



THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET

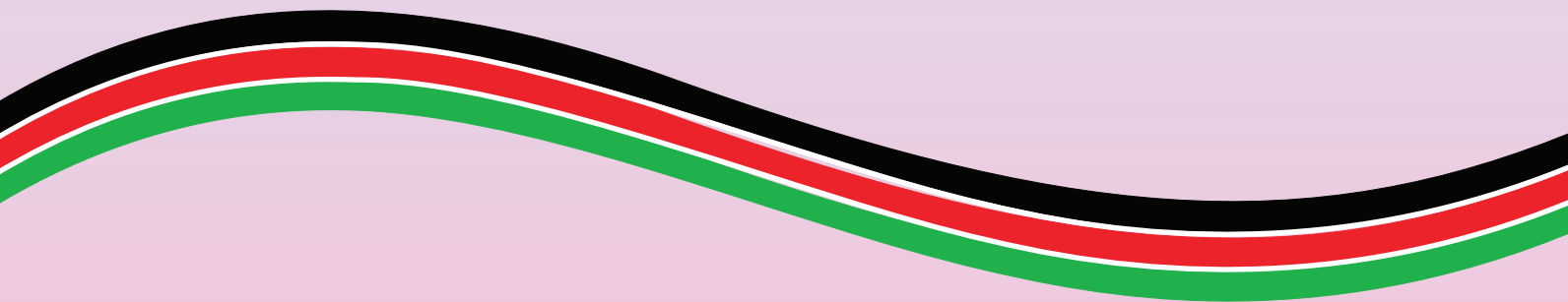


COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FY 2021/22

NOVEMBER, 2021





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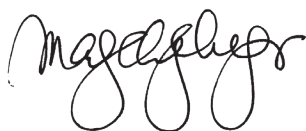
PREFACE

I am pleased to present the County Governments Budget Implementation Review Report (CBIRR) for the first quarter of the Financial Year (FY) 2021/22. The report has been prepared in conformity with Article 228(6) of the Constitution and Section 9 of the Controller of Budget (COB) Act, 2016, which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the National and County governments every four months.

This report covers the period July to September 2021 and presents information on the status of budget implementation by each of the forty-seven County governments. It highlights the status of budget implementation by each County government by presenting the revenue and expenditure performance and an assessment of the challenges that faced budget implementation during the period under review. The report is primarily based on analysis of expenditure reports submitted by County Treasuries in line with Section 166 and 168 of the Public Finance Management (PFM) Act, 2012 and data generated from the Integrated Financial Management System (IFMIS). It is also informed by continuous monitoring of budget implementation by the Office of the Controller of Budget (OCOB).

This budget implementation review report is one of the tools the OCOB uses to disseminate information to the public on budget implementation as stipulated under Section 39(8) of the PFM Act, 2012. The information contained in this report will be helpful to the legislature, the executive, and the public in enhancing awareness on the status of budget implementation and advancing the effective management of public resources.

The production of this report has been made possible by the combined efforts and dedication of the OCOB and County government staff. I take this opportunity to acknowledge and appreciate all those who have contributed to the production of this report.



Dr. Margaret Nyakang'o

CONTROLLER OF BUDGET

TABLE OF CONTENTS

PREFACE.....	II
ACRONYMS	XIV
EXECUTIVE SUMMARY	XVI
KEY HIGHLIGHTS	XVIII
1 INTRODUCTION	1
2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST QUARTER OF FY 2021/22.....	2
2.1 Introduction.....	2
2.2 Revenue Analysis	2
2.3 Funds Released to the Counties	3
2.4 Expenditure Analysis	4
3 BUDGET PERFORMANCE BY COUNTY	9
3.1 Introduction.....	9
3.2 County Government of Baringo	9
3.3 County Government of Bomet.....	18
3.4 County Government of Bungoma.....	27
3.5 County Government of Busia.....	38
3.6 County Government of Elgeyo Marakwet	46
3.7 County Government of Embu	53
3.8 County Government of Garissa	60
3.9 County Government of Homa Bay.....	66
3.10 County Government of Isiolo.....	75
3.11 County Government of Kajiado	85
3.12 County Government of Kakamega	91
3.13 County Government of Kericho.....	100
3.14 County Government of Kiambu	106
3.15 County Government of Kilifi	114
3.16 County Government of Kirinyaga	120
3.17 County Government of Kisii.....	126
3.18 County Government of Kisumu.....	133
3.19 County Government of Kitui	141
3.20 County Government of Kwale.....	149
3.21 County Government of Laikipia	158
3.22 County Government of Lamu	166
3.23 County Government of Machakos	171
3.24 County Government of Makueni.....	179
3.25 County Government of Mandera	187
3.26 County Government of Marsabit.....	192
3.27 County Government of Meru.....	198

3.28	County Government of Migori	204
3.29	County Government of Mombasa.....	212
3.30	County Government of Murang'a.....	218
3.31	County Government of Nairobi City	225
3.32	County Government of Nakuru.....	233
3.33	County Government of Nandi	241
3.34	County Government of Narok	247
3.35	County Government of Nyamira	255
3.36	County Government of Nyandarua	261
3.37	County Government of Nyeri.....	266
3.38	County Government of Samburu.....	273
3.39	County Government of Siaya	281
3.40	County Government of Taita Taveta.....	287
3.41	County Government of Tana River.....	292
3.42	County Government of Tharaka Nithi	300
3.43	County Government of Trans Nzoia	308
3.44	County Government of Turkana.....	313
3.45	County Government of Uasin Gishu	329
3.46	County Government of Vihiga.....	337
3.47	County Government of Wajir.....	342
3.48	County Government of West Pokot	348
4	KEY CHALLENGES AND RECOMMENDATIONS	352
4.1	Introduction.....	352
4.2	Under-performance in Own Source Revenue Collection	352
4.3	Low Expenditure on the Development Budget.....	352
4.4	Failure to settle Pending Bills in the First Quarter of FY 2021/22.....	352
5	CONCLUSION	353

LIST OF TABLES

Table 2.2:	Own Source Revenue Collection for the Period July to September 2021 of FY 2021/22.....	2
Table 2.1:	Expenditure by Economic Classification - First Quarter of FY 2021/22	4
Table 2.2:	County Budget Allocation, Expenditure and Absorption Rate for First Quarter FY 2021/22	6
Table 2.3:	MCAs Budget Allocation, Expenditure and Absorption Rate in First Quarter FY 2021/22.....	7
Table 3.1:	Summary of Budget and Expenditure by Economic Classification.....	11
Table 3.2:	Baringo County, Budget Performance by Department	12
Table 3.3:	Baringo County, Budget Execution by Programmes and Sub-programmes	12
Table 3.4:	Bomet County, Revenue Performance in the First Quarter of FY 2021/22	18
Table 3.5:	Summary of Budget and Expenditure by Economic Classification.....	20
Table 3.6:	Bomet County, List of Development Projects with the Highest Expenditure	21
Table 3.7:	Bomet County, Budget Performance by Department.....	21
Table 3.8:	Bomet County, Budget Execution by Programmes and Sub-programmes	22
Table 3.9:	Bungoma County, Revenue Performance in the First Quarter of FY 2021/22	27
Table 3.10:	Summary of Budget and Expenditure by Economic Classification.....	28
Table 3.11:	Bungoma County, Budget Performance by Department.....	29
Table 3.12:	Bungoma County, Budget Execution by Programmes and Sub-programmes	30
Table 3.13:	Busia County, Revenue Performance in the First Quarter of FY 2021/22.....	39
Table 3.14:	Summary of Budget and Expenditure by Economic Classification.....	40
Table 3.15:	Busia County, Budget Performance by Department	41
Table 3.16:	Busia County, Budget Execution by Programmes and Sub-Programmes	42
Table 3.17:	Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2021/22	47
Table 3.18:	Summary of Budget and Expenditure by Economic Classification.....	48
Table 3.19:	Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure	49
Table 3.20:	Elgeyo Marakwet County, Budget Performance by Department.....	50
Table 3.21:	Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes	50
Table 3.22:	Embu County, Revenue Performance in the First Quarter of FY 2021/22	53
Table 3.23:	Summary of Budget and Expenditure by Economic Classification.....	55
Table 3.24:	Embu County, Budget Performance by Department.....	56
Table 3.25:	Embu County, Budget Execution by Programmes and Sub-programmes	56
Table 3.26:	Garissa County, Revenue Performance in the First Quarter of FY 2021/22.....	60
Table 3.27:	Summary of Budget and Expenditure by Economic Classification.....	62
Table 3.28:	Garissa County, List of Development Projects with the Highest Expenditure	63
Table 3.29:	Garissa County, Budget Performance by Department	63
Table 3.30:	Garissa County, Budget Execution by Programmes and Sub-programmes	64
Table 3.31:	Homa Bay County, Revenue Performance in the First Quarter of FY 2021/22.....	67
Table 3.32:	Summary of Budget and Expenditure by Economic Classification.....	68

Table 3.33:	Homa Bay County, Budget Performance by Department	69
Table 3.34:	Homa Bay County, Budget Execution by Programmes and Sub-programmes	70
Table 3.35:	Isiolo County, Revenue Performance in the First Quarter of FY 2021/22.....	75
Table 3.36:	Summary of Budget and Expenditure by Economic Classification.....	76
Table 3.37:	Isiolo County, Budget Performance by Department	77
Table 3.38:	Isiolo County, Budget Execution by Programmes and Sub-programmes	78
Table 3.39:	Kajiado County, Revenue Performance in the First Quarter of FY 2021/22	85
Table 3.40:	Summary of Budget and Expenditure by Economic Classification.....	87
Table 3.41:	Kajiado County, Budget Performance by Department.....	88
Table 3.42:	Kajiado County, Budget Execution by Programmes and Sub-programmes	88
Table 3.43:	Kakamega County, Revenue Performance in the First Quarter of FY 2021/22	91
Table 3.44:	Summary of Budget and Expenditure by Economic Classification.....	93
Table 3.45:	Kakamega County, List of Development Projects with the Highest Expenditure	94
Table 3.46:	Kakamega County, Budget Performance by Department.....	94
Table 3.47:	Kakamega County, Budget Execution by Programmes and Sub-programmes	95
Table 3.48:	Kericho County, Revenue Performance in the First Quarter of FY 2021/22.....	100
Table 3.49:	Summary of Budget and Expenditure by Economic Classification.....	101
Table 3.50:	Kericho County, Budget Performance by Department	102
Table 3.51:	Kericho County, Budget Execution by Programmes and Sub-programmes	103
Table 3.52:	Kiambu County, Revenue Performance in the First Quarter of FY 2021/22	106
Table 3.53:	Summary of Budget and Expenditure by Economic Classification.....	108
Table 3.54:	Kiambu County, List of Development Projects with the Highest Expenditure	109
Table 3.55:	Kiambu County, Budget Performance by Department.....	109
Table 3.56:	Kiambu County, Budget Execution by Programmes and Sub-programmes	110
Table 3.57:	Kilifi County, Revenue Performance in the First Quarter of FY 2021/22	114
Table 3.58:	Summary of Budget and Expenditure by Economic Classification.....	116
Table 3.59:	Kilifi County, Budget Performance by Department.....	117
Table 3.60:	Kilifi County, Budget Execution by Programmes and Sub-programmes	118
Table 3.61:	Kirinyaga County, Revenue Performance in the First Quarter of FY 2021/22.....	121
Table 3.62:	Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification	122
Table 3.63:	Kirinyaga County, List of Development Projects with the Highest Expenditure	123
Table 3.64:	Kirinyaga County, Budget Performance by Department.....	123
Table 3.65:	Kirinyaga County, Budget Execution by Programmes and Sub-programmes	124
Table 3.66:	Kisii County, Revenue Performance in the First Quarter of FY 2021/22	127
Table 3.67:	Summary of Budget and Expenditure by Economic Classification.....	129
Table 3.68:	Kisii County, List of Development Projects with the Highest Expenditure	130
Table 3.69:	Kisii County, Budget Performance by Department.....	130
Table 3.70:	Budget Performance by Programme and Sub-Programme.....	131

Table 3.71:	Kisumu County, Revenue Performance in the First Quarter of FY 2021/22	133
Table 3.72:	Summary of Budget and Expenditure by Economic Classification.....	135
Table 3.73:	Kisumu County, Budget Performance by Department.....	136
Table 3.74:	Kisumu County, Budget Execution by Programmes and Sub-programmes	136
Table 3.75:	Kitui County, Revenue Performance in the First Quarter of FY 2021/22	142
Table 3.76:	Summary of Budget and Expenditure by Economic Classification.....	143
Table 3.77:	Kitui County, List of Development Projects with the Highest Expenditure	144
Table 3.78:	Kitui County, Budget Performance by Department.....	145
Table 3.79:	Kitui County, Budget Execution by Programmes and Sub-programmes	146
Table 3.80:	Kwale County, Revenue Performance in the First Quarter of FY 2021/22	150
Table 3.81:	Summary of Budget and Expenditure by Economic Classification.....	151
Table 3.82:	Kwale County, Budget Performance by Department.....	152
Table 3.83:	Kwale County, Budget Execution by Programmes and Sub-programmes (Kshs. Million)	153
Table 3.84:	Laikipia County, Revenue Performance in the First Quarter of FY 2021/22	158
Table 3.85:	Summary of Budget and Expenditure by Economic Classification.....	160
Table 3.86:	Laikipia County, List of Development Projects with the Highest Expenditure	161
Table 3.87:	Laikipia County, Budget Performance by Department.....	161
Table 3.88:	Laikipia County, Budget Execution by Programmes and Sub-Programmes	162
Table 3.89:	Lamu County, Revenue Performance in the First Quarter of FY 2021/22.....	166
Table 3.90:	Summary of Budget and Expenditure by Economic Classification.....	168
Table 3.91:	Lamu County, List of Development Projects with the Highest Expenditure	169
Table 3.92:	Lamu County, Budget Performance by Department	169
Table 3.93:	Lamu County, Budget Execution by Programmes and Sub-programmes	170
Table 3.94:	Machakos County, Revenue Performance in the First Quarter of FY 2021/22	172
Table 3.95:	Summary of Budget and Expenditure by Economic Classification.....	173
Table 3.96:	Machakos County, Budget Performance by Department.....	174
Table 3.97:	Machakos County, Budget Execution by Programmes and Sub-programmes	175
Table 3.98:	Makueni County, Revenue Performance in the First Quarter of FY 2021/22	180
Table 3.99:	Summary of Budget and Expenditure by Economic Classification.....	181
Table 3.100:	Makueni County, List of Development Projects with the Expenditure.....	182
Table 3.101:	Makueni County, Budget Performance by Department.....	183
Table 3.102:	Makueni County, Budget Execution by Programmes and Sub-programmes	184
Table 3.103:	Mandera County, Revenue Performance in the first quarter of FY 2021/22.....	187
Table 3.104:	Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification	189
Table 3.105:	Mandera County, List of Development Projects with the Highest Expenditure	190
Table 3.106:	Mandera County, Budget Performance by Department.....	190
Table 3.107:	Mandera County, Budget Execution by Programmes and Sub-programmes	191
Table 3.108:	Marsabit County, Revenue Performance in the First Quarter of FY 2021/22.....	193

Table 3.109:	Summary of Budget and Expenditure by Economic Classification.....	194
Table 3.110:	Marsabit County, Budget Performance by Department	195
Table 3.111:	Marsabit County, Budget Execution by Programmes and Sub-programmes	196
Table 3.112:	Meru County, Revenue Performance in the First Quarter of FY 2021/22	198
Table 3.113:	Summary of Budget and Expenditure by Economic Classification.....	200
Table 3.114:	Meru County, Budget Performance by Department.....	201
Table 3.115:	Meru County, Budget Execution by Programmes and Sub-programmes	201
Table 3.116:	Migori County, Revenue Performance in the First Quarter of FY 2021/22.....	205
Table 3.117:	Summary of Budget and Expenditure by Economic Classification.....	206
Table 3.118:	Migori County, Budget Performance by Department	207
Table 3.119:	Migori County, Budget Execution by Programmes and Sub-programmes	207
Table 3.120:	Mombasa County, Revenue Performance in the First Quarter of FY 2021/22.....	213
Table 3.121:	Summary of Budget and Expenditure by Economic Classification.....	214
Table 3.122:	Mombasa County, Budget Performance by Department	215
Table 3.123:	Mombasa County, Budget Execution by Programmes and Sub-programmes	216
Table 3.124:	Murang'a County, Revenue Performance in the First Quarter of FY 2021/22	218
Table 3.125:	Summary of Budget and Expenditure by Economic Classification.....	220
Table 3.126:	Murang'a County, List of Development Projects with the Highest Expenditure	221
Table 3.127:	Murang'a County, Budget Performance by Department.....	221
Table 3.128:	Murang'a County, Budget Execution by Programmes and Sub-programmes	222
Table 3.129:	Nairobi City County, Revenue Performance in the First Quarter of FY 2021/22	225
Table 3.130:	Summary of Budget and Expenditure by Economic Classification.....	226
Table 3.131:	Nairobi City County, Budget Performance by Department.....	228
Table 3.132:	Nairobi City County, Budget Execution by Programmes and Sub-programmes	229
Table 3.133:	Nakuru County, Revenue Performance in the First Quarter of FY 2021/22.....	233
Table 3.134:	Summary of Budget and Expenditure by Economic Classification.....	235
Table 3.135:	Nakuru County, Budget Performance by Department	236
Table 3.136:	Nakuru County, Budget Execution by Programmes and Sub-programmes	237
Table 3.137:	Nandi County, Revenue Performance in the First Quarter of FY 2021/22.....	242
Table 3.138:	Summary of Budget and Expenditure by Economic Classification.....	243
Table 3.139:	Nandi County, List of Development Projects with the Highest Expenditure	244
Table 3.140:	Nandi County, Budget Performance by Department	245
Table 3.141:	Nandi County, Budget Execution by Programmes and Sub-programmes	245
Table 3.142:	Narok County, Revenue Performance in FY 2021/22	248
Table 3.143:	Summary of FY 2021/22 Expenditure by Economic Classification.....	249
Table 3.144:	Narok County, Budget Performance by Department for FY 2021/22.....	250
Table 3.145:	Narok County, Budget Execution by Programmes and Sub-programmes in FY 2021/22.....	251
Table 3.146:	Nyamira County, Revenue Performance in the First Quarter of FY 2021/22.....	256

Table 3.147:	Summary of Budget and Expenditure by Economic Classification.....	257
Table 3.148:	Nyamira County, Budget Performance by Department	258
Table 3.149:	Nyamira County, Budget Execution by Programmes and Sub-programmes	258
Table 3.150:	Nyandarua County, Revenue Performance in the First Quarter of FY 2021/22.....	261
Table 3.151:	Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification	262
Table 3.152:	Nyandarua County, Budget Performance by Department.....	263
Table 3.153:	Nyandarua County, Budget Execution by Programmes and Sub-programmes	264
Table 3.154:	Nyeri County, Revenue Performance in the First Quarter of FY 2021/22	267
Table 3.155:	Summary of Budget and Expenditure by Economic Classification.....	268
Table 3.156:	Nyeri County, List of Development Projects with the Highest Expenditure	269
Table 3.157:	Nyeri County, Budget Performance by Department.....	270
Table 3.158:	Nyeri County, Budget Execution by Programmes and Sub-programmes	271
Table 3.159:	Samburu County, Revenue Performance in the First Quarter of FY 2021/22.....	273
Table 3.160:	Summary of Budget and Expenditure by Economic Classification.....	275
Table 3.161:	Samburu County, Budget Performance by Department.....	276
Table 3.162:	Samburu County, Budget Execution by Programmes and Sub-programmes	276
Table 3.163:	Siaya County, Revenue Performance in the First Quarter of FY 2021/22	281
Table 3.164:	Summary of Budget and Expenditure by Economic Classification.....	283
Table 3.165:	Siaya County, Budget Performance by Department.....	284
Table 3.166:	Siaya County, Budget Execution by Programmes and Sub-programmes	284
Table 3.167:	Taita Taveta County, Revenue Performance in the First Quarter of FY 2021/22.....	287
Table 3.168:	Summary of Budget and Expenditure by Economic Classification.....	289
Table 3.169:	Taita Taveta County, Budget Performance by Department.....	289
Table 3.170:	Taita Taveta County, Budget Execution by Programmes and Sub-programmes	290
Table 3.171:	Tana River County, Revenue Performance in the First Quarter of FY 2021/22.....	292
Table 3.172:	Summary of Budget and Expenditure by Economic Classification.....	294
Table 3.173:	Tana River County, Budget Performance by Department.....	295
Table 3.174:	Tana River County, Budget Execution by Programmes and Sub-programmes	296
Table 3.175:	Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2021/22	301
Table 3.176:	Summary of Budget and Expenditure by Economic Classification.....	302
Table 3.177:	Tharaka Nithi County, List of Development Projects with the Highest Expenditure.....	303
Table 3.178:	Tharaka Nithi County, Budget Performance by Department	304
Table 3.179:	Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes	304
Table 3.180:	Trans Nzoia County, Revenue Performance in the First Quarter of FY 2021/22	308
Table 3.181:	Summary of Budget and Expenditure by Economic Classification.....	309
Table 3.182:	Trans Nzoia County, Budget Performance by Department	311
Table 3.183:	Trans Nzoia County, Budget Execution by Programmes and Sub-programmes	311
Table 3.184:	Turkana County, Revenue Performance in the First Quarter of FY 2021/22.....	314

Table 3.185:	Summary of Budget and Expenditure by Economic Classification.....	315
Table 3.186:	Turkana County, Budget Performance by Department	316
Table 3.187:	Turkana County, Budget Execution by Programmes and Sub-programmes	317
Table 3.188:	Uasin Gishu County, Revenue Performance in the First Quarter of FY 2021/22	330
Table 3.189:	Summary of Budget and Expenditure by Economic Classification.....	331
Table 3.190:	Uasin Gishu County, Budget Performance by Department.....	332
Table 3.191:	Uasin Gishu County, Budget Execution by Programmes and Sub-programmes	333
Table 3.192:	Vihiga County, Revenue Performance in the First Quarter of FY 2021/22	337
Table 3.193:	Summary of Budget and Expenditure by Economic Classification.....	339
Table 3.194:	Vihiga County, Budget Performance by Department.....	340
Table 3.195:	Vihiga County, Budget Execution by Programmes and Sub-programmes	340
Table 3.196:	Wajir County, Revenue Performance in the First Quarter of FY 2021/22	342
Table 3.197:	Summary of Budget and Expenditure by Economic Classification.....	344
Table 3.198:	Wajir County, Budget Performance by Department.....	345
Table 3.199:	Wajir County, Budget Execution by Programmes and Sub-programmes	345
Table 3.200:	West Pokot County, Revenue Performance in the First Quarter of FY 2021/22	348
Table 3.201:	Summary of Budget and Expenditure by Economic Classification.....	349
Table 3.202:	West Pokot County, Budget Performance by Department.....	351

LIST OF FIGURES

Figure 3.1:	Baringo County, Revenue Performance in the First Quarter of FY 2021/22.....	9
Figure 3.2:	Baringo County Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	10
Figure 3.3:	Baringo County, Operations and Maintenance Expenditure by Major Categories	11
Figure 3.4:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	19
Figure 3.5:	Bomet County, Operations and Maintenance Expenditure by Major Categories	20
Figure 3.6:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	27
Figure 3.7:	Bungoma County, Operations and Maintenance Expenditure by Major Categories	29
Figure 3.8:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter FY 2021/22.....	39
Figure 3.9:	Busia County, Operations and Maintenance Expenditure by Major Categories	41
Figure 3.10:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	47
Figure 3.11:	Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories	49
Figure 3.12:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	54
Figure 3.13:	Embu County, Operations and Maintenance Expenditure by Major Categories	55
Figure 3.14:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	61
Figure 3.15:	Garissa County, Operations and Maintenance Expenditure by Major Categories	62
Figure 3.16:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	67
Figure 3.17:	Homa Bay County, Operations and Maintenance Expenditure by Major Categories	69
Figure 3.18:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	76
Figure 3.19:	Summary of Operations and Maintenance Expenditure by Major Categories	77
Figure 3.20:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	86
Figure 3.21:	Kajiado County, Operations and Maintenance Expenditure by Major Categories	87
Figure 3.22:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	92
Figure 3.23:	Kakamega County, Operations and Maintenance Expenditure by Major Categories	93
Figure 3.24:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	100
Figure 3.25:	Kericho County, Operations and Maintenance Expenditure by Major Categories	102
Figure 3.26:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	107
Figure 3.27:	Kiambu County, Operations and Maintenance Expenditure by Major Categories	108
Figure 3.28:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	115
Figure 3.29:	Kilifi County, Operations and Maintenance Expenditure by Major Categories	116
Figure 3.30:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	121
Figure 3.31:	Kirinyaga County, Operations and Maintenance Expenditure by Major Categories	122
Figure 3.32:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter FY 2021/22.....	128
Figure 3.33:	Kisii County, Operations and Maintenance Expenditure by Major Categories	129

Figure 3.34:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	134
Figure 3.35:	Kisumu County, Operations and Maintenance Expenditure by Major Categories	135
Figure 3.36:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	142
Figure 3.37:	Kitui County, Operations and Maintenance Expenditure by Major Categories	144
Figure 3.38:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	150
Figure 3.39:	Kwale County, Operations and Maintenance Expenditure by Major Categories	152
Figure 3.40:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	159
Figure 3.41:	Laikipia County, Operations and Maintenance Expenditure by Major Categories	160
Figure 3.42:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	167
Figure 3.43:	Lamu County, Operations and Maintenance Expenditure by Major Categories	168
Figure 3.44:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	172
Figure 3.45:	Machakos County, Operations and Maintenance Expenditure by Major Categories	174
Figure 3.46:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	180
Figure 3.47:	Makueni County, Operations and Maintenance Expenditure by Major Categories	182
Figure 3.48:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	188
Figure 3.49:	Mandera County, Operations and Maintenance Expenditure by Major Categories	189
Figure 3.50:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	193
Figure 3.51:	Marsabit County, Operations and Maintenance Expenditure by Major Categories	195
Figure 3.52:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	199
Figure 3.53:	Meru County, Operations and Maintenance Expenditure by Major Categories	200
Figure 3.54:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	205
Figure 3.55:	Migori County, Operations and Maintenance Expenditure by Major Categories	206
Figure 3.56:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	213
Figure 3.57:	Mombasa County, Operations and Maintenance Expenditure by Major Categories	215
Figure 3.58:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	219
Figure 3.59:	Murang'a County, Operations and Maintenance Expenditure by Major Categories	220
Figure 3.60:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	226
Figure 3.61:	Nairobi City County, Operations and Maintenance Expenditure by Major Categories	227
Figure 3.62:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	234
Figure 3.63:	Nakuru County, Operations and Maintenance Expenditure by Major Categories	235
Figure 3.64:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	242
Figure 3.65:	Nandi County, Operations and Maintenance Expenditure by Major Categories	244
Figure 3.66:	Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to the First Quarter of FY 2021/22.....	248
Figure 3.67:	Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2021/22.....	250
Figure 3.68:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	256
Figure 3.69:	Nyamira County, Operations and Maintenance Expenditure by Major Categories	257

Figure 3.70:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22.....	262
Figure 3.71:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	267
Figure 3.72:	Nyeri County, Operations and Maintenance Expenditure by Major Categories	269
Figure 3.73:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22.....	274
Figure 3.74:	Samburu County, Operations and Maintenance Expenditure by Major Categories	275
Figure 3.75:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	282
Figure 3.76:	Siaya County, Operations and Maintenance Expenditure by Major Categories	283
Figure 3.77:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	288
Figure 3.78:	Taita Taveta County, Operations and Maintenance Expenditure by Major Categories	289
Figure 3.79:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22.....	293
Figure 3.80:	Tana River County, Operations and Maintenance Expenditure by Major Categories	294
Figure 3.81:	Quarter 1 Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	301
Figure 3.82:	Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories	303
Figure 3.83:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	309
Figure 3.84:	Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories	310
Figure 3.85:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	314
Figure 3.86:	Turkana County, Operations and Maintenance Expenditure by Major Categories	316
Figure 3.87:	Q1Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22.....	330
Figure 3.88:	Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories	332
Figure 3.89:	Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	338
Figure 3.90:	Vihiga County, Operations and Maintenance Expenditure by Major Categories	339
Figure 3.91:	Quarterly Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22	343
Figure 3.92:	Wajir County, Operations and Maintenance Expenditure by Major Categories	344
Figure 3.93:	West Pokot County Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22	349
Figure 3.94:	West Pokot County, Operations and Maintenance Expenditure by Major Categories	350

ACRONYMS

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

OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
RMLF	Road Maintenance Levy Fund
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUC	Transforming Health Systems for Universal Health Care
UHC	Universal Health Care
UIB	Urban Integrated Plan
UDG	Urban Development Grant
UIG	Urban Institutional Grants
WB	World Bank
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya, 2010 and provides information on the status of budget implementation during the first quarter of FY 2021/22 by the County Governments.

The aggregate budget estimates for the 47 County governments in the first quarter of FY 2021/22 amounted to Kshs.505.22 billion and comprised Kshs.185.28 billion (36.5 per cent) for development expenditure and Kshs.319.95 billion (63.5 per cent) for recurrent expenditure. The cumulative approved budget estimates include Vihiga County, which implemented 30 per cent of the FY 2020/21 Approved Budget (Kshs.1.97 billion) in line with Court Order No.E008 of 2021. The 30 per cent budget was entirely for recurrent expenditure. The aggregate development expenditure allocation conformed to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programs.

To finance the budgets, the County governments expected to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.56.52 billion from own revenue sources and Kshs.36.30 billion cash balances from FY 2019/20. As of 30th September 2021, Parliament had not yet approved the County Governments Grant Bill, 2021, which would provide additional allocations from the National Government as conditional grants and other conditional grants from development partners.

The total funds available to the County Governments in the first quarter of FY 2021/22 amounted to Kshs.104.12 billion. This amount consisted of Kshs.61.05 billion equitable share of revenue raised nationally, Kshs.36.30 billion cash balance from FY 2020/21, and Kshs.6.76 billion raised from own sources. The County governments generated a total of Kshs.6.76 billion, which was 12 per cent of the annual target of Kshs.56.52 billion and an increase compared to Kshs.5.85 billion generated in a similar period of FY 2020/21. An analysis of the own-source revenue as a proportion of the annual revenue target indicates that Migori, Turkana, and Samburu achieved the highest ratios at 30.1 per cent, 29.6 per cent, and 29.2 per cent, respectively.

In the first quarter of FY 2021/22, the Controller of Budget (COB) approved the withdrawal and transfer of Kshs.61.05 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount represented 16.5 per cent of the approved equitable share as contained in the County Allocation of Revenue Act, 2021. Further, the COB authorised withdrawals of Kshs.57.07 billion from the County Revenue Funds to the 47 County Operational Accounts comprised of Kshs.51.31 billion (89.9 per cent) to the County Executives and Kshs.5.76 billion (10.1 per cent) to the County Assemblies. A detailed analysis of the funds released to each County is provided in chapter three of this report.

In the first quarter of FY 2021/22, County Governments reported expenditure of Kshs.52.84 billion representing an absorption rate of 10.5 per cent of the total annual County Government's Budgets, an increase from the absorption rate of 8.8 per cent attained in FY 2020/21, where total expenditure was Kshs.38.17 billion. Recurrent expenditure was Kshs.49.28 billion, representing 15.4 per cent of the annual recurrent budget, and an improvement from 13 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.3.55 billion, representing an absorption rate of 1.9 per cent, and an increase from 1.4 per cent attained in the first quarter of FY 2020/21 when total development expenditure was Kshs.2.3 billion. A review of cumulative expenditure by economic classification showed that Kshs.38.15 billion (72.2 per cent) was spent on Personnel Emoluments, Kshs.11.14 billion (21.1 per cent) on Operations and Maintenance, and Kshs.3.55 billion (6.7 per cent) on Development Expenditure.

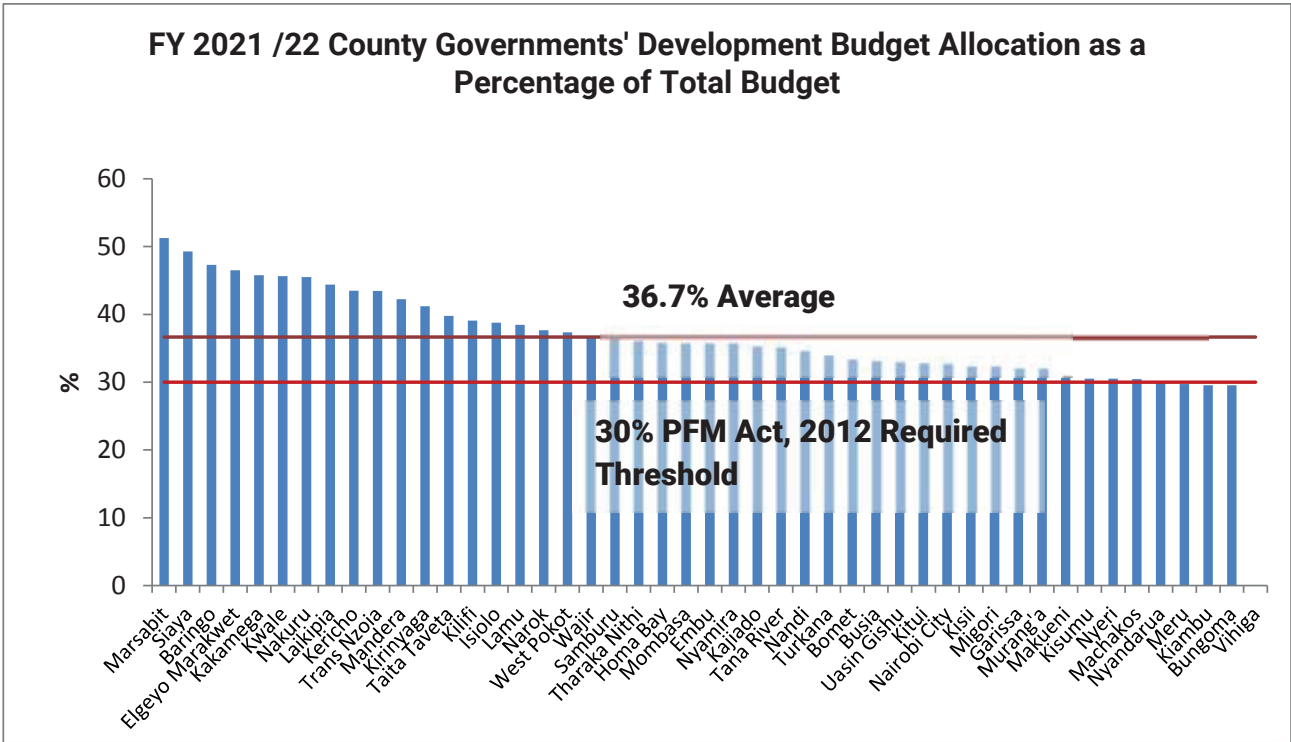
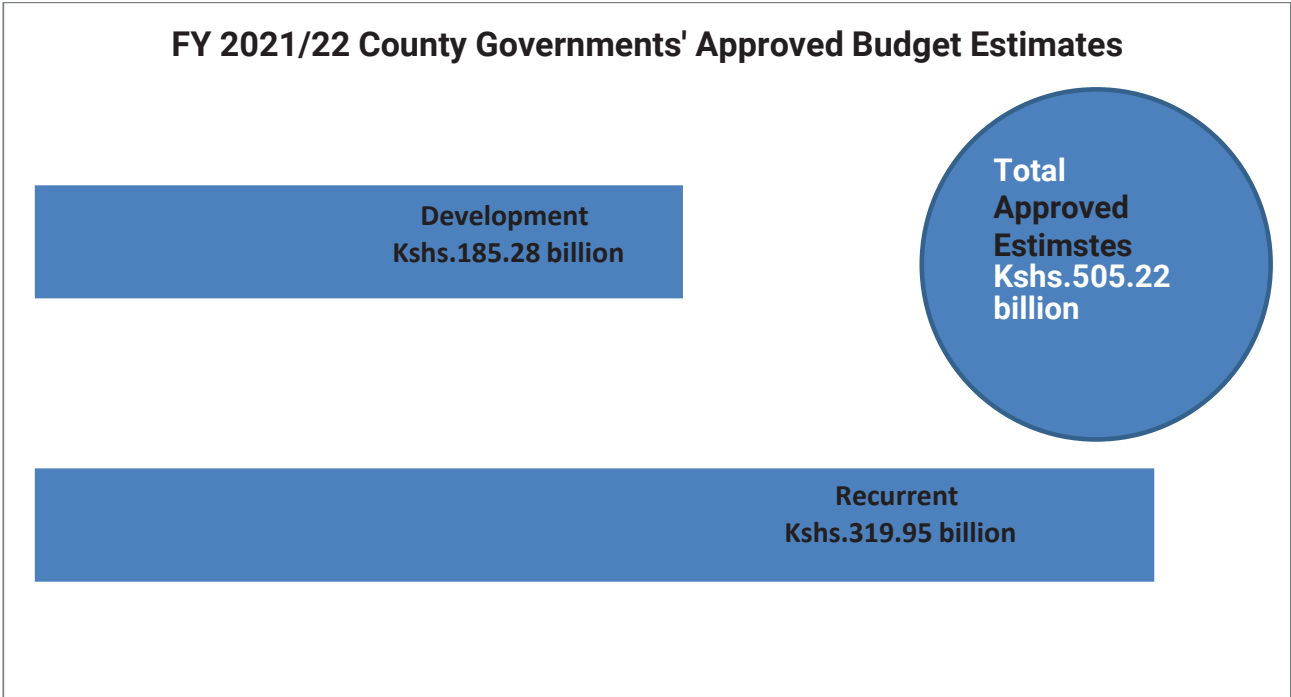
This report has identified the challenges that hampered effective budget execution during the reporting period. They included under-performance in own-source revenue collection, which was Kshs.6.76 billion compared with the annual target of Kshs.56.52 billion, low expenditure on development budget, which was Kshs.3.55 billion and represented an absorption rate of 1.9 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.185.28 billion, and failure to settle pending bills in the first quarter of FY 2021/22. Thirty Counties did not report any payments towards the settlement of the bills self-reported at the beginning of the financial year. These Counties are;- Baringo, Bungoma, Busia, Elgeyo Marakwet, Homa Bay, Isiolo, Kajiado, Kilifi, Kisumu, Kwale, Lamu, Machakos, Marsabit, Meru, Migori, Nairobi City, Nakuru, Nandi, Narok, Nyamira, Nyandarua, Samburu, Tana River, Tharaka Nithi, Trans Nzoia, Turkana, Uasin Gishu, Vihiga, Wajir, and West Pokot.

To address the identified challenges, the Controller of Budget advises Counties to review the revenue targets to confirm that they are realistic and implement strategies to mobilize their own source revenue collection. On low development expenditure, County governments should prioritize implementation of development projects during the remaining period of the FY 2021/22 to improve the standard of living for their citizens and ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets. The public finance management framework requires that pending bills are settled on time as specified in contract agreements to avoid the accumulation of arrears.

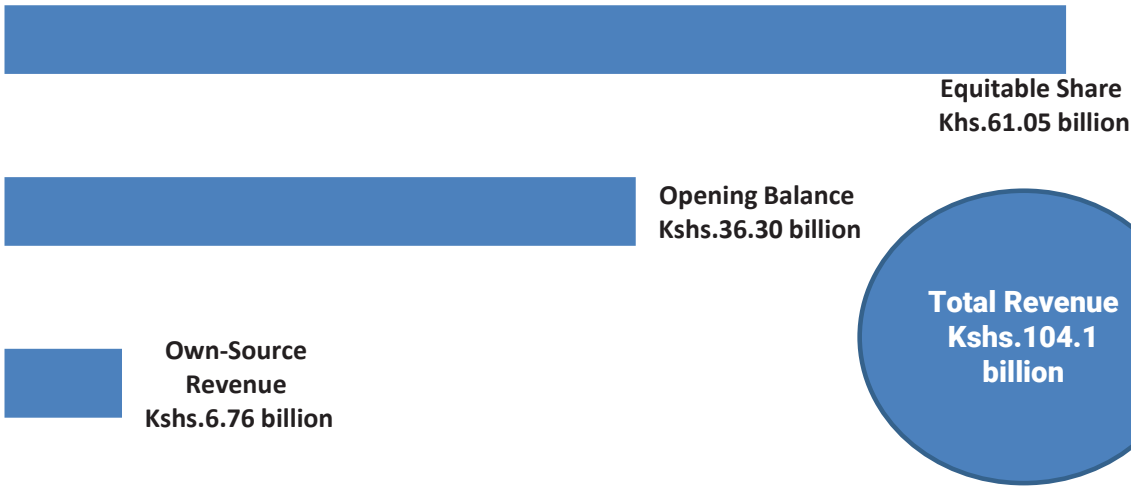
Failure to make payments when due constitutes a severe material breach of public finance principles as provided under Article 201 of the Constitution and violates the Public Finance Management Act, 2012. The Controller of Budget advises the above thirty Counties to develop and implement a pending bills payment plan and ensure the entire stock of bills are cleared in the current financial year in line with the law.

The Controller of Budget encourages the relevant oversight institutions and officers of County governments to ensure the recommendations contained in this report are implemented.

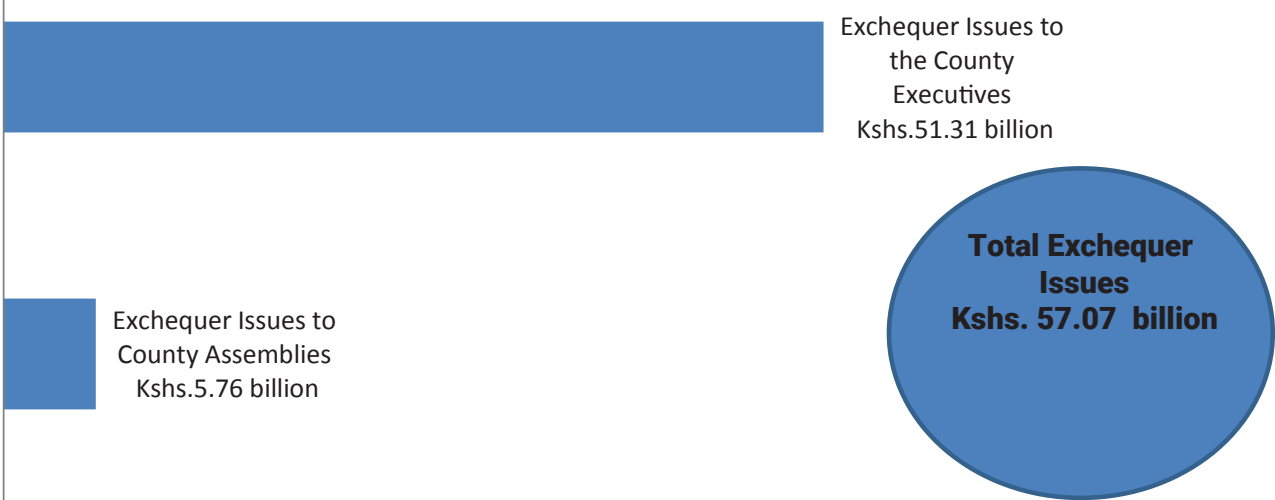
KEY HIGHLIGHTS



Total Revenue Available in First Quarter of FY 2021/22 (Kshs. Billion)



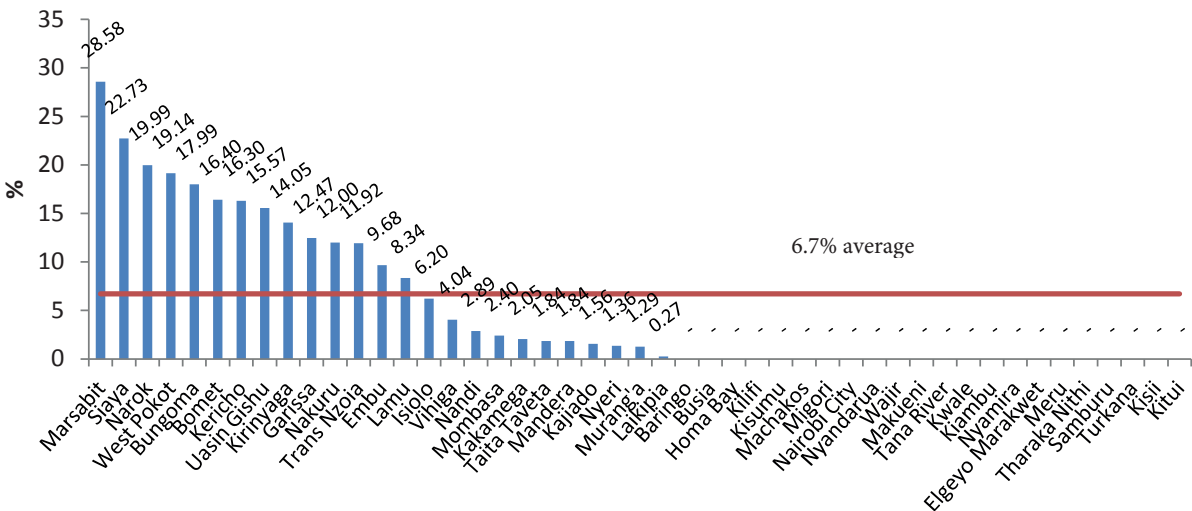
Exchequer Issues in the First Quarter of FY 2021/22



Expenditure by Economic Classification in the First Quarter of FY 2021/22



First Quarter FY 2021/22 Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

The office of the Controller of Budget (OCOB) is an independent oversight institution established under Article 228 of the Constitution to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (COB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the national and County governments every four months. This report has been prepared according to this requirement and covers the first quarter of FY 2021/22.

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

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

The overall challenges that affected budget implementation by County Governments are presented in Chapter four. Appropriate recommendations are included to ensure effective budget implementation in the future. Chapter five provides the conclusion.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FIRST QUARTER OF FY 2021/22

2.1 Introduction

This chapter presents the financial analysis of aggregated County budget implementation for the first quarter of FY 2021/22.

2.2 Revenue Analysis

In the first quarter of FY 2021/22, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.505.22 billion and comprised of Kshs.185.28 billion (36.5 per cent) allocated to development expenditure and Kshs.319.95 billion (63.5 per cent) for recurrent expenditure. The cumulative approved budget estimates include Vihiga County, which was only allowed to implement 30 per cent of the FY 2020/21 Approved Budget in line with Court Order No.E008 of 2021. The 30 per cent budget amounted to Kshs.1.97 billion and was entirely for recurrent expenditure programmes.

To finance the budgets, County governments expected to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.56.52 billion from own revenue sources and Kshs.36.30 billion cash balances from FY 2019/20. As of 30th September 2021, Parliament had not approved the County Governments Grants Bill, 2021, which provides additional allocations by the National Government as conditional grants and grants from development partners.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the first quarter FY 2021/22 amounted to Kshs.104.12 billion. This amount consisted of Kshs.61.05 billion equitable share of revenue raised nationally, Kshs.36.30 billion cash balance from FY 2019/20, and Kshs.6.76 billion raised from own sources.

2.2.2 Own- Source Revenue

During the reporting period, County governments generated a total of Kshs.6.76 billion, which was 12 per cent of the annual target of Kshs.56.52 billion. This was an increase compared to Kshs.5.85 billion generated in a similar period of FY 2020/21. Analysis of quarterly own source revenue collection for July to September 2021 is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection for the Period July to September 2021 of FY 2021/22

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Quarter of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	258,546,935	73,871,557	28.6
Bomet	300,000,000	40,635,928	13.5
Bungoma	500,000,000	57,417,222	11.5
Busia	499,797,154	65,868,496	13.2
Elgeyo Marakwet	166,100,000	41,341,067	24.9
Embu	900,000,000	114,732,998	12.7
Garissa	150,000,000	11,743,000	7.8
Homa Bay	143,811,399	37,500,000	26.1
Isiolo	113,686,337	18,017,453	15.8
Kajiado	1,605,355,500	183,333,177	11.4
Kakamega	2,113,000,000	220,281,786	10.4
Kericho	494,054,000	122,520,112	24.8
Kiambu	3,883,303,882	583,496,860	15.0
Kilifi	925,000,000	106,260,538	11.5
Kirinyaga	485,000,000	108,478,321	22.4
Kisii	700,000,000	66,536,000	9.5
Kisumu	1,984,000,003	143,192,381	7.2

County	Annual Own Source Revenue (OSR) Target for FY 2021/22 (Kshs.)	First Quarter of FY 2021/22 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Kitui	850,000,000	91,431,332	10.8
Kwale	315,000,000	59,565,930	18.9
Laikipia	1,006,000,000	182,836,599	18.2
Lamu	120,000,000	15,148,880	12.6
Machakos	1,682,894,197	155,060,426	9.2
Makueni	475,000,000	69,521,087	14.6
Mandera	200,037,792	36,454,021	18.2
Marsabit	170,000,000	31,093,905	18.3
Meru	575,000,000	84,930,318	14.8
Migori	280,000,000	84,275,856	30.1
Mombasa	4,966,330,107	773,822,516	15.6
Murang'a	1,500,000,000	92,769,799	6.2
Nairobi City	19,360,744,671	1,393,603,993	7.2
Nakuru	1,712,133,447	322,670,140	18.8
Nandi	387,106,430	40,043,472	10.3
Narok	2,374,550,000	416,848,610	17.6
Nyamira	400,000,000	35,299,275	8.8
Nyandarua	590,000,000	103,689,003	17.6
Nyeri	1,000,000,000	124,178,287	12.4
Samburu	100,000,000	29,233,718	29.2
Siaya	445,445,551	105,851,444	23.8
Taita Taveta	376,000,000	61,385,000	16.3
Tana River	79,860,000	12,741,014	16.0
Tharaka Nithi	350,000,000	57,578,567	16.5
Trans Nzoia	529,500,000	58,426,205	11.0
Turkana	180,000,000	53,255,925	29.6
Uasin Gishu	1,000,000,000	172,661,737	17.3
Vihiga	-	50,526,020	-
Wajir	100,000,000	13,000,000	13.0
West Pokot	170,000,000	40,462,781	23.8
Total	56,517,257,404	6,763,592,754	12.0

Source: County Treasuries

An analysis of own-source revenue as a proportion of the annual revenue target indicates that Migori, Turkana, and Samburu achieved the highest proportions at 30.1 per cent, 29.6 per cent, and 29.2 per cent, respectively. Conversely, Counties that recorded the lowest proportion of own-source revenue against annual targets were Kisumu at 7.2 per cent, Nairobi City at 7.2 per cent, and Murang'a at 6.2 per cent.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

During the first quarter of FY 2020/21, the Controller of Budget (COB) approved the withdrawal and transfer of Kshs.61.05 billion from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount represented 16.5 per cent of the approved equitable share as contained in the County Allocation of Revenue Act, 2021. A detailed analysis of the released equitable share and conditional grants to each County is provided in chapter three.

2.3.2 Funds Released to the County Operational Accounts

The COB authorised withdrawals of Kshs.57.07 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.51.31 billion (89.9 per cent) to the County Executive and Kshs.5.76 billion (10.1 per cent) to the County Assembly. A detailed analysis of the funds released to each County is provided in chapter three.

2.4 Expenditure Analysis

The total expenditure by County governments in the first quarter FY 2021/22 was Kshs.52.84 billion, representing an absorption rate of 10.5 per cent of the total annual County Governments' Budgets. This was an increase from the absorption rate of 8.8 per cent attained in FY 2020/21, where total expenditure was Kshs.38.17 billion.

Recurrent expenditure was Kshs.49.28 billion, representing 15.4 per cent of the annual recurrent budget, and an improvement from 13 per cent reported in a similar period of FY 2020/21. Development expenditure amounted to Kshs.3.55 billion, representing an absorption rate of 1.9 per cent, and an increase from 1.4 per cent attained in the first quarter of FY 2020/21 when total development expenditure was Kshs.2.3 billion. The analysis of expenditure by economic classification in the first quarter FY 2021/22 is provided in Table 2.1.

Table 2.1: Expenditure by Economic Classification - First Quarter of FY 2021/22

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B		
Baringo	580,777,979	119,884,750	700,662,729	-	700,662,729
Bomet	516,168,600	186,855,727	703,024,327	154,243,972	857,268,299
Bungoma	788,796,442	345,968,772	1,134,765,214	-	1,134,765,214
Busia	939,210,561	139,563,156	1,078,773,717	-	1,078,773,717
Elgeyo Marakwet	635,058,107	132,295,912	767,354,019	50,757,543	818,111,562
Embu	680,207,967	147,281,600	827,489,567	13,082,999	840,572,566
Garissa	897,484,541	309,223,942	1,206,708,483	234,998,419	1,441,706,902
Homa Bay	691,086,587	308,661,112	999,747,699	-	999,747,699
Isiolo	319,562,815	22,707,973	342,270,788	-	342,270,788
Kajiado	888,204,542	174,686,515	1,062,891,057	-	1,062,891,057
Kakamega	1,199,255,650	421,172,766	1,620,428,416	648,287,719	2,268,716,135
Kericho	497,343,744	159,796,014	657,139,758		657,139,758
Kiambu	1,943,607,708	503,480,890	2,447,088,598	60,226,248	2,507,314,846
Kilifi	481,013,705	385,618,833	866,632,538		866,632,538
Kirinyaga	710,452,758	204,706,876	915,159,634	124,807,254	1,039,966,888
Kisii	958,952,486	321,918,779	1,280,871,265	319,935,202	1,600,806,467
Kisumu	1,071,978,085	165,760,546	1,237,738,631	-	1,237,738,631
Kitui	1,208,622,964	559,200,995	1,767,823,959	519,998,542	2,287,822,501
Kwale	747,876,694	528,376,184	1,276,252,878	23,956,970	1,300,209,848
Laikipia	305,683,008	129,978,269	435,661,277	58,938,543	494,599,820
Lamu	351,787,727	165,264,178	517,051,905	21,774,379	538,826,284
Machakos	1,288,126,462	211,466,768	1,499,593,230	-	1,499,593,229
Makueni	591,420,820	156,698,440	748,119,260	10,335,350	758,454,610

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B		
Mandera	1,186,323,581	416,922,073	1,603,245,654	295,655,220	1,898,900,873
Marsabit	698,350,270	81,475,741	779,826,011	-	779,826,011
Meru	1,280,014,190	42,983,141	1,322,997,331	141,844,646	1,464,841,977
Migori	522,409,940	60,364,929	582,774,869	-	582,774,869
Mombasa	530,198,860	57,368,289	587,567,149		587,567,149
Murang'a	583,875,373	271,132,223	855,007,596	202,415,546	1,057,423,142
Nairobi City	1,762,822,627	825,634,483	2,588,457,110	-	2,588,457,110
Nakuru	1,426,717,458	103,110,524	1,529,827,982		1,529,827,982
Nandi	1,047,511,713	260,705,540	1,308,217,253	118,982,430	1,427,199,683
Narok	682,887,898	803,228,460	1,486,116,358	-	1,486,116,358
Nyamira	843,612,068	108,200,347	951,812,415	28,371,853	980,184,268
Nyandarua	372,931,866	5,440,000	378,371,866	-	378,371,866
Nyeri	954,258,146	177,538,719	1,131,796,865	3,044,000	1,134,840,865
Samburu	530,077,998	145,038,310	675,116,308	110,356,120	785,472,428
Siaya	1,025,983,589	31,083,359	1,057,066,948		1,057,066,948
Taita Taveta	439,056,589	135,365,560	574,422,149		574,422,149
Tana River	387,719,511	471,468,414	859,187,925	16,125,500	875,313,425
Tharaka Nithi	663,698,232	193,315,925	857,014,157	122,104,219	979,118,376
Trans Nzoia	703,442,796	149,270,385	852,713,181	-	852,713,181
Turkana	839,008,307	384,757,972	1,223,766,279	240,000,000	1,463,766,279
Uasin Gishu	953,312,934	132,613,089	1,085,926,023	14,151,654	1,100,077,676
Vihiga	721,941,743	85,162,523	807,104,266	-	807,104,266
Wajir	1,095,004,240	166,790,096	1,261,794,336	-	1,261,794,336
West Pokot	603,024,114	227,631,334	830,655,448	17,347,045	848,002,493
Total	38,146,863,993	11,137,170,432	49,284,034,425	3,551,741,373	52,835,775,798

Source: OCOB and County Treasuries

The Counties that attained the highest expenditure in absolute terms were Nairobi City at Kshs.2.59 billion, Kiambu at Kshs.2.51 billion, and Kitui at Kshs.2.29 billion.

A review of cumulative expenditure by economic classification showed that Kshs.38.15 billion (72.2 per cent) was spent on Personnel Emoluments, Kshs.11.14 billion (21.1 per cent) on Operations and Maintenance, and Kshs.3.55 billion (6.7 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.3.55 billion on development activities, representing an absorption rate of 1.9 per cent of the annual development budget, which is an increase from 1.4 per cent reported in a similar period of FY 2020/21 when development expenditure was Kshs.2.3 billion. An analysis of County budgets and expenditure in the first quarter FY 2021/22 is provided in Table 2.2.

Table 2.2: County Budget Allocation, Expenditure and Absorption Rate for First Quarter FY 2021/22

County	Budget Estimates (Kshs.Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Baringo	5,241.84	4,705.50	9,947.34	700.66	-	700.66	13.4	-	7.0
Bomet	5,561.31	2,785.46	8,346.77	703.02	154.24	857.27	12.6	5.5	10.3
Bungoma	8,989.91	3,770.67	12,760.58	1,134.77	-	1,134.77	12.6	-	8.9
Busia	5,636.93	2,790.16	8,427.09	1,078.77	-	1,078.77	19.1	-	12.8
Elgeyo / Marakwet	3,556.87	3,095.35	6,652.22	767.35	50.76	818.11	21.6	1.6	12.3
Embu	4,432.70	2,465.42	6,898.11	827.49	13.08	840.57	18.7	0.5	12.2
Garissa	7,096.95	3,343.79	10,440.74	1,206.71	235.00	1,441.71	17.0	7.0	13.8
Homa Bay	5,573.81	3,109.80	8,683.61	999.75	-	999.75	17.9	-	11.5
Isiolo	3,373.77	2,136.03	5,509.81	342.27	-	342.27	10.1	-	6.2
Kajiado	7,468.37	4,073.15	11,541.52	1,062.89	-	1,062.89	14.2	-	9.2
Kakamega	8,930.73	7,537.80	16,468.53	1,620.43	648.29	2,268.72	18.1	8.6	13.8
Kericho	5,003.84	3,853.09	8,856.94	657.14	-	657.14	13.1	-	7.4
Kiambu	11,424.59	4,791.88	16,216.47	2,447.09	60.23	2,507.31	21.4	1.3	15.5
Kilifi	9,060.78	5,813.12	14,873.90	866.63	-	866.63	9.6	-	5.8
Kirinyaga	4,531.06	3,174.27	7,705.33	915.16	124.81	1,039.97	20.2	3.9	13.5
Kisii	8,519.13	4,071.57	12,590.69	1,280.87	319.94	1,600.81	15.0	7.9	12.7
Kisumu	8,439.31	3,706.87	12,146.18	1,237.74	-	1,237.74	14.7	-	10.2
Kitui	8,398.58	4,101.20	12,499.78	1,767.82	520.00	2,287.82	21.0	12.7	18.3
Kwale	6,732.57	5,655.58	12,388.15	1,276.25	23.96	1,300.21	19.0	0.4	10.5
Laikipia	4,765.64	3,805.11	8,570.75	435.66	58.94	494.60	9.1	1.5	5.8
Lamu	2,615.49	1,633.60	4,249.09	517.05	21.77	538.83	19.8	1.3	12.7
Machakos	9,394.87	4,113.75	13,508.62	1,499.59	-	1,499.59	16.0	-	11.1
Makueni	6,744.80	3,018.99	9,763.80	748.12	10.34	758.45	11.1	0.3	7.8
Mandera	7,541.26	5,514.90	13,056.15	1,603.25	295.66	1,898.90	21.3	5.4	14.5
Marsabit	4,359.29	4,586.03	8,945.32	779.83	-	779.83	17.9	-	8.7
Meru	7,942.99	3,357.66	11,300.65	1,323.00	141.84	1,464.84	16.7	4.2	13.0
Migori	5,974.60	2,854.81	8,829.41	582.77	-	582.77	9.8	-	6.6
Mombasa	9,317.50	5,182.50	14,500.00	587.57	-	587.57	6.3	-	4.1
Murang'a	7,245.82	3,410.85	10,656.67	855.01	202.42	1,057.42	11.8	5.9	9.9
Nairobi City	26,665.70	12,961.84	39,627.54	2,588.46	-	2,588.46	9.7	-	6.5
Nakuru	12,672.55	10,573.57	23,246.12	1,529.83	-	1,529.83	12.1	-	6.6
Nandi	5,848.38	3,097.47	8,945.86	1,308.22	118.98	1,427.20	22.4	3.8	16.0
Narok	7,489.71	4,528.90	12,018.61	1,486.12	-	1,486.12	19.8	-	12.4
Nyamira	4,458.49	2,479.13	6,937.62	951.81	28.37	980.18	21.3	1.1	14.1
Nyandarua	5,614.75	2,417.53	8,032.28	378.37	-	378.37	6.7	-	4.7
Nyeri	5,694.67	2,500.33	8,194.99	1,131.80	3.04	1,134.84	19.9	0.1	13.8
Samburu	4,161.64	2,402.89	6,564.53	675.12	110.36	785.47	16.2	4.6	12.0
Siaya	5,151.40	5,005.86	10,157.26	1,057.07	-	1,057.07	20.5	-	10.4
Taita/Taveta	4,444.66	2,937.86	7,382.51	574.42	-	574.42	12.9	-	7.8
Tana River	5,267.06	2,850.89	8,117.95	859.19	16.13	875.31	16.3	0.6	10.8
Tharaka -Nithi	3,534.55	1,995.53	5,530.08	857.01	122.10	979.12	24.2	6.1	17.7

County	Budget Estimates (Kshs.Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Trans Nzoia	5,232.46	4,020.71	9,253.17	852.71	-	852.71	16.3	-	9.2
Turkana	9,261.76	4,765.84	14,027.61	1,223.77	240.00	1,463.77	13.2	5.0	10.4
Uasin Gishu	6,487.38	3,190.34	9,677.71	1,085.93	14.15	1,100.08	16.7	0.4	11.4
Vihiga	1,975.36	-	1,975.36	807.10	-	807.10	40.9	-	40.9
Wajir	7,341.86	4,243.70	11,585.56	1,261.79	-	1,261.79	17.2	-	10.9
West Pokot	4,769.98	2,843.97	7,613.95	830.66	17.35	848.00	17.4	0.6	11.1
Total	319,947.65	185,275.23	505,222.89	49,284.03	3,551.74	52,835.78	15.4	1.9	10.5

Source: OCOB and County Treasuries

An analysis of development expenditure as a proportion of the approved annual development budget shows that Kitui, Kakamega and Kisii Counties attained the highest absorption rate at 12.7 per cent, 8.6 per cent, and 7.9 per cent, respectively. A total of 22 Counties, namely, Baringo, Bungoma, Busia, Homa Bay, Isiolo, Kajiado, Kericho, Kilifi, Kisumu, Machakos, Marsabit, Migori, Mombasa, Nairobi City, Nakuru, Narok, Nyandarua, Siaya, Taita-Taveta, Trans Nzoia, Vihiga, and Wajir did not report any expenditure on development activities during the reporting period. An analysis of the development projects implemented by Counties is provided in chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.49.28 billion or 93.3 per cent of the total expenditure on recurrent activities. This expenditure represents 15.4 per cent of the annual County government's budget for recurrent activities and an improvement from 13 per cent recorded in a similar period in FY 2020/21 when expenditure stood at Kshs.35.87 billion.

The recurrent expenditure comprised of Kshs.38.15 billion (77.4 per cent) on Personnel Emoluments and Kshs.11.14 billion (22.6 per cent) on Operations and Maintenance expenditure (O&M). An analysis of the recurrent expenditure by Counties is provided in chapter three.

2.4.3 Review of MCA Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.433.81 million on MCAs' Sitting allowances against an approved annual budget allocation of Kshs.2.48 billion. This expenditure translates to 17.5 per cent of the approved MCAs sitting allowance budget, an increase from 13.7 per cent attained in a similar period of FY 2019/20 when Kshs.376.68 million was spent. Table 2.3 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in the first quarter FY 2021/22.

Table 2.3: MCAs Budget Allocation, Expenditure and Absorption Rate in First Quarter FY 2021/22

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100		E=B/D/3
Baringo	63,364,274	11,043,500	17.4	46	80,025
Bomet	31,630,578	6,369,500	20.1	37	57,383
Bungoma	26,121,600	13,789,033	52.8	61	75,350
Busia	75,593,600	13,863,000	18.3	54	85,574
Elgeyo Marakwet	45,000,000	11,757,553	26.1	34	115,270
Embu	29,000,000	8,854,300	30.5	35	84,327
Garissa	63,024,000	10,323,200	16.4	51	67,472
Homa Bay	117,715,200	16,120,082	13.7	61	88,088
Isiolo	17,170,181	2,123,400	12.4	18	39,322
Kajiado					

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100	D	E=B/D/3
Kakamega	133,286,400	28,321,600	21.2	90	104,895
Kericho	73,174,608	8,115,563	11.1	48	56,358
Kiambu	120,000,000	21,979,100	18.3	93	78,778
Kilifi	72,965,066	18,919,015	25.9	56	112,613
Kirinyaga	61,846,400	11,852,500	19.2	34	116,201
Kisii	114,420,000	20,145,900	17.6	71	94,582
Kisumu	19,132,200	9,365,900	49.0	49	63,714
Kitui	59,771,200	7,797,400	13.0	55	47,257
Kwale					
Laikipia	32,400,000	6,406,400	19.8	25	85,419
Lamu	10,976,000	1,344,400	12.2	19	23,586
Machakos	50,000,000	17,768,000	35.5	61	97,093
Makueni	52,000,000	6,242,300	12.0	49	42,465
Mandera	44,000,000	4,402,900	10.0	49	29,952
Marsabit	35,000,000	4,028,000	11.5	31	43,312
Meru	106,624,502	9,572,500	9.0	69	46,244
Migori					
Mombasa	40,000,000	12,388,600	31.0	43	96,036
Murang'a	72,000,000	2,944,727	4.1	54	18,177
Nairobi City	100,120,000	24,094,200	24.1	124	64,769
Nakuru	68,000,000	18,562,899	27.3	79	78,324
Nandi	53,557,481	6,978,400	13.0	40	58,153
Narok	57,614,000	12,708,800	22.1	47	90,133
Nyamira	60,892,800	13,445,889	22.1	37	121,134
Nyandarua					
Nyeri	50,668,800	11,995,100	23.7	45	88,853
Samburu	24,300,000	6,744,073	27.8	28	80,287
Siaya	52,405,000	-	0.0	44	-
Taita Taveta	20,000,000	6,489,600	32.4	34	63,624
Tana River	49,171,200	4,752,000	9.7	24	66,000
Tharaka Nithi	28,644,000	2,368,726	8.3	21	37,599
Trans Nzoia	50,853,610	10,888,500	21.4	40	90,738
Turkana	36,000,000	8,065,300	22.4	48	56,009
Uasin Gishu	36,689,000	13,197,600	36.0	48	91,650
Vihiga					
Wajir	12,776,400	864,000	6.8	50	5,760
West Pokot	31,788,328	6,817,200	21.4	34	66,835
Total	2,475,681,228	433,810,660	17.5	2,175	66,484

Source: OCOB and County Treasuries

Five County Assemblies did not report expenditure on sitting allowance during the reporting period. These were Kwale, Kajiado, Migori, Nyandarua and Vihiga.

3 BUDGET PERFORMANCE BY COUNTY

3.1 Introduction

This chapter presents individual county budget implementation performance for the first quarter of FY 2021/22. The 47 county governments are presented in alphabetical order.

3.2 County Government of Baringo

3.2.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.95 billion, comprising Kshs.4.71 billion (47.3 per cent) and Kshs.5.24 billion (52.7 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.52 billion (65.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.258.55 million (2.6 per cent) from own sources of revenue, and a cash balance of Kshs.2.50 billion (25.1 per cent) from FY 2020/21. The County also expects to receive Kshs.667.34 million (6.7 per cent) as conditional grants, which consists of Kshs.300 million for Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.142.16 million for Transforming Health Systems for Universal Care Project (WB), Kshs.75.82 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.48.30 million for Kenya Devolution Support Project (KDSP) Level 1 Grant, Kshs.36.74 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.27.91 million for Emergency Locusts Project, Kshs.25.12 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care project.

3.2.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.05 billion as the equitable share of the revenue raised nationally, raised Kshs.73.87 million as own-source revenue, Kshs.75.82 million as conditional grants, and had a cash balance of Kshs.2.50 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.70 billion, as shown in Figure 3.1.

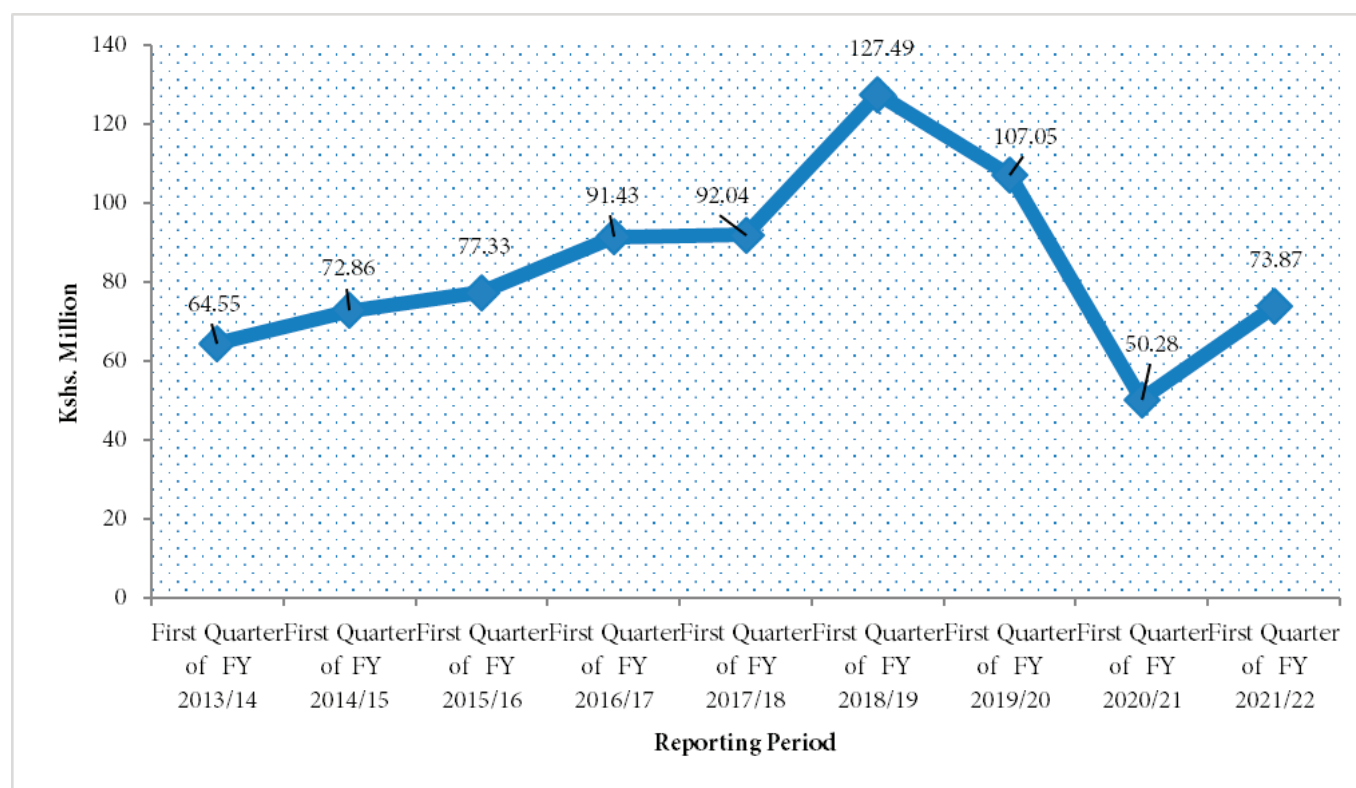
Figure 3.1: Baringo County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,522,692,464	1,050,950,107	16.1
Sub Total		6,522,692,464	1,050,950,107	16.1
B	Other Sources of Revenue			
1.	Own Source Revenue	258,546,935	73,871,557	28.6
2.	Balance b/f from FY 2020/21	2,498,762,283	2,498,762,283	100.0
3.	Other Revenues	667,338,025	75,822,876	11.4
Sub Total		3,424,647,243	2,648,456,716	77.3
Grand Total		9,947,339,707	3,699,406,823	37.2

Source: Baringo County Treasury

Figure 3.2 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.2: Baringo County Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Baringo County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.73.87 million as own-source revenue. This amount represented an increase of 46.9 per cent compared to Kshs.50.28 million realised during a similar period in FY 2020/21 and was 28.6 per cent of the annual target. The significant increase is primarily attributed to improvement in the collection of Facility Improvement Funds (FIF) from the County health facilities and enforcement of single business permits.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.691.20 million from the CRF account during the reporting period. The amount was entirely for recurrent programmes as the County did not make any development withdrawal during the period.

3.2.4 Overall Expenditure Review

The county spent Kshs.700.66 million entirely on recurrent programmes during the reporting period. This expenditure represented 101.4 per cent of the total funds released by the Controller of Budget. Expenditure on recurrent programmes represented an absorption rate of 13.4 per cent of the annual recurrent expenditure budget. The over absorption of exchequer releases is attributed to failure to refund conditional grants funds held in Special Purpose Accounts and balances brought forward from the FY 2020/21, contrary to Section 136(2) of the PFM Act, 2012.

3.2.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.195.27 million and comprised of Kshs.19.93 million for recurrent expenditure and Kshs.175.34 million for development expenditure. Nonetheless, the County had not prepared and submitted a payment plan to settle the entire bills by the close of the first quarter of FY 2021/22.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.580.78 million was spent on employee compensation, and Kshs.119.88 million on operations and maintenance, as shown in Table 3.1.

Table 3.1: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,495,821,652	746,019,020	580,575,136	120,087,592	12.9	16.1
Compensation to Employees	3,021,863,149	420,828,638	477,926,870	102,851,109	15.8	24.4
Operations and Maintenance	1,473,958,503	325,190,382	102,648,267	17,236,483	7.0	5.3
Development Expenditure	4,603,999,035	101,500,000	-	-	-	-
Total	9,099,820,687	847,519,020	580,575,136	120,087,592	6.4	14.2

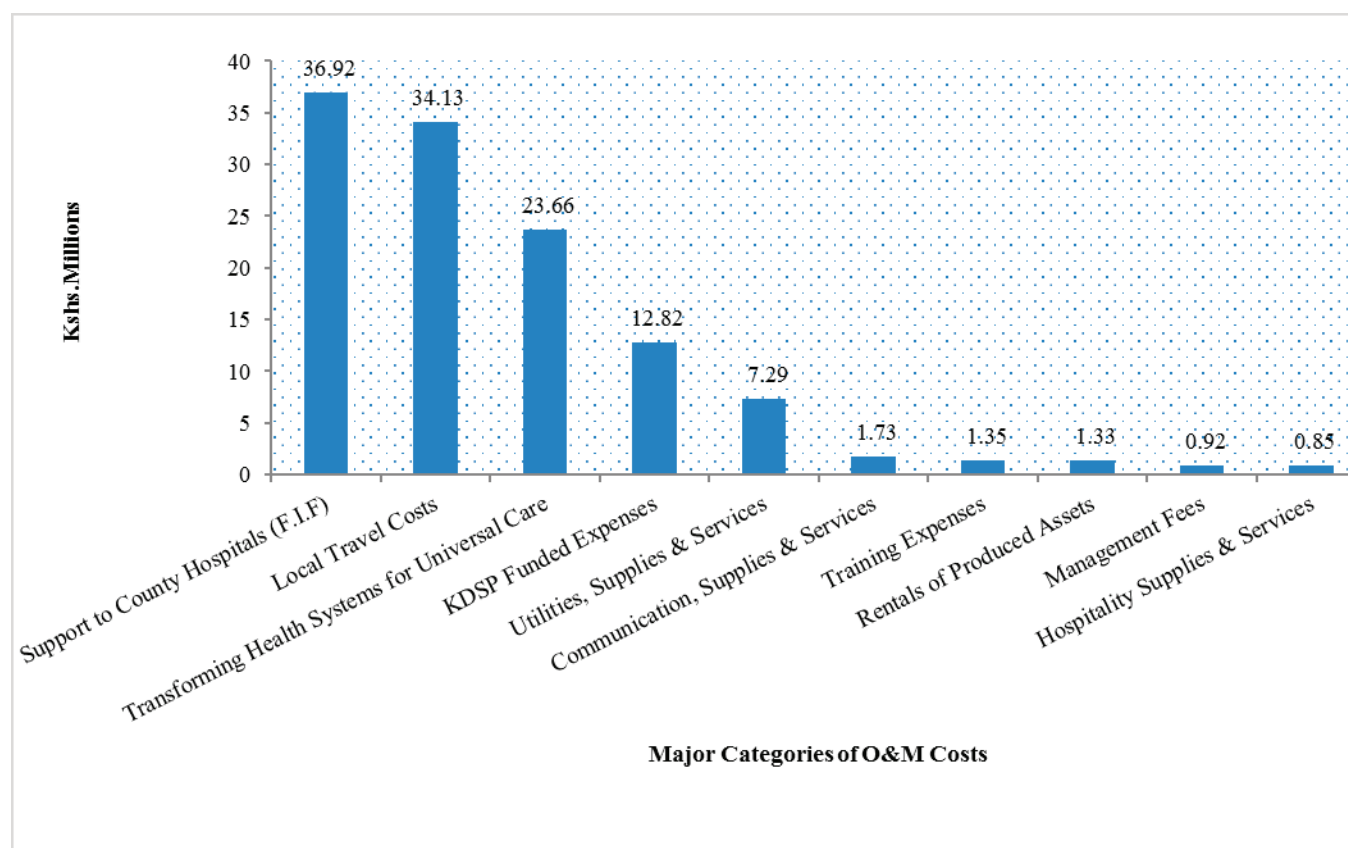
Source: Baringo County Treasury

3.2.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 82.9 per cent of the total expenditure for the reporting period and 22.1 per cent of the first quarter proportional revenue of Kshs.2.49 billion.

3.2.8 Expenditure on Operations and Maintenance

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

Figure 3.3: Baringo County, Operations and Maintenance Expenditure by Major Categories

Source: Baringo County Treasury

The County spent Kshs.11.04 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.63.36 million. The average monthly sitting allowance was Kshs. 80,025 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.34.12 million and comprised Kshs.16.03 million spent by the County Assembly and Kshs.18.09 million by the County Executive. The County did not incur any expenditure on foreign travel in the reporting period.

3.2.9 Development Expenditure

The County did not report any expenditure on development programmes despite having a development budget of Kshs.4.71 billion in the reporting period.

3.2.10 Budget Performance by Department

Table 3.2 summarises departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.2: Baringo County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	746.02	101.50	132.43	-	120.09	-	90.7	-	16.1	-
Governor/County Executive services	3,391.17	93.83	483.15	-	485.43	-	100.5	-	14.3	-
County Treasury Services	249.39	244.47	14.75	-	24.44	-	165.7	-	9.8	-
Lands, Housing & Urban Development	31.24	139.49	-	-	1.01	-	-	-	3.2	-
Education and ICT	75.09	231.88	1.75	-	0.82	-	46.7	-	1.1	-
Industrialization, Commerce, and Tourism	17.25	138.84	-	-	0.04	-	-	-	0.2	-
Water & Irrigation	59.92	883.64	5.80	-	5.99	-	103.3	-	10.0	-
Environment & Natural Resources	23.93	87.23	-	-	0.47	-	-	-	2.0	-
Health Services	536.83	543.60	53.02	-	61.26	-	115.5	-	11.4	-
Agriculture, Livestock, Fisheries & Marketing	51.08	770.95	-	-	-	-	-	-	0.0	-
Transport and Infrastructure	35.06	1,315.71	-	-	0.10	-	-	-	0.3	-
Youth, Gender & Social Security Services	24.87	154.35	0.30	-	1.02	-	340.3	-	4.1	-
TOTAL	5,241.84	4,705.50	691.20	-	700.66	-	101.4	-	13.4	-

Source: Baringo County Treasury

Analysis of expenditure by the departments shows that the County Assembly Entity had the highest percentage of recurrent expenditure to budget at 16.1 per cent while the Department of Agriculture, Livestock, Fisheries & Marketing did not record any recurrent spending.

3.2.11 Budget Execution by Programmes and Sub-Programmes

Table 3.3 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.3: Baringo County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Default - Non-Programmatic		-	20,080,707	- 20,080,707	-
	Default - Non-Programmatic	-	20,080,707	- 20,080,707	-
General Administration	-	82,311,478	5,550,113	76,761,365	6.7
	General Administration, Planning & Support Services	82,311,478	5,550,113	76,761,365	6.7
Land Administration	-	36,073,200	-	36,073,200	-
	Land Adjudication and Demarcation	34,036,850	-	34,036,850	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Support Service	2,036,350	-	2,036,350	-
Urban Development-Eldama Ravine	-				
	Support Service	-	-	-	-
Livestock Development & Management	-	49,911,392	-	49,911,392	-
	General Administration, Planning & Support Services	36,311,392	-	36,311,392	-
	Support Service	300,000	-	300,000	-
	Livestock Improvement, Pasture & Fodder Development	-	-	-	-
	Apiculture Development	-	-	-	-
	Livestock Upgrading	13,300,000	-	13,300,000	-
Agricultural Development					
	General Administration, Planning & Support Services	-	-	-	-
Agricultural Training Services	-	7,028,975	-	7,028,975	-
	General Administration, Planning & Support Services	7,028,975	-	7,028,975	-
Agricultural Mechanization Services	-	363,459,668	20,333,666	343,126,002	5.6
	Support Service	363,459,668	20,333,666	343,126,002	5.6
Improved Livestock Production	-	345,651,719	11,926,484	333,725,235	3.5
	Livestock Products Value Addition	345,651,719	11,926,484	333,725,235	3.5
Other Urban Infrastructure Development And Management	-	80,818,618	-	80,818,618	-
	KUSP Programme	-	-	-	-
	Urban Infrastructure Development	77,818,618	-	77,818,618	-
	Urban Roads Development & Maintenance	3,000,000	-	3,000,000	-
Crop Production & Management	-	5,700,000	-	5,700,000	-
	Agribusiness Infrastructure Development	5,700,000	-	5,700,000	-
Fisheries Development & Management					
	Aquaculture Development	-	-	-	-
Urban Development-Kabarnet	-	-	-	-	-
	General Administrative Services	-	-	-	-
Land Use Planning	-	20,200,000	-	20,200,000	-
	Land Planning & Development	16,000,000	-	16,000,000	-
	Land Banks Acquisition	4,200,000	-	4,200,000	-
General Administration	-	35,059,993	1,056,900	34,003,093	3.0
	General Administration, Planning & Support Services	35,059,993	1,056,900	34,003,093	3.0
Rural Infrastructure Development	-	1,305,713,299	-	1,305,713,299	-
	Rural Road Development & Management	1,011,213,299	-	1,011,213,299	-
	Support Service (Infrastructure)	2,000,000	-	2,000,000	-
	Roads Maintenance Fuel Levy Fund	135,000,000	-	135,000,000	-
	County Mechanical & Transport Management	157,500,000	-	157,500,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Development & Rehabilitation of Rural Roads & Structures	-	-	-	-	-
	Roads Opening & Rehabilitation	-	-	-	-
Urban Infrastructure Development	-	10,000,000	-	10,000,000	-
	Other Infrastructure Development-Lighting	10,000,000	-	10,000,000	-
General Administration	-	17,250,000	1,355,520	15,894,480	7.9
	General Administration, Planning & Support Services	17,250,000	1,355,520	15,894,480	7.9
Tourism Development & Marketing	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Co-Operative Services Development	-	92,285,959	-	92,285,959	-
	General Administration, Planning & Support Services	92,285,959	-	92,285,959	-
Trade Development	-	26,550,000	-	26,550,000	-
	Trade Development	26,550,000	-	26,550,000	-
Industrial Dev Services	-	20,000,000	-	20,000,000	-
	Industrial Development Services	-	-	-	-
	General Administration, Planning & Support Services	20,000,000	-	20,000,000	-
General Administration	-	536,829,113	84,162,124	452,666,989	15.7
	General Administration, Planning & Support Services	536,829,113	84,162,124	452,666,989	15.7
Health/Preventive Services	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
	Support Service	-	-	-	-
Curative & Rehabilitative Services	-	153,297,872	-	153,297,872	-
	General Administration, Planning & Support Services	-	-	-	-
	Support Service	153,297,872	-	153,297,872	-
	Support to County Hospitals (FIF)	-	-	-	-
Preventive & Promotive Health Services	-	390,302,096	10,920,246	379,381,850	2.8
	Infrastructure Development	390,302,096	10,323,603	379,978,493	2.6
	Compensation for User Fees Forgone	-	596,643	- 596,643	-
	Primary Health Care	-	-	-	-
General Administration Services	-	75,090,000	3,306,966	71,783,034	4.4
	General Administration, Planning & Support Services	75,090,000	3,306,966	71,783,034	4.4
Early Childhood Development Education	-	230,084,664	9,751,071	220,333,593	4.2
	Early Childhood Development Education	-	-	-	-
	General Administration, Planning & Support Services	227,084,664	9,751,071	217,333,593	4.3
	Support Service	3,000,000	-	3,000,000	-
Vocational Training	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
General Administration, Planning & Support Services	-	1,800,000	-	1,800,000	-
	General Administration Services	1,800,000	-	1,800,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Special Programmes	-	-	-	-	-
	Secondary Schools Bursary	-	-	-	-
	Capitation Allocation on VTC - Grant	-	-	-	-
	School Feeding Programme	-	-	-	-
P1 Office Of The Clerk	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
General Administration, Planning & Support Services	-	466,237,836	10,880,976	455,356,860	2.3
	Support Service	364,737,836	10,880,976	353,856,860	3.0
	General Administrative Services	101,500,000	-	101,500,000	-
P3 Governor's Office	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
P4 Deputy Governor	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
County Secretary	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Tiaty Sub County (Administration)	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Baringo North Sub County	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Baringo Central Sub County	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Baringo South Sub County	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Mogotio Sub County	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Eldama Ravine Sub County	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
County Public Service Board	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
General Administration	-	147,737,654	11,759,298	135,978,356	8.0
	General Administration	-	30,100	- 30,100	-
	General Administration, Planning & Support Services	147,737,654	11,729,198	136,008,456	7.9
	Support Service	-	-	-	-
	Internal Audit Services	-	-	-	-
	Emergency Fund	-	-	-	-
Treasury Accounts	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
KDSP Programme	-	-	-	-	-
	General Administration, Planning & Support Services	-	-	-	-
Economic Planning, Budget, Monitoring & Evaluation Services	-	101,650,000	23,121,993	78,528,007	22.7
	General Administration, Planning & Support Services	101,650,000	23,121,993	78,528,007	22.7
	Support Service	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Monitoring & Evaluation Services	-	-	-	-
	Budget Process & Public Participation Services	-	-	-	-
Revenue Services Development Services	-	238,508,107	557,000	237,951,107	0.2
	General Administration, Planning & Support Services	-	-	-	-
	Support Service	-	-	-	-
	Infrastructural Development	238,508,107	557,000	237,951,107	0.2
Civic Education Development Services	-	700,000	-	700,000	-
	Civic Education Development Services	700,000	-	700,000	-
Inter & Intra -Governmental Relations Services	-	7,000,000	1,864,800	5,135,200	26.6
	General Administration, Planning & Support Services	7,000,000	1,864,800	5,135,200	26.6
		3,383,474,273	752,072,171	2,631,402,102	22.2
	General Administrative Services	57,229,600	6,961,995	50,267,605	12.2
	County Secretary	173,540,370	6,217,839	167,322,531	3.6
	Deputy Governor	34,086,339	5,069,670	29,016,669	14.9
	Legal Services	-	-	-	-
	Public Administration & Devolution Services	3,049,266,167	717,977,226	2,331,288,941	23.5
	Communication Services	600,000	-	600,000	-
	Mogotio Sub County Administration Services	4,362,377	1,066,000	3,296,377	24.4
	Baringo Central Sub County Administration Services	4,758,027	896,100	3,861,927	18.8
	Baringo North Sub County Administration Services	5,086,222	890,000	4,196,222	17.5
	Baringo South Sub County Administration Services	5,144,000	1,150,151	3,993,849	22.4
	Tiaty Sub County Administration Services	5,278,159	744,500	4,533,659	14.1
	County Public Service Board Services	39,270,600	9,846,150	29,424,450	25.1
	Eldama Ravine Sub County Administration Services	4,852,412	1,252,540	3,599,872	25.8
-		387,244,447	10,047,045	377,197,402	2.6
	Legislative Representation & Oversight Services	387,244,447	10,047,045	377,197,402	2.6
-		-	-	-	-
	General Administrative Services	-	-	-	-
-		93,830,507	-	93,830,507	-
	ICT Development	15,630,507	-	15,630,507	-
	Infrastructure Development	78,200,000	-	78,200,000	-
		24,867,453	3,244,150	21,623,303	13.0
	General Administration, Planning & Support Services	24,867,453	3,244,150	21,623,303	13.0
		143,672,971	8,380,710	135,292,261	5.8
	General Administration, Planning & Support Services	92,572,971	8,380,710	84,192,261	9.1
	Support Service	51,100,000	-	51,100,000	-
	Gender Mainstreaming	-	-	-	-
Sports Development	-	7,175,571	-	7,175,571	-
	General Administration, Planning & Support Services	7,175,571	-	7,175,571	-
	Support Service	-	-	-	-
-		3,500,000	-	3,500,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Conservation of Cultural Heritage	3,500,000	-	3,500,000	-
-		59,916,879	10,015,523	49,901,356	16.7
	General Administration, Planning & Support Services	59,916,879	10,015,523	49,901,356	16.7
-		881,213,390	-	881,213,390	-
	General Administration, Planning & Support Services	871,213,390	-	871,213,390	-
	Support Service	-	-	-	-
	Water Harvesting Storage & Flood Control	10,000,000	-	10,000,000	-
-		37,658,442	-	37,658,442	-
	General Administration, Planning & Support Services	37,658,442	-	37,658,442	-
-		43,946,822	-	43,946,822	-
	General Administration, Planning & Support Services	5,000,000	-	5,000,000	-
	Support Service	38,946,822	-	38,946,822	-
-		5,175,000	-	5,175,000	-
	Pipeline Extensions & Rehabilitation, Drilling & Equipping Borehole	5,175,000	-	5,175,000	-
-		2,800,000	-	2,800,000	-
	Protection of Wildlife Within Their Habitat	2,800,000	-	2,800,000	-
-		23,934,809	2,003,190	21,931,619	8.4
	General Administrative Services	23,934,809	2,003,190	21,931,619	8.4
-		1,677,500	-	1,677,500	-
	Protection of Rivers & Streams	500,000	-	500,000	-
	Soil & Water Conservation	1,177,500	-	1,177,500	-
-		-	-	-	-
	County Forest Conservation & Management	-	-	-	-
	Grand Total	9,947,339,707	1,002,390,653	8,944,949,054	10.1

Source: Baringo County Treasury

The programmes with high levels of implementation based on absorption rates were: Inter & Intra Governmental Relations Services Programme (GAPSS), which recorded the highest absorption rate at 26.6 per cent, followed by Public Service Administration (Eldama Ravine Sub-County administration Services) at 25.8 per cent, Public Service Administration (County Public Service Board Services) at 25.1 per cent, Public Service Administration (Mogotio Sub-County Administration Services) at 24.4 per cent and the Economic Planning, Budget, Monitoring & Evaluation Services (GAPSS) at 22.7 per cent of their respective budgetary allocations.

3.2.12 Key Observations and Recommendations

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

1. Failure to undertake development expenditure in the period under review, which signifies poor implementation of development programmes.
2. Use of revenue at source and poor budgeting practices by the County Treasuries resulted in extra-budgetary expenditure as shown in Table 3.2 and Table 3.3. The County incurred expenditure amounting to Kshs.20.08 million without approved budgetary allocations under default - non-programmatic programme.
3. Failure to prepare a pending bills payment plan to settle pending bills from prior years amounting to Kshs.195.27 million.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the

approved budget. Further, all revenues should be banked intact into the CRF according to Section 109 (2) of the PFM Act, 2012.

3. The County should prepare a pending bills payment plan and ensure that all pending bills are settled as a first charge in the budget.

3.3 County Government of Bomet

3.3.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.35 billion, comprising Kshs.2.79 billion (33.4 per cent) and Kshs.5.56 billion (66.6 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.69 billion (80.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (3.6 per cent) from own sources of revenue, and a cash balance of Kshs.333.19 million (4 per cent) from FY 2020/21. The County also expects to receive Kshs.1.02 billion (12.3 per cent) as conditional grants, which consists of; Kshs.153.30 million for Leasing of Medical Equipment; Kshs.98.74 million from World Bank loan for transforming health systems for Universal Care Project; Kshs.168 million for Kenya Urban Support Programme; Kshs.215.35 million for Kenya Devolution Support Programme (Level 1 & 2 Grant); Kshs.12.20 million for HSSF DANIDA; Kshs.350 million for IDA Kenya Climate-Smart Programme; and Kshs.24.89 million for Agriculture Sector Development Support Programme.

3.3.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.1 billion as the equitable share of the revenue raised nationally, raised Kshs.40.64 million as own-source revenue, Kshs.5 million as conditional grants, and had a cash balance of Kshs.676.38 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.83 billion, as shown in Table 3.4.

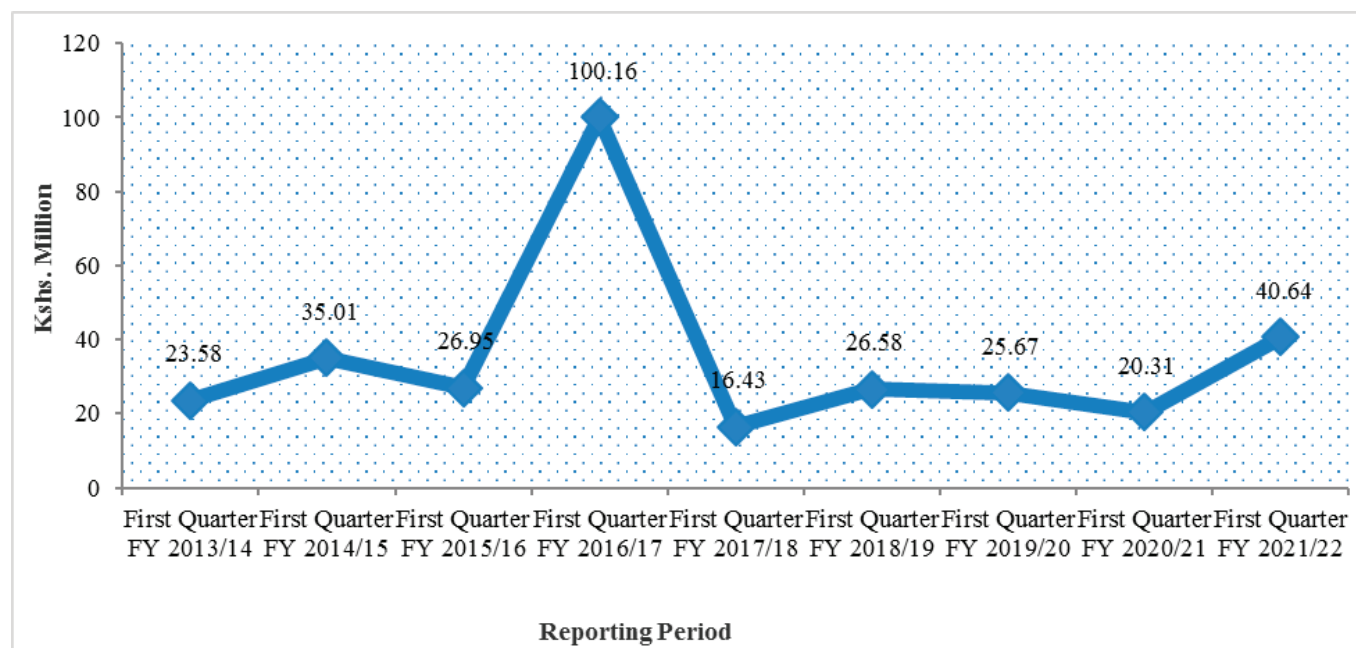
Table 3.4: Bomet County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,691,099,118	1,104,031,355	16.5
Sub Total		6,691,099,118	1,104,031,355	16.5
D	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	40,635,928	13.5
2.	Balance from FY 2020/21	333,187,684	676,567,128	203
3.	Other Revenues (Conditional Grants)	1,022,479,530	4,999,400	0.5
Sub Total		1,655,667,214	722,020,184	43.6
Grand Total		8,346,766,332	1,826,233,811	21.9

Source: Bomet County Treasury

Figure 3.4 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22. It is worth noting that the actual balance from FY 2020/21 exceeded the estimated balance in the approved budget.

Figure 3.4: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Bomet County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.40.64 million as own-source revenue. This amount represented an increase of 100.1 per cent compared to Kshs.20.31 million realised during a similar period in the first quarter of FY 2020/21 and was 13.5 per cent of the annual target. The increase can be attributed to the reforms in the revenue sector, including automation of the revenue systems.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.5 billion from the CRF account during the reporting period. The amount comprised Kshs.341.53 million (22.8 per cent) for development programmes and Kshs.1.16 billion (77.2 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

The County spent Kshs.857.27 million on development and recurrent programmes during the reporting period. This expenditure represented 57.1 per cent of the total funds released by the CoB and comprised of Kshs.154.24 million and Kshs.703.02 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.5 per cent while recurrent expenditure represented 12.6 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.520.73 million and comprised of Kshs.68.4 million for recurrent expenditure and Kshs.452.33 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.149.78 million was paid to settle pending bills related to development activities.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.516.17 million was spent on employee compensation, Kshs.186.86 million on operations and maintenance, and Kshs.154.24 million on development activities, as shown in Table 3.5.

Table 3.5: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,838,240,694	723,066,449	601,781,912	101,242,415	12.4	14
Compensation to Employees	3,111,433,665	308,200,000	461,262,357	54,906,243	14.8	17.8
Operations and Maintenance	1,726,807,029	414,866,449	140,519,555	46,336,172	8.1	11.2
Development Expenditure	2,572,804,112	212,655,077	154,243,972	-	6	-
Total	7,411,044,806	935,721,526	756,025,884	101,242,415	10.2	10.8

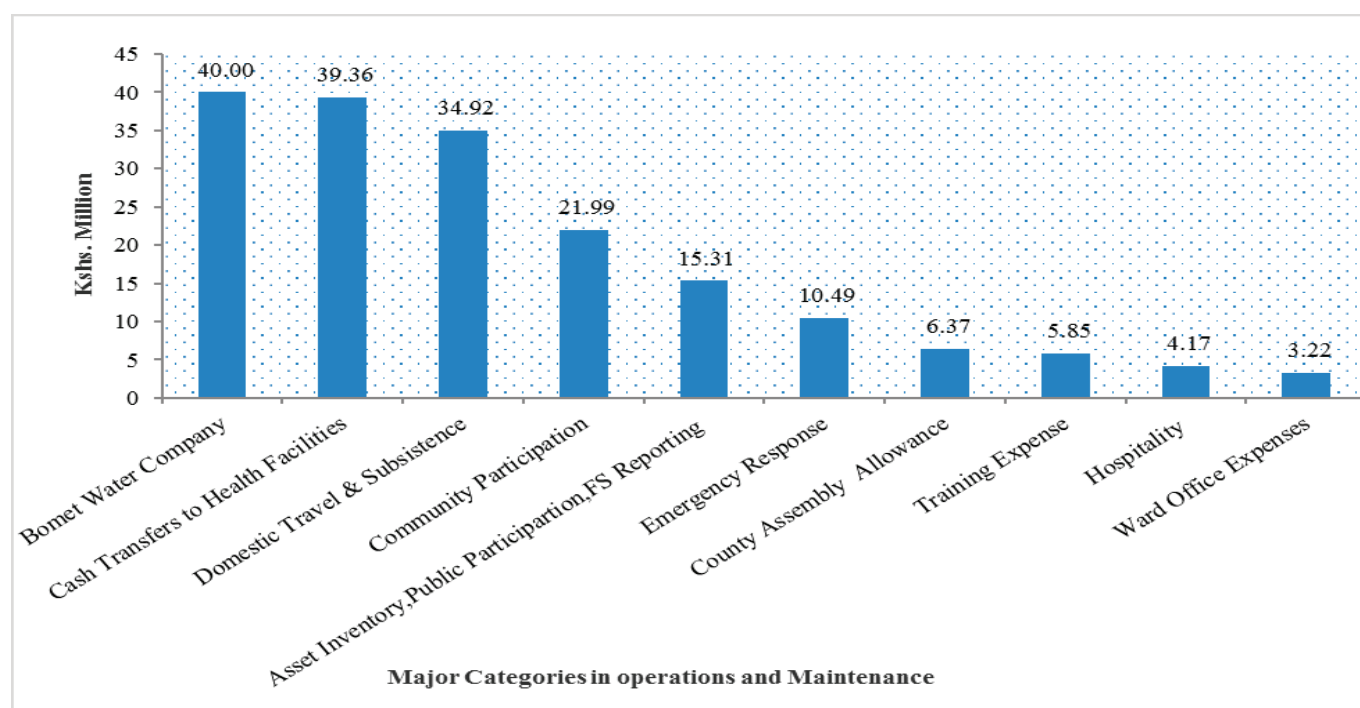
Source: Bomet County Treasury

3.3.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 60.2 per cent of the total expenditure for the reporting period and 24.7 per cent of the first quarter proportional revenue of Kshs.2.09 billion.

3.3.8 Expenditure on Operations and Maintenance

Figure 3.5 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.5: Bomet County, Operations and Maintenance Expenditure by Major Categories

Source: Bomet County Treasury

The County spent Kshs.6.37 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.31.63 million. The average monthly sitting allowance was Kshs.57,382 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.34.92 million and comprised Kshs.17.66 million spent by the County Assembly and Kshs.17.26 million by the County Executive.

3.3.9 Development Expenditure

The County incurred an expenditure of Kshs.154.24 million on development programmes, which was an improvement compared to a similar period in FY 2020/21 when the County did not report any development expenditure. Table 3.6 summarises development projects with the highest spending in the reporting period.

Table 3.6: Bomet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase of Ambulance	All Wards	21,967,872	20,030,000	91.2
2	Medical and Dental Equipment	All Wards	8,728,514	8,569,800	98.2
3	Routine Maintenance of Kimugul-Chepkosigen and Kisabei-Tonongoi	Rongena / Manaret	5,464,943	5,464,943	100
4	Routine Maintenance of Miti Mingi-Mengichik Road	Singorwet	5,096,292	5,096,292	100
5	Procurement of County Integrated Hospital Management Information System (CIHMIS)	Longisa County Referral Hospital	6,000,000	4,981,147	83
6	Roborwo-Kamusanga-Borut And Labotiet-Kimout Road	Chebunyo	4,880,383	4,880,383	100
7	Routine Maintenance of Nokirwet Dispensary-Kapchemonge-Narc River Road-3.0Km	Chebunyo	4,803,772	4,803,772	100
8	Routine Maintenance of Samoe-Chemutwa Road 2.8 Km	Chesoen	4,655,045	4,655,045	100
9	Routine Maintenance of Bingwa Ngeny-Baraka ECD-Kaptilongo Junction and Tililbei-Lelkatet and Bingwa Recovery-Donbosco Junction-Kimugul Pry-Bethseda Agc-Boundary Road	Siongiroi	5,564,062	4,451,249	80
10	Routine Maintenance of Cheleget-Katet and Kobolwo Pry-Tilyot-Kipsirichet Bridge Road	Sigor	5,068,690	4,308,386	85

Source: Bomet County Treasury

3.3.10 Budget Performance by Department

Table 3.7 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.7: Bomet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executives	185.00	-	24.26	-	19.02	-	78.4		10.3	
County Public Service Board	34.41	6	1.60	-	3.31	-	206.6		9.6	-
Administration	32.04	24	1.14	-	4.00	-	349.4		12.5	-
Public Service	2,056.93	-	559.06	-	388.07	-	69.4		18.9	
Information, Communication, and Technology	23.21	12	-	-	-	-			-	-
Finance	109.01	123.96	5.92	112.54	27.91	146.78	471.2	130.4	25.6	118.4
Economic Planning	109.02	167.35	8.13	167.35	-	-	-	-	-	-
Lands, Housing and Urban Planning	72.20	225.80	-	-	0.22	0.36			0.3	0.2
Youth, Sports, Gender, and Culture	39.18	39.00	9.12	-	2.52	-	27.6		6.4	-
Medical Services and Public Health	1,791.22	240.41	376.99	-	112.68	-	29.9		6.3	-
Education and Vocational Training	132.36	206.51	0.71	6.94	0.26	7.10	36.5	102.4	0.2	3.4
Water Sanitation and Environment	119.80	280.49	40.08	-	40.58	-	101.2		33.9	-
Agriculture, Livestock and Veterinary Services	16.59	462.80	0.19	-	3.22	-	1,730.9		19.4	-
Roads, Public Works, and Transport	83.67	660.10	0.30	54.70	-	-	-	-	-	-
Trade, Energy, Tourism, Industry, and Investment	12.12	38.03	-	-	-	-			-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Co-operatives and Enterprise Development	21.49	86.35	-	-	-	-			-	-
County Assembly	723.07	212.66	131.21	-	101.24	-	77.2		14	-
TOTAL	5,561.31	2,785.46	1,158.72	341.53	703.02	154.24	60.7	45.2	12.6	5.5

Source: Bomet County Treasury

An analysis of expenditure by the departments shows that the Department of Finance recorded the highest absorption rate of development budget at 118.4 per cent. The Department of Water Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 33.9 per cent.

3.3.11 Budget Execution by Programmes and Sub-Programmes

Table 3.8 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.8: Bomet County, Budget Execution by Programmes and Sub-programmes

Department	Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Executive	Operations & Maintenance	Use of Goods & Services	185,000,000	19,019,460	165,980,540	10.3
Total			185,000,000	19,019,460	165,980,540	10.3
Public Service Board	Operations & Maintenance	Use of Goods & Services	34,406,540	3,312,040	31,094,500	9.6
	Development	Development	6,000,000	-	6,000,000	-
Total			40,406,540	3,312,040	37,094,500	8.2
Administration	Development	Development	24,000,000	-	24,000,000	-
	Centre for Devolved Governance	Other Recurrent Expenditure	200,000	-	200,000	-
	Operations & Maintenance	Use of Goods & Services	31,835,461	4,000,000	27,835,461	12.6
Total			56,035,461	4,000,000	52,035,461	7.1
Public Service	Operations & Maintenance	Use of Goods & Services	205,000,000	-	205,000,000	-
	Salaries & Wages	Compensation to Employees	1,851,933,665	388,071,744	1,463,861,920	21.0
Total			2,056,933,665	388,071,744	1,668,861,920	18.9
Finance	Financial Management Services	Development	123,963,859	146,779,763	-22,815,904	118.4
	Operations & Maintenance	Other Recurrent Expenditure	15,750,000	4,800,000	10,950,000	30.5
		Use of Goods & Services	93,255,430	23,114,100	70,141,330	24.8
Total			232,969,289	174,693,863	58,275,427	75.0
Information, Communication, and Technology	Information Communication Technology (ICT) Services	Development of ICT infrastructure	4,000,000	-	4,000,000	-
		E-government services	6,000,000	-	6,000,000	-
		ICT Connectivity enhancement	2,000,000	-	2,000,000	-
	Operations & Maintenance	Use of Goods & Services	23,205,000	-	23,205,000	-
Total			35,205,000	-	35,205,000	-
Economic Planning	Budget Preparation & Management	Preparation of Budget Documents	6,000,000	-	6,000,000	-
		Training	1,000,000	-	1,000,000	-
	KDSP Level 1 Grant	Other Recurrent Expenditure	48,000,000	-	48,000,000	-
	KDSP Level 2 Grant	KDSP (Level 2 Grant)	167,353,974	-	167,353,974	-

Department	Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Monitoring & Evaluation Services	Monitoring services	2,000,000	-	2,000,000	-
		Policy Development	2,000,000	-	2,000,000	-
	Operations & Maintenance	Use of Goods & Services	36,831,091	-	36,831,091	-
	Planning & Statistics	County Plans & review of the CIDP	12,000,000	-	12,000,000	-
		County Statistics	1,187,874	-	1,187,874	-
Total			276,372,939	-	276,372,939	-
Lands, Housing and Urban Planning	Housing Development	Development	2,800,000	-	2,800,000	-
		Use of Goods & Services	3,350,000	-	3,350,000	-
	Lands	Acquisition of lands-EPZ	10,000,000	-	10,000,000	-
		Land Purchase-Wards	25,000,000	360,000	24,640,000	1.4
		Land title deeds acquisition	4,000,000	-	4,000,000	-
		Use of Goods & Services	4,615,000	-	4,615,000	-
	Municipality	Compensation to Employees	40,000,000	-	40,000,000	-
		KUSP (Municipal infrastructure)	168,000,000	-	168,000,000	-
		Use of Goods & Services	5,000,000	-	5,000,000	-
	Urban Management	Development of public utilities	20,000,000	-	20,000,000	-
		Use of Goods & Services	15,235,000	216,000	15,019,000	1.4
Total			298,000,000	576,000	297,424,000	0.2
Youth, Sports, Gender and Culture	Culture & library services	Cultural Development (Other Infrastructure & Civil Works)	7,000,000	-	7,000,000	-
		Public Records & Archives Management	2,600,000	-	2,600,000	-
	Gender, Children Services & Social Protection	Social Protection	5,500,000	-	5,500,000	-
		Social Protection & Children Services (Other Infrastructure & Civil Works) Rescue Centre	8,000,000	-	8,000,000	-
		Training & gender empowerment (gender mainstreaming)	4,000,000	-	4,000,000	-
	Operations & Maintenance	Use of Goods & Services	8,180,777	-	8,180,777	-
	Policy Development & Administrative Services	Other Recurrent Expenditure	3,000,000	-	3,000,000	-
	Youth & Sports Development	Development of sporting facilities (Overhaul of Other Infrastructure & Civil Works)	17,000,000	-	17,000,000	-
		Establishment of Youth Empowerment facilities & equipment	4,700,000	-	4,700,000	-
		Other Infrastructure & Civil Works Sports Academy	4,000,000	-	4,000,000	-

Department	Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		Overhaul of Other Infrastructure & Civil Works)	3,000,000	-	3,000,000	-
		Sports Enhancement	11,200,000	2,518,000	8,682,000	22.5
Total			78,180,777	2,518,000	75,662,777	3.2
Medical Services and Public Health	Curative Services	Curative Services	183,391,102	-	183,391,102	-
	Health care financing – transfers to health facilities	Health care financing – transfers to health facilities	184,408,000	39,364,000	145,044,000	21.3
	Health Infrastructure	Health Infrastructure	240,407,763	-	240,407,763	-
	Operation & Maintenance	Administrative services	30,031,842	-	30,031,842	-
	Preventive & Promotive Services	Preventive & Promotive Services	88,129,352	120,500	88,008,852	0.1
	Reproductive Health Services	Reproductive Health Services	82,760,607	-	82,760,607	-
	Salaries & Wages	Compensation to Employees	1,219,500,000	73,190,613	1,146,309,387	6.0
	Staff Medical Insurance	Policy Development	3,000,000	-	3,000,000	-
Total			2,031,628,666	112,675,113	1,918,953,553	5.5
Education and Vocational Training	Early Childhood Development & Education	Development	206,510,454	7,104,210	199,406,244	3.4
	Operations & Maintenance	Use of Goods & Services	8,859,590	260,000	8,599,590	2.9
	Policy, Planning & General Administrative services	Bursaries & Support Services	56,496,660	-	56,496,660	-
		Other Transfers (Support to Polytechnic)	47,000,000	-	47,000,000	-
		Revolving Fund	20,000,000	-	20,000,000	-
Total			338,866,704	7,364,210	331,502,494	2.2
Water, Sanitation, and Environment	Development of Water Supply for Domestic & Commercial purposes	Cash Transfer (BIDP Programme)	60,000,000	-	60,000,000	-
		Hydrogeological Surveys, Drilling & Equipping of boreholes & other civil works	4,185,106	-	4,185,106	-
		Spring protection	1,000,000	-	1,000,000	-
		Water harvesting & storage	91,000,000	-	91,000,000	-
		Water supply infrastructure	108,600,000	-	108,600,000	-
	Environmental & natural resources protection & conservation	Development	9,100,000	-	9,100,000	-
		Other Recurrent Expenditure	1,525,000	-	1,525,000	-
		Policy planning & administrative services	1,000,000	-	1,000,000	-
		Use of Goods & Services	8,235,000	-	8,235,000	-
	Irrigation Development	Irrigation infrastructure	1,000,000	-	1,000,000	-
	Operations & Maintenance	Other Recurrent Expenditure	9,500,000	-	9,500,000	-

Department	Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		Support to Bomet Water Company (Grants)	80,000,000	40,000,000	40,000,000	50.0
		Use of Goods & Services	20,540,000	576,000	19,964,000	2.8
	Policy planning & administrative services	County Water Master Plan documentation	3,500,000	-	3,500,000	-
		County water policy & bill	1,000,000	-	1,000,000	-
	Wastewater management	Resource mobilization for proposed Sotik sewerage project	100,000	-	100,000	-
Total			400,285,106	40,576,000	359,709,106	10.1
Agriculture, Livestock and Veterinary Services	Crop Development & Management	Crop Management	379,822,372	-	379,822,372	-
		Food & Nutrition Security	33,000,000	-	33,000,000	-
	Livestock, Fisheries & Veterinary Services	Livestock Development	13,000,000	-	13,000,000	-
		Veterinary Services	36,976,320	-	36,976,320	-
	Operations & Maintenance	Other Recurrent Expenditure	2,000,000	500,000	1,500,000	25.0
		Use of Goods & Services	14,590,000	2,719,455	11,870,545	18.6
Total			479,388,692	3,219,455	476,169,237	0.7
Roads, Public Works, and Transport	County Transport Infrastructure	Development	16,500,000	-	16,500,000	-
	Development & Maintenance of other Public works	Development	188,000,000	-	188,000,000	-
	Operations & Maintenance	Other Recurrent Expenditure	52,500,000	-	52,500,000	-
		Use of Goods & Services	31,173,772	-	31,173,772	-
	Roads Construction & Maintenance	Development	455,601,064	-	455,601,064	-
Total			743,774,836	-	743,774,836	-
Trade, Energy, Tourism and Industry and Investment	Industry Development	Equipping of Jua Kali sheds	1,140,000	-	1,140,000	-
		Industrial Development & Support	4,400,000	-	4,400,000	-
	Energy Development	Installation & Maintenance of Floodlight & street lights	11,200,000	-	11,200,000	-
		Low-Cost Energy Services	800,000	-	800,000	-
	Operations & Maintenance	Other Recurrent Expenditure	2,050,000	-	2,050,000	-
		Use of Goods & Services	10,073,901	-	10,073,901	-
	Tourism Development	Development of The Tourism Niche Products	5,000,000	-	5,000,000	-
		Tourism promotion & exhibition	490,000	-	490,000	-
	Trade Development	Fair Trade & Consumer Protection Practices	700,000	-	700,000	-
		Market Development	14,300,000	-	14,300,000	-
Total			50,153,901	-	50,153,901	-

Department	Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Co-operatives and Enterprise Development	Agribusiness Development & Marketing	Cooperative development	38,500,000	-	38,500,000	-
		Market Development	1,100,000	-	1,100,000	-
		Value addition	6,000,000	-	6,000,000	-
	Enterprise Development Fund	Revolving Fund	40,500,000	-	40,500,000	-
	Operations & Maintenance	Other Recurrent Expenditure	1,800,000	-	1,800,000	-
		Use of Goods & Services	19,690,030	-	19,690,030	-
	Policy Formulation, Review & Administration	Development	253,200	-	253,200	-
Total			107,843,230	-	107,843,230	-
County Assembly of Bomet	County Assembly of Bomet	Acquisition of Non-Financial Assets	50,828,046	-	50,828,046	-
		Compensation to Employees	308,200,000	54,906,243	253,293,757	17.8
		Development	287,655,077		287,655,077	-
		Use of Goods & Services	289,038,403	46,336,172	242,702,231	16.0
Total			935,721,526	101,242,415	834,479,111	10.8
Grand Total			8,346,766,332	857,268,300	7,489,498,032	10.3

Source: Bomet County Treasury

Programmes with high levels of implementation based on absorption rates were: Financial Management Services (Development) in the Department of Finance at 118.4 per cent, Operations & Maintenance in the Department of Water, Sanitation and Environment at 36.9 per cent, Operations & Maintenance in the Department of Finance at 25.6 per cent, and Health care financing – transfers to health facilities in the Department of Medical Services & Public Health at 21.3 per cent of budget allocation.

3.3.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Failure to budget for the part of the balance brought forward from FY 2020/21 of Kshs.676.38 million. Instead, the County budgeted for only Kshs343.38 million as the balance brought forward from FY 2020/21.
3. Over-absorption of development funds by the Department of Finance as evidenced by an expenditure of Kshs.146.78 million against a budget provision of Kshs.123.96 million. This indicates the diversion of funds due to probable weak internal control systems.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should prepare a supplementary budget to include the additional FY 2020/21 balance not captured in the printed estimates.*
3. *While exercising its oversight role, the County Treasury should ensure that expenditure is within their budget ceilings, and if there is a need to readjust the budget, then Section 135 of the PFM Act 2012 should be adhered to.*

3.4 County Government of Bungoma

3.4.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.76 billion, comprising Kshs.3.77 billion (29.5 per cent) and Kshs.8.99 billion (70.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.65 billion (83.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.500 million (3.9 per cent) from own sources of revenue, and collect Kshs.591.52 million (4.6 per cent) as Appropriation In Aid (A-I-A). The County also expects to receive Kshs.1.01 billion (7.9 per cent) as conditional grants, consisting of the Leasing of Medical Equipment Kshs.153,297,872, UNICEF Kshs.1,571,000, Universal Health Care Projects Kshs.52,969,787, DANIDA Kshs.19,705,125, World bank Agricultural and Rural growth Projects Kshs.280,530,114, ASDSP II Kshs.26,752,122, Kenya Devolution Support Programme-Level 11 Kshs.112,815,048, Urban support programme (Development) Kshs.300,977,100, Urban support programme (Recurrent) Kshs.11,000,000 KISP II (Kenya Informal Settlement Improvement Project) Kshs.50,000,000.

3.4.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.60 billion as the equitable share of the revenue raised nationally, raised Kshs.57.4 million as own-source revenue, and Kshs.172.12 million as A.I.A revenue. The total funds available for budget implementation during the period amounted to Kshs.1.84 billion, as shown in Table 3.9

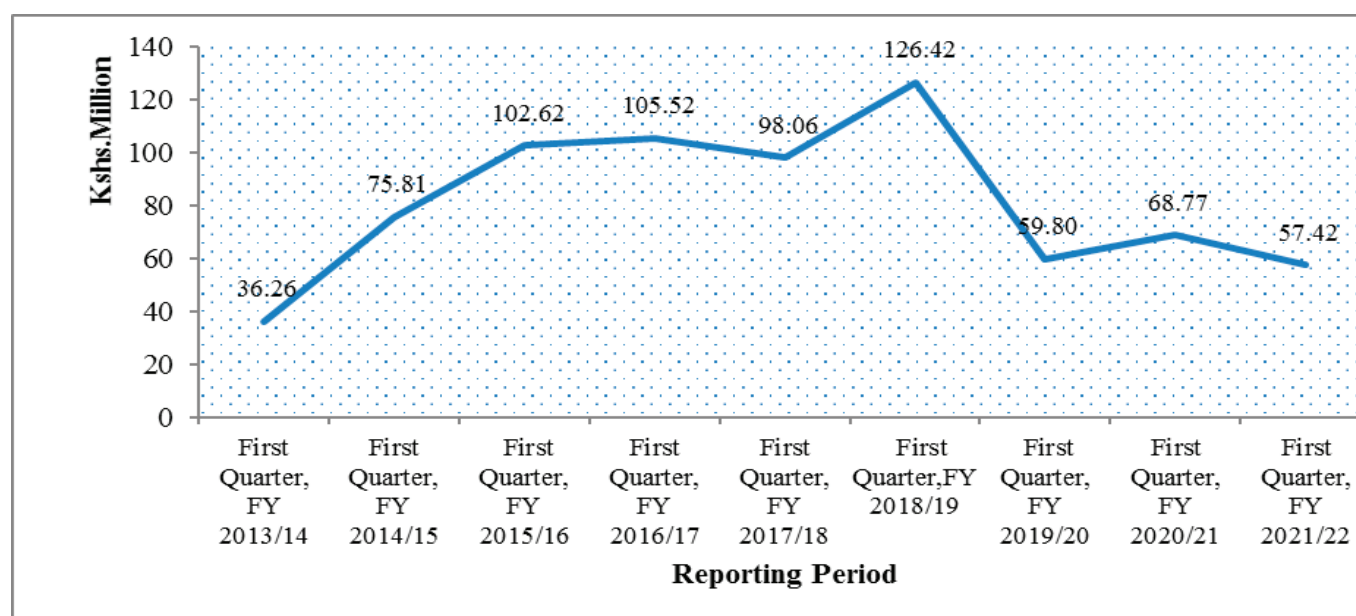
Table 3.9: Bungoma County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,659,435,192	1,608,498,494	15.1
Sub Total		10,659,435,192	1,608,498,494	15.1
D	Other Sources of Revenue			
1.	Own Source Revenue	500,000,000	57,417,222	11.5
2.	Other Revenues (Conditional Grants)	1,009,618,168	-	-
3.	A-I-A	591,524,892	172,122,607	29.1
Sub Total		2,101,143,060	229,539,829	10.9
Grand Total		12,760,578,252	1,838,038,323	14.4

Source: Bungoma County Treasury

Figure 3.6 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.6: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Bungoma County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.57.42 million as own-source revenue. This amount represented a decrease of 16.5 per cent compared to Kshs.68.77 million realised during a similar period in the first quarter of FY 2020/21 and was 11.5 per cent of the annual target.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.61 billion from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.4.4 Overall Expenditure Review

The County spent Kshs.1.13 billion on development and recurrent programmes during the reporting period. This expenditure represented 70.5 per cent of the total funds released by the CoB and comprised of Kshs.1.13 billion on recurrent programmes. Expenditure on recurrent expenditure represented 12.6 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.443.77 and comprised of Kshs.310.22 million for recurrent expenditure and Kshs.133.55 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. However, the County Treasury did not report any expenditure towards paying pending bills in the first quarter of FY 2021/21.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.788.79 million was spent on employee compensation, and Kshs.345.97 million on operations and maintenance, as shown in Table 3.10.

Table 3.10: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,068,731,378	921,179,505	1,044,164,195	90,601,019	12.9	9.8
Compensation to Employees	5,248,536,363	412,263,468	750,713,320	38,083,122	14.3	9.2
Operations and Maintenance	2,820,195,015	508,916,037	293,450,875	52,517,897	10.4	10.3
Development Expenditure	3,750,667,365	20,000,000	-	-	-	-
Total	11,819,398,743	941,179,505	1,044,164,195	90,601,019	8.8	9.6

Source: Bungoma County Treasury

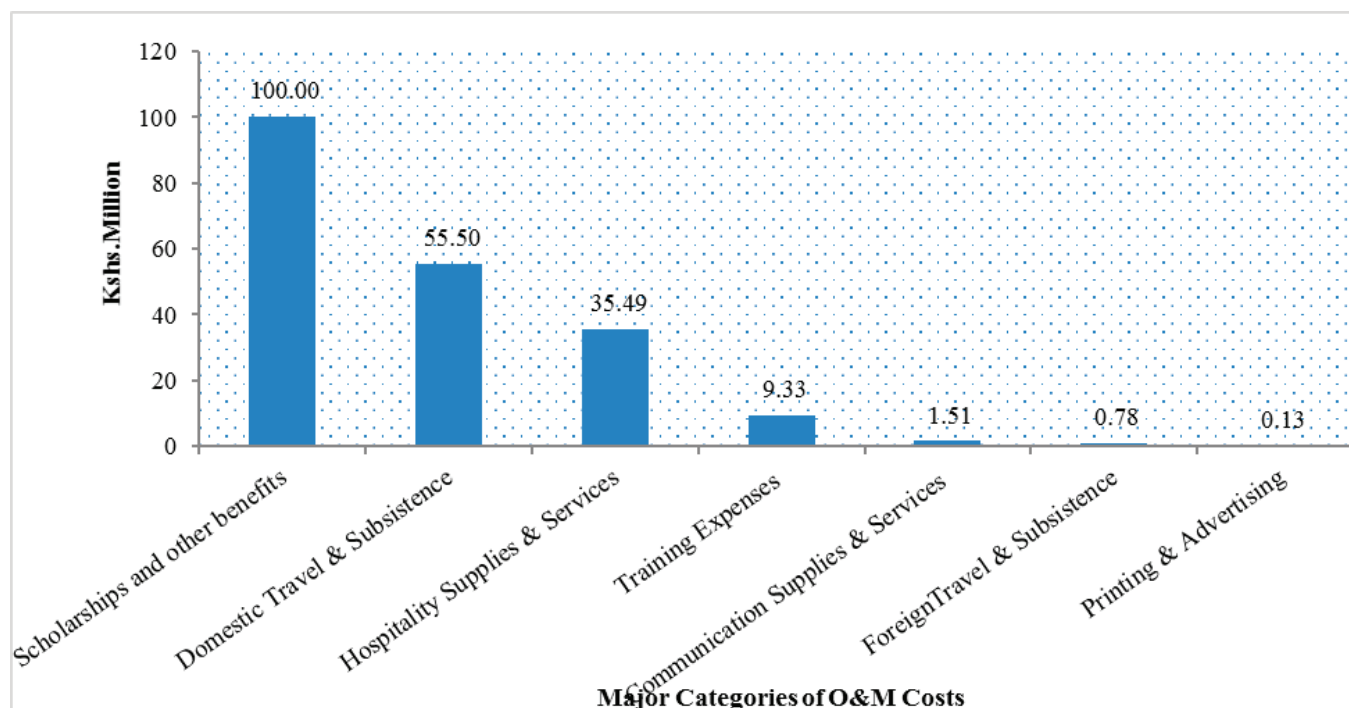
3.4.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 69.5 per cent of the total expenditure for the reporting period and 24.7 per cent of the first quarter proportional revenue of Kshs.3.19 billion.

3.4.8 Expenditure on Operations and Maintenance

Figure 3.7 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.7: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: Bungoma County Treasury

The County spent Kshs.13.79 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.26.12 million. The average monthly sitting allowance was Kshs.75,350 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.55.50 million and comprised Kshs.14.99 million spent by the County Assembly and Kshs.40.51 million by the County Executive. Spending on foreign travel amounted to Kshs.775,450 by the County Executive.

3.4.9 Development Expenditure

The County did not report development expenditure in the period under review.

3.4.10 Budget Performance by Department

Table 3.11 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.11: Bungoma County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Fisheries and Cooperative De-velopment	442.67	675.51	96.63	-	61.56	-	63.7	-	13.9	-
Tourism, Forestry, Environment, and natural resource	216.66	30.59	58.58	-	56.26	-	96.0	-	26.0	-
Water	102.76	287.57	10	-	5.95	-	59.5	-	5.8	-
Roads and Public works	180.74	1,414.13	20.96	-	14.57	-	69.5	-	8.1	-
Education,	1,425.18	229.83	333.14	-	259.42	-	77.9	-	18.2	-
Health and Sanita-tion	3,229.36	262.71	553.92	-	385.94	-	69.7	-	12.0	-
Trade, energy, and industrialization	58.49	82.4	6.49	-	5.03	-	77.5	-	8.6	-
Land, Urban and Physical Planning	90.38	322.68	10.46	-	6.11	-	58.4	-	6.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Housing	26.44	60.18	6.5	-	1.91	-	29.4	-	7.2	-
Gender, Culture	127.83	225.4	17.1	-	9.81	-	57.4	-	7.7	-
County Assembly	921.18	20	92.55	-	90.6	-	97.9	-	9.8	-
Finance and Planning	1,117.98	0	255.93	-	113	-	44.2	-	10.1	-
County Public Service	33.71	0	5.36	-	5	-	93.3	-	14.8	-
Governors	499.1	0	72.03	-	73.46	-	102.0	-	14.7	-
D/Governor's office	14.62	0	0	-	0	-	-	-	-	-
Public Administration	295.89	17	65.38	-	45.02	-	68.9	-	15.2	-
County Secretary	206.92	142.66	3.45	-	1.12	-	32.5	-	0.5	-
TOTAL	8,989.91	3,770.67	1,608.50	-	1,134.77	-	70.5	-	12.6	-

Source: Bungoma County Treasury

An analysis of expenditure by the departments shows that the Department of Tourism, Forestry, Environment, and Natural Resource had the highest percentage absorption of recurrent expenditure to budget at 26.0 per cent while the Deputy Governor's office did not report any spending.

