

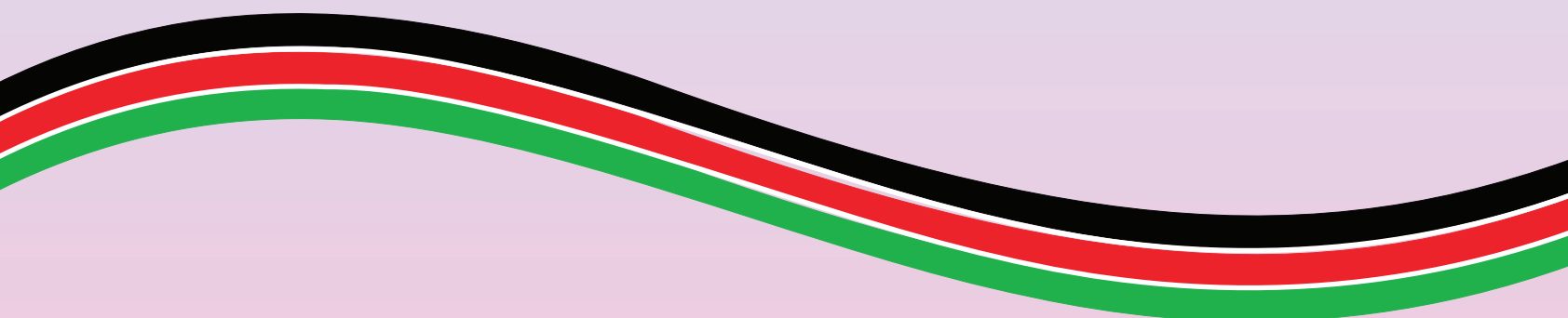
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE FINANCIAL YEAR
FY 2022/23**

SEPTEMBER, 2023



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FOREWORD

I am pleased to present the Annual County Governments Budget Implementation Review Report (CGBIRR) for July 2022 to June 2023. The report is based on the approved FY 2022/23 budget, financial and non-financial performance reports submitted to the Controller of Budget according to Sections 166 and 168 of the Public Finance Management, and data generated from the Integrated Financial Management Information System. It is further informed by continuous monitoring of budget implementation by the Office of the Controller of Budget.

The report has been prepared in conformity with Article 228 (6) of the Constitution and Section 9 of the Controller of Budget (CoB) Act, 2016, which requires the Controller of Budget to submit to each House of Parliament a report on the implementation of the budgets of the National and County Governments every four months. The report provides an avenue for the CoB to publicise information on budget implementation at the County Government level in line with Section 39 (8) of the Public Finance Management Act, 2012.

This report presents the budget performance of the 47 County Governments by analysing receipts into the County Revenue Fund, exchequer issues, actual expenditure, absorption of funds against approved budget, and outlining key issues that impeded budget implementation during the period and requisite recommendations to address the issues. The report will be helpful to the legislature, the executive and the public in creating awareness of budget implementation by each of the County Governments and enhancing the effective management of public resources. I urge County governments to implement the recommendations in this report as required under Section 130(d) and 149(3a) of the Public Finance Management Act of 2012 to enhance effective budget execution and achieve the desired budget goals.

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



CPA Dr Margaret Nyakang'o, CBS
CONTROLLER OF BUDGET

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ACRONYMS

A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
B/F	Balance brought forward
CARA	County Allocation of Revenue Act
CCIS	County Climate Institutional Support
CCIS	County Climate Institutional Support
CBIRR	County Budget Implementation Review Report
CECMF	County Executive Committee Member for Finance
COB	Controller of Budget
COVID-19	Coronavirus Disease 2019
CRF	County Revenue Fund
DANIDA	Danish International Development Agency
DEV	Development
DRPNK	Drought Resilience Programme in Northern Kenya
ECDE	Early Childhood Development Education
ELRP	Emergency Locust Response Project
EU	European Union
EXP	Expenditure
FAO	Food and Agriculture Organization
FIF	Facility Improvement Fund
FLLOCA	Financing Locally-Led Climate Action
FY	Financial Year
ICT	Information Communication Technology
IDA	International Development Association
IDEAS	Instruments for Devolution Advice and support
IFMIS	Integrated Financial Management Information System
IPPD	Integrated Payroll Personnel Database
KCSAP	Kenya Climate Smart Agriculture Project
KDSP	Kenya Devolution Support Programme
Kshs	Kenya Shillings
KISP	Kenya Informal Settlement Improvement Project
KUSP	Kenya Urban Support Project
MCA	Member of County Assembly
NARIGP	National Agricultural and Rural Inclusive Growth Project

NARIGP	National Agricultural and Rural Inclusive Project
NAVCDP	National Value Chain Project
O&M	Operations and Maintenance
OCOB	Office of the Controller of Budget
OSR	Own Source Revenue
PE	Personnel Emoluments
PFM	Public Finance Management
REC	Recurrent
SME	Small and Medium Enterprise
SRC	Salaries and Remuneration Commission
THSUCP	Transforming Health Systems for Universal Health Care Project
UDG	Urban Development Grant
UNICEF	United Nations Children's Fund
WB	World Bank
WSDP	Water & Sanitation Development Project

EXECUTIVE SUMMARY

This financial year 2022/23 Annual County Budget Implementation Review Report (CBIRR) is prepared to fulfil the requirements of Article 228(6) of the Constitution of Kenya, 2010 and Section 9 of the Controller of Budget Act, 2016. It highlights the budget implementation of each of the 47 County Governments in the financial year 2022/23.

The aggregate FY 2022/23 County Government's budgets approved by the County Assemblies amounted to Kshs.515.18 billion and comprised of Kshs.160.54 billion (31.2 per cent) and Kshs.354.64 billion (68.8 per cent) allocated for development and recurrent expenditure, respectively. It is worth noting that the allocations to development activities conform to Section 107(2)(b) of the Public Finance Management (PFM) Act, 2012, which states that at least 30 per cent of the budget shall be allocated for development expenditure.

To finance the (FY) 2022/23 budget, County governments expected to receive Kshs.370 billion as the equitable share of revenue raised Nationally, Kshs.22.52 billion as conditional allocations from the National Government and development partners, Kshs.57.37 billion from own sources of revenues, and utilise the unspent funds carried forward from FY 2021/22 of Kshs.42.03 billion.

The total available funds to County governments in the FY 2022/23 amounted to Kshs.466.01 billion. These funds comprised Kshs.370 billion as the equitable share of revenue raised Nationally authorised for withdrawal from Consolidated Fund to respective County Revenue Funds (CRF) accounts by the Controller of Budget per Article 206(4) of the Constitution; Kshs.16.17 billion received as additional allocations disbursements from various development partners; Kshs.42.03 billion as cash balances from FY 2021/22 and Kshs.37.81 billion mobilised from own source revenue streams.

During the reporting period, County Governments raised Kshs.37.81 billion from their sources of revenue, accounting for 65.9 per cent of the annual target of Kshs.57.37 billion. The outturn represented a 5.3 per cent increase from Kshs.35.91 billion generated in FY 2021/22. Analysis of OSR by County indicates that Lamu, Kirinyaga, Kitui, Samburu, Turkana, and Elgeyo Marakwet Counties had the highest percentage of own revenue collected to the annual own revenue target at 119.8 per cent, 112.3 per cent, 110.6 per cent, 94.3 per cent, 89.8 per cent and 88.3 per cent respectively. On the other hand, the Counties that generated the lowest percentage of OSR as a percentage of the annual target included Kisumu at 48.2 per cent, Wajir at 46.7 per cent, Mandera at 42.2 per cent, Murang'a at 42.2 per cent, Marsabit at 34.5 per cent, and Nyamira at 26.3 per cent.

During the reporting period, the CoB authorised withdrawals of Kshs.430.48 billion from the respective County Revenue Funds (CRF) accounts to the County Operational Accounts for the County Governments per Article 207(3) of the Constitution, which consisted of Kshs.336.12 billion (78.1 per cent) for recurrent activities and Kshs.94.36 billion (21.9 per cent) for development activities.

During the year, the Counties spent a total of Kshs.428.90 billion, an absorption rate of 83.3 per cent of the total annual County government budgets. This expenditure consisted of Kshs.330.92 billion for recurrent activities (77.2 per cent) and Kshs.97.98 billion (22.8 per cent) for development activities. The aggregate expenditure improved from an absorption rate of 74.8 per cent achieved in FY 2021/22 when the cumulative expenditure was Kshs.400.96 billion. The Counties that attained the highest aggregate absorption rates were West Pokot, Homa Bay, Mandera and Nandi at 95.4 per cent, 93.4 per cent, 93.2

per cent and 93.2 per cent, respectively. On the other hand, Kilifi, Kisii, Kiambu and Nakuru recorded the lowest absorption rates at 72.8 per cent, 71.8 per cent, 67.2 per cent and 63.8 per cent, respectively. A further review of the total expenditure of Kshs.428.90 million indicates that Counties incurred Kshs.195.09 billion (45.5 per cent) on personnel emoluments and Kshs.135.83 billion (31.8 per cent) on operations and maintenance.

The development expenditure of Kshs.97.98 billion translated to an absorption rate of 61.0 per cent of the annual FY 2022/23 development budget, an improvement from 50.9 per cent recorded in FY 2021/22. Analysis of development expenditure indicated that West Pokot, Mandera, Samburu, Kericho, Nandi and Homa Bay Counties had the highest absorption at 89.0 per cent, 85.3 per cent, 84.1 per cent, 83.4 per cent and 82.1 per cent, respectively. Conversely, Counties that had the lowest absorption rate of their respective development budget were Machakos, Busia, Nakuru, Kiambu and Kisii at 42.5 per cent, 41.4 per cent, 36.1 per cent, 26.4 per cent and 13.9 per cent, respectively.

During the reporting period, the Controller of Budget noted some cross-cutting challenges that derailed effective and efficient budget execution. Some of these issues were highlighted in the previous reports and are still outstanding in most Counties, including underperformance of own-source revenue collection, low expenditure on the development budget, high level of pending bills, high expenditure on personnel emoluments, delay in submission of financial and non-financial reports to the Controller of Budget, and failure by Fund Administrators to submit quarterly financial statements to the Controller of Budget.

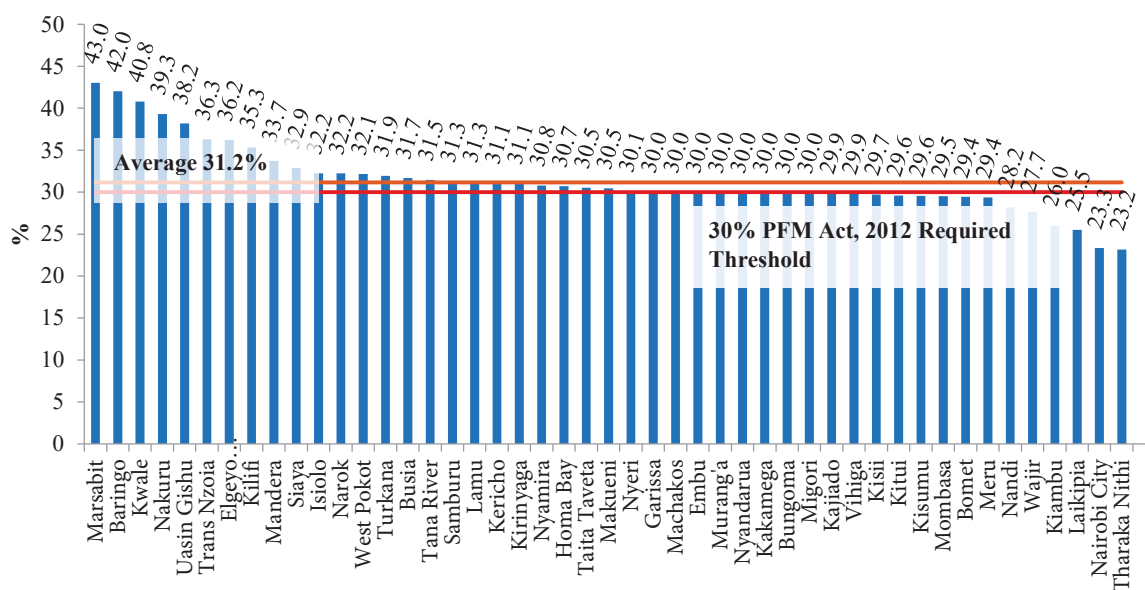
To address these challenges, Counties should;- enhance revenue collection strategies to realise the revenue targets, prioritise implementation of development programmes to improve their citizens' living standards, settle the eligible pending bills as a first charge on the budget in line with the law, and ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015. Further, County governments should institute mechanisms to ensure adherence to the legal provisions on submitting quarterly financial and non-financial reports as provided in law and ensure Fund Administrators prepare and submit quarterly reports to the Controller of Budget in line with Section 168 of the PFM Act, 2012.

EXECUTIVE SUMMARY

FY 2022/23 County Governments' Approved Budget Estimates



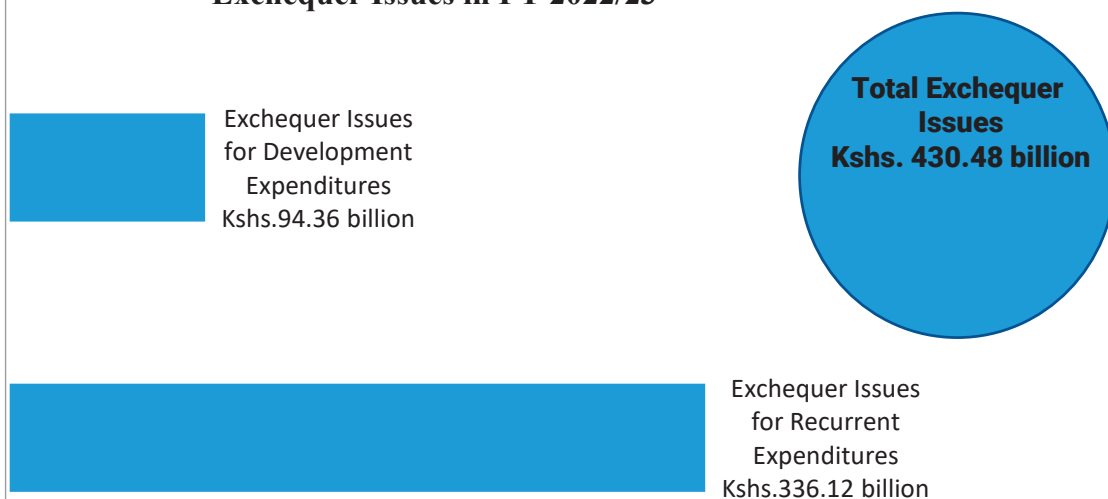
FY 2022/23 County Governments' Development Budget Allocation as a Percentage of Total Budget



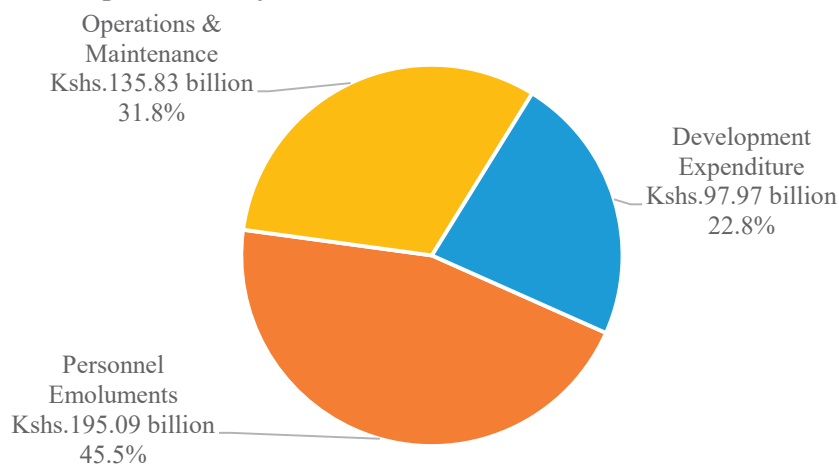
Total Revenue Available in FY 2022/23



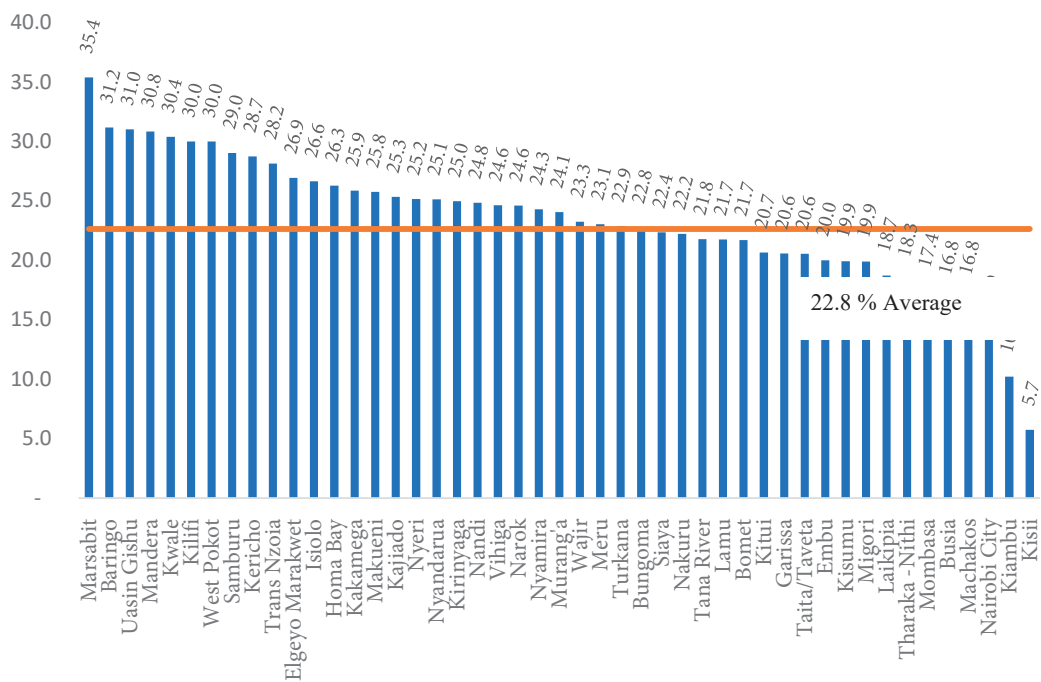
Exchequer Issues in FY 2022/23



Expenditure by Economic Classification in FY 2022/23



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



1 INTRODUCTION

The Office of the Controller of Budget (OCoB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010, to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (COB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and County Governments every four months.

This Annual County Budget Implementation Review Report (CBIRR) is prepared in line with the above legal requirements and covers the twelve months of FY 2022/23, from July 2022 to June 2023. The CBIRR presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers received from the National Government and Development Partners, and the total expenditure of the financial year (FY) 2022/23. The (CBIRR) is based on quarterly financial reports submitted to the OCoB by County Treasuries in line with Sections 166 and 168 of the Public Finance Management (PFM) Act 2012, data obtained from the Integrated Financial Management System (IFMIS), and information obtained by the OCoB in the course of overseeing budget implementation. This report uses an absorption rate to measure performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

This reporting structure is as follows; Chapter One captures the introduction part, and Chapter Two analyses the counties' budget performance during the FY2022/23. Chapter two details the performance of the county government's own-source revenue, and actual expenditure against the set budget estimates for both recurrent and development expenditures are discussed. Further recurrent expenditures have been categorised into Personal Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of 30th June 2023 is provided in this chapter.

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

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

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN FY 2022/23

2.1 Introduction

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

2.2 Revenue Analysis

In 2022/23, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.515.18 billion, which comprised Kshs.160.54 billion (31.2 per cent) allocated to development expenditure and Kshs.354.64 billion (68.8 per cent) for recurrent expenditure. This was a decline from the FY 2021/22 budget allocation of Kshs.535.74 billion.

To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.57.37 billion from their own sources of revenue, utilise Kshs.42.03 billion cash balance from FY 2021/22, Kshs.5.36 billion as additional allocations from the National Government and Kshs.17.16 billion as additional allocations from development partners.

2.3 Revenue Out-turn

The total funds available to the County Governments amounted to Kshs.466.01 billion. This amount consisted of Kshs.370 billion as the equitable share of revenue raised nationally and disbursed by the National Treasury, Kshs.42.03 billion cash balance from FY 2021/22 (this includes Kshs.29.6 billion June 2022 arrears of equitable share of revenue), Kshs.37.81 billion raised from own sources, and Kshs.16.17 billion as additional allocations from development partners. The additional allocations disbursed in FY 2022/23 are shown in Table 2.1.

Table 2.1: Disbursement of Additional allocations from Development Partners

Description of the Conditional Grant	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Outstanding Balance (Kshs.)
IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP))	3,900,000,001	3,533,288,416	366,711,585
IDA (World Bank) credit (National Agricultural Value Chain Development Project (NAVCDP))	1,820,000,000	1,747,010,883	72,989,117
IDA (World Bank) Kenya Climate Smart Agricultural Project (KCSAP)	2,200,002,000	2,112,826,374	87,175,626
IDA (World Bank) credit: Water & Sanitation Development Project	3,500,000,000	3,470,855,426	29,144,574
DANIDA Grant. Primary Health Care in a Devolved Context	1,018,125,009	898,100,742	120,024,267
IDA (World Bank) credit (Financing Locally)- Led Climate Action (FLLoCa) Program, County Climate Institutional Support (CCIS) Grant	1,034,000,000	979,000,000	55,000,000
Sweden- Agricultural Sector Development Support Programme (ASDSP)	655,175,274	574,730,160	80,445,114
German Development Bank (KIW)- Drought Resilience Programme in Northern Kenya (DRPNK)	410,000,000	271,929,642	138,070,358
World Bank- Emergency Locust Response Project (ELRP)	1,200,000,000	1,170,941,623	29,058,377

Description of the Conditional Grant	Amount Allocated (Kshs.)	Amount Disbursed (Kshs.)	Outstanding Balance (Kshs.)
World Bank- Kenya Informal Settlement Improvement Project (KISIP II)	1,300,000,000	1,292,063,703	7,936,297
IDA (World Bank) Kenya Urban Support Programme (KUSP)	122,020,000	122,020,000	0
Total	17,159,322,284	16,172,766,969	986,555,315

Source: OCoB Records

2.4 Own-Source Revenue

During the reporting period, county governments generated a total of Kshs37.81 billion from their own sources of revenue (OSR), which was 65.9 per cent of the annual target of Kshs.57.37 billion. This was an improvement compared to Kshs.35.91 billion generated in the previous financial year. Analysis of own source revenue collection for the period July 2022 to June 2023 is shown in Table 2.2

Table 2.2: Own Source Revenue Collection in FY 2022/23

County	Annual Own Source Revenue (OSR) Target (Kshs.)	Actual OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	387,429,514	313,351,637	80.9
Bomet	300,000,000	242,395,023	80.8
Bungoma	500,000,000	379,716,358	75.9
Busia	310,711,243	201,772,364	64.9
Elgeyo Marakwet	246,239,213	217,350,490	88.3
Embu	514,140,000	383,178,337	74.5
Garissa	100,000,000	81,361,298	81.4
Homa Bay	818,315,811	491,496,550	60.1
Isiolo	178,097,913	151,805,623	85.2
Kajiado	1,743,946,728	875,281,130	50.2
Kakamega	1,942,426,514	1,309,679,900	67.4
Kericho	1,019,388,053	501,354,545	49.2
Kiambu	3,392,022,527	2,424,634,382	71.5
Kilifi	1,051,376,905	661,686,660	62.9
Kirinyaga	355,601,999	399,321,046	112.3
Kisii	650,000,000	413,988,597	63.7
Kisumu	1,518,837,525	731,449,033	48.2
Kitui	420,000,000	464,354,467	110.6
Kwale	454,276,121	392,952,872	86.5
Laikipia	821,111,327	504,274,788	61.4
Lamu	131,000,000	156,907,612	119.8
Machakos	1,717,118,593	1,429,791,260	83.3
Makueni	670,000,000	418,752,940	62.5
Mandera	290,436,786	122,528,934	42.2
Marsabit	170,000,000	58,565,723	34.5
Meru	600,000,000	418,801,954	69.8
Migori	600,000,000	406,364,909	67.7

County	Annual Own Source Revenue (OSR) Target (Kshs.)	Actual OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Mombasa	5,004,354,326	3,998,628,848	79.9
Murang'a	1,265,765,573	534,416,925	42.2
Nairobi City	17,505,011,669	10,237,263,780	58.5
Nakuru	2,280,000,000	1,611,062,682	70.7
Nandi	373,234,444	200,737,628	53.8
Narok	4,204,783,838	3,061,007,640	72.8
Nyamira	432,000,000	113,484,901	26.3
Nyandarua	660,000,000	505,913,306	76.7
Nyeri	800,000,000	610,656,883	76.3
Samburu	240,330,500	226,516,961	94.3
Siaya	590,261,582	402,229,607	68.1
Taita Taveta	389,402,624	265,254,255	68.1
Tana River	87,846,000	59,173,171	67.4
Tharaka Nithi	259,700,000	164,200,787	63.2
Trans Nzoia	328,400,000	267,760,051	81.5
Turkana	198,000,000	177,717,811	89.8
Uasin Gishu	1,400,471,851	936,606,563	66.9
Vihiga	181,484,444	108,347,382	59.7
Wajir	100,000,000	46,746,101	46.7
West Pokot	170,000,000	128,195,210	75.4
Total	57,373,523,623	37,809,038,922	65.9

Source: County Treasuries

Analysis of own source revenue as a proportion of the annual revenue target indicates that Lamu, Kirinyaga and Kitui counties outperformed their annual targets at 119.8 per cent, 112.3 per cent and 110.6 per cent, respectively. Conversely, seven counties recorded below 50 per cent performance: Nyamira, Marsabit, Mandera, Murangá, Wajir, Kisumu and Kericho. The above analysis excludes Facility Improvement Fund (FIF). Detailed analysis of Own Source Revenue by stream for each county is provided in Chapter three.

In the first nine months county budget implementation review report, we reported that Nakuru county had a performance of 30.5 per cent of their annual OSR target. This was an inadvertent error as the computation did not include Facility Improvement Fund (FIF) of Kshs.1.06 billion. The correct performance was 60.2 per cent, we apologize for the omission and misrepresentation.

The OCoB recommends that the forty-four counties that did not achieve their OSR target should develop strategies to ensure the target is realistic and achievable in the next financial year to avoid pending bills in the coming financial year.

2.5 Funds Released to the Counties

2.5.1 Funds Released from the Consolidated Fund to the Counties

In FY 2022/23, the Controller of Budget (CoB) approved the disbursement of Kshs.370 billion as an equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount represented 100 per cent

of the approved equitable share of Kshs.370 billion as contained in the County Allocation of Revenue Act, 2022. Further, a disbursement of Kshs.29.6 billion was transferred to county governments during the period, which was June 2022 arrears of equitable share from FY 2021/22. Detailed analysis of the released equitable share and additional allocations to each county is provided in chapter three.

2.5.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.430.48 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.94.36 billion (21.9 per cent) for development expenditure and Kshs336.12 billion (78.1 per cent) for recurrent expenditure. This was an increase from Kshs.409.44 billion authorised in FY 2021/22. A detailed analysis of the funds released to each county is provided in Chapter Three.

2.6 Expenditure Analysis

The total expenditure by County governments in FY 2022/23 was Kshs.428.90 billion, representing an absorption rate of 83.3 per cent of the total annual County Government Budgets. This was an improvement from an absorption rate of 74.8 per cent reported in FY 2021/22 when total expenditure was Kshs.400.96 billion.

Recurrent expenditure was Kshs330.92 billion, representing 93.3 per cent of the annual recurrent budget, an improvement from 88.4 per cent reported in the previous financial year. Development expenditure amounted to Kshs.97.98 billion, representing an absorption rate of 61 per cent, an improvement from 50.9 per cent attained in FY 2021/22 when total development expenditure was Kshs.98.47 billion. The analysis of expenditure by economic classification in FY 2022/23 is provided in Table 2.3.

Table 2.3: Expenditure by Major Economic Classification - FY 2022/23

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	3,431,707,237	1,936,779,643	5,368,486,881	2,432,718,510	7,801,205,391
Bomet	3,174,187,421	2,356,038,347	5,530,225,768	1,533,347,795	7,063,573,563
Bungoma	5,385,207,688	3,893,620,888	9,278,828,576	2,734,122,548	12,012,951,124
Busia	3,372,659,005	2,853,030,158	6,225,689,163	1,257,066,447	7,482,755,610
Elgeyo Marakwet	2,497,272,680	1,272,230,526	3,769,503,206	1,390,643,910	5,160,147,116
Embu	3,453,561,407	1,436,998,305	4,890,559,712	1,223,444,503	6,114,004,216
Garissa	4,767,693,237	1,394,936,285	6,162,629,522	1,597,334,634	7,759,964,156
Homa Bay	4,515,876,655	2,424,943,663	6,940,820,318	2,474,759,957	9,415,580,275
Isiolo	2,044,390,349	1,982,988,893	4,027,379,242	1,462,406,427	5,489,785,669
Kajiado	4,603,884,407	2,503,664,114	7,107,548,521	2,411,570,893	9,519,119,414
Kakamega	6,238,655,022	4,238,635,229	10,477,290,252	3,657,539,952	14,134,830,203
Kericho	3,257,744,713	2,174,144,303	5,431,889,016	2,190,789,977	7,622,678,993

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Kiambu	7,667,891,497	2,982,985,530	10,650,877,027	1,212,259,243	11,863,136,270
Kilifi	4,779,457,311	3,046,198,864	7,825,656,175	3,355,060,000	11,180,716,175
Kirinyaga	2,906,183,515	1,929,883,732	4,836,067,247	1,609,991,179	6,446,058,427
Kisii	5,635,833,829	1,884,373,792	7,520,207,621	457,815,848	7,978,023,469
Kisumu	4,853,815,255	2,418,017,795	7,271,833,050	1,808,499,184	9,080,332,234
Kitui	4,884,247,661	3,289,516,780	8,173,764,441	2,129,554,649	10,303,319,090
Kwale	3,289,955,432	3,468,759,650	6,758,715,082	2,950,191,667	9,708,906,748
Laikipia	3,648,148,509	1,675,767,361	5,323,915,870	1,225,931,428	6,549,847,298
Lamu	1,621,061,853	1,126,864,417	2,747,926,271	763,507,194	3,511,433,465
Machakos	5,720,766,966	2,206,172,893	7,926,939,858	1,600,080,058	9,527,019,916
Makueni	4,405,297,128	2,904,636,955	7,309,934,082	2,537,372,482	9,847,306,564
Mandera	3,986,566,397	4,211,904,034	8,198,470,430	3,656,648,676	11,855,119,107
Marsabit	3,012,922,471	1,915,135,744	4,928,058,215	2,698,781,808	7,626,840,023
Meru	5,776,965,781	3,039,220,499	8,816,186,280	2,640,927,572	11,457,113,852
Migori	3,306,429,940	3,501,972,210	6,808,402,150	1,690,148,150	8,498,550,300
Mombasa	6,903,270,841	3,451,887,742	10,355,158,583	2,183,638,615	12,538,797,198
Murang'a	4,271,264,056	2,161,272,934	6,432,536,990	2,037,799,896	8,470,336,886
Nairobi City	12,186,281,786	16,441,644,954	28,627,926,740	4,610,458,210	33,238,384,950
Nakuru	6,921,076,137	3,599,633,797	10,520,709,934	3,008,132,002	13,528,841,936
Nandi	3,639,290,897	2,321,831,902	5,961,122,799	1,969,443,798	7,930,566,597
Narok	4,607,802,622	5,046,481,753	9,654,284,375	3,149,842,969	12,804,127,344
Nyamira	3,061,065,041	1,280,209,897	4,341,274,938	1,393,939,708	5,735,214,646
Nyandarua	2,489,904,491	2,493,332,966	4,983,237,457	1,673,141,763	6,656,379,220
Nyeri	3,914,380,491	1,199,503,430	5,113,883,921	1,718,404,708	6,832,288,629
Samburu	2,204,439,800	2,287,424,365	4,491,864,165	1,837,438,170	6,329,302,335
Siaya	3,001,492,505	2,277,503,557	5,278,996,062	1,520,275,370	6,799,271,432
Taita Taveta	3,273,588,290	1,600,940,205	4,874,528,495	1,261,053,122	6,135,581,617
Tana River	1,934,245,203	2,692,075,152	4,626,320,355	1,288,961,673	5,915,282,027
Tharaka Nithi	2,845,808,754	1,237,802,990	4,083,611,744	914,063,233	4,997,674,977
Trans Nzoia	3,304,858,873	2,154,126,237	5,458,985,110	2,138,901,698	7,597,886,808
Turkana	4,427,369,402	6,763,712,568	11,191,081,970	3,318,037,130	14,509,119,100
Uasin Gishu	4,196,168,379	2,965,501,035	7,161,669,414	3,218,766,179	10,380,435,592

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Vihiga	2,524,955,657	1,957,597,283	4,482,552,940	1,464,628,343	5,947,181,283
Wajir	4,477,868,418	3,370,141,297	7,848,009,715	2,377,736,408	10,225,746,123
West Pokot	2,667,136,835	2,453,083,815	5,120,220,649	2,193,105,287	7,313,325,936
Total	195,090,651,843	135,825,128,488	330,915,780,331	97,980,282,972	428,896,063,303

Source: OCoB and County Treasuries

The county governments that attained the highest expenditure in absolute terms were: Nairobi City at Kshs.33.24 billion, Turkana at Kshs.14.51 billion, and Kakamega at Kshs.14.13 billion. The lowest expenditure was recorded by Lamu, Elgeyo Marakwet and Tharaka Nithi at Kshs.3.51 billion, Kshs.5.16 billion and Kshs.5.20 billion.

A review of cumulative expenditure by economic classification showed that Kshs.195.09 billion (45.5 per cent) was spent on Personnel Emoluments, Kshs.135.83 billion (31.8 per cent) on Operations and Maintenance , and Kshs.97.98 billion (22.8 per cent) on Development Expenditure.

2.6.1 Development Expenditure

County governments spent Kshs.97.98 billion on development activities, representing an absorption rate of 61 per cent of the annual development budget, an improvement from 50.9 per cent reported in FY 2021/22 when development expenditure was Kshs.98.47 billion. Analysis of county budgets and Expenditures in FY 2022/23 is provided in Table 2.4.

Table 2.4: County Budget Allocation, Expenditure and absorption Rate in FY 2022/23

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	5,368.69	3,888.73	9,257.42	5,368.49	2,432.72	7,801.21	100.0	62.6	84.3
Bomet	5,848.16	2,439.18	8,287.34	5,530.23	1,533.35	7,063.57	94.6	62.9	85.2
Bungoma	10,378.86	4,445.88	14,824.74	9,278.83	2,734.12	12,012.95	89.4	61.5	81.0
Busia	6,544.61	3,033.28	9,577.88	6,225.69	1,257.07	7,482.76	95.1	41.4	78.1
Elgeyo/Marakwet	3,991.29	2,264.90	6,256.19	3,769.50	1,390.64	5,160.15	94.4	61.4	82.5
Embu	5,109.35	2,191.72	7,301.07	4,890.56	1,223.44	6,114.00	95.7	55.8	83.7
Garissa	6,556.23	2,813.92	9,370.15	6,162.63	1,597.33	7,759.96	94.0	56.8	82.8
Homa Bay	6,983.69	3,095.42	10,079.11	6,940.82	2,474.76	9,415.58	99.4	79.9	93.4
Isiolo	4,377.52	2,083.19	6,460.71	4,027.38	1,462.41	5,489.79	92.0	70.2	85.0
Kajiado	7,476.38	3,192.25	10,668.63	7,107.55	2,411.57	9,519.12	95.1	75.5	89.2
Kakamega	11,338.34	4,859.70	16,198.04	10,477.29	3,657.54	14,134.83	92.4	75.3	87.3

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Recurrent Absorption Rate (%)	Development Absorption Rate (%)	Overall Absorption Rate
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Kericho	5,825.29	2,628.29	8,453.57	5,431.89	2,190.79	7,622.68	93.2	83.4	90.2
Kiambu	13,074.22	4,587.82	17,662.04	10,650.88	1,212.26	11,863.14	81.5	26.4	67.2
Kilifi	9,931.46	5,420.29	15,351.76	7,825.66	3,355.06	11,180.72	78.8	61.9	72.8
Kirin-yaga	4,847.45	2,185.06	7,032.51	4,836.07	1,609.99	6,446.06	99.8	73.7	91.7
Kisii	7,810.10	3,303.76	11,113.86	7,520.21	457.82	7,978.02	96.3	13.9	71.8
Kisumu	8,483.12	3,562.16	12,045.28	7,271.83	1,808.50	9,080.33	85.7	50.8	75.4
Kitui	8,662.90	3,643.15	12,306.05	8,173.76	2,129.55	10,303.32	94.4	58.5	83.7
Kwale	7,061.20	4,868.21	11,929.41	6,758.72	2,950.19	9,708.91	95.7	60.6	81.4
Laikipia	5,358.07	1,833.28	7,191.35	5,323.92	1,225.93	6,549.85	99.4	66.9	91.1
Lamu	3,001.20	1,366.43	4,367.63	2,747.93	763.51	3,511.43	91.6	55.9	80.4
Machakos	8,778.23	3,766.36	12,544.59	7,926.94	1,600.08	9,527.02	90.3	42.5	75.9
Makueni	7,485.99	3,278.76	10,764.74	7,309.93	2,537.37	9,847.31	97.6	77.4	91.5
Mandera	8,427.76	4,286.08	12,713.84	8,198.47	3,656.65	11,855.12	97.3	85.3	93.2
Marsabit	5,033.71	3,798.97	8,832.68	4,928.06	2,698.78	7,626.84	97.9	71.0	86.3
Meru	8,932.70	3,716.32	12,649.03	8,816.19	2,640.93	11,457.11	98.7	71.1	90.6
Migori	7,253.87	3,103.11	10,356.99	6,808.40	1,690.15	8,498.55	93.9	54.5	82.1
Mombasa	9,868.41	4,131.59	14,000.00	10,355.16	2,183.64	12,538.80	104.9	52.9	89.6
Murang'a	6,861.82	2,942.06	9,803.88	6,432.54	2,037.80	8,470.34	93.7	69.3	86.4
Nairobi City	30,369.96	9,243.95	39,613.92	28,627.93	4,610.46	33,238.38	94.3	49.9	83.9
Nakuru	12,870.61	8,339.09	21,209.70	10,520.71	3,008.13	13,528.84	81.7	36.1	63.8
Nandi	6,114.46	2,398.28	8,512.74	5,961.12	1,969.44	7,930.57	97.5	82.1	93.2
Narok	10,153.46	4,827.66	14,981.12	9,654.28	3,149.84	12,804.13	95.1	65.2	85.5
Nyamira	4,909.47	2,185.41	7,094.89	4,341.27	1,393.94	5,735.21	88.4	63.8	80.8
Nyandarua	5,307.09	2,274.98	7,582.07	4,983.24	1,673.14	6,656.38	93.9	73.5	87.8
Nyeri	5,316.93	2,291.54	7,608.47	5,113.88	1,718.40	6,832.29	96.2	75.0	89.8
Samburu	4,794.78	2,184.83	6,979.61	4,491.86	1,837.44	6,329.30	93.7	84.1	90.7
Siaya	5,775.87	2,827.00	8,602.86	5,279.00	1,520.28	6,799.27	91.4	53.8	79.0
Taita/Taveta	4,996.55	2,197.01	7,193.56	4,874.53	1,261.05	6,135.58	97.6	57.4	85.3
Tana River	5,468.74	2,511.27	7,980.02	4,626.32	1,288.96	5,915.28	84.6	51.3	74.1
Tharaka-Nithi	4,364.60	1,316.77	5,681.36	4,083.61	914.06	4,997.67	93.6	69.4	88.0
Trans Nzoia	5,807.36	3,309.33	9,116.68	5,458.99	2,138.90	7,597.89	94.0	64.6	83.3
Turkana	12,528.85	5,880.28	18,409.13	11,191.08	3,318.04	14,509.12	89.3	56.4	78.8
Uasin Gishu	7,308.95	4,514.71	11,823.66	7,161.67	3,218.77	10,380.44	98.0	71.3	87.8
Vihiga	4,551.02	1,937.00	6,488.02	4,482.55	1,464.63	5,947.18	98.5	75.6	91.7

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			
Wajir	8,125.45	3,109.23	11,234.68	7,848.01	2,377.74	10,225.75	96.6	76.5	91.0
West Pokot	5,200.51	2,464.03	7,664.54	5,120.22	2,193.11	7,313.33	98.5	89.0	95.4
Total	354,635.28	160,542.25	515,177.52	330,915.78	97,980.28	428,896.06	93.3	61.0	83.3

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of the approved annual development budget shows that only West Pokot, Mandera, Samburu, Kericho, Nandi and Homabay counties had the highest absorption rates above 80 per cent. Five county governments had below 50 per cent absorption rate for their development budgets: Kisii, Kiambu, Nakuru, Busia and Machakos. An analysis of the development projects implemented by counties is provided in chapter three.

2.6.2 Recurrent Expenditure

County governments spent an aggregate of Kshs.330.92 billion or 77.2 per cent of the total expenditure on recurrent activities. This expenditure represents 93.3 per cent of the annual county government's budget for recurrent activities, an improvement from 88.4 per cent recorded in FY 2021/22 when expenditure stood at Kshs.302.49 billion.

The recurrent expenditure comprised Kshs.195.09 billion (59 per cent) on Personnel Emoluments and Kshs.135.83 billion (41 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in chapter three.

2.6.3 Review of MCAs' Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.1.34 billion on MCA sitting allowances against an approved budget allocation of Kshs.1.68 billion. This expenditure translates to 79.9 per cent of the approved MCAs' sitting allowance budget, a decline from Kshs.2.01 billion spent in FY 2021/22. Table 2.5 shows the budgetary allocation and Expenditure on MCAs and Speakers sitting allowances in FY 2022/23.

Table 2.5: MCAs Budget Allocation, Expenditure and absorption Rate in FY 2022/23

County	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)	No. of MCA's	Average monthly sitting allowance per MCA (Kshs.)
	A	B	C=B/A*100		E=B/D/3
Baringo	39,000,000	31,404,953	80.5	46	56,893
Bomet	21,000,000	21,000,000	100.0	39	44,872
Bungoma	43,629,600	43,309,703	99.3	63	57,288
Busia	65,793,600	65,793,600	100.0	54	101,533
Elgeyo Marakwet	21,348,720	21,235,812	99.5	33	53,626
Embu	23,154,900	14,141,400	61.1	31	38,015
Garissa	40,228,009	37,092,178	92.2	49	63,082
Homa Bay	61,989,354	61,989,354	100.0	55	93,923

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
Isiolo	9,003,758	9,003,758	100.0	18	41,684
Kajiado	6,240,000	6,240,000	100.0	42	12,381
Kakamega	122,818,800	77,518,746	63.1	90	71,777
Kericho	37,671,200	37,671,200	100.0	48	65,401
Kiambu	50,000,000	37,367,100	74.7	89	34,988
Kilifi	31,949,940	29,927,300	93.7	55	45,344
Kirinyaga	48,594,919	12,987,500	26.7	33	32,797
Kisii	46,041,200	44,422,800	96.5	71	52,139
Kisumu	46,014,636	28,530,457	62.0	47	50,586
Kitui	26,476,800	13,632,641	51.5	55	20,656
Kwale	19,688,388	19,688,386	100.0	31	52,926
Laikipia	22,177,600	5,759,100	26.0	22	21,815
Lamu	19,360,000	8,542,800	44.1	19	37,468
Machakos	50,000,000	48,662,485	97.3	61	66,479
Makueni	36,547,442	39,089,352	107.0	49	66,478
Mandera	22,343,800	15,203,600	68.0	50	25,339
Marsabit	30,000,000	15,598,700	52.0	33	39,391
Meru	56,710,157	56,710,157	100.0	69	68,491
Migori	70,000,000	70,000,000	100.0	60	97,222
Mombasa	51,000,000	50,728,091	99.5	42	100,651
Murang'a	33,575,000	32,841,409	97.8	48	57,016
Nairobi City	51,424,600	51,424,595	100.0	124	34,560
Nakuru	26,404,000	24,910,556	94.3	83	25,011
Nandi	27,920,000	27,920,000	100.0	45	51,704
Narok	31,813,760	22,305,540	70.1	50	37,176
Nyamira	8,862,100	8,025,100	90.6	37	18,075
Nyandarua	52,350,000	28,345,400	54.1	42	56,241
Nyeri	47,549,834	40,044,494	84.2	42	79,453
Samburu	24,500,000	24,390,000	99.6	26	78,173
Siaya	25,074,800	24,508,600	97.7	43	47,497
Taita Taveta	36,940,500	18,441,700	49.9	33	46,570
Tana River	8,400,000	7,200,000	85.7	27	22,222
Tharaka Nithi	38,918,400	17,891,734	46.0	24	62,124
Trans Nzoia	15,285,000	15,285,000	100.0	40	31,844
Turkana	50,894,400	6,495,595	12.8	48	11,277
Uasin Gishu	20,000,000	20,000,000	100.0	45	37,037
Vihiga	29,310,800	20,936,300	71.4	37	47,154
Wajir	16,216,200	14,492,200	89.4	46	26,254
West Pokot	11,712,328	11,188,328	95.5	33	28,253
Total	1,675,934,546	1,339,897,723	79.9	2,227	50,138

Source: OCoB and County Treasuries

The County Assemblies that had the highest average monthly sitting allowance per MCA were Busia at Kshs.101,533 and Mombasa at Kshs.100,651.

2.6.4 Pending Bills as of 30th June 2023

Following the change in the administration of the County Governments after the August 2022 General Elections, internal committees were formed to verify the pending bills to begin settling eligible bills. As of 30th June 2023, county governments reported outstanding pending bills of Kshs.164.76 billion, as shown in Table 2.6.

Table 2.6: Pending Bills for the Counties as of 30th June 2023

Pending Bills as of 30th June 2023					
County	County Executive (Kshs.)		County Assembly (Kshs.)		Total (Kshs.)
	Recurrent	Development	Recurrent	Development	
Baringo	133,194,494	45,239,943	-	-	178,434,437
Bomet	98,021,127	149,054,931	-	-	247,076,058
Bungoma	504,605,133	212,651,586	9,582,382	-	726,839,100
Busia	959,145,794	734,625,932	84,305,333	-	1,778,077,059
Elgeyo Marakwet	7,953,106	10,694,583	-	-	18,647,689
Embu	527,428,234	807,634,985	34,145,792	-	1,369,209,011
Garissa	152,031,929	758,251,492	4,453,894	51,504,445	966,241,760
Homa Bay	74,403,925	881,144,600	67,584,885	11,611,501	1,034,744,911
Isiolo	-	416,147,585	-	13,907,483	430,055,069
Kajiado	494,000,000	821,000,000			1,315,000,000
Kakamega	59,633,472	74,684,105	-	-	134,317,577
Kericho	157,937,062	388,764,068	-	-	546,701,130
Kiambu	2,339,088,052	3,496,604,253	98,356,464	21,112,528	5,955,161,297
Kilifi	858,604,965	1,336,157,182	-		2,194,762,147
Kirinyaga	212,203,697	22,838,418	-	-	235,042,114
Kisii	287,351,006	903,562,972	8,915,330	64,544,417	1,264,373,725
Kisumu	766,501,201.62	1,271,780,351.81	-	-	2,038,281,553
Kitui	-	582,804,537	11,691,804	-	594,496,341
Kwale	-	268,176,249	-	-	268,176,249
Laikipia	1,245,333,949	800,665,024	10,179,772	-	2,056,178,745
Lamu	42,204,501	30,103,031	-	-	72,307,532
Machakos	1,650,589,527	936,102,589	-	-	2,586,692,116
Makueni	260,920,544	3,585,673	3,126,958	2,082,908	269,716,083
Mandera	736,497,117	2,359,394,317	-	-	3,095,891,434
Marsabit	-	613,975,787	19,717,080	256,083,989	889,776,856
Meru	-	380,486,469	-	-	380,486,469
Migori	364,112,186	385,472,551	62,462,520	50,000,000	862,047,257
Mombasa	2,672,147,335	1,553,002,722	67,036,299	-	4,292,186,356
Murang'a	3,416,057,585	160,798,979	12,201,263	65,641,035	3,654,698,862
Nairobi City	103,298,501,329	4,034,867,666			107,333,377,995
Nakuru	653,738,834	223,795,319	42,941,690	-	920,475,843
Nandi	172,237,763	393,082,780	-	-	565,320,543
Narok	558,380,614	559,245,425	43,960,842	8,516,122	1,170,103,004
Nyamira	49,380,633	29,307,077	-	-	78,687,710
Nyandarua	303,704,304	547,329,162	60,760,366	-	911,793,832
Nyeri	47,070,659	20,528,551	11,732,040	-	79,331,250
Samburu	93,893,135	423,533,552			517,426,687

Pending Bills as of 30th June 2023					
County	County Executive (Kshs.)		County Assembly (Kshs.)		Total (Kshs.)
Siaya	490,811,892	362,829,774	5,333,680	14,396,268	873,371,614
Taita-Taveta	502,141,581	437,960,034	81,478,984	2,250,000	1,023,830,599
Tana River	1,134,724,829	997,052,925	-	-	2,131,777,754
Tharaka-Nithi	451,540,602	243,562,108	47,181,289	11,537,268	753,821,267
Trans Nzoia	810,456,288	353,597,850	-	-	1,164,054,139
Turkana	10,865,929	300,913,898	-	-	311,779,827
Uasin Gishu	160,919,135	115,406,463	-	-	276,325,598
Vihiga	453,729,901	897,184,494	77,537,527	-	1,428,451,922
Wajir	3,888,749,763	1,449,868,927	149,469,705	21,868,235	5,509,956,630
West Pokot	100,579,061	109,436,973	4,777,872	44,373,500	259,167,406
Total	131,201,401,193	31,904,907,894	1,018,933,772	639,429,699	164,764,672,557

Source: County Treasuries

Nairobi City County had the highest pending bills as of 30th June 2023 which represented 65.1 per cent of the total county governments pending bills at Kshs.107.33 billion. Other county governments with a high level of pending bills are Kiambu at Kshs.5.96 billion, Wajir at Kshs.5.51 billion, Mombasa at Kshs.4.29 billion, Murangá at Kshs.3.65 billion, and Mandera at Kshs.3.10 billion.

The high level of pending bills may be attributed to the following reasons: delays in disbursing the equitable share by the National Treasury; the change of county administrations and the requirement to undertake a verification process of pending bills has taken time, untimely approval of supplementary budget estimates to adopt prior-year pending bills in the current budget, leading to payment delays, and political interference and refusal by successive governments to honour obligations.

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

3 BUDGET PERFORMANCE BY COUNTY

3.1 County Government of Baringo

3.1.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.9.26 billion, comprising Kshs.3.89 billion (42 per cent) and Kshs.5.37 billion (58 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is similar to the previous financial year when the approved budget was Kshs.9.62 billion and comprised of Kshs.4.21 billion towards development expenditure and Kshs.5.42 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.37 billion (68.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.43 million (4.2 per cent) from its own sources of revenue, Kshs.1.08 billion (12 per cent) as additional allocations, and a cash balance of Kshs.1.42 billion (15.4 per cent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.1.

3.1.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.46 billion as the equitable share of the revenue raised nationally, raised Kshs.313.35 million as own-source revenue, Kshs.216.67 million as additional allocations, and had a cash balance of Kshs.1.42 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.41 billion, as shown in Table 3.1.

Table 3.1: Baringo County, Revenue Performance in FY 2022/23

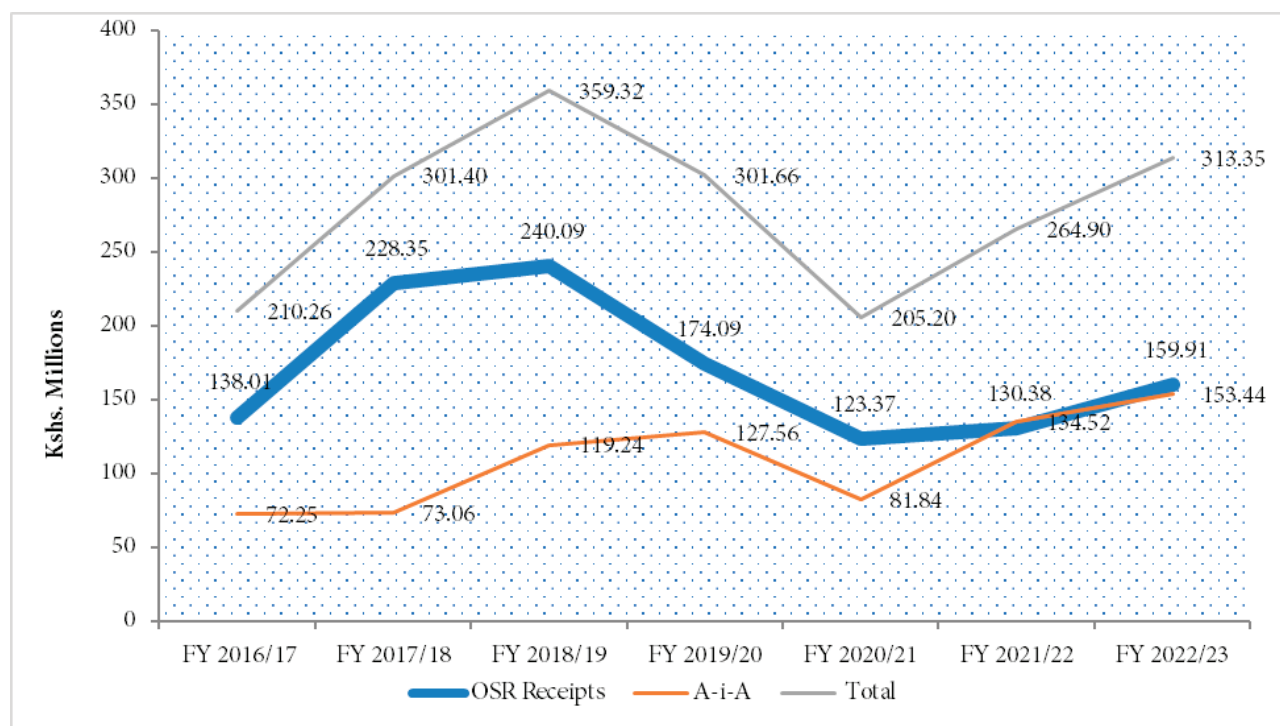
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,369,394,592.00	5,456,903,471.00	85.7
Sub Total		6,369,394,592.00	5,456,903,471.00	85.7
B	Additional allocations			
1.	Credit Financing Locally Led Climate	22,000,000.00	22,000,000.00	100.0
2.	KDSP Grant Phase I	26,606,371.00	-	-
3.	KDSP Grant Phase II	231,286,738.00	-	-
4.	Universal Care Project - THS	17,325,096.00	-	-
5.	EU grant for Devolution Advisory	5,500,000.00	-	-
6.	Compensation for use fees forgone	13,191,000.00	-	-
7.	DANIDA Grant	37,197,039.00	16,058,690.00	43.2
8.	COVID Emergency - Roll over	24,216,529.00	-	-
9.	Road Maintenance Fuel Levy- Roll Over	122,981,076.00	-	-
10.	Rehabilitation of Youth Polytechnics	28,388,692.00	-	-
11.	IDA World Bank (KCSAP)	275,268,609.00	93,139,260.45	33.8
12.	IDA Kenya Urban Support Project (UDG) - Roll over	31,579,260.00	2,339,914.85	7.4

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
13.	Sweden: Agricultural Sector Development Support Programme (ASDSP) II	44,916,617.00	15,602,821.00	34.7
14.	Emergency Locusts Project	87,459,586.00	67,531,814.15	77.2
15.	Leasing of Medical Equipment	110,638,298.00	-	-
	Sub Total	1,078,554,911.00	216,672,500.45	20.1
C	Other Sources of Revenue			
1	Own Source Revenue	387,429,513.82	313,351,637.00	80.9
2	Balance b/f from FY2021/22	1,422,042,692.00	1,422,042,692.00	100.0
	Sub Total	1,809,472,205.82	1,735,394,329.00	95.9
	Grand Total	9,257,421,708.82	7,408,970,300.45	80.0

Source: Baringo County Treasury

Figure 1 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

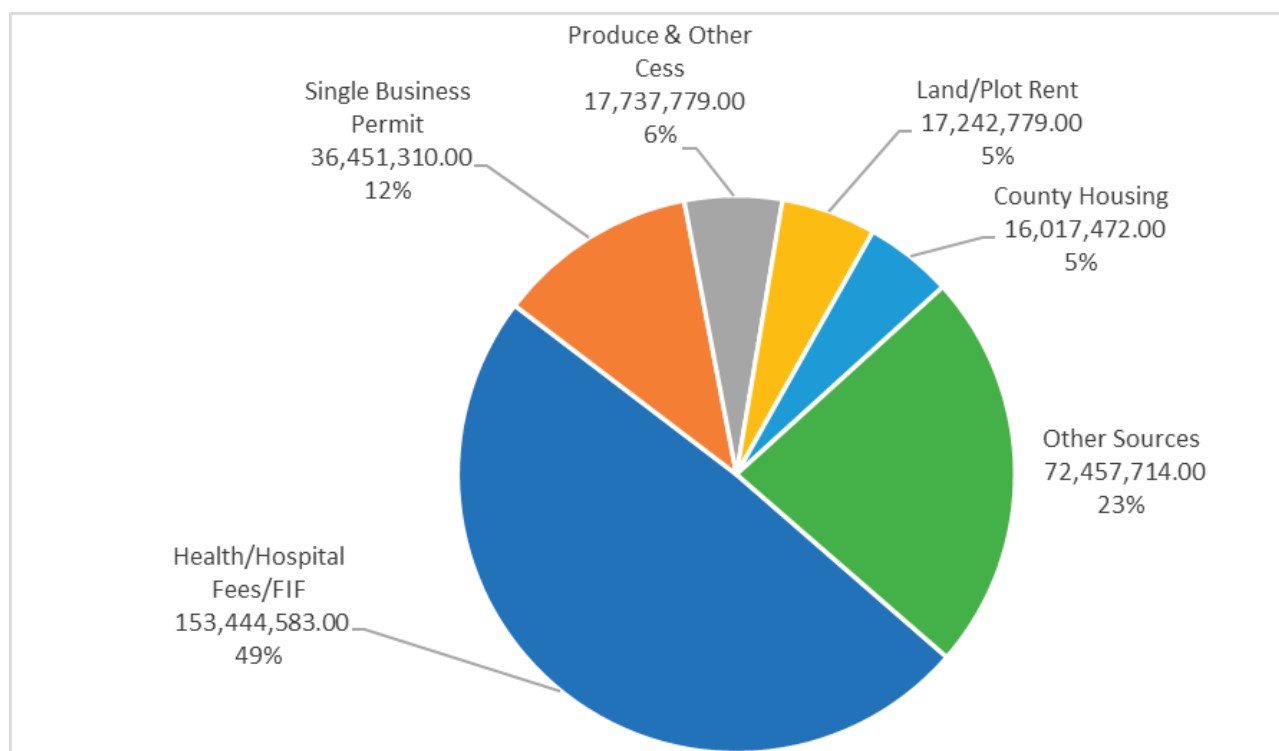
Figure 1: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Baringo County Treasury

In FY 2022/23, the County generated a total of Kshs.313.35 million from its own sources of revenue. This amount represented an increase of 18.3 per cent compared to Kshs.264.90 million realised in FY 2021/22 and was 80.9 per cent of the annual target and 4.2 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 2.

Figure 2: Top Streams of Own Source Revenue in FY 2022/23



Source: Baringo County Treasury

The highest revenue stream of Kshs.153.44 million was from Hospital fees, contributing to 49.0 per cent of the total OSR receipts during the reporting period.

3.1.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.40 billion from the CRF account during the reporting period. This amount comprised Kshs.2.22 billion (30.0 per cent) for development programmes and Kshs.5.19 billion (70.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.74 billion was released towards employee compensation, and Kshs.2.40 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.274.17 million.

3.1.4 County Expenditure Review

The County spent Kshs.7.80 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.7 per cent of the total funds released by the CoB and comprised of Kshs.2.43 billion and Kshs.5.37 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.3 per cent. In contrast, recurrent expenditure represented 100 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.349.39 million, comprising Kshs.199.93 million for recurrent expenditure and Kshs.149.45 million for

development activities. During the year, pending bills amounting to Kshs.170.96 million were settled, consisting of Kshs.24.74 million for recurrent expenditure and Kshs.146.22 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.178.43 million.

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.06 billion on employee compensation, Kshs.1.36 billion on operations and Maintenance , and Kshs.2.29 billion on development activities. Similarly, the County Assembly spent Kshs.371.84 million on employee compensation, Kshs.571.68 million on operations and Maintenance , and Kshs.47.13 million on development activities, as shown in Table 3.2.

Table 3.2: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	Absorption (%)
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,417,464,107	1,113,659,640	4,423,967,646	944,519,235	100.1	84.8
Compensation to Employees	3,042,103,428	365,505,650	3,059,870,873	371,836,364	100.6	101.7
Operations and Maintenance	1,375,360,679	748,153,990	1,364,096,773	572,682,871	99.2	76.5
Development Expenditure	3,888,728,542	133,983,929	2,385,585,387	47,133,123	61.3	35.2
Total	8,306,192,649	1,247,643,569	6,809,553,033	991,652,357	82.0	79.5

Source: Baringo County Treasury

3.1.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.43 billion, or 46.3 per cent of the revenue for FY 2022/23 of Kshs.7.41 billion. This expenditure is similar to that reported in a comparable FY 2021/22 period. The wage bill included Kshs.1.93 billion paid to health sector employees, translating to 56.3 cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.36 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.73.98 million was processed through manual payrolls. The manual payrolls accounted for 2.1 per cent of the total PE cost.

The County Assembly spent Kshs.31.40 million on committee sitting allowances for the 46 MCAs and the Speaker against the annual budget allocation of Kshs.39 million. The average monthly sitting allowance was Kshs.56,893 per MCA. The County Assembly has established 24 Committees.

3.1.8 County Emergency Fund and County-Established Funds

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

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

Table 3.3: Performance of County Established Funds as of 30th June 2023

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

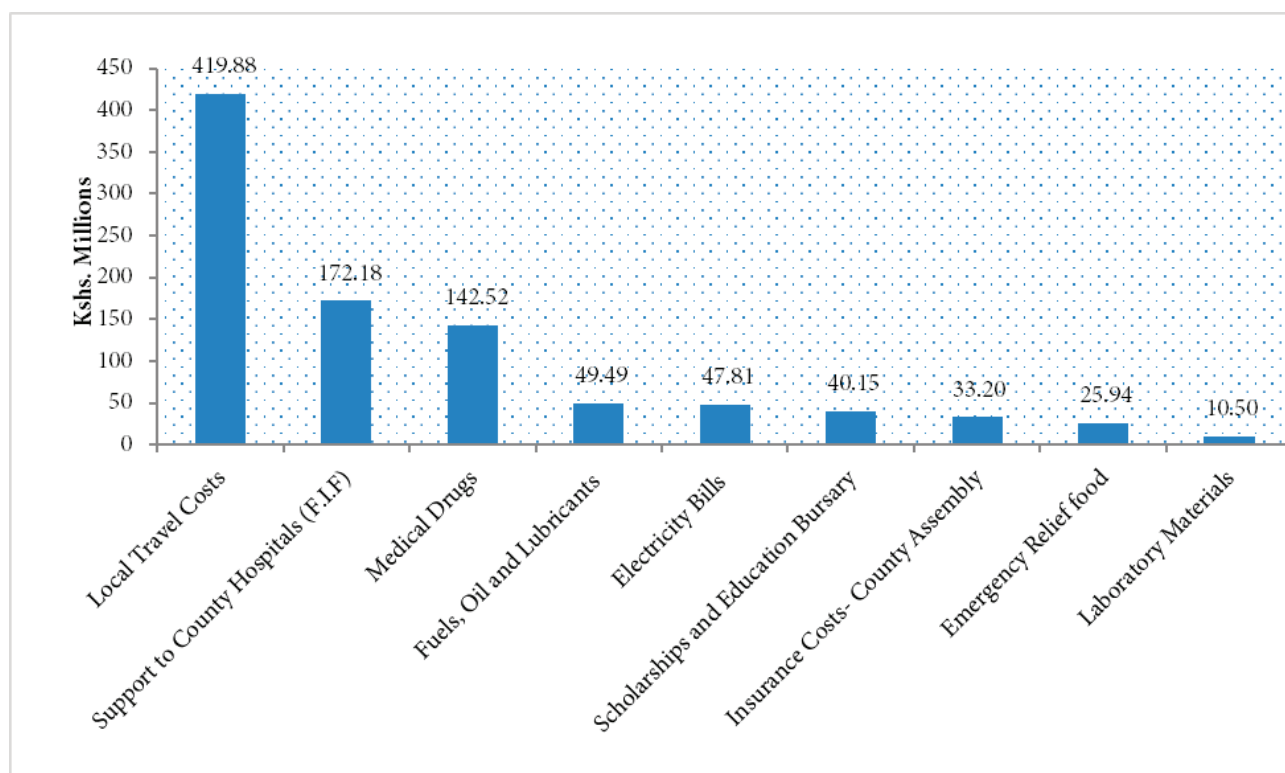
Source: Baringo County Treasury

During the reporting period, OCoB did not receive updated quarterly financial returns from all the Fund Administrators, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.1.9 Expenditure on Operations and Maintenance

Figure 3 shows a summary of operations and Maintenance expenditure by major categories.

Figure 3: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: Baringo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.419.88 million and comprised of Kshs.235.55 million spent by the County Assembly and Kshs.184.33 million by the County Executive. Expenditure on foreign travel is summarised in Table 3.4 below; -

Table 3.4: Summary of highest expenditure on foreign travel

Arm of County Government	Number of officers Travelled	Date of travel	Destination	Details	Amount (Kshs.)
County Assembly	7	30th Jan- 7th Feb 2023	Singapore	Intergovernmental leadership training	8,489,928.00
County Assembly	6	10-10th June 2022	Turkey	Transformative Leadership	7,264,383.00
County Assembly	7	8th-15th Jan 2023	Singapore	Training on governance and structural planning	7,166,600.00
County Assembly	8	27th May- 3rd June 2022	Arusha	Servant Leadership	6,322,360.00
County Assembly	14	15-26th Feb 2023	Arusha	Leadership and board training	4,602,800.00
County Assembly	12	12-19th Jan 2023	Arusha	Training on building strategic responsiveness	3,867,592.00
County Assembly	1	26th Feb-11th March 2022	Dubai	Ushanga Initiative	1,890,740.00
County Assembly	1	19-28th May 2022	Dubai	Governance and Leadership	1,886,260.00
County Executive	1	04.05.23	Germany	Facilitation cost for Germany	1,464,372.40
County Executive	1	10.03.23	Israel	Facilitation cost to Israel	1,431,164.00

Arm of County Government	Number of officers Travelled	Date of travel	Destination	Details	Amount (Kshs.)
County Assembly	1	23-27th Jan 2023	Dubai	Sustainable Economic Annual Conference	1,416,328.00
County Executive	1	29.05.23	Korea	Facilitation cost to Korea.	1,163,025.00

Source: Baringo County Treasury

3.1.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.43 billion on development programmes, representing an increase of 27.8 per cent compared to FY 2021/22, when the County spent Kshs.1.85 billion. Table 3.5 summarises development projects with the highest expenditure in the reporting period.

Table 3.5: Baringo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport & Infrastructure	Purchase of Dozer, Grader, Excavator, Two Tipper Lorries and a Service Van of Road Machinery	Baringo South Sub-County Wards	48,125,000	47,295,259	98.3
2	Transport & Infrastructure	Completion of Arabal- Ngelecha - Mukutani Road	Mukutani	6,972,288	7,318,000	105.0
3	Education and ICT	Construction of ECD Classrooms	County Wide	62,011,203	7,080,387	11.4
4	Agriculture, Livestock, Fisheries & Marketing	Supply of Coffee Milling Machine	Katimok	7,000,000	7,000,000	100.0
5	County Assembly	Installation of Cabro works at Parking parlour	County Assembly	13,285,468	6,308,388	47.5
6	Health Services	Construction of outpatient Block (MCH/FP unit, Pharmacy, Consultation Room, Clinician (injection room), Laboratory Unit, Stores, Health Office and waiting bay 2. Maternity Block (Male, Female and Children wards) Kitchen, Sanitary facilities, Water storage tank, Incinerator (waste disposal), two Unit staff house, Fence and Gate)	Mukutani	16,000,000	5,006,575	31.3
7	Water and Irrigation	Hydrogeological Survey	Baringo Central	5,500,000	5,000,000	90.9
8	Transport and Infrastructure	Repairs and Maintenance of County access roads	Lembus Kwen	4,999,999	4,913,793	98.3
9	Transport and Infrastructure	Construction of Footbridge	Silale	5,007,990	4,567,132	91.2
10	Transport and Infrastructure	Repairs and Maintenance of County Access Roads	Eldama Ravine	5,000,000	4,310,345	86.2

Source: Baringo County Treasury

3.1.11 Budget Performance by Department

Table 3.6 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.6: Baringo County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	951.23	133.98	948.72	47.13	944.52	47.13	99.6	100.0	99.3	35.2
The Governor's Office	3,478.79	56.14	3,371.20	0.20	3,507.78	38.99	104.1	19494.1	100.8	69.5
County Finance and Economic Planning	182.08	262.12	130.11	80.79	183.63	97.06	141.1	120.1	100.8	37.0
Roads, Transport, Energy and Public Works	13.70	752.08	29.88	378.64	12.74	627.49	42.6	165.7	93.0	83.4
Trade, Cooperatives and Industrialization	14.49	83.06	16.60	46.19	16.94	68.46	102.0	148.2	116.9	82.4
Education and Vocational training	62.34	292.91	72.20	140.02	60.16	176.73	83.3	126.2	96.5	60.3
Youth Affairs, Sports, Culture, Gender and Social Services	21.07	149.60	16.69	80.89	20.46	81.33	122.6	100.5	97.1	54.4
Health Services	511.70	387.39	494.08	120.15	490.67	92.24	99.3	76.8	95.9	23.8
Lands, Housing & Urban Development	37.72	142.71	22.18	15.49	36.62	99.84	165.1	644.5	97.1	70.0
Agriculture, Livestock, and Fisheries Management	30.67	571.11	23.76	601.02	32.24	378.62	135.7	63.0	105.1	66.3
Water and Irrigation	50.26	937.00	53.08	687.75	49.58	632.52	93.4	92.0	98.7	67.5
Tourism, Wildlife Management, Natural Resources and Mining	14.65	120.64	10.06	16.88	13.15	45.17	130.7	267.5	89.7	37.4
Total	5,368.69	3,888.73	5,188.56	2,215.16	5,368.49	2,385.59	103.5	107.7	100.0	61.3

Source: Baringo County Treasury

Analysis of expenditure by department shows that the Department of Public Roads Transport and Public Works has the highest absorption rate of development budget at 83.4 per cent, followed by the

Department of Trade and Co-operatives at 82.4 per cent. It is observed that a number of departments had absorption rates above budgeted allocations under the recurrent budget, which is irregular and indicates the diversion of funds from other budget lines.

3.1.12 Budget Execution by Programmes and sub-programmes

Table 3.7 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.7: Baringo County, Budget Execution by Programmes and sub-programmes

Budget Execution by Programmes and sub-programmes							
Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly		-	-	-	-	-	-
Office of the clerk		-	-	-	-	-	-
	General administration	175,672,168	-	175,111,649	-	99.7%	-
	General Administration Support Services	412,288,830	-	387,704,640	-	94.0%	-
	Cabro works at County Assembly Parking	-	6,285,468	-	4,250,287	-	67.6%
	Construction of County Assembly Speaker's Residence	-	24,571,833	-	11,554,162	-	47.0%
	Construction of Speakers Residence	-	10,000,000	-	2,422,577	-	24.2%
	Infrastructure development	-	93,126,628	-	28,906,097	-	31.0%
Office of the Speaker				-	-		
	General Administration and Legislation services	11,004,000	-	9,238,323	-	84.0%	-
	General Administration and oversight Services	352,264,062	-	363,402,705	-	103.2%	-
Office of the Governor and Deputy Governor	General Administration	3,145,414,417	-	3,145,414,417	-	100.0%	-
	P3 Governors Office and Deputy Governor	71,053,600	-	93,093,405	-	131.0%	-
	Office of The Deputy Governor	29,956,339	-	22,854,396	-	76.3%	-
	P4 Acquisition of Assets	10,170,292	-	10,350,159	-	101.8%	-
	Furniture and other Accessories		1,306,745	-	38,988,300		2983.6%
Public Services, Administration, Devolution, and ICT							
General Administration							
	Tiaty West sub-county (Administration)	4,176,158	-	5,702,828	-	136.6%	-
	Tiaty East sub-county (Administration)	1,361,250	-	17,500	-	1.3%	-

Budget Execution by Programmes and sub-programmes							
Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Baringo North sub-county	6,366,222	-	6,733,451	-	105.8%	-
	Baringo Central sub-county	4,258,027	-	4,363,529	-	102.5%	-
	Baringo South sub-county	4,644,000	-	3,961,533	-	85.3%	-
	Mogotio sub-county	4,462,377	-	5,736,166	-	128.5%	-
	Eldama Ravine sub-county	6,102,412	-	4,680,721	-	76.7%	-
Finance and Economic Planning	Finance Administration	88,938,824		147,337,327	-	165.7%	
	Emergency Relief	23,500,000		25,940,157	-	110.4%	
	Economic Planning	43,033,618		36,288,202	-	84.3%	
	Infrastructural Development	-	3,963,263	-	3,963,263	-	100.0%
	Infrastructural Development	-	13,885,015	-	10,460,281	-	75.3%
	KDS Programme	26,606,371	-	19,925,651	-	74.9%	-
	Revenue Services Development Services	460,000	-	345,600	-	75.1%	-
	Treasury Accounts	18,335,687	-	16,946,991	-	92.4%	-
	Purchase of Utility Project Vehicles	-	18,200,000	-	16,269,999	-	89.4%
Revenue Department	KDSP programme project (Level II grant)	-	252,017,253	-	66,370,151	-	26.3%
	Eldama Ravine sub-county	-		-	-	-	-
Monitoring and Evaluation	Economic Planning, Budget, Monitoring and Evaluation Services	57,339,989	-	34,405,643	-	60.0%	-
Transport and Infrastructure	Urban Infrastructure Development	-	-	-	-	-	-
	Rural Infrastructure Development	-	755,140,000	-	627,487,143	-	83.1%
	General administration	13,700,173		12,738,362	-	93.0%	
Industrial Development Services				-	-		
	Co-operative services Development	-	72,133,733	-	68,458,948	-	94.9%
Trade Development and management Services	General administration	14,485,092	-	16,938,345	-	116.9%	-
Education	General Administration, Planning and support services	62,340,000	-	62,340,000	-	100.0%	-

Budget Execution by Programmes and sub-programmes							
Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Early Childhood Development Education	-	341,900,006	-	176,726,926	-	51.7%
	General administration services	-	-	-	-	-	-
Youth Polytechnics	Vocational Training	62,340,000	-	60,158,594	-	96.5%	-
County Health Services	General Administration	349,679,443	-	431,338,606	-	123.4%	-
	Curative and Rehabilitative Services	-	-	-	-	-	-
	Preventive and Promotive Health Services	-	440,391,064	-	92,240,545	-	20.9%
	Health/preventive services	-	-	-	-	-	-
	Medical Drugs	176,085,998	-	142,515,851	-	80.9%	-
Promotion of primary healthcare	General administration	-	-	-	-	-	-
Lands and Urban Development	General administration	21,903,832	-	27,930,277	-	127.5%	-
	Land Use Planning	-	32,626,000	-	67,602,366	-	207.2%
	Land Administration	-	8,933,300	-	2,999,700	-	33.6%
	Eldamaravine Town-Urban Development	-	-	-	-	-	-
	Urban Development-Kabarnet	-	-	-	-	-	-
	Housing	-	-	-	-	-	-
	Inter and intra -governmental Relations services	75,172,884	-	-	-	-	-
	Urban Infrastructure development and management	-	64,355,076	-	29,239,345	45.4%	45.4%
Agricultural Services	General Administration and Planning	30,669,781	-	32,241,994	-	105.1%	-
	Livestock Development and management	-	-	-	-	-	-
	Livestock value addition	-	104,601,836	-	104,601,836	-	100.0%
	Agricultural mechanisation services	-	10,500,000	-	10,500,000	-	100.0%
	Livestock extension support	-	24,500,000	-	42,267,755	-	172.5%
KCSAP	Loans and Grants	-	373,116,011	-	158,723,022	-	42.5%
	Agricultural Development	-	18,844,323	-	-	-	-
	Emergency Locust	-	-	-	67,531,814	-	-
	Crop Production and management	-	13,491,600	-	-	-	-

Budget Execution by Programmes and sub-programmes							
Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Culture Services	General Administration	-		-	-	-	-
	Youth and gender development	-	174,800,145	-	81,327,904	-	46.5%
	Sports Development	-	600,000	-	-	-	0.0%
Water Management Services	General Administration	50,255,512	-	49,580,879	-	-	-
	Water Supply infrastructure (Surface and underground)	-	983,908,301	-	632,523,471	-	64.3%
Environment Administration and Planning	Planning and Administration	14,651,809	-	13,148,980	-	-	-
	County climate change fund	-	21,000,000	-	21,000,000	-	100.0%
	Protection of rivers and streams	-	24,530,942	-	19,169,496	-	78.1%
	Grand Total	5,368,693,167	3,888,728,542	5,368,486,881	2,385,585,387	100%	61.3%

Source: Baringo County Treasury

The report on Budget Execution by Programmes and sub-programmes shows that some programmes had expenditures above the approved budget allocation. These are programmes under the Office of the Governor and Deputy Governor, the Department of Agricultural Services, Lands and Urban Development, the County Health Services, the Department of Trade Development and management Services, the Department of Finance & Economic Planning, the Office of the Governor and Deputy Governor, and the Department of Public Services, Administration, Devolution, & ICT.

3.1.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.2 and Table 3.6 where the County incurred expenditure over approved exchequer issues and above approved budget allocations in several departments. The rampant absorption rates above 100 per cent are irregular and indicate the diversion of funds from other budget lines.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarships and other Educational Benefit Fund, Trade Loan Fund, Disability Fund, Women Fund, Car Loans to MCAs' and House Loan to Staff Funds were not submitted to the Controller of Budget.
3. High level of pending bills, which amounted to Kshs.178.43 million as of 30th June 2023. This is despite the availability of cash in the CRE, which stood at Kshs.1.82 million at the end of FY 2022/23.
4. A high wage bill at Kshs.3.43 billion, which accounted for 44 per cent of the total expenditure in FY 2022/23, thus constraining funding to other programmes.

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

1. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
2. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
3. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.
4. A high wage bill, which accounted for 38.3 per cent of the total expenditure in FY 2022/23, thus constraining funding to other programmes.

3.2 County Government of Bomet

3.2.1 Overview of FY 2022/23 Budget

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

To finance the budget, the County expected to receive Kshs.6.69 billion (80.7 per cent) as the equitable share of revenue raised nationally, Kshs.760.95 million as additional allocations, and a cash balance of Kshs.535.29 million (6.5 per cent) from FY 2021/22, and generate Kshs.300 million (3.6 per cent) from its sources of revenue, A breakdown of the additional allocations is provided in Table 3.8.

3.2.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.69 billion as the equitable share of the revenue raised nationally, Kshs.200.02 million as additional allocations, had a cash balance of Kshs.862.28 million from FY 2021/22 and collected Kshs.242.40 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8 billion, as shown in Table 3.8.

Table 3.8: Bomet County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,691,099,118	6,691,099,118	100.0
	Subtotal	6,691,099,118	6,691,099,118	100.0
B	Additional allocations			
1.	Conditional Grant - Leasing of Medical Equipment	110,638,298	-	-
2.	KDSP (Level 1 & 2 Grant) B/F	146,748,324	-	-
3.	HSSF Danida	27,274,500	17,715,375	65.0
4.	IDA Kenya/Climate action	22,000,000	22,000,000	100.0
5.	IDA Kenya/Climate action/Development	125,000,000	-	-
6.	IDA Kenya Climate Smart Programme	83,323,430	75,317,259	90.4
7.	Agriculture Sector Development Support Programme (ASDSP)	32,757,249	15,449,895	47.2

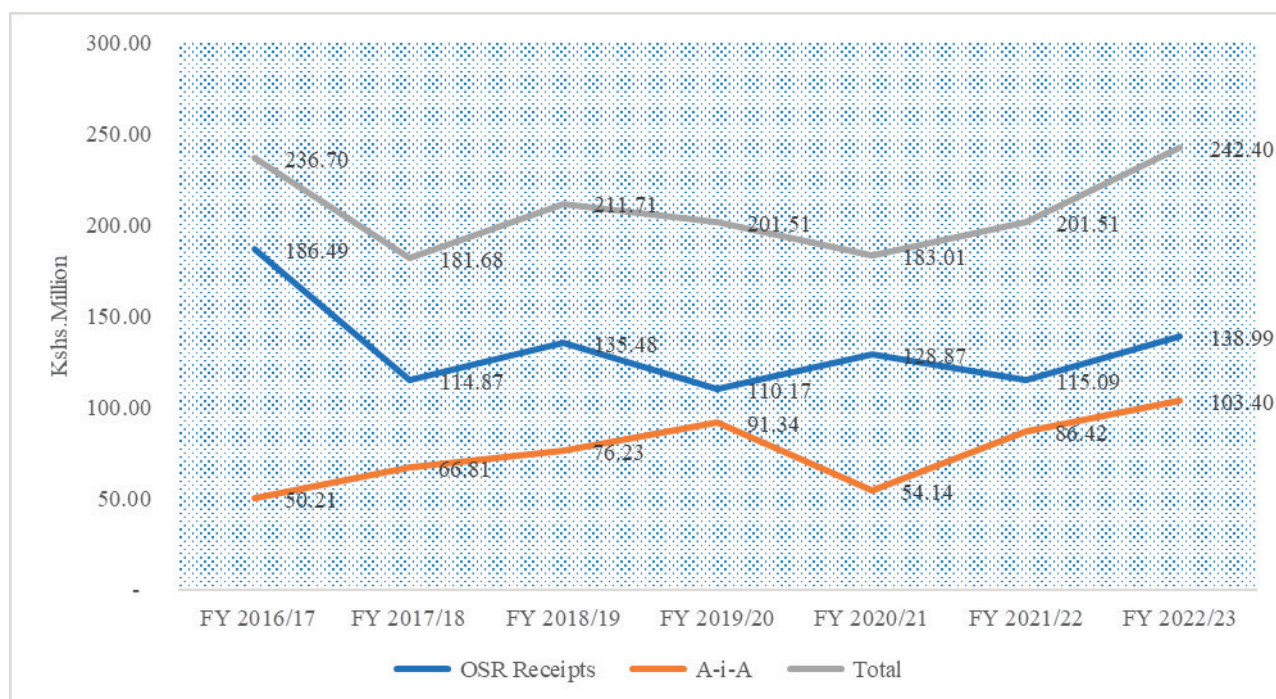
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
8.	Equalization Fund for the Marginalised	26,037,510	-	-
9.	Nutrition International	25,305,950	-	-
10.	IDA World Bank-Value Chain NAVCDP	70,000,000	67,192,729	96.0
11.	Covid 19 Response Allocation	8,209,036	-	-
12.	Kenya Urban Support Programme	51,764,074	2,339,915	4.5
13.	World Bank Loan to transform health systems for universal care project	26,893,087	-	-
14.	REREC	5,000,000	-	-
Subtotal		760,951,458	200,015,173	26.3
C	Other Sources of Revenue			
15.	Own Source Revenue inclusive of Appropriation in Aid	300,000,000	242,395,023	80.8
16.	Unspent balance from FY 2021/22	535,287,924	862,284,748	161.1
Sub Total		835,287,924	1,104,679,771	132.3
Grand Total		8,287,338,500	7,995,794,062	96.5

Source: Bomet County Treasury

The actual receipts of unspent balances actual receipts include the June 2021 disbursement of the equitable share of Kshs.535.29 million and a Special Purpose Account balances of Kshs.308.71 million.

Figure 4 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

Figure 4: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

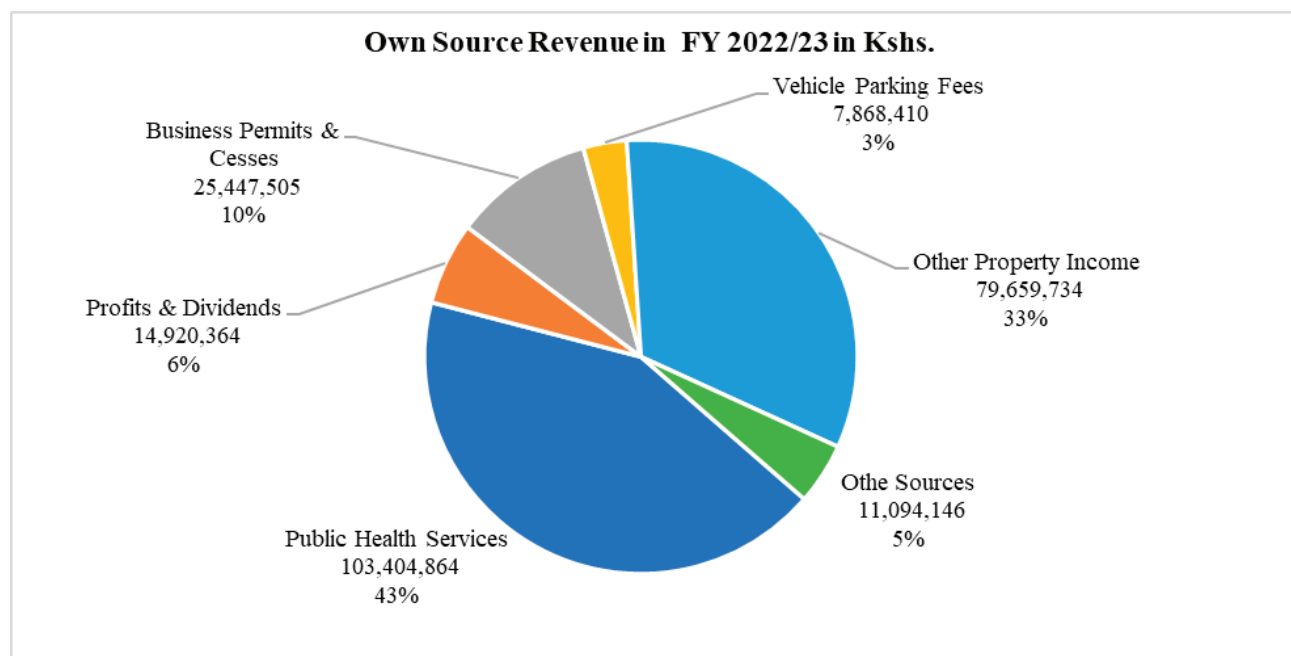


Source: Bomet County Treasury

In FY 2022/23, the County generated a total of Kshs.242.40 million from its sources of revenue. This amount represented an increase of 20.3 per cent compared to Kshs.201.51 million realised in a similar

period in FY 2021/22. It was 80.8 per cent of the annual target and 3.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 5.

Figure 5: Top Streams of Own Source Revenue in FY 2022/23



Source: Bomet County Treasury

The highest revenue stream was from the health sector, which amounted to Kshs.103.40 million and represented 43 per cent of the overall collection in FY 2022/23, followed by Property Income at Kshs.79.66 million, contributing 33 per cent of the OSR.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.04 billion from the CRF account during the reporting period. The amount comprised Kshs.1.43 billion (20.3 per cent) for development programmes and Kshs.5.61 billion (79.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs. 3.21 billion was released towards Employee Compensation, and Kshs.2.4 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.640.88 million.

3.2.4 County Expenditure Review

The County spent Kshs.7.06 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.3 per cent of the total funds released by the CoB and comprised of Kshs.1.53 billion and Kshs.5.53 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 62.9 per cent. In contrast, recurrent expenditure represented 94.6 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.492.25 million, comprising Kshs.175.10 million for recurrent expenditure and Kshs.317.15 million for development activities. During the year, pending bills amounting to Kshs.245.17 million were settled, consisting of Kshs.77.08 million for recurrent expenditure and Kshs.168.09 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.247.08 million. The reported pending bills do not include those accumulated in FY 2022/23.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.76 billion on employee compensation, Kshs.1.93 billion on operations and Maintenance , and Kshs.1.30 billion on development activities. Similarly, the County Assembly spent Kshs.416.34 million on employee compensation, Kshs.427.61 million on operations and Maintenance , and Kshs.231.92 million on development activities, as shown in Table 3.9.

Table 3.9: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,002,955,170	845,199,848	4,686,273,561	843,952,207	93.7	99.9
Compensation to Employees	2,805,094,971	332,289,260	2,757,842,161	416,345,260	98.3	125.3
Operations and Maintenance -	2,197,860,199	512,910,588	1,928,431,400	427,606,947	87.7	83.4
Development Expenditure	2,189,183,482	250,000,000	1,301,427,656	231,920,139	59.4	92.8
Total	7,192,138,652	1,095,199,848	5,987,701,217	1,075,872,346	83.3	98.2

Source: Bomet County Treasury

3.2.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.17 billion, or 39.7 per cent of the revenue for FY 2022/23 of Kshs.8 billion. This expenditure represented an increase from Kshs.3.12 billion reported in FY 2021/22. The wage bill included Kshs.832.67 million paid to health sector employees, translating to 26.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.25 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.920.63 million was processed through manual payrolls. The manual payrolls accounted for 29 per cent of the total PE cost.

The County Assembly spent Kshs.21 million on committee sitting allowances for the 38 MCAs and the Speaker against the annual budget allocation of Kshs.21 million. The average monthly sitting allowance was Kshs.44,872 per MCA. The County Assembly has established 21 Committees.

3.2.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.366.33 million to county-established funds in FY 2022/23, constituting 4.4 per cent of the County's overall budget. Table 3.10 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.10: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	96,326,180	96,326,180	83,582,846	Yes
2.	Revolving Fund	20,000,000	0	0	No
3.	Car and Mortgage	100,000,000	63,000,000	59,562,435	Yes
4.	Emergency Fund	10,000,000	0	0	No
County Assembly Established Funds					
1.	Car and Mortgage	140,000,000	140,000,000	140,000,000	Yes
	Total	366,326,180	299,326,180	283,145,281	

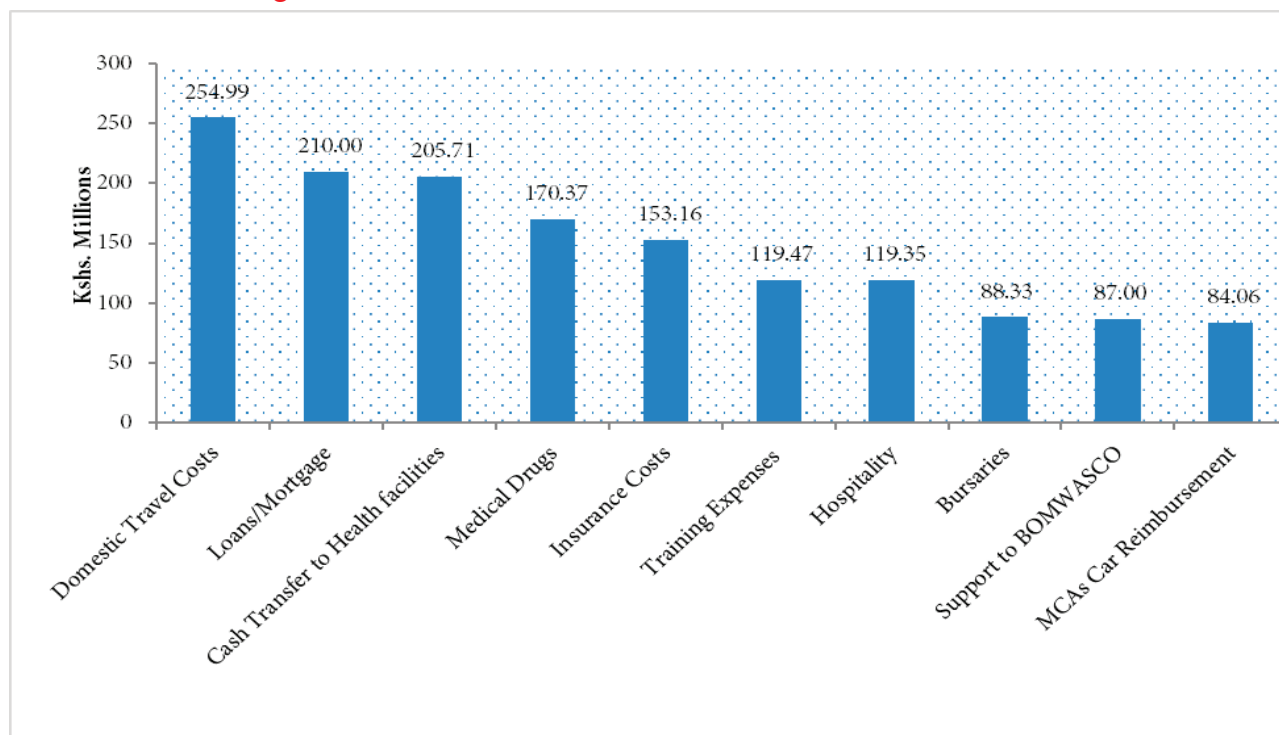
Source: Bomet County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the Revolving Fund and the Emergency Fund, as indicated in Table 3.10, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.2.9 Expenditure on Operations and Maintenance

Figure 6 summarises the Operations and Maintenance expenditure by major categories.

Figure 6: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: Bomet County Treasury

During the period, expenditure on domestic travel amounted to Kshs.254.99 million and comprised Kshs.121.51 million spent by the County Assembly and Kshs.133.48 million by the County Executive. Expenditure on foreign travel amounted to Kshs.81.16 million and comprised Kshs.47.34 million by the County Assembly and Kshs.33.83 million by the County Executive. The highest spending on foreign travel was incurred as summarised in Table 3.11 below; -

Table 3.11: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	11	5 th to 14 th April 2023	Workshop on Transforming Counties and Sub-Counties into Economic hubs for investment.	Singapore	10,009,001
County Assembly	9	27 th January 5 th February 2023	Workshop on Global Public Financial, Budget and Expenditure Management	Singapore	8,837,759
County Assembly	10	13 th January – 23 rd January 2023	Workshop on Value Addition Education study	Turkey	8,245,200
County Assembly	9	5 th to 19 th February 2023	Workshop on Transformative Leadership Summit	Rwanda	7,956,000
County Assembly	9	11 th December to 20 th December 2022	Workshop on Leadership Excellence in Human Resources.	Dubai	7,452,000
County Assembly	10	10 th December to 18 th December 2022	A workshop on Medical and Health mission	Arusha	4,655,520
County Executive	6	21st-28th May 2023	Good Governance and Public Service Management International Seminar	Grown Plaza Hotel Singapore	3,905,867
County Executive	3	23rd-25th April 2023 and 26th April-2nd May 2023	World Federation of Colleges and Polytechnics World Congress 2023 and study tour.	Canada	2,682,030

Source: Bomet County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 6 out of the 10 foreign trips sampled, delegates have surpassed the limit.

3.2.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.53 billion on development programmes, representing a decrease of 11 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.72 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.12: Bomet County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Administration	Governor's Residence - Tarakwa	Mutarakwa Ward, Bomet Central	78,000,000	78,000,000	28,000,000	60
2	Bomet County Assembly	Construction of Main Chambers	Bomet Town	473,470,000	180,780,000	180,649,661	80
3	Agriculture, Livestock and Cooperatives	Supply and delivery of vaccines	Countywide	11,710,980	11,710,980	11,710,980	100
4	Agriculture, Livestock and Cooperatives	Construction/ Renovation of 9 cattle dips	Nyambugo, Siongiroi, Kimogoro, Ngendalel, Sagenya, Koimiret, Lugumek, Kanusin, Nogirwet	15,662,483	15,662,483	15,662,483	100
5	Lands, Housing and Urban Planning	Construction of Bomet Municipality Fire Station	Bomet Town	12,440,052	12,440,052	12,440,052	99
6	Trade, Energy, Tourism and Industry	Installation of Floodlight	Siwot, Kiptogoch, Kapkwen, Seanin, Darajasita, Kaproret, Kuresiet, Chebinyin, Choronok & Kiptulwa Centres	45,014,078	45,014,078	45,014,078	100
7	Trade, Energy, Tourism and Industry	Construction of Bodaboda Sheds	Mogogosiek, Kapkesio, Embomos, Chepchas, Kapeter, Singowet, Salaik, Mogogo, Rongena, Kisabei, Kaptien, Kembu, Kipyosit, Chesoen, Kibanjalal, Ndaraweta, Marinyin, Mutarakwa, Kanusin, Sigor, Tumoi, Silibwet, Motigo, Longisa, Taronik, Kipsonoi, Makutano, Kimulot & Tumbalal Centres	184,821,017	143,848,626	127,399,706	100
8	Roads, Public Works and Transport	Grading/Graveling & Installation of Culverts	Countywide	292,326,228	292,326,228	292,326,228	100
9	Roads, Public Works and Transport	Purchase of Heavy Earth-moving equipment	Bomet	250,000,000	250,000,000	180,297,005	100
10	Water and Environment	Water pipeline extension	Silibwet, Ndaraweta, Sigor, Kapletundo, Kipsonoi	19,653,564	17,999,894	13,269,114	100

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 3.13 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.13: Bomet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,172.75	34.00	2,143.57	9.04	2,143.05	9.04	100.0	100.0	98.6	26.6
Finance, ICT and Economic Planning	402.48	233.20	317.49	61.12	318.11	192.80	100.2	315.5	79.0	82.7
Lands, Housing and Urban Planning	101.34	220.58	68.06	79.16	68.15	79.44	100.1	100.4	67.2	36.0
Youth, Sports, Gender and Culture	50.58	19.50	46.20	13.70	46.92	13.00	101.6	94.9	92.8	66.7
Medical Services and Public Health	1,757.93	201.74	1,730.01	15.11	1,730.86	15.17	100.0	100.4	98.5	7.5
Agriculture, Livestock and Cooperatives	49.46	426.87	40.81	267.88	41.44	237.87	101.6	88.8	83.8	55.7
Water Sanitation and Environment	151.94	360.51	134.88	205.18	134.09	205.27	99.4	100.0	88.2	56.9
Education and Vocational Training	241.51	145.94	221.43	111.98	140.13	111.49	63.3	99.6	58.0	76.4
Roads, Public Works and Transport	58.71	491.35	51.38	408.77	51.30	408.14	99.8	99.8	87.4	83.1
Trade, Energy, Tourism and Industry	16.24	55.50	12.07	29.10	12.22	29.20	101.3	100.3	75.3	52.6
County Assembly	845.20	250.00	843.95	231.92	843.95	231.92	100.0	100.0	99.9	92.8
Total	5,848.16	2,439.18	5,609.86	1,432.96	5,530.23	1,533.35	98.6	107.0	94.6	62.9

Source: Bomet County Treasury

Analysis of expenditure- by department shows that the County Assembly recorded the highest absorption rate of development budget at 92.8 per cent, followed by the Department of Roads, Public Works and Transport at 83.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.9 per cent, while the Department of Education and Vocational Training had the lowest at 58.0 per cent.

3.2.12 Budget Execution by Programmes and sub-programmes

Table 3.14 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.14: Bomet County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service							
Administra- tion and Public Service	County Executive	216,673,227	-	215,521,028	-	99.5	-
	County PSB	44,645,188	-	44,406,354	-	99.5	-
	Administration/Governance	121,015,962	34,000,000	120,811,368	9,037,011	99.8	26.6
	Public Service	1,790,419,357	-	1,762,314,256	-	98.4	-
	Subtotal	2,172,753,734	34,000,000	2,143,053,006	9,037,011	98.6	26.6
Finance, Economic Planning and ICT							
Finance	Financial Management Services	249,066,000	59,934,000	174,924,913	59,540,839	70.2	99.3
	Subtotal	249,066,000	59,934,000	174,924,913	59,540,839	70.2	99.3
Economic Plan- ning	Administration	68,903,419	158,263,103	66,971,366	124,794,527	97.2	78.9
	Budget Preparation & Man- agement	11,400,528	-	11,228,420	-	98.5	-
	M & E Services	21,345,766	-	14,094,554	-	66.0	-
	Planning & Statistics	29,290,555	-	28,408,419	-	97.0	-
	Subtotal	130,940,268	158,263,103	120,702,759	124,794,527	92.2	78.9
ICT	Administration	22,478,654	15,000,000	22,478,654	8,466,364	100.0	56.4
	Subtotal	22,478,654	15,000,000	22,478,654	8,466,364	100.0	56.4
Lands, Housing and Urban Planning							
Lands, Hous- ing and Urban Planning	Lands	12,065,000	140,000,000	6,305,410	60,443,693	52.3	43.2
	Urban Management	32,365,218	20,000,000	13,490,400	19,000,000	41.7	95.0
	Housing Development	5,823,810	-	3,694,200	-	63.4	0.0
	Municipality	51,087,808	60,576,266	44,658,210	-	87.4	0.0
	Subtotal	101,341,836	220,576,266	68,148,220	79,443,693	67.2	36.0
Youth, Sports, Gender and Culture							
Youth, Sports, Gender and Culture	Policy Development and administrative Services	5,575,700	-	4,746,910	-	85.1	-
	Gender, Children Services and Social Protection	18,000,000	-	15,652,955	-	87.0	-
	Youth and Sports Develop- ment	27,000,000	19,500,000	26,521,310	13,000,000	98.2	66.7
	Subtotal	50,575,700	19,500,000	46,921,175	13,000,000	92.8	66.7
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,181,011,077	-	1,165,045,603	-	98.6	-
	Policy Development	3,000,000	-	3,000,000	-	100.0	-
	Healthcare financing – trans- fers to health facilities	233,687,921	-	231,982,500	-	99.3	-
	Curative Services	249,629,649	-	247,433,944	-	99.1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Preventive and Promotive Services	75,605,950	-	68,707,704	-	90.9	-
	Reproductive Health Services	15,000,000	-	14,694,404	-	98.0	-
	Health Infrastructure Development		201,737,868	-	15,171,877	-	7.5
	Subtotal	1,757,934,597	201,737,868	1,730,864,155	15,171,877	98.5	7.5
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	27,437,309	-	25,721,837	-	93.7	-
	Crop Management	-	159,580,679	-	120,609,714	-	75.6
	Food & Nutrition Security	-	118,000,000	-	5,214,154	-	4.4
	Subtotal	27,437,309	277,580,679	25,721,837	125,823,868	93.7	45.3
Livestock, Fisheries & Veterinary Services	Livestock Development	-	10,500,000	-	7,950,319	-	75.7
	Fisheries Development	-	-	-	-	-	-
	Veterinary Services	-	69,300,000	-	41,643,791	-	60.1
	Subtotal	-	79,800,000	-	49,594,110	-	62.1
Cooperative & Enterprise Development	Administration	22,020,000	-	15,722,166	-	71.4	-
	Policy Formulation & Admin	-	3,500,000	-	-	-	0.0
	Cooperative Development	-	54,989,000	-	53,651,574	-	97.6
	Value Addition & Marketing	-	11,002,633	-	8,798,702	-	80.0
	Enterprise Development	-	-	-	-	-	-
	Subtotal	22,020,000	69,491,633	15,722,166	62,450,276	71.4	89.9
Water Sanitation and Environment							
Water and Irrigation	Administration	119,571,220	6,000,000	104,644,235	4,355,250	87.5	72.6
	Development of Water Supply for Domestic and Commercial purposes	-	163,107,100	-	145,565,482	-	89.2
	Irrigation Development	-	3,000,000	-	-	-	-
	Subtotal	119,571,220	172,107,100	104,644,235	149,920,732	87.5	87.1
Waste Water management	Waste Water management	-	-	-	-	-	-
	Subtotal	-	-	-	-	-	-
Environment & Natural resources	Administration	32,372,900	600,000	29,446,050	355,250	91.0	59.2
	Environmental and Natural resources protection and conservation	-	187,800,000	-	54,992,830	-	29.3
	Subtotal	32,372,900	188,400,000	29,446,050	55,348,080	91.0	29.4
Education and Vocational Training							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Education and Vocational Training	Policy Planning & General Administration	241,510,870	-	140,126,566	-	58.0	-
	Early Childhood Development and Education	-	115,398,400	-	80,991,722	-	70.2
	Technical Vocational Educational and Training	-	30,544,433	-	30,500,000	-	99.9
	Subtotal	241,510,870	145,942,833	140,126,566	111,491,722	58.0	76.4
Roads, Public Works and Transport							
Roads, Public Works and Transport	Policy planning and administrative services	58,712,200	-	51,295,655	-	87.4	-
	Roads Construction & Maintenance	-	180,000,000	-	170,931,180	-	95.0
	Development and Maintenance of other Public works	-	53,000,000	-	-	-	-
	County Transport Infrastructure	-	258,350,000	-	237,210,225	-	91.8
	Subtotal	58,712,200	491,350,000	51,295,655	408,141,405	87.4	83.1
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	16,239,882	-	12,224,170	-	75.3	-
	Trade Development	-	20,000,000	-	981,595	-	4.9
	Energy Development	-	16,500,000	-	13,017,245	-	78.9
	Tourism Development	-	10,000,000	-	8,353,456	-	83.5
	Industry	-	9,000,000	-	6,850,956	-	76.1
	Subtotal	16,239,882	55,500,000	12,224,170	29,203,252	75.3	52.6
The County Assembly							
County Assembly	General Administration, Human Resources and administrative Services	385,267,897	250,000,000	385,256,497	231,920,039	100.0	92.8
	Legislative Services	413,654,793	-	412,418,552	-	99.7	-
	Oversight and Representation	46,277,158	-	46,277,158	-	100.0	-
	Subtotal	845,199,848	250,000,000	843,952,207	231,920,039	99.9	92.8
Grand Total		5,848,155,018	2,439,183,482	5,530,225,768	1,533,347,795	94.6	62.9

Source: Bomet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were Technical Vocational Educational and Training in the Department of Education and Vocational Training at 100.0 per cent, Legislative Services and oversight and Representation in the County Assembly at 100.0 per cent, Curative Services in the Department of Medical Services and Public Health at 99.1 per cent of budget allocation.

3.2.13 Key Observations and Recommendations

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

1. Late submission of financial reports to the Controller of Budget by the County Treasury affected the timely preparation of the budget implementation report. The report was submitted on 3rd August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.13, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Revolving Fund and the Emergency Fund were not submitted to the Controller of Budget.
4. A high wage bill, which accounted for 38.3 per cent of the total expenditure in FY 2022/23, thus constraining funding to other programmes.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.920.63 million were processed through the manual payroll, accounting for 29.0 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.3 County Government of Bungoma

3.3.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.14.82 billion, comprising Kshs.4.45 billion (30 per cent) and Kshs.10.38 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented an increase of 2.5 per cent compared to the previous financial year when the approved budget was Kshs.14.45 billion and comprised Kshs.4.48 billion towards development expenditure and Kshs.9.97 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.10.66 billion (71.9 per cent) as the equitable share of revenue raised nationally, Kshs.847.38 million (5.7 per cent) as Appropriations-in-Aid (A-I-A),

Kshs.1.66 billion (11.2 per cent) as conditional grants, a cash balance of Kshs.1.16 billion (7.8 per cent) from FY 2021/22, and generate Kshs.500 million (3.4 per cent) from its sources of revenue. A breakdown of the conditional grants is provided in Table 3.15.

3.3.2 Revenue Performance

In FY 2022/23, the County received Kshs.10.66 billion as the equitable share of the revenue raised nationally, raised Kshs.379.72 million as own-source revenue, Kshs.797.61 million as A-I-A, Kshs.376.61 million as conditional grants, and had a cash balance of Kshs.1.15 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.13.37 billion, as shown in Table 3.15.

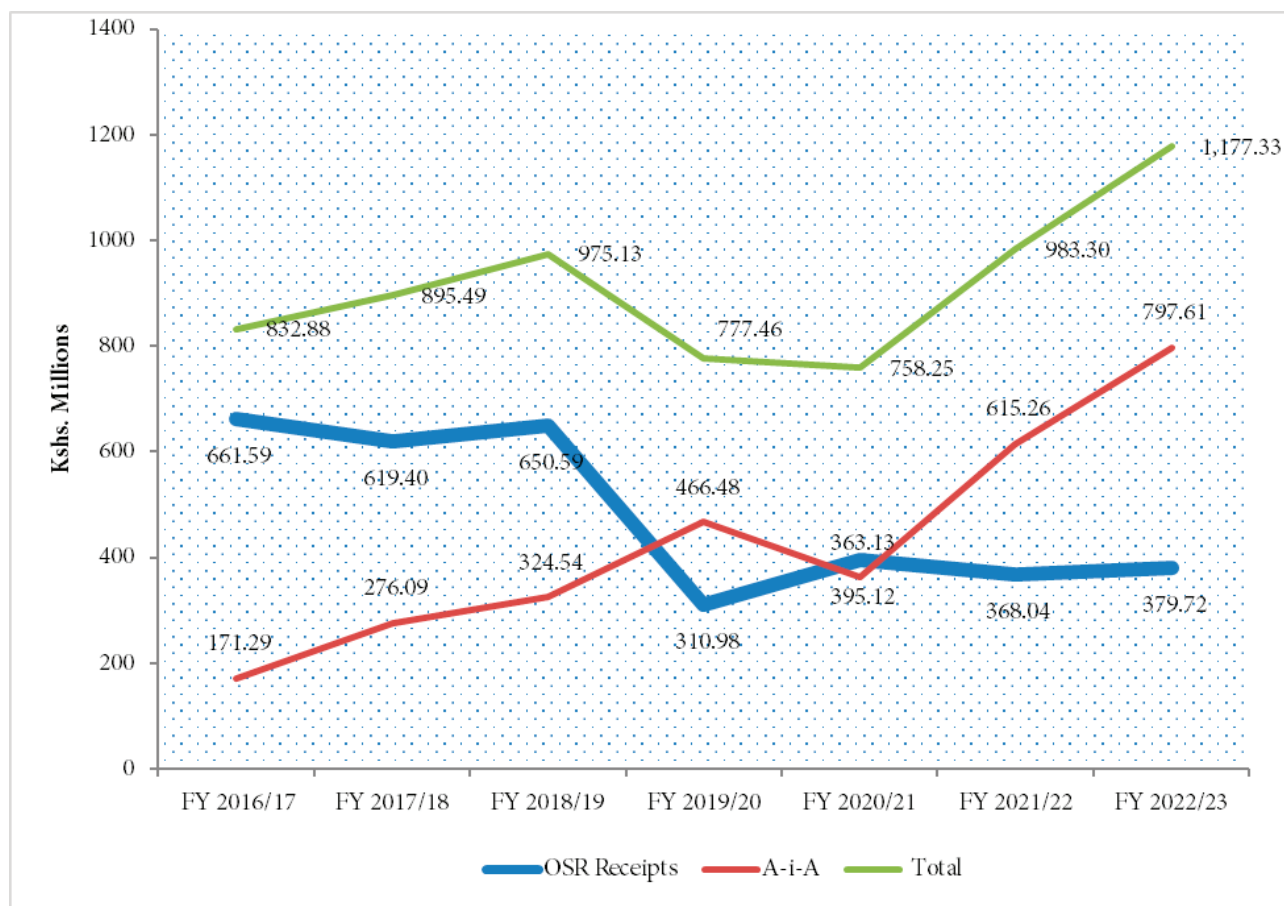
Table 3.15: Bungoma County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,659,435,192	10,659,435,192	100
Sub Total		10,659,435,192	10,659,435,192	100
B	Conditional Grants			
1	DANIDA	28,605,056	38,747,481	135.5
2	ASDSP II	9,615,952	5,344,642	55.6
3	Kenya Devolution Support Programme	52,805,780	-	-
4	NARIGP	332,916,544	219,660,320	66.0
5	UNICEF	1,571,000	-	-
6	Urban Support Programme Development	885,038,038	56,340,254	6.4
7	Urban Support Programme Recurrent	1,145,356	-	-
8	III) KISP II (Kenya Informal Settlement Improvement Project)	86,424,018	30,000,000	34.7
9	FLLOCA - Water	11,000,000	-	-
10	Climate Change Grant	125,000,000	22,000,000	17.6
11	COVID 19 Grant	9,856,193	1,128,568	11.5
12	Leasing of Medical Equipment	110,000,000	-	-
13	Development for Youth Polytechnics	-	646	-
14	Fuel Levy Fund	3,228,200	3,389,571	105
Sub Total		1,657,206,137	376,611,482	22.7
C	Other Sources of Revenue			
1	Own Source Revenue	500,000,000	379,716,358	75.9
2	Balance b/f from FY2021/22	1,160,714,428	1,152,908,450	99.3
3	A-I-A	847,382,860	797,606,548	94.1
Sub Total		2,508,097,288	2,330,231,356	92.9
Grand Total		14,824,738,617	13,366,278,030	90.2

Source: Bungoma County Treasury

Figure 7 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

Figure 7: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

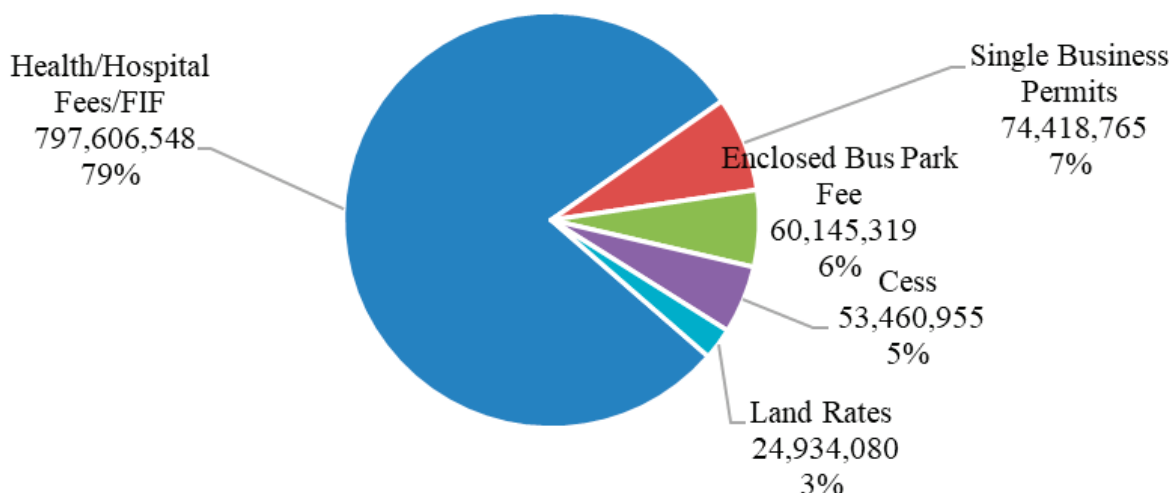


Source: Bungoma County Treasury

In FY 2022/23, the County generated a total of Kshs.379.72 million from its own sources of revenue. This amount represented an increase of 3.1 per cent compared to Kshs.368.04 million realised in FY 2021/22 and was 75.9 per cent of the annual target and 3.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 8.

Figure 8: Top Streams of Own Source Revenue in FY 2022/23

Own Source Revenue in FY 2022/23 in Kshs.



Source: Bungoma County Treasury

Revenue from the health sector amounted to Kshs.797.61 million, representing 79 per cent of the overall revenue collection in FY 2022/23. The Single Business Permit had a collection of Kshs.74.42 million contributing to 7 per cent of the total receipts during the reporting period.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.86 billion from the CRF account during the reporting period. This amount comprised Kshs.2.59 billion (21.8 per cent) for development programmes and Kshs.9.27 billion (78.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.5.39 billion was released towards employee compensation, and Kshs.2.71 billion was for operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.274.17 million.

3.3.4 County Expenditure Review

The County spent Kshs.12.01 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.4 per cent of the total funds released by the CoB and comprised of Kshs.2.73 billion and Kshs.9.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.5 per cent. In contrast, recurrent expenditure represented 89.4 per cent of the annual recurrent expenditure budget.

3.3.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.20 billion, comprising Kshs.557.51 million for recurrent expenditure and Kshs.642.17 million for development activities. During the year, pending bills amounting to Kshs.453.66 million were settled, consisting of

Kshs.137.57 million for recurrent expenditure and Kshs.344.86 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.220.64 million in the FY 2022/23, resulting in an outstanding amount of Kshs.937.90 million as of 30th June 2023.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.11 billion on employee compensation, Kshs.2.98 billion on operations and Maintenance , and Kshs.2.67 billion on development activities. Similarly, the County Assembly spent Kshs.278.51 million on employee compensation, Kshs.909.05 million on operations and Maintenance , and Kshs.68.71 million on development activities, as shown in Table 3.16.

Table 3.16: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,191,294,786	1,187,560,394	8,091,272,503	1,187,556,073	88.0	100.0
Compensation to Employees	5,504,224,843	438,435,450	5,106,701,604	278,506,084	92.8	63.5
Operations and Maintenance	3,687,069,943	749,124,944	2,984,570,899	909,049,989	80.9	121.3
Development Expenditure	4,339,090,253	106,793,185	2,665,411,210	68,711,338	61.4	64.3
Total	13,530,385,038	1,294,353,579	10,756,683,713	1,256,267,411	79.5	97.1

Source: Bungoma County Treasury

3.3.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.5.39 billion, or 36.3 per cent of the revenue for FY 2022/23 of Kshs.14.82 billion. This expenditure represented an increase from Kshs.5.21 billion reported in FY 2021/22. The wage bill included Kshs.2.37 billion paid to health sector employees, translating to 44 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.13 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.252.48 million was processed through manual payrolls. The manual payrolls accounted for 4.7 per cent of the total PE cost.

The County Assembly spent Kshs.43.31 million on committee sitting allowances for the 63 MCAs and the Speaker against the annual budget allocation of Kshs.43.63 million. The average monthly sitting allowance was Kshs.57,288 per MCA. The County Assembly has established 24 Committees.

3.3.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.783 million to county-established funds in FY 2022/23, constituting 5.5 per cent of the County's overall budget. Table 3.17 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.17: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023
County Executive Established Funds					
1.	Scholarships and other Educational Benefits	524,000,000	524,000,000	524,000,000	No
2.	Trade Loan	25,000,000	-	-	No
3.	Disability Fund	2,000,000	-	-	No
4.	Women Fund	5,000,000	-	-	No
County Assembly Established Funds					
3.	Car Loan to MCAs'	128,000,000	128,000,000	128,000,000	No
4.	House Loan to Staff	99,000,000	99,000,000	99,000,000	No
Total		783,000,000	751,000,000	751,000,000	-

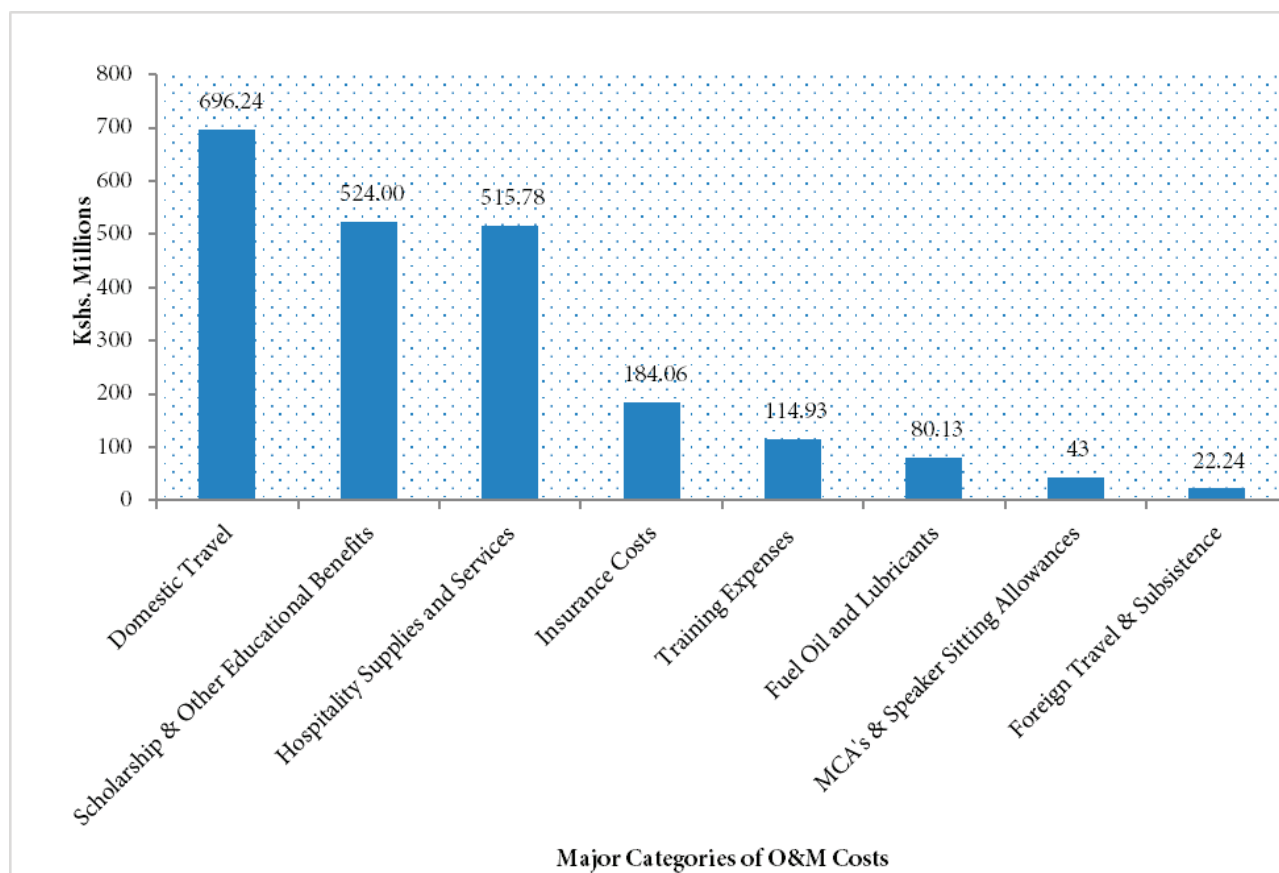
Source: Bungoma County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of Scholarships and other Educational Benefit Fund, Trade Loan Fund, Disability Fund, Women Fund, Car Loans to MCAs' and House Loans to Staff Funds as indicated in Table 3.17. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.3.9 Expenditure on Operations and Maintenance

Figure 9 shows a summary of operations and Maintenance expenditure by major categories.

Figure 9: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: Bungoma County Treasury

During the period, expenditure on domestic travel amounted to Kshs.696.24 million and comprised of Kshs.175.08 million spent by the County Assembly and Kshs.521.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.22.24 million and comprised of Kshs.6.23 million by the County Assembly and Kshs.16.01 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.18 below; -

Table 3.18: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	2	1-Dec-22	Facilitation to Peace Learning Trip to Rwanda	Kigali, Rwanda	966,878
	3	1-Dec-22	Facilitation to the 171 st FAO Council, Rome, Italy	Rome, Italy	1,397,638
	4	12-Mar-23	Facilitation to High-Level Coffee Exposure Visit to Bogota, Colombia	Bogota, Colombia	2,061,660
	2	21-Mar-23	Facilitation to Attend Economic Governance Program for Senior Officials in Pretoria	Pretoria, RSA	927,360
	2	13-Jun-23	Facilitation to Attend Contemporary Public Administration and management in Galilee, Israel	Galilee, Israel	2,181,396

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the travel	Destination	Total Costs of the Travel
	1	24-Jan-23	Facilitation to Attend UN Diplomatic Simulation in Kuala Lumpur, Malaysia	Malaysia	447,135
	1	11-May-23	Facilitation to Leadership for Results Programme in DUBAI, UAE	Dubai, UAE	719,768
	1	17-Feb-23	Facilitation to Peace Training Technology in Kinshasa	Kinshasa, DRC	314,400
	1	6-Apr-23	Reimbursement for Travel to Mbale City	Mbale, Uganda	151,685
County Assembly	5	20-Mar-23-28-Mar-23	TSA - Facilitation during attendance of the first-ever Africa Education Summit hosted by the Global Skills Hub	Chez Lando Hotel - Rwanda	1,246,980
	6	20-Mar-23-22-Mar-23	TSA - Facilitation to officials during attendance of the 5th regional Workshop on sustainable e-Waste Management in East Africa	Dar Salaam - Tanzania	727,525
	10	19-May-23-29-May-23	TSA - Facilitation to CASB during Benchmarking/Study and Exchange Programme to the Parliament of Uganda	Kampala	4,799,520
	12	15-Jan-23-20-Jan-23	TSA - CASB Benchmarking/Exchange Programme	Mbale-Uganda	3,003,374
	6	26-Jun-23-30-Jun-23	TSA -Facilitation to Hon members and Staff to attend the 25 th EACO Congress and 28 th Annual Assemblies	Bujumbura - Burundi	1,813,076

Source: Bungoma County Treasury

3.3.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.73 billion on development programmes, representing an increase of 27.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.97 billion. summarises development projects with the highest expenditure in the Table 3.19 reporting period.

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

Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Agriculture and Irrigation	Purchase and delivery of certified fertiliser – planting fertiliser (500 beneficiaries per ward)	45 Wards	326,250,000	325,475,781	99.8
Agriculture and Irrigation	National Agricultural and Rural Inclusive Growth Project (NARIGP)	45 Wards	332,916,544	300,909,746	90.4
Youth and Sports	Masinde Muliro Stadium	Kanduyi	169,592,184	130,387,127	76.9
Roads & Public Works	Maintenance of Rural Roads	45 Wards	149,840,000	125,355,299	84.8
Trade and Industrialisation	Installation of Grid Energy Street Lights	45 Wards	119,000,000	59,975,918	50.4

Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Education and Vocational Training	Tools to work (Equipping of VTCs)	45 Wards	30,000,000	29,492,035	98.3
Water and Natural Resources	Purchase of Drilling tools and accessories, borehole casing	45 Wards	17,550,000	17,471,444	99.6
Health and Sanitation	Completion of Sirisia Hospital	Malakisi/South Kulisiru	15,000,000	10,164,674	67.8
Tourism and Environment	Climate Change Grant	45 Wards	125,000,000	9,422,638	7.5
County Public Service Board	Construction of office block	Headquarters	10,000,000	3,346,658	33.5

Source: Bungoma County Treasury

3.3.11 Budget Performance by Department

Table 3.20 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.20: Bungoma County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Cooperatives	452.35	779.79	409.35	607.07	429.94	727.74	105.0	119.9	95.0	93.3
Tourism, Forestry, Environment, Water and Natural Resources	378.35	373.34	382.01	263.90	360.47	242.03	94.4	91.7	95.3	64.8
Roads and Public Works	170.70	966.66	142.03	857.85	165.14	869.88	116.3	101.4	96.7	90.0
Education & Vocational	1,606.63	233.63	1,498.80	184.34	1,568.86	191.60	104.7	103.9	97.6	82.0
Health and Sanitation	3,434.90	191.98	2,511.07	152.58	2,562.19	155.42	102.0	101.9	74.6	81.0
Trade, Energy and Industrialisation	64.76	224.11	60.33	75.78	61.29	75.31	101.6	99.4	94.6	33.6
Land, Urban, Physical Planning and Housing	175.17	1,115.80	144.82	58.04	141.72	57.53	97.9	99.1	80.9	5.2
Gender, Culture, Youth and Sports	142.14	200.21	118.07	138.07	140.13	134.29	118.7	97.3	98.6	67.1
Finance and Planning	1,486.72	155.87	1,726.00	148.33	1,420.91	152.53	82.3	102.8	95.6	97.9
County Public Service	54.05	10.00	43.93	3.41	48.20	3.35	109.7	98.3	89.2	33.5
Governor/Deputy Governors	554.31	-	429.50		551.17	-	128.3	-	99.4	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Administration	539.39	8.42	503.68	14.00	516.46	55.73	102.5	398.2	95.7	661.7
County Secretary	131.82	79.29	115.84	18.41	124.77	-	107.7	-	94.7	-
County Assembly	1,187.56	106.79	1,187.56	68.71	1,187.56	68.71	100.0	100	100	64.3
Total	10,378.86	4,445.88	9,272.99	2,590.5	9,278.83	2,734.12	100.1	105.5	89.4	61.5

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of Public Administration recorded the highest absorption rate of development budget at 661.7 per cent, followed by the Department of Agriculture, Livestock, Fisheries and Cooperatives at 93.3 per cent. The County Secretary Office did not report expenditure on the development budget despite having an allocation of Kshs.79.29 million. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Health and Sanitation had the lowest at 74.6 per cent.

The rampant absorption rates above 100 per cent are irregular and indicate the diversion of funds from other budget lines.

3.3.12 Budget Execution by Programmes and sub-programmes

Table 3.21 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.21: Bungoma County, Budget Execution by Programmes and sub-programmes

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Agriculture, Livestock & Cooperative				
Programme 1: General Administration, Planning and Support Services	SP 1.1 Administrative and Support Services	165,343,868	156,019,245	94.4
	SP 1.2 Human Resource Management and Development.	339,747,840	326,446,946	96.1
Programme 2: Land and Crop Development and management	SP 2.2: Crop production and productivity	251,532,582	246,388,969	98.0
Programme 3: Livestock Development and management	SP 3.2 Value addition and processing	66,300,000	64,675,905	97.6
	SP 3.4 Disease and Vector Control	7,000,000	7,000,000	100.0
	SP 3.5 Food Safety and Quality Control	5,500,000	5,500,000	100.0
	SP 3.7 Veterinary Extension Services	3,600,000	3,600,000	100.0
	SP 3.8 Breeding and AI Subsidy Programme	3,000,000	3,000,000	100.0
	Ward Based Projects	5,820,000	5,820,000	100.0
Programme 4: Fisheries Development and management	SP 4.1 Fisheries Extension Service and Training	3,000,000	-	-
	SP 4.2 Fisheries Product Value-Chain Development	3,500,000	-	-

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Programme 6: Institutional Development and management	SP 6.2 Agricultural Enterprise Development (ATC)	6,560,000	-	-
	SP 6.3 Infrastructural Development (ATC)	11,960,000	11,960,000	100.0
	SP 6.5 Tractor Hire Services	5,000,000	5,000,000	100.0
	SP 6.8 Operational Development (CFF)	10,300,000	10,300,000	100.0
	NARIGP	332,916,544	300,909,746	90.4
	Ward Based Projects	11,058,000	11,058,000	100.0
Sub Total		1,232,138,834	1,157,678,811	94.0
Health and Sanitation				
Programme1: General Administration and Planning, and Support Services	SP 1: Health Administration Planning and Support services	412,857,131	82,225,178	19.9
	Human resources	2,416,604,147	2,371,153,763	98.1
	SP3.Health Infrastructure	191,976,917	155,419,477	81.0
Programme 2: Preventive Promotive and Rehabilitative	SP 2: Health Promotion services	6,000,000	-	-
	SP 3: Disease surveillance	2,746,938	-	-
	SP 4: Community health services	78,072,000	-	-
	Capacity building of CHVs	10,000,000	-	-
	Retooling of CHV Kits	10,000,000	-	-
	HIV/AIDS awareness.	300,000	-	-
Programme 3: Curative	SP 3: Routine Medical Services	424,865,820	108,815,740	25.6
	SP 3: Blood Bank Services	10,000,000	-	-
	Referral Strategy	987,751	-	-
Programme 5: Maternal and Child Health	SP 5: Maternity Services	52,969,787	-	-
	SP 5: Immunization Services	1,500,000	-	-
Sanitation Management	Sanitation management	8,000,916	-	-
Sub Total		3,626,881,407	2,717,614,158	74.9
Roads & Public Works				
Transport Infrastructure Development and management	Transport infrastructure development and management	964,151,137	869,883,846	90.2
Public Safety and Transport Operations	Public safety and Transport operations	6,820,194	-	-
Building Standards and other Civil Works	Building standards and other civil works	2,423,736	2,423,736	100.0
General Administration, Planning and Support Services	General administration, planning and support services	163,963,788	162,713,341	99.2
Sub Total		1,137,358,855	1,035,020,923	91.0
Water & Tourism				
Programme 1: General Administration Planning and Support Services	SP. Human Resources Management	65,536,155	65,498,032	99.9
	SP. Marking of international/national events	3,900,000	-	-
	SP. Annual devolution conference	3,000,000	-	-

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Programme 2: Water and Sewerage Services Management	SP Water Services Provision	342,748,647	242,026,036	70.6
	SP. Stakeholders engagement (water users association)	4,800,000	-	-
	SP. Sub- County operations	3,200,000	-	-
	SP. Routine Maintenance of water supplies	2,400,000	-	-
	SP. Office operation and Maintenance	87,378,695	69,344,301	79.4
Programme 3: Integrated Solid Waste Management	SP. Dumpsite Management	12,850,705	-	-
	SP. Garbage collection and Transportation	225,877,107	225,628,751	99.9
Sub Total		751,691,309	602,497,120	80.2
Education & Vocational				
Programme 1: Policy, Planning and General Administration	SP 1: Salaries and allowances	1,021,542,129	1,001,786,401	98.1
	SP 2: Policy formulation	-	-	-
	SP3: Administration and support services	44,656,647	43,073,397	96.5
Programme 2: Early Childhood Education Development	SP 5: Capacity building for ECDE teachers	4,000,000	-	-
	SP6: Infrastructure development	134,417,000	127,489,657	94.8
	SP7: Pending bills	69,644,139	64,111,312.95	92.1
Programme 3: Vocational Education and Training	Sp1: Tuition support grant	30,000,000	-	-
	Sp4: Quality assurance and standards	2,000,000	-	-
	SP5: Joint Vocational Training Graduation	3,500,000	-	-
	SP6: Capacity building for VTC instructors	3,500,000	-	-
	SP7: Monitoring and Evaluation	3,000,000	-	-
Programme 4: Education Support Programme	SP1: Education support and bursary scheme	524,000,000	524,000,000	100.0
Sub Total		1,840,259,915	1,760,460,768	95.7
Trade & Industrialization				
Market Infrastructure Development	Market Infrastructure Development	7,000,000	-	-
Energy Development and management	Energy Development and management	168,746,000	75,309,433	44.6
Salaries and Emoluments	Salaries and Emoluments	23,722,331	23,278,141	98.1
General Administration, Planning and Support Services	General Administration, Planning and Support Services	41,039,855	38,015,555	92.6
CEF	CEF	32,495,000	-	-
Supplier's Credit	Supplier's Credit	15,870,671	-	-
Sub Total		288,873,857	136,603,129	47.3
Lands & Urban Planning				
Programme 1: General Administration, Planning and Support services	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	66,696,902	52,374,892	78.5
	SP 2: Human resource development and management	1,700,000	-	-
Total Expenditure of Programme 1		68,396,902	52,374,892	76.6

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Programme 2: LandResource Survey/Mapping and management	SP 1: Ward Based Projects	45,707,653	-	-
Total Expenditure of Programme 2		45,707,653	-	-
Programme 3: County Physical Planning and Infrastructure	SP 1: Physical Planning and Urban Development	10,027,709	10,121,324	100.9
Total Expenditure of Programme 3		10,027,709	10,121,324	100.9
Sub Total		124,132,264	62,496,216	50.3
Housing Department				
Programme 1 General Administration, Planning and Support Services	SP 1: Salaries andEmoluments	9,165,048	9,145,400	99.8
	SP 2: Administrative Services	19,947,071	19,100,403	95.8
	SP 3: Research and Development	4,927,455	4,500,000	91.3
	SP 4: Human resource development and management	1,000,000	-	-
Total Expenditure of Programme 1		35,039,574	32,745,802	93.5
Programme 2 Housing Development andHuman Settlement	SP 1: Estate Management	9,705,281	8,179,163.65	84.3
	SP 2: Housing Development	163,349,791	30,000,000	18.4
Total Expenditure of Programme 2		173,055,072	38,179,164	22.1
Sub Total		208,094,646	70,924,966	34.1
Bungoma Municipality				
Programme I: Urban Economy, General Administration, Planning and Support Services	SP 1.1: Human Resource Capacity Development and management	11,760,120	11,760,120	100.0
	SP 1.2: General Administration and Support Services (Inclusive of personnel emoluments)	17,673,030	15,592,613	88.2
	SP 1.3: Planning andFinancial Management	3,250,000	3,200,000	98.5
	SP 1.4: Institutional Accountability, Leadership, Efficiency andEffectiveness	4,500,000	-	-
Programme I Total		37,183,150	30,552,733	82.2
Programme III: Urban Infrastructure Development and management	SP 3.1: Urban Transport and Infrastructure	315,642,530	2,339,915	0.7
Programme III Total		315,642,530	2,339,915	0.7
Sub Total		352,825,680	32,892,648	9.3
Kimilili Municipality				
Programme 1: General Administration, Planning and Support Services	SP1: General Adm Planning and Support Services (Inclusive of salary)	25,136,612	17,976,249	71.5
	SP2: Administration andHR Services	13,773,780	13,773,596	100.0
Total Expenditure of Programme 1		38,910,392	31,749,845	81.6

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Programme 2: Urban Infrastructure Development and management	Infrastructure, Housing and Public works	567,006,389	1,194,559	0.2
Sub Total		605,916,781	32,944,404	5.4
Finance & Planning				
P 1: General Administration Planning and Support Services	SB 1.1 Administration services and support services	1,167,065,287	1,110,191,211	95.1
	SB 1.2: Training	25,914,330	25,913,903	100.0
P 2: County Public Financial Management	SB 2.1: Revenue mobilisation	61,417,380	58,165,683	94.7
	SB 2.2: Treasury accounting services	41,350,770	41,001,513	99.2
	SB 2.3: Audit services.	21,463,730	20,507,513	95.5
	SB 2.4: Supply chain management services	21,070,215	20,643,367	98.0
	SB 2.5: Budgeting services	96,805,085	96,229,192	99.4
	SB 2.6: Automation Services	40,000,000	34,772,693	86.9
	SB 2.7: County Emergency Fund	102,298,000	102,298,000	100.0
	SB 2.8: Economic planning and coordination services	27,499,966	27,355,064	99.5
	SB 2.9: Special coordination unit	20,880,458	20,478,732	98.1
P 3: Monitoring and Evaluation	SB 3.1: County Integrated Monitoring and Evaluation Systems	16,819,109	15,882,331	94.4
Sub Total		1,642,584,330	1,573,439,203	95.8
Public Administration				
Public Service Management and Administration				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	525,392,013	524,886,850	99.9
Public Participation, Civic Education and Outreach Services	Public Participation, Civic Education and Outreach Services	14,000,000	-	-
Service Delivery and Organisational Transformation	Service Delivery and Organisational Transformation	-	-	-
Sub Total		539,392,013	524,886,850	97.3
Office of the County Secretary, ICT and County Attorney				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	134,451,013	124,765,400	92.8
Kenya Devolution Support Programme	Kenya Devolution Support Programme	52,805,780	22,523,757	42.7
ICT and Information Management Services	ICT and Information Management Services	32,270,522	24,783,800	76.8
Total Expenditure for Vote		219,527,315	172,072,957	78.4
Sub Total		758,919,328	696,959,807	91.8
Gender, Youth & Sports				
Programme 1: General Administration, Planning and Support Services	SP 1. 2. Compensation to employees	46,089,943	45,977,791	99.8
	1.8 General Administration	84,892,715	78,055,025	91.9

Programme	Sub- Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption Rate (%)
Programme 2: Cultural Development and management	SP 2. 2. Promotion of communities' culture	8,600,000	8,600,000	100.0
	SP 2.3 Sports and Cultural Association	7,500,000	7,500,000	100.0
Programme 4.0 Sports Facility Development and management	SP 4.1Development of sports facility	178,268,504	134,292,365	75.3
Programme 5.0 Sports Talent Development and management	SP 5.1Sports and talent development established	6,000,000	-	-
Programme 6.0 Youth Development and management	SP.6.1 Youth development services	11,000,000	-	-
Sub Total		342,351,162	274,425,182	80.2
Public Service Board				
Programme 1: General Administration, Planning and Support services	SP 1. 1 Administrative service	35,375,761	31,212,085	88.2
Total Expenditure of Programme 1		35,375,761	31,212,085	88.2
Programme 2: (Human Resource Management and Development)	SP 2. 1 Human Resource Management	8,390,850	6,713,126	80.0
Total Expenditure of Programme 2		8,390,850	6,713,126	80.0
Programme 3:(Governors and national Values)	SP 3. 1Quality Assurance	4,760,856	4,760,856	100.0
	SP 3. 2 ethics governors and national	5,518,738	5,518,738	100.0
Sub Total		10,279,594	10,279,594	100.0
Programme 4: Service Delivery and Organisational Transformation	Construction of office block	10,000,000	3,346,658	33.5
Total Expenditure of Programme 4		10,000,000	3,346,658	33.5
Sub Total		64,046,205	51,551,463	80.5
Governors & Deputy Governors				
Office of H.E. the Governor				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	519,609,605	518,692,965	99.8
County Executive Committee Affairs	County Executive Committee Affairs	25,021,324	25,021,324	100.0
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	9,679,536	7,460,627	77.1
Sub Total		554,310,465	551,174,916	99.4
County Assembly				
General Administration and Support Services	General Administration and Support Services	955,118,257	955,113,950	100.0
Legislation services	Legislation services	8,385,000	8,385,000	100.0
Oversight	Oversight	42,904,402	42,904,392	100.0
Representation and Outreach services	Representation and Outreach services	181,152,735	181,152,730	100.0
General Infrastructure	General Infrastructure	106,793,185	68,711,338	64.3
Sub Total		1,294,353,579	1,256,267,410	97.1
Grand Total		14,824,738,617	12,012,951,123	81.0

Source: Bungoma County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Support Services and Representation and Outreach Services in the County Assembly, County Emergency Fund in the Department of Finance and Planning and County Executive Committee Affairs in the Governors' and Deputy Governors' offices at 100 per cent at of budget allocation.

3.3.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practices, as shown in Table 3.20, where the County incurred expenditure over approved exchequer issues in several departments. Further, the Department of Public Administration recorded an absorption rate of the development budget of 661.7 per cent, which is irregular and indicates the diversion of funds.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act. The reports for the Scholarships and other Educational Benefit Fund, Trade Loan Fund, Disability Fund, Women's Fund, Car Loans to MCAs' and House Loan to Staff Funds were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.937.90 million as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.274.17 million at the end of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.252.48 million were processed through the manual payroll, accounting for 4.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.4 County Government of Busia

3.4.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.9.58 billion, comprising Kshs.3.03 billion (31.7 per cent) and Kshs.6.54 billion (68.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 6.4 per cent compared to the previous financial year when the approved budget was Kshs.10.23 billion and comprised Kshs.4.55 billion towards development expenditure and Kshs.5.68 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.17 billion (74.9 per cent) as the equitable share of revenue raised nationally, generating Kshs.310.71 million (3.2 per cent) from its own sources of revenue, Kshs.158.45 million (1.7 per cent) as Appropriations-in-Aid (A-I-A), Kshs.703.98 million (7.4 per cent) as conditional grants, and a cash balance of Kshs.1.23 billion (12.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table -3.22.

The cash balance from the previous financial year comprises Kshs.394.73 million from unspent conditional grants and Kshs.837.85 million, which was the cash balance in the CRF account.

3.4.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.17 billion as the equitable share of the revenue raised nationally, raised Kshs.201.77 million as own-source revenue, Kshs.142.15 million as A-I-A Kshs.251.53 million as conditional grants, and had a cash balance of Kshs.1.23 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.9.00 billion, as shown in Table 3.22.

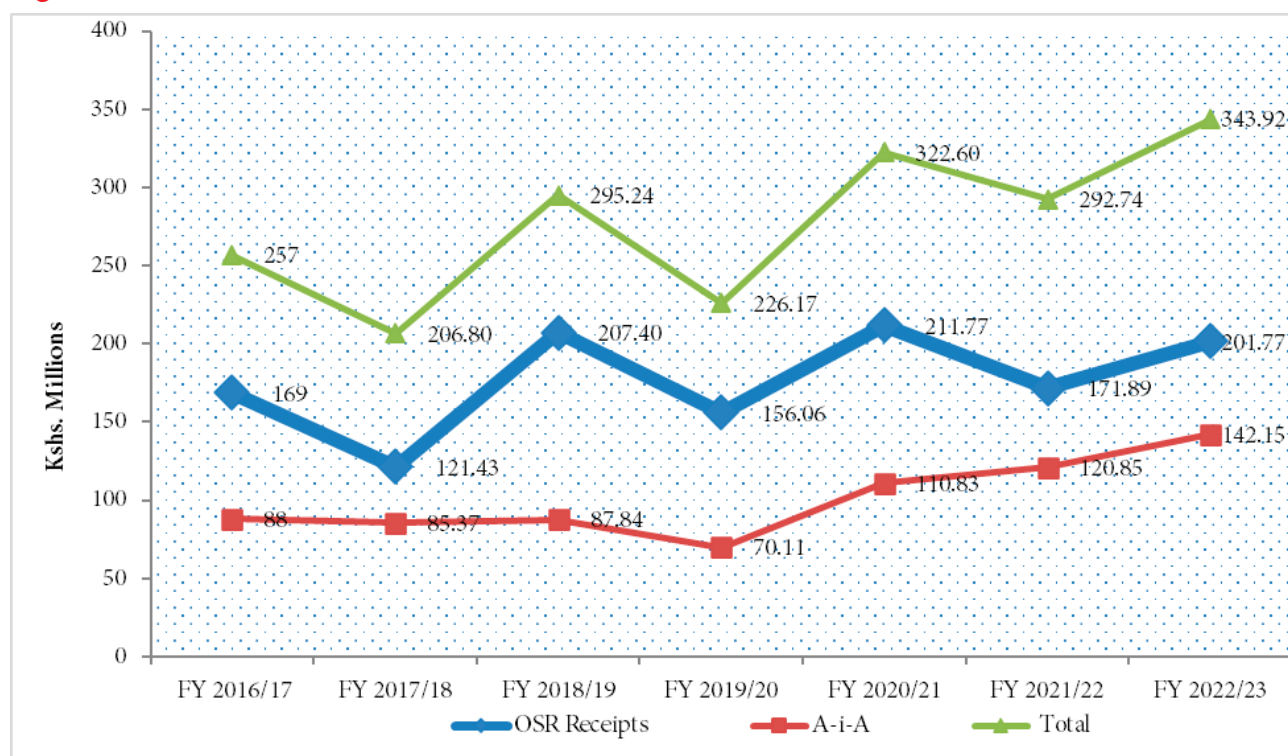
Table 3.22: Busia County Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,172,162,009	7,172,162,009	100
	Sub Total	7,172,162,009	7,172,162,009	100
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	421,123,660	125,328,154	29.8
2	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
3	National Agricultural Value Chain Development Project (NAVC-DP)	70,000,000	67,192,729	96
4	DANIDA	32,017,375	19,062,823	59.5
5	Agriculture Sector Development Support Programme II (ASDSP II)	31,498,206	15,604,078	49.5
6	World Bank credit to finance Locally-Led Climate Action Program (FLLoCA)-County Climate Institutional Support	22,000,000	22,000,000	100
7	Kenya Urban Support Programme (KUSP)	2,339,915	2,339,915	100
	Sub Total	703,979,156	251,527,699	35.7
C	Other Sources of Revenue			
1	Own Source Revenue	310,711,243	201,772,364	64.9
2	Balance b/f from FY2021/22	1,232,576,734	1,232,576,734	100
3	AIA (Health Charges)	158,451,783	142,150,611	89.7
	Sub Total	1,701,739,760	1,576,499,709	92.6
	Grand Total	9,577,880,925	9,000,189,417	94

Source: Busia County Treasury

Figure 10 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

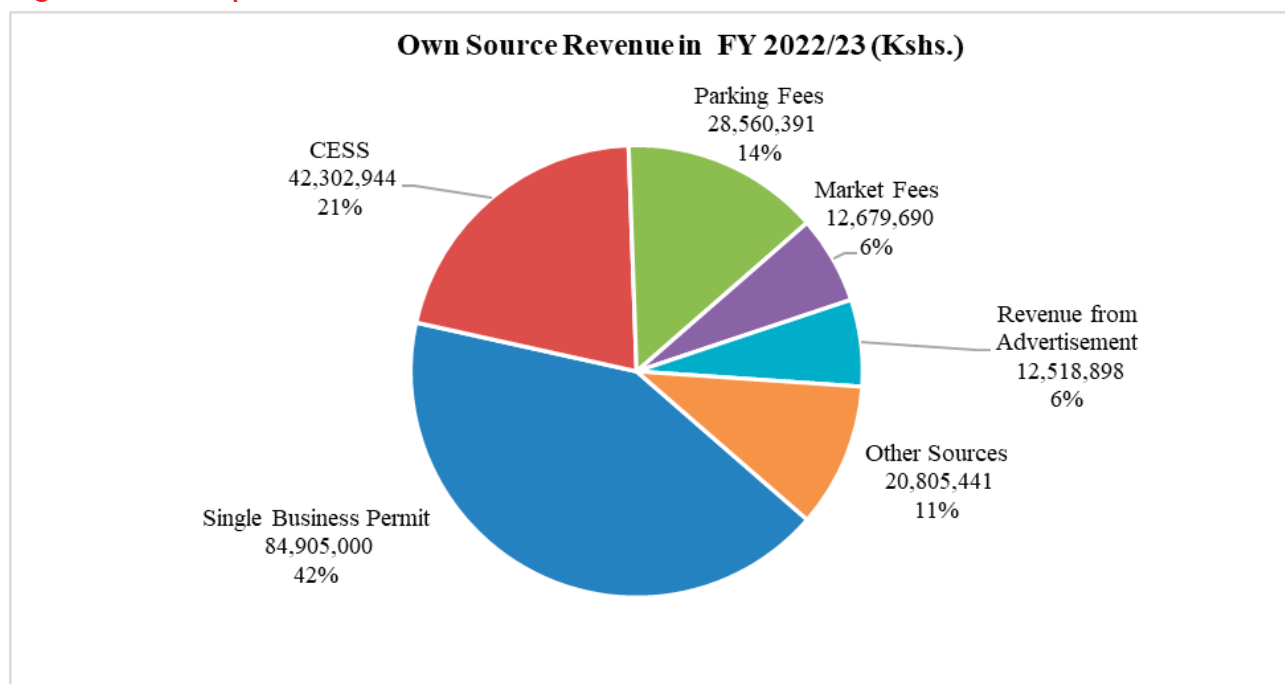
Figure 10: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Busia County Treasury

In FY 2022/23, the County generated a total of Kshs.201.77 million from its sources of revenue. This amount represented an increase of 17.4 per cent compared to Kshs.171.89 million realised in FY 2021/22. It was 64.9 per cent of the annual target and 2.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 11.

Figure 11: Top Streams of Own Source Revenue in FY 2022/23



Source: Busia County Treasury

The highest revenue stream of Kshs.84.91 million was from Single Business Permits, contributing to 42.0 per cent of the total OSR receipts during the reporting period. Revenue from the health sector was recognised as AIA and was Kshs.142.15 million.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.39 billion from the CRF account during the reporting period. This amount comprised Kshs.1.18 billion (16.0 per cent) for development programmes and Kshs.6.20 billion (84.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.26 billion was released towards employee compensation, and Kshs.2.95 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.22 billion.

3.4.4 County Expenditure Review

The County spent Kshs.7.48 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.3 per cent of the total funds released by the CoB and comprised of Kshs.1.25 billion and Kshs.6.23 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 41.4 per cent. In contrast, recurrent expenditure represented 95.1 per cent of the annual recurrent expenditure budget.

3.4.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills amounting to Kshs.1.88 billion, comprising Kshs.660.41 million for recurrent expenditure and Kshs.1.22 billion for development activities. During the year, pending bills amounting to Kshs.577.42 million were settled, consisting of

Kshs.135.57 million for recurrent expenditure and Kshs.441.85 million for development programmes. As at 30th June 2023 the outstanding pending bills amounted to Kshs. 1.78 billion inclusive of those incurred in FY2022/23.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.94 billion on employee compensation, Kshs.2.43 billion on operations and Maintenance , and Kshs.1.23 billion on development activities. Similarly, the County Assembly spent Kshs.431.05 million on employee compensation, Kshs.420.14 million on operations and Maintenance , and Kshs.22.13 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	5,693,409,451	851,195,833	5,374,493,330	851,195,833	94.4	100.0
Compensation to Employees	2,892,472,735	431,055,833	2,941,603,172	431,055,833	101.7	100.0
Operations and Maintenance	2,800,936,716	420,140,000	2,432,890,158	420,140,000	86.9	100.0
Development Expenditure	2,973,275,641	60,000,000	1,234,939,741	22,126,706	41.5	36.9
Total	8,666,685,092	911,195,833	6,609,433,071	873,322,539	76.3	95.8

Source: Busia County Treasury

3.4.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.37 billion, or 37.5 per cent of the revenue for FY 2022/23 of Kshs.9.0 billion. This expenditure represented an increase from Kshs.3.12 billion reported in FY 2021/22. The wage bill included Kshs.1.40 billion paid to health sector employees, translating to 41.6 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.1 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.272.11 million was processed through manual payrolls. The manual payrolls accounted for 8.1 per cent of the total PE cost.

The County Assembly spent Kshs.65.79 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.65.79 million. The average monthly sitting allowance was Kshs.101,533 per MCA. The County Assembly has established 18 Committees.

3.4.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.455.65 million to county-established funds in FY 2022/23, constituting 4.8 per cent of the County's overall budget. Table 3.24 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.24: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No)
County Executive Established Funds					
1.	Busia County (public officers) Revolving Fund.	150,000,000	135,000,000	150,000,000	No
2.	Busia County Health Services Fund	64,951,783	33,138,785	41,965,745	No
3.	Busia County Cooperative Enterprise Development Fund	8,000,000	-	-	Yes
4.	Busia County Education Support Scheme	132,100,000	127,200,000	130,114,670	No
County Assembly Established Funds					
5.	Busia County Assembly Revolving Fund	100,600,000	100,600,000	100,600,000	No
	Total	455,651,783	395,938,785	422,680,415	-

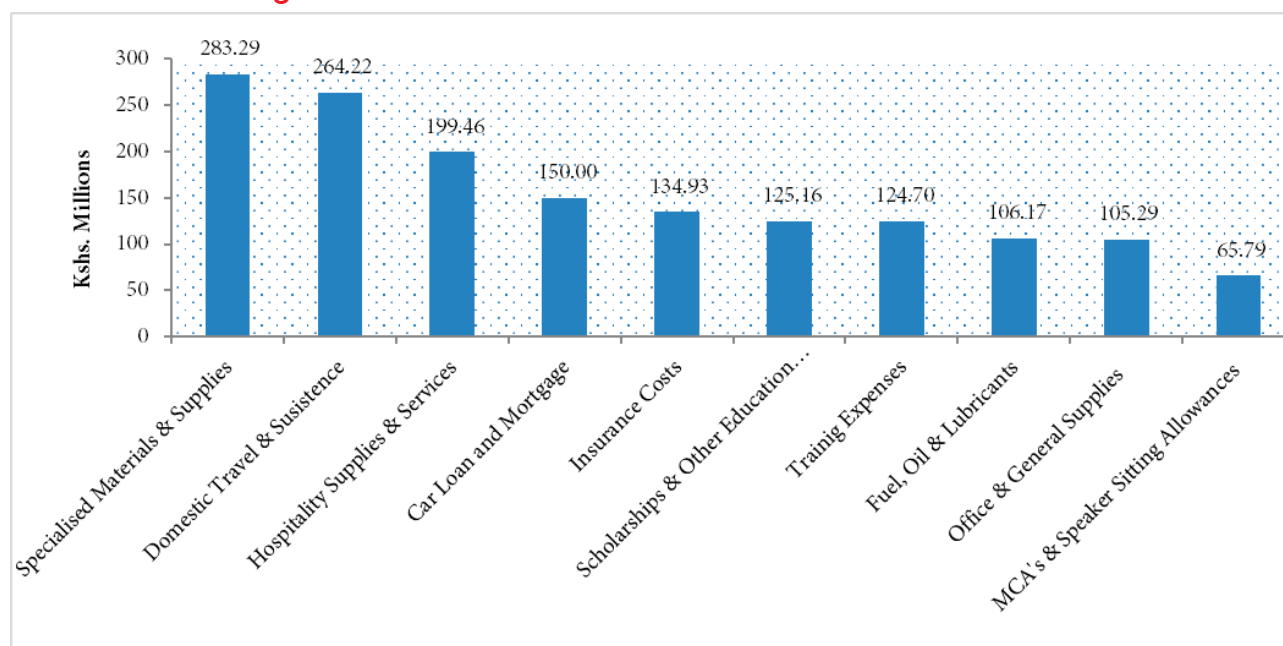
Source: Busia County Treasury

During the reporting period, the OCoB did not receive quarterly financial returns from the Fund Administrators of four Funds, as indicated Table 3.24, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.4.9 Expenditure on Operations and Maintenance

Figure 12 shows a summary of operations and Maintenance expenditure by major categories.

Figure 12: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: Busia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.264.22 million comprised of Kshs.95.60 million spent by the County Assembly and Kshs.168.62 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.36.82 million and comprised of Kshs.8.00 million by the County Assembly and Kshs.28.82 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.25.

Table 3.25: Summary of highest expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	5	5 th to 18 th November 2022	United Nations Climate Change Conference	Egypt	3,771,760
County Executive	4	21 st April 2023 to 2 nd May 2023	World federation of colleges and-polytechnics world congress 2023 and study tour	Canada	4,769,932
County Executive	2	18 th to 29 th June 2023	Contemporary public administration management	Israel	3,944,461
County Executive	4	28 th May 2023 to 3 rd June 2023	Attend international training program on corporate strategy planning, innovation and policy.	Singapore	3,344,792
County Assembly	1	30 th July 2022 to 6 th August 2022	To attend Leadership, Governance and Accountability ICPAK Seminar	UAE_- Dubai	574,000
County Assembly	13	8 th to 18 th December 2022	Attending a side meeting and high-level specialised training workshop on the side-lines of the 22nd EAC MSME trade fair	Kampala, Uganda	1,059,401
County Assembly	6	15 th to 19 th April 2023	Attending the LAVLARC stakeholders' workshop on the approach to Lake Victoria resource conversion	Arusha-Tanzania	1,106,500
County Assembly	8	21 st March 2023 to 1 st April 2023	Attending a training of Deputy Speakers on effective leadership management of committees	UAE_- Dubai	814,513
County Assembly	7	14 th to 20 th January 2023	Attending LAVLARC Conference	Arusha- Tanzania	2,111,320
County Assembly	1	22 nd to 27 th January 2023	Attending a training of County Speakers on effective leadership management	UAE_- Dubai	492,000

Source: Busia County Treasury

3.4.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.26 billion on development programmes, representing a decrease of 18.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.54 billion. Table 3.26 summarises development projects with the highest expenditure in the reporting period.

Table 3.26: Busia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands, Housing and Urban Development	Construction of designated parking areas in Busia Municipality	Busia Town	100,000,000	100,000,000	40,092,528	40.0
2	Water, irrigation and Natural Resources	Maintenance of Community Water Systems and drilling	Countywide	38,872,743	38,872,743	22,178,575	57.0
3	County Assembly	erection of a perimeter wall at the Speaker's official residence	Busia Town	15,000,000	15,000,000	14,875,337	99.1
4	Transport, Public Works and Energy	Construction of 40m span Busibwabo- Nasewa steel footbridge	Busibwabo	13,941,334	13,941,334	13,941,334	100.0
5	Transport, Public Works and Energy	Upgrading county roads to bitumen standards and Cabros - Amerikwai - Airstrip road	Angorom	21,000,000	7,960,878	8,201,707	39
6	Sports, Culture and Social Services	Construction of Kakapel Community Cultural Centre Phase 2.	Ang'urui East	15,400,000	6,906,837	6,906,837	44.8
7	Health and Sanitation	Completion of maternity/newborn unit at BCRH	Busia County Referral Hospital	5,800,600	5,800,600	5,800,600	100
8	Sports, Culture and Social Services	Construction of Nambale Youth Empowerment Centre	Nambale	5,700,325	5,700,325	5,021,897	88.1
9	Health and Sanitation	Supply and delivery of Ultrasound machine-ray machine, and Stretcher	Busia County Referral Hospital	5,300,000	5,300,000	5,300,000	100.0
10	Agriculture, Livestock, Fisheries, Climate Change, Blue Economy and Agribusiness	Completion of Busia Border Point Fish Transshipment and Auction Centre	Busia Town	4,400,085	4,400,085	4,400,085	100.0

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 3.27 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.27: Busia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock, Fisheries, Climate Change, Blue Economy and Agribusiness	274.94	1,101.74	271.03	276.43	270.73	532.51	99.9	192.6	98.5	48.3
Trade, Investment, Cooperatives and Industry	85.98	115.35	85.17	83.08	85.17	123.77	100.0	149.0	99.1	107.3
Education and Vocational Training	622.84	88.85	617.84	78.28	617.84	20.69	100.0	26.4	99.2	23.3
Finance, ICT and Economic Planning	894.96	74.76	891.70	60.39	891.70	1.64	100.0	2.7	99.6	2.2
Sports, Culture and Social Services	116.24	61.79	96.53	22.19	114.16	33.18	118.3	149.6	98.2	53.7
Transport, Public Works and Energy	201.09	389.64	197.50	125.33	194.28	252.91	98.4	201.8	96.6	64.9
Public Service, Administration and gender	501.57		494.57		421.76		85.3	-	84.1	-
Lands, Housing and Urban Development	195.07	314.06	169.50	140.11	189.81	92.77	112.0	66.2	97.3	29.5
Water, irrigation and Natural Resources	197.00	400.08	155.23	93.80	186.25	99.72	120.0	106.3	94.5	24.9
Health and Sanitation	2,021.27	396.70	1,963.57	261.13	1,911.10	71.88	97.3	27.5	94.5	18.1
County Public Service Board	100.70		73.71		99.79		135.4	-	99.1	-
The Governorship	481.76	30.30	337.03	20.40	391.92	5.88	116.3	28.8	81.4	19.4
County Assembly	851.20	60.00	851.20	22.13	851.20	22.13	100.0	100.0	100.0	36.9
Total	6,544.61	3,033.28	6,204.57	1,183.26	6,225.69	1,257.07	100.3	106.2	95.1	41.4

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Trade, Investment, Cooperatives and Industry recorded the highest absorption rate of development budget at 107.3 per cent, followed by the Department of Transport, Public Works and Energy at 64.9 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100.0 per cent, while the Governorship had the lowest at 81.4 per cent.

The Department of Trade, Investment, Cooperatives and Industry had an absorption rate of 107.3 due to the diversion of funds released to other departments and weak vote book control. Other departments with expenditure above total exchequer releases can be attributed to funds in the Special Purpose Accounts that were brought forward from FY 2021/22.

3.4.12 Budget Execution by Programmes and sub-programmes

Table 3.28 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.28: Busia County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expendi- ture	Devel- opment Expendi- ture
Department of Agriculture, Livestock, Fisheries, Climate Change, blue economy and Agribusiness							
CP 1: General Administration and support services	CSP 1.1: Administrative support service	-	-	-	-	98.5	-
CP 2: Land Use and management	CSP 2.1: Agri-cultural Mecha- nization	-	14,582,112	-	-	-	-
CP 3: Crop Production and management	CSP 3.1 Input support services	-	4,397,440	-	-	-	-
	CSP 3.2: Crop development	-	10,400,000	-	4,292,868	-	41.3
	CSP 3.3: Crop protection	-	7,198,880	-	1,150,000	-	16.0
	CSP 4.2: Agri-cultural Train- ing Services	-	74,309,217	-	37,119,731	-	50.0
CP 5: Kenya Climate SMART Agriculture program	CSP 5.1: Kenya Climate SMART	-	654,710,461	-	283,798,546	-	43.3
CP 6: Agribusiness and Agricultural Value Chain Development	CSP 6.1: Value addition	-	73,000,000	-	-	-	-
CP 7: Agricultural Financial and Investment services	CSP 7.1: Agri- culture develop- ment fund	-	5,000,000	-	5,000,000	-	100.0
CP 8: Fisheries andAquaculture Resource Development	CSP 8.1: Aquaculture development	-	17,241,598	-	6,326,843	-	36.7

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur-rent Expendi-ture	Devel-opment Expendi-ture
	CSP 8.2: Fish-eries training infrastructure development	-	20,999,935	-	9,496,230	-	45.2
CP 9: Livestock Production Development	CSP 9.1: Live-stock Produc-tion Improve-ment	-	5,058,555	-	2,500,000	-	49.4
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease Control	-	25,971,303	-	22,864,369	-	88.0
	CSP 10.2: AI services	-	3,823,600	-	1,414,886	-	37.0
	CSP 10.3: Meat Inspection Services	-	8,799,886	-	0.00	-	-
	CSP 10.4: Veter-inary Extension	-	2,000,000	-	1,506,300	-	75.3
CP 11: Other projects	CSP 11.1: Other Development Projects	-	174,251,558	-	157,037,946	-	90.1
	Sub Total	274,935,865	1,101,744,545	270,732,251	532,507,718	98.5	48.3
Department of Trade, Investment, Cooperatives and Industry							
CP 12: General Administration and support services	CSP 12.1: Administrative support service	85,980,548	-	85,165,583	-	99.1	-
	CSP 13.2: Market mod-ernisation and development	-	196,109,112	-	115,740,694	-	59.0
CP 14: Fair Trade practices	CSP 14.1: Weights and-measures.	-	3,000,000	-	-	-	-
CP 15: Cooperative development	CSP 15.1: Busia county cooper-ative enterprise development fund	-	8,000,000	-	-	-	-
CP 16: Other projects	CSP 16.1: Other Development projects	-	17,245,880	-	8,027,399	-	46.5
	Sub Total	85,980,548	224,354,992	85,165,583	123,768,092	99.1	55.2
Department of Education Vocational Training							
-CP 17: General Administration and support services	CSP 17.1: Administrative support service	-	-	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 18.2: E.C.D.E Capitation	-	8,806,048	-	-	-	-
CP 19: Technical/vocational training development	CSP 19.1: Infrastructure development	-	17,229,850	-	-	-	-
CP 20: Education support	CSP 20.1: Education support scheme	-	2,139,336	-	-	-	-
CP 21: Other projects	CSP 21.1: Other Development projects	-	25,673,514	-	20,691,401	-	80.6
	Sub Total	622,835,677	53,848,748	617,836,897	20,691,401	99.2	38.4
Department of Finance, ICT and Economic Planning							
CP 22: General Administration and support services	CSP 22.1: Administrative support service	894,957,722	-	891,699,246	-	99.6	-
CP 23: Financial management control and development	CSP 23.1: Revenue generation services	-	60,397,425	-	-	-	-
-	CSP 24.2: ICT Support services	-	8,361,500	-	1,637,229	-	19.6
CP 25: Other projects	CSP 25.1: Other Development projects	-	5,999,895	-	0.00	-	-
	Sub Total	894,957,722	74,758,820	891,699,246	1,637,229	99.6	19.6
Department of Sports, Culture and Social Services							
CP 26: General Administration and support services	CSP 26.1: Administrative support service	116,240,890	-	114,155,935	-	98.2	-
CP 27: Social services	CSP 27.1: infrastructural development	-	10,606,837	-	-	-	-
CP 28: Youth Empowerment and Development	CSP 28.1: Equipping and Operationalization of youth empowerment	-	6,700,325	-	-	-	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	-	5,000,000	-	-	-	-
	CSP 29.2: sports promotion	-	11,474,200	-	9,449,651	-	82.4

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP 30: Child care and Protection	CSP 30.1: Rehabilitation and custody	-	3,251,181	-	981,776	-	30.2
CP 33: Other projects	CSP 33.1: Other Development projects	-	24,758,353	-	22,750,737	-	91.9
	Sub Total	116,240,890	61,790,896	114,155,935	33,182,164	98.2	53.7
Department of Transport, Public Works and Energy							
CP 34: General Administration and support services	CSP 34.1: Administrative support service	201,093,214	-	194,277,700	-	96.6	-
CP 35: Development and Maintenance of roads	CSP 35.1: Routine maintenance of roads	-	78,763,123	-	76,320,305	-	96.9
	CSP 35.2: Development of Roads	-	43,597,270	-	19,785,516	-	45.4
CP 37: Energy Development	CSP 37.1 Energy Services	-	2,400,000	-	-	-	-
	CSP 37.1: Solar Energy Exploration	-	17,141,077	-	-	-	-
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	-	637,345	-	-	-	-
CP 39: Other projects	CSP 39.1: Other Development projects	-	223,105,803	-	156,802,962	-	70.3
	Sub Total	201,093,214	365,644,618	194,277,700	252,908,783	96.6	69.2
Department of Public Service, Administration and gender							
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	501,566,256	-	421,757,508	-	84.1	-
	Sub Total	501,566,256	-	421,757,508	-	84.1	-
Department of Lands, Housing and Urban Development							
-CP 41: General Administrative and support services	CSP 41.1: Administrative support services	-	-	-	-	-	-
CP 42: County Land Administration and Planning	CSP 42.1: Land Use Planning	-	6,000,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
CP 43: Housing Development and management	CSP 43.1: Housing Development	-	40,000,000	-	-	-	-
-CP 44: Urban Management and Development Control	CSP 44.1: Urban management	-	166,768,933	-	61,168,186	-	36.7
	CSP 44.2: Urban Development	-	49,788,935	-	31,596,851	-	63.5
CP 45: Other Projects	CSP 45.1: Other development projects	-	1,500,000	-	-	-	-
	Sub Total	195,065,378	264,057,868	189,808,036	92,765,037	97.3	35.1
Department of Water, Irrigation and Natural Resources							
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	197,004,987	-	-	-	94.5	-
-CP 47: Water supply services	CSP 47.1: Urban water supply and sewerage	-	37,979,094	-	5,032,444	-	13.3
	CSP 47.2: Rural water supply	-	38,872,743	-	14,872,807	-	38.3
CP 48: Environmental management and Protection	CSP 48.1: Environmental management	-	9,974,500	-	-	-	-
CP 49: Smallholder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	-	7,000,000	-	637,430	-	9.1
CP 50: Forest development and management	CSP 50.1: Rehabilitation and restoration of degraded landscape	-	8,533,103	-	-	-	-
CP 51: Climate Change Fund	CSP 51.1: Financing Locally-Led Climate Action Program (FLOCA) - County contribution	-	55,000,000	-	19,179,647	-	34.9

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	CSP 51.2: Financing Locally-Led Climate Action Program (FLOCA)	-	125,000,000	-	2,897,951	-	2.3
CP 52: Other projects	CSP 52.1: Other Development projects	-	117,716,410	-	57,098,778	-	48.5
	Sub Total	197,004,987	400,075,850	186,249,089	99,719,056	94.5	24.9
Department of Health and Sanitation							
CP 53: General Administration and support services	CSP 53.1: Administrative support service	2,021,267,514	-	1,911,096,100	-	94.5	-
-CP 54: Curative Health Services	CSP 54.1: Infrastructure development	-	118,364,906	-	40,059,854	-	33.8
	CSP 54.2: Hospital equipment	-	38,515,654	-	-	-	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	-	56,837,966	-	1,815,011	-	3.2
	CSP 55.2: Lower-level hospital equipment	-	24,044,650	-	-	-	-
	CSP 55.4: Health promotion unit	-	143,358,107	-	17,945,129	-	12.5
CP 56: Other projects	CSP 56.1: Other Development projects	-	15,581,676	-	12,062,276	-	77.4
	Sub Total	2,021,267,514	396,702,959	1,911,096,100	71,882,270	94.5	18.1
County Public Service Board							
CP 57: General Administration and support services	CSP 57.1: Administrative support service	100,702,145	-	99,791,944	-	99.1	-
	Sub Total	100,702,145	-	99,791,944	-	99.1	--
Governorship (Executive)							
CP 58: General Administration and support services	CSP 58.1: Administrative support service	481,759,255	-	391,923,041	-	81.4	-
CP 59: Disaster Risk Management	CSP 59.1: Disaster Preparedness	-	20,550,000	-	4,579,493	-	22.3

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur-rent Expendi-ture	Devel-opment Expendi-ture
CP 60: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	-	5,141,000	-	1,298,500	-	25.3
CP 61: ICT Support Services	CSP 61.1: ICT Services	-	-	-	-	-	-
CP 62: Other projects	CSP 62.1: Other Development projects	-	4,605,345	-	-	-	-
	Sub Total	481,759,255	30,296,345	391,923,041	5,877,993	81.4	19.4
County Assembly							
CP 63: General Administration and support services	CSP 63.1: Administrative support service	851,195,833	-	851,195,833	-	100.0	-
CP 64: Infrastructure Development	CSP 64.1: Infra-structure	-	60,000,000	-	22,126,706	-	36.9
	Sub Total	851,195,833	60,000,000	851,195,833	22,126,706	100.0	36.9
Grand Total		6,544,605,284	3,033,275,641	6,225,689,163	1,257,066,447	95.1	41.4

Source: Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were Routine maintenance of roads under the Department of Transport, Public Works and Energy at 96.9 per cent, Veterinary Disease control in the Department of Agriculture, Livestock, Fisheries, Climate Change, blue economy and Agribusiness at 88.0 per cent sports promotion in the Department of Sports, Culture and Social Services at 82.4 per cent, and Agricultural Training services in the Department of Agriculture, Livestock, Fisheries, Climate Change, blue economy and Agribusiness at 50.0 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 3rd August 2023.
2. The underperformance of own-source revenue at Kshs.201.77 million against an annual projection of Kshs.310.71 million, representing 64.9 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.27, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The Busia County (public officers) Revolving Fund, Busia County Health Services Fund, Busia County Education Support Scheme Fund and Busia County Assembly Revolving Fund were not submitted to the Controller of Budget.

5. High pending bills amounting to Kshs.1.78 billion as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.1.22 billion at the end of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.272.11 million were processed through the manual payroll, accounting for 8.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. Low expenditure on the development budget. The County reported an absorption rate of 41.4 per cent of the budget allocated to the development programmes despite the availability of funds in the CRF. Further, the expenditure on development programmes was 16.8 per cent of total expenditure in FY 2022/23.

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

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

3.5 County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.6.26 billion, comprising Kshs.2.26 billion (36.2 per cent) and Kshs.3.99 billion (63.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 4.6 per cent compared to the previous financial year when the approved budget was Kshs.6.56 billion and comprised Kshs.2.86 billion towards development expenditure and Kshs.3.7 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.4.61 billion (73.6 per cent) as the equitable share of revenue raised nationally, Kshs.218.1 million (3.5 per cent) as conditional grants, a cash balance of Kshs.1.19 billion (18.9 per cent) from FY 2021/22, and generate Kshs.246.24 million (3.9 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.29.

The cash balance from the previous financial year comprises Kshs.465.95 million from unspent conditional grants and Kshs.719.37 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.5.2 Revenue Performance.

In FY 2022/23, the County received Kshs.4.61 billion as the equitable share of the revenue raised nationally, Kshs.203.86 million as conditional grants, had a cash balance of Kshs.1.19 billion from FY 2021/22, and raised Kshs.217.35 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.21 billion, as shown in Table 3.29.

