REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET

COUNTY BUDGET IMPLEMENTATION REVIEW REPORT

HALF YEAR
FY 2013/2014

FEBRUARY, 2014

HARAMBEE

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FOREWORD

In our pursuit to improve on transparency and accountability in public financial management, I present the FY 2013/2014 half year Budget Implementation Review Report for the County Governments. The Constitution of Kenya, 2010 Article 228 (6) stipulates that the Controller of Budget shall submit to each House of Parliament a report on the implementation of the budgets of the National and County Governments every four months. Section 39(8) of the Public Finance Management (PFM) Act, 2012 also requires the office of Controller of Budget to ensure that members of the public are given information on budget implementation both at the national and county government levels in line with the provisions of Article 228 of the Constitution.

The Constitution confers powers upon the County Governments to promote social and economic development to address high rates of poverty and inequality. In order to effectively deliver this mandate, County Governments need to develop strategic partnerships with the public. This will ensure that more emphasis is given to development activities which are responsive to the needs of the citizenry. It will also involve addressing the growing recurrent costs to provide adequate resources for development programmes/projects. This can only be achieved if both arms of the County Government prioritize their programmes within the agreed budget ceilings and take the right steps towards management of county resources.

The report compares actual performance against budgeted revenue and expenditure for the half year period of the FY 2013/2014. It also highlights instances where the regulations have not been followed and provides recommendations to the County Governments for improvement in the budget execution process. The County Assembly is also expected to use the report to further its oversight role and to enact laws that encourage prudent use of county resources.

The Office of the Controller of Budget is committed to promote openness, transparency, accountability and fiscal responsibility on matters of public finance and provide information to the public. This report forms an integral part of this information sharing process. I wish to sincerely urge the readers of the report to continue to take active interest in the budgeting process, right from its formulation through the implementation and the monitoring and evaluation phases. This way, all of us, as key stakeholders will be able to contribute to ensuring that the County Governments deliver on the promises made to the citizenry.

Mrs Agnes N. Odhiambo
Controller of Budget

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ACRONYMS

A.I.A	Appropriation In Aid
BQ	Bills of Quantities
BROP	Budget Review and Outlook Paper
CA	County Assembly
CBEF	County Budget and Economic Forum
CBK	Central Bank of Kenya
CBK-G-PAY	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee.
CECM-F	County Executive Committee Member for Finance
CILOR	Contribution In Lieu Of Rates
COB	Controller of Budget
CRA	Commission on Revenue Allocation
CRF	County Revenue Fund
E-G	Electronic Governance
G-PAY	Government Payment System
ICT	Information Communication Technology
IFMIS	Integrated Financial Management Information System
IBEC	Intergovernmental Budget and Economic Council
LAIFORM	Local Authority Integrated Financial Operations Management System
LATF	Local Authority Transfer Fund
MCA	Member Of County Assembly
MTEF	Medium Term Expenditure Framework
O&M	Operation and Maintenance
OCOB	Office of the Controller of Budget
P/E	Personnel Emoluments
PFM Act	Public Finance Management Act
SMEs	Small and Medium Enterprises

EXECUTIVE SUMMARY

The County Budget Implementation Review report is prepared in fulfilment of the constitutional mandate that requires the Controller of Budget to prepare reports to each House of Parliament on the status of budget implementation of both the National and County governments. The report reviews budget implementation by the County Governments for the first half of the FY 2013/2014 by analysing the revenue, exchequer issues and expenditure in the same period.

During the first quarter of the FY 2013/14, the County Budget Implementation Review Report presented by the OCOB highlighted key challenges that affected budget implementation in all the 47 Counties. Most Counties had inadequate capacity to discharge the functions of the devolved units. The report further brought to light the escalating wage bills, with personnel emoluments constituting 53 per cent of total expenditure in the quarter. This problem was exacerbated by the number of staff which the County governments inherited from the former local authorities and those from the national government seconded to perform devolved functions. In order to address the critical issue of inadequate capacity, most counties established County Public Service Boards to recruit additional staff while the National Government embarked on a training program targeting most of the County staff particularly in the finance and budgeting sections.

Section 132 of the PFM Act, 2012 gives County Governments the power to raise revenue from local sources. It was however noted that most counties could not achieve the set revenue collection targets in the first quarter of the FY 2013/2014. Nonetheless, local revenue performance improved in the second quarter of the financial year by 6.4 per cent compared to the first quarter. The local revenue performance nevertheless still remains significantly low compared to the annual set targets.

The report in the first quarter observed low absorption of funds with no expenditure on development activities. This had been attributed to the delay in disbursement of the sharable revenue to the counties due to the delay in enactment of the County Allocation of Revenue Act (CARA), 2013. The cash disbursement has since been streamlined and counties are receiving regular monthly cash disbursement. In addition, the IFMIS and G-Pay systems had not been fully operationalized in most Counties. There was inadequate capacity among the IFMIS users who needed to be trained to proficiently use the systems. It was strongly recommended that these challenges required urgent redress in order to improve budget execution by the County governments. In the second quarter, IFMIS and G-PAY systems were installed in most Counties to automate financial transactions. The National Treasury continued to build capacity of the IFMIS users through training in the IFMIS academy.

The total County Governments' budget for the FY 2013/14 amounted to Kshs.275.8 billion comprising of Kshs.163.7 billion (59.3%) for recurrent expenditure and Kshs.112.2 billion (40.7%) for development activities. The budgets are to be financed by the National Government's shareable revenue amounting to Kshs.210 billion and County Governments' local revenue collections amounting to Kshs.67.8 billion.

During the first six months of the FY 2013/14, the Counties received Kshs.66.5 billion from the National Government as the national shareable revenue (representing 31.7% of the national sharable revenue) and collected Kshs. 9.0 billion from local revenue resources. These local revenue collections by the Counties represented 13.2 per cent of the total annual local revenue set targets, an improvement from the 6.5 per cent realised in the first quarter of the financial year. This performance is unfavourable compared to the target of 50 per cent expected for the half year period.

The actual local revenue collection grew by 6 per cent from Kshs.4.4 billion collected in the first quarter to Kshs.4.6 billion realized in the second quarter. Counties which recorded improved local revenue performance in the period under review include; Samburu which collected Kshs.75 million, up from Kshs.44.7 million collected in the first quarter; recording a 69.1 per cent growth. Nairobi County grew its local revenue by 63.6 per cent from the Kshs.1.3 billion collected in the first quarter to Kshs.2.1 billion, while Kakamega revenue grew by 63 per cent from 39.2 million to 63.9 million respectively. Conversely, Narok County recorded the highest decline in local revenue collection of 60.2 per cent, collecting Kshs.300 million in the second quarter from the Kshs.754.2 million collected in the first quarter. West Pokot and Samburu were the only counties which raised more than 50 per cent of their annual local revenue targets.

Out of the Kshs. 66.5 billion from the national sharable revenue and the Kshs. 9 billion collected by counties locally, Kshs.55.5 billion was released to the respective County Operational Accounts to finance expenditure. The funds released comprised Kshs.41.1 billion for recurrent expenditure and Kshs.14.3 billion for development projects.

Total expenditure in the first six months of the FY 2013/2014 was Kshs.41.0 billion, which comprised of Kshs.36.3 billion (88.4 %) on recurrent expenditure and Kshs.4.8 billion (11.6%) on development expenditure. This performance was an improvement compared to the first quarter of FY 2013/2014 where recurrent expenditure recorded 93 per cent and development 7 per cent of the total expenditure. The total expenditure in the first half of the FY 2013/14 translates to 73.9 per cent of the total funds released to the Counties. This was a slight improvement from the 71.1 per cent absorption rate recorded in the first quarter of the current financial year. However, the total expenditure translates to an absorption rate of 14.9 per cent of the total county budgets (Kshs.275.8 billion), a significant improvement from 4.8 per cent absorption rate achieved in the first quarter. During the period October to December, 2013, actual expenditure by the Counties was Kshs.27.8 billion, a major improvement from the Kshs.13.3 billion spent in July to September, 2013.

The total recurrent expenditure by all the counties was Kshs. 36.3 billion representing 88.1 per cent of the total funds released for recurrent activities. This expenditure translates to an absorption rate of 22.1 per cent, an improvement from the 7.9 per cent absorption rate registered in the first quarter of the FY 2013/2014. The recurrent expenditure comprised of Kshs.19.6 billion (54.2%) spent on Personnel Emoluments, Kshs.14.4 billion (39.8 %) on Operations and Maintenance (O&M) and Kshs.2.2 billion (6.1%) on Debt Repayment and servicing of Pending Bills. The County Governments refunded a total of Kshs.3.7 billion to the National Government as payments for salaries for devolved staff.

The report revealed that some counties had expenditure exceeding actual funds released for recurrent activities. This could be attributed to either the counties spending funds released for development expenditure on recurrent activities or spending local revenue at source without the authority of OCOB.

The report reveals that expenditure by some counties on operations and maintenance items was above their annual budgetary allocation. While all counties cumulatively spent 31.8 per cent of their annual budget on domestic and foreign travel, Elgeyo Marakwet spent 113.9 per cent, Trans Nzoia spent 96.7 per cent and Turkana spent 91.1 per cent of their annual budget on domestic and foreign travel in the first half of the year. Similarly, whereas all the Counties cumulatively spent 36.5 per cent of their annual budget allocated for MCA sitting allowances, Kilifi, Kakamega, Siaya, and Nairobi counties spent 700.4 per cent, 196.9 per cent, 195.0 per cent and 161.3 per cent respectively. This implies that the counties spent far in excess of the amount allocated for the entire year. These Counties may consequently have to re-allocate funds meant for other activities to defray expenditure under the votes already exhausted.

In terms of Development expenditures, Counties spent Kshs.4.8 billion to fund development projects/programmes, accounting for 33.3 per cent of the total funds released for these activities. However, this expenditure translates to an absorption rate of a mere 4.3 per cent of the total annual development budget against a target of 50 per cent. This was an improvement in absorption rate from the dismal 0.3 per cent recorded in the first quarter of the FY 2013/14. In the period October to December 2013, the actual development expenditure was Kshs.3.9 billion, a significant improvement from the Kshs.0.9 billion recorded in the period July to August 2013. Bomet (40.9%), Machakos (36.6%) and Nyeri (26.7%) counties had the highest percentages of development expenditure to the total expenditure at 40.9%, 36.6% and 26.7% respectively. Conversely, Isiolo, Mombasa, Siaya and Mandera counties did not implemented any development projects in the period under review.

As counties continue to implement their budgets, they should ensure that proper structures are put in place to safeguard public resources. The envisaged structures should include Monitoring and Evaluation mechanisms, Internal Audit functions and effective Project Management Teams to guarantee the proper implementation of programmes/projects according to plan. Counties are further advised to enhance effective use of the Integrated Financial Management Information System (IFMIS) to track and record expenditures appropriately. This system has been prescribed by the National Treasury as stipulated in Section 12 (1) (e) of the PFM Act, 2012.

Counties made considerable progress in addressing the challenges identified in the previous report, although some of these challenges still persist. The fundamental issue of inadequate capacity in most County Assemblies to effectively oversight budget implementation activities by the County Executive need to be addressed. In addition, most Counties have insufficient technical skills in procurement, accounting and finance departments. The National government through the Ministry of Devolution and Planning and the National Treasury has developed a programme to build capacity and support County Governments. Counties with acute capacity constraints should liaise with the national government to second staff with the requisite skills to the Counties.

In the period July to December, 2013, the National Government paid payroll costs for all the staff performing devolved functions on condition that the County Governments would reimburse the funds to the respective MDAs. Out of the total of Kshs. 23.0 billion invoiced to the Counties, only Kshs.3.7 billion has been refunded to the National Government with a total of Kshs.19.3 billion still outstanding for the period July to December, 2013. The slow pace of refunding these payroll costs is adversely affecting the implementation of crucial activities by the concerned MDAs. Counties should therefore speed up the process of re-imbursing the national government ministries to ensure that their planned activities do not suffer.

The local revenue collections compared to the annual targets has continued to underperform. The counties are requested to should address this issue urgently to ensure that planned activities for the FY 2013/14 are implemented as planned. Although the IFMIS system has been installed in all the Counties during the period under review, its utilization has remained a big challenge, a problem attributed to unreliable connectivity and inadequate capacity of the users. The slow operationalization of the IFMIS system has negatively affected the efficient and effective tracking and reporting of expenditures by the OCOB.

Counties are yet to establish the necessary structures to enhance the monitoring of budget execution. Accordingly, most counties have not created project implementation teams whose critical role is to monitor programmes/projects implementation. These efforts are expected to be supplemented by the establishment of effective internal audit functions to provide quality assurance on all financial transaction and report whenever financial procedures are breached. The existing monitoring framework at the national level is not effective to track budget implementation on a timely basis and hence counties are advised to establish their own monitoring frameworks.

1.0 INTRODUCTION

The Office of the Controller of Budget was established by the Constitution of Kenya, 2010 to oversee the implementation of budgets of both the National and County governments; authorize withdrawals from public funds and report on budget implementation every four months. The Office of the Controller of Budget prepared this report in fulfillment of the requirements of Article 228(6) of the Constitution of Kenya, 2010.

The budget is one of the most important policy tools for the County Government as it provides a framework for the allocation of scarce resources. Understanding the budget process and critical budget issues is a necessary prerequisite to any evaluation of the budget proposals. The PFM Act, 2012 prescribes the budget process for County Governments which includes four stages namely budget formulation, budget approval, budget execution, and budget monitoring. County governments' budgets provide the means through which strategic priorities and policy goals are translated into tangible and targeted activities for development and delivery of services to the citizenry. The efficiency and effectiveness of budgetary interventions requires appropriate checks and balances to avoid misappropriation and mismanagement of public funds. It is for this reason that the Constitution of Kenya, 2010 provided for the establishment of key oversight institutions such as the Office of the Controller of Budget as an anchor institution for prudent management of public resources.

Prudent and responsible use of public funds is a constitutional requirement. It is therefore important for managers of public resources to reorient budget formulation and execution towards a performance driven system. Greater emphasis should be placed on the impact of budgets on citizenry rather than mere allocation and utilization of resources. County governments should attempt to deliver the vision of devolution by ensuring that county residents get greater value from their spending.

The County Budget Implementation Review Report for the first quarter of FY 2013/2014 brought out key challenges that affected budget implementation in the Counties. The Counties had inadequate capacity to discharge the devolved functions. The report had further observed the escalating wage bill as personnel emoluments constituted 53 per cent of total expenditure in the quarter with the problem aggravated by the number of staff the counties inherited from the former local authorities and those seconded by the national government to perform devolved functions. In order to address the issue of capacity, most counties established County Public Service Boards to recruit additional staff while the National Government embarked on training most of the County staff particularly in finance and budgeting. In addition, local revenue collection by the counties had performed dismally compared to the annual target. The level of absorption of funds released to the counties was very low compared to the target with most counties recording no expenditure for development activities. This was attributed to the delay in enactment of the County Allocation of Revenue Act which resulted to delay in disbursement of the National sharable revenue to the counties. The effect was that the counties could not spend the disbursed funds by the end of the quarter hence resulting to the low absorption rates. The cash disbursement has since been streamlined and counties are receiving regular monthly cash disbursement.

The current report presents the status of budget implementation by the County Governments in the period July to December 2013. Specifically, the report appraises revenue and expenditure targets and provides information on the progress of budget implementation by the County governments. The report further highlights the key issues that affected budget implementation in the period under review and makes recommendation to mitigate them.

The analyses focused on the revenue available to the Counties, the funds released and expenditure during the period under review. The revenue comprised of the national sharable revenue and the locally collected revenue while expenditure was broken into recurrent and development expenditure. Recurrent expenditure is disaggregated into personnel emoluments, operations and maintenance and payments to pending bills from the defunct local authorities. The report further evaluates the performance of local revenue collections by comparing actual collections against annual revenue targets. The absorption rate by the Counties is computed by comparing the actual expenditure against the budget estimates.

2.0 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION

2.1 REVENUE ANALYSIS

The cumulated budgets for the County Governments in the financial year 2013/14 is estimated to be Kshs. 275.8 billion comprising Kshs. 163.7 billion (59.3%) for recurrent expenditure and 112.2 billion (40.7%) for development expenditure. The budgets are to be financed by the national sharable revenue of Kshs. 190 billion, conditional grant of Kshs. 20 billion and Kshs. 67.8 billion from the local revenue.

In the first half of financial year 2013/2014, the total revenue available to the Counties amounted to Kshs. 79.0 billion comprising Kshs.66.5 billion (84.2%) from national shareable revenue, Kshs. 9.0 billion (11.4%) from local revenue sources and a balance brought forward from the previous financial year of Kshs. 3.5 billion (4.4%). See Annex 1.

2.1.1 Locally Collected Revenue

In the first half of FY 2013/2014, the Counties cumulatively collected Kshs. 9.0 billion which was 13.2 per cent of the annual target of Kshs.67.8 billion. Local revenue collections improved to Kshs. 4.6 billion collected in the second quarter from Kshs. 4.4 million raised in the first quarter. Counties should address the shortfall in local revenue collection to enable them implement their planned activities and meet the minimum threshold of 30 per cent of budgetary allocation and expenditure on development as per the PFM Act, 2012.

The World Bank estimated that the Counties will collect Kshs. 31.2 billion in the FY 2013/2014. The estimated revenue is a result of analysing five year trend in actual revenue collections by the defunct Local Authorities from the financial year 2007/08 to FY 2011/12. The analysis showed that counties will end up with a deficit of Kshs. 36.1 billion hence be unable to fund their budget. According to the World Bank analysis, counties that are likely to achieve their revenue target are Tharaka Nithi, Baringo, Embu, Homa Bay, Vihiga, West Pokot, Elgeyo Marakwet, Marsabit, Busia and Kericho.

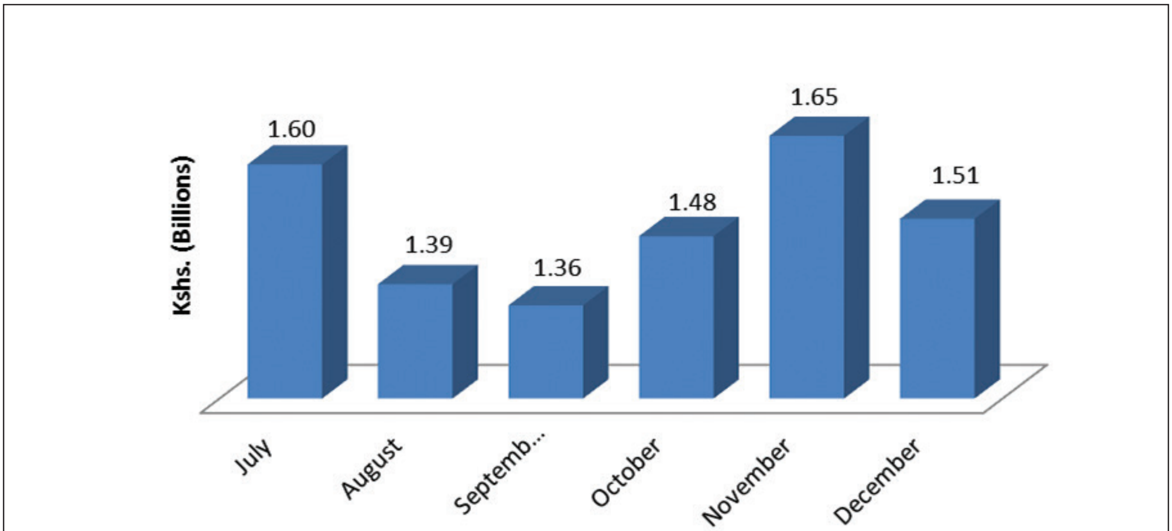
In the period under review, Nairobi City County raised the highest amount of local revenue at Kshs. 3.4 billion followed by Narok County at Kshs. 1.1 billion and Machakos County at Kshs. 411.5 million. The Counties that collected the least amount of local revenue during the period under review were Lamu, Garissa and Marsabit which raised Kshs. 9.0 million, Kshs. 16.3 million and Kshs. 16.4 million respectively.

Counties that recorded the highest percentage increase in local revenue were Samburu, Nairobi City and Kakamega at 69.1 per cent, 63.6 per cent and 63.0 per cent respectively. Counties that recorded a decline in revenue collections were Narok, Baringo and Turkana at 60.2 per cent, 57.3 per cent and 47.4 per cent respectively.

Analysis of local revenue collection by Counties as a proportion of the annual target shows that West Pokot County raised the highest proportion at 54.2 per cent followed by Samburu County at 53.9 per cent and Homa Bay County at 42.3 per cent. On the other hand, counties which raised the lowest proportion against annual revenue target were Lamu (2.5%), Kakamega (2.9 %) and Bungoma (3.2%). A total of 11 counties achieved below 10 per cent of their local revenue when compared to annual revenue targets during the period under review. (Annex 2).

In the first half of financial year 2013/2014, local revenue collection by the Counties was on a declining trajectory from July to September, 2013 before increasing in October and November, 2013 and then declining in December, 2013 as shown in figure 1.

Figure 1: Monthly Locally Collected Revenue - July to December, 2013



Source*: County Treasuries*

2.2 FUNDS RELEASED TO THE COUNTIES

In the period July to December 2013, the Controller of Budget approved transfer of Kshs. 66.5 billion from the Consolidated Fund to the various County Revenue Funds. In addition, the COB approved transfer of Kshs. 55.5 billion from the various County Revenue Fund accounts to the County Operational Accounts. The next subsection gives a detailed analysis of the funds released.

2.2.1 Funds Released to the Counties from the Consolidated Fund

During the period under review, the COB authorised transfer of Kshs. 66.5 million from the Consolidated Fund to the various County Revenue Funds. The funds released to the Counties during the first quarter of the FY 2013/2014 represent 31.7 per cent of the national sharable revenue. The Senate approved a schedule of monthly disbursement of funds to the Counties in August, 2013 which indicated that counties will have received Kshs. 89.0 billion in the period under review. OCOB is concerned with the delay by the National Treasury to avail funds to the Counties as per the approved schedule. As at 31st December, 2013, Nairobi, Bomet and Kakamega were the only Counties that had received their December disbursement, while the November disbursement was availed towards the end of December 2013. This delay is likely to affect timely implementation of planned activities and therefore absorption rate by the Counties.

The funds issued to the Counties comprised of Kshs. 65.4 billion from equitable share of revenue and Kshs. 1.1 billion from conditional grant to support level 5 hospitals. The National Treasury did not provide details for the Kshs. 16.6 billion earmarked for development projects (donor projects) during the period under review.

Analysis of the Kshs. 66.5 billion released to the Counties in the first six months of FY 2013/2014 shows that Kshs. 32.9 billion was released in the first quarter while Kshs. 33.6 billion was released in the second quarter. The Counties that received the highest disbursement were Nairobi City at Kshs. 4.4 billion followed by Kakamega County at Kshs. 3.1 billion and Turkana County at Kshs.2.9 billion. The Counties that received the least amount were Lamu, Taita Taveta and Samburu at Kshs. 405.2 million, Kshs. 653.6 million and Kshs, 701.5 million respectively.

2.2.2 Funds Released to the County Operations Accounts

During the period under review, COB authorized transfer of Kshs. 55.5 billion from the County Revenue Funds to the various County Operational Accounts on requests from the Counties. The funds issued comprised of Kshs. 40.9 billion for recurrent expenditure, Kshs. 14.3 billion for development expenditure and Kshs. 283.8 million as conditional grant to support level 5 hospitals.

The Counties which received the highest funds for operations were Nairobi City, Narok and Nakuru at Kshs. 4.8 billion, 2.1 billion and Kshs. 2.0 billion respectively. Lamu, Isiolo and Tharaka Nithi Counties received the lowest funds for operation at Kshs. 131.8 million, Kshs. 392.8 million and Kshs. 439.9 million respectively as indicated in annex 1.

Analysis of funds released for operations to the Counties indicates that Kshs. 41.2 million was to fund recurrent expenditure while Kshs. 14.3 billion for development projects. Counties that did not request funds for development projects during the period under review were Elgeyo Marakwet, Lamu, Mandera and Mombasa.

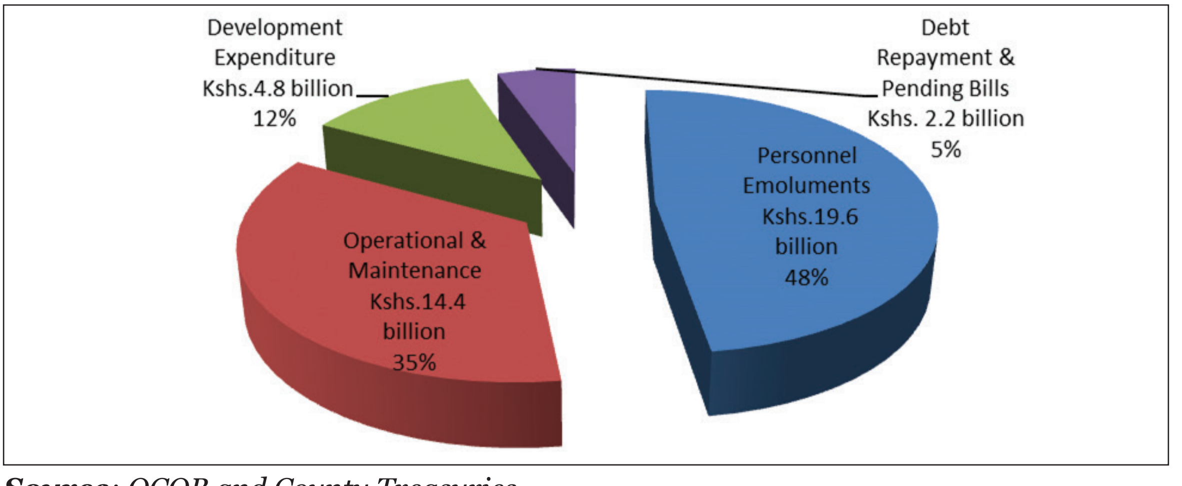
2.3 EXPENDITURE ANALYSIS

During the period July to December 2013, total expenditure by the Counties was Kshs. 41.0 billion which represents 73.9 per cent of the funds released to the Counties. However, the expenditure is only **14.9 per cent** of the annual budget. The expenditure in the second quarter of the FY 2013/2014 is an improvement to the expenditure in the first quarter of the current financial year. In the first quarter, Kshs. 13.3 billion was spent while in the second quarter counties cumulatively spent Kshs. 27.8 billion. The improvement in expenditure is 107.2 per cent.

In the first half of financial year 2013/2014, counties that recorded the highest absolute expenditure were Nairobi City, Mombasa and Kiambu at Kshs. 8.0 billion, Kshs. 1.7 billion and Kshs. 1.7 billion, respectively. On the other hand, the lowest absolute expenditure were in Lamu, Isiolo and Taita Taveta at Kshs. 166.4 million, Kshs. 263.3 million and Kshs.328.0 million respectively. A detailed analysis of expenditure by economic classification is shown in table 1. However, the Counties that recorded significant increment in expenditure from the first quarter to the second quarter were Wajir, West Pokot and Elgeyo Marakwet while Kwale, Meru and Trans Nzoia recorded declining expenditure.

The expenditure for the period under review comprised recurrent expenditure of Kshs.36.3 billion (88.4%) and development expenditure of Kshs. 4.8 billion (11.6 %). Analysis of recurrent expenditure indicates that counties spent Kshs. 19.6 billion (54.1 %) on personnel emoluments, Kshs.14.4 billion (39.8 %) on operations and maintenance and Kshs.2.2 billion (6.1%) on debt repayment and pending bills. However, this expenditure does not include the Kshs. 11.8 billion invoiced to the Counties by the National Government as reimbursement for salaries of staff performing devolved functions. As at 31st December, 2013, counties had refunded Kshs. 3.7 billion only and Kshs. 8.1 billion remained outstanding for the period July to September, 2013.

Figure 2: Expenditure by Economic Classification



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

2.3.1 Personnel Emoluments

In the period July to December, 2013, Counties spent Kshs. 19.6 billion on personnel emoluments which translates to 47.8 per cent of total expenditure. The personnel expenditure includes the Kshs. 3.7 billion out of the Kshs. 11.8 billion invoiced to the Counties by the National Government as reimbursement for salaries for staff performing devolved functions.

As reported in the first quarter budget implementation report, county government need to come up with a policy on how to address the burgeoning wage bill. The measures should include freezing of new recruitment except for essential services and downsizing of the workforce. If this cost is left unchecked, counties may not be able fully implement their development activities as counties are operating with limited resources.

Nairobi City County recorded the highest expenditure in absolute terms on personnel emoluments at Kshs. 4.1 billion followed by Mombasa County at Kshs. 1.2 billion and Kiambu County at Kshs.1.1 billion. The Counties that had the lowest personnel expenditure in the period under review were Lamu at Kshs. 73.0 million, Tharaka Nithi at Kshs.107.7 million and Kwale at Kshs. 119.4 million.

Analysis of staff costs as a proportion of expenditure indicates that the highest percentage was recorded in Taita Taveta County at 73.3 per cent, followed by Mombasa County at 68.7 per cent and West Pokot County at 66.3 per cent. The Counties that registered the lowest proportion of their expenditure on personnel emoluments were Turkana at 16.7 per cent, Tharaka Nithi 27.9 per cent and Kwale 28.0 per cent.

2.3.2 Operations and Maintenance

Expenditure on Operations and Maintenance (O&M) includes domestic and foreign travels, conferences, hospitality and catering, training, purchase of motor vehicles, refurbishments, fuel, oil and lubricants among others. The total expenditure for Operations and Maintenance by county governments amounted to Kshs. 14.4 billion which represent 35.2 per cent of total expenditure during the period under review.

The Counties which had the highest expenditure under O&M in absolute terms during the period under review were Nairobi City at Kshs 985.9 million, Turkana at Kshs. 712.0 million and Narok at Kshs. 662.0 million. Lamu, Taita Taveta and West Pokot Counties registered the lowest expenditure on O&M at Kshs. 82.4 million, Kshs. 83.4 million and Kshs. 91.1 million respectively.

Counties that spent the highest proportion on O&M when compared to total expenditure were Kwale (67.4%), Nyamira (66.2%) and Trans-Nzoia (62.0%). On the other hand, Nairobi City County had the lowest proportion of its expenditure on O&M at 12.4 per cent followed by Kisii County and West Pokot County at 20.3 per cent and 23.7 per cent respectively.

Further analysis of the Operations and Maintenance expenditure during the period under review shows that the items with the highest expenditure were domestic and foreign travels, purchase of motor vehicles and routine maintenance at Kshs. 2.7 billion, Kshs. 2.5 billion and Kshs. 972.4 million respectively. See Annex 3.

Table 1: Analysis of Expenditure by Economic Classification (Kshs.)

County Name	Personnel Emoluments	Operation & Maintenance	Development Expenditure	Debt Repayment & Pending Bills	Total Expenditure
Baringo	405,697,861	284,245,555	8,522,189		698,465,605
Bomet	315,987,768	295,532,219	423,469,012		1,034,988,999
Bungoma	292,849,795	352,906,135	43,469,081	36,921,851	726,146,862
Busia	263,254,331	363,794,596	20,137,651	-	647,186,578
Elgeyo/ Marakwet	251,587,706	136,804,718	2,181,047		390,573,471
Embu	188,633,528	229,757,950	9,370,000		427,761,478
Garissa	238,060,755	261,654,340	40,598,940	-	540,314,035
Homa Bay	471,167,074	366,252,892	107,681,873		945,101,839
Isiolo	126,421,259	136,881,087	-		263,302,346
Kajiado	298,810,584	200,621,849	34,014,420	15,000,000	548,446,853
Kakamega	676,808,812	313,826,040	249,507,838	-	1,240,142,690
Kericho	405,419,583	240,386,850	106,494,463	11,776,452	764,077,348
Kiambu	1,074,615,121	478,540,463	129,252,634	-	1,682,408,218
Kilifi	532,224,478	439,354,888	152,629,990		1,124,209,356
Kirinyaga	202,079,518	177,773,109	34,235,594		414,088,221
Kisii	521,976,447	185,414,646	204,056,545		911,447,638
Kisumu	548,382,124	248,741,036	12,500,000	53,562,288	863,185,448
Kitui	580,880,037	315,991,186	27,803,586		924,674,810
Kwale	119,449,312	288,027,789	19,666,629		427,143,730
Laikipia	373,942,409	168,103,034	58,938,778	11,412,394	612,396,615
Lamu	72,958,502	82,377,114	-	11,071,385	166,407,001
Machakos	440,791,611	488,107,215	536,362,665		1,465,261,491
Makueni	163,167,665	283,407,702	90,466,455		537,041,822
Mandera	169,695,630	217,225,570	-		386,921,200
Marsabit	212,770,842	265,173,625	87,247,425		565,191,892
Meru	303,784,376	324,147,496	18,539,932		646,471,804
Migori	314,231,210	443,516,073	13,466,754		771,214,037
Mombasa	1,182,177,969	437,871,902	-	101,967,743	1,722,017,614
Murang'a	281,750,705	314,618,832	115,374,871		711,744,408

County Name	Personnel Emoluments	Operation & Maintenance	Development Expenditure	Debt Repayment & Pending Bills	Total Expenditure
Nairobi City	4,104,635,981	985,923,990	1,085,285,571	1,806,471,136	7,982,316,678
Nakuru	858,482,070	605,078,483	12,113,543		1,475,674,096
Nandi	171,930,269	233,091,965	18,062,815		423,085,049
Narok	650,197,116	662,002,252	126,549,671	47,219,593	1,485,968,632
Nyamira	133,281,005	307,414,997	23,559,588	112,387	464,367,977
Nyandarua	194,517,578	207,039,631	29,170,311	-	430,727,520
Nyeri	216,138,854	191,044,864	166,881,895	51,455,136	625,520,749
Samburu	139,723,761	201,995,316	83,667,550		425,386,627
Siaya	191,118,277	282,576,402	-		473,694,679
Taita/ Taveta	240,340,172	83,374,624	4,255,931		327,970,727
Tana River	144,422,834	111,092,539	38,440,188	53,473,583	347,429,144
Tharaka -Nithi	107,690,381	220,035,685	58,816,139		386,542,204
Trans Nzoia	236,615,370	430,708,506	27,589,307		694,913,183
Turkana	199,398,198	712,036,622	283,017,844		1,194,452,664
Uasin Gishu	359,965,735	235,531,245	26,596,842		622,093,822
Vihiga	127,572,982	221,370,691	56,497,936		405,441,609
Wajir	272,329,059	308,262,979	151,107,826	-	731,699,864
West Pokot	254,716,216	91,063,568	38,161,950		383,941,733
Total	**19,632,652,870**	**14,430,700,269**	**4,775,763,280**	**2,200,443,948**	**41,039,560,367**

Source: *County Analysis by OCOB.*

NB. The blank spaces on the development and debt repayment columns imply that no expenditure was incurred on the two items according the data provided to OCOB.

2.3.3 Analysis of MCAs Sitting Allowance

In the 2013/2014 financial year, counties had set aside Kshs. 2.9 billion as sitting allowances for the Members of the County Assembly. In the first half of financial year 2013/2014, counties spent Kshs. 1.1 billion on sitting allowances for MCAs which was 35.9 per cent of the budgetary allocation.

The management of this allowance need to be strengthened by the County Government. In Kilifi County Kshs. 12.0 million was spent on MCA sitting allowances against an annual budgetary allocation of Kshs. 1.7 million which translates to 700 per cent absorption rate (7 times more than the allocation). This implies that the County spent resources meant for other activities to meet this expenditure which is not prudent. Other counties that spent more than the annual budgetary allocation were Kakamega (197%), and Nairobi (161%). Elgeyo Marakwet and Baringo counties also had high absorption rate of the MCAs sitting allowances at 96 per cent and 94 per cent against budget during the period under review.

Counties that had exhausted their budgetary allocation on payment of sitting allowances for MCAs will have to revise their budgets to provide adequate allocation for this expenditure item which will affect implementation of planned activities in the counties. As reported in the first quarter budget implementation report, this expenditure item needs to be rationalised through the Office of the Clerk in order to come up with better ways of managing the MCAs sitting allowances.

Nairobi City County spent the highest amount at Kshs. 258.2 million followed by Migori and Kisii Counties at Kshs.54.3 million and Kshs. 52.5 million respectively. The Counties that spent the least amount on payment of MCAs sitting allowances were Turkana, Tana River and Mombasa at Kshs. 0.6 Million, Kshs. 1.3 million and Kshs. 1.6 million respectively as shown in table 2.

The analysis of MCAs Sitting Allowances does not include Kajiado and Taita Taveta counties as they did not provide the returns on the same.

2.3.4 Analysis of Expenditure on Domestic and Foreign Travels

The Counties cumulatively allocated Kshs. 8.8 billon for expenditure on domestic and foreign travel in financial year 2013/2014. In the period July to December, 2013, counties spent Kshs. 2.8 billion on domestic and foreign travels which was 32.3 per cent of the allocated funds for this expenditure item.

Analysis of the domestic and foreign travel shows that Elgeyo Marakwet, Trans Nzoia, Turkana and Nyeri counties spent 113.9 per cent, 96.7 per cent, 91.1 per cent and 86.1 per cent respectively of their annual budgetary allocation. It is expected that counties should have an average of 50 per cent absorption rate of the travelling expenditure against budget. Counties should come up with policies to manage the travel expenditure so as to avoid wastages.

Kiambu County recorded the highest expenditure on domestic and foreign travels at Kshs.131.1 million followed by Machakos and Narok counties at Kshs. 114.1 million and Kshs.111.8 million respectively. The counties that recorded the lowest expenditures on domestic and foreign travels were Tana River, Mombasa and West Pokot at Kshs.13.2 million, Kshs. 16.0 million and 18.4 million respectively.

2.3.5 Analysis of Expenditure on Purchase of Motor Vehicles

The total budgetary allocation by all counties for purchase of motor vehicles during FY 2013/2014 was Kshs. 8.6 billion. During the period under review, counties spent Kshs.2.7 billion on purchase of motor vehicles which represented 31.4 per cent of the budgetary allocation.

Tana River and Trans Nzoia counties spent Kshs. 79.0 million and Kshs. 62.7 million respectively on purchase of motor vehicles against a budgetary allocations of Kshs. 55.0 million and Kshs. 60.0 million respectively. This implies that the two counties spent more than was budgeted for the purchase of motor vehicles which is a sign of weak internal controls and indicates that funds allocated for other activities were spent on motor vehicle purchase.

Nairobi County had the highest expenditure on purchase of motor vehicles at Kshs. 341.8 million while Turkana County was second having spent Kshs. 279.2 million followed by Narok County at Kshs. 225.7 million.