3.4.11 Budget Execution by Programmes and Sub-Programmes

Table 3.12 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

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

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Cooperative and Livestock				-	
Programme 1: General Administration, planning and support services	Programme 1: General Administration, planning and support services			-	
S.P 1.1 Administrative and Support Services	S.P 1.1 Administrative and Support Services	47,998,105	5,915,524	42,082,581	12.3
S.P 1.2 Human Resource Management and Development.	S.P 1.2 Human Resource Management and Development.	314,666,000	55,643,323	259,022,677	17.7
S.P 1.3: Policy, Legal and Regulatory Framework	S.P 1.3: Policy, Legal and Regulatory Framework	7,600,000		7,600,000	-
S.P 1.4: Planning and Financial Management	S.P 1.4: Planning and Financial Management	11,615,043		11,615,043	-
S.P 1.5 Sector Coordination	S.P 1.5 Sector Coordination	4,000,000		4,000,000	-
S.P 1.7: Leadership and Governance	S.P 1.7: Leadership and Governance	2,000,000		2,000,000	-
Programme 2: Land and Crop Development and Management	Programme 2: Land and Crop Development and Management			-	-
S.P 2.1: Agricultural extension and training services	S.P 2.1: Agricultural extension and training services	4,746,821		4,746,821	-
S.P 2.2: Crop production and productivity	S.P 2.2: Crop production and productivity	157,023,942		157,023,942	-
SP 2.4 Soil rehabilitation, protection, and conservation	SP 2.4 Soil rehabilitation, protection, and conservation	-		-	-
SP 2. 5 Value addition and Agro-processing	SP 2. 5 Value addition and Agro-processing	-		-	-
SP 2.6 Agri nutrition and food utilization	SP 2.6 Agri nutrition and food utilization	-		-	-
SP 2.7 Irrigation Extension and training	SP 2.7 Irrigation Extension and training	2,540,000		2,540,000	-
SP 2.8 Irrigation infrastructure development and agricultural water storage	SP 2.8 Irrigation infrastructure development and agricultural water storage	-		-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Programme 3: Livestock development and management	Programme 3: Livestock development and management		-	-	-
SP 3.1 Livestock production extension, Training and Information Services	SP 3.1 Livestock production extension, Training and Information Services	13,890,000		13,890,000	-
SP 3.2 Value addition and processing	SP 3.2 Value addition and processing	96,300,000		96,300,000	-
SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	-		-	-
SP 3.4 Disease and Vector Control	SP 3.4 Disease and Vector Control	7,000,000		7,000,000	-
SP 3.5 Food Safety And Quality Control	SP 3.5 Food Safety And Quality Control	5,500,000		5,500,000	-
SP 3.6 Leather development	SP 3.6 Leather development			-	-
SP 3.7 Veterinary Extension Services	SP 3.7 Veterinary Extension Services	3,600,000		3,600,000	-
SP 3.8 Breeding and AI Subsidy programme	SP 3.8 Breeding and AI Subsidy programme	3,000,000		3,000,000	-
Programme 4: Fisheries development and management	Programme 4: Fisheries development and management		-	-	-
SP 4.1 Fisheries extension service and training	SP 4.1 Fisheries extension service and training	3,000,000		3,000,000	-
SP 4.2 Fisheries product value-chain development	SP 4.2 Fisheries product value-chain development	3,500,000		3,500,000	-
Programme 5: Cooperatives Development and Management	Programme 5: Cooperatives Development and Management		-	-	-
SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	SP 5.1 Cooperatives extension service and training (Co-operative Governance (Training))	9,800,000		9,800,000	-
SP 5.2 Cooperatives Audit Services	SP 5.2 Cooperatives Audit Services	1,500,000		1,500,000	-
SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	5,800,000		5,800,000	-
Programme 6: Institutional Development and Management	Programme 6: Institutional Development and Management		-	-	-
SP 6.1 Mabanga ATC Administration management services	SP 6.1 Mabanga ATC Administration management services			-	-
SP 6.2 Agricultural Enterprise Development (ATC)	SP 6.2 Agricultural Enterprise Development (ATC)	5,000,000		5,000,000	-
SP 6.3 Infrastructural development (ATC)	SP 6.3 Infrastructural development (ATC)	24,500,000		24,500,000	-
SP 6.4 Agricultural mechanization extension	SP 6.4 Agricultural mechanization extension	-		-	-
SP 6.5 Tractor hire services	SP 6.5 Tractor hire services	5,000,000		5,000,000	-
SP 6.6 General administrative services (CFF)	SP 6.6 General administrative services (CFF)			-	-
SP 6.7 Technology transfer (CFF)	SP 6.7 Technology transfer (CFF)	-		-	-
SP 6.8 Operational development (CFF)	SP 6.8 Operational development (CFF)	3,800,000		3,800,000	-
SP 6.9 Infrastructural development (CFF)	SP 6.9 Infrastructural development (CFF)	4,050,000		4,050,000	-
NARIGP	NARIGP	280,530,114		280,530,114	-
ASDSP II	ASDSP II	30,756,000		30,756,000	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Ward Based Projects	Ward Based Projects	59,461,000		59,461,000	-
Total Expenditure	Total Expenditure	1,118,177,025	61,558,847	1,056,618,178	5.5
HEALTH & SANITATION				-	-
Programme1: General Administration and Planning, and Support Services	Programme1: General Administration and Planning, and Support Services			-	-
SP 1: Health Administration Planning and support services	SP 1: Health Administration Planning and support services	332,856,809	717,440	332,139,369	0.2
Human resources	Human resources	2,294,141,122	385,226,896	1,908,914,226	16.8
SP3.Health Infrastructure	SP3.Health Infrastructure	262,710,027		262,710,027	-
Programme 2: Preventive Promotive and Rehabilitative	Programme 2: Preventive Promotive and Rehabilitative		-	-	-
SP 2:Communicable and non-communicable	SP 2:Communicable and non-communicable	18,005,084		18,005,084	-
SP 2: Health Promotion services	SP 2: Health Promotion services	6,000,000		6,000,000	-
SP 3: Disease surveillance	SP 3: Disease surveillance	2,746,938		2,746,938	-
SP 4: Community health services	SP 4: Community health services	78,072,000		78,072,000	-
Programme 3: Curative & health Services	Programme 3: Curative & health Services		-	-	-
SP 3: Routine Medical Services	SP 3: Routine Medical Services	424,865,820		424,865,820	-
SP 3: Blood Bank Services	SP 3: Blood Bank Services	10,000,000		10,000,000	-
Programme 4: Health Research	Programme 4: Health Research		-	-	-
SP 4: Capacity Development	SP 4: Capacity Development	8,200,000		8,200,000	-
Programme 5: Maternal and Child Health	Programme 5: Maternal and Child Health		-	-	-
SP 5: Maternity Services	SP 5: Maternity Services	52,969,787		52,969,787	-
SP 5: Immunization Services	SP 5: Immunization Services	1,500,000		1,500,000	-
Total Expenditure		3,492,067,587	385,944,336	3,106,123,251	11.1
ROADS & PUBLIC WORKS				-	-
Transport infrastructure development and management		1,276,068,343		1,276,068,343	-
Public safety and transport operations		10,440,000		10,440,000	-
Building standards and other civil works		3,537,534		3,537,534	-
General administration, planning, and support services		304,822,646	14,568,486	290,254,160	4.8
Total Expenditure		1,594,868,523	14,568,486	1,580,300,037	0.9
WATER & TOURISM				-	-
Programme 1: General Administration Planning and support Services				-	-
SP. Human Resources Management		71,513,750	8,919,285	62,594,465	12.5
SP. Policy and Legal Framework formulation		1,000,000		1,000,000	-
SP. Marking of international/national events		4,800,000	215,000	4,585,000	4.5
SP. Annual devolution conference		3,000,000		3,000,000	-
Programme 2: Water and Sewerage Services Management				-	-
SP Water Services Provision		223,750,387		223,750,387	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
SP. Rig operation and maintenance		12,706,110		12,706,110	-
SP. Stakeholders engagement (water users association)		4,800,000		4,800,000	-
SP. KOICA counterpart funding		16,553,051		16,553,051	-
SP. Sub- County operations		3,200,000		3,200,000	-
SP. Routine Maintenance of water supplies		2,400,000		2,400,000	-
SP. Office operation and maintenance		128,284,669	723,800	127,560,869	0.6
Programme 3: Integrated Solid Waste Management				-	-
SP. Dumpsite Management		12,850,705		12,850,705	-
SP. Garbage collection and transportation		152,729,272	52,348,999	100,380,273	34.3
TOTAL Expenditure		637,587,944	62,207,084	575,380,860	9.8
EDUCATION AND VOCATIONAL TRAINING				-	-
Programme 1: General Administration, Planning and Support Services				-	-
SP 1: Salaries and allowances		1,025,278,219	159,224,035	866,054,184	15.5
SP 2: Policy formulation		1,600,000		1,600,000	-
SP3: Administration and support services		9,600,000	200,000	9,400,000	2.1
Sp4: Capacity building and stakeholders forum		6,800,000		6,800,000	-
Sp5: Planning and financial management		3,800,000		3,800,000	-
SP7:Monitoring and Evaluation, feasibility studies		1,800,000		1,800,000	-
SP8:Good Governance		2,500,000		2,500,000	-
SP9:Other expenses		8,283,957		8,283,957	-
Programme 2: Early Childhood Education Development			-	-	-
Sp1: Quality Assurance and Standards		800,000		800,000	-
Sp2: Curriculum implementation		1,000,000		1,000,000	-
Sp3: learning materials		1,600,000		1,600,000	-
SP4:Annual conference for Education stakeholders		1,520,043		1,520,043	-
SP4:Annual conference for ECDE teachers		1,800,000		1,800,000	-
SP5:Monitoring and evaluation		800,000		800,000	-
SP6: Commissioning of ECD classrooms		1,400,000		1,400,000	-
SP6 : Infrastructure development		115,430,000		115,430,000	-
SP9:Pending bills		2,537,714		2,537,714	-
PROGRAMME 3: VOCATIONAL TRAINING CENTRES			-	-	-
Sp1: Tuition support grant		60,525,266		60,525,266	-
Sp2:Tools and equipment for VTC		4,337,378		4,337,378	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Sp3:Construction of Centre of Excellence		47,000,000		47,000,000	-
Sp4: Quality assurance and standards		1,000,000		1,000,000	-
SP5: Joint Vocational Training Graduation		1,600,000		1,600,000	-
SP6: VTC instructor annual conference		2,000,000		2,000,000	-
SP7:Community sensitization		1,000,000		1,000,000	-
SP8:Monitoring and Evaluation		1,000,000		1,000,000	-
PROGRAMME 4: EDUCATIONAL SUPPORT SCHEME				-	-
Sp1: Education support and bursary scheme		350,000,000	100,000,000	250,000,000	28.6
TOTAL Education		1,655,012,577	259,424,035	1,395,588,542	15.7
Trade, Energy, and Industrialization				-	-
Trade and Enterprise Development		1,900,000		1,900,000	-
Market Infrastructure Development		25,541,750		25,541,750	-
Energy Development and Management		22,780,506		22,780,506	-
Salaries and emoluments		25,063,211	4,228,061	20,835,150	16.9
General Administration, Planning and Support Services		31,523,605	800,000	30,723,605	2.5
CEF		30,846,000		30,846,000	-
Supplier's Credit		3,235,741		3,235,741	-
Total Expenditure Trade		140,890,813	5,028,061	135,862,752	3.6
				-	-
LANDS AND URBAN PLANNING				-	-
Programme 1: General Administration, Planning and Support services				-	-
SP 1: Institutional accountability, efficiency, and effectiveness in service delivery		52,944,141	5,318,483	47,625,658	1
SP 2: Human resource development and management		5,745,622		5,745,622	-
Programme 2: Land Resource Survey/Mapping and Management			-	-	-
SP 1: Land acquisition		17,700,000		17,700,000	-
SP 2: Survey of government land quality control of survey activities		4,000,000		4,000,000	-
Programme 3: County Physical Planning and Infrastructure				-	-
SP 1: Physical Planning and Urban Development		-		-	-
SP 2: Infrastructural development		-		-	-
Total Land				-	-
HOUSING DEPARTMENT				-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Programme 1 General Administration, Planning and Support services				-	-
SP 1: salaries and emoluments		8,054,246	1,344,085	6,710,161	16.7
SP 2: Administrative Services		11,189,854	570,800	10,619,054	5.1
SP 3: Research and Development		6,260,298		6,260,298	-
SP 4: Human resource development and management		939,045		939,045	-
Programme 2 Housing development and Human Settlement			-	-	-
SP 1: Estate Management		2,175,650		2,175,650	-
SP 2: Housing Development		8,000,000		8,000,000	-
sp3: Housing Grant		50,000,000		50,000,000	-
Total Housing				-	-
BUNGOMA MUNICIPALITY				-	-
Programme I: Urban Economy, General Administration, Planning and Support services				-	-
SP 1.1: Human Resource Capacity Development and Management		3,898,202		3,898,202	-
SP 1.2: General Administration and Support Services		5,091,815	552,500	4,539,315	10.9
SP 1.3: Planning and Financial Management		2,178,239		2,178,239	-
SP 1.4: Institutional Accountability, Leadership, Efficiency, and Effectiveness		2,430,000		2,430,000	-
SP 1.5: Public Participation and Outreach Services		2,940,000		2,940,000	-
SP 1.6: Research, Knowledge Sharing and Development Services		-		-	-
SP 1.7: Urban Economy		-		-	-
Programme II: Urban Land Use, Policy, and Planning		-		-	-
SP 2.1: Survey of Government Land and Quality Control		-		-	-
SP 2.2: Land Acquisition		-		-	-
Programme III: Urban Infrastructure Development and Management			-	-	-
SP 3.1: Urban Transport and Infrastructure		109,887,700		109,887,700	-
SP 3.2: Urban Facilities and Amenities		-	-	-	-
SP 3.3: Urban Housing		-		-	-
SP 3.4: Urban Energy		-		-	-
SP 3.5: Urban Fire Fighting, Safety and Resilience		-		-	-
SP 3.6: Other Urban Investments		-		-	-
Programme IV: Urban Environment, Health, Water, Culture and Human Social Services		-		-	-

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
SP 4.1: Waste Management and Sanitation Services		-		-	-
SP 4.2: Water Supply Services		-		-	-
SP 4.3: Urban Air, Visual and Water Pollution Control		-		-	-
SP 4.4: Urban Art, Architecture and Culture		-		-	-
SP 4.5: Urban greening and environment protection		-		-	-
SP 4.6: Community Organization and Youth Services		-		-	-
Programme IV Total		-		-	-
Total Expenditure				-	-
Kimilili Municipality				-	-
Programme 1: General Administration, Planning and Support services				-	-
SP1:General Admin planning and support services		13,410,066	240,000	13,170,066	1.8
SP2:Administration and HR Services		1,745,987		1,745,987	-
Programme 2:Urban Infrastructure Development and management			-	-	-
Infrastructure. Housing and public works		191,089,400		191,089,400	-
Total Expenditure				-	-
Grand Total Lands, Housing & municipality		499,680,265	8,025,868	491,654,397	1.6
				-	-
FINANCE AND ECONOMIC PLANNING				-	-
Economic development planning and coordination services		20,855,973	8,836,680	12,019,293	42.4-
Monitoring and evaluation services		6,383,286	3,215,700	3,167,586	50.4-
Public finance management		156,243,550		156,243,550	-
General administration, planning, policy coordination, and support services		934,493,475	100,949,293	833,544,182	10.8-
Total Expenditure		1,117,976,284	113,001,673	1,004,974,611	10.1
				-	-
PUBLIC ADMINISTRATION				-	-
Public service Management and Administration				-	-
General administration, planning, and support services		290,495,280	45,023,499	245,471,781	15.5
Public Participation, Civic Education and outreach services		7,400,000		7,400,000	-
Service Delivery and Organizational Transformation		17,000,000		17,000,000	-
Office of the County Secretary, ICT, and County Attorney				-	-
General administration, planning, and support services		204,918,153	1,118,320	203,799,833	0.5
Kenya Devolution Support Programme		112,815,048		112,815,048	-
ICT and information management services		29,847,901		29,847,901	-
Total Expenditure		662,476,382	46,141,819	616,334,563	7.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
GENDER AND YOUTHS				-	-
Programme 1: General Administration, Planning and Support services	-			-	-
Sp 1.2 Administrative services		35,184,006	2,022,660	33,161,346	5.7
SP 1. 2.Companstation to employees		49,731,362	7,784,809	41,946,553	15.7
1.3 Staff training		2,000,000		2,000,000	-
Sp1.4 DHRC Meeting		1,000,000		1,000,000	-
Sp1.5staff bonding		1,200,000		1,200,000	-
1.7 Planning and Budgeting		2,500,000		2,500,000	-
Programme 2: Cultural Development and Management			-	-	-
SP 2. 1Development Historical and cultural sites		8,579,874		8,579,874	-
SP 2. 2. Promotion of communities culture		6,500,000		6,500,000	-
SP 2.3 Sports and cultural association		12,000,000		12,000,000	-
SP2.4 Liquor and Licensing		2,500,000		2,500,000	-
Programme:3.0 Gender Equality and Empowerment of Vulnerable Groups			-	-	-
Sp3.1 Gender equality framework		5,500,000		5,500,000	-
Sp3.2 Gender empowerment		4,000,000		4,000,000	-
Sp3.3 Gender mainstreaming		2,000,000		2,000,000	-
Sp3.4 Disability mainstreaming		2,000,000		2,000,000	-
Programme 4.0 Sports Facility Development and Management			-	-	-
Sp 4.1 Development of sports facility		216,887,354		216,887,354	-
Programme 5.0 Sports talent development and management			-	-	-
5.1 Sports and talent development established		1,649,000		1,649,000	-
Total Expenditure		353,231,596	9,807,469	343,424,127	2.8
PUBLIC SERVICE				-	-
Programme 1: General Administration, Planning and Support services	-			-	-
SP 1. 1 Administrative service		17,511,117	3,925,600	13,585,517	22.4
Programme 2: (Human Resource Management and Development)				-	-
SP 2. 1 Human Resource Management		4,305,949	1,072,804	3,233,145	24.9
SP 2. 2. Human Resource Development		4,000,000		4,000,000	-
Programme 3:(Governors and National Values			-	-	-
SP 3. 1 Quality Assurance		2,702,854		2,702,854	-
SP 3. 2 ethics governors and national		5,195,000		5,195,000	-
Total Expenditure		33,714,920	4,998,404	28,716,516	14.8
COUNTY ASSEMBLY					
General Administration and Support Services	General Administration and Support Services	674,764,545	56,948,649	617,815,896	8.4

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Legislation services	Legislation services	18,377,800	-	18,377,800	-
Oversight	Oversight	41,656,284	2,045,800	39,610,484	4.9
Representation and outreach services	Representation and outreach services	186,380,876	31,606,570	154,774,306	17.0
General Infrastructure	General Infrastructure	20,000,000	-	20,000,000	-
		941,179,505	90,601,019	850,578,486	9.6
GOVERNORS & DEPUTY GOVERNORS					
Programme 1: General Administration planning & support		513,714,827	73,458,113	440,256,714	14.3
Programme 2: County Executive Committee Affairs		-	-	-	-
Programme 3: County Strategic and Service Delivery.		-	-	-	-
Total Expenditure		513,714,827	73,458,113	440,256,714	14.3
Grand Total		12,760,578,248	1,134,765,214	11,625,813,034	8.9

Source: Bungoma County Treasury

Programmes with high levels of implementation based on absorption rates were Monitoring and evaluation services in the Department of Finance at 50.4 per cent, Human Resource Management in the Department of public service at 24.9 per cent of budget allocation.

3.4.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was received on 22nd October 2021.
2. Failure to undertake expenditure on the development budget from the annual development budget allocation of Kshs.3.77 billion.
3. The underperformance of own-source revenue at Kshs.57.42 million representing 11.5 per cent of the annual target, against the annual projection of Kshs.500 million,

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.5 County Government of Busia

3.5.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.43 billion, comprising Kshs.2.79 billion (33.1 per cent) and Kshs.5.64 billion (66.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.17 billion (85.1 per cent) as the equitable share of revenue raised nationally and generate Kshs.499.80 million (5.9 per cent) from its sources of revenue. The County also expects to receive Kshs.755.13 million (9.0 per cent) as conditional grants, which consists of, Transforming Health Systems for Universal Health Care of Kshs.42.18 million, Kenya Climate-Smart Agriculture Project of Kshs.295.80 million, Kenya Devolution Support Programme Level "II" Grant of Kshs.69.82 million, DANIDA of Kshs.13.32 million, Agriculture Sector Development Support Programme II (ASDSP II) of Kshs.26 million, Water Tower Protection and Climate Change Mitigation and Adaptation Programme (Water) of Kshs.106 million and Kenya Urban Support Programme of Kshs.202 million.

3.5.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.18 billion as the equitable share of the revenue raised nationally and raised Kshs.65.87 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.25 billion, as shown in Table 3.13.

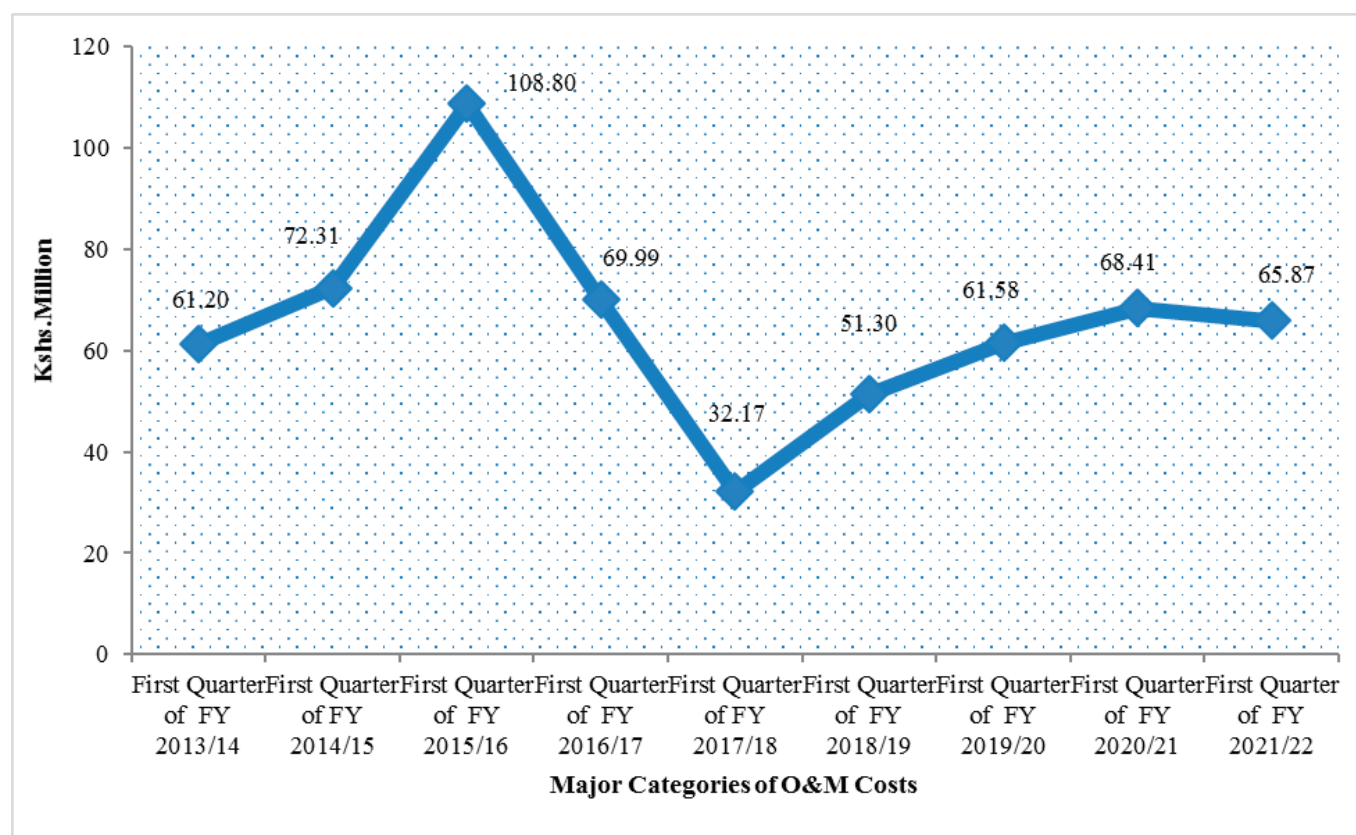
Table 3.13: Busia County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,172,162,009	1,183,406,732	16.5
Sub Total		7,172,162,009	1,183,406,732	16.5
D	Other Sources of Revenue			
1	Own Source Revenue	499,797,154	65,868,496	13.2
2	Other Revenues (Conditional Grants)	782,369,893	-	-
Sub Total		1,282,167,047	65,868,496	5.1
Grand Total		8,545,329,056	1,249,275,228	14.8

Source: Busia County Treasury

Figure 3.8 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.8: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter FY 2021/22



Source: Busia County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.65.87 million as own-source revenue. This amount represented a decrease of 3.9 per cent compared to Kshs.68.41 million realised during a similar period in the first quarter of FY 2020/21 and was 13.2 per cent of the annual target.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.12 billion from the CRF account during the reporting period. The amount was entirely for recurrent activities.

3.5.4 Overall Expenditure Review

The County spent Kshs.1.08 billion on recurrent programmes during the reporting period only. This expenditure represented 96.0 per cent of the total funds released by the CoB. Expenditure on recurrent programmes represented an absorption rate of 19.1 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.740.65 million for development expenditure only. The County did not report payment towards the settlement of the pending bills in the period under review.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.939.21 million was spent on employee compensation, Kshs.139.56 million on operations and maintenance, as shown in Table 3.14.

Table 3.14: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,835,521,148	801,409,679	972,578,668	106,195,048	20.1	13.3
Compensation to Employees	2,903,837,357	522,684,651	871,180,313	68,030,248	30.0	13.0
Operations and Maintenance	1,931,683,791	278,725,028	101,398,355	38,164,800	5.2	13.7
Development Expenditure	2,685,161,447	105,000,000	-	-	0.0	0.0
Total	7,520,682,595	906,409,679	972,578,668	106,195,048	12.9	11.7

Source: Busia County Treasury

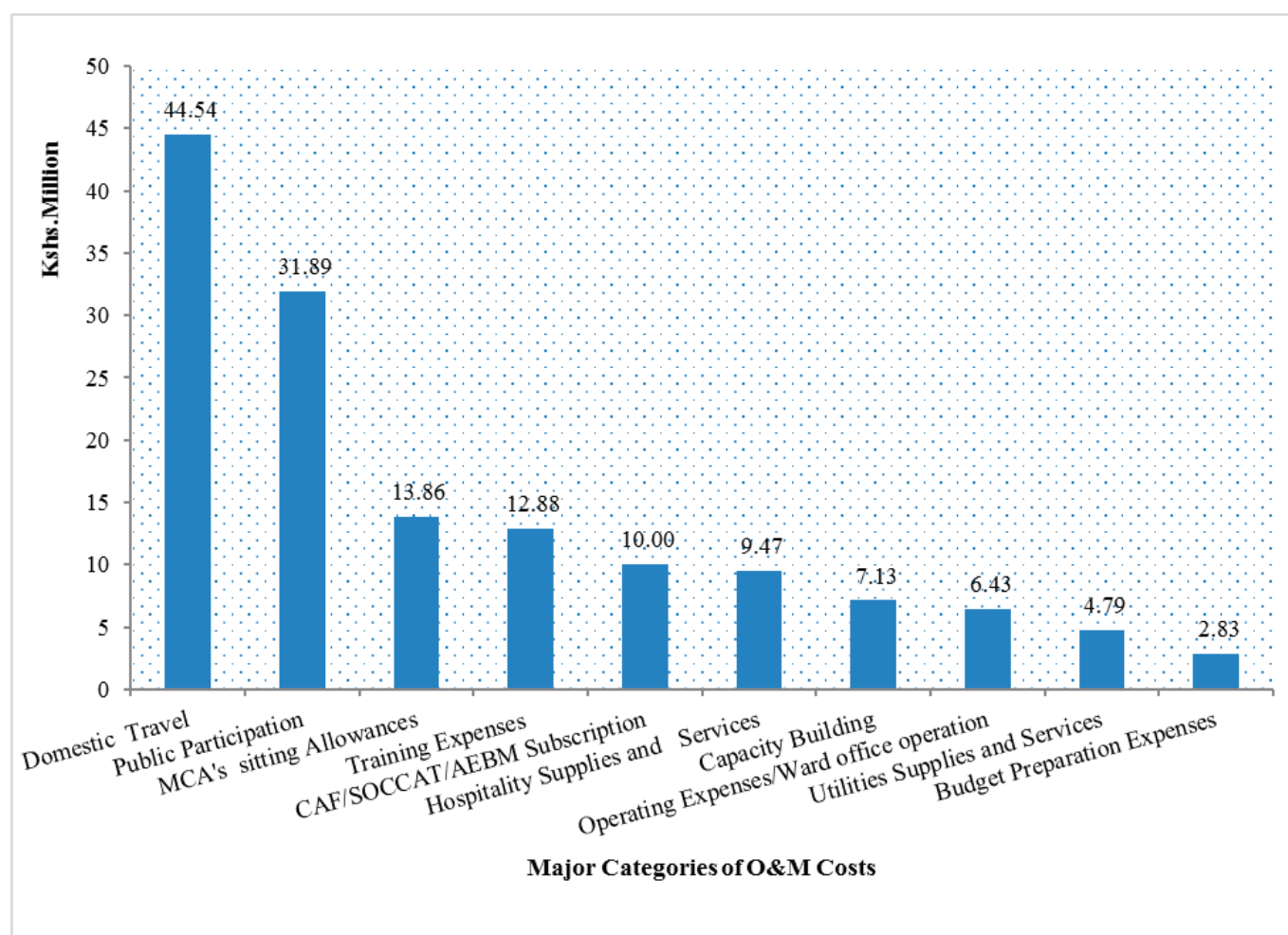
3.5.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 87.1 per cent of the total expenditure for the reporting period and 44 per cent of the first quarter proportional revenue of Kshs.2.14 billion.

3.5.8 Expenditure on Operations and Maintenance

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

Figure 3.9: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: Busia County Treasury

The County spent Kshs.13.86 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.75.59 million. The average monthly sitting allowance was Kshs.85,574 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.54 million and comprised Kshs.14.30 million spent by the County Assembly and Kshs.30.24 million by the County Executive. Spending on foreign travel amounted to Kshs.369,600 by the County Executive.

3.5.9 Development Expenditure

The County did not incur any development expenditure during the reporting period.

3.5.10 Budget Performance by Department

Table 3.15 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.15: Busia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex-chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, and Fisheries	271.21	505.65	54.73	-	0.68	-	1.2	-	0.2	-
Trade, Investment, Industry, and Co-operatives	72.13	104.92	13.76	-	1.55	-	11.3	-	2.2	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education and Vocational Training	437.26	128.98	88.56	-	3.62	-	4.1	-	0.8	-
Finance and Economic Planning	814.94	21.91	136.45	-	332.80	-	243.9	-	40.8	-
Sports, Culture and Social Services	87.88	77.10	19.72	-	0.27	-	1.4	-	0.3	-
Infrastructure and Energy	158.40	738.05	31.32	-	8.30	-	26.5	-	5.2	-
Public Service and Administration	356.39	-	41.09	-	1.90	-	4.6	-	0.5	-
Lands, Housing and Urban Development	138.68	308.15	24.21	-	-	-	-	-	-	-
Water Irrigation, Environment and Natural Resources	133.87	281.91	38.28	-	5.87	-	15.3	-	4.4	-
Health and Sanitation	1,873.94	423.49	449.16	-	603.64	-	134.4	-	32.2	-
County Public Service Board	99.04	-	17.77	-	1.72	-	9.7	-	1.7	-
The Governorship	391.78	95.00	58.29	-	12.24	-	21.0	-	3.1	-
County Assembly	801.41	105.00	150.00	-	106.20	-	70.8	-	13.3	-
Total	5,636.93	2,790.16	1,123.32	-	1,078.77	-	96.0	-	19.1	-

Source: Busia County Treasury

An analysis of expenditure by the departments shows that the Department of Finance and Economic planning had the highest percentage of recurrent expenditure to budget at 40.8 per cent while the Department of Lands, Housing and Urban Development did not report any spending.

3.5.11 Budget Execution by Programmes and Sub-Programmes

Table 3.16 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.16: Busia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture					
CP 1: General Administration and support services	Administrative Support Service	271,214,274	677,820	270,536,454	0.2
CP 2: Crop Production and management	CSP 2.1 Input support services	4,000,000	-	4,000,000	-
	CSP 2.2: Crop development	4,000,000	-	4,000,000	-
	CSP 2.3: Crop protection	2,000,000	-	2,000,000	-
CP 3: Land Use and Management	CSP 3.1: Agricultural mechanization	6,000,000	-	6,000,000	-
CP 4: Agricultural Training and Extension services	CSP 4.1: Agriculture extension services	2,000,000	-	2,000,000	-
	CSP 4.2: Agricultural Training services	20,000,000	-	20,000,000	-
CP 5: Agribusiness and agricultural value chain Development	CSP 5.1: Value addition	6,000,000	-	6,000,000	-
CP 6: Agricultural financial support services	CSP 6.1: Agricultural credit support services	3,000,000	-	3,000,000	-
CP 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	295,795,506	-	295,795,506	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 8: Fisheries and Aquaculture Resources Development	CSP 8.1: Aquaculture development	15,500,000	-	15,500,000	-
	CSP 8.2: Fisheries training infrastructure development	-	-	-	-
	CSP 8.3: Fish value addition and marketing	-	-	-	-
	CSP 8.4: Lake-based aquaculture parks	-	-	-	-
CP 9: Veterinary Health Services	CSP 9.1: Veterinary Disease control	11,138,104	-	11,138,104	-
	CSP 9.2: AI services	1,000,000	-	1,000,000	-
	CSP 9.3 Meat inspection services	3,000,000	-	3,000,000	-
	CSP 9.4 Veterinary Extension	5,000,000	-	5,000,000	-
CP 10: Livestock production & Development	CSP 10.1: Livestock production improvement	4,138,000	-	4,138,000	-
	CSP 10.2: Livestock Extension	3,428,986	-	3,428,986	-
CP 11: Other Development Projects	CSP 11.1: Other Development projects	119,650,000	-	119,650,000	-
Total for Vote		776,864,870	677,820	776,187,050	0.1
Trade					-
CP 12: General Administration and Support services	CSP 12.1: Administrative support service	72,130,924	1,553,831	70,577,092	2.2
CP 13: Trade Developments and Investment	CSP 13.1: Busia County trade development fund	8,000,000	-	8,000,000	-
	CSP 13.2: Market modernization and development	56,820,000	-	56,820,000	-
CP 14: Fair Trade Practices	CSP 14.1: Weights and measures.	3,000,000	-	3,000,000	-
CP 15: Cooperative development	CSP 15.1 Busia County cooperative enterprise development fund	10,000,000	-	10,000,000	-
	CSP 15.2: Revitalization of cotton ginneries	-	-	-	-
	CSP 15.3: Value addition	-	-	-	-
CP 16: Other Development Projects	CSP 16.1. Other Development projects	27,100,000	-	27,100,000	-
Total for Vote		177,050,924	1,553,831	175,497,092	0.9
FINANCE					-
CP 22: General Administration and Support services	CSP 22.1: Administrative support service	814,937,366	332,799,373	482,137,993	40.8
CP 23: Financial management, Control, and Development services	CSP 23.1: Revenue generation services	-	-	-	-
CP 24: Information and Communication Services	CSP 24.1: ICT support services	7,000,000	-	7,000,000	-
CP 25: Other Development Projects	CSP 25.1: Other Development projects	14,906,750	-	14,906,750	-
Total for Vote		836,844,116	332,799,373	504,044,743	39.8
EDUCATION					-
CP 17: General Administration and Support services	CSP 17.1: Administrative support service	437,255,653	3,618,976	433,636,677	0.8
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of the infrastructure in E.C.D.E Centres	51,502,000	-	51,502,000	-
	CSP 18.2 E.C.D.E Capitation	-	-	-	-
	CSP 18.3: Child nutrition	-	-	-	-
CP 19: Tertiary/Vocational Training Development	CSP 19.1: Infrastructure development	5,582,126	-	5,582,126	-
CP 20: Education support	CSP 20.1: Education support scheme	67,000,000	-	67,000,000	-
CP 21: Other Development Projects	CSP 21.1 Other Development Projects	4,900,000	-	4,900,000	-
Total for Vote		566,239,779	3,618,976	562,620,803	0.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CULTURE					-
CP 26: General Administration and Support services	CSP 26.1: Administrative support service	87,879,310	267,037	87,612,273	0.3
CP 27: Social services	CSP 27.1: Infrastructural development	15,500,000	-	15,500,000	-
	CSP 27.2: Community Support	-	-	-	-
CP 28: Youth and Empowerment Development	CSP 28.1 Equipping and Operationalization of youth empowerment	2,000,000	-	2,000,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	6,000,000	-	6,000,000	-
	CSP 29.2: Sports promotion	3,400,000	-	3,400,000	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	5,000,000	-	5,000,000	-
CP 31: Culture Promotion and Development	CSP 31.1: Cultural infrastructural development	6,000,000	-	6,000,000	-
CP 32: Promotion and development of local tourism in the County	CSP 32.1: Tourism development	2,000,000	-	2,000,000	-
CP 33: Alcoholic Drinks and Drugs control	CSP 33.1: Infrastructure development	-	-	-	-
CP 34: Other Development Projects	CSP 34.1: Other Development projects	37,200,000	-	37,200,000	-
Total for Vote		164,979,310	267,037	164,712,273	0.2
PUBLIC WORKS					-
CP 35: General Administration and support services	CSP 35.1: Administrative support service	158,403,003	8,298,441	150,104,562	5.2
CP 36: Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	429,845,100	-	429,845,100	-
	CSP 36.2: Development of Roads	31,440,000	-	31,440,000	-
CP 37: Building Infrastructure Development	CSP 37.1: Infrastructure Development	9,000,000	-	9,000,000	-
CP 38: Energy Development	CSP 38.1 Energy Services	9,000,000	-	9,000,000	-
	CSP 38.2: Solar Energy Exploration	20,000,000	-	20,000,000	-
	CSP 38.3: Renewable energy	-	-	-	-
CP 39: Alternative Transport infrastructure Development	CSP 39.1: Road safety campaign	5,124,859	-	5,124,859	-
CP 40: Other Development Projects	CSP 40.1: Other Development Projects	233,643,250	-	233,643,250	-
Total for Vote		896,456,212	8,298,441	888,157,771	0.9
PUBLIC SERVICE MANAGEMENT					-
CP 41: General Administration and support services	CSP 41.1: Administrative support services	356,386,039	1,900,477	354,485,562	0.5
Total for Vote		356,386,039	1,900,477	354,485,562	0.5
PUBLIC SERVICE BOARD					-
CP 41: General Administration and support services	CSP 41.1: Administrative support services	99,036,202	1,720,340	97,315,862	1.7
Total for Vote		99,036,202	1,720,340	97,315,862	1.7
LANDS					-
CP 42: General Administration and support services	CSP 42.1: Administrative support services	138,682,955	-	138,682,955	-
CP 43: County Land Administration and planning	CSP 43.1: Land use planning	5,503,212	-	5,503,212	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 44: Housing development and management	CSP 44.1: Housing Development	36,875,752	-	36,875,752	-
CP 45: County Urban Management and Development	CSP 45.1: Urban management	32,374,752	-	32,374,752	-
	CSP 45.2: Urban Development (Malaba Municipalities)	202,000,000	-	202,000,000	-
	CSP 45.3: Urban Development (Busia Municipality)	30,000,000	-	30,000,000	-
CP 46: Other Development Projects	CSP 46.1: Other Development Projects	1,400,000	-	1,400,000	-
Total for Vote		446,836,671	-	446,836,671	-
WATER					
CP 47: General Administration and support services	CSP 47.1: Administrative support services	133,868,493	5,868,593	127,999,900	4.4
CP 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	50,400,000	-	50,400,000	-
	CSP 48.2: Rural water supply	39,807,603	-	39,807,603	-
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	19,500,000	-	19,500,000	-
CP 50: Small Holder Irrigation and Drainage	CSP 50.1: Irrigation infrastructure development	10,000,000	-	10,000,000	-
CP 51: Forest development and management	CSP 51.1: Rehabilitation and Restoration degraded landscape	8,000,000	-	8,000,000	-
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	106,000,000	-	106,000,000	-
CP53: Other Development Projects	CSP 53.1 Other Development Projects	48,200,000	-	48,200,000	-
Total for Vote		415,776,096	5,868,593	409,907,503	1.4
HEALTH					
CP 54: General Administration and support services	CSP 54.1: Administrative support service	1,873,943,627	603,637,628	1,270,305,999	32.2
CP 55: Curative Health Services	CSP 55.1: Infrastructure development	161,900,000	-	161,900,000	-
	CSP 55.2: Hospital equipment	76,401,293	-	76,401,293	-
CP 56: Preventive and Promotive Health services	CSP 56.1: Infrastructure development	58,573,636	-	58,573,636	-
	CSP 56.2: Lower level hospital equipment	-	-	-	-
	CSP 56.3: Preventive Services	15,500,000	-	15,500,000	-
	CSP 56.4: Health promotion unit	96,210,518	-	96,210,518	-
CP 57: Other Development Projects	CSP 57.1: Other Development projects	14,900,000	-	14,900,000	-
Total for Vote		2,297,429,074	603,637,628	1,693,791,446	26.3
GOVERNORS					
CP 59: General Administration and support services	CSP 59.1: Administrative support service	391,783,303	12,236,152	379,547,151	3.1
CP 60: Disaster Risk Management	CSP 60.1: Disaster preparedness	77,029,000	-	77,029,000	-
CP 61: Information dissemination and knowledge management	CSP 61.1: Communication Services	17,971,000	-	17,971,000	-
CP 62: Other Development Projects	CSP 62.1: Other Development projects	-	-	-	-
Total for Vote		486,783,303	12,236,152	474,547,151	2.5
The County Assembly					
CP 63: Administrative support service	CSP 63.1: Administrative support service	801,409,679	106,195,048	695,214,631	13.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
CP 64: County Assembly Infrastructural Development	ICSP 64.1: Infrastructural Development	105,000,000	-	105,000,000	-
Sub-totals		906,409,679	106,195,048	800,214,631	11.7
Grand Total		8,427,092,275	1,078,773,717	7,348,318,558	12.8

Source: Busia County Treasury

Programmes with high levels of implementation based on absorption rates were General Administration and Support Services in the Department of Finance and Economic Planning at 40.1 per cent, General Administration and Support Services in the Department of Health at 32.1 per cent and General Administration and Support Services in the County Assembly at 13.3 per cent of budget allocation.

3.5.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The County failed to undertake any development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.74 billion.
3. The underperformance of own-source revenue at Kshs.65.87 million against an annual projection of Kshs.499.80 million, representing 13.2 per cent of the annual target
4. High outstanding pending bills amounted to Kshs.740.65 million at the beginning of the financial year. The County did not settle any of the pending bills in the period under review.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should develop a payment plan for pending bills and settle them in the First-in-First-Out method during the financial year.*

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.65 billion, comprising Kshs.3.10 billion (46.5 per cent) and Kshs.3.56 billion (53.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.61 billion (62.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.166.1 million (2.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.28 billion (19.2 per cent) from FY 2020/21. The County also expects to receive Kshs.604.22 million (9.1 per cent) as conditional grants, which consists of DANIDA Universal Health Care at Kshs.8.56 million, World Bank-Transforming Health Systems at Kshs.37.02 million, World Bank-Kenya Climate Smart Agriculture Project (KCSAP) at Kshs.350 million, Sweden-Agriculture Sector Development Support Programme (ASDSP) at Kshs.23.84 million and World Bank-Kenya Development Support Programme (KDSP) Level 2 at Kshs.184.80 million.

3.6.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.760.08 million as the equitable share of the revenue raised nationally, raised Kshs.41.34 million as own-source revenue, Kshs.0.00 million as conditional grants, and had a cash balance of Kshs.1,196.01 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.00 billion, as shown in Table 3.17.

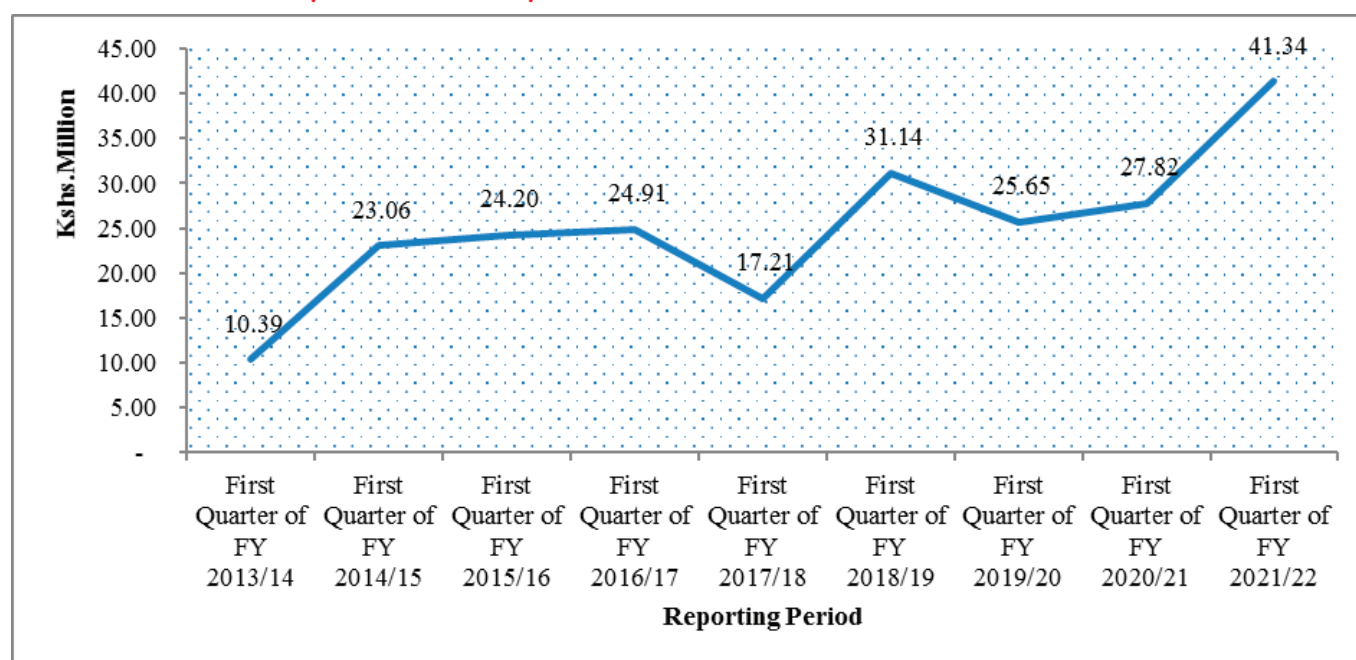
Table 3.17: Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	760,077,860	16.5
Sub Total		4,606,532,480	760,077,860	16.5
B	Conditional Grants			
1	DANIDA Universal Health Care	8,555,250	-	-
2	World Bank-Transforming Health Systems	37,021,153	-	-
3	Kenya Climate-Smart Agriculture Project (KCSAP)	350,000,000	-	-
4	Agriculture Sector Development Support Program (ASDSP)	23,843,630	-	-
5	Kenya Development Support Program (KDSP) Level 3	184,795,693	-	-
Sub Total		604,215,726	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	166,100,000	41,341,067	24.9
2	Balance brought forward from FY 2020/21	1,275,368,624	1,196,097,904	93.8
Sub Total		1,441,468,624	1,237,438,970	85.8
Grand Total		6,652,216,830	1,997,516,830	30.0

Source: Elgeyo Marakwet County Treasury

Figure 3.2 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.10: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Elgeyo Marakwet County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.41.34 million as own-source revenue. This amount represented an increase of 48.6 per cent compared to Kshs.27.82 million realised during a similar period in the first quarter of FY 2020/21 and was 24.9 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.738.45 million from the CRF account during the reporting period. The amount comprised of Kshs.226.14 million (30.7 per cent) for development programmes and Kshs.511.81 million (69.3 per cent) for recurrent programmes.

3.6.4 Overall Expenditure Review

The County spent Kshs.818.11 million on development and recurrent programmes during the reporting period. This expenditure represented 110.8 per cent of the total funds released by the CoB and comprised of Kshs.50.76 million

and Kshs.767.35 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.6 per cent while recurrent expenditure represented 21.6 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.52.87 million and comprised of Kshs.5.74 million for recurrent expenditure and KShs.47.13 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, there was no payment towards pending bills.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.635.06 million was spent on employee compensation, Kshs.132.30 million on operations and maintenance, and Kshs.50.78 million on development activities, as shown in Table 3.18.

Table 3.18: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Exec- utive	County Assem- bly	County Exec- utive	County Assembly
Total Recurrent Expenditure	2,963,613,441	593,254,970	615,597,243	151,756,776	20.8	25.6
Compensation to Employees	2,423,057,100	338,353,716	553,951,254	81,106,853	22.9	24
Operations and Maintenance	540,556,341	254,901,254	61,645,989	70,649,923	11.4	27.7
Development Expenditure	3,095,348,408	-	50,757,543	-	1.6	-
Total	6,058,961,849	593,254,970	666,354,786	151,756,776	11	25.6

Source: Elgeyo Marakwet County Treasury

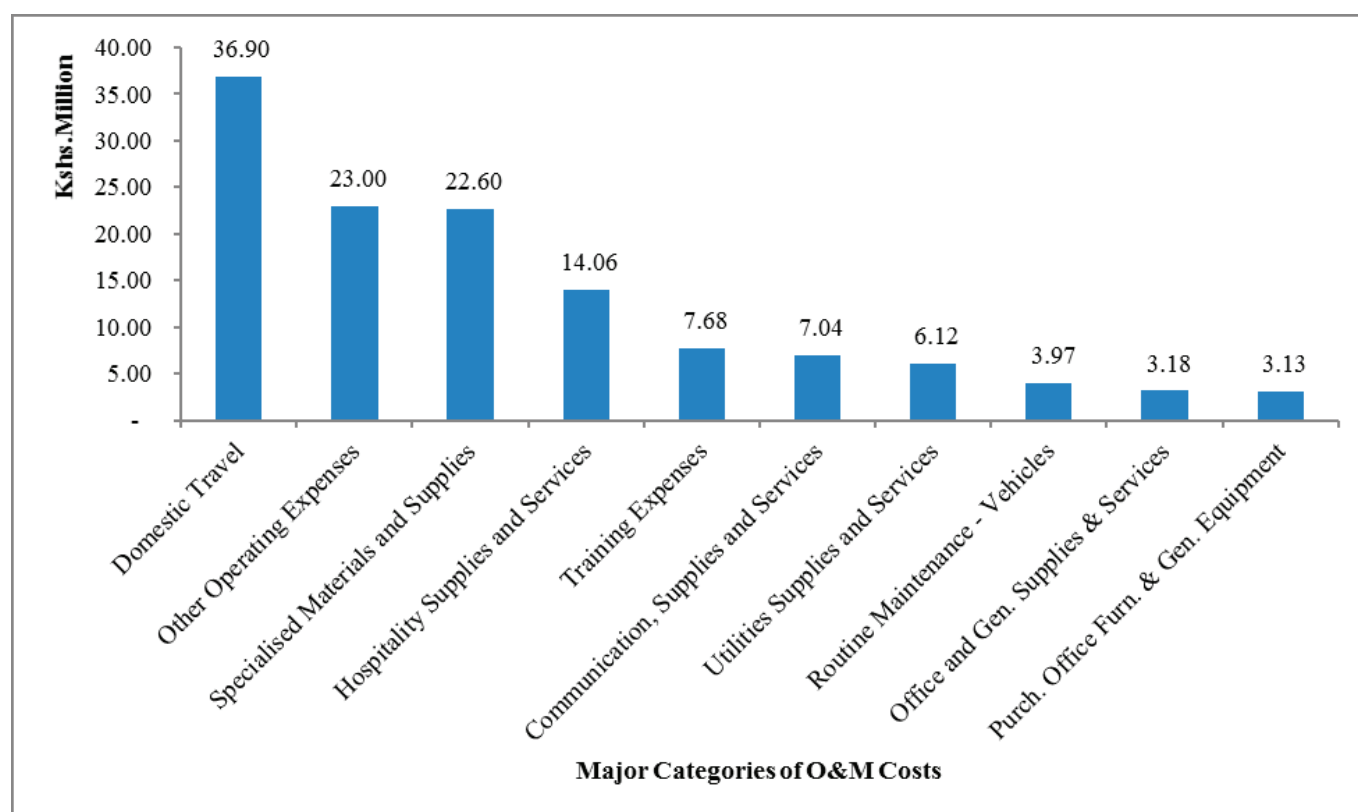
3.6.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 77.6 per cent of the total expenditure for the reporting period and 38.2 per cent of the first quarter proportional revenue of Kshs.1.67 billion.

3.6.8 Expenditure on Operations and Maintenance

Table 3.11 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.11: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: Elgeyo Marakwet County Treasury

The County spent Kshs.11.76 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.45 million. The average monthly sitting allowance was Kshs.115,270 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.36.9 million and comprised of Kshs.22.53 million spent by the County Assembly and Kshs.14.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.03 million and included Kshs.962,893 by the County Assembly and Kshs.67,440 by the County Executive.

3.6.9 Development Expenditure

The County incurred an expenditure of Kshs.50.76 million on development programmes, which represented an increase of 44.8 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.35.06 billion. Table 3.19 summarises development projects with the highest expenditure in the reporting period.

Table 3.19: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Kenya Urban Support Programme	County	78,728,024	15,655,450	19.9
2	Mother and Baby Wing at Iten County Referral Hospital (KDSP)	County	62,085,000	12,285,739	19.8
3	Ainabyat Water Project (KDSP)	County	34,500,000	9,264,100	26.9
4	Transforming Health Care Systems Universal Care Project	Head Quarters	17,262,893	6,770,174	39.2
5	Potato seed multiplication(KDSP New)	County	27,558,345	4,287,630	15.6
6	Kapchepkee water furrow	Arror	1,500,000	1,499,500	100.0
7	Construction of crushes at Sergoit Chief's Camp, Chesetek, Kamelilo, Kiptabus, and Kibarkoiyet	Kamariny	500,000	498,000	99.6
8	Operationalization of milk cooling plant	Soy South	2,000,000	496,950	24.8

Source: Elgeyo Marakwet County Treasury

3.6.10 Budget Performance by Department

Table 3.20 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.20: Elgeyo Marakwet County, Budget Performance by Department

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	593.25	-	96.07	-	151.76	-	158.0	-	25.6	-
Office of The Governor	194.34	-	22.14	32.00	32.65	-	147.5	-	16.8	-
Finance and Economic Planning	213.58	-	29.35	-	41.75	-	142.2	-	19.5	-
Agriculture and Irrigation	95.80	795.24	13.60	105.82	20.67	27.34	152.0	25.8	21.6	3.4
Education and Technical Training	256.27	266.56	29.69	24.03	46.45	-	156.4	-	18.1	-
Health and Sanitation	1,553.78	432.27	250.98	-	364.04	6.77	145.0	-	23.4	1.6
Water, Lands, Environment & Climate Change	96.18	486.93	10.12	59.80	17.21	15.66	170.1	26.2	17.9	3.2
Roads, Public Works & Transport	113.73	690.06	14.99	-	20.77	-	138.6	-	18.3	-
Tourism, Culture, Wildlife, Trade & Industry	37.89	82.76	5.37	-	8.60	-	160.1	-	22.7	-
Youth Affairs, Sports, ICT & Social Services	43.42	106.31	5.51	-	9.36	-	169.9	-	21.6	-
Public Service Management & County Administration	216.50	46.06	13.68	5.00	22.30	-	163.0	-	10.3	-
County Public Service Board	48.65	2.50	6.48	-	10.53	-	162.5	-	21.6	-
Livestock Production, Fisheries & Co-op Development	93.46	186.66	13.83	-	21.26	0.99	153.7	-	22.7	0.5
Total	3,556.87	3,095.35	511.81	226.64	767.35	50.76	149.9	22.4	21.6	1.6

Source: Elgeyo Marakwet County Treasury

An analysis of expenditure by the departments shows that the Department of Agriculture and Irrigation recorded the highest absorption rate of development budget at 3.4 per cent while six departments with a development budget did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 25.6 per cent, while the Department of Public Service Management & County Administration had the lowest at 10.3 per cent.

The departments reported more expenditure than the exchequer issues received. This was occasioned by the timing difference between the period items are expensed in IFMIS and when the exchequer requests are made. That is, items are posted as expenditures before requests to release funds from the CRF by the COB.

3.6.11 Budget Execution by Programmes and Sub-Programmes

Table 3.21 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.21: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-programmes

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly					
General administration, planning and support services		354,591,122	92,958,457	261,632,665	26.2
County Assembly					
General administration, planning and support services		354,591,122	92,958,457	261,632,457	26.2
	General administration, planning and support services	354,591,122	92,958,457	261,632,665	26.2
Legislation and representation		129,484,400	32,396,916	97,087,484	25.0
	Legislation and representation	129,484,400	32,396,916	97,087,484	25.0

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislative oversight		109,179,450	26,401,403	82,778,047	24.2
	Legislative oversight	109,179,450	26,401,403	82,778,047	24.2
Sub Total For County Assembly		593,254,972	151,756,776	441,498,196	25.6
Office of the Governor					
General administration and support services		119,625,732	28,378,927	91,246,805	23.7
	General administration and support services	119,625,732	28,378,927	91,246,805	23.7
Governance		74,717,982	4,267,753	70,450,229	5.7
	Governance	74,717,982	4,267,753	70,450,229	5.7
Sub Total For Office of the Governor		194,343,714	32,646,680	161,697,034	16.8
Finance & Economic Planning					
General administration and support services		94,336,718	20,397,105	73,939,614	21.6
	General administration and support services	94,336,718	20,397,105	73,939,614	21.6
Financial Management		119,246,575	21,352,049	97,894,526	17.9
	Monitoring, Evaluation and reporting	1,290,000	136,800	1,153,200	10.6
	Economic Planning & Budgeting	105,463,340	19,680,336	85,783,004	18.7
	Accounting services	5,464,411	1,384,534	4,079,877	25.3
	Supply Chain Management	1,724,412	75,380	1,649,032	4.4
	Revenue Management Services	5,304,412	75,000	5,229,412	1.4
Sub Total For Finance and Economic Planning		213,583,293	41,749,154	171,834,139	19.5
Agriculture and Irrigation					
General administration and support services		95,797,320	20,670,810	75,126,510	21.6
	General administration and support services	95,797,320	20,670,810	75,126,510	21.6
Crop Development		646,359,803	16,573,369	629,786,434	2.6
	Cash Crops Development	65,512,604	-	65,512,604	-
	Agricultural Extension and Training Services	580,847,199	16,573,369	564,273,830	2.9
Soil Conservation		9,479,345	-	9,479,345	-
	Soil Conservation	9,479,345	-	9,479,345	-
Irrigation Development		139,399,798	10,763,600	128,636,198	7.7
	Irrigation Development	139,399,798	10,763,600	128,636,198	7.7
Sub Total For Agriculture and Irrigation		891,036,266	48,007,779	843,028,487	5.4
Education and Technical Training					
General administration and support services		256,268,616	46,453,849	209,814,767	18.1
	General administration and support services	256,268,616	46,453,849	209,814,767	18.1
Technical Vocational Education & Training		67,519,311	-	67,519,311	-
	Technical Vocational Education & Training	67,519,311	-	67,519,311	-
Pre-Primary Education		199,043,495	-	199,043,495	-
	Pre-Primary Education	199,043,495	-	199,043,495	-
Sub Total For Education & Technical Training		522,831,422	46,453,849	476,377,573	8.9
Health and Sanitation					
General administration and support services		1,553,784,098	364,036,790	1,189,747,309	23.4
	Default - Non Programmatic	1,553,784,098	364,036,790	1,189,747,309	23.4
Preventive and Promotive Health		72,793,446	-	72,793,446	-
	Community and Environmental Health	72,734,046	-	72,734,046	-
	Communicable & Non-Communicable Disease Prevention & Control	59,400	-	59,400	-
Curative and Rehabilitative Health		359,475,971	6,770,174	352,705,797	1.9
	Commodity management	500,000	-	500,000	-
	County Hospitals	78,097,163	-	78,097,163	-
	Primary Care Units	244,498,808	6,770,174	237,728,634	2.8
	Emergency Medical Services	36,380,000	-	36,380,000	-
Sub-Total For Health and Sanitation		1,986,053,515	370,806,964	1,615,246,552	18.7
Water, Lands and Physical Planning					
General administration and support services		96,178,512	17,213,224	78,965,288	17.9
	General administration and support services	96,178,512	17,213,224	78,965,288	17.9
Water & Sanitation Management		387,341,912	-	387,341,912	-
	Water Services	387,341,912	-	387,341,912	-
Environmental Management & Protection		1,299,950	-	1,299,950	-
	Environmental conservation	1,299,950	-	1,299,950	-
Solid waste management		500,000	-	500,000	-
	Solid waste management	500,000	-	500,000	-

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Lands, Physical planning and Urban Development		97,784,996	15,655,450	82,129,546	16.0
	Lands, Physical planning and Urban Development	97,784,996	15,655,450	82,129,546	16.0
Sub Total for Water, Lands and Physical Planning		583,105,370	32,868,674	550,236,696	5.6
Roads, Public Works and Transport					
General administration and support services		105,668,668	20,082,631	85,586,037	19.0
	General administration and support services	105,668,668	20,082,631	85,586,037	19.0
Rural road Works		663,598,381	-	663,598,381	-
	Rural road Works	663,598,381	-	663,598,381	-
Public Works		19,717,010	-	19,717,010	-
	Public Works	19,717,010	-	19,717,010	-
Energy		14,800,000	691,435	14,108,565	4.7
	Energy	14,800,000	691,435	14,108,565	4.7
Sub Total Roads, Public Works and Transport		803,784,059	20,774,065	783,009,994	2.6
Sports, Youth and Gender Affairs					
General administration and support services		43,421,119	9,356,906	34,064,213	21.5
	General administration and support services	43,421,119	9,356,906	34,064,213	21.5
Sports Development		28,897,335	-	28,897,335	-
	Sports Infrastructure Development	14,495,017	-	14,495,017	-
	Sports Talent Development	14,402,318	-	14,402,318	-
Social Empowerment		66,848,338	-	66,848,338	-
	Social Empowerment	66,848,338	-	66,848,338	-
Social Protection		6,061,000	-	6,061,000	-
	Social Protection	6,061,000	-	6,061,000	-
ICT Services		4,505,438	-	4,505,438	-
	ICT Services	4,505,438	-	4,505,438	-
Sub Total for Sports, Youth and Gender Affairs		149,733,230	9,356,906	140,376,324	6.2
Trade and Tourism					
General administration and support services		37,889,225	8,601,770	29,287,455	22.7
	General administration and support services	37,889,225	8,601,770	29,287,455	22.7
Tourism Development		66,844,549	-	66,844,549	-
	Tourism Development	66,844,549	-	66,844,549	-
Trade and enterprise development		12,636,724	-	12,636,724	-
	Trade and enterprise development	12,636,724	-	12,636,724	-
Culture and Heritage Preservation		3,282,000	-	3,282,000	-
	Culture and Heritage Preservation	3,282,000	-	3,282,000	-
Sub Total for Trade and Tourism		120,652,498	8,601,770	112,050,728	7.1
County Public Service Board					
General administration and support services		51,152,913	10,527,599	40,625,314	20.6
	General administration and support services	51,152,913	10,527,599	40,625,314	20.6
Sub Total for County Public Service Board		51,152,913	10,527,599	40,625,314	20.6
Livestock and Fisheries					
General administration and support services		93,464,981	21,263,711	72,201,270	22.8
	General administration and support services	93,464,981	21,263,711	72,201,270	22.8
Livestock Development		98,590,077	-	98,590,077	-
	Livestock Production	93,800,719	-	93,800,719	-
	Livestock Extension and Training Services	4,789,358	-	4,789,358	-
Cooperatives development		19,283,384	496,950	18,786,434	2.6
	Cooperatives development	19,283,384	496,950	18,786,434	2.6
Veterinary Services		68,783,980	498,000	68,285,980	0.7
	Disease Surveillance and control	56,097,780	498,000	55,599,780	0.9
	A I Services	12,686,200	-	12,686,200	-
Sub Total for Livestock and Fisheries		280,122,422	22,258,661	257,863,761	7.9
Public Service Management					
General administration and support services		214,635,980	22,142,683	192,493,297	10.3
	General administration and support services	214,635,980	22,142,683	192,493,297	10.3
Public Service Management		47,927,166	160,000	47,767,166	0.3
	SP 4.1 Human Resource Management	495,000	10,000	485,000	2.0
	Coordination of government functions	47,057,166	150,000	46,907,166	0.3
	Citizen participation and Civic Education	375,000	-	375,000	-

Pro-gramme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub Total for Public Service Management		262,563,146	22,302,683	240,260,463	8.5
GRAND TOTAL		6,652,216,820	818,111,560	5,834,105,260	12.3

Source: Elgeyo Marakwet County Treasury

Programmes with high levels of implementation based on absorption rates were: General administration, planning, and support services at 26.2 per cent, Legislation and Representation at 24.2 per cent, and Legislative Oversight 24.2 per cent of the budget allocation. All three programs are in the County Assembly.

3.6.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The revenue report was received on 10th November 2021

The County should implement the following recommendation to improve budget execution:

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*

3.7 County Government of Embu

3.7.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.90 billion, comprising Kshs.2.47 billion (35.7 per cent) and Kshs.4.43 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.12 billion (74.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.900 million (13 per cent) from own sources of revenue, and a cash balance of Kshs.265.75 million (3.9 per cent) from FY 2020/21. The County also expects to receive Kshs.607.12 million (8.8 per cent) as conditional grants. The conditional grants consist; Leasing of Medical Equipment of Kshs.153.30 million, Transforming Health Systems for Universal care Project of Kshs.5.71 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) of Kshs.387.95 million, DANIDA Grant of Kshs.9.54 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II of Kshs.22.22 million, and Emergency Locust Response Project (ELRP) of Kshs.28.40 million.

3.7.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.845.67 million as the equitable share of the revenue raised nationally, raised Kshs.114.73 million as own-source revenue, and had a cash balance of Kshs.265.75 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.23 billion, as shown in Table 3.22.

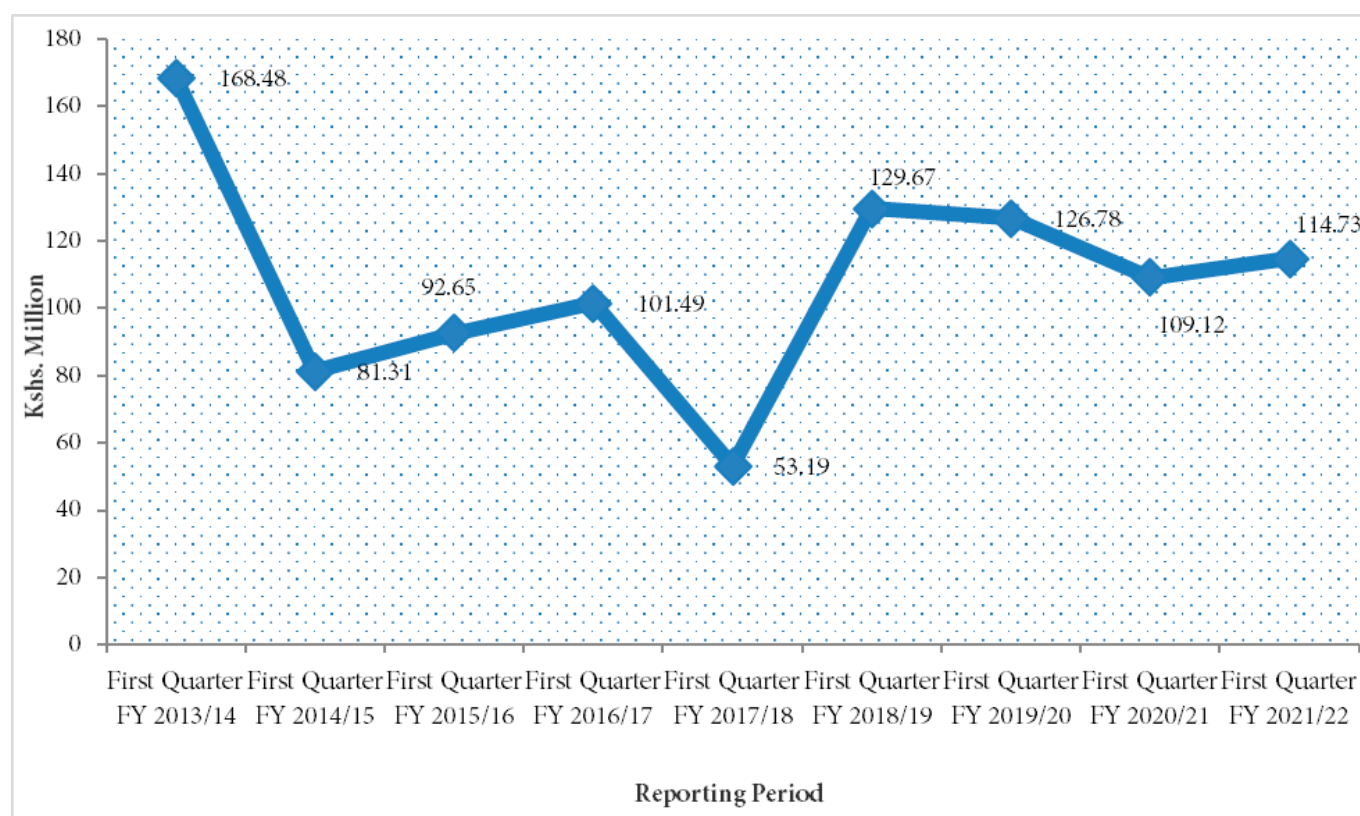
Table 3.22: Embu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,125,243,762	845,665,221	16.5
	Sub Total	5,125,243,762	845,665,221	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	900,000,000	114,732,998	12.7
2.	Balance b/f from FY 2020/21	265,751,342	265,751,342	100
3.	Other Revenues-Conditional Grants	607,119,396	-	-
	Sub Total	1,772,870,738	380,484,340	21.5
	Grand Total	6,898,114,500	1,226,149,561	17.8

Source: Embu County Treasury

Figure 3.12 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.12: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Embu County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.114.73 million as own-source revenue. This amount represented an increase of 5.1 per cent compared to Kshs.109.12 million realised during a similar period in the first quarter of FY 2020/21 and was 12.7 per cent of the annual target.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.593.18 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.7.4 Overall Expenditure Review

The County spent Kshs.840.57 million on development and recurrent programmes during the reporting period. This expenditure represented 141.7 per cent of the total funds released by the CoB and comprised of Kshs.13.08 million and Kshs.827.49 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 18.7 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.01 billion and comprised of Kshs.1.20 billion for recurrent expenditure and Kshs.814.58 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.296.15 million was paid towards pending bills for recurrent expenditure.

3.7.6 Expenditure by Economic Classification

An analysis of expenditure by economic classification indicates that Kshs.680.21 million was spent on employee compensation, Kshs.147.28 million on operations and maintenance, and Kshs.13.08 million on development activities, as shown in Table 3.23.

Table 3.23: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,733,626,109	699,069,773	741,817,344	85,672,223	19.9	12.3
Compensation to Employees	2,844,104,897	299,282,948	676,189,032	4,018,935	23.8	1.3
Operations and Maintenance	889,521,212	399,786,825	65,628,312	81,653,288	7.4	20.4
Development Expenditure	2,365,418,618	100,000,000	-	13,082,999	-	13.1
Total	6,099,044,727	799,069,773	741,817,344	98,755,222	12.2	12.4

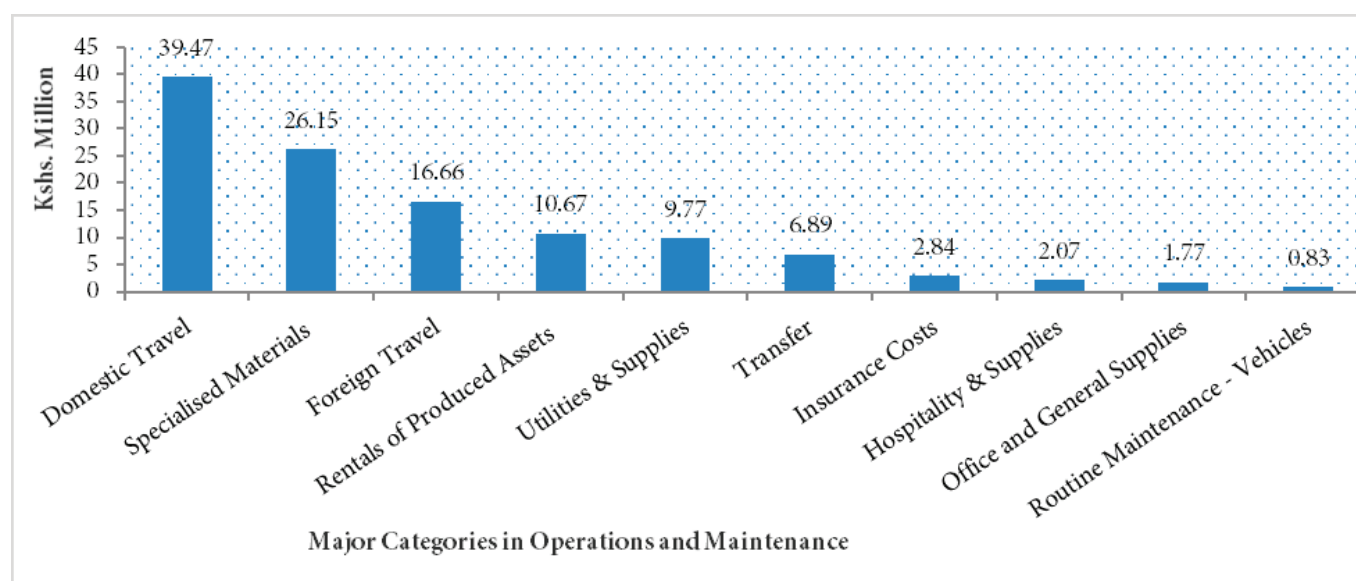
Source: Embu County Treasury

3.7.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 80.9 per cent of the total expenditure for the reporting period and 39.4 per cent of the first quarter proportional revenue of Kshs.1.72 billion.

3.7.8 Expenditure on Operations and Maintenance

Figure 3.13 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.13: Embu County, Operations and Maintenance Expenditure by Major Categories

Source: Embu County Treasury

The County spent Kshs.8.85 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.29 million. The average monthly sitting allowance was Kshs.84,327 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.39.47 million and comprised Kshs.34.26 million spent by the County Assembly and Kshs.5.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.66 million paid by the County Assembly.

3.7.9 Development Expenditure

The County incurred an expenditure of Kshs.13.08 million on development programmes, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not report any expenditure on development programmes. The County Assembly incurred the expenditure on the construction of the County Assembly complex.

3.7.10 Budget Performance by Department

Table 3.24 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.24: Embu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	233.85	-	26.62	-	46.01	-	172.9	-	19.7	-
County Public Service Board	33.33	-	5.13	-	7.06	-	137.6	-	21.2	-
Public Service and Administration	400.46	5	77.19	-	92.94	-	120.4	-	23.2	-
County Assembly	699.07	100	50	-	85.67	13.08	171.3	-	12.3	13.1
Gender, Culture, Children and Social Services	10.25	40.68	0.92	-	1.10	-	119.6	-	10.7	-
Finance and Economic Planning	78.41	3.20	10.43	-	14.63	-	140.2	-	18.7	-
Trade Tourism Investment and Industrialization	22.50	64.54	3.43	-	4.13	-	120.4	-	18.4	-
Agriculture, Livestock, Fisheries, and Co-operative Development	421.70	362.25	45.14	-	54.29	-	120.3	-	12.9	-
Health	1,786.21	162.62	298.62	-	384.95	-	128.9	-	21.6	-
Embu Level 5 Hospital	123.42	65.30	-	-	36.74	-	-	-	29.8	-
Infrastructure, Public Works and Housing	51.70	1,367.49	5.31	-	7.44	-	139.9	-	14.4	-
Education, Science, and Technology	452.47	74.37	57	-	75.59	-	132.6	-	16.7	-
Lands, Physical Planning and Urban Development & Water	72.23	161.53	12.57	-	15.23	-	121.2	-	21.1	-
Youth Empowerment and Sports	32.10	43.43	0.81	-	1.16	-	143.3	-	3.6	-
Embu County Revenue Authority (ECRA)	15	15	-	-	0.55	-	-	-	3.6	-
TOTAL	4,432.7	2,465.42	593.18	-	827.49	13.08	139.5	-	18.7	0.5

Source: Embu County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded an absorption rate of 13.1 per cent of its development budget while all other Departments did not report any spending on development activities. The Department of Embu Level 5 Hospital had the highest percentage of recurrent expenditure to budget at 29.8 per cent, while the Department of Youth Empowerment and Sports and Embu County Revenue Authority had the lowest at 3.6 per cent.

3.7.11 Budget Execution by Programmes and Sub-Programmes

Table 3.25 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.25: Embu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
OFFICE OF GOVERNOR					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	140,307,538	27,605,408	112,702,130	19.7
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	46,769,179	9,201,803	37,567,377	19.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
	SP2.2: Management of County Executive Services (Office of County Secretary)	28,061,508	5,521,082	22,540,426	19.7
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	18,707,672	3,680,721	15,026,951	19.7
Sub Total		233,845,897	46,009,014	187,836,883	19.7
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	2,833,127	599,946	2,233,181	21.2
	SP1.2: Administration of board programmes	4,166,363	882,273	3,284,090	21.2
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	5,832,908	1,235,182	4,597,726	21.2
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	3,833,054	811,691	3,021,363	21.2
Administration of Human Resources in Public Service	SP2.1 Recruitment and Selection, Career Management, HR Policy & Audit	5,555,151	1,176,364	4,378,787	21.2
	SP2.2 Administration of Board programmes/ Agenda	5,555,151	1,176,364	4,378,787	21.2
	SP2.3 Performance Management & Discipline	5,555,151	1,176,364	4,378,787	21.2
Sub Total		33,330,903	7,058,184	26,272,719	21.2
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	174,689,877	40,043,366	134,646,511	22.9
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	138,997,507	31,861,767	107,135,740	22.9
	SP2.2: Office Infrastructure Expansion	91,768,077	21,035,579	70,732,498	22.9
Sub Total		405,455,461	92,940,712	312,514,749	22.9
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	7,639,564	165,096	7,474,468	2.2
P2: Gender and Social Development	SP2.1: Communication Mobilization and Development	10,186,086	220,128	9,965,957	2.2
	SP2.2 : Social Welfare Services	7,639,564	165,096	7,474,468	2.2
	SP2.3 : Vocational Rehabilitation and Training	5,093,043	110,064	4,982,979	2.2
	SP2.4 : Gender Mainstreaming and Development	7,639,564	165,096	7,474,468	2.2
P3: Children Services	SP3.1: Child Rehabilitation and Custody	7,639,564	165,096	7,474,468	2.2
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	5,093,043	110,064	4,982,979	2.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Sub Total		50,930,428	1,100,642	49,829,786	2.2
FINANCE AND ECONOMIC PLANNING					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	14,489,833	2,597,995	11,891,838	17.9
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	20,285,766	3,637,193	16,648,573	17.9
P3: Financial Management Services	SP3.1: Control and Management of Public Finances	9,412,596	1,687,658	7,724,938	17.9
P4: Monitoring and Evaluation	SP 4.1: Monitoring and Evaluation of projects	19,433,758	3,484,430	15,949,328	17.9
P5: Research and Statistics	SP5.1: County database and profile	17,984,775	3,224,631	14,760,144	17.9
Sub Total		81,606,728	14,631,907	66,974,821	17.9
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION					
P1: Administrative Support Services	P1.1: Administrative Support Services	10,342,399	490,837	9,851,561	4.8
P2: Trade development and Promotion	P2.1: Trade development and Promotion	41,882,258	1,987,680	39,894,578	4.8
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	19,149,041	908,790	18,240,251	4.8
P4: Tourism Development	P4.1: Tourism Development	15,667,396	743,555	14,923,841	4.8
Sub Total		87,041,094	4,130,862	82,910,232	4.8
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
P1: Administrative Support Services	P1.1: Administrative Support Services	102,319,572	7,085,457	95,234,115	6.9
P2: Crop Development and Management	P2.1: Crop Development and Management	365,572,107	25,315,248	340,256,859	6.9
P3: Agribusiness and Information Management	P3.1: Agribusiness and Information Management	101,913,380	7,057,329	94,856,051	6.9
P4: Livestock Resources Management and Development	P4.1: Livestock Resources Management and Development	135,749,108	9,400,396	126,348,713	6.9
P5: Fisheries Development	P5.1: Fisheries Development	78,394,908	5,428,714	72,966,194	6.9
Sub Total		783,949,075	54,287,144	729,661,931	6.9
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,122,363,731	221,699,391	900,664,340	19.8
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	461,956,778	91,249,863	370,706,915	19.8
P3: General Administration Planning and Support Services	SP3.1: General Administration services	364,515,002	72,002,286	292,512,717	19.8
Sub Total		1,948,835,511	384,951,539	1,563,883,972	19.8
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	126,986,207	24,721,162	102,265,045	19.5
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	35,581,680	6,926,898	28,654,782	19.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	26,145,987	5,089,995	21,055,992	19.5
Sub Total		188,713,874	36,738,055	151,975,819	19.5
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	141,919,327	743,655	141,175,672	0.5
P2: Roads Transport	SP2.1: Road Infrastructure and Public Works	1,064,394,953	5,577,412	1,058,817,541	0.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
P3: Energy and housing	SP3.1: Energy and Housing	212,878,991	1,115,482	211,763,508	0.5
Sub Total		1,419,193,270	7,436,549	1,411,756,721	0.5
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1: General Administration and Support Services	210,738,633	30,235,350	180,503,283	14.4
P2: Quality Assurance and Standards	SP2.1: Quality Assurance and standards	105,369,316	15,117,675	90,251,641	14.4
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	210,738,633	30,235,350	180,503,283	14.4
Sub Total		526,846,582	75,588,375	451,258,207	14.4
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
P1: Physical Planning and Urban Development	SP1.1: Physical Planning Services	11,688,070	761,658	10,926,412	6.5
	SP1.2: Establishment and Promotion of Land Policy	16,363,297	1,066,322	15,296,976	6.5
	SP1.3: Environmental conservation	11,688,070	761,658	10,926,412	6.5
P2: General Administration, Planning and Support Services	SP2.1 General Administration and Support Services	23,376,139	1,523,316	21,852,823	6.5
P3: Water Supply and sewerage Services	SP3.1: Domestic water supply	105,192,628	6,854,924	98,337,703	6.5
P4: Irrigation and civil works	SP4.1: Irrigation and civil works	65,453,191	4,265,286	61,187,905	6.5
Sub Total		233,761,396	15,233,165	218,528,231	6.5
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1: Youth Development and Empowerment Services	37,767,254	581,858	37,185,396	1.5
P2: Management and development of Sport and Sport facilities	SP5.1: Community Sports programme	30,213,803	465,486	29,748,317	1.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	7,553,451	116,372	7,437,079	1.54
Sub Total		75,534,508	1,163,716	74,370,792	1.5
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	5,472,057	99,861	5,372,195	1.8
	SP1.2: Revenue Management Services	24,527,943	447,619	24,080,325	1.8
Sub Total		30,000,000	547,480	29,452,520	1.8
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	306,132,471	45,904,976	260,227,495	15
P: 1: Legislation	SP: 1: Legislation	492,937,302	52,850,246	440,087,056	10.7
Sub Total		799,069,773	98,755,222	700,314,551	12.4
Grand Total		6,898,114,500	840,572,566	6,057,541,934	12.2

Source: Embu County Treasury

Programmes with high levels of implementation based on absorption rates were P1: General Administration Planning and Support Services and P2: Public Service in the Department of Public Service and Administration at 22.9 per cent, P1: Administration of Human Resources in Public Service in the Department of County Public Service Board at 21.2 per cent, P1: General Administration Planning and Support Services, P2: County Leadership and Coordination, and P3: County Leadership and Coordination in the Department of Office of Governor at 19.7 per cent, and P1: Curative Health Services, P2: Preventive and Promotive Health Services, and P3: General Administration Planning and Support Services at 19.8 per cent of budget allocation.

3.7.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.13.08 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.47 billion. The development expenditure represented 0.5 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.114.73 million against an annual projection of Kshs.900 million, representing 12.7 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.8 County Government of Garissa

3.8.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.44 billion, comprising Kshs.3.34 billion (32 per cent) and Kshs.7.10 billion (68 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.93 billion (75.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from own sources of revenue, and a cash balance of Kshs.597.24 million (5.7 per cent) from FY 2020/21. The County also expects to receive Kshs.1.77 billion (16.9 per cent) as conditional grants, which consists of Kshs.153.30 million as a grant for Leasing of Medical Equipment, Kshs.1.09 billion as loan and grants, Kshs.112.63 million as Kenya urban Support Program, Kshs.228 million as Water and Sanitation Development program, Kshs.16.02 million as Transforming Health System World Bank, Kshs.104 million as Road Maintenance Levy Fund and Kshs.64.16 million as Kenya Development Support Program.

3.8.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.31 billion as the equitable share of the revenue raised nationally, raised Kshs.11.74 million as own-source revenue, Kshs.421.26 million as conditional grants, and had a cash balance of Kshs.608.09 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.35 billion, as shown in Table 3.26.

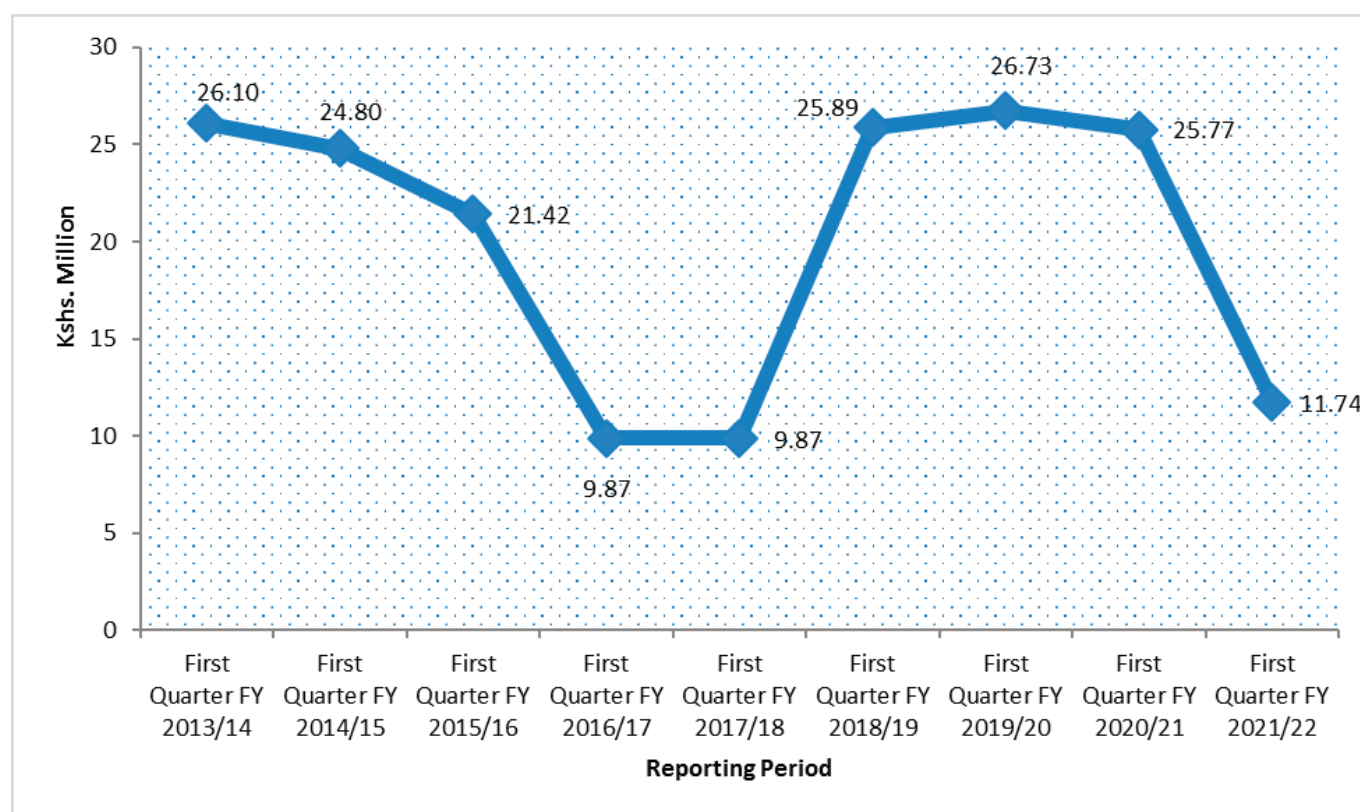
Table 3.26: Garissa County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,927,212,254	1,307,990,023	17
	Sub Total	7,927,212,254	1,307,990,023	17
B	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	11,743,000	7.8
2.	Balance b/f from FY 2020/21	597,235,000	608,092,586	101.8
3.	Other Revenues (Conditional Grants)	1,766,290,377	421,264,720	23.9
	Sub Total	2,513,525,877	1,041,100,306	41.4
	Grand Total	10,440,738,131	2,349,090,329	22.5

Source: Garissa County Treasury

Figure 3.14 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.14: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Garissa County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.11.74 million as own-source revenue. This amount represented a decrease of 54.4 per cent compared to Kshs.25.77 million realised during a similar period in the first quarter of FY 2020/21 and was 7.8 per cent of the annual target.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.73 billion from the CRF account during the reporting period. The amount comprised of Kshs.505.70 million (29.9 per cent) for development programmes and Kshs.1.23 billion (71.1 per cent) for recurrent programmes.

3.8.4 Overall Expenditure Review

The County spent Kshs.1.44 billion on development and recurrent programmes during the reporting period. This expenditure represented 83.2 per cent of the total funds released by the CoB and comprised of Kshs.235 million and Kshs.1.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7 per cent while recurrent expenditure represented 17 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.517.33 million entirely for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, Kshs.76.21 million was paid towards pending bills on development programmes.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.897.48 million was spent on employee compensation, Kshs.309.22 million on operations and maintenance, and Kshs.235 million on development activities, as shown in Table 3.27.

Table 3.27: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)			Expenditure (Kshs)			Absorption (%)		
	County Executive	County Assembly	Assembly	County Executive	County Assembly	Assembly	County Executive	County Assembly	Assembly
Total Recurrent Expenditure	6,157,943,296	939,003,88		1,057,711,017	148,997,466		17.2	15.9	
Compensation to Employees	4,238,206,980	420,000,000		808,739,377	88,745,164		19.1	21.1	
Operations and Maintenance	1,919,736,316	519,003,881		248,971,640	60,252,302		13	11.6	
Development Expenditure	3,278,790,954	65,000,000		229,998,419	5,000,000		7	7.7	
Total	9,436,734,250	1,004,003,881		1,287,709,436	153,997,466		13.6	15.3	

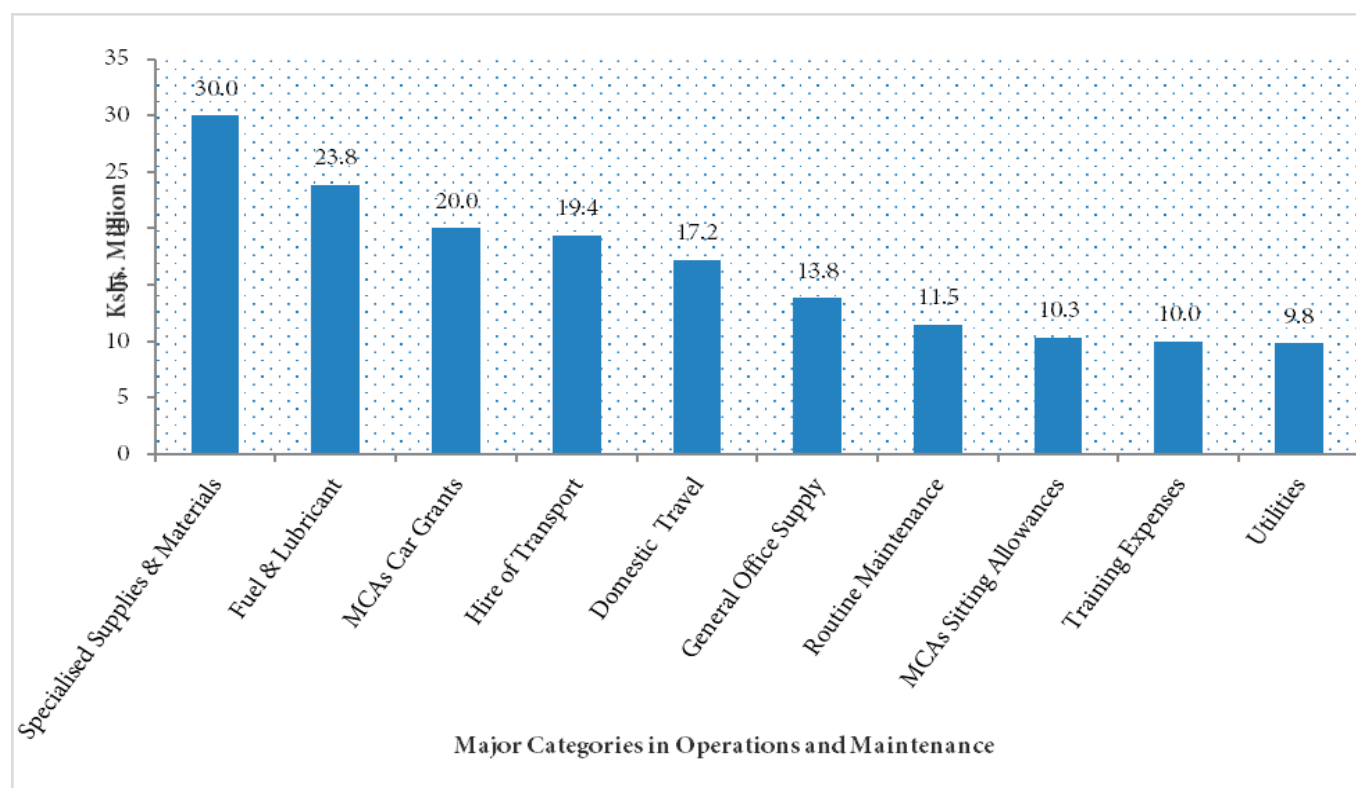
Source: Garissa County Treasury

3.8.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 62.3 per cent of the total expenditure for the reporting period and 34.4 per cent of the first quarter proportional revenue of Kshs.2.61 billion.

3.8.8 Expenditure on Operations and Maintenance

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

Figure 3.15: Garissa County, Operations and Maintenance Expenditure by Major Categories

Source: Garissa County Treasury

The County spent Kshs.10.32 million on committee sitting allowances for the 51 MCAs and Speaker against the annual budget allocation of Kshs.63.02 million. The average monthly sitting allowance was Kshs.64,472 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.17.21 million, which the County Assembly spent, while spending on foreign travel amounted to Kshs.965,000. This was also incurred by the County Assembly spent.

3.8.9 Development Expenditure

The County incurred an expenditure of Kshs.235 million on development programmes, while there was no expenditure in a similar period of FY2020/21. Table 3.28 summarises development projects with the highest spending in the reporting period.

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

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1.	Proposed Construction of Garissa Township Sub County Administrators office	Garissa Township	57,513,277	57,513,277	100
2.	Proposed Construction of Dogob Orphanage Centre	Balambala	60,334,560	23,865,000	39.6
3.	Proposed Construction of New Pan at Dogob	Balambala	17,796,481	17,796,481	100
4.	Proposed Construction of Bura SCA office	Fafi	17,802,746	17,802,746	100
5.	Supply of Collapsible Water Pump	Countywide	17,320,210	17,320,210	100
6.	Proposed Construction of Masalani SCA office	Fafi	17,143,456	17,143,456	100
7.	Supply and Delivery of medical records Materials	Garissa Township	12,659,000	12,659,000	100
8.	Supply of spare parts of Urban Services	Garissa Township	9,820,190	9,820,190	100
9.	Desilting of Lago water pan	Balambala	7,800,000	7,800,000	100
10.	Proposed Desilting of Qora Hindi water Supply	Ijara	6,660,710	6,660,710	100

Source: Garissa County Treasury

3.8.10 Budget Performance by Department

Table 3.29 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.29: Garissa County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & Cooperative	171.20	524.18	17.10	-	171.10	3.58	100	-	10	0.7
Environment, Energy, Natural Resource and Wildlife Management	63.15	80.00	4.50	-	4.50	-	100	-	7.1	-
Roads and Transport	40.32	304.00	6.17	-	6.17	-	100	-	15.3	-
Trade, Tourism, and Enterprise	90.00	100.00	10.95	-	10.85	-	99.1	-	12.1	-
Health and Sanitation	2,571.36	453.03	291.38	-	289.38	17.38	99.3	-	11.3	3.8
Education and Labour	859.41	40.00	125.38	-	125.50	-	100	-	14.6	-
County Assembly	939.00	65.00	169.00	5	149.00	5	88.2	100	15.9	7.7
Office of the Governor	349.80	0.00	42.71	-	42.71	-	100	-	12.2	-
Finance, Revenue, Economic Planning, and County Affairs	1,331.30	557.33	472.06	76.21	472.05	92.46	100	121.3	35.5	16.6
Gender, Social Service and Sport	66.20	40.00	7.15	23.87	7.15	23.87	100	100	10.8	59.7
Water and Irrigation	198.56	1,004.28	35.64	288	35.64	73.55	100	25.5	17.9	7.3
Lands, Housing and Urban Planning	298.78	63.34	35.27	-	35.27	19.15	100	-	11.8	30.2
Public Service Board	37.07	0.00	5.21	-	5.03	-	96.5	-	13.6	-
Garissa Municipality	80.80	112.63	6.26	112.63	6.26	-	100	-	7.7	-
Total	7,096.95	3,343.79	1,228.89	505.70	1,206.59	235	98.2	46.5	17	7

Source: Garissa County Treasury

Analysis of expenditure by the departments shows that the Department of Gender, Social Service and Sports recorded the highest absorption rate of development budget at 59.7 per cent while the Department of Road and Transport,

Trade, Tourism and Enterprise, Education and Labour and Town Municipality did not report any expenditure on development activities. The Department of Finance, Revenue, Economic Planning, and County Affairs had the highest percentage of recurrent expenditure to budget at 35.5 per cent, while the Department of Environment, Energy, Natural Resource, and Wildlife Management had the lowest at 7.1 per cent.

3.8.11 Budget Execution by Programmes and Sub-Programmes

Table 3.30 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.30: Garissa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock, and Cooperative					
Agriculture Service	Agriculture Extension and Exhibition	1,200,000	-	1,200,000	-
Livestock Service	Livestock	96,224,397	6,550,000	89,674,397	6.8
	Livestock Production	5,550,000	-	5,550,000	-
Veterinary Service	Veterinary	33,350,000	300,000	33,050,000	0.9
Fisheries Services	Fisheries	200,000	-	200,000	-
General Administration and Support Services	General Administration and Support Services	558,257,309	13,839,860	544,417,449	2.5
Cooperative Services	Cooperative	600,000	-	600,000	-
	Sub Total	695,381,706	20,689,860	674,691,846	3
Energy, Environment and Natural Resource					
Energy Service	Energy	81,205,000	-	81,205,000	-
Environment	Environment	1,100,000	-	1,100,000	-
Natural Resource	Natural Resource	1,600,000	-	1,600,000	-
General Administration and Support Services	General Administration and Support Services	59,243,025	4,500,000	54,743,025	7.6
	Sub Total	143,148,025	4,500,000	138,648,025	3.1
Road and Transport					
Road Service	Road	306,417,200	900,000	305,517,200	0.3
General Administration and Support Services	General Administration and Support Services	37,906,400	5,270,000	32,636,400	13.9
	Sub Total	344,323,600	6,170,000	338,153,600	1.8
Trade, Tourism and Enterprise					
Trade Service	Trade	102,400,000	500,000	101,900,000	0.5
Weight and Measure	Weight and Measure	1,350,000	-	1,350,000	-
General Administration and Support Services	General Administration and Support Services	85,447,996	10,350,100	75,097,896	12.1
Tourism Service	Tourism	802,259	-	802,259	-
	Sub Total	190,000,255	10,850,100	179,150,155	5.7
Health and Sanitation					
Preventive and Promotive	Preventive	497,297,872	17,381,731	479,916,141	3.5
Curative	Curative	207,997,156	37,500,000	170,497,156	18
General Administration and Support Services	General Administration and Support Services	2,319,087,436	251,875,794	2,067,211,642	10.9
	Sub Total	3,024,382,464	306,757,525	2,717,624,939	10.1
Education and Labour					
General Administration and Support Services	General Administration and Support Services	574,889,663	40,531,000	534,358,663	7.1
Vocational Services	Vocational Training Centres	12,601,200	-	12,601,200	-
ECD	ECD	44,412,400	5,401,000	39,011,400	12.2

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration and Support Services	General Administration and Support Services	244,219,292	70,433,906	173,785,386	28.8
Information and ICT	Information and ICT	23,282,733	9,135,000	14,147,733	39.2
	Sub Total	899,405,288	125,500,906	773,904,382	14
County Assembly					
General Administration and Support Services	General Administration and Support Services	1,004,003,881	153,997,466	850,006,415	15.3
	Sub Total	1,004,003,881	153,997,466	850,006,415	15.3
Office of the Governor					
Governor's Office	Governor	105,400,000	6,600,000	98,800,000	6.3
Deputy Governor	Deputy Governor	36,120,000	4,800,000	31,320,000	-
General Administration and Support Services	General Administration and Support Services	120,810,000	16,760,000	104,050,000	13.9
Street Lighting	Street Lighting	48,656,215	4,250,000	44,406,215	8.7
Intergovernmental and Institutional	Intergovernmental	18,812,430	4,770,000	14,042,430	25.4
County Attorney	County Attorney	20,000,000	5,530,000	14,470,000	27.7
	Sub Total	349,798,645	42,710,000	307,088,645	12.2
Finance, Revenue, Economic Planning, and County Affairs					
Accounting Service	Accounting	3,713,739	-	3,713,739	-
Budget Service	Budget	6,780,000	-	6,780,000	-
Revenue Service	Revenue	208,927,781	22,238,000	186,689,781	10.6
Economic and Statistic	Economic Planning	34,086,000	5,080,000	29,006,000	14.9
Supply Chain Service	Procurement	5,630,000	750,000	4,880,000	13.3
Internal Audit	Internal Audit	3,862,600	500,000	3,362,600	12.9
Special Program	Special Program	170,940,000	94,259,569	76,680,431	55.1
General Administration and Support Services	General Administration and Support Services	1,437,914,215	439,401,427	998,512,788	30.6
Donor Coordination	Donor Coordination	16,780,548	2,280,000	14,500,548	13.6
	Sub Total	1,888,634,883	564,508,996	1,324,125,887	29.9
Gender, Social Service and Sport					
General Administration and Support Services	General Administration and Support Services	101,411,832	31,012,290	70,399,542	30.6
Social Protection	Social Protection	1,025,000	-	1,025,000	-
Cinemas	Cinemas	3,763,600	-	3,763,600	-
	Sub Total	106,200,432	31,012,290	75,188,142	29.2
Water and Irrigation					
General Administration and Support Services	General Administration and Support Services	289,834,613	35,635,000	254,199,613	12.3
Irrigation Schemes	Irrigation Scheme	35,000,000	-	35,000,000	-
Water Supply Service	Water Infrastructure	878,000,000	73,551,480	804,448,520	
	Sub Total	1,202,834,613	109,186,480	1,093,648,133	9.1
Lands, Housing and Urban Planning					
Urban Sanitation and Development	Urban Sanitation and Development	900,000	700,000	200,000	77.8
Urban Planning and Disaster Management	Urban Planning and Disaster Management	11,614,626	5,000,000	6,614,626	43
General Administration and Support Services	General Administration and Support Services	293,036,738	39,419,379	253,617,359	13.5
Lands	Lands	34,000,000	1,400,000	32,600,000	4.1
Housing	Housing	22,574,997	7,900,000	14,674,997	35

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Sub Total	362,126,361	54,419,379	307,706,982	15
County Public Service Board					
General Administration and Support Services	General Administration and Support Services	37,072,000	5,027,000	32,045,000	13.6
	Sub Total	37,072,000	5,027,000	32,045,000	13.6
Town Municipality					
General Administration and Support Services	General Administration and Support Services	193,425,978	6,260,000	187,165,978	3.2
	Sub Total	193,425,978	6,260,000	187,165,978	3.2
Grand Total		10,440,738,131	1,441,590,002	8,999,148,129	13.8

Source: Garissa County Treasury

Programmes with high levels of implementation based on absorption rates were: Urban Sanitation and Development in the Department of Land, Housing and Urban Planning at 77.8 per cent, Special Program in the Department of Finance, Revenue, Economic Planning, and County Affairs at 55.1 per cent, Information and ICT in the Department of Education and Labour at 39.2 per cent, and General Administration and Support Service of Department of Education and Labour at 28.8 per cent of budget allocation.

3.8.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. The underperformance of own-source revenue at Kshs.11.74 million against an annual projection of Kshs.150 million, representing 7.8 per cent of the annual target, and was a decrease compared to Kshs.25.77 million collected in a similar period of FY 2020/21.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.9 County Government of Homa Bay

3.9.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.68 billion, comprising Kshs.3.11 billion (35.8 per cent) and Kshs.5.57 billion (64.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.81 billion (89.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.143.81 million (1.7 per cent) from its own sources of revenue and Kshs.126.82 million as Appropriations -in -Aid. The County also expects to receive Kshs.607.76 million (7.0 per cent) as conditional grants, which consists of Kshs.279.12 million from National Agriculture and Rural Inclusive Growth Project (NARIGP), Kshs.153.30 million for Leasing of Medical Equipment, Kshs.70.45 for Transforming Health Systems for Universal Health Care Project, Kshs.31.09 million For Agricultural Sector Development Support Programme (ASDSP), Kshs.14.94 million from DANIDA grant and Kshs.8.85 million for UNFPA Project.

3.9.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.29 billion as the equitable share of the revenue raised nationally, raised Kshs.37.5 million as own-source revenue, Kshs.33.49 million as Appropriations -in -Aid, and had a cash balance of Kshs.417.95 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.78 billion, as shown in Table 3.31.

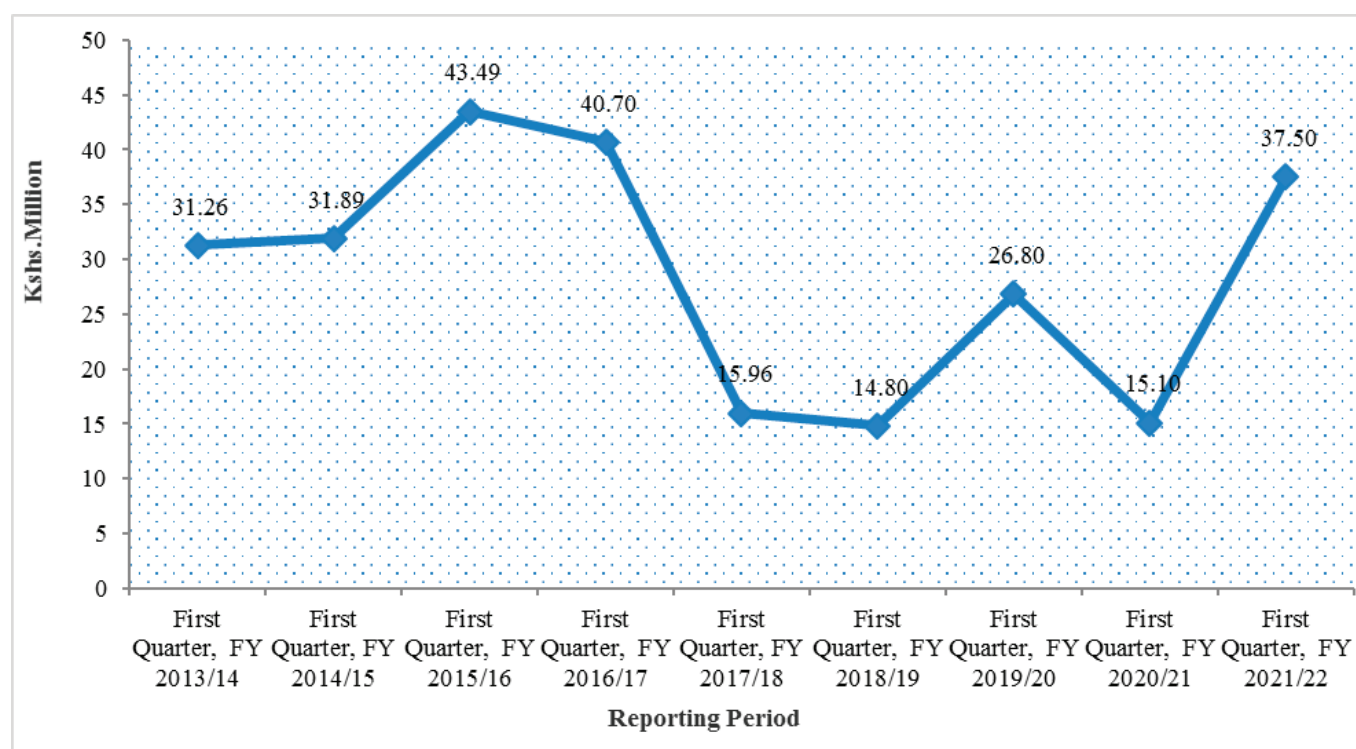
Table 3.31: Homa Bay County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,805,353,300	1,287,883,295	16.5
Sub Total		7,805,353,300.	1,287,883,295	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	143,811,399	37,500,000	26.1
2.	Balance b/ f from FY 2020/21	-	417,947,391	0
3.	Other Revenues	607,761,293	-	0
4.	A-I-A	126,682,193	33,495,180	26.4
Sub Total		878,254,885	488,942,571	55.7
Grand Total		8,683,608,185	1,776,825,866	20.5

Source: Homa Bay County Treasury

Figure 3.16 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.16: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Homa Bay County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.37.50 million as own-source revenue. This amount represented an increase of 148.3 per cent compared to Kshs.15.1 million realised during a similar period in the first quarter of FY 2020/21 and was 26.1 per cent of the annual target. The increase may be attributed to the partial opening of the economy after a long period of lockdown due to the COVID 19 pandemic; hence, the traders could conduct business and pay levies to the County.

3.9.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.999.75 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.9.4 Overall Expenditure Review

The County spent Kshs.999.75 million on recurrent programmes during the reporting period while there was no expenditure on development programmes. This expenditure represented 100 per cent of the total funds released by the CoB for recurrent programmes. Expenditure on recurrent expenditure represented 17.9 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.575.57 million and comprised of Kshs.16.97 million for recurrent expenditure and Kshs.558.60 million for development expenditure. At the beginning of the second quarter of FY 2021/22, the County prepared a payment plan to settle the pending bills in the remainder of the financial year. During the period under review, no payment was made towards pending bills.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.653.53 million was spent on employee compensation, and Kshs.346.22 million on operations and maintenance, as shown in Table 3.32.

Table 3.32: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,544,418,217	1,029,394,205	919,747,699	80,000,000	20.2	7.8
Compensation to Employees	3,291,657,312	552,699,132	611,086,587	42,439,102	18.6	7.7
Operations and Maintenance	1,252,760,905	476,695,073	308,661,112	37,560,898	24.6	7.9
Development Expenditure	2,987,511,963	122,283,800	-	-	0.0	0.0
Total	7,531,930,180	1,151,678,005	919,747,699	80,000,000	12.2	6.9

Source: Homa Bay County Treasury

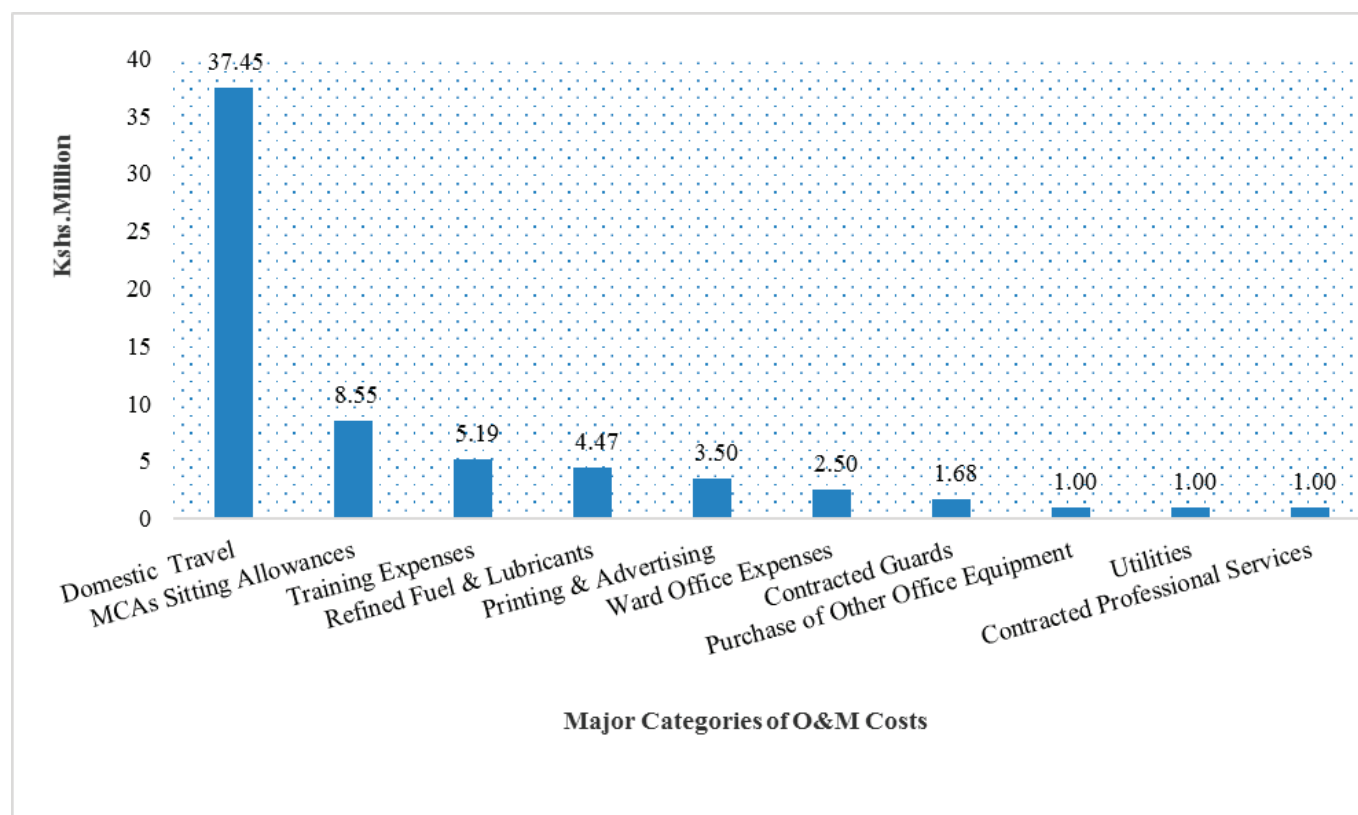
3.9.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 65.4 per cent of the total expenditure for the reporting period and 30.1 per cent of the first quarter proportional revenue of Kshs.2.17 billion.

3.9.8 Expenditure on Operations and Maintenance

Figure 3.17 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.17: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: Homa Bay County Treasury

The County spent Kshs.8.55 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.117.72 million. The average monthly sitting allowance was Kshs.88,088 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.37.45 million and comprised of Kshs.18 million spent by the County Assembly and Kshs.19.45 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.00 million by the County Assembly.

3.9.9 Development Expenditure

The County did not report any expenditure on development programmes during the period under review.

3.9.10 Budget Performance by Department

Table 3.33 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.33: Homa Bay County, Budget Performance by Department

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries, and Food Security	155.13	414.30	31.75	-	31.75	-	100.0	-	20.5	-
Tourism, Sports, Youth Gender, Culture, and Social Services	78.84	156.30	2.00	-	2.00	-	100.0	-	2.5	-
Roads, Transport and Public Works	49.30	921.36	3.00	-	3.00	-	100.0	-	6.1	-
Energy and Mining	21.68	76.90	2.00	-	2.00	-	100.0	-	9.2	-
Education and ICT	544.91	130.10	104.00	-	104.00	-	100.0	-	19.1	-
Health Services	2,252.07	433.30	571.95	-	571.95	-	100.0	-	25.4	-
Lands, Housing, Urban Development, and Physical Planning	51.68	119.67	2.00	-	2.00	-	100.0	-	3.9	-

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Industry, Cooperatives and Enterprise Development	132.53	83.90	67.00	-	67.00	-	100.0	-	50.6	-
Water, Environment, and Natural Resources	120.10	316.30	6.91	-	6.91	-	100.0	-	5.8	-
Finance, Economic Planning and Service Delivery	433.12	104.25	12.26	-	12.26	-	100.0	-	2.8	-
Office of the Governor	604.30	100.00	116.88	-	116.88	-	100.0	-	19.3	-
County Public Service Board	78.70	5.00	-	-	-	-	-	-	-	-
County Assembly	1,029.39	122.28	80.00	-	80.00	-	100.0	-	7.8	-
Municipal Board	22.06	126.14	-	-	-	-	0.0	-	0.0	-
TOTAL	5,573.81	3,109.80	999.75	-	999.75	-	100.0	-	17.9	-

Source: Homa Bay County Treasury

Analysis of expenditure by the departments shows that all the Departments did not report spending on development activities. The Department of Trade, Industry, Cooperatives, and Enterprise Development had the highest percentage of recurrent expenditure to budget at 50.6 per cent, while the Municipal Board did not report any expenditure.

3.9.11 Budget Execution by Programmes and Sub-Programmes

Table 3.34 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.34: Homa Bay County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Agriculture, Livestock, Fisheries, and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	4,000,000	-	4,000,000	0.0
	General Administration and Support Services	151,127,711	31,747,699	119,380,012	21.0
	Sub total	155,127,711	31,747,699	123,380,012	20.5
Crop, Land and Agribusiness Development Services	Crop Development Services	7,272,161	-	7,272,161	0.0
	Agribusiness Development Services	14,000,000	-	14,000,000	0.0
	Land Development Services	-	-	-	0.0
	National Agriculture Rural Inclusive Growth	279,115,289	-	279,115,289	0.0
	Agriculture Sector Development Support Programme	31,096,673	-	31,096,673	0.0
	Sub total	331,484,123	-	331,484,123	0.0
Food Security Enhancement Services	Farm Input Access Services	20,000,000	-	20,000,000	0.0
	Sub Sector Infrastructure Development Services	10,815,877	-	10,815,877	0.0
	Sub total	30,815,877	-	30,815,877	0.0
Fisheries Resources Development Services	Capture Fisheries	12,000,000	-	12,000,000	0.0
	Farmed Fish Production	8,000,000	-	8,000,000	0.0
	Sub total	20,000,000	-	20,000,000	0.0
Livestock Development Programme	Livestock Improvement and Development	2,939,000	-	2,939,000	0.0
	Livestock Products Value Addition and Marketing	19,910,000	-	19,910,000	0.0
	Livestock Health and Disease Management	9,151,000	-	9,151,000	0.0
	Sub total	32,000,000	-	32,000,000	0.0
Department of Tourism, Sports, Youth Gender, Culture, and Social Services					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Policy, Planning and General Administration services	General Administration and Support Services	40,204,628	2,000,000	38,204,628	5.0
	Policy and Planning Services	19,632,110	-	19,632,110	0.0
	Sub total	59,836,738	2,000,000	57,836,738	3.3
Tourism and Culture Development Promotion Services	Tourism Development and Promotion Services	19,000,000	-	19,000,000	0.0
	Sub total	19,000,000	-	19,000,000	0.0
Social Development and Empowerment Services	Gender and Women Empowerment	2,000,000	-	2,000,000	0.0
	Youth Empowerment	9,000,000	-	9,000,000	0.0
	Sub total	11,000,000	-	11,000,000	0.0
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	130,300,000	-	130,300,000	0.0
	Sports Management and Talent Development	15,000,000	-	15,000,000	0.0
	Sub total	145,300,000	-	145,300,000	0.0
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	35,581,848	3,000,000	32,581,848	8.4
	Roads and Transport Services Operations	9,623,712	-	9,623,712	0.0
	Sub total	45,205,560	3,000,000	42,205,560	6.6
Public works and maintenance services	Quality control and Enforcement	567,470	-	567,470	0.0
	Plant and Machinery maintenance	3,523,540	-	3,523,540	0.0
	Sub total	4,091,010	-	4,091,010	0.0
Road Development and Maintenance Services	Road Development and Rehabilitation services	599,499,400	-	599,499,400	0.0
	Road maintenance	230,000,006	-	230,000,006	0.0
	Plant and Machinery Purchase and maintenance	80,000,000	-	80,000,000	0.0
	Sub total	909,499,406	-	909,499,406	0.0
Transport Services	Development of Jetties	11,862,940	-	11,862,940	0.0
	Sub total	11,862,940	-	11,862,940	0.0
Department of Energy and Mining					
Energy Services	Electrical Power Services	23,000,000	-	23,000,000	0.0
	Solar Power Services	48,900,000	-	48,900,000	0.0
	Low-Cost Energy Technologies Promotion Services	5,000,000	-	5,000,000	0.0
	Sub total	76,900,000	-	76,900,000	0.0
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	3,800,000	-	3,800,000	0.0
	Sub total	3,800,000	-	3,800,000	0.0
General Administration, Planning and Support Services	Administrative Support Services	17,884,228	2,000,000	15,884,228	11.2
	Development of Policies, Plans, Regulations, and Legislations	-	-	-	-
	Sub total	17,884,228	2,000,000	15,884,228	11.2
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	33,446,350	-	33,446,350	0.0
	Quality Assurance Services	511,468,564	104,000,000	407,468,564	20.3
	Sub total	544,914,914	104,000,000	440,914,914	19.1
ECDE and Vocational Training Services	EYE Services	65,000,000	-	65,000,000	0.0
	Vocational Training Services	39,100,000	-	39,100,000	0.0
	Sub total	104,100,000	-	104,100,000	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
ICT Services	Information Services	-	-	-	-
	ICT Infrastructure Development	26,000,000	-	26,000,000	0.0
	Sub total	26,000,000	-	26,000,000	0.0
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	3,771,000	-	3,771,000	0.0
	Administrative Support Services	1,923,223,195	571,948,988	1,351,274,207	29.7
	Sub total	1,926,994,195	571,948,988	1,355,045,207	29.7
Preventive and promotive health services	Community health services	63,650,000	-	63,650,000	0.0
	Disease control services	47,250,000	-	47,250,000	0.0
	Facility infrastructure improvement services	117,000,000	-	117,000,000	0.0
	Sub total	227,900,000	-	227,900,000	0.0
Curative and rehabilitative health services	Routine medical health services	224,173,731	-	224,173,731	0.0
	Medical emergency response services	18,000,000	-	18,000,000	0.0
	Facility infrastructure improvement services	283,300,000	-	283,300,000	0.0
	Sub total	525,473,731	-	525,473,731	0.0
Research and development service	Research and surveillance services	2,000,000	-	2,000,000	0.0
	Capacity development services	3,000,000	-	3,000,000	0.0
	Sub total	5,000,000	-	5,000,000	0.0
Department of Lands, Housing, Urban Development and Physical Planning					
General Administration Services	General administrative support services	36,675,033	2,000,000	34,675,033	5.5
	General office operations	-	-	-	-
	Sub total	36,675,033	2,000,000	34,675,033	5.5
Lands and Physical planning	Spatial planning Services	35,000,000	-	35,000,000	0.0
	Survey and Valuation Services	17,999,978	-	17,999,978	0.0
	Land Banking and Inventorization Services	-	-	-	-
	Sub total	52,999,978	-	52,999,978	0.0
Housing and Urban Development	Housing improvement services	5,857,914	-	5,857,914	0.0
	Urban Development Services	75,809,978	-	75,809,978	0.0
	Sub total	81,667,892	-	81,667,892	0.0
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	126,008,571	67,000,000	59,008,571	53.2
	Policy Development and Implementation Services	6,519,327	-	6,519,327	0.0
	Sub total	132,527,898	67,000,000	65,527,898	50.6
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	-	-	-	0.0
	Enterprise Development and Promotion Services	12,700,000	-	12,700,000	0.0
	Trade Infrastructure Development Services	40,000,000	-	40,000,000	0.0
	Sub total	52,700,000	-	52,700,000	0.0
Industrial Development and Investment Services	Value Chain Development Services	31,200,000	-	31,200,000	0.0
	Financial and Investment Services	-	-	-	0.0
	Sub total	31,200,000	-	31,200,000	0.0
Department of Water, Environment and Natural Resources					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administrative Services	Administrative Support Services	58,420,102	6,913,400	51,506,702	11.8
	Policy and Planning Services	55,680,308	-	55,680,308	0.0
	Sub total	114,100,410	6,913,400	107,187,010	6.1
Water Supply and Management Services	Urban Water Supply Services	19,980,000	-	19,980,000	0.0
	Rural Water Supply Services	251,320,000	-	251,320,000	0.0
	Industrial water Supply services	-	-	-	0.0
	Maintenance of Water Supply Services	6,000,000	-	6,000,000	0.0
	Sub total	277,300,000	-	277,300,000	0.0
Environmental Protection and Management Services	Pollution and Waste Management services	21,000,000	-	21,000,000	0.0
	Forestry Development Services	13,500,000	-	13,500,000	0.0
	Climate Change Services	10,500,000	-	10,500,000	0.0
	Sub total	45,000,000	-	45,000,000	0.0
Department of Finance, Economic Planning and Service Delivery					
General administration and support services	Staff Remuneration and Welfare Support Services	224,042,613	12,257,812	211,784,801	5.5
	General Logistics, Coordination, and Asset Management Services	16,177,300	-	16,177,300	0.0
	Devolution and Service Delivery Support Services	15,975,642	-	15,975,642	0.0
	Sub total	256,195,555	12,257,812	243,937,743	4.8
Planning, budgeting, and development coordination services	Economic planning and development services	14,914,518	-	14,914,518	0.0
	Resource Allocation Services	11,989,000	-	11,989,000	0.0
	Public Participation Facilitation Services	33,934,700	-	33,934,700	0.0
	Sub total	60,838,218	-	60,838,218	0.0
Strategy and service delivery management services	Monitoring and evaluation services	4,687,200	-	4,687,200	0.0
	Strategy and service delivery improvement services	14,711,911	-	14,711,911	0.0
	Sub total	19,399,111	-	19,399,111	0.0
Resource mobilization services	External Resources Mobilization Services	18,232,248	-	18,232,248	0.0
	Internal Revenue Generation Services	53,221,280	-	53,221,280	0.0
	Sub total	71,453,528	-	71,453,528	0.0
Financial management services	Accounting and Financial Reporting Services	20,524,530	-	20,524,530	0.0
	Audit and Advisory Services	8,956,997	-	8,956,997	0.0
	Emergency Management Services	100,000,000	-	100,000,000	0.0
	Sub total	129,481,527	-	129,481,527	0.0
Executive Services (Office of the Governor)					
Public service administration support services	Human resource management and development services	495,883,030	116,879,800	379,003,230	23.6
	Legal Services	5,150,000	-	5,150,000	0.0
	Sub total	501,033,030	116,879,800	384,153,230	23.3
Governance and coordination services	Executive management and liaison services	89,820,108	-	89,820,108	0.0
	Field coordination and administration services	77,285,900	-	77,285,900	0.0
	Sub total	167,106,008	-	167,106,008	0.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Strategy and service de- livery improvement ser- vices	Strategy and advisory services	1,283,730	-	1,283,730	0.0
	Efficiency monitoring services	15,600,550	-	15,600,550	0.0
	Information and communication services	9,185,000	-	9,185,000	0.0
	Disaster management services	10,090,100	-	10,090,100	0.0
	Sub total	36,159,380	-	36,159,380	0.0
County Public Service Board					
Policy, Planning and Ad- ministration Services	Policy and Planning Services	2,533,400	-	2,533,400	0.0
	Administrative Support Services	50,022,100	-	50,022,100	0.0
	Facility Improvement & Capacity Strengthening Services	5,000,000	-	5,000,000	0.0
	Sub total	57,555,500	-	57,555,500	0.0
Personnel Sourcing and Management Services	Recruitment, Selection, and De- ployment Services	12,906,736	-	12,906,736	0.0
	Human Resource Advisory Ser- vices	8,275,000	-	8,275,000	0.0
	Capacity Development Services	4,182,500	-	4,182,500	0.0
	Sub total	25,364,236	-	25,364,236	0.0
Performance Manage- ment Services	Performance Contracting and Ap- praisal Services	785,000	-	785,000	0.0
	Sub total	785,000	-	785,000	0.0
County Assembly Service Board					
Legislative Services	Members welfare Support services	300,212,940	27,129,525	273,083,415	9.0
	Legislative development and ap- proval services	105,545,286	-	105,545,286	0.0
	Sub total	405,758,226	27,129,525	378,628,701	6.7
Oversight and Control Services	Capacity building services	8,000,000	-	8,000,000	0.0
	Report writing services	25,000,000	5,000,000	20,000,000	20.0
	Public participation and education services	14,000,000	4,500,000	9,500,000	32.1
	Sub total	47,000,000	9,500,000	37,500,000	20.2
Ward Representation Services	Staff welfare support services	66,628,836	-	66,628,836	0.0
	Ward operations and maintenance	19,661,760	-	19,661,760	0.0
	Sub total	86,290,596	-	86,290,596	0.0
Policy, Planning and Administrative support services	Administrative support services	292,382,983	43,370,475	249,012,508	14.8
	Financial Management Services	197,962,400	-	197,962,400	0.0
	Assembly infrastructure develop- ment Services	122,283,800	--	122,283,800	0.0
	Sub total	612,629,183	43,370,475	569,258,708	7.1
Homa Bay Municipal Board					
Policy, Planning, Gen- eral Administration and Support Services	Policy and Planning Services	4,013,000	-	4,013,000	0.0
	Administration and Support Ser- vices	18,049,013	-	18,049,013	0.0
	Sub total	22,062,013	-	22,062,013	0.0
Urban development ser- vices	Land Use Planning and Manage- ment	43,216,000	-	43,216,000	0.0
	Infrastructure Development Ser- vices	56,784,000	-	56,784,000	0.0
	Environmental Management Ser- vices	26,135,430	-	26,135,430	0.0
	Sub total	126,135,430	-	126,135,430	0.0
Grand Total		8,683,608,185	999,747,699	7,663,860,486	11.5

Source: Homa Bay County Treasury

Programmes with high levels of implementation based on absorption rates were: Planning and Administrative Services in the Department of Department of Trade, Industrialization, Cooperatives, and Enterprise Development at 50.6 per

cent, Policy planning and administrative support service in the Department of Health Services at 29.7 per cent, Public service administration support services in the Department of Executive Services (Office of the Governor) at 23.3 per cent, and Policy Planning, General Administration and Support Services in the Department of Agriculture, Livestock, Fisheries and Food Security at 20.5 per cent of budget allocation.

3.9.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. Failure to report expenditure on development programmes in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.11 billion.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*

3.10 County Government of Isiolo

3.10.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.5.51 billion, comprising Kshs.2.14 billion (38.8 per cent) and Kshs.3.37 billion (61.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.71 billion (85.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.113.69 million (2.1 per cent) from own sources of revenue, and receive Kshs.685.73 million (12.4 per cent) as conditional grants.

3.10.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.777.21 million as the equitable share of the revenue raised nationally and raised Kshs.18.02 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.797.93 million, as shown in Table 3.35.

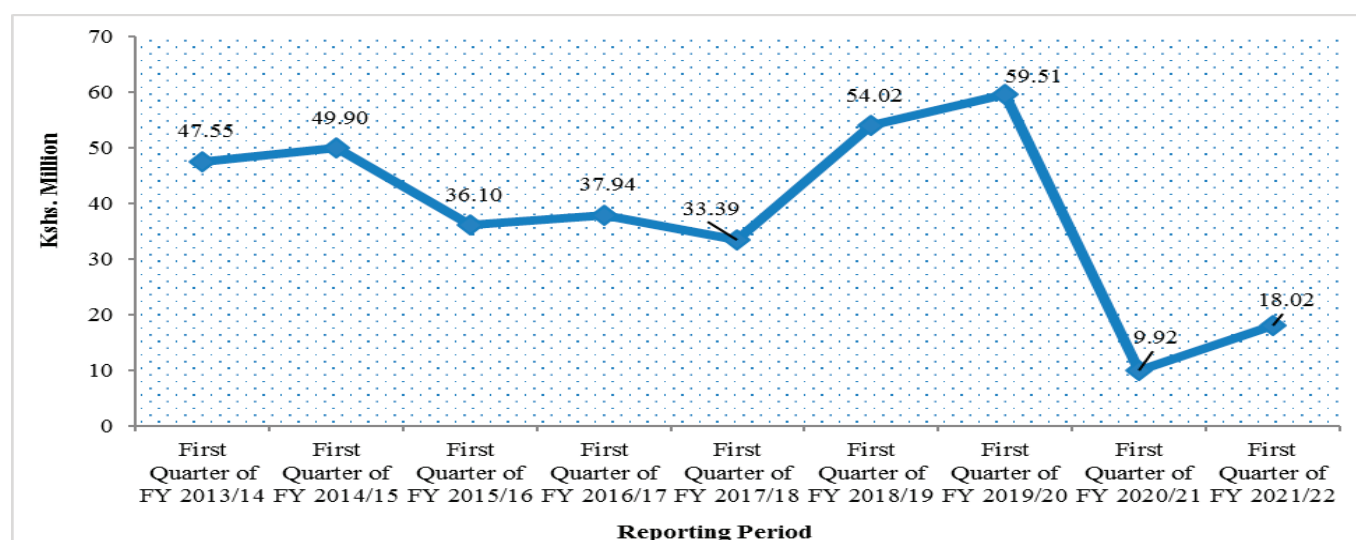
Table 3.35: Isiolo County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	777,214,064	16.5
	Sub Total	4,710,388,265	777,214,064	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	113,686,337	18,017,453	15.8
2	Conditional grants	685,731,369	-	-
	Sub Total	799,417,706	20,714,136	17.8
	Grand Total	5,509,805,971	797,928,200	14.5

Source: Isiolo County Treasury

Figure 3.18 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.18: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Isiolo County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.18.02 million as own-source revenue. This amount represented an increase of 81.6 per cent compared to Kshs.9.92 million realised during a similar period in the first quarter of FY 2020/21 and was 15.8 per cent of the annual target. The increase can be attributed to business recovery from adverse shocks of the COVID-19 pandemic.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.349.25 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.10.4 Overall Expenditure Review

The County spent Kshs.342.27 million on recurrent programmes during the reporting period. This expenditure represented 98 per cent of the total funds released by the CoB and was entirely for recurrent programmes. Recurrent expenditure represented 10.1 per cent of the annual recurrent budget.

3.10.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.26 billion. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, the County did not report any payments towards settling the reported pending bills.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.319.56 million was spent on employee compensation and Kshs.22.7 million on operations and maintenance activities, as shown in Table 3.36.

Table 3.36: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,925,519,455	448,252,680	274,328,336	67,942,452	9.4	15.2
Compensation to Employees	1,955,911,740	322,926,364	274,328,336	45,234,479	14.0	14.0
Operations and Maintenance	969,607,715	125,326,316	-	22,707,973	-	18.1
Development Expenditure	2,056,033,836	80,000,000	-	-	-	-
Total	4,981,553,291	528,252,680	274,328,336	67,942,452	5.5	12.9

Source: Isiolo County Treasury

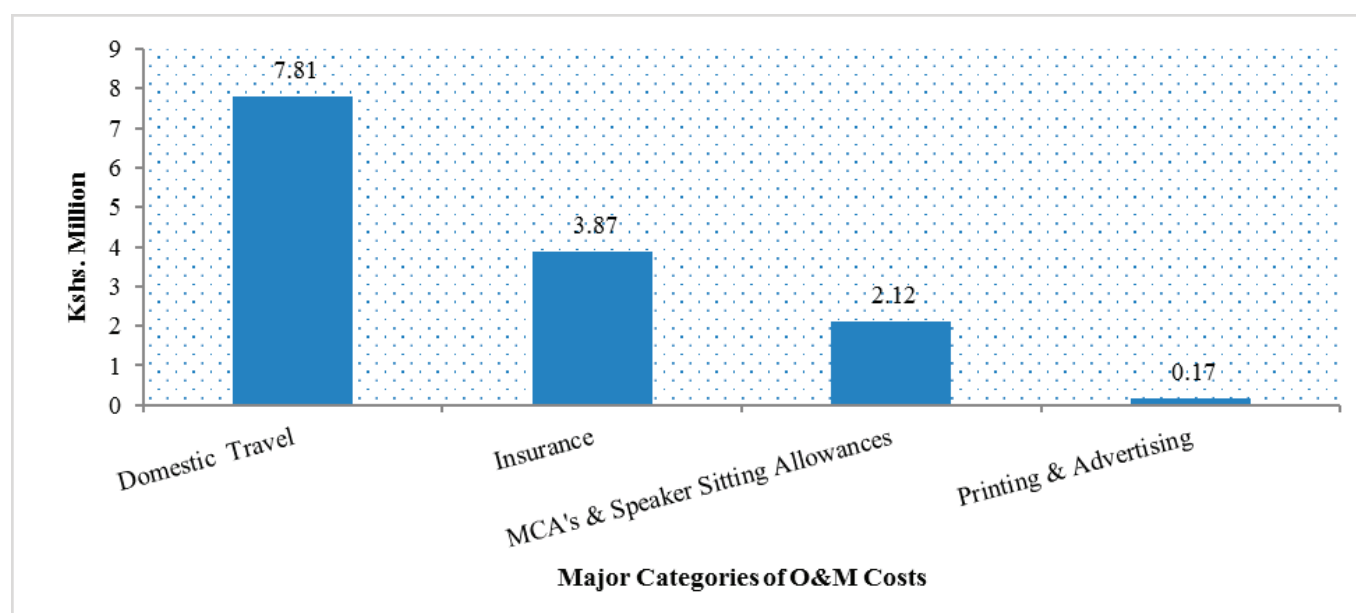
3.10.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 93.4 per cent of the total expenditure for the reporting period and 23.2 per cent of the first quarter proportional revenue of Kshs.1.38 billion.

