	505,500	2,994,500	14.4
	Enhanced Child Participation	2,000,000	-	2,000,000	-
	Social development	12,000,000	4,562,500	7,437,500	38.0
	Women Empowerment	5,500,000	2,836,800	2,663,200	51.6
	Gender and Leadership	6,500,000	1,725,700	4,774,300	26.5
	Sports, Training & Competition	10,900,000	870,700	10,029,300	8.0
	County Sports Leagues	6,500,000	870,700	5,629,300	13.4
	Sports Equipment Support	4,400,000	-	4,400,000	18.2
	TOTAL	65,549,500	11,945,507	53,603,993	15.4

Vote	Sub Program	Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Environment and Wildlife	General Administration, Support and Support Services	13,888,491	2,144,510	11,743,981	15.4
	General Administration, Support and Support Services	13,888,491	2,144,510	11,743,981	15.4
	Environmental Management Programme	49,729,627	7,113,400	42,616,227	14.3
	Environmental Protection	46,236,000	6,796,000	39,440,000	14.7
	Noise Pollution Management	2,244,000	317,400	1,926,600	14.1
	Control of Air Pollution	1,249,627	-	1,249,627	-
	TOTAL	63,618,118	9,257,910	54,360,208	14.6
Water and Sanitation	General Administration, Support and Support Services	62,132,828	5,384,138	56,748,690	8.7
	General Administration, Support and Support Services	62,132,828	5,384,138	56,748,690	8.7
	Water Services	17,908,800	5,263,924	12,644,876	29.4
	Water Management Services	12,036,000	4,132,228	7,903,772	34.3
	Sanitation	1,620,000	24,000	1,596,000	1.5
	Storm Water Management	4,252,800	1,107,696	3,145,104	26.0
	Irrigation Management Services	3,644,000	12,000	3,632,000	0.3
	Irrigation Management Services	3,644,000	12,000	3,632,000	0.3
County Assembly	General Administration, Support and Support Services	646,497,243	437,352,018	209,145,225	67.6
	GRAND TOTAL	8,035,324,524	3,862,082,019	4,173,242,505	48.1

Source: Tana River County Treasury

The sub-programmes that performed well based on expenditure absorption were: Opening of New Roads at 1,968.1 per cent, Accounting and Finance at 773.6 per cent, and County Roads Development at 660.8 per cent. Absorption rate above 100 per cent is irregular and should be regularised through the supplementary budget process.

3.41.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Delay by the National Treasury to disburse the equitable share of revenue raised nationally.
3. Weak budgetary controls were noted as evidenced by absorption rates above 100 per cent in a number of votes such as the County Public Service Board which recorded an absorption rate of 282.1 per cent and the Department of Roads, Transport, Public Works and Urbanisation at 117.1 per cent of their respective annual recurrent budget.
4. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-198 and table 3-199 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County Treasury should liaise with the National Treasury so as to ensure that funds allocated to the County are released in a timely manner in line with the CARA, 2019 Disbursement Schedule.
3. The County Treasury should enforce strict budgetary control to ensure that expenditures is within budget levels.

4. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.42 Tharaka Nithi County

3.42.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.5.07 billion, comprising of Kshs.1.67 billion (33 per cent) and Kshs.3.39 billion (67 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.3.92 billion (77.3 per cent) as equitable share of revenue raised nationally, Kshs.633.99 million (12.5 per cent) as total conditional grants, generate Kshs.350 million (6.9 per cent) from own sources of revenue, and had Kshs.41.22 million (0.8 per cent) as cash balance from FY 2018/19. The County also budgeted to receive Kshs.125.51 million (2.5 per cent) as "other revenues" not contained in the CARA, 2019.

3.42.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.50 billion as equitable share of the revenue raised nationally, Kshs.196.52 million as total conditional grants, raised Kshs.181.98 million from own-source revenue, and had a cash balance of Kshs.46.79 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.2.93 billion as shown in Table 3-200.

Table 3-200: Tharaka Nithi County, Revenue Performance in the First Nine Months of FY 2019/20

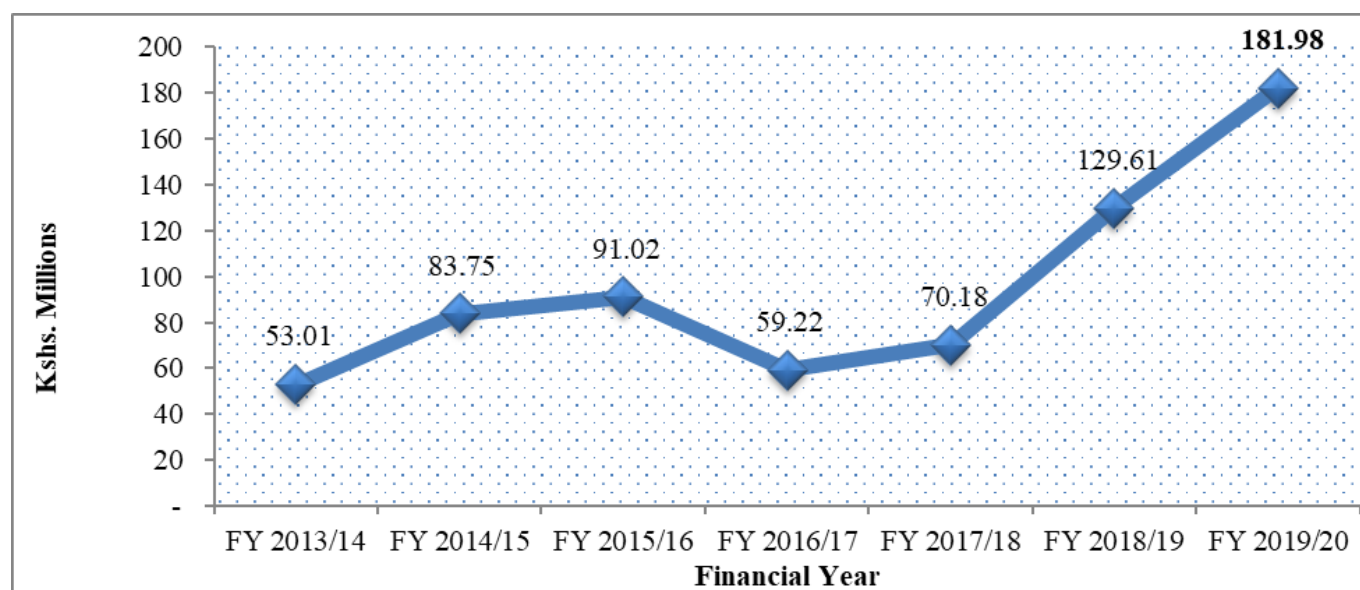
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600,000	3,924,600,000	2,507,819,400	63.9
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	1,152,184	1,152,184	-	-
2.	Compensation for User Fee Foregone	8,218,119	8,218,119	-	-
3.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
4.	Road Maintenance Fuel Levy Fund	111,402,375	111,402,375	55,701,188	50
5.	Rehabilitation of Village Polytechnics	55,638,298	55,638,298	27,819,149	50
	Sub Total	308,325,870	308,325,870	83,520,337	27.1
C.	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	40,049,752	40,049,752	40,140,278	100.2
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	152,374,180	152,374,180	58,417,783	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	68,049,846	68,049,846	-	-
5.	DANIDA Grant	10,875,000	10,875,000	5,437,500	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,518,809	15,518,809	9,009,045	58.1
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	8,800,000	-	-
	Sub Total	325,667,587	325,667,587	113,004,607	34.7
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	350,000,000	181,984,133	52
2.	Balance b/f from FY 2018/19	-	41,225,752	46,795,450	113.5
3.	Other Revenues (b/f from grants)	-	125,517,597	-	-
	Sub Total	-	516,743,349	228,779,583	44.3
	Grand Total	4,558,593,457	5,075,336,806	2,933,123,927	57.8

Source: Tharaka Nithi County Treasury

The County under budgeted the balance from FY 2018/19 by 13.5 per cent.

Figure 3-81 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-81: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Tharaka Nithi County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.181.98 million as own-source revenue (OSR). This amount represented an increase of 40.4 per cent when compared to Kshs.129.61 million realised during the same period in FY 2018/19, and represented 52 per cent of the annual target. The Improvement of 40.4 per cent of OSR collection was as a result of the passage of the Finance Bill, 2019 which harmonized fees and charges and also enhanced enforcement.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.2.91 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.679.31 million (23.3 percent) for development programmes and Kshs.2.23 billion (76.7 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

A total of Kshs.2.87 billion was spent on development and recurrent programmes and represented 98.9 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.656.44 million and Kshs.2.22 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 39.2 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 65.4 per cent.

3.42.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.63 billion was spent on compensation to employees, Kshs.618.39 million on operations and maintenance, and Kshs.656.44 million on development expenditure.

Table 3-201: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	3,399,254,288	2,231,839,688	2,222,072,839	77.2	65.4
Compensation to Employees	2,138,240,078	1,603,680,059	1,603,680,059	55.7	75.
Operations and Maintenance	1,261,014,210	628,159,629	618,392,781	21.5	49
Total Development Expenditure	1,676,082,518	679,310,311	656,442,186	22.8	39.2
Development expenditure	1,676,082,518	679,310,311	656,442,186	22.8	39.2
Total	5,075,336,806	2,911,149,999	2,878,515,025	100	56.7

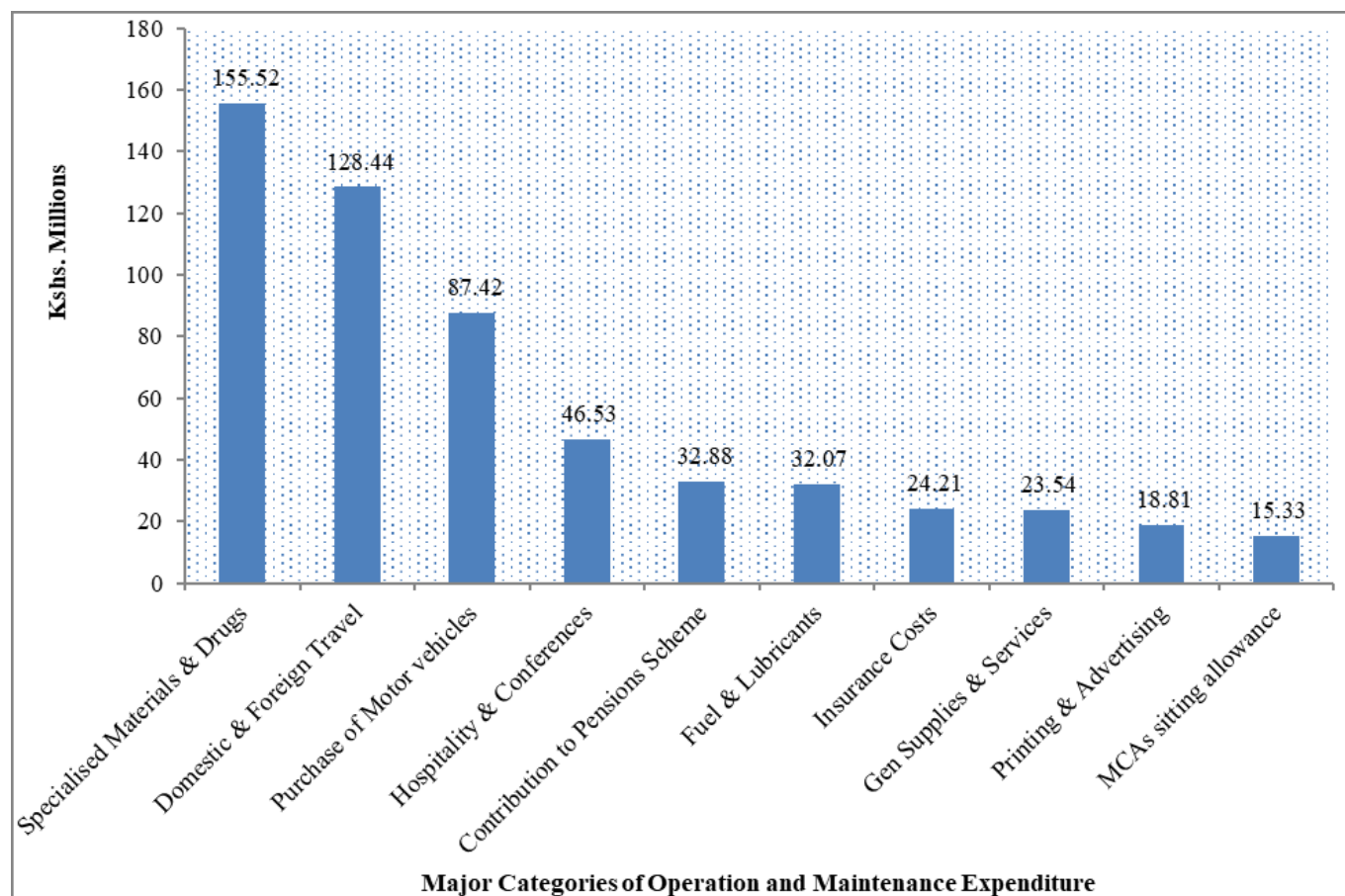
Source: Tharaka Nithi County Treasury

Expenditure on compensation to employees was 55.7 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 3.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.57 billion.

3.42.6 Analysis of Operations and Maintenance Expenditure

Figure 3-82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Tharaka Nithi County Treasury

The County spent Kshs.15.33 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.15.33 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.81,098 per MCA against the SRC's recommended monthly ceiling of Kshs.124, 800.

During the period, expenditure on domestic travel amounted to Kshs.110.99 million and comprised of Kshs.58.37 million spent by the County Assembly and Kshs.52.61 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.17.44 million and comprised of Kshs.10.60 million spent by the County Assembly and Kshs.6.83 million by the County Executive.

3.42.7 Development Expenditure Analysis

The total development expenditure of Kshs.656.44 million represented 39.2 per cent of the annual development budget of Kshs.1.67 billion and represented an increase of 1.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.647.68 billion. Table 3-200 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-202: Tharaka Nithi County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Purchase of Farm Inputs	Countywide	20,000,000	20,000,000	20,000,000	100

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
2	Purchase of Vaccines and sera for Livestock Vaccination	Countywide	4,000,000	4,000,000	4,000,000	100
3	Construction of ECDE Classes	Countywide	18,540,890	18,540,890	18,422,202	99.4
4	Construction of Governor's Residence	Igambang'ombe	42,627,875	22,000,000	21,369,107	50.1
5	Construction of Deputy Governor's Residence	Igambang'ombe	30,279,441	20,000,000	19,530,893	64.5
6	Construction of Itugururu Mkt	Mariani	4,000,000	4,000,000	3,297,668	82.4
7	Construction of Nkondi Mkt	Nkondi	8,000,000	8,000,000	5,888,651	73.6
8	Construction of Chogoria Stalls	Chogoria	11,600,000	11,600,000	11,565,425	99.7
9	Grading and Spot Improvement of Various Roads	Mwimbi	7,952,024	7,952,024	7,300,286	91.8
10	Routine Maintenance and Spot Improvement of Various Roads	Muthambi	8,000,288	8,000,288	7,993,328	99.9

Source: Tharaka Nithi County Treasury

3.42.8 Budget Performance by Department

Table 3-203 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-203: Tharaka Nithi County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	400.7	10	245.5	4.4	244.1	4.4	99.4	100	60.9	43.6
Office Of The Governor & Deputy Governor	162.5	-	92.9	-	92.2	-	99.3	-	56.7	-
Finance And Economic Planning	309	61.9	147.7	-	146.6	-	99.2	-	47.4	-
Agriculture & Cooperative Development	93.7	246.1	58.5	82.4	58.4	81	99.7	98.3	62.3	32.9
Education And Vocational Training	180.6	82.3	141.6	25.9	142	19.3	100.3	74.6	78.6	23.5
Medical Services	1618.8	235	1169.4	76.3	1169	76.2	100	99.9	72.2	32.4
Lands, Physical Planning, Urban Development, Housing & Environment	60	303.4	26.7	154.2	25	154.3	93.6	100	41.6	50.8
Roads, Infrastructure, Public Works & Industry	55.6	520.2	21.6	291.2	21.3	276.7	98.5	95	38.4	53.2
Administration & Public Service	153	-	96.4	-	95.3	-	98.8	-	62.3	-
Trade & Resource Mobilization	105.4	-	63.1	-	62.5	-	99.1	-	59.3	-
Water Services And Irrigation	42	120.8	22.7	18.3	22.2	18.2	97.8	99.7	52.8	15.1
County Public Service Board	21.6	-	10.1	-	10.3	-	101.2	-	47.5	-
Livestock, Veterinary & Fisheries Development	75	36	54.8	5.9	54	5.7	98.7	96.1	72.1	15.8
Public Health & Sanitation	56.6	-	50.5	-	50.3	-	99.6	-	88.8	-
Energy, Information, Communication & Technology	23.6	22.5	6.7	4.8	5.9	4.7	87.1	98.8	24.8	20.9
Youth, Sports, Culture & Tourism	41.2	38	23.7	16.1	23.2	16.1	97.9	100	56.3	42.4
TOTAL	3,399.3	1,676.1	2,231.8	679.3	2,222.1	656.4	99.6	96.6	65.4	39.2

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Roads, Infrastructure and Public works recorded the highest absorption rate of development budget at 53.2 per cent while the Department of water services and irrigation

had the least expenditure on development activities at 15.1 per cent. The Department of Public Health and Sanitation had the highest percentage of recurrent expenditure to its recurrent budget at 88.8 per cent while the Department of Energy, Information, Communication & Technology had the lowest at 24.8 per cent.

3.42.9 Budget Execution by Programmes and Sub-Programmes

Table 3-204 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-204 : Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Description	Sum of Approved Estimates (Net) – Kshs.	Sum of Cumulative Expenditure (Kshs.)	Absorption (%)
Agriculture and Cooperatives	347,134,289	139,346,233	40
P: Cooperative Development and Management	2,423,062	318,100	13
SP: Cooperative Development	2,423,062	318,100	13
P: Crop Development and Management	4,998,205	796,560	16
SP: Crops Development, Agribusiness and Market Development	4,998,205	796,560	16
P: General Administration Planning and Support Services	339,713,022	138,231,573	41
SP: Administration, Policy, Strategy and Management of Agriculture	87,639,480	57,242,675	65
SP: General Administration Services	252,073,542	80,988,898	32
County Public Service Board	21,607,854	10,269,621	48
P: Economic Policy and County Planning	1,725,000	976,040	57
SP: Economic Planning Coordination Services	575,000	555,600	97
SP: Monitoring and Evaluation Services	1,150,000	420,440	37
P: Financial Management Services	400,000	335,200	84
SP: Monitoring and Evaluation Services	400,000	335,200	84
P: General Administration, Planning and Support Services	18,198,854	7,916,501	43
SP: General Administration and Support Services	18,148,604	7,916,501	44
SP: Human Resource Management Services	50,250	-	-
P: Human Resource Management and Development	1,284,000	1,041,880	81
SP: County Public Service Board Services	1,284,000	1,041,880	81
Education, Gender, Culture and Social Services	261,804,378	161,303,071	62
P: Education and Youth Training	77,104,337	54,035,086	70
SP: Promotion of Basic Education (ECDE)	41,717,490	35,246,615	84
SP: Youth Training and Capacity Building	35,386,847	18,788,471	53
P: General Administration Planning and Support Services	184,700,041	107,267,985	58
SP: Administration Planning and Support Services	184,700,041	107,267,985	58
Energy and ICT	52,778,703	10,567,462	20
P: Energy Resource Development & Management	29,868,922	4,915,582	16
SP: Energy Resource Development & Management	29,868,922	4,915,582	16
P: General Administration Planning and Support Services	20,862,941	4,279,900	21
SP: General Administration Services	20,862,941	4,279,900	21
P: ICT Infrastructure Development	2,046,840	1,371,980	67
SP: ICT Infrastructure Development	2,046,840	1,371,980	67
Finance and Economic Planning	309,122,135	146,597,969	47
P: Economic Policy and County Planning	8,135,368	4,597,068	57
SP: County Statistics Services	2,592,002	1,618,400	62

Description	Sum of Approved Estimates (Net) – Kshs.	Sum of Cumulative Expenditure (Kshs.)	Absorption (%)
SP: Economic Development, Planning and Coordination Services	3,066,054	1,145,260	37
SP: Monitoring and Evaluation Services	2,477,312	1,833,408	74
P: Financial Management Services	15,239,144	11,305,773	74
SP: Accounting Services	3,630,359	3,260,390	90
SP: Audit Services	4,128,851	2,310,875	56
SP: Budget Formulation and Coordination	5,583,719	4,536,798	81
SP: Supply Chain Management Services	1,896,215	1,197,710	63
P: General Administration, Planning and Support Services	226,491,650	130,695,128	58
SP: General Administration and Support Services	36,945,209	-	-
SP: Human Resource Management Services	189,546,441	130,695,128	69
P: Kenya Devolution Support Programme	59,255,973	-	-
SP: Tharaka Nithi KDSP Capacity Building	59,255,973	-	-
Lands, Physical Planning, Urban Development, Natural Resources	365,313,018	179,212,017	49
P: Environment and Natural Resources Management	7,400,305	3,076,650	42
SP: Environment and Natural Resource	7,400,305	3,076,650	42
P: General Administration Planning and Support Services	7,156,370	3,366,550	47
SP: General Administration Services	7,156,370	3,366,550	47
P: Kathwana Municipality Development Programme	2,710,408	640,610	24
SP: Kathwana Urban Area Support	2,710,408	640,610	24
P: Land Policy and Planning	348,045,935	172,128,207	49
SP: Land administration & management	309,219,567	157,219,437	51
SP: Physical Planning Services	38,826,368	14,908,770	38
Livestock, Veterinary and Fisheries Development	117,229,738	59,719,118	51
P: General Administration Planning and Support Services	36,000,000	5,674,450	16
SP: General Administration Services	36,000,000	5,674,450	16
P: Livestock and Fisheries Resource Management and Development	81,229,738	54,044,668	67
SP: Fisheries Development and Promotion	2,335,100	125,500	05
SP: Livestock Policy Development and Capacity Building	71,751,240	52,411,468	73
SP: Veterinary Services and Disease Prevention	7,143,398	1,507,700	21
Medical Services	1,905,708,346	1,245,198,118	65
P: Curative and Rehabilitative Services	143,467,866	139,836,762	97
SP: Laboratory Services	27,707,097	26,603,588	96
SP: Medical Supplies	115,760,769	113,233,174	98
P: General Administration Planning and Support Services	1,762,240,480	1,105,361,356	63
SP: General Administration Services	345,960,581	140,644,854	41
SP: HMIS Monitoring and Evaluation	1,070,442	515,000	48
SP: Human resource management	1,414,215,475	964,201,502	68
SP: Research and Development	993,982	-	-
Office of Governor and Deputy Governor	147,216,917	92,201,800	63
P: County Government Advisory Services	11,088,122	8,219,250	74
SP: Communication and Strategy	11,088,122	8,219,250	74
P: County Leadership and Coordination of MDAs	4,895,868	4,320,790	88

Description	Sum of Approved Estimates (Net) – Kshs.	Sum of Cumulative Expenditure (Kshs.)	Absorption (%)
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	4,895,868	4,320,790	88
P: General Administration, Planning and Support Services	131,232,927	79,661,760	61
SP: Coordination and Supervisory Services (Deputy Governor's Office)	14,787,213	12,823,954	87
SP: Management of County Affairs (Office of Governor)	116,445,714	66,837,806	57
Public Health and Sanitation	64,374,034	50,292,416	78
P: Preventive and Promotive Health Services	64,374,034	50,292,416	78
SP: Disease Surveillance	1,764,602	240,000	14
SP: Environmental Health services	17,475,231	13,393,136	77
SP: Health Promotion and Disease Control	42,312,395	36,066,280	85
SP: HIV and AIDS Support Services	1,552,567	-	-
SP: Nutrition Services	810,478	430,000	53
SP: Reproductive Maternal and Child health Services	458,761	163,000	36
Public Service, Urban Development and Disaster Management	154,694,343	95,250,691	62
P: County Government Advisory Services	2,370,267	1,038,980	44
SP: Disaster Management and Coordination	2,370,267	1,038,980	44
P: General Administration, Planning and Support Services	130,616,035	74,996,763	57
SP: General Administration and Support Services	125,263,820	72,749,913	58
SP: Human Resource Management Services	1,758,585	634,970	36
SP: Sub-County Administration and Field Services	3,593,630	1,611,880	45
P: Legal Affairs	21,708,041	19,214,948	89
SP: Enforcement Services	-	(104,000)	1
SP: Legal Services	17,902,729	16,450,608	92
SP: Public participation and Civic Education	3,805,312	2,868,340	75
Roads, Infrastructure, Public Works and Industry	570,895,207	297,988,297	52
P: General Administration Planning and Support Services	20,216,148	4,649,733	23
SP: General Administration Services	20,216,148	4,649,733	23
P: Housing Development and Human Settlement	3,923,997	2,797,252	71
SP: Housing Services	3,923,997	2,797,252	71
P: Roads Transport	546,755,062	290,541,312	53
SP: Rural Roads Improvement and Maintenance Services	546,755,062	290,541,312	53
Trade and Revenue	102,058,961	62,479,480	61
P: General Administration, Planning and Support Services	94,474,081	58,713,030	62
SP: General Administration and Support Services	94,474,081	58,713,030	62
P: Industrial Development and Investment	7,584,880	3,766,450	50
SP: Consumer Protection & Fair Trade Practices	4,609,234	1,584,300	34
SP: Industrial Development	2,975,646	2,182,150	73
Water Services and Irrigation	164,465,342	40,382,456	25
P: Water Supply Services	164,465,342	40,382,456	25
SP: Domestic Water Services	158,311,451	38,154,056	24
SP: Irrigation and Drainage Services	4,405,098	1,910,800	43
SP: Water Storage Services	1,748,793	317,600	18
Youth,Sports,Culture and Tourism	80,283,541	39,284,641	49

Description	Sum of Approved Estimates (Net) – Kshs.	Sum of Cumulative Expenditure (Kshs.)	Absorption (%)
P: Culture, Arts and Social Services	4,973,927	2,970,442	60
SP: Culture and Arts Promotion	4,488,309	2,747,942	61
SP: Gender, PWDs and Social Services	485,618	222,500	46
P: Sports Development and Promotion	72,093,699	35,899,449	50
SP: Athletics Championships and Other Games	1,511,144	618,900	41
SP: County Football League and Clubs Development	2,868,788	2,579,065	90
SP: Talent Search and Promotion	67,713,767	32,701,484	48
P: Tourism Development and Promotion	3,215,915	414,750	13
SP: Miss Tourism Tharaka Nithi	2,087,745	205,700	10
P: County Assembly	410,650,000	248,421,635	60
SP: County Assembly Services	410,650,000	248,421,635	60
SP: Tourism Branding and Marketing	1,128,170	209,050	19
Total	5,075,336,806	2,878,515,025	56

Source: Tharaka Nithi County Treasury

The programmes that performed well based on expenditure absorption were: Legal Affairs at 100 per cent, Curative and rehabilitative services at 97.4 per cent, County Leadership and Administration at 88.3 per cent, and Financial Management services at 83.8 per cent of budget allocation.