Table 2 : Analysis of Operations and Maintenance Expenditure (Kshs. Millions)

County	Domestic and Foreign Travels			Purchase of Vehicles			MCA Sitting Allowances		
	Budgetary Allocation	Expenditure	Absorption %	Budgetary Allocation	Expenditure	Absorption %	Budgetary Allocation	Expenditure	Absorption %
Baringo	86.4	47.1	54.5	139.4	94.9	68.0	28.6	26.9	94.2
Bomet	173.0	42.8	24.8	160.0	67.8	42.4	35.7	4.4	12.4
Bungoma	241.2	59.5	24.7	183.0	5.1	2.8	71.7	12.3	17.2
Busia	82.6	37.8	45.7	36.0	-	-	99.2	31.1	31.4
Elgeyo/ Marakwet	17.8	20.3	113.9	14.3	-	-	9.3	9.0	96.4
Embu	134.1	33.3	24.8	286.8	62.8	21.9	61.2	8.6	14.0
Garissa	171.3	41.2	24.1	245.3	67.8	27.6	41.3	26.0	63.0
Homa Bay	175.3	93.7	53.4	127.0	11.1	8.8	112.5	31.0	27.5
Isiolo	127.8	23.6	18.5	107.7	26.1	24.3	30.0	1.7	5.6
Kajiado	364.1	96.6	26.5	33.0	-	-	77.5	-	-
Kakamega	272.1	76.4	28.1	212.0	62.8	29.6	24.0	47.2	196.9
Kericho	169.9	52.6	30.9	130.0	72.1	55.4	26.5	5.9	22.1
Kiambu	171.9	131.1	76.3	213.1	53.1	24.9	90.0	29.6	32.9
Kilifi	431.0	77.1	17.9	278.1	-	-	1.7	12.0	700.4
Kirinyaga	158.6	28.1	17.7	180.4	38.1	21.1	15.0	11.4	76.1
Kisii	354.7	87.0	24.5	137.0	-	-	120.0	54.3	45.2
Kisumu	170.0	27.7	16.3	89.0	26.1	29.3	50.0	13.4	26.8
Kitui	280.2	50.0	17.8	179.1	103.7	57.9	92.1	26.5	28.7
Kwale	127.8	52.9	41.4	77.5	-	-	45.0	10.7	23.9
Laikipia	134.4	96.5	71.7	92.0	-	-	45.0	4.1	9.1
Lamu	59.9	21.0	35.0	80.5	16.8	20.9	19.2	2.92	15.2

County	Domestic and Foreign Travels			Purchase of Vehicles			MCA Sitting Allowances		
	Budgetary Allocation	Expenditure	Absorption %	Budgetary Allocation	Expenditure	Absorption %	Budgetary Allocation	Expenditure	Absorption %
Machakos	524.3	114.6	21.9	713.6	222.0	31.1	46.1	20.8	45.2
Makueni	304.7	104.0	34.1	93.0	25.1	27.0	50.5	11.2	22.1
Mandera	190.4	68.6	36.0	270.0	-	-	98.7	22.4	22.7
Marsabit	113.8	40.3	35.4	145.0	58.7	40.5	72.3	6.0	8.3
Meru	183.6	65.5	35.7	189.5	98.9	52.2	102.5	40.5	39.5
Migori	237.1	107.4	45.3	685.2	89.4	13.1	115.0	52.5	45.6
Mombasa	201.4	16.0	7.9	150.5	6.5	4.3	4.0	1.6	41.1
Murang'a	136.2	53.1	39.0	115.0	-	-	77.8	4.9	6.4
Nairobi City	203.4	20.7	10.2	422.0	341.8	81.0	160.0	258.2	161.3
Nakuru	381.4	91.3	23.9	122.0	27.4	22.5	130.0	17.7	13.6
Nandi	85.6	53.5	62.6	189.0	5.5	2.9	69.3	21.0	30.3
Narok	327.2	111.9	34.2	318.0	225.7	71.0	55.8	11.2	20.0
Nyamira	277.2	43.4	15.7	123.0	87.6	71.2	60.0	11.6	19.3
Nyandarua	208.1	70.4	33.8	319.7	65.2	20.4	82.0	16.9	20.6
Nyeri	97.1	83.6	86.1	100.0	-	-	64.5	27.6	42.7
Samburu	147.4	53.6	36.4	104.7	73.6	70.3	16.1	5.2	32.5
Siaya	148.3	43.8	29.5	162.2	91.7	56.6	65.4	12.8	19.5
Taita/ Taveta	168.3	50.8	30.2	138.7	-	-	-	-	-
Tana River	184.1	13.2	7.2	55.0	79.0	143.6	33.7	1.3	4.0
Tharaka -Nithi	139.6	73.3	52.5	113.0	65.5	58.0	27.6	5.2	18.8
Trans Nzoia	70.8	68.4	96.7	60.0	62.7	104.6	159.2	29.7	18.7
Turkana	100.7	91.8	91.1	400.0	279.2	69.8	5.4	0.6	11.9
Uasin Gishu	122.3	65.6	53.7	288.4	26.6	9.2	90.3	49.5	54.9
Vihiga	222.9	54.2	24.3	40.0	23.6	59.1	83.2	12.3	14.8
Wajir	72.5	37.4	51.6	65.5	29.9	45.7	40.1	29.1	72.5
West Pokot	88.4	18.5	20.9	198.3	-	-	130.9	13.9	10.6
Total	**8,841**	**2,811**	**31.8**	**8,582**	**2,694**	**31.4**	**2,936**	**1,050**	**35.9**

NB: The blank spaces on the expenditures column indicate that no purchases were made according to data provided to OCOB. Taita Taveta and Kajiado Counties did not provide information on sitting allowances for MCAs.

2.4 DEVELOPMENT EXPENDITURE

In line with Section 107(2) (b) of the PFM Act, 2012 that requires allocation of at least 30 per cent of the budgets to development activities over the medium term, a cumulative amount of Kshs.112.2 billion (40.7%) was allocated to development activities by the counties. In the first half of financial year 2013/2014, a total of Kshs. 4.8 billion was spent by counties on development activities which translate to 11.6 per cent of the total expenditure. However, the development expenditure during the period under review represents 33.3 per cent of funds released for development activities and 4.3 per cent of the annual development budget. This is an improvement from the first quarter of FY 2013/2014 when counties spent Kshs. 872.9 million (7 per cent of total expenditure) on development expenditure.

The highest development expenditure during the period July to December, 2013 was recorded by Nairobi City County at Kshs. 1.1 billion, followed by Machakos County at Kshs. 536.4 million and Bomet County at Kshs. 423.5 million. Five counties namely Isiolo, Mombasa, Siaya, Lamu and Mandera had no development expenditure during the period under review. Bomet, Machakos and Nyeri Counties had the highest proportion of their expenditure on development activities at 40.9 per cent, 36.6 per cent and 26.7 per cent respectively.

2.5 DEBT REPAYMENT AND PENDING BILLS

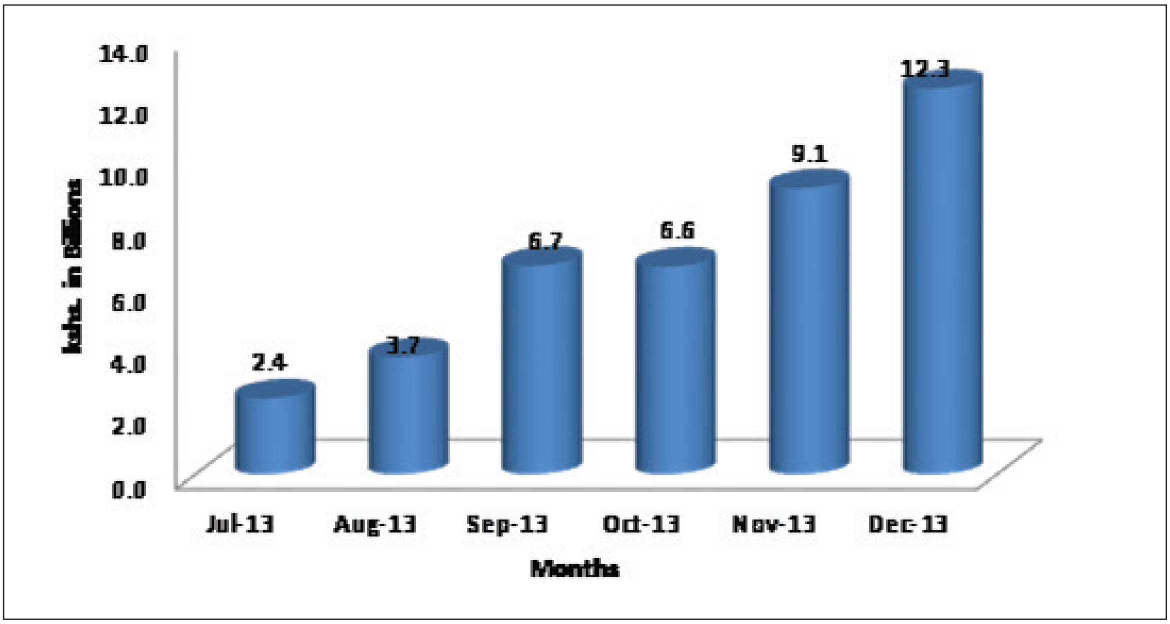
In the period July to December 2013, counties spent a total of Kshs. 2.2 billion in debt repayment and servicing of pending bills which was 5.4 per cent of the total expenditure. This is contrary to the guideline given by TA for counties to first await the completion of an audit to ascertain the authenticity of inherited assets and liabilities before making any commitments and payments.

Nairobi City County had the highest expenditure on debt repayment and pending bills at Kshs. 1.8 billion. The other Counties that repaid debts and pending bills include Mombasa, Tana River, Kisumu, Nyeri and Narok Counties which spent Kshs. 102.0 million, Kshs.53.6 million, Kshs. 53.5 million, Kshs. 51.5 million and Kshs. 47.2 million respectively as shown in table 1.

2.6 MONTHLY EXPENDITURE

There was an increasing trend on the monthly expenditure by Counties during the period under review. Expenditure increased from Kshs.2.4 billion in July, 2013 to Kshs. 12.3 billion in December, 2013 as shown in figure 3.

Figure 3: Analysis of Monthly Expenditure



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

3.0 COUNTY PERFORMANCE REPORTS

Counties made significant progress in setting up various departments and ensuring they are operational. These departments are: County Assembly; Office of the Governor/Executive Services; Finance and Economic Planning; Education, Youth, Women and Social Services; Agriculture and Irrigation; Lands, Housing and Physical Planning; Public Works Roads and Transport; Water, Energy Environment and Natural Resources; Health Services; ICT Trade, Industrialization, Wildlife and Cooperative Development; and County Public Service Board. However, in some counties these departments were not operational as the recruitment of accounting officers was still ongoing as at the end of the reporting period.

3.1 COUNTY ASSEMBLY

The County Assembly is the legislative arm of the County Government. It is mandated to enact laws necessary for the effective performance of the County functions. In addition, the Assembly performs an oversight role over the County Executive.

The cumulative expenditure for all the County Assemblies was Kshs. 5.6 billion accounting for 13.8 per cent of the total expenditure for the period under review. Further analysis shows that the County Assembly with the highest expenditure were in Nairobi, Homa Bay and Busia at Kshs.499.5 million, Kshs.301.9 million, and Kshs.227.1 million respectively. On the other hand, County Assembly that had the lowest expenditure were in Tana River, Taita Taveta and Lamu at Kshs.2.9 million, Kshs.15.6 million and Kshs.31.9 million, respectively.

3.2 COUNTY EXECUTIVE SERVICES

The County Executive is mandated to implement county legislation as approved by the County Assembly and any national legislation to the extent that such legislation requires. Key priorities for this department include providing leadership in budget implementation and setting up structures and systems to ensure minimal disruptions in service delivery. In exercising their functions, the County Executive should adhere to the principles of public finance as stipulated in Chapter 12 of the Constitution of Kenya, 2010.

The County Executive Services is headed by the Governor and has expansive functions that include the following departments;

i. The Office of the Governor
ii. Finance and Economic Planning
iii. Education, Youth, Women and Social Services
iv. Agriculture and Irrigation

v. Culture, Social services, Gender, Youth and Sports
vi. Cooperative, Tourism, Trade, Industry and Enterprises Development
vii. Land, Housing and Physical Planning
viii. Public Works, Roads and Transport
ix. Health Services
x. Trade, Industry, ICT and Cooperatives
xi. County Public Service Board
xii. Water, Energy Environment and Natural Resources

The Nairobi City, Mombasa, and Kiambu County Executive Services had the highest expenditure at Kshs. 7.5 billion, Kshs. 1.6 billion and Kshs. 1.5 billion respectively. On the other hand, the County Executive Services which had the lowest expenditure were in Lamu, Isiolo and West Pokot Counties at Kshs. 134.5 million, Kshs. 220.1 million and Kshs. 272.2 million respectively.

3.3 INDIVIDUAL COUNTY SUMMARIES

This chapter provides a summary of the Counties Budget for the FY 2013/2014, revenue and expenditure for the period July to December, 2013. Further, the County specific challenges and recommendations are highlighted. The 47 counties are discussed in an alphabetical order.

Baringo County

According to the approved Baringo County budget for FY 2013/2014, it is projected that the County will spend Kshs. 3.98 billion. The budget comprises Kshs. 2.69 billion (67.5%) for recurrent expenditure and Kshs. 1.29 billion (32.5%) for development expenditure. The budget is expected to be financed through national shareable revenue of Kshs. 3.25 billion (81.5%), local revenues amounting to Kshs.599 million (15%), and balance brought forward from the FY 2012/2013 of Kshs. 137 million (3.4%).

In the first half of the financial year 2013/2014, the County received Kshs. 1.14 billion as national equitable share, collected local revenues amounting to Kshs. 92.2 million and had a balance brought forward of Kshs.137.4 million. The County had raised Kshs. 64.6 million during the first quarter of the current financial year while in the second quarter Kshs. 27.6 million was collected from local sources. The local revenue raised by the County constituted 32.9 per cent of the annual local revenue target. During the period July to December, 2013, funds released to the County amounted to Kshs. 1.08 billion comprising Kshs. 830.7 million (77.2%) for recurrent budget and Kshs.246 million (22.8%) for development budget.

During the first half of the FY 2013/2014, the total expenditure for the County was Kshs. 698.5 million which was 64.9 per cent of the funds released. The expenditure for the period under review represented an absorption rate of 17.5 per cent of the annual budget. This expenditure comprised of Kshs. 689.8 million (98.8%) for recurrent activities and Kshs 8.5

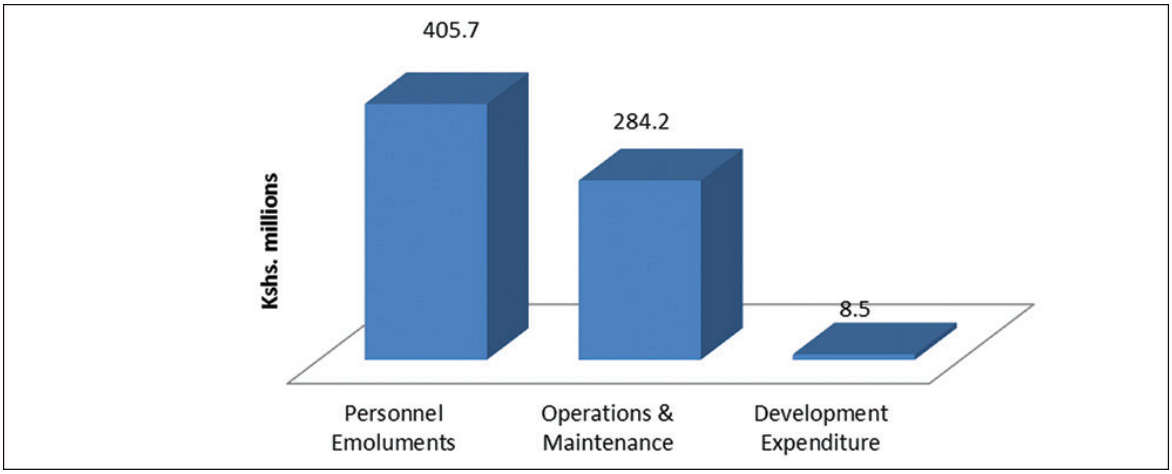
million (1.2%) for development expenditure.

The recurrent expenditure by the County during the period under review was 83.1 per cent of the funds released for recurrent expenditure. This expenditure was however 25.6 per cent of the annual recurrent budget for FY 2013/2014. The development expenditure by the County during the same period was 3.5 per cent of the funds released. Further, the development expenditure represented an absorption rate of 0.7 per cent of the annual development budget.

The recurrent expenditure by the County for the period July to December, 2013 was comprised of Kshs. 405.7 million (58.8%) spent on personnel emoluments and Kshs. 284.2 million (41.2%) spent on operations and maintenance. Expenditure on personnel emoluments included Kshs. 270.5 million reimbursed to the National government for salaries paid to the staff working in the County during the first quarter of FY 2013/2014.

Some of the development programmes implemented during the period under review were construction of Kabarnet Sub County Hospital, rehabilitation of County Health Offices and rehabilitation of Chemolingot Sub County Hospital.

Figure 4: Analysis of Total expenditure, Baringo County



Source: *Baringo County Treasury*

In the period under review, the County Executive spent Kshs.586.6 million (84.0%) while the County Assembly spent Kshs. 111.8 million (16.0%). Analysis of the expenditure on operation and maintenance shows that the County spent Kshs. 94.9 million (33.4%) on purchase of motor vehicles, Kshs. 47.1 million (16.6%) on domestic and foreign travels, Kshs.19.7 million (6.9%) on conferences, hospitality and catering, Kshs.19.3 million (6.8%) on routine maintenance of assets, and Kshs.13.9 million (4.9 %) on printing, advertising and information supplies and services. The County also spent Kshs. 26.9 million for payment of sitting allowances for Members of the County Assembly which is 94.2 per cent of the budget for the sitting allowances for the current financial year. This means that the County has to reallocate funds from other activities for payment of MCA sitting allowances for the remaining part of the current financial year.

The County faced a challenge of inadequate staffing in key support and technical departments which led to delay in procuring of services and setting up of revenue collection structures. The County Public Service Board should fast track strengthening and placement of technical and support staff to address the issue.

Bomet County

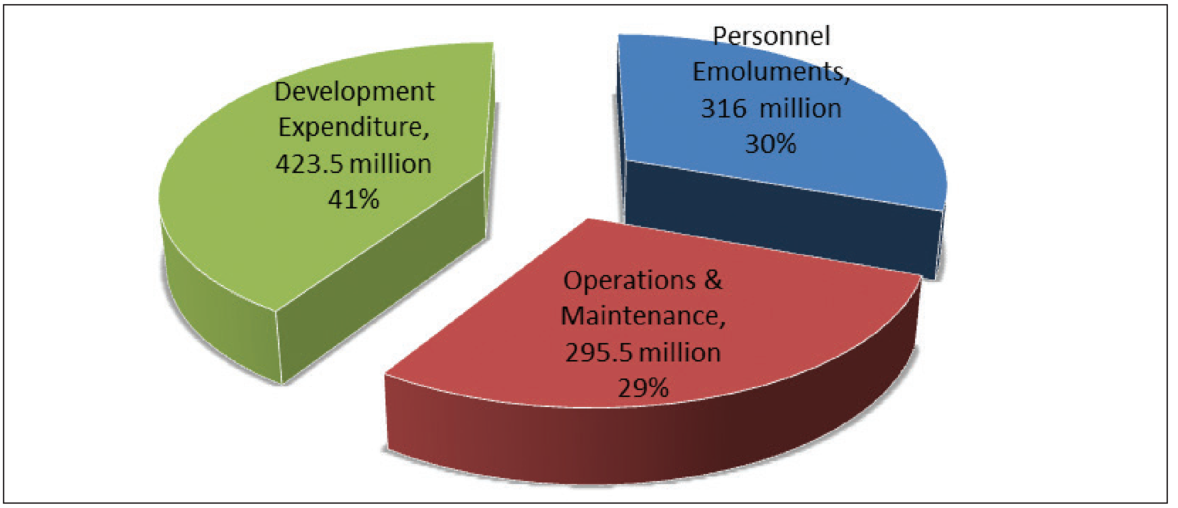
The County has an approved budget of Kshs.3.82 billion composed of Kshs. 1.81 billion (47.4%) for recurrent expenditure and Kshs.2.01 billion (52.6%) for development expenditure. The annual revenue for the County Government for the FY 2013/2014 is projected at Kshs.3.82 billion which comprises Kshs. 3.44 billion (90.1%) from the national equitable share, Kshs.245 million (6.4%) from local revenue sources and Kshs. 133.5 million (3.5%) as balance brought forward from the previous financial year (FY 2012/2013).

In the period July to December 2013, the County received Kshs. 1.58 billion as the national equitable share, collected Kshs. 60.7 million from local sources, and had Kshs. 133.5 million as balance brought forward from FY 2012/13. In the second quarter of FY 2013/2014, the County raised local revenues amounting to Kshs. 36.6 million which is an improvement from Kshs. 24.1 million raised in the first quarter. The local revenue collected during the first half of FY 2013/2014 accounted for 24.8 per cent of the annual local revenue target. Funds released to the County amounted to Kshs. 1.24 billion of which Kshs. 646 million (52.1%) was for recurrent expenditure and Kshs.593.6 million (47.9%) for development expenditure.

During the first half of FY 2013/2014, the County spent a total of Kshs. 1.04 billion which was 96.1 per cent of the funds released. The County spent Kshs.611.5 million (59.1%) on recurrent expenditure and Kshs.423.5 million (40.9%) on development activities. The recurrent expenditure was 94.7 per cent of the funds released for recurrent activities while development expenditure accounted for 71.3 per cent of the funds released for development projects. However, the recurrent expenditure for the period under review was 33.8 per cent of the annual recurrent budget while development expenditure was 21.1 per cent of the annual development budget. Some of the development projects that the County implemented during the period under review included grading and gravelling of roads, water harvesting and distribution programmes, refurbishment and improvement of education facilities and renovation and improvement of health facilities.

Further breakdown of recurrent expenditure reveals that the County spent Kshs. 316 million on Personnel Emoluments which translates to 51.7 per cent of the total recurrent expenditure while Kshs. 295.5 million was spent on operations and maintenance accounting for 48.3 per cent. The personnel emoluments include Kshs. 155.1 million that was reimbursed to the National Government for salaries paid to staff performing devolved functions.

Figure 5: Analysis of Total Expenditure, Bomet County



Source: *Bomet County Treasury*

A review of operations and maintenance expenditure for the County government for the period July to December 2013, indicates that Kshs. 67.8 million (22.9%) was spent on purchase of motor vehicles, Kshs. 42.8 million (14.5%) on domestic and foreign travels, Kshs. 33.8 million (11.4%) on training, Kshs. 31 million (10.5%) on routine maintenance and Kshs. 24.9 million (8.4%) on office and general supplies. Other operations and maintenance expenses included Kshs. 16.8 million (5.7%) spent on fuel oil & lubricants, Kshs.14.4 million (4.9%) on utility supplies and services, Kshs. 14 million (4.7%) on conferences, hospitality and catering, Kshs. 10.4 million (3.5 %) on printing, advertising and information supplies & services and Kshs. 39.6 million (13.4%) spent on other operations and maintenance expenses. The County spent Kshs. 4.4 million for payment of sitting allowances for members of the County Assembly during the period July to December, 2013.

During the period under review, Bomet County did not use IFMIS and G-pay system consistently which adversely affected reporting on budget execution. The County Assembly delayed passage of the Finance Bill which affected local revenue collections.

The County continued to maintain a bank overdraft facility as highlighted in the first quarter of financial year 2013/2014. Further, the County Treasury did not provide any proof to show that the overdraft was approved by the County Assembly as required by section 142 of the PFM Act, 2012. The bank overdraft stood at Kshs. 0.86 million by end of October, 2013, and increased steadily to Kshs. 8.7 million in November, 2013 and Kshs. 10.3 million as at the end of December 2013. Further, the County continued to operate the LATF bank accounts up to November, 2013. However, at the time of compiling the report, both the overdraft facility and the use of LATF account were addressed by the County.

Given that the National Treasury has prescribed the use of the IFMIS in accordance to

Section 12(1)(e), all county government entities should ensure its full use to enhance the management and accountability of public funds. The County should adhere to the provisions of Section 142 of the PFM Act, 2012 in case there is need to overdraw its accounts. It is important for the County to review the performance of the local revenue collections and adopt new strategies to achieve revenue targets. The County Assembly needs to expedite the approval of the necessary legislations to support budget implementation.

Bungoma County

The County has a budget of Kshs. 8.70 billion for the FY 2013/2014 which comprises of Kshs. 5.07 billion (58.2%) for recurrent expenditure and Kshs. 3.64 billion (41.8%) for development expenditure. To finance the budget, the County expects to receive Kshs. 5.94 billion as national shareable revenue and collect local revenues amounting to Kshs. 2.75 billion.

In the first half of FY 2013/2014, the County received Kshs.1.52 billion as national shareable revenue, raised Kshs. 88.1million as local revenue and had a balance of Kshs. 76 million brought forward from FY 2012/2013. There was improvement in local revenue collection in the second quarter of FY 2013/2014 where Kshs. 51.9 million was collected compared to Kshs. 36.1 million collected in the first quarter. The local revenue collected during the period July to December, 2013 was only 3.2 per cent of the annual local revenue target. Funds released to the County amounted to Kshs. 814.5 million of which Kshs.657.5 million (80.7 %) was for recurrent expenditure and Kshs. 157 million (19.3 %) was for development expenditure.

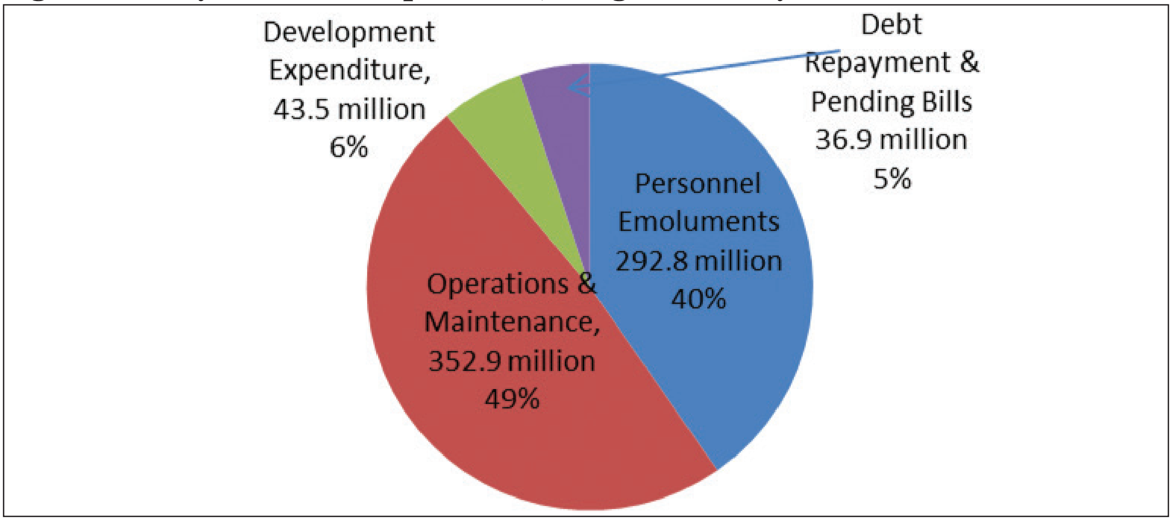
During the first half of financial year 2013/2014 total expenditure amounted to Kshs. 726.1 million representing 89.1 per cent of the funds released. The expenditure for the period under review consisted of recurrent expenditure of Kshs.682.7 million (94%) and development expenditure of Kshs. 43.5 million (6%).

The recurrent expenditure for the period under review was 103.8 per cent of the funds released for recurrent activities. This expenditure was higher than the funds released which is attributed to either diversion of funds released for development programmes to recurrent activities or use of locally collected revenue at source. The recurrent expenditure for the period under review represented an absorption rate of 13.5 per cent of the annual recurrent budget. Development expenditure was 27.7 per cent of funds released for development projects. However, this expenditure was 1.2 per cent of annual development budget.

The development programmes implemented during the period under review included renovation of agricultural infrastructure, construction of a coffee mill and tomato processing plant, construction of footbridges and roads and refurbishment of Governor’s office.

The recurrent expenditure comprised of Kshs. 292.8 million (40.3%) spent on personnel emoluments, Kshs.352.9 million (48.6%) on operations and maintenance, and Kshs.36.9 million (5.1%) on debt repayment and pending bills. The debt repayment and pending bills was mainly for payment of creditors and suppliers as well as tax and salary arrears.

Figure 6: Analysis of Total Expenditure, Bungoma County



Source: *Bungoma County Treasury*

Analysis of the operations and maintenance expenditure shows that Kshs. 59.5 million (20.9%) was spent on domestic and foreign travels, Kshs.51.1 million (18%) on Office and General Supplies and Services, Kshs. 17 million (6%) on printing, advertising and information supplies and services, Kshs. 16.1 million (5.7%) on routine maintenance of assets, Kshs. 14.5 million (5.1%) on training and Kshs.10.7 million (3.8%) on communication, supplies and services.

The County was still operating two county revenue collection accounts with evidence of funds still being utilized at source as was reported in the first quarter of the current financial year. As a result, the local revenue collection performance declined against the target for the current financial year.

The County Treasury should adhere to the provisions of section 109 (2) of the PFM Act, 2012 which requires that all money raised or received on behalf of the County Government is paid into the County Revenue Fund. In order to address the issue of low revenue collection, there is need to put in place strategies to ensure efficiency in local revenue collection while sweeping all revenue collected to the County Revenue Fund.

Busia County

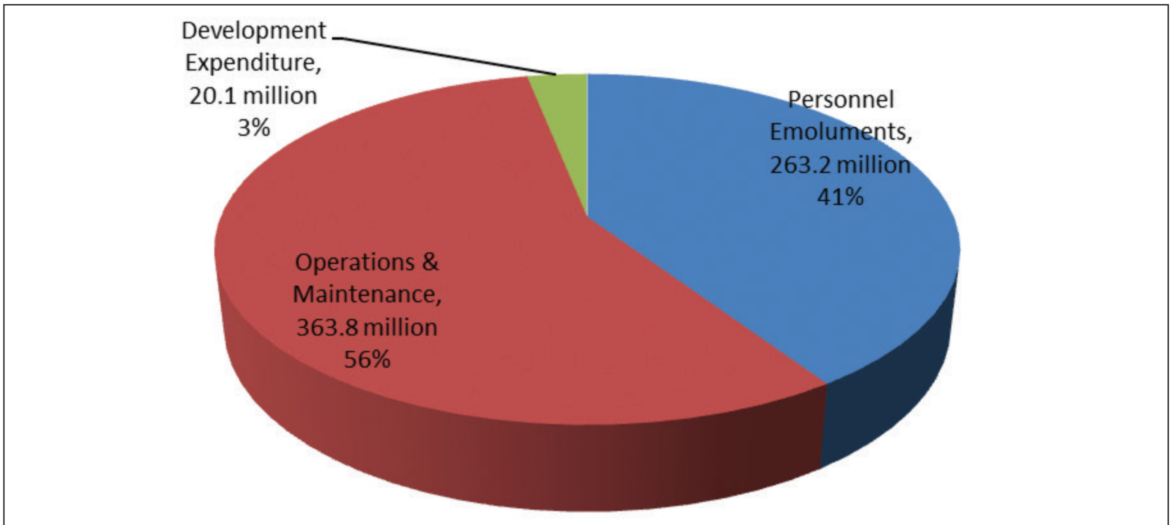
The County has an approved budget of Kshs. 4.30 billion for FY 2013/2014 comprising of Kshs. 2.59 billion (60.3%) for recurrent expenditure and Kshs. 1.70 billion (39.7%) for development expenditure. The budget will be financed through national equitable share amounting to Kshs. 3.68 billion (85.3%), and Kshs. 632.4 million (14.7%) from local revenues.

In the period July to December 2013, the County received Kshs. 1.35 billion as national shareable revenue, collected local revenues amounting to Kshs. 111 million and had a balance of Kshs. 51.1 million brought forward from FY 2012/2013. The County raised local revenues amounting to Kshs. 64.2 million in the first quarter of FY 2013/2014 while in the second quarter Kshs. 47.8 million was raised as local revenues. The local revenue collection for the period under review was 17.6 per cent of the target for the FY 2013/2014.During the period under review, funds released to the County amounted to Kshs.1.04 billion which comprised of Kshs. 794.8 million (76.1 %) for recurrent expenditure and Kshs. 250 million (23.9%) for development expenditure.

The total expenditure by the County for the first half of FY 2013/2014 amounted to Kshs. 647.2 million which represents 61.9 per cent of funds released. The County spent Kshs.627 million (96.9%) on recurrent expenditure and Kshs. 20.1 million (3.1%) on development expenditure. The recurrent expenditure for the period under review accounted for 77 per cent of funds released for recurrent activities. This recurrent expenditure was 24.2 per cent of the annual recurrent budget. On the other hand, the development expenditure was 8.1 per cent of the funds released for development programmes. This expenditure represents 1.2 per cent of the annual development budget for the County. The development projects undertaken during the period under review included maintenance of County Roads, purchase of land, construction of slaughter house, perimeter wall, car shed and expansion of a water project.

A review of recurrent expenditure reveals that the County spent Kshs. 263.2 million on personnel emoluments and Kshs.363.8 million on operations and maintenance. The County owed the National Government Kshs. 213.7 million for salaries paid to staff performing devolved functions in the County.

Figure 7: Analysis of Total Expenditure Busia County



Source: *Busia County Treasury*

An analysis of operations and maintenance expenditure shows that the County spent Kshs.86.7 million (23.8%) on domestic and foreign travels, Kshs.19.6 million (5.4%) on Office and General Supplies and Services, Kshs.16.9 million (4.6%) on training, Kshs. 15 million (4.1%) on routine maintenance of assets, Kshs. 9.5 million (2.6%) on conferences, hospitality and catering and Kshs. 8.8 million (2.4%) on printing, advertising and information supplies and Services. In the period under review, the County spent Kshs.31.1 million on payment of sitting allowances for Members of the County Assembly.

During the period under review the County continued to face the challenge of inadequate skilled staff to effectively execute the budget. The County Public Service Board should come up with strategies to build the necessary capacity and bridge the skill gaps.

Elgeyo/Marakwet County

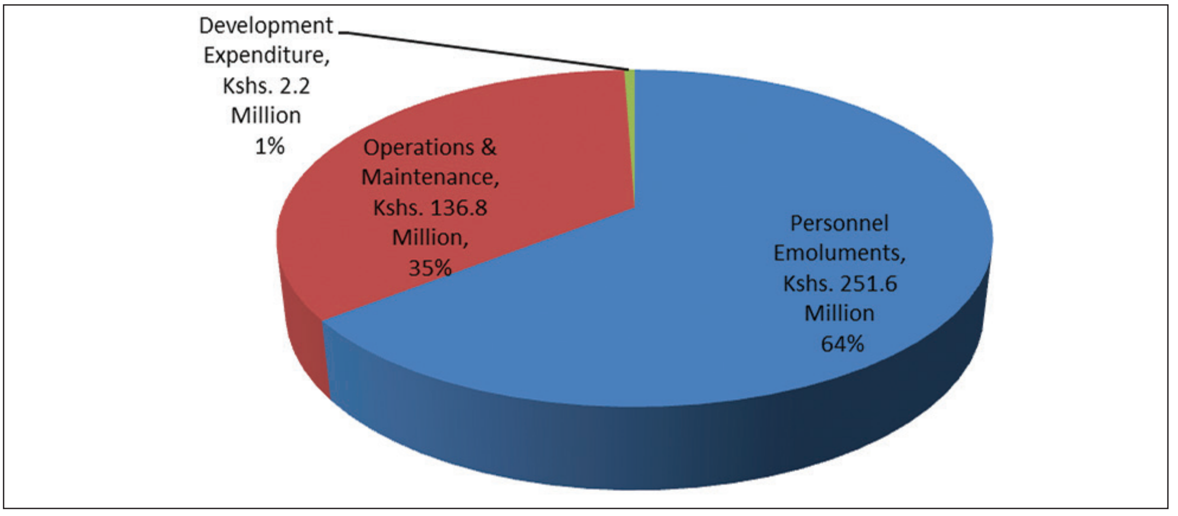
The County has a budget of 2.6 billion for FY 2013/2014 comprising of Kshs. 1.82 billion (70%) for recurrent expenditure and Kshs. 785 million (30%) for development expenditure. This budget will be financed through national equitable share amounting to Kshs. 2.39 billion (91.9%), local revenues amounting to Kshs. 85 million (3.3 %) and a balance of Ksh126.6 million (4.8%) brought forward from FY 2012/13.

During the period July to December 2013, the County received Kshs. 837.8 million as national shareable revenue and raised local revenues amounting to Kshs.21.2 million. The local revenue raised during the period under review was 21.1 per cent of the annual local revenue target. There was a slight increase in local revenue collection in the second quarter of FY 2013/2014 to Kshs. 10.8 million from Kshs. 10.4 million in the first quarter. During the first half of FY 2013/2014, Kshs.764.8 million was released to the County and was entirely for recurrent expenditure.

The total expenditure in the County during the period under review amounted to Kshs. 390.6 million which represented 51.1 per cent of the funds released. This expenditure was 11.1 per cent of the approved budget for the County for the current financial year. The expenditure comprised of Kshs. 388.4 million (99.4%) for recurrent expenditure and Kshs.2.2 million (0.6%) for development expenditure. The expenditure on recurrent activities for the period under review was 50.8 per cent of the funds released. However, the recurrent expenditure for the period under review was 21.4 per cent of the annual recurrent budget. Although the County spent on development expenditure, no funds had been released for development programmes meaning that the County spent funds released for recurrent activities on development projects. The expenditure on development programmes for the first half of FY 2013/2014 was only 0.3 per cent of the annual development budget. Some of the development programmes implemented during the period under review included purchase of hospital beds, refurbishment of offices for members of the CEC and refurbishment of sub county offices.

During the period under review the County continued to face the challenge of inadequate skilled staff to effectively execute the budget. The County Public Service Board should come up with strategies to build the necessary capacity and bridge the skill gaps.