3.10.8 Expenditure on Operations & Maintenance

Figure 2 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.19: Summary of Operations and Maintenance Expenditure by Major Categories



Source: Isiolo County Treasury

The County spent Kshs.2.12 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.17.17 million. The average monthly sitting allowance was Kshs.39,322 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.7.81 million and was entirely spent by the County Assembly. The County did not incur any expenditure on foreign travel.

3.10.9 Development Expenditure

The County did not report expenditure on development programmes.

3.10.10 Budget Performance by Department

Table 3.37 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.37: Isiolo County, Budget Performance by Department

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	448.3	80.0	75.0	-	67.9	-	90.5	-	15.2	-
Office of the Governor	302.0	0.0	19.6	-	7.3	-	37.2	-	2.4	-
County Public Service Board	58.6	0.0	5.4	-	5.2	-	96.3	-	8.9	-
Deputy governor	25.0	0.0	0.4	-	-	-	-	-	-	-
County Secretary	24.7	7.0	0.8	-	-	-	-	-	-	-
Administration and PSM	191.2	0.0	5.4	-	-	-	-	-	-	-
Delivery Unit	22.2	0.0	2.1	-	-	-	-	-	-	-
Finance and Economic Planning	156.1	638.9	14.6	-	6.3	-	43.2	-	4.0	-

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Special Programmes and ICT	44.0	110.0	0.5	-	-	-	-	-	-	-
Cohesion	54.7	40.0	1.0	-	0.2	-	20.0	-	0.3	-
Economic Planning	55.8	0.0	1.6	-	-	-	-	-	-	-
Lands and Physical Planning	24.9	12.4	1.5	-	-	-	-	-	-	-
Roads and Infrastructure	16.0	155.5	0.6	-	0.7	-	116.7	-	4.2	-
Public Works and Housing	22.8	3.5	2.7	-	0.7	-	25.9	-	2.9	-
Municipal Administration	57.4	149.0	2.7	-	-	-	-	-	-	-
Agriculture	50.0	441.1	6.1	-	-	-	-	-	-	-
Livestock, Veterinary, and Fisheries	121.4	52.5	12.5	-	1.5	-	12.0	-	1.2	-
Education and Vocational Training	201.9	23.0	17.9	-	-	-	-	-	-	-
Youth and Sports	30.3	100.0	1.3	-	-	-	-	-	-	-
Culture and Social Services	20.9	14.0	0.8	-	0.0	-	0.0	-	0.0	-
Tourism and Wildlife Management	130.8	15.0	14.6	-	6.0	-	41.1	-	4.6	-
Trade, Industries, Cooperatives	28.1	2.5	1.9	-	-	-	-	-	-	-
Water and Irrigation	64.4	87.8	4.8	-	1.8	-	37.5	-	2.8	-
Environment and Natural Resources	23.4	39.8	1.8	-	0.4	-	22.2	-	1.9	-
Health Services	1,198.9	163.9	153.4	-	285.6	-	186.2	-	23.8	-
Total	3,373.8	2,136.0	349.3	-	342.3	-	98.0	-	10.1	-

Source: Isiolo County Treasury

Analysis of expenditure by the departments shows that the Department of Health Services had the highest percentage of recurrent expenditure to budget at 23.8 per cent, followed by the County Assembly at 15.2 per cent.

3.10.11 Budget Execution by Programmes and Sub-Programmes

Table 3.38 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.38: Isiolo County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
3510						
		Default - Non-Programmatic				
101003510		Livestock resource management and development	136,009,013	1,499,200	134,509,813	1.10
	101013510	Extension services,	-	-	-	-
	101023510	Livestock Production	136,009,013	1,499,200	134,509,813	1.1
	101063510	Capacity building,	-	-	-	-
	101073510	promotion of value addition of livestock and livestock products	-	-	-	-
	101083510	livestock infrastructure development	-	-	-	-
102003510		Fisheries development	10,000,000	-	10,000,000	-
	102013510	infrastructure development	-	-	-	-
	102023510	extension services	-	-	-	-
	102033510	capacity building	10,000,000	-	10,000,000	-
	102043510		-	-	-	-
103003510		Administrative, planning, and support services	50,013,358	-	50,013,358	-
	103013510	Administration and Support Services	50,013,358	-	50,013,358	-

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	103023510	generation of sector policy and direction	-	-	-	-
	103063510		-	-	-	-
	103093510		-	-	-	-
104003510		Crop Productivity Improvement	441,117,147	60,000,000	381,117,147	13.6
	104013510	Increase food productivity & output by 30%.	8,000,000	-	8,000,000	-
	104023510	Enhance the accessibility of affordable inputs and credit to farmers	-	-	-	-
	104033510	Promote sustainable land use and environmental conservation	-	-	-	-
	104043510	Establishment of Demo Farms	26,387,350	-	26,387,350	-
	104053510	Administration Climate Change Mitigation	406,729,797	60,000,000	346,729,797	14.8
	104063510	Irrigation	-	-	-	-
	104073510	Policy Devt	-	-	-	-
105003510		Value Addition	27,972,762	-	27,972,762	-
	105013510	Veterinary Support Services	27,972,762	-	27,972,762	-
107003510		Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	26,251,268	662,200	25,589,068	2.5
	107013510	Administration and Planning Services	26,251,268	662,200	25,589,068	2.5
108003510		Sustainable Agricultural Land Use and Environmental Management	-	-	-	-
	108013510	Crop Productivity Enhancement Support	-	-	-	-
	108053510	Livestock Production Services	-	-	-	-
109003510		Land Survey and land use planning	37,273,199	-	37,273,199	-
	109013510	County land planning and spatial development	24,873,199	-	24,873,199	-
	109023510	County Land Survey and Mapping	12,400,000	-	12,400,000	-
	109033510	land management infrastructural development	-	-	-	-
201003510		Development of human capital and workforce	-	-	-	-
	201013510	Establishment of County structures, Frameworks, Policies	-	-	-	-
203003510		Road Upgrading	-	-	-	-
	203013510	Upgrading of Isiolo Town roads to bitumen standards	-	-	-	-
204003510		Public Works.	171,516,000	675,000	170,841,000	0.4
	204013510	Road Improvement	16,016,000	675,000	15,341,000	4.2
	204023510	Estate Floodlighting facilities.	155,500,000	-	155,500,000	-
	204033510	Bridge Infrastructure and Engineering Designs	-	-	-	-
	204043510	Roads Maintenance Emergency	-	-	-	-
205003510		Administrative and Support Services	-	-	-	-
	205013510	Personnel Management	-	-	-	-
	205023510	General Administration and Support Services	-	-	-	-
206003510		KUSP	-	-	-	-

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	206013510	Control of invasive species (Mathenge)	-	-	-	-
	206023510	Urban Development	-	-	-	-
	206033510	Graveyards protection	-	-	-	-
	206043510	Garbage collection Support(truck)	-	-	-	-
	206053510	County Climate change	-	-	-	-
	206063510	Rehabilitation of Sewerage Ponds	-	-	-	-
	206073510	Installation of Hybrid Solar Pumping System in Boreholes	-	-	-	-
207003510		Municipal Administration	206,447,202	2,518,495	203,928,707	1.2
	207013510	General Administration and Planning	57,410,772	2,518,495	54,892,277	4.4
	207023510	Infrastructural Development	149,036,430	-	149,036,430	-
301003510		Trade development and promotion	30,606,543	-	30,606,543	-
	301013510	Entrepreneurship and business management training	30,606,543	-	30,606,543	-
	301023510	Micro and Small Business Support Services	-	-	-	-
	301033510	Infrastructure support	-	-	-	-
	301043510	Development of new market stalls	-	-	-	-
302003510		Fair Trade Practices	-	-	-	-
	302013510	Verification of weighing and measuring instruments	-	-	-	-
303003510		Co-Operative Development	-	-	-	-
	303013510	Co-operative training and supervision	-	-	-	-
304003510		Tourism Promotion	145,781,330	6,026,500	139,754,830	4.1
	304013510	Tourism Promotion and Marketing	-	-	-	-
	304023510	Tourism Development	130,781,330	6,026,500	124,754,830	4.6
	304033510	Protection of endangered wildlife animals.	15,000,000	-	15,000,000	-
	304043510	Conservancy development and support	-	-	-	-
305003510		General Administration Planning and Support Services	-	-	-	-
	305013510	Administration planning support services	-	-	-	-
	305023510	Personnel service	-	-	-	-
	305033510	Market Chain Development	-	-	-	-
401003510		Health Preventive and Promotive Services	176,003,283	25,285,002	150,718,281	14.4
	401013510	Community Health Strategy	-	-	-	-
	401023510	Preventive and Promotive Health Services	158,943,283	25,285,002	133,658,281	15.9
	401033510	Disease Surveillance And Epidemic preparedness	12,060,000	-	12,060,000	-
	401043510	Health communication, Promotive Services & health promotion	-	-	-	-
	401053510		5,000,000	-	5,000,000	-
	401063510	Purchase of KEPI Fridges	-	-	-	-
402003510		Health Curative Services	1,027,174,238	164,090,185	863,084,053	16.0
	402013510	Provision Of Essential Health products In all The Level	13,550,000	66,700	13,483,300	0.5

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	402023510	Elimination Of Communicable & Non-Communicable Diseases	-	-	-	-
	402033510	Administration Support Services	1,013,624,238	164,023,485	849,600,753	16.2
	402043510	SP4 Administration Support services(Medical Services)	-	-	-	-
	402083510	Beyond Zero Campaigns	-	-	-	-
	402093510	Preventive and Promotive Services	-	-	-	-
403003510		Administration and Planning	159,625,997	-	159,625,997	-
	403013510	Curative and Rehabilitative Health Services	159,625,997	-	159,625,997	-
	403023510	Health Information System	-	-	-	-
	403033510	Leadership/Governance	-	-	-	-
	403043510	Human Resources for health	-	-	-	-
	403053510	Curative Infrastructure Support	-	-	-	-
404003510		Health systems for universal care project	-	-	-	-
	404013510	World Bank Loan for Transforming Health System for Universal Car	-	-	-	-
501003510		Administration, Planning, and Support Services.	201,898,884	-	201,898,884	-
	501013510	Administration	166,898,884	-	166,898,884	-
	501023510	Personnel services	-	-	-	-
	501033510	Contracted Services	35,000,000	-	35,000,000	-
502003510		Provision of education and training services	20,000,000	-	20,000,000	-
	502013510	ECDE Classroom Infrastructure	16,000,000	-	16,000,000	-
	502023510	Vocational Training	-	-	-	-
	502033510	Youth Polytechnics	-	-	-	-
	502043510	Promotion of Quality Youth empowerment	4,000,000	-	4,000,000	-
	502063510	Child Rescue Centre In Isiolo	-	-	-	-
503003510		Cultural and Arts Empowerment	3,000,000	-	3,000,000	-
	503013510	Promotion of culture, arts, and talents	-	-	-	-
	503023510	Education and Vocational Training Support	-	-	-	-
	503033510	Sports, Youth, and Gender	-	-	-	-
	503053510		3,000,000	-	3,000,000	-
	503103510	Construction of Youth Polytechnic	-	-	-	-
504003510		Management and development of Sports and sports facilities	130,331,991	-	130,331,991	-
	504013510	Sports Academy Centre	130,331,991	-	130,331,991	-
	504023510	Youth and Women Empowerment	-	-	-	-
505003510		Culture and Social Services	20,884,319	953	20,883,366	0.0
	505013510	Culture Development	20,884,319	953	20,883,366	0.0
701003510		Management of County Affairs	302,040,316	7,288,300	294,752,016	2.4
	701013510	Personnel Services	302,040,316	7,288,300	294,752,016	2.4
	701023510	Administration and Coordination of County Affairs	-	-	-	-

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	701033510	County Executive Services	-	-	-	-
702003510		Operationalization of the Secretariat	-	-	-	-
	702033510	Capacity building - induction programs	-	-	-	-
705003510		Promotion of Use of ICT	-	-	-	-
	705013510	Internet Connectivity	-	-	-	-
	705023510	E-data Storage	-	-	-	-
	705033510	ICT Training	-	-	-	-
708003510		Prudent use of Financial Resources	22,204,882	-	22,204,882	-
	708013510	Governors Delivery Unit	22,204,882	-	22,204,882	-
709003510		Administration and support services	690,571,994	117,833,250	572,738,744	17.1
	709013510	Personnel Services	94,364,868	210,000	94,154,868	0.2
	709023510	Support Services	57,762,511	6,093,683	51,668,828	10.5
	709043510	Purchase of Pool Transport	-	-	-	-
	709053510	Other Support Services	-	-	-	-
	709073510	ICT Infrastructure Support	-	-	-	-
	709083510	Administrative Infrastructure support	87,924,615	2,426,256	85,498,359	2.8
	709093510	Peace Dividend Projects	-	-	-	-
	709123510	Civic Education	-	-	-	-
	709133510	Public Financial Management Services	450,520,000	109,103,311	341,416,689	24.2
	709143510	Economic Planning Services	-	-	-	-
	709153510	County Pensions and Retirement Services	-	-	-	-
710003510		Public financial management	4,000,000	-	4,000,000	-
	710013510	Administrative Services	-	-	-	-
	710033510	County Debt Management	-	-	-	-
	710043510	Audit Services	4,000,000	-	4,000,000	-
	710063510	Accounting Services	-	-	-	-
711003510		Economic Planning and Co-ordination ion	55,836,173	-	55,836,173	-
	711013510	Monitoring and Evaluation	29,799,922	-	29,799,922	-
	711023510	Economic Policy and County Development Plans	10,046,251	-	10,046,251	-
	711043510	County Development Stakeholders Forums	6,900,000	-	6,900,000	-
	711053510	County Baseline Surveys on County Development Indicators	7,000,000	-	7,000,000	-
	711073510	Capacity building and Support to Departments	2,090,000	-	2,090,000	-
	711093510	County Strategic Plan and Performance Management Plan	-	-	-	-
712003510		Cohesion and Peace Building	94,663,959	150,000	94,513,959	0.2
	712013510	Administrative and Civic Education Services	94,663,959	150,000	94,513,959	0.2
	712023510	Conflict Management and Resolution	-	-	-	-
713003510		County Governance and Co-ordination Affairs	25,000,000	-	25,000,000	-
	713013510	County Governance	-	-	-	-
	713023510	Coordination Affairs	-	-	-	-
	713033510	Intergovernmental Services (Deputy Governor Services)	25,000,000	-	25,000,000	-
714003510		Inter-governmental relations	-	-	-	-

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	714013510	Formation of Northern Frontier Counties Forum for peace & dev	-	-	-	-
	714023510	Baseline Survey on shared resources with neighbouring Counties	-	-	-	-
	714033510	InterCounty programmes targeting shared resources water, pasture	-	-	-	-
	714043510	Disputes resolution funds	-	-	-	-
715003510		County Exchange programmes	-	-	-	-
	715013510	Women Exchange programmes	-	-	-	-
	715023510	Youth Exchange Programmes	-	-	-	-
	715033510	Elders Exchange programmes	-	-	-	-
	715043510	Emergency and relief Support Service	-	-	-	-
	715053510	County Public Services	-	-	-	-
716003510		County Devolved Administrative Affairs	24,692,234	1,585,600	23,106,634	6.4
	716013510	Devolved Administrative Affairs	24,692,234	1,585,600	23,106,634	6.4
717003510		Annual Conferences	-	-	-	-
	717013510	The annual people conference on County cohesion	-	-	-	-
718003510		Peace and unity Building Initiatives	-	-	-	-
	718013510	Cultural Festivals, exhibitions & public Civic Education	-	-	-	-
	718073510	Community sensitization programmes: County structures	-	-	-	-
	718083510	Interfaith programmes: leaders seminars on peace & cohesion	-	-	-	-
719003510		Town administration, planning, and support services	178,273,224	1,778,843	176,494,381	1.0
	719013510	Personnel Services	-	-	-	-
	719023510	General Administration Support Services	178,273,224	1,778,843	176,494,381	1.0
	719043510	Town Infrastructure Support Services	-	-	-	-
723003510		County Public Service	58,639,215	6,264,420	52,374,795	10.7
	723013510	Personnel Services	-	-	-	-
	723023510	Administration Support Services	58,639,215	6,264,420	52,374,795	10.7
724003510		Administration and support services	-	-	-	-
	724013510	Personnel Services	-	-	-	-
	724023510	Administration Support Services	-	-	-	-
	724033510	Fencing and Rehabilitation of Payroll Office	-	-	-	-
725003510		Special programmes	153,992,850	750,000	153,242,850	0.5
	725013510	Administration & Planning	-	-	-	-
	725023510	Disaster management	153,992,850	750,000	153,242,850	0.5
726003510		KDSP (Kenya Devolution Support Programme) Conditional Grant	120,374,189	- 3,750,000	124,124,189	- 3.1
	726013510	Kenya Devolution Support	120,374,189	- 3,750,000	124,124,189	- 3.1
728003510		Fire Control Services	-	-	-	-
	728013510	Fire Control Services	-	-	-	-

Programme	Sub-programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	728023510	Fire Engines	-	-	-	-
901003510			-	-	-	-
	901013510	Planning and Support Services	-	-	-	-
	901023510	Cultural Tourism Promotion	-	-	-	-
902003510			14,000,000	-	14,000,000	-
	902013510	Youth and Women Empowerment support Services	-	-	-	-
	902023510	Marginalized Group Empowerment support services	8,000,000	-	8,000,000	-
	902033510	Empowerment Support Services	6,000,000	-	6,000,000	-
1001003510		Provision & Management of domestic & livestock rural water supply	64,377,162	-	64,377,162	-
	1001013510	Administration and Planning Support Services	64,377,162	-	64,377,162	-
	1001023510	Design of Water Structure	-	-	-	-
	1001033510	Drilling and equipping of boreholes	-	-	-	-
	1001043510	Construction of Physical structures for water supply	-	-	-	-
1002003510		Water Supply and Storage Services	87,791,804	-	87,791,804	-
	1002013510	Procurement of survey equipment and accessories	-	-	-	-
	1002023510	Water Supply and Storage	85,291,804	-	85,291,804	-
	1002033510	Civil Works-Rehabilitation & development of Irrigation projects	-	-	-	-
	1002043510	Civil Works-Establishment of Dams & Pans	2,500,000	-	2,500,000	-
	1002053510	Riverbank protection upstream & downstream of irrigation intakes	-	-	-	-
	1002063510	Capacity build Management committees of Irrigation Schemes	-	-	-	-
1003003510		Conservation of Environment & Natural Resources	63,188,755	442,500	62,746,255	0.7
	1003013510	Administration and Support Services	23,381,772	442,500	22,939,272	1.9
	1003023510	Environmental Conservation	39,806,983	-	39,806,983	-
72200	722023510	Legislative services	94,452,521	9,498,393	84,954,128	10.1
			94,452,521	9,498,393	84,954,128	10.1
72400	724023510	Administration Support Services	353,800,159	5,289,980	124,383,839	1.5
		Infrastructure support	80,000,000	-	80,000,000	-
Grand Total			5,509,805,971	407,888,822	4,877,790,810	7.4

Source: Isiolo County Treasury

Programmes with high levels of implementation based on absorption rates were: Administration and support services at 17.1 per cent, County Public Service at 10.7 per cent, Legislative Services in the Department of Legal Services at 10.7 per cent of budget allocation.

3.10.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Failure to undertake expenditure on the development budget in the first quarter of FY 2021/22 from the annual

development budget allocation of Kshs.2.14 billion.

3. The underperformance of own-source revenue at Kshs.18.02 million against an annual projection of Kshs.113.69 million, representing 15.8 per cent of the annual target.
4. High pending bills that stood at Kshs.1.26 billion as of 30th June 2021. The County did not settle any pending bills in the period under review.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed. This will also curtail the accumulation of pending bills.*
4. *The County should settle pending bills to avoid further the negative consequences associated with pending bills, such as litigation and loss of trust in government.*

3.11 County Government of Kajiado

3.11.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.54 billion, comprising Kshs.4.07 billion (35.3 per cent) and Kshs.7.47 billion (64.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.24 billion (71.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.61 billion (13.9 per cent) from own sources of revenue, and a cash balance of Kshs.283.40 million (2.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.41 billion (12.2 per cent) as conditional grants.

3.11.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally and raised Kshs.183.33 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.5 billion, as shown in Table 3.39.

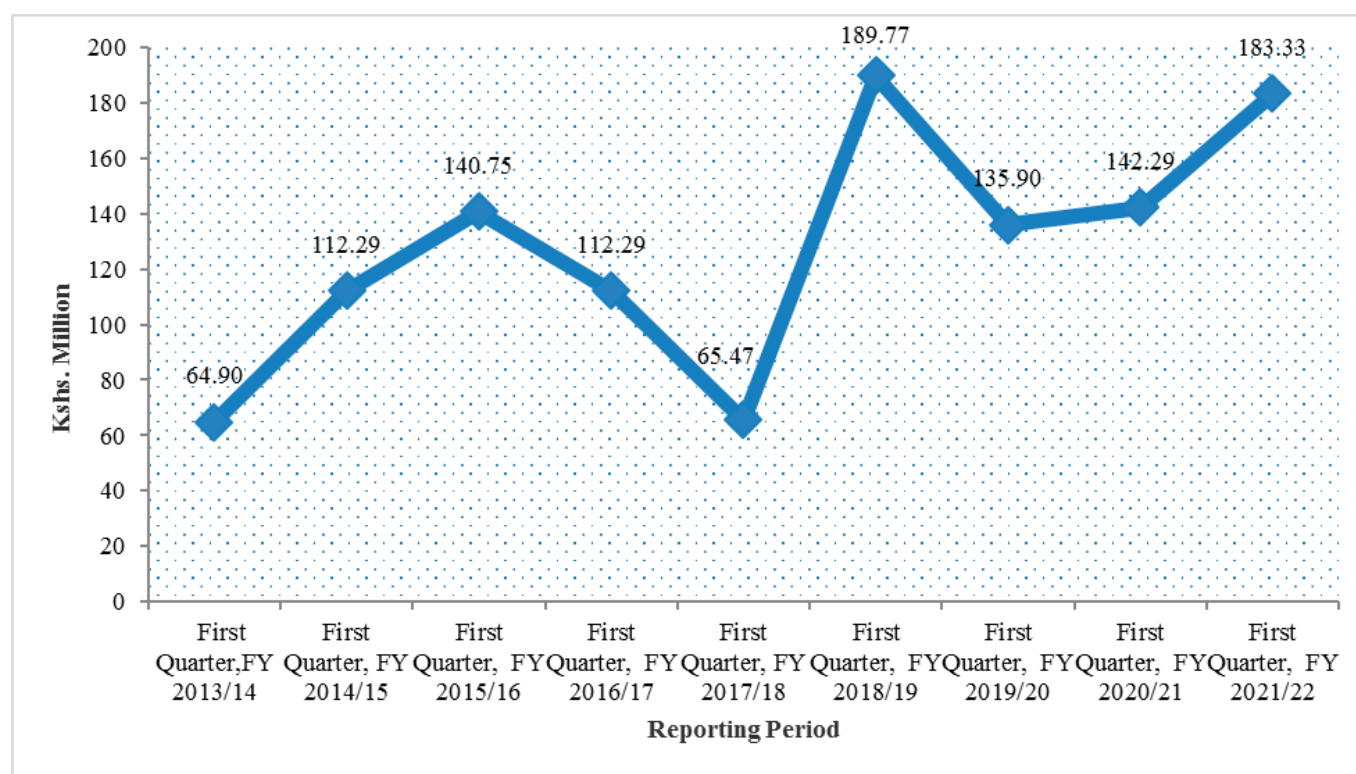
Table 3.39: Kajiado County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,238,168,075	1,315,716,207	16.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,605,355,500	183,333,177	11.4
2.	Balance b/f from FY 2020/21	283,399,846	-	-
3.	Other Revenues (Conditional Grants)	1,412,701,247	-	-
Sub Total	3,301,456,593	183,333,177	5.6	
Grand Total	11,539,624,668	1,499,049,384	13.0	

Source: Kajiado County Treasury

Figure 3.20 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.20: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kajiado County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.183.33 million as own-source revenue. This amount represented an increase of 28.8 per cent compared to Kshs.142.29 million realised during a similar period in the first quarter of FY 2020/21 and was 11.4 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.754.99 million from the CRF account for recurrent programmes during the reporting period.

3.11.4 Overall Expenditure Review

The County spent Kshs.1.06 billion on recurrent programmes during the reporting period. This expenditure represented 140.8 per cent of the total funds released by the CoB. Recurrent expenditure represented 14.2 per cent of the annual recurrent expenditure budget.

3.11.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.26 billion. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, the County Treasury did not report any payment towards the settlement of pending bills.

3.11.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.888.20 million was spent on employee compensation, and Kshs.174.69 million on operations and maintenance, as shown in Table 3.40.

Table 3.40: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,307,669,032	1,160,704,523	996,365,985	66,525,072	15.8	0.1
Compensation to Employees	3,910,595,788	314,287,789	863,465,888	24,738,654	22.1	7.9
Operations and Maintenance	2,397,073,244	846,416,734	132,900,097	41,786,418	5.5	4.9
Development Expenditure	4,073,151,267	285,300,000	-	-	-	-
Total	10,380,820,299	1,446,004,523	996,365,985	66,525,072	9.6	4.6

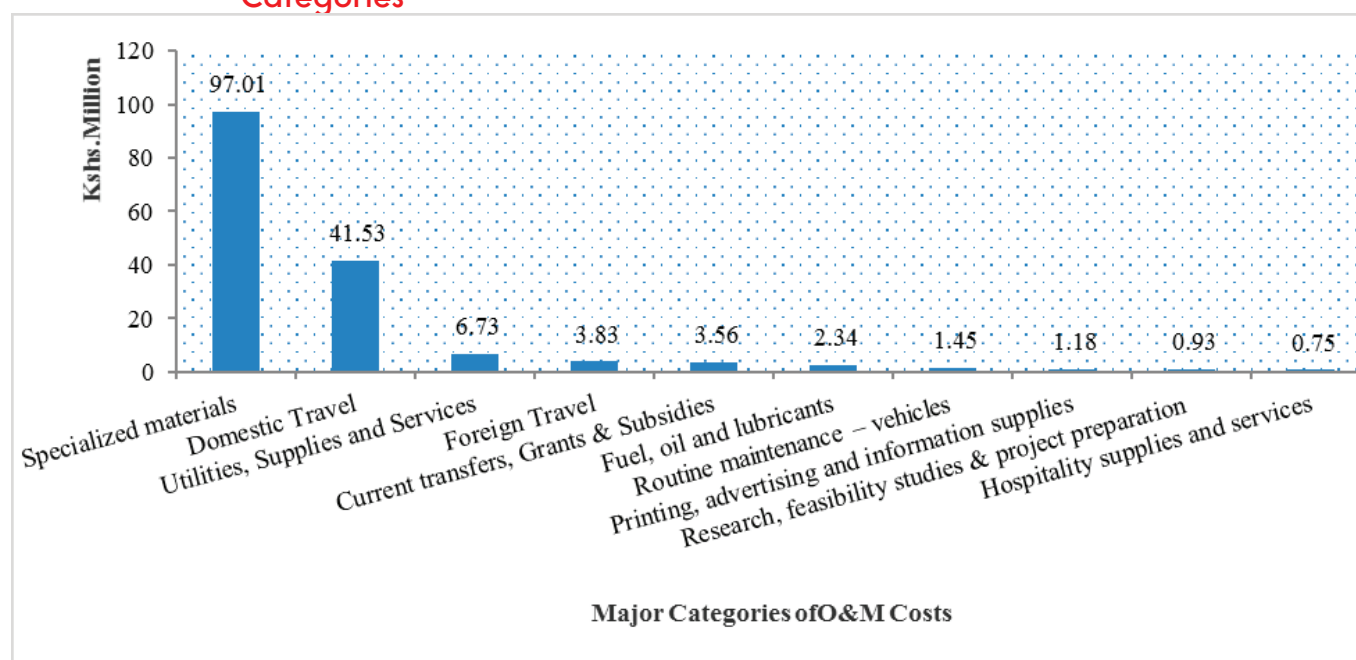
Source: Kajiado County Treasury

3.11.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 83.6 per cent of the total expenditure for the reporting period and 30.8 per cent of the first quarter proportional revenue of Kshs.2.88 billion.

3.11.8 Expenditure on Operations and Maintenance

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

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

Source: Kajiado County Treasury

During the period, expenditure on domestic travel amounted to Kshs.41.53 million and comprised Kshs.32.79 million spent by the County Assembly and Kshs.8.74 million by the County Executive. The County Assembly spent Kshs.3.5 million on foreign travel.

3.11.9 Development Expenditure

The County did not report expenditure on development programmes in the reporting period.

3.11.10 Budget Performance by Department

Table 3.41 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.41: Kajiado County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,160.70	285.30	66.53	-	66.53	-	100.0	-	5.7	-
Office of the Governor and Deputy Governor	238.68	-	31.62	-	25.72	-	81.3	-	10.8	-
County Public Service Board	107.90	-	8.55	-	12.35	-	144.5	-	11.4	-
Medical Services and Public Health	2,390.62	202.33	296.59	-	512.57	-	172.8	-	21.4	-
Water, Irrigation, Environment, and Natural Resources	218.92	312.60	17.86	-	30.90	-	173.0	-	14.1	-
Roads, Transport, Public Works and Energy	182.11	852.89	21.27	-	30.23	-	142.1	-	16.6	-
Public Service, Administration Social Services, and Inspectorate Services	622.94	48.00	75.70	-	80.05	-	105.7	-	12.8	-
Finance, Economic Planning, and ICT	810.84	1,052.29	60.27	-	84.28	-	139.9	-	10.4	-
Lands, Physical Planning & Urban Development	115.12	51.50	8.21	-	12.09	-	147.3	-	10.5	-
Education, Vocational Training, Culture, and Citizen Participation	698.07	335.31	87.22	-	110.82	-	127.1	-	15.9	-
Gender, Youth and Sports, Tourism, and Wildlife	139.94	4.00	9.34	-	13.47	-	144.3	-	9.6	-
Agriculture, Livestock, and Fisheries	329.48	556.98	42.55	-	40.83	-	96.0	-	12.4	-
Trade, Cooperative Development, and Enterprise Development	128.29	106.00	14.80	-	20.71	-	139.9	-	16.1	-
Kajiado Municipality	59.18	50.00	4.63	-	8.11	-	175.2	-	13.7	-
Ngong Municipality	87.70	215.95	7.64	-	14.24	-	186.3	-	16.2	-
Office of the County Attorney	177.88	-	2.22	-	-	-	-	-	-	-
TOTAL	7,468.37	4,073.15	754.99	-	1,062.89	-	140.8	-	14.2	-

Source: Kajiado County Treasury

Analysis of expenditure by the departments shows that the Department of Medical Services and Public Health had the highest percentage of recurrent expenditure to budget at 21.4 per cent, while the Office of the County Attorney did not report any spending.

3.11.11 Budget Execution by Programmes and Sub-Programmes

Table 3.42 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

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

Programme	Sub-programme	Approved estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
General Administration, Planning and Support Services	7,275,574,011	944,628,080	13.0	
Devolution Services Curative and Rehabilitative Public Health and Sanitation Water Services and Irrigation Environment & Natural Resource Protection	Coordination of devolution services	23,266,000	0	0.0
	County Executive committee	12,580,000	0	0.0
	Intergovernmental relations	22,588,000	1,150,000	5.1
	County Government Advisory	8,050,000	0	0.0
	Special programs	10,179,600	0	0.0
	Sub Total	76,663,600	1,150,000	1.5
	Medical Services	286,873,940	0	0.0
	Ambulance Services	5,507,600	0	0.0
	Sub Total	292,381,540	0	0.0

Programme	Sub-programme	Approved estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
	Promotive and preven- tive	192,721,550	0	0.0
	Mobile clinics	5,259,850	0	0.0
	Licensing and control undertaking	8,223,316	0	0.0
	Sanitation	2,665,000	0	0.0
	Sub Total	208,869,716	0	0.0
	Water services	282,689,769	492,550	0.2
	Storm water manage- ment	11,559,636	0	0.0
	Irrigation	0	0	-
	Sub Total	294,249,405	492,550	0.2
	Environmental protec- tion	115,377,231	284,000	0.2
	Noise pollution	2,650,000	0	0.0
	Control of air pollution	870,000	0	0.0
	Natural resources	3,450,000	500,000	14.5
	Sub Total	122,347,231	784,000	0.6
Public Works and Infra- structure County Administration and Inspectorate Human Resource Man- agement & Development Citizen Participation Information, Communi- cation, and Technology Public Finance Manage- ment Land Policy and Planning	Roads	861,385,719	0	0.0
	Energy	20,000,000	5,200,000	26.0
	Fire Fighting	12,000,000	0	0.0
	Transport	20,000,000	0	0.0
	Public works	8,000,000	0	0.0
	Sub Total	921,385,719	5,200,000	0.6
	County administration	24,250,000	0	0.0
	County inspectorate	11,815,446	0	0.0
	Sub Total	36,065,446	0	0.0
	Human resource man- agement	144,650,000	0	0.0
	Citizen participation	16,385,956	0	0.0
	39,426,401	0	0.0	
	Fiscal & economic plan- ning	15,600,000	0	0.0
	Monitoring & evaluation	16,238,000	0	0.0
	Budget coordination and management	17,580,000	0	0.0
	Accounting and expen- diture	14,562,000	1,254,600	8.6
	Supply chain manage- ment	59,231,000	37,800	0.1
	Internal audit	11,797,000	0	0.0
	Revenue collection	50,208,660	0	0.0
	Sub Total	185,216,660	1,292,400	0.7
	Physical planning	50,000,000	0	0.0
	Land surveying and mapping	7,919,838	0	0.0
	Land administration	6,541,000	0	0.0
	Sub Total	64,460,838	0	0.0
Urban Development & Management	Urban development	50,000,000	0	0.0
	Housing	22,600,000	0	0.0
	Sub Total	72,600,000	0	0.0

Programme	Sub-programme	Approved estimates (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Pre-primary and Vocational Training Youth and Sports Social Protection and Recreation	Pre-primary education	438,219,128	0	0.0
	Vocational training	94,169,788	0	0.0
	Home craft centers	2,100,000	0	0.0
	Sub Total	534,488,916	0	0.0
	Sports training and competitions	9,000,000	0	0.0
	Youth development	4,875,855	0	0.0
	Gender mainstreaming	6,991,657	0	0.0
	Disability mainstreaming	4,850,000	140,000	2.9
	Control of drugs and pornography	1,700,000	0	0.0
	Liquor licensing	9,209,560	42,000	0.5
	Betting and Casinos	690,000	0	0.0
	Sub Total	23,441,217	182,000	0.8
Cultural Services & Tourism Promotion Animal Husbandry, Livestock Resource management, and Development Agricultural Development	Museums	690,000	0	0.0
	Cultural activities	3,209,288	0	0.0
	County parks	1,700,000	0	0.0
	Local tourism promotion & wildlife management	21,582,500	0	0.0
	Sub Total	27,181,788	0	0.0
	Animal husbandry	87,461,899	0	0.0
	County abattoirs development	3,023,171	0	0.0
	Animal disease control	49,075,889	0	0.0
	Livestock market	932,426	0	0.0
	Veterinary services	3,541,682	0	0.0
	Demonstration farm Kajiado	622,144	0	0.0
	Sub Total	144,657,211	0	0.0
	Crop husbandry	27,177,143	0	0.0
	Plant disease control	3,100,018	0	0.0
	Agricultural mechanization services	4,433,658	0	0.0
	Agricultural training college	1,875,014	0	0.0
Fisheries	Fisheries development	2,745,714	0	0.0
Trade Development	Trade licensing	8,802,400	0	0.0
	Trade development	125,168,234	0	0.0
	Industrialization	2,894,902	0	0.0
Cooperative Development		13,329,566	0	0.0
Legislation, Representation, and Oversight	County Assembly Headquarters	201,321,734	25,336,418	12.6
	Office of the Speaker	16,784,000	1,000,000	6.0
	Directorate of Legislation and Procedures	75,370,000	14,000,000	18.6
	Sub Total	293,475,734	40,336,418	13.7
Total		10,683,448,159	953,729,030	8.9

Source: Kajiado County Treasury

Sub-Programmes with high levels of implementation based on absorption rates were: Energy at 26 per cent under the Department of Public Works and Infrastructure, followed by Legislation, Representation and Oversight at 18.6 per cent under the County Assembly.

3.11.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Failure to absorb development budget. The County did not report expenditure on the development budget during the reporting period.
3. The underperformance of own-source revenue at Kshs.183.33 million against an annual projection of Kshs.1.61 billion, representing 11.4 per cent of the annual target.
4. The County Treasury has weak internal controls and budgeting practices, as shown in Table 3.41, where the County incurred expenditure over approved exchequer release.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved exchequer release.*

3.12 County Government of Kakamega

3.12.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.16.47 billion, comprising Kshs.8.93 billion (54 per cent) and Kshs.7.54 billion (45.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.39 billion (75.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.11 billion (12.8 per cent) from own sources of revenue, and a cash balance of Kshs.965.40 million (5.9 per cent) from FY 2020/21. The County also expects to receive Kshs.1 billion (6.1 per cent) as conditional grants, which consist of World Bank Universal Health Care Fund at Kshs.73.14 million, KCSAP-Kenya Climate-Smart Agriculture Project at Kshs.338.78 million, ASDSP (Agricultural Sector Development Support Programme at Kshs.28.08 million, DANIDA Grant at Kshs.23.07 million, Kenya Devolution Support Programme-Level at Kshs.278.01 million and Kenya Informal Settlement Improvement Project- (KISIP II) at Kshs.150 million. Also included in the budget for conditional grants is the cash balance from FY 2020/21 of Kshs.309.63 million (1.9 per cent).

3.12.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.2.04 billion as the equitable share of the revenue raised nationally, raised Kshs.220.28 million as own-source revenue, Kshs.686.64 million as other revenues, and had a cash balance of Kshs.997.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3 billion, as shown in Table 3.43.

Table 3.43: Kakamega County, Revenue Performance in the First Quarter of FY 2021/22

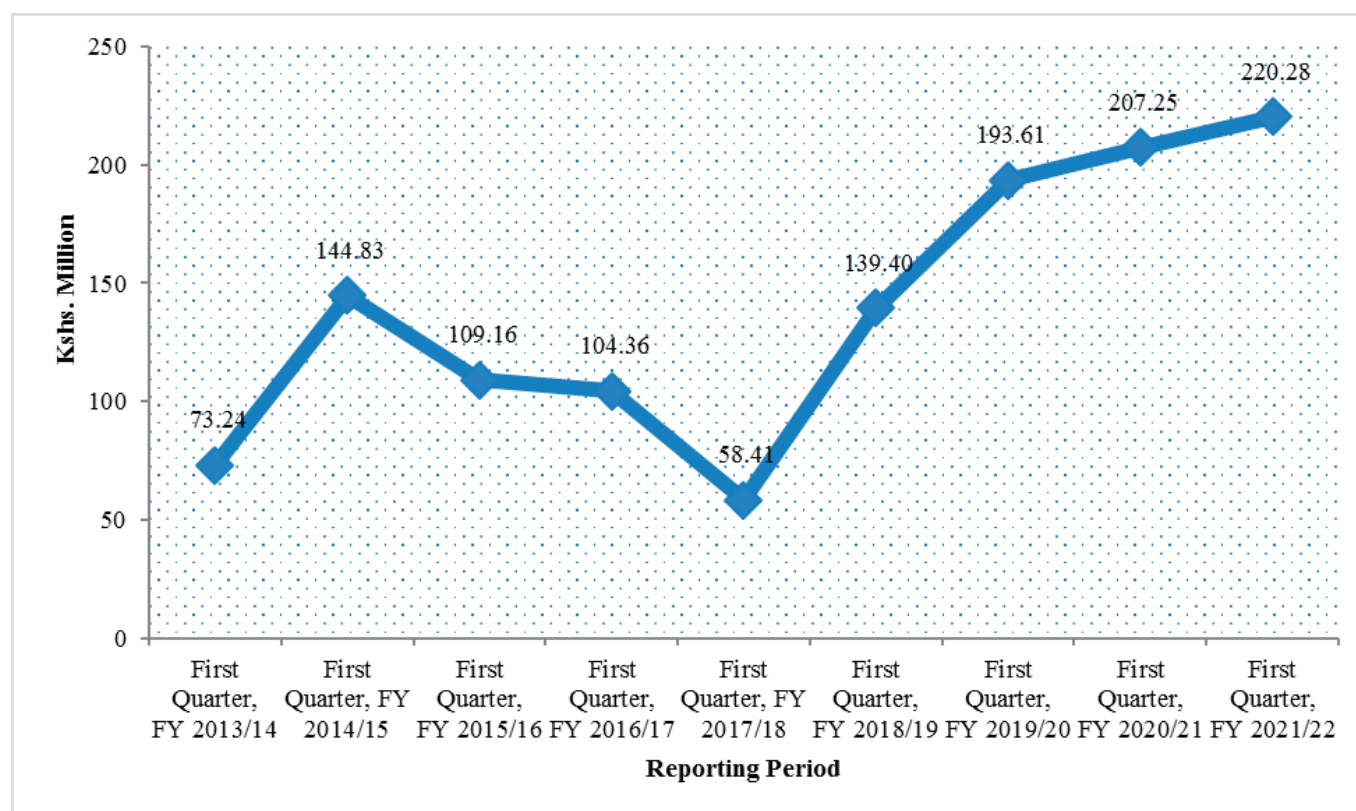
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	12,389,412,168	2,044,253,007	16.5
	Sub Total	12,389,412,168	2,044,253,007	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	2,113,000,000	220,281,786	10.4

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
2	Balance b/f from FY 2020/21	965,400,461	997,946,634	103.4
3	Other Revenues (Conditional Grants)	1,000,717,159	686,635,938	68.6
Sub Total	4,079,117,620	1,904,864,358	46.7	
Grand Total	16,468,529,788	3,001,327,365	18.2	

Source: Kakamega County Treasury

Figure 3.32 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.22: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kakamega County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.220.28 million as own-source revenue. This amount represented a decrease of 6.3 per cent compared to Kshs.207.25 million realised during a similar period in the first quarter of FY 2020/21 and was 10.4 per cent of the annual target.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.15 billion from the CRF account during the reporting period. The amount comprised of 612.88 million (28.6 per cent) for development programmes and Kshs.1.53 billion (71.4 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

The County spent Kshs.2.27 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.7 per cent of the total funds released by the CoB and comprised of Kshs.648.28 million and Kshs.1.62 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 18.9 per cent, while recurrent expenditure represented 8.6 per cent of the annual recurrent budget.

3.12.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.588.70 million and comprised of Kshs.239.99 million for recurrent expenditure and Kshs.348.72 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year 2021/2022.

During the period under review, a total of Kshs.312.01 million was paid towards pending bills, consisting of Kshs.57.14 million for recurrent expenditure and 254.87 million for development programmes.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.20 billion was spent on employee compensation, Kshs.421.17 million on operations and maintenance, and Kshs.648.29 million on development activities, as shown in Table 3.44.

Table 3.44: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs)	Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,740,761,594	1,189,967,209	1,331,762,963	288,665,453	17.2	24.3
Compensation to Employees	5,059,140,952	521,376,784	1,050,486,873	148,768,777	20.8	28.5
Operations and Maintenance	2,681,620,642	668,590,425	281,276,090	139,896,676	10.5	20.9
Development Expenditure	7,487,800,985	50,000,000	648,287,719	-	8.7	-
Total	15,228,562,579	1,239,967,209	1,980,050,682	288,665,453	13.0	23.3

Source: Kakamega County Treasury

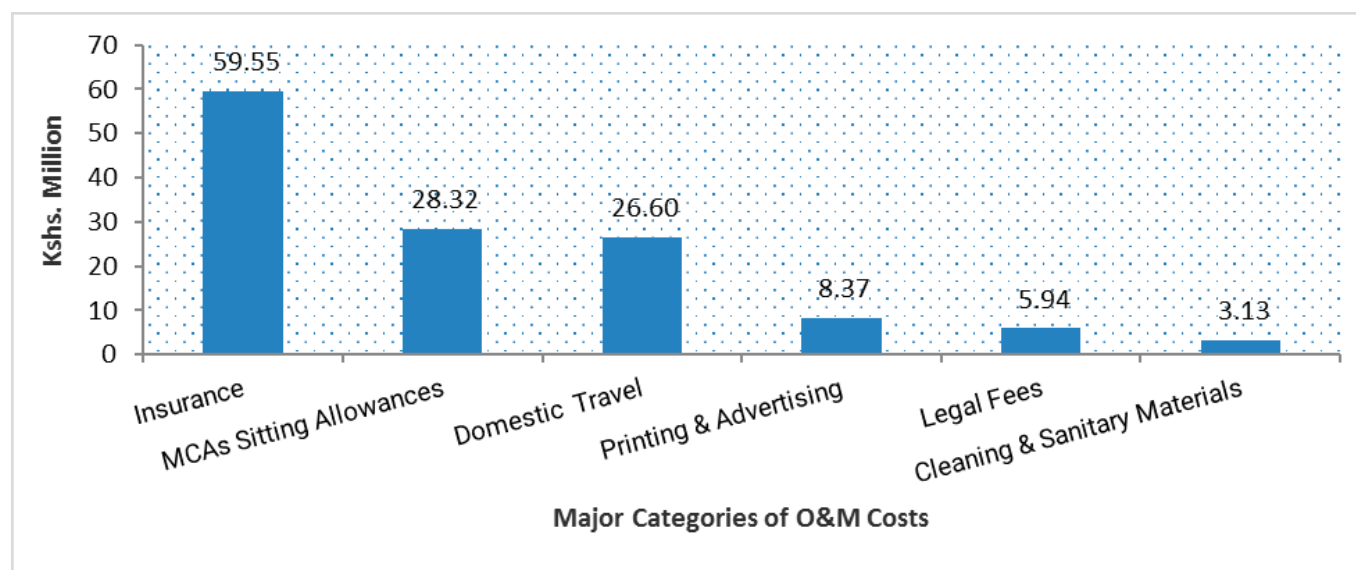
3.12.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 52.9 per cent of the total expenditure for the reporting period and 29.1 per cent of the first quarter proportional revenue of Kshs.4.12 billion.

3.12.8 Expenditure on Operations and Maintenance

Figure 3.23 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.23: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega County Treasury

The County spent Kshs.28.32 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.133.29 million. The average monthly sitting allowance was Kshs.104,895 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.26.6 million and comprised of Kshs.11.33 million spent by the County Assembly and Kshs.15.27 million by the County Executive.

3.12.9 Development Expenditure

The County incurred an expenditure of Kshs.648.29 million on development programmes, which represented an increase of 136 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.274 million. Table 3.6 summarises development projects with the highest expenditure in the reporting period.

Table 3.45: Kakamega County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading Ogalo/Matungu Rd To Bitumen Stds.	Matungu	140,000,000	85,715,196	61.2
2	Supply Of Fertilizer	Countywide	450,000,000	63,652,037	14.1
3	Bukhungu Stadium Phase II- 4th Interim Cert.	Lurambi-Kakamega town	725,484,656	215,758,005	29.7
4	Completion and Construction of Mumias West Hospital	Mumias West- Mumias Town	10,000,000	6,949,734	69.5
5	Supply and Delivery Of Fire Engine	Lurambi- Kakamega	58,000,000	11,780,000	20.3
6	Construction Of Cattle Dip	Likuyani	10,000,000	2,921,529	29.2
7	10 Km road programme	Mumias West & Matungu	300,000,000	7,854,707	2.6
8	Spatial Planning	Butere	10,000,000	4,247,990	42.5
9	Lumino Dam Construction	Lugari	201,000,000	3,644,086	1.8
10	Supply Of Frozen Bull Semen	Countywide	10,000,000	3,600,000	36.0

Source: Kakamega County Treasury

3.12.10 Budget Performance by Department

Table 3.46 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.46: Kakamega County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)	Exchequer Issues (Kshs. Million)	Expenditure (Kshs. Million)	Expenditure to Exchequer Issues (%)	Absorption rate (%)					
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries and cooperative Trade and Tourism	76.02	1,228.01	1.67	140.86	1.33	130.34	79.2	92.5	1.7	10.6
County Assembly	31.74	375.00	0.15	-	2.08	-	1,405.5	-	6.6	-
County Executive (Office of the Governor)	1,189.97	50.00	243.60	-	288.67	-	118.5	-	24.3	-
Education	145.35	33.95	5.01	-	-	-	-	-	-	-
Environment and Natural Resources	209.18	581.11	61.95	8.52	66.32	68.80	107.1	807.5	31.7	11.8
Finance and Economic Planning	42.36	742.22	0.07	-	3.52	1.62	5,079.2	-	8.3	0.2
	294.85	168.00	4.88	-	31.94	2.79	654.7	-	10.8	1.7

Department	Budget Allocation (Kshs. Million)	Exchequer Issues (Kshs. Million)	Expenditure (Kshs. Million)	Expenditure to Exchequer Issues (%)	Absorption rate (%)					
Public service Administration and County Public service board	5,599.00	211.00	905.84	25.24	1,208.54	-	133.4	-	21.6	-
Medical Services and Public Health	717.95	1,331.01	175.14	6.95	33.84	13.99	19.3	201.4	4.7	1.1
Physical Planning and Housing	199.13	648.95	32.78	13.20	33.70	8.73	102.8	66.1	16.9	1.3
Sports Culture and Social Services	59.18	919.48	1.63	217.09	9.85	220.42	605.8	101.5	16.6	24.0
Transport and Infrastructure	366.20	1,249.06	0.18	114.63	1.41	201.60	792.0	175.9	0.4	16.1
TOTAL	8,930.93	7,537.80	1,432.89	526.49	1,681.19	648.29	117.3	123.1	18.8	8.6

Source: Kakamega County Treasury

Analysis of expenditure by the departments shows that the Department of Sports Culture and Social Services recorded the highest absorption rate of development budget at 24 per cent, followed by the Department of Transport and Infrastructure at 16.1 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget, 31.7 per cent, while the Office of the Governor did not report any spending.

3.12.11 Budget Execution by Programmes and Sub-Programmes

Table 3.47 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.47: Kakamega County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
101004810		Livestock development	120,182,665	15,421,105	104,761,560	12.83
	101014810	Dairy Development	78,441,877	2,530,850	75,911,027	3.23
	101024810	Poultry development	5,000,000	-	5,000,000	-
	101034810	Livestock disease and pest prevention	21,740,789	9,968,725	11,772,064	45.85
	101044810	Livestock Market infrastructure Improvement	15,000,000	2,921,530	12,078,470	19.48
102004810		Fish Farming Productivity Programme	50,000,000	-	50,000,000	-
	102024810	Promotion of Fish Farming	50,000,000	-	50,000,000	-
103004810		Crop Production and Management Services	458,409,363	131,267,967	327,141,396	28.64
	10301810	Cash crop development	29,500,000	-	29,500,000	-
	103024810	Food crop production	240,476,566	131,267,967	109,208,599	54.59
	103034810	Crop pest and disease management	5,000,000	-	5,000,000	-
	103044810	Agricultural Extension and Research	183,432,797	-	183,432,797	-
105004810		Agricultural Extension and Research	6,516,547	-	6,516,547	-
	105014810	Training and demonstration	6,516,547	-	6,516,547	-
106004810		Cooperative Development	12,358,456	57,400	12,301,056	0.46

Programme	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	106014810	Marketing and value addition	12,358,456	57,400	12,301,056	0.46
107004810		Land Management Services	68,491,976	10,179,961	58,312,015	14.86
	107014810	Land use policy and planning	38,664,462	4,561,881	34,102,581	11.80
	107024810	Land Administration and Planning	24,676,743	659,568	24,017,175	2.67
	107034810	Survey Services	5,150,771	4,958,512	192,259	96.27
108004810		Housing management Services	81,019,306	326,600	80,692,706	0.40
	108014810	Housing Infrastructure development	6,019,306	326,600	5,692,706	5.43
	108024810	Slum Upgrading	75,000,000	-	75,000,000	-
110004810		Urban Development Service	274,531,434	36,166,590	238,364,843	13.17
	110014810	Urban Infrastructure Services	125,476,961	-	125,476,961	-
	110024810	Social Amenities and Sanitary Services	149,054,473	36,166,590	112,887,882	24.26
120004810		Irrigation and Drainage Development	976,890	-	976,890	-
	120014810	Small Holder Irrigation and Drainage	976,890	-	976,890	-
201004810		Road Infrastructure Development	736,591,716	202,993,709	533,598,007	27.56
	201014810	Road Maintenance	70,995,935	18,372,324	52,623,610	25.88
	201024810	Bridges Culverts Construction	21,036,048	5,618,415	15,417,633	26.71
	201034810	Road construction	644,559,733	179,002,970	465,556,763	27.77
203004810		Energy Reticulation	70,000,000	-	70,000,000	-
	203014810	Electrification.	45,000,000	-	45,000,000	-
	203024810	Renewable Energy	25,000,000	-	25,000,000	-
204004810		Public works Management	1,038,551	366,150	672,401	35.26
	204014810	Public works Management	1,038,551	366,150	672,401	35.26
304004810		Promotion of tourism and marketing	4,284,000	538,350	3,745,650	12.57
	304014810	Promotion of tourism and marketing	4,284,000	538,350	3,745,650	12.57
306004810		Administration, Planning and support services	4,652,400	852,689	3,799,711	18.33
	306014810	Administration Support Services	4,652,400	852,689	3,799,711	18.33
307004810		Trade Development and Investment	113,319,400	273,300	113,046,100	0.24
	307014810	Modern Market infrastructure development	109,014,400	273,300	108,741,100	0.25
	307024810	Micro and small enterprises development	4,305,000	-	4,305,000	-
309004810		Industrial development and investment	81,116,000	163,500	80,952,500	0.20
	309014810	Industrial Development and Promotion	81,116,000	163,500	80,952,500	0.20
401004810		Preventive and Promotive services	88,500,000	1,134,317	87,365,683	1.28
	401024810	Community Health Strategy	26,950,000	497,000	26,453,000	1.84
	401034810	Diseases surveillance & Emergency response	2,700,000	-	2,700,000	-

Programme	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	401044810	Nutrition service Promotion	300,000	-	300,000	-
	401054810	HIV /AIDS Control	600,000	-	600,000	-
	401064810	Maternal and child healthcare promotion	56,050,000	608,000	55,442,000	1.08
	401074810	TB Control	600,000	-	600,000	-
	401084810	Malaria control	550,000	29,317	520,683	5.33
	401094810	Promotion of family planning	750,000	-	750,000	-
402004810		Promotion of Curative health services	943,802,200	135,296,301	808,505,899	14.34
	402014810	Health Infrastructure Development	548,003,803	85,392,440	462,611,363	15.58
	402024810	Primary medical health services	388,298,397	49,903,861	338,394,536	12.85
	402034810	Blood Transfusion Services	7,500,000	-	7,500,000	-
403004810		General Administrative and Support services	18,933,017	4,968,296	13,964,721	26.24
	403014810	Administrative and Human Resources management	13,983,017	4,968,296	9,014,721	35.53
	403024810	Disability mainstreaming	240,000	-	240,000	-
	403034810	Health Data and Information Management	4,710,000	-	4,710,000	-
503004810		Vocational Education and Training development	97,059,963	5,806,218	91,253,745	5.98
	503014810	Polytechnic Support and Development	92,559,963	5,806,218	86,753,745	6.27
	503024810	Training Promotion and Development	4,500,000	-	4,500,000	-
504004810		Early Childhood Development Education (ECDE)	132,498,778	5,908,874	126,589,904	4.46
	504014810	ECD Infrastructure Development	98,500,000	4,497,464	94,002,536	4.57
	504024810	Childcare and development	33,998,778	1,411,410	32,587,368	4.15
505004810		Education Support Programme	153,892,083	1,776,367	152,115,716	1.15
	505024810	Non-Tertiary Education Support	153,892,083	1,776,367	152,115,716	1.15
506004810		Polytechnic Improvement	71,692,500	-	71,692,500	-
	506014810	Polytechnic Tuition Subsidy	71,692,500	-	71,692,500	-
703004810		Management and administration of County Functions	50,408,000	18,130,422	32,277,578	35.97
	703024810	County executive services	50,408,000	18,130,422	32,277,578	35.97
704004810		Support, Coordination and Advisory Services	6,055,800	1,296,526	4,759,274	21.41
	704014810	Legal Services	6,055,800	1,296,526	4,759,274	21.41
705004810		Information and communication services	111,422,510	19,839,783	91,582,727	17.81
	705014810	Information and communication services	111,422,510	19,839,783	91,582,727	17.81

Programme	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
706004810		Economic and policy formulation and management planning	9,662,305	3,475,515	6,186,790	35.97
	706014810	Economic policy formulation	9,662,305	3,475,515	6,186,790	35.97
707004810		Public finance management	115,739,248	26,798,949	88,940,299	23.15
	707014810	Accounting and Financial services	32,734,250	17,037,130	15,697,120	52.05
	707024810	Financial Accounting and Reporting	60,569,290	3,761,038	56,808,252	6.21
	707034810	Budget Formulation and management	20,254,240	4,931,816	15,322,424	24.35
	707044810	Procurement services	2,181,468	1,068,965	1,112,503	49.00
709004810		Support, Co-ordination and Advisory services	36,517,953	5,594,209	30,923,744	15.32
	709014810	Support and Advisory services	29,544,279	4,490,618	25,053,660	15.20
	709024810	County Internal Audit services	6,973,675	1,103,591	5,870,084	15.83
710014810		County Assembly Services	619,983,605	288,665,453	227,313,066	46.56
710014810	712014810	Oversight Services	619,983,605	288,665,453	227,313,066	46.56
712004810		County Public service and Administrative services	2,963,467,482	1,099,067,803	2,809,362,807	37.09
	712014810	County Administration	311,107,265	83,794,199	227,313,066	26.93
	712024810	Human Resource Management	2,652,360,217	1,015,273,603	2,582,049,741	38.28
713004810		General Administration and Support services	3,411,060	1,974,411	1,436,649	57.88
	713014810	Administrative Services	3,411,060	1,974,411	1,436,649	57.88
716004810		Alcoholics and Drinks Control	1,952,664	720,860	1,231,804	36.92
	716014810	Alcohol and Drug Rehabilitation Program	1,952,664	720,860	1,231,804	36.92
718004810		Investment promotion	17,150,483	3,304,375	13,846,108	19.27
	718014810	Investment promotion	17,150,483	3,304,375	13,846,108	19.27
901004810		Administration, Planning and Support services	14,224,485	3,607,977	10,616,508	25.36
	901014810	Administrative Services	14,224,485	3,607,977	10,616,508	25.36
902004810		Culture and Arts Development	11,076,000	275,000	10,801,000	2.48
	902014810	Culture and Heritage Conservation	11,076,000	275,000	10,801,000	2.48
903004810		Management and Development of Sports And Sports Facilities	387,511,828	219,778,957	167,732,871	56.72
	903014810	Development of Sports facilities	362,742,328	216,187,987	146,554,341	59.60
	903024810	Promotion and Development of Sports and Talent	24,769,500	3,590,971	21,178,530	14.50
904004810		Youth & Gender Development and Promotion Services	16,974,300	456,350	16,517,950	2.69

Programme	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	904014810	Youth, Disability and Gender Empowerment and mainstreaming	16,974,300	456,350	16,517,950	2.69
906004810		Social Development and Promotions	62,350,900	2,665,205	59,685,695	4.27
	906014810	Social Development and Social Protection	60,394,900	2,445,655	57,949,245	4.05
	906024810	Child welfare Services	1,956,000	219,550	1,736,450	11.22
908004810		Development of Library services	766,229	-	766,229	-
	908014810	Library services	766,229	-	766,229	-
1005004810		Natural Resource Management	16,431,031	2,345,549	14,085,482	14.28
	1005014810	Afforestation and Re-afforestation	7,198,069	2,038,200	5,159,869	28.32
	1005024810	Protection of natural resources and environmental processes	9,232,962	307,349	8,925,613	3.33
1006004810		Water and Sanitation Services	357,006,562	16,265,829	340,740,733	4.56
	1006014810	Water Resource Supply and management	357,006,562	16,265,829	340,740,733	4.56
1007004810		Environmental conservation	18,754,723	955,270	17,799,453	5.09
	1007014810	Environmental Protection	18,754,723	18,754,723	18,754,723	100.00
Grand Total			8,410,734,407	2,268,716,135	6,982,976,314	26.97

Source: Kakamega County Treasury

The report on programme performance is based on a half-year IFMIS uploaded budget and comprises both recurrent and development expenditures. Programmes with high levels of implementation based on absorption rates were: Survey Services at 96.3 per cent in the department of Lands, Environmental protection at 100 per cent in the department of Water, Environment and Natural resources, County Assembly oversight services at 57.6 per cent in the County Assembly, Food crop production 54.6 per cent in the department of Agriculture, Development of sports facilities at 57.9 per cent in the department of Social Services and Human resource management at 38 per cent in the department of Public Service and Administration.

3.12.12 Key Observations and Recommendations

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

Late submission of financial reports by the County Treasury to the Controller of Budget as data was submitted on 2nd November 2021, which affected timely preparation of budget implementation report.

1. Low absorption of development funds as indicated by the expenditure of Kshs.648 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.7.54 billion. The development expenditure represented 8.6 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.220.28 million against an annual projection of Kshs.2.11 billion represents 10.4 per cent of the annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

3.13 County Government of Kericho

3.13.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.86 billion, comprising Kshs.3.85 billion (43.5 per cent) and Kshs.5.0 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.43 billion (72.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.494.05 million (5.6 per cent) from own sources of revenue, and a cash balance of Kshs.1.22 billion (13.8 per cent) from FY 2020/21. The County also expects to receive Kshs.714.31 million (8.1 per cent) as conditional grants.

3.13.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.06 billion as the equitable share of the revenue raised nationally, raised Kshs.122.52 million as own-source revenue, and had a cash balance of Kshs.454.81 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.67 billion, as shown in Table 3.48.

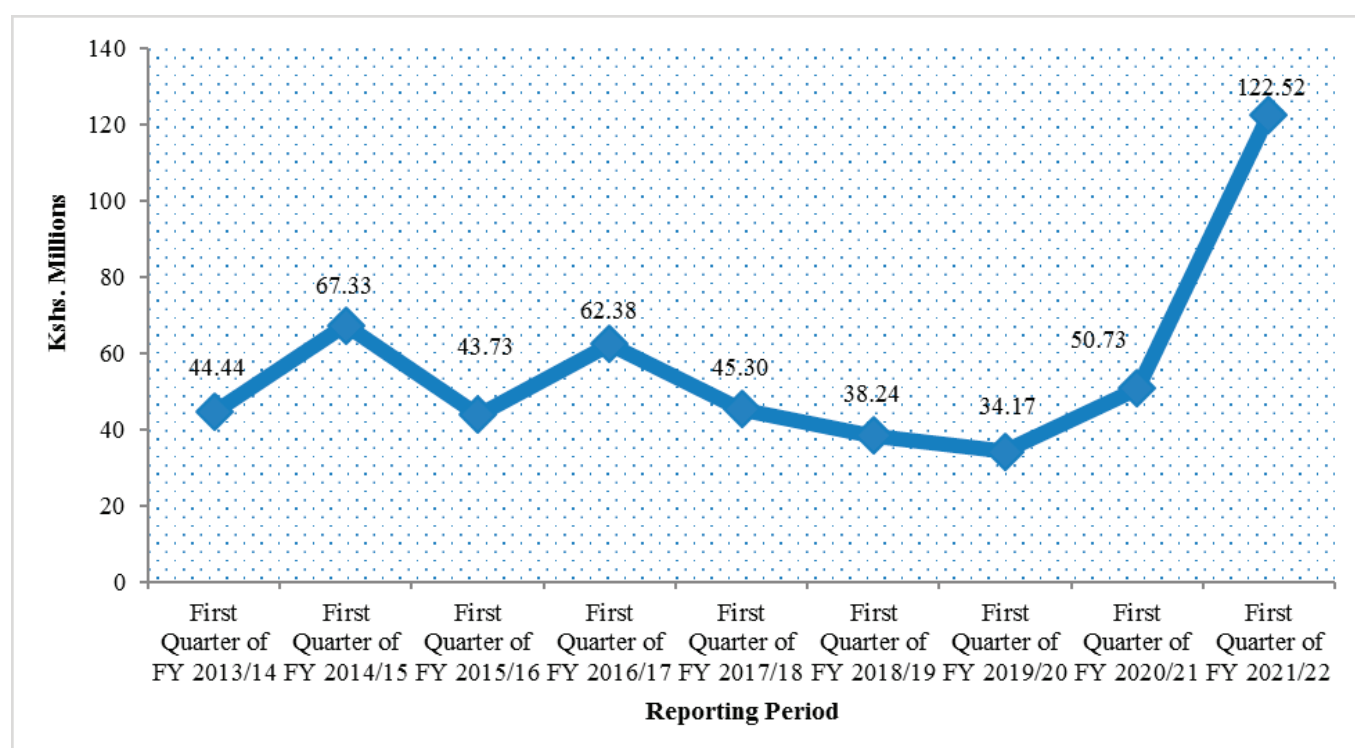
Table 3.48: Kericho County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	1,061,059,713	16.5
Sub Total	6,430,664,924	1,061,059,713	16.5	
B	Other Sources of Revenue			
1.	Own Source Revenue	494,054,000	122,520,112	24.8
2.	Balance b/f from FY 2020/21	1,217,913,597	454,481,843	37.3
Sub Total	1,711,967,597	577,001,955	33.7	
Grand Total	8,142,632,521	1,638,061,668	20.1	

Source: Kericho County Treasury

Figure 3.24 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.24: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kericho County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.122.52 million as own-source revenue. This amount represented an increase of 141.5 per cent compared to Kshs.50.73 million realised during a similar period in the first quarter of FY 2020/21 and was 24.8 per cent of the annual target. The increase in revenue can be attributed to the remission of NHIF reimbursements previously spent at the source.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.780.84 million from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.13.4 Overall Expenditure Review

The County spent Kshs.657.14 million on recurrent programmes during the reporting period. This expenditure represented 84.2 per cent of the total funds released by the CoB and wholly intended to finance recurrent programmes. Expenditure on recurrent expenditure represented 13.1 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.284.76 million and comprised of Kshs.71.24 million for recurrent expenditure and 213.52 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.36.92 million was paid towards pending bills which consisted entirely of recurrent expenditure.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.497.34 million was spent on employee compensation and Kshs.159.79 million on operations and maintenance, as shown in Table 3.49.

Table 3.49: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,284,113,686	719,729,804	537,149,124	119,990,634	12.5	16.7
Compensation to Employees	3,103,295,554	368,129,298	439,539,066	57,804,678	14.2	15.7
Operations and Maintenance	1,180,818,132	351,600,506	97,610,058	62,185,956	8.3	17.7
Development Expenditure	3,843,113,063	9,981,929	-	-	-	-
Total	8,127,226,749	729,711,732	537,149,124	119,990,634	6.6	16.4

Source: Kericho County Treasury

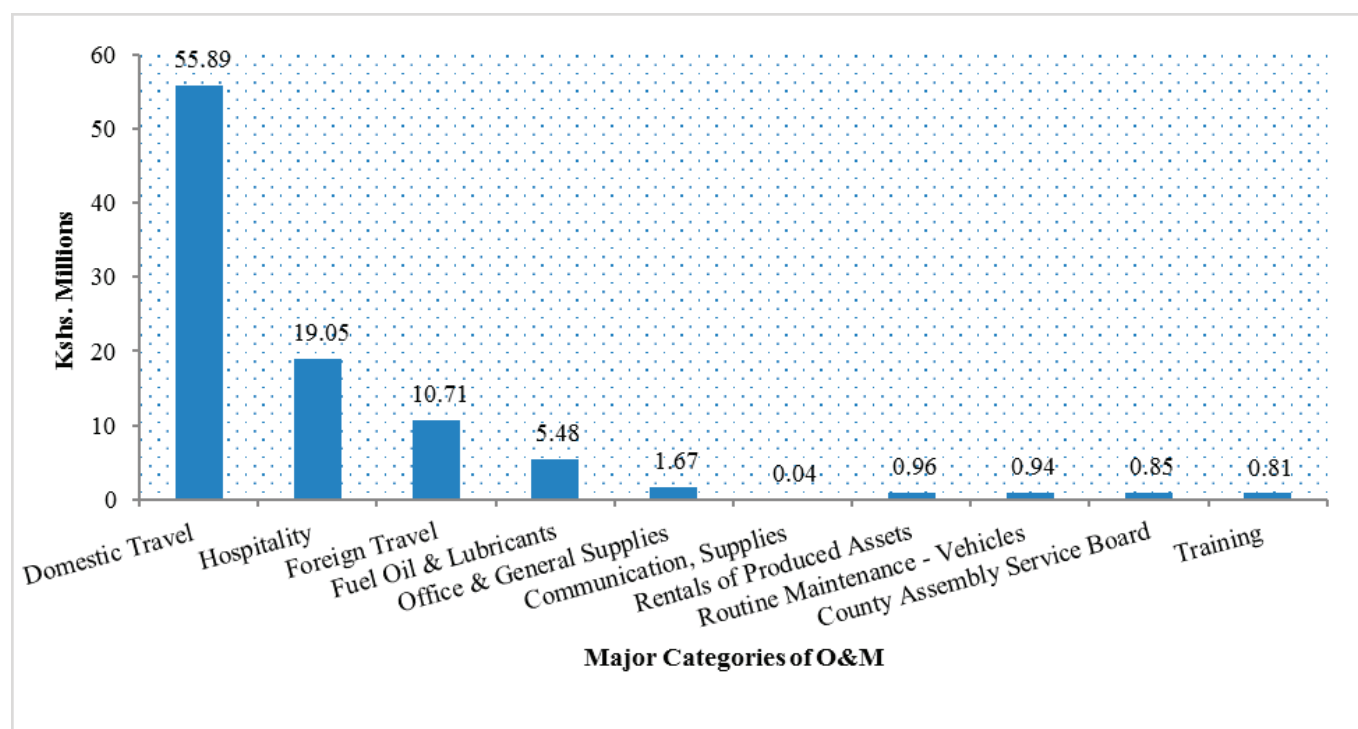
3.13.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 75.7 per cent of the total expenditure for the reporting period and 24.4 per cent of the first quarter proportional revenue of Kshs.2.04 billion.

3.13.8 Expenditure on Operations and Maintenance

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

Figure 3.25: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: Kericho County Treasury

The County spent Kshs.8.12 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.73.17 million. The average monthly sitting allowance was Kshs.56,358 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.55.89 million and comprised Kshs.27.20 million spent by the County Assembly and Kshs.28.69 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.71 million and included Kshs.10.70 million by the County Assembly and Kshs.9,429 by the County Executive.

3.13.9 Development Expenditure

The County did not report development expenditure compared to a similar period in FY 2020/21 when the County spent Kshs.17.35 million during the period under review.

3.13.10 Budget Performance by Department

Table 3.50 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.50: Kericho County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	719.73	9.98	120	-	119.99	-	100.0	-	16.7	-
Public Service & Administration	395.34	29.75	42.40	-	39.05	-	92.1	-	9.9	-
Office of the Governor & Deputy governor	119.14	-	23.37	-	21.08	-	90.2	-	17.7	-
County Public Service Board	57.39	-	10.87	-	8.43	-	77.5	-	14.7	-
Finance & Economic Planning	322.26	771.05	31.27	-	35.16	-	112.4	-	10.9	-
Health Services	2,238.78	433.37	35.97	-	312.25	-	868.0	-	13.9	-
Agriculture, Livestock & Fisheries	168.54	469.10	23.04	-	25.40	-	110.2	-	15.1	-
Education, Youth Affairs, Culture & Social Services	541.63	144.95	41.00	-	36.68	-	89.5	-	6.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Works, Roads & Transport	91.06	1,304.01	406.67	-	15.20	-	3.7	-	16.7	-
Trade, Industrialization, Tourism, Cooperative Management & Wild-life	70.96	71.10	14.66	-	9.25	-	63.1	-	13.0	-
Water, Energy, Natural Resources & Environment	123.49	423.02	13.27	-	14.98	-	112.9	-	12.1	-
Land, Housing & Physical Planning	92.20	158.17	5.64	-	13.23	-	234.5	-	14.4	-
Information, Communication & E-Government	63.32	38.59	12.67	-	6.44	-	50.8	-	10.2	-
Total	5,003.84	3,853.09	780.84	-	657.14	-	84.2	-	13.1	-

Source: Kericho County Treasury

Analysis of expenditure by the departments shows that the Executive Office of the Governor recorded the highest absorption rate of the recurrent budget at 17.7 per cent while the Department of Education, Youth Affairs, Culture & Social Services reported absorption of 6.8 per cent in its recurrent activities. During the period under review, the County did not incur any expenditure on development programmes.

3.13.11 Budget Execution by Programmes and Sub-Programmes

Table 3.51 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.51: Kericho County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Estimates FY 2021/22 (Kshs.)	First Quarter Expenditure	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
Department: Governor's Office					
County Coordination Services	County Coordination Services	119,141,040	21,083,305	98,057,735	17.7
Public sector advisory services	Economic and Social Advisory Service				
		119,141,040	21,083,305	98,057,735	17.7
Department: Finance And Economic Planning					
Administration, Planning, and Support Services.	Administration Services.	456,119,990	23,627,629	432,492,361	5.2
Administration, Planning, and Support Services.	Monitoring Budget Implementation and Reporting	36,325,639	5,582,031	30,743,609	15.4
Public Finance Management	Budget Formulation co-ordination and management	590,919,010	3,484,119	587,434,891	0.6
Audit Services	County Audit	9,950,000	2,466,026	7,483,974	24.8
		1,093,314,639	35,159,805	1,058,154,834	3.2
Department: Agriculture, Livestock And Fisheries					
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	31,611,814	3,415,877	28,195,937	10.8
Crop Development and Management	Agriculture Extension Services	526,206,615	8,968,096	517,238,519	1.7
Livestock Resource Management and Development	Livestock Disease Management and Control.	15,322,657	400,137	14,922,520	2.6

Programme	Sub-Programme	Approved Estimates FY 2021/22 (Kshs.)	First Quarter Expenditure	Variance (Kshs.)	Absorption (%)
Livestock Resource Management and Development	Livestock Production and Extension Services	57,012,363	12,576,467	44,435,896	22.1
Fisheries development	Management and Development of Capture Fisheries	7,486,760	36,320	7,450,440	0.5
		637,640,209	25,396,897	612,243,313	3.98
Department: Water, Energy, Natural Resources And Environment					
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	116,175,687	14,983,808	101,191,879	12.9
Water supply services	Rural Water Supply	430,331,606	-	430,331,606	-
		546,507,293	14,983,808	531,523,485	2.7
Department: Education, Youth Affairs, Culture, and Social Services					
General Administration & planning services.	Policy Development and Administration	327,616,091	33,633,203	293,982,888	10.3
Basic Education	Early Childhood Development Education	280,822,145	2,602,612	278,219,533	0.9
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	22,234,999	440,100	21,794,899	2.0
Youth development and empowerment services	Youth development (YP) Training	55,909,040	-	55,909,040	-
		686,582,275	36,675,915	649,906,360	5.3
Department: Health Services					-
Curative Health	Administration and Planning	1,357,416,458	115,382,522	1,242,033,936	8.5
Curative Health	Hospital(curative) Services	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,314,727,818	196,868,086	1,117,859,732	15.0
					-
		2,672,144,276	312,250,608	2,359,893,668	11.7
Department: Lands, Housing and Physical Planning					-
Administration and support services	General Administration and Planning	47,218,786	3,009,314	44,209,472	6.4
Housing Development and Human Resource	Housing Development	72,308,710	3,265,500	69,043,210	4.5
Land policy and planning	Development Planning and Land Reforms	123,741,319	6,753,406	116,987,913	5.5
Land policy and planning	Land Use Planning	7,102,443	205,000	6,897,443	2.9
		250,371,258	13,233,220	237,138,038	5.3
Department: Public Works, Roads and Transport					-
Transport Management and safety	General Administration Planning and Support Services	73,750,000	15,204,539	58,545,461	20.6
Infrastructure, Roads, and Transport	Rehabilitation of Road	1,294,274,529	-	1,294,274,529	-
Infrastructure, Roads, and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	27,040,317	-	27,040,317	-
		1,395,064,846	15,204,539	1,379,860,307	1.1

Programme	Sub-Programme	Approved Estimates FY 2021/22 (Kshs.)	First Quarter Expenditure	Variance (Kshs.)	Absorption (%)
Department: Trade, Industrialisation, Tourism, Wildlife, and Cooperative Management					-
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	83,419,391	6,238,699	77,180,692	7.5
Trade development and investment	Administrative and Support Services.	16,125,061	2,642,689	13,482,372	16.4
Cooperative development and management	Cooperative Advisory & Extension Services.	32,516,870	368,000	32,148,870	1.1
Tourism development and marketing	Local Tourism Development.	10,000,000	-	10,000,000	-
		142,061,322	9,249,389	132,811,933	6.5
Department: ICT and E-Government					-
Information & Communication Service	News and Information Services	63,324,799	6,439,705	56,885,094	10.2
Information & Communication Service	ICT and BPO development services	38,593,934	-	38,593,934	-
		101,918,733	6,439,705	95,479,028	6.3
Department: County Public Service Board					-
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline, and Board Management.	57,386,254	8,425,541	48,960,713	14.7
		57,386,254	8,425,541	48,960,713	14.7
Department: Public Service Management					-
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	309,331,290	29,935,180	279,396,110	9.7
Administration of Human Resources and Public Service	Human Resource Development	115,763,313	9,111,214	106,652,100	7.9
		425,094,603	39,046,393	386,048,210	9.2
Department: County Assembly					-
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	407,091,170	76,621,019	330,470,151	18.8
Legislative Services		309,716,706	42,521,397		13.7
Administration of Human Resources and Public Service	Human Resource Development	12,903,857	848,218	12,055,639	6.6
		729,711,733	119,990,634	342,525,790	16.4
Grand Total		8,856,938,481	657,139,758	7,546,555,204	7.4

Source: Kericho County Treasury

Programmes with high levels of implementation based on absorption rates were: Transport Management Infrastructure, Roads and Transport programme in the Department of Roads and infrastructure at 20.6 per cent, County coordination services in the General administration planning and support services in the County Assembly at 18.8 per cent, Executive office of the governor at 17.7 per cent of budget allocation.

3.13.12 Key Observations and Recommendations

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

1. The County did not report any development expenditure during the period under review.

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

1. The County should identify and address issues causing delays in implementing development projects.

3.14 County Government of Kiambu

3.14.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.16.22 billion, comprising Kshs.4.79 billion (29.5 per cent) and Kshs.11.42 billion (70.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.72 billion (72.3 per cent) as the equitable share of revenue raised nationally, generating Kshs.3.88 million (23.9 per cent) from its sources of revenue. The County expects to also receive Kshs.615.64 million (3.8 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project (WB) Kshs.11.43 million, National Agricultural and Rural Inclusive Growth Project (NAGRIP) Kshs.402.84 million, Kenya Devolution Support Project (KDSP) Level 2 Grant Kshs.73.73 million, DANIDA Grant Kshs.20.90 million, Sweden - Agricultural Sector Development Support Programme (ASDSP) II Kshs.30.34 million, Kenya Informal Settlement Improvement Project (KISIP II) Kshs.50 million, and Kshs.26.40 million from the MSF Belgium.

3.14.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.93 billion as the equitable share of the revenue raised nationally, raised Kshs.583.50 million as own-source revenue, Kshs.73.73 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.2.52 billion, as shown in Table 3.52.

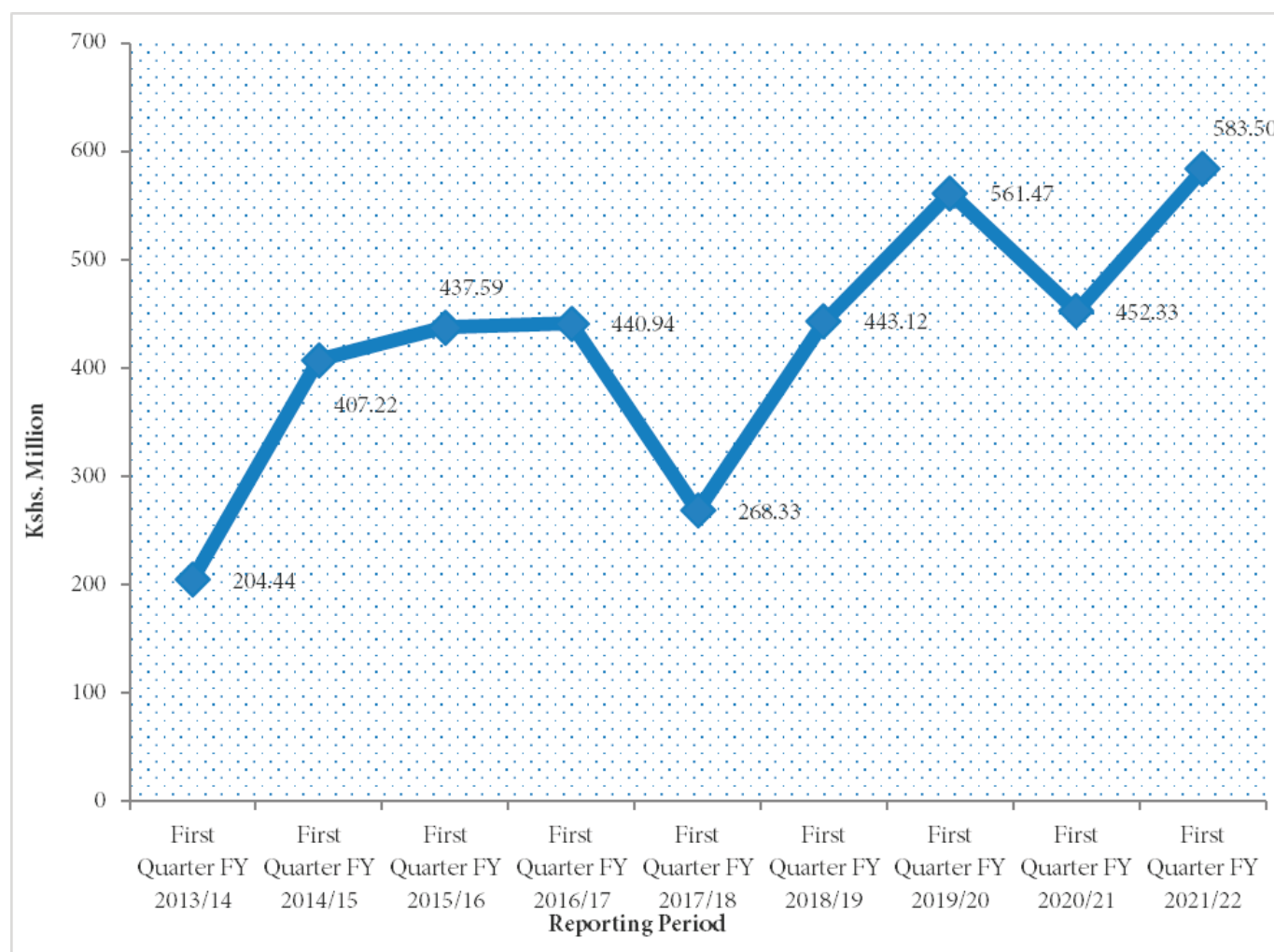
Table 3.52: Kiambu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,717,525,720	1,933,391,744	16.5
	Sub Total	11,717,525,720	1,933,391,744	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	3,883,303,882	583,496,860	15
2	Other Revenues (Conditional Grants)	615,639,254	73,731,600	12
	Sub Total	4,498,943,136	657,228,460	14.6
	Grand Total	16,216,468,856	2,590,620,204	16.0

Source: Kiambu County Treasury

Figure 3.26 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.26: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kiambu County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.583.50 million as own-source revenue. This amount represented an increase of 29 per cent compared to Kshs.452.33 million realised during a similar period in the first quarter of FY 2020/21 and was 15 per cent of the annual target. The 29 per cent improvement in revenue collection during the first quarter of FY 2021/22 may be attributed to the introduction of cashless payment of fees and charges in the County health facilities, the levies for the issuance of liquor licenses, and charges from the enforcement of physical plans from building constructions within the County.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.04 billion from the CRF account during the reporting period. The amount comprised Kshs.73.73 million (2.4 per cent) for development programmes and Kshs.2.96 billion (97.6 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

The County spent Kshs.2.51 billion on development and recurrent programmes during the reporting period. This expenditure represented 82.6 per cent of the total funds released by the CoB and comprised of Kshs.60.23 million and Kshs.2.45 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent while recurrent expenditure represented 21.4 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.5.70 billion and comprised of Kshs.3.07 billion for recurrent expenditure and Kshs.2.63 billion for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.137.50 million was paid towards pending bills entirely for recurrent expenditure.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.94 billion was spent on employee compensation, Kshs.503.48 million on operations and maintenance, and Kshs.60.23 million on development activities, as shown in Table 3.53.

Table 3.53: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,424,591,743	1,256,180,907	2,150,086,293	297,002,305	0.2	0.2
Compensation to Employees	7,323,042,355	513,852,971	1,792,743,430	150,864,278	24.5	29.4
Operations and Maintenance	4,101,549,388	742,327,936	357,342,863	146,138,027	8.7	19.7
Development Expenditure	4,791,877,113	90,000,000	60,226,248	-	1.3	-
Total	16,216,468,856	1,346,180,907	2,210,312,541	297,002,305	13.6	0.2

Source: Kiambu County Treasury

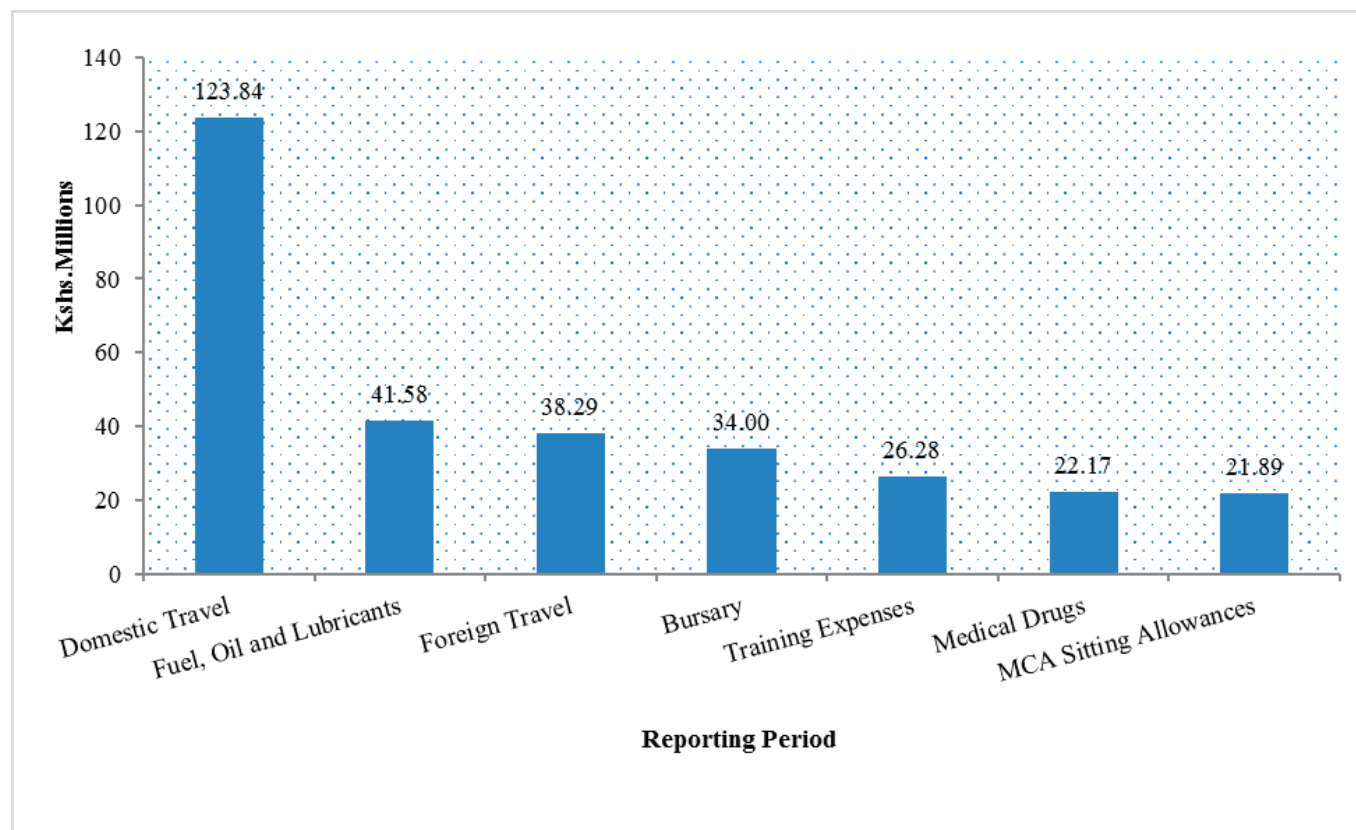
3.14.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 77.5 per cent of the total expenditure for the reporting period and 47.9 per cent of the first quarter proportional revenue of Kshs.4.05 billion.

3.14.8 Expenditure on Operations and Maintenance

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

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



Source: Kiambu County Treasury

The County spent Kshs.21.98 million on committee sitting allowances for the 93 MCAs and Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.78,778 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.123.84 million and comprised Kshs.82.20 million spent by the County Assembly and Kshs.41.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs.38.29 million and included Kshs.38.14 million by the County Assembly and Kshs.0.15 million by the County Executive.

3.14.9 Development Expenditure

The County incurred an expenditure of Kshs.60.23 million on development programmes, which represented a decrease of 62.3 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.159.76 million. Table 3.54 summarises development projects with the highest expenditure in the reporting period.

Table 3.54: Kiambu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase and distribution of certified maize seeds	Countywide	35,000,000	21,900,000	62.6
2	Purchase and Distribution of certified fertilizer	Countywide	60,000,000	12,000,000	20
3	Office refurbishments, Renovation, Landscaping, and car park extension @Red Nova Offices	Kiambu	30,000,000	11,298,648	37.7
4	Construction of Market Shed, an Office and Ablution Block at Rironi Ward	Limuru	12,700,000	9,200,511	-
5	Procure 4500 hours of Machinery, Plant, and Equipment services at the tipping platform of Kang'oki dumpsite.	Thika	40,500,000	9,000,000	22.2
6	Construction of Toilet Block in Juja Farm	Juja	4,782,679	4,782,679	100
7	Construction of Toilet in Kimunyu	Kimunyu	3,900,000	3,791,629	97.2
8	Construction of Ablution Block at Kerwa Ward	Kikuyu	3,395,673	3,395,673	100
9	Construction of Boda Boda Shed at Gituamba Ward	Gituamba	800,000	777,450	97.2
10	Gatundu Market Repairs	Gatundu	749,250	749,250	100

Source: Kiambu County Treasury

The total exchequer issues for development activities during the period were Kshs.73.73 million to the Department of Finance, Economic Planning, and ICT for Kenya Devolution Support Programme Level II. However, the department did not report any expenditure while the Departments of Water, Environment and Natural Resources; Lands, Physical Planning and Housing; Trade, Tourism, Industry, and Co-Operative; and Roads, Transport and Public Works reported expenditures as shown by the list of development projects above. This is an indication of the diversion of funds between votes.

3.14.10 Budget Performance by Department

Figure 3.55 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.55: Kiambu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,256.18	90.00	297.00	-	297.00	-	100	-	23.6	-
County Executive	341.58	-	60.54	-	71.13	-	117.5	-	20.8	-
County Public Service Board	62.10	-	8.44	-	9.14	-	108.3	-	14.7	-
Finance & Economic Planning & ICT	1,412.25	203.73	350.50	73.73	295.80	-	37.2	-	9.2	-
Administration & Public Service	835.99	31.00	177.10	-	130.30	-	-	-	-	-
Agriculture, Livestock, and Fisheries	463.16	837.53	125.98	-	65.73	-	52.2	-	14.2	-
Water, Environment & Natural Resources	341.52	293.00	84.67	-	37.56	9.00	44.4	-	11.0	3.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	4,874.44	821.64	1,425.75	-	1,270.52	-	89.1	-	26.1	-
Education, Culture & Social Services	971.20	233.97	238.64	-	141.19	-	59.2	-	14.5	-
Youth & Sports	111.25	175.54	39.71	-	29.92	-	75.3	-	26.9	-
Lands, Physical Planning & Housing	214.66	280.00	41.90	-	29.58	11.30	70.6	-	13.8	4.0
Trade, Tourism, Industry & Co-Operative	145.50	386.10	25.65	-	17.12	24.74	66.7	-	11.8	6.4
Roads, Transport & Public Works	394.76	1,439.37	87.70	-	52.11	15.19	59.4	-	13.2	1.1
	11,424.59	4,791.88	2,963.59	73.73	2,447.09	60.23	82.6	81.7	21.4	1.3

Source: Kiambu County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Tourism, Industry, and Co-operative recorded the highest absorption rate of development budget at 6.4 per cent while the Department of; Finance and Economic Planning; Administration & Public Service; Agriculture, Livestock, and Fisheries; Health Services; Education, Culture & Social Services; Youth & Sports; and County Assembly did not report any expenditure on development activities. The Department of Youth & Sports had the highest percentage of recurrent expenditure to budget at 26.9 per cent while the Department of Finance & Economic Planning & ICT had the lowest at 9.2 per cent.

3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.56 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.56: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption Rate (%)
County Assembly					
Legislation and Oversight of County Government		670,400,000	184,739,735	485,660,265	27.6
	Legislation and Oversight services	670,400,000	184,739,735	485,660,265	27.6
Representation services		152,250,000	31,216,077	121,033,923	20.5
	Representation services	152,250,000	31,216,077	121,033,923	20.5
General Administration and support services		523,530,907	81,046,494	442,484,413	15.5
	General Administration and support services	523,530,907	81,046,494	442,484,413	15.5
	Sub-Total	1,346,180,907	297,002,306	1,049,178,601	63.5
County Executive					
General Administration and Support Services		282,967,486	75,287,996	207,679,490	53.2
	Administration	282,967,486	75,287,996	207,679,490	53.2
		58,613,506	5,711,287	52,902,219	19.5
	County attorney	58,613,506	5,711,287	52,902,219	19.5
	Sub-Total	341,580,992	71,129,702	270,451,290	20.8
County Public Service Board					
Leadership and Admin of HR management and dev in County Public Service		62,096,211	9,138,549	52,957,662	14.7
	Human Resource development and management services	62,096,211	9,138,549	52,957,662	14.7
	Sub-Total	62,096,211	9,138,549	52,957,662	14.7
Finance & Economic Planning & ICT					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption Rate (%)
Public Finance Management, Economic Policy, and Strategy		1,615,986,168	295,800,540	1,320,185,628	18.3
	General Administration and support services	1,442,721,545	223,417,421	1,219,304,124	15.5
	financial management services	165,264,623	71,796,029	93,468,594	43.4
	Economic planning services	8,000,000	587,090	7,412,910	7.3
	Sub-Total	1,615,986,168	295,800,540	1,320,185,628	18.3
Administration & Public Service					
Admin & co-ord of County affairs, HR Dev, Mngt, Capacity Building		19,121,529	7,958,364	11,163,165	41.6
	Human resource development and management	19,121,529	7,958,364	11,163,165	41.6
General Administration Planning and Support Services	Economic Policy and National Planning	847,866,812	122,342,513	725,524,299	14.4
	Economic Planning Coordination services	847,866,812	122,342,513	725,524,299	14.4
	Sub-Total	866,988,341	130,300,877	736,687,464	15.0
Agriculture, Livestock, and Fisheries					
Crop, Livestock and Fisheries Development and Management		1,300,689,749	65,726,228	1,234,963,521	5.1
	General administration and support services	440,662,497	65,726,228	374,936,269	14.9
	Livestock resource management and development	73,000,000	-	73,000,000	-
	Fisheries Development	15,000,000	-	15,000,000	-
	Crop production and management	772,027,252	-	772,027,252	-
	Sub-Total	1,300,689,749	65,726,228	1,234,963,521	5.1
Water, Environment & Natural Resources					
Water Resources Mngt, Environment Protection and Conservation		293,000,000	9,000,000	284,000,000	3.1
	General administration and support services	-	-	-	-
	Environmental management	59,000,000	9,000,000	50,000,000	15.3
	Water provision and management	224,000,000	-	224,000,000	-
	Natural Resources Conservation and Management	5,000,000	-	5,000,000	-
	Renewable Energy and Climate Change	5,000,000	-	5,000,000	-
General Administration and Support Services		341,523,466	37,557,855	303,965,611	11.0
	General Administration and Support Services	341,523,466	37,557,855	303,965,611	11.0
	Sub-Total	634,523,466	46,557,855	587,965,611	7.3
Health Services					
Curative and Preventive Health care services		821,636,481	-	821,636,481	-
	General administration and support services	-	-	-	-
	Health curative services	821,636,481	-	821,636,481	-
	Preventive and promotive health services	-	-	-	-
Administration, Planning and Support Services		4,212,282,316	1,247,406,318	2,964,875,998	29.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption Rate (%)
	General Administration and Support Services	4,212,282,316	1,247,406,318	2,964,875,998	29.6
Preventive Health Services		46,333,390	-	46,333,390	-
	Community Health Services	46,333,390	-	46,333,390	-
Curative & Rehabilitative Health Services		535,824,221	942,000	534,882,221	0.2
	County Hospital Infrastructure	535,824,221	942,000	534,882,221	0.2
County Pharmaceutical Services		80,000,000	22,168,472	57,831,528	27.7
	Pharmaceutical and Non-Pharmaceutical supplies	80,000,000	22,168,472	57,831,528	27.7
	Sub-Total	5,696,076,408	1,270,516,790	4,425,559,618	22.3
Education, Culture & Social Services					
Pre-primary education Promotion of Culture; ICT and social Services		233,969,788	-	233,969,788	-
	General administration and support services	-	-	-	-
	Pre-primary education and youth polytechnics services	233,969,788	-	233,969,788	-
	ICT services	-	-	-	-
	Culture and social service	-	-	-	-
General Administration and support Services		730,202,219	106,074,522	624,127,697	14.5
	General Administration and support Services	730,202,219	106,074,522	624,127,697	14.5
Pre-primary education, Vocational Education and Training		235,000,000	35,111,675	199,888,325	14.9
	Early Childhood Development	235,000,000	35,111,675	199,888,325	14.9
	Vocational Training Centres	-	-	-	-
Culture Gender & Social Service Development		6,000,000	-	6,000,000	-
	Culture, Gender, and Social services	6,000,000	-	6,000,000	-
	Sub-Total	1,205,172,007	141,186,197	1,063,985,810	11.7
Youth & Sports					
Promotion and development of sports		275,257,813	29,916,153	245,341,660	10.9
	General administration and support services	275,257,813	29,916,153	245,341,660	10.9
Youth affairs		11,526,320	-	11,526,320	-
	Youth affairs	11,526,320	-	11,526,320	-
	Sub-Total	286,784,133	29,916,153	256,867,980	10.4
Lands, Physical Planning & Housing					
Land Management and Physical Planning; & Housing Development		472,070,216	40,882,572	431,187,644	8.7
	General administration and support services	107,329,827	29,583,924	77,745,903	27.6
	Land Management and Physical Planning	284,740,389	-	284,740,389	-
	Housing Development	80,000,000	11,298,648	68,701,352	14.1
Municipal Administration & Urban Development		22,589,438	-	22,589,438	-
	Municipal Administration and Urban Development	22,589,438	-	22,589,438	-
	Sub-Total	494,659,654	40,882,572	453,777,082	8.3
Trade, Tourism, Industry & Co-Operative					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption Rate (%)
Industrial, Investments, Tourism, Trade and Cooperative Development		531,600,912	41,857,934	489,742,978	7.9
	General administration and support services	-	-	-	-
	Trade, Industrial Development and Investments	393,553,578	39,609,784	353,943,794	10.1
	Tourism Development and Promotion	16,500,000	-	16,500,000	-
	Cooperative Development and promotion	86,547,334	2,248,150	84,299,184	2.6
	Enterprise Development	35,000,000	-	35,000,000	-
	Sub-Total	531,600,912	41,857,934	489,742,978	7.9
Roads, Transport & Public Works					
Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance		1,439,374,561	15,187,903	1,424,186,658	1.1
	General administration and support services	-	-	-	-
	Construction of road and civil works	1,439,374,561	15,187,903	1,424,186,658	1.1
Administration, planning & support		394,755,348	52,111,241	342,644,107	13.2
	General Administration and Support services	394,755,348	52,111,241	342,644,107	13.2
	Sub-Total	1,834,129,909	67,299,144	1,766,830,765	3.7
	Grand-Total	16,216,468,857	2,507,314,848	13,709,154,009	15.5

Source: Kiambu County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of County Executive at 53.2 per cent, Administration & Co-ordination of County Affairs, Human Resource Development, Management, and Capacity Building in the Department of Administration and Public Service at 41.6 per cent, Administration, Planning and Support Services in the Department of Health Services at 29.6 per cent of budget allocation.

3.14.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.60.23 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.79 billion. The development expenditure represented 1.3 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.583.50 million against an annual projection of Kshs.3.88 billion, representing 15 per cent of the annual target.
3. A considerable accumulation of pending bills amounting to Kshs.5.56 billion, accounting for 34.3 per cent of the FY 2021/22 approved budget.
4. Weak internal control process by the County Treasury as indicated by the diversion of approved exchequer issues between County Departments in Table 3.55.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. The County Treasury should make progress towards clearing pending bills that stand at Kshs.5.56 billion.
4. The County Treasury should strengthen its internal control mechanisms to correct the irregular diversion of funds between votes.

3.15 County Government of Kilifi

3.15.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.87 billion, comprising Kshs.5.81 billion (39.1 per cent) and Kshs.9.06 billion (60.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.64 billion (74.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.925 million (5.9 per cent) from own sources of revenue, and a cash balance of Kshs.795.81 million (5.1 per cent) from FY 2020/21. The County also expects to receive Kshs.2.15 billion (13.7 per cent) as conditional grants, which consists of Universal Health Project, National Agricultural and Rural Inclusive Growth Project (NARIGP), Kenya Devolution Support Programme (KDSP) Level 1 Grant, Kenya Urban Support Programme (KUSP)-Urban Development Grant, DANIDA, Water & Sanitation Development Programme (WSDP), Kenya Devolution Support Programme (KDSP) Level II Grant and Agricultural Sector Development Support Programme (ASDSP) II.

3.15.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.92 billion as the equitable share of the revenue raised nationally, raised Kshs.106.26 million as own-source revenue, and had a cash balance of Kshs.795.81 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.82 billion, as shown in Table 3.57.

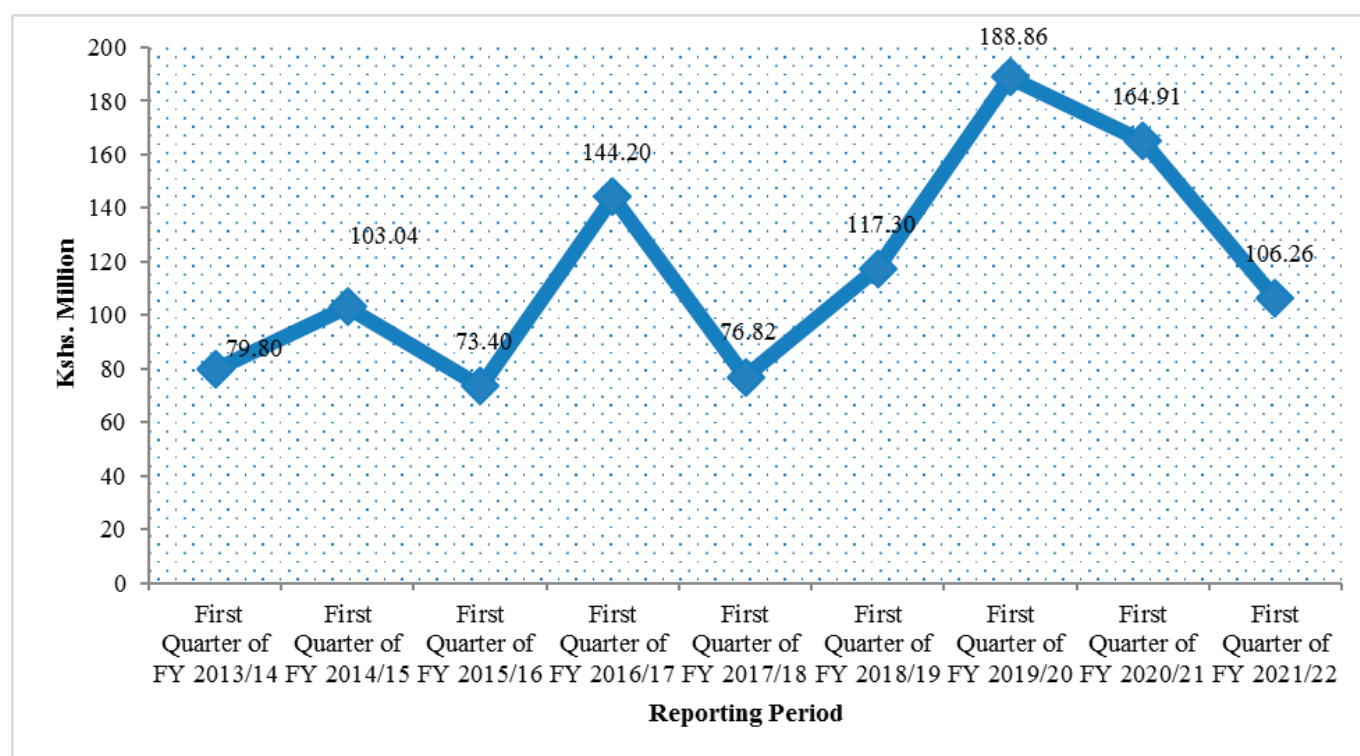
Table 3.57: Kilifi County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	1,920,862,835	16.5
Sub Total		11,641,592,941	1,920,862,835	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	925,000,000	106,260,538	11.5
2	Balance b/f from FY2020/21	-	795,814,932	-
3	Loans & Grants	2,154,008,617	-	-
4	Leasing of Medical Equipment	153,297,872	-	-
Sub Total		3,232,306,489	880,885,017	27.3
Grand Total		14,873,899,430	2,822,938,304	19

Source: Kilifi County Treasury

Figure 3.28 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.28: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kilifi County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.106.26 million as own-source revenue. This amount represented a decrease of 35.6 per cent compared to Kshs.164.91 million realised during a similar period in the first quarter of FY 2020/21 and was 11.5 per cent of the annual target.

The decrease can be attributed to the fact that the County did not include funds from the health sector, which they might be using at the source without disclosure. In the last FY 2020/21, the County collected Kshs.48.48 million during the same period and Kshs.162.52 million by the end of that FY 2020/21. The County Treasury should ensure all revenues be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.39 billion from the CRF account during the reporting period and was entirely for recurrent programmes.

3.15.4 Overall Expenditure Review

The County spent Kshs.866.63 million on development and recurrent programmes during the reporting period. This expenditure represented 5.8 per cent of the total funds released by the CoB and was entirely for recurrent activities. The recurrent expenditure represented 9.6 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.99 billion and comprised of Kshs.1.19 billion for recurrent expenditure and Kshs.795.37 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the bills in the financial year. The County repayment plan amounts to Kshs.973.84 million consisting of kshs.569.52 million for recurrent and Kshs.404.32 million for development.

During the period under review, the County Treasury did not report any payments towards the settlement of pending bills.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.481.01 million was spent on employee compensation and Kshs.385.62 million on operations and maintenance, as shown in

Table 3.58.

Table 3.58: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,060,783,423	901,500,000	701,186,510	165,446,027	8.7	18.4
Compensation to Employees	4,640,626,456	473,084,357	373,190,572	107,823,133	8.0	22.8
Operations and Maintenance	3,420,156,967	428,415,643	327,995,938	57,622,894	9.6	13.5
Development Expenditure	5,813,116,007	98,500,000	-	-	-	-
Total	13,873,899,430	1,000,000,000	701,186,510	165,446,027	5.1	16.5

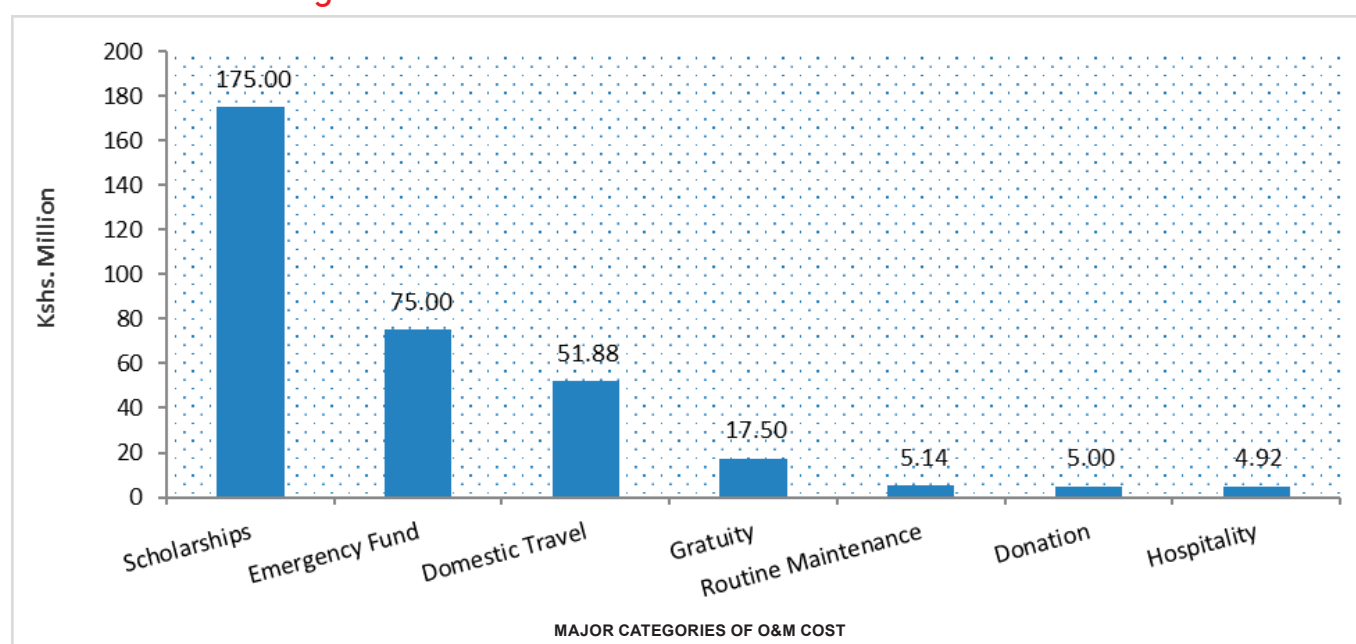
Source: Kilifi County Treasury

3.15.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 55.5 per cent of the total expenditure for the reporting period and 12.3 per cent of the first quarter proportional revenue of Kshs.3.92 billion.

3.15.8 Expenditure on Operations and Maintenance

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

Figure 3.29: Kilifi County, Operations and Maintenance Expenditure by Major Categories

Source: Kilifi County Treasury

The County spent Kshs.18.9 million on committee sitting allowances for the 56 MCAs and Speaker against the annual budget allocation of Kshs.72.95 million. The average monthly sitting allowance was Kshs.112,613 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.51.88 million and comprised Kshs.45.47 million spent by the County Assembly and Kshs.6.4 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33,640 by the County Executive.

3.15.9 Development Expenditure

The County did not report development expenditure in the period under review.

3.15.10 Budget Performance by Department

Table 3.59 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.59: Kilifi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	901.50	98.50	170.82	2.50	165.45	-	96.9	-	18.4	-
Office of the Governor	196.93	-	19.93	-	61.40	-	308.0	-	31.2	-
County Attorney	129.19	-	-	-	-	-	-	-	-	-
Finance	420.42	2,173.01	-	-	90.33	-	-	-	21.5	-
Economic Planning	110.59	-	-	-	1.27	-	-	-	1.1	-
Agriculture	60.41	59.28	-	-	-	-	-	-	-	-
Livestock	28.18	23.78	-	-	-	-	-	-	-	-
Fisheries	31.36	99.75	-	-	-	-	-	-	-	-
Water And Sanitation	13.09	359.83	-	-	-	-	-	-	-	-
Environment & Natural Resources	152.83	-	-	-	-	-	-	-	-	-
Education (Sports & Youth Affairs)	426.34	83.50	175.00	-	175.00	-	100.0	-	41.0	-
ICT	28.18	-	-	-	-	-	-	-	-	-
Medical Services	918.88	1,069.76	-	-	-	-	-	-	-	-
Public Health	89.13	20.50	-	-	-	-	-	-	-	-
Roads & Public Works	270.18	1,251.80	-	-	-	-	-	-	-	-
Lands and Energy	254.13	213.30	-	-	-	-	-	-	-	-
Physical Planning & Urban Development	19.73	81.11	-	-	-	-	-	-	-	-
Gender, Culture & Social Services	80.41	55.50	-	-	-	-	-	-	-	-
Trade and Tourism	76.64	206.50	-	-	-	-	-	-	-	-
Cooperatives Development	14.09	-	-	-	-	-	-	-	-	-
Public Service Board	35.55	-	-	-	-	-	-	-	-	-
Devolution & Disaster Service	162.39	17.00	-	-	-	-	-	-	-	-
Public Service Management	4,640.63	-	1,024.55	-	373.19	-	36.4	-	8.0	-
TOTAL	9,060.78	5,813.12	1,390.30	2.50	866.63	-	62.3	-	9.6	-

Source: Kilifi County Treasury

Analysis of expenditure by the department shows that the Department of Education (Sports & Youth Affairs) had the highest percentage of recurrent expenditure to budget at 41 per cent, followed by the Office of the Governor at 31.2 per cent.

3.15.11 Budget Execution by Programmes and Sub-Programmes

Figure 3.60 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

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

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Legislation	482,874,928	61,815,336	421,059,592	12.8
	Oversight	129,050,000	30,907,667	98,142,333	24.0
	Administration	289,575,072	72,723,003	316,852,069	18.7
	Development	98,500,000		118,500,000	-
	Sub Total	1,000,000,000	165,446,006	834,553,994	1.0
Office of the Governor	Intergovernmental relations	17,800,000	8,438,088	3,613,220	47.4
	Administration, planning and support services	179,130,782	52,959,696	48,287,683	29.6
	Sub Total	196,930,782	61,397,784	51,900,903	77.0
County Attorney	Administration Planning And Support Services	129,193,400	-	54,295,300	-
	Sub Total	129,193,400	-	54,295,300	-
Finance	Administration, Planning and Support Services	260,400,000	88,987,420	171,412,580	34.2
	Budget Formulation, Coordination and Management	47,912,336	154,680	47,757,656	0.3
	Audit Services	9,030,000	198,200	8,831,800	2.2
	Accounting Services	9,800,000	378,710	9,421,290	3.9
	Supply Chain Management Services	8,444,000	246,340	8,197,660	2.9
	Resource Mobilisation/Debt Management	84,831,001	365,285	123,999,171	0.4
	Development	2,173,008,617			
	Sub Total	2,593,425,954	90,330,635	369,620,157	-
Economic Planning	County Fiscal Planning	47,100,000	-	47,100,000	-
	Statistical Information Services/Monitoring	63,493,608	1,267,540	63,493,608	2.0
	Sub Total	110,593,608	1,267,540	110,593,608	-
Agriculture	General Administration, Planning and Support Services	60,411,065	-	60,411,065	-
	Crop Production and Management	19,153,135	-	19,153,135	-
	Agribusiness and Information Management	28,292,811	-	28,292,811	-
	Irrigation and Drainage Infrastructure	11,831,678	-	11,831,678	-
	Sub Total	119,688,689	-	119,688,689	-
Livestock	Administration, Planning and Support services	16,592,695	-	16,592,695	-
	Livestock Policy and Capacity Development	3,360,000	-	3,360,000	-
	Livestock Production and Management	6,090,000	-	6,090,000	-
	Livestock Value Addition and Marketing	10,309,188	-	10,309,188	-
	Food Safety and Animal Products Development	9,345,000	-	9,345,000	-
	Livestock Disease Management and Control	6,270,000	-	6,270,000	-
	Sub Total	51,966,883	-	51,966,883	-
Fisheries	Fisheries Policy and Capacity Development	13,428,132	-	13,428,132	-
	Sustainable Fisheries Production and Management	8,610,184	-	8,610,184	-
	Assurance of Fish Safety, Value Addition, and Marketing	106,076,111	-	106,076,111	-
	Marine Fisheries Production & blue economy	3,000,000	-	3,000,000	-
	Sub Total	131,114,426	-	131,114,426	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Water & Sanitation	General Administration, Planning and Support Services	13,091,348	-	13,091,348	-
	Water Supply Infrastructure	359,828,875	-	359,828,875	-
	Sub Total	372,920,223	-	372,920,223	-
Environment	County Environment Management	147,578,466	-	147,578,466	-
	Forest conservation and management	5,250,000	-	5,250,000	-
	Sub Total	152,828,466	-	152,828,466	-
Education	General administration, planning, and support services	59,741,148	-	59,741,148	-
	Early Childhood development education	109,049,544	-	109,049,544	-
	Education support services	259,500,000	175,000,000	84,500,000	67.4
	Education and training	81,547,485	0	81,547,485	-
	Sub Total	509,838,177	175,000,000	334,838,177	1.0
ICT	Information Communication Technology	28,182,695	-	28,182,695	-
	Sub Total	28,182,695	-	28,182,695	-
Health	Rehabilitative Services(Mental Health, Orthopaedic, Physio and Occupational therapy)	360,000	-	360,000	-
	General & specialised medical & surgical services	50,583,270	-	50,583,270	-
	Diagnostic services	500,583,270	-	500,583,270	-
	County Referral Services Total	7,510,000	-	7,510,000	-
	Capacity Building & Training	9,000,000	-	9,000,000	-
	Health Policy & Financing	3,163,393	-	3,163,393	-
	Administration for Health	1,416,236,289	-	1,416,819,557	-
	Immunization	1,200,000	-	1,200,000	-
	Sub Total	1,988,636,222	-	1,989,219,490	-
Public Health	Communicable Disease Control	109,629,238	-	109,629,238	-
	Sub Total	109,629,238	-	109,629,238	-
Roads & Public Works	General administration, planning, and support services	270,184,625	-	270,184,625	-
	Road Transport	1,251,800,000	-	1,251,800,000	-
	Sub Total	1,521,984,625	-	1,521,984,625	-
Lands	General Administration	254,129,238	-	254,129,238	-
	Development	213,300,000	-	213,300,000	-
	Sub Total	467,429,238	-	467,429,238	-
Physical Planning & Urban Development	General Administration	19,727,887	-	19,727,887	-
	Development	81,108,000	-	81,108,000	-
	Sub Total	100,835,887	-	100,835,887	-
Gender, Culture & Social Services	General Administration	80,407,643	-		-
	Development	55,500,000	-		-
	Sub Total	135,907,643	-	-	-
Trade And Tourism	General Administration	76,637,504	-		-
	Development	206,500,000	-		-
	Co-operatives	14,091,348	-		-
	Sub Total	297,228,852	-	-	-
Public Service Board	General Administration	35,546,156	-		-
	Sub Total	35,546,156	-	-	-
Devolution & Disaster Service	General Administration	162,391,810	-		-
	Development	17,000,000	-		-
	Sub Total	179,391,810	-	-	-
Public Service management	General Administration	4,640,626,456	373,190,572	-	8.0
	Sub Total	4,640,626,456	373,190,572	-	-
Grand Total		14,873,899,430	866,632,537	6,801,601,999	3.0

Source: Kilifi County Treasury

Programmes with high levels of implementation based on absorption rates were: Education Support Service in the Department of Education at 67.4 per cent, Intergovernmental relations in the Office of the Governor 47.4 per cent, and Administration and planning in the Department of Finance at 34.2 per cent of budget allocation.

3.15.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 25th October 2021.
2. Lack of development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.12 billion.
3. The underperformance of own-source revenue at Kshs.106.26 million against an annual projection of Kshs.925 million, representing 11.5 per cent of the annual target.
4. Use of revenue at the source. The OSR reported by the County did not include revenue from the health sector, which may imply that revenue from the health sector was being spent at source as it was not deposited into the CRF.
5. High outstanding pending bills, which amounted to Kshs.1.99 billion at the beginning of the financial year and failure to settle these bills in the first quarter of the financial year. In addition, the pending bills payment plan provided for Kshs.974.84 million instead of the reported amount of Kshs.1.99 billion.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve budgetary control and also ensure that all revenue is banked into the CRF account according to Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury needs to review its pending bills payment plan to include all outstanding pending bills. Further, pending bills should be settled on a First-In-First-Out basis.*

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.70 billion, comprising Kshs.3.17 billion (41.2 per cent) and Kshs.4.53 billion (58.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.19 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.485 million (6.3 per cent) from own sources of revenue, and a cash balance of Kshs.1.08 billion (14.1 per cent) from FY 2020/21. The County also expected to receive Kshs.983.37 million (12.2 per cent) as "other revenues." "Other revenues" consist of Transforming Health Systems for Universal care Project (WB), National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA Grant, Kenya Devolution Support Project (KDSP) Level 2 Grant, Agricultural Sector Development Support Programme (ASDSP) II, and Delayed Exchequer May/June 2020 (FY 2021/2022 Estimated Delayed Exchequer for May and June 2021 at Kshs.360 for each Month).

3.16.2 Revenue Performance

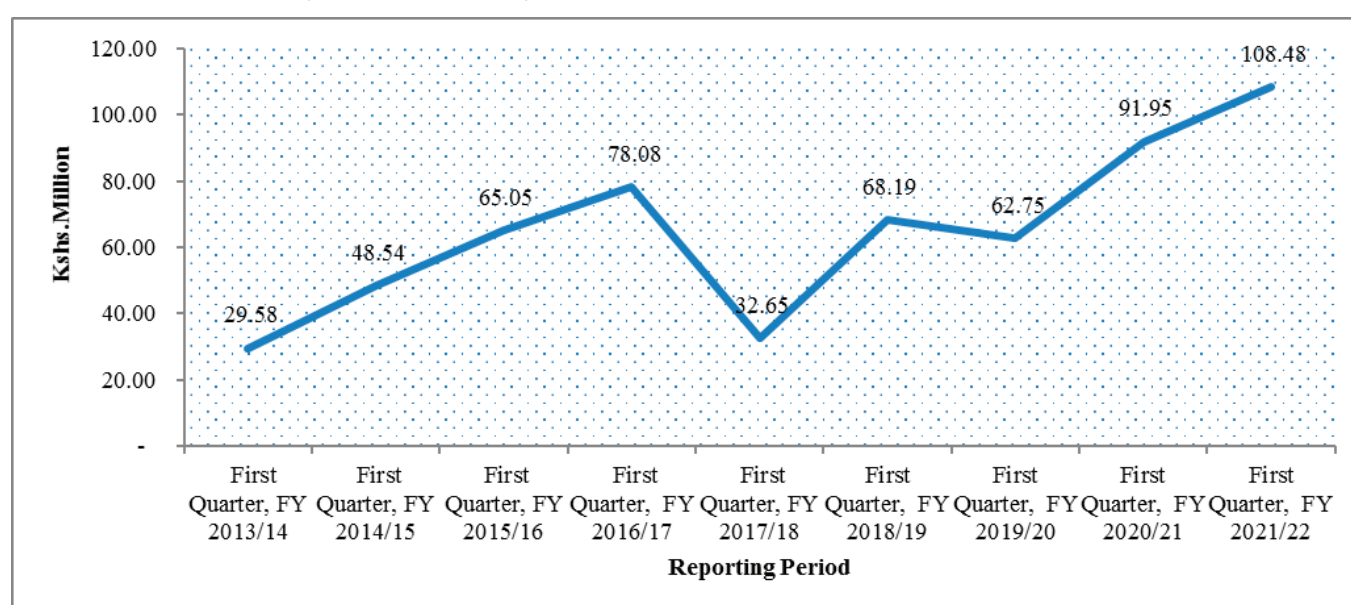
In the first quarter of FY 2021/22, the County received Kshs.857.36 million as the equitable share of the revenue raised nationally, raised Kshs.108.47 million as own-source revenue, and had a cash balance of Kshs.1.08 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.05 billion, as shown in Table 3.61.

Table 3.61: Kirinyaga County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,196,177,952	857,369,362	16.5
Sub Total		5,196,177,952	857,369,362	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	485,000,000	108,478,321.00	22.4
2.	Balance b/f from FY2019/20	1,085,780,955	1,085,780,955	100.0
3.	Other Revenues	938,373,200	-	-
Sub Total		2,509,154,155	1,194,259,276	47.6
Grand Total		7,705,332,107	2,051,628,638	26.6

Source: Kirinyaga County Treasury

Figure 3.30 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.30: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22

Source: Kirinyaga County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.108.48 million as own-source revenue. This amount represented an increase of 16.6 per cent compared to Kshs.91.95 million realised during a similar period in FY 2020/21 and was 22.4 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.03 billion from the CRF account during the reporting period. The amount comprised Kshs.124.80 million (12.0 per cent) for development programmes and Kshs.915.15 million (88.0 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

The County spent Kshs.1.03 billion on development and recurrent programmes during the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB and comprised of Kshs.124.80 million and Kshs.915.15 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.9 per cent, while recurrent expenditure represented 20.2 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.402.12 million and comprised of Kshs.223.77 million for recurrent expenditure and Kshs.178.36 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.7.41 million was paid towards settling pending bills.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.710.45 million was spent on employee compensation, Kshs.204.70 million on operations and maintenance, and Kshs.124.80 million on development activities, as shown in Table 3.62.

Table 3.62: Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,893,665,788	637,393,333	723,357,114	191,802,519	723,357,114	191,802,519	18.6	30.1
Compensation to Employees	2,369,844,138	318,163,728	630,664,924	79,787,834	630,664,924	79,787,834	26.6	25.1
Operations and Maintenance	1,523,821,650	319,229,605	92,692,190	112,014,686	92,692,190	112,014,686	6.1	35.1
Development Expenditure	2,804,704,761	369,568,225	124,807,254	-	124,807,254	-	4.4	-
Total	6,698,370,549	1,006,961,558	848,164,368	191,802,519	848,164,368	191,802,519	12.7	19.0

Source: Kirinyaga County Treasury

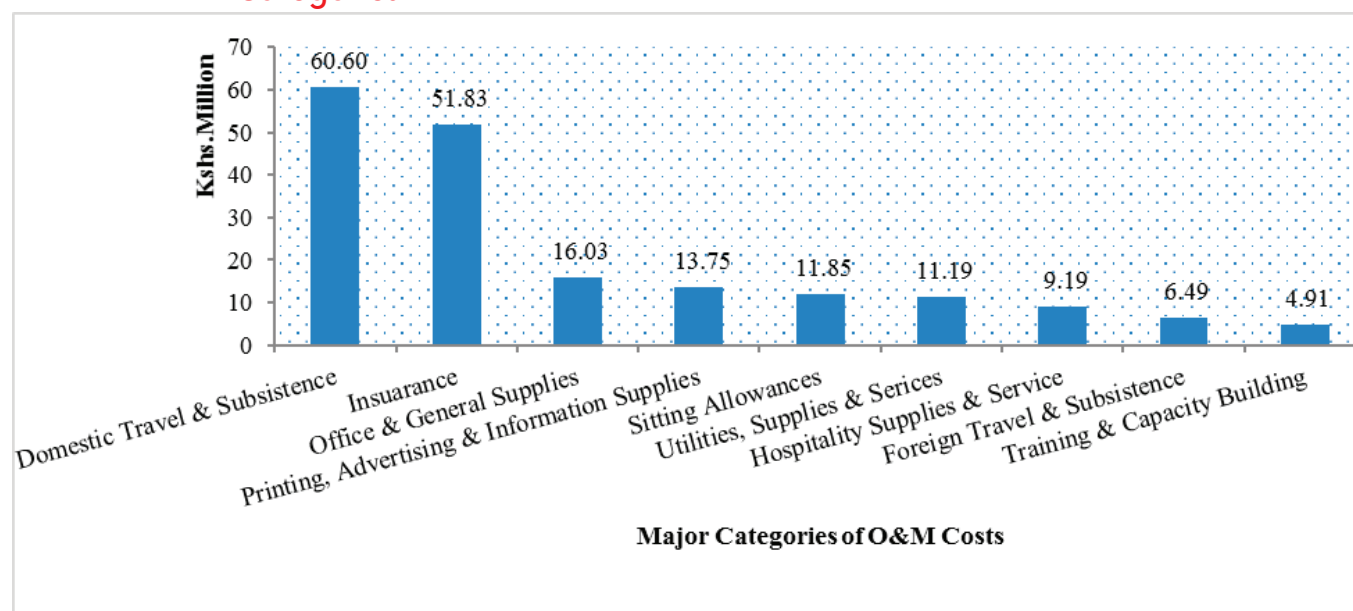
3.16.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 68.3 per cent of the total expenditure for the reporting period and 34.6 per cent of revenue.

3.16.8 Expenditure on Operations and Maintenance

Figure 3.31 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.31: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

The County spent Kshs.11.85 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.60.59 million. The average monthly sitting allowance was Kshs.116,200 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.60.59 million and comprised Kshs.47.88 million spent by the County Assembly and Kshs.12.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.49 million paid by the County Assembly.

3.16.9 Development Expenditure

The County incurred an expenditure of Kshs.124.80 million on development programmes, which represented an improvement compared to a similar period in FY 2020/21 when the County did not record any expenditure on development activities. Table 3.63 summarises development projects with the highest spending in the reporting period.

Table 3.63: Kirinyaga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	FY 2021-22 Budget	1 st Quarter FY 2021-22 Expenditure Returns	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of the Hospital Complex	Kerugoya	415,346,032	122,742,254	1,150,571,187	974,005,919	84.7
2	Intensification of eggs production (Provision of affordable poultry Housing) Construction of buildings WEZESHA (Implementation after County Assembly approval)	County	13,500,000	2,065,000	13,275,000	10,915,000	82.2

Source: Kirinyaga County Treasury

3.16.10 Budget Performance by Department

Table 3.64 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.64: Kirinyaga County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	637.39	369.57	191.80	-	191.80	-	100.0	-	30.1	-
County Executive	459.74	143.63	74.53	-	74.53	-	100.0	-	16.2	-
Finance and Economic Planning	599.77	2.08	151.15	-	151.15	-	100.0	-	25.2	-
Medical Services and Public Health	1,962.28	958.75	359.23	122.74	359.23	122.74	100.0	100.0	18.3	12.8
Education	299.81	22.01	42.76	-	42.76	-	100.0	-	14.3	-
Agriculture, Livestock and Fisheries	251.71	795.88	32.21	2.07	32.21	2.07	100.0	100.0	12.8	0.3
Gender and Youth	46.17	5.00	7.12	-	7.12	-	100.0	-	15.4	-
Sports Culture and Social Services	22.71	19.94	3.09	-	3.09	-	100.0	-	13.6	-
Cooperative Development Trade and Tourism	42.84	19.47	6.08	-	6.08	-	100.0	-	14.2	-
Environment and Natural Resources	102.59	126.68	24.29	-	24.29	-	100.0	-	23.7	-
Physical Planning and Housing	28.97	99.19	7.27	-	7.27	-	100.0	-	25.1	-
Transport and Infrastructure	77.08	612.08	15.64	-	15.64	-	100.0	-	20.3	-
Total	4,531.06	3,174.27	915.16	124.81	915.16	124.81	100.0	100.0	20.2	3.9

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the only Department of Medical Services and Public Health and the Department of Agriculture, Livestock, and Fisheries recorded spending on development activities at an absorption rate of 12.8 per cent and 0.3 per cent respectively. The County Assembly had the highest percentage of recurrent expenditure to budget at 30.1 per cent, while the Department of Agriculture, Livestock and Fisheries had the lowest at 12.8 per cent.