3.42.10 Key Observations and Recommendations

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

1. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.656.44 million out of annual development budget of Kshs.1.67 billion. The development expenditure represented 39.2 per cent of the annual development.
2. A high wage bill, which accounted for 55.7 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.

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

1. The County should identify and address the issues causing delay in implementation of development projects.
2. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.

3.43 Trans Nzoia County

3.43.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.7.97 billion, comprising of Kshs.3.28 billion (41.2 per cent) and Kshs.4.69 billion (58.8 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5.76 billion (75.8 per cent) as equitable share of revenue raised nationally, Kshs.1.02 billion (13.5 per cent) as total conditional grants, generate Kshs.500 million (6.6 per cent) from own sources of revenue, and had Kshs.307.97 million (4.1 per cent) as cash balance from FY 2018/19.

3.43.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.89 billion as equitable share of the revenue raised nationally, Kshs.474.02 million as total conditional grants, raised Kshs.151.01 million from own-source revenue, and had a cash balance of Kshs.307.97 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.4.82 billion as shown in Table 3-205.

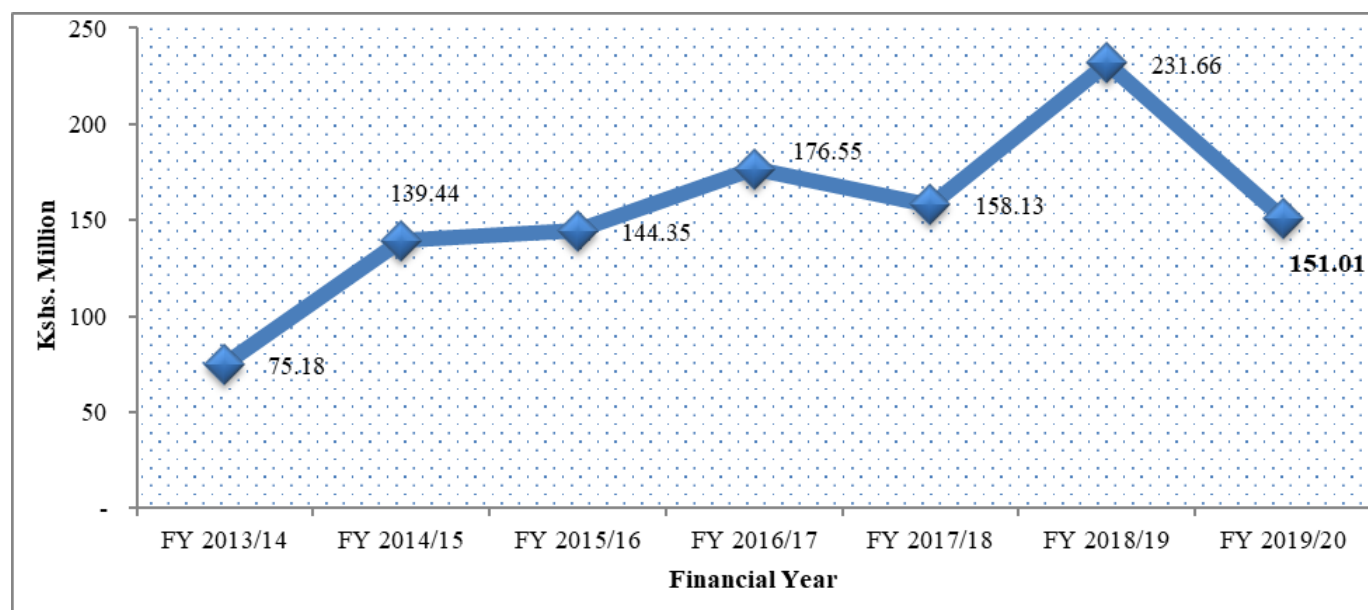
Table 3-205: Trans Nzoia County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,760,300,000	5,760,300,000	3,888,349,532	67.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	21,304,915	21,304,915	-	-
2.	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3.	Road Maintenance Fuel Levy Fund	163,509,938	163,509,938	120,403,345	73.6
4.	Rehabilitation of Village Polytechnics	61,188,298	61,188,298	30,594,149	50.0
	Sub Total	377,918,045	377,918,045	150,997,494	40.0
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	36,686,728	36,686,728	14,884,231	40.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	153,648,826	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	171,723,421	95,266,760	317.6
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	299,106,900	299,106,900	-	-
5.	DANIDA Grant	16,781,250	16,781,250	8,390,625	50
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,768,813	23,903,220	9,634,407	57.5
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	80,000,000	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	50,000,000	41,200,000	468.2
	Sub Total	838,143,691	1,028,201,519	323,024,850	38.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	500,000,000	151,013,531	30.2
2.	Balance b/f from FY2018/19	-	307,966,778	307,966,778	100
	Sub Total	-	807,966,778	458,980,309	56.8
	Grand Total	6,976,361,736	7,974,386,342	4,821,352,185	60.5

Source: Trans Nzoia County Treasury

Figure 3-83 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-83: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Trans Nzoia County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.151.01 million as own-source revenue. This amount represented a decrease of 34.8 per cent when compared to Kshs.231.66 million realised during the same period in FY 2018/19, and represented 30.2 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.4.84 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.47 billion (30.4 percent) for development programmes and Kshs.3.37 billion (69.6 per cent) for recurrent programmes.

3.43.4 Overall Expenditure Review

A total of Kshs.4.27 billion was spent on development and recurrent programmes and represented 88.4 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.13 billion and Kshs.3.14 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 34.5 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67 per cent.

3.43.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.13 billion was spent on compensation to employees, Kshs.1.01 billion on operations and maintenance, and Kshs.1.13 billion on development expenditure.

Table 3-206: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget Kshs.	Exchequer Issues (Kshs)	Expenditure (Kshs)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,692,498,180	3,368,905,401	3,143,753,550	73.5	67.0
Compensation to Employees	2,713,642,459	2,038,575,633	2,129,143,020	49.8	78.5
Operations and Maintenance	1,978,855,721	1,330,329,768	1,014,610,530	23.7	51.3
Total Development Expenditure	3,281,888,162	1,468,265,648	1,131,192,245	26.5	34.5
Development expenditure	3,281,888,162	1,468,265,648	1,131,192,245	26.5	34.5
Total	7,974,386,342	4,837,171,050	4,274,945,795	100.0	53.6

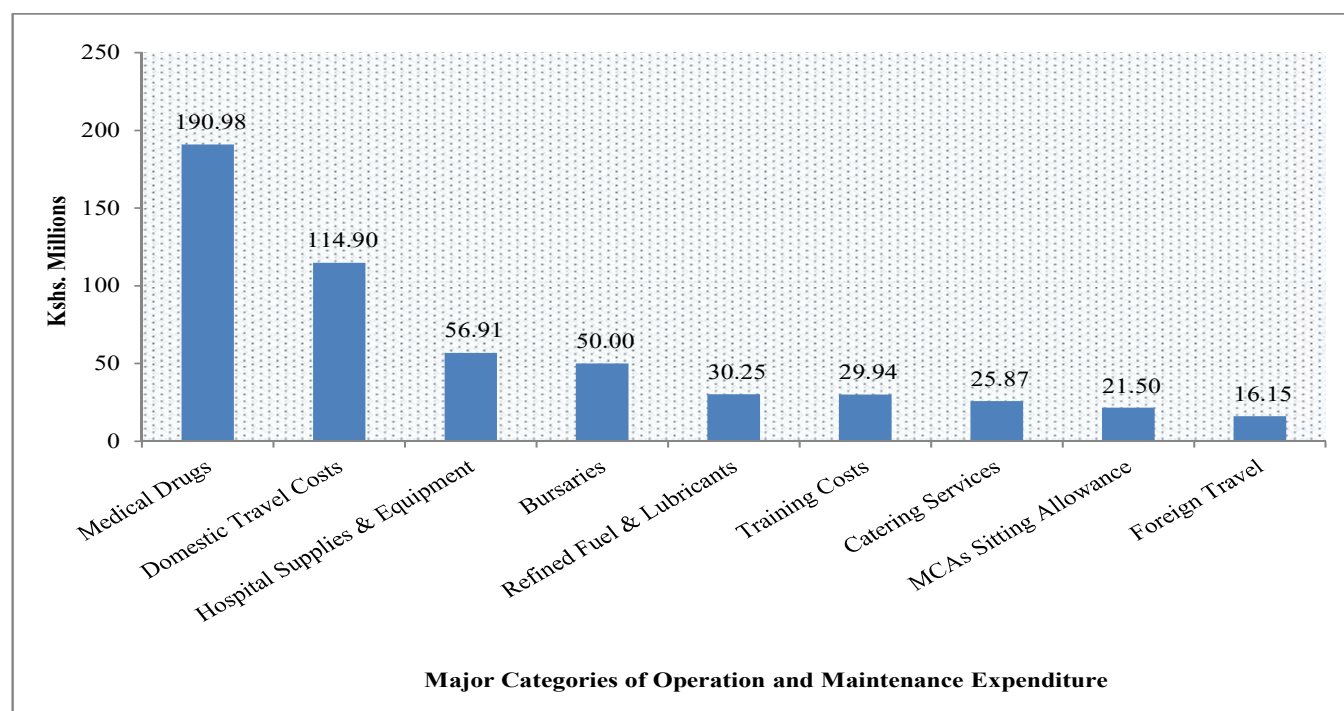
Source: Trans Nzoia County Treasury

Expenditure on compensation to employees was 49.8 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 12.7 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.89 billion.

3.43.6 Analysis of Operations and Maintenance Expenditure

Figure 3-84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Trans Nzoia County Treasury

The County spent Kshs.21.50 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.62.85 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.59,714 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.114.90 million and comprised of Kshs.76.50 million spent by the County Assembly and Kshs.38.40 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.16.15 million by the County Assembly.

3.43.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.13 billion represented 34.5 per cent of the annual development budget of Kshs.3.28 billion and represented an increase of 37.3 per cent compared to a similar period in FY2018/19 when the County spent Kshs.696.89 million. Table 3-207 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-207: Trans Nzoia County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Road Maintenance	County Wide	446,317,625	222,382,193	49.8
2	Water Supply	County Wide	308,456,871	146,781,615	47.6
3	Construction of ECDE Centers	County Wide	89,100,000	29,939,420	33.6
4	Veterinarian Supplies and Materials	County Wide	35,500,000	29,330,975	82.6
5	Construction of Trans Nzoia Teaching and Referral Hospital	Trans Nzoia Teaching Referral Hospital	205,000,000	29,283,720	14.3
6	Supply of Subsidized Planting Fertilizers	Kitale	25,000,000	10,065,000	40.3
7	County Spatial Development Plan	Kitale	12,000,000	9,500,000	79.2
8	Typical Prefabricated Market stalls	Entebess	3,168,809	3,168,809	100.0
9	Construction of Dispensary Single Unit Staff Quarters	Chepsiro	2,204,844	2,204,844	100.0

Source: Trans Nzoia County Treasury

3.43.8 Budget Performance by Department

Table 3-208 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-208: Trans Nzoia County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Cooperative Development	263.08	644.97	194.15	281.82	139.76	256.26	72.0	90.9	53.1	39.7
Trade, Commerce and Industry	57.94	310.45	42.65	134.28	20.04	18.61	47.0	13.9	34.6	6
Environment, Water and Natural Resources	97.52	308.46	76.57	177.76	47.03	182.22	61.4	102.5	48.2	59.1
Public Works, Transport and Infrastructure	181.94	492.32	145.80	398.03	145.27	272.40	99.6	68.4	79.8	55.3
Health	1,620.42	530.80	1,209.82	273.50	1,361.10	182.03	112.5	66.6	84	34.3
Lands, Housing and Physical Planning	72.14	436.07	49.65	23.54	23.15	49.65	46.6	210.9	32.1	11.4
Gender, Youth, Sports, Culture and Tourism	53.06	107.94	39.47	22.60	40.01	49.30	101.4	218.1	75.4	45.7
Governance and Public Service Management	509.59	36.58	336.29	-	224.87	-	66.9	-	44.1	-
Education, ECDE and Vocational Training	418.03	195.25	303.78	130.21	292.59	76.55	96.3	58.8	70	39.2
Finance	678.83	110.00	461.98	5.06	391.59	24.63	84.8	486.4	57.7	22.4
County Assembly	628.14	89.00	445.89	21.47	448.91	13.65	100.7	63.6	71.5	15.3
County Public Service Board	52.35	4.02	25.82	-	4.65	-	18	-	8.9	-
Economic Planning	59.48	16.04	37.03	-	4.78	5.87	12.9	-	8	36.6
Total	4,692.50	3,281.89	3,368.91	1,468.27	3,143.75	1,131.19	93.3	77	67	34.5

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the Department of Environment, Water and Natural Resources recorded the highest absorption rate of development budget at 59.1 per cent followed by the Department of Public Works, Transport and Infrastructure at 55.3 per cent. The Department of Health had the highest percentage of recurrent expenditure to its recurrent budget at 84 per cent while the Department of Economic Planning had the lowest at 8 per cent.

3.43.9 Budget Execution by Programmes and Sub-Programmes

Table 3-209 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-209: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture ,Livestock, Fisheries and Co-operative Development					
Administrative and support services	Land Policy and Planning	508,987,657	309,117,205	199,870,453	60.7
Irrigation and Drainage Infrastructure	Irrigation and Drainage Infrastructure	21,000,000	987,500	20,012,500	4.7
Agribusiness and Information Management		165,083,178	43,394,583	121,688,595	26.3
Livestock	Housing Development and Human Settlement	6,795,170	6,572,016	223,154	96.7
Livestock	Land Policy and Planning	167,357,525	8,234,250	159,123,275	4.9
Veterinaries	Housing Development and Human Settlement	21,900,000	17,968,398	3,931,602	82

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Veterinaries		2,623,950	-	2,623,950	-
	Housing Development and Human Settlement	14,300,000	9,750,100	4,549,900	68.2
Sub total		908,047,480	396,024,052	512,023,428	43.6
Trade, Commerce and Industry					
Administrative and support services	Industrial Development and Investments	224,748,317	17,225,393	207,522,924	7.7
Administrative and support services	General Administration Planning and Support Services	57,944,644	20,042,702	37,901,942	34.6
Trade and industry development	Trade and industry development	85,700,000	1,388,500	84,311,500	1.6
Sub total		368,392,961	38,656,595	329,736,366	10.5
Water, Environment and Natural Resources					
Administrative and support services	General Administration, Planning & Support Services	100,519,375	47,027,143	53,492,233	46.8
Water resource management and storage	Environment Management and Protection	164,200,000	122,603,325	41,596,675	74.7
Water resource management and storage	Natural Resources Conservation & Management	141,256,871	59,620,276	81,636,595	42.2
Sub total		405,976,246	229,250,744	176,725,502	56.5
Public Works, Roads and Infrastructure					
Administrative and support services	General Administration, Planning & Support Services	181,938,484	145,273,732	36,664,752	79.8
Road construction	General Administration, Planning & Support Services	154,561,500	101,299,144	53,262,356	65.5
Road maintenance	Road maintenance	291,756,125	114,764,351	176,991,774	39.3
Electrification	Electrification	27,100,000	44,517,101	-17,417,101	164.3
Transport	Transport	3,000,000	1,791,410	1,208,590	59.7
Transport	Transport	15,900,000	10,031,984	5,868,016	63.1
Sub total		674,256,109	417,677,721	256,578,388	61.9
Health					
Administrative and support services	Preventive & Promotive Health Services	53,768,230	105,800	53,662,430	0.2
Medical health	Health Research and Development	1,037,244	-	1,037,244	-
Preventive & Promotive Health Services	Preventive & Promotive Health Services	1,566,650,453	1,360,998,138	205,652,315	86.9
Health Research and Development	Health Research and Development	529,759,194	182,032,527	347,726,667	34.4
Sub total		2,151,215,121	1,543,136,466	608,078,655	71.7
Lands, Housing and Urban Development					
Administrative and support services	Land Policy and Planning	421,242,067	25,978,844	395,263,223	6.2
Administrative and support services	Crop Development and Management	13,000,000	-	13,000,000	-
Housing	Land Policy and Planning	26,700,000	1,800,000	24,900,000	6.7
Survey	Crop Development and Management	47,258,730	45,022,485	2,236,245	95.3
Sub total		508,200,797	72,801,329	435,399,468	14.3
Gender, Sports, Culture, Tourism					
Administrative and support services	Sports	53,055,145	20,805,546	32,249,599	39.2
Administrative and support services	General Administration, Planning & Support Services	57,350,000	19,276,901	38,073,099	33.6
Sports	The Arts	25,900,118	7,618,580	18,281,538	29.4
Culture	Library Services	24,690,617	14,622,352	10,068,265	59.2
Administrative and support services	General Administration Planning and Support Services	117,950,661	26,978,134	90,972,527	22.9
Sub total		278,946,541	89,301,514	189,645,027	32
Governance and Public Service Management					
Administrative and support services	General Administration Planning and Support Services	428,219,125	224,870,001	203,349,124	52.5

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub total		428,219,125	224,870,001	203,349,124	52.5
Education and ICT					
Administrative and support services	Primary Education	534,567,813	320,119,942	214,447,871	59.9
Vocational training	Secondary Education	77,588,298	49,019,398	28,568,900	63.2
Special programmes	General Administration, Planning & Support Services	1,117,332	-	1,117,332	-
Sub total		613,273,443	369,139,340	244,134,103	60.2
Finance and Economic Planning					
Administrative and support services	General Administration Planning and Support Services	688,332,093	394,523,444	293,808,649	57.3
Revenue enhancement	General Administration Planning and Support Services	100,495,477	21,697,528	78,797,949	21.6
Sub total		788,827,570	416,220,972	372,606,598	52.8
Economic Planning					
General Administration Planning and Support Services	General Administration Planning and Support Services	59,478,620	4,784,286	54,694,334	8
National Statistical Information Services	National Statistical Information Services	16,043,391	5,870,000	10,173,391	36.6
Sub total		75,522,011	10,654,286	64,867,725	14.1
County Public Service Board					
General Administration Planning and Support Services	General Administration Planning and Support Services	56,369,828	4,649,542	51,720,286	8.2
Sub total		56,369,828	4,649,542	51,720,286	8.2
County Assembly					
Legislative and Oversight Arm	General Administration Planning and Support Services	175,195,006	124,088,342	51,106,664	70.8
General Administrative and Support Services	Public Service Transformation	533,917,240	331,921,691	201,995,549	62.2
Security Services	Economic Policy and National Planning	8,026,864	6,553,200	1,473,664	81.6
Sub total		717,139,110	462,563,233	254,575,877	64.5
Grand Total		7,974,386,342	4,274,945,795	3,699,440,548	53.6

Source: Trans Nzoia County Treasury

The programmes that performed well based on expenditure absorption were: Electrification at 164.3 per cent, Housing Development and Human Settlement at 96.9 per cent, Crop Development and Management at 95.3 per cent, and Preventive & Promotive Health Services of budget allocation.

3.43.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.1.13 billion out of annual development budget of Kshs.3.28 billion. The development expenditure represented 34.5 per cent of the annual development.
3. A high wage bill, which accounted for 49.8 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.151.01 million against annual projection of Kshs.500 million. The realised own source revenue represented 30.2 per cent of its annual target.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-209 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166

of PFM Act, 2012.

2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.
5. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.44 Turkana County

3.44.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.14.91 billion, comprising of Kshs.4.79 billion (32.1 per cent) and Kshs.10.12 billion (67.9 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.10.54 billion (72.8 per cent) as equitable share of revenue raised nationally, Kshs.1.29 billion (8.9 per cent) as total conditional grants, generate Kshs.250 million (1.7 per cent) from own sources of revenue, and had Kshs.2.4 billion (16.6 per cent) as cash balance from FY 2018/19.

3.44.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.5.79 billion as equitable share of the revenue raised nationally, Kshs.257.52 million as total conditional grants, raised Kshs.112.79 million from own-source revenue, and had a cash balance of Kshs.2.4 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.56 billion as shown in Table 3-210.

Table 3-210: Turkana County, Revenue Performance in the First Nine Months of FY 2019/20

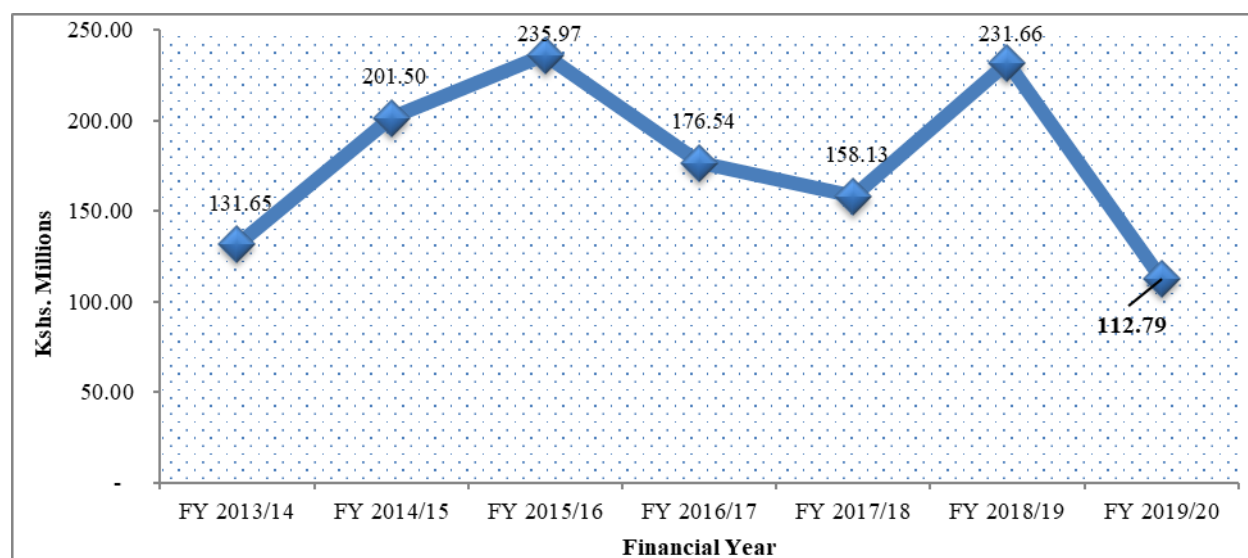
S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,539,450,000	10,539,450,000	5,786,158,050	54.9
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	25,634,941	25,634,941		-
2.	Leasing of Medical Equipment	131,914,894	131,914,894		-
3.	Road Maintenance Fuel Levy Fund	299,169,281	299,169,281		-
4.	Rehabilitation of Village Polytechnics	13,893,298	13,893,298	6,946,649	50.0
Sub Total		470,612,414	470,612,414	6,946,649	1.5
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	84,141,376	84,141,376	67,802,286	80.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	350,000,000	350,000,000	157,428,741	45.0
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	-	25,346,766		-
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000		-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	95,023,200	95,023,200		-
6.	DANIDA Grant	32,156,250	32,156,250		-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	25,346,766	-	25,346,766	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	8,800,000	8,800,000		-
9.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	200,000,000	200,000,000		-
Sub Total		825,467,592	825,467,592	250,577,793	30.4
D	Other Sources of Revenue				
1	Own Source Revenue	-	250,000,000	112,789,001	45.1

S/No	Revenue	Annual CARA, 2019 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2.	Balance b/f from FY 2018/19	-	2,398,667,807	2,398,667,807	100.0
Sub Total		-	2,648,667,807	2,511,456,808	94.8
Grand Total		11,835,530,006	14,484,197,813	8,555,139,300	59.1

Source: Turkana County Treasury

Figure 3-85 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-85: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Turkana County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.112.79 million as own-source revenue. This amount represented a decrease of 51.3 per cent when compared to Kshs.231.66 million realised during the same period in FY 2018/19, and represented 45.1 per cent of the annual target. This decline was caused by low business operation by traders in the County and stoppage of operations by Tullow Company and Associates which were major revenue sources.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.6.63 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.934.32 million (14.1 per cent) for development programmes and Kshs.5.69 billion (85.9 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

A total of Kshs.6.04 billion was spent on development and recurrent programmes and represented 96.6 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.799.54 million and Kshs.5.24 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 16.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 51.7 per cent.

3.44.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.3.07 billion was spent on compensation to employees, Kshs.2.16 million on operations and maintenance, and Kshs.799.54 million on development expenditure.