Figure 8: Analysis of total expenditure, Elgeyo/ Marakwet



Source: *Elgeyo/Marakwet County Treasury*

Analysis of operations and maintenance expenses shows that Kshs.20.3 million (14.8% of O&M) was spent on domestic and foreign travels. This expenditure was 113.9 per cent of the annual budget for domestic and foreign travel which indicates that the County reallocated funds meant for other activities to domestic and foreign travels. The County also spent Kshs. 9 million (6.6%) on printing, advertising and information supplies and services, Kshs.7.6 million (5.5%) on routine maintenance, Kshs. 7.4 million (5.4%) on conferences, hospitality & catering, Kshs. 6.8 million (5%) on training, Kshs. 3.8 million (2.8%) on fuel oil and lubricants and Kshs. 3.2 million (2.3%) on other operating expenses. The County also spent Kshs. 9 million for payment of sitting allowances for Members of the County Assembly which translates to 96.4 per cent of the budgetary allocation in the FY 2013/2014 against a target of 50 per cent. This means that there will be no funds to meet the expenses under the same vote in the half of the financial year.

The County does not have effective internal financial control mechanisms. This saw the County over spent (113.9%) on domestic and foreign travel vote for the entire year within the first half of the year. In addition, the County faced staff capacity challenges especially at the Public Works department which led to delay in implementation of development projects. It is recommended that the County should carry out capacity building of its staff to ensure that they perform their functions effectively. The County should observe budget discipline and ensure that no overspending on votes. Any re-allocation of funds should be in line with Section 154 of the PFM Act, 2012.

Embu County

The approved budget for the County for FY 2013/2014 was Kshs. 3.80 billion; with a recurrent expenditure allocation of Kshs. 1.69 billion (44.3%) and development allocation of Kshs.2.12 Billion (55.7%). The County expects to receive Kshs.3.36 billion (88.4%) as national shareable revenue and local revenue collections totalling Kshs. 439.6 million (11.6%).

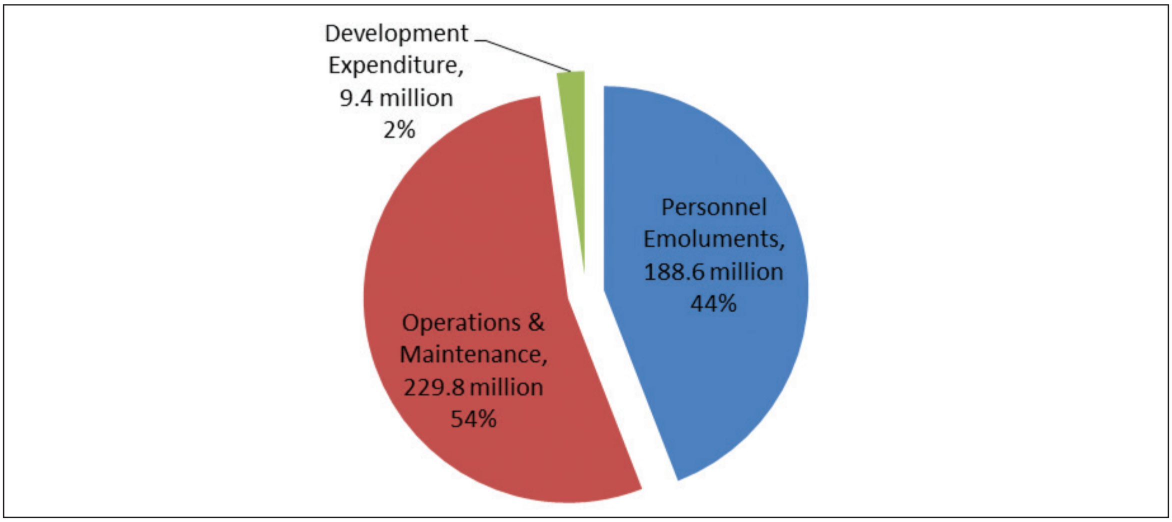
During the period July to December, 2013, the County received Kshs. 1.07 billion as national shareable revenue, raised local revenues amounting to Kshs. 62.7 million and had a balance brought forward of Kshs. 68.3 million. The local revenue collected constituted 14.2 per cent of the annual local revenue target. In the first quarter of FY 2013/2014 local revenue collection was Kshs. 35.4 million while in the second quarter local revenues amounted to Kshs. 27.2 million.

Funds released to the County during the period under review amounted to Kshs. 694.6 million of which Kshs.544.4 million (78.4%) was for recurrent expenditure, Kshs.80.0 million (11.5%) for development expenditure and Kshs.70.2 million (10.1%) for level five hospital.

The total expenditure by the County during the first half of FY 2013/2014 amounted to Kshs. 427.8 million which translates to 62 per cent of the funds released. Recurrent expenditure was Kshs 418.4 million (97.8%) while development expenditure was Kshs. 9.4 million (2.2%). Expenditure on recurrent activities during the period under review accounted for 76.8 per cent of the funds released for recurrent expenditure. This expenditure was 24.8 per cent of the annual recurrent budget. On the other hand, development expenditure for the period under review was 11.7 per cent of the funds released for development expenditure. The expenditure on development programmes was 0.4 per cent of the annual development budget for FY 2013/2014. The projects implemented under development expenditure were installation of internet in County Offices and alterations to the Town Hall.

The County Executive departments spent Kshs. 348 million (81.3%) while Kshs.79.8 million (18.7%) was spent by the County Assembly. Analysis of the County expenditure by economic classifications indicates that Kshs. 188.6 million (44.1%) was spent on personnel emoluments, Kshs. 229.8 million (53.7%) on operations and maintenance and Kshs. 9.4 million (2.2%) on development. This is illustrated by figure 9.

Figure 9: Analysis of Total Expenditure, Embu County



Source: *Embu County Treasury*

Analysis of the operations and maintenance expenditure reveals that the County cumulatively spent Kshs. 32.2 million (14.0%) on domestic travel, Kshs. 20.1 million (8.7%) on general office supplies and services, Kshs. 18.3 million (7.7%) on conferences and hospitality, Kshs 8.6 million (3.7%) on sitting allowance for County Assembly Members (MCAs), Kshs. 7.4 million (3.2%) on advertising and printing services and Kshs 1.9 million (0.8%) on training. Further, Kshs. 62.8 million (27.3%) was spent on purchase of motor vehicles and Kshs. 78.4 million (34.6%) on various other operations and maintenance expenditure.

The County Government still owes the National Government Kshs. 679.2 million that was paid as salaries for the seconded staff performed the devolved functions during the period under review.

The County faced the challenge of low local revenue collection against the target which is likely to affect the implementation of planned activities. The County should work on mechanism to enhance its local revenue collection to achieve its revenue target.

Garissa County

According to the approved Garissa County budget for FY 2013/2014, the County plans to spend Kshs. 4.85 billion during the financial year. This will comprise of Kshs. 3.28 billion (67.6%) for recurrent expenditure and Kshs. 1.57 billion (32.4%) for development expenditure. The County revenues were estimated at Ksh.4.85 billion for the FY 2013/2014 comprising of Ksh.4.69 billion from the National equitable share and Ksh.150 million of projected local revenues.

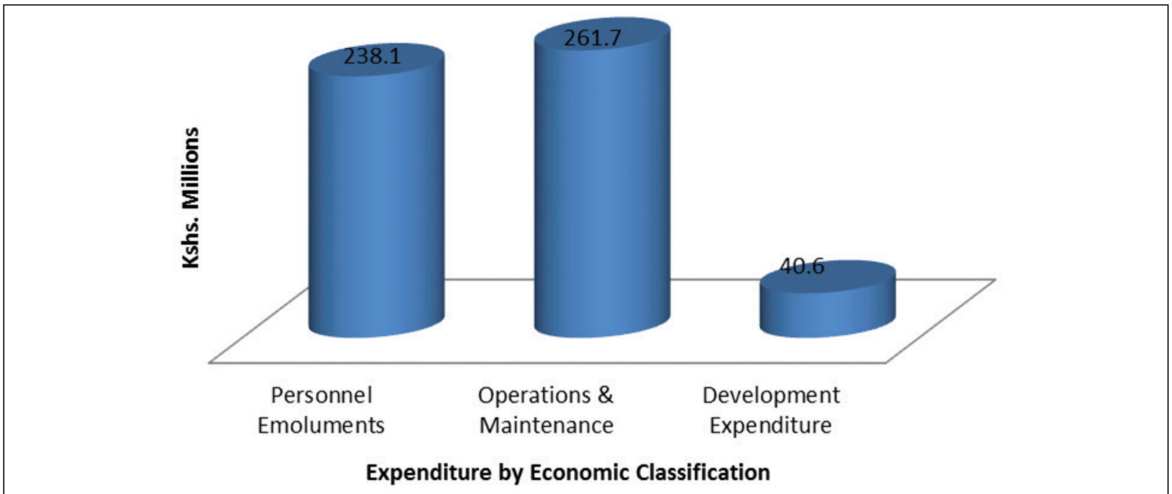
In the period July to December 2013, the County had received Kshs.1.19 billion as national equitable share, collected Kshs. 16.3 million as local revenue and had a balance brought forward of Kshs. 21.9 million from FY 2012/2013. The local revenue collected during the period under review was 10.8 per cent of the estimated local revenue for the current financial year. During the first half of financial year 2013/2014, the funds released to the County amounted to Kshs.856.9 million which comprised of Kshs. 735.6 million (85.8%) for recurrent expenditure, Kshs. 105.7 million (12.3%) for development expenditure and Kshs. 15.7 million (1.8 %) conditional grant for level five hospital.

Total expenditure for the County during the first half of FY 2013/2014 amounted to Kshs 540.3 million which was 63 per cent of the funds released. The expenditure comprised Kshs. 499.2 million (92.5%) for recurrent expenditure and Kshs. 40.6 million (7.5%) for development expenditure. Recurrent expenditure during the period under review was 67.9 per cent of the funds released for recurrent activities. Further, the expenditure on recurrent activities represented an absorption rate of 15.3 per cent of the annual recurrent budget.

The development expenditure for the period under review was 38.4 per cent of the funds released for development programmes. This expenditure represented an absorption rate of 2.6 per cent of the annual development budget. Some of the development programmes undertaken by the County during the period under review were construction of water pans and refurbishment of offices.

An analysis of the recurrent expenditures shows that the County spent Kshs. 238.1 million on personnel emoluments and Kshs. 261.2 million on operations and maintenance. In the period under review, the County Assembly spent Kshs. 95.5 million (17.7%) while the County Executive departments spent Kshs. 444.8 million (82.3%). The County was expected to refund Kshs.170.7 million to the national government for the salaries of devolved staff for the period under review. As at the end of the first half of financial year 2013/2014, the County had only refunded Kshs.80.7 million of this amount.

Figure 10: Analysis of Total Expenditure, Garissa County



Source: *Garissa County Treasury*

A review of operations and maintenance expenditure shows that the County spent Kshs. 67.7 million (26%) on purchase of motor vehicles, Kshs. 41.2 million (15.8%) on domestic and foreign travels, Kshs. 29.3 million (11.2%) on Conferences, hospitality and Catering, Kshs. 19.4 million (7.4%) on Fuel Oil and Lubricants, Kshs.16.6 million (6.4%) on Utilities Supplies and Services and Kshs.9.8 million (3.7%) on Printing, Advertising and Information Supplies and Services. The County also spent Kshs. 26 million on sitting allowances for members of the County Assembly.

The operation of the County Treasury was adversely affected by inadequate staff with the necessary skills especially the users of the IFMIS. Most of the County financial transactions and records were maintained manually. It is recommended that the County should carry out continuous training in conjunction with the national government to build the capacity of IFMIS users.

Homa Bay County

The County has an approved budget of Kshs. 5.3 billion comprising Kshs. 3.18 billion (59.9%) for recurrent expenditure and Kshs 2.13 billion (40.1%) for development expenditure. The budget is to be financed by the national sharable revenue of Kshs. 4.96 billion and Kshs. 141 million from local revenue collections.

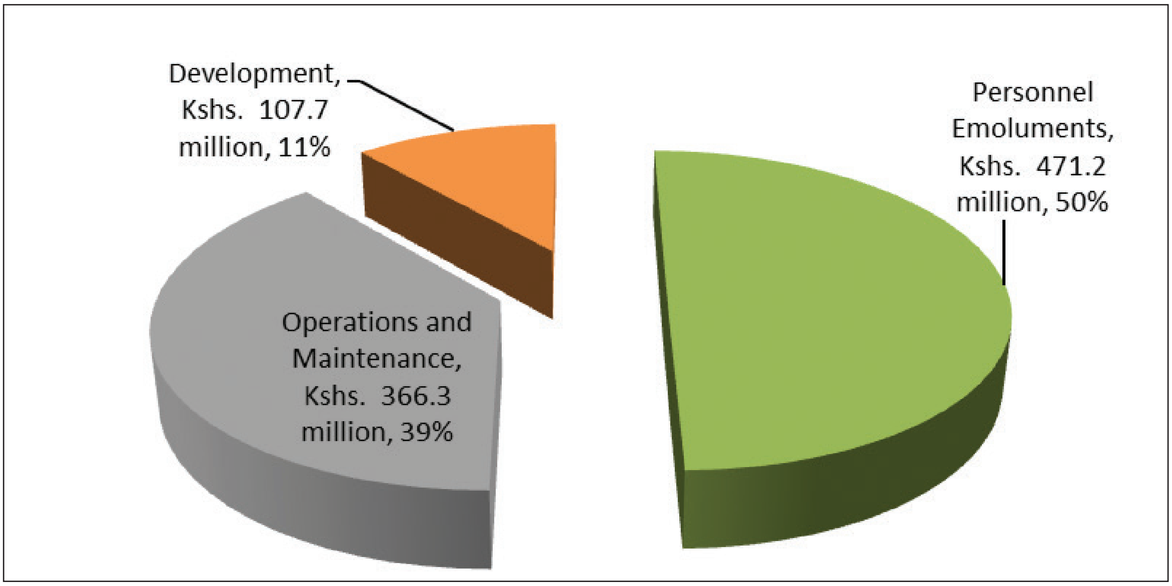
In the period July to December 2013, the County received Kshs. 1.11 billion as national sharable revenue and collected Kshs.59.5 million from local sources. Local revenue collected accounted for 42.3 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 31.2 million while in the second quarter, Kshs. 28.2 million was collected.

During the first half of FY 2013/2014, Kshs. 1.18 billion was released to the County out of which Kshs. 908.7 billion (77%) was for recurrent expenditure and Kshs. 276.2 million (23%) for development expenditure.

During the period under review, the County spent a total of Kshs. 945.1 million out of which Kshs. 837.4 million (88.6 %) was recurrent expenditure while Kshs. 107.7 million (11.4 %) was development expenditure. The recurrent expenditure for the first six months of the FY 2013/2014 was 92.2 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 26.3 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 39.0 per cent of the funds released. However, the absorption rate of the development funds was 5.1 per cent of the annual development budget.

Analysis of recurrent expenditure indicates that that personnel emoluments stood at Kshs. 471.2 million representing 49.9 per cent of the total expenditure while Operations and Maintenance expenditure was Kshs.366.3 million, representing 38.8 per cent of the total expenditure. The personnel emoluments expenditure include Kshs 150.4 million that was reimbursed to National Government for salaries paid to staff performing devolved functions.

Figure 11: Analysis of Total Expenditure Homa Bay



Source: *Homa Bay County Treasury*

An analysis of Operations and Maintenance expenditure indicates that Kshs. 93.7 million (25.6 %) was spent on domestic and foreign travel, Kshs. 76 million (20.8 %) on conferences & hospitality, Kshs. 25.5 million (7 %) on printing and advertising, Kshs. 15.9 million (4.3 %) on communication & supplies, Kshs. 13 million (3.6 %) on routine maintenance, Kshs. 11.1 million (3.0%) on purchase of motor vehicles, Kshs. 8.3 million (2.3 %) on fuel and lubricants, Kshs. 3.95 million (1.1 %) on office & general supplies, Kshs. 84 thousand (0.02 %) on training expenses and Kshs. 118.6 million (32.4 %) on other expenses. The County spent Kshs. 31 million for payment of sitting allowances for Members of the County Assembly for the period under review.

There is a court injunction that has put on hold the recruitment of chief officers in the County until the case is fully heard and determined by the High Court sitting in Homa Bay. This case has put effective budget implementation in the County in jeopardy because the various departments cannot undertake their planned activities without the accounting officers. In addition, the internal audit function is yet to be established for effective internal controls on utilization of public funds.

There is need for urgent resolution of the case in court by both parties to avoid further interruption of the budget implementation process. The County should hasten the establishment of an audit function to monitor and advice on the financial transactions and systems.

Isiolo County

The County has an approved budget of Kshs. 2.8 billion comprising Kshs.1.79 billion (64%) for recurrent expenditure and Kshs.997 million (36%) for development expenditure. The budget is to be financed by the national shareable revenue of Kshs. 2.4 billion and Kshs. 360 million from local revenue collections.

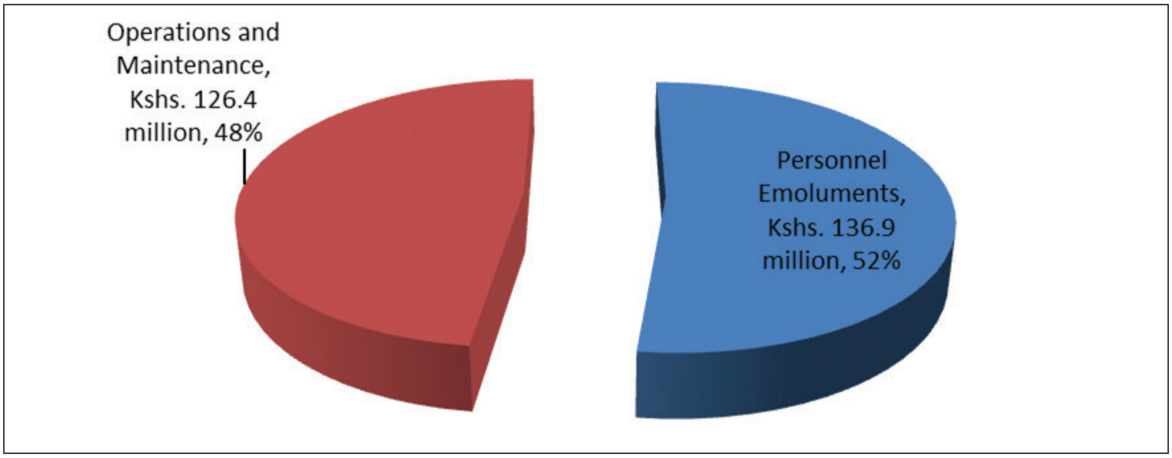
In the first half of FY 2013/2014, Isiolo County received Kshs. 782.4 million as national shareable revenue and raised Kshs. 72.9 million from local revenue sources. The local revenue collected accounted for 20.3 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 47.5 million while in the second quarter, Kshs. 25.4 million was collected.

During the period under review, Kshs.392.8 million was released to the County , out of which Kshs. 19 million (5%) was for development activities while Kshs. 373.8 million (95%) was for recurrent activities.

In the same period, the County spent a total of Kshs. 263.3 million which was entirely for recurrent activities. The recurrent expenditure for the first six months of the FY 2013/2014 was 67.0 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 14.7 per cent of the annual recurrent budget.

An analysis of the expenditure indicates that the County Assembly spent Kshs. 43.2 million representing 16 per cent of the total expenditure while the County Executive spent Kshs. 220.1 million, representing 84 per cent of the total expenditure. Further Analysis of this expenditure shows that 136.9 million (52%) was spent on personnel emoluments while Kshs. 126.4 million (48%) was spent on operations and maintenance. As at the end of the period under review, Isiolo County had not reimbursed Kshs.242 million owed to the National Government for salaries paid to staff performing devolved functions.

Figure 12: Analysis of Total Expenditure, Isiolo County



Source: *Isiolo County Treasury*

Analysis of Operations and Maintenance expenditure shows that the major expenditures included Kshs.23.6 million (18%) on domestic travel, Kshs.11.4 million (9%) on hospitality, Kshs.26.1 million (20%) on purchase of motor vehicles, Kshs.12.1 million (9%) on fuel, oil and lubricants, Kshs.6.4 million (5%) on maintenance of assets, Kshs. 5.1 million (4%) on trade shows, Kshs.11.1 million (8%) on purchase of office furniture and Kshs. 8.6 million (7%) was spent on legal fees. In addition the County spent Kshs. 1.7 million on sitting allowances for MCAs.

The County experienced staff capacity challenges both in numbers and technical skills. This was more prevalent in the Finance department. Local revenue collection remains a challenge with the local collections recording 20 per cent of the annual target.

The County should institute urgent measures to address the underlying issues that are affecting local revenue collection such as marketing its national parks and other tourist destinations and sealing revenue leakages. The County should build the necessary capacity through training of staff on aspects of budget execution.

Kajiado County

The County has an annual budget of Kshs. 4.0 billion comprising Kshs. 2.8 billion (69%) for recurrent expenditure and Kshs. 1.2 billion (31%) for development expenditure. The budget is to be financed by national shareable revenue of Kshs. 3.5 billion and Kshs. 516.8 million from local revenue collections.

In the first half of FY 2013/2014, the County received Kshs. 871.4 million as national shareable revenue and collected Kshs. 107.8 million from local revenue sources. The local revenue collected represents 20.9 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 64.9 million while in the second quarter, Kshs. 42.9 million was collected.

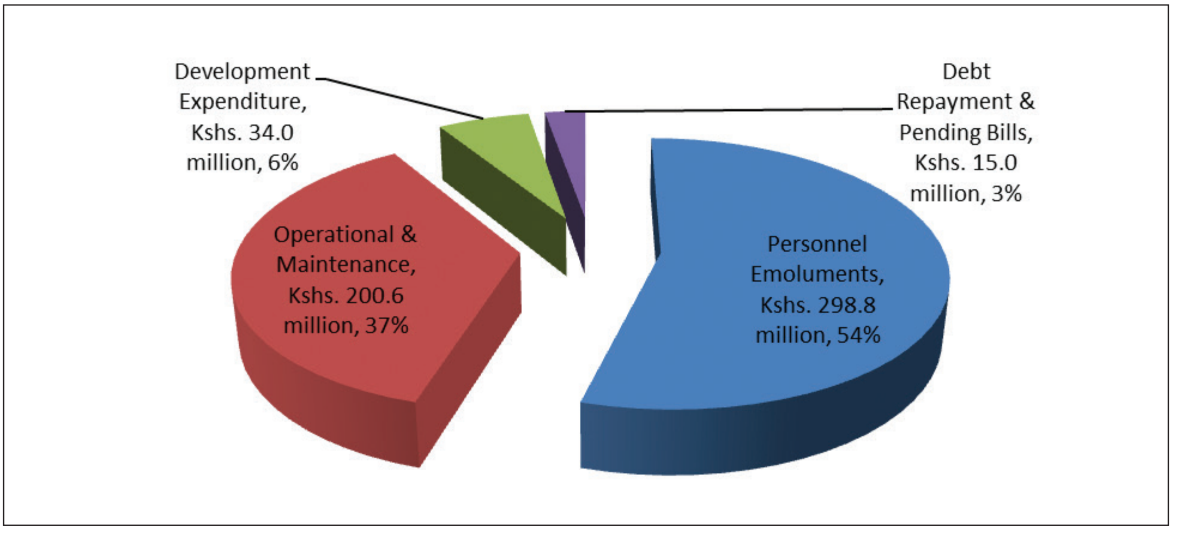
During the period under review, Kshs. 994.7 million was released to the County which includes Kshs. 830.2 million (66.7%) for recurrent expenditure and Kshs. 164.5 million (33.3%) for development projects.

The County spent a total of Kshs. 548.4 million in the first half of the FY 2013/2014 out of which Kshs.514.4 million (94%) was spent on recurrent activities while Kshs. 34.0 million (6%) was spent on development activities.

The recurrent expenditure for the first six months of the FY 2013/2014 was 61.2 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 18.3 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 20.7 per cent of the funds released for development expenditure. However, the absorption rate of the development funds was 2.8 per cent of the annual development budget.

An analysis of recurrent expenditure indicates that Kshs. 298.8 million (59.9%) was spent on personnel emoluments while Kshs. 200.6 million (40.1%) was spent on operations and maintenance. The County is yet to reimburse Kshs. 165 million as payment to the National Government for staff performing devolved functions.

Figure 13: Total expenditure, Kajiado County



Source: *Kajiado County Treasury*

An analysis of operations and maintenance expenditure indicates that Kshs. 96.6 million (44.8%) was spent on domestic and foreign travel, Kshs. 18.9 million (8.8%) on printing, advertising and information supplies and services, Kshs. 9.9 million (4.6%) on Conferences, Hospitality and Catering, Kshs. 6.7 million (3.1%) on fuel oil and lubricants, Kshs. 5.9 million (2.7%) on Communication, Supplies and Services, Kshs. 5.5 million (2.6%) on routine maintenance, Kshs. 4.9 million (2.3%) on Utilities Supplies and Services, Kshs. 4.4 million (2.0%) on training expenses, Kshs. 2.7 million (1.3%) on office and general supplies and services, and Kshs.60 million (28%) on other operating expenses. Expenditure information on sitting allowances for MCAs was not provided.

In the first quarter of the current financial year, the OCOB conducted an investigation on alleged misappropriation of funds and abuse of office by the then Interim Principal Finance Officer. The investigation report recommended that a thorough audit be conducted by the Auditor General to ascertain the alleged misappropriation of public funds in the County.

The County faced human capacity challenges as a result of the delay in appointment of Chief Officers. This has affected budget execution. The County should therefore expedite the appointment of the key staff to boost budget execution.

Kakamega County

The County has an approved budget of Kshs. 13.2 billion comprising Kshs. 6.1 billion (46.1%) for recurrent expenditure and Kshs. 7.1 billion (53.9%) for development expenditure. The budget is to be financed by the national shareable revenue of Kshs. 6.8 billion and Kshs. 3.5 billion from local revenue collections and other donor inflows.

In the first half of FY 2013/2014, Kakamega County received Kshs. 3.14 billion (94.6%) as national equitable share and raised Kshs. 103.2 million (3.1%) from local revenue sources, and Kshs. 75.2 million (2.9%) brought forward from the previous financial year. The local revenue collected accounted for 2.9 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 32.9 million while in the second quarter, Kshs. 63.9 million was collected, which was a 94 per cent increase.

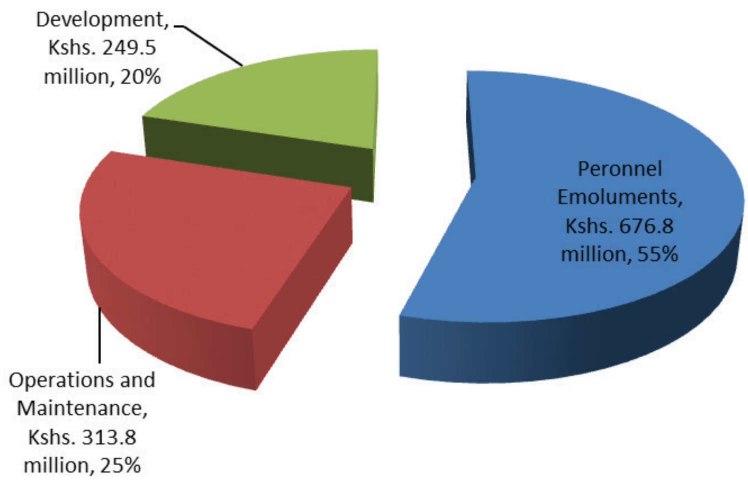
During the period under review, Kshs. 1.98 billion was released to the County out of which Kshs. 637.7 million (32.3%) was for development activities while Kshs. 1.3 billion (67.7%) was for recurrent expenditure.

The County spent a total of Kshs. 1.24 billion out of which Kshs. 990.6 million (80%) was spent on recurrent activities while Kshs. 249.5 million (20%) was spent on development projects. The recurrent expenditure for the first six months of the FY 2013/2014 was 74.0 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 16.3 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 39.1 per cent of the funds released. However, the absorption rate of the development funds was 3.5 per cent of the annual development budget.

Further analysis of the expenditure reveals that employee compensation took up Kshs. 676.8 million (54.6%) which included Kshs. 259.4 million reimbursed to the National Government as salaries paid to staff performing devolved functions. Operation and Maintenance took up Kshs 313.8 million (25.3%).

An analysis of Operations and Maintenance expenditure indicates that Kshs. 72.4 million was spent on domestic and foreign travel, Kshs. 62.8 million on purchase of motor vehicles, Kshs. 33.6 million on printing, advertising and information supplies and services, Kshs. 27.6 million on Conferences, Hospitality & Catering, Kshs. 7 million on Communication, Supplies and Services, Kshs. 3.8 million on Training and Kshs. 102.5 million on other operating expenses like Fuel, Oil and Lubricants. Payments for sitting allowances for MCAs amounted to Kshs. 47.2 million, which was 196.9 per cent of the Kshs. 24 million allocated during the period under review. This was attributed to the additional 24 nominated MCAs.

Figure 14: Analysis of Total Expenditure, Kakamega County



Source: *Kakamega County Treasury*

Budget implementation was hampered by frequent network breakdowns which made it difficult to connect to IFMIS and thus affected recording of financial transactions and reporting. In addition, the County recorded dismal local revenue collection, recording a mere 2.9 per cent of the annual target. The low revenue collection needs to be addressed because it's likely to affect implementation of planned activities. The low revenue collection is attributed to revenue leakage due to weak internal controls.

To address these challenges, a robust revenue management system needs to be implemented not to only seal revenue collection leakages, but also enhance efficiency in revenue collection and reporting. The County needs to fully implement IFMIS with the assistance of the IFMIS directorate so as to enhance financial accountability and reporting.

Kericho County

The County has an approved budget of Kshs. 3.53 billion comprising Kshs. 2.03 billion (57%) and Kshs. 1.5 billion (43%) for recurrent and development activities respectively. The budget is to be financed by national shareable revenue of Kshs. 3.2 billion and local revenues of Kshs. 293 million.

In the first half of the FY 2013/2014, the County received Kshs. 1.15 billion as national shareable revenue, and raised Kshs. 103.1 million from local revenue sources. The local revenue collections represented 35 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 42.4 million while in the second quarter, Kshs. 61.5 million was collected, which was a 45 per cent increase.

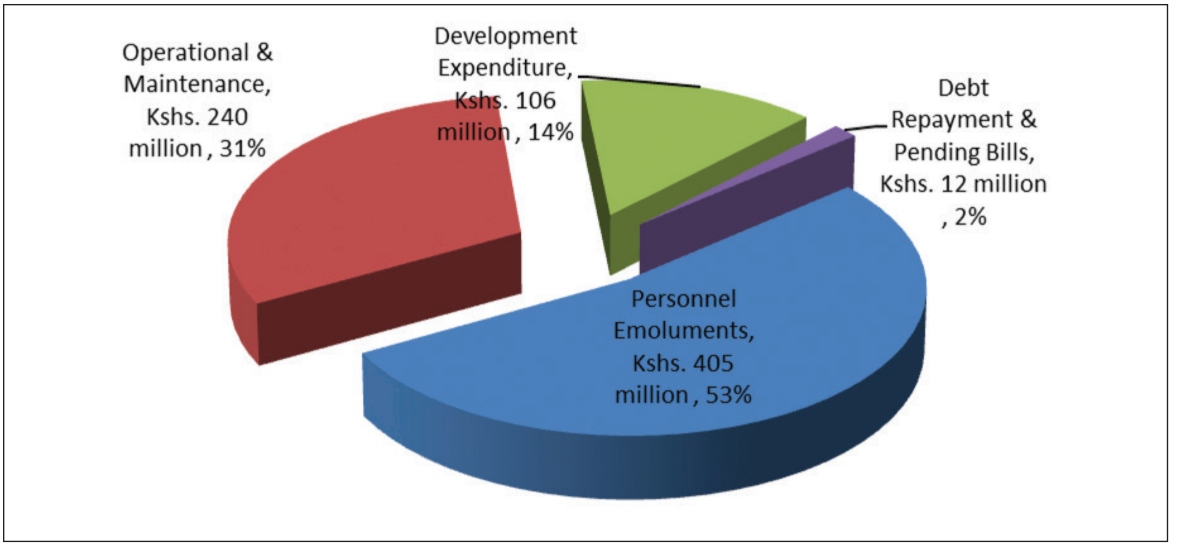
During the period under review, Kshs. 946.7 million was released to the County out of which Kshs. 564.1 million (60%) was for recurrent expenditure while Kshs. 382.6 million

(40%) was for development expenditure.

In the same period, the total expenditure amounted to Kshs. 764.1 million representing 80.7 per cent of the funds released. This expenditure comprised of Kshs. 657.6 million for recurrent activities and Kshs. 106.5 million for development expenditure. The recurrent expenditure for the first six months of the FY 2013/2014 was 116.6 per cent of the funds released for recurrent expenditure. The over expenditure was as a result of a reallocation of the development funds to pay for salaries of staff seconded by the national government. This expenditure represented an absorption rate of 32.4 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 27.8 per cent of the funds released. However, the absorption rate of the development funds was 7.1 per cent of the annual development budget.

A further analysis of the expenditure shows that personnel emoluments amounted to Kshs. 405.4 million which was 53 per cent of the total expenditure. The personnel emoluments included a reimbursement of Kshs. 169 million to various National Government ministries for salaries paid to staff seconded in the County. Total operations and maintenance costs amounted to Kshs. 240 million while Kshs. 12 million was spent on debt repayment and pending bills consumed.

Figure 15: Analysis Total Expenditure, Kericho County



Source: *Kericho County Treasury*

A breakdown of operations and maintenance expenditure indicates that Kshs. 72.1 million (29%), was spent on purchase of motor vehicles, Kshs. 52.6 million (21%) on domestic and foreign travels, Kshs. 16.1 million (6%) on conferences, hospitality and catering services , Kshs. 13.9 million (6%) on fuels, oils and lubricants, Kshs. 13.5 million (5%) on routine maintenance of motor vehicles Kshs. 8.1 million (3%) on printing, advertising and information supplies and services, Kshs. 2.8 million (1%) on communication, supplies and services and Kshs. 55.5 million (22%) on other recurrent costs including pending bills.

The County experienced inadequate technical expertise on the users of the IFMIS system during the period under review. Weak internal control and manual maintenance of records was noted during the same period.

In order to address these challenges, proper training of the IFMIS users should be fast tracked for all staff operating the system to ensure effective recording of county transactions. In addition, the County should endeavour to put in place strong internal control mechanisms.

Kiambu County

The County has an approved budget of Kshs. 12.6 billion comprising Kshs. 7.2 billion (56.7%) for recurrent expenditure and Kshs. 5.5 billion (43.3%) for development expenditure. The budget is to be financed by national shareable revenue of Kshs. 6.3 billion (49.6%) and Kshs. 6.34billion (51.4%) from local revenue sources.

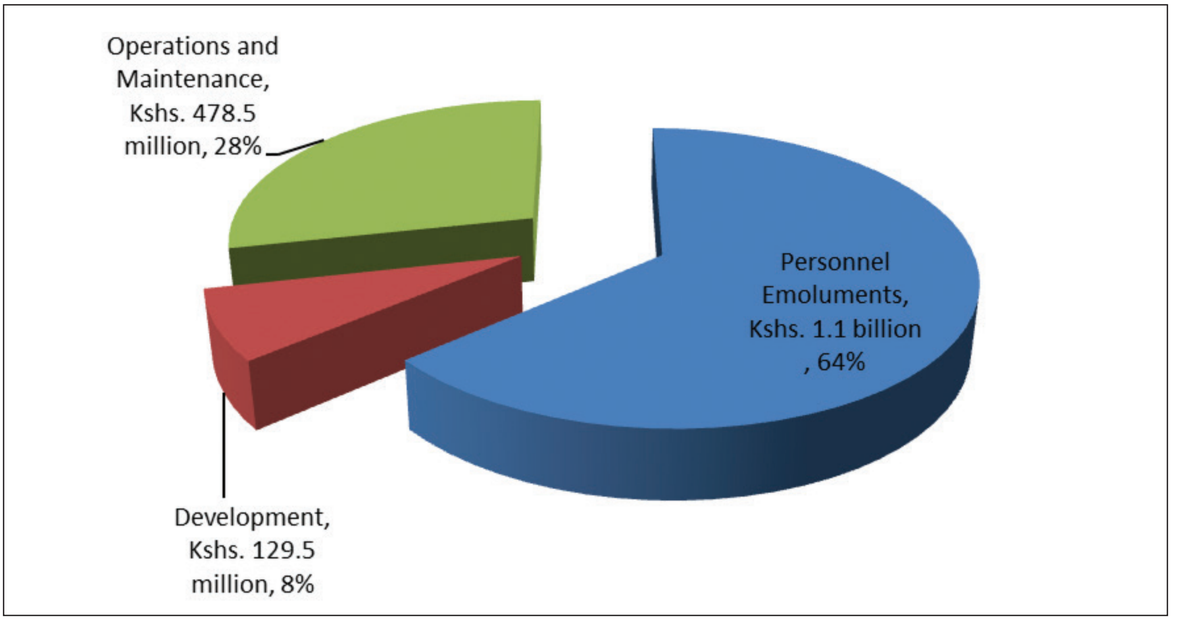
In the first half of FY 2013/2014, Kiambu County received Kshs. 1.6 billion as national equitable share and raised Kshs. 386.4 million from local collections. The local revenue collections represented 12.9 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 204.4 million while in the second quarter, Kshs. 182 million was collected.

In the period under review, Kshs.1.7 billion was released to the County out of which Kshs. 1.4 billion (82.8%) was for recurrent expenditure while Kshs. 290 million (17.2%) was for development activities.

In the period July to December 2013, the County spent a total of Kshs.1.7 billion which represents 99.1 per cent of the funds released. This expenditure comprised of Kshs. 1.6 billion (92%) spent on recurrent activities and Kshs. 129.5 million (8%) spent on development activities. The recurrent expenditure for the first six months of the FY 2013/2014 was 110.3 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 21.7 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 44.6 per cent of the funds released. However, the absorption rate of the development funds was 2.4 per cent of the annual development budget.

An analysis of recurrent expenditure indicates that Kshs. 1.1 billion was spent on personnel emoluments and Kshs. 478.5 million on Operations and Maintenance.

Figure 16: Analysis of Total Expenditure, Kiambu County



***Source**: Kiambu County Treasury*

An analysis of operations and maintenance expenditure indicates that Kshs. 131.1 million (27%) was spent on domestic and foreign travel, Kshs. 53.1 million (11%) on purchase of motor vehicles, Kshs. 20.5 million (4%) on conferences and hospitality, Kshs. 9.3 million (2%) on training expenses, Kshs. 19.4 million (4%) on utilities supplies and services, Kshs. 9.4 million (2%) on communication, supplies and services, Kshs. 25.1 million (5%) on printing, advertising and information supplies and services, Kshs. 27.6 million (6%) on fuel oil and lubricants, Kshs. 10.8 million (2%) on routine maintenance, Kshs. 27.2 million (6%) on office and general supplies and services and Kshs. 144.9 million (30%) on other operating expenses. Kshs. 29.6 million was spent on sitting allowances for Members of the County Assembly.