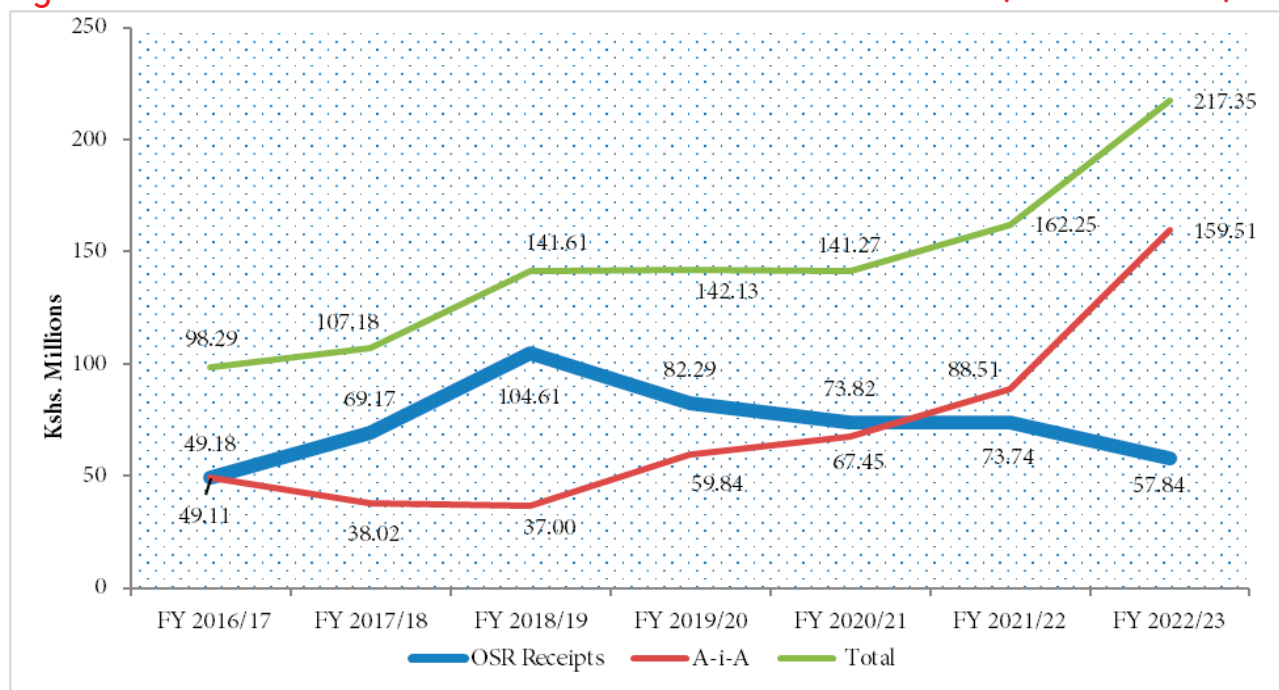
Table 3.29: Elgeyo Marakwet County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	4,606,532,480	100.0%
Sub Total		4,606,532,480	4,606,532,480	100.0
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP)	85,593,752	80,593,752	94.2
2	DANIDA-Primary Health Care	8,137,400	4,849,500	59.6
3	World Bank credit finance Locally-Led Climate Action Program (FLLoCA)	11,000,000	11,000,000	100.0
4	Agriculture Sector Development Support Programme II (ASDSP II)	14,162,596	8,011,716	56.6
5	Emergency Locust Response Project (ELRP)	75,879,000	74,041,566	97.6
6	Kenya Informal Settlement Improvement Project (KISIP II)	.	8,024,004	96.4
7	Nutrition International	15,000,000	15,000,000	100.0
8	World Bank-KUSP	-	2,339,915	100.0
	Sub Total	218,097,043	203,860,453	93.5
C	Other Sources of Revenue			
1	Own Source Revenue including A -i- A	246,239,213	217,350,490	88.3
2	Balance b/f from FY2021/22	1,185,317,485	1,185,317,485	100.0
Sub Total		1,431,556,698	1,402,667,975	98.0
Grand Total		6,256,186,221	6,213,060,908	99.3

Source: Elgeyo Marakwet County Treasury

Figure 13 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

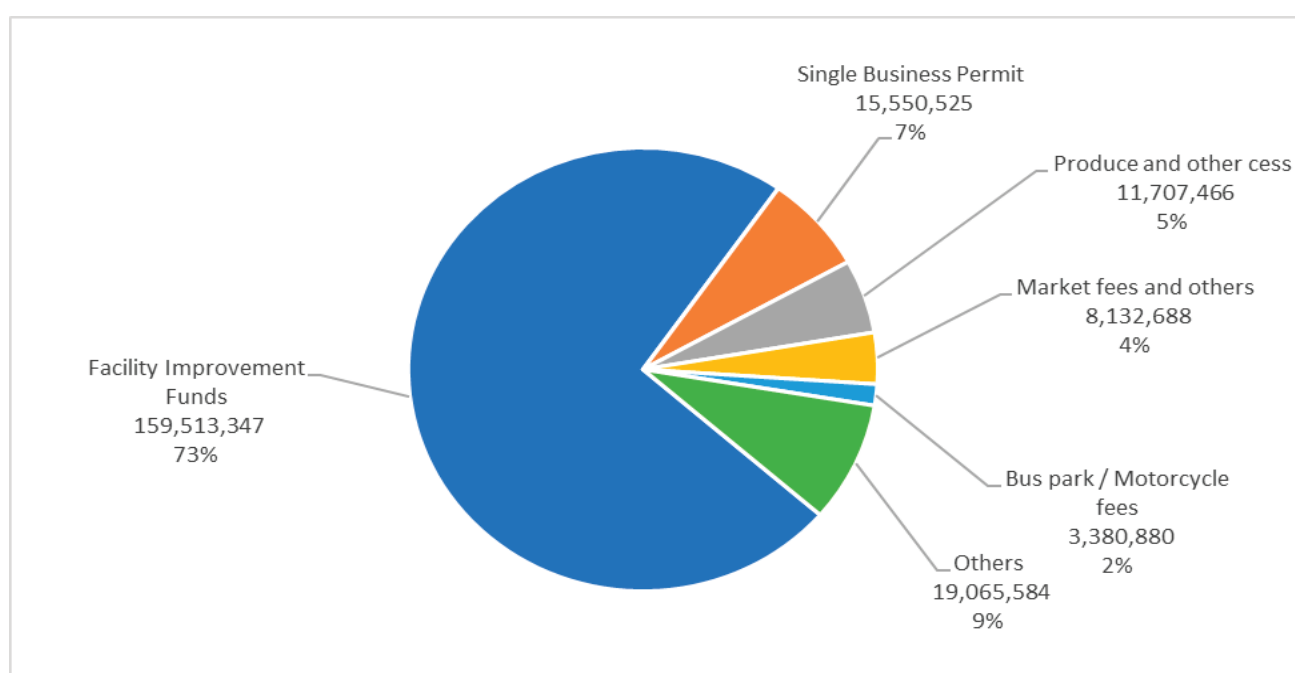
Figure 13: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Elgeyo Marakwet County Treasury

In FY 2022/23, the County generated a total of Kshs.217.35 million from its sources of revenue. This amount represented an increase of 34 per cent compared to Kshs.162.25 million realised in a similar period in FY 2021/22. It was 88.3 per cent of the annual target and 4.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 14.

Figure 14: Top Streams of Own Source Revenue in FY 2022/23



Source: Elgeyo Marakwet County Treasury

The highest revenue stream of Kshs.159.51 million was from the Facility Improvement Fund and Public Health, contributing to 73 per cent of the total OSR receipts during the reporting period.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.16 billion from the CRF account during the reporting period. The amount comprised Kshs.1.39 billion (26.9 per cent) for development programmes and Kshs.3.77 billion (73.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.2.5 billion was released towards Employee Compensation, and Kshs.1.27 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account and Special Purpose Accounts at the end of the financial year was Kshs.281.42 million and Kshs.343.09 million, respectively.

3.5.4 County Expenditure Review

The County spent Kshs.5.16 billion on development and recurrent programmes in the reporting period. The expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.1.39 billion and Kshs.3.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.4 per cent. In contrast, recurrent expenditure represented 94.4 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.14.32 million, comprising Kshs.5.79 million for recurrent expenditure and Kshs.8.64 million for development activities. All the pending bills from the previous financial years amounting to Kshs.14.32 million were settled during the year. Further, the County accumulated pending bills amounting to Kshs.18.65 million in the FY 2022/23.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.25 billion on employee compensation, Kshs.804.66 million on operations and Maintenance, and Kshs.1.39 billion on development activities. Similarly, the County Assembly spent Kshs.247.56 million on employee compensation and Kshs.467.57 million on operations and Maintenance, as shown in Table 3.30.

Table 3.30: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,258,095,825	733,192,337	3,054,371,192	715,132,014	93.7	97.5
Compensation to Employees	2,478,104,709	275,890,911	2,249,714,634	247,558,046	90.8	89.7
Operations and Maintenance	779,991,116	457,301,426	804,656,558	467,573,968	103.2	102.2
Development Expenditure	2,264,898,059	-	1,390,643,910	-	61.4	-
Total	5,522,993,884	733,192,337	4,445,015,102	715,132,014	80.5	97.5

Source: Elgeyo Marakwet County Treasury

3.5.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.5 billion, or 40.2 per cent of the revenue for FY 2022/23 of Kshs.6.21 billion. This expenditure represented a decrease from Kshs.2.59 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.1.3 billion paid to health sector employees, translating to 51.9 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.22 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.282.24 million was processed through manual payrolls. The manual payrolls accounted for 11.3 per cent of the total PE cost.

The County Assembly spent Kshs.21.24 million on committee sitting allowances for the 32 MCAs and the Speaker against the annual budget allocation of Kshs.21.35 million. The average monthly sitting allowance was Kshs.53,626 per MCA. The County Assembly has established 18 Committees.

3.5.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.149.29 million to county-established funds in FY 2022/23, constituting 2.5 per cent of the County's overall budget. Table 3.31 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.31: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2023
1	Emergency Fund	-		-	-
County Executive Established Funds					
1	Car and Mortgage	-	-	1,683,922	Yes
2	County Education Fund	55,299,495	55,299,495	55,215,848	Yes
3	EMC Alcoholic Drinks Control Fund	-	-	5,025,391	Yes
County Assembly Established Funds					
1	EMCA Car and Mortgage Revolving Fund	94,000,000	94,000,000	94,000,000	Yes
2	EMC (CA) Catering Services Revolving Fund	-	-	6,195.00	Yes
	Total	149,299,495	149,299,495	155,931,356	-

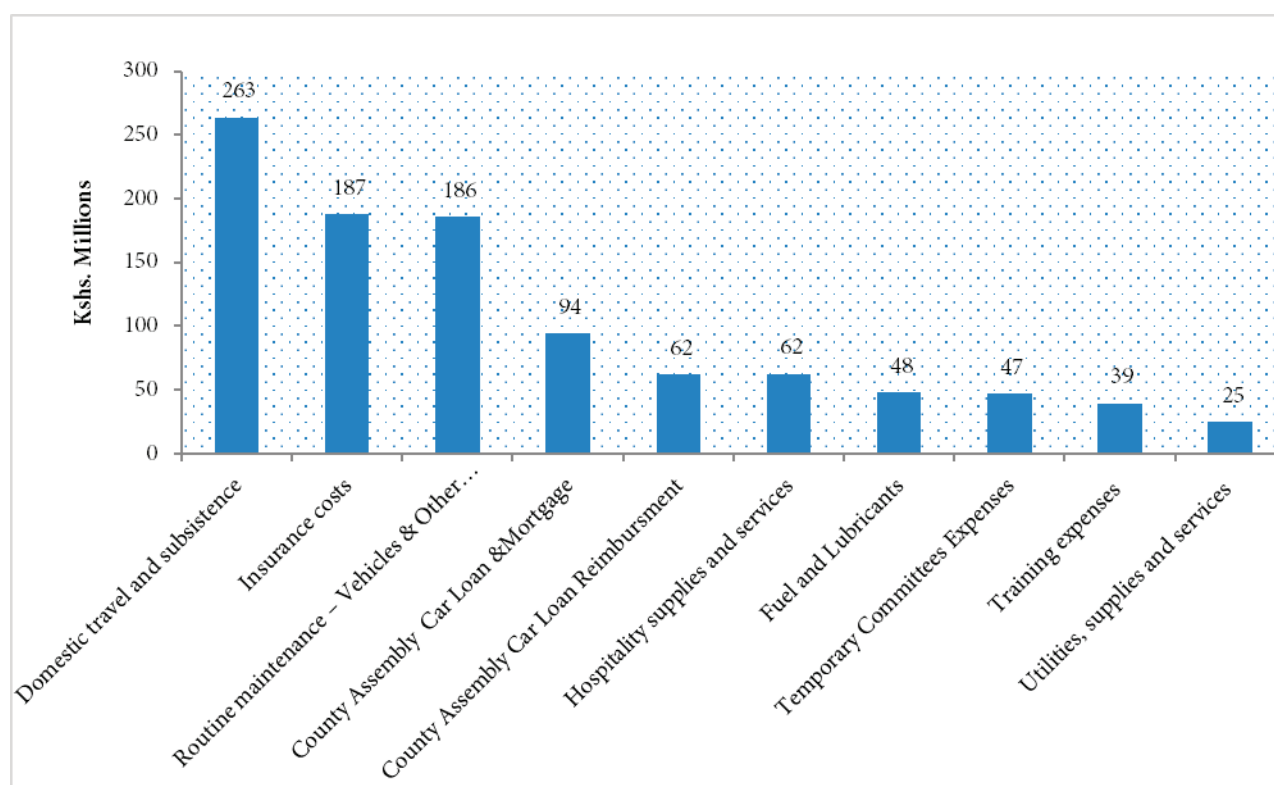
Source: Elgeyo Marakwet County Treasury

During the reporting period, the CoB received quarterly financial returns from all the Fund Administrators, as indicated in Table 3.31 as per the requirement of Section 168 of the PFM Act, 2012.

3.5.9 Expenditure on Operations and Maintenance

Figure 15 summarises the Operations and Maintenance expenditure by major categories.

Figure 15: Elgeyo County, Operations and Maintenance Expenditure by Major Categories



Source: Elgeyo Marakwet County Treasury

During the period, expenditure on domestic travel amounted to Kshs.263.49 million and comprised Kshs.73.78 million spent by the County Assembly and Kshs.189.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.7.62 million and included Kshs.3.98 million by the County Assembly and Kshs.3.63 million by the County Executive. The highest spending on foreign travel was incurred as summarised in Table Table 3.32 below; -

Table 3.32: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	19th - 22nd Nov. 2022	Attending East Africa Local Government Forum Strategic Planning Meeting	Tanzania	243,948
County Assembly	1	27th Feb - 2nd March 2023	Attending East Africa Legislative Assembly Planning Meeting	Tanzania	272,526
County Assembly	1	21st - 30th April 2023	Attending Training on Leadership and management of Committees in the County Assembly	Dubai	1,096,557
County Assembly	1	30th April - 6th May 2023	Attending and Participating in Meetings with the Norwegian Young Christian Democrats, the Young Conservatives and the Young Liberals	Norway	266,981

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	29th June - 10th July 2023	Attending the International Conference on Post-pandemic Strategic Public Administration and management	Australia	1,345,100
County Assembly	1	26th May - 2nd June 2023	Attending Lead Annual Conference	Dubai	759,877
County Executive	4	20th January 2023	Public Participation and citizen engagement	Canada	931,477
County Executive	1	24th May 2023	Partnership and collaboration in the education sector	Canada	496,690
County Executive	2	13th November 2022	Collaboration with the UK government on firefighting equipment and subsequent donation of three (3) fire engine machines	United Kingdom	1,256,762

Source: Elgeyo Marakwet County Treasury

3.5.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.39 billion on development programmes, representing a decrease of 12.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.6 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.33: Elgeyo Marakwet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Purchase of grader for Lelan Ward	Roads and Public Works	Lelan	20,000,000	20,000,000	100.0%
2	Purchase of excavator for Soy South ward	Roads and Public Works	Soy North	19,000,000	19,000,000	100.0%
3	Purchase of excavator for Moiben/Kuserwa Ward	Roads and Public Works	Moiben/Kuserwo	18,000,000	18,000,000	100.0%
4	Purchase of grader for Soy South	Roads and Public Works	SoySouth	16,000,000	15,900,000	99.4%
5	Purchase of grader for Chepkorio	Roads and Public Works	Chepkorio	15,000,000	15,000,000	100.0%
6	Construction of Xray Unit, Drilling of borehole and Cover way at Kaptarakwa Health Centre	Health (KDSP)	Kaptarakwa	15,000,000	14,954,500	99.7%

S/No.	Project Name	Department	Location	Budget (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
7	Rehabilitation, Canal lining and testing of water supply in the Kaborin-Kapnyanchar water furrow	Water, Environment and Climate Change Management (KSCAP)	Arror	13,660,000	13,652,385	99.9%
8	Purchase of Ambulance for Kamwosor Sub County Hospital	Health	Metkei	9,000,000	7,820,000	86.9%
9	Construction of Kimwogo-Simotwo Bridge	Roads and Public Works	Kabiemit	4,800,000	4,800,000	100.0%
10	Construction of Kapchebutuk Bridge		Metkei	4,000,000	3,999,950	100.0%

Source: Elgeyo Marakwet County Treasury

3.5.11 Budget Performance by Department

Table 3.34 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.34: Elgeyo Marakwet County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	733.19	-	715.13	-	715.13	-	100	-	97.5	-
Office of Governor	203.24	-	189.91	-	189.91	-	100.0	-	93.4	-
Finance and Economic Planning	242.75	-	228.11	-	228.11	-	100.0	-	94.0	-
Agriculture and Irrigation	99.20	541.43	83.87	329.79	83.87	329.79	100.0	100.0	84.5	60.9
Water, Environment and Climate Change Management	2.31	257.59	2.25	159.69	2.25	159.69	100.0	100.0	97.6	62.0
Education, Science and Technology	267.93	237.63	213.92	141.50	213.92	141.50	100.0	100.0	79.8	59.5
Health	1,756.34	452.63	1,700.31	139.33	1,700.31	139.33	100.0	100.0	96.8	30.8
Lands, Physical Planning, Housing, Urban Development	77.06	89.08	70.90	45.36	70.90	45.36	100.0	100.0	92.0	50.9
Roads, Public Works and Transport	122.13	553.33	118.25	505.90	118.25	505.90	100.0	100.0	96.8	91.4

Department	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Ex- penditure (Kshs. Million)		FY 2022/23 Expen- diture to Exche- quer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Co-operative Devel- opment and Energy	38.55	20.12	34.87	10.81	34.87	10.81	100.0	100.0	90.4	53.7
Youth, Sports, Cul- ture and gender	62.59	82.62	60.18	46.52	60.18	46.52	100.0	100.0	96.2	56.3
ICT and Public Service	245.67	27.96	239.47	9.25	239.47	9.25	100.0	100.0	97.5	33.1
County Public Service Board	44.98	2.50	44.38	2.49	44.38	2.49	100.0	100.0	98.7	99.6
Livestock Production, Fisheries and Co-op- erative Development	95.36	-	67.95	-	67.95	-	100.0	-	71.3	-
Total	3,991.29	2,264.90	3,769.50	1,390.64	3,769.50	1,390.64	100.0	100.0	94.4	61.4

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure- by department shows that the County Public Service Board, at 99.6 per cent, followed by the Department of Roads, Public Works and Transport, recorded the highest absorption rate of development budget at 91.4 per cent. The County Public Service Board had the highest percentage of recurrent expenditure to budget at 98.7 per cent, while the Department of Livestock Production, Fisheries and Co-operative Development had the lowest at 71.3 per cent.

3.5.12 Budget Execution by Programmes and sub-programmes

Table 3.35 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.35: Elgeyo Marakwet County, Budget Execution by Programmes and sub-programmes

User Depart- ment	Programme	Sub-Pro- gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Irrigation	General admin- istration and support services	General ad- ministration and support services	99,199,387	541,430,254	83,870,731	329,789,302	84.5	60.9
Livestock Production, Fisheries and Co-operative Development	General admin- istration and support services	General ad- ministration and support services	95,356,098	-	67,947,723	-	71.3	-

User Department	Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Co-operative Development and Energy	General administration and support services	General administration and support services	38,552,344	20,124,819	34,865,608	10,808,194	90.4	53.7
Roads, Public Works and Transport	General administration and support services	General administration and support services	113,407,201	544,781,857	109,562,445	501,589,908	96.6	92.1
	Public Works	Public works	1,720,000	2,800,000	1,692,210	2,800,000	98.4	100.0
	Energy	Energy	7,000,000	5,751,927	6,997,794	1,513,587	100.0	26.3
Youth, Sports, Culture and gender	General administration and support services	General administration and support services	62,586,817	82,624,640	60,178,703	46,521,739	96.2	56.3
ICT and Public Service	ICT Services	ICT Services	245,668,514	27,959,148	239,467,585	9,246,486	97.5	33.1
Education, Science and Technology	General administration and support services	General administration and support services	251,460,844	1,218,544	197,450,618	1,218,544	78.5	100.0
	Technical and Vocational Education and Training (TVET)	Technical and Vocational Education and Training (TVET)	272,543	57,792,515	272,543	43,481,320	100.0	75.2
	Pre-Primary Education	Pre-Primary Education	16,200,711	178,616,554	16,200,711	96,802,932	100.0	54.2
Health	Health Promotion	General administration and support services	1,756,342,428	452,627,160	1,700,309,971	139,327,448	96.8	30.8
Water, Environment and Climate Change Management	General administration and support services	General administration and support services	2,305,442	257,592,762	2,249,937	159,691,249	97.6	62.0
Lands, Physical Planning, Housing, Urban Development	General administration and support services	General administration and support services	77,059,204	89,077,879	70,899,281	45,360,476	92.0	50.9

User Department	Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
			Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	General administration and support services	General administration and support services	162,039,456	-	157,999,354	-	97.5	-
	Financial Management	Financial Management	71,144,179	-	61,664,576	-	86.7	-
	General administration, planning and support services	General administration, planning and support services	9,562,542	-	8,444,520	-	88.3	-
County Public Service Board	General administration, planning and support services	General administration, planning and support services	44,980,938	2,500,000	44,383,094	2,492,725	98.7	99.7
Office of Governor	General administration, planning and support services	General administration, planning and support services	203,237,177	-	189,913,789	-	93.4	-
County Assembly	Legislation and Representation	Legislation and Representation	271,078,235	-	262,026,338	-	96.7	-
	Legislative Oversight	Legislative Oversight	46,679,450	-	46,678,800	-	100.0	-
	General Administration, Planning and Support Services	General Administration, Planning and Support Services	415,434,652	-	406,426,875		97.8	-
Total			3,991,288,162	2,264,898,059	3,769,503,206	1,390,643,910	94.4	61.4

Source: Elgeyo Marakwet County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Energy in the Department of Roads, Public Works and Transport at 100 per cent, Technical and Vocational Education and Training (TVET) and Pre-Primary Education, all in the Department of Education, Science and Technology at 100 per cent and Legislative Oversight in the County Assembly at 100 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 15th August 2023.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.282.24 million were processed through the manual payroll, accounting for 11.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. High wage bill, which accounted for 40.2 per cent of the revenue for FY 2022/23 of Kshs.6.21 billion during the reporting period, thus constraining funding to other programmes.

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 Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.6 County Government of Embu

3.6.1 Overview of FY 2022/23 Budget

The County's approved second Supplementary Budget for the FY 2022/23 was Kshs.7.30 billion, comprising Kshs.2.19 billion (30.0 per cent) and Kshs.5.11 billion (70.0 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented an increase of 5.5 per cent compared to the previous financial year when the approved budget was Kshs.6.92 billion and comprised of Kshs.2.17 billion towards development expenditure and Kshs.4.75 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.54 billion (75.8 per cent) as the equitable share of revenue raised nationally, Kshs.435.86 million (6.0 per cent) as Appropriations-in-Aid (A-I-A), Kshs.510.57 million (7.0 per cent) as additional allocation, a cash balance of Kshs.305.24 million (4.2 per cent) from FY 2021/22, and generate Kshs.514.14 million (7.0 per cent) as own-source revenue. A breakdown of the additional allocation is provided in Table 3.36.

3.6.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.54 billion as the equitable share of the revenue raised nationally, Kshs.295.46 million as A-I-A, Kshs.344.17 million as additional allocation, had a cash balance of Kshs.305.24 million from FY 2021/22 and raised Kshs.383.18 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.86 billion, as shown in Table 3.36.

Table 3.36: Embu County, Revenue Performance in FY 2022/23

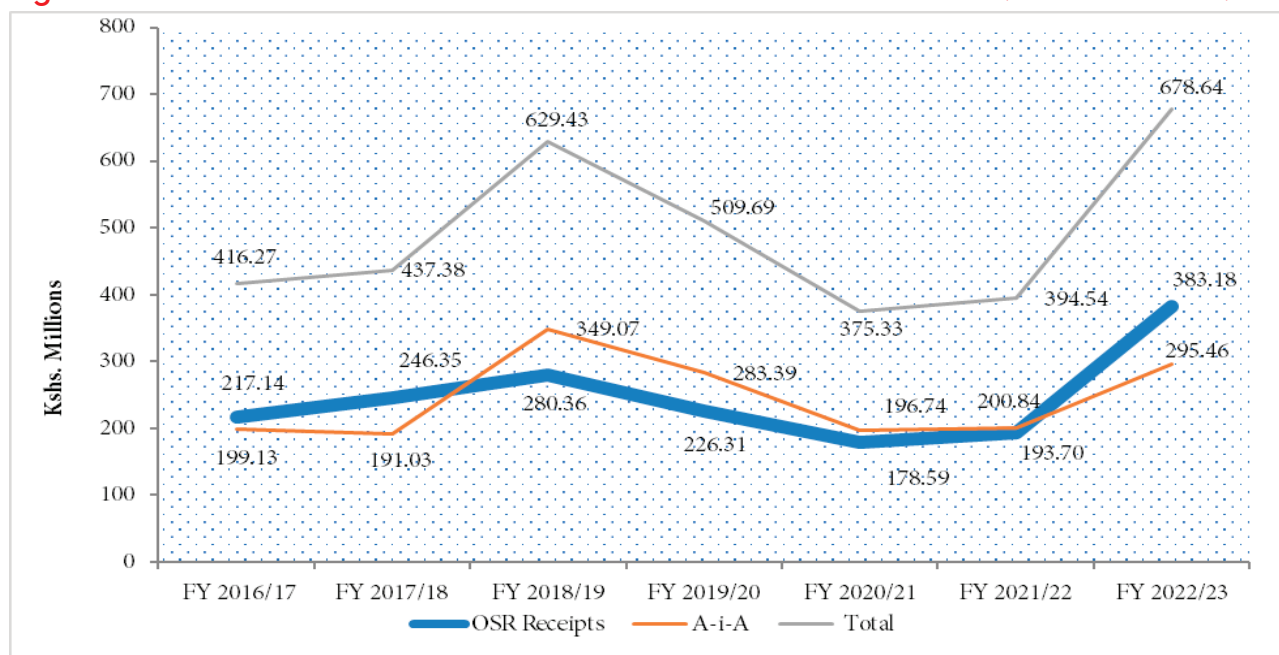
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,535,263,263	5,535,263,261	100.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Subtotal		5,535,263,263	5,535,263,261	100.0
B	Additional allocation			
1.	Conditional Grant- Leasing of Medical Equipment	110,638,298	-	-
2.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	260,577,564	176,031,775	67.6
3.	IDA (World Bank) Credit (National Agricultural Value Chain Development Project (NAVCDP)	-	67,192,729	-
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	2,339,915	2,339,915	100.0
5.	DANIDA Grant	9,071,200	5,406,000	59.6
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,252,897	8,651,752	50.1
7.	World Bank Emergency Locust Responses Projects (ELRP)	67,688,700	66,049,597	97.6
8.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	22,000,000	11,000,000	50.0
9.	Kenya Nutritional Support Grant	21,000,000	7,500,000	35.7
Sub total		510,568,574	344,171,767	67.4
C	Other Sources of Revenue			
1	Own Source Revenue inclusive of Appropriation in Aid	950,000,000	678,642,414	71.4
2	Unspent balance from FY 2021/22	305,241,214	305,241,214	100.0
Sub Total		1,255,241,214	983,883,628	78.4
Grand Total		7,301,073,051	6,863,318,656	94.0

Source: Embu County Treasury

Figure 16 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

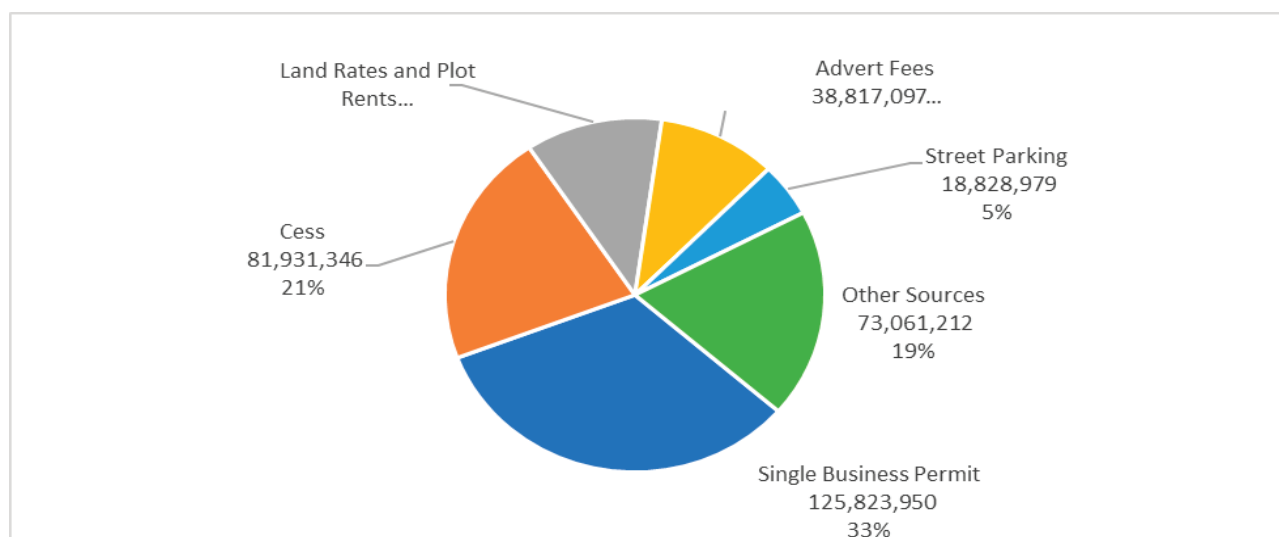
Figure 16: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Embu County Treasury

In FY 2022/23, the County generated a total of Kshs.678.64 million from its sources of revenue. This amount represented an increase of 72.0 per cent compared to Kshs.394.54 million realised in FY 2021/22 and was 43.8 per cent of the annual target and 8.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 17.

Figure 17: Top Streams of Own Source Revenue in FY 2022/23



Source: Embu County Treasury

The graph above excludes amounts generated as A-I-A of Kshs.295.46 million, which comprised Kshs.245.11 million from Health services, Kshs.46.97 million from Trade, Kshs.3.26 million from Agriculture and Kshs.128,600 from Gender, Culture, Children and Social Services.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.12 billion from the CRF account during the reporting period. The amount comprised Kshs.1.20 billion (19.5 per cent) for development programmes and Kshs.4.93 billion (80.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.34 billion was released towards Employee Compensation, and Kshs.1.59 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.363.49 million.

3.6.4 County Expenditure Review

The County spent Kshs.6.11 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the CoB and comprised of Kshs.1.22 billion and Kshs.4.89 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.8 per cent. In contrast, recurrent expenditure represented 95.7 per cent of the annual recurrent expenditure budget.

3.6.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.24 billion, comprised of Kshs.1.16 billion for recurrent expenditure and Kshs.1.08 billion for development activities. During the year, pending bills amounting to Kshs.895.46 million were settled, consisting of Kshs.620.76 million for recurrent expenditure and Kshs.274.71 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.27.77 million in the FY 2022/23 and therefore, as of 30th June 2023, the outstanding amount was Kshs.1.37 billion.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.16 billion on employee compensation, Kshs.893.26 million on operations and Maintenance, and Kshs.1.18 billion on development activities. Similarly, the County Assembly spent Kshs.293.54 million on employee compensation, Kshs.543.74 million on operations and Maintenance, and Kshs.41.40 million on development activities, as shown in Table 3.37.

Table 3.37: 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	4,261,401,971	847,949,416	4,053,282,032	837,277,681	95.1	98.7
Compensation to Employees	3,043,412,404	293,535,185	3,160,026,222	293,535,185	103.8	100.0
Operations and Maintenance	1,217,989,567	554,414,231	893,255,809	543,742,496	73.3	98.1
Development Expenditure	2,111,721,664	80,000,000	1,182,047,233	41,397,270	56.0	51.7
Total	6,373,123,635	927,949,416	5,235,329,265	878,674,951	82.1	94.7

Source: Embu County Treasury

3.6.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.45 billion, or 50.3 per cent of the revenue for FY 2022/23 of Kshs.6.86 billion. This expenditure represented an increase from Kshs.3.16 billion reported in FY 2021/22. The wage bill included Kshs.1.59 billion paid to health sector employees, translating to 46.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.27 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.122.23 million was processed through manual payrolls. The manual payrolls accounted for 3.6 per cent of the total PE cost.

The County Assembly spent Kshs.14.14 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.23.15 million. The average monthly sitting allowance was Kshs.38,015 per MCA. The County Assembly has established 24 Committees.

3.6.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.202.00 million to county-established funds in FY 2022/23, constituting 2.8 per cent of the County's overall budget. Table 3.38 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.38: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023
1.	Embu County Education Support Fund	102,000,000	102,000,000	-	No
2.	Embu County Youth Trust Fund	-	-	-	No
3.	Embu County Emergency Fund	1,000,000	-	-	No
4.	Embu County Executive Car & Mortgage	-	-	-	No
5.	Embu County Assembly Mortgage Members Scheme Fund	89,000,000	89,000,000	-	No
6.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	10,000,000	10,000,000	-	No
	Total	202,000,000	201,000,000	-	-

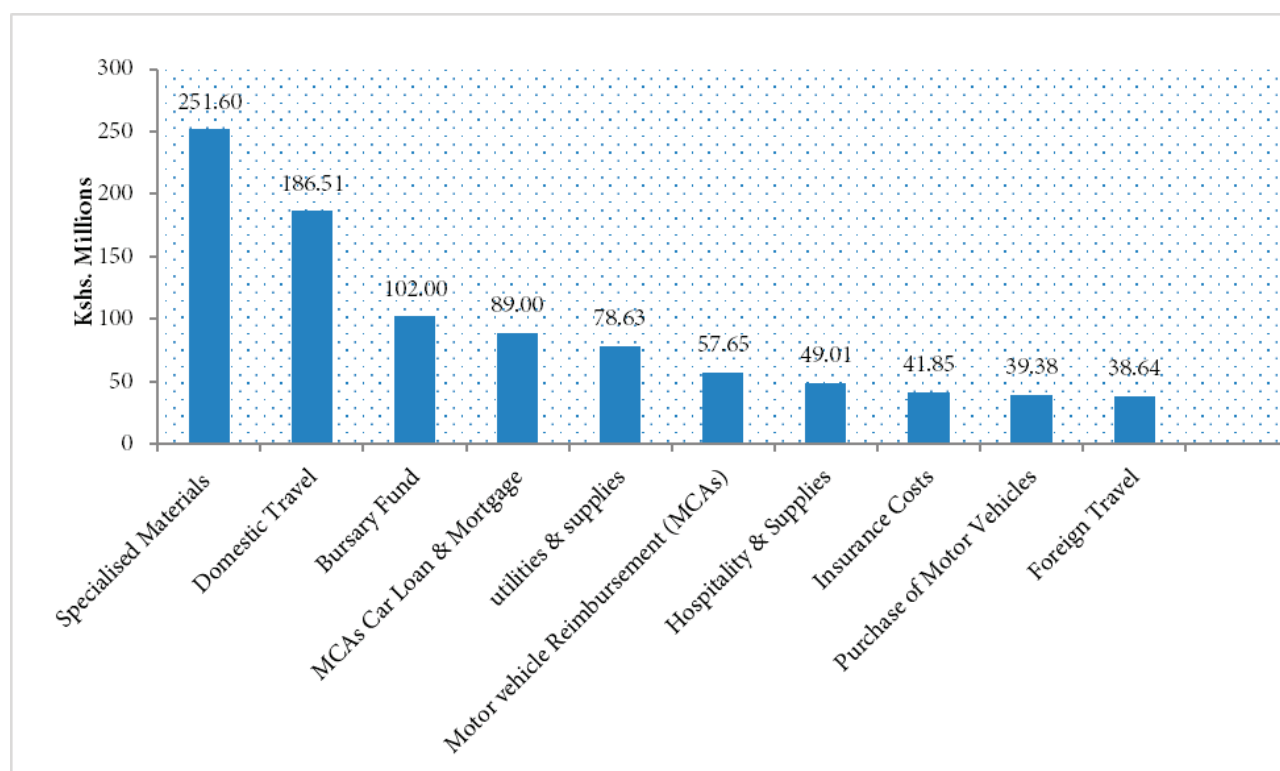
Source: Embu County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of all the Established funds as indicated in Table 3.38, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.6.9 Expenditure on Operations and Maintenance

Figure 18: Embu County, Operations and Maintenance Expenditure by Major Categories summarises the Operations and Maintenance expenditure by major categories.

Figure 18: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: Embu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.186.51 million and comprised Kshs.120.03 million spent by the County Assembly and Kshs.66.48 million by the County Executive. Expenditure on foreign travel amounted to Kshs.38.64 million and comprised Kshs.34.90 million by the County Assembly and Kshs.3.74 million by the County Executive.

The highest expenditure on foreign travel was incurred as summarised in Table 3.39 below; -

Table 3.39: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	42	9 th Jan to 20 th Jan 2023	A workshop on legislative matters in Arusha Tanzania	Arusha-Tanzania	22,850,000
County Assembly	41	19 th May to 22 nd May 2023	A workshop on benchmarking visit with the east African legislative Assembly	Arusha-Tanzania	10,737,000
County Assembly	1	13 th to 24 th June 2022	A workshop on an international Conference on post pandemic strategic public administration and management	Israel	1,313,000
County Executive	3	14 th to 18 th June 2023	Climate Change	Egypt	2,691,610
County Executive	1	26 th January to 6 th February 2023	Managerial Course	Israel	1,044,792

Source: Embu County Government

3.6.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.22 billion on development programmes, representing an increase of 10.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.11 billion. The table below summarises development projects with the highest expenditure in the reporting period.

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

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget(Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of the County Assembly Office Complex	Kirimari	349,707,102	65,500,000	156,613,100	44.8
2	Trade Tourism Investment and Industrialization	Construction of the County Aggregation Industrialization Park	Mavuria	100,000,000	100,000,000	100,000,000	100.0
3	Embu Municipal Board	Upgrading to bitumen Standards of First Bus Parks Embu-Runyenjes Stage	Kirimari	44,000,000	44,000,000	44,000,000	100.0
4	Climate Change Unit	Purchase of Water Borehole Drilling Equipment	County Wide	32,000,000	32,000,000	32,000,000	100.0
5	Public Service and Administration	Renovations, Alterations of the County Headquarters Block, Finishes to Offices at Second Floor Administration Block Lift and Procurement Block Phase 2	Kirimari	20,854,804	20,854,804	19,935,530	95.6
6	Infrastructure, Public Works, Housing and Energy	Construction of Stalls, Sheds and Ablution Block at the Relocated Embu Market	Kirimari	42,000,000	42,000,000	19,500,000	46.4
7	Agriculture, Livestock, Fisheries and Co-operative Development	Construction of Water Pans	County Wide	20,000,000	20,000,000	19,460,232	97.3
8	Agriculture, Livestock, Fisheries and Co-operative Development	Coffee Revitalization Programme	County Wide	64,004,229	64,004,229	18,655,069	29.1
9	County Assembly	Renovation of County Assembly Chambers	Kirimari	18,999,790	4,000,000	18,062,254	95.1

S/No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget(Kshs)	Amount paid to date (Kshs)	Implementation status (%)
10	Youth Empowerment, Sports, Gender, Culture, Children and Social Services	Youth Financial Management Empowerment Programmes	County Wide	9,000,000	9,000,000	16,680,726	185.3

Source: Embu County Treasury

The expenditure on the Youth Financial Management Empowerment Programmes was above the approved budget allocation, which is irregular and should be addressed by the concerned Accounting Officer.

3.6.11 Budget Performance by Department

Table 3.41 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

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

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	281.79	-	240.68	-	253.48	-	105.3	-	90.0	-
County Public Service Board	30.67	-	29.20	-	28.51	-	97.7	-	93.0	-
Public Service and Administration	677.80	37.74	673.90	24.64	700.95	28.82	104.0	117.0	103.4	76.4
County Assembly	847.95	80.00	838.63	41.40	837.28	41.40	99.8	100.0	98.7	51.7
Gender, Culture, Children and Social Services	20.28	50.56	17.18	28.32	18.39	35.25	107.0	124.5	90.7	69.7
Finance and Economic Planning	191.14	11.04	179.85	11.04	186.50	11.04	103.7	100.0	97.6	100.0
Trade, Tourism, Investment and Industrialisation	38.09	172.41	35.24	130.19	37.19	133.39	105.5	102.5	97.6	77.4
Agriculture, Livestock, Fisheries and Co-operatives	255.93	628.92	239.82	279.29	241.71	279.29	100.8	100.0	94.4	44.4

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment and Natural Resources	35.65	52.38	34.59	35.53	34.75	34.53	100.5	97.2	97.5	65.9
Health Services	1,808.32	188.21	1,772.00	34.89	1,781.61	34.40	100.5	98.6	98.5	18.3
Embu Level 5 and Referral Hospital	308.79	57.64	292.18	8.92	208.33	8.92	71.3	100.0	67.5	15.5
Infrastructure, Public Works, Housing and Energy	45.88	668.14	42.04	443.64	44.41	435.87	105.6	98.2	96.8	65.2
Education, Science and Technology	429.28	48.57	420.06	20.26	420.66	19.06	100.1	94.1	98.0	39.2
Lands, Physical Planning and Urban Development	56.81	35.47	55.97	12.18	55.50	8.85	99.2	72.6	97.7	24.9
Youth Empowerment and Sports	21.12	50.65	18.35	36.57	15.85	63.04	86.4	172.4	75.1	124.5
Embu County Revenue Authority	31.61	8.00	11.51	-	20.17	-	175.3	-	63.8	-
Embu Municipal Board	17.24	49.01	13.00	47.60	0.89	47.60	6.9	100.0	5.2	97.1
Financing Locally Led Climate Action Program (Flloca)	11.00	53.00	11.00	42.00	4.38	42.00	39.9	100.0	39.9	79.2
Total	5,109.35	2,191.72	4,925.20	1,196.47	4,890.56	1,223.44	99.3	102.3	95.7	55.8

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Youth Empowerment and Sports and the Department of Public Service and Administration spent above the annual budget allocation on development and recurrent expenditure, respectively. Expenditures above the approved budget allocation are irregular and should be addressed by the County Government.

3.6.12 Budget Execution by Programmes and sub-programmes

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

Table 3.42: Embu County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplement-ary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor							
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	169,072,876	-	152,087,990	-	90.0	-
P2: County Leadership andCoordination	SP2.1: Sub-Coun-ty Administration andField Services	56,357,625	-	50,695,997		90.0	-
	SP2.2: Manage-ment of Coun-ty Executive Services (Office of County Secre-tary)	33,814,575	-	30,417,598	-	90.0	-
P3: County Lead-ership andCoordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Eco-nomic Advisors)	22,543,050	-	20,278,399	-	90.0	-
Sub Total		281,788,127	-	253,479,984	-	90.0	-
County Public Service Board							
P1: Administra-tion of Human Resources in Public Service	SP1.1: Perfor-mance Manage-ment & Disci-pline	5,214,729	-	4,847,335	-	93.0	-
	SP1.2: Adminis-tration of board programmes	7,668,720	-	7,128,435	-	93.0	-
	SP1.3: Recruit-ment andSe-lection, Career Management, HR Policy & Audit	10,736,208	-	9,979,809	-	93.0	-
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	7,055,222	-	6,558,160		93.0	-
Sub Total		30,674,879.00	-	28,513,740.00	-	93.0	-
Public Service and Administration							
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and management of County Affairs	292,597,652	16,290,622	302,591,911	12,441,749	103.4	76.4

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	232,575,436	12,948,834	240,519,515	9,889,502	103.4	76.4
P3: ICT Infrastructure Expansion	SP3: ICT Infrastructure Expansion	152,627,274	8,497,653	157,840,564	6,489,971	103.4	76.4
Sub Total		677,800,362	37,737,109	700,951,991	28,821,222	103.4	76.4
Gender, Children, Culture & Social Services							
P1: Policy and-General Administrative Services	SP1.1: General Administrative Unit	3,041,690	7,584,439	2,758,271	5,287,568	90.7	69.7
P2: Gender and Social Development	SP2.1: Communication Mobilisation and Development	4,055,586	10,112,585	3,677,694	7,050,091	90.7	69.7
	SP2.2: Social Welfare Services	3,041,690	7,584,439	2,758,271	5,287,568	90.7	69.7
	SP2.3: Vocational Rehabilitation and Training	2,027,793	5,056,292	1,838,847	3,525,045	90.7	69.7
	SP2.4: Gender Mainstreaming and Development	3,041,690	7,584,439	2,758,271	5,287,568	90.7	69.7
P3: Children Services	SP3.1: Child Rehabilitation and Custody	3,041,690	7,584,439	2,758,271	5,287,568	90.7	69.7
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	2,027,793	5,056,292	1,838,847	3,525,045	90.7	69.7
Sub Total		20,277,930	50,562,924	18,388,470	35,250,453	90.7	69.7
Finance and Economic Planning							
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	34,132,325	1,972,219	33,303,954	1,972,190	97.6	-
P2: Economic Policy and County Planning	SP 2.1: Economic Development Planning and Co-ordination	47,785,255	2,761,107	46,625,536	2,761,065	97.6	-
P3: Financial Management Services	SP3.1: Revenue Management Services	54,607,199	3,155,289	53,281,916	3,155,242	97.6	-

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P4: Monitoring and Evaluation	SP3.2: Control and management of Public Finances	17,066,162	986,109	16,651,977	986,095	97.6	-
	SP 4.1: Monitoring and Evaluation of Projects	20,479,395	1,183,331	19,982,373	1,183,314	97.6	-
P5: Research and Statistics	SP5.1: County database and profile	17,066,162	986,109	16,651,977	986,095	97.6	-
Sub Total		191,136,499	11,044,165	186,497,733	11,044,000	97.6	-
Trade, Tourism, Investment And industrialisation							
P1: Administrative Support Services	P1.1: Administrative Support Services	4,526,305	20,485,785	4,418,446	15,849,414	97.6	77.4
P2: Trade Development and Promotion	P2.1: Trade Development and Promotion	18,329,585	82,958,604	17,892,801	64,183,298	97.6	77.4
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	8,380,493	37,929,609	8,180,790	29,345,328	97.6	77.4
P4: Tourism Development	P4.1: Tourism Development	6,856,767	31,033,316	6,693,374	24,009,813	97.6	77.4
Sub Total		38,093,150	172,407,314	37,185,410	133,387,853	97.6	77.4
Agriculture, Livestock, Fisheries and Co-Operative Development							
P1: Administrative Support Services	P1.1: Administrative Support Services	33,402,874	82,084,831	31,547,632	36,452,172	94.4	44.4
P2: Crop Development and management	P2.1: Crop Development and management	119,343,336	293,276,487	112,714,841	130,238,008	94.4	44.4
P3: Agribusiness and Information Management	P3.1: Agribusiness and Information Management	33,270,270	81,758,967	31,422,393	36,307,462	94.4	44.4
P4: Livestock Resources Management and Development	P4.1: Livestock Resources Management and Development	44,316,159	108,903,335	41,854,777	48,361,713	94.4	44.4
P5: Aquaculture Development and management	P5.1: Fisheries Development	25,592,516	62,891,514	24,171,072	27,928,817	94.4	44.4
Sub Total		255,925,154	628,915,133	241,710,715	279,288,173	94.4	44.4

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Water, Irrigation, Environment and Natural Resources							
P1: General Administration, Planning and Support Services	SP1: General Administration, Planning and Support Services	18,358,899	26,974,770	17,895,181	17,783,178	97.5	65.9
P2: Environment Management and Natural Resources Conservation	SP1: Environment Management and Natural Resources Conservation	5,449,434	8,006,865	5,311,790	5,278,544	97.5	65.9
P3: Water Supply andSewerage Services	SP1: Water Supply andSewerage Services	7,661,112	11,256,489	7,467,604	7,420,865	97.5	65.9
P4: Irrigation andcivil works	SP1: Irrigation andcivil works	4,178,011	6,138,761	4,072,481	4,046,992	97.5	65.9
Sub Total		35,647,456	52,376,886	34,747,056	34,529,579	97.5	65.9
Health							
P1: Curative Health Services	SP1.1: Primary Health Care	1,063,103,178	110,644,983	1,047,397,861	20,221,229	98.5	18.3
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	417,818,995	43,485,502	411,646,518	7,947,313	98.5	18.3
P3: General Administration Planning and Support Services	SP3.1: General Administration services	327,402,749	34,075,217	322,565,999	6,227,510	98.5	18.3
Sub Total		1,808,324,923	188,205,702	1,781,610,379	34,396,052	98.5	18.3
Embu Level 5 Hospital							
P1: Curative Health Services	SP1.1: Primary Health Care	207,786,589	38,785,007	140,185,000	6,001,391	67.5	15.5
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	58,222,040	10,867,603	39,279,997	1,681,597	67.5	15.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	42,782,484	7,985,688	28,863,569	1,235,664	67.5	15.5
Sub Total		308,791,113	57,638,298	208,328,566	8,918,651	67.5	15.5
Infrastructure, Public Works and Housing							

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	2,886,299	42,031,273	2,793,698	27,419,522	96.8	65.2
P2: Roads Transport	SP2.1: Rural Roads Improvement and Maintenance	42,358,344	616,836,741	40,999,371	402,399,630	96.8	65.2
P3: Street lighting	SP3.1: Street lighting	636,484	9,268,698	616,064	6,046,528	96.8	65.2
Sub Total		45,881,127	668,136,712	44,409,133	435,865,680	96.8	65.2
EDUCATION, SCIENCE And Technology							
P1: General Administration, Planning and Support Services	SP1.1: General Administration and Support Services	107,319,410	12,143,233	105,164,747	4,764,984	98.0	39.2
P2: Quality Assurance and Standards	SP2.1: Quality Assurance Quality Assurance & Standards	85,855,528	9,714,586	84,131,798	3,811,987	98.0	39.2
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	236,102,702	26,715,113	231,362,446	10,482,965	98.0	39.2
Sub Total		429,277,640	48,572,932	420,658,991	19,059,937	98.0	39.2
LANDS, PHYSICAL PLANNING And Urban DEVELOPMENT							
P1: General Administration, Planning and Support Services	SP1.1 General Administration and Support Services	14,212,487	8,872,571	13,885,597	2,212,826	97.7	24.9
P2: Physical Planning and Urban Development	SP2.1: Physical planning and Urban Planning	26,061,073	16,269,405	25,461,663	4,057,603	97.7	24.9
	SP2.2: Survey and Mapping	16,535,891	10,323,025	16,155,562	2,574,571	97.7	24.9
Sub Total		56,809,451	35,465,000	55,502,821	8,845,000	97.7	24.9
Youth Empowerment and Sports							
P1: Youth Development and Empowerment Services	SP5.1: Youth Development and Empowerment Services	10,558,730	25,323,400	7,926,201	31,521,389	75.1	124.5

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P2: Management and development of Sports and Sport facilities	SP5.1: Community Sports programme	8,446,984	20,258,720	6,340,960	25,217,111	75.1	124.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	2,111,746	5,064,680	1,585,240	6,304,278	75.1	124.5
Sub Total		21,117,460	50,646,799	15,852,401	63,042,777	75.1	124.5
Embu County Revenue Authority (ECRA)							
P1: General Administration, Planning and Support Services	SP1.1: Revenue Management Services	5,766,435	1,459,215	3,678,761	-	63.8	-
	SP1.2: Revenue Management Services	25,847,465	6,540,785	16,489,677	-	63.8	-
Sub Total		31,613,900	8,000,000	20,168,438	-	-	-
Embu - Embu Municipal Board							
P1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	1,084,713	3,083,300	56,138	2,994,295	5.2	97.1
P2: Road Transport Infrastructure and Public Works	SP2.1: Road Transport Infrastructure	15,918,887	45,249,464	823,858	43,943,262	5.2	97.1
	SP2.2: Public Works	239,200	679,926	12,379	660,299	5.2	97.1
Sub Total		17,242,800	49,012,690	892,375	47,597,856	5.2	97.1
Embu - Financing Locally Led Climate Action Program							
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	4,206,421	20,267,300	1,676,385	16,060,880	39.9	79.2
P2: Environment Conservation and management	SP1.2: Manage Climate Risks	6,793,579	32,732,700	2,707,444	25,939,120	39.9	79.2
Sub Total		11,000,000	53,000,000	4,383,829	42,000,000	39.9	79.2
County Assembly							

Programme	Sub-Programme	Approved Estimates (FY 2022/2023 First Supplementary Budget)		Actual Expenditure as of 31st March 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	571,178,727	80,000,000	563,925,246	41,397,270	98.7	51.7
P: 1: Legislation	SP: 1: Legislation	276,770,689	-	273,352,435	-	98.8	-
Sub Total		847,949,416	80,000,000	837,277,681	41,397,270	98.7	51.7
Grand Total		5,109,351,387	2,191,721,664	4,890,559,712	1,223,444,503	95.7	55.8

Source: Embu County Treasury

A number of County departments reported absorption rates above 100 per cent in their sub-programmes which should be addressed by the respective accounting officers.

3.6.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report.
2. The underperformance of own-source revenue at Kshs.678.64 million against an annual projection of Kshs.950.00 million, representing 71.4 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.41, where the County incurred expenditures over the approved Budget and exchequer issues in several departments. This is a sign of misappropriation of public funds and should be addressed by the respective accounting officers.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all the established County Funds were not submitted to the Controller of Budget.
5. High level of pending bills, which amounted to Kshs.1.37 billion as of 30th June 2023. This is despite the availability of Kshs.363.49 million in the CRF as of the end of the financial year.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.122.23 million were processed through the manual payroll, accounting for 3.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. There was an unexplained variance between the IFMIS-generated expenditure reports and the reports prepared by the County Treasury, which points to the failure to regularly reconcile expenditure payments in the system.
8. Low expenditure on development at Kshs.1.22 billion, which accounted for 20 per cent of total expenditure in the FY 2023/24.
9. High wage bill, which accounted for 50.3 per cent of the revenue for FY 2022/23 of Kshs.6.86 billion during the reporting period, thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget. Any misappropriations should be addressed in line with the law.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County Treasury should regularly reconcile the expenditure Cashbook with the IFMIS-generated expenditure to enhance the credibility of its financial reports.*
8. *The County Government should address the low utilisation of funds allocated towards development expenditure in order to improve the living standards of its residents.*
9. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.7 County Government of Garissa

3.7.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget estimate for the FY 2022/23 was Kshs.9.37 billion, comprising of Kshs.2.81 billion (30.0 per cent) and Kshs.6.56 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 10.2 per cent compared to the previous financial year when the approved budget was Kshs.10.44 billion and comprised of Kshs.3.34 billion towards development expenditure and Kshs.7.10 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.92 billion (84.6 per cent) as the equitable share of revenue raised nationally, Kshs.30 million (0.3 per cent) as Appropriations-in-Aid (A-I-A), Kshs.651.26 million (7.0 per cent) as conditional grants, a cash balance of Kshs.661.71 million (7.1 per cent) from FY 2021/22, and generate Kshs.100 million (1.1 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.43.

3.7.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.93 billion as the equitable share of the revenue raised nationally, Kshs.573.06 million as conditional grants, had a cash balance of Kshs.661.76 million from FY 2021/22 and raised Kshs.81.36 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.9.24 billion, as shown in Table 3.43.

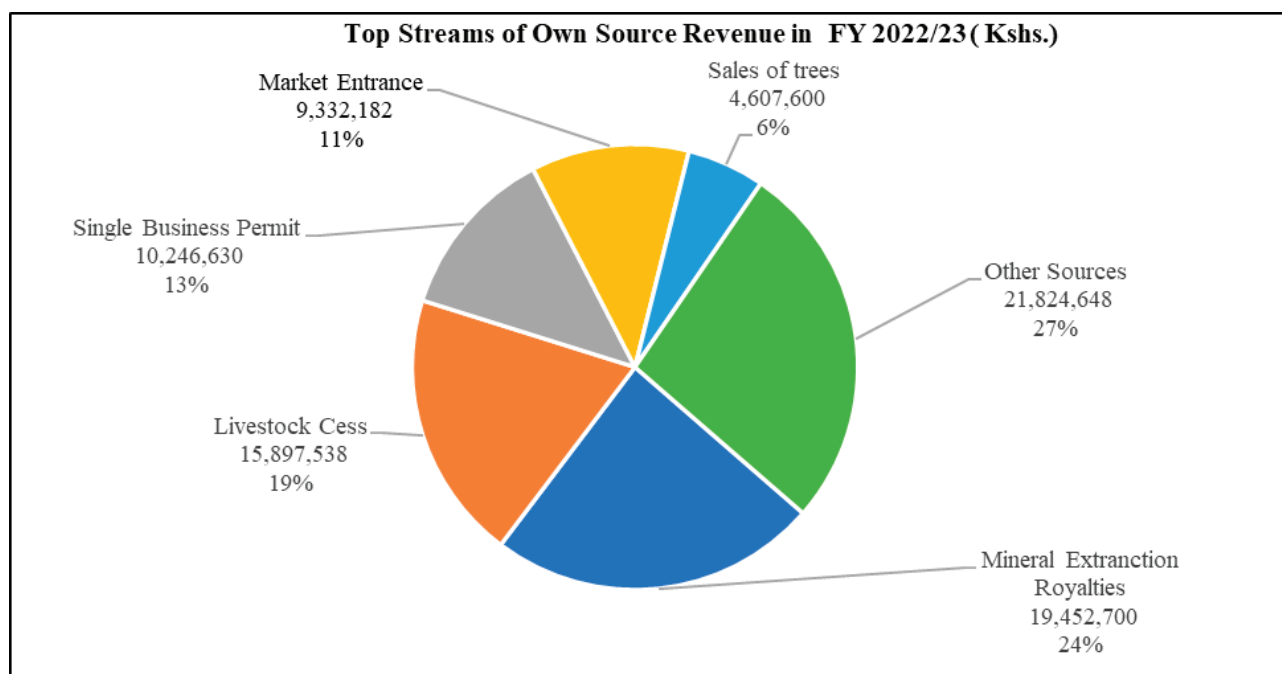
Table 3.43: Garissa County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,927,212,254	7,927,212,254	100.0
Subtotal		7,927,212,254	7,927,212,254	100.0
B	Conditional Grants			
1.	Kenya Climate Smart Agricultural Project and ASDSP II	75,269,050	75,269,050	100.0
2.	Sweden Agricultural Sector Development Program	19,267,689	-	-
3.	DANIDA	14,807,400	8,824,500	59.6
4.	Emergency Locust Responses Project	80,912,850	78,953,520	97.6
5.	Water and Sanitation Development Project	450,000,000	396,669,191	88.1
6.	Kenya Urban Support Programme	-	2,339,914	-
7.	Financing locally led Climate action grants 1	11,000,000	11,000,000	100.0
8.	Sub Total	651,256,989	573,056,176	88
C	Other Sources of Revenue			
1.	Own Source Revenue	100,000,000	81,361,298	81.4
2.	Unspent balance from FY 2021/22	661,714,232	661,757,470	100.0
Sub Total		791,714,232	743,118,768	93.9
Grand Total		9,370,183,475	9,243,387,198	98.6

Source: Garissa County Treasury

Figure 19 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

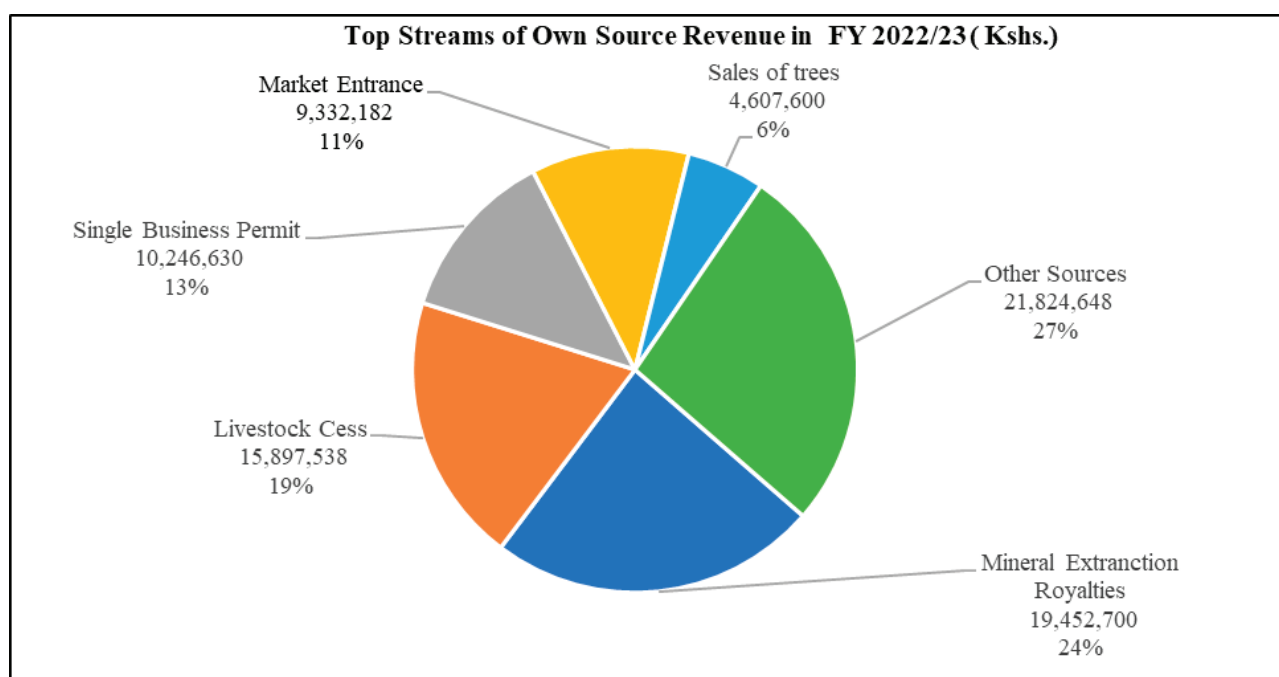
Figure 19: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Garissa County Treasury

In FY 2022/23, the County generated a total of Kshs.81.36 million from its own sources of revenue. This amount represented an increase of 24.0 per cent compared to Kshs.65.62 million realised in a similar period in FY 2021/22 and was 81.4 per cent of the annual target and 0.1 per cent of the equitable revenue share disbursed during the period.

Figure 20: Top Streams of Own Source Revenue in FY 2022/23



Source: Garissa County Treasury

The highest revenue stream of Kshs.19.45 million was from mineral extraction royalties, contributing 24 per cent of the total OSR receipts during the reporting period. Revenue collected from the health sector as Appropriations in Aid (A-I-A) amounted to Kshs.61.13 million and represented 42.9 per cent of the overall OSR in FY 2022/23. However, the A-I-A revenue was used at the source contrary to Article 207 (1) and Article 207 (3) of the Constitution.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.13 billion from the CRF account during the reporting period. The amount comprised Kshs.1.79 billion (23.0 per cent) for development programmes and Kshs.6.34 billion (78.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.5.02 billion was released towards Employee Compensation, and Kshs.1.32 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.04 billion.

3.7.4 County Expenditure Review

The County spent Kshs.7.76 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.4 per cent of the total funds released by the Controller of Budget and comprised Kshs.1.60 billion and Kshs.6.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 56.8 per cent. In contrast, recurrent expenditure represented 94.0 per cent of the annual recurrent expenditure budget estimates.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.44 billion, comprising Kshs.36.90 million for recurrent expenditure and Kshs.1.41 billion for development activities. During the year, pending bills amounting to Kshs.811.43 million were settled, consisting of Kshs.172.86 million for recurrent expenditure and Kshs.638.57 million for development programmes. However, the County Executive did not report Kshs.170 million, settled as recurrent pending bills at the start of the financial year.

Further, the County accumulated pending bills amounting to Kshs.281.71 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.910.28 million by the county executive. Pending bills by the county assembly amounted to Kshs.55.95 million.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.24 billion on employee compensation, Kshs.1.10 billion on operations and Maintenance , and Kshs.1.51 billion on development activities. Similarly, the County Assembly spent Kshs.527.97 million on employee compensation, Kshs.290.5 million on operations and Maintenance , and Kshs.83.5 million on development activities, as shown in Table 3.44.

Table 3.44: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,702,849,131	853,384,051	5,344,154,823	818,474,699	93.7	95.9
Compensation to Employees	4,364,995,046	553,079,416	4,239,726,902	527,966,335	97.1	95.5
Operations and Maintenance	1,337,854,085	300,304,635	1,104,427,921	290,508,364	82.6	96.7
Development Expenditure	2,680,619,589	133,300,704	1,513,859,092	83,475,542	56.5	62.6
Total	8,383,468,720	986,684,755	6,858,013,915	901,950,241	81.8	91.4

Source: Garissa County Treasury

3.7.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.77 billion, or 51.6 per cent of the revenue for FY 2022/23 of Kshs.9.24 billion. This expenditure represented a decrease from Kshs.5.29 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.2.12 billion paid to health sector employees, translating to 44.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.4.25 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.621.54 million was processed through manual payrolls. The manual payrolls accounted for 13.0 per cent of the total PE cost.

The County Assembly spent Kshs.37.09 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.40.23 million. The average monthly sitting allowance was Kshs.63,082 per MCA. The County Assembly has established 23 Committees.

3.7.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.90 million to county-established funds in FY 2022/23, constituting 0.96 per cent of the County's overall budget. Table 3.45 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.45: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
		A	B	C	D
1.	Bursary Fund	30,000,000	30,000,000	-	No
2.	County Climate Change Fund	60,000,000	-	-	No
	Total	90,000,000	30,000,000	-	

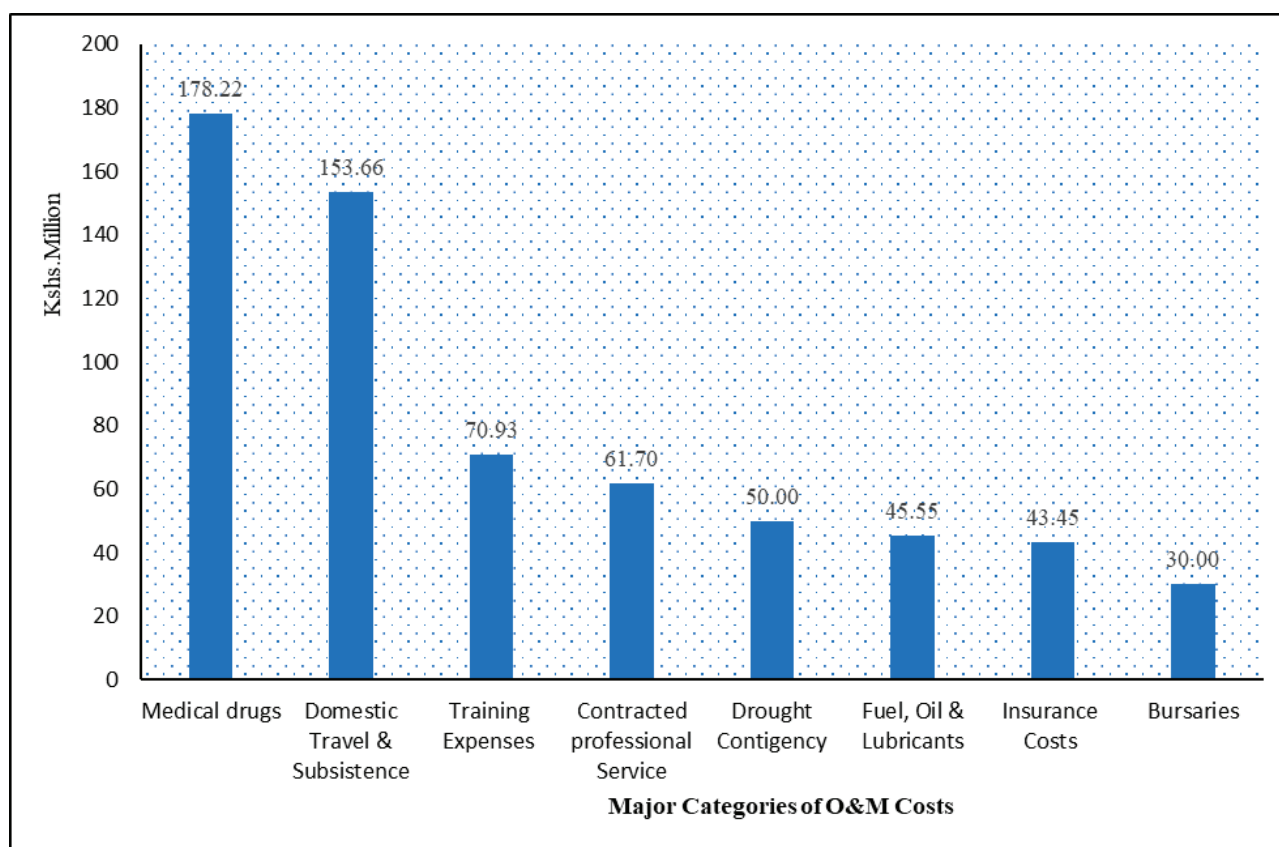
Source: Garissa County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of Bursary funds, as indicated in Table 3.45, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.7.9 Expenditure on Operations and Maintenance

Figure 21 summarises the Operations and Maintenance expenditure by major categories.

Figure 21: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: Garissa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.153.66 million and comprised Kshs.122.31 million spent by the County Assembly and Kshs.31.35 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.01 million and comprised of Kshs.6.68 million incurred by the County Assembly and Kshs.2.33 million incurred by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.46 below; -

Table 3.46: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel(Kshs.)
County Assem- bly	1	19 th to 23 rd September 2022	A workshop on Board audit committee training	United King- dom	681,875
County Assembly	3	29 th to 31 st March 2023	An Education Conference	United King- dom	2,305,662
County Assembly	4	19 th to 24th May 2023	Gender diversity man- agement and Leadership training	Dubai	3,300,000

Source: Garissa County Treasury

3.7.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.60 billion on development programmes, representing an increase of 63.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.978.13 million. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.47: Garissa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Lands, Housing and Urban Planning	Proposed Construction ward administration office	Countywide	227,564,854	130,521,149	130,521,149	100
2	Water and Irrigation	Equipping and Extension of Barak, Afweini and Maalimin pipeline	Ladgera	163,827,435	51,000,000	51,000,000	100
3	Road and Transport	Proposed construction of New access road at Soko Muqdi	Township	65,632,234	31,475,000	31,475,000	100
4	Road and Transport	Improvement of Hagarjarer Benane Road	Ladgera	38,395,800	25,000,000	25,000,000	100
5	Road and Transport	Improvement of Ahmed Tukale-Shanta Abak road	Dadaab	23,948,992	23,000,000	23,000,000	100
6	County Affairs	Construction of County Headquarter	Township	28,033,786	21,000,000	21,000,000	100
7	Road and Transport	Improvement of Bura-Mansabubu road	Fafi	42,518,143	20,000,000	20,000,000	100
8	Water and Irrigation	Proposed Borehole development and Associate works at Qoone Madogashe	Ladgera	44,586,270	19,000,000	19,000,000	100
9	Lands, Housing and Urban Planning	Construction of perimeter fence, car park and beautification at Garissa fire station	Township	17,000,000	16,150,000	16,150,000	100
10	Road and Transport	Upgrading to Bitumen standard at Bulla Hagar, Bulla Madina Access road	Township	98,367,433	14,000,000	14,000,000	100

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 3.48 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.48: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Cooperative	170.50	255.42	116.45	178.11	155.50	175.54	133.5	98.6	91.2	68.7
Environment, Energy, Natural Resources and Wildlife Management	77.75	70.00	75.32	0.00	67.40	0.00	89.5	-	86.7	-
Road and Transport	40.32	290.20	37.89	115.20	26.10	115.16	68.9	100.0	64.7	39.7
Trade, Tourism and Enterprise	75.30	-	75.23	0.00	64.52	0.00	85.8	-	85.7	-
Health and Sanitation	2,646.21	171.00	2,646.18	91.63	2,568.31	92.46	97.1	100.9	97.1	54.1
Education and Labour	628.32	70.00	628.31	45.30	609.87	44.40	97.1	98.0	97.1	63.4
County Assembly	853.38	133.30	818.66	84.83	818.47	83.48	100.0	98.4	95.9	62.6
County Executive	327.23	20.00	285.15	0.00	275.49	0.00	96.6	-	84.2	-
Finance, Revenue, Economic Planning and County Affairs	1,105.35	662.00	1,099.25	641.65	1,022.73	622.54	93.0	97.0	92.5	94.0
Gender, Social Service and Sport	60.66	50.00	41.15	-	40.51	-	98.5	-	66.8	-
Water and Irrigation	187.36	716.00	159.94	345.87	157.12	231.10	98.2	66.8	83.9	32.3
Lands, Housing and Urban Planning	274.78	371.00	262.51	284.70	262.81	232.67	100.1	81.7	95.6	62.7
County Public Service Board	37.07	5.00	26.84	-	26.14	0.00	97.4	-	70.5	-
Garissa Municipality	72.00	0.00	68.33	-	67.65	0.00	99.0	-	94.0	-
Total	6,556.23	2,813.92	6,341.21	1,787.28	6,162.63	1,597.33	97.2	89.4	94.0	56.8

Source: Garissa County Treasury

Analysis of expenditure by department shows that the Department of Finance, Revenue, Economic Planning and County Affairs recorded the highest absorption rate of development budget at 94.0 per cent, followed by the Department of Agriculture, Livestock and Cooperative at 68.7 per cent. The Department of Health and Sanitation and the Department of Education and Labour had the highest recurrent expenditure to budget at 97.1 per cent, while the Department of Road and Transport had the lowest at 64.7 per cent.

3.7.12 Budget Execution by Programmes and sub-programmes

Table 3.49 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.49: Garissa County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Pro-gramme	Approved Estimates (Kshs)		Actual Expenditure as of 30 th June 2023 (Kshs)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex-penditure	Development Expenditure	Recurrent Expendi-ture	Devel-opment Expendi-ture
Agriculture, Livestock and Co-operative							
Agriculture	Administration and Support Service	103,051,581	149,506,739	98,000,000.00	75,000,000.00	95.10	50.16
	Extension Ser-vice andExhi-bition	1,200,000	-	-	-	-	-
Livestock Production	Livestock Ad-ministration	56,545,802	85,912,850	53,000,000.00	80,535,527.00	93.73	93.74
	Livestock Pro-duction	5,550,000	-	4,000,000.00	-	72.07	-
	Veterinary Service	3,350,000	20,000,000	500,000.00	20,000,000.00	14.93	100.00
Fish Production	Fisheries Ser-vice	200,000	-	-	-	-	-
Cooperative	Cooperative Development	600,000	-	-	-	-	-
	Sub Total	170,497,383	255,419,589	155,500,000	175,535,527	91.20	68.72
Environment, Energy, Natural Resources andWildlife Manage-ment							
Environment Service	Administration and Support Service	73,843,025	70,000,000	66,500,000.00	-	90.06	-
	Environment Management	1,100,000	-	-	-	-	-
	Natural Re-source	1,600,000	-	900,000.00	-	56.25	-
Energy De-velopment Program	Energy Devel-opment	1,205,000	-	-	-	-	-
	Sub Total	77,748,025	70,000,000	67,400,000	-	86.69	-
Road and Transport							
Road	Administration and Support Service	37,906,400	-	26,100,000.00	-	68.85	
	Road	2,417,200	290,200,000	-	115,162,469.00	-	39.68
	Sub Total	40,323,600	290,200,000	26,100,000	115,162,469	64.73	39.68
Trade, Tourism andEnterprise							
Administration and Support Service	Administration Support Service	70,747,996	-	64,400,000.00	-	91.03	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs)		Actual Expenditure as of 30 th June 2023 (Kshs)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Trade	Trade	2,400,000	-	124,000.00	-	5.17	-
Weight and- Measure	Weight and- Measure	1,350,000	-	-	-	-	-
Tourism	Tourism	802,259	-	-	-	-	-
	Sub- Total	75,300,255	-	64,524,000	-	85.69	-
Health and Sanitation							
Administration and Support Service	Administration and Support Service	2,238,700,869	-	2,182,482,971.00	-	97.49	-
Curative Service	Curative	133,507,400	171,000,000	120,831,013.00	92,455,536.00	90.51	54.07
Preventive Service	Health Promo- tion and Cam- paign	274,000,000	-	265,000,000.00	-	96.72	-
	Sub Total	2,646,208,269	171,000,000	2,568,313,984	92,455,536	97.06	54.07
Education and Labour							
Education Service	Administration and Support Service	474,039,663	-	466,400,000.00	-	98.39	-
	ECD	30,402,400	45,000,000	29,750,000.00	34,400,560.00	97.85	76.45
	Vocational Training	2,601,200	15,000,000	1,635,000.00	-	62.86	-
Public Service and Human Resource	Human Re- source	98,991,483	10,000,000	92,284,000.00	10,000,000.00	93.22	100.00
	ICT and Librar- ies	22,282,733	0	19,800,000.00	-	88.86	-
	Sub Total	628,317,479	70,000,000	609,869,000	44,400,560	97.06	63.43
County Assembly							
Administration and Support Service	Administration and Support Service	853,384,051	133,300,704	818,474,699.00	83,475,542.00	95.91	62.62
	Sub Total	853,384,051	133,300,704	818,474,699.00	83,475,542.00	95.91	62.62
County Executive							
Executive Service	Governors Operation	100,949,050	10,000,000	82,597,035.00	-	81.82	-
	Deputy Gover- nors Operation	36,120,000	0	29,140,000.00	-	80.68	-
	Street Lighting	53,156,215	5,000,000.00	44,350,000.00	-	83.43	-
	Operation and Sub-County Administration	100,410,000	5,000,000.00	94,050,000.00	-	93.67	-
	Intergov- ernmental and Institutional relation	18,592,430	-	13,950,000.00	-	75.03	-

Programme	Sub-Programme	Approved Estimates (Kshs)		Actual Expenditure as of 30 th June 2023 (Kshs)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	County Attorney	18,000,000	-	11,400,000.00	-	63.33	-
	Sub Total	327,227,695	20,000,000	275,487,035	-	84.19	-
Finance, Revenue, Economic Planning and County Affairs							
Administration and Support Service	Administration and Support Service	677,832,068	662,000,000	644,878,478.00	622,540,000.00	95.14	94.04
	Special Program	186,440,000	-	170,124,806.00	-	91.25	-
Public Finance Management	Accounting Service	3,713,739	-	1,999,000.00	-	53.83	-
	Budget Formulation	11,780,000	-	5,943,840.00	-	50.46	-
	Audit Service	3,862,600	-	980,000.00	-	25.37	-
	Economic Planning	46,086,000.00	-	41,247,324.00	-	89.50	-
	Revenue Management	153,227,781	-	142,005,456.00	-	92.68	-
	Supply Chain Management	5,630,000	-	1,054,500.00	-	18.73	-
Donor Co-ordination	Donor Coordination	16,780,548	-	14,500,000.00	-	86.41	-
	Sub Total	1,105,352,736	662,000,000	1,022,733,404	622,540,000	92.53	94.04
Gender, Social Services and Sport							
Culture Services	Administration and Support Service	55,871,832	30,000,000	38,990,000.00	-	69.78	-
Public Entertainment	Social Protection	1,025,000	10,000,000	-	-	-	-
Cinema	Cinema head-quarter	3,763,600	10,000,000	1,520,000.00	-	40.39	-
	Sub Total	60,660,432	50,000,000	40,510,000	-	66.78	-
Water and Irrigation							
Administration and Support Service	Administration and Support Services	183,556,361	-	155,020,000.00	-	84.45	-
	Water Infrastructure Development	-	716,000,000	-	231,100,000.00	-	32.28
Irrigation Services	Irrigation Development	3,800,000	-	2,100,000.00	-	55.26	-
	Sub Total	187,356,361	716,000,000	157,120,000	231,100,000.00	83.86	32.28
Lands, Housing and Urban Planning							
Administration and Support Service	Administration and Support Service	247,695,273	15,000,000	244,216,000.00	10,000,000.00	98.60	66.67

Programme	Sub-Pro-gramme	Approved Estimates (Kshs)		Actual Expenditure as of 30 th June 2023 (Kshs)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Land and Housing	Lands	8,000,000	-	5,585,400.00	-	69.82	-
	Housing and Public Works	13,574,997	300,000,000	10,156,000.00	206,000,000.00	74.81	68.67
Urban Development	Urban Planning and Disaster Management	4,614,626	56,000,000	2,850,000.00	16,665,000.00	61.76	29.76
	Urban Sanitation and Development	900,000	-	-	-	-	-
	Sub Total	274,784,896	371,000,000	262,807,400	232,665,000	95.64	62.71
County Public Services Board							
Administration and Support Service	Administration and Support Service	37,072,000	5,000,000.00	26,140,000.00	-	70.51	-
	Sub Total	37,072,000	5,000,000	26,140,000.00	-	70.51	-
Town Management							
Administration and Support Service	Administration and Support Service	72,000,000	-	67,650,000.00	-	93.96	-
	Sub Total	72,000,000	-	67,650,000.00	-	93.96	-
Grand Total		6,556,233,182	2,813,920,293	6,162,629,522	1,597,334,634	94.00	57

Source: Garissa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and support service in the Department of Lands, Housing and Urban Planning at 98.6 per cent, Administration and support service in the Department of Education and Labour at 98.4 per cent, Administration and Support service in the Department of Health and Sanitation at 97.5 per cent, and promotion and Health campaign at 96.7 per cent of budget allocation.

3.7.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th July 2023.
2. The underperformance of own-source revenue at Kshs.81.36 million against an annual projection of Kshs.100 million, representing 81.4 per cent of the annual target. Further, the County collected Kshs.61.13 million from the health sector, which was used at the source and was not remitted to the CRF contrary to Article 207 (1) and Article 207 (3) of the Constitution.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.48, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB,

contrary to Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, County Climate Change Fund, and Emergency Fund were not submitted to the Controller of Budget.

5. Huge pending bills amounting to Kshs.910.28 million as of 30th June 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.621.54 million were processed through the manual payroll, accounting for 13.0 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. A high wage bill, which accounted for 61.5 per cent of the total expenditure in FY 2022/23 and therefore above the limit of 35 per cent set in Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

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 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. Further, the County Treasury should ensure all revenue receipts are deposited to the CRF intact in line with the law.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.8 County Government of Homabay

3.8.1 Overview of FY 2022/23 Budget

The County's approved third supplementary budget estimates for FY 2022/23 was Kshs10.08 billion, comprising of Kshs.3.10 billion (30.7 per cent) and Kshs.6.98 billion (69.3 per cent) were allocated for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 4.1 per cent compared to the previous financial year when the approved budget was Kshs.9.68 billion and comprised of Kshs.3.33 billion towards development expenditure and Kshs.6.35 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.81 billion (77.4 per cent) as the equitable share of revenue raised nationally, Kshs.690.32 million (6.8 per cent) as additional allocation, a cash balance of Kshs.765.12 million (7.6 per cent) from FY 2021/22, and generate Kshs.818.32 million (8.1 per cent) as own-source revenue. A breakdown of the additional allocation is provided in Table 3.50.

3.8.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.81 billion as the equitable share of the revenue raised nationally, Kshs.395.68 million as additional allocation, had a cash balance of Kshs.765.12 million from FY 2021/22, and raised Kshs.491.50 million as own source revenue and Appropriation in Aid (AIA) The total funds available for budget implementation during the period amounted to Kshs.9.46 billion, as shown in Table 3.50.

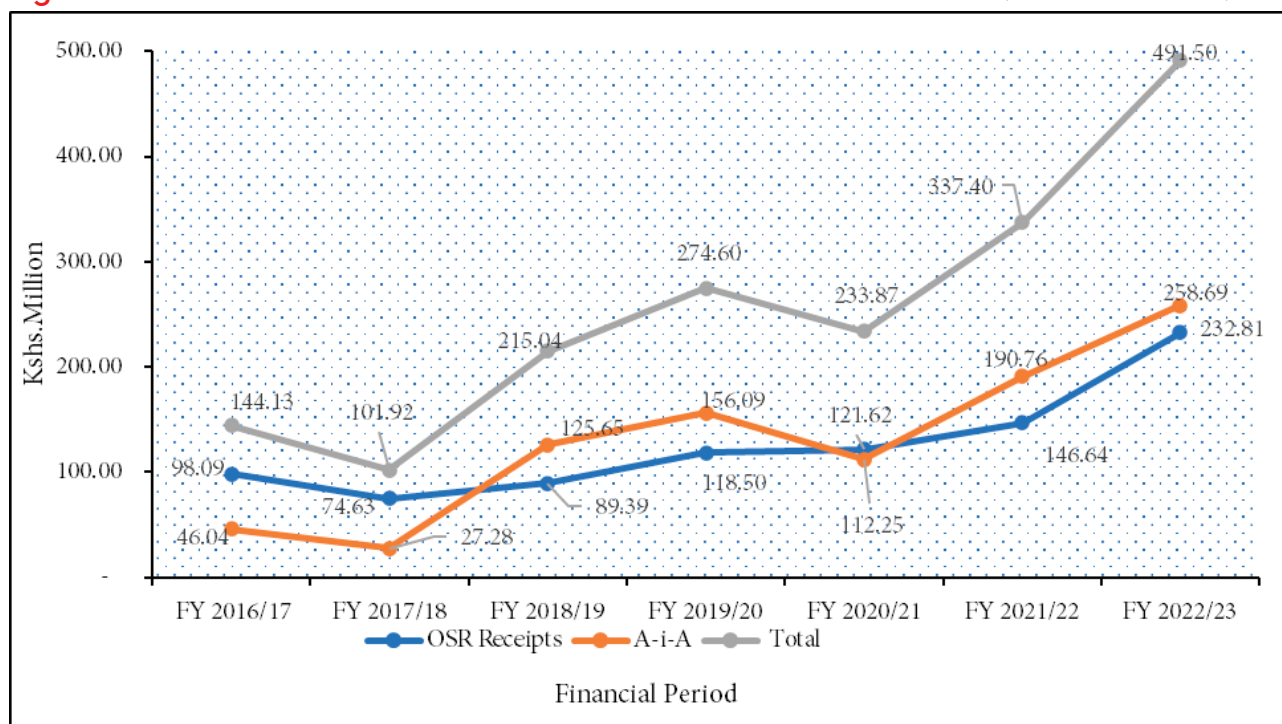
Table 3.50: Homa Bay County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,805,353,300.00	7,805,353,300.00	100.0
Sub Total		7,805,353,300.00	7,805,353,300.00	100.0
B	Additional allocation			
1	Kenya Informal Settlement Improvement Project (KISIP II)/KUSP-UIG	150,000,000.00	2,339,914.85	1.6
2	Leasing of medical equipment	110,638,298.00	-	-
3	DANIDA	29,354,063.00	21,686,063.00	73.9
4	National Value Chain Project (NAVCDP)	70,000,000.00	67,192,729.00	96.0
5	Transforming Health Care Project (THUSCP)	12,294,839.00	-	-
6	National Agricultural for Growth Inclusive Project (NARIGP)	264,521,931.00	264,521,930.75	100.0
7	Agricultural Sector Dev Support Programme (ASDSPH)	37,514,863.00	23,936,219.00	63.8
8	Financing Locally -Led Climate Actions Programme	16,000,000.00	16,000,000.00	100.0
Sub Total		690,323,994.00	395,676,856.60	57.3
C	Other Sources of Revenue			
1	Own Source Revenue	222,624,233	232,807,030	104.6
2	Unspent balance from FY 2021/22	765,121,092	765,121,092	100.0
3	Appropriation in Aid (A-I-A)	595,691,578	258,689,520	43.4
Sub Total		1,583,436,903	1,256,617,642	79.4
Grand Total		10,079,114,197	9,457,647,799	93.8

Source: Homa Bay County Treasury

Figure 22 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

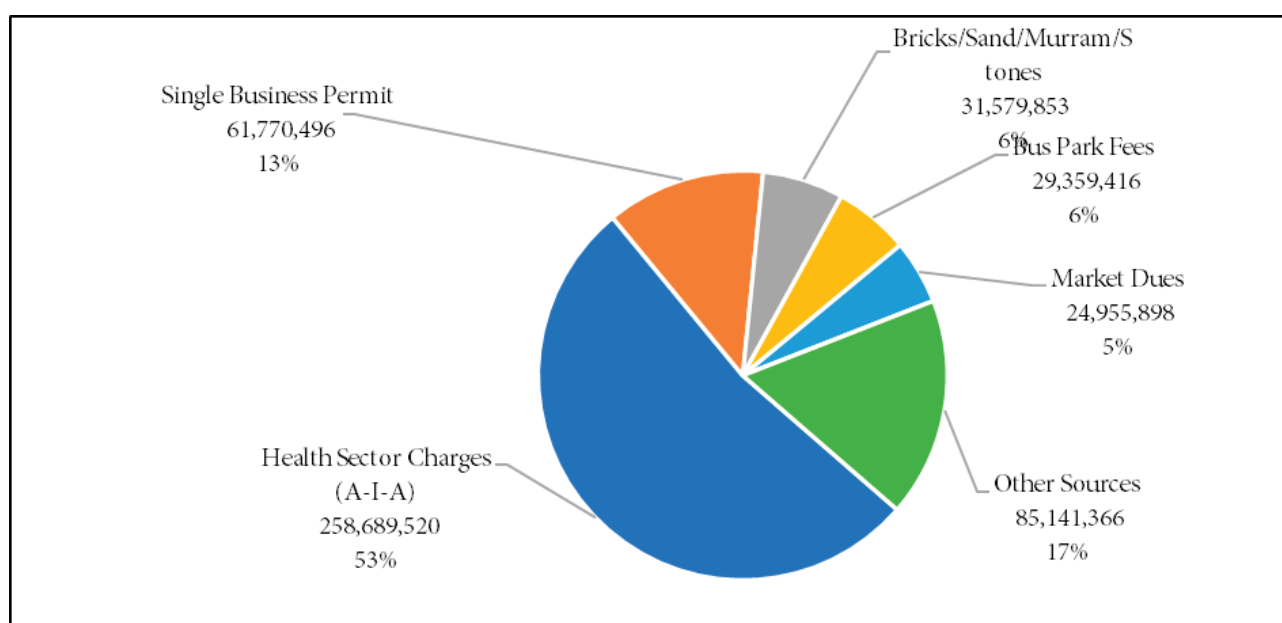
Figure 22: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Homa Bay County Treasury

In FY 2022/23, the County generated Kshs.491.50 million from its source revenue and Health Sector Appropriation in Aid (AIA). This amount represented an increase of 45.7 per cent compared to Kshs.337.40 million realised in FY 2021/22. The amount comprises Kshs.258.69 million as Health Sector Appropriation in Aid (AIA) and Kshs.232.81 million from other streams of own sources of revenue. The AIA was 43.4 per cent of the AIA annual target, while the own source revenue was 104.6 per cent of its annual target. The actual receipts from the own source revenue and Health Sector Appropriation in Aid (AIA) accounted for 6.3 per cent of the equitable revenue share disbursed during the period

Figure 23: Top Streams of Own Source Revenue in FY 2022/23



Source: Homa Bay County Treasury

Revenue from the health sector that was remitted to the CRF account amounted to Kshs.258.69 million, representing 52.6 per cent of the overall OSR in FY 2022/23. The highest revenue stream of Kshs.61.8 million was from single business permits, contributing 13 per cent of the total OSR receipts during the reporting period.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.46 billion from the CRF account during the reporting period. The amount comprised Kshs.2.51 billion (26.6 per cent) for development programmes and Kshs.6.94 billion (73.4 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.52 billion was released towards Employee Compensation, and Kshs.2.43 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.142,874,788.

3.8.4 Borrowing by the County

The County had an agreement with Kenya Commercial Bank Limited for advance payroll processing for County Executive staff, whereby the bank pays salaries for the staff every month at an interest of 0.5 per cent. On average, the County paid a monthly commission of Kshs.1.96 million and an excise duty of Kshs.391,105. There was no outstanding amount as of 30th June 2023.

3.8.5 County Expenditure Review

The County spent Kshs.9.42 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.6 per cent of the total funds released by the Controller of Budget and comprised of Kshs.2.47 billion and Kshs.6.94 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 79.9 per cent. In contrast, recurrent expenditure represented 99.4 per cent of the annual recurrent expenditure budget estimates.

3.8.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.975.64 million, comprising Kshs.100.61 million for recurrent expenditure and Kshs.875.03 million for development activities. During the year, pending bills amounting to Kshs.508.58 million were settled, consisting of Kshs.14.12 million for recurrent expenditure and Kshs.494.46 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.567.68 million in the FY 2022/23 and therefore, as of 30th June 2023, the outstanding amount was Kshs.1.03 billion.

3.8.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.12 billion on employee compensation, Kshs.1.75 billion on operations and Maintenance, and Kshs.2.43 billion on development activities. Similarly, the County Assembly spent Kshs.400.07 million on employee compensation, Kshs.678.03 million on operations and Maintenance, and Kshs.48.57 million on development activities, as shown in Table 3.51.

Table 3.51: 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	5,868,068,826	1,115,623,187	5,862,713,240	1,078,107,078	99.9	96.6
Compensation to Employees	4,118,003,572	515,082,182	4,115,803,241	400,073,414	99.9	91.4
Operations and Maintenance	1,750,065,254	678,033,664	1,746,909,999	678,033,664	99.8	100.0
Development Expenditure	3,013,167,258	82,254,927	2,426,185,076	48,574,881	80.5	59.1
Total	8,881,236,084	1,197,878,114	8,288,898,316	1,126,681,959	93.3	94.1

Source: Homa Bay County Treasury

3.8.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.52 billion, or 46.0 per cent of the revenue for FY 2022/23 of Kshs.9.46 billion. This expenditure represented an increase of 21.6 per cent from Kshs.3.71 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.2.06 billion paid to health sector employees, translating to 45.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.78 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.738.04 million was processed through manual payrolls. The manual payrolls accounted for 16.3 per cent of the total PE cost.

The County Assembly spent Kshs.61.99 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.61.99 million. The average monthly sitting allowance was Kshs.93,923 per MCA. The County Assembly has established 22 Committees.

3.8.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.493,780,461 to county-established funds in FY 2022/23, constituting 4.9 per cent of the County's overall budget. Table 3.52 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.52: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Homa Bay County Bursary Fund	152,116,231	130,600,000	130,025,252.37	YES
2.	Homa Bay Emergency Fund	12,062,500	10,000,000	8,988,697.55	YES
3.	Homa Bay County Car Loan and Mortgage Scheme Fund	80,000,000	44,000,000	7,556,558.32	YES
4.	Homa Bay County Alcoholic Drinks Control Fund	-	-	-	
County Assembly Established Funds					
5.	MCA's Car and loan and Mortgage	242,780,461	228,000,000	203,000,000	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
	Total	493,780,461	412,600,000	376,622,603	

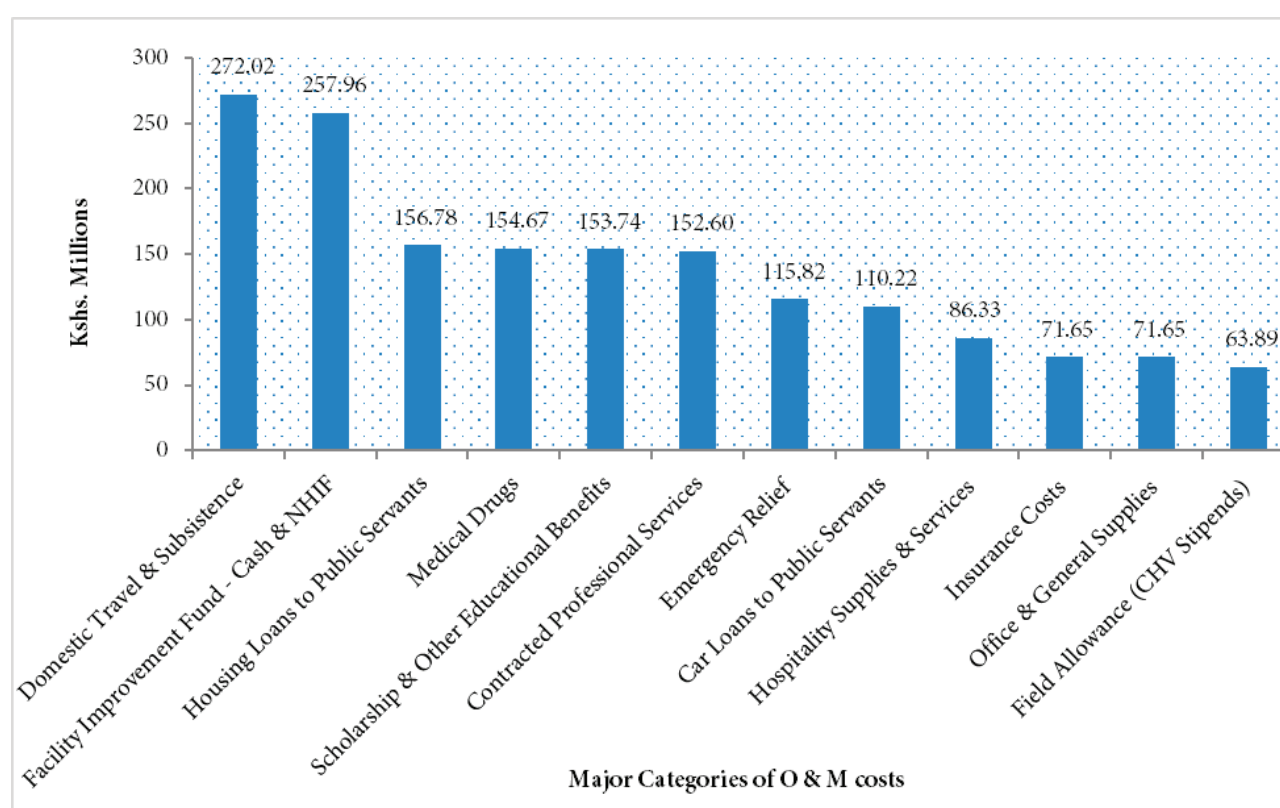
Source: Homa Bay County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators, as indicated in Table 3.52, in line with Section 168 of the PFM Act, 2012.

3.8.10 Expenditure on Operations and Maintenance

Figure 24 summarises the Operations and Maintenance expenditure by major categories.

Figure 24: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source. Homa Bay County Treasury

During the period, expenditure on domestic travel amounted to Kshs.272.02 million and comprised Kshs.153.62 million spent by the County Assembly and Kshs.118.40 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.23 million and comprised of Kshs.4.42 million incurred by the County Assembly and Kshs.2.00 million incurred by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.53 below; -

Table 3.53: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs)
County Assembly	10	10 th April-15 th April 2023	Lake Victoria Region Local Authorities Cooperation Meeting	Mbarara, Uganda	3,102,431
County Assembly	4	15 th January, 2023 - 20 th January, 2023	Lake Victoria Region Local Authorities Cooperation Meeting	Mwanza, Tanzania	1,320,919
County Executive	11	23 rd April, 2023 - 30 th April, 2023	Travel for Study Visit to Harryda Municipality, Sweden, as part of a partnership programme about young people's influence and choice of working life and Education.	Sweden	434,225
County Executive	4	6 th April, 2023 - 17 th April, 2023	Travel to attend the Commission for Status of Women Workshop (CSW67-2023) at the Nations headquarters in New York, USA	United States of America	1,565,775

Source: Homa Bay County Treasury

3.8.11 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.60 billion on development programmes, representing an increase of 63.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.978.13 million. The table below summarises development projects with the highest expenditure in the reporting period.

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

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Executive Office of the Governor	Completion of the new office of the Governor	Homa bay town	55,000,000	55,000,000	53,644,138	97.5
2	County Department of Public Health and Medical services	Delivery and installation of the city scan at HBTRH	Homa bay town	44,250,000	44,250,000	32,393,793	73.2
3	County Department of Public Health and Medical services	Emergency and Accident unit at Homa Bay Teaching and Referral Hospital	Homa bay town	30,000,000	30,000,000	25,000,000	83.3
4	County Department of Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	Completion of the Stadium	Homa bay town	22,071,796	22,071,796	18,821,914	85.3

No	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
5	County Department of Public Health and Medical services	Waterbus Ambulance for Mfangano islands	Suba North	15,000,000	15,000,000	15,000,000	100.0
6	County Department of Lands, Physical Planning Housing, Urban Development.	County Spatial Plan (GIS Lab Component)	Lands Department	14,881,138	14,881,138	14,881,138	100.0
7	Executive Office of the Governor	Construction of a perimeter wall and two gates at the New office of the Governor	Homa bay town	15,148,501	15,148,501	14,519,956	95.9
8	Office of the Deputy Governor and County Department of Agriculture and Livestock	Supply of Maize Seeds	All sub-counties	15,000,000	15,000,000	14,391,315	95.9
9	County Department of Roads, Public works, Transport and Infrastructure	Routine Maintenance of Oyugis-Slaughter-Ohuru Rd	RACHUONYO SOUTH	14,122,147	14,122,147	13,454,997	95.3
10	County Assembly of Homa Bay	Proposed Construction of the Committee Rooms	Within the Assembly compound	13,365,990	13,000,000	11,000,000	84.6

Source: Homa Bay County Treasury

3.8.12 Budget Performance by Department

Table 3.55 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.55: Homa Bay County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Deputy Governor and County Department of Agriculture and Livestock	197.61	491.50	197.25	425.50	197.10	415.25	99.9	97.6	99.7	84.5

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
Gender Equality and Inclusivity, Youth, Sports, Talent Development, Cultural Heritage and Social Services	89.19	130.87	89.14	107.26	89.13	102.24	100.0	95.3	99.9	78.1
Roads, Public works, Transport and Infrastructure	73.65	1,001.74	73.59	851.78	73.46	848.25	99.8	99.6	99.7	84.7
Blue Economy, Fisheries, Mining and Digital Economy	62.30	38.32	62.25	17.68	62.22	13.36	100.0	75.5	99.9	34.9
Education, Human Capital Development and Vocational training	882.97	111.04	882.34	67.79	881.80	65.47	99.9	96.6	99.9	59.0
Public Health and Medical services	2,643.59	483.06	2,642.46	436.63	2,642.26	436.62	100.0	100.0	99.9	90.4
Lands, Physical Planning, Housing, Urban Development.	60.28	188.45	60.16	98.47	60.11	96.81	99.9	98.3	99.7	51.4
Trade, Industry, Tourism, Cooperative Development and marketing.	172.93	226.64	172.80	160.46	172.79	157.09	100.0	97.9	99.9	69.3
Water, Sanitation, Irrigation, Environment, Energy and Climate change	124.69	177.38	124.62	167.38	124.57	160.43	100.0	95.8	99.9	90.4
Finance and Economic planning	731.27	24.77	730.96	17.40	730.89	17.32	100.0	99.6	99.9	69.9
Executive Office of the Governor	705.46	109.77	705.44	97.20	705.29	97.20	100.0	100.0	100.0	88.5
County Public Service Board	96.16	-	96.10	-	96.09	-	100.0	-	99.9	-
County Assembly Service Board	1,115.62	82.25	1,078.11	48.57	1,078.11	48.57	100.0	100.0	96.6	59.1

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
Homa Bay Municipal Board	27.97	29.62	26.98	17.02	26.98	16.13	100.0	94.8	96.4	54.5
Total	6,983.70	3,095.42	6,942.18	2,513.15	6,940.82	2,474.76	100.0	98.5	99.4	79.9

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the County Department of Public Health and Medical Services and County Department of Water, Sanitation, Irrigation, Environment, Energy and Climate Change recorded the highest absorption rate of development budget at 90.4 per cent, followed by the Executive Office of the Governor at 88.5 per cent. The Executive Office of the Governor had the highest percentage of recurrent expenditure to the budget estimates at 100.0 per cent, while the Homa Bay Municipal Board had the lowest at 96.4 per cent.

3.8.13 Budget Execution by Programmes and Sub-Programmes

Table 3.56 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.56: Homa Bay County, Budget Execution by Programmes and sub-programmes

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Administration and Support Services	Policy and Planning Services	-	-	-	-
	General Administration and Support Services	197,611,284	197,097,135	514,149	99.7
	Sub total	197,611,284	197,097,135	514,149	99.7
Crop, Land and Agribusiness Development Services	Crop Development Services	5,670,300	-	5,670,300	-
	Agribusiness Development Services	16,422,080	10,422,080	6,000,000	63.5
	Land Development Services	-	-	-	-
	National Agriculture Rural Inclusive Growth	293,257,837	278,403,674	14,854,163	94.9
	Agriculture Sector Development Support Programme	54,014,863	35,170,300	18,844,563	65.1
	National Value Chain Project	75,000,000	67,200,151	7,799,849	89.6
	Sub total	444,365,080	391,196,205	53,168,875	88.0

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Food Security Enhance- ment Services	Farm Input Access Services	42,372,030	21,387,197	20,984,833	50.5
	Sub Sector Infrastruc- ture Development Services	4,562,717	2,670,300	1,892,417	58.5
	Sub total	46,934,747	24,057,497	22,877,250	51.3
Fisheries Resources Development Services	Capture Fisheries	-	-	-	-
	Farmed Fish Produc- tion	-	-	-	-
	Sub total	-	-	-	-
Livestock Development Programme	Livestock Improve- ment and Develop- ment	-	-	-	-
	Livestock Products Value Addition and marketing	200,000	-	200,000	-
	Livestock Health and- Disease Management	-	-	-	-
	Sub total	200,000	-	200,000	-
	Cooperative Manage- ment services	-	-	-	-
	Cooperative Develop- ment services	-	-	-	-
	Sub total	-	-	-	-
	Grand Total	689,111,111	612,500,987	76,610,124	88.9
Department of Gender Equality and Inclusivity Youth, sports, Talent Development, Cultural Heritage and Social Services					
Policy, Planning and- General Administration services	General Adminis- tration and Support Services	51,440,370	51,290,466	149,904	99.7
	Policy and Planning Services	3,000,000	2,500,000	500,000	83.3
	Sub total	54,440,370	53,790,466	649,904	98.8
Cultural and Creative Sector Development Services	Creative Economy Development Services	-	-	-	-
	Cultural Develop- ment andPromotion Services	8,000,000	8,000,000	-	100.0
	Sub total	8,000,000	8,000,000	-	100.0
Social Development and Empowerment Services	Gender and Women Empowerment	2,000,000	2,000,000	-	100.0
	Youth Empowerment	8,745,055	8,740,000	5,055	99.9
	Disability Main- streaming Services	1,000,000	1,000,000	-	100.0
	Sub total	11,745,055	11,740,000	5,055	100.0

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Management and De- velopment of Sports and Sports Facilities	Sports Infrastructure Development Services	122,874,174	102,241,196	20,632,978	83.2
	Sports Management and talent Develop- ment	23,000,000	15,605,106	7,394,894	67.8
	Sub total	145,874,174	117,846,302	28,027,872	80.8
	Grand Total	220,059,599	191,376,768	28,682,831	87.0
Department of Roads, Transport and Public Works and Infrastructure					
General Administration, Planning and Support Services	Human Resource and Support Services	67,171,180	67,086,474	84,706	99.9
	Roads and Transport Services Operations	5,789,893	5,780,274	9,619	99.8
	Sub total	72,961,073	72,866,748	94,325	99.9
Public works and Main- tenance services	Quality control an- dEnforcement	479,954	400,000	79,954	-
	Plant andMachinery maintenance	204,931	189,210	15,721	92.3
	Sub total	684,885	589,210	95,675	86.0
Road Development and Maintenance Services	Opening Grading andGravelling	400,000,000	395,253,861	4,746,139	98.8
	Road Maintenance	596,739,416	452,991,581	143,747,835	75.9
	Plant andMachinery	5,000,000		5,000,000	-
	Sub total	1,001,739,416	848,245,442	153,493,974	84.7
Transport Services	construction of Bus park	-	-	-	-
	Sub total	-	-	-	-
	Grand Total	1,075,385,374	921,701,400	153,683,974	85.7
Department of Blue Economy, Fisheries Mining andDigital Economy					
Blue Economy and Fisheries Resources and Development Services	Capture Fisheries and Development	6,000,000	5,906,939	93,061	98.4
	Aquaculture Develop- ment	5,278,225	4,000,000	1,278,225	75.8
	Sub total	11,278,225	9,906,939	1,371,286	87.8
ICT AndDigital Economy Development Services	ICT Infrastructure Development	16,846,500	2,000,000	14,846,500	11.9
	E-Commerce Services	10,200,000	1,450,536	8,749,464	14.2
	Sub total	27,046,500	3,450,536	23,595,964	12.8
General Administration, Planning and Support Services	Policy Development	16,017,386	15,943,556	73,830	-
	Personnel Remu- neration andWelfare Services	46,286,000	46,280,000	6,000	100.0
	Sub total	62,303,386	62,223,556	79,830	99.9
	Grand Total	100,628,111	75,581,031	25,047,080	75.1
Department of Education, Human Capital Development and Vocational Training					

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
General Administration and Quality Assurance Service	General administra- tion Services	14,805,135	1,000,000	13,805,135	6.8
	Quality Assurance Services	868,167,476	867,452,956	714,520	99.9
	Sub total	882,972,611	868,803,392	14,169,219	98.4
EYE and Vocational Training Services	EYE Services	83,365,000	62,328,882	21,036,118	74.8
	Vocational Training Services	25,372,155	16,144,827	9,227,328	63.6
	Sub total	108,737,155	78,473,709	30,263,446	72.2
ICT Services	Information Services	-	-	-	-
	ICT Infrastructure Development	2,300,000	-	2,300,000	-
	Sub total	2,300,000	-	2,300,000	-
	Grand Total	994,009,766	947,277,101	46,732,665	95.3
Department of Public Health and Medical Services					
Policy planning and administrative support service	Policy, Planning and- Monitoring Services	6,121,000	6,120,600	400	100.0
	Administrative Sup- port Services	2,124,092,337	2,123,891,428	200,909	100.0
	Sub total	2,130,213,337	2,130,012,028	201,309	100.0
Preventive and Promo- tive health services	Community health services	63,886,000	63,340,710	545,290	99.1
	Disease control services	250,000,000	249,890,124	109,876	100.0
	Facility infrastructure improvement services	25,198,704	24,710,867	487,837	
	Sub total	339,084,704	337,941,701	1,143,003	99.7
Curative and Rehabilita- tive health services	Routine medical health services	184,424,728	180,116,044	4,308,684	97.7
	Medical emergency response services	12,062,500	6,710,100	5,352,400	55.6
	Facility infrastructure improvement services	457,858,239	424,308,915	33,549,324	92.7
	Sub total	654,345,467	611,135,059	43,210,408	93.4
Research and develop- ment service	Research and surveillance services	-	-	-	-
	Capacity development services	3,000,000	-	3,000,000	-
	Sub total	3,000,000	-	3,000,000	-
	Grand Total	3,126,643,508	3,079,088,788	47,554,720	98.5
Department of Lands, Housing, Urban Development and physical Planning					

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
General Administration Services	General administra- tive support services	47,172,562	46,956,959	215,603	99.5
	Operation and Main- tenance Services	13,105,868	12,594,483	511,385	96.1
	General Office Infra- structure	1,540,377	558,046	982,331	36.2
	Sub total	61,818,807	60,109,488	1,709,319	97.2
Lands and physical planning	County spatial plan- ning	549,200	549,200	-	100.0
	Symbio City Change project	3,208,132	-	3,208,132	-
	Survey and Demarca- tion of Markets	-	-	-	-
	LandBanking	-	-	-	-
	Inventorization of public	-	-	-	-
	Preparation of Valua- tion roll	3,691,000	3,691,000	-	100.0
	Sub total	7,448,332	4,240,200	3,208,132	56.9
Housing and Urban Development	Housing improvement services	950,000	-	950,000	-
	Smart Settlement service AMBTC Pro- motion services	-	-	-	-
	Delineation and estab- lishment of Urban areas (Urban Institu- tional Grants)	-	-	-	-
	Slum Upgrading Pro- gramme KISIP	152,245,356	92,574,505	59,670,851	60.8
	Affordable housing programme	24,445,560	-	24,445,560	-
	Urban lakefront plan- ning and development	1,818,000	-	1,818,000	-
	Sub total	179,458,916	92,574,505	86,884,411	51.6
		248,726,055	156,924,193	91,801,862	63.1
Department of Trade, Tourism, Industrialization, and Enterprise Development					
Planning and adminis- trative services	Administrative and Support Services	168,834,653	168,830,215	4,438	100.0
	Policy Development and Implementation Services	4,100,000	3,966,796	133,204	96.8
	Sub total	172,934,653	172,797,011	137,642	99.9

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Trade, Cooperative and Entrepreneurship Development Service	Enterprise Development Services	-	-	-	-
	Cooperative Develop- ment and Promotion Services	-	-	-	-
	Trade Infrastructure Development Services	81,992,221	73,652,877	8,339,344	89.8
	Sub total	81,992,221	73,652,877	8,339,344	89.8
Tourism and Industrial Development Services	Value Chain Develop- ment Services	135,985,763	83,439,823	52,545,940	61.4
	Tourism Development	8,657,778		8,657,778	-
	Sub total	144,643,541	83,439,823	61,203,718	57.7
		399,570,415	329,889,711	69,680,704	82.6
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change					
General Administrative services	Administrative Sup- port Services	64,407,079	64,379,275	27,804	100.0
	Policy and Planning Services	60,282,410	60,193,904	88,506	99.9
	Sub total	124,689,489	124,573,179	116,310	99.9
Water Supply and man- agement Services	Urban Water Supply Services	7,955,456	7,955,456	-	100.0
	Rural Water Supply Services	99,725,484	94,168,168	5,557,316	94.4
	Maintenance of Water Supply Services	5,000,000	700,876	4,299,124	14.0
	Sub total	112,680,940	102,824,500	9,856,440	91.3
Energy Services	Electrical Power Services	7,175,559	7,175,559	-	100.0
	Solar Power Services	16,300,000	12,478,897	3,821,103	76.6
	Low-cost Energy Technological Promo- tional Services	-	-	-	-
		23,475,559	19,654,456	3,821,103	83.7
Environmental Protec- tion and management Services	Pollution and waste Management services	11,300,000	9,315,668	1,984,332	82.4
	Forestry Development Services	13,924,441	12,630,450	1,293,991	90.7
	Climate Change Services	16,000,000	16,000,000	-	100.0
	Sub total	41,224,441	37,946,118	3,278,323	92.0
Grand Total		302,070,429	284,998,253	17,072,176	94.3
Department of Finance and Economic Planning					

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
General administration and support services	Staff Remuneration and Welfare Support Services	445,371,905	445,307,971	63,934	100.0
	General Logistics, Co- ordination and Asset Management Services	89,141,604	89,141,201	403	100.0
	Devolution and Ser- vice Delivery Support Services	74,093,396	72,093,396	2,000,000	97.3
	Sub total	608,606,905	606,542,568	2,064,337	99.7
Planning, budgeting and development coordina- tion services	Economic planning and development services	10,443,600	10,423,600	20,000	99.8
	Resource allocation services	10,143,100	9,300,130.0	842,970	91.7
	Public Participation facilitation services	30,000,000	30,000,000.0	-	100.0
	Sub total	50,586,700	49,723,730	862,970	98.3
Strategy and Service delivery management services	Monitoring and Evaluation services	-	-	-	-
	Strategy and Service delivery improvement services	-	-	-	-
	Sub total	-	-	-	-
Resource mobilisation services	External Resources Mobilization Services	11,080,000	10,500,000	580,000	94.8
	Internal Revenue Generation Services	11,150,858	10,599,982	550,876	95.1
	Sub total	22,230,858	21,099,982	1,130,876	94.9
Financial management services	Accounting and Finan- cial Reporting Services	22,000,000	21,964,200	35,800	99.8
	Audit and Advisory Services	6,000,000	4,500,000	1,500,000	75.0
	Emergency Manage- ment Services	46,621,100	44,380,064	2,241,036	95.2
	Sub total	74,621,100	70,844,264	3,776,836	94.9
	Grand Total	756,045,563	748,210,544	7,835,019	99.0
Executive Office of the Governor					
Public Service Adminis- tration support services	Human resource management and de- velopment services	503,188,550	502,992,012	196,538	100.0
	Planning and Monitor- ing Services	2,000,000	1,590,125	409,875	79.5
	Legal Services	5,000,000	5,000,000	-	100.0
	Sub total	510,188,550	509,582,137	606,413	99.9

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Governance and coordination services	Executive management and liaison services	181,982,096	181,792,185	189,911	99.9
	Field coordination and Administration services	14,000,000	13,915,357	84,643	99.4
	Sub total	195,982,096	195,707,542	274,554	99.9
Strategy and Service delivery improvement services	Strategy and advisory services	10,000,000	7,528,200	2,471,800	75.3
	Efficiency monitoring services	10,000,000	9,045,216	954,784	90.5
	Information and communication services	6,150,000	5,957,505	192,495	96.9
	Disaster management services	-	-	-	-
	Compliance and management services	-	-	-	-
Communication and Public Engagement	Sub total	26,150,000	22,530,921	3,619,079	86.2
	Communication and Information Services	14,662,331	12,837,862	1,824,469	87.6
	Public Participation and Stakeholder Management services	2,000,000		2,000,000	-
	Inter-governmental Relations and Liaison Services	5,000,000	4,981,250	18,750	99.6
	Sub total	21,662,331	17,819,112	3,843,219	82.3
Field Administration and Devolution Support Services	Field Administration and Coordination Services	45,248,669	42,850,125	2,398,544	94.7
	Devolution Support Services	2,000,000		2,000,000	
	Disaster and Human Services	14,000,000	14,000,000	-	
	Sub total	61,248,669	56,850,125	4,398,544	92.8
	Grand Total	815,231,646	802,489,837	12,741,809	98.4
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	3,167,850	3,160,000	7,850	99.8
	Administrative Support Services	64,013,752	63,999,849	13,903	100.0
	Facility Improvement & Capacity Strengthening Services	-	-	-	-
	Sub total	67,181,602	67,159,849	21,753	100.0

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Personnel Sourcing and management Services	Recruitment, Selection andDeployment Services	10,798,302	10,797,419	883	100.0
	Human Resource Advisory Services	3,665,000	3,665,000	-	100.0
	Capacity Development Services	1,014,924	1,000,000	14,924	98.5
	Sub total	15,478,226	15,462,419	15,807	99.9
Performance Manage- ment Services	Performance Con- tracting andAppraisal Services	7,500,000	7,490,125	9,875	99.9
	Performance En- hancement Services	6,000,000	5,987,278	12,722	99.8
	Sub total	13,500,000	13,477,403	22,597	99.8
	Grand Total	96,159,828	96,099,671	60,157	99.9
County Assembly Service Board					
Legislative Services	Members welfare Support services	273,108,870	273,108,720	150	100.0
	Legislative develop- ment andapproval services	245,045,286	225,240,824	19,804,462	91.9
	Sub total	518,154,156	498,349,544	19,804,612	96.2
Oversight andControl Services	Capacity building services	7,000,000	7,000,000	-	100.0
	Report writing ser- vices	22,000,000	22,000,000	-	100.0
	Public participation and Education services	11,000,000	11,000,000	-	100.0
	Sub total	40,000,000	40,000,000	-	100.0
Ward Representation Services	Staff welfare support services	66,628,836	66,628,836	-	100.0
	Ward operations and Maintenance	17,284,320	17,284,320	-	100.0
	Sub total	83,913,156	83,913,156	-	100.0
Policy, Planning and administrative	Administrative sup- port services	297,124,937	279,413,440	17,711,497	94.0
Support Services	Financial Management Services	176,430,938	176,430,938	-	100.0
	Assembly Infrastruc- ture Development Services	82,254,927	48,574,881	33,680,046	59.1
	Sub total	555,810,802	504,419,259	51,391,543	90.8
	Grand Total	1,197,878,114	1,126,681,959	71,196,155	94.1
Homa Bay Municipal Board					
Policy, Planning, Gen- eral Administration and Support Services	Policy and Planning Services	-	-	-	-
	Administration and Support Services	27,969,896	26,975,938	993,958	96.4
	Sub total	27,969,896	26,975,938	993,958	96.4

Programme	Sub- Programme	Approved Estimates (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variance	Absorption rate (%)
Urban development services	Land Use Planning and management	-	-	-	-
	Infrastructure Development Services	29,624,783	16,134,530	13,490,253	54.5
	Environmental Management Services	-	-	-	-
	Sub total	29,624,783	16,134,530	13,490,253	54.5
	Grand Total	57,594,679	43,110,468	14,484,211	74.9
Grand Total		10,079,114,198	9,415,580,275	663,533,923.00	93.4

Source: Homa Bay County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Cultural and Creative Sector Development Services and Social Development and Empowerment Services in the County Department of Gender Equality and Inclusivity Youth, sports, Talent Development, cultural Heritage and Social Services at 100 per cent; Policy planning and administrative support service in the Department of Public Health and Medical Services at 100 per cent and Ward Representation Services and Oversight and Control Services in the County Assembly Service Board at 100 per cent of budget allocation.

3.8.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 31st July, 2022.
2. Huge pending bills amounting to Kshs.1.03 billion as of 30th June 2023. The reported pending bills include those accumulated in FY 2022/23.
3. A high wage bill, which accounted for 46.0 per cent of the annual realised revenue of Kshs.9.46 billion in FY 2022/23, thus constraining funding to other programmes.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.738.04 million were processed through the manual payroll, accounting for 16.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

4. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

3.9 County Government of Isiolo

3.9.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.6.46 billion, comprising Kshs.2.08 billion (32.2 per cent) and Kshs.4.38 billion (67.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 1.5 per cent compared to the previous financial year when the approved budget was Kshs.6.37 billion and comprised of Kshs.2.2 billion towards development expenditure and Kshs.4.17 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.4.17 billion (72.9 per cent) as the equitable share of revenue raised nationally, Kshs.503.96 million (7.8 per cent) as additional allocation, a cash balance of Kshs.1.06 billion (16.5 per cent) from FY 2021/22, and generate Kshs.180.4 million (2.8 per cent) as own-source revenue. A breakdown of the additional allocation is provided in Table 3.57.

The cash balance from the previous financial year comprises Kshs.513.01 million from unspent additional allocation and Kshs.552.95 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.9.2 Revenue Performance

In FY 2022/23, the County received Kshs.4.71 billion as the equitable share of the revenue raised nationally, Kshs.0.89 million as A-I-A, and Kshs.387.30 million as additional allocation, had a cash balance of Kshs.1.07 billion from FY 2021/22, and raised Kshs.151.81 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.32 billion, as shown in Table 3.57.

Table 3.57: Isiolo County, Revenue Performance in FY 2022/23

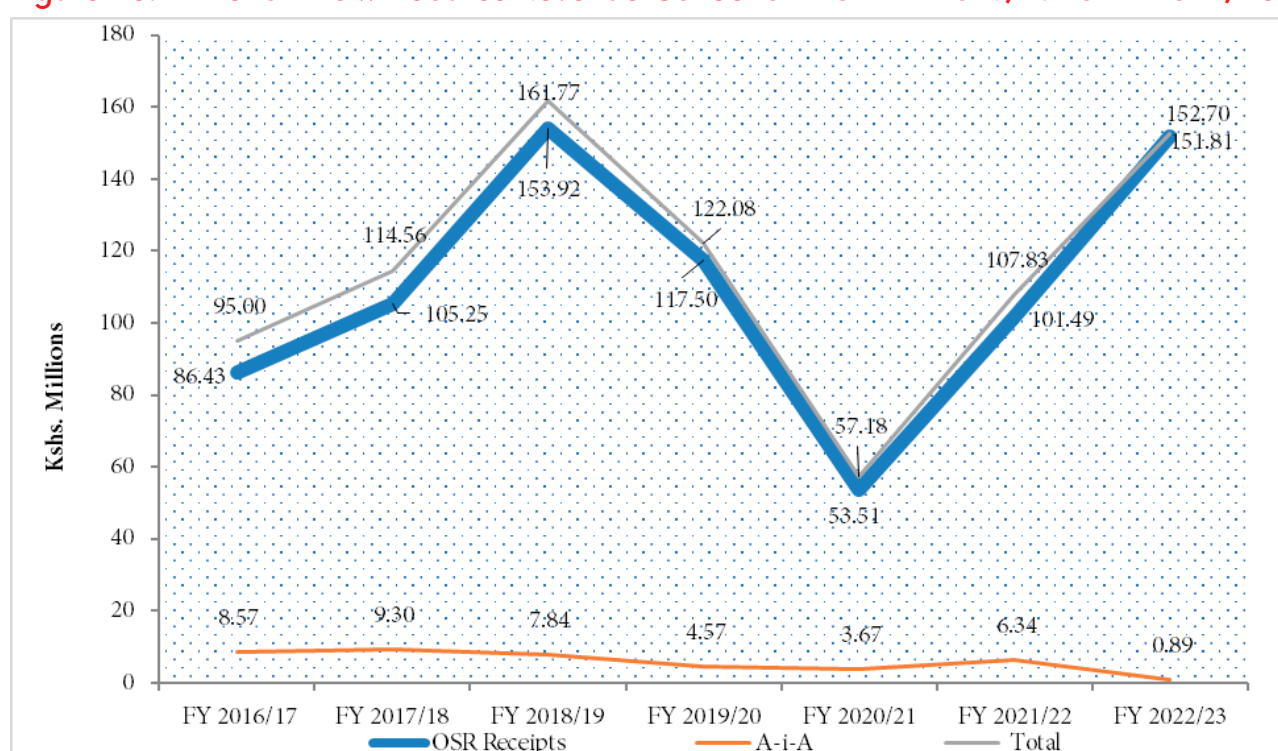
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	4,710,388,265	4,710,388,265	100.0
Subtotal		4,710,388,265	4,710,388,265	100.0
B	Additional allocation			
1.	Current Grants from Foreign Governments -Danida	13,642,875	9,734,622	71.4
2.	Climate Smart Agricultural Project World Bank	259,805,034	259,805,034	100.0
3.	Financing Locally led climate action World Bank	22,000,000	22,000,000	100.0
4.	World Bank - Emergency locust response	84,469,550	82,424,093	97.6
5.	Sweden Agricultural Sector Development Support Programme (ASDSP)	19,697,797	11,000,000	55.8
6.	Isiolo County KUSP Account UIG World Bank	2,339,915	2,339,915	100.0
7.	Supplement for Construction of County Headquarters	102,000,000		0.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Subtotal		503,955,171	387,303,664	76.9
C	Other Sources of Revenue			
1.	Own Source Revenue	178,097,913	151,805,623	85.2
2.	Balance b/f from FY2021/22	1,065,889,993	1,065,889,993	100.0
3.	AIA	2,373,785	894,555	37.7
Sub Total		1,246,361,691	1,218,590,171	97.8
Grand Total		6,460,705,127	6,316,282,101	97.8

Source: Isiolo County Treasury

Figure 25 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

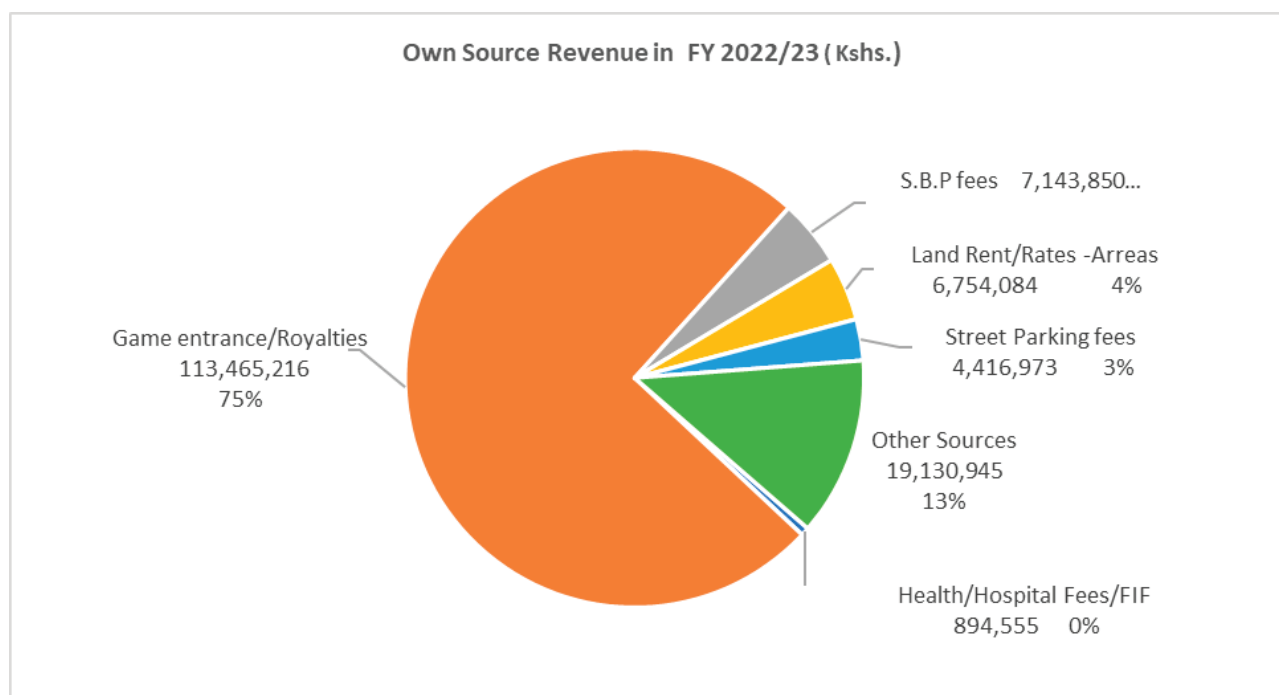
Figure 25: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Isiolo County Treasury

In FY 2022/23, the County generated a total of Kshs.152.70 million from its sources of revenue. That is Kshs.0.89 million from the health sector and Kshs.151.81 from other OSR Streams. This amount represented an increase of 41.6 per cent compared to Kshs.107.83 million realised in a similar period in FY 2021/22. It was 84.6 per cent of the annual target and 3.2 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.8.33 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 26.

Figure 26: Top Streams of Own Source Revenue in FY 2022/23



Source: Isiolo County Treasury

The highest revenue stream of Kshs.113.47 million was from Game entrance/Royalties, contributing to 75 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.0.89 million in FY 2022/23.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.74 billion from the CRF account during the reporting period. The amount comprised Kshs.1.38 billion (24.1 per cent) for development programmes and Kshs.4.35 billion (75.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.2.38 billion was released towards Employee Compensation, and Kshs.1.97 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.15.74 million.

3.9.4 County Expenditure Review

The County spent Kshs.5.49 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.7 per cent of the total funds released by the CoB and comprised Kshs.1.46 billion and Kshs.4.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 70.2 per cent. In contrast, recurrent expenditure represented 92 per cent of the annual recurrent expenditure budget.

3.9.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.511 million. During the year, pending bills amounting to Kshs.66.41 million were settled. Therefore, as of 30th June 2023, the outstanding amount was Kshs.435.79 million. The pending bill's report submitted by the county treasury did not disaggregate them into recurrent and development expenditures.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.80 billion on employee compensation, Kshs.1.79 billion on operations and Maintenance , and Kshs.1.3 billion on development activities. Similarly, the County Assembly spent Kshs.247.67 million on employee compensation, Kshs.196.86 million on operations and Maintenance , and Kshs.149 million on development activities, 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	3,929,264,060	448,252,680	3,582,842,585	444,536,657	91.2	99.2
Compensation to Employees	1,947,073,356	247,673,202	1,796,717,147	247,673,202	12.7	-
Operations and Maintenance	1,982,190,704	200,579,478	1,786,125,438	196,863,455	9.9	-
Development Expenditure	1,934,188,387	149,000,000	1,313,406,427	149,000,000	67.9	100.0
Total	5,863,452,447	597,252,680	4,896,249,012	593,536,657	83.5	99.4

Source: Isiolo County Treasury

3.9.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.04 billion, or 32.4 per cent of the revenue for FY 2022/23 of Kshs.6.32 billion. This expenditure represented an increase from Kshs.1.63 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.971.10 million paid to health sector employees, translating to 47.5 per cent of the total wage bill. The increase in wage bill as compared to the previous FY may be associated with the payment of June 2022 salary arrears in the FY 2022/23.

Further analysis indicates that PE costs amounting to Kshs.2.11 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.30.24 million was processed through manual payrolls. The manual payrolls accounted for 1.4 per cent of the total PE cost.

The County Assembly spent Kshs.9 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.9 million. The average monthly sitting allowance was Kshs.41,684 per MCA. The County Assembly has established 12 Committees.

3.9.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.253.87 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 3.59 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.59: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
	Scholarships and other Educational Benefits - Tertiary Education	50,000,000	35,000,000	50,000,000	No
	Emergency Fund	110,000,000	82,500,000	89,200,000	Yes
County Assembly Established Funds					
	Car Loans to MCAs	39,870,000	39,816,000	39,870,000	
	House loans to Members of Parliament and their staff	54,000,000	54,000,000	54,000,000	Yes
	Total	253,870,000	211,316,000	233,070,000	

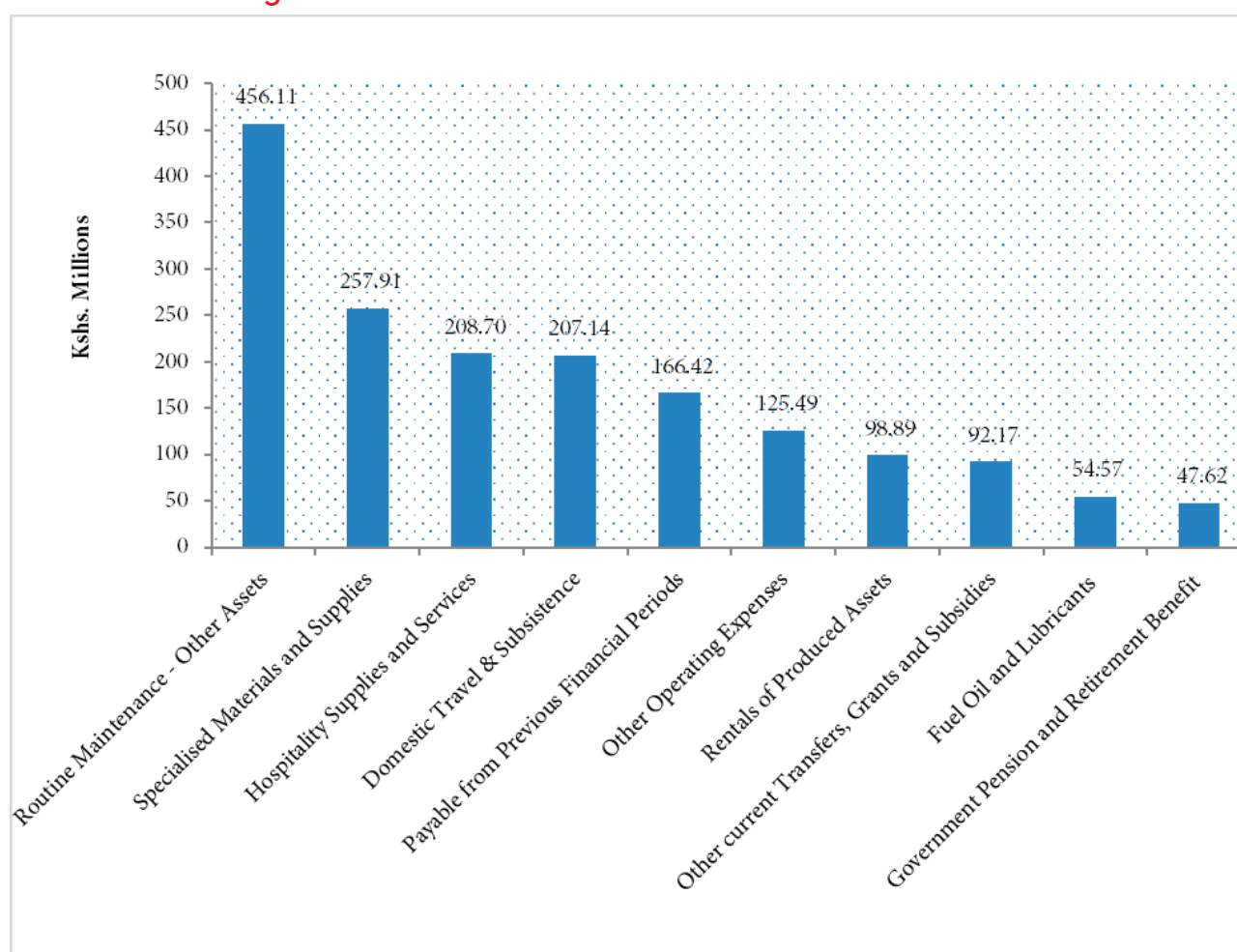
Source: Isiolo County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the Scholarships and other Educational Benefits fund, as indicated in Table 3.59, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.9.9 Expenditure on Operations and Maintenance

Figure 27 summarises the Operations and Maintenance expenditure by major categories.

Figure 27: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: Isiolo County Treasury

During the period, expenditure on domestic travel amounted to Kshs.207.14 million and comprised Kshs.77.14 million spent by the County Assembly and Kshs.130 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.33 million, all by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.60 below; -

Table 3.60: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel(Kshs.)
County Executive	2	2 nd to 15 th Feb 2023	Facilitation to attend training in Galilee	Galilee	3,182,210
County Executive	2	23 rd to 28 th Oct 2022	Allowance to attend Botswana for official duties	Botswana	786,760

Source: Isiolo County Treasury

3.9.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.46 billion on development programmes, representing an increase of 24.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.17 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.61: Isiolo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Municipality	*Construction of modern market	Bulapesa	545,211,810		305,060,250	60
2	Finance, Special Programme and Economic Planning	**Emergency Fund	All wards		110,000,000	110,000,000	100
3	Agriculture, Livestock and Fisheries	*Isiolo Export Abattoir		651,000,000	-	72,766,147	70
4	Agriculture, Livestock and Fisheries	*Parkuruk Range Rehabilitation Project	Oldonyiro	34,194,405	-	42,000,000	100
5	Municipality	*Provision of Rehabilitation and Supply, installation of Isiolo streetlight (s) And 3 No. High flood mast lights with/construction of 200-meter road through Cabro works within Isiolo/garbage truck	Wabera and-Bulapesa	49,121,400	-	37,900,000	70
6	Agriculture, Livestock and Fisheries	Bulesa Kayo Irrigation Scheme	Chari	41,703,959	730,479,617	37,887,584	90
7	Finance, Special Programme and Economic Planning	Construction of KDSP Accident and Emergency	Isiolo County Referral Hospital	90,000,000	90,000,000	34,526,305	40
8	Agriculture, Livestock and Fisheries	*Livestock vaccination	All wards	29,911,060	-	29,911,060	100
9	Agriculture, Livestock and Fisheries	*Malka Daka Irrigation and Water Project	Garbatula	41,850,139	-	28,618,799	100
10	Agriculture, Livestock and Fisheries	*Sukuma integrated community project	Garamara	24,727,972	-	24,661,954	100

Source: Isiolo County Treasury

3.9.11 Budget Performance by Department

Table 3.62 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.62: Isiolo County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	448.25	149	444.54	149	444.54	149	100	100	99.2	100
County Executive Sector Governor's Office, deputy governor's office, County Secretary, CPSB delivery unit	492.25	-	485.38	-	487.04	-	100.3	-	98.9	-
County Treasury and Economic Planning and Special Programmes and ICT economic planning and cohesion	1016.42	505.37	1016.42	335.83	824.4	245.82	81.1	73.2	81.1	48.6
Lands, Urban Planning, Roads, Housing and Public Works	53.99	120.01	53.82	119.59	48.48	110.29	90.1	92.2	89.8	91.9
Agriculture, Livestock, Veterinary and Fisheries	190.12	885	190.12	558.05	179.82	604.99	94.6	108.4	94.6	68.4
Education, Youth, Sports, and gender, Culture and Social Services	283.01	44.01	282	-	245.43	31.93	87.0	-	86.7	72.6
Tourism and Trade and Public Service Management	359.64	15	358.38	-	325.77	15.99	90.9	-	90.6	106.6
Water, Energy, Environment and Natural Resources Management	83.18	146.3	77.42	111.48	65.1	135.34	84.1	121.4	78.3	92.5
Health services	1,384.98	80.62	1,383.29	-	1,359.57	64.96	98.3	-	98.2	80.6
Municipal Administration	65.68	137.89	61.51	109.62	47.23	104.07	76.8	94.9	71.9	75.5
	4,377.52	2,083.19	4,352.88	1,383.57	4,027.38	1,462.41	92.5	105.7	92.00	70.2

Source: Isiolo County Treasury

Analysis of expenditure- by department shows that the Department of Tourism and Trade and Public Service Management recorded the highest absorption rate of development budget at 106.6 per cent, followed by the County Assembly at 100 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.2 per cent, while the Department of Municipal Administration had the lowest at 71.9 per cent.

3.9.12 Budget Execution by Programmes and sub-programmes

Table 3.63 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.63: Isiolo County, Budget Execution by Programmes and sub-programmes

Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly						
Legislative service	448,252,680.00	-	444,536,657	-	99.0	-
Infrastructure support	-	149,000,000	-	149,000,000	-	100.0
Sub Total	448,252,680	149,000,000	444,536,657	149,000,000	99.2	100.0
County Executive Sector Governor's Office, deputy governor's office, County Secretary, CPSB delivery unit						
Office of Governors	345,042,083	-	350,482,758	-	101.6	-
County Public Service Board	59,282,755	-	56,977,787	-	96.1	-
County Secretary	46,322,234	-	43,367,588	-	93.6	-
Delivery Unit	16,900,583	-	16,501,586	-	97.6	-
Deputy Governor	24,700,000	-	19,711,339	-	79.8	-
Sub Total	492,247,655	-	487,041,058	-	98.9	-
County Treasury and Economic Planning and Special Programmes and ICT economic planning and cohesion						
Finance	541,848,597	392,618,179	385,009,543	153,874,350	71.1	39.2
Special program	372,237,996	110,000,000	344,228,799	89,200,000	92.5	81.1
Economic planning	69,429,453	2,748,300	64,582,992	2,748,300	93.0	100.0
Cohesion	32,904,640	-	30,579,776	-	92.9	0.0
Sub Total	1,016,420,686	505,366,479	824,401,110	245,822,650	81.1	48.6
Lands, Urban Planning, Roads, Housing and Public Works						
lands and physical planning	20,235,000	9,000,000	19,082,491	8,971,369	94.3	99.7
Roads, Housing and Public Works	13,952,120	111,011,424	11,488,794	101,323,199	82.3	91.3
Public Works	19,805,068	-	17,905,986	-	90.4	0.0
Sub Total	53,992,188	120,011,424	48,477,271	110,294,568	89.8	91.9
Agriculture, Livestock, Veterinary and Fisheries						
Agriculture	54,009,377	869,936,385	52,686,387	590,170,830	97.6	67.8

Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev
Livestock, Veterinary and Fisheries Development	136,112,775	15,060,151	127,129,281	14,817,000	93.4	98.4
Sub Total	190,122,152	884,996,536	179,815,668	604,987,830	94.6	68.4
Education, Youth, Sports, and gender, Culture and Social Services						
Education and Vocational Training	242,791,884	17,365,185	224,058,058	6,500,000	92.3	37.4
Youth, Sports and gender	22,256,827	18,644,759	14,643,881	17,438,629	65.8	93.5
Culture and Social Services	17,958,319	7,996,047	6,728,615	7,996,047	37.5	100.0
Sub Total	283,007,030	44,005,991	245,430,554	319,346,766	86.7	72.6
Tourism and Trade and Public Service Management						
Tourism	143,076,830	12,000,000	141,910,594	12,993,960	99.2	108.3
Trade and Enterprise	24,666,387	-	24,053,335	-	97.5	0.0
Public Service Management	191,893,778	3,000,000	159,804,826	2,999,850	83.3	100.0
Sub Total	359,636,995	15,000,000	325,768,755	15,993,810	90.6	106.6
Water, Energy, Environment and Natural Resources Management						
Water and Irrigation	59,719,387	116,491,804	42,959,500	115,367,423	71.9	99.0
Environment and Natural Resource Management	23,457,030	29,806,983	22,143,601	19,974,000	94.4	67.0
Sub Total	83,176,417	146,298,787	65,103,101	135,341,423	78.3	92.5
Health services						
Medical Services	1,371,432,068	80,618,990	1,346,023,439	64,962,932	98.1	80.6
Public Health Headquarters	13,550,000	-	13,548,240	-	100.0	-
Sub Total	1,384,982,068	80,618,990	1,359,571,679	64,962,932	98.2	80.6
Municipal Administration						
Municipal Administration	65,678,869	137,890,180	47,233,389	104,068,538	71.9	75.5
Sub Total	65,678,869	137,890,180	47,233,389	104,068,538	71.9	75.5
Grand Total	4,377,516,740	2,083,188,387	4,027,379,242	1,462,406,427	92.0	70.2

Source: Isiolo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Tourism and Trade and Public Service Management in the Department of Tourism at 108.3 per cent, County Treasury and Economic Planning and Special Programme and ICT Economic Planning and Cohesion in the Department of Economic Planning at 100 per cent, Lands, Urban Planning, Roads, Housing and

Public Works in the Department of lands and physical planning at 99.7 per cent, and Education, Youth, Sports, and Gender, Culture and Social Services in the Department of culture and social services at 100 per cent of budget allocation.

3.9.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The County Treasury presented reports to the OCoB on 6th August 2023 for the County Executive and on 11th August 2023 for the County Assembly.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.62, where the County incurred expenditure over approved exchequer issues in some departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Scholarships and other Educational Benefits Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.435.79 million as of 30th June 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.30.24 million were processed through the manual payroll, accounting for 1.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.10 County Government of Kajiado

3.10.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.10.67 billion, comprising Kshs.3.19 billion (29.9 per cent) and Kshs.7.48 billion (70.1 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 3.2 per cent compared to the previous financial year when the approved budget was Kshs.11.02 billion and comprised of Kshs.3.57 billion towards development expenditure and Kshs.7.45 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.59 billion (81.3 per cent) as the equitable share of revenue raised nationally, Kshs.223.42 million (2.1 per cent) as conditional grants, a cash balance of Kshs.8.93 million (0.1 per cent) from FY 2021/22, and generate Kshs.1.74 billion (16.5 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.64.

3.10.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.59 billion as the equitable share of the revenue raised nationally, Kshs.137.14 million as conditional grants, had a cash balance of Kshs.8.93 million from FY 2021/22 and raised Kshs.875.28 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.9.61 billion, as shown in Table 3.64.

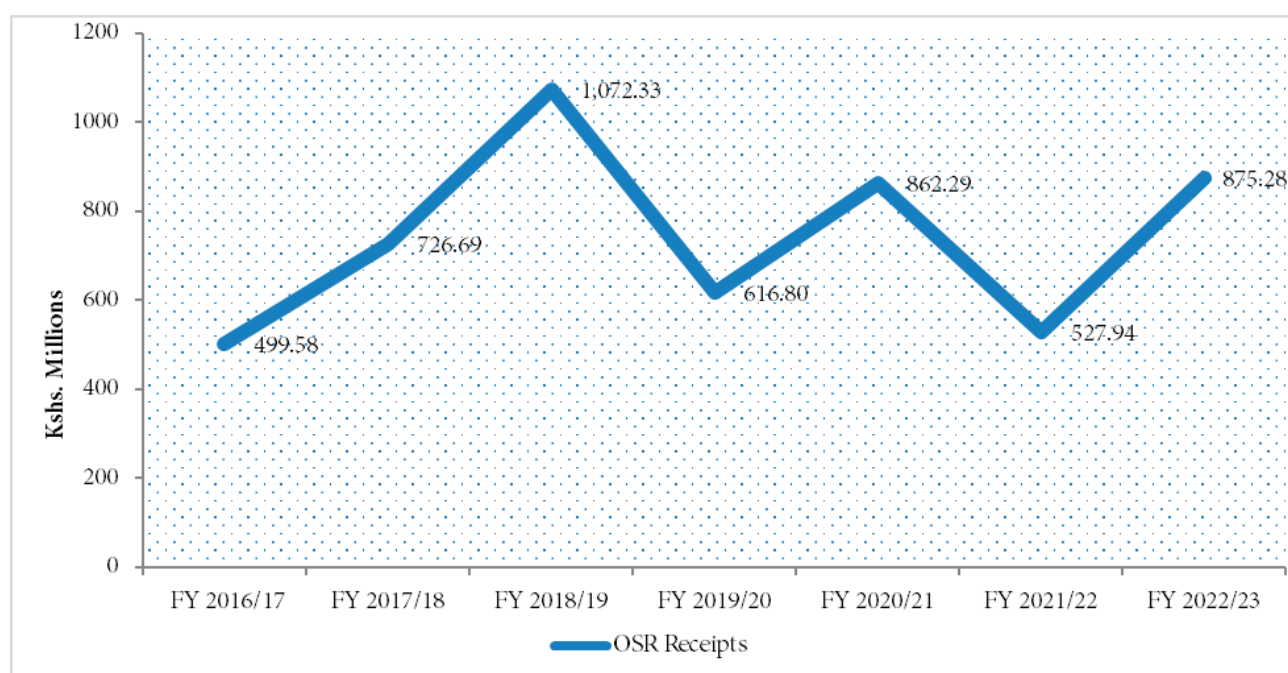
Table 3.64: Kajiado County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,591,149,690	8,591,149,690	100
	Subtotal	8,591,149,690	8,591,149,690	100
B	Conditional Grants			
1.	DANIDA - Donor Funding (PHC)	13,176,775	20,135,063	152.8
2.	Nutrition International Grants	10,756,300	9,998,800	93.0
3.	KCSAP (World Bank) -Grants to finance climate change interventions	168,353,217	75,231,220	44.7
4.	Agricultural Sector Development Support Programme	9,134,197	9,772,303	107.0
5.	World Bank Credit to Finance Locally-Led Climate Action Program, (FLLoCA)	22,000,000	22,000,000	100.0
	Subtotal	223,420,489	137,137,386	61.4
C	Other Sources of Revenue			
6.	Own Source Revenue	1,743,946,728	875,281,130	50.2
7.	Unspent balance from FY 2021/22	8,927,769	8,927,769	100.0
	Sub Total	1,752,874,497	884,208,899	50.4
Grand Total		10,567,444,676	9,612,495,975	91.0

Source: Kajiado County Treasury

Figure 28 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

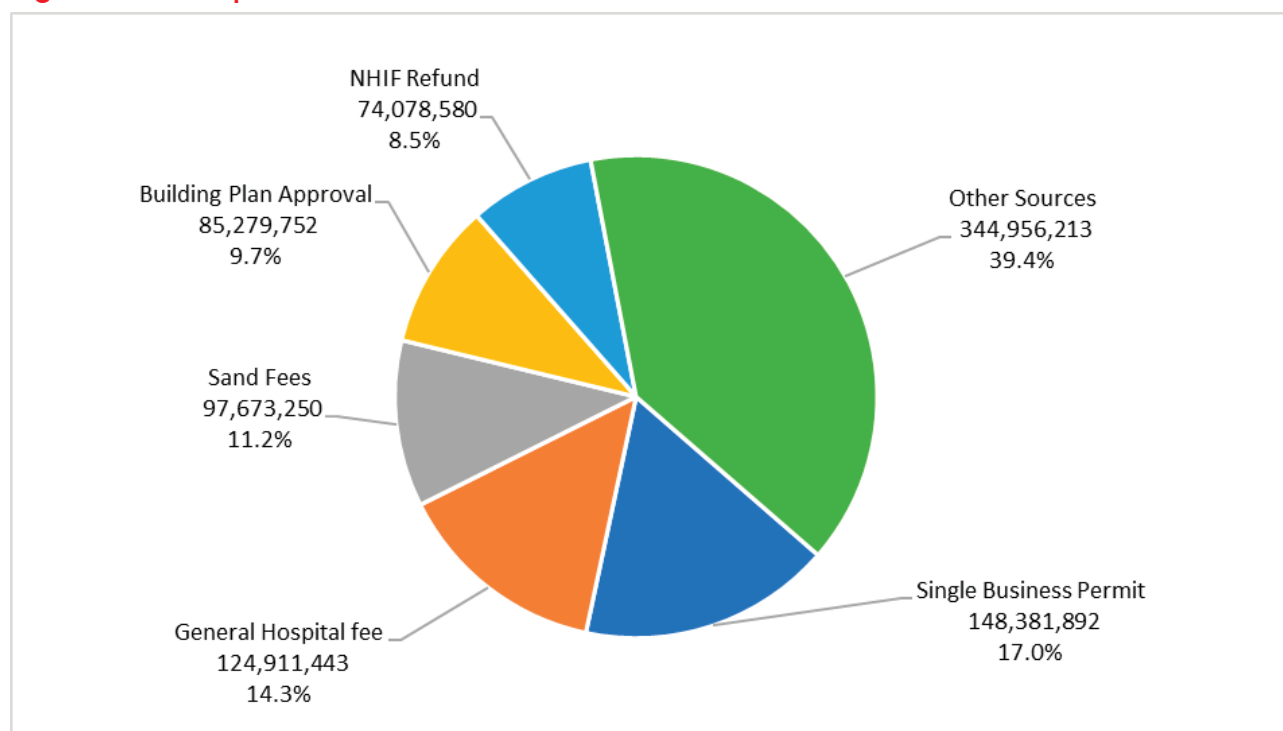
Figure 28: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kajiado County Treasury

In FY 2022/23, the County generated a total of Kshs.875.28 million from its sources of revenue. This amount represented an increase of 65.8 per cent compared to Kshs.527.94 million realised in FY 2021/22 and was 50.2 per cent of the annual target and 10.2 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 29.

Figure 29: Top Streams of Own Source Revenue in FY 2022/23



Source: Kajiado County Treasury

The highest revenue stream of Kshs.148.38 million was from the Single Business Permit contributing to 17.0 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.124.91 million representing 14.3 per cent of the overall OSR in FY 2022/23.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.43 billion from the CRF account during the reporting period. The amount comprised Kshs.2.01 billion (21.3 per cent) for development programmes and Kshs.7.42 billion (78.7 per cent) for recurrent programmes.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.187.50 million.

3.10.4 County Expenditure Review

The County spent Kshs.9.52 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.0 per cent of the total funds released by the CoB and comprised of Kshs.2.41 billion and Kshs.7.11 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 75.5 per cent. In contrast, recurrent expenditure represented 95.1 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.10 billion, comprising of Kshs.534.78 million for recurrent expenditure and Kshs.1.57 billion for development activities. During the year, pending bills amounting to Kshs.785.97 million were settled, consisting of Kshs.36.97 million for recurrent expenditure and Kshs.749.00 million for development programmes. The outstanding pending bills as of 30th June 2023, was Kshs.1.32 billion.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.31 billion on employee compensation, Kshs.1.92 billion on operations and maintenance, and Kshs.2.36 billion on development activities. Similarly, the County Assembly spent Kshs.298.87 million on employee compensation, Kshs.582.00 million on operations and maintenance, and Kshs.52.26 million on development activities, as shown in Table 3.65.

Table 3.65: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Execu- tive	County As- sembly	County Ex- ecutive	County As- sembly
Total Recurrent Expenditure	6,495,649,397	945,846,117	6,226,679,349	880,869,172	95.9	93.1
Compensation to Employees	4,344,758,282	298,870,564	4,305,013,843	298,870,564	99.1	100.0
Operations and Maintenance	2,150,891,115	646,975,553	1,921,665,506	581,998,608	89.3	90.0
Development Expenditure	3,092,252,614	100,000,000	2,359,314,989	52,255,904	76.3	52.3
Total	9,587,902,011	1,045,846,117	8,585,994,338	933,125,076	89.6	89.2

Source: Kajiado County Treasury

3.10.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.60 billion, or 47.9 per cent of the revenue for FY 2022/23 of Kshs.9.61 billion. This expenditure represented an increase from Kshs.3.71 billion reported in FY 2021/22. The wage bill included Kshs.1.77 billion paid to health sector employees, translating to 38.4 per cent of the total wage bill.

The County Assembly spent Kshs.6.24 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.6.24 million. The average monthly sitting allowance was Kshs.12,381 per MCA. The County Assembly has established 20 Committees.

3.10.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.645 million to county-established funds in FY 2022/23, constituting 6 per cent of the County's overall budget. Table 3.66 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.66: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expen- diture for FY 2022/23 (Kshs.)	Submission of Finan- cial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Grants for Management of Natural Disasters (Emergency Fund)	180,000,000	180,000,000	-	No.
2.	Bursary Fund - Scholarships and Other Educational Benefits	175,000,000	175,000,000	-	No.
3.	Microfinance -Disability Fund programme	10,000,000	5,000,000	-	No.
4.	Kajiado County Executive Car Loans & Mortgage Fund	30,000,000	30,000,000	-	No.
5.	Microfinance - Youth & Women Enterprise Fund	10,000,000	10,000,000	-	No.
County Assembly Established Funds					
1.	Car Loans and Mortgage Fund	240,000,000	175,000,000	-	No.
	Total	645,000,000	575,000,000		

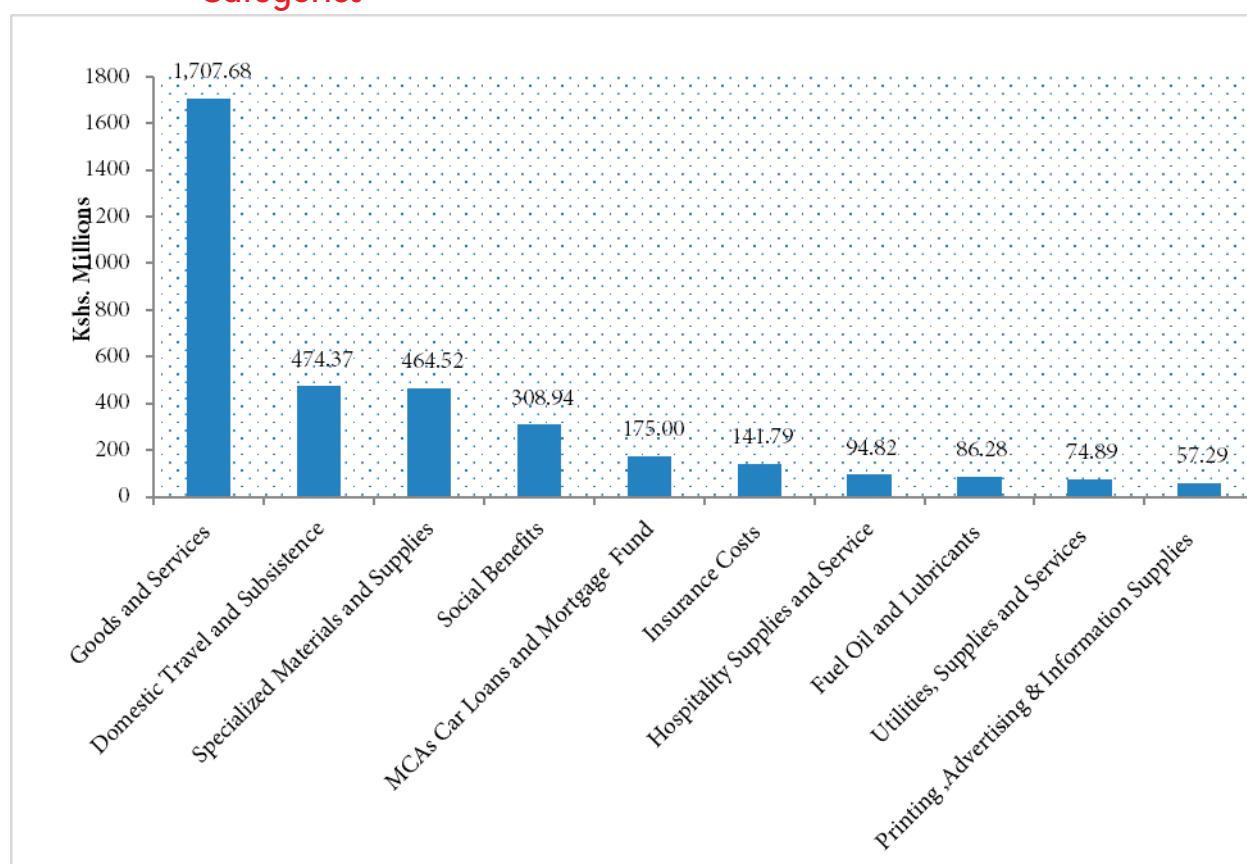
Source: Kajiado County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the established funds as indicated in Table 3.66, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.10.9 Expenditure on Operations and Maintenance

Figure 30 summarises the Operations and Maintenance expenditure by major categories.

Figure 30: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: Kajiado County Treasury

During the period, expenditure on domestic travel amounted to Kshs.498.67 million and comprised Kshs.166.03 million spent by the County Assembly and Kshs.308.34 million by the County Executive. Expenditure on foreign travel amounted to Kshs.40.99 million and comprised Kshs.18.55 million by the County Assembly and Kshs.22.44 million by the County Executive. The County government did not provide a detailed report on the foreign travel.

3.10.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.41 billion on development programmes, representing an increase of 13.8 per cent compared to FY 2021/22 when the County spent Kshs.2.12 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.67: Kajiado County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation Status (%)
1	Agriculture, Livestock, Veterinary Services and Fisheries	Oldirkish Earth Dam	Kenyawaka Poka	18,380,780	16,542,702	90.0
2	Roads, Transport, Public Works, Housing and Energy	Oloilelai Oltepesi Road	Imaroro	13,563,300	13,563,300	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Amount paid to date (Kshs)	Implementation Status (%)
3	Roads, Transport, Public Works, Housing and Energy	Tropicana Baraka Old Namanga Capital Hill Road	Kitengela	13,434,192	13,434,192	100.0
4	Roads, Transport, Public Works, Housing and Energy	Sultan Hamud Road	Kenyawa Poka	13,429,204	13,429,204	100.0
5	Roads, Transport, Public Works, Housing and Energy	Oldorko Oldepe Road	Mosiro	13,407,686	13,406,700	100.0
6	Medical Services, Public Health & Sanitation	Renovation of Mortuary at Rongai Sub County Hospital	Ongata Rongai	13,051,143	10,410,548	79.8
7	Roads, Transport, Public Works, Housing and Energy	Enkasiti Birika Road	Kitengela	9,006,240	9,006,240	100.0
8	Roads, Transport, Public Works, Housing and Energy	Olerai Road	Ildamat	9,000,002	9,000,002	100.0
9	Roads, Transport, Public Works, Housing and Energy	Oldorko Oloosokon road	Mosiro	8,987,100	8,986,636	100.0
10	Water, Irrigation, Environment and Natural Resources	Equipping of Napukudet Borehole	Imaroro	8,516,403	8,516,403	100.0

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 3.68 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.68: Kajiado County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	220.44	10.22	220.16	3.60	211.12	10.22	95.9	283.9	95.8	100.0
County Public Service Board	110.47	-	110.38	-	85.47	-	77.4	-	77.4	-
Medical Services, Public Health & Sanitation	2,347.09	434.63	2,347.08	202.90	2,331.54	199.14	99.3	98.2	99.3	45.8
Water, Irrigation, Environment and Natural Resources	214.07	242.80	214.07	161.66	188.91	198.73	88.2	122.9	88.2	81.8
Roads, Transport, Public Works, Housing and Energy	176.96	390.50	176.96	96.65	173.69	387.29	98.2	400.7	98.2	99.2

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service, Administration and Citizen Participa- tion	1,011.02	98.39	1,010.95	77.60	985.85	38.20	97.5	49.2	97.5	38.8
Finance, Economic Planning and ICT	805.50	1,325.74	805.39	1,032.83	738.56	1,082.09	91.7	104.8	91.7	81.6
Lands, Physical Planning and Ur- ban Development	127.37	83.93	127.36	17.56	122.45	49.96	96.1	284.5	96.1	59.5
Education, Youth and Sports	576.70	340.20	576.60	231.83	568.96	238.23	98.7	102.8	98.7	70.0
Gender, Social Services, Culture & Tourism And Wildlife	70.53	7.50	70.48	10.00	69.41	7.50	98.5	75.0	98.4	100.0
Agriculture, Live- stock, Veterinary Services and Fisheries	297.06	117.87	296.91	117.32	281.99	117.32	95.0	100.0	94.9	99.5
Trade, Cooperative Development and Enterprise Devel- opment	189.37	26.30	189.28	3.65	166.01	16.45	87.7	450.8	87.7	62.6
Kajiado Muni- cipality	59.42	7.89	59.21	-	49.51	7.89	83.6	-	83.3	100.0
Ngong Muni- cipality	83.74	6.28	83.68	3.53	72.96	6.28	87.2	177.8	87.1	100.0
Office of the Coun- ty Attorney	205.91	-	205.82	-	180.26	-	87.6	-	87.5	-
Kitengela Muni- cipality	34.89	-	-	-	-	-	-	-	-	-
County Assembly	945.85	100.00	922.81	52.26	880.87	52.26	95.5	100.0	93.1	52.3
Total	7,476.38	3,192.25	7,417.15	2,011.39	7,107.55	2,411.57	95.8	119.9	95.1	75.5

Source: Kajiado County Treasury

Analysis of expenditure by the department shows that the Office of the Governor & Deputy Governor; Gender, Social Services, Culture & Tourism and Wildlife; Kajiado Municipality; and Ngong Municipality recorded the highest absorption rate of development budget at 100 per cent. The Department of Medical Services, Public Health & Sanitation had the highest percentage of recurrent expenditure to budget at 99.3 per cent while the Department of County Public Service Board had the lowest at 77.4 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 3.69 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.69: Kajiado County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption Rate (%)
101004660		General Administration, Planning and Support Services	190,684,404	186,058,132	97.6
	101014660	Headquarters Administrative Services	190,684,404	185,839,972	97.5
102004660		Crop and Plant Husbandry	14,137,609	13,790,663	97.5
	102014660	Crop Development and Management.	8,691,786	8,400,980	96.7
	102024660	Plant Diseases Management and Control	2,722,912	2,694,842	99.0
	102034660	Agri-business and Market Development	2,722,911	2,694,841	99.0
103004660		Livestock Resources Management and Development	16,125,528	11,846,302	73.5
	103014660	Animal Husbandry Management	9,533,741	6,857,333	71.9
	103034660	Veterinary Services	5,168,839	4,023,611	77.8
	103044660	Livestock Market Development	711,473	680,513	95.6
	103064660	Demonstration Farm - Kajiado	711,475	284,845	40.0
104004660		Fisheries Development and Management	2,250,690	2,151,224	95.6
	104024660	Fisheries	2,250,690	2,151,224	95.6
106004660		Land Policy and Planning	23,143,418	21,928,118	94.7
	106034660	Physical Planning	8,607,000	8,559,700	99.5
	106044660	Land Survey and Mapping	5,070,000	4,663,000	92.0
	106054660	Housing	4,276,480	3,948,480	92.3
	106064660		5,189,938	4,756,938	91.7
107004660		Animal Husbandry Livestock Resource Management and Development	55,803,124	55,123,476	98.8
	107034660	Animal Disease Control	55,803,124	55,123,476	98.8
108004660		Agricultural Development	18,057,557	13,019,227	72.1
	108034660	Agricultural Mechanization Services	5,668,839	2,126,105	37.5
	108054660	Agricultural Training Centre	1,896,063	1,817,467	95.9
	108064660	Irrigation	10,492,655	9,075,655	86.5
	110014660	Urban Development	19,931,740	17,056,520	85.6
	113014660	General Administration Planning and Support Services Lands	84,292,217	83,461,306	99.0
	204014660	General Administration, planning and Support Services	124,554,724	123,634,616	99.3
	207024660	Public Works	8,865,811	8,282,411	93.4
	207034660	Energy	14,500,000	14,481,410	99.9
	207044660	Fire Fighting	5,950,000	4,667,965	78.5
	207054660	Transport	12,150,000	11,580,667	95.3
301004660		General Administration, Planning and Support Services	149,984,968	139,653,126	93.1
	303014660	Cooperative Services	10,680,131	6,706,905	62.8
304004660		Trade Development	28,707,927	19,651,613	68.5
	304024660	Trade Development	26,958,025	18,091,011	67.1

Program	Sub Program	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption Rate (%)
		General Administration, Planning and Support Services	1,920,115,589	1,917,940,654	99.9
402004660		Preventive & Promotive Health Services	49,134,026	41,223,925	83.9
	402044660	Reproductive Maternal Neo-natal Chil & Adolescent Health-	5,019,526	5,299,001	105.6
	402054660	Communicable and Non-Communicable diseases	4,516,348	4,287,188	94.9
	402064660	Primary Health Care Services	22,998,252	16,082,052	69.9
	402074660	Disease Surveillance and Response	2,889,500	2,529,100	87.5
	402084660	Environmental Health and Sanitation Services	13,710,400	13,026,584	95.0
404004660		Curative and Rehabilitation	377,835,501	372,370,609	98.6
	404034660	Hospital Services	12,765,250	13,076,551	102.4
	404044660	Health Products and Technologies	359,030,266	352,863,919	98.3
	404054660	Emergency Response services	6,039,985	6,430,139	106.5
501004660		General Administration, Planning and Support Services	465,035,372	460,035,143	98.9
	506014660	Early Childhood Development and Education	89,338,071	88,704,000	99.3
	507014660	Technical Vocational Training	6,440,000	5,345,800	83.0
701004660		General Administration and Policy Co-ordination	919,101,966	891,962,201	97.0
	702024660	Information Communication Services	23,541,121	22,567,456	95.9
705004660		Public Financial Management	125,482,454	81,020,505	64.6
	705014660	Resource Mobilization	24,612,454	20,958,497	85.2
	705044660	Accounting services	14,562,000	12,777,709	87.7
	705054660	Supply Chain Management Services	59,231,000	22,368,876	37.8
	705074660	Budget	15,280,000	13,287,693	87.0
	705104660	Internal Audit	24,934,861	19,676,830	78.9
	712014660	County Administration	19,150,000	15,495,980	80.9
	712024660	County Inspectorate	5,784,861	4,180,850	72.3
	713014660	Human Resource Management and Development	146,790,000	133,535,936	91.0
	714014660	Citizen Participation	14,747,360	12,482,410	84.6
	715014660	General Administration Planning and	155,891,287	155,401,409	99.7
	716014660	County Executive Committee Affairs	33,322,000	27,547,162	82.7
	716024660	Intergovernmental Relations	9,754,000	6,801,100	69.7
	716034660	County Advisory Services	10,440,000	8,715,715	83.5
	717014660	General Administration Planning and	626,796,271	605,154,700	96.5
	718014660	Economic Planning	14,975,973	13,254,473	88.5
	718024660	Monitoring and Evaluation	14,705,919	14,631,127	99.5
	902014660	Gender	58,436,388	57,453,204	98.3
	904014660	Social Protection	15,915,006	15,648,871	98.3
	904024660	Disability Mainstreaming	6,852,000	5,898,001	86.1
	904034660	Control of Alcohol and Substance Abuse	4,103,006	4,737,820	115.5

Program	Sub Program	Description	Final Budget (Kshs)	Actual (Kshs)	Absorption Rate (%)
	905014660	Gender Mainstreaming	4,922,864	4,892,864	99.4
	906014660	Cultural Heritage	5,086,135	5,128,135	100.8
	907014660	Sports Training and Competition	15,887,665	14,873,415	93.6
	1006014660	Environmental Management and Protection	41,154,243	41,157,952	100.0
	1007014660	General Administration Planning and Support Services	110,663,741	108,446,161	98.0
	1008014660	Water Services	62,251,325	38,978,531	62.6
	1008024660	Storm Water Management	41,720,000	27,075,731	64.9
		Grand Total	10,668,634,584	9,519,119,414	89.2

Source: Kajiado County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Reproductive Maternal Neo-natal Child & Adolescent Health in the Department of Health at 105.6 per cent, Cultural Heritage in the Department of Gender, Social Services, Culture & Tourism and Wildlife at 100.8 per cent, and Environment Management and Protection in the Department of Water, Irrigation, Environment and Natural Resources at 100 per cent of budget allocation.

3.10.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 23rd August 2023. Further, information on foreign travel was not provided by the County.
2. The underperformance of own-source revenue at Kshs.875.28 million against an annual projection of Kshs. 1.74 billion, representing 50.2 per cent of the annual target
3. Diversion of funds by the County Treasury and poor budgeting practice, as shown in Table 3.68, where the County incurred expenditure over approved exchequer issues in several departments.
4. High level of pending bills which amounted to Kshs.1.32 billion as of 30th June 2023. Payment plans must still be submitted to show how they would be settled.
5. The high wage bill of Kshs.4.60 billion which accounted for 48.4 per cent of total expenditure in the FY 2022/23.
6. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012 as shown in Table 3.66.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*

5. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
6. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.11 County Government of Kakamega

3.11.1 Overview of FY 2022/23 Budget

The County's approved third supplementary budget for the FY 2022/23 was Kshs.16.19 billion, comprising Kshs.11.34 billion (70 per cent) and Kshs.4.86 billion (30 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 1.7 per cent compared to the previous financial year when the approved budget was Kshs.16.47 billion and comprised of Kshs.7.54 billion towards development expenditure and Kshs.8.93 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.39 billion (76.49 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.94 billion (12.0 per cent) from its own source of revenue, Kshs.289.43 million (1.79 per cent) as additional allocation, and a cash balance of Kshs.1.58 billion (9.73 per cent) from FY 2021/22. A breakdown of the additional allocation is provided in Table 3.70.

3.11.2 Revenue Performance

In FY 2022/23, the County received Kshs.12.39 billion as the equitable share of the revenue raised nationally, Kshs.286.57 million as additional allocation, had a cash balance of Kshs.1.58 billion from FY 2021/22, and raised Kshs.1.31 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.15.56 billion, as shown in Table 3.70.