Table 3-211: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget Kshs	Exchequer Issues (Kshs)	Expenditure Kshs	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Recurrent Expenditure	10,120,270,627	5,691,244,549	5,236,906,405	86.8	51.7
Compensation to Employees	3,661,665,356	3,122,417,500	3,073,228,313	50.9	83.9
Operations and Maintenance	6,458,605,271	2,568,827,049	2,163,678,092	35.8	33.5
Development Expenditure	4,792,360,618	934,321,282	799,741,588	13.2	16.7
Total	14,912,631,245	6,625,565,831	6,036,647,992	100	40.5

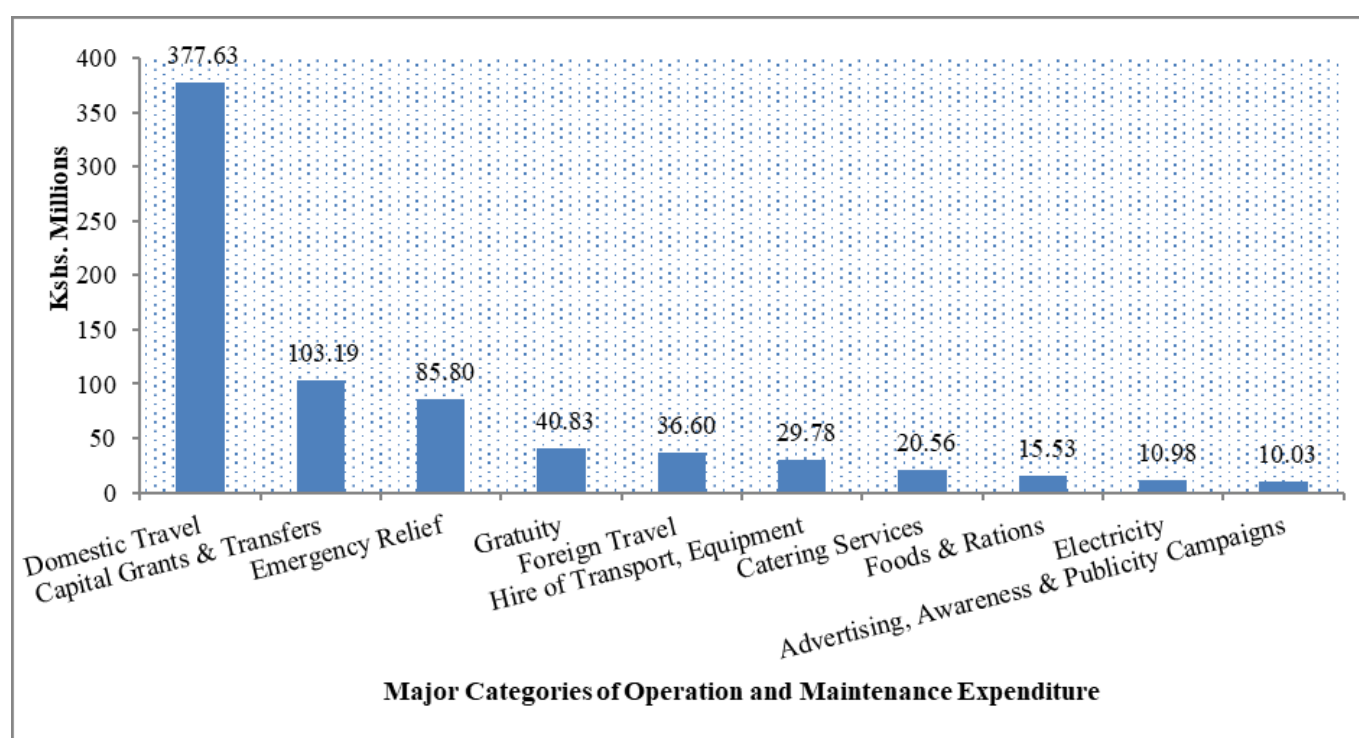
Source: Turkana County Treasury

Expenditure on compensation to employees was 50.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 5.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.91 billion.

3.44.6 Analysis of Operations and Maintenance Expenditure

Figure 3-86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-86: Turkana County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Turkana County Treasury

The County spent Kshs.19.27 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.71.9 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs. 44,613 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.377.63 million and comprised of Kshs.100.41 million spent by the County Assembly and Kshs.36.6 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.36.6 million entirely spent by the County Executive.

3.44.7 Development Expenditure Analysis

The total development expenditure of Kshs.799.74 million represented 16.7 per cent of the annual development budget of Kshs.4.79 billion and represented an increase of 14.8 per cent compared to a similar period in FY2018/19 when the County spent Kshs.696.74 million. Table 3-212 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-212: Turkana County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1.	Construction of County Headquarters	Township	695,854,432	465,517,656	66.9
2.	Lokirama Revenue Resource Centre	Lokirama	95,894,400	83,190,308	86.8
3.	Installation of Air Conditioners And Other Mechanical At County Headquarters Building	Headquarters	82,588,770	82,588,770	100
4.	Citizen Resource Centre-Kaeris	Kaeris	34,704,636	31,234,172	90
5.	Kakuma Resource Centre	Kakuma	33,494,796	30,145,316	90
6.	Katilu Resource Centre	Katilu	32,759,468	29,483,521	90
7.	Lowarengak Resource Centre	Lowarengak	34,319,912	18,500,000	53.9
8.	Kerio Social Hall-Resource Centre	Kerio Delta	18,209,410	17,547,592	96.4
9.	Kerio Social Hall-Resource Centre	Kerio Delta	18,209,410	16,388,469	90.0

Source: Turkana County Treasury

3.44.8 Budget Performance by Department

Table 3-213 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-213: Turkana County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance (Office of the Gvn and Liaison)	385.75	298.63	162.47	20.68	114.91	25.12	70.7	121.5	29.8	8.4
Office of the Deputy Governor	36.04	-	12.44	29.03	8.63	-	69.3	-	23.9	-
Finance and Planning	1,218.43	297.81	418.44	140.82	502.87	40.46	120.2	28.7	41.3	13.6
Water Services, Environment and Mineral Resources	255.43	473.53	49.99	63.77	37.91	222.34	75.8	348.6	14.8	47.0
Health & Sanitation Services	867.98	394.70	419.37	19.66	305.54	-	72.9	-	35.2	-
Trade, Gender and Youth Affairs	106.08	264.25	62.16	54.05	22.25	219.09	35.8	405.3	21.0	82.9
Education, Sports and Social Protection	676.64	375.56	461.88	0.50	365.16	190.38	79.1	37,965.9	54.0	50.7
Public Services, Decentralized Administration & Disaster Management	4,905.50	18.22	3,037.22	85.90	2,957.69	-	97.4	-	60.3	-
Infrastructure, Transport and Public Works	67.86	1,004.39	31.98	342.41	8.53	-	26.7	-	12.6	-

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
Agriculture Pastoral Economy and Fisheries	203.43	1,048.75	96.45	46.51	76.65	-	79.5	-	37.7	-
Tourism, Culture and Natural Resources	162.91	55.79	106.20	22.92	65.24	-	61.4	-	40.0	-
Lands, Energy, Housing and Urban Areas Management	101.21	290.79	69.27	-	19.60	-	28.3	-	19.4	-
County Public Service Board	112.40	6.51	39.20	-	28.01	-	71.4	-	24.9	-
Office of the County Attorney	147.25	-	81.25	-	7.10	-	8.7	-	4.8	-
County Assembly	873.36	263.42	642.91	108.06	716.83	102.36	111.5	94.7	82.1	38.9
Total	10,120.27	4,792.36	5,691.24	934.32	5,236.91	799.74	92.0	85.6	51.7	16.7

Source: Turkana County Treasury

Analysis of expenditure by department shows that the Ministry of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 82.9 per cent. The County Assembly had the highest percentage of recurrent expenditure to its recurrent budget at 82.1 per cent while the Office of the County Attorney had the lowest at 4.8 per cent.

3.44.9 Budget Execution by Programmes and Sub-Programmes

Table 3-214: shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-214 : Turkana County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Formulation of community land policy and regulations	13,298,561	976,940	7.3
104074110	Urban Centre Mgt	1,000,000	-	-
104084110	Municipality Upgrade	12,298,561	976,940	7.9
	Compulsory land acquisition for public utilities	14,400,000	-	-
105014110	Land acquisition for public utilities	14,400,000	-	-
	Establishment and rehabilitation of public utilities in Lodwar	24,000,000	-	-
109024110	completion of recreational park	17,000,000	-	-
109034110	setting up of dumping site in Lodwar	7,000,000	-	-
	Revival of Turkana Fishermen Co-op. society	7,000,000	-	-
110094110	Soil & Water Conservation	7,000,000	-	-
	Fish market infrastructure/ fish value addition	30,080,497	3,196,135	10.6
111014110	Fish market infrastructure/ fish value addition	1,200,000	-	-
111024110	Fisheries livelihood support	20,293,623	715,655	3.5
111034110	Fisheries Extension Services	2,500,000	514,700	20.6
111044110	Fisheries resource management	3,960,524	1,952,490	49.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
111064110	Fisheries resource management	800,000	-	-
111084110	Fish Farming & Aquaculture	1,326,350	13,290	1.0
	Sustainable management of fisheries resources	52,830,989	41,777,624	79.1
115014110	Frame survey	46,109,700	39,280,067	85.2
115024110	Fish Stock assessment	1,900,000	-	-
115034110	Monitoring, Control and Surveillance	4,221,015	2,342,955	55.5
115044110	Resource monitoring facilities	600,274	154,602	25.8
	Livestock breed improvement	39,500,000	380,480	1.0
117014110	Establish livestock Multiplication and breeding Centre.	17,000,000	-	-
117034110	Provision of Livestock Extension services	3,000,000	380,480	12.7
117054110	Livestock multiplication and breeding Centre	4,500,000	-	-
117084110	Skills Devt	15,000,000	-	-
	General Administration	712,146,015	382,577,337	53.7
125014110	General Administration	249,352,899	160,324,195	64.3
125024110	General Administration and Support Services-Pastoral Economy and	234,834,928	173,759,358	74.0
125034110	General Administration, Planning and Support Services - LandsGeneral Administration, Planning and Support Services - Lands	227,958,188	48,493,784	21.3
	Agriculture Programme	69,335,679	29,657,806	42.8
126024110	Agribusiness and Marketing Promotion	4,476,917	548,795	12.3
126044110	Agri-nutrition/Urban & peri-urban agriculture	900,000	194,395	21.6
126064110	Smart agriculture practices (Innovations/technologies to mitigate	4,132,517	141,850	3.4
126084110	Agricultural Sector Development Support Programme (ASDSP)	25,346,766	25,346,766	100.0
126104110	Agricultural Mechanization	10,000,000	-	-
126114110	Agric market Access	1,647,631	452,020	27.4
126124110	Agric Extension & Devt	7,303,287	649,901	8.9
126134110	Subsidy & Support	9,528,561	2,019,070	21.2
126144110	Pest Control & Mgt	6,000,000	305,010	5.1
	Land Governance	8,517,191	1,573,114	18.5
127054110	Land Policies	8,517,191	1,573,114	18.5
		363,000,000	163,928,741	45.2
129014110	NARIGP	363,000,000	163,928,741	45.2
		206,250,000	-	-
130014110	DRNKP/KfW	206,250,000	-	-
		103,823,200	-	-
132014110	Urban Devt Grant	95,023,200	-	-
132024110	Urban Institutional Grant	8,800,000	-	-
	Develop and maintain roads	777,039,891	9,568,773	1.2
201024110	Gravel rural roads	921,040	921,040	100.0
201044110	Road Designs system and software	1,262,000	1,262,000	100.0
201054110	Annual Roads Inventory and Conditional Survey (ARICS)	3,238,000	2,988,521	92.3
201064110	Roads Safety initiatives	1,162,254	324,800	27.9
201074110	Roads maintenance levy fund(RMLF)	732,056,597	1,642,212	0.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
201084110	Lodwar Town Road Upgrade	28,400,000	2,430,200	8.6
201094110	Roads	10,000,000	-	-
	Develop and maintain staff housing and public offices	36,500,000	-	-
202084110	Gabioning Works	36,500,000	-	-
	Develop and maintain other public works	15,344,064	2,202,762	14.4
203134110	Machinery	5,436,150	1,287,640	23.7
203144110	Machinery	3,802,640	658,682	17.3
203154110	Feasibility & Consultancy	2,830,000	-	-
203164110	Capacity Building	2,750,000	-	-
203184110	Professional Capacity Building	525,274	256,440	48.8
	General Administration	234,760,201	99,068,446	42.2
205014110	General Administration	222,895,281	98,527,366	44.2
205024110	General Administration- Public works	11,864,920	541,080	4.6
		3,026,370	730,332	24.1
207014110	Structural Services	3,026,370	730,332	24.1
		2,000,000	164,280	8.2
208014110	Electrical Services	2,000,000	164,280	8.2
		2,075,822	1,067,922	51.4
209014110	Building Inspectorate	2,075,822	1,067,922	51.4
		1,500,548	1,157,769	77.2
210014110	Architectural Services	1,500,548	1,157,769	77.2
	Cooperative Societies Development & Performance Improvement	93,641,380	39,622,134	42.3
302014110	Cooperatives Development Fund	1,200,000	599,881	50.0
302024110	Value Addition Initiatives	300,000	197,700	65.9
302034110	Business Development and Training Services	1,329,500	347,860	26.2
302044110	Liquor control Programme	1,700,000	-	-
302054110	Cooperative societies development and revival programmes	184,263	-	-
302064110	Legal Metrology Services	1,100,000	767,973	69.8
302074110	Verification of traders equipment	1,640,000	-	-
302084110	Consumer rights education	600,000	-	-
302094110	Industrial sector support programme	500,000	38,500	7.7
302104110	Standards and Anti-Counterfeit Services	600,000	156,660	26.1
302114110	Market Infrastructure Development	32,465,000	-	-
302124110	Industrial Development and Investments	9,545,700	280,560	2.9
302134110	Biashara Fund	36,000,000	36,000,000	100.0
302154110	North Rift Economic & FCDC Blocs	6,476,917	1,233,000	19.0
	Modern Physical Markets Infrastructure	6,750,000	1,285,600	19.0
303014110	Construction & Development of Modern Physical Market	1,500,000	500,000	33.3
303024110	Co-operative Marketing, Value Addition, Surveys & Research	1,600,000	497,600	31.1
303034110	Co-operative Education, Training, Exchange and Ushirika Day Celeb	1,150,000	-	-
303044110	Strengthening of Key Dormant Co-operative Societies	2,000,000	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
303054110	Formulation of Cooperative Policy and Legal Frame Work	500,000	288,000	57.6
	General Administration	106,538,307	87,203,087	81.9
307014110	General Administration	106,538,307	87,203,087	81.9
	Gender Promotion	16,295,000	7,022,192	43.1
308014110	Gender Empowerment and advocacy	8,170,000	3,239,710	39.7
308024110	Gender Mainstreaming and Coordination	7,000,000	3,402,482	48.6
308034110	Legal Compliance and Redress	500,000	380,000	76.0
308044110	Promotion of Gender Equality and Empowerment	625,000	-	-
	Youth Affairs Development	147,109,856	136,179,700	92.6
309014110	Youth Coordination and Representation	10,860,000	2,550,300	23.5
309024110	Youth Employment Scheme	1,949,856	110,000	5.6
309034110	Youth Rare skills	1,300,000	519,400	40.0
309044110	Youth and Women Fund	133,000,000	133,000,000	100.0
	General Administration, Planning and support services	618,360,411	269,776,806	43.6
401014110	General Administration, Planning and support services	591,860,411	269,776,806	45.6
401074110	Health Facilities	26,500,000	-	-
	Support to Health Programs	149,622,386	96,271,751	64.3
402114110	Health promotion	89,486,714	70,595,186	78.9
402134110	Emergency preparedness & disaster response	49,710,832	25,676,565	51.7
402164110	mainstreaming	10,424,840	-	-
		23,750,600	1,032,000	4.3
410014110	Laboratory Services	2,250,000	243,000	10.8
410024110	Blood Transfusion Services	2,400,000	-	-
410034110	Rehabilitative Services	2,500,000	399,000	16.0
410044110	Referrals & Emergency Services	2,500,000	-	-
410054110	Radiology Services	2,300,000	-	-
410064110	Dental Services	2,100,000	-	-
410074110	Clinical Services	2,000,000	-	-
410084110	Nursing Services	2,000,000	-	-
410094110	Rural Health Facility Support	2,400,000	390,000	16.3
410104110	Sub county Health Facilities Support	3,300,600	-	-
		10,460,000	-	-
411014110	LCRH Devt	10,460,000	-	-
		411,282,467	30,961,397	7.5
412014110	Medical Supplies	406,782,467	30,814,055	7.6
412024110	Health mgt	4,500,000	147,342	3.3
		45,504,109	976,500	2.1
413014110	Health Information & Mgt	6,328,287	976,500	15.4
413024110	Quality Assurance	2,000,000	-	-
413034110	Universal Health Care	37,175,822	-	-
		3,700,000	160,000	4.3
414014110	Rehabilitation & Treatment	950,000	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
414024110	Public Education & Awareness	300,000	-	-
414034110	Liquor Licensing	2,150,000	160,000	7.4
414044110	Training & Capacity Building	300,000	-	-
	Social protection programs/ Affirmative Action	27,442,410	577,030	2.1
503014110	Economic empowerment & provision of assistive devices	-	-	
503024110	Construction of PWDs multi-purpose resource center	12,500,000	541,960	4.3
503074110	Marginalized and Minority groups support	1,365,493	35,070	2.6
503084110	Child Rescue Centers	8,000,000	-	-
503094110	Child Care & Protection	5,576,917	-	-
	Sports and arts programme	29,279,109	2,676,600	9.1
504014110	Construction of sport Stadia	9,279,109	2,676,600	28.8
504044110	Stadia	20,000,000	-	-
	General Administration	794,936,945	525,984,506	66.2
506014110	General Administration	450,936,945	231,984,506	51.4
506024110	Turkana Education and Skill Development Fund	294,000,000	294,000,000	100.0
506044110	Turkana Higher Education Loans	50,000,000	-	-
	Vocational Training	19,180,545	13,146,030	68.5
508024110	Training and Development	3,226,370	833,690	25.8
508034110	Co-Curricular Activities	2,060,877	131,640	6.4
508044110	Youth Polytechnics- Conditional	13,893,298	12,180,700	87.7
	Public Relations	2,449,120	845,600	34.5
509014110	Publicity	1,449,120	196,950	13.6
509024110	Research and Sensitization	1,000,000	648,650	64.9
	Early Childhood Education	178,904,506	9,905,185	5.5
510014110	School Feeding	149,000,000	5,381,165	3.6
510024110	Quality Improvement	7,904,506	4,524,020	57.2
510034110	Infrastructure Development	14,000,000	-	-
510044110	Support to Pre-Primary Training	8,000,000	-	-
	General Administration, Planning and Support Services	5,200,111,448	2,645,897,759	50.9
701014110	General Administration Services	192,739,241	81,381,142	42.2
701044110	Infrastructure Development & Support Services	110,000,000	19,999,840	18.2
701094110	General Administration - Economic planning	87,005,815	6,039,001	6.9
701104110	County Headquarters Offices	65,000,000	-	-
701114110	Security Access Installation	5,000,000	-	-
701154110	General Admin Planning & Support	18,338,532	4,934,672	26.9
701164110	General Administration, Planning and Support Services-Public Service	4,264,819,953	2,393,716,003	56.1
701174110	General Administration, Planning and Support Services	90,498,491	42,490,084	47.0
701184110	Integration of PWD Computing Skills	1,272,966	1,150,366	90.4
701194110	General Administration, Planning and Support Services- Office of	312,451,450	79,556,838	25.5
701204110	General Administration, Planning and Support Services- Liaison O	25,135,000	7,097,064	28.2
701214110	General Admin Planning & Support	27,850,000	9,532,749	34.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Governors Residence	12,256,691	3,072,580	25.1
702014110	Construction of Governors residence	2,775,822	324,800	11.7
702024110	Documentation, communication policy and strategy	3,501,096	1,360,260	38.9
702034110	Civic Education and Public Sensitization	3,851,643	1,387,520	36.0
702044110	Production of County Newspaper and Newsletter	2,128,130	-	-
	Donor/ Investor engagement	22,000,000	9,449,300	43.0
703014110	Public-Private Partnership Initiatives (PPPs)	2,200,000	1,269,560	57.7
703024110	Political and Intergovernmental Advisory Services	2,200,000	804,620	36.6
703034110	Legal Advisory Services	2,200,000	976,500	44.4
703044110	Security and cross border Advisory Services	2,200,000	366,520	16.7
703054110	Oil And Gas Advisory Service	2,200,000	1,222,600	55.6
703064110	Gender and Partnership Advisory Services	2,200,000	1,828,520	83.1
703074110	Special Interest groups	2,200,000	705,600	32.1
703084110	Climate Change advisory services	2,200,000	997,800	45.4
703094110	Education and youth Advisory services	2,200,000	1,277,580	58.1
703104110	Culture, Arts and Heritage advisory services	2,200,000	-	-
	Security and Peace Building	205,176,370	18,684,516	9.1
704024110	Operationalization of peace building structures and institutions	45,876,370	8,577,101	18.7
704034110	Resettlement Infrastructural Programme	138,100,000	-	-
704044110	Cross Border peace dividends programme	21,200,000	10,107,415	47.7
	Government Communication and Media relations	28,314,515	7,160,222	25.3
705014110	Acquiring & development of communication systems/equipment	13,031,443	6,069,022	46.6
705024110	Bills	8,000,000	-	-
705034110	Policies	1,017,801	856,200	84.1
705044110	Development and Implementation of ICT Policy and Regulations	2,220,657	235,000	10.6
705054110	Acquisition of Information Systems and Equipments	4,044,614	-	-
	Revenue Collection Systems	28,341,137	6,973,060	24.6
706014110	Automated Revenue Collection	4,340,650	1,399,201	32.2
706024110	Feasibility Study on Revenue Base	950,548	568,928	59.9
706034110	Awareness and Campaigns on Revenue.	3,834,913	888,650	23.2
706044110	Motorbikes for Revenue Officers 30 No.	1,126,370	-	-
706054110	Strengthening Revenue Systems	7,188,656	3,621,400	50.4
706064110	Revenue Forecast and Revenue Budget Preparation	1,400,000	494,881	35.3
706074110	Completion of Lokirama Revenue Centre	9,500,000	-	-
	Accountability and Transparency	838,207,576	189,595,990	22.6
707014110	Internal Audit	9,514,319	5,540,959	58.2
707024110	Procurement systems	6,361,307	2,965,600	46.6
707044110	IFMIS training	21,255,233	11,144,140	52.4
707054110	Consultancy Services	17,451,643	3,306,000	18.9
707064110	Financial Reporting/Research and Development	623,625,074	6,639,291	1.1
707074110	Modern Fencing, Gate and Parking Yards for County Treasury Office	160,000,000	160,000,000	100.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Social and Financial Security	21,551,643	1,740,540	8.1
708014110	Assurance and Insurance of Govt. Assets	5,300,000	345,140	6.5
708024110	Liability and Debt Management	4,251,643	-	-
708034110	Turkana SACCO Seed Capital	12,000,000	1,395,400	11.6
	Planning and Policy formulation	142,094,864	15,565,350	11.0
709014110	Economic Policy formulation and Dissemination	12,346,060	4,575,400	37.1
709024110	CIDP review and Dissemination	4,144,503	1,245,500	30.1
709034110	Budget preparation and Dissemination	99,451,014	2,510,350	2.5
709054110	County Budget and Economic Forums	1,500,000	-	-
709064110	Public Participation and Access to Information	9,950,000	4,179,400	42.0
709074110	Waste Management	4,000,000	1,289,060	32.2
709094110	Research & Statistics	7,173,287	433,600	6.0
709104110	Sector Plans Devt	3,530,000	1,332,040	37.7
	Development coordination Programme	4,117,234	747,698	18.2
710014110	Donor scan/Mapping	1,564,740	30,260	1.9
710024110	Establishment of development committees	1,087,313	367,438	33.8
710034110	Training of the development committees	751,046	350,000	46.6
710044110	Formulation and Developmet of TCPSB Board-room ICT Infrastructure	714,135	-	-
	Monitoring and Evaluation	7,305,607	3,308,900	45.3
711014110	Soft wares(E-ProMIS, GIS e.t.c)	2,216,600	1,691,600	76.3
711024110	Field visits, data collection and Reporting	1,700,000	150,000	8.8
711034110	Training and Knowledge management	1,675,822	695,800	41.5
711044110	Devolved Monitoring and Evaluation Committees	1,713,185	771,500	45.0
	Public Participation and Access to Information	36,457,122	12,843,605	35.2
712014110	Construction of Citizen Resource Centre	5,000,000	1,799,540	36.0
712024110	Web site Development	14,516,728	1,632,680	11.2
712034110	Social Budgeting and Generation of SIR Reports	3,500,000	862,400	24.6
712044110	Intergovernmental Relation	9,589,846	7,589,846	79.1
712054110	Strategy Development, Review, Support and Operationalization	3,850,548	959,139	24.9
	County Statistical Unit	14,961,366	6,292,000	42.1
713014110	Soft wares, databases and tools	14,961,366	6,292,000	42.1
	Service Delivery- ISO Certification	16,493,389	5,042,820	30.6
714014110	Service Charter	3,100,000	1,600,100	51.6
714024110	Development of County Filing Systems	9,179,109	1,586,620	17.3
714034110	Procedure Manual and Training	4,214,280	1,856,100	44.0
	County Internship Programme	33,000,000	9,070,630	27.5
715014110	County Internship Programme	33,000,000	9,070,630	27.5
	Operationalization of Decentralized Units	53,528,561	24,533,082	45.8
717014110	Operationalization of Decentralized Units	12,000,000	5,906,121	49.2
717024110	Decentralized County Policy	32,500,000	18,626,961	57.3
717034110	Coordinated development	4,126,370	-	-
717044110	Policy sensitization and dissemination	4,902,191	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Mainstream Public Sector Integrity programme & Accountability	4,478,944	1,306,030	29.2
718014110	Mainstream Public Sector Integrity programme & Accountability	794,798	-	-
718024110	Public Evaluation on County Public Service Board Performance	1,109,182	607,000	54.7
718034110	Human Resource Conference & Symposium	1,266,569	74,080	5.8
718044110	Exit Meetings Per Department	1,308,395	624,950	47.8
	Disaster Risk Reduction	2,142,906	895,500	41.8
719014110	Turkana County Drought and Disaster Contingency Fund (CDDCF)	813,056	265,750	32.7
719034110	Assessment and stake holder capacity mapping	838,974	629,750	75.1
719044110	Regular Assessments of Food, Flood and Conflict Security	490,876	-	-
	Human resource	10,715,812	3,800,607	35.5
720014110	Scheme of service	1,459,985	226,037	15.5
720024110	Performance Appraisal	3,649,667	1,115,340	30.6
720034110	Enhancing Leadership In County Public Service	801,937	200,000	24.9
720044110	Review and Development of HR Policies	967,087	413,300	42.7
720054110	Human Resource Development/Career Progression	1,115,383	571,950	51.3
720064110	Performance Management Monitoring	905,695	542,000	59.8
720074110	Development of Database Filing System	536,072	-	-
720084110	County Public Service Pre-Retirement Sensitization	633,050	633,050	100.0
720094110	Evaluation of Different Cadres of Employees	646,936	98,930	15.3
	CONSTRUCTION OF NEW ASSEMBLY BUILDING	62,028,691	11,181,105	18.0
721014110	Construction of New Assembly Building	45,282,963	9,992,085	22.1
721034110	Office of Speaker	16,745,728	1,189,020	7.1
	SPEAKER'S RESIDENCE	68,852,009	31,080,334	45.1
722014110	Construction of Speaker's Residence	66,748,733	30,144,334	45.2
722024110	Purchase of land for construction of speaker's residence	2,103,276	936,000	44.5
	Quality management system programming	1,920,085	490,490	25.5
723014110	Quality Management Systems Development & Establishment	404,291	120,490	29.8
723024110	QMS Audit /Routine Inspection	494,709	370,000	74.8
723034110	Documentation/Record Management For QMS	1,021,085	-	-
	Budgetary Supply	100,841,964	37,234,132	36.9
724014110	Budget Formulation, Co-ordination and Management	72,688,548	29,614,410	40.7
724024110	Public Participation in Budgeting	19,653,416	4,208,714	21.4
724034110	County Budget and Economic Forum	8,500,000	3,411,008	40.1
	Resource Mobilisation	6,423,287	3,853,156	60.0
725014110	Resource Mobilisation	6,423,287	3,853,156	60.0
	General administration Assembly	895,898,781	381,502,934	42.6
726014110	Finance and Shared Services	868,523,479	381,502,934	43.9
726024110	Hansard Research and information services	12,918,253	-	-
726034110	County Assembly Service Board.	14,457,049	-	-
	Governors Press Service	5,014,280	99,100	2.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
727014110	Governors Press support	5,014,280	99,100	2.0
	Governance and Public participation	41,402,192	3,435,850	8.3
728014110	Civic education Programme	1,901,096	553,300	29.1
728024110	Public Participation and access to information	32,200,000	2,882,550	9.0
728034110	County Dialogue Forum	2,000,000	-	-
728044110	National & County Holidays	3,701,096	-	-
728054110	Policies Design	1,600,000	-	-
	Disaster risk management	450,579,650	118,207,630	26.2
729014110	Disaster Preparedness Programmes	2,375,822	-	-
729024110	Disaster Mitigation Programmes	2,901,096	-	-
729034110	Stakeholders coordination and Support Programme	1,713,185	-	-
729044110	Humanitarian Relief Food Programme	442,288,999	118,207,630	26.7
729064110	Disaster Risk Mgt	1,300,548	-	-
	Inspectorate services	52,203,287	8,927,150	17.1
730044110	Inspectorate Training Institute	16,700,000	4,109,870	24.6
730054110	Dispute Resolution	4,000,000	-	-
730064110	Enforcement	8,103,287	460,000	5.7
730074110	Capacity Building	5,700,000	1,202,300	21.1
730084110	Inspectorate Services	6,000,000	331,100	5.5
730094110	Inspectorate Services Equip	11,700,000	2,823,880	24.1
	Human resource management	31,951,644	2,796,720	8.8
731014110	Payroll and record management	1,400,000	-	-
731024110	Human Resource Development	7,000,000	1,429,620	20.4
731034110	GHRIS Leave & Performance Module Implementation	3,900,000	727,300	18.6
731044110	Digitization and Automation of Human Resource Registry	2,650,000	319,000	12.0
731054110	Mainstreaming Public Sector Integrity Programme	4,300,000	-	-
731064110	County performance management	4,800,000	158,400	3.3
731074110	Public Service Week	3,400,000	-	-
731094110	Records Mgt	1,500,548	-	-
731104110	HRM	3,001,096	162,400	5.4
		17,702,000	3,690,617	20.8
735014110	Govt Programming	7,002,000	1,840,570	26.3
735024110	Community Engagement	3,500,000	434,785	12.4
735034110	Govt Stakeholder Engagement	3,200,000	977,370	30.5
735044110	Govt Transformation	4,000,000	437,892	10.9
	General Administration	73,201,890	54,073,856	73.9
901014110	General Administration, Planning and Support Services	73,201,890	54,073,856	73.9
	Tourism destination marketing and promotion	13,069,211	2,773,585	21.2
902014110	Tourism expos ,incentives, conferences and exhibition program	3,500,001	1,919,665	54.8
902024110	Community Based Tourism products	2,150,000	197,800	9.2
902054110	Media Campaign and Promotion of Tourism Products and Programmes	7,419,210	656,120	8.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
	Tourism development and Promotion	2,420,000	1,564,544	64.7
903024110	Phase II of Renovation of Tourism Infrastructure	502,444	502,444	100.0
903034110	Tourism Products	1,917,556	1,062,100	55.4
	Culture, arts, heritage development, promotion and preservation	91,274,234	41,751,013	45.7
904014110	Ushanga Initiative	37,800,000	6,235,260	16.5
904024110	Culture Promotion and Preservation	8,800,756	2,724,360	31.0
904034110	Arts and Creativity Development	3,073,478	256,300	8.3
904044110	Heritage Promotion	6,600,000	3,641,095	55.2
904054110	Annual tourism and cultural festival	35,000,000	28,893,998	82.6
	Culture development and preservation infrastructure	5,000,000	1,890,000	37.8
905014110	Equipment and Infrastructure Development at Ekalees Centre	5,000,000	1,890,000	37.8
	Forestry and wildlife management development and management	32,809,835	3,723,108	11.3
906014110	Forestry Management and Conservation	3,826,370	684,600	17.9
906024110	Community Wildlife Conservation	16,182,370	3,038,508	18.8
906054110	Forestry Development Infrastructure	7,600,000	-	-
906084110	Forestry Protection	2,701,095	-	-
906094110	Prosopis Mgt	2,500,000	-	-
	Turkana Water Programme	209,169,534	15,587,681	7.5
1001014110	General Administration, Planning and support services			
1001024110	Construction and Desilting of Water Pans/Rock Catchment	98,094,950	2,010,860	2.0
1001034110	Rehabilitation of Water Infrastructure	42,495,787	5,036,097	11.9
1001044110	Drilling and Equipping of Boreholes	64,952,427	7,570,264	11.7
1001094110	Project Coordination and Management	3,626,370	970,460	26.8
	Joint planning with stakeholders	16,353,404	4,498,900	27.5
1002014110	Technical planning and design	2,053,404	678,520	33.0
1002144110	Drought Mitigation	14,300,000	3,820,380	26.7
	IRRIGATION AND SCHEMES DEVELOPMENT PROGRAMME	25,205,109	4,671,670	18.5
1003014110	Feasibility studies for irrigation systems development	25,205,109	4,671,670	18.5
	TURKANA AGRICULTURE PROGRAMME	12,482,005	1,981,462	15.9
1004014110	Farmers training	6,798,601	454,062	6.7
1004024110	Establishment of farm demonstrations and trials	2,453,404	732,900	29.9
1004124110	Climate Change & Adaptation	3,230,000	794,500	24.6
	TURKANA REHABILITATION PROGRAMME	8,154,218	1,207,800	14.8
1005014110	Construction of trapezoidal bunds, contours & micro catchment	3,053,404	278,200	9.1
1005034110	Sinking of shallow wells	810,329	-	-
1005064110	Artisanal Mining Equipment	2,000,000	-	-
1005074110	Extractive Bills & Policies	2,290,485	929,600	40.6
	General Administration and Support	439,341,305		-
1012014110	General Administration and Support	439,341,305		-
		18,257,465	992,000	5.4
1013014110	Oil & gas	15,357,465	744,800	4.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
1013024110	Extractive Regulations & Strategies	2,900,000	247,200	8.5
Grand Total		14,772,601,660	5,896,161,163	39.9