The County is spending a substantial amount of its resources (64 per cent of total expenditure) on the wage bill leaving limited resources to fund development activities. Moreover, the County faced IFMIS connectivity problems which led to the use of manual recording of transactions hence delays in financial reporting.

The County Government should liaise with the National Government for rationalisation of its staff. Further, the County should fully adhere to the provisions of Section 12(1)(e) on the use of IFMIS for effective recording of transactions and reporting.

Kilifi County

The County has a budget of Kshs. 8.03 billion comprising Kshs. 5.36 billion for recurrent expenditure and Kshs.2.7 billion for development activities. The Budget is to be financed by Kshs. 5.8 billion (73%) as national shareable revenue and Kshs. 2.1 billion (26%) from local revenue.

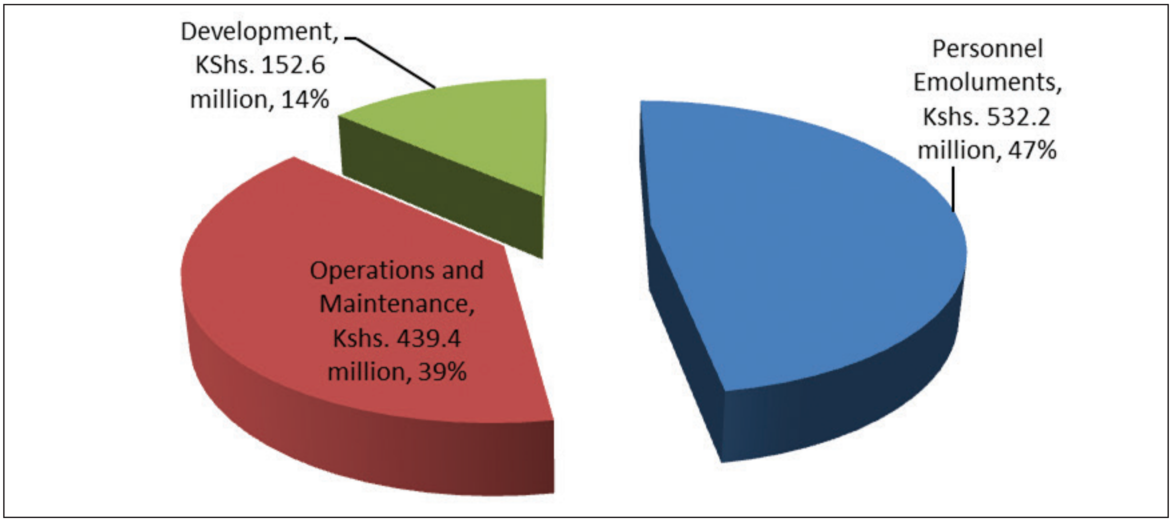
In the first half of FY 2013/2014, Kilifi County received Kshs. 1.9 billion as national shareable revenue and raised Kshs. 160.8 million from local revenue collections. The local revenue collected accounted for 7.8 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 77.8 million while in the second quarter, Kshs. 82.9 million was collected, which is a 6.5 per cent increase.

During the period under review, Kshs. 1.7 billion was released to the County out of which Kshs. 1.3 billion (73%) was for recurrent expenditure while Kshs. 476 million (27%) was for development programmes.

In the same period, the County spent a total of Kshs. 1.1 billion which translates to 64.7 per cent of the funds released. The County spent Kshs. 971.6 million (86.4%) on recurrent activities and Kshs. 152.6 million (13.6%) on development programmes. The recurrent expenditure for the first six months of the FY 2013/2014 was 77.1 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 18.1 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 32.1 per cent of the funds released. However, the absorption rate of the development funds was 5.7 per cent of the annual development budget.

Analysis of expenditure indicates that Kshs. 532.2 million (47%) was spent on personnel emoluments, while Kshs. 439.4 million (39%) was operations and maintenance expenditure.

Figure 17: Analysis of Total expenditure, Kilifi County



Source: *Kilifi County Treasury*

An analysis of operations and maintenance expenditure indicates that Kshs. 77.1 million

(18%) was spent on domestic and foreign travel, Kshs. 12.6 million (3%) on office and general supplies and services, Kshs. 12 million (3%) on training expenses, Kshs. 11.4 million (3%) on printing, advertising and information supplies and services, Kshs. 9.9 million (2%) on conferences and hospitality, Kshs. 9.4 million (2%) on communication, supplies and services, Kshs. 8.7 million (2%) on utilities supplies and services, Kshs. 7 million (2%) on fuel oil and lubricants, Kshs. 2.6 million (1%) on communication, supplies and services, Kshs. 524 thousand (0.1%) on routine maintenance, and Kshs. 297.6 million (68%) on other operating expenses. In the period under review, the County spent Kshs. 12 million on sitting allowances for Members of the County Assembly. This expenditure was seven times more than the Kshs. 1.7 million allocated for the FY 2013/2014 translating to absorption rate of 700 per cent.

The County experienced unreliable IFMIS and G-PAY connectivity during the period under review. In addition, the revenue collection is low compared to the annual target (7.8 % of annual target) which if not addressed will affect implementation of planned activities. The County should liaise with the IFMIS directorate to ensure there is reliable connectivity of IFMIS and G-Pay system. In addition, the County needs to institute mechanisms to increase revenue collections.

Kirinyaga County

The budget for Kirinyaga County for the 2013/2014 financial year amounted to Kshs.3.3 billion out of which Kshs. 2.3 billion (69.7%) was allocated for recurrent activities while Kshs. 989.2 million (30.3%) was allocated for development activities. The budget is to be financed by national shareable revenue of Kshs. 2.8 billion (87%) and Kshs. 438 million (13%) from local revenue sources.

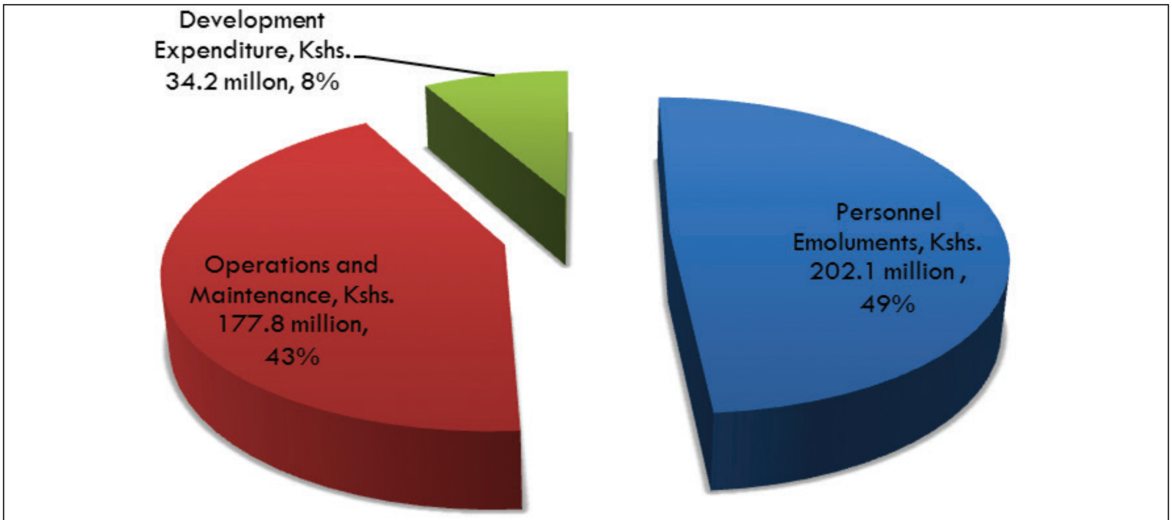
In the first half of FY 2013/2014, the County received Kshs. 905.8 million as national shareable revenue and collected Kshs. 52.2 million from local revenue sources. The local revenue was 11.9 per cent of the annual local revenue target. In the first quarter, the County collected Kshs. 29.6 million while in the second quarter, Kshs. 22.6 million was collected.

During the period under review, Kshs. 623.2 million was released to the County out of which Kshs. 480.2 million (77%) was for recurrent expenditure while Kshs. 143 million (23%) was for development programmes.

During the first half of FY 2013/2014, the County spent a total of Kshs. 414.1 million representing 66.4 per cent of the funds released. This expenditure comprised of Kshs. 379.9 million (92%) spent on recurrent activities and Kshs.34.2 million (8%) spent on development programmes. The recurrent expenditure for the first six months of the FY 2013/2014 was 79.1 per cent of the funds released for recurrent expenditure. Nonetheless, this expenditure represented an absorption rate of 16.7 per cent of the annual recurrent budget. Similarly, the development expenditure for the same period was 23.9 per cent of the funds released. However, the absorption rate of the development funds was 3.5 per cent of the annual development budget.

Further analysis of recurrent expenditure shows that the County spent Kshs. 202 million (49%) on personnel emoluments and Kshs. 177.8 million (43%) on operations and maintenance.

Figure 18: Analysis of Total expenditure, Kirinyaga County



Source: *Kirinyaga County Treasury*

Analysis of operations and maintenance expenditure shows that Kshs. 38.1 million (21%) was used on purchase of motor vehicles, Kshs. 28.1 million (16%) on domestic and foreign travel, Kshs. 25.9 million (15%) on routine maintenance, Kshs. 17 million on conferences, hospitality & catering, Kshs. 13 million (7%) on training and Kshs. 55.7 million (31%) on other expenses such as office and general supplies and services. Further, Kshs. 11.4 million was spent on sitting allowances for members of the County Assembly.

The major challenges the County faced included inadequate human resource capacity, low revenue collections and weak internal controls. To improve budget implementation, the County must make deliberate interventions to deepen the revenue streams and strengthen internal controls through the establishment of an effective internal audit function. In addition, the County needs to strengthen its human resource pool through continuous training.

Kisii County

The Kisii County budget of Kshs.7.0 billion comprises Kshs.4.1 billion (58%) for recurrent expenditure and Kshs. 2.9 billion (42%) for development expenditure. The budget will be financed by Kshs.5.8 billion (82.9%) from the national shareable revenue and Kshs.1.2 billion (17.1%) from local revenue collections.

In the first half of FY 2013/2014, the County received Kshs.1.8 billion (95%) as national shareable revenue and Kshs.84 million (4%) from local revenue collections. The national shareable revenue includes Kshs.73 million for Kisii Level 5 Hospital. There was also an opening balance of Kshs 22 million (1%) from the previous financial year. The local revenue collected in the second quarter was Kshs.40.1 million, a decline from the Kshs.43.9 million collected in the first quarter. Nevertheless, the total local revenue collected in the six months period was 7 per cent of the local revenue target.

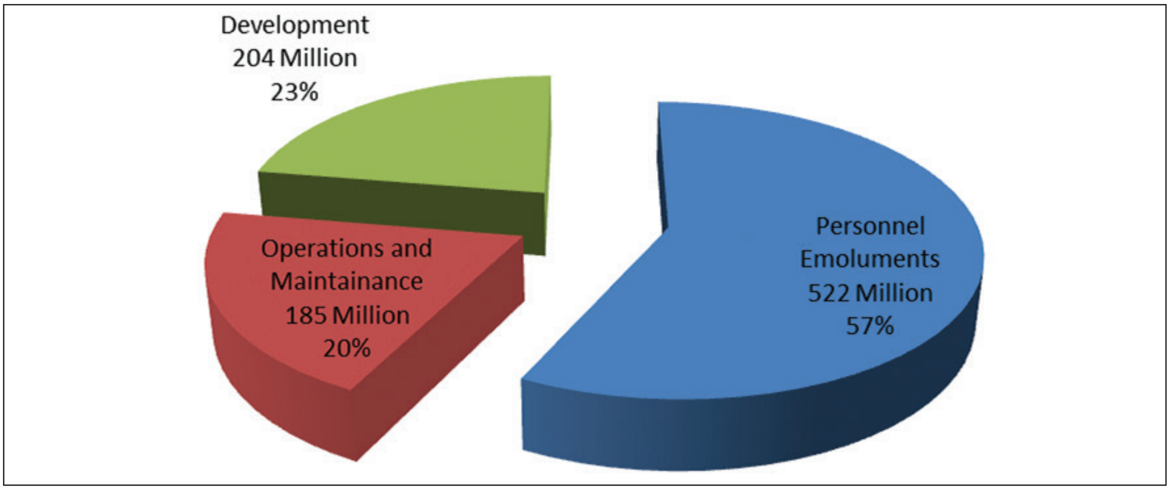
During the period under review, the funds released to the County amounted to Kshs.1.5 billion whereby Kshs.911 million (61%) was to cater for recurrent expenditure while Kshs.601 million (39%) was for development projects.

The total expenditure for the County amounted to Kshs. 911 million out of which Kshs.707 million (78%) was spent on recurrent activities and Kshs.204 million (23%) was spent on development activities. The total expenditure was 61 per cent of the funds released in the six months period, achieving an absorption rate of 13 per cent of the annual budget.

The recurrent expenditure for the first six months of FY 2013/2014 represented 78 per cent of the funds released for recurrent activities but translated to an absorption rate of 17 per cent of the annual recurrent budget. Similarly, the development expenditure was 34 per cent of the development funds released during the period but represented an absorption rate of 7 per cent of the annual development budget.

Further analysis of the recurrent expenditure shows that Kshs. 522 million (57%) was spent on personnel emoluments while Kshs 185 million (20%) catered for operations and maintenance expenses. The amount paid for personnel emolument includes Kshs.26.4 million reimbursed to the National government as salaries for staff performing devolved functions. However, there is still a balance of Kshs. 667.7 million yet to be refunded.

Figure 19: Total Expenditure Analysis, Kisii County



Source: *Kisii County Treasury*

Analysis of the operation and maintenance sub-category shows that the County spent Kshs.87 million (48%) on domestic and foreign travels, Kshs. 11 million (6%) on conferences, hospitality and catering, Kshs.10 million (5%) on training expenses, Kshs.9.9 million (5%) for printing, advertising and information supplies, Kshs.7.6 million (4%) for routine maintenance and Kshs.6.9 million (4%) for office and general supplies. The balance of Kshs 53 million (28%) was spent on other operating expenses and supplies. Sitting allowances for the MCAs during the same period amounted to Kshs.54 million, accounting for 8 per cent of the recurrent expenditure.

A breakdown of the County expenditure has revealed that the County has spent Kshs.204 million on development expenditure which is a major improvement from the nil development expenditure reported in the first quarter. However, Kisii County still faces the challenge of human capacity in financial management. The delay in enactment of the Finance bill affected local revenue collections and could lead to inability to meet revenue targets. The management of imprest in the County still remains a challenge. By the end of December, 2013, temporary imprest amounting to Kshs. 18.5 million remained unaccounted.

The County needs to address the management of imprest as stipulated in the financial regulations. There is an urgent need for the County Assembly to enact the Finance Bill which will enable the County enhance its revenue collection. The County should also undertake continuous staff training on public financial management.

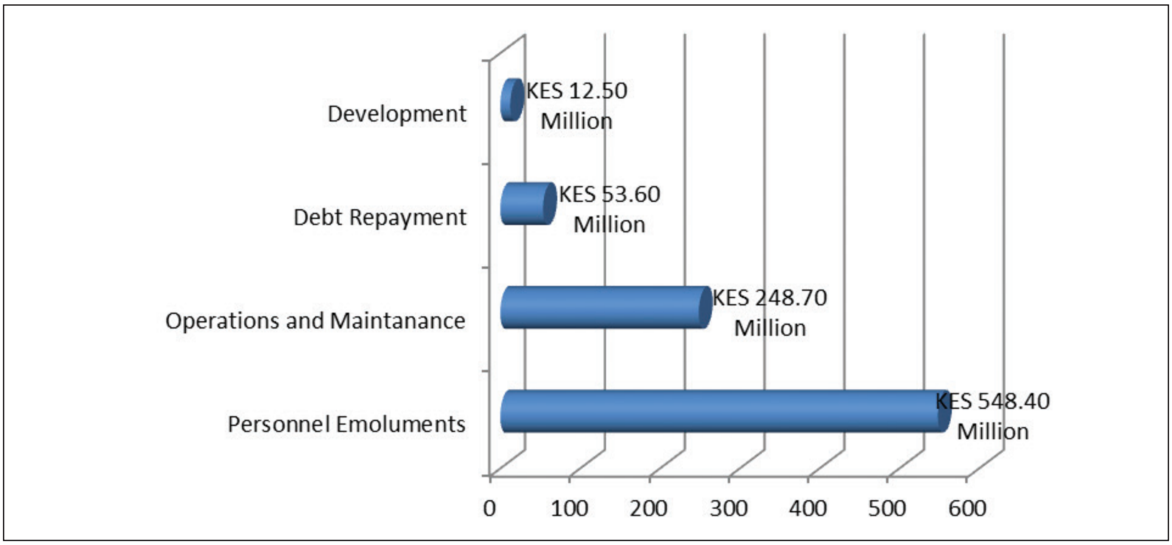
Kisumu County

The budget of Kisumu County for the FY2013/2014 was Kshs 8.3 billion. The budget has allocated Kshs 5.8 billion (70%) for recurrent activities and Kshs 2.5 billion (30%) for development projects. The expected annual revenue for the County is Kshs.4.9 billion (59%) from the national equitable share and Kshs.3.4 billion (41%) from local revenue sources.

During the first six months of the FY 2013/2014, the County received Kshs 1.6 billion (80%) as national sharable revenue, Kshs 210.3million (11%) from local revenue collections and unspent balance brought forward from last financial year of Kshs 179.5 million (9%). Local revenue collected in the second quarter was Kshs.101.8 million which is a slight decline from the Kshs.108.5 million collected in the first quarter. The total local revenue collection was 6.2 per cent of the annual revenue target. The major sources of local revenue were parking fees (39.4%), Market fees (18.5%), and land rates (9.1%).

Total funds released for the period was Kshs.1.3 billion comprising of Kshs 1.1 billion (85%) for recurrent activities and Kshs 190 million (15%) for development programmes.

Figure 20: Total Expenditure Analysis, Kisumu County



Source: *Kisumu County Treasury*

The total expenditure for the period under review amounted to Kshs. 863 million representing 67.2 per cent of the funds released. However, the total expenditure represents an absorption rate of 10 per cent of the annual budget. A breakdown of the expenditure shows that the County spent Kshs.796.7 million (92.4%), on recurrent expenditure, Kshs.53.6 million (6.2%) on debt repayment, and Kshs. 12.5 million (1.4%) on development project.

The recurrent expenditure for the period July to December, 2013 represented 72 per cent of the funds released for recurrent activities. However, this was an absorption rate of 7 per cent of the annual recurrent budget. Likewise, the development expenditure was 7 per cent of the development funds released during the period translating to an absorption rate of 5 per cent of the annual development budget.

An analysis of the recurrent expenditure shows that the County spent Kshs. 548 million (63.5%) on personnel emoluments and Kshs.248.7 million (28.8%) on operations and maintenance. Further breakdown of the operations and maintenance shows that Kshs. 27.7 million (10.8%) was spent on travel costs and accommodation allowances, Kshs. 26.1 million (10.2%) on purchase of vehicles, Kshs.23 million (9%) on routine maintenance, Kshs. 19.4 million (7.6%) on training, Kshs. 12.2 million (4.7%) on conferences and hospitality and Kshs.11 million (4%) on printing, advertising and information supplies. Sitting allowances for MCAs was Kshs. 13.4 million (5.2%) and the remaining Kshs.115.9 (47%) was spent on other operations and maintenance such as purchase of furniture, stationery, and fuel among other expenditure. All the development expenditure reported was on purchase of land.

It was observed that the County under-performed in its local revenue collection by achieving 6.2 per cent of its annual target. Additionally, development funds are thinly allocated across many projects. In order to address the aforementioned, the County needs to enhance its revenue collection measures to address the declining local revenue performance. Development projects with high impact to the public should be given priority in subsequent budgets.

Kitui County

The Kitui County budget for the FY 2013/2014 is Kshs. 6.5 billion comprising Kshs.3.7 billion (57%) allocated for recurrent expenditure and Kshs.2.8 billion (43%) for development expenditure. The County estimates to raise Kshs.6.5 billion comprising Kshs.5.8 billion (89%) from national shareable revenue and Kshs.713.9 million (11%) from local revenue sources.

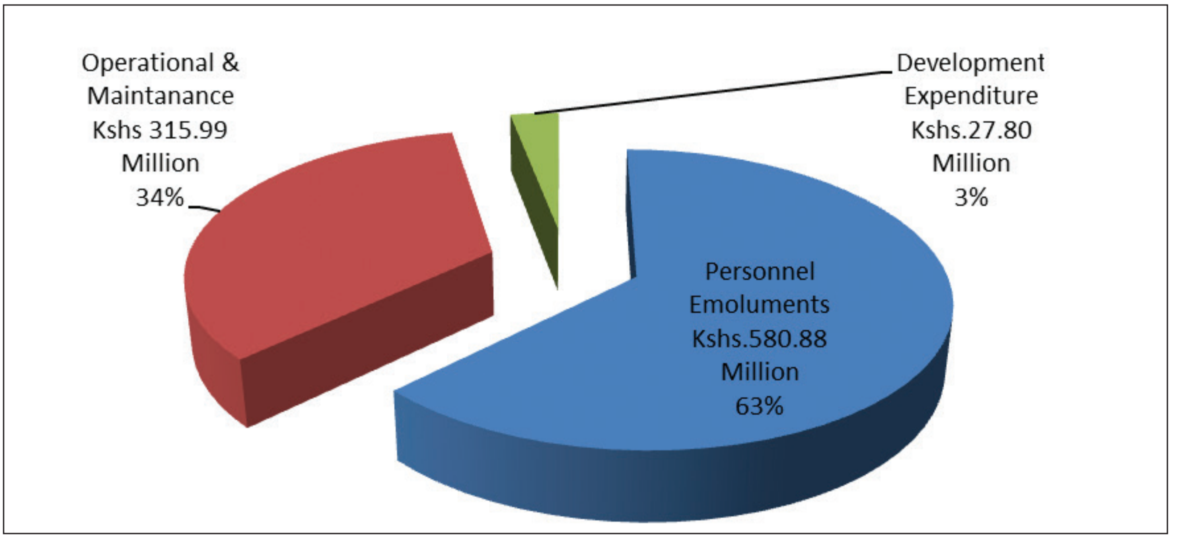
In the first six months of the FY2013/2014, the total revenue received by the County was Kshs.2.1 billion comprising the national sharable revenue of Kshs.1.86 billion (88%), local revenue collections of Kshs.103 million (4%) and Kshs.184 million (8%) as balance brought forward from FY 2012/13. The six months local revenue collection was 14 per cent of the annual local revenue target. The local revenue collected in the second quarter was Kshs.44.1 million which is a decline from the Kshs.58.9 million collected in the first quarter.

During the period under review the funds released to the County amounted to Kshs. 1.3 billion which comprised Kshs. 952 million (72%) for recurrent activities and Kshs. 371 million (28%) for development expenditure.

The County spent Kshs. 924.7 million which was 70 per cent of the funds released in the period under review. Nevertheless, this translates to an absorption rate of 14 per cent of the total budget. An analysis of the total expenditure shows that recurrent expenditure was Kshs.896.9 million (97%) while development expenditure accounted for Kshs.27.8 million (3%).

The recurrent expenditure for the period July to December, 2013 represented 94 per cent of the funds released for recurrent activities. Nonetheless, this was an absorption rate of 25 per cent of the annual recurrent budget. Similarly, the development expenditure was 7.4 per cent of the development funds released during the period translating to an absorption rate of 0.9 per cent of the annual development budget.

Figure 21: Total Expenditure Anaysis, Kitui County



Source: *Kitui County Treasury*

Analysis of the recurrent expenditure shows that, Kshs.580.9 million (63%) was spent on Personnel Emoluments (PE) while Kshs.316 million (34%) was for Operations & maintenance. In the period under review, expenditure on personnel emoluments exceeded the funds released for that purpose by Kshs 100 million recording a performance of 121 per cent of the funds available for this sub category. The total expenditure on personnel emoluments includes Kshs. 247.6 million reimbursed to the National Government for salaries paid to staff seconded to the County Government.

Further analysis of the operations and maintenance expenditure reveals that Kshs.104 million (33%) was spent on purchase of motor vehicles, Kshs. 49 million (16%) on domestic and foreign travel, Kshs.27 million (8.6%) conferences, hospitality and catering, Kshs 20 million (6%) on printing, advertising and information supplies and Kshs18 million (5.7%) on utilities supplies and services. Other expenses in the operations and maintenance sub category include; Kshs.19 million (6%) spent on Office and General Supplies, Kshs.13 million (4%) spent on communication supplies, Kshs.10 million (3%) on fuel and lubricants, Kshs.10 (3%) million on routine maintenance and Kshs.9 million (2.8%) on training expenses. In the six months period Kshs.26 million was paid as sitting allowance for MCAs.

During the six months period, it was observed that the County overspent on personnel emoluments by Kshs 100 million which were funds released for other activities. It is therefore recommended that the County Treasury should adhere to the provisions of Section 154 of PFM Act, 2012 on reallocation of funds. More attention should be given to development programmes in the remaining period of FY 2013/2014 since development expenditure was only 3 per cent of the six months total expenditure.

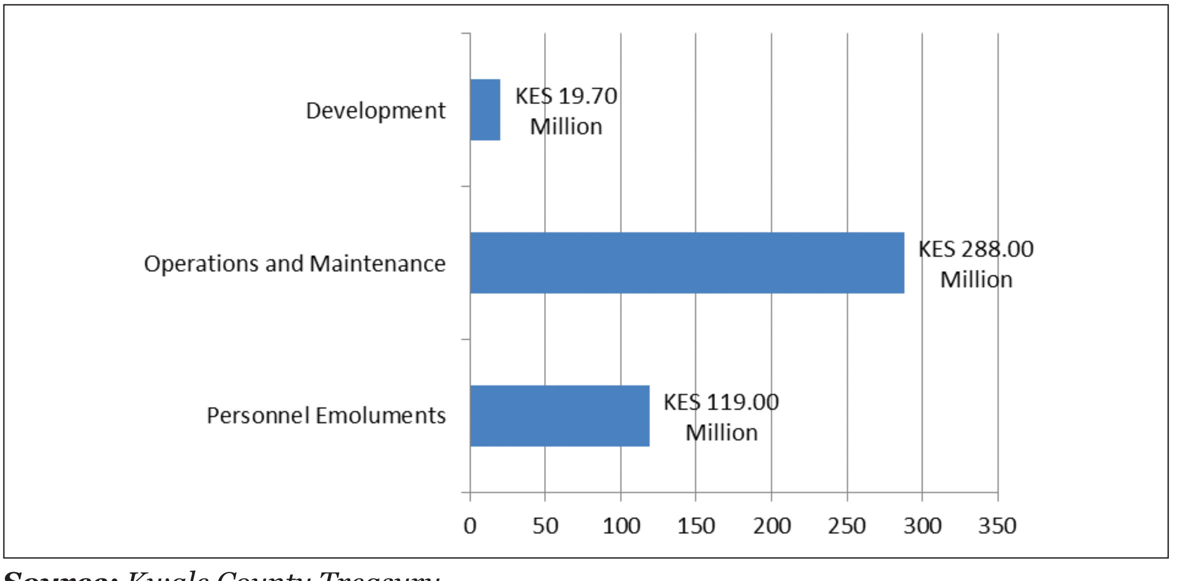
Kwale County

The Kwale County budget of Kshs 4.3 billion allocated Kshs. 1.52 billion (35%) to development projects and Kshs.2.87 billion (65%) for recurrent expenditure. The expected annual revenue to finance the County budget is made up of: national sharable revenue of Kshs 3.75 billion (85.4%), local revenue collection target of Kshs 426.3 million (9.7%) and bank balances from FY 2012/13 of Kshs 215.7 million (4.9%).

During the reporting period, the County received revenue of Kshs 1.0 billion (77%) being the national equitable share, opening bank balances of Kshs 215.7 million (17%) and local revenue collections of Kshs 64.8 Million (5%). Local revenue collection in the six months period is 14.3 per cent of the annual target. During the second quarter local revenue collection improved to Kshs.34 million from Kshs.30.8 million collected in the first quarter. The total funds released to the County was Kshs.791million consisting of Kshs 338.4 million (42.7%) for recurrent expenditure and Kshs.453.2million (57.3%) for development expenditure.

During the six months period, the total expenditure for the County was Kshs 427.5 million surpassing the funds released by 26 per cent. This is attributed to the use of development funds for recurrent expenditure. The total expenditure translated to an absorption rate of 10 per cent of the annual budget. Out of the total expenditure, Kshs.407.5 million (95%) was spent on recurrent activities while Kshs.19.7 million (5%) was spent on development projects. The recurrent expenditure for the period July to December, 2013 represented 120 per cent of the funds released for recurrent activities. This was an absorption rate of 14.2 per cent of the annual recurrent budget. Similarly, the development expenditure was 4.3 per cent of the development funds released during the period translating to an absorption rate of 1.3 per cent of the annual development budget.

Figure 22: Total Expenditure Analysis, Kwale County



Source: *Kwale County Treasury*

Further analysis of operations and maintenance shows that expenditure on Utilities, Supplies and services takes a lead at Kshs 142.8 million (50%) while Kshs.52.9 million (18%) was spent on Domestic and foreign travel, Kshs 40.1 million (14%) on training, Kshs 10.7 million (4%) on general office supplies; Kshs 10.7 million (4%) on County Assembly siting allowances; Kshs 7 million (2%) on conferences and hospitality and Kshs.6.5 million (2.2%) on printing, advertising and information supplies.

Some of the challenges the County has faced in the budget implementation process include weak financial controls due to use of LAIFORM modules in recording expenditure and revenue collection instead of using IFMIS and G-PAY. There was an outstanding temporary imprest amounting to Kshs 37 million as at end of the reporting period. The details of the imprests were not provided by the County Treasury. In addition, the County reallocated funds released for development programs to recurrent expenditure contrary to Section 154 of the PFM Act.

Use of IFMIS and G Pay should be enforced for recording all expenditure and processing of payments in line with Section 12(1)(e) of the PFM Act, 2012. Imprest should be managed according to the financial regulations. Reallocation of funds should be in accordance with the section 154 of the PFM, Act, 2012.

Laikipia County

The revised Budget for Laikipia County amounted to Kshs. 4.1 billion comprising Kshs. 2.8 billion (68%) for recurrent expenditure and Kshs.1.3 billion (32%) for development expenditure. The County expects to receive Kshs.2.8 billion (68%) from the National Government as national shareable revenue and Kshs.1.3 billion (32%) from Local revenue sources.

The total revenue received by the County in the period July to December, 2013 was Kshs. 883 million being the national shareable revenue, Kshs 91 million from local revenue collections and Kshs.78 million as balance brought forward from previous financial year. During the second quarter of FY2013/2014 the County collected Kshs.37.8 million which is a decline from the Kshs.53.2 collected in the first quarter. The six months collection of Kshs. 91 million is 12 per cent of the annual local revenue target.

In the same period funds released to the County amounted to Kshs 821 million whereby Kshs.564 million (69 per cent) was for recurrent activities while Kshs.257 million (31 per cent) was for development projects.

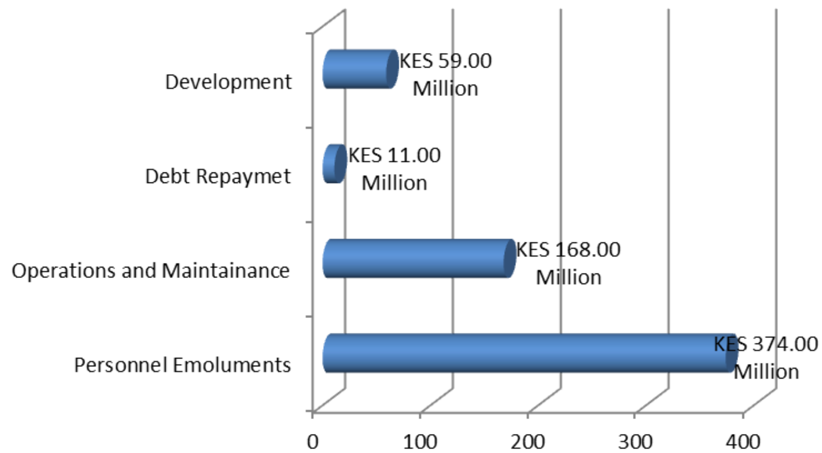
During the six months period, the County expenditure was Kshs.612 million which was 74 per cent of the funds released. Total recurrent expenditure amounted to Kshs 553 million (90 per cent) while Kshs 59 million (10 per cent) was spent on development projects. The total expenditure represented 15 per cent absorption rate of the annual budget.

The recurrent expenditure for the period July to December, 2013 represented 98 per cent of the funds released for recurrent activities. However, this translates to an absorption rate of 19.8 per cent of the annual recurrent budget. Similarly, the development expenditure was 23.0 per cent of the development funds released during the period translating to an absorption rate of 4.5 per cent of the annual development budget.

A review of the recurrent expenditure reveals that Kshs 374 million (61 per cent) was spent on compensation of employees, Kshs.168 million (27 per cent) was for Operations and Maintenance while Kshs 11 million (2 per cent) was for debt repayment. The County Government is yet to reimburse Kshs 174 million for salaries paid to the devolved staff by the National Government.

Further analysis of the operations and maintenance shows that Kshs.96 million (57%) was spent on domestic and foreign travel, Kshs12.9 million (8%) on fuel oil and Lubricants, Kshs.11.4 million (7%) for printing, advertising and information supplies, Kshs.11 million (6.5%) for routine maintenance, Kshs.10 million (6%) for conference, hospitality and catering. Other expenses include Kshs.8.7 million (5%) spent on utilities supplies and services, Kshs 6.4 million (4%) on training, Kshs.6 million (4%) for office and general supplies and 4 million (2%) for communication supplies. The sitting allowance for the MCAs was Kshs.4 million in the six months.

Figure 23: Total Expenditure Analysis, Laikipia County



Source: *Laikipia County Treasury.*

A review of the budgetary allocations to the operations and maintanance items reveal that Kshs.134.4 million was allocated for domestic and foreign travel. Equally, the six months expenditure of Kshs.96 million translates to an absorption rate of 72 per cent making this item to rank the highest in absorption.

During the second quarter of the FY 2013/14 the County had challenges in its internal control mechanisms. The County should therefore establish an internal audit function to provide quality assurance and full compliance with the provisions of the PFM Act.

Lamu County

Lamu County has budgeted for Kshs. 2.2 billion during the FY2013/2014 comprising Kshs. 843 million (38%) for recurrent activities and Kshs.1.3 billion (62%) for development projects. The County estimate to receive Kshs.1.6 billion from the national sharable revenue and Kshs.353 million from the local revenue sources.

The total revenue received by the County in the period under review amounted to Kshs.585 million as National sharable revenue, Kshs.9 million from local collections and Kshs.59.7 million as balance brought forward from the last financial year. In the second quarter the County collected Kshs.3.9 million which is a decline from the Kshs.5.1 million collected in the first quarter. The total local revenue collected in the two quarters was 3 per cent of the annual local revenue target. In the period under review total funds released to the County was Kshs.131.8 million all for recurrent activities. The funds were issued in the first quarter of the financial year.

During the six months period of FY2013/2014 the County expenditure amounted to Kshs.166 million surpassing the funds released by 26 per cent. This implies that revenue was being used at source which contravenes Section 109 of the PFM Act, 2012. The County expenditure which was for recurrent activities only represents an absorption rate of 19.7 per cent of the annual recurrent budget. However, this translates to an absorption rate of 8 per cent of the annual total budget.

The recurrent expenditure was made up of Kshs.73 million (44%) for personnel emoluments and Kshs.93 million (56%) for operations and maintenance.

Figure 24: Analysis of Total Expenditure, Lamu County

Source: *Lamu County Treasury*

Further disaggregation of the operations and maintenance expenditure reveals that Kshs

20.9(22%) million was spent on domestic and foreign travel, Kshs 16.8 million (18%) on purchase of vehicles, and Kshs.6.5 million (7%) for routine maintenance. Other expenses incurred include Kshs 4.5 million (4.8%) spent on conference, hospitality and catering, Kshs 1.5 million (1.6%) on training, Kshs1.5 million (1.6%) for fuel oil and lubricants Kshs.0.5 million (0.5%) on printing, advertising and information supplies. During the period under review Kshs.11 million was reported as un-surrendered imprest for items in the operations and maintenance category. Sitting allowances paid to the MCAs was Kshs.2.9 million in the six months period.

Lamu County was faced with the challenge of the election petition that saw the Governor and his executive team step aside awaiting the ruling by the Court of Appeal. This affected smooth operations of the County and resulted to delays in the requisition of funds as well as the collection of the local revenue. Notably, the County spent locally collected revenue at source without sweeping the same into the County Revenue Fund as required by Section 109(2) and 136 of the PFM Act, 2012. In the six months, the County did not undertake any development activities. The County Treasury should ensure that all funds raised or collected on behalf of the County are swept to the County Revenue fund.

Machakos County

The revised budget for Machakos County of Kshs. 8.0 billion comprises of Kshs. 3.9 billion (48%) allocated to recurrent expenditure and development expenditure of Kshs.4.1 billion (52%). The County estimates to receive Kshs.5.5 billion (68.6%) as the national sharable revenue and collect Kshs.2.5 billion (31.4%) as local revenue.