3.16.11 Budget Execution by Programmes and Sub-Programmes

Table 3.65 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.65: Kirinyaga County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Legislation and Oversight	Legislation and Oversight	1,006,961,558	191,802,519	815,159,039	19.00
Sub Total		1,006,961,558	191,802,519	815,159,039	19.00%
Office of the Governor and Deputy Governor	070601 County Executive Services	303,048,284	62,607,893.25	240,440,391	20.70
County Executive Administration	070701 County Executive Services	143,630,336		143,630,336	0.00
Management of County Affairs	070801 Coordination of County Functions	121,452,000	6,603,169.00	114,848,831	5.40
County Executive Committee Affairs	070901 Organization of County Business	6,200,000	813,700.00	5,386,300	13.10
County Public Service Board	071001 Human Resource Management	12,906,040	1,068,620.00	11,837,420	8.30
Administrative Support Services	020202 ICT Governance	3,480,000	594,700.00	2,885,300	17.10
	020701 Government Buildings Services	2,567,000	100,000.00	2,467,000	3.90
	070411 Audit Committee	1,919,000	-	1,919,000	0.00
	070412 County Enforcement Activities	4,185,000	945,000.00	3,240,000	22.60
	070413 ICT Infrastructure Development Management	2,458,800	1,800,000.00	658,800	73.20
	070414 ICT Systems Development Management	1,522,000	-	1,522,000	0.00
Sub Total		603,368,460	74,533,082	528,835,378	12.40%
Public Finance Management	070401 Finance Services	560,294,675	146,302,421.95	413,992,253	26.10
	070402 Revenue Services	16,800,000	1,575,500.00	15,224,500	9.40
	070404 Procurement and Supply Services	6,446,500	131,600.00	6,314,900	2.00
	070405 Internal Audit Services	1,318,200	113,400.00	1,204,800	8.60
	070408 Budget Formulation, Coordination and Management	7,914,520	546,400.00	7,368,120	6.90
	070409 Accounting Services	5,477,500	1,972,300.00	3,505,200	36.00
County Planning and Economic Policy Management	070501 Economic Planning Services	3,599,000	507,000.00	3,092,000	14.10
Sub Total		601,850,395.00	151,148,621.95	450,701,773.05	25.10%
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,921,022,278	481,967,930.29	2,439,054,348	16.50
Sub Total		2,921,022,278	481,967,930	2,439,054,348	16.50%
Basic Education	050101 General Administration	264,796,229	42,649,960.95	222,146,268	16.10
	050102 Free Pre- Primary Education	19,840,000	106,000.00	19,734,000	0.50
State Education Function Support	050203 Tertiary Education	0	-	-	0.00
Technical and Vocational Training	050301 Village Polytechnic	37,186,304	-	37,186,304	0.00
Sub Total		321,822,533	42,755,961	279,066,572	13.30%
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	305,000	0.00
	010105 Livestock Production Management	2,480,000	448,776.00	2,031,224	18.10
	010106 Livestock Disease Management & Control	1,200,000	-	1,200,000	0.00

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	361,104.00	1,138,896	24.10
	010203 Agribusiness and Market Development	320,000	-	320,000	0.00
	010206 Land and Crop Development	1,331,000	325,456.00	1,005,544	24.50
	010207 Food Security Initiatives	400,000	-	400,000	0.00
Kamweti Agricultural Training Centre	Extension and Training			-	0.00
Fisheries Development	010402 Aquaculture Development	200,000	-	200,000	0.00
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	2,543,000	-	2,543,000	0.00
	011001 General Administration and Planning	1,037,317,762	33,135,219.20	1,004,182,543	3.20
Sub Total		1,047,596,762	34,270,555	1,013,326,207	3.30%
Culture	090702 Social Welfare Services	10,687,000	-	10,687,000	0.00
	091201 Gender Administration Services	30,821,210	7,124,741.10	23,696,469	23.10
	091301 Gender and Social Development	8,990,000	-	8,990,000	0.00
Youth	090901 Youth Development and Empowerment Services	670,000	-	670,000	0.00
Sub Total		51,168,210	7,124,741	44,043,469	13.90%
Sports	090701 General Administration	12,221,217	3,087,147.70	9,134,069	25.30
	090801 Development of Sports and Sports Facilities	19,937,353	-	19,937,353	0.00
	091401 Management & Development of Sports and Sports Facilities	2,925,000	-	2,925,000	0.00
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	1,549,000	0.00
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	248,800	0.00
Children Services	091101 Child Community Support Services	5,764,000	-	5,764,000	0.00
Sub Total		42,645,370	3,087,148	39,558,222	7.20%
Trade Development and Investment	030401 General Administration and Planning	37,773,441	6,078,436.95	31,695,004	16.10
	030103 Capacity building for Traders and SME's	1,527,000	-	1,527,000	0.00
	030104 promotion, Development & Growth of Trade	354,000	-	354,000	0.00
	030105 Fair Trade Practises and Consumer Protection	205,000	-	205,000	0.00
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	195,500	0.00
	030304 International Tourism Promotion and Marketing	310,000	-	310,000	0.00
	030305 Promotion of Industrial Development	1,268,500	-	1,268,500	0.00
	030306 Provision of Industrial Training	140,000	-	140,000	0.00

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Cooperative Development and Marketing	030101 General Administration & Planning	19,471,788		19,471,788	0.00
	030405 Cooperative Advisory and Extension Services	295,000	-	295,000	0.00
	030406 Cooperative Education and Training	542,000	-	542,000	0.00
	030407 Cooperative Governance and Accountability	159,000	-	159,000	0.00
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	70,000	0.00
Sub Total		62,311,229	6,078,437	56,232,792	9.80%
Water Supply Services	090101 Water and Irrigation	126,675,566	-	126,675,566	0.00
Energy Programme	090301 Energy Services	405,000	-	405,000	0.00
Cleaning and Waste Management	090502 Environment Management and Protection	675,800		675,800	0.00
Nema	090401 Waste Management Services	101,508,439	24,287,242.45	77,221,197	23.90
Sub Total		229,264,805	24,287,242	204,977,563	10.60%
Land and Physical Planning	010601 General Administration and Planning	26,533,028	7,173,400.10	19,359,627	27.00
	010604 County Spatial Planning	1,510,000	-	1,510,000	0.00
	010605 Town Zoning and Mapping	99,192,631		99,192,631	0.00
	010607 Survey and Mapping	505,000	-	505,000	0.00
Housing Development	010701 Improvement and Development of Human Settlements	420,000	94,000.00	326,000	22.40
Sub Total		128,160,659	7,267,400	120,893,258	5.70%
Transport Management	020301 General Administration and Planning	61,571,285	15,643,249.45	45,928,036	25.40
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	-	4,507,000	0.00
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	613,381,564		613,381,564	0.00
Infrastructure Development, Maintenance, and Management	020801 Infrastructure Development Services	9,700,000	-	9,700,000	0.00
Sub Total		689,159,849	15,643,249	673,516,600	2.30%
Grand Total		7,705,332,108	1,039,966,888	6,665,365,220	13.50%

Source: Kirinyaga County Treasury

The programmes with high levels of implementation based on absorption rates were: ICT Infrastructure and Development Management in the Department of County Executive at 73.2 per cent, Accounting Services in the Department of Finance and Economic Planning at 36.0 per cent, General Administration and Planning, in the Department of Lands and Physical Planning at 27.0 per cent, and Finance Services in the Department of Finance and Economic Planning at 26.1 per cent of budget allocation.

3.16.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB noted that the County Government had made progress in ensuring effective budget implementation by making a timely submission of quarterly financial reports.

3.17 County Government of Kisii

3.17.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.59 billion, comprising Kshs.4.07 billion (32.3 per cent) and Kshs.8.52 billion (67.7 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.89 billion (70.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.700 million (6.0 per cent) from own sources of revenue, and a cash balance of Kshs.2.10 billion (17.7 per cent) from FY 2020/21. The County also expects to receive Kshs.153 million (1.2 per cent) as conditional grants, which consists of the Leasing of Medical Equipment grant and other grants from development partners consisting of; KDSP 'starter pack'-(Level 11), NAGRIP, SIDA, Conditional allocation-Health Systems for universal care, DANIDA, European Union Instruments for Devolution Advice and Support, Urban Development Grant.

3.17.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.47 billion as the equitable share of the revenue raised nationally, raised Kshs.66.54 million as own-source revenue, Kshs.227.72 million as conditional grants, and had a cash balance of Kshs.783.03 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.54 billion, as shown in Table 3.66.

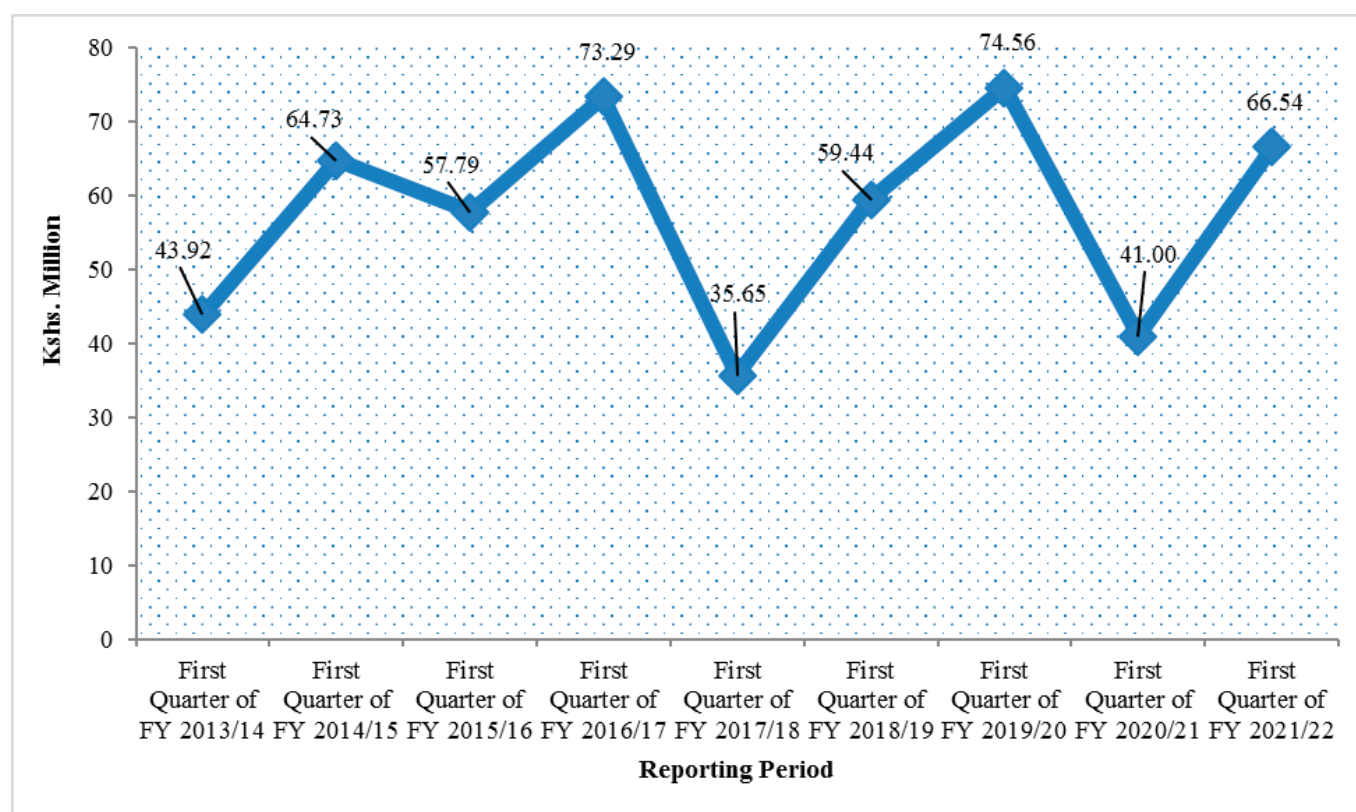
Table 3.66: Kisii County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,894,274,509	1,467,555,293	16.5
	Sub Total	8,894,274,509	1,467,555,293	16.5
B	Conditional Grants from the National Government			
1.	Leasing of Medical Equipment	153,297,872	-	-
	Sub Total	153,297,872	-	-
C	Loans and Grants from Development Partners			
1.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	128,507,146	128,507,146	100.0
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	324,295,427	-	-
3.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	26,370,204	-	-
4.	Transforming Health Systems for Universal care Project (WB)	63,079,905	33,464,154	53.1
5.	DANIDA Grant	17,250,750	-	-
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	16,140,145	-	-
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG)	164,053,800	65,751,721	40.1
	Sub Total	739,697,377	227,723,021	30.8
D	Other Sources of Revenue			
1.	Own Source Revenue	700,000,000	66,536,000	9.5
2.	Balance b/f from FY 2020/21	2,103,425,220	783,025,743	37.2
	Sub Total	2,803,425,220	849,561,743	30.3
	Grand Total	12,590,694,978	2,544,840,057	20.2

Source: Kisii County Treasury

Figure 3.32 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.32: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter FY 2021/22



Source: Kisii County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.66.54 million as own-source revenue. This amount represented an increase of 62.3 per cent compared to Kshs.41.0 million realised during a similar period in the first quarter of FY 2020/21 and was 9.5 per cent of the annual target.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.65 billion from the CRF account during the reporting period. The amount comprised Kshs.253.25 million (15.4 per cent) for development programmes and Kshs.1.39 billion (84.6 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

The County spent Kshs.1.60 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.2 per cent of the total funds released by the CoB and comprised of Kshs.319.94 million and Kshs.1.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.9 per cent, while recurrent expenditure represented 15 per cent of the annual recurrent expenditure budget.

3.17.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.688.46 million and comprised of Kshs.267.73 million for recurrent expenditure and Ksh.420.73 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.128.82 million was paid towards pending bills, consisting of Kshs.39.51 million for recurrent expenditure and Ksh.89.31 million for development programmes.

3.17.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.958.95 million was spent on employee compensation, Kshs.321.92 million on operations and maintenance, and Kshs.319.94 million on development activities, as shown in Table 3.67.

Table 3.67: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,569,603,782	949,524,697	1,134,170,161	146,701,104	15.0	15.4
Compensation to Employees	5,064,955,459	605,204,622	855,769,434	103,183,052	16.9	17.0
Operations and Maintenance	2,504,648,323	344,320,075	278,400,727	43,518,052	11.1	12.6
Development Expenditure	3,965,349,588	106,216,911	319,935,202	-	8.1	-
Total	11,534,953,370	1,055,741,608	1,454,105,363	146,701,104	12.6	13.9

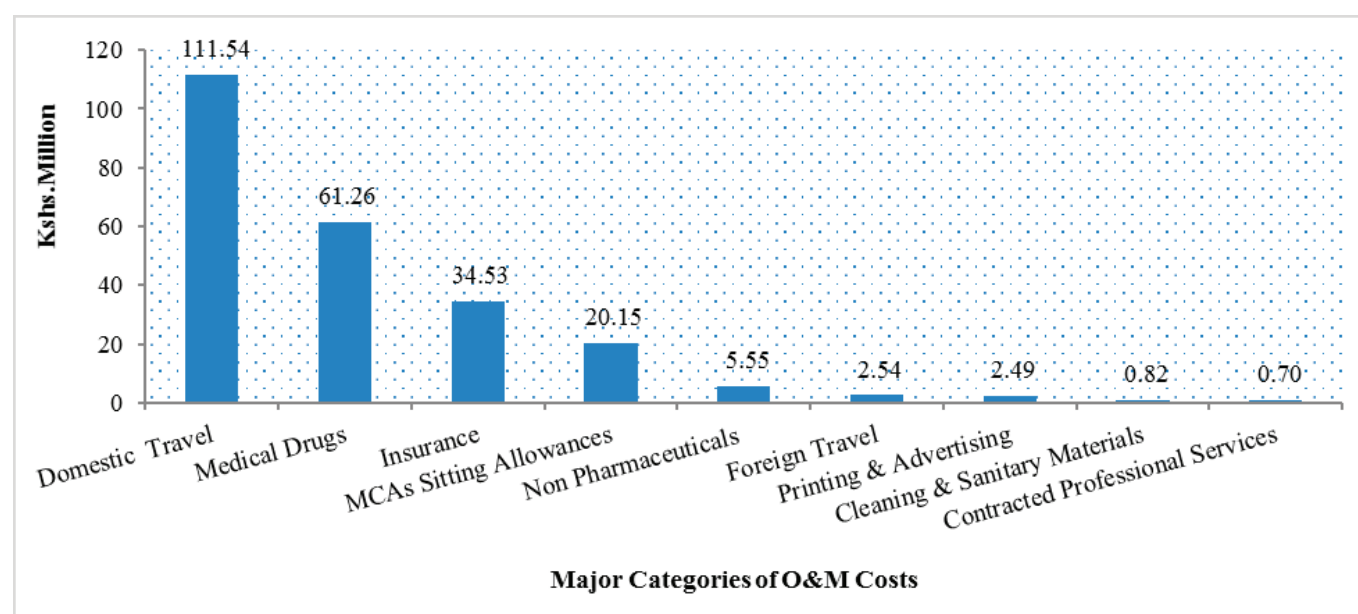
Source: Kisii County Treasury

3.17.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 59.9 per cent of the total expenditure for the reporting period and 30.5 per cent of the first quarter proportional revenue of Kshs.3.15 billion.

3.17.8 Expenditure on Operations and Maintenance

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

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

Source: Kisii County Treasury

The County spent Kshs.20.15 million on committee sitting allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.114.42 million. The average monthly sitting allowance was Kshs.94,582 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.111.54 million and comprised Kshs.39.49 million spent by the County Assembly and Kshs.72.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.54 million paid by the County Executive.

3.17.9 Development Expenditure

The County incurred an expenditure of Kshs.319.94 million on development programmes, which represented an increase of 132.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.137.56 billion. Table 3.6 summarises development projects with the highest expenditure in the reporting period.

Table 3.68: Kisii County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Proposed Construction of Tartan Track Phase 1 In Gusii Stadium	Gusii Stadium	58,071,870	8,000,000	13.8
2	Proposed Cabro Parking to Marani Level 4 Hospital	Marani	5,000,000	4,999,850	100.0
3	Construction, Development and Equipping of A Borehole at Gusii Stadium	Gusii Stadium	3,900,000	3,900,000	100.0
4	Rehabilitation of Maroba Market - Nyagan-cha Road	Maroba	4,000,000	3,802,596	95.1
5	Repair and Maintenance of Riana Market - Nyamagiri Road	Riana	3,625,986	3,525,866	97.2
6	Maintenance of Riazacharia - Riokongi Road	Riazacharia	3,500,000	3,478,074	99.4
7	Construction of Riamasoni Sec - Nyakoiba School (Riakiboyi - Gesabakwa Mkt) Road	Riamasoni	3,500,000	3,347,303	95.6
8	Construction of Cooling Plant Fencing and Driveway at Kegati	Headquarters	3,784,315	3,184,315	84.1
9	Construction of Keraro- Metembe Rd	Keraro	3,500,000	3,161,697	90.3
10	Proposed Perimeter Fence To Veterinary Clinic	Headquarters	7,000,000	3,125,445	44.6

Source: Kisii County Treasury

3.17.10 Budget Performance by Department

Table 3.69 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.69: Kisii County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service board	474.97	35.30	74.36	-	71.08	-	15.0	-	15.0	-
Administration and Stakeholder Management	548.03	84.34	78.00	-	77.39	-	14.1	-	14.1	-
Finance and Economic Planning	1,245.76	86.84	218.61	-	167.78	-	13.5	-	13.5	-
Agriculture and Co-operative Development	494.43	707.01	59.13	93.54	58.59	125.10	11.9	17.7	11.9	17.7
Energy, Water, Environment and Natural Resources	196.27	214.81	31.70	8.43	27.83	10.43	14.2	4.9	14.2	4.9
Education, Youth Affairs And Social Development	623.52	153.89	74.15	1.71	73.27	1.71	11.8	1.1	11.8	1.1
County Health Services	3,100.66	1,098.78	622.91	46.46	569.43	46.46	18.4	4.2	18.4	4.2
Lands, Physical Planning and Urban Development	200.26	105.60	25.10	4.54	25.03	4.54	12.5	4.3	12.5	4.3
Roads, Public Works, and Transport	271.50	983.48	26.18	57.29	26.37	63.93	9.7	6.5	9.7	6.5
Trade Development, Industry, and Tourism	136.68	93.24	14.81	2.06	13.90	2.06	10.2	2.2	10.2	2.2
Culture and Social Services	106.58	140.92	12.24	15.00	12.37	15.00	11.6	10.6	11.6	10.6
Kisii Municipality	170.94	261.14	10.09	24.23	11.13	50.71	6.5	19.4	6.5	19.4
County Assembly	949.52	106.22	147.19	-	146.70	-	15.4	-	15.4	-
Total	8,519.13	4,071.57	1,394.46	253.25	1,280.87	319.94	15.0	7.9	15.0	7.9

Source: Kisii County Treasury

Analysis of expenditure by the departments shows that the Kisii Municipality recorded the highest absorption rate of development budget at 19.4 per cent while the Department of Finance and economic planning, County Executive and Public Service Board, Administration and Stakeholder Management, and the County Assembly did not report any expenditure on development activities. The Department of County Health Services had the highest percentage of recurrent expenditure to budget at 18.4 per cent, while the Kisii Town Urban Area had the lowest at 6.5 per cent.

3.17.11 Budget Execution by Programmes and Sub-Programmes

Table 3.70 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.70: Budget Performance by Programme and Sub-Programme

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly	Office of the Speaker	6,355,200	-	6,355,200	-
	Representation, Legislative And Oversight Services	225,855,824	31,506,352	194,349,472	13.9
	County Assembly Service Board	823,530,584	115,194,752	708,335,832	14.0
	Sub Total	1,055,741,608	146,701,104	909,040,504	13.9
County Executive	Administration, Planning And Support Services	382,437,952	57,466,613	324,971,339	15.0
	Office Of The County Secretary	24,640,000	2,149,580	22,490,420	8.7
	Legal Services	13,820,000	480,700	13,339,300	3.5
	Communication Services	25,570,000	-	25,570,000	-
	Special Programmes	8,150,000	3,250,900	4,899,100	39.9
	Public Private Partnership	6,900,000	795,310	6,104,690	11.5
	Advisory Services	6,750,000	594,500	6,155,500	8.8
	Chief Of Staff	4,700,000	494,200	4,205,800	10.5
	County Public Service Board	42,000,000	5,849,450	36,150,550	13.9
	Sub Total	514,967,952	71,081,253	443,886,699	13.8
Administration, co-operate services, and Stakeholder management	Administration, Planning And Support Services	475,085,448	67,371,670	407,713,778	14.2
	Devolved Units Services	58,343,694	166,000	58,177,694	0.3
	Human Resource Development	10,610,000	616,000	9,994,000	5.8
	Enforcement Services	8,800,000	2,032,700	6,767,300	23.1
	Stakeholder Management	49,809,602	3,900,000	45,909,602	7.8
	Public Participation And Civic Education	11,800,000	1,459,000	10,341,000	12.4
	Disaster Management	10,926,255	1,231,402	9,694,853	11.3
	Fleet Management	7,000,000	617,099	6,382,901	8.8
	Sub Total	632,374,999	77,393,871	554,981,128	12.2
Finance & Economic planning	Administration, Coordination And Support Services	1,007,264,503	133,667,115	873,597,388	13.3
	Public Financial Management Services	82,025,000	11,978,556	70,046,444	14.6
	County Planning Services	243,315,695	22,134,852	221,180,843	9.1
	Sub Total	1,332,605,198	167,780,523	1,164,824,675	12.6
Agriculture, Live-stock, Veterinary & Fisheries	Administrative And Support Services	424,861,335	20,931,377	403,929,958	4.9
	Crop Development and Value Addition	410,473,675	68,873,355	341,600,320	16.8
	Livestock Development	52,200,000	3,929,315	48,270,685	7.5
	Veterinary Services	240,998,980	87,217,141	153,781,839	36.2
	Co-operative Development and Management	3,100,000	-	3,100,000	-
	Fisheries Development	44,133,870	2,743,160	41,390,710	6.2
	Kisii Agricultural Training Center	25,672,220	-	25,672,220	-
	Sub Total	1,201,440,080	183,694,348	1,017,745,732	15.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Energy, Environment And Natural Resources	Administration And Planning Services	60,156,331	6,716,379	53,439,952	11.2
	Water And Sanitation Services	327,087,867	27,536,207	299,551,660	8.4
	Environment Management	18,000,000	2,000,000	16,000,000	11.1
	Energy Services	5,841,809	-	5,841,809	-
	Sub Total	411,086,007	36,252,586	374,833,421	8.8
Education, Youth Affairs & Social Development	General Administration And Planning Services	623,517,045	73,270,990	550,246,055	11.8
	Early Childhood Development Education	86,707,636	509,115	86,198,521	0.6
	Vocational Training	67,179,898	1,198,000	65,981,898	1.8
	Sub Total	777,404,579	74,978,105	702,426,474	9.6
County Health Services	Medical Services	4,148,724,480	614,046,729	3,534,677,751	14.8
	Public Health	50,720,000	1,844,010	48,875,990	3.6
	Sub Total	4,199,444,480	615,890,739	3,583,553,741	14.7
Lands, Physical Planning and Urban Development	Administration, Planning And Support Services	182,125,000	24,154,780	157,970,220	13.3
	Land Use Services	37,799,078	4,536,970	33,262,108	12.0
	Urban Development	85,931,284	875,000	85,056,284	1.0
	Sub Total	305,855,362	29,566,750	276,288,612	9.7
Roads, public works, Transport and Housing	General Administration And Planning Services	102,820,000	15,250,020	87,569,980	14.8
	Roads Development	938,984,248	63,931,762	875,052,486	6.8
	Public Works	202,171,474	11,122,405	191,049,069	5.5
	Housing Services	11,000,000	-	11,000,000	-
	Sub Total	1,254,975,722	90,304,187	1,164,671,535	7.2
Trade, Tourism, Co-operatives and Enterprise Development	Administration And Planning Services	86,266,639	11,232,563	75,034,076	13.0
	Tourism Development	8,520,000	950,000	7,570,000	11.2
	Weights and Measures	4,050,000	398,000	3,652,000	9.8
	Liquor Licensing	1,150,000	150,000	1,000,000	13.0
	Markets Development	126,735,153	-	126,735,153	-
	Betting and Gaming	3,200,000	706,001	2,493,999	22.1
	Sub Total	229,921,792	13,436,564	216,485,228	5.8
Culture and Social Services	Administration and Planning Services	80,817,361	10,865,839	69,951,522	13.4
	Sports Development	130,137,091	13,541,422	116,595,669	10.4
	Cultural Services	33,048,677	2,964,903	30,083,774	9.0
	Social Development	3,500,000	-	3,500,000	-
	Sub Total	247,503,129	27,372,164	220,130,965	11.1
Kisii Municipality	General Administration, Planning and Support Services	170,937,287	11,126,590	159,810,697	6.5
	Infrastructure Development	261,136,783	50,707,103	210,429,680	19.4
	Sub Total	432,074,070	61,833,693	370,240,377	14.3
Grand Total		12,595,394,978	1,596,285,887	10,999,109,091	12.7

Source: Kisii County Treasury

Programmes with high levels of implementation based on absorption rates were: special programmes in the Department of County Executive at 39.9 per cent, Veterinary Services in the Department of Agriculture, Livestock, Veterinary & Fisheries at 36.2 per cent, Enforcement services in the Department of Administration, Cooperate Services and Stakeholder Management at 23.1 per cent, and Betting and Gaming at 22.1 per cent of budget allocation.

3.17.12 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.66.54 million against an annual projection of Kshs.700 million, representing 9.5 per cent of the annual target.
2. High expenditure on domestic travel at Kshs.115.54 million. This was unexpected during the COVID 19 containment period when travel restrictions were in place.

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

1. *The County should address its revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should review the travel and subsistence allowance expenditure to ensure the cost is credible and institute control measures to curtail this expenditure to avoid wasteful spending.*

3.18 County Government of Kisumu

3.18.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.15 billion, comprising Kshs.3.71 billion (30.5 per cent) and Kshs.8.44 billion (69.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.44 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.98 billion (16.3 per cent) from own sources of revenue, and a cash balance of Kshs.719.50 million (5.9 per cent) from FY 2020/21.

3.18.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.44 billion as the equitable share of the revenue raised nationally, raised Kshs.143.19 million as own-source revenue, and had a cash balance of Kshs.719.50 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.30 billion, as shown in Table 3.71.

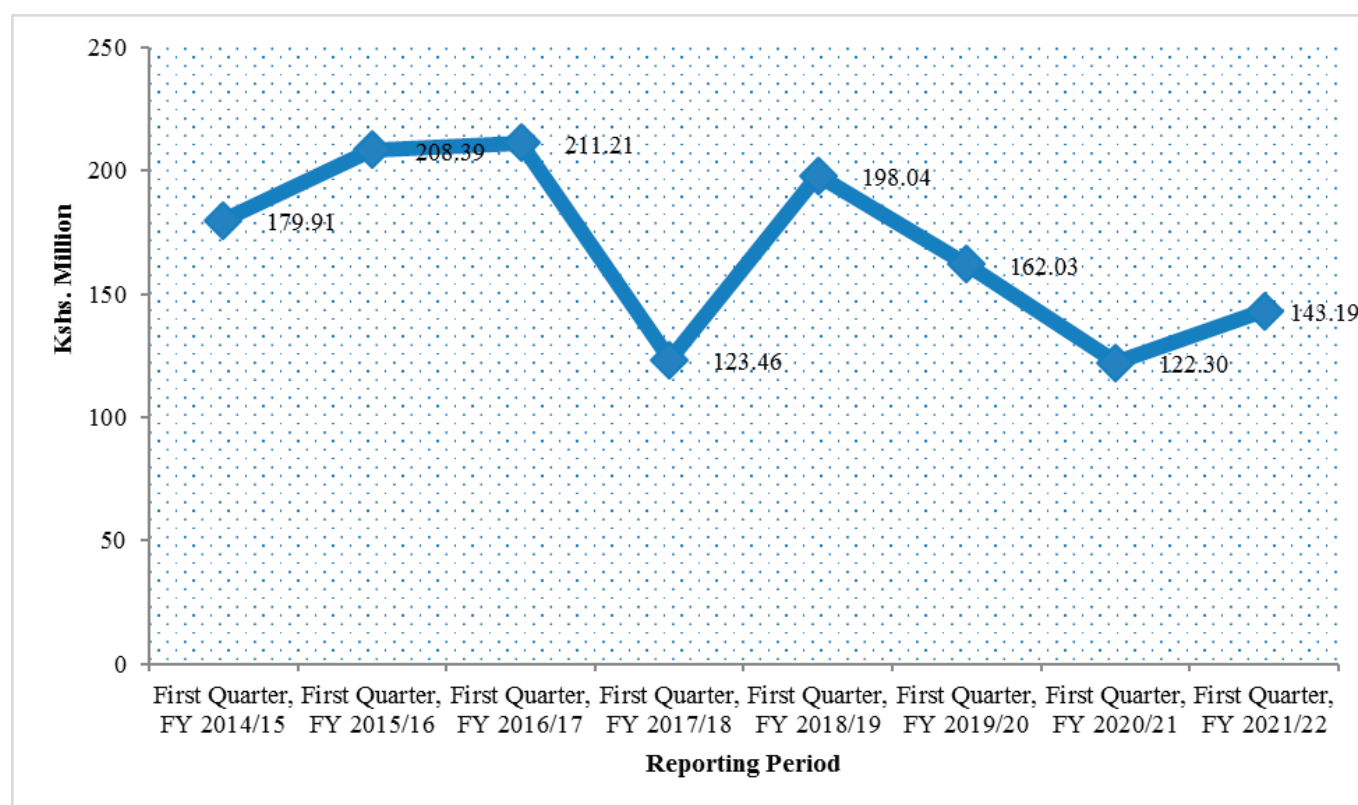
Table 3.71: Kisumu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,442,676,974	1,438,671,994	15.2
Sub Total		9,442,676,974	1,438,671,994	15.2
B	Other Sources of Revenue			
1.	Own Source Revenue	1,984,000,003	143,192,381	7.2
2.	Balance b/f from FY 2020/21	719,499,320	719,499,320	100.0
Sub Total		2,703,499,323	862,691,701	31.9
Grand Total		12,146,176,297	2,301,363,695	18.9

Source: Kisumu County Treasury

Figure 3.2 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.34: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kisumu County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.143.19 million as own-source revenue. This amount represented an increase of 14.6 per cent compared to Kshs.122.3 million realised during a similar period in the first quarter of FY 2020/21 and was 7.2 per cent of the annual target.

3.18.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.24 billion from the CRF account during the reporting period. The entire amount was for recurrent programmes.

3.18.4 Overall Expenditure Review

The County spent Kshs.1.24 billion on recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB. No spending was recorded on development programmes during the first quarter of the FY 2021/22.

3.18.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.09 billion and comprised of Kshs.556.63 million for recurrent expenditure and Kshs.1.54 billion for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to Kshs.200 million for recurrent pending bills and Kshs.648.75 million for development pending bills in the financial year.

The County Treasury did not report any payments towards the settlement of pending bills in the first quarter of FY 2021/22.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.07 billion was spent on employee compensation and Kshs.165.76 million on operations and maintenance, as shown in Table 3.72.

Table 3.72: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,659,992,724	779,317,456	1,134,247,057	103,491,575	14.8	13.3
Compensation to Employees	4,507,947,847	348,995,660	1,004,466,449	67,511,637	22.3	19.3
Operations and Maintenance	3,152,044,877	430,321,796	129,780,608	35,979,938	4.1	8.4
Development Expenditure	3,556,866,117	150,000,000	-	-	-	-
Total	11,216,858,841	929,317,456	1,134,247,057	103,491,575	10.1	11.1

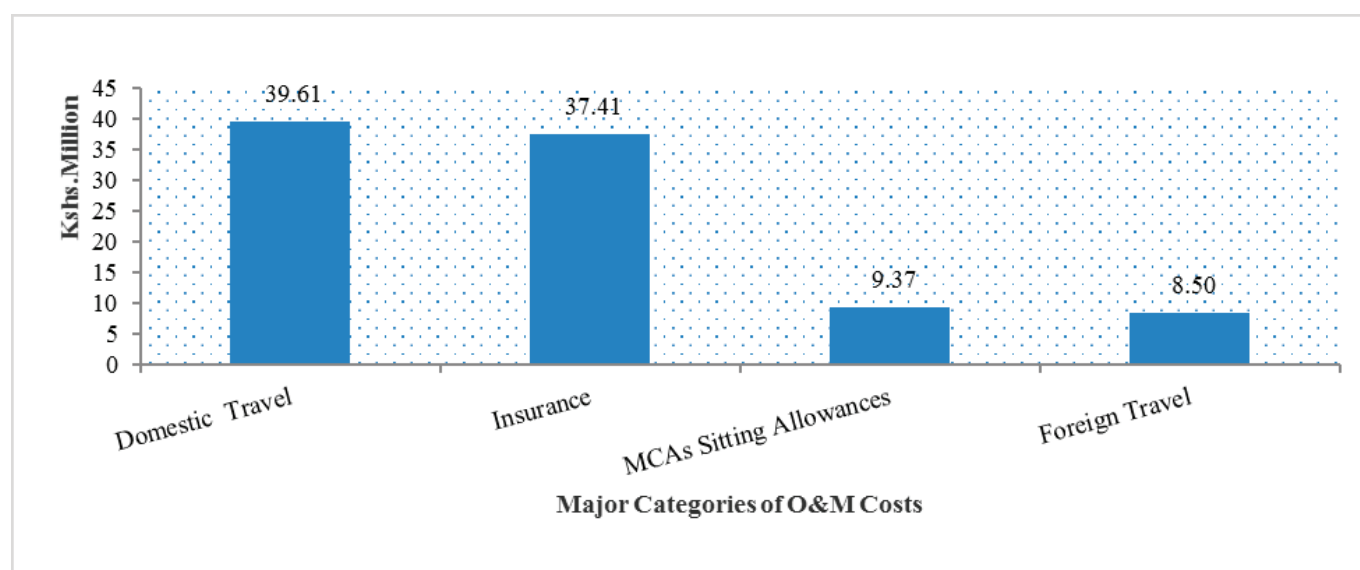
Source: Kisumu County Treasury

3.18.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.6 per cent of the total expenditure for the reporting period and 35.3 per cent of the first quarter proportional revenue of Kshs.3.04 billion.

3.18.8 Expenditure on Operations and Maintenance

Figure 3.35 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.35: Kisumu County, Operations and Maintenance Expenditure by Major Categories

Source: Kisumu County Treasury

The County spent Kshs.9.37 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.19.13 million. The average monthly sitting allowance was Kshs.63,714 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.39.61 million and comprised Kshs.24.25 million spent by the County Assembly and Kshs.15.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.5 million and consisted of Kshs.7.5 million spent by the County Assembly and Kshs.1 million by the County Executive.

3.18.9 Development Expenditure

The County did not report any expenditure on development programmes in the reporting period.

3.18.10 Budget Performance by Department

Table 3.73 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.73: Kisumu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, and Fisheries	198.49	609.49	-	-	-	-	-	-	0.0	-
County Assembly	779.32	150.00	103.49	-	103.12	-	99.6	-	13.2	-
Trade, Energy, and Industry	100.60	354.30		-		-	-	-	0.0	-
Kisumu City	355.43	155.90		-		-	-	-	0.0	-
Governor and Administration	682.21	75.00	2.53	-	2.53	-	100.0	-	0.4	-
Education	592.44	260.10		-		-	-	-	0.0	-
Environment and Natural Resources	101.63	79.95		-		-	-	-	0.0	-
Finance and Economic Planning	1,414.44	806.75	51.23	-	51.23	-	100.0	-	3.6	-
Tourism, culture, and sports	65.68	144.55		-		-	-	-	0.0	-
Medical Services and Public Health	3,804.37	213.80	1,080.86	-	1,080.86	-	100.0	-	28.4	-
Physical Planning and Housing	73.51	345.60		-		-	-	-	0.0	-
County public service Board	75.03			-		-	-	-	0.0	-
Transport and Infrastructure	196.17	511.42		-		-	-	-	0.0	-
TOTAL	8,439.31	3,706.87	1,238.11	-	1,237.74	-	100.0	-	14.7	-

Source: Kisumu County Treasury

The Department of Medical Services and Public Health had the highest percentage of recurrent expenditure to budget at 28.4 per cent, followed by the County Assembly at 13.2 per cent.

3.18.11 Budget Execution by Programmes and Sub-Programmes

Table 3.74 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.74: Kisumu County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
101005060		General Administration and Planning Services	2,330,590,429	115,867,156	1,122,900,073	5.0
	101015060	Planning and Coordination Services	502,850,777	42,309,770	460,541,007	8.4
	101045060	Planning and administration	1,827,739,652	73,557,386	662,359,066	4.0
102005060		County Survey Services	1,290,000	67,200	1,222,800	5.2
	102015060	County Survey	1,290,000	67,200	1,222,800	5.2
103005060		Physical Planning & Housing	13,350,000	44,800	13,305,200	0.3
	103015060	Physical planning services	12,250,000	44,800	12,205,200	0.4

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	103025060	County housing management	1,100,000	-	1,100,000	-
104005060		Promotion of sustainable land use	700,000	33,600	666,400	4.8
	104015060	Promotion of Soil and Water Management	700,000	33,600	666,400	4.8
105005060		Agriculture Productivity Improvement	83,261,872	300,050	82,961,822	0.4
	105015060	Management of Agriculture Advisory services	1,300,000	152,000	1,148,000	11.7
	105025060	Promotion of Crop production Value Chains	65,900,000	-	65,900,000	-
	105035060	Promotion of Livestock Production Value Chains	5,701,000	80,000	5,621,000	1.4
	105055060	Management of Stations	9,810,872	28,050	9,782,822	0.3
	105075060	Development of Product Quality Assurance	550,000	40,000	510,000	7.3
106005060		Agricultural Productivity Improvement	10,300,000	-	10,300,000	-
	106015060	Agriculture Credit Access	300,000	-	300,000	-
	106025060	Agriculture input Access	10,000,000	-	10,000,000	-
107005060		Promotion of market access and products development	12,700,000	80,000	12,620,000	0.6
	107015060	Promotion of Agribusiness	200,000	-	200,000	-
	107025060	Promotion value addition	12,500,000	80,000	12,420,000	0.6
108005060		Revenue Generation and Management	25,649,231	6,017,119	19,632,112	23.5
	108015060	Local Revenue Mobilization	25,649,231	6,017,119	19,632,112	23.5
109005060		Urban Planning & Development Control	59,867,514	7,191,026	52,676,488	12.0
	109015060	Urban planning and development	59,867,514	7,191,026	52,676,488	12.0
201005060		County Roads and Public Works Management	1,059,140,838	17,767,091	1,041,373,747	1.7
	201015060	General administration & planning	556,716,176	16,081,210	540,634,966	2.9
	201025060	Road construction and maintenance services	502,424,662	1,685,881	500,738,781	0.3
203005060		Administration, Planning and Support Services	1,688,952,563	552,062,302	1,136,890,261	32.7
	203015060	Administrative services	1,688,952,563	552,062,302	1,136,890,261	32.7
205005060		Energy Production	1,000,000	-	1,000,000	-

Program	Sub Pro-gram	Description	Final Budget (Kshs.)	Actual Expendi- ture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	205035060	Climate Change	1,000,000	-	1,000,000	-
206005060		Mining Efficiency	23,900,000	5,148,286	18,751,714	21.5
	206045060	Mining Efficiency	400,000	-	400,000	-
	206055060	Resource Mobilization	23,500,000	5,148,286	18,351,714	21.9
207005060		Roads General Admin- istration and Planning	47,089,048	7,000,000	40,089,048	14.9
	207015060	Public Works	1,500,000	-	1,500,000	-
	207045060	Mechanical Engineering Services	45,589,048	7,000,000	38,589,048	15.4
208005060		ICT Services	2,465,000	30,000	2,435,000	1.2
	208015060	ICT Services	2,465,000	30,000	2,435,000	1.2
301005060		General Administra- tion and Policy making Services	5,353,963	-	5,353,963	-
	301015060	Infrastructure Develop- ment	5,353,963	-	5,353,963	-
303005060		Tourism Development and Management	10,345,000	83,050	10,261,950	0.8
	303015060	Tourism Development	5,815,000	83,050	5,731,950	1.4
	303035060	Tourism Event Manage- ment	4,530,000	-	4,530,000	-
304005060		Administration Plan- ning and Support	101,682,017	589,250	101,092,767	0.6
	304015060	Administration plan- ning	101,682,017	589,250	101,092,767	0.6
305005060		Co-Operative Develop- ment and Management	10,000,000	2,835,000	7,165,000	28.4
	305015060	Extension services	10,000,000	2,835,000	7,165,000	28.4
401005060		Preventive & Promo- tive Health Services	349,679,322	15,202,579	334,476,743	4.3
	401015060	Environmental health and sanitation	187,355,269	15,202,579	172,152,690	8.1
	401025060	Community health strategy	1,100,000	-	1,100,000	-
	401035060	Disease surveillance	15,000,000	-	15,000,000	-
	401045060	Health promotion ser- vice	146,224,053	-	146,224,053	-
402005060		Health Curative Ser- vices	141,315,014	400,000	140,915,014	0.3
	402025060	Elimination of commu- nicable and non-com- municable disease	3,500,000	-	3,500,000	-
	402035060	Reproductive Health	137,815,014	400,000	137,415,014	0.3
403005060		General Administra- tion, Operational Re- search and Planning	2,899,479,396	1,459,821,646	1,439,657,750	50.3
	403035060	Governance and lead- ership	52,194,000	-	52,194,000	-
	403045060	Human resource for Health	2,847,285,396	1,459,821,646	1,387,463,750	51.3

Program	Sub Pro-gram	Description	Final Budget (Kshs.)	Actual Expendi- ture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
405005060		Health Sector support Program (DANIDA)	160,792,947	-	160,792,947	-
	405015060	Health Promotive Ser- vices	160,792,947	-	160,792,947	-
407005060		Jaramogi Oginga Odinga Teaching and Referral Hospital	296,334,964	46,334,964	250,000,000	15.6
	407015060	Jaramogi Oginga Odinga Teaching and Refer- ral Hospital	296,334,964	46,334,964	250,000,000	15.6
408005060		Kisumu County Refer- ral Hospital	60,000,000	15,000,000	45,000,000	25.0
	408015060	Kisumu County Refer- ral Hospital	60,000,000	15,000,000	45,000,000	25.0
409005060		Medical and Bio-Medi- cal Services	303,800,000	24,000,000	279,800,000	7.9
	409015060	County and Sub-Coun- ty Hospital Services	303,800,000	24,000,000	279,800,000	7.9
501005060		Early Childhood De- velopment.	38,578,941	-	38,578,941	-
	501015060	Promotion of early childhood education.	38,578,941	-	38,578,941	-
502005060		Youth Training and Development	30,000,000	232,800	29,767,200	0.8
	502015060	Youth Polytechnics Ser- vices	30,000,000	232,800	29,767,200	0.8
504005060		Gender and Social Dev.	8,320,000	124,500	8,195,500	1.5
	504015060	Gender & Disability Mainstreaming	8,320,000	124,500	8,195,500	1.5
505005060		Early Child Education Management	364,100,000	324,200	363,775,800	0.1
	505015060	Early Child Education	364,100,000	324,200	363,775,800	0.1
506005060		Sports Management and Development	48,540,000	500,000	48,040,000	1.0
	506015060	Sports Management	48,540,000	500,000	48,040,000	1.0
507005060		Sports Stadia Develop- ment	4,070,000	200,000	3,870,000	4.9
	507015060	Sports Academy	4,070,000	200,000	3,870,000	4.9
517005060		Youth Training and Legislation	79,799,894	115,100	79,684,794	0.1
	517015060	Youth Training and Leg- islation	79,799,894	115,100	79,684,794	0.1
701005060		General Administra- tion and Planning ser- vices	307,618,724	159,800	29,600,200	0.1
	701065060	Human Resource devel- opment services	1,400,000	159,800	1,240,200	11.4
	701085060	Social Responsibility In- cluding Civic and Public Engagement	28,360,000	-	28,360,000	-
702005060		Management of Coun- ty affairs and Special Programmes	8,100,000	200,000	7,900,000	2.5
	702025060	Inter-Government Co- ordination and protocol	8,100,000	200,000	7,900,000	2.5

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
703005060		Inter-Governmental relations, Communication and Protocol	29,528,460	1,284,600	28,243,860	4.4
	703015060	Governor's Press Service and Communication	19,609,952	367,200	19,242,752	1.9
	703025060	Internal Auditing Services	9,918,508	917,400	9,001,108	9.2
704005060		County Public Service Board	610,021,299	43,938,367	566,082,932	7.2
	704015060	General Administration and Support services	599,121,786	43,570,672	555,551,114	7.3
	704025060	Human Resource Recruitment and Development	2,817,752	-	2,817,752	-
	704035060	Human Resource Audit and Staff Rationalization	970,000	87,695	882,305	9.0
	704045060	Promotion of Values and Principles	7,111,761	280,000	6,831,761	3.9
705005060		Public Financial Management	248,103,929	10,446,240	237,657,689	4.2
	705015060	Revenue Mobilization	89,637,256	2,098,090	87,539,166	2.3
	705025060	assets management	2,050,000	60,300	1,989,700	2.9
	705035060	management of public financial resources	6,420,000	1,256,600	5,163,400	19.6
	705055060	Budget Formulation & Coordination Services	149,996,673	7,031,250	142,965,423	4.7
706005060		County Planning and Development Coordination Services	60,506,649	4,901,645	55,605,004	8.1
	706015060	Policy Formulation & Planning	31,048,246	1,966,645	29,081,601	6.3
	706025060	Monitoring & Evaluation	29,458,403	2,935,000	26,523,403	10.0
707005060		County Communication & Ict Services	650,000	43,500	606,500	6.7
	707015060	Management Information System	650,000	43,500	606,500	6.7
902005060		Conservation and management of natural ecosystem	133,591,435	595,000	132,996,435	0.4
	902015060	Sustainable Access to safe Water	700,000	150,000	550,000	21.4
	902025060	Water resources & Sewerage services	132,891,435	445,000	132,446,435	0.3
904005060		Environmental Planning And Management	4,234,559	275,600	3,958,959	6.5
	904025060	Environment Conservation Of Natural Resources	866,159	-	866,159	-
	904035060	Solid Waste Management	3,368,400	275,600	3,092,800	8.2
906005060			1,000,000	-	1,000,000	-
	906015060	Pollution Control	1,000,000	-	1,000,000	-

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
907005060			3,571,700	150,000	3,421,700	4.2
	907015060	Culture and Heritage Development	3,571,700	150,000	3,421,700	4.2
		Grand Total	12,146,176,297	2,339,366,470	7,970,326,314	19.3

Source: Kisumu County Treasury

Programmes with high levels of implementation based on absorption rates were: Human Resource for Health at 51.3 per cent, Co-operative Development and Management at 28.4 per cent, Kisumu County Referral Hospital at 25 per cent, and Local Revenue Mobilization 23.5 per cent of budget allocation.

3.18.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Failure to report expenditure on the development budget in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.71billion.
3. The underperformance of own-source revenue at Kshs.143.19 million against an annual projection of Kshs.1.98 billion, representing 7.2 per cent of the annual target.
4. High outstanding pending bills as of 30th June 2021 at Kshs.2.09 billion and failure to settle these bills in the first quarter of the FY 2021/22.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should prepare a pending bills payment plan and ensure the entire stocks of outstanding bills are settled in the current financial year.*

3.19 County Government of Kitui

3.19.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.50 billion, comprising Kshs.4.10 billion (32.8 per cent) and Kshs.8.40 billion (67.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.10.39 billion (83.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.850 million (6.8 per cent) from own sources of revenue, and a cash balance of Kshs.750.60 million (4.0 per cent) from FY 2020/21. The County also expects to receive Kshs.505.23 million (4 per cent) as conditional grants, which consists of Kshs.14.55 million IDA (WB) Transforming Health Systems for Universal care Project, Kshs.283.09 million IDA (WB) Credit (National Agricultural & Rural Inclusive Growth Project NAGRIP), Kshs.19.56 million DANIDA Grant - Primary Health Care in Devolved Context Kshs.112.82 million IDA (WB) Credit: Kenya Devolution Support Project Level 2 Grant, Kshs.28.86 million Sweden - Agricultural Sector Development Support Programme II, Kshs.38.96 million IDA (WB) Emergency Locust Response Project, and, Kshs.7.39 million UNFPA- 9th Country Programme Implementation.

3.19.2 Revenue Performance

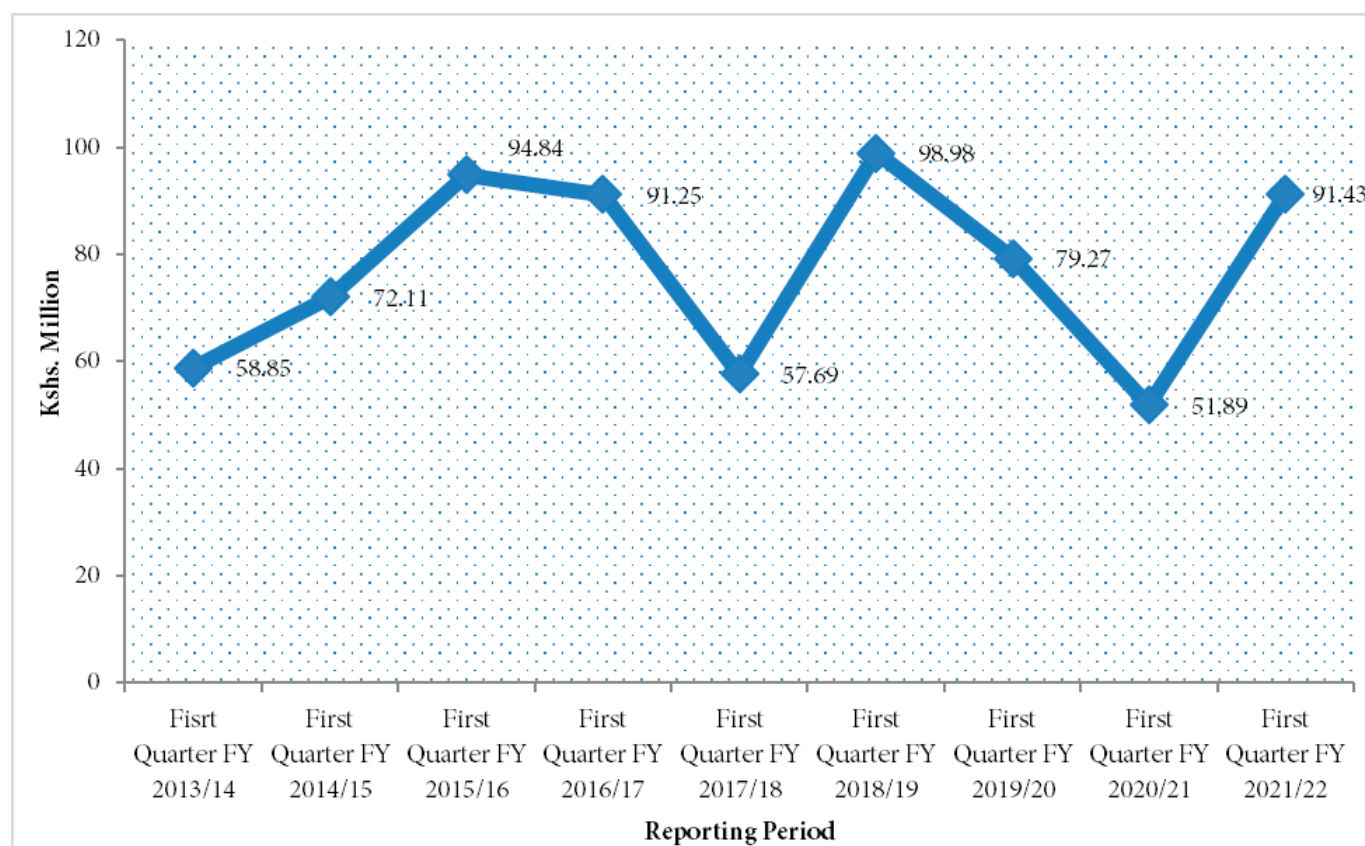
In the first quarter of FY 2021/22, the County received Kshs.1.72 billion as the equitable share of the revenue raised nationally, raised Kshs.91.43 million as own-source revenue, and had a cash balance of Kshs.1.08 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.89 billion, as shown in Table 3.75.

Table 3.75: Kitui County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,393,970,413	1,715,005,248	16.5
Sub Total		10,393,970,413	1,715,005,248	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	850,000,000	91,431,332	10.8
2	Balance b/f from FY 2020/21	750,579,751	1,084,540,353	144.5
3	Other Revenues (Conditional Grants)	505,225,111	-	-
Sub Total		2,105,804,862	1,175,971,685	55.8
Grand Total		12,499,775,275	2,890,976,933	23.1

Source: Kitui County Treasury

Figure 3.36 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.36: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22

Source: Kitui County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.91.43 million as own-source revenue. This amount represented an increase of 43.2 per cent compared to Kshs.51.89 million realised during a similar period in the first quarter of FY 2020/21 and was 10.8 per cent of the annual target.

The increase can be attributed to cash received from the NHIF relating to outstanding bills from the previous financial year and a new revenue stream on County investments on the sale of cabros and interlocking bricks.

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.64 billion from the CRF account during the reporting period. The amount comprised Kshs.158.60 million (9.7 per cent) for development programmes and Kshs.1.48 billion (90.3 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

The County spent Kshs.2.31 billion on development and recurrent programmes during the reporting period. This expenditure represented 140.8 per cent of the total funds released by the CoB and comprised of Kshs.520 million and Kshs.1.79 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.7 per cent, while recurrent expenditure represented 21.3 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.09 billion and comprised of Kshs.237.67 million for recurrent expenditure and Kshs.852.06 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.36.24 million was paid towards pending bills entirely for recurrent expenditure.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.21 billion was spent on employee compensation, Kshs.559.20 million on operations and maintenance, and Kshs.520 million on development activities, as shown in Table 3.76.

Table 3.76: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,758,095,938	936,616,229	1,592,132,077	175,691,882	42.4	18.8
Compensation to Employees	2,357,456,501	421,757,422	1,116,843,158	91,779,806	47.4	21.8
Operations and Maintenance	1,400,639,437	514,858,807	475,288,919	83,912,076	33.9	16.3
Development Expenditure	4,030,412,462	70,782,833	519,998,542	-	12.9	-
Total	7,788,508,400	1,007,399,062	2,112,130,619	175,691,882	27.1	17.4

Source: Kitui County Treasury

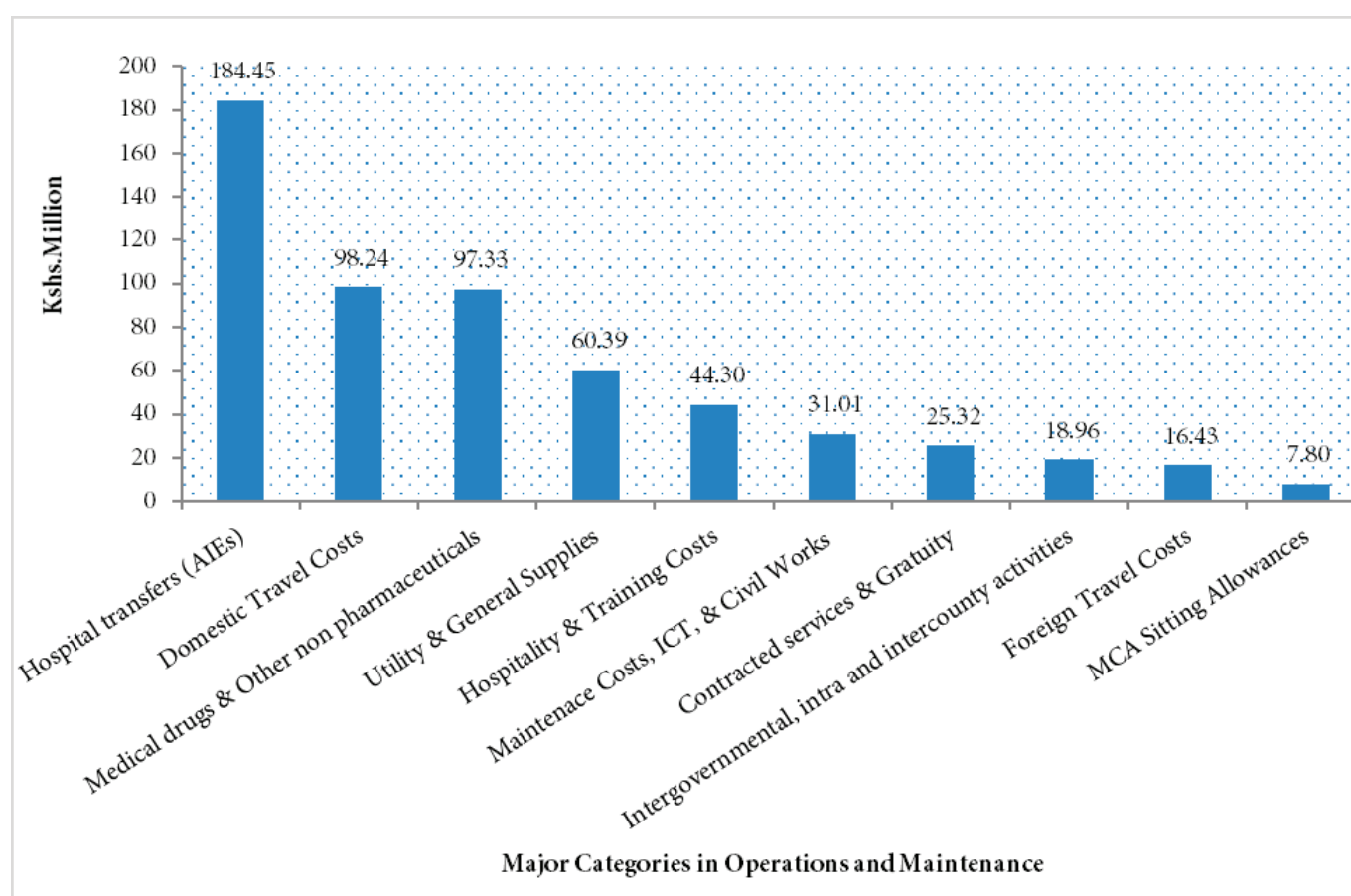
3.19.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 52.8 per cent of the total expenditure for the reporting period and 38.7 per cent of the first quarter proportional revenue of Kshs.3.12 billion.

3.19.8 Expenditure on Operations and Maintenance

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

Figure 3.37: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui County Treasury

The County spent Kshs.7.8 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.59.77 million. The average monthly sitting allowance was Kshs.47,257 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.98.24 million and comprised Kshs.39.95 million spent by the County Assembly and Kshs.58.29 million by the County Executive. Expenditure on foreign travel amounted to Kshs.16.43 million and included Kshs.14.66 million by the County Assembly and Kshs.1.78 million by the County Executive.

3.19.9 Development Expenditure

The County incurred an expenditure of Kshs.520 million on development programmes, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not spend on development programmes. Table 3.77 summarises development projects with the highest expenditure in the reporting period.

Table 3.77: Kitui County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of power to Masinga treatment works for July	Kitui Central	10,451,862	10,451,862	100
2	Implementation of Climate proofed infrastructure programme	Kitui Central	10,431,449	10,431,449	100
3	Supply of fuel for road grading using County machinery	Kitui	6,000,000	6,000,000	100
4	Construction of Mwinga Kithumula drift	Kitui West	9,638,931	5,983,879	62.1
5	Perimeter fencing of Kitui County Referral Hospital	Kitui Central	7,511,210	5,257,867	70
6	Spot improvement of St. Mary's Miambani-Kombuyu road	Kitui Central	4,986,477	4,986,286	100
7	Construction of Katulani hospital steel water tank	Kitui Central	4,969,634	4,969,634	100

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
8	Improvement of Thua-Nzune Muthuthini Road	Kitui Central	4,963,501	4,963,501	100
9	Spot Improvement of Kiviu Usiani Road	Kitui East	4,783,840	4,783,697	100
10	Gideon Thokoa Earthdam Kwa Nduti Road Works	Kitui South	4,771,999	4,771,999	100

Source: Kitui County Treasury

3.19.10 Budget Performance by Department

Table 3.78 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.78: Kitui County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	667.22	1,129.66	121.31	-	38.13	95.13	31.4	∞	5.7	8.4
Public Service Management and Administration	530.91	12.00	129.23	-	18.47	1.08	14.3	∞	3.5	9.0
Agriculture, Water, and Irrigation	486.45	898.92	104.33	25.89	18.10	139.84	17.4	540.3	3.7	15.6
Basic Education, ICT and Youth Development	550.28	206.18	135.64	-	94.73	29.50	69.8	∞	17.2	14.3
Infrastructure, Housing, Transport, and Public Works	280.48	672.86	43.26	16.67	17.71	132.68	40.9	795.8	6.3	19.7
Health and Sanitation	3,496.64	162.43	637.14	-	1,274.66	20.70	200.1	∞	36.5	12.7
Trade, Cooperatives, and Investment	185.46	240.96	17.29	1.10	18.78	15.49	108.6	1407.9	10.1	6.4
Environment, Tourism and Natural Resources	135.87	130.24	10.80	2.13	12.33	14.88	114.1	699.0	9.1	11.4
Gender, Sports and Culture	104.50	94.69	17.46	-	5.38	-	30.8	∞	5.2	0.0
County Treasury	631.04	136.53	76.59	112.82	77.04	2.18	100.6	1.9	12.2	1.6
County Public Service Board	37.99	-	-	-	2.59	-	∞	∞	6.8	∞
County Assembly	936.62	70.78	176.38	-	181.12	-	102.7	∞	19.3	0.0
Kitui Municipality	118.72	186.95	7.77	-	17.17	68.20	221.0	∞	14.5	36.5
Mwingi Town	69.68	43.60	5.00	-	6.18	0.31	123.6	∞	8.9	0.7
Livestock, Agriculture and Fisheries Development	77.48	52.98	-	-	1.93	-	∞	∞	2.5	0.0
Lands & Physical Planning	89.25	62.41	-	-	6.15	-	∞	∞	6.9	0.0
Total	8,398.58	4,101.20	1,482.2	158.60	1,790.48	520	120.8	327.9	21.3	12.7

Source: Kitui County Treasury

Analysis of expenditure by the departments shows that the Department of Kitui Municipality recorded the highest absorption rate of development budget at 36.5 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 36.5 per cent, while the Department of Livestock, Apiculture, and Fisheries Development had the lowest at 2.5 per cent.

3.19.11 Budget Execution by Programmes and Sub-Programmes

Table 3.79 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.79: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Office of the Governor					
General Administration And Planning Headquarters	701013710	1,525,237,968	117,307,364	1,407,930,604	7.7
General Administration And Planning Headquarters	702013710	114,100,000	9,681,003	104,418,997	8.5
Headquarters	703013710	132,200,000	1,271,100	130,928,900	1.0
Procurement Headquarters	704023710	95,544,000	5,007,048	90,536,952	5.2
Sub-total Office of The Governor		1,867,081,968	133,266,515	1,733,815,453	7.1
Public Service Management and Administration					
General Administration And Planning	701013710	165,954,712	4,900,811	161,053,901	3.0
Coordination And Administrative Services	705013710	150,068,010	9,486,162	140,581,848	6.3
Coordination And Administrative Services	706013710	223,611,270	2,800,029	220,811,241	1.3
Coordination And Administrative Services	707013710	13,999,998	2,365,000	11,634,998	16.9
Sub-total Administration and Coordination of County Affairs		553,633,990	19,552,002	534,081,988	3.5
Agriculture Water and Livestock Development					
General Administration And Planning	101013710	306,562,732	2,315,533	304,247,199	0.8
Water	101013710	75,865,748	920,610	74,945,138	1.2
Agriculture	102013710	362,927,848	6,546,600	356,381,248	1.8
Agriculture	103013710	41,960,326	1,018,110	40,942,216	2.4
Agriculture	103023710	131,440,809	10,685,245	120,755,564	8.1
Agriculture	104013710	4,833,762	-	4,833,762	0.0
Water	111013710	391,417,698	84,306,022	307,111,676	21.5
Water	111023710	70,359,278	52,153,705	18,205,573	74.1
Sub-total Agriculture Water and Livestock Development		1,385,368,201	157,945,825	1,227,422,376	11.4
Basic Education, ICT, and Youth Development					
General Administration And Planning Headquarters	501013710	144,585,934	3,907,021	140,678,913	2.7
Basic Education	502013710	422,467,178	88,160,644	334,306,534	20.9
Training And Skills Development	503013710	112,837,660	19,174,058	93,663,602	17.0
Training And Skills Development	504013710	4,618,280	-	4,618,280	0.0
ICT	505013710	9,400,000	1,715,150	7,684,850	18.2
Training And Skills Development	506013710	62,547,998	11,275,039	51,272,959	18.0
Sub-total Basic Education, ICT, and Youth Development		756,457,050	124,231,912	632,225,138	16.4
Infrastructure, Housing and Urban Development					
General Administration And Planning Headquarters	101013710	124,816,908	10,962,885	113,854,023	8.8
Housing	107013710	33,757,160	3,336,820	30,420,340	9.9
Housing	109013710	38,586,044	1,106,951	37,479,093	2.9
Roads, Transport And Mechanical Services	110013710	717,775,373	133,646,257	584,129,116	18.6
Roads, Transport And Mechanical Services	203013710	38,403,760	1,337,160	37,066,600	3.5
Sub-total Infrastructure, Housing, and Urban Development		953,339,245	150,390,073	802,949,172	15.8
Health and Sanitation					
General Administration And Planning Headquarters	401013710	136,314,134	10,460,809	125,853,325	7.7
General Administration And Planning Headquarters	401023710	74,322,752	1,615,600	72,707,152	2.2
General Administration And Planning Headquarters	401033710	4,844,080	51,040	4,793,040	1.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Pay- Variance (Kshs.)	Absorption (%)
Medical Services	402013710	2,856,757,384	1,079,726,070	1,777,031,314	37.8
Medical Services	402023710	28,800,000	8,248,200	20,551,800	28.6
Rural Health Services	402033710	322,746,480	184,452,884	138,293,596	57.2
Public Health Headquarters	403013710	17,125,684	2,994,203	14,131,481	17.5
Medical Services	403023710	133,042,972	564,846	132,478,126	0.4
Public Health Headquarters	403023710	1,700,000	449,600	1,250,400	26.4
Public Health Headquarters	403033710	2,150,000	-	2,150,000	0.0
Health Promotion and Disease Control	404013710	3,677,302	585,600	3,091,702	15.9
Rural Health Services	404023710	13,901,500	476,600	13,424,900	3.4
Rural Health Services	404033710	63,692,024	5,738,620	57,953,404	9.0
Sub-total Health and Sanitation		3,659,074,312	1,295,364,072	2,363,710,240	35.4
Trade, Cooperatives and Investments					
General Administration And Planning Headquarters	301013710	97,571,376	10,519,215	87,052,161	10.8
Trade And Markets Headquarters	301013710	267,383,928	19,925,491	247,458,437	7.5
Trade And Markets Headquarters	303023710	7,116,676	213,810	6,902,866	3.0
cooperatives Headquarters	304013710	11,479,708	1,774,665	9,705,043	15.5
cooperatives Headquarters	304023710	42,870,316	1,834,600	41,035,716	4.3
Sub-total Trade, Cooperatives and Investments		426,422,004	34,267,781	392,154,223	8.0
Environment Tourism and Natural Resources					
Tourism	305013710	4,209,922	141,000	4,068,922	3.3
Tourism	305033710	9,570,570	36,000	9,534,570	0.4
General Administration And Planning Headquarters	1001013710	47,315,506	3,136,195	44,179,311	6.6
Environment Headquarters	1002013710	12,994,240	1,592,276	11,401,964	12.3
Environment Headquarters	1003013710	24,425,940	10,499,400	13,926,540	43.0
Mineral Resources	1003013710	1,663,314	435,500	1,227,814	26.2
Tourism	1003023710	22,957,892	270,000	22,687,892	1.2
Mineral Resources	1003023710	9,981,288	319,000	9,662,288	3.2
Mineral Resources	1003043710	10,676,630	2,226,045	8,450,585	20.8
Environment Headquarters	1004013710	1,418,940	285,500	1,133,440	20.1
Energy Headquarters	1005013710	19,638,302	307,800	19,330,502	1.6
Energy Headquarters	1006013710	90,390,024	7,384,818	83,005,206	8.2
Mineral Resources	1007013710	1,750,548	259,200	1,491,348	14.8
Mineral Resources	1008013710	9,117,236	310,700	8,806,536	3.4
Sub-total Environment Tourism and Natural Resources		266,110,352	27,203,434	238,906,918	10.2
Sports Gender and Culture					
General Administration And Planning Headquarters	301013710	37,271,702	2,966,133	34,305,569	8.0
sports	306013710	22,895,926	368,400	22,527,526	1.6
sports	306023710	71,251,560	357,700	70,893,860	0.5
Gender, Culture and Social Services Headquarters	307013710	37,278,230	197,900	37,080,330	0.5
Gender, Culture and Social Services Headquarters	307023710	19,046,258	1,025,300	18,020,958	5.4
Gender, Culture and Social Services Headquarters	308013710	9,863,054	156,400	9,706,654	1.6
Gender, Culture and Social Services Headquarters	308023710	1,580,000	313,000	1,267,000	19.8
Sub-total Sports Gender and Culture		199,186,730	5,384,833	193,801,897	2.7
County Treasury					
General Administration And Planning Headquarters	701013710	261,225,334	27,645,364	233,579,970	10.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Pay- Variance (Kshs.)	Absorption (%)
Accounts Headquarters	704013710	55,777,754	6,398,450	49,379,304	11.5
Economic Affairs Headquarters	710013710	226,569,344	3,799,400	222,769,944	1.7
Economic Affairs Headquarters	710023710	14,241,472	561,248	13,680,224	3.9
Budgetary Supplies Headquarters	712013710	173,370,546	32,060,523	141,310,023	18.5
Economic Affairs Headquarters	712023710	13,387,930	1,406,272	11,981,658	10.5
Internal Audit Headquarters	712033710	8,274,100	1,572,200	6,701,900	19.0
Accounts Headquarters	712053710	14,723,824	5,771,235	8,952,589	39.2
Sub-total County Treasury		767,570,304	79,214,692	688,355,612	10.3
County Public Service Board					
General Administration And Planning Headquarters	701013710	18,591,540	1,398,742	17,192,798	7.5
board services	713013710	7,759,284	361,625	7,397,659	4.7
board services	713023710	6,605,268	506,994	6,098,274	7.7
board services	714013710	5,033,614	326,000	4,707,614	6.5
Sub-total County Public Service Board		37,989,706	2,593,361	35,396,345	6.8
County Assembly					
General Administration And Planning Headquarters	701013710	384,862,314	53,603,759	331,258,555	13.9
Legislative Department Headquarters	715013710	622,536,746	122,088,123	500,448,623	19.6
Sub-total County Assembly		1,007,399,060	175,691,882	831,707,178	17.4
Kitui Municipality					
General Administration and Planning	201013710	15,762,428	-	15,762,428	0.0
General Administration and Planning- Headquarters	201013710	33,995,000	7,492,750	26,502,250	22.0
Environment, Culture, Recreation and Community Development	207013710	36,394,964	2,675,100	33,719,864	7.4
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	18,835,000	2,181,065	16,653,935	11.6
Finance	207023710	34,065,000	4,013,335	30,051,665	11.8
Trade, Commerce, and Industrialisation	207033710	14,734,842	811,199	13,923,643	5.5
Planning, Development Control, Transport and Infrastructure	209013710	151,882,400	68,202,886	83,679,514	44.9
Sub-total Kitui Municipality		305,669,634	85,376,335	220,293,299	27.9
Mwingi Town Administration					
General Administration and Planning- Headquarters	109013710	12,846,240	337,550	12,508,690	2.6
General Administration and Planning- Headquarters	201013710	62,650,500	4,811,744	57,838,756	7.7
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	15,826,798	523,458	15,303,340	3.3
Planning, Development Control, Transport and Infrastructure - Headquarters	207023710	940,400	253,550	686,850	27.0
Planning, Development Control, Transport and Infrastructure - Headquarters	207033710	5,195,100	-	5,195,100	0.0
General Administration and Planning- Headquarters	706013710	4,816,250	271,555	4,544,695	5.6
General Administration and Planning	1001013710	11,008,842	293,200	10,715,642	2.7
Sub-total Mwingi Town Administration		113,284,130	6,491,057	106,793,073	5.7
Livestock Apiculture and Fisheries					
General Administration And Planning Headquarters	101013710	63,782,780	1,030,122	62,752,658	1.6
Aquaculture Devt	105013710	2,630,346	55,280	2,575,066	2.1
Livestock Devt	106013710	31,605,882	333,750	31,272,132	1.1
Livestock Devt	106023710	32,440,438	511,400	31,929,038	1.6
Sub-total Livestock Apiculture and Fisheries		130,459,446	1,930,552	128,528,894	1.5
Lands and Physical Planning					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Pay- Variance (Kshs.)	Absorption (%)
General Administration And Planning Headquarters	101013710	49,696,842	5,020,565	44,676,277	10.1
Land Survey	108013710	52,305,874	334,200	51,971,674	0.6
Land Adjudication	108023710	22,954,546	798,513	22,156,033	3.5
Land Survey	108023710	21,300,000	-	21,300,000	0.0
physical planning	108023710	5,400,000	-	5,400,000	0.0
Sub-total Lands and physical planning		151,657,262	6,153,278	145,503,984	4.1
Grand Total		12,580,703,394	2,305,057,604	10,275,645,790	18.3

Source: Kitui County Treasury

The budget allocation for the Office of the Governor and Department of Public Service Management and Administration does not agree with Table 3.78. The County Treasury should ensure they reconcile their reports regularly for credibility to be established.

Programmes with high levels of implementation based on absorption rates were: Water in the Department of Agriculture Water and Livestock Development at 74.1 per cent, Rural Health Services in the Department of Health and Sanitation at 57.2 per cent, and, Planning, Development Control, Transport and Infrastructure in the Department of Kitui Municipality at 44.9 per cent of budget allocation.

3.19.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report contrary to Section 166 of PFM Act 2012.
2. The Kitui County Empowerment Fund administrator has not submitted quarterly reports to COB since this Public Fund was operationalised in April 2021, contrary to Section 168 of the PFM Act 2012.
3. The underperformance of own-source revenue at Kshs.91.43 million against an annual projection of Kshs.850 million, representing 10.8 per cent of the annual target.
4. Failure to reconcile the IFMIS vote book expenditure with actual expenditure paid leads to an overstatement of spending compared to approved exchequer release, as shown in table 4.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The Kitui County Empowerment Fund Administrator should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 168 of the PFM Act, 2012*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should routinely reconcile IFMIS expenditure with actual payments to ensure accurate reporting and ensure credibility of budget reports.*

3.20 County Government of Kwale

3.20.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.39 billion, comprising Kshs.5.66 billion (45.7 per cent) and Kshs.6.73 billion (54.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.27 billion (66.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.315 million (2.5 per cent) from own sources of revenue, and a cash balance of Kshs.2.63 billion (21.2 per cent) from FY 2020/21. The County also expects to receive Kshs.1.18 billion (9.5 per cent) as conditional grants.

3.20.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.36 billion as the equitable share of the revenue raised nationally, raised Kshs.59.57 million as own-source revenue, and had a cash balance of Kshs.2.63 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.05 billion, as shown in Table 3.80.

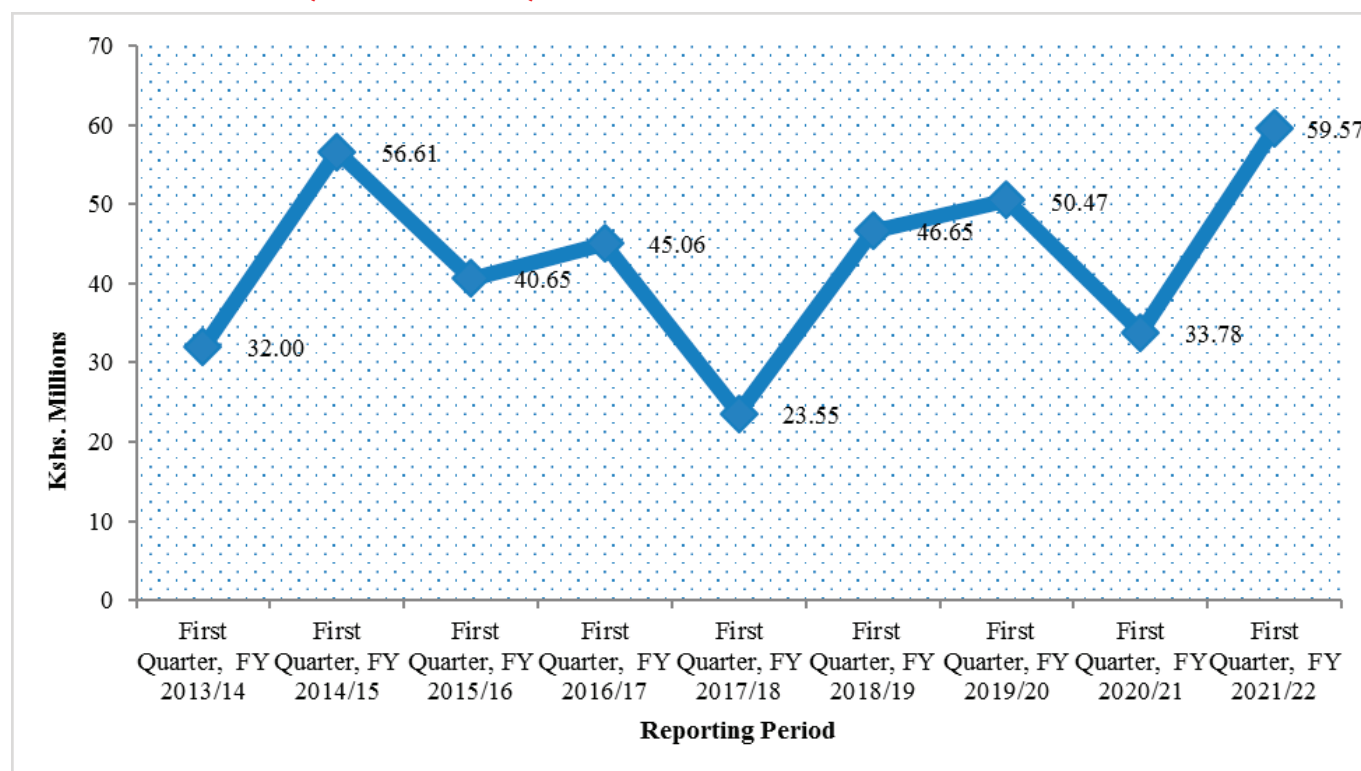
Table 3.80: Kwale County, Revenue Performance in the First Quarter of FY 2021/22

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	1,363,821,610	16.5
Sub Total		8,265,585,516	1,363,821,610	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	315,000,000	59,565,930	18.9
2.	Balance b/f from FY 2020/21	2,629,007,981	2,629,007,981	100
3.	Other Revenues (Conditional Grants)	1,178,555,997	-	-
Sub Total		4,122,563,978	2,688,573,911	65.2
Grand Total		12,388,149,494	4,052,395,521	32.7

Source: Kwale County Treasury

Table 3.38 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.38: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Kwale County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.59.57 million as own-source revenue. This amount represented an increase of 76.3 per cent compared to Kshs.33.78 million realised during a similar period in the first quarter of FY 2020/21 and was 18.9 per cent of the annual target.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.52 billion from the CRF account during the reporting period. The amount comprised Kshs.30.1 million (2 per cent) for development programmes and Kshs.1.49 billion (98 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

The County spent Kshs.1.3 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.7 per cent of the total funds released by the CoB and comprised of Kshs.23.96 million and Kshs.1.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.4 per cent, while recurrent expenditure represented 19 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.29 billion for development expenditure. At the beginning of the FY 2021/22, the County did not prepare a payment plan to settle the pending bills in the financial year as required by the OCOB.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.747.88 million was spent on employee compensation, Kshs.528.38 million on operations and maintenance, and Kshs.23.96 million on development activities, as shown in Table 3.81.

Table 3.81: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,984,126,963	748,445,793	1,213,865,186	62,387,692	20.3	8.3
Compensation to Employees	3,370,792,135	129,568,959	722,857,874	25,018,820	21.4	19.3
Operations and Maintenance	2,613,334,828	618,876,834	491,007,312	37,368,872	18.8	6.0
Development Expenditure	5,375,735,917	279,840,821	23,956,970	-	0.4	-
Total	11,359,862,880	1,028,286,614	1,237,822,156	62,387,692	10.9	6.1

Source: Kwale County Treasury

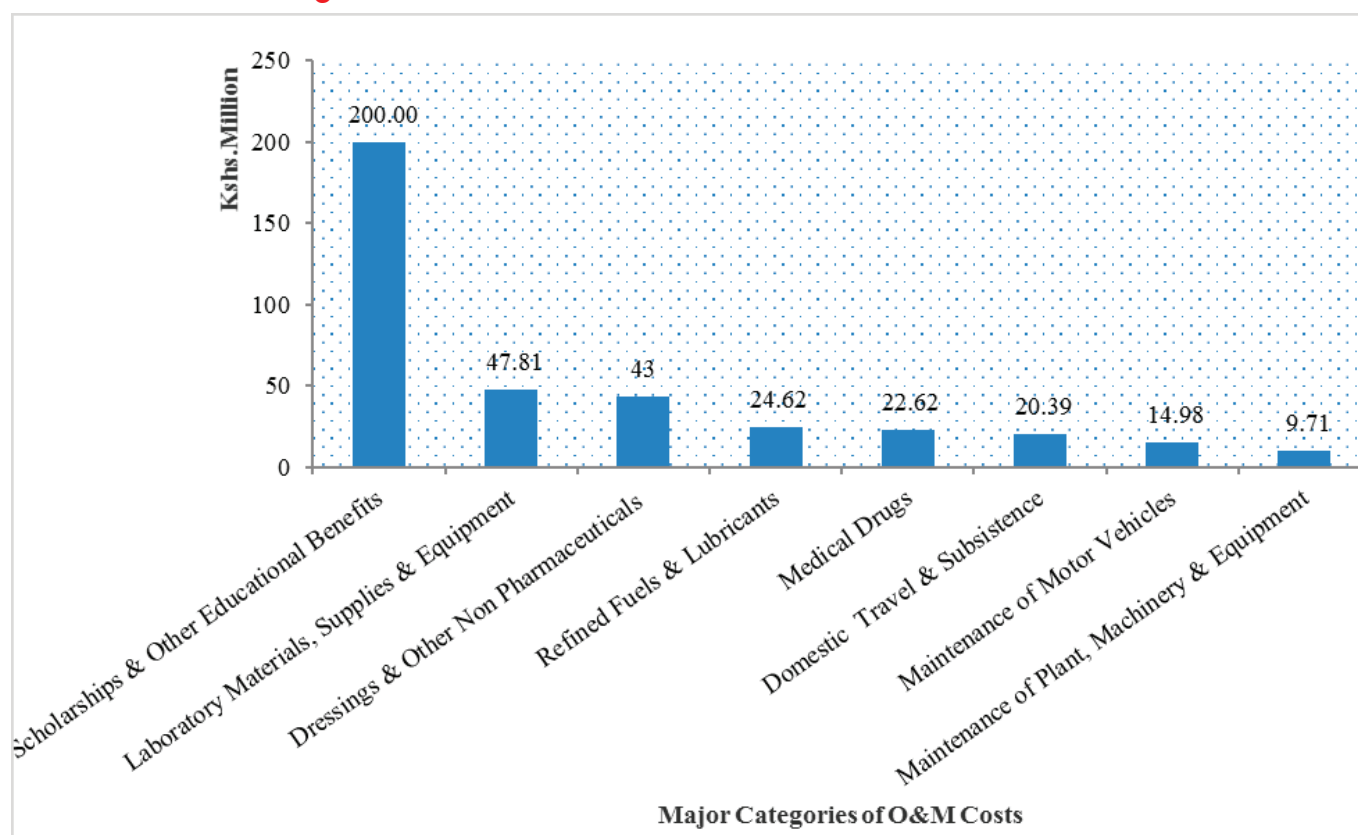
3.20.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.5 per cent of the total expenditure for the reporting period and 24.1 per cent of the first quarter proportional revenue of Kshs.3.1 billion.

3.20.8 Expenditure on Operations and Maintenance

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

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



Source: Kwale County Treasury

The County Assembly did not report any expenditure on committee sitting allowances in the period under review. During the period, expenditure on domestic travel amounted to Kshs.20.39 million spent by the County Executive.

3.20.9 Development Expenditure

The County incurred an expenditure of Kshs.23.96 million on development programmes, which was an improvement compared to a similar period in FY 2020/21 when the County did not report any expenditure.

3.20.10 Budget Performance by Department

Table 3.82 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.82: Kwale County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	908.69	44.99	158.35	-	74.86	-	47.3	-	8.2	0.0
Agriculture, Livestock, and Fisheries	196.98	558.61	51.82	5.00	43.48	-	83.9	0.0	22.1	0.0
Environment and Natural Resources	174.05	160.89	23.25	-	12.75	-	54.8	-	7.3	0.0
Medical and Public Health Services	2,678.35	1,062.96	578.07	2.00	582.02	-	100.7	0.0	21.7	0.0
County Assembly	748.45	279.84	116.11	-	62.39	-	53.7	-	8.3	0.0
Trade and Cooperative Development	78.20	228.58	19.92	-	16.99	-	85.3	-	21.7	0.0
Social Services and Talent Management	123.77	241.74	32.23	-	21.04	-	65.3	-	17.0	0.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive Services	125.66	36.00	32.10	-	17.85	-	55.6	-	14.2	0.0
Education, Research and HR Development	981.14	811.60	313.42	-	310.95	0.85	99.2	-	31.7	0.1
Water Services	80.98	1,166.92	22.98	23.10	22.07	23.10	96.1	100.0	27.3	2.0
Roads and Public Works	209.69	898.11	46.88	-	42.74	-	91.2	-	20.4	0.0
Tourism and ICT	46.93	77.47	11.20	-	7.83	-	69.9	-	16.7	0.0
County Public Service Board	57.80	-	12.27	-	8.40	-	68.4	-	14.5	-
Public Service and Admin- istration	311.68	49.95	68.56	-	52.68	-	76.8	-	16.9	0.0
Kwale Municipality	4.03	14.24	0.75	-	-	-	0.0	-	0.0	0.0
Diani Municipality	6.18	23.68	0.32	-	-	-	0.0	-	0.0	0.0
Total	6,732.57	5,655.58	1,488.25	30.10	1,276.03	23.96	85.7	79.6	19.0	0.4

Source: Kwale County Treasury

Analysis of expenditure by the departments shows that the Department of Water Services recorded the highest absorption rate of development budget at 2 per cent. The Department of Education, Research, and HR Development had the highest percentage of recurrent expenditure to budget at 31.7 per cent, while the Kwale and Diani Municipalities did not report any spending.

3.20.11 Budget Execution by Programmes and Sub-Programmes

Table 3.38 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.83: Kwale County, Budget Execution by Programmes and Sub-programmes (Kshs. Million)

Name of the Programme	Recurrent Estimates	Development Estimates	Printed / Revised Gross Estimates	Recurrent Expenditure	Development Expenditure	Total Ex- penditure	Absorption Rate (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
3061							
Budget formulation, coordination, and management (0703023060)	57.54	-	57.54	16.68	-	16.68	29.0
General Administration (0704043060)	274.72	12.99	287.71	6.77	-	6.77	2.4
Revenue Collection Management (0710013060)	34.53	13.00	47.53	3.07	-	3.07	6.5
Public Finance and Accounting Services (0711013060)	7.17	-	7.17	2.37	-	2.37	33.0
Procurement Services (0711023060)	4.76	-	4.76	0.55	-	0.55	11.5
Risk Assurance Services (0711033060)	4.44	3.00	7.44	0.78	-	0.78	10.5
Personal Services (0704013060)	105.03	-	105.03	44.64	-	44.64	42.5
TOTALS	488.19	28.99	517.17	74.86	-	74.86	14.5
3062	-	-	-	-	-	-	-
General Administration And Support Services {0102053060}	93.02	216.31	309.33	41.57	-	41.57	13.4
Crop Production & Food Security {0107013060}	0.63	120.60	121.23	0.19	-	0.19	0.2

Name of the Programme	Recurrent Estimates	Development Estimates	Printed / Revised Gross Estimates	Recurrent Expenditure	Development Expenditure	Total Expenditure	Absorption Rate (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Dairy And Meat Production {0108013060}	0.63	16.33	16.96	0.15	-	0.15	0.9
Fish Production Management {0109013060}	1.11	6.72	7.83	0.32	-	0.32	4.1
Livestock Disease Control {0108033060}	0.88	13.60	14.48	0.10	-	0.10	0.7
Farm Land Utilization, Mechanization & Crop Storage {0107033060}	8.62	9.25	17.87	1.11	-	1.11	6.2
Agricultural Extension, Research & Training. {0107023060}	0.50	3.50	4.00	0.04	-	0.04	0.9
Total	105.39	386.32	491.71	43.48	-	43.48	8.8
3063	-	-	-	-	-	-	-
0102053060 (General administration and Support services)	9.53	117.45	126.98	4.10	-	4.10	3.2
0102063060 (Personnel Services)	17.27	-	17.27	7.01	-	7.01	40.6
0102073060	35.27	-	35.27	-	-	-	-
0104013060 (Physical development plans)	11.05	5.07	16.12	0.64	-	0.64	4.0
0105013060 (Establishment of squatter settlement schemes)	28.90	-	28.90	1.01	-	1.01	3.5
0106023060 (County Environmental Awareness Initiative)	4.10	10.00	14.10	-	-	-	-
0901023060	0.45	-	0.45	-	-	-	-
TOTAL	106.57	132.52	239.09	12.75	-	12.75	5.3
3064	-	-	-	-	-	-	-
General Administration(0403013060)	65.55	591.25	656.81	17.96	-	17.96	2.7
Medical Drugs(0402043060))	195.11	-	195.11	108.81	-	108.81	55.8
Personnel Services(0403053060)	934.54	-	934.54	402.44	-	402.44	43.1
Msambweni Hospital (0405013060)	28.48	5.00	33.48	16.45	-	16.45	49.1
Kinango Hospital(0406013060)	13.39	5.00	18.39	7.40	-	7.40	40.2
Kwale Hospital(0407013060)	11.33	15.00	26.33	4.02	-	4.02	15.3
Tiwi Rural Health Facility(0408013060)	3.64	5.30	8.94	1.26	-	1.26	14.1
Samburu Hospital(0409013060)	7.20	10.00	17.20	2.13	-	2.13	12.4
Lungalunga Hospital(0410013060)	8.82	5.28	14.10	3.97	-	3.97	28.2
Public Health(0401053060)	1.61	-	1.61	0.30	-	0.30	18.4
Rural Health Facilities(0412013060)	62.61	151.95	214.56	15.76	-	15.76	7.3
Diani Health Centre(0413013060)	1.06	-	1.06	0.33	-	0.33	31.3
Maternal New Born And Child Health(0401023060)	124.65	-	124.65	1.20	-	1.20	1.0
Total	1,457.99	788.78	2,246.77	582.02	-	582.02	25.9

Name of the Programme	Recurrent Estimates	Development Estimates	Printed / Revised Gross Estimates	Recurrent Expenditure	Development Expenditure	Total Expenditure	Absorption Rate (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
3065	-	-	-	-	-	-	-
General Administration And Support Services	321.92	229.84	551.76	29.92	-	29.92	5.4
Oversight, Legislation, and Representation	67.30	-	67.30	32.47	-	32.47	48.2
Total	389.22	229.84	619.06	62.39	-	62.39	10.1
3066	-	-	-	-	-	-	-
Administration services(0305023060)	8.26	99.21	107.48	2.66	-	2.66	2.5
Construction of new markets(0306023060)	1.94	28.34	30.28	0.66	-	0.66	2.2
Weights and Measures	1.38	1.50	2.88	0.34	-	0.34	11.9
Trade Development and Investment	4.77	-	4.77	0.91	-	0.91	19.0
Other Current Transfers(0306023060)	-	-	-	-	-	-	-
Personnel Services (305013060)	20.60	-	20.60	11.82	-	11.82	57.4
Cooperative Development	2.69	3.10	5.78	0.60	-	0.60	10.4
Industry and Enterprise Development	1.15	27.50	28.65	-	-	-	-
TOTAL	40.78	159.65	200.43	16.99	-	16.99	8.5
3067	-	-	-	-	-	-	-
Administration	25.25	125.36	150.61	11.57	-	11.57	7.7
Community Development	9.08	25.31	34.39	3.31	-	3.31	9.6
Culture And Heritage	8.76	-	8.76	1.51	-	1.51	17.2
Sports And Talent Management	20.38	32.88	53.26	4.65	-	4.65	8.7
Total	63.47	183.55	247.02	21.04	-	21.04	8.5
3068	-	-	-	-	-	-	-
Audit Services704013060	36.37	-	36.37	15.41	-	15.41	42.4
General Administration704043060	26.00	36.00	62.00	2.44	-	2.44	3.9
Legal Advisory Services707013060	1.63	-	1.63	-	-	-	-
Media and Communication Services707033060	2.36	-	2.36	-	-	-	-
TOTAL	66.35	36.00	102.35	17.85	-	17.85	17.4
3069	-	-	-	-	-	-	-
Personnel Services (0502023060)	254.36	-	254.36	107.23	-	107.23	42.2
Scholarship and Bursary (0504013060)	200.00	-	200.00	200.00	-	200.00	100.0
Administration Planning support service (0502013060)	7.26	346.52	353.78	1.86	-	1.86	0.5
Infrastructure development (0503023060) & (0501043060)	-	237.89	237.89	-	-	-	-
Youth Training Development(0503013060)	5.18	-	5.18	0.84	0.85	1.69	32.7
Early Childhood Development (0501043060)	23.78	-	23.78	1.02	-	1.02	4.3

Name of the Programme	Recurrent Estimates	Development Estimates	Printed / Revised Gross Estimates	Recurrent Expenditure	Development Expenditure	Total Expenditure	Absorption Rate (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Total	490.57	584.41	1,074.98	310.95	0.85	311.81	29.0
3070	-	-	-	-	-	-	-
Construction & Maintenance of water pipeline supply systems (1001023060)	-	46.18	46.18	-	-	-	-
Development of Bore-hole water supply system (1001033060)	-	75.37	75.37	-	-	-	-
Development/Construction of surface water supply systems (1001043060)	-	84.68	84.68	-	-	-	-
Community Water Project (1001063060)	-	20.14	20.14	-	3.10	3.10	15.4
Personnel Services (1002013060)	22.71	-	22.71	9.11	-	9.11	40.1
Administration Services (1002023060)	22.13	493.17	515.30	12.96	20.00	32.96	6.4
TOTAL	44.84	719.54	764.38	22.07	23.10	45.18	5.9
3071	-	-	-	-	-	-	-
Administration Services (0305023060)	43.09	222.22	265.32	27.69	-	27.69	10.4
Rehabilitations of Roads, Drainage, and Bridges (0202013060)	-	304.67	304.67	-	-	-	-
Personnel Services (0305013060)	73.27	-	73.27	15.05	-	15.05	20.5
Installation of Street Lighting Facilities (0203013060)	-	33.60	33.60	-	-	-	-
TOTAL	116.37	560.49	676.85	42.74	-	42.74	6.3
3072	-	-	-	-	-	-	-
Personnel services {0305013060}	13.41	-	13.41	5.62	-	5.62	41.9
Administration services {0305023060}	3.82	31.71	35.53	0.06	-	0.06	0.2
Local area network installation and ICT support {0308013060}	3.92	10.63	14.54	2.15	-	2.15	14.8
Tourism Promotion {0304013060}	3.41	12.25	15.66	0.00	-	0.00	0.0
TOTAL	24.56	54.59	79.15	7.83	-	7.83	9.9
3073	-	-	-	-	-	-	-
Human Resource Planning (706013060)	4.75	-	4.75	1.98	-	1.98	41.8
Transformation of Service Delivery in Public Service (706023060)	0.45	-	0.45	0.49	-	0.49	108.7
Hr Management And Skill Development (706033060)	-	-	-	-	-	-	-
Compensation To Employees (706043060)	18.78	-	18.78	5.48	-	5.48	29.2
Human Resource Planning (706053060)	-	-	-	0.45	-	0.45	-
Staff Rationalization (706063060)	6.45	-	6.45	-	-	-	-
TOTAL	30.44	-	30.44	8.40	-	8.40	27.6
3074	-	-	-	-	-	-	-

Name of the Programme	Recurrent Estimates	Development Estimates	Printed / Revised Gross Estimates	Recurrent Expenditure	Development Expenditure	Total Expenditure	Absorption Rate (%)
	A	B	C=A+B	D	E	F=D+E	G=F/C*100
Audit Services 0704013060	108.29	-	108.29	50.31	-	50.31	46.5
General Administration		34.73	50.92	2.39	-	2.39	4.7
County compliance and enforcement	6.64	-	6.64	-	-	-	-
Sub County Admin Msambweni	4.92	-	4.92	(0.02)	-	(0.02)	(0.4)
sub County Admin Lunga Lunga	5.55	-	5.55	-	-	-	-
Sub County Admin Matuga	5.00	-	5.00	-	-	-	-
Sub County Admin Kinango	7.21	-	7.21	-	-	-	-
County garbage and cleaning services	6.81	-	6.81	-	-	-	-
Human Resource and Planning	5.08	-	5.08	-	-	-	-
	165.68	34.73	200.42	52.68	-	52.68	26.3
3075	-	-	-	-	-	-	-
Personnel	1.13	-	1.13	-	-	-	-
Kwale municipality	1.33	14.24	15.57	-	-	-	-
TOTAL	2.47	14.24	16.70	-	-	-	-
3076	-	-	-	-	-	-	-
Personnel	1.36	-	1.36	-	-	-	-
Diani municipality	1.51	19.18	20.69	0.22	-	0.22	1.1
Total	2.87	19.18	22.05	0.22	-	0.22	1.0
Grand Total	3,595.76	3,932.82	7,528.58	1,276.25	23.96	1,300.21	17.3

Source: Kwale County Treasury

Programmes with high levels of implementation based on absorption rates were: Transformation of Service Delivery in Public Service at 108.7 per cent, Scholarship and Bursary at 100 per cent, and Medical Drugs at 55.8 per cent of budget allocation.

3.20.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.23.96 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.66 billion. The development expenditure represented 0.4 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.59.57 million against an annual projection of Kshs.315 million, representing 18.9 per cent of the annual target.
3. High outstanding pending bills at the beginning of the financial year, which amounted to Kshs.2.29 billion for development expenditure. The County failed to prepare a payment plan to settle the bills in the financial year as required by the OCOB.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.

3. The County Treasury should consolidate the outstanding pending bills and prepare a payment plan showing how they will be settled in the current financial year.

3.21 County Government of Laikipia

3.21.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.57 billion, comprising Kshs.3.81 billion (44.4 per cent) and Kshs.4.76 billion (55.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (59.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.01 billion (11.7 per cent) from own sources of revenue, and a cash balance of Kshs.432.75 million (5.0 per cent) from FY 2020/21. The County also expects to raise Kshs.1.25 billion (14.6 per cent) through an infrastructure bond and receive Kshs.748.11 million (8.7 per cent) as conditional grants, consisting of the Kenya Devolution Support Programme, DANIDA Grant, EU-IDEAS, and Kenya Climate Smart.

3.21.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.847.48 million as the equitable share of the revenue raised nationally, raised Kshs.182.84 million as own-source revenue, and had a cash balance of Kshs.432.75 million from FY 2020/21. The County did not receive any conditional grants during the reporting period. The total funds available for budget implementation during the period amounted to Kshs.1.46 billion, as shown in Table 3.84.

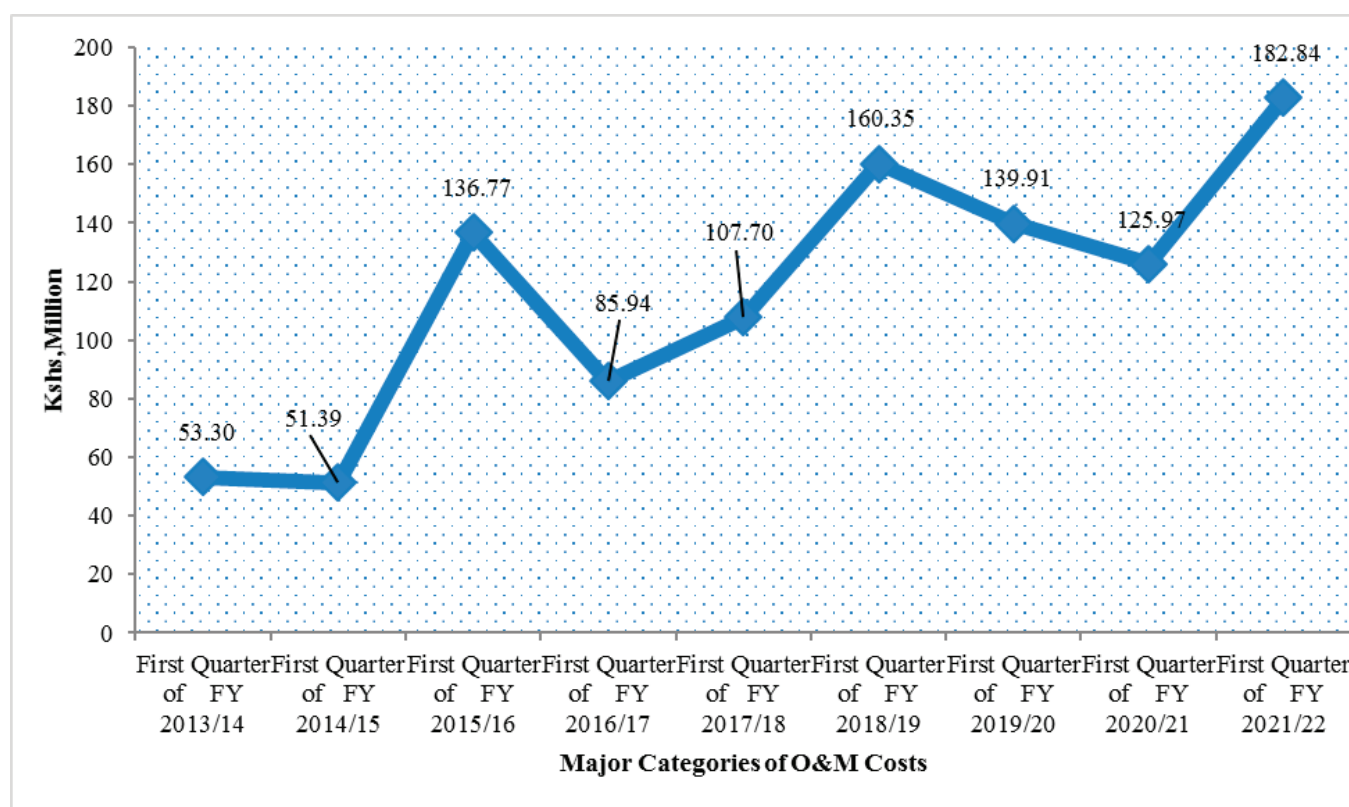
Table 3.84: Laikipia County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,136,265,679	847,483,838	16.5
Sub Total		5,136,265,679	847,483,838	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	1,006,000,000	182,836,599	18.2
2	Balance b/f from FY 2020/21	432,747,990	432,747,990	100.0
3	Other Revenues (Infrastructure bond & conditional grants)	1,995,733,731	-	-
Sub Total		3,434,481,721	615,584,589	17.9
Grand Total		8,570,747,400	1,463,068,427	17.1

Source: Laikipia County Treasury

Table 3.40 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.40: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Laikipia County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.182.84 million as own-source revenue. This amount represented an increase of 31.1 per cent compared to Kshs.125.97 million realised during a similar period in the first quarter of FY 2020/21 and was 18.2 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.593.22 million from the CRF account during the reporting period. The amount comprised Kshs.69 million (11.9 per cent) for development programmes and Kshs.524.22 million (88.4 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

The County spent Kshs.494.60 million on development and recurrent programmes during the reporting period. This expenditure represented 83.4 per cent of the total funds released by the CoB and comprised of Kshs.58.94 million and Kshs.435.66 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.5 per cent while recurrent expenditure represented 9.1 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.709.66 million and comprised of Kshs.180.86 million for recurrent expenditure and Kshs.528.8 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.69 million was incurred on settlement of development expenditure pending bills.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.305.68 million was spent on employee compensation, Kshs.129.98 million on operations and maintenance, and Kshs.58.94 million on development activities, as shown in Table 3.85.

Table 3.85: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,295,532,587	470,108,195	370,095,797	65,565,480	8.6	13.9
Compensation to Employees	2,861,408,552	257,926,965	260,772,664	44,910,344	9.1	17.4
Operations and Maintenance	1,434,124,035	212,181,230	109,323,133	20,655,136	7.6	9.7
Development Expenditure	3,755,106,618	50,000,000	58,938,543	-	1.6	0.0
Total	8,050,639,205	520,108,195	429,034,340	65,565,480	5.3	12.6

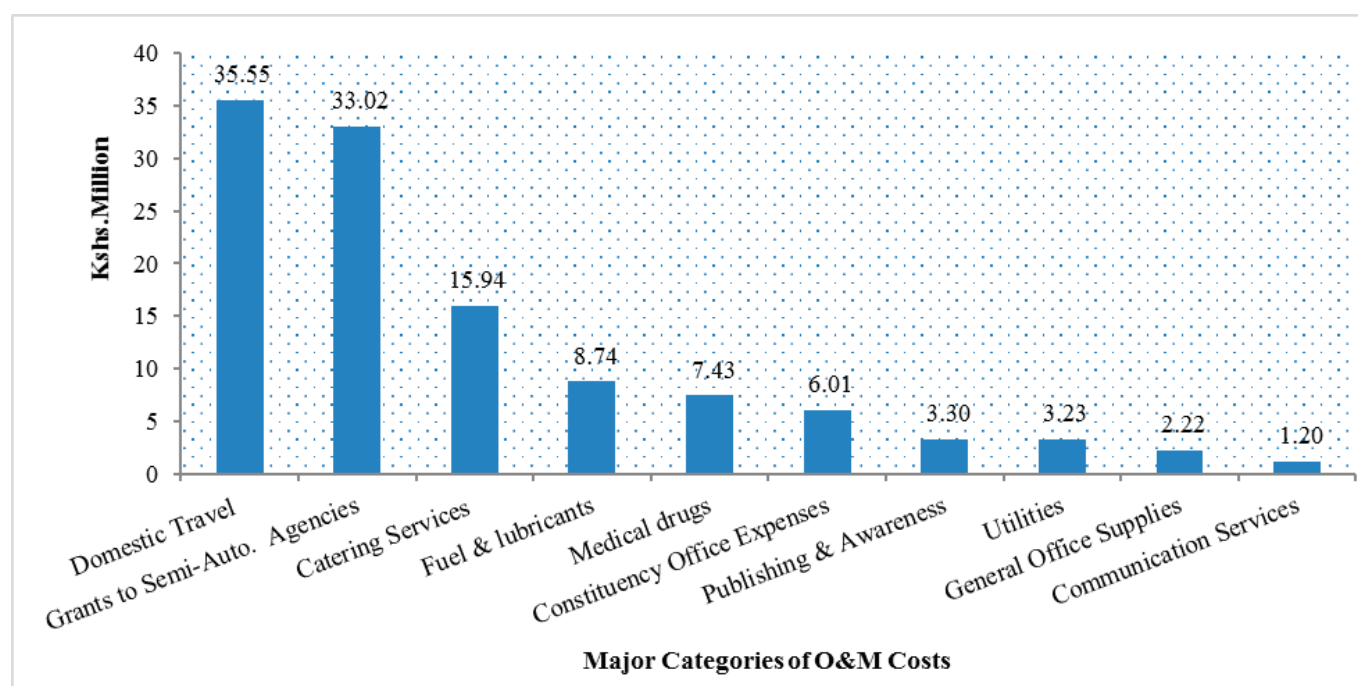
Source: Laikipia County Treasury

3.21.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 61.8 per cent of the total expenditure for the reporting period and 14.3 per cent of the first quarter proportional revenue of Kshs.2.14 billion.

3.21.8 Expenditure on Operations and Maintenance

Figure 3.41 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.41: Laikipia County, Operations and Maintenance Expenditure by Major Categories

Source: Laikipia County Treasury

The County spent Kshs.6.41 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.32.4 million. The average monthly sitting allowance was Kshs.85,419 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.35.55 million and comprised Kshs.10.30 million by the County Assembly and Kshs.25.26 million by the County Executive.

3.21.9 Development Expenditure

The County incurred an expenditure of Kshs.58.94 million on development programmes, which represented an increase of 41.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.34.43 million. Figure 3.86 summarises development projects with the highest expenditure in the reporting period.

Table 3.86: Laikipia County, List of Development Projects with the Highest Expenditure

Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
Improvement works on County roads in towns and small urban centres	Ol-Jabet	114,243,760	20,994,445	18.4
Equipping of Munanda Borehole	Githiga Ward	4,962,192	4,158,043	83.8
Grading, gravelling and culvert installation from Graton to Lenaisho	Mukongondo East	3,964,008	3,964,008	100
Gravelling and grading of Njorua High School to Naigera primary school road	Githiga Ward	3,954,904	3,954,904	100
Grading and gravelling of Seketeti to Katonga Road	Mukongondo East	3,874,545	3,874,545	100
Construction of classroom at Pilili ECDE Centre	Mukongondo East	1,599,420	1,439,978	90

Source: Laikipia County Treasury

3.21.10 Budget Performance by Department

Table 3.87 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.87: Laikipia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Administration Services	3,328.09	292.18	295.59	-	276.79	38.39	93.6	-	8.3	13.1
Finance & Economic Planning	250.70	235.38	47.55	-	42.99	3.19	90.4	-	17.1	1.4
Health & Sanitation	520.59	204.66	88.00	-	38.68	2.82	44.0	-	7.4	1.4
Agriculture, Livestock & Fisheries	28.94	751.95	3.01	-	-	2.40	-	-	-	0.3
Infrastructure & Public Works	21.04	1,746.32	3.76	69.00	0.15	9.14	4.0	13.2	0.7	0.5
Education, Youth & Sports	85.18	131.40	10.29	-	8.12	3.00	78.9	-	9.5	2.3
Trade, Tourism & Enterprise Development	16.22	54.00	2.19	-	0.14	-	6.2	-	0.8	-
Water Services	23.02	295.26	5.76	-	0.73	-	12.7	-	3.2	-
Rumuruti Municipality	5.00	43.96	2.50	-	2.50	-	100.0	-	50.0	-
County Assembly	486.87	50.00	65.57	-	65.59	-	100.0	-	13.5	-
Total	4,765.64	3,805.11	524.23	69.00	435.68	58.94	83.1	85.4	9.1	1.5

Source: Laikipia County Treasury

Analysis of expenditure by the departments shows that County Administration Services recorded the highest absorption rate of development budget at 13.1 per cent while the County Assembly, Rumuruti Municipality, Water Services and Trade, Tourism & Enterprise Development did not report any expenditure on development activities. Rumuruti Municipality had the highest percentage of recurrent expenditure to budget at 50 per cent, while the Department of Agriculture, Livestock and Fisheries did not report any expenditure on recurrent activities.

3.21.11 Budget Execution by Programmes and Sub-Programmes

Table 3.88 summarizes the budget execution by Programmes and sub-Programmes in the first quarter of FY 2021/22.

Table 3.88: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Education					
General Administration & Planning services	Personnel services	71,265,456	-	71,265,456	-
	Administration Services	12,269,490	216,000	12,053,490	1.8
Vocational Training Institutes.	Vocational Training Institutes.	48,213,048	10,901,845	37,311,203	22.6
Collaboration with Stakeholders	Collaboration with Stakeholders	4,000,000	-	4,000,000	-
Gender Culture and Social Services.	Gender Culture and Social Services.	23,959,755	-	23,959,755	-
Youth and Sports.	Youth & Sports	8,204,700	-	8,204,700	-
Education & Library Services	Education and Library Services.	43,184,875	-	43,184,875	-
Talent Development Services	Talent Development	5,484,112	-	5,484,112	-
Sub-total		216,581,436	11,117,845	205,463,591	5.1
County Assembly					
General Administration & Planning Services	Administration services	292,121,447	44,972,811	247,148,636	15.4
Legislative & Oversight	Legislation & Oversight Services	194,747,631	20,612,669	174,134,962	10.6
Infrastructure improvement services	County Assembly Infrastructure improvement	50,000,000	-	50,000,000	-
Sub-total		536,869,078	65,585,480	471,283,598	12.2
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	10,000,000	325,270	9,674,730	3.3
	Health Products and Technologies Support	236,736,402	4,153,393	232,583,009	1.8
	Health Infrastructure Development	14,000,000	-	14,000,000	-
	Emergency Referral and Rehabilitative Service	99,548,177	13,493,553	86,054,624	13.6
General Administration & Planning Services	Essential Health Institutions and Services	126,629,882	1,948,780	124,681,102	1.5
	Administrative, Project Planning and Implementation Services	137,877,133	7,437,268	130,439,865	5.4
	Human Resource Development	2,000,000	75,600	1,924,400	3.8
	Health Policy, Governance, Planning and Financing	9,500,000	600,000	8,900,000	6.3
	Health Information Standards and Quality Assurance	1,500,000	-	1,500,000	0.0
	Community Health Strategy, Advocacy, and Surveillance	11,056,500	624,000	10,432,500	5.6
Preventive Health Services	Family Planning, Maternal, and Child Health Services	4,300,000	530,700	3,769,300	12.3
	Non -Communicable Diseases Control and Prevention	1,800,000	900,000	900,000	50.0
	Public Health Promotion and Nutrition Services	7,300,000	980,392	6,319,608	13.4
	Social Health Insurance Scheme	63,000,000	10,427,956	52,572,044	16.6
Sub-total		725,248,094	41,496,912	683,751,182	5.72
Infrastructure, Physical Planning & Lands					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration and Planning Services	Administration Services	9,399,080	-	9,399,080	-
	Planning and Financial Management	2,900,920	-	2,900,920	-
Financial Services	County Treasury administrative services	254,090,282	-	254,090,282	-
Land and Housing Management	Housing Policy Development	4,700,000	-	4,700,000	-
Public Works Service Delivery Improvement	County Building Construction Standard	3,000,000	149,100	2,850,900	5.0
Renewable /Green Energy Services	County renewable/green energy services	19,678,268	-	19,678,268	-
Roads Network Improvement Housing and Urban Development	Road Network improvement	120,000,000	1,300,000	118,700,000	1.1
	Road network maintenance	55,007,257	7,841,629	47,165,628	14.3
	Heavy Equipment Maintenance	10,000,000	-	10,000,000	-
	Urban Development	1,073,759,248	-	1,073,759,248	-
Critical Infrastructure rehabilitation and Construction	Inter ward bridge construction program	20,057,111	-	20,057,111	-
Administration and Support Services	Managed Specialized equipment and Vehicles	160,000,000	-	160,000,000	-
Physical Planning and Survey	Survey and Planning services	24,760,000	-	24,760,000	-
	Land Management services	10,000,000	-	10,000,000	-
Sub-total		1,767,352,166	9,290,729	1,758,061,437	0.5
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	6,000,000	-	6,000,000	-
	Personnel Services	1,215,450	-	1,215,450	-
	Policy Development	1,000,000	-	1,000,000	-
Co-operative Development and promotion	Co-operative Development and promotion	2,000,000	-	2,000,000	-
	Research & Development	500,000	136,000	364,000	27.2
	Market Infrastructure Development		-	-	-
	Revolving Fund	11,000,000	-	11,000,000	-
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	500,000	-	500,000	-
	Market Infrastructure Development	33,963,180	-	33,963,180	-
	Metrological Lab-weights and measures	1,000,000	-	1,000,000	-
Tourism Development & Promotion	Tourism Promotion and Marketing	3,000,000	-	3,000,000	-
	Tourism Infrastructural Development	10,036,820	-	10,036,820	-
Sub-total		70,215,450	136,000	70,079,450	0.2
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,060,408,552	260,772,664	2,799,635,888	8.5
	County Public Service Board	18,500,000		18,500,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Administration Services	Headquarter Administration Services	28,296,931	147,000	28,149,931	0.5
	ICT Infrastructure & Connectivity	10,000,000	345,000	9,655,000	3.5
	County Administration Services	21,497,766	1,019,200	20,478,566	4.7
	County services delivery and result reporting	5,500,000	450,000	5,050,000	8.2
	Car & Mortgage	-	-	-	-
	Decentralized Services	28,142,860		28,142,860	-
	Executive Support Service	70,000,000	18,387,900	51,612,100	26.3
	Grants & Transfers	242,430,576	31,396,622	211,033,954	13.0
	Urban Facilities Management	20,000,000		20,000,000	-
	Legal Services	47,000,000	98,000	46,902,000	0.2
Security & Policing Services	Disaster Reduction Management	8,000,000	300,000	7,700,000	3.8
	Enforcement and Disaster Management	5,000,000	235,200	4,764,800	4.7
	Alcohol Control Committee	6,500,000		6,500,000	-
	Intergovernmental & Donor Relations	24,000,000	176,400	23,823,600	0.7
	Fire Services	7,000,000		7,000,000	-
Public Participation & Civic Education	Public participation	18,000,000	1,850,000	16,150,000	10.3
Sub-total		3,620,276,685	315,177,986	3,305,098,699	8.7
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	276,629,876	-	276,629,876	-
General Administration & Support Services	1) Administrative and Planning Services	12,019,587	-	12,019,587	-
	2) Motor vehicle maintenance and fuel provision	11,000,000	731,035	10,268,966	6.6
	3) Development of water management policies	2,000,000	-	2,000,000	-
Environment & Natural Resources	Solid Waste Management	7,000,000	-	7,000,000	-
	Human-Wildlife Conflict Prevention	3,000,000	-	3,000,000	-
	Natural Resources Management	3,000,000	-	3,000,000	-
	Climate Change Adaptation & Mitigation	1,000,000	-	1,000,000	-
	Integrated land rehabilitation	2,631,320	-	2,631,320	-
Sub-total		318,280,783	731,035	317,549,749	0.2
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	61,218,816	-	61,218,816	-
	Agriculture Sector Extension Management	34,065,350	-	34,065,350	-
Livestock Production	Livestock Resource Development and Management	4,200,000	-	4,200,000	-
	Livestock Marketing and Value Addition	200,000	-	200,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Crop production & Horticulture	Land and Crop Productivity Enhancement and Management	3,000,000	-	3,000,000	-
	Strategic Food Security Service	97,421,200	2,399,718	95,021,482	2.5
	Agribusiness and Information Management	55,000	-	55,000	-
	Standards and Quality Assurance	600,000	-	600,000	-
	Climate Change Adaptation & Mitigation	571,396,178	-	571,396,178	-
Veterinary Services	Animal Health and Disease Management	4,200,000	-	4,200,000	-
Fisheries Services	Fisheries Development and Management	4,532,504	-	4,532,504	-
Sub-total		780,889,048	2,399,718	778,489,330	0.3
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	59,075,442	6,416,661	52,658,781	10.9
Administration, Planning & Support Services	Personnel Services	1,000,000		1,000,000	-
	General Administration Support	112,419,000		112,419,000	-
	Infrastructural Services	94,328,375		94,328,375	-
Public Finance Management Services	Internal Audit Services	8,400,000	2,350,200	6,049,800	28.0
	County Treasury Administrative Services	13,450,270	3,270,000	10,180,270	24.3
	Revenue collection services	155,617,080	22,733,254	132,883,826	14.6
	Fleet and Logistics	4,588,817	1,800,000	2,788,817	39.2
	Supply chain management services	7,000,000	1,405,000	5,595,000	20.1
Development Planning Services	Monitoring and Evaluation Services	5,500,000	2,150,000	3,350,000	39.1
	Strategic Partnership & Collaboration	6,800,000	3,109,000	3,691,000	45.7
	Research, Statistics & Documentation	6,900,000	2,950,000	3,950,000	42.8
	Participatory Budgeting	11,000,000	-	11,000,000	-
Sub-total		486,078,984	46,184,115	439,894,869	9.5
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	5,000,000	2,500,000	2,500,000	50.0
Roads Network Improvement Housing and Urban Development	Road Network improvement	43,955,676	-	43,955,676	-
Sub-Total		48,955,676	2,500,000	46,455,676	5.1
GRAND TOTAL		8,570,747,400	494,619,820	8,076,127,580	5.8

Source: Laikipia County Treasury

Programmes with high levels of implementation based on absorption rates were: Promotive Health Services in the Department of Health at 50 per cent, Internal Audit Services in the Department of Finance & Economic Planning, and County Administration Services in the Department of County Administration at 26.3 per cent of budget allocation.

3.21.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report

2. Low absorption of development funds as indicated by the expenditure of Kshs.58.94 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.81 billion. The development expenditure represented 1.5 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.182.84 million against an annual projection of Kshs.1 billion, representing 18.2 per cent of the annual target.

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

1. *The County Assembly should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.22 County Government of Lamu

3.22.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.4.25 billion, comprising Kshs.1.63 billion (38.4 per cent) and Kshs.2.62 billion (61.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.3.11 billion (73.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.120 million (2.8 per cent) from own sources of revenue, and a cash balance of Kshs.597.62 million (14.1 per cent) from FY 2020/21. The County also expects to receive Kshs.425.82 million (10 per cent) as conditional grants, consisting of Kshs.387.82 million for Loans & Grants and Kshs.38 million as Supplement for Construction of County Headquarter.

3.22.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.512.43 million as the equitable share of the revenue raised nationally, raised Kshs.15.15 million as own-source revenue, and had a cash balance of Kshs.597.62 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.13 billion, as shown in Table 3.89.

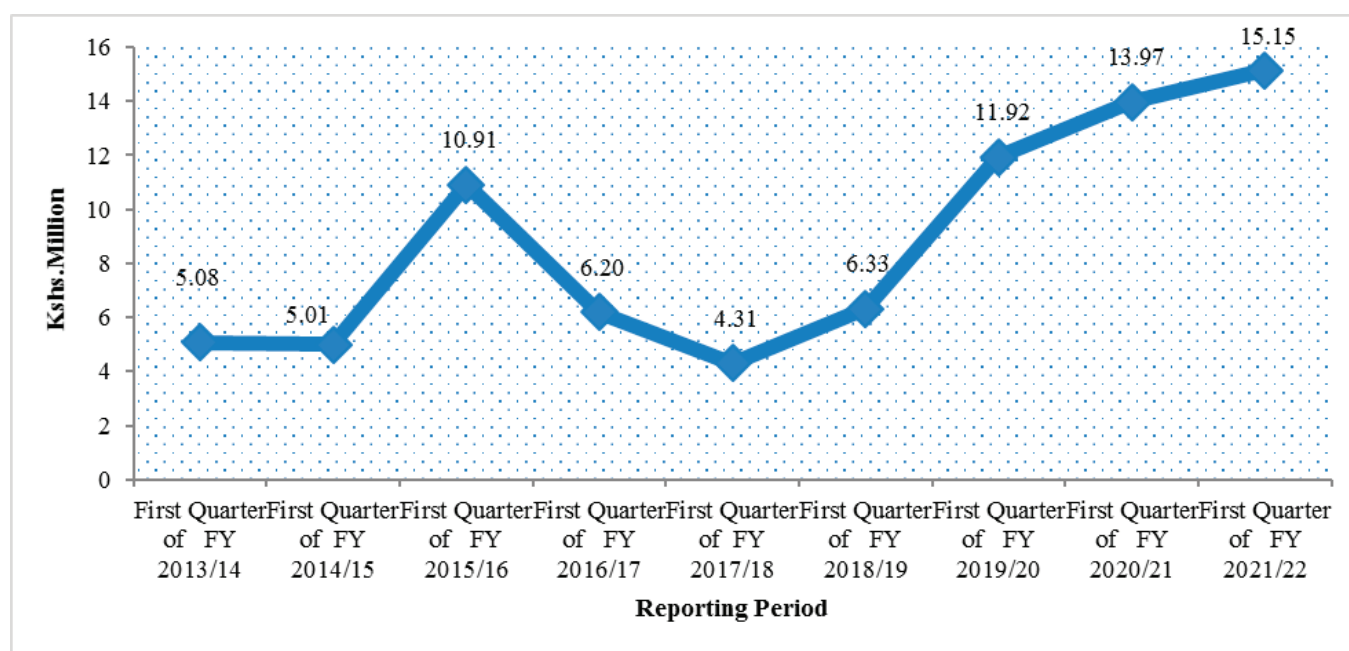
Table 3.89: Lamu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,105,649,643	512,432,192	16.5
Sub Total		3,105,649,643	512,432,192	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	120,000,000	15,148,880	12.6
2.	Balance b/f from FY 2020/21	597,617,674	597,617,674	100.0
3.	Other Revenues (Conditional Grants)	425,821,812	-	-
Sub Total		1,143,439,486	612,766,554	53.6
Grand Total		4,249,089,129	1,125,198,746	26.5

Source: Lamu County Treasury

Figure 3.42 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.42: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Lamu County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.15.15 million as own-source revenue. This amount represented an increase of 8.4 per cent compared to Kshs.13.97 million realised during a similar period in the first quarter of FY 2020/21 and was 12.6 per cent of the annual target.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.544.52 million from the CRF account during the reporting period. The amount comprised of Kshs.12.93 million (2.4 per cent) for development programmes and Kshs.531.59 million (97.6 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

The County spent Kshs.553.67 million on development and recurrent programmes during the reporting period. This expenditure represented 99 per cent of the total funds released by the CoB and comprised of Kshs.21.77 million and Kshs.531.59 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.3 per cent, while recurrent expenditure represented 20.3 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.111.77 million, which comprised of Kshs.67.67 million for recurrent expenditure and Kshs.44.10 million for development expenditure. At the beginning of the FY 2021/22, the County had not prepared a payment plan to settle the entire bills; however, they intend to factor the pending bills in the supplementary budget in the financial year.

During the period under review, the County did not report any payment towards the settlement of pending bills.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.375.98 million was spent on employee compensation, Kshs.155.62 million on operations and maintenance, and Kshs.21.77 million on development activities, as shown in Table 3.90.

Table 3.90: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)				Expenditure (Kshs)				Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,210,491,013	405,000,000			471,104,053	60,490,580			21.3	14.9		
Compensation to Employees	1,427,734,899	194,631,710			334,666,031	41,309,000			23.4	21.2		
Operations and Maintenance	782,756,114	210,368,290			136,438,022	19,181,580			17.4	9.1		
Development Expenditure	1,498,598,116	135,000,000			21,774,380	-			1.5	-		
Total	3,709,089,129	540,000,000			492,878,433	60,490,580			13.3	11.2		

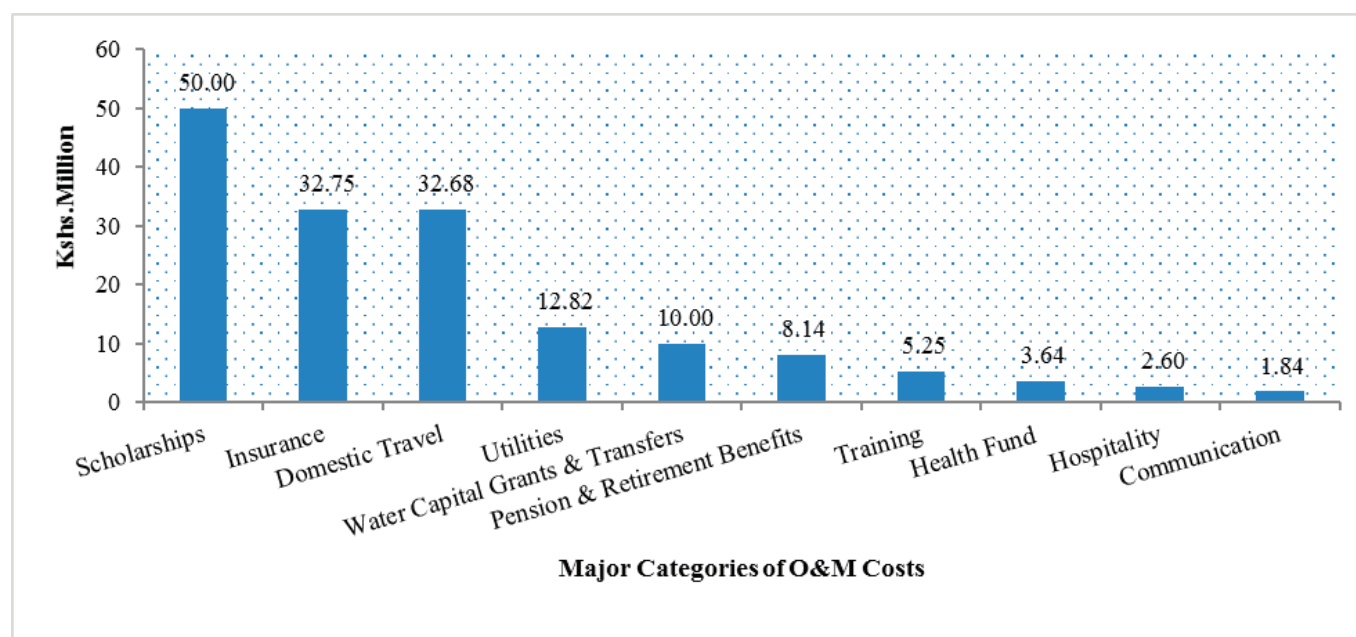
Source: Lamu County Treasury

3.22.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 67.9 per cent of the total expenditure for the reporting period and 17.7 per cent of the first quarter proportional revenue of Kshs.2.12 billion.

3.22.8 Expenditure on Operations and Maintenance

Figure 3.43 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.43: Lamu County, Operations and Maintenance Expenditure by Major Categories

Source: Lamu County Treasury

The County spent Kshs.1.34 million on committee sitting allowances for the 19 MCAs and Speaker against the annual budget allocation of Kshs.10.98 million. The average monthly sitting allowance was Kshs.23,586 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.32.68 million and comprised Kshs.7.78 million spent by the County Assembly and Kshs.24.9 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.37 million by the County Assembly.

3.22.9 Development Expenditure

The County incurred an expenditure of Kshs.21.77 million on development programmes, which represented an increase of 33 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.16.38 million. Figure 3.91 summarises development projects with the highest expenditure in the reporting period.

Table 3.91: Lamu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	County grant to TVET	County Wide	20,000,000	9,200,000	46.0
2	Construction of Lamu & Mokowe Market	Lamu Island & Mokowe	65,000,000	8,848,610	13.6
3	Completion of Kizingitini Ice Plant	Kizingitini -Faza	9,000,000	3,725,770	41.4

Source: Lamu County Treasury

3.22.10 Budget Performance by Department

Table 3.92 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.92: Lamu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	405.00	135.00	60.49	-	44.21	-	73.1	-	10.9	-
County Executive & PSM	368.82	75.29	91.81	-	90.85	-	99.0	-	24.6	-
Finance	138.50	-	21.05	-	20.71	-	98.4	-	15.0	-
Agriculture & Irrigation	115.38	337.84	11.40	-	14.43	-	126.6	-	12.5	-
Land and Physical Planning	27.00	76.83	4.92	-	5.00	-	101.8	-	18.5	-
Education & Vocational Training	218.00	100.48	66.45	9.20	65.76	9.20	99.0	100.0	30.2	9.2
Medical Services	983.63	202.45	190.88	-	194.96	-	102.1	-	19.8	-
Trade, Tourism & Investment Development	23.41	41.69	4.46	-	4.60	-	103.0	-	19.6	-
Livestock, Veterinary & Co-operative Development	39.83	23.58	8.74	-	8.56	-	97.9	-	21.5	-
County Public Service Board	54.31	-	10.17	-	10.06	-	98.9	-	18.5	-
Water Management & Conservation	37.56	249.00	19.54	-	19.12	-	97.9	-	50.9	-
Youth, Gender, Culture, Sports, & Social services	17.20	74.09	3.48	-	3.09	-	88.8	-	17.9	-
Public Health Sanitation and Environment	66.00	7.50	13.70	-	13.53	-	98.7	-	20.5	-
Fisheries Development	35.66	24.00	6.00	3.73	5.57	3.73	92.8	100.0	15.6	15.5
Budget & Economic Planning	20.30	-	2.19	-	2.22	-	101.4	-	10.9	-
Infrastructure and Energy	35.30	206.10	8.90	-	7.23	-	81.2	-	20.5	-
Lamu Municipality	29.60	79.75	7.41	-	7.15	8.85	96.5	-	24.2	11.1
TOTAL	2,615.49	1,633.60	531.59	12.93	517.05	21.77	97.3	168.5	19.8	1.3

Source: Lamu County Treasury

Analysis of expenditure by the departments shows that the Department of Fisheries Development recorded the highest absorption rate of development budget at 15.5 per cent followed by Lamu Municipality and Education & Vocational Training at 15.5 per cent and 9.2 per cent respectively. The rest of the departments did not report any expenditure on development activities. The Department of Education & Vocational Training had the highest percentage of recurrent expenditure to budget at 30.2 per cent, while the Department of Budget & Economic Planning and the County Assembly had the lowest each at 10.9 per cent.