Source: Turkana County Treasury

The sub-programmes that performed well and realised 100 per cent absorption rate based on expenditure were: Agricultural Sector Development Support Programme (ASDSP) , Gravel rural roads, Biashara Fund, Youth and Women Fund, Turkana Education and Skill Development Fund, County Public Service Pre-Retirement Sensitization.

3.44.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.799.54 million out of annual development budget of Kshs.4.79 billion. The development expenditure represented 16.7 per cent of the annual development.
3. A high wage bill, which accounted for 50.9 per cent of the total expenditure in the First Nine Months of FY 2019/20 thus constraining funding to other programmes.
4. Under performance of own revenue at Kshs.112.79 million against annual projection of Kshs.250 million. The realised own source revenue represented 45.12 per cent of its annual target.
5. Failure to budget for conditional grants as provided in CARA, 2019.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delay in implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.*
4. *The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.*
5. *The county should prepare a supplementary budget in line with CARA, 2019.*

3.45 Uasin Gishu County

3.45.1 Overview of the FY 2019/20 Budget

The County's approved Budget for FY 2019/20 was Kshs.11.47 billion, comprising of Kshs.6.25 billion (54.5 per cent) and Kshs.5.22 billion (45.5 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.6.20 billion (54.1 per cent) as equitable share of revenue raised nationally, Kshs.1.41 billion (12.3 per cent) as total conditional grants, generate Kshs.900.00 million (7.8 per cent) from own sources of revenue, and had Kshs.2.96 billion (25.8 per cent) as cash balance from FY 2018/19. The County did not budget to receive any Appropriation in Aid.

3.45.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.4.55 billion as equitable share of the revenue raised nationally, Kshs.322.81 million as total conditional grants, raised Kshs.660.94 million from own-source revenue, and had a cash balance of Kshs.2.96 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.8.50 billion as shown in Table 3-215.

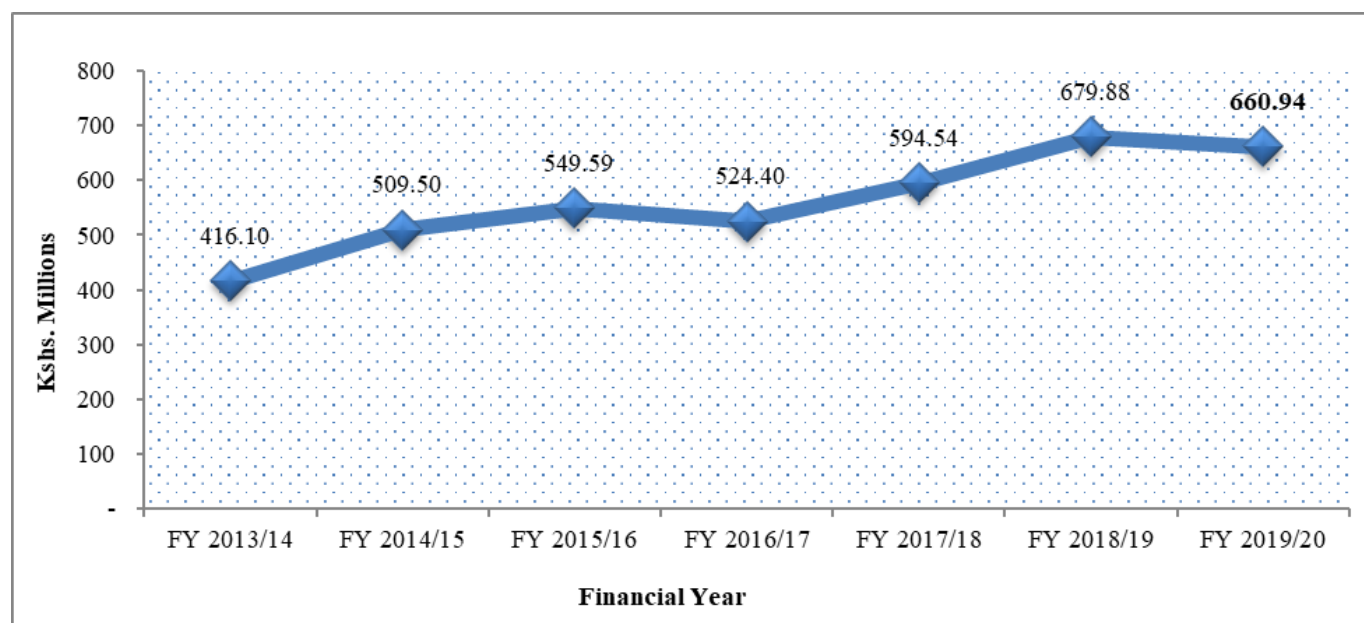
Table 3-215: Uasin Gishu County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,330,000,000	6,200,000,000	4,681,902,376	75.5
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	-	-
2.	Road Maintenance Fuel Levy Fund	179,681,250	179,681,250	89,840,625	50.0
3.	Rehabilitation of Village Polytechnics	57,588,298	57,588,298	28,794,149	50.0
Sub Total		258,082,613	258,082,613	118,634,774	46.0
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	79,565,499	79,565,499	16,260,030	20.4
2.	IDA (WB) Credit: Kenya Climate Smart Agriculture Project (KCSAP)	117,000,000	117,000,000	76,718,822	65.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	57,481,990	57,481,990	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	630,147,800	630,147,800	-	-
5.	DANIDA Grant	19,136,250	19,136,250	8,859,375	46.3
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	45,000,000	45,000,000	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	80,000,000	80,000,000	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	102,342,917	102,342,917	102,342,917	100.0
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,161,321	18,161,321	-	-
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Institutional Grants (UIG)	8,800,000	-	-	-
Sub Total		1,157,635,777	1,148,835,777	204,181,144	17.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	900,000,000	660,938,762	73.4
2.	Balance b/f from FY 2018/19	-	2,963,518,784	2,963,518,784	100.0
Sub Total		-	3,863,518,784	3,624,457,546	93.8
Grand Total		7,745,718,390	11,470,437,174	8,629,175,839	75.2

Source: Uasin Gishu County Treasury

Figure 3-87 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-87: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



During the first nine months of FY 2019/20, the County generated a total of Kshs.660.94 million as own-source revenue. This amount represented a decrease of 2.9 per cent when compared to Kshs.679.88 million realised during the same period in FY 2018/19, and represented 73.4 per cent of the annual target.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.19 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.12 billion (21.6 per cent) for development programmes and Kshs.4.07 billion (78.4 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

A total of Kshs.4.68 billion was spent on development and recurrent programmes and represented 90.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.17 billion and Kshs.3.51 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 18.8 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 67.2 per cent.

3.45.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2.27 billion was spent on compensation to employees, Kshs.1.24 billion on operations and maintenance, and Kshs.1.17 billion on development expenditure.

Table 3-216: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	5,217,344,197	4,072,780,324	3,507,277,967	74.9	67.2
Compensation to Employees	3,260,505,029	2,271,595,751	2,270,493,758	48.5	69.6
Operations and Maintenance	1,956,839,168	1,801,184,565	1,236,784,209	26.4	63.2
Total Development Expenditure	6,253,092,977	1,118,960,347	1,173,894,327	25.1	18.8
Development Expenditure	6,253,092,977	1,118,960,347	1,173,894,327	25.1	18.8
Total	11,470,437,174	5,191,740,671	4,681,171,294	100.0	40.8

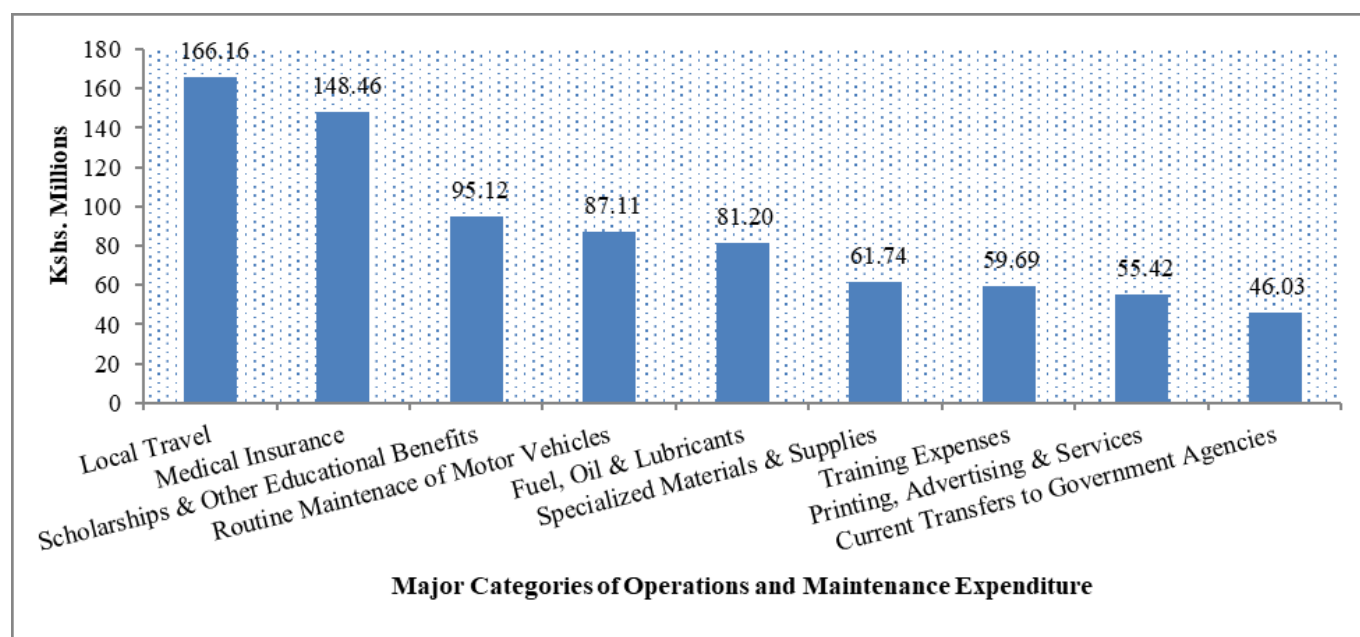
Source: Uasin Gishu County Treasury

Expenditure on compensation to employees was 48.5 per cent of total expenditure in the first nine months of FY 2019/20 and represented a decrease of 8.8 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.49 billion.

3.45.6 Analysis of Operations and Maintenance Expenditure

Figure 3-88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Uasin Gishu County Treasury

The County spent Kshs.27.29 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.39.60 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.63,176 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.166.16 million and comprised of Kshs.82.91 million spent by the County Assembly and Kshs.83.21 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.38.65 million and comprised of Kshs.20.9 million spent by the County Assembly and Kshs.17.75 million spent by the County Executive.

3.45.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.17 billion represented 18.8 per cent of the annual development budget of Kshs.6.25 billion and represented an increase of 3.5 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.13 billion. Table 3-217 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-217: Uasin Gishu County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Financing Small Scale Farmers and County Proposed Projects in Agriculture	All Sub Counties	75,724,250	70,000,000	92.4
2	Non-motorized Transport Infrastructure in Eldoret Municipality	Eldoret Municipality	161,000,000	39,627,458	24.6
3	Improvement of Road Infrastructure (Posta-Toyota area- Railways – Lands-Iten Road-Dola-Moi Girls)	Eldoret Municipality	151,250,000	36,571,726	24.2
4	Land Banking	All Sub Counties	29,174,282	29,174,282	100.0
5	Purchase of Day Old Chicks (Inua Mama na Kuku) and Farmer's Census	All Wards	25,292,000	18,405,880	72.8
6	Construction of Market Shades, Water Tower, and Market stalls in Kuinet Market	Kuinet/ Kapsuswa Ward	18,000,000	15,687,559	87.2
7	Construction of Moiben Sub County office	Moiben Ward	28,687,411	15,362,458	53.6
8	Construction of Buildings in Ng'enyilel Vocational Training Centre	Turbo Sub County	23,944,138	15,265,355	63.8
9	Purchase of Pesticides, Fungicides, Insecticides and Sprays	All Sub Counties	20,050,800	14,906,000	74.3
10	Paving of Eldoret CBD Service Lanes	Eldoret Municipality	75,897,800	14,081,497	18.6

Source: Uasin Gishu County Treasury

3.45.8 Budget Performance by Department

Table 3-218 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-218: Uasin Gishu County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	90.94	-	82.79	-	82.24	-	99.3	-	90.4	-
Finance	302.70	-	215.78	-	202.21	-	93.7	-	66.8	-
Public Service Management	558.33	35.89	469.35	4.53	466.67	8.42	99.4	185.9	83.6	23.5
ICT and E-Government	39.61	63.98	32.11	10.61	11.42	11.60	35.6	109.4	28.8	18.1
Roads, Transport, Energy and public Works	513.04	804.72	425.81	142.19	450.88	152.14	105.6	107.0	87.9	18.9
Lands and Housing	49.08	788.64	35.82	99.75	21.68	103.41	60.5	103.7	44.2	13.1
Water, Environment, Natural Resources, Tourism and Wildlife	122.84	619.32	96.02	173.72	62.94	179.11	65.5	103.1	51.2	28.9
Health Services	1,911.50	572.04	1,429.21	36.71	1,128.44	38.47	79.0	104.8	59.0	6.7
Agriculture	216.96	526.88	178.69	127.98	96.57	138.63	54.0	108.3	44.5	26.3
Trade, Investment, Tourism and Industrialization	15.57	309.55	12.51	35.64	10.87	35.26	86.9	98.9	69.8	11.4
Education, Culture and Social Services	367.22	136.15	341.03	9.15	305.29	7.89	89.5	86.2	83.1	5.8
County Public Service Board	30.85	-	25.32	-	7.83	-	30.9	-	25.4	-
County Assembly	680.00	100.80	523.42	-	523.07	-	99.9	-	76.9	-
Economic Planning	54.87	-	33.66	-	23.91	-	71.0	-	43.6	-
Devolution and Public Administration	48.26	210.28	28.32	116.07	26.22	116.77	92.6	100.6	54.3	55.5
Youth Affairs, Gender and Sports Development	120.13	284.04	66.59	70.37	29.09	82.97	43.7	117.9	24.2	29.2
Cooperatives and Enterprise Development	15.65	211.58	5.89	195.17	7.18	2.80	121.9	1.4	45.9	1.3
Livestock Development and Fisheries	11.93	220.32	8.49	48.00	7.56	67.52	89.0	140.6	63.4	30.6
Physical Planning and Urban Development	50.09	87.17	46.90	49.07	40.95	44.44	87.3	90.6	81.7	51.0
Eldoret Municipality	17.77	1,281.92	15.06	-	2.26	184.45	15.0	-	12.7	14.4
Grand Total	5,217.34	6,253.09	4,072.78	1,118.96	3,507.28	1,173.89	86.1	104.9	67.2	18.8

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Devolution and Public Administration recorded the highest absorption rate of development budget at 55.5 per cent while the Department of Cooperatives and Enterprise Development recorded the lowest expenditure on development activities at 1.3 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to its recurrent budget at 90.4 per cent while the Eldoret Municipality had the lowest at 12.7 per cent.