Table 3.70: Kakamega County, Revenue Performance for FY 2022/23

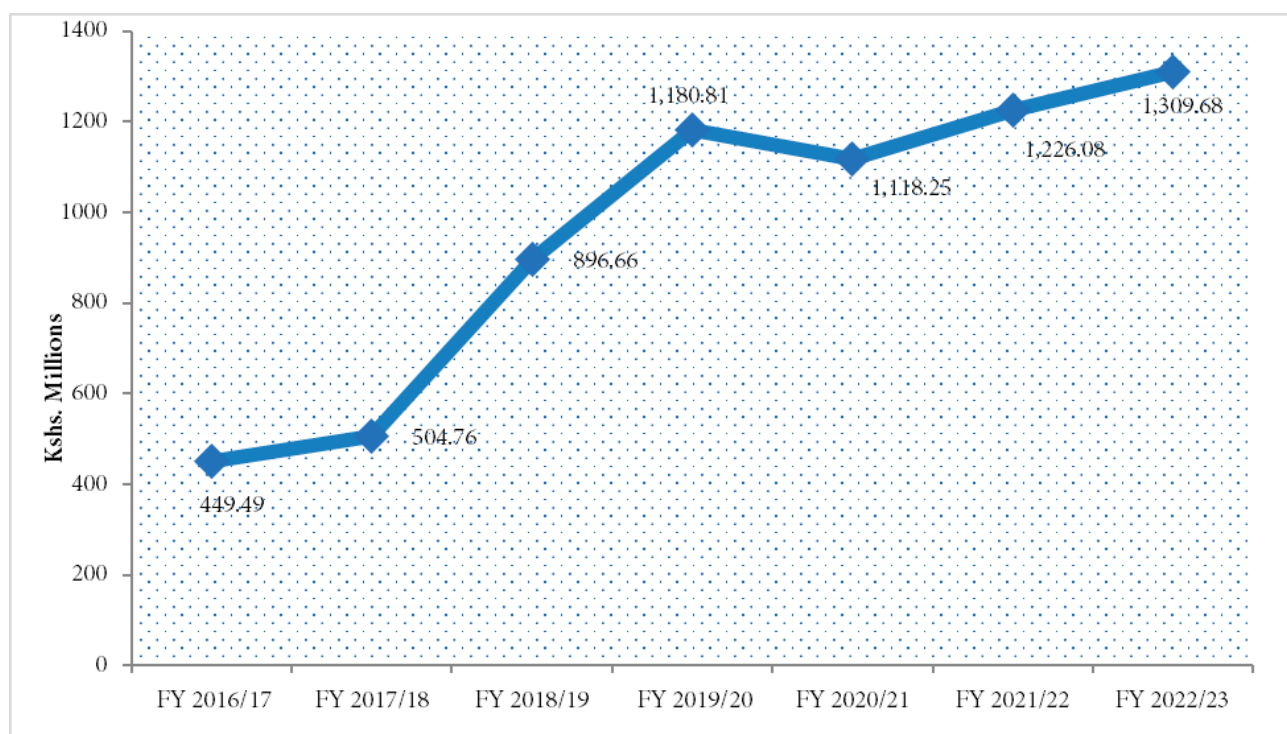
S/No	Revenue	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,389,412,168	12,389,412,168.00	100
Sub Total		12,389,412,168	12,389,412,168	100
B	Additional allocation			
1	DANIDA	33,496,313	33,447,791.00	100
2	KCSAP-Kenya Climate Smart Agriculture Project	99,110,439	99,110,439	100
3	ASDSP (Agricultural Sector Development Support Programme)	11,287,905	11,287,905	100
4	FLLoCA-(CCIS)	22,000,000	22,000,000	100
5	National Agricultural and Rural Value Chain Inclusive Growth Project (NAVCDP)	70,000,000	67,192,729	96
6	Kenya Urban Support Programme	3,534,474	3,534,474	100
7	Kenya Informal Settlement Improvement Projects (KISIP II)	50,000,000	50,000,000	100
Sub Total		289,429,131	286,573,338.20	99
C	Other Sources of Revenue			
1	Own Source Revenue	1,942,426,514	1,309,679,900.00	67

S/No	Revenue	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Balance b/f from FY2021/22	1,576,774,734	1,576,774,734	100
	Sub Total	3,519,201,248	2,886,454,634	82
	Grand Total	16,198,042,547	15,562,440,140	96

Source: Kakamega County Treasury

Figure 31 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

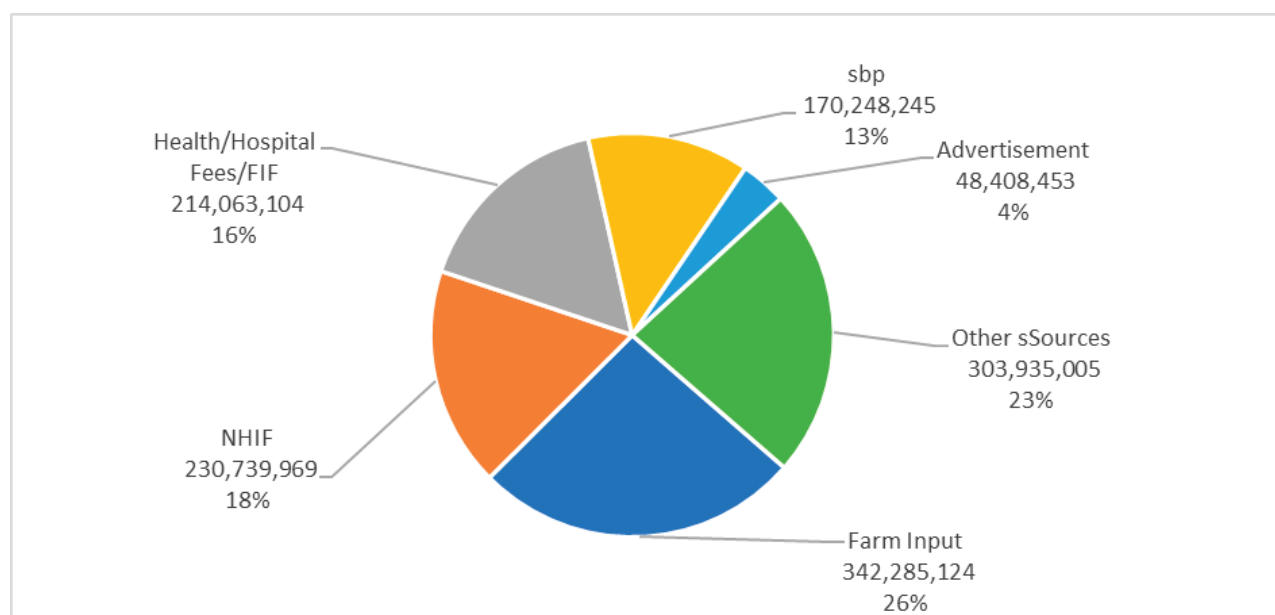
Figure 31: Figure 31:Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kakamega County Treasury

In FY 2022/23, the County generated a total of Kshs.1.31 billion from its own source revenue. This amount represented an increase of 6.5 per cent compared to Kshs.1.23 billion realised in FY2021/22 and was 67.4 per cent of the annual target and 10.5 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 32.

Figure 32: Top Streams of Own Source Revenue in FY 2022/23



Source: Kakamega County Treasury

The highest revenue stream of Kshs.342.29 million was from Farm input subsidy, contributing to 26 per cent of the total OSR collected during the reporting period. Revenue from the health sector, comprising user fees and NHIF combined, amounted to Kshs.464.72 million, representing 35 per cent of the overall OSR in the FY 2022/23.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.14.40 billion from the CRF account during the reporting period. The amount comprised Kshs.3.38 billion (23.5 per cent) for development programmes and Kshs.11.01 billion (76.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.6.42 billion was released towards Employee Compensation, and Kshs.4.60 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.745 million.

3.11.4 Borrowing by the County

The County has a short-term arrangement with the Cooperative Bank of Kenya to facilitate net salary payments to avoid any delay in paying salaries to the Bank. As of 30th June 2023, there was no outstanding short-term loan.

3.11.5 County Expenditure Review

The County spent Kshs.14.14 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.2 per cent of the total funds released by the CoB and comprised Kshs.3.66 billion and Kshs.10.48 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 73.3 per cent. In contrast, recurrent expenditure represented 93.5 per cent of the annual recurrent expenditure budget.

3.11.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.32 billion comprised Kshs.416.48 million for recurrent expenditure and Kshs.905.74 million for development activities. During the year, pending bills amounting to Kshs.1.28 billion were settled, consisting of Kshs.404.87 million and Kshs.876.12 million of recurrent expenditure and development expenditure respectively. Further, the County accumulated pending bills amounting to Kshs.789.04 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.830.23 million.

3.11.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.76 billion on employee compensation, Kshs.3.62 billion on operations and Maintenance , and Kshs.3.66 billion on development activities. Similarly, the County Assembly spent Kshs.476.18 million on employee compensation and Kshs. 619.63 million on operations and Maintenance , as shown in Table 3.71.

Table 3.71: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Approve Budget		Expenditure		Absorption rate	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,929,406,215	1,279,653,117	9,381,479,695	1,095,810,557	94.48	85.63
Compensation to Employees	6,003,695,989	620,836,081	5,762,476,322	476,178,700	95.98	76.70
Operations and Maintenance	3,925,710,226	658,817,036	3,619,003,373	619,631,856	92.19	94.05
Development Expenditure	4,988,983,215	-	3,657,539,952	-	73.31	-
Total	14,918,389,430	1,279,653,117	13,039,019,647	1,095,810,557	87.40	85.63

Source: Kakamega County Treasury

3.11.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.6.24 billion, or 40.1 per cent of the revenue for FY 2022/23 of Kshs.15.56 billion. This expenditure represented an increase from Kshs.5.88 billion reported in FY 2021/22. The wage bill included Kshs.2.80 billion paid to health sector employees, translating to 44.96 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.6.13 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.105.54 million was processed through manual payrolls. The manual payrolls accounted for 1.7 per cent of the total PE cost.

The County Assembly spent Kshs.77.5 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.122.82 million. The average monthly sitting allowance was Kshs.71,777 per MCA. The County Assembly has established 20 Committees.

3.11.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.1.30 billion to county-established funds in FY 2022/23, constituting 8.1 per cent of the County's overall budget. Table 3.72 summarises each established Fund's and County Agencies budget allocation and performance during the reporting period.

Table 3.72: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Annual Financial Statements (Kshs.)
County Executive Established Funds					
	Emergency Fund	100,000,000	50,000,000	5,938,580	Yes
	Kakamega County Investment Development Agency	21,630,222	20,190,000	15,935,473	Yes
	Kakamega County Microfinance Corporation	9,784,881	8,000,000	12,229,122	Yes
	Farm Input Fund	713,080,000	695,192,607	712,570,823	Yes
	Maternal child health & family planning	48,000,000	30,000,000	34,260,832	Yes
	Bursary Fund	120,000,000	120,000,000	120,033,370	Yes
	Kakamega Dairy Corporation	110,219,440	27,996,000	24,261,198	Yes
County Assembly Established Funds					
	Car Loan Scheme	182,000,000	182,000,000	182,000,000	No
	Total	1,304,714,543	1,133,378,607	1,107,229,398	

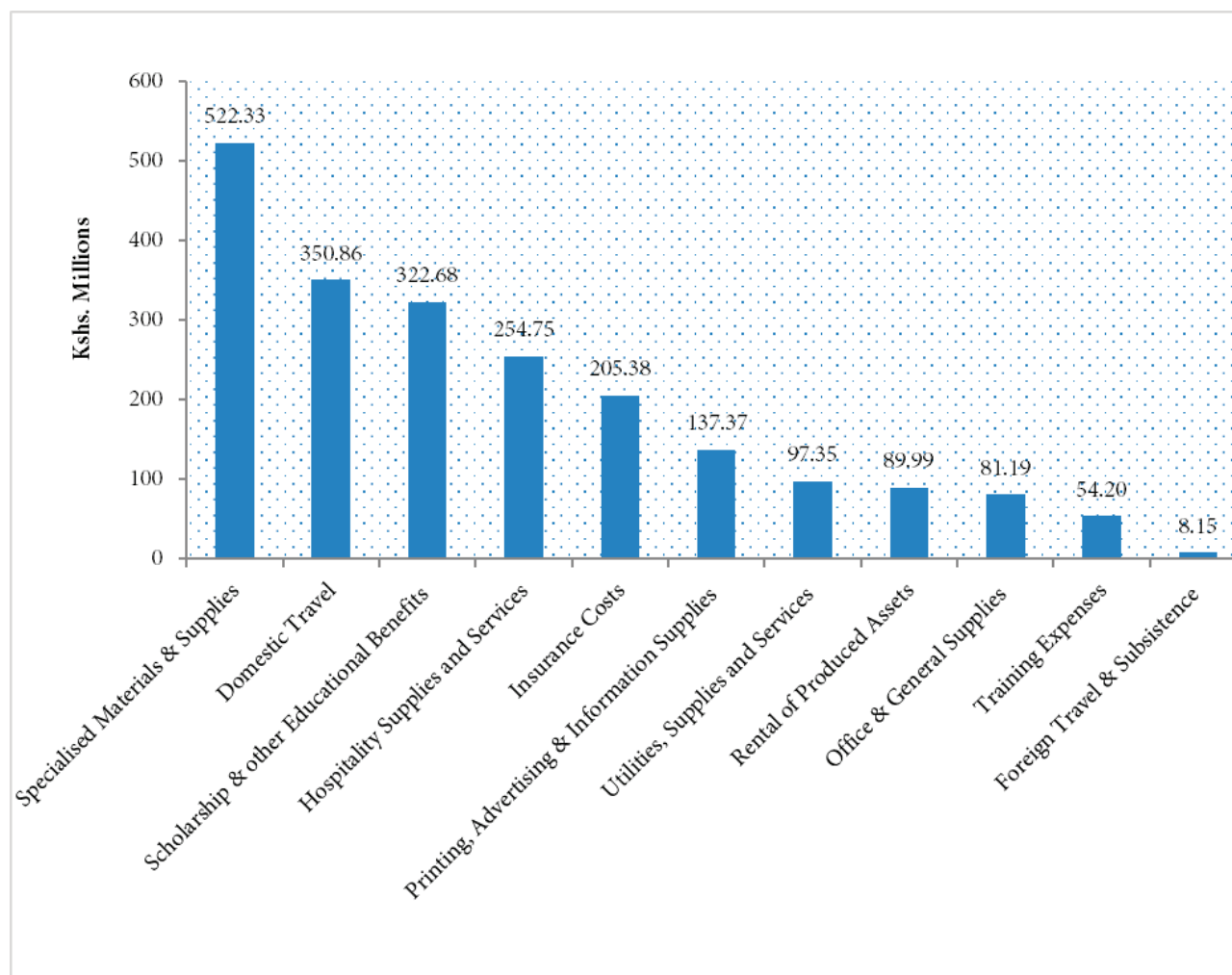
Source: Kakamega County Treasury

During the reporting period, the CoB did not receive Financial Statements from the Fund Administrator of the County Assembly Car Loan Scheme, as indicated in Table 3.72, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.11.10 Expenditure on Operations and Maintenance

Figure 33 summarises the operations and Maintenance expenditure by major categories.

Figure 33: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega County Treasury

During the period, expenditure on domestic travel amounted to Kshs.350.86 million and comprised Kshs.177.69 million spent by the County Assembly and Kshs.173.17 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.15 million by the County Executive.

3.11.11 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.66 billion on development programmes, representing a decrease of 19.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.4.55 billion. Table 3.73 summarises development projects with the highest expenditure in the reporting period.

Table 3.73: Kakamega County, List of Development Projects with the Highest Expenditure

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

Source: KakamegaCounty Treasury

3.11.12 Budget Performance by Department

Table 3.74 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.74: Kakamega County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,279.65	-	1,212.48	-	1,095.81	-	90.4	-	85.6	-
Agriculture, Livestock, Fisheries and Cooperatives	87.97	1,204.56	72.60	997.61	7 2.60	1,029.90	100.0	103.2	82.5	85.5
Health Services	1,353.48	430.75	1,206.87	254.20	1,206.87	254.20	100.0	100.0	89.2	59.0
Education, Science & Technology	355.21	246.75	349.99	82.51	349.99	118.61	100.0	143.8	98.5	48.1
Roads, Public Works and Energy	163.04	1,041.45	158.60	954.76	158.60	906.32	100.0	94.9	97.3	87.0
Lands, Housing, Urban Areas and physical Planning	241.05	442.86	181.27	102.15	181.27	160.26	100.0	156.9	75.2	36.2
Social Services, Youth & Sports	189.38	356.95	171.25	265.16	171.25	312.94	100.0	118.0	90.4	87.7
Trade, Industrializa- tion & Tourism	43.15	362.30	39.60	253.08	39.60	278.23	100.0	109.9	91.8	76.8
Water, Environ- ment and Natural Resources	43.81	341.56	31.57	163.33	31.57	264.36	100.0	161.9	72.1	77.4
Public Service and Administration	6,502.29	84.62	6,622.10	44.56	6,201.13	56.62	93.6	127.1	95.4	66.9
Office of the Gov- ernor	308.69	13.96	288.17	10.71	288.17	4.74	100.0	44.2	93.4	33.9
Finance and Eco- nomic Planning	702.83	277.58	621.42	210.59	621.42	225.98	100.0	107.3	88.4	81.4
County Public Ser- vice Board	32.47	-	32.47	-	32.47	-	100.0	-	100.0	-
ICT, E-government & Communication	35.32	56.37	26.53	45.39	26.53	45.39	100.0	100.0	75.1	80.5
Total	11,338.34	4,859.70	11,014.93	3,384.05	10,477.29	3,657.54	95.1	108.1	92.4	75.3

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Social Services, Youth & Sports recorded the highest absorption rate of development budget at 87.7 per cent, followed by the Department of Lands, Housing, Urban Areas and Physical Planning at 15.6 per cent. The County Public Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 72.1 per cent.

3.11.13 Budget Execution by Programmes and sub-programmes

Table 3.75 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.75: Kakamega County, Budget Execution by Programmes and sub-programmes Recurrent Budget

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
710004810		County Assembly Services	1,279,653,117	1,095,810,557	85.6
	710014810	Oversight services	1,279,653,117	1,095,810,557	85.6
101004810		Livestock development	46,099,159	35,816,675	77.7
	101014810	Dairy Development	37,917,024	32,117,397	84.7
	101034810	Livestock disease and pest prevention	8,182,135	3,699,278	45.2
103004810		Crop Production and management Services	27,506,466	22,910,076	83.3
	103024810	Food crop production	27,506,466	22,910,076	83.3
105004810		Agricultural Extension and Research	4,651,646	626,766	13.5
	105014810	Training and demonstration	4,651,646	626,766	13.5
106004810		Cooperative Development	5,082,809	2,758,351	54.3
	106014810	Marketing and value addition	5,082,809	2,758,351	54.3
107004810		Land management Services	85,358,632	63,295,854	74.2
	107014810	Land Use policy and Planning	11,514,536	6,921,135	60.1
	107024810	Land Administration and Planning	66,810,177	52,004,345	77.8
	107034810	Survey Services	7,033,919	4,370,374	62.1
108004810		Housing Management Services	7,169,039	4,267,169	59.5
	108014810	Housing Infrastructure development	7,169,039	4,267,169	59.5
110004810		Urban Development Service	148,525,294	114,549,595	77.1
	110024810	Social Amenities and Sanitary Services	148,525,294	111,541,340	75.1
	110034810	Urban Waste Management Services	-	3,008,255	
120004810		Irrigation and Drainage Development	4,628,114	2,592,218	56.0
	120014810	Small Holder Irrigation and Drainage	4,628,114	2,592,218	56.0
201004810		Road Infrastructure Development	159,743,215	159,348,950	99.8
	201034810	Road construction	159,743,215	159,348,950	99.8
204004810		Public works Management	3,292,035	1,645,580	50.0
	204014810	Public works Management	3,292,035	1,645,580	50.0
304004810		Promotion of tourism and marketing	12,843,415	10,827,739	84.3
	304014810	Promotion of tourism and marketing	12,843,415	10,827,739	84.3
306004810		Administration, Planning and support services	11,671,251	10,039,359	86.0
	306014810	Administration Support Services	11,671,251	10,039,359	86.0
307004810		Trade Development and Investment	14,443,548	13,397,755	92.8

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
	307014810	Modern Market infrastructure development	6,202,062	5,156,269	83.1
	307024810	Micro andsmall enterprises development	8,241,486	8,241,486	100.0
309004810		Industrial development and Investment	4,189,533	3,428,722	81.8
	309014810	Industrial Development andPromotion	4,189,533	3,428,722	81.8
401004810		Preventive and Promotive services	120,524,463	104,398,330	86.6
	401024810	Community Health Strategy	109,173,505	99,724,483	91.3
	401034810	Disease surveillance and Emergency response	4,033,224	1,251,367	31.0
	401044810	Nutrition service Promotion	566,676	106,450	18.8
	401054810	HIV /AIDS Control	584,231	-	-
	401064810	Maternal andchild healthcare promotion	4,056,589	2,387,280	58.9
	401074810	TB Control	493,031	186,500	37.8
	401084810	Malaria control	479,203	478,300	99.8
	401094810	Promotion of family planning	1,138,004	263,950	23.2
402004810		Promotion of Curative health services	1,026,035,970	1,005,779,139	98.0
	402024810	Primary medical health services	1,026,035,970	1,005,779,139	98.0
403004810		General Administrative and support services	206,915,967	176,688,268	85.4
	403014810	Administrative andHuman Resources management	180,931,372	160,726,537	88.8
	403024810	Disability mainstreaming	773,213	443,000	57.3
	403034810	Health Data andInformation Management	25,211,382	15,518,731	61.6
503004810		Vocational Education and Training development	107,969,236	106,652,403	98.8
	503014810	Polytechnic Support and Development	107,969,236	106,652,403	98.8
504004810		Early Childhood Development Education (ECDE)	73,716,379	70,258,880	95.3
	504024810	Childcare and development	73,716,379	70,258,880	95.3
505004810		Education Support Programme	173,526,567	171,653,967	98.9
	505024810	Non-Tertiary Education Support	173,526,567	171,653,967	98.9
703004810		Management and Administration of County Functions	213,711,403	200,632,256	93.9
	703024810	County executive services	213,711,403	200,632,256	93.9
704004810		Support, Coordination andAdvisory Services	28,456,132	25,496,159	89.6
	704014810	Legal Services	28,456,132	25,496,159	89.6
705004810		Information andcommunication services	35,317,457	24,107,921	68.3
	705014810	Information andcommunication services	35,317,457	24,107,921	68.3
706004810		Economic andpolicy formulation and management planning	105,711,187	77,099,258	72.9
	706014810	Economic policy formulation	105,711,187	77,099,258	72.9

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
707004810		Public finance management	235,850,895	196,807,883	83.5
	707014810	Accounting and Financial services	61,283,096	45,347,834	74.0
	707024810	Financial Accounting and Reporting	90,371,245	74,584,016	82.5
	707034810	Budget Formulation and management	75,320,590	73,701,462	97.9
	707044810	Procurement services	8,875,964	3,174,571	35.8
709004810		Support, Co-ordination and Advisory services	71,871,151	58,980,696	82.1
	709014810	Support and Advisory services	61,854,263	50,664,134	81.9
	709024810	County Internal Audit services	10,016,888	8,316,562	83.0
712004810		County Public service and administrative services	6,521,756,731	6,201,131,895	95.1
	712014810	County Administration	311,725,930	238,762,650	76.6
	712024810	Human Resource Management	6,210,030,801	5,962,369,245	96.0
713004810		General Administration and Support services	340,503,933	310,931,450	91.3
	713014810	Administrative Services	340,503,933	310,931,450	91.3
716004810		Alcoholics and Drinks Control	7,665,660	5,759,242	75.1
	716014810	Alcohol and Drug Rehabilitation Program	7,665,660	5,759,242	75.1
718004810		Investment promotion	20,765,013	20,265,013	97.6
	718014810	Investment promotion	20,765,013	20,265,013	97.6
901004810		Administration, Planning and Support services	35,476,992	30,487,933	85.9
	901014810	Administrative Services	35,476,992	30,487,933	85.9
902004810		Culture and Arts Development	7,685,228	3,395,689	44.2
	902014810	Culture and Heritage Conservation	7,685,228	3,395,689	44.2
903004810		Management and Development of Sports and Sports Facilities	35,376,048	19,880,965	56.2
	903024810	Promotion and Development of Sports and Talent	35,376,048	19,880,965	56.2
904004810		Youth & Gender Development and Promotion Services	87,148,228	75,741,822	86.9
	904014810	Youth, Disability and gender Empowerment and Mainstreaming	87,148,228	75,741,822	86.9
906004810		Social Development and Promotions	22,288,042	18,963,426	85.1
	906014810	Social Development and Social Protection	14,123,818	13,130,759	93.0
	906024810	Child Welfare Services	8,164,224	5,832,668	71.4
908004810		Development of Library Services	1,400,854	1,111,824	79.4
	908014810	Library services	1,400,854	1,111,824	79.4
1005004810		Natural Resource Management	10,203,050	7,753,388	76.0
	1005014810	Afforestation and Re-afforestation	6,466,956	5,746,288	88.9
	1005024810	Protection of natural resources and Environmental processes	3,736,094	2,007,100	53.7
1006004810		Water and Sanitation Services	16,394,514	11,995,580	73.2
	1006014810	Water Resource Supply and management	16,394,514	11,995,580	73.2

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
1007004810		Environmental conservation	17,210,067	10,001,501	58.1
	1007014810	Environmental Protection	17,210,067	10,001,501	58.1
		Grand Total	11,338,338,440	10,477,290,252	92.4
DEVELOPMENT EXPENDITURE BUDGET					
101004810		Livestock Development	140,337,320	44,685,375	31.8
	101014810	Dairy Development	88,210,000	48,878,155	55.4
	101024810	Poultry Development	9,600,000	4,860,000	50.6
	101034810	Livestock disease and pest prevention	22,590,000	- 11,400,000	- 50.5
	101044810	Livestock Market Infrastructure Improvement	19,937,320	2,347,220	11.8
102004810		Fish Farming Productivity Programme	46,080,000	17,720,522	38.5
	102024810	Promotion of Fish Farming	46,080,000	17,720,522	38.5
103004810		Crop Production and management Services	985,666,992	917,239,339	93.1
	103014810	Cash crop development	-	1,839,500	
	103024810	Food crop production	713,080,000	702,001,495	98.5
	103034810	Crop pest and disease management	2,880,000	-	-
	103044810	Agricultural Extension and Research	269,706,992	213,398,344	79.1
105004810		Agricultural Extension and Research	7,680,000	2,427,100	31.6
	105014810	Training and demonstration	7,680,000	2,427,100	31.6
106004810		Cooperative Development	20,000,000	20,000,000	100.0
	106014810	Marketing and value addition	20,000,000	20,000,000	100.0
107004810		Land management Services	100,111,429	30,804,491	30.8
	107014810	Land Use policy and Planning	50,111,429	24,489,491	48.9
	107024810	Land Administration and Planning	50,000,000	6,315,000	12.6
108004810		Housing Management Services	75,248,000	62,704,924	83.3
	108024810	Slum Upgrading	75,248,000	62,704,924	83.3
110004810		Urban Development Service	267,497,513	63,238,555	23.6
	110024810	Social Amenities and Sanitary Services	267,497,513	63,238,555	23.6
201004810		Road Infrastructure Development	994,524,386	954,436,863	96.0
	201014810	Road Maintenance	116,500,000	109,096,411	93.6
	201024810	Bridges Culverts Construction	26,500,000	7,802,712	29.4
	201034810	Road construction	851,524,386	837,537,740	98.4
203004810		Energy Reticulation	46,920,742	32,505,567	69.3
	203014810	Electrification.	12,480,000	7,397,897	59.3
	203024810	Renewable Energy	34,440,742	25,107,670	72.9
204004810		Public works Management	-	6,355,564	
	204014810	Public works Management	-	6,355,564	
307004810		Trade Development and Investment	134,302,190	67,312,933	50.1
	307014810	Modern Market infrastructure development	134,302,190	67,312,933	50.1

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
309004810		Industrial development and Investment	228,000,000	187,176,632	82.1
	309014810	Industrial Development and Promotion	228,000,000	187,176,632	82.1
401004810		Preventive and Promotive services	48,000,000	-	-
	401064810	Maternal and child healthcare promotion	48,000,000	-	-
402004810		Promotion of Curative health services	382,749,577	305,858,327	79.9
	402014810	Health Infrastructure Development	349,789,577	295,115,013	84.4
	402024810	Primary medical health services	21,440,000	110,000	0.5
	402034810	Blood Transfusion Services	11,520,000	10,633,314	92.3
503004810		Vocational Education and Training development	67,562,848	30,566,796	45.2
	503014810	Polytechnic Support and Development	67,562,848	30,566,796	45.2
504004810		Early Childhood Development Education (ECDE)	175,300,000	120,624,446	68.8
	504014810	ECD Infrastructure Development	172,300,000	120,624,446	70.0
	504024810	Childcare and development	3,000,000	-	-
505004810		Education Support Programme	3,888,000	-	-
	505024810	Non-Tertiary Education Support	3,888,000	-	-
705004810		Information and communication services	124,365,789	86,639,492	69.7
	705014810	Information and communication services	124,365,789	86,639,492	69.7
709004810		Support, Co-ordination and Advisory services	11,181,038	1,960,080	17.5
	709014810	Support and Advisory services	3,840,000	-	-
	709024810	County Internal Audit services	7,341,038	1,960,080	26.7
710004810		County Assembly Services	-	29,826,902	
	710014810	Oversight services	-	29,826,902	
712004810		County Public service and administrative services	83,217,585	34,909,453	42.0
	712014810	County Administration	83,217,585	34,909,453	42.0
716004810		Alcoholics and Drinks Control	1,400,000	-	-
	716014810	Alcohol and Drug Rehabilitation Program	1,400,000	-	-
718004810		Investment promotion	212,360,000	164,025,088	77.2
	718014810	Investment promotion	212,360,000	164,025,088	77.2
901004810		Administration, Planning and Support services	4,800,000	4,247,716	88.5
	901014810	Administrative Services	4,800,000	4,247,716	88.5
902004810		Culture and Arts Development	12,471,874	2,891,535	23.2
	902014810	Culture and Heritage Conservation	12,471,874	2,891,535	23.2
903004810		Management and Development of Sports and Sports Facilities	246,959,551	211,772,631	85.8
	903014810	Development of Sports facilities	241,295,673	206,108,753	85.4
	903024810	Promotion and Development of Sports and Talent	5,663,878	5,663,878	100.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption rate (%)
904004810		Youth & Gender Development and Promotion Services	31,276,418	9,671,817	30.9
	904014810	Youth, Disability and gender Empowerment and Mainstreaming	31,276,418	9,671,817	30.9
906004810		Social Development and Promotions	66,240,000	30,541,625	46.1
	906014810	Social Development and Social Protection	66,240,000	30,541,625	46.1
1.005E+09		Natural Resource Management	23,520,000	9,630,958	41.0
	1005014810	Afforestation and Re-afforestation	11,040,000	4,790,079	43.4
	1005024810	Protection of natural resources and Environmental processes	12,480,000	4,840,879	38.8
1.006E+09		Water and Sanitation Services	228,062,855	184,754,513	81.0
	1006014810	Water Resource Supply and management	228,062,855	184,754,513	81.0
1.007E+09		Environmental conservation	89,980,000	29,366,273	32.6
	1007014810	Environmental Protection	89,980,000	29,366,273	32.6
		Grand Total	4,859,704,107	3,657,539,952	75.3
		GRANT TOTAL	16,198,042,547	14,134,830,203	87.3

Source: Kakamega County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: promotion and development of sports talent in the Department of Social Services, Youth and Sports at 100 per cent, market and value addition at 100 per cent in the Department of Agriculture and Roads construction in the Department of Road, Public Works and Energy at 98.4 per cent of budget allocation.

3.11.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 27th July 2023.
2. The underperformance of own-source revenue at Kshs.1.31 billion against an annual projection of Kshs.1.94 billion, representing 67.4 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.74, where the County incurred expenditure over approved exchequer issues in several departments.
4. High level of pending bills, which amounted to Kshs.789.04 million as of 30th June 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.105.54 million were processed through the manual payroll, accounting for 1.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High wage bill, which accounted for 40.1 per cent of the revenue for FY 2022/23 of Kshs.15.56 billion during the reporting period, thus constraining funding to other programmes.

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

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

financed.

3. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
4. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.
5. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
6. The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.

3.12 County Government of Kericho

3.12.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.8.45 billion, comprising Kshs.2.63 billion (31.1 per cent) and Kshs.5.83 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 0.6 per cent compared to the previous financial year when the approved budget was Kshs.8.40 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.5.30 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.43 billion (76.1per cent) as the equitable share of revenue raised nationally, Kshs.488.35 million (5.8 per cent) as conditional grants, a cash balance of Kshs.515.17 million (6.1per cent) from FY 2021/22, and generate Kshs.1.02 billion (12.1 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.76.

3.12.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.43 billion as the equitable share of the revenue raised nationally, Kshs.425.46 million as conditional grants, had a cash balance of Kshs.283.89 million from FY 2021/22, and raised Kshs.501.35 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.7.64 billion, as shown in Table 3.76.

Table 3.76: Kericho County, Revenue Performance in FY 2022/23

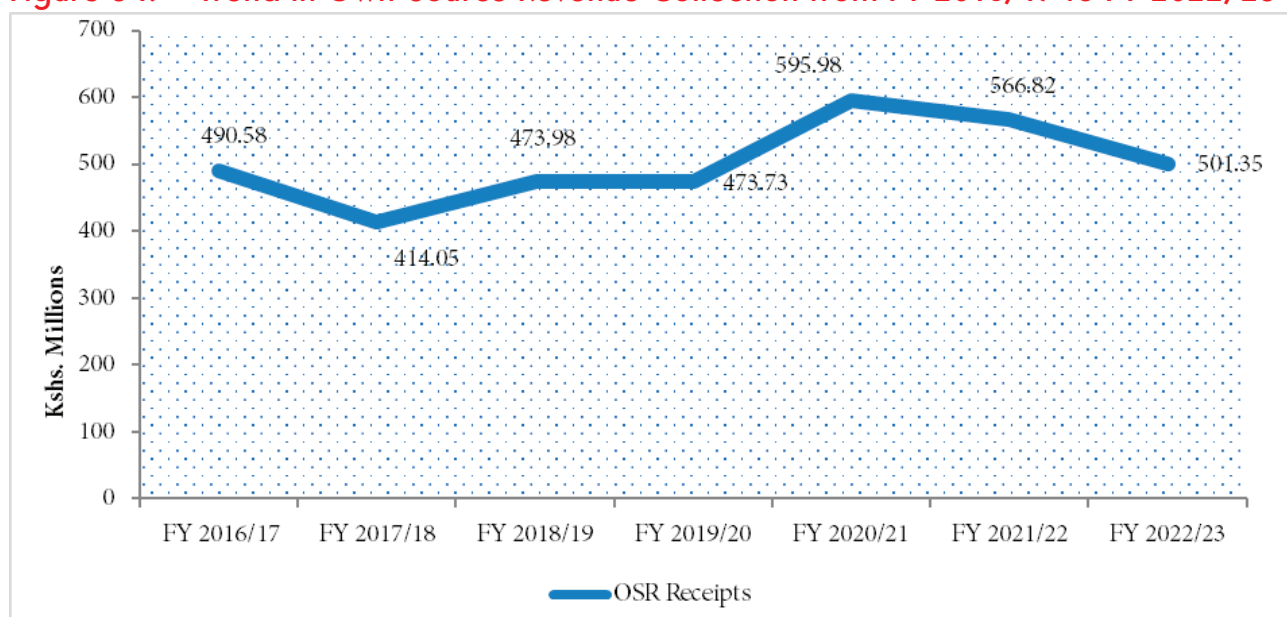
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	6,430,664,924	100.0
Sub Total		6,430,664,924	6,430,664,924	100.0
B	Conditional Grants			
1	Routine Maintenance Fuel Levy	8,916,435	8,916,435	100.0
2	DANIDA FUND	9,180,000	5,960,625	64.9
3	Agricultural Sector Development Support Fund (ASDSP)	43,114,132	9,250,013	21.5
4	Transformative health system (World Bank)	75,443,658	75,443,658	100.0
5	Kenya Devolution Support Project (World Bank)	102,491,953	102,491,953	100.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
6	Climate Smart Agriculture Project	149,190,522	126,184,585	84.6
7	Kenya Urban Support Program UDG	1,194,559	1,194,559	100.0
8	Kenya Urban Support Program UIG	1,145,355	1,145,355	100.0
9	Climate Change Institutional Support	22,000,000	22,000,000	100.0
10	Insurance compensation	5,678,000	5,678,000	100.0
11	National Agricultural Value Chain Devpt Project (NAVCDP)	70,000,000	67,192,729	96.0
	Sub Total	488,354,615	425,457,912	87.1
C	Other Sources of Revenue			
1	Own Source Revenue	1,019,388,053	501,354,545	49.2
2	Balance b/f from FY2021/22	515,165,509	283,890,120	55.1
	Sub Total	1,534,553,562	785,244,665	51.2
	Grand Total	8,453,573,101	7,641,367,502	90.4

Source: Kericho County Treasury

Figure 34 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

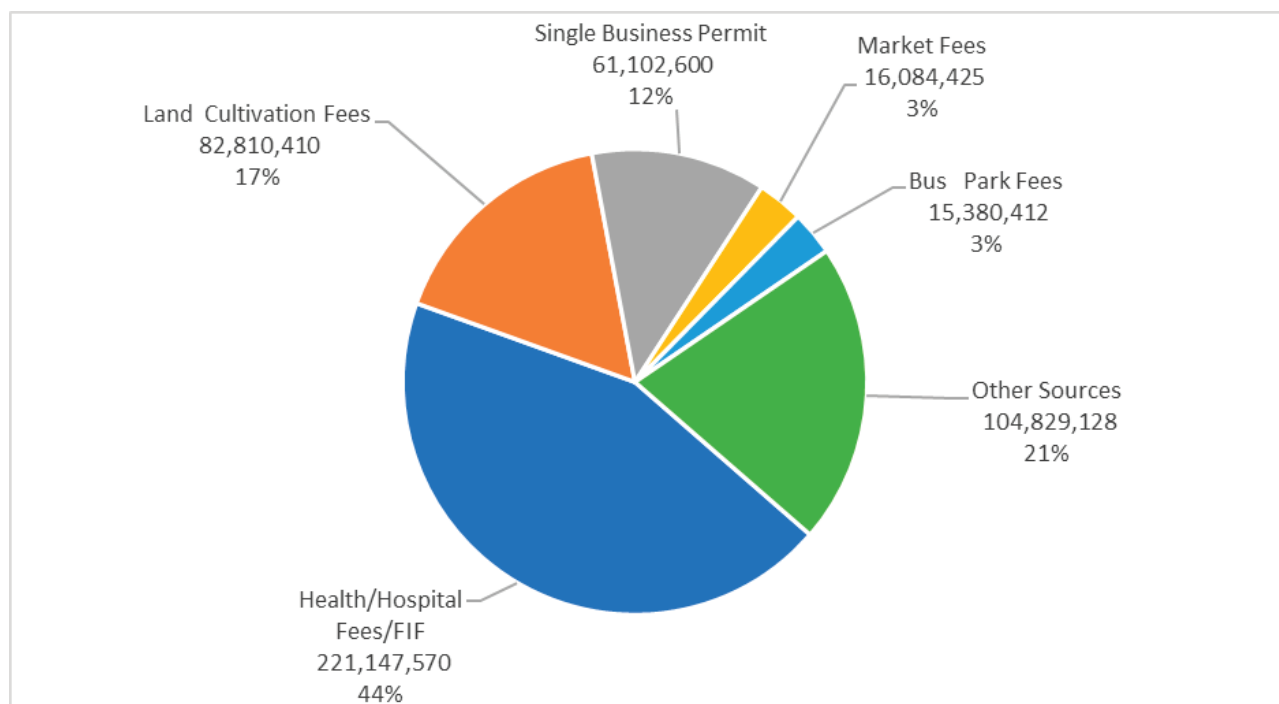
Figure 34: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kericho County Treasury

In FY 2022/23, the County generated a total of Kshs.501.35 million from its sources of revenue. This amount represented a decrease of 11.6 per cent compared to Kshs.566.82 million realised in FY 2021/22 and was 49.2 per cent of the annual target and 7.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 35.

Figure 35: Top Streams of Own Source Revenue in FY 2022/23



Source: Kericho County Treasury

The highest revenue stream of Kshs.221.15 million was from hospital fee payments, contributing to 44.1 per cent of the total OSR receipts during the reporting period.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.60 billion from the CRF account during the reporting period. The amount comprised Kshs.2.16 billion (28.4 per cent) for development programmes and Kshs.5.44 billion (71.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.11 billion was released towards Employee Compensation, and Kshs.2.33 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.45.27 million.

3.12.4 County Expenditure Review

The County spent Kshs.7.62 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.4 per cent of the total funds released by the CoB and comprised of Kshs.2.19 billion and Kshs.5.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 83.3 per cent. In contrast, recurrent expenditure represented 93.1 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.515.05 million, which comprised Kshs.184.31 million for recurrent expenditure and Kshs.330.75 million for development activities. During the year, pending bills amounting to Kshs.308.23 million were settled,

consisting of Kshs.84.8 million for recurrent expenditure and Kshs.223.36 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount, including bills accumulated in FY 2022/23, was Kshs.546.71 million.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.93 billion on employee compensation, Kshs.1.59 billion on operations and Maintenance , and Kshs.2.18 billion on development activities. Similarly, the County Assembly spent Kshs.327.05 million on employee compensation, Kshs.579.16 million on operations and Maintenance , and Kshs.7.85 million on development activities, as shown in Table 3.77.

Table 3.77: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,891,472,901	933,813,928	4,525,682,076	906,206,940	92.5	97.0
Compensation to Employees	2,979,254,807	327,068,279	2,930,697,961	327,046,752	98.4	100.0
Operations and Maintenance	1,912,218,094	606,745,649	1,594,984,115	579,160,188	83.4	95.5
Development Expenditure	2,582,612,373	45,673,899	2,182,937,623	7,852,354	84.5	17.2
Total	7,474,085,274	979,487,827	6,708,619,699	914,059,294	89.8	93.3

Source: Kericho County Treasury

3.12.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.26 billion, or 42.6 per cent of the revenue for FY 2022/23 of Kshs.7.64 billion. This expenditure represented an increase from Kshs3.02 billion reported in FY 2021/22. The wage bill included Kshs.1.74 billion paid to health sector employees, translating to 53.4 per cent of the total wage bill. The increase in wages and salaries was due to promotion arrears, leave and uniform allowance, newly engaged staff and salaries in arrears for health officers.

Further analysis indicates that PE costs amounting to Kshs.2.72 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.539.43 million was processed through manual payrolls. The manual payrolls accounted for 16.5 per cent of the total PE cost.

The County Assembly spent Kshs.37.67 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.37.67 million. The average monthly sitting allowance was Kshs.65,401 per MCA. The County Assembly has established 24 Committees.

3.12.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.222.82 million to county-established funds in FY 2022/23, constituting 2.6 per cent of the County's overall budget. Table 3.78 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.78: Performance of County Established Funds as of 30th June 2023

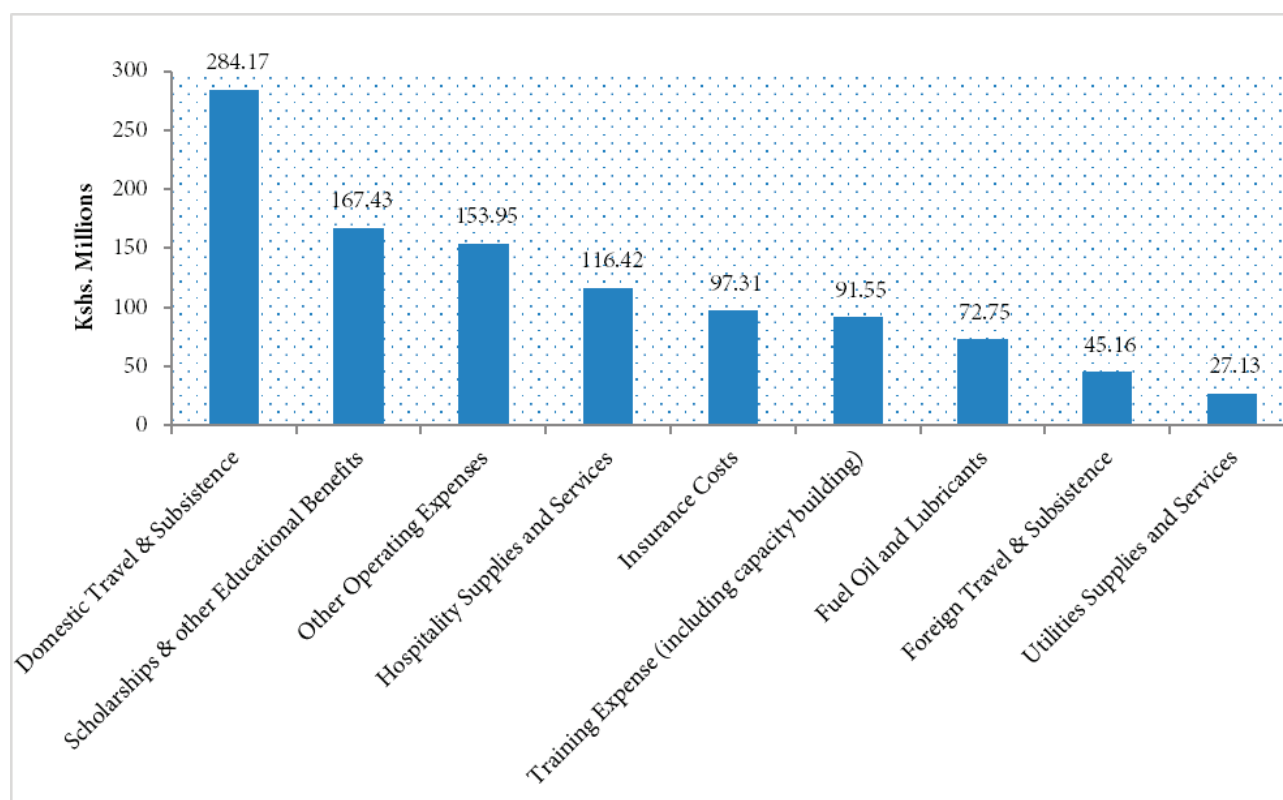
No	Name of the Fund	Approved Budget Allocation 2022/23	Exchequer Issue 2022/23	Actual Expenditure for 2022/23	Submission of Financial Statement
County Executive Established Funds					
1	Kericho County Emergency Fund	25,000,000.00	25,000,000.00	21,891,811.00	No
2	Kericho County Executive Staff Mortgage	60,000,000.00	60,000,000.00	49,995,640.00	No
3	Kericho County Executive Car Loan	20,000,000.00	20,000,000.00	13,200,600.00	No
County Assembly Established Funds					
4	Car loans for MCA'S	98,000,000.00	98,000,000.00	98,000,000.00	No
5	Car loans/Mortgage for staff	19,818,307.00	19,800,000.00	19,800,000.00	No
	Total	222,818,307	222,800,000	202,888,051	

Source: Kericho County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.78, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.12.9 Expenditure on Operations and Maintenance

Figure 36 summarises the Operations and Maintenance expenditure by major categories.

Figure 36: Kericho County, Operations and Maintenance Expenditure by Major Categories

Source: Kericho County Treasury

During the period, expenditure on domestic travel amounted to Kshs.284.17 million and comprised Kshs.122.37 million spent by the County Assembly and Kshs.161.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.45.16 million and comprised Kshs.39.20 million by the County Assembly and Kshs.5.96 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.79 while Table 3.80 summarises “Other Operating Expenses”.

Table 3.79: Summary of highest expenditure on foreign travel

No.	Arm of county government	No. of officers travelled	Date Travelled	Purpose of Travel	Destination	Total cost (Kshs.)
1	Kericho County Assembly	3	20 th – 27 th Feb 2023	YouthSpark emerging leaders' entrepreneurs conference	Chana	726,180
2	Kericho County Assembly	29	31 st March to 9 th April 2023	Training on transformative leadership, public policy & legislation	Dubai	14,741,597
3	Kericho County Assembly	7	26 th June to 2 nd July 2023	Training on Building smart cities for future urban planning	Dubai	3,803,064
4	Kericho County Assembly	6	26 th June to 2 nd July 2023	International Trade & Economic Development	Singapore	2,637,457
5	Kericho County Assembly	2	25 th May to 3 rd June 2023	Library conference	Zimbabwe	852,000
6	Kericho County Assembly	7	12 th -19 th June 2023	Training on Building cities for future sustainable urban planning and integrated Land Use	Singapore	3,662,596
7	Kericho County Assembly	7	12 th -19 th June 2023	Training on Building cities for future sustainable urban planning and integrated Land Use	Singapore	3,739,544
8	Kericho County Assembly	1	29 th June -10 th July 2023	International Conference on post-pandemic strategy	Australia	802,944
9	Kericho County Assembly	2	22 nd – 31 st May 2023	Rotary international convection	Australia	1,343,063
10	Kericho County Assembly	1	23 rd – 29 th October 2022	CHEA-AR Conference Meeting	Malawi	216,884
11	Kericho County Assembly	1	5 th -18 th March 2023	Parliamentary practice & procedures programme	Dubai	1,344,506
12	Kericho County Assembly	1	12 th -16 th November 2022	Regional Conference	Tanzania	201,358
13	Kericho County Assembly	1	19 th - 26 th November 2022	East Africa Law Society Annual Conference	Tanzania	273,653
14	Kericho County Assembly	1	21 st -30 th April 2023	Leadership and management of committee's programme	Dubai	891,939
15	Kericho County Assembly	1	26 th July 2023	East Africa conference on governance	Ethiopia	670,857
	Kericho County Assembly			Details not Provided		3,290,776

No.	Arm of county government	No. of officers travelled	Date Travelled	Purpose of Travel	Destination	Total cost (Kshs.)
	Sub Total					39,198,418
	County Executive			Details not Provided		5,963,445
	TOTAL					45,161,863

Source: Kericho County Government

Table 3.80: shows a summary of Other Operating Expenses

Other Operating Expenses	Total (Kshs.)
Accommodation Allowance	1,392,850.00
Boards, Committees, Conferences and Seminars	2,828,700.00
Contracted Guards and Cleaning Services	29,576,288.05
Contracted Professional Services	6,126,752.00
Legal Dues/fees, Arbitration and Compensation Payments	5,575,100.00
Loan Management Expenses	202,940.00
Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	2,560,700.00
Other Operating Expenses	78,698,427.05
Printing, Advertising - Other	1,855,490.00
Registration of Land	495,000.00
Security Operations	370,000.00
Trainee Allowance	600,000.00
VAT Withholding	4,223,267.80
Sub Total	134,505,514.90
Other Operating Expenses by the County Assembly	19,443,460
Total	153,848,974.90

Source: Kericho County Government

3.12.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.19 billion on development programmes, representing an increase of 20.3 per cent compared to FY 2021/22, when the County spent Kshs.1.82 billion. The table below summarises development projects with the highest expenditure in the reporting period.

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

No.	Sector	Project Name	Project Location (Ward)	Budget (Kshs)	Amount Paid to date (Kshs.)	Implementation Status %
1	Public Works Roads and Transport	Grading of Kipwastuiyet Asururiet Bridge Rd 1.5km; Lelach Junction- Lelach Girls Rd 0.7km; Joyland Academy - Chesanga Pry Sch Rd 0.3km; Asururiet Bridge - Masubeti Pry rd 1.2km; kipwastuiyet met - Kenene quarry rd 2km (Grading Only)	Cheplanget	5,942,712	5,942,712	100

No.	Sector	Project Name	Project Location (Ward)	Budget (Kshs)	Amount Paid to date (Kshs.)	Implementation Status %
2	Public Works Roads and Transport	Construction of Mongo - Itibet - Chepkuk road 18.3km	Kapsoit Ward	5,903,779	5,903,779	100
3	Public Works Roads and Transport	Being payment for the Proposed Construction and Rehabilitation of Kwa Kangethe-Cheres road	Tendeno/ Sorget	5,845,379	5,845,379	100
4	Public Works Roads and Transport	Mjini Access Rd 1.7km; Kwa Taa - Mombasa Ndogo Rd 0.5km; Light and life church rd 0.3km; Barabara Mpya - Nursery Sch Rd 0.7 km; Riverside - Kitu Rd 0.9km; Melit - Mlimani rd 0.3km; Kipchebor pry - Kamasian AGC rd 1km	Kipchebor Ward	5,702,561	5,702,561	100
5	ICT	Supply, delivery, installation, and commissioning of data centre -3rd phase	Head Quarters	5,250,000	5,250,000	100
6	Public Works Roads and Transport	Proposed Construction and Rehabilitation of Ainapsosiot- Binyiny Road	Kapsaos	5,208,282	5,208,282	100
7	Public Works Roads and Transport	Being payment for the Proposed Construction and Rehabilitation of Kipchimchim Sec-Kipsaswa road	Kipchimchim	5,202,517	5,202,517	100%
8	Public Works Roads and Transport	AIC siwot - Tuiyobei - Maarifa academy rd; Askari Kamili- Museum rd; Sereng dispensary - Rorok - Majitmoto bridge rd	Chilchila	5,088,000	5,088,000	100%
9	Public Works Roads and Transport	Proposed Construction and Rehabilitation of AGC Chepkemel- Chepkemel Pry-Ormarichok-Tililbei TBC ML 50B-Kap Kendu Centre Road	Kaplelartet	5,000,010	5,000,010	100%
10	Public Works Roads and Transport	Being payment for Proposed Construction and Rehabilitation of Valley - Valley Teachers College-Kapawi Joy land road	Cheplanget	4,988,070	4,988,070	100%

Source: Kericho County Treasury

3.12.11 Budget Performance by Department

Table 3.82 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

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

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly Services	933.81	45.67	906.28	7.85	906.21	7.85	100.0	100.0	97.0	17.2
Public Service & Administration	424.87	5.95	361.78	5.90	355.15	5.95	101.9	99.2	83.6	100.0
Office of the Governor & Deputy Governor	166.18	-	165.50	-	169.72	-	97.5	-	102.1	-

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	57.47	-	55.90	-	61.93	-	90.3	-	107.8	-
Finance & Economic Planning	451.24	584.59	414.42	480.20	433.36	489.11	95.6	98.2	96.0	83.7
Health Services	2,628.07	421.55	2,424.41	420.78	2,422.04	332.23	100.1	126.7	92.2	78.8
Agriculture, Livestock & Fisheries	177.04	365.58	150.23	259.28	144.13	328.47	104.2	78.9	81.4	89.8
Education, Youth Affairs, Culture & Social Services	532.76	140.67	531.64	75.95	515.36	66.11	103.2	114.9	96.7	47.0
Public Works, Roads & Transport	82.92	564.87	73.04	523.07	70.55	510.19	103.5	102.5	85.1	90.3
Trade, Industrialisation, Tourism, Cooperative Management & Wildlife	61.03	3.12	57.70	3.12	52.65	3.18	109.6	98.1	86.3	101.8
Water, Energy, Natural Resources & Environment	154.93	363.49	153.96	318.54	156.40	318.58	98.4	100.0	100.9	87.6
Land, Housing & Physical Planning	99.12	96.43	99.04	32.69	101.84	89.91	97.3	36.4	102.7	93.2
Information, Communication & E-Government	55.83	36.36	45.86	28.97	42.56	39.23	107.8	73.9	76.2	107.9
Total	5,825.29	2,628.29	5,439.75	2,156.35	5,431.89	2,190.79	100.1	101.6	93.2	83.4

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Information, Communication and E-government recorded the highest absorption rate of development budget at 107.9 per cent, followed by the Department of Trade, Industrialization, Tourism, Cooperative Management and Wildlife at 101.8 per cent. The Department of County Public Service Board had the highest percentage of recurrent expenditure to budget at 107.8 per cent, while the Department of Information, Communication and E-government had the lowest at 76.2 per cent.

Expenditures of some department were higher than the annual budget allocation and also above exchequer issues because of the spending of failure to refund unspent balances in the Special Purpose Account at the end of the previous financial year. These unspent balances were utilised at source irregularly.

3.12.12 Budget Execution by Programmes and sub-programmes

Table 3.83 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

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

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd June (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
County Coordination Services	County Coordination Services	166,179,145	-	169,717,643	-	102	-
Public sector advisory services	Economic and Social Advisory Service				-		-

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd June (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
		166,179,145	-	169,717,643	-	102	-
DEPARTMENT: FINANCE and Economic PLANNING							
Administration, Planning and Support Services.	Administration Services.	389,808,359	531,007,953	372,366,744	453,233,260	96	85
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	39,367,385	-	39,344,031	-	100	-
Public Finance Management	Budget Formulation co-donation and management	14,443,300	53,577,631	14,021,990	35,874,870	97	67
Audit Services	County Audit	7,625,639	-	7,625,639	-	100	
		451,244,683	584,585,584	433,358,404	489,108,129	96	84
Department: Agriculture, Livestock and Fisheries							
Policy, Strategy and management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	47,661,253	2,000,000	43,058,607	1,999,950	90	-
Crop Development and management	Agriculture Extension Services	63,045,165	350,241,329	57,848,456	300,077,894	92	86
Livestock Resource Management and Development	Livestock Disease Management and Control.	3,653,808	12,334,483	2,898,545	25,388,420	79	206
Livestock Resource Management and Development	Livestock Production and Extension Services	55,326,343	-	39,190,767	-	71	-
Fisheries development	Management and Development of Capture Fisheries	7,354,173	1,000,000	1,135,711	1,000,000	15	100
		177,040,742	365,575,812	144,132,085	328,466,264	81	90
Department: Water, Energy, Natural Resources and Environment							
Environment policy development and coordination	Planning Coordination Policy and administrative Services	140,960,355	25,618,837	142,407,831	23,866,110	101	93
Water supply services	Rural Water Supply	13,973,838	337,873,416	13,992,280	294,715,590	100	87
		154,934,193	363,492,253	156,400,110	318,581,700	101	88

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd June (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Department: Education, Youth Affairs, Culture and Social Services							
General Adminis- tration & Planning Services.	Policy Development and Administration	342,468,689	-	335,182,580	-	98	-
Basic Education	Early Childhood De- velopment Education	181,293,396	93,574,311	175,595,508	25,918,831	97	28
Gender and Social Development	Social Welfare Services/Social Infrastructure Devel- opment	9,000,000	8,095,969	4,579,712	8,000,000	51	99
Youth development and Empowerment services	Youth Development (YP) Training	-	39,000,000	-	32,189,533	-	83%
		532,762,085	140,670,280	515,357,800	66,108,364	97	47
Department: Health Services							
Curative Health	Administration and Planning	1,527,229,294	188,774,449	1,361,862,890	141,490,179	89	75
Curative Health	Hospital(curative) Services	-	-	-	-	-	-
Preventive and Promotive Health	Preventive Medi- cine and Promotive Health	1,100,839,902	232,777,403	1,060,173,459	190,736,189	96	82
		2,628,069,196	421,551,852	2,422,036,349	332,226,368	92	79
Department: Lands, Housing and Physical Planning							
Administration and support services	General Administra- tion and Planning	48,241,424	26,500,000	51,293,341	26,500,000	106	100
Housing Development andHuman Resource	Housing Develop- ment	10,628,496	66,037,768	10,595,882	63,407,368	100	96
Landpolicy and Planning	Development Plan- ning and LandRe- forms	34,150,276	-	34,088,225	-	100	-
Landpolicy and Planning	Land Use Planning	6,102,443	3,896,545	5,858,348	-	96	-
		99,122,639	96,434,313	101,835,795	89,907,368	103	93
Department: Public Works, Roads and Transport							
Transport Man- agement andSafety	General Adminis- tration Planning and Support Services	71,809,287	-	59,445,502	-	83	-

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd June (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Infrastructure, Roads and Transport	Rehabilitation of Road	3,900,000	564,869,856	3,900,000	510,187,463	100	90
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/ Periodic Maintenance	7,206,317	-	7,206,317	-	100	-
		82,915,604	564,869,856	70,551,819	510,187,463	85	90
Department: Trade, Industrialisation, Tourism, Wildlife and Cooperative Management							
Trade development and Investment	Fairtrade Practices and Consumer Protection (weight & measures)	42,484,763	3,120,186	35,928,645	3,176,858	85	102
Trade development and Investment	Administrative and Support Services.	16,348,095	-	14,524,907	-	89	-
Cooperative development and management	Cooperative Advisory & Extension Services.	2,196,502	-	2,196,502	-	100	-
Tourism development and marketing	Local Tourism Development.	-	-	-	-	-	-
		61,029,360	3,120,186	52,650,054	3,176,858	86	102
Department: ICT and Government							
Information & Communication Service	News and Information Services	51,466,937	36,361,898	38,192,114	39,225,396	74	108
Information & Communication Service	ICT and BPO development services	4,366,170	-	4,366,170	-	100	-
		55,833,107	36,361,898	42,558,284	39,225,396	76	108
Department: County Public Service Board							
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and board Management.	57,471,889	-	61,929,772	-	108	-
		57,471,889		61,929,772	-	108	-
Department: Public Service Management							
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	284,084,073	5,950,340	261,965,243	5,949,712	92	100

Programme	Sub-Programme	Approved Supplementary 2 Estimates FY 2022/23 (Kshs.)		Actual Expenditure 22nd July - 23rd June (Kshs.)		Absorption Rate %	
		Rec	Dev	Rec	Dev	Rec	Dev
Administration of Human Resources and Public Service	Human Resource Development	140,786,184	-	93,188,717	-	66	-
		424,870,257	5,950,340	355,153,960	5,949,712	84	100
County Executive sub-Total		4,891,472,900	2,582,612,374	4,525,682,075	2,182,937,623	93	85
Speaker's office	Speaker's office	395,261,219.00	-	395,261,219.00	-	100	-
Clerk's Office	Clerk's Office	530,229,713.00	45,673,899.00	502,622,725.00	-	95	-
County Assembly Service Board	County Assembly Service Board	8,322,996.00		8,322,996.00	-	100	-
County Assembly Sub-total		933,813,928.00	45,673,899.00	906,206,940.00	-	97	-
Grand Total		5,825,286,828	2,628,286,273	5,431,889,015	2,182,937,623	93	83

Source: Kericho County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration of Human Resources and Public Service in the Department of County Public Service Board at 108 per cent, Administration and Support Services in the Department of Lands, Housing and Physical Planning at 106 per cent, County Coordination Services in the Department of Executive Office of The Governor at 102 per cent, and Infrastructure, Roads and Transport at 100 per cent of budget allocation.

3.12.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 31st July 2023.
2. The underperformance of own-source revenue at Kshs.501.35 million against an annual projection of Kshs.1.02 billion, representing 49.2 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice, as shown in Table 3.82, where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012, as shown in Table 3.78.
5. High level of pending bills, which amounted to Kshs.546.71 million as of 30th June 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.539.43 million were processed through the manual payroll, accounting for 16.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
7. High wage bill, which accounted for 42.6 per cent of the revenue for FY 2022/23 of Kshs.7.64 billion during the reporting period, thus constraining funding to other programmes.

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

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

financed.

3. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
4. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.
5. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.
6. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
7. The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.

3.13 County Government of Kiambu

3.13.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.17.66 billion, comprising Kshs.4.59 billion (25.9 per cent) and Kshs.13.07 billion (74.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 0.9 per cent compared to the previous financial year when the approved budget was Kshs.17.51 billion and comprised of Kshs.4.87 billion towards development expenditure and Kshs.12.64 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.72 billion (66.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.04 billion (5.9 per cent) as Appropriations-in-Aid (A-I-A), Kshs.427.67 million (2.4 per cent) as additional allocations, a cash balance of Kshs.1.04 billion (5.9 per cent) from FY 2021/22, and generate Kshs.3.39 billion (19.2 per cent) as own-source revenue, and other revenues of Kshs.48.09 million (0.3 per cent). A breakdown of the additional allocations is provided in Table 3.84.

3.13.2 Revenue Performance

In FY 2022/23, the County received Kshs.11.72 billion as the equitable share of the revenue raised nationally, Kshs.1.16 billion as A-I-A, Kshs.250.26 million as additional allocations, had a cash balance of Kshs.1.04 billion from FY 2021/22, raised Kshs.2.42 billion as own-source revenue and received other revenues of Kshs.31.69 million. The total funds available for budget implementation during the period amounted to Kshs.16.63 billion, as shown in Table 3.84.

Table 3.84: Kiambu County, Revenue Performance in FY 2022/23

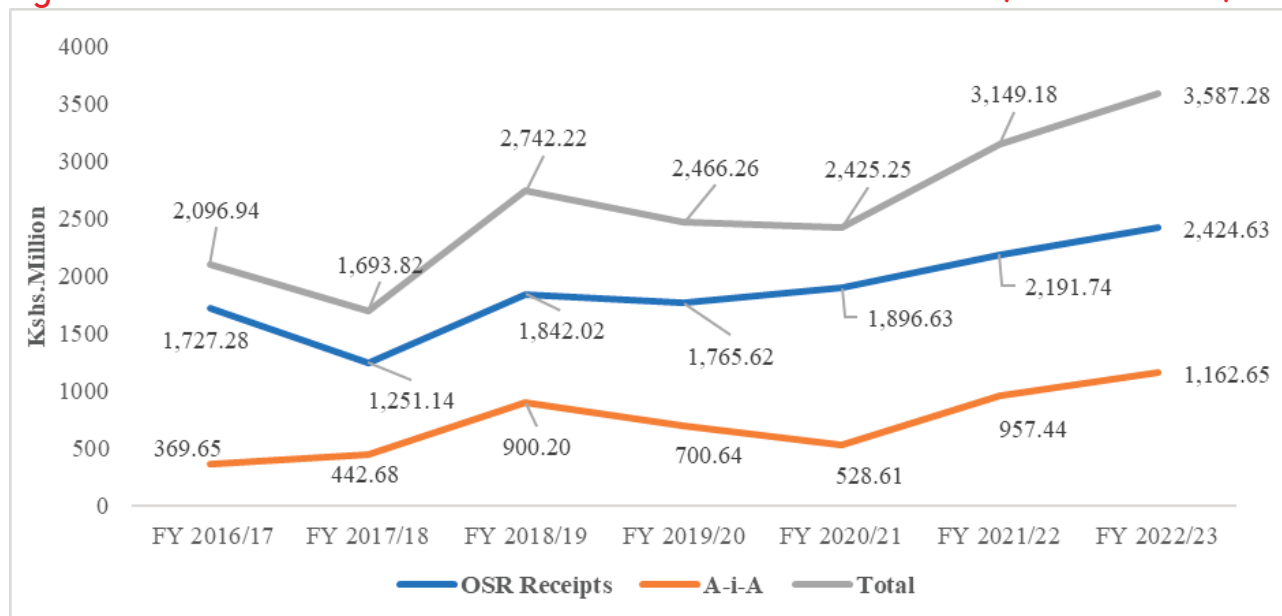
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	11,717,525,720	11,717,525,720	100
	Sub total	11,717,525,720	11,717,525,720	100
B	Additional allocations			

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	World Bank Credit - National Agricultural & Rural Inclusive Growth Project (NAGRIP)	222,775,969	69,625,000	31.3
2.	IDA (World Bank) credit - Kenya Urban Support Project (KUSP)	8,312,712	8,312,712	100.0
3.	DANIDA Grant - Universal Healthcare for Devolved System Program	40,869,334	30,420,709	74.4
4.	Sweden- Agricultural Sector Development Support Programme (ASDSP II)	23,255,565	23,255,565	100.0
5.	World Bank credit: Kenya Informal Settlement Improvement Project (KISIP II)	40,456,908	40,456,908	100.0
6.	IDA (World Bank) FLLoCA- County climate institutional support (CCIS) Grant	22,000,000	11,000,000	50.0
7.	IDA (World bank) National agricultural Value Chain Development Project (KCSAP)	70,000,000	67,192,729	96.0
Sub total		427,670,488	250,263,623	58.5
C	Other Sources of Revenue			
	Own Source Revenue	3,392,022,527	2,424,634,382	71.4
1.	Balance b/f from FY2021/22	1,041,432,882	1,041,432,882	100.0
2.	Appropriations-in-Aid (AIA)	1,035,298,980	1,162,647,728	112.3
3.	Other Revenues - MSF Belgium	34,438,832	31,691,000	92.0
4.	Other Revenues - Nutritional International	13,650,600	-	-
Sub Total		5,516,843,821	4,660,405,993	84.5
		17,662,040,029	16,628,195,336	94.1

Source: Kiambu County Treasury

Figure 37 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

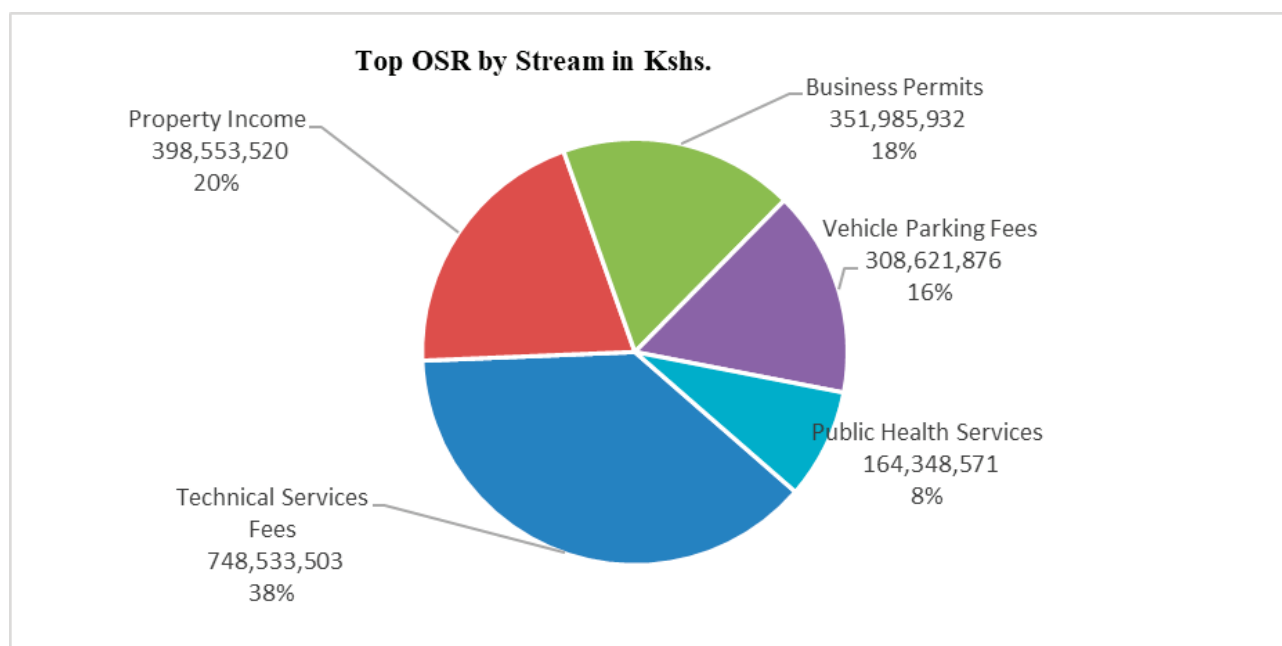
Figure 37: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kiambu County Treasury

In FY 2022/23, the County generated a total of Kshs.3.59 billion from its sources of revenue. This amount represented an increase of 13.9 per cent compared to Kshs.3.15 billion realised in FY 2021/22 and was 81.0 per cent of the annual target and 30.6 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.169.19 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 38.

Figure 38: Top Streams of Own Source Revenue in FY 2022/23



Source: Kiambu County Treasury

The highest revenue stream of Kshs.748.53 million was from technical services fees, contributing to 20.8 per cent of the total OSR receipts during the reporting period. The Appropriations in Aid (A-I-A) amounted to Kshs.1.16 billion, representing 32.4 per cent of the overall revenue collection in the FY 2022/23.

The increase in OSR is attributed to the implementation of an automated revenue management system, Kiambu-Pay. The system has helped seal loopholes at sub-counties and hospitals, focusing on revenue streams like physical planning, land rates, vehicle parking, hospital fees and single business permits. Further, the creation of various task forces in supervising, analysing and reporting on revenue collection processes and Public sensitisation on the importance of revenue payment, including reminders through sending of bulk SMS, has also contributed to efficiency in revenue collection.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.88 billion from the CRF account during the reporting period. The amount comprised Kshs.1.22 billion (9.4 per cent) for development programmes and Kshs.11.66 billion (90.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.8.13 billion was released towards Employee Compensation, and Kshs.3.54 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.2.55 billion.

3.13.4 County Expenditure Review

The County spent Kshs.11.86 billion on development and recurrent programmes in the reporting period. The expenditure represented 92.0 per cent of the total funds released by the CoB and comprised of Kshs.10.65 billion and Kshs.1.21 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 26.4 per cent. In contrast, recurrent expenditure represented 81.5 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills amounting to Kshs.6.42 billion, comprising Kshs.3.56 billion for recurrent expenditure and Kshs.2.87 billion for development activities. During the year, the county accumulated additional pending bills of Kshs.221.78 million, of which Kshs.143.92 million and Kshs.77.86 million were for recurrent and development expenditure, respectively. Further, pending bills amounting to Kshs.694.13 million were settled, consisting of Kshs.338.20 million for recurrent expenditure and Kshs.355.93 million for development programmes resulting in an outstanding balance of Kshs.5.96 billion as of June 30, 2023.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.7.14 billion on employee compensation, Kshs.2.32 billion on operations and Maintenance, and Kshs.1.21 million on development activities. Similarly, the County Assembly spent Kshs.528.10 million on employee compensation, Kshs.658.27 million on operations and Maintenance, and nil 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	11,546,206,589	1,528,012,830	9,464,500,949	1,186,376,078	82.0	77.6
Compensation to Employees	8,009,012,977	555,102,971	7,139,790,089	528,101,408	89.1	95.1
Operations and Maintenance	3,537,193,612	972,909,859	2,324,710,860	658,274,670	65.7	67.7
Development Expenditure	4,487,820,610	100,000,000	1,212,259,243	-	27.0	-
Total	16,034,027,199	1,628,012,830	10,676,760,192	1,186,376,078	66.6	72.9

Source: Kiambu County Treasury

3.13.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.7.67 billion, or 43.4 per cent of the revenue for FY 2022/23 of Kshs.17.66 billion. This expenditure represented an increase from Kshs.7.64 billion reported in FY 2021/22. The wage bill included Kshs.4.04 billion paid to health sector employees, translating to 52.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.6.80 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.342.42 million was processed through manual payrolls. The manual payrolls accounted for 4.8 per cent of the total PE cost.

The County Assembly spent Kshs.37.37 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.50.0 million. The average monthly sitting allowance was Kshs.34,988 per MCA. The County Assembly has established 23 Committees.

3.13.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.2.26 billion to county-established funds in FY 2022/23, constituting 12.8 per cent of the County's overall budget. Table 3.86 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.86: Performance of County Established Funds as of 30th June 2023

S/No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Kiambu Alcoholic Drinks Control Fund	31,300,000	31,300,000	29,452,940	Yes
2.	Kiambu County Education Bursary Fund	200,000,000	200,000,000	102,146,417	Yes

S/No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
3.	Kiambu County Emergency Fund	30,000,000	15,000,000	3,127,960	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	5,000,000	5,000,000	634,161	Yes
5.	Kiambu County Jiinue Fund	50,000,000	-	105,482	Yes
6.	Kiambu County Facility Improvement Fund	1,723,826,023	-	1,218,686,179	Yes
7.	Kiambu County Climate Fund	21,000,000	21,000,000	4,795,240	Yes
8.					
County Assembly Established Funds					
1.	Kiambu County Assembly Car Loan & Mortgage Scheme Fund	237,000,000	49,000,000	30,780	Yes
2.	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	600	Yes
	Total	2,255,626,023	321,300,000	1,358,979,759	-

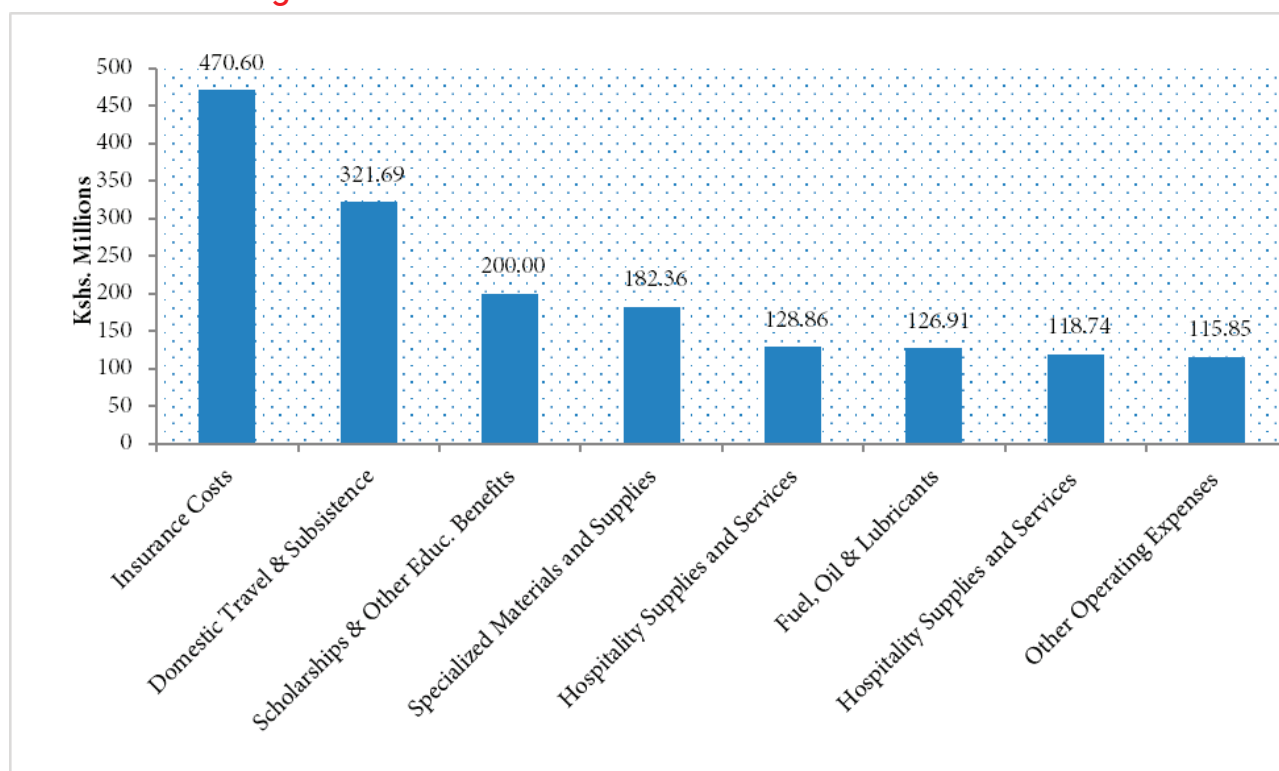
Source: Kiambu County Treasury

During the reporting period, the CoB received all the quarterly financial returns from Fund Administrators as indicated in Table 3.86 as per the requirement of Section 168 of the PFM Act, 2012.

3.13.9 Expenditure on Operations and Maintenance

Figure 39 summarises the Operations and Maintenance expenditure by major categories.

Figure 39: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: Kiambu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.321.69 million and comprised Kshs.220.0 million spent by the County Assembly and Kshs.101.69 million by the County Executive. Expenditure on foreign travel amounted to Kshs.81.11 million and comprised Kshs.80.04 million by the County Assembly and Kshs.1.06 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.87.

Table 3.87: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	13 th to 29 th June 2022	Managing public-private partnership and alliance conference	Singapore	1,097,415
County Assembly	22	15 th to 25 th January 2023	Training on Parliamentary practices and procedures.	Arusha, Tanzania	12,416,742
County Assembly	36	12 th to 22 nd February 2023	Training on Parliamentary practices and procedures.	Arusha, Tanzania	20,690,776
County Assembly	29	21 st to 31 st May 2023	Training on Parliamentary practices and procedures.	Arusha, Tanzania	16,473,909

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	8	21 st May to 1 st June 2023	Training on Parliamentary practices and procedures.	Addis Ababa, Ethiopia	5,461,178
County Assembly	13	4 th to 14 th June 2023	Training on Parliamentary practices and procedures.	Arusha, Tanzania	6,293,552
County Assembly	35	12 th to 22 nd March 2023	Training on Parliamentary practices and procedures.	Arusha, Tanzania	19,687,819
County Assembly	7	25 th June to 2 nd July 2023	Training on Effective Parliamentary Leadership	Arusha, Tanzania	2,938,446

Source: Kiambu County Treasury & County Assembly

3.13.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.21 billion on development programmes, representing a decrease of 56.0 per cent compared to FY 2021/22 when the County spent Kshs.2.76 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.88: Kiambu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum(Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Crop and Irrigation	NARIGP	All wards	332,992,370	332,992,370	332,992,370	100
2	Crop and Irrigation	Procurement of food crops & Coffee fertiliser	All wards	43,731,519	43,731,519	80,585,550	184.3
3	Housing & Community Development	KISP II World Bank Grant	The six Municipalities.	92,456,908	40,456,908	40,456,908	100.0
4	Crop and Irrigation	ASDSP	All wards	46,331,333	46,331,333	42,255,565	91.2
5	Water and Sanitation	Other Capital Grants and Trans	County wide	40,000,000	40,000,000	40,000,000	100.0
6	Health	Construction of Bibirioni level 4 hospital	Bibirioni	285,999,364	100,726,696	39,415,498	39.1
7	Roads, Transport, Public Works & Utilities	Overlay (Resealing) of JN A2 (Kimbo)-Matangiingi road	Theta	20,000,000	-	25,596,502	-
8	Roads, Transport, Public Works & Utilities	Street lighting installation (1134 No)	All wards	161,024,000	135,094,904	24,688,901	18.3
9	Crop and Irrigation	NAVCDP	All wards	70,000,000	70,000,000	20,663,551	29.5
10	Livestock	Purchase of Animal and Breeding Stock	All wards	48,000,000	48,000,000	20,454,400	42.6

Source: Kiambu County Treasury

3.13.11 Budget Performance by Department

Table 3.89 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.89: Kiambu County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,528.01	100.00	1,186.37	-	1,186.38	-	100.0	-	77.6	-
County Executive	341.58	-	230.97	-	249.28	-	107.9	-	73.0	-
County Public Service Board	78.10	-	57.89	-	46.92	-	81.1	-	60.1	-
Finance, Economic Planning and ICT	2,102.00	158.76	1,917.72	23.27	1,705.42	14.80	88.9	63.6	81.1	9.3
Administration and Public Service	835.99	31.00	701.63	8.11	677.14	8.11	96.5	100.0	81.0	26.2
Agriculture, Crop Production and Irrigation	453.29	855.53	410.53	633.38	413.70	610.72	100.8	96.4	91.3	71.4
Water, Environ- ment and Natural Resources	373.52	310.58	346.73	31.33	338.90	73.66	97.7	235.1	90.7	23.7
Health Services	5,371.56	621.64	5,047.06	62.60	4,362.04	81.37	86.4	130.0	81.2	13.1
Education, Culture and Social Services	1,071.20	268.01	992.78	66.47	971.62	66.47	97.9	100.0	90.7	24.8
Youth and Sports	126.58	175.54	108.99	3.00	93.24	-	85.5	-	73.7	-
Lands, Physical Planning and Housing	252.14	241.29	190.93	49.86	206.21	49.86	108.0	100.0	81.8	20.7
Trade, Tourism, Industry and Co-operative	145.50	386.10	99.51	10.50	96.45	12.63	96.9	120.3	66.3	3.3
Roads, Transport and Public Works	394.76	1,439.37	373.77	328.52	303.58	294.64	81.2	89.7	76.9	20.5
County Assembly	1,528.01	100.00	1,186.37	-	1,186.38	-	100.0	-	77.6	-
Total	13,074.22	4,587.82	11,664.89	1,217.05	10,650.88	1212.26	91.3	99.6	81.5	26.4

Source: Kiambu County Treasury

Analysis of expenditure- by department shows that the Department of Agriculture, Crop Production and Irrigation recorded the highest absorption rate of development budget at 71.4 per cent, followed by the Department of Administration and Public Service at 26.2 per cent. The Department of Agriculture, Crop Production and Irrigation had the highest percentage of recurrent expenditure to budget at 91.3 per cent, while the Department of County Public Service Board had the lowest at 60.1 per cent.

3.13.12 Budget Execution by Programmes and sub-programmes

Table 3.90 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.90 Kiambu County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
County Assembly							
Legislation and oversight	Legislation and oversight	850,458,900	-	646,028,621	-	76.0	
	Sub Total	850,458,900	-	646,028,621	-	76.0	-
General Administra- tion Planning and Support Services	General Administra- tion Planning and Support Services	511,218,882	100,000,000	402,449,586	-	78.7	-
	Sub Total	511,218,882	100,000,000	402,449,586	-	78.7	-
Representation services	Representa- tion services	166,335,048	-	137,897,870	-	82.9	-
	Sub Total	166,335,048	-	137,897,870	-	82.9	-
Sub Total		1,528,012,830	100,000,000	1,186,376,078	-	77.6	-
County Executive							
	General Ad- ministration and Support Services	283,967,488	-	197,944,694	-	69.7	-
	Representa- tion Services	57,613,503	-	51,331,900	-	89.1	-
	Sub Total	341,580,991	-	249,276,594	-	73.0	-
County Public Service Board							
Leadership & Administra- tion of Human Resources & Development in County Public Service	Human Re- source devel- opment and management services	78,096,211	-	46,921,998	-	60.1	-
		78,096,211	-	46,921,998	-	60.1	-
	Sub Total						
Finance, Economic Planning and ICT							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Finance Management and Economic Policy & Strategy	Financial Management Services	226,708,702	-	214,218,499	-	94.5	-
	Economic Planning services	16,000,000	-	14,263,282	-	89.1	-
	General Administration and support services	1,859,287,326	58,762,592	1,476,937,709	-	79.4	-
	ICT services	-	100,000,000	-	14,800,000	-	14.8
	Sub Total	2,101,996,028	158,762,592	1,705,419,491	14,800,000	81.1	9.3
Administration and Public Service							
General Administration Planning and Support services	General Administration Planning and Support services	823,466,812	31,000,000	669,433,967	8,107,832	81.3	26.2
	Sub Total	823,466,812	31,000,000	669,433,967	8,107,832	81.3	26.2
Admin & coord of County affairs, HR dev Mngt, Capacity Building	Human Resource Management & Development	12,521,529	-	7,703,920	-	61.5	-
	Sub Total	12,521,529	-	7,703,920	-	61.5	-
	Sub Total	835,988,341	31,000,000	677,137,887	8,107,832	81.0	26.2
Agriculture, Crop Production and Irrigation							
Crop development, Irrigation and Marketing Services	Administration services	453,291,686	-	413,696,273	-	91.3	-
	Land and Crop management	-	70,000,000	-	61,215,000	-	87.5
	Upgrading Waruhiu ATC	-	40,000,000	-	-	-	-

Programme	Sub-Pro-gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
	Irrigation development and manage- ment	-	10,000,000	-	-	-	-
	Revitalisation of Agricultural Mechaniza- tion Services	-	15,000,000	-	-	-	-
	Agricul- tural input andFinancing services	-	43,731,519	-	80,585,550	-	184.3
	Value addition and market development	-	40,601,873	-	19,136,800	-	47.1
	Capital grants	-	402,992,370	-	353,655,922	-	87.8
	Additional allocations	-	46,331,333	-	42,255,564	-	91.2
	Pending bills	-	66,870,811	-	33,416,240	-	50.0
	Sub Total	-	735,527,906	-	590,265,076	-	80.3
Livestock and Fisheries De- velopment and management	Livestock diseases management andcontrol	-	15,000,000	-	-	-	-
	Food safety andanimal product devel- opment	-	5,000,000	-	-	-	-
	Livestock pro- duction and management	-	32,000,000	-	-	-	-
	Livestock products value addition and marketing.	-	48,000,000	-	20,454,400	-	42.6
	Aquaculture and market development	-	5,000,000	-	-	-	-
	Sub Total	-	105,000,000	-	20,454,400	-	19.5
	Fisheries de- velopment and management	-	15,000,000	-	-	-	-
		-	15,000,000	-	-	-	-
	Sub Total	453,291,686	855,527,906	413,696,273	610,719,476	91.3	71.4

Programme	Sub-Pro- gramme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expendi- ture	Develop- ment Ex- penditure
Water, Environment and Natu- ral Resources							
Administra- tion, Planning & Support Services	Administra- tion, Planning & Support Services	373,523,466	-	338,900,933	-	90.7	
Water Resourc- es Management & Sanitation Services	Water Re- source Man- agement and Sanitation	-	191,000,000	-	73,463,672	-	38.5
Natural Re- sources, Forest Conservation and manage- ment	Natural Re- sources, Forest Conservation and manage- ment	-	15,000,000	-	195,000	-	1.3
Environmental Management andCompliance	Environment andSolid Waste Man- agement	-	94,580,000	-	-	-	-
Climate Change Mitigation & Adaptation	Climate Change Mitigation & Adaptation	-	10,000,000	-	-	-	-
	Sub Total	373,523,466	310,580,000	338,900,933	73,658,672	90.7	23.7
Health Services							
Health Services	Curative Services	947,406,903	621,636,481	154,644,147	81,373,948	16.3	13.1
	Preventive and Promotive	51,438,832	-	37,865,356	-	73.6	-
	Pharmaceu- ticals	146,000,000	-	49,082,345	-	33.6	-
	Administra- tion and Sup- port Services	4,226,712,107	-	4,120,446,016	-	97.5	-
	Sub Total	5,371,557,842	621,636,481	4,362,037,864	81,373,948	81.2	13.1
Education, Culture and Social Services							
Pre-primary Edu, Promotion of Culture and Social Services	Pre-primary education and Youth polytechnics services	273,000,000	268,007,975	213,075,790	66,470,344	78.0	24.8

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Culture and Social Services	20,500,000	-	10,006,790	-	48.8	-
	General administration and support services	777,702,219	-	748,536,709	-	96.2	-
	Sub Total	1,071,202,219	268,007,975	971,619,289	66,470,344	90.7	24.8
Youth and Sports							
Youth Affairs, Sports and Communication							
	Promotion and development of sports; Youth services	120,480,194	-	92,634,453	-	76.9	-
	Communication	6,096,320		607,120	-	10.0	-
	Youth and Sports Administration	-	175,538,853	-	-	-	-
	Sub Total	126,576,514	175,538,853	93,241,573	-	73.7	-
Lands, Physical Planning and Housing							
Land management and physical Planning	Land management and physical Planning	201,697,046	138,000,000	179,846,893	-	89.2	-
	Housing Development	-	96,126,308	-	42,692,993	-	44.4
Municipal Administration & Urban Development	Municipal Administration & Urban Development	50,438,564	7,167,356	26,367,861	7,167,354	52.3	100.0
	Sub Total	252,135,610	241,293,664	206,214,754	49,860,347	81.8	20.7
Trade, Tourism, Industry and Co-operative							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Trade, Industrialization, Tourism, Investment, & Co-operative Development	General Administration, Planning and Support Services	25,105,000	-	6,428,448	-	25.6	-
	Trade Administration, Development and Promotion	102,050,000	280,000,002	83,878,666	12,626,469	82.2	4.5
	Co-operative Development and management	18,347,334	41,000,000	6,144,264	-	33.5	-
	Tourism promotion and marketing	-	25,000,000	-	-	-	-
	Industrialisation	-	5,098,576	-	-	-	-
	Enterprise development	-	35,000,000	-	-	-	-
	Sub Total	145,502,334	386,098,578	96,451,378	12,626,469	66.3	3.3
Roads, Transport and Public Works							
Maintenance of Roads, Bridges, Transport, Construction and Maintenance	General administration and support services	394,755,347	-	303,582,915	-	76.9	-
	Construction of road and-civil works	-	1,439,374,561	-	294,642,155	-	20.5
	Sub Total	394,755,347	1,439,374,561	303,582,915	294,642,155	76.9	20.5
Grand Totals		13,074,219,419	4,587,820,610	10,650,877,027	1,212,259,243	81.5	26.4

Source: Kiambu County Treasury

3.13.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 28th July, 2023.

2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.89, where the County incurred expenditure over approved exchequer issues in the Department of County Executive (107.9 per cent), and the Department of Lands, Physical Planning and Housing (108 per cent).
3. High level of pending bills which amounted to Kshs.5.96 billion as of 30th June 2023. This is despite availability of funds in the CRF of Kshs.2.55 billion as at the end of the financial year.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.342.42 million were processed through the manual payroll, accounting for 4.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Low absorption of development funds as indicated by the expenditure of Kshs.1.21 billion in FY 2022/23 from the annual development budget allocation of Kshs.4.59 billion. The development expenditure represented 26.4 per cent of the annual development budget.
6. A high wage bill, which accounted for 64.6 per cent of the total expenditure in FY 2022/23 thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. The County Treasury should provide a pending bills payment plan at the beginning of the financial year.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County should identify and address issues causing delays in implementing development projects.*
6. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.14 County Government of Kilifi

3.14.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.15.35 billion, comprising Kshs.5.42 billion (35.3 per cent) and Kshs.9.93 billion (64.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 3.8 per cent compared to the previous financial year when the approved budget was Kshs.15.95 billion and comprised of Kshs.5.97 billion towards development expenditure and Kshs.9.98 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.11.64 billion (75.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.72 billion (11.2 per cent) as additional allocations cash balance of Kshs.942.58 million (6.1 per cent) from FY 2021/22, and generate Kshs.1.05 billion (6.8 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.91.

3.14.2 Revenue Performance

In FY 2022/23, the County received Kshs.11.64 billion as the equitable share of the revenue raised nationally, Kshs.1.29 billion as additional allocations, had a cash balance of Kshs.942.58 million from FY 2021/22, and raised Kshs.661.69 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.14.53 billion, as shown in Table 3.91.

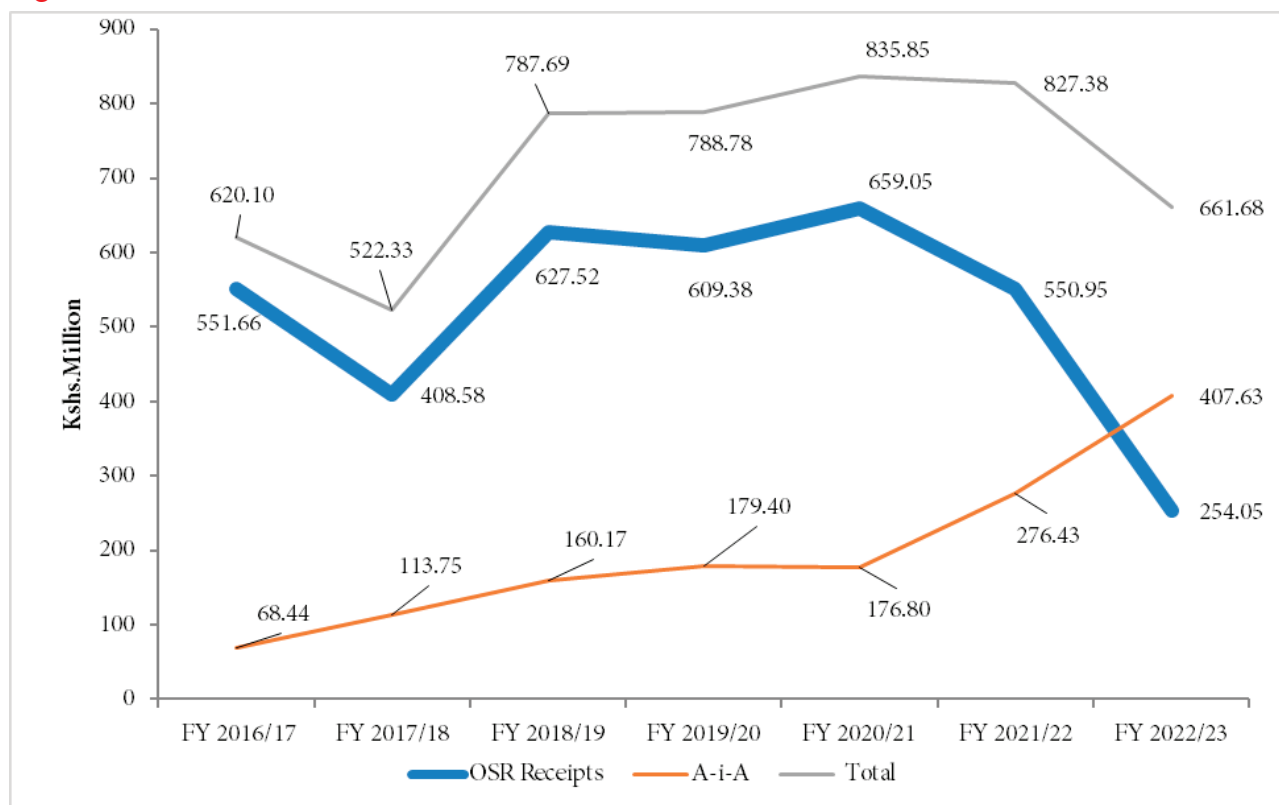
Table 3.91: Kilifi County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	11,641,593,041	100.0
Sub Total		11,641,592,941	11,641,593,041	100.0
B	Additional allocations			
1	National Agriculture & Rural Inclusive Growth Project (NAGRIP)	328,154,152	282,617,605	86.1
2	Water & Sanitation Development Program (WSDP)	900,000,000	893,321,391	99.3
3	Agriculture Sector Development Support Program II (ASDP II)	11,235,089	6,242,200	55.6
4	World Bank Credit to Finance Locally-Led Climate Action Program	22,000,000	22,000,000	100.0
5	Leasing of Medical Equipment	110,638,298	-	-
6	DANIDA-Universal Health Care in Devolved System Program	33,598,125	13,117,500	39.0
7	Kenya Devolution Support Program II (KDSP)	37,044,750	-	-
8	Kenya Informal Settlement Improvement Project (KISIP)	200,000,000	-	-
9	Kenya Urban Support Program (KUSP)	3,534,477	3,534,474	100.0
10	World Bank Credit for National Agriculture Value Chain Development Project (NAVCDP)	70,000,000	67,192,729	96.0
Sub Total		1,716,204,891	1,288,025,899	75.1
C	Other Sources of Revenue			
1	Own Source Revenue	1,051,376,905	254,060,695	24.2
2	Balance b/f from FY 2021/22	942,581,977	942,581,977	100.0
3	AIA	-	407,629,965	-
Sub Total		1,993,958,882	1,604,268,637	80.5
Grand Total		15,351,756,714	14,533,887,577	94.7

Source: Kilifi County Treasury

Figure 40 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

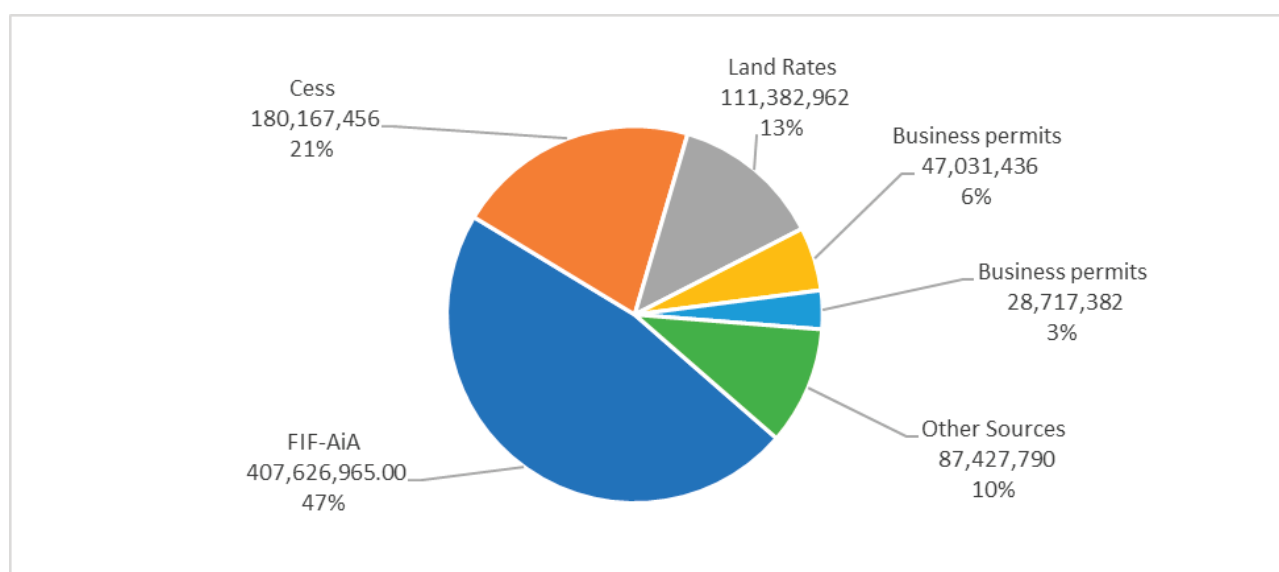
Figure 40: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kilifi County Treasury

In FY 2022/23, the County generated a total of Kshs.661.69 million from its sources of revenue. This amount represented a decrease of 20 per cent compared to Kshs.827.38 million realised in FY 2021/22 and was 62.9 per cent of the annual target and 5.7 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 41.

Figure 41: Top Streams of Own Source Revenue in FY 2022/23



Source: Kilifi County Treasury

The highest revenue stream of Kshs.407.63 million was from A-i-A, in particular the FIF, contributing to 47 per cent of the total receipts during the reporting period.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.96 billion from the CRF account during the reporting period. The amount comprised Kshs.3.69 billion (28.4 per cent) for development programmes and Kshs.9.27 billion (71.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.39 billion was released towards Employee Compensation, and Kshs.4.89 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.3.38 billion.

3.14.4 County Expenditure Review

The County spent Kshs.11.18 billion on development and recurrent programmes in the reporting period. The expenditure represented 86.3 per cent of the total funds released by the CoB and comprised Kshs.3.36 billion and Kshs.7.83 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.9 per cent. In contrast, recurrent expenditure represented 78.8 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.3.12 billion, comprising Kshs.1.75 billion for recurrent expenditure and Kshs.1.37 billion for development activities. During the year, pending bills amounting to Kshs.1.30 billion were settled, consisting of Kshs.888.86 million for recurrent expenditure and Kshs.411.31 million for development programmes. As of 30th June 2023, the outstanding pending bills amounted to Kshs.2.19 billion inclusive of accrued bills in FY 2022/23.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.42 billion on employee compensation, Kshs.2.46 billion on operations and Maintenance , and Kshs.3.34 billion on development activities. Similarly, the County Assembly spent Kshs.463.88 million on employee compensation, Kshs.481.12 million on operations and Maintenance , and Kshs.18.20 million on development activities, as shown in Table 3.92.

Table 3.92: 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	8,986,462,801	945,000,000	6,880,656,262	944,999,913	76.6	100.0
Compensation to Employees	4,460,060,213	463,879,927	4,419,310,686	463,879,927	99.1	100.0
Operations and Maintenance	4,526,402,588	481,120,073	2,461,345,576	481,119,986	54.4	100.0

Development Expenditure	5,315,293,913	105,000,000	3,336,860,000	18,200,000	62.8	17.3
Total	14,301,756,714	1,050,000,000	10,217,516,262	963,199,913	71.4	91.7

Source: Kilifi County Treasury

3.14.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.88 billion, or 33.6 per cent of the revenue for FY 2022/23 of Kshs.14.53 billion. This expenditure represented an increase from Kshs.4.32 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.716.92 million paid to health sector employees, translating to 15.7 per cent of the total wage bill.

Further analysis indicates that Kshs.122.54 million was processed through manual payrolls. The manual payrolls accounted for 2.6 per cent of the total PE cost.

The County Assembly spent Kshs.29.93 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.31.95 million. The average monthly sitting allowance was Kshs.45,344 per MCA. The County Assembly has established 23 Committees.

3.14.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.1.04 billion to county-established funds in FY 2022/23, constituting 6.8 per cent of the County's overall budget. Table 3.93 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.93: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements
County Executive Established Funds					
1.	Kilifi County Car Loan & Mortgage Fund	120,000,000	-	-	No
2.	Kilifi County Ward Scholarship Fund	350,000,000	350,000,000	350,000,000	Yes
3.	Kilifi County Emergency Fund	340,000,000	340,000,000	340,000,000	Yes
4.	Kilifi County Mbegu Fund	116,000,000	58,000,000		No
County Assembly Established Funds					
1.	Kilifi County Assembly Car Loan & Mortgage Fund	111,000,000	-	-	-
	Total	1,037,000,000	748,000,000	690,000,000	-

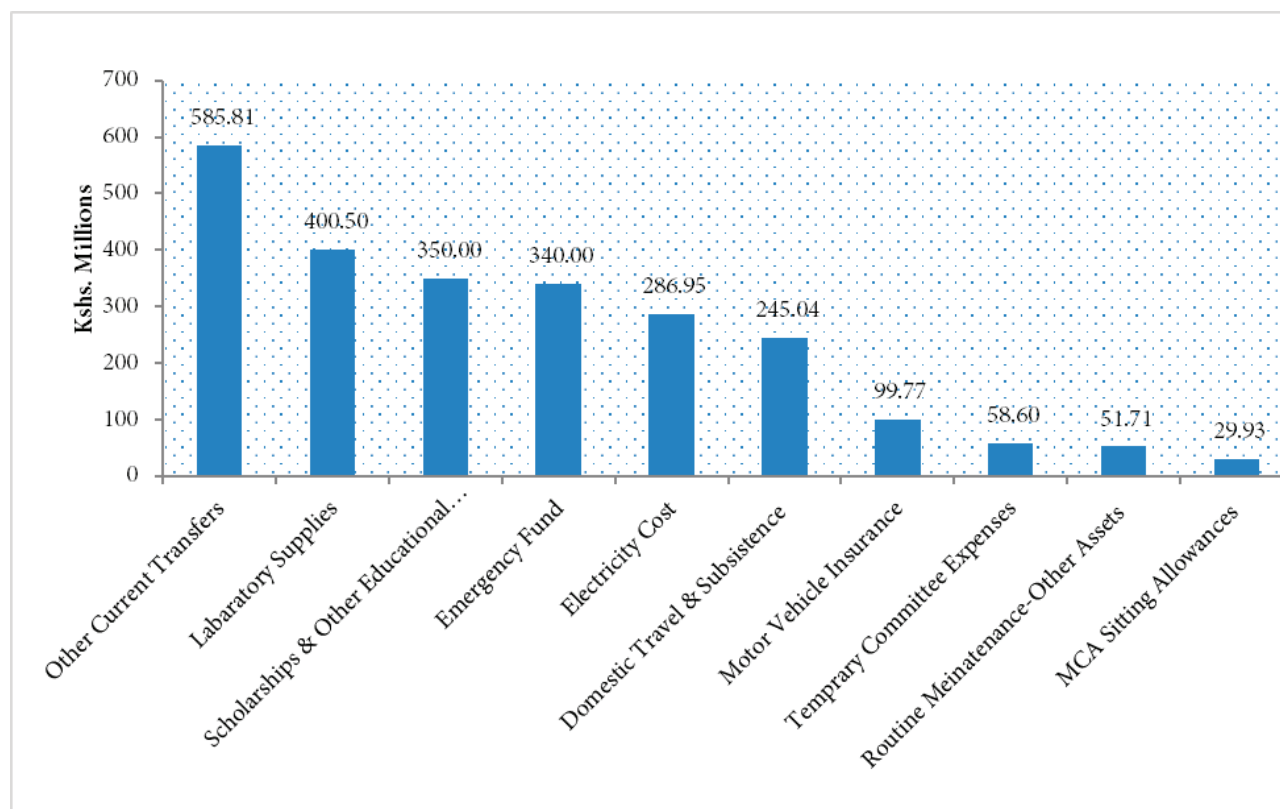
Source: Kilifi County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of Kilifi County Car Loan & Mortgage, Kilifi County Mbegu Fund & Kilifi County Assembly Car Loan & Mortgage funds as indicated in Table 3.93 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.14.9 Expenditure on Operations and Maintenance

Figure 42 summarises the Operations and Maintenance expenditure by major categories.

Figure 42: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: Kilifi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.245.04 million and comprised Kshs.144.07 million spent by the County Assembly and Kshs.100.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.42.33 million and comprised Kshs.8.5 million by the County Assembly and Kshs.33.83 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.94 below; -

Table 3.94: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	8	08/07/2023	leadership Summit workshop	Dubai	9,560,190
County Executive	4	31/2/2023	Investors meeting	Germany	5,400,696
County Executive	3	27/03/2023	IHLS InfoTech Conference	Israel	3,465,080
County Executive	2	06/01/2023	Waste Management Workshop	Germany	3,218,072
County Executive	4	31/01/2023	Global Conference on Quality Management	Dubai	2,610,194
County Executive	1	03/01/2023	Poverty Alleviation Workshop	Dubai	2,245,504
County Executive	1	18/06/2023	Contemporary Public Administration Workshop	Israel	1,500,000

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	09/03/2023	International Tourism Exchange Workshop	Germany	1,237,058
County Executive	1	14/02/2023	Academy of International Business Officials	China	255,210

Source: Kilifi County Treasury

3.14.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.36 billion on development programmes, representing an increase of 36.9 per cent compared to FY 2021/22, when the County spent Kshs.2.12 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.95: Kilifi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads & Public Works	Upgrading to bitumen standards of Kibao cha Fundisa - Adu (Phase I)	Adu	199,175,764	93,431,679	50,773,944	50
2	Roads & Public Works	Provision of Fire Engines	HQ	79,998,893.00	79,998,893.00	79,998,893.00	100.00
3	Roads & Public Works	Upgrading to Bitumen Standard of Mtomondoni to Kwa Chief Road	Shimo la Tewa	38,975,171.76	38,971,683.00	38,971,683.00	100
4	Roads & Public Works	Upgrading to cabro standard of Kwa Ndonya to Goodlife Orphanage Road	Mtepeni	19,889,940.00	19,715,940.00	19,715,940.00	100
5	Environment	Climate Action Fund Project	County Headquarters	19,598,295	19,598,295.00	19,598,295.00	100
6	Education	Construction of special School at Kizurini Special School	Kaloleni	13,021,109	13,021,109.00	8,861,386.80	68.06
7	Education	Construction of special School at Chang'ombe Special School,	Mwawesa	13,021,109	3,271,106.00	9,722,776.00	74.67
8	Land& Physical Planning	Survey of Minyenzini/Kalumani Adjudication Section	Minyenzini	9,880,880.00	9,880,880.00	9,880,880.00	100
9	Land& Physical Planning	Survey and allocation of Majengo Kanamai trading centre (final 20%)	Kanamai	9,880,880.00	9,880,880.00	9,880,880.00	100
10	Education	Completion of 4no. ECDE classrooms, 4no. and 2no. Cubicle pit latrine at Jeuri ECDE	Kambe Ribe	8,115,986.40	8,115,986.40	7,694,805.48	100

Source: Kilifi County Treasury

3.14.11 Budget Performance by Department

Table 3.96 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.96: Kilifi County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	945.00	105.00	944.99	18.20	944.99	18.20	100.0	100.0	100.0	17.3
Office of the Governor	361.43	-	300.20		291.75	-	97.2	-	80.7	-
County Division for Finance	892.14	25.78	800.25	20.00	758.72	6.65	94.8	33.3	85.0	25.8
County Division for Agriculture	61.30	602.82	61.20	484.92	60.59	531.14	99.0	109.5	98.8	88.1
County Division for Water & Sanitation	44.84	1,525.47	37.25	376.45	35.23	1,513.48	94.6	402.0	78.6	99.2
County Division for Education	396.04	366.41	385.88	366.41	379.30	140.91	98.3	38.5	95.8	38.5
County Division for Medical Services	1,253.03	512.66	880.22	488.92		235.35	-	48.1	-	45.9
Roads, Transport and Public Works	220.57	1,125.85	203.58	886.43	203.38	203.37	99.9	22.9	92.2	18.1
County Division for Lands and Energy	366.41	362.58	360.44	285.37	350.85	284.59	97.3	99.7	95.8	78.5
Gender, Culture, Social Services and Sports	66.35	244.83	52.49	200.89	48.03	48.03	91.5	23.9	72.4	19.6
County Division for Trade and Tourism	35.98	206.70	30.12	196.73	28.07	192.52	93.2	97.9	78.0	93.1
County Public Service Board	44.69	-	25.44		16.13	-	63.4	-	36.1	-
Public Service Management	4,591.31	-	3,900.44		4.23	-	0.1	-	0.1	-
County Attorney	62.76	5.00	62.76	2.88	62.76	-	100.0	-	100.0	-
County Division for Economic Planning	74.83	-	72.19		70.83	-	98.1	-	94.7	-
County Division for Livestock	18.30	35.88	17.36	32.40	16.12	16.12	92.9	49.8	88.1	44.9
County Division for Fisheries	11.69	63.50	9.41	62.57	9.41	58.03	100.0	92.7	80.5	91.4
County Division for Environment, Natural Resources and Wildlife	77.25	67.59	75.00	65.33	72.23	45.39	96.3	69.5	93.5	67.2
County Division for Information Communication and Technology	22.40	-	20.00		13.47	-	67.4	-	60.1	-

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 Division for Public Health	95.18	68.39	95.00	48.24	44.16	-	46.5	-	46.4	-
County Division for Physical Planning	36.55	81.34	30.33	56.78		54.00	-	95.1	-	66.4
County Division for Cooperative Development	7.33	5.00	7.33	3.25	7.33	3.12	100.0	96.0	100.0	62.4
Devolution, Public Service and Disaster Management	246.09	15.48	240.11	15.00	240.11	4.16	100.0	27.7	97.6	26.9
Total	9,931.47	5,420.28	8,611.99	3,610.77	7,825.66	3,355.06	42.5	92.9	72.2	60.2

Source: Kilifi County Treasury

Analysis of expenditure- by department shows that the Department of Water & Sanitation recorded the highest absorption rate of development budget at 99.2 per cent, followed by the Department of Trade & Tourism at 93.1 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Public Service Board had the lowest at 36.1 per cent.

3.14.12 Budget Execution by Programmes and sub-programmes

Table 3.97 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.97: Kilifi County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Gender, Social Services and Youth Affairs							
P.1: General Adminis- tration, Planning and Support services	SP1.1: General Administration, Planning and Sup- port services	417,500	-	499,944	279,200	119.7	-
	Sub Total	417,500	-	499,944	-	119.7	-
P2. Culture andArts	SP 2.1 Heritage Conservation Programme	600,000	-	524,757	-	87.5	-
	Sub Total	600,000	-	524,757	-	87.5	-
P 4: Social Protection	SP 4.3 Social Development andChild Affairs	-	65,688,618	-	8,808,399	-	13.4
	Sub Total	-	65,688,618	-	8,808,399	-	13.4
P 5. Sports and talent Development	SP 5.1 Sports Development	600,000	5,966,569	599,400	-	99.9	-
	Sub Total	600,000	5,966,569	599,400	-	99.9	-
Grand Total		1,617,500	71,655,187	1,624,101	-	100.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Agriculture					-		
Programme 1	Sub-programme	19,966,336	-	19,458,182	-	97.5	-
	Sub Total	19,966,336	-	19,458,182	-	97.5	-
Grand Total		96,500	-	96,000	-	99.5	-
Roads and Public Works							
	Roads Construc- tion	220,565,413	-	203,376,711	-	92.2	-
	Access Roads		1,125,845,617	-	998,683,908	-	88.7
Grand Total		220,565,413	1,125,845,617	203,376,711	998,683,908	92.2	88.7
Department Public Service Management							
General Administra- tion, Planning and Support Services	Administration, Planning and Sup- port Services	4,699,111,114	-	4,287,312,382	-	91.2	-
	Sub Total	4,699,111,114	-	4,287,312,382	-	91.2	-
Grand Total		4,699,111,114	-	4,287,312,382	-	91.2	-
Programme 1 : Gen- eral Administration, Planning and Support Services	SP1.1: General ad- ministration and support services	44,698,442	-	16,127,669	-	36.1	-
Livestock							
Programme 1	Sub-programme	18,300,735	36,284,182	16,119,096	32,133,534	88.1	88.6
	Sub Total	18,300,735	36,284,182			-	-
Devolution Public Service andDisaster Management	-	-	-	-	-	-	-
General Administration, Planning and Support Services	Administration, Planning and Sup- port Services	16,261,449	-	16,212,935	-	99.7	-
	Sub Total	16,261,449	-	16,212,935	-	99.7	-
Devolution Services	Sub County and- Ward Administra- tion Services	-	15,476,265	-	4,159,860	-	26.9
	Civic Education	1,264,680	-	1,148,880	-	90.8	
	S.P 2.3: Public Participation	-	-	-			
	Sub Total	1,264,680	15,476,265	1,148,880	4,159,860	90.8	26.9
Special Programme	Special Pro- gramme	13,418,002	-	13,079,761	-	97.5	-
	SP 2.1 Mitigating Emergencies and- Disasters	215,150,000	-	214,952,360	-	99.9	-
	Sub Total	228,568,002	-	228,032,121	-	99.8	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Grand Total	246,094,131	15,476,265	245,393,936	4,159,860	99.7	26.9
County Attorney							
P.1 General Administration, Planning and Support Services	P1.1: Administration, Planning and Support Services	50,718,601	30,000,000	63,356,341	-	124.9	-
P.2 Legal Advisory and Legislative Drafting	SP. 2.1 Legal Representation and Coordinating Prosecution	28,312,959	-	-	-	-	-
	SP.2.2 Legislative Drafting	6,054,000	-	-	-	-	-
Grand Total		85,085,560	30,000,000	63,356,341	-	74.5	-
Agriculture							
Programme 1	Sub-programme	14,571,266	8,000,000	14,080,776	12,486,065	96.6	156.1
	Sub Total	14,571,266	8,000,000	14,080,776	12,486,065	96.6	156.1
AGRICULTURE							
Programme 2	Sub-programme	19,966,336	92,679,482	19,458,182	92,395,098	97.5	99.7
	Sub Total	19,966,336	92,679,482	19,458,182	92,395,098	97.5	99.7
Programme 3	Sub-programme	26,763,137	500,137,647	27,046,974	426,262,128	101.1	85.2
	Sub Total	26,763,137	500,137,647	27,046,974		101.1	-
Grand Total		61,300,739	600,817,129	60,585,932	104,881,163	98.8	17.5
Blue Economy							
Programme 1	Sub-programme	10,908,762	63,500,000	9,407,540	58,028,775	86.2	91.4
	Sub Total	10,908,762	63,500,000	9,407,540	58,028,775	86.2	91.4

Source: Kilifi County Treasury

The report on budget execution by programmes and sub-programmes showed that programmes under the Department of Agriculture, the Office of the County Attorney, and the Department of Gender, Social Services & Youth Affairs had expenditures above approved budget allocations. The absorption rate above 100 per cent is irregular and should be addressed by respective accounting officers.

3.14.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 14th August 2023.
2. The underperformance of own-source revenue at Kshs.661.69 million against an annual projection of Kshs.1,051.38 million, representing 62.9 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Mbegu Fund, Kilifi County Car Loan & Mortgage Fund and Kilifi County Assembly Car Loan & Mortgage Fund were not submitted to the Controller of Budget.

4. High level of pending bills, which amounted to Kshs.2.19 billion as of 30th June 2023. This is despite the availability of Kshs.3.38 billion in the CRF at the end of the financial year.
5. Inconsistencies in financial reporting. The expenditure on Programmes and sub-programmes did not tally with the expenditure per department and the approved budget. This is an indication of failure to regularly reconcile payments in IFMIS.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The County Treasury should ensure that its financial reporting tallies with the expenditure by programs and subprograms and Expenditure by departments. This can be achieved through the regular reconciliation of financial reports.*

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2022/23 Budget

The County's Approved Second Supplementary Budget for the FY 2022/23 was Kshs.7.03 billion, comprising Kshs.2.18 billion (31.1 per cent) and Kshs.4.84 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented a decrease of 8.7 per cent compared to the previous financial year when the approved budget was Kshs.7.70 billion and comprised of Kshs.3.17 billion towards development expenditure and Kshs.4.53 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.19 billion (73.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.355.60 million (5.1 per cent) from its own sources of revenue, Kshs.194.39 million (2.8 per cent) as Appropriations-in-Aid (A-I-A), Kshs.294.83 million as additional allocations, and a cash balance of Kshs.991.49 million (14.1 per cent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.98.

3.15.2 Revenue Performance

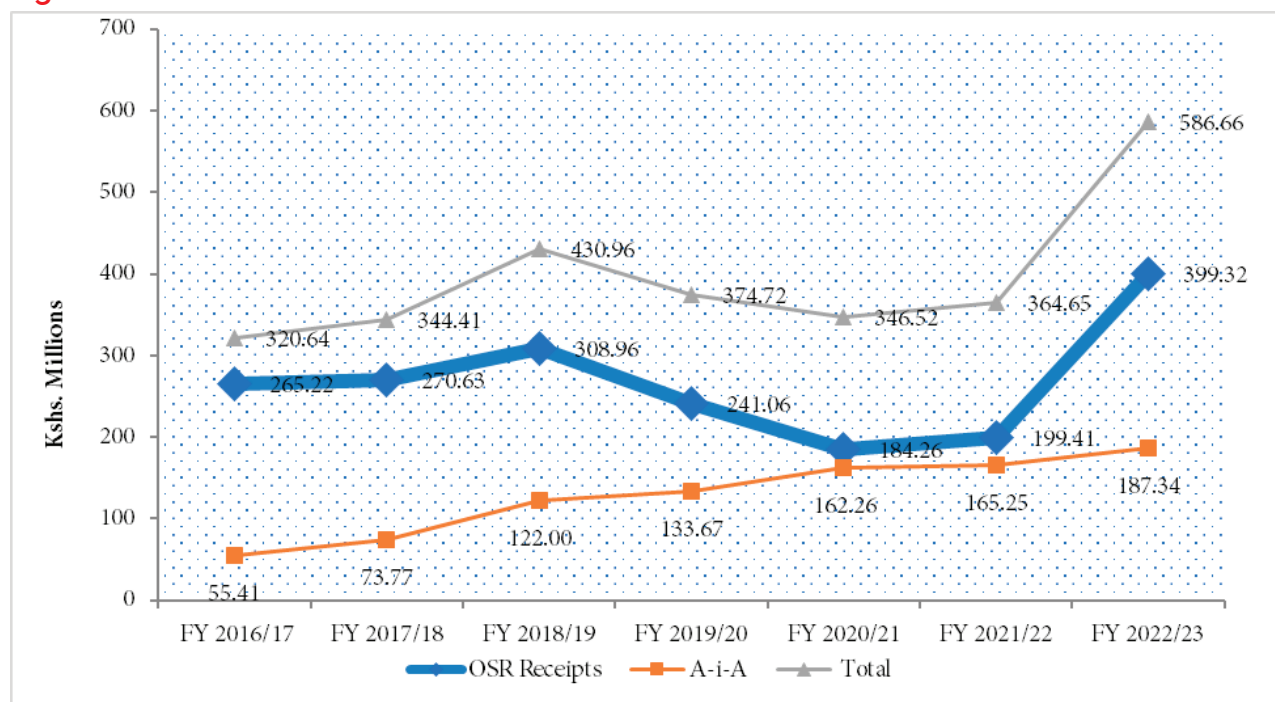
In FY 2022/23, the County received Kshs.5.19 billion as the equitable share of the revenue raised nationally, raised Kshs.399.32 million as own-source revenue, Kshs.187.33 million as A-I-A, Kshs.292.02 million as additional allocations, and had a cash balance of Kshs.991.49 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.7.07 billion, as shown in Table 3.98.

Table 3.98: Kirinyaga County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	5,196,177,952	100.0
Sub Total		5,196,177,952	5,196,177,952	100.0
B	Additional allocations			
1.	National Agricultural and Rural Inclusive Growth Project (NAGRIP)	178,744,304	178,744,304	100.0
2.	National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	70,000,000	67,192,729	96.0
3.	Kenya Urban Support Project (KUSP) –Urban Institutional Grant (UIG)	2,339,915	2,339,915	100.0
4.	DANIDA Grant	13,642,875	13,642,875	100.0
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	8,108,733	8,108,733	100.0
6.	World Bank (Finance Locally-Led Climate Program (FLLoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	22,000,000	100.0
Sub Total		294,835,827	292,028,555	99.05
C	Other Sources of Revenue			
1	Own Source Revenue	355,601,999	399,321,046	112.3
2	Balance B/F from FY2021/22	991,495,194	991,495,194	100.0
3	AIA	194,398,001	187,339,593	96.4
Sub Total		1,541,495,194	1,578,155,833	102.4
Grand Total		7,032,508,973	7,066,362,341	100.5

Source: Kirinyaga County Treasury

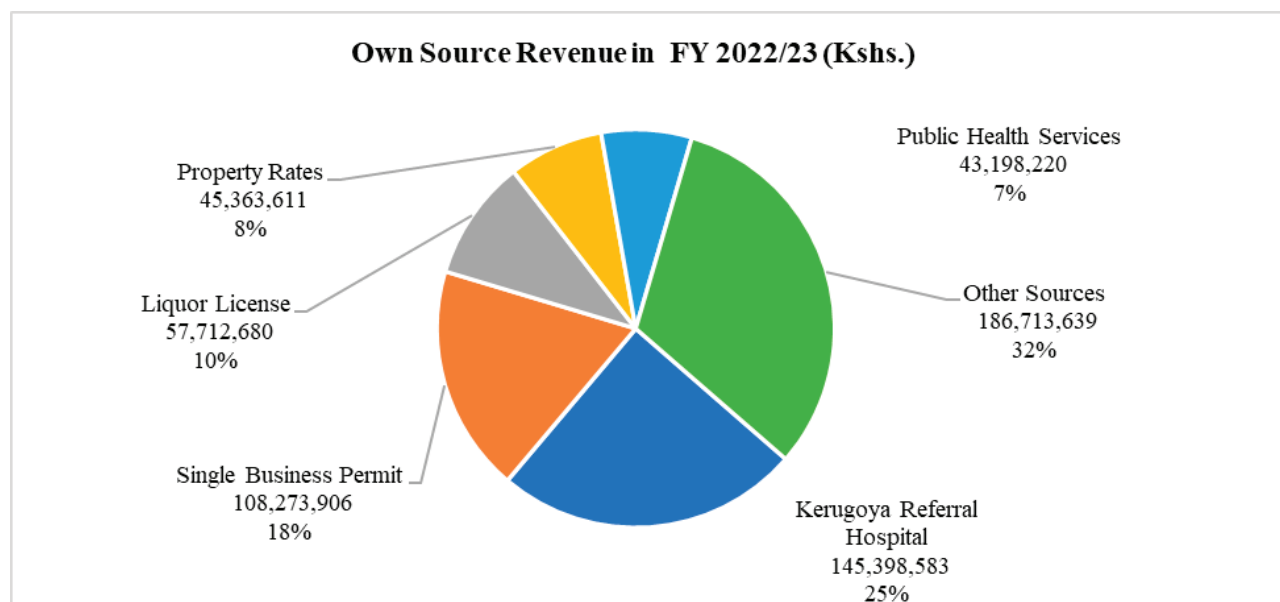
Figure 43 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

Figure 43: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

Source: Kirinyaga County Treasury

In FY 2022/23, the County generated a total of Kshs.586.66 million from its own sources of revenue. This amount represented an increase of 60.9 per cent compared to Kshs.364.65 million realised in FY 2021/22 and was 106.7 per cent of the annual target and 11.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 44.

Figure 44: Top Streams of Own Source Revenue in FY 2022/23



Source: Kirinyaga County Treasury

The highest revenue stream of Kshs.145.39 million was from the Kerugoya Referral Hospital, contributing to 25 per cent of the total OSR receipts during the reporting period. Revenue from the health sector (FIF) amounted to Kshs.187.33 million, representing 31.9 per cent of the overall OSR in FY 2022/23.

3.15.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.44 billion from the CRF account during the reporting period. This amount comprised Kshs.1.61 billion (25.0 per cent) for development programmes and Kshs.4.83 billion (75.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.2.90 billion was released towards employee compensation, and Kshs.1.92 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.43.42 million.

3.15.4 County Expenditure Review

The County spent Kshs.6.44 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.0 per cent of the total funds released by the CoB and comprised of Kshs.1.61 billion and Kshs.4.83 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 73.7 per cent. In contrast, recurrent expenditure represented 99.8 per cent of the annual recurrent expenditure budget.

3.15.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.801.12 million, comprised of Kshs.441.41 million for recurrent expenditure and Kshs.359.72 million for development activities. During the year, pending bills amounting to Kshs.566.08 million were settled, consisting of Kshs.229.20 million for recurrent expenditure and Kshs.336.88 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.235.04 million.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.58 billion on employee compensation, Kshs.1.56 billion on operations and Maintenance , and Kshs.1.57 billion on development activities. Similarly, the County Assembly spent Kshs.320.67 million on employee compensation, Kshs.360.95 million on operations and Maintenance , and Kshs.38.41 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	4,165,813,428	681,635,622	4,154,431,629	681,635,618	99.7	100.0
Compensation to Employees	2,585,508,688	320,675,652	2,585,507,865	320,675,649	100.0	100.0
Operations and Maintenance	1,580,304,740	360,959,970	1,568,923,763	360,959,969	99.3	100.0
Development Expenditure	2,124,642,682	60,417,240	1,571,574,009	38,417,169	74.0	63.6
Total	6,290,456,111	742,052,862	5,726,005,639	720,052,788	91.0	97.0

Source: Kirinyaga County Treasury

3.15.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.9 billion, or 41.1 per cent of the revenue for FY 2022/23 of Kshs.7.06 billion. This expenditure represented an increase from Kshs.2.68 billion reported in FY 2021/22. The wage bill included Kshs.1.4 billion paid to health sector employees, translating to 49.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.65 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.249.44 million was processed through manual payrolls. The manual payrolls accounted for 8.6 per cent of the total PE cost.

The County Assembly spent Kshs.12.98 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.48.59 million. The average monthly sitting allowance was Kshs.32,797 per MCA. The County Assembly has established 24 Committees.

3.15.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs. 247.12 million to county-established funds in FY 2022/23, constituting 3.5 per cent of the County's overall budget. Table 3.100 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.100: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No)
County Executive Established Funds					
1	County Emergency Fund	6,200,000.00	6,200,000.00	-	YES
2	County Bursary Fund	108,200,000.00	108,200,000.00	89,850,199.00	YES
3	Executive Car Loan and Mortgage Fund	31,300,000.00	31,300,000.00	70,139,189.69	YES
County Assembly Established Funds					
4.	County Assembly Car Loans and Mortgage Fund	101,428,343.00	101,428,343.00	137,934,739.40	YES
Total		247,128,343.00	247,128,343.00	297,924,128.09	

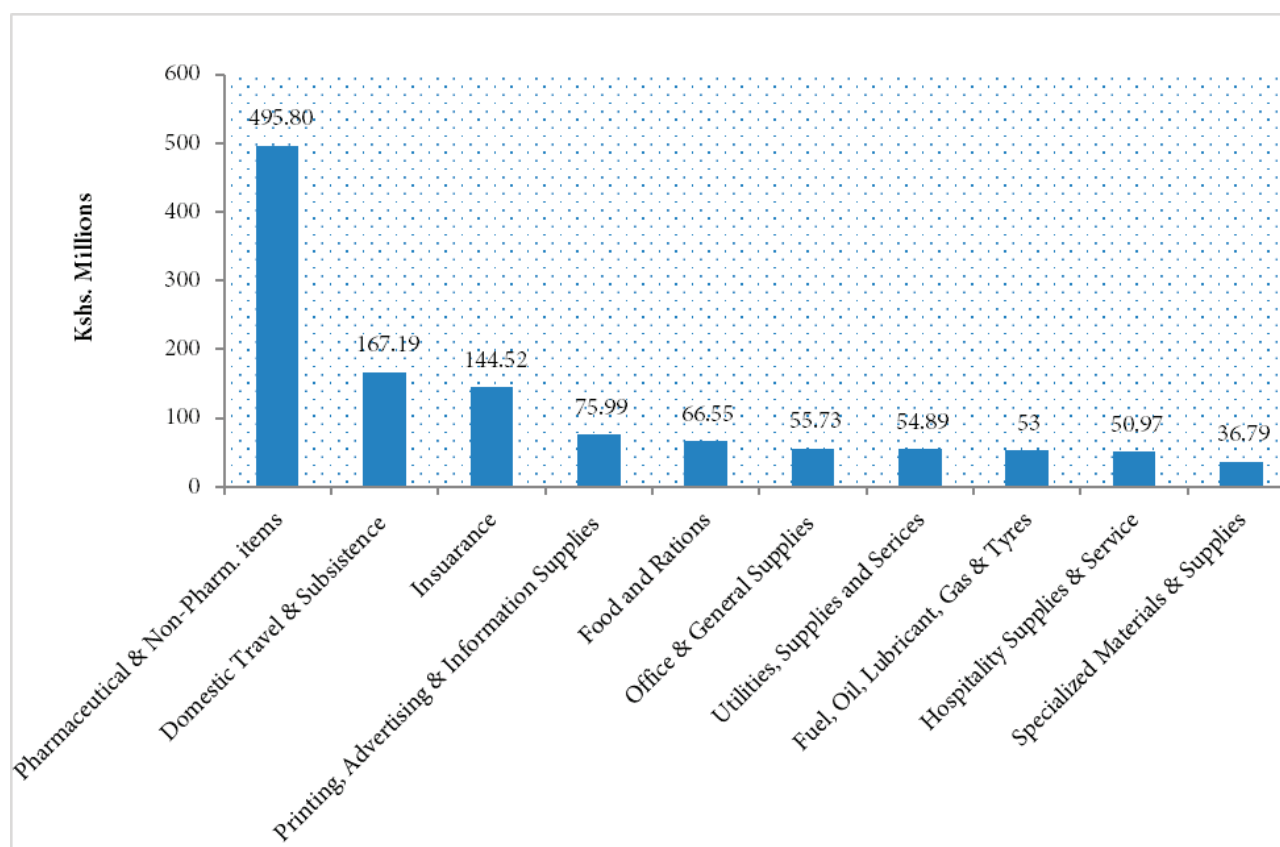
Source: Kirinyaga County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of 4 funds as indicated in Table 3.100.

3.15.9 Expenditure on Operations and Maintenance

Figure 45 shows a summary of operations and Maintenance expenditure by major categories.

Figure 45: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.167.19 million and comprised of Kshs.98.71 million spent by the County Assembly and Kshs.68.47 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32.86 million and comprised of Kshs.20.99 million by the County Assembly and Kshs.11.866 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.101 below; -

Table 3.101: Summary of highest expenditure on foreign travel

S/No.	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	1	9th December 2022 - 13th December 2021	Being facilitation to attend the third edition of the KUSI festivals in Ghana.	Ghana	149,478
2	County Executive	1	27th February 2022 - 10th March 2022	Being facilitation of flight charges to travel to USA, UK and Qatar to accompany the deputy president on an official visit	London/Doha	308,380
3	County Executive	2	5th November 2022 - 15th November 2022	Being facilitation to attend United Nations climate change Conference of parties in Egypt.	Egypt	1,154,379

S/No.	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
4	County Executive	4	06th March 2023 -17th March 2023	Being facilitation to attend the 67th session of the Commission of the Status of Women in Newyork, USA.	USA	6,757,414
5	County Executive	2	20th June 2023 -28th June 2023	Being facilitation to attend the 41st Contemporary Public Administration Management Conference at theGalilee International Management Institute, Israel.	Israel	3,496,894
6	County Assembly	51	13th December 2022 -17th December 2022	Facilitation the Forum on Leadership Success During Transition Workshop	Tanzania	11,072,121.60
7	County Assembly	1	17th April 2023 -21st April 2023	Being facilitation for the Party Whips Legislative Workshop	Ethiopia	491,910.00
8	County Assembly	1	22nd April 2023 -1st May 2023	Being facilitation for the Deputy Speakers' Leadership and management Workshop	United Arab Emirates	954,430.00
9	County Assembly	1	28th June 2023-10th July 2023	Being facilitation for the Post-pandemic Strategic Public Administration and management Conference	Australia	1,945,403.20
10	County Assembly	4	15th June -26th June 2023	Being facilitation for the International PF1 Conference 2023 on Public Financial Management and Leadership for Better Public Services	United Arab Emirates	6,536,134.20
TOTAL						32,866,543

Source: Kirinyaga County Government

3.15.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.61 billion on development programmes, representing a decrease of 0.8 per cent compared to FY 2021/22, when the County spent Kshs.1.62 billion. Table below summarises development projects with the highest expenditure in the reporting period.

Table 3.102: Kirinyaga County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Payments in FY 2022-23 (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services and Public Health	Completion of Construction of the medical complex	Kerugoya Ward	1,474,988,910.41	154,240,577.00	153,932,311.37	1,391,040,624.00	94.0%
					120,000,000.00	119,999,999.17		

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Payments in FY 2022-23 (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
2	County Executive	Settlement of Development Pending Bills as contained in the report of OAG on pending bills	County Wide	101,053,291.00	101,053,291.00	98,587,473.45	98,587,473.00	98.0%
3	Medical Services and Public Health	Upgrading of Kianyaga Level 4 Hospital	Kabare Ward	288,561,930.00	84,864,903.00	77,812,704.81	77,812,705.00	35.0%
4	Transport and Infrastructure	Proposed Construction of Wanguru Town Parking Spaces, Street Roads, Walkways And Associated Works. Cgk/Scm/Tr&Pw/001/2021-2022	Tebere Ward	135,745,230.00	67,282,258.00	64,168,620.86	132,631,593.00	98.0%
5	Medical Services and Public Health	Upgrading of Kimbimbi Level 4 Hospital	Nyagati Ward	288,561,930.00	84,867,903.00	55,007,883.74	92,285,252.00	32.0%
6	County Executive	Construction of the Governor's residence	Kabare Ward	52,221,158.00	45,000,000.00	45,000,000.00	45,000,000.00	86.0%
7	Medical Services and Public Health	Purchase of Medical equipment for Kerugoya Medical Complex	Kerugoya Ward	30,000,000.00	30,000,000.00	30,000,000.00	30,000,000.00	100.0%
8	Cooperative Development Trade and Tourism	Pre-feasibility studies, branding and Marketing for the Sagana Industrial Park	Kariti Ward	30,000,000.00	30,000,000.00	29,856,080.00	29,856,080.00	100.0%
9	Physical Planning and Housing	Development of County Spatial Plan	County Wide	47,599,440.00	25,500,000.00	25,500,000.00	47,599,413.00	100.0%

Source: Kirinyaga County Treasury

3.15.11 Budget Performance by Department

Table 3.103 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.103: Kirinyaga County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	231.69	315.16	231.68	312.32	231.68	312.32	100.0	100.0	100.0	99.1
Cooperative Development Trade and Tourism	47.84	38.50	47.84	38.26	47.84	38.26	100.0	100.0	100.0	99.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
County Assembly	681.64	60.42	681.64	38.42	681.64	38.42	100.0	100.0	100.0	63.6
County Executive	525.48	193.23	525.48	177.48	525.48	177.48	100.0	100.0	100.0	91.9
Education	308.23	4.30	308.23	3.83	308.23	3.83	100.0	100.0	100.0	89.1
Environment and Natural Resources	130.49	148.23	120.61	53.65	120.61	53.65	100.0	100.0	92.4	36.2
Finance and Eco- nomic Planning	606.85	19.21	606.85	15.55	606.85	15.55	100.0	100.0	100.0	80.9
Gender and Youth	51.67	42.13	51.67	28.42	51.67	28.42	100.0	100.0	100.0	67.4
Medical Services and Public Health	2,116.31	782.65	2,114.82	521.73	2,114.82	521.73	100.0	100.0	99.9	66.7
Physical Planning and Housing	36.31	106.48	36.31	33.18	36.31	33.18	100.0	100.0	100.0	31.2
Sports Culture and Social Services	36.21	8.47	36.21	7.11	36.21	7.11	100.0	100.0	100.0	84.0
Transport and Infrastructure	74.73	466.28	74.73	380.03	74.73	380.03	100.0	100.0	100.0	81.5
Total	4,847.45	2,185.06	4,836.07	1,609.99	4,836.07	1,609.99	100.0	100.0	99.8	73.7

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of Cooperative Development Trade and Tourism recorded the highest absorption rate of development budget at 99.4 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 99.1 per cent. The majority of departments recorded 100.0 per cent of their recurrent expenditure budget.

3.15.12 Budget Execution by Programmes and sub-programmes

Table 3.104 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.104: Kirinyaga County, Budget Execution by Programmes and sub-programmes

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Assembly							
Legislation and oversight	Legislation and oversight	681,635,622	60,417,240	681,635,618	38,417,169	100.0%	63.6%
Sub Total		681,635,622	60,417,240	681,635,618	38,417,169	100.0%	63.6%
County Executive							
Office of the Governor and Deputy Governor	070601 County Executive Services	370,594,668	-	370,593,803	-	100.0%	-
County Executive Administration	070701 County Executive Services	-	193,228,291	-	177,483,015	#DIV/0!	91.9%
Management of County Affairs	070801 Coordination of County Functions	107,652,000	-	107,652,000	-	100.0%	-

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Executive Committee Affairs	070901 Organi- sation of County Business	6,200,000	-	6,200,000	-	100.0%	-
County Public Service Board	071001 Human Resource Manage- ment	14,906,040	-	14,906,000	-	100.0%	-
Administrative Support Services	020202 ICT Gov- ernance	3,480,000	-	3,480,000	-	100.0%	-
	020701 Govern- ment Buildings Services	4,067,000	-	4,067,000	-	100.0%	-
	070411 Audit Committee	1,919,000	-	1,919,000	-	100.0%	-
	070412 County Enforcement Activities	4,185,000	-	4,185,000	-	100.0%	-
	070413 ICT Infra- structure Develop- ment Management	10,958,800	-	10,958,800	-	100.0%	-
	070414 ICT Sys- tems Development Management	1,522,000	-	1,522,000	-	100.0%	-
Sub Total		525,484,508	193,228,291	525,483,603	177,483,015	100.0%	91.9%
Finance and Economic Planning							
Public Finance Management	070401 Finance Services	544,449,550	19,210,510	544,449,549	15,548,700	100.0%	80.9%
	070402 Revenue Services	17,300,000	-	17,299,702	-	100.0%	-
	070404 Procure- ment and Supply Services	9,770,000	-	9,769,363	-	100.0%	-
	070405 Internal Audit Services	1,718,200	-	1,717,915	-	100.0%	-
	070408 Budget Formulation, Coordination and management	8,970,920	-	8,970,915	-	100.0%	-
	070409 Account- ing Services	7,945,000	-	7,945,000	-	100.0%	-
County Planning and Economic Policy Manage- ment	070501 Economic Planning Services	16,699,000	-	16,698,800	-	100.0%	-
Sub Total		606,852,670	19,210,510	606,851,244	15,548,700	100.0%	80.9%
Medical Services and Public Health							
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,116,310,238	782,650,068	2,114,819,096	521,733,502	99.9%	66.7%

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Sub Total		2,116,310,238	782,650,068	2,114,819,096	521,733,502	99.9%	66.7%
Education							
Basic Education	050101 General Administration	300,114,905	-	300,114,880	-	100.0%	-
	050102 Free Pre-Primary Education	7,440,000	-	7,439,030	-	100.0%	
State Education Function Support	050203 Tertiary Education	-	4,300,000	-	3,830,527.32	#DIV/0!	89.1%
Technical and Vocational Training	050301 Village Polytechnicue	678,500	-	678,370	-	100.0%	0.0%
Sub Total		308,233,405	4,300,000	308,232,280	3,830,527	100.0%	89.1%
Agriculture, Livestock and Fisheries							
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	305,000		100.0%	-
	010105 Livestock Production Management	2,480,000	-	2,479,813		100.0%	-
	010106 Livestock Disease Management & Control	1,200,000	-	1,199,910		100.0%	-
Crop Development and management	010202 Agricultural Extension Services	1,500,000	-	1,500,000		100.0%	-
	010203 Agribusiness and market Development	320,000	-	320,000		100.0%	-
	010206 Land and Crop Development	1,331,000	-	1,331,000		100.0%	-
	010207 Food Security Initiatives	400,000	-	400,000		100.0%	-
Kamweti Agricultural Training Centre	Extension and Training	-	-	-		#DIV/0!	-
Fisheries Development	010402 Aquaculture Development	200,000	-	199,524		99.8%	-
Policy Strategy and management of Agriculture	010801 Development of Agricultural Policy	543,000	-	543,000		100.0%	-
	011001 General Administration and Planning	223,407,389	315,162,993	223,402,571	312,324,628	100.0%	99.1%
Sub Total		231,686,389	315,162,993	231,680,818	312,324,628	100.0%	99.1%
Gender and Youth							

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Culture	090702 Social Welfare Services	18,687,000	-	18,687,000	-	100.0%	-
	091201 Gender Administration Services	30,821,210	-	30,821,204	-	100.0%	-
	091301 Gender and Social Development	1,490,000.00	42,133,334.00	1,489,507	28,417,659.35	100.0%	67.4%
Youth	090901 Youth Development and Empowerment Services	670,000.00	-	670,000	-	100.0%	0.0%
Sub Total		51,668,210	42,133,334	51,667,711	28,417,659	100.0%	67.4%
Sports Culture and Social Services							
Sports	090701 General Administration	12,721,217	-	12,721,066	-	100.0%	-
	090801 Development of Sports and Sports Facilities	-	8,466,666	-	7,113,254.00	#DIV/0!	84.0%
	091401 Management & Development of Sports and Sports Facilities	16,905,000	-	16,904,500	-	100.0%	-
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	1,549,000	-	100.0%	-
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	248,800	-	100.0%	-
Children Services	091101 Child Community Support Services	4,784,000.00	-	4,784,000	-	100.0%	-
Sub Total		36,208,017	8,466,666	36,207,366	7,113,254	100.0%	84.0%
Cooperative Development Trade and Tourism							
Trade Development and Investment	030401 General Administration and Planning	38,349,441	-	38,449,436	-	100.3%	-
	030103 Capacity Building for Traders and SMEs	977,000	-	977,000	-	100.0%	-
	030104 promotion, Development & Growth of Trade	354,000	-	354,000	-	100.0%	-

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	030105 Fair Trade Practises and Consumer Protection	205,000	-	205,000	-	100.0%	-
Tourism Development and marketing	030302 Tourism Promotion and marketing	195,500	-	195,500	-	100.0%	-
	030304 International Tourism Promotion and marketing	310,000	-	309,400	-	99.8%	-
	030305 Promotion of Industrial Development	6,268,500	-	6,268,500	-	100.0%	-
	030306 Provision of Industrial Training	140,000	-	140,000	-	100.0%	-
Cooperative Development and marketing	030101 General Administration & Planning	-	38,500,000	-	38,261,104	#DIV/0!	99.4%
	030405 Cooperative Advisory and Extension Services	295,000	-	295,000	-	100.0%	-
	030406 Cooperative Education and Training	416,000	-	416,000	-	100.0%	-
	030407 Cooperative Governance and Accountability	159,000	-	159,000	-	100.0%	-
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	170,000	-	70,000	-	41.2%	-
Sub Total		47,839,441	38,500,000	47,838,836	38,261,104	100.0%	99.4%
Environment and Natural Resources							
Water Supply Services	090101 Water and Irrigation	-	148,229,999	-	53,651,654	#DIV/0!	36.2%
Energy Programme	090301 Energy Services	405,000	-	405,000	-	100.0%	-
Cleaning and waste Management	090502 Environment Management and Protection	675,800	-	675,800	-	100.0%	-
Environment Management and Protection	100401 Environment Management and Protection	22,000,000	-	12,120,961	-	55.1%	-

Programme	Sub- Programme	Approved Estimates (Kshs.)		Actual Payments of FY 2022- 23 (Kshs)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Nema	090401 Waste Management Services	107,408,439	-	107,407,938	-	100.0%	-
Sub Total		130,489,239	148,229,999	120,609,699	53,651,654	92.4%	36.2%
Lands, Housing and Urban Development							
Land and physical Planning	010601 General Administration and Planning	32,192,943	-	32,192,723	-	100.0%	-
	010604 County Spatial Planning	3,190,000	-	3,190,000	-	100.0%	-
	010605 Town Zoning and Mapping	-	106,479,534	-	33,183,365.00	-	31.2%
	010607 Survey and Mapping	505,000	-	505,000	-	100.0%	-
Housing Development	010701 Improvement and Development of Human Settlements	420,000	-	420,000	-	100.0%	-
Sub Total		36,307,943	106,479,534	36,307,723	33,183,365	100.0%	31.2%
Transport and Infrastructure							
Transport Management	020301 General Administration and Planning	61,511,285	-	61,511,285	-	100.0%	-
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	2,222,083	-	100.0%	-
Roads Development Maintenance and management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	466,281,288	1,299,943	380,026,602	100.0%	81.5%
Infrastructure Development, Maintenance and management	020801 Infrastructure Development Services	9,700,000	-	9,699,944	-	100.0%	-
Sub Total		74,733,368	466,281,288	74,733,255	380,026,602	100.0%	81.5%
Grand Total		4,847,449,050	2,185,059,923	4,836,067,247	1,609,991,179	99.8%	73.7%

Source: Kirinyaga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human Resource Management in the Department of County Executive at 100.0 per cent, Budget Formulation, Coordination and Management in the Department of Finance and Economic Planning at 100.0 per cent, Village Polytechnics in the Department of Education at 100.0 per cent, and Agricultural Extension Services in the Department of Agriculture, Livestock and Fisheries at 100.0 per cent of budget allocation.

3.15.13 Key Observations and Recommendations

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

1. High level of pending bills, which amounted to Kshs.235.04 million as of 30th June 2023.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.249.44 million were processed through the manual payroll, accounting for 8.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. High wage bill, which accounted for 41.1 per cent of the revenue for FY 2022/23 of Kshs.7.07 billion during the reporting period, thus constraining funding to other programmes.

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

1. *The County leadership should take charge of the pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.16 County Government of Kisii

3.16.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.11.11 billion, comprising Kshs.3.30 billion (29.7 per cent) and Kshs.7.81 billion (70.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 11.7 per cent compared to the previous financial year when the approved budget was Kshs.12.59 billion and comprised of Kshs.4.09 billion towards development expenditure and Kshs.8.5 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.89 billion (80.8 per cent) as the equitable share of revenue raised nationally, Kshs.412.43 million as additional allocations, a cash balance of Kshs.1.06 billion (9.6 per cent) from FY 2021/22, and generate Kshs.650 million (5.9 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.105.

3.16.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.89 billion as the equitable share of the revenue raised nationally, Kshs.563.23 million as A-I-A from Health Charges, Kshs.298.77 million as additional allocations, had a cash balance of Kshs.792.33 million from FY 2021/22, and raised Kshs.413.99 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.10.96 billion, as shown in Table 3.105.

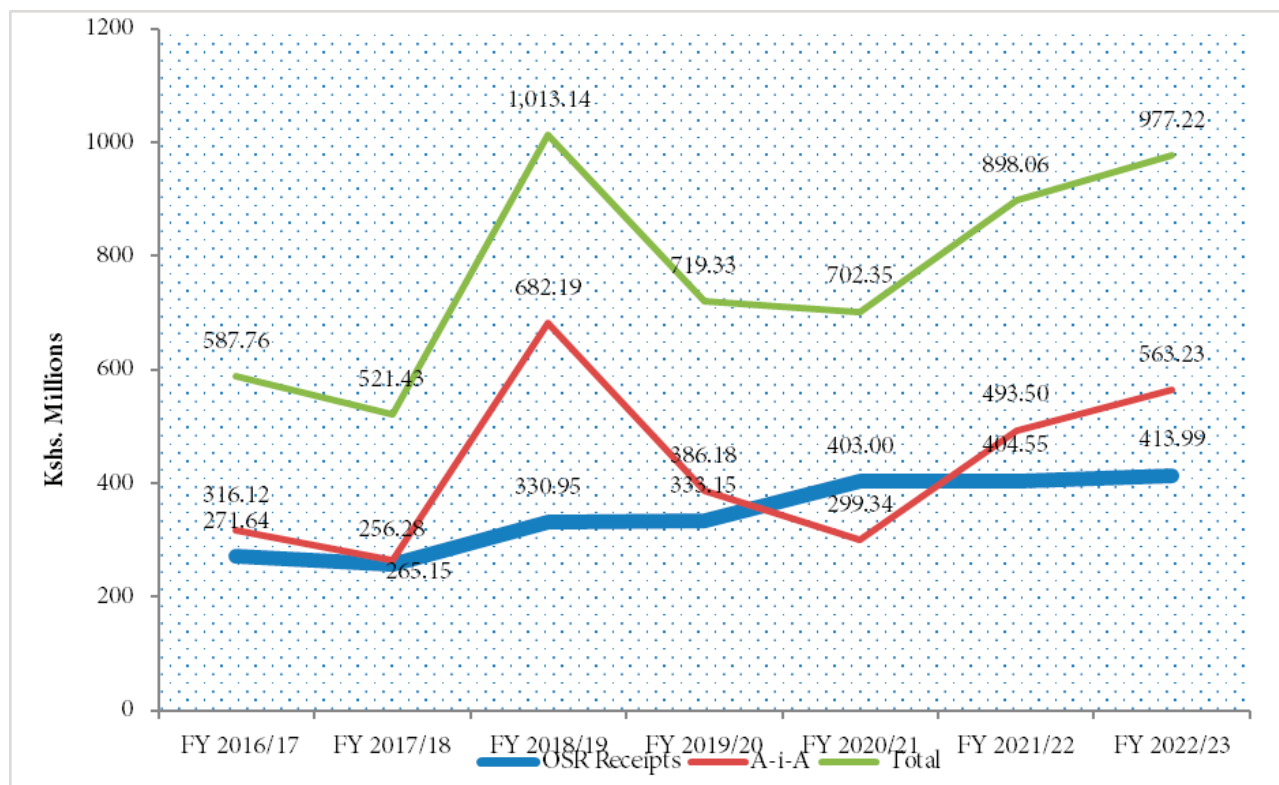
Table 3.105: Kisii County, Revenue Performance in FY 2022/23

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,894,274,509	8,894,695,818	100
	Subtotal	8,894,274,509	8,894,695,818	100
B	Additional allocations			
1.	Leasing of Medical Equipment	110,638,298	-	-
2.	DANIDA	25,045,875	25,045,875	100.0
3.	Finance for Locally-led Climate Action Programme (FLLOCA)	22,000,000	22,000,000	100.0
4.	Agricultural Sector Development Support Programme (ASDSP)	10,517,407	10,517,407	100.0
5.	National Agricultural and Rural Inclusive Project	171,890,010	171,669,831	99.9
6.	National Agricultural Value Chain Development Project (NAVCDP)-World Bank Credit	70,000,000	67,192,657	96.0
7.	Kenya Urban Support Programme (KUSP)	2,339,915.00	2,339,915	100.0
	Subtotal	412,431,505	298,765,685	72.4
C	Other Sources of Revenue			
1.	Own Source Revenue	650,000,000	413,988,597	63.7
2.	Unspent balance from FY 2021/22	1,057,149,481	792,330,286	74.9
3.	Health Charges (A-I-A)	-	563,229,532	-
	Sub Total	1,707,149,481	1,769,548,415	103.7
	Grand Total	11,013,855,495	10,963,009,917	99.5

Source: Kisii County Treasury

Figure 46 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

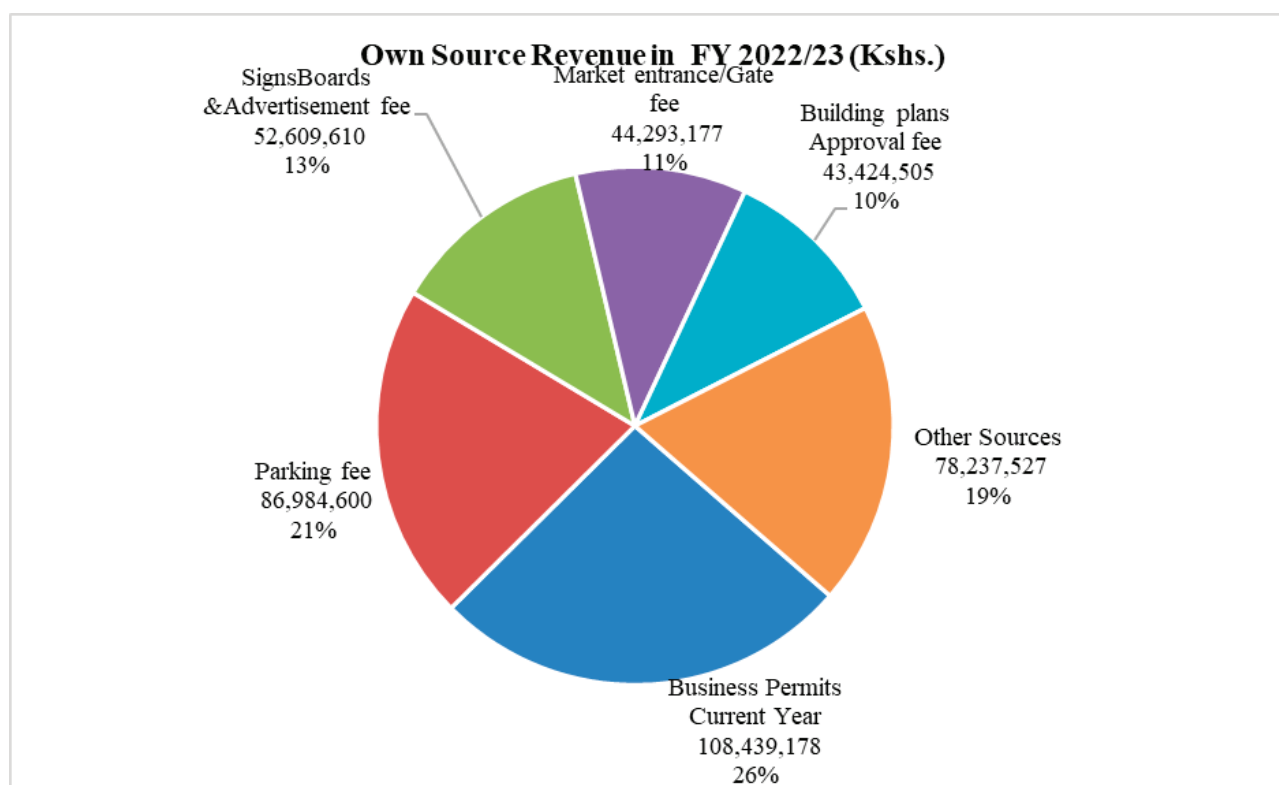
Figure 46: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23.



Source: Kisii County Treasury

In FY 2022/23, the County generated a total of Kshs.413.99 million from OSR. This amount represented an increase of 2.3 per cent compared to Kshs.404.55 million realised in FY 2021/22 and was 63.7 per cent of the annual target and 4.6 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 47.

Figure 47: Top Streams of Own Source Revenue in FY 2022/23



Source: Kisii County Treasury

The highest revenue stream of Kshs.108.44 million was from Single Business Permits, contributing to 26 per cent of the total OSR receipts during the reporting period.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.09 billion from the CRF account during the reporting period. The amount comprised Kshs.566.51 million (7.0 per cent) for development programmes and Kshs.7.53 billion (93.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs. 5.64 billion was released towards Employee Compensation, and Kshs.1.89 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.2.31 billion.

3.16.4 County Expenditure Review

The County spent Kshs.7.98 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.5 per cent of the total funds released by the CoB and comprised Kshs.457.82 million and Kshs.7.52 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 13.9 per cent. In contrast, recurrent expenditure represented 96.3 per cent of the annual recurrent expenditure budget.

3.16.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.46 billion, comprising Kshs.394.77 million for recurrent expenditure and Kshs.1.07 billion for development activities. During the year 2022/23, pending bills amounting to Kshs.280.0 million were settled, consisting of Kshs.104.82 million for recurrent expenditure and Kshs.175.21 million for development programmes. During the year under consideration, the County verified the stock of pending bills and considered Kshs.1.07 billion as ineligible and not payable. Further, the County accumulated pending bills amounting to Kshs.82.38 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount of eligible pending bills was Kshs.197.15 million.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.06 billion on employee compensation, Kshs.1.19 billion on operations and Maintenance, and Kshs.412.19 million on development activities. Similarly, the County Assembly spent Kshs.576.74 million on employee compensation, Kshs.690.22 million on operations and Maintenance, and Kshs.45.63 million on development activities, as shown in Table 3.106.

Table 3.106: 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	6,519,466,476	1,290,629,982	6,253,247,897	1,266,959,724	95.9	98.2
Compensation to Employees	5,066,098,150	576,741,653	5,059,092,176	576,741,653	99.9	100.0
Operations and Maintenance	1,453,368,326	713,888,329	1,194,155,721	690,218,071	82.2	96.7
Development Expenditure	3,084,408,572	219,350,465	412,186,700	45,629,148	13.4	20.8
Total	9,603,875,048	1,509,980,447	6,665,434,597	1,312,588,872	69.4	86.9

Source: Kisii County Treasury

3.16.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.5.64 billion, or 51.4 per cent of the revenue for FY 2022/23 of Kshs.10.96 billion. This expenditure represented a decrease from Kshs.5.70 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.2.74 billion paid to health sector employees, translating to 48.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.56 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.72.34 million was processed through manual payrolls. The manual payrolls accounted for 1.3 per cent of the total PE cost.

The County Assembly spent Kshs.44.42 million on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs.46.04 million. The average monthly sitting allowance was Kshs.52,139 per MCA. The County Assembly has established 20 Committees.

3.16.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.261 million to county-established funds in FY 2022/23, constituting 2.3 per cent of the County's overall budget. Table 3.107 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.107: Performance of County Established Funds as of 30th June 2023

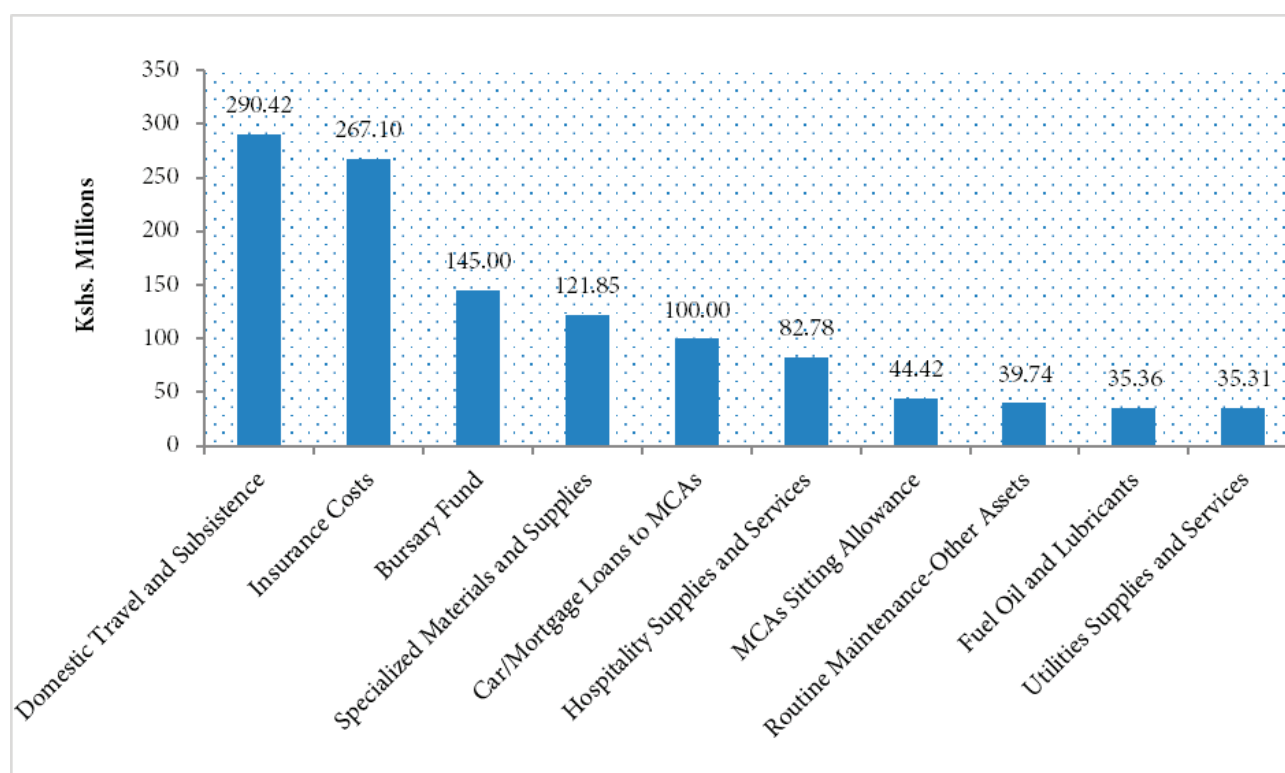
S/No.	Name of the Fund	Approved Second Revised Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	County Executive Car Loan and Mortgage (Staff) Scheme Fund	8,000,000	-	2,582	Yes
2.	County Bursary Fund	145,000,000	145,000,000	121,024,744	Yes
3.	County Emergency Fund	8,000,000	-	-	Yes
4.	Kisii Teaching and Referral Hospital	-	-	157,585,087	Yes
County Assembly Established Funds					
5.	MCAs Car Loan and Mortgage Fund	100,000,000	100,000,000	100,000,000	Yes
	Total	261,000,000	245,000,000	282,601,831	

Source: Kisii County Treasury

3.16.9 Expenditure on Operations and Maintenance

Figure 48 summarises the Operations and Maintenance expenditure by major categories.

Figure 48: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: Kisii County Treasury

During the period, expenditure on domestic travel amounted to Kshs.290.42 million and comprised Kshs.139.26 million spent by the County Assembly and Kshs.151.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.04 million and comprised Kshs.24.25 million by the County Assembly and Kshs.5.79 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.108 below; -

Table 3.108: Summary of Highest Expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	4	6 th -18 th Nov 2022	To Participate in the United Nations Climate Change Conference	Egypt	5,792,542
County Assembly	1	23 rd -27 th Jan 2023	To Attend Training for Speakers and Chairpersons of the County Assembly Board	Dubai	537,200
County Assembly	1	1st-5th March 2023	To Attend 1st East Africa Clinical Officers Conference (GACOPA).	Zanzibar	281,500
County Assembly	1	22 nd - 30 th April 2023	To Attend Training on Effective Leadership and management of Committees.	Dubai	747,240
County Assembly	40	7th-12th June 2023	To Attend Training for Gender Diversity Management and Leadership.	Arusha	8,879,800

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	44	7th-12th June 2023	To Attend Training on Optimising Public Participation and Public Finance Management.	Kampala	9,605,200

Source: Kisii County Treasury

3.16.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.457.82 million on development programmes, representing a decrease of 75.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.9 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.109: Kisii County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1.	Agriculture and Cooperative Development	National Agricultural and Rural Inclusive Growth Project (WB)	All Wards	171,890,010	72,857,130	42%
2.	County Assembly	Refurbishment of Kisii County Assembly	County Head Quarters	165,000,000	43,862,185	87%
3.	Health	Proposed Upgrading of Riana Health Centre	Riana	128,507,146	34,823,235	27%
4.	Health	Proposed Upgrading of Mosochi Market Health Centre	Mosochi	128,507,146	24,133,929	19%
5.	Agriculture and Cooperative Development	Livestock Breeding Programme	All Wards	65,000,000	21,134,820	33%
6.	Health	Proposed Construction of Magena Hospital	Magena	9,000,000	8,431,148	94%
7.	Health	Upgrade of Kiamwasi Health Centre	Kiamwasi	12,230,483	7,019,539	57%

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
8.	Finance	Installation of Metro Optical Fibre Cable to Kisii Municipality Premises AndSD-WAN Connectivity to sub counties	Kisii Municipality	8,998,713	4,872,684	54%
9.	Roads	Repair and Maintenance of Nyaboterere School-Riogusu-Nyaboterere TBC-Bworo-ba-Nyangu-su-Road	Bassi Bogetaorio	4,500,000	4,372,040	97%
10.	Roads	Drainage works from Daraja Mbili Junction-Bosongo Hospital	Kitutu Central	11,535,918	4,131,395	36%

Source: Kisii County Treasury

3.16.11 Budget Performance by Department

Table 3.110 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.110: Kisii County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive and Public Service Board	394.04	23.00	339.51	-	377.78	-	99.5	-	85.7	-
Administration and Stakeholder Management	463.37	46.56	451.53	0.45	449.94	0.45	99.6	100.0	97.1	1.0
Finance and Economic Planning	1019.09	77.48	962.69	14.99	962.79	15.00	100.0	100.0	94.5	19.3
Agriculture and Cooperative Development	299.93	503.94	279.16	253.50	278.47	125.72	99.8	49.6	92.8	24.9
Energy, Water, Environment and Natural Resources	105.79	184.82	98.18	61.61	97.50	22.37	99.3	36.3	92.2	12.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Youth Affairs and Social Development	575.29	148.24	570.90	17.88	572.06	17.71	100.2	99.0	99.4	11.9
County Health Services	3045.83	715.44	2983.86	17.45	2983.63	83.42	100.0	478.1	98.0	11.7
Lands, Physical Planning and Urban Development	130.66	105.09	119.96	22.97	119.29	22.97	99.4	100.0	91.3	21.9
Roads, Public Works and Transport	171.93	779.12	154.85	109.12	154.82	106.62	100.0	97.7	90.0	13.7
Trade Development, Industry and Tourism	75.53	131.78	71.07	9.72	71.05	4.72	100.0	48.6	94.1	3.6
Culture and Social Services	77.05	104.23	74.71	4.08	75.78	4.08	101.4	100.0	98.4	3.9
Kisii Municipality	158.77	221.42	149.83	9.12	148.13	9.14	100.2	100.2	93.3	4.1
Ogembo Municipality	2.20	43.30	1.93	-	2.00	-	-	-	90.9	-
County Assembly	1290.63	219.35	1271.17	45.63	1266.96	45.63	99.7	100.0	98.2	20.8
TOTAL	7810.10	3303.76	7529.35	566.51	7520.21	457.82	99.9	80.8	96.3	13.9

Source: Kisii County Treasury

Analysis of expenditure- by department shows that the Department of Agriculture and Cooperative Development recorded the highest absorption rate of development budget at 24.9 per cent, followed by the Department of Lands, Physical Planning and Urban Development at 21.9 per cent. The Department of County Executive and Public Service Board and the Ogembo Municipality did not report any expenditure on development programmes. The Department of Education, Youth Affairs and Social Development had the highest percentage of recurrent expenditure to budget at 99.4 per cent, while the Department of County Executive and Public Service Board had the lowest at 85.7per cent.

3.16.12 Budget Execution by Programmes and sub-programmes

Table 3.111 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.111: Kisii County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual expenditure as of 30 th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
County As- sembly	Office of the Speaker	-	-	3,597,700	-	60.6	-
	Representation, legislative and oversight services	-	-	191,634,340	-	99.3	-
	County Assembly Service Board	219,350,465	219,350,465	1,071,727,683	45,629,148	98.2	20.80
	Sub Total	219,350,465	219,350,465	1,266,959,723	45,629,148	98.2	20.80
Executive (Office of the Governor, Deputy Gov- ernor, County Secretary and Public Ser- vice Board	Administration, Planning and Support Services	343,631,282	23,000,000	304,227,502	-	88.5	-
	Office of the County Secretary	5,620,000	-	3,991,292	-	71.0	-
	Legal Services	11,120,000	-	9,386,799	-	84.4	-
	Communication Services	6,120,000	-	2,000,218	-	32.7	-
	Public Private Partnership	10,508,800	-	6,240,956	-	59.4	-
	County Public Service Board	17,035,105	-	11,935,315	-	70.1	-
	Sub Total	394,035,187	23,000,000	337,782,082	-	85.7	-
Adminis- tration and Stakeholder Management	Administration, Planning and Support Services	396,189,227	-	394,230,251	-	99.5	-
	Devolved Units Services	4,100,000	46,107,570	3,150,900	-	76.9	-
	Human Resource Devel- opment	9,150,000	-	8,698,700	-	95.1	-
	Enforcement Services	4,000,000	-	1,802,350	-	45.1	-
	Stakeholder Management	37,324,764	-	36,182,244	-	96.9	-
	Public Participation and Civic Education	1,250,000	-	1,059,750	-	84.8	-
	Disaster Management	8,359,750	450,000	2,340,900	450,000	28.0	100
	Fleet Management	3,000,000	-	2,474,054	-	82.5	-
	Sub Total	396,189,227	46,557,570	449,939,149	450,000	97.1	1.0
Finance and Economic Planning	Administration, Coordi- nation and Support Services	876,071,387	-	842,849,563	-	96.2	-
	Public Financial Manage- ment Services	55,405,500	-	47,006,030	-	84.8	-
	County Planning Services	87,608,763	77,482,391	72,931,845	14,989,864	83.2	19.3
	Sub Total	1,019,085,650	77,482,391	962,787,438	14,989,864	94.5	19.3

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual expenditure as of 30 th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Agriculture, Livestock, Fisheries and Cooperative Development	Administrative and Sup- port Services	9,432,158	171,890,010	1,732,000	72,857,130	18.4	42.4
	Crop Development and value Addition	262,871,493	56,320,635	254,805,348	11,818,904	96.9	21.0
	Livestock Development	2,600,000	5,000,000	1,940,050	597,410	74.6	11.9
	Veterinary Services	19,080,000	137,058,835	16,996,834	40,444,820	89.1	29.5
	Cooperative Development and management	1,050,000	75,000,000	915,000	-	87.1	-
	Fisheries Development	400,000	17,500,000	375,000	-	93.8	-
	Kisii Agricultural Train- ing Centre	4,500,000	41,169,000	1,707,315	-	37.9	-
	Sub Total	299,933,651	503,938,480	278,471,547	125,718,264	92.8	24.9
Energy, Water, En- vironment and Natural Resources	Administration and Plan- ning Services	41,650,000	-	38,300,738	-	92.0	-
	Water and Sanitation Services	63,636,800	117,611,818	58,703,327	20,609,287	92.2	17.5
	Environment Manage- ment	-	59,302,000	-	1,757,178	-	3.0
	Energy Services	500,000	7,903,759	500,000	-	100	-
	Sub Total	105,786,800	184,817,577	97,504,065	22,366,465	92.2	12.1
Education, Youth Affairs and Social Development	General Administration and Planning Services	575,291,157	-	572,062,855	-	99.4	-
	Early Childhood Devel- opment Education	-	87,129,499	-	1,930,461	-	2.2
	Vocational Training	-	61,106,119	-	15,775,638	-	25.8
	Sub Total	575,291,157	148,235,618	572,062,855	17,706,099	99.4	11.9
County Health Ser- vices	Medical Services	3,016,079,738	715,439,060	2,956,556,700	83,424,488	98.0	11.7
	Public Health	29,750,000	-	27,068,900	-	91.0	-
	Sub Total	3,045,829,738	715,439,060	2,983,625,600	83,424,488	98.0	11.7

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Develop- ment Ex- penditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Lands, Physical Planning and Urban Development	Administration, Planning and Support Services	-	-	-	-	-	-
	Land Use Services	-	3,545,569	-	-	-	-
	Urban Development	-	101,546,913	-	22,968,445	-	22.6
	Sub Total	130,655,500	105,092,482	119,289,154	22,968,445	91.3	21.9
Roads, Public Works, and Transport	General Administration and Planning Services	75,423,717	-	73,821,567	-	97.9	-
	Roads Development	-	731,129,210	-	103,624,038	-	14.2
	Public Works	92,758,838	47,991,474	80,366,291	2,999,936	86.6	6.3
	Housing Services	3,750,000	-	635,000	-	16.9	-
	Sub Total	171,932,555	779,120,684	154,822,858	106,623,974	90.0	13.7
Trade, Development, Industry and Tourism	Administration and Planning Services	71,941,698	131,780,748	68,587,060	4,719,565	95.3	3.6
	Tourism Development	1,288,950	-	750,000	-	58.2	-
	Weights and Measures	1,250,000	-	750,000	-	60.0	-
	Liquor Licensing	45,800	-	45,800	-	100.0	-
	Betting and Gaming	1,000,000.00	-	919,672	-	92.0	-
	Sub Total	75,526,448	131,780,748	71,052,532	4,719,565	94.1	3.6
Culture and Social Services	Administration and Planning Services	65,696,684	-	65,471,723	-	99.7	-
	Sports Development	7,400,000	85,034,264	7,328,000	1,669,600	99.0	2.0
	Cultural Services	1,811,694	19,193,571	1,080,000	2,408,360	59.6	12.5
	Social Development	2,137,400	-	1,900,000	-	88.9	-
	Sub Total	77,045,778	104,227,835	75,779,723	4,077,960	98.4	3.9
Kisii Municipality	General Administration, Planning and Support Services	158,770,271	-	148,130,896	9,141,576	93.3	-
	Infrastructure Development	-	221,416,127	-	-	-	-
	Sub Total	158,770,271	221,416,127	148,130,896	9,141,576	93.3	4.1
Ogembo Municipality	General Administration, Planning and Support Services	2,200,000	-	2,000,000	-	90.9	-
	infrastructure development	-	43,300,000	-	-	-	-
	Sub Total	2,200,000	43,300,000	2,000,000	-	90.9	-
TOTAL		7,810,096,458	3,303,759,037	7,520,207,622	457,815,848	96.3	13.9

Source: Kisii County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Energy Services in the Department of Energy, Water, Environment and Natural Resources at 100 per cent, Liquor Licensing in the Department of Trade, Tourism and Industry at 100 per cent, Administration, Planning and Support services in the Department of Administration, and Stakeholder Management at 99.5 per cent, and General administration and Planning services at 99.4 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 3rd August 2023.
2. The underperformance of own-source revenue at Kshs.413.99 million against an annual projection of Kshs.650 million, representing 63.7 per cent of the annual target.
3. Low absorption of development funds as indicated by the expenditure of Kshs.457.82 million from the annual development budget allocation of Kshs.3.30 billion. The development expenditure represented 13.9 per cent of the annual development budget.
4. High level of pending bills, which amounted to Kshs.1.26 billion as of 30th June 2023. This includes the stock of pending bills classified as not payable by the verification committee set by the Governor.
5. High wage bill, which accounted for 51.4 per cent of the revenue for FY 2022/23 of Kshs.10.96 billion during the reporting period, thus constraining funding to other programmes.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.72.3 million were processed through the manual payroll, accounting for 1.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County should identify and address issues causing delays in implementing development projects.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.17 County Government of Kisumu

3.17.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.12.05 billion, comprising Kshs.3.56 billion (29.6 per cent) and Kshs.8.48 billion (70.4 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a decrease of 1.09 per cent compared to the previous financial year when the approved budget was Kshs.12.18 billion and comprised of Kshs.3.73 billion towards development expenditure and Kshs.8.45 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.03 billion (66.6 per cent) as the equitable share of revenue raised nationally, Kshs.600 million (5.0 per cent) as Appropriations-in-Aid (A-I-A), Kshs.1.25 billion as conditional grants (10.4 per cent), a cash balance of Kshs.652.65 million (5.4 per cent) from FY 2021/22, and generate Kshs.1.52 billion (12.6 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.112.