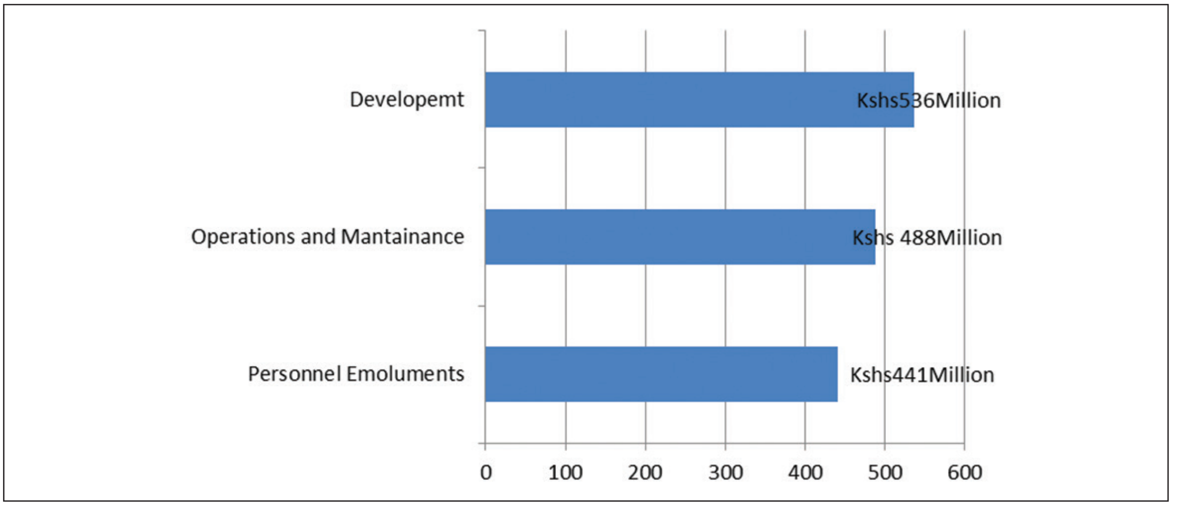
During the period July to December, 2013, the County Treasury received Kshs. 1.8 billion as the national equitable share, Kshs.411million as local revenue sources and Kshs.74 million as balance brought forward from the last financial year. In the second quarter of FY 2013/2014 Kshs.252.8 million was collected as local revenue which was a major improvement from the Kshs.168.2 million collected in the first quarter. The total local revenue collected represents 16 per cent of the annual local revenue target. The total funds released to the County amounted to Kshs.1.8 billion where Kshs 1.3 billion (64%) was for recurrent activities and Kshs 620 million (35%) was for development activities.

In the period under review the County spent Kshs.1.5 billion comprising recurrent expenditure of Kshs.929 million (63%) and Kshs.536 million (37%) incurred on development projects. Although the overall expenditure was 81 per cent of the funds released, it represents an absorption rate of 19 per cent of the annual budget.

The recurrent expenditure for the period July to December 2013 represented 71.5 per cent of the funds released for recurrent activities. Nevertheless, this was an absorption rate of 24.1 per cent of the annual recurrent budget. Similarly, the development expenditure was 86.5 per cent of the development funds released during the period translating to an absorption rate of 12.9 per cent of the annual development budget.

The recurrent expenditure comprised of personnel emoluments amounting Kshs 441 million (48%) and operation & maintenance expenses amounting Kshs 488 million (52%). The personnel emoluments expenditure includes Kshs.102 million reimbursed to the ministries of Health and Agriculture while a balance of Kshs 261 million due to the National Government is yet to be reimbursed.

Figure 25: Total Expenditure Analysis, Machakos County



Source: *Machakos County Treasury*

Further analysis of the operations and maintenance sub category shows that, Kshs 114 million (23%) was spent on domestic and foreign travel expenses, Kshs 71 million (14%) on General office supplies, Grants, Awards and office operations and Kshs 45 million (8%) on training. Other expenses include, Kshs.29 million (6%) spent on printing, advertising and information supplies, Kshs 28 million(6%) on conferences, hospitality and catering, Kshs.25 million(5%) on routine maintenance, Kshs.22 million(4.5%) on fuel oil and lubricants while MCA's sitting allowances for the period totalled Kshs 20 million (4%).

A review of the development expenditure shows that Kshs.222 million was spent to acquire motor vehicles, tractors, trucks and motor cycles. This represents 42 per cent of the total development expenditure and is the single largest expenditure in development.

It was observed that the County faced some challenges in managing the IFMIS system due to lack of requisite skills by the staff. The County Treasury should ensure that there is continuous training for the IFMIS users to build adequate capacity.

Makueni County

The County Budget of Kshs.5.1 billion has allocated Ksh.3.1 billion (61%) for recurrent and Kshs. 2.0 billion (39%) for development projects. The County estimates to receive Kshs. 4.7 billion (93.1%) from the National Government as national shareable revenue and Kshs.350

million (6.9%) from local collections.

During the first six months of FY2013/2014, Makueni County received Kshs.1.5 billion (91.8%) as national shareable revenue, Kshs.63 million (3.8%) as local collections and a balance brought forward of Kshs 72 million (4.4%). The County collected Kshs.23.6 million in the second quarter of FY 2013/2014 which is a decline from the Kshs.39.4 million collected in the first quarter. The County has targeted to collect Ksh.350 million annually from local sources but managed to achieve a performance of 18.3 per cent in the six months period. The total funds issued to the County operations accounts was Kshs. 1.2 billion comprising Kshs.878 million (75%) for recurrent activities and Kshs. 294 million (25%) for development projects.

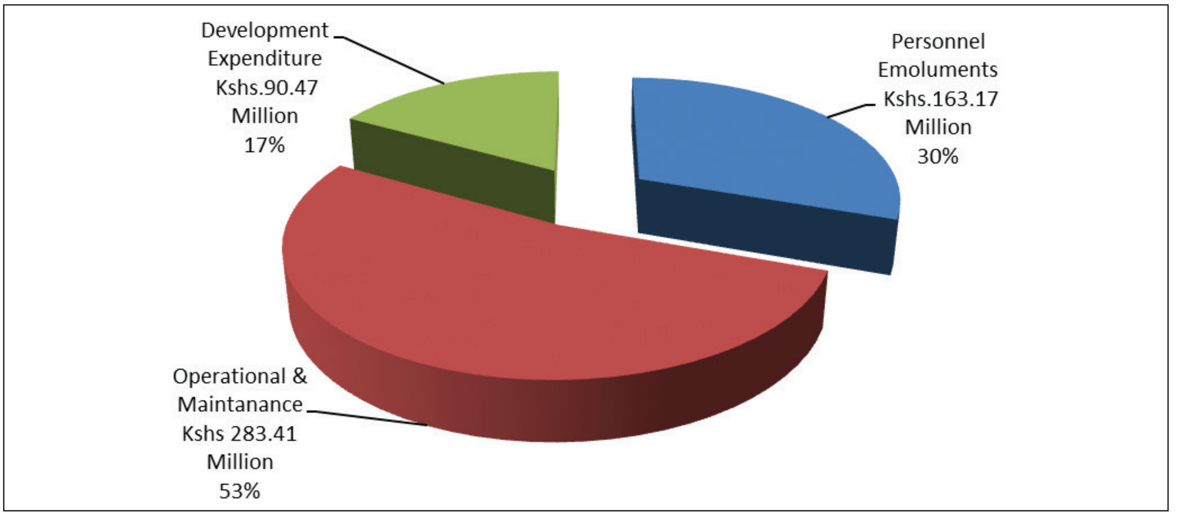
The total expenditure for the County was Kshs. 537 million with Kshs.447 million (83%) being recurrent expenditures while Kshs. 90 million (17%) being development expenditure. The total expenditure represents 46 per cent of the funds released but translates to an absorption rate of 11 per cent of the annual budget.

The recurrent expenditure for the period July to December, 2013 represented 50.8 per cent of the funds released for recurrent activities. Nevertheless, this was an absorption rate of 14.4 per cent of the annual recurrent budget. On the other hand the development expenditure achieved was 30.6 per cent of the development funds released translating to an absorption rate of 4.7 per cent of the annual development budget.

A breakdown of the recurrent expenditure, shows that Kshs.163 million (30%) was spent on personnel emoluments while Kshs. 283 million (53%) was spent on operations and maintenance. The County Government has not reimbursement Kshs 246 million due to the National Government paid as salaries to officers under the devolved functions for the period July to September, 2013.

Further analysis of the operations and maintenance expenditure reveals that Kshs.104 million (37%) was spent on domestic and foreign travel, Kshs 25 million (9%) on purchase of motor vehicles, Kshs15.7 million (6%) on routine maintenance and Kshs13 million (5%) on conferences, hospitality and catering, and Kshs.10 million (3.5%) on printing, advertising and information supplies. Other expenses in the operations and maintenance sub category include; Kshs.4.7 million (0.1%) spent on Fuel, Oil and lubricants, Kshs.10.9 million (4%) on General Office and supplies, Kshs.9.0 million (3%) on Training expenses, Kshs.7.3 million (3%) on Utility supplies and services and Kshs 810,897(0.2%) on Communication services.

Figure 26: Total Expenditure Analysis, Makueni County



***Source:** Makueni County Treasury*

Makueni County faces a number of challenges including inadequate office space to accommodate the newly employed staff. The County does not have an effective internal audit function to enhance adherence to internal controls.

The County Treasury should establish an internal audit function to provide quality assurance and full compliance with the provisions of the PFM Act. The County should further speed up the provision of adequate office space to accommodate its staff.

Mandera County

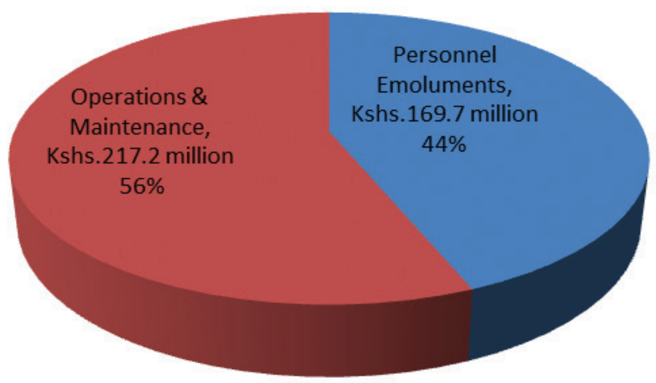
Mandera County has a budget of Kshs. 7.0 billion with Kshs. 2.6 billion (38 %) allocated for recurrent expenditure and Kshs. 4.4 billion (62 %) for development expenditure. The budget is to be financed by national sharable revenue of Kshs 6.6 billion (94 %) and local revenue of Kshs. 437 million (6 %).

In the first half of the FY 2013/2014, the County received Kshs. 2.3 billion as the national shareable revenue, collected Kshs. 28.2 million from local revenue sources and further had Kshs. 107 million brought forward from the previous financial year. The local revenue collection was 6.5 per cent of the annual local revenue projection. Local revenue collection in the second quarter improved to Kshs. 17.1 million from Kshs.11.1 million collected in the first quarter. The funds released for recurrent expenditure to the County during the period under review amounted to Kshs. 1.0 billion. The County did not request for the development funds in the period.

During the period under review, the County spent Kshs. 386.9 million on recurrent activities representing an absorption rate of 5.5 per cent of the FY 2013/2014 budget. However, the expenditure is 14.8 per cent of the recurrent budget allocation.

A detailed analysis of the expenditure indicates that Kshs.169.7 million was spent on Personnel Emoluments and Kshs. 217.2 million on Operations and Maintenance as shown in figure 12.The personnel expenditure includes Kshs. 58.1 million refunded to the National Government for salaries paid to seconded staff performing devolved functions in the first quarter of the financial year.

Figure 27: Total expenditure Analysis, Mandera County



Source: *Mandera County Treasury*

Further analysis of the Operations and Maintenance shows that Kshs.68.6 million (32% of O&M) was spent on Domestic and Foreign Travel; Kshs. 39.5 million (18%) on Routine Maintenance; Kshs. 32.4 million (15%) on Training Expense; and Kshs. 21.3 million (10%) on Conferences, Hospitality & Catering. Other operations and maintenance expenditure include Kshs. 5.7 million (3%) spent on Printing, Advertising and Information Supplies and Services; Kshs.4.5 million (2%) on Communication, Supplies and Services; Kshs.3.6 million (2%) on Fuel Oil and Lubricants and Kshs.2.0 million (1%) on Office and General Supplies and Services while Kshs.24.4 million (11%) was spent on Other Operating Expenses. The County also spent Kshs. 22.4 million (10%) as Sitting Allowances for MCAs in the six months period.

During the period under review, the County did not use IFMIS and G-Pay systems which affected accurate reporting and accounting for public funds. The County did not spend any money on development programmes/projects which is likely to affect the implementation of the budget.

The County should endeavor to use the IFMIS and G-PAY systems fully to enhance accountability and openness in the management of public funds. As reported in the first quarter report of the FY 2013/2014, there is need for the County to enhance its capacity to absorb and effectively execute its budget in the remaining period of the financial year.

Marsabit County

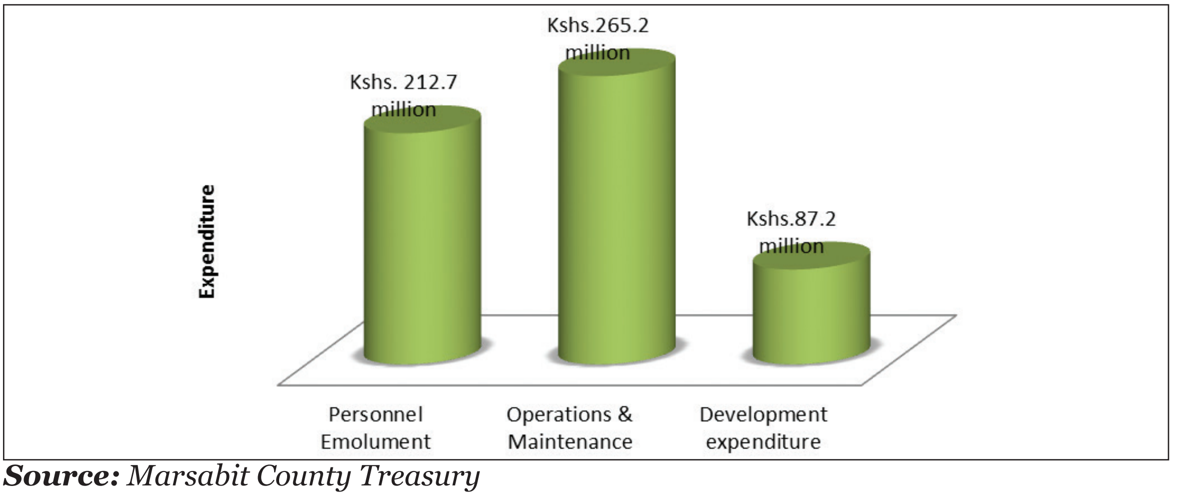
The County has an approved budget of Kshs. 3.8 billion comprising of Kshs 2.1 billion (56.1%) for recurrent expenditure and Kshs 1.7 billion (43.9%) for development programmes. The budget will be financed by the national shareable revenue of Kshs 3.8 billion (98.9%) and Kshs. 44 million (1.1%) from local revenue sources.

In the first half of FY 2013/2014, the County received Kshs. 1.3 billion as the national shareable revenue and collected Kshs. 16.4 million from local sources. In addition, the County had Kshs. 13.2 million which was brought forward from the previous financial year. The local revenue collection was 36.4 per cent of the annual target. In the first quarter of the FY 2013/2014, Kshs.8.7 million was collected from local sources while in the second quarter the County collected Kshs. 7.7 million. The total funds released to the County in the same period amounted to Kshs.1.1 billion comprising of Kshs 644.3 million for recurrent expenditure and Kshs. 460.6 million for development expenditure.

The total expenditure for the period July to December, 2013 amounted to Kshs 565.2 million representing 51.2 per cent of the funds released. The County spent Kshs 477.9 million on recurrent operations Kshs 87.2 million for development programmes. The recurrent expenditure represented 74.2 per cent of the funds released for recurrent activities while the development expenditure was 18.9 per cent of the funds released for development expenditure. Further, the recurrent expenditure translated to an absorption rate of 22.2 per cent of the annual recurrent budget whereas the development expenditure represented an absorption rate of 5.2 per cent of the annual development budget.

The recurrent expenditure for the County consisted of Kshs. 212.7 million spent on personnel emoluments of and Kshs. 265.2 million on Operations and Maintenance as shown in figure 28. Further, the personnel emolument included Kshs. 96.5 million refunded by the County to the National Government for salaries of devolved staff for the period July to September 2013.

Figure 28: Total Expenditure Analysis, Marsabit County



Source: *Marsabit County Treasury*

Further analysis of Operations and Maintenance expenditure for the period July to December, 2013 shows that the County spent Kshs. 58.7 million (22% of O&M) on Purchase of Motor Vehicles; Kshs. 40.3 million (15%) on Domestic/Foreign Travel and Subsistence, and Other Transportation Cost; Kshs. 31.5 million (12%) on Office and General Supplies and Services; Kshs.23.8 million (9%) on Conferences, Hospitality and Catering Services and Kshs 19.9 million (7%) on Fuel, Oil and Lubricants. Other Operations and Maintenance expenditure included Kshs.16.3million (6%) on Routine Maintenance; Kshs.7.0 million (3%) on Printing, Advertising and Information Supplies and Services; Kshs. 1.9 million (1%) on Communication, Supplies and Services; Kshs. 1.7 million (1%) on Utilities Supplies and Services; Kshs. 0.9 million (0.3%) on Training Expense (including Extension service and Capacity Building) while Kshs. 63.0 million was spent on Other Operating Expenses.

During the period under review, the County recorded a decline in local revenue collection due to insecurity especially in Moyale town. Further, there was low absorption of development funds attributed to lack of capacity in the County which affected project implementation.

The County should invest in building capacity through continuous training and benchmarking programs in other counties. In addition, the Executive should prepare implementation plans of individual projects as per their development budgets to enhance absorption of funds and closely monitor their implementation. On the security challenge, the County Government should liase with the National Government to ensure security is restored.

Meru County

The County has a budget of Kshs. 5.7 billion for the FY 2013/2014 comprising of Kshs. 2.8 billion (49.1%) for recurrent expenditure and Kshs. 2.9 billion (50.9%) for development expenditure. The budget is to be financed by the national sharable revenue of Kshs. 4.9 billion and local revenue collection of Kshs. 658 million.

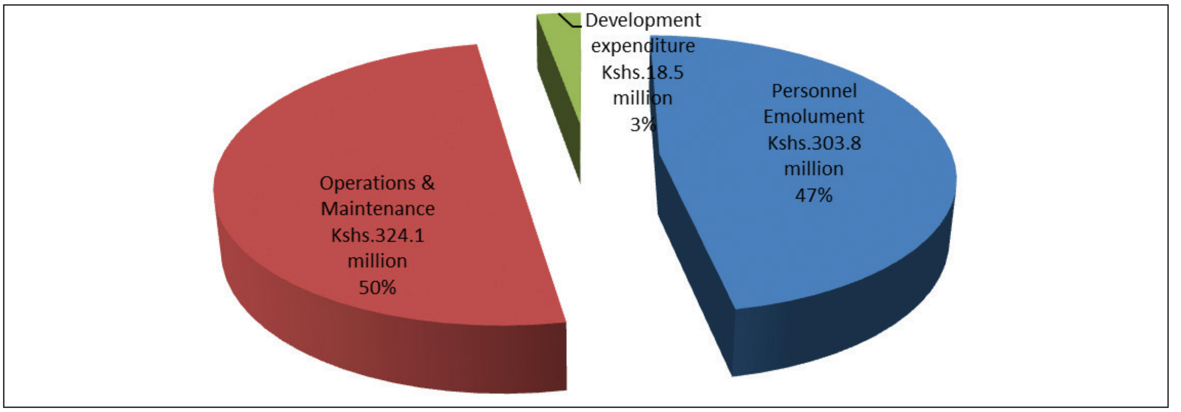
During the first half of the FY 2013/2014, the County received the national shareable revenue of Kshs. 1.7 billion; collected local revenue of Kshs. 106.8 million and had Kshs. 150 million brought forward from the previous financial year. Analysis of the local revenue shows that the County raised 16.2 per cent of the annual local revenue target. In the first quarter of the FY 2013/2014, the County collected Kshs. 56.6 million compared to Kshs. 50.2 million in the second quarter.

The funds released to the County in the period July to December, 2013 amounted to Kshs. 1.5 billion comprising of Kshs. 895.1 million (59.8%) for recurrent expenditure and Kshs. 600.7 million (40.2%) for development expenditure.

The total expenditure in the first six-months of the FY 2013/2014 was Kshs.646.5 million representing 43.2 per cent of the funds released. The expenditure comprises of Kshs.627.9 million spent on recurrent expenditure and Kshs. 18.5 million on development programs. The recurrent expenditure accounted for 70.2 per cent of the funds released for recurrent activities while the development expenditure was 3.1 per cent of the funds released for development projects/programmes. In the same period, the recurrent expenditure translated to an absorption rate of 22.5 per cent of the annual recurrent budget while the development expenditure was 0.6 per cent of the annual development budget.

Analysis of expenditure during the period shows that the County spent Kshs. 303.8 million (47%) on Personnel Emoluments, Kshs. 324.1 million (50.1%) on Operations and Maintenance and Kshs. 18.5 million (2.9%) on development activities as shown in figure 29. The County is yet to refund Kshs.719.8 million to the National Government for salaries of devolved staff.

Figure 29: Analysis of Total Expenditure, Meru County



Source: *Meru County Treasury*

Analysis of expenditure on Operations and Maintenance shows that Kshs. 98.9 million (31%) was spent on the Purchase of Motor Vehicles, Kshs. 65.5 million (20%) on Travel and Subsistence and other transportation costs, Kshs. 25.1 million (8%) on Conferences, Hospitality & Catering, Kshs. 17.6 million (5%) on Printing , Advertising and Information Supplies and Services, 15.7 million (5%) on Routine Maintenance, Kshs. 12.8 million on Fuel Oil and Lubricants, Kshs. 12.6 million (4%) on Office and General Supplies and Services, Kshs.5.9 million on Communication, Supplies and Services, Kshs.1.2 million (0.4%) on Training Expense (including Extension service and Capacity Building) and Kshs. 1.2 million (0.4%) on Utilities Supplies and Services while Kshs. 67.7 million (21%) was spent on Other Operating Expenses. The County spent Kshs. 40.5 million on Sitting Allowances for MCAs.

The County experienced low local revenue collections recording only 16.2 per cent against a target of 50 per cent for the half year. In addition, the County did not tie departmental work plans to cash projections. This saw the development expenditure account for only 3 per cent of the total expenditure.

The County should develop mechanisms to improve the local revenue collections. There is need to harmonise departmental work plans and cash flow projections.

Migori County

The County has an approved budget of Kshs.5.5 billion comprising of Kshs. 3.9 billion (70%) for recurrent expenditure and Kshs.1.6 billion (30%) for development expenditure. The annual revenue for the County for the FY 2013/2014 is projected at Kshs. 5.5 billion which is composed of national shareable revenue of Kshs. 4.7 billion and local revenue collections of Kshs. 795 million.

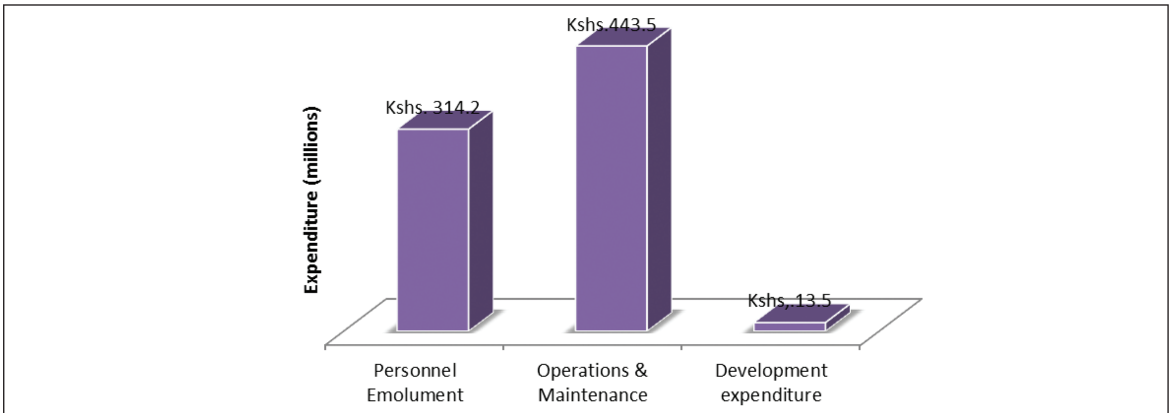
During the first half of the financial year 2013/2014, the County received Kshs. 1.5 billion as the national sharable revenue and collected revenue amounting to Kshs. 95.1 million from local sources. The local revenue for the period comprises of Kshs.54.1 million collected in the first quarter and Kshs.41.0 million in the second quarter. In addition, the local revenue for the period under review accounted for 12 per cent of the annual local revenue estimates.

The funds released to the County in the first six months of the FY 2013/2014 amounted to Kshs. 1.3 billion out of which Kshs. 871 million was for recurrent expenditure and Kshs. 400 million for development expenditure.

The total expenditure in the same period was Kshs.771.2 million representing 60.7 per cent of the funds released. Analysis of total expenditure shows that Kshs.757.7 million was spent on recurrent activities while Kshs. 13.5 million was spent on development programmes/ projects. In addition, the recurrent expenditure accounted for 87.0 per cent of the funds released for recurrent activities whereas the development expenditure translated to 3.4 per cent of the funds released for development projects/programmes. However, the recurrent expenditure translated to an absorption rate of 19.6 per cent of the annual recurrent budget while the development expenditure was 0.8 per cent of the annual development budget.

Further analysis of recurrent expenditure shows that Kshs. 314 million was spent on Personnel Emoluments while Kshs. 443.5 million was expended on Operations and as shown in the figure 30. The County owes the National Government Kshs. 174.5 million as salaries for devolved staff.

Figure 30: Total Expenditure Analysis, Migori County



Source: *Migori County Treasury*

Detailed breakdown of Operations and Maintenance shows that Domestic/Foreign Travel and Subsistence and other Transportation Costs was Kshs.107 million (14.2%); Purchase of Motor Vehicles, Kshs.89 million (11.8%); Utilities and Supplies Kshs.79 million (10.5%); Routine maintenance-other assets Kshs.44 million (5.9%); Office and General Supplies Kshs.32 million (4.3%);Purchase of furniture and General Equipment Kshs.27 million (3.6%): Printing, Advertising Kshs.17.1 million (2.3%): Hospitality Supplies and services Kshs.17 million (2.2%); Training Kshs.5 million (0.7%) and Legal fees Kshs.0.2 million (0.02%).

The County experienced poor connectivity of IFMIS which affected timely submission of expenditure returns and reporting on budget implementation. In addition, the County had not established the internal audit function to monitor financial operations of the County.

The County Treasury should establish an internal audit function to enhance the quality of financial operations. The County should also liaise with the IFMIS directorate to address the connectivity issues of the IFMIS system.

Mombasa County

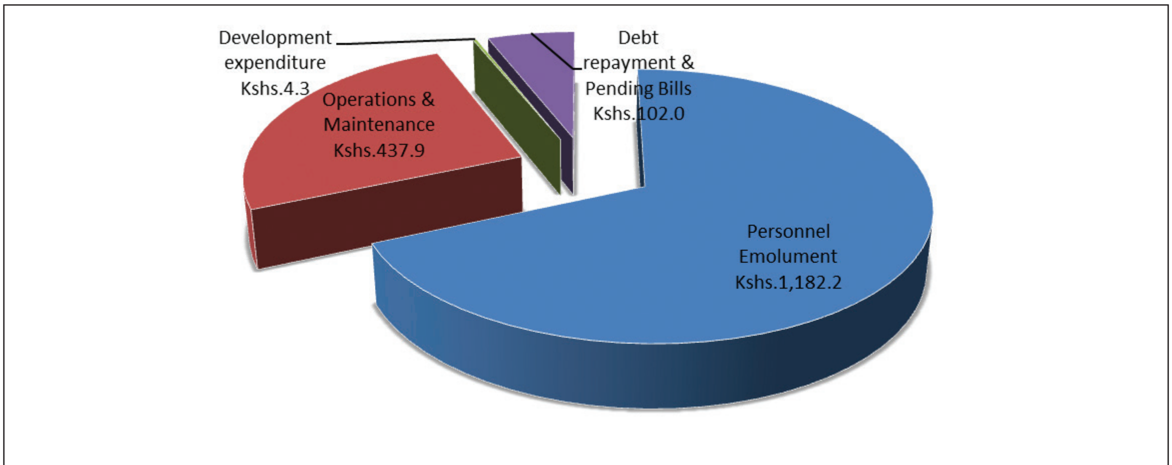
The County has a budget of Kshs. 11.7 billion comprising of Kshs.7.0 billion (60%) for recurrent expenditure and Kshs. 4.7 billion (40%) for development expenditure. The budget is to be financed by the national shareable revenue of Kshs. 4.3 billion and local revenue collections of Kshs. 7.3 billion.

In the period July to December, 2013, the County received Kshs. 1.1 billion as the national shareable revenue, collected Kshs. 404.9 million from local sources and had a balance of Kshs. 200.0 million brought forward from the previous financial year. The local revenue collected for the period accounted for 5.5 per cent of the annual local revenue target. The County raised Kshs. 207.5 million from local sources in the first quarter and Kshs.197.4 million in the second quarter. The funds released to the County in the first sixth months of FY2013/2014 amounted to Kshs. 1.4 billion. The funds released were for recurrent expenditure only.

The total expenditure for the period was Kshs. 1.7 billion representing 119.9 per cent of the funds released. The expenditure exceeded the funds released during the period by Kshs. 285.7 million implying that the County continued to spend local revenue at source contrary to Section 109(2) of the PFMA, 2012. The expenditure for the period represented an absorption rate of 24.7 per cent of the annual recurrent budget.

Analysis of expenditure shows that the County spent Kshs. 1.2 billion (69%) on Personnel Emoluments; Kshs.437.9 million (25%) on Operations and Maintenance while Kshs.102.0 million (6%) was spent on Debt repayment and Pending Bills as shown in figure 31. The personnel emoluments excluded a refund of Kshs. 382.8 million due to the National Government being reimbursement for salaries paid to staff performing devolved functions in the first quarter of FY 2013/2014.

Figure 31: Analysis of Total Expenditure, Mombasa County



Source: *Mombasa County Treasury*

Further analysis of Operations and Maintenance shows that the County spent Kshs. 123.2 million (28%) on Utilities Supplies and Services; Kshs. 74.2 million (17%) on Conferences, Hospitality and Catering; Kshs. 69.8 million (16%) on Routine Maintenance - Other Assets; Kshs. 56.1 million (13%) on Printing, Advertising and Information Supplies and Services; Kshs. 29.7 million (7%) on Fuel Oil and Lubricants; Kshs. 29.2 million (7%) on Office and General Supplies and Services; Kshs. 16.3 million (4%) on Communication, Supplies and Services; Kshs. 16.0 million (4%) on Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs; Kshs. 15.4 million (4%) on Training Expenses (including Extension Service and Capacity Building) and Kshs. 6.5 million (1%) on the Purchase of Motor Vehicles.

The County spent 69 per cent of its expenditure on personnel emoluments. The wage bill is a major challenge which if not addressed may limit the resources available for development programs. Further, the County is servicing debts inherited from the defunct Municipal Council which is likely to constrain the financial position of the County. On the other hand, the County has continued to spend local revenue at source contrary to Section 109 (2) of the PFM Act, 2012.

The County should ensure all revenue collected is swept to the County Revenue Fund Account in accordance to the provisions of the PFM, Act, 2012. The Assets and Liabilities Audit being undertaken by the Auditor General will provide the true position of the County's assets and liabilities which will form the basis for payment of the debts. There is need for the County to liaise with the National Government to rationalize its staff and harmonize their salaries in order to manage the escalating wage bill.

Murang'a County

The County has a budget of Kshs 5.6 billion for the financial year 2013/2014. The budget comprises of Kshs 2.7 billion (48%) allocated for recurrent expenditure and Kshs 2.9 billion (52%) for development expenditure. The County expects to finance the budget with Kshs. 4.3 billion from the national shareable revenue and Kshs. 1.3 billion as locally collected revenue.

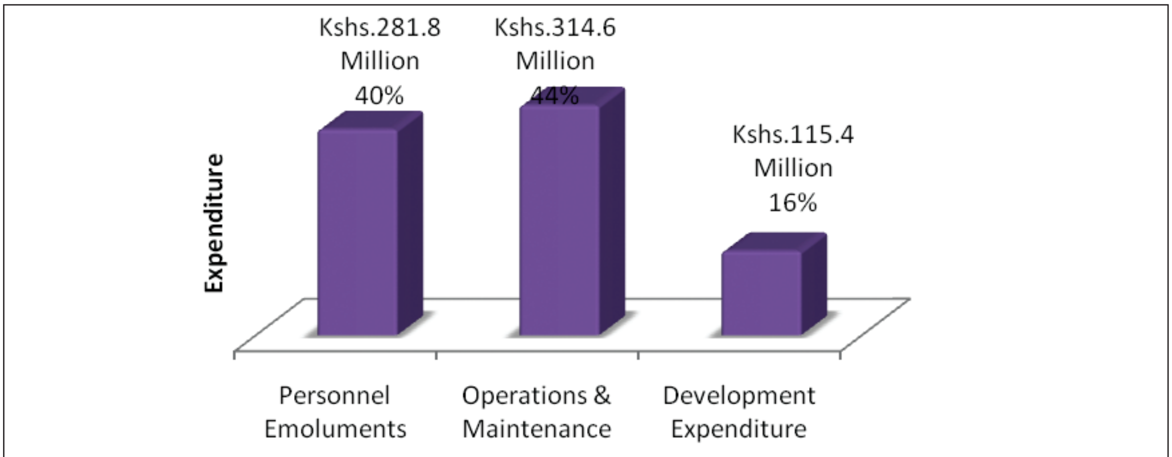
In the first half of the FY 2013/2014, the County received national shareable revenue of Kshs. 1.1 billion (81%), collected Kshs. 148.4 million (11 %) from local revenue sources and had a balance of Kshs. 106.0 million (8%) brought forward from FY2012/2013. The local revenue collected for the period under review was 11.4 per cent of the annual local revenue target.

The total funds released to the County amounted to Kshs. 1.2 billion comprising of Kshs. 774.1 million for recurrent expenditure and Kshs. 458.6 million for development projects/ programmes.

The County spent a total expenditure of Kshs. 711.7 million representing 57.7 per cent of the funds released in the period July to December, 2013. The expenditure comprised of Kshs. 596.4 million on recurrent activities and Kshs.115.4 million on development programmes/ projects. Further, the recurrent expenditure represented 77.0 per cent of the funds released for recurrent activities while the development expenditure translated to 25.2 per cent of the funds released for development projects/programmes. Nonetheless, the recurrent expenditure represented an absorption rate of 21.9 per cent of the annual recurrent budget while the development expenditure translated to an absorption rate of 4.0 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 281.8 million on Personnel Emoluments and Kshs. 314.6 million on Operations and Maintenance. However, the County is yet to refund Kshs.291.3 million to the National Government for salaries of devolved staff.

Figure 32: Analysis of Total Expenditure, Murang’a County



Source: *Murang’a County Treasury*

Further analysis of the Operations and Maintenance shows that the highest expenditure was on Domestic/Foreign Travel and Subsistence, and Other Transportation Costs at Kshs. 53 million (17%); followed by Printing, Advertising and Information Supplies and Services at Kshs. 44 million (14%); and Conferences, Hospitality and Catering at Kshs. 42 million (13%). The lowest expenditure under this category was Sitting Allowances for MCAs at Kshs. 4.94 million (2%); followed by Fuel, Oil and Lubricants at Kshs. 5 million (2%); and Utilities Supplies and Services at Kshs. 5.6 million (2%).

During the period under review, the County Executive spent Kshs. 14.6 million on promotion and advertisement of the Murang'a Investment Co-operative project "shillingi kwa shillingi program" without the approval of the County Assembly. This issue is being investigated by a commission established by the County Assembly. The OCOB will be keen to establish if public resources were used prudently.

There was a mismatch between the approved budget votes and the budget uploaded in the IFMIS. The County should liaise with IFMIS Directorate to address the mismatch between the approved budget and the IFMIS uploaded budget. The County has no effective internal control function to monitor financial operations and reporting. This function should be established to ensure effective financial controls.

Nairobi City County

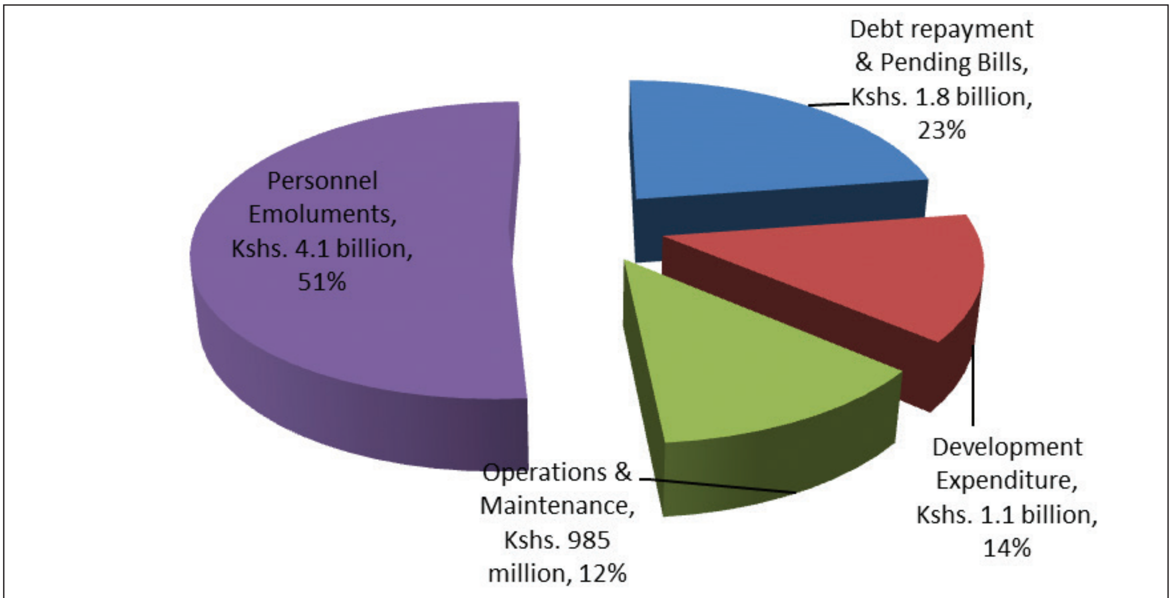
The budget for Nairobi City County for the FY 2013/2014 is Kshs.25.3 billion comprising of Kshs. 17.6 billion (69%) for recurrent expenditure and Kshs.7.6 billion (31%) for development expenditure. The budget is to be financed by the national sharable revenue of Kshs. 9.9 billion (39.1%) and local revenue collection of Kshs. 15.4 billion (60.9%).

In the period July to December, 2013, the County received Kshs. 3.3 billion as national shareable revenue and collected Kshs.3.4 billion from local revenue sources. Local revenue collection in the period October to December, 2013 was Kshs.2.1 billion which was an improvement from Kshs. 1.3 billion collected in the July to September period. Further, the local revenue collected in the first six months of the FY2013/2014 was 21.9 per cent of the annual local revenue target. Funds released for the period under review amounted to Kshs.4.8 billion out of which Kshs. 3.5 billion was for recurrent expenditure and Kshs. 1.2 billion for development expenditure.