3.45.9 Budget Execution by Programmes and Sub-Programmes

Table 3-219 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-219 : Uasin Gishu County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Default Value (Non- Departmental)	-	167,274,122	(167,274,122)	-
		-	167,274,122	(167,274,122)	-
Administration Governor's Office	ADMINISTRATION AND SUPPORT SERVICES	79,836,612	71,370,681	8,465,931	89.4
		79,836,612	71,370,681	8,465,931	89.4
Inter-Governmental Committee	ADMINISTRATION AND SUPPORT SERVICES	6,000,000	6,143,940	(143,940)	102.4
		6,000,000	6,143,940	(143,940)	102.4
	ADMINISTRATION AND SUPPORT SERVICES	5,100,000	4,724,065	375,935	92.6
		5,100,000	4,724,065	375,935	92.6
Administration - Finance and Economic Planning	PUBLIC FINANCE MANAGEMENT	242,948,475	152,762,758	90,185,717	62.9
		242,948,475	152,762,758	90,185,717	62.9
Revenue Section	KENYA DEVOLUTION SUPPORT PROGRAMME	4,455,635	2,154,727	2,300,908	48.4
	PUBLIC FINANCE MANAGEMENT	32,335,632	29,995,837	2,339,795	92.8
		36,791,267	32,150,564	4,640,703	87.4
Accounts Section	PUBLIC FINANCE MANAGEMENT	3,602,215	3,456,660	145,555	96.0
	KENYA DEVOLUTION SUPPORT PROGRAMME	950,596	532,800	417,796	56.0
		4,552,811	3,989,460	563,351	87.6
Procurement and Supplies Section	PUBLIC FINANCE MANAGEMENT	8,388,736	7,579,587	809,149	90.4
	KENYA DEVOLUTION SUPPORT PROGRAMME	270,000	150,000	120,000	55.6
		8,658,736	7,729,587	929,149	89.3
Internal Audit Section	KENYA DEVOLUTION SUPPORT PROGRAMME	2,879,800	2,482,541	397,259	86.2
	PUBLIC FINANCE MANAGEMENT	6,873,734	3,098,520	3,775,214	45.1
		9,753,534	5,581,061	4,172,473	57.2
Administration-Public Service Management	HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT	11,229,476	1,069,236	10,160,240	9.5
	COUNTY GOVERNANCE SUPPORT SERVICES	19,612,141	3,355,226	16,256,915	17.1
	SERVICE DELIVERY	5,044,978	3,999,560	1,045,418	79.3
	ADMINISTRATION AND SUPPORT SERVICES	519,540,564	454,707,398	64,833,166	87.5
		555,427,159	463,131,420	92,295,739	83.4
Communication Section	ADMINISTRATION AND SUPPORT SERVICES	2,702,204	1,510,350	1,191,854	55.9
		2,702,204	1,510,350	1,191,854	55.9
Legal Section	ADMINISTRATION AND SUPPORT SERVICES	20,868,397	20,183,530	684,867	96.7
		20,868,397	20,183,530	684,867	96.7
Registry Section	ADMINISTRATION AND SUPPORT SERVICES	1,300,000	460,485	839,515	35.4
		1,300,000	460,485	839,515	35.4
Human Resource Section	KENYA DEVOLUTION SUPPORT PROGRAMME	5,496,687	3,580,700	1,915,987	65.1
	ADMINISTRATION AND SUPPORT SERVICES	8,426,000	2,368,150	6,057,850	28.1
		13,922,687	5,948,850	7,973,837	42.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration- ICT and E-Government	ADMINISTRATIVE SUPPORT SERVICES	54,528,679	12,979,877	41,548,802	23.8
	LIVESTOCK RESOURCE MANAGEMENT AND DEVELOPMENT	467,380	69,300	398,080	14.8
	DISASTER RESPONSE MANAGEMENT	765,714	559,996	205,718	73.1
	ICT INFRASTRUCTURE DEVELOPMENT	47,833,313	9,418,416	38,414,897	19.7
		103,595,086	23,027,589	80,567,497	22.2
Administration - Roads, Transport and Infrastructure	ROADS INFRASTRUCTURE DEVELOPMENT	192,323,248	192,320,846	2,402	100.0
		192,323,248	192,320,846	2,402	100.0
Roads Department	ROADS INFRASTRUCTURE DEVELOPMENT	1,053,484,372	409,324,688	644,159,685	38.9
		1,053,484,372	409,324,688	644,159,685	38.9
Fire and Emergency Respond Department	ROADS INFRASTRUCTURE DEVELOPMENT	60,000	24,000	36,000	40.0
	DISASTER MANAGEMENT	5,870,048	480,100	5,389,948	8.2
		5,930,048	504,100	5,425,948	8.5
Public Works Department	ROADS INFRASTRUCTURE DEVELOPMENT	1,000,000	873,865	126,135	87.4
		1,000,000	873,865	126,135	87.4
Transport Department	DISASTER MANAGEMENT	20,000,000	-	20,000,000	-
	TRANSPORT MANAGEMENT	838,728	-	838,728	-
		20,838,728	-	20,838,728	-
	STREET LIGHTING SERVICES	44,182,398	-	44,182,398	-
		44,182,398	-	44,182,398	-
Administration- Lands, Housing and Physical Planning	LAND POLICY AND MANAGEMENT	393,706,222	350,364,787	43,341,435	89.0
		393,706,222	350,364,787	43,341,435	89.0
Physical Planning Section	LAND POLICY AND MANAGEMENT	50,371,125	24,944,830	25,426,295	49.5
		50,371,125	24,944,830	25,426,295	49.5
Survey Section	LAND POLICY AND MANAGEMENT	37,465,310	16,475,060	20,990,250	44.0
		37,465,310	16,475,060	20,990,250	44.0
Housing Section	HOUSING DEVELOPMENT	64,090,519	29,998,870	34,091,650	46.8
	LAND POLICY AND MANAGEMENT	292,092,000	273,302,820	18,789,180	93.6
		356,182,519	303,301,690	52,880,830	85.2
Administration- Water, Environment, Energy and Natural resources	WATER SUPPLY SERVICES	114,535,855	58,567,246	55,968,609	51.1
		114,535,855	58,567,246	55,968,609	51.1
Environment Section	ENVIRONMENTAL MANAGEMENT AND PROTECTION	135,004,502	13,279,819	121,724,683	9.8
		11,000,000	-	11,000,000	-
	KENYA DEVOLUTION SUPPORT PROGRAMME	8,303,517	4,373,691	3,929,826	52.7
	RURAL ELECTRIFICATION	4,100,000	630,000	3,470,000	15.4
		158,408,019	18,283,510	140,124,510	11.5
Water Section	WATER SUPPLY SERVICES	100,900,000	1,837,488	99,062,512	1.8
		338,632,629	162,062,759	176,569,871	47.9
	AGRICULTURAL MECHANIZATION SERVICES	2,000,000	-	2,000,000	-
	RURAL ELECTRIFICATION	1,000,000	-	1,000,000	-
		442,532,629	163,900,247	278,632,382	37.0
Energy Section	TOURISM DEVELOPMENT AND MARKETING	12,200,000	-	12,200,000	-
	TOURISM AND WILDLIFE SERVICES	14,478,926	1,300,850	13,178,076	9.0
		26,678,926	1,300,850	25,378,076	4.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration- Health Services	CURATIVE HEALTH SERVICES	52,758,407	20,291,576	32,466,831	38.5
	HEALTH INFRASTRUCTURE	408,113,176	18,180,768	389,932,408	4.5
	ADMINISTRATION AND SUPPORT SERVICES	1,694,496,825	1,529,504,253	164,992,572	90.3
		2,155,368,408	1,567,976,597	587,391,811	72.7
Clinical Services	CURATIVE HEALTH SERVICES	60,000,000	-	60,000,000	-
	CLINICAL SERVICES	50,082,080	-	50,082,080	-
	ADMINISTRATION AND SUPPORT SERVICES	210,115,000	61,722,589	148,392,411	29.4
		320,197,080	61,722,589	258,474,491	19.3
Prevention and Health Promotion	ADMINISTRATION AND SUPPORT SERVICES	7,978,111	2,323,570	5,654,541	29.1
		7,978,111	2,323,570	5,654,541	29.1
Administration- Agriculture, Livestock and Fisheries	CROP DEVELOPMENT AND MANAGEMENT	114,784,339	93,545,878	21,238,461	81.5
	ADMINISTRATION SUPPORT SERVICES	196,107,810	92,601,181	103,506,629	47.2
		310,892,149	186,147,059	124,745,090	59.9
Agriculture	CROP DEVELOPMENT AND MANAGEMENT	228,854,485	28,368,113	200,486,372	12.4
	AGRICULTURAL MECHANIZATION SERVICES	3,154,329	851,222	2,303,107	27.0
	COOPERATIVES DEVELOPMENT AND MARKETING	15,000,000	-	15,000,000	-
		247,008,814	29,219,335	217,789,479	11.8
Chebororwa Training Center	AGRICULTURAL TRAINING SERVICES - CHEBORORWA	66,063,927	2,548,920	63,515,007	3.9
		66,063,927	2,548,920	63,515,007	3.9
Agricultural Machinery Service	AGRICULTURAL MECHANIZATION SERVICES	119,872,048	17,279,596	102,592,452	14.4
		119,872,048	17,279,596	102,592,452	14.4
Administration- Trade, Cooperatives, Tourism and Wildlife	ADMINISTRATION AND SUPPORT SERVICES	15,568,257	10,874,197	4,694,060	69.8
		15,568,257	10,874,197	4,694,060	69.8
Trade Department	TRADE DEVELOPMENT AND INVESTMENT	116,471,743	33,765,732	82,706,011	29.0
	MARKET SERVICES	189,355,030	9,495,162	179,859,868	5.0
		305,826,773	43,260,895	262,565,878	14.1
Weights and Measures Department	WEIGHTS AND MEASUREMENTS	1,307,000	-	1,307,000	-
		1,307,000	-	1,307,000	-
Betting and licensing department	ADMINISTRATION AND SUPPORT SERVICES	2,221,010	1,994,880	226,130	89.8
		2,221,010	1,994,880	226,130	89.8
Administration - Education, Social Cultural, Youth and Sports	ADMINISTRATION AND SUPPORT SERVICES	353,821,330	308,568,358	45,252,972	87.2
		353,821,330	308,568,358	45,252,972	87.2
Education Department	ADMINISTRATION AND SUPPORT SERVICES	5,596,257	4,856,330	739,927	86.8
	BASIC EDUCATION	109,804,479	-	109,804,479	-
	EARLY CHILDHOOD EDUCATION AND TRAINING	2,495,568	-	2,495,568	-
		117,896,304	4,856,330	113,039,974	4.1
Department of Culture	ADMINISTRATION AND SUPPORT SERVICES	12,400,000	3,247,180	9,152,820	26.2
		12,400,000	3,247,180	9,152,820	26.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Social Service Department	ADMINISTRATION AND SUPPORT SERVICES	3,900,000	2,618,630	1,281,370	67.1
	SOCIAL DEVELOPMENT SERVICES	8,153,975	7,894,511	259,464	96.8
	YOUTH TRAINING AND DEVELOPMENT	7,198,965	-	7,198,965	-
		19,252,940	10,513,141	8,739,799	54.6
Headquarters - County Public Service Board	ADMINISTRATION AND SUPPORT SERVICES	30,850,007	7,827,980	23,022,027	25.4
		30,850,007	7,827,980	23,022,027	25.4
Headquarters	ADMINISTRATION SUPPORT SERVICES	100,798,650	-	100,798,650	-
	COUNTY PLANNING AND ECONOMIC POLICY MANAGEMENT	680,000,000	464,933,662	215,066,338	68.4
		780,798,650	464,933,662	315,864,988	59.5
	COUNTY PLANNING AND ECONOMIC POLICY MANAGEMENT	36,360,525	16,568,225	19,792,300	45.6
		36,360,525	16,568,225	19,792,300	45.6
	KENYA DEVOLUTION SUPPORT PROGRAMME	7,852,491	4,184,720	3,667,771	53.3
		7,852,491	4,184,720	3,667,771	53.3
	KENYA DEVOLUTION SUPPORT PROGRAMME	10,652,364	3,157,400	7,494,964	29.6
		10,652,364	3,157,400	7,494,964	29.6
	PUBLIC WORKS SERVICES	161,559,160	116,774,077	44,785,083	72.3
	KENYA DEVOLUTION SUPPORT PROGRAMME	9,132,383	1,373,340	7,759,043	15.0
	ADMINISTRATION SUPPORT SERVICES	48,721,966	-	48,721,966	-
	ADMINISTRATION AND SUPPORT SERVICES	39,131,309	24,844,894	14,286,415	63.5
		258,544,818	142,992,311	115,552,507	55.3
	ADMINISTRATION AND SUPPORT SERVICES	59,384,960	44,193,331	15,191,629	74.4
	ADMINISTRATION AND SUPPORT SERVICES	101,553,163	11,010,028	90,543,135	10.8
		160,938,123	55,203,359	105,734,764	34.3
Youth and Gender Affairs Department	YOUTH TRAINING AND DEVELOPMENT	93,469,603	27,171,164	66,298,439	29.1
	ADMINISTRATION AND SUPPORT SERVICES	12,000,000	-	12,000,000	-
		105,469,603	27,171,164	78,298,439	25.8
	TOURISM DEVELOPMENT AND MARKETING	60,000,000	-	60,000,000	-
	MANAGEMENT AND DEVELOPMENT OF SPORTS AND SPORTS FACILITIES	77,762,691	29,690,738	48,071,953	38.2
		137,762,691	29,690,738	108,071,953	21.6
	COOPERATIVES DEVELOPMENT AND MARKETING	12,105,596	3,640,529	8,465,067	30.1
		12,105,596	3,640,529	8,465,067	30.1
	COOPERATIVES DEVELOPMENT AND MARKETING	22,133,107	6,342,477	15,790,630	28.7
		22,133,107	6,342,477	15,790,630	28.7
	WEIGHTS AND MEASUREMENTS	193,000,000	193,000,000	-	100.0
		193,000,000	193,000,000	-	100.0
	LIVESTOCK RESOURCE MANAGEMENT AND DEVELOPMENT	56,544,413	29,628,692	26,915,721	52.4
	CROP DEVELOPMENT AND MANAGEMENT	10,596,405	7,117,066	3,479,339	67.2
		67,140,818	36,745,758	30,395,060	54.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	FISHERIES DEVELOPMENT	25,985,678	6,360,867	19,624,811	24.5
		25,985,678	6,360,867	19,624,811	24.5
	LIVESTOCK RESOURCE MANAGEMENT AND DEVELOPMENT	139,127,252	31,966,890	107,160,362	23.0
		139,127,252	31,966,890	107,160,362	23.0
	HOUSING DEVELOPMENT	3,704,904	1,278,700	2,426,204	34.5
		3,704,904	1,278,700	2,426,204	34.5
	HOUSING DEVELOPMENT	49,114,990	35,998,346	13,116,645	73.3
		49,114,990	35,998,346	13,116,645	73.3
	HOUSING DEVELOPMENT	84,442,500	48,112,983	36,329,517	57.0
		84,442,500	48,112,983	36,329,517	57.0
Grand Total		10,170,754,635	5,871,858,935	4,298,895,700	57.7

Source: Uasin Gishu County Treasury

The programmes that performed well based on expenditure absorption were: Administration and Support Services at 102.4 per cent, Administration of Roads, Transport and Infrastructure at 100 per cent, Public Finance and Management at 96 and Housing Section at 93 per cent of budget allocation.

3.45.10 Key Observations and Recommendations

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

1. Late submission of projects implementation status reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the First Nine Months of FY 2019/2020. The County spent Kshs.1.17 billion out of annual development budget of Kshs.6.25 billion. The development expenditure represented 18.8 per cent of the annual development
3. Discrepancy between the report on budget execution by programmes and sub programmes which indicates approved budget as Kshs.10.17 billion compared to the County Appropriation Act, 2019 which shows the budget as Kshs.11.47 billion. The County Assembly budget was not contained in the report on budget execution by programmes and sub programmes
4. A high wage bill, which accounted for 48.5 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
5. Use of revenue at source and poor budgeting practice by the County Treasury as shown in table 3-219 where the County incurred expenditure in excess of approved budgetary allocations.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County should regularly reconcile the budget documents against the IFMIS uploaded budget to ensure reports on budget implementation are credible.
4. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
5. County Treasury should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

3.46 Vihiga County

3.46.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.7.04 billion, comprising of Kshs.2.87 billion (40.7 per cent) and Kshs.4.17 billion (59.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.4.65 billion (62.3 per cent) as equitable share of revenue raised nationally, Kshs.1.78 billion (25.3 per cent) as total conditional grants, generate Kshs.192.09 million (2.7 per cent) from own sources of revenue, and had Kshs.419.39 million (6 per cent) as cash balance from FY 2018/19.

3.46.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.55 billion as equitable share of the revenue raised nationally, Kshs.227.62 million as total conditional grants, raised Kshs.128 million from own-source revenue, and had a cash balance of Kshs.419.39 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.33 billion as shown in Table 3-220 .

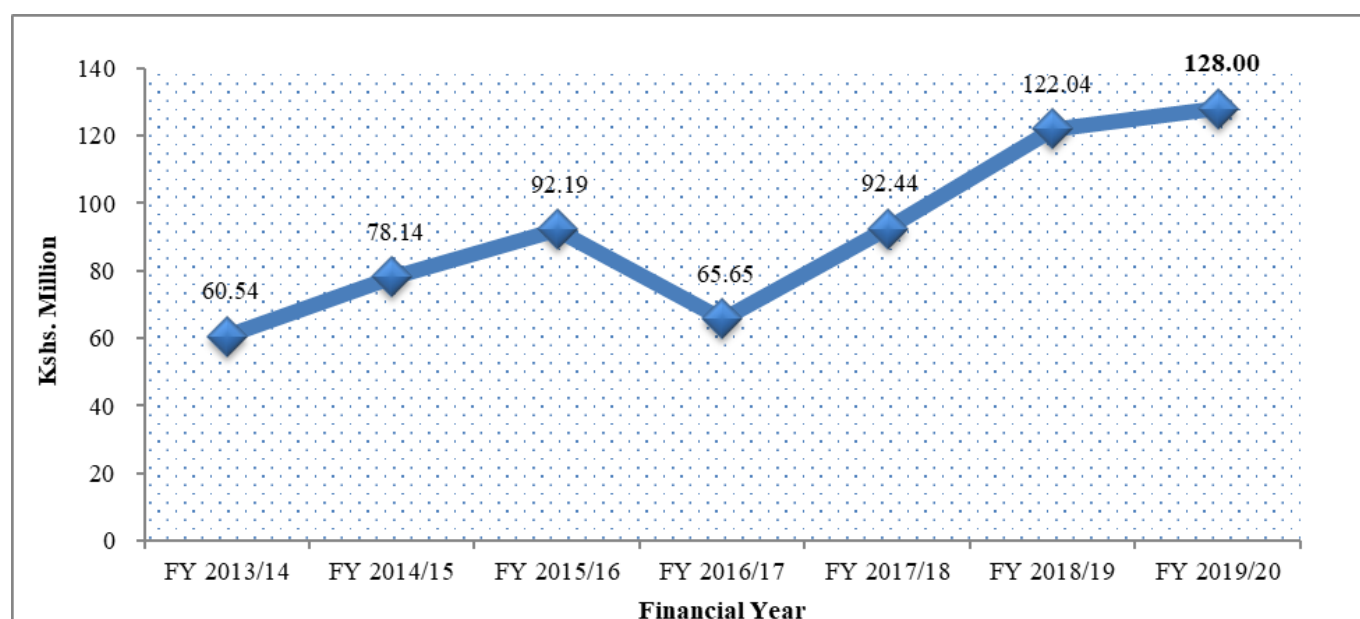
Table 3-220: Vihiga County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,652,550,000	4,652,550,000	2,554,249,950	54.9
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	12,657,201	12,657,201	-	-
2	Leasing of Medical Equipment	131,914,894	131,914,894	-	-
3	Road Maintenance Fuel Levy Fund	170,542,168	170,542,168	66,032,860	38.7
4.	Rehabilitation of Village Polytechnics	84,402,044	84,402,044	33,871,641	40.1
	Sub Total	399,516,307	399,516,307	99,904,501	25
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	93,311,492.00	93,311,492	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	525,794,178	525,794,178	107,035,108	20.4
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	438,361,024	438,361,024	-	-
4.	DANIDA Grant	13,312,500	13,312,500	6,656,250	50
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	71,604,116	71,604,116	-	-
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	27,273,453	27,273,453	14,020,219	51.4
6.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	160,000,000	160,000,000	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
	Sub Total	1,379,656,763	1,379,656,763	127,711,577	9.3
D	Other Sources of Revenue				
1.	Own Source Revenue	-	192,086,250	128,000,000	66.6
2.	Balance b/f from FY2018/19	-	419,392,808	419,392,808	100
	Sub Total		611,479,058	547,392,808	89.5
	Grand Total	6,431,723,070	7,043,202,128	3,329,258,836	47.3

Source: Vihiga County Treasury

Figure 3-89 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-89: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Vihiga County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.128 million as own-source revenue. This amount represented an increase of 4.7 per cent when compared to Kshs.122.04 million realised during the same period in FY 2018/19, and represented 66.6 per cent of the annual target.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.80 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.869.41 million (22.8 per cent) for development programmes and Kshs.2.93 billion (77.2 per cent) for recurrent programmes.

3.46.4 Overall Expenditure Review

A total of Kshs.3.55 billion was spent on development and recurrent programmes and represented 93.2 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.835.59 million and Kshs.2.71 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 29.1 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 65 per cent.

3.46.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.1.81 billion was spent on compensation to employees, Kshs.905.90 million on operations and maintenance, and Kshs.835.59 million on development expenditure.

Table 3-221: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,174,805,976	2,934,857,087	2,714,680,361	76.5	65.0
Compensation to Employees	2,305,248,378	1,883,832,591	1,808,775,373	50.9	78.5
Operations and Maintenance	1,869,557,598	1,051,024,496	905,904,988	25.5	48.5
Total Development Expenditure	2,868,396,152	869,409,046	835,594,877	23.5	29.1
Development expenditure	2,868,396,152	869,409,046	835,594,877	23.5	29.1
Total	7,043,202,128	3,804,266,133	3,550,275,238	100.0	50.4

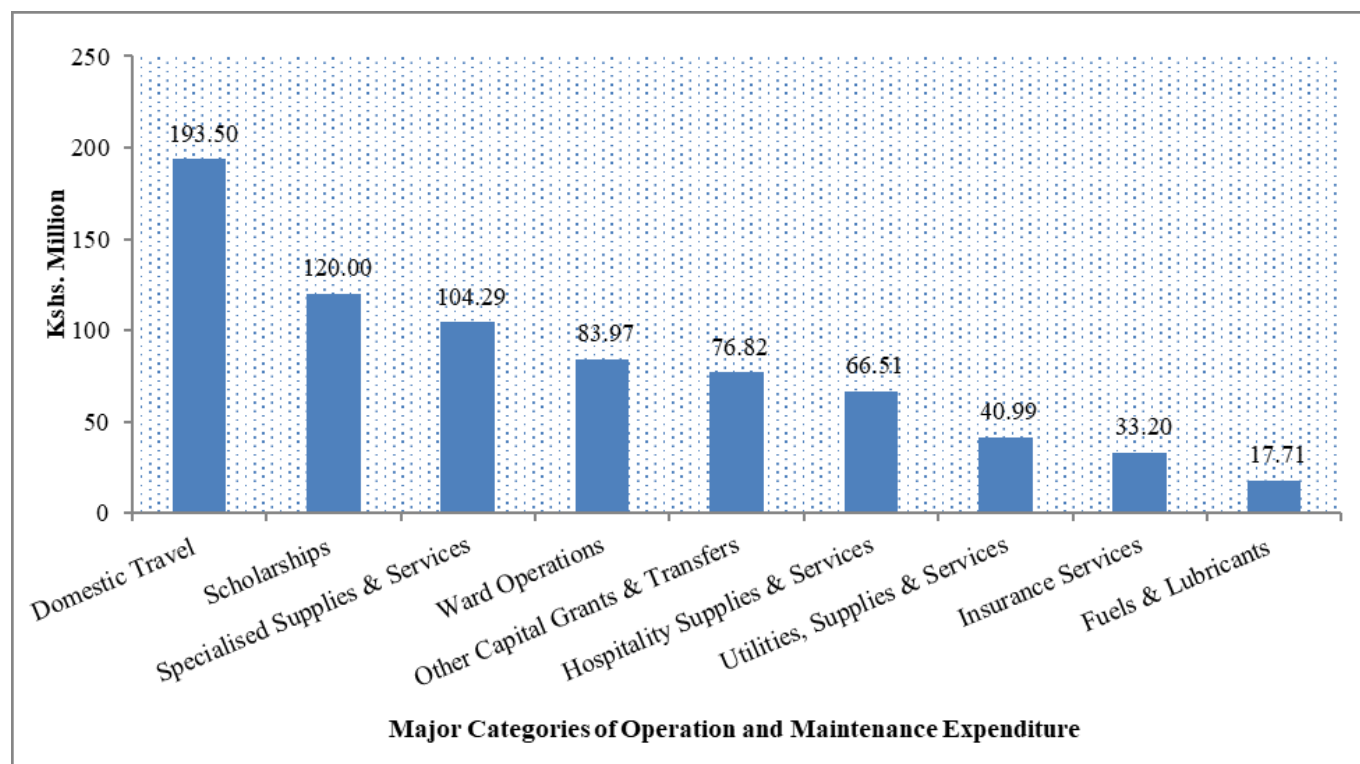
Source: Vihiga County Treasury

Expenditure on compensation to employees was 50.9 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 6.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.70 billion.

3.46.6 Analysis of Operations and Maintenance Expenditure

Figure 3-90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-90: Vihiga County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Vihiga County Treasury

The County spent Kshs.35.93 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.66.64 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.102,364 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.193.50 million and comprised of Kshs.61.21million spent by the County Assembly and Kshs.132.29 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.10.32 million and comprised of Kshs.4.90 million spent by the County Assembly and Kshs.5.42 million by the County Executive.

3.46.7 Development Expenditure Analysis

The total development expenditure of Kshs.835.59 million represented 29.1 per cent of the annual development budget of Kshs.2.87 billion and represented an increase of 50.5 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.413.75 billion. Table 3-222 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-222: Vihiga County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer is-sues(Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Mwichio-ebututi - ilonje Road	Emukhaya Sub Coun-ty	10,593,700	10,593,700	10,593,700	100
2	Busali - Logemo road	Sabatia Sub County	9,709,890	9,709,890	9,709,890	100
3	chandoro -Vigetse- kitulu Road	Vihiga Sub County	6,926,240	6,926,240	6,926,240	100
4	Epanga- Mufutu- Essaba Road	Luanda Sub County	3,342,000	3,342,000	3,342,000	100

S/No.	Project Name	Location	Budget (Kshs.)	Exchequer issues(Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
5	Evumbu- Shivembe - Kaptech Road	Hamisi Sub County	3,638,912	3,638,912	3,638,912	100
6	Vohomole Chatamilu Road	Hamisi Sub County	3,183,300	3,183,300	3,183,300	100
7	Construction of Blood Transfusion Center	Vihiga County Referral Hospital	4,490,772	4,490,772	4,490,772	100
8	Construction of Shiru ECDE	Hamisi Sub County	3,921,668	3,921,668	3,921,668	100
9	Construction of ECD classes	Across all Five Sub Counties	11,160,000	8,194,086	8,194,086	73.4
10	Construction of Ebanangwe water Project	Luanda Sub County	12,803,450	6,116,085	6,116,085	47.8

Source: Vihiga County Treasury

3.46.8 Budget Performance by Department

Table 3-223 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-223: Vihiga County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.	Rec.	Dev.
Office of The Governor	244.0	5.0	173.3	-	116.8	-	67.4	-	47.9	-
Finance & Economic Planning	355.4	450.0	215.5	419.8	212.7	439.2	98.7	104.6	59.9	97.6
Agriculture, Livestock, Fisheries & Cooperatives	165.6	571.5	122.7	135.4	92.9	84.7	75.7	62.6	56.1	14.8
Health Services	1,365.0	320.8	927.4	66.4	1,039.5	25.3	112.1	38.2	76.2	7.9
Education, Science, Technical and Vocational Training	415.2	209.4	333.6	62.0	277.6	65.1	83.2	104.9	66.9	31.1
Gender, Culture, Youth, Sports and Social Services	148.7	52.8	116.5	19.6	79.0	21.0	67.9	106.9	53.2	39.7
Trade, Industry, Tourism and Entrepreneurship.	90.3	49.5	71.5	20.3	59.9	21.3	83.9	105.0	66.3	43.1
County Public Service Board	45.1	-	30.1	-	12.9	-	42.8	-	28.6	-
Environment, Water, Energy & Natural Resources.	143.7	239.0	89.8	9.4	53.4	9.6	59.5	101.9	37.2	4.0
Transport, Infrastructure & Communication	154.0	453.2	100.3	134.8	65.0	121.3	64.8	90.0	42.2	26.8
Physical Planning, Land and Housing	128.0	493.9	57.9	1.7	24.8	48.2	42.8	2,772.0	19.4	9.7
County Assembly	622.0	20.0	482.4	-	330.3	-	68.5	-	53.1	-
Administration and Coordination of County Affairs	298.0	3.4	213.9	-	349.8	-	163.6	-	117.4	-
TOTAL	4,175	2,868	2,935	869	2,715	836	92.5	96.1	65.0	29.1

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic recorded the highest absorption rate of development budget at 97.6 per cent while the Department of Administration and Coordination of County Affairs did not report expenditure on development activities. The Department of Administration and Coordination of County Affairs had highest percentage of recurrent expenditure to its recurrent budget at 117.4 per cent while the Department of Physical Planning, Land and Housing had the lowest at 19.4 per cent.