3.17.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.03 billion as the equitable share of the revenue raised nationally, Kshs.422.02 million as A-I-A, Kshs.415.17 million as conditional grants, had a cash balance of Kshs. 652.65 million from FY 2021/22, and raised Kshs.731.45 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.10.25 billion, as shown in Table 3.112: Kisumu County, Revenue Performance in FY 2022/23.

Table 3.112: Kisumu County, Revenue Performance in FY 2022/23

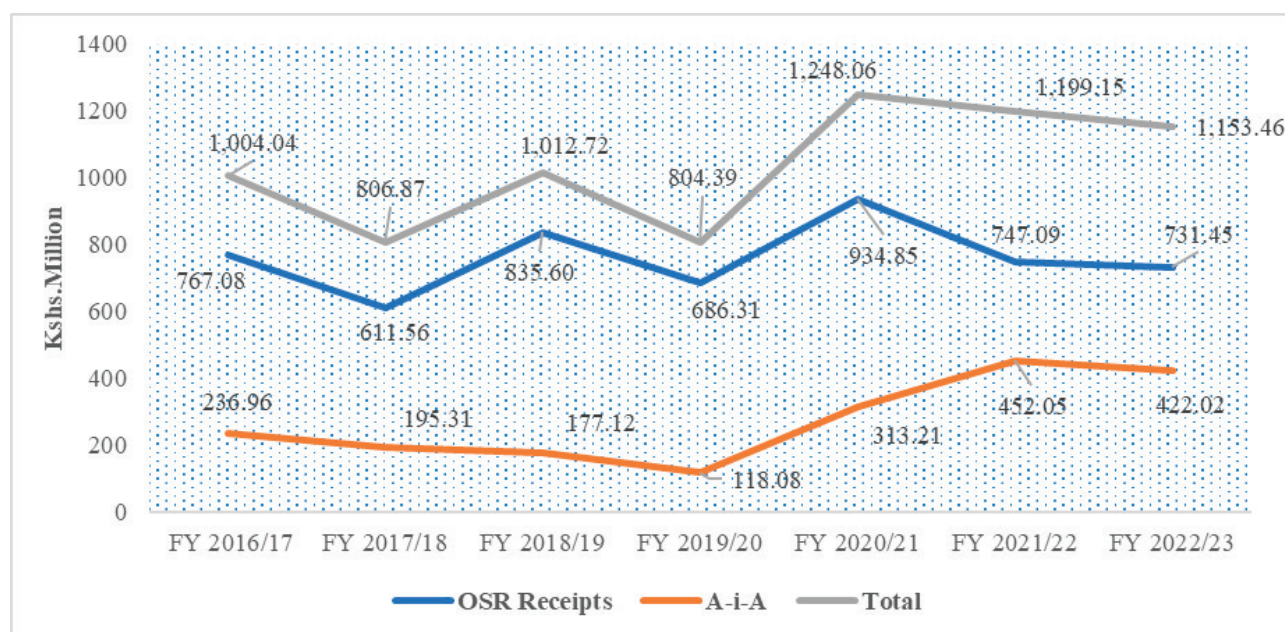
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,026,139,240	8,026,139,240	100.0
	Sub Total	8,026,139,240	8,026,139,240	100.0
B	Conditional Grants			
1	DANIDA	29,565,000	21,991,500	74.4
2	KISSIP	500,000,000	200,000,000	40.0
3	Transforming Health	61,190,702	-	-
4	ASDSP	34,629,346	4,830,936	14.0
5	KCSAP	344,635,160	70,007,432	20.3
6	EU IDEAS	24,604,061	-	-
7	Finance Locally Led Climate Action Plan FLLOCA	22,000,000	22,000,000	100.0
8	Seacap	10,000,000	-	-
9	EU Water Tower	3,524,998	-	-
10	AFRICITIES	40,000,000	-	-
11	UNICEF	499,000	-	-
12	KUSP	2,919,156	-	-
13	Road Maintenance Fuel Levy	93,997,196	93,997,196	100.0
14	KDSP	64,134,545	2,339,915	3.6
15	TVET	15,953,192	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Sub Total	1,247,652,356	415,166,979	33.3
C	Other Sources of Revenue			
1	Own Source Revenue	1,518,837,525	731,449,033	48.2
2	Balance b/f from FY2021/22	652,654,461	652,654,461	100.0
3	Appropriations-in-Aid (AIA)	600,000,000	422,015,272	70.3
	Sub Total	2,771,491,986	1,806,118,766	65.2
	Grand Total	12,045,283,582	10,247,424,985	85.1

Source: Kisumu County Treasury

Figure 49: shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

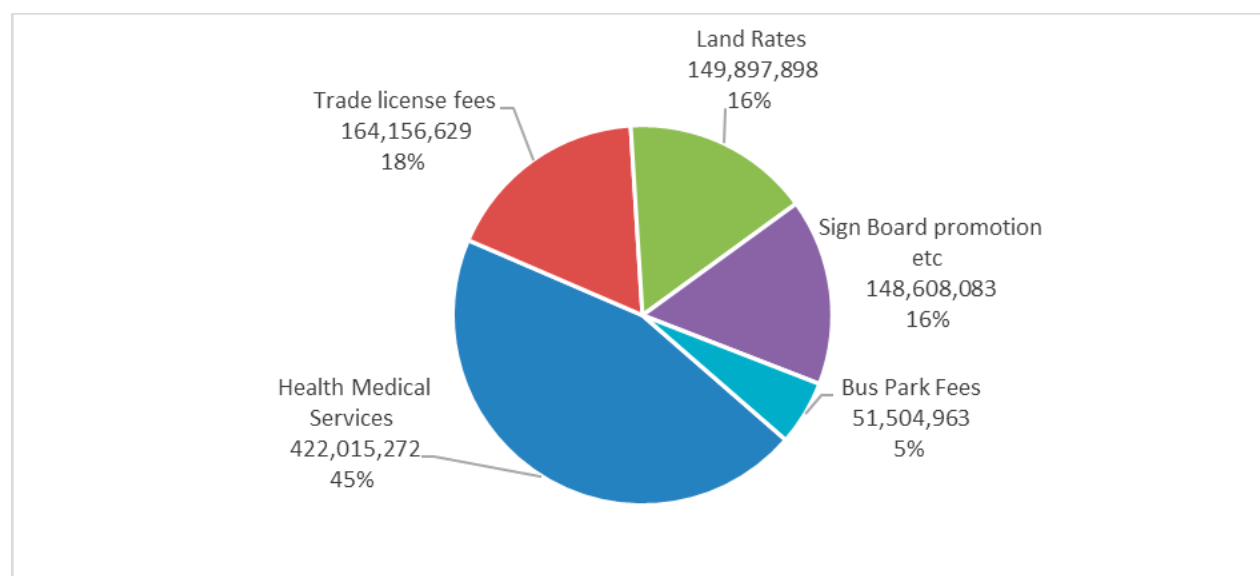
Figure 49: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kisumu County Treasury

In FY 2022/23, the County generated a total of Kshs.731.45 million from its sources of revenue. This amount represented a decrease of 2.1 per cent compared to Kshs.747.09 million realised in FY 2021/22 and was 48.2 per cent of the annual target and 9.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 50.

Figure 50: Top Streams of Own Source Revenue in FY 2022/23



Source: Kisumu County Treasury

The highest revenue stream of Kshs.164.16 million was from the Trade Licencing fees contributing to 18 per cent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.422.02 million representing 45 per cent of the overall collection in FY 2022/23.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.40 billion from the CRF account during the reporting period. The amount comprised Kshs.2.0 billion (21.3 per cent) for development programmes and Kshs.7.4 billion (78.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.6.10 billion was released towards Employee Compensation, and Kshs.1.17 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.612.98 million.

3.17.4 Borrowing by the County

The County of Kisumu entered into an agreement with the Kenya Commercial Bank of Kenya for short-term borrowing for payment of salaries. During the period, the county government borrowed a total of Kshs.957.39 million, which has been paid off.

3.17.5 County Expenditure Review

The County spent Kshs.9.08 billion on development and recurrent programmes in the reporting period. The expenditure represented 96.6 per cent of the total funds released by the CoB and comprised Kshs.1.81 billion and Kshs.7.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 50.8 per cent. In contrast, recurrent expenditure represented 85.7 per cent of the annual recurrent expenditure budget.

3.17.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.94 billion for development activities. During the year, pending bills amounting to Kshs1.06 billion were settled for development programmes. Further, the County accumulated pending bills amounting to Kshs.1.16 billion in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.2.04 billion.

3.17.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.53 billion on employee compensation, Kshs.2.0 billion on operations and Maintenance , and Kshs.1.68 billion on development activities. Similarly, the County Assembly spent Kshs.320.89 million on employee compensation, Kshs.416.91 million on operations and Maintenance , and Kshs.126.22 million on development activities, as shown in Table 3.113: Summary of Budget and Expenditure by Economic Classification.

Table 3.113: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,699,235,584	783,886,220	6,534,038,322	737,794,728	84.9	94.1
Compensation to Employees	4,656,246,365	336,490,356	4,532,926,541	320,888,714	97.4	95.4
Operations and Maintenance	3,042,989,219	447,395,864	2,001,111,781	416,906,014	65.8	93.2
Development Expenditure	3,412,161,778	150,000,000	1,682,278,143	126,221,041	49.3	84.1
Total	11,111,397,362	933,886,220	8,216,316,465	864,015,769	73.9	92.5

Source: Kisumu County Treasury

3.17.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.85 billion, or 40.3 per cent of the revenue for FY 2022/23 of Kshs.12.04 billion. This expenditure represented a decrease from Kshs.5.32 billion reported in FY 2021/22. The wage bill included Kshs.2.83 billion paid to health sector employees, translating to 40.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.4.41 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.440.78 million was processed through manual payrolls. The manual payrolls accounted for 9.1 per cent of the total PE cost.

The County Assembly spent Kshs.28.53 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.46.01 million. The average monthly sitting allowance was Kshs.50,586 per MCA. The County Assembly has established 21 Committees.

3.17.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.380 million to county-established funds in FY 2022/23, constituting 3.2 per cent of the County's overall budget. Table 3.114: summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.114: Performance of County Established Funds as of 30th June 2023

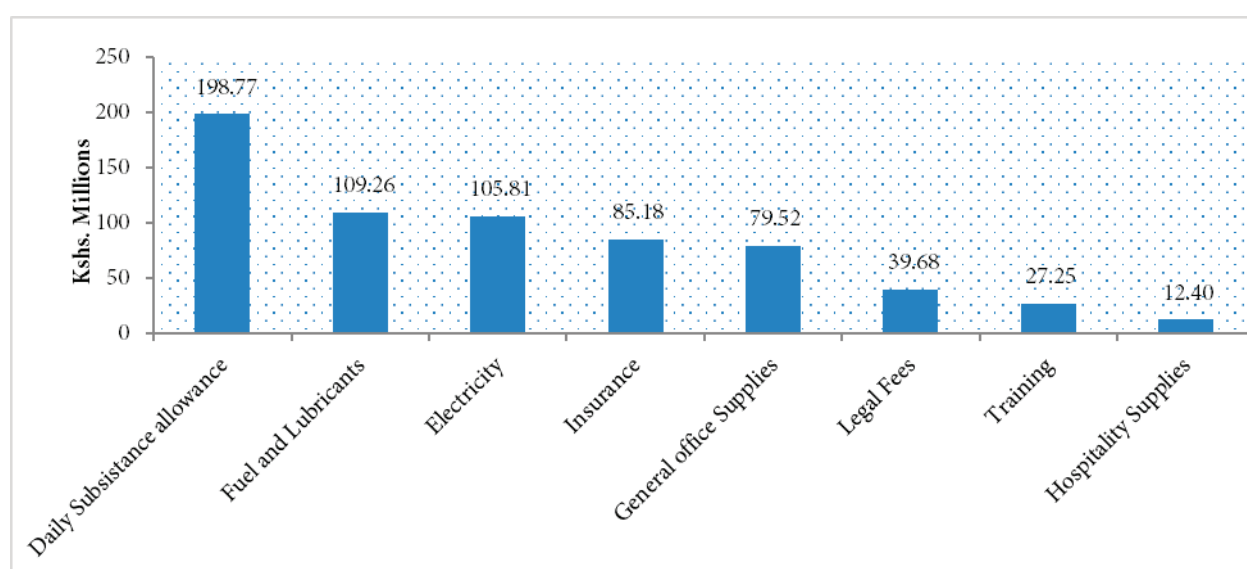
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Submission of Financial Statements (Yes/No.)
1	Bursary / Education	205,000,000	51,250,000	101,250,000	Yes
2	Kisumu County Emergency Fund	100,000,000	20,000,000	67,000,000	Yes
3	Kisumu County Assembly Loan Mortgage Fund	25,000,000	10,000,000	10,000,000	Yes
4	Kisumu Enterprises Fund	50,000,000	-	-	Yes
	Total	380,000,000	81,250,000	178,250,000	

Source: Kisumu County Treasury

3.17.10 Expenditure on Operations and Maintenance

Figure 51 summarises the Operations and Maintenance expenditure by major categories.

Figure 51: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: Kisumu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.196.71 million and comprised Kshs.125.35 million spent by the County Assembly and Kshs.73.42 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.32.79 million and comprised Kshs.19.20 million by the County Assembly and Kshs.13.59 million by the County Executive. The County did not provide a breakdown of the foreign travel costs.

3.17.11 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.81 billion on development programmes including payment of pending bills of Kshs.1.06 billion, representing an increase of 53.4 per cent compared to FY 2021/22 when the County spent Kshs.1.18 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.115: Kisumu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Implementation status (%)
				(Kshs)	(Kshs)		
1	Finance	Upgrading Of Namba Kapiyo Lolwe Biyumen Dpt Fin	County Wide	222,183,469.42	222,183,469.42	111,619,816.95	100
2	Finance	Kochieng Tomato Processing Plant Dpt Fin	Nyando	14,657,363.00	14,657,363.00	12,499,192.00	100
3	Governance	Construction Of Governor'S Residence Dpt Governance		42,510,290.00	42,510,290.00	12,436,323.00	100
4	Kisumu City	Rehabilitation Of Streetlights Dpt City	Ksm Central	6,978,328.00	6,978,328.00	5,933,774.20	100
5	Water	Kasese Works Phase Ii(Drainage Dykes Lagoons) Dpt Water	Ksm East	6,306,888.00	6,306,888.00	5,335,615.18	100
6	Roads	Rae Kanyaika Acc Rd Improvement Dpt Roads	Ksm East	4,964,087.10	4,964,087.10	4,232,113.95	100
7	Roads	Construction Of Atoyien-go Bridge Dpt Roads	Nyakach	4,996,425.00	4,996,425.00	4,214,338.20	100
8	Finance	Renovation Of County Secretarys Residence Dpt Fin	Hqs	3,087,668.00	3,087,668.00	3,833,257.60	100

No.	Sector	Project Name	Project Location	Contract sum	Budget	Amount paid to date (Kshs)	Implementation status (%)
9	Roads	Walter Nyamgun Acc Rd Improvement Dpt Roads	Seme	3,999,927.75	3,999,927.75	3,410,695.95	100
10	Finance	Improvement of Kawandoi Manacha Acc Rd Finance	Muhoroni	3,999,790.00	3,999,790.00	3,408,458.30	100

Source: Kisumu County Treasury

3.17.12 Budget Performance by Department

Table 3.116: summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.116: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs.Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Livestock and Fisheries	202.78	285.75	167.29	112.38	167.29	109.22	100.0	97.2	82.5	38.2
City of Kisumu	458.41	118.29	285.54	30.50	285.54	30.50	100.0	100.0	62.3	25.8
Roads, Transport and Public Works	200.96	303.66	143.37	71.99	143.37	71.99	100.0	100.0	71.3	23.7
County Public Service Board	88.83	-	50.08	-	50.08	-	100.0	-	56.4	-
Education, Human Resource Development and ICT	601.08	124.20	575.53	64.55	575.53	64.55	100.0	100.0	95.7	52.0
Office of the Governor	299.83	45.00	225.30	25.00	225.30	25.00	100.0	100.0	75.1	55.6
Health Services	3,394.88	180.10	3,206.21	65.00	2,833.99	65.00	88.4	100.0	83.5	36.1
Public Service Administration & Devolution	430.49	20.00	416.45	-	416.45	-	100.0	-	96.7	-
Tourism, Culture, Arts and Sports.	84.60	59.00	47.37	18.00	47.37	18.00	100.0	100.0	56.0	30.5
Lands, Housing and Physical Planning	149.17	514.00	82.69	200.00	82.69	200.00	100.0	100.0	55.4	38.9
Trade, Energy and Industry	102.67	117.00	93.36	20.38	93.36	20.38	100.0	100.0	90.9	17.4
Finance and Economic Planning	1,573.90	1,552.86	1,290.96	1,245.89	1,535.39	1,060.63	118.9	85.1	97.6	68.3
Water, Environment and Natural Resources	111.64	92.30	77.66	18.00	77.66	17.00	100.0	94.4	69.6	18.4
County Assembly	783.89	150.00	741.47	128.32	737.79	126.22	99.5	98.4	94.1	84.1
Total	8,483.12	3,562.16	7,403.31	2,000.02	7,271.83	1,808.50	98.2	90.4	85.7	50.8

Source: Kisumu County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 84.1 per cent, followed by the Department of Finance and Economic Planning at 68.3 per cent. The Department of Public Service Administration & Devolution did not

report any expenditure on development budget. The Department of Finance and economic planning had the highest percentage of recurrent expenditure to budget at 97.6 per cent while the Department of Lands, Housing and Physical Planning had the lowest at 55.4 per cent.

3.17.13 Budget Execution by Programmes and sub-programmes

Table 3.117: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.117: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Pro-gram	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recur- rent Ex- p e n d i - ture	Develop- ment Ex- penditure
Trade, Energy and Industry-5080			11,006,453	45,000,000	6,441,831	10,989,812	58.5	24.4
	205025060		304,468	45,000,000	304,468	10,989,812	100.0	24.4
	205045060	Petroleum and Electricity	10,701,985	-	6,137,363	-	57.4	-
206005080			2,107,311	-	1,726,000	-	81.9	-
	206065060	Green Energy	2,107,311	-	1,726,000	-	81.9	-
301005080			662,670	-	662,670	-	100.0	-
	301025060	Trade Support Services	662,670	-	662,670	-	100.0	-
302005080			276,786	-	48,114	-	17.4	-
	302015060	Verification and Calibration of Weighing Equipment	276,786	-	48,114	-	17.4	-
305005080			-	-	-	-	-	-
	305055060	Co-operative Governance	-	-	-	-	-	-
306005080			4,935,966	25,000,000	3,652,015	-	74.0	-
	306015060	Business Development Services	4,935,966	25,000,000	3,652,015	-	74.0	-
307005080			-	-	-	-	-	-
	307015060	Renovation andoperation-alization of County Industrial Development Centres	-	-	-	-	-	-
504005080			100,000	-	-	-	-	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	504055060	Betting Control Services	100,000	-	-	-	-	-
508005080			100,000	-	-	-	-	-
	508015060	Alcoholic Drinks	100,000	-	-	-	-	-
704005080			83,480,633	47,004,061	80,833,831	9,394,690	96.8	20.0
	704015060	General Administration and Support services	83,480,633	47,004,061	80,833,831	9,394,690	96.8	20.0
		Sub Total	102,669,819	117,004,061	93,364,460	20,384,502	90.9	17.4
515005079			16,913,000	-	14,366,926	-	85.0	
5079-Kisumu - Department of Public Administration and Devolution	515015060	Primary Policy and Legislation	16,913,000	-	14,366,926	-	85.0	-
701005079			251,886,481	20,000,000	220,469,475	-	87.5	-
	701025060	Development and Management of County Administrative systems	251,886,481	20,000,000	220,469,475	-	87.5	-
704005079			149,898,216	-	122,841,521	-	82.0	-
	704025060	Human Resource Recruitment and Development	149,898,216	-	122,841,521	-	82.0	-
709005079			6,716,640	-	2,417,151	-	36.0	-
	709025060	Public participation services	6,716,640	-	2,417,151	-	36.0	-
711005079			5,077,400	-	56,358,729	-	1,110.0	-
	711005060	County Planning and Development Coordination Services	5,077,400	-	56,358,729	-	1,110.0	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
		Sub Total	430,491,737	20,000,000	416,453,802	-	96.7	-
101005076			-	-	-	-		-
5076-Kisumu - Department of Finance and Economic Planning								
109005076			-	-	-	-	-	-
	109015060	Urban planning and development	-	-	-	-	-	-
201005076			38,211,397	-	24,342,790	-	63.7	-
	201015060	General administration & planning	38,211,397	-	24,342,790	-	63.7	-
203005076			1,272,238,973	1,552,855,947	1,344,423,825	1,060,630,208	105.7	68.3
	203015060	Administrative services	1,272,238,973	1,552,855,947	1,344,423,825	1,060,630,208	105.7	68.3
305005076			7,550,000	-	6,077,045	-	80.5	-
	305015060	Extension services	7,550,000	-	6,077,045	-	80.5	-
703005076			6,731,200	-	3,259,071	-	48.4	-
	703025060	Internal Auditing Services	6,731,200	-	3,259,071	-	48.4	-
705005076			204,045,330	-	128,527,141	-	63.0	-
	705025060	assets management	17,928,640	-	2,256,828	-	12.6	-
	705035060	management of public financial resources	12,627,750	-	5,835,250	-	46.2	-
	705055060	Budget Formulation & Coordination Services	98,082,171	-	65,422,833	-	66.7	-
	705015060	Revenue Mobilization	75,406,769	-	55,012,230	-	73.0	-
706005076			45,120,041	-	28,756,363	-	63.7	-
	706015060	Policy Formulation & Planning	31,522,611	-	19,123,911	-	60.7	-
	706025060	Monitoring & Evaluation	13,597,430	-	9,632,452	-	70.8	-
		Sub Total	1,573,896,941	1,552,855,947	1,535,386,235	1,060,630,208	97.6	68.3

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
704005075			88,833,775	-	70,590,790	-	79.5	-
5075-Kisumu-County Public Service Board								
	704015060	General Administration and Support services	86,667,175	-	48,822,057	-	56.3	-
	704045060	Promotion of Values and Principles	1,291,600	-	484,200	-	37.5	-
	704025060	Human Resource Recruitment and Development	875,000	-	773,390	-	88.4	-
		SubTotal	88,833,775	-	50,079,647	-	56.4	-
5072-Kisumu - City of Kisumu								
108005072			21,855,964	-	21,855,957	-	100.0	-
	108015060	Local Revenue Mobilization	21,855,964	-	21,855,957	-	100.0	-
109005072			32,793,465	-	32,793,458	-	100.0	-
	109015060	Urban planning and development	32,793,465	-	32,793,458	-	100.0	-
401005072			107,912,257	-	107,912,244	-	100.0	-
	401045060	Health promotion service	45,290,823	-	45,290,816	-	100.0	-
	401015060	Environmental health and sanitation	62,621,434	-	62,621,428	-	100.0	-
501005072			33,411,122	-	33,411,116	-	100.0	-
	501015060	Promotion of early childhood education.	33,411,122	-	33,411,116	-	100.0	-
704005072			262,438,766	118,288,564	89,564,183	30,499,061	34.1	25.8
	704015060	General Administration and Support services	262,438,766	118,288,564	89,564,183	30,499,061	34.1	25.8
		Sub Total	458,411,574	118,288,564	285,536,959	30,499,061	62.3	25.8

Program	Sub Pro-gram	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recur- rent Ex- p e n d i - ture	Develop- ment Ex- penditure
5070-Kisumu - Department of Water, Environment and Natural Resources								
101005070			35,698,532	-	26,584,420	-	74.5	-
	101045060	Planning and administration	35,698,532	-	26,584,420	-	74.5	-
105005070			23,025,884	-	10,233,918	-	44.5	-
	105055060	Management of Stations	23,025,884	-	10,233,918	-	44.5	-
205005070			359,000	-	9,000	-	2.5	-
	205035060	C l i m a t e Change	359,000	-	9,000	-	2.5	-
206005070			50,000	-	-	-	-	-
	206045060	Mining Efficiency	50,000	-	-	-	-	-
301005070			5,268,322	-	5,014,321	-	95.2	-
	301015060	Infrastructure Development	5,268,322	-	5,014,321	-	95.2	-
902005070			44,208,281	92,300,000	34,143,459	17,000,000	77.2	18.4
	902015060	Sustainable Access to safe Water	305,455	-	175,455	-	57.4	-
	902025060	Water resources & Sewerage services	43,902,826	92,300,000	33,968,004	17,000,000	77.4	18.4
904005070			2,171,606	-	900,000	-	41.4	-
	904035060	Solid Waste Management	1,191,750	-	900,000	-	75.5	-
	904025060	Environment Conservation Of Natural Resources	979,856	-	-	-	-	-
906005070			855,000	-	775,000	-	90.6	-
	906015060	Pollution Control	855,000	-	775,000	-	90.6	-
		Sub Total	111,636,625	92,300,000	77,660,117	17,000,000	69.6	18.4
5069-Kisumu - Department of Education, Gender, Culture and Sports								
101005069			383,986,409	-	378,760,936	-	98.6	-
	101015060	Planning and Coordination Services	383,986,409	-	378,760,936	-	98.6	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
208005069			4,772,397	-	726,280	-	15.2	-
	208015060	ICT Services	4,772,397	-	726,280	-	15.2	-
502005069			1,403,850	-	837,650	-	59.7	-
	502015060	Youth Polytechnics Services	1,403,850	-	837,650	-	59.7	-
504005069			946,850	-	388,400	-	41.0	-
	504015060	Gender & Disability Mainstreaming	946,850	-	388,400	-	41.0	-
505005069			209,132,300	62,749,894	194,601,111	12,379,089	93.1	19.7
	505015060	Early Child Education	209,132,300	62,749,894	194,601,111	12,379,089	93.1	19.7
517005069			752,500	61,453,192	218,200	52,170,911	29.0	84.9
	517015060	Youth Training and Legislation	752,500	61,453,192	218,200	52,170,911	29.0	84.9
701005069			90,000	-	-	-	-	-
	701065060	Human Resource development services	90,000	-	-	-	-	-
		Sub Total	601,084,306	124,203,086	575,532,576	64,550,000	95.8	52.0
5068-Kisumu - Department of Agriculture, Livestock and Fisheries								
101005068			150,379,408	264,754,664	68,500,958	102,090,963	45.6	38.6
	101045060	Planning and administration	150,379,408	264,754,664	68,500,958	102,090,963	45.6	38.6
104005068			36,400	-	36,400	-	100.0	-
	104015060	Promotion of Soil and Water Management	36,400	-	36,400	-	100.0	-
105005068			47,343,957	21,000,000	18,387,685	7,133,500	38.8	34.0
	105025060	Promotion of Crop production Value Chains	-	7,000,000	-	-	-	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	105015060	Management of Agriculture Advisory services	4,790,013	-	395,412	-	8.3	-
	105055060	Management of Stations	31,750,104	-	17,372,437	-	54.7	-
	105035060	Promotion of Livestock Production Value Chains	10,803,840	14,000,000	619,836	7,133,500	5.7	51.0
106005068			250,000	-	-	-	-	-
	106015060	Agriculture Credit Access	250,000	-	-	-	-	-
107005068			2,000,000	-	-	-	-	-
	107025060	Promotion value addition	2,000,000	-	-	-	-	-
203005068			-	-	- 230,034	-	-	-
	203015060	Administrative services	-	-	- 230,034	-	-	-
305005068			-	-	-	-	-	-
701005068			2,677,400	-	80,599,057	-	3,010.4	-
	701065060	Human Resource development services	2,677,400	-	80,599,057	-	3,010.4	-
707005068			90,000	-	-	-	-	-
	707015060	Management Information System	90,000	-	-	-	-	-
		Sub Total	202,777,165	285,754,664	167,294,065	109,224,463	82.5	38.2
5067-Kisumu - Department of Lands, Housing and Physical Planning								
102005067			362,500	-	175,000	-	48.3	-
	102015060	County Survey	362,500	-	175,000	-	48.3	-
103005067			1,492,500	-	734,180	-	49.2	-
	103015060	Physical planning services	640,000	-	394,000	-	61.6	-
	103025060	county housing management	852,500	-	340,180	-	39.9	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
109005067			30,465,610	-	2,061,242	-	6.8	-
	109015060	Urban planning and development	30,465,610	-	2,061,242	-	6.8	-
201005067			111,486,487	500,000,000	63,966,777	-	57.4	-
	201015060	General administration & planning	111,486,487	500,000,000	63,966,777	-	57.4	-
304005067			5,362,500	14,000,000	681,550	-	12.7	-
	304015060	Administration planning	5,362,500	14,000,000	681,550	-	12.7	-
		Sub Total	149,169,597	514,000,000	82,692,415	-	55.4	-
201005065			54,503,766	303,655,456	54,502,000	71,989,909	100.0	23.7
	201025060	Road construction and Maintenance services	54,503,766	303,655,456	54,502,000	71,989,909	100.0	23.7
207005065			66,572,807	-	27,816,788	-	41.8	-
	207015060	Public Works	5,000,000	-	2,476,934	-	49.5	-
	207045060	Mechanical Engineering Services	61,572,807	-	25,339,854	-	41.2	-
304005065			79,887,318	-	61,054,636	-	76.4	-
	304015060	Administration planning	79,887,318	-	61,054,636	-	76.4	-
		Sub Total	200,963,891	303,655,456	143,373,424	71,989,909	71.3	23.7
5064-Kisumu - Department of Tourism, Trade and Heritage								
101005064			39,671,390	-	19,512,452	-	49.2	-
	101015060	Planning and Coordination Services	39,671,390	-	19,512,452	-	49.2	-
103005064			8,000,500	-	4,291,660	-	53.6	-
	103015060	Physical planning services	8,000,500	-	4,291,660	-	53.6	-
301005064			150,000	-	-	-	-	-
	301015060	Infrastructure Development	150,000	-	-	-	-	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
303005064			7,577,361	-	3,684,011	-	48.6	-
	303045060	Tourism Standards Development	1,362,500	-	799,500	-	58.7	-
	303035060	Tourism Event Management	1,552,361	-	48,361	-	3.1	-
	303015060	Tourism Development	4,662,500	-	2,836,150	-	60.8	-
304005064			14,669,076	-	8,324,750	-	56.8	-
	304015060	Administration planning	14,669,076	-	8,324,750	-	56.8	-
502005064			200,000	50,000,000	200,000	15,000,108	100.0	30.0
	502025060	Youth Training Facilities	200,000	50,000,000	200,000	15,000,108	100.0	30.0
504005064			480,428	-	285,018	-	59.3	-
	504025060	Social Dev. Facilities	100,000	-	100,000	-	100.0	-
	504015060	Gender & Disability Mainstreaming	380,428	-	185,018	-	48.6	-
506005064			4,140,801	-	4,101,400	-	99.1	-
	506015060	Sports Management	4,013,000	-	4,013,000	-	100.0	-
	506025060	Talent Development	127,801	-	88,400	-	69.2	-
507005064			9,140,526	-	6,449,630	-	70.6	-
	507015060	Sports Academy	9,140,526	-	6,449,630	-	70.6	-
907005064			565,000	9,000,000	525,600	2,999,892	93.0	33.3
	907025060	Artistic Talent Development	400,000	9,000,000	375,600	2,999,892	93.9	33.3
	907015060	Culture and Heritage Development	165,000	-	150,000	-	90.9	-
		Sub Total	84,595,082	59,000,000	47,374,521	18,000,000	56.0	30.5
5063-Kisumu - Department of Health								
305005063			378,500	-	30,000	-	7.9	-
	305065060	Policy development	378,500	-	30,000	-	7.9	-
401005063			240,500	-	-	-	-	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	401025060	Community health strategy	240,500	-	-	-	-	-
402005063			6,750,000	-	2,100,000	-	31.1	-
	402035060	Reproductive Health	6,750,000	-	2,100,000	-	31.1	-
403005063			2,925,372,330	-	2,460,908,779	-	84.1	-
	403045060	Human resource for Health	2,831,055,761	-	2,460,908,779	-	86.9	-
	403035060	Governance and leadership	94,316,569	-	62,392,240	-	66.2	-
405005063			236,574,134	-	100,846,848	-	42.6	-
	405015060	Health Promotive Services	236,574,134	-	100,846,848	-	42.6	-
407005063			100,000,000	60,000,000	100,000,000	40,000,000	100.0	66.7
	407015060	Jaramogi Oginga Odinga Teaching and Referral Hospital	100,000,000	60,000,000	100,000,000	40,000,000	100.0	66.7
408005063			60,560,000	-	60,559,969	-	100.0	-
	408015060	Kisumu County Referral Hospital	60,560,000	-	60,559,969	-	100.0	-
409005063			65,000,000	120,100,000	47,148,853	25,000,000	72.5	20.8
	409015060	County and Sub-County Hospital Services	65,000,000	120,100,000	47,148,853	25,000,000	72.5	20.8
		Sub Total	3,394,875,464	180,100,000	2,637,895,197	65,000,000	77.7	36.1
5061-Kisumu - Department of Governance and Administration								
206005061			26,950,000	-	19,237,225	-	71.4	-
	206055060	Resource Mobilization	26,950,000	-	19,237,225	-	71.4	-
702005061			7,615,420	-	5,298,134	-	69.6	-
	702025060	Inter-Government Coordination and protocol	7,615,420	-	5,298,134	-	69.6	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
703005061			10,890,712	-	9,032,228	-	82.9	-
	703015060	Governor's Press Service and Communication	10,890,712	-	9,032,228	-	82.9	-
704005061			249,803,153	45,000,000	189,074,642	25,000,000	75.7	55.6
	704015060	General Administration and Support services	249,803,153	45,000,000	189,074,642	25,000,000	75.7	55.6
706005061			4,570,323	-	2,661,183	-	58.2	-
	706025060	Monitoring & Evaluation	4,570,323	-	2,661,183	-	58.2	-
		Sub Total	299,829,608	45,000,000	225,303,412	25,000,000	75.1	55.6
5061-Kisumu - County Assembly								
203005060		Administration, Planning and Support Services	49,832,843	2,373,657	52,206,500	51,021,997	104.8	2,149.5
	203035060	Financial Services	49,832,843	2,373,657	52,206,500	51,021,997	104.8	2,149.5
208005060		ICT Services	9,743,520	-	9,743,520	9,017,618	100.0	-
	208015060	ICT Services	9,743,520	-	9,743,520	9,017,618	100.0	-
701005060		General Administration and Planning services	486,477,166	- 5,934,740	480,542,426	266,181,426	98.8	- 4,485.1
	701035060	General Administration	351,305,639	- 10,967,680	340,337,959	266,181,426	96.9	- 2,427.0
	701065060	Human Resource development services	135,171,527	5,032,940	140,204,467	-	103.7	-
705005060		Public Financial Management	9,601,640	- 300,000	9,301,640	-	96.9	-
	705055060	Budget Formulation & Coordination Services	9,601,640	- 300,000	9,301,640	-	96.9	-
708005060		Legislation & Oversight, services	164,969,779	17,523,662	182,493,441	-	110.6	-

Program	Sub Program	Description	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
			Recurrent	Development	Recurrent	Development	Recurrent Expenditure	Development Expenditure
	708015060	Legislation & oversight services	131,336,821	12,449,242	143,786,063	126,221,041	109.5	1,013.9
	708025060	Policy Services (Speakers office)	33,632,958	5,074,420	38,707,378	-	115.1	-
710005060		County Assembly Service Board	196,899,174	2,699,519	199,598,693	-	101.4	-
	710025060	SP2 Committee Services	114,600,854	16,101,836	130,702,690	-	114.1	-
	710035060	Representation & Public Participation Services	82,298,320	- 13,402,317	68,896,003	-	83.7	-
		Grand Total	917,524,122	16,362,098	933,886,220	326,221,041	101.8	1,993.8
Grand Total			8,616,759,706	3,428,523,876	7,271,833,050	1,808,499,184	84.4	52.7

Source: Kisumu County Treasury

The report on budget execution by programmes and sub-programmes shows absorption rates above 100 per cent in the Department of Public Administration and Devolution, the Department of Agriculture, Livestock and Fisheries and the County Assembly. This indicates that that expenditure was above the approved budget and therefore irregular. The County Treasury is advised to improve internal controls to ensure expenditure is within budget.

3.17.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 26th July 2023. Further, the submitted report was incomplete as it did not include details of development projects implemented during the period and a breakdown of foreign travel expenditure.
2. The underperformance of own-source revenue at Kshs.1.15 billion against an annual projection of Kshs.2.12 billion, representing 54.4 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.2.04 billion as of 30th June 2023. This is despite the availability of Kshs.612.98 million in the CRF as of the end of the financial year.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.440.78 million were processed through the manual payroll, accounting for 9.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. The high wage bill accounted for 49.9 per cent of total expenditure in the FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.18 County Government of Kitui

3.18.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.12.31 billion, comprising Kshs.3.64 billion (29.6 per cent) and Kshs.8.66 billion (70.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 1.3 per cent compared to the previous financial year when the approved budget was Kshs.12.47 billion and comprised of Kshs.4.14 billion towards development expenditure and Kshs.8.33 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.10.39 billion (84.5 per cent) as the equitable share of revenue raised nationally, Kshs.374.08 million (3 per cent) as additional allocations, a cash balance of Kshs.1.12 billion (9.1 per cent) from FY 2021/22, and generate Kshs.420 million (3.4 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.118.

The cash balance from the previous financial year comprises Kshs.286.48 million, which was unspent additional allocations, Kshs.0.15 million, which was swept to the CRF as at the end of the financial year, and Kshs.831.37 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.18.2 Revenue Performance

In FY 2022/23, the County received Kshs.10.39 billion as the equitable share of the revenue raised nationally, Kshs.369.57 million as additional allocations, had a cash balance of Kshs.1.12 billion from FY 2021/22, and raised Kshs.464.35 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.12.35 billion, as shown in Table 3.118 K i t u i County, Revenue Performance in FY 2022/23.

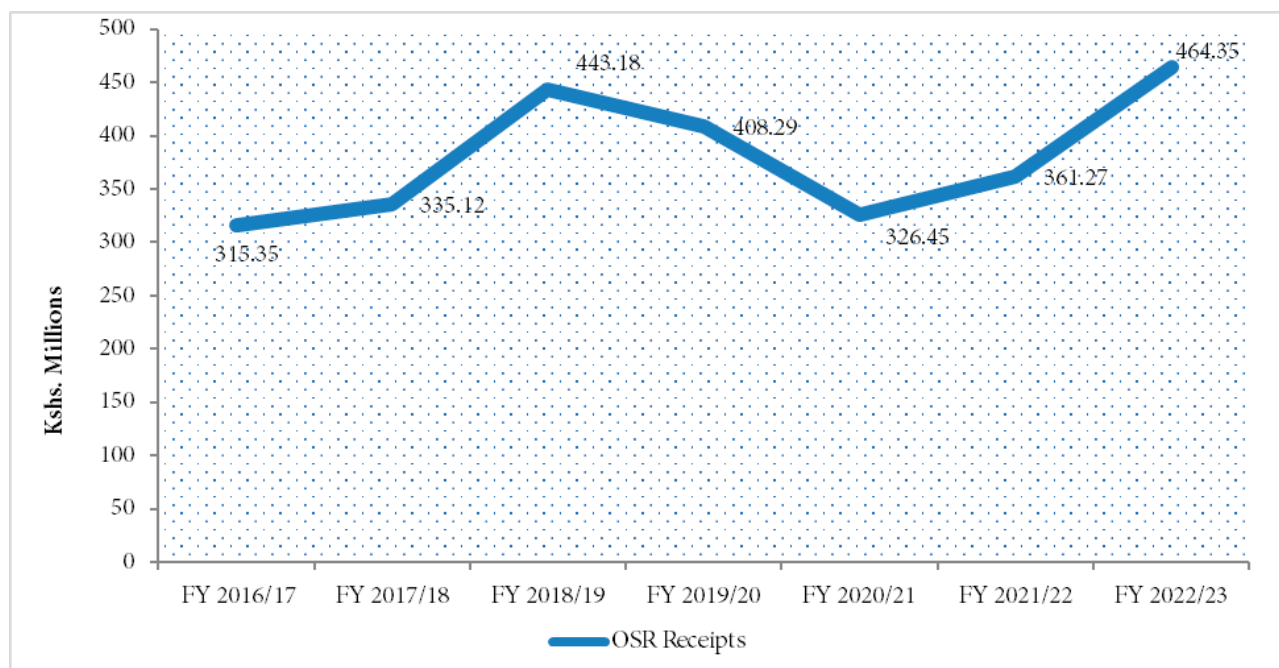
Table 3.118 Kitui County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,393,970,413	10,393,970,413	100
	Sub Total	10,393,970,413	10,393,970,413	100
B	Additional allocations			
1	Agricultural Sector Support Program	11,636,683	11,636,683	100
2	Climate Change	22,000,000	22,000,000	100
3	Kenya Urban Support Program	2,339,915	2,339,914	100
4	Locust Response	70,223,000	68,522,527	97.6
5	National Agricultural Sector Support Program	169,475,223	169,475,223	100
6	National Value Chain Development Program	70,000,000	67,192,729	96
7	DANIDA	28,405,688	28,405,688	100
	Sub Total	374,080,509	369,572,764	98.8
C	Other Sources of Revenue			
1	Own Source Revenue	420,000,000	464,354,467	110.6
2	Balance b/f from FY2021/22	1,118,001,643	1,118,001,643	100.0
	Sub Total	1,538,001,643	1,582,356,110	102.9
	Grand Total	12,306,052,565	12,345,899,287	100.3

Source: Kitui County Treasury

Own source revenue target for the FY 2022/23 was Kshs.420,000,000 and the actual revenue collected by the County Government was Kshs.464,354,467. The County therefore surpassed its target of revenue collection by Kshs 44,354,467.

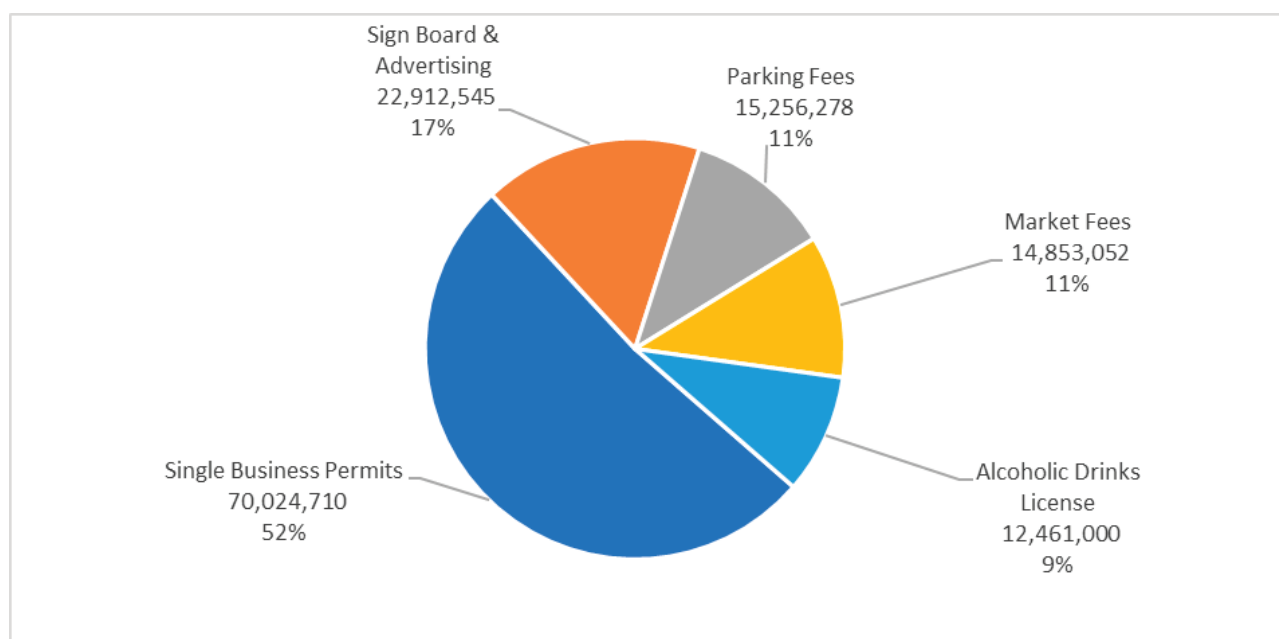
Figure 52: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kitui County Treasury

In FY 2022/23, the County generated a total of Kshs.464.35 million from its sources of revenue. This amount represented an increase of 28.5 per cent compared to Kshs.361.27 million realised in FY 2021/22 and was 110.6 per cent of the annual target and 4.5 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.2.09 million. The revenue streams that contributed the highest OSR receipts are shown in Figure 53.

Figure 53: Top Streams of Own Source Revenue in FY 2022/23



Source: Kitui County Treasury

The highest revenue stream of Kshs.70.02 million was from Single Business Permits, contributing to 52 per cent of the total OSR receipts during the reporting period.

3.18.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.11.75 billion from the CRF account during the reporting period. The amount comprised Kshs.2.13 billion (18.1 per cent) for development programmes and Kshs.9.62 billion (81.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.5.48 billion was released towards Employee Compensation, and Kshs.4.14 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.67 billion.

3.18.4 County Expenditure Review

The County spent Kshs.10.30 billion on development and recurrent programmes in the reporting period. The expenditure represented 88 per cent of the total funds released by the CoB and comprised Kshs.2.13 billion and Kshs.8.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 58.5 per cent. In contrast, recurrent expenditure represented 94.3 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.43 billion, comprising Kshs.1.0 billion for recurrent expenditure and Kshs.429.61 million for development activities. During the year, pending bills amounting to Kshs.849.23 million were settled, consisting of Kshs.594.46 million for recurrent expenditure and Kshs.254.77 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.594.50 million.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.55 billion on employee compensation, Kshs.2.82 billion on operations and Maintenance , and Kshs.2.13 billion on development activities. Similarly, the County Assembly spent Kshs.332.69 million on employee compensation and Kshs.472.79 million on operations and Maintenance , as shown in Table 3.119.

Table 3.119: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,368,027,318	1,300,819,066	7,368,027,313	805,478,418	100	61.9
Compensation to Employees	4,551,556,685	389,898,562	4,551,556,685	332,690,976	100	85
Operations and Maintenance	2,816,470,633	910,920,504	2,816,470,628	472,787,442	100.0	52
Development Expenditure	3,408,147,628	229,058,553	2,129,554,649	-	62	-
Total	10,776,174,946	1,529,877,619	9,497,581,962	805,478,418	88	53

Source: Kitui County Treasury

3.18.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.88 billion, or 39.6 per cent of the revenue for FY 2022/23 of Kshs.12.35 billion. This expenditure represented an increase from Kshs.4.62 billion reported in FY 2021/22. The wage bill included Kshs.2.49 billion paid to health sector employees, translating to 50 per cent of the total wage bill. The increase in wage bill as compared to the previous FY may be associated with the conversion of ECDE teachers from casual to permanent and pensionable terms in the FY 2022/23.

Further analysis indicates that Kshs.65.04 million was processed through manual payrolls. The manual payrolls accounted for 1.3 per cent of the total PE cost.

The County Assembly spent Kshs.13.63 million on Committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.26.48 million. The average monthly sitting allowance was Kshs.20,655 per MCA. The County Assembly has established 22 Committees.

3.18.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.253 million to county-established funds in FY 2022/23, constituting 2 per cent of the County's overall budget. Table 3.120. summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.120: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statement
County Executive Established Funds					
1.	Empowerment Fund	20,000,000	-	-	No
County Assembly Established Funds					
2.	Kitui County Assembly Service Board Employees' Car & Mortgage Fund Schemes	130,000,000	-	-	YES
3.	Kitui County Assembly Car Loan and Mortgage (Members) Scheme Fund	103,000,000	92,405,337	92,405,337	YES
	Total	253,000,000	92,405,337	92,405,337	

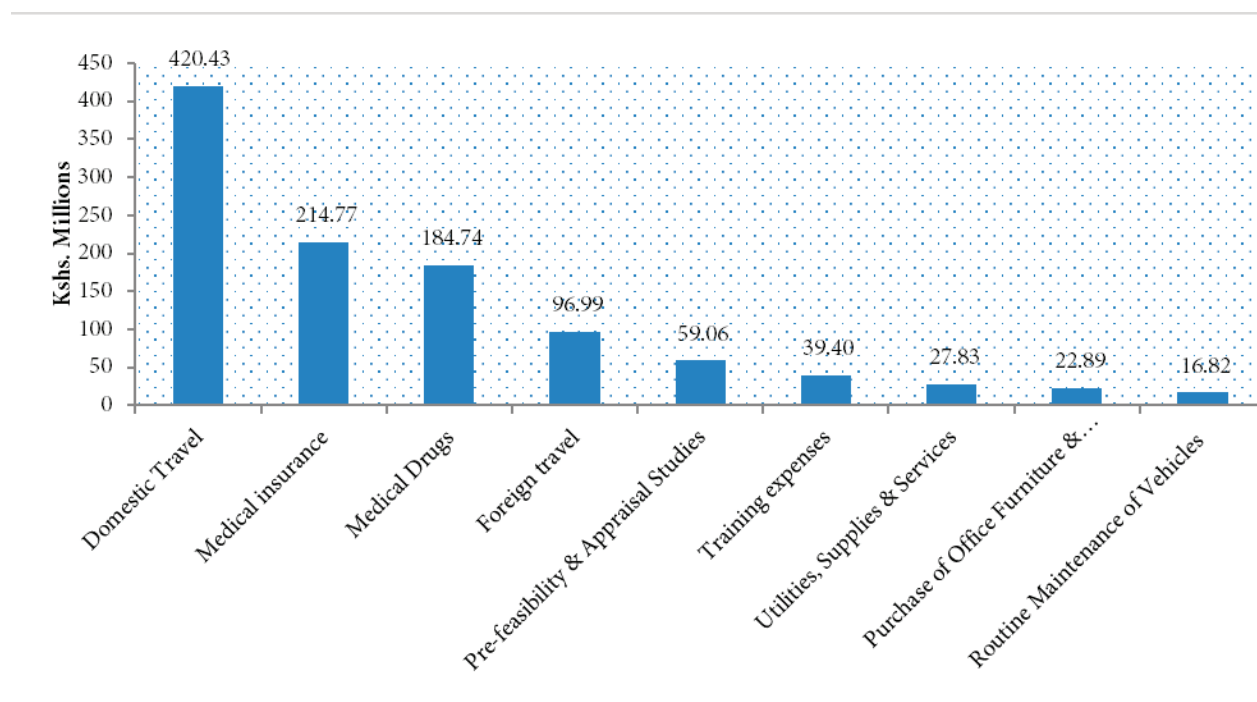
Source: Kitui County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators of all the funds except the Empowerment Fund, as indicated in.

3.18.9 Expenditure on Operations and Maintenance

Figure 54 summarises the Operations and Maintenance expenditure by major categories.

Figure 54: Kitui County, Operations and Maintenance Expenditure by Major Categories



Source: Kitui County Treasury

During the period, expenditure on domestic travel amounted to Kshs.420.43 million and comprised Kshs.133.84 million spent by the County Assembly and Kshs.286.58 million by the County Executive. Expenditure on foreign travel amounted to Kshs.96.99 million, comprised Ksh.90.66 million spent by the County Assembly and Ksh.6.33 million spent by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.121.

Table 3.121: Summary of highest expenditure on foreign travel

S.no	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	County Assembly	7	11-17/03/2023	Training on Strategic Education Planning, organised by ESAM and facilitated by Dr. Chartonne Munatania Munene (Committee on Basic Education, Training and Skills Development).	Dubai, UAE.	6,471,325.00
2	County Assembly	6	17-21/04/2023	Training on the Role of Legislators in maintaining Health care standards organised by ESAMI and facilitated by Dr. Paul Gikonyo (Committee on Health and sanitation)	Mumbai, India	6,779,633.00

S.no	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
3	County Assembly	7	5-12/03/2023	Training workshop on strategic food Security for Kitui County organised by ESAMI and facilitated by Dr. Moses Ng'ong'a (Committee on Agriculture, Water and Irrigation)	Malaysia	8,021,300.00
4	County Assembly	7	11-18/02/2023	Training on Environmental, Lands and sustainable infrastructure organised by ESAMI and facilitated by Dr Moses Ng'ong'a. (Committee on Lands, Infrastructure and Urban Development)	Singapore	9,143,820.00
5	County Assembly	7	19-27/02/2023	Training on Legislation, Policy intervention and roles of the Committee organised by ESAMI (Committee on Trade, Industry, CT and Cooperatives)	Turkey	8,310,260.00
6	County Assembly	7	19-26/02/2023	Training workshop on scrutinising/examination of public expenditure organised by ESAMI and facilitated by Prof. Esther Wangui Mbugua (Committee on Public Investments Accounts Committee- CPIAC).	Dubai, UAE.	7,047,775.00
7	County Assembly	7	24-28/4/2023	Training workshop on effective County Leadership and governance organised by CPST and facilitated by Mr. Peter Muchira (Committee on Administration and Coordination of County Affairs).	Ethiopia	6,837,955.00
8	County Assembly	1	22nd April - 2/ May 2023	Training on Leadership And Management of deputy speaker Committee work and meetings organised by ESAMI	Dubai, UAE.	968,327.00
9	County Assembly	7	22nd April - 2/ May 2023	Training on Leadership And Management of Committee work and meetings organised for deputy speakers organised by ESAMI (Liaison Committee)	Dubai, UAE.	7,338,289.00
10	County Assembly	7	24-28/04/2023	Capacity Building workshop on management and execution of Committee activities organised by CPST and facilitated by Prof. Nyokabi Kamau (Committee on Tourism and Natural Resources)	Dubai, UAE.	7,751,041.00

S.no	Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
11	County Assembly	7	6-10/03/2023	Training on the role of the legislature in budget making process and accountability in the public sector organised by ESAMI and facilitated by Prof. Esther Wangui Mbugua (Committee on Finance and Economic Planning)	Dubai, UAE.	6,408,325.00
12	County Assembly	2	23-27/01/2023	Training of the Speakers of the county Assembly on optimising institutional governance organised by the Centre for Parliamentary Service and Training (CPST)	Dubai, UAE.	2,317,250.00
13	County Assembly	3	26 may-6 June 2023	Training to county assembly service board members on project finance technics, documentation, Applications and Recent developments; organised by ethics and integrity institute.	Washington DC USA	6,564,586.00
14	County Assembly	2	1s-3rd November 2022	A decade of operationalisation of the Nairobi Principles, Organised by The 6th Africa Colloquium of Legal Counsel to parliaments	Zanzibar	825,020.00
15	County Assembly	7	26-30 June 2023	training on strategic leadership and corporate governance to the Assembly committee on leadership; organised by ESAMI	Istanbul Turkey	4,224,720.00
16	County Assembly	1	26 June-7 July 2023	International conference on post-pandemic strategic public Administration And Management organised by Africa Center for capacity building.	Melbourne Australia	1,326,000.00
17	County Assembly	7	13th-17th June 2022	Training on leadership development skills for members of the county assembly	Istanbul Turkey	300,000.00

Source: Kitui County Assembly

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. The County did not exceed the stated number of people per travel.

3.18.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.13 billion on development programmes, representing a decrease of 22 per cent compared to FY 2021/22, when the County spent Kshs.2.73 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.122: Kitui County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Location	contract sum (Kshs.)	amount paid (Kshs.)	implementation %
Agriculture	Being payment for rehabilitation/ upgrading of the Kamuteti- Mutomo pipeline water project	Kitui South	33,318,640.20	33,318,640.20	100

Sector	Project Name	Location	contract sum (Kshs.)	amount paid (Kshs.)	implementa- tion %
Infrastructure, Housing, Transport & Public Works	Construction of Lot drift on b7 Kisasi-Mbitini-Yongela-voo D507	Kitui rural	27,698,510.16	27,698,510.16	100
Infrastructure, Housing, Transport & Public Works	Proposed Construction of Road Junction to Mu-seve Road 4.5 M Through Kalimu River-Kalundu River-Nyikini Primary School- Kamangu River with Drift Construction Across Mwanja River 25m Kamangu River 30m AndKalundu River 50m AndOpening Of Road Kalimu Stream To Kiara	Kitui Central	26,482,891.16	26,482,891.16	100
Infrastructure, Housing, Transport & Public Works	Construction of an ultra-modern resource centre at Manyenyoni	Kitui Central	24,640,433.70	24,640,433.70	100
Infrastructure, Housing, Transport & Public Works	Construction of Mwiwe River Drift on Kwa Kisa	Kitui East	24,100,061.98	24,100,061.98	100
Infrastructure, Housing, Transport & Public Works	Payment for maintenance of Kinakoni- imali-kiangeni- Kyukuni road with 150m drift on Thua river.	Kitui west	23,235,651.41	23,235,651.41	100
Infrastructure, Housing, Transport & Public Works	Construction of Lot Drifts on B7 kisasi-Mbitini-Yongela-Voo D507(E725) road	Kitui rural	22,610,133.33	22,610,133.33	100
Infrastructure, Housing, Transport & Public Works	Construction of Road from Mwilini-Kavindu-Kiema-Kakuuni AndDrift At Kalikuvu Kwa Mulwa	Kitui rural	21,551,590.22	21,551,590.22	100
Infrastructure, Housing, Transport & Public Works	Being hire of machinery for road grading in 30 wards	C o u n t y wide	20,000,000.00	20,000,000.00	100
Infrastructure, Housing, Transport & Public Works	Tiva River Drift on Masimba Ikanga Road	K i t u i South	18,223,426.58	18,223,426.58	100

Source: Kitui County Treasury

3.18.11 Budget Performance by Department

Table 3.123 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.123: Kitui County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,184.60	917.13	1,074.64	429.66	1,074.64	429.66	100.0	100.0	90.7	46.8
Administration and Coordination of County affairs	192.29	-	187.29	-	187.29	-	100.0	-	97.4	-
Agriculture Water and Livestock Development	243.21	612.54	230.82	299.05	230.82	299.05	100.0	100.0	94.9	48.8
Basic Education, ICT, and Youth Development	565.25	96.55	558.20	80.55	558.20	80.55	100.0	100.0	98.8	83.4
Lands, Infrastructure, Housing and Urban Development	255.12	604.23	241.58	511.05	241.58	511.05	100.0	100.0	94.7	84.6
Health and sanitation	3,358.26	187.97	3,392.48	139.29	3,392.48	139.29	100.0	100.0	101.0	74.1
Trade, Cooperatives and Investments	192.00	113.10	162.83	54.09	162.83	54.09	100.0	100.0	84.8	47.8
Environment and Natural Resources	131.89	64.85	132.82	67.08	132.82	67.08	100.0	100.0	100.7	103.4
Tourism, Sports and Culture	104.36	108.82	95.45	44.87	95.45	44.87	100.0	100.0	91.5	41.2
County Treasury	452.37	31.81	448.57	2.02	448.57	2.02	100.0	100.0	99.2	6.4
County Public Service Board	84.47	-	80.26	-	80.26	-	100.0	-	95.0	-
County Assembly	1,300.82	229.06	1,029.69	-	1,029.69	-	100.0	-	79.2	-
Kitui Municipality	115.62	98.65	114.82	48.55	114.82	48.55	100.0	100.0	99.3	49.2
Mwingi Town Administration	69.41	49.22	67.44	47.54	67.44	47.54	100.0	100.0	97.2	96.6
Livestock Apiculture and Fisheries Development	289.79	480.98	288.47	397.66	288.47	397.66	100.0	100.0	99.5	82.7
Lands and Physical Planning	84.08	35.51	68.41	6.53	68.41	6.53	100.0	100.0	81.4	18.4
Office of the Deputy Governor	45.30	6.81	44.64	1.61	-	1.61	-	100.0	-	23.7
Total	8,668.85	3,637.21	8,218.40	2,129.55	8,173.76	2,129.55	99.5	100.0	94.3	58.5

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Environment and Natural Resources recorded the highest absorption rate of the development budget at 103.4 per cent. At the same time, the County Assembly did not report any expenditure on development. The Department of Kitui Municipality had the highest percentage of recurrent expenditure to budget at 99.3 per cent, while the Department of County Assembly had the lowest at 79.2 per cent.

3.18.12 Budget Execution by Programmes and sub-programmes

Table 3.124: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.124: Kitui County, Budget Execution by Programmes and sub-programmes

Programme	S u b - P r o - gramme	Approved Estimates		Actual expenditure as of 30th June 2023		A b s o r p t i o n Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor							
Decentralised Units Service Delivery Coordination	705013710	51,306,747.00	71,685,813.00	42,904,578.00	3,511,905.00	84%	5%
	706013710	5,276,527.00	-	5,786,224.00	-	110%	-
General Adminis- tration And Plan- ning	701013710	774,544,694.00	756,440,348.00	732,640,123.00	421,334,808.00	95%	56%
	702013710	103,367,262.00	30,000,000.00	101,294,411.00	4,815,527.00	98%	16%
Governor's Service Delivery Unit & Public Communi- cation	707013710	17,402,164.00	-	14,470,136.00	-	83%	-
Office of Chief of Staff	717023710	42,526,692.00	-	33,771,445.00	-	79%	-
Office of County Attorney	717033710	71,520,999.00	-	45,269,051.00	-	63%	-
Office of the Coun- ty Secretary	703013710	22,711,873.00	-	41,186,096.00	-	181%	-
Procurement	704023710	55,304,650.00	-	57,318,616.00	-	104%	-
	Sub Total	1,143,961,608.00	858,126,161.00	1,074,640,680.00	429,662,240.00	94%	50%
Administration and Coordination of County Affairs							
Coordination An- d Administrative Services	705013710	58,399,621.00	-	57,734,483.00	-	99%	-
	706013710	66,273,184.00	-	65,943,184.00	-	100%	-
	707013710	4,428,600.00	-	4,378,600.00	-	99%	-
	701013710	63,192,967.00	-	59,233,795.00	-	94%	-
	Sub Total	192,294,372.00	-	187,290,062.00	-	97%	-
3713-Kitui - Agriculture Water and Livestock Development							
Agriculture	102013710	185,255.00	108,043,843.00	80,226.00	107,999,727.00	43%	100%
	103013710	7,880,402.00		7,730,402.00		98%	
	103023710	5,612,562.00	5,500,000.00	4,565,047.00	5,500,000.00	81%	100%
	104013710	6,018,501.00	127,000,000.00	4,566,716.00	500,000.00	76%	0%
	101013710	112,441,381.00	-	112,487,349.00	-	100%	-
Water	101013710	81,035,259.00	-	79,800,879.00	-	98%	-
	111013710	7,850,658.00	147,052,719.00	6,172,455.00	86,650,211.00	79%	59%
	111023710	22,186,210.00	139,129,904.00	15,418,990.00	98,852,160.00	69%	71%
	Sub Total	243,210,228.00	526,726,466.00	230,822,064.00	299,502,098.00	95%	57%
3714-Kitui - Basic Education, ICT, and Youth Development							
Basic Education	501013710	-	-	(80,970.00)	-		

Programme	Sub - Programme	Approved Estimates		Actual expenditure as of 30th June 2023		Absorption Rate (%)	
	502013710	304,225,684.00	84,303,985.00	302,743,134.00	68,343,492.00	100%	81%
General Administration and Planning	501013710	235,499,000.00	-	230,972,035.00	-	98%	-
Training and Skills Development	503013710	16,819,500.00	12,242,594.00	12,381,354.00	12,205,786.00	74%	100%
	505013710	1,388,290.00	-	828,717.00	-	60%	-
	506013710	8,144,339.00	--	11,356,239.00	-	139%	-
Grand Total		566,076,813.00	96,546,579.00	558,200,509.00	80,549,278.00	99%	83%
3715-Kitui - Lands, Infrastructure, Housing and Urban Development							
General Administration and Planning	101013710	206,757,547.00	-	200,752,318.00	-	97%	-
Housing	107013710	2,577,000.00	-	2,352,850.00	-	91%	-
	109013710	10,946,508.00	10,118,944.00	9,219,097.00	3,602,948.00	84%	36%
Roads, Transport and Mechanical Services	110013710	15,638,098.00	613,107,132.00	13,159,627.00	505,459,221.00	84%	82%
	203013710	17,168,426.00	2,000,000.00	16,096,434.00	1,985,000.00	94%	99%
	Sub Total	253,087,579.00	625,226,076.00	241,580,326.00	511,047,169.00	95%	82%
3716-Kitui - Health and sanitation							
General Administration and Planning	401013710	1,022,089,742.00	58,982,095.00	1,017,604,121.00	41,112,463.00	100%	70%
	401023710	24,949,437.00	-	24,146,964.00	-	97%	-
	401033710	2,421,800.00	-	1,534,000.00	-	63%	-
Health Promotion and Disease Control	404013710	2,092,132.00	-	1,585,557.00	-	76%	-
	404043710	-	-	213,521.00	-	-	-
Medical Services	402013710	1,254,884,100.00	141,228,767.00	1,244,895,173.00	98,175,913.00	99%	70%
	402023710	8,300,000.00	-	8,276,400.00	-	100%	-
	403023710	628,958,332.00	-	628,878,292.00	-	100%	-
	404043710	66,611.00	-	-	-	0%	-
Public Health	403013710	4,837,591.00	-	4,535,448.00	-	94%	-
	403023710	2,223,000.00	-	2,167,558.00	-	98%	-
	403033710	2,955,000.00	-	2,110,408.00	-	71%	-
Rural Health Services	402033710	379,000,000.00	-	378,999,998.00	-	100%	-
	404023710	60,436,134.00	-	58,874,309.00	-	97%	-
	404033710	19,062,793.00	-	23,661,766.00	-	124%	-
	Sub Total	3,412,276,672.00	200,210,862.00	3,397,483,515.00	139,288,376.00	100%	70%
Grand Total							
3717-Kitui - Trade, Cooperatives and Investments							
Cooperatives	304013710	35,963,167.00	-	32,008,367.00	-	89%	-
	304023710	8,096,299.00	-	8,760,601.00	-	108%	-

Programme	Sub - Programme	Approved Estimates		Actual expenditure as of 30th June 2023		Absorption Rate (%)	
General Administration and Planning	301013710	106,363,369.00	121,095,244.00	102,399,677.00	54,087,381.00	96%	45%
Trade And Markets	301013710	19,224,804.00	-	13,107,817.00	-	68%	-
	303023710	5,710,172.00	-	6,557,064.00	-	115%	-
	Sub Total	175,357,811.00	121,095,244.00	162,833,526.00	54,087,381.00	93%	45%
3719-Kitui - Environment and Natural Resources							
Energy	1005013710	1,748,370.00	3,000,000.00	1,460,992.00	3,000,000.00	84%	100%
	1006013710	3,971,724.00	41,015,151.00	3,847,485.00	41,003,362.00	97%	100%
Environment	1002013710	10,296,688.00	-	10,143,121.00	-	99%	-
	1003013710	3,567,150.00	35,000,000.00	3,659,162.00	23,443,713.00	103%	67%
	1004013710	1,194,864.00	-	1,193,278.00	-	100%	-
General Administration and Planning	1001013710	91,022,916.00	-	91,039,712.00	-	100%	-
Mineral Resources	1003013710	1,101,267.00	-	1,099,800.00	-	100%	-
	1003023710	4,188,497.00	-	4,187,479.00	-	100%	-
	1003043710	3,001,553.00	1,040,440.00	2,996,847.00	(364,340.00)	100%	-35%
	1007013710	2,009,772.00	-	2,008,440.00	-	100%	-
	1008013710	3,114,507.00	-	3,102,883.00	-	100%	-
Tourism	305013710	427,088.00	-	427,087.00	-	100%	-
	305033710	1,272,037.00	-	1,271,820.00	-	100%	-
	1003023710	6,377,623.00	-	6,377,406.00	-	100%	-
	Sub Total	133,294,056.00	80,055,591.00	132,815,512.00	67,082,735.00	100%	84%
3720-Kitui - Tourism, Sports and Culture							
Tourism	306013710	7,730,000.00	4,500,000.00	7,416,368.00	4,397,318.00	96%	98%
	306023710	2,747,231.00	49,006,816.00	2,657,213.00	24,047,224.00	97%	49%
Gender, Culture and Social Services Headquarters	307013710	4,604,097.00	30,008,786.00	3,733,653.00	14,534,358.00	81%	48%
	307023710	9,929,780.00	3,800,000.00	8,016,708.00	1,886,692.00	81%	50%
	308013710	3,008,461.00	23,000,000.00	2,915,991.00	-	97%	0%
	308023710	2,310,000.00	-	2,298,751.00	-	100%	-
General Administration and Planning	301013710	55,557,570.00	-	53,667,494.00	-	97%	-
Internet Connections	505013710	7,995,000.00	-	4,399,619.00	-	55%	-
	506013710	10,955,528.00	-	10,341,122.00	-	94%	-
	Sub Total	104,837,667.00	110,315,602.00	95,446,919.00	44,865,592.00	91%	41%
3721-Kitui - County Treasury							
Accounts	704013710	6,210,000.00	-	6,205,498.00	-	100%	-
	712053710	19,665,891.00	-	19,430,519.00	-	99%	-
Budgetary Supplies	712013710	54,713,395.00	-	53,930,117.00	-	99%	-
Economic Affairs	710013710	42,482,667.00	-	43,439,536.00	-	102%	-
	710023710	10,925,000.00	-	10,986,882.00	-	101%	-
	712023710	14,516,551.00	-	14,462,548.00	-	100%	-

Programme	Sub - Programme	Approved Estimates		Actual expenditure as of 30th June 2023		Absorption Rate (%)	
General Administration and Planning	701013710	289,841,073.00	144,622,885.00	288,605,771.00	2,019,950.00	100%	1%
Internal Audit	712033710	11,516,551.00	-	11,508,725.00	-	100%	
	Sub Total	449,871,128.00	144,622,885.00	448,569,596.00	2,019,950.00	100%	1%
3722-Kitui - County Public Service Board							
General Administration and Planning	701013710	59,323,883.00	-	57,021,122.00	-	96%	-
	713013710	10,158,800.00	-	9,477,107.00	-	93%	-
	713023710	11,132,810.00	-	8,966,970.00	-	81%	-
	714013710	4,955,440.00	-	4,793,162.00	-	97%	-
	Sub Total	85,570,933.00	-	80,258,361.00	-	94%	-
3723-Kitui - County Assembly							
General Administration and Planning	701013710	294,780,749.00	229,058,553.00	261,868,930.00	-	89%	0%
Legislative Department	715013710	1,006,038,317.00	-	767,825,806.00	-	76%	
	Sub Total	1,300,819,066.00	229,058,553.00	1,029,694,736.00	-	79%	0%
3724-Kitui - Kitui Municipality							
Environment, Culture, Recreation and Community Development	207013710	21,881,687.00	16,200,000.00	22,003,112.00	14,183,234.00	101%	88%
Planning, Development Control, Transport and Infrastructure	201013710	61,061,081.00	60,654,228.00	61,135,188.00	34,306,931.00	100%	57%
	207023710	17,877,938.00	-	17,316,774.00	-	97%	-
Planning, Development Control, Transport and Infrastructure - Headquarters	207013710	9,500,000.00	-	9,165,608.00	-	96%	-
	207033710	5,300,000.00	1,800,000.00	5,197,928.00	61,929.00	98%	3%
	Sub Total	115,620,706.00	78,654,228.00	114,818,610.00	48,552,094.00	99%	62%
3725-Kitui - Mwingi Town Administration							
Environment, Culture, Recreation and Community Development	1001013710	940,000.00	9,118,926.00	732,076.00	9,117,516.00	78%	100%
General Administration and Planning	109013710	2,414,563.00	6,460,000.00	2,525,782.00	6,429,736.00	105%	100%
	201013710	61,324,376.00	-	59,619,744.00	-	97%	

Programme	Sub - Programme	Approved Estimates		Actual expenditure as of 30th June 2023		Absorption Rate (%)	
	706013710	1,045,108.00	4,499,957.00	922,033.00	4,472,872.00	88%	99%
Planning, Development Control, Transport and Infrastructure	207013710	2,873,267.00		2,143,565.00		75%	
	207023710	1,431,697.00	22,221,391.00	1,372,762.00	21,859,539.00	96%	98%
	207033710	195,100.00	6,921,140.00	123,000.00	5,657,624.00	63%	82%
	Sub Total	70,224,111.00	49,221,414.00	67,438,962.00	47,537,287.00	96%	97%
Grand Total							
3726 KITUI - Ministry of Livestock Apiculture and Fisheries Development							
Agriculture	102013710	4,698,070.00	297,098,909.00	4,203,559.00	264,630,412.00	89%	89%
	103013710	10,123,527.00	95,000,000.00	10,728,342.00	84,843,926.00	106%	89%
	103023710	21,859,315.00	67,531,982.00	17,485,241.00	29,722,833.00	80%	44%
General Administration	101013710	247,216,467.00		247,283,817.00		100%	
	105013710	1,266,776.00	1,000,000.00	1,072,550.00	688,650.00	85%	69%
Livestock Devt	106013710	4,251,893.00	9,598,750.00	3,895,062.00	10,179,900.00	92%	106%
	106023710	4,679,993.00	10,748,650.00	3,796,588.00	7,599,098.00	81%	71%
	Sub Total	294,096,041.00	480,978,291.00	288,465,159.00	397,664,819.00	98%	83%
3727-Ministry of Lands and Physical Planning							
General Administration	101013710	65,847,579.00	-	58,767,330.00	-	89%	-
Land Adjudication	108023710	3,375,000.00	3,683,111.00	2,834,183.00	1,941,400.00	84%	53%
Land Information and Mgt	108013710	2,950,000.00	7,300,000.00	2,538,890.00		86%	0%
Land Survey	108023710	2,450,000.00	9,500,000.00	2,304,971.00	4,592,850.00	94%	48%
Lands and Housing	107013710	2,355,950.00	15,023,045.00	1,960,520.00		83%	0%
	Sub Total	76,978,529.00	35,506,156.00	68,405,894.00	6,534,250.00	89%	18%
3728-Kitui - Office of the Deputy Governor							
Administration Planning and Support Services	701013710	9,940,196.00	-	9,749,213.00	-	98%	-
Performance Mgt and Disaster Mitigation	717013710	13,879,000.00	5,421,000.00	13,747,361.00	1,065,250.00	99%	20%
Tourism Devt and Promotion	305013710	1,752,922.00	884,853.00	1,736,402.00	-	99%	0%
	305033710	1,909,773.00	500,000.00	1,841,509.00	-	96%	0%
	1003023710	17,843,393.00		17,564,889.00	-	98%	-
	Sub Total	45,325,284.00	6,805,853.00	44,639,374.00	1,065,250.00	98%	16%
Grand Total		8,662,902,604.00	3,643,149,961.00	8,223,403,805.00	2,129,458,519.00	95%	58%

Source: Kitui County Treasury

The report on budget execution by programmes and sub-programmes showed that programmes under the Office of the Governor, Basic Education, the Department of ICT, and Youth Development, the Department of Health and sanitation, the Department of Trade, Cooperatives and Investments, the

Department of Environment and Natural Resources, the County Treasury, the Kitui Municipality, and the Department of Livestock Apiculture and Fisheries Development had expenditures above approved budget allocations. The absorption rate above 100 per cent is irregular and should be addressed by respective accounting officers.

3.18.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 7th August 2023.
2. High level of pending bills, which amounted to Kshs.594.5 million as of 30th June 2023. This is despite the availability of Kshs.1.67 billion in the CRF as of the close of the financial year.
3. Low expenditure on the development budget. The County reported an absorption rate of 58.5 per cent of the budget allocated to the development programmes despite the availability of funds in the CRF. Further, the expenditure on development programmes was 20.7 per cent of total expenditure in FY 2022/23.
4. High wage bill, which accounted for 39.6 per cent of the revenue for FY 2022/23 of Kshs.12.35 billion during the reporting period, thus constraining funding to other programmes.
5. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The report for the Empowerment Fund was not submitted to the Controller of Budget.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
3. *The County Leadership should build internal capacities to ensure that funds allocated towards development expenditure are utilised as planned.*
4. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 is Kshs.11.93 billion, comprising Kshs.7.06 billion (40.8 per cent) and Kshs.4.87 billion (59.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 6.6 per cent compared to the previous financial year when the approved budget was Kshs.12.77 billion and comprised of Kshs.5.78 billion towards development expenditure and Kshs.6.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.27 billion (69.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.454.28 million (4.0 per cent) from its own sources of revenue, Kshs.1.91 billion (16.0 per cent) as additional allocations, and a cash balance of Ksh.1.30 billion (11.0 per cent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.125.

3.19.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.27 billion as the equitable share of the revenue raised nationally, raised Kshs.392.95 million as own-source revenue, Kshs.817.81 million as additional allocations, and had a cash balance of Kshs.1.30 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.10.78 billion, as shown in Table 3.125.

Table 3.125: Kwale County, Revenue Performance in FY 2022/23

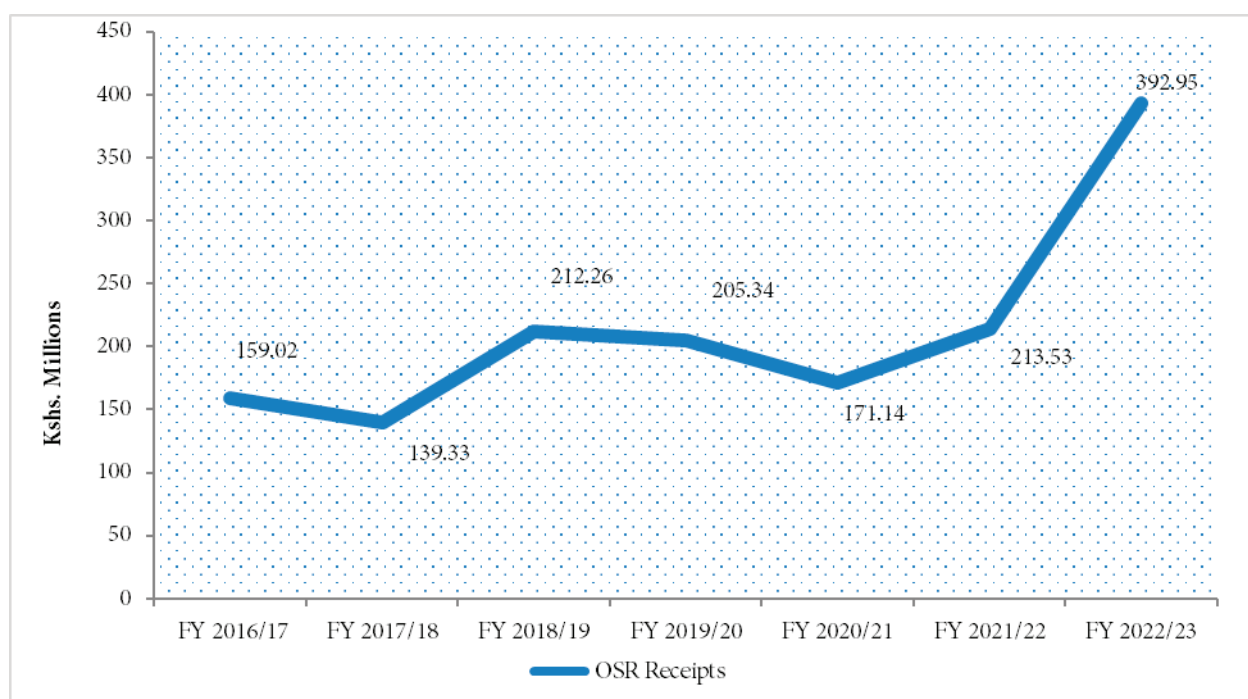
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516.00	8,265,585,516.00	100.00
Sub Total		8,265,585,516.00	8,265,585,516.00	100.00
B	Additional allocations			
1	Compensation for User Fees Forgone	14,814,598.00	-	-
2	Leasing of Medical Equipment	110,638,298.00	-	-
3	Road Maintenance Levy	257,663,634.00	-	-
4	Kenya Devolution Support Programme (KD-SP)-Grant	91,452,573.00	-	-
5	KDSP (Level II Grant)	102,491,953.00	2,339,914.85	2.28
6	Urban Development Grant (UDG)	33,395,288.00	-	-
7	Urban Institutional Grant (UIG)	11,426,233.00	-	-
8	DANIDA Grant to Supplement Financing of Health Facilities	58,772,074.00	24,982,246.00	42.51
9	World Bank Grant for Universal Health Care Project - THS	22,171,888.00	-	-
10	National Agricultural and Rural Inclusive Growth Project	449,940,588.00	151,179,199.30	33.60
11	National Agricultural Value Chain Development Project (NAVCDP)	70,000,000.00	67,192,729.00	95.99
12	Agricultural Sector Development Support Programme	46,388,803.00	5,505,017.00	11.87
13	Water and sanitation Development Project (WSDP)	550,000,000.00	545,420,138.90	99.17
14	Kenya Informal Settlement Improvement Project KISIP II	50,000,000.00	-	-
15	Financing Locally-Led Climate Action (FLLCA)	22,000,000.00	11,000,000.00	50.00
16	EU-IDEAS Tranche III	11,000,000.00	10,187,986.90	92.62

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
17	EU-IDEAS Grant balance	3,726,052.00	-	-
18	COVID - 19 Grant	3,778,038.00	-	-
Sub Total		1,909,660,020.00	817,807,231.95	42.82
C	Other Sources of Revenue			
1	Own Source Revenue	454,276,121.00	392,952,871.92	86.50
2	Balance b/f from FY2021/22	1,299,888,249.27	1,299,888,249.27	100.00
Sub Total		1,754,164,370.27	1,692,841,121.19	96.50
Grand Total		11,929,409,906.27	10,776,233,869.14	90.33

Source: Kwale County Treasury

Figure 55 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

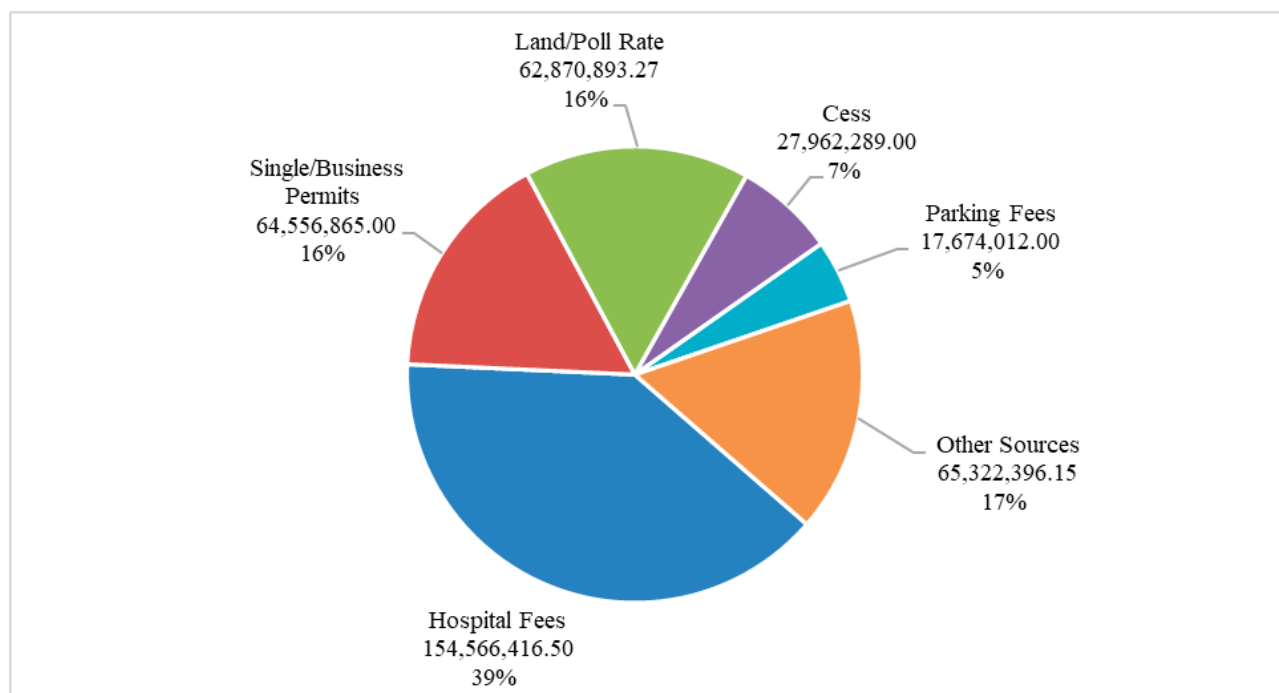
Figure 55: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Kwale County Treasury

In FY 2022/23, the County generated a total of Kshs.392.95 million from its own sources of revenue. This amount represented an increase of 84.0 per cent compared to Kshs.213.53 million realised in a similar period in FY 2021/22 and was 86.5 per cent of the annual target and 4.8 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.25.94 million. The revenue streams which contributed the highest OSR are shown in Figure 56 .

Figure 56: Top Streams of Own Source Revenue in FY 2022/23



Source: Kwale County Treasury

The highest revenue stream of Kshs.154.57 million was from Hospital fees, contributing 39.0 per cent of the total OSR collected during the reporting period.

3.19.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.9.50 billion from the CRF account during the reporting period. This amount comprised Kshs.2.75 billion (29.0 per cent) for development programmes and Kshs.6.75 billion (71.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.46 billion was released towards compensation to employees and Kshs.3.29 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.441.73 million.

3.19.4 County Expenditure Review

The County spent Kshs.9.71 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.2 per cent of the total funds released by the CoB and comprised of Kshs.2.95 billion and Kshs.6.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.0 per cent. In contrast, recurrent expenditure represented 96.0 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.490.70 million for recurrent expenditure. During the period under review, pending bills amounting to Kshs.230.58 million were settled. Therefore, the outstanding amount as of 30th June 2023 was Kshs.268.18 million.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.06 billion on employee compensation, Kshs.2.90 billion on operations and Maintenance , and Kshs.2.69 billion on development activities. Similarly, the County Assembly spent Kshs.226.32 million on employee compensation, Kshs.569.85 million on operations and Maintenance , and Kshs. 255.97 million on development activities, as shown in Table 3.126.

Table 3.126: 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	6,185,340,080	875,860,410	5,962,544,478	796,170,604	96.40	90.90
Compensation to Employees	3,096,993,212	253,729,890	3,063,638,195	226,317,237	98.92	89.20
Operations and Maintenance	3,088,346,868	622,130,520	2,898,906,283	569,853,367	93.87	91.60
Development Expenditure	4,574,928,754	293,280,662	2,694,220,991	255,970,676	58.89	87.28
Total	10,760,268,834	1,169,141,072	8,656,765,468	1,052,141,280	80.45	89.99

Source: Kwale County Treasury

3.19.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.3.29 billion, or 30.5 per cent of the revenue for FY 2022/23 of Kshs.10.78 billion. This expenditure represented a decrease from Kshs.3.42 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.1.63 billion paid to health sector employees, translating to 50.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.21 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Ksh.80.74 million was processed through manual payrolls. The manual payrolls accounted for 2.5 per cent of the total PE cost.

The County Assembly spent Kshs.19.69 million on committee sitting allowances for the xx MCAs and the Speaker against the annual budget allocation of Kshs.19.69 million. The average monthly sitting allowance was Kshs.52,926 per MCA. The County Assembly has established 22 Committees.

3.19.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.675.36 million to county-established funds in FY 2022/23, constituting 5.7 per cent of the County's overall budget. Table 3.127: Performance of County Established Funds as of 30th June 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.127: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23(Ksh.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (YES/NO)
County Executive Established Funds					
1.	Bursary and Scholarship Fund	420,000,000	419,000,000	447,330,688	YES
2.	Emergency Fund	5,000,000	-	-	NO
3.	Trade Revolving Fund	-	-	-	NO
County Assembly Established Funds					
4.	Car Loan & Mortgage Fund	250,360,000	113,392,000	217,180,000	NO
	Total	675,360,000	532,392,000	664,510,688	

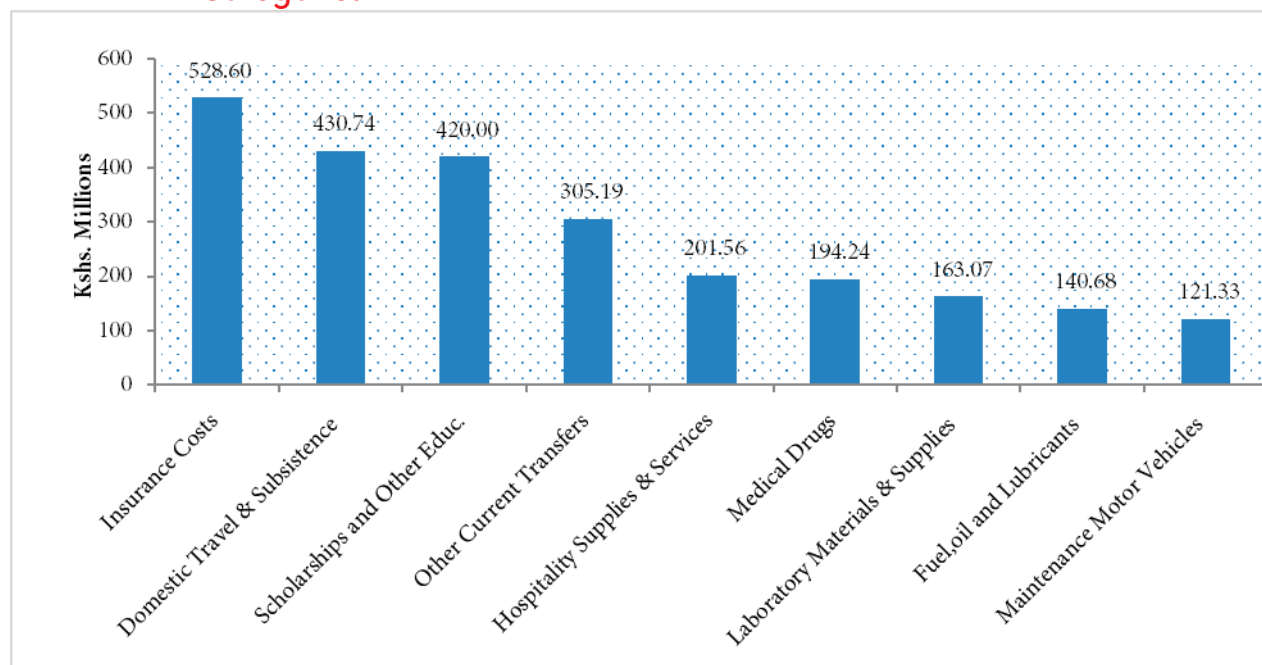
Source: Kwale County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the County Assembly Car Loan and Mortgage Fund, the Trade Revolving Fund and the Emergency Fund, as indicated in Table 3.127, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.19.9 Expenditure on Operations and Maintenance

Figure 57: shows a summary of operations and Maintenance expenditure by major categories.

Figure 57: Kwale County, Operations and Maintenance Expenditure by Major Categories



Source: Kwale County Treasury

During the period, expenditure on domestic travel amounted to Kshs.430.74 million and comprised of Kshs.140.73 million spent by the County Assembly and Kshs.290.02 million by the County Executive. Expenditure on foreign travel amounted to Kshs.32.39 million and comprised of Kshs.30.42 million by the County Assembly and Kshs.1.97 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.128.

Table 3.128: Summary of highest expenditure on foreign travel

Arm of County	No of Officers Who Travelled	Date Travelled	Purpose of Travel	Destination	Total Cost of The Travel (Kshs.)
County Assembly of Kwale	18	11th Jan to 18th Jan 2023	Embracing Blue Economy, appreciating PPPs	Dar-Es-Salaam, TZ	5,703,906.72
County Assembly of Kwale	13	11th Feb to 15 Feb 2023	Benchmarking on best practices and exposure on development, projects, and programs in tourism sector.	Dubai	4,578,700.00
County Assembly of Kwale	12	2nd Feb to 6th Feb 2023	Benchmarking on Tourism sector recovery from Covid 19 pandemic	Dubai	3,892,760.00
County Assembly of Kwale		20-Feb-23	Commercial airplane travel; Domestic		3,509,561.00
County Assembly of Kwale		28-Feb-23	Commercial airplane travel; Domestic		2,532,754.00
County Assembly of Kwale	8	26th Dec 2022 to 2nd Jan 2023	Study tour to learn and get exposure to enable Board Members to discharge their mandates	Zanzibar, TZ	2,494,609.00
County Assembly of Kwale		28-Feb-23	Commercial airplane travel; Domestic		1,787,846.00
County Executive	1	6TH-13TH SEP 2022	Women in Leadership Workshop	MORROCO	657,344.00
County Assembly of Kwale	4	28-30 Aug 2022	Board Members retreat to Tanga	Tanga, TZ	630,259.60
County Executive	1	2nd-8th July 2023	Legal and Legislative Drafting Workshop	ARUSHA	537,640.00
County Assembly of Kwale	1	20th to 30th Jan 2023	Training for Speakers and Chairpersons of County Assembly Board	Dubai	522,457.60
County Executive	Sundry Expenses	EX231R-23E	Chief officer Executive Services	Allowances	470,000.00

Source: County Government of Kwale

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 4 out of the 11 foreign trips sampled, delegates have surpassed the limit.

3.19.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.95 billion on development programmes, representing a decrease of 7.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.3.18 billion. Table 3.129 summarises development projects with the highest expenditure in the reporting period.

Table 3.129: Kwale County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Budget (Kshs.)	Amount Paid To date {Kshs.}	Implementation Status {%}
Water Services	Water and sanitation Grant	Kwale HQ	338,611,223	338,611,223	325,417,009	96%
Water Services	Pipeline extension from Nyalani to Mwangoni to Bang'a (Pipeline Extension from Vigurungani to TTC at Bang'a) in Puma ward-KDSP Grant II	Puma ward	102,491,953	159,991,953	159,325,618	100%
Executive Services	Construction of Governor Residence	Tsimba/Golini	183,403,077	33,721,795	124,007,035	0.68
Azaa Construction Company Limited	Assembly complex- Proposed External Works	Tsimba-Golini Ward	156,399,413	156,705,058	119,716,751	77%
E k a y a Construction	Assembly complex- Fittings & Fixtures	Tsimba-Golini Ward	136,525,897	474,104	110,800,717	81%
Social services	Construction of Kwale stadium	kwale	102,429,001	102,429,001	85,866,697	84
Trade	Construction of fruit processing plant in Shimba Hills Phase I - Kubo south	Kubo south ward	67,794,770	8,089,590	60,894,770	90%
S u n k e n Limited	Assembly Complex- Mechanical Works	Tsimba-Golini Ward	69,486,668	69,500,000	55,730,344	80%
Trade	Proposed construction of Lemba (Di-ani) market	Ukunda	46,730,483	30,342,159	46,730,483	100%
Education	Completion of Works at Kwale Teachers Training College Phase II n Kinango Subcounty (Hostel and administration block)	Puma	46,091,843	46,091,843	46,052,094	99.91

Source: Kwale County Treasury

3.19.11 Budget Performance by Department

Table 3.130: summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.130: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
3061 Finance and Economic Planning	1,359.03	61.08	1,280.69	16.17	1,335.57	16.17	104.28	100.02	98.27	26.47
3062 Agriculture, Livestock and Fisheries	187.45	740.56	173.54	345.57	172.65	354.84	99.49	102.68	92.10	47.91

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
3063 Environment and Natural Resources	109.92	142.96	81.83	36.38	102.92	31.90	125.78	87.68	93.63	22.31
3064 Health Services	2,402.29	777.75	2,582.16	351.01	2,348.50	460.34	90.95	131.15	97.76	59.19
3065 County Assembly	875.86	293.28	700.55	254.46	796.17	255.97	113.65	100.59	90.90	87.28
3066 Trade, Investment and Cooperatives	64.00	163.34	52.43	112.69	51.54	108.90	98.30	96.63	80.53	66.67
3067 Social Services & Talent Management	115.07	125.10	94.62	77.95	97.33	75.29	102.86	96.59	84.58	60.18
3068 Executive Services	181.92	38.02	150.39	26.14	179.23	12.48	119.18	47.74	98.52	32.82
3069 Education	1,067.61	645.34	1,007.78	439.34	1,034.14	433.03	102.62	98.56	96.86	67.10
3070 Water Services	112.31	1,139.68	101.63	853.25	108.12	860.76	106.39	100.88	96.27	75.53
3071 Roads and Public Works	160.25	571.05	139.59	204.10	134.08	283.84	96.05	139.07	83.67	49.70
3072 Tourism and ICT	55.71	51.79	49.42	20.91	51.66	20.91	104.53	100.00	92.73	40.37
3073 County Public Service Board	52.69	-	46.26	-	45.12	-	97.53	-	85.63	-
3074 Public Service and administration	294.14	20.84	284.78	5.50	294.06	12.78	103.26	347.28	99.97	61.32
3075 Kwale Municipality	8.10	71.60	3.90	3.68	4.76	23.00	122.17	-	58.77	32.12
3076 Diani Municipality	14.84	25.82	2.00	-	2.86	-	142.94	-	19.28	-
Total	7,061.20	4,868.21	6,751.56	2,747.16	6,758.71	2,950.21	100.11	107.39	95.72	60.60

Source: Kwale County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 87.3 per cent, followed by the Department of Water Services at 75.5 per cent. Despite having an allocation, Diani Municipality did not report expenditure on the development budget. The Department of Public Service and administration had the highest percentage of recurrent expenditure to budget at 100.0 per cent. In comparison, the Department of Diani Municipality had the lowest at 19.3 per cent.

3.19.12 Budget Execution by Programmes and sub-programmes

Table 3.131: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.131: Kwale County, Budget Execution by Programmes and Sub-Programmes

Name of the Programme	Approved Estimates		Actual Expenditure		Absorption Rate	
	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
3061						

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
Budget formulation, coordination And Management (0703023060)	155,177,006		155,152,657		100	-
General Administration (0704043060)	817,088,749	48,278,490	806,962,535	16,166,800	99	33.49
Revenue Collection Management (0710013060)	66,674,373	12,800,000	65,541,236	-	98	-
Public Finance and accounting Services (0711013060)	20,117,297	-	19,417,277	-	97	-
Procurement Services (0711023060)	14,066,000	-	13,153,059	-	94	-
Risk Assurance Services (0711033060)	27,921,325	-	17,356,128	-	62	-
Personal Services (0704013060)	257,983,665	-	257,983,651	-	100	-
Total	1,359,028,415	61,078,490	1,335,566,542	16,166,800	98	26.47
3062					-	-
General administration and support services {0102053060}	151,986,063	572,555,860	146,052,899	257,650,946	96	45.00
Crop production & food security {0107013060}	2,581,000	43,101,018	2,105,643	33,362,350	82	77.41
Dairy and meat production {0108013060}	1,904,483	22,200,000	1,627,100	14,165,250	85	63.81
Fish production management {0109013060}	2,304,096	28,687,050	1,270,064	15,997,442	55	55.77
Livestock disease control {0108033060}	6,170,000	60,020,000	2,998,950	26,667,275	49	44.43
Farmland utilization, mechanization & crop storage {0107033060}	20,708,860	12,000,000	17,848,181	5,000,000	86	41.67
Agricultural extension, research and Training. {0107023060}	1,800,000	2,000,000	751,030	1,994,911	42	99.75
Total	187,454,502	740,563,928	172,653,867	354,838,174	92	47.91
3063					-	-
General administration and Support services (0102053060)	34,433,880	91,155,218	31,481,639	25,358,380	91	27.82
Personnel Services (0102063060)	26,941,639	-	26,932,708	-	100	-
Urban development support services (102073060)	11,426,233	-	9,179,784	-	80	-

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
Physical development plans (0104013060)	5,820,000	29,500,000	5,599,525	4,489,200	96	15.22
Establishment of squatter settlement schemes (0105013060)	4,600,000	22,300,000	4,574,150	2,047,500	99	9.18
School greening initiative (0106013060)	25,500,000	-	23,980,587	-	94	-
County Environmental Awareness Initiative (0106023060)	1,100,000	-	1,070,500	-	97	-
Empowering communities in extractive (0901023060)	100,000	-	98,400	-	98	-
Total	109,921,752	142,955,218	102,917,293	31,895,080	94	22.31
3064						
401053060 Public health Hygiene	5,170,657	-	2,278,331	-	44	-
401023060 Maternal newborn and Child health	22,171,888	-	22,000,000	-	99	-
402023060 Operational Rural Health Facilities	12,405,000	-	7,704,000	-	62	-
402043060 Medical Health Drugs	369,297,735	-	366,609,600	-	99	-
403013060 General Administration	100,194,205	520,428,269	88,182,409	313,950,304	88	60.33
403053060 Personnel Services	1,632,418,480	-	1,632,418,446	-	100	-
405013060 Msambweni Hospital	73,608,525	48,727,777	63,201,371	9,812,749	86	20.14
406013060 Kinango Hospital	28,528,000	35,120,000	23,542,009	5,120,000	83	14.58
407013060 Kwale Hospital	23,789,558	22,627,715	21,522,872	11,044,155	90	48.81
408013060 Tiwi Rural Health Facility	6,890,000	-	4,121,079	-	60	-
409013060 Samburu Hospital	29,576,150	-	26,659,761	-	90	-
410013060 Lunga lunga Hospital	17,745,000	16,629,510	15,423,653	2,207,898	87	13.28
412013060 Rural Health Facilities	78,377,837	134,213,102	72,782,649	118,207,351	93	88.07
413013060 Diani Health Centre	2,115,000	-	1,281,893	-	61	-
Total	2,402,288,035	777,746,373	2,347,728,073	460,342,457	98	59.19
3065				-	-	-
Audit Services (0704013060)	253,729,890	-	241,652,210	-	95	-

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
General Administration and Support Services (0704043060)	205,177,501	278,280,662	173,498,984	255,970,676	85	91.98
Oversight and Legislation of county affairs	416,953,019	15,000,000	381,019,410	-	91	-
General Administration and Support Services	-	-	-	-	-	-
Total	875,860,410	293,280,662	796,170,604	255,970,676	91	87.28
3066						
Administration services (0305023060)	14,336,778	91,159,518	6,415,748	73,416,951	45	80.54
Trade Development and Investment (0301013060)	6,349,500	1,114,246	5,536,980	1,111,000	87	99.71
Construction of new markets (0306023060)	2,863,069	41,760,331	2,394,211	12,630,046	84	30.24
Weights & Measures (0301043060)	2,372,000	1,012,951	2,003,087	1,012,784	84	99.98
Availing Affordable credit to entrepreneurs for wealth creation (301023060)	-	-	-	-	-	-
Personnel Services (0305013060)	33,412,879	-	32,441,130	-	97	-
Cooperative Development (0302023060)	3,602,000	5,087,050	2,244,303	3,021,550	62	59.40
Industry & Enterprise Development (0307013060)	1,068,607	23,201,327	506,290	17,707,481	47	76.32
Total	64,004,833	163,335,423	51,541,749	108,899,812	81	66.67
3067						
Community Development (0903003067)	8,700,000	35,031,911	7,216,404	21,993,544	83	62.78
Community Development (0903003067)	5,000,000	-	3,783,035	-	76	-
Community Development (0903003067)	5,300,000	-	3,551,157	-	67	-
	19,000,000	35,031,911	14,550,596	21,993,544	77	62.78
Culture and Heritage (0904003067)	11,046,035	-	9,189,077	-	83	-
Culture and Heritage (0904003067)	10,230,000	-	7,819,308	-	76	-
	21,276,035	-	17,008,385	-	80	-
Sports and Youth Development (0905003067)	11,233,199	-	10,107,114	-	90	-

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
Sports and Youth Development (0905003067)	12,500,000	-	10,500,544	-	84	-
Sports and Youth Development (0905003067)	-	69,429,962	-	40,866,697	-	58.86
	23,733,199	69,429,962	20,607,659	40,866,697	87	58.86
Administration (0906003067)	30,395,347	-	29,976,202	-	99	-
Administration (0906003067)	20,670,000	20,642,773	15,195,281	12,427,934	74	60.20
	51,065,347	20,642,773	45,171,483	12,427,934	88	60.20
Total	115,074,581	125,104,646	97,338,122	75,288,175	85	60.18
3068						
General Administration 704043060	65,036,879	38,021,795	63,110,022	12,476,421	97	32.81
Audit Services 704013060	97,721,870	-	97,125,646	-	99	-
Legal Advisory Services 707013060	10,450,720	-	10,367,670	-	99	-
Media and Communication Services 707033060	8,708,521	-	8,629,729	-	99	-
Total	181,917,990	38,021,795	179,233,067	12,476,421	99	32.81
3069						
Personnel Services (0502023060)	551,824,287	-	551,143,965	-	100	-
Scholarship and Bursary (0504013060)	420,000,000	-	420,000,000	-	100	-
Administration Planning support service (0502013060)	13,437,131	291,155,238	7,351,797	199,622,316	55	68.56
Infrastructure development (0503023060) AND (0501043060)	-	354,187,143	-	233,405,376	-	65.90
Youth Training Development (0503013060)	17,167,523	-	9,085,222	-	53	-
Early Childhood Development (0501013060)	65,185,000	-	46,558,844	-	71	-
Total	1,067,613,941	645,342,381	1,034,139,828	433,027,692	97	67.10
3070						
Construction and Maintenance of water pipeline supply systems	-	85,136,442	-	61,805,814	-	72.60

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
1001033060-Development of Borehole water supply system	-	96,825,844	-	49,797,656	-	51.43
1001043060-Development/ Construction of surface water supply systems	-	224,968,611	-	94,294,158	-	41.91
1001063060-Community Water Project		40,516,685	-	35,873,037	-	88.54
1002013060-Personnel Services	37,170,794	-	34,727,280	-	93	-
1002023060-Administration Services	75,139,807	692,231,596	73,397,010	618,987,693	98	89.42
Total	112,310,601	1,139,679,178	108,124,290	860,758,358	96	75.53
3071						
Personnel Services 305013060	54,688,253	-	53,487,252	-	98	-
Administration Planning support service 305023060	105,557,932	290,114,130	80,906,386	132,427,045	77	45.65
Rehabilitation of Roads Drainage & Bridges 202013060	-	229,548,207	-	124,970,585	-	54.44
Installation of street Lighting Facilities 203013060	-	51,387,050	-	26,443,208	-	51.46
Total	160,246,185	571,049,387	134,393,638	283,840,838	84	49.71
3072						
Personnel services {0305013060}	23,530,782	16,865,831	22,066,426	-	94	-
Administration services {0305023060}	22,101,748	11,516,957	21,284,656	7,315,816	96	63.52
Local area network installation and ICT support {0308013060}	5,796,000	23,407,265	4,673,801	10,257,010	81	43.82
Tourism Promotion {0304013060}	4,280,465	-	3,635,923	3,336,395	85	-
TOTALS	55,708,995	51,790,053	51,660,806	20,909,221	93	40.37
3073						
Human Resource Planning (706013060)	52,691,541	-	45,122,149	-	86	-
TOTAL	52,691,541	-	45,122,149	-	86	-
3074						

	Approved Estimates		Actual Expenditure		Absorption Rate	
Name of the Programme	Recurrent Estimates (Kshs.)	Development Estimates (Kshs.)	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Recurrent	Development
704043060 General Administration	34,249,357	20,841,760	33,328,765	12,781,367	97	61.33
704013060 Audit Services	198,229,195	-	196,149,238	-	99	-
708033060 County compliance and enforcement	13,451,200	-	6,439,123	-	48	-
712013060 Sub County Admin Msambweni	6,296,000	-	9,844,716	-	156	-
712023060 Sub County Admin Lunga Lunga	5,932,112	-	9,916,926	-	167	-
712033060 Sub County Admin Matuga	12,325,113	-	15,071,410	-	122	-
712043060 Sub County Admin Kinango	9,599,953	-	7,521,348	-	78	-
713013060 County Garbage and Cleaning Services	8,240,445	-	10,138,217	-	123	-
714013060 General Administration Livestock Development	5,820,000	-	4,011,478	-	69	-
	294,143,375	20,841,760	292,421,222	12,781,367	99	61.33
3075						
(Personnel)0102063060	-	-	-	-	-	-
(Kwale municipality)0111013060	8,099,209	71,600,219	4,759,157	22,996,596	59	32.12
Total	8,099,209	71,600,219	4,759,157	22,996,596	59	32.12
3076						
(Personnel)0102063060	-	-	-	-	-	-
(Diani municipality)0112013060	14,836,125	25,819,903	2,859,630	-	19	-
	14,836,125	25,819,903	2,859,630	-	19	-
Grand Total	7,061,200,490	4,868,209,416	6,756,630,037	2,950,191,667	96	60.60

Source: Kwale County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Weights and measures at 99.9 per cent, Agricultural extension, research and Training at 99.8 per cent, and Trade Development and Investment at 99.7 per cent of budget allocation.

3.19.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 7th August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.130: where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the County Assembly Car loan and Mortgage Fund, Trade revolving Fund and Emergency Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.268.18 million as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.441.73 million at the end of the FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.80.74 million were processed through the manual payroll, accounting for 2.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.20 County Government of Laikipia

3.20.1 Overview of FY 2022/23 Budget

The County's approved Supplementary Budget for the FY 2022/23 was Kshs.7.19 billion, comprising Kshs.1.83 billion (25.5 per cent) and Kshs.5.36 billion (74.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 16.7 per cent compared to the previous financial year when the approved budget was Kshs.8.63 billion and comprised of Kshs.3.91 billion towards development expenditure and Kshs.4.72 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.14 billion (71.4 per cent) as the equitable share of revenue raised nationally, Kshs.475.89 million (6.6 per cent) as Appropriations-in-Aid(A-I-A), Kshs.179.80 million (2.5 per cent) as additional allocations, Kshs.161.66 (2.2 per cent) from Equalisation

Fund, a cash balance of Kshs.416.69 million (5.8 per cent) from FY 2021/22, and generate Kshs.821.11 million (11.4 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.132.

The cash balance from the previous financial year comprises Kshs.0.09 million from unspent additional allocations, and Kshs.416,589,375, which was the balance in the CRF account at the Central Bank of Kenya.

3.20.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.14 billion as the equitable share of the revenue raised nationally, Kshs.475.89 million as A-I-A, Kshs.145.47 million as additional allocations, had a cash balance of Kshs.416.69 million from FY 2021/22 and raised Kshs.504.27 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.68 billion, as shown in Table 3.132.

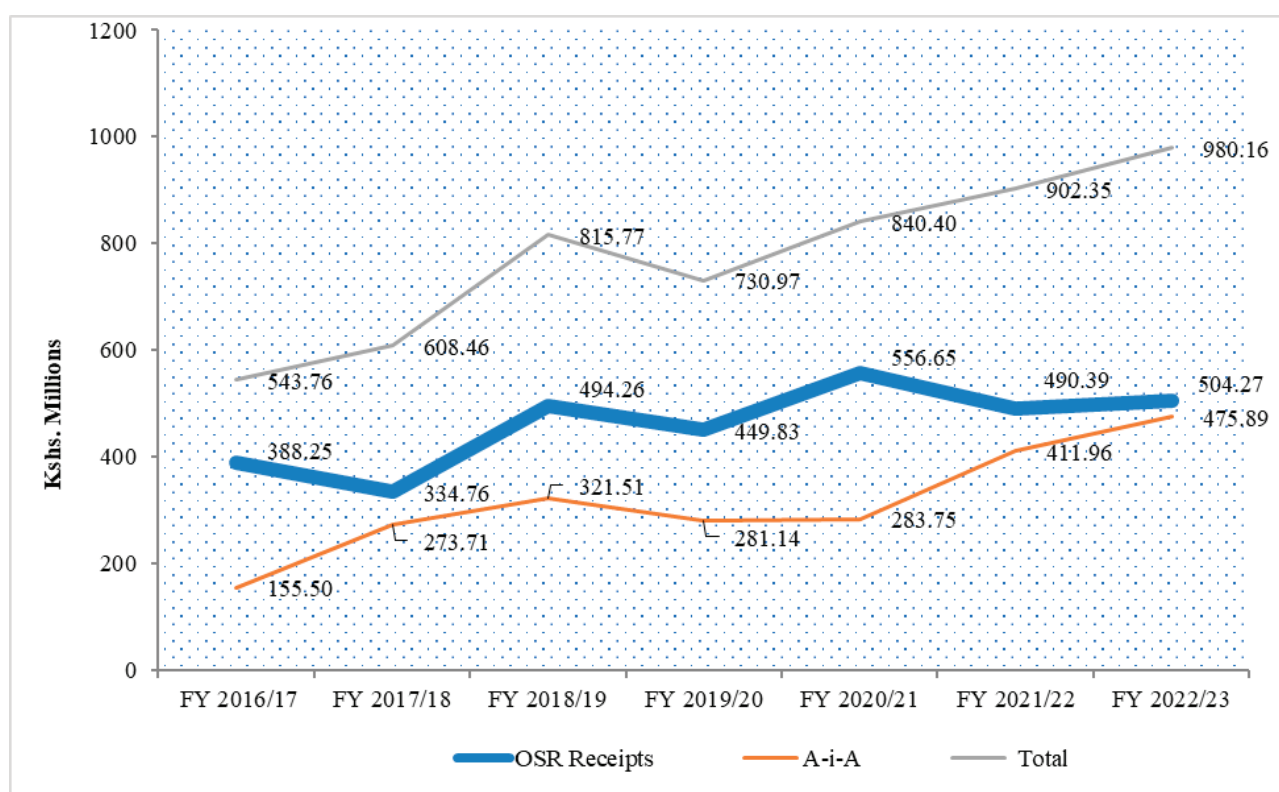
Table 3.132: Laikipia County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,136,265,679	5,136,265,679	100.0
	Subtotal	5,136,265,679	5,136,265,679	100.0
B	Additional allocations			
	Transforming Health Care Grant	36,205,271	7,815,911	21.6
1.	Kenya Climate Smart Agriculture	66,288,424	66,288,424	100.0
2.	Kenya Devolution Support Project Level 2	286,323	286,323	100.0
3.	DANIDA Grant	16,595,561	16,595,611	100.0
4. 4	EU Ideas	8,687,846	8,687,846	100.0
5.	Agricultural Sector Development Support Programme 2	17,399,539	16,524,414	95.0
6.	Locally - Led-Climate Action Programme	22,000,000	22,000,000	100.0
	UNICEF Grant	10,000,000	4,929,300	49.3
7.	Urban Institution Grant	2,339,915	2,339,915	100.0
	Subtotal	179,802,879	145,467,744	80.9
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	1,297,000,000	980,163,461	75.6
2.	Unspent balance from FY 2021/22	416,685,377	416,685,377	100.0
3.	Other Revenues (Equalisation Fund)	161,661,764	-	-
	Sub Total	1,875,347,141	1,396,848,838	74.5
	Grand Total	7,191,415,699	6,678,582,261	92.9

Source: Laikipia County Treasury

Figure 58: shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

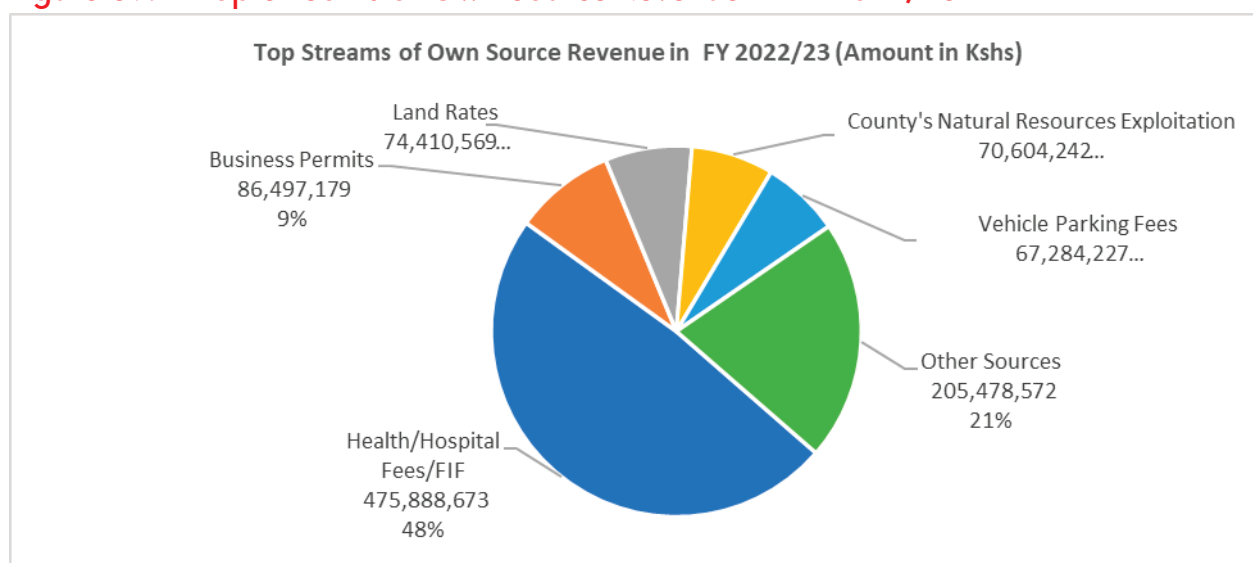
Figure 58: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Laikipia County Treasury

In FY 2022/23, the County generated a total of Kshs.980.16 million from its sources of revenue. This amount represented an increase of 8.6 per cent compared to Kshs.902.35 million realised in FY 2021/22 and was 75.6 per cent of the annual target and 19.1 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.75.43 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 59.

Figure 59: Top Streams of Own Source Revenue in FY 2022/23



Source: Laikipia County Treasury

The highest revenue stream of Kshs.475.89 million was from the Health Sector, contributing to 48.6 per cent of the total OSR receipts during the reporting period.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.56 billion from the CRF account during the reporting period. The amount comprised Kshs.1.30 billion (19.9 per cent) for development programmes and Kshs.5.26 billion (80.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs. 3.65 billion was released towards Employee Compensation, and Kshs.1.61 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.137.51 million.

3.20.4 County Expenditure Review

The County spent Kshs.6.55 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 per cent of the total funds released by the CoB and comprised of Kshs.1.23 billion and Kshs.5.32 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 66.9 per cent. In contrast, recurrent expenditure represented 99.4 per cent of the annual recurrent expenditure budget.

3.20.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.73 billion. During the year, pending bills amounting to Kshs.421.65 million were settled. Therefore, as of 30th June 2023, the outstanding amount was Kshs.2.05 billion inclusive of bills accrued in FY 2022/23.

3.20.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.44 billion on employee compensation, Kshs.1.23 billion on operations and maintenance, and Kshs.1.19 billion on development activities. Similarly, the County Assembly spent Kshs.213.03 million on employee compensation, Kshs.442.27 million on operations and maintenance, and Kshs.32.16 million on development activities, as shown in Table 3.133.

Table 3.133: 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	4,695,196,328	662,869,078	4,668,616,820	655,299,050	99.4	98.9
Compensation to Employees	3,452,737,495	219,508,383	3,435,120,449	213,028,060	99.5	97.0
Operations and Maintenance	1,242,458,833	443,360,695	1,233,496,371	442,270,990	99.3	99.8
Development Expenditure	1,730,283,431	103,000,000	1,193,769,355	32,162,073	69.0	31.2

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total	6,425,479,759	765,869,078	5,862,386,175	687,461,123	91.2	89.8

Source: Laikipia County Treasury

3.20.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.65 billion, or 54.6 per cent of the revenue for FY 2022/23 of Kshs.6.68 billion. This expenditure represented an increase from Kshs.2.81 billion reported in FY 2021/22. The wage bill included Kshs.1.73 billion paid to health sector employees, translating to 47.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.23 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.364.24 million was processed through manual payrolls. The manual payrolls accounted for 10.1 per cent of the total PE cost.

The County Assembly spent Kshs.5.75 million on committee sitting allowances for the 22 MCAs and the Speaker against the annual budget allocation of Kshs.22.18 million. The average monthly sitting allowance was Kshs.21,815 per MCA. The County Assembly has established 18 Committees.

3.20.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.497.16 million to county-established funds in FY 2022/23, constituting 6.9 per cent of the County's overall budget. Table 3.134: Performance of County Established Funds as of 30th June 2023 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.134: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Laikipia County Emergency Fund	50,529,126	32,983,064	32,982,996	Yes
2.	Scholarships and other Educ. -	50,842,224	50,000,000	50,700,337	Yes
3.	Laikipia County Executive State and Public Officers Car Loan and Mortgage Scheme Fund	676,500	-	630,249	Yes
4.	Laikipia County Revenue Board	60,714,497	57,118,785	58,264,918	Yes
	Laikipia County Business Stimulus Fund	40,339,912	-	9,803,645	Yes

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
5.	Laikipia County Co-operative Development Revolving Fund	2,000,000	-	1,853,466	Yes
6.	Laikipia County Enterprise Fund	46,446,141	-	1,301,860	Yes
7.	Laikipia County Leasing Fund	37,500,000	37,500,000	37,536,568	Yes
8.	Laikipia County Development Authority	13,000,000	24,368,621	24,360,663	Yes
County Assembly Established Funds					
9.	County Assembly Car & Mortgage Scheme	195,114,621	195,114,621	195,114,621	No
	Total	497,163,021	397,085,091	412,549,323	-

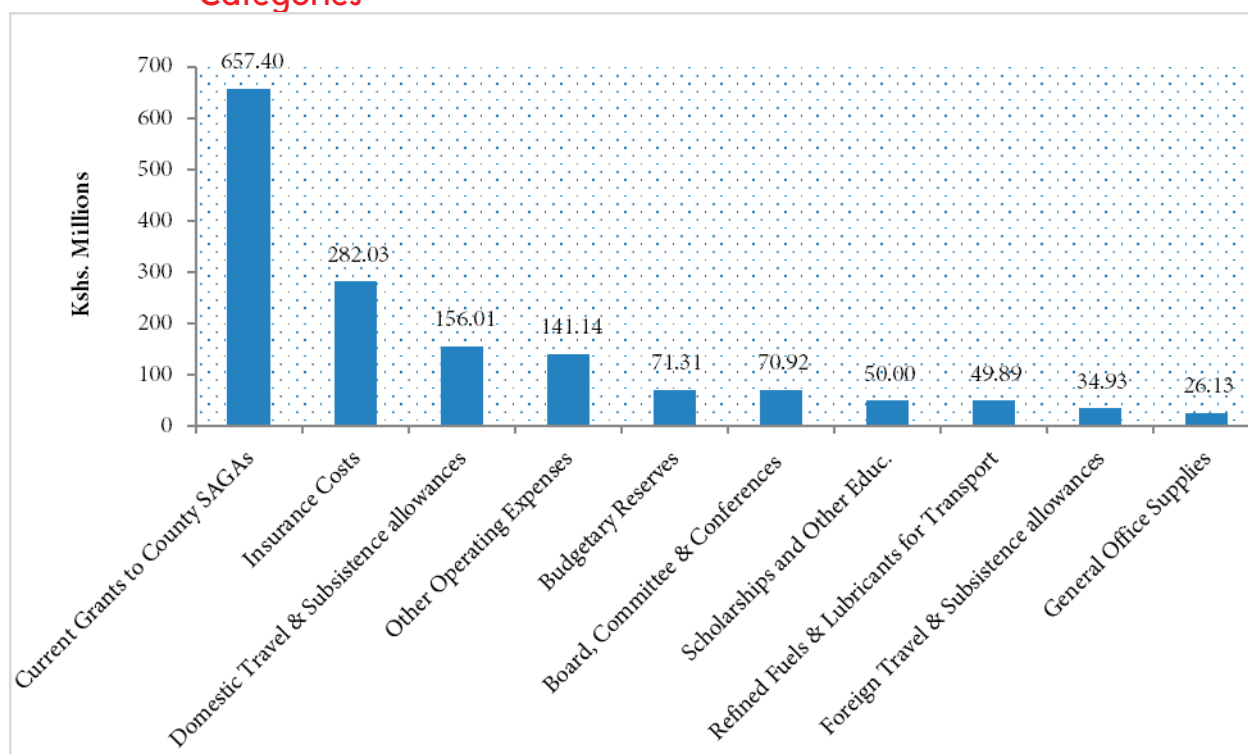
Source: Laikipia County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Car & Mortgage Scheme Fund, as indicated in Table 3.134: Performance of County Established Funds as of 30th June 2023, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.20.9 Expenditure on Operations and Maintenance

Figure 60 summarises the Operations and Maintenance expenditure by major categories.

Figure 60: Laikipia County, Operations and Maintenance Expenditure by Major Categories



Source: Laikipia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.156.01 million and comprised Kshs.68.03 million spent by the County Assembly and Kshs.87.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.34.93 million and comprised Kshs.22.84 million by the County Assembly and Kshs.12.09 million by the County Executive. The highest expenditure on foreign travel were incurred as summarised in Table 3.135.

Table 3.135: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	35	12th to 16th December 2022	Training on Budget, county planning legislation and committee management	Arusha Tanzania	10,123,920
County Assembly	21	30th Jan to 4th Feb 2023	Training on effective committee leadership and Representation for MCAs and board members	Arusha Tanzania	5,723,948
County Executive	3	1st to 7th November 2022	Being Payment in Respect of Imprest to Cater for Agricultural Visit at Avnon Academy in Israel	Israel	3,240,740
County Executive	5	20 th Feb 5th March 2022	Being Payment in Respect of Allowance While Attending Leadership and Management Course at Avnon Academy in Israel	Israel	2,725,000
County Executive	3	1st November to 7th November, 2022	Attending an Agricultural Visit at Avnon Academy in Israel	Israel	1,938,600
County Executive	2	28th Jan to 3rd Feb 2023	Attend an International Business Meeting Held in India	INDIA	1,001,476
County Executive	2	5th to 13th November 2022	To engage with the volunteers within UK-based global emergency care that forms global health partnership to improve emergency care globally	UK	903,090
County Executive	3	1st-7th November 2022	Per Diem While Attending A Training on Smart Agriculture and Irrigation at Avnon Academy	Israel	844,560
County Executive	1	19th February to 4th March 2023	Governance and Strategic Human Resource Dar es Salaam Training	Arusha	685,750
County Executive	1	28th January to 3rd February, 2023	Facilitation for International Business Meeting	India	550,738
County Executive	1	22 nd to 25 th January 2023	Attending Trade Mission and Regional Conference in DRC Congo	Kinshasa, DRC Congo,	405,283
County Executive	1	29th Jan to 3rd Feb 2023	Being payment in respect of imprest to cater for governor's business trip to India	India	402,780
County Executive	3	1st to 7th November 2022	Air tickets To Attend Smart Agriculture and Irrigation Training at Avnon Academy	Israel	374,700
County Executive	1	28th Jan to 3rd Feb	Attend an International Business Meeting Held in India	India	350,738

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	1	22nd Jan,2023 to 25th Jan,2023	Being Payment for The Governor Dar es Salaam during Regional Trade Mission in Kinshasa, Republic Of Congo On 22nd to 25th January 2023	DRC	337,872
County Assembly	1	13th to 16th December 2022	10th KISM Regional Conference	Dar es Salaam, Tanzania	253,250
County Executive	1	19th Feb to 4th March 2023	Being Payment in Respect of Imprest To Cater For An Effective Supervisory Management Training in Arusha Tanzania	Tanzania	219,312
County Assembly	1	1st to 3rd Nov 2022	6th Africa Colloquium of Legal Counsels	Zanzibar	174,923
County Executive	1	1st to 7th November 2022	Air tickets To Attend Smart Agriculture and Irrigation Training at Avnon Academy	Israel	124,900
County Executive	1	1st to 7th November 2022	Air tickets To Attend Smart Agriculture and Irrigation Training at Avnon Academy	Israel	124,900

Source: Laikipia county government

3.20.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.23 billion on development programmes, representing a decrease of 34.2 per cent compared to FY 2021/22, when the County spent Kshs.1.86 billion. Table 3.136 summarises development projects with the highest expenditure in the reporting period.

Table 3.136: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and sanitation	Leasing of Renal Equipment's	Nanyuki Laikipia Health Services	96,297,000	96,297,000	48,148,500	50.0
2	Health and sanitation	Installation of Medical Waste Incinerator	Nanyuki Laikipia Health Services	39,600,000	39,600,000	36,872,468	93.1
3	Health and sanitation	Non-Pharmaceuticals	Nanyuki Laikipia Health Services	20,333,503	20,333,503	20,333,503	100.0
4	Health and sanitation	Delivery and Installation of Washing Machine, Drier and Ironer	Nanyuki Laikipia Health Services	18,537,462	18,537,462	18,537,462	100.0
5	Health and sanitation	Medical Drugs and non-Pharm.	Nanyuki Laikipia Health Services	18,370,659	18,370,659	18,370,659	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Health and sanitation	Construction of CCC/TB Clinic	Nanyuki Laikipia Health Services	15,000,000	15,000,000	14,294,958	95.3
7	Health and sanitation	Supply and Delivery of Non-Pharmaceuticals	Nyahururu LHS	12,304,362	12,304,362	12,304,362	100.0
8	Health and sanitation	Medical Drugs and non-Pharm.	Nyahururu LHS	10,639,591	10,639,591	10,639,591	100.0
9	Health and sanitation	Construction of OPD and Emergency	Nanyuki Laikipia Health Services	16,000,000	16,000,000	9,740,416	60.9
10	Agriculture, Livestock and-Fisheries	Kamangura Drilling, Equipping and Reticulation	Tigithi	9,014,978	11,000,000	8,960,678	81.5

Source: Laikipia County Treasury

3.20.11 Budget Performance by Department

Table 3.137 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.137: Laikipia County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Co-ordination, Administration, ICT and Public Service	3,825.74	20.29	3,824.68	19.32	3,796.80	19.56	99.3	101.2	99.2	96.4
Finance	231.80	538.44	239.25	316.57	233.73	332.27	97.7	105.0	100.8	61.7
Health	438.18	667.66	352.77	545.06	445.10	473.62	126.2	86.9	101.6	70.9
Agriculture Livestock & Fisheries	43.11	110.98	38.53	100.84	40.63	89.20	105.4	88.5	94.2	80.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Infrastructure, Housing and Urban Development	14.34	235.07	12.08	179.63	13.43	183.97	111.2	102.4	93.7	78.3
Education, Sports, Youth and Social Services.	114.10	43.03	111.77	28.90	113.09	25.22	101.2	87.2	99.1	58.6
Trade, Tourism and Co-operative Development	12.32	45.50	11.74	13.98	11.84	13.98	100.8	100.0	96.1	30.7
Water, Environment and Natural Resources	13.62	62.00	11.04	59.49	12.00	50.97	108.7	85.7	88.1	82.2
County Assembly	662.87	103.00	655.26	32.16	655.30	32.16	100.0	100.0	98.9	31.2
Rumuruti Municipality	2.00	7.32	2.00	7.32	2.00	4.98	100.0	68.0	100.0	68.0
Total	5,358.07	1,833.28	5,259.13	1,303.28	5,323.92	1,225.93	101.2	94.1	99.4	66.9

Source: Laikipia County Treasury

Analysis of expenditure- by department shows that the Department of County Coordination, Administration, ICT and Public Service recorded the highest absorption rate of development budget at 96.4 per cent, followed by the Department of Water, Environment and Natural Resources at 82.2 per cent. The Department of Finance had the highest percentage of recurrent expenditure to budget at 100.8 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 88.1 per cent.

3.20.12 Budget Execution by Programmes and sub-programmes

Table 3.138: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.138: Laikipia County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Administration							

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Ad- ministration and Planning Services	Headquarter Administration Services	26,451,187	-	25,765,032	-	97.4	-
	County Administra- tion-Laikipia East	4,400,000	-	4,300,000	-	97.7	-
	County Administra- tion-Laikipia North	1,000,000	-	798,057	-	79.8	-
	County Administra- tion-Laikipia West	1,000,000	-	650,000	-	65.0	-
	Compensation to Employees	3,685,252,619	-	3,658,126,506	-	99.3	-
Information Commu- nication & Technology	ICT Infra- structure & Connectivity	1,300,000	3,000,000	1,300,000	2,914,112	100.0	97.1
Intergov- ernmental Relations	Grants and Transfers To County Entities	3,043	286,323	-	-	-	-
County Exec- utive Commit- tee Support Service	Executive Sup- port Service	61,952,500	-	61,615,794	-	99.5	-
	Intergovern- mental & Donor Liaison	4,000,000	-	4,000,000	-	100.0	-
	Legal Services	3,646,622	-	3,619,230	-	99.2	-
County Ad- ministration	Public Partici- pation	1,500,000	-	1,500,000	-	100.0	-
	County Ser- vices Delivery And Result Reporting	1,000,000	-	1,000,000	-	100.0	-
	Decentralised Services	-	10,200,000	-	10,115,350	-	99.2
Security And- Policing Sup- port Services	Urban Facil- ities Manage- ment Services	10,000,000	-	10,000,000	-	100.0	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Human Capital Management And Develop-ment	County Public Service Board	14,600,000	-	13,597,926	-	93.1	-
	Information And Records Management	1,300,000	-	1,300,000	-	100.0	-
County Ad-ministration	Fleet	1,000,000	-	1,000,000	-	100.0	-
Public Safety, Enforce and Disaster Management	Disaster Reduction Management	500,000	1,000,000	500,000	992,898	100.0	99.3
	Fire Services	1,500,000	5,800,000	1,497,450	5,534,970	99.8	95.4
	Enforcement and Disaster Management	1,180,500	-	1,180,500.0	-	100.0	-
	Alcohol Con-trol Committee	3,000,000	-	3,000,000.0	-	100.0	-
Administration And County Management Program	Legal Services	2,053,378	2,053,378	2,053,378.0	2,053,378	100.0	100.0
	Sub Total	3,826,639,849	22,339,701	3,796,803,873	21,610,708	99.2	96.7
Finance							
Administra-tion, Planning And support Services	Research And Development	-	2,000,000	-	2,000,000	-	100.0
Industrialisa-tion Develop-ment	Market Infrastructure Development	500,000	3,097,838	500,000	2,250,000	100.0	72.6
	Enterprise Development Fund	3,958,120	-	3,958,120	-	100.0	-
	Industrial Development And Investment Promotion	475,000	400,000	475,000	400,000	100.0	100.0
Public Safety, Enforce And Disaster Management	Revenue Col-lection Services	36,600,000	-	36,600,000	-	100.0	-
Departmental Administra-tive Services/ Centralized Services	County Trea-sury Adminis-trative Services	67,187,066	-	70,612,854	-	105.1	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Financial Automation Services	936,971	-	636,971	-	68.0	-
	Laikipia County Emergency Fund	-	50,071,625	-	32,982,996	-	65.9
	Revenue Management Services	-	30,000,000	-	30,000,000	-	100.0
	Financial Automation Services	-	2,100,000	-	1,890,529	-	90.0
County Executive Committee Support Service	Generation Administration And support Services	78,318,072	289,180,455	78,318,072	262,745,910	100.0	90.9
	Personnel Services	3,000,000	-	2,858,507	-	95.3	-
	Infrastructural Facility	-	-	-	-	-	-
Laikipia County Ward Development Fund	Research And Feasibility Studies	993,640	-	993,640	-	100.0	-
Assembly Infrastructural Program	Grants And Transfers To Government Entities	-	161,661,764	-	-	-	-
Legislation And Oversight	County Treasury Accounting And Reporting Services	3,236,124	-	3,174,800	-	98.1	-
	Budget Management	4,874,175	-	4,826,230	-	99.0	-
	Internal Audit Services	8,008,222	-	7,468,222	-	93.3	-
	Supply Chain Management Services	3,213,518	-	3,000,768	-	93.4	-
Public Finance Management Services	Integrated Planning Services	1,418,436	-	1,411,236	-	99.5	-
	Participatory Budgeting Support Services	4,125,000	-	4,020,093	-	97.5	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Research Sta- tistics and Doc- umentation Services	1,164,500	-	1,164,275	-	100.0	-
	Programme Monitoring and Evaluation	588,000	-	515,536	-	87.7	-
	Strategic Part- nership And Collaboration	13,200,000	-	13,200,000	-	100.0	-
	Sub Total	231,796,844	538,511,682	233,734,324	332,269,435	100.8	61.7
Health and sanitation							
Curative And Rehabilitate Health	Health Prod- ucts And- Technologies Support	19,340,000	180,660,000	9,930,485	164,299,349	51.3	90.9
	Strategic Health Inter- vention	36,205,271	-	39,827,807	-	110.0	-
	Health In- frastructure Development	-	175,000,000	-	124,641,693	-	71.2
	Emergency Referral And Rehabilitative Service	282,595,561	312,000,000	301,686,549	184,683,627	106.8	59.2
	Essential Health Insti- tutions And Services	30,000,000	-	29,033,112	-	96.8	-
General Ad- ministration And Planning Services	Human Resource De- velopment	12,000,000		10,518,561		87.7	-
	Health Policy, Governance, Planning And Financing	7,800,000	-	7,494,893	-	96.1	-
	Health Information Standards And Quality Assur- ance	6,200,000	-	7,440,016	-	120.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Community Health Strategy, Advocacy And Surveillance	12,040,400	-	13,052,200	-	108.4	-
	Family Planning, Maternal, and Child Health Services	9,000,000	-	6,537,174	-	72.6	-
Preventive Health Services	Non -Communicable Diseases Control And Prevention	3,000,000	-	2,699,900	-	90.0	-
	Public Health Promotion And Nutrition Services	5,000,000	-	4,142,704	-	82.9	-
	TB/HIV/Aids Prevention And Control	15,000,000	-	12,732,945	-	84.9	-
	Sub Total	438,181,232	667,660,000	445,096,345	473,624,668	101.6	70.9
Agriculture, Livestock and Fisheries							
Headquarters	Headquarter Administration Services	23,708,016	23,000,000	21,502,964	11,175,879	90.7	48.6
	Agriculture Sector Extension Management	17,399,539	-	19,124,414	-	109.9	-
Livestock Production	Livestock Resource Development And Management	-	2,200,000	-	2,084,642	-	94.8
Veterinary Services	Animal Health And Disease Management	-	4,800,000	-	3,473,000	-	72.4
Fisheries Production	Fisheries Development And Management	-	1,000,000	-	1,000,000	-	100.0
Crop Production & Horticulture	Land and Crop Productivity Enhancement And Management	2,000,000	5,000,000	-	4,984,607	-	99.7

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Strategic Food Security Service	-	8,687,846	-	191,800	-	2.2
	Climate Change Adaptation & Mitigation		66,288,424	-	66,288,424	-	100.0
	Sub Total	43,107,555	110,976,270	40,627,378	89,198,352	94.2	80.4
Lands, Infrastructure, Housing and Urban Development							
General Ad- ministration And Planning Services	Administration Services	10,800,000	-	10,036,662	-	92.9	-
Land And Housing Man- agement	Housing Policy Development	1,500,000	-	1,475,228	-	98.3	-
Public Works Service Deliv- ery Improve- ment	County Build- ing Construc- tion Standard	1,000,000	-	974,350	-	97.4	-
Renewable / Green Energy Services	County Renewable/ Green Energy Services	1,036,268	5,000,000	948,351	5,000,000	91.5	100.0
Roads Network Improvement Housing And Urban Devel- opment	Road Network Improvement		230,066,862	-	178,967,849	-	77.8
	Sub Total	14,336,268	235,066,862	13,434,591	183,967,849	93.7	78.3
Education, Sports, Youth and Social Services							
Administration And Planning Services	Administration Services	6,462,505.00	-	5,921,303	-	91.6	-
	Personnel Services	1,873,900.00	-	1,620,983	-	86.5	-
Early Child- hood Devel- opment (ECD) And Childcare Facilities	Education Em- powerment	50,000,000.00	-	50,000,000	-	100.0	-
Social Services	Strategic Part- nership And Collaboration	4,500,000.00		4,499,998	-	100.0	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Social Services	Social And Cultural Development	-	28,000,000.00	-	18,855,854	-	67.3
	Sports Promotion Services	23,403,136.00	-	23,208,606	-	99.2	-
Youth, Polytechnics, Vocational Training	Talent Development Services	1,000,000.00	-	-	-	-	-
	Children Institutions Support Program (CEDC)	3,700,000.00	-	4,663,350	-	126.0	-
	Youth Development Empowerment Services	-	26,097.00	-	-	-	-
	Youth Polytechnic Initiative	-	8,000,000.00	-	5,246,918	-	65.6
	Vocational Education And Training	23,160,000.00	7,000,000.00	23,153,650	1,112,672	100.0	15.9
	Sub Total	114,099,541	43,026,097	113,067,890	25,215,444	99.1	58.6
Trade, Tourism and Co-operative Development							
Administration, Planning and Support Services	Administration Service	4,670,000	-	4,543,763	-	97.3	-
	Personnel Services	2,700,000	-	2,665,790	-	98.7	-
Co-Operative Development	Co-Operative Development and Promotion	2,515,450	-	2,512,140	-	99.9	-
Trade & Investments	Market Infrastructure Development/ Trade Promotion Services	1,500,000	43,000,000	1,197,182	13,981,992	79.8	32.5
Tourism Development and Promotion	Tourism Promotion And Marketing	930,000	2,000,000	917,400	-	98.6	-
	Sub Total	12,315,450	45,000,000	11,836,275	13,981,992	96.1	31.1
Water, Environment And Natural Resources							
Water Development	Rural Water Supply And sanitation	-	20,500,000	-	17,874,940	-	87.2

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Ad- ministration And support Services	Administrative And Planning Services	7,731,689	-	6,108,893	-	79.0	-
	Motor Vehicle Maintenance And Fuel Pro- vision	5,887,900	-	5,887,650	-	100.0	-
Environment And Natural Resources	Solid Waste Management	-	13,500,000	-	13,483,190	-	99.9
	Human-Wild- life Conflict Prevention	-	2,000,000	-	2,000,000	-	100.0
	Natural Resources Management	-	2,000,000	-	1,718,761	-	85.9
	Climate Change Adaptation & Mitigation	-	23,000,000	-	15,894,250	-	69.1
	Integrated Land Rehabili- tation	-	1,000,000	-	-	-	-
	Sub Total	13,619,589	62,000,000	11,996,543	50,971,141	88.1	82.2
County Assembly of Laikipia							
General Administra- tion Support Services	General Administra- tion Support Services	464,008,355	-	458,709,334		98.9	-
Legislative And Oversight	Legislative And Oversight	198,860,723	-	196,589,715		98.9	-
County Assembly Infrastructure Improvement	County Assem- bly Infrastruc- ture Improve- ment		103,000,000		32,162,073	-	31.2
	Sub Total	662,869,078	103,000,000	655,299,049	32,162,073	98.9	31.2
Rumuruti Municipality							
General Ad- ministration And Planning Services	Administration Services	2,000,000		2,000,000		100.0	-
Roads Network Improvement Housing And Urban Devel- opment	Road Network Improvement		7,323,059		4,983,144	-	68.0

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	2,000,000	7,323,059	2,000,000	4,983,144	100.0	68.0
Grand Total		5,358,965,406	1,834,903,671	5,323,896,268	1,227,984,806	99.3	66.9

Source: Laikipia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Children Institutions Support Program (CEDC) in the Department of Youth, Polytechnics, Vocational Training at 126 per cent, Health Information Standards And Quality Assurance in the Department of Health and sanitation at 120 per cent, Strategic Health Intervention in the Department of Health and sanitation at 110 per cent, and Agriculture Sector Extension Management in the Department of Agriculture, Livestock and Fisheries at 109.9 per cent of budget allocation.

3.20.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 11th August 2023 from the County Executive and 12th August 2023 from the County Assembly.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.133, and Table 3.137 where the County incurred expenditure over approved exchequer issues and above approved budget allocation in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The report for the County Assembly Car & Mortgage Scheme Fund was not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.2.05 billion as of 30th June 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.364.24 million were processed through the manual payroll, accounting for 10.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High wage bill, which accounted for 54.6 per cent of the revenue for FY 2022/23 of Kshs.6.68 billion during the reporting period, thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.
4. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.
5. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board

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

6. The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.

3.21 County Government of Lamu

3.21.1 Overview of FY 2022/23 Budget

The County's approved Second supplementary budget for the FY 2022/23 is Kshs.4.37 billion, comprising Kshs.1.37 billion (31.3 per cent) and Kshs.3.00 billion (68.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 12.6 per cent compared to the previous financial year when the approved budget was Kshs.5.00 billion and comprised of Kshs.1.88 billion towards development expenditure and Kshs.3.12 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.11 billion (71.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.131.0 million (3.0 per cent) from its own sources of revenue, Kshs.100.08 million as additional allocations, and a cash balance of Kshs.1.03 billion (23.6 per cent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.139.

The cash balance from the previous financial year comprises Kshs.230.49 million from unspent additional allocations and Kshs.800.41 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.21.2 Revenue Performance

In FY 2022/23, the County received Kshs.3.35 billion as the equitable share of the revenue raised nationally, raised Kshs.156.91 million as own-source revenue, Kshs.100.08 million as additional allocations, and had a cash balance of Kshs.1.03 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.64 billion, as shown in Table 3.139.

Table 3.139: Lamu County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	3,105,649,643	3,354,101,613	108.0
Sub total		3,105,649,643	3,354,101,613	108.0
B	Additional allocations			
1.	Kenya Informal Settlements Improvement Project (KISIP)-Lamu Municipality	50,000,000	50,000,000	100.0
2.	IDA (World Bank/Kenya Climate Smart Agriculture Projects	5,236,336	5,236,336	100.0
3.	Sweden Agricultural Sector Development Support Programme (ASDSP II)	14,500,000	14,500,000	100.0
4.	Financing Locally Led Climate Action Program-Floca	22,000,000	22,000,000	100.0
5.	DANIDA Grant Primary Health Care in a Devolved Context	8,348,625	8,348,625	100.0

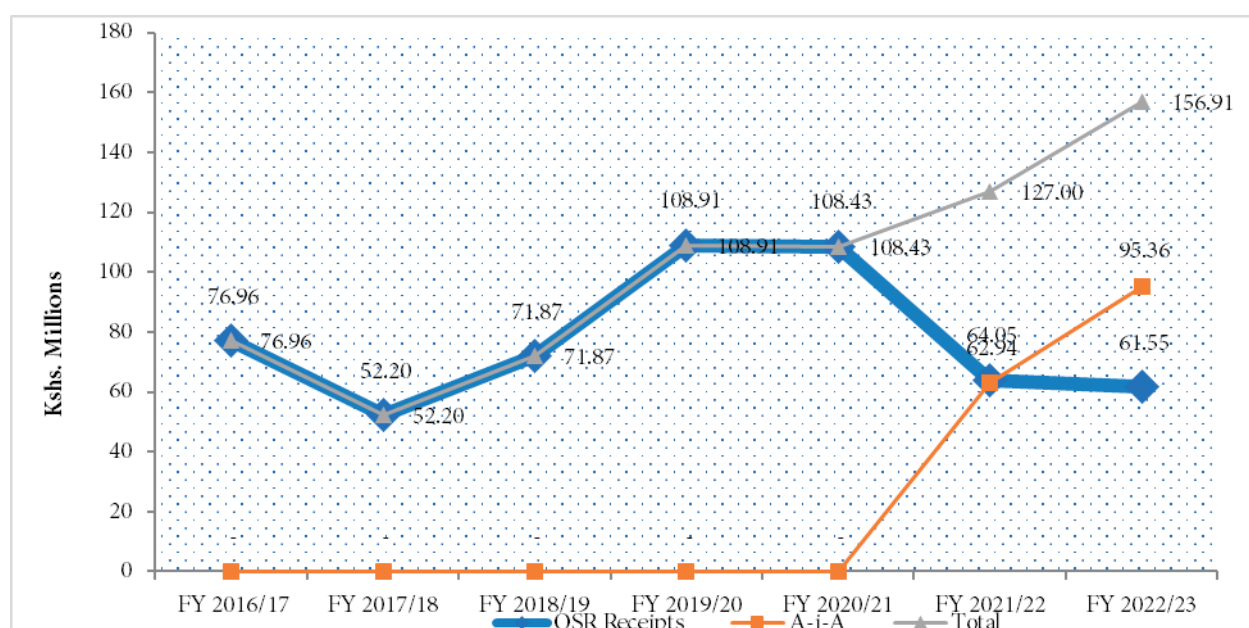
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Additional allocations Total	100,084,961	100,084,961	100.0
6.	B/F IDA (World Bank/Transforming Health System for Universal Care Project	56,619,171	56,619,171	100.0
7.	B/F IDA (World Bank/Kenya Climate Smart Agriculture Projects	52,143,781	52,143,781	100.0
8.	B/F Kenya Devolution Support Programme -Finance	45,302,506	45,302,506	100.0
9.	B/F Sweden AGRICULTURE Sector Development Support Programme (ASDSP II)	31,581,716	31,581,716	100.0
10.	B/F Urban Development Grant -Lamu Municipality	17,882,869	17,882,869	100.0
11.	B/F Urban Investment Grant KUSP-Lamu Municipality	15,490,216	15,490,216	100.0
	B/F Fuel levy	8,631,794	8,631,794	100.0
	B/F COVID-19 grant	2,839,717	2,839,717	100.0
	B/F Additional allocations Total	230,491,770	230,491,770	100.0
	Sub total	330,576,731.00	330,576,731.00	100.0
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	131,000,000	156,907,612	119.8
	Unspent balance from FY 2021/22	800,408,298	800,408,298	100.0
	Sub Total	931,408,298	957,315,910	102.8
	Grand Total	4,367,634,672	4,641,994,254	106.3

Source: Lamu County Treasury

The County received the NHIF Capitation and claims, thus able to surpass its target, reporting a performance of 119.8 per cent.

Figure 61 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

Figure 61: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

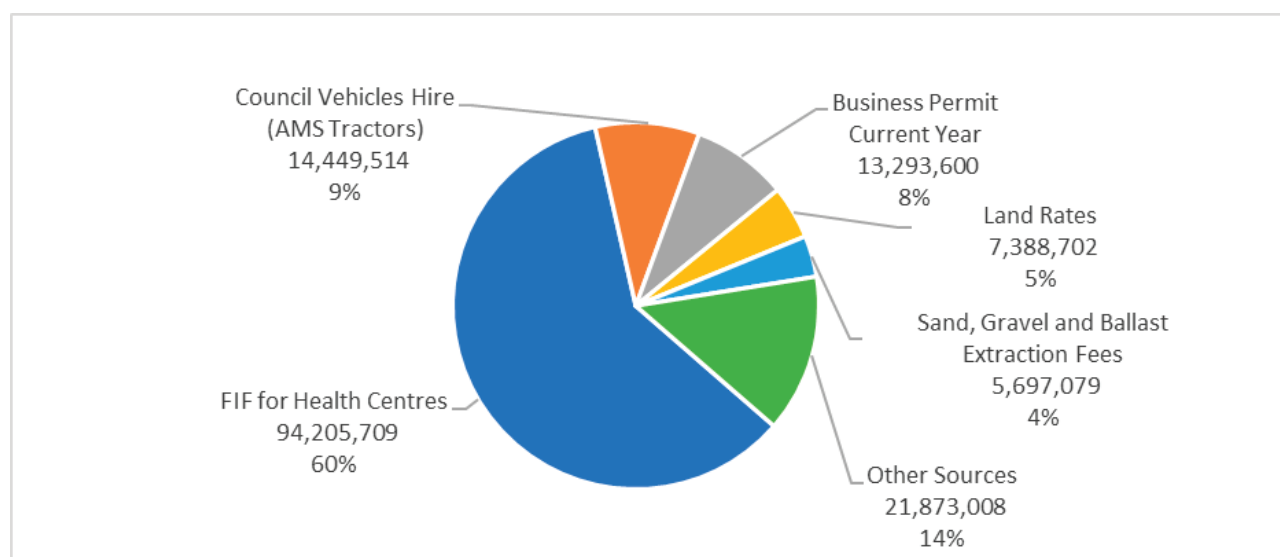


Source: Lamu County Treasury

Lamu County does not have A-i-A data. However, the A-i-A is the 'Other Health and Sanitation Revenue' and is an additional new revenue stream in FY 2021/23, reflecting the Facility Improvement Fund.

In FY 2022/23, the County generated a total of Kshs.156.91 million from its own sources of revenue. This amount represented an increase of 23.6 per cent compared to Kshs.127 million in FY 2021/22 and was 119.8 per cent of the annual target and 3.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 62.

Figure 62: Top Streams of Own Source Revenue in FY 2022/23



Source: Lamu County Treasury

The highest revenue stream of Kshs.94.21 million was from the Health sector (Health Centres Facility Improvement Fund), contributing to 60 per cent of the overall OSR in FY 2022/23.

3.21.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.47 billion from the CRF account during the reporting period. This amount comprised Kshs.714.20 million (20.6 per cent) for development programmes and Kshs.2.76 billion (79.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs. 1.69 billion was released towards compensation to employees, and Kshs.1.07 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.817.78 million.

3.21.4 County Expenditure Review

The County spent Kshs.3.51 billion on development and recurrent programmes during the reporting period. This expenditure represented 103.7 per cent of the total funds released by the CoB and comprised Kshs.763.51 million and Kshs.2.75 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.9 per cent. In contrast, recurrent expenditure represented 91.6 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.73.08 million, comprised of Kshs.60.05 million for recurrent expenditure and Kshs.13.02 million for development activities. During the period under review, pending bills amounting to Kshs.45.37 million were settled, consisting of Kshs.42.80 million for recurrent expenditure and Kshs.2.77 million for development programmes. Therefore, the outstanding amount before adding new pending bills as of 30th June 2023 was Kshs.27.71 million. The additional Pending bill incurred during the reporting period amounted to Kshs.26.94 million, giving it a total of Kshs.72.31 million. It consists of Kshs.42.21 million for recurrent expenditure and Kshs.30.10 million for development programmes.

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.45 billion on employee compensation, Kshs.933.88 million on operations and Maintenance , and Kshs.763.51 million on development activities. Similarly, the County Assembly spent Kshs.167.15 million on employee compensation, Kshs.192.99 million on operations and Maintenance , and did not spend on development activities, as shown in Table 3.140.

Table 3.140: 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	2,510,953,629	490,250,000	2,387,788,657	360,137,614	95.1	73.5
Compensation to Employees	1,533,314,958	241,137,710	1,453,911,017	167,150,837	94.8	69.3
Operations and Maintenance	977,638,671	249,112,290	933,877,640	192,986,777	95.5	77.5
Development Expenditure	1,292,431,043	74,000,000	763,507,194	-	59.1	-
Total	3,803,384,672	564,250,000	3,151,295,851	360,137,614	82.9	63.8

Source: Lamu County Treasury

3.21.7 Expenditure on Employees' Compensation

During the reporting period, employee compensation expenditure was Kshs.1.62 billion, or 34.9 per cent of the revenue for FY 2022/23 of Kshs.4.64 billion. This expenditure represented an increase from Kshs.1.53 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.859.84 million paid to health sector employees, translating to 53.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.46 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.158.11 million was processed through manual payrolls. The manual payrolls accounted for 9.8 per cent of the total PE cost.

The County Assembly spent Kshs.8.54 million on committee sitting allowances for the 18 MCAs and the Speaker against the annual budget allocation of Kshs.19.36 million. The average monthly sitting allowance was Kshs.37,468.42 per MCA. The County Assembly has established 13 Committees.

3.21.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.179.0 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 3.141 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.141: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
2.	Emergency Fund	10,000,000	10,000,000	10,000,000	No
3.	Lamu County Executive Staff Housing Fund		-		No (Revolving Fund)
4.	Lamu County Disability Fund	7,000,000	7,000,000.00	7,000,000.00	No
5.	Lamu County Youth Fund	7,000,000	7,000,000.00	7,000,000.00	No
	Lamu County Women's Fund	6,947,291.00	6,947,291.00	6,947,291.00	No
6.	Lamu County Bursary Fund	120,000,000	119,997,978.00	119,997,978.00	No
County Assembly Established Funds					
1.	County Assembly of Lamu car loan and mortgage fund	27,000,000	27,000,000.00	27,000,000.00	No
	Total	177,947,291	177,945,269	177,945,269	

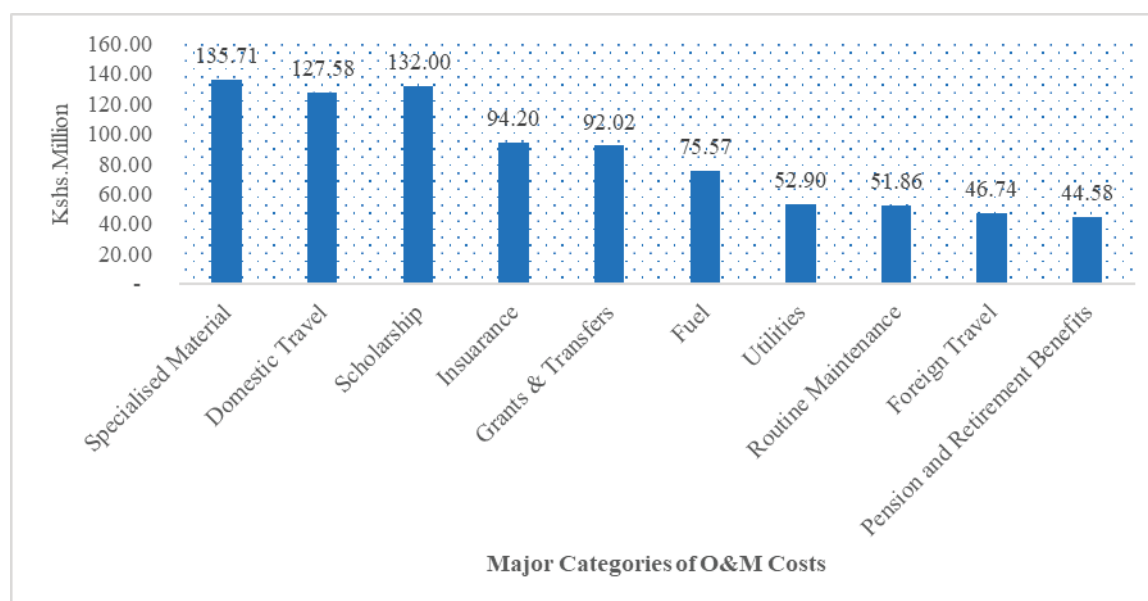
Source: Lamu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Administrators of all funds, as indicated in Table 3.141: contrary to the requirement of Section 168 of the PFM Act, 2012.

3.21.9 Expenditure on Operations and Maintenance

Figure 63 shows a summary of operations and Maintenance expenditure by major categories.

Figure 63: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.127.58 million and comprised of Kshs.34.59 million spent by the County Assembly and Kshs.92.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.74 million and comprised of Kshs.45.48 million by the County Assembly and Kshs.1.26 million by the County Executive. The highest expenditure on foreign travel were incurred as summarised in Table 3.142.

Table 3.142: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	3	1 st June to 15 th June 2023	Training hosted by ESA-MI	Dubai	2,635,700
County Assembly	3	15th April-19th May 2023	Training hosted by ESA-MI	Dubai	2,098,000
County Assembly	2	12th April-23rd June 2023	Speakers and Clerks training hosted by Tulane University	USA	2,065,840.00
County Assembly	1	12th April-1st May 2023	Deputy Speaker to attend training hosted by Parliamentary Studies in UAE	UAE	774,200.00
County Assembly	6	27 th March – 7 th April, 2023	Training on Public Policy Analysis, Formulation & Management	Dubai - UAE	6,621,000

Source: County Assembly of Lamu

3.21.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.763.51 million on development programmes, representing a decrease of 26.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.04 billion. Table 3.143 summarises development projects with the highest expenditure in the reporting period.

Table 3.143: Lamu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Medical Services	Medical Insurance	Countywide	80,000,000	80,000,000	80,000,000	100
2	Education and Vocational Training	Village Polytechnics-Vocational Training Centre Capitation	Countywide	36,000,000	36,000,000	36,000,000	100
3	Agriculture & Irrigation	Purchase of Certified Crop Seed-	Countywide	29,999,526.85	30,000,000	29,999,526.85	100
4	Water Management & Conservation	Water management, Conservation & Provision-SWASAP and Public sanitation VAT contribution	Countywide	21,000,000	21,000,000	21,000,000	100
5	Lamu Municipality	construction of Pavement and liquid waste management system	Sheila	17,839,251.65	18,862,831	17,839,251.65	100
6	Water Management & Conservation	Siyu Water Desalination Plant	Siyu	15,993,103	16,001,452	15,993,103	100
7	Fisheries Development services	Procurement of outboard engines	Countywide	15,000,000	15,000,000	15,000,000	100
8	Agriculture & Irrigation	Livestock Improvement Programme - Supply and delivery of Veterinary Medicine, equipment and Artificial Insemination	Countywide	14,995,295	15,000,000	14,995,295	100
9	Education and Vocational Training	ECD Equipment, Learning and Teaching Material	Countywide	9,989,712	10,000,000	9,989,712	100
10	Infrastructure and Energy	Routine Maintenance of Jua Kali Mkokoni Road	Bahari	9,873,456	9,993,800	9,873,456	100

Source: Lamu County Treasury

3.21.11 Budget Performance by Department

Table 3.144 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.144: Lamu County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.25	74.00	375.75	-	360.14	-	95.8	-	73.5	-
County Executive & PSM	453.20	47.26	431.37	5.59	417.98	5.59	96.9	100.0	92.2	11.8
Finance	163.42	-	159.41	-	152.97	-	96.0	-	93.6	-
Agriculture & Irrigation	98.15	187.02	97.02	98.33	93.61	166.56	96.5	169.4	95.4	89.1
Land, Physical Planning	27.72	94.11	25.76	37.26	24.46	37.26	94.9	100.0	88.2	39.6
Education and Vocational Training	263.48	96.47	260.40	50.94	261.64	50.94	100.5	100.0	99.3	52.8
Medical Services	1,084.88	250.57	1,019.66	142.99	1,061.76	142.99	104.1	100.0	97.9	57.1
Trade, Tourism & Invest- ment Development	53.58	18.40	51.21	13.12	53.46	13.12	104.4	100.0	99.8	71.3
Public Service Board	49.36	-	48.53	-	46.85	-	96.5	-	94.9	-
Water Management & Conservation	41.12	237.03	39.66	124.36	38.43	103.10	96.9	82.9	93.5	43.5
Youth, Gender, Culture, Sports, & Social Services	19.60	62.00	17.14	44.39	15.42	44.39	90.0	100.0	78.7	71.6
Public Health Sanitation and Environment	97.06	11.50	94.17	9.78	82.30	9.78	87.4	100.0	84.8	85.1
Fisheries	31.90	25.00	27.95	23.41	28.21	23.41	100.9	100.0	88.4	93.6
Budget & Economic Planning	25.81	-	22.70	-	22.70	-	100.0	-	88.0	-
Infrastructure and Energy	49.00	180.00	44.98	150.40	44.04	134.91	97.9	89.7	89.9	75.0
Lamu Municipality	52.70	83.06	44.90	13.63	43.95	31.47	97.9	230.9	83.4	37.9
Total	3,001	1,366	2,761	714	2,748	764	99.5	106.9	91.6	55.9

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Fisheries recorded the highest absorption rate of development budget at 93.6 per cent, followed by the Department of Agriculture & Irrigation at 89.1 per cent. The Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 99.3 per cent, while the Department of County Assembly had the lowest at 73.6 per cent.

A number of departments reported expenditures above exchequer issues, which is an indication of weak internal control mechanisms. These departments include; - The Lamu Municipality, the Department of Agriculture & Irrigation, the Department of Trade, Tourism & Investment Development, the Department of Medical Services, and the Department of Education & Vocational Training.

3.21.12 Budget Execution by Programmes and sub-programmes

Table 3.145: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.145: Lamu County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department County Assembly							
Programme 1: Administration, planning and support services.	SP 1.1 General Admin- istration, Planning and Support Services	259,323,120	4,900,000	189,273,027	-	73.0	-
Programme 2: Leg- islative Services, Representation & Oversight	SP 2.1: Legislative Ser- vices, Representation And Oversight	230,926,880	69,100,000	170,864,587	-	74.0	-
	Sub Total	490,250,000	74,000,000	360,137,614	-	73.5	-
Department County Executive and PSM							
Programme 3: Administration services	SP 3.1: Headquarters	367,917,557	-	343,551,298	-	93.4	-
	SP 3.2: Office of the Governor & Deputy Governor	85,279,535	-	74,429,913	-	87.3	-
	P3. Projects		47,256,237		5,589,920.50		
	Sub Total	453,197,092	47,256,237	417,981,211	5,589,921	92.2	11.8
Department Finance, Economy & Strategic Planning							
0711003210 P11 Administration, planning support services	SP 1.1 Headquarters	108,736,992	-	104,507,285	-	96.1	-
	SP1.2 KDSP Headquar- ters	45,302,506	-	40,170,000	-	88.7	-
	SUM	154,039,498	-	144,677,285	-	93.9	-
0712003210 P12 Control & man- agement of Public Finance	SP2.1 Resource mobili- zation	1,775,205	-	1,551,824	-	87.4	-
	SP 2.2 Internal Audit	1,567,702	-	1,426,293	-	91.0	-
	SP 2.3 Procurement	1,704,455	-	1,446,880	-	84.9	-
	SP 2.4 Public Finance & Accounting	4,333,258	-	3,872,404	-	89.4	-
	SUM	9,380,620	-	8,297,402	-	88.5	-
Finance, Econ- omy & Strategic Planning	Sub Total	163,420,118	-	152,974,687	-	93.6	-!
Department Agriculture and Irrigation and Co-operative Development - 3214000000							
Programme 4: P11: Livestock Exten- sion Services	SP1 Livestock Exten- sion Services	1,827,068	15,000,000	1,444,244	14,995,295	79.0	100.0

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P12 Veterinary Service Management - 3214100801	SP 2 Veterinary Service Management	1,382,444	1,559,746	820,082	-	59.3	-
P16 Crop Development & Management	SP 3.1 Promotion of Agro-Processing and Value Addition Technologies	-	60,880,117	195,000	60,379,987	-	99.2
	SP 3.2 Irrigated Farming	-	10,000,000	-	7,851,075	-	78.5
P16 Crop Development and Management	SUM	-	70,880,117.00	-	68,231,061.70	-	96.3
P6 Administration, Planning and Monitoring and Evaluation	SP6.1 Directorate of Agriculture and Extension Services	94,392,844	18,000,000	90,721,229	14,937,346	96.1	83.0
P8 Co-management	SP 8.1: Cooperative Development - ASD-SPII Grant	543,280	51,581,716	425,600	38,395,118	78.3	74.4
Value Addition and Marketing	SP5.1 Provision of Relief seeds to vulnerable farmers		30,000,000		29,999,526.85	-	100.0
Agriculture and Irrigation and Co-operative Development	Sub Total	98,145,636	187,021,579	93,411,155	166,558,348	95.2	89.1
Department Land and Physical Planning							
Programme 1: Administration, planning and support services	SP 1.1: Headquarters	27,721,092	-	24,458,314	-	88.2	-
P2: Land Management	SP 2.1: Consultancy services for Planning and Surveying	-	56,109,907	-	26,303,279	-	46.9
	SP 2.2: Land Adjudication and Regularisation	-	10,000,000	-	3,955,962	-	39.6
	SP 2.3: Planning and Surveying	-	10,500,000	-	3,915,992	-	37.3
	SP 2.4: RTK Machine and Handheld GPS gadgets	-	3,200,000	-	3,086,500	-	96.5
	SP 2.5: Spatial planning	-	14,300,000	-		-	-
	SUM	-	94,109,907	-	37,261,733	-	39.6
Land and Physical Planning	Sub Total	27,721,092	94,109,907	24,458,314	37,261,733	88.2	39.6
Department of Education and Vocation Training							

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
0501003210 Programme 1: Administration, planning and sup- port services	SP 1.1: Headquarters	143,218,320	-	141,646,615	-	98.9	-
0502003210 Pro- gramme 2: Educa- tion and Training Programme	SP 2.1: Promotion of Early Childhood Education	120,260,000	51,472,760	119,997,978	14,936,061	99.8	29.0
	SP 2.2: Village Poly- technics		45,000,000		36,000,000	-	80.0
	SUM	120,260,000	96,472,760	119,997,978	50,936,061	99.8	52.8
Education and Vocation Training	Sub Total	263,478,320	96,472,760	261,644,593	50,936,061	99.3	52.8
Department Medical of Services							
0501003210 Programme 1: Administration, planning and sup- port services	SP 1.1: Human resource management and devel- opment	940,933,101	-	925,145,412	-	98.3	-
3217000201 Pro- gramme 2: Cura- tive And Rehabili- tative Services	SP 2.1: Primary health services	134,594,688	170,574,316	127,975,922	62,989,225	95.1	36.9
3217000301 Pro- gramme 3 Preven- tive and Promotive Services	SP 4.1: Preventive and Promotive Services	9,352,000	80,000,000	8,633,891	80,000,000	92.3	100.0
Medical Services	Sub Total	1,084,879,789	250,574,316	1,061,755,225	142,989,225	97.9	57.1
Department of Trade, Investment & Tourism							
0301003210 Programme 1: Administration, planning and sup- port Services	SP 1.1: Administration Services	31,854,938	-	31,275,205	-	98.2	-
0302003210 Pro- gramme 2: Tour- ism Promotion	SP 2.1: Tourism mar- keting and Promotion	21,056,246	-	21,604,254	-	102.6	-
0303003210 Pro- gramme 3 Trade Development	SP 3.1 Trade Promotion	665,800	10,303,953	581,680	7,568,297	87.4	73.5
	SP 3.3 Market develop- ment		7,651,317		5,546,776	-	72.5
	SUM	665,800	17,955,270	581,680	13,115,073	87.4	73.0
0305023210 Programme5 Infrastructure and Civil Works Total	SP 5.1 SME Develop- ment	-	448,407	-	-	-	-

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	53,576,984	18,403,677	53,461,139	13,115,073	99.8	71.3
Department County Public Service Board							
0709003210 Programme 1: Administration Services	SP 1.2: Personnel service	40,084,728	-	38,588,624	-	96.3	-
0710003210 Programme 10: Human Resource Management and Development	SP 2.1: Headquarters	9,270,596	-	8,264,550	-	89.1	-
County Public Service Board	Sub Total	49,355,324	-	46,853,174	-	94.9	-
Department of Water Management and conservation							
0105003210 Pro- gramme 5: Water Management, Conservation and Provision	SP 5.1 Administration Services	21,115,236	-	18,431,257	-	87.3	-
	SP 5.2: Conservation and Provision	20,000,500	237,031,737	19,998,186	103,097,971	100.0	43.5
Water Managemet and conservation	Sub Total	41,115,736	237,031,737	38,429,443	103,097,971	93.5	43.5
Department Youth, Gender, Culture, Sports and Social Services							
0101003210 Programme 1: Administration, planning and sup- port Services	Sub-programme 1.1: Headquarters	19,595,252	-	15,424,770	-	78.7	-
Programme 2 Youth and Sports Development	Sub-programme 2.1 Construction of Build- ings	-	3,000,000	-	-	-	-
	Sub-programme 2.2: Promotion of Sports	-	13,997,999	-	7,392,342	-	52.8
	Sub-programme 2.3: Youth Empowerment	-	7,000,000	7,000,000	7,000,000	-	100.0
	SUM	-	23,997,999	7,000,000	14,392,342	-	60.0
0504003210 Pro- gramme 3 Social Services	Sub-programme 3.1: Construction of Social Hall	-	12,034,912	-	11,087,280	-	92.1
	Sub-programme 3.2: PWD Empowerment Programme	-	7,000,000	-	7,000,000	-	100.0

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub-programme 3.3: Renovation of Social Hall	-	12,017,797	-	4,959,371	-	41.3
	Sub-programme 3.4: Women Empowerment	-	6,947,291	-	6,947,291	-	100.0
	SUM	-	38,000,000	-	29,993,942	-	78.9
	Total	19,595,252	61,997,999	22,424,770	44,386,284	114.4	71.6
Department of Sanitation and Environment							
0501003210 Pro- gramme 1: General Administration, Planning and Sup- port Services	Sub-programme 1.1: Headquarters	70,802,177	-	67,889,640	-	95.9	-
	Sub-Programme 1.2: Public Health and sanitation	26,257,081	-	14,411,287	-	54.9	-
	SUM	97,059,258	-	82,300,927	-	84.8	-
Programme 4: Environmental Health and sani- tation	Sub-programme 2.1: Public Health andLi- cencing	-	7,900,000	-	6,226,031	-	78.8
	Sub-Programme 2.2: Waste Management	-	3,600,000	-	3,556,368	-	98.8
	SUM	-	11,500,000	-	9,782,399	-	85.1
	Sub Total	97,059,258	11,500,000	82,300,927	9,782,399	84.8	85.1
Department of Fisheries Development							
0709003210 Programme 1: Administration, planning and sup- port services.	Sub-programme 1.1: Headquarters	31,899,812	-	28,209,330	-	88.4	-
Programme 2: Fisheries Develop- ment Services	Sub-programme 2.1: Fish farming	-	25,000,000	-	23,407,600	-	93.6
Fisheries Devel- opment	Total	31,899,812	25,000,000	28,209,330	23,407,600	88.4	93.6
Department Budget and Economic Planning							
Programme 1: Administration services	Sub-programme 1.1Headquarters	16,029,984	-	15,494,111	-	96.7	-
Programme 2: Eco- nomic planning	Sub-programme 2.1 Budget and Economic Planning	9,779,152	-	7,210,167	-	73.7	-
	Sub Total	25,809,136	-	22,704,278	-	88.0	-
Department Infrastructure and Energy							

Programme	Sub-Programme (SP)	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
0101003210 Programme 1: Administration, planning and sup- port Services	Sub-programme 1.1: Headquarters	49,001,448	-	44,039,198	-	89.9	-
Programme 2 Infrastructure Development	Sub-programme 2.1: Roads and Civil Works	-	73,000,000	-	53,865,449	-	73.8
	Sub-Programme 2.2: Public Street Lighting	-	10,000,000	-	8,128,626	-	81.3
	Sub-programme 2.3: Routine Maintainance	-	97,000,000	-	72,916,439	-	75.2
	SUM	-	180,000,000	-	134,910,514	-	75.0
	Sub Total	49,001,448	180,000,000	44,039,198	134,910,514	89.9	75.0
Department Lamu Municipality							
0101003210 Programme 1: Administration, planning and sup- port Services	Sub-programme 1.1: Headquarters	37,208,409	-	33,824,557	-	90.9	-
	Sub-Programme 1.2: Kenya Urban Support Programme	15,490,223	-	10,121,656	-	65.3	-
	SUM	52,698,632	-	43,946,213	-	83.4	-
Programme 4 Infrastructure Development	Sub-Programme 4.1: Other Infrastructure and Civil Works	-	70,662,831	-	19,624,275	-	27.8
	Sub-programme 4.2: Purchase of Bicycles, Motorcycles, Trucks, Trailers and Tractors	-	12,400,000	-	11,847,793	-	95.5
	SUM	-	83,062,831	-	31,472,068	-	37.9
	Sub Total	52,698,632	83,062,831	43,946,213	31,472,068	83.4	37.9
Grand Total		3,001,203,629	1,366,431,043	2,754,731,271	763,507,194	91.8	55.9

Source: Lamu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Livestock Extension Services in the Department of Agriculture at 100 per cent, Waste management in the Department of Public Health Sanitation and Environment at 98.8 per cent, Purchase of Bicycles, Motorcycles, Trucks, Trailers & Tractors in the Department of Lamu municipality at 95.5 per cent and Fisheries Development services – Fish Farming in the Department of Fisheries at 93.6 per cent of budget allocation.