The total expenditure for the period was Kshs. 8.0 billion which is 167.9 per cent of the funds released. This expenditure is higher than the funds released due to spending of local revenue at source contrary to the Law. The expenditure comprised of Kshs. 6.9 billion and Kshs.1.1 billion spent on recurrent activities and development projects/programmes respectively. The recurrent expenditure accounted for 195.5 per cent of the funds released for recurrent activities while the development expenditure translated to 88.5 per cent of the funds released for development programmes/projects. However, the recurrent expenditure translated to an absorption rate of 39.1 per cent of the annual recurrent budget while the development expenditure was 14.3 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 4.1 billion on Personnel Emoluments; Kshs. 1.8 billion on debt repayment and pending bills and Kshs. 985.9 million on Operations and Maintenance. Further, the County is yet to reimburse Kshs. 1.02 billion to the national Government for salaries paid for devolved staff in the period July to September, 2013.

Figure 33: Total Expenditure Analysis, Nairobi City County



Source: *Nairobi County Treasury*

Further analysis of the Operations and Maintenance shows that the County spent Kshs. 258 million for Sitting Allowances of MCAs against an annual budget of Kshs 160 million resulting in absorption rate of 161.3 per cent. This over expenditure implies that the County used funds meant for other activities to pay the sitting allowance. Further, the County spent Kshs. 341 million (35% of the O&M expenditure) on the Purchase of Motor Vehicles; Kshs. 62 million (6%) on Conferences, Hospitality and Catering; Kshs. 26 million (3%) on Training Expenses and Kshs. 20 million (2%) on Domestic/ Foreign Travel and Subsistence and Other Transportation Costs.

The County is yet to establish an internal audit function to monitor financial operations. This resulted to non-compliance with the procurement law that saw the County make cash purchases above the stipulated limits. Further, the County continued to spend locally collected revenue at source against the law. All locally collected revenue should be swept into the County Revenue Fund Account according to Section 109 (2) of the PFM Act.

Nakuru County

Nakuru County has a budget of Kshs. 10.0 billion for the FY2013/2014 out of which 6.8 billion (68%) was allocated for recurrent activities and Kshs. 3.2 billion (32%) was allocated for development activities. The County will finance the budget with the national sharable revenue of Kshs. 6.9 billion and local revenue of Kshs. 3.1 billion.

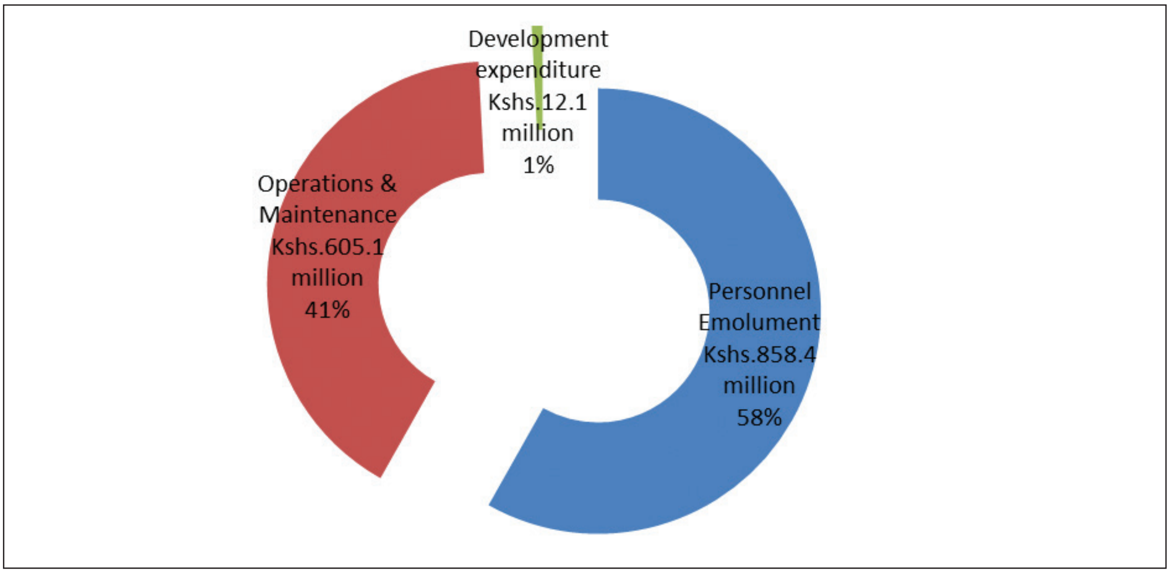
In the first half of the FY 2013/2014, the County received national shareable revenue amounting to Kshs. 2.3 billion (85%), collected Kshs. 348.6 million from local revenue sources and had a balance of Kshs. 68.4 million brought forward from the FY 2012/13. The local revenue collected was 14 per cent of the annual local revenue target. The County collected Kshs. 177.5 million and Kshs. 171.1 million in the first and second quarter respectively.

In the period July to December, 2013, the total funds released to the County amounted to Kshs. 2.0 billion. The funds released comprised of Kshs. 1.8 billion for recurrent expenditure and Kshs. 245.0 million for development expenditure.

The total expenditure in the same period was Kshs. 1.5 billion representing 72.0 per cent of the funds released. The expenditure comprised of Kshs.1.46 billion on recurrent activities and Kshs.12.1 million on recurrent programmes/projects. The recurrent expenditure was 81.1 per cent of the funds released for recurrent activities whereas the development expenditure accounted for 4.9 per cent of the funds released for development programmes/ projects. Further, the recurrent expenditure represents an absorption rate of 21.4 per cent of the annual recurrent budget while the development expenditure represents an absorption rate of 0.4 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 858.5 million on Personnel Emoluments and Kshs.605.1 million on Operations and Maintenance. The personnel emoluments include Kshs. 240 million reimbursed to the National Government for paying salaries of the devolved staff. However, the County is yet to refund Kshs. 427.7 million to the National Government for salaries paid to the devolved staff.

Figure 34: Total Expenditure Analysis, Nakuru County



Source: *Nakuru County Treasury*

Further analysis of Operations and Maintenance shows that the County spent Kshs. 111.7 million (18%) on Office and General Supplies and Services; Kshs. 91.2 million (15%) on Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs; Kshs. 58.4 million (10%) on Routine Maintenance; Kshs. 22.6 million (4%) on Printing, Advertising and Information Supplies and Services; Kshs. 15.8 million (3%) on Communication, Supplies and Services; and Kshs. 11.8 million (2%) on Fuel Oil and Lubricants. Sitting allowances for MCAs was Kshs. 17.7 million (3%). Other operating expenses amounted to Kshs. 167.6 million (28%).

The County encountered challenges in the use of IFMIS due to the limited capacity of the users. The County experienced declining local revenue collections which may be attributed to the delay in enactment of the Finance Act and revenue leakages. In order to reverse the trend in the local revenue collections, the County should enhance revenue collection mechanisms. The County should liaise with IFMIS Directorate to build capacity of users.

Nandi County

Nandi County has a budget of Kshs.3.6 billion to be implemented over the FY 2013/2014. The budget had allocated Kshs. 1.81 billion (50.1%) for recurrent expenditure and Kshs. 1.80 billion (49.9%) for development expenditure. The budget is to be financed by national shareable revenue of Kshs.3.5 billion (96.5%) and local revenue of Kshs.138.5 million (3.5%).

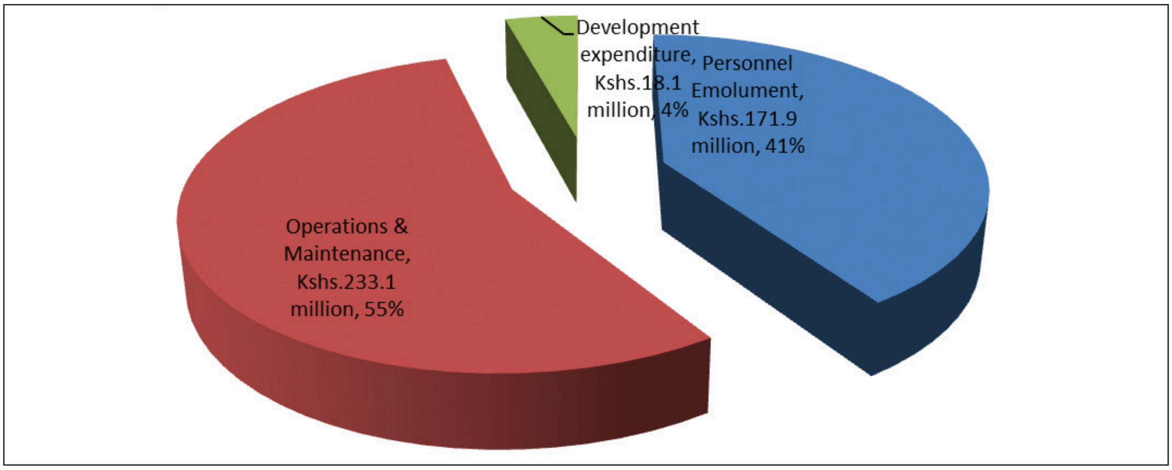
In the first six months of the FY 2013/2014, the County received Kshs. 1.2 billion as the national equitable share, collected Kshs.57.1 million from local revenue source and had a balance of Kshs.55.2 million brought forward from the previous financial year. The local revenue collected for the period accounted for 41.1 per cent of the annual local revenue target. Additionally, local revenue collection in the second quarter was Kshs.27.7 million, a decline from Kshs.29.4 million collected in the first quarter of FY 2013/2014.

In the period under review, the funds released to the County amounted to Kshs.1.0 billion comprising of Kshs.749.1 million for recurrent expenditure and Kshs.273.7 million for development expenditure.

The total expenditure for the period was Kshs. 423.1 million accounting for 41.4 per cent of the total funds released. The expenditure comprised of Kshs.405 million on recurrent activities and Kshs.18.1 million on development projects/programmes. The recurrent expenditure was 54.1 per cent of the funds released for recurrent activities while the development expenditure accounted for 6.6 per cent of the funds released for development projects. However, the recurrent expenditure for the period translated to an absorption rate of 22.3 per cent of the annual recurrent budget while the development expenditure accounted for 1.0 per cent of the annual development budget.

Analysis of the recurrent expenditure by economic classification shows that Kshs.171.9 million (41%) was spent on personnel emoluments while Kshs. 233.1 million (55%) was on operations and maintenance. Further, the County is yet to refund Kshs.198.0 million to the National Government for salaries paid to devolved staff. Analysis of the total expenditure is shown in figure 35.

Figure 35: Analysis of Total Expenditure, Nandi County



Source: *Nandi County Treasury*

Further analysis of the expenditure on operations and maintenance shows that Kshs.53.5 million (23%) was spent on domestic/foreign travel, Kshs.25.6 million (10%) on routine maintenance, Kshs.20.9 million (8.9%) on conferences, hospitality & catering, Kshs.19.5 million (8.4%) on training expenses, Kshs.13.5 million (5.8%) on printing, advertising and information supplies and services, Kshs.10.1million (4.3%) on fuel, oil and lubricants, Kshs.5.8 million (2.4%) on purchase of vehicles, Kshs.4.6 million (2.0%) on office and general supplies and services, Kshs.1.9 million (0.8%) on communication, Kshs.0.99 million (0.4%) on utilities supplies and services while expenditure on other operational expenses were Kshs.77.1 million (33.1%). The County also spent Kshs. 21.0 million on sitting allowance for members of the County Assembly during the six month period under review.

In the first six months of the FY 2013/2014, the County spent Kshs.18.1 million on development activities. A breakdown of this amount reveals that Kshs.12.5 million was spent on construction of the Governor's office and Kshs.5.6 million on tree planting project.

The County experienced high IFMIS downtimes which affected financial transactions and reporting in the period under review. The National Government should address the connectivity issues to improve the reliability of the IFMIS system.

Narok County

The County has a budget of Kshs.8.1 billion to be implemented in the financial year 2013/2014. The budget comprises Kshs. 5.7 billion (70%) allocated for recurrent expenditure and Kshs. 2.4 billion (30%) for development expenditure. The budget is to be financed by national shareable revenue of Kshs.4.1 billion (44%) and local revenue collection of Kshs.5.3 billion (56%).

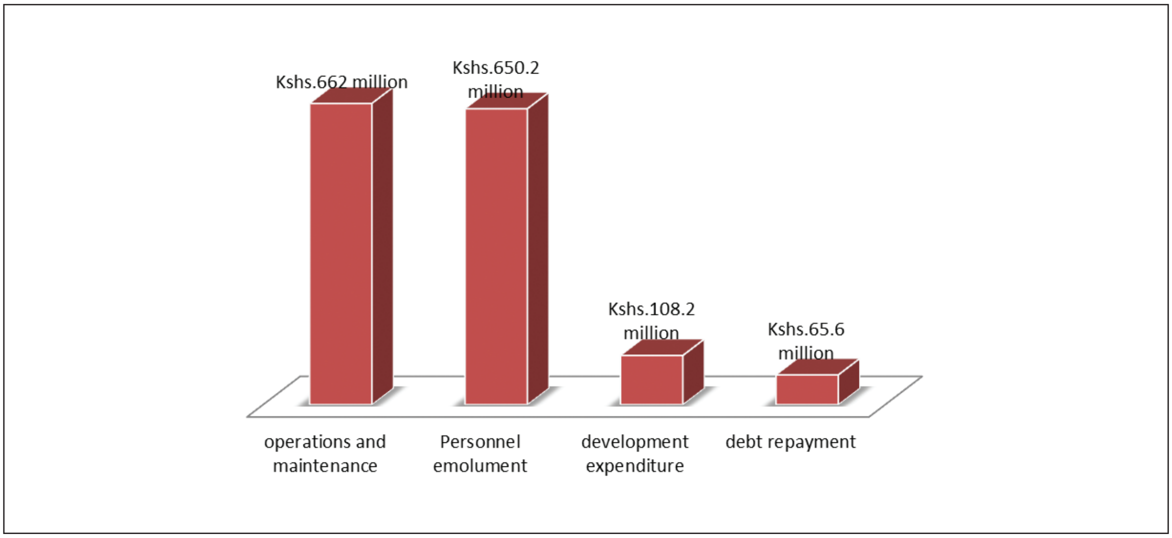
In the first half of the FY2013/2014, the County received Kshs.1.4 billion as the national shareable revenue, collected Kshs.1.1 billion from local revenue sources and had Kshs.15.7 million brought forward from the previous financial year. The local revenue collected for the period accounted for 19.8 per cent of the annual local revenue target. A breakdown of the revenue collected from local sources shows that Kshs.300.2 million was collected in the second quarter which is a decline from Kshs.754.2 million collected in the first quarter of FY2013/2014.

In the same period, the funds released to the County amounted to Kshs. 2.1 billion out of which Kshs.1.9 billion (89.4%) was for recurrent expenditure and Kshs. 226.4 million (10.6%) for development expenditure.

The total expenditure for the half year period was Kshs. 1.5 billion accounting for 69.7 per cent of the total funds released. The County spent Kshs.1.4 billion on recurrent activities and Kshs.126.5 million on development projects/programmes. Further, the recurrent expenditure for the period was 73.7 per cent of the funds released for recurrent activities while the development expenditure accounted for 55.9 per cent of the funds released for development programmes/projects. The recurrent expenditure accounted for an absorption rate of 24.6 per cent of the annual recurrent budget while the development expenditure was 5.3 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 650.2 million (47.8%) on personnel emolument; Kshs. 662 million (48.7%) on operation and maintenance; and Kshs. 47.2 million (3.5%) on debt repayment and pending bills. Over 70 per cent of the debt repayment and pending bills were mainly for uncompleted projects inherited by the County Government such as repair of sale yards, dips, and markets, schools, and staff houses. Further, the County reimbursed Kshs.163.0 million to the National Government for the salaries paid to the devolved staff. The analysis of total expenditure for the first six months of FY 2013/2014 is presented in figure 36.

Figure 36: Analysis of Total Expenditure, Narok County



Source: *Narok County Treasury*

Detailed breakdown of expenditure on operation and maintenance reveals that the County spent Kshs.225.7 million (41.5%) on purchase of motor vehicles, Kshs.111.9 million (23.1%) on domestic and foreign travel, Kshs.90.1 million (16.6%) on legal fees; Kshs.65.7 million (13.6%) on printing and advertising; Kshs.19.3 million (4.0%) on conferences, hospitality and catering; Kshs.17.7 million (3.7%) on fuel and lubricants; Kshs.8 million (1.7%) on general office and supplies; Kshs.7.8 million (1.4%) on training expenses; Kshs.5.8 million (1.1%) on utility supplies and services; and Kshs.4.1 million (0.8%) on communication services. The remaining Kshs.4.2 million (16.2%) was spent on other operations and maintenance costs. Further, the County paid sitting allowances totalling to Kshs.11.2 million to members of the County Assembly.

The development expenditure for the period July to December, 2013 was Ksh.126.5 million. However, the breakdown of the development expenditure as provided by the County Treasury was for items which could be classified as recurrent expenditure such as hire of equipment, fuel and loan repayment for a grader purchased by the defunct local authority.

The County is yet to establish an internal audit function to monitor financial operations and reporting mechanisms. Further, the County was yet to appoint Chief Officers to oversee budget implementation by the County departments. The County should expedite the establishment of an internal audit function as well as build the necessary capacity to fast-track the implementation of activities at the department level.

Nyamira County

Nyamira County has a total budget of Kshs.3.4 billion to be implemented in the FY 2013/2014 and comprises of recurrent expenditure allocation of Kshs.1.8 billion (51.6%) and development expenditure allocation of Kshs.1.7 billion (48.4%). The budget will be financed by national shareable revenue of Kshs.3.3 billion (97.1%) and local revenue of Kshs.100.0 million (2.9%).

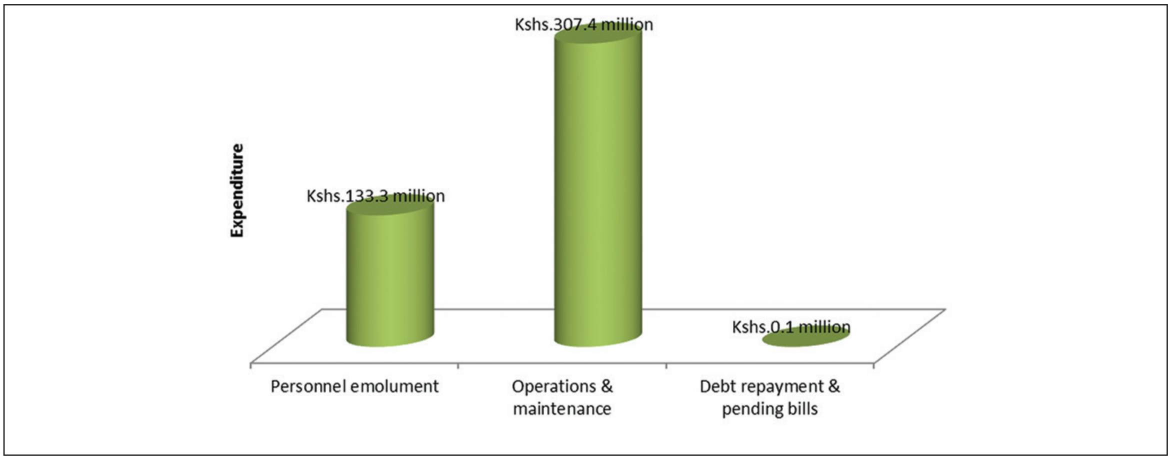
In the first six months of the FY 2013/2014, the County received Kshs.1.1 billion as the national shareable revenue and collected Kshs.23.7 million from local revenue sources. The local revenue collected accounted for 23.7 per cent of the annual local revenue target. Further, the County collected Kshs.10.4 million in the second quarter which was a decline from Kshs.13.3 million collected in the first quarter of FY 2013/2014.

In the same period, the funds released to the County amounted to Kshs. 854.9 million comprising Kshs.670.3 million (78.4%) for recurrent expenditure and Kshs.184.6 million (21.6%) for development expenditure.

The County spent a total of Kshs.464.4 million which is 54.3 per cent of the funds released for the half year period. A breakdown of this expenditure shows that Kshs. 440.7 million was spent on recurrent activities and Kshs. 23.6 million on development projects. The recurrent expenditure for the half year period was 65.7 per cent of the funds released for recurrent activities while the development expenditure accounted for 12.8 per cent of the funds released for development programmes/projects. However, the recurrent expenditure represented an absorption rate of 25.0 per cent of the annual recurrent budget while the development expenditure accounted for 1.4 per cent of the annual development budget.

Further categorization of the recurrent expenditure shows that the County spent Kshs.133.3 million (30.2%) on personnel emoluments, Kshs.307.4 million (69.7%) on operations and maintenance and Kshs. 0.1 million (0.03%) on debt repayment and pending bills. The total expenditure for the period includes Kshs.134.0 million reimbursed to the National Government for the salaries paid to the devolved staff. However, the County is yet to clear an outstanding balance of Kshs.11.7 million. Analysis of the total expenditure for the period is presented in figure 37.

Figure 37: Analysis of Total Expenditure, Nyamira County



Source: *Nyamira County Treasury*

Analysis of the operations and maintenance expenditure shows that the County spent Kshs 87.6 million (18.9%) on motor vehicle purchase, Kshs.32.8 million (7.1%) on domestic/ foreign travels, Kshs.13.8 million (3%) on training and capacity building, Kshs.6.7 million (1.4%) on printing and advertising, Kshs. 6.3 million (1.4%) on communication supplies and services, Kshs. 5.1 million (1.1%) on fuel and lubricants, Kshs. 4.8 million (1.0%) on conferences and hospitality, Kshs. 1.7 million (0.4%) on utility supplies, and Kshs.1.1 million (0.2%) on routine maintenance. In addition, the County paid Kshs.19.1 million on sitting allowances for members of the County Assembly.

In the same period, the County spent Kshs. 23.6 million on development projects. A breakdown of this expenditure shows that Kshs.6.0 million was spent on apiary project and Kshs.9.0 million on drilling borehole.

There was a decline in local revenue collection that is attributed to the use of manual systems of revenue collection with the inherent leakages. There is need to establish effective mechanisms to seal the revenue leakages.

Nyandarua County

Nyandarua County has a budget of Kshs. 3.6 billion to be implemented in the financial year 2013/2014. The budget comprises of Kshs. 1.76 billion (48.5%) for recurrent expenditure and Kshs.1.88 billion (51.5%) for development expenditure. The budget will be financed by national shareable revenue of Kshs. 3.4 billion (94.4%) and Kshs.204.7 million (5.6%) from local revenue sources.

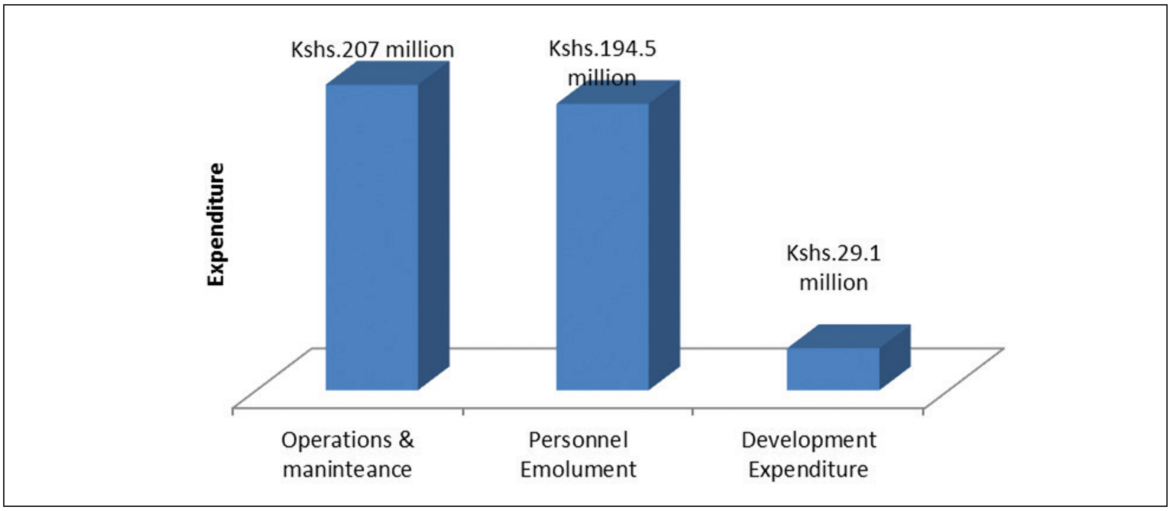
In the first half of the FY 2013/2014, the County received Kshs.850.6 million as national equitable share, collected Kshs.42.6 million from local revenue sources and had Kshs.62.0 million brought forward from the previous financial year. Local revenue collected for the period accounted for 20.8 per cent of the annual local revenue target. Further, local revenue collections for the second quarter amounted to Kshs.19.9 million which is a decline from Kshs.22.7 million collected in the first quarter of FY2013/2014.

The funds released to the County in the same period were Kshs.966.7 million. This comprises of Kshs.749.8 million released for recurrent expenditure and Kshs.216.8 million for development expenditure.

The total expenditure for the first six month of the FY 2013/2014 was Kshs. 430.7 million representing 44.6 per cent of the total funds released. The expenditure comprises of Kshs. 401.5 million spent on recurrent expenditure and Kshs.29.1 million on development expenditure. Further, the recurrent expenditure was 53.5 per cent of the funds released for recurrent activities while the development expenditure accounted for 13.4 per cent of the funds released for development projects/programmes. However, the recurrent expenditure for the period translated to an absorption rate of 22.8 per cent of the annual recurrent budget whereas the development expenditure was 1.5 per cent of the annual development budget.

Analysis of the recurrent expenditure for the period shows that Kshs. 194.5 million (45%) was spent on personnel emolument, and Kshs.207.0 million (48%) on operations and maintenance. The County is yet to refund Kshs. 248.8 million for salaries paid by the National Government for the devolved staff. Analysis of the total expenditure for the period is presented in figure 38.

Figure 38: Analysis of Total Expenditure, Nyandarua County



Source: *Nyandarua County Treasury*

Under the operations and maintenance expenditure, Kshs. 70.4 million (33.9%) was spent on domestic/foreign travel, Kshs.65.2 million (31.4%) on purchase of motor vehicle, Kshs.30.4 million (14.6%) on conference, hospitality and catering, Kshs.12.8 million (6.2%)

on routine maintenance, Kshs.10.9 million (5.3%) on training, Kshs. 8.5 million (4.1%) on fuel, oil and lubricants, Kshs.6.0 million (2.9%) on printing, advertising and information supplies and services, Kshs. 1.9 million (0.9%) on communication, supplies and services, Kshs.1.1 million (0.5%) on utilities supplies and services while 0.4 million (0.2%) was spent on office and general supplies and services. Further, Kshs. 16.9 million was spent on sitting allowances for the members of the County Assembly for the period under review.

Low absorption of funds was a major challenge during the period under review. The County should build its capacity in order to ensure that the budget is implemented as planned. The performance of the local revenue collection declined. This is attributed to the delay in passing the Finance Bill and leakages due to manual revenue collection system. The County should adopt automated revenue collection system to seal leakages in local revenue collection.

Nyeri County

The County has a budget of Kshs. 4.6 billion comprising of Kshs. 2.6 billion (58%) allocated for recurrent expenditure and Kshs. 1.9 billion (42%) for development expenditure. The budget is to be financed by national shareable revenue of Kshs. 4.1 billion (89.5%) and local revenue collection of Kshs. 479.1 million (10.5%).

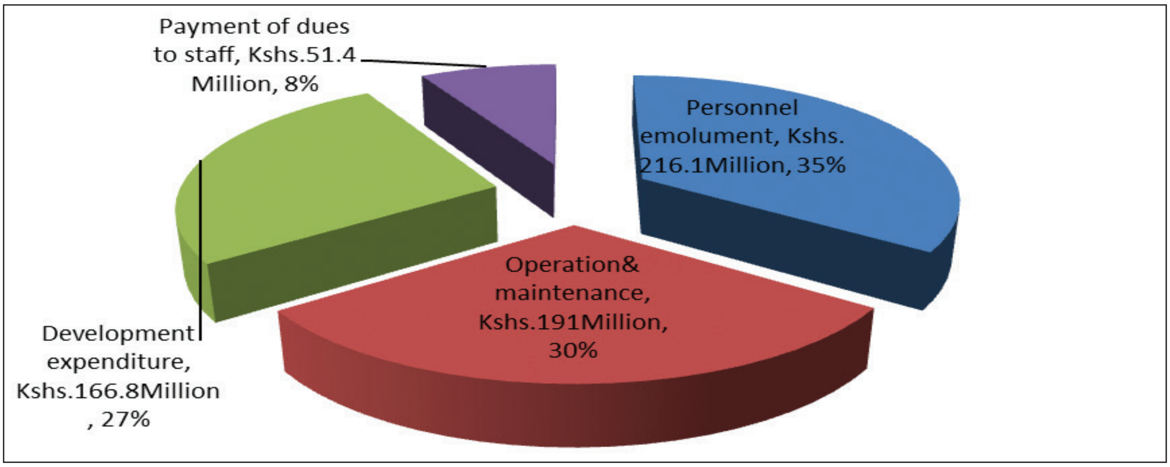
In the first six months of the FY2013/2014, the County received Kshs. 1.3 billion (76.7%) as national shareable revenue, collected Kshs.147.2 million (8.9%) from local revenue sources (9%), and had Kshs.239.2 million (14.4%) brought forward from the previous financial year. The local revenue collected for the period accounted for 30.7 per cent of the annual local revenue target. Further, the County collected Kshs.71.5 million in the second quarter, a decline from KShs.75.8 million collected in the second quarter.

The funds released to the County in the same period totaled to Kshs. 1.2 billion consisting of Kshs.748.7 million (61.1%) for recurrent expenditure and Kshs. 476.2 million (38.9%) for development expenditure.

During the same period, the total expenditure amounted to Kshs. 625.5 million which was 51.1 per cent of the funds released. The total expenditure comprised of Kshs. 458.6 million spent on recurrent expenditure and Kshs.166.8 million on development expenditure. The recurrent expenditure for the six months period was 61.3 per cent of the funds released for recurrent activities while the development expenditure translated to 35.0 per cent of the funds released for development projects/programmes. However, the recurrent expenditure accounted for an absorption rate of 17.4 per cent of the annual recurrent budget while the development expenditure was 8.7 per cent of the annual development budget.

Analysis of the recurrent expenditure reveals that Kshs. 216.1 million (47.1%) was spent on personnel emoluments, Kshs. 191 million (41.7%) on operations and maintenance and Kshs. 51.4 million (11.2%) on pending bills (payment of dues to staff). However, the County is yet to refund Kshs.456.9 million it owes the National Government for salaries of devolved staff. The analysis of total expenditure is presented in figure 39.

Figure 39: Analysis of Total Expenditure, Nyeri County



Source: *Nyeri County Treasury*

Further analysis of the operations and maintenance expenditure reveals that Kshs. 83.6 million was spent on travel and subsistence allowance. This expenditure represents 86.1 per cent of the annual budget for domestic and foreign travel which implies that the County is likely to exhaust the funds allocated for this item before the end of the FY 2013/2014. Other expenditures on operations and maintenance included Kshs. 26 million (14%) on conferences, hospitality and catering services, Kshs.14.7 million (8%) on publishing, printing and advertisements, Kshs. 10.1 million (5%) on routine maintenance, Kshs. 6.6 million (3.5%) on training, Kshs. 6.3 million (3%) on fuels and lubricants, Kshs. 4.8 million (2.5%) on supply of utilities, Kshs. 2.7 million (1.4%) on communication, and Kshs. 35.8 million (18.6%) on other operational expenses. Further, the County spent Kshs.27.6 million on sitting allowances for members of the County Assembly during the period under review.

The County Assembly did not use the IFMIS system during the period under review which resulted in underreporting on the budget implementation. All County Government entities should use the IFMIS system as required by Section 12(1)(e) of the PFM Act to ensure transparency in financial management.

Samburu County

The County has a budget of Kshs. 2.9 billion to be implemented during the FY2013/2014. The budget has allocated Kshs.1.94 billion (66.8%) for recurrent expenditure and Kshs. 965.9 million (33.2%) for development expenditure. The FY2013/2014 budget will be financed by national shareable of Kshs.2.8 billion and local revenue of Kshs.223.6 million.

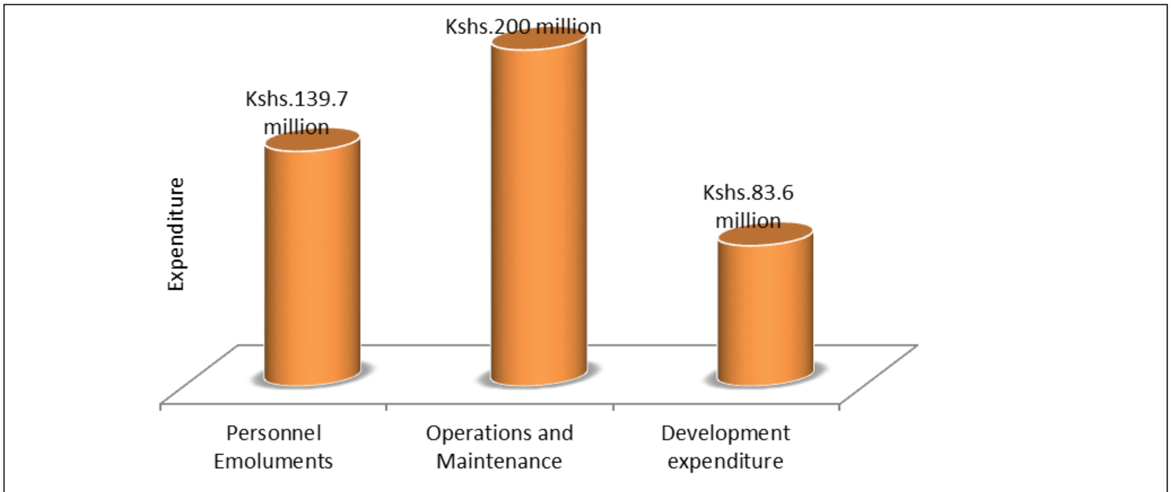
During the period July to December, 2013, the County received Kshs. 909.4 million as national shareable revenue, collected Kshs.120.4 million from local revenue sources and had Kshs.67.4 million brought forward from FY 2012/2013. The local revenue collections for the period accounted for 53.9 per cent of the annual local revenue target. Analysis of the local revenue collection reveals that the County collected Kshs.75.7 million in the second quarter which is an improvement from Kshs.44.8 million collected in the first quarter.

The funds released to the County in the same period amounted to Kshs. 867.6 million and consists of Kshs. 570.2 million for recurrent expenditure and Kshs.297.6 million for development expenditure.

The total expenditure was Kshs.423.3 million accounting for 48.9 per cent of the funds released for the period July-December, 2013. Analysis of this expenditure reveals that Kshs. 339.6 million (80.3%) was spent on recurrent activities and Kshs.83.7 million (19.7%) on development programs/projects. Further, the recurrent expenditure translated to 59.9 per cent of the funds released for recurrent activities whereas the development expenditure accounted for 28.1 per cent of the funds released for the development projects/programmes. However, the recurrent expenditure represented an absorption rate of 17.6 per cent of the annual recurrent budget while the development expenditure translated to 8.7 per cent of the annual development budget.

Analysis of the recurrent expenditure shows that the County spent Kshs.139.7 million (41.1%) on personnel emoluments and Kshs.200.0 million (58.9%) on operations and maintenance. The County is yet to reimburse Kshs.80.3 million it owes the National Government for paying salaries for the devolved staff. The analysis of total expenditure is shown in figure 40.

Figure 40: Analysis of Total Expenditure, Samburu County



Source: *Samburu County Treasury*

Analysis of the operations and maintenance expenditure shows that, Kshs 73.5 million was used for purchase of motor vehicles, Kshs 53.6 million for domestic travel and subsistence, Kshs 13.09 million and Kshs 9.8 million for routine maintenance and fuel & oil lubricants respectively among other expenditure items. Further, Kshs.5.2 million was spent as sitting allowances for the members of the County Assembly accounting for 2.6 per cent of the total expenditure during the period under review.

The County experienced poor IFMIS connectivity which affected efficient recording of financial transactions and reporting. Further, the County had inadequate capacity to effectively implement the budget. This was due to the low capacity of the employees inherited from the defunct local authorities. The County should liaise with the IFMIS Directorate to address connectivity problems of the IFMIS system. In addition, capacity building programmes for County staff should be carried out.

Siaya County

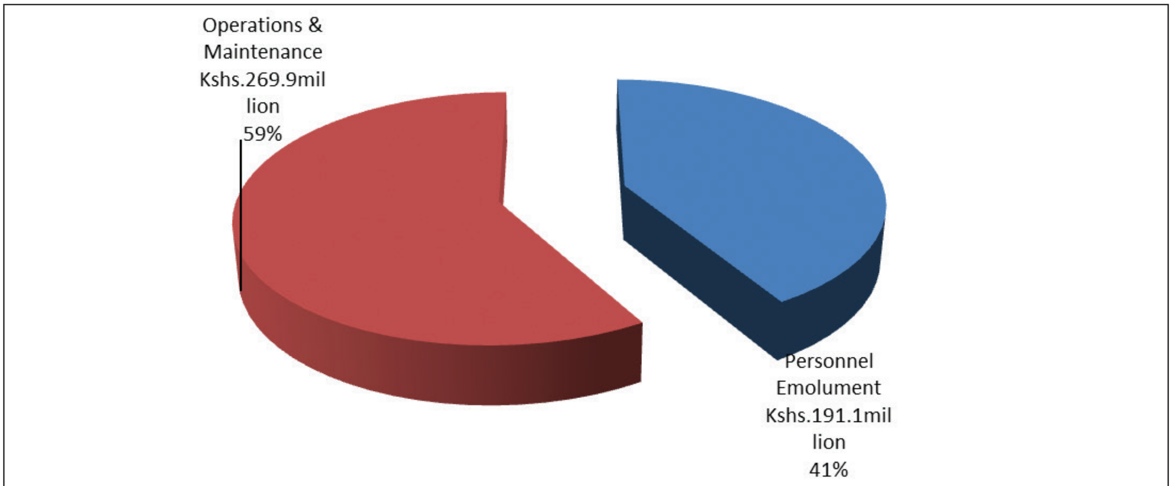
Siaya County has a budget of Kshs.4.3 billion for the financial year 2013/2014 comprising of a recurrent expenditure allocation of Kshs.2.9 billion (69.1%) and a development expenditure of Kshs.1.3 billion (30.9%). The budget will be funded by national shareable revenue of Kshs. 4.0 billion (96.3%) and local revenue collection of Kshs.153.5 million (3.7%).