3.22.11 Budget Execution by Programmes and Sub-Programmes

Table 3.93 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.93: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly	P.1 Administration, planning and support services.	222,807,120	23,091,391	199,715,729	10.4
	P.2 Legislation and Oversight	317,192,880	21,122,587	296,070,293	6.7
	Subtotal	540,000,000	44,213,978	495,786,022	8.2
County Executive & PSM	P 1: Headquarters	330,358,944	87,881,999	242,476,945	26.6
	P.2 Office of the Governor and Deputy Governor	38,462,000	2,969,956	35,492,044	7.7
	P 3: Development	75,288,955		75,288,955	-
	Subtotal	444,109,899	90,851,955	353,257,944	20.5
Finance	P 1: Administration, planning support services	104,808,619	18,100,341	86,708,278	17.3
	P2. Accounting, Standards & Reporting	12,031,515	1,463,840	10,567,675	12.2
	P.3 Procurement & Supply Chain management	7,218,909	487,640	6,731,269	6.8
	P.4 Revenue	7,218,909	414,520	6,804,389	5.7
	P.5 Internal Audit	7,218,909	243,240	6,975,669	3.4
	Subtotal	138,496,861	20,709,581	117,787,280	15.0
Agriculture & Irrigation	P 1: Administration and planning support services	50,409,930	11,143,171	39,266,759	22.1
	P 2: Plant Diesels Control (Extension services)	52,368,686	3,283,270	49,085,416	6.3
	P 3: Crop Productivity	12,596,440		12,596,440	-
	P 4: Development	337,843,632		337,843,632	-
	Subtotal	453,218,688	14,426,441	438,792,247	3.2
Land, Physical Planning	P 1: Administration, planning & support Services	27,000,000	5,004,368	21,995,632	18.5
	P 2: Land Development Management	76,827,460		76,827,460	-
	Subtotal	103,827,460	5,004,368	98,823,092	4.8
Education and Vocational Training	P 1. Headquarters	91,408,006	15,763,189	75,644,817	17.2
	P 2. Early Childhood Development	126,591,994	50,000,000	76,591,994	39.5
	P3. Development	100,476,466	9,199,999	91,276,467	9.2
	Subtotal	318,476,466	74,963,189	243,513,277	23.5
Medical Services	P 1: General Administration, Planning and Support Services	801,604,150	190,388,009	614,245,913	23.8
	P 2: Curative & Rehabilitative Services	120,138,376	929,513	116,252,572	0.8
	P 3: Preventive & Promotive Services	61,889,244	3,640,948	58,114,496	5.9
	P 4: Development	202,445,935		202,445,935	-
	Subtotal	1,186,077,705	194,958,469	991,058,916	16.4
Trade, Investment, Culture & Tourism	P 1: Administration, planning & support Services	17,757,635	3,230,897	14,526,738	18.2
	P 2: Tourism Promotion	3,186,865	705,432	2,481,433	22.1
	P 4: Trade & Industrialization	2,465,500	660,000	1,805,500	26.8
	P5: Development	41,689,727		41,689,727	-
	Subtotal	65,099,727	4,596,329	60,503,398	7.1
Livestock, Veterinary & Co-operative Development	P 1: Headquarters	36,778,145	8,283,333	28,494,812	22.5
	P 3: Livestock Production	976,764	133,000	843,764	13.6
	P 4: Veterinary Services	1,464,613	144,470	1,320,143	9.9
	P 5: Cooperative development	605,478		605,478	-
	P6: Development	23,583,506			-
	Subtotal	63,408,506	8,560,803	54,847,703	13.5
Public Service Board	P.1 General Admin	46,215,457	8,882,319	37,333,138	19.2
	P 2: Human Resource Management	2,689,800		2,689,800	-
	P 3: Ethics, Governance And Compliance	1,579,689		1,579,689	-
	P 4: Skills & Competency Development	3,824,529	1,175,028	2,649,501	30.7
	Subtotal	54,309,475	10,057,347	44,252,128	18.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Water Management & Conservation	P 1: Headquarters	17,259,570	4,125,803	13,133,767	23.9
	P 2: Water Management, Conservation & Provision	20,300,000	14,996,795	5,303,205	73.9
	P3: Development	249,000,000			-
	Subtotal	286,559,570	19,122,598	267,436,972	6.7
Gender, Sports, Youth Affairs, & Social Services	P 1: Headquarters	17,200,000	3,087,070	14,112,930	17.9
	P3: Development	74,092,435		74,092,435	-
	Subtotal	91,292,435	3,087,070	88,205,365	3.4
Public Health Environment & Sanitation	P 1: Headquarters	60,790,000	13,433,193	47,356,807	22.1
	P 2: Public Health and Sanitation	5,210,000	94,550	5,115,450	1.8
	P3: Development	7,500,000		7,500,000	-
	Subtotal	73,500,000	13,527,743	59,972,257	18.4
Fisheries	P 1. General Administration, Planning and Support services	35,657,000	5,565,959	30,091,041	15.6
	P2: Development	24,000,000	3,725,769	20,274,231	15.5
	Subtotal	59,657,000	9,291,728	50,365,272	15.6
Budget & Economic Planning	P 1: Headquarters	13,086,664	1,841,656	11,245,008	14.1
	P 2: Budget	2,405,200	380,200	2,025,000	15.8
	P3: Economic Planning	2,405,200		2,405,200	-
	P 1: Monitoring & Evaluation	2,405,200		2,405,200	-
	Subtotal	20,302,264	2,221,856	18,080,408	10.9
Infrastructure, Urban Development & Energy	P 1: Administration Headquarters	35,300,993	7,234,111	28,066,882	20.5
	P2: Development	206,100,000		206,100,000	-
	Subtotal	241,400,993	7,234,111	234,166,882	3.0
Lamu Municipality	P 1: Administration, planning & support Services	29,602,080	7,150,109	22,451,971	24.2
	P 2: Urban Development	79,750,000	8,848,610	70,901,390	11.1
	Sub Total	109,352,080	15,998,719	93,353,361	14.6
Grand Total		4,249,089,129	538,826,284	3,710,202,523	12.7

Source: Lamu County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Vocational Training in the Department of Education at 23.5 per cent, County Executive & PSM at 20.5 per cent, Public Service Board at 18.5 per cent, and Public Health Environment & Sanitation at 18.4 per cent of budget allocation.

3.22.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.21.77 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.1.63 billion. The development expenditure represented 1.3 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.15.15 million against an annual projection of Kshs.120 million, representing 12.6 per cent of the annual target.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.

3.23 County Government of Machakos

3.23.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.24 billion, comprising Kshs.3.82 billion (31.2 per cent) and Kshs.8.42 billion (68.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.16 billion (74.9 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.68 billion (13.8 per cent) from its own sources of revenue. The County also expects to receive Kshs.1.39 billion (11.4 per cent) as conditional grants, which consists of Kshs.152.29 million for

Leasing of Medical Equipment, Kshs.321.47 million for Kenya Climate Smart Agriculture World Bank Project, Kshs.161.91 million for Devolution Support World Bank Project, Kshs.1.50 million for Kenya Urban Support Project UIG, Kshs.672.00 million for Kenya Urban Support Project (UDG), Kshs.17.18 million for DANIDA, Kshs.9.40 million for Transforming Health Systems for Universal Care World Bank Project, Kshs.25.49 million for Agriculture Sector Development Support Program and Kshs.28.38 million for Emergency Locust Response World Bank Project. The County did not budget for the cash balance brought down from FY 2020/21.

3.23.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.51 billion as the equitable share of the revenue raised nationally and raised Kshs.155.06 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.67 billion, as shown in Table 3.94.

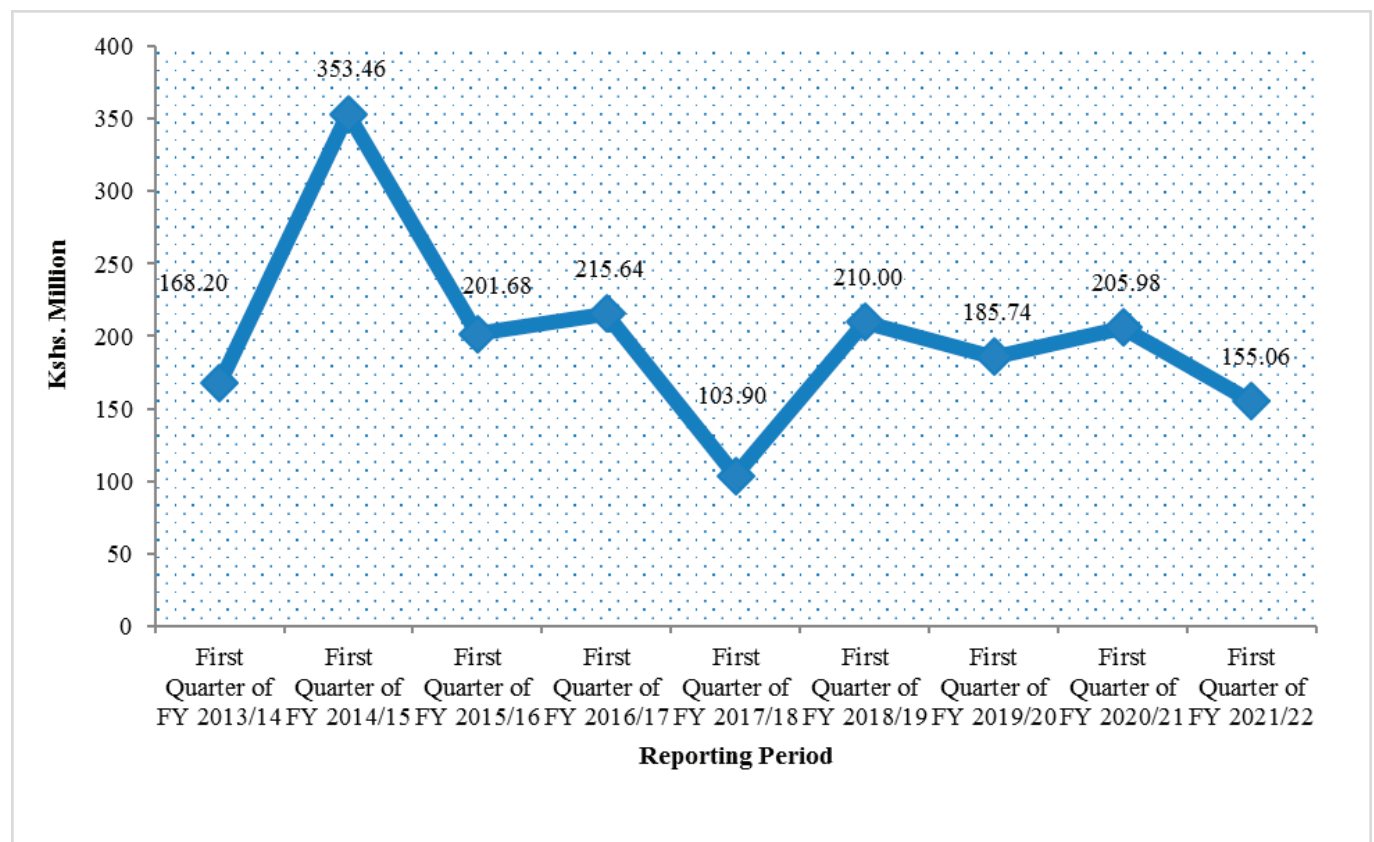
Table 3.94: Machakos County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	9,162,304,232	1,511,780,199	16.5
	Sub Total	9,162,304,232	1,511,780,199	16.5
D	Other Sources of Revenue			
1.	Own Source Revenue	1,682,894,197	155,060,426	9.2
2.	Other Revenues (Conditional Grants)	1,390,629,796	-	-
	Sub Total	3,073,523,992	155,060,425	5.0
	Grand Total	12,235,828,224	1,666,840,624	13.6

Source: Machakos County Treasury

Figure 3.44 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.44: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Machakos County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.155.06 million as its own source revenue. This amount represented a decrease of 24.7 per cent compared to Kshs.205.98 million realised during a similar period in the first quarter of FY 2020/21 and was 9.2 per cent of the annual target.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.10 billion from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.23.4 Overall Expenditure Review

The County spent Kshs.1.50 billion on recurrent programmes during the reporting period. This expenditure represented 71.3 per cent of the total funds released by the CoB and consisted entirely of recurrent programmes. There was no expenditure on development programmes during the period.

3.23.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.80 billion for both recurrent and development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, the County did not make any payment towards pending bills.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on employee compensation and Kshs.211.47 million on operations and maintenance. There was no expenditure on development activities, as shown in Table 3.95.

Table 3.95: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assem- bly	County Executive	County Assem- bly	County Exec- utive	County As- sembly
Total Recurrent Expenditure	8,417,075,356	977,790,391	1,357,871,296	141,721,934	16.1	0.1
Compensation to Employees	5,655,570,468	454,092,034	1,224,832,525	63,293,936	21.7	13.9
Operations and Maintenance	2,761,504,888	523,698,357	133,038,771	78,427,997	4.8	15
Development Expenditure	3,818,752,869	295,000,000	-	-	-	-
Total	12,235,828,225	1,272,790,391	1,357,871,296	141,721,934	11.1	0.1

Source: Machakos County Treasury

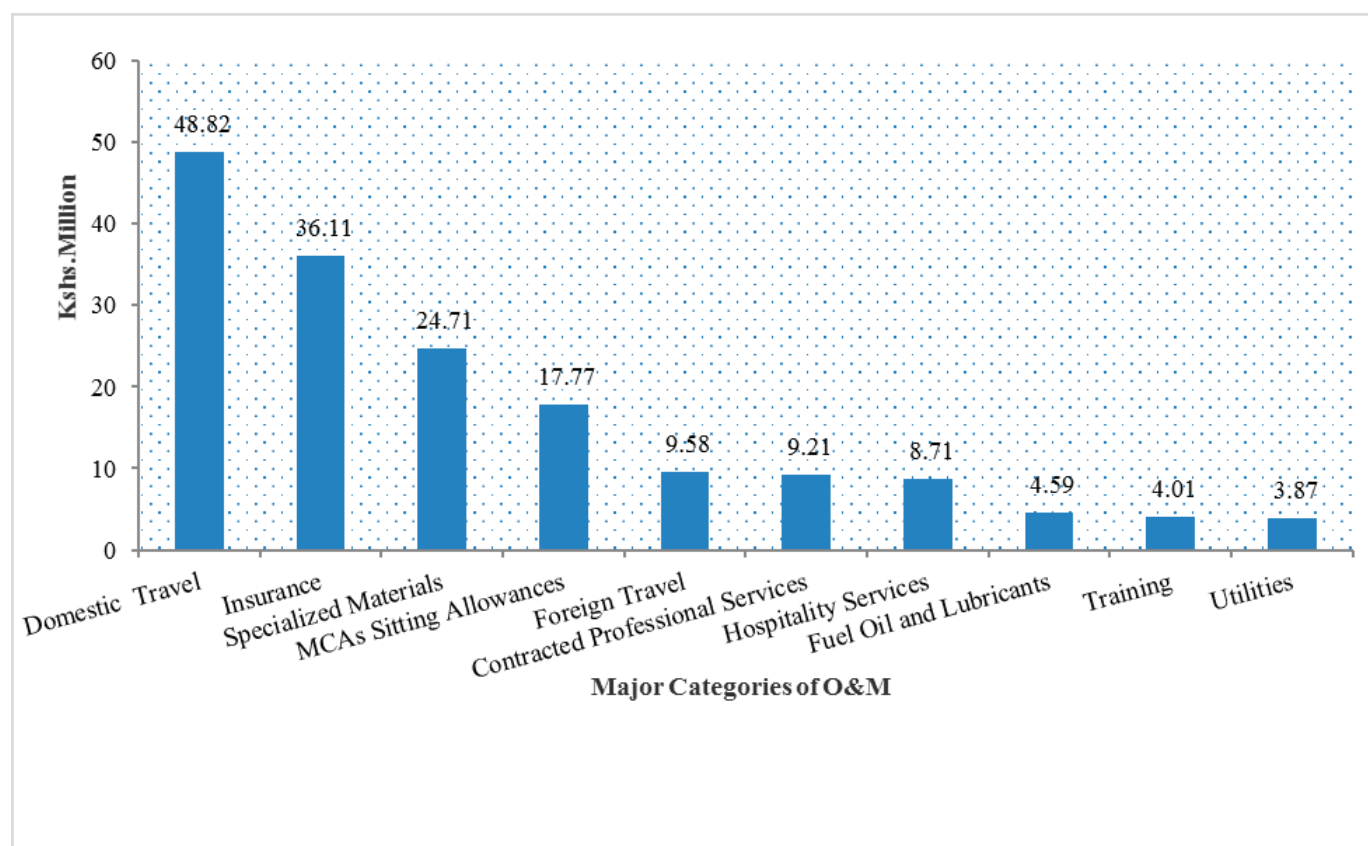
3.23.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on compensation to employees was 85.9 per cent of the total expenditure for the reporting period and 42.1 per cent of the first quarter proportional revenue of Kshs.3.06 billion.

3.23.8 Expenditure on Operations and Maintenance

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

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



Source: Machakos County Treasury

The County spent Kshs.17.77 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.97,092 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.48.82 million and comprised Kshs.35.01 million spent by the County Assembly and Kshs.13.81 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.58 million and included Kshs.7.26 million by the County Assembly and Kshs.2.32 million by the County Executive.

3.23.9 Development Expenditure

The County did not report any expenditure on development programmes during the first quarter.

3.23.10 Budget Performance by Department

Table 3.96 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.96: Machakos County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	562.11	3.08	78.68	-	24.58	-	31.2	-	4.4	-
County Public Service Board	39.76	10.00	10.29	-	-	-	-	-	-	-
Roads, Transport and Public Works.	197.28	890.82	52.60	-	13.04	-	24.8	-	6.6	-
Health Services and Emergency Services	3,970.25	453.51	954.55	-	872.16	-	91.4	-	22.0	-
Water, Irrigation, Environment, and Natural Resources	104.07	319.25	30.23	-	4.66	-	15.4	-	4.5	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Food Security, and Co-operative Development.	410.54	400.76	54.41	-	109.70	-	201.6	-	26.7	-
Finance and Economic Planning.	487.79	57.56	89.85	-	206.70	-	230.1	-	42.4	-
Public Service, Quality Management and ICT	407.35	9.33	182.66	-	120.83	-	66.2	-	29.7	-
Tourism, Youth, Sports, and Culture.	114.37	90.99	22.68	-	1.44	-	6.3	-	1.3	-
Trade, Industrialization, and Innovation.	114.52	289.91	14.19	-	0.50	-	3.5	-	0.4	-
Education, Skills Training and Social Welfare	399.04	142.10	79.41	-	2.79	-	3.5	-	0.7	-
Energy, Lands, Housing and Urban Development	113.69	841.50	20.95	-	0.30	-	1.4	-	0.3	-
County Administration and Decentralized Units	518.50	14.94	264.87	-	1.16	-	0.4	-	0.2	-
County Assembly	977.79	295.00	248.11	-	141.72	-	57.1	-	14.5	-
Total	8,417.08	3,818.75	2,103.49	-	1,499.59	-	71.3	-	17.8	-

Source: Machakos County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the recurrent budget at 42.4 per cent while the County Public Service Board did not report any expenditure.

3.23.11 Budget Execution by Programmes and Sub-Programmes

Table 3.97 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.97: Machakos County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Office of The Governor					
Sub-programme 1	Office of the Governor	350,581,992	15,305,654	335,276,338	4.4
Sub-programme 2	Transport Services	28,492,459	1,906,523	26,585,936	6.7
Sub-programme 3	Human Resource and Administration Section	84,050,981	2,076,977	81,974,004	2.5
Sub-programme 4	ICT Section	13,387,204	-	13,387,204	-
Sub-programme 5	Hospitality Services Section	14,580,000	-	14,580,000	-
Sub-programme 6	Cabinet Office	6,493,175	-	6,493,175	-
Sub-Programme 7	Office of the Deputy Governor	36,000,000	2,544,648	33,455,352	7.1
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	13,759,080	2,385,000	11,374,080	17.3
Sub-programme 9	Office of the County Secretary	8,889,914	225,414	8,664,500	2.5
Sub-programme 10	Office of the County Advisors	8,954,060	138,207	8,815,853	1.5
Total		565,188,865	24,582,423	540,606,442	4.3
County Public Service Board					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-pro-gramme 1	Human Resource and Administration	49,763,200	-	49,763,200	-
Total		49,763,200	-	49,763,200	-
Roads, Transport and Public Works					
Sub-pro-gramme 1	Headquarter Administrative services	299,163,881	1,548,384	297,615,497	0.5
Sub-pro-gramme 2	Road Development and Management	535,727,222	494,500	535,232,722	0.1
Sub-pro-gramme 3	County Government Buildings	160,203,238	-	160,203,238	-
Sub-pro-gramme 4	County Fleet Management	93,000,000	11,000,000	82,000,000	11.8
Total		1,088,094,341	13,042,884	1,075,051,457	1.2
Health and Emergency Services					
Sub-pro-gramme 1	General Administration and Support Services	3,606,277,000	837,157,776	2,769,119,224	23.2
Sub-pro-gramme 2	Machakos Level 5	299,179,765	25,000,000	274,179,765	8.4
Sub-pro-gramme 3	Kangundo Level 4	62,737,223	-	62,737,223	-
Sub-pro-gramme 4	Matuu Level 4	53,879,413	-	53,879,413	-
Sub-pro-gramme 5	Kathiani Level 4	42,986,275	-	42,986,275	-
Sub-pro-gramme 6	Mwala Level 4	29,716,422	-	29,716,422	-
Sub-pro-gramme 7	Kimiti Level 4	14,446,569	-	14,446,569	-
Sub-pro-gramme 8	Masinga Level 4	14,546,569	-	14,546,569	-
Sub-pro-gramme 9	Athi River Level 4	14,446,569	-	14,446,569	-
Sub-pro-gramme 10	Mutituni Level 4	14,446,569	-	14,446,569	-
Sub-pro-gramme 11	Ndithini Level 4	14,446,569	-	14,446,569	-
Sub-pro-gramme 12	Kalama Level 4	14,396,569	-	14,396,569	-
Sub-pro-gramme 10	Public Health and Community Out-reach	230,761,382	10,000,000	220,761,382	4.3
Sub-pro-gramme 11	Emergency Services	11,495,381	-	11,495,381	-
TOTAL		4,423,762,274	872,157,776	3,551,604,498	19.7
Water, Irrigation, Environment, and Natural Resources					
Sub-pro-gramme 1	Water Supply and Sewerage	189,616,575	4,160,277	185,456,298	2.2
Sub-pro-gramme 2	Irrigation Schemes, Development and Promotion	66,538,486	-	66,538,486	-
Sub-pro-gramme 3	Development and Promotion of Irriga-tion Schemes	85,585,853	318,200	85,267,653	0.4
Sub-pro-gramme 4	Environment and Natural Resources	81,586,368	180,000	81,406,368	0.2
TOTAL		423,327,282	4,658,477	418,668,805	1.1
Agriculture, Food Security, and Co-operative Development					
Sub-pro-gramme 1	General Administration and support services	663,991,187	109,702,278	554,288,909	16.5
Sub-pro-gramme 2	Crop Development and Management	53,150,000	-	53,150,000	-
Sub-pro-gramme 3	Livestock Resources Management and Development	13,810,000	-	13,810,000	-
Sub-pro-gramme 4	Fisheries Development	5,050,000	-	5,050,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-programme 5	Veterinary Services	13,469,664	-	13,469,664	-
Sub-programme 6	Agriculture Training Centre	5,550,000	-	5,550,000	-
Sub-programme 7	Co-operative Development and Marketing	4,153,251	-	4,153,251	-
Sub-programme 8	Capacity Building to Co-operative Societies	2,692,000	-	2,692,000	-
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	38,561,000	-	38,561,000	-
Sub-programme 8	Co-operative Financial Services	3,324,000	-	3,324,000	-
Sub-programme 9	Promotion and growth of Co-operative Societies	3,630,000	-	3,630,000	-
Sub-programme 10	Co-operative Audit Support Services	3,916,000	-	3,916,000	-
TOTAL		811,297,102	109,702,278	701,594,824	13.5
Finance And Economic Planning					
Sub-programme 1	Revenue Management	84,235,160	5,532,330	78,702,830	6.6
Sub-programme 2	Budget formulation, Coordination and Implementation Section	20,449,479	1,549,000	18,900,479	7.6
Sub-programme 3	Supply Chain Management Section	7,687,354	-	7,687,354	-
Sub-programme 4	Accounts Services	9,329,209	-	9,329,209	-
Sub-programme 5	Audit Section	8,758,779	2,330,350	6,428,429	26.6
Sub-programme 6	Human Resource Management and Support Services	392,919,205	197,292,965	195,626,240	50.2
Sub-programme 7	Economic Planning and Statistical Services	21,025,974	-	21,025,974	-
Sub-programme 8	External Resource Mobilization	950,000	-	950,000	-
TOTAL		545,355,160	206,704,645	338,650,515	37.9
Public Service, Quality Management And ICT					
Sub-programme 1	General Administration and support services	388,694,074	120,832,167	267,861,907	31.1
Sub-programme 2	Quality Management	625,000	-	625,000	-
Sub-programme 3	Training, Research, and Development	5,009,500	-	5,009,500	-
Sub-programme 4	ICT General Administration and support services	7,975,000	-	7,975,000	-
Sub-programme 5	ICT Infrastructure	5,647,000	-	5,647,000	-
Sub-programme 6	Closed Circuit Television	8,729,343	-	8,729,343	-
TOTAL		416,679,917	120,832,167	295,847,750	29.0
Tourism, Culture, Youth, and Sports					
Sub-programme 1	General administrative and Support Services	95,546,573	1,042,680	94,503,893	1.1
Sub-programme 2	Heritage & Culture	1,740,919	-	1,740,919	-
Sub-programme 3	Liquor Management	807,867	-	807,867	-
Sub-programme 4	Tourism Development and Marketing	8,157,888	-	8,157,888	-
Sub-programme 5	Management of Recreational Services	2,158,750	-	2,158,750	-
Sub-programme 6	Machawood	3,196,115	231,000	2,965,115	7.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-pro-gramme 7	County Image Directorate	3,166,000	-	3,166,000	-
Sub-pro-gramme 8	Youth Development	2,495,799	-	2,495,799	-
Sub-pro-gramme 9	Stadium Management	73,307,031	-	73,307,031	-
Sub-pro-gramme 10	Youth Empowerment	6,864,765	170,000	6,694,765	2.5
Sub-pro-gramme 11	Sports Promotion	7,920,000	-	7,920,000	-
TOTAL		205,361,707	1,443,680	203,918,027	0.7
Trade, Industrialization, and Innovation					
Sub-pro-gramme 1	Headquarter Administration Services	59,545,491	71,800	59,473,691	0.1
Sub-pro-gramme 2	Trade Development	221,906,472	-	221,906,472	-
Sub-pro-gramme 3	Business and Enterprise Development	13,297,300	175,000	13,122,300	1.3
Sub-pro-gramme 4	Industrialization and Innovation	56,000,000	-	56,000,000	-
Sub-pro-gramme 5	Investment Facilitation and Support	3,333,000	-	3,333,000	-
Sub-pro-gramme 6	Hygiene and Sanitation	5,340,000	250,000	5,090,000	4.7
Sub-pro-gramme 7	Legal Services	45,007,076	-	45,007,076	-
TOTAL		404,429,339	496,800	403,932,539	0.1
Education, Youth, and Social Welfare					
Sub-pro-gramme 1	Headquarter Administrative services	466,224,476	-	466,224,476	-
Sub-pro-gramme 2	Gender and Social Services	18,819,436	2,791,166	16,028,270	14.8
Sub-pro-gramme 3	Basic Education	5,000,000	-	-	-
Sub-pro-gramme 4	Youth Development Services	51,102,833	-	-	-
TOTAL		541,146,745	2,791,166	482,252,746	0.5
Energy, Lands, Housing And Urban Development					
Sub-pro-gramme 1	Headquarter Administrative services	61,807,195	297,600	61,509,595	0.5
Sub-pro-gramme 2	County Electrification	91,883,648	-	91,883,648	-
Sub-pro-gramme 3	Housing and Urban Development	757,500,000	-	757,500,000	-
Sub-pro-gramme 4	Machakos Municipality	8,000,000	-	8,000,000	-
Sub-pro-gramme 5	Mavoko Municipality	8,000,000	-	8,000,000	-
Sub-pro-gramme 6	Kangundo Tala Municipality	8,000,000	-	8,000,000	-
Sub-pro-gramme 7	Lands and Physical Planning	20,000,000	-	-	-
TOTAL		955,190,843	297,600	934,893,243	0.03
County Administration and Decentralized Units					
Sub-pro-gramme 1	General Administration and support services	509,467,120	945,000	508,522,120	0.2
Sub-pro-gramme 2	Civic Engagement	500,000	-	500,000	-
Sub-pro-gramme 3	Administration and Co-ordination Services	2,550,000	216,400	2,333,600	8.5
Sub-pro-gramme 4	Solid Waste Management	10,698,339	-	10,698,339	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-programme 7	Inspectorate Services and Management	10,225,600	-	10,225,600	-
TOTAL		533,441,059	1,161,400	532,279,659	0.2
County Assembly					
Sub-Pro-programme	Legislation and Oversight	1,272,790,391	141,721,934	1,131,068,457	11.1
Total		1,272,790,391	141,721,934	1,131,068,457	11.1
Grand Total		12,235,828,225	1,499,593,230	10,736,234,995	12.3

Source: Machakos County Treasury

Programmes with high levels of implementation based on absorption rates were: Human Resource Management and Support Services in the Department of Finance and Economic Planning at 50.2 per cent, General Administration and support services in the Department of Public Service, Quality Management & ICT at 31.1 per cent, Audit Section in the Department of Finance and Economic Planning at 26.6 per cent, and General Administration and support services in the Department of Health and Emergency Services at 23.2 per cent of budget allocation.

3.23.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Lack of absorption of development funds in the reporting period. The County did not incur any expenditure on development activities during the reporting period.
3. Huge outstanding pending bills have accumulated over the years, amounting to Kshs.2.80 billion.
4. The underperformance of own-source revenue during the period under review. The County collected Kshs.155.06 million against an annual target of Kshs.1.68 billion, representing 9.2 per cent of the target.

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

1. *The County Assembly as a separate entity should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should develop a payment plan for pending bills and settle them during the current financial year.*
4. *The County should review the OSR target and implement strategies to ensure the target is achieved*

3.24 County Government of Makueni

3.24.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.76 billion, comprising Kshs.3.02 billion (30.9 per cent) and Kshs.6.74 billion (69.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.13 billion (83.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.475 million (4.9 per cent) from own sources of revenue, and Appropriation in Aid of Kshs.392.5 million (4 per cent) and did not include cash balances from FY 2020/21. The County also expects to receive Kshs.763.51 million (7.8 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project Kshs.87.59 million, National Agriculture and Rural Inclusive Growth Project (NARIGP) Kshs.284.35 million, DANIDA Grant Kshs.16.41 million, Kenya Devolution Support Program (KDSP) - "level 2" grant Kshs.184.80 million, Sweden-Agriculture Sector Development Support Programme (ASDSP) II Kshs.27.07 million, Leasing of Medical Equipment Kshs.153.30 million and Nutrition International Donor funding Kshs.10 million.

3.24.2 Revenue Performance

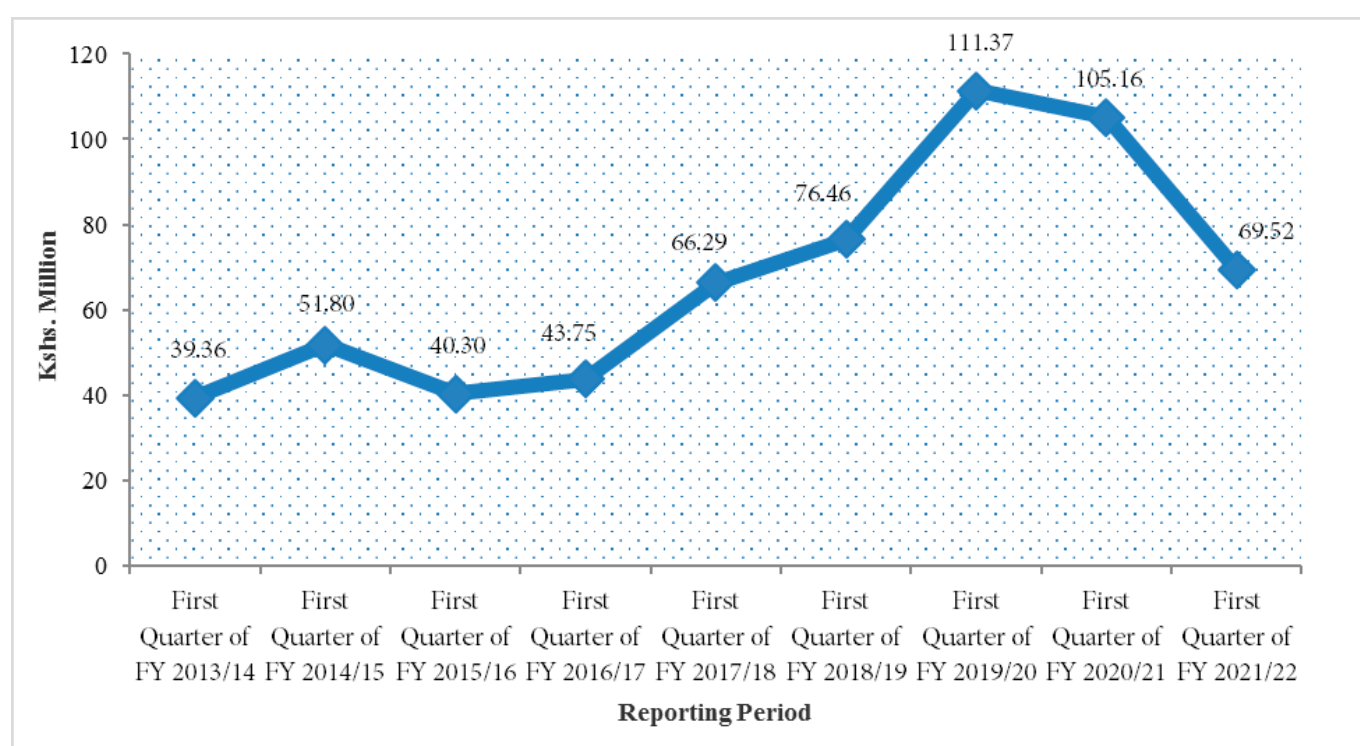
In the first quarter of FY 2021/22, the County received Kshs.1.34 billion as the equitable share of the revenue raised nationally, raised Kshs.69.52 million as own-source revenue, Kshs.122.63 million as Appropriation in Aid, and Kshs.2.50 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3.98.

Table 3.98: Makueni County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,132,783,562	1,341,908,748	16.5
Sub Total		8,132,783,562	1,341,908,748	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	475,000,000	69,521,087	14.6
2	Other Revenues (Nutritional Conditional Grant)	10,000,000	2,500,000	25.0
3	A-I-A	392,500,000	122,630,250	31.2
Sub Total		877,500,000	194,651,337	22.2
Grand Total		9,010,283,562	1,536,560,085	17.1

Source: Makueni County Treasury

Figure 3.46 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.46: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22

Source: Makueni County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.192.15 million as its own-source revenue, which comprised Kshs.69.52 million from its own-source revenue and Kshs.122.63 million as AIA. This amount represented an increase of 82.7 per cent compared to Kshs.105.63 million realised during a similar period in the first quarter of FY 2020/21 and was 22.2 per cent of the annual target. The reported own source revenue has decreased by 33.9 per cent following the reporting of Appropriation in Aid (AIA) independently from the other locally raised revenue and deposited into the CRF.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.732.09 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.24.4 Overall Expenditure Review

The County spent Kshs.758.45 million on development and recurrent programmes during the reporting period. This expenditure represented 103.6 per cent of the total funds released by the CoB and comprised of Kshs.10.34 million and Kshs.758.45 million on development and recurrent programmes, respectively. Expenditure reported by the

County Assembly was on an accrual basis. Expenditure on development programmes represented an absorption rate of 0.3 per cent while recurrent expenditure represented 11.1 per cent of the annual recurrent expenditure budget. The County reported expenditure on the development budget without first seeking approval to withdraw funds from the CRF, indicating diversion of funds.

3.24.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.58.14 million and comprised of Kshs.44.47 million for recurrent expenditure and 13.68 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year 2021/22. The County did not report any payments towards paying pending bills in the first quarter of the FY 2021/22.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.591.42 million was spent on employee compensation, Kshs.156.70 million on operations and maintenance, and Kshs.10.34 million on development activities, as shown in Table 3.99.

Table 3.99: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,040,816,819	703,984,829	629,809,637	118,309,623	10.4	16.8
Compensation to Employees	3,993,532,181	363,744,904	563,278,980	28,141,840	14.1	7.7
Operations and Maintenance	2,047,284,638	340,239,925	66,530,658	90,167,783	3.2	26.5
Development Expenditure	3,018,993,505	-	10,335,350	-	0.3	-
Total	9,059,810,324	703,984,829	640,144,987	118,309,623	7.1	16.8

Source: Makueni County Treasury

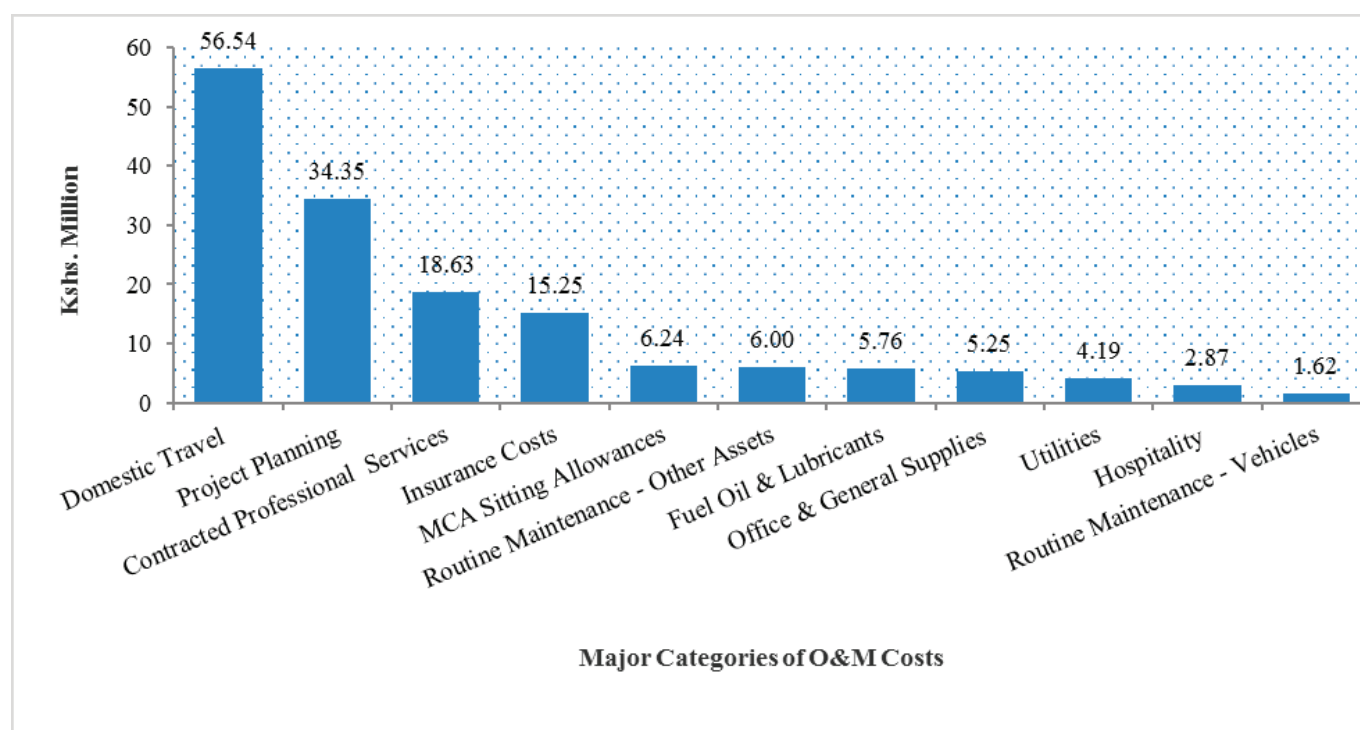
3.24.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 78.0 per cent of the total expenditure for the reporting period and 26.3 per cent of the first quarter proportional revenue of Kshs.2.25 billion.

3.24.8 Expenditure on Operations and Maintenance

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

Figure 3.47: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

The County spent Kshs.6.24 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.52.00 million. The average monthly sitting allowance was Kshs.42,465 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.56.54 million and comprised of Kshs.44.75 million spent by the County Assembly and Kshs.11.79 million by the County Executive. The County did not report expenditure on foreign travel.

3.24.9 Development Expenditure

The County incurred an expenditure of Kshs.10.34 million on development programmes, which increased compared to a similar period in FY 2020/21 when the County did not spend on development projects. Table 3.100 summarises development projects with the highest expenditure in the reporting period.

Table 3.100: Makueni County, List of Development Projects with the Expenditure

No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Sand Value addition and Construction of sand dams	Mbitini ward	17,500,000	276,170	1.58
2	Sand Authority - Sand conservation programmes - Construction of Ngesu sand dams and gabions at Ngesu river	Mbitini ward		597,300	3.41
3	Nutrition Programme - matching grant		12,000,000	2,893,220	24.11
4	Transforming Health Systems for Universal Care Project (WB)		109,707,045	2,049,800	1.87

Source: Makueni County Treasury

3.24.10 Budget Performance by Department

Table 3.101 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.101: Makueni County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	703.98	-	75.30	-	118.31	-	157.1	-	16.8	-
Office of the Governor & Deputy Governor	200.09	-	25.91	-	28.64	-	110.5	-	14.3	-
County Attorney's Office	33.93	-	0.72	-	0.45	-	63.4	-	1.3	-
County Public Service Board	55.87	10.00	5.80	-	6.79	-	117.1	-	12.2	-
Office of the County Secretary	447.62	-	37.89	-	36.26	-	95.7	-	8.1	-
Devolution, County Admin, Participatory Development, Youth & Public Service	325.10	80.50	28.80	-	28.64	-	99.4	-	8.8	-
Department of Finance & Social Economic Planning	521.08	194.80	55.66	-	46.71	-	83.9	-	9.0	-
Department of Agriculture, Irrigation, Livestock & Fisheries Development	266.19	594.42	38.99	-	29.16	-	74.8	-	11.0	-
Department of Water and Sanitation	148.67	348.45	16.99	-	13.76	-	81.0	-	9.3	-
Sand Authority	61.00	17.50	2.79	-	8.20	5.39	293.6	-	13.4	30.8
Department of Education, Sports & ICT	421.01	262.35	44.51	-	36.22	-	81.4	-	8.6	-
Department of Health Services	3,138.20	789.95	320.17	-	342.33	4.94	106.9	-	10.9	0.6
Department of Lands, Urban Development, Environment, and Climate Change	109.36	90.35	17.31	-	19.25	-	111.2	-	17.6	-
Department of Transport, Roads, Public Works and Energy	167.22	571.39	44.84	-	12.58	-	28.1	-	7.5	-
Department of Trade, Industry, Marketing, Tourism & Cooperatives Development	56.42	29.20	8.10	-	10.35	-	127.9	-	18.4	-
Department of Gender, Culture and Social Services	89.06	30.10	8.31	-	10.46	-	125.9	-	11.7	-
Total	6,744.80	3,018.99	732.09	-	748.12	10.34	102.2	-	11.1	0.3

Source: Makueni County Treasury

Analysis of expenditure by the departments shows that the Department of Sand Authority recorded the highest absorption rate of development budget at 30.8 per cent while the Department of Health Services reported absorption rate of development budget at 0.6 per cent. All other departments did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 16.8 per cent, while the Department of County Attorney's Office had the lowest at 1.3 per cent.

3.24.11 Budget Execution by Programmes and Sub-Programmes

Table 3.102 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.102: Makueni County, Budget Execution by Programmes and Sub-programmes

Department	Programme/ Sub Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	600,055,486	29,158,610	570,896,876	4.9
	Programme 2: Land, Crop development & productivity				
	SP2. 1 Land, Crop development & productivity	49,950,000	-	49,950,000	-
	P3; Agribusiness and information management				
	SP3. 1 Agribusiness and information management	183,250,000	-	183,250,000	-
	Programme 4: Livestock Production, Management, and Development				
	SP4. 1 Livestock Production, Management and Development	27,350,000	-	27,350,000	-
	Total Budget	860,605,486	29,158,610	831,446,876	3.4
Transport & Infrastructure	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	134,914,642	10,498,136	124,416,505	7.8
	Programme 2: Road transport				
	SP2. 1 Road transport	461,435,053	1,984,314	459,450,739	0.4
	P3; Infrastructure development				
	SP3. 1 Infrastructure development	82,850,000	100,000	82,750,000	0.1
	Programme 2: Energy Infrastructure & development				
	SP4. 1 Energy Infrastructure & development	59,410,223	-	59,410,223	-
	Total Budget	738,609,918	12,582,450	726,027,467	1.7
Trade, Industry & Cooperatives	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	45,752,060	10,050,773	35,701,286	22.0
	Programme 2: Trade development & promotion				
	SP2.1; Trade marketing & promotion	22,583,534	100,000	22,483,534	0.4
	P3; Industrial development and promotion				
	SP3. 1 Industrial development and promotion	4,500,000	-	4,500,000	-
	Programme 4: Tourism development & promotion				
	SP4. 1 Tourism development & promotion	5,515,500	-	5,515,500	-
	Programme 5: Cooperative development and management				
	SP4. 1 Cooperative development and management	7,265,000	200,000	7,065,000	2.8
	Total Budget	85,616,094	10,350,773	75,265,320	12.1
Land, Physical Planning & Mining	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	46,074,811	8,566,359	37,508,452	18.6
	Programme 2: Land Survey & Mapping				
	SP2. 1: Land Survey & Mapping	21,949,856	300,000	21,649,856	1.4
	P3; Urban planning				
	SP3. 1 Urban planning	27,385,000	-	27,385,000	-
	Programme 2: Mining mapping & development				
	SP4. 1 Mining mapping & development	1,325,000	-	1,325,000	-
	Programme 4: Environment management and protection				
	SP4. 1 Environment management and protection	102,980,000	10,379,700	92,600,300	10.1
	Total Budget	199,714,668	19,246,059	180,468,609	9.6

Department	Programme/ Sub Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Water, Irrigation & Environment	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	133,760,540	13,762,794	119,997,746	10.3
	Programme 2: Water infrastructure Development				
	SP 2.1 Water harvesting and storage	105,710,000	-	105,710,000	-
	SP 2.2. Piped water supply infrastructure	149,740,000	-	149,740,000	-
	SP2.3 Groundwater development	107,910,000	-	107,910,000	-
	Total Budget	497,120,540	13,762,794	483,357,746	2.8
Sand Authority	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	78,504,242	-	78,504,242	-
	Total Budget	78,504,242	-	78,504,242	-
Education & ICT	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	343,566,833	36,224,644	307,342,189	10.5
	Programme 2: Early childhood education				
	SP2. 1 Early childhood education	109,450,000	-	109,450,000	-
	Programme 3: Technical training & non-formal education				
	SP3. 1 Technical training & non-formal education	89,925,000	-	89,925,000	-
	Programme 4: Support to education				
	SP4. 1 Support to education	57,145,000	-	57,145,000	-
	Programme 5: ICT Infrastructure & Systems Development				
	SP5. 1 ICT Infrastructure & Systems Development	37,022,056	-	37,022,056	-
	Programme 7: Sports Development				
	SP6. 1 Sports Development	46,250,000	-	46,250,000	-
	Total Budget	683,358,889	36,224,644	647,134,245	5.3
Health	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	2,959,546,533	342,328,627	2,617,217,906	11.6
	Programme 2: Curative health care services				
	SP2. 1: Curative health care services	786,300,428	-	786,300,428	-
	Programme 3: Preventive and promotive health care services				
	SP3. 1 Preventive and promotive health care services	182,300,000	-	182,300,000	-
	Total Expenditure of Vote	3,928,146,961	342,328,627	3,585,818,334	8.7
Youth, Gender & Social Services	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	84,659,854	9,229,211	75,430,643	10.9
	Programme 2: Gender & Social Development				
	SP2. 1 Gender & Social Development	34,500,000	1,226,800	33,273,200	3.6
	Total Budget	119,159,854	10,456,011	108,703,843	8.8
County Attorney	Programme 1: Legal & advisory services				
	SP1. 1 Legal & advisory services	33,926,152	454,843	33,471,309	1.3
	Total Budget	33,926,152	454,843	33,471,309	1.3
County Secretary	Programme 1: Leadership and coordination of departments.				
	SP1. 1 Leadership and coordination of departments.	447,616,106	36,255,898	411,360,208	8.1
	Total Budget	447,616,106	36,255,898	411,360,208	8.1

Department	Programme/ Sub Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Governorship	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	200,085,027	28,642,597	171,442,429	14.3
	Total Budget	200,085,027	28,642,597	171,442,429	14.3
Devolution & Public Service	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	266,348,905	28,639,494	237,709,412	10.8
	Programme 2: Public Participation & Civic Education				
	SP2. 1 Public Participation & Civic Education	47,750,000	-	47,750,000	-
	Programme 3; Information and communication				
	SP3. 1 Information and communication	3,250,000	-	3,250,000	-
	Programme 4: Enforcement and compliance				
	SP4. 1 Enforcement and compliance	51,900,000	-	51,900,000	-
	Programme 5; Youth Development support & Empowerment				
	SP5. 1 Youth Development	36,350,000	-	36,350,000	-
	Total Budget	405,598,905	28,639,494	376,959,412	7.1
County Public Service Board	Programme 1: General Administration and Planning				
	SP1.1: General Administration and Planning	65,867,288	6,792,932	59,074,356	10.3
	Total Budget	65,867,288	6,792,932	59,074,356	10.3
Finance & Socio-Economic Planning	Programme 1: General administration & planning				
	SP1. 1 General administration & planning	549,540,195	33,699,329	515,840,865	6.1
	Programme 2: Public financial management				
	SP2.1 Accounting services	13,515,000	905,100	12,609,900	6.7
	SP2.2; Budget formulation, co-ordination and management	37,665,000	5,384,266	32,280,734	14.3
	SP2.3; Internal audit services	12,715,000	496,800	12,218,200	3.9
	SP2.4; Resource mobilization	46,565,000	-	46,565,000	-
	SP2.5; Supply chain management services	8,265,000	1,949,500	6,315,500	23.6
	SP2.6; Economic planning	47,615,000	4,273,800	43,341,200	9.0
	Total Budget	715,880,195	46,708,795	669,171,399	6.5
County Assembly	Legislation & Oversight	703,984,829	75,304,638	628,680,191	10.7
Grand Total		9,763,795,153	696,909,166	9,066,885,987	7.1

Source: Makueni County Treasury

Programmes with high levels of implementation based on absorption rates were: Supply chain management services in the Department of Finance and Economic Planning at 23.6 per cent, General administration & planning in the Department of Trade, Industry and Cooperatives at 22.0 per cent, General administration & planning in the Department of Land, Physical Planning & Mining at 18.6 per cent, and General administration & planning in the Governorship department at 14.3 per cent of budget allocation.

3.24.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.10.34 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.02 billion. The development expenditure represented 0.3 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.192.15 million against an annual projection of Kshs.867.5 million, representing 22.2 per cent of the annual target.
4. Diversion of funds and weak budgeting practice by the County Treasury as shown in Table 3.101, where the

Sand Authority incurred expenditure on development budget before first seeing an approval to withdraw funds from the CRF.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve budgetary control to ensure that expenditure is within the approved exchequer.*

3.25 County Government of Mandera

3.25.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.13.06 billion, comprising Kshs.5.51 billion (42.2 per cent) and Kshs.7.54 billion (57.8 per cent) allocation for development recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.19 billion (84.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.200.04 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.789.27 million (6 per cent) from FY 2020/21. The County also expected to receive Kshs.1.08 billion (8.1 per cent) as "other revenues." "Other revenues" consist of conditional grants from the national government.

3.25.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.86 billion as the equitable share of the revenue raised nationally, raised Kshs.36.45 million as own-source revenue, Kshs.188.16 million as other revenue, and had a cash balance of Kshs.789.27 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.87 billion, as shown in Table 3.103.

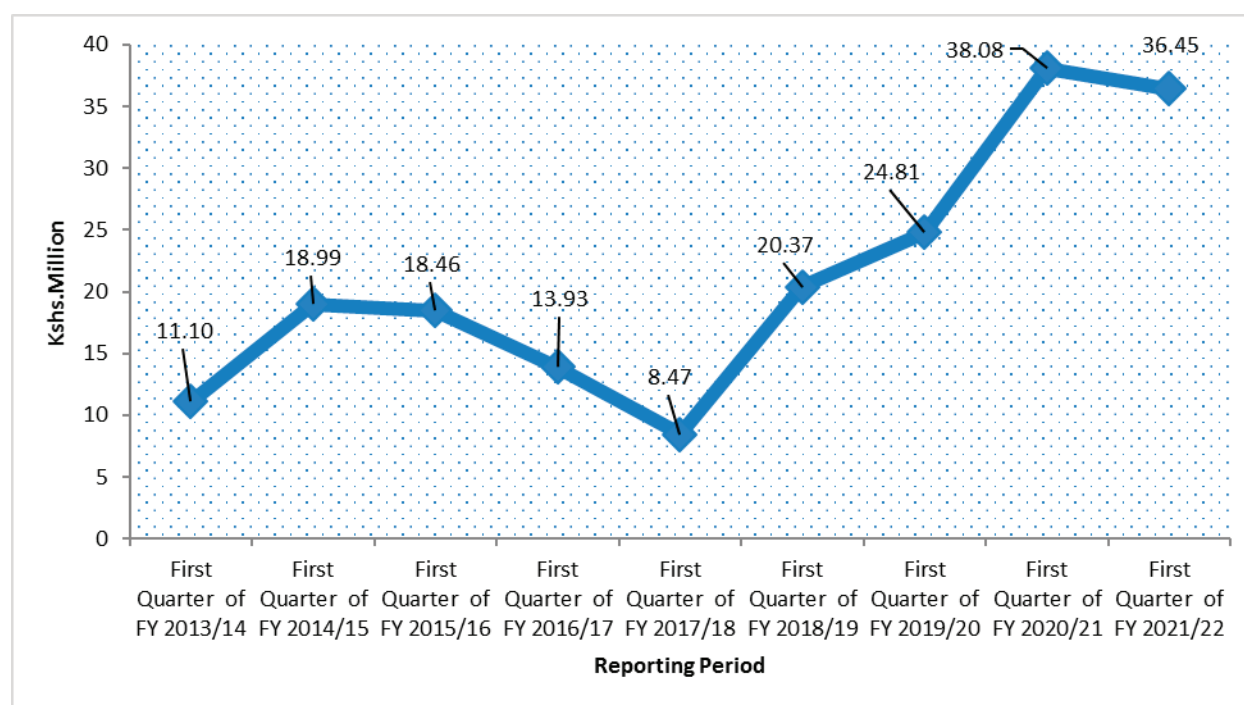
Table 3.103: Mandera County, Revenue Performance in the first quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	1,856,844,905	16.6
B	Other Sources of Revenue			
1.	Own Source Revenue	200,037,792	36,454,021	18.2
2.	Balance b/f from FY 2020/21	789,267,722	789,267,722	100.0
3.	Other Revenues	1,075,282,933	188,156,020	17.5
Sub Total		2,064,588,447	1,013,877,763	49.1
Grand Total		13,254,971,044.90	2,870,722,668	21.7

Source: Mandera County Treasury

Table 3.48 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.48: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Mandera County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.36.45 million as own-source revenue. This amount represented a decrease of 4.5 per cent compared to Kshs.38.08 million realised during a similar period in FY 2020/21 and was 18.2 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.79 billion from the CRF account during the reporting period. The amount comprised Kshs.575.73 million (20.6 per cent) for development programmes and Kshs.2.21 billion (79.4 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

The County spent Kshs.1.9 billion on development and recurrent programmes during the reporting period. The expenditure represented 68.1 per cent of the total funds released by the CoB and comprised of Kshs.295.66 million and Kshs.1.6 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.4 per cent, while recurrent expenditure represented 21.3 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

The County did not have pending bills from the previous financial year.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.19 billion was spent on employee compensation, Kshs.416.92 million on operations and maintenance, and Kshs.295.66 million on development activities, as shown in Table 3.104.

Table 3.104: Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,630,207,047	911,048,184	1,447,689,046	155,556,608	21.8	17.1
Compensation to Employees	3,318,262,861	493,731,819	1,155,551,378	30,772,203	34.8	6.2
Operations and Maintenance	3,311,944,185	417,316,365	292,137,668	124,784,405	8.8	29.9
Development Expenditure	5,342,642,759	172,253,555	295,655,220	-	5.5	-
Total	11,972,849,806	1,083,301,739	1,743,344,265	155,556,608	14.6	0.1

Source: Mandera County Treasury

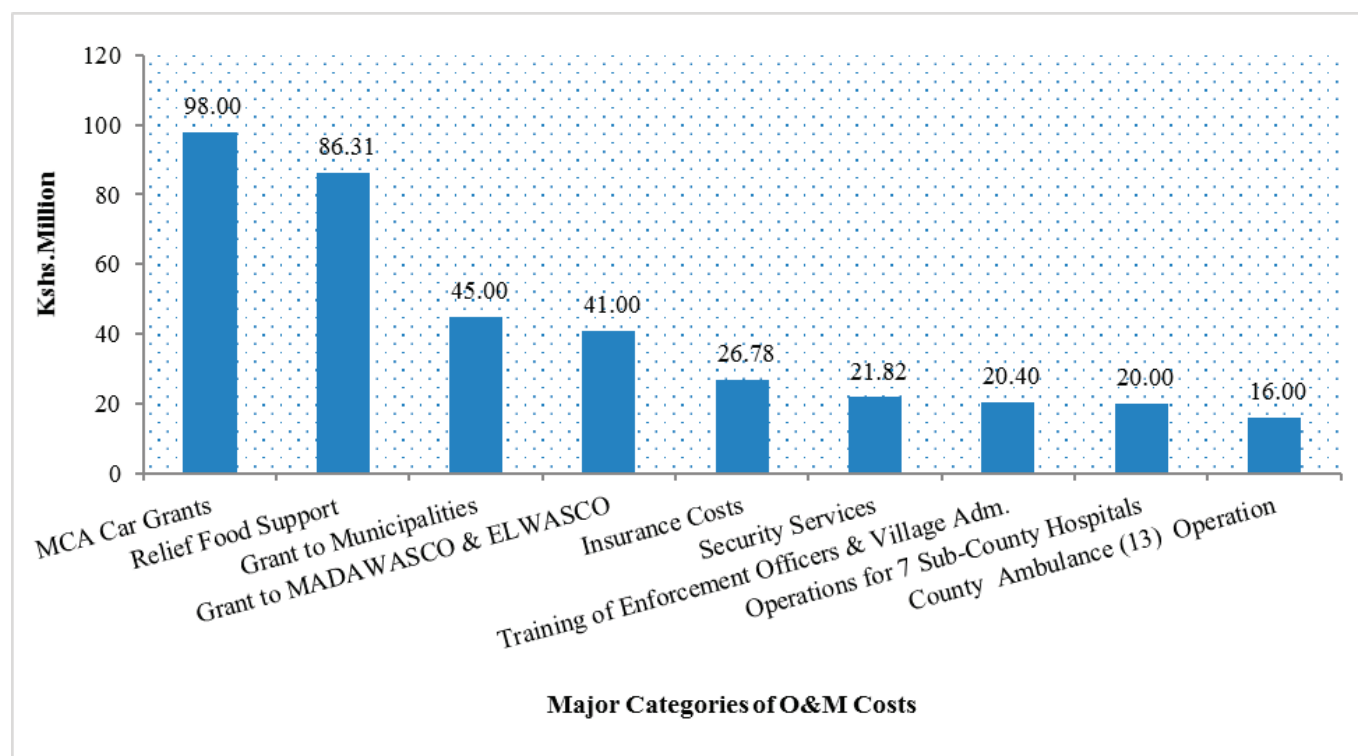
3.25.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 62.5 per cent of the total expenditure for the reporting period and 35.8 per cent of the first quarter proportional revenue of Kshs.3.31 billion.

3.25.8 Expenditure on Operations and Maintenance

Figure 3.49 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.49: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

The County spent Kshs.4.4 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.44 million. The average monthly sitting allowance was Kshs.29,952 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

3.25.9 Development Expenditure

The County incurred an expenditure of Kshs.295.66 million on development programmes compared to a similar period in FY 2020/21 when the County did not report spending on development programmes. Table 3.105 summarises development projects with the highest expenditure in the reporting period.

Table 3.105: Mandera County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of Dandu - Ires Teno - Gagaba - Sake - RMLF	Mandera West	100,000,000	60,000,000	60.0
2	Opening Up Access Roads to KMTC and MTTC Area	Mandera East	59,000,000	30,000,000	50.8
3	Opening up and light grading of Mandera bypass road	Mandera East	57,000,000	30,000,000	52.6
4	Construction of Rhamu sub-County headquarters	Mandera North sub-County	78,993,535	25,000,000	31.6
5	Installation of CCTV Cameras, IP PBX, and land cabling at new County headquarters in Mandera	Headquarter Mandera east	39,987,868	20,000,000	50.0
6	Construction and Opening up of Awacho Sambur - Kiliwehiri Road	Banisa	68,500,000	20,000,000	29.2
7	Relief food	Drought affected area in Mandera County	220,000,000	18,000,000	8.2
8	Proposed Fencing of BP1 and Kamor Cemetery in Mandera East Sub-County	Mandera East	19,744,700	15,000,000	76.0
9	Installation of optic fiber cable and metro for County head Quarter offices in Mandera	Head Quarter Mandera East	16,970,800	10,000,000	58.9
10	Proposed Construction of 50No Toilets Block at Neboi Ward in Mandera East Sub-County	Mandera East	9,995,000	6,000,000	60.0

Source: Mandera County Treasury

3.25.10 Budget Performance by Department

Table 3.106Table 3.2 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.106: Mandera County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	911.05	172.25	157.56	-	155.56	-	98.7	-	17.1	-
Department of Agriculture and livestock	222.91	945.02	48.67	-	39.43	-	81.0	-	17.7	-
Department of Education, Culture, and Sports	433.99	319.69	109.43	-	88.00	-	80.4	-	20.3	-
Department of Genders, Social Services, and Youth Affairs	69.52	105.00	10.76	-	8.34	-	77.5	-	12.0	-
Department of Finance and Economic Planning and ICT	603.27	430.30	195.00	130.00	176.41	100.00	90.5	76.9	29.2	23.2
Department of Health Services	1,957.90	544.58	772.52	141.84	530.90	141.84	68.7	100.0	27.1	26.0
Department of Trade, Investments, Industrialisation, and Cooperative Development	68.65	77.79	18.08	-	15.35	-	84.9	-	22.4	-
Department of Lands, Housing Developments and Physical Planning	457.17	24.41	66.30	-	61.92	-	93.4	-	13.5	-
Office of the Governor and Deputy Governor	502.21	-	103.94	-	86.06	-	82.8	-	17.1	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	84.76	62.00	16.18	-	11.33	-	70.0	-	13.4	-
Department of Public Service Management and Devolved Units	1,451.16	103.19	558.43	13.30	296.39	7.50	53.1	56.4	20.4	7.3
Public Works Roads and Transport	138.40	1,332.44	47.01	290.59	37.16	46.31	79.0	15.9	26.8	3.5
Department of Water, Energy, Environment and Natural Resources	640.24	1,398.22	108.57	-	96.41	-	88.8	-	15.1	-
Total	7,541.26	5,514.90	2,212.45	575.73	1,603.25	295.66	72.5	51.4	21.3	5.4

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 26 per cent while the Department of Public Works Roads and Transport reported the lowest at 3.5 per cent. The Department of Finance and Economic Planning and ICT had the highest percentage of recurrent expenditure to budget at 29.2 per cent, while the Department of Genders, Social Services, and Youth Affairs had the lowest at 12 per cent.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3.107 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.107: Mandera County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agricultural and Livestock Sector Support	Agricultural Infrastructure, Conservation, and Research	801,955,500	-	801,955,500	-
	Livestock Agricultural Sector Support	245,450,158	2,839,800	242,610,358	1.2
	Sub Total	1,047,405,658	2,839,800	1,044,565,858	0.3
Cooperatives Development Programmes	Cooperatives Agricultural Support	7,200,000	-	7,200,000	-
	Sub Total	7,200,000	-	7,200,000	-
Trade Development	Trade development & Promotion	139,247,936	18,078,981	121,168,955	13.0
	Sub Total	139,247,936	18,078,981	121,168,955	13.0
Physical Infrastructure Development	Infrastructure & Equipment	24,410,211	-	24,410,211	-
	Infrastructure Construction, Expansion, and Maintenance	687,575,394	-	687,575,394	-
	Infrastructure Development and Expansion	103,193,187	9,499,300	93,693,887	9.2
	Infrastructure Development and Expansion	1,388,257,226	244,278,213	1,143,979,013	17.6
	Sub Total	2,203,436,018	253,777,513	1,949,658,505	11.5
Youth Rehabilitation and Development	Youth Development Programmes and Policy	105,000,000	-	105,000,000	-
	Sub Total	105,000,000	-	105,000,000	-
Administration, Planning and Support Services	General Administration & Support Services	2,391,897,091	326,454,706	2,065,442,385	13.6
	General Administration & Support Services	716,098,903	153,713,529	562,385,375	21.5
	Sub Total	3,107,995,994	480,168,234	2,627,827,760	15.4
ECDE and Sports Development Services	ECDE Infrastructure.	319,692,015	-	319,692,015	-
	Sub Total	319,692,015	-	319,692,015	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Legislation and Oversight Services	County Assembly Administration offices	172,253,556	-	172,253,556	-
	Sub Total	172,253,556	-	172,253,556	-
Financial Services	Procurement Services	430,300,000	130,000,000	300,300,000	30.2
	Sub Total	430,300,000	130,000,000	300,300,000	30.2
Administration & Compensation	Administration Services	3,467,690,856	739,561,695	2,728,129,161	21.3
	Administration and Support Services	216,284,891	25,766,373	190,518,518	11.9
	Sub Total	3,683,975,747	765,328,068	2,918,647,679	20.8
Water Provision Services	Water Storage Structures	1,304,518,191	-	1,304,518,191	-
	Water provision services	616,020,707	93,151,669	522,869,038	15.1
	Sub Total	1,920,538,898	93,151,669	1,827,387,229	4.9
Solar Energy and Environmental Services	Street lighting	93,701,231	-	93,701,231	-
	Environmental Protection	24,223,992	-	24,223,992	-
	Sub Total	117,925,223	-	117,925,223	-
Grand Total		13,254,971,045	1,743,344,265	11,511,626,780	13.2

Source: Mandera County Treasury

Programmes with high levels of implementation based on absorption rates were: Financial Services in the Department of Finance and Economic Planning and ICT at 30.2 per cent, Trade Development in the Department of Trade, Investments, Industrialisation, and Cooperative Development at 13 per cent, and Physical Infrastructure Development in the Department of Public Works Roads and Transport at 11.5 per cent of budget allocation.

3.25.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.295.66 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.51 billion. The development expenditure represented 5.4 per cent of the annual development budget.
3. The underperformance of own-source revenue collection at Kshs.36.45 million against an annual projection of Kshs.200.04 million, representing 18.2 per cent of the annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

3.26 County Government of Marsabit

3.26.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.95 billion, comprising Kshs.4.59 billion (51.3 per cent) and Kshs.4.36 billion (48.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.28 billion (81.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from own sources of revenue, and a cash balance of Kshs.541 million (6 per cent) from FY 2020/21. The County also expects to receive Kshs.957.31 million (10.7 per cent) as conditional grants, consisting of Kshs.204 million for Roads Maintenance Fuel Levy and Kshs.753.31 million from other loans and grants from the development partners.

3.26.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.2 billion as the equitable share of the revenue raised nationally, raised Kshs.31.1 million as own-source revenue, and had a cash balance of Kshs.541 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.77 billion, as shown in Table 3.108.

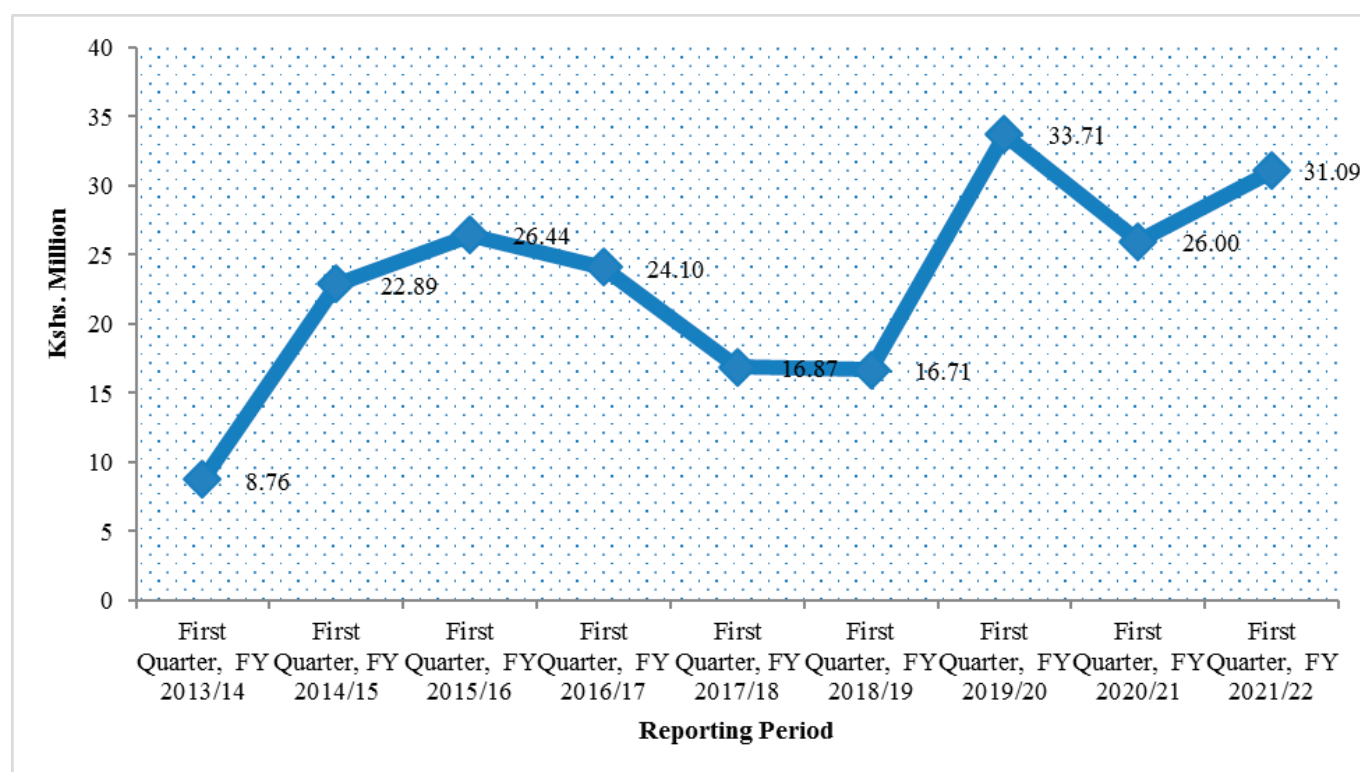
Table 3.108: Marsabit County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,277,004,032	1,200,705,666	16.5
Sub Total		7,277,004,032	1,200,705,666	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	170,000,000	31,093,905	18.3
2.	Balance b/f from FY2020/21	541,000,000	541,000,000	100
3.	Other Revenues(Combined conditional Allocations)	957,314,489	-	0
Sub Total		1,668,314,489	572,093,905	34.3
Grand Total		8,945,318,521	1,772,799,571	19.8

Source: Marsabit County Treasury

Figure 3.50 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.50: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Marsabit County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.31.09 million as own-source revenue. This amount represented an increase of 19.6 per cent compared to Kshs.26 million realised during a similar period in the first quarter of FY 2020/21 and was 18.3 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.802.17 million from the CRF account during the reporting period. The amounts released were for recurrent programmes only.

3.26.4 Overall Expenditure Review

The County spent Kshs.779.83 million on recurrent programmes during the reporting period. This expenditure represented 97.2 per cent of the total funds released by the COB, representing 17.9 per cent of the annual recurrent expenditure budget. There was no development expenditure during the reporting period.

3.26.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.29 billion. This amount has not been segregated into development and recurrent expenditures. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

The County did not make any payments towards pending bills during the period under review.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.698.35 million was spent on Table 3.109.

Table 3.109: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,600,126,036	759,162,996	705,072,006	74,754,005	19.6	9.8
Compensation to Employees	2,497,312,584	224,678,668	665,634,766	32,715,504	26.7	14.6
Operations and Maintenance	1,102,813,452	534,484,328	39,437,240	42,038,502	3.6	7.9
Development Expenditure	4,475,779,489	110,250,000	-	-	0.0	0.0
Total	8,075,905,525	869,412,996	705,072,006	74,754,005	8.7	8.6

Source: Marsabit County Treasury

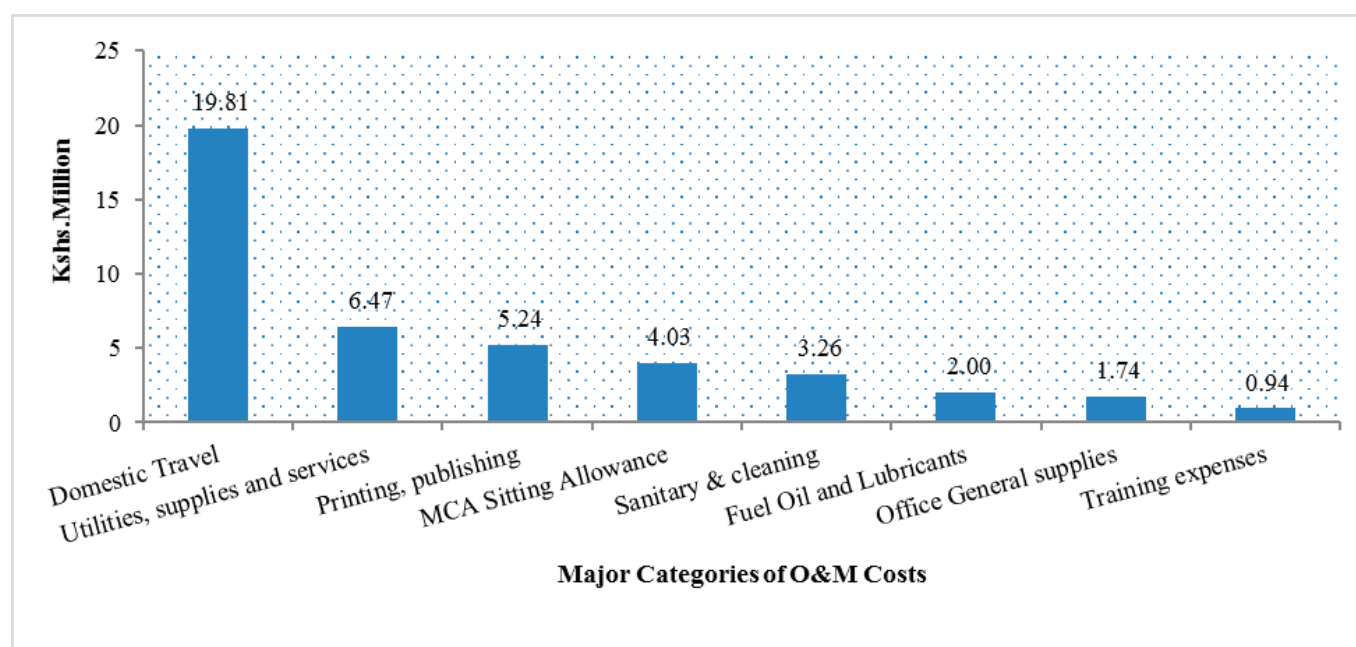
3.26.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 89.6 per cent of the total expenditure for the reporting period and 34.6 per cent of the first quarter proportional revenue of Kshs.2.02 billion.

3.26.8 Expenditure on Operations and Maintenance

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

Figure 3.51: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

The County spent Kshs.4.03 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.35 million. The average monthly sitting allowance was Kshs.43,312 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.19.81 million and comprised Kshs.15.44 million spent by the County Assembly and Kshs.4.37 million by the County Executive. There was no expenditure on foreign travel during the reporting period.

3.26.9 Development Expenditure

The County did not report any expenditure on development programmes.

3.26.10 Budget Performance by Department

Table 3.110 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.110: Marsabit County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	759.16	110.25	120.00	-	74.75	-	62.3	-	9.8	-
County Executive Services	535.00	550.00	58.88	-	72.15	-	122.5	-	13.5	-
Finance Management Services	369.07	1,692.61	45.14	-	50.52	-	111.9	-	13.7	-
Agriculture, Livestock, Fisheries	199.14	93.35	37.02	-	39.82	-	107.6	-	20.0	-
County Public Service	95.87	7.00	10.40	-	14.28	-	137.4	-	14.9	-
Education Youth Affairs	329.71	299.55	57.89	-	53.57	-	92.5	-	16.2	-
County Health Services	1,295.47	550.37	350.72	-	337.96	-	96.4	-	26.1	-
Administration and ICT	263.90	46.00	38.58	-	43.04	-	111.6	-	16.3	-
Physical Planning and Development, Energy, Lands, Municipality	123.64	149.40	22.68	-	23.78	-	104.8	-	19.2	-
Public Works, Roads	89.39	465.30	12.62	-	13.58	-	107.6	-	15.2	-
Water, Environment	134.32	525.50	24.64	-	26.24	-	106.5	-	19.5	-
Trade and Industry	81.85	23.00	13.38	-	17.03	-	127.3	-	20.8	-
Tourism, Culture and Social Services	82.77	73.70	10.23	-	13.08	-	127.9	-	15.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Is- sues (Kshs. Mil- lion)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
TOTAL	4,359.29	4,586.03	802.17	-	779.83	-	97.2	-	17.9	-

Source: Marsabit County Treasury

The Department of Health Services had the highest percentage of recurrent expenditure to budget at 26.1 per cent, while the County Assembly had the lowest at 9.8 per cent.

3.26.11 Budget Execution by Programmes and Sub-Programmes

Table 3.111 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.111: Marsabit County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly of Marsabit operational and oversight	Operations and Oversight	869,412,996	74,754,005	794,658,991	9.0%
Physical Planning and Development	Urban Development Services	72,900,000		72,900,000	0.0%
	Lands and Physical Planning Services	76,900,000		76,900,000	0.0%
	General administration planning and Support Services	123,637,768	23,776,215	99,861,553	19.0%
	Sub total	273,437,768	23,776,215	249,661,553	9.0%
Education	General Administration, Planning and Support Services	329,673,491	53,569,113	276,104,378	16.0%
	Pre – Primary Education	121,400,000	-	121,400,000	-
	Youth Development	109,950,000	-	109,950,000	-
	Vocational Education and Training	7,000,000	-	7,000,000	-
	Sports	61,200,000	-	61,200,000	-
	Sub total	629,223,491	53,569,113	575,654,378	9.0%
Executive Services	General Administration, Planning and Support Services	1,085,000,000	72,150,897	1,012,849,103	7.0%
	Management of County Affairs	-	-	-	-!
	Public Sector Advisory Services	-	-	-	-
	Inter/Intra Governmental	-	-	-	-
	County Legal Services	-	-	-	-!
	Sub total	1,085,000,000	72,150,897	1,012,849,103	7.0%
Administration and ICT	General administration planning and Support Services	306,400,000	43,042,666	263,357,334	14.0%
	ICT infrastructure	3,500,000		3,500,000	0.0%
	Coordination of functions of devolved Units	-	-	-	-
	Public Participation and Civic Education	-	-	-	-
	Sub total	309,900,000	43,042,666	266,857,334	14.0%
Agriculture and Livestock Development	General Administration, Planning and Support Services	189,029,716	39,822,508	149,207,208	21.0%
	Livestock Resources Management and Development	-		-	-
	Fisheries Development and Management	56,750,000		56,750,000	0.0%
	Crop Development and Management	46,713,970	-	46,713,970	
	Sub total	292,493,686	39,822,508	252,671,178	14.0%
Health Services	Curative Health Services	180,815,000		180,815,000	0.0%
	General Administration, Planning and Support Services	1,655,019,330	337,964,132	1,317,055,198	20.0%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Maternal and child health	10,000,000	-	10,000,000	0.0%
	Sub total	1,845,834,330	337,964,132	1,507,870,198	18.0%
County Public Service Board	General administration planning and Support Services	95,868,570	14,283,007	81,585,563	15.0%
	Human Resource Management and Development	7,000,000	-	7,000,000	0.0%
	Sub total	102,868,570	14,283,007	88,585,563	14.0%
Culture and Social Services	Youth Development	9,000,000		9,000,000	
	Culture Services	23,300,000		23,300,000	
	Social Services	41,400,000		41,400,000	0.0%
	General administration, planning and support services	82,770,872	13,083,883	69,686,989	16.0%
	Sub total	156,470,872	13,083,883	143,386,989	8.0%
Finance and Economic Planning	General administration planning and Support Services	2,028,019,640	50,523,012	1,977,496,628	2.0%
	Public Finance Management	19,300,000	-	19,300,000	
	Economic and financial policy Formulation	14,000,000	-	14,000,000	0.0%
	Sub total	2,061,319,640	50,523,012	2,010,796,628	2.0%
Roads, Housing And Public Works	Road Transport Infrastructure Development	465,300,000	-	465,300,000	0.0%
	Housing Development	42,900,758	-	42,900,758	
	General administration planning and Support Services	46,489,380	13,583,442	32,905,938	29.0%
	Sub total	554,690,138	13,583,442	541,106,696	2.0%
Trade, Industry & Enterprise Development	General administration planning and Support Services	102,850,000	17,032,930	85,817,070	17.0%
	Trade and Industrial Development	-	-	-	
	Enterprise Development	2,000,000	-	2,000,000	0.0%
	Sub total	104,850,000	17,032,930	87,817,070	16.0%
Water	Water Resources Management	505,500,000	-	54,624,099	0.0%
	General administration planning and Support Services	93,147,470	26,240,202	209,600	28.0%
	Natural Resources Conservation and Management	61,169,560	-	475,900	0.0%
	Sub total	659,817,030	26,240,202	55,309,599	4.0%
Grand Total		8,945,318,521	779,826,011	7,587,225,280	8.7%

Source: Marsabit County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Planning in the Department of Roads at 29 per cent, in the Department of Water at 28 per cent and Health Services at 20 per cent of budget allocation.

3.26.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. None absorption of development funds in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.59 billion.
3. The underperformance of own-source revenue at Kshs.31.1 million against an annual projection of Kshs.170 million, representing 18.3 per cent of the annual target

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

3.27 County Government of Meru

3.27.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.3 billion, comprising Kshs.3.36 billion (29.7 per cent) and Kshs.7.94 billion (70.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.79 billion (77.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.575 million (5.1 per cent) from own sources of revenue, and Appropriation in Aid (A-I-A) of Kshs.270 million (2.4 per cent). The County also expects to receive Kshs.1.67 billion (14.8 per cent) as conditional grants.

3.27.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.2.37 billion as the equitable share of the revenue raised nationally, raised Kshs.84.93 million as own-source revenue, and Kshs.141.84 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.2.6 billion, as shown in Table 3.112.

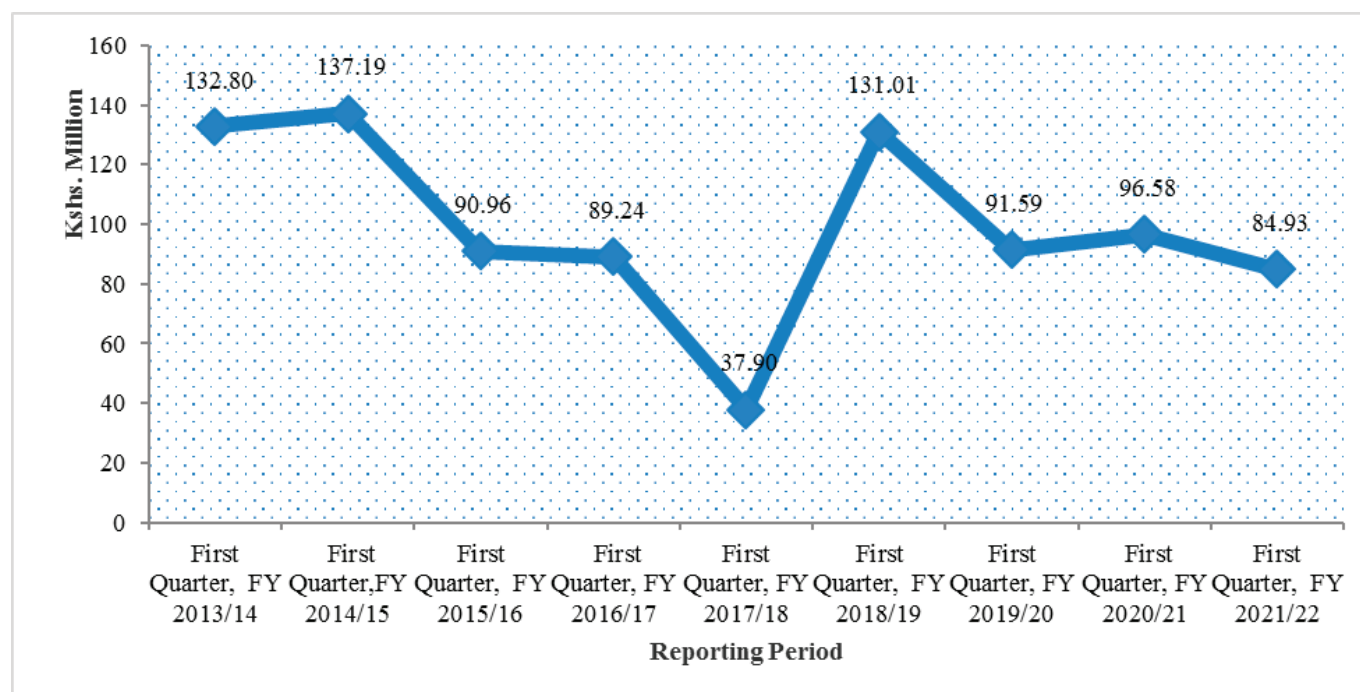
Table 3.112: Meru County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,788,594,074	2,373,464,335	27%
Sub Total		8,788,594,074	2,373,464,335	27%
B	Other Sources of Revenue			
1	Own Source Revenue	575,000,000	84,930,318	15%
2	Other Revenues (Conditional Grants)	1,667,051,704	141,844,646	9%
3	A-I-A	270,000,000	-	0%
Sub Total		2,512,051,704	226,774,964	10%
Grand Total		11,300,645,778.	2,600,239,299	21%

Source: Meru County Treasury

Table 3.52 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.52: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Meru County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.84.93 million as own-source revenue. This amount represented a decrease of 12 per cent compared to Kshs.96.58 million realised during a similar period in the first quarter of FY 2020/21 and was 15 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.47 billion from the CRF account during the reporting period. The amount comprised of Kshs.141.84 million (9.6 per cent) for development programmes and Kshs.1.33 billion (90.4 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.5 per cent of the total funds released by the CoB and comprised of Kshs.141.84 million and Kshs.1.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.2 per cent, while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.01 billion and comprised of Kshs.215.85 million for recurrent expenditure and Kshs.790.61 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

The County Treasury did not report any payments towards the settlement of pending bills during the period under review.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.28 billion was spent on employee compensation, Kshs.42.98 million on operations and maintenance, and Kshs.141.84 million on development activities, as shown in Table 3.113.

Table 3.113: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,934,329,199	1,008,660,369	1,238,997,331	84,000,000	18.0	8.0
Compensation to Employees	4,589,078,502	546,590,715	1,230,339,259	49,674,931	26.8	9.1
Operations and Maintenance	2,345,250,697	462,069,654	8,658,072	34,325,069	0.4	7.4
Development Expenditure	3,317,656,210	40,000,000	141,844,646	-	4.3	-
Total	10,251,985,409	1,048,660,369	1,380,841,977	84,000,000	13.5	0.1

Source: Meru County Treasury

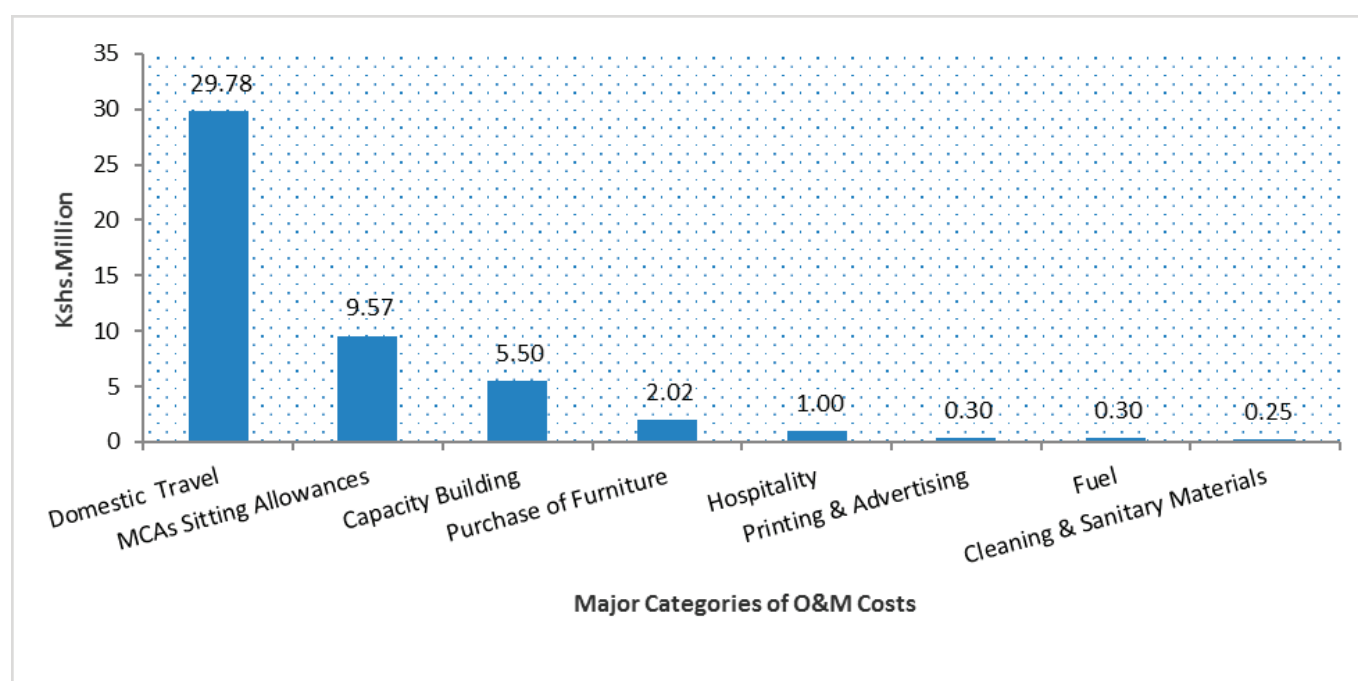
3.27.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 87.4 per cent of the total expenditure for the reporting period and 45.3 per cent of the first quarter proportional revenue of Kshs.2.83 billion.

3.27.8 Expenditure on Operations and Maintenance

Figure 3.53 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.53: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

The County spent Kshs.9.57 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.106.62 million. The average monthly sitting allowance was Kshs.46,244 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.29.78 million and comprised of Kshs.28 million spent by the County Assembly and Kshs.1.78 million by the County Executive.

3.27.9 Development Expenditure

The County incurred an expenditure of Kshs.141.84 on development programmes under the Kenya Devolution Support Program, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not report any expenditure on the development budget.

3.27.10 Budget Performance by Department

Table 3.114 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.114: Meru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,008.66	40.00	84.00	-	84.00	-	100.0	-	8.3	-
Office of the Governor	343.24	-	42.78	-	42.78	-	100.0	-	12.5	-
Finance, Economic Planning, and ICT	837.94	70.00	131.98	-	131.98	-	100.0	-	15.8	-
Agriculture, Livestock and Fisheries Development	296.72	524.10	69.27	-	62.27	-	89.9	-	21.0	-
Water Service and Irrigation	126.36	502.85	17.97	-	17.97	-	100.0	-	14.2	-
Education, Technology, Gender, and Social Development	790.26	148.09	163.06	-	163.06	-	100.0	-	20.6	-
Health Service	3,151.42	379.89	648.41	-	648.41	-	100.0	-	20.6	-
Lands, Physical Planning, Urban Development, and Public Works	158.22	390.89	17.31	-	17.31	-	100.0	-	10.9	-
Public Service Administration and Legal Affairs	731.75	141.84	106.63	141.84	106.63	141.84	100.0	100.0	14.6	100.0
Road, Transport and Energy	117.09	983.69	10.15	-	10.15	-	100.0	-	8.7	-
Trade, Investment, Industrialization, Tourism, and Co-operative Development	139.19	118.05	13.21	-	13.21	-	100.0	-	9.5	-
Youth Affairs and Sport	146.80	46.65	18.64	-	18.64	-	100.0	-	12.7	-
County Public Service Board	45.20	-	-	-	-	-	-	-	-	-
Environment, Wildlife, and Natural Resource	50.15	11.60	6.59	-	6.59	-	100.0	-	13.1	-
Total	7,942.99	3,357.66	1,330.00	141.84	1,323.00	141.84	99.5	100.0	16.7	4.2

Source: Meru County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service, Administration, and Legal Affairs recorded the highest absorption rate of development budget at 100 per cent while the rest of the Department did not report any expenditure on development activities. The Department of Agriculture, Livestock and Fisheries Development had the highest percentage of recurrent expenditure to budget at 21 per cent, while the County Public Service Board did not report any expenditure.

3.27.11 Budget Execution by Programmes and Sub-Programmes

Table 3.115 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.115: Meru County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
COUNTY ASSEMBLY					
Legislation and Representation	Legislation	456,774,801.06	26,298,000.70	430,476,800.36	5.76%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
legislative Oversight	Oversight	247,715,982.34	29,863,210.00	217,852,772.34	12.06%
General Admin, Plan- ning and Support	General Administration	304,169,585.60	27,838,789.30	276,330,796.30	9.15%
Development		40,000,000.00	-	-	0.00%
Total		1,048,660,369.00	84,000,000.00	964,660,369.00	8.01%
DEPARTMENT: OFFICE OF THE GOVERNOR					
General Administration	General Administration	224,276,386.00	40,895,806.40	183,380,579.60	18.23%
Governor Press/Com- munication and Events	Governor Press/Communi- cation and Events	31,800,000.00	131,600.00	31,668,400.00	0.41%
Efficiency Monitoring	Efficiency Monitoring	15,419,200.00		15,419,200.00	0.00%
Research and Strategy	Research and Strategy	15,921,941.00	1,450,000.00	14,471,941.00	9.11%
Disaster Management, Rescue & Emergency Services	Disaster Management, Res- cue & Emergency Services	23,018,645.00		23,018,645.00	0.00%
External Linkages & Partnership	External Linkages & Partner- ship	21,000,000.00		21,000,000.00	0.00%
'County Secretary	County Secretary	11,800,000.00	300,000.00	11,500,000.00	2.54%
Total		343,236,172.00	42,777,406.40	300,458,765.60	12.46%
DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT					
General Administration	Administration	168,064,741.00	126,727,867.48	41,336,873.52	75.40%
Deputy Governors Office	Office Affairs	20,600,000.00		20,600,000.00	0.00%
Procurement	Procurement	8,500,000.00	250,000.00	8,250,000.00	2.94%
Internal Audit	Internal Audit	12,000,000.00		12,000,000.00	0.00%
Budget and Policy	Budget and Policy	31,335,231.00	-	31,335,231.00	0.00%
Accounts	Accounts	13,100,000.00		13,100,000.00	0.00%
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corpora- tion	104,803,972.00	-	104,803,972.00	0.00%
Microfinance Corpo- ration	Meru Microfinance Corpo- ration	81,230,864.00		81,230,864.00	0.00%
Revenue Board	Meru Revenue Board	312,144,000.00	-	312,144,000.00	0.00%
ICT Development	ICT Development	44,300,000.00		44,300,000.00	0.00%
Economic Planning and Coordination Services	Economic Planning and Co- ordination Services	9,438,000.00		9,438,000.00	0.00%
Fleet Management	Fleet Management	102,426,400.00	5,000,000.00	97,426,400.00	4.88%
Total		907,943,208.00	131,977,867.48	775,965,340.52	14.54%
DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES					
General Administration	General Administration	744,422,137.00	62,274,581.24	682,147,555.76	8.37%
Livestock	Livestock	24,316,386.00		24,316,386.00	0.00%
Fisheries	Fisheries	7,150,000.00		7,150,000.00	0.00%
Agricultural Services	Agricultural Services	30,180,448.00		30,180,448.00	0.00%
Animal Disease Man- agement	Animal Disease Management	3,200,000.00		3,200,000.00	0.00%
Agricultural Training Centre (ATC)	Agricultural Training Centre (ATC)	10,056,247.00		10,056,247.00	0.00%
Agricultural Mechaniza- tion Services (AMS)	Agricultural Mechanization Services (AMS)	1,500,000.00		1,500,000.00	0.00%
Total		820,825,218.00	62,274,581.24	758,550,636.76	7.59%
DEPARTMENT: WATER & IRRIGATION					
General Administration	Administration Services	629,206,011.98	17,971,372.55	611,234,639.43	2.86%
Total		629,206,011.98	17,971,372.55	611,234,639.43	2.86%
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					
General Administration	General Administration	596,913,586.00	163,057,876.60	433,855,709.40	27.32%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Early Childhood Development Education(- ECDE)	Early Childhood Development Education(ECDE)	227,350,000.00		227,350,000.00	0.00%
Technical and Vocation Education	Technical and Vocation Education	62,086,170.00		62,086,170.00	0.00%
Gender Mainstreaming and Social Services	Gender Mainstreaming and Social Services	47,000,000.00		47,000,000.00	0.00%
PWD Empowerment	PWD Empowerment	5,000,000.00		5,000,000.00	0.00%
Total		938,349,756.00	163,057,876.60	775,291,879.40	17.38%
DEPARTMENT: HEALTH SERVICES					
General Administration	General Administration	2,580,582,239.00	648,410,568.05	1,932,171,670.95	25.13%
Curative Health	Curative Health	742,176,169.00		742,176,169.00	0.00%
Preventive and Promotive Health	Preventive and Promotive Health	208,548,409.26		208,548,409.26	0.00%
Total		3,531,306,817.26	648,410,568.05	2,882,896,249.21	18.36%
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					
General Administration	General Administration	65,718,847.00	17,313,048.65	48,405,798.35	26.34%
Lands & Public Works	Lands & Public Works	143,000,000.00		143,000,000.00	0.00%
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	291,890,200.00		291,890,200.00	0.00%
Meru Municipality	Meru Municipality	48,500,000.00		48,500,000.00	0.00%
Total		549,109,047.00	17,313,048.65	531,795,998.35	3.15%
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					
General Administration	General Administration	14,557,523.74		14,557,523.74	0.00%
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	20,818,688.90		20,818,688.90	0.00%
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	51,515,122.43	465,000.00	51,050,122.43	0.90%
Human Resource	Human Resource	703,482,797.00	106,163,202.35	597,319,594.65	15.09%
Office of the County Attorney	Office of the County Attorney	78,691,400.00		78,691,400.00	0.00%
Towns Management & Administration	Towns Management & Administration	4,527,200.00		4,527,200.00	0.00%
Total		873,592,732.07	106,628,202.35	766,964,529.72	12.21%
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY					
General Administration-Roads	General Administration-Roads	999,016,917.00	10,150,871.60	988,866,045.40	1.02%
Energy	Energy	101,764,597.00		101,764,597.00	0.00%
Total		1,100,781,514.00	10,150,871.60	1,090,630,642.40	0.92%
DEPARTMENT: 'TRADE, TOURISM & COOPERATIVES DEVELOPMENT					
Headquarters	Headquarters	62,893,762.00	13,205,787.40	49,687,974.60	21.00%
Co-operatives Development	Co-operatives Development	42,000,000.00		42,000,000.00	0.00%
Tourism Development	Tourism Development	47,000,000.00		47,000,000.00	0.00%
Trade Development	Trade Development	105,350,000.00		105,350,000.00	0.00%
Total		257,243,762.00	13,205,787.40	244,037,974.60	5.13%
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	37,869,071.00	8,637,884.60	29,231,186.40	22.81%
Youth Affairs	Youth Affairs	91,150,000.00	10,000,000.00	81,150,000.00	10.97%
Sports Development	Sports Development	37,000,000.00	-	37,000,000.00	0.00%
Arts and Culture Development	Arts and Culture Development	27,426,211.28	-	27,426,211.28	0.00%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Total		193,445,282.28	18,637,884.60	174,807,397.68	9.63%
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	45,198,021.68	-	45,198,021.68	0.00%
Total		45,198,021.68	-	45,198,021.68	0.00%
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	50,147,867.00	6,591,863.95	43,556,003.05	13.14%
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	11,600,000.00		11,600,000.00	0.00%
Total		61,747,867.00	6,591,863.95	55,156,003.05	10.68%
GRAND TOTAL		11,300,645,778.26	1,322,997,330.87	9,977,648,447.39	11.71%

Source: Meru County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration in the Department of Health at 25.13 per cent, General Administration in the Department of Youth at 22.8 per cent, Human Resource in the Department of Public Service at 15 per cent of budget allocation.

3.27.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.141.84 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.36 billion. The development expenditure represented 4.2 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.84.93 million against an annual projection of Kshs.575 million, representing 15 per cent of the annual target.
3. High outstanding pending bills as of 30th June 2021 of Kshs.1.01 billion and failure to settle the bills in the period under review.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure payment of pending bills is prioritised as a first charge and in line with the approved payment plan.*

3.28 County Government of Migori

3.28.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.83 billion, comprising Kshs.2.85 billion (32.3 per cent) and Kshs.5.97 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8 billion (90.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.280 million (3.2per cent) from its own sources of revenue. The County also expects to receive Kshs.544.39 million (6.2 per cent) as conditional grants.

3.28.2 Revenue Performance

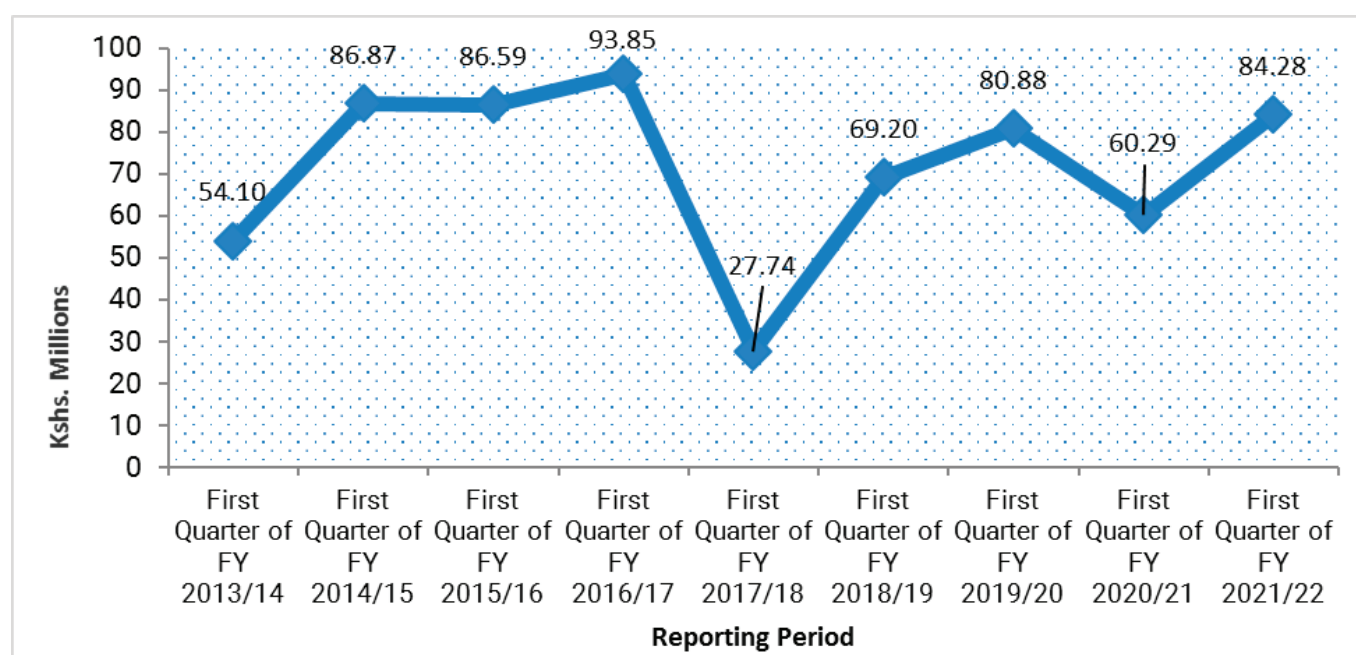
In the first quarter of FY 2021/22, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally, raised Kshs.84.28 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs1.41 billion, as shown in Table 3.116.

Table 3.116: Migori County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,005,020,448	1,320,828,374	16.5
Sub Total		8,005,020,448	1,320,828,374	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	280,000,000	84,275,856	30.1
2.	Other Revenues	544,389,116	-	-
Sub Total		824,389,116	84,275,856	10.2
Grand Total		8,829,409,564	1,405,104,230	15.9

Source: Migori County Treasury

Figure 3.54 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.54: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22

Source: Migori County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.84.28 million as own-source revenue. This amount represented an increase of 39.8 per cent compared to Kshs.60.29 million realised during a similar period in the first quarter of FY 2020/21 and was 30.1 per cent of the annual target. The increase was attributed to the National Hospital Insurance Fund Reimbursement for the services provided by hospitals in the County.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.639.70 million from the CRF account during the reporting period. The amount was only for recurrent programmes.

3.28.4 Overall Expenditure Review

The County spent Kshs.582.77 million on recurrent programmes during the reporting period. This expenditure represented 91.1 per cent of the total funds released by the CoB and was entirely on recurrent programmes. Expenditure on recurrent expenditure represented 9.8 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.905.87 million and comprised of Kshs.540.77 million for recurrent expenditure and Ksh.365.09 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, the County did not report any expenditure towards settling pending bills.

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.522.41 million was spent on employee compensation, Kshs.60.36 million on operations and maintenance as shown in Table 3.117.

Table 3.117: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Exec- utive	County As- sembly	County Executive	County Assembly
Total Recurrent Expenditure	5,111,117,421	863,486,098	502,774,869	80,000,000	9.8	9.3
Compensation to Employees	2,509,777,803	374,929,310	442,409,940	80,000,000	17.6	21.3
Operations and Maintenance	2,601,339,618	488,556,788	60,364,929	-	2.3	-
Development Expenditure	2,699,806,045	155,000,000	-	-	-	-
Total	7,810,923,466	1,018,486,098	502,774,869	80,000,000	6.4	7.9

Source: Migori County Treasury

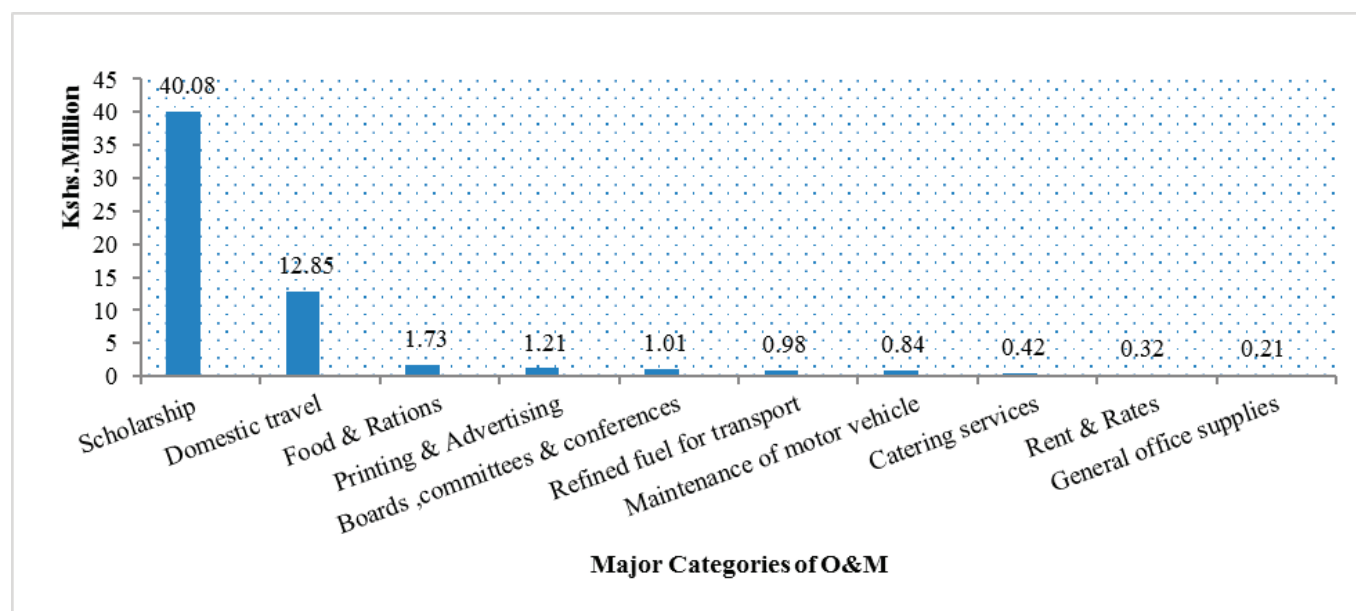
3.28.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 89.6 per cent of the total expenditure for the reporting period and 37.2 per cent of the first quarter proportional revenue of Kshs1.41 billion.

3.28.8 Expenditure on Operations and Maintenance

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

Figure 3.55: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury.

During the period, expenditure on domestic travel amounted to Kshs.12.84 million was entirely for the County Executive. There was no expenditure on foreign travel. The County Assembly did not report spending on committee sitting allowances.

3.28.9 Development Expenditure

The County did not report any development expenditure during the reporting period.

3.28.10 Budget Performance by Department

Table 3.118 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.118: Migori County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	863.49	155	80	-	80	-	100.0	-	9.3	-
County Attorney	135.5	-	-	-	-	-	-	-	-	-
County Executive	139.85	110	9.07	-	2.9	-	32.0	-	2.1	-
Agriculture, Live-stock Production, Fisheries, Veterinary Services, and Water	531.05	107.44	31.16	-	23.83	-	76.5	-	4.5	-
Education, Youth Sports, Culture and Social Development	289.32	552.1	61.77	-	78.48	-	127.1	-	27.1	-
Environment and Disaster Management	85.99	22.66	7.85	-	4.75	-	60.5	-	5.5	-
Finance and Economic Planning	783.65	7	57.66	-	48.23	-	83.6	-	6.2	-
Medical Services	1,433.76	104.6	280.94	-	260.87	-	92.9	-	18.2	-
Public Health	516.86	218.93	-	-	-	-	-	-	-	-
Lands, Housing, Physical Planning and Survey	132.78	147.2	13.21	-	9.25	-	70.0	-	7.0	-
Public Service Management	723.29	95	70.69	-	54.2	-	76.7	-	7.5	-
Roads, Public Works & Transport	168.09	910.65	10.5	-	8.66	-	82.5	-	5.2	-
Trade Development and Regulation	78.32	124.02	11.71	-	8.39	-	71.6	-	10.7	-
Water and Energy	92.66	300.21	5.14	-	3.21	-	62.5	-	3.5	-
Total	5,974.60	2,854.81	639.7	-	582.77	-	91.1	-	9.8	-

Source: Migori County Treasury

The Department of Education, Youth Sports, Culture and Social Development had the highest percentage of recurrent expenditure to budget at 27.1 per cent, while the Department of Public Health and County Attorney had no spending on recurrent activities.

3.28.11 Budget Execution by Programmes and Sub-Programmes

Table 3.119 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.119: Migori County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Agriculture, Livestock Development and Fisheries Development					
Policy, planning, general administration and support services (Agriculture)	General administration	236,433,710	23,834,918	212,598,792	10.1
	Field extension services and support Programme	10,947,800	-	10,947,800	-
	Agriculture, research training, and infrastructure development	2,419,790	-	2,419,790	-
	Agricultural mechanization	1,700,000	-	1,700,000	-
Crop development and management	Crop development	6,820,400	-	6,820,400	-
External funding	Donor funds	333,708,021	-	333,708,021	-
Policy, planning, general administration, and support services (Fisheries)	General administration	9,551,744	-	9,551,744	-
	Field extension services and support programme	320,000	-	320,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Fisheries development and management	Capture fisheries development	6,212,000	-	6,212,000	-
	Fish safety, assurance, value addition, and marketing	500,000	-	500,000	-
	Fisheries policy, strategy, and capacity building	480,000	-	480,000	-
Pending bills	Pending bills	880,000	-	880,000	-
Policy, planning, general administration, and support services (Livestock)	General administration	9,691,300	-	9,691,300	-
Livestock production and management	Enterprise development and value addition	4,690,000	-	4,690,000	-
Policy, planning, general administration, and support services (Veterinary services)	General administration	10,243,150	-	10,243,150	-
	Field extension services and support programme	500,000	-	500,000	-
Veterinary services and management	Livestock disease and vector control and management	1,750,000	-	1,750,000	-
	Veterinary public health management	1,186,000	-	1,186,000	-
	Livestock breeding services	780,000	-	780,000	-
	Sub-total	638,493,915	23,834,918	614,658,997	3.7
County Assembly					-
General administration and support services	Administrative services	35,103,069.00	-	35,103,069.00	-
Oversight management services	Committee management services	121,626,000	-	121,626,000	-
Legislative services	Representation	150,913,098	-	150,913,098	-
General administration and support services	Administrative services	698,216,731	80,000,000	618,216,731	11.5
Pending bills	Pending bills	12,627,200	-	12,627,200	-
	Sub-total	1,018,486,098	80,000,000	938,486,098	7.9
County Attorney					-
Management and administration	General administration	28,030,000	-	28,030,000	-
Legal education	Finance	67,900,000	-	67,900,000	-
	Professional and career development	2,600,000	-	2,600,000	-
Pending bills	Pending bills	36,970,000	-	36,970,000	-
	Sub-total	135,500,000	-	135,500,000	-
County Executive					-
Governance and executive management (Governor)	Citizen service delivery services	167,847,000	2,899,295	164,947,705	1.7
	Pending bills	31,000,000	-	31,000,000	-
Governance and executive management (Deputy governor's office)	Coordination of devolved ministries and departments	22,285,000	-	22,285,000	-
Cohesion and peacebuilding	Peacebuilding, education, advocacy, and research	3,715,000	-	3,715,000	-
Governance and executive management (County secretary)	Citizen service delivery services	25,000,000	-	25,000,000	-
	Sub-total	249,847,000	2,899,295	246,947,705	1.2
Education, Gender, Sports, Youth Development and Culture					-
Education support services	Bursary and scholarship	40,000,000	38,079,228	1,920,772	95.2
Child care support services	Bursary and scholarship	3,000,000	-	3,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Youth development and empowerment	Vocational education training	5,000,000	2,000,000	3,000,000	40.0
	Youth empowerment	1,500,000	-	1,500,000	-
Sports and culture development	Sports and talent development	6,000,000	-	6,000,000	-
General administration and support services	Personnel emoluments	204,071,688	35,705,854	168,365,835	17.5
	General administrative services	197,581,992	1,565,000	196,016,992	0.8
Sports and culture development	Talent development services	3,500,000	-	3,500,000	-
	Culture and heritage conservation	370,950,000	-	370,950,000	-
	Arts promotion and development	1,000,000	-	1,000,000	-
Gender and equality services	Women empowerment enterprises and support services	1,000,000	-	1,000,000	-
General administration and support services	General administrative services	7,820,000	1,134,826	6,685,174	14.5
	Sub-total	841,423,680	78,484,907	762,938,773	9.3
Environment, Natural Resource, and Disaster Management					-
Environment management and protection	General administration and support services	43,660,000	-	43,660,000	-
General administration and support services	General administration and support services	60,187,035	4,749,150	55,437,885	7.9
Environmental and natural resource conservation and management	Natural resource management	1,500,000	-	1,500,000	-
	Climate change adoption and mitigation	1,500,000	-	1,500,000	-
	Forestry conservation and development	500,000	-	500,000	-
	Disaster risk management services	700,000	-	700,000	-
	Fire response services	600,000	-	600,000	-
	Sub-total	108,647,035	4,749,150	103,897,885	4.4
Finance and Economic Planning					-
Public financial management	Accounting services	188,598,214	-	188,598,214	-
General administrative and support service	General administration planning and support services	405,067,358	42,255,072	362,812,286	10.4
Public financial management	Audit services	15,140,000	-	15,140,000	-
Public financial management	Supply chain management	18,207,570	-	18,207,570	-
Public financial management	Resource mobilization	56,753,148	-	56,753,148	-
Economic policy and County planning	Budget coordination and management	9,275,000	-	9,275,000	-
	Policy and plans development	71,455,604	5,971,173	65,484,431	8.4
	Community development	2,936,705	-	2,936,705	-
General administrative and support service	General administration planning and support services	23,215,449	-	23,215,449	-
	Sub-total	790,649,048	48,226,245	742,422,803	6.1
Health-Medical Services					-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Planning and administrative support services	Health management informative system	6,888,000	-	6,888,000	-
	Administrative and support services	1,189,592,436	260,870,722	928,721,714	21.9
	Infrastructure development	104,600,000	-	104,600,000	-
	Standards, quality assurance & regulations	2,592,000	-	2,592,000	-
Preventive and promotive health services	Human nutrition and dietetics	2,200,000	-	2,200,000	-
	Family& reproductive health	5,300,000	-	5,300,000	-
	Non-communicable diseases (NCDs)	3,040,000	-	3,040,000	-
	Maternal child and adolescence health services	2,900,000	-	2,900,000	-
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical commodities	156,692,500	-	156,692,500	-
	Emergency and referral services	6,276,000	-	6,276,000	-
	Malaria Control	1,390,000	-	1,390,000	-
Pending bills	Pending bills	56,887,167	-	56,887,167	-
	Sub-total	1,538,358,103	260,870,722	1,277,487,381	17.0
Health Public Nutrition					-
Planning and administrative support services (Public Health)	Health management informative system	7,267,520	-	7,267,520	-
	Administrative and support services	262,839,958	-	262,839,958	-
	Standards, quality assurance & regulations	25,656,000	-	25,656,000	-
Preventive and promotive health services	Community health services	23,210,000	-	23,210,000	-
	Sanitation and environmental health services	5,100,000	-	5,100,000	-
	Human nutrition and dietetics	2,400,000	-	2,400,000	-
	HIV and AIDS management	2,940,000	-	2,940,000	-
	Disease surveillance	20,050,000	-	20,050,000	-
	Health promotion	1,700,000	-	1,700,000	-
	Family& reproductive health	12,500,000	-	12,500,000	-
	Non-communicable diseases (NCDs)	1,560,000	-	1,560,000	-
	Maternal child and adolescence health services	2,400,000	-	2,400,000	-
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical commodities	112,000,000	-	112,000,000	-
	Malaria Control	2,880,000	-	2,880,000	-
	Tuberculosis Control	2,200,000	-	2,200,000	-
External funding	Donor funds	19,438,750	-	19,438,750	-
	Conditional grants	193,557,872	-	193,557,872	-
Pending bills	Pending bills	38,092,938	-	38,092,938	-
	Sub-total	735,793,038	-	735,793,038	-
Lands, Housing and Physical Planning					-
Land resources development and management services	Land survey and mapping services	-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
General administration planning and support services	Administration support services	190,475,016	7,925,007	182,550,009	4.2
General administration planning and support services	Administration support services	52,500,000	1,329,106	51,170,894	2.5
Migori municipality	Administrative support services	9,000,000	-	9,000,000	-
Rongo municipality	Administrative support services	9,000,000	-	9,000,000	-
Awendo municipality	Administrative support services	9,000,000	-	9,000,000	-
Kehancha municipality	Administrative support services	10,000,000	-	10,000,000	-
	Sub-total	279,975,016	9,254,113	270,720,903	3.3
Public Service Management					-
Human capital management and development	Human capital strategy	5,020,000	-	5,020,000	-
Pending bills	Pending bills	80,000,000	-	80,000,000	-
Sub County administration services	Devolved units development services	14,150,000	-	14,150,000	-
General administration and support services	General administration and support services	493,266,920	47,999,692	445,267,228	9.7
County security and compliance enforcement services	Support and administration services	40,450,000	625,820	39,824,180	1.5
Human capital management and development	Information and records management	2,900,000	-	2,900,000	-
Human capital management and development (Public service board)	Human capital strategy	27,700,000	308,000	27,392,000	1.1
	Public service board services	21,500,000	595,000	20,905,000	2.8
Human capital management and development	Information and records management	2,800,000	-	2,800,000	-
General administration and support services	General administration services	65,500,000	4,670,214	60,829,786	7.1
General administration and support services (Information communication technology)	General administration and support services	18,500,000	-	18,500,000	-
Information communication and technology development	ICT infrastructure and connectivity	40,000,000	-	40,000,000	-
	E-governance and ICT capacity training	6,500,000	-	6,500,000	-
	Sub-total	818,286,920	54,198,726	764,088,194	6.6
Roads, Transport and Public Works					-
Road development, maintenance and management	Road network improvement	950,648,991	188,000	39,812,000	0.0
	Mechanization services	37,120,000	-	37,120,000	-
Policy, general administration, planning and support service	General administration, planning and support service	90,974,494	8,467,671	82,506,823	9.3
	Sub-total	1,078,743,485	8,655,671	1,070,087,814	0.8
Trade Tourism and Cooperative Development					-
Trade and markets promotion and development	Trade development and promotion of SMEs services	2,820,000	-	2,820,000	-
Policy, planning and administrative support	Administrative support	184,319,025	8,389,942	175,929,083	4.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs)	Absorption (%)
Industrial development and investment services	Industrial parks and infrastructure development	2,088,000	-	2,088,000	-
Cooperative development services	Cooperative development services and promotion	2,520,000	-	2,520,000	-
	Cooperative oversight and compliance	1,416,000	-	1,416,000	-
Tourism development	Tourism promotion, investment and marketing	2,391,890	-	2,391,890	-
Trade and markets promotion and development	Metrological laboratory services	3,060,000	-	3,060,000	-
Alcoholic drinks and drug abuse control	Liquor licensing	3,720,000	-	3,720,000	-
	Sub-total	202,334,915	8,389,942	193,944,973	4.1
Water and Energy					-
Policy, general administration, and support services	Policies and legal framework	432,000	-	432,000	-
Water supply and management services	Urban water supply and sewerage	329,167,035	-	329,167,035	-
General administration, planning and support services	General administration, policies and legal framework	63,272,276	3,211,180	60,061,096	5.1
	Sub-total	392,871,311	3,211,180	389,660,131	0.8
Grand Total		8,829,409,564	582,774,869	8,246,634,695	6.6

Source: Migori County Treasury

Programmes with high levels of implementation based on absorption rates were: education support services in the Department of Education, Gender, Sports, Youth Development and Culture at 95.2 per cent, Youth development and empowerment in the Department of Education, Gender, Sports, Youth Development and Culture at 40 per cent, planning and administration support services in the Department of Medical services at 21.9 per cent of budget allocation.

3.28.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. Low absorption of development funds as there was no reported expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.85 billion.
3. The delay in approving the budget on time by the County Assembly may have affected budget absorption.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should ensure the budget is approved on time in line with Section 131 of the PFM Act, 2012.

3.29 County Government of Mombasa

3.29.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.50 billion, comprising Kshs.5.18 billion (35.7 per cent) and Kshs.9.31 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.57 billion (52.2 per cent) as the equitable share of revenue raised nationally and generate Kshs.4.97 billion (34.3 per cent) from its sources of revenue. The County also expects to receive Kshs.1.97 billion (13.6 per cent) as conditional grants, which consists of Kshs.156.63 million for Kenya Devolution Support Program II, Kshs.221.68 million for Fuel Levy Fund, Kshs.23.50 million for Agricultural Sector

Program II, Kshs.18.91 million for Youth Polytechnic grant, Kshs.23.39 million for User Fees Forgone, Kshs.388.44 million for level 5 Hospital grant, Kshs.18.13 million for Transformation Health Services Care Project, Kshs.300.0 million for Kenya Informal Settlement Improvement Project and Kshs.800.0 for Water and Sanitation Development Project.

3.29.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.25 billion as the equitable share of the revenue raised nationally, raised Kshs.773.82 million as own-source revenue, and had a cash balance of Kshs.681.56 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.70 billion, as shown in Table 3.120.

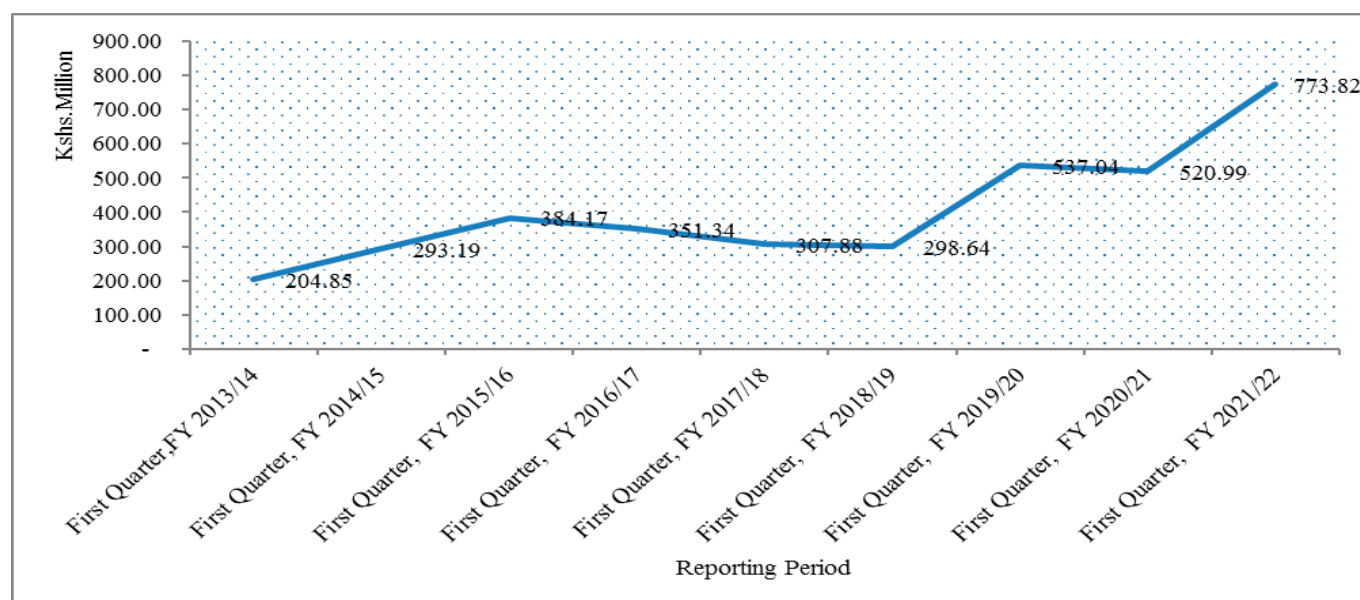
Table 3.120: Mombasa County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,567,354,061	1,248,613,420	16.5
Sub Total		7,567,354,061	1,248,613,419	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	4,966,330,107	773,822,516	15.6
2	Balance b/f from FY 2020/21	-	681,555,485	-
3	Conditional Grants	1,966,315,832	-	-
Sub Total		6,932,645,939	1,455,378,000	21
Grand Total		14,500,000,000	2,703,991,420	18.6

Source: Mombasa County Treasury

Figure 3.56 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.56: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Mombasa County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.773.82 million as own-source revenue. This amount represented an increase of 48.5 per cent compared to Kshs.520.99 million realised during a similar period in the first quarter of FY 2020/21 and was 15.6 per cent of the annual target. The increase in revenue collection may be due to the automation of revenue collection and adoption of the revised valuation roll rates in the Mombasa County Finance Act.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.795.10 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.29.4 Overall Expenditure Review

The County spent Kshs.587.57 million on recurrent programmes during the reporting period, representing 6.3 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.4.47 billion. At the beginning of FY 2021/22, the County prepared a payment plan to settle Kshs.451.0 million of the outstanding pending bills. During the period under review, Kshs.41 million was paid towards recurrent pending bills.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.530.20 million was spent on employee compensation, and Kshs.57.37 million on operations and maintenance, as shown in Table 3.121.

Table 3.121: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,538,245,559	779,254,392	535,333,687	52,233,462	6.3	6.7
Compensation to Employees	4,945,936,362	393,619,597	509,485,690	20,713,170	10.3	5.3
Operations and Maintenance	3,592,309,197	385,634,795	25,847,997	31,520,292	0.7	8.2
Development Expenditure	4,982,500,049	200,000,000	-	-	-	-
Total	13,520,745,608	979,254,392	535,333,687	52,233,462	4.0	5.3

Source: Mombasa County Treasury

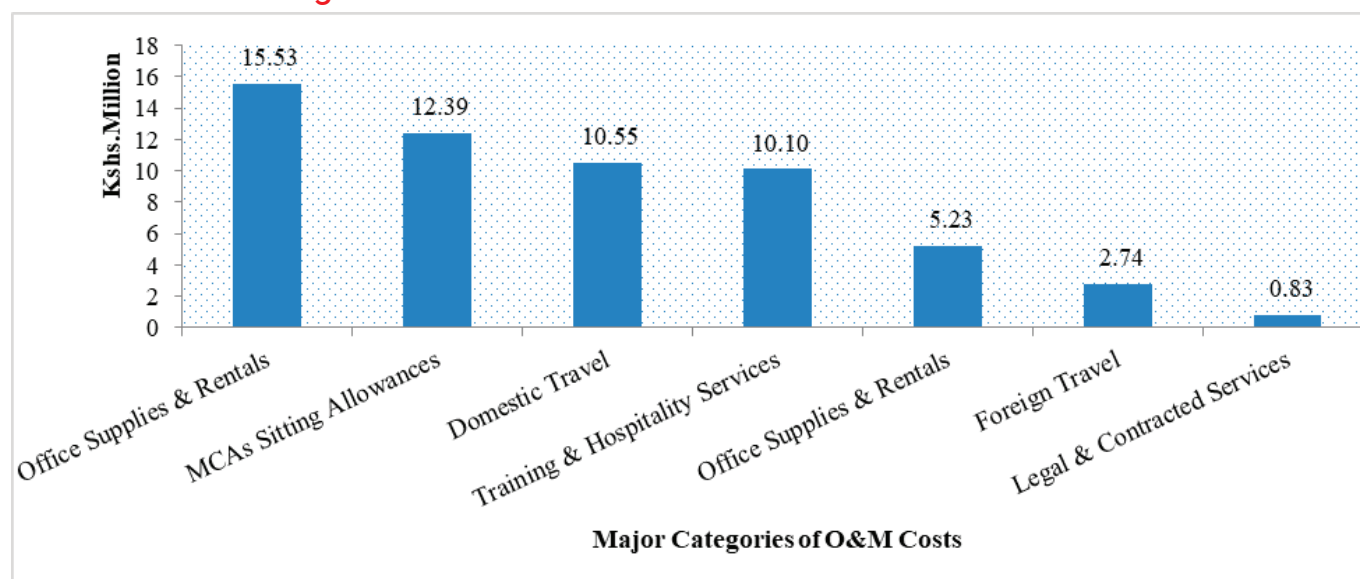
3.29.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 90.2 per cent of the total expenditure for the reporting period and 14.6 per cent of the first quarter proportional revenue of Kshs.3.63 billion.

3.29.8 Expenditure on Operations and Maintenance

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

Figure 3.57: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

The County spent Kshs.12.39 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40.0 million. The average monthly sitting allowance was Kshs.96,036 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.10.55 million and comprised Kshs.9.31 million spent by the County Assembly and Kshs.1.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.74 million by the County Assembly.

3.29.9 Development Expenditure

The County did not report any expenditure on development programmes.

3.29.10 Budget Performance by Department

Table 3.122 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.122: Mombasa County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	356.49	30.00	-	-	-	-	-	-	-	-
Public Service Board	130.00	20.00	-	-	6.64	-	-	-	5.1	-
Finance & Economic Planning	634.13	326.50	22.35	-	33.38	-	149.4	-	5.3	-
Environment, Waste Management and Energy	612.00	305.00	116.58	-	35.47	-	30.4	-	5.8	-
Education, Information Technology & MV 2035	596.00	431.00	38.49	-	27.84	-	72.3	-	4.7	-
Health Services	3,271.79	370.00	344.36	-	259.51	-	75.4	-	7.9	-
Water, Sanitation & Natural Resources	130.00	1,100.00	-	-	3.25	-	-	-	2.5	-
Youth, Gender, Sports and Cultural Affairs	400.00	500.00	-	-	10.77	-	-	-	2.7	-
Trade, Tourism & Investment	445.16	400.00	87.91	-	37.45	-	42.6	-	8.4	-
Land, Planning, Housing and Urban Renewal	273.00	480.00	-	-	12.44	-	-	-	4.6	-
Transport, Infrastructure & Public Works	510.00	680.00	36.86	-	26.95	-	73.1	-	5.3	-
Agriculture, Fisheries, Livestock and Co-operatives	273.50	230.00	-	-	13.43	-	-	-	4.9	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Devolution & Public Service Administration	906.18	110.00	94.55	-	68.20	-	72.1	-	7.5	-
County Assembly	779.25	200.00	54.00	-	52.23	-	96.7	-	6.7	-
Total	9,317.50	5,182.50	795.11	-	587.57	-	73.9	-	6.3	-

Source: Mombasa County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Tourism and Investment had the highest percentage of recurrent expenditure to budget at 8.4 per cent while the Department of County Executive did not report any expenditure during the period under review.