3.21.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 11th August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.144: Lamu County, Budget Allocation and absorption Rate by Department where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for all Funds were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.158.11 million were processed through the manual payroll, accounting for 9.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.22 County Government of Machakos

3.22.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.12.54 billion, comprising Kshs.3.77 billion (30 per cent) and Kshs.8.78 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 4.2 per cent compared to the previous financial year when the approved budget was Kshs.13.09 billion and comprised of Kshs.3.92 billion towards development expenditure and Kshs.9.17 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.9.89 billion (78.9 per cent) as the equitable share of revenue raised nationally, Kshs.798.69 million as additional allocations, Kshs.133.49 million as other revenues (NHIF reimbursements from hospitals) and generate Kshs.1.72 billion (13.7 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.146.

3.22.2 Revenue Performance

In FY 2022/23, the County received Kshs.9.89 billion as the equitable share of the revenue raised nationally, Kshs.322.08 million as additional allocations, and raised Kshs.1.43 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.11.65 billion, as shown in Table 3.146.

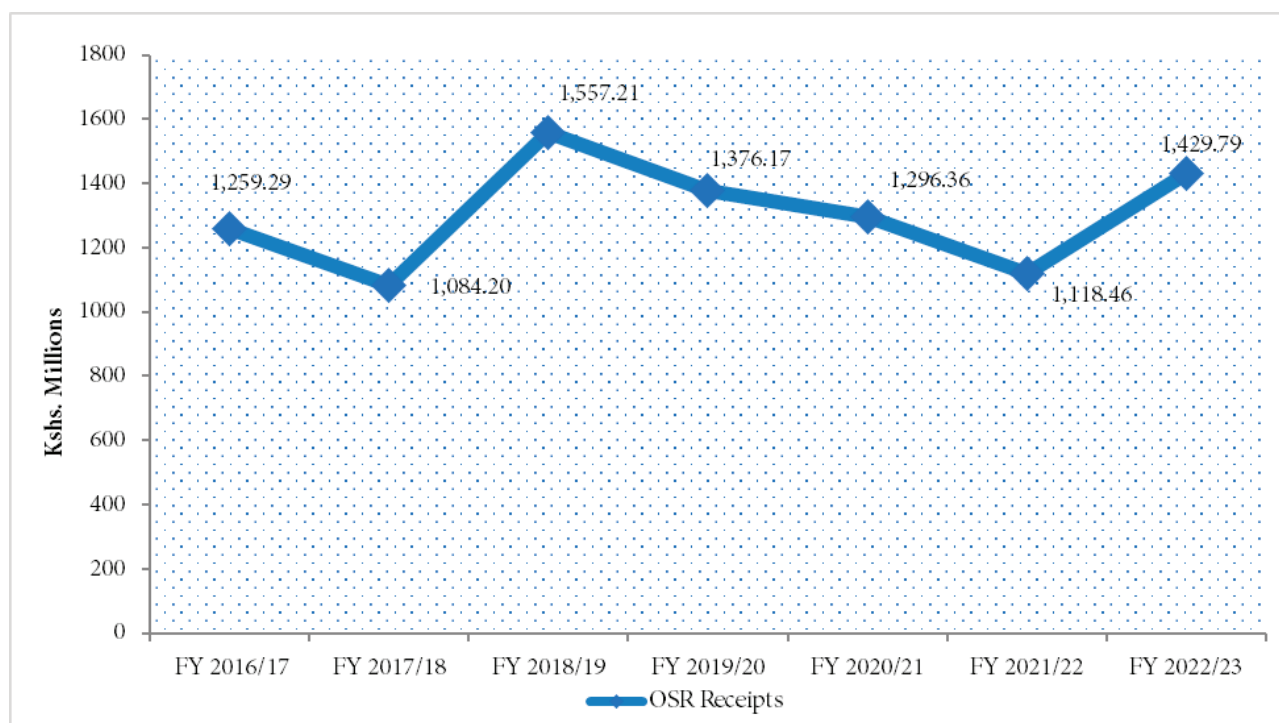
Table 3.146: Machakos County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,895,288,567.00	9,895,288,567.00	100.0
Sub Total		9,895,288,567.00	9,895,288,567.00	100.0
B	Additional allocations			
1	Leasing of Medical Equipment	110,638,298	-	-
2	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	79,602,537	68,040,614	85.5
3	Universal Healthcare in Devolved System Program-DANIDA	24,931,813	18,329,063	73.5
4	Agriculture Sector Development Support Program-SIDA	21,357,697	14,446,442	67.6
5	Emergency Locust Response Project-World Bank	67,674,400	66,035,642	97.6
6	Credit to Finance Locally-Led Climate Change Action Programme (FLLoCA) – World Bank	147,000,000	88,035,642	59.9
7	Kenya Devolution Support Project (KD-SP)-World Bank	167,833,059	-	-
8	Kenya Urban Support Project (UIG)-World Bank	1,145,356	-	-
9	Kenya Urban Support Project (UDG)-World Bank	102,675,950	-	-
10	Transforming Health Systems for Universal Care Project-World Bank	5,832,823	-	-
11	National Agricultural Value Chain Development Project (NAVCDP)-World Bank	70,000,000	67,192,729	96.0
Sub Total		798,691,933	322,080,133	40.3
C	Other Sources of Revenue			
1	Own Source Revenue	1,717,118,593	1,429,791,260	83.3
4	Other Revenues (NHIF Reimbursements)	133,492,346	-	-
Sub Total		1,850,610,939	1,429,791,260	77.3
Grand Total		12,544,591,439	11,647,159,960	92.8

Source: Machakos County Treasury

Figure 64 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

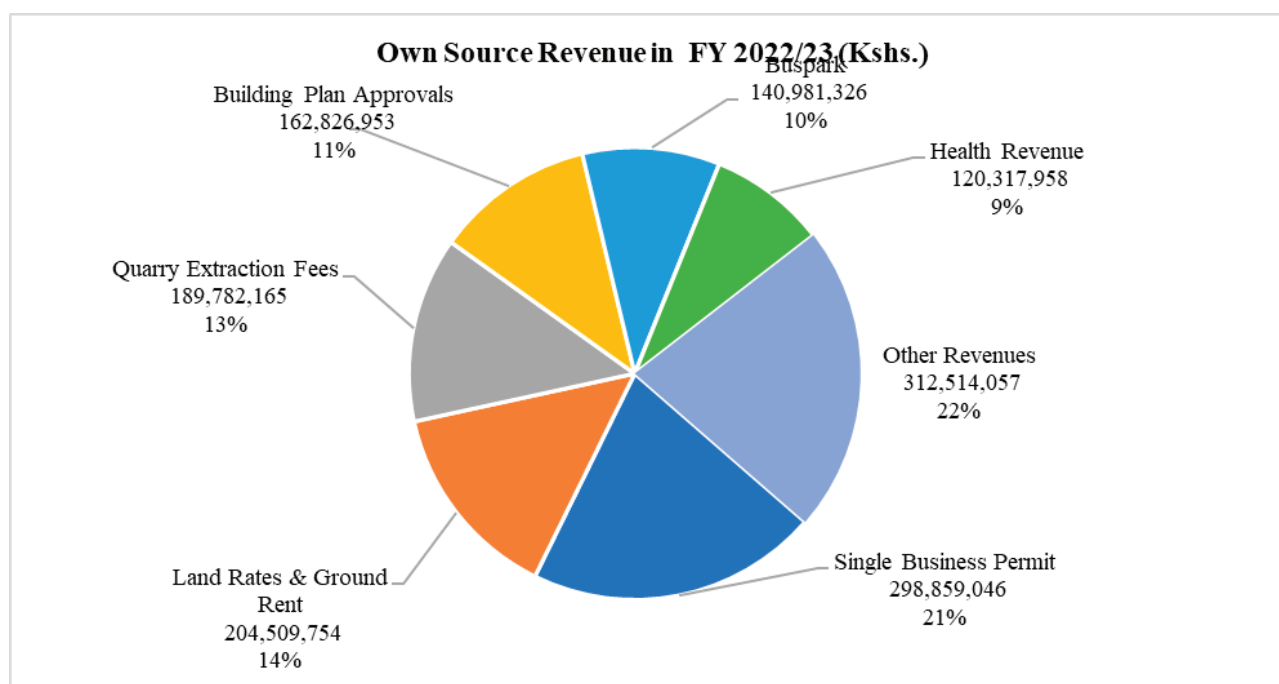
Figure 64: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Machakos County Treasury

In FY 2022/23, the County generated a total of Kshs.1.43 billion from its sources of revenue. This amount represented an increase of 27.8 per cent compared to Kshs.1.12 billion realised in FY 2021/22 and was 83.3 per cent of the annual target and 14.4 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 65

Figure 65: Top Streams of Own Source Revenue in FY 2022/23



Source: Machakos County Treasury

The highest revenue stream of Kshs.298.86 million was from Single Business Permit, contributing to 21 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.120.32 million, representing 9 per cent of the overall OSR in FY 2022/23.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.96 billion from the CRF account during the reporting period. The amount comprised Kshs.1.25 billion (12.6 per cent) for development programmes and Kshs.8.16 billion (83.6 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.5.68 billion was released towards Employee Compensation, and Kshs.3.02 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.46 billion.

3.22.4 County Expenditure Review

The County spent Kshs.9.60 billion on development and recurrent programmes in the reporting period. The expenditure represented 96 per cent of the total funds released by the CoB and comprised Kshs.1.60 billion and Kshs.8.0 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 42.5 per cent. In contrast, recurrent expenditure represented 91.2 per cent of the annual recurrent expenditure budget.

3.22.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.92 billion, comprising Kshs.979.35 million for recurrent expenditure and Kshs.1.95 billion for development

activities. During the year, pending bills amounting to Kshs.338.45 million were settled, consisting of Kshs.295.19 million for recurrent expenditure and Kshs.43.25 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.2.59 billion.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.31 billion on employee compensation, Kshs.1.67 billion on operations and Maintenance , and Kshs.1.58 billion on development activities. Similarly, the County Assembly spent Kshs.412.79 million on employee compensation, Kshs.696.87 million on operations and Maintenance , and Kshs.22.39 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 Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,588,388,712	1,189,846,181	6,975,068,557	951,871,301	91.9	80.0
Compensation to Employees	5,573,165,277	418,819,609	5,307,968,068	412,798,898	95.2	98.6
Operations and Maintenance	2,015,223,434	771,026,572	1,667,100,489	539,072,403	82.7	69.9
Development Expenditure	3,447,856,545	318,500,000	1,577,694,192	22,385,866	45.8	7.0
Total	11,036,245,257	1,508,346,181	8,552,762,750	974,257,167	77.5	64.6

Source: Machakos County Treasury

3.22.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.5.72 billion, or 49.1 per cent of the revenue for FY 2022/23 of Kshs.11.65 billion. This expenditure represented a decrease from Kshs.6.40 billion reported in FY 2021/22 period. The wage bill included Kshs.3.17 billion paid to health sector employees, translating to 55 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.72 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.248.79 million was processed through manual payrolls. The manual payrolls accounted for 4.2 per cent of the total PE cost.

The County Assembly spent Kshs.48.67 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.66,478 per MCA. The County Assembly has established 27 Committees.

3.22.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.252 million to county-established funds in FY 2022/23, constituting 2 per cent of the County's overall budget. Table 3.148 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.148: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023
County Executive Established Funds					
1.	Bursary Fund	80,000,000	80,000,000	-	NO
County Assembly Established Funds					
1.	Car and Mortgage Loan Fund - Assembly	172,000,000	172,000,000	161,420,295	YES
	Total	252,000,000	252,000,000	161,420,295	

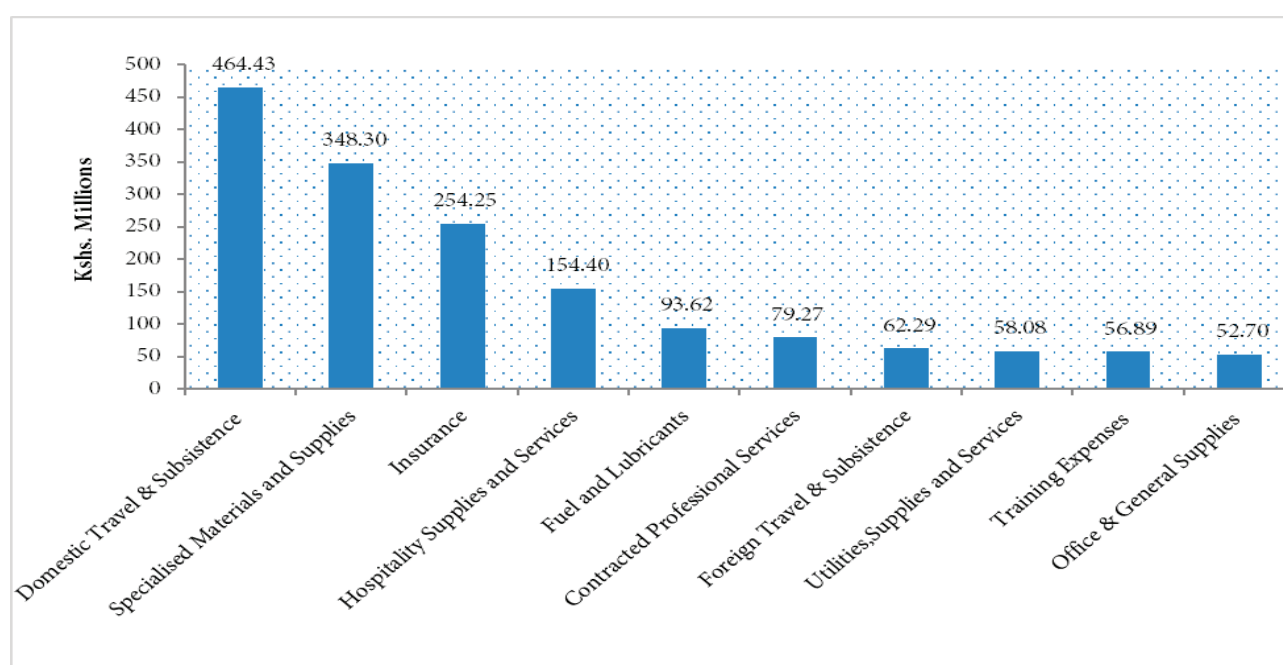
Source: Machakos County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrator of the Bursary fund, as indicated in Table 3.114, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.22.9 Expenditure on Operations and Maintenance

Figure 66 summarises the Operations and Maintenance expenditure by major categories.

Figure 66: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

During the period, expenditure on domestic travel amounted to Kshs.464.43 million and comprised Kshs.234.25 million spent by the County Assembly and Kshs.237.18 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.62.29 million and comprised Kshs.14.75 million by the County Assembly and Kshs.47.54 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.149.

Table 3.149: Summary of highest expenditure on foreign travel

No.	Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
1	County Executive	14	6-17 March 2023	Attend 67th status of women	New York	3,659,939.36
2	County Executive	4	4-11 April, 2023	Attending a workshop on eco road building and technology from plastic waste in Madurai, India, at Thiagarajar College of Engineering.	India	2,621,128.00
3	County Executive	6	21-27 January 2023	Attend regional trade mission in Kinshasa DRC	Kinshasa	2,249,266.38
4	County Assembly	9	12-16 December 2022	Attending stakeholders meeting at the East African community	Tanzania	2,189,160.00
5	County Executive	3	29 April-3 May 2023	Attend investment and learning mission	Morocco	2,002,924.00
6	County Assembly	6	4-10 June 2023	Attending workshops/sessions at the East African Secretariat	Tanzania	1,809,531.60
7	County Executive	10	10-19 November 2022	Attend COP 27 climate change conference	Egypt	1,785,603.00
8	County Executive	4	8-13 May 2023	Official invitation by the government of India on various schemes for strengthening the semiconductor ecosystem in India.	India	1,581,313.00
9	County Assembly	8	5-13 December 2021	Cost of Air Tickets during international conference on arts, commerce and business management	Turkey	1,440,000.00
10	County Executive	1	15-26 May, 2023	Attend public administration policy and governance course in Dubai	Dubai	1,253,616.00

Source: Machakos County Treasury

The maximum number of delegates inclusive of staff per the existing International/Foreign travel policy, should not exceed 7. It is, therefore, noted that 4 out of 10 foreign trips sampled, delegates have surpassed the limit.

3.22.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.6 billion on development programmes, representing an increase of 18 per cent compared FY 2021/22 when the County spent Kshs.1.32 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.150: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Routine Maintenance and Re-carpeting of Access Roads	Transport	Various Sub-counties	296,671,041	275,925,499	93
2	Construction of Kyai Dam and Equipping, Powering and Reticulation of Boreholes	Water	Various Sub-counties	100,832,010	87,449,232	87
3	Construction of Office Block, Boundary Wall, Community Recreation Centre and Renovation of Office	Transport	Various Sub-counties	105,000,000	61,819,826	59
4	Re-carpeting of Masaku Avenue Road Mwala Market Road Storm Water Drainage System and Repair of Potholes	Transport	Various Sub-counties	62,688,606	58,044,831	93
5	Supply and Delivery of Plant, Equipment Spares And Services Parts	Transport	Various Sub-counties	56,880,424	50,957,543	90
6	Supply and Installation of Solar Floodlights and 40 Concrete Posts for Market Floodlights and Payment of Streetlight Electricity Bills	Energy	Various Sub-counties	73,770,071	49,741,762	67
7	Supply of Software System	Health	Various Sub-counties	45,000,000	44,885,921	100
8	Supply of Water Tanks, Installation and Extension of Ngalalya Water Project from Kisukioni to Tala Market and Installation, and Extension of Water Pipelines	Water	Various Sub-counties	56,600,000	44,809,493	79
9	Completion of Office Block for Transport Roads and Public Works, Renovation of Offices	Transport	Various Sub-counties	40,500,000	39,698,555	98
10	Supply and Delivery of Laptops, Tablets and other related items	ICT	Machakos	40,925,375	34,672,080	85

Source: Machakos County Treasury

3.22.11 Budget Performance by Department

Table 3.151 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.151: Machakos County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	592.14	19.33	592.14	-	471.70	13.64	79.7	-	79.7	70.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	58.72	20.11	58.71	-	38.28	-	65.2	-	65.2	-
Roads, Transport and Public Works.	255.29	634.49	255.28	467.61	219.14	599.26	85.8	128.2	85.8	94.4
Health Services and Emergency Services	3,921.34	725.10	3,920.87	121.63	3,797.44	181.56	96.9	149.3	96.8	25.0
Water, Irrigation, Environment and Natural Resources	109.77	483.23	108.85	221.09	107.58	222.72	98.8	100.7	98.0	46.1
Agriculture, Food Security and Co-operative Development.	312.57	420.68	312.56	80.94	221.56	198.98	70.9	245.8	70.9	47.3
Finance and Economic Planning.	552.94	261.53	552.93	46.23	523.52	75.39	94.7	163.1	94.7	28.8
Public Service, Quality Management and ICT	365.93	53.19	365.48	40.62	309.57	42.19	84.7	103.9	84.6	79.3
Tourism, Youth, Sports and Culture.	131.93	126.99	131.93	65.85	117.20	66.88	88.8	101.6	88.8	52.7
Trade, Industrialization and Innovation.	147.29	177.96	147.29	8.60	140.92	5.71	95.7	66.4	95.7	3.2
Education, Skills Training and Social Welfare	454.16	236.46	454.12	9.87	428.26	46.97	94.3	476.1	94.3	19.9
Energy, Lands, Housing and Urban Development.	193.39	248.39	193.39	18.71	183.46	123.42	94.9	659.5	94.9	49.7
County Administration and Decentralized Units.	493.51	40.40	503.41	-	491.69	0.98	97.7	-	99.6	2.4
County Assembly	1,189.85	318.50	951.88	22.47	951.87	22.39	100.0	99.6	80.0	7.0
Total	8,778.82	3,766.36	8,548.84	1,103.63	8,002.19	1,600.08	93.6	145.0	91.2	42.5

Source: Machakos County Treasury

Analysis of expenditure- by department shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 94.4 per cent, followed by the Department of Public Service, Quality Management and ICT at 79.3 per cent. The Department of County Administration and Decentralised Units had the highest percentage of recurrent expenditure to budget at 99.6 per cent, while the Department of County Public Service Board had the lowest at 65.2 per cent.

Further, the report on budget performance by departments shows that several departments reported expenditure in excess of the approved exchequer issues which indicates a weak internal control at the County Treasury.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Figure 53: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.152: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
OFFICE OF THE GOVERNOR							
Sub-pro-gramme 1	Office of the Governor	329,293,561	19,334,385	283,594,592	13,638,038	86.1	70.54
Sub-pro-gramme 2	Transport Services	28,651,209	-	27,496,393	-	96.0	-
Sub-pro-gramme 3	Human Resource and administration Section	37,903,820	-	23,417,224	-	61.8	-
Sub-pro-gramme 4	ICT Section	16,995,994	-	13,125,963	-	77.2	-
Sub-pro-gramme 5	Hospitality Services Section	38,973,355	-	19,998,666	-	51.3	-
Sub-pro-gramme 6	Cabinet Office	6,493,175	-	6,279,676	-	96.7	-
Sub-pro-gramme 7	Office of the Deputy Governor	68,988,765	-	59,384,350	-	86.1	-
Sub-pro-gramme 8	Directorate of Projects Delivery, Monitoring and Evaluation	21,078,510	-	11,764,249	-	55.8	-
Sub-pro-gramme 9	Office of the County Secretary	31,786,195	-	21,047,594	-	66.2	-
Sub-pro-gramme 10	Office of the County Advisors	11,980,064	-	5,589,209	-	46.7	-
TOTAL		592,144,648	19,334,385	471,697,916	13,638,038	79.7	-
County Public Service Board							
Sub-pro-gramme 1	Human Resource and administration	58,718,706	20,112,750	38,280,302	-	65.2	-
TOTAL		58,718,706	20,112,750	38,280,302	-	65.2	-
Roads, Transport and Public Works							
Sub-pro-gramme 1	Head quarter Admin- istrative services	181,786,712	67,583,407	178,816,472	66,984,129	98.4	99.11
Sub-pro-gramme 2	Road Development and Management	833,214	364,156,664	833,215	347,904,074	100.0	95.54
Sub-pro-gramme 3	County Government Buildings	113,399	135,000,000	99,850	117,044,724	88.1	86.70
Sub-pro-gramme 4	County Fleet Manage- ment	72,551,765	67,750,000	39,391,805	67,328,270	54.3	99.38
TOTAL		255,285,090	634,490,071	219,141,342	599,261,197	85.8	-
Health and Emergency Services							
Sub-pro-gramme 1	General Administra- tion and support ser- vices	3,370,652,742	372,486,166	3,300,504,593	64,143,344	97.9	17.22
Sub-pro-gramme 2	Machakos Level 5	357,738,106	156,200,000	345,120,857	87,123,390	96.5	55.78
Sub-pro-gramme 3	Kangundo Level 4	47,712,125	11,500,000	39,256,958	4,243,668	82.3	36.90

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-pro-gramme 4	Matuu Level 4	31,423,785	21,120,000	24,532,508	5,604,904	78.1	26.54
Sub-pro-gramme 5	Kathiani Level 4	26,327,763	6,675,130	15,434,341	-	58.6	-
Sub-pro-gramme 6	Mwala Level 4	12,024,971	7,230,000	8,106,031	-	67.4	-
Sub-pro-gramme 7	Kimiti Level 4	4,305,321	-	2,911,663	-	67.6	-
Sub-pro-gramme 8	Masinga Level 4	4,465,150	-	2,983,911	-	66.8	-
Sub-pro-gramme 9	Athi River Level 4	4,428,399	25,000,000	3,046,911	-	68.8	-
Sub-pro-gramme 10	Mutituni Level 4	6,428,399	-	5,046,911	-	78.5	-
Sub-pro-gramme 11	Ndithini Level 4	6,330,071	-	3,860,275	-	61.0	-
Sub-pro-gramme 12	Kalama Level 4	5,758,494	-	3,861,665	-	67.1	-
Sub-pro-gramme 13	Public Health and Community Outreach	38,742,655	109,744,985	37,772,583	20,445,249	97.5	18.63
Sub-pro-gramme 14	Emergency Services	5,000,000	15,145,000	5,000,000	-	100.0	-
TOTAL		3,921,337,981	725,101,281	3,797,439,207	181,560,555	96.8	-
Water, Irrigation, Environment, Climate Change and Natural Resources							
Sub-pro-gramme 1	Water Supply and Sewerage	4,412,665	170,619,199	3,011,226	150,890,703	68.2	88.44
Sub-pro-gramme 2	Irrigation Schemes, Development and Promotion	-	10,000,000	-	56,576,486	-	565.76
Sub-pro-gramme 3	General administrative and Support Services	102,121,324	53,103,092	101,604,522	15,248,249	99.5	28.71
Sub-pro-gramme 4	Environment and Natural Resources	3,233,170	249,505,644	2,961,000	-	91.6	-
TOTAL		109,767,159	483,227,935	107,576,748	222,715,438	98.0	-
Agriculture, Food Security and Co-Operative Development							
Sub-pro-gramme 1	General Administration and support services	264,539,142	264,739,312	205,759,924	133,562,618	77.8	50.45
Sub-pro-gramme 2	Crop Development and Management	4,070,000	50,010,000	3,457,100	33,664,340	84.9	67.32
Sub-pro-gramme 3	Livestock Resources Management and Development	2,510,000	13,444,000	1,739,740	11,138,997	69.3	82.85
Sub-pro-gramme 4	Fisheries Development	2,300,000	4,200,000	1,591,100	1,799,940	69.2	42.86
Sub-pro-gramme 5	Veterinary Services	2,097,580	36,250,227	1,534,045	1,473,312	73.1	4.06
Sub-pro-gramme 6	Agriculture Training Centre	4,540,000	5,300,000	1,350,000	3,296,728	29.7	62.20
Sub-pro-gramme 7	Co-operative Development and Marketing	26,183,646	1,214,200	1,485,150	-	5.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-pro- gramme 8	Capacity Building to Co-operative Societies	-	44,413,851	-	-	-	-
Sub-pro- gramme 7	Promotion of Co-op- erative Marketing and Value Chain	1,650,000	1,104,276	1,612,000	14,041,918	97.7	1271.59
Sub-pro- gramme 8	Co-operative Financial Services	1,400,000	-	1,400,000	-	100.0	-
Sub-pro- gramme 9	Promotion and Growth of Co-operative Soci- eties	1,162,000	-	730,224	-	62.8	-
Sub-pro- gramme 10	Co-operative Audit Support Services	2,116,000	-	896,210	-	42.4	-
TOTAL		312,568,368	420,675,866	221,555,493	198,977,853	70.9	-
Finance and Economic Planning							
Sub-pro- gramme 1	Revenue Management	268,835,562	90,089,300	250,223,575	17,221,067	93.1	19.12
Sub-pro- gramme 2	Budget formulation, Coordination and Im- plementation Section	43,455,529	43,931,500	42,360,028	3,967,082	97.5	9.03
Sub-pro- gramme 3	Supply Chain Manage- ment Section	9,741,708	800,000	8,928,257	771,071	91.6	96.38
Sub-pro- gramme 4	Accounts Services	26,901,846	117,445,544	25,985,844	53,114,880	96.6	45.23
Sub-pro- gramme 5	Audit Section	16,700,000	500,000	16,327,000	318,355	97.8	63.67
Sub-pro- gramme 6	Human Resource Management and Sup- port Services	151,101,508	-	147,644,330	-	97.7	-
Sub-pro- gramme 7	Economic Planning and Statistical Services	35,400,326	8,763,885	31,302,502	-	88.4	-
Sub-pro- gramme 8	External Resource Mo- bilization	800,000	-	750,000	-	93.8	-
TOTAL		552,936,479	261,530,229	523,521,536	75,392,455	94.7	28.83
Public Service, Quality Management and Ict							
Sub-pro- gramme 1	General Administra- tion and support ser- vices	299,331,352	47,925,375	258,953,905	42,192,977	86.5	88.04
Sub-pro- gramme 2	Quality Management	70,000	-	-	-	-	-
Sub-pro- gramme 3	Training, Research and Development	7,519,500	-	5,083,640	-	67.6	-
Sub-pro- gramme 4	ICT General Admin- istration and support services	51,615,218	-	43,041,238	-	83.4	-
Sub-pro- gramme 5	ICT Infrastructure	5,468,555	5,262,277	2,495,549	-	45.6	-
Sub-pro- gramme 6	Closed Circuit Televi- sion	1,925,000	-	-	-	-	-
TOTAL		365,929,625	53,187,652	309,574,332	42,192,977	84.6	-
Tourism, Culture, Youth and Sports							
Sub-pro- gramme 1	General administrative and Support Services	101,958,883	-	87,624,691	-	85.9	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-pro-gramme 2	Heritage & Culture	1,082,320	-	1,082,320	-	100.0	-
Sub-pro-gramme 3	Liquor Management	775,970	-	716,989	-	92.4	-
Sub-pro-gramme 4	Tourism Development and Marketing	392,587	11,328,064	392,588	1,824,901	100.0	16.11
Sub-pro-gramme 5	Management of Recreational Services	750,000	40,550,768	638,710	17,751,900	85.2	43.78
Sub-pro-gramme 6	Machawood	2,116,115	183,335	2,116,115	-	100.0	-
Sub-pro-gramme 7	County Image Directorate	1,120,000	183,335	1,115,250	-	99.6	-
Sub-pro-gramme 8	Youth Development	-	-	-	-	-	-
Sub-pro-gramme 9	Stadium Management	1,449,953	55,793,457	1,449,951	37,509,980	100.0	67.23
Sub-pro-gramme 10	Youth Empowerment	1,364,765	4,478,500	1,305,935	9,789,300	95.7	218.58
Sub-pro-gramme 11	Sports Promotion	20,920,000	14,473,000	20,759,625	-	99.2	-
TOTAL		131,930,593	126,990,459	117,202,174	66,876,081	88.8	-
Trade, Industrialization and Innovation							
Sub-pro-gramme 1	Headquarter Administration Services	72,124,534	-	70,285,391	-	97.5	-
Sub-pro-gramme 2	Trade Development	1,322,640	91,989,207	1,158,600	1,357,436	87.6	1.48
Sub-pro-gramme 3	Business and Enterprise Development	1,566,765	30,000,000	1,494,565	4,350,386	95.4	14.50
Sub-pro-gramme 4	Industrialization and Innovation	-	55,971,700	-	-	-	-
Sub-pro-gramme 5	Investment Facilitation and support	225,000	-	225,000	-	100.0	-
Sub-pro-gramme 6	Hygiene and sanitation	4,456,000	-	3,859,900	-	86.6	-
Sub-pro-gramme 7	Legal Services	67,597,199	-	63,898,432	-	94.5	-
TOTAL		147,292,138	177,960,907	140,921,888	5,707,823	95.7	-
Education, Skills Training, Social Welfare and civic Empowerment							
Sub-pro-gramme 1	Head quarter Administrative services	425,661,358	76,674,798	416,083,529	3,678,200	97.7	4.80
Sub-pro-gramme 2	Basic Education	-	13,150,000	-	11,730,025	-	89.20
Sub-pro-gramme 3	Youth Development Services	18,500,000	136,635,790	12,074,748	31,563,291	65.3	23.10
Sub-pro-gramme 4	Gender and Social Services	10,000,000	10,000,000	99,000	-	1.0	-
TOTAL		454,161,358	236,460,588	428,257,277	46,971,516	94.3	-
Energy, Lands, Housing and Urban Development							
Sub-pro-gramme 1	Head quarter Administrative services	54,201,942	3,380,352	52,218,059	2,943,853	96.3	87.09

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sub-pro-gramme 2	County Electrification	21,546,384	91,330,322	16,970,812	85,485,681	78.8	93.60
Sub-pro-gramme 3	Housing and Urban Development	100,444,304	153,675,950	97,773,509	34,991,508	97.3	22.77
Sub-pro-gramme 4	Machakos Municipality	5,400,000	-	5,400,000	-	100.0	-
Sub-pro-gramme 5	Mavoko Municipality	7,400,000	-	7,199,999	-	97.3	-
Sub-pro-gramme 6	Kangundo Tala Municipality	4,400,000	-	3,900,941	-	88.7	-
TOTAL		193,392,630	248,386,624	183,463,320	123,421,042	94.9	-
County Administration and Decentralized Units							
Sub-pro-gramme 1	General Administration and support services	471,295,725	39,351,961	470,984,327	-	99.9	-
Sub-pro-gramme 2	Civic Engagement	1,050,000	-	970,000	-	92.4	-
Sub-pro-gramme 3	Administration and Co-ordination Services	1,710,394	1,045,839	1,146,398	979,218	67.0	93.63
Sub-pro-gramme 4	Solid Waste Management	1,700,000	-	1,187,930	-	69.9	-
Sub-programme 5		17,750,096		17,397,434		98.0	-
TOTAL		493,506,215	40,397,800	491,686,089	979,218	99.6	-
COUNTY ASSEMBLY							
COUNTY ASSEMBLY	County Assembly	1,189,846,181	318,500,000	1,109,670,183	22,385,866	93.3	7.03
	Sub Total	1,189,846,181	318,500,000	1,109,670,183	22,385,866	93.3	7.03
Grand Total		8,778,817,171	3,766,356,546	8,159,987,807	1,600,080,058	93.0	-

Source: Machakos County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates for development expenditure were: Promotion of cooperative marketing and Value Chain at 1271.6 per cent, Irrigation Schemes Development and Promotion at 565.8 per cent, Youth Empowerment at 218.6 per cent, County Fleet Management at 99.4 per cent and Administrative services at the Department of Roads and Transport at 99.1 per cent. The county could not explain the over expenditure in the programs highlighted above which are irregular and should be addressed by respective accounting officers.

3.22.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report.
2. Diversion of funds by the County Treasury and weak budgeting practice, where the County incurred expenditure over approved exchequer issues in several departments as shown in Table 3.152.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund

and County Executive Mortgage Fund were not submitted to the Controller of Budget.

4. High level of pending bills which amounted to Kshs.2.59 billion as of 30th June 2023. This is despite availability of Kshs.1.46 billion in the CRF at the close of the financial year.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.248.79 million were processed through the manual payroll, accounting for 4.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High wage bill which accounted for 49.1 per cent of the revenue for FY 2022/23 of Kshs.11.65 billion during the reporting period, thus constraining funding to other programmes.
7. Low expenditure on development budget at an absorption rate of 42.5 per cent in FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
7. *The County Government should address the low utilisation of funds allocated towards development expenditure in order to improve the living standards of its residents.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2022/23 Budget

The County's approved third supplementary budget for the FY 2022/23 was Kshs.10.76 billion, comprising Kshs.3.28 billion (30.5 per cent) and Kshs.7.49 billion (69.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 7.25 per cent compared to the previous financial year when the approved budget was Kshs.11.54 billion and comprised of Kshs.3.28 billion towards development expenditure and Kshs.7.49 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.13 billion (75.6 per cent) as the equitable share of revenue raised nationally, Kshs.415 million (3.9 per cent) as Appropriations-in-Aid (A-I-A), Kshs.443.89 million as additional allocations, a cash balance of Kshs.1.10 billion (10.2 per cent) from FY 2021/22, and generate Kshs.670 million (6.2 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.153.

3.23.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.13 billion as the equitable share of the revenue raised nationally, Kshs.472.84 million as A-I-A, Kshs.330.38 million as additional allocations, had a cash balance of Kshs.1.10 billion from FY 2021/22, and raised Kshs.418.75 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.10.46 billion, as shown in Table 3.153.

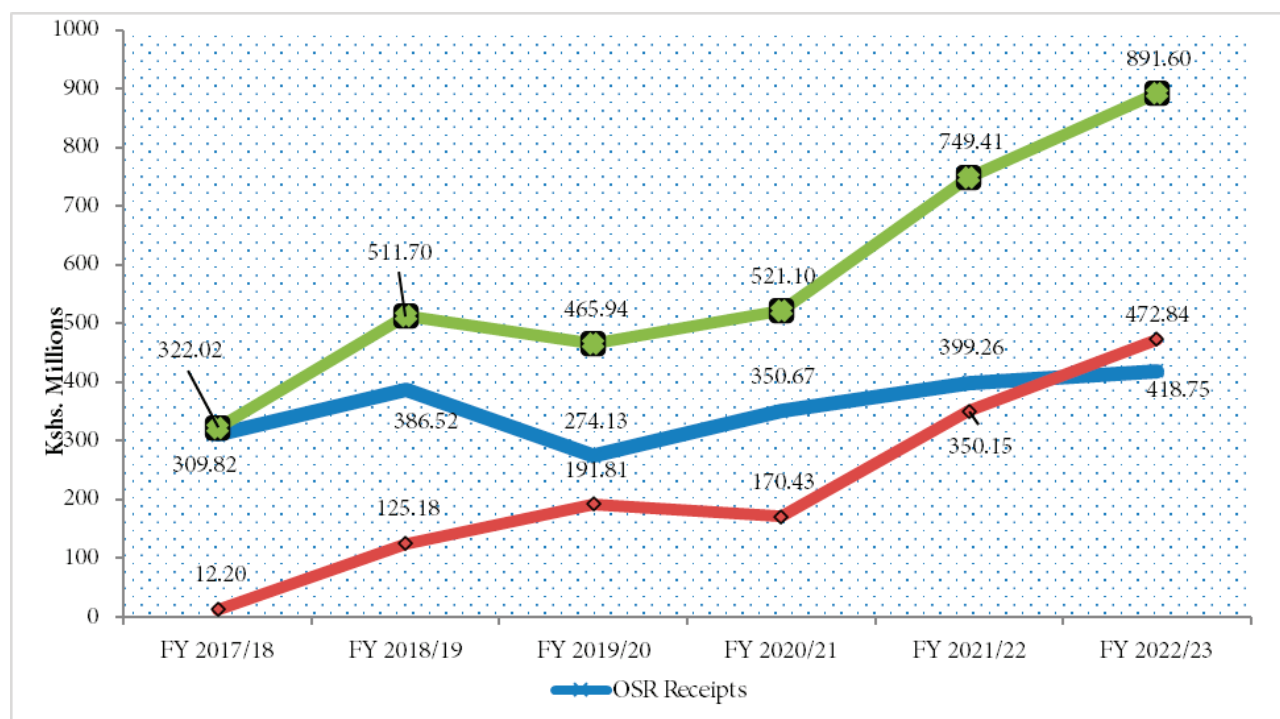
Table 3.153: Makueni County, Revenue Performance in FY 2022/23

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	8,132,783,562	100.0
	Sub Total	8,132,783,562	8,132,783,562	100.0
B	Additional allocations			
1	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	2,339,914	2,339,915	100.0
2	FLOCA Funding	22,000,000	22,000,000	100.0
3	Nutrition International Donor funding	10,000,000	10,000,000	100.0
4	DANIDA – Primary Health care in a devolved context	23,824,125	23,824,125	100.0
5	Conditional Allocation for Leasing of Medical Equipment	110,638,298	-	-
6	EU Grant (Instruments for Devolution Advice and Support IDEAS	9,244,999	9,245,000	100.0
7	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	5,415,761	5,415,760	100.0
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	190,427,548	190,359,347	100.0
9	Makueni County National Agricultural Value Chain Development Project (NAVCDP)	70,000,000	67,192,729	96.0
	Sub Total	443,890,645	330,376,875	74.4
C	Other Sources of Revenue			
1	Own Source Revenue	670,000,000	418,752,940	62.5
2	Balance B/F from FY2021/22	1,103,067,678	1,103,067,678	100.0
3	A-i-A- Health Department Revenues	415,000,000	472,843,046	113.9
	Sub Total	2,188,067,678	1,994,663,664	91.2
	Grand Total	10,764,741,885	10,457,824,102	97.1

Source: Makueni County Treasury

Figure 67 shows the trend in own-source revenue collection from FY 2017/18 to FY 2022/23.

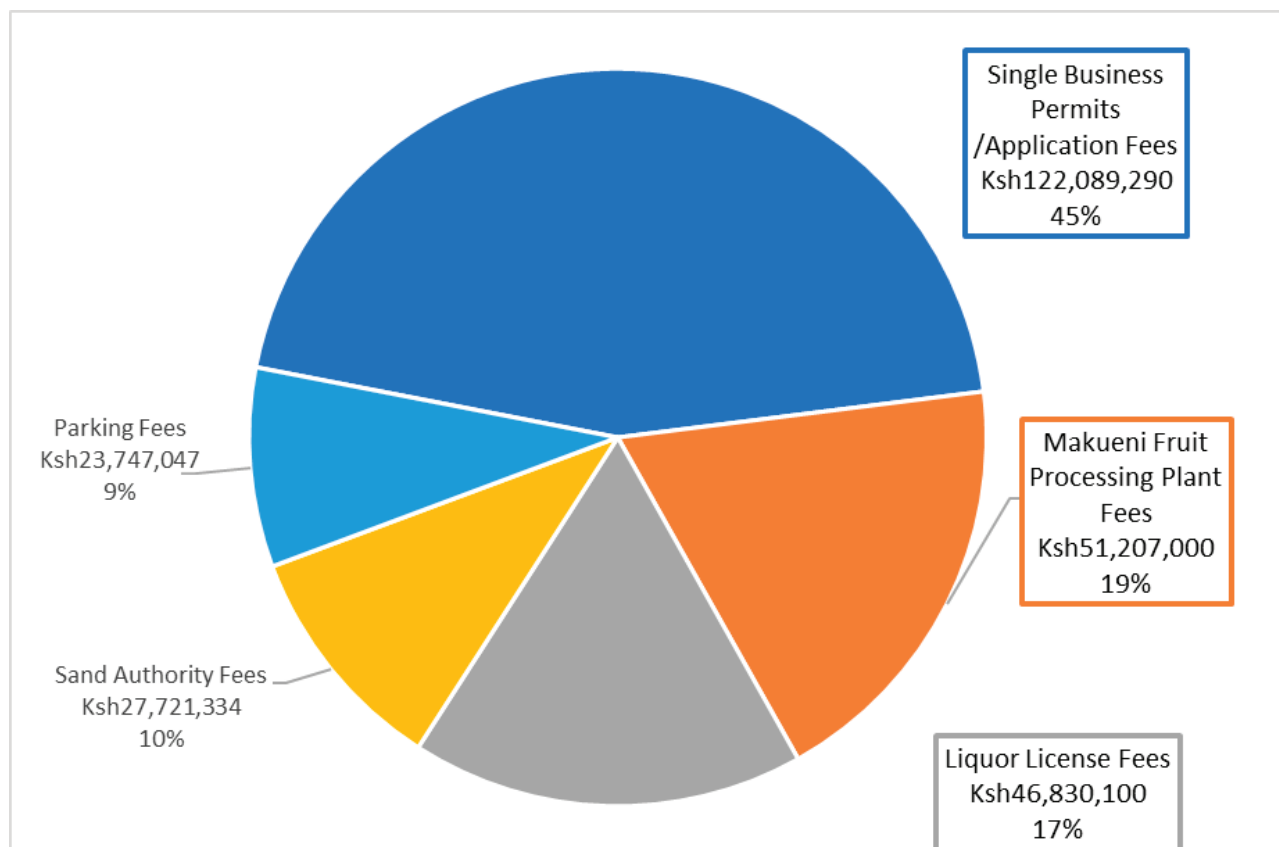
Figure 67: Trend in Own-Source Revenue Collection from FY 2017/18 to FY 2022/23



Source: Makeni County Treasury

In FY 2022/23, the County generated a total of Kshs.891.60 million from its sources of revenue. This amount represented an increase of 19 per cent compared to Kshs.749.41 million realised in a similar period in FY 2021/22. It was 8.5 per cent of the annual target and 11.0 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.8.09 million. The revenue streams that contributed the highest OSR receipts, excluding the A-i-A, are shown in Figure 68

Figure 68: Top Streams of Own Source Revenue in FY 2022/23



Source: Makueni County Treasury

The highest revenue stream of Kshs.122.09 million was from single business permit and application fees, contributing to 45 per cent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.472.84 million, representing 53.0 per cent of the overall OSR in FY 2022/23.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.23 billion from the CRF account during the reporting period. The amount comprised Kshs.2.19 billion (23.7 per cent) for development programmes and Kshs.7.04 billion (76.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.43 billion was released towards Employee Compensation, and Kshs.2.61 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.670 million.

3.23.4 County Expenditure Review

The County spent Kshs.9.85 billion on development and recurrent programmes in the reporting period. The expenditure represented 106.8 per cent of the total funds released by the CoB and comprised of Kshs.2.54 billion and Kshs.8.91 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 77.4 per cent. In contrast, recurrent expenditure represented 97.6 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.657.76 million, comprising Kshs.299.79 million for recurrent expenditure and Kshs.357.97 million for development activities. During the year, pending bills amounting to Kshs.506.39 million were settled, consisting of Kshs.252.68 million for recurrent expenditure and Kshs.253.71 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.269.72 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.421.08 million.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.02 billion on employee compensation, Kshs.2.37 billion on operations and Maintenance , and Kshs.2.52 billion on development activities. Similarly, the County Assembly spent Kshs.382.74 million on employee compensation, Kshs.531.83 million on operations and Maintenance , and Kshs.19.29 million on development activities, as shown in Table 3.154 .

Table 3.154: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,570,445,240	915,541,316	6,395,364,812	914,569,271	97.3	99.9
Compensation to Employees	4,067,217,931	363,278,337	4,022,557,194	382,739,934	98.9	105.4
Operations and Maintenance	2,503,227,310	552,262,979	2,372,807,617	531,829,337	94.8	96.3
Development Expenditure	3,238,521,518	40,233,812	2,518,087,157	19,285,324	77.8	47.9
Total	9,808,966,758	955,775,128	8,913,451,969	933,854,595	90.9	97.7

Source: Makueni County Treasury

3.23.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.41 billion, or 42.1 per cent of the revenue for FY 2022/23 of Kshs.10.46 billion. This expenditure represented an increase from Kshs.3.55 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.2.35 billion paid to health sector employees, translating to 53.4 per cent of the total wage bill. The significant increase in Personnel Emoluments compared to the previous financial year was caused by the June 2022 wage bill settlement in FY2022/23.

Further analysis indicates that PE costs amounting to Kshs.3.50 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.356.42 million was processed through manual payrolls. The manual payrolls accounted for 9.2 per cent of the total PE cost.

The County Assembly spent Kshs.39.09 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.36.55 million. The average monthly sitting allowance was Kshs.66,478 per MCA. The County Assembly has established 22 Committees.

3.23.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.259.72 million to county-established funds in FY 2022/23, constituting 2.2 per cent of the County's overall budget. Table 3.155: Kitui County, Budget Allocation and absorption Rate by Department summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.155: Performance of County Established Funds as of 30th June 2023

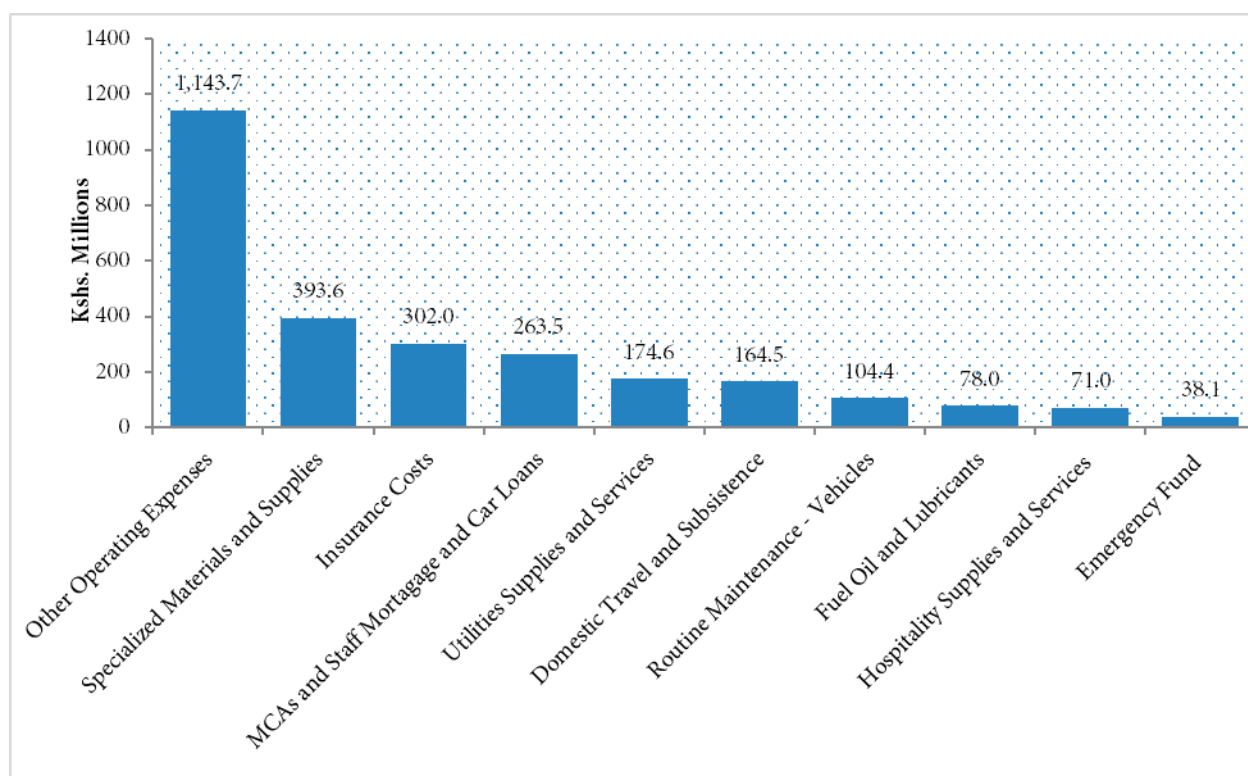
No	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Makueni County Youth, Men, Women, Persons with Disabilities and Table Banking Groups Empowerment Fund	-	-	2,539,887	Yes
2.	Makueni County Emergency Fund	30,000,000	28,438,607	38,149,538	Yes
3.	Makueni County Bursary Fund	30,000,000	25,231,997	29,537,087	Yes
4.	Makueni County State and Public Officers Car Loan and Mortgage Fund	80,000,000	-	7,334,416	Yes
County Assembly Established Funds					
5.	Makueni County State and Public Officers Car Loan and Mortgage Fund	119,724,000	99,791,531	103,916,604	Yes
Total		259,724,000	153,462,135	181,477,532	-

Source: Makueni County Treasury

3.23.9 Expenditure on Operations and Maintenance

Figure 69 summarises the Operations and Maintenance expenditure by major categories.

Figure 69: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

The items classified as other operating expenses include NHIF, Linda Mama Reimbursement and EDU Afya Kshs.240 million, FIF Hospitals Kshs.140 million, Contracted Guards and Cleaning Services Kshs.49.15 million, Community Strategy Kshs.45.06 million, Financing of Health Care Kshs.44.82 million and Public Participation Kshs.33.64 million among other items.

During the period, expenditure on domestic travel amounted to Kshs.164.52 million and comprised Kshs.73.52 million spent by the County Assembly and Kshs.90.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.10.66 million and comprised Kshs.5.30 million by the County Assembly and Kshs.5.36 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.156 below; -

Table 3.156: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	17	29 Jan to 04 Feb 2023	Benchmarking	Arusha	4,230,724
Governor's	2	17 th -25 th June 2023	Attending the Special Olympics World Games in Berlin, Germany	Berlin, Germany	1,872,745
Agriculture	6	19 th to 26 th March 2023	Benchmarking visit to seek partnership on irrigation in India	India	1,000,000
Governor's	1	19 th -26 th March 2023	Attending benchmarking exercise on drip irrigation	India	726,257

Arm of County Government	No. of Officers	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
Governor's	1	12 th -16 th June 2023	To attend ICANN77 Global public meeting in Washington DC, United States of America	USA	445,236
Governor's	1	18 th - 29 th June 2023	Attending Training on contemporary public administration management for Deputy Governors at Galilee International Management Institute	Israel	384,732
County Public Service Board	1	22 Mar to 18 Apr 2023	International training programme on Public Policy and governance	New Delhi - India	348,726
Gender	1	11 th to 29 th June 2022	Training on Children and Youth at Risk	ISRAEL	311,430
Governor's	1	21-25th May 2023	Participate in several high-level sessions focusing on the nexus of innovation & Global Health	Switzerland	184,607
County Assembly	1	21 st to 27 th Nov 2022	Benchmarking	Zanzibar	159,000
County Assembly	5	15 th to 21 st Dec 2022	Benchmarking	Dubai	104,915
County Assembly	1	26th November to 2nd December 2022	General assembly meeting	Cote D'Ivoire	87,537
Gender	1	11 th to 29 th June 2022	Training on Children and Youth at Risk	Israel	70,000
County Assembly	17	29 Jan to 04 Feb 2023	Benchmarking	Arusha	33,126
County Assembly	2	29 th June 2023	National Conference	USA	80,800
Lands	1	10 th to 29 th April 2022	2022 Ivlp on 'U.S. Approaches to Climate Change Challenges	USA	17,000
Grand Total					10,056,835

Source: Makeni County government

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 2 out of the 16 foreign trips sampled, delegates have surpassed the limit.

3.23.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.54 billion on development programmes, representing a decrease of 1.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.57 billion. The table 3.157 below summarises development projects with the highest expenditure in the reporting period.

Table 3.157: Makueni County, List of Development Projects with the Highest Expenditure

No	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
2.	Agriculture and Rural Development	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	Countywide	210,486,540	211,488,330	210,486,540	100
3.	Agriculture and Rural Development	Procurement of farm inputs- Provision of certified seeds - 5M per ward	Emali Mulala	130,690,110	150,000,000	130,690,110	100
4. w	Agriculture and Rural Development	Makueni County Fruit Processing Plant Development and Marketing Authority - AIA	Tulimani	60,000,000	60,000,000	60,000,000	100
5.	Agriculture and Rural Development	Makueni Fruit processing plant -Reconstituting Line andpackaging line operation-alisation	All	47,447,595	47,447,596	47,447,595	100
6.	Water &Sanitation	Desilting, Expansion, construction of treatment works of Nduku-ma Earth Dam andextension to Wote town - phase 1	kikumini/muvau	29,342,784	45,509,592	45,328,460	100
7.	Agriculture and Rural Development	Makueni Integrated Grain Value Chain Development Project	Masongaleni	18,913,464	19,220,350	18,913,464	100
8.	Agriculture and Rural Development	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP) matching grant	Countywide	12,662,575	11,555,455	12,662,575	100

No	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget Allocation (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
9.	Water & Sanitation	Athi Tunguni Water Project: Rehabilitation of existing water tanks at Tunguni and extension of water pipeline	K, North/Nguumo/Makindu	-	13,300,000	11,493,563	-
10.	Water & Sanitation	Development and Rehabilitation of Ngwata water pipeline project by KIMAWASCO - Masongaleni) - Phase 1	Masongaleni	-	10,000,000	9,995,794	-
11.	Agriculture and Rural Development	Co-operative development And Management		9,866,085	10,000,000	9,866,085	100

Source: Makueni County Treasury

3.23.11 Budget Performance by Department

Table 3.158 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.158: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Irrigation, Livestock, Fisheries and Co-operative Development	290.1	756.2	288.7	586.1	279.0	685.0	96.6	116.9	96.2	90.6
County Attorney's Office	14.5	-	10.6	-	13.5	-	126.9	-	93.2	-
County Public Service Board	74.0	-	70.9	-	71.6	-	101.0	-	96.7	-
County Secretary	487.5	-	487.3	-	483.0	-	99.1	-	99.1	-
Devolution, Public Participation, County administration and Special Programmes	294.6	11.6	294.1	4.8	292.5	9.3	99.5	193.9	99.3	80.8
Finance, Planning, Budget and Revenue	601.4	259.1	595.9	79.8	573.5	204.4	96.2	256.2	95.3	78.9
Gender, Children, Youth, Sports and Social Services	85.1	90.7	84.7	71.8	84.2	79.6	99.5	110.7	98.9	87.7
Health Services	3,398.7	588.1	3,025.3	271.6	3,344.1	337.4	110.5	124.2	98.4	57.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
ICT, Education and Internship	464.8	210.4	447.7	178.2	452.1	154.3	101.0	86.6	97.3	73.3
Infrastructure, Transport, Public Works and Energy	164.8	543.8	153.8	450.9	159.1	458.8	103.5	101.8	96.6	84.4
Lands, Urban Planning and Development, Environment and Climate change	116.8	108.7	115.7	82.0	114.4	74.5	98.9	90.9	98.0	68.6
Office of Deputy Governor, County Administration and Intergovernmental Relations	55.3	-	53.6	-	50.8	-	94.9	-	91.9	-
Office of Governor	195.8	-	189.3	-	184.0	-	97.2	-	94.0	-
Sand Authority	67.8	34.1	55.3	29.0	44.7	34.1	80.9	117.6	66.0	100.0
Trade, Marketing, Industry, Culture and Tourism	89.0	18.5	88.5	12.3	83.4	14.1	94.3	115.4	93.8	76.5
Water and sanitation	129.9	543.4	124.3	397.5	126.9	333.5	102.1	83.9	97.7	61.4
Wote Municipality	40.4	73.9	38.4	2.3	38.4	66.5	100.1	2,842.6	95.2	90.0
County Assembly	915.5	40.2	914.9	20.2	914.6	19.3	100.0	95.6	99.9	47.9
Total	7,486	3,279	7,039	2,187	7,310	2,471	103.9	113.0	97.6	75.4

Source: Makueni County Treasury

Analysis of expenditure- by department shows that the Sand Authority recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Agriculture, Irrigation, Livestock, Fisheries and Co-operative Development at 90.6 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.9 per cent, while the Sand Authority had the lowest at 66 per cent.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 3.159 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.159: Makueni County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock & Fisheries							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	262,316,072	309,903,648	252,317,060	290,236,514	96	94
Programme 2: Land, Crop development & productivity	SP2. 1 Land, Crop development & productivity	2,815,540	276,257,513	2,702,579	259,790,843	96	94
Programme 3: Agribusiness and information management	SP3. 1 Agribusi- ness and informa- tion management	6,219,041	108,896,145	5,969,530	85,236,900	96	78

Programme	Sub Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 4: Livestock Production, Management and Development	SP4. 1 Livestock Production, Management and Development	18,744,480	50,180,102	17,9 92,442	39,835,511	96	79
Programme 5: Co-operative development And Management	SP5. 1 Co-operative development And Management	-	10,985,128	-	9,866,085	-	90
Total Budget		290,095,132	756,222,536	278,981,611	684,965,852	96	91
Transport & Infrastructure							
Programme 1: General administration & planning	SP1. 1 General administration & planning	108,939,813	-	105,211,969	-	97	-
Programme 2: Road transport	SP2. 1 Road transport	26,878,560	443,442,119	25,958,794	374,167,171	97	84
Programme 3: Infrastructure development	SP3. 1 Infrastructure development	6,279,000	14,412,573	6,064,137	12,161,027	97	84
Programme 2: Energy Infrastructure & Development	SP4. 1 Energy Infrastructure & development	22,675,697	85,923,876	21,899,751	72,500,767	97	84
Total Budget		164,773,071	543,778,568	159,134,651	458,828,965	97	84
Trade, Industry & Co-operatives							
Programme 1: General administration & planning	SP1. 1 General administration & planning	73,947,348	-	73,052,537	1,471,733	99	-
Programme 2: Trade development & promotion	SP2.4; Trade marketing & promotion	6,505,670	12,531,836	3,082,634	9,225,076	47	74
Programme 3: Industrial development and Promotion	SP3. 1 Industrial development and Promotion	350,000	-	300,000	349,500	86	-
Programme 4: Tourism development & promotion	SP4. 1 Tourism development & promotion	350,000	3,940,000	332,000	3,102,807	95	79
Programme 5: Co-operative development And Management	SP4. 1 Co-operative development And Management	7,822,737	2,031,500	6,680,000	-	85	-
Total Budget		88,975,755	18,503,336	83,447,171	14,149,116	94	76
Land, Physical Planning & Mining							
Programme 1: General administration & planning	SP1. 1 General administration & planning	72,377,867	-	71,566,714	-	99	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 2: LandSurvey & Mapping	SP2. 1: LandSur- vey & Mapping	3,670,000	27,082,523	2,571,919	14,041,751	70	52
Programme 3: Urban planning	SP3. 1 Urban planning	3,075,000	19,708,254	2,701,168	16,883,193	88	86
Programme 4: Mining mapping & development	SP4. 1 Mining mapping & devel- opment	900,000	-	898,300	-	100	-
Programme 5: Environment management andprotection	SP 5.1 Environ- ment manage- ment andprotec- tion	36,758,500	61,940,301	36,681,235	43,618,647	100	70
Wote Municipality							
Programme 1: Wote Muni- cipality	SP 1.1 Wote Mu- nicipality	40,396,365	73,893,771	38,447,317	66,515,564	95	90
Total Budget		157,177,732	182,624,849	152,866,653	141,059,155	97	77
Water and sanitation							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	116,964,207	9,500,000	113,969,725	9,019,100	97	95
Programme 2: Water Infrastruc- ture Development	SP 2.1 Water harvesting and- storage	7,482,719	139,690,265	7,482,719	86,569,920	100	62
	SP 2.2. Piped water supply infrastructure	1,681,127	299,067,932	1,681,127	151,139,173	100	51
	SP2.3 Groundwa- ter development	3,810,000	95,165,005	3,810,000	86,752,516	100	91
Total Budget		129,938,053	543,423,202	126,943,570	333,480,708	98	61
Sand Authority							
Programme 1: General ad- ministration & planning	SP 1.1: General Administration & Planning	67,804,536	34,118,448	44,720,392	34,118,448	66	100
Total Budget		67,804,536	34,118,448	44,720,392	34,118,448	66	100
Education & ICT							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	399,775,306	-	396,102,486	-	99	-
Programme 2: Early childhood education	SP1. 1 Early child- hood education	10,569,289	110,803,859	7,459,029	79,998,016	71	72
Programme 3: Technical training & non-formal education	SP1. 1 Tech- nical training & non-formal education	1,116,429	67,727,853	1,116,429	55,313,736	100	82
Programme 4: Support to edu- cation	SP1. 1 Support to education	16,302,743	11,646,000	14,923,142	3,168,400	92	27

Programme	Sub Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 5: ICT Infrastruc- ture & Systems Development	SP3. 1 ICT Infrastructure & Systems Develop- ment	37,016,988	20,226,490	32,501,400	15,820,408	88	78
Total Budget		464,780,755	210,404,202	452,102,486	154,300,560	97	73
Health							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	2,994,362,379	576,052,630	2,993,567,341	326,841,266	100	57
Programme 2: Curative health care services	SP2. 1: Cura- tive health care services	235,312,800	-	227,138,933	-	97	-
Programme 3: Preventive and Promotive health care services	SP3. 1 Preventive and Promotive healthcare ser- vices	168,990,001	12,000,000	123,345,257	10,560,488	73	88
Total Budget		3,398,665,181	588,052,630	3,344,051,532	337,401,754	98	57
Gender & Social Services							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	66,810,744	-	66,093,356	-	99	-
Programme 2: Gender & Social Development	SP2. 1 Gender & Social Develop- ment	14,815,835	15,338,100	14,656,748	13,453,222	99	88
Programme 3: Youth Develop- ment Support & Empowerment	SP3. 1 Youth Development	1,999,760	20,719,400	1,978,287	18,173,222	99	88
Programme 2: Sports Develop- ment	SP4. 1 Sports Development	1,500,000	54,639,508	1,483,894	47,924,936	99	88
Total Budget		85,126,339	90,697,008	84,212,285	79,551,380	99	88
County Attorney							
Programme 1: Legal & advisory services	SP1. 1 Legal & advisory services	14,463,198	-	13,475,016	-	93	-
Total Budget		14,463,198	-	13,475,016	-	93	-
County Secretary							
Programme 1: Leadership and Coordination of departments.	SP1. 1 Leadership and Coordination of departments.	487,485,416	-	482,994,376	-	99	-
Total Budget		487,485,416	-	482,994,376	-	99	-
Governorship							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	251,098,282	-	234,880,923	-	94	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Total Budget		251,098,282	-	234,880,923	-	94	-
Devolution & Public Service							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	273,448,389	4,251,693	272,662,307	2,034,973	100	48
Programme 2: Public Partici- pation & Civic Education	SP2. 1: Public Participation & Civic Education	17,862,500	7,299,197	16,862,500	7,299,196	94	100
Programme 4: Enforcement andcompliance	SP4. 1 Enforce- ment andcompli- ance	3,304,420	-	3,004,420	-	91	-
Total Budget		294,615,309	11,550,890	292,529,227	9,334,169	99	81
County Public Service Board							
Programme 1: General Admin- istration and Planning	SP1.1: General Administration and Planning	74,013,066	-	71,568,575	-	97	-
Total Budget		74,013,066	-	71,568,575	-	97	-
Finance & Socio-Economic Planning							
Programme 1: General ad- ministration & planning	SP1. 1 General administration & planning	446,574,895	259,145,849	430,574,895	204,381,487	96	79
Programme 2: Public Financial Management	SP2.1 Accounting services	8,425,441	-	7,605,695	-	90	-
	SP2.2; Budget formulation, coordination And Management	43,196,870	-	40,468,995	-	94	-
	SP2.3; Internal audit services	4,500,000	-	4,020,000	-	89	-
	SP2.4; Resource mobilisation	51,628,260	-	47,563,130	-	92	-
	SP2.5; Supply chain manage- ment services	7,058,475	-	5,776,136	-	82	-
	SP2.6; Economic planning	40,049,473	-	37,447,494	-	94	-
Total Budget		601,433,414	259,145,849	573,456,344	204,381,487	95	79
County Assembly							
Legislation & Oversight	Legislation & Oversight	915,541,316	40,233,812	914,919,686	20,182,287	100	50
Grand Total		7,485,986,554	3,278,755,329	7,310,284,497	2,471,753,880	98	75

Source: Makueni County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General administration and planning in the Department of Devolution & Public Service at 99 per cent, Leadership

and coordination of departments in the Department of County Secretary at 99 per cent, Legislation & Oversight in the County Assembly at 98 per cent, and General Administration and Planning in County Public Service Board at 97 per cent of budget allocation.

3.23.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 8th August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.155, where the County incurred expenditure over approved exchequer issues in several departments. However, some expenditures above exchequer issues rose from unspent balances from additional allocations in special purpose accounts.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Makueni County (Assembly) State and Public Officers Car Loan and Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.415.87 million as of 30th June 2023.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.356.42 million were processed through the manual payroll, accounting for 9.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. The underperformance of own-source revenue at Kshs.418.75 million against an annual projection of Kshs.670 million, representing 62.5 per cent of the annual target.
7. High wage bill, which accounted for 42.1 per cent of the revenue for FY 2022/23 of Kshs.10.46 billion during the reporting period, thus constraining funding to other programmes.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure County Assembly Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
7. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.24 County Government of Mandera

3.24.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.12.71 billion, comprising Kshs.4.29 billion (33.7 per cent) and Kshs.8.43 billion (66.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented a decrease of 4.3 per cent compared to the previous financial year when the approved budget was Kshs.13.28 billion and comprised of Kshs.5.44 billion towards development expenditure and Kshs.7.84 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.11.19 billion (88 per cent) as the equitable share of revenue raised nationally, generate Kshs.290.44 million (2.3 per cent) from its own sources of revenue, Kshs.326.18 million (2.6 per cent) as additional allocations, and a cash balance of Kshs.906.85 million (7.2 per cent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.160

3.24.2 Revenue Performance

In FY 2022/23, the County received Kshs.11.19 billion as the equitable share of the revenue raised nationally, raised Kshs.122.53 million as own-source revenue, Kshs.311.68 million as additional allocations, and had a cash balance of Kshs.906.85 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.12.53 billion, as shown in Table 3.126:

Summary of Budget and Expenditure by Economic Classification.

Table 3.160: Mandera County, Revenue Performance in FY 2022/23

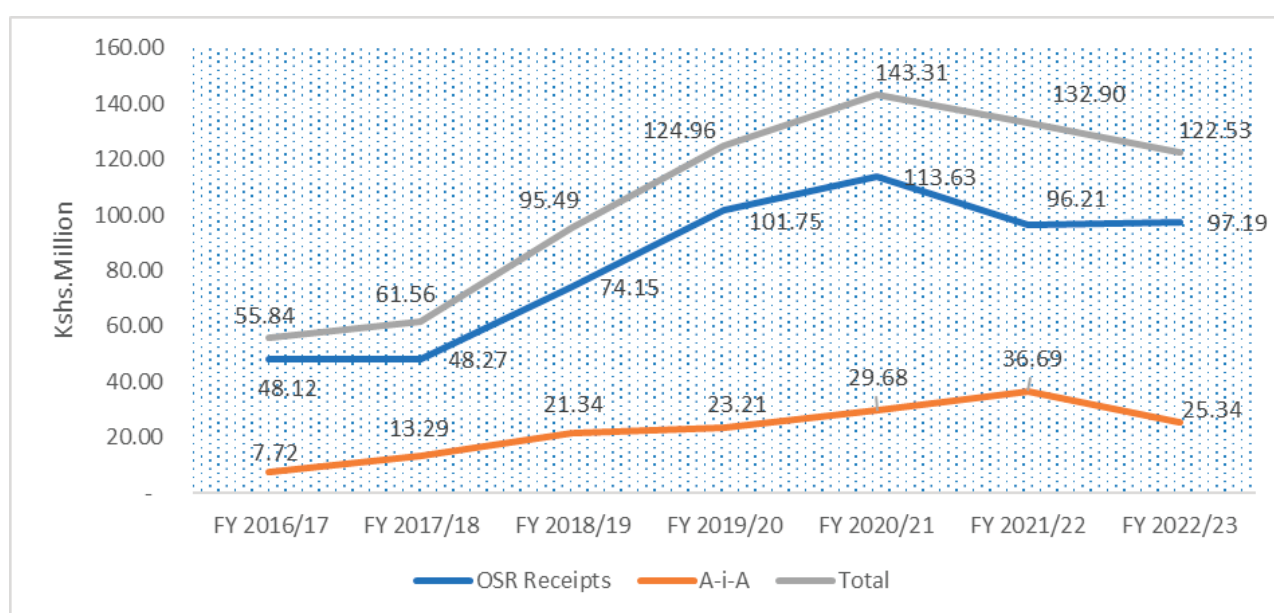
S/No.	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,190,382,598	11,190,382,598	100.0
	Sub Total	11,190,382,598	11,190,382,598	100.0
B	Additional allocations			
1	Sweden -Agricultural Sector Development Support Program (ASDSP) II - Co-Funding	20,314,865	8,024,024	39.5
2	World Bank/Japan Funding for Health Sector - Transforming Health care - Universal Health	54,721,395	54,721,395	100.0
3	DANIDA Funding for Health sector - Primary Health care - Universal Health	32,885,438	32,885,438	100.0
4	Kenya Climate-Smart Agriculture Project (NEDI)	81,191,951	81,191,951	100.0
5	World Bank Emergency Locust Response Project (ENRP)	91,274,250	89,064,015	97.6
6	FLOCCA County Climate Institutional Support Grant	22,000,000	22,000,000	100.0
7	Kenya Urban and Institutional Grant KUSP	2,339,915	2,339,914	100.0
8	Kenya Urban and Institutional Grant balances from FY 2021/22	21,451,158	21,451,158	100.0

S/No.	Revenue Category	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		326,178,972	311,677,895	95.6
C	Other Sources of Revenue			
1	Own-Source Revenue	290,436,786	122,528,934	42.2
2	Balance from FY2021/22	906,845,632	906,845,632	100.0
Sub Total		1,197,282,418	1,029,374,566	86.0
Grand Total		12,713,843,988	12,531,435,059	98.6

Source: Mandera County Treasury

Figure 70 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23..

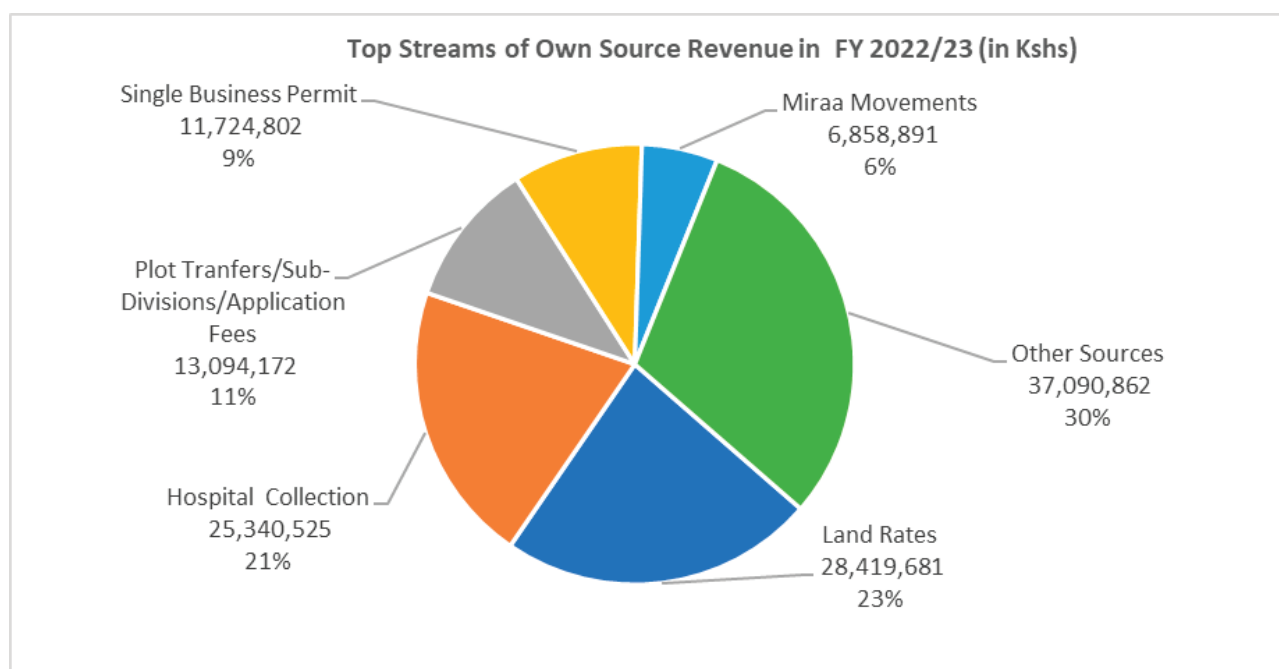
Figure 70: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Mandera County Treasury

In FY 2022/23, the County generated a total of Kshs.122.53 million from its own sources of revenue. This amount represented a decrease of 7.8 per cent compared to Kshs.132.9 million realised in FY 2021/22 and was 42.2 per cent of the annual target and 1.1 per cent of the equitable revenue share disbursed during the period.

Figure 71: Top Streams of Own Source Revenue in FY 2022/23



Source: Mandera County Treasury

The highest revenue stream of Kshs.28.42 million was from Land Rates, contributing to 23 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.25.34 million, representing 21 per cent of the overall OSR in FY 2022/23.

3.24.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.11.93 billion from the CRF account during the reporting period. This amount comprised Kshs.3.7 billion (31 per cent) for development programmes and Kshs.8.23 billion (69 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.99 billion was released towards employee compensation, and Kshs.4.24 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.525.77 million.

3.24.4 County Expenditure Review

The County spent Kshs.11.86 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.4 per cent of the total funds released by the CoB and comprised of Kshs.3.66 billion and Kshs.8.2 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 85.3 per cent. In contrast, recurrent expenditure represented 97.3 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.5.12 billion, comprising Kshs.82.31 million for recurrent expenditure and Kshs.5.03 billion for development activities. During the year, pending bills amounting to Kshs.2.90 billion were settled, all for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.3.09 billion.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.63 billion on employee compensation, Kshs.3.68 billion on operations and Maintenance , and Kshs.3.61 billion on development activities. Similarly, the County Assembly spent Kshs.355.73 million on employee compensation, Kshs.529.42 million on operations and Maintenance , and Kshs.42.17 million on development activities, as shown in Table 3.128:.

Table 3.161: 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	7,483,965,578	943,795,562	7,313,313,267	885,157,163	97.7	93.8
Compensation to Employees	3,630,832,497	434,733,894	3,630,832,497	355,733,900	100.0	81.8
Operations and Maintenance	3,853,133,081	509,061,668	3,682,480,770	529,423,264	95.6	104.0
Development Expenditure	4,067,534,702	218,548,145	3,614,483,436	42,165,240	88.9	19.3
Total	11,551,500,281	1,162,343,707	10,927,796,704	927,322,403	94.6	79.8

Source: Mandera County Treasury

3.24.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.99 billion, or 31.8 per cent of the revenue for FY 2022/23 of Kshs.12.53 billion. This expenditure represented an increase from Kshs.3.3 billion reported in FY 2021/22. The wage bill included Kshs.1.7 billion paid to health sector employees, translating to 42.7 per cent of the total wage bill. The increase in wage bill is attributed to the recruitment of new staff and Promotions across all departments of the County.

Further analysis indicates that PE costs amounting to Kshs.3.71 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.280.76 million was processed through manual payrolls. The manual payrolls accounted for 7 per cent of the total PE cost.

The County Assembly spent Kshs.15.20 million on committee sitting allowances for the 51 MCAs and the Speaker against the annual budget allocation of Kshs.22.34 million. The average monthly sitting allowance was Kshs.25,339 per MCA. The County Assembly has established 22 Committees.

3.24.8 County Emergency Fund and County-Established Funds

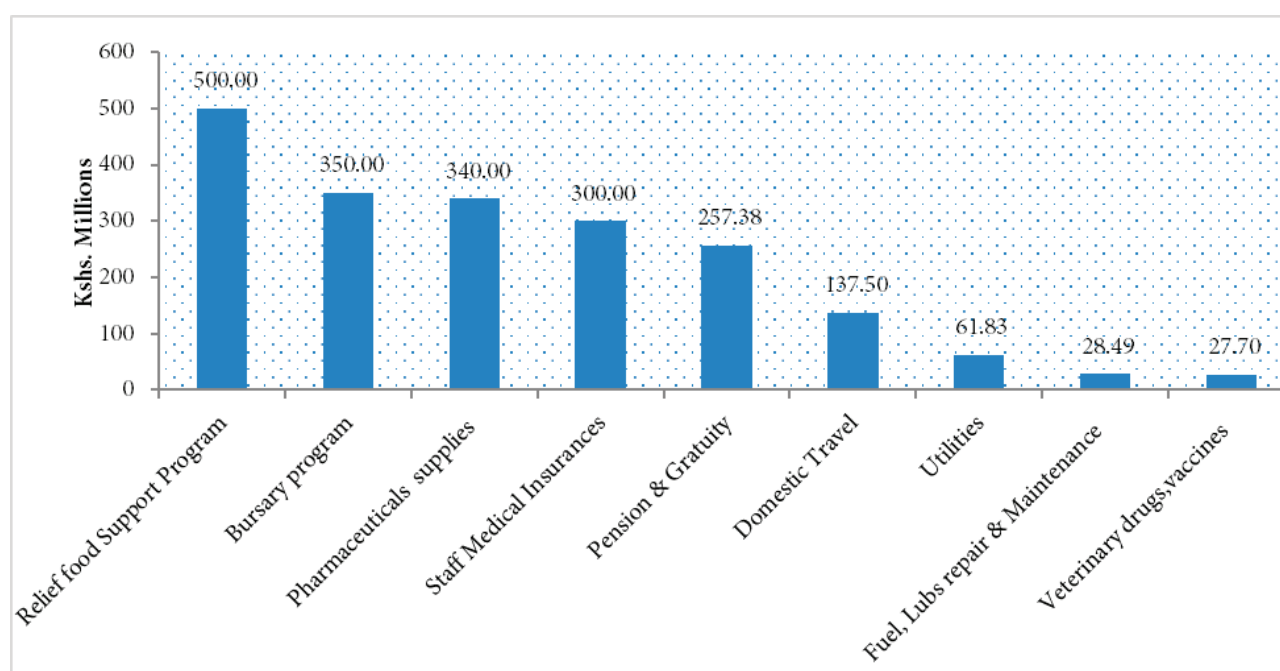
Section 116 of the PFM Act, 2012, allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.350 million to Bursary Fund in FY 2022/23, constituting 2.8 per cent of the County's overall budget. However, the Fund Administrator of the Bursary Fund did not submit the Financial Statements as of 30th June 2023 to the OCoB, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.24.9 Expenditure on Operations and Maintenance

Figure : 72 summary of operations and Maintenance expenditure by major categories.

Figure 72: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

During the period, expenditure on domestic travel amounted to Kshs.137.5 million and comprised of Kshs.70.01 million spent by the County Assembly and Kshs.67.43 million by the County Executive. Expenditure on foreign travel amounted to Kshs.18.64 million and comprised of Kshs.16.05 million by the County Assembly and Kshs.2.59 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.162 below -

Table 3.162: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Mandera	11	2 - 5 May 2023	House leadership member on official duty to Dubai	Dubai	5,748,435
County Assembly of Mandera	Tuition Fees	2 - 8 July 2023	Official duty to Arusha Tanzania to attend a Bespoke session on legal and legislative drafting and leadership	Arusha, Tanzania	2,983,798

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly of Mandera	4	25th to 30th April 2023	Attending a workshop on essentials of leadership in public sector management and administration	Istanbul, Turkey	2,169,720
County Assembly of Mandera	Tuition Fees	2 - 5 May 2023	House leadership member on official duty to Dubai	Dubai	1,573,308
County Assembly of Mandera	Tuition Fees	25th to 30th April 2023	Attending a workshop on essentials of leadership in public sector management and administration	Istanbul, Turkey	1,566,000
County Assembly of Mandera	2	5th to 10th April 2023	Attending Animal Husbandry at Jigjiga Ethiopia	Ethiopia, Jigjiga	868,320
County Assembly of Mandera	2	2 - 8 July 2023	Official duty to Arusha Tanzania to attend a Bespoke session on legal and legislative drafting and leadership	Arusha, Tanzania	798,945
County Assembly of Mandera	1	25th June - 1st July 2023	Official duty to Thailand for a legislative summit	Thailand	337,120
Total					16,045,646

Source: Mandera County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 1 out of the 8 foreign trips sampled, delegates have surpassed the limit.

3.24.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.66 billion on development programmes, representing a decrease of 9.2 per cent compared to FY 2021/22 when the County spent Kshs.4.03 billion. Table 3.163 summarises development projects with the highest expenditure in the reporting period.

Table 3.163: Mandera County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture	Proposed Completion of Regional Live-stock	Mandera East	289,335,728	40,000,000	276,335,728	95.5
2	Agriculture	Construction of Slaughter House in Elwak	Elwak	104,959,824	30,252,033	83,762,213	79.8
3	Water Services	Construction Of 60,000M3 Earth Pan at Qorobo Saglan	Dandu	30,499,460	30,499,460	28,500,000	93.4

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
4	Water Services	Proposed Construction 60,000M3 Earth Pan at Dadach Dheera In Mandera West Sub County	Mandera West	30,900,000	31,000,000	25,900,000	83.8
5	Water Services	Proposed Construction of 30,000M3 Earth Pan at Adala Dimtu Earth Pan in Mandera West Sub County	Mandera West	14,480,000	15,500,000	14,480,000	100
6	Water Services	Proposed Construction Of 60,000M3 Alungu Earth Pan	Lafey	32,147,000	32,147,000	13,500,000	42.0
7	Water Services	Proposed Construction Of 20,000 M3 Earth Pan at Fulaley In Lagsure In Mandera West	Mandera West	12,000,000	12,000,000	12,000,000	100
8	Water Services	Proposed Construction Of 60,000M3 Fino Earth Pan	Lafey	31,273,000	31,273,000	10,600,000	33.9
9	Water Services	Construction of Baaye Earthpan	Banisa	31,075,000	31,075,000	8,600,000	27.7
10	Water Services	Construction of 20,000M3 Maari Dhanaba Earth Pan	Dandu	9,998,465	10,000,000	8,500,000	85.0

Source: Mandera County Treasury

3.24.11 Budget Performance by Department

Table 3.164 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.164: Mandera County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	943.80	218.55	885.16	42.17	885.16	42.17	100.0	100.0	93.8	19.3
Agriculture Live- stock and Fisheries	309.56	451.80	307.52	384.34	307.52	359.19	100.0	93.5	99.3	79.5
Education, Culture and Sports	788.22	197.42	787.10	122.42	787.10	133.32	100.0	108.9	99.9	67.5
Gender, Youth and Social Service	596.94	38.74	596.39	38.74	596.39	38.74	100.0	100.0	99.9	100.0
Finance	376.50	61.78	379.07	55.10	376.23	51.70	99.3	93.8	99.9	83.7
Health Services	2,404.61	436.17	2,284.98	354.07	2,278.56	342.17	99.7	96.6	94.8	78.4
Trade, Investments, Industrializations and Cooperative Development	56.99	28.09	53.94	7.59	53.94	7.59	100.0	100.0	94.6	27.0
Lands, Housing and Physical Plan- ning	84.12	526.85	82.62	522.28	82.22	522.28	99.5	100.0	97.7	99.1
Office of the Gov- ernor	461.07	-	452.93	-	452.93	-	100.0	-	98.2	-
County Public Service Board	69.53	45.79	69.52	31.99	69.52	29.99	100.0	93.7	100.0	65.5
Public Service, Management and- Devolved Unit	1,773.04	17.80	1,759.24	17.80	1,759.24	17.80	100.0	100.0	99.2	100.0
Public Works Roads and Trans- port	182.19	739.31	181.64	639.92	181.64	638.34	100.0	99.8	99.7	86.3
Water, Environ- ment and Natural Resources	381.18	1,523.77	387.62	1,486.08	368.02	1,473.36	94.9	99.1	96.5	96.7
Total	8,427.76	4,286.08	8,227.73	3,702.51	8,198.47	3,656.65	99.6	98.8	97.3	85.3

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Gender and Public Service Management recorded the highest absorption rate of development budget at 100 per cent, followed by the Department of Lands at 99.1 per cent. The Department of Public Service Board had the highest percentage of recurrent expenditure to budget at 100 per cent, while the County Assembly had the lowest at 93.8 per cent.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 3.165 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.165: Mandera County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate
			A	B	C=A-B	D=B/A*100
Agricultural and Livestock Sector Development	Administrative Services	General Administration, Planning and Support Services	135,157,471	133,228,478	1,928,993	98.6
	Livestock management	Livestock Resources Management and Development	158,064,900	158,014,900	50,000	100.0
	Crop Management	Crop Development and Management	463,645,783	370,963,967	92,681,816	80.0
	Flood control	Irrigation Infrastructure Development	4,500,000	4,498,750	1,250	100.0
		Sub Total	761,368,154	666,706,095	94,662,059	87.6
Trade, Industrialization and Cooperative Development	Administrative Services	General administration planning and Support Services	41,218,085	38,165,312	3,052,773	92.6
	Market development	Trade Development and Promotion	36,842,667	16,342,667	20,500,000	44.4
		Cooperative Development	7,020,000	7,020,000	-	100.0
		Sub Total	85,080,752	61,527,979	23,552,773	72.3
Gender Youth and Social Services	Administrative Services	General administration, planning and support services	34,868,581	34,358,657	509,925	98.5
	Youth Affairs	Youth Development	4,978,900	4,966,500	12,400	99.8
	Gender and Social Services	Social Services	75,832,480	75,805,809	26,671	100.0
	Special Programme	Special programs & disaster management	520,000,000	519,998,750	1,250	100.0
		Sub Total	635,679,961	635,129,716	550,246	99.9
Education	Administrative Services	General Administration, Planning and Support Services	774,224,398	773,099,360	1,125,038	99.9
	Early Childhood Development Education (ECDE)	Early Childhood Education	211,417,921	147,317,885	64,100,036	69.7
		Vocational Education and Training	-	-	-	-
		Sub Total	985,642,319	920,417,245	65,225,074	93.4

Programme	Sub-Programme	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate
			A	B	C=A-B	D=B/A*100
Finance and Planning Services	Administrative Services	General administration planning and Support Services	376,504,748	376,233,725	271,023	99.9
	Financial Services	Public Finance Management	61,780,000	51,700,000	10,080,000	83.7
	Fiscal Planning	Fiscal Formulation	-	-	-	-
		Sub Total	438,284,748	427,933,725	10,351,023	97.6
Health Services	Administrative Services	General administration planning and Support Services	1,773,676,734	1,682,085,221	91,591,513	94.8
	Medical Services	Curative Health Services	935,924,104	853,822,216	82,101,888	91.2
	Public health and sanitation	Promotive Health Services	131,186,458	84,826,152	46,360,306	64.7
		Sub Total	2,840,787,296	2,620,733,589	220,053,707	92.3
Physical Planning and Urban Development	Administrative Services	General administration planning and Support Services	62,845,182	60,960,762	1,884,420	97.0
	Lands survey and Mapping	Lands and Physical Planning Services	14,528,615	14,512,483	16,132	99.9
	Housing	Urban Development Services	533,601,158	529,026,690	4,574,468	99.1
		Sub Total	610,974,955	604,499,935	6,475,020	98.9
Office of the Governor and the Deputy Governor	Administrative Services	General administration planning and Support Services	461,069,123	452,928,615	8,140,507	98.2
		Sub Total	461,069,123	452,928,615	8,140,507	98.2
County Public Service Board	Administrative Services	General administration planning and Support Services	69,534,470	69,522,112	12,358	100.0
		Physical Infrastructure	45,793,535	18,553,935	27,239,600	40.5
		Sub Total	115,328,005	88,076,047	27,251,958	76.4
County Public Service Management	Administrative Services	General administration planning and Support Services	1,773,042,099	1,770,682,948	2,359,151	99.9
	Physical Infrastructure	Physical Infrastructure Development	17,800,000	17,800,000	-	100.0
		Sub Total	1,790,842,099	1,788,482,948	2,359,151	99.9

Programme	Sub-Programme	Description	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate
			A	B	C=A-B	D=B/A*100
Roads, Transport and Works Services	Administrative Services	General administration planning and Support Services	147,470,414	145,343,447	2,126,967	98.6
	County roads	Road Transport Infrastructure Development	704,227,080	622,739,703	81,487,377	88.4
	Public works	Public Works	69,799,287	51,900,000	17,899,287	74.4
		Sub Total	921,496,781	819,983,150	101,513,631	89.0
Water and Natural Resources Management	Administrative Services	General administration planning and Support Services	178,591,049	176,442,094	2,148,955	98.8
	Water Supply Services	Water services	1,692,775,038	1,655,074,460	37,700,578	97.8
	Energy	Energy and Natural Resources	6,580,000	6,580,000	-	100.0
	Environmental Protection	Environment and Climate Change	27,000,000	3,281,105	23,718,895	12.2
		Sub Total	1,904,946,087	1,841,377,659	63,568,428	96.7
County Assembly	Legislation and Representation	Administration and Planning	943,795,562	885,157,163.25	58,638,399	93.8
		Physical Infrastructure	218,548,145	42,165,240.00	176,382,905	19.3
		Sub Total	1,162,343,707	927,322,403	235,021,304	79.8
		Grand Total	12,713,843,988	11,855,119,107	858,724,881	93.2

Source: Mandera County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration Services in the Department of Administration at 100 per cent, Youth Development programmes in the Department of Youth at 100 per cent, Infrastructure Equipment in the Department of Lands at 99.1 per cent, Water Storage structures in the Department of Water at 97.5 per cent of budget allocation.

3.24.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The complete financial reports were submitted on 2nd August 2023.
2. The underperformance of own-source revenue at Kshs.122.53 million against an annual projection of Kshs. 290.44 million, representing 42.2 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.164 where the County incurred expenditure over approved exchequer issues in several departments.
4. Failure by the Fund Administrator to submit quarterly financial and non-financial reports to the COB,

which is against the requirement of Section 168 of the PFM Act, 2012. The report for the Bursary Fund was not submitted to the Controller of Budget.

5. High level of pending bills which amounted to Kshs.3.09 billion as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.525.77 million at the end of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.280.76 million were processed through the manual payroll, accounting for 7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.25 County Government of Marsabit

3.25.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.8.83 billion, comprising Kshs.3.79 billion (43.0 per cent) and Kshs.5.03 billion (57.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 5.3 per cent compared to the previous financial year when the approved budget was Kshs.9.33 billion and comprised of Kshs.4.59 billion towards development expenditure and Kshs.4.75 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.28 billion (82.4 per cent) as the equitable share of revenue raised nationally, Kshs.738.98 million (8.4 per cent) as additional allocations, a cash balance of Kshs.646.69 million (7.3 per cent) from FY 2021/22, and generate Kshs.170 million (1.9 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.166.

The cash balance from the previous financial year comprised Kshs.64.53 million, which was swept to the CRF at the end of the financial year, and Kshs.582.16 million as the balance in the CRF account at the Central Bank of Kenya.

3.25.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.28 billion as the equitable share of the revenue raised nationally, Kshs.74.98 million as A-I-A, Kshs.348.02 million as additional allocations, had a cash balance

of Kshs.646.69 million from FY 2021/22, Kshs.74.98 million as Appropriation in Aid (A-I-A) and raised Kshs.58.57 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.41 billion, as shown in Table 3.166.

Table 3.166: Marsabit County, Revenue Performance in FY 2022/23

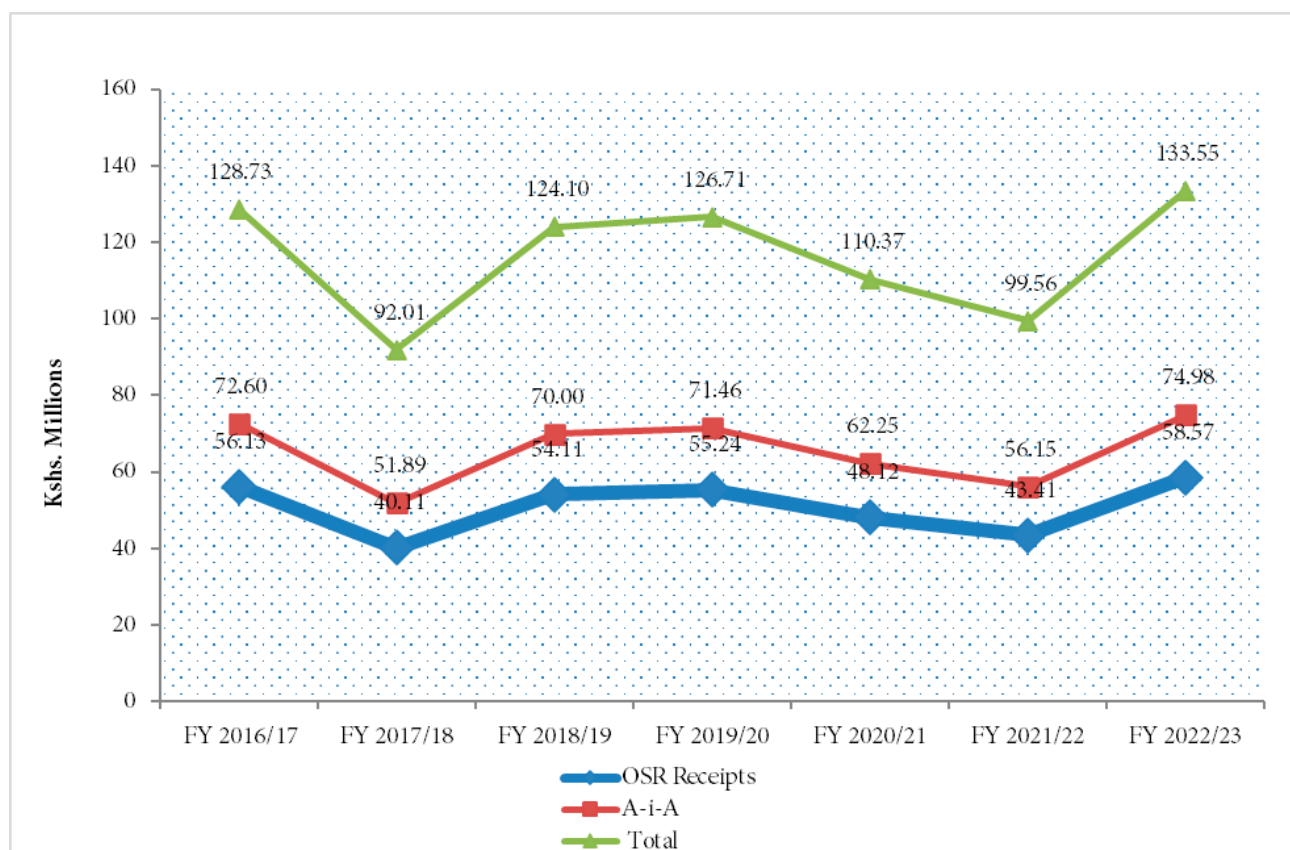
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,277,004,032	7,277,004,032	100.0
	Subtotal	7,277,004,032	7,277,004,032	100.0
B	Additional allocations			
1.	German Development Bank (KFW) Drought Resilience Programme In Northern Kenya (DRPNK)	387,000,000	145,038,664	37.5
2.	World Bank- Emergency Locust Response Project (ELRP)	93,873,850	91,600,665	97.6
3.	Conditional Grant - IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)	55,194,559	55,194,559	100.0
4.	IDA (World Bank) - Kenya Climate Smart Agriculture Project (KCSAP)-Unspent balance	38,483,480	-	-
5.	Conditional Grant - Emergency Locust Response Project - Unspent Balance	32,294,514	-	-
	Road Maintenance Fuel Levy Fund- Unspent Balance	30,161,903	-	-
6.	IDA (World Bank) Credit: Kenya Urban Support Project (KUSP)- Unspent Balance	18,628,694	-	-
7.	Sweden Agricultural Support Dev Support Programme (ASDSP)II	18,451,009	10,056,508	54.5
	EU Grant (U - Instrument for Devolution Advise and Support (IDEAS)	16,140,048	-	-
8.	DANIDA Grant - (Primary Health Care in Devolved Context)	14,273,800	21,787,875	152.6
9.	IDA (World Bank) credit: (Financing Locally-Led Climate Action (FLLoCA) Programme, County Climate Institutional Support (CCIS) Grant (level I)	11,000,000	22,000,000	200.0
10.	IDA (World Bank) Credit - (Transforming Health Systems for Universal Care Project) - Unspent Balance	7,510,357	-	-
11.	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Institutional Grants (UIG) - Unspent Balance	7,384,101	2,339,915	31.7
12.	IDA (World Bank) Credit: Kenya Devolution Support Project (KDSP) - Unspent Balance	7,184,483	-	-
13.	Conditional Grant - Rehabilitation of Village Polytechnics - Unspent Balance	1,159,347	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
14.	Sweden Agricultural Support Dev Support Programme (ASDSP)II - Unspent Balance	241,993	-	-
Subtotal		738,982,137	348,018,186	47.1
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	170,000,000	133,545,012	78.6
	Unspent balance from FY 2021/22	646,690,645	646,690,645	100
Sub Total		816,690,645	780,235,657	95.5
Grand Total		8,832,676,815	8,405,257,875	95.2

Source: Marsabit County Treasury

Figure 73 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

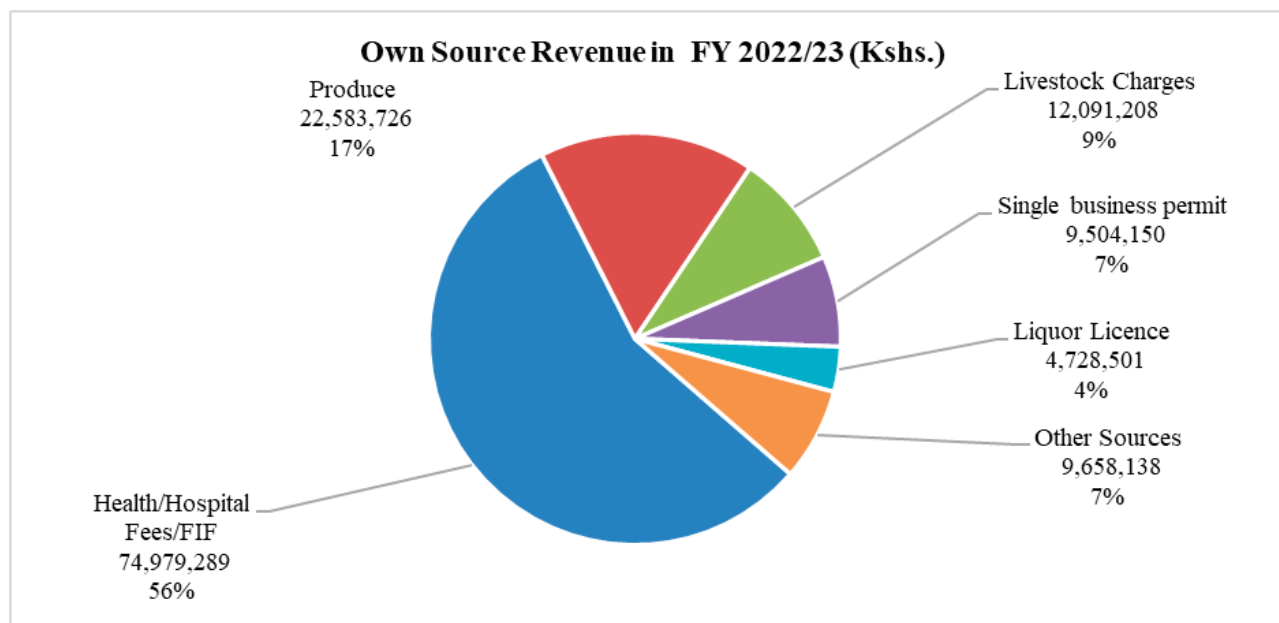
Figure 73: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Marsabit County Treasury

In FY 2022/23, the County generated a total of Kshs.133.55 million from its sources of revenue. This amount represented an increase of 34.1 per cent compared to Kshs.99.56 million realised in FY 2021/22. It was 78.6 per cent of the annual target and 1.8 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 74.

Figure 74: Top Streams of Own Source Revenue in FY 2022/23



Source: Marsabit County Treasury

The highest revenue stream of Kshs.22.58 million was from Produce, contributing 17 per cent of the total OSR receipts during the reporting period. Revenue from the Health sector amounted to Kshs.74.98 million, representing 56 per cent of the overall OSR in FY 2022/23.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.71 billion from the CRF account during the reporting period. The amount comprised Kshs.2.69 billion (35.0 per cent) for development programmes and Kshs.5.01 billion (65.0 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.01 billion was released towards Employee Compensation, and Kshs.1.99 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.513.53 million.

3.25.4 County Expenditure Review

The County spent Kshs.7.63 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.0 per cent of the total funds released by the CoB and comprised of Kshs.2.69 billion and Kshs.4.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 71.0 per cent. In contrast, recurrent expenditure represented 97.9 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

The county treasury reported outstanding pending bills of Kshs. 889.78 million as of 30th June 2023.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.80 billion on employee compensation, Kshs.1.26 billion on operations and Maintenance, and Kshs.2.61

billion on development activities. Similarly, the County Assembly spent Kshs.210.31 million on employee compensation, Kshs.656.66 million on operations and Maintenance , and Kshs.87.09 million on development activities, as shown below.

Table 3.167: 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	4,147,017,017	886,688,729	4,061,086,566	866,971,649	97.9	97.8
Compensation to Employees	2,963,571,733	208,962,747	2,802,607,909	210,314,562	94.6	100.6
Operations and Maintenance	1,183,445,284	677,725,982	1,258,478,657	656,657,087	106.3	96.9
Development Expenditure	3,455,665,633	343,305,435	2,611,693,365	87,088,443	75.6	25.4
Total	7,602,682,650	1,229,994,164	6,672,779,931	954,060,092	87.8	77.6

Source: Marsabit County Treasury

3.25.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.01 billion, or 35.8 per cent of the revenue for FY 2022/23 of Kshs.8.41 billion. This expenditure represented an increase from Kshs.2.80 billion reported in FY 2021/22. The wage bill included Kshs.1.39 billion paid to health sector employees, translating to 46.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.45 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.565.02 million was processed through manual payrolls. The manual payrolls accounted for 18.8 per cent of the total PE cost.

The County Assembly spent Kshs.15.59 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.30.0 million. The average monthly sitting allowance was Kshs.39,391 per MCA. The County Assembly has established 21 Committees.

3.25.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.508.85 million to county-established funds in FY 2022/23, constituting 5.8 per cent of the County's overall budget. Table 3.168 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.168: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Scholarship Fund	143,000,000	143,000,000	143,000,000	No.
1.	Emergency Fund	117,474,267	117,474,267	117,000,000	No.
2.	Car Loan and Mortgage- Executive	40,000,000	40,000,000	40,000,000	No.
County Assembly Established Funds					
1.	Car and mortgage loan scheme for members	164,208,000	150,924,000	150,924,000	No
1.	Car and mortgage loan scheme for staff	44,162,992	44,162,992	44,162,992	No
Total		508,845,259.00	495,561,259.00	495,086,992.00	

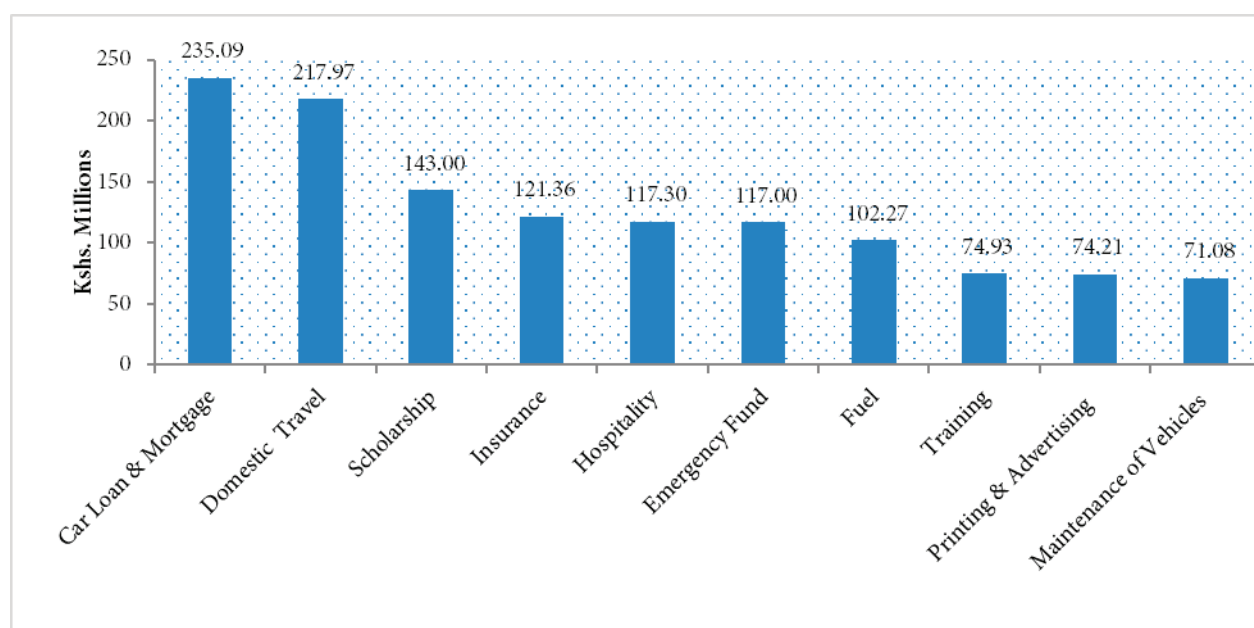
Source: Marsabit County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.138 Laikipia County, List of Development Projects with the Highest Expenditure, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.25.9 Expenditure on Operations and Maintenance

Figure 75 summarises the Operations and Maintenance expenditure by major categories..

Figure 75: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

During the period, expenditure on domestic travel amounted to Kshs.217.97 million and comprised Kshs.91.26 million spent by the County Assembly and Kshs.126.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.34.26 million and comprised Kshs.22.50 million by the County Assembly and Kshs.11.76 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.169.

Table 3.169: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	12	29 th May to 5 th June 2023	Corporate Governance and leadership skills	Dubai	5,755,880
County Assembly	9	5 th to 11 th June 2023	Corporate Governance and leadership skills	Dubai	5,460,330
County Assembly	10	1 st May to 7 th May 2023	Corporate Governance and leadership skills	Dubai	4,936,990
County Assembly	10	10 th May to 15 th May 2023	Corporate Governance and leadership skills	Malaysia	4,873,560

Source: Marsabit County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 4 out of the 4 foreign trips sampled, delegates have surpassed the limit.

3.25.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.69 billion on development programmes, representing a decrease of 16.8 per cent compared to FY 2021/22 when the County spent Kshs.3.25 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.170: Marsabit County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	
1	County Executive Services	Drought Mitigation Programme	Countywide	840,000,000	737,493,700	100
2	County Assembly of Marsabit	Construction of County Assembly modern chambers,	County Assembly of Marsabit Headquarters	85,004,032	87,088,443	90
3	Health	Construction of level four hospital at	Sololo makutano	483,369,790	37,074,932	75
4	Health	Tuition block for KMTC, MRH	Marsabit-Saku	40,984,397	40,984,397	50
5	Roads	Proposed upgrading of Loglogo Korr road	Laisamis Sub-county	18,103,917.	18,103,917	60
6	Roads	Proposed construction drainage slab at Sessi-Somare road	Moyale sub-county	17,743,971	17,743,971	100
7	Education	Food programmes at ECDE centres	Laisamis and North Horr	13,960,008	13,960,008	100
8	Health Services	Free Ambulance Programme	County Wide	30,000,000	12,784,000	80
9	Health	Sanitary Fittings and Civil Works Sololo-Hospital.	Moyale sub-county	21,300,131	7,455,045	90
10	Lands	Solar street lights for.	Marsabit municipal centre	4,000,000	4,000,000	100

Source: Marsabit County Treasury

3.25.11 Budget Performance by Department

Table 3.171 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23..

Table 3.171: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	886.69	343.31	866.97	89.47	866.97	87.09	100.0	97.3	97.8	25.4

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Execu- tive Services	553.50	840.00	552.68	759.07	546.29	765.84	98.8	100.9	98.7	91.2
Finance Man- agement Ser- vices	456.48	640.31	455.56	569.03	452.50	584.01	99.3	102.6	99.1	91.2
Agriculture, Livestock, Fish- eries	268.68	724.68	268.65	411.14	267.82	411.14	99.7	100.0	99.7	56.7
County Public Service	95.87	5.00	95.02	-	94.50	5.00	99.5	-	98.6	100.0
Education Youth Affairs	428.71	61.36	428.47	34.47	425.08	29.47	99.2	85.5	99.2	48.0
County Health Services	1,434.00	425.99	1,433.17	253.65	1,415.08	253.65	98.7	100.0	98.7	59.5
Administration and ICT	315.90	226.00	315.30	218.01	312.46	223.00	99.1	102.3	98.9	98.7
Physical Plan- ning & Develop- ment, Energy, Lands, Munici- pality	156.64	97.81	156.14	70.53	155.43	77.38	99.5	109.7	99.2	79.1
Public Works, Roads	114.15	125.16	113.74	94.22	104.63	94.22	92.0	100.0	91.7	75.3
Water, Environ- ment	154.06	280.35	153.85	189.18	129.05	156.59	83.9	82.8	83.8	55.9
Trade and In- dustry	82.85	9.00	82.46	-	81.86	6.80	99.3	-	98.8	75.5
Tourism, Cul- ture & Social Services	86.18	20.00	86.13	10.00	76.40	4.60	88.7	46.0	88.6	23.0
Total	5,033.71	3,798.97	5,008.14	2,698.78	4,928.06	2,698.78	98.4	100.0	97.9	71.0

Source: Marsabit County Treasury

Analysis of expenditure- by department shows that the Department of County Public Service recorded the highest absorption rate of development budget at 100.0 per cent, followed by the Department of Administration and ICT at 98.7 per cent. The Department of Agriculture, Livestock, and Fisheries had the highest percentage of recurrent expenditure to budget at 99.7 per cent, while the Department of Water and Environment had the lowest at 83.8 per cent.

3.25.12 Budget Execution by Programmes and sub-programmes

Table 3.172 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.172: Marsabit County, Budget Execution by Programmes and sub-programmes

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
County Assembly							
General Admin- istration Support Services	SP 1.1 salaries and allowances for employees andMCAs	217,962,747.00	-	217,962,747	-	100.0	-
	SP 1.2 Employer Contribution to Pension	7,350,000.00	-	7,350,000.00	-	100.0	-
	SP 1.2 Hospi- tality, Cater- ing services, donations and- gifts, boards, committees, conference andseminars	41,400,000.00	-	34,857,715.00	-		-
	SP 1.3 Domestic payables from previous finan- cial years	44,162,996.00	-	44,162,996.00	-	100.0	-
Legisla- ture and Over- sight	SP2.1Domestic andforeign accommoda- tion, air travels anddaily subsis- tence allowance	118,257,475.00	-	118,257,475.00	-	100.0	-
	SP2.2ICT, Hansard and Communica- tion equipment	9,500,000.00	-	9,500,000.00	-	100.0	-
	SP2.3Mortgage & Car Loansand tax	164,208,000.00	-	150,924,000.00	-	91.9	-
	SP2.4Staff Trainings and Development and Tuitions	39,945,818.00	-	39,945,818.00	-	100.0	-
County As- sembly Infra- struc- ture Im- prove- ment	SP 3.12 Mainte- nance of motor vehicle	8,000,000.00	-	8,000,000.00	-	100.0	-

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
	SP 3.13 Purchase of furniture and general equipment	1,500,000.00	-	1,500,000.00	-	100.0	-
	SP 3.14 Construction of County Assembly Headquarters and modern chambers, purchase of land for speaker's residence, construction and equipping of ward offices	-	343,305,435.00	-	87,088,443.00	-	25.4
	SP 3.15 Improvement of ICT services	5,016,760.00	-	5,016,760.00	-	100.0	-
	SP 3.16 Maintenance of plants, machinery & other assets	5,000,000.00	-	5,000,000.00	-	100.0	-
	SP 3.17 Electricity, water and sewerage and other utility charges	13,428,878.00	-	13,428,878.00	-	100.0	-
	SP 3.18 Printing, advertisement and information supplies and Services	34,199,509.00	-	34,199,509.00	-	100.0	-
	SP 3.19 Rental of approved assets and hire of motor vehicles	2,200,000.00	-	2,200,000.00	-	100.0	-
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	31,664,801.00	-	31,664,801.00	-	100.0	-

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
	SP 3.21 Pur- chase of com- puters, printers and general office supplies and accessories and sanitary cleaning mate- rials	35,166,678.00	-	35,166,678.00	-	100.0	-
	SP 3.22 Fuel, oil, lubricants and tyres	17,000,000.00	-	17,000,000.00	-	100.0	-
	SP 3.23 Bank service com- mission and charges, legal fees, manage- ment fees and contracted professional charges and other operating expenses	12,390,795.00	-	12,500,000.00	-	100.9	-
	SP 3.24 Ward office	32,000,000.00	-	32,000,000.00	-	100.0	-
	SP 3.25 Uni- form, Special- ised materials and supplies	9,000,000.00	-	9,000,000.00	-	100.0	-
	-SP 3.26 Mem- bership fees and dues and subscription to international organisations	5,500,000.00	-	5,500,000.00	-	100.0	-
	SP 3.28 Refur- bishment of buildings	4,000,000.00	-	4,000,000.00	-	100.0	-
	SP 3.29 Gratu- ity/pension	14,834,272.00	-	14,834,272.00	-	100.0	-
	SP 3.30 Pur- chase of motor vehicle	13,000,000.00	-	13,000,000.00	-	100.0	-
	Sub Total	886,688,729.00	343,305,435.00	866,971,649.00	87,088,443.00	97.8	25.4
Executive Services							

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Exec- utive Services	General Ad- ministration, Planning and Support Ser- vices	553,500,000.00	140,000,000.00	546,289,187.54	138,415,340.00	98.7	98.9
	Management of County Affairs	-	700,000,000.00	-	627,422,629.00	-	89.6
	Sub Total	553,500,000.00	840,000,000.00	546,289,187.54	765,837,969.00	98.7	91.2
Physical Planning and Development							
Physical Plan- ning and Devel- opment	Urban Develop- ment Services		97,812,794.00		77,380,515.00	-	79.1
	General administra- tion planning and Support Services	156,637,768.00	-	155,426,904.89	-	99.2	-
	Sub Total	156,637,768.00	97,812,794.00	155,426,904.89	77,380,515.00	99.2	79.1
Education, Skills Development, Youth and Sports							
Edu- cation, Skills Devel- opment, Youth and Sports	General Ad- ministration, Planning and Support Ser- vices	428,713,481.00	-	425,078,871.86	-	99.2	--
	Youth Develop- ment	-	61,359,347.00	-	29,466,645.00	-	48.0
	Sub Total	428,713,481.00	61,359,347.00	425,078,871.86	29,466,645.00	99.2	48.0
Agriculture Livestock and fisheries							
Agri- culture Live- stock and- Fisher- ies	General Ad- ministration, Planning and Support Ser- vices	111,831,802.00	-	111,831,800.00	-	100.0	-
	Livestock Production and Management	124,332,979.00	-	124,328,900.00	-	100.0	-
	Fisheries De- velopment and Management	32,513,971.00	-	31,662,228.00	-	97.4	-
	Crop Devel- opment and Management	-	724,679,453.00	-	411,141,417.00	-	56.7
	Sub Total	268,678,752.00	724,679,453.00	267,822,928.00	411,141,417.00	99.7	56.7
Health Services							

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Health Services	General Ad- ministration, Planning and Support Ser- vices	1,434,001,743.00	-	1,415,077,715.53	-	98.7	-
	Health In- frastructure development	-	425,991,407.00	-	253,651,618.00	-	59.5
	Sub Total	1,434,001,743.00	425,991,407.00	1,415,077,715.53	253,651,618.00	98.7	59.5
Administration and Ict							
Admin- istration and ICT	General administra- tion planning and Support Services	315,900,000.00	226,000,000.00	312,457,064.89	223,000,000.00	98.9	98.7
	Sub Total	315,900,000.00	226,000,000.00	312,457,064.89	223,000,000.00	98.9	98.7
County Public Service Board							
County Public Service Board	General administra- tion planning and Support Services	95,868,568.00	5,000,000.00	94,501,191.00	5,000,000.00	98.6	100.0
	Sub Total	95,868,568.00	5,000,000.00	94,501,191.00	5,000,000.00	98.6	100.0
TOURISM, CULTURE and Social SERVICES							
Tour- ism, Culture and Social Services	Cultural infrastructure development		20,000,000.00		4,600,000.00		23.0
	General ad- ministration, planning and support services	86,181,472.00	-	76,399,844.91	-	-	-
	Sub Total	86,181,472.00	20,000,000.00	76,399,844.91	4,600,000.00	88.6	23.0
Finance and Economic Planning							
Finance and Eco- nomic Plan- ning	General administra- tion planning and Support Services	456,480,261.00	640,310,729.00	452,498,821.79	584,006,940.00	99.1	91.2
	Sub Total	456,480,261.00	640,310,729.00	452,498,821.79	584,006,940.00	99.1	91.2
Roads, Public Works, Transport and Housing Development							

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Ex- penditure	Development Expenditure	Recurrent Ex- penditure	Development Expenditure	Recurrent Expendi- ture	Devel- opment Expendi- ture
Trans- port and Housing Devel- opment	Road Transport Infrastructure Development	-	125,161,903.00	-	94,220,287.00	-	75.3
	General administra- tion planning and Support Services	114,149,413.00	-	104,629,112.73	-	91.7	-
	Sub Total	114,149,413.00	125,161,903.00	104,629,112.73	94,220,287.00	91.7	75.3
Trade, industry and enterprise development							
Trade, Industry and En- terprise Devel- opment	General administra- tion planning and Support Services	82,850,000.00	-	81,855,036.86	-	98.8	-
	Trade and Industrial De- velopment	-	9,000,000.00	-	6,799,090.00	-	75.5
	Sub Total	82,850,000.00	9,000,000.00	81,855,036.86	6,799,090.00	98.8	75.5
Water, Environment and Natural Resources							
Water, Envi- ron- ment and Natural Re- sources	Water Resourc- es Management	-	280,350,000.00	-	156,588,884.00	-	55.9
	General administra- tion planning and Support Services	154,055,560.00	-	129,049,885.81	-	83.8	-
	Sub Total	154,055,560.00	280,350,000.00	129,049,885.81	156,588,884.00	83.8	55.9
Grand Total		5,033,705,747.00	3,798,971,068.00	4,928,058,214.82	2,698,781,808.00	97.9	71.0

Source: Marsabit County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services, Livestock Production and Management in the Department of Agriculture Livestock and Fisheries at 100 per cent, General Administration Support Services in the County Assembly at 100 per cent, General administration planning and Support Services in the Department of Finance and Economic Planning at 99.1 per cent, and General administration planning and Support Services in the department of Administration and ICT at 99.8 per cent of budget allocation.

3.25.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 10th August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.171, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car and mortgage loan scheme for MCAs Fund, Car and mortgage loan scheme for staff of the County Assembly, Scholarship Fund, Emergency Fund and Car Loan and Mortgage Fund for the executive were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs. 889.78 million as of 30th June 2023. This is despite the availability of Kshs.513.53 million in the CRF at the end of the financial year.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.565.02 million were processed through the manual payroll, accounting for 18.8 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of FY 2023-2024.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.26 County Government of Meru

3.26.1 Overview of FY 2022/23 Budget

The County's approved supplementary budget for the FY 2022/23 was Kshs.12.65 billion, comprising Kshs.3.72 billion (29.4 per cent) and Kshs.8.93 billion (70.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 8 per cent compared to the previous financial year when the approved budget was Kshs.12.54 billion and comprised of Kshs.4.15 billion towards development expenditure and Kshs.8.39 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.10.25 billion (81.1 per cent) as the equitable share of revenue raised nationally, Kshs.408.79 million (3.2 per cent) as Appropriations-in-Aid (A-I-A),

Kshs.1.28 billion as additional allocation, a cash balance of Kshs.71.03 million (0.6 per cent) from FY 2021/22, and generate Kshs.600 million (4.7 per cent) as own-source revenue. A breakdown of the additional allocation is provided in Table3.174.

3.26.2 Revenue Performance

In FY 2022/23, the County received Kshs.10.25 billion as the equitable share of the revenue raised nationally, Kshs.317.88 million as A-I-A, Kshs.425.85 million as additional allocation, had a cash balance of Kshs.71.03 million from FY 2021/22 and raised Kshs.418.80 million as own-source revenue and Kshs.14.3 million from other revenue. The total funds available for budget implementation during the period amounted to Kshs.11.5 billion, as shown in Table 3.173.

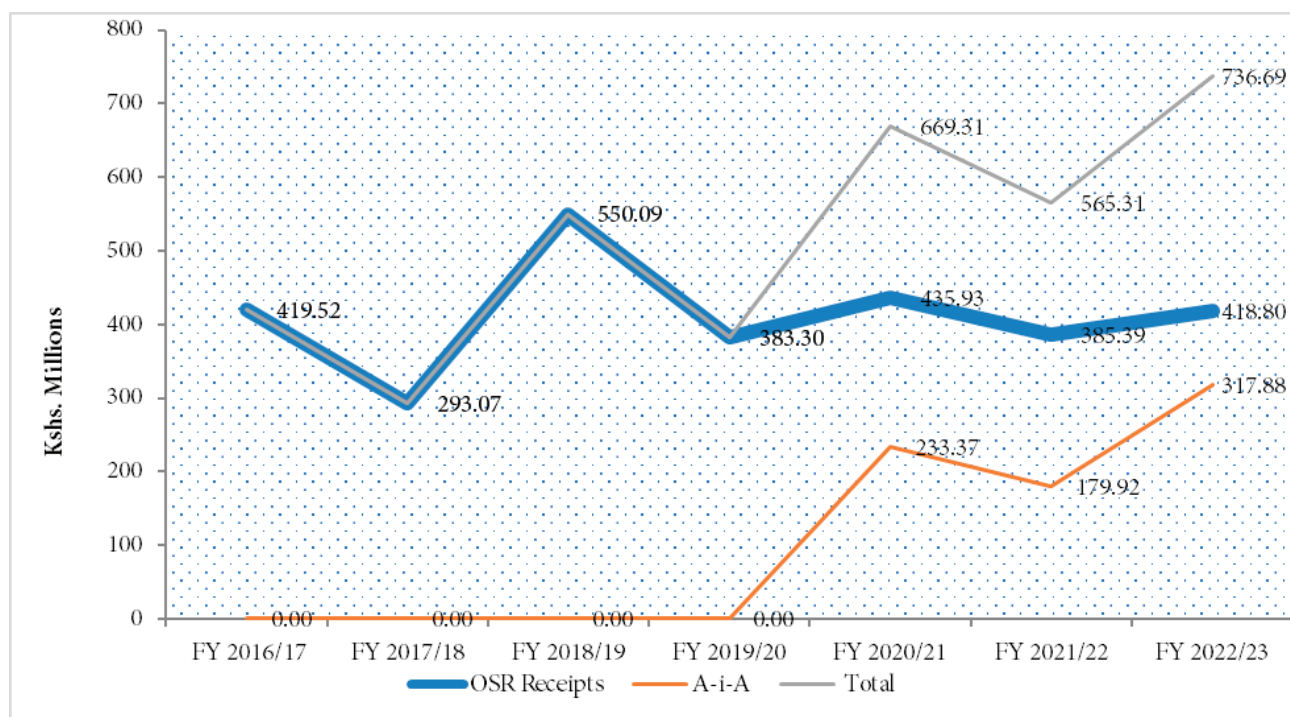
Table3.173: Meru County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,253,365,925	10,253,365,925	100
Sub Total		10,253,365,925	10,253,365,925.00	100
B	Additional allocation			
1	World Bank Loan to for transforming health systems for universal care project	36,886,029	-	-
2	World Bank for National Agricultural and Rural Inclusive Growth project (NARIGP)	398,724,835	244,307,735.54	61.3
3	World Bank for National Agricultural Value Chain Development Project (NAVCDP)	70,000,000	67,192,729	96.0
4	World Bank Urban development grant for Kenya urban support program (KUSP)	116,890,200	2,339,915	2.0
5	KDSP (Level 1+ Level 2 Grant FY 2019-20)	339,344,646	-	-
6	KDSP (Level 1 Grant FY 2018-19)	45,000,000	-	-
7	DANIDA	28,824,711.85	15,763,875	54.7
8	GoK-ASDSP	35,889,430.40	9,945,897	27.7
9	World Bank Emergency Locust Response Project (ELRP)	78,609,401.60	44,295,529.00	56.3
10	World Bank Informal Settlement Improvement Project-KISIP II	110,000,000.00	20,000,000.00	18.2
11	World credit Financing Locally-Led Climate Action	22,000,000.00	22,000,000.00	100.0
Sub Total		1,282,169,253.85	425,845,680.54	33.2
C	Other Sources of Revenue			
1	Own Source Revenue	600,000,000	418,801,954	69.8
2	Balance b/f from FY2021/22	71,028,758	71,028,758	100.0
3	AIA	408,791,177	317,884,152	77.8
4	Other Revenues	33,670,051	14,300,484	42.5
Sub Total		1,113,489,987	822,015,349	73.8
Grand Total		12,649,025,165	11,501,226,955	90.9

Source: Meru County Treasury

Figure 76 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23..

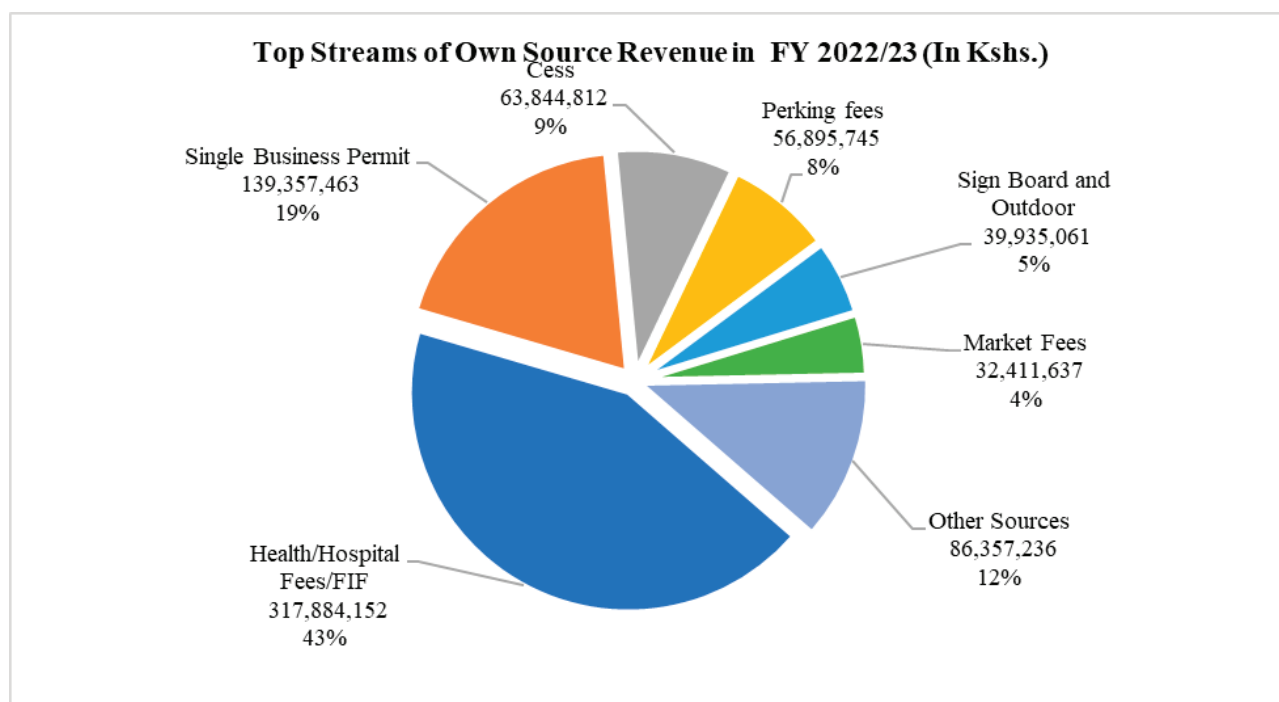
Figure 76: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Meru County Treasury

In FY 2022/23, the County generated a total of Kshs.418.80 million from its sources of revenue. This amount represented an increase of 8.7 per cent compared to Kshs.385.39 million realised in FY 2021/22 and was 69.8 per cent of the annual target. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.2.59 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 77.

Figure 77: Top Streams of Own Source Revenue in FY 2022/23



Source: Meru County Treasury

Revenue from the health sector (A-I-A) amounted to Kshs .317.88 million representing 43 per cent of the overall revenue collection in FY 2022/23.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.11 billion from the CRF account during the reporting period. The amount comprised Kshs.2.3 billion (20.7 per cent) for development programmes and Kshs.8.81 billion (79.3 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.5.46 billion was released towards Employee Compensation, and Kshs.3.35 billion was for Operations and Maintenance expenditure.

3.26.4 County Expenditure Review

The County spent Kshs.11.46 billion on development and recurrent programmes in the reporting period. The expenditure represented 103.1 per cent of the total funds released by the CoB and comprised of Kshs.2.64 billion and Kshs.8.82 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 71.1 per cent. In contrast, recurrent expenditure represented 98.7 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.16 billion, comprising Kshs.382.92 million for recurrent expenditure and Kshs.779.62 million for development activities. During the year, pending bills amounting to Kshs.397.42 million were settled, consisting of Kshs.90.2 million for recurrent expenditure and Kshs.307.22 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.765.12 million.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.5.3 billion on employee compensation, Kshs.2.21 billion on operations and Maintenance , and Kshs.2.63 billion on development activities. Similarly, the County Assembly spent Kshs.478.05 million on employee compensation, Kshs.825.65 million on operations and Maintenance , and Kshs.12.38 million on development activities, as shown in Table 3.174.

Table 3.174: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,628,986,593	1,303,716,425	7,512,486,172	1,303,700,108	98.5	100.0
Compensation to Employees	5,303,934,836	478,047,079	5,298,918,702	478,047,079	99.9	100.0
Operations and Maintenance	2,325,051,757	825,669,346	2,213,567,470	825,653,029	95.2	100.0
Development Expenditure	3,631,386,897	84,935,250	2,628,544,592	12,382,980	72.4	14.6
Total	11,260,373,489	1,388,651,675	10,141,030,764	1,316,083,088	90.1	94.8

Source: Meru County Treasury

3.26.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.5.78 billion, or 50.2 per cent of the revenue for FY 2022/23 of Kshs.12.65 billion. This expenditure represented an increase from Kshs.5.08 billion reported in FY 2021/22. The wage bill included Kshs.1.57 billion paid to health sector employees, translating to 27 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.58 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.188.63 million was processed through manual payrolls. The manual payrolls accounted for 3.3 per cent of the total PE cost.

The County Assembly spent Kshs.56.71 million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.56.71 million. The average monthly sitting allowance was Kshs.68,490 per MCA. The County Assembly has established 27 Committees.

3.26.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.854.72 million to county-established funds in FY 2022/23, constituting 7 per cent of the County's overall budget. Table 3.142: Summary of highest expenditure on foreign travel summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.175: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Is-sues (Kshs)	Actual Expenditure (Kshs.)	Submission of Financial State-ments (Yes/No)
County Executive Established Funds					
1.	Micro-Finance	82,155,481	82,155,481	82,155,481	Yes
2.	Investment and Development	37,340,051	37,340,051	37,340,051	No
3.	Meru Youth Service	70,000,000	70,000,000	70,000,000	No
4.	Revenue Board	338,539,303	338,539,303	338,539,303	Yes
5.	Education Scholarship	136,000,000	136,000,000	136,000,000	Yes
County Assembly Established Funds					
1	Car Loan and mortgage	190,680,432	190,680,432	190,680,432	Yes
	Total	854,715,268	854,715,268	854,715,268	

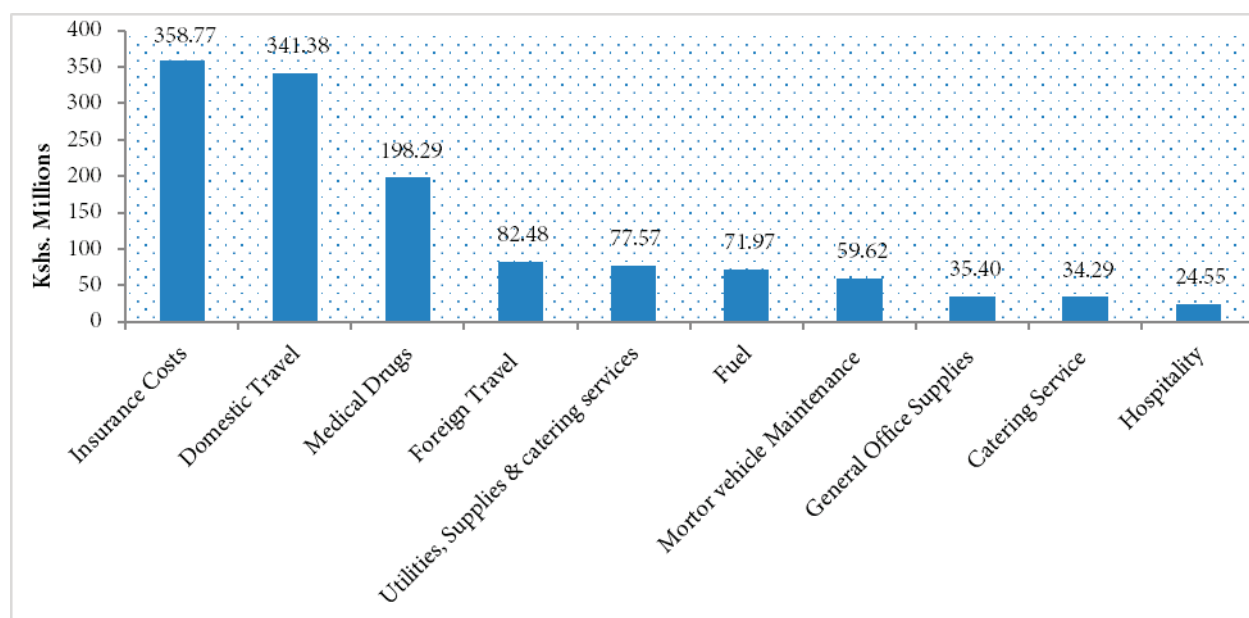
Source: Meru County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the Investment and Development Fund and the Meru Youth Service Fund as indicated in Table 3.175

3.26.9 Expenditure on Operations and Maintenance

Figure 78 summarises the Operations and Maintenance expenditure by major categories..

Figure 78: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.341.38 million and comprised Kshs.251.67 million spent by the County Assembly and Kshs.89.71 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.84.48 million and comprised Kshs.73.59 million by the County Assembly and Kshs.8.89 million by the County Executive. The highest spending on foreign travel was incurred as summarised in Table 3.176 .

Table 3.176: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	55 Staff	10 th to 14 th July 2022	Workshop on transition, local governments with focus of Tanzania's district councils and Legislation with a focus on EALA in integration of EAC	Arusha, Tanzania	16,084,475
County Assembly	43 Staff	18th to 22nd July 2022	Workshop on transition, local governments with focus of Tanzania's district councils and Legislation with a focus on EALA in integration of EAC	Arusha, Tanzania	12,477,950
County Assembly	69 MCAs	9th to 20th January 2023	Workshop on legislative, oversight and Representation	Arusha, Tanzania	39,895,326
County Assembly	6 MCAs	9th to 20th January 2023	Annual international conference on policy formulation, legislation and leadership for devolved units	Dubai, UAE	3,502,997
County Assembly	1 MCA	15th to 27th April 2023	1st African Education Summit	Kigali, Rwanda	585,000
County Assembly	1 MCA	9th to 20th January 2023	Workshop on value addition	Kigali, Rwanda	585,000

Source: County Assembly of Meru

3.26.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.64 billion on development programmes, representing an increase of 1.9 per cent compared to FY 2021/22 when the County spent Kshs.2.6 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.177: Meru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health Services	Supply, Installation, Testing and Commissioning of medical equipment at Timau Casualty block	Timau	9,980,000.00	10,000,000.00	9,980,000.00	90
2	Health Services	Construction of a dental centre at Meru level 5 Hospital	MeTRH	4,998,377.58	5,000,000.00	4,998,377.58	10

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Water, Irrigation, Environment & Natural Resources	Procurement of Drilling Materials for Buuri Sub-County	Buuri	2,914,870.00	2,919,685.00	2,914,870.00	100
4	Water, Irrigation, Environment & Natural Resources	Procurement of Upvc Pipes for Igembe Central Sub-County (Akirangond & Athiru Ruujine Wards	Akirangond & Athiru Ruujine Ward	1,996,416.00	1,998,731.00	1,996,416.00	100
5	Water, Irrigation, Environment & Natural Resources	Procurement of Drilling Materials for Igembe North Sub-County	Igembe North Sub-County	2,992,020.00	2,995,397.00	2,992,020.00	100
6	Water, Irrigation, Environment & Natural Resources	Procurement of Upvc Pipes for Mwikama Water Project	Abothuguchi central Ward	1,481,300.00	1,491,582.00	1,491,582.00	100
7	Water, Irrigation, Environment & Natural Resources	Procurement of Pipes for Zero Six and Kirama Water Project	Abothuguchi central Ward	975,000.00	999,298.09	975,000.00	100
8	Water, Environment and Natural Resources	Rehabilitation of Mitunguu Water Project	Mitunguu Ward	18,279,870.00	18,279,870.00	8,192,604.40	98
9	Water, Environment and Natural Resources	Construction of a Decentralized Treatment Facility (DTF) and Subsidized toilets	Mitunguu ward	17,214,223.40	17,214,223.40	17,214,223.40	100
10	Roads	MTF equipment for various roads in the county and machinery	Countywide	30,000,000.00	30,000,000.00	30,000,000.00	100

Source: Meru County Treasury

3.26.11 Budget Performance by Department

Table 3.178 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.178: Meru County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,303.72	84.94	1,303.70	12.38	1,303.70	12.38	100	100	100.0	14.6
Office of the Governor	178.56	-	177.64	-	177.64	-	100	-	99.5	-
Finance, Economic Planning & ICT	962.37	116.33	904.25	66.02	905.38	66.02	100	100	94.1	56.8
Agriculture, Livestock & Fisheries Development	50.44	750.40	49.00	525.80	49.00	525.80	100	100	97.1	70.1
Water Service & Irrigation	20.41	348.66	20.28	321.21	20.28	321.21	100	100	99.3	92.1
Education, Technology, Gender & Social Development	210.75	167.65	211.01	161.28	208.14	161.28	98.6	100.0	98.8	96.2
Health Service	404.44	525.93	359.52	235.75	359.52	513.99	100.0	218.0	88.9	97.7
Lands, Physical Planning, Urban Development & Public Works	73.99	367.54	73.06	157.29	73.06	216.01	100.0	137.3	98.8	58.8
Public Service Administration & Legal Affairs	5,483.28	384.34	5,482.09	-	5,482.09	-	100.0	-	100.0	-
Road, Transport & Energy	30.35	715.79	29.11	642.55	29.11	642.55	100.0	100.0	95.9	89.8
Trade, Investment, Industrialization, Tourism & Cooperative Development	64.43	105.31	61.85	67.56	61.85	71.27	100.0	105.5	96.0	67.7
Youth Affairs & Sport	98.01	86.34	96.04	65.59	96.04	65.59	100.0	100.0	98.0	76.0
County Public Service Board	28.75	-	27.41	-	27.41	-	100.0	-	95.3	-
Environment, Wildlife & Natural Resource	23.20	63.10	22.98	44.92	22.98	44.83	100.0	99.8	99.0	71.0
Total	8,933	3,716	8,818	2,300	8,816.19	2,641	100.0	114.8	98.7	71.1

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Health recorded the highest absorption rate of development budget at 97.7 per cent, followed by the Department of Education at 96.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Finance had the lowest at 94.1 per cent.

The Health Department had expenditures above exchequer issues caused by spending the Facility Improvement Fund (FIF) amounting to Kshs.317.88 million at the source. This is in line with the Meru County Health Service Act of 2016.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 3.179 summarises the budget execution by programmes and sub-programmes in FY 2022/23..

Table 3.179: Meru County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
ASSEMBLY	Legislation and Representation	426,971,753.00	426,971,753.00	-	100
	Legislative Oversight	255,545,918.00	255,545,918.00	-	100
	General Admin, Planning & Support	706,134,004.00	633,565,417.00	72,568,587.00	89.7
Total		1,388,651,675.00	1,316,083,088.00	72,568,587.00	94.8
Department: Office Of The Governor					
General Administration	General Administration	90,870,257.50	90,864,510.45	5,747.05	100
Governor Press/Communication and Events	Governor Press/Communication and Events	23,108,890.00	23,076,210.00	32,680.00	99.9
Efficiency Monitoring	Efficiency Monitoring	14,866,180.00	14,753,058.60	113,121.40	99.2
Research and Strategy	Research and Strategy	9,950,000.00	9,884,220.45	65,779.55	99.3
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	25,016,780.00	24,687,098.00	329,682.00	98.7
External Linkages & Partnership	External Linkages & Partnership	7,200,000.00	7,173,500.00	26,500.00	99.6
'County Secretary	County Secretary	7,548,766.00	7,200,000.00	348,766.00	95.4
Total		178,560,873.50	177,638,597.50	922,276.00	99.5
Department: Finance Economic Planning & ICT					
General Administration	Administration	267,874,640.77	201,258,064.63	66,616,576.14	75.1
Admin	Office Affairs	22,014,064.00	22,012,957.00	1,107.00	99.9
Procurement	Procurement	8,001,480.00	7,982,365.00	19,115.00	99.8
Internal Audit	Internal Audit	9,473,899.00	9,473,660.00	239.00	100
Budget and Policy	Budget and Policy	27,707,825.00	27,707,208.40	616.60	100
Accounts	Accounts	5,941,200.00	5,870,600.00	70,600.00	98.8
Semi - Autonomous Agencies: Investment Corporation	Meru Investment Corporation	50,340,051.44	50,000,000.00	340,051.44	99.3
Microfinance Corporation	Meru Microfinance Corporation	80,155,481.28	80,155,481.00	0.28	100
Revenue Board	Revenue Board	338,539,303.28	338,539,302.65	0.63	100
ICT Development	ICT Development	84,201,396.00	44,816,810.80	39,384,585.20	53.2

Programme	Sub-Programme	Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Economic Planning and Coordination Services	Economic Planning and Coordination Services	19,557,188.00	19,554,388.00	2,800.00	99.9
Fleet Management	Fleet Management	164,892,816.00	164,027,477.77	865,338.23	99.5
Total		1,078,699,344.77	971,398,315.25	107,301,029.52	90
Department: Agriculture, Livestock Development and fisheries					
General Administration	General Administration	706,048,278.63	517,677,405.30	188,370,873.33	73.3
Livestock	Livestock	57,743,250.00	20,649,158.50	37,094,091.50	35.8
Fisheries	Fisheries	3,199,600.00	3,198,600.00	1,000.00	100
Agricultural Services	Agricultural Services	10,059,600.00	9,901,440.00	158,160.00	98.4
Animal Disease Management	Animal Disease Management	2,191,500.00	2,139,555.15	51,944.85	97.6
Agricultural Training Centre (ATC) & AMS	Agricultural Training Centre (ATC)	21,600,000.00	21,229,347.05	370,652.95	98.3
Total		800,842,228.63	574,795,506.00	226,046,722.63	71.8
Department: Water, & Irrigation					
General Administration	Administration Services	20,413,441.00	20,001,000.00	412,441.00	98
Water supplies & Infrastructure	Water supplies & Infrastructure	348,657,725.00	321,482,555.00	27,175,170.00	92.2
Total		369,071,166.00	341,483,555.00	27,587,611.00	92.5
Department: Education, Technology, Gender & Social Development					
General Administration	General Administration	23,387,420.00	21,580,284.20	1,807,135.80	92.3
Early Childhood Development Education (ECDE)	Early Childhood Development Education (ECDE)	214,421,292.00	213,677,381.05	743,910.95	99.7
Technical and Vocation Education	Technical and Vocation Education	69,819,775.00	69,719,128.85	100,646.15	99.9
Youth Services	'Gender Mainstreaming and Social Services	70,769,600.00	64,445,246.00	6,324,354.00	91.1
Total		378,398,087.00	369,422,040.10	8,976,046.90	97.6
Department: Health Services					
Curative Health	Curative Health	782,489,136.69	739,726,020.60	42,763,116.09	94.5
Preventive and Promotive Health	Preventive and Promotive Health	147,886,442.00	133,782,745.40	14,103,696.60	90.5
Total		930,375,578.69	873,508,766.00	56,866,812.69	93.9
Department: Lands, Physical Planning, Urban Development & Public Works					
Lands & Public Works	Lands & Public Works	73,773,370.70	60,886,140.50	12,887,230.20	82.5

Programme	Sub-Programme	Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Physical Planning & Urban Development	Physical Planning, House & Urban Development	63,232,520.00	50,418,422.70	12,814,097.30	79.7
Meru Municipality	Meru Municipality	25,968,001.00	25,299,597.00	668,404.00	97.4
Administration	Admin	278,550,285.12	152,469,053.15	126,081,231.97	54.7
Total		441,524,176.82	289,073,213.35	152,450,963.47	65.5
Department: Public Service Administration & Legal Affairs					
General Administration	General Administration	15,113,640.40	15,067,143.35	46,497.05	99.5
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	22,981,000.00	22,965,101.00	15,899.00	99.9
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	87,550,969.00	86,678,973.75	871,995.25	99
Human Resource	Human Resource	5,669,637,346.00	5,285,264,349.01	384,372,996.99	93.2
Office of the County Attorney	Office of the County Attorney	69,846,120.00	69,616,399.10	229,720.90	99.7
Towns Management & Administration	Towns Management & Administration	2,500,000.00	2,497,140.00	2,860.00	99.9
Total		5,867,629,075.40	5,482,089,106.21	385,539,969.19	93.4
Department: 'Roads, Transport & Energy					
General Administration-Roads	General Administration	18,111,212.00	17,508,179.80	603,032.20	96.7
Roads & Infrastructure	Infrastructure development & Road Networks	690,790,764.37	621,957,857.07	68,832,907.30	90
Energy	Energy	37,239,900.00	32,194,520.00	5,045,380.00	86.5
Total		746,141,876.37	671,660,556.87	74,481,319.50	90
Department: 'Trade, Tourism & Cooperatives Development					
Co-operatives Development	Co-operatives Development	35,855,306.54	34,158,971.00	1,696,335.54	95.3
Tourism Development	Tourism Development	40,102,650.00	33,798,953.80	6,303,696.20	84.3
Trade Development	Trade Development	93,773,413.18	65,154,239.20	28,619,173.98	69.5
Total		169,731,369.72	133,112,164.00	36,619,205.72	78.43
Department: 'Youth Affairs & Sports					
Youth Affairs	Youth Affairs	39,389,612.65	35,408,650.40	3,980,962.25	89.9
Sports Development	Sports Development	44,804,386.39	37,421,414.45	7,382,971.94	83.5
Arts and Culture Development	Arts and Culture Development	25,152,000.00	15,044,250.00	10,107,750.00	59.8
Meru Youth Service	MYS	75,000,000.00	73,756,096.27	1,243,903.73	98.3
Total		184,345,999.04	161,630,411.12	22,715,587.92	87.7
Department: County Public Service Board					
Human Resource Management	Human Resource Management	28,750,369.00	27,405,174.00	1,345,195.00	95.3

Programme	Sub-Programme	Budget Estimates	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Total		28,750,369.00	27,405,174.00	1,345,195.00	95.3
Department: Environment, Natural Resources & Climate Change					
General Administration	General Administration	23,203,344.50	22,982,298.50	221,046.00	99.1
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	63,100,000.00	44,831,060.04	18,268,939.96	71.1
Total		86,303,344.50	67,813,358.54	18,489,985.96	78.6
County Total Budget		12,649,025,164.44	11,457,113,851.94	1,191,911,313	90.6

Source: Meru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Legislative in the Department of Assembly at 100 per cent, Budget Policy in the Department of Finance at 100 per cent, Environmental Management and Climate Change in the Department of Environment 71.1 per cent and at 54.7 per cent of budget allocation.

3.26.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 29th July, 2023.
2. High level of pending bills which amounted to Kshs.765.12 million as of 30th June 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.188.63 million were processed through the manual payroll, accounting for 3.3 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The underperformance of own-source revenue at Kshs.418.80 million against an annual projection of Kshs.600 million, representing 69.8 per cent of the annual target.
5. High wage bill, which accounted for 50.2 per cent of the revenue for FY 2022/23 of Kshs.12.65 billion during the reporting period, thus constraining funding to other programmes.

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

1. The County Treasurer should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should 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. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.
4. The Government requires that salaries be processed through the IPPD system, and the County is advised

to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.

5. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
6. The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.

3.27 County Government of Migori

3.27.1 Overview of FY 2022/23 Budget

The County's approved supplementary II budget for the FY 2022/23 was Kshs.10.35 billion, comprising Kshs.3.10 billion (30 per cent) and Kshs.7.25 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a marginal decrease of 0.8 per cent compared to the previous financial year when the approved budget was Kshs.10.44 billion and comprised Kshs.3.75 billion towards development expenditure and Kshs.6.69 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.08 billion (78.1 per cent) as the equitable share of revenue raised nationally, Kshs.775.85 million as additional allocations (7.5 per cent), a cash balance of Kshs.896.59 million (8.9 per cent) from FY 2021/22, and generate Kshs.600 million (5.8 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.180.

3.27.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.01 billion as the equitable share of the revenue raised nationally, Kshs.312.98 million as additional allocations, had a cash balance of Kshs.896.59 million from FY 2021/22, and raised Kshs.406.36 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.9.62 billion, as shown in table 3.181

Table 3.180: Migori County, Revenue Performance in FY 2022/23

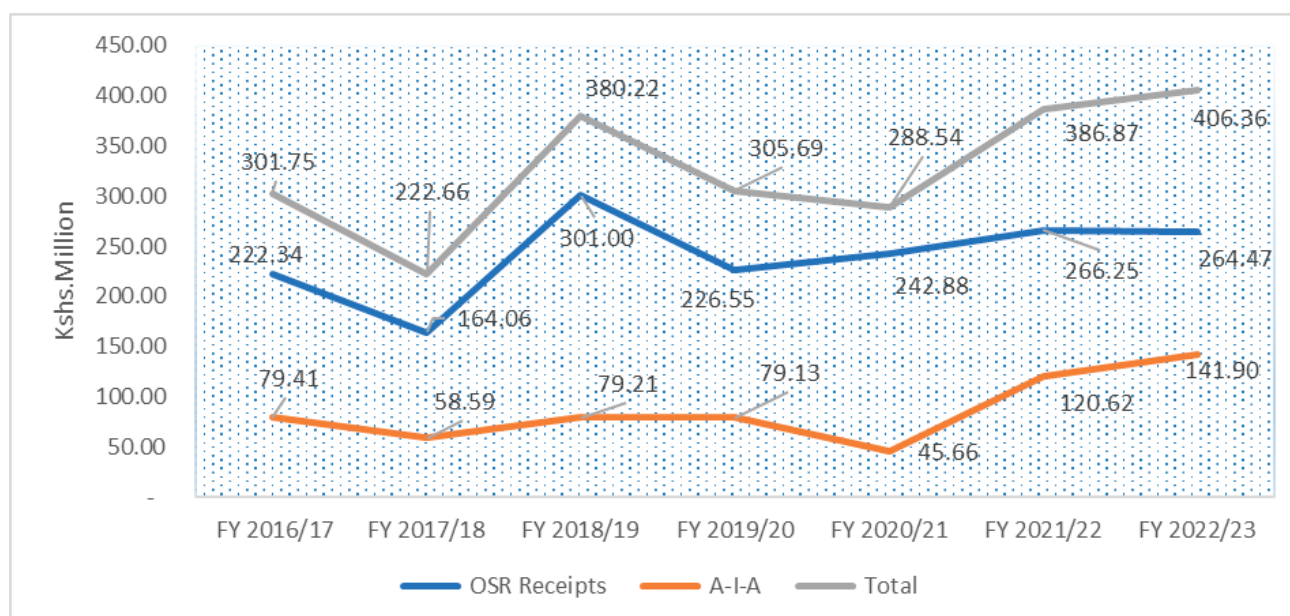
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,084,542,825	8,005,020,448	99.0
Subtotal		8,084,542,825	8,005,020,448	99.0
B	Additional allocations			
1.	DANIDA Grant (Universal Health-care in Devolved System Program) for FY2022/23	15,006,750	13,281,375	88.5
2.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	433,960,288	254,377,711	58.6
3.	Instrument for Devolution Advice and Support (IDEAS)	15,626,168	-	-
4.	Transforming Health Systems for Universal Care Project	48,944,473	-	-
5.	UNFPA - 9th Country Programme Implementation	4,432,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6.	Agricultural Sector Development Support Programme (ASDSP) II	31,009,120	10,084,066	32.5
7.	Financing Locally Led Climate Change Action Program for FY2022/23	10,000,000	11,000,000	110.0
8.	County Urban Development Grant	206,871,236	-	-
9.	Urban Institutional Grant	10,000,000	4,729,034	47.3
10.	DANIDA Grant (Universal Health-care in Devolved System Program) for FY2021/22	-	8,506,500	-
11.	Financing Locally Led Climate Change Action Program for FY 2021/22	-	11,000,000	-
Subtotal		775,850,035	312,978,686	40.3
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	600,000,000	406,364,909	67.7
2.	Unspent balance from FY 2021/22	896,594,882	896,594,882	100.0
Sub Total		1,496,594,882	1,302,959,790	87.1
Grand Total		10,356,987,742	9,620,958,924	92.9

Source: Migori County Treasury

Figure 79 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

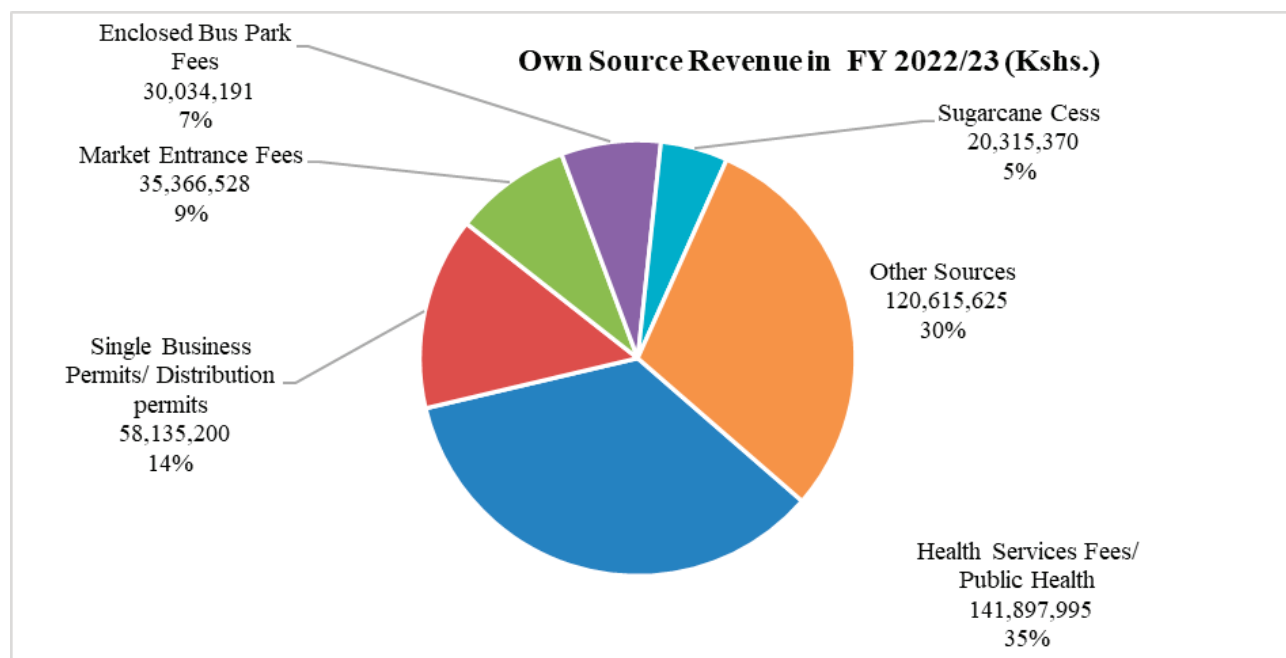
Figure 79: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Migori County Treasury

In FY 2022/23, the County generated a total of Kshs.406.36 million from its sources of revenue. This amount represented an increase of 5 per cent compared to Kshs.386.87 million realised in FY 2021/22 and was 67.7 per cent of the annual target and 5.1 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 80.

Figure 80: Top Streams of Own Source Revenue in FY 2022/23



Source: Migori County Treasury

The highest revenue stream of Kshs.141.89 million was from A-I-A, which contributed 35 per cent of the total collection, followed by Single Business Permits/ Distribution Permits which contributed Kshs.58.14 million in FY 2022/23.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.68 billion from the CRF account during the reporting period. The amount comprised Kshs.1.82 billion (20.9 per cent) for development programmes and Kshs.6.86 billion (79.1 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.31 billion was released towards Employee Compensation, and Kshs.3.56 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.935.51 million.

3.27.4 County Expenditure Review

The County spent Kshs.8.50 billion on development and recurrent programmes in the reporting period. The expenditure represented 97.9 per cent of the total funds released by the CoB and comprised of Kshs.1.69 billion and Kshs.6.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 54.5 per cent. In contrast, recurrent expenditure represented 93.7 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.862.05 million as of 30th June, 2023.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.94 billion on employee compensation, Kshs.3.02 billion on operations and Maintenance , and Kshs.1.65 billion on development activities. Similarly, the County Assembly spent Kshs.369.50 million on employee compensation, Kshs.485.97 million on operations and Maintenance , and Kshs.40 million on development activities, 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	6,398,401,235	855,472,209	5,952,929,941	855,472,209	93.0	100.0
Compensation to Employees	2,964,884,993	369,497,452	2,936,932,488	369,497,452	99.1	100.0
Operations and Maintenance	3,433,516,242	485,974,757	3,015,997,453	485,974,757	87.8	100.0
Development Expenditure	3,013,114,298	90,000,000	1,650,148,150	40,000,000	54.8	44.4
Total	9,411,515,533	945,472,209	7,603,078,091	895,472,209	80.8	94.7

Source: Migori County Treasury

3.27.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.31 billion, or 34.4 per cent of the revenue for FY 2022/23 of Kshs.9.62 billion. This expenditure represented an increase of 1.6 per cent from Kshs.3.25 billion reported in FY 2021/22. The wage bill included Kshs.1.45 billion paid to health sector employees, translating to 43.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.11 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.200.14 million was processed through manual payrolls. The manual payrolls accounted for 6.1 per cent of the total PE cost.

The County Assembly spent Kshs.70 million on committee sitting allowances for the 59 MCAs and the Speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.97,222 per MCA. The County Assembly has established 27 House committees.

3.27.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.466.50 million to county-established funds in FY 2022/23, constituting 4.5 per cent of the County's overall budget. Figure 66: Machakos County, Operations and Maintenance Expenditure by Major Categories summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.182: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023
					(Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Migori County Executive Car loans & House Mortgage fund Scheme	178,000,000	178,000,000	178,000,000	No
2.	Migori County Education Bursary Fund	120,000,000	120,000,000	119,999,986	Yes
3.	Migori County Scholarships & Educational Benefits Fund	50,000,000	50,000,000	49,995,741	Yes
4.	Migori County Alcoholic Drink Fund	2,500,000	2,250,318	2,250,318	Yes
5.	Migori County SMEs Trade Development - Revolving Loan Scheme	20,000,000	-	-	Not yet Operational
County Assembly Established Funds					
6.	Migori County Assembly Car loans & House Mortgage fund Scheme	96,000,000	96,000,000	96,000,000	No
	Total	466,500,000	446,250,318	446,246,045	

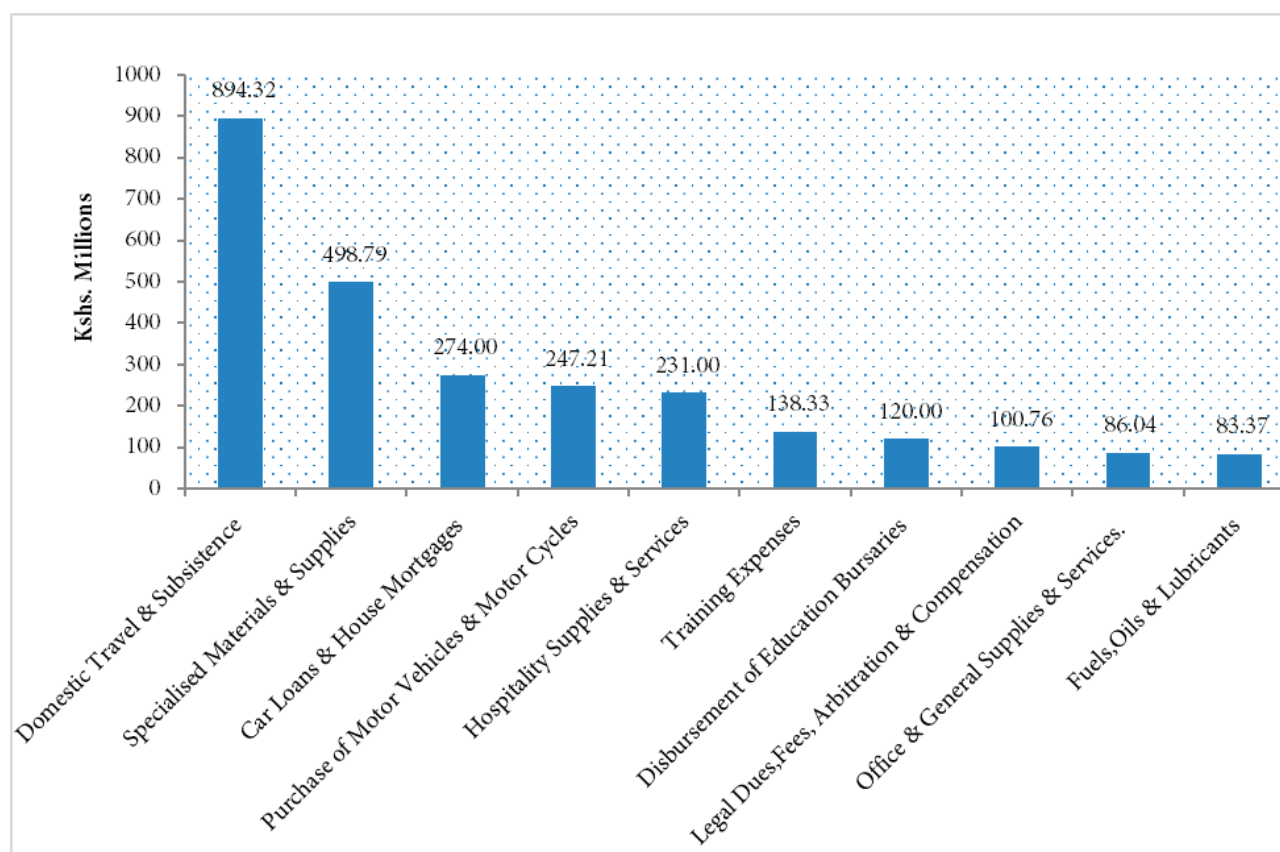
Source: Migori County Treasury

During the reporting period, OCOB did not receive quarterly financial returns from the Fund Administrators of both County Executive & Assembly Car loans & House Mortgage Funds, as indicated in Table 3.182.

3.27.9 Expenditure on Operations and Maintenance

Figure 81 summarises the Operations and Maintenance expenditure by major categories.

Figure 81: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

During the period, expenditure on domestic travel amounted to Kshs.894.32 million and comprised Kshs.219.54 million spent by the County Assembly and Kshs.674.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.29.56 million and comprised Kshs.27 million by the County Assembly and Kshs.2.56 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.183.

Table 3.183: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	Between 13th & 17th September, 2022	Attending the 15th Biennial Conference & The 7th Quadrennial meeting of ECSACON ES-WATINI	Swaziland	401,845
County Executive	1	Between 13th & 17th September, 2022	Attending the 15th Biennial Conference & The 7th Quadrennial meeting of ECSACON ES-WATINI	Swaziland	401,845
County Executive	1	Between 13th & 17th September, 2022	Attend the 15th Biennial Conference & The 7th Quadrennial meeting of ECSACON ES-WATINI	Swaziland	401,845

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	2	Between 4th & 11th December, 2022	Attending Climate change meeting	Egypt	957,655
County Executive	1	Between 11th-28th April 2023	Workshop on Multilateral Physical Training Projects	China	280,041
County Executive	1	Between 10th & 17th June, 2023	Swedish International Centre for local democracy Project Launch	Sweden	113,925
County Assembly	1	1st May to 15th May 2023	A workshop on Effective Leadership & Management	Dubai	749,315
County Assembly	14	15th -20th January 2023	Induction & Swearing in of Ex-com Members	Arusha	4,872,936
County Assembly	6	5th - 9th December 2022	International Leadership Conference	Malaysia	5,039,036
County Assembly	21	10-15th March 2023	LAVLARC	Uganda	5,981,651
County Assembly	6	17th -21st April 2023	County Assembly WHIPS & Deputy Speaker- Training	Ethiopia	3,125,970
County Assembly	12	3th-4th March 2023	A workshop on East Africa Clinical Officers Conference	Zanzibar	2,543,990
County Assembly	3	8th-12th May 2023	LAVLARC-AGA TZ CHAPTER	Tanzania	972,060
County Assembly	3	27th-31st May 2023	20th APLESA Conference 2023 - AGM	Zimbabwe	884,649
County Assembly		FY 2022-2023	Air-Ticketing Costs for Officers	-	2,830,394
Total					29,557,156

Source: Migori County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 3 out of 15 foreign trips sampled, delegates have surpassed the limit.

3.27.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.69 billion on development programmes, representing a decrease of 20.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.2.12 billion. Table 3.184 summarises development projects with the highest expenditure in the reporting period.

Table 3.184: Migori County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Roads, Public Works &Transport	Upgrading to Bitumen Standard of C727 Junction-Kanyimach Junction-Cham Giwadu Road	East Sakwa	90,377,040	90,377,040	86,107,505	100
2	Roads, Public Works &Transport	Construction of Flyover to Access Migori Primary School Across Migori Town Highway	Ragana Oruba	55,946,527	55,946,527	47,708,884	100
3	Roads, Public Works &Transport	Acquisition of Motor Grader 180-200HP Engine with Ripper for Roads Maintenance	Suna Central	44,600,000	44,600,000	43,831,035	100
4	Roads, Public Works &Transport	Maintenance of / opening of Karamu-Ngisiru-Gukiguku-Moheto-Bohorera-Nyawaitan-charia-Mabera road	Tagare	32,799,994	32,799,994	31,250,483	100
5	Medical Services	Completion of Intensive Care Unit (ICU) Phase III	Suna Central	66,516,987	19,430,614	29,293,918	80
6	Roads, Public Works &Transport	Maintenance & Opening of Sony By Pass -Siany Road	Central Sakwa	25,954,344	25,954,344	24,728,242	100
7	County Assembly	Installation & Commissioning of ERP Systems	County Assembly Offices	32,500,000	32,500,000	21,298,595	80
8	Roads, Public Works &Transport	Construction of Box Culverts for Accessing Adera-Sagenya (Ongoche)	Macalder Kan-yarwanda	21,441,028	21,441,028	20,428,158	100
9	Roads, Public Works &Transport	Maintenance & Opening of Thim Lich-Kogore-Otho-Aneko Road	North Kadem Ward	20,900,507	20,900,507	19,913,145	100
10	Roads, Public Works &Transport	Construction of Ogongo Footbridge	Macalder Kan-yarwanda	17,976,634	17,976,634	17,127,393	100

Source: Migori County Treasury

3.27.11 Budget Performance by Department

Table 3.185 Summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.185: Migori County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock Pro- duction, Fisher- ies, Veterinary Services	246.54	551.50	230.80	321.55	245.34	255.13	106.3	79.3	99.5	46.3
County Exec- utive	446.33	126.68	445.90	23.31	441.85	23.31	99.1	100.0	99.0	18.4
Public Service Management	1,066.49	114.28	1,030.41	51.50	1,059.13	51.50	102.8	100.0	99.3	45.1
Education, Youth Sports, Culture & So- cial Develop- ment	594.60	179.11	585.68	147.82	574.26	84.83	98.0	57.4	96.6	47.4
Trade Develop- ment and Regu- lation	116.82	89.02	116.70	68.51	93.80	67.31	80.4	98.3	80.3	75.6
Lands, Hous- ing, Physical Planning and Survey	165.51	349.32	138.78	56.77	127.34	56.77	91.8	100.0	76.9	16.3
Finance and Economic Plan- ning	773.66	4.00	743.50	4.00	771.53	4.00	103.8	100.0	99.7	100.0
Public Health & Nutrition Ser- vices	447.64	177.08	293.22	49.88	317.85	51.98	108.4	104.2	71.0	29.4
Medical Health Services	1,826.56	261.63	1,800.24	90.05	1,662.28	87.95	92.3	97.7	91.0	33.6
Environment and Disaster Management	141.35	4.00	118.00	2.40	117.68	2.40	99.7	100.0	83.3	60.0
Roads, Public Works & Trans- port	223.86	879.84	197.41	877.84	203.89	877.84	103.3	100.0	91.1	99.8
County Assem- bly	855.47	90.00	855.46	40.00	855.47	40.00	100.0	100.0	100.0	44.4
Water and En- ergy	186.56	276.66	156.19	85.12	177.30	87.12	113.5	102.3	95.0	31.5
County Attor- ney	162.50	-	152.12	-	160.68	-	105.6	0.0	98.9	0.0
	7,253.87	3,103.11	6,864.41	1,818.76	6,808.40	1,690.15	99.18	92.93	93.86	54.47

Source: Migori County Treasury

Analysis of expenditure- by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 100 per cent, followed by the Department

of Roads, Public Works & Transport at 99.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Public Health & Nutrition Services posted the lowest at 71 per cent.