3.46.9 Budget Execution by Programmes and Sub-Programmes

Table 3-224 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-224 : Vihiga County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Administration, Planning and Support Service	Administration, Planning and Support Service	817,734,740	289,207,439	528,527,301	35.4
	Personnel Services				
	Administrative Service	817,534,740	289,207,439	687,726,426	35.4
	Financial Services				
	Research and Development	200,000	-	200,000	-
	Formulation of Policies, Regulations and Legal Framework	-	-	-	-
Livestock Development and Management	Livestock Development and Management	17,970,357	3,251,000	14,719,357	18.1
	Veterinary Services and Extension	12,170,357	2,831,000	9,339,357	23.3
	Livestock Extension	5,800,000	420,000	5,380,000	7.2
	Value Chain Development	-	-	-	-
Fisheries Development and Management	Fisheries Development and Management	8,000,000	80,800	7,919,200	1.0
	Promotion of Fish Farming	8,000,000	80,800	7,919,200	1.0
Crop Development and Management	Crop Development and Management	12,100,000	535,000	11,565,000	4.4
	Crop Extension	12,100,000	535,000	11,565,000	4.4
	Farm Input Subsidy	-	-	-	-
	Cash Crop Production and Development	-	-	-	-
	Food Security Initiatives	-	-	-	-
Cooperatives Development	Cooperatives Development	5,000,000	993,360	4,006,640	19.9
	Cooperative Development Services	5,000,000	993,360	4,006,640	19.9
Land Survey and Mapping Services	Land Survey and Mapping Services				
	Land Survey and Mapping	-	-	-	-
Urban and Physical Planning and Housing Services	1 Urban and Physical Planning and Housing Services	498,361,024	-	498,361,024	-
	Urban and Physical Planning	488,361,024	-	488,361,024	-
	Housing Development	10,000,000	-	10,000,000	-
Administration, Planning and Support Service	Administration, Planning and Support Service	574,498,888	49,431,692	525,067,196	8.6
	Personnel Services				
	Administrative Service	574,498,888	49,431,692	525,067,196	8.6
	Financial Services				
Public Finance Management	Public Finance Management	1,000,000	-	1,000,000	-
	Purchase of a trailer	1,000,000	-	1,000,000	-
	Purchase of tipping lorries				
	Renovation and Construction of Bus Park	-	-	-	-
	Purchase of Murrum site	-	-	-	-
	Street Lighting	-	-	-	-
Transport Management	Transport Management	27,434,400	2,510,500	24,923,900	9.2
	Transport System Management	10,900,000	2,500,000	8,400,000	22.9
	Mechanical Services	16,534,400	10,500	16,523,900	0.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Infrastructure Development	Infrastructure Development	4,200,000	-	4,200,000	-
	Street Lighting				
	Construction of Low Seal Tarmac Road				
	Roads Maintenance	4,200,000	-	4,200,000	-
Administration, Planning and Support Service	Administration, Planning and Support Service	137,846,017	14,965,091	122,880,927	10.9
	Administrative Service	137,846,017	14,965,091	122,880,927	10.9
	Tourism Development	1,977,264	-	1,977,264	-
	Tourism Promotion and Branding	1,977,264	-	1,977,264	-
Industrial Development	Industrial Development				
	Industrial Development				
Administration, Planning and Support Service	Administration, Planning and Support Service	1,331,630,635	429,538,944	902,091,691	32.3
	Personnel Services				
	Administrative Service	221,747,339	5,000,868	216,746,471	2.3
	Financial Services				
	Human Resource Management and Development	1,053,678,085	420,561,754	633,116,331	39.9
	Healthcare Financing	56,205,211	3,976,322	52,228,889	7.1
Promotive and Preventive Healthcare Services	Promotive and Preventive Healthcare Services	27,565,284	730,656	26,834,628	2.7
	Public Health Services	16,700,000	192,256	16,507,744	1.2
	Community Health Strategy	6,240,000	469,200	5,770,800	7.5
	Health Promotion	3,795,284	44,400	3,750,884	1.2
	Reproductive Healthcare	340,000	-	340,000	-
	Disease Surveillance and Emergency	490,000	24,800	465,200	5.1
Curative And Rehabilitative Health Services	Curative And Rehabilitative Health Services	280,394,894	665,800	279,729,094	0.2
	Medical services	280,014,894	665,800	279,349,094	0.2
	County referral services	240,000	-	240,000	-
	Drugs and Other Medical Supplies	140,000	-	140,000	-
Child and Maternal Health Care	Child and Maternal Health Care	46,188,276	-	46,188,276	-
	Antenatal and Post Natal healthcare	1,800,000	-	1,800,000	-
	Antenatal and Post Natal Healthcare	1,440,000	-	1,440,000	-
	Maternity Services	41,368,276	-	41,368,276	-
	Newborne, Child and Adolescent Health	1,140,000	-	1,140,000	-
	Nutrition Services	440,000	-	440,000	-
Administration, Planning and Support Service	Administration, Planning and Support Service	391,699,421	143,090,907	248,608,514	36.5
	Personnel Services	-			
	Administrative Service	391,699,421	23,090,907	368,608,514	5.9
	Financial Services				

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Vocational Education and Training	Vocational Education and Training	83,176,000	21,633,430	61,542,570	26.0
	Youth Polytechnic Development	83,176,000	21,633,430	61,542,570	26.0
Early Childhood Development	Early Childhood Development	149,700,000	62,961,693	86,738,307	42.1
	ECD Development	149,700,000	62,961,693	86,738,307	42.1
Administration, Planning and Support Service	Administration, Planning and Support Service	1,616,978,949	357,158,371	1,259,820,578	22.1
	Personnel Services				
	Administrative Service	1,569,641,809	346,479,261	1,223,162,548	22.1
	Financial Services				
	County Administration	28,030,000	5,630,160	22,399,840	20.1
	County Radio Information Services	19,307,140	5,048,950	14,258,190	26.2
Public Finance Management	Public Finance Management	75,095,548	12,757,815	62,337,733	17.0
	Public Finance Management	10,300,000	1,746,900	8,553,100	17.0
	Accounting Services	12,445,548	1,761,980	10,683,568	14.2
	Audit Services	11,250,000	1,652,090	9,597,910	14.7
	Budget Formulation Coordination	10,400,000	1,696,950	8,703,050	16.3
	Resource Mobilization	16,650,000	1,422,795	15,227,205	8.5
	Budget Expenditure Management	14,050,000	4,477,100	9,572,900	31.9
County Planning Services	County Planning Services	15,364,970	1,640,800	13,724,170	10.7
	Monitoring and Evaluation	7,425,000	995,100	6,429,900	13.4
	Coordination of Policy Formulation and Plans	7,939,970	645,700	7,294,270	8.1
Coordination and Supervisory Services	Coordination and Supervisory Services	400,000	-	400,000	-
	Performance Management	200,000	-	200,000	-
	Disaster Management and Mitigation	200,000	-	200,000	-
Management and Administration of County Services	Management and Administration of County Services	17,756,178	1,949,360	15,806,818	11.0
	County Executive	300,000	-	300,000	-
	County Secretary	10,756,178	996,200	9,759,978	9.3
	Legal Services	6,700,000	953,160	5,746,840	14.2
Legislation and Oversight	Legislation and Oversight	317,009,425	111,608,647	205,400,778	35.2
	Legislation and Oversight	317,009,425	111,608,647	205,400,778	35.2
	Oversight	-	-	-	
Administration, Planning and Support Service	Administration, Planning and Support Service	83,808,587	14,634,893	69,173,694	17.5
	Personnel Services	-	-	-	
	Administrative Service	82,608,587	14,559,293	68,049,294	17.6
	Financial Services				
	Educational Conferences				
	Technical Conferences	500,000	-	500,000	-
	Elderly Fund	700,000	75,600	624,400	10.8

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Public Financial Management	Public Financial Management				
	Government Investment & Asset				
		103,954,612	7,469,250	96,485,362	7.2
	Promotion of Sports	70,544,855	7,245,850	63,299,005	10.3
	Promotion of Culture and Heritage	19,550,000	223,400	19,326,600	1.1
	Recreation and Arts	13,859,757	-	13,859,757	-
		13,700,000	-	13,700,000	-
	Social Protection	1,400,000	-	1,400,000	-
	Gender, Children, Youth and People with Disability	12,300,000	-	12,300,000	-
Administration, Planning and Support Service	Administration, Planning and Support Service	342,156,659	28,748,800	313,407,859	8.4
	Personnel Services	-	-	-	
	Administrative Service	180,156,659	28,748,800	151,407,859	16.0
	Financial Services	162,000,000	-	162,000,000	-
Public Finance Management	Public Finance Management	40,500,000	-	40,500,000	-
	Construction of Solid Waste facilities	-	-	-	
	Purchase Trailer for Garbage collection	-	-	-	
	Water Supply Management	21,500,000	-	21,500,000	-
	Waste Water Management	1,000,000	-	1,000,000	-
	Environmental Protection and Conservation	14,500,000	-	14,500,000	-
	Farm Forest Management	2,000,000	-	2,000,000	-
	Natural Resources management	1,500,000	-	1,500,000	-
	Grand Total	7,043,202,128	1,555,564,246	5,487,637,882	22.1

Source: Vihiga County Treasury

The programmes that performed well based on expenditure absorption were: Early Childhood Development at 42 per cent, Administration, Human Resource Management and Development at 39.9 per cent, Legislation and Oversight at 35.2 per cent.

3.46.10 Key Observations and Recommendations

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

1. A high wage bill, which accounted for 50.9 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes.
2. Low absorption of development funds. The County spent Kshs.835.59 million in the first nine months of FY 2019/20 out of annual development budget of Kshs.2.87 billion. The development expenditure represented 29.1 per cent of the annual development

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

1. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
2. The County should identify and address the issues causing delays in implementation of development projects.

3.47 Wajir County

3.47.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.11.46 billion, comprising of Kshs.5.24 billion (45.7 per cent) and Kshs.6.22 billion (54.3 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.8.55 billion (74.5 per cent) as equitable share of revenue raised nationally, Kshs.1.15 billion (10.03 per cent) as total conditional grants, generate Kshs.150 million (1.3 per cent) from own sources of revenue, and had Kshs.1.63 billion (14.2 per cent) as cash balance from FY 2018/19.

3.47.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.3.93billion as equitable share of the revenue raised nationally, Kshs.229.46 million as total conditional grants, raised Kshs.47.9 million from own-source revenue, and had a cash balance of Kshs.1.63 billion from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.5.83 billion as shown in Table 3-225.

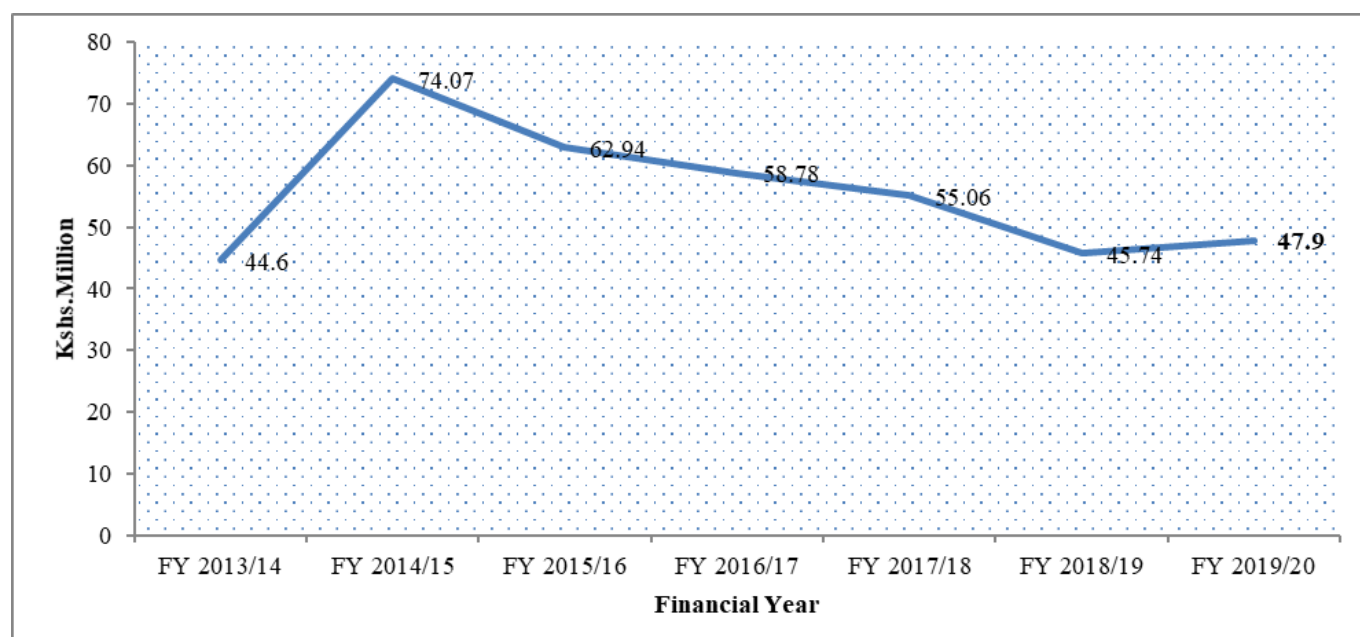
Table 3-225: Wajir County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,545,500,000	8,545,500,000	3,926,937,632	46.0
B.	Conditional Grants from the National Government Revenue				
1	Compensation for User Fee Foregone	15,784,997	15,784,997	-	-
2	Rehabilitation of Village Polytechnics	18,903,297	18,903,297	9,451,649	50.0
	Sub Total	277,257,982	277,257,982	9,451,649	3.4
C	Loans and Grants from Development Partners				
1	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	23,896,753	68.3
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	153,172,330	153,172,330	79,395,274	51.8
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	30,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	165,643,500	165,643,500	65,035,294	39.3
5	DANIDA Grant	25,312,500	25,312,500	25,312,500	100
6	EU Grant (Instruments for Devolution Advise and Support IDEAS)	24,481,325	24,481,325	-	-
7	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	250,000,000	250,000,000	26,367,892	10.5
8	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	112,791,675	112,791,675	-	-
9	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	23,548,494	23,548,494	-	-
10	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	50,000,000	50,000,000	-	-
	Sub Total	869,949,824	869,949,824	220,007,713	25.3
D	Other Sources of Revenue				
1	Own Source Revenue	150,000,000	150,000,000	47,902,531	31.9
2	Balance b/f from FY 2018/19	1,625,621,442	1,625,621,442	1,625,621,442	100.0
	Sub Total	1,775,621,442	1,775,621,442	1,673,523,973	94.3
	Grand Total	11,468,329,248	11,468,329,248	5,829,920,966	50.8

Source: Wajir County Treasury

Figure 3-91 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-91: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: Wajir County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.47.9 million as own-source revenue. This amount represented an increase of 4.7 per cent compared to Kshs.45.74 million realised during the same period in FY 2018/19, and represented 31.9 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.5.67 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.1.19 billion (21 per cent) for development programmes and Kshs.4.48 billion (79 per cent) for recurrent programmes.

3.47.4 Overall Expenditure Review

A total of Kshs.5.62 billion was spent on development and recurrent programmes and represented 99.1 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.1.14 billion and Kshs.4.48 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 21.7 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 72 per cent.

3.47.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicates that Kshs.3.19 billion was spent on compensation to employees, Kshs.1.29 billion on operations and maintenance, and Kshs.1.14 billion on development expenditure.

Table 3-226: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	6,224,001,439	4,482,856,864	4,482,644,362	79.7	72.0
Compensation to Employees	3,959,942,066	3,190,641,563	3,190,641,563	56.8	80.6
Operations and Maintenance	2,264,059,373	1,292,215,301	1,292,002,799	23.0	57.1
Total Development Expenditure	5,244,327,809	1,188,664,171	1,138,664,171	20.3	21.7
Development Expenditure	5,244,327,809	1,188,664,171	1,138,664,171	20.3	21.7
Total	11,468,329,248	5,671,521,035	5,621,308,533	100.0	49.0

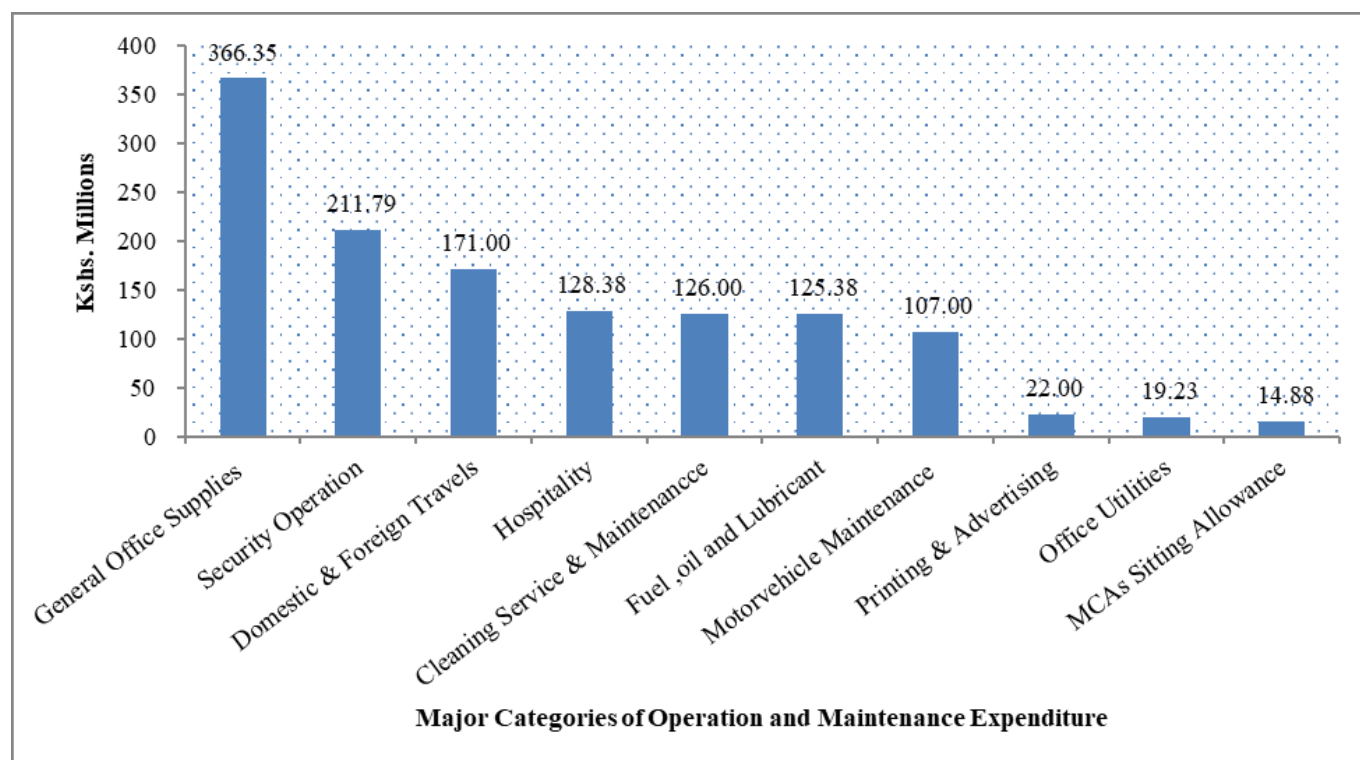
Source: Wajir County Treasury

Expenditure on compensation to employees was 56.8 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 13.1 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.2.82 billion.

3.47.6 Analysis of Operations and Maintenance Expenditure

Figure 3-92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-92: Wajir County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: Wajir County Treasury

The County spent Kshs.14.88 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.19.38 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.35,945 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.154.56 million and comprised of Kshs.36.85 million spent by the County Assembly and Kshs.117.71 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.16.43 million and comprised of Kshs.9.75 million spent by the County Assembly and Kshs.6.68 million spent by the County Executive.

3.47.7 Development Expenditure Analysis

The total development expenditure of Kshs.1.14 billion represented 21.7 per cent of the annual development budget of Kshs.5.24 billion and represented a decrease of 3.2 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.1.18 billion. Table 3-227 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-227: Wajir County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Rehabilitation and Renovation of H/Centers and Dispensaries	Various Wards	796,171,497	169,122,495	21.2
2	Agriculture Certified seeds and Irrigation Project	Wajir Township	527,428,821	141,395,274	26.8
3	Gravelling of Overhaul Roads and Bridges	Various Wards	874,373,400	100,000,000	11.4
4	Water Supplies Boreholes Drilling and Equipment	Various Wards	144,400,000	63,246,400	43.8
5	Environmental Beautification	Wajir Township	268,992,000	62,300,000	23.2

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
6	Land and Housing	Various Wards	134,500,000	59,836,970	44.5
7	Medical Drugs	County Health Facilities	100,300,000	57,104,896	56.9
8	Completion of ongoing tarmac roads	Wajir Township	144,000,000	50,191,048	34.9
9	WAJWASCO Projects	Wajir Township	362,250,000	45,015,440	12.4
10	Maintenance of Tarmac roads	Wajir Township	100,000,000	44,000,000	44.0

Source: Wajir County Treasury

3.47.8 Budget Performance by Department

Table 3-228 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-228: Wajir County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	760.2	30.0	524.3	-	524.1	-	100.0	-	68.9	-
County Executive	471.9	-	403.3	-	403.3	-	100.0	-	85.5	-
Finance and Economic Planning	639.7	-	299.1	-	299.1	-	100.0	-	46.8	-
Agriculture and Livestock Development	211.9	527.4	173.0	141.4	173.0	141.4	100.0	100.0	81.6	26.8
Public Health, Medical Services and Sanitation	1,678.3	930.8	1,273.6	226.2	1,273.6	226.2	100.0	100.0	75.9	24.3
Roads & Transport Department	128.3	1,196.5	94.8	294.2	94.8	294.2	100.0	100.0	73.9	24.6
Water Department	258.2	886.9	189.1	313.2	189.1	263.2	100.0	84.0	73.2	29.7
Energy, Environment and Natural Resources	64.2	269.0	49.4	62.3	49.4	62.3	100.0	100.0	76.8	23.2
Public Service, Special Programs and Decentralized Unit & Town Administration	723.0	119.9	531.8	17.0	531.8	17.0	100.0	100.0	73.6	14.2
Education, Youth, Gender and Social Services	578.9	350.0	352.6	9.5	352.6	9.5	100.0	100.0	60.9	2.7
ICT, Trade, Industrialization, Co-operative Development	212.2	108.9	153.7	-	153.7	-	100.0	-	72.4	-
Public Works, Lands, Housing and Physical Planning	73.7	134.5	46.8	59.8	46.8	59.8	100.0	100.0	63.5	44.5
WAJWASCO	114.8	362.3	89.1	45.0	89.1	45.0	100.0	100.0	77.6	12.4
County Public Service Board (CPSB)	70.3	-	64.2	-	64.2	-	100.0	-	91.4	-
Municipality	238.5	328.3	238.1	20.0	238.1	20.0	100.0	100.0	99.9	6.1
Total	6,224.00	5,244.33	4,482.86	1,188.66	4,482.64	1,138.66	100.0	95.8	72.0	21.7

Source: Wajir County Treasury

Analysis of expenditure by department shows that the Department of Land and Housing recorded the highest absorption rate of development budget at 44.5 per cent. The Department of Municipality had the highest percentage of recurrent expenditure to its recurrent budget at 99.9 per cent while the Department of Finance and Economic Planning had the lowest at 46.8 per cent.

3.47.9 Budget Execution by Programmes and Sub-Programmes

Table 3-229 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-229: Wajir County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Budget Execution by Programmes and Sub-Programmes							
Programme	Sub- Programme	Approved (Kshs)	Budget	Actual (Kshs)	Payments	Variance (%)	Absorption (%)
THE EXECUTIVE OFFICE							
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	471,877,059		403,343,152	68,533,907	85.5	
	Sub total	471,877,059		403,343,152	68,533,907	85.5	
THE COUNTY ASSEMBLY							
General admin & support services(0701003710)	0715003360 P15 County Legislative Services	760,194,403		524,066,124	236,128,279	68.9	
	Construction of Non-residential	30,000,000					
	Sub total	790,194,403		524,066,124	266,128,279	66.3	
FINANCE AND ECONOMIC PLANNING							
0701003360 P1Kenya Devolution Support programme	0701003360 P1Kenya Devolution Support programme	142,000,000		-	142,000,000	0.0	
0707003360 P7 Public Finance Management	0707003360 P7 Public Finance Management	26,428,123		9,099,000	17,329,123	34.4	
0708003360 P8 Economic Planning Services	0708003360 P8 Economic Planning Services	14,455,600		-	14,455,600	0.0	
0717003360 P17 General Administration and Support Services	0717003360 P17 General Administration and Support Services	456,767,221		290,000,190	166,767,031	63.5	
	Sub total	639,650,944		299,099,190	340,551,754	46.8	
ROADS TRANSPORT AND PUBLIC WORKS							
0201003360 P1 Road Transport Services	0201003360 P1 Road Transport Services	1,016,469,688		294,191,048	722,278,640	28.9	
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	229,550,000		40,000,000	189,550,000	17.4	
0208003360 P8 General Administration and Support Services	0208003360 P8 General Administration and Support Services	78,732,455		54,808,064	23,924,391	69.6	
	Sub total	1,324,752,143		388,999,112	935,753,031	29.4	
AGRICULTURE AND LIVESTOCK DEVELOPMENT							
1001003360 P1	1001003360 P1 ,General Administration	180,687,333		120,000,000	60,687,333	33.6	
1001003361 P2	Livestock Resource management	57,588,600		-		0.0	
1001003360 P3	Veterinary Support Services	22,900,000		-		0.0	
1001003360 P4	Crop Development and Management	27,658,600		-		0.0	
1001003360 P5	Fisheries Development and Management	12,128,027		-		0.0	
1001003360 P6	Irrigation Management Service	236,734,115		141,395,274	95,338,841	40.3	
1001003360 P7	Kenya Climate Smart Agriculture	175,020,320		52,957,045	122,063,275	69.7	
1001003360 P8	Agriculture Sector Development support prog	26,574,387		-		0.0	
1001003360 P9	Agriculture Sector Development support prog					0.0	
	Sub total	739,291,382		314,352,319	424,939,063	57.5	
PUBLIC HEALTH , MEDICAL SERVICE AND SANITATION							
0401003360 P1 Curative, Rehabilitative and Referral Services	0401003360 P1 Curative, Rehabilitative and Referral Services	392,142,699		57,104,896	335,037,804	14.6	
0402003360 P2 Preventive and promotive services	0402003360 P2 Preventive and promotive services	291,607,699		-		0.0	
0406003360 P6 RMNCH	0406003360 P6 RMNCH	429,764,756		169,122,494	260,642,262	39.4	
0407003360 P7 TB & HIV-AIDS	0407003360 P7 TB & HIV-AIDS	11,168,000		-		0.0	
0408003360 P8 Health Research Services	0408003360 P8 Health Research Services	9,596,000		-		0.0	
0403003360 P3 General Administration and Support Services	0403003360 P3 General Administration and Support Services	1,474,822,531		1,273,567,123	201,255,408	86.4	
	Sub total	2,609,101,685		1,499,794,513	1,109,307,173	57.5	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (%)	Absorption (%)	
WATER						
1001003360 P1 Water Services	1001003360 P1 Water Services	1,145,050,885	452,301,208	692,749,677	39.5	
	Sub total	1,145,050,885	452,301,208	692,749,677	39.5	
ENERGY , ENVIRONMENT & NATURAL RESOURCES						
0206003360 P6 Energy Services	0206003360 P6 Energy Services	16,938,100				
0207003360 P7 Environment & Natural Resource Services	0207003360 P7 Environment & Natural Resource Services	234,595,050	62,300,000	172,295,050	26.6	
1002003360 P2 General Administration and Support Services	1002003360 P2 General Administration and Support Services	53,970,224	49,350,480	4,619,744	8.6	
1004003360 P4 Wildlife and Tourism	1004003360 P4 Wildlife and Tourism	27,722,800				
	Sub total	333,226,174	111,650,480	176,914,794	33.5	
PUBLIC SERVICES, SPECIAL PROGRAM AND NATURAL RESOURCES						
0210003360 P10 Public Participation Services	0210003360 P10 Public Participation Services	31,700,000	5,000,000	26,700,000	84.2	
0701003360 P1 County Executive Services	0701003360 P1 County Executive Services	1,270,000	-	1,270,000	0.0	
662,752,2970704003360 P4 Human Resources Management and decentralised services	662,752,2970704003360 P4 Human Resources Management and decentralised services	536,118,297	516,811,308	19,306,989	3.6	
0716003360 P16 Special Programs	0716003360 P16 Special Programs	215,510,000	10,011,023	205,498,977	95.4	
0713003360 P13 Environment, Beautification and Sanitation services	0713003360 P13 Environment, Beautification and Sanitation services	15,484,000	-	15,484,000	0.0	
0714003360 P14 Engineering, Maintenance and Physical infrastructure services	0714003360 P14 Engineering, Maintenance and Physical infrastructure services	35,500,000	17,000,000	18,500,000	52.1	
0720003360 P20 Service Delivery and Performance Management	0720003360 P20 Service Delivery and Performance Management	5,400,000	-	5,400,000	0.0	
0721003360 P21 Governance and Ethics	0721003360 P21 Governance and Ethics	1,870,000	-	1,870,000	0.0	
	Sub total	842,852,297	548,822,331	294,029,966	34.9	
EDUCATION , YOUTH ,GENDER AND SOCIAL SERVICE						
0501003360 P1 Sports promotion and development	0501003360 P1 Sports promotion and development	80,108,700	-	80,108,700	0	
0502003360 P2 Early Childhood Education Development Services	0502003360 P2 Early Childhood Education Development Services	178,178,275	-	178,178,275	0	
0503003360 P3 Gender, Culture and Social services	0503003360 P3 Gender, Culture and Social services	85,251,000	-	85,251,000	0	
0504003360 P4 Youth polytechnics	0504003360 P4 Youth polytechnics	31,289,797	9,451,649	21,838,148	30	
0507003360 P6 School Support and Development Services	0507003360 P6 School Support and Development Services	116,000,000	-	116,000,000	0	
0505003360 P5 General Administration and Support Services	0505003360 P5 General Administration and Support Services	438,104,646	352,583,430	85,521,216	80	
	Sub total	928,932,418	362,035,079	566,897,339	39	
ICT ,TRADE, INDUSTRIALIZATION AND COOPERATIVE DEVELOPMENT						
0209003360 P9 ICT Infrastructure Services	0209003360 P9 ICT Infrastructure Services	70,176,200	-	70,176,200	0.0	
0301003360 P1 General administration, Planning and Support Services	0301003360 P1 General administration, Planning and Support Services	184,807,882	153,741,770	31,066,112	83.2	
0302003360 P2 Trade Services	0302003360 P2 Trade Services	43,249,700	-	43,249,700	0.0	
0304003360 P4 Co-operatives Services	0304003360 P4 Co-operatives Services	22,846,000	-	22,846,000	0.0	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (%)	Absorption (%)	
	Sub total	321,079,782	153,741,770	167,338,012	47.9	
PUBLIC WORK ,LAND AND HOUSING						
0101003360 P1 General Administration and Support Services	0101003360 P1 General Administration and Support Services	64,796,826	46,793,640	18,003,186	72.2	
0109003360 P9 Government Building Services	0109003360 P9 Government Building Services	922,400	-	922,400	0.0	
0111003360 P11 Land Policy and Physical Planning	0111003360 P11 Land Policy and Physical Planning	122,796,000	59,836,970	62,959,030	48.7	
0202003360 P2 Public Works and Transport Services	0202003360 P2 Public Works and Transport Services	19,728,100	-	19,728,100	0.0	
	Sub total	208,243,326	106,630,610	101,612,716	51.2	
WAJWASCO						
1003003360 P3 WAJWASCO	1003003360 P3 WAJWASCO	477,077,493	134,141,891	342,935,602	28.1	
	Sub total	477,077,493	134,141,891	342,935,602	28.1	
COUNTY PUBLIC SERVICE BOARD						
0718003360 P18 County Public Service Board Services	0718003360 P18 County Public Service Board Services	70,259,465	64,221,986	6,037,479	91.4	
		70,259,465	64,221,986	6,037,479	91.4	
MUNICIPALITY						
0719003360 P19 Urban Development Services	0719003360 P19 Urban Development Services	566,739,792	258,108,768	308,631,024	45.5	
	Sub total	566,739,792	258,108,768	308,631,024	45.5	
GRAND TOTAL		11,468,329,248	5,621,308,533	5,820,363,001	49.0	