3.29.11 Budget Execution by Programmes and Sub-Programmes

Table 3.123 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.123: Mombasa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Pay- ments (Ksh)	Variance (Kshs)	Absorption Rates (%)
3011 The Executive	Governor's Affairs & Advisory Services	161,624,673	0	161,624,673	0.0%
	Deputy Governor's Affairs & External Relations	61,274,828	0	61,274,828	0.0%
	Cabinet Affairs, Policy Research and Legal Services	107,875,327	0	107,875,327	0.0%
	MV 2035 & E-Government	37,000,000	0	37,000,000	0.0%
	Strategic Delivery Unit	17,716,961	0	17,716,961	0.0%
3013 County Public Service Board	Administration Unit	150,000,000	6,636,448	143,363,552	4.4%
3014 Finance and Economic Planning	Administration Unit	849,967,947	33,382,956	816,584,990	3.9%
	Accounting Unit	52,650,000	0	52,650,000	0.0%
	Planning and Monitoring Unit	58,010,653	0	58,010,653	0.0%
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	566,234,748	35,466,742	530,768,006	6.3%
	Waste Management	93,327,252	0	93,327,252	0.0%
	Environmental Compliance and Monitoring	126,960,000	0	126,960,000	0.0%
	Climate Change	55,239,000	0	55,239,000	0.0%
	Energy	75,239,000	0	75,239,000	0.0%
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	483,739,474	27,840,064	455,899,410	5.8%
	Education headquarters	189,211,170	0	189,211,170	0.0%
	Childcare	8,500,000	0	8,500,000	0.0%
	Elimu Fund	161,890,000	0	161,890,000	0.0%
	Information Technology Headquarters	183,659,356	0	183,659,356	0.0%
3017 Health Services	Administration Unit	2,833,061,316	259,511,008	2,573,550,308	9.2%
	Curative/Clinical Health Services	158,249,239	0	158,249,239	0.0%
	Preventive and Promotive Services Unit	582,354,159	0	582,354,159	0.0%
	Special Programs	68,123,140	0	68,123,140	0.0%
3018 Water, Sanitation, and Natural Resources	Administration unit	917,570,000	3,254,479	914,315,521	0.4%
	Sanitation/Sewerage Services Headquarters	57,750,000	0	57,750,000	0.0%
	Water Supply Headquarters	170,450,000	0	170,450,000	0.0%
	Natural Resources	84,230,000	0	84,230,000	0.0%

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs)	Absorption Rates (%)
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	228,620,000	10,771,840	217,848,160	4.7%
	Youth Empowerment	95,480,000	0	95,480,000	0.0%
	Gender Affairs and Disability Mainstreaming	35,000,000	0	35,000,000	0.0%
	Sports development	0	0	0	0.0%
	Cultural Affairs	510,000,000	0	510,000,000	0.0%
	Public Recreation and Entertainment	30,900,000	0	30,900,000	0.0%
3020 Trade, Tourism, and Investment	Administration Unit	327,085,886	37,452,254	289,633,633	11.5%
	Trade Development	163,787,810	0	163,787,810	0.0%
	Development of Tourism	92,101,997	0	92,101,997	0.0%
	Investment Promotion and Products Headquarters	189,080,000	0	189,080,000	0.0%
	Development of County Industrial Parks	0	0	0	0.0%
	Ease of Doing Business-Headquarters	73,105,082	0	73,105,082	0.0%
3021 Lands, Housing and Physical Planning	Administration Unit	219,083,825	12,442,909	206,640,917	5.7%
	Physical planning	170,000,000	0	170,000,000	0.0%
	Land Management Unit	23,566,175	0	23,566,175	0.0%
	Housing Development Unit	308,000,000	0	308,000,000	0.0%
	Urban Renewal	32,350,000	0	32,350,000	0.0%
3022 Transport, Infrastructure, and Public Works	Administration Unit	347,494,701	26,950,860	320,543,841	7.8%
	Road and Transport Unit	576,400,000	0	576,400,000	0.0%
	Works Unit	40,780,299	0	40,780,299	0.0%
	Transport Planning, Management and Safety	19,750,000	0	19,750,000	0.0%
	Mechanical Services	69,375,000	0	69,375,000	0.0%
	Safety, Risk Management and Rescue Services	136,200,000	0	136,200,000	0.0%
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	169,219,199	13,427,718	155,791,481	7.9%
	Crop Management Unit	110,398,491	0	110,398,491	0.0%
	Livestock Unit	72,656,206	0	72,656,206	0.0%
	Fisheries Unit-Headquarters	71,699,045	0	71,699,045	0.0%
	Veterinary Services	53,414,916	0	53,414,916	0.0%
	Cooperatives	26,112,093	0	26,112,093	0.0%
3026 Devolution and Public Service Administration	Administration	744,058,253	68,196,411	675,861,842	9.2%
	Devolution and public service administration	73,909,194	0	73,909,194	0.0%
	Public Service Reforms and Delivery	21,636,398	0	21,636,398	0.0%
	Compliance and Enforcement	68,600,000	0	68,600,000	0.0%
	County Administration and decentralized services	107,972,796	0	107,972,796	0.0%
3012 County Assembly	Human Resources Management	850,584,072	52,233,462	798,350,610	6.1%
	Legal Services	129,670,321	0	129,670,321	0.0%
Grand Total		14,500,000,000	587,567,149	13,912,432,851	4.1%

Source: Mombasa County Treasury

Programmes with high levels of implementation based on absorption rates were: Departments administration subprograms in the Department of Trade, Tourism and Investment at 11.5 per cent, in the Department of Devolution and Public Service at 9.2 per cent and Department of Agriculture, Fisheries Livestock and Cooperatives at 7.9 per cent of budget allocation.

3.29.12 Key Observations and Recommendations

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

1. Failure to implement the development budget during the reported period of the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.18 billion.
2. High outstanding pending bills accumulated to Kshs.4.47 billion as of 30th June 2021. The County failed to provide a payment plan to ensure the outstanding pending bills are settled in the financial year.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County is advised to prepare a pending bills payment plan and ensure all pending bills are fully settled in the current financial year.*

3.30 County Government of Murang'a

3.30.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.66 billion, comprising Kshs.3.41 billion (32.0 per cent) and Kshs.7.25 billion (68.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.18 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.5 billion (14.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.04 billion (9.8 per cent) from FY 2020/21. The County also expects to receive Kshs.937.29 million (8.8 per cent) as conditional grants that consist of Kshs.335.68 million for National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA grant amounting to Kshs.13.95 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.80 million, Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) amounting to Kshs.62.44 million, Agricultural Sector Deepening Support Program amounting to Kshs.23.49 million, Kshs.153.29 million for Leasing of Medical Equipment's, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.60 million.

3.30.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs1.18 billion as the equitable share of the revenue raised nationally, raised Kshs.92.77 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.32 billion, as shown in Table 3.124.

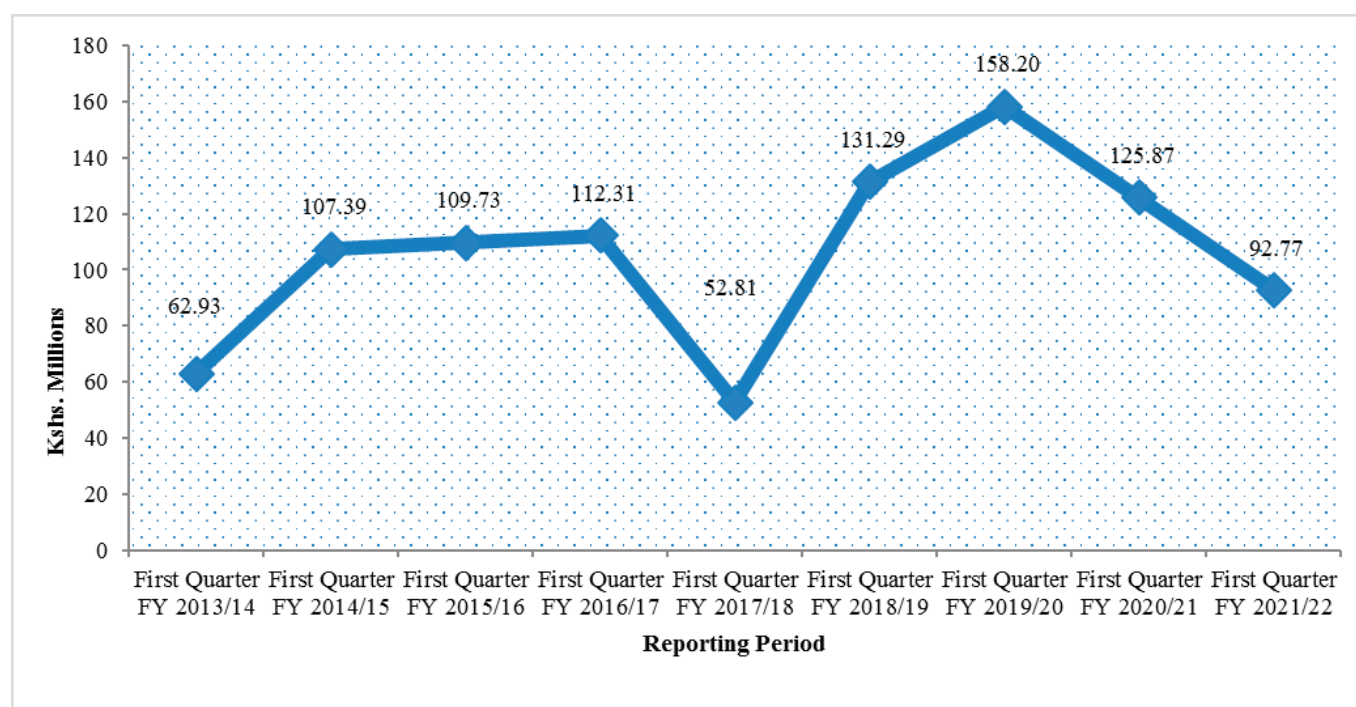
Table 3.124: Murang'a County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	1,184,725,717	16.5
Sub Total		7,180,155,855	1,184,725,717	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,500,000,000	92,769,799	6.2
2.	Balance b/f from FY 2020/21	1,039,222,750	1,039,222,750	100.0
3.	Other Revenues	937,292,640	-	-
Sub Total		3,476,515,390	1,131,992,549	32.6
Grand Total		10,656,671,245	2,316,718,266	21.7

Source: Murang'a County Treasury.

Figure 3.58 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.58: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Murang'a County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.92.77 million as own-source revenue. This amount represented a decrease of 26.3 per cent compared to Kshs.125.87 million realised during a similar period in the first quarter of FY 2020/21 and was 6.2 per cent of the annual target. The poor performance in own-source revenue may be primarily attributed to COVID -19 effects and unrealistic revenue targeting.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.02 billion from the CRF account during the reporting period. The amount comprised of Kshs.394.42 million (19.5 per cent) for development programmes and Kshs.1.63 billion (80.5 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

The County spent Kshs.1.06 billion on development and recurrent programmes during the reporting period. This expenditure represented 52.3 per cent of the total funds released by the CoB and comprised of Kshs.202.42 million and Kshs.855 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.9 per cent, while recurrent expenditure represented 11.8 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.89 billion and comprised of Kshs.510.38 million for recurrent expenditure and Kshs.1.38 billion for development expenditure. At the beginning of the FY 2021/22, the County has prepared a payment plan to settle the entire bills in the 2021-2022 and 2022-2023 financial years.

During the period under review, Kshs.248.04 million was paid towards pending bills, consisting of Kshs.192.84 million for recurrent expenditure and Kshs.55.20 million for development programmes.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.583.87 million was spent on employee compensation, Kshs.271.13 million on operations and maintenance, and Kshs.202.42 million on development activities, as shown in Table 3.125.

Table 3.125: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)				Expenditure (Kshs)				Absorption (%)			
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,264,078,854	981,743,240			748,021,634	106,985,961			11.9	10.9		
Compensation to Employees	3,737,443,517	332,200,000			544,192,575	39,682,797			14.6	11.9		
Operations and Maintenance	2,526,635,337	649,543,240			203,829,059	67,303,164			8.1	10.4		
Development Expenditure	3,321,285,377	89,563,774			202,415,546	-			6.1	-		
Total	9,585,364,231	1,071,307,014			950,437,180	106,985,961			9.9	10.0		

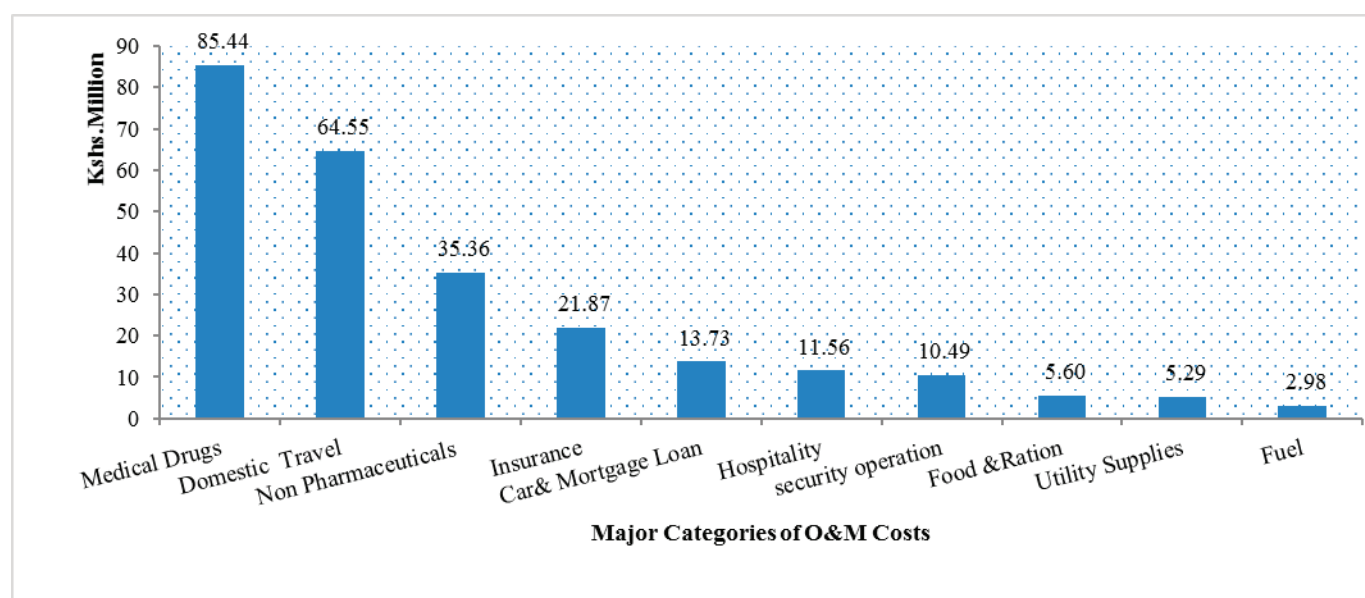
Source: Murang'a County Treasury

3.30.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 55.2 per cent of the total expenditure for the reporting period and 21.9 per cent of the first quarter proportional revenue of Kshs.2.66 billion.

3.30.8 Expenditure on Operations and Maintenance

Figure 3.59 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.59: Murang'a County, Operations and Maintenance Expenditure by Major Categories

Source: Murang'a County Treasury

The County spent Kshs.2.94 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.72 million. The average monthly sitting allowance was Kshs.18,177 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.64.55 million and comprised Kshs.43.91 million spent by the County Assembly and Kshs.20.64 million by the County Executive. Expenditure on foreign travel amounted to Kshs.440,791 paid entirely by the County Assembly.

3.30.9 Development Expenditure

The County incurred an expenditure of Kshs.202.42 million on development programmes, which represented a decrease of 52.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.426.68 million. Table 3.126 summarises development projects with the highest expenditure in the reporting period.

Table 3.126: Murang'a County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Supply of ICU Equipment	Murang'a Level 5 Hospital	52,500,000	52,500,000	100
2	Milk Support for Murang'a Cooperative Creameries	Murang'a Coop Creameries	14,301,016	14,301,016	100
3	Supply of Sports Items	Countywide	6,456,475	6,456,475	100
4	Drilling and Equipping Gikindu Comm Borehole	Kamacharia Ward	4,486,452	4,486,452	100
5	Supply of Avocado Grading Rings	Countywide	3,900,350	3,900,350	100
6	Supply and Installation of UPVC Pipes-Githuri Water Project	Githuri Water project.	3,788,781	3,788,781	100
7	Spot Improvement Works for Small Earth Access Road	Small Earth	3,734,639	3,734,639	100
8	Grading Works of Access Roads Methi Wempa	Kimorori Wempa	3,680,316	3,680,316	100
9	Grading of Access Road Mbiri Ward	Mbiri Ward	3,622,152	3,622,152	100
10	Construction of Kibutha Dispensary	Kanyenyani Ward	3,451,579	3,451,579	100

Source: Murang'a County Treasury

3.30.10 Budget Performance by Department

Table 3.127 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.127: Murang'a County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governorship, County Coordination and Administration	285.36	25	113.71	-	14.58	-	12.8	-	5.1	-
Finance, Information Technology and Economic Plan.	450.83	38	139.89	-	38.4	-	27.5	-	8.5	-
Agriculture, Livestock and Fisheries	266.44	996.71	45.97	68.57	0.43	15.4	0.9	22.5	0.2	1.5
Energy Transport and Roads	27.42	873	2.18	78.3	1.84	46.34	84.4	59.2	6.7	5.3
Commerce, Trade, Industry, and Tourism	39.26	493.89	4.34	69.15	2.4	30.61	55.3	44.3	6.1	6.2
Health and Sanitation	3,666.99	511.37	842.59	117.23	654.07	79.88	77.6	68.1	17.8	15.6
Lands, Housing & Physical Planning	43.74	11	1.29	-	-	-	-	-	-	-
Education & Technical Training	509.76	27	100.56	6.07	9.5	7.27	9.4	119.8	1.9	26.9
Public Service Adm.	661.46	-	225.56	-	20	-	8.9	-	3.0	-
Youth, Culture, Gender, Social Services & Special Programs	107.44	100	16.4	9.41	1.45	7.08	8.8	75.2	1.3	7.1
Environment & Natural Resources	19.24	33	0.71	3.72	0.78	-	109.9	-	4.1	-
County Public Service Board	67.32	-	2.94	-	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water & Irrigation	54.72	65	3.61	16.48	-	15.84	-	96.1	-	24.4
Murang'a Municipality	64.1	147.32	7.1	25.5	4.57	-	64.4	-	7.1	-
County Assembly	981.74	89.56	120	-	106.98	-	89.2	-	10.9	-
Total	7,245.82	3,410.85	1,626.85	394.43	855	202.42	52.6	51.3	11.8	5.9

Source: Murang'a County Treasury

Analysis of expenditure by the departments shows that the Department of Education & Technical Training recorded the highest absorption rate of development budget at 26.9 per cent while the Department of Environment & Natural Resources, County Assembly, Murang'a Municipality, Finance, Information Technology, and Economic Plan, and Governorship, County Coordination and Administration did not report any expenditure on development activities. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 17.8 per cent.

3.30.11 Budget Execution by Programmes and Sub-Programmes

Table 3.128 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.128: Murang'a County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Governorship, County Coordination, and Administration					
Project Co-ordination and Monitoring	Project Co-ordination and Monitoring	4,500,000	0	4,500,000	-
Office Administration and support Services	Public Participation	9,160,000	1,071,750	8,088,250	11.70
General Administration Planning and support Services	General Administration Planning and support Services	268,600,810	11,931,315	240,366,528	4.44
Audit Services	Audit Services	11,046,700	451,515	10,595,185	4.09
Disaster Fund Management	Disaster Fund Management	17,055,000	1,120,000	15,935,000	6.57
	Sub total	310,362,510	14,574,580	279,484,963	4.70
Finance, IT and Economic Planning					
Information Communication and Technology	Information Communication and Technology	5,000,000	733,438	4,266,562	14.67
Local Revenue Mobilisation	Local Revenue Mobilisation	27,300,000	1,789,550	25,510,450	6.56
Economic Planning and CIDP Review	Economic Planning and CIDP Review	14,500,000	1,306,000	13,194,000	9.01
Public Participation	Public Participation	11,500,000	4,305,396	7,194,604	37.44
General Administration Planning and support Services	General Administration Planning and support Services	417,530,060	30,074,056	387,456,004	7.20
Corporate Governance	Corporate Governance	4,900,000	76,000	4,824,000	1.55
Budget Implementation and Monitoring	Budget Implementation and Monitoring	8,100,000	112,800	7,987,200	1.39
	Sub total	488,830,060	38,397,240	450,432,820	7.85
Agriculture Livestock and Veterinary Services					
Land and Crops Development	Land and Crops Development	250,186,766	30,800	250,155,966	0.01
Promotion Food Security	Promotion Food Security	3,500,000	-	3,500,000	-
Promotion Food Security - DEV	Promotion Food Security - DEV	856,607,759	6,710,677	849,897,082	0.78
Capacity development, Mechanization, and Innovation	Capacity development, Mechanization, and Innovation	3,500,000	-	3,500,000	-
Promotion Food Security	Promotion Food Security	6,000,000	-	6,000,000	-
Value addition and marketing of fish products	Value addition and marketing of fish products	2,700,000	-	2,700,000	-
Local Poultry Development	Local Poultry Development	-	-	-	-
Veterinary Services DEV	Veterinary Services DEV	134,100,000	8,690,000	125,410,000	6.48

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Veterinary Services - REC	Veterinary Services - REC	5,000,000	-	5,000,000	-
Livestock and Fisheries Development	Livestock and Fisheries Development	1,550,000	400,000	1,150,000	25.81
	Sub total	1,263,144,525	15,831,477	1,247,313,048	1.25
Energy, Transport, and Infrastructure					
Construction of Roads and Bridges	Construction of Roads and Bridges	27,418,911	1,838,000	25,580,911	6.70
Infrastructure Devt	Infrastructure Devt	873,000,000	46,335,130	826,664,870	5.31
	Sub total	900,418,911	48,173,130	852,245,781	5.35
Commerce, Trade, Industry, and Tourism					
Domestic Trade Development REC	Domestic Trade Development REC	39,261,000	2,395,800	36,865,200	6.10
Domestic Trade Development DEV	Domestic Trade Development DEV	493,890,269	30,613,571	463,276,698	6.20
	Sub total	533,151,269	33,009,371	500,141,898	6.19
Education and Technical Training					
Curriculum Implementation	Curriculum Implementation	11,000,000	1,222,106	9,777,894	11.11
Revitalisation of Youth Polytechnics REC	Revitalisation of Youth Polytechnics REC	36,000,000	270,000	35,730,000	0.75
Revitalisation of Youth Polytechnics DEV	Revitalisation of Youth Polytechnics DEV	27,000,000	7,270,029	19,729,971	26.93
Early Child Development and Education	Early Child Development and Education	313,756,877	6,515,642	307,241,235	2.08
Motivation of Primary and Secondary Schools	Motivation of Primary and Secondary Schools	149,000,000	1,500,000	147,500,000	1.01
	Sub total	536,756,877	16,777,777	519,979,100	3.13
Health and Sanitation					
Prevention Curriculum Development	Prevention Curriculum Development	2,708,890,528	523,323,572	1,545,287,877	19.32
Treatment Protocols and Service Provider	Treatment Protocols and Service Provider	3,300,000	453,561	2,488,939	13.74
Community Screening, Early Identification, and Interventions	Community Screening, Early Identification, and Interventions	3,300,000	196,000	3,104,000	5.94
Free Primary HealthCare REC	Free Primary HealthCare REC	951,500,000	130,097,771	949,665,049	13.67
Free Primary HealthCare DEV	Free Primary HealthCare DEV	511,369,943	79,880,093	431,489,850	15.62
	Sub total	4,178,360,471	733,950,997	2,932,035,715	17.57
Lands Housing and Urban Development					
Land Policy and Planning	Land Policy and Planning	43,740,871	-	43,740,871	-
Digital Mapping	Digital Mapping	11,000,000	-	11,000,000	-
	Sub total	54,740,871	-	54,740,871	-
Public Service					
General Administration Planning and support Services	General Administration Planning and support Services	67,317,945	-	67,317,945	-
	Sub total	67,317,945	-	67,317,945	-
Ministry of Youth, Culture and Social Service					
Social Welfare and Vocational Rehabilitations	Social Welfare and Vocational Rehabilitations	78,699,377	-	78,699,377	-
Development and Promotion of Culture - REC	Development and Promotion of Culture - REC	28,738,652	1,454,500	27,284,152	5.06
Development and Promotion of Culture - DEV	Development and Promotion of Culture - DEV	100,000,000	7,077,597	92,922,404	7.08
	Sub total	207,438,029	8,532,097	198,905,933	4.11
Ministry of Environment and Natural Resources					
Environmental Leadership and Governance	Environmental Leadership and Governance	13,840,793	435,900	13,404,893	3.15
Hazardous Waste	Hazardous Waste	5,400,000	350,000	5,050,000	6.48

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Environmental Management	Environmental Management	33,000,000	-	33,000,000	-
	Sub total	52,240,793	785,900	51,454,893	1.50
Public Service Board					
General Administration Planning and support Services	General Administration Planning and support Services	661,462,989	20,000,000	641,462,989	3.02
	Sub total	661,462,989	20,000,000	641,462,989	3.02
Water and Irrigation					
Promotion of Irrigation and Drainage, Development and Management	Promotion of Irrigation and Drainage, Development and Management	1,300,000	-	1,300,000	-
Water Supply Infrastructure - REC	Water Supply Infrastructure - REC	53,418,686	-	53,418,686	-
Water Supply Infrastructure - DEV	Water Supply Infrastructure - DEV	65,000,000	15,838,450	49,161,550	24.37
	Sub total	119,718,686	15,838,450	103,880,236	13.23
Municipality					
Policy Planning and General Administration Services	Policy Planning and General Administration Services	2,000,000	-	2,000,000	-
Urban Development and Support	Urban Development and Support	139,717,406	-	139,717,406	-
Local Revenue Mobilisation	Local Revenue Mobilisation	5,600,000	-	5,600,000	-
General Administration Planning and support Services	General Administration Planning and support Services	64,102,889	4,566,163	64,102,889	7.12
	Sub total	211,420,295	4,566,163	211,420,295	2.16
County Assembly					
Legislation and representation	Legislation and representation	386,900,000	56,437,922	330,462,078	14.59
Oversight	Oversight	321,850,000	24,216,070	297,633,930	7.52
Administration planning and support	Administration planning and support	362,557,016	26,331,969	336,225,047	7.26
	Sub total	1,071,307,016	106,985,961	964,321,055	9.99
Grand Total		10,656,671,247	1,057,423,142	9,075,137,542	9.92

Source: Murang'a County Treasury

Programmes with high levels of implementation based on absorption rates were: Public Participation in the Department of Finance, IT and Economic Planning at 37.2 per cent, Revitalisation of Youth Polytechnics Development in the Department of Education and Technical Training at 26.9 per cent, Livestock and Fisheries Development in the Department of Agriculture Livestock and Veterinary Services at 25.9 per cent, and Water Supply Infrastructure Development at 24.4 per cent of budget allocation.

3.30.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The underperformance of own-source revenue at Kshs.92.77 million against an annual projection of Kshs.1.5 billion, representing 6.2 per cent of the annual target.
3. High pending bills amounting to Kshs.1.65 billion. This amount included tax arrears and statutory staff deductions.
4. The County Treasury has weak budgeting and implementation practices as they do not undertake IFMIS vote book reconciliations. The County incurred expenditures in areas where funds had not been approved by the Controller of Budget, as shown in Table 3.127.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. Pending bills should be the first charge in the FY 2021/22 budget. Accordingly, the County should have clear budget lines to pay all pending bills in FY 2021-22. The County should also develop a payment plan to settle all pending bills within FY 2021-22.
4. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget and exchequers approved by the Office of Controller of Budget..

3.31 County Government of Nairobi City

3.31.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.39.63 billion, comprising Kshs.12.96 billion (32.7 per cent) and Kshs.26.67 billion (67.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.19.36 billion (48.9 per cent) from own sources of revenue, and a cash balance of Kshs.600 million (1.5 per cent) from FY 2020/21. The County also expects to receive Kshs.166.79 million (0.4 per cent) as conditional grants, which consist of Kshs.87.49 million from Transforming Health Systems for Universal Care Project (WB), Kshs.35.27 from DANIDA Grant, Kshs.36.64 million from Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.7.39 million from United Nations Fund for Population Activities (UNFPA).

3.31.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.3.18 billion as the equitable share of the revenue raised nationally and raised Kshs.1.46 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.4.63 billion, as shown in Table 3.129.

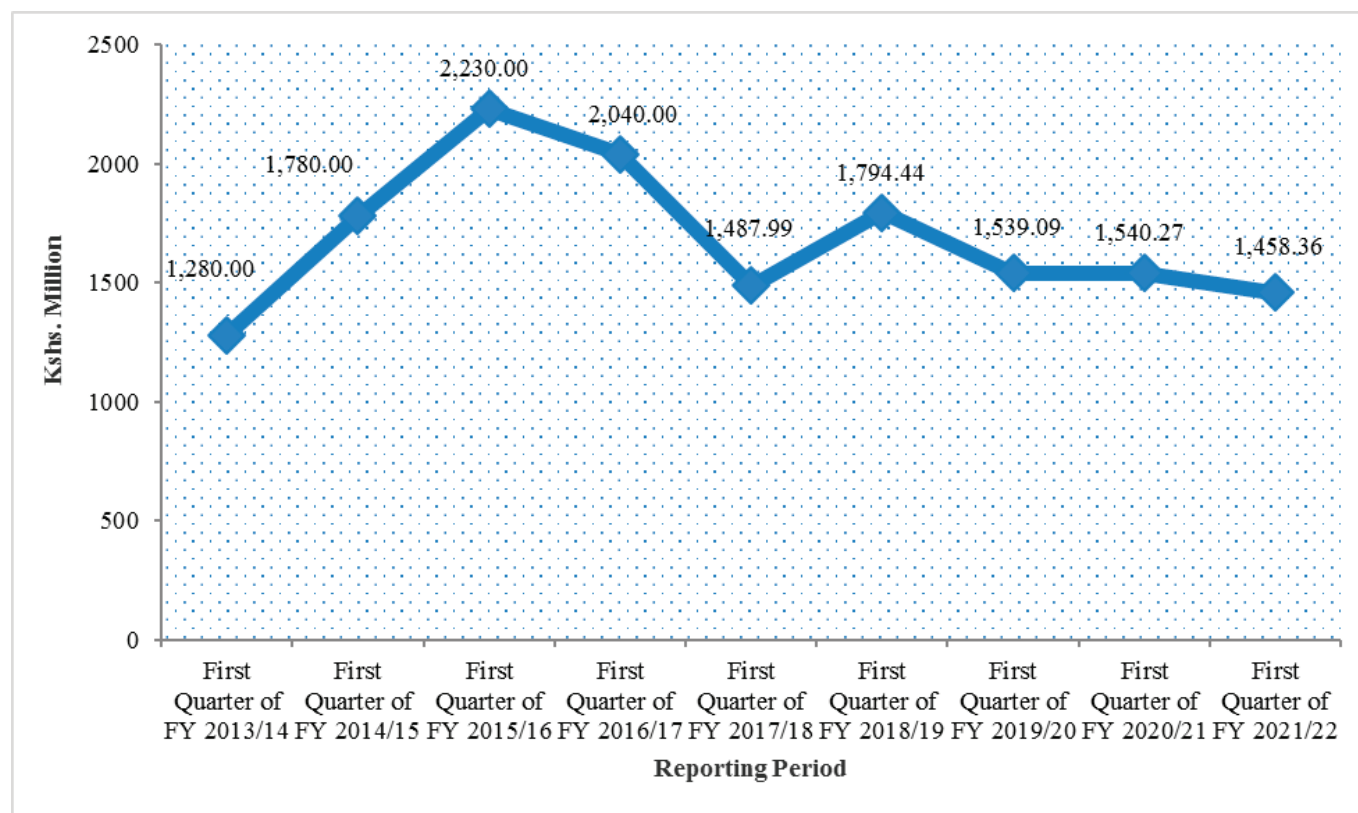
Table 3.129: Nairobi City County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,250,000,000	3,176,196,773	16.5
Sub Total		19,250,000,000	3,176,196,773	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	19,360,744,671	1,458,357,948	7.4
2.	Balance b/f from FY 2020/21	600,000,000	-	-
3.	Other Revenues	166,791,329	-	-
Sub Total		20,127,536,000	1,458,357,948	7.2
Grand Total		39,377,536,000	4,634,554,721	11.7

Source: Nairobi City County Treasury

Figure 3.60 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.60: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nairobi City County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.1.46 billion as own-source revenue. This amount represented a decrease of 5.3 per cent compared to Kshs.1.54 billion realised during a similar period in the first quarter of FY 2020/21 and was 7.4 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.55 billion from the CRF account during the reporting period for recurrent expenses.

3.31.4 Overall Expenditure Review

The County spent Kshs.2.59 billion on recurrent programmes during the reporting period. This expenditure represented 101.6 per cent of the total funds released by the CoB. Expenditure on recurrent expenditure represented 9.7 per cent of the annual recurrent expenditure budget. There was no development expenditure reported in the period.

3.31.5 Settlement of Pending Bills

The County did not submit a payment plan for pending bills which amounted to Kshs.54.32 billion at the beginning of the financial year.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.76 billion was spent on employee compensation and Kshs.825.63 million on operations and maintenance. There was no expenditure on development activities, as shown in Table 3.130.

Table 3.130: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly

Total Recurrent Expenditure	24,918,445,146	1,547,251,536	2,426,281,847	162,175,263	9.74	10.5
Compensation to Employees	5,957,949,815	893,996,177	1,627,709,788	135,112,839	27.3	15.1
Operations and Maintenance	18,960,495,331	653,255,358	798,572,059	27,062,424	4.2	4.1
Development Expenditure	11,455,839,316	1,506,000,000	-	-	-	-
Total	36,374,284,462	3,053,251,536	2,426,281,847	162,175,263	6.7	5.3

Source: Nairobi City County Treasury

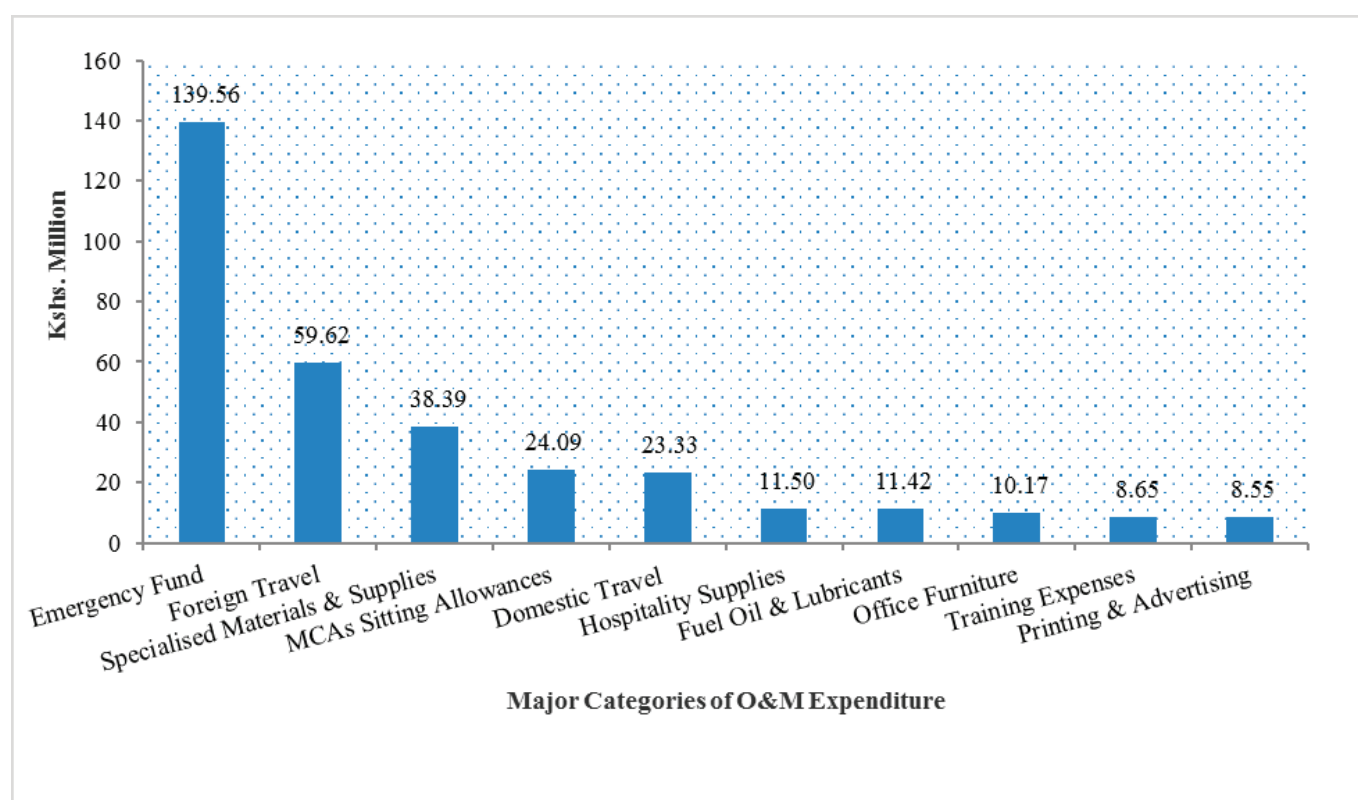
3.31.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 68.1 per cent of the total expenditure for the reporting period and 17.9 per cent of the first quarter proportional revenue of Kshs.9.84 billion.

3.31.8 Expenditure on Operations and Maintenance

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

Figure 3.61: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

The County spent Kshs.24.09 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.100.12 million. The average monthly sitting allowance was Kshs.64,769 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.23.33 million and comprised Kshs.10.55 million spent by the County Assembly and Kshs.12.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.59.62 million and included Kshs.14.66 million by the County Assembly and Kshs.44.96 million by the County Executive.

3.31.9 Development Expenditure

The County did not report development expenditures in the first quarter of FY 2021/22.

3.31.10 Budget Performance by Department

Table 3.131 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.131: Nairobi City County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	81.51	48.77	3.86	-	3.86	-	100.0	-	4.7	-
Office of Governor & Deputy Governor	5,011.40	380.21	589.25	-	589.25	-	100.0	-	11.8	-
ICT, E-Govt & Public Communications	307.64	419.15	10.93	-	11	-	100.6	-	3.6	-
Finance & Economic Planning	2,155.25	53	485.49	-	485.49	-	100.0	-	22.5	-
Health	69.52	-	13.57	-	13.57	-	100.0	-	19.5	-
Urban Planning and Lands	51.68	-	0.755	-	0.755	-	100.0	-	1.5	-
Public Works, Transport & Infrastructure	51.4	-	0.35	-	0.35	-	100.0	-	0.7	-
Education, Youth Affairs, Sports, Culture & Social Services	1,842.46	545.85	121.09	-	121.09	-	100.0	-	6.6	-
Trade, Commerce, Tourism & Cooperatives	737.65	324.34	36.49	-	36.49	-	100.0	-	4.9	-
Public Service Management	1,903.16	25	31.71	-	31.71	-	100.0	-	1.7	-
Agriculture, Livestock Development, Fisheries & Forestry	332.29	84.67	27.78	-	27.78	-	100.0	-	8.4	-
County Assembly	1,545.87	1,506.00	162	-	162	-	100.0	-	10.5	-
Environment, Water, Energy & Natural Resources	53.61	-	0.729	-	0.729	-	100.0	-	1.4	-
Urban Renewal And Housing	-	-	-	-	-	-	-	-	-	-
Ward Development Programmes	76.21	1,492.78	-	-	-	-	-	-	-	-
Emergency Fund	140	-	139.56	-	139.56	-	100.0	-	99.7	-
Liquor Licensing Board	200	50	-	-	41.06	-	-	-	20.5	-
Nairobi Metropolitan Services	12,106.04	8,032.07	923.65	-	923.65	-	100.0	-	7.6	-
Total	26,666	12,962	2,547.39	-	2,588	-	101.6	-	9.7	-

Source: Nairobi City County Treasury

Analysis of expenditure by the departments shows that the Department of Emergency Fund recorded the highest absorption rate of the recurrent budget at 99.7 per cent while the Department of Ward Development Programmes and the Department of Urban Renewal and Housing did not report any expenditure.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.132 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.132: Nairobi City County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0701000 P1 General Administration Planning And Support Services	0701010 SP.1.1 General Administration Planning and Support Services	130,276,670	3,861,815	126,414,855	2.96
Total 5311000000 County Public Service Board		130,276,670	3,861,815	126,414,855	2.96
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	677,648,844	62,158,522	615,490,322	9.17
	0718025310 Sp2 Sub County Administration	1,795,986,053	254,556,118	1,541,429,935	14.17
	0718075310 Sp7 County Executive	216,659,348	4,951,112	211,708,236	2.29
	0718095310 Sp9 Audit	119,979,556	7,714,064	112,265,492	6.43
0724005310 P 24 Security And Safety Management	0724055310 Inspectorate	1,279,810,756	151,854,610	1,127,956,146	11.87
	0724015310 sp 24.1 investigative Services	89,112,541	3,612,995	85,499,546	4.05
P; 0726005310:Disaster Management Coordination	072601510: Fire & Disaster Management	573,846,845	92,491,810	481,355,035	16.12
0725005310 P 25 Management Of Legal Affairs	0725015310 sp 25.1 legal services	638,564,439	11,911,529	626,652,911	1.87
Total 5312000000 Office Of Governor & Deputy Governor		5,391,608,383	589,250,760	4,802,357,623	10.93
0207000 P1: General Administration Planning And Support Services	0207010 SP 1: General Administration, Planning And Support Services	162,049,683	10,935,140	151,114,543	6.75
0208000 P2: Information And Communication Services	0208010 SP 2.1: News And Information Services	86,423,012	-	86,423,012	-
	0208030 SP 2.3: ICT and Media Regulatory Services	14,231,192	-	14,231,192	-
	0208040 SP 2.4 E-Government Services	344,129,700	-	344,129,700	-
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	96,447,600	-	96,447,600	-
	0210035310 sp 3:Information Security	23,505,500	-	23,505,500	-
Total 5313000000 ICT, E-Govt & Public Communications		726,786,687	10,935,140	715,851,547	1.50
0701005310 Public Financial Management	0701015310 Assets Management Services	285,650,000	2,303,724	283,346,276	0.81
	0701065310 sp1.6 Accounting Services	406,819,081	96,094,030	310,725,051	23.62
	0701075310 sp1.7 Budget Formulation Coordination and mgt	174,533,760	11,191,286	163,342,474	6.41
	0701085310 sp1.8 Resource Mobilisation	597,800,000	320,749,400	277,050,600	53.65
	070115310 Debt Management Services	111,850,000	1,995,248	109,854,752	1.78
	0718085310 Sp8 Supply Chain Management	126,279,326	15,295,123	110,984,203	12.11
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	387,923,892	30,869,245	357,054,647	7.96
0719000 P3: Economic And Financial Policy Formulation And Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	117,390,993	6,989,500	110,401,493	5.95

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Total 5314000000 Finance & Economic Planning		2,208,247,052	485,487,556	1,722,759,496	21.99
0404005310 General Administration, Planning And Support Services	0404015310 Sp4.1 Administration/Human Resource for Health	69,518,950	13,565,300	55,953,650	19.51
Total 5315000000 Health		69,518,950	13,565,300	55,953,650	19.51
0106000 P 6 General Administration Planning And Support Services	0106010 SP.6.1 Administration, Planning & Support Services	51,680,314	755,108	50,925,206	1.46
Total 5316000000 Urban Planning And Lands		51,680,314	755,108	50,925,206	1.46
0207000 P1: General Administration Planning And Support Services	0207010 SP 1: General Administration, Planning And Support Services	51,398,929	353,149	51,045,780	0.69
Total 5317000000 Public Works, Transport & Infrastructure		51,398,929	353,149	51,045,780	0.69
0508005310 General Administration, Planning And Support Services	0508025310 sp 8.2 General Administration & Support Services	1,460,926,346	98,069,312	1,362,857,034	6.71
0509005310 P9 Education Services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	1,597,000	-	1,597,000	-
	0509025310 sp 9.2 Early Childhood Development Centres	309,270,000	-	309,270,000	-
	0509035310 sp 9.3 Technical and Vocational Training	70,103,300	-	70,103,300	-
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	178,856,577	23,024,464	155,832,113	12.87
	0902025310 Sp.2.2 Gender and Community Empowerment	91,535,700	-	91,535,700	-
	0902045310 Sp2.4 Development and promotion of sports	85,226,600	-	85,226,600	-
	0902055310 Sp2.5 Youth Empowerment and Promotion	169,072,000	-	169,072,000	-
	0902065310 Sp 2.6 Social welfare and care for the Aged	9,604,100	-	9,604,100	-
	0902075310 Sp 2.7 Promotion of Library and Information Services	2,088,100	-	2,088,100	-
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	10,035,200	-	10,035,200	-
Total 5318000000 Education, Youth Affairs, Sports, Culture & Social Services		2,388,314,923	121,093,776	2,267,221,147	5.07
0301000 P.1 General Administration Planning And Support Services	0301010 SP1 General Administration Planning and Support Services	304,527,155	36,488,445	268,038,709	11.98
0310005310 P.10 Co-Operative Development And Audit Services	0310015310 sp 10.1 Co-operative Development Services	28,457,320	-	28,457,320	-
	0310025310 sp 10.2 Cooperative Audit Services	6,950,400	-	6,950,400	-
0311005310 P.11 Tourism Promotion And Marketing	0311015310 sp 11.1 Tourism Development	88,728,688	-	88,728,688	-

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0312005310 P.12 Trade Development and Market Services	0312015310 sp 12.1 Trade Development	332,500,819	-	332,500,819	-
	0312025310 sp 12.2 Market Services	172,256,999	-	172,256,999	-
	0313025310 sp 13.2 Weights & Measures Services	61,179,544	-	61,179,544	-
	0313035310 sp 13.3 Trade Licensing Services	40,648,077	-	40,648,077	-
	0313045310 sp 13.4 Betting & Gaming Services	26,742,595	-	26,742,595	-
Total 5319000000 Trade, Commerce, Tourism & Cooperatives		1,061,991,597	36,488,445	1,025,503,151	3.44
0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	785,763,596	27,154,714	758,608,882	3.46
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	794,732,948	3,185,000	791,547,948	0.40
	0710020 S.P.5.2 Human Resource Development	316,446,607	1,052,044	315,394,563	0.33
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	14,069,964	320,000	13,749,964	2.27
	0723025310 sp 23.2 Governance Monitoring and Evaluation	12,325,361	-	12,325,361	-
	0723035310 sp 23.3 Quality Management Systems and ISO certification	4,823,028	-	4,823,028	-
Total 5320000000 Public Service Management		1,928,161,504	31,711,758	1,896,449,746	1.64
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	232,436,527	27,776,589	204,659,938	11.95
P;0119005310: Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	34,980,000	-	34,980,000	-
	0119025310: Fisheries Development and management	22,880,968	-	22,880,968	-
	0119035310: Livestock Resources management and development	39,311,180	-	39,311,180	-
0116005310 P.10: Animal Health, Safety, and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	38,310,000	-	38,310,000	-
0117005310 P.11: Afforestation	0117015310 sp 11.1 Forestry Services	17,202,575	-	17,202,575	-
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	31,848,037	-	31,848,037	-
Total 5321000000 Agriculture, Livestock Development, Fisheries & Forestry		416,969,287	27,776,589	389,192,698	6.66
1001005310 P1 General Administration & Support Services	1001015310 Sp1 General Administration & Support Services	53,606,355	729,133	52,877,222	1.36
Total 5323000000 Environment, Water, Energy & Natural Resources		53,606,355	729,133	52,877,222	1.36

Programme	Sub-Programme	Approved Estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
0214005310 P8:Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,568,992,681	-	1,568,992,681	-
Total 5325000000 Ward Development Fund		1,568,992,681	-	1,568,992,681	-
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	140,000,000	139,559,000	441,000	99.69
5326000000 Emergency Fund		140,000,000	139,559,000	441,000	99.69
0313015310 Sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	41,059,894	208,940,106	16.42
Total 5327000000 Liquor Licensing Board		250,000,000	41,059,894	208,940,106	16.42
07220001 Legislation, Oversight And Representation	07220001 Legislation, Oversight and Representation	3,051,872,087	162,175,263	2,889,696,824	5.31
Total County Assembly		3,051,872,087	162,175,263	2,889,696,824	5.31
	5328000100 Nairobi Metropolitan Services	20,138,110,580	923,654,424	19,214,456,156	4.59
Total Nairobi Metropolitan Services		20,138,110,580	923,654,424	19,214,456,156	4.59
Total Voted Expenditure Kshs.		39,627,536,000	2,588,457,110	37,039,078,889	6.53

Source: Nairobi City County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Emergency Fund at 99.7 per cent, Public Financial Management in the Department of Finance & Economic Planning at 54 per cent, General Administration, Planning and Support Services in the Department of Health at 20 per cent, and Disaster management Coordination in the Office of Governor and Deputy Governor at 16 per cent of budget allocation.

3.31.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by zero expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.12.96 billion. The development expenditure represented nil per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.1.46 billion against an annual projection of Kshs.19.6 billion, representing 7.5 per cent of the annual target.
4. High pending bills amounted to Kshs.54.32 billion at the beginning of the financial year. The County did not submit a payment plan on how the pending bills will be settled as a first charge on the budget in line with the law.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed and to guarantee settlement of accrued pending bills.
4. The County should develop and implement a pending bills payment plan to ensure they are cleared orderly.

3.32 County Government of Nakuru

3.32.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.23.25 billion, comprising Kshs.10.57 billion (45.5 per cent) and Kshs.12.67 billion (54.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.13.03 billion (56 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.14 billion (13.4 per cent) from own sources of revenue, and a cash balance of Kshs.5.7 billion (24.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.4 billion (6.1 per cent) as conditional grants. The grants consist of; Kshs.23.2 million DANIDA, Kshs.120.37 million Kenya Devolution Support Program II, Kshs.269.56 million from National Agriculture and Rural Inclusive Growth Projects, Kshs.26.34 million from Agricultural Sector Development Support Projects II, Kshs.429.74 million Kenya Urban Support Project – UDG, Kshs.300 million for Kenya Informal Settlement Improvement Project II, Kshs.153.3 million conditional funding for leasing of medical equipment, Kshs.10 million Nutrition International Grant and Kshs.79.79 million for World Bank THS-UC.

3.32.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.95 billion as the equitable share of the revenue raised nationally, raised Kshs.815.67 million as own-source revenue, Kshs.194.9 million as conditional grants and had a cash balance of Kshs.5.7 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.66 billion, as shown in Table 3.133.

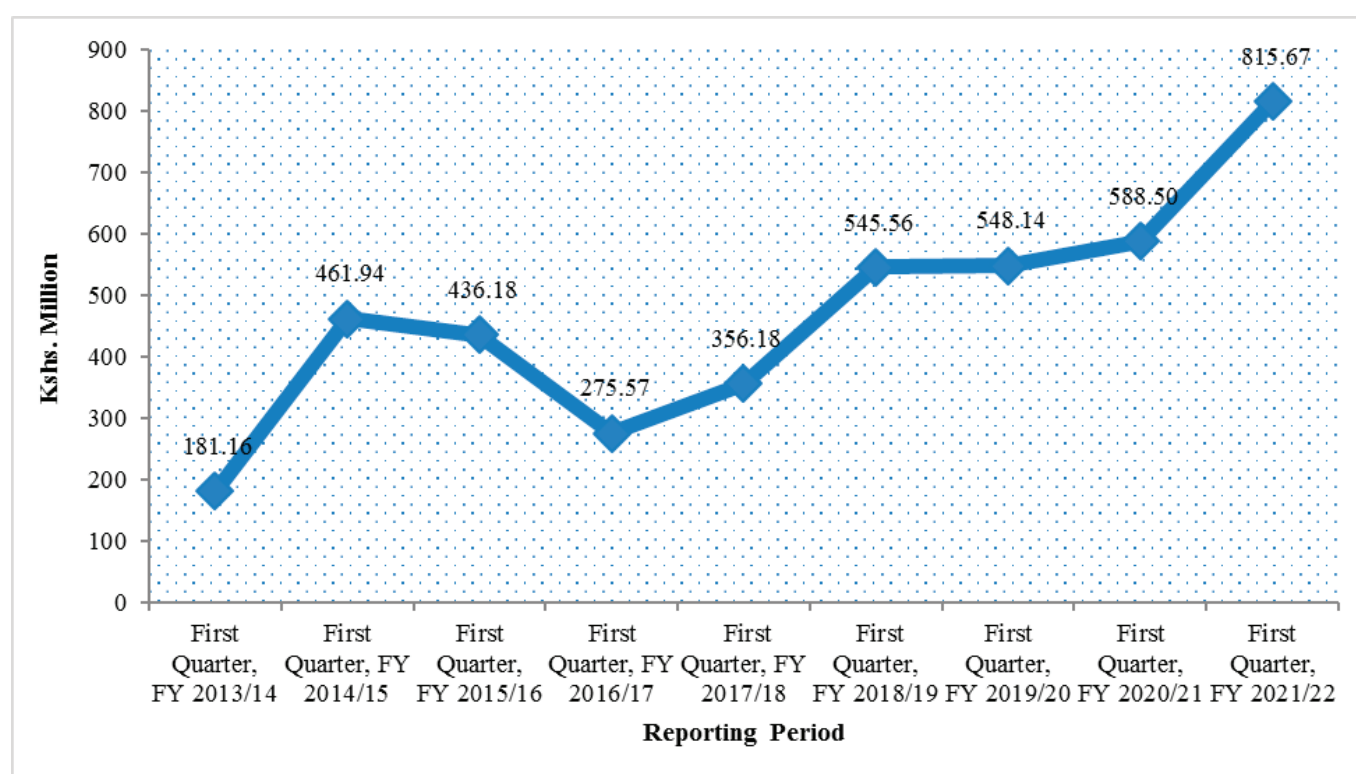
Table 3.133: Nakuru County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	13,026,116,323	1,954,394,529	15.0%
Sub Total		13,026,116,323	1,954,394,529	15.0
B	Other Sources of Revenue			
1.	Own Source Revenue	1,712,133,447	322,670,140	18.8
2.	Balance b/f from FY2020/21	5,695,548,026	5,695,548,026	100.0
3.	Other Revenues	1,342,322,231	194,914,664	14.5
4.	A-I-A	1,470,000,000	492,999,757	33.5
Sub Total		10,220,003,704	6,706,132,587	65.6
Grand Total		23,246,120,027	8,660,527,116	37.3

Source: Nakuru County Treasury

Figure 3.62 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.62: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nakuru County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.815.67 million as own-source revenue. This amount represented an increase of 38.6 per cent compared to Kshs.588.5 million realised during a similar period in the first quarter of FY 2020/21 and was 25.9 per cent of the annual target. The increase is attributed to the automation of operations at the major hospitals.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.89 billion from the CRF account during the reporting period. The amount comprised Kshs.194.9 million (10.3 per cent) for development programmes and Kshs.1.7 billion (89.7 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

The County spent Kshs.1.53 billion on recurrent programmes during the reporting period. This expenditure represented 80.9 per cent of the total funds released by the CoB and represented 12.1 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.17 million and comprised of Kshs.13.32 million for recurrent expenditure and Kshs.3.78 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County Treasury did not report any payment towards paying the pending bills.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.43 billion was spent on employee compensation and Kshs.103.1 million on operations and maintenance, as shown in Table 3.134.

Table 3.134: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,470,332,984	1,202,212,204	1,441,383,214	88,444,768	12.6	7.4
Compensation to Employees	7,116,201,551	411,183,585	1,358,846,710	67,870,748	19.1	16.5
Operations and Maintenance	4,354,131,433	791,028,619	82,536,504	20,574,020	1.9	2.6
Development Expenditure	10,189,179,637	384,395,202	-	-	-	-
Total	21,659,512,621	1,586,607,406	1,441,383,214	88,444,768	6.7	5.6

Source: Nakuru County Treasury

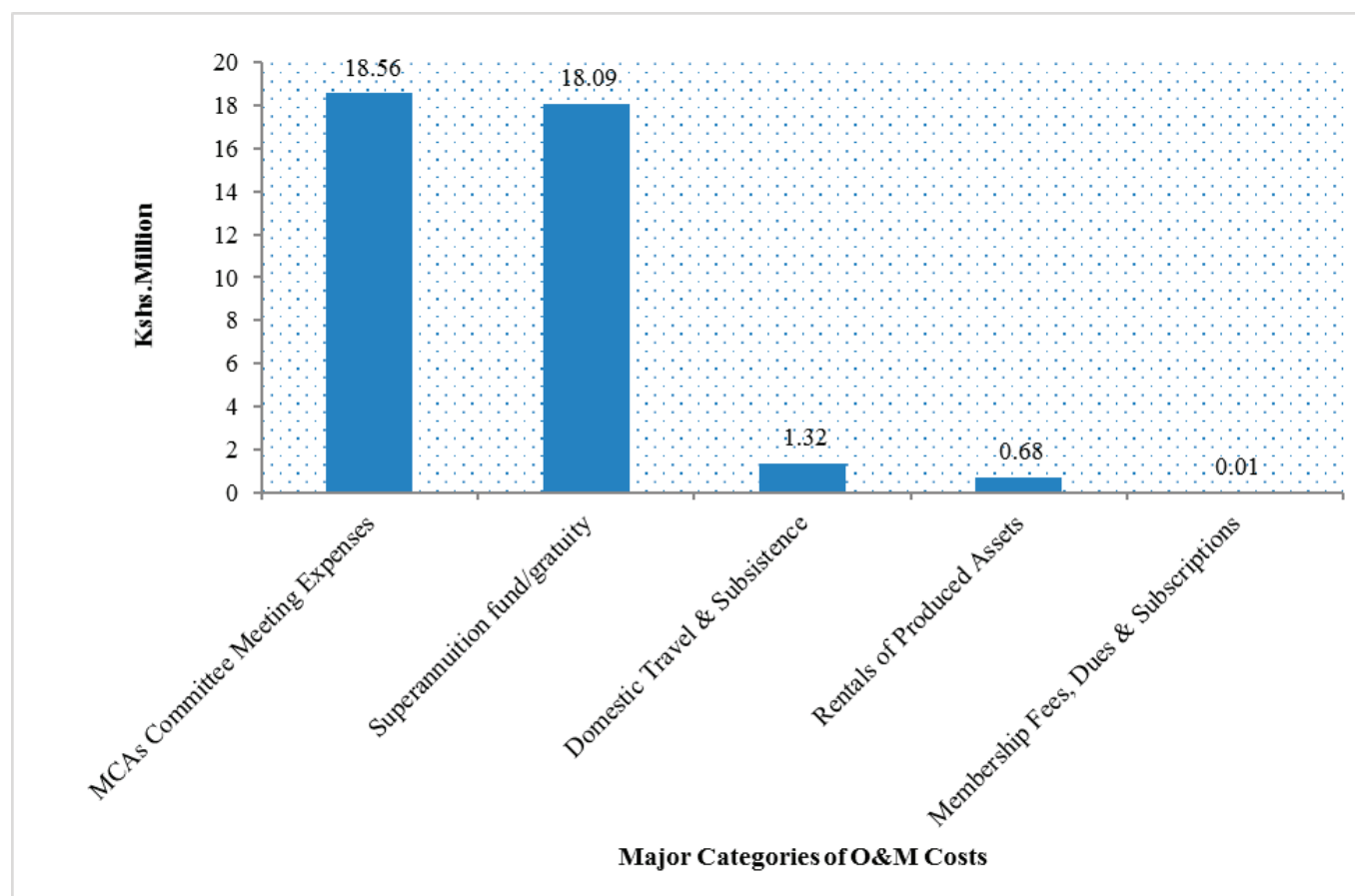
3.32.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 93.5 per cent of the total expenditure for the reporting period and 24.6 per cent of the first quarter proportional revenue of Kshs.5.81 billion.

3.32.8 Expenditure on Operations and Maintenance

Figure 3.63 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.63: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

The County spent Kshs.18.56 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.68 million. The average monthly sitting allowance was Kshs.78,324 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.1.32 million and was incurred by the County Assembly.

3.32.9 Development Expenditure

There was no development expenditure reported in the period under review. This may be partly attributed to the delay in the approval of the budget, which was passed on 18th August 2021.

3.32.10 Budget Performance by Department

Table 3.135 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.135: Nakuru County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,202.21	384.40	89.08	-	88.44	-	99.3	-	7.4	
County Treasury	1,036.81	503.77	170.10	120.57	132.07	-	77.6	-	12.7	
Public Service, Training and Devolution	854.01	85.12	136.99	-	128.52	-	93.8	-	15.0	-
Agriculture, Livestock and Fisheries	627.31	773.46	94.79	-	88.64	-	93.5	-	14.1	-
Lands, Physical Planning and Housing	153.68	1,144.94	25.94	-	24.11	-	93.0	-	15.7	-
Office of the Governor and Deputy Governor	344.02	106.29	50.24	-	26.34	-	52.4	-	7.7	-
Education, Vocational training, ICT and E-Government	844.16	670.87	66.22	-	54.48	-	82.3	-	6.5	-
Trade, Industry, Marketing and Tourism	256.63	338.63	14.46	-	13.31	-	92.1	-	5.2	-
Youth, Culture, Gender, Sports and Social Services.	405.71	242.56	12.17	-	23.58	-	193.8	-	5.8	-
Infrastructure	350.33	2,347.41	28.59	74.34	26.62	-	93.1	-	7.6	-
Water, Environment, Energy and Natural Resources	364.34	1,114.23	43.22	-	40.56	-	93.8	-	11.1	-
Health Services	6,047.33	1,537.13	955.05	-	872.36	-	91.3	-	14.4	-
County Public Service Board	98.29	11.18	5.73	-	6.01	-	104.8	-	6.1	-
Nakuru Municipality	49.27	840.38	2.80	-	1.81	-	64.7	-	3.7	-
Naivasha Municipality	38.47	473.21	1.81		2.97	-	164.0	-	7.7	-
TOTAL	12,672.55	10,573.57	1,697.20	194.91	1,519.04	-	89.5	-	12.0	-

Source: Nakuru County Treasury

Analysis of expenditure by the departments shows the County did not report any development expenditure. The Department of Lands, Physical Planning and Housing had the highest percentage of recurrent expenditure to budget at 15.7 per cent, while Nakuru Municipality had the lowest at 3.7 per cent.

3.32.11 Budget Execution by Programmes and Sub-Programmes

Table 3.136 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.136: Nakuru County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Programme 1: Administration and Human Resource Planning	Programme 1: Administration and Human Resource Planning			-	
	SP 1.1: Administration Services	200,942,522	6,007,024	94,464,237	6.0%
	SP 1.2: Financial Services	4,000,000		2,000,000	0.0%
	SP 1.3: Human Resource Planning	8,000,000		4,000,000	0.0%
	SP 1.4: Provision of Human Resource Advisory Services	6,000,000		3,000,000	0.0%
DEPARTMENT: WATER, ENVIRONMENT, ENERGY AND NATURAL RESOURCES					
PROGRAMME 1: ADMINISTRATION PLANNING & SUPPORT SERVICES	PROGRAMME 1: ADMINISTRATION PLANNING & SUPPORT SERVICES	-		-	
	SP 1.1 Administration Services	60,690,000		30,345,000	0.0%
	SP 1.2: Human Resource	478,107,660	40,558,133	198,495,697	17.0%
	TOTAL EXPENDITURE PROG 1	538,797,660	40,558,133	228,840,697	15.1%
PROGRAMME 2: PROVISION OF WATER AND SEWERAGE SERVICES	PROGRAMME 2: PROVISION OF WATER AND SEWERAGE SERVICES	-		-	
	SP 2.1 Provision of Water	2,143,483,330		1,071,741,665	0.0%
	SP 2.2 Provision of Sewerage Services	-		-	
	TOTAL EXPENDITURE PROG 2	2,143,483,330	-		
PROGRAMME 3: ENVIRONMENTAL MANAGEMENT	PROGRAMME 3: ENVIRONMENTAL MANAGEMENT	-		-	
	SP 3.1 Pollution Control	189,782,552		94,891,276	0.0%
	SP 3.2 Solid Waste Management	-		-	
	SP 3.3 Greening and Beautification	81,081,446		40,540,723	0.0%
	SP 3.4 Regulation and protection of Riparian Areas	-		-	
	SP 3.5 Regulation of Mining areas	-		-	
	SP 3.6 Environmental Resources Mapping	-		-	
	TOTAL EXPENDITURE PROG 3	270,863,998	-		
PROGRAMME 4: COUNTY ENERGY PLANNING, REGULATION, OPERATION AND DEVELOPMENT	PROGRAMME 4: COUNTY ENERGY PLANNING, REGULATION, OPERATION AND DEVELOPMENT	-		-	
	SP 4.1 Physical planning relating to energy	4,000,000		2,000,000	0.0%
	SP 4.2 Regulation and licensing of retail supply of petroleum and coal products	-		-	
	SP 4.3 Electricity and gas reticulation	-		-	
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					
Programme 1: Administration, Planning and Support Services	Programme 1: Administration, Planning and Support Services	-		-	
	SP 1.1: Administration, Planning and Support Services	672,171,564		336,085,782	0.0%
	SP 1.2: Human Resources Services	756,151,906	88,638,213	289,437,740	23.4%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Total Expenditure of Programme 1	1,428,323,470	88,638,213	625,523,522	12.4%
Programme 2: Livestock Resource Management and Development	Programme 2: Livestock Resource Management and Development	-	-	-	
	SP 2.1 Livestock Production and Management	302,693,764	-		
	SP 2.2 Promotion of Value Addition of Livestock and Livestock Products	58,406,236	-		
	SP 2.3 Livestock Extension Service Delivery	58,460,590	-		
	SP 2.4 Food Safety and Livestock Products Development	18,100,000	-		
	SP 2.5 Livestock Disease Management and Control	100,766,826	-		
	Total Expenditure of Programme 2	538,427,416	-		
Programme 3: Fisheries Development	Programme 3: Fisheries Development	-	-	-	
	SP 3.1 Aquaculture development	21,000,000		10,500,000	0.0%
	SP 3.2 Development of capture fisheries resources	7,742,140		3,871,070	0.0%
	SP 3.3 Fish quality assurance, value addition and marketing	5,124,280		2,562,140	0.0%
	Total Expenditure of Programme 3	33,866,420	-		
Programme 4: Crop Development and Management	Programme 4: Crop Development and Management	-	-	-	
	SP 4.1 Extension, Research and Training	12,616,012		6,308,006	0.0%
	SP 4.2 Crop Production and Food Security	767,203,234		383,601,617	0.0%
	SP 4.3 Farm land utilization, Conservation and Mechanization	11,550,574		5,775,287	0.0%
	SP 4.4 Agribusiness Development and Marketing	8,040,460		4,020,230	0.0%
	SP 4.5 Agri-nutrition	1,510,114		755,057	0.0%
DEPARTMENT: EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT					
Program 1: ADMINISTRATION AND PLANNING SERVICES	Program 1: ADMINISTRATION AND PLANNING SERVICES	-		-	
	SP 1.1: Administration	1,202,227,006		601,113,503	0.0%
	SP 1.2: Personnel services	666,963,186	54,478,739	279,002,854	16.3%
	SP 1.3: Financial services	-		-	
	Total Expenditure Prog 1	1,869,190,192	54,478,739	880,116,357	5.8%
PROGRAMME 2: PROMOTION OF EARLY CHILDHOOD EDUCATION AND DEVELOPMENT	PROGRAMME 2: PROMOTION OF EARLY CHILDHOOD EDUCATION AND DEVELOPMENT	-		-	
	SP 2.1. Promotion of Early Childhood Education	202,579,692		101,289,846	0.0%
	SP 2.2. Bursaries	486,985,134		243,492,567	0.0%
	SP 2.3. Education development	38,622,352		19,311,176	0.0%
	Total Expenditure Prog 2	728,187,178	-		
PROGRAMME 3. VOCATIONAL TRAINING AND SKILLS UPGRADING	PROGRAMME 3. VOCATIONAL TRAINING AND SKILLS UPGRADING	-		-	
	SP 3.1. Vocational Training	193,700,800		96,850,400	0.0%
	SP 3.2. Vocational Development	154,099,828		77,049,914	0.0%
	Total Expenditure Prog 3	347,800,628	-		

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Programme 4: INFORMATION AND COMMUNICATION SERVICES	Programme 4: INFORMATION AND COMMUNICATION SERVICES	-		-	
	SP 4.1 Public Communication & Media Services	40,582,874		20,291,437	0.0%
	Total Expenditure Prog 4	40,582,874	-		
Programme 5: ICT INFRA-STRUCTURE DEVELOPMENT	Programme 5: ICT INFRA-STRUCTURE DEVELOPMENT	-		-	
	SP 5.1 Hardware & Software Platforms	25,336,000		12,668,000	0.0%
	SP 5.2 Network Infrastructure	13,600,000		6,800,000	0.0%
	SP 5.3 e-Government Services	5,368,000		2,684,000	0.0%
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES	PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES	-		-	
	SP 1.1: Administration Services	763,388,192		381,694,096	0.0%
	SP 1.2: Personnel Services	1,105,544,378	132,073,634	420,698,555	23.9%
	SP 1.3: Financial Services	-		-	
	Total Expenditure Prog 1	1,868,932,570	132,073,634	802,392,651	14.1%
PROGRAMME 2: PUBLIC FINANCE MANAGEMENT	PROGRAMME 2: PUBLIC FINANCE MANAGEMENT	-		-	
	SP 2.1: Budget Formulation Co-ordination And Management	128,814,124		64,407,062	0.0%
	SP 2.2: Resource Mobilization	165,260,240		82,630,120	0.0%
	SP 2.3: Internal Audit	69,289,042		34,644,521	0.0%
	SP 2.4: Procurement	36,240,586		18,120,293	0.0%
	SP 2.5: Public Finance And Accounting	53,072,762		26,536,381	0.0%
	SP 2.6: Debt Management	195,085,812		97,542,906	0.0%
	SP 2.7: External Resource Mobilization	23,847,976		11,923,988	0.0%
	Total Expenditure Prog 2	671,610,542	-		
PROGRAMME 3: ECONOMIC AND FINANCIAL POLICY FORMULATION AND MANAGEMENT	PROGRAMME 3: ECONOMIC AND FINANCIAL POLICY FORMULATION AND MANAGEMENT	-		-	
	SP 3.1: Fiscal Planning	55,920,602		27,960,301	0.0%
	SP 3.2: Monitoring & Evaluation / Statistical Data Management	19,253,494		9,626,747	0.0%
	SP 3.3: KDSP Programme	465,430,414		232,715,207	0.0%
DEPARTMENT: NAKURU MUNICIPAL BOARD					
Programme 1: Administration, Planning and Support	Programme 1: Administration, Planning and Support	-		-	
	SP 1.1 Administration and Planning	46,762,964		23,381,482	0.0%
	SP 1.2 Personnel Services	33,336,864	1,812,405	14,856,027	10.9%
	SP 1.3 Financial Services	1,200,000		600,000	0.0%
	Total Expenditure Prog 1	81,299,828	1,812,405	38,837,509	4.5%
Programme 2: Nakuru Municipality Urban Planning and Development	Programme 2: Nakuru Municipality Urban Planning and Development	-		-	
	SP 2.1 Infrastructure Development and Urban Planning	1,683,611,184		841,805,592	0.0%
	SP 2.2 Nakuru Municipality Environmental Management	3,000,000		1,500,000	0.0%
	SP 2.3 Trade Markets and Investments	4,000,000		2,000,000	0.0%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	SP 2.4 Nakuru Municipality Social Services	7,377,328		3,688,664	0.0%
DEPARTMENT: PUBLIC SERVICE, TRAINING AND DEVOLUTION					
Programme 1: Administration, Planning and Support Service	Programme 1: Administration, Planning and Support Service	404,715,754		202,357,877	0.0%
	SP 1.1 Administration Services	1,086,591,792	128,517,709	414,778,187	23.7%
	SP 1.2 Personal Services	1,000,000		500,000	0.0%
	SP 1.3 Financial Services	7,100,000		3,550,000	0.0%
	SP 1.4 Co-ordination of Public and Special Community Programme	4,000,000		2,000,000	0.0%
	SP 1.5 Mainstream Workplace HIV/ AIDS, Alcohol & Drug Abuse Control	170,238,590		85,119,295	0.0%
	SP 1.6 Construction And Rehabilitation Of Sub-County And Ward Offices	1,673,646,136	128,517,709	708,305,359	15.4%
	Total Expenditure	-		-	
Programme 2: Legal Services	Programme 2: Legal Services	21,150,000		10,575,000	0.0%
	SP 2.1. Legal Services And Policies Formulation	11,250,000		5,625,000	0.0%
	SP 2.2. Co-Ordination Of County Compliance & Enforcement Agents	32,400,000	-		
	Total Expenditure	-		-	
Programme 3: Human Resource Management And Development	Programme 3: Human Resource Management And Development	10,000,000		5,000,000	0.0%
	SP 3.1 Performance Contracting	10,000,000		5,000,000	0.0%
	SP 3.2 Performance Appraisal System	141,207,262		70,603,631	0.0%
	SP 3.3 Staff Development Through Capacity Building & Training	161,207,262	-		
	Total Expenditure	-		-	
Programme 4: Disaster Management And Humanitarian Assistance	Programme 4: Disaster Management And Humanitarian Assistance	11,000,000		5,500,000	0.0%
	SP 4.1: Disaster Management and Humanitarian Assistance	-		-	
DEPARTMENT: OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR					
Programme 1: Administration, Planning and Support Services	Programme 1: Administration, Planning and Support Services	-		-	
	SP 1.1 Administration and Planning	402,212,716		201,106,358	0.0%
	SP 1.2 Personnel Services	233,235,914	26,338,108	90,279,849	22.6%
	Total Expenditure of Programme 1	635,448,630	26,338,108	291,386,207	8.3%
Programme 2: Management of County Affairs	Programme 2: Management of County Affairs	-		-	
	SP 2.1. County Executive Services	22,593,262		11,296,631	0.0%
	SP 2.2. Policy Direction and Coordination	175,633,182		87,816,591	0.0%
	SP 2.3. County Policing Services	6,777,978		3,388,989	0.0%
	SP 2.4. Leadership and Governance	4,518,652		2,259,326	0.0%
	Total Expenditure of Programme 2	209,523,074	-		

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Programme 3: Coordination and Supervisory Service	Programme 3: Coordination and Supervisory Service	-		-	
	SP 3.1. Organisation of County Business	34,341,370		17,170,685	0.0%
	SP 3.2. Special Programmes	21,296,630		10,648,315	0.0%
DEPARTMENT: INFRASTRUCTURE					
PROGRAM 1. Administration, Planning and Support Services.	PROGRAM 1. Administration, Planning and Support Services.	-		-	
	SP 1.1. Administrative services.	102,910,820		51,455,410	0.0%
	SP 1.2: Personnel services.	285,489,604	26,619,927	116,124,875	18.6%
	SP 1.3: Financial Services.	-		-	
	TOTAL EXPENDITURE PROGRAMME 1.	388,400,424	26,619,927	167,580,285	13.7%
PROGRAM 2. Infrastructure, Development & Maintenance.	PROGRAM 2. Infrastructure, Development & Maintenance.	-		-	
	SP 2.1: Roads Rehabilitation	4,735,709,520		2,367,854,760	0.0%
	SP 2.2: Transport	6,320,000		3,160,000	0.0%
	SP 2.3: Public Works	42,520,000		21,260,000	0.0%
	SP 2.4: Street Lighting	207,220,000		103,610,000	0.0%
	TOTAL EXPENDITURE PROGRAMME 2.	4,991,769,520	-		
PROGRAM 3. Firefighting & Disaster Management.	PROGRAM 3. Firefighting & Disaster Management.	-		-	
	SP 3.1: Firefighting and Emergency Services	15,320,000		7,660,000	0.0%
TOTAL		20,348,120,121	505,043,892	19,843,076,229	2.5%

Source: Nakuru County Treasury

Programmes with high levels of implementation based on absorption rates were personnel services across all the County Departments.

3.32.12 Key Observations and Recommendations

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

1. Delay in approval of the budget. The budget was approved on the 18th of August, 2021, which affected the implementation of planned activities and, therefore, the absorption of the budget.

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

1. *The County leadership should develop strategies to ensure the budget and planning documents are prepared and approved according to the legal timelines to support effective budget implementation.*

3.33 County Government of Nandi

3.33.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.97 billion, comprising Kshs.3.1 billion (34.5 per cent) and Kshs.5.87 billion (65.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.99 billion (78.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.11 million (4.3 per cent) from own sources of revenue, and a cash balance of Kshs.989.36 million (11.0 per cent) from FY 2020/21. The County also expects to receive Kshs.598.21 million (6.7 per cent) as conditional grants, which consist of DANIDA, Kenya Development Support Programme (KDSP), Transforming Health Care System and National Agriculture and Rural Growth Project (NARGP).

3.33.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.15 billion as the equitable share of the revenue raised nationally, raised Kshs.40.04 million as own-source revenue, nil as conditional grants, and had a cash balance of Kshs.327.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.52 billion, as shown in Table 3.137.

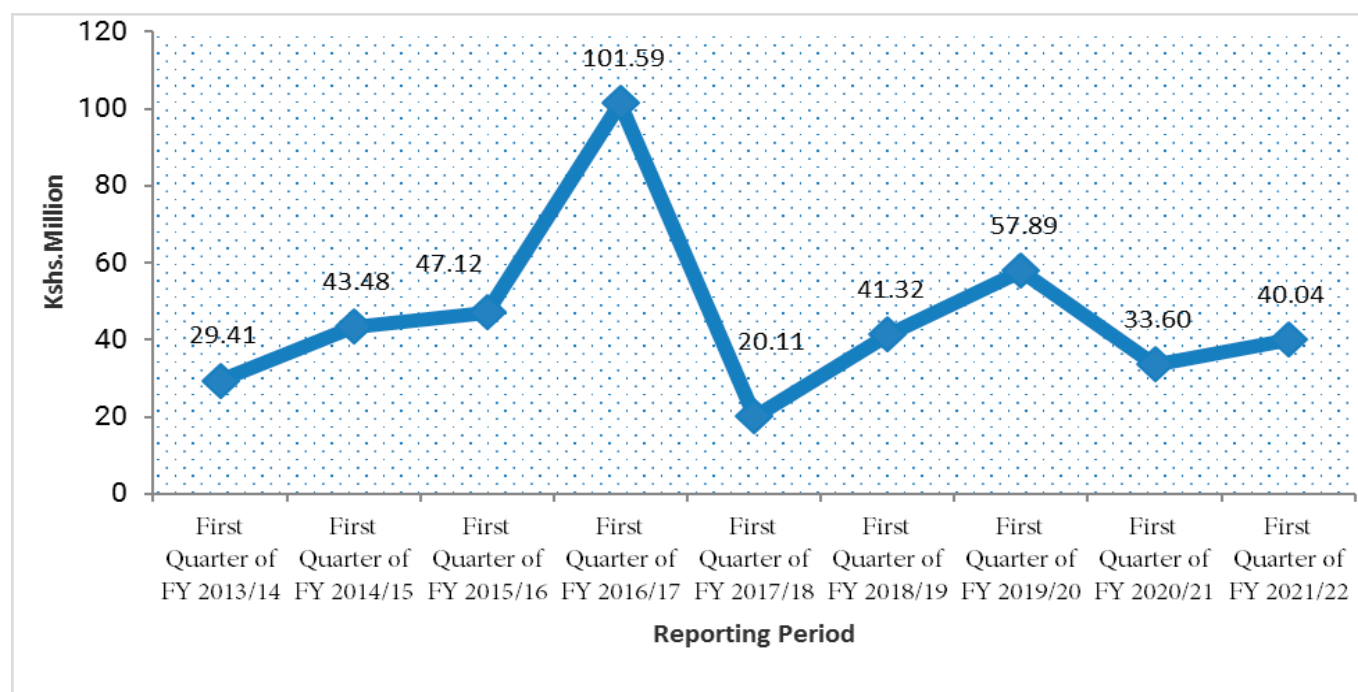
Table 3.137: Nandi County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	1,153,493,391	16.5
	Sub Total	6,990,869,041	1,153,493,391	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	387,106,430	40,043,472	10.3
2	Balance bought forward from FY 2020/21	989,363,172	327,650,621	33.1
3	Other Revenues (Conditional Grants)	598,211,166	-	-
	Sub Total	1,974,682,768	367,694,093	18.6
	Grand Total	8,965,549,809	1,521,187,484	17.0

Source: Nandi County Treasury

Figure 3.64 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.64: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nandi County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.40.04 million as own-source revenue. This amount represented an increase of 19.2 per cent compared to Kshs.33.60 million realised during a similar period in the first quarter of FY 2020/21 and was 10.3 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.905.54 million from the CRF account during the reporting period. The amount comprised of Kshs.92.04 million (10.2 per cent) for development programmes and Kshs.813.50 million (89.8 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

The County spent Kshs.1.43 billion on development and recurrent programmes during the reporting period. This expenditure represented 157.6 per cent of the total funds released by the CoB and comprised of Kshs.118.98 million and

Kshs.1.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.8 per cent, while recurrent expenditure represented 22.3 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.772.34 million and comprised of Kshs.254.57 million for recurrent expenditure and Kshs.517.59 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the bills in the financial year.

The County did not report any payment towards pending bills in the first quarter of FY 2021/22.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.05 billion was spent on employee compensation, Kshs.260.71 million on operations and maintenance, and Kshs.118.98 million on development activities, as shown in Table 3.138.

Table 3.138: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assem- bly	County Executive	County Assem- bly	County Executive	County Assembly
Total Recurrent Expenditure	5,198,623,851	669,452,972	1,126,300,928	181,916,325	21.7	27.2
Compensation to Employees	3,503,751,888	361,928,343	956,245,310	91,266,403	27.3	25.2
Operations and Maintenance	1,694,871,963	307,524,629	170,055,618	90,649,922	10.0	29.5
Development Expenditure	2,992,474,986	105,000,000	98,222,817	20,759,613	3.3	19.8
Total	8,191,098,837	774,452,972	1,224,523,745	202,675,938	14.9	26.2

Source: Nandi County Treasury

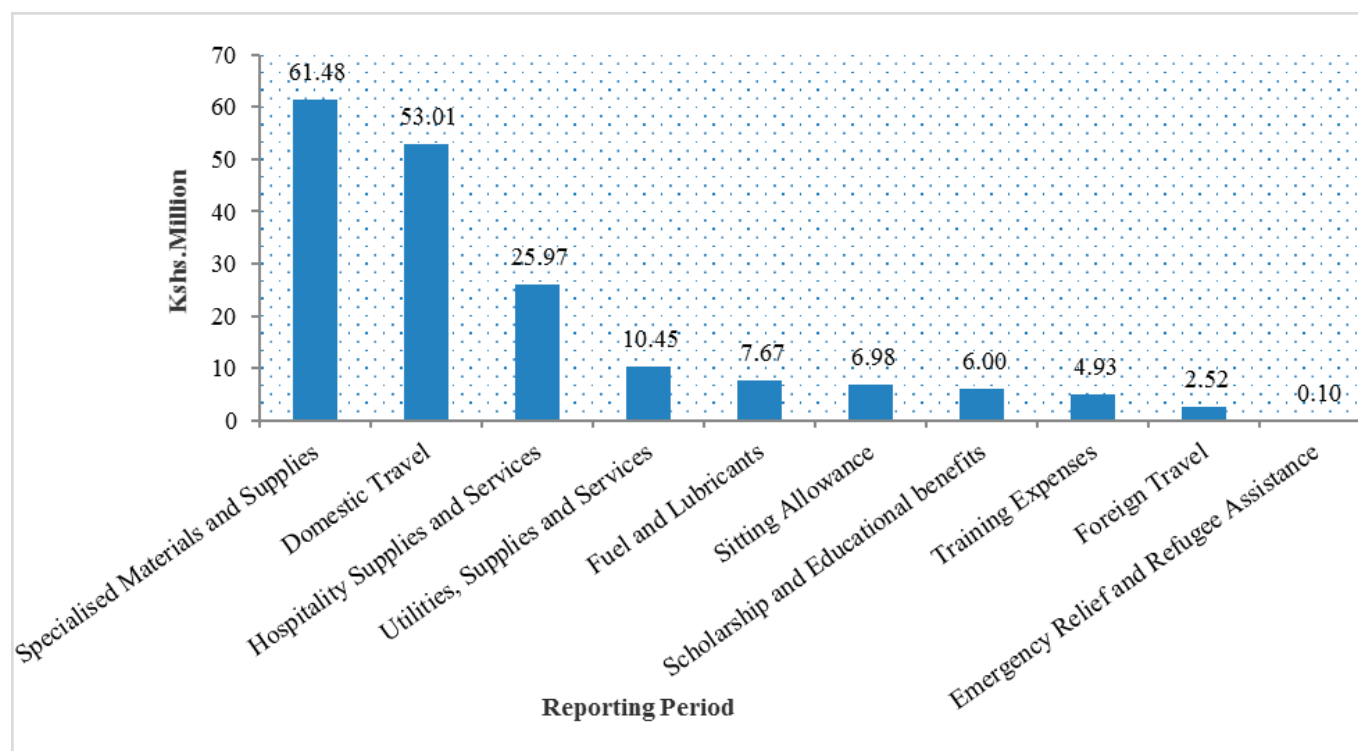
3.33.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 73.4 per cent of the total expenditure for the reporting period and 46.7 per cent of the first quarter proportional revenue of Kshs.2.24 billion.

3.33.8 Expenditure on Operations and Maintenance

Figure 3.65 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.65: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

The County spent Kshs.6.98 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.53.56 million. The average monthly sitting allowance was Kshs.58,153 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.53.01 million and comprised of Kshs.39.04 million spent by the County Assembly and Kshs.13.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.52 million and was entirely by the County Executive.

3.33.9 Development Expenditure

The County incurred an expenditure of Kshs.118.98 million on development programmes, which represented an increase of 403.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.23.64 million. Table 3.139 summarises development projects with the highest expenditure in the reporting period.

Table 3.139: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of Mugen VTC	Kapwareng	991,360	944,527	95.3
2	Renovation of Kombe Dispensary	Kaptel	2,989,684	2,417,015	80.8
3	Construction of ECD Classrooms	Countywide	13,061,520	4,802,823	36.9
4	Supply of Fuel for Road works	Countywide	60,000,000	8,573,242	14.3
5	Hire and Lease of Equipment and Machinery	Countywide	222,345,041	24,997,426	11.2
6	Renovation of Kipngoror Dispensary	Chepterwai	3,994,810	387,296	9.7

Source: Nandi County Treasury

3.33.10 Budget Performance by Department

Table 3.140 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.140: Nandi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	668.43	71.3	92.78	-	101.88	-	109.8	-	15.2	-
Finance and Economic Planning	552.62	12.56	54.03	-	77.69	-	143.8	-	14.1	-
Devolved Units and Special Programmes	72.98	204.82	11.47	-	9.97	-	86.9	-	13.7	-0.0
Health and Sanitation	2,693.68	602.45	320.53	12.42	611.68	8.42	190.8	67.8	22.7	1.4
Agriculture, Livestock and Fisheries	279.25	688.93	59.00	-	102.93	-	174.5	-	36.9	-
Tourism, Culture and Co-operative Development	50.84	37.30	8.00	-	11.43	-	142.9	-	22.5	-
Youth, Gender and Social Services	115.28	138.28	21.50	-	40.55	-	188.6	-	35.2	-
Education Research and Vocational Training	349.53	228.38	86.00	2.85	94.84	8.45	110.3	296.3	27.1	3.7
Lands, Environment and Natural Resources	102.97	379.45	16.00	33.42	26.71	15.35	166.9	45.9	25.9	4.0
Roads Transport and Public Works	216.38	574.05	16.00	43.35	26.49	66.00	165.6	152.2	12.2	11.5
Trade and Industrial Development	54.24	54.97	8.00	-	11.02	-	137.8	-	20.3	-
Public Service and Labour	42.42	-	4.00	-	11.11	-	277.7	-	26.2	-
County Assembly	669.45	105.00	116.18	-	181.92	20.76	156.6	-	27.2	19.8
Total	5,868.08	3,097.47	813.50	92.04	1,308.22	118.98	160.8	129.8	22.3	3.8

Source: Nandi County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 19.8 per cent while the Departments of County Executive,

Finance and Economic Planning, Devolved Units and Special Programmes, Agriculture, Livestock and Fisheries, Tourism, Culture and Co-operative Development, Youth, Gender and Social Services, and Trade and Industrial Development did not report any expenditure on development activities. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 36.9 per cent while the Department of Devolved Units and Specialised programme had the lowest at 13.7 per cent.

3.33.11 Budget Execution by Programmes and Sub-Programmes

Table 3.141 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.141: Nandi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Executive					
General Administration and Planning	General Administration and Support services	681,732,130	101,880,954	579,851,176	14.9
	Subtotal	681,732,130	101,880,954	579,851,176	14.9
Physical Infrastructure	Physical Infrastructure	58,000,000	-	58,000,000	-
	Subtotal	58,000,000	-	58,000,000	-
Finance and Economic Planning					
Finance and Accounting	General Administration and Support services	552,618,378	77,687,678	474,930,700	14.1
	Sub total	552,618,378	77,687,678	474,930,700	14.1

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Revenue	Revenue Collection and Management	12,560,000	-	12,560,000	-
	Subtotal	12,560,000	-	12,560,000	-
Devolved Units and Special Programmes					
Sub-County Administration	Administrative & Support of Human Resources	72,975,905	9,966,182	63,009,723	13.7
	Subtotal	72,975,905	9,966,182	63,009,723	13.7
Town Administration Section	Administration and Support of Human Services	204,821,516	-	204,821,516	-
	Subtotal	204,821,516	-	204,821,516	-
Health and Sanitation					
Public Health and Sanitation	Health Service Delivery Administration Services	2,693,677,874	611,683,499	2,081,994,375	22.7
	Sub total	2,693,677,874	611,683,499	2,081,994,375	22.7
Curative Health Services	Physical Planning	602,446,273	8,422,200	594,024,073	1.4
	Sub total	602,446,273	8,422,200	594,024,073	1.4
Agriculture, Livestock and Fisheries					
Agriculture and Crop Production	Administration and General Support services	279,248,844	102,935,686	176,313,158	36.9
	Sub total	279,248,844	102,935,686	176,313,158	36.9
Livestock and Veterinary	Livestock Resources Management	688,929,847	-	688,929,847	-
	Subtotal	688,929,847	-	688,929,847	-
Tourism, Culture and Cooperative Development					
Tourism	General Administration and Support Services	50,844,650	11,432,220	39,412,430	22.5
	Sub total	50,844,650	11,432,220	39,412,430	22.5
Culture	Development and Promotion of Culture	37,299,290	-	37,299,290	-
	Sub total	37,299,290	-	37,299,290	-
Youth, Gender and Social Services					
Youth Affairs	General Administration and Support Services	115,279,747	40,548,950	74,730,797	35.2
	Sub total	115,279,747	40,548,950	74,730,797	35.2
Sports	Sports Development	138,277,558	-	138,277,558	-
	Sub total	138,277,558	-	138,277,558	-
Education, Research and Vocational Training					
Pre-education and Care Services	General Administration and Support Services	349,532,223	94,841,503	254,690,720	27.1
	Education	228,378,974	8,449,980	219,928,994	3.7
	Sub total	577,911,197	103,291,483	474,619,714	17.9
Lands, Environment and Natural Resources					
Natural Resources and Mining	General Administration and Support Services	102,969,652	26,709,291	76,260,361	25.9
	Sub total	102,969,652	26,709,291	76,260,361	25.9
Lands	Lands Adjudication	2,600,000	-	2,600,000	-
	Sub total	2,600,000	-	2,600,000	-
Water	Water Supply	376,847,634	15,350,000	361,497,634	4.1
	Sub total	376,847,634	15,350,000	361,497,634	4.1
Roads, Transport and Public Works					
Public Works	General Administration and Support Services	216,379,793	26,488,334	189,891,459	12.2
	Sub total	216,379,793	26,488,334	189,891,459	12.2
Roads and Infrastructure	Roads Transport	574,045,041	66,000,637	508,044,404	11.5
	Sub total	574,045,041	66,000,637	508,044,404	11.5

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Trade and Industrial Development					
Markets	General Administration and Support Services	54,241,161	11,020,631	43,220,530	20.3
	Sub total	54,241,161	11,020,631	43,220,530	20.3
Industrial, SME Development	Trade Development	54,968,853	-	54,968,853	-
	Sub total	54,968,853	-	54,968,853	-
Public Service and Labour					
General Administration and Planning	Administration and Support of Human Resources	42,421,494	11,106,000	31,315,494	26.2
	Sub total	42,421,494	11,106,000	31,315,494	26.2
County Assembly					
Administrative Section	Administration and support Services	105,000,000	20,759,613	84,240,387	19.8
	Sub total	105,000,000	20,759,613	84,240,387	19.8
County Assembly Service Board	County Assembly Service Board	669,452,972	181,916,325	487,536,647	27.2
	Sub total	669,452,972	181,916,325	487,536,647	27.2
Grand Total		8,965,549,809	1,427,199,683	7,538,350,126	15.9

Source: Nandi County Treasury

Programmes with high levels of implementation based on absorption rates were: Agriculture and Crop Production in the Department of Agriculture, Livestock and Fisheries at 36.9 per cent, Youth Affairs in the Department of Youth, Gender and Social Services at 35.2 per cent, County Assembly Services at 27.2 per cent, and General Administration and Planning in the Department of Public Service and Labour at 26.2 per cent of budget allocation.

3.33.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. The underperformance of own-source revenue at Kshs.40.04 million against an annual projection of Kshs.387.11 million, representing 10.3 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.34 County Government of Narok

3.34.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.12.02 billion, comprising Kshs.4.53 billion (37.7 per cent) and Kshs.7.49 billion (62.3 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.84 billion (73.6 per cent) as an equitable share of the revenue raised nationally and generate Kshs.2.37 billion (19.8 per cent) from its own source of revenue. The County also expects to receive Kshs.799.27 million (6.7 per cent) as total conditional grants, which consists of Kshs.153.3 million for Leasing of Medical Equipment, Kshs.7.39 million as UNFPA-9th County Programme Implementation, Ksh.49.79 million for Transforming Health systems for universal health care Project (WB), Kshs.398.15 million for IDA(WB) Credit (National Agriculture and Rural Inclusive Growth Project (NAGRIP), Kshs.17.81 million for DANIDA Grant EU Grant (Instruments for Devolution Advice and Support IDEAS), Kshs.141.84 for IDA(WB) Credit Kenya Devolution Support Project (KDSP) Level 2 Grant and finally Kshs.30.99 million for Sweden-Agricultural Sector Development Support Programme (ASDSP) II.

3.34.2 Revenue Performance

In the first quarter of FY2021/22, the County received Kshs.1.46 billion as an equitable share of the revenue raised nationally and raised Kshs.416.85 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.88 billion, as shown in Table 3.142.

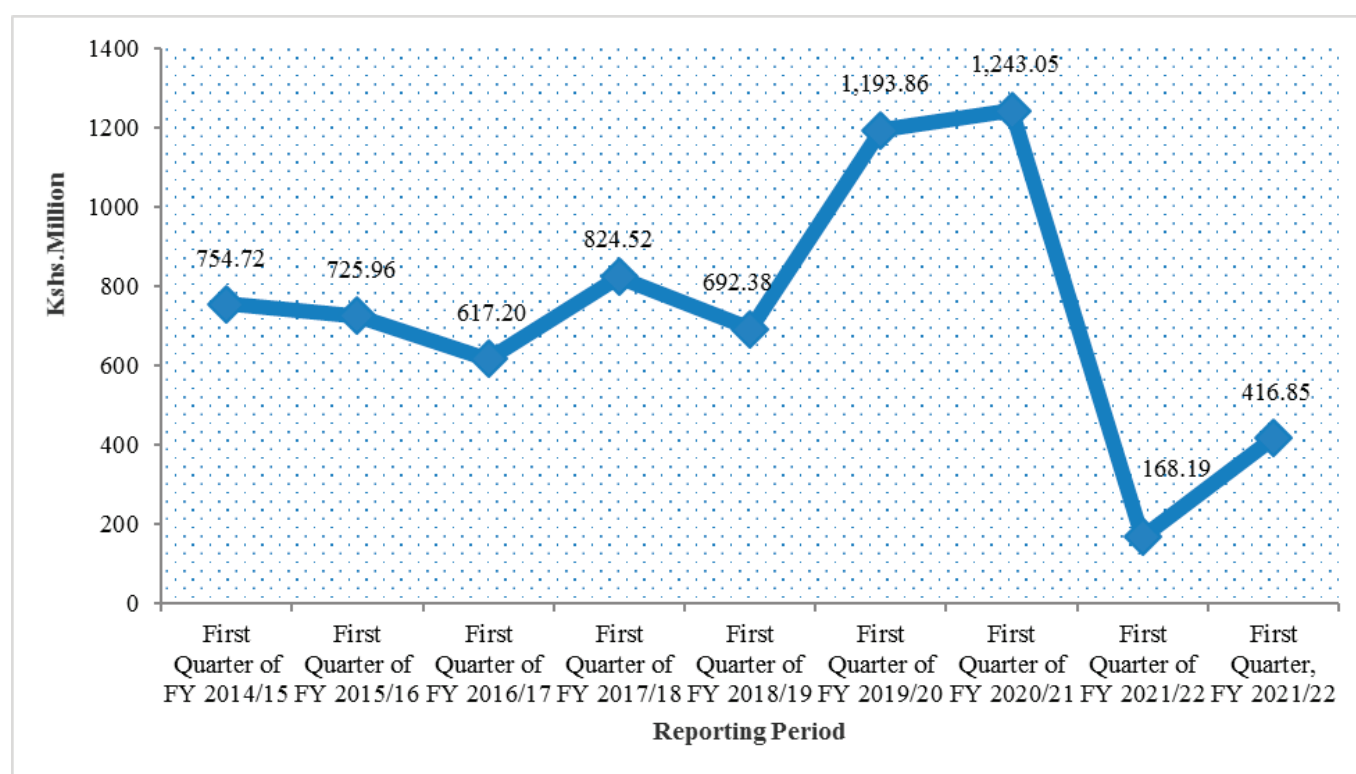
Table 3.142: Narok County, Revenue Performance in FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	1,459,390,261	16.5
Sub Total		8,844,790,000	1,459,390,261	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	2,374,550,000	416,848,610	17.6
2	Conditional Grants	799,270,000	-	-
Sub Total		3,173,820,000	416,848,610	13.1
Grand Total		12,018,610,000	1,876,238,871	15.6

Source: Narok County Treasury

Figure 3.66 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to FY 2021/22.

Figure 3.66: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to the First Quarter of FY 2021/22



Source: Narok County Treasury

During the first quarter of FY 2021/22, the County generated Kshs.416.84 million as own-source revenue. This amount represented an increase of 60 per cent compared to Kshs.168.18 million realised during the same period in FY 2020/21 and represented 17.6 per cent of the annual target.

The significant increase was attributed to the opening up of the major sectors of the economy and the uplifting of the restrictions imposed generally in the country following the global COVID 19 pandemic that primarily affected the tourism sector, the County's major revenue stream. Beyond the tourism sector, the pandemic also impacted all the other revenue streams due to the restrictions to combat the pandemic.

3.34.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.56 billion from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.34.4 Overall Expenditure Review

The County spent Kshs.1.49 billion entirely on recurrent programmes during the reporting period. This expenditure represented 93.1 per cent of the total funds released by the CoB. Expenditure on recurrent programmes represented an absorption rate of 19.8 per cent of the annual recurrent budget.

3.34.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.17 billion and comprised of Kshs.1.70 billion for recurrent expenditure and Kshs.476.03 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County did not report any payment towards the settlement of pending bills.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.682.89 million was spent on Compensation to Employees and Kshs.872.87 million on Operations and Maintenance.

Table 3.143: Summary of FY 2021/22 Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,720,360,000	769,346,518	1,438,215,858	47,900,500	21.4	6.2
Compensation to Employees	3,693,766,788	453,919,162	674,832,898	8,055,000	18.3	1.8
Operations and Maintenance	3,026,593,212	315,427,356	763,382,960	39,845,500	25.2	12.6
Development Expenditure	4,376,210,000	152,693,482	-	-	-	-
Total	11,096,570,000	922,040,000	1,438,215,858	47,900,500	13.0	5.2

Source: Narok County Treasury

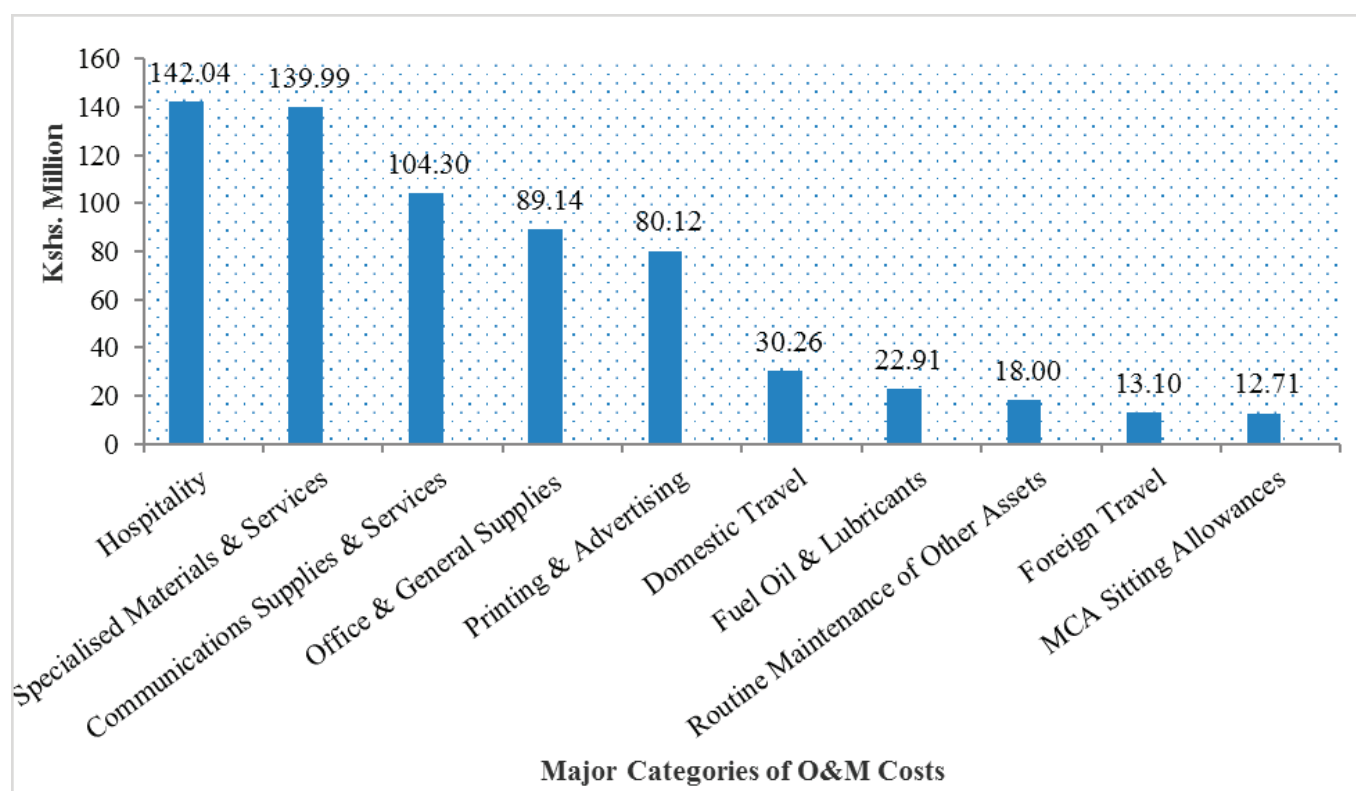
3.34.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46 per cent of the total expenditure for the reporting period and 22.7 per cent of the first quarter proportional revenue of Kshs.3 billion.

3.34.8 Expenditure on Operations and Maintenance

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

Figure 3.67: Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2021/22



Source: Narok County Treasury

The County spent Kshs.12.71 million on Committee Sitting Allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.57.61 million. The average monthly sitting allowance was Kshs.90,133 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.30.26 million and comprised Kshs.21.25 million spent by the County Assembly and Kshs.9.01 million by the County Executive.

3.34.9 Development Expenditure Analysis

The County did not report expenditure on development programmes in the period under review.

3.34.10 Budget Performance by Department

Table 3.144 summarizes the approved budget allocation and performance by Department in the FY 2021/22.

Table 3.144: Narok County, Budget Performance by Department for FY 2021/22

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	769.35	152.69	122.44	-	113.94	-	93.1	-	14.8	-
Office of the Governor and Deputy Governor	137.45	-	20.81	-	18.81	-	90.4	-	13.7	-
Treasury, Economic Planning & ICT	713.68	349.68	193.39	-	189.39	-	97.9	-	26.5	-
Roads, County Transport, Public Works and infrastructure	320.5	750.77	113.94	-	100.94	-	88.6	-	31.5	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Youth Affairs, Sports Culture and Social Services	1,105.18	471.65	156.58	-	146.58	-	93.6	-	13.3	-
Environment & Natural Resources	228.32	280.74	45.44	-	39	-	85.8	-	17.1	-
County Public Service Board	88.71	0	12.35	-	8.35	-	67.6	-	9.4	-
Agriculture, Livestock, and Fisheries	299.18	491.34	43.08	-	41.52	-	96.4	-	13.9	-
Department of County Health and sanitation	2,346.38	1,389.00	464.86	-	454.12	-	97.7	-	19.4	-
Lands, Housing, Physical Planning & Urban Development	209.21	259.53	80.58	-	79.58	-	98.8	-	38.0	-
Tourism & Wildlife	390.37	150.5	52.37	-	49.37	-	94.3	-	12.6	-
County administrative and public service management	772.79	172.08	236.58	-	232.58	-	98.3	-	30.1	-
Trade & Industrialization	108.59	60.92	12.96	-	11.96	-	92.3	-	11.0	-
Total	7,489.71	4,528.90	1,555.35	-	1,486.12	-	95.5	-	19.8	-

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of Lands, Housing, Physical Planning and Urban Development recorded the highest absorption rate of the recurrent budget at 38 per cent while the County Public Service Board had the lowest at 9.4 per cent.

3.34.11 Budget Execution by Programmes and Sub-Programmes

Table 3.145 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.145: Narok County, Budget Execution by Programmes and Sub-programmes in FY 2021/22

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4610		Default - Non Programmatic	-	-	-	-
	0	Default - Non-Programmatic	-	-	-	-
101000000		Land Policy and Planning	-	-	-	-
	101029999	Land Information Management	-	-	-	-
102000000		Housing Development and Human Settlement	-	-	-	-
	102019999	Housing Development	-	-	-	-
102004610		Crop Development and management	628,493,312	63,939,234	564,554,078	10.2
	102024610	Crop Productivity Improvement	628,493,312	63,939,234	564,554,078	10.2
103004610		Livestock Resources management and development	132,347,982	-	132,347,982	-
	103014610	Livestock Pests & Disease Management & Control	61,596,366	-	61,596,366	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	103074610	Livestock Information Management	70,751,616	-	70,751,616	-
104004610		Fisheries development and management	29,678,706	-	29,678,706	-
	104014610	Fish Products Production	29,678,706	-	29,678,706	-
105000000		Urban and Metropolitan Development	-	-	-	-
	105029999	Metropolitan Planning & Infrastructure Development	-	-	-	-
105004610		Land Policy and Planning	53,262,143	65,000	53,197,143	0.1
	105014610	Development Planning and Land Reforms	53,262,143	65,000	53,197,143	0.1
	105024610					-
106004610		Housing Development and Human Settlement	164,806,691	-	164,806,691	-
	106014610	Housing Development	164,806,691	-	164,806,691	-
107004610		Urban Mobility and Transport	250,671,166	5,000,000	245,671,166	2.0
	107014610	Metropolitan Planning & Infrastructure Development	250,671,166	5,000,000	245,671,166	2.0
108000000		Crop Development and Management	-	-	-	-
	108029999	Food Security Initiatives	-	-	-	-
111000000		Fisheries Development and Management	-	-	-	-
	111029999	Aquaculture Development Marketing & Research	-	-	-	-
112000000		Livestock Resources Management and Development	-	-	-	-
	112029999	Livestock Production and Management	-	-	-	-
201004610		Roads Transport and Public Works	1,071,270,000	114,358,420	956,911,580	10.7
	201014610	General Administration, Planning and Support Services	72,703,471	-	72,703,471	-
	201024610	Construction of Roads and Bridges	906,554,174	114,358,420	792,195,754	12.6
	201034610	Maintenance of Roads	92,012,355	-	92,012,355	-
202000000		Road Transport	-	-	-	-
	202019999	Construction of Roads and Bridges	-	-	-	-
	202039999	Maintenance of Roads	-	-	-	-
202004610		ICT Services	47,923,165	2,488,363	45,434,802	5.2
	202014610	ICT Infrastructure Development	47,923,165	2,488,363	45,434,802	5.2
210000000		ICT Infrastructure Development	-	-	-	-
	210019999	ICT Infrastructure Connectivity	-	-	-	-
301004610		General Administration and Support Services	169,510,000	-	169,510,000	-
	301014610	Administrative Services	7,136,419	-	7,136,419	-
	301024610	Cooperative Development & Management	23,446,192	-	23,446,192	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	301034610	Trade Development and Promotion	138,927,389	-	138,927,389	-
302000000		Industrial Development and Investments	-	-	-	-
	302019999	Promotion of Industrial Development and Investments	-	-	-	-
303004610		Tourism Development and Promotion	540,870,000	-	540,870,000	-
	303014610	Tourism Promotion and Marketing	540,870,000	-	540,870,000	-
306000000		Tourism Development and Promotion	-	-	-	-
	306019999	Tourism Promotion and Marketing	-	-	-	-
401000000		Preventive & Promotive Health Services	-	-	-	-
	401019999	Health Promotion	-	-	-	-
401004610		Preventive & Promotive Health Services	1,389,000,000	225,000,000	1,164,000,000	16.2
	401014610	Health Promotion	1,389,000,000	225,000,000	1,164,000,000	16.2
402004610		Curative Health Services	331,034,233	7,984,050	323,050,183	2.4
	402014610	Referral Services	331,034,233	7,984,050	323,050,183	2.4
403004610		General Administration, Planning & Support Services	2,015,345,767	86,260,560	1,929,085,207	4.3
	403014610	Health Policy, Planning and Financing	2,015,345,767	86,260,560	1,929,085,207	4.3
404000000		General Administration, Planning & Support Services	-	-	-	-
	404019999	Health Policy, Planning & Financing	-	-	-	-
501000000		Primary Education	-	-	-	-
	501049999	Early Child Development and Education	-	-	-	-
502004610		Manpower Development, Employment and Productivity Management	1,224,941,270	124,150,000	1,100,791,270	10.1
	502014610	Early Child Development and Education	1,224,941,270	124,150,000	1,100,791,270	10.1
	502024610	Infrastructure Development and Expansion	-	-	-	-
701004610		General Administration, Planning and Support Services	1,486,406,744	163,063,805	1,323,342,939	11.0
	701014610	Administrative Services	669,697,099	151,708,655	517,988,444	22.7
	701024610	Information Communication Services	-	-	-	-
	701044610	Coordination and Administrative Services	253,846,234	460,000	253,386,234	0.2
	701054610	Public service and Field Administrative Services	398,258,303	-	398,258,303	-
	701084610	Board Management Services	164,605,108	10,895,150	153,709,958	6.6
	701104610	Legal and Public Affairs	-	-	-	-
702004610		Public Finance Management	335,677,978	53,662,900	282,015,078	16.0
	702014610	Accounting services	30,796,221	-	30,796,221	-
	702024610	Resource Mobilization	145,522,112	42,178,000	103,344,112	29.0

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	702034610	Budget Formulation, Coordination and Management	35,932,873	-	35,932,873	-
	702044610	Supply Chain Management Services	69,038,396	11,484,900	57,553,496	16.6
	702054610	Internal Audit Services	54,388,376	-	54,388,376	-
703004610		Economic Policy and County Planning	679,758,857	243,763,478	435,995,379	35.9
	703014610	Economic Planning Co-ordination	655,200,268	243,553,878	411,646,390	37.2
	703024610	Monitoring and Evaluation Services	24,558,589	209,600	24,348,989	0.9
704004610		Legislation and Representation	606,663,256	152,840,400	453,822,856	25.2
	704014610	Legislative Oversight	392,522,712	111,750,000	280,772,712	28.5
	704024610	County Co-ordination Services	207,540,000	41,090,400	166,449,600	19.8
	704034610	Research and Policy	6,600,544	-	6,600,544	-
706000000		Economic Policy and National Planning	-	-	-	-
	706019999	Economic Planning Co-ordination services	-	-	-	-
722000000		Legislative Oversight	-	-	-	-
	722019999	Legislation and Representation	-	-	-	-
724000000		Inter-Governmental Revenue and Financial Matters	-	-	-	-
	724029999	Research and Policy	-	-	-	-
725000000		General Administration, Planning and Support Services	-	-	-	-
	725019999	Administration	-	-	-	-
	725029999	Board Management Service	-	-	-	-
729000000		Audit Services	-	-	-	-
	729029999	County Governments Audit	-	-	-	-
901000000		Sports	-	-	-	-
	901019999	Sports Training and competitions	-	-	-	-
901004610		Social Development and Children Services	351,888,730	63,540,148	288,348,582	18.1
	901014610	Gender and Youth Development	29,739,090	9,000,000	20,739,090	30.3
	901024610	Social Assistance to Vulnerable Groups	21,646,436	-	21,646,436	-
	901034610	Development and Promotion of culture	19,710,027	138,000	19,572,027	0.7
	901044610	Development and Management of sports facilities	155,000,000	54,402,148	100,597,852	35.1
	901054610	Sports Services				-
	901064610	Voluntary Training Services	125,793,177	-	125,793,177	-
907000000		Manpower Development, Employment and Productivity Management	-	-	-	-
	907019999	Human Resource Planning & Development	-	-	-	-

Programme	Sub Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
1.00E+09		General Administration, Planning and Support Services	-	-	-	-
	1001019999	Environmental Policy Management	-	-	-	-
1002000000		Environment Management and Protection	509,060,000	180,000,000	329,060,000	35.4
	1002014610	Forests Conservation and Management	509,060,000	180,000,000	329,060,000	35.4
1003000000		Natural Resources Conservation and Management	-	-	-	-
	1003039999	Wildlife Conservation and Security	-	-	-	-
Grand Total			12,018,610,000	1,486,116,358	10,532,493,642	12.4

Source: Narok County Treasury

Based on the implementation status as shown in Table 3.145, the programs with the highest absorption rates were: Economic planning at 37.2 per cent, Development and Management of Sports Facilities at 35.1 per cent, Environment Management and Resource Mobilization at 35.4 per cent, Gender and Youth development at 30.3 per cent of budget allocation.

3.34.12 Key Observations and Recommendations

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

1. Lack of development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.53 billion.
2. High outstanding pending bills, which amounted to Kshs.2.17 billion at the beginning of the financial year.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should prioritize pending bills as a first charge in the budget according to the law.

3.35 County Government of Nyamira

3.35.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.94 billion, comprising Kshs.2.48 billion (35.7 per cent) and Kshs.4.46 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (74.0per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (5.8 per cent) from own sources of revenue, and a cash balance of Kshs.838.91 million (12.1 per cent) from FY 2020/21. The County also expects to receive Kshs.563.37 million (8.1 per cent) as conditional grants, consisting of a World Bank loan – National Agriculture Rural Inclusive Growth Project of Kshs.275.42 million, World Bank Grant – Transforming Health Sector Universal Coverage of Kshs.90.23million, DANIDA of Kshs.10.67 million, Agricultural Sector Development Support of Kshs.24.25 million, Kenya Devolution Support Program II of Kshs.112.82, Kenya Informal Settlement Improvement 2 of Kshs.50 million.

3.35.2 Revenue Performance

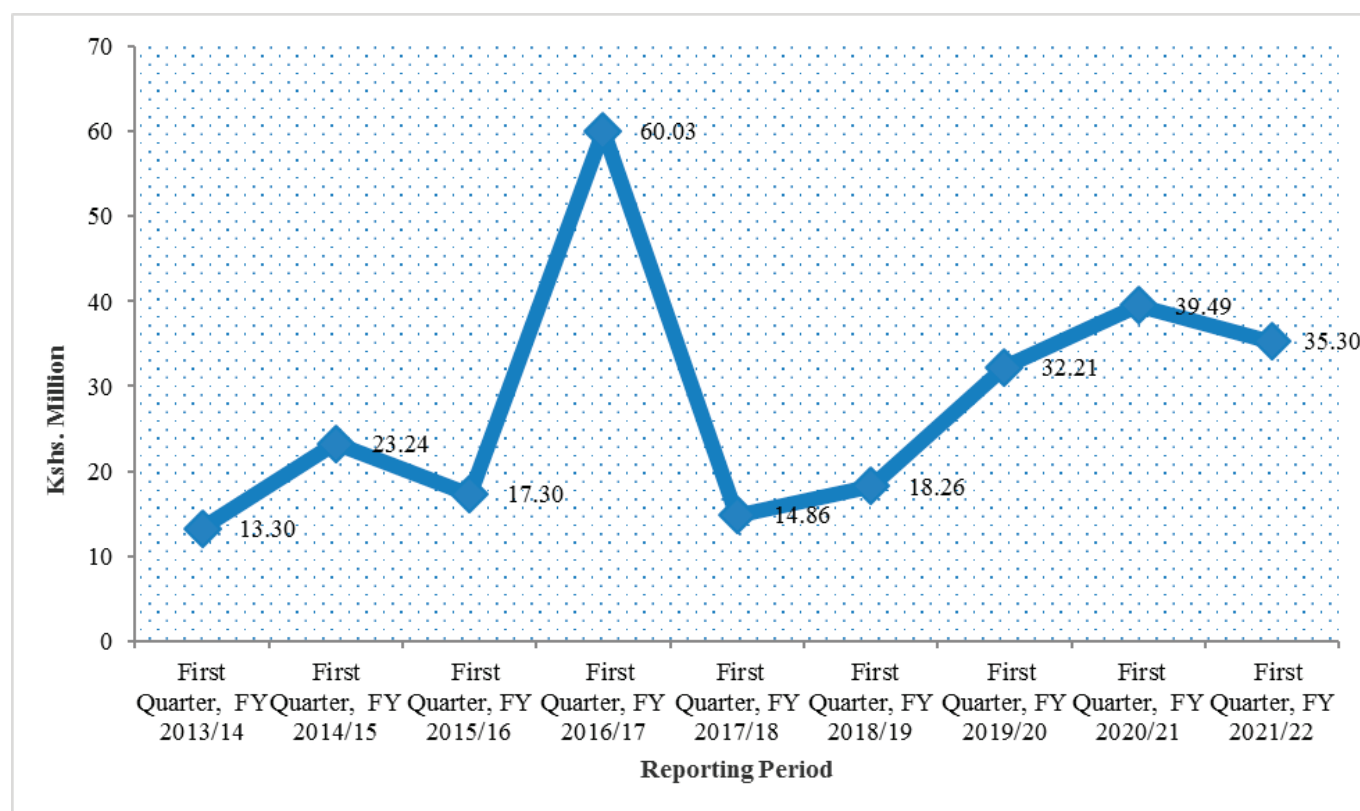
In the first quarter of FY 2021/22, the County received Kshs.847.33 million as the equitable share of the revenue raised nationally, raised Kshs.35.30 million as own-source revenue, Kshs.112.82 million as conditional grants, and had a cash balance of Kshs.838.91 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.72 billion, as shown in Table 3.146.

Table 3.146: Nyamira County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,135,340,036	847,331,106	16.5
	Sub Total	5,135,340,036	847,331,106	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	400,000,000	35,299,275	8.8
2	Balance b/f from FY 2020/21	838,910,105	838,910,105	100.0
3	Other Revenues	563,367,518	-	-
	Sub Total	1,802,277,623	874,209,380	48.5
	Grand Total	6,937,617,659	1,721,540,486	24.8

Source: Nyamira County Treasury

Figure 3.68 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.68: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22

Source: Nyamira County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.35.30 million as own-source revenue. This amount represented a decrease of 10.6 per cent compared to Kshs.39.49 million realised during a similar period in the first quarter of FY 2020/21 and was 8.8 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.786.87 million from the CRF account during the reporting period. The amount comprised of Kshs.112.82 million (14.6 per cent) for development programmes and Kshs.674.06 million (65.4 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

The County spent Kshs.980.18 million on development and recurrent programmes during the reporting period. This expenditure represented 124.5 per cent of the total funds released by the CoB and comprised of Kshs.28.37 million

and Kshs.951.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.1 per cent, while recurrent expenditure represented 21.5 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.334.97 million and comprised of Kshs.119.44 million for recurrent expenditure and Kshs.215.54 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the current financial year. However, the County did not report any payment towards pending bills in the period under review.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.843.61 million was spent on employee compensation, Kshs.108.20 million on operations and maintenance, and Kshs.28.37 million on development activities, as shown in Table 3.147.

Table 3.147: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Exec- utive	County As- sembly	County Executive	County As- sembly
Total Recurrent Expenditure	3,846,047,875	612,444,433	812,824,949	138,987,466	21.1	22.7
Compensation to Employees	2,736,056,812	364,739,306	752,314,824	91,297,244	27.5	25.0
Operations and Maintenance	1,109,991,063	247,705,127	60,510,125	47,690,222	5.5	19.3
Development Expenditure	2,285,447,145	193,678,206	28,371,853	-	1.2	-
Total	6,131,495,020	806,122,639	841,196,802	138,987,466	13.7	17.2

Source: Nyamira County Treasury

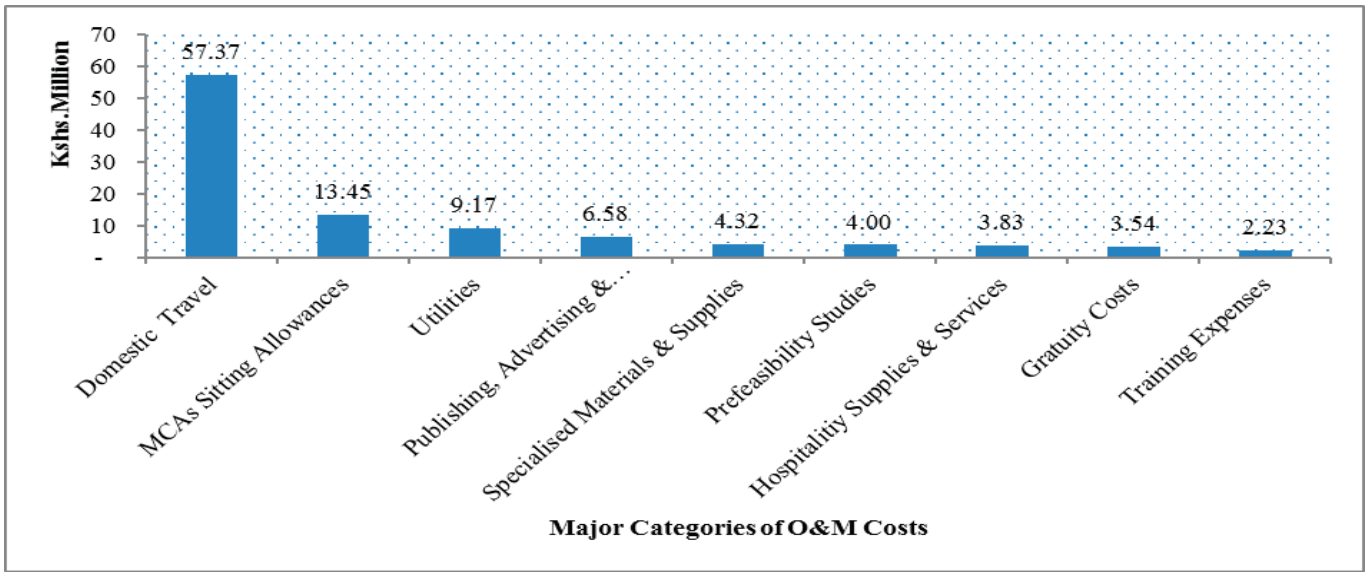
3.35.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government’s expenditure on wages and benefits at 35 per cent of the County’s total revenue. Expenditure on employee compensation was 86.1 per cent of the total expenditure for the reporting period and 49 per cent of the first quarter proportional revenue of Kshs.1.72 billion.

3.35.8 Expenditure on Operations and Maintenance

Figure 3.69 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.69: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

The County spent Kshs.13.45 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.60.89 million. The average monthly sitting allowance was Kshs.121,134 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.57.37 million and comprised Kshs.34.22 million spent by the County Assembly and Kshs.23.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.11 million paid by the County Executive.

3.35.9 Development Expenditure

The County incurred an expenditure of Kshs.28.37 on development programmes, which represented a decrease of 65.3per cent compared to a similar period in FY 2020/21 when the County spent Kshs.82.04 billion.

3.35.10 Budget Performance by Department

Table 3.148 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.148: Nyamira County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	612.44	193.68	102.07	0.00	138.99	0.00	136.2	0.0	22.7	0.0
County Executive Office	469.16	0.00	31.59	0.00	54.09	0.00	171.2	0.0	11.5	0.0
Finance & Economic Planning	351.07	200.78	50.56	112.82	68.89	0.00	136.3	0.0	19.6	0.0
Agriculture, Livestock & Fisheries	156.55	325.39	26.89	0.00	35.95	9.06	133.7	0.0	23.0	2.8
Environment, Energy, NR & Mining	92.65	196.70	18.94	0.00	23.17	0.88	122.3	0.0	25.0	0.4
Education & ICT	405.72	78.82	84.63	0.00	111.28	0.00	131.5	0.0	27.4	0.0
Health services	1,687.43	509.78	260.25	0.00	373.25	7.01	143.4	0.0	22.1	1.4
Lands, Housing & Urban Develop.	68.21	230.55	16.56	0.00	22.63	3.46	136.6	0.0	33.2	1.5
Roads, Transport & Works	104.63	374.20	13.49	0.00	21.23	6.88	157.4	0.0	20.3	1.8
Trade, Tourism, Industrialization	32.81	37.68	4.46	0.00	7.99	1.07	179.0	0.0	24.3	2.8
Youths, Sports, Gender, Culture	49.14	107.08	7.14	0.00	15.35	0.00	215.0	0.0	31.2	0.0
County Public Service Board	66.11	0.00	8.33	0.00	15.16	0.00	182.0	0.0	22.9	0.0
Public Administration	321.17	60.00	48.75	0.00	58.79	0.00	120.6	0.0	18.3	0.0
Nyamira Municipality	41.41	164.46	0.40	0.00	5.04	0.00	1260.5	0.0	12.2	0.0
Total	4,458.49	2,479.12	674.06	112.82	951.81	28.37	141.2	25.1	21.3	1.1

Source: Nyamira County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture, Livestock and Fisheries and the Department of Trade, Tourism, and Industrialization recorded the highest absorption rate of development budget at 2.8 per cent. The Department of Lands, Housing, and Urban Development had the highest percentage of recurrent expenditure to budget at 33.2 per cent, while the County Executive Office had the lowest at 11.5 per cent.

3.35.11 Budget Execution by Programmes and Sub-Programmes

Table 3.149 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.149: Nyamira County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly				
Policy planning, general admin and support services	337,926,193	65,116,849	272,809,344	19.3

Programme	Approved Budget (Kshs)	Actual Pay-ments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Committee management services	23,959,000	9,940,600	14,018,400	41.5
General administration, planning, and support services	444,237,446	63,930,017	380,307,429	14.4
Subtotal	806,122,639	138,987,466	667,135,173	17.2
Department of County Executive				
General administration, planning, and support services	415,139,585	52,821,905	362,317,680	12.7
Executive management and liaison services	54,022,770	1,267,200	52,755,570	2.3
Subtotal	469,162,325	54,089,810	415,073,250	11.5
General administration, planning and support services	214,908,913	55,960,607	158,948,306	26.0
Information and communication technology	122,815,104	191,000	122,624,104	0.2
Resources Mobilization	26999964	1,019,200	25,980,764	3.8
Economic planning budget formulation and coordination	56,126,841	9,896,655	46,230,186	17.6
Accounting and financial services	131,000,006	1,825,450	129,174,556	1.4
Subtotal	551,850,828	68,892,912	482,957,916	12.5
Department of Agriculture, livestock and fisheries				
Policy planning, general administration & support services	155,439,700	35,953,824	119,485,876	23.1
Livestock, promotion and development	3,800,000	0	3,800,000	0.0
Crops, agribusiness and land management	321,592,845	9,063,883	312,528,962	2.8
Fisheries development and promotion services	1,113,000	0	1,113,000	0.0
Subtotal	481,945,545	45,017,707	436,927,838	9.3
Department of Environment and Natural resources				
General administration support services	72,647,959	15,665,998	56,981,961	21.6
Other energy source promotion	22,550,000	7,499,159	15,050,841	33.3
Rural water services	194,150,000	880,650	193,269,350	0.5
Subtotal	289,374,959	24,045,807	265,302,152	8.3
Department of Education				
General administration support services	288,913,277	110,306,107	178,607,170	38.2
Pre-primary education	80,938,630	495,600	80,443,030	0.6
Vocational development and training services	114,680,842	479,400	114,201,442	0.4
Subtotal	484,532,749	111,281,107	373,251,642	23.0
Department of Health				
General administration support services	1,546,018,174	364,118,609	1,181,899,565	23.6
Curative health services	651,189,285	15,485,920	635,703,365	2.4
Subtotal	2,197,207,459	380,264,529	1,816,942,930	17.3
Department of Lands, housing and urban development				
Policy planning, general administration & support services	68,210,790	22,630,593	45,580,197	33.2

Programme	Approved Budget (Kshs)	Actual Pay-ments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Physical planning and surveying services	79,000,000	3,463,000	75,537,068	4.4
Management and development of towns	61,554,023	0	61,554,023	0.0
Housing improvement development	90,000,000	0	90,000,000	0.0
Subtotal	298,764,813	26,093,593	450,715,754	8.7
Department of Transport, Roads and public works				
Policy planning, general administration & support ser- vices	8,500,000	0	8,500,000	0.0
General administration support services	95,679,190	21,112,122	74,567,068	22.1
Roads development and management	374,649,206	7,000,520	367,648,686	1.9
Subtotal	478,828,396	28,112,642	450,715,754	5.9
Department of Trade, Tourism, Industrialization and Cooperatives development				
Tourism development and promotion	896,000	206,000	690,000	23.0
Policy planning, general administration, and support services	29,032,754	7,000,726	22,032,028	24.1
Trade, cooperative, investment and promotion	40,536,192	1,851,700	38,711,492	4.6
Subtotal	70,491,946	9,058,426	61433,520	12.9
Department of youth, sport, gender, culture and social services				
General administration support services	47,161,056	14,863,071	32,297,985	31.5
Community development	109,054,370	484,600	108,569,770	0.4
Subtotal	156,215,426	15,347,671	140,867,755	9.8
Department of County Public Services Board				
General administration and support services	60,731,790	13,839,671	46,892,119	22.8
Policy planning, general administration & support ser- vices	5,381,500	1,323,000	4,058,500	24.6
Subtotal	66,113,290	15,162,671	322,380,368	22.9
Department of Public Administration				
Policy planning, general administration & support ser- vices	317,638,378	58,788,510	258,849,868	18.5
Field coordination and administration	62,876,500	0	62,876,500	0.0
General administration, planning and support services	654,000	0	654,000	0.0
Subtotal	381,168,878	58,788,510	322,380.368	15.4
Department of Nyamira Municipality				
Policy planning, general administration & support ser- vices	41,405,052	5,042,123	200,823,283	12.2
Roads development and management	164,460,354	0	36,362,929	0.0
Subtotal	205,865,406	5,042,123	200,823,283	2.4
TOTALS	6,397,617,689	980,184,269	5,957,433,420	14.1

Source: Nyamira County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Education at 38.1 per cent, Other Energy Source Promotion in the Department of Environment, Energy and Natural Resources at 33.3 per cent, Policy Planning, General Administration & Support Services in the Department of Lands, Housing and Urban Development at 33.2 per cent of budget allocation.

3.35.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.28.37 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.48 billion. The development expenditure represented 1.1 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.35.30 million against an annual projection of Kshs.400 million, representing 8.8 per cent of the annual target.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.22 billion, comprising Kshs.2.33 billion (32.3 per cent) and Kshs.4.88 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.67 billion (78.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.590 million (8.2 per cent) from own sources of revenue, and a cash balance of Kshs.45 million (0.6 per cent) from FY 2020/21. The County also expected to receive Kshs.912.87 million (12.6 per cent) as "other revenues." "Other revenues" consist of Supplement for Construction of County Headquarters, Leasing of Medical Equipment, Transforming Health Systems for Universal Care Project (WB), Kenya Climate-Smart Agriculture Project (KCSAP), DANIDA Grant, EU Grant (Instruments for Devolution Advice and Support IDEAS), Kenya Devolution Support Project (KDSP) Level 2 Grant, Kenya Informal Settlement Improvement Project- KISIP II and the Agricultural Sector Development Support Programme (ASDSP) II.

3.36.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.935.62 million as the equitable share of the revenue raised nationally and generated Kshs.103.68 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.03 billion, as shown in Table 3.150.