3.27.12 Budget Execution by Programmes and sub-programmes

Table 3.186 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.186: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department of Agriculture, Livestock Development & Fisheries Development							
Agriculture	Crop Development And Management	-	20,000,000	-	1,654,914	-	8.3
	General administration, planning & support service	191,955,132	508,670,577	190,772,395	232,129,098	99.4	45.6
Fisheries	Fisheries Development	5,375,756	4,400,000	5,300,000	4,194,000	98.6	95.3
	General administration, planning & support service	12,815,244	6,200,000	12,598,067	5,986,000	98.3	96.5
Livestock	Livestock Resources Management and Development	-	8,524,999	-	8,470,950	-	99.4
	General administration, planning & support service	16,884,660	-	16,880,000	-	100.0	-
Veterinary	General administration, planning & support service	10,292,640	-	10,207,060	-	99.2	-
	Veterinary services	8,832,605	3,700,000	8,804,653	2,699,347	99.7	73.0
Macalder Sheep & Goat Station	Cooperative development	780,000		779,440	-	99.9	-
	Sub Total	246,936,037	551,495,576	245,341,615	255,134,309	99.4	46.3
County Assembly Entity							
General administration and support services	Administrative services	551,469,350	-	551,469,350	-	100.0	-
Oversight management services	Committee management services	109,339,000	-	109,339,000	-	100.0	-
Legislative services	Representation	143,696,881	-	143,696,881	-	100.0	-
General administration and support services	Administrative services	32,966,978	-	32,966,978	-	100.0	-
Pending bills	Pending bills-Legal Fees & Dues	18,000,000	-	18,000,000	-	100.0	-
Infrastructures development	infrastructures development	-	90,000,000	-	40,000,000	-	44.4

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	855,472,209	90,000,000	855,472,209	40,000,000	100	44
Department of County Attorney							
General administration, planning & support service-All Sectors	General administration	55,600,000	-	54,435,415	-	97.9	-
	Pending bills	35,000,000	-	35,000,000	-	100	-
	Statistics, research, information management and Public relations	2,900,000	-	2,700,000	-	93.1	-
	Law report and Reviews	19,000,000	-	18,906,822	-	99.5	-
Strategy and Service delivery	Finance	50,000,000	-	49,638,030	-	99.3	-
	Sub Total	162,500,000	-	160,680,267	-	98.9	-
Department of County Executive							
County Executive Administration	General Administration & Citizenry	215,440,288	118,200,000	215,030,376	23,311,838	99.8	19.7
	Lake Region Economic Block	5,000,000	-	4,999,509	-	100.0	-
	Council of Governors	5,000,000	-	4,997,962	-	100.0	-
	Liaison office - Nairobi	12,000,000	-	12,000,000	-	100.0	-
	Chief of Staff	5,000,000	-	5,000,000	-	100.0	-
	Protocol	5,000,000	-	4,998,655	-	100.0	-
	Security Services	8,500,000	-	8,498,720	-	100.0	-
	Communication and Press	5,000,000	-	4,999,600	-	100.0	-
	Political Advisor	5,000,000	-	4,998,890	-	100.0	-
	Economic Advisor	5,000,000	-	4,994,067	-	99.9	-
	Pending bills	4,284,820	8,477,014	4,261,834	-	99.5	-
	Special Programs and External Partnerships	34,950,000	-	34,546,173	-	98.8	-
	Monitoring, Evaluation	29,838,000	-	27,178,844	-	91.1	-
Governance and Executive Management (Dep Gov.)	General Administration and Support Services (Executive)	42,807,226	-	41,880,765	-	97.8	-
	Enhanced Management, Coordination & Supervision.	20,500,774	-	20,497,013	-	100.0	-
Governance and Executive management (county sec))	Governance and Executive management (County Secretary)	43,004,494	-	42,995,024	-	100.0	-
	Sub Total	446,325,602	126,677,014	441,877,432	23,311,838	99.0	18.4
Department of Education, Gender, Sports, Youth Development and Culture							
Education	External Funding	36,463,544	-	36,463,544	-	100.0	-
	General administration, planning & support service-All Sectors	280,635,698	-	279,483,398	-	99.6	-
	Education Support Services	112,027,813	81,972,187	111,997,495	77,830,594	100.0	94.9
	Youth development and empowerment services	108,799,158	-	108,793,109	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	ECDE centres	3,972,187	74,000,000	2,860,594	-	72.0	-
	Childcare support services	4,971,942	23,133,081	1,950,001	6,998,500	39.2	30.3
	Pending Bills	564,974	-	364,974	-	64.6	-
Sports	Gender and Equality Services	10,500,000	-	10,500,000	-	100.0	-
	Sports Development	21,660,000	-	18,454,866	-	85.2	-
	General administration, planning & support service-All Sectors	6,000,000	-	3,390,200	-	56.5	-
	Culture Development Promotion and Arts	9,000,000	-	-	-	-	-
	National Arts and Cultural services	-	-	-	-	-	-
	Sub Total	594,595,316	179,105,268	574,258,181	84,829,094	96.6	47.4
Department of Environment, Natural Resource and Disaster Management							
Solid Waste Management	Solid Waste Management	25,300,000	1,000,000	14,840,550	-	58.7	-
External Funding	Donor Funds	15,000,000	-	15,000,000	-	100.0	-
Disaster Management Services	Disaster Management Services	26,179,214	3,000,000	19,994,639	2,399,402	76.4	80.0
General Administration Support Services	General Administration Support Services	74,870,016	-	67,845,020	-	90.6	-
	Sub Total	141,349,230	4,000,000	117,680,209	2,399,402	83.3	60.0
Department of Finance and Economic Planning							
General Administration	General Administration	339,808,349	-	339,808,349	-	100.0	-
	Accounting Services	176,296,306	-	174,378,675	-	98.9	-
Financial management services	Pending bills	20,099,519	-	20,099,519	-	100.0	-
	Procurement Services	17,392,570	-	17,392,570	-	100.0	-
	Revenue	36,953,148	-	36,953,148	-	100.0	-
	Audit Services	16,840,000	-	16,840,000	-	100.0	-
Economic policy and county planning	Policy and Plans Development	132,667,309	-	132,661,705	-	100.0	-
	General administration planning and support services	33,602,309	4,000,000	33,398,209	4,000,000	99.4	100.0
	Sub Total	773,659,510	4,000,000	771,532,175	4,000,000	99.7	100.0
Department of Health-Medical services							
Curative, Rehabilitative and Referral services	Hospital Services	272,327,838	-	249,092,733	-	91.5	-
Donor support services	Donor support services	-	153,297,872	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General administration, planning & support service-All Sectors	Pending bills	147,990,816	20,152,374	51,475,862	20,152,374	34.8	100.0
	General administration	1,349,019,449	88,184,000	1,308,936,502	67,796,903	97.0	76.9
Essential Health Products and Technologies	Essential Health Products and Technologies	35,014,374	-	33,414,174	-	95.4	-
Preventive, promotive Health services and Disease Control	Preventive, promotive Health services and Disease Control	22,212,400	-	19,357,400	-	87.1	-
	Sub Total	1,826,564,877	261,634,246	1,662,276,671	87,949,277	91.0	33.6
Department of Health - Public Health & Sanitation							
Curative, rehabilitative and Referral services	Essential Health Products and Technologies	152,693,385	-	91,062,986	-	59.6	-
General administration, planning & support service-All Sectors	General administration, planning & support service-All Sectors	183,568,268	103,491,938	138,326,444	34,672,269	75.4	33.5
Donor support services	Donor support services	48,026,750	48,944,473	32,776,697		68.2	-
	Pending bills	19,939,848	24,645,124	17,419,641	17,310,649	87.4	70.2
Preventive, promotive Health services and Disease Control	Preventive, promotive Health services and Disease Control	43,408,541	-	38,265,357	-	88.2	-
	Sub Total	447,636,792	177,081,535	317,851,125	51,982,918	71.0	29.4
Department of Lands, Housing and Physical Planning							
Lands	General administration, planning & support service	59,838,797	-	41,996,345	-	70.2	-
	Land development services	-	59,049,142	-	38,852,910	-	65.8
Physical Planning	Physical planning services	105,666,908	-	85,343,756		80.8	-
	General administration, planning & support service	-	290,271,236	-	17,916,177	-	6.2
	Sub Total	165,505,705	349,320,378	127,340,100	56,769,087	76.9	16.3
Department of Public Service Management							
Public Service Management	Human resources management and Development	15,051,469	-	15,051,469	-	100.0	-
	Civic education and Public participation	3,800,000		3,800,000	-	100.0	-
	General administration and support services (PSM)	911,339,561	84,040,000	905,908,262	50,846,226	99.4	60.5
	County security and-compliance enforcement services	1,840,000	-	1,840,000	-	100.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Public Service Board	Personnel management	21,930,840	-	21,580,718	-	98.4	-
	Pending bills	1,455,950	-	1,455,950	-	100.0	-
	General administration and support services (PSM)	51,309,160	-	50,856,539	-	99.1	-
Information Communication Technology - ICT	ICT Infrastructure	-	29,587,731	-	-	-	-
	Pending Bills	13,609,235	649,878	13,509,135	649,878	99.3	100.0
	General Administration and Support Services (ICT)	46,153,156	-	45,130,305	-	97.8	-
	Sub Total	1,066,489,371	114,277,609	1,059,132,378	51,496,104	99.3	45.1
Department of Roads, Transport and Public Works							
Roads	General administration, planning	88,044,494	-	70,442,838	-	80.0	-
	Road Development, Maintenance and Management (roads)	44,520,000	679,841,241	44,162,276	677,843,721	99.2	99.7
Transport	Road Development, Maintenance and Management. (transport)	80,000,000	180,000,000	78,296,493	180,000,000	97.9	100.0
Public Works	General administration, planning & support service-All Sectors	11,300,000	-	10,985,789	-	97.2	-
	Transport Infrastructure Development	-	20,000,000	-	20,000,000	-	100.0
	Sub Total	223,864,494	879,841,241	203,887,396	877,843,720	91.1	99.8
Department of Trade Tourism and Cooperative Development							
Trade	Trade development	11,102,073	72,921,359	10,116,566	56,209,168	91.1	77.1
	General administration, planning & support service-All Sectors	79,815,574	11,102,073	78,332,321	11,102,073	98.1	100.0
	Cooperative Development Services	1,400,000	-	1,400,000	-	100.0	-
	Industrial and Enterprise Development	-	1,000,000	-	-	-	-
	Alcoholic drinks and drug abuse control	2,500,000	-	2,250,318	-	90.0	-
	Legal Metrology Services	2,000,000	-	1,699,621	-	85.0	-
Industrialisation	Industrial development and investment	20,000,000	-	-	-	-	-
Tourism	Commerce and tourism development	-	4,000,000	-	-	-	-
	Sub Total	116,817,647	89,023,432	93,798,826	67,311,242	80.3	75.6
Department of Water & Energy							
	General administration	70,127,360	43,726,330	66,681,845	-	95.1	-
	Pending bills	6,265,649	22,567,026	5,647,958	21,512,095	90.1	95.3
	Urban Water Supply & Mgt	88,747,316	167,454,925	84,803,401	43,857,183	95.6	26.2

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Alternative Energy Services	Alternative Energy Technologies	5,384,600	-	5,006,245	-	93.0	-
	Energy development	7,800,000	33,220,600	7,800,000	12,063,600	100.0	36.3
	Pending bills	8,231,728	9,689,118	7,361,118	9,688,282	89.4	100.0
	Sub Total	186,556,653	276,657,999	177,300,567	87,121,159	95.0	31.5
Grand-Total		7,254,273,443	3,103,114,298	6,808,402,150	1,690,148,150	93.9	54.5

Source: Migori County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were; Lake Region Economic Block, Council Of Governors, Liaison Office – Nairobi, Chief Of Staff, Security Services, Communication & Press, Political Advisor, Enhanced Management, Coordination & Supervision, Governance & Executive Management (County Secretary) in Department of County Executive all at 100 per cent of their respective budget allocation.

3.27.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.406.36 million against an annual projection of Kshs.600 million, representing 67.7 per cent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.185. Machakos County, Budget Execution by Programmes and Sub-Programmes, where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the OCOB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports from the Fund Administrators of both County Executive & Assembly Car loans & House mortgage funds were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.862.05 million as of 30th June 2023. This is despite the availability of Kshs.935.51 million in the CRF as of the close of the financial year.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.200.14 million were processed through the manual payroll, accounting for 6.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. Inadvertent delays in the establishment of a County Budget and Economic Forum (CBEF) as per the requirement of Section 137 of the PFM Act, 2012, which provides means for consultation by the County Government on matters of budgeting, economic and financials.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*

4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Executive should expedite the process of constituting the County Budget and Economic Forum (CBEF) in line with Section 137 of the PFM Act, 2012, which informs the forum for sector-based consultations in budget making process cycle.*

3.28 County Government of Mombasa

3.28.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.14.0 billion, comprising Kshs.4.13 billion (29.5 per cent) and Kshs.9.87 billion (70.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented a decrease of 4.1 per cent compared to the previous financial year when the approved budget was Kshs.14.6 billion and comprised of Kshs.4.43 billion towards development expenditure and Kshs.10.17 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.57 billion (54.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.5.0 billion (35.7 per cent) from its own sources of revenue, Kshs.724.32 million (5.2 per cent) as additional allocation, and a cash balance of Kshs.703.97 million (5.0 per cent) from FY 2021/22. A breakdown of the additional allocation is provided in Table 3.187.

3.28.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.57 billion as the equitable share of the revenue raised nationally, raised Kshs.4.0 billion as own-source revenue, Kshs.689.50 million as additional allocation, and had a cash balance of Kshs.703.97 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.12.96 billion, as shown in Table 3.187

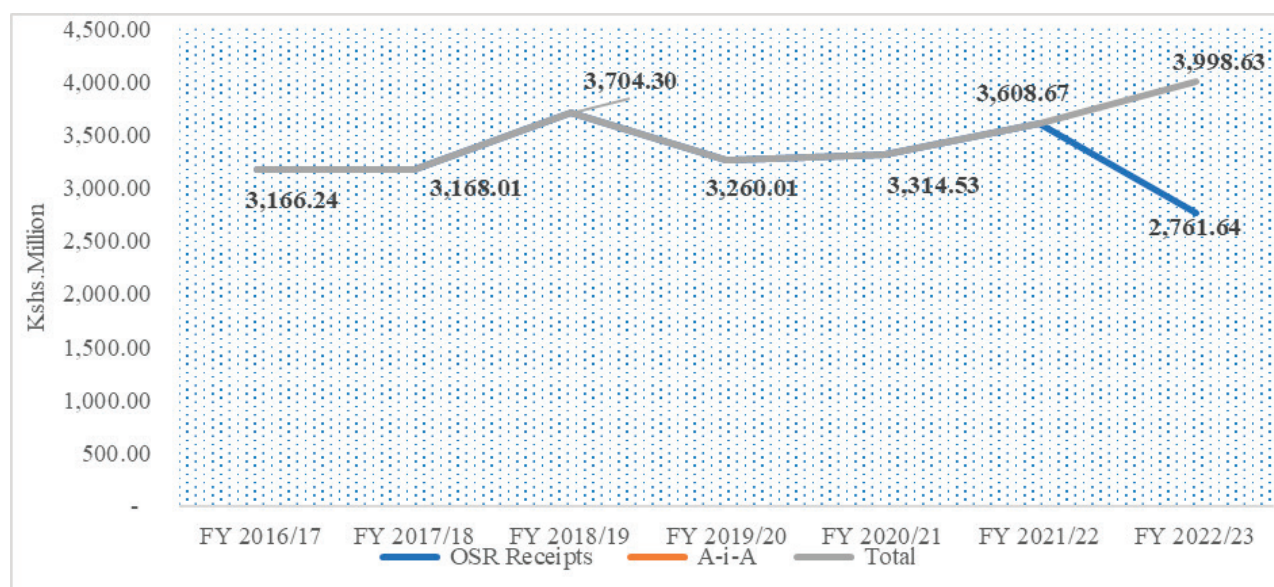
Table 3.187: Mombasa County, Revenue Performance in FY 2022/23

S/No	Revenue	Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061.00	7,567,354,061.00	100.0
Sub Total		7,567,354,061.00	7,567,354,061.00	100.0
B	Additional allocation			
1	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	575,000,000.00	570,120,195.00	99.2
2	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	100,000,000.00	92,063,703.00	92.1
3	Finance Locally - Led Climate Action Program (FLLOCA)	22,000,000.00	-	-
4	DANIDA Grant	22,704,188.00	22,704,188.00	100.0
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	4,612,847.00	4,612,847.00	100.0
Grand Total		724,317,035.00	689,500,933.00	95.2
C	Other Sources of Revenue			
1	Own Source Revenue	5,004,354,326	3,998,628,848	79.9
2	Balance b/f from FY2021/22	703,974,578	703,974,578	100.0
Sub Total		5,708,328,904	4,702,603,426	82.4
Grand Total		14,000,000,000	12,959,458,420	92.6

Source: Mombasa County Treasury.

Figure 82: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23.

Figure 82: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

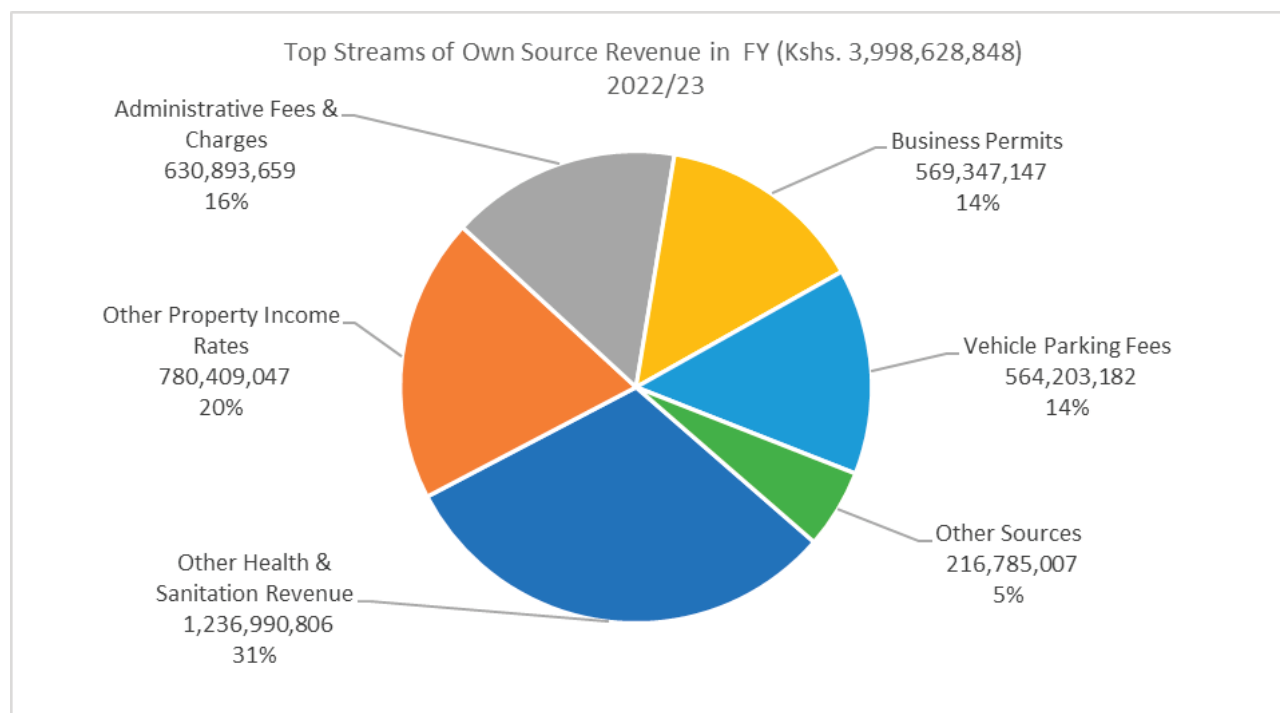


Source: Mombasa County Treasury

In FY 2022/23, the County generated a total of Kshs.4.0 billion from its own sources of revenue, which comprised of Kshs.2.76 billion from OSR and Kshs.1.24 billion from the health sector as Facility

Improvement Fund. This amount represented an increase of 10.8 per cent compared to Kshs.3.61 billion realised in FY 2021/22 and was 79.9 per cent of the annual target and 52.8 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.14 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 83.

Figure 83: Top Streams of Own Source Revenue in FY 2022/23



Source: Mombasa County Treasury

The highest revenue stream was from the health sector, which amounted to Kshs.1.24 billion, representing 31 per cent of the overall collection in FY 2022/23.

3.28.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.10.96 billion from the CRF account during the reporting period. This amount comprised Kshs.1.43 billion (13.1 per cent) for development programmes and Kshs.9.53 billion (86.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.6.10 billion was released towards employee compensation, and Kshs.3.43 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.677.91 million.

3.28.4 Borrowing by the County

The County had an outstanding Equity Bank overdraft of Kshs.856.09 million, which was converted into a term loan of Kshs.745.30 million. The outstanding loan balance was Kshs.213,371,240.45 as of 30th June 2023. This loan facility was, however, not processed in line with Article 212 of the Constitution.

3.28.5 County Expenditure Review

The County spent Kshs.12.54 billion on development and recurrent programmes during the reporting period. This expenditure represented 114.4 per cent of the total funds released by the CoB and comprised of Kshs.2.18 billion and Kshs.10.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 52.9 per cent. In contrast, recurrent expenditure represented 104.9 per cent of the annual recurrent expenditure budget, which is irregular and should be addressed by the county accounting officers.

3.28.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of provisional pending bills amounting to Kshs.5.23 billion, which comprised of Kshs.4.03 billion for recurrent expenditure and Kshs.1.20 billion for development activities. After the pending bills verification exercise, the County Treasury embarked on payment of Equity Bank Staff salaries loan that had reached a high of over Kshs.1 billion. Loan repayment at ongoing as reported above in Section 3.28.4.

During the period under review, pending bills amounting to Kshs.1.35 billion were settled. These consisted of Kshs.1.18 billion for recurrent expenditure and Kshs.175.21 million for development programmes. The outstanding amount as of 30th June 2023 was Kshs.4.29 billion inclusive of bills accrued in FY2022/23.

3.28.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.6.52 billion on employee compensation, Kshs.3.05 billion on operations and Maintenance , and Kshs.2.16 billion on development activities. Similarly, the County Assembly spent Kshs.384.64 million on employee compensation, Kshs.397.68 million on operations and Maintenance , and Kshs.19.60 million on development activities, as shown in Table 3.188 Summary of Budget and Expenditure by Economic Classification.

Table 3.188: 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	8,993,629,276	874,783,020	9,572,840,555	782,318,028	106.4	89.4
Compensation to Employees	6,815,816,218	459,860,969	6,518,630,269	384,640,572	95.6	83.6
Operations and Maintenance	2,177,813,058	414,922,051	3,054,210,286	397,677,456	140.2	95.8
Development Expenditure	4,101,587,704	30,000,000	2,164,035,553	19,603,062	52.8	65.3
Total	13,095,216,979	904,783,020	11,736,876,108	801,921,090	89.6	88.6

Source: Mombasa County Treasury

3.28.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.6.90 billion, or 53.3 per cent of the revenue for FY 2022/23 of Kshs.12.96 billion. This expenditure represented a Kshs.1.34 billion (24.1 per cent) increase from Kshs.5.56 billion reported in FY 2021/22. The wage bill included

Kshs.3.22 billion paid to health sector employees, translating to 46.7 per cent of the total wage bill. The 24.1 per cent increase in the wage bill is attributed to the payment of the outstanding Equity Bank loan and the payment of outstanding staff pensions and gratuities.

Further analysis indicates that PE costs amounting to Kshs.6.35 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.555.95 million was processed through manual payrolls. The manual payrolls accounted for 8.1 per cent of the total PE cost.

The County Assembly spent Kshs.50.73 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.51.0 million. The average monthly sitting allowance was Kshs.100,651 per MCA. The County Assembly has established 21 Committees.

3.28.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.441.89 million to county-established funds in FY 2022/23, constituting 3.2 per cent of the County's overall budget as shown in Table 3.189.

Table 3.189: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
	Mombasa County Scholarship and other Educational Benefits	211,890,000	70,000,000	72,192,500	Yes
	Grants for Management of Natural Disasters	30,000,000	-	-	No
County Assembly Established Funds					
	Car Loan and Mortgage for Members and Staff	200,000,000	105,000,000	105,000,000	Yes
	Total	441,890,000	185,000,000	187,192,500	

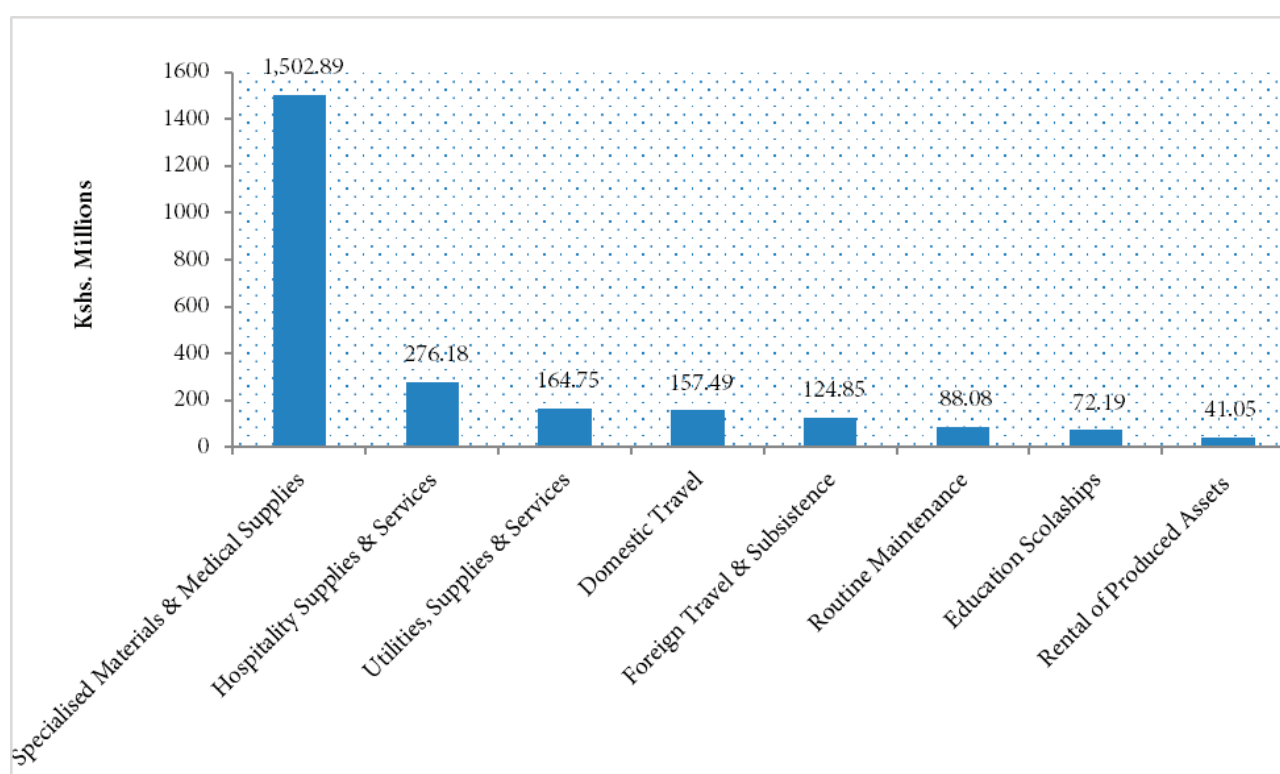
Source: Mombasa County Treasury

During the reporting period, OCoB received quarterly financial returns from the Fund Administrators of utilised funds as indicated in Table 3.189.

3.28.10 Expenditure on Operations and Maintenance

Figure 84 summary of operations and Maintenance expenditure by major categories.

Figure 84: County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.157.49 million and comprised of Kshs.45.79 million spent by the County Assembly and Kshs.111.70 million by the County Executive. Expenditure on foreign travel amounted to Kshs.124.85 million and comprised of Kshs.64.86 million by the County Assembly and Kshs.59.99 million by the County Executive. The County did not provide details of the reported expenditure on foreign travel costs.

3.28.11 1.1.11 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.18 billion on development programmes, representing a decrease of 37.2 per cent compared to FY 2021/22 when the County spent Kshs.3.47 billion. Table 3.190 Summarises development projects with the highest expenditure in the reporting period.

Table 3.190: Mombasa County, List of Development Projects with the Highest Expenditure

No.	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	IDA (WB) CREDIT: Water & Sanitation	Across the County	1,200,000,000.00	575,000,000	570,120,195.00	47.5
2	Street Lighting Installation And Maintenance	Across the County	30,500,000.00	30,000,000.00	26,013,866.00	85.3

No.	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
3	Routine Maintenance of Jomvu M91, Wajir K5 & Kipchoge Keine M108 Roads Cgm/Pro/T/05/19/2021-2022	Across the County	21,818,710.00	14,362,246.75	17,789,401.15	81.5
4	Routine Maintenance of Greenwood Lane, Park Lane AndJ/Enyatta Roads	Nyali	18,026,402.00	20,000,000.00	15,363,642.00	85.2
5	Tudor Estate Sewerage Treatment Plant	Mvita	13,006,933.00	10,000,000.00	9,163,793.00	100
6	Routine Maintenance of Jomvu M91, Wajir K5 & Kipchoge Keine M108 Roads	J o m v u Ward	8,904,539.95	8,904,539.95	8,904,539.95	100
7	Routine Maintenance of Kiambu M234 Pwani 230 AndOceanic Road M227 Roads	Nyali	8,875,415.60	8,875,415.60	8,875,415.60	100
8	Routine Maintenance of Serena Road Loop (P117) And-Vok Loop(L4) Roads	Nyali	8,834,831.80	8,834,831.80	8,834,831.80	100
9	Stormwater Drainage Improvement Table Crossing AndWalkway Construction Along Railway Round About	Across the County	8,568,778.45	8,568,778.45	8,568,778.45	100
10	Routine Maintenance of Beach, Bungalows AndCor-al Drive Roads	Nyali	7,714,517.50	7,714,517.50	7,714,517.50	100

Source: Mombasa County Treasury

3.28.12 Budget Performance by Department

Table 3.191 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.191: Mombasa County, Budget Allocation and Absorption Rate by Department.

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
3011 County Executive	215.25	16.98	210.25	-	124.23	10.58	59.1	-	57.7	62.3
3013 Public Service Board	78.62	20.00	109.00	-	84.16	3.64	77.2	-	107.1	18.2
3014 Finance and Economic Planning	889.65	585.29	889.65	66.24	972.48	759.98	109.3	1,147.4	109.3	129.8

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
3015 Environment, Waste Management and Energy	527.91	326.06	538.23	181.06	598.16	71.61	111.1	39.6	113.3	22.0
3016 Education, Information Technology & MV 2035	384.58	300.00	545.36	93.99	449.49	53.56	82.4	57.0	116.9	17.9
3017 Health Services	3,156.21	190.26	3,156.21	37.80	4,895.42	12.55	155.1	33.2	155.1	6.6
3018 Water, Sanitation & Natural Resources	48.01	625.00	50.53	570.12	50.49	591.78	99.9	103.8	105.2	94.7
3019 Youth, Gender, Sports and Cultural Affairs	123.37	500.00	123.37	-	112.55	34.13	91.2	-	91.2	6.8
3020 Trade, Tourism & Investment	360.06	379.45	360.06	-	386.91	76.31	107.5	-	107.5	20.1
3021 Lands, Housing and Physical Planning	149.77	280.58	155.14	92.06	262.24	27.58	169.0	30.0	175.1	9.8
3022 Transport and Infrastructure	505.82	535.42	500.82	360.49	565.04	494.93	112.8	137.3	111.7	92.4
3023 Agriculture, Fisheries, Livestock and Co-operatives	136.40	252.55	136.40	14.85	170.70	22.82	125.1	153.7	125.1	9.0
3012 County Assembly	859.00	30.00	791.53	17.08	782.32	19.60	98.8	114.8	91.1	65.3
3026 Devolution & Public Service Administration	2,417.99	90.00	1,961.41	-	900.96	4.56	45.9		37.3	5.1
Total	9,868.41	4,131.59	9,527.97	1,433.69	10,355.16	2,183.64	108.7	152.3	104.9	52.9

Source: Mombasa County Treasury

Analysis of expenditure by department shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 129.8 per cent, followed by the Department of at Water, Sanitation & Natural Resources at 94.7 per cent. The Department of Lands, Housing and Physical Planning had the highest percentage of recurrent expenditure to budget at 175.1 per cent, while the Department of Devolution & Public Service Administration had the lowest at 37.3 per cent.

Analysis of the County budget implementation by departments shows that most departments burst their budget with expenditures above 100 per cent. This may have been caused by various reasons like a late Supplementary Budget by the County Executive, undeclared sources of finances in the budget, reallocation of funds during expenditure and Expenditure of revenue at source. However, the respective accounting officers should address the above cases of misappropriation of funds.

3.28.13 Budget Execution by Programmes and sub-programmes

Table 3.192 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.192: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme & Sub-Program		Approved Suppl. Budget No.2 FY 2022/2023 (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variances (Kshs)	Absorption Rate (%)
3011 COUNTY EXECUTIVES					
	Recurrent	94,873,031	78,964,365	15,908,666	83.2
	Development	-	-	-	-
Deputy Governor's Affairs & External Relations	Recurrent	32,510,228	21,055,001	11,455,227	64.8
	Development	17,992,360	3,959,767	14,032,593	22.0
Cabinet Affairs, Policy Re- search and Legal Services	Recurrent	62,490,410	23,453,442	39,036,968	37.5
	Development	-	-	-	-
MV 2035 & E-Government	Recurrent	9,255,260	2,229,840	7,025,420	24.1
	Development	-	-	-	-
Strategic Delivery Unit	Recurrent	15,109,500	5,149,519	9,959,981	34.1
	Development	-	-	-	-
Total		232,230,789	134,811,934	97,418,855	58.1
3013 COUNTY PUBLIC SERVICE BOARD					
Administration Unit	Recurrent	78,618,480	84,163,570	-5,545,090	107.1
	Development	20,000,000	3,640,050	16,359,950	18.2
Total		98,618,480	87,803,620	10,814,860	89.0
3014 FINANCE And Economic PLANNING					
Administration Unit	Recurrent	838,488,430	927,548,168	-89,059,738	110.6
	Development	567,294,434	757,093,269	-189,798,835	133.5
Accounting Unit	Recurrent	24,150,000	27,361,361	-3,211,361	113.3
	Development	6,000,000	1,914,207	4,085,793	31.9
Planning and Monitoring Unit	Recurrent	27,010,654	17,572,583	9,438,070	65.1
	Development	12,000,000	974,897	11,025,103	8.1
Total		1,474,943,517	1,732,464,484	-257,520,967	117.5
3015 ENERGY, ENVIRONMENT & WASTE MANAGEMENT					
Administration, Planning and Support Services	Recurrent	469,643,215	552,439,698	-82,796,483	117.6
	Development	135,555,395	47,955,478	87,599,917	35.4
Energy	Recurrent	5,239,000	4,090,106	1,148,894	78.1
	Development	70,000,000	20,289,569	49,710,431	29.0%
Environmental Manage- ment and Protection	Recurrent	31,460,000	27,783,687	3,676,313	88.3
	Development	65,500,000	3,367,310	62,132,690	5.1
Solid Waste Management	Recurrent	18,327,252	13,848,199	4,479,053	75.6
	Development	5,000,000	-	5,000,000	-
Climate Change	Recurrent	3,239,000	-	3,239,000	-
	Development	50,000,000	-	50,000,000	-
Total		853,963,862	669,774,046	184,189,816	78.4
3016 Education, Information Technology & MV 2035					
General Administration, Planning and Support Ser- vices	Recurrent	256,986,033	360,948,824	-103,962,791	140.5

Programme & Sub-Program		Approved Supl. Budget No.2 FY 2022/2023 (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variances (Kshs)	Absorption Rate (%)
	Development	2,067,426	1,765,883	301,543	85.4
Education headquarters	Recurrent	5,200,000	5,175,354	24,646	99.5
	Development	108,332,574	10,201,448	98,131,126	9.4
Childcare	Recurrent	3,500,000	3,054,400	445,600	87.3
	Development	39,000,000	14,651,370	24,348,630	37.6
Elimu Fund	Recurrent	211,890,000	74,169,894	137,720,106	35.0
	Development	-	-	-	-
Information Technology Headquarters	Recurrent	7,000,000	6,141,897	858,103	87.7
	Development	50,600,000	26,942,434	23,657,566	53.2
Total		684,576,033	503,051,504	181,524,529	73.5
3017 HEALTH SERVICES					
Administration Unit	Recurrent	2,848,300,730	4,794,619,296	-1,946,318,566	168.3
	Development	128,508,506	12,000,000	116,508,506	9.3
Curative/Clinical Health Services	Recurrent	182,273,099	36,242,437	146,030,662	19.9
	Development	49,516,083	547,397	48,968,686	1.1
Preventive and Promotive Services Unit	Recurrent	77,459,683	3,051,052	74,408,631	3.9
	Development	8,613,000	-	8,613,000	-
Special Programs	Recurrent	48,179,420	61,505,750	-13,326,330	127.7
	Development	3,617,500	-	3,617,500	-
Total		3,346,468,021	4,907,965,931	-1,561,497,910	146.7
3018 Water, Sanitation & Natural Resources					
Administration unit	Recurrent	33,327,492	45,241,418	-11,913,926	135.7
	Development	575,000,000	590,025,456	-15,025,456	102.6
Sanitation/Sewerage Ser- vices Headquarters	Recurrent	1,750,000	98,276	1,651,724	5.6
	Development	27,000,000	1,754,406	25,245,594	6.5
Water Supply Headquarters	Recurrent	7,450,000	5,042,276	2,407,724	67.7
	Development	13,000,000	-	13,000,000	-
Natural Resources	Recurrent	5,480,000	106,897	5,373,103	2.0
	Development	10,000,000	-	10,000,000	-
Total		673,007,492	642,268,728	30,738,764	95.4
3019 Youth, Gender, Sports and Cultural Affairs					
Administration Unit	Recurrent	105,396,832	94,386,123	11,010,709	89.6
	Development	2,500,000	2,211,500	288,500	88.5
Youth Empowerment	Recurrent	3,200,000	3,199,107	893	100.0
	Development	7,500,000	-	7,500,000	-
Gender Affairs andDisabili- ty Mainstreaming	Recurrent	7,150,000	7,166,019	-16,019	100.2
	Development	40,000,000	710,219	39,289,781	1.8
Sports Unit	Recurrent	6,119,593	6,019,593	100,000	98.4
	Development	440,000,000	31,210,888	408,789,112	7.1
Sports development	Recurrent	1,500,000	1,778,793	-278,793	118.6
	Development	-	-	-	-
Cultural Affairs	Recurrent	-	-	-	-

Programme & Sub-Program		Approved Supl. Budget No.2 FY 2022/2023 (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variances (Kshs)	Absorption Rate (%)
-		10,000,000	0	10,000,000	-
Public Recreation andEntertainment	Recurrent	-	-	-	-
	Development	-	-	-	-
Total		623,366,425	146,682,243	476,684,182	23.5
3020 Trade, Tourism & Investment					
Administration Unit	Recurrent	344,845,715	371,808,349	-26,962,634	107.8
	Development	5,734,000	3,289,422	2,444,578	57.4
Trade Development	Recurrent	6,100,000	6,079,334	20,666	99.7
	Development	120,217,561	4,992,451	115,225,110	4.2
Development of Tourism	Recurrent	3,000,000	2,936,483	63,517	97.9
	Development	10,556,936	10,297,967	258,969	97.5
Investment Promotion and- Products Headquarters	Recurrent	-	-	-	-
	Development	-	-	-	-
Ease of Doing Busi- ness-Headquarters	Recurrent	3,315,082	3,301,470	13,612	99.6
	Development	41,000,000	28,088,662	12,911,338	68.5
Development of County In- dustrial Parks	Recurrent	2,800,000	2,788,086	11,914	99.6
	Development	201,943,064	29,637,906	172,305,158	14.7
Total		739,512,358	463,220,129	276,292,229	62.6
3021 Lands, Housing and Physical Planning					
Administration Unit	Recurrent	140,566,503	253,195,013	-112,628,510	180.1
	Development	239,576,556	5,818,819	233,757,737	2.4
Land Management Unit	Recurrent	4,100,000	4,055,322	44,678	98.9
	Development	2,000,000	-	2,000,000	-
-Physical planning	Recurrent	0	-	-	-
	Development	28,576,556	21,317,507	7,259,049	74.6
Housing Development Unit	Recurrent	1,100,000	1,093,153	6,847	99.4
	Development	1,000,000	440,495	559,505	44.0
Urban Renewal	Recurrent	4,000,000	3,901,113	98,887	97.5
	Development	9,423,444	-	9,423,444	-
Total		430,343,059	289,821,422	140,521,637	67.3
3022 TRANSPORT, INFRASTRUCTURE & PUBLIC WORKS					
Administration Unit	Recurrent	459,816,629	532,632,328	-72,815,699	115.8
	Development	-	-	-	-
Road andTransport Unit	Recurrent	6,000,000	5,948,016	51,984	99.1
	Development	450,700,000	450,025,664	674,336	99.9
Works Unit	Recurrent	6,950,000	6,897	6,943,103	0.1
	Development	3,920,453	3,151,837	768,616	80.4
Transport Planning, Man- agement andSafety	Recurrent	5,780,298	4,678,614	1,101,684	80.9
	Development	7,000,000	491,379	6,508,621	7.0
Mechanical Services	Recurrent	25,575,000	24,870,087	704,913	97.2
	Development	8,800,000	1,401,793	7,398,207	15.9
Safety, Risk Management and Rescue Services	Recurrent	1,700,000	1,697,616	2,384	99.9

Programme & Sub-Program		Approved Supl. Budget No.2 FY 2022/2023 (Kshs)	Actual Expenditure as of 30th June 2023 (Kshs)	Variances (Kshs)	Absorption Rate (%)
	Development	65,000,000	35,065,650	29,934,350	53.9
Total		1,041,242,380	1,059,969,882	-18,727,502	101.8
3023 Agriculture, Fisheries, Livestock and Co-operatives					
Administration Unit-Headquarters	Recurrent	128,533,848	163,082,471	-34,548,623	126.9
	Development	6,549,719	-	6,549,719	-
Crop Management Unit	Recurrent	5,000,000	4,829,646	170,354	96.6
	Development	85,000,000	6,381,283	78,618,717	7.5
Livestock Unit	Recurrent	2,300,000	2,232,799	67,201	97.1
	Development	57,000,000	-	57,000,000	-
Fisheries Unit-Headquarters	Recurrent	20,000	18,914	1,086	94.6
	Development	57,000,000	10,641,600	46,358,400	18.7
Veterinary Services	Recurrent	50,000	44,666	5,334	89.3
	Development	35,000,000	5,800,000	29,200,000	16.6
Co-operatives	Recurrent	500,000	488,249	11,751	97.6
	Development	12,000,000	-	12,000,000	-
Total		388,953,567	193,519,629	195,433,938	49.8
3026 Devolution & Public Service Administration					
Administration	Recurrent	2,259,872,610	842,027,472	1,417,845,138	37.3
	Development	13,000,000	1,240,013	11,759,987	9.5
Devolution and Public Service Administration	Recurrent	20,136,398	1,475,600	18,660,798	7.3
	Development	500,000	284,483	215,517	56.9
County Administration and Decentralised Services	Recurrent	33,972,796	6,210,275	27,762,521	18.3
	Development	49,500,000	303,448	49,196,552	0.6
Public Service Reforms and-Delivery	Recurrent	72,909,194	45,349,181	27,560,013	62.2
	Development	-	-	-	-
Compliance and Enforcement	Recurrent	31,100,000	5,897,718	25,202,282	19.0
	Development	27,000,000	2,734,366	24,265,634	10.1
Total		2,507,990,997	905,522,554	1,602,468,443	36.1
3012 County Assembly					
General Administration and Planning	Recurrent	707,697,464	641,877,775	65,819,689	90.7
	Development	30,000,000	19,603,062	10,396,938	65.3
Legislation, Oversight and Representation	Recurrent	167,085,556	140,440,254	26,645,302	84.1
	Development	-	-	-	-
Total		904,783,020	801,921,091	102,861,929	88.6
Grand Total		14,000,000,000	12,538,797,198	1,461,202,802	89.6

Source: Mombasa County Treasury

Several programmes had expenditures above approved budgets, which should be addressed by the respective accounting officers.

3.28.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The first batch of incomplete reports was received on 30th July 2023. The development implementation status report was submitted on 16th August 2023, while a comprehensive own-source revenue report was not submitted.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.113: Summary of Budget and Expenditure by Economic Classification and Table 3.117: Kisumu County, Budget Execution by Programmes and Sub-Programmes, where the County incurred expenditure over approved exchequer issues and above budget allocation in several departments.
3. High level of pending bills, which amounted to Kshs.4.29 billion as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.677.91 million at the end of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.555.95 million were processed through the manual payroll, accounting for 8.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Low absorption of development funds as indicated by the expenditure of Kshs.2.18 billion from the annual development budget allocation of Kshs.4.13 billion. The development expenditure represented 52.9 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 to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget. The concerned Accounting Officer should address the identified cases of misappropriation of funds within their departments.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County should identify and address issues causing delays in implementing development projects.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2022/23 Budget

The County's Approved Second Supplementary Budget for the FY 2022/23 was Kshs.9.80 billion, comprising Kshs.2.94 billion (30 per cent) and Kshs.6.86 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 8.1 per cent compared to the previous financial year when the approved budget was Kshs.10.66 billion and comprised of Kshs.3.29 billion towards development expenditure and Kshs.7.37 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.7.18 billion (83.9 per cent) as the equitable share of revenue raised nationally, Kshs.234.23 million (2.4 per cent) as Appropriations-in-Aid (A-I-A), Kshs.743.22 million (7.6 per cent) as additional allocations, a cash balance of Kshs.380.50 million (3.9 per cent) from FY 2021/22, and generate Kshs.1.26 billion (12.9 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.193.

3.29.2 Revenue Performance

In FY 2022/23, the County received Kshs.7.18 billion as the equitable share of the revenue raised nationally, Kshs.123.75 million as A-I-A, Kshs.337.13 million as additional allocations, had a cash balance of Kshs.380.50 million from FY 2021/22 and raised Kshs.534.41 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.55 billion, as shown in Table 3.193.

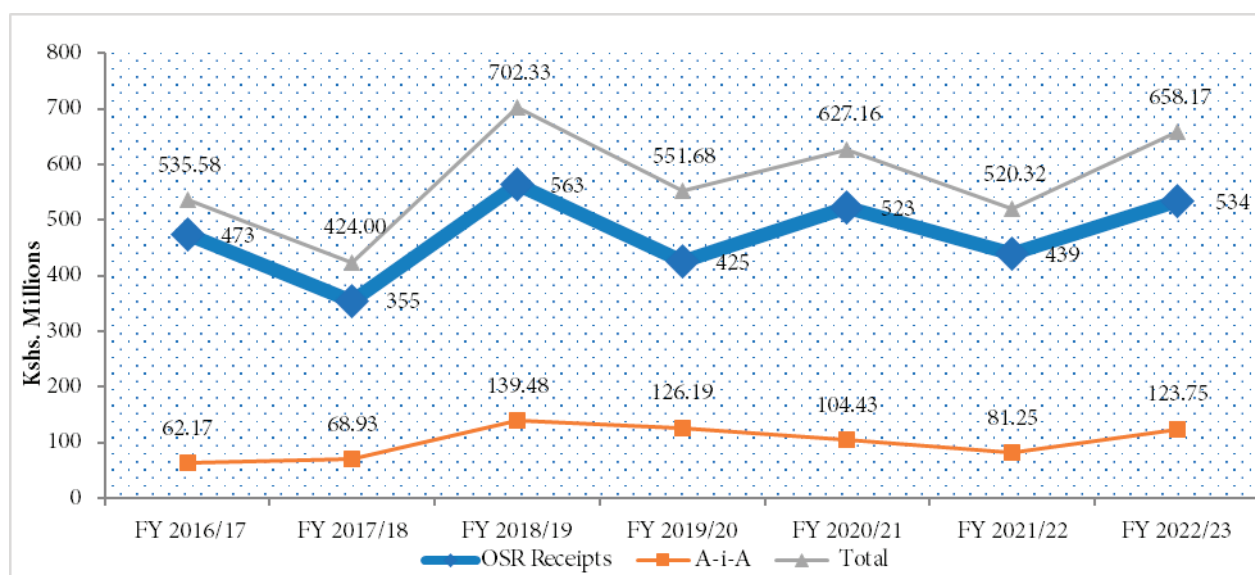
Table 3.193: Murang'a County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,180,155,855	7,180,155,85	100
Sub Total		7,180,155,855	7,180,155,855	100
B	Additional allocations			
1	Compensation for User Fee Foregone	20,138,691	-	-
2	Leasing of Medical Equipment	153,297,782	-	-
3	Transforming Health systems for Universal care Project (WB)	81,798,466	-	-
4	Nutritional International Grant	20,612,450	25,000,000	121.3
5	National Agricultural and Rural Inclusive Growth Project (NAGRIP)	335,683,961	189,025,001	56.3
6	National Agricultural Value Chain Development Project (NAVCDP) FY2022/23	70,000,000	67,192,729	96
7	Kenya Urban Support Project (KUSP) –Urban Institutional Grant (UIG)	2,339,915	2,339,915	100
8	DANIDA Grant	20,260,688	19,327,876	95.4
9	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,092,147	12,245,673	71.6
10	Finance Locally-Led Climate Program (FL-LoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	22,000,000	100
Sub Total		743,224,099	337,131,194	45.4
C	Other Sources of Revenue			
1	Own Source Revenue	1,265,765,573	534,416,925	42.2
2	Balance b/f from FY2021/22	380,500,000	380,500,000	100
3	AIA	234,234,427	123,750,039	52.8
Sub Total		1,880,500,000	1,038,666,964	55.2
Grand Total		9,803,879,955	8,555,954,013	87.3

Source: Murang'a County Treasury

Figure 85 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

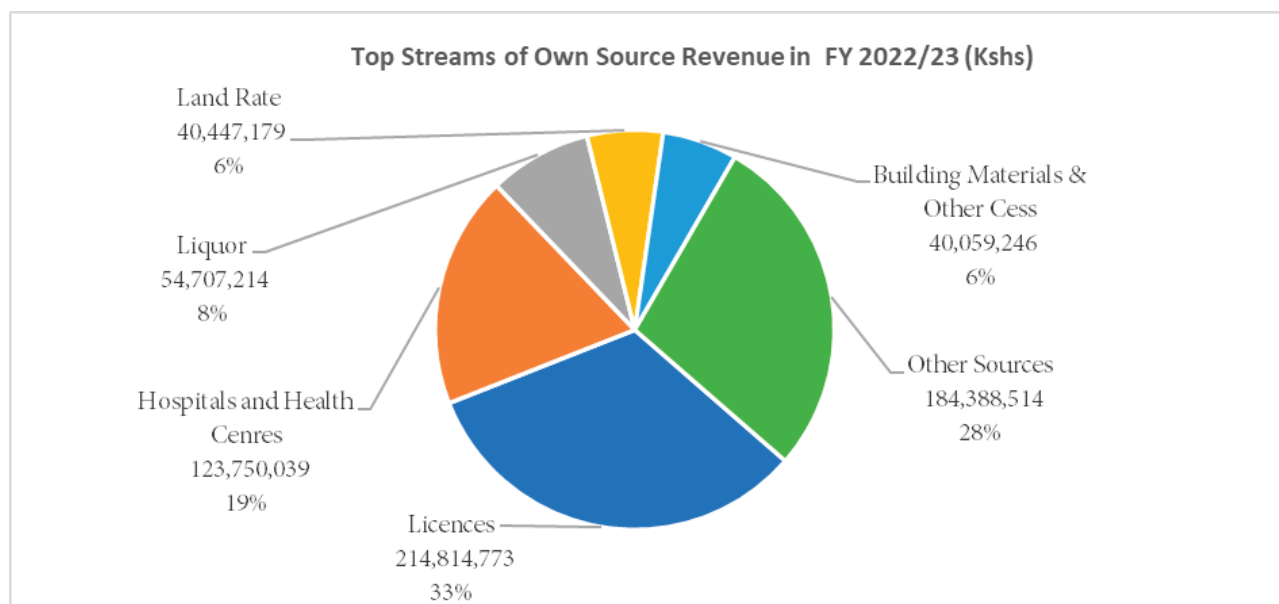
Figure 85: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Murang'a County Treasury

In FY 2022/23, the County generated a total of Kshs.658.16 million from its sources of revenue. This amount represented an increase of 26.5 per cent compared to Kshs.520.31 million realised in FY 2021/22 and was 43.9 per cent of the annual target and 9.2 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 86.

Figure 86: Top Streams of Own Source Revenue in FY 2022/23



Source: Murang'a County Treasury

The highest revenue stream of Kshs.214.81 million was from Licenses, contributing to 33 per cent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.123.75 million, representing 19 per cent of the overall OSR in FY 2022/23.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.47 billion from the CRF account during the reporting period. The amount comprised Kshs.2.03 billion (24.1 per cent) for development programmes and Kshs.6.43 billion (75.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.13 billion was released towards Employee Compensation, and Kshs.2.3 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.692.83 million.

3.29.4 County Expenditure Review

The County spent Kshs.8.47 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.9 per cent of the total funds released by the CoB and comprised of Kshs.2.03 billion and Kshs.6.43 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 69.3 per cent. In contrast, recurrent expenditure represented 93.7 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.2.75 billion, comprising Kshs.2.40 billion for recurrent expenditure and Kshs.346.38 million for development activities. During the year, eligible pending bills amounting to Kshs.316.85 million were settled, consisting of Kshs.50.25 million for recurrent expenditure and Kshs.266.60 million for development programmes. Further, the county Treasury reported outstanding pending bills of Kshs.3.65 billion as of 20th June, 2023 inclusive of bills accrued in FY 2022/23.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.96 billion on employee compensation, Kshs.1.59 billion on operations and Maintenance, and Kshs.2.02 billion on development activities. Similarly, the County Assembly spent Kshs.301.57 million on employee compensation, Kshs.568.66 million on operations and Maintenance, and Kshs.14.15 million on development activities, as shown in Table 3.194.

Table 3.194: 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	5,934,822,388	927,000,000	5,562,289,290	870,247,700	93.7	93.9
Compensation to Employees	4,066,423,292	308,045,000	3,969,685,750	301,578,305	97.6	97.9
Operations and Maintenance	1,868,399,095	618,955,000	1,592,603,539	568,669,394	85.2	91.9
Development Expenditure	2,892,057,56	50,000,000	2,023,641,688	14,158,208	70.0	28.3
Total	8,826,879,955	977,000,000	7,585,930,978	884,405,908	85.9	90.5

Source: Murang'a County Treasury

3.29.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.27 billion, or 49.9 per cent of the revenue for FY 2022/23 of Kshs.8.55 billion. This expenditure decreased from Kshs.4.36 billion reported in FY 2021/22. The wage bill included Kshs.2.44 billion paid to health sector employees, translating to 57.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.68 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.448.97 million was processed through manual payrolls. The manual payrolls accounted for 10.9 per cent of the total PE cost.

The County Assembly spent Kshs.32.84 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.33.57 million. The average monthly sitting allowance was Kshs.57,016 per MCA. The County Assembly has established 17 Committees.

3.29.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.686.90 million to county-established funds in FY 2022/23, constituting 7.0 per cent of the County's overall budget. Table 3.195 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.195: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23(Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023(Yes/No.)
County Executive Established Funds					
1.	Murang'a County Education Scholarship Fund	308,000,000.00	308,000,000.00	304,033,595.00	Yes
2.	Small Traders Empowerment Program	-	-	720.00	Yes
3.	Staff Car Loan and Mortgage Fund	1,900,000.00	-	-	Not in Operation
4.	Emergency Fund	2,000,000.00	-	-	Not in Operation
5.	Agricultural Farm Inputs Subsidy and Incentives Fund	200,000,000.00	198,900,000.00	50,814,925.70	Yes
County Assembly Established Funds					
6.	County Assembly Car Loan and Mortgage Fund	175,000,000.00	153,997,814.00	188,740,580.00	Yes
	Total	686,900,000.00	660,897,814.00	543,589,820.70	

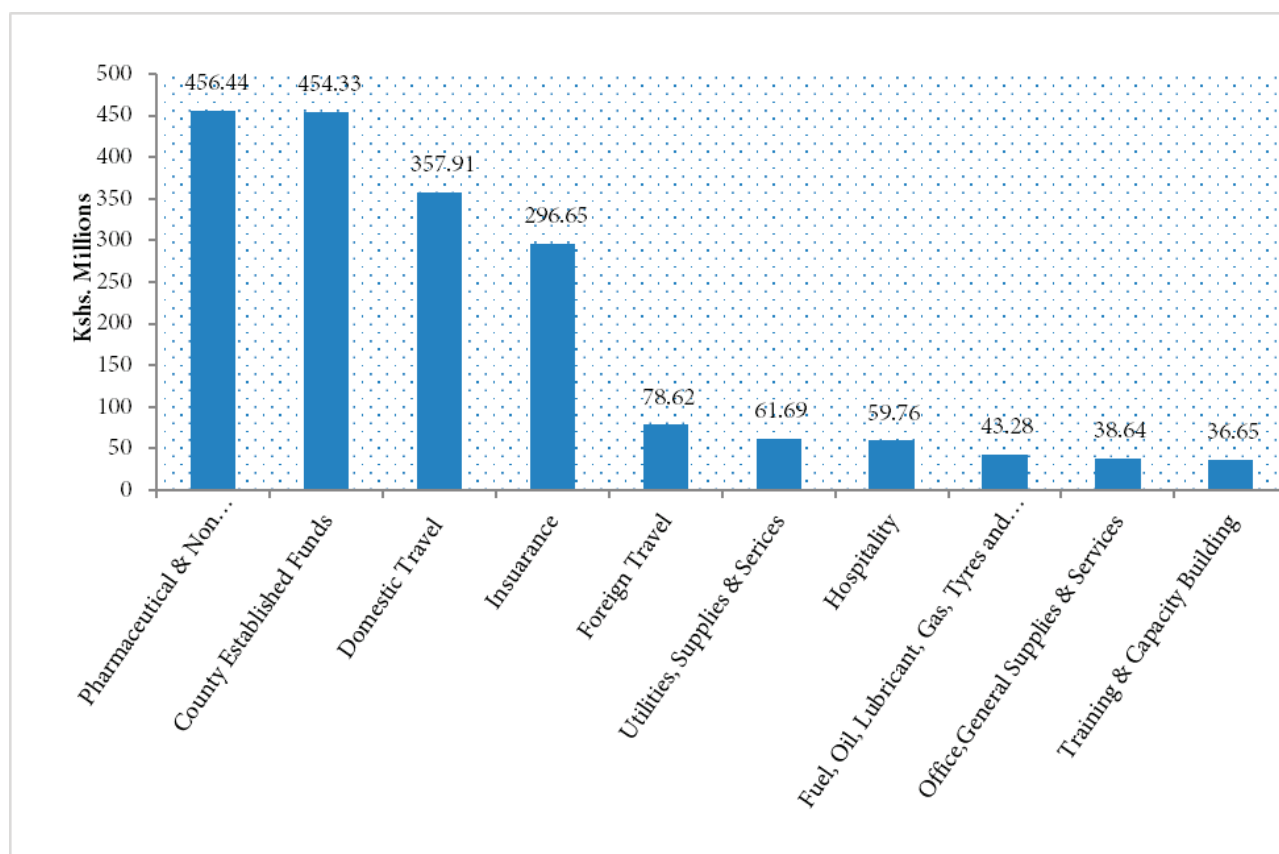
Source: Murang'a County Treasury

During the reporting period, the CoB received the quarterly financial returns from the Fund Administrators as indicated in Table 3.195.

3.29.9 Expenditure on Operations and Maintenance

Figure 87 summarises the Operations and Maintenance expenditure by major categories..

Figure 87: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

During the period, expenditure on domestic travel amounted to Kshs.357.91 million and comprised Kshs.226.19 million spent by the County Assembly and Kshs.131.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.78.62 million and comprised Kshs.58.74 million by the County Assembly and Kshs.19.83 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.196.

Table 3.196: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	39	10th January 2023 - 14th January 2023	A Workshop On Strategic County Assembly Leadership For County Transformation	Arusha	9,859,092
County Executive	6	11th November 2023 - 27th November 2023	Meetings With The Bureau For International Education, To Help In Creating Partnerships With Diverse Education Stakeholders	Canada	6,761,940
County Assembly	26	15th December 2022 - 19th December 2022	A Workshop On Strategic County Assembly Leadership For County Transformation	Arusha	6,537,276
County Assembly	8	24th August 2022 - 1st September 2022	A Workshop On Progressive Service Leadership In UAE Dubai	Dubai	6,502,440
County Assembly	5	27th December 2022 - 9th January 2023	A Workshop On Impact-Led Leadership And Management Skills Training	Dubai	6,362,795
County Assembly	7	29th May 2023 - 4th June 2023	A Workshop On Becoming A Transformational Leader The Case Of Singapore	Singapore	6,280,494
County Assembly	6	3rd June 2023 - 9th June 2023	A Workshop On Critical Infrastructure Development And Management For Business Community In Singapore	Singapore	5,960,975
County Assembly	5	20th May 2023 - 26th May 2023	A Workshop On Water Resources Management Summit In Singapore	Singapore	5,038,140
County Executive	5	27th February 2023 - 6th March 2023	Official Visit To Finland For A Due Diligence, Fact Finding And Establishing Networks For The Education Abroad Programme	Finland	4,952,064
County Assembly	4	30th January 2023 - 6th February 2023	A Workshop On Climate Change Mitigation In Developing Countries In Ethiopia	Addis Ababa	3,086,530
County Assembly	3	9th December 2022 - 20th December 2022	A Workshop On Infrastructure Multiplier Effect-Building Economic, Financial And Social Benefits Through Infrastructure	Dubai	3,079,878
County Assembly	11	17th July 2022 - 22nd July 2022	A Workshop On Benchmarking at the 17th Annual EA Science and Technology Exhibition in Tanzania	Dar es Salaam	2,692,284
County Executive	5	2nd May 2023 - 6th May 2023	Ophthalmic benchmarking in order to understand the functions of LVPEI and its standards in delivering eye care services to emulate them locally.	India	1,977,783
County Executive	5	2nd May 2023 - 10th May 2023	Ophthalmic Benchmarking	USA	1,941,812

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	26th January 2023 - 6th February 2023	A Workshop On Contemporary Public Administration Management Training at Galilee Institute	Israel	1,852,380
County Assembly	1	29th June 2023 - 10th July 2023	A Workshop On International Conference on Post Pandemic Strategic Public Administration and Management in Australia	Melbourne	1,708,800
County Assembly	3	30th June 2023 - 4th July 2023	A Workshop On Transforming the Economy through Provision of Leadership AndTapping Of Local Innovation Capacity And Resource For Economic Development in Malaysia	Malaysia	1,635,885
County Executive	4	23rd May 2023- 25th May 2023	Participation at IMEX Frankfurt, For The Global Event For Trade Shows, Meetings, Incentives Travel And business Travel Industry	Germany	1,500,000
County Executive	3	25th June 2023 - 3rd July 2022	Benchmarking Trip To Strengthen The Already Existing Partnership With Both Medical AndWater Teams (Health Facilities AndAgriculture Farms) In Spain	Spain	887,935.41

Source: Murang'a County Treasury

3.29.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.03 billion on development programmes, representing an increase of 48.3 per cent compared to FY 2021/22, when the County spent Kshs.1.37 billion. The table below summarises development projects with the highest expenditure in the reporting period.

Table 3.197: Murang'a County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	FY 2022/2023 Expenditure (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture, Livestock and Fisheries	Narigp Grant (National Agriculture and Rural Inclusive Growth)	County Wide	350,873,239	350,873,239	350,873,239	100
2	Agriculture, Livestock and Fisheries	Agricultural Farm Input Subsidy Fund	County Wide	198,900,000	198,900,000	198,900,000	100
3	Agriculture, Livestock and Fisheries	Narigp Grant (National Agriculture And Rural Inclusive Growth) Counterpart Funding	County Wide	105,000,000	105,000,000	105,000,000	100
4	Energy Transport and Roads	Gravelling, Maintenance and Equipment	County Wide	100,000,000	100,000,000	100,000,000	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	FY 2022/2023 Expenditure (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
5	Health and sanitation	Transforming Health Systems for Universal Care Project	Murang'a County Referral Hospital	78,214,366	78,214,366	78,214,366	100
6	Agriculture, Livestock and Fisheries	National Agricultural Value Chain Development Project	County Wide	67,192,729	67,192,729	67,192,729	100
7	Finance, Information Technology and Economic Planning	Automation Services	County Wide	63747000	63,747,000	63,747,000	
8	Water & Irrigation	Water Development	County Wide	46,504,995	46,504,995	46,504,995	100
9	Health and sanitation	Nutritional International (Counterpart Funding)	Murang'a County Referral Hospital	41,682,681	41,682,681	41,682,681	100
10	Health and sanitation	Community Health Services	Murang'a County Referral Hospital	38,000,000	38,000,000	38,000,000	100
11	Health and sanitation	Mathioya Hospital	Mathioya	37,761,241	37,761,241	37,761,241	100
12	Health and sanitation	Level 5- Referral Hospital- Construction of Wards	Murang'a County Referral Hospital	34,961,206	34,961,206	34,961,206	100
13	Health and sanitation	Supply & Installation of Oxygen Gas Plant At Murang'a Level 5 Hospital	Murang'a County Referral Hospital	26,362,513	26,362,513	26,362,513	100

Source: Murang'a County Treasury

3.29.11 Budget Performance by Department

Table 3.18 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.198: Murang'a County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and- Fisheries	239.79	900.98	221.32	790.73	213.32	787.73	96.4	99.6	89	87.4
Commerce, Trade, Industry and Tourism	49.15	103.26	24.22	31.66	39.87	25.53	164.6	80.6	81.1	24.7
County Public Service Board	38.51	-	31.42	-	28.00	-	89.1	-	72.7	-
Education & Technical Training	676.96	52.80	664.67	32.79	659.00	29.66	99.1	90.4	97.3	56.2
Energy Transport and Roads	21.76	548.30	16.65	540.72	16.52	529.00	99.3	97.8	75.9	96.5
Environment & Natural Re- sources	23.18	95.00	12.58	44.55	16.31	44.55	129.7	100	70.4	46.9
Finance, Information Tech- nology and Economic Plan- ning	344.90	77.00	272.45	63.75	300.72	62.72	110.4	98.4	87.2	81.4
Health and sanitation	3,254.17	743.49	3,161.26	428.11	3,185.14	455.87	100.8	106.5	97.9	61.3
Lands, Housing & Physical Planning	31.42	63.70	21.87	1.23	19.16	1.23	87.6	100	61	1.9
Public Service Administra- tion	760.13	-	730.79	-	671.76	-	91.9	-	88.4	-
Water & Irrigation	90.18	85.50	88.00	51.67	83.81	51.40	95.2	99.5	92.9	60.1
Youth, Culture, Gender, So- cial Services & Special Pro- grams	66.31	100.00	52.24	38.43	51.74	35.96	99.1	93.6	78	36
County Assembly	927.00	50.00	870.25	14.16	870.25	14.16	100	100	93.9	28.3
Governorship, County Co- ordination and administra- tion	271.76	-	205.10	-	222.48	-	108.5	-	81.9	-
Murang'a Municipality	66.61	122.04	59.95	-	54.43	-	90.8	-	81.7	-
Total	6,861.82	2,942.06	6,432.77	2,037.80	6,432.54	2,037.80	100	100	93.7	69.3

Source: Murang'a County Treasury

Analysis of expenditure- by department shows that the Department of Energy Transport and Roads recorded the highest absorption rate of development budget at 96.5 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 87.4 per cent. Murang'a Municipality did not report any development expenditure in the period. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 97.9 per cent, while the Department of Lands, Housing & Physical Planning had the lowest at 61 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 3.199 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.199: Murang'a County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Governorship, County Coordination And administration							
Monitoring and Evaluation	101024010 Project Co-ordination and Monitoring	3,600,000	-	2,915,301	-	81	-
County Co-ordination	705024010 Office Administration and Support Services	63,200,000	-	49,315,181	-	78.0	
Public andCitizen Participation	705034010 Public Participation	6,896,000	-	4,435,405	-	64.3	-
Administration and support	706014010 County Executive and Coordination	178,976,902	-	154,175,416	-	86.1	-
Audit and Monitoring	718014010 Audit and other Monitoring	5,670,000	-	3,282,695	-	57.9	-
Disaster Program	902044010 Disaster Response andMitigation	13,421,000	-	8,354,684	-	62.3	-
Sub Total		271,763,902	-	222,478,682	-	81.9	-
Finance, Information Technology And Economic Planning							
Revenue Program	108014010 Local Revenue Mobilisation	20,130,000	-	18,365,111		91.2	-
ICT Program	703014010 Automation and Revenue System	500,000	-	216,000	-	43.2	-
Financial Management Program	703024010 Budget Formulation Coordination and Management	3,600,000	-	2,828,666	-	78.6	-
	703034010 Economic Planning andCIDP Review	15,600,000	-	12,320,485	-	79.0	-
	718024010 Corporate Governance	5,990,000	-	5,747,378	-	95.9	-
	705014010 Budget Implementation and Monitoring	3,660,000	-	3,546,945	-	96.9	-
	705034010 Public Participation	39,180,000	-	33,675,758	-	86.0	-
	730014010 Budget Implementation and Monitoring	3,320,000	-	2,265,191	-	68.2	-
Administration and support	706014010 General Administration Planning and Support Services	252,916,609	77,000,000	221,756,754	62,715,440	87.7	81.4
Sub Total		344,896,609	77,000,000	300,722,288	62,715,440	87.2	81.4
Agriculture, Livestock and Fisheries							
Food Security	10104010 Land and Crops Development	2,970,000	-	2,831,672	-	95.3	-
	101024010 Promotion Food Security	3,850,000	865,276,108	3,260,605	760,557,753	84.7	87.9
	101124010 Capacity Development, Mechanisation and Innovation	3,850,000	-	3,142,366	-	81.6	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Livestock Development Program	103084010 Veterinary Services	4,370,000	29,100,000	3,674,135	25,051,364	84.1	86.1
	107024010 Livestock and Fisheries Development	1,705,000	6,600,000	735,400	2,125,000	43.1	32.2
Administration and support	706014010 General Administration Planning and Support Services	223,040,035	-	199,675,314	-	89.5	-
Sub Total		239,785,035	900,976,108	213,319,492	787,734,117	89.0	87.4
Energy Transport And Roads							
Urban Development Program	102074010 Urban Development and support	3,650,900	-	2,163,214	-	59.3	-
Energy Development Program	103094010 Promotion of Energy & Renewable Energy Sources	1,100,000	-	25,410	-	2.3	-
Infrastructure Development Program	201014010 Construction of Roads and Bridges	17,007,900	-	14,335,111	-	84.3	-
	202064010 Infrastructure Development	-	548,300,000	-	529,002,114	-	96.5
Sub Total		21,758,800	548,300,000	16,523,735	529,002,114	75.9	96.5
Commerce, Trade, Industry And Tourism							
Agro Marketing	102054010 Cooperatives	-	26,705,000	-	13,640,949	-	51.1
Tourism Program	110014010 Tourism Development	4,060,000	-	2,239,560	-	55.2	-
	301014010 Tourism Promotion and Marketing	-	5,550,000	-	920,694	-	16.6
Trade Development Program	111014010 Trade & Enterprise Development	9,160,000	-	7,438,693	-	81.2	-
	302014010 Domestic Trade Development	14,100,000	71,000,000	11,310,589	10,965,401	80.2	15.4
	302024010 Fair Trade and Consumer Protection	4,050,000	-	2,313,637	-	57.1	-
Administration and support	706014010 General Administration Planning and Support Services	17,783,307	-	16,565,290	-	93.2	-
Sub Total		49,153,307	103,255,000	39,867,769	25,527,044	81.1	24.7
Education & Technical Training							
EEDE Programme	501034010 Early Childhood Development Education	-	30,000,000	-	24,860,275	-	82.9
	509014010 Early Child Development and Education	236,820,327	-	234,900,100		99.2	-
Polytechnics Program	507014010 Revitalisation of Youth Polytechnics	124,043,541	18,600,000	109,815,358	2,598,796	88.5	14.0
Education Intervention Program	501054010 Motivation of Primary and Secondary School	-	4,200,000	-	2,200,000	#DIV/0!	52.4
	509024010 Motivation of Primary and Secondary Schools	312,700,000	-	311,463,600	-	99.6	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and support	706014010 General Administration Planning and Support Services	3,400,000	-	2,825,865	-	83.1	-
Sub Total		676,963,868	52,800,000	659,004,923	29,659,071	97.3	56.2
Health And sanitation							
Infrastructure Development Program	10110410 Infrastructure Development	1,615,000	-	1,609,990	-	99.7	-
	109024010 Infrastructure Improvement Services	-	251,800,000	-	142,996,180	-	56.8
Alcohol Program	401014010 Alcoholic Control and Reviewing of Licences	14,010,000	-	11,676,859	-	83.3	-
Curative Program	402054010 Free Primary HealthCare	670,020,000	233,297,781	645,469,099	139,148,102	96.3	59.6
Administration and support	706014010 General Administration Planning and Support Services	2,568,520,172	258,389,246	2,526,388,658	173,725,020	98.4	67.2
Sub Total		3,254,165,172	743,487,027	3,185,144,606	455,869,302	97.9	61.3
Lands, Housing & Physical Planning							
LandPolicy Succession and Surveying	103014010 LandPolicy and Planning	-	46,700,000	-	-	-	-
	103044010 LandSurvey	-	5,000,000	-	-	-	-
Estate Management	701034010 Public Trusts and Estates Management	-	12,000,000	-	1,231,041	-	10.3
Administration and support	706014010 General Administration Planning and Support Services	31,416,078	-	19,164,282	-	61.0	-
Sub Total		31,416,078	63,700,000	19,164,282	1,231,041	61.0	1.9
County Public Service Board							
National Values and governance Program	706014010 General Administration Planning and Support Services	38,509,490	-	28,000,185	-	72.7	-
Sub Total		38,509,490	-	28,000,185	-	72.7	-
Youth, Culture, Gender, Social Services & Special Programs							
Social Development Program	102054010 Cooperatives	5,460,000	-	4,835,590	-	88.6	-
	901014010 Social Welfare and Vocational Rehabilitation	2,450,000	-	1,360,509	-	55.5	-
	902024010 Persons Living with Disabilities	-	20,000,000	-	9,941,800	-	49.7
	711024010 Gender & Social-Economic Empowerment	-	72,000,000	-	25,344,694	-	35.2
General Administration and support	706014010 General Administration Planning and Support Services	43,241,970	-	35,140,222	-	81.3	-
Youth Development Program	711014010 Youth Development Services	660,000	-	31,300	-	4.7	-
	903034010 Development and Management of Sports Facilities	11,420,000	-	9,710,565	-	85.0	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Cultural Development Program	904014010 Development and Promotion of Culture	3,074,115	8,000,000	663,500	670,320	21.6	8.4
Sub Total		66,306,085	100,000,000	51,741,686	35,956,814	78.0	36.0
Environment & Natural Resources							
Waste Management Program	101094010 Solid Waste Management	6,224,872	63,100,285	4,914,364	22,550,650	78.9	35.7
	102064010 Environmental Management & Protection	-	31,900,000		22,000,000	-	69
Administration and support	706014010 General Administration Planning and Support Services	11,254,440	-	8,616,559	-	76.6	-
Environmental Governance	1001054010 Environmental Leadership and governance	5,700,000	-	2,782,640	-	48.8	-
Sub Total		23,179,312	95,000,285	16,313,563	44,550,650	70.4	46.9
Public Service Administration							
Human Resource Development Program	101064010 Human Resource Management and Development	16,810,000	-	9,828,435	-	58.5	-
Administration and support	706001410 General Administration Planning and Support Services	743,320,876	-	661,936,537	-	89.1	-
Sub Total		760,130,876	-	671,764,972	-	88.4	-
Water & Irrigation							
Administration and support	706014010 General Administration Planning and Support Services	85,864,439	-	83,188,973	-	96.9	-
Water Development Program	1004014010 Water Supply Infrastructure	4,319,500	85,500,000	625,756	51,396,096	14.5	60.1
Sub Total		90,183,939	85,500,000	83,814,729	51,396,096	92.9	60.1
Murang'a Municipality							
Municipal Development Program	10109410 Solid Waste Management	-	8,800,000	-	-	-	-
	101104010 Infrastructure Development	-	100,239,147	-	-	-	-
	102074010 Urban Development and support	-	10,000,000	-	-	-	-
	703014010 Revenue Automation	-	3,000,000	-	-	-	-
	706014010 General Administration Planning and Support Services	66,609,915	-	54,428,378	-	81.7	-
Sub Total		66,609,915	122,039,147	54,428,378	-	81.7	-
County Assembly							
Legislation and Representation	Legislation and Representation	350,820,000	-	323,108,047	-	92.1	-
Oversight	Oversight	251,401,000	-	237,295,676	-	94.4	-
Administration planning and support	Administration planning and support	324,779,000	50,000,000	309,843,977	14,158,208	95.4	28.3
Sub Total		927,000,000	50,000,000	870,247,700	14,158,208	93.9	28.3
Grand Total		6,861,822,388	2,942,057,567	6,432,536,989	2,037,799,897	93.7	69.3

Source: Murang'a County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Infrastructure Development in the Department of Health And sanitation at 99.7 per cent, Motivation of Primary and Secondary Schools in the Department of Education & Technical Training at 99.6 per cent Early Child Development and Education in the Department of Education & Technical Training at 99.2 per cent, and Budget Implementation and Monitoring in the Department of Finance, Information Technology and Economic Planning at 96.9 per cent, of budget allocation.

3.29.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 28th July 2023.
2. The underperformance of own-source revenue at Kshs.658.16 million against an annual projection of Kshs.1.50 billion, representing 43.9 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.198 Kwale County, Revenue Performance in FY 2022/23 where the County incurred expenditure over approved exchequer issues in several departments.
4. High level of eligible pending bills, which amounted to Kshs.3.65 billion as of 30th June 2023. This is despite the availability of Kshs.692.83 million in the CRF at the end of the financial year.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.448.97 million were processed through the manual payroll, accounting for 10.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. High wage bill of Kshs.4.27 billion, which represented 50.4 per cent of total expenditure in FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
6. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.30 Nairobi City County Government

3.30.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.39.61 billion, comprising Kshs.30.37 billion (76.7 per cent) and Kshs.9.24 billion (23.3 per cent) allocation for development and recurrent programmes respectively. The approved budget estimates represented a marginal decrease of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.39.63 billion and comprised of Kshs.10.33 billion towards development expenditure and Kshs.29.29 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, Kshs.250 million (0.6 per cent) as Appropriations-in-Aid (A-I-A), Kshs.1.34 billion (3.4 per cent) as conditional grants, a cash balance of Kshs.1.27 billion (3.2 per cent) from FY 2021/22, and generate Kshs.17.51 billion (44.2 per cent) as own-source revenue. A breakdown of the conditional grants is provided in Table 3.201.

3.30.2 Revenue Performance

In FY 2022/23, the County received Kshs.19.25 billion as the equitable share of the revenue raised nationally, Kshs.241.55 million as A-I-A, Kshs.1.06 billion as conditional grants, had a cash balance of Kshs.1.27 billion from FY 2021/22, and raised Kshs.10.24 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.32.06 billion, as shown in Table 3.200.

Table 3.200: Nairobi City County, Revenue Performance in FY 2022/23

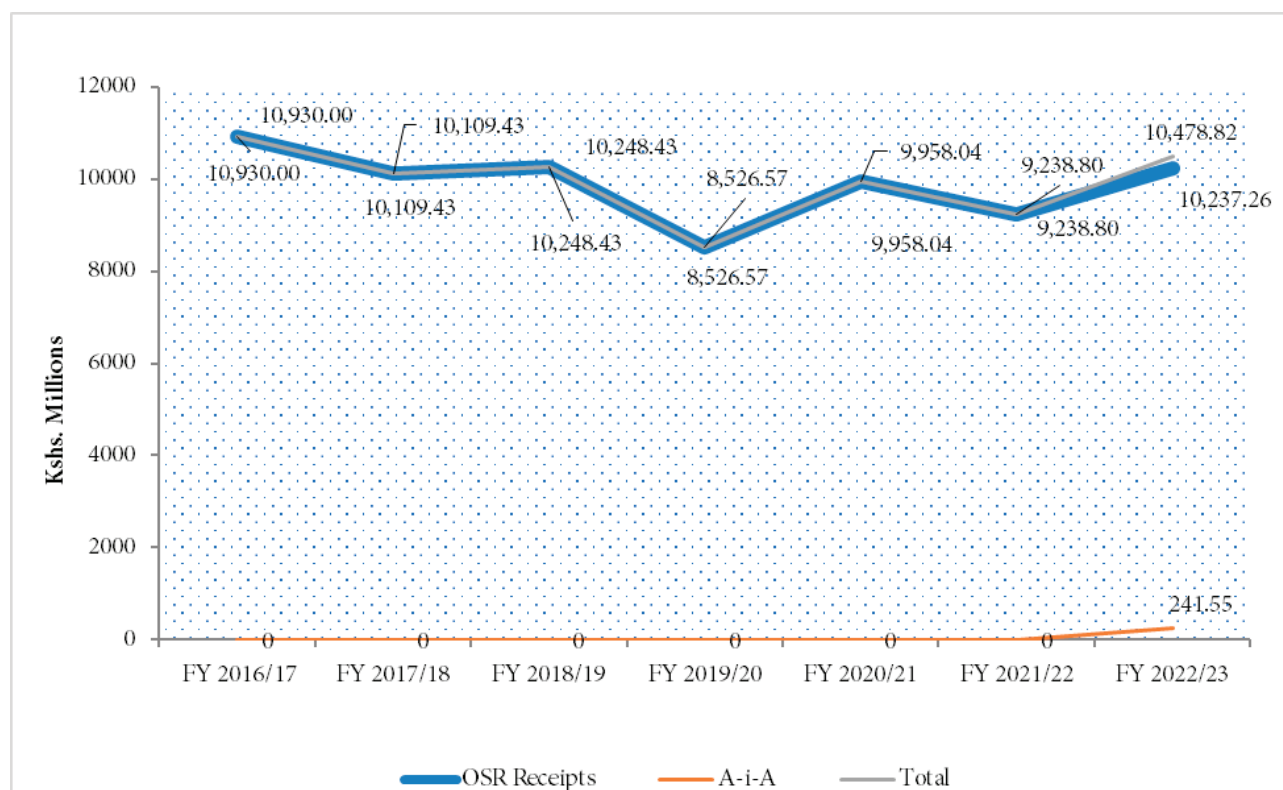
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	19,249,677,412.00	19,249,677,414.00	100.0%
Subtotal		19,249,677,412.00	19,249,677,414.00	100.0%
B	Conditional Grants			
2.	Road Maintenance Fuel Levy Fund	1,127,334,931.00	927,334,931	82.3%
3.	DANIDA Grant	51,211,688.00	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	36,069,932.00	31,569,932.00	87.5%
5.	Finance Locally Led Climate Change Actions Plans (LoCCA)	22,000,000.00	-	-
6.	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	100,000,000.00	100,000,000.00	100.0%
Subtotal		1,336,616,551.00	1,058,904,863.00	79.2%
C	Other Sources of Revenue			
1.	Own Source Revenue	17,505,011,668	10,237,263,780	58.5%
	Balance b/f from FY2021/22	1,272,610,648	1,272,610,648	100.0%
2.	A-I-A- Liquor Licensing Board	250,000,000	241,552,546	96.6%
Sub Total		19,027,622,316	11,751,426,974	61.8

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Grand Total		39,613,916,279.00	32,060,009,251	80.9%

Source: Nairobi City County Treasury

Figure 88 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

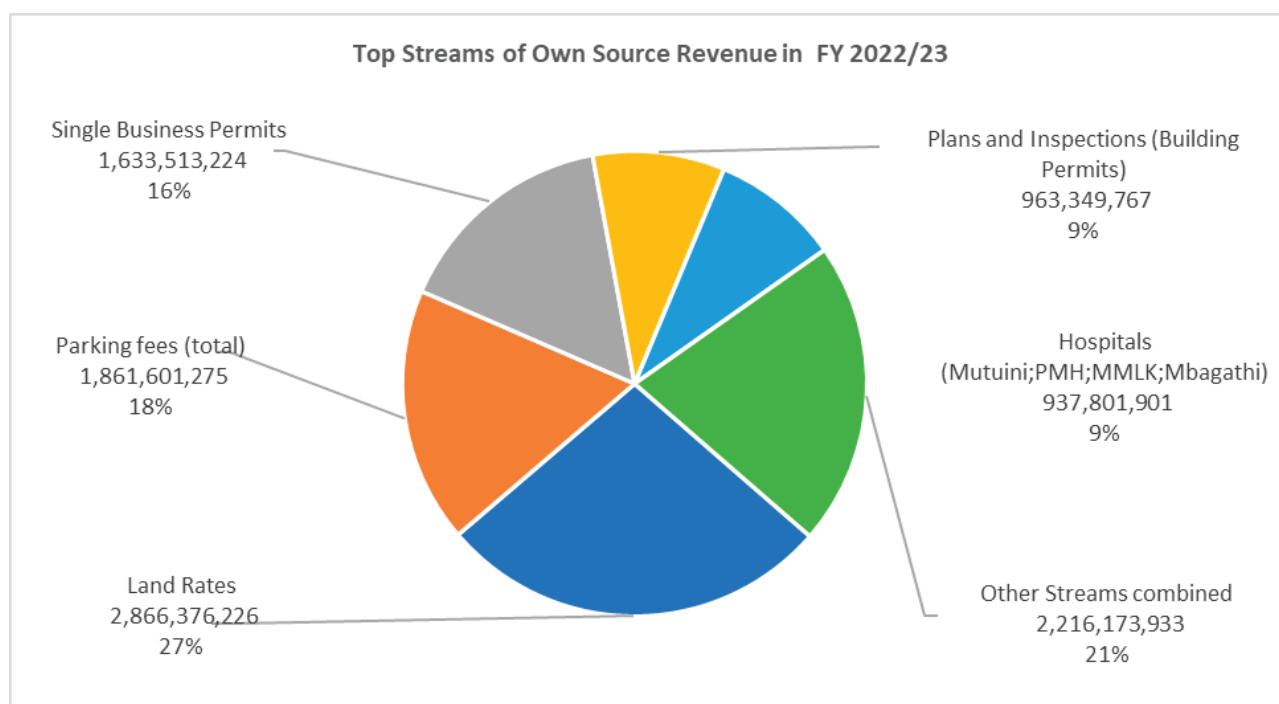
Figure 88: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Nairobi City County Treasury

The collections from A-I-A for the previous financial years were not provided. In FY 2022/23, the County generated a total of Kshs.10.48 billion from its sources of revenue. This amount represented an increase of 13.4 per cent compared to Kshs.9.24 billion realised in FY 2021/22 and was 59.0 per cent of the annual target and 54.4 per cent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure89.

Figure 89: Top Streams of Own Source Revenue in FY 2022/23



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.2.87 billion was from Land Rates, contributing to 27 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.937.80 million representing 9 per cent of the overall OSR in FY 2022/23.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.30.49 billion from the CRF account during the reporting period. The amount comprised Kshs.4.62 billion (15.1 per cent) for development programmes and Kshs.25.87 billion (84.9 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.14.20 billion was released towards Employee Compensation, and Kshs.11.66 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.395.40 million.

3.30.4 Borrowing by the County

The County has a short-term credit facility arrangement with the Cooperative Bank for the payment of salaries. With the inconsistency of exchequer release from the National Treasury, the County uses this credit facility to achieve consistency in the payment of staff salaries. Information on accrued balances of the credit facility as at 30th June 2023 were not availed.

3.30.5 County Expenditure Review

The County spent Kshs.30.71 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.6 per cent of the total funds released by the CoB and comprised

of Kshs.4.61 billion and Kshs.26.1 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 49.9 per cent. In contrast, recurrent expenditure represented 85.9 per cent of the annual recurrent expenditure budget.

3.30.6 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.107.33 billion as 30th June 2023. This amount comprised of Kshs.103.30 billion for recurrent expenditure and Kshs.4.03 billion for development expenditure.

3.30.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.11.44 billion on employee compensation, Kshs.15.46 billion on operations and maintenance, and Kshs.4.59 billion on development activities. Similarly, the County Assembly spent Kshs.743.09 million on employee compensation, Kshs.985.56 million on operations and maintenance, and Kshs.20.16 million on development activities, 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	28,094,675,546	2,275,288,302	26,899,274,828	1,728,651,912	96%	76%
Compensation to Employees	12,265,568,693	763,921,499	11,443,189,999	743,091,788	93%	97%
Operations and Maintenance	15,829,106,853	1,511,366,803	15,456,084,829	985,560,124	98%	65%
Development Expenditure	9,109,952,431	134,000,000	4,590,299,754	20,158,456	50%	15%
Total	37,204,627,977	2,409,288,302	31,489,574,581	1,748,810,368	85%	73%

Source: Nairobi City County Treasury

3.30.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.12.18 billion, or 38.0 per cent of the revenue for FY 2022/23 of Kshs.32.06 billion. This expenditure represented a decrease from Kshs.14.79 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.6.29 billion paid to health sector employees, translating to 52 per cent of the total wage bill.

The County Assembly spent Kshs.51.42 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.51.42 million. The average monthly sitting allowance was Kshs.34,560 per MCA. The County Assembly has established 26 Committees.

3.30.9 County Emergency Fund and County-Established Funds

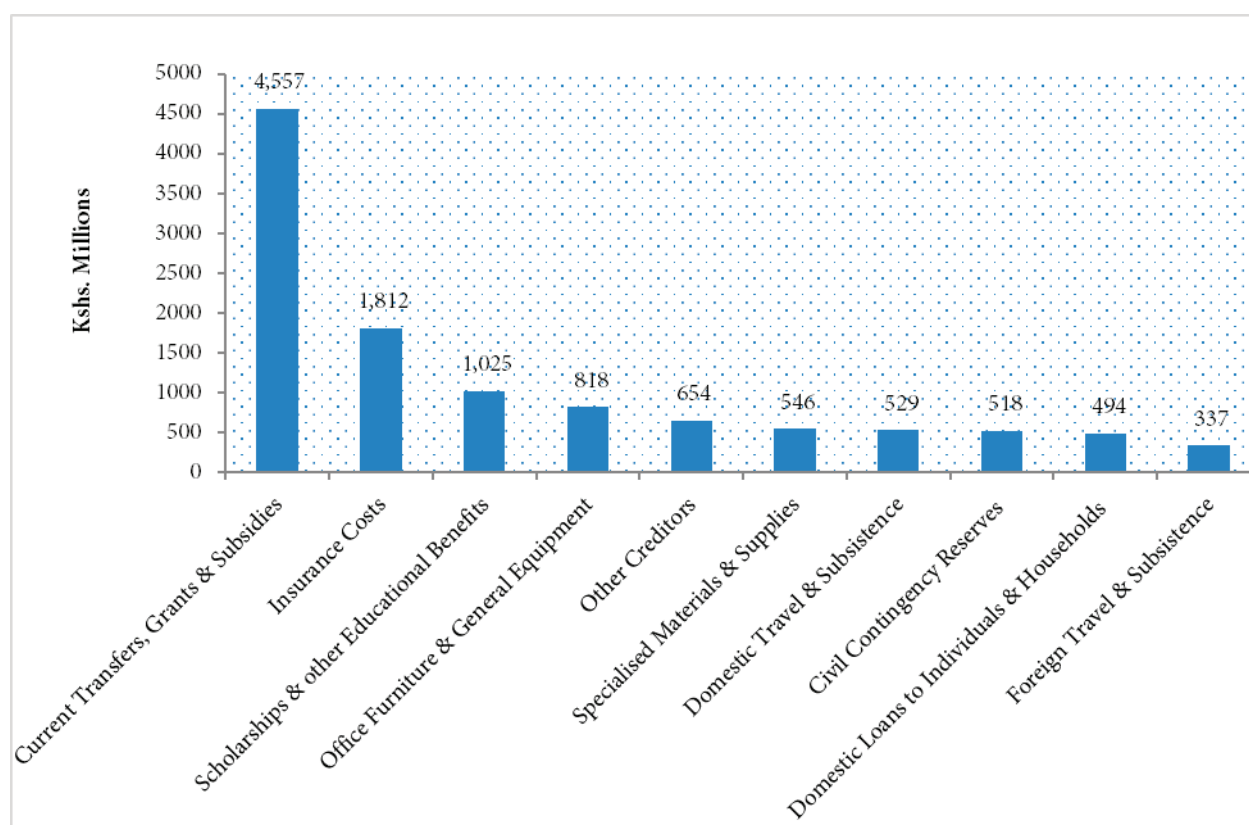
Section 110 of the PFM Act, 2012 establishes the Emergency Fund while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County did not make any budgetary allocation to the County Emergency Fund for FY 2022/23 and has no established County Funds with an annual budget

3.30.10 Expenditure on Operations and Maintenance

Figure 90 summarises the Operations and Maintenance expenditure by major categories..

Figure 90: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

During the period, expenditure on domestic travel amounted to Kshs.528.69 million and comprised Kshs.202.25 million spent by the County Assembly and Kshs.326.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.337.20 million and comprised Kshs.110.32 million by the County Assembly and Kshs.226.87 million by the County Executive.

3.30.11 Development Expenditure

In FY 2022/23, the County incurred Kshs.4.61 billion on development programmes, representing an increase of 52.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.3.02 billion. Table 3.202 summarises development projects with the highest expenditure in the reporting period.

Table 3.202: Nairobi City County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)
1	Health	General renovation at Pumwani Maternity Hospital including cold rooms	Kamukunji Sub County	81,728,645	48,728,665	25,000,000
2	Roads, public works & transport	Rehabilitation of lot 5 roads in industrial area - catalyst road, machakos road, baricho road and wundanyi industrial area nairobi	Industrial area	57,783,080	57,783,080	57,783,080
3	Roads, Public Works & Transport	Rehabilitation of lot 6 roads in industrial area, nairobi-rangwe road, mareba road, hola road, lusingeti road and kitui road	Industrial area	53,844,880	53,844,880	53,844,880
4	Roads, Public Works & Transport	Rehabilitation of lot 7 roads in industrial area Nairobi (migwani road, isiolo road, bandari road, wajir road, chogoria road, jirore road	Industrial area	75,815,280	75,815,280	75,815,280
5	Roads, Public Works & Transport	Rehabilitation of lot 8 roads in industrial area nairobi (butere road, yarrow road, bunyala road, factory street	Industrial area	47,212,310	47,212,310	47,212,310
6	Roads, Public Works & Transport	Rehabilitation of lot 9 roads in industrial area, nairobi (ndume road, nyahera road, runyenje road, lokitaung road, mogadishu road, construction of nmt's	Industrial area	78,193,860	78,193,860	78,193,860
7	Roads, Public Works & Transport	Rehabilitation of roads in eastleigh area, nairobi (waudu road, muinami road, timboroa road, 2nd avenue & 9th street	Eastleigh	76,534,000	76,534,000	76,534,000
8	Roads, public works & transport	Rehabilitation of roads in eastleigh area, nairobi (male-wa road, 6th street, 14th street, 15th street, kiambiu road)	Eastleigh	84,947,960	84,947,960	84,947,960
9	Roads, public works & transport	Construction of Drumvale – sir henry ring road in Ruai	Ruai	155,501,006	155,501,006	155,501,006

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)
10	Roads, public works & transport	Construction of 1st & 2nd avenue, block 10 in Ruai ward	Ruai	50,000,000	50,000,000	50,000,000

Source: Nairobi City County Treasury

3.30.12 Budget Performance by Department

Table 3.203 Summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.203: Nairobi City County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board	102.90	10.00	70.26	-	70.67	-	100.6	-	68.7	-
Office of Governor & Deputy	5,618.28	273.03	5,510.57	147.97	5,540.49	147.97	100.5	100.0	98.6	54.2
ICT, E-Gov. & Public Communications	155.83	316.40	108.28	1.05	109.09	1.05	100.8	100.0	70.0	0.3
Finance & Economic Planning	3,885.40	1,362.29	2,799.96	982.40	2,852.47	1,006.66	101.9	102.5	73.4	73.9
Health	5,456.30	512.30	4,241.12	122.55	4,241.94	122.55	100.0	100.0	77.7	23.9
Urban Planning and Lands	286.28	87.20	212.69	-	212.75	-	100.0	-	74.3	-
Public Works, Transport & Infrastructure	936.48	2,461.69	794.79	1,421.63	795.16	1,421.63	100.0	100.0	84.9	57.8
Education, Youth Affairs, Sports, Culture & Social Services	2,335.79	610.69	2,116.43	113.79	2,126.69	113.79	100.5	100.0	91.0	18.6
Trade, Commerce, Tourism & Co-op	576.44	226.00	528.48	77.60	531.00	77.60	100.5	100.0	92.1	34.3
Public Service Management	2,013.82	14.60	2,026.80	-	1,897.01	-	93.6	-	94.2	-
Agric, Livestock Development, Fisheries & Forestry	238.43	9.00	241.94	-	244.04	-	100.9	-	102.4	-
Environment, Water, Energy & Natural Resources	1,620.75	1,274.50	908.38	265.01	906.81	265.01	99.8	100.0	56.0	20.8
Urban Renewal and Housing	17.48	209.75	9.42	67.04	9.42	67.04	100.0	100.0	53.9	32.0
Ward Development Programs	93.27	1,692.5	76.72	1,341.65	76.72	1,341.65	100.0	100.0	82.3	79.3

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
Liquor Licensing Board	200.00	50.00	-	24.26	198.68	25.35	-	104.5	99.3	50.7
Nairobi Metropolitan Services	4,557.23	-	4,557.23	-	4,557.23	-	100.0	-	100.0	-
County Assembly	2,275.29	134.00	1,728.65	20.16	1,728.65	20.16	100.0	100.0	76.0	15.0
TOTAL	30,370.0	9,244.0	25,931.71	4,585.11	26,098.82	4,610.46	100.6	100.6	85.9	49.9

Source: Nairobi City County Treasury

Analysis of expenditure- by department shows that the Ward Development Program recorded the highest absorption rate of development budget at 79.3 per cent, followed by the Department of Finance and Economic Planning at 73.9 per cent. The Department of Education, Youth Affairs, Sports, Culture & Social Services had the highest percentage of recurrent expenditure to budget at 102.4 per cent while the Department of Urban Renewal and Housing had the lowest at 53.9 per cent. The 102.4 per cent absorption rate reported by the Department of Education, Youth Affairs, Sports, Culture & Social Services is a case of expenditure beyond the budgetary allocation which is occasioned by fiscal indiscipline.

3.30.13 Budget Execution by Programmes and Sub-Programmes

Table 3.204 Summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.204: Nairobi City County, Budget Execution by Programmes and Sub-Programmes

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Public Service Board							
General Administration Planning and Support Services		102,896,587	10,000,000	70,666,626	-	69	-
	General Adminis- tration Planning and Support Services	102,896,587	10,000,000	-	-	69	-
Total - County Public Service Board		102,896,587	10,000,000	1,826,020	-	2	-
Office of Governor & Deputy Governor							
General Administrative Services		2,497,777,598	1,974,915,405	-	111,981,500	69	-
	General Adminis- tration & Support Services	425,424,799	-	-	31,981,500	79	57%
	Sub County Adminis- tration	1,517,710,111	-	-	80,000,000	80	27%
	County Executive	427,962,407	-	-	-	83	100%

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Audit	62,320,154	-	-	-	68	-
	Research Policy & Development	1,927,777	-	-	-	83	-
	Donor Coordination and Stakeholders Engagement	62,432,350	-	-	-	62	-
Security and Safety Management		1,887,775,363	2,514,824,646	11,866,846	7,500,000	133	41
	Inspectorate	1,840,689,143	2,470,415,631	152,200		134	0
	Investigative Services	47,086,220	44,409,016	11,714,646	7,500,000	94	100
Disaster Management Coordination		884,770,230	52,598,010	825,426,730	26,487,650	93	50
	Fire & Disaster Management	884,770,230	52,598,010	825,426,730	26,487,650	93	50
Management of legal affairs		267,958,985	4,000,000	225,322,836	2,001,000	84	50
	Legal Services	267,958,985	4,000,000	225,322,836	2,001,000	84	50
Total - Office of Governor & Deputy Governor		5,538,282,176	273,032,010	5,540,489,618	147,970,150	-	83
ICT, E-Govt & Public Communications							
General Administration Planning and Support Services		116,164,730	-	94,425,368	-	81	-
	General Administration, Planning and Support Services	-	-	-	-	81	-
Information and Communication Services		35,123,496	2,000,000	12,293,338	-	35	-
	News and Information Services	24,923,446	2,000,000	6,850,538		-	-
	ICT and Media Regulatory Services	3,840,359	-	237,530	-	6	-
	E-Government Services	6,359,691	-	5,205,270	-	82	-
ICT Infrastructure Development		4,538,256	314,402,000	2,372,517	1,045,815	52	-
	ICT Infrastructure Connectivity	1,979,780	308,502,000	776,248	1,045,815	-	-
	Information Security	2,558,476	5,900,000	1,596,269		-	-
Total - E-Govt & Public Communications		155,826,482	316,402,000	109,091,223	1,045,815	70	-
Finance & Economic Planning							
Public Financial Management		2,819,358,346	1,362,291,570	2,147,641,207	1,006,660,446	76	74
	Assets Management Services	528,203,452	-	365,401,689	-	69	-
	Accounting Services	17,607,975	-	117,008,249	-	665	-

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Budget Formulation Coordination and mgmt.	248,682,809	-	101,153,043	-	41	-
	Resource Mobilization	319,760,896	-	295,098,656	-	92	-
	Debt Management Services	1,610,181,610	1,362,291,570	1,147,082,325	1,006,660,446	71	74
	Supply Chain Man- agement	94,921,604	-	121,897,246	-	128	-
General Administration & Support Services		688,172,973		567,061,834		82	-
	General Adminis- tration & Support Services	688,172,973	-	567,061,834	-	82	-
Economic and Financial Policy Formu- lation and Management		151,868,055	-	137,770,578	-	91	-
	Fiscal Policy Formu- lation, Development & Management	151,868,055	-	-	-	91	-
Total - Finance & Economic Planning		3,659,399,374	1,362,291,570	2,852,473,620	1,006,660.446	78	74
Health							
HIV/AIDS Prevention & Control Unit		98,400	-	98,400	-	100	-
	HIV/AIDS prevention and control unit	98,400	-	98,400	-	100	-
TB Control		107,800		50,900		47	-
	TB control unit	107,800	-	50,900	-	47	-
Malaria Control & Other Communica- ble Diseases		109,300		109,300		100	-
	Malaria control & Other Communicable Diseases unit	109,300	-	109,300	-	100	-
Reproductive Health & Maternal Health (RMNCAH)		72,919,650		62,487,983		86	-
	Reproductive Health, Maternal Health (RM- NCAH)	72,919,650	-	62,487,983	-	86	-
Environmental / Public Health		218,919,577		117,868,474		54	-
	Environmental Public Health	218,919,577	-	117,868,474	-	54	-
County Referral Hospitals		209,007,941	336,913,037	124,933,778	103,767,894	60	31
	Mbagathi District Hospital	27,576,600	61,000,000	10,117,416		37	0
	Pumwani Maternity Hospital	36,415,500	104,416,437	23,863,812	37,002,288	66	35

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Pumwani Nursing School.	3,500,000	-	-		17	-
	Mama Lucy Hospital	111,611,841	155,496,600	64,240,631	50,765,606	58	33
	Mutuini Hospital	29,904,000	16,000,000	26,711,920	16,000,000	89	100
Health Centres & dispensaries		734,118,202	159,264,000	-	18,785,200	40	12
	Health Centres & dispensaries	734,118,202	159,264,000	-	18,785,200	40	12
Administration/Human Resource for Health		4,196,312,288	-	2,023,147	-	87	-
	Administration unit	4,196,312,288	-	2,023,147	-	87	-
Health Policy, Planning & Financing		11,319,800	-	27,637,841	-	79	-
	Health policy, planning and financing Unit	11,319,800	-	27,637,841	-	79	-
Coroner services unit		11,374,471	16,126,326	-	-	3	0
	Coroner Services unit	11,374,471	16,126,326	-	-	3	0
Nairobi County Covid-19 Response		2,015,900	-	-	-	56	-
	Nairobi County Covid-19 Response	2,015,900	-	-	-	56	-
Total - Health		5,456,303,329	512,303,363	4,241,936,639	122,553,094	78	24
Urban Planning And Lands		-	-	-	-	-	-
Administration, Planning & Support Services		235,297,118	-	185,977,037	-	79	-
	Headquarters	235,297,118	-	185,977,037	-	79	-
Urban planning		21,256,779	14,000,000	13,550,130	-	64	-
	Physical Planning	21,256,779	14,000,000	13,550,130	-	-	-
Land Survey		29,727,637	73,200,000	13,222,141	-	44	-
	Survey and GIS Department	29,727,637	73,200,000	13,222,141	-	-	-
Total - Urban Planning and Lands		286,281,534	87,200,000	212,749,309	-	74	-
Public Works, Transport & Infrastructure							
General Administration, Planning and Support Services		664,864,460	-	557,463,993	-	84	-
	-	664,864,460	-	557,463,993	-	84	-
Construction Roads & Drainages & Maintenance		2,052,739	612,502,973	2,023,147	390,857,207	99	64
	Roads	2,052,739	612,502,973	2,023,147	390,857,207	99	64

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Transport Facilities & Traffic Management		264,434,226	141,000,000	231,779,241	103,442,289	88	73
	Transport	264,434,226	141,000,000	231,779,241	103,442,289-	88	73
Public street lighting Installations & Maintenances		3,079,108	478,000,000	2,996,804	-	97	-
	Electrical	3,079,108	478,000,000	2,996,804	-	-	-
Motor Vehicle, Machinery & Plant Maintenance		1,026,369	13,000,000	870,742	-	85	-
	Garage/Transporta- tion	1,026,369	13,000,000	870,742		-	-
Institutional Buildings Maintenance		1,026,369	1,137,186,753	27,435	927,334,931	3	82
	Building Works	1,026,369	10,186,753	27,435		3	0
	Road Maintenance Levy		1,127,000,000	-	927,334,931	-	82
Total - Public Works, Transport & Infrastructure		936,483,271	2,381,689,726	795,161,362	1,421,634,427	85	60
Education, Youth Affairs, Sports, Culture & Social Services							
General administration, planning and support services		1,950,506,909	-	1,815,715,602	-	93	-
	General Adminis- tration & Support Services	1,950,506,909	-	1,815,715,602	-	93	-
Education services		114,840,912	250,455,437	112,844,314	41,735,841	98	17
	Quality Assurance and Co-curriculum	252,400	-	190,017		75	-
	Early Childhood De- velopment Centres	111,472,000	224,339,460	111,328,774	41,735,841	100	19
	Technical and Voca- tional Training	3,116,512	26,115,977	1,325,524		43	0
Social Services		240,446,452	340,229,806	198,135,027	72,055,819	82%	21%
	General Adminis- tration & Support Services	192,059,375	-	160,108,519	-	83%	-
	Gender and Commu- nity Empowerment	396,918	-	8,584	-	2%	-
	Development and promotion of sports	37,886,881	279,249,447	31,638,675	64,996,982	84	23
	Youth Empowerment and Promotion	2,824,675	40,083,839	1,864,970	7,058,837	66	18
	Social welfare and care for the Aged	3,415,884	10,896,520	2,437,536	-	71	-

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Promotion of Library and Information Services	335,770	-	9,126	-	3	-
	Rescue and Rehabilitation of Children Services	3,526,949	10,000,000	2,067,618	-	59	-
Total - Education, Youth Affairs, Sports, Culture & Social Services		2,305,794,273	590,685,243	2,126,694,943	113,791,660	92	19
Trade, Commerce, Tourism & Cooperatives							
General Administration Planning and Support Services		407,011,299	-	396,024,705	-	97	-
	General Administration Planning and Support Services	407,011,299	-	396,024,705	-	97	-
Co-operative Development and Audit Services		4,881,879	-	2,418,833	77,596,706	50	-
	Cooperative Development Services	3,026,570	-	2,090,942	-	69	-
	Cooperative Audit Services	1,855,309	-	327,891	-	18	-
Tourism Promotion and Marketing		60,699,680	-	-	-	-	-
	Tourism Development	60,699,680	-	47,565,817	-	78	-
Trade development and Market Services		103,847,701	226,000,000	84,992,473	-	-	34
	Trade Development	90,987,883	21,500,000	78,240,341	-	86	-
	Market Services	4,304,622	166,000,000	2,165,323	77,596,706	50	47
	Weights & Measures Services	2,989,832	30,000,000	394,721	-	13%	-
	Trade Licensing Services	-	8,500,000	1,104,800	-	-	-
	Betting & Gaming Services	5,565,364		3,087	-	55	-
Total - Trade, Commerce, Tourism & Cooperatives		576,440,559	226,000,000	531,001,829	77,596,706	92	34
Public Service Management							
General Administration Planning and Support Services		537,826,679	-	471,040,184	-	88	-
	General Administration Planning and Support Services	537,826,679	-	-	-	88	-
Public Service Transformation		1,422,170,727	12,000,000	1,423,354,568	-	-	-
	Human Resource Management	1,338,823,610	7,000,000	-	-	102	-

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Human Resource Development	83,347,117	5,000,000	-	-	62	-
Performance Management and Public Service Delivery		13,819,590	2,600,000	2,617,044	-	-	-
	Performance Contracting management	10,406,814	2,600,000	-	-	8	-
	Governance Monitoring and Evaluation	1,865,466	-	-	-	69	-
	Quality Management Systems and ISO certification	1,547,310	-	-	-	30	-
Total - Public Service Management		1,973,816,996	14,600,000	1,897,011,796	-	96	30
Agriculture, Livestock Development, Fisheries & Forestry							
General Administration Planning and Support Services		175,811,228	-	174,467,685	-	99	-
	Administration, Planning & Support Services	-	-	-	-	99	-
Urban Agriculture Promotion & Regulation		36,618,117	9,000,000	67,196,960	-	-	-
	Crop Development and Management	2,623,906	9,000,000	-	-	-	-
	Fisheries Development and management	1,641,630	-	-	-	27	-
	Livestock Resources management and development	2,562,039	-	1,357,773	-	53	-
	Agricultural Development Support Project	29,790,542	-	63,833,491	-	214	-
Animal Health, Safety and Quality Assurance		2,999,054	-	977,828	-	-	-
	Animal Research, Diseases, Pest Control & Quality Assurance	2,999,054	-	977,828	-	33-	-
Afforestation			-	55,000	-	-	-
	Forestry Services	-	-	55,000 -	-	-	-
Food Systems and Surveillance		2,998,590		-		45	-
	Food Systems and Surveillance Services	2,998,590	-	1,339,507	-	45-	-

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Total - Agriculture, Livestock Development, Fisheries & Forestry		218,426,989	9,000,000	244,036,980	-	-	-
Enviroment, Water, Energy & Natural Resources							
General Administration & Support Services		485,624,036	-	-	-	-	-
	Headquarters	485,624,036	-	-	-	77	-
Solid waste management		1,037,798,757	1,214,498,519	467,228,252	245,012,653	45	20
	Solid Waste Management Section	1,037,798,757	1,214,498,519	467,228,252	245,012,653	45	20
Beautification, Recreation and Greening Services		3,447,300	35,000,000	3,360,984	15,000,000	97	43
	Parks & Open Spaces Section	3,447,300	35,000,000	3,360,984	15,000,000	97	43
Environment planning Management Services		23,447,300	5,000,000	32,092,766	-	137	-
	Environmental Monitoring Compliance & Enforcement	23,447,300	5,000,000	-	-	-	-
Energy & Natural resources		6,594,180	-	27,729,175	5,000,000	421	-
	Energy & Natural resources department	6,594,180	-	5,000,000	421%	-	-
Forestry Services		3,835,552	-	103,634	-	3	-
	Forestry Department	3,835,552	-	-	3%	-	-
Total - Enviroment, Water,Energy & Natural Resources		1,560,747,124	1,254,498,519	906,810,703	265,012,653	58	21
Urban Renewal And Housing							
Urban Renewal		14,342,670	204,750,000	8,906,370	67,035,403	62	33
	Housing Development	14,342,670	204,750,000	8,906,370	67,035,403	62	33
Building services research and information		3,133,486	5,000,000	512,464	-	16	-
	Building Services Department	3,133,486	5,000,000	-	-	-	-
TOTAL - URBAN RENEWAL AND HOUSING		17,476,156	209,750,000	9,418,833	67,035,403	54	32
WARD DEVELOPMENT PROGRAMMES							
Ward Development & Administration		93,267,787	1,692,500,000	76,716,282	1,341,646,437	82	79
Total - Ward Developemt Programs		93,267,787	1,692,500,000	76,716,282	1,347,646,437	82	79

Dept./Program	Sub-Program	Revised Estimates FY 2022/23 II (Kshs.)		Actual Expenditure (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
LIQUOR LICENSING BOARD							
Liquor Licensing & Regulation		200,000,000	50,000,000	198,679,992	25,352,963	99	51
Total - Liquor Licensing Board		200,000,000	50,000,000	198,679,992	25,352,963	-	-
County Assembly							
Legislation, Oversight and Representa- tion		2,275,288,302	134,000,000	1,728,651,942	20,158,456	76	15
Total - County Assembly		2,275,288,302	134,000,000	1,728,651,942	20,158,456	76	15
Nairobi Metropolitan Services							
Nairobi Metropolitan Services		4,557,232,910	-	4,557,232,910		100	-
Total - Nairobi Metropolitan Services		4,557,232,910	-	4,557,232,910	-	100	-
Total Voted Expenditure KShs.		29,913,963,849	9,123,952,431	26,098,824,606	4,610,458,210	87	51

Source: Nairobi City County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting services in the Department of Finance and Economic Planning at 665 per cent, Energy and natural resources program in the Department of Water, Environment, Energy and Natural Resources at 421 per cent, Agricultural Development Support Program (ADSP) in the Department of Agriculture, Livestock Development, Fisheries & Forestry at 214 per cent, and Environmental Monitoring Compliance & Enforcement at 137 per cent of budget allocation. It should be noted these programs with the highest absorption are also wrought with irregularities because in all instances, they involve expenditures beyond the budget allocation

3.30.14 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report on pending bills was submitted on 4th September 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.203 Kwale County, Budget Allocation and Absorption Rate by Department, where the County incurred expenditure over approved budgetary allocations in several programs.
3. High level of pending bills which amounted to Kshs.107.33 billion as of 30th June 2023.
4. The underperformance of own-source revenue at Kshs.10.24 billion against an annual projection of Kshs.17.51 million, representing 58.4 per cent of the annual target.
5. Low expenditure on development programmes in the FY 2022/23. The development expenditure of Kshs.4.61 billion was 13.9 per cent of the total expenditure in the reporting period.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.
4. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
5. The County leadership should develop and implement strategies to enhance expenditure on development programmes in order to enhance the living standards of its citizens.

3.31 County Government of Nakuru

3.31.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 was Kshs.21.21 billion, comprising Kshs.8.34 billion (39.3 per cent) and Kshs.12.87 billion (60.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 9.8 per cent compared to the previous financial year when the approved budget was Kshs.23.51 billion and comprised of Kshs.10.66 billion towards development expenditure and Kshs.12.85 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.13.03 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.3 billion (6.1 per cent) as Appropriations-in-Aid (A-I-A), Kshs.688.57 million as additional allocations, a cash balance of Kshs.3.92 billion (18.5 per cent) from FY 2021/22, and generate Kshs.2.28 billion (10.7 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.205.

3.31.2 Revenue Performance

In FY 2022/23, the County received Kshs.13.03 billion as the equitable share of the revenue raised nationally, Kshs.1.52 billion as A-I-A, and Kshs.490.84 million as additional allocations, had a cash balance of Kshs.3.92 billion from FY 2021/22, and raised Kshs.1.61 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.20.56 billion, as shown in Table 3.205.

Table 3.205: Nakuru County, Revenue Performance in FY 2022/23

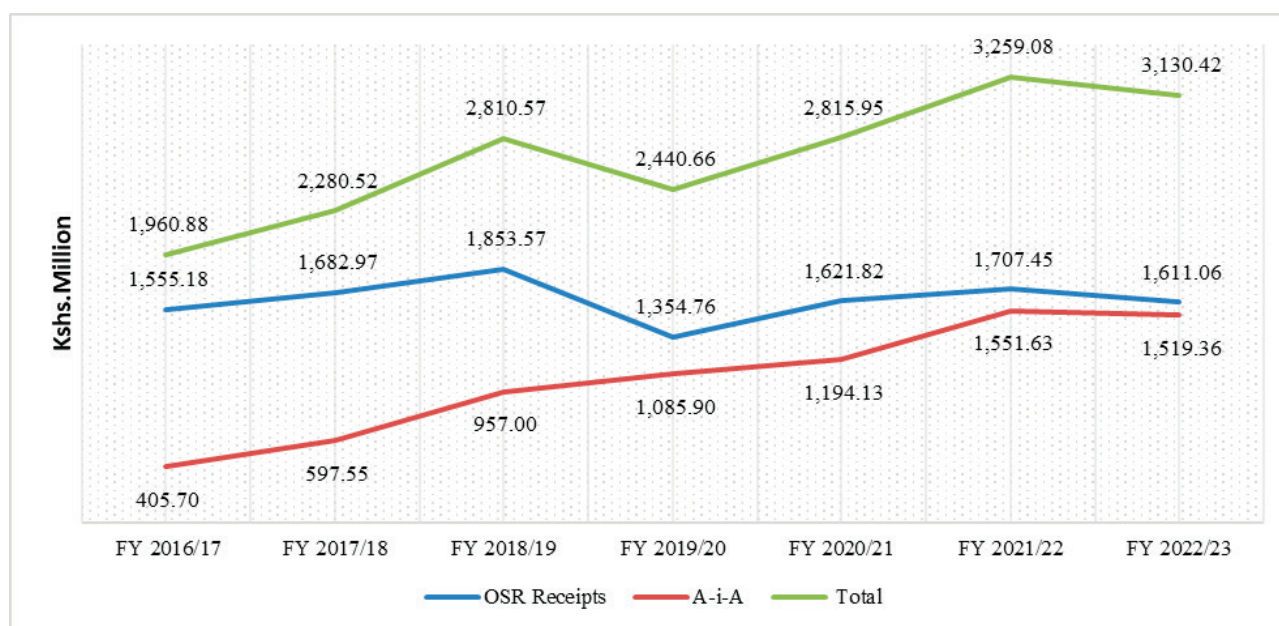
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	13,026,116,324	13,026,116,324	100
	Subtotal	13,026,116,324	13,026,116,324	100
B	Additional allocations			
	DANIDA	33,699,938	33,772,347	100.2
1.	World Bank National Agricultural and Rural Inclusive Growth Projects (NARIGP)	187,911,173	151,586,967	80.7
2.	Agricultural Sector Development Support Projects (ASDSP II)	5,252,658	5,252,658	100
3.	Interest Earned in Nakuru City KUSP UDG Grant Account	3,534,474	3,534,474	100

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	Conditional Allocation from a World Bank Credit to Finance Locally Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) (Level I)	22,000,000	22,000,000	100
5.	Kenya Informal Settlement Improvement Project II (KISIP II)	200,000,000	200,000,000	100
6.	Nutrition International Grant	15,000,000	7,499,400	50.0
	Leasing of Medical Equipment	110,638,298	-	-
7.	World Bank National Agricultural Value Chain Development Project (NAVCDP)	70,000,000	67,192,729	96.0
	Interest Earned in Nakuru City KUSP UDG Grant Account	40,533,136		-
	Subtotal	688,569,677	490,838,575	71.3
C	Other Sources of Revenue			
	Own Source Revenue	2,280,000,000	1,611,062,682	70.7
	Balance b/f from FY2021/22	3,915,012,915	3,915,012,915	100
	AIA	1,300,000,000	1,519,361,041	116.9
	Sub Total	7,495,012,915	7,045,436,638	94.0
	Grand Total	21,209,698,916	20,562,391,538	96.9

Source: Nakuru County Treasury

Figure 91 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23

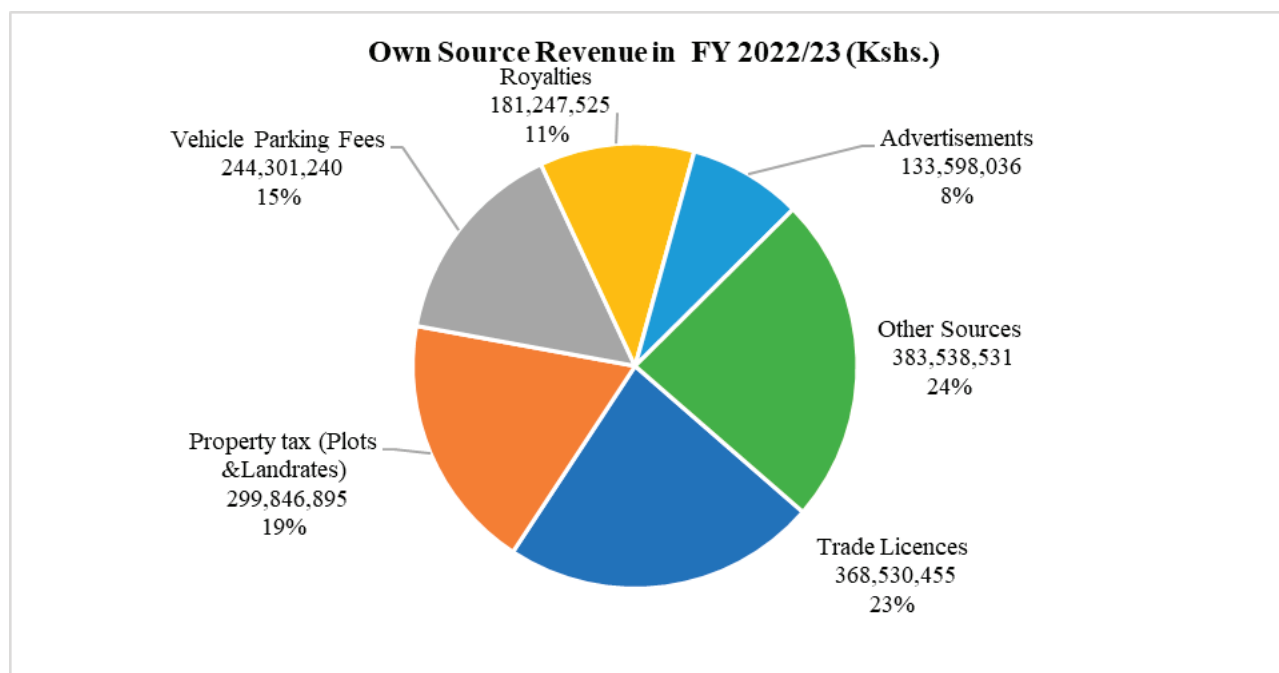
Figure 91: Top Streams of Own Source Revenue in FY 2022/23



Source: Nakuru County Treasury

In FY 2022/23, the County generated a total of Kshs.1.61 billion from its sources of revenue. This amount represented a decrease of 8.5 per cent compared to Kshs.1.76 billion realised in FY 2021/22 and was 70.7 per cent of the annual target and 12.3 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 92.

Figure 92: Top Streams of Own Source Revenue in FY 2022/23



Source: Nakuru County Treasury

The highest revenue stream of Kshs.368.53 million was from Trade Licences, contributing to 23 per cent of the total OSR receipts during the reporting period.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.14.44 billion from the CRF account during the reporting period. The amount comprised Kshs.2.79 billion (19.3 per cent) for development programmes and Kshs.11.65 billion (80.7 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.68 billion was released towards Employee Compensation, and Kshs.2.97 billion was for Operations and Maintenance expenditure.

3.31.4 County Expenditure Review

The County spent Kshs.13.53 billion on development and recurrent programmes in the reporting period. The expenditure represented 93.7 per cent of the total funds released by the CoB and comprised Kshs.3.01 billion and Kshs.10.52 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 36.1 per cent. In contrast, recurrent expenditure represented 81.7 per cent of the annual recurrent expenditure budget.

3.31.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.400.50 million, comprising Kshs.132.67 million for recurrent expenditure and Kshs.267.83 million for development activities. During the year, pending bills amounting to Kshs.305.83 million were settled, consisting of Kshs.208.49 million for recurrent expenditure and Kshs.97.33 million for development programmes. As of 30th June 2023, the outstanding amount was Kshs.877.53 million inclusive of pending bills accumulated in FY 2022/23. This figure does not include pending bills by the County Assembly.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.6.54 billion on employee compensation, Kshs.2.82 billion on operations and Maintenance , and Kshs.2.80 billion on development activities. Similarly, the County Assembly spent Kshs.383.81 million on employee compensation, Kshs.777.19 million on operations and Maintenance , and Kshs.204.74 million on development activities, as shown in Table 3.206.

Table 3.206: 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	11,235,394,247	1,635,212,204	9,359,705,183	1,161,004,751	83.3	71.0
Compensation to Employees	7,058,485,678	370,649,649	6,537,264,401	383,811,736	92.6	103.6
Operations and Maintenance	4,176,908,569	1,264,562,555	2,822,440,782	777,193,015	67.6	61.5
Development Expenditure	8,130,941,640	208,150,825	2,803,396,667	204,735,335	34.5	98.4
Total	19,366,335,887	1,843,363,029	12,163,101,850	1,365,740,086	62.8	74.1

Source: Nakuru County Treasury

3.31.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.6.92 billion, or 33.7 per cent of the revenue for FY 2022/23 of Kshs.20.56 billion. This expenditure represented an increase from Kshs.6.81 billion reported in FY 2021/22. The wage bill included Kshs.3.83 billion paid to health sector employees, translating to 55.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.5.34 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.1.63 billion was processed through manual payrolls. The manual payrolls accounted for 23.4 per cent of the total PE cost.

The County Assembly spent Kshs.24.91 million on committee sitting allowances for the 73 MCAs and the Speaker against the annual budget allocation of Kshs.26.40 million. The average monthly sitting allowance was Kshs.25,011 per MCA. The County Assembly has established 23 Committees.

3.31.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act 2012 establishes the Emergency Fund, while Section 116 of the PFM Act 2012 allows County governments to establish other public funds with approval from the County Executive Committee and the County Assembly. The County allocated Kshs.906.33 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget. Table 3.207 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.207: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Submission of Financial Statements (Yes/No.)
County Executive Established Funds					

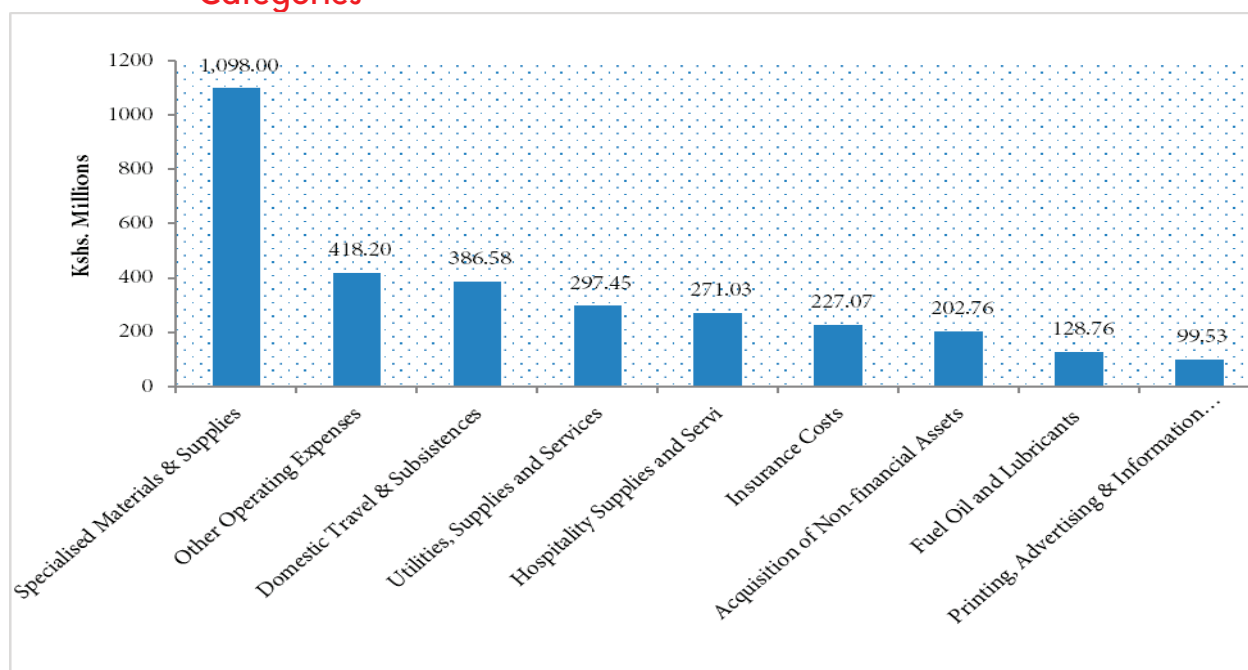
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Submission of Financial Statements (Yes/No.)
1.	Emergency Fund	70,000,000	70,000,000	70,000,000	No
2.	Nakuru County Persons Living with Disability Fund	-	-	-	No
3.	Bursary Fund	177,250,852	177,250,852	177,250,852	No
4.	Nakuru County Executive Car and Mortgage Loan	60,000,000	-	-	No
5.	Nakuru County Enterprise Fund	25,000,000	-	-	No
County Assembly Established Funds					
6.	Nakuru County Assembly MCA Car and Mortgage Loan	574,080,833	536,026,833	536,026,833	Yes
	Total	906,331,685	783,277,685	783,277,685	

Source: Nakuru County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators, as indicated in Table 3. 207, contrary to the requirement of Section 168 of the PFM Act, 2012. Expenditure on Operations and Maintenance

Figure 94 summarises the Operations and Maintenance expenditure by major categories.

Figure 93: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

During the period, expenditure on domestic travel amounted to Kshs.386.58 million and comprised Kshs.138.84 million spent by the County Assembly and Kshs.247.74 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.100.60 million and comprised Kshs.38.98 million by the County Assembly and Kshs.61.62 million by the County Executive. The county government did not provide details of foreign travel expenditures.

3.31.9 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.01 billion on development programmes, representing a decrease of 45.1 per cent compared to FY 2021/22 when the County spent Kshs.5.48 billion. Table 3.208 below summarises development projects with the highest expenditure in the reporting period.

Table 3.208: Nakuru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Office of the Governor and Deputy Governor	Office Block in Milimani (Annex to Main Governor's Office)	Office of the Governor & Deputy Governor	281,667,114	281,667,114	72.6
2	Finance and Economic Planning	Construction of County Treasury	HQ	200,000,000	114,000,517	57.0
3	Finance and Economic Planning	Development and Implementation of Revenue System (4.3% admin)	HQ	92,140,000	95,932,856	104.1
4	Finance and Economic Planning	Kenya Devolution Support Programme Level II	HQ	120,374,189	17,572,368	14.6
5	Water, Environment, Energy and Natural Resources	Kabazi Water Works in Solai, Ndungiri, Kamuhohi, Kihoto AndJumuia Villages - Piping andRoofing Of Water Tanks	Kabazi	15,000,000	14,613,726	97.4
6	Water, Environment, Energy and Natural Resources	Maai Mahiu AndLongo Water Works-Construction of Water Tanks, Drilling AndPiping	Maai Mahiu	14,000,000	13,454,643	96.1
7	Education, Vocational training, ICT andE-Government	Construction of Kinamba Polytechnic	Biashara-Naivasha	11,011,771	10,999,070	99.9
8	Education, Vocational training, ICT andE-Government	Revitalization of Youth Polytechnics	HQ	11,000,000	10,193,360.00	92.7
9	Education, Vocational training, ICT andE-Government	Construction of A Vocational Centre at Kaptembwo Resource Centre	Kaptembwo	10,000,000.00	9,999,900.00	100
10	Youth, Culture, Gender, Sports and Social Services.	Construction of Gilgil Stadium	HQ	9,950,000	9,950,000.00	100

Source: Nakuru County Treasury

3.31.10 Budget Performance by Department

Table 3.209 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.209: Nakuru County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,635.21	208.15	1,601.06	169.00	1,161.00	204.74	72.5	121.1	71.0	98.4
County Treasury	1,087.62	902.26	1,028.73	608.88	899.45	609.32	87.4	100.1	82.7	67.5
Public Service, Training and Devolution	842.38	37.30	825.78	10.55	763.41	11.08	92.4	105.0	90.6	29.7
Agriculture, Live-stock and Fisheries	498.76	585.23	492.73	244.01	350.20	246.39	71.1	101.0	70.2	42.1
Lands, Physical Planning and Housing	145.01	624.57	134.62	229.13	114.62	41.24	85.1	18.0	79.0	6.6
Office of the Governor and Deputy Governor	325.66	281.67	314.59	204.17	195.14	204.44	62.0	100.1	59.9	72.6
Education, Vocational training, ICT and E-Government	841.45	633.91	812.23	225.34	704.27	202.47	86.7	89.9	83.7	31.9
Trade, Industry, Marketing and Tourism	134.11	246.99	116.06	17.70	99.90	19.82	86.1	112.0	74.5	8.0
Youth, Culture, Gender, Sports and Social Services.	231.35	185.96	200.51	36.84	89.71	44.59	44.7	121.0	38.8	24.0
Infrastructure	381.15	1,257.69	371.72	472.74	338.86	556.09	91.2	117.6	88.9	44.2
Water, Environment, Energy and Natural Resources	332.09	992.86	308.10	321.15	269.36	305.77	87.4	95.2	81.1	30.8
Health Services	6,042.32	1,282.08	5,235.44	179.78	5,283.54	326.66	100.9	181.7	87.4	25.5
County Public Service Board	67.77	6.00	62.48	6.00	56.53	5.97	90.5	99.6	83.4	99.6
Nakuru City	62.83	787.90	24.72	35.17	51.40	23.32	208.0	66.3	81.8	3.0
Naivasha Municipality	34.99	306.53	21.79	29.13	19.59	206.23	89.9	707.9	56.0	67.3
Office of the County Attorney	207.90	-	101.42	-	123.72	-	122.0	-	59.5	-
Total	12,870.61	8,339.09	11,651.97	2,789.56	10,520.71	3,008.13	90.3	107.8	81.7	36.1

Source: Nakuru County Treasury

Analysis of expenditure by the department shows that the Department of County Public Service Board recorded the highest absorption rate of the development budget at 99.6 per cent, followed by the County

Assembly at 98.4 per cent. The Department of Public Service, Training and Devolution had the highest percentage of recurrent expenditure to budget at 90.6 per cent, while the Department of Youth, Culture, Gender, Sports and Social Services had the lowest at 38.8 per cent.

3.31.11 Budget Execution by Programmes and sub-programmes

Table 3.210 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.210: Nakuru County, Budget Execution by Programmes and sub-programmes

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Department of Agriculture, Livestock Andfisheries							
Programme 1; Administration, planning and support services	SP 1.1: Administration planning and support services	54,131,550	170,437,487	36,601,885	56,654,419	67.6	33.2
	SP 1.2: Human Resource	386,963,309	-	270,080,875	-	69.8	-
Programme 2: Livestock resource management and development	SP 2.1: Livestock production And Management	9,717,879	-	8,250,000	-	84.9	-
	SP 2.2: Promotion of value addition of livestock and Live-stock products	-	9,000,000	-	-	-	-
	SP 2.3: Livestock extension service delivery	3,121,854	-	1,994,400	-	63.9	-
	SP 2.4: Food safety and Livestock products development	13,902,317	-	10,866,000	-	78.2	-
	SP 2.5: livestock diseases management And Control	10,974,018	-	10,866,000	-	99.0	-
Programme 3; Fish-eries development	SP 3.1: Aquaculture development	1,361,364	5,000,000	1,242,720	-	91.3	-
	SP 3.2: Develop-ment of capture fisheries resources	2,829,790	1,000,000	-	-	-	-
	SP 3.3 Fish quality assurance value addition and Mar-keting	1,286,269	-	1,058,300	-	82.3	-
Programme 4: Crop development And Management	SP 4.1 Agriculture extension research and Training	4,339,557	11,113,590	3,634,508	-	83.8	-
	SP 4.2 crop pro-duction andfood security	4,069,093	388,675	-	189,736,508	-	48,816.2
	SP 4.3 farmlandu-tilisation, conserva-tion andmechani-sation	3,257,429	-	2,967,900	-	91.1	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 4.4 Agribusiness development and Marketing	22,196,040	-	1,893,152	-	8.5	-
	SP 4.5 Agri-Nutrition	611,345	-	400,000	-	65.4	-
	Sub Total	498,761,814	585,226,114	349,867,805	246,390,927	70.1	42.1
DEPARTMENT COUNTY PUBLIC SERVICE BOARD							
Programme 1: Administration and- Human Resource Planning	SP 1.1: Administration services	58,771,301	5,998,700	49,512,795	5,974,053	84.2	99.6
	SP 1.2: Financial services	2,000,000	-	1,370,000	-	68.5	-
	SP 1.3: Human resources planning	4,000,000	-	3,200,000	-	80.0	-
	SP 1.4: Provision of human resource	3,000,000	-	2,450,000	-	81.7	-
	Sub Total	67,771,301	5,998,700	56,532,795	5,974,053	83.4	99.6
DEPARTMENT NAIVASHA MUNICIPALITY							
Programme 1: Administration and Planning and support services	SP 1.1 Administration and Planning	21,831,780	-	10,740,124	-	49.2	-
	SP 1.2; personnel services	9,388,787	-	7,183,488	-	76.5	-
	SP 1.3 financial services	900,000	-	397,498	-	44.2	-
Programme 2; Naivasha municipal services	SP 2.1 planning and Infrastructure	-	306,533,272	-	206,234,833	-	67.3
	SP 2.2 environmental management and sanitation	970,000	-	550,000	-	56.7	-
	SP 2.3 Naivasha Social Services	1,100,000	-	720,000	-	65.5	-
	SP 2.4 tourism investment and trade	800,000	-	-	-	-	-
	Sub Total	34,990,567	306,533,272	19,591,110	206,234,833	56.0	67.3
Department Public Service, Training And devolution							
Programme 1: Administration, planning and support service	SP 1.1 administration service	197,622,936	-	196,150,574	-	99.3	-
	SP 1.2 personal service	605,465,659	-	535,531,339	-	88.4	-
	SP 1.3 FINANCIAL SERVICE	-	-	-	-	-	-
	SP 1.4 Co-ordination of public and-special community	8,500,000	-	7,773,878	-	91.5	-
	SP 1.5 Mainstream workplace HIV/ aids, alcohol and-drug abuse control	2,000,000	-	1,551,122	-	77.6	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 1.6 Construc- tion of county offices	-	37,301,546	-	11,076,451	-	29.7
	SP 1.7; Co-ordi- nation of county compliance anden- forcement agents	5,625,000	-	5,621,802	-	99.9	-
Programme 2; human resource management and development	SP 2.1; perfor- mance contracting	2,500,000	-	2,471,433	-	98.9	-
	SP 2.2 Performance Appraisal system	2,500,000	-	2,420,300	-	96.8	-
	SP 2.3 Staff devel- opment through capacity building and Training	6,350,000	-	6,325,693	-	99.6	-
Programme 3: di- saster management and humanitarian assistance	SP 3.1 Performance contracting	4,750,000	-	1,500,000	-	31.6	-
	Subtotals	835,313,595	37,301,546	759,346,142	11,076,451	90.9	29.7
Department of Education, Vocational Training, Ict Ande-Government							
Programme 1: Administration, planning and sup- port service	SP 1.1 administra- tion and support service	33,461,164	504,665,306	14,883,669	131,287,346	44.5	26.0
	SP 1.2 Personnel service	402,130,479	-	369,371,372	-	91.9	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2: Promotion of early childhood education and development	SP 2.1 Promotion of Early Childhood	142,924,182	-	690,270	-	0.5	-
	SP 2.2 Bursaries	178,430,274	-	177,250,852	-	99.3	-
	SP 2.3 Education development	-	31,457,589	-	-	-	-
Programme 3: Vo- cational training	SP 3.1 Vocational training	69,272,396	-	66,242,200	-	95.6	-
	SP 3.2 Revitaliza- tion of the youth programme	-	90,843,757	-	71,185	-	0.1
Programme 4 Information and Communication	SP 4.1 Public communication and media services	15,232,263	-	7,541,833	-	49.5	-
Programme 5 ICT Infrastruc- ture Development and government Services	SP 5.1 Network Infrastructure	-	-	-	-	-	-
	5.2 Hardware and- software platforms	-	-	-	-	-	-
	5.3 E-government services	-	6,945,739	-	-	-	-
	Sub Total	841,450,758	633,912,391	704,267,287	202,472,491	83.7	31.9
Department of Finance							

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1: Administration, planning and support services	SP 1.1 Administration services	162,731,279	339,893,300	82,679,419	218,913,265	50.8	64.4
	SP 1.2 Personnel services	542,219,961	-	509,853,490	-	94.0	-
	SP 1.3 financial services	100,000	-	-	-	-	-
Programme 2; Public Finance Management	SP 2.1 Budget formulation co-ordination And Management	143,136,327	-	132,859,611	-	92.8	-
	SP 2.2 Resources mobilization	74,135,615	-	53,263,693	-	71.8	-
	SP 2.3 internal audit	31,541,286	10,000,000	26,298,787	-	83.4	-
	SP 2.4 procurement	16,496,467	-	8,986,182	-	54.5	-
	SP 2.5 public finance and accounting	25,991,207	-	16,237,288	-	62.5	-
	SP 2.6 Debt management	6,740,093	430,194,476	4,894,358	372,838,076	72.6	86.7
	SP 2.7 external resources mobilisation	11,226,488	-	7,018,453	-	62.5	-
Programme 3: Economic and financial policy formulation And Management	SP 3.1 Fiscal planning	47,087,851	-	35,268,286	-	74.9	-
	SP 3.2 monitoring and Evaluation / statistical data management	9,712,617	-	5,586,569	-	57.5	-
	SP 3.3 KDSP programme	16,502,008	122,172,729	16,502,008	17,572,368	100.0	14.4
	Sub Total	1,087,621,199	902,260,505	899,448,144	609,323,709	82.7	67.5
Department of Nakuru City Board							
Programme 1	SP 1.1 Administration and Planning	21,014,897	-	12,049,384	-	57.3	-
	SP 1.2 personnel services	13,392,333	-	11,523,132	-	86.0	-
	SP 1.3 financial services	600,000	-	556,700	-	92.8	-
Programme 2	SP 2.1 Infrastructure development and Urban	-	92,259,202	-	23,320,737	-	25.3
	SP 2.2 Nakuru City Environments Management	1,712,512	-	1,318,495	-	77.0	-
	SP 2.3 Trade markets and Investments	950,016	-	669,794	-	70.5	-
	SP 2.4 Nakuru City Social Services	1,231,845	-	891,101	-	72.3	-
	Sub Total	38,901,603	92,259,202	27,008,607	23,320,737	69.4	25.3
Department of Youth, Gender, Sports And Social Services							

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1: Administration, planning and sup- port services	SP 1.1 Adminis- tration	44,980,317	950,077,302	37,701,922	-	83.8	-
	SP 1.2 Personnel services	107,438,027	-	82,127,913	-	76.4	-
	SP 1.3 financial services	4,115,313	-	677,500	-	16.5	-
Programme 2 Development of social-cultural diversity, economic empowerment and Responsible gaming	SP 2.1; Cultural and development activities	-	10,000,000	-	4,189,467	-	41.9
	SP 2.2 promotion of responsible gaming	1,905,000	-	1,905,000	-	100.0	-
	SP 2.3; Gender de- velopment activities	-	14,576,719	-	-	-	-
	SP 2.4 social devel- opment activities	-	12,478,750	-	-	-	-
	SP 2.5 social-cul- tural development	-	12,000,000	-	1,200,000	-	10.0
Programme 3 Management and development of sports, recreation and Sports facilities	SP 3.1 development of sports infrastruc- ture	-	36,823,107	-	28,396,435	-	77.1
	SP 3.2 Sporting tournament	6,377,500	-	5,192,700	-	81.4	-
	SP 3.3 Sports funding	41,220,000	-	30,543,832	-	74.1	-
Programme 4: Youth empower- ment and partici- pation	SP 4.1 youth empowerment and participation	25,313,532	-	13,692,882	-	54.1	-
	SP 4.2 Youth devel- opment	-	5,000,000	-	-	-	-
	Sub Total	231,349,688	185,955,878	171,841,749	44,585,902	74.3	24.0
Department of Water Environment Energy And Natural Resources							
Programme 1 Administration	SP 1.1 Administra- tion services	25,732,792	4,679,516	15,155,046	-	58.9	-
	SP 1.2 Human resources	255,466,421	-	240,214,647	-	94.0	-
	SP 1.3 Finance services	-	-	-	-	-	-
Programme 2 water and sewage manage- ment	SP 2.1 provision of water	10,600,000	944,122,539	2,712,035	302,933,172	25.6	32.1
	SP 2.2 provision	-	-	-	-	-	-
Programme 3 environment man- agement	SP 3.1 Pollution control	30,656,501	5,968,376	8,401,637	111,000	27.4	1.9
	SP 3.2 Solid Waste Management	-	-	-	-	-	-
	SP 3.3 Greening and beautification	9,654,935	38,086,110	2,873,799	-	29.8	-
Programme 4 County energy, planning, regula- tion, operation and development	SP 4.1 County energy planning regulate operation and development	-	-	-	-	-	-
	Sub Total	332,090,649	992,856,541	269,357,162	303,044,171	81.1	30.5
office of The Governor And Deputy Governor							

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1 Administration, planning and support	SP;1.1 Administration and Planning	93,739,544	281,667,114	41,919,656	195,596,425	44.7	69.4
	SP 1.2 Personnel services	100,523,424	-	55,598,487	-	55.3	-
Programme 2 management of county affairs	SP 2.1 county executive services	17,300,000	-	11,657,637	-	67.4	-
	SP 2.2 Policy direction and Coordination	81,100,000	-	70,000,000	-	86.3	-
	SP 2.3 county policing services	13,000,000	-	1,361,955	-	10.5	-
	SP 2.4 leadership and governance	3,000,000	-	125,000	-	4.2	-
Programme 3 co-ordination and-supervisory services	SP 3.1 organisation of county businesses	17,000,000	-	15,989,483	-	94.1	-
	SP 3.2 Special programmes	-	-	-	-	-	-
	Sub Total	325,662,968	282,667,114	196,652,217	195,596,425	60.4	69.2
office of County Attorney							
Programme 1 Administration	SP 1.1 Administration	13,918,750	-	1,598,000	-	11.5	-
	SP 1.2 Personnel services	400,000	-	381,784	-	95.4	-
Programme 2 legal services	SP 2.1 Legal services	191,000,000	-	121,315,467	-	63.5	-
Programme 3 Advisory services	SP 3.2 Advisory services	2,581,250	-	2,028,800	-	78.6	-
	Sub Total	207,900,000	-	125,324,051	-	60.3	-
Department of Infrastructure							
Programme 1 administration, planning and support services	SP 1.1 Administration services	41,632,892	-	3,400,837	-	8.2	-
	SP 1.2 Personnel services	142,476,936	-	127,826,007	-	89.7	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 infrastructure, development and Maintenance	SP 2.1 Construction, rehabilitation and Maintenance of roads, drainage and bridges	28,888,332	1,249,688,683	22,090,518	556,088,718	76.5	44.5
	SP 2.2 Rehabilitation and Maintenance of transport terminus	4,537,500	-	2,955,900	-	65.1	-
	SP 2.3 Construction and Maintenance of non-residential county buildings	10,783,750	3,000,000	5,304,115	-	49.2	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
	SP 2.4 Installation, rehabilitation and Maintenance of lighting facilities	144,422,000	5,000,000	1,408,540	-	1.0	-
Programme 3 fire-fighting and disaster management	SP 3.1 Firefighting and Emergency Services	8,405,867	-	5,824,950	-	69.3	-
	SP 3.2 Disaster management	-	-	-	-	-	-
	Sub Total	381,147,277	1,257,688,683	338,864,817	556,008,718	88.9	44.2
Department of Health Services							
Programme 1 administration and Planning	SP 1.1 Health information systems	17,485,667	-	3,327,082	-	19.0	-
	SP 1.2 governance and leadership	491,925,865	-	360,874,002	-	73.4	-
	SP 1.3 Human resource management	3,929,490,192	-	3,448,821,185	-	87.8	-
	SP 1.4 Research and development	2,500,000	-	573,440	-	22.9	-
	SP 1.5 Health infrastructure and development	10,833,333	-	220,000	-	2.0	-
Programme 2 health preventive and Promotive services	SP 2.1 Primary Healthcare	1,270,605	621,955,766	-	225,572,491	-	36.3
	SP 2.2 Environmental health and sanitation	2,000,000	-	-	-	-	-
	SP 2.3 human resource	17,049,940	-	-	-	-	-
	SP 2.4 Disease surveillance and Emergency response	1,897,550	-	127,800	-	6.7	-
	SP 2.5 Health promotive	1,000,000	-	471,600	-	47.2	-
	SP 2.6 HIV programme	2,000,000	-	1,636,580	-	81.8	-
	SP 2.7 Nutrition	10,000,000	19,980,932	6,328,313	16,362,212	63.3	81.9
	SP 2.8 Reproductive health	1,750,000	-	-	-	-	-
	SP 2.9 immunisation	1,825,775	-	489,600	-	26.8	-
Programme 3 Health curative And Rehabilitative services	SP 3.1 Provision of essential health services in all	1,226,659,650	640,147,581	1,079,537,146	84,728,700	88.0	13.2
	SP 3.2 Elimination of communicable and non-communicable diseases	2,200,000	-	-	-	-	-
	SP 3.3 Human resource	322,427,403	-	381,130,266	-	118.2	-
	Sub Total	6,042,315,980	1,282,084,279	5,283,537,015	326,663,403	87.4	25.5

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Department of Lands, Physical Planning andHousing							
Programme 1: Administration, Planning, Manage- ment and Support Services	SP 1.1: Adminis- tration andFinan- cial Services	61,207,650.00		30,814,426.41			-
	SP 1.2: Personnel Services	83,802,757.00		83,802,757.00		100.00	0
	Sub Total	145,010,407.00		114,617,183.41		79.04	
Land Use Planning andSurvey	SP 2.1: Nakuru County Land Use Plan		598,878,240.00		41,235,427.00	-	6.89
	SP 2.2: LandIn- formation Man- agement System (LIM)		3,400,000.00			-	
	SP 2.3: Urban Plan and Devel- opment		1,925,000.00			-	
	SP 2.4: Survey and Mapping of Nakuru County		2,167,500.00			-	
	SP 2.5: Surveying of Urban Centres		1,048,045.00			-	
	SP 2.6: Surveying of County Estate andFacilitation of Lease Processing		1,000,000.00			-	
	SP 2.7: Establish- ment of a Survey Centre and Map- ping Centre		1,000,000.00			-	
	Sub Total	-	609,418,785.00		41,235,427.00	-	6.89
Programme 3: Housing Develop- ment and Manage- ment	SP 3.1: Mainte- nance of County Estates		5,168,622.00			-	-
	SP 3.2: Housing Technology (Establishment of ABMT Centres)		3,500,000.00			-	-
	SP 3.3: Develop- ment of Afford- able Housing And Housing Infrastructure		6,479,073.00			-	-
	Sub Total	-	15,147,695.00			-	
Total		145,010,407.00	624,566,480.00	114,617,183.41	41,235,427.00	79.04	6.89
Department of Trade, Cooperatives, Industrialisation And tourism							

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 1 Administration planning	SP 1.1 Administration, planning and support services	29,133,361	-	20,918,224	-	71.8	-
	SP 1.2 Personnel services	60,750,957	-	49,185,218	-	81.0	-
	SP 1.3 financial services	-	-	-	-	-	-
Programme 2 cooperatives	SP 2.1 management of market cooperatives	502,075	26,799,010	798,230	-	159.0	-
	SP 2.2 Sacc0 empowerment	1,825,460	-	825,460	-	45.2	-
	SP 2.3 cooperatives leadership and governance	3,435,365	-	1,435,365	-	41.8	-
	SP 2.4 Strengthening cooperatives	1,584,600	-	584,600	-	36.9	-
	SP 2.5 Empowering youth, women and peds participation in cooperatives	-	-	-	-	-	-
programme 3: Commerce andEnt- erprise	SP 3.1 Business development services for SMEs	2,179,483	-	1,078,500	-	49.5	-
	SP 3.2 Producer business groups	2,000,000	-	1,175,800	-	58.8	-
	SP 3.3 SMES training	1,974,892	-	860,000	-	43.5	-
	SP 3.4 SMES funding	-	-	-	-	-	-
	SP 3.5 Establishment of business incubation enterprise canterers	177,500	100,000,000	140,100	-	78.9	-
	SP 3.6 consumer protection	39,144,376	3,000,000	2,094,930	-	5.4	-
Programme 4 market	SP 4.1 Market rehabilitation	-	29,838,924	-	19,552,227	-	65.5
	SP 4.2 Development of new market	-	80,530,320	-	2,700,674	-	3.4
	SP 4.3 Market users delivery services	15,216,250	-	13,418,300	-	88.2	-
Programme 5 Tourism	SP 5.1 Promotion of local tourism	3,907,500	4,998,000	1,486,752	-	38.0	-
	SP 5.2 Management of county tourism information centre	72,850	1,827,143	-	-	-	-

Programme	Sub Programme	Approved Estimates (Kshs.)		Expenditure (Kshs.)		Absorption Rate (%)	
		Recurrent	Development	Recurrent	Development	Rec	Dev
Programme 6 Alcoholic drinks And Control	SP 6.1 inspection, approval and liquor licencing	5,000,000	-	4,486,250	-	89.7	-
	SP 6.2 Liquor enforcement and-compliance	834,749	-	708,200	-	84.8	-
	SP 6.3 research and Innovation	634,001	-	-	-	-	-
	SP 6.4 Treatment and Rehabilitation of persons dependent on alcoholic drinks	-	-	-	-	-	-
	SP 6.5 Education and Training of sub-county and Review committee	1,040,000	-	629,460	-	60.5	-
	Sub Total	134,110,569	246,993,397	99,898,239	19,822,901	74.5	8.0
Grand Total		12,870,006,451	8,339,092,465	10,520,709,934	3,008,132,002	81.7	36.1

Source: Nakuru County Treasury

The Crop Production and Food Security (Crop Development and Management programme) in the Department of Agriculture, Livestock and Fisheries, Management of Market Cooperatives (Cooperatives programme) in the Department of Trade, Cooperatives, Industrialisation and Tourism, and Human Resource Health (Curative And Rehabilitative services programme) in the Department of Health Services had an expenditure above the budget allocation which is irregular and should be addressed by the respective accounting officers.

3.31.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 10th August 2023. However, the report did not include information on foreign travel.
2. The underperformance of own-source revenue at Kshs.1.61 billion against an annual projection of Kshs.2.28 billion, representing 70.7 per cent of the annual target. It is noted that the A-I-A over performed its annual target by 16.9 per cent.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.136: Laikipia County, List of Development Projects with the Highest Expenditure, where the County incurred expenditure over approved cheque issues in several departments.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund, Nakuru County Persons Living with Disability Fund, Bursary Fund, Nakuru County Executive Car and Mortgage Loan, and Nakuru County Enterprise Fund were not submitted to the Controller of Budget.
5. High level of pending bills, which had accumulated to Kshs.877.53 million as of 30th June 2023.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.1.63 billion were processed through

the manual payroll, accounting for 23.4 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

7. Low expenditure on development programmes in the FY 2022/23. The development expenditure of Kshs.3.01 billion was 22.2 per cent of the total expenditure in the reporting period.

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

1. *The County Treasury should ensure timely preparation and Submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget and money requisitioned spent on items proposed.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and Submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
6. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The County leadership should develop and implement strategies to enhance expenditure on development programmes in order to enhance the living standards of its citizens.*

3.32 County Government of Nandi

3.32.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.8.51 billion, comprising Kshs.2.40 billion (28.2 per cent) and Kshs.6.11 billion (71.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 5.1 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.2.95 billion towards development expenditure and Kshs.6.02 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.99 billion (82.1 per cent) as the equitable share of revenue raised nationally, Kshs.593.48 million (7 per cent) as additional allocations, a cash balance of Kshs.553.64 million (6.5 per cent) from FY 2021/22, and generate Kshs.373.23 million (4.4 per cent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.212.

The cash balance from the previous financial year comprises Kshs.8.37 million, which was unspent additional allocations and Kshs.545.26 million, which was the balance in the CRF.

3.32.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.99 billion as the equitable share of the revenue raised nationally, Kshs.310.33 million as additional allocations, had a cash balance of Kshs.553.64 million from FY 2021/22, and raised Kshs.200.74 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.06 billion, as shown in Table 3.211 .

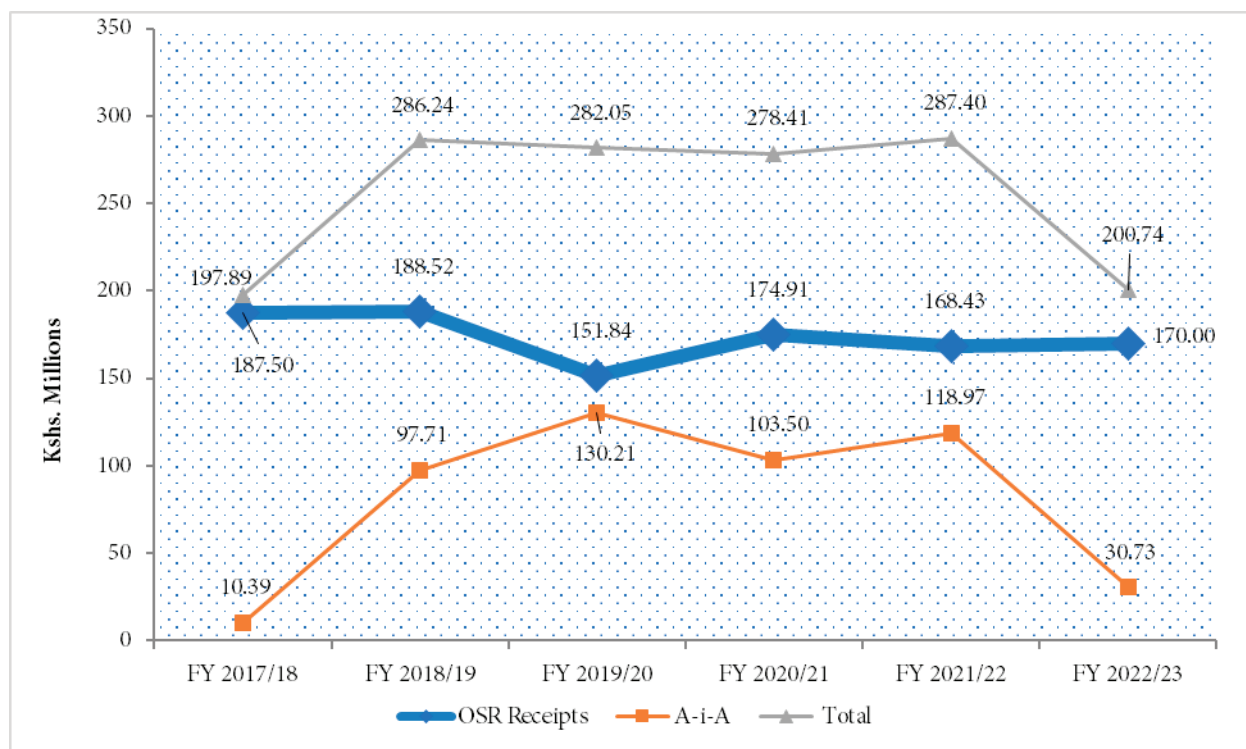
Table 3.211 Nandi County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	6,990,869,041	100.0
	Sub Total	6,990,869,041	6,990,869,041	100.0
B	Additional allocations			
1	DANIDA Grant-Primary Health Care in Devolved Context	26,482,300	12,499,400	47.2
2	WB -Transforming of Health Systems 2021-22	59,482,857	17,206,313	28.9
3	Agricultural Sector Development Support Programme (ASDSP)	8,889,036	2,882,696	32.4
4	National Agricultural and Rural Inclusive Growth Project	297,105,136	248,247,739	83.6
5	Climate Action Programme	125,000,000	22,000,000	17.6
6	Nutrition International	10,000,000	7,498,800	75.0
7	Kenya Informal Settl. Fund	66,519,088	-	-
	Sub Total	593,478,417	310,334,948	52.3
C	Other Sources of Revenue			
1	Own Source Revenue	373,234,444	200,737,628	53.8
2	Balance b/f from FY2021/22	553,640,258	553,640,258	100.0
	Sub Total	926,874,702	754,377,886	81.4
	Grand Total	8,511,222,160	8,055,581,875	94.6

Source: Nandi County Treasury

Figure 94 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

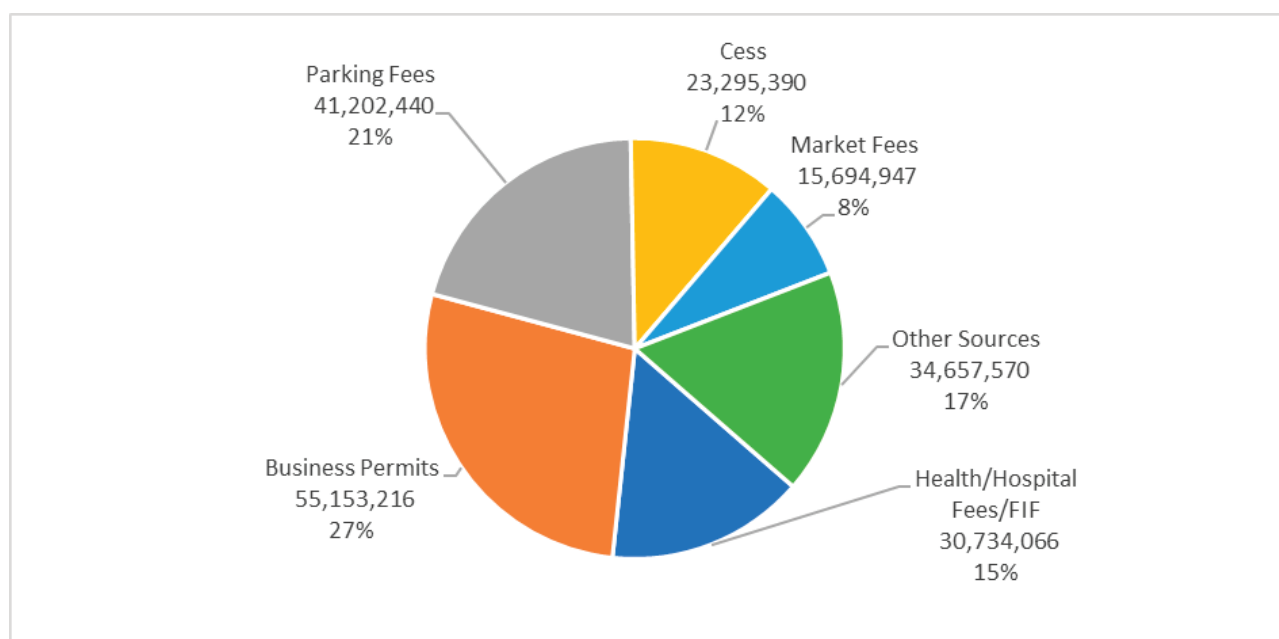
Figure 94: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/2



Source: Nandi County Treasury

In FY 2022/23, the County generated a total of Kshs.200.74 million from its sources of revenue. This amount represented a decrease 30.2 per cent compared to Kshs.287.40 million realised in FY 2021/22 and was 53.8 per cent of the annual target and 2.9 per cent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 95.

Figure 95: Top Streams of Own Source Revenue in FY 2022/23 (Kshs)



Source: Nandi County Treasury

The highest revenue stream of Kshs.55.15 million was from business permits, contributing 27 per cent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.30.73 million, representing 15 per cent of the overall OSR in FY 2022/23.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.36 billion from the CRF account during the reporting period. The amount comprised Kshs.1.80 billion (24.5 per cent) for development programmes and Kshs.5.55 billion (75.5 per cent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.64 billion was released towards Employee Compensation and Kshs.1.91 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.200.80 million.

3.32.4 County Expenditure Review

The County spent Kshs.7.93 billion on development and recurrent programmes in the reporting period. The expenditure represented 111.7 per cent of the total funds released by the CoB and comprised Kshs.1.97 billion and Kshs.5.96 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 82.1 per cent, while recurrent expenditure represented 97.5 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.743.29 million, comprising Kshs.268.70 million for recurrent expenditure and Kshs.474.59 million for

development activities. During the year, pending bills amounting to Kshs.565.32 million were settled, consisting of Kshs.172.24 million for recurrent expenditure and Kshs.393.08 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.177.97 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.27 billion on employee compensation, Kshs.2.03 billion on operations and maintenance, and Kshs.1.95 billion on development activities. Similarly, the County Assembly spent Kshs.372.98 million on employee compensation, Kshs.296.47 million on operations and maintenance, and Kshs.21.40 million on development activities, as shown in Table 3.212 .

Table 3.212: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Execu- tive	County As- sembly	County Execu- tive	County As- sembly	County Ex- ecutive	County As- sembly
Total Recurrent Expenditure	5,445,008,313	669,452,973	5,291,669,826	669,452,973	97.2	100
Compensation to Employees	3,486,935,782	409,271,924	3,266,311,473	372,979,424	93.7	91.1
Operations and Maintenance	1,958,072,531	260,181,049	2,025,358,353	296,473,549	103.4	113.9
Development Expenditure	2,323,282,457	75,000,000	1,948,043,199	21,400,599	83.8	28.5
Total	7,768,290,770	744,452,973	7,239,713,025	690,853,572	93.2	92.8

Source: Nandi County Treasury

3.32.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.64 billion, or 45.2 per cent of the revenue for FY 2022/23 of Kshs.8.06 billion. This expenditure decreased from Kshs.3.85 billion reported in FY 2021/22. The wage bill included Kshs.1.93 billion paid to health sector employees, translating to 53 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.27 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.372.98 million was processed through manual payrolls. The manual payrolls accounted for 6.7 per cent of the total PE cost.

The County Assembly spent Kshs.27.92 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.27.92 million. The average monthly sitting allowance was Kshs.51,704 per MCA. The County Assembly has established 21 Committees.

3.32.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.223.17 million to county-established funds in FY 2022/23, constituting 2.6 per cent of the County's overall budget. Table 3.140: Summary of Budget and Expenditure by Economic Classification summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.214: Performance of County Established Funds as of 30th June 2023

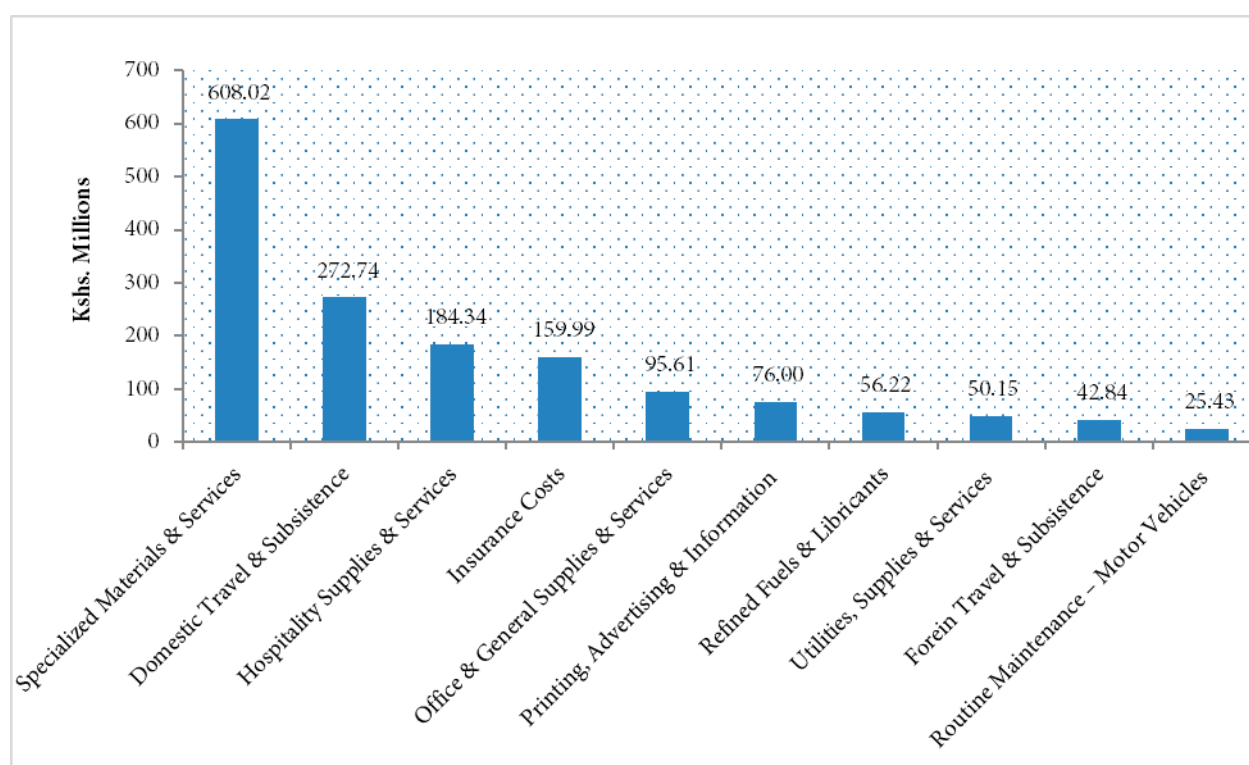
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Kshs.)
County Executive Established Funds					
1.	Nandi County Executive car loan and mortgage scheme fund	50,000,000	50,000,000	58,744,851.77	Yes
2.	Nandi County Education fund	84,000,000	84,000,000	84,000,000	Yes
County Assembly Established Funds					
3.	Nandi County Assembly Mortgage	89,166,754	89,166,754	89,166,754	Yes
	Total	223,166,754	223,166,754	231,911,606	

Source: Nandi County Treasury

3.32.9 Expenditure on Operations and Maintenance

Figure 96 summarises the Operations and Maintenance expenditure by major categories.

Figure 96: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.272.74 million and comprised Kshs.75.10 million spent by the County Assembly and Kshs.197.64 million by the County Executive.

Expenditure on foreign travel amounted to Kshs.43.84 million and comprised Kshs.37 million by the County Assembly and Kshs.5.84 million by the County Executive. The highest expenditure on foreign travel incurred is summarised in Table 3.214.

Table 3.214: Summary of Highest Expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	36	29 th April to 6 th May 2023	Capacity Building Workshop	Kampala, Uganda	22,645,496
County Assembly	1	22 nd April and 2 nd May 2023	Training of Speaker	Dubai, United Arab Emirates	526,456
County Assembly	7	19 th and 23 rd June 2023	Training of Speaker	Arusha, Tanzania	1,476,736
County Assembly	23	15 th and 20 th May 2023	EALA. Attachment	Arusha, Tanzania	5,909,880
County Assembly	1	26 th May and 2 nd June 2023	Training of Speaker	Dubai, United Arab Emirates	729,472

Source: County Assembly of Nandi

3.32.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.97 billion on development programmes, representing an increase of 56.5 per cent compared to FY 2021/22, when the County spent Kshs.1.26 billion Table 3.215 summarises development projects with the highest expenditure in the reporting period.

Table 3.215: Nandi County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs.)	Implementation status (%)
1	Health & Sanitation	Part Payment for Construction of Mother & Child Hospital	Kapsabet	409,813,441	98,673,565	85
2	Agriculture, Livestock and Fisheries	Construction of Kabiye Dairy	Kabiye	168,178,339	40,852,650	90
3	County Assembly	Construction of County Assembly Building	Kapsabet	469,469,934	454,589,731	97
4	Tourism, Culture and Co-operative Development	Construction of Eliud Kipchoge Complex	Kapsabet	53,222,000	12,385,862	95
5	Roads Transport and Public Works	Payment for Purchase of Skip Loader	Kapsabet	11,908,700	10,500,000	100
6	Agriculture, Livestock and Fisheries	Construction of Nandi Crematorium at Kabiye Phase 2	Kabiye	168,178,339	10,003,966	90

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 3.216 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.216: Nandi County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	581.66	41.30	505.83	10.75	608.94	19.16	120.4	178.2	104.7	46.4
Finance and Economic Planning	716.16	11.00	656.06	9.74	688.70	8.00	105.0	82.1	96.2	72.7
Devolved Units and-Special Programmes	78.75	138.67	54.41	85.21	74.60	96.72	137.1	113.5	94.7	69.8
Health and sanitation	2,809.30	429.71	2,670.28	250.97	2,738.81	310.75	102.6	123.8	97.5	72.3
Agriculture, Livestock and Fisheries	275.88	573.48	259.28	495.07	273.69	569.44	105.6	115.0	99.2	99.3
Tourism, Culture and Co-operative Development	56.77	9.27	42.85	10.58	52.39	9.58	122.3	90.5	92.3	103.3
Youth, Gender and Social Services	120.58	62.70	107.14	44.25	91.37	70.36	85.3	159.0	75.8	112.2
Education Research and Vocational Training	458.87	202.69	425.26	88.83	456.32	149.79	107.3	168.6	99.4	73.9
Lands, Environment and Natural Resources	106.12	319.48	98.16	254.47	99.41	282.33	101.3	110.9	93.7	88.4
Roads Transport and Public Works	126.72	347.51	97.19	251.05	113.79	391.21	117.1	155.8	89.8	112.6
Trade and Industrial Development	58.50	187.47	25.41	25.07	51.26	40.71	201.8	162.4	87.6	21.7
Public Service and Labour	55.70	-	14.13	-	42.39	-	299.9	-	76.1	-
County Assembly	669.45	75.00	597.83	21.88	668.48	21.40	111.8	97.8	99.9	28.5
Total	6,114.46	2,398.28	5,553.83	1,547.87	5,960.15	1,969.44	107.3	127.2	97.5	82.1

Source: Nandi County Treasury

Analysis of expenditure- by department shows that the Department of Roads Transport and Public Works recorded the highest absorption rate of development budget at 112.6 per cent, followed by the Department of Youth, Gender and Social Services at 112.2 per cent. The Department of County Executive had the highest percentage of recurrent expenditure to budget at 104.7 per cent, while the Department of Youth, Gender and Social Services had the lowest at 75.8 per cent.

The absorption rates above 100 per cent are irregular and indicate the diversion of funds from other budget lines.