Source: Wajir County Treasury

The programmes that performed well based on expenditure absorption were: County Public Service Board at 91.4 Per cent, County Executive Service at 85.5 per cent and Legislation and oversight at 68.9.3 per cent of budget allocation.

3.47.10 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds in the first nine months of FY 2019/20. The County spent Kshs.1.14 billion out of annual development budget of Kshs.5.24 billion. The development expenditure represented 21.7 per cent of the annual development
3. Low own-sourced revenue collection at Kshs.47.9 million against annual projection of Kshs.150 million. The realised own source revenue represented 31.9 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County should address underperformance in own source revenue so as to ensure the approved budget is fully financed.

3.48 West Pokot County

3.48.1 Overview of the FY 2019/20 Budget

The County's approved Supplementary Budget for FY 2019/20 was Kshs.6.42 billion, comprising of Kshs.2.26 billion (35.3 per cent) and Kshs.4.16 billion (64.7 per cent) allocation for development and recurrent programmes respectively.

To finance the budget, the County expects to receive Kshs.5 billion (77.9 per cent) as equitable share of revenue raised nationally, Kshs.802.68 million (12.5 per cent) as total conditional grants, generate Kshs.150.32 million (2.3 per cent) from own sources of revenue, and had Kshs.468.10 million (7.3 per cent) as cash balance from FY 2018/19.

3.48.2 Revenue Performance

During the first nine months of FY 2019/20, the County received Kshs.2.75 billion as equitable share of the revenue raised nationally, Kshs.142.47 million as total conditional grants, raised Kshs.77.24 million from own-source revenue, and had a cash balance of Kshs.468.10 million from FY 2018/19. The total funds available for budget implementation during the period amounted to Kshs.3.43 billion as shown in Table 3-230.

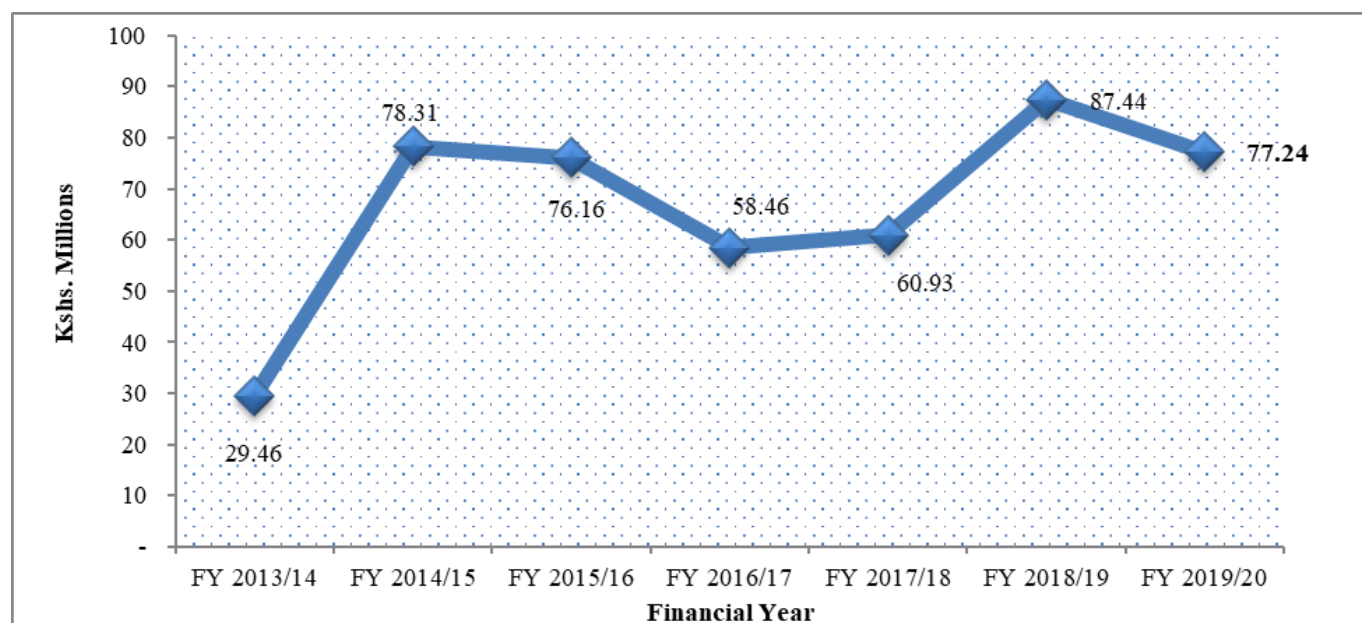
Table 3-230: West Pokot County, Revenue Performance in the First Nine Months of FY 2019/20

S/No	Revenue	Annual CARA, 2019 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,000,700,000	5,000,700,000	2,745,384,300	55.0
1.	Compensation for User Fee Foregone	12,128,484	12,128,484	-	-
2.	Leasing of Medical Equipment	131,914,894	-	-	-
3.	Road Maintenance Fuel Levy Fund	141,948,188	141,948,188	70,974,094	50.0
4.	Rehabilitation of Village Polytechnics	17,313,298	17,313,298	8,656,649	50.0
	Sub Total	303,304,864	171,389,970	79,630,743.00	26.0
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	35,000,000	35,000,000	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	117,291,410	117,291,410	44,936,627	38.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	30,000,000	58,070,195	-	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	73,392,300	112,786,906	-	-
5.	DANIDA Grant	14,718,750	14,718,750	7,359,375	50.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	21,495,096	21,495,096	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,586,308	18,586,308	10,543,154	56.7
8.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	80,000,000	125,000,000	-	-
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Institutional Grants (UIG)	8,800,000	50,000,000	-	-
	Sub Total	399,283,864	631,873,164	44,936,627	6.7
D	Other Sources of Revenue				
1	Own Source Revenue	-	150,320,184	77,238,667	51.4
2	Balance b/f from FY 2018/19	-	468,100,331	468,100,331	100.0
	Sub Total	-	618,420,515	545,338,998	88.2
	Grand Total	5,703,288,728	6,421,802,099	3,433,193,197	53.5

Source: West Pokot County Treasury

Figure 3-93 shows the trend in own-source revenue collection for the first nine months from FY 2013/14 to FY 2019/20.

Figure 3-93: Trend in Own-Source Revenue Collection for the First Nine Months from FY 2013/14 to FY 2019/20



Source: West Pokot County Treasury

During the first nine months of FY 2019/20, the County generated a total of Kshs.77.24 million as own-source revenue. This amount represented a decrease of 11.7 per cent when compared to Kshs.87.44 million realised during the same period in FY 2018/19, and represented 51.4 per cent of the annual target.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawal of Kshs.3.50 billion from the CRF account in the reporting period. This withdrawal comprised of Kshs.556.03 million (15.9 per cent) for development programmes and Kshs.2.95 billion (84.1 per cent) for recurrent programmes.

3.48.4 Overall Expenditure Review

A total of Kshs.3.69 billion was spent on development and recurrent programmes and represented 105.3 per cent of the total funds released from the CRF account. The expenditure comprised of Kshs.610.99 million and Kshs.3.08 billion on development and recurrent activities respectively. Expenditure on development programmes represented an absorption rate of 27 per cent while that incurred on recurrent expenditure programmes represented an absorption rate of 74.1 per cent.

3.48.5 Expenditure by Economic Classification

Analysis of recurrent expenditure indicated that Kshs.2 billion was spent on compensation to employees, Kshs.1.08 billion on operations and maintenance, and Kshs.610.99 million on development expenditure.

Table 3-231: Summary of Expenditure by Economic Classification for the First Nine Months of FY 2019/20

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Total Expenditure (%)	Absorption (%)
Total Recurrent Expenditure	4,155,101,947	3,079,755,088	83.4	74.1
Compensation to Employees	2,485,855,061	1,997,418,259	54.1	80.4
Operations and Maintenance	1,669,246,886	1,082,336,829	29.3	64.8
Total Development Expenditure	2,265,700,152	610,991,131	16.6	27
Development Expenditure	2,265,700,152	610,991,131	12.1	11.2
Total	6,420,802,099	3,690,746,219	100	57.5

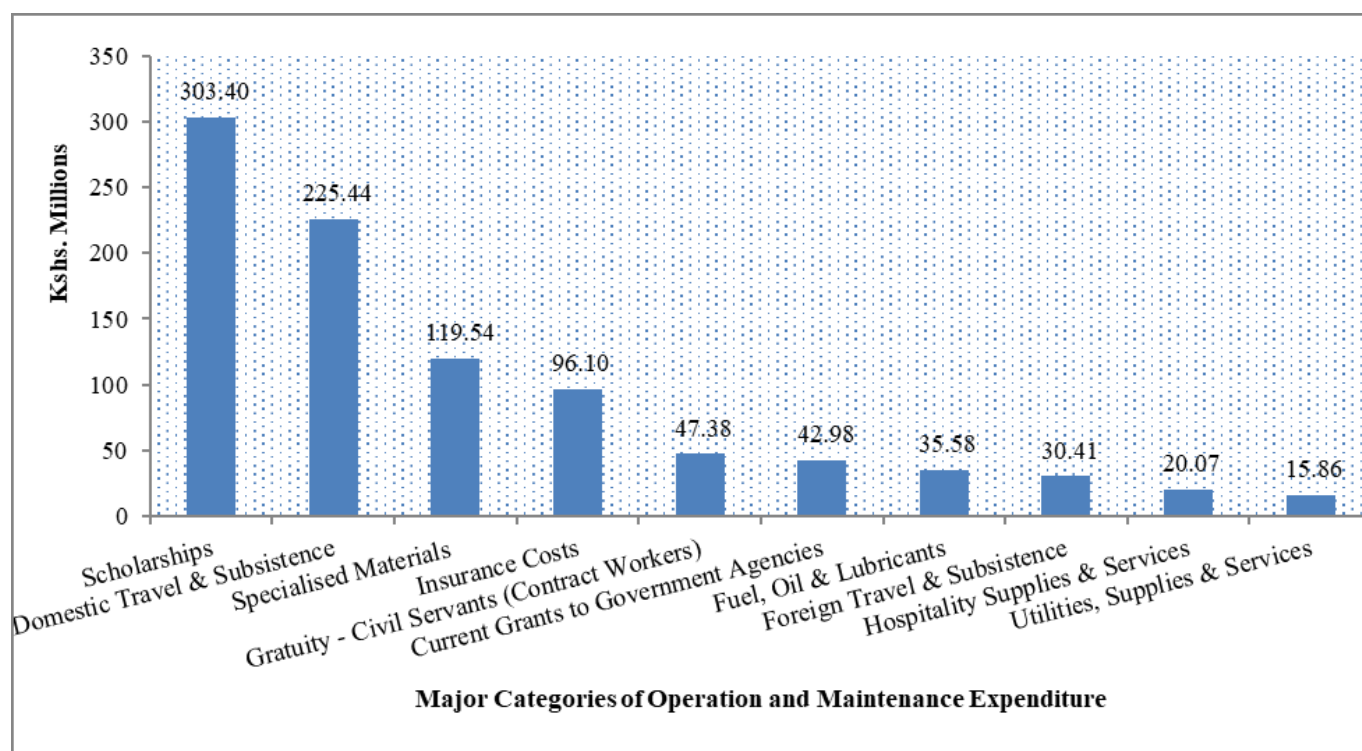
Source: West Pokot IFMIS generated report

Expenditure on compensation to employees was 54.1 per cent of total expenditure in the first nine months of FY 2019/20 and represented an increase of 27.2 per cent compared to a similar period in FY2018/19 when the County spent Kshs.1.57 billion.

3.48.6 Analysis of Operations and Maintenance Expenditure

Figure 3-94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3-94: West Pokot County, Operations and Maintenance Expenditure by Major Categories in the First Nine Months FY 2019/20



Source: West Pokot IFMIS generated report

The County spent Kshs.13.73 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.31.97 million in the first nine months of FY 2019/20. The average monthly sitting allowance translated to Kshs.44,371 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.225.44 million and comprised of Kshs.103.39 million spent by the County Assembly and Kshs.122.05 million spent by the County Executive. Expenditure on foreign travel amounted to Kshs.30.41 million and comprised of Kshs.19.70 million by the County Assembly and Kshs.10.71 million spent by the County Executive.

3.48.7 Development Expenditure Analysis

The total development expenditure of Kshs.610.99 million represented 27 per cent of the annual development budget of Kshs.2.27 billion and represented an increase of 20.7 per cent compared to a similar period in FY 2018/19 when the County spent Kshs.506.13 million. Table 3-232 provides a summary of development projects with the highest expenditure in the first nine months of the financial year.

Table 3-232: West Pokot County, List of Development Projects with the Highest Expenditure in the First Nine Months of FY 2019/20

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Current Grants to Semi-Autonomous Government Agencies	Land, Housing ,Physical Planning and Urban Development	162,786,906	80,712,606	49.6
2	Access Roads	Public Works , Transport and Infrastructure	143,323,537	69,188,300	48.3

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
3	Current Grants to Semi-Autonomous Government Agencies	Agriculture and Irrigation	133,924,499	61,817,436	46.2
4	Non-Residential Buildings (offices, schools, hospitals, etc.)	County Assembly	105,815,273	43,070,355	40.7
5	Capital Grants to Other levels of government	Education and Technical training	50,250,000	30,000,000	59.7
6	Non-Residential Buildings (offices, schools, hospitals, etc.)	Health, Sanitation and Emergencies	90,185,826	24,318,317	27.0
7	Other Infrastructure and Civil Works	Water development, Environment and Natural Resources	105,214,289	22,096,306	21.0
8	Capital Grants to Semi-Autonomous Government Agencies	Public Works , Transport and Infrastructure	160,456,361	19,538,228	12.2
9	Current Grants to Semi-Autonomous Government Agencies	Health, Sanitation and Emergencies	50,327,032	18,465,168	36.7
10	Capital Grants to Semi-Autonomous Government Agencies	Education and Technical training	25,900,000	18,112,642	69.9

Source: West Pokot IFMIS generated report

3.48.8 Budget Performance by Department

Table 3-233 shows a summary of the approved budget allocation and performance by department in the first nine months of FY 2019/20.

Table 3-233: West Pokot County, Budget Performance by Department for the First Nine Months of FY 2019/20

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	425.10	59.45	336.97	12.53	350.92	12.55	104.1	100.2	82.6	21.1
Finance and Economic Planning	270.60	29.50	173.86	16.50	185.12	18.50	106.5	112.1	68.4	62.7
Public Works , Transport and Infrastructure	61.46	320.93	36.62	133.46	48.95	100.23	133.7	75.1	79.6	31.2
Health, Sanitation and Emergencies	1,371.69	284.86	977.11	67.37	1,061.46	72.69	108.6	107.9	77.4	25.5
Education and Technical training	730.74	220.44	575.07	53.84	506.61	49.41	88.1	91.8	69.3	22.4
Agriculture and Irrigation	102.78	223.41	70.17	74.40	80.73	102.14	115.1	137.3	78.5	45.7
Pastoral Economy	103.98	166.61	62.56	51.91	84.45	58.00	135.0	111.7	81.2	34.8
Trade, Industrialization, Investment and Cooperative Development	75.03	99.35	50.42	3.15	63.69	2.75	126.3	87.5	84.9	2.8
Land, Housing ,Physical Planning and Urban Development	72.67	204.62	48.71	43.44	50.94	82.52	104.6	190.0	70.1	40.3
Water development, Environment and Natural Resources	67.55	358.59	43.37	44.69	45.23	44.16	104.3	98.8	67.0	12.3
Youths, Sports, Tourism, Gender and Social services	43.20	127.84	22.86	13.66	31.95	24.96	139.7	182.7	74.0	19.5
Public Service ,ICT and Decentralized Units	192.52	42.70	157.16	-	139.68	-	88.9	-	72.6	-
Special Programmes and Directorates	40.13	1.60	21.64	-	21.81	-	100.8	-	54.4	-
County Assembly	598.67	125.82	371	43.07	408.20	43.07	110.0	100.0	68.2	34.2
TOTAL	4,156.10	2,265.70	2,947.53	514.96	3,079.76	610.99	104.5	118.6	74.1	27.0

Source: West Pokot IFMIS generated report

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 62.7 per cent while the Department of Public Service, ICT and Decentralized Units and Special programmes and Directorates did not report expenditure on development activities. On the other hand the Department of Trade, Industrialization, Investment and Cooperative Development had the highest percentage of recurrent expenditure to its recurrent budget at 84.9 per cent while the Department of Special programmes and Directorates had the lowest at 54.4 per cent.

3.48.9 Budget Execution by Programmes and Sub-Programmes

Table 3-234 shows a summary of the budget execution by programmes and sub-programmes in the first nine months of FY 2019/20.

Table 3-234: West Pokot County, Budget Execution by Programmes and Sub-programmes in the First Nine Months of FY 2019/20

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
County Executive					
County Executive	SP 1 - (General Administration ,planning and Support Services)	415,321,296	313,099,264	102,222,032	75.4
	SP 2 -(County Executive affairs)	33,507,399	26,015,805	7,491,595	77.6
	SP 3 -(County Public service Board	5,591,520	3,654,936	1,936,584	65.4
	SP 4 -(Field Administration service)	10,855,680	9,634,130	1,221,550	88.7
	SP 5-(Liaison and Intergovernmental service)	11,933,850	11,070,028	863,822	92.8
	Sub total	477,209,746	363,474,163	113,735,583	76.2
Finance and Economic Planning					
Finance and Economic Planning	SP 1(General Administration ,planning and Support Services	204,735,706	146,715,578	58,020,129	71.7
	SP 2 -(Treasury Accounting Services)	2,273,440	2,702,594	(429,154)	118.9
	SP 3-(Supply Chain Management services)	3,142,816	2,667,428	475,388	84.9
	SP 4-(Resource Mobilization)	8,492,000	5,454,397	3,037,603	64.2
	SP 5-(Internal Audit services)	4,033,600	3,183,300	850,300	78.9
	SP 6-(Budget Formulation services)	15,969,480	13,627,925	2,341,555	85.3
	SP 7-(Economic Planning)	65,001,728	26,516,930	38,484,798	40.8
	SP 8-(Monitoring and Evaluation)	2,798,000	2,747,900	50,100	98.2
	Sub total	306,446,770	203,616,052	102,830,718	66.4
Public Works , Transport and Infrastructure					
Public Works , Transport and Infrastructure	SP 1(General Administration ,planning and Support Services	68,491,380	44,829,358	23,662,023	65.5
	SP 2(Road Transport)	190,207,588	25,855,033	164,352,555	13.6
	SP 3(Public Works)	15,906,546	9,304,701	6,601,845	58.5
	SP 4-(Ward Specific Projects)	143,323,537	69,188,300	74,135,237	48.3
	Sub total	417,929,051	149,177,392	268,751,659	35.7
Health, Sanitation and Emergencies					
Health, Sanitation and Emergencies	SP 1(General Administration ,planning and Support Services	1,271,360,134	942,858,990	328,501,143	74.2
	SP 2-(Preventive Health Services)	103,194,287	67,211,674	35,982,612	65.1
	SP 3-(Kapenguria Referral Hospital)	177,005,477	74,604,941	102,400,537	42.1
	SP 4-(Kacheliba Sub county hospital)	17,860,000	8,372,490	9,487,510	46.9
	SP 5-(Sigor Sub county hospital)	16,860,000	7,867,825	8,992,175	46.7
	SP 6-(Chepareria Sub county hospital)	19,890,000	7,814,080	12,075,920	39.3
	SP 8(Ward Specific)	142,807,368	25,386,109	117,421,260	17.8
	Sub total	1,748,977,266	1,134,116,109	614,861,157	64.8
Education and Technical training					
Education and Technical training	SP 1(General Administration ,planning and Support Services	349,755,124	231,201,256	118,553,868	66.1
	SP 2 -(ECD Services)	25,192,510	955,270	24,237,240	3.8
	SP 3-(Youth Vocational training)	40,775,680	30,537,882	10,237,798	74.9
	SP 4-(Bursary Fund)	410,000,000	292,029,400	117,970,600	71.2
	SP 5 - (Ward specific)	127,957,953	1,299,750	126,658,203	1.0
	Sub total	953,681,267	556,023,559	397,657,708	58.3
Agriculture and Irrigation					
Agriculture and Irrigation	SP 1-(General Administration, Planning and Support Services)	102,639,563	74,522,208	28,117,355	72.6
	SP 2-(Crop Development and Management)	224,012,776	98,775,206	125,237,570	44.1
	SP 3-(Cash Crop Production(Special Programs)	1,042,000	758,000	284,000	72.7
	SP 4 -(Ward specific)	12,699,300	8,814,659	3,884,641	69.4
	Sub total	340,393,639	182,870,073	157,523,566	53.7
Pastoral Economy					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Pastoral Economy	SP 1-(General Administration, Planning and Support Services)	95,674,727	69,529,536	26,145,191	72.7
	SP 2 - (Livestock production and Range Management)	56,911,900	31,197,804	25,714,096	54.8
	SP 3-(Livestock Disease management)	9,747,891	8,206,095	1,541,796	84.2
	SP 4-(Fisheries Development)	1,477,600	388,000	1,089,600	26.3
	SP 5-(Nasukuta Livestock Improvement Centre)	22,287,096	743,470	21,543,626	3.3
	SP 6 -(Ward specific)	34,847,058	18,150,811	16,696,248	52.1
	SP 7 -(Dairy Development(Special Programmes)	20,600,000	14,235,866	6,364,134	69.1
	Sub total	241,546,273	142,451,582	92,730,557	59.0
Trade, Industrialization, Investment and Cooperative Development					
Trade, Industrialization, Investment and Cooperative Development	SP 1-(General Administration, Planning and Support Services)	70,365,569	37,358,503	33,007,066	53.1
	SP 2-(Cooperative Development)	62,446,644	24,877,573	37,569,071	39.8
	SP 3 - (Trade, License and Market Development)	2,688,800	2,115,724	573,076	78.7
	SP 4-(Ward specific)	21,660,089	2,097,014	19,563,076	9.7
	Sub total	157,161,102	66,448,813	90,712,289	42.3
Land, Housing ,Physical Planning and Urban Development					
Land, Housing ,Physical Planning and Urban Development	SP 1-(General Administration, Planning and Support Services)	58,148,270	38,247,481	19,900,789	65.8
	SP 2 -(Land Policy and Physical Planning)	1,348,800	1,164,550	184,250	86.3
	SP 3-(Housing Development)	912,000	670,500	241,500	73.5
	SP 4-(Urban Development)	19,707,036	587,300	19,119,736	3.0
	SP 5-(Kapenguria Municipality)	186,529,609	90,985,825	95,543,784	48.8
	SP 6-(Ward specific)	5,908,751	1,808,751	4,100,000	30.6
	Sub total	272,554,467	133,464,407	139,090,059	49.0
Water development, Environment and Natural Resources					
Water development, Environment and Natural Resources	SP 1-(General Administration, Planning and Support Services)	52,035,428	34,629,735	17,405,693	66.6
	SP 2 -(Water Supply Services)	122,262,800	29,262,905	92,999,896	23.9
	SP 3 -(Environment & Natural Resource Development)	132,204,800	3,105,339	129,099,461	2.3
	SP 4 -(Ward Specific)	115,213,808	22,396,306	92,817,502	19.4
	Sub total	421,716,836	89,394,284	332,322,552	21.2
Youths, Sports, Tourism, Gender and Social services					
Youths, Sports, Tourism, Gender and Social services	SP 1-(General Administration, Planning and Support Services)	37,935,855	23,413,322	14,522,533	61.7
	SP 2-(Tourism Development)	4,743,213	2,354,865	2,388,348	49.6
	SP 3-(Gender, Youths and sports Development)	65,892,091	16,822,413	49,069,678	25.5
	SP 4(Culture and Social Development)	4,929,718	3,021,260	1,908,458	61.3
	SP 5-(Ward Specific)	9,274,200	11,300,000	(2,025,800)	121.8
	Sub total	122,775,077	56,911,861	65,863,217	46.4
Public Service ,ICT and Decentralized Units					
Public Service ,ICT and Decentralized Units	SP 1-(General Administration, Planning and Support Services)	209,147,008	135,540,855	73,606,153	64.8
	SP 2-(Human Resource)	1,208,000	816,991	391,009	67.6
	SP 3-(Legal Services)	2,036,000	1,410,000	626,000	69.3
	SP 4 - (Records Management)	384,000	201,200	182,800	52.4
	SP 5- (Communication Services)	720,000	556,000	164,000	77.2
	SP 6 - (ICT Infrastructure Connectivity)	1,616,422	1,153,600	462,822	71.4
	Sub total	215,111,430	139,678,646	75,432,784	64.9
Special programmes and Directorates					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Implementation Status (%)
Special programmes and Directorates	SP 1-(General Administration, Planning and Support Services)	19,041,866	7,287,805	11,754,061	38.3
	SP 2-(Investment and Cooperative development)	575,900	416,070	159,830	72.2
	SP 3 - (Emergency and disaster response)	6,391,000	2,603,500	3,787,500	40.7
	SP 4 -(Peace building and reconciliation)	5,818,000	5,009,991	808,009	86.1
	SP 5- (Resource mobilization and Coordination)	1,350,000	1,059,800	290,200	78.5
	SP 7(Gender and special needs)	8,640,000	5,434,800	3,205,200	62.9
	Sub total	41,816,766	21,811,966	20,004,800	52.2
County Assembly					
County Assembly	SP 1-(General Administration, Planning and Support Services)	494,719,159	302,714,249	192,004,910	61.2
	SP 2-(Legislative, Oversight and Representation)	169,910,749	114,063,441	55,847,308	67.1
	SP 3-(Staff Affairs and Development)	39,852,500	32,981,000	6,871,500	82.8
	Sub total	704,482,408	449,758,690	254,723,718	63.8
GRAND TOTAL		6,421,802,099	3,690,746,219	2,731,055,880	57.5

Source: West Pokot IFMIS generated report

The programmes that performed well based on expenditure absorption were: County Executive Programme at 76.2 per cent, Finance and Economic Planning at 66.4 per cent, County Assembly Programmes at 63.8 per cent, and Public Service, ICT and Decentralized Units at 64.9 per cent.