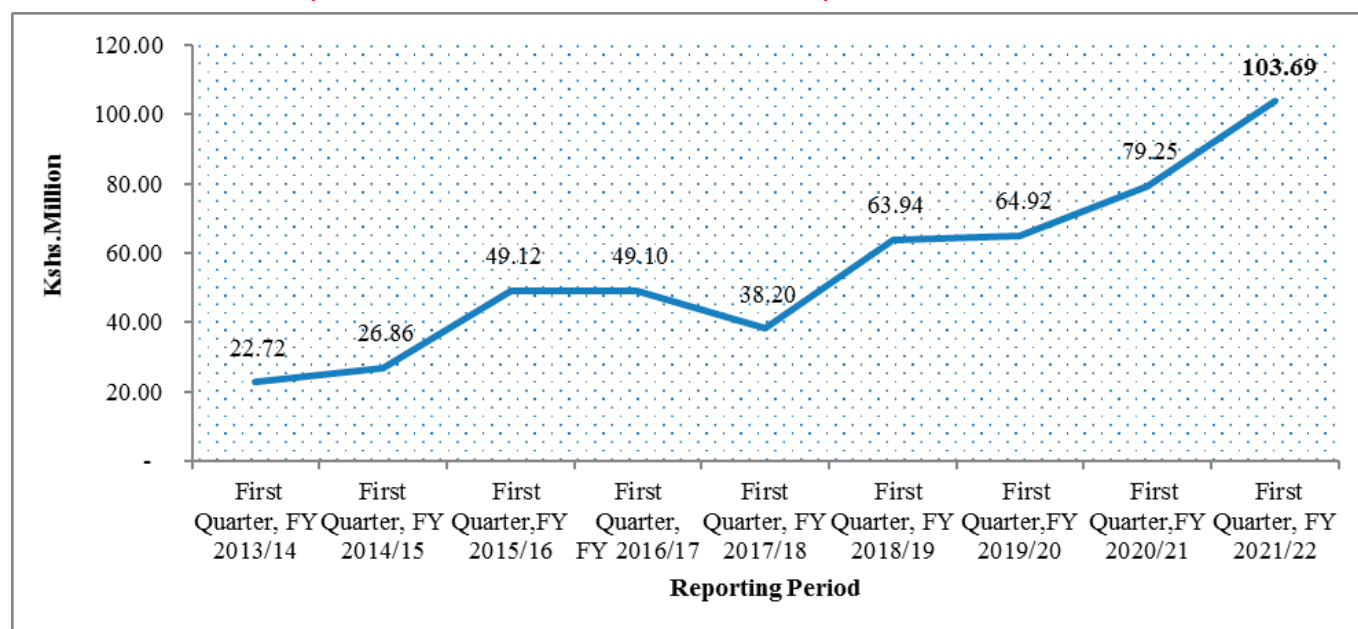
Table 3.150: Nyandarua County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,670,444,228	935,623,297	16.5
Sub Total		5,670,444,228	935,623,297	16.5
D	Other Sources of Revenue			
1.	Own Source Revenue	590,000,000	103,689,002	17.6
2.	Balance b/f from FY 2020/21	45,000,000	-	-
3.	Other Revenues	912,187,561	-	-
Sub Total		1,547,187,561	103,689,002	6.7
Grand Total		7,217,631,789	1,039,312,299	14.4

Source: Nyandarua County Treasury

Figure 3.70 shows the own-source revenue collection trend for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.70: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Nyandarua County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.103.68 million as own-source revenue. This amount represented an increase of 23.6 per cent compared to Kshs.79.25 million realised during a similar period in FY 2020/21 and was 17.6 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.378.37 million from the CRF account during the reporting period. The amount entire amount was for recurrent programmes.

3.36.4 Overall Expenditure Review

The County spent Kshs.378.37 million on development and recurrent programmes during the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB, which was entirely spent on recurrent programmes. Expenditure on recurrent expenditure represented 7.8 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.746.89 million and comprised of Kshs.179.44 million for recurrent expenditure and Kshs.567.44 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. It is, however, noted that the County did not make payments for pending bills in the first quarter of FY 2021/22.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.372.93 million was spent on employee compensation, and Kshs.5.44 million on operations and maintenance, as shown in Table 3.151. The County Assembly did not report any expenditure during the period under review.

Table 3.151: Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Execu- tive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,885,102,660	729,643,697	378,371,866	-	7.7	-
Compensation to Employees	2,480,688,132	410,688,132	372,931,866	-	15.0	-
Operations and Maintenance	2,404,414,528	318,955,565	5,440,000	-	0.2	-
Development Expenditure	2,332,529,129	85,000,000	-	-	-	-
Total	7,289,517,188	1,048,599,262	383,811,866	-	5.3	-

Source: Nyandarua County Treasury

3.36.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 98.6 per cent of the total expenditure for the reporting period and 35.9 per cent of the first-quarter proportional revenue of Kshs.1.04 billion.

3.36.8 Expenditure on Operations and Maintenance

Analysis of expenditure on operations and maintenance during the reporting period was as follows; Governance and outreach programs at Kshs.3.87 million, Hire of Tents and Halls and Public Address System at Kshs.1.07 million, and Hospitality, Supplies, and Services at Kshs.0.5 million.

The County did not report expenditure on MCAs' sitting allowance.

3.36.9 Development Expenditure

The County did not report expenditure on development programmes during the reporting period.

3.36.10 Budget Performance by Department

Table 3.152 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.152: Nyandarua County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	120.89	-	5.44	-	5.44	-	100.0	-	4.5	-
Office of the County Secretary	2,273.82	-	372.93	-	372.93	-	100.0	-	16.4	-
Office of the County Attorney	60.35	-	-	-	-	-	-	-	-	-
Public Administration and ICT	64.29	2.70	-	-	-	-	-	-	-	-
County Public Service Board	22.79	-	-	-	-	-	-	-	-	-
Finance & Economic Development	418.46	35.50	-	-	-	-	-	-	-	-
Health Services	539.01	301.97	-	-	-	-	-	-	-	-
Education, Gender, Youth, Culture, Gender and Social Services	39.35	87.47	-	-	-	-	-	-	-	-
Industrialization, Trade, and Cooperative Development	47.18	199.01	-	-	-	-	-	-	-	-
Ol-Kalou Municipality	15.96	50.00	-	-	-	-	-	-	-	-
Youth, Sports, and Arts	191.44	68.30	-	-	-	-	-	-	-	-
Water, Environment, Tourism & Natural Resources	79.80	283.60	-	-	-	-	-	-	-	-
Transport, Energy, and Public Works	120.65	828.07	-	-	-	-	-	-	-	-
Lands, Housing, Physical Planning and Urban Development	27.86	48.66	-	-	-	-	-	-	-	-
Agriculture Livestock, and Fisheries	133.63	342.25	-	-	-	-	-	-	-	-
County Assembly	729.64	85.00	-	-	-	-	-	-	-	-
Total	4,885.10	2,332.53	378.37	-	378.37	-	100.0	-	7.8	-

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that no department reported any spending on development activities. Only the Office of the County Secretary and the Governor's Office reported recurrent expenditure at an absorption rate of 16.4 per cent and 4.5 per cent, respectively.

3.36.11 Budget Execution by Programmes and Sub-Programmes

Table 3.153 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.153: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General administration, planning, and support services	Service Delivery Unit	27,600,000	529,000	27,071,000	1.9
	Governor's Office & Investment Promotion	65,920,000	4,911,000	61,009,000	7.4
	Liaison and Intergovernmental Relations	16,186,000		16,186,000	-
	Civic Education and Public Participation	11,180,997		11,180,997	-
Sub Total		120,886,997	5,440,000	115,446,997	4.5
County Secretary	County Secretary-Administration	50,470,000		50,470,000	-
	Cabinet Affairs	830,000		830,000	-
Human Resource Management	Payroll (Including Compensation to employees)	2,068,000,000	355,797,642	1,712,202,358	17.2
	Human Resource Management (Including employee gratuity, pension and medical insurance)	154,520,000	17,134,224	137,385,776	11.1
Sub Total		2,273,820,000	372,931,866	1,900,888,134	16.4
County Attorney Services	legal and public affairs	60,350,000		60,350,000	-
Sub Total		60,350,000		60,350,000	-
Public administration	Public Administration	8,700,000		8,700,000	-
	sub-County and ward administration	23,090,000		23,090,000	-
	Communication and Public Relations	7,600,000		7,600,000	-
	Enforcement and Compliance	17,600,000		17,600,000	-
ICT and E-government Services	ICT and E-government Services	10,000,000		10,000,000	-
Sub Total		66,990,000	-	66,990,000	-
County Public Service Board	County Public Service Board	22,789,000		22,789,000	-
Sub Total		22,789,000	-	22,789,000	-
Public Finance Management	County Funds	289,000,000	-	289,000,000	-
	treasury services	16,903,117		16,903,117	-
	Financial reporting	5,315,000		5,315,000	-
	Revenue Collection and Administration (Including automation)	20,150,000		20,150,000	-
	Revenue Enhancement and Monitoring	16,700,000		16,700,000	-
	Supply Chain Management	6880000		6,880,000	-
	Internal Audit and Risk Management	8,000,000		8,000,000	-
	Internal Audit committee	3,000,000		3,000,000	-
Economic planning and development	County Budgeting	13,898,750		13,898,750	-
	County Statistics and Data Bank	4,950,000		4,950,000	-
	Monitoring and Evaluation	9,365,260		9,365,260	-
	Economic Modelling and Research	3,051,700		3,051,700	-
	Economic Development Planning	56,750,000		56,750,000	-
Sub Total		453,963,827	-	453,963,827	-
Preventive and Promotive Services	Preventive and Promotive Services	6,271,274		6,271,274	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Curative Services	Curative Services	218,199,497		218,199,497	-
	universal health care and grants	309,636,578		309,636,578	-
General administration, planning, and support services	Solid Waste and Cemeteries	4,900,000		4,900,000	-
	Infrastructure and Equipment	301,971,038	-	301,971,038	-
Sub total		840,978,387	-	840,978,387	-
Primary education	ECDE	83,652,219		83,652,219	-
Youth training and development	Revitization of youth polytechnics	6,050,106		6,050,106	-
Culture	development and promotion of culture	7,830,000		7,830,000	-
Arts & Theatre	Arts & Theatre	29,288,954		29,288,954	-
Sub Total		126,821,279	-	126,821,279	-
Trade development and promotion	Financial and Trade Services	43,910,000		43,910,000	-
Industrial development and investment	Industrial and Enterprise Development	134,825,000		134,825,000	-
	Weights & Measures	2,920,000		2,920,000	-
Cooperative development and management	Cooperative advisory services	16,530,000		16,530,000	-
	cooperative audit extension services	5,240,458		5,240,458	-
Urban development	Urban development	42,759,912		42,759,912	-
Ol-Kalou municipality	Ol-Kalou municipality	65,956,600		65,956,600	-
Sub Total		312,141,970	-	312,141,970	-
Sports	Sports Development	92,725,000		92,725,000	-
Youth Affairs	Youth Affairs	30,950,000		30,950,000	-
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	125,360,000		125,360,000	-
	social services	3,950,000		3,950,000	-
General administration, planning, and support services	Alcohol Drinks Control and Civic Education	6,750,000		6,750,000	-
Sub Total		259,735,000	-	259,735,000	-
Water Resource Development.	Water resource conservation and protection, infrastructure and flood control	224,521,789		224,521,789	-
Environment	Environmental support and management	26,850,000		26,850,000	-
	Climate change resilience	24,600,000			-
	natural resource	1,800,000			-
Tourism development and promotion	Tourism infrastructure development	77,226,469		77,226,469	-
Irrigation and Drainage infrastructure	Promotion of irrigation and drainage development and management	8,400,000		8,400,000	-
Sub Total		363,398,258	-	336,998,258	-
Road transport	Transport (Including fuel level, General Administration & Support Services)	636,046,261		636,046,261	-
	Public Works	233,363,199		233,363,199	-
Alternative energy technologies	Alternative energy technologies	75,210,000		75,210,000	-
General administration, planning, and support services	Emergency Response & Preparedness	4,100,000		4,100,000	-
Sub Total		948,719,460	-	948,719,460	-
Land policy and planning	Physical Planning	9,510,455		9,510,455	-
	Survey and Mapping	8,988,000		8,988,000	-
	Land Administration and Management	49,851,545		49,851,545	-
Housing	Housing	8,170,000		8,170,000	-
Sub Total		76,520,000	-	76,520,000	-

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Crop development and management	Land and crop development	386,597,035		386,597,035	-
	Seed Potato Production Unit (SPPU Lab)	12,095,937		521,138,580	-
Livestock resources management and development	livestock production and management	11,185,618		11,185,618	-
	Veterinary Services	16,195,000		16,195,000	-
Fisheries Development and management	fisheries policy, strategy, and capacity building	5,300,000		5,300,000	-
General administration, planning, and support services	Institution Support (ATCs)	13,185,000		13,185,000	-
	Agriculture Mechanization Services	6,635,000		6,635,000	-
	General administration and Extension Services	11,950,324		11,950,324	-
	Subsidized Artificial Insemination	12,730,000		12,730,000	-
Sub Total		475,873,914	-	984,916,557	-
County Assembly	legislative, oversight and representation	814,643,697		814,643,697	-
Sub Total		814,643,697	-	814,643,697	-
Grand Total		7,217,631,789	378,371,866	7,321,902,566	5.2

Source: Nyandarua County Treasury

Programmes with high levels of implementation based on absorption rates were: Human Resource Management in the Office of the County Secretary at 16.4 per cent and General administration, planning, and support services in the Governor's Office at 4.5 per cent of budget allocation.

3.36.12 Key Observations and Recommendations

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

1. The County did not report any expenditure on the development budget in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.33 billion.
2. The underperformance of own-source revenue at Kshs.103.68 million against an annual projection of Kshs.590 million, representing 23.6 per cent of the annual target.
3. High outstanding pending bills as of 30th June 2021, which amounted to Kshs.746.89 million.

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

1. The County should identify and address issues causing delays in implementing development projects.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. The County should ensure the outstanding pending bills are settled in line with the payment plan.

3.37 County Government of Nyeri

3.37.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.19 billion, comprising Kshs.2.5 billion (30.5 per cent) and Kshs.5.69 billion (69.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.23 billion (76.0 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.0 billion (12.2 per cent) from its sources of revenue. The County also expects to receive Kshs.966.26 million (11.8 per cent) as conditional grants. There was a failure to budget for unspent cash balance from the previous financial year, which amounted to Kshs.1.04 billion.

3.37.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.02 billion as the equitable share of the revenue raised nationally, raised Kshs.124.18 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.19 billion, as shown in Table 3.154.

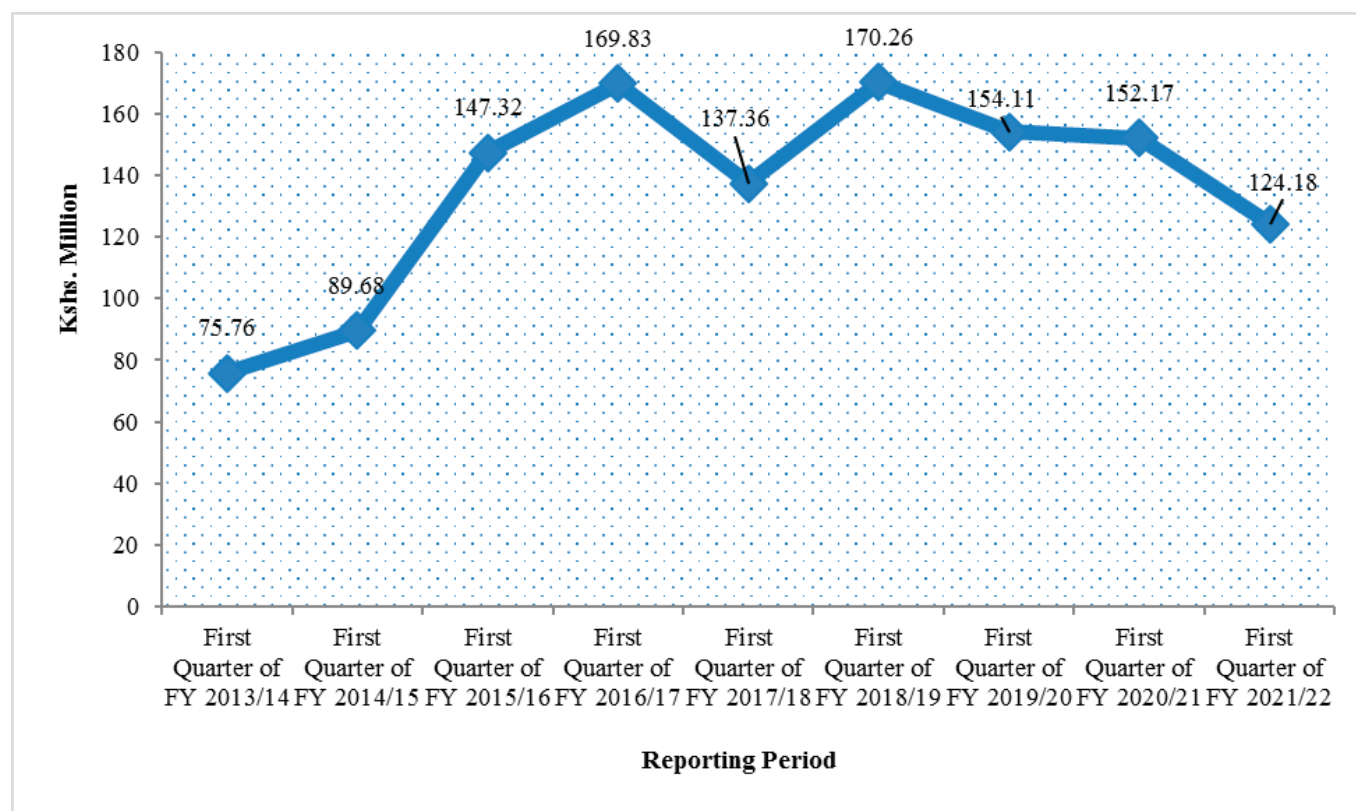
Table 3.154: Nyeri County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percent. of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,228,728,555	1,027,740,211	16.5
	Sub Total	6,228,728,555	1,027,740,211	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,000,000,000	124,178,287	12.4
2.	Balance b/f from FY 2020/21	-	1,042,712,128	-
3.	Other Revenues (Conditional Grants)	966,265,672	-	-
	Sub Total	1,966,265,672	1,166,890,415	59.3
	Grand Total	8,194,994,277	2,194,630,626	26.8

Source: Nyeri County Treasury

Figure 3.71 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.71: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nyeri County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.124.18 million as own-source revenue. This amount represented a decrease of 18.4 per cent compared to Kshs.152.17 million realised during a similar period in the first quarter of FY 2020/21 and was 12.4 per cent of the annual target.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.25 billion from the CRF account during the reporting period. The amount comprised Kshs.184.80 million (14.8 per cent) for development programmes and Kshs.1.06 billion (85.2 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

The County spent Kshs.1.13 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.8 per cent of the total funds released by the CoB and comprised of Kshs.3.0 million and Kshs.1.13 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.1 per cent while recurrent expenditure represented 19.9 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.106.43 million and comprised of Kshs.77.96 million for recurrent expenditure and Kshs.28.47 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.63.76 million was paid towards pending bills for recurrent expenditure programmes.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.954.26 million was spent on employee compensation, Kshs.177.54 million on operations and maintenance, and Kshs.3.04 million on development activities, as shown in Table 3.155.

Table 3.155: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)			Expenditure (Kshs)			Absorption (%)		
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly			
Total Recurrent Expenditure	4,988,582,325	706,085,232	1,004,601,220	127,195,645	20.1	18.0			
Compensation to Employees	3,610,944,891	234,193,455	893,015,745	61,242,401	24.7	26.2			
Operations and Maintenance	1,377,637,434	471,891,777	111,585,475	65,953,244	8.1	14.0			
Development Expenditure	2,450,326,670	50,000,000	3,044,000	-	0.1	-			
Total	7,438,908,995	756,085,232	1,007,645,220	127,195,645	13.5	16.8			

Source: Nyeri County Treasury

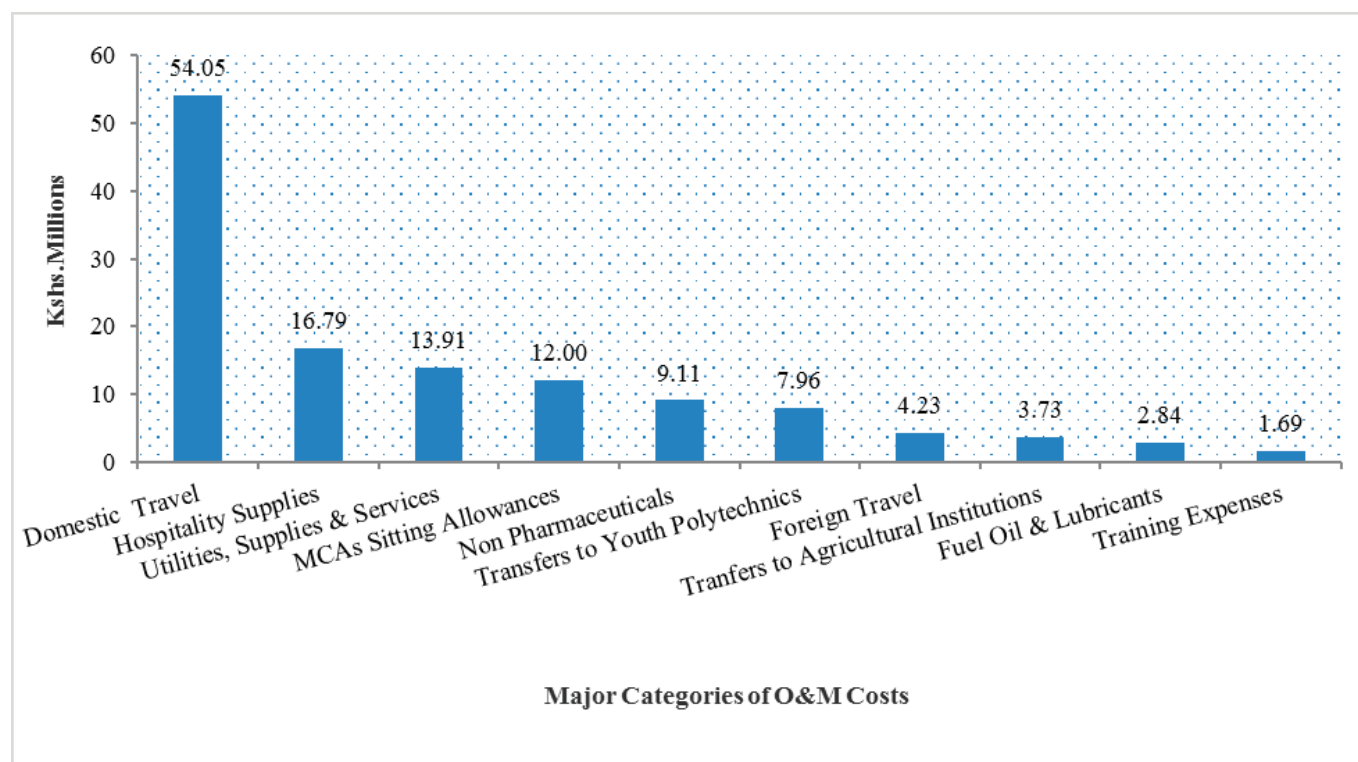
3.37.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 84.1 per cent of the total expenditure for the reporting period and 46.6 per cent of the first quarter proportional revenue of Kshs.2.05 billion.

3.37.8 Expenditure on Operations and Maintenance

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

Figure 3.72: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

The County spent Kshs.12.0 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.88,853 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.54.05 million and comprised of Kshs.40.91 million spent by the County Assembly and Kshs.13.14 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.23 million and included Kshs.3.38 million by the County Assembly and Kshs.852,563 by the County Executive.

3.37.9 Development Expenditure

The County incurred an expenditure of Kshs.3.04 million on development programmes, which represented a decrease of 92.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.43.16 million. Table 3.136 summarises development projects with the highest expenditure in the reporting period.

Table 3.156: Nyeri County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Purchase of Fuel for Roads Improvement	County-wide	20,000,000	3,000,000	15.0
2	Transforming Health Care – Universal Health (THC-UHP)	County-wide	48,739,220	44,000	0.1

Source: Nyeri County Treasury

3.37.10 Budget Performance by Department

Table 3.157 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.157: Nyeri County, Budget Performance by Department

Department	Budget Allocation (Kshs. million)		Exchequer Issues (Kshs. million)		Expenditure (Kshs. million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	143.08	20.00	16.44	-	19.21	-	116.8	-	13.4	-
Office of the County Secretary	300.20	40.00	28.77	-	28.07	-	97.6	-	9.4	-
Finance and Economic Planning	840.22	242.80	98.88	184.80	109.16	-	110.4	-	13.0	-
Lands, Physical Planning, Housing and Urbanization	59.38	436.90	11.36	-	14.31	-	126.0	-	24.1	-
Health, Public Health and sanitation	2,575.08	294.85	597.54	-	615.25	0.04	103.0	-	23.9	0.01
Gender and Social Services	56.16	56.20	10.10	-	9.93	-	98.3	-	17.7	-
County Public Service, Administration & Youth Affairs	109.39	74.00	32.12	-	32.38	-	100.8	-	29.6	-
Agriculture, Livestock and Fisheries	244.77	488.78	59.25	-	62.87	-	106.1	-	25.7	-
Trade, Culture, Tourism & Cooperative Development	50.25	94.03	10.04	-	9.54	-	95.0	-	19.0	-
Education, Science and Technology	410.89	63.10	54.96	-	62.45	-	113.6	-	15.2	-
Water, Environment & Natural resources	75.72	132.87	12.16	-	11.76	-	96.7	-	15.5	-
County Assembly	706.09	50.00	104.35	-	127.20	-	121.9	-	18.0	-
County Public Service Board	39.55	5.00	7.64	-	7.62	-	99.7	-	19.3	-
Transport, Public Works & Infrastructure	73.16	501.80	20.76	-	22.05	3.00	106.2	-	30.1	0.6
Office of the County Attorney	10.73	-	-	-	-	-	-	-	-	-
Total	5,694.67	2,500.33	1,064.37	184.80	1,131.80	3.04	106.3	1.6	19.9	0.1

Source: Nyeri County Treasury

Analysis of expenditure by the departments shows that the Department of Transport, Public Works & Infrastructure recorded the highest absorption rate of development budget at 0.6 per cent while all the other departments did not report any expenditure on development activities. The Department of Transport, Public Works & Infrastructure had the highest percentage of recurrent expenditure to budget at 30.1 per cent, while the Office of the County Attorney did not report any spending.

3.37.11 Budget Execution by Programmes and Sub-Programmes

Table 3.158 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.158: Nyeri County, Budget Execution by Programmes and Sub-programmes

County Department	Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	658,344,729	59,046,608	599,298,121	8.97
	Wambugu ATC	Farm Development	14,915,500	2,875,750	12,039,750	19.3
	AMS Naromoru	Development Of Agricultural Land For Crop Production	8,710,500	855,250	7,855,250	9.8
	Livestock Production Management	Provision of Extension Services to Livestock farmers	11,671,100	31,500	11,639,600	0.3
	Fisheries development	Administrative Support Services	8,909,500	0	8,909,500	-
	Veterinary services	Administrative Support Services	30,996,340	63,000	30,933,340	0.2
			733,547,669	62,872,108	670,675,561	8.6
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	480,339,640	14,311,983	466,027,657	3.0
	Land Policy and Planning	Land Policy Formulation	14,445,000	0	14,445,000	-
	Housing Development and Human Settlement	Government Building	1,495,000	0	1,495,000	-
			496,279,640	14,311,983	481,967,657	2.9
Transport, Public Works Infrastructure and Energy	General administration and policy development and implementation	Administration, planning and support services	71,425,887	21,955,635	49,470,252	30.7
	Energy Sector development	Street lighting programme	147,230,000	98,750	147,131,250	0.1
	Roads development, maintenance and management	County access and feeder roads improvement	356,300,000	3,000,000	353,300,000	0.8
			574,955,887	25,054,385	549,901,502	4.4
Trade, Culture, Tourism and Co-Operative Development	Tourism Development	Promotion of Tourism	23,014,585	100,000	22,914,585	0.4
	Trade and Co-operative Development	Trade Promotion	111,287,395	9,336,838	101,950,557	8.4
	Co-operatives	Co-operative Development	9,970,000	100,000	9,870,000	1.0
			144,271,980	9,536,838	134,735,142	6.6
Health Services	Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,869,934,199	615,292,016	2,254,642,183	21.4
			2,869,934,199	615,292,016	2,254,642,183	21.4
Education and Sports	General administration and policy development and implementation	Administrative Support Services	432,496,287	62,158,927	370,337,361	14.4
	County Sports Development	Search and nurture talents	25,431,000	288,900	25,142,100	1.1
	Youth Training and Development	Youth Polytechnics	10,000,000	0	10,000,000	-
	ECDE Management	ECDE Management	6,067,496	0	6,067,496	-
			473,994,783	62,447,827	411,546,957	13.2
Office of the Governor and Deputy Governor	Management and Coordination of County affairs	Administration, planning and support services	163,083,962	19,213,623	143,870,339	11.8
			163,083,962	19,213,623	143,870,339	11.8

County Department	Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Office of the County Secretary	Coordination of County Functions and Public Service Management	ICT Development	8,100,000	0	8,100,000	-
		Coordination of County Functions and Public Service Management	330,929,168	28,069,101	302,860,068	8.5
		Community sensitization, education and public participation	1,170,000	0	1,170,000	-
			340,199,168	28,069,101	312,130,068	8.3
Finance and Economic Planning	Executive services	Administration and personnel services	944,866,436	99,959,758	844,906,678	10.6
	Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	9,790,401	2,095,690	7,694,711	21.4
	Public Finance Management	Financial Accounting	8,901,000	1,263,176	7,637,824	14.2
		Procurement Compliance and Reporting	8,100,000	67,200	8,032,800	0.8
		Internal Audit	5,859,800	753,550	5,106,250	12.9
	Revenue Mobilization	Revenue Mobilization	16,200,000	1,866,117	14,333,883	11.5
	Economic Planning and Policy Formulation	Intragovernmental Relations	37,100,000	1,792,000	35,308,000	4.8
	Economic Planning and Policy Formulation	KDSP	49,000,000	73,500	48,926,500	0.2
	Economic Planning and Policy Formulation	Monitoring and Evaluation	3,200,000	1,290,700	1,909,300	40.3
			1,083,017,637	109,161,691	973,855,946	10.1
County Assembly	General administration, Policy Development and implementation	Administration and planning services	756,085,232	127,195,645	628,889,587	16.8
			756,085,232	127,195,645	628,889,587	16.8
County Public Service and Solid Waste Management	Human resources management	Administration Planning and Support Services	106,985,107	32,226,472	74,758,635	30.1
	Sanitation management	Administrative Support Services	76,400,000	151,200	76,248,800	0.2
			183,385,107	32,377,672	151,007,435	17.7
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	44,548,187	7,622,425	36,925,762	17.1
			44,548,187	7,622,425	36,925,762	17.1
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	51,252,024	9,595,165	41,656,859	18.7
	Social development	Administration and planning services	61,112,000	330,790	60,781,210	0.5
			112,364,024	9,925,955	102,438,069	8.8
Water and Irrigation Services	Water Management	Administrative Support Services	196,798,948	11,759,598	185,039,350	6.0
	Environment Services	Administrative Support Services	10,524,324	0	10,524,324	-
	Climate Change	Administrative Support Services	1,270,000	0	1,270,000	-
			208,593,272	11,759,598	196,833,674	5.6
Office of the County Attorney	General Administration and Planning services	Administration and personnel services	10,733,480	0	10,733,480	-
			10,733,480	0	10,733,480	-
	Grand Total		8,194,994,227	1,134,840,865	7,060,153,363	13.8

Source: Nyeri County Treasury

3.37.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.3.04 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.5 billion. The development expenditure represented 0.1 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.124.18 million against an annual projection of Kshs.1.0 billion, representing 12.4 per cent of the annual target.
3. There was a failure to budget for unspent cash balance from the previous financial year, which amounted to Kshs.1.04 billion.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should reconcile the unspent cash balance from the previous financial year and ensure it is captured in the budget for the current financial year.*

3.38 County Government of Samburu

3.38.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.56 billion, comprising Kshs.2.40 billion (36.6 per cent) and Kshs.4.16 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.37 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.560.66 million (8.5 per cent) from FY 2020/21. The County also expects to receive Kshs.532.52 million (8.1 per cent) as conditional grants. The grants consist of Kshs.153.29 million for Leasing of Medical Equipment, Kshs.102.49 million for Kenya Devolution Support Program, Kshs.212.28 million for National Agricultural and Rural Inclusive Growth Project, Kshs.15.6 million EU Grant for Instrument for Devolution Advice and Support (Abattoir Construction), Kshs.32.99 million for Agriculture Sector Development Support Programme (ASDSP) and Kshs.5.6 million for Transforming Health Systems for Universal Care Project.

3.38.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.886.27 million as the equitable share of the revenue raised nationally, raised Kshs.29.23 million as own-source revenue, and had a cash balance of Kshs.1.26 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.18 billion, as shown in Table 3.159.

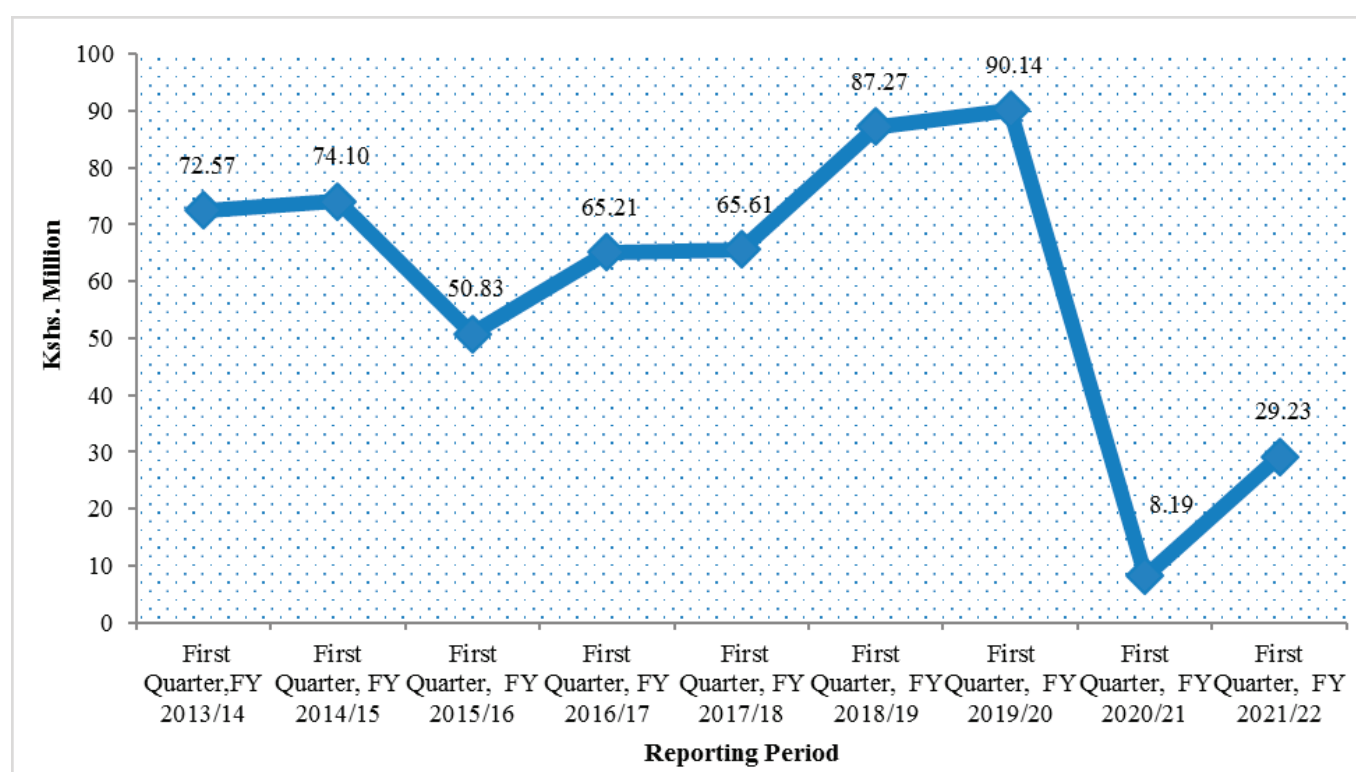
Table 3.159: Samburu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,371,346,037	886,272,096	16.5
Sub Total		5,371,346,037	886,272,096	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	100,000,000	29,233,718	29.2
2	Balance b/f from FY 2020/21	560,656,569	1,261,395,561	225.0
3	Other Revenues	532,523,890	-	-
Sub Total		1,193,180,459	1,290,629,278	108.2
Grand Total		6,564,526,496	2,176,901,374	33.2

Source: Samburu County Treasury

Figure 3.73 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.73: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Samburu County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.29.23 million as own-source revenue. This amount represented an increase of 356.9 per cent compared to Kshs.8.19 million realized during a similar period in the first quarter of FY 2020/21 and was 29.2 per cent of the annual target.

The significant increase was attributed to the opening up of the significant sectors of the economy and the lifting of the restrictions imposed following the onset of the COVID 19 pandemic that primarily affected the tourism sector, which is the County's significant revenue stream.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.486.11 million from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.38.4 Overall Expenditure Review

The County spent Kshs.675.12 million on recurrent programmes and none on development activities during the reporting period. This expenditure represented 138.9 per cent of the total funds released by the CoB.

3.38.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.609.75 million and comprised of Kshs.92.43 million for recurrent expenditure and Kshs.517.33 million for development expenditure. At the beginning of FY 2021/22, the County had not prepared a payment plan to settle the entire bills in the financial year.

The County did not report any payment towards pending bills during the period under review.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.530.08 million was spent on employee compensation and Kshs.145.04 million on operations and maintenance, as shown in Table 3.160.

Table 3.160: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,646,503,902	515,132,219	603,569,909	71,546,399	16.6	13.9
Compensation to Employees	2,342,671,057	316,666,219	490,918,764	39,159,234	21.0	12.4
Operations and Maintenance	1,303,832,845	198,466,000	112,651,145	32,387,165	8.6	16.3
Development Expenditure	2,214,725,560	188,164,815	-	-	5.0	-
Total	5,861,229,462	703,297,034	603,569,909	71,546,399	10.3	10.2

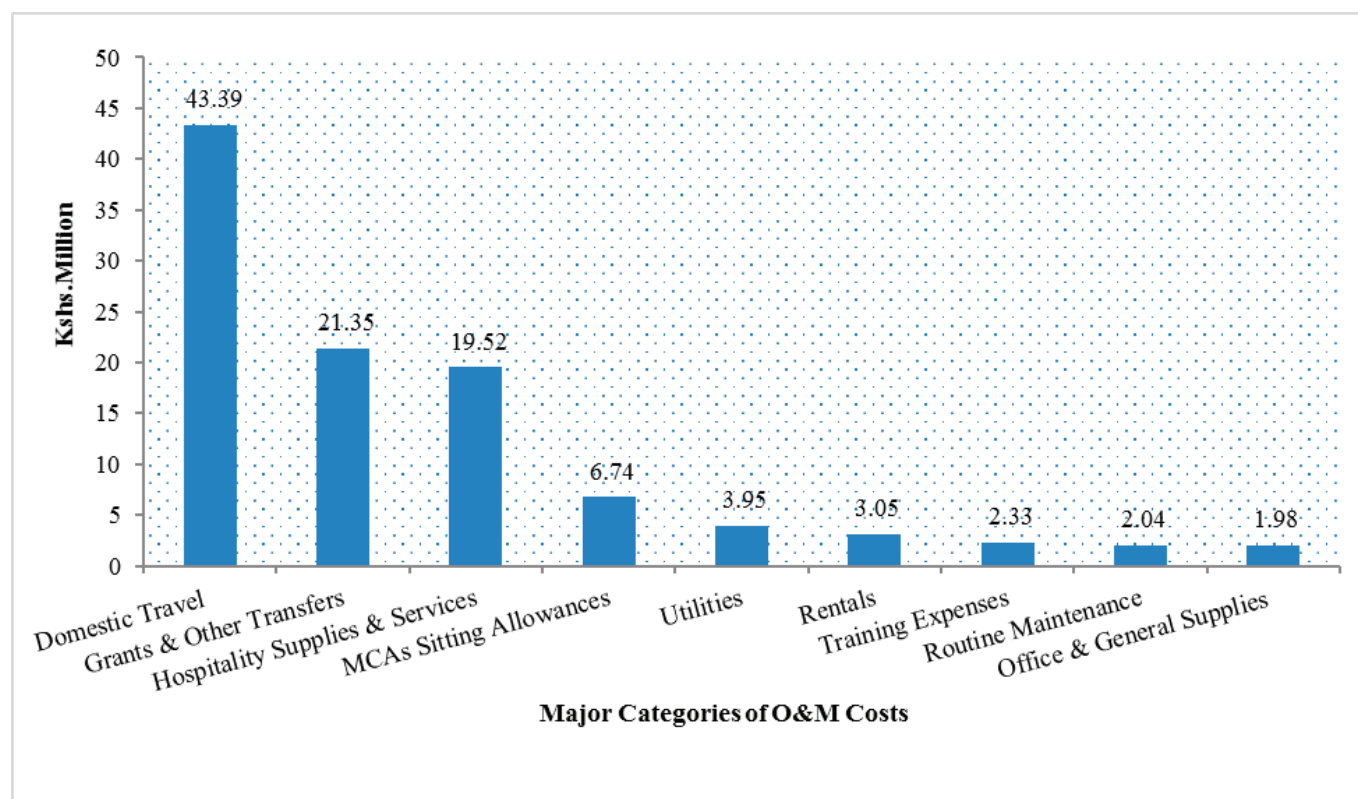
Source: Samburu County Treasury

3.38.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 78.5 per cent of the total expenditure for the reporting period and 32.3 per cent of the first quarter proportional revenue of Kshs.1.64 billion.

3.38.8 Expenditure on Operations and Maintenance

Figure 3.74 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.74: Samburu County, Operations and Maintenance Expenditure by Major Categories

Source: Samburu County Treasury

The County spent Kshs.6.74 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.24.3 million. The average monthly sitting allowance was Kshs.80,287 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.43.39 million and comprised Kshs.17.85 million spent by the County Assembly and Kshs.25.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.571,475, which was paid entirely by the County Assembly.

3.38.9 Development Expenditure

The County did not report expenditure on development programmes in the period under review.

3.38.10 Budget Performance by Department

Table 3.161 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.161: Samburu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	515.13	188.16	71.55	-	71.55	-	100.0	-	13.9	-
County Executive	443.75	43.00	66.45	-	102.18	-	153.8	-	23.0	-
Finance, Economic Planning, and ICT	527.57	15.00	61.74	-	61.12	-	99.0	-	11.6	-
Agriculture, Livestock Development, Veterinary Services, and Fisheries	273.54	474.62	27.40	-	27.56	-	100.6	-	10.1	-
Water, Environment, Natural Resources & Energy	171.43	469.10	19.97	-	20.90	-	104.7	-	12.2	-
Education and Vocational Training	484.12	162.30	49.32	-	98.40	-	199.5	-	20.3	-
Medical Services, Public Health & Sanitation	1,151.82	395.75	122.53	-	264.11	-	215.5	-	22.9	-
Lands, Housing, Physical Planning, and Urban Development	147.78	45.00	16.76	-	0.00	-	0.0	-	0.0	-
Roads, Transport & Public Works	102.24	349.96	10.28	-	4.49	-	43.6	-	4.4	-
Tourism, Trade, Enterprise Development, and Cooperatives	197.86	219.10	22.66	-	13.69	-	60.4	-	6.9	-
Culture, Social Services, Gender, Sports, and Youth Affairs	146.39	40.90	17.46	-	11.12	-	63.7	-	7.6	-
TOTAL	4,161.64	2,402.89	486.11	-	675.12	-	138.9	-	16.2	-

Source: Samburu County Treasury

Analysis of expenditure by the department shows that the County Executive had the highest percentage of recurrent expenditure to budget at 23 per cent while the Department of Lands, Housing, Physical Planning & Urban Development had not reported any expenditure on recurrent activities.

3.38.11 Budget Execution by Programmes and Sub-Programmes

Table 3.162 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.162: Samburu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
The County Assembly					
	0707014210 SP1 Legislative and Oversight	75,997,492	13,559,037	62,438,455	17.8
	0707024210 SP2 County Assembly Administration	403,575,595	14,446,271	389,129,324	3.6
	0707034210 SP3 Representation	223,723,947	43,541,091	180,182,856	19.5
	Subtotal	703,297,034	71,546,399	631,750,635	10.2
The County Executive					
0701004210 P1 Management of County Affairs	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	209,757,844	41,301,130	168,456,714	19.7
	0704014210 SP2 Administration of Human Resources in County Public Service	62,775,309	10,942,083	51,833,226	17.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	0701034210 SP3 Sub County Administration	174,747,707	44,569,285	130,178,422	25.5
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	39,472,837	5,366,604	34,106,233	13.6
	Subtotal	486,753,697	102,179,101	384,574,596	21.0
Department of Finance, Economic Planning, and ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	277,191,065	28,675,261	248,515,805	10.3
	0705024210 SP2 ICT Services	40,634,788	3,431,392	37,203,396	8.4
	Subtotal	317,825,853	32,106,653	285,719,201	10.1
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	35,811,010	2,710,374	33,100,636	7.6
	0706024210 SP2 Resource Mobilization	67,991,938	5,439,333	62,552,605	8.0
	0706034210 SP3 Internal Audit	19,013,870	5,241,919	13,771,951	27.6
	0706044210 SP4 Supply Chain Management	20,618,886	3,765,355	16,853,531	18.3
	0706014210 SP1 Budget Formulation Coordination and Management	12,542,800	2,469,956	10,072,844	19.7
	0706064210 SP6 Fiscal Planning	39,767,280	5,108,280	34,659,000	12.8
	Subtotal	195,745,784	24,735,217	171,010,567	12.6
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	7,551,952	-	7,551,952	0.0
	Subtotal	7,551,952	-	7,551,952	0.0
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	21,442,922	4,274,949	17,167,973	19.9
	Subtotal	21,442,922	4,274,949	17,167,973	19.9
Department Agriculture, Livestock Development, Veterinary Services, and Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	469,171,572	13,571,570	455,600,002	2.9
	Subtotal	469,171,572	13,571,570	455,600,002	2.9
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	12,748,584	3,992,740	8,755,844	31.3
	0103024210 SP2 Livestock Production and Management	110,667,032	2,993,641	107,673,391	2.7
	0103034210 SP3 Livestock Diseases Management and Control	30,799,666	1,951,119	28,848,547	6.3
	0103044210 SP4 Livestock Marketing and Rangeland Management	33,895,235	367,000	33,528,235	1.1
	Subtotal	188,110,517	9,304,500	178,806,017	4.9
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	11,149,552	1,510,162	9,639,390	13.5
	Subtotal	11,149,552	1,510,162	9,639,390	13.5
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	58,738,776	2,963,841	55,774,935	5.0
	0105024210 SP2 Food Security Initiatives	20,987,190	213,273	20,773,917	1.0
	Subtotal	79,725,966	3,177,114	76,548,852	4.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department Water, Environment, Natural Resources, and Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	20,301,883	2,145,987	18,155,896	10.6
	Subtotal	20,301,883	2,145,987	18,155,896	10.6
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	30,565,922	326,000	30,239,922	1.1
	1002024210 SP2 Forests Conservation and Management	8,683,286	1,403,200	7,280,086	16.2
	Subtotal	39,249,208	1,729,200	37,520,008	4.4
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	5,015,494		5,015,494	0.0
	1003034210 SP3 Mining Services	2,198,572		2,198,572	0.0
	1003044210 SP4 Water Catchment and Protection Services	8,976,184	68,200	8,907,984	0.8
	Subtotal	16,190,250	68,200	16,122,050	0.4
1004004210 P4 Water and Sanitation Infrastructure	1004014210 SP1 Storm Water Management	5,085,305		5,085,305	0.0
	1004024210 SP2 Water and Sanitation Services	559,699,493	16,957,999	542,741,494	3.0
	Subtotal	564,784,798	16,957,999	547,826,799	3.0
Department Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	155,909,109	4,285,874	151,623,236	2.7
	Subtotal	155,909,109	4,285,874	151,623,236	2.7
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalization of Youth Polytechnics	21,736,692	703,255	21,033,437	3.2
	Subtotal	21,736,692	703,255	21,033,437	3.2
0502004210 P2 Early Childhood Development and Education	0502014210 SP1 Early Childhood Development and Education	468,776,722	93,409,887	375,366,835	19.9
	Subtotal	468,776,722	93,409,887	375,366,835	19.9
Department Medical Services, Public Health, and Sanitation					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental and health promotion	115,099,435	13,979,535	101,119,900	12.1
	0402014210 SP1 Nutrition	15,014,900		15,014,900	0.0
	0401054210 SP3 Communicable Disease Control	94,936,472	18,285,282	76,651,190	19.3
	0401064210 SP4 Non-communicable Disease Prevention and Control	35,472,158	11,842,164	23,629,995	33.4
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	64,730,924	16,056,054	48,674,870	24.8
	Subtotal	325,253,889	60,163,035	265,090,854	18.5
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	570,109,230	164,309,921	405,799,309	28.8
	0402054210 SP2 Free Primary Health Services	305,601,826	2,315,358	303,286,468	0.8
	Subtotal	875,711,056	166,625,279	709,085,777	19.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	153,988,340	-	153,988,340	0.0
	0403034210 SP2 Human Resource Management and Development	72,050,220	15,304,763	56,745,457	21.2
	0403044210 SP3 Monitoring and Evaluation, Research and Development	5,137,284	-	5,137,284	0.0
	0403054210 SP4 Health Policy, Planning, and Financing	24,438,093	610,900	23,827,193	2.5
	0403064210 SP5 Health Standards and Quality Assurance Services	90,987,595	21,402,944	69,584,651	23.5
	Subtotal	346,601,532	37,318,607	309,282,925	10.8
Department Lands, Housing, Physical Planning and Urban Development					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	101,169,114		101,169,114	0.0
	Subtotal	101,169,114	-	101,169,114	0.0
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning	6,021,006		6,021,006	0.0
	0102034210 SP2 Land Survey and Mapping	8,826,752		8,826,752	0.0
	0102044210 SP3 Housing Management Services	882,166		882,166	0.0
	Subtotal	15,729,924	-	15,729,924	0.0
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	75,885,282		75,885,282	0.0
	Subtotal	75,885,282	-	75,885,282	0.0
Department Roads, Transport and Public works					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	141,705,480	67,200	141,638,280	0.0
	0201034210 SP2 Firefighting Services	68,987,226	-	68,987,226	0.0
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	11,325,634	50,400	11,275,234	0.4
	Subtotal	222,018,340	117,600	221,900,740	0.1
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	166,349,542	504,244	165,845,298	0.3
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	10,354,650		10,354,650	0.0
	Subtotal	230,183,027	4,369,646	225,813,381	1.9
Department Tourism, Trade, Enterprise Development and Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	23,122,923	803,184	22,319,739	3.5
	Subtotal	23,122,923	803,184	22,319,739	3.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	36,048,406	24,800	36,023,606	0.1
	Subtotal	36,048,406	24,800	36,023,606	0.1
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	299,480,616	12,565,283	286,915,333	4.2
	Subtotal	299,480,616	12,565,283	286,915,333	4.2
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	36,920,775	148,800	36,771,975	0.4
	Subtotal	36,920,775	148,800	36,771,975	0.4
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP1 General Administration Planning and Support Services	21,385,426	151,200	21,234,226	0.7
	Subtotal	21,385,426	151,200	21,234,226	0.7
Department Culture, Social Services, Gender, Sports and Youth Affairs					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	53,914,480	3,216,381	50,698,100	6.0
	Subtotal	53,914,480	3,216,381	50,698,100	6.0
0902004210 P2 Culture and Social Services Development	0902014210 SP1 Conservation of Heritage	978,000		978,000	0.0
	0902024210 SP2 Development and Promotion of Culture	6,932,448	4,599	6,927,849	0.1
	0902034210 SP3 Social Welfare and Gender	30,338,000	3,277,080	27,060,920	10.8
	0902044210 SP4 Community Mobilization and Development	6,206,880		6,206,880	0.0
	Subtotal	44,455,328	3,281,679	41,173,649	7.4
0903004210 P3 Promotion of other Sports Activities	0903014210 SP1 Development and Management of Sports Facilities	18,925,000	4,476,140	14,448,860	23.7
	Subtotal	18,925,000	4,476,140	14,448,860	23.7
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	53,870,000	148,608	53,721,392	0.3
	Subtotal	53,870,000	148,608	53,721,392	0.3
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	16,127,862	-	16,127,862	0.0
	Subtotal	16,127,862	-	16,127,862	0.0
Grand Total		6,564,526,496	675,116,308	5,889,410,188	10.3

Source: Samburu County Treasury

Programmes with high levels of implementation based on absorption rates were: Promotion of sports activities in the Department of Culture, Social Services, Gender, Sports and Youth Affairs at 23.7 per cent, Management of County Affairs in the Department of County Executive at 21.0 per cent, Special Programs in the Department of Finance, Economic Planning & ICT at 19.9 per cent, and Early Childhood Development and Education at 19.9 per cent of budget allocation.

3.38.12 Key Observations and Recommendations

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

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

2. The County failed to report expenditure on the development programmes in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.40 billion.
3. The high outstanding pending bills, which amounted to Kshs.609.75 million as at the beginning of the financial year. The County did not report any payment of pending bills in the period under review.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should prioritize pending bills in the remaining financial year according to the payment plan.*

3.39 County Government of Siaya

3.39.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.16 billion, comprising Kshs.5.01 billion (49.3 per cent) and Kshs.5.15 billion (50.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.97 billion (68.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.445.45 million (4.4 per cent) from own sources of revenue, and a cash balance of Kshs.2.05 billion (20.2 per cent) from FY 2020/21. The County also expects to receive Kshs.693.45 million (6.8 per cent) as conditional grants. The grants consist of KDSP Level 2 grant (Kshs.112.82 million), Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal HealthCare (Kshs.76.12 million), Kenya Climate-Smart Agriculture Project (Kshs.314.64 million), DANIDA (Kshs.12.83), Agricultural Sector Development Support Project (Kshs.23.75 million) and other grants and loans (Kshs.540.15 million).

3.39.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.28 billion as the equitable share of the revenue raised nationally, raised Kshs.105.85 million as own-source revenue, and had a cash balance of Kshs.2.05 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.43 billion, as shown in Table 3.163.

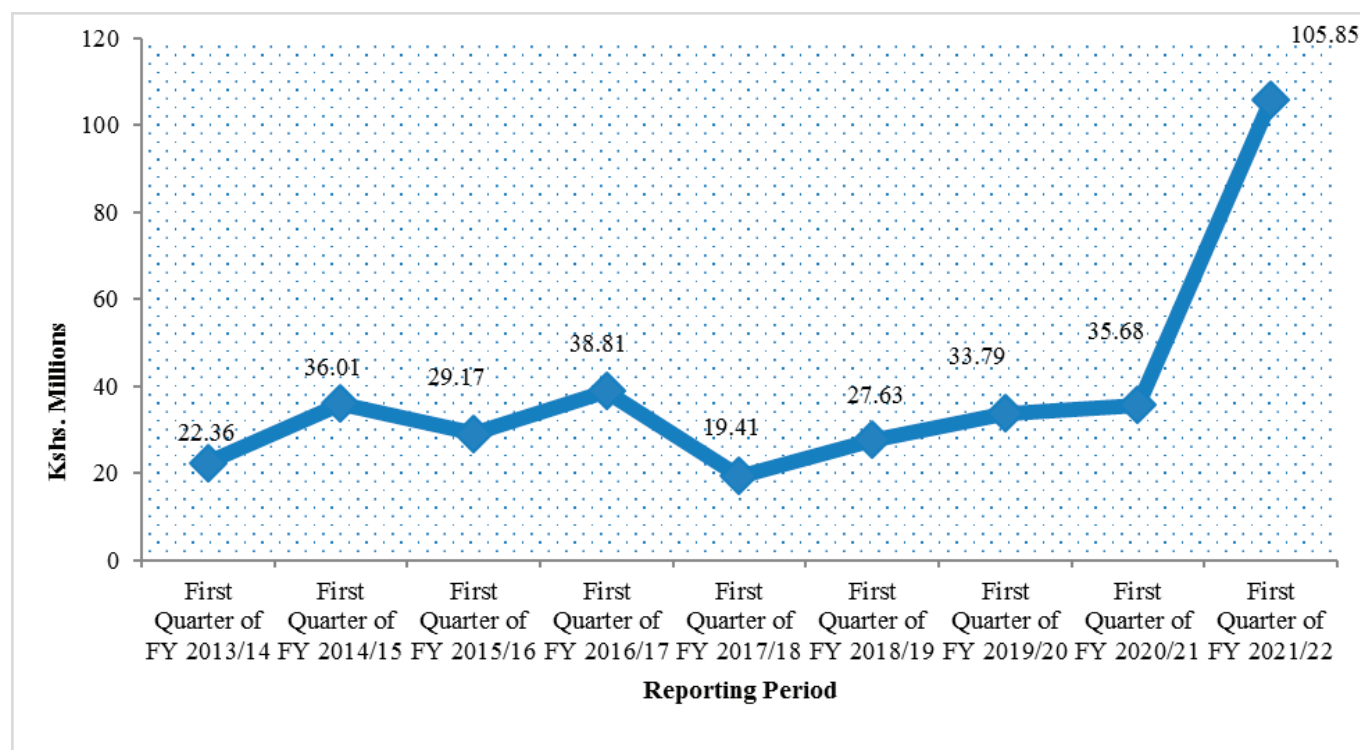
Table 3.163: Siaya County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,966,507,531	1,275,358,779	18.3
	Sub Total	6,966,507,531	1,275,358,779	18.3
B	Other Sources of Revenue			
1	Own Source Revenue	445,445,551	105,851,444	23.8
2	Balance b/f from FY 2020/21	2,051,854,088	2,051,854,088	100
3	Other Revenues	693,450,547	0	0
	Sub Total	3,190,750,186	2,157,705,532	67.6
	Grand Total	10,157,257,717	3,433,064,311	33.8

Source: Siaya County Treasury

Figure 3.75 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.75: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Siaya County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.105.85 million as own-source revenue. This amount represented an increase of 196.7 per cent compared to Kshs.35.68 million realised during a similar period in the first quarter of FY 2020/21 and was 23.8 per cent of the annual target.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.23 billion from the CRF account during the reporting period. The amount comprised Kshs.73.21 million (5.9 per cent) for development programmes and Kshs.1.61 billion (94.1 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

The County spent Kshs.1.06 billion on recurrent programmes during the reporting period and did not report expenditure on development programmes. This expenditure represented 85.6 per cent of the total funds released by the CoB and was entirely for recurrent programmes. Recurrent expenditure represented 20.5 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.919.13 million and comprised of Kshs.567.55 million for recurrent expenditure and Kshs.351.58 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.316.86 million was paid towards pending bills entirely for recurrent expenditure.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.03 billion was spent on employee compensation and Kshs.31.08 million on operations and maintenance, as shown in Table 3.164.

Table 3.164: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Exec- utive	County As- sembly	County Executive	County Assembly
Total Recurrent Expenditure	4,364,733,255	786,663,318	971,852,985	85,213,963	22.3	10.8
Compensation to Employees	2,572,499,089	388,975,511	940,769,626	85,213,963	36.6	21.9
Operations and Maintenance	1,792,234,166	397,687,807	31,083,359	-	1.7	-
Development Expenditure	4,245,250,455	760,610,689	-	-	-	-
Total	8,609,983,710	1,547,274,007	971,852,925	85,213,963	11.3	5.5

Source: Siaya County Treasury

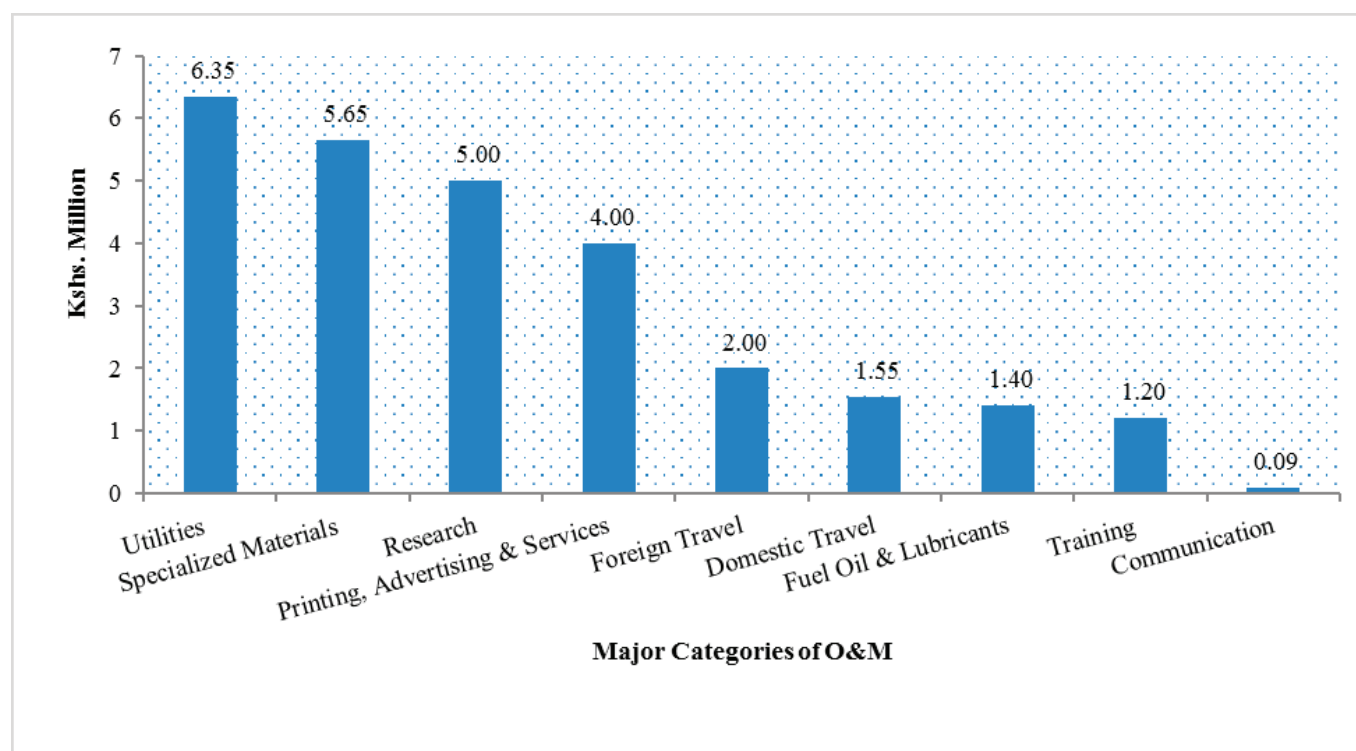
3.39.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 97.1 per cent of the total expenditure for the reporting period and 40.4 per cent of the first quarter proportional revenue of Kshs.2.54 billion.

3.39.8 Expenditure on Operations and Maintenance

Figure 3.76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.76: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

The County did not report expenditure on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.52.41 million.

During the period, expenditure on domestic travel amounted to Kshs.1.55 million entirely spent by the County Executive. Expenditure on foreign travel amounted to Kshs.2.00 million entirely by the County Executive.

3.39.9 Development Expenditure

The County did not report any expenditure on development programmes, as was the case in a similar period of FY 2020/21.

3.39.10 Budget Performance by Department

Table 3.165 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.165: Siaya County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	786.66	760.61	85.23	-	85.21	-	100	-	10.8	-
Governance and Administration	569.79	83.75	177.85	-	136.28	-	76.6	-	23.9	-
Finance and Economic Planning	685.47	23.83	145.84	-	110.57	-	75.8	-	16.1	-
Agriculture, Irrigation, Food, Livestock and Fisheries	240.41	444.26	51.98	-	64.82	-	124.7	-	27	-
Water, Environment and Natural Resources	52.70	467.81	11.31	-	11.79	-	104.2	-	12.4	-
Education, Youth Affairs, Gender and Social services	369.66	589.82	124.64	-	50.08	-	40.2	-	13.5	-
County Health Services	2,137.22	391.93	522.74	-	543.96	-	104.1	-	25.5	-
Lands, Physical Planning, Housing and Urban Development	73.36	190.28	9.49	-	11.79	-	124.2	-	16.1	-
Roads, Public Works, Energy and Transport	77.81	1,723.70	11.18	-	13.94	-	124.7	-	17.9	-
Enterprise and Industrial Development	97.40	295.89	10.59	-	13.53	-	127.7	-	13.9	-
Tourism, Culture, Sports, ICT and Arts	60.90	33.98	10.15	-	15.09	-	148.7	-	24.8	-
	5,151.40	5,005.86	1,161.03	-	1,057.07	-	91	-	20.5	-

Source: Siaya County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture, Irrigation, Food, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 27.0 per cent while the County Assembly Department had the lowest at 10.8 per cent.

3.39.11 Budget Execution by Programmes and Sub-Programmes

Table 3.166 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.166: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Programme	Approved Budget	Actual Payments	Variance	Implementation Status (%)
Default -Non-Programmatic	Default - Non-Programmatic				
Land Policy and Planning	Development Planning and Land Reforms	111,788,336	9,198,966	102,589,370	8.2
	Land Survey	46,542,108	15,000	46,527,108	0.0

Programme	Sub-Programme	Approved Budget	Actual Payments	Variance	Implementation Status (%)
	Land Use	461,337,924	4,265,247	457,072,677	0.9
	Land Settlement	65,005,277	15,000	64,990,277	-
		684,673,645	13,494,213	671,179,432	2.0
Housing Development and Human Settlement	Housing Development	75,559,336	2,086,376	73,472,960	2.8
	Estate Management	43,765,655	-	43,765,655	-
		2,025,452	-	2,025,452	-
		142,286,106	1,171,600	141,114,506	0.8
		263,636,549	3,257,976	260,378,573	1.2
General Administration, Planning and Support Services	General Administration, Planning and Support Services	7,159,795	-	7,159,795	-
	Human Resources and Support Services	1,739,976,795	40,411,347	1,699,565,448	2.3
	Financial Management Services	54,377,241	-	54,377,241	-
		1,801,513,831	40,411,347	1,761,102,484	2.2
General Administration Planning and Support Services	General Administration, Planning and Support Services	97,015,187	15,393,600	81,621,587	15.9
		1,670,000	50,000	1,620,000	3.0
		2,089,533	180,000	1,909,533	8.6
		31,690,000	78,479	31,611,521	0.2
		260,834,907	25,000	260,809,907	0.0
		393,299,627	15,727,079	377,572,548	4.0
Industrial Development and Investments	Promotion of Industrial Development and Investments	18,030,000	40,000	17,990,000	0.2
	Promotion of Industrial Property Rights and arbitration	18,000,000	-	18,000,000	-
	Promotion of Industrial Training	50,895,494	2,205,600	48,689,894	4.3
		92,900,494	2,245,600	90,654,894	2.4
Preventive & Promotive Health Services	Communicable Disease Control	1,562,411,745	647,500,912	914,910,833	41.4
	Health Promotion	297,008,538	33,103,618	263,904,920	11.1
	Non-communicable Disease Prevention & Control	295,562,669	14,420,222	281,142,447	4.9
	Radiation Protection	126,607,445	23,622,906	102,984,539	18.7
		12,832,875	-	12,832,875	-
		18,194,808	-	18,194,808	-
		105,795,258	757,850	105,037,408	0.7
		60,578,536	5,021,923	55,556,613	8.3
		50,158,116	6,732,265	43,425,851	13.4
		2,529,149,990	731,159,696	1,797,990,294	28.9
Primary Education	Free Primary Education	320,775,900	86,495,000	234,280,900	27.0
	Special Needs Education	309,004,193	250,000	308,754,193	0.1
	Alternative provision of Basic Education	98,197,825	60,000	98,137,825	0.1
	Primary Teachers Training and In-servicing	180,444,630	67,093,743	113,350,887	37.2
	Alternative Basic Adult & Continuing Education	1,981,968	-	1,981,968	-
	School Health, Nutrition and Meals	51,052,868	-	51,052,868	-
		961,457,384	153,898,743	807,558,641	16.0

Programme	Sub-Programme	Approved Budget	Actual Payments	Variance	Implementation Status (%)
General Administration Planning and Support Services		356,010,564	15,342,121	340,668,443	4.3
		60,343,140	25,999,400	34,343,740	43.1
		1,130,920,303	9,114,044	1,121,806,259	0.8
		1,547,274,007	50,455,565	1,496,818,442	3.3
Cabinet Affairs	Cabinet affairs	348,414,683	30,425,000	317,989,683	8.7
		73,782,936	556,742	73,226,194	0.8
		62,911,711	2,912,401	59,999,310	4.6
		21,266,212	550,000	20,716,212	2.6
		47,194,849	958,857	46,235,992	2.0
		99,970,701	175,000	99,795,701	0.2
		653,541,092	35,578,000	617,963,092	5.4
Government Advisory Services	State Corporations Advisory Services	20,922,552	2,561,940	18,360,612	12.2
	Kenya-South Sudan Advisory Services	567,558,518	57,857,666	509,700,852	10.2
	Power of Mercy Advisory Services	13,169,503	132,000	13,037,503	1.0
	Liaison, Parliament and Commission Advisory Services	41,170,859	4,822,800	36,348,059	11.7
		10,511,292	1,126,250	9,385,042	10.7
		32,923,696	3,944,148	28,979,548	12.0
		23,042,563	5,380,000	17,662,563	23.3
		709,298,983	75,824,804	633,474,179	10.7
Sports	Sports Training and competitions	40,322,903	73,750	40,249,153	0.2
	Development and Management of Sports Facilities	472,727,266	7,282,447	465,444,819	1.5
		7,461,946	100,800	7,361,146	1.4
		520,512,115	7,456,997	513,055,118	1.4
Grand Total		10,157,257,717	1,129,510,021	9,027,747,696	11.1

Source: Siaya County Treasury

Programmes with high levels of implementation based on absorption rates were: preventive and promotive health services in the Department of County Health Services at 28.9 per cent, Primary Education in the Department of Education, Youth Affairs, Gender and Social Services at 16.0 per cent, Sports in the Department of Tourism, Culture, Sports, ICT and Arts at 5.4 per cent, and General Administration, Planning and Support Services in the Department of County Governance and Administration at 4.0 per cent of budget allocation.

3.39.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 28th October 2021.
2. The underperformance of own-source revenue at Kshs.105.85 million against an annual projection of Kshs.445.45 million, representing 23.8 per cent of the annual target.
3. Failure to implement development budget during the period as the County did not report any development programmes expenditures.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
3. The County should identify and address issues causing delays in implementing development projects.

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2021/22 Budget

The County’s approved budget for FY 2021/22 is Kshs.7.38 billion, comprising Kshs.2.94 billion (39.8 per cent) and Kshs.4.44 billion (60.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.25 billion (84.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.376 million (5.1 per cent) from own sources of income, a cash balance of Kshs.690 million (9.3 per cent) from FY 2020/21, and other revenues of Kshs.62 million (0.8 per cent). The County also expects to receive Kshs.1.62 billion as conditional grants. The grants consist of Kshs.5.30 million for Compensation of User Fees Forgone, Kshs.193.64 million for the Road Maintenance Fuel Levy Fund, Kshs.42.00 million for Rehabilitation of Village Polytechnics, Kshs.47.72 million for Transforming Health Systems for Universal Care Project, Kshs.317.60 million for Kenya Climate-Smart Agriculture Project, Kshs.45.00 million for the Kenya Devolution Support project, Kshs.50.49 million for Instruments for Devolution Advice, Kshs.8829.66 for Water & Sanitation Development Project and Kshs.29.22 million for Agricultural Sector Development Support Programme.

3.40.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.798.96 million as the equitable share of the revenue raised nationally, raised Kshs.61.39 million as own-source revenue, and had a cash balance of Kshs.0.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.860.83 million, as shown in Table 3.167: .

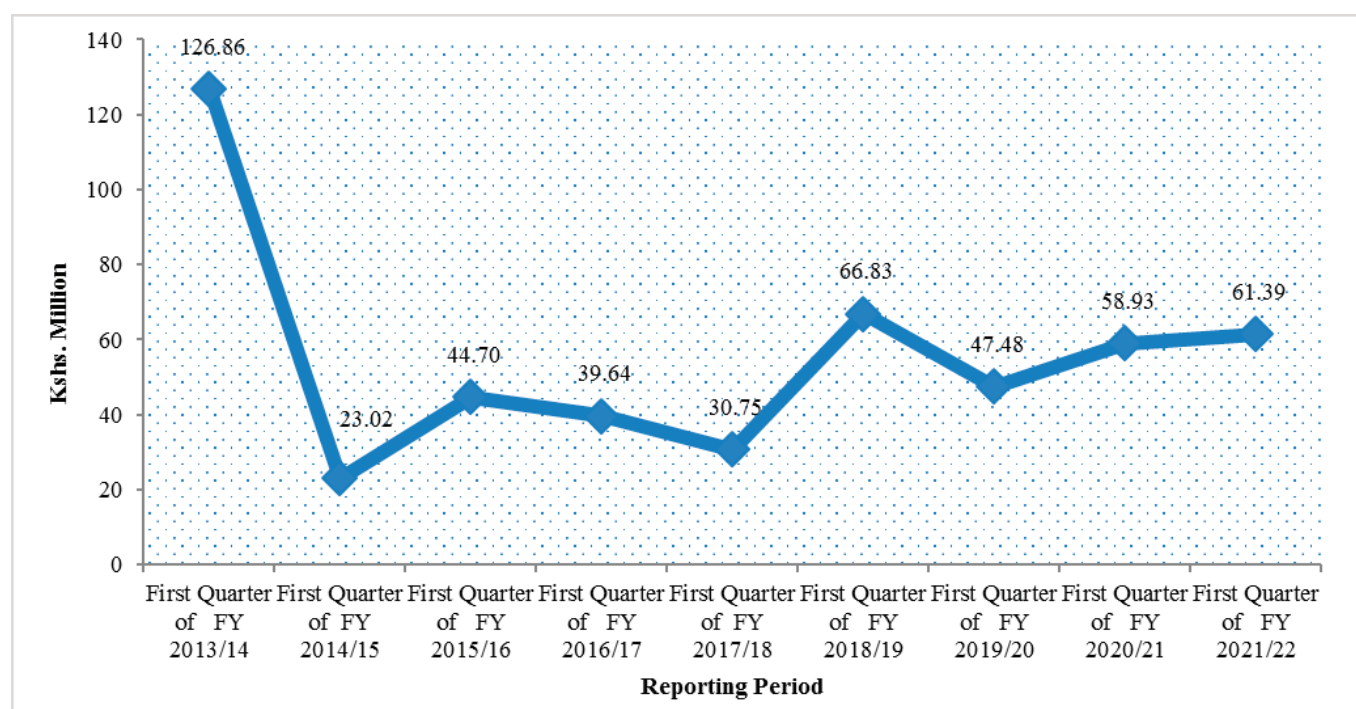
Table 3.167: Taita Taveta County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,254,511,839	798,958,825	12.8
Sub Total		6,254,511,839	798,958,825	12.8
B	Other Sources of Revenue			
1.	Own Source Revenue	376,000,000	61,385,000	16.3
2.	Balance b/f from FY 2020/21	690,000,000	481,953	0.1
3.	Other Revenues	62,000,000	-	-
Sub Total		1,128,000,000	61,866,953	5.5
Grand Total		7,382,511,839	860,825,778	11.7

Source: Taita Taveta County Treasury

Figure 3.77 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.77: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Taita Taveta County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.61.39 million as own-source revenue. This amount represented an increase of 4.2 per cent compared to Kshs.58.93 million realised during a similar period in the first quarter of FY 2020/21 and was 16.3 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.651.91 million from the CRF account during the reporting period. The amount comprised Kshs.13.03 million (2 per cent) for development programmes and Kshs.638.89 billion (98 per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

The County spent Kshs.574.42 million only on recurrent programmes during the reporting period. This expenditure represented 88.1 per cent of the total funds released by the Controller of Budget Expenditure on recurrent expenditure represented 12.9 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.744.06 million and comprised of Kshs.259.42 million for recurrent expenditure and Kshs.484.64 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.50.57 million was paid towards pending bills, consisting of Kshs.17.63 million for recurrent expenditure and Kshs.32.94 million for development programmes.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.439.06 million was spent on employee compensation and Kshs.135.37 million on operations and maintenance, as shown in Table 3.168.

Table 3.168: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,843,656,167	601,000,000	491,758,039	82,664,110	12.8	13.8
Compensation to Employees	1,946,553,873	294,340,000	400,390,737	38,665,852	20.6	13.1
Operations and Maintenance	1,897,102,294	306,660,000	91,367,302	43,998,258	4.8	14.3
Development Expenditure	2,881,365,915	56,489,757	-	-	-	-
Total	6,725,022,082	657,489,757	491,758,039	82,664,110	7.3	12.6

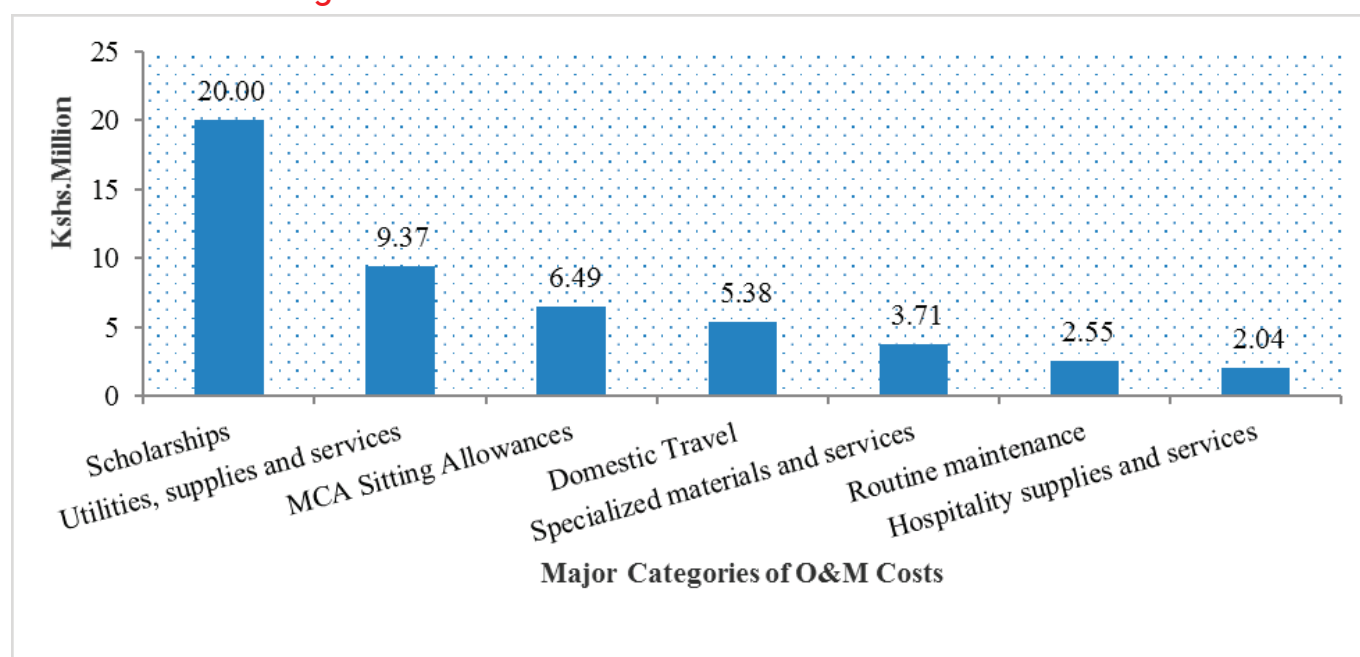
Source: Taita Taveta County Treasury

3.40.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 76.4 per cent of the total expenditure for the reporting period and 23.8 per cent of the first quarter proportional revenue of Kshs.1.86 billion.

3.40.8 Expenditure on Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories

Source: Taita County Treasury

The County spent Kshs.6.49 million on committee sitting allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs.63,624 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.5.38 million spent entirely by the County Executive.

3.40.9 Development Expenditure

The County did not report any development expenditure compared to a similar period in FY 2020/21 when the County spent Kshs.27.26 million.

3.40.10 Budget Performance by Department

Table 3.169 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.169: Taita Taveta County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	601.00	56.49	118.16	13.03	82.66	-	70.0	-	13.8	-
Public Service and Administration	2,565.78	6.28	440.77	-	411.80	-	93.4	-	16.0	-
The Governor's and Deputy Governor's Office	151.86	5.14	10.12	-	10.12	-	100.0	-	6.7	-
Finance and Economic Planning	438.36	1,102.73	5.19	-	5.19	-	100.0	-	1.2	-
Agriculture, Livestock and Fisheries	16.60	541.72	-	-	-	-	-	-	-	-
Water and Irrigation	15.13	141.98	-	-	-	-	-	-	-	-
Education and Libraries	210.30	126.30	20.00	-	20.00	-	100.0	-	9.5	-
Health	319.42	295.37	44.65	-	44.65	-	100.0	-	14.0	-
Trade, Tourism and Co-operative Development	25.10	38.79	-	-	-	-	-	-	-	-
County Public Service Board	17.58	6.57	-	-	-	-	-	-	-	-
Infrastructure and Public Works	24.46	345.84	-	-	-	-	-	-	-	-
Lands, Environment and Natural Resources	43.91	29.10	-	-	-	-	-	-	-	-
Youth, Gender, sports, Culture and Social Services	15.16	241.55	-	-	-	-	-	-	-	-
Total	4,444.66	2,937.86	638.89	13.03	574.42	-	89.9	-	12.9	-

Source: Taita Taveta County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 16.0 per cent while nine Departments did not report any expenditure.

3.40.11 Budget Execution by Programmes and Sub-Programmes

Table 3.170 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.170: Taita Taveta County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme/Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
101003260	Administration Planning and Support Services	84,968,590	-	84,968,590	-
	Administration Planning and Support Services	84,968,590	-	84,968,590	-
102003260	Development programme	374,943,825	-	374,943,825	-
	Development programme	374,943,825	-	374,943,825	-
104003260	Agricultural Development Programme	515,608,014	-	515,608,014	-
	Agricultural Development Programme	515,608,014	-	515,608,014	-
105003260	Livestock and Fisheries Development	26,114,201	-	26,114,201	-
	Livestock and Fisheries Development	26,114,201	-	26,114,201	-
301003260	General Administration and support services programme	25,098,799	-	25,098,799	-
	General Administration and support services programme	25,098,799	-	25,098,799	-
302003260	Trade Development programme.	38,790,468	-	38,790,468	-
	Trade Development programme.	38,790,468	-	38,790,468	-
401003260	Administration and Support Services	319,424,626	44,647,542	274,777,084	14.0
	Administration and Support Services	319,424,626	44,647,542	274,777,084	14.0
402003260	Health Development Programme	295,368,189	-	295,368,189	-
	Health Development Programme	295,368,189	-	295,368,189	-

Programme	Sub- Programme/Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
501003260	General Administration, Planning and Support services	210,298,500	20,000,000	190,298,500	9.5
	General Administration, Planning and Support services	210,298,500	20,000,000	190,298,500	9.5
502003260	Early childhood Education and Youth Training Development Programme	126,300,000	-	126,300,000	-
	Early childhood Education & Youth Training Development Programme	126,300,000	-	126,300,000	-
701003260	General Administration support services	2,583,359,159	411,798,882	2,171,560,277	15.9
	General Administration support services	2,583,359,159	411,798,882	2,171,560,277	15.9
702003260	County Assembly Infrastructure improvement	657,489,757	82,664,110	574,825,647	12.6
	County Assembly Infrastructure improvement	657,489,757	82,664,110	574,825,647	12.6
703003260	Decentralised infrastructure development programme	6,569,047	-	6,569,047	-
	Decentralised infrastructure development programme	6,569,047	-	6,569,047	-
704003260	General Administration and Management of County Affairs	151,863,787	10,121,669	141,742,118	6.7
	General Administration and Management of County Affairs	151,863,787	10,121,669	141,742,118	6.7
705003260	Leadership Development Programme	11,414,281	-	11,414,281	-
	Leadership Development Programme	11,414,281	-	11,414,281	-
706003260	General Administration, Planning, Internal Audit & Support Services	438,357,914	-	438,357,914	-
	General Administration, Planning, Internal Audit & Support Services	438,357,914	-	438,357,914	-
707003260	Treasury Development Programme	1,102,726,856	5,189,946	1,097,536,910	0.5
	Treasury Development Programme	1,102,726,856	5,189,946	1,097,536,910	0.5
1001003260	Water and Irrigation Development Programme	141,981,034	-	141,981,034	-
	Water and Irrigation Development Programme	141,981,034	-	141,981,034	-
1002003260	General Administration, Support and Support Services	15,126,133	-	15,126,133	-
	General Administration, Support and Support Services	15,126,133	-	15,126,133	-
1003003260	Natural Resources Support Programme	256,708,659	-	256,708,659	-
	Natural Resources Support Programme	256,708,659	-	256,708,659	-
Grand Total		7,382,511,839	574,422,149	6,808,089,690	7.8

Source: Taita Taveta County Treasury

Programmes with high levels of implementation based on absorption rates were: the General Administration support services in the Department of Devolution, Public Service and Administration at 15.9 per cent, General Administration support services in the Department of Education, Libraries and VTCs at 14.0 per cent, County Assembly Infrastructure improvement in the Department of the County Assembly at 12.6 per cent, and General Administration, Planning and Support services at 9.5 per cent of budget allocation.

3.40.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Lack of development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.94 billion.
3. The underperformance of own-source revenue at Kshs.61.39 million against an annual projection of Kshs.360 million, representing 16.3 per cent of the annual target.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

3.41 County Government of Tana River

3.41.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.12 billion, comprising Kshs.2.85 billion (35.1per cent) and Kshs.5.27 billion (64.9per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.53 billion (80.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.79.86 million (1 per cent) from own sources of revenue, and a cash balance of Kshs.966.12 million (11.9 per cent) from FY 2020/21. The County also expects to receive Kshs.543.56 million (6.7per cent) as conditional grants. The grants consist of: construction of the County headquarters of Kshs.75.0 million, Transforming Health Care System for Universal Care Project (THSUCP) Kshs.57.52 million, Kenya Climate Smart Agricultural Project (KCSAP) Kshs.350.27million, DANIDA (Universal Health Care in Devolved System Program) Kshs.12.97million, IDEAS (Instruments for Devolution Advice & Support) Kshs.27.97million, Agricultural Sector Development Support Programme (ASDPPI) Kshs.19.82 million.

3.41.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.08 billion as the equitable share of the revenue raised nationally, raised Kshs.12.74 million as own-source revenue and had a cash balance of Kshs.966.12 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.06 billion, as shown in Table 3.171.

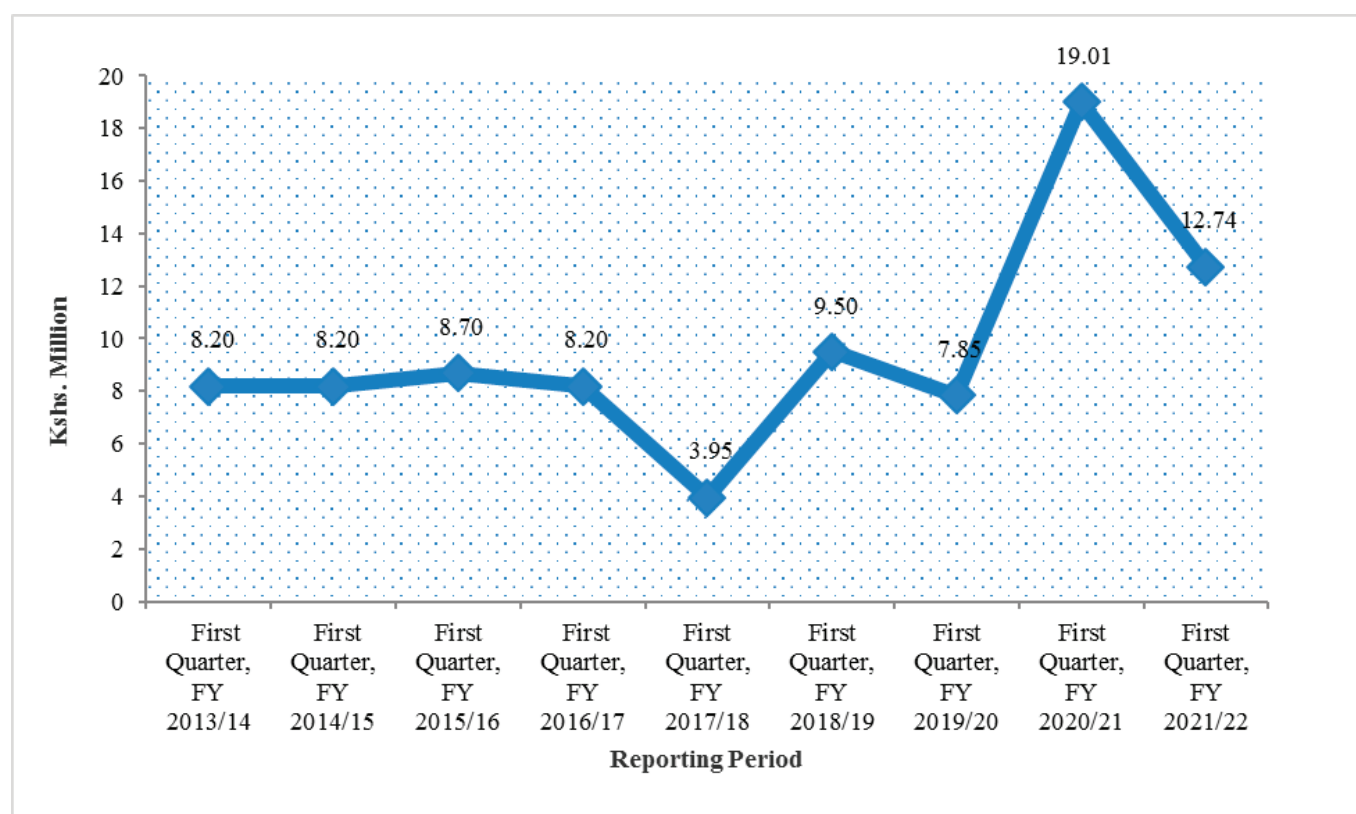
Table 3.171: Tana River County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,528,408,765	1,077,187,446	16.5
	Sub Total	6,528,408,765	1,077,187,446	16.5
D	Other Sources of Revenue			
1.	Own Source Revenue	79,860,000	12,741,014	16.0
2.	Balance b/f from FY2019/20	966,116,250	966,116,250	100.0
3.	Other Revenues	543,563,507	-	-
	Sub Total	1,589,539,757	978,857,264	61.6
	Grand Total	8,117,948,522	2,056,044,710	25.3

Source: Tana River County Treasury

Figure 3.79 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.79: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Tana River County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.12.74 million as own-source revenue. This amount represented a decrease of 32.9 per cent compared to Kshs.19.01 million realized during a similar period in the first quarter of FY 2020/21 and was 16 per cent of the annual target. The decrease of 32.9 per cent is attributed to a poor business environment due to restrictions imposed to control the Covid-19 disease.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.779.99 million from the CRF account during the reporting period. The amount comprised Kshs.16.18 million (2.1 per cent) for development programmes and Kshs.763.81 million (97.9 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

The County spent Kshs.875.31 million on development and recurrent programmes during the reporting period. This expenditure represented 112.2 per cent of the total funds released by the CoB and comprised of Kshs.16.13 million and Kshs.859.19 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 14.7 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.67 billion and comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.35 billion for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. However, the County did not report any expenditure on pending bills during the period under review.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.387.72 million was spent on employee compensation, Kshs.471.47 million on operations and maintenance, and Kshs.16.13 million on development activities, as shown in Table 3.172.

Table 3.172: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,678,660,945	588,396,752	735,606,220	123,581,705	15.7	21.0
Compensation to Employees	1,580,330,697	321,323,167	342,593,611	45,125,900	21.7	14.0
Operations and Maintenance	3,098,330,248	267,073,585	393,012,609	78,455,805	12.7	29.4
Development Expenditure	2,530,890,825	320,000,000	-	16,125,500	-	5.0
Total	7,209,551,770	908,396,752	735,606,220	139,707,205	10.2	15.4

Source: Tana River County Treasury

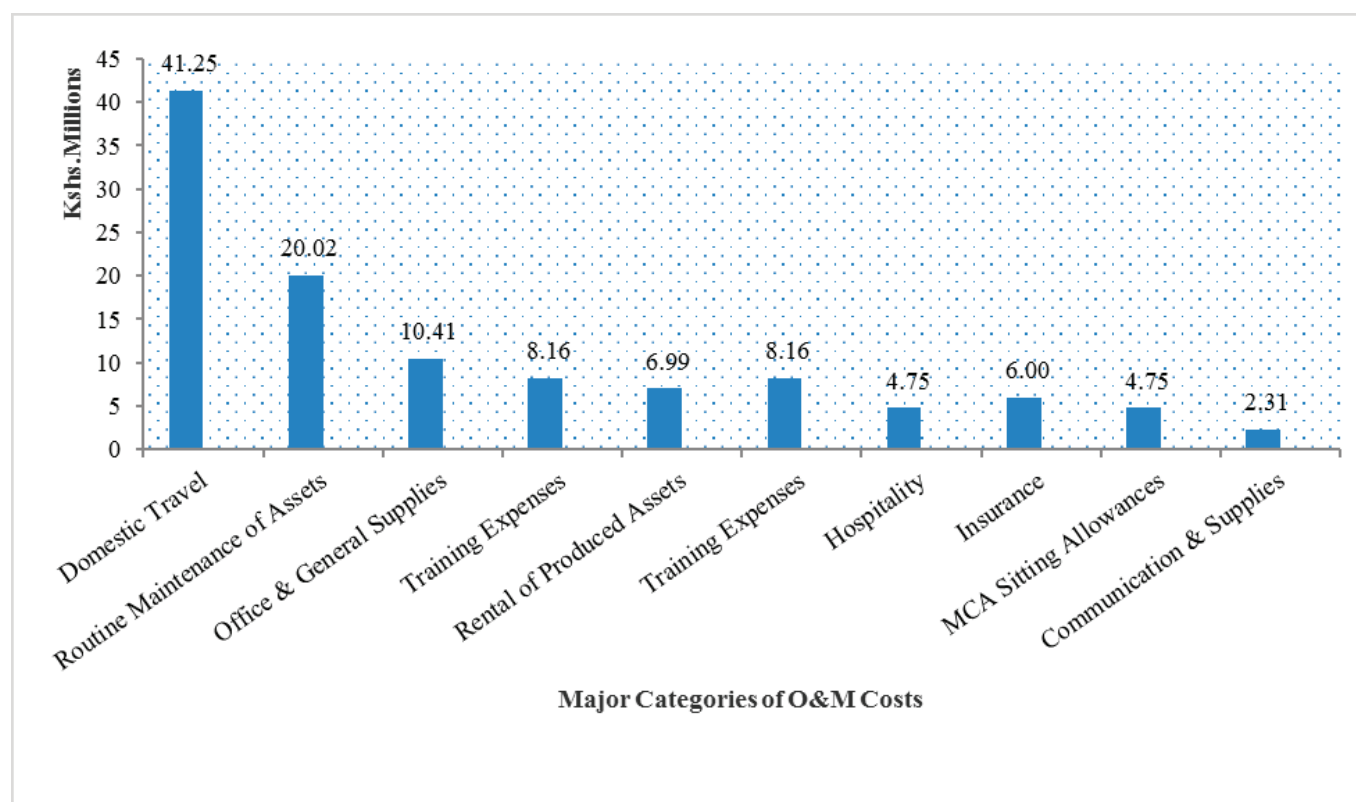
3.41.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 44.3 per cent of the total expenditure for the reporting period and 19.1 per cent of the first quarter proportional revenue of Kshs.2.03 billion.

3.41.8 Expenditure on Operations and Maintenance

Figure 3.80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.80: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

The County spent Kshs.4.75 million on committee sitting allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.49.17 million. The average monthly sitting allowance was Kshs.66,000 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.41.25 million and comprised of Kshs.22.15 million spent by the County Assembly and Kshs.19.09 million by the County Executive.

3.41.9 Development Expenditure

The County incurred an expenditure of Kshs.16.13 on development programmes, which represented a decrease compared to a similar period in FY 2020/21 when the County spent Kshs.137.52 million. This expenditure was incurred in payments of tax arrears on development expenditure contracts by the County Assembly to Kenya Revenue Authority.

3.41.10 Budget Performance by Department

Table 3.173 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.173: Tana River County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	588.39	320.00	123.67	16.18	123.58	16.13	99.9	99.7	21.0	5.0
Office of The Governor and Deputy Governor	568.32	-	25.71	-	21.87	-	85.1	-	3.8	-
Finance and Planning	756.99	449.45	269.46	-	179.39	-	66.6	-	23.7	-
County Public Service Board	69.51	-	6.44	-	7.20	-	111.8	-	10.4	-
Trade, Tourism, Wildlife and Co-operative Development	38.59	27.00	2.12	-	0.51	-	24.1	-	1.3	-
Agriculture, Livestock, Fisheries and Veterinary	173.13	539.06	-	-	0.29	-	-	-	0.2	-
Culture, Gender, Youth, Sports and Social Services	54.80	55.00	-	-	0.46	-	-	-	0.8	-
Education and Vocational Training	221.81	39.67	-	-	0.28	-	-	-	0.1	-
Medical Services, public Health and sanitation	1,159.52	280.00	139.41	-	207.56	-	148.9	-	17.9	-
Special program	202.27	-	0.46	-	-	-	-	-	-	-
Roads, Transport, Public works, Housing and Urbanisation	70.15	521.97	-	-	74.13	-	-	-	105.7	-
Water, Irrigation, Environment and Natural Resources	89.39	251.73	-	-	0.46	-	-	-	0.5	-
Public Service, Administration and Citizen participation	1,197.57	78.00	158.30	-	241.09	-	152.3	-	20.1	-
Lands and Physical Planning	39.59	160.00	1.24	-	0.86	-	69.4	-	2.2	-
Hola Municipality	37.00	129.00	37.00	-	0.52	-	1.4	-	1.4	-
TOTAL	5,267.03	2,850.88	763.81	16.18	858.20	16.13	112.4	99.7	16.3	0.6

Source: Tana River County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 5 per cent while the rest of the Department did not report any expenditure on development activities. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 23.7 per cent, while the Department of Agriculture, Livestock, Fisheries and Veterinary had the lowest at 0.2 per cent.

3.41.11 Budget Execution by Programmes and Sub-Programmes

Table 3.174 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.174: Tana River County, Budget Execution by Programmes and Sub-programmes

Programme	Sub Programme	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture	Administration, planning support services	10,596,818	1,784,694	8,812,124	16.8
	Administration, planning support services	10,596,818	1,784,694	8,812,124	16.8
	Agricultural Development project	320,729,460	1,984,448	318,745,012	0.6
	Agricultural Mechanization Services (AMS Garsen station)	4,642,250	441,600	4,200,650	9.5
	Minor/Village irrigation schemes	40,000,000		40,000,000	0.0
	Agriculture Sector Development Support Project (ASDSP)	12,660,606		12,660,606	
	Food and Agriculture Organization	660,000	32,000	628,000	4.8
	Veterinary Development	25,868,409	159,900	25,708,509	0.6
	Veterinary extension services	1,818,750	15,200	1,803,550	0.8
	Artificial insemination (Pilot scheme)	1,131,500	140,500	991,000	12.4
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	1,418,436		1,418,436	0.0
	Conduct Disease Surveillance	3,853,300	4,200	3,849,100	0.1
		16,630,423		16,630,423	
	Leather Development Service	1,016,000		1,016,000	
	Livestock Development	60,963,750	446,000	60,517,750	0.7
	Livestock production extension services	1,521,250	385,800	1,135,450	25.4
	Irrigation Fodder Production	5,700,000	60,200	5,639,800	1.1
	Fisheries Development	27,985,974		27,985,974	
	Fisheries development	27,985,974		27,985,974	
	Fisheries	7,379,416	87,520	7,291,896	1.2
	Empowerment of Women and Youth on Fish Safety and Quality Assurance	1,045,000	34,500	1,010,500	3.3
	Construction of Ice Plant and Cold Storage	6,334,416	53,020	6,281,396	0.8
	Land Policy and Planning	98,869,060	3,117,500	95,751,560	3.2
	Physical Planning	41,030,152	1,204,900	39,825,252	2.9
	Land Survey and Mapping	47,338,909	999,200	46,339,709	2.1
	Land Administration	10,500,000	913,400	9,586,600	8.7
	Infrastructure Development programme	226,968,802	73,405,616	226,968,802	32.3
	Roads	226,968,802	73,405,616	226,968,802	32.3
	Administration, Planning and Support Services	18,305,500		18,305,500	

Programme	Sub Programme	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Administration, planning, Operation and Maintenance	18,305,500		18,305,500	
	Public Works	116,326,000	292,200	116,033,800	0.3
	County Headquarters	116,326,000	292,200	116,033,800	0.3
County Roads Development	County Roads Development	13,000,098	889,900	12,110,198	6.8
	Routine Maintenance	1,814,165	889,900	924,265	49.1
	Opening of New Roads	1,938,867		1,938,867	
	Grading and Murruming of County Roads	8,322,500		8,322,500	
	Tarmacking of County Roads	924,567		924,567	
	County Housing Development	133,942,390	50,000	133,892,390	
	Housing Development	3,741,390	50,000	3,691,390	1.3
	Urbanization	130,201,000		130,201,000	
Urban Develop- ment	Urban Development	18,620,000	920,210	17,699,790	4.9
	Hola Municipality	18,620,000	920,210	17,699,790	4.9
	Promotion of Trade, Tourism and Cooperative Development	32,795,171	2,103,980	30,691,191	6.4
	Promotion of Trade	23,147,586	1,037,340	22,110,246	4.5
	Promotion of Tourism	5,788,551	710,240	5,078,311	12.3
	Promotion of Cooperative Development	3,859,035	356,400	3,502,635	9.2
	Administration and Support Services	478,437,375	234,307,668	244,129,707	49.0
	Administration, planning & support Services	478,437,375	234,307,668	244,129,707	49.0
Medical Services	Curative and Rehabilitative	319,374,948	18,322,094	313,417,503	5.7
	Medical Supplies	71,824,948	12,364,649	71,824,948	17.2
	Medical Services	33,950,000	4,057,720	29,892,280	12.0
	Ambulance Services	61,600,000	1,899,725	59,700,275	3.1
	SP4 Curative Services	152,000,000		152,000,000	
	Preventive and Promotive	11,950,000	4,535,966	7,414,034	38.0
	Preventive and Promotive	6,900,000	1,461,166	5,438,834	21.2
	Licensing and Control of Undertaking	2,550,000	1,448,150	1,101,850	56.8
	Mobile Clinics	2,500,000	1,626,650	873,350	65.1
Education	General Administration, Plan- ning and Support services	80,233,049	77,514,900	2,718,149	96.6
	General operation, Planning and support services	80,233,049	77,514,900	2,718,149	96.6
	Quality and Standard Assur- ance in EYE Canter	45,009,528	1,817,000	43,192,528	4.0
	ECDE Learning/Teaching Materials	12,274,433	1,817,000	10,457,433	14.8

Programme	Sub Programme	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	ECDE Furniture and Equipment Support	32,735,095		32,735,095	
	Vocational Training Centers and Adult Education	49,204,344	15,310,500	33,893,844	31.1
	Quality and Standards Assurance	4,022,633	473,900	3,548,733	11.8
	Provision of Modern Tools and Equipment	15,506,817		15,506,817	
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	29,674,894	14,836,600	14,838,294	50
	Administration, planning support services	218,222,278	26,157,433	192,064,845	12
	Coordination and Supervisory Services	218,222,278	26,157,433	192,064,845	12.
	ICT Infrastructure	24,000,000		24,000,000	
	Develop ICT infrastructure	24,000,000		24,000,000	
	Administration, planning support services	1,442,168,911	167,297,224	995,667,394	11.6
	Administration, planning support services	1,442,168,911	167,297,224	995,667,394	11.6
Financial Management	Financial Management	97,853,919	17,962,423	79,891,496	18.4
	Financial management	2,894,675	1,795,100	1,099,575	62.
	Supply Chain Managements	11,700,000	2,833,400	8,866,600	24.2
	Own Source Revenue Collection	15,810,000	1,474,500	14,335,500	9.3
	Budget and Economic Planning	38,812,848	5,427,000	33,385,848	14.
	Accounting & Finance	12,100,000	1,119,200	10,980,800	9.2
	Internal Audit	6,482,875	525,500	5,957,375	8.1
Public service Board	Monitoring and Evaluation	10,053,522	4,787,723	5,265,799	47.6
	Board Administration, Planning and Governance	29,371,960	7,308,945	22,063,015	24.9
	Board Operations and Governance	29,371,960	7,308,945	22,063,015	24.9
		5,384,250	701,900	4,682,350	13.
	Ethics Governance and Compliance	2,234,250	136,500	2,097,750	6.1
	Human Resource Management and Development	1,600,000	565,400	1,034,600	35.3
	Skills and Competence Development	1,550,000		1,550,000	
		77,341,692	20,095,020	57,246,672	26.
	Performance Management System	2,600,000	125,220	2,474,780	4.8
	Human Resource Development	74,741,692	19,969,800	54,771,892	26.7
		60,450,000	37,727,770	59,856,800	62.4
	County Administration	50,450,000	37,727,770	49,856,800	74.8
	County Enforcement	10,000,000		10,000,000	
		5,000,000	190,800	4,809,200	3.8
	Citizen Participation	5,000,000	190,800	4,809,200	3.8

Programme	Sub Programme	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
		65,939,000	8,794,200	57,144,800	13.3
	County Leadership and Coordination of CDAs	19,250,000	4,743,600	14,506,400	24.6
	County Government Advisory Service	32,439,000	3,568,600	28,870,400	11.
	Coordination of Peace and Cohesion	14,250,000	482,000	13,768,000	3.4
Environment Management	Administration, planning support services	39,219,120	105,000	39,114,120	0.3
	Administration, planning support services	39,219,120	105,000	39,114,120	0.3
	Natural Disaster mitigation programme	138,665,375	993,800	137,671,575	0.7
	Drought management (Preparedness, Response and Recovery)	2,500,000	993,800	1,506,200	39.8
	Emergency Relief (food, medicine, blankets, cash grant)	136,165,375		136,165,375	
		11,675,000	625,500	11,049,500	5.4
	Culture Promotion and Development	8,150,000	169,300	7,980,700	2.1
	Empowerment/Capacity Building of Cultural Practitioners	3,525,000	456,200	3,068,800	12.9
		2,725,000		2,725,000	
	Baseline Survey for OVC	1,300,000		1,300,000	
	Community Awareness Creation on Child Rights and Child Protection	975,000		975,000	
	Enhanced Child Participation	450,000		450,000	
		6,560,000		6,560,000	
	Women Empowerment	850,000		850,000	
	Gender and Leadership	5,710,000		5,710,000	
		27,332,280		27,332,280	
	County Sports Leagues	1,332,280		1,332,280	
	Sports Equipment Support	26,000,000		26,000,000	
	General Administration, Support and Support Services	12,571,128	2,438,800	10,132,328	19.4
	General Administration, Support and Support Services	12,571,128	2,438,800	10,132,328	19.4
	Environmental Management Programme	20,824,713	8,157,310	12,667,403	39.2
	Environmental Management Programme	16,170,550	8,157,310	8,013,240	50.4
	Environmental Protection	4,046,570		4,046,570	
	Control of Air Pollution	607,593		607,593	
		261,593,003		261,593,003	

Programme	Sub Programme	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Water Management Services	257,940,175		257,940,175	
	Sanitation	2,368,960		2,368,960	
	Storm Water Management	1,283,868		1,283,868	
		1,438,400		1,438,400	
	Irrigation Management Services	1,438,400		1,438,400	
County Assembly Administration	General Administration and services	588,390,000	139,707,205	448,682,795	23.7
	Grand Total	5,233,286,117	735,606,220	4,497,679,897	14.1

Source: Tana River County Treasury

Programmes with high levels of implementation based on absorption rates were: General operations planning and support in the Department of Education at 96.6 per cent, general administration in the Department of Finance and Economic Planning at 62 per cent, general administration and support in the Department of Hola Municipality at 49 per cent.

3.41.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs16.13 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.85 billion. The development expenditure represented 0.6 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.12.74 million against an annual projection of Kshs.79.86 million, representing 16 per cent of the annual target.
4. The County used revenue at the source. Further, the County Treasury had weak budgeting practice, as shown in Table 3.173, where the County incurred expenditure above the approved budgetary allocations.
5. Financial reporting gaps as observed in Table 3.173 and Table 3.173, where the report on expenditure by departments does not match the report on spending by programs and subprograms.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The County should continuously empower the finance staff through training and seminars to ensure that gaps observed in financial reporting are covered.*

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.5.53 billion, comprising Kshs.1.99 billion (36.1 per cent) and Kshs.3.53 billion (63.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.21 billion (76.2 per cent) as the equitable share of revenue raised nationally and generate Kshs.350 million (6.3 per cent) from its sources of revenue. The County also expects to receive Kshs.965.87 million (17.5 per cent) as conditional grants. The County did not budget for unspent cash balance from FY 2020/21, which amounted to Kshs.333.97 million.

3.42.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.695.34 million as the equitable share of the revenue raised nationally, raised Kshs.57.58 million as own-source revenue and had a cash balance of Kshs.333.97 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.08 billion, as shown in Table 3.175.

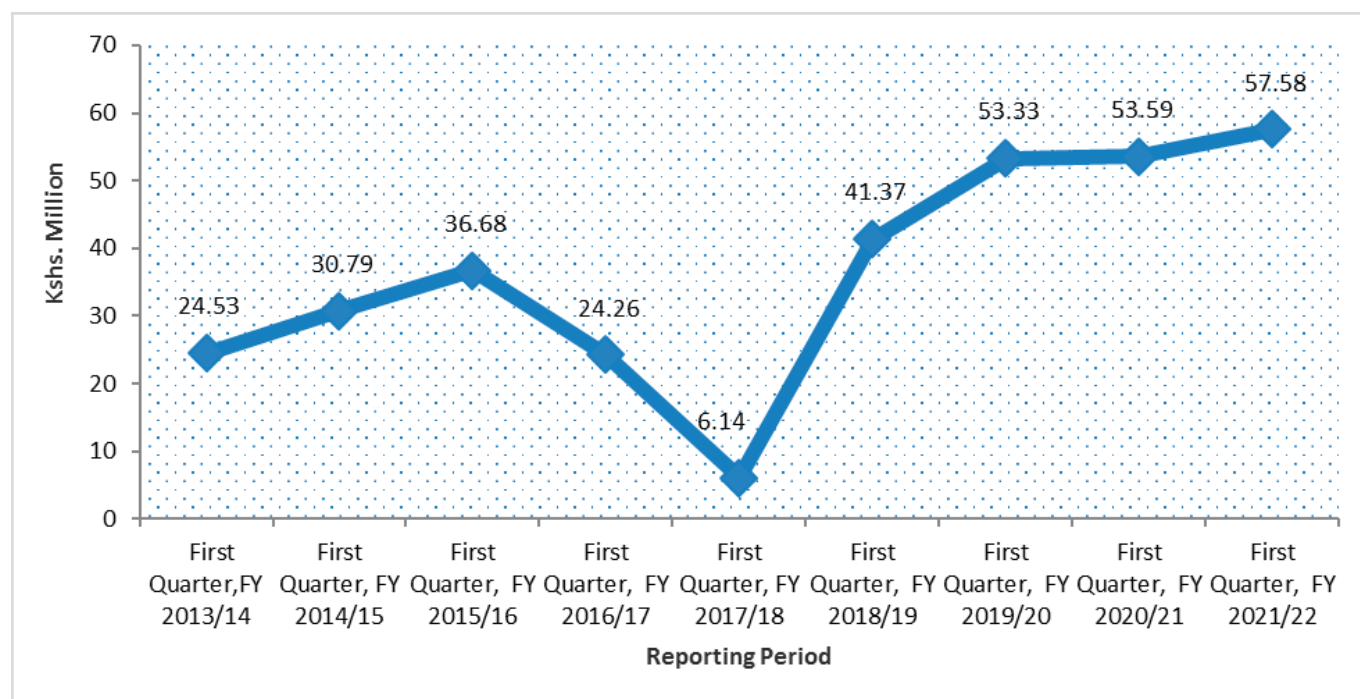
Table 3.175: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percent-age of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,214,198,393	695,342,767	16.5
Sub Total		4,214,198,393	695,342,767	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	350,000,000	57,578,567	16.5
2.	Balance b/f from FY 2020/21	-	333,973,893	-
3.	Other Revenues (Conditional Grants)	965,878,611	-	-
Sub Total		1,315,878,611	391,552,460	29.8
Grand Total		5,530,077,004	1,086,895,227	19.7

Source: Tharaka Nithi County Treasury

Figure 3.81 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.81: Quarter 1 Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Tharaka Nithi County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.57.58 million as own-source revenue. This amount represented an increase of 5.4 per cent compared to Kshs.53.59 million realised during a similar period in the first quarter of FY 2020/21 and was 16 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.973.72 million from the CRF account during the reporting period. The amount comprised Kshs.214.0 million (22 per cent) for development programmes and Kshs.759.72 million (78 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

The County spent Kshs.979.11 million on development and recurrent programmes during the reporting period. This expenditure represented 100.6 per cent of the total funds released by the CoB and comprised of Kshs.122.10 million and Kshs.857.01 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.1 per cent while recurrent expenditure represented 24.2 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.327.38 million and comprised of Kshs.117.79 million for recurrent expenditure and 209.58 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan of paying Kshs.30 million each month in the financial year.

During the period under review, the County Treasury did not report any payment towards the settlement of pending bills.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.663.69 million was spent on employee compensation, Kshs.193.31 million on operations and maintenance, and Kshs.122.10 million on development activities, as shown in Table 3.176.

Table 3.176: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,111,549,207	423,000,000	798,914,764	58,099,393	25.7	13.7
Compensation to Employees	1,848,166,187	219,991,687	633,982,512	29,715,720	34.3	13.5
Operations and Maintenance	1,263,383,020	203,008,313	164,932,252	28,383,673	13.1	14.0
Development Expenditure	1,945,527,797	50,000,000	122,104,219	-	6.3	-
Total	5,057,077,004	473,000,000	921,018,983	58,099,393	18.2	12.3

Source: Tharaka Nithi County Treasury

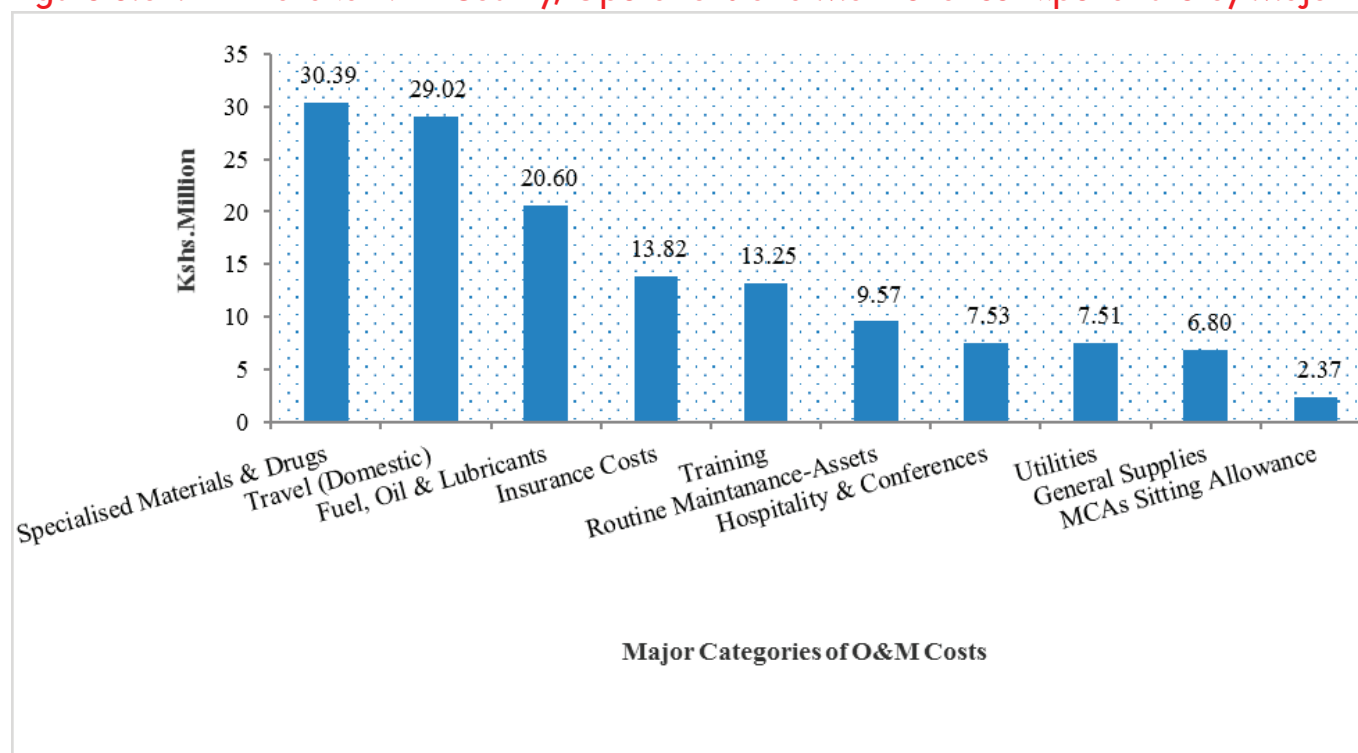
3.42.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 67.8 per cent of the total expenditure for the reporting period and 24 per cent of the first quarter proportional revenue of Kshs.2.77 billion.

3.42.8 Expenditure on Operations and Maintenance

Figure 3.82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major



Source: Tharaka Nithi County Treasury

The County spent Kshs.2.37 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.28.64 million. The average monthly sitting allowance was Kshs.37,598 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.29.02 million and comprised Kshs.17.66 million spent by the County Assembly and Kshs.11.35 million by the County Executive.

3.42.9 Development Expenditure

The County incurred an expenditure of Kshs.122.10 million on development programmes, which represented an increase of 56.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.53.60 million. Table 3.177 summarises development projects with the highest expenditure in the reporting period.

Table 3.177: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1	Tarmacking of Major Roads	Countywide	158,000,000	67,035,613	42.4
2	Youth Polytechnics Development Grant	Countywide	46,615,030	21,650,989	46.4
3	Crop Subsidy	Countywide	35,000,000	19,700,000	56.3
4	Kathwana Municipality market	Igambang'ombe	16,800,000	13,717,617	81.7

Source: Tharaka Nithi County Treasury

3.42.10 Budget Performance by Department

Table 3.178 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.178: Tharaka Nithi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	423.00	50.00	58.21	-	58.10	-	99.8	-	13.7	-
Office of The Governor and Deputy Governor	144.28	-	14.55	-	14.46	-	99.4	-	10.0	-
Finance and Economic Planning	261.13	250.54	48.41	137.24	78.70	-	162.6	-	30.1	-
Agriculture, Cooperatives and Industry	122.24	449.17	25.19	19.70	25.08	19.70	99.6	100.0	20.5	4.4
Education and Vocational Training	223.15	55.07	50.11	-	61.49	21.65	122.7	-	27.6	39.3
Medical Services	1,376.26	169.45	357.26	-	411.73	-	115.2	-	29.9	-
Lands, Physical Planning, Urban Development, Environment and Natural Resources	103.45	190.00	14.03	-	17.38	13.72	123.9	-	16.8	7.2
Roads, Infrastructure, Public Works and ICT	106.42	375.61	16.01	57.06	16.72	67.04	104.4	117.5	15.7	17.8
Public Service, Urban Development and Disaster Management	137.95	-	31.53	-	31.33	-	99.4	-	22.7	-
Trade and Revenue	99.00	-	21.90	-	21.76	-	99.4	-	22.0	-
Water Services and Irrigation	52.20	110.20	7.56	-	7.72	-	102.1	-	14.8	-
County Public Service Board	23.93	-	2.98	-	2.47	-	82.9	-	10.3	-
Livestock, Veterinary and Fisheries Development	91.44	53.00	16.40	-	15.69	-	95.7	-	17.2	-
Public Health and Sanitation	277.90	153.30	82.48	-	82.16	-	99.6	-	29.6	-
Energy and Housing	35.36	111.00	7.27	-	7.22	-	99.3	-	20.4	-
Youth, Sports, Culture and Tourism	56.83	28.20	5.82	-	5.02	-	86.3	-	8.8	-
Total	3,534.55	1,995.53	759.73	214.00	857.01	122.10	112.8	57.1	24.2	6.1

Source: Tharaka Nithi County Treasury

Analysis of expenditure by the departments shows that the Department of Education & Vocational Training recorded the highest absorption rate of development budget at 39.3 per cent followed by the Department of Roads, Infrastructure, Public Works and ICT at 17.8 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 30.1 per cent, while the Department of Youth, Sports, Culture and Tourism had the lowest at 8.8 per cent.

3.42.11 Budget Execution by Programmes and Sub-Programmes

Table 3.179 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.179: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

Row Labels	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure	Sum of Variance	Sum of Absorption Rate (%)
Agriculture, Cooperatives and Industry	571,409,822	44,781,474	526,628,348	8%
P: Cooperative Development and Management	3,327,317	-	3,327,317	0%
SP: Cooperative Development	3,327,317	-	3,327,317	0%
P: Crop Development and Management	69,613,329	19,742,750	49,870,579	28%
SP: Crops Development, Agribusiness and Market Development	69,613,329	19,742,750	49,870,579	28%

Row Labels	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure	Sum of Variance	Sum of Absorption Rate (%)
P: General Administration Planning and Support Services	498,469,176	25,038,724	473,430,452	5%
SP: Administration, Policy, Strategy and Management of Agriculture	498,469,176	25,038,724	473,430,452	5%
County Public Service Board	23,933,364	2,465,600	21,467,764	10%
P: Financial Management Services	1,550,000	18,800	1,531,200	1%
SP: Monitoring and Evaluation Services	1,550,000	18,800	1,531,200	1%
P: General Administration, Planning and Support Services	17,408,364	2,446,800	14,961,564	14%
SP: General Administration and Support Services	17,408,364	2,446,800	14,961,564	14%
P: Human Resource Management and Development	4,975,000	-	4,975,000	0%
SP: County Public Service Board Services	4,975,000	-	4,975,000	0%
Education and Vocational Training	278,215,947	83,137,289	195,078,658	30%
P: Education and Youth Training	133,771,192	41,137,289	92,633,903	31%
SP: Promotion of Basic Education (ECDE)	83,569,585	27,565,551	56,004,034	33%
SP: Youth Training and Capacity Building	50,201,607	13,571,738	36,629,869	27%
P: General Administration Planning and Support Services	144,444,755	42,000,000	102,444,755	29%
SP: Administration Planning and Support Services	144,444,755	42,000,000	102,444,755	29%
Energy and Housing	146,358,980	7,221,400	139,137,580	5%
P: Energy Resource Development & Management	111,700,000	-	111,700,000	0%
SP: Energy Resource Development & Management	111,700,000	-	111,700,000	0%
P: General Administration Planning and Support Services	34,658,980	7,221,400	27,437,580	21%
SP: General Administration Services	34,658,980	7,221,400	27,437,580	21%
Finance and Economic Planning	511,669,470	78,697,666	432,971,804	15%
P: Economic Policy and County Planning	7,900,000	1,232,700	6,667,300	16%
SP: County Statistics Services	2,400,000	666,900	1,733,100	28%
SP: Economic Development, Planning and Coordination Services	3,100,000	565,800	2,534,200	18%
SP: Monitoring and Evaluation Services	2,400,000	-	2,400,000	0%
P: Financial Management Services	15,270,000	2,701,300	12,568,700	18%
SP: Accounting Services	4,250,000	298,900	3,951,100	7%
SP: Audit Services	4,300,000	1,593,750	2,706,250	37%
SP: Budget Formulation and Coordination	4,350,000	522,000	3,828,000	12%
SP: Supply Chain Management Services	2,370,000	286,650	2,083,350	12%
P: General Administration, Planning and Support Services	297,647,920	49,308,421	248,339,499	17%
SP: Human Resource Management Services	297,647,920	49,308,421	248,339,499	17%
P: Kenya Devolution Support Programme	172,242,250	23,346,750	148,895,500	14%
SP: Tharaka Nithi KDSP Capacity Building	172,242,250	23,346,750	148,895,500	14%
P: Resource mobilisation	18,609,300	2,108,495	16,500,805	11%
SP: Revenue Administration	18,609,300	2,108,495	16,500,805	11%
Lands, Physical Planning, Urban Development, Environment and Natural Resources	293,446,836	31,094,278	262,352,558	11%
P: Environment and Natural Resources Management	6,500,000	-	6,500,000	0%
SP: Environment and Natural Resource	6,500,000	-	6,500,000	0%
P: General Administration Planning and Support Services	25,000,000	-	25,000,000	0%
SP: General Administration Services	25,000,000	-	25,000,000	0%
P: Kathwana Municipality Development Programme	87,996,660	13,717,617	74,279,043	16%
SP: Kathwana Urban Area Support	87,996,660	13,717,617	74,279,043	16%
P: Land Policy and Planning	90,773,988	17,376,661	73,397,327	19%
SP: Land administration & management	15,015,688	165,961	14,849,727	1%

Row Labels	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure	Sum of Variance	Sum of Absorption Rate (%)
SP: Physical Planning Services	75,758,300	17,210,700	58,547,600	23%
P: Urban Development and Administration	83,176,188	-	83,176,188	0%
SP: Urban Administrative Services	83,176,188	-	83,176,188	0%
Livestock, Veterinary and Fisheries Development	144,442,716	15,690,286	128,752,430	11%
P: Livestock and Fisheries Resource Management and Development	144,442,716	15,690,286	128,752,430	11%
SP: Fisheries Development and Promotion	21,938,915	-	21,938,915	0%
SP: Livestock Policy Development and Capacity Building	92,749,205	15,272,986	77,476,219	16%
SP: Veterinary Services and Disease Prevention	29,754,596	417,300	29,337,296	1%
Medical Services	1,545,710,207	411,728,179	1,133,982,028	27%
P: Curative and Rehabilitative Services	164,000,000	30,394,295	133,605,705	19%
SP: Laboratory Services	37,000,000	-	37,000,000	0%
SP: Medical Supplies	127,000,000	30,394,295	96,605,705	24%
P: General Administration Planning and Support Services	1,381,710,207	381,333,884	1,000,376,323	28%
SP: General Administration Services	302,114,207	18,166,957	283,947,250	6%
SP: Health sector planning, budgeting Monitoring and Evaluation	11,196,000	-	11,196,000	0%
SP: Human resource management	1,068,400,000	363,166,927	705,233,073	34%
Office of Governor and Deputy Governor	144,275,972	14,455,789	129,820,183	10%
P: County Government Advisory Services	8,158,661	1,022,700	7,135,961	13%
SP: Communication and Strategy	8,158,661	1,022,700	7,135,961	13%
P: County Leadership and Coordination of MDAs	33,070,400	2,905,540	30,164,860	9%
SP: Coordination of CMAs (Office of County Secretary)	21,250,000	2,720,540	18,529,460	13%
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	11,820,400	185,000	11,635,400	2%
P: General Administration, Planning and Support Services	103,046,911	10,527,549	92,519,362	10%
SP: Coordination and Supervisory Services (Deputy Governor's Office)	16,480,000	648,700	15,831,300	4%
SP: Management of County Affairs (Office of Governor)	86,566,911	9,878,849	76,688,062	11%
Public Administration and Devolution Affairs	137,954,880	31,325,973	106,628,907	23%
P: County Government Advisory Services	2,400,000	61,700	2,338,300	3%
SP: Disaster Management and Coordination	2,400,000	61,700	2,338,300	3%
P: General Administration, Planning and Support Services	135,554,880	31,264,273	104,290,607	23%
SP: General Administration and Support Services	125,094,880	30,058,673	95,036,207	24%
SP: Human Resource Management Services	4,100,000	-	4,100,000	0%
SP: Sub-County Administration and Field Services	6,360,000	1,205,600	5,154,400	19%
Public Health and Sanitation	431,202,402	82,161,490	349,040,912	19%
P: Preventive and Promotive Health Services	431,202,402	82,161,490	349,040,912	19%
SP: Disease Surveillance	1,981,115	-	1,981,115	0%
SP: Environmental Health services	33,638,000	-	33,638,000	0%
SP: Health Promotion and Disease Control	390,583,287	82,161,490	308,421,797	21%
SP: HIV and AIDS Support Services	3,200,000	-	3,200,000	0%
SP: Reproductive Maternal and Child Health Services	1,800,000	-	1,800,000	0%
Roads, Infrastructure, Public Works and ICT	482,028,324	83,760,516	398,267,808	17%
P: General Administration Planning and Support Services	27,439,324	-	27,439,324	0%
SP: General Administration Services	27,439,324	-	27,439,324	0%
P: ICT Infrastructure Development	19,500,000	2,544,453	16,955,547	13%
SP: ICT Infrastructure Development	19,500,000	2,544,453	16,955,547	13%
P: Public Works and Housing Services	1,890,750	142,500	1,748,250	8%

Row Labels	Sum of Approved Estimates (Net)	Sum of Cumulative Expenditure	Sum of Variance	Sum of Absorption Rate (%)
SP: Public Works Services	1,890,750	142,500	1,748,250	8%
P: Roads Transport	433,198,250	81,073,563	352,124,687	19%
SP: Rural Roads Improvement and Maintenance Services	433,198,250	81,073,563	352,124,687	19%
Trade and Revenue	99,002,200	21,757,173	77,245,027	22%
P: General Administration, Planning and Support Services	90,802,200	21,431,923	69,370,277	24%
SP: General Administration and Support Services	90,802,200	21,431,923	69,370,277	24%
P: Industrial Development and Investment	4,500,000	280,850	4,219,150	6%
SP: Industrial Development	4,500,000	280,850	4,219,150	6%
P: Trade Development and promotion	3,700,000	44,400	3,655,600	1%
SP: Consumer Protection & Fair Trade Practices	3,700,000	44,400	3,655,600	1%
Water Services and Irrigation	162,399,756	7,717,470	154,682,286	5%
P: Water Supply Services	162,399,756	7,717,470	154,682,286	5%
SP: Domestic Water Services	150,320,800	7,454,270	142,866,530	5%
SP: Irrigation and Drainage Services	10,781,650	250,600	10,531,050	2%
SP: Water Storage Services	1,297,306	12,600	1,284,706	1%
Youth, Sports, Culture and Tourism	85,026,128	5,024,400	80,001,728	6%
P: Culture, Arts and Social Services	22,246,900	24,400	22,222,500	0%
SP: Culture and Arts Promotion	11,580,000	24,400	11,555,600	0%
SP: Gender, PWDs and Social Services	10,666,900	-	10,666,900	0%
P: General Administration Planning and Support Services	20,200,000	-	20,200,000	0%
SP: Administration, Policy, Strategy and Management of Agriculture	20,200,000	-	20,200,000	0%
P: Sports Development and Promotion	38,382,953	5,000,000	33,382,953	13%
SP: Athletics Championships and Other Games	6,110,550	-	6,110,550	0%
SP: County Football League and Clubs Development	2,654,550	-	2,654,550	0%
SP: Talent Search and Promotion	29,617,853	5,000,000	24,617,853	17%
P: Tourism Development and Promotion	4,196,275	-	4,196,275	0%
SP: Miss Tourism Tharaka Nithi	2,477,000	-	2,477,000	0%
SP: Tourism Branding and Marketing	1,719,275	-	1,719,275	0%
P: County Assembly	473,000,000	58,099,393	414,900,607	12%
SP: County Assembly Services	473,000,000	58,099,393	414,900,607	12%
Grand Total	5,530,077,004	979,118,376	4,550,958,628	18%

Source: Tharaka Nithi County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Youth Training in the Department of Education and Vocational Training at 31 per cent, General Administration, Planning, and Support Services in the Department of Education and Vocational Training at 29 per cent, Crop Development and Management in the Department of Agriculture, Cooperatives and Industry at 28 per cent and General Administration, Planning & Support Services in the Department of Medical services at 28 per cent of Budget Allocation.

3.42.12 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.57.58 million against an annual projection of Kshs.350 million, representing 16.5 per cent of the annual target.
2. The County did not budget for unspent cash balance from FY 2020/21, which amounted to Kshs.333.97 million.

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

1. The County should address its revenue performance to ensure the approved budget is fully financed.

2. The County Treasury should cause preparation a supplementary budget to capture the unspent balance from the previous financial year.

3.43 County Government of Trans Nzoia

3.43.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.25 billion, comprising Kshs.4.02 billion (43.5 per cent) and Kshs.5.23 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.19 billion (77.7per cent) as the equitable share of revenue raised nationally, generate Kshs.529.5 million (5.7 per cent) from own sources of revenue, and a cash balance of Kshs.812.53 million (8.8 per cent) from FY 2020/21. The County also expects to receive Kshs.724.98 million (7.8 per cent) as conditional grants, which consists of NARIGP Kshs.298.66 million, Transforming Health Systems for Universal Care Project Kshs.80.44 million, DANIDA Grant Kshs.12.76 million, Leasing of Medical Equipment Kshs.153.30 million, Agriculture Sector Development Programme Kshs.24.03 million, Kenya Devolution Support Programme Level II Kshs.105.80 million and Kenya Informal Settlement Improvement Project II Kshs.50 million.