3.32.12 Budget Execution by Programmes and sub-programmes

Table 3.217 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.217: Nandi County, Budget Execution by Programmes and sub-programmes

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Default Value (Non- Non-Departmental)	-	-	-	-
Default - Non-Programmatic	-	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
General Administration and Support Services	-	-	-	-
Office of Governor	622,963,676	628,102,831	- 5,139,155	100.8
Administration and general support services	-	14,047,978	- 14,047,978	-
Disaster Risk Reduction and Emergency	-	-	-	-
Physical Infrastructure	41,300,000	19,162,400	22,137,600	46.4
Health care Infrastructure	-	-	-	-
Public Sector Advisory	-	-	-	-
County Executive Committee Services	-	-	-	-
County Bursary Scheme	-	-	-	-
Facilitation of Public Participation Forums	-	-	-	-
General administration and support services	-	-	-	-
Enforcement of Domesticated or Enacted Laws and Regulations	-	-	-	-
General Administration and Support Services	581,663,676	594,892,453	- 13,228,777	102.3
Coordination of County Functions	-	-	-	-
Office of the Deputy Governor	-	-	-	-
Public Sector Advisory	-	-	-	-
County Administration and Public-Service	-	-	-	-
General Administration and Support Services	-	-	-	-
Physical Infrastructure	-	-	-	-
Facilitation of Public Participation Forums	-	-	-	-
Coordination of County Functions	-	-	-	-
Enforcement of Domesticated or Enacted Laws and Regulations	-	-	-	-
HRM	-	-	-	-
County Bursary Scheme	-	-	-	-
ICT	-	-	-	-
Public Finance & Accounts	-	-	-	-
ICT Infrastructure	-	-	-	-
Physical Infrastructure	-	-	-	-
Economic development coordination and Monitoring and Evaluation	-	-	-	-
Administration and Support of Human Resources	-	-	-	-
Revenue Enhancement and Infrastructure	-	-	-	-
Economic Planning	-	-	-	-
Economic development coordination and Monitoring and Evaluation	-	-	-	-
Fiscal planning	-	-	-	-
General Administration and Support Services	-	-	-	-
Audit	-	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Audit Services	-	-	-	-
Revenue	11,000,000	8,000,000	3,000,000	72.7
General Administration and Support Services	11,000,000	8,000,000	3,000,000	72.7
Revenue Enhancement and Infrastructure	-	-	-	-
Procurement	-	-	-	-
Public Procurement	-	-	-	-
Budgeting	-	-	-	-
Budget formulation And Management	-	-	-	-
Finance and accounting	716,156,138	688,697,722	27,458,416	96.2
General Administration and Support Services	716,156,138	688,697,722	27,458,416	96.2
Public Procurement	-	-	-	-
Economic development coordination and Monitoring and Evaluation	-	-	-	-
ICT Infrastructure	-	-	-	-
Health Service Delivery Administration Services	-	-	-	-
Audit Services	-	-	-	-
Budget formulation And Management	-	-	-	-
Administration and Support of Human Resources	-	-	-	-
Public Finance and accounts	-	-	-	-
Fiscal planning	-	-	-	-
Debt management	-	-	-	-
Revenue Enhancement and Infrastructure	-	-	-	-
Sub-County Administration	78,750,840	74,604,458	4,146,382	94.7
Health Sector Programme Support (DANIDA FUNDS)	-	-	-	-
County Administrative Services	-	-	-	-
General Administration and Support Services	-	-	-	-
Administration and Support of Human Resources	78,750,840	74,604,458	4,146,382	94.7
Special Programmes	-	-	-	-
Town Administration Section	138,666,217	96,722,232	41,943,985	69.8
Administration and Support of Human Resources	138,666,217	96,243,000	42,423,217	69.4
Special Programmes	-	-	-	-
General Administration and Support Services	-	479,232	- 479,232	-
County Administrative Services	-	-	-	-
Ward Administration	-	-	-	-
Special Programmes	-	-	-	-
Public Health and sanitation	2,809,297,535	2,738,812,044	70,485,491	97.5
Health Sector Programme Support (DANIDA FUNDS)	-	-	-	-
Health care Infrastructure	-	-	-	-
Curative Health Services	-	-	-	-
Preventive and Promotive Health Services	-	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Health Service Delivery Administration Services	2,809,297,535	2,738,812,044	70,485,491	97.5
Administration and general support services	-	-	-	-
Physical Planning	-	-	-	-
Preventive Health Services	-	-	-	-
Preventive and Promotive Health Services	-	-	-	-
Health care Infrastructure	-	-	-	-
Health Service Delivery Administration Services	-	-	-	-
Curative Health Services	-	-	-	-
Health Sector Programme Support (DANIDA FUNDS)	-	-	-	-
Curative Health Services	429,711,061	310,745,723	118,965,338	72.3
General Administration and Support Services	-	-	-	-
Health care Infrastructure	-	-	-	-
Health Service Delivery Administration Services	-	-	-	-
Physical Planning	429,711,061	310,745,723	118,965,338	72.3
Preventive and Promotive Health Services	-	-	-	-
Curative Health Services	-	-	-	-
Agriculture and Crop Production	275,877,543	273,687,588	2,189,955	99.2
Fisheries Development and Management	-	-	-	-
Administration and general support services	275,877,543	273,687,588	2,189,955	99.2
Crop Development and Management	-	-	-	-
Livestock and Veterinary	573,479,420	569,439,519	4,039,902	99.3
Fisheries Development and Management	-	-	-	-
Livestock Resources Management and Development	573,479,420	569,439,519	4,039,902	99.3
Crop Development and Management	-	-	-	-
Fisheries	-	-	-	-
Crop Development and Management	-	-	-	-
Fisheries Development and Management	-	-	-	-
Tourism	66,038,653	61,973,500	4,065,153	93.8
Co-operative Development and Management	-	-	-	-
Culture	9,272,000	9,582,000	- 310,000	103.3
General Administration and Support Services	56,766,653	52,391,500	4,375,153	92.3
Tourism Development and Promotion	-	-	-	-
Culture	-	-	-	-
Culture	-	-	-	-
Co-operatives	-	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Co-operative Development and Management	-	-	-	-
Gender	-	-	-	-
Tourism Development and Promotion	-	-	-	-
Youth Affairs	120,583,794	91,370,785	29,213,009	75.8
General Administration and Support Services	-	-	-	-
Sports Development	-	-	-	-
Gender	-	-	-	-
Youth Affairs	-	-	-	-
General Administration and Support Services	120,583,794	91,370,785	29,213,009	75.8
Social Services	-	-	-	-
Gender and Social Services	-	-	-	-
Gender	-	-	-	-
Social Services	-	-	-	-
Sports	62,702,385	70,358,149	- 7,655,764	112.2
Sports Development	62,702,385	70,358,149	- 7,655,764	112.2
Pre-education and care services	661,566,618	606,112,316	55,454,302	91.6
Youth Training and Development	-	-	-	-
Education	202,693,002	149,789,671	52,903,331	73.9
General administration and support services	458,873,616	456,322,646	2,550,970	99.4
Quality assurance, evaluation and Research	-	-	-	-
Education	-	-	-	-
Vocational training	-	-	-	-
Youth Training and Development	-	-	-	-
Education	-	-	-	-
Environment Protection	-	-	-	-
General Administration and Support Services	-	-	-	-
Water Supply	-	-	-	-
Environmental Conservation & Protection	-	-	-	-
Culture	-	-	-	-
Lands	-	-	-	-
Housing	-	-	-	-
Environmental Conservation & Protection	-	-	-	-
Land Adjudication	-	-	-	-
Administration and general support services	-	-	-	-
Physical Planning	-	-	-	-
Natural resources and Mining	106,116,300	99,411,441	6,704,859	93.7
Environmental Conservation and Protection	-	-	-	-
General Administration and Support Services	106,116,300	99,411,441	6,704,859	93.7
Land survey	-	-	-	-
General Administration and Support Services	-	-	-	-
Housing	-	-	-	-

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Water Supply	-	-	-	-
Physical Planning	-	-	-	-
Land Adjudication	-	-	-	-
Water	319,478,930	282,326,182	37,152,748	88.4
Water Supply	319,478,930	282,326,182	37,152,748	88.4
Survey	-	-	-	-
Environmental Conservation and Protection	-	-	-	-
Physical Planning	-	-	-	-
Land survey	-	-	-	-
Land Adjudication	-	-	-	-
Physical and structural planning	-	-	-	-
General Administration and Support Services	-	-	-	-
Road Transport	-	-	-	-
Education	-	-	-	-
Roads and Infrastructure	347,509,059	391,207,663	- 43,698,604	112.6
General Administration and Support Services	-	-	-	-
Road Transport	347,509,059	391,207,663	- 43,698,604	112.6
Public works	126,718,218	113,785,443	12,932,776	89.8
Government Buildings	-	-	-	-
General Administration and Support Services	126,718,218	113,785,443	12,932,776	89.8
Road Transport	-	-	-	-
Transport	-	-	-	-
General Administration and Support Services	-	-	-	-
Road Transport	-	-	-	-
Weights and measures	-	-	-	-
Weights and Measures	-	-	-	-
Trade shows and exhibitions	-	-	-	-
Trade development	-	-	-	-
Industry Development	-	-	-	-
Industrial, SME development	185,470,383	40,709,661	144,760,722	21.9
Industry Development	-	-	-	-
Trade development	185,470,383	40,709,661	144,760,722	21.9
Markets	60,501,346	51,259,588	9,241,758	84.7
Trade development	2,000,000	-	2,000,000	-
Industry Development	-	-	-	-
General Administration and Support Services	58,501,346	51,259,588	7,241,758	87.6
Headquarters	55,702,654	42,386,181	13,316,473	76.1
Administration and Support of Human Resources	55,702,654	42,386,181	13,316,473	76.1
Human Resource Management	-	-	-	-
County Assembly Service Board	669,452,973	661,490,254	7,962,719	98.8
County Assembly Clerk services	-	-	-	-
County Assembly Service Board	669,452,973	661,490,254	7,962,719	98.8
Finance and accounts	-	-	-	-
Physical Infrastructure and Equipment	-	-	-	-
Administration Section	75,000,000	22,522,198	52,477,802	30.0

Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Administration and Support of Human Resources	-	-	-	-
General Administration and Support Services	-	-	-	-
County Assembly Clerk services	-	-	-	-
General Administration and Support Services	75,000,000	22,522,198	52,477,802	30.0
County Assembly Service Board	-	-	-	-
Physical Infrastructure and Equipment	-	-	-	-
Grand Total	8,512,743,743	7,923,725,477	589,018,266	93.1

Source: Nandi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Sports Development in the Department of Youth, Gender and Social Services at 112.2 per cent, Roads and Infrastructure in the Department of Roads Transport and Public Works at 112.6 per cent, Culture in the Department of Tourism, Culture and Co-operative Development at 103.3 per cent, and Office of the Governor in the County Executive at 100.8 per cent of budget allocation. The absorption rates above 100 per cent are irregular and indicate the diversion of funds from other budget lines.

3.32.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 21st August 2023.
2. The underperformance of own-source revenue at Kshs.200.74 million against an annual projection of Kshs.373.23 million, representing 53.8 per cent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.143: Lamu County, List of Development Projects with the Highest Expenditure, where the County incurred expenditure over approved exchequer issues and above budget allocation in several departments.
4. A high wage bill of Kshs.3.64 billion, which accounted for 45.9 per cent of the total expenditure in FY 2022/23, thus constraining funding to other programmes.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.372.98 million were processed through the manual payroll, accounting for 6.7 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.33 County Government of Narok

3.33.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.14.98 billion, comprising Kshs.4.83 billion (32.2 percent) and Kshs.10.15 billion (67.8 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented an increase of 12.2 percent compared to the previous financial year when the approved budget was Kshs.13.35 billion and comprised Kshs.4.01 billion towards development expenditure and Kshs.9.34 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.84 billion (59.0 percent) as the equitable share of revenue raised nationally, Kshs.1.62 billion (10.8 percent) as additional allocation, a cash balance of Kshs.311.81 million (2.1 percent) from FY 2021/22, and generate Kshs.4.2 billion (28.1 percent) as own-source revenue. A breakdown of the additional allocation is provided in Table 3.219.

3.33.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.84 billion as the equitable share of the revenue raised nationally, Kshs.325.48 million as additional allocation, had a cash balance of Kshs.709.50 million from FY 2021/22, and raised Kshs.3.06 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.12.94 billion, as shown in Table 3.218.

Table 3.218: Narok County, Revenue Performance in FY 2022/23

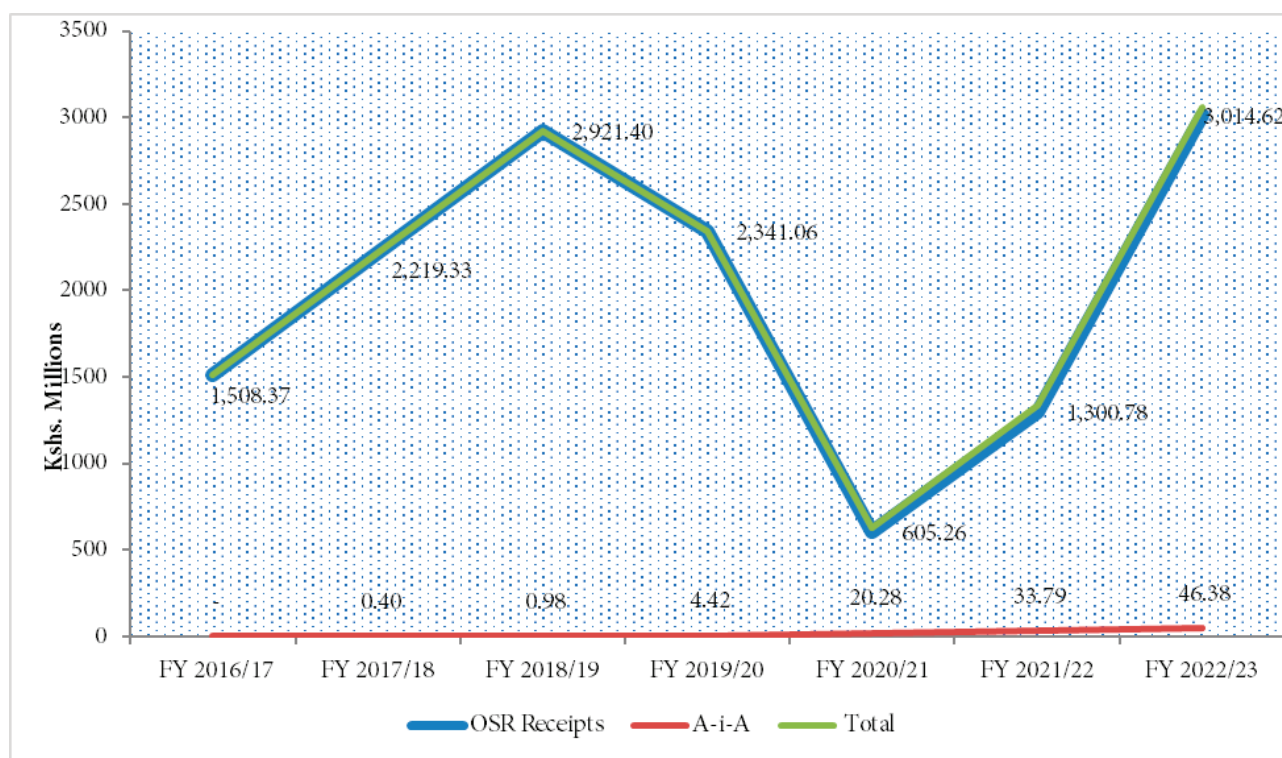
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000.00	8,844,789,456.00	100.0
	Sub Total	8,844,790,000.00	8,844,789,456.00	100.0
B	Additional allocation			
1	Leasing of Medical Equipment	110,638,298.00	-	-
2	Equalisation fund	1,045,651,263.00	-	-
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	10,076,723.00	10,076,723.00	100.0
4	IDA - National Agricultural and Rural Inclusive Growth Project (NARIGP).	243,107,598.00	198,081,838.45	81.5
5	IDA - Financing Locally-led Climate Action program	22,000,000.00	22,000,000.00	100.0
6	DANIDA Grant - Transfer of funds to DANIDA Primary Health Care Special Purpose Account.	25,860,375.00	25,793,325.00	99.7
7	IDA - Kenya Urban Support Programme (KUSP).	2,339,914.88	2,339,914.85	100.0
8	IDA - National Agricultural Value Chain Development Project.	70,000,000.00	67,192,729.00	96.0
9	B/F Grants-KDSP	68,451,638.00	-	-
10	B/F World Bank Loan DANIDA Grant UHDS	8,905,875.00	-	-
11	B/F Agricultural Sector Development Support Program (ASDSP)	12,697,228.00	-	-
	Sub Total	1,619,728,912.88	325,484,530.30	20.1
C	Other Sources of Revenue			
1	Own Source Revenue	4,204,783,838	3,061,007,640	72.8

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	Balance b/f from FY2021/22	311,813,069	709,507,194	227.5
Sub Total		4,516,596,907	3,770,514,834	83.5
Grand Total		14,981,115,820	12,940,788,820	86.4

Source: Narok County Treasury

Figure 97: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

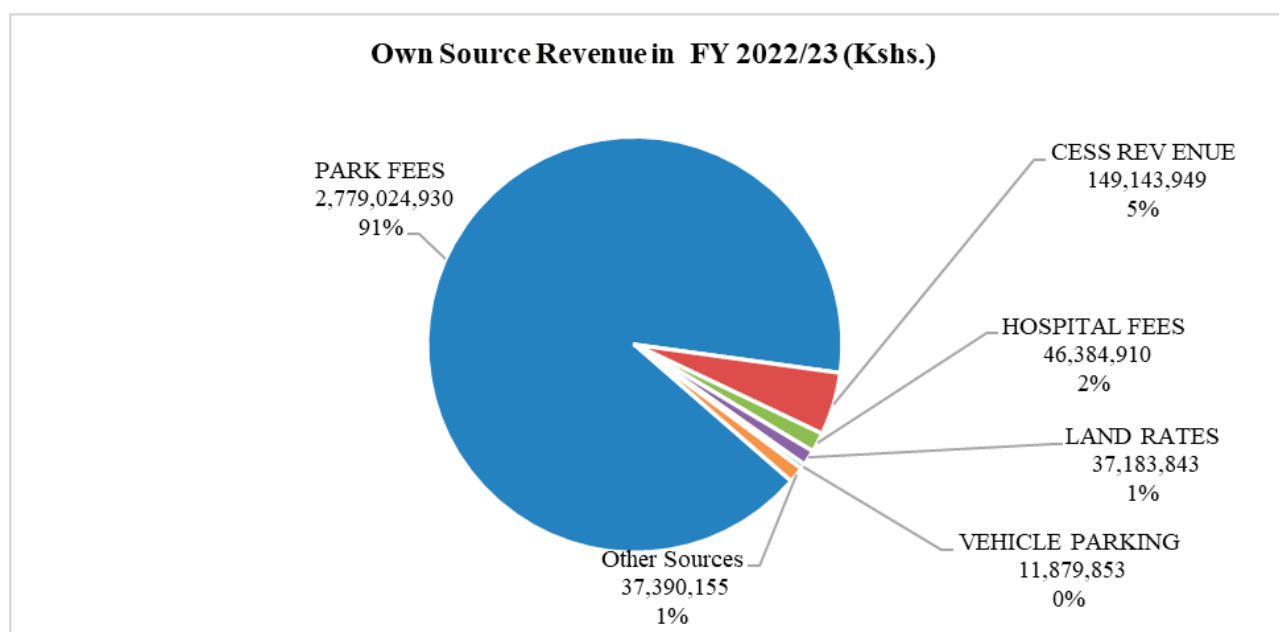
Figure 97: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Narok County Treasury

In FY 2022/23, the County generated a total of Kshs.3.061 million from its revenue sources, including Kshs.46,384,910 collected as A-I-A from the Health Sector. This amount represented an increase of 56 percent compared to Kshs.1.33 billion realised in FY 2021/22 and was 72.8 percent of the annual target and 34.6 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 98.

Figure 98: Top Streams of Own Source Revenue in FY 2022/23



Source: Narok County Treasury

The highest revenue stream of Kshs.2.78 billion was from Park fees, contributing to 91 percent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.46.38 million, representing 2 percent of the overall OSR in FY 2022/23.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.85 billion from the CRF account during the reporting period. The amount comprised Kshs.3.16 billion (24.6 percent) for development programmes and Kshs.9.69 billion (75.4 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.63 billion was released towards Employee Compensation, and Kshs.5.06 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.2.73 million.

3.33.4 County Expenditure Review

The County spent Kshs.12.80 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.6 percent of the total funds released by the CoB and comprised of Kshs.3.15 billion and Kshs.9.65 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 65.2 percent. In contrast, recurrent expenditure represented 95.1 percent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.55 billion, comprising Kshs.602.34 million for recurrent expenditure and Kshs.945.44 million for

development activities. During the year, pending bills amounting to Kshs.377.68 million were settled for development programmes only. Therefore, as of 30th June 2023, the outstanding amount was Kshs.1.17 billion.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.4.11 billion on employee compensation, Kshs.4.52 billion on operations and maintenance, and Kshs.3.09 billion on development activities. Similarly, the County Assembly spent Kshs.501.83 million on employee compensation, Kshs.527.40 million on operations and maintenance, and Kshs.56.281 million on development activities, as shown in Table 3.219: Summary of Budget and Expenditure by Economic Classification.

Table 3.219: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,044,501,582	1,108,935,593	8,625,055,992	1,029,228,383	95.4	92.8
Compensation to Employees	4,123,912,854	493,321,166	4,105,976,310	501,826,312	99.6	101.7
Operations and Maintenance	4,920,588,728	615,614,427	4,519,079,682	527,402,071	91.8	85.7
Development Expenditure	4,727,658,645	100,000,000	3,093,561,785	56,281,184	65.4	56.3
Total	13,772,160,227	1,208,935,593	11,718,617,777	1,085,509,567	85.1	89.8

Source: Narok County Treasury

3.33.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.61 billion, or 35.6 percent of the revenue for FY 2022/23 of Kshs.12.94 billion. This expenditure represented an increase from Kshs.3.76 billion reported in FY 2021/22. The wage bill included Kshs.1.48 billion paid to health sector employees, translating to 32.1 percent of the total wage bill. The significant increase in Personnel Emoluments compared to the previous financial year is due to the promotion of staff and the recruitment of 349 new staff within the year.

Further analysis indicates that PE costs amounting to Kshs.4.60 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.12.13 million was processed through manual payrolls. The manual payrolls accounted for 0.3 percent of the total PE cost.

The County Assembly spent Kshs.22.31 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.31.81 million. The average monthly sitting allowance was Kshs.37,176 per MCA. The County Assembly has established 21 Committees.

3.33.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.733.29 million to county-established funds in FY 2022/23, constituting 4.8 percent of the County's overall budget. Table 3.221: Performance of County Established Funds as of 30th June 2023 Table 3.220 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.220: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1	Bursary Fund	372,115,731	372,115,731	372,115,731	No
2	Masai Mara Community Support Fund	29,424,846	5,000,000	5,000,000	No
County Assembly Established Funds					
3	Car loans and Mortgage for Members of Assembly and Staff	331,745,757	235,000,000	235,000,000	No
	Total	733,286,334	612,115,731	612,115,731	

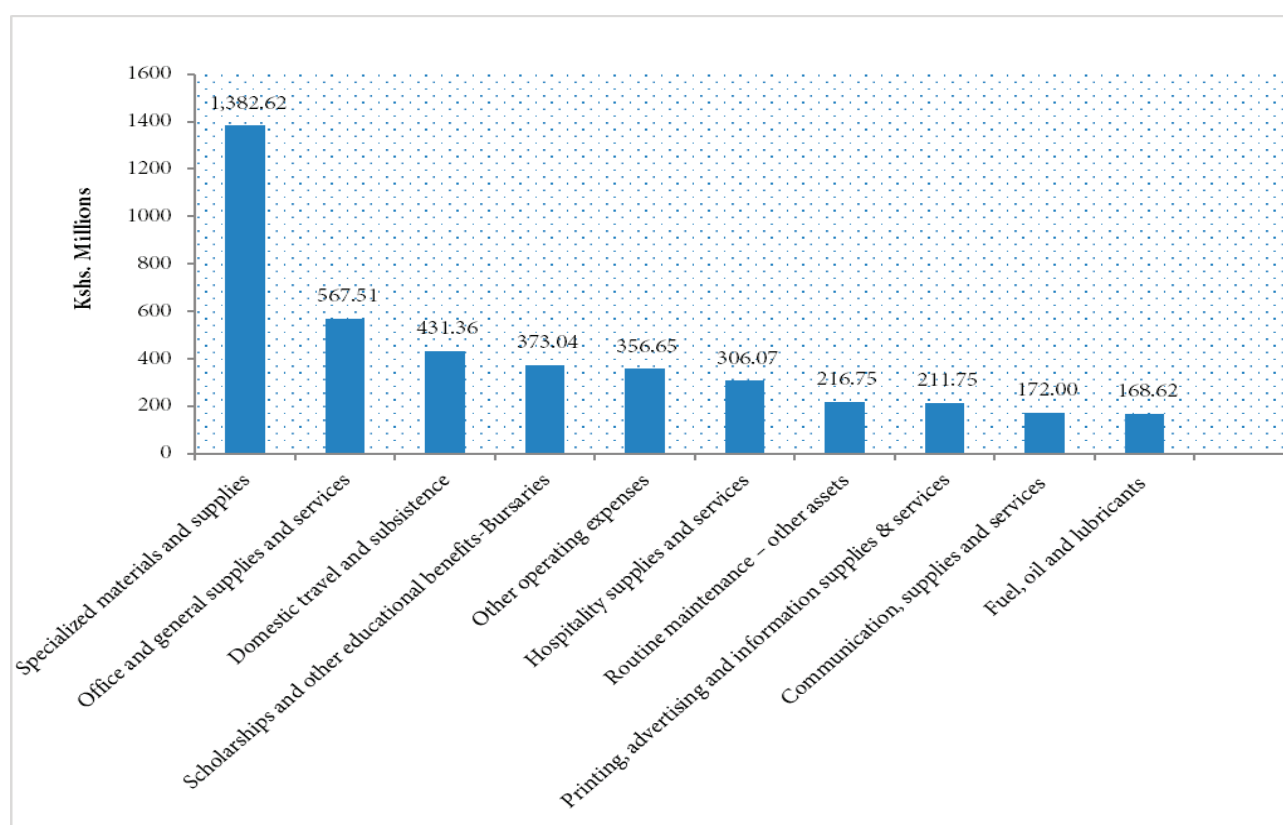
Source: Narok County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators of the funds as indicated in Table 3.220.

3.33.9 Expenditure on Operations and Maintenance

Figure 99 summarises the Operations and Maintenance expenditure by major categories.

Figure 99: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: Narok County Treasury

During the period, expenditure on domestic travel amounted to Kshs.431.36 million and comprised Kshs.237.56 million spent by the County Assembly and Kshs.193.80 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.48 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.221.

Table 3.221: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	3	10 th -14 th and 17 th -19 th July 2023	A workshop on Sustainable Development	USA	3,455,780
County Executive	19	1 st - 18 th June 2023	Cultural exchange event	Italy	5,477,841
County Executive	3	7 th - 9 th March 2023	International Tourism Bourse	Germany	2,294,343

Source: Narok County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 1 out of the 3 foreign trips sampled, delegates have surpassed the limit.

3.33.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.15 billion on development programmes, representing an increase of 24.6 percent compared to FY 2021/22 when the County spent Kshs.1.34 billion. Table 3.22 summarises development projects with the highest expenditure in the reporting period.

Table 3.222: Narok County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Transport	Purchase of 15-tone tipper trucks	Narok North	240,490,870.00	240,490,870.00	240,490,870.00	100.0
2	Health	Phase I Construction of various health facilities throughout the county (61 dispensaries, OPD and Maternity wards)	Sub counties: Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	408,456,895.58	211,079,343.80	211,079,343.80	51.7
3	Education	Phase I construction of ECDE classrooms throughout the county (121 Classrooms)	Sub counties: Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	525,744,932.33	187,427,642.64	187,427,642.64	35.6

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
4	ROADS	Construction of various roads	6 sub-counties. Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	440,095,190.00	129,740,471.16	129,740,471.16	29.5
5	Transport	Purchase of wheeled backhoe loader-8	Narok North	122,152,000.00	122,152,000.00	122,152,000.00	100.0
6	Health	construction of the new Narok County referral hospital and-mortuary block	Narok North	98,089,455.55	98,089,455.55	98,089,455.55	100.0
7	Environment	construction of the Suswa dry port pipeline	Suswa	71,129,003.40	63,806,329.00	63,806,329.00	89.7
8	Environment	Drilling of 63 bore-holes and water pans	6 Sub-counties. Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	162,320,708.85	63,716,870.25	63,716,870.25	39.3
9	Health	Phase II Construction of various 30 health facilities, laboratories, and Staff houses throughout the county	Subcounties. Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	126,711,391.47	40,573,098.00	40,573,098.00	32.0
10	Education	Phase II construction of 85 ECDE classrooms and wash-rooms throughout the county.	Subcounties. Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	148,222,028.50	37,057,101.35	37,057,101.35	25.0
11	Agriculture	Construction of slaughterhouses, sale yards, toilets and fencing	Transmara West, Transmara East, Narok North, Narok South, Narok West, Narok East)	41,382,037.80	17,663,662.75	17,663,662.75	42.7

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 3.223 Summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.223: Narok County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,108.96	100.00	1,029.27	56.30	1,029.23	56.28	100.0	100.0	92.8	56.3
Office of the Governor and Deputy Governor	208.34	-	164.02	-	192.34	-	117.3	-	92.3	-
Treasury, Economic Planning & ICT	1,070.94	200.96	1,055.55	-	1,049.51	-	99.4	-	98.0	-
Roads, County Transport, Public Works and Infrastructure	439.37	1,691.93	413.66	1,609.36	413.66	1,609.35	100.0	100.0	94.1	95.1
Education, Youth affairs, Sports Culture and Social services	1,296.89	764.40	1,291.64	210.08	1,290.64	210.08	99.9	100.0	99.5	27.5
Department of Environment & Natural resources	264.78	431.82	262.51	172.82	262.51	161.82	100.0	93.6	99.1	37.5
County Public Service Board	85.23	-	89.16	-	84.16	-	94.4	-	98.7	-
Agriculture, Livestock and Fisheries	329.56	517.00	324.93	437.69	324.93	437.69	100.0	100.0	98.6	84.7
County Health and sanitation	3,265.46	930.94	3,174.09	580.56	3,170.50	580.56	99.9	100.0	97.1	62.4
Lands, Housing, Physical Planning & Urban Development	361.23	53.37	341.01	36.78	341.01	36.78	100.0	100.0	94.4	68.9
ICT and E-Government	83.62	16.00	113.53	-	82.44	-	72.6	-	98.6	-
Tourism & Wildlife	236.27	-	218.62	-	218.62	-	100.0	-	92.5	-
County administrative and public service management	1,090.04	65.23	884.32	29.76	883.32	29.76	99.9	100.0	81.0	45.6
Trade & Industrialization	312.75	56.00	326.42	27.53	311.42	27.53	95.4	100.0	99.6	49.2
Total	10,153.44	4,827.65	9,688.73	3,160.88	9,654.29	3,149.85	99.6	99.7	95.1	65.2

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of County Transport, Public Works, and Infrastructure recorded the highest absorption rate of development budget at 95.1 percent, followed by the Department of Agriculture, Livestock and Fisheries at 84.7 percent. The Department of Treasury, Economic Planning & ICT and the Department of ICT and E-Government did not report any expenditure on the development budget despite having an allocation. The Department of Trade, Investment, Marketing and Cooperatives Management had the highest percentage of recurrent expenditure to budget at 99.6 percent, while the Department of County Administration and Public Service Management had the lowest at 81 percent.

3.33.12 Budget Execution by Programmes and sub-programmes

Table 3.224: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.224: Narok County, Budget Execution by Programmes and sub-programmes

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
102003000			665,970,898.00	389,571,801.55	341,399,096.45	58.5
	102024610	Crop Productivity Improvement	665,970,898.00	389,571,801.55	341,399,096.45	58.5
103003000			160,634,191.00	145,487,650.00	157,582,238.70	90.6
	103014610	Livestock Pests & Disease Management & Control	100,815,232.00	93,323,234.00	99,927,695.70	92.6
	103074610	Livestock Information Management	59,818,959.00	52,164,416.00	57,654,543.00	87.2
104003000			19,962,761.00	193,980.00	19,768,781.00	1.0
	104014610	Fish Products Production	19,962,761.00	193,980.00	19,768,781.00	1.0
105003000			109,188,422.00	10,909,250.00	98,279,172.00	10.0
	105014610	Development Planning and Land Reforms	109,188,422.00	10,909,250.00	98,279,172.00	10.0
106003000			47,322,706.00	2,272,215.00	45,050,491.00	4.8
	106014610	Housing Development	47,322,706.00	2,272,215.00	45,050,491.00	4.8
107003000			258,093,617.00	201,332,274.50	156,761,342.50	78.0
	107014610	Metropolitan Planning & Infrastructure Development	254,962,617.00	201,332,274.50	153,630,342.50	79.0
	107024610	SP2 Urban Planning, Investment and Research	3,131,000.00	-	3,131,000.00	0.0
201003000			2,139,810,401.00	1,820,350,152.10	64,349,814.90	85.1
	201014610	General Administration, Planning and Support Services	69,850,946.00	68,963,199.20	-307,712,253.20	98.7
	201024610	Construction of Roads and Bridges	1,971,242,502.00	1,652,930,731.90	318,311,770.10	83.9
	201034610	Maintenance of Roads	98,716,953.00	98,456,221.00	53,750,298.00	99.7
202003000			125,440,666.00	8,591,018.00	116,849,648.00	6.8
	202014610	ICT Infrastructure Development	125,440,666.00	8,591,018.00	116,849,648.00	6.8
301003000			264,773,379.00	252,694,109.00	122,419,461.00	95.4
	301014610	Administrative Services	623,616.00	-	623,616.00	0.0

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
	301024610	Cooperative Development & Management	43,632,869.00	40,632,869.00	3,340,191.00	93.1
	301034610	Trade Development and Promotion	220,516,894.00	212,061,240.00	118,455,654.00	96.2
303003000			498,905,986.00	26,425,118.30	454,276,764.00	5.3
	303014610	Tourism Promotion and Marketing	455,537,580.00	26,425,118.30	429,276,764.00	5.8
	303024610	Tourism Infrastructure Development	43,368,406.00	-	25,000,000.00	0.0
401003000			930,937,004.00	929,087,750.75	172,849,253.25	99.8
	401014610	Health Promotion	930,937,004.00	929,087,750.75	172,849,253.25	99.8
402003000			620,043,595.00	206,723,234.00	313,320,361.00	33.3
	402014610	Referral Services	620,043,595.00	206,723,234.00	313,320,361.00	33.3
403003000			2,845,420,335.00	2,799,399,902.55	727,020,432.45	98.4
	403014610	Health Policy, Planning and Financing	2,845,420,335.00	2,799,399,902.55	727,020,432.45	98.4
502003000			2,294,738,186.00	2,051,442,508.10	427,784,306.55	89.4
	502014610	Early Child Development and Education	2,294,738,186.00	2,051,442,508.10	427,784,306.55	89.4
701003000			1,383,621,351.00	1,369,903,153.50	1,171,118,197.90	99.0
	701014610	Administrative Services	258,779,546.00	247,478,172.00	234,701,374.40	95.6
	701044610	Coordination and Administrative Services	535,199,411.00	534,640,580.50	424,558,830.50	99.9
	701054610	Public Service and Field Administrative Services	504,407,642.00	503,068,321.00	454,339,321.00	99.7
	701084610	Board Management Services	85,234,752.00	84,716,080.00	57,518,672.00	99.4
702003000			623,167,931.00	617,012,217.90	169,755,713.10	99.0
	702014610	Accounting services	54,111,200.00	51,185,897.00	25,925,303.00	94.6
	702024610	Resource Mobilisation	372,507,775.00	371,656,649.00	63,851,126.00	99.8
	702034610	Budget Formulation, Coordination and Management	28,967,123.00	27,905,430.00	18,661,693.00	96.3
	702044610	Supply Chain Management Services	107,197,081.00	106,296,996.00	20,900,085.00	99.2

Program	Sub Program	Description	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption (%)
	702054610	Internal Audit Services	60,384,752.00	59,967,245.90	40,417,506.10	99.3
703003000			622,911,131.00	616,224,432.00	385,686,699.00	98.9
	703014610	Economic Planning Coordination	595,854,302.00	589,726,379.00	376,127,923.00	99.0
	703024610	Monitoring and Evaluation Services	27,056,829.00	26,498,053.00	9,558,776.00	97.9
704003000			65,230,000.00	65,032,700.00	30,197,300.00	99.7
	704024610	County Coordination Services	65,230,000.00	65,032,700.00	30,197,300.00	99.7
901003000			608,334,106.00	598,177,611.00	95,227,990.00	98.3
	901014610	Gender and Youth Development	38,169,567.00	37,118,963.00	15,050,604.00	97.2
	901024610	Social Assistance to Vulnerable Groups	10,426,450.00	9,855,571.00	10,426,450.00	94.5
	901034610	Development and Promotion of Culture	9,315,131.00	8,396,320.00	4,918,811.00	90.1
	901044610	Development and Management of sports facilities	325,312,944.00	322,800,000.00	1,200,000.00	99.2
	901064610	Voluntary Training Services	225,110,014.00	220,006,757.00	63,632,125.00	97.7
1002003000			696,609,154.00	693,296,266.75	603,312,887.25	99.5
	1002014610	Forests Conservation and Management	696,609,154.00	693,296,266.75	603,312,887.25	99.5
		Grand Total	14,981,115,820.00	12,804,127,345.00	5,673,009,950.05	85.5

Source: Narok County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Coordination and Administrative Services in the Department of County Public Service Board at 99.9 percent, Health Promotion in the Department of Health at 99.8 percent, Resource Mobilization in the Department of Finance at 99.8 percent, and Maintenance of Roads at 99.7 percent of budget allocation.

3.33.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 17th August 2023.
2. The underperformance of own-source revenue at Kshs.3.06 billion against an annual projection of Kshs.4.20 billion, representing 72.8 percent of the annual target. The highest performing source was Park Fees at Kshs.2.78 billion.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table

- 3.223: Narok County, Budget Allocation and absorption Rate by Department, where the County incurred expenditure over approved exchequer issues in the Office of the Governor and Deputy Governor.
4. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Masai Mara community support Fund and Car Loans and Mortgages for Members of the Assembly and Staff Fund were not submitted to the Controller of Budget.
 5. High pending bills amounted to Kshs.1.17 billion as of 30th June 2023.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
5. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.7.09 billion, comprising Kshs.2.19 billion (30.8 percent) and Kshs.4.91 billion (69.2 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented an increase of 3.8 percent compared to the previous financial year when the approved budget was Kshs.6.83 billion and comprised of Kshs.2.05 billion towards development expenditure and Kshs.4.78 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.14 billion (72.4 percent) as the equitable share of revenue raised nationally, generate Kshs.432 million (6.1 percent) from its own sources of revenue, Kshs.350.5 million (4.9 percent) as Appropriations-in-Aid (A-I-A), Kshs.225.76 million as additional allocations, and a cash balance of Kshs.951.29 million (13.4 percent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.226.

3.34.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.14 billion as the equitable share of the revenue raised nationally, raised Kshs.113.48 million as own-source revenue, Kshs.171.11 million as A-I-A Kshs.225.76 million as additional allocations, and had a cash balance of Kshs.951.29 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.60 billion, as shown in Table 3.225: Nyamira County, Revenue Performance in FY 2022/25.

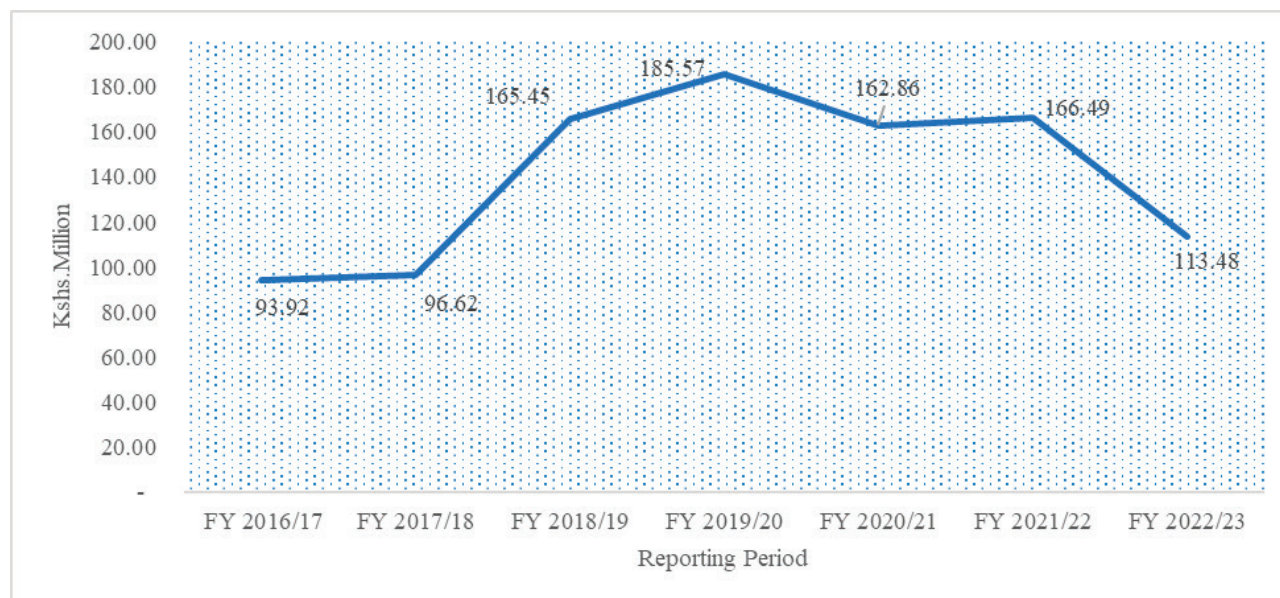
Table 3.225: Nyamira County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,135,340,036	5,135,340,036	100.0
Subtotal		5,135,340,036	5,135,340,036	100.0
B	Additional allocations			
1.	National Rural Inclusive Growth Project	181, 161, 414	181, 161, 414	100.0
2.	Climate Change	22,000,000	22, 000,000	100.0
3.	DANIDA	15, 475, 500	15, 475,500	100.0
4.	Agricultural Sector Development Support Program	4, 781, 637	4, 781, 637	100.0
5.	Kenya Urban Support Program	2, 339, 915	2, 339, 915	100.0
Subtotal		225,758,466	225,758,466	100.0
C	Other Sources of Revenue			
6.	Own Source Revenue inclusive of Appropriation in Aid	782,500,000	284,598,621	36.4
7.	Unspent balance from FY 2021/22	951,287,080	951,287,080	100.0
Sub Total		1,733,787,080	1, 235, 885,701	71.3
Grand Total		7,094,885,582	6,596,984, 203	93.0

Source: Nyamira County Treasury

Figure 100 :shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

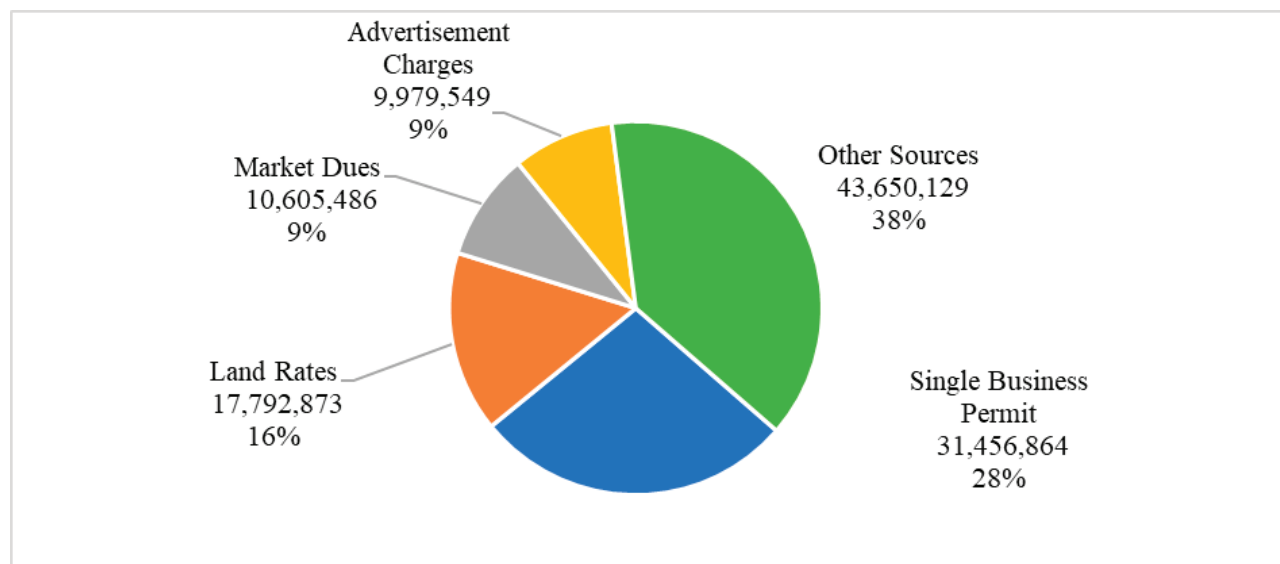
Figure 100: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Nyamira County Treasury

In FY 2022/23, the County generated a total of Kshs.113.48 million from its own sources of revenue. This amount represented a decrease of 31.8 percent compared to Kshs.166.49 million realised in FY 2021/22 and was 26.3 percent of the annual target and 2.2 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 101

Figure 101: Top Streams of Own Source Revenue in FY 2022/23



Source: Nyamira County Treasury

The highest revenue stream of Kshs.31.46 million was from the single business permits, contributing to 28.0 percent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.171.11 million, representing 21.9 percent of the overall OSR in FY 2022/23.

3.34.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.72 billion from the CRF account during the reporting period. This amount comprised Kshs.1.02 billion (17.8 percent) for development programmes and Kshs.4.70 billion (82.2 percent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.25 billion was released towards employee compensation, and Kshs.1.45 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.301.87 million.

3.34.4 County Expenditure Review

The County spent Kshs.5.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.3 percent of the total funds released by the CoB and comprised of Kshs.1.39 billion and Kshs.4.34 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 63.8 percent. In contrast, recurrent expenditure represented 88.4 percent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.340.83 million, comprising Kshs.156.29 million for recurrent expenditure and Kshs.184.54 million for development activities. During the year, pending bills amounting to Kshs.262.14 million were settled, consisting of Kshs.106.91 million for recurrent expenditure and Kshs.155.23 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.78.69 million.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.84 billion on employee compensation, Kshs.975.71 million on operations and Maintenance, and Kshs.1.32 billion on development activities. Similarly, the County Assembly spent Kshs.216.75 million on employee compensation, Kshs.304.5 million on operations and Maintenance, and Kshs.76.12 million on development activities, as shown in Table 3.226 Summary of Budget and Expenditure by Economic Classification.

Table 3.226: 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	4,174,403,316	735,070,587	3,820,026,307	521,248,631	91.5	70.9
Compensation to Employees	2,899,100,239	306,500,229	2,844,313,739	216,751,302	98.1	70.7
Operations and Maintenance	1,062,390,570	428,570,358	975,712,568	304,497,329	91.8	71.0
Development Expenditure	1,993,411,679	192,000,000	1,317,832,595	76,107,113	66.1	39.6
Total	6,167,814,995	927,070,587	5,137,858,902	597,355,744	83.3	64.4

Source: Nyamira County Treasury

3.34.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.06 billion, or 46.4 percent of the revenue for FY 2022/23 of Kshs.6.6 billion. This expenditure represented a decrease from Kshs.3.21 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.32 billion paid to health sector employees, translating to 43.2 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.03 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.35.0 million was processed through manual payrolls. The manual payrolls accounted for 1.1 percent of the total PE cost.

The County Assembly spent Kshs.8.03 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.8.86 million. The average monthly sitting allowance was Kshs.18, 074 per MCA. The County Assembly has established 20 Committees.

3.34.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.319.0 million to county-established funds in FY 2022/23, constituting 4.5 percent of the County's overall budget. Table 3.227 Summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.227: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
	Education support	122, 000, 000	110, 379, 628	-	No
	Car loan & mortgage	70, 000, 000	70, 000, 000	-	No
County Assembly Established Funds					
	Car loan & mortgage	127, 000, 000	127, 000, 000	-	No
	Total	319, 000, 000	307, 379, 628	-	-

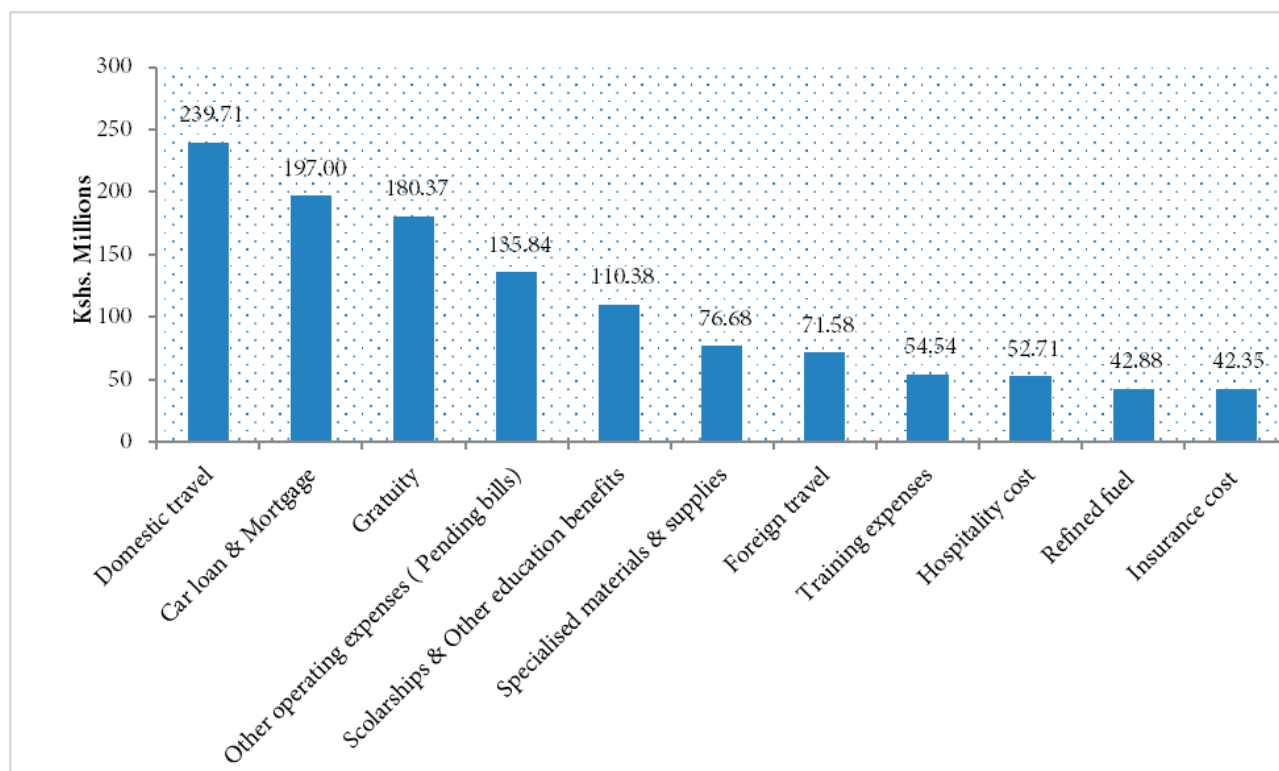
Source: Nyamira County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators, as indicated in Table 3.227.

3.34.9 Expenditure on Operations and Maintenance

Figure 102: shows a summary of operations and Maintenance expenditure by major categories.

Figure 102: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

During the period, expenditure on domestic travel amounted to Kshs.239.71 million and comprised of Kshs.103.29 million spent by the County Assembly and Kshs.136.42 million by the County Executive. Expenditure on foreign travel amounted to Kshs.71.58 million and comprised of Kshs.12.42 million by the County Assembly and Kshs.59.16 million by the County Executive. The County government did not provide details of the foreign travel expenditure.

3.34.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.39 billion on development programmes, representing an increase of 4.5 percent compared to a similar period in FY 2021/22 when the County spent Kshs.1.33 billion. Table 3.228: summarises development projects with the highest expenditure in the reporting period.

Table 3.228: Nyamira County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	status (%)
1	Health	Construction of ward at Gesima	Gesima	34,000,000	34,000,000	9,101,423	27
2	Health	Construction of Wards at Magwagwa	Magwagwa	9,000,000	9,000,000	9,000,000	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	status (%)
3	County Assembly	Construction of Ward offices	Various	137,773,903	35,000,000	135,607,903	100
4	County Assembly	Fencing of Ward offices	Various	59,556,308	59,556,308	59,556,308	100
5	Lands	Nyamira County spatial plan	HQ	74,999,973	22,499,991	22,499,991	50
6	Education	2 ECDE classrooms at Riakimayi Primary School	Riakimayi	3,322,980	3,322,980	3,322,980	100
7	Education	Construction of Nyamori ECDE Primary School	Nyamori	2,941,969	2,941,969	2,941,969	100
8	Sports	Construction of Manga Stadium pavilion	Manga	4,000,000	4,000,000	4,000,000	100
9	Roads	Maintenance of Metembe-Kenyororio-Sironga Road	B o g i c h o r a Ward	4,693,897	4,693,897	4,693,897	100
10	Roads	Maintenance of Ritogo-Nyabura-Kambini-Kabosi road	M a g a m b o Ward	4,256,075	4,256,075	4,256,075	100

Source: Nyamira County Treasury

3.34.11 Budget Performance by Department

Table 3.229 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.229: Nyamira County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	735.07	192.00	735.07	137.38	521.24	76.11	70.9	55.4	70.9	39.6
County Executive Office	469.16	-	460.56	-	423.16	-	91.9	-	90.2	-
Finance & Economic Planning	580.62	422.48	504.12	259.39	533.201	344.38	105.8	132.8	91.8	81.5
Agriculture, Livestock & Fisheries	159.88	353.98	150.35	285.99	144.98	317.44	96.4	111.0	90.7	89.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Environment, Energy, N. Resources	81.48	126.21	81.04	90.77	73.76	97.04	91.0	106.9	90.5	76.9
Education & ICT	488.05	78.43	486.77	20.71	335.47	47.43	68.9	229.0	68.7	60.5
Health services	1,631.96	495.69	1,560.46	81.70	1,569.34	188.29	100.6	230.5	96.2	38.0
Lands, Housing & Urban Development.	116.40	137.69	106.11	31.65	114.34	55.88	107.8	176.6	98.2	40.6
Roads, Transport & Public Works	110.69	126.11	102.97	104.68	108.33	124.74	105.2	119.2	97.9	98.9
Trade, Tourism, Industrialisation	49.34	17.00	37.48	4.26	47.03	7.81	125.5	183.3	95.3	46.0
Youths, Sports, Gender, Culture	66.62	27.50	59.51	4.00	63.28	13.00	106.3	325.0	95.0	47.3
County Public Service Board	64.61	-	59.79	-	57.52	-	96.2	-	89.0	-
Public Service Management	335.72	63.00	335.72	0.00	331.73	2.41	98.8	-	98.8	3.8
Nyamira Municipality	19.88	145.31	16.60	1.19	17.89	119.42	107.7	9,997	90.0	82.2
	4,768.09	2,185.41	4,696.56	1,021.71	4,341.27	1,393.94	92.4	136.4	88.4	63.8

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Roads, Transport and Public Works recorded the highest absorption rate of development budget at 98.9 percent, followed by the Department of Agriculture, Livestock and Fisheries at 89.7 percent. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 98.8 percent. In comparison, the Department of Education & ICT had the lowest at 68.7 percent.

3.34.12 Budget Execution by Programmes and sub-programmes

Table: 3.230 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.230: Nyamira County, Budget Execution by Programmes and sub-programmes

Programme		Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Department of the County Assembly					
Sub total		927, 070, 587	597, 355, 744	329, 714, 843	
010100	Policy planning, general administration	468, 476, 074	349, 564, 620	118, 911, 454	74.6
070800	Committee management services	34, 257, 900	22, 736, 577	11, 521, 323	66.4

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070900	Legislation and Representation services	424, 336, 613	225, 054, 546	199, 282, 067	53.0
Department of County Executive					
070100	General administration and support services	401, 490, 445	369, 183, 448	32, 306, 997	92.0
subtotal		401, 490, 445	369, 183, 448	32, 306, 997	
070100	General administration and support services	20,000,000	19,704, 880	295, 120	98.5
070600	Governance and coordination services	47, 671, 880	34, 271, 917	13, 399, 963	71.9
subtotal		67, 671, 880	53, 976, 797	13, 695, 083	
Department of Finance and Economic Planning					
050400	ICT Services	1, 427, 500	1, 206, 800	220, 700	84.5
070100	General administration and support services	383, 100, 913	365, 716, 903	17, 384, 010	95.5
070200	Budget management	224, 000, 000	204, 019, 113	19, 980, 887	91.1
070500	Resource mobilisation	3, 042, 623	2, 854, 222	188, 401	93.8
Sub total		611, 571, 036	573, 797, 038	37, 773, 998	
050400	ICT Services	11, 672, 500	993, 500	10, 679, 000	8.5
070200	Budget formulation and management	114, 200, 739	86, 572, 999	27, 627, 740	75.8
070500	Resource mobilisation	45, 880, 605	35, 210, 488	10, 670, 117	90.8
Sub total		171, 753, 844	122, 776, 987	48, 976, 857	
070400	County financial management and control	3, 323, 155	2, 816, 150	507, 005	84.7
070500	Resource mobilisation	70, 000, 000	70, 000, 000	0.0	100.0
Sub total		73, 323, 155	2, 301, 350	1, 021, 805	
010100	General administration and support services	3, 049, 570	1, 906, 200	1, 143, 370	62.5
Sub total		3, 049, 570	1, 906, 200	1, 143, 370	
070400	County financial management and control	3, 335, 487	2, 777, 150	558, 337	83.3
Sub total		3, 335, 487	2, 777, 150	558, 337	
070200	Budget formulation and management	141, 716, 375	103, 499, 684	38, 216, 691	73.0
Sub total		141, 716, 375	103, 499, 684	38, 216, 691	
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	150, 424, 950	136, 567, 245	13, 857, 705	90.8
Sub total		150, 424, 950	136, 567, 245	13, 857, 705	

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
010400	Livestock promotion and development	13, 133, 369	12, 555, 128	578, 241	95.6
Sub total		13, 133, 369	12, 555, 128	578, 241	
010200	Crop, agribusiness & land management services	348, 303, 344	311, 340, 197	36, 963, 147	89.4
Sub total		348, 303, 344	311, 340, 197	36, 963, 147	
010300	Fisheries development and promotion services	2, 001, 616	1, 959, 400	42, 216	97.9
Sub total		2, 001, 616	1, 959, 400	42, 216	
Environment, water and Natural resources					
100100	Policy planning, general administration and support services	76, 613, 542	71, 007, 046	5, 606, 495	92.7
Subtotal		76, 613, 542	71, 007, 046	5, 606, 495	
100200	Other energy sources promotion	4, 925, 503	4, 472, 983	452, 520	90.8
Sub total		4, 925, 503	4, 472, 983	452, 520	
100300	Water supply and management services	34, 635, 520	26, 865, 596	7, 769, 924	77.6
Subtotal		34, 635, 520	26, 865, 596	7, 769, 924	
100400	Agroforestry promotion	91, 520, 089	68, 454, 820	23, 065, 269	74.8
Subtotal		91, 520, 089	68, 454, 820	23, 065, 269	
Department of Education and Vocational Training					
050100	General administration, policy planning and support services	374, 575, 770	332, 590, 774	41, 984, 996	88.8
Sub total		374, 575, 770	332, 590, 774	41, 984, 996	
050200	ECDE and CCC development services	74, 874, 243	47, 794, 071	27, 080, 172	63.8
Subtotal		74, 874, 243	47, 794, 071	27, 080, 172	
050300	Vocational training and development services	117, 032, 950	2, 514, 971	114, 517, 979	2.1
Subtotal		117, 032, 950	2, 514, 971	114, 517, 979	
Department of Health Services					
040100	General administration, planning and support services	1,510,290,200	1, 474, 453, 861	35, 836, 339	97.6
040200	Curative health services	554, 946, 457	223, 831, 231	331, 115, 226	40.3
Subtotal		2,065,236,657	1,698,285,092	366, 951, 565	
040200	Curative health services	62, 409, 230	59, 335, 389	3, 073, 841	95.1
Subtotal		62, 409, 230	59, 335, 389	3, 073, 841	
Department of Lands, housing and Urban development					

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
010100	Policy planning, general administration and support services	110,352,145	110,151,349	200,796	99.8
Subtotal		110,352,145	110,151,349	200,796	
010500	Physical planning and surveying services	73,317,822	59,552,716	13,765,106	81.2
Subtotal		73,317,822	59,552,716	13,765,106	
010700	Management and development of towns	70,422,930	515,200	69,907,730	0.7
Subtotal		70,422,930	515,200	69,907,730	
Department of roads, transport and public works					
020100	General administration and support services	83,727,665	82,781,131	946,534	98.9
Subtotal		83,727,665	82,781,131	946,534	
020200	Roads development and management	152,071,270	149,293,100	2,778,170	98.2
Subtotal		152,071,270	149,293,100	2,778,170	
020200	Roads development and management	1,000,000	999,950	50	100.0
Subtotal		1,000,000	999,950	50	
Department of Trade, Tourism, Industrialisation and Cooperative Development					
030100	Policy planning, general administration and support services	41,166,152	40,695,864	470,288	98.9
030300	Tourism development and promotion	1,314,420	971,200	343,220	73.9
Subtotal		42,480,572	41,667,064	813,508	
030200	Trade, cooperative, investment development promotion	23,859,378	13,179,755	10,679,624	55.2
Subtotal		23,859,378	13,179,755	10,679,624	
Department of youths, sports, gender, culture, social services					
070100	General administration and support services	55,208,149	54,566,839	641,309	98.8
Subtotal		55,208,149	54,566,839	641,309	
090200	Promotion and management of sports	9,156,275	4,383,045	4,773,230	47.9
Subtotal		9,156,275	4,383,045	4,773,230	
090200	Promotion and management of sports	29,751,469	17,325,700	12,425,769	58.2
Subtotal		29,751,469	17,325,700	12,425,769	
Department of County Public Service Board					

	Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070100	General administration and support services	3, 599, 850	1, 276, 722	2, 323, 128	35.5
100100	Policy planning, general administration and support services	61, 009, 840	56, 245, 877	4, 763, 963	92.2
Subtotal		64, 609, 690	57, 522, 599	7, 087, 091	
Department of Public Service Management					
010100	Policy planning, general administration and support services	311, 060, 044	310, 539, 434	520, 610	99.8
070100	General administration and support services	1, 086, 450	423, 000	663, 450	38.9
071000	Coordination, strategy and HR Services	87, 772, 764	23, 177, 968	64, 594, 796	26.4
Subtotal		399, 919, 258	334, 140, 402	65, 778, 856	
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	17, 645, 983	16, 775, 984	869, 999	95.1
020200	Roads development and management	147, 545, 014	120, 527, 902	27, 017, 112	81.7
Sub total		165, 190, 997	137, 303, 885	27, 887, 111	
Grand Total		7,097,736,782	5,735,262,645	1,362,474,136	80.8

Source: Nyamira County Treasury

Programmes with the highest levels of implementation based on absorption rates were: resource mobilisation in the Department of Finance and Economic Planning at 100 percent, roads development and management in the Department of Roads, Transport and Public Works at 100 percent, Policy planning, General administration & Support services in the Department of Public service management at 99.8 percent, and Policy planning, General Administration and Support services in the Department of Lands, housing & urban development at 99.8 percent of budget allocation.

3.34.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue and A-I-A at Kshs.284.6 million against an annual projection of Kshs.782.50 million, representing 36.4 percent of the annual target.
2. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.230 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012 as shown in Table 3.230:

Nyamira County, Budget Allocation and absorption Rate by Department.

4. High wage bill, which accounted for 46.4 percent of the revenue for FY 2022/23 of Kshs.6.6 billion during the reporting period, thus constraining funding to other programmes.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.7.58 billion, comprising Kshs.2.27 billion (30 percent) and Kshs.5.31 billion (70 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 5.6 percent compared to the previous financial year when the approved budget was Kshs.8.3 billion and comprised of Kshs.2.81 billion towards development expenditure and Kshs.5.22 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.12 billion (80.8 percent) as the equitable share of revenue raised nationally, Kshs.188.86 million as Appropriations-in-Aid (A-I-A), Kshs.714.6 million (9.6 percent) as additional allocations, a cash balance of Kshs.73.38 million (1 percent) from FY 2021/22, and generate Kshs.660 million (8.7 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.232.

3.35.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.12 billion as the equitable share of the revenue raised nationally, Kshs.287.62 million as additional allocations, had a cash balance of Kshs.73.38 million from FY 2021/22, raised Kshs.505.91 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs 7.0 billion, as shown in Table 3.231.

Table 3.231: Nyandarua County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,124,079,770	6,124,079,770	100
	Subtotal	6,124,079,770	6,124,079,770	100
B	Additional allocations			
1.	Supplement for Construction of County Headquarters	59,000,000	-	-
2.	Leasing of Medical Equipment	110,638,298	-	-

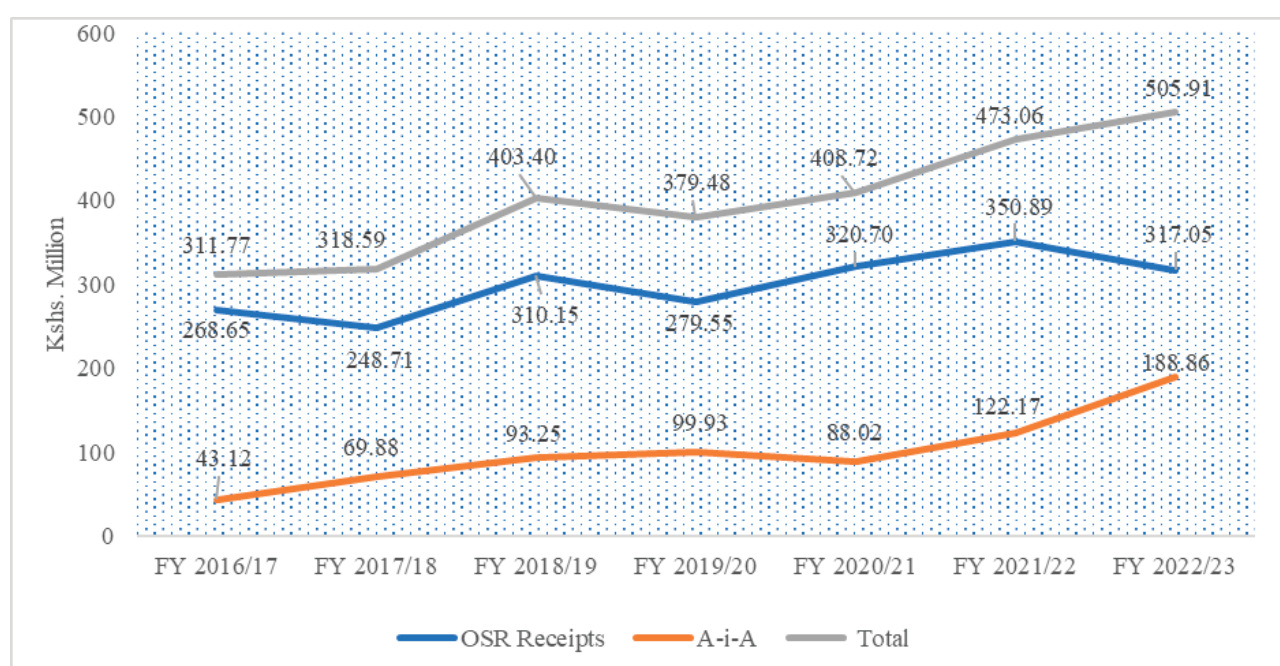
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	DANIDA Grant For Primary Health Care in Devolved Context	15,679,125	15,679,125	100.0
4	World Bank Grant for Kenya Climate Smart Agriculture Project (KCSAP)	75,718,650	75,718,650	100.0
5	Sweden- Agricultural Sector Development Support Programme (ASDSP) Level II	4,496,557	4,496,557	100.0
6	World Bank Grant for Kenya Urban Support Programme (KUSP UIG)	1,145,356	1,145,356	100.0
7	World Bank Grant for Kenya Urban Support Programme (KUSP UDG)	1,194,559	1,194,559	100.0
8	World Bank -Kenya Informal Settlement Improvement Project- KISIP II	25,000,000	25,000,000	100.0
9	World Bank Grant for KDSP (Level II)	98,191,994	-	-
10	EU Grant -Instruments for Devolution Advice and Support (IDEAS)	18,896,348	18,896,348	100.0
11	World Bank- Financing Locally Led Climate Action Program (FLLOCA)	22,000,000	22,000,000	100.0
12	Road Maintenance Levy Fund - B/f 2016-17	7,154,957	7,154,957	100.0
13	Kenya Devolution Support Programme Level 1- B/f	27,904,654	-	0.0
14	Transfers to Village Polytechnics Bal B/f	5,661,342	5,661,342	100.0
15	World Bank Grant for Kenya Climate Smart Agriculture Project (KCSAP) B/F	43,480,659	43,480,659	100.0
16	DANIDA Grant For Universal Healthcare for Devolved System Programme	25,639,079	-	-
17	World Bank (IDA) Loan for Transforming Health Systems	97,400,728	-	-
18	DANIDA Grant For Universal Healthcare for Devolved System Programme	5,399,625	-	-
19	IDA (World Bank) - National Agricultural Value Chain Development Project (NAVCDP)	70,000,000	67,192,729	96.0
Subtotal		714,601,932	287,620,283	40.2
C	Other Sources of Revenue			

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Own Source Revenue inclusive of Appropriations in Aid	660,000,000	505,913,306	76.7
2.	Unspent balance from FY 2021/22	73,384,649	73,384,649	100.0
Sub Total		733,384,649	579,297,955	79.0
Grand Total		7,572,066,351	6,990,998,008	92.3

Source: Nyandarua County Treasury

Figure 103 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

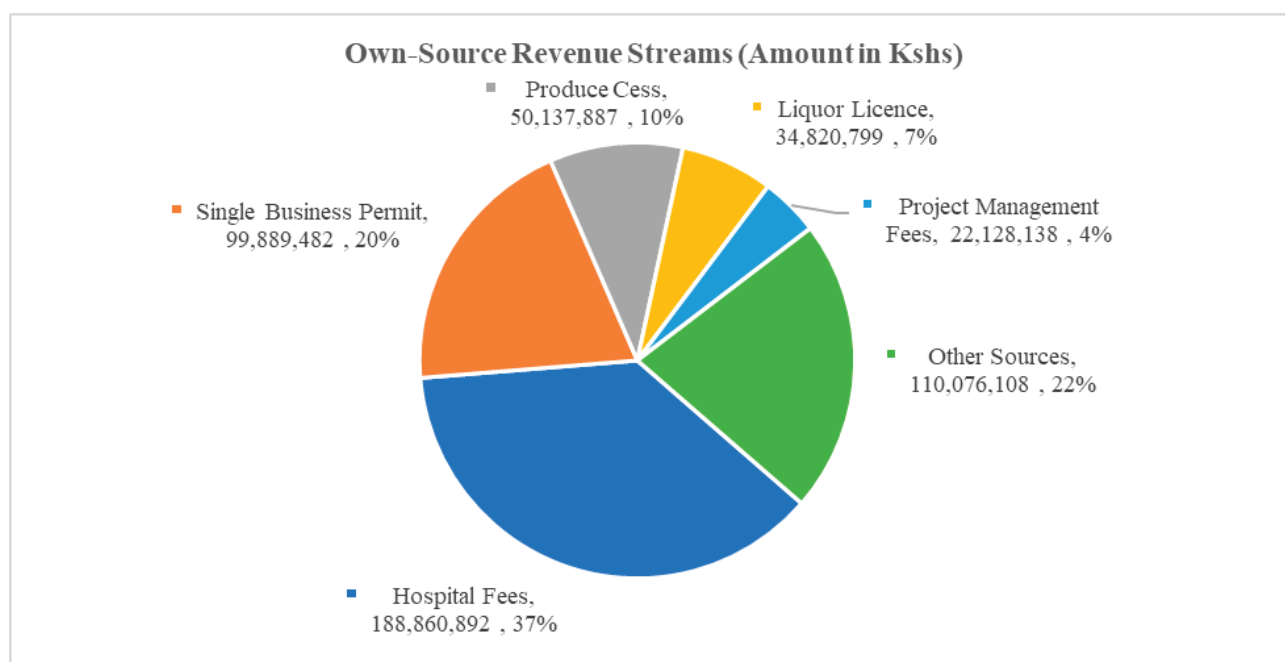
Figure 103: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Nyandarua County Treasury

In FY 2022/23, the County generated a total of Kshs.505.91 million from its sources of revenue. This amount represented an increase of 6.5 percent compared to Kshs.473.06 million realised in a similar period in FY 2021/22 and was 76.7 percent of the annual target and 8.3 percent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.27.42 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 104.

Figure 104: Top Streams of Own Source Revenue in FY 2022/23



Source: Nyandarua County Treasury

The highest revenue stream of Kshs.99.89 million was from Single Business Permits, contributing to 19.7 percent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.188.86 million, representing 37 percent of the overall OSR in FY 2022/23.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.45 billion from the CRF account during the reporting period. The amount comprised Kshs.1.5 billion (23.2 percent) for development programmes and Kshs.4.95 billion (76.8 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.2.46 billion was released towards Employee Compensation, and Kshs.2.49 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.309.61 million.

3.35.4 County Expenditure Review

The County spent Kshs.6.66 billion on development and recurrent programmes in the reporting period. The expenditure represented 103.3 percent of the total funds released by the CoB and comprised of Kshs.1.67 billion and Kshs.4.98 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 73.5 percent. In contrast, recurrent expenditure represented 93.9 percent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.53 billion, comprising Kshs.354.77 million for recurrent expenditure and Kshs.1.18 billion for development

activities. During the year, pending bills amounting to Kshs.621.85 million were settled, consisting of Kshs.51.06 million for recurrent expenditure and Kshs.570.78 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.911.79 million.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.16 billion on employee compensation, Kshs.2.02 billion on operations and Maintenance , and Kshs.1.58 billion on development activities. Similarly, the County Assembly spent Kshs.334.35 million on employee compensation, Kshs.472.33 million on operations and Maintenance , and Kshs.89.43 million on development activities, as shown in Table 3.232: Summary of Budget and Expenditure by Economic Classification.

Table 3.232: 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	4,497,339,914	809,747,686	4,176,553,143	806,684,314	92.9	99.6
Compensation to Employees	2,111,000,000	345,052,269	2,155,551,410	334,353,081	102.1	96.9
Operations and Maintenance	2,386,339,914	464,695,417	2,021,001,733	472,331,233	84.7	101.6
Development Expenditure	2,172,978,752	102,000,000	1,583,709,253	89,432,510	72.9	87.7
Total	6,670,318,666	911,747,686	5,760,262,396	896,116,824	86.4	98.3

Source: Nyandarua County Treasury

3.35.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.48 billion, or 35.6 percent of the revenue for FY 2022/23 of Kshs.6.99 billion. This expenditure represented an increase from Kshs.2.14 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.07 billion paid to health sector employees, translating to 43.0 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.19 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.303.06 million was processed through manual payrolls. The manual payrolls accounted for 12.2 percent of the total PE cost.

The County Assembly spent Kshs.28.35 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.52.36 million. The average monthly sitting allowance was Kshs.56,241 per MCA.

3.35.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.493.12 million to county-established funds in FY 2022/23, constituting 6.5 percent of the County's overall budget. Table 3.234: Performance of County Established Funds as of 30th June 2023 Table 3.233 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.233: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1	County Bursary Fund	228,200,000	228,200,000	228,200,000	Yes
2	County Emergency Fund	50,000,000	50,000,000	40,000,000	Yes
3	County Mortgage Fund	70,000,000	70,000,000	70,000,000	Yes
County Assembly Established Funds					
4	County Assembly Car & Mortgage Fund (MCAs)	30,000,000	30,000,000	30,000,000	Yes
5	County Assembly Staff Car & Mortgage Fund	114,921,255	114,921,255	114,921,255	Yes
	Total	493,121,255	493,121,255	483,121,255	

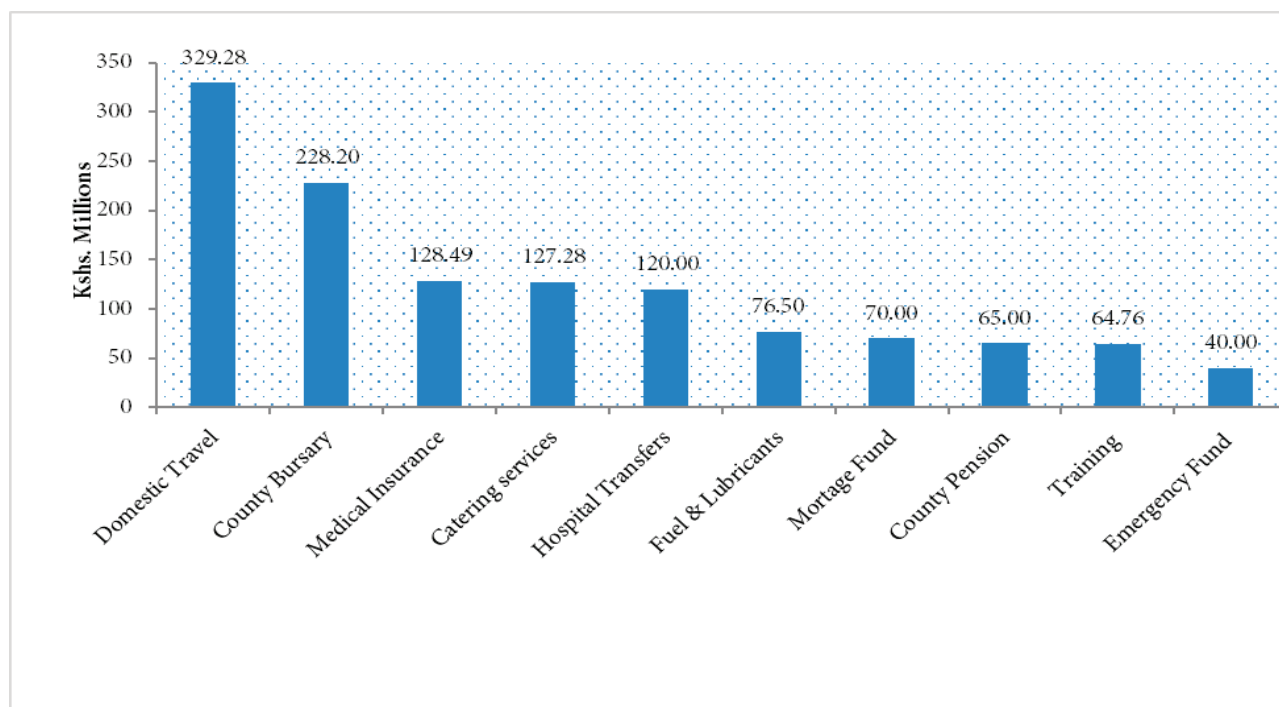
Source: Nyandarua County Treasury

During the reporting period, the CoB received quarterly financial returns from the Fund Administrators of all the funds, as indicated in Table 3.234: Performance of County Established Funds as of 30th June 2023.

3.35.9 Expenditure on Operations and Maintenance

Figure 105 summarises the Operations and Maintenance expenditure by major categories.

Figure 105: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

During the period, expenditure on domestic travel amounted to Kshs.329.28 million and comprised Kshs.113.81 million spent by the County Assembly and Kshs.215.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.99 million and comprised Kshs.22.83 million by the County Assembly and Kshs.5.17 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.234 Summary of highest expenditure on foreign travel below; -

Table 3.234: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Propose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	11	6th to 15th April 2023	Training on strategic management programme	ESAMI Arusha, Tanzania	6,919,060.00
County Assembly	10	31st January to 10 th February 2023	Training Best practises in public service delivery	ESAMI Uganda	6,173,750.00
County Assembly	10	31st January to 10th February 2023	Training on strategic change management	Arusha Tanzania	6,140,750.00
County Executive	6	10 th May to 15 th May 2023	County investment trip	Dubai	3,389,400
Total					22,622,960.00

Source: Nyandarua County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 3 out of the 4 foreign trips sampled, delegates have surpassed the limit.

3.35.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.67 billion on development programmes, representing an increase of 32.9 percent compared to a similar period in FY 2021/22 when the County spent Kshs.1.12 billion. Table 3.235: summarises development projects with the highest expenditure in the reporting period.

Table 3.235: Nyandarua County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Budget Allocation (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Health Services	Construction of the JM Complex	Rurii ward	125,000,000	123,269,855	98.4
Agriculture	National Agricultural Value Chain Development Project (NAVCDP)	Countywide	70,000,000	67,192,729	95.7
Transport & Works	County headquarters (County contribution)	Headquarter	40,000,000	39,761,478	99.4
Water	Supply and installation of solar power panels	Gatimu	19,382,779	19,382,779	100
Agriculture	Input subsidy (fertiliser and seeds)	Countywide	19,000,000	19,000,000	100
Energy	Purchase of a man lift truck	Headquarter	15,475,000	15,475,000	100
Health Services	JM Pathology Department/ Mortuary	Karau ward	13,684,817	13,684,817	100
Agriculture	Construction of perimeter wall phase 2 for the potato processing warehouse	Kaimbaga	13,277,573	9,166,641	70.5
Tourism & Trade	Engineer centre upgrade- KDSP - Civitra	Gathaara	11,000,000	7,147,994	64.9
Youth & Sports	Ol kalou stadium construction and other works	Kaimbaga	10,000,000	5,000,000	50

Source: Nyandarua County Treasury

3.35.11 Budget Performance by Department

Table 3.236 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.236: Nyandarua County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & D/Governor	141.15		137.98	-	151.52	-	109.8	-	107.3	-
Office of The County Secretary	2,410.06		2,375.59	-	2,399.35	-	101.0	-	99.6	-
Office of The County Attorney	32.05		32.05	-	31.92	-	99.6	-	99.6	-
Public Administration and ICT	51.22	1.00	47.36	1.00	47.27	1.00	99.8	100.0	92.3	100
County Public Service Board	30.25	-	29.51	-	29.99	-	101.6	-	99.1	-
Finance & Economic Development	547.91	8.22	506.45	8.22	506.02	8.22	99.9	100.0	92.4	100
Health Services	637.27	283.83	437.43	172.51	447.55	195.99	102.3	113.6	70.2	69.1
Education	78.24	102.42	71.70	58.03	73.29	58.03	102.2	100.0	93.7	56.7
Industrialisation, Trade and Cooperative Development	46.67	87.65	45.14	41.87	42.70	41.87	94.6	100.0	91.5	47.8
Ol -Kalou Municipality	26.75	31.59	25.90	29.59	25.40	29.59	98.0	100.0	94.9	93.7
Youth, Sports and Arts	114.45	50.80	106.20	19.40	101.27	19.40	95.4	100.0	88.5	38.2
Water, Environment, Tourism & Natural Resources	85.22	355.54	67.46	214.44	57.89	214.44	85.8	100.0	67.9	60.3
Transport and Energy	105.19	922.21	100.53	715.82	105.73	713.82	105.2	99.7	100.5	77.4
Land s, Housing, Physical Planning and Urban Development	44.60	65.14	31.73	21.70	31.26	21.70	98.5	100.0	70.1	33.3
Agriculture Livestock & Fisheries	146.32	264.57	126.13	125.49	125.41	279.65	99.4	222.8	85.7	105.7
County Assembly	809.75	102.00	807.99	89.44	806.68	89.43	99.8	100.0	99.6	87.7
Total	5,307.09	2,274.98	4,949.19	1,497.51	4,983.24	1,673.14	100.7	111.7	93.9	73.5

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Department of Agriculture Livestock & Fisheries, the Office of the Governor & D/Governor and the Department of Transport and Energy incurred expenditure over annual budget allocation and approved exchequer issues pointing to weak budgeting practice. The responsible Accounting Officers should address this by instituting an appropriate internal control mechanism.

3.35.12 Budget Execution by Programmes and sub-programmes

Table 3.237 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.237: Nyandarua County, Budget Execution by Programmes and sub-programmes

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Devel- opment Ex- penditure
Office of The Governor							
General ad- ministration, planning and- support services	Service De- livery Unit	21,200,000	-	23,804,219	-	112.28	-
	Governor's office & Investment Promotion	94,500,000	-	102,562,713	-	108.53	-
	Liaison andIn- tergovernmental Relations	15,900,000	-	15,591,016	-	98.06	-
	Civic Educa- tion and Public Participation	9,548,320	-	9,557,450	-	100.10	-
Sub Total		141,148,320	-	151,515,398	-	107.34	-
Office of The County Secretary							
County Secretary	County Secretary-Ad- ministration	82,993,948	-	80,985,606	-	97.58	-
	Cabinet Affairs	2,071,200	-	2,071,200	-	100.00	-
Human Resource Management	Payroll (Includ- ing Com- pensation to employees)	2,116,785,150	-	2,115,373,420	-	99.93	-
	Human Re- source Manage- ment (Includ- ing employee gratuity, pension andmedical insurance)	208,210,782	-	200,919,343	-	96.50	-
Sub Total		2,410,061,080	-	2,399,349,569	-	99.56	-
office of County Attorney							

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Devel- opment Ex- penditure
County Attor- ney Services	legal andpub- lic affairs	32,050,000		31,921,277	-	99.60	-
Sub Total		32,050,000		31,921,277	-	99.60	-
Public Administration and ICT							
Public ad- ministration	Public Ad- ministration	3,805,000		3,766,106	-	98.98	-
	sub-coun- ty andward administration	21,170,000		20,575,143	-	97.19	-
	Communica- tion and Public Relations	5,950,957	999,969	5,792,127	999,969	97.33	100
	Enforcement andCompliance	10,950,000		9,268,973	-	84.65	-
ICT and E-Government Services	ICT and E-Government Services	9,345,000		7,867,470	-	84.19	-
Sub Total		51,220,957	999,969	47,269,819	999,969	92.29	100
County Public Service Board							
County Public Service Board	County Public Service Board	30,250,000		29,985,772	-	99.13	-
Sub Total		30,250,000	-	29,985,772	-	99.13	
Finance and Economic Development							
Public Finance Management	County Funds	348,200,000	-	338,200,000	-	97.13	-
	Treasury services	20,989,315	-	22,186,367	-	105.70	-
	Nyandarua County Trade Development andInvestment Authority (NCTDIA)	8,850,000	-	4,280,319	-	48.37	-
	Financial reporting	4,200,000	-	8,846,007	-	210.62	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Devel- opment Ex- penditure
	Revenue Collection and Administra- tion (Including automation)	37,010,026	-	34,961,926	-	94.47	-
	Revenue Enhancement and Monitoring	18,690,000	-	18,328,001	-	98.06	-
	Supply Chain Management	8,026,500	-	8,094,450	-	100.85	-
	Internal Audit and Risk Management	8,040,000	-	7,995,484	-	99.45	-
	Internal Audit Committee	3,000,000	-	3,061,400	-	102.05	-
Economic planning and development	County Budgeting	15,705,000	-	16,186,529	-	103.07	-
	County Statistics and Data Bank	6,476,000	-	6,345,061	-	97.98	-
	Monitoring and Evaluation	6,054,850	8,221,124	6,354,850	8,221,124	104.95	100
	Economic Modelling and Research	3,651,700		3,165,544		86.69	
	Economic Development Planning	59,011,985		28,014,027		47.47	
Sub Total		547,905,376	8,221,124	506,019,965	8,221,124	92.36	100
Health Services							
Preventive and Promo- tive Services	Preventive and Promo- tive Services	8,300,000	-	8,729,625	-	105.18	-
Curative Services	Curative Services	300,951,600	-	300,868,212	-	99.97	-
	Universal health care and Grants	309,588,776	-	122,403,029	-	39.54	-

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General administration, planning and support services	Solid Waste and Cemeteries	9,700,000	1,500,000	8,328,576	-	85.86	-
	Infrastructure and Equipment	8,724,950	282,326,662	7,218,450	195,990,011	-	69
Subtotal		637,265,326	283,826,662	447,547,892	195,990,011	70.23	69
EDUCATION, GENDER, YOUTH, CULTURE, GENDER And Social SERVICES							
Primary education	ECDE	23,600,000	44,523,556	22,671,844	21,385,514	96.07	48
Youth training and development	Revitalisation of youth polytechnics	36,117,342	9,700,000	31,321,111	4,199,928	86.72	43
Culture	development and promotion of culture	2,280,000	2,000,000	2,396,520	-	105.11	-
Arts & Theater	Arts & Theater	16,242,780	46,199,390	16,897,213	32,446,836	104.03	70
Sub Total		78,240,122	102,422,946	73,286,688	58,032,278	93.67	57
Industrialisation, Trade, Cooperatives & Urban Development							
Trade development and promotion	Financial and Trade Services	9,730,000	9,900,000	9,608,950	2,098,782	98.76	21
Industrial development and investment	Industrial and Enterprise Development	4,147,585	6,000,000	4,065,682	-	98.03	-
	Weights & Measures	1,650,000	-	1,435,750	-	87.02	-
Cooperative development and management	Cooperative advisory services	3,300,396	-	3,190,996	-	96.69	-
	cooperative audit extension services	11,010,000	-	10,028,107	-	91.08	-
Urban development	Urban development	16,827,410	71,750,881	14,375,483	39,772,608	85.43	55
Sub Total				42,704,968			
Ol'kalou municipality	Ol'kalou municipality	26,750,356	31,594,559	25,395,773	29,594,463	94.94	94

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expen- diture	Devel- opment Ex- penditure
Sub Total		73,415,747	119,245,440	25,395,773	71,465,853	92.76	60
Youth, Sports andarts							
Sports	Sports De-velopment	21,099,000	14,998,020	21,156,079	10,000,000	100.27	67
Youth Affairs	Youth Affairs	18,255,000	-	16,248,791		89.01	
Gender Affairs and Social Ser- vices & youth empowerment	Social Services	45,829,710	9,250,000	42,540,204	599,935	92.82	6
	Gender Affairs and Social Services	21,863,116	-	14,892,305	-	68.12	-
General ad- ministration, planning and- support services	Alcohol Drinks Control andCiv- ic Education	7,400,000	26,548,712	6,429,476	8,795,914	86.88	33
Sub Total		114,446,826	50,796,732	101,266,855	19,395,849	88.48	38
Water, Tourism, Environment and Natural Resources							
Water Resource Development.	water resource conservation andprotection, infrastructure andflood control	18,850,648	243,600,614	19,861,933	106,165,605	105.36	44
Environment	environmental support and- management	11,704,900	1,000,000	8,783,189	991,720	75.04	99
	climate change resilience	30,245,000	-	8,705,390	-	28.78	
	natural resource	2,875,000	-	7,072,174	-	245.99	-
Tourism development andpromotion	tourism in- frastructure development	19,746,575	108,940,208	11,778,160	107,278,385	59.65	98
Irrigation andDrainage infrastructure	promotion of irrigation anddrainage development andmanagement	1,800,000	2,000,000	1,686,363	-	93.69	-
Sub Total		85,222,123	355,540,822	57,887,209	214,435,710	67.93	60
Transport, Energy and- public Works							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Road transport	Transport (Including fuel level, General Administration & Support Services)	43,888,970	491,393,965	47,059,797	406,969,070	107.22	83
	Public Works	11,739,820	399,680,987	11,295,521	278,325,154	96.22	70
Alternative energy technologies	alternative energy technologies	41,865,000	30,540,000	42,291,008	28,524,064	101.02	93
General administration, planning and support services	Emergency Response & Preparedness	7,700,000	600,000	5,085,000	-	66.04	-
Sub Total		105,193,790	922,214,952	105,731,326	713,818,288	100.51	77
Lands, Housing and physical Planning							
Land policy and Planning	Physical Planning	6,900,000	-	6,229,489	-	90.28	-
	Survey and Mapping	12,250,000	-	7,239,135	-	59.09	-
	Land Administration and Management	13,079,780	32,050,000	10,787,469	3,297,000	82.47	10
Housing	Housing	12,367,491	33,087,709	7,002,831	18,407,481	56.62	56
Sub Total		44,597,271	65,137,709	31,258,924	21,704,481	70.09	33
Agriculture, Live-stock and fisheries							
Crop development and management	land and Crop development	64,042,185	258,654,413	53,060,157	275,431,454	82.85	106
	Seed Potato Production Unit (SPPU Lab)	4,588,487	4,417,983	6,197,240	3,214,415	135.06	73
Livestock resources management and development	livestock production and management	34,271,000	-	32,388,179	-	94.51	-
	Veterinary Services	11,915,000	1,000,000	7,965,718	999,821	66.85	100

Programme	Sub-Pro-gramme	Approved Estimates		Actual Expenditure as of 30th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Fisheries De-velopment and-management	fisheries policy, strategy and capacity building	2,150,000	500,000	2,792,853	-	129.90	-
General ad-ministration, planning and-support services	Institution Support (ATCs)	7,040,000	-	6,942,237	-	98.61	-
	Agriculture Mechaniza-tion Services	3,210,000	-	2,608,950	-	81.28	-
	General Admin-istration and Ex-tension Services	9,642,303	-	11,570,520	-	120.00	-
	Subsidised Artificial Insemination	9,464,000	-	1,885,855	-	19.93	-
Sub Total		146,322,975	264,572,396	125,411,709	279,645,690	85.71	105.70
County Assembly							
County Assembly	legislative, oversight and Representation	809,747,686	102,000,000	806,684,314	89,432,510	99.62	87.7
Sub Total		809,747,686	102,000,000	806,684,314	89,432,510	99.62	87.7
Grand Total		5,307,087,599	2,274,978,752	4,983,237,457	1,673,141,763	77.21	72.9

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Veterinary services in the Department of Agriculture, Livestock & Fisheries at 100 percent, Tourism Infrastructure Development and Environmental support & management both in the department of Water, Tourism, Environment and Natural Resources at 98 percent and 99 percent respectively of budget allocation.

3.35.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.237: Nyandarua County, Budget Allocation and absorption Rate by Department, where the County incurred expenditure over approved exchequer issues in several departments.
2. High level of pending bills which amounted to Kshs.911.79 million as of 30th June, 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.303.06 million were processed through the manual payroll, accounting for 12.2 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.36 County Government of Nyeri

3.36.1 Overview of FY 2022/23 Budget

The County's approved 2nd supplementary budget for the FY 2022/23 was Kshs.7.61 billion, comprising Kshs.2.29 billion (30.1 percent) and Kshs.5.32 billion (69.9 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 14.7 percent compared to the previous financial year when the approved budget was Kshs.8.73 billion and comprised of Kshs.2.64 billion towards development expenditure and Kshs.6.10 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.23 billion (81.9 percent) as the equitable share of revenue raised nationally, Kshs.282.14 million (7.7 percent) as additional allocations, a cash balance of Kshs.297.61 million (3.7 percent) from FY 2021/22, and generate Kshs.800 million (10.5 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.239.

The cash balance from the previous financial year comprises Kshs.22.45 million from unspent additional allocations, and Kshs.275.16 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.36.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.73 billion as the equitable share of the revenue raised nationally, Kshs.279.33 million as additional allocations, had a cash balance of Kshs.297.61 million from FY 2021/22, and raised Kshs.610 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.7.91 billion, as shown in Table 3.238.

Table 3.238: Nyeri County, Revenue Performance in FY 2022/23

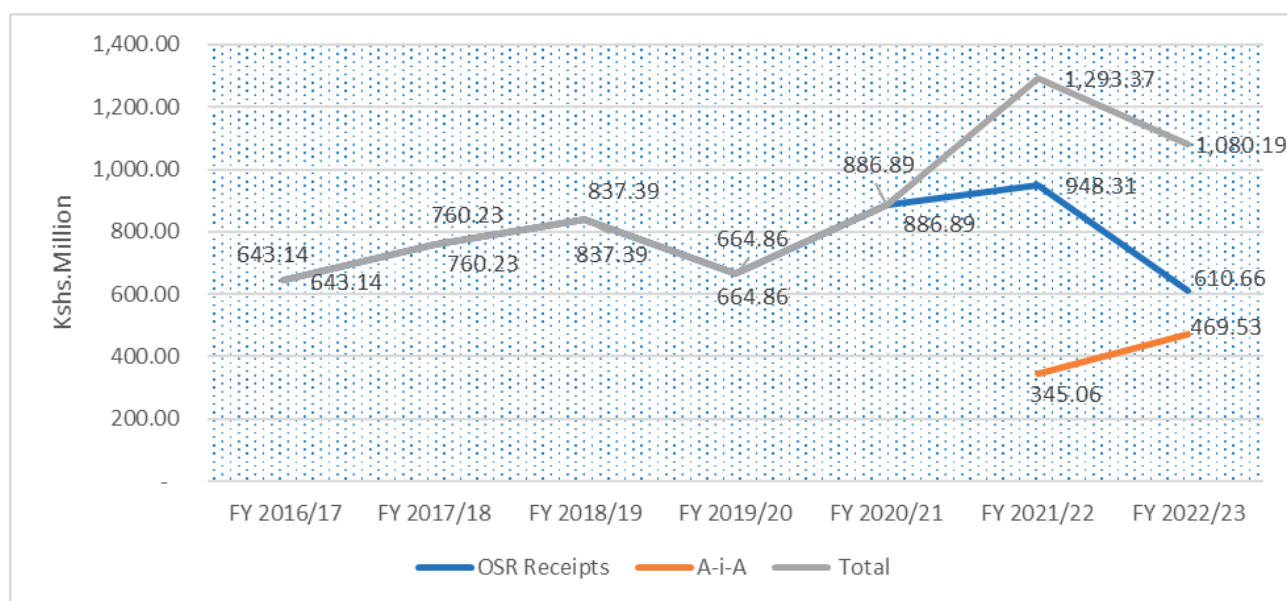
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,228,728,555	6,727,026,842	108.0
Sub Total		6,228,728,555	6,727,026,842	108.0
B	Additional allocations			
1	Kenya Informal Settlement Programme	30,000,000	30,000,000	100.0
2	DANIDA	17,409,938	17,409,938	100.0
3	Kenya Climate Smart Agriculture Project (KCSAP)- Grants	124,713,230	124,713,230	100.0
4	Agriculture Sector Development Support Programme (ASDSP)	15,674,770	15,674,770	100.0
5	IDA (World Bank) Credit- FLLOCA Climate Change Grant Level 1	22,000,000	22,000,000	100.0
6	IDA (World Bank) Credit- National Agricultural Value Chain Development	70,000,000	67,192,729	96.0
7	IDA (world bank)-Kenya Urban Support Programm	2,339,915	2,339,915	100.0
Sub Total		282,137,853	279,330,582	99.0
C	Other Sources of Revenue			
1	Own Source Revenue	800,000,000	610,656,883	76.3
2	Balance b/f from FY2021/22	297,605,698	297,605,698	100.0
Sub Total		1,097,605,698	908,262,581	82.7
Grand Total		7,608,472,106	7,914,620,005	104.0

Source: Nyeri County Treasury

The equitable revenue share includes Kshs.498.30 million arrears from FY 2021/22, which was received and reported in FY 2022/23.

Figure 106 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

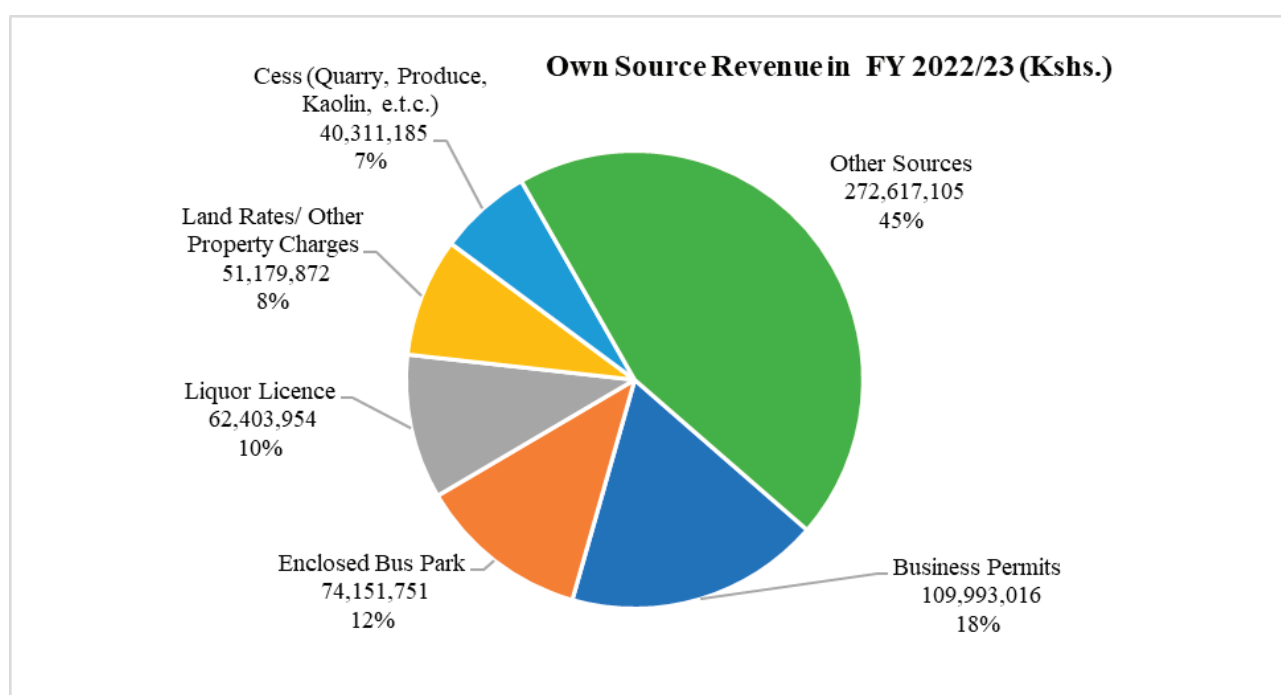
Figure 106: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Nyeri County Treasury

In FY 2022/23, the County generated a total of Kshs.610.66 million from its sources of revenue. This amount represented a decrease of 35.61 percent compared to Kshs.948.31 million realised in a similar period in FY 2021/22 and was 73.3 percent of the annual target and 9.08 percent of the equitable revenue share disbursed during the period. The County reported collection of A-I-A as Kshs.345.06 million in FY 2021/22 and Kshs.469.53 million in FY 2022/23. The revenue streams which contributed the highest OSR receipts are shown in Figure 107: Top Streams of Own Source Revenue in FY 2022/23.

Figure 107: Top Streams of Own Source Revenue in FY 2022/23



Source: Nyeri County Treasury

The highest revenue stream of Kshs.109.99 million was from business permits, contributing to 18 percent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.469.53 million, representing 43 percent of the overall OSR in FY 2022/23.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.63 billion from the CRF account during the reporting period. The amount comprised Kshs.1.5 billion (22.9) percent) for development programmes and Kshs.5.11 billion (77.1) percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.85 billion was released towards Employee Compensation, and Kshs.1.26 billion was for Operations and Maintenance expenditure.

3.36.4 County Expenditure Review

The County spent Kshs.6.83 billion on development and recurrent programmes in the reporting period. The expenditure represented 103 percent of the total funds released by the CoB and comprised of Kshs.1.72 billion and Kshs.5.11 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 75 percent. In contrast, recurrent expenditure represented 96.2 percent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.456.74 million, comprising Kshs.328.91 million for recurrent expenditure and Kshs.127.83 million for development activities. During the year, pending bills amounting to Kshs.389.21 million were settled, consisting of Kshs.308.45 million for recurrent expenditure and Kshs.80.76 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.67.53 million.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.60 billion on employee compensation, Kshs.784.32 million on operations and maintenance, and Kshs.1.72 million on development activities. Similarly, the County Assembly spent Kshs.318.23 million on employee compensation, Kshs.415.18 million on operations and maintenance, and Kshs.995,384 on development activities, as shown in Table 3.239

Table 3.239: 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	4,554,217,087	762,713,387	4,380,470,397	733,413,524	96.2	96.2
Compensation to Employees	3,643,264,891	227,529,025	3,596,145,832	318,234,659	98.7	139.9
Operations and Maintenance	910,952,196	535,184,362	784,324,565	415,178,865	86.1	77.6
Development Expenditure	2,241,541,632	50,000,000	1,717,409,324	995,384	76.6	2.0

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total	6,795,758,719	812,713,387	6,097,879,721	734,408,908	89.7	90.4

Source: Nyeri County Treasury

3.36.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.91 billion, or 49.5 percent of the revenue for FY 2022/23 of Kshs.7.91 billion. This expenditure represented an increase from Kshs.3.84 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.2.25 billion paid to health sector employees, translating to 57.5 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.30 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.619.12 million was processed through manual payrolls. The manual payrolls accounted for 15.8 percent of the total PE cost.

The County Assembly spent Kshs.40.04 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.47 million. The average monthly sitting allowance was Kshs.79,453 per MCA. The County Assembly has established 21 Committees.

3.36.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.157 million to county-established funds in FY 2022/23, constituting 2 percent of the County's overall budget. Table 3.241: Performance of County Established Funds as of 30th June 2023 Table 3.240 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.240: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023
County Executive Established Funds					
1.	Elimu Fund	40,000,000	40,000,000	40,000,000	YES
2.	Enterprise Fund	10,000,000	10,000,000	10,000,000	No
3.	Nyeri County Car Loan & Mortgage Fund	-	-	-	-
County Assembly Established Funds					
4.	Nyeri County Assembly Car Loan & Mortgage (Members)	92,000,000	92,000,000	92,000,000	YES
5.	Nyeri County Assembly Car Loan & Mortgage (Staff)	15,000,000	9,375,000	9,375,000	YES

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023
	Total	157,000,000	142,000,000	142,000,000	

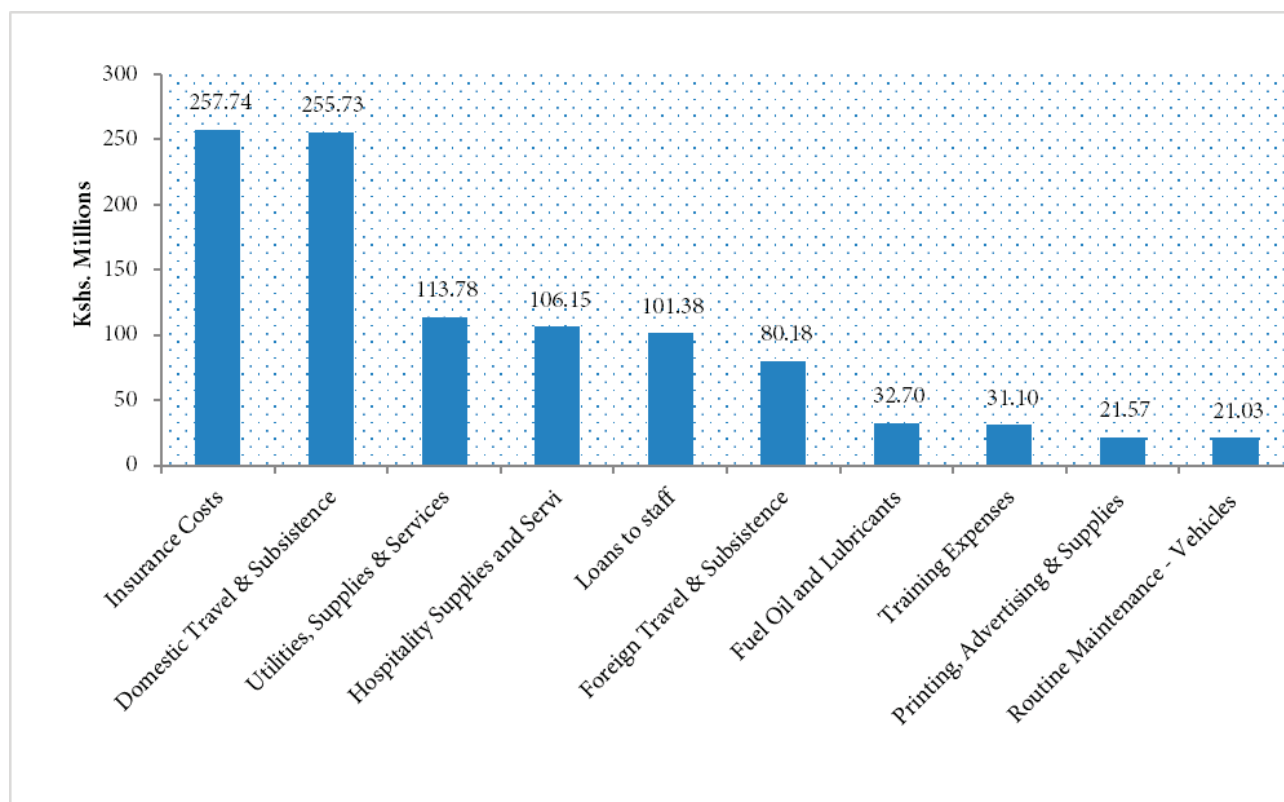
Source: Nyeri County Treasury

During the reporting period, the CoB did not receive the financial statements from the Fund Administrator of the Enterprise Fund as indicated in Table 3.241 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.36.9 Expenditure on Operations and Maintenance

Figure 108 summarises the Operations and Maintenance expenditure by major categories.

Figure 108: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

During the period, expenditure on domestic travel amounted to Kshs.255.73 million and comprised Kshs.147.75 million spent by the County Assembly and Kshs.90.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.80.18 million and comprised Kshs.71.16 million by the County Assembly and Kshs.9.02 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.241.

Table 3.241: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers who travelled	Date Travelled	Purpose of the travel	Destination	Total Costs by Travel (Kshs.)
County Assembly	25	4th-15th July 2022	Attend Training on the Public Service Innovations Programme	Esami HQ Arusha	12,606,502.00
County Assembly	2	5th-16th December 2022	Attending training on managerial finance	Esami HQ Arusha	1,101,736.00
County Assembly	4	11th-22nd December 2022	Training on budgeting in the public sector and best practices in legislative drafting at Esami.	Esami HQ Arusha	2,008,554.00
County Assembly	46	11th-18th December 2022	Training on budgeting in the public sector and best practices in legislative drafting at Esami.	Esami HQ Arusha	14,677,934.00
County Assembly	3	4th-15th January 2023	Attending World Scout Parliamentary Union Kenya participation in the 18th National Jamboree, Rohat, Pali Rajasthan India.	India	1,867,024.00
County Assembly	7	22nd-3rd February 2023	Attend a training on corporate governance and board competence programme.	Ethiopia	5,254,164.00
County Assembly	1	30th-10th 23rd February	Attend training on implementation of global programme agenda	Esami HQ Arusha	569,500.00
County Assembly	7	22nd-3rd February 2023	payment for air tickets for CASB members to Ethiopia from 22nd to 3rd 23rd February	Ethiopia	1,640,000.00
County Assembly	3	4th-15th January 2023	payment for air tickets for Hon. members while in India	India	1,196,000.00
County Assembly	1	5th-16th Jan 2023	Attend training on E-commerce and Revenue collection training	India	581,156.00
County Assembly	1	5th to 17th April 2023	payment for air tickets for 5th to 17th April 2023	India	215,000.00
County Assembly	1	21st April to 1st May 2023	payment for air tickets from 21st April to 1st May 2023	Dubai	195,000.00
County Assembly	2	16th to 27th January 2023	Attend training on best practices in public service delivery, effective leadership, and management of committees	Esami HQ Arusha	965,696.00
County Assembly	2	23rd to 30th April 2023	Attend training on effective supervisory management programme	Esami HQ Arusha	687,480.00

Arm of County Government	No. of Officers who travelled	Date Travelled	Purpose of the travel	Destination	Total Costs by Travel (Kshs.)
County Assembly	1	22nd to 30th April 2023	Attend training on effective leadership and management of committees	Dubai	751,550.00
County Assembly	1	27th may-2nd June 2023	Attend a pension summit and benchmarking on pension funds	Netherlands	428,108.00
County Assembly	43	18th-28th May 2023	Attend a capacity building training	E s a m i H Q Arusha	19,839,128.00
County Assembly	8	18th may-2nd June 2023	Attend a capacity building training	E s a m i H Q Arusha	5,240,160.00
County Assembly	1	13th-24th June, 2022	Provision of Air ticket from 13th-24th June 2022 in Israel	Israel	275,000.00
County Assembly	1	29th June to 10th July, 2023	Air ticket for Mr. Jenard Mwiggeh while travelling to Melbourne, Australia	Australia	605,000.00
County Assembly	1	27th May to 3rd June, 2023	Air ticket for Hon. Gibson Wahinya Kuria while travelling to Amsterdam, Netherlands	Netherlands	452,000.00
County Executive	1	Mar-23	National Security & Diplomacy Training	Israel	1,267,391.50
County Executive	2	25-Oct-23 To 5-Nov-23	Facilitate Foreign Travel for PA to the Governor's visit to South Korea	South Korea	955,201.00
County Executive	2	11-Dec-23 To 16-Dec-23	Delegation of the president's visit to Washington DC in the USA for the USA-Africa summit.	Washington DC	1,964,263.30
County Executive	2	6-Mar-2023 To 13-Mar-2023	International Partnership for Enhanced Capacity on Municipalities for Sustainable Development on Education and Environment Programme	Spain	1,802,567.20
County Executive	2	18-Mar-23- 25-Mar-23	High-Level Coffee Exposure visit.	Colombia	762,973.00
County Executive	2	27-May-23 To 3-jun-23	A pension summit and benchmarking tour	Netherlands	1,427,797.00
County Executive	2	19-Feb-23 to 22-Feb-23	Facilitation for the P.A to the Governor while accompanying H.E the Governor while at Kigali	Rwanda	159,885.00

Source: Nyeri County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 4 out of the 28 foreign trips sampled, delegates have surpassed the limit.

3.36.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.72 billion on development programmes, representing an increase of 22.4 percent compared to a similar period in FY 2021/22 when the County spent Kshs.1.40 billion. below Table 3.242 summarises development projects with the highest expenditure in the reporting period.

Table 3.242: Nyeri County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1.	Health, Public Health and sanitation	Supply for production (supply of medical drugs)	Countywide	161,148,730	159,416,730	99
2	Lands, Physical Planning, Housing and Urbanization	KPLC (Payment of Street Lights)	Countywide	87,944,071	87,944,071	100
3	Agriculture, Livestock and Fisheries	Counterpart funding Micro project -KCSAP	Kieni East, Kieni West, Mukurweini	89,616,630	76,497,589	85
4	Transport, Public Works Infrastructure and Energy	Kenya Urban Support Program – Construction of Nyeri Main Transport Termini at Asian Quarters	Rware Ward	123,655,394	67,641,272	55
5	Health, Public Health and sanitation	Other Capital Grants (Transforming Health Services)	Countywide	45,711,078	44,333,755	97
6	Transport, Public Works Infrastructure and Energy	Supply of Fuel and Maintenance of Motor-Vehicle and Machinery	Countywide	80,000,000	39,881,131	50
7	Office of the County Secretary	Purchase of specialised vehicles (Office of the County Secretary)	Hq	30,593,000	30,593,000	100
8	Trade, Culture, Tourism & Cooperative Development	Purchase of empowerment equipment and uniforms	Countywide	26,345,500	23,982,940	91
9	Health, Public Health and sanitation	Construction of Narumoru Level IV Hospital (Main Works)	Narumoru	27,261,397	23,694,619	87

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 3.243 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.243: Nyeri County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	128.86	20.00	128.72	1.12	128.27	1.12	99.6	100.0	99.5	5.6
Office of the County Secretary	314.69	45.55	314.15	45.04	313.13	45.04	99.7	100.0	99.5	98.9
Finance and Economic Planning	766.85	250.23	632.26	18.84	642.50	110.87	101.6	588.6	83.8	44.3
Lands, Physical Planning, Housing and Urbanization	50.45	234.78	45.14	125.64	47.10	133.50	104.3	106.3	93.4	56.9
Health, Public Health and sanitation	2,252.69	379.10	2,239.82	271.14	2,227.95	316.12	99.5	116.6	98.9	83.4
Gender and Social Services	67.41	56.85	63.93	49.74	65.94	49.74	103.1	100.0	97.8	87.5
County Public Service, Administration & Youth Affairs	108.77	62.14	104.79	58.28	105.15	58.28	100.3	100.0	96.7	93.8
Agriculture, Livestock and Fisheries	240.90	355.21	238.89	291.78	238.15	324.10	99.7	111.1	98.9	91.2
Trade, Culture, Tourism & Cooperative Development	49.83	106.00	46.35	105.93	45.50	95.78	98.2	90.4	91.3	90.4
Education, Science and Technology	297.34	41.00	296.47	36.40	295.06	36.96	99.5	101.5	99.2	90.1
Water, Environment & Natural Resources	73.91	181.99	70.59	116.95	72.70	113.21	103.0	96.8	98.4	62.2
County Assembly	762.71	50.00	733.13	1.00	733.41	1.00	100.0	100.0	96.2	2.0
County Public Service Board	39.83	8.00	39.65	7.89	39.41	7.89	99.4	100.0	98.9	98.6

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Millions)		Expenditure (Kshs. Millions)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Transport, Public Works & Infrastructure	96.95	500.71	93.55	387.50	94.21	424.81	100.7	109.6	97.2	84.8
Office of the County Attorney	65.73	-	65.27	-	65.41	-	100.2	-	99.5	-
Total	5,316.93	2,291.54	5,112.70	1,517.24	5,113.88	1,718.40	100.0	113.3	96.2	75.0

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Office of the County Secretary recorded the highest absorption rate of development budget at 98.9 percent, followed by the Department of County Public Service Board at 98.6 percent. The Departments of Office of the Governor, Office of the County Secretary and Office of the County Attorney had the highest recurrent expenditure to budget at 99.5 percent, while the Department of Trade Culture Tourism & Cooperative Development had the lowest at 91.3 percent.

3.36.12 Budget Execution by Programmes and sub-programmes

Table 3.244 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.244: Nyeri County, Budget Execution by Programmes and sub-programmes

Name of the Programme	Sub- Programme	Recurrent (Kshs.)		Development (Kshs.)		Total Budget (Kshs.)		Implementation Status (%)
		Approved Budget	Actual Payments	Approved Budget	Actual Payments	Approved Budget	Actual Payments	
Agricultural Management	Administration and Planning services	226,819,334	225,417,966	334,120,139	303,583,724	560,939,473	529,001,690	94.31
Livestock Production Management	Provision of Extension Services to Livestock farmers	2,009,500	1,706,402	6,500,000	6,885,194	8,509,500	8,591,596	100.96
Crop Management	Administrative Support Services	2,014,500	1,562,614	-	-	2,014,500	1,562,614	77.57
Fisheries development	Administrative Support Services	1,535,000	1,386,450	-	-	1,535,000	1,386,450	90.32
Veterinary services	Administrative Support Services	2,962,509	2,517,709	9,000,000	8,824,995	11,962,509	11,342,704	94.82
Wambugu ATC	Farm Development	4,551,500	4,551,250	2,969,782	2,181,438	7,521,282	6,732,688	89.52

		Recurrent (Kshs.)		Development (Kshs.)		Total Budget (Kshs.)		Implementation Status (%)
Name of the Programme	Sub- Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Approved Budget	Actual Payments	
AMS Naromoru	Development Of Agricultural Land For Crop Production	1,010,500	1,010,500	2,623,369	2,619,719	3,633,869	3,630,219	99.90
		240,902,843	238,152,892	355,213,290	324,095,070	596,116,133	562,247,962	94.32
Physical planning services	Administration and personnel services	44,343,083	41,663,802	234,778,175	133,503,478	279,121,258	175,167,280	62.76
Land Policy and Planning	Land Policy Formulation	4,294,000	3,758,055	-	-	4,294,000	3,758,055	87.52
Housing Development and Human Settlement	Government Building	1,815,500	1,677,850	-	-	1,815,500	1,677,850	92.42
		50,452,583	47,099,707	234,778,175	133,503,478	285,230,758	180,603,185	63.32
General administration and policy Development and implementation	Administration, planning and support services	74,169,951	72,107,156	-	-	74,169,951	72,107,156	97.22
Roads development, maintenance and management	County access and feeder roads improvement	-	-	179,245,592	163,491,825	179,245,592	163,491,825	91.21
Energy Sector development	Street lighting programme	22,776,747	22,100,057	321,459,748	261,316,739	344,236,495	283,416,796	82.33
		96,946,698	94,207,213	500,705,340	424,808,564	597,652,038	519,015,777	86.84
Trade and Cooperative Development	Trade Promotion	41,097,525	37,734,062	88,000,000	78,696,954	129,097,525	116,431,016	90.19
Tourism Development	Promotion of Tourism	7,127,500	6,490,902			7,127,500	6,490,902	91.07
Co-operatives	Co-operative Development	1,600,000	1,272,419	18,003,199	17,084,053	19,603,199	18,356,472	93.64
		49,825,025	45,497,383	106,003,199	95,781,007	155,828,224	141,278,390	90.66
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,151,384,824	2,150,999,338	379,098,499	316,119,142	2,530,483,323	2,467,118,480	97.50

		Recurrent (Kshs.)		Development (Kshs.)		Total Budget (Kshs.)		Implementation Status (%)
Name of the Programme	Sub- Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Approved Budget	Actual Payments	
Rural Health	Administration, Planning and General Support Services	101,305,316	76,979,032	-	-	101,305,316	76,979,032	75.99
		2,252,690,140	2,227,978,370	379,098,499	316,119,142	2,631,788,639	2,544,097,512	96.67
General administration and policy Development and implementation	Administrative Support Services	287,715,345	286,349,313	-	-	287,715,345	286,349,313	99.53
ECDE Management	ECDE Management	4,882,516	4,274,257	27,900,000	24,427,469	32,782,516	28,701,726	87.55
Youth Training and Development	Youth Polytechnics	1,000,000	957,649	9,300,000	8,736,282	10,300,000	9,693,931	94.12
County Sports Development	Search and nurture talents	3,746,922	3,483,130	3,800,000	3,796,400	7,546,922	7,279,530	96.46
		297,344,783	295,064,350	41,000,000	36,960,151	338,344,783	332,024,501	98.13
Management and Co-ordination of county affairs	Administration, planning and support services	128,863,962	128,267,952	20,000,000	1,123,180	148,863,962	129,391,132	86.92
		128,863,962	128,267,952	20,000,000	1,123,180	148,863,962	129,391,132	86.92
Co-ordination of County Functions and Public Service Management	Co-ordination of County Functions and Public Service Management	312,301,074	310,989,476	45,546,256	45,040,067	357,847,330	356,029,543	99.49
	Community sensitisation, education and public participation	1,017,000	1,012,860	-	-	1,017,000	1,012,860	99.59
	ICT Development	1,370,000	1,131,707			1,370,000	1,131,707	82.61
		314,688,074	313,134,043	45,546,256	45,040,067	360,234,330	358,174,110	99.43
Executive services	Administration and personnel services	698,708,827	576,861,977	250,229,574	110,866,278	948,938,401	687,728,255	72.47

		Recurrent (Kshs.)		Development (Kshs.)		Total Budget (Kshs.)		Implementation Status (%)
Name of the Programme	Sub- Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Approved Budget	Actual Payments	
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	11,184,600	10,773,046	-	-	11,184,600	10,773,046	96.32
Public Finance Management	Financial Accounting	10,467,500	10,185,274	-	-	10,467,500	10,185,274	97.30
	Procurement Compliance and Reporting	10,825,000	9,938,628	-	-	10,825,000	9,938,628	91.81
	Internal Audit	5,559,800	5,339,400	-	-	5,559,800	5,339,400	96.04
Revenue Mobilisation	Revenue Mobilisation	27,200,000	26,755,095	-	-	27,200,000	26,755,095	98.36
Economic Planning and Policy Formulation	Monitoring and Evaluation	2,900,000	2,699,710	-	-	2,900,000	2,699,710	93.09
		766,845,727	642,553,130	250,229,574	110,866,278	1,017,075,301	753,419,408	74.08
General administration, Policy Development and implementation	Administration and Planning services	611,338,387	631,043,140	50,000,000	995,384	661,338,387	632,038,524	95.57
Mortgage Services	Administration and Planning services	151,375,000	102,370,384	-	-	151,375,000	102,370,384	67.63
		762,713,387	733,413,524	50,000,000	995,384	812,713,387	734,408,908	90.37
Human resources Management	Administration Planning and Support Services	101,692,342	98,635,332	6,136,499	4,886,154	107,828,841	103,521,486	96.01
Sanitation management	Administrative Support Services	7,074,414	6,511,785	56,000,000	53,390,029	63,074,414	59,901,814	94.97
		108,766,756	105,147,117	62,136,499	58,276,183	170,903,255	163,423,300	95.62
General Administration and Planning services	Administration and Personnel Services	39,828,187	39,405,775	8,000,000	7,891,800	47,828,187	47,297,575	98.89
		39,828,187	39,405,775	8,000,000	7,891,800	47,828,187	47,297,575	98.89
General Administration and Planning services	Administration and personnel services	65,463,061	63,987,246	-	-	65,463,061	63,987,246	97.75
Social development	Administration and Planning services	-	-	56,845,500	49,735,818	56,845,500	49,735,818	87.49

		Recurrent (Kshs.)		Development (Kshs.)		Total Budget (Kshs.)		Implementation Status (%)
Name of the Programme	Sub- Programme	Approved Budget	Actual Payments	Approved Budget	Actual Payments	Approved Budget	Actual Payments	
Disaster Management	Administration and Planning services	1,950,000	1,949,995	-	-	1,950,000	1,949,995	100.00
		67,413,061	65,937,242	56,845,500	49,735,818	124,258,561	115,673,060	93.09
Water Management	Administrative Support Services	71,549,777	70,606,887	106,769,171	75,858,519	178,318,948	146,465,406	82.14
Environment and Climate Change	Administrative Support Services	2,365,000	2,090,970	75,216,129	37,350,067	77,581,129	39,441,037	50.84
		73,914,777	72,697,857	181,985,300	113,208,586	255,900,077	185,906,443	72.65
General Administration and Planning services	Administration and personnel services	65,734,471	65,406,278	-	-	65,734,471	65,406,278	99.50
		65,734,471	65,406,278	-	-	65,734,471	65,406,278	99.50
	Grand Total	5,316,930,474	5,113,962,831	2,291,541,632	1,718,404,708	7,608,472,106	6,832,367,539	89.80

Source: Nyeri County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: provision of extension services to livestock farmers in the Department of Agriculture Livestock and Fisheries at 100.96 percent, administration and planning services for Disaster Management in the Department of Water Environment & Natural Resources at 100 percent, development of agriculture land for crop production in the Department of Agriculture Livestock and fisheries at 99.9 percent of budget allocation.

3.36.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 10th August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 5, where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.619.12 million were processed through the manual payroll, accounting for 15.8 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The underperformance of own-source revenue at Kshs.610 million against an annual projection of Kshs.800 million, representing 76.3 percent of the annual target.
5. A high wage bill, which accounted for 57.3 percent of the total expenditure in FY 2022/23, thus constraining funding to other programmes.

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

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

2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.
3. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
4. The County should address its own-source revenue performance to ensure the approved budget is fully financed.
5. The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3.37 County Government of Samburu

3.37.1 Overview of FY 2022/23 Budget

The County's approved second approved supplementary budget for the FY 2022/23 was Kshs.6.98 billion, comprising Kshs.2.18 billion (31.3 percent) and Kshs.4.79 billion (68.7 percent) allocation for development and recurrent programmes, respectively. The second supplementary budget estimate represented a decrease of 5.4 percent compared to the previous financial year when the approved budget was Kshs.7.37 billion and comprised of Kshs.2.72 billion towards development expenditure and Kshs.4.65 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.37 billion (77.6 percent) as the equitable share of revenue raised nationally, Kshs.623.14 million as additional allocations, a cash balance of Kshs.315.08 million (4.5 percent) from FY 2021/22, and generate Kshs.240.33 million (3.4 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.246

3.37.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.37 billion as the equitable share of the revenue raised nationally, Kshs.582.64 million as additional allocations, had a cash balance of Kshs.315.08 million from FY 2021/22 and raised Kshs.226.52 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.6.93 billion, as shown in Table 3.245: Samburu County, Revenue Performance in FY 2022/23.

Table 3.245: Samburu County, Revenue Performance in FY 2022/23

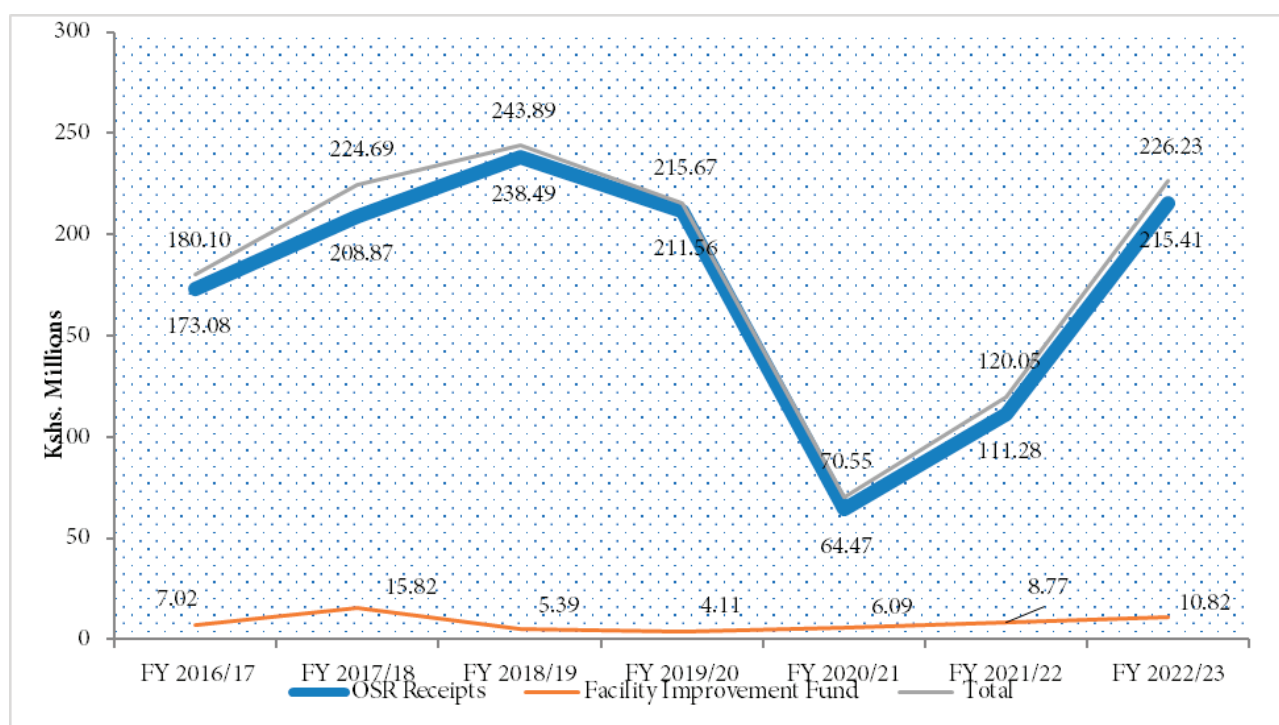
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,371,346,037	5,371,346,037	100.0
	Sub Total	5,371,346,037	5,371,346,037	100.0
B	Additional allocations			
1	Conditional Grant-Compensation for User Fee Foregone	5,235,578	-	-
2	Conditional Grant-Leasing of Medical Equipment	110,638,298	110,638,298	100.0

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	Kenya Urban Support Programme (UDG and UIG)	13,069,989	13,069,989	100.0
4	Kenya Urban Support Programme (UDG and UIG) 20-21	2,339,915	2,339,915	100.0
5	Kenya Devolution Support Program (KDSP)	57,215,708	57,215,708	100.0
6	DANIDA (Health support funds)	14,864,625	14,864,625	100.0
7	DANIDA (Health support funds) additional	3,285,000	3,285,000	100.0
8	World bank loan for National agricultural and Rural inclusive growth project	174,103,490	138,835,284	79.7
9	EU Grant for the instrument for devolution advice and support (Abattoir Construction)	15,626,168	15,626,168	100.0
10	Balance brought forward 2021-22 for construction of Abattoir	23,060,111	23,060,111	100.0
11	Agriculture Sector Development Support Programme (ASDSP)	25,141,706	25,141,706	100.0
12	COVID FUND	5,500,000	5,500,000	100.0
13	Agriculture Sector Development Support Programme (ASDSP) B/F	6,000,000	6,000,000	100.0
14	Kenya Road Board (Fuel Levy)	11,600,000	11,600,000	100.0
15	DANIDA (Health support funds) B/F	5,119,125	5,119,125	100.0
16	World Bank Loan for transforming health systems for universal care project B/F	1,576,606	1,576,606	100.0
17	ELRP (Locust)	91,588,750	91,588,750	100.0
18	ELRP (Locust) b/f	35,176,647	35,176,647	100.0
19	Finance Locally led Climate Action Program (FLLoCA)	22,000,000	22,000,000	100.0
	Sub Total	623,141,716	582,637,932	93.5
C	Other Sources of Revenue			
1	Own Source Revenue	240,330,500	226,516,961	94.3
2	Balance b/f from FY2021/22	315,081,301	315,081,301	100.0
4	Other Revenues	429,707,684	429,707,684	100.0
	Sub Total	985,119,485	971,305,946	98.6
	Grand Total	6,979,607,238	6,925,289,915	99.2

Source: Samburu County Treasury

Figure 109 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

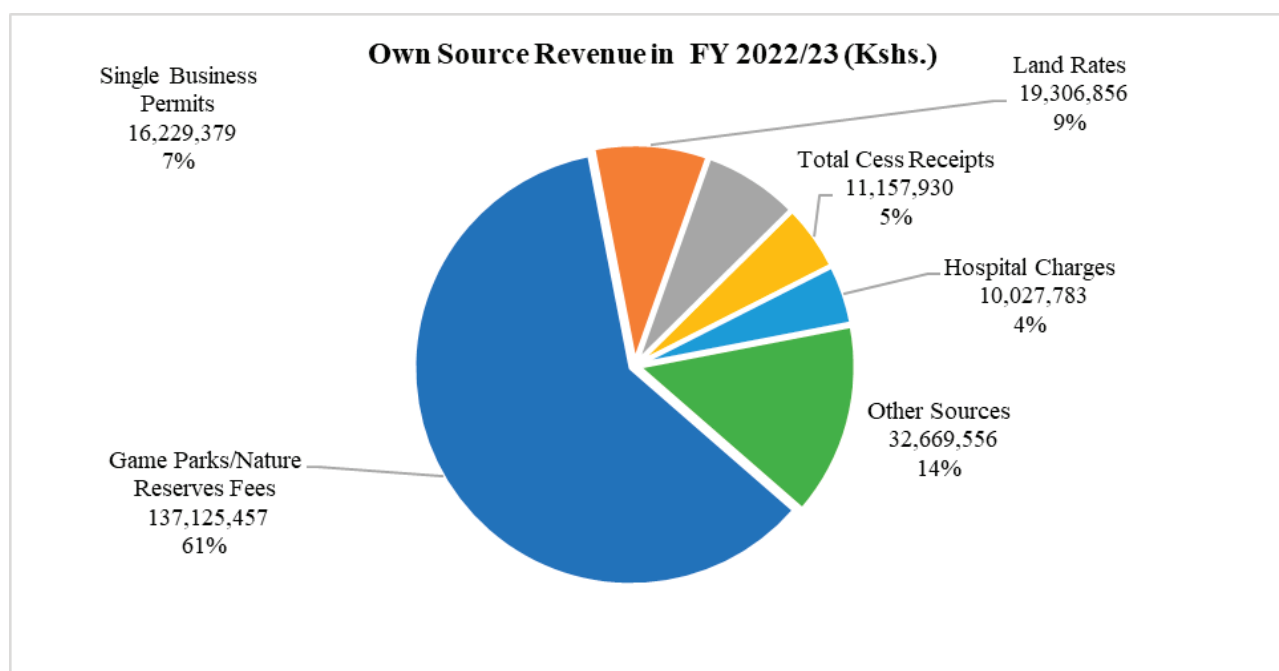
Figure 109: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Samburu County Treasury

In FY 2022/23, the County generated a total of Kshs.226.23 million from its sources of revenue. This amount represented an increase of 88.4 percent compared to Kshs.120.05 million realised in FY 2021/22 and was 94.3 percent of the annual target and 4.21 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 110: Top Streams of Own Source Revenue in FY 2022/23.

Figure 110: Top Streams of Own Source Revenue in FY 2022/23



Source: Samburu County Treasury

The highest revenue stream of Kshs.137.13 million was from Games parks/ Nature Reserves Fees contributing to 61 percent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.10.03 million, representing 4.0 percent of the overall OSR in FY 2022/23.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.30 billion from the CRF account during the reporting period. The amount comprised Kshs.1.90 billion (30.2 percent) for development programmes and Kshs.4.39 billion (69.8 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.2.20 billion was released towards Employee Compensation, and Kshs.2.19 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.794.92 million.

3.37.4 County Expenditure Review

The County spent Kshs.6.33 billion on development and recurrent programmes in the reporting period. The expenditure represented 100.4 percent of the total funds released by the CoB and comprised of Kshs.1.84 billion and Kshs.4.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 84.1 percent. In contrast, recurrent expenditure represented 93.7 percent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.821.68 million, comprising Kshs.245.76 million for recurrent expenditure and Kshs.575.92 million for

development activities. During the year, pending bills amounting to Kshs.658.10 million were settled, consisting of Kshs.218.44 million for recurrent expenditure and Kshs.439.66 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount was Kshs.163.58 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs1.93 billion on employee compensation, Kshs.2.03 billion on operations and Maintenance , and Kshs.1.71 billion on development activities. Similarly, the County Assembly spent Kshs.273.86 million on employee compensation, Kshs.261.47 million on operations and Maintenance , and Kshs.128.86 million on development activities, as shown in Table 3.246: Summary of Budget and Expenditure by Economic Classification.

Table 3.246: 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	4,193,875,205	535,331,727	3,956,533,475	535,330,690	94.3	100.0
Compensation to Employees	2,314,372,336	313,475,227	1,930,577,660	273,862,140	83.4	87.4
Operations and Maintenance	1,879,502,869	221,856,500	2,025,955,815	261,468,550	107.8	117.9
Development Expenditure	2,053,826,388	131,000,000	1,708,577,831	128,860,339	83.2	98.4
Total	6,758,603,625	666,331,727	5,665,111,306	664,191,029	83.8	99.7

Source: Samburu County Treasury

3.37.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.20 billion, or 31.8 percent of the revenue for FY 2022/23 of Kshs.6.93 billion. This expenditure represented an increase from Kshs.2.29 billion reported in FY 2021/22. The wage bill included Kshs.794.57 million paid to health sector employees, translating to 34 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.895 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.308.70 million was processed through manual payrolls. The manual payrolls accounted for 14 percent of the total PE cost.

The County Assembly spent Kshs.24.39 million on committee sitting allowances for the 26 MCAs and the Speaker against the annual budget allocation of Kshs.24.50 million. The average monthly sitting allowance was Kshs.78,173 per MCA. The County Assembly has established 15 Committees.

3.37.8 County Emergency Fund and County-Established Funds

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

Committee and the County Assembly. Table 3.248: Performance of County Established Funds as of 30th June 2023 Table 3.247 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.247: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Youth & Women Enterprise Fund	10,000,000	-	-	No
2.	Conservancies Fund – Department Tourism, Trade Enterprise Development and Cooperatives	125,000,000	125,000,000	57,040,000	No
3.	Bursaries and Support Services - Department of Education and Vocational Training	117,700,000	116,300,000	116,300,000	No
	PLWD Fund	5,000,000	-		No
4.	Emergency Fund – Department of Finance	140,000,000	140,000,000	139,999,218	No
County Assembly Established Funds					
	Car Loan	18,800,000	18,800,000	18,800,000	No
	Total	416,500,000	400,100,000	332,139,218	

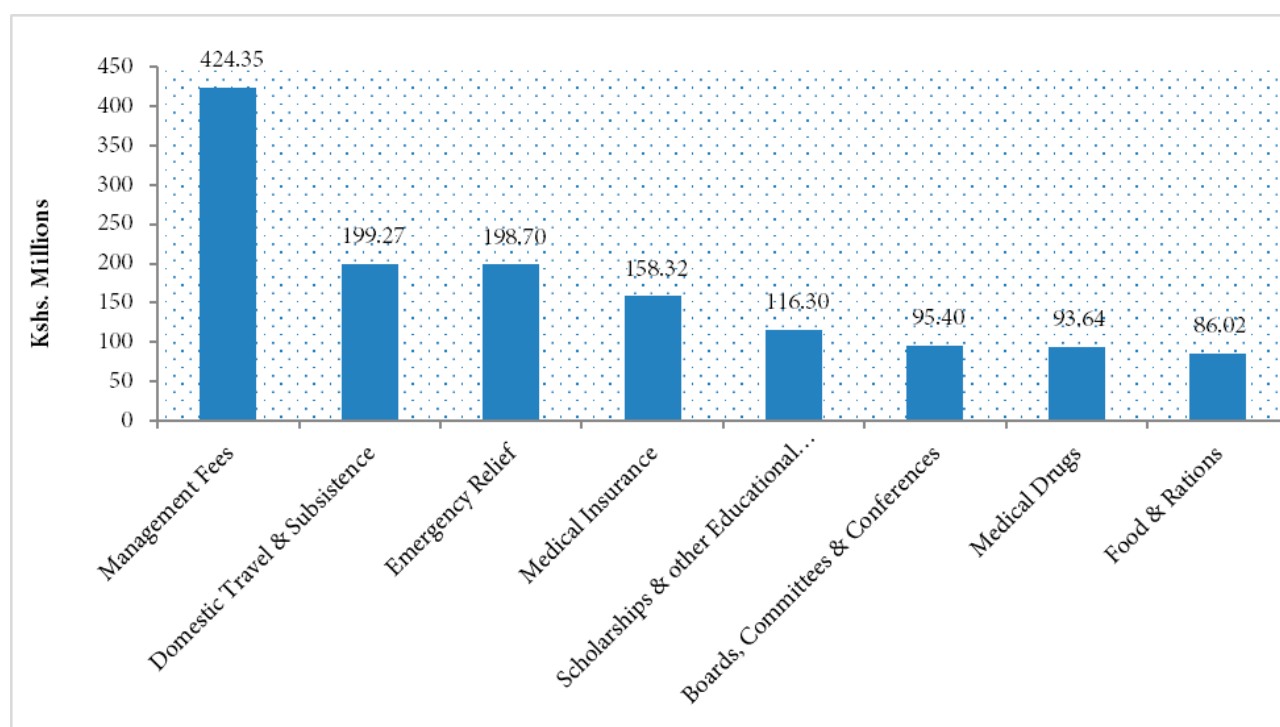
Source: Samburu County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from the Fund Administrators, as shown in Table 3.248 which is contrary to the requirement of Section 168 of the PFM Act, 2012.

3.37.9 Expenditure on Operations and Maintenance

Figure 111 summarises the Operations and Maintenance expenditure by major categories.

Figure 111: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.199.27 million and comprised Kshs.66.71 million spent by the County Assembly and Kshs.132.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.27.66 million, including Kshs.13.80 million by the County Assembly and Kshs.13.86 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.248:

Table 3.248: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	4 th to 6 th May 2023	AO Trauma Masters Course –Foot & Ankle (With anatomical Specimens)	Egypt-Cairo	261,195
County Executive	1	5 th to 8 th June 2023	Smart Course for Trauma andsoft tissue reconstruction	T a n z a n i a - Muhimbili	259,900
County Executive	1	5 th to 8 th June 2023	Smart Course for Trauma andsoft tissue reconstruction	T a n z a n i a - Muhimbili	259,900
County Executive	3	21 st May to 26 th May, 2023	Workshop on the international program on strategy planning, innovation andpolicy	Singapore	3,528,645

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	9	8 th December 18 th December 2023	22 nd EAC Trade Fair in Kampala, Uganda	Kampala	3,473,960
County Executive	2	7 th March 2023 to 16 th March 2023	Magical Kenya European Roadshow 2023	Paris, Berlin, Milan	3,464,108
County Executive	3	7 th March 2023 to 16 th March 2023	Magical Kenya European Roadshow 2023	Paris, Berlin, Milan	3,218,291
County Executive	5	2 nd May – 11 th May 2023	Attend international Agricultural exhibition in Morocco and Sourcing Abattoir Investor in Dubai.	M o r o c c o and Dubai	6,635,660

Source: Samburu County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 1 out of the 8 foreign trips sampled, delegates have surpassed the limit.

3.37.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.84 billion on development programmes, representing a decrease of 1.0 percent compared to FY 2021/22, when the County spent Kshs.1.85 billion. Table 3.249: summarises development projects with the highest expenditure in the reporting period.

Table 3.249: Samburu County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Tourism, Trade and Cooperatives	Transfer of Grants to Samburu Conservancies Fund	County Wide	146,500,000	146,500,000	146,500,000.00	100
2	Health and Sanitation	Proposed Construction of Inpatient Complex at County Referral Hospital	Maralal Ward	116,951,010	116,951,010	97,490,785.00	83
3	County Executive	Construction of the Governor's Official Residence	MARALAL	87,586,528	87,586,528	60,440,153.00	69

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
4	Lands, Physical Planning, Housing and Urban Development	Buying of Fire Engine	Maralal Municipality	59,989,000	70,000,000	59,989,000.00	100
5	Education and Vocational Training	Construction Of 30. No Ecd Classrooms Across The 15 Wards	Across the County-2 Per Ward	35,695,500	35,695,500	35,695,500.00	100
6	Water And Sanitation	Drilling & Equipping Of 4NO B/Holes at Samburu CENTRAL	Samburu Central	23,990,240	23,990,240	23,990,240.00	100
7	Education and Vocational Training	Construction Of 15. No Ecde Office/Store	Across the County-1 Per Ward	23,693,124	23,693,124	23,693,124.25	100
8	Water And Sanitation	Drilling & Equipping Of 4NO B/Holes	Sikira, Bendera, Kawap & Mpatpat	23,516,993	23,516,993	23,516,993.00	100
9	Education And Vocational Training	Construction Of 30. No Ecd Preparatory Kitchen Blocks	Across the County-2 Per Ward	20,697,200	20,697,200	20,697,200.00	100
10	Agriculture	Supply and Delivery of Cereal Grains And Beans	Samburu Central	17,000,121	17,000,121	17,000,121.05	100%

Source: Samburu County Treasury

3.37.11 Budget Performance by Department

Table 3.250 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.250: Samburu County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	535.33	131	535.33	128.86	535.33	128.86	100.0	100.0	100.0	98.4
County Executive	532.71	33.93	429.02	29.7	521.84	29.7	121.6	100.0	98.0	87.5
Finance, Economic Planning & ICT	886.63	66.52	821.65	29.62	821.65	29.62	100.0	100.0	92.7	44.5
Agriculture, Livestock Development, Veterinary Services & Fisheries	321.51	315.69	305.27	298.44	305.27	298.44	100.0	100.0	94.9	94.5
Water, Environment, Natural Resources & Energy	207.21	463.67	162.26	393.37	162.26	393.37	100.0	100.0	78.3	84.8
Education and Vocational Training	524.17	136.37	518.66	136.34	518.66	136.34	100.0	100.0	98.9	100.0
Medical Services, Public Health & Sanitation	1183.09	389.18	1133.07	342.84	1133.07	277.42	100.0	80.9	95.8	71.3
Lands, Housing, Physical Planning & Urban Development	146.53	123.76	128.73	70.89	128.73	70.89	100.0	100.0	87.9	57.3
Roads, Transport & Public Works	116.24	256.52	79.99	220.85	79.99	220.85	100.0	100.0	68.8	86.1
Tourism, Trade, Enterprise Development & Cooperatives	216.51	243.46	180.54	228.69	180.54	228.69	100.0	100.0	83.4	93.9

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
Culture, Social Services, Gender, Sports & Youth Affairs	124.87	24.72	104.52	23.25	104.52	23.25	100.0	100.0	83.7	94.1
Total	4,794.80	2,184.83	4,399.04	1,902.86	4,491.86	1,837.44	102.1	96.6	93.7	84.1

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of Educational and Vocational Training recorded the highest absorption rate of development budget at 100.0 percent, followed by the County Assembly at 98.4 percent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100.0 percent, while the Department of Road Transport and Public Works had the lowest at 68.8 percent.

3.37.12 Budget Execution by Programmes and sub-programmes

Table 3.251 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.251: Samburu County, Budget Execution by Programmes and sub-programmes in FY 2022/23

Pro- gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
4212-Samburu - County Executive							
Manage- ment of County Affairs		437,288,250.00	33,929,036	428,188,846	29,701,739	98	88
	County Execu- tive Services	-	-	-	-		
	Administration andCoordination of County Affairs	226,020,315.00	33,929,036	221,601,970	29,701,739	98	88
	Sub County Administration	167,220,791.00	-	162,621,442	-	97	-
	Coordination, Supervision andHuman Resource Services	44,047,144.00	-	43,965,434	-	100	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
Sub County Adminis- tration		-	-	-	-		-
	The organisa- tion of County Business	-	-	-	-		-
Office of the County Attorney		31,475,600.00	-	29,848,878	-	95	-
	Economic, Social & Political Ad- visory Service	7,310,000.00	-	8,025,948	-	110	-
	County Policing	24,165,600.00	-	21,822,930	-	90	-
Adminis- tration of Human Resources in County Public Service		63,026,580.00	-	63,806,930	-	101	-
	Administration of Human Resourc- es in County Public Service	63,026,580.00	-	63,806,930	-	101	-
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-
	Administra- tion Services	-	-	-	-	-	-
Special Programs		-	-	-	-	-	-
	Special Programs	-	-	-	-	-	-
	Sub Total	531,790,430.00	33,929,036	521,844,654	29,701,739	98	88
4213-Samburu - Finance and Economic Planning							

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
General Admin- istration Plan- ning and Support Services		491,602,468.00	-	451,888,974	-	92	-
	Administra- tion Services	469,872,398.00	-	432,669,858	-	92	-
	System Security	21,730,070.00	-	19,219,116	-	88	-
Public Fi- nance Man- agement		209,255,479.00	66,521,681	186,280,456	29,621,400	89	45
	Fiscal Planning	36,156,088.00	36,521,681	31,797,930	23,624,200	88	65
	Resource Mobilisation	68,300,561.00	30,000,000	66,297,090	5,997,200	97	20
	Budget Formu- lation Coordination and management	13,820,976.00	-	11,719,894	-	85	-
	Public finance and accounting	40,269,310.00	-	38,743,691	-	96	-
	Internal Audit	25,909,518.00	-	17,012,436	-	66	-
	Procurement	24,799,026.00	-	20,709,416	-	84	-
Special Programs		176,586,860.00	-	175,497,981	-	99	-
	Special Programs	176,586,860.00	-	175,497,981	-	99	-
General Admin- istration Plan- ning and Support Service		9,183,880.00	-	7,978,372	-	87	-
	General Admin- istration (Eco- nomic Planning and ICT)	9,183,880.00	-	7,978,372	-	87	-
	Sub Total	886,628,687.00	66,521,681	821,645,783	29,621,400	93	45

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
4214-Samburu - Agriculture, Livestock and Fisheries							
General Admin- istration Plan- ning and Support Services		214,891,787.00	-	206,570,017	-	96	-
	Administration, Planning and Support Services	214,891,787.00	-	206,570,017	-	96	-
Livestock Resource Man- agement and Devel- opment		53,187,824.00	75,929,306	49,026,567	59,407,965	92	78
	Promotion of Value Addition of Livestock and Livestock Products	18,458,772.00	53,929,306	17,555,300	42,812,315	95	79
	Promotion of Dairy Production, Breeding and- Disease Control	18,530,768.00	-	16,761,151	-	90	-
	Livestock mar- keting and range- land management	10,092,387.00	-	9,777,792	-	97	-
	Livestock Diseas- es Management and Control	6,105,897.00	22,000,000	4,932,324	16,595,650	81	75
Fisheries Develop- ment and Manage- ment		3,867,082.00	4,068,000	3,071,617	4,067,985	79	100

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	Development of capture fisher- ies resources	3,867,082.00	4,068,000	3,071,617	4,067,985	79	100
Crop De- velopment and Man- agement		48,863,666.00	235,689,890	46,598,943	234,964,060	95	100
	Crop Production and Food Security	12,594,548.00	-	10,805,214	-	86	-
	Agricultural Ex- tension Research and Training	36,269,118.00	235,689,890	35,793,729	234,964,060	99	100
	Sub Total	320,810,359.00	315,687,196	305,267,144	298,440,010	95	95
4215-Samburu - Environment and Natural Resources							
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
General Admin- istration Plan- ning and Support Services		48,647,404.00	411,171,733	42,557,077	356,246,600	87	87
	Administration	48,647,404.00	411,171,733	42,557,077	356,246,600	87	87
Environ- mental Manage- ment and- Protection		46,130,190.00	52,500,000	29,689,260	37,123,142	64	71

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	Forests Con- servation and Management	7,199,216.00	16,000,000	4,613,370	8,328,845	64	52
	Pollution con- trol& monitoring	38,930,974.00	36,500,000	25,075,890	28,794,297	64	79
Natural Resources Services		12,787,348.00	-	7,848,891	-	61	-
	Control of soil erosion	5,179,514.00	-	3,772,136	-	73	-
	Mining Services	2,267,702.00	-	588,050	-	26	-
	Water Catchment andProtection Services	5,340,132.00	-	3,488,705	-	65	-
Water and- sanitation infra- structure		99,641,339.00	-	82,163,468	-	82	-
	Water andsaniti- tation services	94,406,742.00	-	78,579,208	-	83	-
	Stormwater management	5,234,597.00	-	3,584,260	-	68	-
	Sub Total	207,206,281.00	463,671,733	162,258,696	393,369,742	78	85
4216-Samburu - Education, Youth Affairs andSports							
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
General Admin- istration Plan- ning and Support Services		165,634,758.00	-	161,061,165	-	97	
	Bursary Manage- ment Services	-	-	-	-		
	General Ad- ministration Planning and Support Services	165,634,758.00	-	161,061,165	-	97	
Early childhood develop- ment and Education		349,058,839.00	121,870,132	348,265,270	121,857,798	100	100
	Promotion of Early Childhood Education	349,058,839.00	121,870,132	348,265,270	121,857,798	100	100
	Promotion of youth em- powerment	-	-	-	-	-	-
Sports De- velopment, Training andCom- petition		-	-	-	-	-	-
	Sports Develop- ment, Training & Competition	-	-	-	-	-	-
Youth Training andDevel- opment		9,471,986.00	14,500,000	9,333,256	14,486,220	99	100

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	SP1 Revitaliza- tion of Youth Polytechnics	9,471,986.00	14,500,000	9,333,256	14,486,220	99	100
	Sub Total	524,165,583.00	136,370,132	518,659,690	136,344,018	99	100
4217-Samburu - Health Services							
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-
	Administration, Planning and Support Services	-	-	-	-	-	-
Preven- tive and Promotive Health Services		296,893,897.00	14,000,000	294,242,741	5,978,400	99	43
	Non-Commu- nicable Disease & Prevention Control	35,152,682.00	-	34,684,823	-	99	-
	Maternal Health Services	54,089,842.00	-	53,463,834	-	99	-
	Communicable Disease Control	85,175,188.00	-	84,127,424	-	99	-
	Health Promo- tive Services	122,476,185.00	14,000,000	121,966,660	5,978,400	100	43
Curative Health		696,599,113.00	44,804,001	653,535,909	19,867,245	94	44
	County Refer- ral Services	508,312,101.00	44,804,001	499,837,879	19,867,245	98	44
	Free Primary Healthcare	163,372,850.00	-	129,600,561	-	79	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	Provision Of Essential Health Services In All The Levels	24,914,162.00	-	24,097,470	-	97	-
General Admin- istration Plan- ning and Support Services		189,593,882.00	330,377,673	185,289,149	251,575,998	98	76
	Health Standards and Quality As- surance Services	81,060,204.00	-	79,891,140	-	99	-
	Research And- Development	8,519,002.00	-	7,854,194	-	92	-
	Health In- frastructure development	8,788,504.00	-	8,286,636	-	94	-
	Human Resourc- es for health	71,238,943.00	-	70,852,781	-	99	-
	Health Policy, Planning & Financing	19,987,229.00	330,377,673	18,404,399	251,575,998	92	76
Natural Resources Services		-	-	-	-	-	-
	Water Catchment and Protection Services	-	-	-	-	-	-
	Sub Total	1,183,086,892.00	389,181,674	1,133,067,800	277,421,643	96	71
4218-Samburu - Physical Planning, Housing and Urban Development							

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
General Admin- istration Plan- ning and Support Services		95,389,061.00	-	82,110,092	-	86	-
	Administration, Planning and Support Services	95,389,061.00	-	82,110,092	-	86	-
LandPolicy Planning andHous- ing		19,404,679.00	28,069,989	16,826,114	9,705,968	87	35
	Housing man- agement services	767,143.00	-	452,852	-	59	-
	GIS Data Base creation	0	-	-	-		-
	Spatial planning	7,235,126.00	-	5,792,457	-	80	-
	Survey and Mapping	11,402,410.00	28,069,989	10,580,805	9,705,968	93	35
Urban Centers Adminis- tration		31,733,278.00	95,694,559	29,797,974	61,183,559	94	64
	Urban centre management	31,733,278.00	95,694,559	29,797,974	61,183,559	94	64
	Sub Total	146,527,018.00	123,764,548	128,734,180	70,889,527	88	57
4219-Samburu - Public Works, County Roads andWater							
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	Administration, Planning and Support Services	-	-	-	-	-	-
General Admin-istration Plan-ning and Support Services		68,006,024.00	-	46,969,786	-	69	-
	Administra-tive services	53,077,548.00	-	36,836,513	-	69	-
	Design, im-plementation andsupervision of public buildings	11,930,486.00	-	7,523,600	-	63	-
	Firefighting services	2,997,990.00	-	2,609,673	-	87	-
Roads and Public Infrastruc-ture Devel-opment		48,233,895.00	256,518,424	33,024,618	220,851,488	68	86
	Street lights management	16,447,732.00	-	9,571,049	-	58	-
	Rehabilitation of Roads, Drainage andBridges	13,059,780.00	-	9,005,394	-	69	-
	Public Road transport andparking	7,853,125.00	256,518,424	7,461,876	220,851,488	95	86
	Design, super-vision andre-habilitation of County Buildings	-	-	6,986,300	-	64	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
General Admin- istration Plan- ning and Support Services		-	-	-	-	-	-
	Administration	-	-	-	-	-	-
Environ- mental Manage- ment and- Protection		-	-	-	-	-	-
	Pollution con- trol& monitoring	-	-	-	-	-	-
Water and- sanitation infra- structure		-	-	-	-	-	-
	Stormwater management	-	-	-	-	-	-
	Water and sani- tation services	-	-	-	-	-	-
	Sub Total	116,239,919.00	256,518,424	79,994,405	220,851,488	69	86
4220-Samburu - Trade, Tourism and Cooperative Development							
General Admin- istration Plan- ning and Support Services		29,470,140.00	175,500,000	22,970,827	221,329,961	78	126
	General ad- ministration	29,470,140.00	175,500,000	22,970,827	221,329,961	78	126

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
Coopera- tives De- velopment and Man- agement		28,236,026.00	3,000,000	27,304,917	1,960,200	97	65
	SACCO members' empowerment	-	-	-	-		
	Enhance Market- ing Cooperatives	28,236,026.00	3,000,000	27,304,917	1,960,200	97	65
Coop- erative Support andAdviso- ry Services		-	-	-	-	-	-
	Business Devel- opment Services for MSEs	-	-	-	-	-	-
Tourism Develop- ment and- Promotion		121,274,745.00	-	96,861,225	-	80	-
	Tourism and Infrastructure Development	-	-	-	-	-	-
	Tourism Train- ing & Capacity Building	-	-	-	-	-	-
	Establish & Man- agement of Coun- ty Tourism Infor- mation Centre	121,274,745.00	-	96,861,225	-	80	-
Trade De- velopment andPro- motion		25,958,084.00	-	23,970,751	-	92	-
	Domestic trade development	25,438,084.00	-	23,452,804	-	92	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	Market devel- opment and- promotion of fair-trade services	520,000.00	-	517,947	-	100	-
General Admin- istration Plan- ning and Support Services		11,570,856.00	15,500,000	9,430,252	5,399,030	82	35
	General Ad- ministration Planning and Support Services	11,570,856.00	15,500,000	9,430,252	5,399,030	82	35
	Sub Total	216,509,851.00	194,000,000	180,537,972	228,689,191	83	118
4221-Sam- buru - Gender, Culture and Social Services		-	-	-	-	-	-
Promotion of youth empow- erment		-	-	-	-	-	-
	Promotion of youth em- powerment	-	-	-	-	-	-
Sports De- velopment, Training andCom- petition		43,505,532.00	8,223,012	37,316,527	7,750,391	86	94
	Sports Develop- ment, Training & Competition	43,505,532.00	8,223,012	37,316,527	7,750,391	86	94

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
General Admin- istration Plan- ning and Support Services		28,359,158.00	16,500,000	26,775,454	15,498,682	94	94
	General Ad- ministration Planning and Support Services	28,359,158.00	16,500,000	26,775,454	15,498,682	94	94
Social Welfare and gender		32,492,666.00	-	21,029,972	-	65	-
	Community Mobilization andDevelopment	6,111,580.00	-	3,886,888	-	64	-
	Development andPromotion of Culture	7,676,086.00	-	6,942,510	-	90	-
	Social Welfare and gender	17,735,000.00	-	9,400,940	-	53	-
	Conservation of Heritage	970,000.00	-	799,634	-	82	-
Promotion of other sports activities		4,390,000.00	-	4,352,600	-	99	-
	Development and management of sports facilities	4,390,000.00	-	4,352,600	-	99	-
Develop- ment and Manage- ment of Sports Facilities		16,118,194.00	-	15,048,600	-	93	-

Pro-gramme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023(Kshs.)		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recur- rent Expen- diture	Devel- opment Expen- diture
	General Admin- istration Planning and Support Services (Sports)	16,118,194.00	-	15,048,600	-	93	-
	Sub Total	124,865,550.00	24,723,012	104,523,153	23,249,073	84	94
4221-Sam- buru - Assembly							
Assembly		535,331,727.00	131,000,000	79,310,440	128,860,339	15	98
	Legislative and Oversight	79,310,440.00	131,000,000	79,310,440.00	128,860,339	100	98
	County Assembly Administration	209,111,158.00	-	209,111,158.00	-	100	-
	Representation	246,910,129.00	-	246,910,129.00	-	100	-
	Grand Total	4,794,780,850.00	2,184,826,388.00	4,491,864,165.00	1,837,438,169.55	94	84

Source: Samburu County Treasury

The report on budget execution by programmes and sub-programs shows that the Department of Trade, Tourism and Cooperative Development and the Department of the County Executive had some programmes with expenditures above the budget allocation, which is a sign of a weak internal control framework by the County Treasury. Expenditure above the budget is irregular and should be addressed by the County Treasury and the concerned Accounting Officers.

3.37.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 7th August 2023
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.248 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.308.70 million were processed through the manual payroll, accounting for 14.0 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of

the Controller of Budget in line with Section 166 of the PFM Act, 2012.

2. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.38 County Government of Siaya

3.38.1 Overview of FY 2022/23 Budget

The County's approved Second Supplementary budget for the FY 2022/23 was Kshs.8.60 billion, comprising Kshs.2.83 billion (32.9 percent) and Kshs.5.78 billion (67.1 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 4.1 percent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.5.62 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.97 billion (81.0 percent) as the equitable share of revenue raised nationally, Kshs.105.81 million (1.3 percent) as Appropriations-in-Aid(A-I-A), Kshs.238.32 million (2.8 percent) as additional allocations, a cash balance of Kshs.697.04 million (8.1 percent) from FY 2021/22, and generate Kshs.590.26 million (6.9 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.253.

3.38.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.97 billion as the equitable share of the revenue raised nationally, Kshs.105.81 million as A-I-A, Kshs.116.68 million as additional allocations, had a cash balance of Kshs.697.04 million from FY 2021/22 and raised Kshs.402.23 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.8.29 billion, as shown in Table 3.252.

Table 3.252: Siaya County, Revenue Performance in FY 2022/23

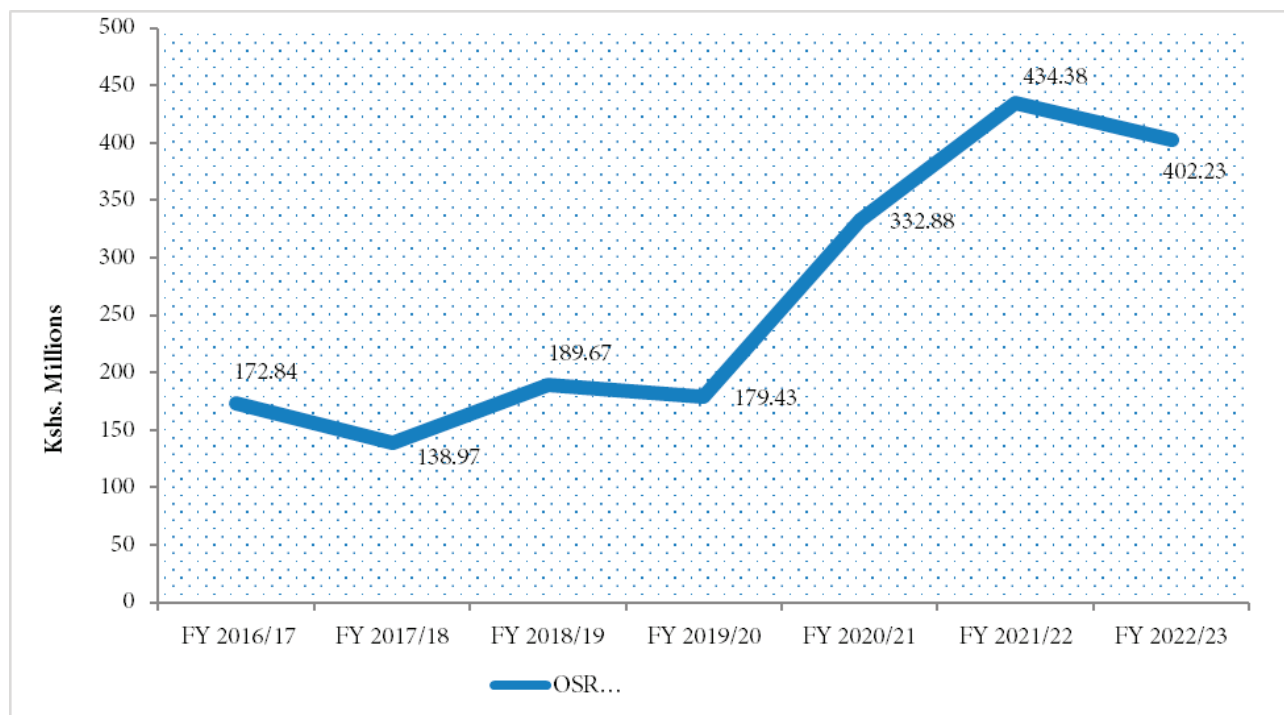
S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,966,507,531	6,966,507,531	100.0
	Subtotal	6,966,507,531	6,966,507,531	100.0
B	Additional allocations			
1.	Lease of Medical Equipment	110,638,298	-	-
2.	Kenya Climate Smart Agriculture Project (KCSAP)	75,368,050	75,368,050	100.0

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
3.	Agriculture Sector Development Support Project (ASDSP)	9,337,829	9,337,829	100.0
4.	Financing Locally Led Climate Action (FLLoCA)	22,000,000	11,000,000	50.0
5.	DANIDA	18,631,688	18,631,688	100.0
6.	Kenya Urban Support Program (KUSP-UIG)	2,339,915	2,339,915	100.0
Sub Total		238,315,780	116,677,432	49.0
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	700,998,234	508,041,662	72.5
2.	Unspent balance from FY 2021/22	697,043,128	697,043,128	100.0
3.	Other Revenues (provide a list)	-	-	-
Sub Total		1,398,041,362	1,205,084,790	86.2
Grand Total		8,692,864,673	8,288,269,753	96.3

Source: Siaya County Treasury

Figure 112 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

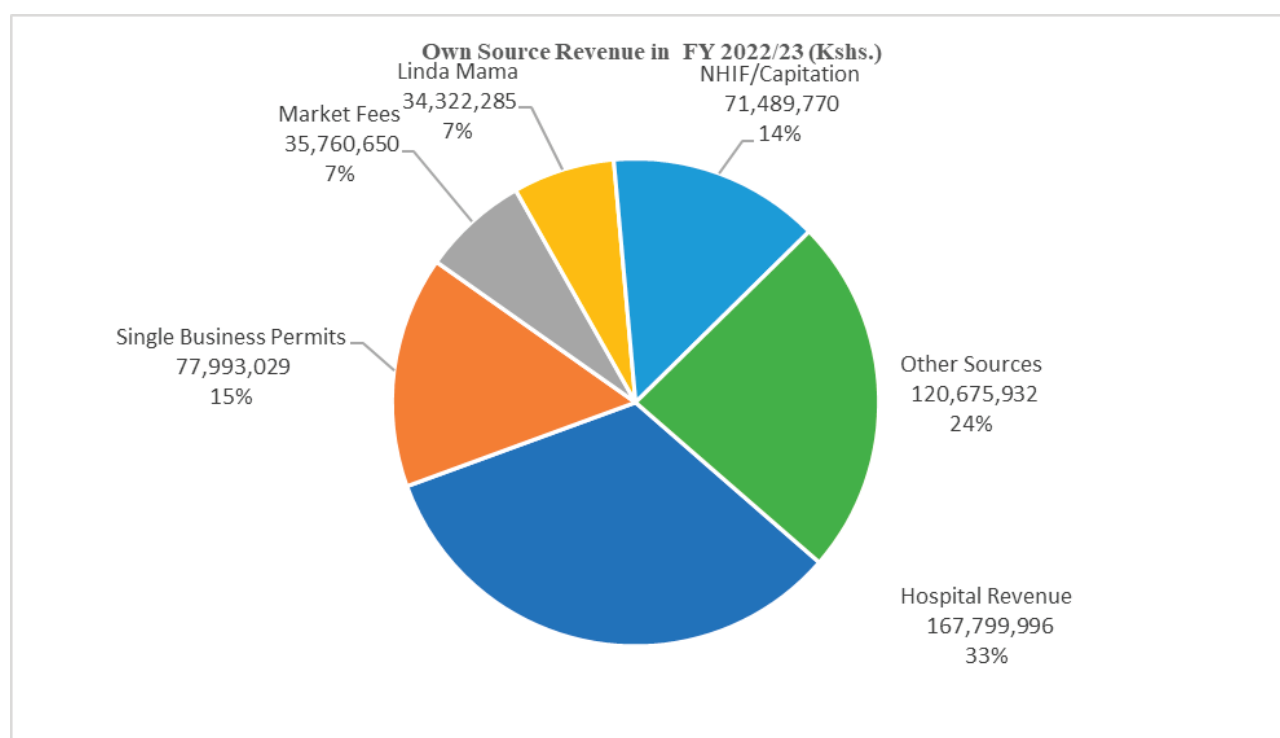
Figure 112: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Siaya County Treasury

In FY 2022/23, the County generated a total of Kshs.508.04 million from its sources of revenue (Own Source Revenue of Kshs.402.23 million and A-I-A of Kshs.105.81 million). The County Treasury did not provide disaggregated A-I-A revenue collections for the previous financial year. This amount represented an increase of 17 percent compared to Kshs.434.38 million realised in FY 2021/22. It was 72.5 percent of the annual target and 7.3 percent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.49.16 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 113.

Figure 113: Top Streams of Own Source Revenue in FY 2022/23



Source: Siaya County Treasury

The highest revenue stream of Kshs.167.80 million was from Hospital Revenue, contributing to 33.0 percent of the total OSR receipts during the reporting period. Overall revenue from the health sector amounted to Kshs.279.19 million, representing 55.0 percent of the overall collection in FY 2022/23.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.07 billion from the CRF account during the reporting period. The amount comprised Kshs.1.70 billion (24.0 percent) for development programmes and Kshs.5.37 billion (76.0 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.00 billion was released towards Employee Compensation, and Kshs.2.37 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.796.35 million.

3.38.4 County Expenditure Review

The County spent Kshs.6.80 billion on development and recurrent programmes in the reporting period. The expenditure represented 95.9 percent of the total funds released by the CoB and comprised Kshs.1.52 billion and Kshs.5.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53.4 percent. In contrast, recurrent expenditure represented 91.4 percent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills of Kshs.840.67 million, comprising Kshs.380.21 million for recurrent expenditure and Kshs.460.45 million for development activities. During the year, pending bills amounting to Kshs.510.97 million were settled, consisting of Kshs.189.67 million for recurrent expenditure and Kshs.321.30 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.543.68 million in FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.873.38 million (inclusive of FY 2022/23 pending bills).

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.70 billion on employee compensation, Kshs.1.70 billion on operations and Maintenance , and Kshs.1.35 billion on development activities. Similarly, the County Assembly spent Kshs.297.71 million on employee compensation, Kshs.580.33 million on operations and Maintenance , and Kshs.163.40 million on development activities, as shown in Table 3.253 .

Table 3.253: 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	4,867,598,492	908,268,880	4,400,960,932	878,035,130	90.4	96.7
Compensation to Employees	2,726,580,085	380,219,901	2,703,786,831	297,705,674	99.2	78.3
Operations and Maintenance	2,141,018,407	528,048,979	1,697,174,101	580,329,456	79.3	109.9
Development Expenditure	2,415,108,549	411,888,752	1,356,877,140	163,398,230	56.2	39.7
Total	7,282,707,041	1,320,157,632	5,544,142,851	1,041,433,360	79.1	78.9

Source: Siaya County Treasury

3.38.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.00 billion, or 36.2 percent of the revenue for FY 2022/23 of Kshs.8.29 billion. This expenditure represented an increase from Kshs.2.79 billion reported in FY 2021/22. The wage bill included Kshs.1.38 billion paid to health

sector employees, translating to 46.0 percent of the total wage bill. The increase is attributable to partly the payment of salary arrears for the previous financial year and the recruitment of new staff, especially in the Health Department.

Further analysis indicates that PE costs amounting to Kshs.2.32 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.685.37 million was processed through manual payrolls. The manual payrolls accounted for 23.0 percent of the total PE cost.

The County Assembly spent Kshs.24.51 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.25.07 million. The average monthly sitting allowance was Kshs.47,497.44 per MCA. The County Assembly has established 23 Committees.

3.38.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.278.02 million to county-established funds in FY 2022/23, constituting 3.2 percent of the County's overall budget. Table 3.254 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.254: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
	Siaya County Bursary Fund	75,000,000	75,000,000	75,000,000	YES
	Siaya County Emergency Fund	71,803,911	70,000,000	23,146,217	YES
County Assembly Established Funds					
	Siaya County Assembly MCA's and Staff Car Loan and Mortgage Fund	132,212,000	132,212,000	132,212,000	YES
	Total	278,015,911	277,212,000	230,358,217	

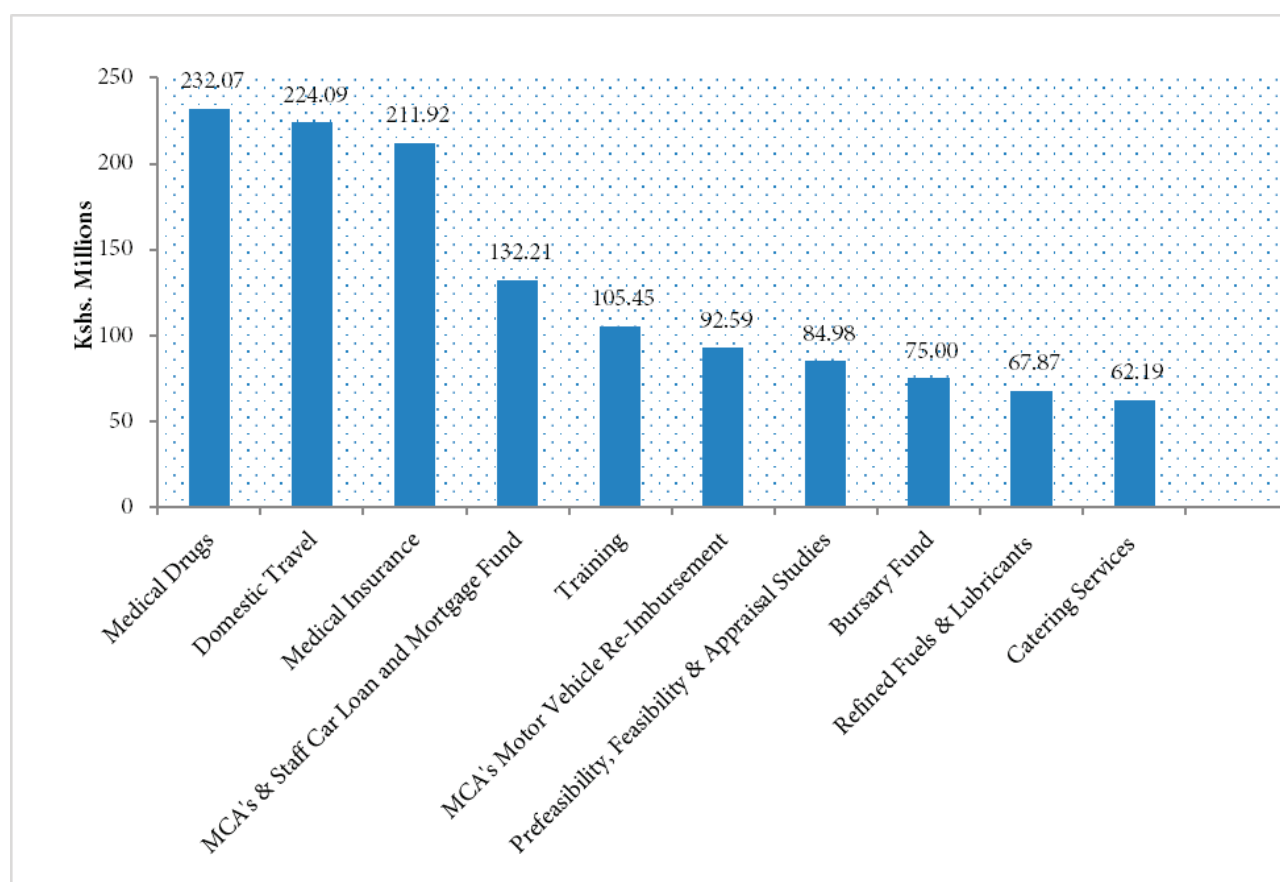
Source: Siaya County Treasury

During the reporting period, the CoB received quarterly financial returns from Fund Administrators as indicated in Table 3.254: Performance of County Established Funds as of 30th June 2023.

3.38.9 Expenditure on Operations and Maintenance

Figure 114 summarises the Operations and Maintenance expenditure by major categories.

Figure 114: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

During the period, expenditure on domestic travel amounted to Kshs.224.09 million and comprised Kshs.115.05 million spent by the County Assembly and Kshs.109.04 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.41 million by the County Executive, which was spent on a benchmarking visit to Turkey in January 2023.