In the first half of the financial year 2013/2014, the County received Kshs.1.3 billion as national shareable revenue, collected Kshs. 22.4 million from local revenue sources and had Kshs.138.8 million brought forward from FY 2012/2013. The local revenue collected for the period accounts for 24.9 per cent of the annual local revenue target. A breakdown of the revenue collected from local sources shows that Kshs.15.9 million was collected in the second quarter which is a decline from Kshs.22.4 million collected in the first quarter of FY2013/2014.

The funds released to the County in the same period totalled to Kshs.856.7 million. This amount comprises of Kshs. 826.7 million for recurrent expenditure and Kshs.30 million for development expenditure.

The total expenditure for the period July to December, 2013 was Kshs.473.7 million accounting for 57.3 per cent of the funds released. However, this expenditure represents an absorption rate of 16.1 per cent of the annual gross estimates. The County did not have any development expenditure for the period July to December, 2013. Analysis of the recurrent expenditure shows that the County spent Kshs.269.9 million (59%) on operations and maintenance and Kshs.191.1 million (41%) on personnel and emolument. The County is yet to reimburse Kshs.350 million paid by the National Government as salaries for the devolved staff. The analysis of total expenditure for the first six months of FY 2013/2014 is presented in figure 41.

Figure 41: Analysis of Total Expenditure, Siaya County



Source: *Siaya County Treasury*

Detailed breakdown of the expenditure on operations and maintenance shows that Kshs.91.7 million (44%) was spent on purchase of motor vehicles; Kshs. 43.8 million (21%) on domestic travel and subsistence; Kshs.23.7 million (11%) on utilities and supplies; Kshs.15.0 million (7%) on training expenses; and Kshs.9.9 million (5%) on Conferences, Hospitality and Catering. The remaining Kshs.85.8 million (16%) was spent on other operations and maintenance such as fuel and lubricants, and publishing, printing and advertisement. Further, the County spent Kshs. 12.8 million as sitting allowances for members of the County Assembly.

The Governor's election petition affected uptake of development funds during the period under review. The local revenue collection during the period under review was low due to inefficiencies in the revenue collection system. The County therefore needs to address the inefficiencies in revenue collection.

Taita Taveta County

The budget for Taita Taveta County for the financial year 2013/2014 is Kshs.2.8 billion comprising of an allocation of Kshs 1.9 billion (67.9%) for recurrent expenditure and Kshs. 918.3 million (32.1%) for development expenditure. The budget will be financed by national shareable revenue of Kshs 2.6 billion (92.5%) and local revenue of Kshs.214.1 million (7.5%).

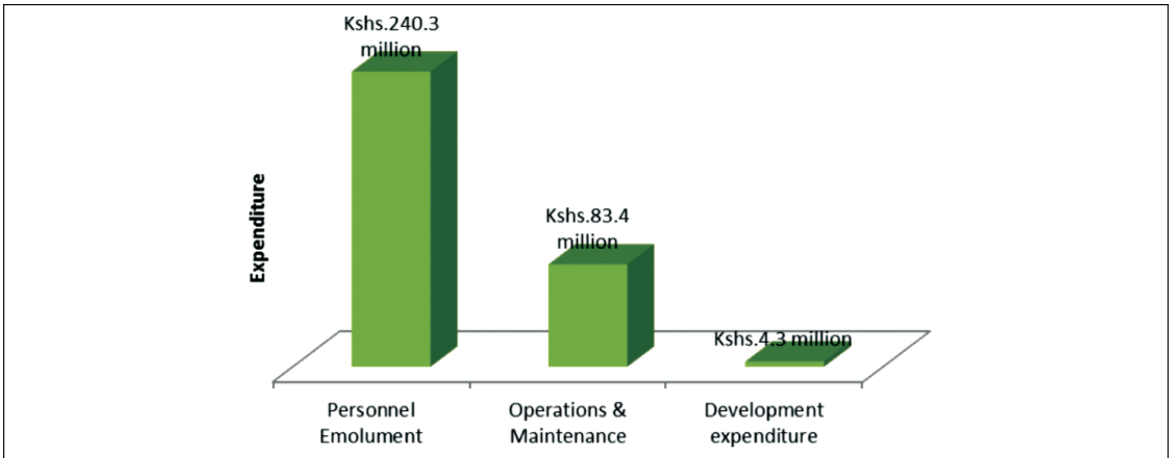
In the period July to December, 2013, the County received Kshs.653.6 million (92.4%) as national shareable revenue and Kshs. 53.7 million (7.6%) from local revenue sources. The local revenue collection for the period under review accounted for 25.1 per cent of the annual local revenue target. Further analysis shows that the County collected Kshs.23.1 million from local sources which is a decline from Kshs.30.6 collected in the first quarter of the current financial year

The funds released to the County during the same period amounted to Kshs.653.6 million comprising of Kshs.570.5 for recurrent expenditure and Kshs. 17.9 million for development expenditure.

The total expenditure for the first six months of FY 2013/2014 was Kshs.328.0 million which represents 55.7 per cent of the funds released. A breakdown of this expenditure shows that Kshs.323.7 million was spent on recurrent expenditure and Kshs.4.3 million on development expenditure. Further, the recurrent expenditure was 56.7 per cent of the funds released for recurrent activities while the development expenditure translated to 23.8 per cent of the funds released for development programmes/projects. The recurrent expenditure translated to an absorption rate of 16.7 per cent of the annual recurrent budget while the development expenditure accounted for an absorption rate of 0.5 per cent of the annual development budget.

The recurrent expenditure comprises of Kshs.240.3 million on personnel emolument and Kshs.83.4 million on operations and maintenance as shown in figure 42. The County has not explained why it refunded Kshs.178.1 million to the National Government instead of Kshs. 148.1 million for salaries of the devolved staff. Further, the County has not provided adequate information regarding recurrent commitments amounting to Kshs.28.4 million. The analysis of expenditure for the first six months of FY 2013/2014 is shown in figure 42.

Figure 42: Analysis of Total Expenditure, Taita-Taveta County



Source: *Taita Taveta County Treasury*

Detailed breakdown of expenditure on operations and maintenance shows that Kshs.50.8 million (60.9%) was spent on domestic/foreign travels, Kshs.23.6 million (28.3%) on routine maintenance, Kshs.6.4 million (7.7%) on publishing, printing and advertisement, and Kshs.2.6 million (3.1%) on conferences and hospitality. Further, the County used the domestic travel vote to pay members of the County Assembly sitting allowances totaling to Kshs.2.3 million.

The County had weak internal control system which resulted in poor management of resources advanced to individuals in the form of imprests. There is need for the establishment an Internal Audit Function to provide quality assurances to all payments in the County.

Tana River County

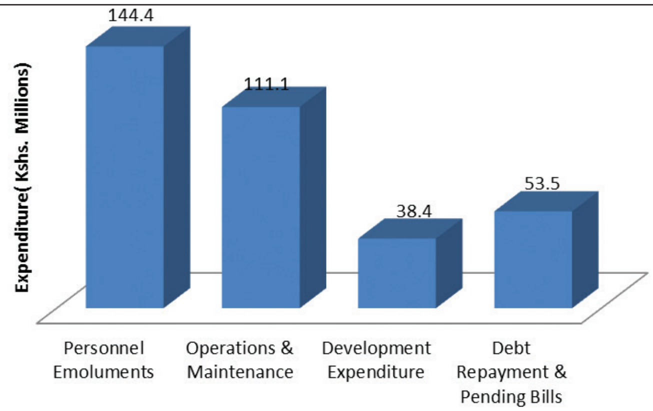
The County has a budget of Kshs.3.2 billion for the financial year 2013/2014 of which Kshs.2.0 billion (63.2%) for recurrent expenditure and Kshs. 1.2 billion (36.8%) for development expenditure. The budget will be financed through national shareable revenue of Kshs. 3.1 billion and Kshs. 87.3 million as local revenues.

During the first half of financial year 2013/2014, the County received Kshs.1.0 billion as national equitable share and raised local revenues amounting to Kshs.16.6 million. The local revenue raised by the County was 19.0 per cent of the annual local revenue target. There was a marginal increase in local revenue collection from 8.2 million recorded during the first quarter of FY 2013/2014 to Kshs 8.3 million in the second quarter. The funds released to the County amounted to Kshs. 561.9 million and consisted of Kshs.379.2 million (67.5%) for recurrent expenditure and Kshs. 182.7 million (32.5%) for development expenditure.

In the same period, the County spent Kshs. 347.4 million representing 61.8 per cent of the funds released. This expenditure comprised of Kshs. 309 million (88.9%) on recurrent activities and Kshs. 53.5 million (10.1%) on development projects/programmes. The recurrent expenditure was 81.5 per cent of the funds released for recurrent activities while the development expenditure accounted for 21.0 per cent of the funds released for development projects/programmes. However, the recurrent expenditure represented an absorption rate of 15.2 per cent of the annual recurrent budget while the development expenditure translated to 3.3 per cent of the annual development budget.

Analysis of recurrent expenditure shows that the County spent Kshs. 144.4 million (46.7%) on personnel emoluments, Kshs. 111.1 million (35.9%) on operation and maintenance and Kshs. 53.5 million (17.3%) on debt repayment and pending bills.

Figure 43: Analysis of Total Expenditure, Tana River County



Sources: *Tana River County Treasury*

Analysis of Operation and Maintenance shows that the County spent Kshs. 79 million on purchase of motor vehicles which is 143.6 per cent of the approved budget for purchase of motor vehicles for financial year 2013/2014. This is an indication that the County spent funds meant for other activities on purchase of vehicles which is irregular. The County also spent Kshs. 13.2 million on domestic and foreign travels Kshs.8.3 million on Fuel Oil and Lubricants, Kshs. 6.2 million on Printing, Advertising and Information Supplies and Services, Kshs. 2.9 million on Conferences, hospitality and catering and Kshs. 4.4 million on other operations and maintenance expenditures such as training, office general supplies and routine maintenance. The County had reimbursed Kshs. 56 million out of the Kshs. 80 million it owed the National Government for salaries paid to devolved staff.

Expenditure on personnel emoluments increased from Kshs. 51.3 million in the first quarter to Kshs. 93.1 million in the second quarter of FY 2013/2014. The increase in the personnel emoluments cost will affect the resources available for other planned activities. The County needs to conduct a staff audit to establish the optimal staffing levels. In addition, the County Public Service Board should liaise with the National Government to second staff to fill in the existing capacity gaps.

The over expenditure on purchase of motor vehicles is an indication that funds were diverted from other planned activities. Re-allocation of funds across budget items should be in accordance with Section 154 of the PFM Act, 2012.

Tharaka-Nithi County

Tharaka-Nithi County has a budget of Kshs. 2.5 billion for the FY 2013/2014 out of which Kshs. 1.5 billion (61.4%) was allocated for recurrent activities while Kshs. 972.2 million (38.6%) was allocated for development activities. The budget is to be financed by Kshs. 2.4 billion as national shareable revenue and Kshs. 84 million from local revenue sources.

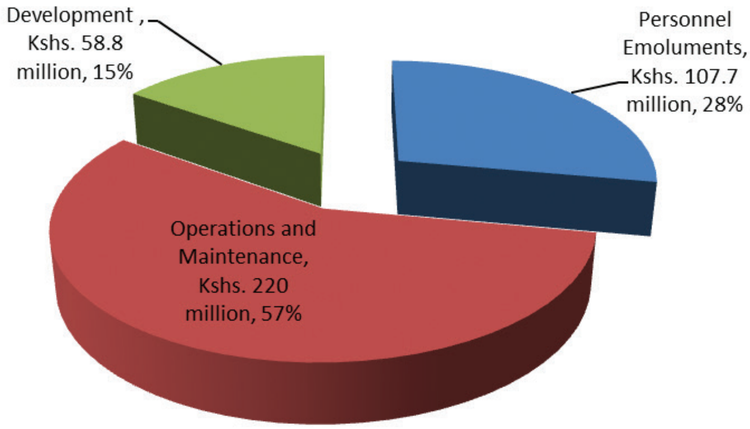
In the first half of FY 2013/2014, the County received Kshs. 803.2 million from national shareable revenue and Kshs.35.5 million from local revenue sources. The local revenue collected translates to 42.2 per cent of the annual local revenue target. The County collected Kshs. 19.1 million and Kshs. 16.3 million in the first quarter and second quarter respectively. The funds released in the period July to December, 2013 amounted to 439.9 million of which Kshs.360.3 million (81.9%) was for recurrent expenditure and Kshs.79.6 million (18.1%) for development activities.

The total expenditure in the same period was Kshs. 386.5 million representing 87.9 per cent of the funds released. The expenditure comprised of Kshs. 327.7 million (84.8%) on recurrent activities and Kshs.58.8 million (15.2%) on development programmes. The recurrent expenditure was 91.0 per cent of the funds released for recurrent expenditure while the development expenditure was 73.9 per cent of the funds released for development projects/programmes. Further, the recurrent expenditure translated to an absorption rate of 21.2 per cent of the annual recurrent budget while the development expenditure was 6.1

per cent of the annual development budget.

An analysis of the expenditure indicates that Kshs. 107.7 million (27.9%) was spent on Personnel Emoluments, Kshs. 220 million (56.9%) on Operations and Maintenance costs, and Kshs. 58.8 million (15.2%) on development activities.

Figure 44: Analysis of Total Expenditure, Tharaka-Nithi County



Source: *Tharaka Nithi County Treasury*

An analysis of Operations and Maintenance expenditure indicates that Kshs.73.3 million (33.3%) was spent on travel costs, Kshs. 65.5 million (29.8%) on purchase of vehicles, Kshs.17.1 million (7.8%) on hospitality supplies and services, Kshs.14.3 million (6.5%) on training, Kshs.11.1 million (5.0%) on furniture and equipment, Kshs.4.96 million (2.3%) on Printing, Advertising and Information Supplies Services, Kshs.5.2 million on sitting allowances for Members of the County Assembly. The remaining Kshs.33.7 million was spent on other categories of Operations and Maintenance.

The County had inadequate staff with skills in finance and budgeting resulted in delays in the submission of expenditure reports. Budget execution in the County was hampered by failure to adhere to departmental work plans. Requests for funds by County departments were done without taking into account departmental work plans.

The County should build the necessary capacity to enable the staff develop clear work plans to ensure planned programmes within the budget are effectively implemented.

Trans Nzoia County

The County has a budget of Kshs. 4.4 billion for the financial year 2013/2014 comprising of Kshs. 3.1 billion (69%) for recurrent expenditure and Kshs. 1.3 billion (31%) for development expenditure. The budget is to be financed by Kshs. 3.9 billion (95%) from the national shareable revenue and Kshs. 501.5 million (5%) from local revenue collections.

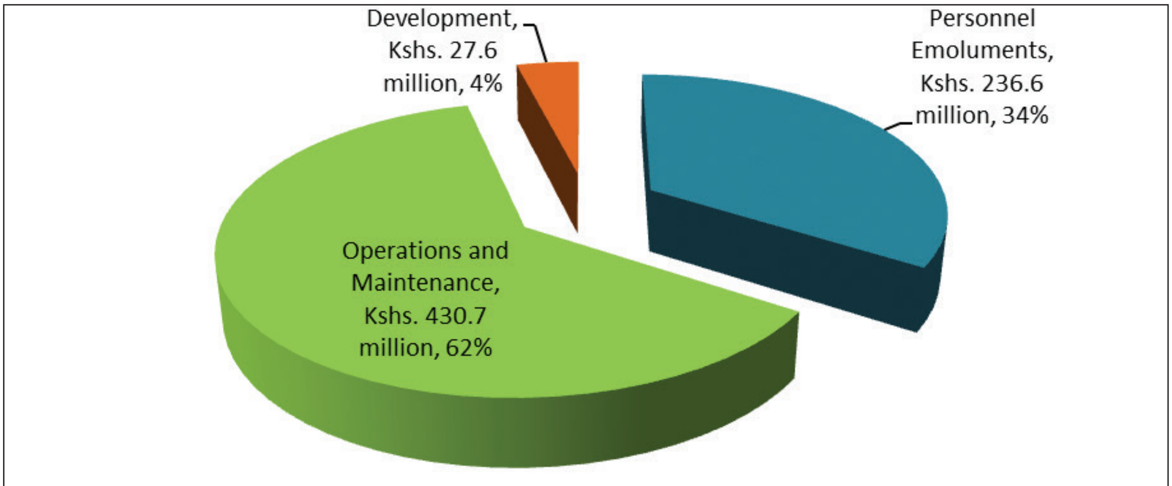
During the first half of FY 2013/2014, the County received Kshs.1.3 billion as national shareable revenue, raised Kshs. 55.8 million from local revenue sources and had a balance of Kshs. 58.7 million brought forward from the previous financial year. The local revenue collected during the period accounted for 11.1 per cent of the annual local revenue target. Analysis of local revenue revealed that the County collected Kshs. 32 million and Kshs. 23.8 million in the first quarter and second quarter respectively.

The total funds released to the County in the same period amounted to Kshs. 1.1 billion out of which Kshs. 741.4 million (68.7%) was for recurrent expenditure and Kshs. 337.6 million (31.3%) was for development programmes.

Total expenditure for the period under review amounted to Kshs. 694.9 representing 64.4 per cent of the funds released. The expenditure comprised of Kshs. 667.3 million spent on recurrent activities and Kshs. 27.6 million on development programmes. The recurrent expenditure represents was 90.0 per cent of the funds released for recurrent activities while the development expenditure was 8.2 per cent of the funds released for development programmes. Further, the recurrent expenditure translated to an absorption rate of 21.8 per cent of the annual recurrent budget while the absorption rate of the development funds was 2.0 per cent of the annual development budget.

An analysis of the recurrent expenditure shows that the County spent Kshs. 236.6 million on personnel emoluments and Kshs. 430.7 million on operations and maintenance. The County owes the National Government Kshs.213.5 million for salaries paid to staff performing devolved functions in the period July to September, 2013.

Figure 45: Analysis of Total Expenditure, Trans-Nzoia County



Source: *Trans-Nzoia County Treasury*

An analysis of Operations and Maintenance expenditure indicates that the County spent Kshs 68.4 million on domestic and foreign travel which translates to an absorption rate of 96.7 per cent. This implies that the County is likely to exhaust the funds allocated for travel before the end of the FY 2013/2014. The County also spent Kshs. 62.7 million on the purchase of motor vehicles which was 104.6 per cent of the annual budgetary allocation to this item. This implies that funds made for other activities were used for the purchase of motor vehicles.

Other expenditure on operations and maintenance included routine maintenance of other assets at Kshs.55.6 million; debt resolution at Kshs.41.4 million; general office and supplies at Kshs.39 million; purchase of office furniture at Kshs.35.1 million sitting allowances for Members of the County Assembly at Kshs.29.7 million; fuel, Oil and lubricants at Kshs. 21.6 million; research & development at Kshs.2.6 million; training costs at Kshs.6.8 million; maintenance of motor vehicles at Kshs.5.6 million; motor vehicle insurance at Kshs.5.3 million; printing and advertising at Ksh.5.2 million accounting; and conferences, hospitality and catering at Kshs.5 million; communication services at Kshs.3.4 million; and utility supplies and services Ksh.1.2 million.

The County experienced inadequate capacity on staff that could use the IFMIS and G-PAY efficiently. This resulted to some expenditure being charged on the wrong votes as well as delay in preparation of financial reports. The County should liaise with the IFMIS directorate to continuously train all IFMIS users to improve their capacity.

Turkana County

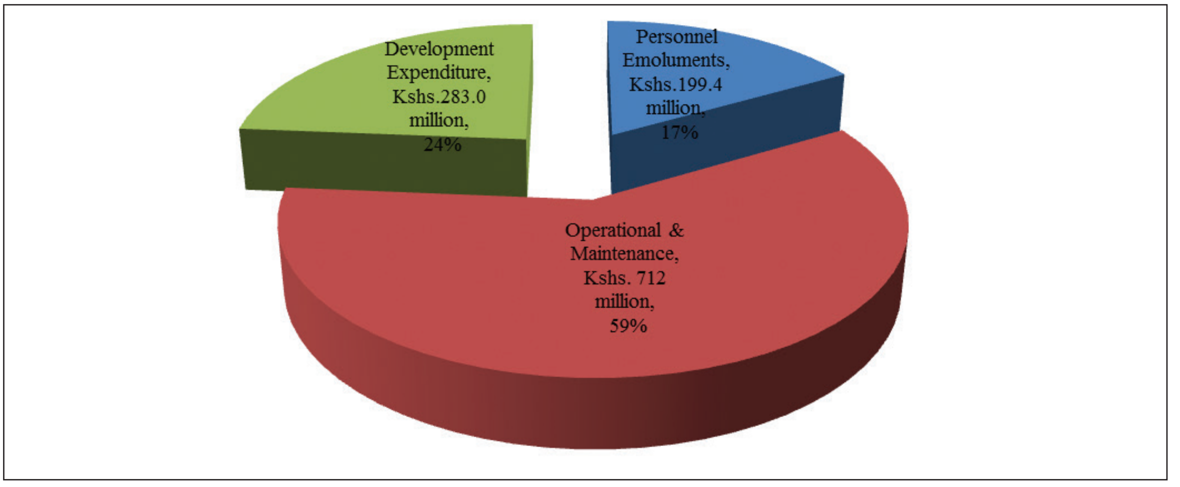
The County has an approved budget of Kshs.8.5 billion for the FY 2013/2014. The budget is composed of Kshs. 3.4 billion (40%) for recurrent expenditure and Kshs.5.1 billion (60%) for development expenditure. The budget will be financed by Kshs.8.2 billion (96%) from the national shareable revenue and Kshs.351.8 million (4%) from local revenue sources.

In the period July to December, 2013, the County received a total of Kshs. 2.7 billion as the national shareable revenue and collected Kshs.40.9 million from local sources. The local revenue collected accounted for 11.6 per cent of the annual local revenue target. In the first quarter Kshs. 26.8 million was collected by the County while in the second quarter there was a drop of revenue collection as Kshs. 14.1 million was raised. In the same period, the total fund released amounted to Kshs.1.6 billion comprising of Kshs.1.0 billion (64%) for recurrent expenditure and Kshs.581.3 million (36%) for development expenditure.

The total expenditure during the first half of the financial year was Kshs. 1.2 billion representing 74.4 per cent of the funds released. The expenditure comprised of Kshs. 911.4 million on recurrent activities and Kshs.283.0 million on development activities. The recurrent expenditure was 88.9 per cent of the funds released for recurrent activities while the development expenditure was 48.7 per cent of the funds released for development programmes.

Analysis of recurrent expenditure shows that the County spent Kshs. 199.4 million on Personnel Emoluments while Kshs.712.0 million was spent on Operations & Maintenance as shown in figure 45.

Figure 46: Analysis of Total Expenditure, Turkana County



Source: *Turkana County Treasury*

Further analysis of Operations and Maintenance expenditure for the period July to December 2013 indicates that Kshs. 279.2 million (39%) was spent on Purchase of Motor Vehicles, Kshs. 91.8 million (13%) on Domestic and Foreign travels, Kshs.24 million (3%) spent on Fuel, Oil & Lubricants, Kshs. 19.8 million (3%) on Training, and Kshs. 20.6 million (3%) on Office and General Supplies. Other operations and maintenance expenses included Kshs. 9.9 million (1%) on Printing, Advertising and Information Supplies & Services, Kshs. 9.7 million (1%) on Conferences, Hospitality and Catering, Kshs. 8.3 million (1%) on Routine Maintenance, Kshs.5 million (1%) on Communication, Supplies and Services, Kshs.2.9 million on Utility Supplies and Services while Kshs.240 million (33%) was spent on other operations and maintenance expenses. The County spent Kshs.0.6 million on Sitting Allowances for Members of the County Assembly for the six month period. The expenditure on domestic and foreign travel was 91.1 per cent of the annual budget for this item. This implies that the County might exhaust the annual budget for domestic and foreign travel before the end of the FY2013/2014.

The County recorded a decline in the performance of local revenue collections in the second quarter compared to the first quarter. Poor internet connectivity hampered the use of IFMIS and G-PAY systems in the County. This saw the County record low absorption rates for the funds released. For accuracy in financial reporting, the County should ensure the use IFMIS to enhance the management and accountability of public funds. The national government should improve the internet infrastructure to enable the County implement the budget without further challenges. It is important for the County to invest in measures that will improve local revenue collection while building the necessary structures to minimise revenue leakages.

Uasin Gishu County

The County's budget of Kshs. 5.7 billion comprises of recurrent expenditure allocation of Kshs. 3.6 billion (64%) and development expenditure allocation of Kshs. 2.1 billion (36%). The budget is to be financed by Kshs. 4.1 billion (71%) as the national shareable revenue and Kshs. 1.7 billion (29%) as the local revenue collections.

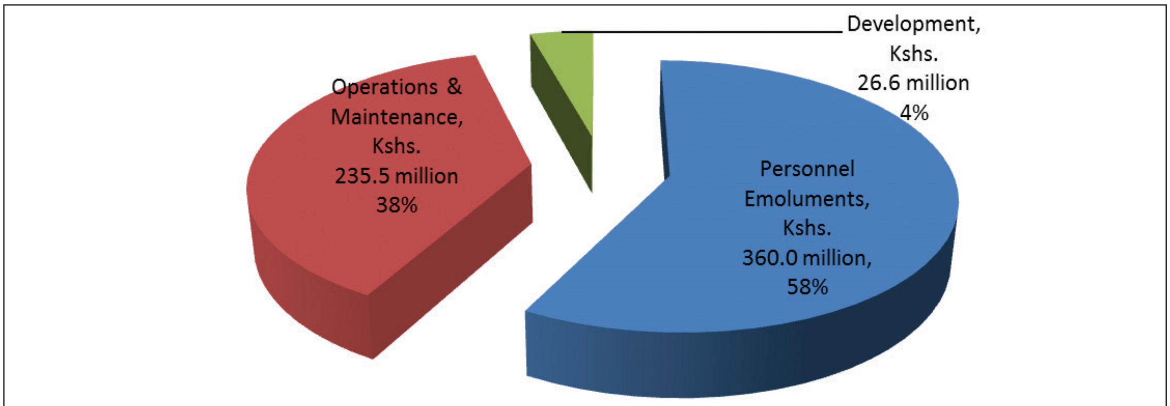
In the period July to December, 2013, the County received Ksh.1.3 billion as the national shareable revenue, raised Kshs.150 million from local revenue sources and had a balance of Kshs. 188.2 million brought forward from the previous financial year. The local revenue collected was 8.9 per cent of the annual local revenue target. Local revenue collected in the first quarter amounted to Kshs.76.8 million but declined to Kshs. 73.2 million in the second quarter of FY 2013/2014.

The funds released to the County in the period July to December, 2013 totalled to Kshs.1.2 billion comprising of Kshs. 679.2 million for recurrent expenditure and Kshs. 488.2 million for development activities.

The total expenditure in the same period was Kshs. 622 million representing 53.3 per cent of the funds released. The expenditure comprised of Kshs.595.5 spent on recurrent expenditure and Kshs. 26.6 million on development expenditure. The recurrent expenditure was 87.7 per cent of the funds released for recurrent activities while the development expenditure was 5.4 per cent of the funds released for development projects/programmes. However, the recurrent expenditure represented an absorption rate of 16.2 per cent while the annual recurrent budget while the development expenditure was 1.3 per cent of the annual development budget.

Analysis of the recurrent expenditure shows that the County spent Kshs.360.0 million on Personnel Emoluments (58%) and Kshs. 235.5 million (38%) on Operation and Maintenance as shown in figure 47. The County owes the National Government Kshs. 258.9 million for salaries paid for devolved staff for the period July to September, 2013.

Figure 47: Analysis of Total Expenditure, Uasin Gishu County



Source: *Uasin Gishu County Treasury*

Further analysis of Operations and Maintenance shows that Domestic/Foreign Travel accounted for the highest expenditure at Kshs.65.6 million (28% of O&M); Sitting Allowances for MCAs accounted for Kshs.49.5 million (21%); Routine Maintenance/Other Assets accounted for Kshs.41.9 million (18%); Conferences and Hospitality/Caterings accounted for Kshs.28.2 million (12 %); Purchase of Motor Vehicles accounted for Kshs.26.6 million (12%); Training expenses accounted for Kshs.13.7 million (6%); Printing and Advertising accounted for Kshs.13.2 million (6%); Utilities Suppliers Expenses was at Kshs.10.6 million (5%); Office and General Supplies and Services accounted for Kshs.5.1 million (3%); while Communication Services accounted for the lowest expenditure of Kshs.3.0 million (2%). The other operations and maintenance costs were Kshs.54.2 million (23%).

The County faced a number of challenges such as inadequate human resource capacity with skills in finance and procurement. In addition, the County lacks an Internal Audit Department to monitor operations and reporting system. Other challenges included spending of local revenue at source; and mismanagement of imprest.

The County is yet to establish internal audit function to monitor and provide quality assurance to financial operations and reporting. In addition, the County continued to spend local revenue at source contrary to of Article 207 (1) of the Constitution of Kenya, 2010 and Section 109 (2) of the PFM Act. In order to address these challenges, the County should establish internal audit function to improve on internal controls and provide assurance in the financial operations. Further, the County should discontinue the use of locally collected revenue and sweep any funds raised or collected on behalf of the County in to the County Revenue Fund as stipulated by the law.

Vihiga County

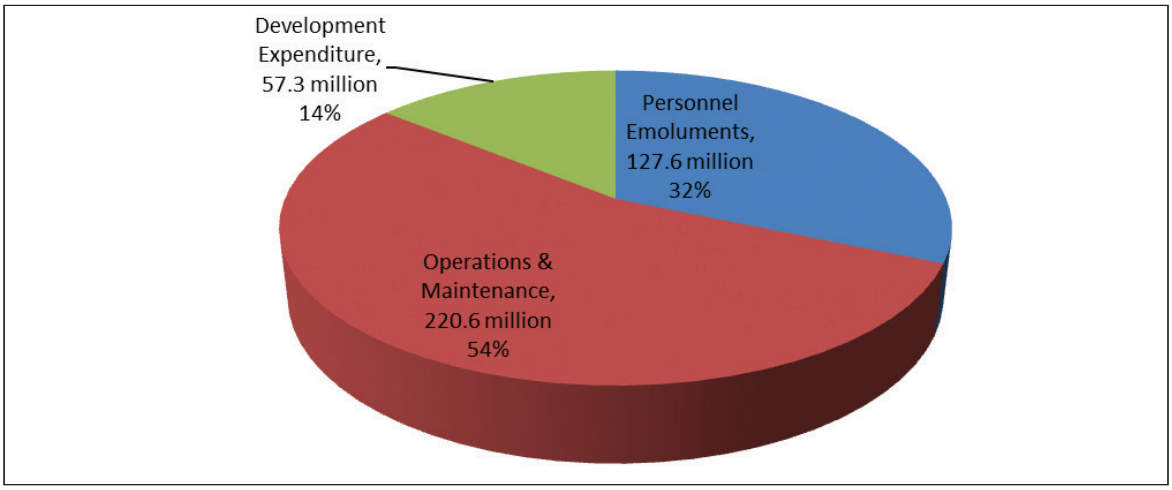
The County has an approved of Kshs. 3.3 billion comprising Kshs 2.3 billion (69.7%) for recurrent expenditure and Kshs 989.6 million (30.3%) for development expenditure. The budget will be financed by national shareable revenue of Kshs.3.03 billion and local revenue amounting to Kshs.204.3 million and balance of Kshs.31.7 million brought forward from financial year 2012/2013.

During the period July to December 2013, the County received national shareable of revenue of Kshs 991 million, collected local revenue amounting to Kshs 36.5 million. The County also had unspent 2012/13 operations accounts balances swept back to CRF account of Kshs 31.7 million and CRF account balance carried forward from last financial year of Kshs 96.7 million. In the first quarter of FY 2013/2014, the local revenue raised was Kshs. 18.8 million while in the second quarter local revenues amounted to Kshs.17.7 million. The local revenue raised during the period July to December, 2013 was 17.8 per cent of the annual local revenue target. If this trend is maintained, the County is might not achieve its target for local revenue in the current financial year. In the period under review, the funds released to the County amounted to Kshs. 625.8 million consisting of Kshs. 435.2 million (69.5%) for recurrent activities and Kshs 190.6 million (30.5%) for development expenditure.

The total expenditure for the first half of financial year 2013/2014 amounted to Kshs 405.4 million representing 64.8 per cent of the funds released. The expenditure comprised of Kshs.348.1 million (85.9%) spent on recurrent activities and Kshs 57.3 million (14.1 %) on development projects. The recurrent expenditure was 80.2 per cent of the funds released for recurrent activities while the development expenditure translated to 29.6 per cent of the funds released for development programmes. Further, the recurrent expenditure represents an absorption rate of 15.3 per cent of the annual recurrent budget while the development expenditure accounted for 5.7 per cent of the annual development budget.

Analysis of the expenditure shows that the County spent Kshs 127.6 million (31.5 %) on personnel emolument, Kshs 220.6 million (54.4 %) on operations and maintenance, and Kshs 57.3 million (14.1 per cent) on development activities. This is illustrated in the figure 47.

Figure 48: Analysis of Total Expenditure, Vihiga County



Source: *Vihiga County Treasury*

Analysis of operations and maintenance expenditure revealed that Kshs 54.2 million (24.6%) was spent on travel costs and accommodation allowances, Kshs.23.6 million (10.7%) on purchase of vehicles, Kshs.17.3 million (7.9%) on maintenance of vehicles, Kshs 17.2 million (7.8%) on conferences and hospitality and Kshs 12.3 million (5.6%) on sitting allowances for MCAs. The remaining Kshs.95.9 million (43.5%) was spent on other operations and maintenance such as purchase of furniture, and stationery.

The development programs implemented during the period under review included refurbishment of County Headquarters, Purchase and installation of Hansard equipment and rehabilitation of Opasi roads and tributaries and Musilongo - Esamuenye road.

The key issues that emerged during the period under review included low local revenue collection and poor network connectivity of the IFMIS system. To address these issues, the County should liaise with IFMIS Directorate to address connectivity issues and put in place effective measures to improve revenue collection.

Wajir County

Wajir County has a budget of Ksh.5.4 billion to be implemented over the FY 2013/2014. The budget has a recurrent allocation of Kshs. 2.70 billion (49.8%) and development allocation of Kshs. 2.72 billion (50.2%). The budget will be funded by a national shareable revenue of Kshs.5.6 billion and local revenue of Kshs.119.0 million.

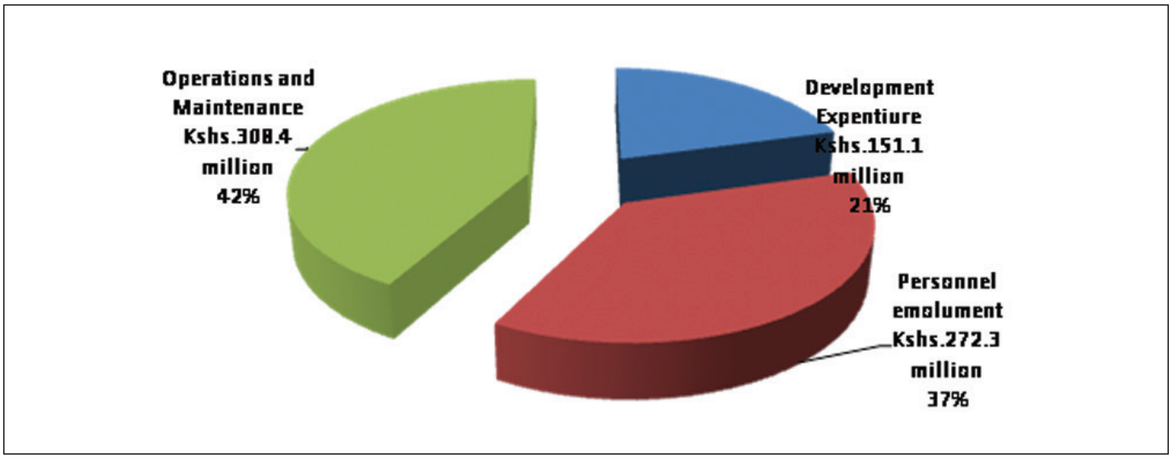
During the first six months of the FY 2013/2014, the County received Ksh.1.9 billion as national shareable revenue, collected Kshs. 21.3 million from local revenue sources and had Kshs. 1.0 million brought forward from the previous financial year. Local revenue accounted for 17.9 per cent of the annual local revenue target. The local revenue collection for the second quarter was Kshs.10.8 million which is an improvement from Kshs.10.5 million collected in the first quarter of FY 2013/2014.

The funds released to the County in the same period amounted to Ksh.1.4 billion comprising of Kshs. 907.4 million for recurrent vote and Kshs.513.9 for development vote.

The total expenditure for the period July to December, 2013 was Kshs. 731.7 million accounting for 51.5 per cent of the funds released. Analysis of the expenditure shows that the County spent Kshs.580.6 million on recurrent expenditure and Kshs.151.1 million on development expenditure. The recurrent expenditure was 64.0 per cent of the funds released for recurrent activities while the development expenditure accounted for 29.4 per cent of the funds released for development programmes/projects. However, the recurrent expenditure represented an absorption rate of 21.5 per cent of the annual recurrent budget while the development expenditure translated to an absorption rate of 5.6 per cent of the annual development budget.

Further analysis of the recurrent expenditure shows that Kshs. 272.3 million (46.9%) was spent on personnel emolument and Ksh.308.4 million (53.1%) on operation and maintenance. The National Government was reimbursed Ksh.144.1 million for paying salaries of devolved staff during the period under review. The analysis of total expenditure is presented in figure 48.

Figure 49: Analysis of Total Expenditure, Wajir County



Source: *Wajir County Treasury*

Analysis of the operations and maintenance expenditure shows that the County spent Kshs.37.4 million on domestic/foreign travel which translates to 51.6 per cent of the annual budget for the domestic/foreign travel. Other operations and maintenance expenditure include Kshs.49.0 million (15.9%) spent on routine maintenance, Kshs.29.9 million (9.7%) on purchase of motor vehicle, Kshs.8.8 million (2.9%) on fuel oil and lubricants, Kshs.5.8 million (1.9%) on communication supplies and services, Kshs. 5.1 million (1.7%) on conference, hospitality and catering, Kshs.4.3 million (1.4%) on office and general supplies, Kshs.2.3 million (0.7%) on training expense and capacity building, and Kshs.5.3 million (1.7%) on printing and advertising. The remaining Kshs. 159.2 million was spent on other categories of operations and maintenance. Further, the County paid Kshs. 29.1 million as sitting allowances for the members of the County Assembly which translates to 72.5 per cent of the annual budget for MCA sitting allowance.