3.43.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.19 billion as the equitable share of the revenue raised nationally, raised Kshs.58.43 million as own-source revenue, Kshs.105.80 million as conditional grants, and had a cash balance of Kshs.812.53 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.16 billion, as shown in Table 3.180.

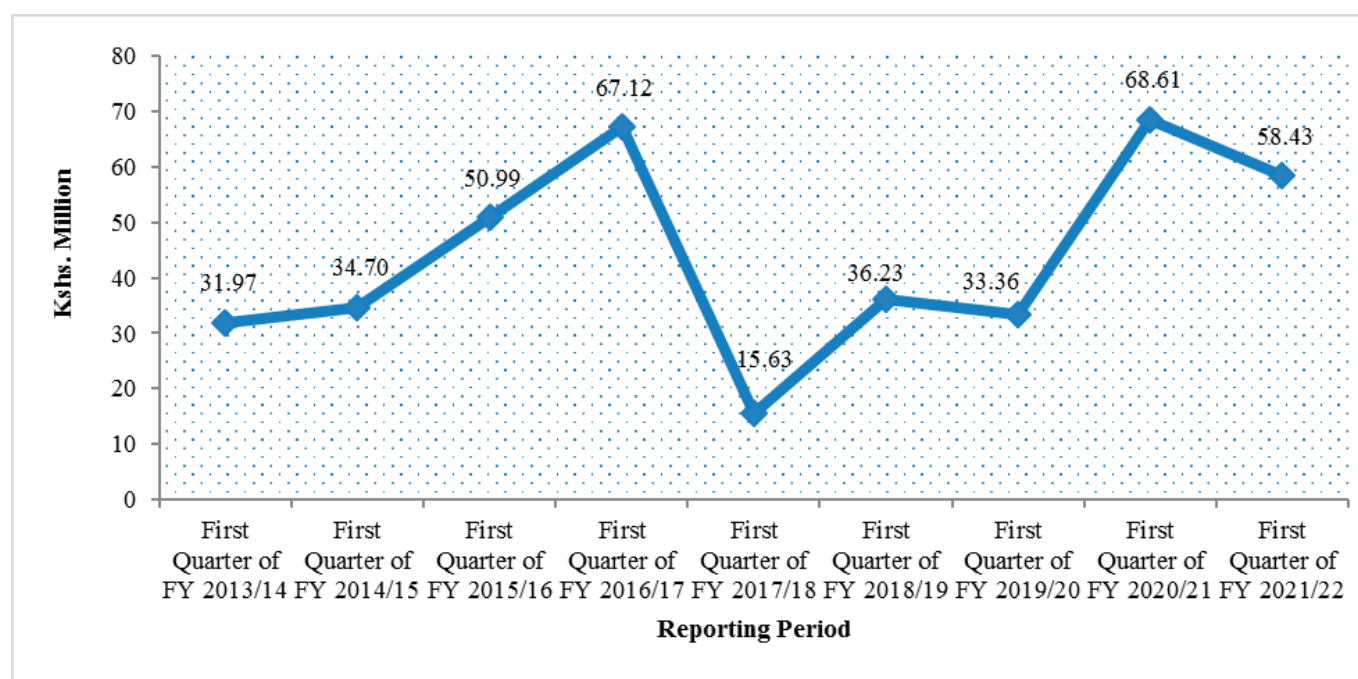
Table 3.180: Trans Nzoia County, Revenue Performance in the First Quarter of FY 2021/22

	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percent-age of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	12,389,412,168	2,044,253,007	16.5
	Sub Total	12,389,412,168	2,044,253,007	16.5
B	Other Sources of Revenue			
1	Own Source Revenue	2,113,000,000	220,281,786	10.4
2	Balance b/f from FY 2020/21	965,400,461	997,946,634	103.4
3	Other Revenues (Conditional Grants)	1,000,717,159	686,635,938	68.6
	Sub Total	4,079,117,620	1,904,864,358	46.7
	Grand Total	16,468,529,788	3,001,327,365	18.2

Source: Trans Nzoia County Treasury

Figure 3.83 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Trans Nzoia County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.58.43 million as own-source revenue. This amount represented a decrease of 14.8 per cent compared to Kshs.68.61 million realised during a similar period in the first quarter of FY 2020/21 and was 11.0 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.870.28 million from the CRF account during the reporting period entirely for recurrent programmes.

3.43.4 Overall Expenditure Review

The County spent Kshs.870.28 million entirely on recurrent programmes during the reporting period. This expenditure represented 98.0 per cent of the total funds released by the CoB. Expenditure on recurrent expenditure represented 16.3 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.89 billion and comprised of Kshs.512.19 million for recurrent expenditure and Kshs.1.38 billion for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. However, the County did not report expenditure towards the settlement of pending bills in the period under review.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.703.44 million was spent on employee compensation and Kshs.149.27 million on operations and maintenance, as shown in Table 3.181.

Table 3.181: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,555,813,683	676,650,593	700,208,467	152,504,714	15.4	22.5
Compensation to Employees	2,575,648,059	328,434,110	627,474,447	75,968,349	24.4	23.1

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Operations and Maintenance	1,980,165,624	348,216,483	72,734,020	76,536,365	3.7	22.0
Development Expenditure	3,648,435,001	372,271,072	-	-	-	-
Total	8,204,248,684	1,048,921,665	700,208,467	152,504,714	8.5	14.5

Source: Trans Nzoia County Treasury

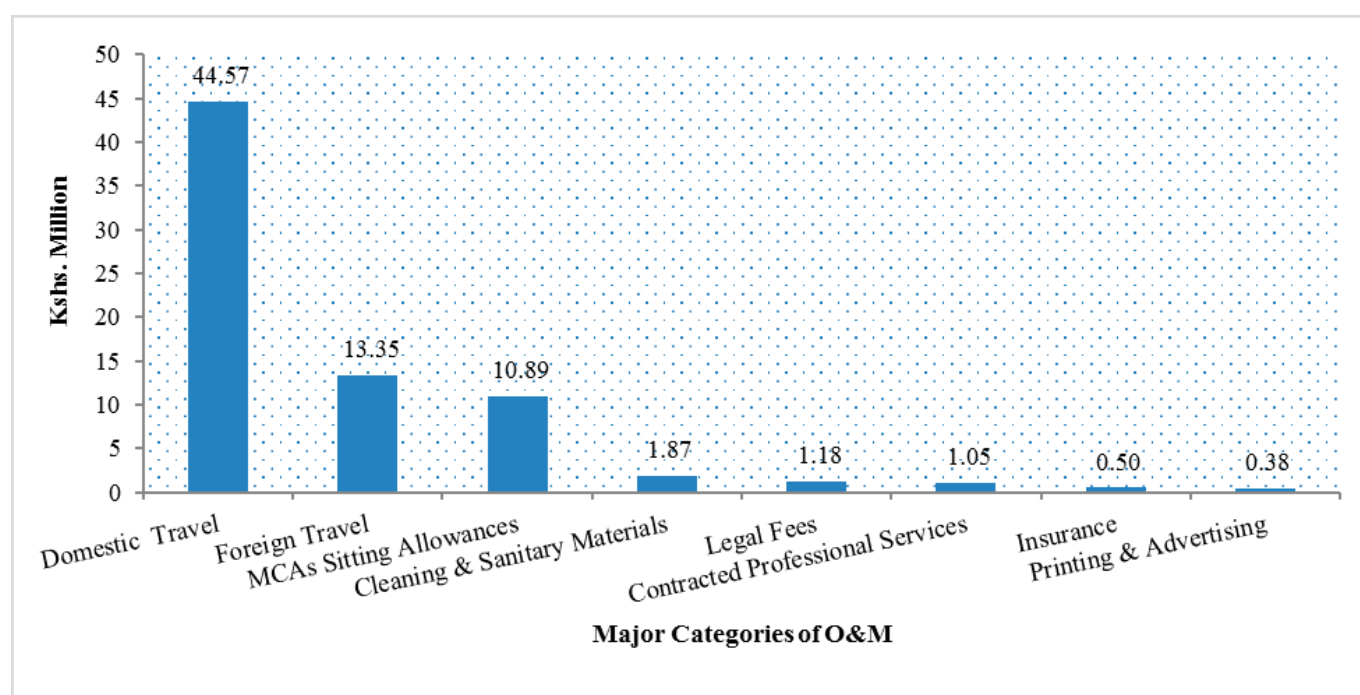
3.43.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 82.5 per cent of the total expenditure for the reporting period and 30.4 per cent of the first quarter proportional revenue of Kshs.2.31 billion.

3.43.8 Expenditure on Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

The County spent Kshs.10.89 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.50.85 million. The average monthly sitting allowance was Kshs.90,738 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.57 million and comprised Kshs.23.10 million spent by the County Assembly and Kshs.21.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.35 million and consisted of Kshs.6.67 million by the County Assembly and Kshs.6.68 million by the County Executive.

3.43.9 Development Expenditure

The County did not report any development expenditure in the period under review.

3.43.10 Budget Performance by Department

Table 3.182 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.182: Trans Nzoia County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Livestock	276.23	604.53	43.56	-	80.80	-	185.5	-	29.2	-
Trade, Commerce and Industry	63.47	89.26	7.19	-	13.98	-	194.4	-	22.0	-
Water, Environment and Natural Resources	98.49	260.07	12.03	-	14.64	-	121.7	-	14.9	-
Public Works, Transport and Infrastructure	201.94	417.88	19.94	-	13.78	-	69.1	-	6.8	-
Health Services and Corporate Health	1,793.10	654.52	417.08	-	287.15	-	68.8	-	16.0	-
Lands, Housing and Physical Planning	67.54	130.48	8.01	-	6.14	-	76.6	-	9.1	-
Municipality Board of Kitale	70.50	221.91	-	-	-	-	0.0	-	0.0	-
Gender, Youth, Sports, Culture, Social Services, Children & Tourism	55.71	221.59	5.61	-	13.67	-	243.8	-	24.5	-
Governance and Public Service Management	692.96	295.72	52.17	-	63.83	-	122.3	-	9.2	-
County Public Service Board	78.15	8.47	-	-	-	-	0.0	-	0.0	-
Education, ECDE and Vocational Training	393.03	164.40	73.64	-	84.34	-	114.5	-	21.5	-
Finance and Economic Planning	764.70	579.61	61.88	-	121.90	-	197.0	-	15.9	-
County Assembly	676.65	372.27	169.16	-	152.50	-	90.2	-	22.5	-
Total	5,232.46	4,020.71	870.28	-	852.71	-	98.0	-	16.3	-

Source: Trans Nzoia County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture had the highest percentage of recurrent expenditure to budget at 29.2 per cent, while the Municipality Board of Kitale and the County Public Service Board did not record any expenditure.

3.43.11 Budget Execution by Programmes and Sub-Programmes

Table 3.183 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.183: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture and Livestock					
Crop Development	Crop Diversification	531,017,155	-	604,532,234	-
Crop Development	Post-Harvest Management and Value Addition	73,515,079	-	531,017,155	-
Administrative and Support Services	Administrative and Support Services	276,231,746	-	73,515,079	-
Sub total		880,763,980	80,795,647	195,436,099	9.2
Trade, Commerce and Industry					-
Medium and Small Enterprises	Medium and Small Enterprises	89,257,025	-	89,257,025	-
Administrative and Support Services	Administrative and Support Services	63,466,876	13,980,912	49,485,964	22.0
Subtotal		152,723,901	13,980,912	138,742,989	9.2
Water, Environment and Natural Resources					-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Environment Management and Protection	Waste Management	260,069,115	-	260,069,115	-
Administrative and Support Services	Administrative and Support Services	98,494,569	14,639,280	83,855,289	14.9
Subtotal		358,563,684	14,639,280	343,924,404	4.1
Public Works, Roads and Infrastructure					-
Road Construction and Road Maintenance	Maintenance of Roads	417,879,433	-	417,879,433	-
Administrative and Support Services	Administrative and Support Services	201,937,869	13,776,945	188,160,924	6.8
Subtotal		619,817,302	13,776,945	606,040,357	2.2
Lands, Housing and Urban Planning					-
Administrative and Support Services	Administrative and Support Services	198,021,203	6,135,452	191,885,752	3.1
Subtotal		198,021,203	6,135,452	191,885,752	3.1
Gender, Sports, Culture and Tourism					-
Culture Development	Culture Development	221,591,180	-	221,591,180	-
Administrative and Support Services	Administrative and Support Services	55,707,902	13,668,522	42,039,380	24.5
Subtotal		277,299,082	13,668,522	263,630,560	4.9
Governance and Public Service Management					-
Infrastructure Development	Supervision and Management of Projects	243,393,837	-	243,393,837	-
Administrative and Support Services	Administrative and Support Services	504,632,901	59,462,878	445,170,023	11.8
Infrastructure Development	Supervision and Management of Projects	52,325,000	-	52,325,000	-
Administrative and Support Services	Administrative and Support Services	188,324,246	4,365,287	183,958,959	2.3
Subtotal		988,675,984	63,828,166	924,847,818	6.5
Education and ICT					-
Vocational Training Development	Vocational Training Development	164,401,494	-	164,401,494	-
Administrative and Support Services	Administrative and Support Services	393,026,371	84,338,092	308,688,279	21.5
Subtotal		557,427,865	84,338,092	473,089,773	15.1
Municipality Board of Kitale					-
Administrative and Support Services	Administrative and Support Services	292,412,959	-	292,412,959	-
Subtotal		292,412,959	-	292,412,959	-
County Public Service Board					-
Governance and County Values	Infrastructure Development	8,465,000	-	8,465,000	-
Administrative and Support Services	Administrative and Support Services	78,150,170	-	78,150,170	-
Subtotal		86,615,170	-	86,615,170	-
Health Corporate					-
Preventive Health Services	Preventive Health Services	654,517,568	-	654,517,568	-
Administrative and Support Services	Administrative and Support Services	1,793,096,885	25,305	1,793,071,580	-
Subtotal		2,447,614,453	25,305	2,447,589,148	-
Finance and Economic Planning					-
County Research and Development Planning	County Development Planning Services	441,874,451	-	441,874,451	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administrative and Support Services	Supervision and Management of Projects	137,738,318	-	137,738,318	-
Administrative and Support Services	Administrative and Support Services	764,700,332	121,896,345	642,803,987	15.9
Subtotal		1,344,313,101	121,896,345	1,222,416,756	9.1
County Assembly					-
Legislative and Oversight Arm	Legislative and Oversight Arm	215,720,000	41,367,940	174,352,060	19.2
General Administrative and Support Services	General Administrative and Support Services	825,251,665	108,192,577	717,059,088	13.1
Security Services	Security Services	7,950,000	2,944,197	5,005,803	37.0
Subtotal		1,048,921,665	152,504,714	896,416,951	14.5
Grand Total		9,253,170,349	565,589,379	8,083,048,736	6.1

Source: Trans Nzoia County Treasury

Programmes with high levels of implementation based on absorption rates were: Security Services in the County Assembly at 37.0 per cent, Administrative and Support Services in the Department of Gender, Sports, Culture and Tourism at 24.5 per cent of budget allocation.

3.43.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Delay in the approval of the FY 2021/22 Budget Estimates by the County, which affected effective budget execution during the reporting period.
3. The underperformance of own-source revenue at Kshs.58.43 million against an annual projection of Kshs.529.5 million, representing 11.0 per cent of the annual target.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should identify and address the causes of delays in the approval of key budget documents to enhance effective budget implementation.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.44 County Government of Turkana

3.44.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.02 billion, comprising Kshs.4.77 billion (33.97 per cent) and Kshs.9.26 billion (66.03 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.61 billion (89.89 per cent) as the equitable share of revenue raised nationally, generate Kshs.180 million (1.28 per cent) from own sources of revenue, and a cash balance of Kshs.452.05 million (3.2 per cent) from FY 2020/21. The County also expects to receive Kshs.786.25 million (5.61 per cent) as conditional grants, which consist of Transforming Health Systems for Universal Care Project (WB) at Kshs.12.78 million, Universal Health Care in Devolved System Programme at Kshs.23.35 million, UNFPA- 9th Country Programme Implementation at Kshs.2.95 million, Kenya Devolution Support Project (KDSP) Level II Grant at Kshs.112.82 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) at Kshs.270.57 million, Agricultural Sector Development Support Programme (ASDSP) II at Kshs.43.58 million, Drought Resilience Programme in Northern Kenya (DRPNK) at Kshs.200 million, Emergency Locust Response Project (ELRP) at Kshs.120.21 million.

3.44.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.22 billion as the equitable share of the revenue raised nationally, raised Kshs.52.26 million as own-source revenue, Kshs.240 million as conditional grants, and had a cash balance of Kshs.452.05 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.97 billion, as shown in Table 3.184.

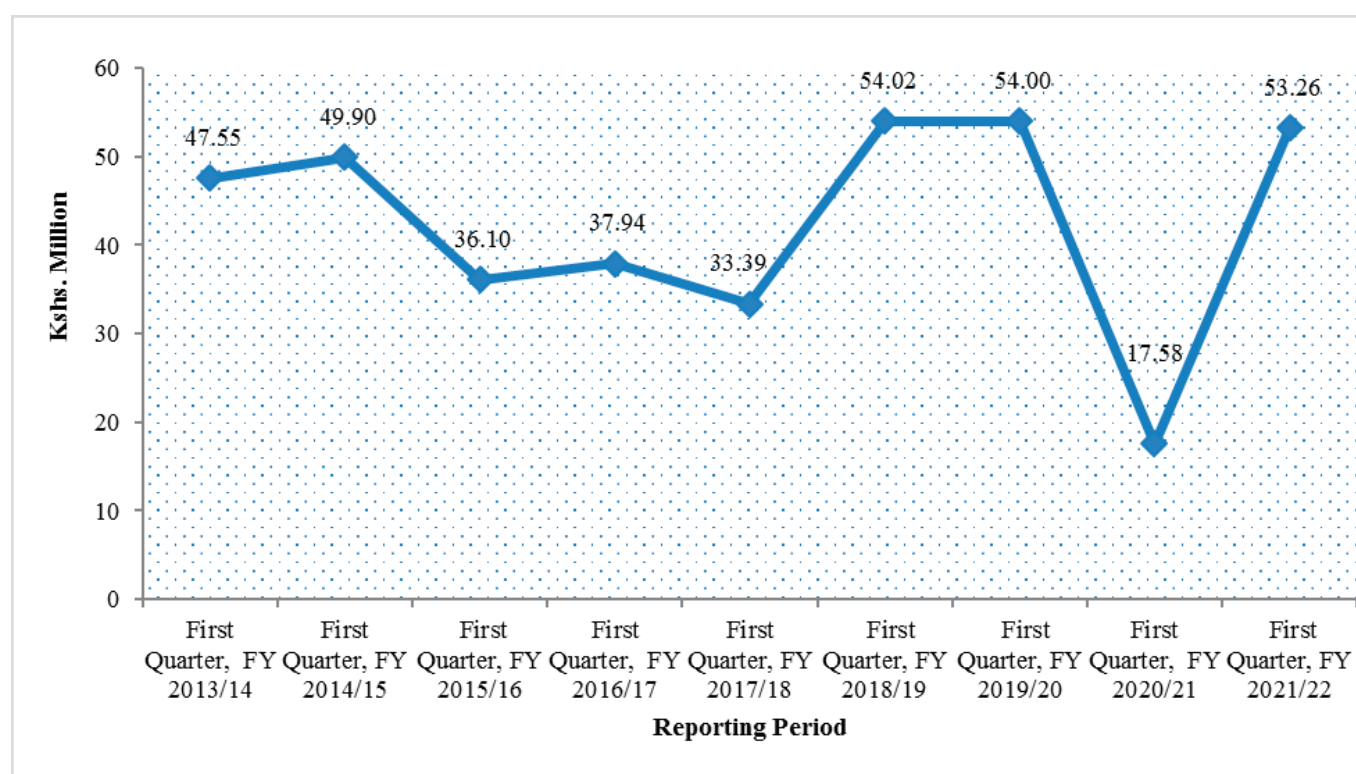
Table 3.184: Turkana County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,609,305,994	1,223,951,373	9.7
B	Other Sources of Revenue			
1	Own Source Revenue	180,000,000	53,255,925	29.6
2	Balance b/f from FY 2020/21	452,052,239	452,052,239	100.0
3	Other Revenues- Conditional Grants	786,247,615	240,000,000	30.5
Sub Total		1,418,299,854	745,308,164	52.5
Grand Total		14,027,605,848	1,969,259,537	14.0

Source: Turkana County Treasury

Figure 3.85 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.85: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Turkana County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.53.26 million as own-source revenue. This amount represented an increase of 33 per cent compared to Kshs.17.58 million realised during a similar period in the first quarter of FY 2020/21 and was 29.6 per cent of the annual target. The increase may be due to businesses opening up of the County, renewal of business permits for FY 2021/22 and recovery from the COVID 19 pandemic.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.46 billion from the CRF account during the reporting period. The amount comprised Kshs.240 million (16.4 per cent) for development programmes and Kshs.1.22 billion (83.6 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.240 million and Kshs.1.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 per cent, while recurrent expenditure represented 13.2 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.79 billion and comprised of Kshs.626.91 million for recurrent expenditure and Kshs.1.17 billion for development expenditure. The County did not provide a payment plan for the pending bills in the period under review.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.839 million was spent on employee compensation, Kshs.384.76 million on operations and maintenance, and Kshs.240 million on development activities, as shown in Table 3.185.

Table 3.185: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,439,814,381	821,950,164	1,100,391,044	123,560,329	13.0	15.0
Compensation to Employees	4,007,283,028	587,044,291	726,391,044	112,618,140	18.1	19.2
Operations and Maintenance	4,432,531,353	234,905,873	374,000,000	10,942,189	8.4	4.7
Development Expenditure	4,610,841,304	155,000,000	240,000,000	-	5.2	-
Total	13,050,655,685	976,950,164	1,340,391,044	123,560,329	10.3	12.6

Source: Turkana County Treasury

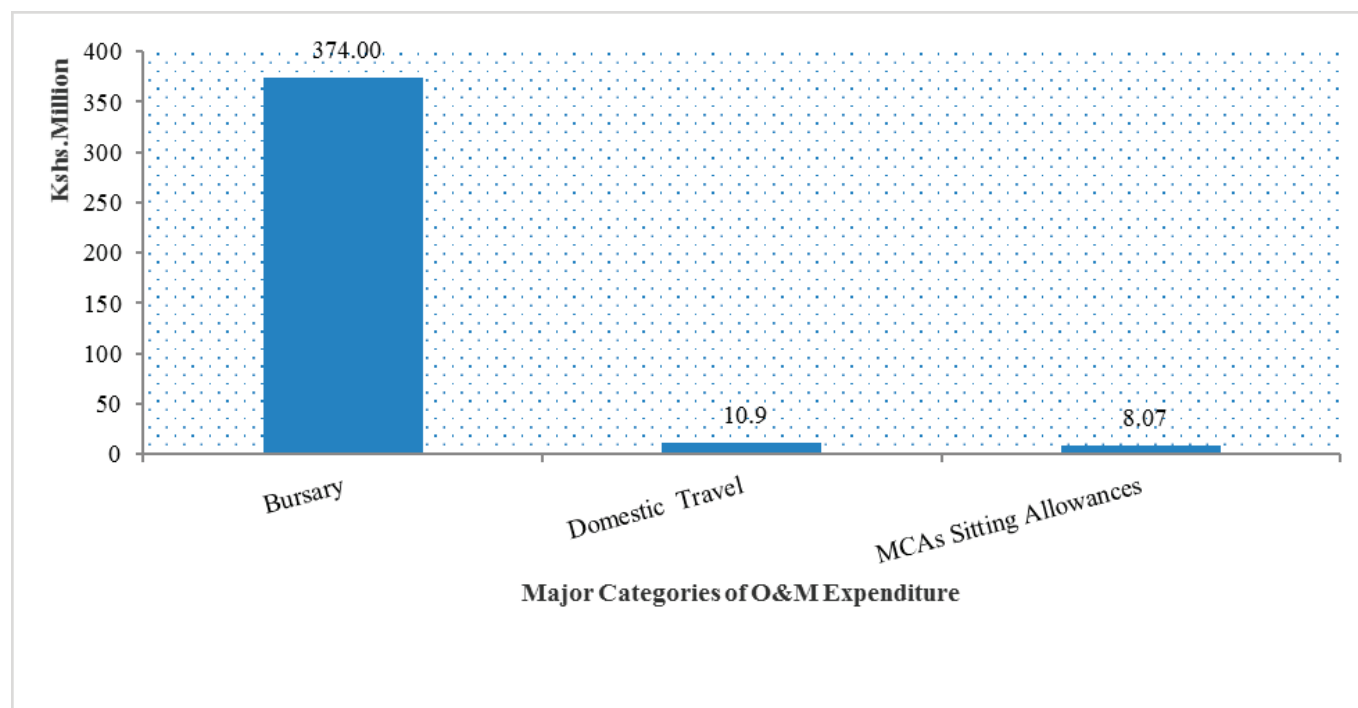
3.44.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.3 per cent of the total expenditure for the reporting period and 23.9 per cent of the first quarter proportional revenue of Kshs.3.51 billion.

3.44.8 Expenditure on Operations and Maintenance

Figure 3.86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.86: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

The County spent Kshs.8.07 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.56,009 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.10.9 million spent by the County Assembly.

3.44.9 Development Expenditure

The County incurred an expenditure of Kshs.240 million on development programmes, which increased compared to a similar period in FY 2020/21 when the County did not report spending on development programmes. The expenditure was transferred to the established County Youth and Women Empowerment Fund and the Biashara Fund.

3.44.10 Budget Performance by Department

Table 3.186 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.186: Turkana County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance	386.94	157.96	-	-	-	-	-	-	-	-
Office of the Deputy Governor	35.42	6.00	-	-	-	-	-	-	-	-
County Attorney	137.09	-	-	-	-	-	-	-	-	-
Finance and Economic Planning	741.24	621.24	-	-	-	-	-	-	-	-
Water Services, Environment and Mineral Resources	148.81	461.36	-	-	-	-	-	-	-	-
Health & Sanitation Services	353.77	666.12	-	-	-	-	-	-	-	-
Trade, Gender and Youth Affairs	184.06	321.17	-	240.00	-	240.00	-	100.0	-	74.7
Education, Sports and Social Protection	672.90	408.32	374.00	-	374.00	-	100.0	-	55.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Administration. & Disaster Mgt	5,077.89	73.78	726.39	-	726.39	-	100.0	-	14.3	-
Infrastructure Transport & Public Works	131.32	417.78	-	-	-	-	-	-	-	-
Agriculture, Pastoral Economy & Fisheries	139.03	1,063.89	-	-	-	-	-	-	-	-
Tourism, Culture and Natural Resources	85.79	174.41	-	-	-	-	-	-	-	-
Lands, Energy, Housing & Urban Areas Mgt.	121.47	198.54	-	-	-	-	-	-	-	-
County Assembly	821.95	155.00	123.56	-	123.38	-	99.9	-	15.0	-
Turkana County Public Service Board	118.45	1.20	-	-	-	-	-	-	-	-
Lodwar Municipality Board	105.63	39.07	-	-	-	-	-	-	-	-
Total	9,261.76	4,765.84	1,223.95	240.00	1,223.77	240.00	100.0	100.0	13.2	5.0

Source: Turkana County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 74.7 per cent while the other department did not report any expenditure on development expenditures. Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 55.6 per cent, followed by the County Assembly at 15 per cent.

3.44.11 Budget Execution by Programmes and Sub-Programmes

Table 3.187 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.187: Turkana County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Adjudication, registry and settlement	28,970,100	-	28,970,100	-
102014110	Delineation & adjudication of community land	28,970,100	-	28,970,100	-
	Spatial Planning	29,996,681	-	29,996,681	-
103044110	Spatial Planning	29,996,681	-	29,996,681	-
	Formulation of community land policy and regulations	18,306,895	105,000	18,201,895	0.6
104024110	Urban Centre Mgt	2,818,000	-	2,818,000	-
104074110	Urban Centre Mgt	15,488,895	105,000	15,383,895	0.7
	Compulsory land acquisition for public utilities	9,915,561	266,000	9,649,561	2.7
105014110	Land acquisition for public utilities	9,915,561	266,000	9,649,561	2.7
	Establishment and rehabilitation of public utilities in Lodwar	15,427,500	-	15,427,500	-
109014110	Improvement of Moi Garden Stadia	15,427,500	-	15,427,500	-
	Revival of Turkana Fishermen Co-op. society	70,100,000	-	70,100,000	-
110044110	Revival of Turkana Fishermen Co-op. society	27,900,000	-	27,900,000	-
110054110	Revival of Turkana Fishermen Co-op. society	2,400,000	-	2,400,000	-
110064110	Revival of Turkana Fishermen Co-op. society	20,000,000	-	20,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
110074110	Spate Irrigation Technology	14,300,000	-	14,300,000	-
110084110	Rehabilitation	3,000,000	-	3,000,000	-
110094110	Soil & Water Conservation	2,500,000	-	2,500,000	-
	Fish market infrastructure/ fish value addition	62,581,789	366,850	62,214,939	0.6
111014110	Fish market infrastructure/ fish value addition	1,286,707	-	1,286,707	-
111024110	Fisheries livelihood support	49,604,051	-	49,604,051	-
111034110	Fisheries Extension Services	1,408,941	-	1,408,941	-
111044110	Fisheries resource management	4,090,000	366,850	3,723,150	9.0
111054110	Fisheries resource management	1,200,000	-	1,200,000	-
111064110	Fisheries resource management	2,432,000	-	2,432,000	-
111084110	Fish Farming & Aquaculture	2,560,090	-	2,560,090	-
	Sustainable management of fisheries resources	55,362,229	-	55,362,229	-
115014110	Frame survey	34,562,229	-	34,562,229	-
115024110	Fish Stock assessment	5,800,000	-	5,800,000	-
115034110	Monitoring, Control and Surveillance	4,800,000	-	4,800,000	-
115044110	Resource monitoring facilities	10,200,000	-	10,200,000	-
	Livestock breed improvement	113,309,625	-	113,309,625	-
117014110	Establish livestock Multiplication and breeding Centre.	22,189,972	-	22,189,972	-
117034110	Provision of Livestock Extension services	4,819,653	-	4,819,653	-
117054110	Livestock multiplication and breeding centre	38,100,000	-	38,100,000	-
117074110	Livestock Value Chain	39,700,000	-	39,700,000	-
117084110	Skills Devt	8,500,000	-	8,500,000	-
	General Administration	299,113,718	612,650	298,501,068	0.2
125014110	Rural Administration	152,985,184	88,710	152,896,474	0.1
125024110	General Administration and Support Services- Pastoral Economy and	53,614,199	523,940	53,090,259	1.0
125034110	General Administration, Planning and Support Services – Lands General Administration, Planning and Support Services - Lands	92,514,335	-	92,514,335	-
	Agriculture Programme	91,695,571	-	91,695,571	-
126044110	Agri-nutrition/Urban & peri-urban agriculture	6,117,628	-	6,117,628	-
126084110	Agricultural Sector Development Support Programme (ASDSP)	49,077,943	-	49,077,943	-
126104110	Agricultural Mechanization	5,700,000	-	5,700,000	-
126114110	Agric market Access	1,800,000	-	1,800,000	-
126124110	Agric Extension & Devt	22,000,000	-	22,000,000	-
126134110	Subsidy & Support	4,000,000	-	4,000,000	-
126144110	Pest Control & Mgt	3,000,000	-	3,000,000	-
	Land Governance	124,884,371	-	124,884,371	-
127054110	Land Policies	124,884,371	-	124,884,371	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
		277,065,502	-	277,065,502	-
129014110	NARIGP	277,065,502	-	277,065,502	-
		206,000,000	-	206,000,000	-
130014110	DRNKP/KfW	206,000,000	-	206,000,000	-
		120,206,667	-	120,206,667	-
134014110	Emergency Locust Response Project	120,206,667	-	120,206,667	-
	Develop and maintain roads	306,625,681	1,205,540	305,420,141	0.4
201054110	Annual Roads Inventory and Conditional Survey (ARICS)	2,500,000	335,540	2,164,460	13.4
201074110	Roads maintenance levy fund(RMLF)	297,125,681	-	297,125,681	-
201094110	Roads	7,000,000	870,000	6,130,000	12.4
	Develop and maintain staff housing and public offices	5,000,000	-	5,000,000	-
202044110	Protection and gabion works of Lokichar river	5,000,000	-	5,000,000	-
	Develop and maintain other public works	4,150,000	900,000	3,250,000	21.7
203164110	Capacity Building	1,800,000	900,000	900,000	50.0
203184110	Professional Capacity Building	2,350,000	-	2,350,000	-
	General Administration	217,728,312	4,616,550	213,111,762	2.1
205014110	General Administration	178,935,299	4,616,550	174,318,749	2.6
205024110	General Administration-Public works	38,793,013	-	38,793,013	-
		1,800,000	-	1,800,000	-
206014110	Mechanical Services	1,800,000	-	1,800,000	-
		1,800,000	-	1,800,000	-
207014110	Structural Services	1,800,000	-	1,800,000	-
		1,500,000	-	1,500,000	-
208014110	Electrical Services	1,500,000	-	1,500,000	-
		9,000,000	1,180,500	7,819,500	13.1
209014110	Building Inspectorate	9,000,000	1,180,500	7,819,500	13.1
		1,500,000	231,600	1,268,400	15.4
210014110	Architectural Services	1,500,000	231,600	1,268,400	15.4
	Cooperative Societies Development & Performance Improvement	216,803,800	148,509,827	68,293,973	68.5
302014110	Cooperatives Development Fund	4,300,000	470,750	3,829,250	10.9
302024110	Value Addition Initiatives	9,000,000	2,962,025	6,037,975	32.9
302034110	Business Development and Training Services	3,500,000	717,500	2,782,500	20.5
302044110	Liquor control Programme	2,500,000	-	2,500,000	-
302054110	Cooperative societies development and revival programmes	2,500,000	833,052	1,666,948	33.3
302064110	Legal Metrology Services	2,400,000	731,500	1,668,500	30.5
302074110	Verification of traders equipment	5,900,000	1,945,000	3,955,000	33.0
302084110	Consumer rights education	2,270,000	-	2,270,000	-
302104110	Standards and Anti-Counterfeit Services	2,000,000	-	2,000,000	-
302114110	Market Infrastructure Development	32,433,800	-	32,433,800	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
302124110	Industrial Development and Investments	10,000,000	850,000	9,150,000	8.5
302134110	Biashara Fund	140,000,000	140,000,000	-	100.0
	Modern Physical Markets Infrastructure	66,450,000	30,000,000	36,450,000	45.1
303014110	Construction & Development of Modern Physical Market	4,800,000	-	4,800,000	-
303024110	Co-operative Marketing, Value Addition, Surveys & Research	7,885,000	-	7,885,000	-
303034110	Co-operative Education, Training, Exchange and Ushirika Day Celeb	8,365,000	-	8,365,000	-
303044110	Strengthening of Key Dormant Co-operative Societies	8,700,000	-	8,700,000	-
303054110	Formulation of Cooperative Policy and Legal Frame Work	6,700,000	-	6,700,000	-
303064110	Cooperative Development Fund	30,000,000	30,000,000	-	100.0
	General Administration	86,596,636	-	86,596,636	-
307014110	General Administration	86,596,636	-	86,596,636	-
	Gender Promotion	21,286,000	-	21,286,000	-
308014110	Gender Empowerment and advocacy	7,686,000	-	7,686,000	-
308024110	Gender Mainstreaming and Coordination	3,387,000	-	3,387,000	-
308034110	Legal Compliance and Redress	7,213,000	-	7,213,000	-
308044110	Promotion of Gender Equality and Empowerment	3,000,000	-	3,000,000	-
	Youth Affairs Development	114,100,000	100,000,000	14,100,000	87.6
309014110	Youth Coordination and Representation	5,600,000	-	5,600,000	-
309024110	Youth Employment Scheme	4,000,000	-	4,000,000	-
309034110	Youth Rare skills	4,500,000	-	4,500,000	-
309044110	Youth and Women Fund	100,000,000	100,000,000	-	100.0
	General Administration, Planning and support services	614,264,886	10,208,056	604,056,830	1.7
401014110	General Administration, Planning and support services	149,143,394	10,208,056	138,935,338	6.8
401074110	Health Facilities	465,121,492	-	465,121,492	-
	Support to Health Programs	58,830,831	1,163,600	57,667,231	2.0
402024110	HIV & AIDS, including community-based HIV interventions	500,000	-	500,000	-
402034110	TB & Leprosy	500,000	-	500,000	-
402044110	Malaria	600,000	-	600,000	-
402054110	NTDs(neglected tropical diseases)	500,000	-	500,000	-
402064110	Nutrition	3,000,000	-	3,000,000	-
402074110	Reproductive health	4,954,593	-	4,954,593	-
402084110	Disease surveillance	1,100,000	-	1,100,000	-
402094110	EPI/outreaches	1,400,000	-	1,400,000	-
402114110	Health promotion	13,776,238	-	13,776,238	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
402124110	Environmental health services	1,500,000	-	1,500,000	-
402134110	Emergency preparedness & disaster response	1,500,000	-	1,500,000	-
402164110	mainstreaming	500,000	-	500,000	-
402194110	Community Health Services	29,000,000	1,163,600	27,836,400	4.0
		91,420,000	-	91,420,000	-
410014110	Laboratory Services	1,300,000	-	1,300,000	-
410024110	Blood Transfusion Services	2,800,000	-	2,800,000	-
410034110	Rehabilitative Services	1,000,000	-	1,000,000	-
410044110	Referrals and Emergency Services	1,400,000	-	1,400,000	-
410054110	Radiology Services	950,000	-	950,000	-
410064110	Dental Services	600,000	-	600,000	-
410074110	Clinical Services	1,000,000	-	1,000,000	-
410084110	Nursing Services	1,000,000	-	1,000,000	-
410094110	Rural Health Facility Support	51,618,375	-	51,618,375	-
410104110	Sub-County Health Facilities Support	4,000,000	-	4,000,000	-
410114110	UHC Turkana	25,751,625	-	25,751,625	-
		8,170,863	-	8,170,863	-
411014110	Medical Supplies	8,170,863	-	8,170,863	-
		221,000,000	294,840	220,705,160	0.1
412014110	Medical Supplies	218,000,000	-	218,000,000	-
412024110	Health mgt	3,000,000	294,840	2,705,160	9.8
		7,000,000	-	7,000,000	-
413014110	Health Information & Mgt	2,500,000	-	2,500,000	-
413024110	Quality Assurance	1,000,000	-	1,000,000	-
413044110	Electronic Medical Records	500,000	-	500,000	-
413054110	Monitoring & Evaluation Health	1,500,000	-	1,500,000	-
413064110	Research & Development	1,000,000	-	1,000,000	-
413074110	Policy & Planning Services	500,000	-	500,000	-
		19,200,000	-	19,200,000	-
414014110	Rehabilitation & Treatment	4,500,000	-	4,500,000	-
414024110	Public Education & Awareness	5,800,000	-	5,800,000	-
414034110	Liquor Licensing	7,400,000	-	7,400,000	-
414044110	Training & Capacity Building	1,500,000	-	1,500,000	-
	Social protection programs/ Affirmative Action	83,302,535	-	83,302,535	-
503024110	Construction of PWDs multi-purpose resource centre	23,982,535	-	23,982,535	-
503074110	Marginalised and Minority groups support	4,520,000	-	4,520,000	-
503084110	Child Rescue Centres	27,000,000	-	27,000,000	-
503094110	Child Care & Protection	27,800,000	-	27,800,000	-
	Sports and arts programme	48,380,822	299,500	48,081,322	0.6
504014110	Construction of sport Stadia	21,382,266	299,500	21,082,766	1.4
504044110	Stadia	26,998,556	-	26,998,556	-
	General Administration	531,417,954	375,194,335	156,223,619	70.6
506014110	General Administration	157,417,954	1,166,200	156,251,754	0.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
506024110	Turkana Education and Skill Development Fund	374,000,000	374,000,000	-	100.0
	Vocational Training	57,476,413	-	57,476,413	-
508014110	Youth Polytechnic Infrastructure	24,500,000	-	24,500,000	-
508024110	Training and Development	10,110,000	-	10,110,000	-
508034110	Co-Curricular Activities	10,156,519	-	10,156,519	-
508044110	Youth Polytechnics- Conditional	12,709,894	-	12,709,894	-
	Public Relations	3,528,000	-	3,528,000	-
509014110	Publicity	1,620,000	-	1,620,000	-
509024110	Research and Sensitisation	1,908,000	-	1,908,000	-
	Early Childhood Education	357,111,277	3,242,880	353,868,397	0.9
510014110	School Feeding	131,600,000	2,959,080	128,640,920	2.2
510024110	Quality Improvement	8,006,980	283,800	7,723,180	3.5
510034110	Infrastructure Development	201,552,682	-	201,552,682	-
510044110	Support to Pre-Primary Training	15,951,615	-	15,951,615	-
	General Administration, Planning and Support Services	5,475,586,095	609,978,966	4,865,607,129	11.1
701014110	General Administration Services	494,828,484	7,413,290	487,415,194	1.5
701094110	General Administration - Economic planning	78,606,690	483,000	78,123,690	0.6
701114110	Security Access Installation	4,000,000	-	4,000,000	-
701154110	General Admin Planning & Support	18,692,000	1,384,930	17,307,070	7.4
701164110	General Administration, Planning and Support Services-Public Ser	4,562,405,630	585,497,376	3,976,908,254	12.8
701174110	General Administration, Planning and Support Services-Administer	50,869,594	486,420	50,383,174	1.0
701194110	General Administration, Planning and Support Services- Office of	170,230,697	12,284,810	157,945,887	7.2
701204110	General Administration, Planning and Support Services- Liaison O	21,699,000	1,803,570	19,895,430	8.3
701214110	General Admin Planning & Support	24,254,000	625,570	23,628,430	2.6
701224110	Covid-19 Emergency Response Fund	50,000,000	-	50,000,000	-
	Governor Residence	10,370,527	1,429,257	8,941,270	13.8
702014110	Construction of Governor's residence	1,996,836	392,585	1,604,251	19.7
702024110	Documentation, communication policy and strategy	2,662,450	231,000	2,431,450	8.7
702034110	Civic Education and Public Sensitization	4,104,579	805,672	3,298,907	19.6
702044110	Production of County Newspaper and Newsletter	1,606,662	-	1,606,662	-
	Donor/ Investor engagement	13,275,924	586,140	12,689,784	4.4
703014110	Public-Private Partnership Initiatives (PPPs)	1,248,200	-	1,248,200	-
703024110	Political and Intergovernmental Advisory Services	2,042,124	-	2,042,124	-
703034110	Legal Advisory Services	1,248,200	-	1,248,200	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
703044110	Security and cross border Advisory Services	1,248,200	364,340	883,860	29.2
703054110	Oil And Gas Advisory Service	1,248,200	221,800	1,026,400	17.8
703064110	Gender and Partnership Advisory Services	1,248,200	-	1,248,200	-
703074110	Special Interest groups	1,248,200	-	1,248,200	-
703084110	Climate Change advisory services	1,248,200	-	1,248,200	-
703094110	Education and youth Advisory services	1,248,200	-	1,248,200	-
703104110	Culture, Arts and Heritage advisory services	1,248,200	-	1,248,200	-
	Security and Peace Building	242,737,460	5,141,600	237,595,861	2.1
704014110	Community Cohesion and Resettlement	20,260,751	841,680	19,419,071	4.2
704024110	Operationalization of peace building structures and institutions	65,679,345	3,869,120	61,810,226	5.9
704034110	Resettlement Infrastructural Programme	118,664,912	-	118,664,912	-
704044110	Cross Border peace dividends programme	38,132,452	430,800	37,701,652	1.1
	Government Communication and Media relations	70,923,767	3,267,597	67,656,170	4.6
705014110	Acquiring & development of communication systems/ equipment	10,450,000	299,800	10,150,200	2.9
705024110	Bills	33,000,000	-	33,000,000	-
705034110	Policies	10,870,000	2,967,797	7,902,203	27.3
705044110	Development and Implementation of ICT Policy and Regulations	4,603,767	-	4,603,767	-
705054110	Acquisition of Information Systems and Equipment	12,000,000	-	12,000,000	-
	Revenue Collection Systems	147,079,652	1,516,200	145,563,452	1.0
706024110	Feasibility Study on Revenue Base	8,000,774	1,516,200	6,484,574	19.0
706034110	Awareness and Campaigns on Revenue.	7,074,000	-	7,074,000	-
706044110	Motorbikes for Revenue Officers 30 No.	13,900,000	-	13,900,000	-
706054110	Strengthening Revenue Systems	43,866,048	-	43,866,048	-
706064110	Revenue Forecast and Revenue Budget Preparation	4,238,830	-	4,238,830	-
706074110	Completion of Lokiriama Revenue Centre	70,000,000	-	70,000,000	-
	Accountability and Transparency	166,495,001	6,062,540	160,432,461	3.6
707014110	Internal Audit	7,500,000	-	7,500,000	-
707024110	Procurement systems	5,000,000	-	5,000,000	-
707044110	IFMIS training	8,495,001	1,388,500	7,106,501	16.3
707064110	Financial Reporting/Research and Development	45,500,000	4,674,040	40,825,960	10.3
707074110	Modern Fencing, Gate and Parking Yards for County Treasury Office	100,000,000	-	100,000,000	-
	Social and Financial Security	12,514,655	990,600	11,524,055	7.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
708014110	Assurance and Insurance of Govt. Assets	2,367,783	-	2,367,783	-
708024110	Liability and Debt Management	3,541,858	360,000	3,181,858	10.2
708034110	Turkana SACCO Seed Capital	6,605,014	630,600	5,974,414	9.5
	Planning and Policy formulation	182,757,038	5,770,300	176,986,738	3.2
709014110	Economic Policy formulation and Dissemination	12,909,537	832,300	12,077,237	6.4
709024110	CIDP review and Dissemination	1,782,877	-	1,782,877	-
709034110	Budget preparation and Dissemination	112,815,048	4,938,000	107,877,048	4.4
709054110	County Budget and Economic Forums	41,335,165	-	41,335,165	-
709064110	Public Participation and Access to Information	9,800,000	-	9,800,000	-
709074110	Waste Management	2,040,156	-	2,040,156	-
709104110	Sector Plans Devt	2,074,255	-	2,074,255	-
	Development coordination Programme	10,908,765	888,556	10,020,209	8.1
710014110	Donor scan/Mapping	3,750,749	713,556	3,037,193	19.0
710024110	Establishment of development committees	3,205,208	175,000	3,030,208	5.5
710034110	Training of the development committees	1,984,446	-	1,984,446	-
710044110	Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,968,362	-	1,968,362	-
	Monitoring and Evaluation	18,776,748	-	18,776,748	-
711014110	Soft wares(E-ProMIS, GIS e.t.c)	12,192,598	-	12,192,598	-
711024110	Field visits, data collection and Reporting	2,349,621	-	2,349,621	-
711034110	Training and Knowledge management	2,371,789	-	2,371,789	-
711044110	Devolved Monitoring and Evaluation Committees	1,862,740	-	1,862,740	-
	Public Participation and Access to Information	29,656,119	2,390,300	27,265,819	8.1
712014110	Construction of Citizen Resource Centre	4,986,024	630,600	4,355,424	12.6
712024110	Web site Development	8,370,674	591,000	7,779,674	7.1
712034110	Social Budgeting and Generation of SIR Reports	2,492,453	-	2,492,453	-
712044110	Intergovernmental Relation	11,860,000	748,300	11,111,700	6.3
712054110	Strategy Development, Review, Support and Operationalization	1,946,968	420,400	1,526,568	21.6
	County Statistical Unit	31,130,995	-	31,130,995	-
713014110	Soft wares, databases and tools	19,080,995	-	19,080,995	-
713024110	Capacity Development	6,107,460	-	6,107,460	-
713044110	Project Mgt Information System	5,942,540	-	5,942,540	-
	Service Delivery- ISO Certification	12,765,582	609,900	12,155,682	4.8
714014110	Service Charter	4,964,629	609,900	4,354,729	12.3
714024110	Development of County Filing Systems	5,356,880	-	5,356,880	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
714034110	Procedure Manual and Training	2,444,073	-	2,444,073	-
	County Internship Programme	21,160,099	546,000	20,614,099	2.6
715014110	County Internship Programme	21,160,099	546,000	20,614,099	2.6
	Operationalization of Decentralized Units	133,022,394	185,000	132,837,394	0.1
717014110	Operationalization of Decentralized Units	15,105,000	-	15,105,000	-
717024110	Decentralized County Policy	70,417,394	185,000	70,232,394	0.3
717034110	Coordinated development	15,000,000	-	15,000,000	-
717044110	Policy sensitisation and dissemination	32,500,000	-	32,500,000	-
	Mainstream Public Sector Integrity programme & Accountability	6,572,328	371,665	6,200,663	5.7
718014110	Mainstream Public Sector Integrity programme & Accountability	1,358,825	-	1,358,825	-
718024110	Public Evaluation on County Public Service Board Performance & Cus	2,063,640	-	2,063,640	-
718034110	Human Resource Conference & Symposium	1,724,709	371,665	1,353,044	21.5
718044110	Exit Meetings Per Department	1,425,154	-	1,425,154	-
	Disaster Risk Reduction	11,667,654	1,657,160	10,010,494	14.2
719014110	Turkana County Drought and Disaster Contingency Fund (CDDCF)	2,417,341	457,160	1,960,181	18.9
719024110	Turkana Multi hazard/Risk	1,600,000	164,000	1,436,000	10.3
719034110	Assessment and stake holder capacity mapping	5,519,959	758,800	4,761,159	13.7
719044110	Regular Assessments of Food, Flood and Conflict Security	2,130,354	277,200	1,853,154	13.0
	Human resource	12,487,654	2,100,375	10,387,279	16.8
720014110	Scheme of service	1,697,226	386,800	1,310,426	22.8
720024110	Performance Appraisal	2,923,266	406,000	2,517,266	13.9
720034110	Enhancing Leadership In County Public Service	1,285,407	211,400	1,074,007	16.4
720044110	Review and Development of HR Policies	1,263,171	308,000	955,171	24.4
720054110	Human Resource Development/Career Progression	1,351,206	230,175	1,121,031	17.0
720064110	Performance Management Monitoring	870,096	189,950	680,146	21.8
720074110	Development of Database Filing System	1,046,421	196,375	850,046	18.8
720084110	County Public Service Pre-Retirement Sensitization	981,562	-	981,562	-
720094110	Evaluation of Different Cadres of Employees (Promotion, Re-Designation)	1,069,299	171,675	897,624	16.1
	Quality management system programming	5,590,876	972,200	4,618,676	17.4
723014110	Quality Management Systems Development & Establishment	2,323,475	371,600	1,951,875	16.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
723024110	QMS Audit /Routine In- spection	1,562,286	378,000	1,184,286	24.2
723034110	Documentation/Record Management For QMS	1,705,115	222,600	1,482,515	13.1
	Budgetary Supply	112,185,942	1,744,900	110,441,042	1.6
724014110	Budget Formulation, Co-ord- ination and Management	69,679,889	1,744,900	67,934,989	2.5
724024110	Public Participation in Bud- geting	34,100,000	-	34,100,000	-
724034110	County Budget and Eco- nomic Forum	8,406,053	-	8,406,053	-
	Resource Mobilisation	6,188,053	-	6,188,053	-
725014110	Resource Mobilisation	6,188,053	-	6,188,053	-
	Governors Press Service	7,392,958	-	7,392,958	-
727014110	Governors Press support	7,392,958	-	7,392,958	-
	Governance and Public par- ticipation	74,961,363	706,380	74,254,983	0.9
728014110	Civic education Programme	2,000,000	-	2,000,000	-
728024110	Public Participation and ac- cess to information	65,461,363	706,380	64,754,983	1.1
728034110	County Dialogue Forum	2,000,000	-	2,000,000	-
728044110	National & County Holi- days	4,000,000	-	4,000,000	-
728054110	Policies Design	1,500,000	-	1,500,000	-
	Disaster risk management	308,500,000	2,385,500	306,114,500	0.8
729014110	Disaster Preparedness Pro- grammes	2,500,000	-	2,500,000	-
729024110	Disaster Mitigation Pro- grammes	2,500,000	-	2,500,000	-
729034110	Stakeholders coordination and Support Programme	2,500,000	-	2,500,000	-
729044110	Humanitarian Relief Food Programme	300,000,000	2,385,500	297,614,500	0.8
729064110	Disaster Risk Mgt	1,000,000	-	1,000,000	-
	Inspectorate services	35,046,442	295,050	34,751,392	0.8
730044110	Inspectorate Training Insti- tute	19,989,269	-	19,989,269	-
730054110	Dispute Resolution	2,557,173	-	2,557,173	-
730074110	Capacity Building	3,300,000	295,050	3,004,950	8.9
730084110	Inspectorate Services	5,000,000	-	5,000,000	-
730094110	Inspectorate Services Equip	4,200,000	-	4,200,000	-
	Human resource manage- ment	37,636,000	584,500	37,051,500	1.6
731014110	Payroll and record manage- ment	3,600,000	-	3,600,000	-
731024110	Human Resource Develop- ment	8,936,000	210,000	8,726,000	2.4
731034110	GHRIS Leave & Perform- ance Module Implemen- tation	2,800,000	-	2,800,000	-
731044110	Digitisation and Automa- tion of Human Resource Registry	5,000,000	-	5,000,000	-
731054110	Mainstreaming Public Sec- tor Integrity Programme	7,800,000	168,000	7,632,000	2.2
731064110	County performance man- agement	2,700,000	-	2,700,000	-
731074110	Public Service Week	1,800,000	-	1,800,000	-
731094110	Records Mgt	2,000,000	206,500	1,793,500	10.3
731104110	HRM	3,000,000	-	3,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
		22,732,423	-	22,732,423	-
735014110	Govt Programming	7,400,000	-	7,400,000	-
735024110	Community Engagement	5,200,000	-	5,200,000	-
735034110	Govt Stakeholder Engagement	5,420,000	-	5,420,000	-
735044110	Govt Transformation	4,712,423	-	4,712,423	-
	General Administration	71,516,164	1,303,120	70,213,044	1.8
901014110	General Administration, Planning and Support Services	71,516,164	1,303,120	70,213,044	1.8
	Tourism destination marketing and promotion	24,500,000	102,420	24,397,580	0.4
902014110	Tourism expos, incentives, conferences and exhibition program	1,000,000	-	1,000,000	-
902024110	Community Based Tourism products	2,800,000	102,420	2,697,580	3.7
902044110	Tourism Market Research (Baseline Survey & Mapping)	15,500,000	-	15,500,000	-
902054110	Media Campaign and Promotion of Tourism Products and Programmes	5,200,000	-	5,200,000	-
	Tourism development and Promotion	58,845,172	-	58,845,172	-
903014110	Completion and Furnishing of Eco-Lodges	58,845,172	-	58,845,172	-
	Culture, arts, heritage development, promotion and preservation	78,780,400	-	78,780,400	-
904014110	Ushanga Initiative	17,300,000	-	17,300,000	-
904024110	Culture Promotion and Preservation	27,880,400	-	27,880,400	-
904034110	Arts and Creativity Development	2,200,000	-	2,200,000	-
904044110	Heritage Promotion	3,000,000	-	3,000,000	-
904054110	Annual tourism and cultural festival	28,400,000	-	28,400,000	-
	Culture development and preservation infrastructure	2,500,000	-	2,500,000	-
905014110	Equipment and Infrastructure Development at Ekalees Centre	2,500,000	-	2,500,000	-
	Forestry and wildlife management development and management	24,053,104	1,255,290	22,797,814	5.2
906014110	Forestry Management and Conservation	5,400,000	1,173,150	4,226,850	21.7
906024110	Community Wildlife Conservation	3,100,000	-	3,100,000	-
906044110	Forest Nature-Based Development	2,153,104	-	2,153,104	-
906054110	Forestry Development Infrastructure	11,400,000	-	11,400,000	-
906084110	Forestry Protection	600,000	-	600,000	-
906094110	Prosopis Mgt	1,400,000	82,140	1,317,860	5.9
	Turkana Water Programme	332,421,056	900,000	331,521,056	0.3
1001014110	General Administration, Planning and support services	12,000,000	-	12,000,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
1001024110	Construction and Desilting of Water Pans/Rock Catchment	82,898,707	-	82,898,707	-
1001034110	Rehabilitation of Water Infrastructure	106,845,789	900,000	105,945,789	0.8
1001044110	Drilling and Equipping of Boreholes	122,163,068	-	122,163,068	-
1001084110	Equipment of Quality Analysis Laboratory	6,000,000	-	6,000,000	-
1001094110	Project Coordination and Management	2,513,492	-	2,513,492	-
	Joint planning with stakeholders	45,231,510	-	45,231,510	-
1002014110	Technical planning and design	45,231,510	-	45,231,510	-
	Irrigation And Schemes Development Programme	6,299,545	-	6,299,545	-
1003014110	Feasibility studies for irrigation systems development	6,299,545	-	6,299,545	-
	Turkana Agriculture Programme	19,500,000	35,000	19,465,000	0.2
1004014110	Farmers training	4,000,000	-	4,000,000	-
1004024110	Establishment of farm demonstrations and trials	5,200,000	-	5,200,000	-
1004034110	Organising field days show and exhibitions	1,500,000	35,000	1,465,000	2.3
1004124110	Climate Change & Adaptation	8,800,000	-	8,800,000	-
	TURKANA REHABILITATION PROGRAMME	14,071,178	29,400	14,041,778	0.2
1005014110	Construction of trapezoidal bunds, contours & micro catchment	2,718,000	29,400	2,688,600	1.1
1005024110	Construction of rock catchments and sand dams	1,728,000	-	1,728,000	-
1005034110	The sinking of shallow wells	5,625,178	-	5,625,178	-
1005064110	Artisanal Mining Equipment	2,000,000	-	2,000,000	-
1005074110	Extractive Bills & Policies	2,000,000	-	2,000,000	-
	General Administration and Support	189,588,777	2,883,881	186,704,896	1.5
1012014110	General Administration and Support	189,588,777	2,883,881	186,704,896	1.5
		3,056,732	-	3,056,732	-
1013014110	Oil & gas	1,600,000	-	1,600,000	-
1013024110	Extractive Regulations & Strategies	1,456,732	-	1,456,732	-
	Municipality operations	144,694,910	1,615,780	143,079,130	1.1
133014110	General Admin Planning and Support Services	45,566,997	1,615,780	43,951,217	3.5
133024110	Municipal Planning	11,051,110	-	11,051,110	-
133034110	Municipal Services	88,076,803	-	88,076,803	-
	County Attorney	137,094,404	3,687,740	133,406,664	2.7
		16,629,600	1,540,210	15,089,390	9.3
701134110	General Administration, Planning and Support Services- County At	16,629,600	1,540,210	15,089,390	9.3
		89,514,590	2,147,530	87,367,060	2.4
732014110	Litigation	75,062,800	1,200,660	73,862,140	1.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
732024110	Govt Agreements & Contracts	7,854,800	479,950	7,374,850	6.1
732034110	Legal Audit & Compliance	6,596,990	466,920	6,130,070	7.1
		26,466,214	-	26,466,214	-
733014110	Legislation	18,562,214	-	18,562,214	-
733024110	Policy & Legal Briefs	7,904,000	-	7,904,000	-
		4,484,000	-	4,484,000	-
734014110	Training of Legal Counsel	1,630,000	-	1,630,000	-
734024110	Legal Training & Awareness	2,854,000	-	2,854,000	-
	COUNTY ASSEMBLY OF TURKANA	976,950,164	123,375,235	853,574,929	12.6
701134110	General Administration, Planning and Support Services- County At	909,552,162	123,375,235	786,176,927	13.6
732014110	Legislation	27,873,059		27,873,059	-
734024110	Oversight	39,524,943		39,524,943	-
	Total	14,027,605,849	1,463,766,280	12,563,839,569	10.4

Source: Turkana County Treasury

Programmes with high levels of implementation based on absorption rates were: Cooperative Development Fund, the Youth and Women Fund, and the Turkana Education and Skill Development Fund, all at 100 per cent of budget allocation.

3.44.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.240 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.77 billion. The development expenditure represented 5 per cent of the annual development budget.
3. The County Treasury failed to provide a payment plan for pending bills that amounted to Kshs.1.79 billion at the beginning of the financial year.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County Treasury should provide a payment plan and ensure all pending bills are budgeted and settled as a first charge in the FY 2021/22.

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.68 billion, comprising Kshs.3.19 billion (33 per cent) and Kshs.6.49 billion (67 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.07 billion (83.4 per cent) as the equitable share of revenue raised nationally and generate Kshs.1 billion (10.3 per cent) from its sources of revenue. The County also expects to receive Kshs.608.85 million (6.3 per cent) as conditional grants. The grants consist of Kshs.354.49 million IDA (World Bank) credit - Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.60 million IDA (World Bank) credit - Kenya Urban Support Project (KUSP), Kshs.33.08 million IDA (World Bank) credit - Transforming Health Systems for Universal Care Project, Kshs.112.82 million IDA (World Bank) credit - Kenya Devolution Support Project

(KDSP) - Level 1, Kshs.14.03 million DANIDA Grant - Universal Healthcare for Devolved System Program, Kshs.11 million Conditional Grant - Rehabilitation of Youth Polytechnics and Kshs.23.44 million Sweden- Agricultural Sector Development Support Programme (ASDSP) II.

3.45.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.33 billion as the equitable share of the revenue raised nationally and raised Kshs.172.66 million as own-source revenue and had a cash balance of Kshs.2.91 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.42 billion, as shown in .

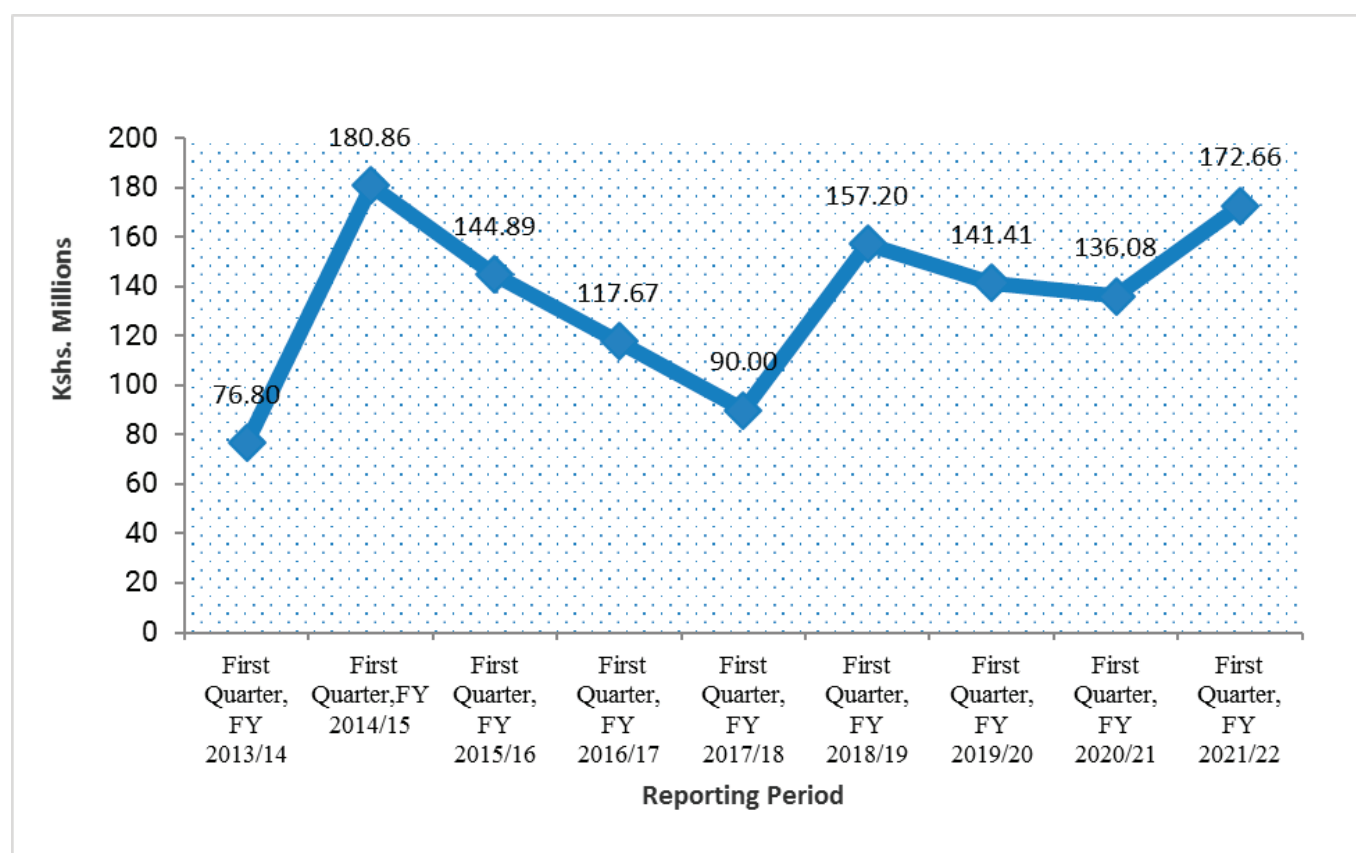
Table 3.188: Uasin Gishu County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,068,858,318	1,331,361,622	16.5
	Sub Total	8,068,858,318	1,331,361,622	16.5
B	Other Sources of Revenue			
1.	Own Source Revenue	1,000,000,000	172,661,737	17.3
2.	Balance B/F from FY 2020/21	-	2,916,159,556	-
3.	Other Revenues (Conditional Grants)	608,853,967	-	-
	Sub Total	1,608,853,967	3,088,821,293	192.0
	Grand Total	9,677,712,285	4,420,182,915	45.7

Source: Uasin Gishu County Treasury

Figure 3.87 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.87: Q1Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Uasin Gishu County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.172.66 million as own-source revenue. This amount represented an increase of 26.9 per cent compared to Kshs.136.08 million realised during a similar period in the first quarter of FY 2020/21 and was 17.3 per cent of the annual target.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.1 billion from the CRF account during the reporting period. The amount comprised Kshs.14.15 million (1.3 per cent) for development programmes and Kshs.1.09 billion (98.7 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

The County spent Kshs.1.1 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.14.15 million and Kshs.1.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.4 per cent, while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.116.3 million and comprised of Kshs.25.66 million for recurrent expenditure and Kshs.90.64 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County did not make any payment for pending bills.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.953.31 million was spent on employee compensation, Kshs.132.61 million on operations and maintenance, and Kshs.14.15 million on development activities, as shown in Table 3.189.

Table 3.189: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,779,584,980	707,791,808	961,185,317	124,740,706	16.6	17.6
Compensation to Employees	3,984,900,120	350,654,059	863,715,334	89,597,600	21.7	25.6
Operations and Maintenance	1,794,684,860	357,137,749	97,469,983	35,143,106	5.4	9.8
Total Development Expenditure	3,090,335,497	100,000,000	-	14,151,654	0.0	14.2
Grand Total	8,869,920,477	807,791,808	961,185,317	138,892,359	10.8	17.2

Source: Uasin Gishu County Treasury

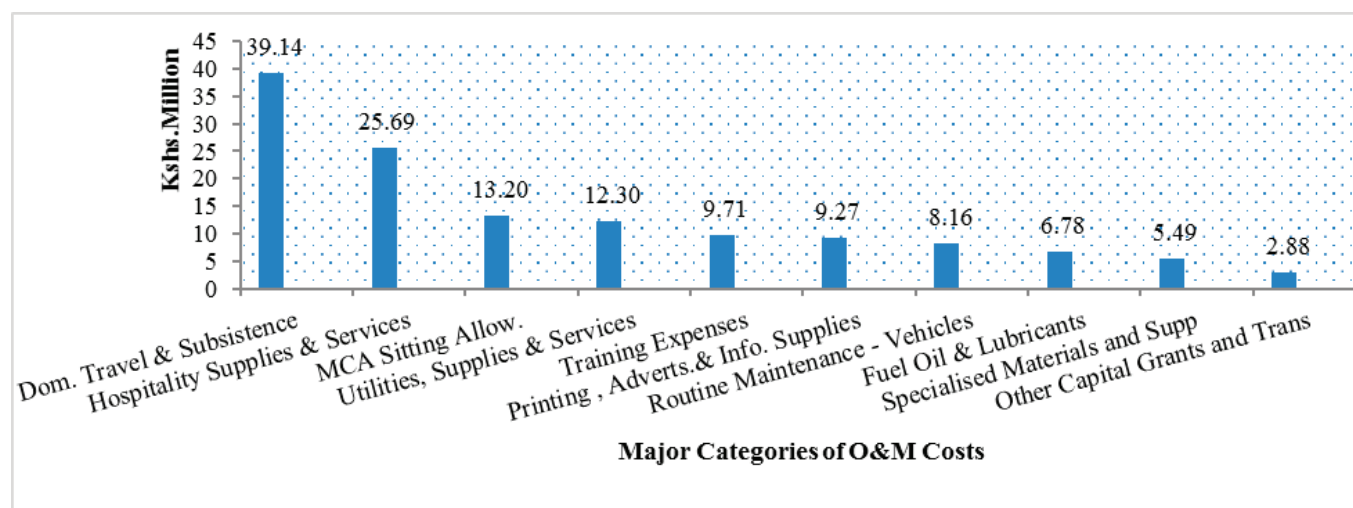
3.45.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.7 per cent of the total expenditure for the reporting period and 39.4 per cent of the first quarter proportional revenue of Kshs.2.42 billion.

3.45.8 Expenditure on Operations and Maintenance

Figure 3.88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

The County spent Kshs.13.2 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.36.69 million. The average monthly sitting allowance was Kshs.91,650 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.39.14 million and comprised of Kshs.14.74 million spent by the County Assembly and Kshs.23.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.84 million by the County Assembly.

3.45.9 Development Expenditure

The County incurred a development expenditure of Kshs.14.15 million on Refurbishment of Buildings by the County Assembly, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not report any expenditure.

3.45.10 Budget Performance by Department

Table 3.190 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.190: Uasin Gishu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	122.40	-	27.01	-	19.88	-	73.6	-	16.2	-
Finance	283.99	-	68.45	-	30.00	-	43.8	-	10.6	-
Public Service Management	812.84	10.42	163.27	-	198.08	-	121.3	-	24.4	-
ICT and E-Government	62.65	20.62	4.00	-	10.50	-	262.5	-	16.8	-
Roads, Transport, Energy and Public Works	442.15	657.04	114.27	-	15.00	-	13.1	-	3.4	-
Lands and Housing	78.72	433.01	20.00	-	0.70	-	3.5	-	0.9	-
Water, Environment, Natural Resources, Tourism and Wildlife Management	182.95	353.32	30.78	-	2.41	-	7.8	-	1.3	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	2,117.02	355.88	346.25	-	462.38	-	133.5	-	21.8	-
Agriculture	239.19	483.67	26.81	-	83.08	-	309.9	-	34.7	-
Trade, Investment and Industrialisation	90.08	74.12	-	-	20.06	-	-	-	22.3	-
Education, Culture and Social Services	438.70	191.39	60.60	-	73.25	-	120.9	-	16.7	-
County Public Ser- vice Board	66.05	-	6.88	-	1.61	-	23.3	-	2.4	-
County Assembly	707.79	100.00	124.74	14.15	124.74	14.15	100.0	100.0	17.6	14.2
Budget and Econom- ic Planning	150.91	-	5.26	-	8.33	-	158.2	-	5.5	-
Devolution and Pub- lic Administration	126.24	152.51	13.00	-	10.20	-	78.5	-	8.1	-
Youth and Sports De- velopment	257.38	138.55	45.50	-	20.47	-	45.0	-	8.0	-
Cooperatives and En- terprise Development	81.20	7.73	1.00	-	1.06	-	106.3	-	1.3	-
Livestock Develop- ment and Fisheries	63.79	121.54	9.40	-	1.11	-	11.8	-	1.7	-
Physical Planning and Urban Develop- ment	50.98	50.01	7.00	-	0.69	-	9.8	-	1.4	-
Eldoret Municipality	112.33	40.51	11.71	-	2.39	-	20.4	-	2.1	-
TOTAL	6,487.38	3,190.34	1,085.93	14.15	1,085.93	14.15	100.0	100.0	16.7	0.4

Source: Uasin Gishu County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 14.2 per cent while all the other Departments did not report any expenditure on development activities. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 34.7 per cent while the Department of Lands and Housing had the lowest at 0.9 per cent.

3.45.11 Budget Execution by Programmes and Sub-Programmes

Table 3.191 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.191: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Description (Program and Sub Program)	Approved Bud- get FY 2021/22	Actual Pay- ments	Variance (Kshs.)	Absorption (%)
	Kshs.	Kshs.	Kshs.	Percentage
Governor's Office				
Administration	108,215,739	14,905,141	93,310,598	13.8
Administration And Support Services	108,215,739	14,905,141	93,310,598	13.8
Inter-Governmental Committee	500,000	-	500,000	0.0
Administration and Support Services	500,000	-	500,000	0.0
	9,183,890	2,816,390	6,367,500	30.7
Administration and Support Services	9,183,890	2,816,390	6,367,500	30.7
	4,500,000	2,159,460	2,340,540	48.0
Administration and Support Services	4,500,000	2,159,460	2,340,540	48.0
Finance And Economic Planning				
Administration	244,644,959	14,798,949	229,846,010	6.0
Public Finance Management	244,644,959	14,798,949	229,846,010	6.0
Revenue Section	29,500,000	12,008,946	17,491,054	40.7
Public Finance Management	29,500,000	12,008,946	17,491,054	40.7
Accounts Section	4,350,000	1,703,750	2,646,250	39.2
Public Finance Management	4,350,000	1,703,750	2,646,250	39.2

Description (Program and Sub Program)	Approved Budget FY 2021/22	Actual Payments	Variance (Kshs.)	Absorption (%)
	Kshs.	Kshs.	Kshs.	Percentage
Procurement And Supplies Section	3,500,000	1,103,000	2,397,000	31.5
Public Finance Management	3,500,000	1,103,000	2,397,000	31.5
Internal Audit Section	2,000,000	385,355	1,614,645	19.3
Public Finance Management	2,000,000	385,355	1,614,645	19.3
Public Service Management				
Administration	748,990,499	194,262,040	554,728,459	25.9
Administration And Support Services	738,575,231	194,262,040	544,313,191	26.3
Human Resource Management And Development	2,000,000	-	2,000,000	0.0
County Governance Support Services	8,415,268	-	8,415,268	0.0
Communication Section	13,170,000	1,051,160	12,118,840	8.0
Administration And Support Services	13,170,000	1,051,160	12,118,840	8.0
Legal Section	54,304,731	900,000	53,404,731	1.7
Administration and Support Services	54,304,731	900,000	53,404,731	1.7
Registry Section	405,000	30,000	375,000	7.4
Administration and Support Services	405,000	30,000	375,000	7.4
Human Resource Section	6,390,000	1,831,800	4,558,200	28.7
Administration And Support Services	6,390,000	1,831,800	4,558,200	28.7
ICT And E-Government				
Administration- ICT And E-Government	83,271,842	10,500,000	72,771,842	12.6
Ict Infrastructure Development	20,622,902	-	20,622,902	0.0
Administrative Support Services	62,648,940	10,500,000	52,148,940	16.8
Roads, Transport And Infrastructure				
Administration	210,118,213	10,136,171	199,982,042	4.8
Roads Infrastructure Development	210,118,213	10,136,171	199,982,042	4.8
Roads Department	776,623,085	-	776,623,085	0.0
Roads Infrastructure Development	776,623,085	-	776,623,085	0.0
Public Works Department	12,250,000	363,741	11,886,259	3.0
Roads Infrastructure Development	2,250,000	363,741	1,886,259	16.2
Administration Support Services	10,000,000	-	10,000,000	0.0
Transport Department	10,250,000	-	10,250,000	0.0
Disaster Management	10,250,000	-	10,250,000	0.0
	89,950,000	4,500,088	85,449,912	5.0
Street Lighting Services	89,950,000	4,500,088	85,449,912	5.0
Lands, Housing And Physical Planning				
Administration	134,716,241	698,910	134,017,331	0.5
Land Policy And Management	134,716,241	698,910	134,017,331	0.5
Physical Planning Section	376,013,563	-	376,013,563	0.0
Crop Development and Management	277,959,803	-	277,959,803	0.0
Land Policy and Management	98,053,760	-	98,053,760	0.0
Survey Section	1,000,000	-	1,000,000	0.0
Land Policy and Management	1,000,000	-	1,000,000	0.0
Water, Environment, Energy And Natural Resources				
Administration	182,952,491	2,409,568	180,542,923	1.3
Water Supply Services	182,952,491	2,409,568	180,542,923	1.3
Environment Section	46,100,000	-	46,100,000	0.0
Rural Electrification	28,100,000	-	28,100,000	0.0
Environmental Management and Protection	18,000,000	-	18,000,000	0.0
Water Section	297,220,888	-	297,220,888	0.0
Water Supply Services	297,220,888	-	297,220,888	0.0
Energy Section	10,000,000	-	10,000,000	0.0
Tourism Development and Marketing	10,000,000	-	10,000,000	0.0
Health Services				
Administration	2,253,837,616	462,377,834	1,791,459,782	20.5

Description (Program and Sub Program)	Approved Budget FY 2021/22	Actual Payments	Variance (Kshs.)	Absorption (%)
	Kshs.	Kshs.	Kshs.	Percentage
Administration And Support Services	2,001,837,616	462,377,834	1,539,459,782	23.1
Health Infrastructure	3,000,000	-	3,000,000	0.0
Curative Health Services	249,000,000	-	249,000,000	0.0
Clinical Services	214,059,005	-	214,059,005	0.0
Clinical Services	214,059,005	-	214,059,005	0.0
Prevention And Health Promotion	5,000,000	-	5,000,000	0.0
Public Health Services	5,000,000	-	5,000,000	0.0
Agriculture, Livestock And Fisheries				
Administration-	238,250,651	59,087,601	179,163,050	24.8
Crop Development and Management	3,600,000	-	3,600,000	0.0
Administration Support Services	234,650,651	59,087,601	175,563,050	25.2
Livestock	5,000,000	-	5,000,000	0.0
Crop Development and Management	5,000,000	-	5,000,000	0.0
Agriculture	442,072,377	23,701,180	418,371,197	5.4
Livestock Resource Management and Development	2,500,000	-	2,500,000	0.0
Crop Development And Management	439,572,377	23,701,180	415,871,197	5.4
Chebororwa Training Center	991,238	-	991,238	0.0
Agricultural Training Services - Chebororwa	991,238	-	991,238	0.0
Agricultural Machinery Service	36,551,699	294,000	36,257,699	0.8
Agricultural Mechanization Services	36,551,699	294,000	36,257,699	0.8
Trade, Cooperatives, Tourism And Wildlife				
Administration-	90,075,353	20,061,565	70,013,788	22.3
Administration and Support Services	90,075,353	20,061,565	70,013,788	22.3
Trade Department	74,122,114	-	74,122,114	0.0
Trade Development and Investment	29,850,000	-	29,850,000	0.0
Market Services	44,272,114	-	44,272,114	0.0
Education, Social Cultural, Youth And Sports				
Administration	272,474,665	61,376,417	211,098,248	22.5
Administration and Support Services	267,474,665	61,376,417	206,098,248	22.9
Basic Education	5,000,000	-	5,000,000	0.0
Education Department	253,900,000	4,034,575	249,865,425	1.6
Basic Education	241,900,000	4,034,575	237,865,425	1.7
Early Childhood Education and Training	12,000,000	-	12,000,000	0.0
Department Of Culture	21,986,715	7,689,480	14,297,235	35.0
Administration And Support Services	16,000,000	7,689,480	8,310,520	48.1
Community Development Services	5,986,715	-	5,986,715	0.0
Social Service Department	76,230,172	-	76,230,172	0.0
Social Development Services	76,230,172	-	76,230,172	0.0
	5,500,000	149,500	5,350,500	2.7
Social Development Services	5,500,000	149,500	5,350,500	2.7
County Public Service Board				
Headquarters	66,049,506	1,605,949	64,443,557	2.4
Administration And Support Services	66,049,506	1,605,949	64,443,557	2.4
County Assembly				
Headquarters	807,791,808	138,892,359	668,899,449	17.2
County Planning And Economic Policy Management	807,791,808	138,892,359	668,899,449	17.2
Budget And Economic Planning				
	83,163,087	8,325,580	74,837,507	10.0
County Planning And Economic Policy Management	83,163,087	8,325,580	74,837,507	10.0
	10,600,000	-	10,600,000	0.0
County Planning And Economic Policy Management	10,600,000	-	10,600,000	0.0
	15,000,000	-	15,000,000	0.0
County Planning And Economic Policy Management	15,000,000	-	15,000,000	0.0

Description (Program and Sub Program)	Approved Budget FY 2021/22	Actual Payments	Variance (Kshs.)	Absorption (%)
	Kshs.	Kshs.	Kshs.	Percentage
	42,150,000	-	42,150,000	0.0
County Planning And Economic Policy Management	42,150,000	-	42,150,000	0.0
Devolution And Public Administration				
	278,754,666	10,202,915	268,551,751	3.7
Administration Support Services	152,513,277	10,202,915	142,310,362	6.7
Administration And Support Services	126,241,389	-	126,241,389	0.0
Youth And Sports Development				
Administration	174,554,023	20,465,840	154,088,183	11.7
Administration And Support Services	174,454,023	20,465,840	153,988,183	11.7
Management And Development Of Sports And Sports Facilities	100,000	-	100,000	0.0
	119,954,597	-	119,954,597	0.0
Administration and Support Services	51,900,000	-	51,900,000	0.0
Youth Training and Development	68,054,597	-	68,054,597	0.0
	101,423,638	-	101,423,638	0.0
Tourism Development and Marketing	64,000,000	-	64,000,000	0.0
Administration and Support Services	31,023,638	-	31,023,638	0.0
Management and Development of Sports and Sports Facilities	6,400,000	-	6,400,000	0.0
Cooperatives And Enterprise Development				
Administration	48,535,077	1,062,978	47,472,099	2.2
Weights And Measurements	1,000,000	-	1,000,000	0.0
Cooperatives Development and Marketing	47,535,077	1,062,978	46,472,099	2.2
	40,400,000	-	40,400,000	0.0
Weights and Measurements	40,400,000	-	40,400,000	0.0
Livestock Development And Fisheries				
Administration	61,790,589	1,105,740	60,684,849	1.8
Crop Development and Management	61,790,589	1,105,740	60,684,849	1.8
	7,000,000	-	7,000,000	0.0
Fisheries Development	7,000,000	-	7,000,000	0.0
	116,537,098	-	116,537,098	0.0
Livestock Resource Management and Development	103,340,000	-	103,340,000	0.0
Agribusiness Development	13,197,098	-	13,197,098	0.0
Physical Planning And Urban Development				
Administration	36,551,322	-	36,551,322	0.0
Housing Development	36,551,322	-	36,551,322	0.0
	10,890,000	688,576	10,201,424	6.3
Housing Development	10,890,000	688,576	10,201,424	6.3
	53,554,130	-	53,554,130	0.0
Housing Development	53,554,130	-	53,554,130	0.0
Eldoret Municipality				
Administration	152,789,998	2,391,118	150,398,880	1.6
Housing Development	152,789,998	2,391,118	150,398,880	1.6
	50,000	-	50,000	0.0
Disaster Management	50,000	-	50,000	0.0
Grand Total	9,677,712,285	1,100,077,676	7,988,299,072	11.4

Source: Uasin Gishu County Treasury

Programmes with high levels of implementation based on absorption rates were: Administration and Support Service in the Department of Education, Social Cultural, Youth and Sports at 48.1 per cent, Administration and Support Services in the Office of the Governor at 48 per cent, and Public Finance Management in the Department of Finance at 40.7 per cent of annual budget.

3.45.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.14.15 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.19 billion. The development expenditure represented 0.4 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.172.66 million against an annual projection of Kshs.1 billion, representing 17.3 per cent of the annual target.
4. Poor budgeting practice by the County Treasury, as shown in Table 3.2, where the County incurred expenditure over approved exchequer requests.
5. The County failed to budget for the cash balance from FY 2020/21, which amounted to Kshs.2.92 billion.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
5. *The County should prepare a supplementary budget and factor in the opening cash balances of Kshs.2.92 billion.*

3.46 County Government of Vihiga

3.46.1 Overview of FY 2021/22 Budget

During the period under review, the County was on 30 per cent of the FY 2020/21 Approved Budget in line with Court Order No.E008 of 2021. The 30 per cent budget amounted to Kshs.1.97 billion and was entirely for recurrent expenditure programmes.

3.46.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.836.11 million as the equitable share of the revenue raised nationally, raised Kshs.50.53 million as own-source revenue, Kshs.93.31 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.979.95 million, as shown in Table 3.192.

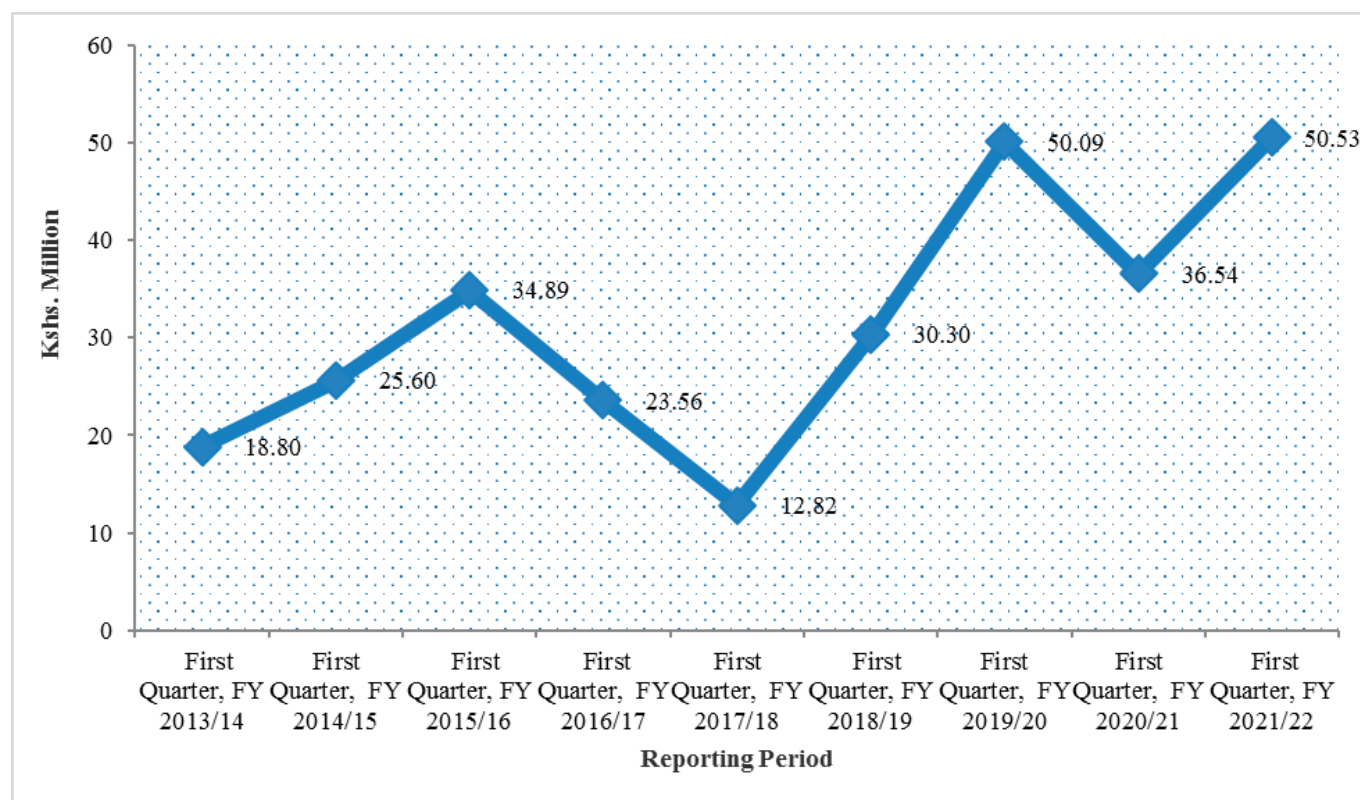
Table 3.192: Vihiga County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Actual Receipts in the FY 2021/22 (in Kshs.)
A.	Equitable Share of Revenue Raised nationally	836,113,876
Sub Total		836,113,876
B	Other Sources of Revenue	
1	Own Source Revenue	50,526,020
2	Other Revenues	93,307,470
Sub Total		143,833,490
Grand Total		979,947,366

Source: Vihiga County Treasury

Figure 3.89 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.89: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Vihiga County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.50.53 million as own-source revenue. This amount represented an increase of 38.3 per cent compared to Kshs.36.54 million realised during a similar period in the first quarter of FY 2020/21.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.859.54 million from the CRF account during the reporting period for recurrent programmes only.

3.46.4 Overall Expenditure Review

The county spent Kshs.807.10 million on recurrent programmes during the reporting period. This expenditure represented 93.9 per cent of the total funds released by the CoB for recurrent programmes only.

3.46.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.589.91 and comprised of Kshs.83.26 million for recurrent expenditure and Kshs.506.64 million for development expenditure.

The County did not report any expenditure on pending bills in the reporting period due to the expenditure restrictions imposed by the Court Order.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.721.90 million was spent on employee compensation, Kshs.85.16 million on operations and maintenance activities as shown in Table 3.193.

Table 3.193: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Exchequer Issues (Kshs.)		Expenditure (Kshs)	
	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	726,293,359	133,544,216	702,133,895	104,970,371
Compensation to Employees	608,169,560	84,306,195	622,933,586	99,008,157
Operations and Maintenance	118,123,799	49,238,021	79,200,309	5,962,214
Development Expenditure				
Total	726,293,359	133,544,216	702,133,895	104,970,371

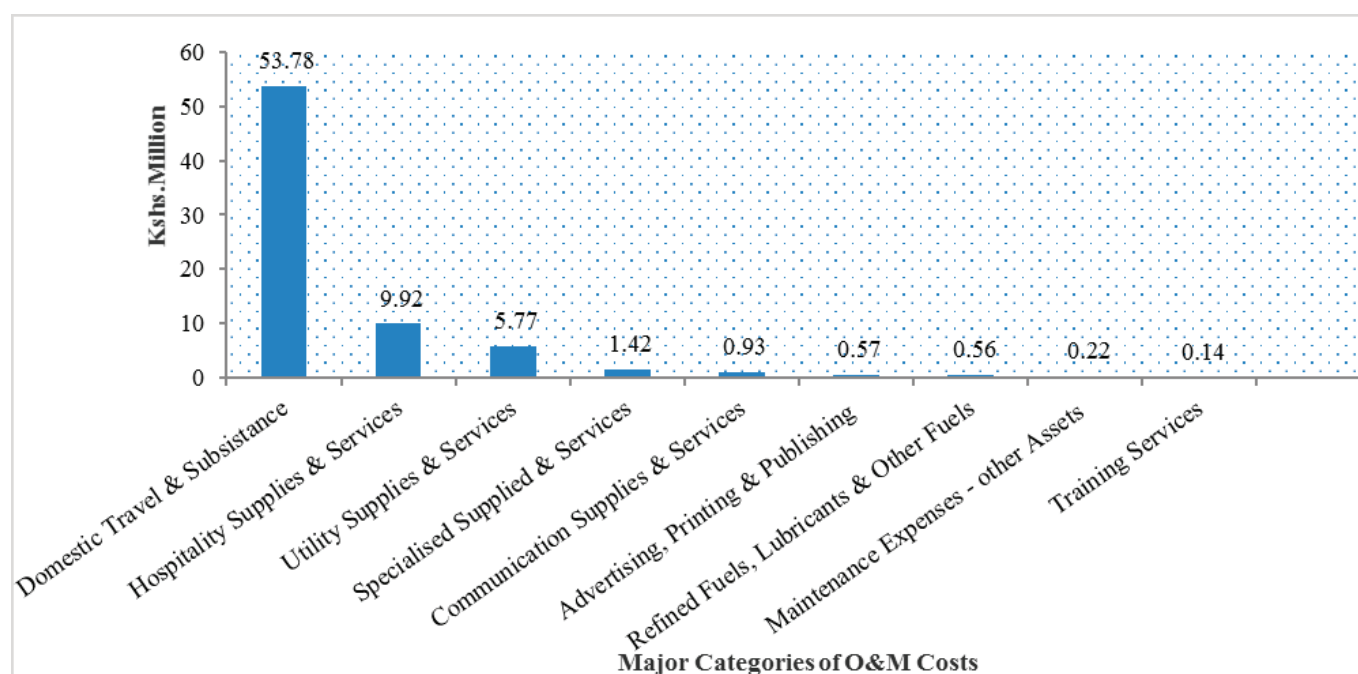
Source: Vihiga County Treasury

3.46.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 89.4 per cent of the total expenditure for the reporting period.

3.46.8 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Vihiga County, Operations and Maintenance Expenditure by Major Categories

Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.53.78 million and comprised Kshs.1.41 million spent by the County Assembly and Kshs.52.37 million by the County Executive. The County Assembly did not report any expenditure on MCAs sitting allowance.

3.46.9 Development Expenditure

The County did not report expenditure on development programmes in the reporting period.

3.46.10 Budget Performance by Department

Table 3.194 summarises departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.194: Vihiga County, Budget Performance by Department

Department	30 per cent Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	72,639,527	-	32,081,711	-	22,269,405	-	69.4	-	30.7	-
Physical Planning, Lands and Housing	37,217,508	-	12,884,634	-	6,079,449	-	47.2	-	16.3	-
Transport, Infrastructure and Communication	55,237,039	-	18,275,250	-	8,978,541	-	49.1	-	16.3	-
Trade, Industry, Tourism and Entrepreneurship	28,500,176	-	8,053,245	-	682,110	-	8.5	-	2.4	-
Health Services	722,504,230	-	310,257,886	-	272,013,837	-	87.7	-	37.6	-
Education, Science, Technical and Vocational Training	167,314,001	-	71,653,851	-	55,067,975	-	76.9	-	32.9	-
Office of the Governor	123,656,397	-	55,099,827	-	36,984,812	-	67.1	-	29.9	-
County Assembly	299,900,482	-	133,544,216	-	104,970,371	-	78.6	-	35.0	-
Finance and Economic Planning	151,778,481	-	73,499,335	-	55,113,598	-	75.0	-	36.3	-
County Public Service Board	25,645,100	-	11,496,791	-	7,982,364	-	69.4	-	31.1	-
Administration and Coordination of County Affairs	178,206,240	-	97,850,815	-	209,541,699	-	214.1	-	117.6	-
Gender, Culture and Youth	56,294,173	-	17,370,391	-	6,190,460	-	35.6	-	11.0	-
Environment, Water and Natural	56,471,121	-	17,769,630	-	21,229,645	-	119.5	-	37.6	-
Total	1,975,364,475	-	859,837,582	-	807,104,266	-	93.9	-	40.9	-

Source: Vihiga County Treasury

Analysis of expenditure by the department shows that the Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to budget at 117.6 per cent. Expenditure excess of the budget is irregular and should be regularised.

3.46.11 Budget Execution by Programmes and Sub-Programmes

Table 3.195 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.195: Vihiga County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub-programme	Approved Budget by Court (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)	
Administration, Planning and Support Service		102,183,513	29,012,524	73,170,989	28.4	
	Administrative Services	102,183,513	29,012,524	73,170,989	28.4	
Cooperatives Development		4,955,000	3,480,800	1,474,200	70.2	

Budget Execution by Programmes and Sub-Programmes						
Programme	Sub-gramme	Pro-gramme	Approved Budget by Court (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	Cooperative Development Services		4,955,000	3,480,800	1,474,200	70.2
1 Urban and Physical Planning and Housing Services			2,718,522	-	2,718,522	0.0
	Vihiga Municipality {KUSP}		2,718,522	-	2,718,522	0.0
Administration, Planning and Support Service			55,237,039	5,527,561	49,709,478	10.0
	Administrative Services		55,237,039	5,527,561	49,709,478	10.0
Administration, Planning and Support Service			28,500,176	10,940,535	17,559,641	38.4
	Administrative Services		28,500,176	10,940,535	17,559,641	38.4
Administration, Planning and Support Service			1,020,232,352	454,036,209	566,196,143	44.5
	Administrative Services		1,020,232,352	454,036,209	566,196,143	44.5
Child and Maternal Health Care			2,172,360	-	2,172,360	0.0
	Nutrition Services		2,172,360	-	2,172,360	0.0
Administration, Planning and Support Service			167,314,001	55,067,975	112,246,026	32.9
	Administrative Services		167,314,001	55,067,975	112,246,026	32.9
Administration, Planning and Support Service			479,286,218	222,685,058	256,601,161	46.5
	Administrative Services		479,286,218	222,685,058	256,601,161	46.5
Administration, Planning and Support Service			34,832,923	5,419,160	29,413,763	15.6
	Administrative Services		34,832,923	5,419,160	29,413,763	15.6
Sports Administration and Management			21,461,250	(46,200)	21,507,450	-0.2
	Promotion of Sports		20,491,250	(46,200)	20,537,450	-0.2
	Promotion of Culture and Heritage		970,000	-	970,000	0.0
Social Services			-	(249,000)	249,000	0.0
	Gender, Children, Youth and People with Disability		-	(249,000)	249,000	0.0
Administration, Planning and Support Service			56,471,121	21,229,645	35,241,476	37.6
	Administrative Services		56,471,121	21,229,645	35,241,476	37.6
Grand Total			1,975,364,475	807,353,266	1,168,011,209	40.9

Source: Vihiga County Treasury

The County reported a negative expenditure under the Gender, Children, Youth and People with Disability sub-programme and Promotion of Sports sub-programme. These negative expenditures should be reviewed and be corrected in the IFMIS system.

3.46.12 Key Observations and Recommendations

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

1. Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The OCoB did not receive financial reports for the Vihiga County Executive Car Loan Scheme Fund, Vihiga County Executive Mortgage Scheme Fund, Vihiga County Sports Fund, and Vihiga County Bursary Fund.
2. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 17th August 2021. The OCoB issued instructed Counties to provide financial reports by 15th July 2021, in line with Section 16 of the COB Act, 2016.
3. The County failed to implement the FY 2021/22 approved budget due to disagreements, which led to the Court capping expenditure to 30 per cent of the previous year budget. This implies that planned activities were not implemented during the period under review.

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

1. *The County Executive Committee Member for Finance (CECM-F) should ensure Fund Administrators prepare and submit financial reports in line with Section 168 of the PFM Act, 2012.*
2. *The County Treasury should ensure timely preparation and submission of financial reports according to Section 166 of the PFM Act, 2012.*
3. *The County leadership should embrace out of court dialogues and address the issues of disagreements to ensure planned activities are implemented in the remaining period of the financial year.*

3.47 County Government of Wajir

3.47.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.59 billion, comprising Kshs.4.24 billion (36.6 per cent) and Kshs.7.34 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.47 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from own sources of revenue, and a cash balance of Kshs.499.62 million (4.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.51 billion (13 per cent) as conditional grants. The grants consist of Kshs.33.85 million for the Transforming Health System- World Bank, Kshs.18.93 million as DANIDA grants, Kshs.346.04 million as Kenya Climate Smart Agricultural Project, Kshs.15.63 million as EU Grants, Kshs.40.58 million as ASDSP, Kshs.600 million as Water and Sanitation, Kshs.88.55 million as Emergency Locust Responses Project, Kshs.4.43 million as 9th Country programme implementation, Kshs.90.84 million as Kenya Urban Support Programme amount brought forward from FY 2020/21, KShs.127.35 million as Kenya Road Maintenance levy fund brought down from FY 2020/21 and Kshs.95.00 million as Kenya Devolution Support Programme brought down from FY 2020/21.

3.47.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.56 billion as the equitable share of the revenue raised nationally, raised Kshs.13 million as own-source revenue and had a cash balance of Kshs.722.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.30 billion, as shown in Table 3.196.

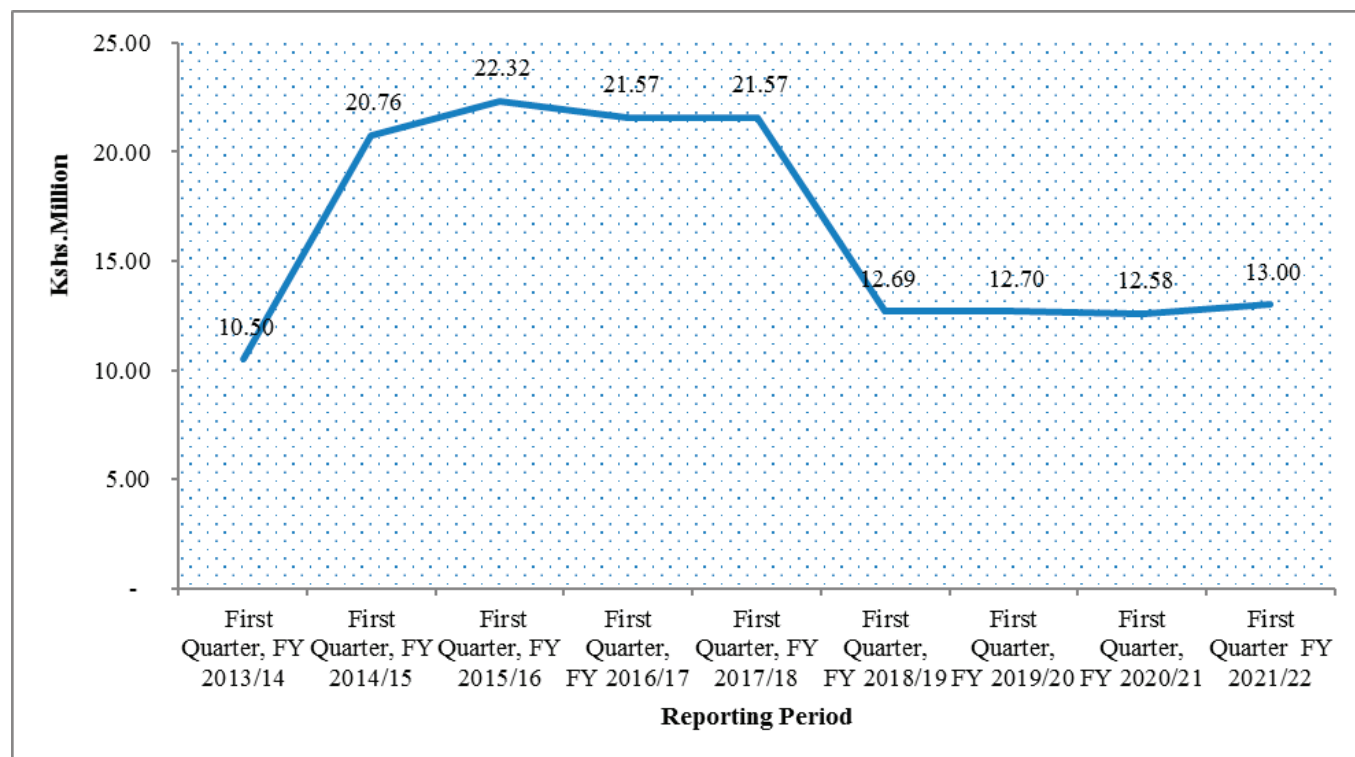
Table 3.196: Wajir County, Revenue Performance in the First Quarter of FY 2021/22

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	1,563,329,815	17.0
Sub Total		9,474,726,151	1,563,329,815	17.0
B	Other Sources of Revenue			
1	Own Source Revenue	100,000,000	13,000,000	13.0
2	Balance b/f from FY 2020/21	499,622,360	722,577,265	144.6
3	Other Revenues	1,511,207,274	-	0
Sub Total		2,110,829,634	735,577,265	34.8
Grand Total		11,585,555,785	2,298,907,080	19.8

Source: Wajir County Treasury

Figure 3.91 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.91: Quarterly Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Wajir County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.13.0 million as own-source revenue. This amount represented an increase of 3.3 per cent compared to Kshs.12.58 million realised during a similar period in the first quarter of FY 2020/21 and was 13.0 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.27 billion from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.47.4 Overall Expenditure Review

The County spent entirely Kshs.1.26 billion on recurrent programmes during the reporting period. This expenditure represented 99.2 per cent of the total funds released by the CoB and was entirely for recurrent programmes and represented 17.2 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.42 billion and comprised of Kshs.302 million for recurrent expenditure and Kshs.1.12 billion for development expenditure. At the beginning of FY 2021/22, the County had not prepared a payment plan to settle the bills in the financial year.

During the period under review, the County did not report any payments towards the settlement of pending bills. This may be due to late approval for the budget by the County Assembly and the Court case by stakeholders, which limit payment for pending bills.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.10 billion was spent on employee compensation and Kshs.166.79 million on operations and maintenance, as shown in Table 3.197.

Table 3.197: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,488,514,507	853,341,593	1,076,496,522	185,297,814	16.6	21.7
Compensation to Employees	4,151,824,677	421,063,504	1,013,197,586	81,806,654	24.4	19.4
Operations and Maintenance	2,336,689,830	432,278,089	63,298,936	103,491,160	2.71	23.9
Development Expenditure	4,203,699,685	40,000,000	-	-	-	-
Total	10,692,214,192	893,341,593	1,076,496,522	185,297,814	16.6	21.7

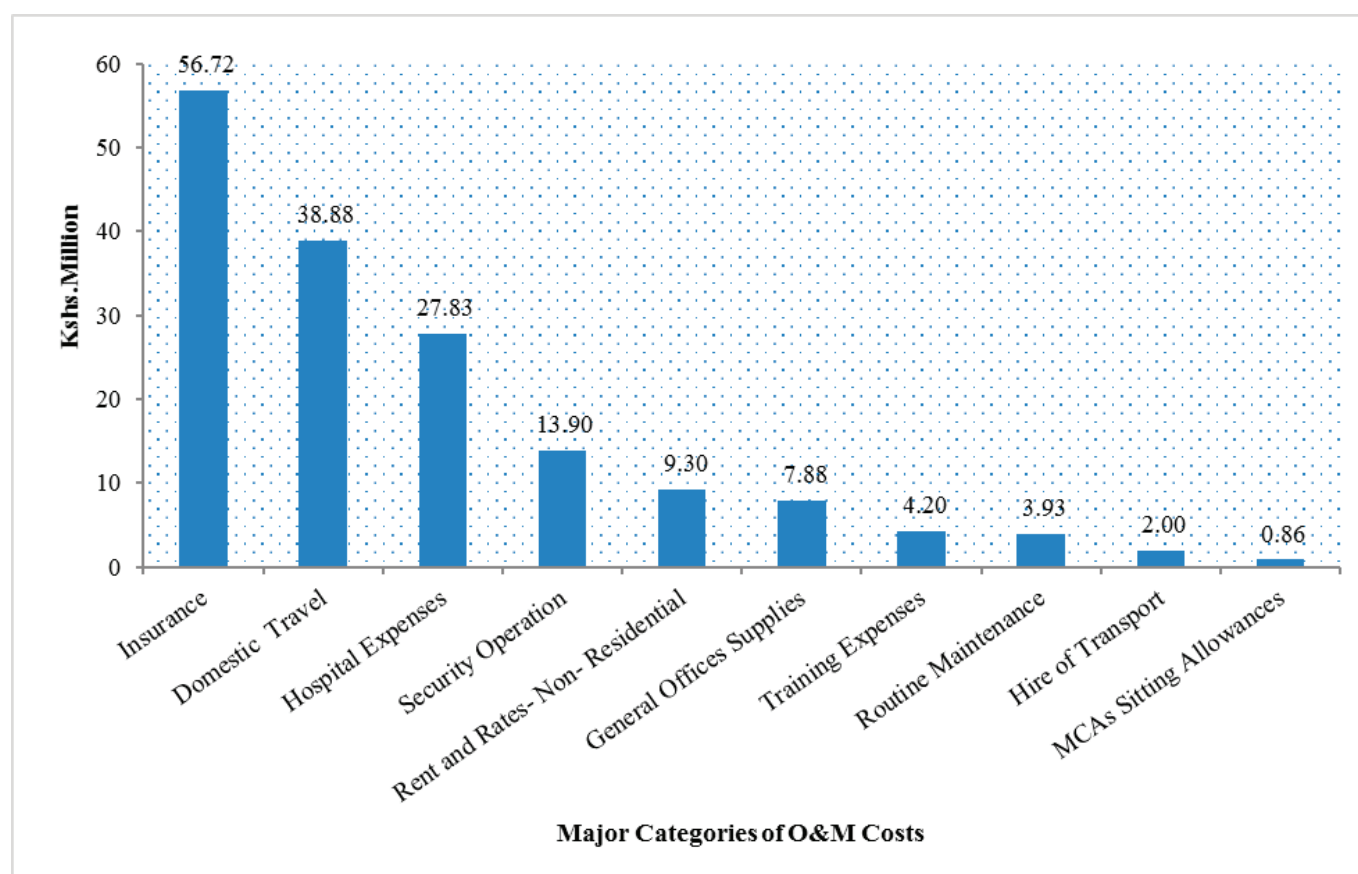
Source: Wajir County Treasury

3.47.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.8 per cent of the total expenditure for the reporting period and 37.8 per cent of the first quarter proportional revenue of Kshs.2.9 billion.

3.47.8 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories

Source: Wajir County Treasury

The County spent Kshs.864,000 on committee sitting allowances for the 50 MCAs and Speaker against the annual budget allocation of Kshs.12.78 million. The average monthly sitting allowance was Kshs.17,280 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.38.88 million entirely spent by the County Assembly. Expenditure on foreign travel amounted to Kshs.337, 600 by the County Assembly.

3.47.9 Development Expenditure

The County did not report expenditure on development programmes in the period under review.

3.47.10 Budget Performance by Department

Table 3.2 Table 3.198 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.198: Wajir County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	522.49	0.00	121.83	-	109.18	-	89.6	-	20.9	-
County Assembly	853.34	40.00	185.30	-	185.30	-	100.0	-	21.7	-
Finance and Economic Planning	750.05	-	64.49	-	64.49	-	100.0	-	8.6	-
Public Health, Medical Service and Sanitation	2,496.33	634.50	367.70	-	367.70	-	100.0	-	14.7	-
Water Resources	292.56	707.00	23.64	-	23.64	-	100.0	-	8.1	-
Public Works, Housing and Physical Planning	79.93	248.00	8.61	-	8.61	-	100.0	-	10.8	-
Roads and Transport	132.58	494.55	24.48	-	24.48	-	100.0	-	18.5	-
Agriculture, Livestock and Fisheries	233.34	759.17	53.15	-	53.15	-	100.0	-	22.8	-
Education, Youth, Gender and Social Services	573.19	218.58	71.26	-	71.26	-	100.0	-	12.4	-
ICT and E-Government, Trade, Industrialization and Cooperative Development	195.22	61.90	34.29	-	34.29	-	100.0	-	17.6	-
Public Services, Special Programs and Decentralization Unit	653.21	66.40	138.17	-	138.17	-	100.0	-	21.2	-
Energy, Environment and Natural Resources	85.07	200.76	13.44	-	13.44	-	100.0	-	15.8	-
CPSB	83.60	0.00	12.22	-	12.22	-	100.0	-	14.6	-
WAJWASCO	174.11	672.00	61.45	-	61.45	-	100.0	-	35.3	-
Wajir Municipality	216.84	140.84	94.42	-	94.42	-	100.0	-	43.5	-
Total	7,341.86	4,243.70	1,274.46	-	1,261.79	-	99.0	-	17.2	-

Source: Wajir County Treasury

Analysis of expenditure by the departments shows that the Wajir Municipality had the highest percentage of recurrent expenditure to budget at 43.5 per cent, followed by the Department of WAJWASCO at 35.3 per cent while the Department of Water Resources had the lowest at 8.1 per cent.

3.47.11 Budget Execution by Programmes and Sub-Programmes

Table 3.199 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.199: Wajir County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive					
Coordination and Supervisory Services	Governor	492,168,510	109,176,339	382,992,171	22.2%
Coordination and Supervisory Services	Deputy Governor	20,000,000	-		0.0%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Coordination and Supervisory Services	County Secretary	10,320,000	-		0.0%
	Sub Total	522,488,510	109,176,339	382,992,171	20.9%
County Assembly					
General Administration and support services	General Administration and Support Services	893,341,593	185,297,814	708,043,779	20.7%
	Sub Total	893,341,593	185,297,814	708,043,779	20.7%
Finance and Economic Planning					
Accounting Services	Treasury	643,190,612	61,341,708	581,848,904	9.5%
County Statistics	Economic planning	32,452,200	600,000	-	1.8%
Revenue Services	Revenue	29,813,792	250,000	-	0.8%
Budget management Services	Budget	14,796,700	1,600,000	-	10.8%
Internal Audit	Internal Audit	9,520,725	700,000	-	7.4%
Supply Chain Management	Procurement	20,276,000	-	-	0.0%
	Sub Total	750,050,029	64,491,708	581,848,904	8.6%
Road and Transport					
General Administration and support services	General Administration and Support Services	205,696,574	24,475,778	181,220,796	11.9%
County Transport Services	Transport	421,429,086			0.0%
	Sub Total	627,125,660	24,475,778	181,220,796	3.9%
Water and Irrigation					
Water Supplies Overhaul and maintenance Services	Water Supplies Overhaul	390,000,000	-	390,000,000	0.0%
Infrastructure development Services	New Infrastructure development Services	317,000,000	-	317,000,000	0.0%
General Administration and support services	General Administration and Support Services	292,561,124	23,639,025	268,922,099	8.1%
	Sub Total	999,561,124	23,639,025	975,922,099	2.4%
Energy, Environment and Natural Resources					
Energy Service	Energy	35,485,724	-	35,485,724	0.0%
Environment Conservative Services	Environment	242,383,304	13,438,240	228,945,064	5.5%
Wildlife and Tourism	Natural Resources	7,954,800			
	Sub Total	285,823,828	13,438,240	272,385,588	4.7%
Public Health, Medical Service and Sanitation					
Curative, Rehabilitative and Referral Services	Curative	831,812,000	250,000	831,562,000	0.0%
Preventive and Promotive Services	Preventive	151,787,000	250,000	151,537,000	0.2%
Special Program Service	Special Programme	17,600,000	-	17,600,000	0.0%
Health Research	Research	13,256,000	-	13,256,000	0.0%
General Administration and support services	General Administration and Support Services	2,008,254,734	367,198,971	1,641,055,763	18.3%
Family Health	Family Health	108,119,183			
	Sub Total	3,130,828,917	367,698,971	2,655,010,763	11.7%
Education , Youth, Gender and Social Services					
ECD Support Service	ECD	674,919,328	71,260,840	603,658,488	10.6%
Infrastructure development	Vocational training and Youth Affairs	17,653,000		17,653,000	0.0%
Social Services	Social Services	40,044,400		40,044,400	0.0%
Gender/Social Services	Gender	44,484,100		44,484,100	0.0%

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
Promotion of Culture and Heritage Services	Heritage and Library Services	14,667,800		14,667,800	0.0%
	Sub Total	791,768,628	71,260,840	720,507,788	9.0%
Agriculture, Livestock and Fisheries					
Agriculture Services	Agriculture	218,473,480	52,899,716	165,573,764	24.2%
Livestock Resources Management and Development	Livestock/Veterinary	707,873,981	150,000	707,723,981	0.0%
Fisheries Development and Management	Fisheries	15,436,400	100,000	15,336,400	0.6%
Irrigation Management Services	Irrigation	50,734,400	-	50,734,400	0.0%
	Sub Total	992,518,261	53,149,716	939,368,545	5.4%
ICT and E-Government, Trade, Industrialization and Cooperative Development					
Trade Services	Trade	204,458,180	34,291,945	170,166,235	16.8%
Industry Service	Industrialization	6,322,260	-	6,322,260	0.0%
Cooperative Service	Cooperative	22,892,740	-	22,892,740	0.0%
ICT Infrastructure	ICT Services	23,450,000	-	23,450,000	0.0%
	Sub Total	257,123,180	34,291,945	222,831,235	13.3%
Public Works, Housing and Physical Planning					
Land Policy	Lands	69,374,621	8,108,325	61,266,296	11.7%
Physical Planning	Physical Planning	162,398,600	500,000	161,898,600	0.3%
Public Works	Public Works	96,155,900	-	96,155,900	0.0%
	Sub Total	327,929,121	8,608,325	319,320,796	2.6%
Public Services, Special Programs and Decentralization Unit					
Service Delivery and Performance Management	Public Services	499,448,217	130,671,743	368,776,474	26.2%
Decentralization Unit	Decentralised units	82,050,640		82,050,640	0.0%
Public Participation Service	Public Participation	14,614,000		14,614,000	0.0%
Conflict, Prevention, Management and Resolution	Conflicts Resolution	17,191,851	6,000,000	11,191,851	34.9%
County Executive Services- Intergovernmental Relation	Intergovernmental	8,636,624	500,000	8,136,624	5.8%
Special Program and Disaster Management	Disaster Management	75,519,800	250,000	75,269,800	0.3%
Performance Appraisal Service	Performance Appraisal	14,808,000	500,000	14,308,000	3.4%
Governance and Ethics	Governance/ ethics	7,337,600	250,000	7,087,600	3.4%
	Sub Total	719,606,732	138,171,743	581,434,989	19.2%
County Public Service Board					
General Administration and support services	General Administration and Support Services	83,595,808	12,224,791	71,371,017	14.6%
	Sub Total	83,595,808	12,224,791	71,371,017	14.6%
WAJWASCO					
General Administration and support services	General Administration and Support Services	846,109,130	61,450,810	784,658,320	7.3%
	Sub Total	846,109,130	61,450,810	784,658,320	7.3%
Municipality					
General Administration and support services	General Administration and Support Services	357,685,264	94,418,291	263,266,973	26.4%
	Sub Total	357,685,264	94,418,291	263,266,973	26.4%
Grand Total		11,585,555,785	1,261,794,336	9,660,183,763	10.9%

Source: Wajir County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Service in the Department of Municipality at 26.4 per cent, Service Delivery and Performance Management in the Department of Public Service, Special Program and Decentralization Unit at 26.2 per cent, Agriculture Service in the Department of Agriculture, Livestock and Fisheries at 24.2 per cent, and office of the Governor at 19.8 per cent of budget allocation.

3.47.12 Key Observations and Recommendations

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

1. Failure to report expenditure on the development budget in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.23 billion.
2. The underperformance of own-source revenue at Kshs.13 million against an annual projection of Kshs.100 million, representing 13.0 per cent of the annual target.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.48 County Government of West Pokot

3.48.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.7.61 billion, comprising Kshs.2.84 billion (37.4per cent) and Kshs.4.78 billion (62.6 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.30 billion (83.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from own sources of revenue, and a cash balance of Kshs.586.71 million (7.7 per cent) from FY 2020/21. The County also expects to receive Kshs.558.95 million (7.4 per cent) as conditional grants. The grants consist of Kshs.353.54 million for Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.51.22 million for Transforming Health Systems for Universal care Project (WB), Kshs.66.27 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.11 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.34.5 million for Emergency Locusts Project, Kshs.32.31 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.48.2 Revenue Performance

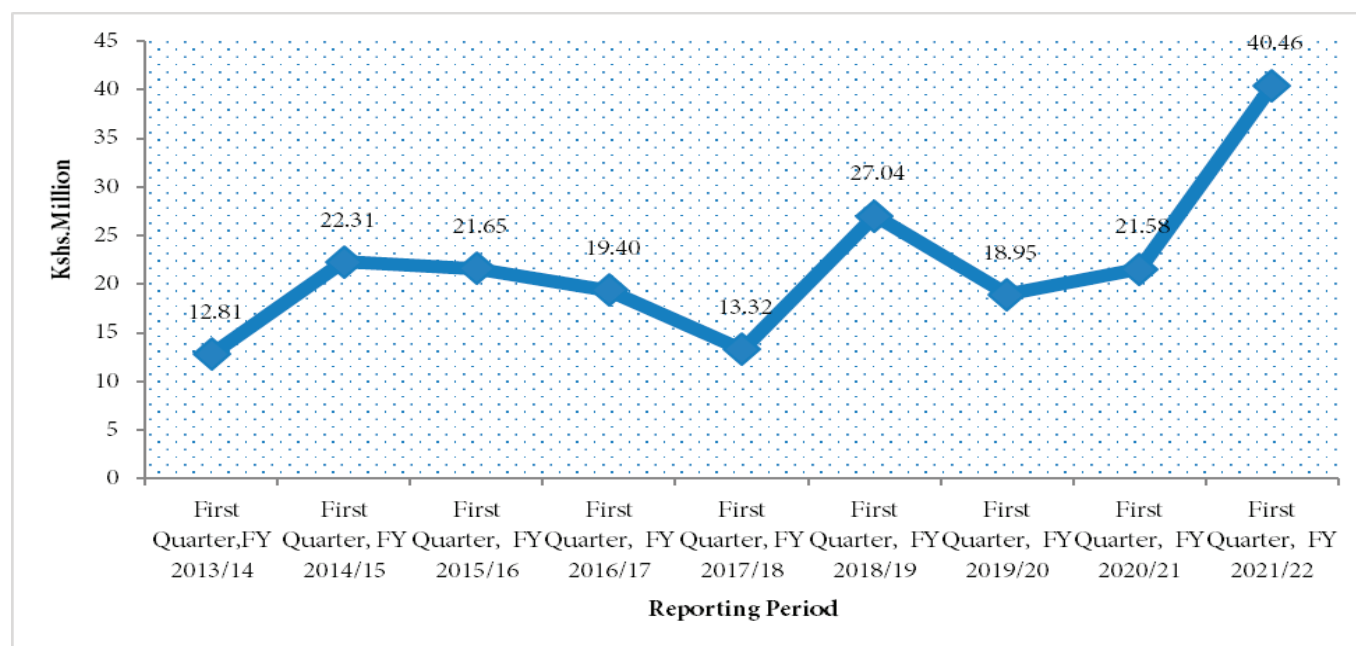
In the first quarter of FY 2021/22, the County received Kshs.1.04 billion as the equitable share of the revenue raised nationally, raised Kshs.40.46 million as own-source revenue, Kshs.83.62 million as conditional grants, and had a cash balance of Kshs.586.71 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.75 billion, as shown in Table 3.200

Table 3.200: West Pokot County, Revenue Performance in the First Quarter of FY 2021/22

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,297,284,329	1,039,051,914	16.5
Sub Total		6,297,284,329	1,039,051,914	16.5
	Other Sources of Revenue			
1.	Own Source Revenue	170,000,000	40,462,780	23.8
2.	Balance b/f from FY2020/21	586,711,191	586,711,191	100.0
3.	Other Revenues (Conditional Grants)	559,953,126	83,615,101	14.9
Sub Total		1,316,664,317	710,789,073	54.0
Grand Total		7,613,948,646	1,749,840,986	23

Figure 3.93 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.93: West Pokot County Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: West Pokot County Treasury

During the first quarter of FY2021/22, the County generated a total of Kshs.40.46 million as own-source revenue. This amount represented an increase of 86.4 per cent compared to Kshs.21.58 million realised during a similar period in FY 2020/21 and was 23.8 per cent of the annual target.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.04 billion from the CRF account during the reporting period, which comprised Kshs.951.88 million for recurrent programmes and Kshs.83.62 million for development programmes.

3.48.4 Overall Expenditure Review

The County spent Kshs.961.47 million on development and recurrent programmes during the reporting period. This expenditure represented 92.9 per cent of the total funds released by the CoB and comprised of Kshs.17.35 million and Kshs.944.12 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.6 per cent, while recurrent expenditure represented 19.8 per cent of the annual recurrent expenditure budget.

3.48.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.162.56 million and comprised of Kshs.47.92 million for recurrent expenditure and Kshs.114.64 million for development expenditure. At the beginning of FY 2021/22, the County prepared and submitted a payment plan to settle the entire bills in the financial year. The County did not report any payments towards pending bills during the period under review.

3.48.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.636.29 million was spent on employee compensation, Kshs.307.83 million on operations and maintenance and Kshs.17.35 million on development programmes, as shown in Table 3.201.

Table 3.201: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,157,269,386	612,707,541	822,895,789	121,227,234	19.8	19.8
Compensation to Employees	2,591,888,242	342,314,829	548,901,919	87,391,734	21.2	25.5
Operations and Maintenance	1,565,381,144	270,392,712	273,993,870	33,835,500	17.5	12.5

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Development Expenditure	2,678,571,720	165,400,000	17,347,045	-	0.6	-
Total	6,835,841,106	778,107,541	840,242,833	121,227,234	12.3	15.6

Source: West Pokot County Treasury

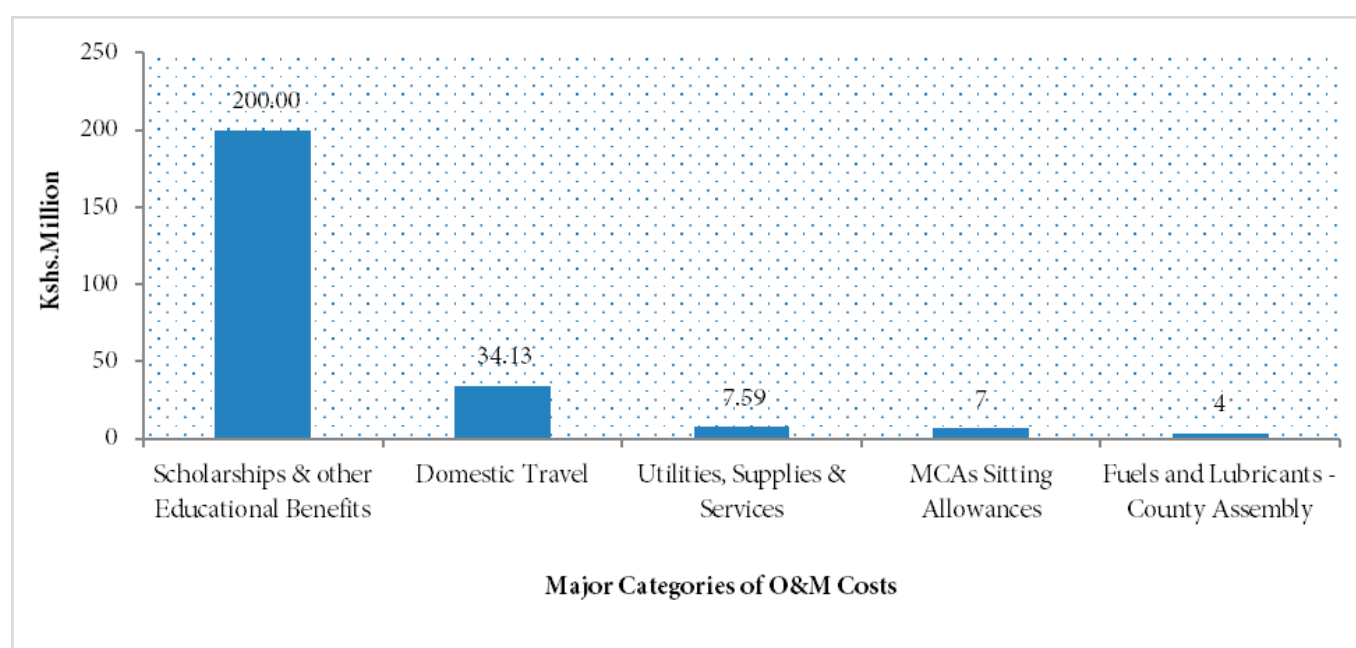
3.48.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 66.2 per cent of the total expenditure for the reporting period and 33.4 per cent of the first quarter proportional revenue of Kshs.1.90 billion.

3.48.8 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

The County spent Kshs.6.82 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.31.79 million. The average monthly sitting allowance was Kshs.66,835 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.34.13 million and comprised of Kshs.16.03 million spent by the County Assembly and Kshs.18.09 million by the County Executive. The County did not incur any expenditure on foreign travel in the reporting period.

3.48.9 Development Expenditure

The County incurred an expenditure of Kshs.17.35 million on development programmes, which represented a decrease of 56.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.40 million.

3.48.10 Budget Performance by Department

Table 3.202 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.202: West Pokot County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	458.17	168.86	63.45	-	63.70	-	100.4	-	13.9	-
Finance and Economic Planning	273.83	145.80	42.31	-	43.59	-	103.0	-	15.9	-
Roads, Public Works, Transport and Infrastructure	82.25	399.02	16.04	83.62	16.13	17.35	100.6	20.7	19.6	4.3
Health, Sanitation and Emergencies	1,596.81	278.03	295.08	-	295.25	-	100.1	-	18.5	-
Education and Technical Training	833.84	273.05	263.21	-	263.66	-	100.2	-	31.6	-
Agriculture and Irrigation	98.45	489.68	19.58	-	19.58	-	100.0	-	19.9	-
Pastoral Economy	101.48	194.94	19.77	-	19.77	-	100.0	-	19.5	-
Trade, Industrialization, Investment & Cooperatives	132.99	203.25	17.36	-	17.36	-	100.0	-	13.1	-
Land, Housing, Physical Planning and Urban Dev	109.79	93.70	24.56	-	24.56	-	100.0	-	22.4	-
Water, Environment and Natural Resources	81.35	310.15	17.85	-	15.62	-	87.5	-	19.2	-
Tourism, Youth, Sports, Gender and Social Services	73.06	47.08	10.36	-	10.36	-	100.0	-	14.2	-
County Public Service, ICT & Decentralised Units	274.77	75.00	28.85	-	28.85	-	100.0	-	10.5	-
Intergovernmental, Special programmes and Directorates	40.49	-	4.46	-	4.46	-	100.0	-	11.0	-
County Assembly	612.71	165.40	128.99	-	121.23	-	94.0	-	19.8	-
TOTAL	4,769.98	2,843.97	951.88	83.62	944.12	17.35	99.2	20.7	19.8	0.6

Source: West Pokot County Treasury

Analysis of expenditure by the departments shows that only the Department of Roads, Public Works, Transport and Infrastructure reported expenditure on development budget at an absorption rate of 4.3 per cent. On the other hand, the Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 31.6 per cent while the Department of Intergovernmental, Special programmes and Directorates had the lowest at 11 per cent.

3.48.11 Budget Execution by Programmes and Sub-Programmes

The County Treasury did not provide a report on budget execution by Programmes and Sub-Programmes.

3.48.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.17.35 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.84 billion. The development expenditure represented 0.6 per cent of the annual development budget.

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

1. The County Treasury should ensure timely preparation and submission of financial reports according to Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first quarter of FY 2021/22 and includes appropriate recommendations to address the challenges to enhance smooth budget execution by the County Governments. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a County is authorized to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.6.76 billion, which was 12 per cent of the annual target of Kshs.56.52 billion, against an expected performance of 25 per cent of the annual target in the first quarter of FY 2021/22. The under-performance of own-source revenue collection implies that some planned activities may not be implemented during the financial year as budgets will not be fully financed.

The low performance of own-source revenue collections should be addressed to avoid hidden budget deficits and reduce pending bills at year-end. The Controller of Budget advises Counties to review the revenue targets to realistic amounts. Further, they should develop and implement strategies to mobilize their own-source revenue.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on development programmes.

During the reporting period, County Governments incurred a total of Kshs.3.55 billion representing an absorption rate of 1.9 per cent instead of the expected 7.5 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.185.28 billion. This indicates that Counties did not prioritise the implementation of development projects during the period.

The Controller of Budget recommends that Counties prioritize implementing development projects to improve the standard of living for their citizens. Further, County governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 Failure to settle Pending Bills in the First Quarter of FY 2021/22

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 states that "debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations". Further, Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalized and signed contracts be budgeted first before new projects are considered by the accounting officer of the County government entity.

During the period under review, it was noted that the following thirty Counties did not report any payments towards the settlement of the self-reported pending bills at the beginning of the financial year. The Counties are;- Baringo, Bungoma, Busia, Elgeyo Marakwet, Homa Bay, Isiolo, Kajiado, Kilifi, Kisumu, Kwale, Lamu, Machakos, Marsabit, Meru, Migori, Nairobi City, Nakuru, Nandi, Narok, Nyamira, Nyandarua, Samburu, Tana River, Tharaka Nithi, Trans Nzoia, Turkana, Uasin Gishu, Vihiga, Wajir, and West Pokot.

The public finance management framework requires that pending bills are settled on time as specified in contract agreements to avoid the accumulation of arrears. Failure to make payments when due constitutes a severe material breach of public finance principles as provided under Article 201 of the Constitution and violates the Public Finance Management Act, 2012.

The Controller of Budget advises the above Counties to develop and implement a pending bills payment plan and ensure the entire stock of bills are cleared in the current financial year in line with the law.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the first quarter of the FY 2021/22 by County Governments. The report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016.

In the first quarter of FY 2021/22, the combined County Governments' budgets approved by the County Assemblies amounted to Kshs.505.22 billion. This amount comprised Kshs.185.28 billion (36.5 per cent) allocated to development expenditure and Kshs.319.95 billion (63.5 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programs. To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.56.52 billion from own revenue sources and utilize a Kshs.36.30 billion cash balance from FY 2019/20.

The total funds available to the County Governments in the reporting period amounted to Kshs.104.12 billion. This amount consisted of Kshs.61.05 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.30 billion cash balance from FY 2019/20, and Kshs.6.76 billion raised from own sources.

The total expenditure by County governments was Kshs.52.84 billion, representing an absorption rate of 10.5 per cent of the total annual County Government's budgets. This was an increase from an absorption rate of 8.8 per cent attained in a similar period of FY 2020/21, where total expenditure was Kshs.38.17 billion. Recurrent expenditure was Kshs.49.28 billion, representing 15.4 per cent of the annual recurrent budget, while development expenditure amounted to Kshs.3.55 billion, representing an absorption rate of 1.9 per cent.

The key challenges that hampered effective budget execution during the period have been identified. They included under-performance in own-source revenue collection, low expenditure on development budget and failure to settle pending bills in the first quarter of FY 2021/22. The report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the future.

The Controller of Budget is committed to ensuring the prudent and effective use of public resources by County Governments and will continue to produce regular reports on budget implementation to inform and influence budget execution.

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