3.48.10 Key Observations and Recommendations

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

1. Failure by the County Treasury to submit the financial reports to the Controller of Budget, which affected timely preparation of budget implementation report. The OCOB had to rely on IFMIS generated reports to prepare this report. This is contrary with Section 166 of the PFM Act, 2012.
2. Low absorption of development funds in the first nine months of FY 2019/20 whereby, the County spent Kshs.610.99 million out of annual development budget of Kshs.2.27 billion. The development expenditure represented 27 per cent of the annual development.
3. A high wage bill, which accounted for 54.1 per cent of the total expenditure in the first nine months of FY 2019/20 thus constraining funding to other programmes. The wage bill grew by 27.2 per cent compared to expenditure in a similar period of FY 2018/19
4. Under performance of own revenue at Kshs.77.24 million against annual projection of Kshs.150.32 million. The realised own source revenue represented 51.4 per cent of its annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address the issues causing delay in implementation of development projects.
3. The County Public Service Board should establish an optimal staffing structure in order to ensure a sustainable wage bill.
4. The County should come up with measures to address the underperformance in own source revenue collection so as to ensure the approved budget is fully financed.

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first nine months of the FY 2019/20 and also presents recommendations aimed at addressing the challenges in order to enhance smooth budget execution. The cross-cutting challenges included:

4.2 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

On aggregate, county governments spent Kshs.126.28 billion on personnel emoluments (PE), which accounted for 52.3 per cent of the total expenditure for the period and a slight increase from Kshs.120.54 billion incurred in a similar period of FY 2018/19 as shown in Annex 1.

County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.3 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to impose by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.28.04 billion, which was 48.5 per cent of the annual target of Kshs.57.82 billion as shown in Annex 2. This was a slight decrease compared to Kshs.28.92 billion generated in a similar period of FY 2018/19. This performance is below the expected prorated target of 75 per cent in the first nine months of the financial year. The under-performance on own source revenue collection implies that some planned activities may not be implemented in the financial year due to lack of funds and may lead to accumulation of pending bills.

The OCOB recommends that counties should develop and implement strategies to enhance own source revenue collections to enhance smooth budget implementation.

4.4 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on development expenditure.

During the reporting period, County Governments incurred total expenditure of Kshs.49.78 billion on development activities representing an absorption rate of 25 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.198.85 billion as shown in Annex 3. This performance was a slight improvement from an absorption rate of 24.4 per cent, reported in a similar period of FY 2018/19 when development expenditure was Kshs.46.55 billion.

The OCOB recommends that counties should prioritize implementation of development projects in order to improve their citizen's standards of living.

4.5 Failure to Report on Programme Achievements by County Governments

Section 9 (2) of the Controller of Budget Act, 2016 requires the Controller of Budget to report on the programme and project achievements by the County Governments. In order to facilitate this reporting, the Office has developed and shared a template with the County Treasuries for capturing of the of programme and project achievements in the reporting period. However, despite this effort, Counties did not submit non-financial information on programme and project achievements while in some counties, the submitted financial reports were inconsistent with the approved budgets.

The County Treasuries should develop capacity to ensure that, reports submitted to the Controller of Budget contain sufficient information on achievements of programmes and projects as set in the Programme Based Budget framework. This will promote transparency and accountability in the use of public funds.

4.6 Economic Impact of the COVID-19 Disease

The first COVID-19 case in Kenya was confirmed in mid-March 2020, in Kajiado County prompting both the National government and Counties to institute stringent measures to curb its spread across the Country. While the COVID-19 pandemic is primarily a health crisis and human tragedy, it also has far reaching economic ramifications. The responses instituted to control its spread have disrupted millions of livelihoods with disproportionate impact on poor households and small and informal businesses. The pace of this disruption is likely to accelerate in the months ahead as the diseases spreads to more counties.

Given the disruptions occasioned by the actions taken to contain spread of the COVID-19 disease, it is clear that the measures will negatively impact on all County Governments in implementation of the FY 2019/20 budget. Therefore, there is need for continuous monitoring of this impact by the County Treasuries and Departments of Health. Counties should develop frameworks for action aimed at saving lives, protecting households, businesses, and the economy from the fall out of the pandemic.

4.7 Weak Budgetary Control by the County Treasuries and Use of Revenue at Source before Banking in the CRF

Withdrawal of funds from the County Revenue Fund is guided by Article 228(5) of the Constitution and Section 109(6) of the PFM Act, 2012 which requires the County Treasuries to obtain written approval of the Controller of Budget before withdrawing money from the County Revenue Fund. It is the responsibility of the County Executive to approve work plans, which are the basis of the exchequer requests from the Controller of Budget. Further, Section 109 (2) of the PFM Act, 2012 requires that all money raised or received by or on behalf of the County should be banked in the County Revenue Fund Account.

Despite the above legal requirements, the Office noted instances where Counties, such as; Kitui, Laikipia, Machakos, Meru, Migori, Mombasa, Nyeri, Taita Taveta, Tana River, Bomet, Bungoma, Busia, Homa Bay, Kakamega, and Kericho, incurred expenditure in excess of approved budgetary allocations as a result of weak budgetary control. This may imply that Counties were using own source revenue collection at source.

County Treasuries should improve vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF in line with Section 109 (2) of the PFM Act, 2012.

5 CONCLUSION

This report provides information on the status of budget implementation during the first nine months of the FY 2019/20 by the County Governments.

The aggregate budget estimates for the 47 County Governments in FY 2019/20 amounted to Kshs.498.95 billion and comprised of Kshs.198.85 billion (39.9 per cent) allocated to development expenditure and Kshs.300.01 billion (60.1 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 budget must be allocated for development programs.

During the reporting period, County Governments spent Kshs.241.6 billion which translates to an overall absorption of 49.3 per cent which was an improvement from 48.4 per cent attained in the first nine months of FY 2018/19 where total expenditure was Kshs.230.47 billion. A total of Kshs.191.82 billion was spent on recurrent expenditure and Kshs.49.78 billion on development activities.

Budget implementation during the reporting period shows slight improvement in development activity implementation as evidenced by the increase in absorption of development budget from 24.4 per cent in a similar in the previous financial year to 25 per cent. Nonetheless, there was a decline in the percentage of recurrent expenditure to recurrent budget from 64.5 per cent recorded in the first nine months of FY 2018/19 to 63.9 per cent in the reporting period. Further, own source revenue collection declined from Kshs.28.92 billion realised in a similar period of FY 2018/19 to Kshs.28.04 billion in the reporting period.

This report has identified challenges which hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments, Under-performance of own source revenue collection, Low Expenditure on the Development Budget, Failure to report on Programme achievements by County Governments, and negative Economic Effects of the COVID-19 Disease. The report has provided appropriate recommendations on how to address these challenges in order to enhance smooth execution of the budget in the future. The OCOB encourages all relevant oversight institutions and Officers in the County Government to ensure implementation of these recommendations.

Annex 1: Economic Classification of Actual Expenditure in the First Nine Months of FY 2019/20

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)	Percentage of Personnel Expenditure to Total Expenditure (%)
	Personnel Emoluments	Operation and Maintenance Expenditure	Total Recurrent Expenditure			
	A	B	C=A+B	D	E=C+D	F=A/E*100
Baringo	2,300,707,730	634,451,313	2,935,159,044	624,672,962	3,559,832,005	64.6
Bomet	1,934,728,752	851,070,597	2,785,799,350	606,762,373	3,392,561,722	57.0
Bungoma	3,583,334,644	1,765,031,664	5,348,366,308	1,449,894,235	6,798,260,543	52.7
Busia	2,129,024,624	1,132,210,501	3,261,235,125	760,764,129	4,021,999,254	52.9
Elgeyo Marakwet	1,780,638,292	521,127,624	2,301,765,916	477,884,070	2,779,649,986	64.1
Embu	2,263,909,823	651,854,631	2,915,764,454	433,415,669	3,349,180,123	67.6
Garissa	3,344,684,038	849,798,187	4,194,482,225	1,020,102,231	5,214,584,456	64.1
Homa Bay	2,535,784,019	1,264,259,864	3,800,043,883	1,199,073,539	4,999,117,421	50.7
Isiolo	1,246,487,701	570,766,323	1,817,254,024	898,283,966	2,715,537,990	45.9
Kajiado	2,287,570,533	1,722,772,252	4,010,342,785	1,018,404,444	5,028,747,229	45.5
Kakamega	3,453,676,139	1,733,204,749	5,186,880,888	3,098,857,517	8,285,738,405	41.7
Kericho	2,021,512,780	1,135,242,392	3,156,755,172	921,574,977	4,078,330,149	49.6
Kiambu	5,317,036,939	2,471,282,055	7,788,318,994	2,095,814,429	9,884,133,423	53.8
Kilifi	3,182,027,047	1,702,451,795	4,884,478,842	1,193,446,443	6,077,925,285	52.4
Kirinyaga	1,533,056,161	895,728,815	2,428,784,975	616,993,015	3,045,777,990	50.3
Kisii	3,870,976,647	1,418,514,828	5,289,491,475	1,237,988,323	6,527,479,798	59.3
Kisumu	3,775,968,213	1,365,841,545	5,141,809,758	1,237,988,323	6,379,798,081	59.2
Kitui	3,610,849,004	1,641,917,174	5,252,766,178	1,469,236,388	6,722,002,566	53.7
Kwale	1,966,682,423	1,491,345,551	3,458,027,974	1,638,430,222	5,096,458,197	38.6
Laikipia	1,997,795,221	1,034,846,040	3,032,641,261	560,654,861	3,593,296,122	55.6
Lamu	1,505,213,460	982,019,773	2,487,233,233	523,193,688	3,010,426,921	50.0
Machakos	4,087,699,967	1,359,079,440	5,446,779,407	1,054,306,055	6,501,085,462	62.9
Makueni	2,786,535,470	1,622,602,116	4,409,137,585	1,090,726,985	5,499,864,570	50.7
Mandera	2,128,297,317	2,646,500,098	4,774,797,414	2,699,621,910	7,474,419,325	28.5
Marsabit	1,920,433,225	925,488,946	2,845,922,171	1,813,729,373	4,659,651,544	41.2
Meru	3,650,030,551	1,803,677,558	5,453,708,109	746,576,528	6,200,284,637	58.9
Migori	2,126,793,255	1,257,292,058	3,384,085,313	630,227,610	4,014,312,923	53.0
Mombasa	3,488,524,524	1,645,590,285	5,134,114,809	1,856,698,370	6,990,813,179	49.9
Murang'a	2,428,778,903	780,403,779	3,209,182,683	2,090,515,566	5,299,698,249	45.8
Nairobi City	8,729,763,845	5,523,931,993	14,253,695,838	1,253,766,909	15,507,462,747	56.3
Nakuru	4,507,551,722	1,905,474,950	6,413,026,672	1,559,645,217	7,972,671,889	56.5
Nandi	2,762,563,544	895,095,166	3,657,658,710	833,951,254	4,491,609,964	61.5
Narok	2,803,851,900	2,805,833,388	5,609,685,288	1,042,423,986	6,652,109,274	42.1
Nyamira	2,183,228,499	1,018,248,806	3,201,477,305	578,245,180	3,779,722,485	57.8
Nyandarua	1,593,456,237	1,183,097,244	2,776,553,481	125,303,205	2,901,856,686	54.9
Nyeri	2,906,423,575	1,355,571,363	4,261,994,938	539,312,984	4,801,307,922	60.5
Samburu	1,658,203,526	813,729,555	2,471,933,081	147,367,279	2,619,300,360	63.3
Siaya	1,896,982,630	1,340,819,306	3,237,801,936	766,432,284	4,004,234,220	47.4
Taita Taveta	1,533,592,466	980,198,809	2,513,791,275	289,323,082	2,803,114,357	54.7

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)	Percentage of Personnel Expenditure to Total Expenditure (%)
	Personnel Emoluments	Operation and Maintenance Expenditure	Total Recurrent Expenditure			
	A	B	C=A+B	D	E=C+D	F=A/E*100
Tana River	1,372,456,290	1,524,105,989	2,896,562,279	1,231,788,915	4,128,351,194	33.2
Tharaka Nithi	1,603,680,059	618,392,781	2,222,072,839	656,442,186	2,878,515,025	55.7
Trans Nzoia	2,129,143,020	1,014,610,530	3,143,753,550	1,131,192,245	4,274,945,795	49.8
Turkana	3,073,228,313	2,163,678,092	5,236,906,405	799,741,588	6,036,647,992	50.9
Uasin Gishu	2,270,493,758	1,236,784,209	3,507,277,967	1,173,894,327	4,681,172,294	48.5
Vihiga	1,808,775,373	905,904,988	2,714,680,361	835,594,877	3,550,275,238	50.9
Wajir	3,190,641,563	1,292,002,799	4,482,644,362	1,138,664,171	5,621,308,533	56.8
West Pokot	1,997,418,259	1,082,336,829	3,079,755,088	610,991,131	3,690,746,219	54.1
Total	126,280,211,981	65,536,188,749	191,816,400,730	49,779,919,018	241,596,319,748	52.3

Annex 2: Own Source Revenue Collection from July, 2019 to March, 2020

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Nine Months of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Baringo	393.42	-	393.42	245.90	-	245.90	62.5
Bomet	275.92	-	275.92	138.58	-	138.58	50.2
Bungoma	500.00	393.75	893.75	248.43	352.32	600.75	67.2
Busia	504.50	-	504.50	186.60	-	186.60	37.0
Elgeyo Marakwet	88.00	64.00	152.00	52.94	40.70	93.65	61.6
Embu	511.00	389.00	900.00	184.34	217.51	401.86	44.7
Garissa	150.00	-	150.00	71.37	-	71.37	47.6
Homa Bay	144.89	62.70	207.59	90.55	6.74	97.29	46.9
Isiolo	170.86	-	170.86	114.16	-	114.16	66.8
Kajiado	1,793.86	-	1,793.86	531.68	-	531.68	29.6
Kakamega	2,131.64	-	2,131.64	881.20	-	881.20	41.3
Kericho	913.94	-	913.94	278.53	-	278.53	30.5
Kiambu	3,853.59	-	3,853.59	1,895.64	-	1,895.64	49.2
Kilifi	1,100.00	-	1,100.00	619.50	-	619.50	56.3
Kirinyaga	480.00	-	480.00	286.90	-	286.90	59.8
Kisii	870.00	-	870.00	286.68	-	286.68	33.0
Kisumu	1,438.48	-	1,438.48	672.34	-	672.34	46.7
Kitui	600.00	-	600.00	316.38	-	316.38	52.7
Kwale	325.00	-	325.00	205.34	-	205.34	63.2
Laikipia	1,006.88	-	1,006.88	507.96	-	507.96	50.4
Lamu	100.00	-	100.00	46.92	-	46.92	46.9
Machakos	1,608.58	-	1,608.58	1,085.63	-	1,085.63	67.5
Makueni	655.24	-	655.24	356.57	-	356.57	54.4
Mandera	183.56	-	183.56	87.85	-	87.85	47.9
Marsabit	170.00	-	170.00	107.22	-	107.22	63.1
Meru	705.00	120.00	825.00	320.00	-	320.00	38.8
Migori	450.00	-	450.00	250.55	-	250.55	55.7
Mombasa	5,000.00	-	5,000.00	2,443.08	-	2,443.08	48.9
Murang'a	960.00	-	960.00	471.64	-	471.64	49.1

County	Annual Own Source Revenue (OSR) Target for FY 2019/20 (Kshs. Million)			First Nine Months of FY 2019/20 OSR Collection (Kshs. Million)			% of Collection Against Annual Target
	Ordinary OSR	Appropriations In Aid (A-I-A)	Total Annual Target	Actual OSR	Actual AIA	Actual Total	
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Nairobi City	17,049.64	266.65	17,316.30	7,066.12	172.64	7,238.76	41.8
Nakuru	2,100.00	1,000.00	3,100.00	1,140.61	828.16	1,968.76	63.5
Nandi	628.82	-	628.82	175.74	-	175.74	27.9
Narok	3,190.31	-	3,190.31	2,183.81	-	2,183.81	68.5
Nyamira	250.00	-	250.00	129.34	-	129.34	51.7
Nyandarua	600.00	30.00	630.00	232.61	14.14	246.74	39.2
Nyeri	1,000.00	-	1,000.00	524.81	-	524.81	52.5
Samburu	267.03	-	267.03	205.21	-	205.21	76.8
Siaya	420.00	-	420.00	130.54	-	130.54	31.1
Taita Taveta	350.00	-	350.00	206.53	-	206.53	59.0
Tana River	66.00	-	66.00	63.45	-	63.45	96.1
Tharaka Nithi	350.00	-	350.00	181.98	-	181.98	52.0
Trans Nzoia	500.00	-	500.00	151.01	-	151.01	30.2
Turkana	250.00	-	250.00	112.79	-	112.79	45.1
Uasin Gishu	900.00	-	900.00	660.94	-	660.94	73.4
Vihiga	192.09	-	192.09	128.00	-	128.00	66.6
Wajir	150.00	-	150.00	47.90	-	47.90	31.9
West Pokot	150.32	-	150.32	77.24	-	77.24	51.4
Total	55,498.56	2,326.10	57,824.66	26,403.12	1,632.21	28,035.33	48.5

Annex 3: County Budget Allocation, Expenditure and Absorption Rate for the First Nine Months FY 2019/20

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Baringo	4,383.00	4,298.52	8,681.52	2,935.16	624.67	3,559.83	67.0	14.5	41.0
Bomet	4,470.70	2,616.92	7,087.62	2,785.80	606.76	3,392.56	62.3	23.2	47.9
Bungoma	9,015.27	4,581.80	13,597.06	5,348.37	1,449.89	6,798.26	59.3	31.6	50.0
Busia	5,350.35	3,915.25	9,265.60	3,261.24	760.76	4,022.00	61.0	19.4	43.4
Elgeyo/Marakwet	3,342.12	2,425.00	5,767.12	2,301.77	477.88	2,779.65	68.9	19.7	48.2
Embu	4,331.36	2,279.60	6,610.96	2,915.76	433.42	3,349.18	67.3	19.0	50.7
Garissa	6,122.97	4,807.49	10,930.46	4,194.48	1,020.10	5,214.58	68.5	21.2	47.7
Homa Bay	5,424.72	2,913.07	8,337.79	3,800.04	1,199.07	4,999.12	70.1	41.2	60.0
Isiolo	3,401.67	2,349.49	5,751.16	1,817.25	898.28	2,715.54	53.4	38.2	47.2
Kajiado	6,324.65	3,961.80	10,286.44	4,010.34	1,018.40	5,028.75	63.4	25.7	48.9
Kakamega	8,269.11	7,341.27	15,610.38	5,186.88	3,098.86	8,285.74	62.7	42.2	53.1
Kericho	4,608.07	4,003.31	8,611.38	3,156.76	921.57	4,078.33	68.5	23.0	47.4
Kiambu	11,502.40	6,412.96	17,915.36	7,788.32	2,095.81	9,884.13	67.7	32.7	55.2
Kilifi	8,470.42	6,253.22	14,723.64	4,884.48	1,193.45	6,077.93	57.7	19.1	41.3

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate (%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Kirinyaga	4,295.81	1,835.80	6,131.62	2,428.78	616.99	3,045.78	56.5	33.6	49.7
Kisii	8,456.98	4,311.71	12,768.69	5,289.49	1,237.99	6,527.48	62.5	28.7	51.1
Kisumu	7,541.37	4,514.77	12,056.14	5,141.81	1,237.99	6,379.80	68.2	27.4	52.9
Kitui	7,214.84	4,163.66	11,378.50	5,252.77	1,469.24	6,722.00	72.8	35.3	59.1
Kwale	5,984.17	7,124.77	13,108.94	3,458.03	1,638.43	5,096.46	57.8	23.0	38.9
Laikipia	4,277.97	2,827.66	7,105.63	3,032.64	560.65	3,593.30	70.9	19.8	50.6
Lamu	2,655.94	2,080.38	4,736.32	2,487.23	523.19	3,010.43	93.6	25.1	63.6
Machakos	8,105.62	5,385.75	13,491.37	5,446.78	1,054.31	6,501.09	67.2	19.6	48.2
Makueni	6,332.08	4,847.56	11,179.64	4,409.14	1,090.73	5,499.86	69.6	22.5	49.2
Mandera	6,510.52	6,476.97	12,987.49	4,774.80	2,699.62	7,474.42	73.3	41.7	57.6
Marsabit	4,170.14	4,173.39	8,343.53	2,845.92	1,813.73	4,659.65	68.2	43.5	55.8
Meru	7,847.65	3,346.00	11,193.65	5,453.71	746.58	6,200.28	69.5	22.3	55.4
Migori	5,552.51	3,989.35	9,541.86	3,384.09	630.23	4,014.31	60.9	15.8	42.1
Mombasa	9,357.92	5,309.28	14,667.20	5,134.11	1,856.70	6,990.81	54.9	35.0	47.7
Murang'a	5,495.23	3,472.57	8,967.80	3,209.18	2,090.52	5,299.70	58.4	60.2	59.1
Nairobi City	25,710.13	11,271.26	36,981.39	14,253.70	1,253.77	15,507.46	55.4	11.1	41.9
Nakuru	10,806.49	10,943.61	21,750.11	6,413.03	1,559.65	7,972.67	59.3	14.3	36.7
Nandi	5,106.23	3,407.23	8,513.46	3,657.66	833.95	4,491.61	71.6	24.5	52.8
Narok	7,913.99	4,826.81	12,740.80	5,609.69	1,042.42	6,652.11	70.9	21.6	52.2
Nyamira	4,901.38	2,100.59	7,001.98	3,201.48	578.25	3,779.72	65.3	27.5	54.0
Nyan-darua	4,909.39	3,074.32	7,983.71	2,776.55	125.30	2,901.86	56.6	4.1	36.3
Nyeri	5,787.88	3,055.15	8,843.03	4,261.99	539.31	4,801.31	73.6	17.7	54.3
Samburu	4,494.77	2,441.51	6,936.27	2,471.93	147.37	2,619.30	55.0	6.0	37.8
Siaya	4,870.25	4,353.10	9,223.35	3,237.80	766.43	4,004.23	66.5	17.6	43.4
Taita / Taveta	3,466.84	2,275.47	5,742.31	2,513.79	289.32	2,803.11	72.5	12.7	48.8
Tana River	5,333.27	2,702.05	8,035.32	2,896.56	1,231.79	4,128.35	54.3	45.6	51.4
Tharaka-Nithi	3,399.25	1,676.08	5,075.34	2,222.07	656.44	2,878.52	65.4	39.2	56.7
Trans Nzoia	4,692.50	3,281.89	7,974.39	3,143.75	1,131.19	4,274.95	67.0	34.5	53.6
Turkana	10,120.27	4,792.36	14,912.63	5,236.91	799.74	6,036.65	51.7	16.7	40.5
Uasin Gishu	5,217.34	6,253.09	11,470.44	3,507.28	1,173.89	4,681.17	67.2	18.8	40.8
Vihiga	4,174.81	2,868.40	7,043.20	2,714.68	835.59	3,550.28	65.0	29.1	50.4
Wajir	6,224.00	5,244.33	11,468.33	4,482.64	1,138.66	5,621.31	72.0	21.7	49.0
West Pokot	4,155.10	2,265.70	6,420.80	3,079.76	610.99	3,690.75	74.1	27.0	57.5
Total	300,099.45	198,852.28	498,951.73	191,816.40	49,779.92	241,596.32	63.9	25.0	48.4

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