During the period under review, there was a discrepancy between the budget approved by the County Assembly and the one uploaded in the IFMIS. This was attributed to the coding system in the IFMIS that did not provide for some activities at the County level. The County is currently working with the IFMIS directorate to correct the mismatch in the IFMIS coding system.

West Pokot County

The County has a budget of Kshs. 3.6 billion for the financial year 2013/2014 comprising of Kshs. 1.98 billion (54.6%) allocated for recurrent expenditure and Kshs. 1.65 billion (45.4%) for development expenditure. The budget will be financed by national shareable revenue of Kshs. 3.6 billion (99.0%) and local revenue of Kshs.38 million (1.0%).

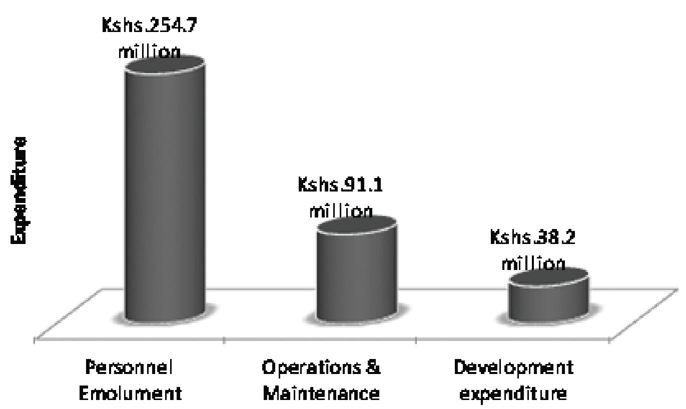
During the first six months of the FY2013/2014, the County received Kshs.1.1 billion as national shareable revenue, collected Kshs. 20.6 million from local revenue sources and had Kshs.29.3 million brought forward from FY2012/2013. The local revenue collection accounts for 53.0 per cent of the annual target. A breakdown of the revenue collected from local sources shows that Kshs. 17.0 million was collected in the second quarter which is an improvement from Kshs. 12.3 million collected in the first quarter of FY2013/2014.

The funds released to the County in the same period amounted to Kshs.868.9 million consisting of Kshs.618.4 million for the recurrent expenditure and Kshs.250.5 million for the development expenditure.

The total expenditure during the period under review was Kshs.383.9 million representing 44.2 per cent of the funds released. Analysis of this expenditure shows that Kshs.345.7 million (90.1%) was spent on recurrent expenditure and Kshs.38.2 million (9.9%) on development expenditure. The recurrent expenditure was 55.9 per cent of the funds released for recurrent activities while the development expenditure was 15.2 per cent of the funds released. However, the recurrent expenditure represented an absorption rate of 17.4 per cent of the annual recurrent budget while the development expenditure translated to an absorption rate of 2.3 per cent of the annual development budget.

Analysis of the recurrent expenditure shows that the County spent Kshs.254.7 million (73.7%) on personnel emolument and Kshs.91.1 million (26.3%) on operations and maintenance. The County received a wage bill of Kshs.127.4 million from the National Government for salaries of the devolved staff but refunded Kshs.111.3 million of the total amount invoiced. The analysis of total expenditure is presented in figure 49.

Figure 50: Analysis of Total Expenditure, West Pokot



Source: *West Pokot County Treasury*

Further analysis of the operations and maintenance expenditure indicates that Kshs. 20.4 million (22.4%) was spent on training, Kshs.18.5 million (20.4%) on fuel, oil and lubricants, Kshs.18.5 million (20.3%) on domestic and foreign travel, Kshs.8.1 million (9.5%) on hospitality and conferences, Kshs.4.8 million (5.3%) on utilities, supplies and services, Kshs.3.9 million (4.3%) on printing, advertising, and information supplies, Kshs.3.4 million (3.7%) on routine maintenance, Kshs.2.8 million (3.1%) on office and general supplies, and Kshs.2.0 million (2.2%) communication, supplies and services. The remaining Kshs.8.1 million (8.9%) was on other operating expenses. The County also paid sitting allowances amounting to Kshs.13.9 million for members of the County Assembly during the period under review.

The County could not fully implement the IFMIS system due to inadequate capacity of the users to operate the System. This delayed the production of expenditure reports whose accuracy could not be guaranteed. To address this challenge, the County in conjunction with the IFMIS Directorate should invest in continuous training of the County staff to manage the IFMIS system.

4.0 KEY CHALLENGES AND RECOMMENDATIONS

Several counties recorded progress towards the provision of services to the citizenry albeit the devolution process still at its transitional period. Although the counties made significant improvement in addressing the challenges identified in the first quarter report, some of the challenges are still being experienced. The current report therefore outlines the key issues and challenges identified in the process of monitoring the budget execution. The office of the Controller of Budget further makes recommendations on how the challenges should be addressed for the devolution vision to be realised in all the 47 counties.

4.1 Low absorption of development resources

The County Governments collectively allocated Kshs.112.7 billion (40.7 per cent of total budget estimates) for development programmes/projects. The report indicates that the absorption rate for the development funds was 4.3 per cent during the period under review compared to the total annual development budget. Although this is an improvement in absorption rate compare to the dismal 0.3 per cent recorded in the first quarter of the financial year, it is way below the expected target of 50 per cent for the first half of the year. With only six months to the end of the financial year, the OCOB is concerned that actual development expenditure will be a small proportion of the 40.7 per cent of the total budget allocated to development activities.

In order to improve the absorption of development funds, Counties should harmonize their strategic plans with workable and realistic work plans, procurement plans, and the budget and cash flow projections. These efforts should be supported by project implementation teams to ensure that project preparations and design is completed before procurement of such services is commenced. Accordingly, counties should establish credible financial management systems and effective monitoring units to improve project management.

4.2 Underperformance of Local Revenue Collections

Counties had targeted to cumulatively collect Kshs. 67.8 billion in the FY 2013/14 locally. In the first half of the FY 2013/14, the actual local revenue collected was Kshs. 9.0 billion representing 13.2 per cent of the annual target. This underperformance in local revenue collections can be attributed to the use of manual financial system, revenues being spent at source as opposed to sweeping the same to the County Revenue Fund, lapses in internal control mechanisms over revenue collections and ambitious revenue projections in the transition period. The weak internal control mechanisms have led to revenue leakages. Although the second quarter recorded a slight improvement, there is the need for counties to streamline local revenue collection systems by establishing effective internal control procedures and automated revenue collection systems. All revenue collected should be swept to the County revenue fund as stipulated under Article 207 (1) of the Constitution.

4.3 Integrated Financial Management Systems

Section 12 (1) (e) of the Public Financial Management Act, 2012 provides that the National Treasury shall design and prescribe an efficient financial management system for both the national and the County governments to ensure transparent financial management and standard financial reporting as contemplated by Article 226 of the Constitution. In this regard, the National Treasury has designated the Integrated Financial Management Information System (IFMIS) for use by all government agencies.

The first quarter Budget Implementation Review Report of the current financial year highlighted the challenges experienced in the use of the IFMIS system in most counties, and how this negatively affected the recording of financial transactions. As at the end of the first half of the FY 2013/14, IFMIS and G-PAY systems had been installed in all the Counties to automate the management of financial transactions. However, the operationalization of the IFMIS system has been hampered by connectivity challenges in most counties and the inadequate capacity of the users coupled with resistance to change to use the system. As a result, majority of the Counties resulted to using manual systems of processing transactions hence affecting accurate reporting on budget execution.

The National Treasury in conjunction with County Treasuries should ensure that all County Government entities embrace and use the prescribed Financial Management Information System in accordance to Section 12 (1) (e) of the PFM Act 2012 while addressing the challenges of connectivity and the capacity of its users at the County level. This is envisaged to promote proper monitoring and the efficient management of public resources.

4.4 Increasing Wage Bill

The OCOB observed that the Counties' wage bill for the first six months of the current financial year was 47.8 per cent of the total counties' expenditures. This has been attributed to the overstuffed workforce, uncoordinated recruitment by the County government units, and the lack of policy guidelines on staff rationalization and salary harmonization; challenges also experienced at the national government level. The Government needs to come up with a policy to rationalize staff recruitment and harmonise salaries at both levels of government to contain the increasing wage bill.

4.5 Capacity of the County Governments

The OCOB has observed that there is inadequate technical capacity to support the County Assemblies on the technical areas of budget preparation and legislation. This challenge should be addressed forthwith to help the Assemblies to actively and productively participate in interrogating the budget proposals presented by County Executive and make informed policy decisions. To address this challenge, the National government through the Ministry of Devolution and Planning and the National Treasury has designed an elaborate programme to build capacity and support County Governments during the transition period.

In order to support the counties build their capacity, the National government should support County Governments to put up the right infrastructure for the operationalization of the Financial Management Information Systems. The Office of the Controller of Budget recommends training programmes for Members of County Assemblies in the technical area of budget preparation and legislation. As recommended during the second meeting of the Intergovernmental Budget and Economic Council (IBEC), the National government should second staff with the requisite skills to the Counties where need arises as a stop gap measure.

4.6 Management of Imprest

The report revealed that a number of counties did not manage the issuance of imprest as required by the law and other financial regulations. Officers took huge imprests which were not accounted for as per the government regulations. County Treasuries are urged to adhere to the regulations on imprests management accordingly.

5.0 CONCLUSION

The office of the Controller of Budget prepared the County Budget Implementation Review Report in fulfilment of the Constitutional mandate that requires the Office to report to each House of Parliament on the status of budget implementation of both the National and County governments. The report presents findings on the budget execution by the County Governments for the first half of the FY 2013/2014 and analyses the revenues, exchequer issues and expenditures in the period under review.

The Budget Implementation Review Report for the first quarter of the FY 2013/14 highlighted key challenges that affected budget implementation in the Counties; nonetheless, the same challenges still persisted in the second quarter. The challenges including low absorption of funds, low performance of local revenue collections, inadequate capacity, the issue of the escalating wage bill and poor utilization of the financial management information systems were still observed in the second quarter of the financial year. In order to address the issue of inadequate capacity, most counties established County Public Service Boards to recruit additional staff while the national government embarked on training programs targeting most of the County staff particularly on finance and budgeting.

Local revenue performance improved in the second quarter of the financial year by 6.4 per cent compared to the first quarter, although the achievement is considerably low in relation to the total annual target. The County governments are requested to put in place proper mechanisms aimed at improving the local revenue performance.

The overall absorption rate of funds released to the County government stood at 14.9 per cent compared to the total annual budgets. Although this is an improvement from the 4.8 per cent recorded in the first quarter, a lot needs to be done if the counties are to achieve the development targets envisioned in the country's long term development blue print.

In order to facilitate timely and accurate provision of information on budget implementation, the OCOB recommends the full operationalization of the IFMIS and G-Pay systems. This will provide a mechanism for monitoring and reporting on budget execution by the County governments in a timely manner. The national government should accordingly provide an adequate and robust infrastructure for every county government unit to use the IFMIS system fully.

There is need to build capacity for the County Assemblies to enable them to productively interrogate the budget proposals presented by the County Executives in order to make informed policy decisions. The report recommends the roll out of training programmes targeting the Members of the County Assemblies in the technical issues of budget preparation and legislation.

Lastly, it is discouraging to note that Counties continue to flout regulations in total disregard to the Constitution and the PFMA, 2012. The report revealed that counties utilized funds in excess of what was authorized by their respective budgets. In some instances, counties spent up to seven times the amounts appropriated. This was mainly noticed in the domestic and foreign travel and MCA sitting allowances. This in effect means that the counties will have to divert funds from other activities to defray expenditures under the votes already exhausted.

ANNEXES

ANNEX 1: FUNDS AVAILABLE TO THE COUNTIES IN THE PERIOD JULY TO DECEMBER, 2013

COUNTY NAME	FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND	LOCAL REVENUE COLLECTION	OPENING BALANCE/ BALANCE B/F	TOTAL REVENUE FOR THE QUARTER	EXECHEQUER RELEASE TO COUNTY
Baringo	1,136,748,625	92,204,079		1,228,952,704	1,076,725,664
Bomet	1,583,613,767	60,677,610	133,494,965	1,777,786,342	1,239,624,283
Bungoma	1,515,794,635	88,075,030	75,987,266	1,679,856,931	814,528,022
Busia	1,347,326,880	110,974,795	51,109,995	1,509,411,670	1,064,813,968
Elgeyo/Marakwet	837,204,057	21,171,216		858,375,273	764,843,129
Embu	1,073,439,545	62,607,058	68,265,374	1,204,311,977	694,648,176
Garissa	1,189,528,548	16,292,021	21,867,151	1,227,687,720	856,962,420
Homa Bay	1,442,500,439	59,501,285	210,725	1,502,212,449	1,184,878,358
Isiolo	782,454,168	72,936,205	5,906,049	861,296,422	392,775,000
Kajiado	1,129,593,451	107,805,966	38,290,000	1,275,689,417	994,744,505
Kakamega	3,140,334,409	103,109,014	75,236,444	3,318,679,867	1,977,239,762
Kericho	1,153,256,878	103,904,234	27,000,000	1,284,161,112	946,655,305
Kiambu	**1,573,222,125**	386,406,970	290,875,336.00	2,250,504,431	1,697,980,697
Kilifi	1,904,886,719	160,772,165	144,917,631	2,210,576,515	1,736,508,262
Kirinyaga	905,752,781	52,181,998	58,730,028	1,016,664,807	623,217,648
Kisii	1,889,810,873	84,533,947	22,897,709	1,997,242,529	1,512,884,926
Kisumu	1,592,827,091	210,337,650	179,520,796	1,982,685,537	1,284,026,368
Kitui	1,860,358,442	103,118,379	184,643,095	2,148,119,916	1,323,851,679

COUNTY NAME	FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND	LOCAL REVENUE COLLECTION	OPENING BALANCE/ BALANCE B/F	TOTAL REVENUE FOR THE QUARTER	EXECHEQUER RELEASE TO COUNTY
Kwale	1,012,217,221	64,833,478	215,626,100	1,292,676,799	791,546,763
Laikipia	883,054,563	91,063,407	78,177,438	1,052,295,408	821,297,353
Lamu	405,203,877	8,954,632	59,787,749	473,946,259	131,804,550
Machakos	1,770,701,221	411,473,369	74,744,107	2,256,918,697	1,760,776,813
Makueni	1,528,183,677	63,935,633	72,549,269	1,664,668,579	1,172,487,084
Mandera	2,292,581,525	28,228,753	107,884,677	2,428,694,954	1,018,619,826
Marsabit	1,328,456,864	16,429,781	13,225,714	1,358,112,359	1,104,863,239
Meru	1,726,408,504	106,848,932	150,000,000	1,983,257,436	1,495,777,083
Migori	1,494,183,354	95,071,892	0	1,589,255,245	1,271,000,000
Mombasa	1,138,357,792	404,877,470	199,891,249	1,743,126,511	1,436,328,282
Murang’a	1,057,696,777	148,436,408	106,000,000	1,312,133,185	1,232,691,502
Nairobi City	4,372,652,546	3,377,798,087		7,750,450,633	4,754,556,929
Nakuru	2,287,862,762	348,597,227	68,402,269	2,704,862,258	2,049,977,143
Nandi	1,217,265,639	57,119,762	55,200,000	1,329,585,401	1,022,827,102
Narok	1,353,656,615	1,054,377,971	15,743,447.65	2,423,778,034	2,130,574,286
Nyamira	1,063,525,318	23,742,873		1,087,268,191	854,910,765
Nyandarua	850,555,968	42,613,992	62,000,000	955,169,960	966,680,500
Nyeri	1,272,706,392	147,258,863	239,173,659	1,659,138,914	1,224,867,577
Samburu	701,501,370	120,442,918	67,444,582	889,388,870	867,792,916
Siaya	986,466,420	38,256,381	138,797,574	1,163,520,375	856,654,442
Taita/Taveta	653,570,101	53,683,177		707,253,278	588,396,195
Tana River	1,020,014,993	16,569,233		1,036,584,226	561,887,909

COUNTY NAME	FUNDS RELEASED FROM CONSOLIDATED FUND TO COUNTY REVENUE FUND	LOCAL REVENUE COLLECTION	OPENING BALANCE/ BALANCE B/F	TOTAL REVENUE FOR THE QUARTER	EXECHEQUER RELEASE TO COUNTY
Tharaka -Nithi	803,189,782	35,486,118		838,675,900	439,919,625
Trans Nzoia	1,305,456,119	55,821,432	58,691,027	1,419,968,578	1,078,714,458
Turkana	2,682,540,908	40,865,478		2,723,406,386	1,606,207,000
Uasin Gishu	1,328,820,040	150,179,280	188,239,000	1,667,238,320	1,167,415,187
Vihiga	991,047,554	36,459,858	128,400,535	1,155,907,947	625,790,152
Wajir	1,851,518,262	21,274,280	960,000	1,873,752,542	1,421,308,709
West Pokot	1,104,267,404	20,594,454	29,274,371	1,154,136,229	868,942,208
Total	**66,542,316,998**	**8,977,904,761**	**3,509,165,331**	**79,029,387,090**	**55,511,523,768**

ANNEX 2: ANNUAL COUNTY REVENUE FY 2013/2014

COUNTY NAME	EQUITABLE SHARE	CONDITIONAL GRANT	ANNUAL LOCAL REVENUE TARGET	TOTAL BUDGETED REVENUE	REALISED REVENUE AS AT 31ST DECEMBER 2014	% OF ANNUAL LOCAL REVENUE TO TOTAL REVENUE
Baringo	3,247,853,214	382,555,501	280,000,000	3,910,408,715	92,204,079	32.9%
Bomet	3,442,638,623	272,582,727	245,000,000	3,960,221,350	60,677,610	24.8%
Bungoma	6,180,666,881	334,595,329	2,753,780,000	9,269,042,210	88,075,030	3.2%
Busia	3,412,404,160	266,369,417	632,404,257	4,311,177,834	110,974,795	17.5%
Elgeyo/Mara-kwet	2,392,011,591	744,501,814	85,023,379	3,221,536,784	21,171,216	24.9%
Embu	2,807,082,690	557,198,402	439,611,586	3,803,892,678	62,607,058	14.2%
Garissa	4,221,433,714	475,032,960	150,533,326	4,847,000,000	16,292,021	10.8%
Homa Bay	4,121,429,825	1,604,785,613	140,678,820	5,866,894,258	59,501,285	42.3%
Isiolo	2,235,583,336	187,893,545	360,000,000	2,783,476,881	72,936,205	20.3%
Kajiado	3,227,409,858	284,382,199	517,000,000	4,028,792,057	107,805,966	20.9%
Kakamega	6,515,510,757	840,702,017	3,500,000,000	10,856,212,774	103,109,014	2.9%
Kericho	3,295,019,652	317,792,977	293,152,462	3,905,965,091	103,904,234	35.4%
Kiambu	5,458,860,859	805,574,808	6,367,000,000	12,631,435,667	386,406,970	6.1%
Kilifi	5,442,533,482	377,885,641	2,064,085,271	7,884,504,394	160,772,165	7.8%
Kirinyaga	2,587,865,089	242,055,751	437,993,243	3,267,914,083	52,181,998	11.9%
Kisii	5,188,303,957	635,954,331	1,229,194,738	7,053,453,026	84,533,947	6.9%
Kisumu	4,155,298,066	711,380,679	3,417,121,255	8,283,800,000	210,337,650	6.2%
Kitui	5,315,309,832	519,086,118	713,850,291	6,548,246,241	103,118,379	14.4%
Kwale	3,748,952,670	280,447,997	642,361,019	4,671,761,685	64,833,478	10.1%
Laikipia	2,523,013,037	234,821,897	1,306,100,000	4,063,934,934	91,063,407	7.0%

COUNTY NAME	EQUITABLE SHARE	CONDITIONAL GRANT	ANNUAL LOCAL REVENUE TARGET	TOTAL BUDGETED REVENUE	REALISED REVENUE AS AT 31ST DECEMBER 2014	% OF ANNUAL LOCAL REVENUE TO TOTAL REVENUE
Lamu	1,500,755,101	99,237,004	353,279,809	1,953,271,914	8,954,632	2.5%
Machakos	4,950,617,060	523,080,848	2,541,868,584	8,015,566,492	411,473,369	16.2%
Makueni	4,366,239,078	354,912,725	350,000,000	5,071,151,803	63,935,633	18.3%
Mandera	6,550,232,929	230,310,408	437,400,000	7,217,943,337	28,228,753	6.5%
Marsabit	3,795,591,041	272,856,567	44,000,000	4,112,447,608	16,429,781	37.3%
Meru	4,749,444,426	758,421,849	658,000,000	6,165,866,275	106,848,932	16.2%
Migori	4,269,095,295	490,967,787	795,374,867	5,555,437,949	95,071,892	12.0%
Mombasa	3,801,758,312	545,817,618	7,345,847,392	11,693,423,322	404,877,470	5.5%
Murang'a	3,917,395,470	404,431,503	1,300,041,827	5,621,868,800	148,436,408	11.4%
Nairobi City	9,505,766,405	390,470,421	15,448,045,417	25,344,282,243	3,377,798,087	21.9%
Nakuru	5,936,313,837	1,024,998,693	3,076,738,273	10,038,050,803	348,597,227	11.3%
Nandi	3,477,901,826	408,946,759	139,000,000	4,025,848,585	57,119,762	41.1%
Narok	3,867,590,331	278,791,611	5,323,459,195	9,469,841,137	1,054,377,971	19.8%
Nyamira	3,038,643,767	278,440,754	100,000,000	3,417,084,521	23,742,873	23.7%
Nyandarua	3,150,207,289	284,911,755	204,700,039	3,639,819,083	42,613,992	20.8%
Nyeri	3,254,175,229	817,147,697	479,050,914	4,550,373,840	147,258,863	30.7%
Samburu	2,598,153,222	206,938,875	223,550,000	3,028,642,097	120,442,918	53.9%
Siaya	3,653,579,334	318,012,871	153,466,278	4,125,058,483	38,256,381	24.9%
Taita/Taveta	2,420,630,003	205,852,212	214,119,909	2,840,602,124	53,683,177	25.1%
Tana River	2,914,328,550	204,478,573	87,290,000	3,206,097,123	16,569,233	19.0%
Tharaka -Nithi	2,294,827,946	139,762,124	84,164,893	2,518,754,963	35,486,118	42.2%

COUNTY NAME	EQUITABLE SHARE	CONDITIONAL GRANT	ANNUAL LOCAL REVENUE TARGET	TOTAL BUDGETED REVENUE	REALISED REVENUE AS AT 31ST DECEMBER 2014	% OF ANNUAL LOCAL REVENUE TO TOTAL REVENUE
Trans Nzoia	3,729,874,627	193,134,230	501,503,926	4,424,512,783	55,821,432	11.1%
Turkana	7,664,402,593	229,995,474	351,838,651	8,246,236,718	40,865,478	11.6%
Uasin Gishu	3,796,628,687	270,261,206	1,682,423,486	5,749,313,379	150,179,280	8.9%
Vihiga	2,831,564,441	196,974,298	204,274,739	3,232,813,478	36,459,858	17.8%
Wajir	5,290,052,179	357,469,372	119,030,873	5,766,552,424	21,274,280	17.9%
West Pokot	3,155,049,726	437,777,043	38,000,000	3,630,826,769	20,594,454	54.2%
Total	**190,000,000,000**	**20,000,000,000**	**67,831,358,718**	**277,831,358,718**	**8,977,904,761**	**13.2%**

ANNEX 3: ANALYSIS OF OPERATIONS AND MAINTAINANCE (AMOUNT IN MILLIONS.)

County Name	Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs	Total Conferences, hospitality & Catering	Training Expense (including Extension service and Capacity Building)	Purchase of M/ Vehicles	Utilities Supplies and Services	Communication, Supplies and Services	Printing , Advertising and Information Supplies and Services	Fuel Oil and Lubricants	Routine Maintenance	Office and General Supplies and Services	Other Operating Expenses	Total O&M	Sitting Allowances for MCAs
Baringo	47.11	19.67	8.39	94.86	8.68	2.45	13.92	10.69	19.31	8.15	51.02	284.25	26.93
Bomet	42.84	14.01	33.76	67.82	14.38	6.87	10.36	16.77	31.05	24.93	32.73	295.53	4.43
Bungoma	59.50	3.20	14.49	5.11	5.58	10.69	17.00	7.43	16.16	51.12	162.62	352.91	12.30
Busia	86.75	9.48	16.87	-	2.60	1.24	8.84	4.22	14.98	19.57	199.25	363.79	31.11
Elgeyo/ Marakwet	20.28	7.36	6.82	-	2.37	-	8.98	3.80	7.56	3.16	76.47	136.80	8.97
Embu	33.30	22.32	1.97	62.78	2.08	2.05	7.35	4.36	15.51	20.14	57.89	229.76	8.59
Garissa	41.22	29.35	9.96	67.77	16.66	2.06	9.79	19.38	7.16	4.16	54.15	261.65	26.00
Homa Bay	93.66	76.07	0.08	11.15	-	15.91	25.50	8.30	13.02	3.96	118.60	366.25	30.99
Isiolo	23.58	11.36	1.78	26.14	1.27	1.67	3.43	12.23	6.41	0.28	48.74	136.88	1.69
Kajiado	96.61	9.88	4.42	-	4.89	5.87	18.92	6.74	5.52	2.74	45.04	200.62	-
Kakamega	76.42	27.61	3.85	62.80	4.22	7.05	33.59	7.05	5.53	3.90	81.81	313.83	47.23
Kericho	52.59	16.07	2.49	72.05	12.30	2.82	8.11	13.91	13.52	2.85	43.70	240.39	5.86
Kiambu	131.11	20.48	9.34	53.05	19.43	9.40	25.12	27.60	10.83	27.21	144.97	478.54	29.61
Kilifi	77.09	9.86	12.03	-	8.70	2.55	11.43	6.98	0.52	12.62	297.57	439.35	12.05
Kirinyaga	28.10	16.99	12.99	38.06	1.95	3.59	6.30	4.72	25.90	2.04	37.14	177.77	11.42
Kisii	87.02	11.03	10.11	-	0.48	4.22	9.92	5.91	7.60	6.91	42.22	185.41	54.27
Kisumu	27.69	12.21	19.35	26.08	2.64	0.08	11.48	16.07	31.70	10.14	91.30	248.74	13.40

County Name	Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs	Total Conferences, hospitality & Catering	Training Expense (including Extension service and Capacity Building)	Purchase of M/ Vehicles	Utilities Supplies and Services	Communication, Supplies and Services	Printing, Advertising and Information Supplies and Services	Fuel Oil and Lubricants	Routine Maintenance	Office and General Supplies and Services	Other Operating Expenses	Total O&M	Sitting Allowances for MCAs
Kitui	49.96	27.42	9.29	103.69	18.24	13.24	20.76	10.37	10.05	18.84	34.14	315.99	26.45
Kwale	52.86	7.02	40.11	-	142.81	1.43	6.46	8.44	7.46	10.69	10.75	288.03	10.75
Laikipia	96.46	10.34	6.48	-	8.71	4.23	11.43	12.95	11.43	6.07	-	168.10	4.11
Lamu	20.98	4.47	1.50	16.81	-	0.03	0.47	1.45	6.50	0.86	29.31	82.38	-
Machakos	114.61	28.28	45.89	-	5.82	11.13	29.10	22.40	25.77	71.38	133.72	488.11	20.84
Makueni	104.04	13.29	9.03	25.11	7.31	0.81	10.75	4.67	15.75	10.96	81.68	283.41	11.18
Mandera	68.57	21.29	32.39	-	15.19	4.54	5.68	3.64	39.50	1.98	24.45	217.23	22.39
Marsabit	40.32	23.84	0.85	58.66	1.75	1.95	7.02	19.87	16.39	31.50	63.03	265.17	6.01
Meru	65.47	25.08	1.22	98.89	1.18	5.95	17.61	12.76	15.73	12.58	67.69	324.15	40.50
Migori	107.40	16.69	5.28	89.42	79.50	6.87	17.09	17.48	44.49	32.17	27.11	443.52	52.45
Mombasa	15.96	74.22	15.36	6.52	123.18	16.33	56.07	29.65	69.75	29.19	1.64	437.87	1.64
Murang'a	53.09	42.40	11.31	-	5.59	8.24	44.00	4.97	33.27	14.01	97.74	314.62	4.94
Nairobi City	20.75	61.98	26.71	341.77	-	-	-	-	-	-	534.71	985.92	258.16
Nakuru	91.30	17.23	25.45	27.39	55.85	15.83	22.61	11.76	58.39	111.71	167.56	605.08	17.66
Nandi	53.53	20.86	19.47	5.48	0.99	1.94	13.54	10.08	25.46	4.61	77.12	233.09	21.00
Narok	111.86	19.31	7.81	225.68	5.77	2.41	65.73	17.73	9.86	8.04	187.81	662.00	11.19
Nyamira	43.41	5.87	15.03	87.56	3.46	20.20	18.20	6.61	86.77	20.30	-	307.41	11.60
Nyandarua	70.37	30.39	10.31	65.24	1.12	1.92	6.03	8.47	12.80	0.37	-	207.04	16.89
Nyeri	83.60	26.14	6.61	-	4.88	2.71	14.79	6.40	10.10	-	35.81	191.04	27.57
Samburu	53.62	8.15	3.91	73.58	3.08	2.12	5.36	9.88	15.99	10.75	15.56	202.00	5.22

County Name	Domestic/ Foreign Travel and Subsistence, and Other Transportation Costs	Total Conferences, hospitality & Catering	Training Expense (including Extension service and Capacity Building)	Purchase of M/ Vehicles	Utilities Supplies and Services	Communication, Supplies and Services	Printing, Advertising and Information Supplies and Services	Fuel Oil and Lubricants	Routine Maintenance	Office and General Supplies and Services	Other Operating Expenses	Total O&M	Sitting Allowances for MCAs
Siaya	43.79	9.91	14.99	91.74	23.73	1.59	6.06	9.24	0.93	7.18	73.41	282.58	12.75
Taita/ Taveta	50.79	2.57	0.02	-	0.07	0.26	0.64	3.08	0.79	0.58	24.56	83.37	-
Tana River	13.18	2.97	0.55	79.00	0.19	0.24	6.18	8.32	0.25	0.22	-	111.09	1.34
Tharaka -Nithi	73.34	17.18	14.28	65.53	0.21	1.32	4.96	0.63	5.72	7.95	28.91	220.04	5.20
Trans Nzoia	68.43	5.03	6.83	62.75	1.25	3.43	5.17	21.56	93.09	39.04	124.14	430.71	29.69
Turkana	91.78	9.67	19.77	279.18	2.93	4.96	9.87	24.03	8.28	20.58	240.98	712.04	0.64
Uasin Gishu	65.63	28.19	13.72	26.60	10.63	3.01	13.15	-	41.90	5.07	27.65	235.53	49.55
Vihiga	54.15	17.17	16.05	23.63	8.80	1.00	6.56	4.62	22.60	12.56	54.23	221.37	12.29
Wajir	37.38	5.13	2.30	29.91	1.10	5.81	5.27	8.79	49.02	4.33	159.22	308.26	29.06
West Pokot	18.46	8.62	20.38	-	4.85	2.01	3.91	18.55	3.36	2.85	8.08	91.06	91.06
Total	**2,859.94**	**907.66**	**571.62**	**2,471.81**	**646.40**	**224.01**	**664.49**	**494.57**	**973.70**	**700.26**	**3,916.24**	**14,430.70**	**1,127.01**

ANNEX 4: ANALYSIS OF COUNTIES PERFORMANCE (AMOUNT IN MILLIONS.)

County Name	Gross Estimates		Exchequer Issues		Expenditure		% of Gross Estimates to Expenditure		% of Exchequer Issues to Expenditure	
	Recurrent Estimates	Development Estimates	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development
Baringo	2,691.12	1,292.80	830.73	246.00	689.94	8.52	25.6%	0.7%	83.1%	3.5%
Bomet	1,810.40	2,011.40	646.00	593.62	611.52	423.47	33.8%	21.1%	94.7%	71.3%
Bungoma	5,178.48	3,675.39	657.53	157.00	682.68	43.47	13.2%	1.2%	103.8%	27.7%
Busia	2,595.43	1,708.11	814.81	250.00	627.05	20.14	24.2%	1.2%	77.0%	8.1%
Elgeyo/ Marakwet	1,818.43	785.24	764.84	-	388.39	2.18	21.4%	0.3%	50.8%	0.0%
Embu	1,686.51	2,117.38	614.60	80.05	418.39	9.37	24.8%	0.4%	68.1%	11.7%
Garissa	3,275.74	1,571.26	751.29	105.67	499.72	40.60	15.3%	2.6%	66.5%	38.4%
Homa Bay	3,183.48	2,131.20	908.67	276.20	837.42	107.68	26.3%	5.1%	92.2%	39.0%
Isiolo	1,787.53	997.09	373.78	19.00	263.30	-	14.7%	0.0%	70.4%	0.0%
Kajiado	2,807.90	1,234.66	830.24	164.50	514.43	34.01	18.3%	2.8%	62.0%	20.7%
Kakamega	6,087.25	7,118.30	1,339.56	637.68	990.63	249.51	16.3%	3.5%	74.0%	39.1%
Kericho	2,029.07	1,503.00	564.10	382.55	657.58	106.49	32.4%	7.1%	116.6%	27.8%
Kiambu	7,163.61	5,467.79	1,407.98	290.00	1,553.16	129.25	21.7%	2.4%	110.3%	44.6%

County Name	Gross Estimates		Exchequer Issues		Expenditure		% of Gross Estimates to Expenditure		% of Exchequer Issues to Expenditure	
	Recurrent Estimates	Development Estimates	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development
Kilifi	5,366.71	2,662.71	1,260.41	476.10	971.58	152.63	18.1%	5.7%	77.1%	32.1%
Kirinyaga	2,278.75	989.21	480.24	142.97	379.85	34.24	16.7%	3.5%	79.1%	23.9%
Kisii	4,106.82	2,946.40	911.87	601.02	707.39	204.06	17.2%	6.9%	77.6%	34.0%
Kisumu	5,868.33	2,476.67	1,094.03	190.00	850.69	12.50	14.5%	0.5%	77.8%	6.6%
Kitui	3,716.11	2,832.14	952.46	371.40	896.87	27.80	24.1%	1.0%	94.2%	7.5%
Kwale	2,869.64	1,521.72	338.37	453.18	407.48	19.67	14.2%	1.3%	120.4%	4.3%
Laikipia	2,760.88	1,302.82	564.10	257.20	553.46	58.94	20.0%	4.5%	98.1%	22.9%
Lamu	843.84	1,367.40	131.80	-	166.41	-	19.7%	0.6%	126.3%	0.0%
Machakos	3,856.12	4,159.45	1,139.94	620.84	928.90	536.36	24.1%	12.9%	81.5%	86.4%
Makueni	3,105.09	1,966.11	878.23	294.26	446.58	90.47	14.4%	4.6%	50.8%	30.7%
Mandera	2,620.54	4,367.10	1,018.62	-	386.92	-	14.8%	0.0%	38.0%	0.0%
Marsabit	2,152.65	1,687.36	644.31	460.56	477.94	87.25	22.2%	5.2%	74.2%	18.9%
Meru	2,791.09	2,890.59	895.08	600.70	627.93	18.54	22.5%	0.6%	70.2%	3.1%
Migori	3,874.68	1,655.97	871.00	400.00	757.75	13.47	19.6%	0.8%	87.0%	3.4%

County Name	Gross Estimates		Exchequer Issues		Expenditure		% of Gross Estimates to Expenditure		% of Exchequer Issues to Expenditure	
	Recurrent Estimates	Development Estimates	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development
Mombasa	6,975.73	4,710.29	1,436.33	-	1,722.02	-	24.7%	0.0%	119.9%	0.0%
Murang'a	2,721.92	2,899.95	774.09	458.60	596.37	115.37	21.9%	4.0%	77.0%	25.2%
Nairobi City	17,625.68	7,599.50	3,528.65	1,225.91	6,897.03	1,085.29	39.1%	14.3%	195.5%	88.5%
Nakuru	6,840.99	3,197.05	1,804.98	245.00	1,463.56	12.11	21.4%	0.4%	81.1%	4.9%
Nandi	1,812.15	1,804.18	749.11	273.72	405.02	18.06	22.4%	1.0%	54.1%	6.6%
Narok	5,681.25	2,402.61	1,904.16	226.41	1,359.42	126.55	23.9%	5.3%	71.4%	55.9%
Nyamira	1,763.13	1,652.58	670.28	184.63	440.81	23.56	25.0%	1.4%	65.8%	12.8%
Nyandarua	1,764.09	1,875.78	749.84	216.84	401.56	29.17	22.8%	1.6%	53.6%	13.5%
Nyeri	2,638.72	1,911.70	748.67	476.20	458.64	166.88	17.4%	8.7%	61.3%	35.0%
Samburu	1,940.53	965.93	570.19	297.60	341.72	83.67	17.6%	8.7%	59.9%	28.1%
Siaya	2,944.69	1,319.21	826.65	30.00	473.69	-	16.1%	0.0%	57.3%	0.0%
Taita/ Taveta	1,940.55	918.32	570.48	17.91	323.71	4.26	16.7%	0.5%	56.7%	23.8%
Tana River	2,026.64	1,179.46	379.23	182.66	308.99	38.44	15.2%	3.3%	81.5%	21.0%
Tharaka -Nithi	1,546.43	972.16	360.32	79.60	327.73	58.82	21.2%	6.1%	91.0%	73.9%

County Name	Gross Estimates		Exchequer Issues		Expenditure		% of Gross Estimates to Expenditure		% of Exchequer Issues to Expenditure	
	Recurrent Estimates	Development Estimates	Recurrent	Development	Recurrent	Development	Recurrent	Development	Recurrent	Development
Trans Nzoia	3,062.62	1,361.89	741.39	337.33	667.32	27.59	21.8%	2.0%	90.0%	8.2%
Turkana	3,407.36	5,140.48	1,024.94	581.27	911.43	283.02	26.7%	5.5%	88.9%	48.7%
Uasin Gishu	3,677.51	2,071.80	679.19	488.23	595.50	26.60	16.2%	1.3%	87.7%	5.4%
Vihiga	2,274.30	989.63	435.15	190.64	348.94	56.50	15.3%	5.7%	80.2%	29.6%
Wajir	2,697.96	2,715.60	907.41	513.90	580.59	151.11	21.5%	5.6%	64.0%	29.4%
West Pokot	1,982.14	1,649.12	618.40	250.55	345.78	38.16	17.4%	2.3%	55.9%	15.2%
Total	**163,650.60**	**111,776.47**	**41,164.04**	**14,347.49**	**36,263.80**	**4,775.77**	**22.2%**	**4.3%**	**88.1%**	**33.3%**

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