3.38.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.52 billion on development programmes, representing a decrease of 9.6 percent compared to FY 2021/22, when the County spent Kshs.1.88 billion. Table 3.256: Siaya County, List of Development Projects with the Highest Expenditure below Table 3.255 summarises development projects with the highest expenditure in the reporting period.

Table 3.255: Siaya County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction and Fencing of Ward Offices	All Wards	160,167,929	34,759,153	124,001,160	77.4

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
2	County Assembly	Geo-Survey, Drilling and Equipping of Boreholes in the 30 Ward Offices	All Wards	125,662,548	63,558,814	64,836,353	51.6
3	County Assembly	Construction of Meeting Halls in the Ward Offices	All Wards	149,913,785	104,900,292	90,168,197	60.1
4	Water, Irrigation, Environment and Natural Resources	Construction of Abura Dam		44,044,800	44,620,240	44,044,800	100.0
5	County Health Services	Refrigeration at Siaya Referral Morgue (48-body capacity refrigeration machine)	Siaya Municipality	50,227,989.24	50,000,000	35,159,593	70.0
6	Lands, Physical Planning and Urban Development	Acquisition of land for Development and Investment	Countywide	39,582,006	37,919,743	32,900,006	83.1
7	Agriculture, Food, Livestock and Fisheries	Purchase of certified seeds	County- Wide	39,999,850	40,000,000	39,999,850	100.0
8	Agriculture, Food, Livestock and Fisheries	Purchase of Fertilisers	Countywide	39,999,850	40,000,000	39,999,750	100.0
9	Agriculture, Food, livestock and Fisheries	Purchase of 10 No. Tractors	County Headquarters	30,694,000	30,694,000	30,694,000	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
10	County Assembly	Ward Office Networking, including the development of WAN (Wide Area Network) and structured cabling in the Ward Offices)	All Ward Offices	102,183,608	105,000,000	30,655,082	30.0

Source: Siaya County Treasury

3.38.11 Budget Performance by Department

Table 3.256 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.256: Siaya County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	908.27	411.89	878.21	163.44	878.04	163.40	100.0	100.0	96.7	39.7
Governance and Administration	607.05	10.50	604.22	-	600.34	-	99.4	-	98.9	-
Finance and Economic Planning	942.61	2.00	937.16	-	936.02	-	99.9	-	95.9	-
Agriculture, Irrigation, Food, Livestock and Fisheries	286.56	327.72	270.85	236.05	270.51	178.06	99.9	75.4	95.1	54.3
Water, Environment and Natural Resources	81.25	310.77	82.60	270.98	82.56	270.39	100.0	99.8	89.5	87.0
Education, Youth Affairs, Gender, Sports and Social Services	310.20	333.28	254.42	179.64	254.08	169.78	99.9	94.5	82.1	50.9
County Health Services	2,167.11	334.30	1,870.99	80.23	1,793.24	73.20	95.8	91.2	85.4	21.9
Lands, Physical Planning, Housing and Urban Development	145.92	95.37	147.73	77.63	147.13	61.52	99.6	79.2	99.6	64.5

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
Roads, Public Works, Energy and Transport	90.57	662.71	86.44	568.94	85.84	497.26	99.3	87.4	96.3	75.0
Enterprise and Industrial Development	155.02	305.81	142.14	90.04	139.44	89.43	98.1	99.3	86.9	29.2
Tourism, Culture, ICT and Arts	105.50	32.65	92.67	31.74	91.80	17.24	99.1	54.3	90.4	52.8
Total	5,800.07	2,827.00	5,3697.45	1,698.69	5,279.00	1,520.28	98.4	89.5	91.4	53.8

Source: Siaya County Treasury

Analysis of expenditure- by department shows that the Department of Water, Environment and Natural Resources recorded the highest absorption rate of development budget at 87.0 percent, followed by the Department of Roads, Public Works, Energy and Transport at 75.0 percent. The Department of Lands, Physical Planning, Housing and Urban Development had the highest percentage of recurrent expenditure to budget at 99.6 percent, while the Department of Education, Youth Affairs, Gender, Sports and Social Services had the lowest at 82.1 percent.

3.38.12 Budget Execution by Programmes and sub-programmes

Table 3.257 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.257: Siaya County, Budget Execution by Programmes and sub-programmes

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
	Legislation	460,850,962	-	448,569,949.95	-	94.0	-
	Oversight	40,000,000	-	39,432,925	-	97.2	-
	Staff Management and Development	407,417,918	411,888,752	391,076,521.05	163,398,230	99.9	39.7
	Sub Total	908,268,880	411,888,752	879,079,396	163,398,230	96.8	39.7
Governance and Administration							
	General Administration, Planning and Support Services	269,345,963	10,500,000	262,912,423	1,468,136.80	97.6	14.0
	The Office of the Governor	141,882,762	-	121,900,510	-	85.9	-

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	County Public Service Board	61,401,031	-	60,534,364.80	-	98.6	-
	Fire Fighting and Disaster Management	6,567,848	-	3,491,226	-	53.2	-
	Sub County Administration	97,557,046	-	95,547,642.25	-	97.9	-
	Human Resource Management	30,294,879	-	29,055,692	-	95.9	-
	Sub Total	607,049,529.00	10,500,000.00	573,441,857.95	1,468,136.80	94.5	14.0
Finance and Economic Planning							
	Financial Services	14,678,965	-	11,213,605.60	-	76.4	-
	Administration, Planning, Revenue and accounting	823,523,661	2,000,000	688,364,517.95	-	83.6	-
	Procurement	5,454,630	-	4,863,757	-	89.2	-
	Budget Services	44,535,007	-	43,734,764	-	98.2	-
	Internal Audit	9,839,329	-	8,637,560	-	87.8	-
	Economic Planning	78,276,045	-	67,902,470.85	-	86.7	-
	Sub Total	976,307,637.00	2,000,000.00	824,716,675.40	-	84.5	-
Agriculture, Food, Livestock and Fisheries							
	Administration	92,400,304	23,707,290	91,427,070.80	15,886,151.20	98.9	67.0
	Veterinary Services	21,297,256	5,063,261	21,465,263	1,780,617.40	100.8	35.2
	Crop Management	152,500,084	251,755,301	150,717,943.55	217,135,170.20	98.8	86.2
	Fisheries De- velopment and Management	18,365,662	47,199,142	17,689,450	34,542,131.70	96.3	73.2
	Sub Total	284,563,306.00	327,724,994.00	281,299,727.35	269,344,070.50	98.9	82.2
Water, Irrigation, Environment and Natural Resources							
	Administration	39,850,652	-	38,283,898.95	-	96.1	-
	Water Services	26,630,000	310,767,514	25,723,665.15	268,534,375.65	96.6	86.4
	Forestry	25,770,000	-	2,793,902.60	-	10.8	-
	Sub Total	92,250,652.00	310,767,514.00	66,801,466.70	268,534,375.65	72.4	86.4
Education, Youth Affairs, Gender and Social Services							

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Administra- tion Services	251,315,362	-	246,228,237.15	-	98.0	-
	ECD Programmes	12,349,382	174,887,792	11,192,400	69,843,840.20	90.6	39.9
	Youth Polytech- nics and Youth Trainings	5,243,584	33,216,989	3,673,629	29,693,532	70.1	89.4
	Sports	16,563,609	71,072,246	14,263,900	31,949,909.65	86.1	45.0
	Social Resources	24,162,927	54,503,058	17,029,900	35,356,769	70.5	64.9
	Sub Total	309,634,864.00	333,680,085.00	292,388,066.15	166,844,050.85	94.4	50.0
County Health Services							
-							
	General Admin- istration and Planning Services	1,490,768,146	-	1,052,311,763.30	-	70.6	-
	Curative Health- care Services	204,908,249	334,301,757	199,951,298.85	89,348,136.60	97.6	26.7
	Preventive, Promotive and Rehabilitative Health Services	83,755,896	-	69,194,471	-	82.6	-
	Facility Improve- ment Fund	109,000,700	-	56,327,054	-	51.7	-
	HIV Services	25,219,688	-	24,869,022	-	98.6	-
	TB Services	76,446,751	-	57,261,123	-	74.9	-
	Nutrition Services	58,578,536	-	607,267	-	1.0	-
	Environmental Health Services	50,158,116	-	850,000	-	1.7	-
	Sub Total	2,098,836,082.00	334,301,757.00	1,461,371,999.45	89,348,136.60	69.6	26.7
Lands, Physical Planning, Urban Development and Housing							
	Physical Planning	46,624,572	26,708,391	45,541,520	20,376,490	97.7	76.3
	Land Survey and Mapping	15,773,991	41,917,306	11,638,067	34,401,767.95	73.8	82.1
	Housing	27,080,269	3,556,811	25,806,712.10	2,253,601.60	95.3	63.4

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	General Ad- ministration, Planning and Support Services	58,282,630	23,185,646	54,589,941.85	2,277,734.60	93.7	9.8
	Sub Total	147,761,462.00	95,368,154.00	137,576,241.40	59,309,594.15	93.1	62.2
Roads, Public Works, Energy and Transport							
	General Admin- istration Services	959,795	-	134,000	-	14.0	-
	Road Develop- ment, main- tenance and Management	87,587,924	662,707,428	74,305,619.05	517,978,992.75	84.8	78.2
	County Govern- ment Building Services	627,241	-	-	-	-	-
	Sub Total	89,174,960.00	662,707,428.00	74,439,619.05	517,978,992.75	83.5	78.2
Enterprise and Industrial Development							
	General Admin- istration and Planning Services	130,371,895	-	120,231,108.40	-	92.2	-
	Trade Devel- opment and- Investment	3,751,705	-	3,353,984.80	-	89.4	-
	Promotion of Fair- Trade Practices	6,197,000	-	3,855,494	-	62.2	-
	Cooperative Ex- tension Services	11,305,000	-	9,595,438	-	84.9	-
	Market services	8,894,400	305,808,902	6,862,474	80,500,234.95	77.2	26.3
	Sub Total	160,520,000.00	305,808,902.00	143,898,499.00	80,500,234.95	89.6	26.3
Tourism, Culture, Sports and Arts							
	ICT	7,595,000	17,380,187	5,364,372.95	12,386,844.40	70.6	71.3
	Tourism	-	14,869,528	-	7,699,916.90	-	51.8
	General Ad- ministration, Planning and Support Services	71,505,000	-	63,701,989.20	-	89.1	-

Programme Sub-Programme		Approved Estimates		Actual Expenditure as of 30 th June 2023		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Communica- tion Services	22,400,000	-	18,568,024	-	82.9	-
	Sub Total	101,500,000.00	32,249,715	87,634,386.15	20,086,761.30	86.3	62.3
Grand Total		5,775,867,372.00	2,826,997,301.00	4,822,663,864.60	1,636,812,583.55	83.5	57.9

Source: Siaya County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Youth and Youth Polytechnics in the Department of Education, Youth Affairs, Gender, Sports & Social Services at 89.4 percent, Water Services in the Department of Water, Environment & Natural Resources at 86.4 percent, Crop Management in the Department of Agriculture, Irrigation, Food, Livestock & Fisheries at 86.2 percent, and Land Survey and Mapping at 82.1 percent of budget allocation.

3.38.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 4th August 2023.
2. The under performance of own-source revenue collection at Kshs.508.04 million against an annual projection of Kshs.701 million, representing 72.5 percent of the annual target.
3. High level of pending bills which amounted to Kshs.873.38 million as of 30th June 2023.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.685.37 million were processed through the manual payroll, accounting for 23.0 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. As shown in Table 3.256 above, the total reported expenditures on the two tables do not reconcile, indicating weak budgeting and inadequate use of IFMIS, which explains the variance.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Treasury should improve the Vote Book and budgetary control to ensure that the expenditure is within the approved budget. Further, all expenditure transactions should be done using IFMIS to ensure that all expenditures incurred are reconcilable.*

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2022/23 Budget

The County's approved third supplementary budget for the FY 2022/23 was Kshs.7.19 billion, comprising Kshs.2.20 billion (30.5 percent) and Kshs.5 billion (69.5 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented an increase of 0.05 percent compared to the previous financial year when the approved budget was Kshs.7.15 billion and comprised Kshs.2.49 billion towards development expenditure and Kshs.4.66 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.4.84 billion (67.3 percent) as the equitable share of revenue raised nationally, generate Kshs.389.40 million (5.4 percent) from its own sources of revenue, Kshs.151.71 million (2.1 percent) from other revenue sources, Kshs.1.42 billion (19.8 percent) as additional allocations, and a cash balance of Kshs.387.37 million (5.4 percent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.258.

3.39.2 Revenue Performance

In FY 2022/23, the County received Kshs.4.84 billion as the equitable share of the revenue raised nationally, raised Kshs.265.25 million as own-source revenue, Kshs.161.11 million as Appropriations in Aid, Kshs.874.38 million as additional allocations, and had a cash balance of Kshs.387.37 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.53 billion, as shown in Table 3.258.

Table 3.258: Taita Taveta County, Revenue Performance in FY 2022/23

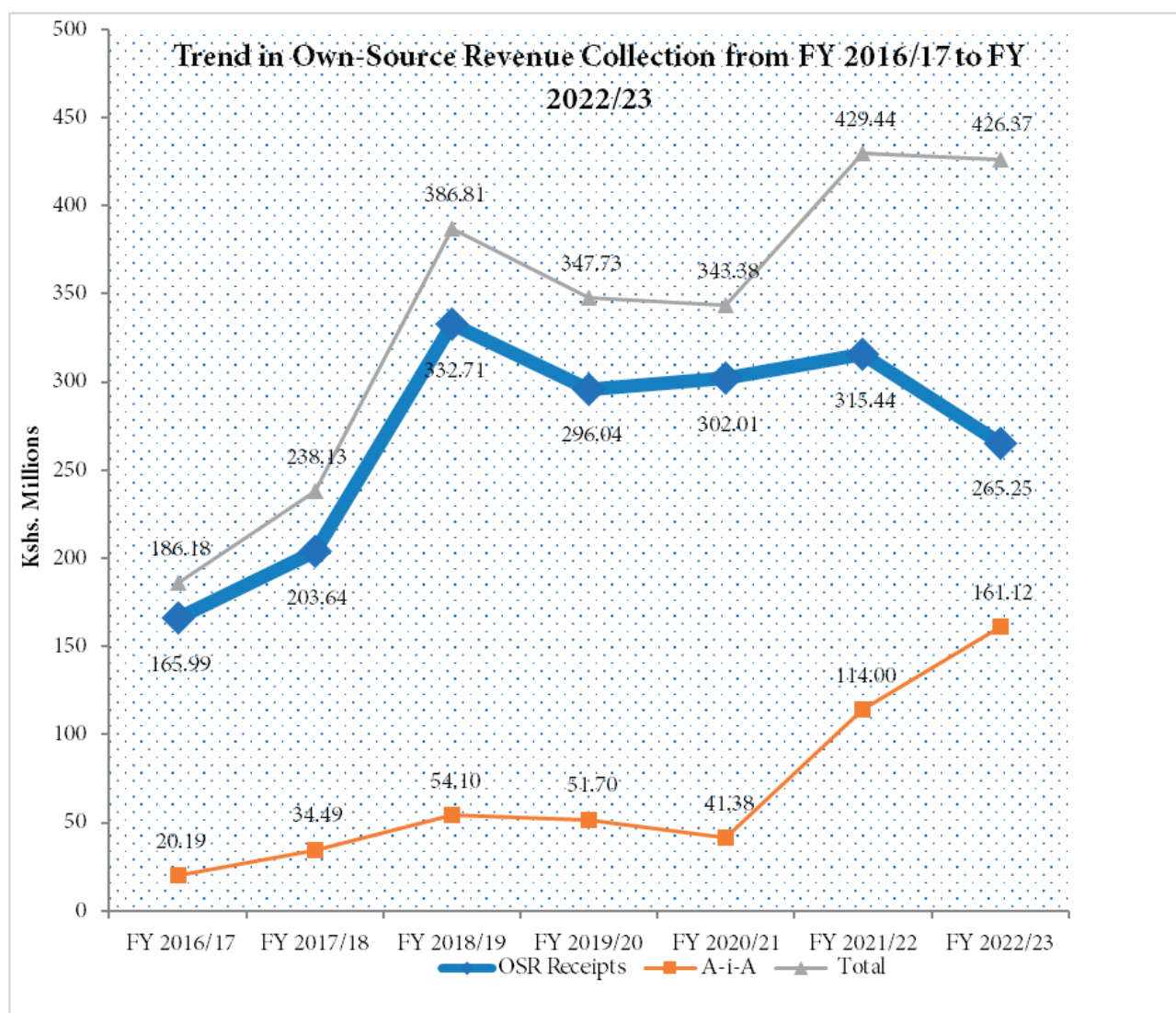
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,842,174,698	4,842,174,698	100
	Sub Total	4,842,174,698	4,842,174,698	100
B	Additional allocations			
1	Kenya Informal Settlement Improvement Project-World Bank	60,000,000	30,000,000	50
2	EU Grant (Instrument for Devolution Advice and Support IDEAS)	15,624,929	-	-
3	Transforming Health Systems For Universal Care Project- World Bank B/F	8,500,000	8,500,000	100
4	Danida grant for universal healthcare for devolved system program	13,642,875	-	-
5	DANIDA- Universal healthcare financing-grant-FY 21/22	9,045,000	4,602,548	50.9
6	Kenya Climate Smart Agriculture Program - IDA (World Bank)	290,416,775	147,862,767	50.9
7	Water and Sanitation Development Project (World Bank)	800,000,000	569,396,254	71.2
8	Agricultural Sector Development Support Programme (ASDSP)-Sweden	17,921,715	17,921,715	100

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
9	Locally Led Climate Action Programme-fLLoCAP-WB grant	125,000,000	16,000,000	12.8
10	KUSP-Mwatate municipality	2,339,915	2,339,915	100
11	Mwatate Municipality B/F	10,500,000	10,571,577	100.7
12	WB-National Agricultural Value Chain Development Project	70,000,000	67,192,729	96
Sub Total		1,422,991,209	874,387,505	61
C	Other Sources of Revenue			
1	Own Source Revenue	389,402,624	265,254,255	68.1
2	Balance b/f from FY2021/22	387,373,977	387,373,977	100
3	Appropriation in Aid (AIA)	100,000,000	161,118,235	161.1
4	Other Revenues	51,716,156	-	-
Sub Total		928,492,757	812,374,668	87.5
Grand Total		7,193,658,664	6,530,308,670	90.8

Source: Taita Taveta County Treasury

Figure 115 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

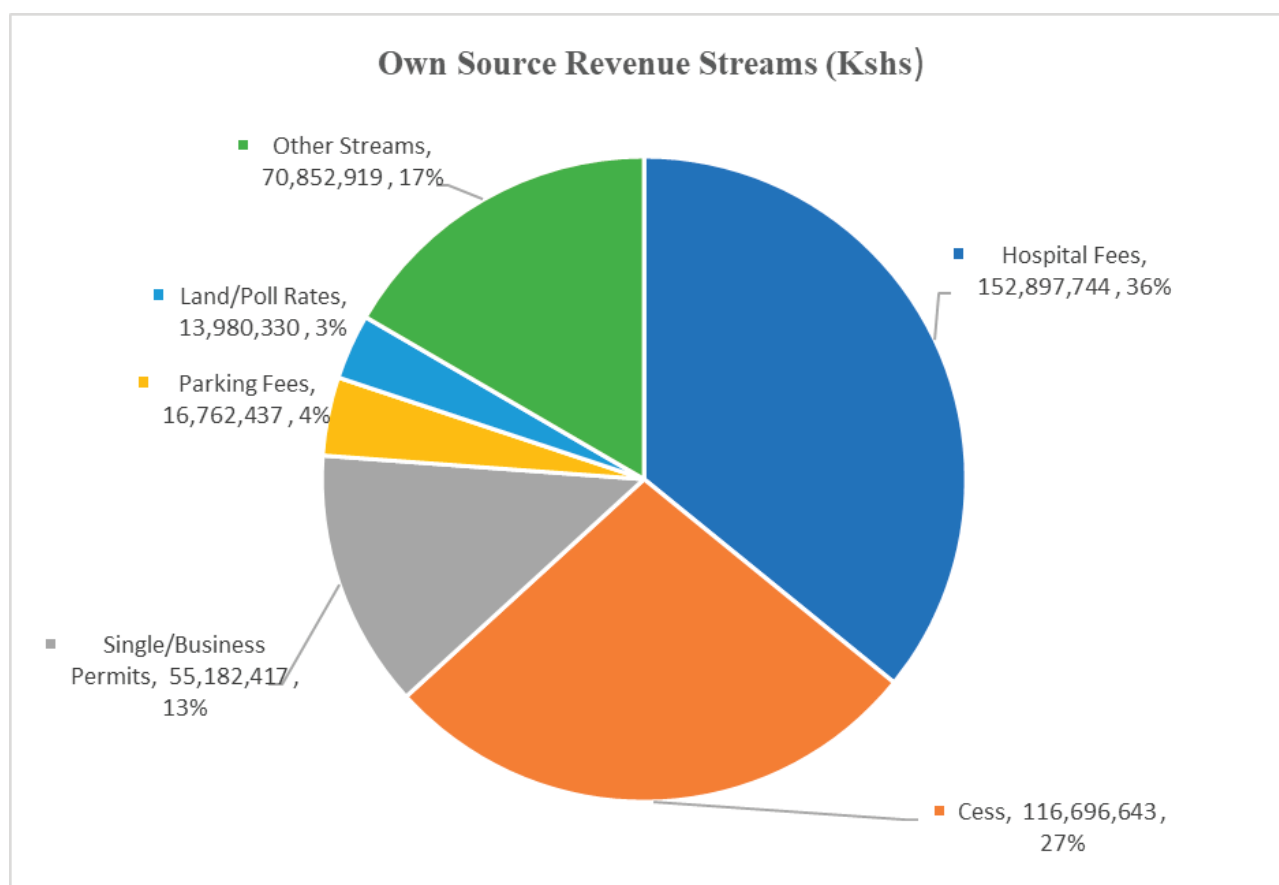
Figure 115: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Taita Taveta County Treasury

In FY 2022/23, the County generated a total of Kshs.265.25 million from its own sources of revenue. This amount represented a decrease of 15.9 percent compared to Kshs.315.43 million realised in a similar period in FY 2021/22. It was 68.1 percent of the annual target and 5 percent of the equitable revenue share disbursed during the period. The Appropriation in Aid outperformed the annual target of Kshs.100 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 116.

Figure 116: Top Streams of Own Source Revenue in FY 2022/23



Source: Taita Taveta County Treasury

The highest revenue stream of Kshs.152.89 million was from Hospital fees, contributing to 36 percent of the total OSR receipts during the reporting period, followed by Cess, which accounted for 27 percent of the overall OSR in FY 2022/23.

3.39.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.6.14 billion from the CRF account during the reporting period. This amount comprised Kshs.1.26 billion (20.6 percent) for development programmes and Kshs.4.87 billion (79.4 percent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.3.31 billion was released towards employee compensation, and Kshs.1.56 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.201.59 million.

3.39.4 County Expenditure Review

The County spent Kshs.6.13 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 percent of the total funds released by the CoB and comprised of Kshs.1.26 billion and Kshs.4.87 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 57.4 percent, while recurrent expenditure represented 97.6 percent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.03 billion, comprising Kshs.444.35 million for recurrent expenditure and Kshs.589.62 million for development activities. During the year, pending bills amounting to KShs.348.50 million were settled, consisting of Kshs.135.41 million for recurrent expenditure and Kshs.213.08 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.254.62 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.1.02 billion.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.02 billion on employee compensation, Kshs.1.00 billion on operations and maintenance, and Kshs.1.21 billion on development activities. Similarly, the County Assembly spent Kshs.253 million on employee compensation, Kshs.600 million on operations and maintenance, and Kshs.46.22 million on development activities, as shown in Table 3.259.

Table 3.259: 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	4,021,525,716	975,022,686	4,021,525,716	853,002,779	100	87.5
Compensation to Employees	3,061,231,044	254,200,000	3,020,588,290	253,000,000	98.7	99.5
Operations and Maintenance	960,294,672	720,822,686	1,000,937,426	600,002,779	104.2	83.2
Development Expenditure	2,139,012,261	58,000,000	1,214,832,733	46,220,389	56.8	79.7
Total	6,160,537,977	1,033,022,686	5,236,358,449	899,223,168	85	87

Source: Taita Taveta County Treasury

3.39.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.3.27 billion, or 50 percent of the revenue for FY 2022/23 of Kshs.6.53 billion. This expenditure represented an increase from Kshs.2.82 billion reported in a similar FY 2021/22 period. The wage bill included Kshs.1.2 billion paid to health sector employees, translating to 37 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.06 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.204 million was processed through manual payrolls. The manual payrolls accounted for 5.9 percent of the total PE cost.

The County Assembly spent Kshs.18.44 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.36.94 million. The average monthly sitting allowance was Kshs.46,570 per MCA. The County Assembly has established 23 Committees.

3.39.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.383.84 million to county-established funds in FY 2022/23, constituting 5 percent of the County's overall budget. Table 3.260 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.260: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (KShs)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Education Fund	147,840,000	142,000,000	142,000,000	Yes
2	County Emergency Fund	10,000,000	-	-	Yes
3	County Executive Car Loan & Mortgage Fund	10,000,000	10,000,000	10,000,000	Yes
County Assembly Established Funds					
4	County Assembly Car Loan & Mortgage Scheme Fund	145,000,000	127,940,000	98,820,000	Yes
5	County Assembly Reimbursement of Car Grant	71,000,000	49,460,000	49,460,000	Yes
	Total	383,840,000	319,400,000	225,280,000	

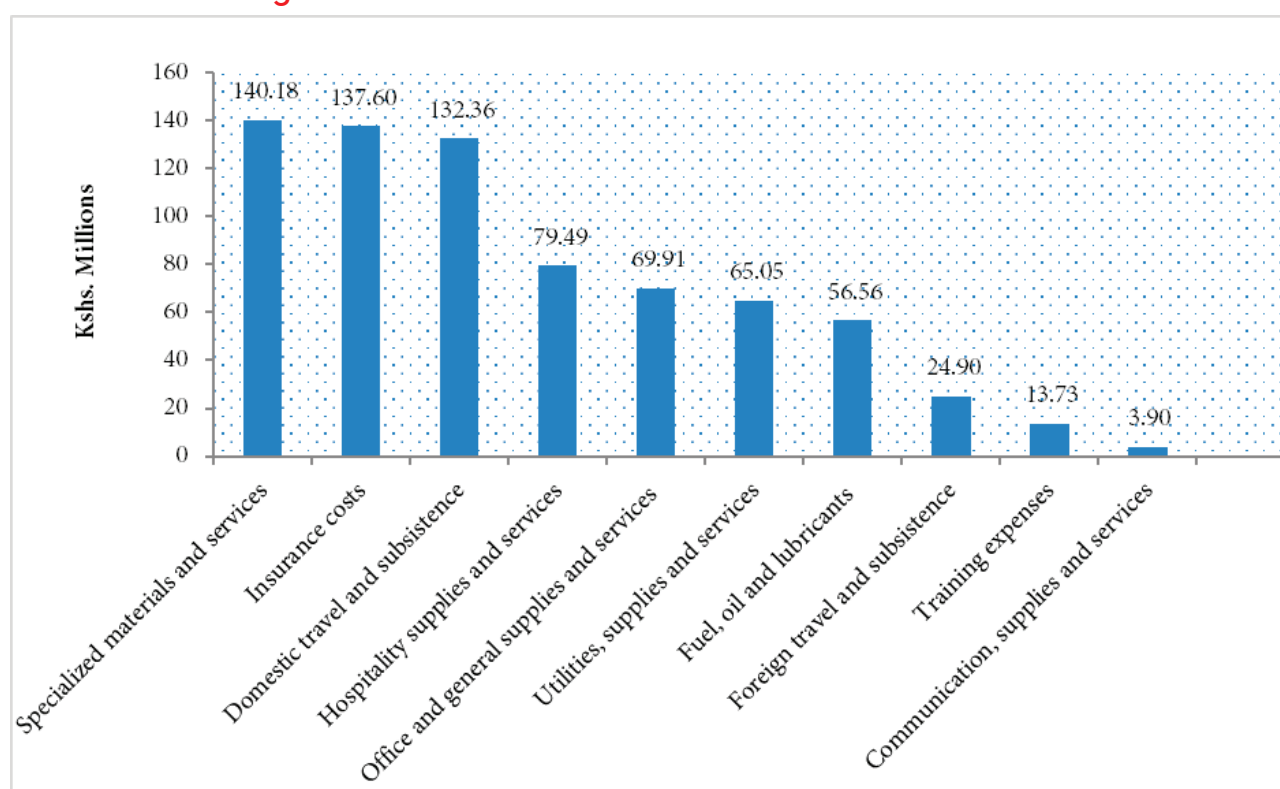
Source: Taita Taveta County Treasury

The OCOB received all the quarterly financial returns from the Fund Administrators of the five funds as indicated in Table 3.260.

3.39.9 Expenditure on Operations and Maintenance

Figure 117 shows a summary of operations and Maintenance expenditure by major categories.

Figure 117: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

During the period, expenditure on domestic travel amounted to Kshs.142.35 million and comprised of Kshs.119.06 million spent by the County Assembly and Kshs.23.29 million by the County Executive. Expenditure on foreign travel amounted to Kshs.24.89 million and comprised of Kshs.21.50 million by the County Assembly and Kshs.3.39 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.261.

Table 3.261: Summary of Highest Expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	1	26th Jan 2023 to 6th Feb 2023	Attend Administration Management Training	Israel	1,345,470
County Assembly	9	22nd-28th May 2023	Training on the legislative process andparliamentary procedures at EALA	Tanzania	2,666,904
County Assembly	17	19th to 23rd March 2023	Bench Marking Process at EALA Arusha	Tanzania	5,464,972
County Assembly	11	3rd-6th June	Training on legislative andparliamentary procedures	Dubai	8,990,968
County Assembly	10	3rd to 8th January 2023	Attend 18th Jamboree Function	India	7,020,210
County Assembly	24	15th to 28th Nov 2022	WSPU members and Leadership meeting and Training	Zanzibar	7,009,066

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	2	12/07/2023	Workshop and study tour	Italy	1,451,811
County Executive	2	24-Jun-23	Water Resilience and Emergency Preparedness Event	Israel	2,842,883
County Executive	1	18-Jun-23	Management Training	Israel	2,773,951

Source: Taita Taveta County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 5 out of the 9 foreign trips sampled, delegates have surpassed the limit.

3.39.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1,26 billion on development programmes, representing an increase of 53.2 percent compared to a similar period in FY 2021/22 when the County spent Kshs.822.56 million. Table 3.262 summarises development projects with the highest expenditure in the reporting period.

Table 3.262: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
1	Agricultural Sector Development Programme (Grant)	Agriculture	Countywide	25,563,197	17,921,715	17,921,715	70
2	Kenya Climate Smart Agriculture Program - (World Bank)	Agriculture	Countywide	313,757,537	262,968,824	253,589,289	81
3	Water and Sanitation Development Project (World Bank)	Water	Countywide	800,000,000	604,999,977	604,999,977	76
4	Kenya Urban Support Programme- Urban Towns Upgrading	Lands	Mwatate	20,000,000	12,911,492	12,911,492	65

S/No.	Project Name	Department	Location	Budget	Exchequer issues	Expenditure	Absorption Rate
5	Refurbishment of Buildings (Old County Assembly Chambers)	Assembly	Wundanyi	10,000,000	9,476,900	9,476,900	95
6	Construction of New County Assembly Chamber	Assembly	Wundanyi	40,000,000	36,743,489	36,743,489	92
7	Pending Bills	Finance	Countywide	409,899,966	305,880,364	98,987,850	24
8	Locally Led Climate Action Programme (Climate Change) WB	Water	Countywide	125,000,000	11,000,000	10,464,482	8
9	Kenya Informal Settlement Improvement Project-World Bank	Lands	Countywide	60,000,000	30,000,000	30,000,000	50
10	WB-National Agricultural Value Chain Development Project	Agriculture	Countywide	67,192,729	67,192,729	67,192,729	100
TOTAL				1,871,413,429	1,359,095,490	1,142,287,923	61

Source: Taita Taveta County Treasury

3.39.11 Budget Performance by Department

Table 3.263 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.263: Taita Taveta County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (KShs. Million)		Exchequer Issues (KShs. Million)		Expenditure (KShs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	975.02	58	856	46.22	853	46.22	99.6	100	87.5	79.7
Public Service and Administration	3,204.34	-	3,204.34	-	3,204.34	-	100	-	100	-

Department	Budget Allocation (KShs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Governor's and Deputy Governor's Office	118.12	1.72	118.12	1.72	118.12	1.72	100	100	100	100
Finance and Economic Planning	259	212.39	259	173.24	259	173.24	100	100	100	81.6
Agriculture, Livestock and Fisheries	18.74	461.6	18.74	238.68	18.74	238.68	100	100	100	51.7
Water and Irrigation	7.8	1,070.10	7.8	633.43	7.8	633.43	100	100	100	59.2
Education and Libraries	161.65	63.5	161.65	11.96	161.65	11.96	100	100	100	18.8
Health	149.3	74.44	149.3	29.86	149.3	29.86	100	100	100	40.1
Trade, Tourism and Cooperative Development	11.83	5	11.83	1.95	11.83	1.95	100	100	100	39.1
County Public Service Board	15.92	2.5	15.92	2.5	15.92	2.5	100	100	100	100
Infrastructure and Public Works	42.26	89.3	42.26	48.12	42.26	48.12	100	100	100	53.9
Lands, Environment and Natural Resources	23.28	93.3	23.28	41.37	23.28	41.37	100	100	100	44.3
Youth, Gender, Sports, Culture and Social Services	9.3	65.16	9.3	36.6	9.3	32	100	87.4	100	49.1
Total	4,996.55	2,197.01	4,877.53	1,265.66	4,874.53	1,261.05	99.9	99.6	97.6	57.4

Source: Taita Taveta County Treasury

Analysis of Expenditure by Department shows that the Office of The Governor & Deputy Governor and County Public Service Board recorded an absorption rate of 100 percent, followed by the Department of Finance & Planning at 81.6 percent. All the Departments had recurrent expenditure to budget at 100 percent Except the County Assembly, which had 87.5 percent.

3.39.12 Budget Execution by Programmes and sub-programmes

Table 3.264 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.264: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
3260				
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	-	-	-
701003260	General Administration support services	-	-	-
	County Assembly Headquarters	1,033,022,686	899,223,159	87
701003260	General Administration support services	975,022,686	853,002,770	87
702003260	County Assembly Infrastructure improvement	58,000,000	46,220,389	80
	Headquarters	3,197,107,357	3,194,342,869	100
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	3,197,107,357	3,194,342,869	100
3260		-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
	Taveta Sub County Administration	490,000	170,000	35
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	490,000	170,000	35
	Wundanyi Sub County Administration	464,280	354,280	76
701003260	General Administration support services	464,280	354,280	76
703003260	Decentralised Infrastructure Development Programme	-	-	-
	Mwatate Sub County Administration	390,000	290,000	74
703003260	Decentralised Infrastructure Development Programme	-	-	-
701003260	General Administration support services	390,000	290,000	74
	Voi Sub County Administration	480,000	180,000	38
701003260	General Administration support services	480,000	180,000	38
	Taveta Town Administration	250,000	50,000	20
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	250,000	50,000	20
703003260	Decentralised Infrastructure Development Programme	-	-	-

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
	Voi Town Administration	240,625	65,625	27
701003260	General Administration support services	240,625	65,625	27
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
	County Policing Authority	-	-	-
701003260	General Administration support services	-	-	-
	Human Resource Management	1,517,101	1,227,500	81
701003260	General Administration support services	1,517,101	1,227,500	81
		3,268,506	1,763,280	54
701003260	General Administration support services	3,268,506	1,763,280	54
		135,000	135,000	100
701003260	General Administration support services	135,000	135,000	100
	Headquarters	77,394,200	66,832,893	86
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	77,394,200	66,832,893	86
	Office of the Deputy Governor	24,774,735	21,479,686	87
705003260	Leadership Development Programme	-	-	-
101003260	Administration Planning and Support Services	-	-	-
704003260	General Administration and Management of County Affairs	24,774,735	21,479,686	87
	Special Programmes Unit	3,151,880	370,050	12
704003260	General Administration and Management of County Affairs	1,431,600	370,050	26
703003260	Decentralised Infrastructure Development Programme	-	-	-
705003260	Leadership Development Programme	1,720,280	-	-
	Service Delivery Unit	162,000	89,000	55
704003260	General Administration and Management of County Affairs	162,000	89,000	55
	Industrialisation	-	-	-
703003260	Decentralised Infrastructure Development Programme	-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
	ICT	3,942,150	1,746,150	44
704003260	General Administration and Management of County Affairs	3,942,150	1,746,150	44
703003260	Decentralised Infrastructure Development Programme	-	-	-
		980,001	521,000	53
704003260	General Administration and Management of County Affairs	980,001	521,000	53
		70,000	206,000	294
704003260	General Administration and Management of County Affairs	70,000	206,000	294
		9,360,500	4,035,500	43
704003260	General Administration and Management of County Affairs	9,360,500	4,035,500	43
	Headquarters	87,099,981	74,536,024	86
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	87,099,981	74,536,024	86
	County Emergency Fund	10,000,000	1,500,000	15
706003260	General Administration, Planning, Internal Audit & Support Services	10,000,000	1,500,000	15
707003260	Treasury Development Programme	-	-	-
701003260	General Administration support services	-	-	-
	Equalisation of Wards Infrastructure	-	-	-
707003260	Treasury Development Programme	-	-	-
	Planning	16,437,945	12,374,225	75
706003260	General Administration, Planning, Internal Audit & Support Services	16,437,945	12,374,225	75
707003260	Treasury Development Programme	-	-	-
	Gratuity Fund	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	County Executive Administration	10,000,000	10,000,000	100
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	10,000,000	10,000,000	100
	Internal Audit Services	4,627,598	1,284,500	28

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	4,627,598	1,284,500	28
	Revenue Management	20,102,192	12,533,452	62
706003260	General Administration, Planning, Internal Audit & Support Services	20,102,192	12,533,452	62
701003260	General Administration support services	-	-	-
	Procurement	3,077,000	2,343,250	76
706003260	General Administration, Planning, Internal Audit & Support Services	3,077,000	2,343,250	76
	Accounting Services	9,025,875	6,645,475	74
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	9,025,875	6,645,475	74
	Kenya Devolution Support Programme	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
701003260	General Administration support services	-	-	-
		311,014,458	196,609,309	63
707003260	Treasury Development Programme	212,388,851	183,882,200	87
706003260	General Administration, Planning, Internal Audit & Support Services	98,625,607	12,727,110	13
	Headquarters	96,454,430	91,335,340	95
104003260	Agricultural Development Programme	20,500,000	18,939,531	92
101003260	Administration Planning and Support Services	5,954,430	5,203,080	87
105003260	Livestock and Fisheries Development	70,000,000	67,192,729	96
102003260	Development programme	-	-	-
	Livestock	8,281,571	4,789,140	58
104003260	Agricultural Development Programme	-	-	-
101003260	Administration Planning and Support Services	6,581,571	4,089,140	62
105003260	Livestock and Fisheries Development	1,700,000	700,000	41
102003260	Development programme	-	-	-
	Fisheries	475,881	249,232	52
105003260	Livestock and Fisheries Development	-	-	-
101003260	Administration Planning and Support Services	475,881	249,232	52
102003260	Development programme	-	-	-
	Veterinary	11,331,691	8,144,184	72

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
104003260	Agricultural Development Programme	-	-	-
101003260	Administration Planning and Support Services	5,731,691	4,546,375	79
105003260	Livestock and Fisheries Development	5,600,000	3,597,809	64
102003260	Development programme	-	-	-
	Agribusiness Project (EU Grant)	15,624,929	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	15,624,929	-	-
	Kenya Climate Smart Agric Program	313,757,537	272,833,148	87
104003260	Agricultural Development Programme	-	-	-
1.001E+09	Water and Irrigation Development Programme	-	-	-
105003260	Livestock and Fisheries Development	313,757,537	272,833,148	87
	Water	34,421,715	24,121,715	70
105003260	Livestock and Fisheries Development	34,421,715	24,121,715	70
104003260	Agricultural Development Programme	-	-	-
	Headquarters	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Veterinary	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Fisheries	-	-	-
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development	-	-	-
	Headquarters	65,999,460	53,071,327	80
1.001E+09	Water and Irrigation Development Programme	58,200,000	45,410,768	78
1.002E+09	General Administration, Support and Support Services	7,799,460	7,660,559	98
	Water Services	-	-	-
1.001E+09	Water and Irrigation Development Programme	-	-	-
1.002E+09	General Administration, Support and Support Services	-	-	-

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
	Bulk Water Project	10,000,000	-	-
1.001E+09	Water and Irrigation Development Programme	10,000,000	-	-
	Ambulance services	971,396,430	586,272,687	60
1.001E+09	Water and Irrigation Development Programme	971,396,430	586,272,687	60
	Public Health and Sanitation	30,000,000	29,000,000	97
1.001E+09	Water and Irrigation Development Programme	30,000,000	29,000,000	97
	Promotion of primary healthcare	500,000	-	-
1.002E+09	General Administration, Support and Support Services	-	-	-
1.001E+09	Water and Irrigation Development Programme	500,000	-	-
	Headquarters	54,671,380	14,171,106	26
1.001E+09	Water and Irrigation Development Programme	-	-	-
501003260	General Administration, Planning and Support services	11,171,380	4,142,006	37
502003260	Early Childhood Education and Youth Training Development Programme	43,500,000	10,029,100	23
	Polytechnics	21,389,410	1,137,950	5
502003260	Early Childhood Education and Youth Training Development Programme	20,000,000	900,000	5
501003260	General Administration, Planning and Support services	1,389,410	237,950	17
	Early Childhood Development	981,344	467,924	48
501003260	General Administration, Planning and Support services	981,344	467,924	48
301003260	General Administration and Support Services Programme	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Library services	270,400	175,800	65
501003260	General Administration, Planning and Support services	270,400	175,800	65
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Education Fund	147,840,000	142,000,000	96
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
501003260	General Administration, Planning and Support services	147,840,000	142,000,000	96
	Energy	-	-	-
501003260	General Administration, Planning and Support services	-	-	-
502003260	Early Childhood Education and Youth Training Development Programme	-	-	-
	Headquarters	140,020,028	118,619,684	85
704003260	General Administration and Management of County Affairs	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
402003260	Health Development Programme	74,437,875	68,407,008	92
401003260	Administration and Support Services	65,582,153	50,212,676	77
	Wesu Hospital	462,500	212,500	46
401003260	Administration and Support Services	462,500	212,500	46
	Moi Referral Hospital	1,725,100	30,000	2
401003260	Administration and Support Services	1,725,100	30,000	2
	Mwatate Hospital	-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		37,500	37,500	100
401003260	Administration and Support Services	37,500	37,500	100
		-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		566,000	116,000	20
401003260	Administration and Support Services	566,000	116,000	20
		750,000	-	-
401003260	Administration and Support Services	750,000	-	-
		80,175,000	70,921,894	88
402003260	Health Development Programme	-	-	-
401003260	Administration and Support Services	80,175,000	70,921,894	88
	Headquarters	7,109,324	5,229,891	74
302003260	Trade Development programme.	3,000,000	2,984,281	99
301003260	General Administration and Support Services Programme	4,109,324	2,245,610	55
	Trade	549,000	414,200	75

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
301003260	General Administration and Support Services Programme	549,000	414,200	75
302003260	Trade Development programme.	-	-	-
	Sports	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
302003260	Trade Development programme.	-	-	-
	Gender	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Cooperative	886,700	504,540	57
301003260	General Administration and Support Services Programme	886,700	504,540	57
302003260	Trade Development programme.	-	-	-
	Youth Development	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Culture	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Markets	1,486,255	1,260,985	85
301003260	General Administration and Support Services Programme	1,486,255	1,260,985	85
		200,000	189,600	95
301003260	General Administration and Support Services Programme	200,000	189,600	95
302003260	Trade Development programme.	-	-	0
	Weights and Measures	490,800	14,400	3
301003260	General Administration and Support Services Programme	490,800	14,400	3
		-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Liquor Control and Licensing Fund	3,550,000	1,882,000	53
301003260	General Administration and Support Services Programme	3,550,000	1,882,000	53
		2,553,899	284,600	11

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
302003260	Trade Development programme.	2,000,000	-	0
301003260	General Administration and Support Services Programme	553,899	284,600	51
	Headquarters	18,417,844	15,917,844	86
703003260	Decentralised Infrastructure Development Programme	2,500,000	-	-
701003260	General Administration support services	15,917,844	15,917,844	100
	Headquarters	27,752,600	18,611,792	67
101003260	Administration Planning and Support Services	27,752,600	18,611,792	67
	ICT	-	-	-
101003260	Administration Planning and Support Services	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Roads	97,519,621	73,743,565	76
102003260	Development programme	87,500,000	70,244,779	80
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	10,019,621	3,498,786	35
	Housing	-	-	-
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Public Works	6,284,138	3,222,880	51
101003260	Administration Planning and Support Services	4,484,138	3,222,880	72
103003260	Infrastructure Development programme	-	-	-
102003260	Development programme	1,800,000	-	-
	Defunct Local Authorities	-	-	-
302003260	Trade Development programme.	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Headquarters	17,056,217	8,481,783	50
1.003E+09	Natural Resources Support Programme	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
102003260	Development programme	5,500,000	1,047,327	19

Programme Code	Sub Programme	Approved Budget (Kshs.)	Actual Expenditure as of 30th June 2023 (Kshs.)	Absorption (%)
101003260	Administration Planning and Support Services	11,556,217	7,434,456	64
	Mwatate Municipal Administration	19,300,000	10,571,576	55
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	19,300,000	10,571,576	55
1.003E+09	Natural Resources Support Programme	-	-	-
		6,949,436	4,564,780	66
101003260	Administration Planning and Support Services	1,949,432	564,780	29
1.003E+09	Natural Resources Support Programme	-	-	-
102003260	Development programme	5,000,004	4,000,000	80
		9,776,200	9,776,200	100
101003260	Administration Planning and Support Services	9,776,200	9,776,200	100
102003260	Development programme	-	-	-
	Environment and Natural Resources	-	-	-
101003260	Administration Planning and Support Services	-	-	-
1.003E+09	Natural Resources Support Programme	-	-	-
		63,500,000	30,000,000	47
102003260	Development programme	63,500,000	30,000,000	47
103003260	Infrastructure Development programme	-	-	-
301003260	General Administration and Support Services Programme	-	-	-
	Headquarters	74,460,254	51,295,614	69
301003260	General Administration and Support Services Programme	65,164,640	42,000,000	64
1.003E+09	Natural Resources Support Programme	9,295,614	9,295,614	100
1.002E+09	General Administration, Support and Support Services	-	-	-
	Grand Total	7,193,658,663	6,135,581,608	85

Source: Taita Taveta County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and support services in the Department of Public Service and Administration at 100 percent, General Administration, Planning and support services in the Department of Finance and Planning at 100 percent, General Administration, Planning and Support services in the Department of Health at 100 percent and Natural resources Support Programme in the department of Youth, Gender and Sports at 100 percent of budget allocation.

3.39.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.265.25 million against an annual projection of Kshs.389.40 million, representing 68.1 percent of the annual target. The highest performing source was Cess.
2. There is a high level of pending bills, which amounted to Kshs.1.02 billion as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.201.59 million at the end of FY 2022/23.
3. High wage bill, which accounted for 50 percent of the revenue for FY 2022/23 of Kshs.6.53 billion, thus constraining funding of other programmes.
4. Low expenditure on the development budget, which was 20.6 percent of the total expenditure in FY 2022/23. Development expenditure was Kshs.1.26 billion compared to total expenditure of Kshs.6.13 billion.

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

1. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the financial year.*
3. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*
4. *The County should identify and address issues causing delays in implementing development projects.*

3.40 County Government of Tana River

3.40.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.7.98 billion, comprising Kshs.2.51 billion (31.5 percent) and Kshs.5.47 billion (68.5 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 5.9 percent compared to the previous financial year when the approved budget was Kshs.8.48 billion, comprised of Kshs.2.97 billion towards development expenditure and Kshs.5.51 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.53 billion (81.8 percent) as the equitable share of revenue raised nationally, Kshs.283.52 million as additional allocations (3.6 percent), a cash balance of Kshs.1.08 billion (13.5 percent) from FY 2021/22, and generate Kshs.87.84 million (1.1 percent) as own-source revenue. A breakdown of the additional allocations is provided in . The cash balance from the previous financial year comprises Kshs.23.4 million from unspent additional allocations and Kshs.1.06 billion, which was the balance in the CRF account at the Central Bank of Kenya.

3.40.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.52 billion as the equitable share of the revenue raised nationally, Kshs.222.22 million as additional allocations, had a cash balance of Kshs1.08 billion from FY 2021/22, and raised Kshs.59.17 million as own-source revenue. As shown in Table 3.267.

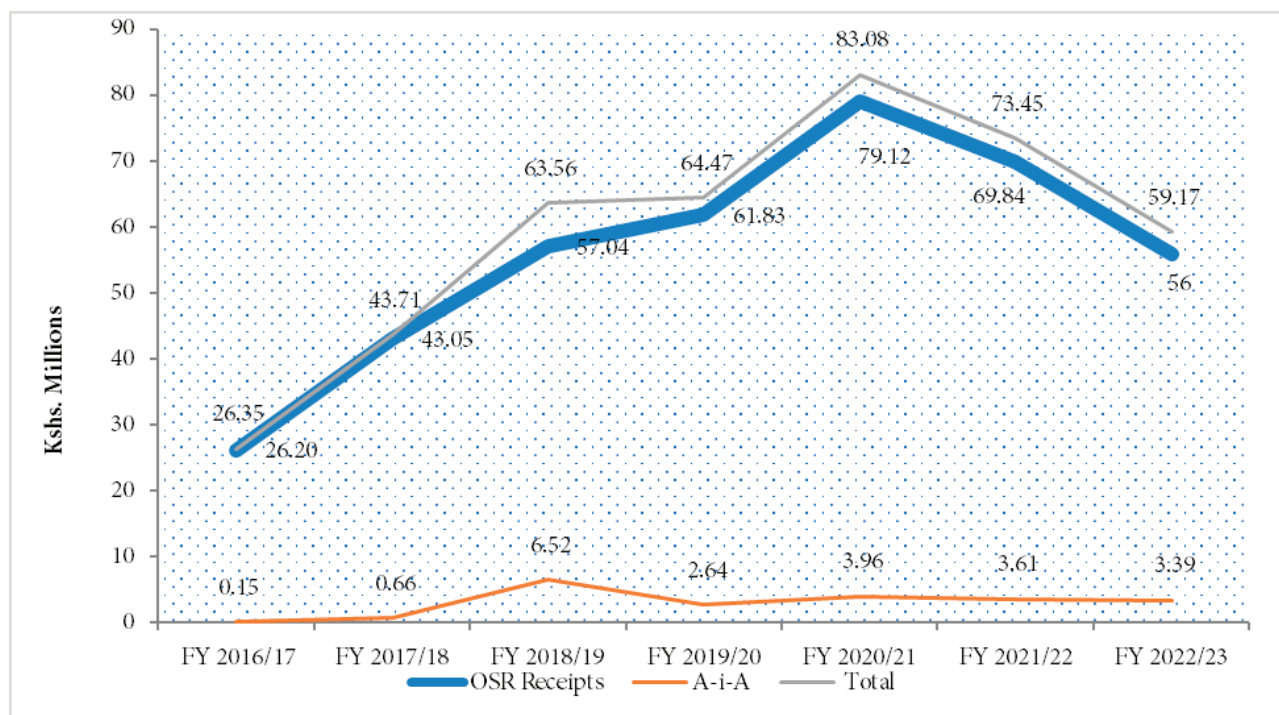
Table 3.267: Tana River County, Revenue Performance in FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765.00	6,528,408,765.00	100.0
Sub Total		6,528,408,765.00	6,528,408,765.00	100.0
B	Additional allocations			
1	Kenya Climate Smart Agriculture Project (KCSAP)	82,386,194.00	82,386,194	100.0
2	DANIDA (Universal Healthcare in Devolved System Program)	18,835,313.00	18,733,152	99.5
3	Instrument for Devolution Advice and Support (IDEAS)	34,290,637.00	19,563,268	57.1
4	Agricultural Sector Development Support Programme (ASDSP) II	11,668,855.00	10,012,439	85.8
5	National Agricultural Value Chain Development Project (NAVCDP)	70,000,000.00	67,192,729	96.0
6	Kenya Urban Support Programme (KUSP)	2,339,914.00	2,339,914.00	100.0
7	Financing Locally-Led Climate Action (FLLoCA) - County Climate Institutional Support (CCIS)	22,000,000.00	22,000,000	100.0
8	Supplement for Construction of County Headquarters	42,000,000.00	-	-
Sub Total		283,520,913.00	222,227,695.80	78.4
C	Other Sources of Revenue			
1	Own Source Revenue	87,846,000	59,173,171	67.4
2	Balance b/f from FY2021/22	1,080,241,526	1,080,241,526	100.0
Sub Total		1,168,087,526	1,139,414,697	97.5
Grand Total		7,980,017,204	7,890,051,158	98.9

Source: Tana River County Treasury

Figure 118 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

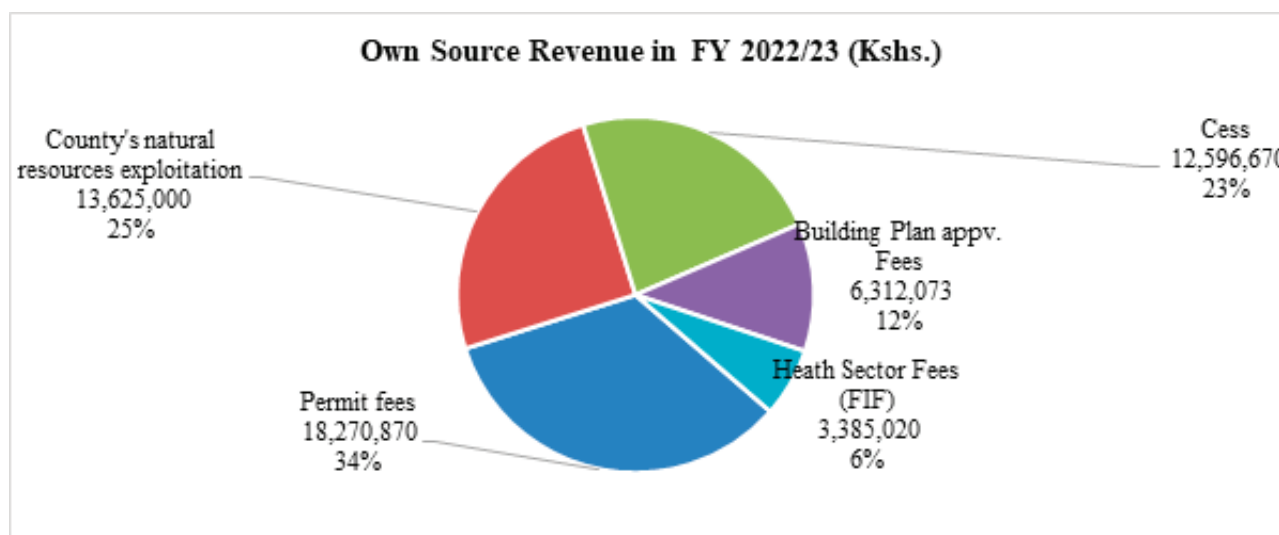
Figure 118: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Tana River County Treasury

In FY 2022/23, the County generated a total of Kshs.59.17 million from its sources of revenue. This amount represented a decrease of 19.4 percent compared to Kshs.73.45 million realised in FY 2021/22 and was 67.4 percent of the annual target and 0.7 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 119.

Figure 119: Top Streams of Own Source Revenue in FY 2022/23



Source: Tana River County Treasury

The highest revenue stream of Kshs.18.27 million was permit fees, contributing to 34 percent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.3.38 million, representing 6 percent of the overall OSR in FY 2022/23.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.82 billion from the CRF account during the reporting period. The amount comprised Kshs.1.47 billion (21.6 percent) for development programmes and Kshs.5.34 billion (78.4 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.1.92 billion was released towards Employee Compensation, Kshs.3.43 billion was for Operations and Maintenance expenditure, and Kshs.1.47 billion was for development.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.61 billion.

3.40.4 County Expenditure Review

The County spent Kshs.5.91 billion on development and recurrent programmes in the reporting period. The expenditure represented 86.7 percent of the total funds released by the CoB and comprised Kshs.1.28 billion and Kshs.4.62 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 51.3 percent. In contrast, recurrent expenditure represented 84.6 percent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.41 billion comprised Kshs.1.05 billion for recurrent expenditure and Kshs.2.41 billion for development activities. During the year, pending bills amounting to Kshs.748.45 million were settled, consisting of Kshs.444.12 million for recurrent expenditure and Kshs.304.32 million for development programmes. Therefore, as of 30th June 2023, the outstanding amount, including bills accumulated in FY 2022/23, was Kshs.2.13 billion.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.74 billion on employee compensation, Kshs.2.21 billion on operations and Maintenance , and Kshs.1.00 billion on development activities. Similarly, the County Assembly spent Kshs.189.68 million on employee compensation, Kshs. 475.74 million on operations and Maintenance , and Kshs.283.75 million on development activities, as shown in Table 3.267.

Table 3.267: 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	4,680,346,011	788,396,752	3,960,892,142	665,428,213	84.6	84.4
Compensation to Employees	1,819,046,472	281,497,888	1,744,563,618	189,681,585	95.9	67.4
Operations and Maintenance	2,861,299,539	506,898,864	2,216,328,524	475,746,628	77.5	93.9

Development Expenditure	2,186,274,441	325,000,000	1,005,203,389	283,758,284	46.0	87.3
Total	6,866,620,452	1,113,396,752	4,966,095,531	949,186,497	72.3	85.3

Source: Tana River County Treasury

3.40.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.1.93 billion, or 24.1 percent of the revenue for FY 2022/23 of Kshs.7.98 billion. This expenditure decreased from Kshs.2.1 billion reported in FY 2021/22. The wage bill included Kshs.842.77 million paid to health sector employees, translating to 43.5 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.91 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.24.38 million was processed through manual payrolls. The manual payrolls accounted for 1.3 percent of the total PE cost.

The County Assembly spent Kshs.7.20 million on committee sitting allowances for the 27 MCAs and the Speaker against the annual budget allocation of Kshs.8.40 million. The average monthly sitting allowance was Kshs.22,222 per MCA. The County Assembly has established 19 Committees.

3.40.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.503.07 million to county-established funds in FY 2022/23, constituting 6.3 percent of the County's overall budget. Table 3.268 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.268: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the Year of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (Yes/No.)
County Executive Established Funds				
1.	Tana River County Scholarship Fund	154,500,000.00	154,500,000.00	N/A
2.	Tana River County Emergency Fund	132,165,375.00	132,165,375.00	N/A
3.	Tana River County Staff Car & Mortgage Fund	42,800,000.00	42,800,000.00	N/A
4.	Tana River Environment Fund	11,000,000.00	11,000,000.00	N/A
County Assembly Established Funds				
1.	Tana River County Assembly Car & Mortgage Fund	205,405,962.00	120,000,000.00	N/A

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the Year of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (Yes/No.)
	Total	503,071,337.00	328,300,000.00	

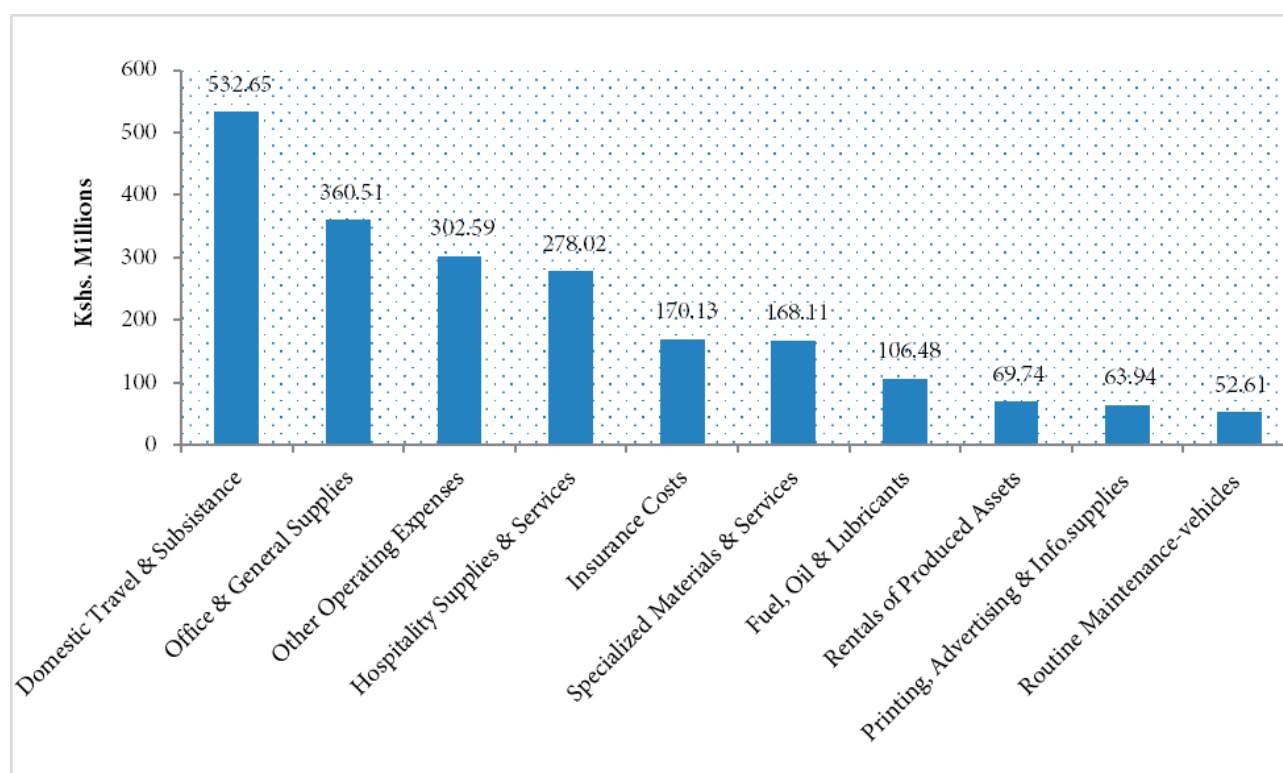
Source: Tana River County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the five established funds, as indicated in Table 3.228.

3.40.9 Expenditure on Operations and Maintenance

Figure 120 summarises the Operations and Maintenance expenditure by major categories.

Figure 120: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

During the period, expenditure on domestic travel amounted to Kshs.532.65 million and comprised Kshs.167.45 million spent by the County Assembly and Kshs.365.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.33.14 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.269.

Table 3.269: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel (Kshs.)
County Executive	1	11th Sept To 17 th Sept 2023	Per diem while participating in an exposure trip on Clean Water and Economic Growth from 11th -17th Sept, 2022	USA	446,369.00
County Executive	5	26 th Jun - 30th Jun, 2023	Per diem while participating at the Eleventh Session Of The World Urban Forum Wufii Exhibition from 26th -30th June 2022	Poland	3,138,698.85
County Executive	4	28TH Jun-6th July 2023	Per diem for the UN Oceans Conference from 28th June to 6th July, 2023	Portugal	3,585,067.85
County Executive	2	7th Nov-25th Nov 2023	Per diem while attending Managing E-Records Programme from 7th-25th Nov 2022	Tanzania	2,481,700.00
County Executive	6	7th Feb-12 Feb 2023	Being per diem andcourse fee for the 11th Panafrican Leadership Summit AndAwards Seminar,	Ghana	3,468,620.00
County Executive	4	26th Apr-2nd May 2023	Per Diem to Attend The World Federation Of Colleges AndPolytechnics World Congress 2023 And study Tour From 26th Apr-2nd May 2023	Canada	3,327,776.00
County Executive	6	18th Feb-26th Feb 2023	Being Perdiem To Bombay Exhibition Centre Goregaon	India	2,769,909.00
County Executive	4	6th Mar-11th Mar 2023	Being Per diem andcourse fees for the 36th African Corporate Governance Conference	South Africa	3,290,682.00
County Executive	5	6th Nov-18th Nov 2022	Per diem for the UN Climate Change Conference Cop 27 from 6th-18th Nov 2022	Egypt	4,491,790.00
County Executive	5	17th Nov-29th Nov 2022	Hrm Programme at Galilee International Management Institute from 17th-29th Nov 2022	Israel	6,143,288.90
TOTAL					33,143,901.60

Source: Tana River County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 0 out of the 10 foreign trips sampled, delegates have surpassed the limit.

3.40.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.28 billion on development programmes, representing a 16.3 percent decline compared to FY 2021/22, when the County spent Kshs.1.93 billion. Table 3.270 summarises development projects with the highest expenditure in the reporting period.

Table 3.270 Tana River County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount Paid to Date (Kshs)	Implementation Status (%)
1	Roads	Rehabilitation of madogo market access roads to cabro standards at madogo	Madogo	79,982,000.00	79,982,000.00	100.00
2	Environment	Other capital grants climate change	Whole County	50,000,000.00	50,000,000.00	100.00
3	Roads	Construction of an internal access road and parking	Hola	49,366,700.00	49,366,700.00	100.00
4	Environment	Drilling and equipping of borehole	Hola	42,006,770.00	42,006,770.00	100.00
5	Roads	Rehabilitation of Bura Township roads to bitumen standards	Bura	41,057,620.00	41,057,620.00	100.00
6	Agriculture	Purchase of seeds	Whole County	34,825,000.00	34,825,000.00	100.00
7	Agriculture	Purchase of tractors	Whole County	27,000,000.00	27,000,000.00	100.00
8	Roads	Rehabilitation of sailoni -mwena bubesa-kitere road	Kitere	24,920,280.00	24,920,280.00	100.00
9	Roads	Proposed rehab. of B89 - wenje kinakomba road.	Wenje	17,943,576.00	17,943,576.00	100.00
10	Roads	Proposed rehab. of B89 - handampia road at mikinduni ward.	Mikinduni	15,569,114.00	15,569,114.00	100.00

Source: Tana River County Treasury

3.40.11 Budget Performance by Department

Table 3.271 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.271: Tana River County, Budget Allocation and absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
County Assembly	788	325	703	295	665	284	94.7	96.3	84.4	87.3
Office of The Governor and Deputy Governor	537	-	526	-	432		82.0	-	80.4	-
Finance and Planning	709	466	709	214	650	212	91.7	99.1	91.6	45.5
County Public Service Board	80	-	75	-	75		100.0	-	94.3	-
Trade, Tourism, Wildlife and Cooperative Development	48	72	48	19	31	13	64.4	67.4	64.1	18.2
Agriculture, Livestock, Fisheries and Veterinary	163	386	163	329	109	231	66.9	70.4	66.8	59.9
Culture, gender, Youth, Sports and Social Services	53	37	53	21	27	20	51.1	95.2	51.0	54.1
Education and Vocational Training	199	103	199	50	189	43	95.0	85.8	94.8	41.8
Medical Services, Public Health and Sanitation	1,195	170	1,192	51	1,049	42	88.0	83.4	87.8	24.9
Special program	147	-	146		143		98.1	-	97.3	-
Roads, Transport, Public works, Housing and Urbanisation	97	475	96	348	84	303	87.8	87.0	86.8	63.7
Water, Irrigation, Environment and Natural Resources	132	402	131	123	59	123	45.1	99.6	44.7	30.5
Public Service, Administration and Citizen Participation	1,244	45	1,237	11	1,054	11	85.2	97.0	84.7	24.6
Lands and Physical Planning	36	30	36	15	27	7	75.5	47.6	74.7	23.4
Hola Municipality	40	-	36	-	32	-	89.9	-	81.6	-
Total	5,469	2,511	5,350	1,476	4,626	1,289	86.5	87.3	84.6	51.3

Source: Tana River County Treasury

Analysis of expenditure by the department shows that the County Assembly recorded the highest absorption rate of the development budget at 87.3 percent, followed by the Department of Roads, Transport, and Public Works at 63.7 percent. The Department of Special Programs had the highest percentage of recurrent expenditure to budget at 97.3 percent, while the Department of Finance and Planning had the lowest at 91.6 percent.

3.40.12 Budget Execution by Programmes and sub-programmes

Table 3.272 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.272: Tana River County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor							
Executive Services	County leadership andcoordination of CDAs	50,350,000	-	26,193,822	-	52.0	-
	County Government Advisory Service	69,228,000	-	33,513,995	-	48.4	-
	Coordination of peace andcohesion	42,878,500	-	27,106,388	-	63.2	-
	Sub Total	162,456,500	-	86,814,205	-	53.4	-
General Administration, Planning andsupport services	General Administration, Planning andsupport services	374,582,248	-	-	-	-	-
	Sub Total	374,582,248	-	-	-	-	-
	Grand Total	537,038,748	-	86,814,205		16.2	-
Finance and Economic planning							
Public Finance Management	PFM Enhancement	6,789,349	-	5,383,600	-	79.3	-
	Economic planning andBudgeting	44,683,484	-	36,269,700	-	81.2	-
	Monitoring and Evaluation	17,659,823	-	13,837,400	-	78.4	-
	Supply chain management services	31,489,000	-	28,378,407	-	90.1	-
	Own Source revenue collection	44,915,172	-	40,648,136	-	90.5	-
	Accounting & Finance	30,793,301	-	27,520,371	-	89.4	-
	Internal Audit	20,188,532	-	14,719,662	-	72.9	-
	Sub Total	196,518,661	-	166,757,276	-	84.9	-
	General Administration, Planning and Support Services	512,923,954	466,446,398	483,255,192	212,009,616	94.2	45.5

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	512,923,954	466,446,398	483,255,192	212,009,616	94.2	45.5
	Grand Total	709,442,615	466,446,398	650,012,468	212,009,616	91.6	45.5
County Public Service Board							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	68,907,004	-	64,713,303	-	93.9	-
Ethics, Governance and compliance	Ethics, Governance and compliance	2,906,960	-	2,582,163	-	88.8	-
Skills and competency development	Skills and competency development	5,262,316	-	5,262,316	-	100.0	-
Human Resource management and development	Human Resource management and development	2,663,621	-	2,659,439	-	99.8	-
	Grand Total	79,739,901	-	75,217,221	-	94.3	-
Trade, Tourism and cooperative development							
Trade, weights and measures	Trade, weights and measures	17,799,849	72,000,000	15,584,500	13,103,696	87.6	18.2
Tourism promotion	Tourism promotion	22,479,909	-	9,308,500	-	41.4	
Cooperative Development	Cooperative Development	7,719,940	-	5,850,893	-	75.8	
	Grand Total	47,999,698	72,000,000	30,743,893	13,103,696	64.1	18.2
Agriculture and Rural Development							
General Administration, Planning and Support Services	General Administration, Planning and Support Services	6,437,288	-	3,753,000	-	58.3	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Agricultural Development	Agricultural Mechanization Services (AMS)	12,764,500	65,500,000	7,730,320	61,184,371	60.6	93.4
	Crop Husbandry	76,169,666	15,000,000	50,922,336	13,000,000	66.9	86.7
	Plant Disease Control	1,600,000		1,540,111	-	96.3	-
	KCSAP	15,080,000	82,386,194	10,080,000	-	66.8	-
	ASDSP	5,000,000	20,261,832	5,000,000	-	100.0	-
	FAO	1,245,700		101,600	-	8.2	-
	NAVCDP	-	70,000,000	-	62,435,000	-	89.2
	Development	-	55,000,000	-	25,815,629	-	46.9
	Sub Total	118,297,154	308,148,026	79,127,367	162,435,000	66.9	52.7
General Administration, Planning and Support Services	General Administration, Planning and Support Services	1,887,000	-	1,593,600	-	84.5	-
Fisheries Development	Empowerment of women and Youth on fish safety and quality assurance	1,520,000	-	964,780	-	63.5	-
	Construction of ice plant and cold storage	16,202,370	-	8,597,336	-	53.1	-
	Development	-	34,727,370		28,000,000	-	80.6
	Sub Total	19,609,370	34,727,370	11,155,716	28,000,000	56.9	80.6
General Administration, Planning and Support Services	General Administration, Planning and Support Services	4,102,872	-	1,966,260	-	47.9	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Veterinary Services	Extension services	1,118,500	-	942,542	-	84.3	-
	Breed improvement and artificial insemination	685,000	-	649,300	-	94.8	-
	Veterinary Public Health/Abattoirs	1,182,846	-	1,128,806	-	95.4	-
	Leather Development Services	629,700	-	397,800	-	63.2	-
Disease Control	Control Tsetse fly and Laboratory Services	2,021,172	-	1,973,100	-	97.6	-
	Conduct disease surveillance and carry out timely vaccination	6,794,600	-	6,030,800	-	88.8	-
	Sub Total	16,534,690	-	13,088,608	-	79.2	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	4,589,975	-	2,845,171	-	62.0	-
Animal Husbandry, Livestock Resource Management and Development	Livestock Extension Services	2,396,595	-	1,721,850	-	71.8	-
	Animal Husbandry	1,805,000	42,970,291	1,107,600	40,815,629	61.4	95.0
	Sub Total	8,791,570	42,970,291	5,674,621	40,815,629	64.5	95.0
	Grand Total	163,232,784	385,845,687	109,046,312	231,250,629	66.8	59.9
Gender, Social Service and Youth Development							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Child Protection.	Baseline Survey for OVC	3,800,000	-	1,460,500	-	38.4	-
	Community Awareness creation on Child Rights and Child Protection	1,300,000	-	306,400	-	23.6	-
	Enhanced Child Participation	700,000	-	235,000	-	33.6	-
Social Development and Protection.	Women empowerment	1,800,000	-	531,300	-	29.5	-
	Gender and Leadership	10,450,000	-	10,136,000	-	97.0	-
	Youth Empowerment	-	37,000,000		20,000,000		54.1
Sports Training and Competitions	county Sports leagues	5,093,447	-	2,200,870	-	43.2	
	Sports equipment and support	2,000,000	-	-	-		
	Sub Total	25,143,447	37,000,000	14,870,070	20,000,000	59.1	54.1
Culture and art development	Culture Promotion and Development	10,750,000	-	5,025,095	-	46.7	-
	Empowerment/ Capacity building of cultural practitioners	8,200,000	-	2,403,055	-	29.3	-
	Sub Total	18,950,000	-	7,428,150	-	39.2	-
General administration, support and Planning	General administration, support and Planning	8,590,000	-	4,575,300	-	53.3	-
	Sub Total	8,590,000	-	4,575,300	-	53.3	-
	Grand Total	52,683,447	37,000,000	26,873,520	20,000,000	51.0	54.1
Education, Vocational training and ECDE							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Early Child care services	ECDE quality education standards service	2,350,000	-	2,093,200	-	89.1	-
	ECDE Access and Retention Services	21,115,000	15,000,000	14,716,600	8,928,211	69.7	59.5
	Sub Total	23,465,000	15,000,000	16,809,800	8,928,211	71.6	59.5
Vocational Training Services	VTC quality standards training services	11,935,000	-	10,161,399	-	85.1	-
	Free VTC education and Training	5,656,327	50,000,000	5,656,327	15,066,958	100.0	30.1
	Sub Total	17,591,327	50,000,000	15,817,726	15,066,958	89.9	30.1
General Administration, Planning and support services	General Administration, Planning and support services	158,074,329	-	156,124,550	-	98.8	-
	Sub Total	158,074,329	-	156,124,550	-	98.8	-
VTC access and retention of training	Development		23,000,000		19,019,201		82.7
	Development		15,000,000		-		
	Sub Total	-	38,000,000	-	19,019,201		50.1
	Grand Total	199,130,656	103,000,000	188,752,076	43,014,370	94.8	41.8
Health and Sanitation							
Curative and Rehabilitative	Medical Supplies	142,650,000	-	139,498,793	-	97.8	-
	Medical Services	31,200,000	5,000,000	27,679,783	-	88.7	-
	Ambulance services	8,700,000	-	8,341,220	-	95.9	-
Preventive and Promotive	Preventive and Promotive	16,400,000	-	12,411,178	-	75.7	-
	Licensing and control of undertaking	9,045,859	-	8,840,310	-	97.7	-
	Licensing and control of undertaking	5,800,000	-	1,276,860	-	22.0	-
	Sub Total	213,795,859	5,000,000	198,048,144	-	92.6	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration, Planning andsupport services	General Administration, Planning andsupport services	962,950,719	45,000,000	848,556,286	42,266,312	88.1	93.9
	General Administration, Planning andsupport services	18,228,345	-	2,142,160	-	11.8	-
	Development	-	120,000,000	-	-		-
	Sub Total	981,179,064	165,000,000	850,698,446	42,266,312	86.7	25.6
	Grand Total	1,194,974,923	170,000,000	1,048,746,590	42,266,312	87.8	24.9
Special Programme							
Drought management (Preparedness, Response, Mitigation andRecovery	Drought contingency	1,500,000	-	1,498,800	-	99.9	-
	Disaster Risk Management Fund	133,325,095	-	133,324,540	-	100.0	-
Social protection andresponse to other disasters	Food distribution andrationations	1,500,000	-	1,478,300	-	98.6	-
	Capacity building to respond to fire outbreaks andother disasters	9,472,672	-	6,466,300	-	68.3	-
	Resettlement of victims	1,000,000	-	-	-		-
	Sub Total	146,797,767	-	142,767,940	-	97.3	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	-	-		-		-
	Sub Total	-	-	-	-		-
	Grand Total	146,797,767	-	142,767,940	-	97.3	-
Roads andpublic works							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
County Roads Development	Monitoring and Evaluation	3,468,069	-	3,336,160	-	96.2	-
	Routine maintenance	3,464,700	71,250,000	1,662,200	32,912,725	48.0	46.2
	Opening of new roads	2,419,900	97,000,000	2,120,600	55,029,111	87.6	56.7
	Grading, Murmuring and tarmacking	1,533,200	-	1,533,200	-	100.0	-
	Sub Total	10,885,869	168,250,000	8,652,160	87,941,836	79.5	52.3
County Housing Development and Urbanisation	Housing Development	13,108,730	-	8,622,587	-	65.8	
	Urbanisation	1,259,300	20,000,000	1,159,300	-	92.1	
	Sub Total	14,368,030	20,000,000	9,781,887	-	68.1	
Public works and Services	Public works and Services	38,340,139	154,000,000	35,068,760	120,000,000	91.5	77.9
	Sub Total	38,340,139	154,000,000	35,068,760	120,000,000	91.5	77.9
General Administration and Support Services	General Administration and Support Services	33,394,701	-	30,701,608	-	91.9	-
	Sub Total	33,394,701	-	30,701,608	-	91.9	-
county Headquarters	County Headquarters	-	232,356	-	-	-	-
	County Headquarters	-	113,000,000	-	95,000,000	-	84.1
Housing Development	Urbanisation	-	10,000,000	-	-	-	-
	Urbanisation	-	10,000,000	-	-	-	-
	Sub Total	-	133,232,356	-	95,000,000		71.3
	Grand Total	96,988,739	475,482,356	84,204,415	302,941,836	86.8	63.7
Water, Environment and Natural Resources							
Environment Management	Environmental Protection	45,552,415	-	10,917,801	-	24.0	-
	Environmental Protection	9,863,077	50,000,000	8,681,850	-	88.0	-
	Control of Air Pollution	2,795,484	-	2,087,200	-	74.7	-
	Solid Waste Management	11,098,615	-	5,732,600	-	51.7	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
	Sub Total	69,309,591	-	27,419,451	-	39.6	-
General administration, planning support	General administration, planning support	42,154,270	-	22,831,448	-	54.2	-
	Sub Total	42,154,270	-	22,831,448	-	54.2	-
Water Services	Water Management services	12,208,476	-	7,076,191	-	58.0	-
	Water Sanitation & Hygiene	3,767,316	351,500,000	594,100	122,522,417	15.8	34.9
	Storm Water Management	3,010,744	-	689,900	-	22.9	-
Energy Development	Energy	1,970,640	-	618,500	-	31.4	-
	Sub Total	20,957,176	351,500,000	8,978,691	122,522,417	42.8	34.9
	Grand Total	132,421,037	401,500,000	59,229,590	122,522,417	44.7	30.5
Public service and Administration							
General Administration, support and Planning	General Administration, support and Planning	980,129,870	-	807,319,027	-	82.4	-
Human Resource & Development	Performance management system	4,200,000	-	2,572,894	-	61.3	-
	Human resource development	211,629,351	-	201,486,500	-	95.2	-
County Administration	Administration	37,100,000	30,000,000	35,687,760	11,081,511	96.2	36.9
	Enforcement	4,500,000	-	3,613,200	-	80.3	-
Citizen Participation	Citizen Participation	6,100,000	-	3,279,247	-	53.8	-
	Sub Total	1,243,659,221	30,000,000	1,053,958,628	11,081,511	84.7	36.9
Programme 2	Sub-programme	-	15,000,000	-	-	-	-
	Sub Total	-	15,000,000	-	-	-	-
Grand Total		1,243,659,221	45,000,000	1,053,958,628	11,081,511	84.7	24.6
Lands and physical planning							
General Administration, Planning and support services	General Administration, Planning and support services	1,356,000	-	207,469	-	15.3	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Land Policy and Planning	Physical Planning	22,438,245	-	21,135,554	-	94.2	-
	Survey, Mapping and GIS	6,077,817	30,000,000	-	7,013,000		23.4
	Land Administration	6,574,500	-	5,874,650		89.4	
	Grand Total	36,446,562	30,000,000	27,217,673	7,013,000	74.7	23.4
Hola Municipality							
General Administration and Support Services	General Administration and Support Services	39,789,914	-	32,465,406	-	81.6	-
	Sub Total	39,789,914	-	32,465,406	-	81.6	-
County Assembly							
General Administration and Support Services	General Administration and Development	788,396,752	325,000,000	665,428,213	283,758,284	84.4	87.3
	Sub Total	788,396,752	325,000,000	665,428,213	283,758,284	84.4	87.3
Grand Total		5,468,742,764	2,511,274,441	4,281,478,150	1,288,961,672	78.3	51.3

Source: Tana River County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: ASDSP in the Department of Agriculture at 100 percent, VCT Training in the Department of Education at 100 percent, Disaster Risk Management in the Department of Special Programme at 100 percent, and Drought Contingency in the Department of at 100 percent of budget allocation.

3.40.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 17th August 2023.
2. The underperformance of own-source revenue at Kshs.59.17 million against an annual projection of Kshs.87.84 million, representing 67.4 percent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012, as shown in Table 3.268: Performance of County Established Funds as of 30th June 2023.
4. High level of pending bills, which amounted to Kshs.2.13 billion as of 30th June 2023. This is despite the availability of Kshs.1.61 billion in the CRF as of the end of the FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.24.2 million were processed through

the manual payroll, accounting for 1.2 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
5. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.5.68 billion, comprising Kshs.1.32 billion (23.2 percent) and Kshs.4.36 billion (76.8 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 3.9 percent compared to the previous financial year when the approved budget was Kshs.5.91 billion and comprised of Kshs.1.92 billion towards development expenditure and Kshs.3.99 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.4.55 billion (80.1 percent) as the equitable share of revenue raised nationally, Kshs.120.30 million (2.1 percent) as Appropriations-in-Aid (A-I-A), Kshs.396.15 million (7.0 percent) as additional allocations, a cash balance of Kshs.353.88 million (6.2 percent) from FY 2021/22, and generate Kshs.259.70 million (4.6 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.273.

The cash balance from the previous financial year comprises Kshs.169.90 million from unspent additional allocations and Kshs.183.98 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.41.2 Revenue Performance

In FY 2022/23, the County received Kshs.4.55 billion as the equitable share of the revenue raised nationally, Kshs.122.54 million as A-I-A, Kshs.220.10 million as additional allocations, had a cash balance of Kshs.353.88 million from FY 2021/22, and raised Kshs.164.20 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.5.41 billion, as shown in Table 3.273.

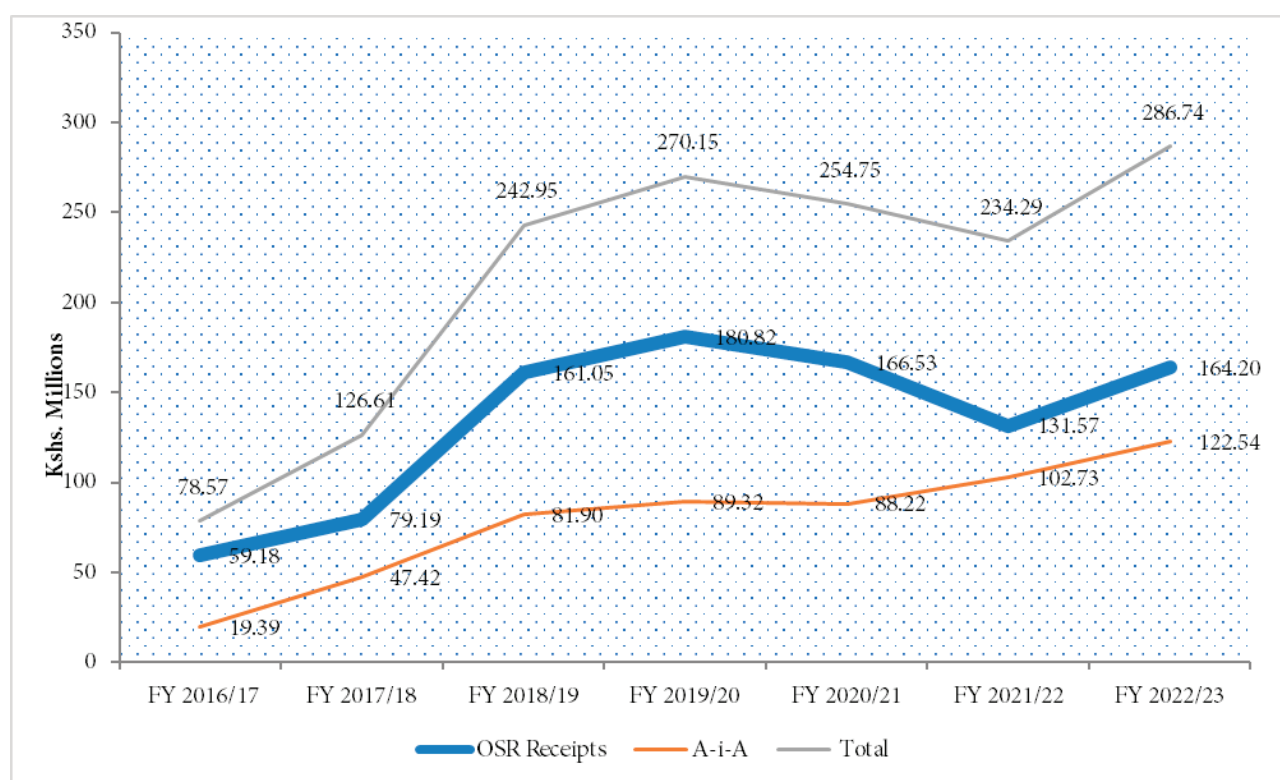
Table 3.273: Tharaka Nithi County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised nationally	4,551,334,282	4,551,334,482	100.0
Sub total		4,551,334,282	4,551,334,482	100.0
B	Additional allocations			
1.	Conditional Grant- Leasing of Medical Equipment	110,638,298	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	122,240,640	98,599,181	80.7
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP)	2,339,915	2,339,915	100.0
	DANIDA Grant	12,624,750	4,929,000	39.0
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	5,773,787	-	-
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,071,032	16,071,032	100.0
6.	World Bank Emergency Locust Responses Projects (ELRP)	68,827,500	67,160,821	97.6
7.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	22,000,000	11,000,000	50.0
8.	World Bank -Kenya Informal Settlement Improvement Project (KISIP II)	20,000,000	20,000,000	100.0
9.	Aquaculture Business Development Programme	15,630,100	-	-
Sub total		396,146,022	220,099,949	55.6
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	380,000,000	286,737,650	75.5
2.	Unspent balance from FY 2021/22	353,883,102	353,883,102	100.0
Sub Total		733,883,102	640,620,752	87.3
Grand Total		5,681,363,406	5,412,055,183	95.3

Source: Tharaka Nithi County Treasury

Figure 121 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

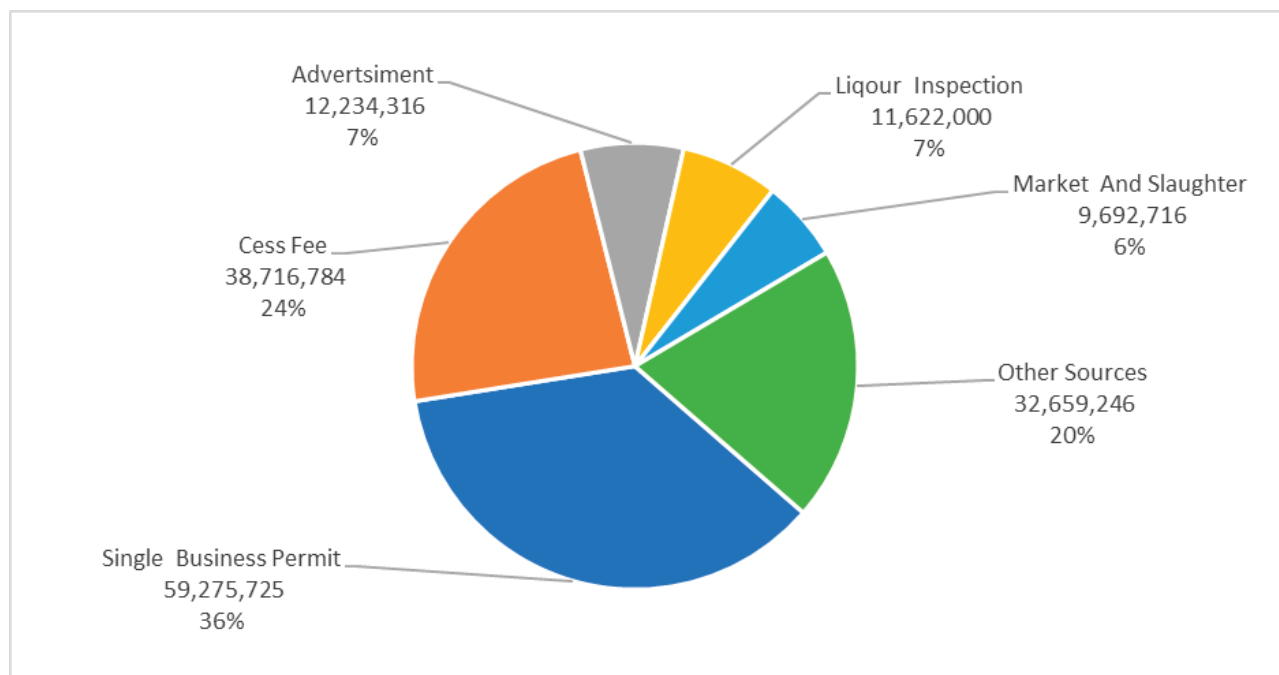
Figure 121: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Tharaka Nithi County Treasury

In FY 2022/23, the County generated a total of Kshs.286.74 million from its sources of revenue. This amount represented an increase of 22.8 percent compared to Kshs.234.29 million realised in FY 2021/22 and was 75.5 percent of the annual target and 6.3 percent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.5.68 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 122.

Figure 122: Top Streams of Own Source Revenue in FY 2022/23



Source: Tharaka Nithi County Treasury

The highest revenue stream of Kshs.59.28 million was Single Business Permit, contributing to 36 percent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.122.54 million, representing 42.7 percent of the overall OSR in FY 2022/23.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.01 billion from the CRF account during the reporting period. The amount comprised Kshs.918.04 million (18.3 percent) for development programmes and Kshs.4.09 billion (81.7 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.2.80 billion was released towards Employee Compensation, and Kshs.1.29 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.211.09 million.

3.41.4 County Expenditure Review

The County spent Kshs.5.00 billion on development and recurrent programmes in the reporting period. The expenditure represented 99.8 percent of the total funds released by the CoB and comprised Kshs.914.06 million and Kshs.4.08 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 69.4 percent. In contrast, recurrent expenditure represented 93.6 percent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.952.12 million, comprised of Kshs.692.33 million for recurrent expenditure and Kshs.259.79 million for development activities. During the year, pending bills amounting to Kshs.343.09 million were settled, consisting of Kshs.257.73 million for recurrent expenditure and Kshs.85.36 million for development

programmes. Further, the County accumulated pending bills amounting to Kshs.144.79 million in FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.753.82 million inclusive of FY 2022/23 pending bills.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.62 billion on employee compensation, Kshs.947.61 million on operations and Maintenance , and Kshs.894.99 million on development activities. Similarly, the County Assembly spent Kshs.225.72 billion on employee compensation, Kshs.290.19 million on operations and Maintenance , and Kshs.19.07 million on development activities, as shown in Table 3.274.

Table 3.274: 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	3,817,703,653	546,893,655	3,567,698,089	515,913,655	93.5	94.3
Compensation to Employees	2,632,411,587	225,722,986	2,620,085,768	225,722,986	99.5	100.0
Operations and Maintenance	1,185,292,066	321,170,669	947,612,321	290,190,669	79.9	90.4
Development Expenditure	1,286,766,098	30,000,000	894,995,290	19,067,943	69.6	63.6
Total	5,104,469,751	576,893,655	4,462,693,379	534,981,598	87.4	92.7

Source: Tharaka Nithi County Treasury

3.41.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.85 billion, or 52.6 percent of the revenue for FY 2022/23 of Kshs.5.41 billion. This expenditure represented an increase from Kshs.2.20 billion reported in FY 2021/22. The wage bill included Kshs.1.44 billion paid to health sector employees, translating to 50.5 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.51 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.259.24 million was processed through manual payrolls. The manual payrolls accounted for 9.1 percent of the total PE cost.

The County Assembly spent Kshs.17.89 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.38.92 million. The average monthly sitting allowance was Kshs.62,124 per MCA. The County Assembly has established 19 Committees.

3.41.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.75.56 million to county-established funds in FY 2022/23, constituting 1.3 percent of the County's overall budget. Table 3.275 summarises each established Fund's budget allocation and performance during the reporting period.

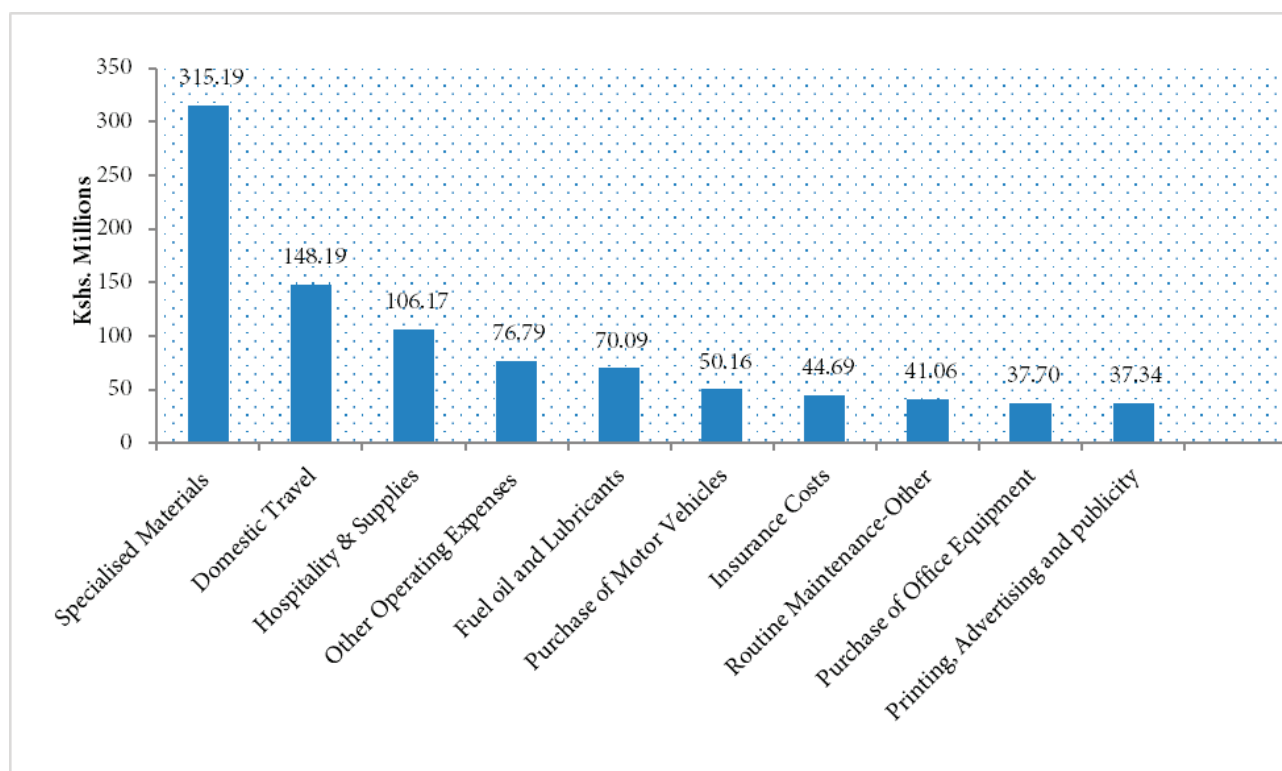
Table 3.275: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023 (Yes/No.)
1.	Tharaka Nithi County Emergency Fund	5,000,000	-	-	Yes
2.	Tharaka Nithi County Bursary Fund	20,560,000	20,560,000	20,802,320	Yes
3.	Tharaka Nithi County Executive Staff Mortgage and Car Loan Scheme Fund	20,000,000	-	-	Yes
4.	Tharaka Nithi County Youth Empowerment Fund	-	-	21,664	Yes
3.	Tharaka Nithi County Assembly Car Loan & Mortgage Fund	30,000,000	30,000,000	94,000,000	Yes
	Total	75,560,000	50,560,000	114,823,984	

Source: Tharaka Nithi County Treasury

3.41.9 Expenditure on Operations and Maintenance

Figure 123: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

During the period, expenditure on domestic travel amounted to Kshs.148.19 million and comprised Kshs.87.22 million spent by the County Assembly and Kshs.60.96 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.12 million and comprised Kshs.8.00 million by the County Assembly and Kshs.11.10 million by the County Executive. The County government did not provide details of the foreign travel. The highest expenditure on foreign travel was incurred as summarised in Table 3.274.

Table 3.276: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	1	22nd to 28th January 2023	Training for Speakers of The County Assembly on Optimising Institutional Governance in the County Assemblies	Dubai	572,432
County Assembly	1	3rd to 10th April 2023	Training on Leadership and Management	United Kingdom	553,700
County Assembly	14	5th to 11th April 2023	Conference on enhancing the effectiveness of County Assemblies Women's Caucuses	Rwanda	3,525,177
County Assembly	6	5th to 11th April 2023	Governance and Strategic Leadership in Government Summit	Arusha	1,464,861
County Assembly	6	19th to 24th April 2023	International summit on Creative Modelling for sustainable Development	Ethiopia	1,896,657
County Assembly	1	22nd to 30 th April 2023	Training for Deputy Speaker of The County Assembly on Effective Leadership and Management of Committees in The County Assemblies	Dubai	773,900
County Executive	2	30th Oct 2022 to 18th Nov 2022	Attending the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27)	Egypt	2,995,452
County Executive	4	5th to 11th April 2023	Attending international summit on sustainable cities and Urban management.	Rwanda	3,627,932
County Executive	1	22nd to 30th April 2023	Training on effective leadership and management of board of management committees.	Dubai United Arab Emirates	350,000
County Executive	3	4th to 8th May 2023	Attending workshop on leadership and management in dynamic times.	Daresalaam Tanzania	636,151
County Executive	2	5th to 11th April 2023	Training on governance and strategic leadership in government summit.	Arusha Tanzania	1,841,021
County Executive	2	20th to 24th April 2023	Attending summit on creative modelling for sustainable development.	Ethiopia	1,644,844

Source: Tharaka Nithi County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 1 out of the 12 foreign trips sampled, delegates have surpassed the limit.

Other Operating Expenses of Kshs.76.79 million in the above graph include Kshs.7.02 million spent on Temporary Committee Expenses, Kshs.10.28 million on Membership Fees, Dues and Subscriptions to Professional and Trade Bodies, Kshs.11.41 million on Legal Dues/fees, Arbitration and Compensation Payments, Kshs.16.19 million on Contracted Professional Services, Kshs.14.05 million on Contracted Guards and Cleaning Services and Kshs.17.84 million spent on Ward Office Expenses

3.41.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.914.06 million on development programmes, representing a decrease of 19.3 percent compared to FY 2021/22, when the County spent Kshs.1.13 billion. Table 3.277 summarises development projects with the highest expenditure in the reporting period.

Table 3.277: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

S/No.	Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Agriculture	Crop Subsidy	Countywide	82,505,900	80,280,000	97.3
2	Roads, Infrastructure and Public Works	Maintenance and Improvement of Ward Roads	Countywide	118,298,571	67,236,389	56.8
3	Roads, Infrastructure and Public Works	Tarmacing of Mitheru-Kaanwa Road	Mitheru/Mariani	60,000,000	57,620,000	96.0
4	Roads, Infrastructure and Public Works	Tarmacing of Karandini-Kithioroni Road,	Magumoni	50,000,000	47,535,215	95.1
5	Roads, Infrastructure and Public Works	Bridges and Footbridges	Countywide	45,000,000	43,718,684	97.2
6	Environment and Natural Resources Management	Crop subsidy- Climate Change Fund	Countywide	30,000,000	25,715,603	85.7
7	Roads, Infrastructure and Public Works	Tarmacing of Cheera - Ruguti Road	Mugwe	25,000,000	22,595,176	90.4
8	County Assembly	Construction of Speakers Residence	Kathwana	34,709,617	20,799,266	60.0
9	Water and Irrigation	Drilling and solar-powering communal boreholes	Countywide	32,500,000	20,335,216	62.6
10	Roads, Infrastructure and Public Works	PROPOSED CONSTRUCTION OF THE GOVERNOR'S OFFICE AT KAJUKI	Igambang'ombe	20,063,700	20,063,700	100.0

Source: Tharaka Nithi County Treasury

3.41.11 Budget Performance by Department

Table 3.278 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.278: Tharaka Nithi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor and Deputy Governor	247.59	-	159.44	-	158.60	-	99.5	-	64.1	-
Roads, Infrastructure, Public Works and ICT	231.61	510.61	212.44	380.30	211.81	380.14	99.7	100.0	91.5	74.4
Health Services	1,862.88	129.38	1,848.68	64.65	1,847.59	63.83	99.9	98.7	99.2	49.3
Lands, Physical Planning, Urban Development, Natural Resources	76.56	55.00	56.71	29.74	56.58	29.56	99.8	99.4	73.9	53.7
Agriculture, Cooperatives and Industry	125.33	339.56	118.16	305.18	117.88	304.75	99.8	99.9	94.1	89.7
Public Service, Urban Development and Disaster Management	118.39	-	113.65	-	112.71	-	99.2	-	95.2	-
Education and Vocational Training	215.46	49.66	211.27	19.24	211.22	18.27	100.0	94.9	98.0	36.8
Trade and Revenue	93.34	6.00	90.98	-	90.08	-	99.0	-	96.5	0.0
Finance and Economic Planning	285.01	6.00	235.56	-	235.35	-	99.9	-	82.6	0.0
County Assembly	546.89	30.00	515.91	19.07	515.91	19.07	100.0	100.0	94.3	63.6
Water Services and Irrigation	46.93	109.50	42.91	69.68	42.44	68.73	98.9	98.6	90.4	62.8
County Public Service Board	26.23	-	22.66	-	22.63	-	99.9	-	86.3	-
Energy and Housing	35.81	20.00	34.71	11.03	34.69	10.62	99.9	96.2	96.9	53.1
Public Health and Sanitation	341.27	-	323.44	-	323.33	-	100.0	-	94.7	-
Youth, Sports, Culture and Tourism	43.11	17.93	39.61	6.06	39.44	-	99.6	0.0	91.5	-
Livestock, Veterinary and Fisheries Development	68.17	43.13	63.73	13.08	63.36	13.05	99.4	99.8	92.9	30.3
TOTAL	4,364.60	1,316.77	4,089.86	918.04	4,083.61	914.06	99.8	99.6	93.6	69.4

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Cooperatives and Industry recorded the highest absorption rate of development budget at 89.7 percent, followed by the

Department of Roads, Infrastructure, Public Works and ICT at 74.4 percent. The Departments of Youth, Sports, Culture and Tourism did not report any expenditure on development budget despite having an allocation. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 99.2 percent, while the Office of Governor and Deputy Governor had the lowest at 64.1 percent.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 3.279 summaries the budget execution by programmes and sub-programmes in FY 22/23.

Table 3.279: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
3611 Office of Governor and Deputy Governor							
P: County Government Advisory Services	0702033610 SP: Communication andStrategy	19,217,823	-	12,027,848	-	62.6	-
P: County Leadership andCoordination of MDAs	0701033610 SP: Coordination of CMAs (Office of County Secretary)	17,544,880	-	6,544,880	-	37.3	-
	0701043610 SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	35,985,070	-	20,897,128	-	58.1	-
P: General Administration, Planning and Support Services	0706043610 SP: Management of County Affairs (Office of Governor)	137,273,040	-	97,231,106	-	70.8	-
	0706053610 SP: Coordination andSupervisory Services (Deputy Governor's Office)	37,569,014	-	21,900,014	-	58.3	-
Sub Total		247,589,827		158,600,976		64.1	-
3612 Roads, Infrastructure and Public Works							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: General Administration Planning and Support Services	0201013610 SP: General Administration Services	84,697,285	98,500,000	82,953,900	62,178,562	97.9	63.1%
P: Kathwana Municipality Development Programme	0109013610 SP: Kathwana Urban Area Support	6,963,556	-	6,566,947	-	94.3	-
P: Public Works and Housing Services	0108013610 SP: Public Works Services	27,722,346	-	26,404,486	-	95.2	-
P: Roads Transport	0202013610 SP: Rural Roads Improvement and Maintenance Services	79,613,188	387,105,000	69,205,454	297,961,382	86.9	77.0
P: Urban Development and Administration	0710013610 SP: Urban Administrative Services	32,618,284	25,000,000	26,683,694	20,000,000	81.8	80.0
Sub Total		231,614,659	510,605,000	211,814,481	380,139,944	91.5	74.4
3613 Medical Services							
P: Curative and Rehabilitative Services	0401073610 SP: Medical Supplies	252,650,000	-	237,101,241	-	93.8	-
	0401083610 SP: Laboratory Services	56,562,950	-	54,525,410	-	96.4	-
P: General Administration Planning and Support Services	0404013610 SP: General Administration Services	115,155,171	129,378,487	117,895,966	63,830,743	102.4	49.3
	0404033610 SP: Human resource management	1,438,514,078	-	1,438,067,247	-	100.0	-
Sub Total		1,862,882,199	129,378,487	1,847,589,864	63,830,743	99.2	49.3
3614 Lands and Physical Planning							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Environment and Natural Resources Management	1001013610 SP: Environment and Natural Resource	20,877,093	35,000,000	15,340,128	16,457,818	73.5	47.0
P: Environment Management and Natural Resources Conservation	0303013610 SP: Environment and Natural Resources Management	21,250,000	-	8,061,090	-	37.9	-
P: Land Policy and Planning	0102013610 SP: Physical Planning Services	32,453,000	20,000,000	32,267,448	13,098,048	99.4	65.5
	0102033610 SP: Land Administration & management	1,978,700	-	907,625	-	45.9	-
Sub Total		76,558,793	55,000,000	56,576,291	29,555,866	73.9	53.7
3615 Agriculture and Crop Production							
P: Cooperative Development and Management	0304013610 SP: Cooperative Development	837,797	-	175,710	-	21.0	-
P: Crop Development and Management	0105013610 SP: Crops Development, Agribusiness and Market Development	5,544,447	255,612,912	1,800,753	221,049,853	32.5	86.5
P: General Administration Planning and Support Services	0101013610 SP: Administration, Policy, Strategy and Management of Agriculture	118,947,241	83,948,899	115,900,764	83,695,769	97.4	99.7
Sub Total		125,329,485	339,561,811	117,877,227	304,745,622	94.1	89.7
3616 Public Administration and Devolution Affairs							
P: County Government Advisory Services	0702053610 SP: Disaster Management and Coordination	983,788	-	798,288	-	81.1	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: General Administration, Planning and Support Services	0706013610 SP: General Administration and Support Services	113,546,173	-	109,932,365	-	96.8	-
	0706023610 SP: Sub-County Administration and Field Services	2,512,700	-	1,219,700	-	48.5	-
	0706103610 SP: Human Resource Management Services	1,344,700	-	759,660	-	56.5	-
Sub Total		118,387,361		112,710,013		95.2	-
3617 Education, Gender, Culture and Social Services							
P: Education and Youth Training	0504013610 SP: Promotion of Basic Education (ECDE)	32,151,292	30,000,000	28,714,025	13,939,607	89.3	46.5
	0504023610 SP: Youth Training and Capacity Building	13,921,100	19,659,900	13,629,000	4,328,095	97.9	22.0
P: General Administration Planning and Support Services	0501013610 SP: Administration Planning and Support Services	169,389,670	-	168,875,019	-	99.7	-
Sub Total		215,462,062	49,659,900	211,218,044	18,267,702	98.0	36.8
3618 Trade and Industry							
P: General Administration, Planning and Support Services	0301013610 SP: General Administration and Support Services	87,243,118	-	86,032,216	-	-	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Industrial Development and Investment	0305033610 SP: Industrial Development	1,150,000	-	-	-	-	-
	0305043610 SP: Consumer Protection & Fair- Trade Practices	4,945,000	-	4,045,000	-	-	-
P: Resource Mobilisation	0712013610 SP: Revenue Administration		6,000,000		-	-	-
Sub Total		93,338,118	6,000,000	90,077,216	-	96.5	-
3619 Finance and Economic Planning							
P: Economic Policy and County Planning	0703023610 SP: Monitoring and Evaluation Services	2,750,000	-	2,635,950	-	95.9	-
	0703043610 SP: Economic Development, Planning and Coordination Services	2,202,700	-	1,750,300	-	79.5	-
	0703053610 SP: County Statistics Services	1,490,400	-	1,133,000	-	76.0	-
P: Financial Management Services	0704033610 SP: Supply Chain Management Services	1,379,800	-	1,152,060	-	83.5	-
	0704053610 SP: Audit Services	3,591,500	-	1,887,940	-	52.6	-
	0704063610 SP: Budget Formulation and Coordination	3,324,180	-	2,939,780	-	88.4	-
	0704083610 SP: Accounting Services	3,158,294	-	2,773,194	-	87.8	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: General Administration, Planning and Support Services	0706013610 SP: General Administration and Support Services	-	6,000,000	-	-	-	-
	0706103610 SP: Human Resource Management Services	254,770,725	-	210,433,769	-	82.6	-
P: Resource Mobilisation	0712013610 SP: Revenue Administration	12,342,750	-	10,642,750	-	86.2	-
Sub Total		285,010,349	6,000,000	235,348,743	-	82.6	-
3621 County Assembly							
P: County Legislation Services	0708013610 SP: County Assembly Services	132,347,581	-	132,347,581	-	100.0	-
	0708023610 SP: Coordination Services (Office of the Speaker)	38,540,000	-	38,540,000	-	100.0	-
	0708033610 SP: Procedure and Oversight Services (Committees)	113,801,473	-	82,821,473	-	72.8	-
P: Financial Management Services	0704013610 SP: Monitoring and Evaluation Services	85,996,446	-	85,996,446	-	100.0	-
P: General Administration, Planning and Support Services	0706013610 SP: General Administration and Support Services	166,740,655	30,000,000	166,740,655	19,067,943	100.0	63.6
	0706083610 SP: Administrative Services	9,467,500	-	9,467,500	-	100.0	-

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Sub Total		546,893,655	30,000,000	515,913,655	19,067,943	94.3	63.6
3622 Water Services and Irrigation							
P: Water Supply Services	1002013610 SP: Domestic Water Services	42,002,950	61,500,000	37,979,693	43,324,560	90.4	70.4
	1002023610 SP: Water Storage Services	634,579	-	392,050	-	61.8	-
	1002033610 SP: Irrigation andDrainage Services	4,296,390	48,000,000	4,069,400	25,409,221	-	-
Sub Total		46,933,919	109,500,000	42,441,143	68,733,781	90.4	62.8
3623 County Public Service Board							
P: Economic Policy and County Planning	0703023610 SP: Monitoring and Evaluation Services	132,000	-	132,000	-	100.0	-
P: Financial Management Services	0704013610 SP: Monitoring and Evaluation Services	1,157,870	-	292,870	-	25.3	-
P: General Administration, Planning and Support Services	0706013610 SP: General Administration and Support Services	23,663,610	-	21,788,166	-		-
P: Human Resource Management andDevelopment	0711013610 SP: County Public Service Board Services	1,278,760	-	415,680	-	32.5	-
Sub Total		26,232,240		-		-	-
3624 Energy, Housing and ICT							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Energy Resource Development & Management	0204013610 SP: Energy Resource Development & Management	-	20,000,000	-	10,618,245	-	53.1
P: General Administration Planning and Support Services	0201013610 SP: General Administration Services	18,845,064	-	18,220,647	-	96.7	-
P: ICT Infrastructure Development	0205013610 SP: ICT Infrastructure Development	16,969,345	-	16,466,933	-	97.0	-
Sub Total		35,814,409	20,000,000	34,687,580	10,618,245	96.9	53.1
3625 Public Health and Sanitation							
P: Preventive and Promotive Health Services	0402013610 SP: Health Promotion and Disease Control	322,956,012	-	311,538,468	-	96.5	-
	0402033610 SP: Environmental Health services	13,667,632	-	8,601,632	-	62.9	-
	0402053610 SP: HIV and AIDS Support Services	1,514,030	-	954,950	-	63.1	-
	0402073610 SP: Reproductive Maternal and Child Health Services	230,000	-	240,000	-	104.3	-
	0402083610 SP: Disease Surveillance	2,904,675	-	1,995,690	-	68.7	-
Sub Total		341,272,349	-	-	-	-	-
3626 Youth, Sports, Culture and Tourism							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Culture, Arts and Social Services	0506013610 SP: Culture and Arts Promotion	5,187,850	15,250,000	5,061,377	6,049,198	97.6	39.7
	0506023610 SP: Gender, PWDs and Social Services	5,364,100	-	5,029,300	-	93.8	-
P: Sports Development and Promotion	0505013610 SP: County Football League and Clubs Development	1,989,480	-	1,731,600	-	87.0	-
	0505023610 SP: Athletics Championships and Other Games	4,265,910	-	3,853,300	-	90.3	-
	0505033610 SP: Talent Search and Promotion	23,488,795	2,680,800	21,348,005	-	90.9	-
P: Tourism Development and Promotion	0302023610 SP: Tourism Branding and Marketing	1,386,490	-	1,313,905	-	94.8	-
	0302033610 SP: Miss Tourism Tharaka Nithi	1,422,950	-	1,101,710	-	77.4	-
Sub Total		43,105,575	17,930,800	39,439,197	6,049,198	91.5	33.7
3627 Livestock, Veterinary and Fisheries Development							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
P: Livestock and Fisheries Resource Management and Development	0106013610 SP: Livestock Policy Development and Capacity Building	63,227,608	12,500,000	61,527,358	7,948,989	97.3	63.6
	0106023610 SP: Veterinary Services and Disease Prevention	4,260,000	13,000,000	1,830,500	5,105,200	43.0	39.3
	0106033610 SP: Fisheries Development and Promotion	684,700	17,630,100	-	-	-	-
Sub Total		68,172,308	43,130,100	63,357,858	13,054,189	92.9	30.3
Grand Total		4,364,597,308	1,316,766,098	4,083,611,744	914,063,233	94	69.4

Source: Tharaka Nithi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Assembly Services, Coordination Services (Office of the Speaker), Procedure and Oversight Services (Committees), Monitoring and Evaluation Services, General Administration and Support Services, and Administrative Services in the Department of County Assembly all at 100.0 percent of budget allocation. The Reproductive Maternal and Child Health Services in the Department of Public Health and Sanitation exceeded the budget allocation at 104.3 percent of budget allocation.

3.41.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 14th August 2023.
2. High level of pending bills, which amounted to Kshs.753.82 million as of 30th June 2023.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.259.24 million were processed through the manual payroll, accounting for 9.1 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The OCoB noted that the expenditure report prepared and submitted by the County Treasury differed from the expenditure reports generated from IFMIS. This implies that the County Treasury did not process all transactions on IFMIS, and there were no regular reconciliations as required.
5. High wage bill, which accounted for 52.6 percent of the revenue for FY 2022/23 of Kshs.5.41 billion

during the reporting period, thus constraining funding to other programmes.

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 address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should conduct timely reconciliations of the Cashbook and IFMIS general ledger to improve the credibility of its financial reports.*
5. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.9.11 billion, comprising Kshs.3.31 billion (36.3 percent) and Kshs.5.80 billion (63.7 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 2.0 percent compared to the previous financial year when the approved budget was Kshs. 9.31 billion and comprised of Kshs. 4.05 billion towards development expenditure and Kshs. 5.25 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs. 7.19 billion (78.8 percent) as the equitable share of revenue raised nationally, Kshs. 301.10 million (3.3 percent) as Appropriations-in-Aid (A-I-A), Kshs.614.99 million (6.7 percent) as additional allocations, a cash balance of Kshs. 111.15 million (1.2 percent) from FY 2021/22, Kshs.574.89 million (6.3 percent) as Other Revenues, and generate Kshs.328.40 million (3.6 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.281.

3.42.2 Revenue Performance

In FY 2022/23, the County received Kshs. 7.19 billion as the equitable share of the revenue raised nationally, Kshs.209.52 million as A-I-A, Kshs.400.79 million as additional allocations, had a cash balance of Kshs. 111.15 million from FY 2021/22, Kshs.574.89 million (6.3 percent) as Other Revenues and raised Kshs.267.76 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs. 8.75 billion, as shown in Table 3.280:.

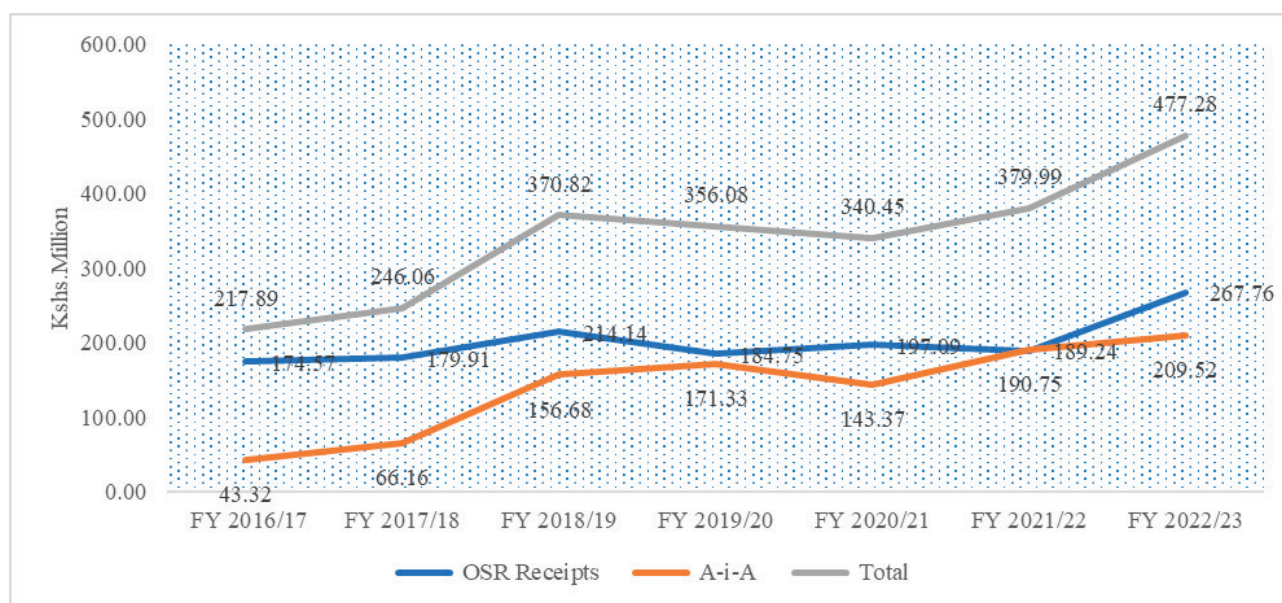
Table 3.280: Trans Nzoia County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,186,157,670	7,186,157,670	100.0
Subtotal		7,186,157,670	7,186,157,670	100.0
B	Additional allocations			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	226,213,643	192,666,098	85.2
2.	DANIDA Grant (Universal Healthcare in Devolved System Program)	18,529,875	18,529,875	100.0
3.	Leasing of Medical Equipment	110,638,298	-	-
4.	Agricultural Sector Development Support Programme (ASDSP) II	9,462,022	9,462,022	100.0
5.	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Levels 2 grants"	105,802,077	105,802,077	100.0
6.	Kenya Informal Settlement Improvement Project II	50,000,000	50,000,000	100.0
7.	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Institutional Grants (UIG)	2,339,915	2,339,915	100.0
8.	IDA - Financing Locally Led Climate Action	22,000,000	22,000,000	100.0
9.	National Value Chain Development Programme	70,000,000	-	-
Subtotal		614,985,830	400,799,987	65.2
C	Other Sources of Revenue			
1.	Own Source Revenue	328,400,000	267,760,051	81.5
2.	Balance b/f from FY 2021/22	111,146,408	111,146,408	100.0
3.	AIA	301,100,000	209,520,518	69.6
	Other Revenues	574,892,612	574,892,612	100.0
Sub Total		1,315,539,020	1,163,319,589	88.4
Grand Total		9,116,682,520	8,750,277,246	96.0

Source: Trans Nzoia County Treasury

Figure 124 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

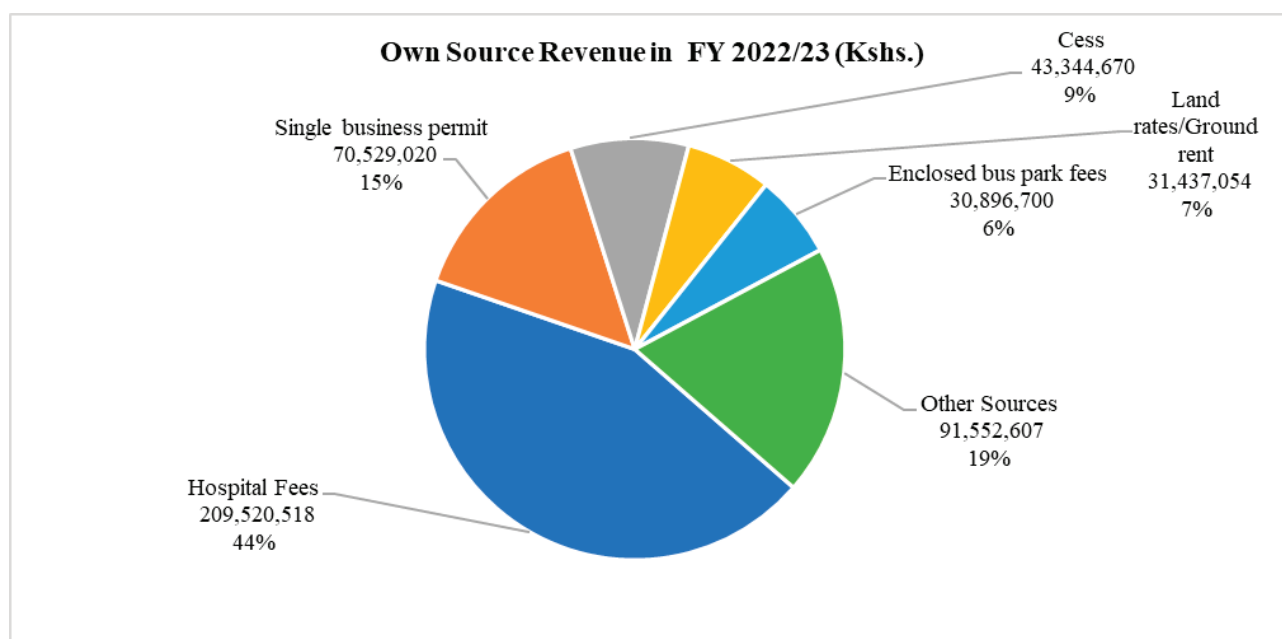
Figure 124: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Trans Nzoia County Treasury

In FY 2022/23, the County generated a total of Kshs.276.76 million from OSR. This amount represented an increase of 41.5 percent compared to Kshs.189.24 million realised in FY 2021/22 and was 81.5 percent of the annual target and 3.7 percent of the equitable revenue share disbursed during the period. The OSR doesn't include revenue arrears and penalties charged on the fees and levies from previous financial years. The revenue streams which contributed the highest OSR receipts are shown in Figure 125.

Figure 125: Top Streams of Own Source Revenue in FY 2022/23



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs. 70.53 million was from Single Business Permits, contributing to 26.3 percent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.209.52 million in FY 2022/23.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.75 billion from the CRF account during the reporting period. The amount comprised Kshs.2.29 billion (29.6 percent) for development programmes and Kshs.5.46 billion (70.4 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.3.30 billion was released towards Employee Compensation and Kshs.2.16 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.632.56 million.

3.42.4 County Expenditure Review

The County spent Kshs.7.60 billion on development and recurrent programmes in the reporting period. The expenditure represented 98.0 percent of the total funds released by the CoB and comprised Kshs.2.14 billion and Kshs.5.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 64.6 percent. In contrast, recurrent expenditure represented 94.0 percent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Ksh.1.18 billion, comprising Kshs.513.53 million for recurrent expenditure and Kshs.673.36 million for development activities. During the year, pending bills amounting to Kshs.503.84 million were settled, consisting of Kshs.186.21 million for recurrent expenditure and Kshs.317.63 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.559.37 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.1.24 billion.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 3.03 billion on employee compensation, Kshs. 1.69 billion on operations and Maintenance , and Kshs. 1.96 billion on development activities. Similarly, the County Assembly spent Kshs. 265.50 million on employee compensation, Kshs.466.15 million on operations and maintenance, and Kshs.177.79 million on development activities, as shown in Table 3.281 .

Table 3.281: 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	5,075,706,855	731,650,593	4,727,334,517	731,650,593	93.1	100.0

Compensation to Employees	3,037,065,828	265,504,593	3,039,354,280	265,504,593	100.1	100.0
Operations and Maintenance	2,038,641,027	466,146,000	1,687,980,237	466,146,000	82.8	100.0
Development Expenditure	3,107,675,072	201,650,000	1,961,112,527	177,789,171	63.1	88.2
Total	8,183,381,927	933,300,593	6,688,447,044	909,439,764	81.7	97.4

Source: Trans Nzoia County Treasury

3.42.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs. 3.30 billion or 37.7 percent of the revenue for FY 2022/23 of Kshs.8.75 billion. This expenditure represented an increase from Kshs. 3.20 billion reported in a similar period of FY 2021/22. The wage bill included Kshs. 1.75 billion paid to health sector employees, translating to 53.0 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs. 3.09 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.210.52 million was processed through manual payrolls. The manual payrolls accounted for 6.4 percent of the total PE cost.

The County Assembly spent Kshs. 15.29 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs. 15.29 million. The average monthly sitting allowance was Kshs.31,844 per MCA. The County Assembly has established 22 Committees.

3.42.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs. 383.10 million to county-established funds in FY 2022/23, constituting 4.2 percent of the County's overall budget Table 3.282 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.282: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Nawiri Fund	80,000,000	80,000,000	80,000,000	No
2.	Youth and Women Enterprise Fund	2,000,000	-	-	No
3.	Car Loan and Mortgage	50,000,000	50,000,000	50,000,000	No
	Elimu Bursary Fund	135,000,000	120,000,000	120,000,000	No
4.	Emergency Fund	50,000,000	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Assembly Established Funds					
1.	Car Loan and Mortgage Scheme Fund (Members and Staff)	66,100,000	66,100,000	66,100,000	No
	Total	383,100,000	333,100,000	333,100,000	

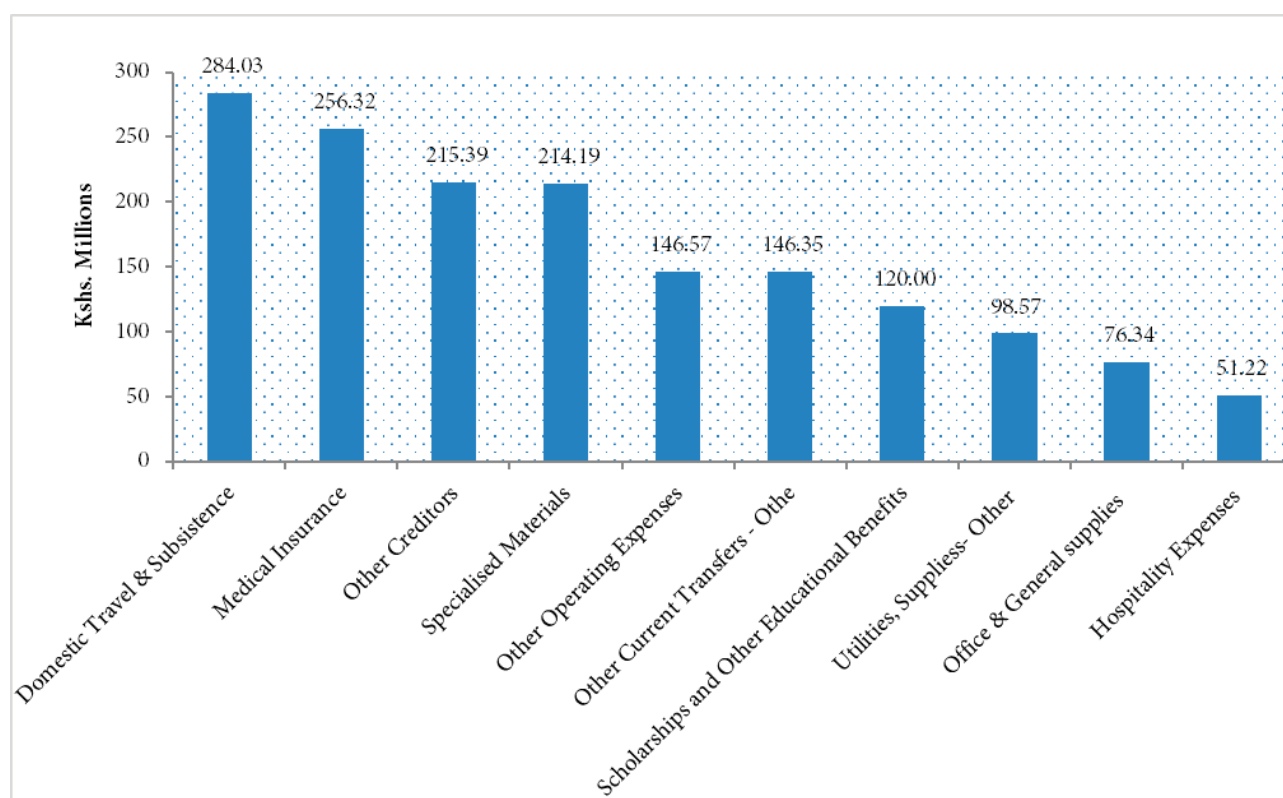
Source: Trans Nzoia County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of Car Loan and Mortgage, Elimu Bursary, Nawiri Fund, Youth and Women Enterprise Fund, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds as indicated in Table 3.283, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.42.9 Expenditure on Operations and Maintenance

Figure 126 summarises the Operations and Maintenance expenditure by major categories.

Figure 126: Trans Nzoia County Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

During the period, expenditure on domestic travel amounted to Kshs.284.03 million and comprised Kshs.81.74 million spent by the County Assembly and Kshs.202.29 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.09 million by the County Assembly. The highest expenditure on foreign travel was incurred as summarised in Table 3.280.

Table 3.283: Summary of Highest Expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	1	4 th November to 20 th November 2022	A workshop on Strathmore Academic programme for MPPM in Madrid Spain	Madrid Spain	1,051,680
County Assembly	1	29 th June 2023 to 10 th July 2023	To attend International Conference on post-pandemic strategic public administration and management	Melbourne Australia	879,840
County Assembly	1	23 rd November 2022 to 26 th November 2022	East African Law Society Annual Conference and General Meeting	Arusha Tanzania	279,468
County Assembly	1	22 nd April to 30 th April 2023	Training of County Assembly Deputy speakers on Effective Leadership and Management of Committees	Dubai United Arab Emirates	880,000
Total					3,090,988

3.42.10 Development Expenditure

In FY 2022/23, the County incurred Kshs. 2.14 billion on development programmes, representing a decrease of 17.5 percent compared to a similar period in FY 2021/22 when the County spent Kshs. 2.59 billion. Table 3.284 summarises development projects with the highest expenditure in the reporting period.

Table 3.284: Trans Nzoia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of Ultra-Modern Administration Block	County Assembly	108,739,201	109,000,000	108,739,201	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
2	PSM	Proposed construction of Trans Nzoia county headquarters	Trans Nzoia County headquarters	99,767,109	100,000,000	99,767,109	100
3	Agriculture	supply and delivery of maize seeds	County HQs	53,919,700	57,100,000	53,919,700	100
4	Gender	Proposed construction and rehabilitation of Kenyatta stadium phase 1A	Kenyatta stadium	657,305,895	145,682,000	143,193,500	22
5	Agriculture	supply and delivery of fertiliser	County HQs	33,468,735	43,500,000	33,468,735	100
6	County Assembly	Purchase of Assembly Vehicles	County Assembly	29,000,000	29,000,000	29,000,000	100
7	Finance	Construction of Kitale Business Centre	Kitale Business centre	22,343,262	356,075,438	22,343,262	100
8	County Assembly	Construction of Buildings	County Assembly	20,609,064	39,000,000	20,609,064	100
9	Finance	Proposed construction of Trans Nzoia County Teaching and Referral	Kitale referral hospital	19,412,617	356,075,438	19,412,617	5.5
10	Public works	Routine maintenance of County Referral Road	County Referral Road	18,540,918	90,000,433	18,540,918	100

Source: Trans Nzoia County Treasury

3.42.11 Budget Performance by Department

Table 3.285: summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.285: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	243.61	545.19	238.17	360.37	242.43	382.59	101.8	106.2	99.5	70.2
Livestock	14.87	80.47	2.68	59.27	2.76	38.25	102.9	64.5	18.5	47.5
Trade, Commerce	57.37	132.00	55.89	114.80	55.87	86.63	100.0	75.5	97.4	65.6
Water, Env and Natural Resources	81.17	272.09	70.88	187.00	70.90	161.16	100.0	86.2	87.4	59.2
Public Works, Transport and Infrastructure	153.78	428.76	152.37	268.84	152.58	267.29	100.1	99.4	99.2	62.3
Health Corporate	2,030.41	385.62	2,009.29	195.40	2,013.80	99.52	100.2	50.9	99.2	25.8
Lands, Housing	70.50	199.69	69.01	5.22	69.15	4.75	100.2	91.2	98.1	2.4
Municipality Board of Kitale	60.94	6.34	16.12	2.34	15.23	-	94.5	-	25.0	-
Gender, Sports, Culture	50.05	255.58	48.55	239.77	42.16	253.01	86.8	105.5	84.2	99.0
Governance	184.71	25.00	182.36	14.14	177.96	16.16	97.6	114.3	96.3	64.6
Public Service Management	603.03	238.67	587.95	208.05	590.33	164.32	100.4	79.0	97.9	68.9
County Public Service Board	69.10	8.47	41.51	3.25	33.42	3.18	80.5	97.7	48.4	37.6
Education, ICT	600.64	98.40	546.03	67.43	500.43	65.94	91.6	97.8	83.3	67.0
Finance	736.71	415.11	656.03	384.75	709.48	413.92	108.1	107.6	96.3	99.7
Economic Planning	56.31	16.30	12.04	5.49	12.29	4.38	102.1	79.8	21.8	26.9
County Attorney	62.50	-	38.52	-	38.54	-	100.0	-	61.7	-
County Assembly	731.65	201.65	731.65	177.79	731.65	177.79	100.0	100.0	100.0	88.2
Total	5,807.36	3,309.33	5,459.05	2,293.91	5,458.99	2,138.90	100.0	93.2	94.0	64.6

Source: Trans Nzoia County Treasury

Analysis of expenditure- by department shows that the Department of Finance recorded the highest absorption rate of development budget at 99.7 percent, followed by the Department of Gender, Sports, and Culture at 99.0 percent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 100.0 percent while the Department of Economic Planning had the lowest at 21.8 percent.

The Municipality Board of Kitale did not report any development expenditure despite an allocation of 6.34 million for FY 2022/23.

3.42.12 Budget Execution by Programmes and sub-programmes

Table 3.286: summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.286: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Agriculture, Livestock		884,127,374.00	666,018,442.45	75.3
P1 Crop Development		625,654,123.00	420,832,965.45	67.3
	Sp1.1 Crop Diversification	545,189,044.00	382,586,914.60	70.2
	Sp1.2 Post-harvest management and value addition	80,465,079.00	38,246,050.85	47.5
P2 Administrative and Support Services		258,473,251.00	245,185,477.00	94.9
	Sp2.1 Administrative and Support Services	258,473,251.00	245,185,477.00	94.9
Trade, Commerce and Industry		189,370,068.00	142,502,281.25	75.3
P1 Medium and Small Enterprises		132,000,000.00	86,633,153.65	65.6
	Sp1.1 Medium and small Enterprises	132,000,000.00	86,633,153.65	65.6
P2 Administrative and Support Services		57,370,068.00	55,869,127.60	97.4
	Sp2.1 Administrative and Support Services	57,370,068.00	55,869,127.60	97.4
Water, Environment and Natural Resources		353,252,388.00	232,064,470.05	65.7
P1 Environment management and protection		272,086,871.00	161,162,532.95	59.2
	Sp1.1 Waste Management	272,086,871.00	161,162,532.95	59.2
P2 Administrative and Support Services		81,165,517.00	70,901,937.10	87.4
	Sp2.1 Administrative and Support Services	81,165,517.00	70,901,937.10	87.4
Public Works, Roads and Infrastructure		582,538,943.00	419,873,976.40	72.1
P1 Road Construction and Road Maintenance		428,757,955.00	267,291,345.80	62.3

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
	Sp1.1 Maintenance of Roads	428,757,955.00	267,291,345.80	62.3
P2 Administrative and Support Services		153,780,988.00	152,582,630.60	99.2
	Sp2.1 Administrative and Support Services	153,780,988.00	152,582,630.60	99.2
Lands, Housing and Urban Planning		270,185,556.00	73,899,504.00	27.4
P1 Administrative and Support Services		270,185,556.00	73,899,504.00	27.4
	Sp1.1 Administrative and Support Services	270,185,556.00	73,899,504.00	27.4
Gender, Sports, Culture and Tourism		305,629,002.00	295,170,665.60	98.8
P1 Culture development and promotion		255,582,445.00	253,012,006.85	99.0
	Sp1.1 Culture development	255,582,445.00	253,012,006.85	99.0
P2 Administrative and Support Services		50,046,557.00	42,158,658.75	97.5
	Sp2.1 Administrative And Support Services	50,046,557.00	42,158,658.75	84.2
Public Service Management		841,701,885.00	754,658,136.30	89.7
P1 Infrastructure Development		238,668,227.00	164,323,740.45	68.9
	Sp1.1 Supervision and Management of Projects	238,668,227.00	164,323,740.45	68.9
P2 Administrative and Support Services		603,033,658.00	590,334,395.85	97.9
	Sp2.1 Administrative And Support Services	603,033,658.00	590,334,395.85	97.9
Education and ICT		699,043,835.00	566,375,009.80	81.0
P1 Vocational Training Development		98,400,000.00	65,940,019.75	67.0
	Sp1.1 Vocational Training Development	98,400,000.00	65,940,019.75	67.0
P2 Administrative and Support Services		600,643,835.00	500,434,990.05	83.3
	Sp2.1 Administrative And Support Services	600,643,835.00	500,434,990.05	83.3

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Finance		1,151,827,509.00	1,123,401,533.00	97.5
P1 Administrative and Support Services		1,151,827,509.00	1,123,401,533.00	97.5
	Sp1.1 Supervision and Management of Projects	415,114,306.00	413,920,008.00	99.7
	Sp1.2 Administrative AndSupport Services	736,713,203.00	709,481,525.00	96.3
Governance		209,709,647.00	194,116,941.55	92.6
P1 Infrastructure Development		25,000,000.00	16,161,152.15	64.6
	Sp1.1 Supervision and Management of Projects	25,000,000.00	16,161,152.15	64.6
P2 Administrative and Support Services		184,709,647.00	177,955,789.40	96.3
	Sp2.1 Administrative AndSupport Services	184,709,647.00	177,955,789.40	96.3
County Public Service Board		77,567,287.00	36,603,780.35	47.2
P1 Governance and County Values		8,465,000.00	3,178,942.70	37.6
	Sp1.1 Infrastructure Development	8,465,000.00	3,178,942.70	37.6
P2 Administrative and Support Services		69,102,287.00	33,424,837.65	48.4
	Sp2.1 Administrative AndSupport Services	69,102,287.00	33,424,837.65	48.4
Health Corporate		2,416,032,616.00	2,113,316,719.30	87.5
P1 Administrative and Support Services		2,416,032,616.00	2,113,316,719.30	87.5
	Sp1.1 Preventive Health Services	385,617,890.00	99,520,770.75	25.8
	Sp1.2 Administrative AndSupport Services	2,030,414,726.00	2,013,795,948.55	99.2
Economic Planning		72,612,482.00	16,676,869.10	23.0
P1 County Research and Development Planning		16,300,000.00	4,382,117.25	26.9
	Sp1.1 County Development Planning Services	16,300,000.00	4,382,117.25	26.9
P2 Administrative and Support Services		56,312,482.00	12,294,751.85	21.8

Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
	Sp2.1 Administrative And Support Services	56,312,482.00	12,294,751.85	21.8
Municipality Board of Kitale		67,280,215.00	15,231,265.00	22.6
P1 Administrative and Support Services		67,280,215.00	15,231,265.00	22.6
	Sp1.1 Administrative And Support Services	67,280,215.00	15,231,265.00	22.6
County Attorney		62,503,120.00	38,537,449.00	61.7
P1 Administrative and Support Services		62,503,120.00	38,537,449.00	61.7
	Sp1.1 Administrative And Support Services	62,503,120.00	38,537,449.00	61.7
County Assembly		933,300,593.00	909,439,764.00	97.4
P1 Administrative and Support Services		933,300,593.00	909,439,764.00	97.4
	Sp1.1 Administrative And Support Services	933,300,593.00	909,439,764.00	97.4
Grand Total		9,116,682,520.00	7,597,886,808	83.4

Source: Trans Nzoia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Supervision and Management of Projects in the Department of Finance at 99.7 percent, Administrative and Support Services in the Department of P1 Road Construction and Road Maintenance at 99.2 percent, Administrative and Support Services in the Department of Health Corporate at 99.2 percent, and Culture development in the Department of Gender, Sports, Culture at 99.0 percent of budget allocation.

3.42.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 2nd August 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.285: where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Car Loan and Mortgage, Elimu Bursary, Nawiri Fund, Youth and Women Enterprise Fund, Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) funds were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs. 1.24 billion as of 30th June 2023. This is despite the availability of Kshs.632.56 million as of the closure of the financial year.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.210.52 million were processed through

the manual payroll, accounting for 6.4 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.43 County Government of Turkana

3.43.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.18.41 billion, comprising Kshs.5.88 billion (31.9 percent) and Kshs.12.53 billion (68.1 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 31.2 percent compared to the previous financial year when the approved budget was Kshs.14.03 billion and comprised of Kshs.4.77 billion towards development expenditure and Kshs.9.26 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.12.61 billion (68.5 percent) as the equitable share of revenue raised nationally, generate Kshs.198 million (1.1 percent) from its own sources of revenue, Kshs.570.44 million (3.1 percent) as additional allocations, and a cash balance of Kshs.5.03 billion (27.3 percent) from FY 2021/22. A breakdown of the additional allocations is provided in Table 3.288.

The cash balance from the previous financial year comprises Kshs.335.18 million from unspent additional allocations and Kshs.4.70 billion, which was the balance in the CRF account at the Central Bank of Kenya.

3.43.2 Revenue Performance

In FY 2022/23, the County received Kshs.12.61 billion as the equitable share of the revenue raised nationally, raised Kshs.177.72 million as own-source revenue, Kshs.440.95 million as additional allocations were also available for budget implementation, and had a cash balance of Kshs.4.70 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.17.93 billion, as shown in Table 3.288.

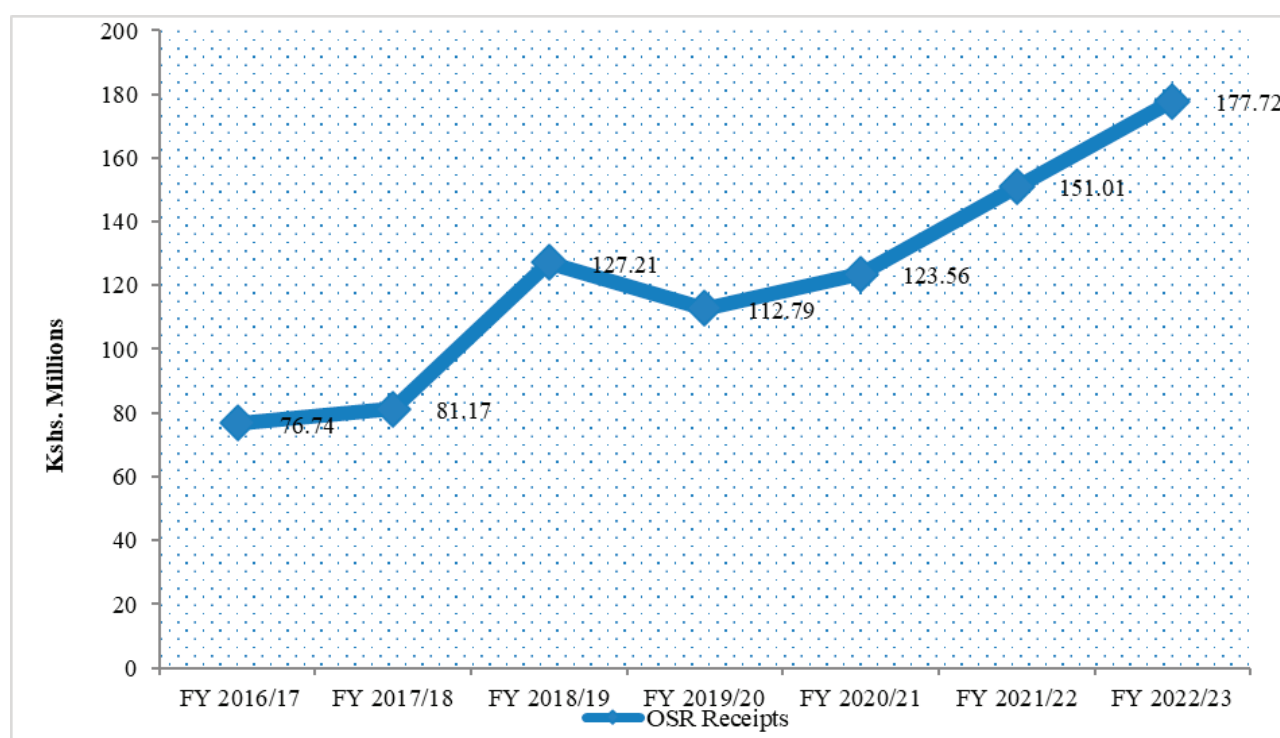
Table 3.284: Turkana County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	12,609,305,994	12,609,305,994	100
	Subtotal	12,609,305,994	12,609,305,994	100
B	Additional allocations			
1.	World Bank-Nation Agriculture & Rural Growth Project (NARIGP)	155,480,180	155,480,180	100
2.	Agriculture Sector Development Support Programme (ASDSP 11)	34,606,056	34,606,056	100
3.	Danish International Development Agency-DANIDA	33,903,563	-	-
4.	Kenya Urban Support Programme (KUSP)	2,339,915.	2,339,915	100
5.	Drought Resilience Programme in Northern Kenya (DRPNK)	220,000,000	126,890,978	57.7
6.	IDA (World Bank) Financing Locally Led Climate Action Programme (FLLoCA)	22,000,000	22,000,000	100
7.	World Bank-Emergency Locust Response Project (ELRP)	102,108,500	99,635,910	97.6
	Subtotal	570,438,214	440,953,039	77.3
C	Other Sources of Revenue			
1.	Own Source Revenue	198,000,000	177,717,811	89.8
2.	Unspent balance from FY 2021/22	5,031,385,053	4,696,209,337	93.3
	Sub Total	5,229,385,053	4,873,927,148	93.2
	Grand Total	18,409,129,261	17,924,186,181	97.4

Source: Turkana County Treasury

Figure 127 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

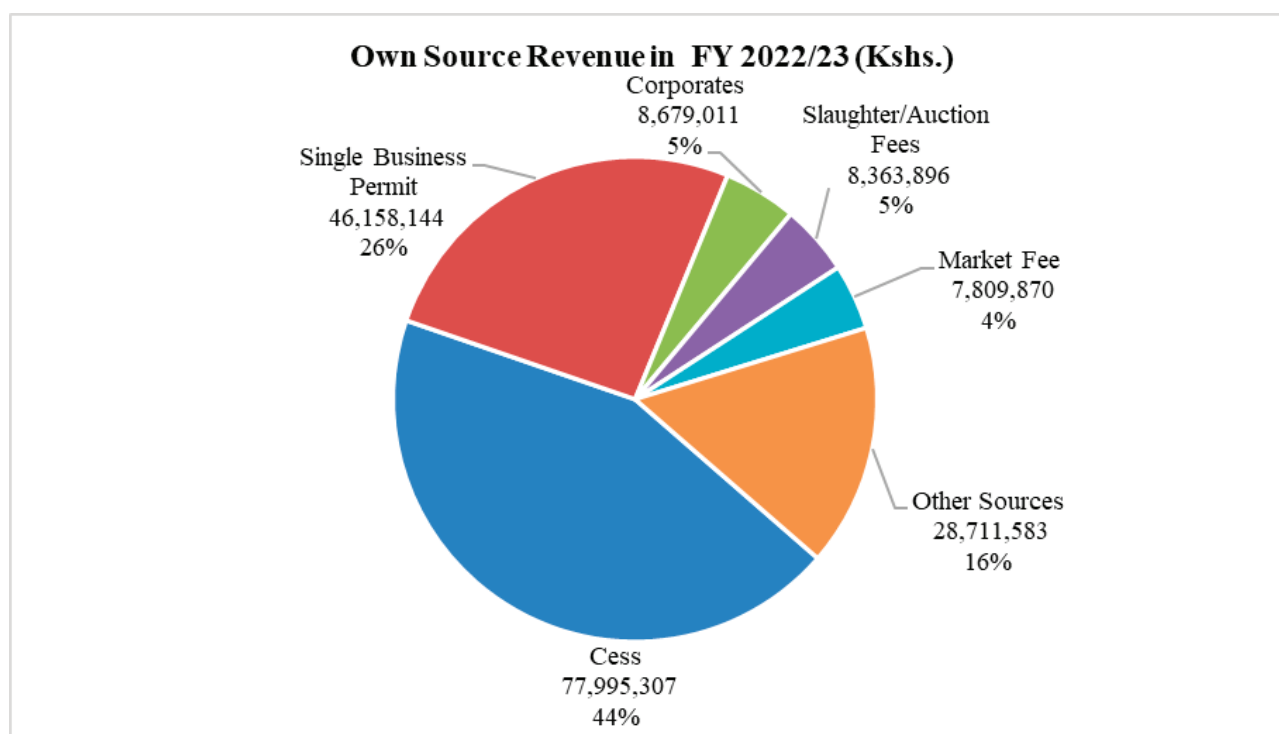
Figure 127: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Turkana County Treasury

In FY 2022/23, the County generated a total of Kshs.177.72 million from its own sources of revenue. This amount represented an increase of 17.7 percent compared to Kshs.151.01 million realised in a similar period in FY 2021/22 and was 89.8 percent of the annual target and 1.4 percent of the equitable revenue share disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.3.78 million. The revenue streams which contributed the highest OSR receipts are shown in Figure 128.

Figure 128: Top Streams of Own Source Revenue in FY 2022/23



Source: Total County Treasury

The highest revenue stream of Kshs.78 million was from cess, contributing to 43.8 percent of the total OSR receipts during the reporting period. Revenue from the health sector was not provided.

3.43.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.15.74 billion from the CRF account during the reporting period. This amount comprised Kshs.3.53 billion (22.4 percent) for development programmes and Kshs.12.21 billion (77.6 percent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.4.46 billion was released towards employee compensation, and Kshs.7.75 billion was for operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.2.25 billion.

3.43.4 County Expenditure Review

The County spent Kshs.14.51 billion on development and recurrent programmes during the reporting period. This expenditure represented 89.5 percent of the total funds released by the CoB and comprised of Kshs.3.32 billion and Kshs.11.19 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 56.4 percent, while recurrent expenditure represented 89.3 percent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills amounting to Kshs.2.19 billion, comprising Kshs.1.53 billion for recurrent expenditure and Kshs.662.58 million for development activities.

During the year, pending bills amounting to Kshs.2.17 billion were settled, consisting of Kshs.1.52 billion for recurrent expenditure and Kshs.655.26 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.291 million in the FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.309.19 million.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.89 billion on employee compensation, Kshs.6.37 billion on operations and Maintenance , and Kshs.3.25 billion on development activities. Similarly, the County Assembly spent Kshs.541.82 million on employee compensation, Kshs.392.20 million on operations and Maintenance , and Kshs.72.94 million on development activities, as shown in Table 3.285.

Table 3.285: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,504,383,150	1,024,468,006	10,257,055,174	934,026,796	89.2	91.2
Compensation to Employees	3,894,458,905	676,810,278	3,885,547,503	541,821,899	99.8	80.1
Operations and Maintenance	7,609,924,245	347,657,728	6,371,507,671	392,204,897	83.7	112.8
Development Expenditure	5,712,278,105	168,000,000	3,245,101,195	72,935,935	56.8	43.4
Total	17,216,661,255	1,192,468,006	13,502,156,369	1,006,962,731	78.4	84.4

Source: Turkana County Treasury

3.43.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.43 billion, or 24.7 percent of the revenue for FY 2022/23 of Kshs.17.93 billion. This expenditure decreased from Kshs.4.60 billion reported in FY 2021/22. The wage bill included Kshs.1.35 billion paid to health sector employees, translating to 30.4 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.4.33 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.94.98 million was processed through manual payrolls. The manual payrolls accounted for 2.1 percent of the total PE cost.

The County Assembly spent Kshs.6.50 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.50.90 million. The average monthly sitting allowance was Kshs.11,277 per MCA. The County Assembly has established 21 Committees.

3.43.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.1.43 billion to county-established funds in FY 2022/23, constituting 7.8 percent of the County's overall budget. Table 3.286 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.286: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
1.	Turkana County Emergency Fund	370,871,497	370,871,497	301,059,099	Yes
2.	Turkana County Biashara Fund	151,592,500	150,000,000	4,761,551	Yes
3.	Turkana County Youth and Women Empowerment Fund	186,343,940	186,343,940	186,343,940	Yes
4.	Turkana County Education & Skills Development Fund	386,496,520	386,496,520	386,496,520	Yes
5.	Turkana County Cooperative Enterprise Development Fund	47,326,825	45,321,825	2,577	Yes
6.	Turkana County Car Loan and Mortgage Fund	50,000,000	50,000,000	50,000,000	Yes
7.	Turkana County Climate Change Fund	142,978,013	142,978,013	92,697,193	Yes
County Assembly Established Funds					
8.	Turkana County Assembly Car and Mortgage Fund	98,000,000	98,000,000	98,000,000	Yes
	Total	1,433,609,295	1,430,011,795	1,119,360,880	

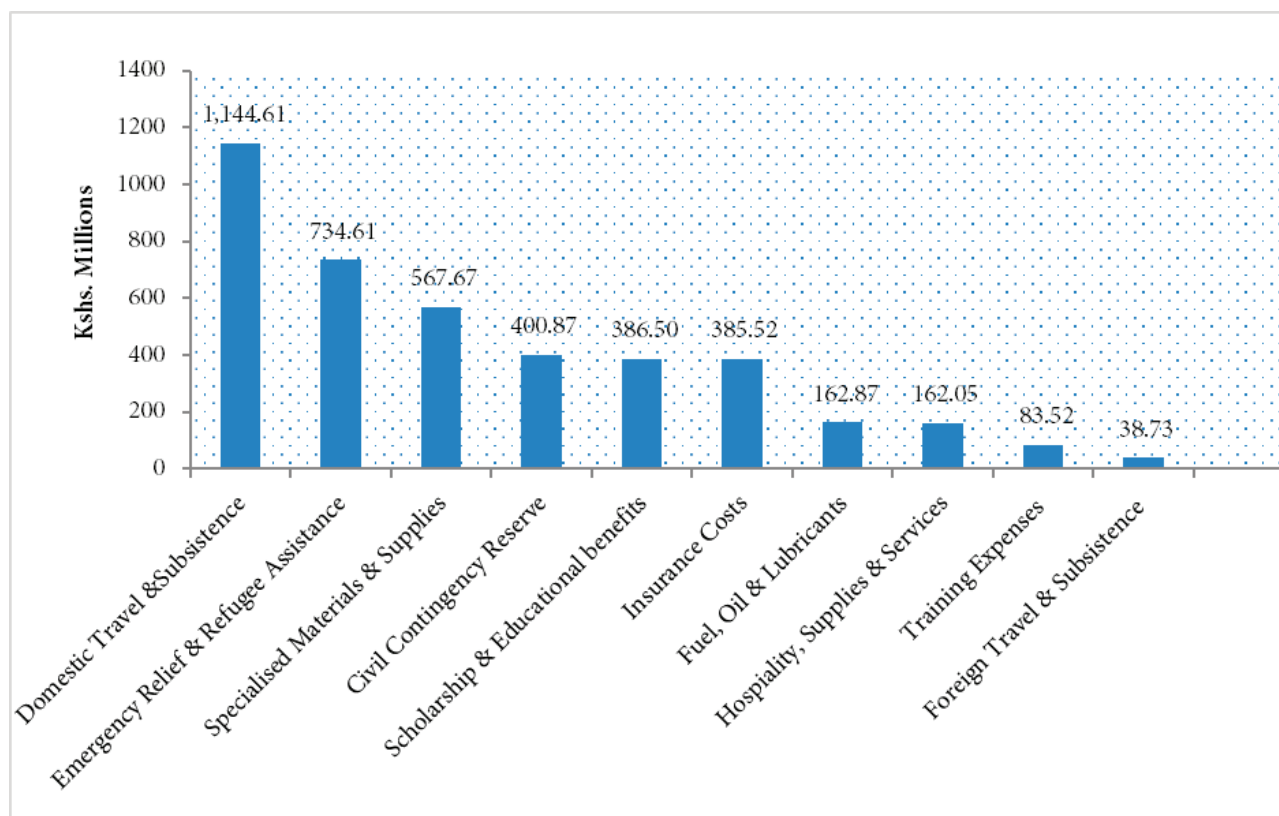
Source: Turkana County Treasury

OCOB received quarterly financial returns from Fund Administrators of 8 funds during the reporting period, as indicated in Table 3.290.

3.43.9 Expenditure on Operations and Maintenance

Figure 129 shows a summary of operations and Maintenance expenditure by major categories.

Figure 129: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

During the period, expenditure on domestic travel amounted to Kshs.1.14 billion and comprised of Kshs.139.44 million spent by the County Assembly and Kshs.1 billion by the County Executive. Expenditure on foreign travel amounted to Kshs.38.73 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.287.

Table 3.287: Summary of Highest Expenditure on Foreign Travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	63	December 2022	Stakeholders Peace Forum	Ethiopia	20,498,010
County Executive	26	October 2022	Consultative Meeting in Kubebe	Uganda	6,558,074
County Executive	18	September 2022	Lokiriama Peace Accord	Uganda	4,427,078
County Executive	5	April 2023	Opening of Kamion-Orupoi road	Uganda	1,873,284
County Executive	4	March 2023	Facilitation for receiving food donation	Dubai	1,184,801

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	2	January 2023	Drafting resource-sharing agreement	Uganda	917,448
County Executive	6	December 2022	Peer learning event	Uganda	742,720
County Executive	2	June 2023	CRRF-Inclusive Urban Development and mobility-Regional Network and Dialogue	Uganda	742,720

Source: Turkana County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 3 out of the 8 foreign trips sampled, delegates have surpassed the limit.

3.43.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.32 billion on development programmes, representing an increase of 33.3 percent compared to a similar period in FY 2021/22 when the County spent Kshs.2.49 billion. Table 3.288 summarises development projects with the highest expenditure in the reporting period.

Table 3.288: Turkana County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation Services	Construction of Dispensaries	County Wide	165,186,123	167,202,900	45,997,385	27.8
2	Education, Sports and Social Protection	Construction and Equipping of Model ECDE	County Wide	151,233,540	154,402,596	3,169,056	2.1
3	Agriculture Pastoral Economy and Fisheries	Construction and Rehabilitation of Irrigation Schemes	County Wide	664,779,645	655,000,000	304,582,046	45.8
4	Infrastructure, Transport and Public Works	Routine Maintenance of Roads	County Wide	189,731,504	193,036,681	174,775,595	92.1
5	Water Services, Environment and Mineral Resources	Drilling and Equipping of Boreholes	County Wide	218,703,400	222,400,000	218,703,400	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
6	Trade, Gender and Youth Affairs	Construction of Markets	Letea and Lokiriama	29,251,610	30,000,000	16,532,997	56.5
7	Health and Sanitation Services	Construction and Installation of Incinerator	Lokitaung and Lokichar	17,000,000	16,684,700	9,582,340	56.4
8	Health and Sanitation Services	Construction of Maternity Ward	County Ward	37,201,920	38,000,000	11,027,412	29.6
9	Agriculture Pastoral Economy and Fisheries	Construction of Water Conveyors	Kochodin and Lokichar	5,909,002	6,000,000	5,909,002	100.0
10	Finance and Economic Planning	Construction of Agriculture Resource Centre	Kanamkemer	67,973,115	70,000,000	29,646,502	43.6

Source: Turkana County Treasury

3.43.11 Budget Performance by Department

Table 3.289: summarises the approved budget allocation and absorption rate by departments in FY 2022/23.

Table 3.289: Turkana County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of Governor	525.97	243.27	513.72	4.82	391.71	9.93	76.2	206.2	74.5	4.1
Office of the Deputy Governor	56.15	-	50.71	-	37.27	-	73.5	-	66.4	-
Finance and Economic Planning	2,499.80	835.65	2,453.39	621.71	2,114.64	695.75	86.2	111.9	84.6	83.3
Water Services, Environment and Mineral Resources	138.09	781.02	133.16	515.83	96.49	480.47	72.5	93.1	69.9	61.5

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
Health & Sanitation Services	1,105.86	504.00	1,018.03	113.69	786.32	167.72	77.2	147.5	71.1	33.3
Trade, Gender and Youth Affairs	153.69	435.26	141.35	408.75	116.98	401.75	82.8	98.3	76.1	92.3
Education, Sports and Social Protection	687.29	490.70	687.29	117.70	667.80	116.90	97.2	99.3	97.2	23.8
Public Services, Decentralized Administration & Disaster Management	5,445.90	35.57	5,445.90	10.00	5,378.27	-	98.8	-	98.8	-
Infrastructure, Transport and Public Works	80.15	556.09	68.76	489.58	61.13	424.82	88.9	86.8	76.3	76.4
Agriculture Pastoral Economy and Fisheries	151.41	1,210.17	145.07	800.60	110.11	719.30	75.9	89.8	72.7	59.4
Tourism, Culture and Natural Resources	130.82	271.09	113.68	218.54	96.97	73.10	85.3	33.4	74.1	27.0
Lands, Energy, Housing and Urban Areas Management	106.73	118.04	95.38	95.78	53.81	43.57	56.4	45.5	50.4	36.9
County Assembly	1,024.47	225.00	934.03	72.95	934.03	72.94	100.0	100.0	91.2	32.4
County Public Service Board	158.53	2.00	150.47	-	132.65	-	88.2	-	83.7	-
Office of the County Attorney	155.70	-	154.79	-	128.77	-	83.2	-	83.7	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lodwar Municipality Board	108.30	172.42	103.19	58.71	84.14	111.79	81.5	190.4	77.7	64.8
Total	12,528.85	5,880.28	12,208.91	3,528.65	11,191.09	3,318.04	91.7	94.0	89.3	56.4

Source: Turkana County Treasury

Analysis of expenditure by department shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 92.3 percent, followed by the Department of Finance and Economic Planning at 83.3 percent. The County Public Service Board and the Department of Public Services, Decentralized Administration & Disaster Management, did not implement their development expenditure programmes.

The Department of Public Services, Decentralized Administration and Disaster Management had the highest percentage of recurrent expenditure to budget at 98.8 percent, while the Department of Lands, Energy, Housing v Areas Management had the lowest at 50.4 percent.

Further analysis shows expenditures to exchequer issues for the Office of the Governor is at 206.2 percent on development expenditure which is above 100 percent as indicated by the financial reports on payments done at IFMIS level. This also applies to the Lodwar Municipality at 190.4 percent, the Department of Health and Sanitation at 147.5 percent, and the Department of Finance and Economic Planning at 111.9 percent. Expenditures above exchequer issues indicate a weak internal control framework at the County Treasury.

3.43.12 Budget Execution by Programmes and sub-programmes

Table 3.290 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.290: Turkana County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office of the Governor					
General Administration, Planning and Support Service	General Administration and Support services	245,071,924	147,432,589	97,639,335	60.2
Governor's Residence	Construction of the Governor's residence	1,616,437	1,308,208	308,229	80.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Documentation, communication policy and strategy	3,156,584	2,692,152	464,432	85.3
	Civic Education and Public Sensitization	11,324,708	10,715,615	609,093	94.6
	Production of County Newspaper and Newsletter	1,301,396	690,000	611,396	53.0
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	1,011,042	300,000	711,042	29.7
	Political and Intergovernmental Advisory Services	2,054,117	700,000	1,354,117	34.1
	Legal Advisory Services	1,411,043	467,200	943,843	33.1
	Security and cross-border Advisory Services	1,971,248	894,000	1,077,248	45.4
	Oil and Gas Advisory Service	1,411,042	116,800	1,294,242	8.3
	Gender and Partnership Advisory Services	1,411,042	322,000	1,089,042	22.8
	Special Interest groups	1,011,042	878,000	133,042	86.8
	Climate Change advisory services	1,011,042	856,000	155,042	84.7
	Education and Youth Advisory services	1,011,042	893,750	117,292	88.4
	Culture, Arts and Heritage Advisory Services	1,411,042	900,600	510,442	63.8

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Security and Peace Building	Community Cohesion and Resettlement	16,211,207	11,406,467	4,804,740	70.4
	Operationalisation of peace-building structures and institutions	134,400,269	100,044,990	34,355,279	74.4
	Resettlement Infrastructural Programme	173,274,571	9,932,430	163,342,141	5.7
	Cross Border peace dividends programme	43,688,298	24,937,969	18,750,329	57.1
Social and Financial Security	Assurance and Insurance of Govt. Assets	9,167,904	7,886,504	1,281,400	86.0
	Liability and Debt Management	6,368,904	6,413,305	(44,401)	100.7
	Turkana SACCO Seed Capital	11,600,061	8,532,469	3,067,592	73.6
Public Participation and Access to Information	Construction of Citizen Resource Centre	4,038,679	3,835,200	203,479	95.0
	Web site Development	6,780,245	5,124,445	1,655,800	75.6
	Social Budgeting and Generation of SIR Reports	2,018,886	2,089,080	(70,194)	103.5
	Intergovernmental Relation	25,606,600	13,596,950	12,009,650	53.1
	Strategy Development, Review, Support and Operationalization	1,577,044	562,800	1,014,244	35.7
Service Delivery- ISO Certification	Service Charter	4,021,349	2,358,000	1,663,349	58.6
	Development of County Filing Systems	4,339,073	2,652,420	1,686,653	61.1
	Procedure Manual and Training	31,979,699	19,703,910	12,275,789	61.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governors Press Service	Governors Press Support	17,988,296	13,398,571	4,589,725	74.5
	Subtotal	769,245,836	401,642,424	367,603,412	52.2
Office of the Deputy Governor					
General Planning and Support	General Planning and Support services	25,351,000	17,603,918	7,747,082	69.4
Government Programming	Govt Programming	8,300,000	5,066,700	3,233,300	61.0
	Community Engagement	10,100,568	7,041,200	3,059,368	69.7
	Government Stakeholder Engagement	6,800,000	4,730,892	2,069,108	69.6
	Government Transformation	5,600,090	2,823,000	2,777,090	50.4
	Subtotal	56,151,658	37,265,710	18,885,948	66.4
Finance and Economic Planning					
General Administration, Planning and Support Service	General Administration Services	2,344,326,326	2,085,837,201	258,489,125	89.0
	General Administration - Economic planning	34,733,408	27,792,175	6,941,233	80.0
Government Communication and Media Relations	Acquiring and development of communication systems/equipment	9,500,000	5,738,642	3,761,358	60.4
	Policies	14,000,000	13,223,795	776,205	94.5
	Development and Implementation of ICT Policy and Regulations	2,533,806	1,351,662	1,182,144	53.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Revenue Collection Systems	Feasibility Study on Revenue Base	2,100,775	898,960	1,201,815	42.8
	Awareness and Campaigns on Revenue.	8,974,000	4,093,817	4,880,183	45.6
	Motorbikes for Revenue Officers 30 No.	1,377,569	350,900	1,026,669	25.5
	Strengthening Revenue Systems	21,694,822	10,684,488	11,010,334	49.2
	Revenue Forecast and Revenue Budget Preparation	7,683,726	1,724,466	5,959,260	22.4
	Completion of Lokiriama Revenue Centre	20,000,000	-	20,000,000	-
Accountability and Transparency	Internal Audit	52,100,000	13,208,170	38,891,830	25.4
	Procurement systems	4,500,000	3,073,500	1,426,500	68.3
	IFMIS training	5,058,150	2,445,646	2,612,504	48.4
	Civil Contingency Reserve	-	-	-	-
	Financial Reporting/ Research and Development	53,200,000	37,675,475	15,524,525	70.8
Planning and Policy formulation	Economic Policy Formulation and Dissemination	17,095,355	13,670,526	3,424,829	80.0
	CIDP review and Dissemination	1,546,736	1,145,611	401,125	74.1
	County Budget and Economic Forums and Budget Preparation	135,166,723	37,528,728	97,637,995	27.8
	Emergency Fund	370,871,497	370,871,497	-	100.0
	Public Participation and Access to Information	13,017,266	12,202,720	814,546	93.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Waste Management	1,640,695	1,214,689	426,006	74.0
Monitoring and Evaluation	Soft wares (E-ProMIS, GIS, e.t.c)	9,395,198	2,967,281	6,427,917	31.6
	Field visits, data collection and Reporting	7,084,583	5,881,191	1,203,392	83.0
	Training and Knowledge management	6,108,968	4,757,898	1,351,070	77.9
	Devolved Monitoring and Evaluation Committees	3,049,014	950,510	2,098,504	31.2
County Statistical Unit	Soft wares, databases and tools	35,600,000	31,917,541	3,682,459	89.7
	Capacity Development	3,026,422	1,828,728	1,197,694	60.4
	Project Management Information System	1,000,000	378,438	621,562	37.8
Budgetary Supply	Budget Formulation, Coordination and Management	72,568,288	44,721,295	27,846,993	61.6
	Public Participation in Budgeting	42,070,000	37,223,262	4,846,738	88.5
	County Budget and Economic Forum	16,806,053	15,368,380	1,437,673	91.4
	Accountability in Resource Allocation	22,600,000	17,848,512	4,751,488	79.0
Resource Mobilisation	Resource Mobilisation	5,017,378	1,811,600	3,205,778	36.1
	Subtotal	3,345,446,758	2,810,387,304	535,059,454	84.0
Water Services, Environment and Mineral Resources					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Turkana Water Programme	General Administration, Planning and support services	2,000,000	1,993,042	6,958	99.7
	Construction and Desilting of Water Pans/ Rock Catchment	55,000,000	15,374,340	39,625,660	28.0
	Rehabilitation of Water Infrastructure	228,908,716	150,770,012	78,138,704	65.9
	Drilling and Equipping of Boreholes	434,999,963	262,069,543	172,930,420	60.2
	Equipment of Quality Analysis Laboratory	4,500,000	-	4,500,000	-
	Project Coordination and Management	3,000,000	1,862,432	1,137,568	62.1
Joint planning with stakeholders	Technical planning and design	99,177,290	98,835,236	342,054	99.7
Irrigation and Schemes Development Programme	Feasibility studies for irrigation systems development	3,300,000	2,797,880	502,120	84.8
General Administration and Support	General Administration and Support	88,220,000	43,258,311	44,961,689	49.0
	Subtotal	919,105,969	576,960,796	342,145,173	62.8
Health and Sanitation Services					
General Administration, Planning and support services	General Administration, Planning and support services	418,313,145	215,958,198	202,354,947	51.6
	Health Facilities	484,003,789	164,097,502	319,906,287	33.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Support to Health Programs	HIV and AIDS, including community-based HIV interventions	606,000	351,400	254,600	58.0
	TB and Leprosy	300,000	-	300,000	-
	Malaria	500,000	-	500,000	-
	NTDs (neglected tropical diseases)	500,000	-	500,000	-
	Nutrition	542,500	-	542,500	-
	Reproductive health	480,000	-	480,000	-
	Disease surveillance	750,000	300,700	449,300	40.1
	EPI/outreaches	500,000	203,000	297,000	40.6
	Health promotion	75,530,390	46,278,220	29,252,170	61.3
	Environmental health services	600,000	45,000	555,000	7.5
	Emergency preparedness and disaster response	600,000	-	600,000	-
	mainstreaming	350,000	-	350,000	-
	Community Health Services	130,568,000	123,240,925	7,327,075	94.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Laboratory Services	Laboratory Services	700,000	291,200	408,800	41.6
	Blood Transfusion Services	1,400,000	140,000	1,260,000	10.0
	Rehabilitative Services	500,000	245,000	255,000	49.0
	Referrals & Emergency Services	24,000,000	10,557,475	13,442,525	44.0
	Radiology Services	500,000	-	500,000	-
	Dental Services	500,000	241,500	258,500	48.3
	Clinical Services	472,500	-	472,500	-
	Nursing Services	400,000	-	400,000	-
	Rural Health Facility Support	47,698,888	46,762,800	936,088	98.0
	Sub-county Health Facilities Support	2,600,000	-	2,600,000	-
	Turkana Level 6 Hospital	18,000,000	5,328,760	12,671,240	29.6
	Medical Supplies	365,408,000	328,103,925	37,304,075	89.8
	UHC Turkana	12,600,000	6,113,800	6,486,200	48.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Health Information and Management	Health Information and Management	628,000	-	628,000	-
	Quality Assurance	448,000	-	448,000	-
	Electronic Medical Records	4,400,000	2,878,340	1,521,660	65.4
	Monitoring and Evaluation of Health	950,000	347,000	603,000	36.5
	Research and Development	200,000	-	200,000	0.0
	Policy and Planning Services	-	-	-	-
	Rehabilitation and Treatment	1,700,000	1,297,800	402,200	76.3
	Public Education and Awareness	800,000	-	800,000	0.0
	Liquor Licensing	11,215,000	982,100	10,232,900	8.8
	Training and Capacity Building	600,000	282,800	317,200	47.1
	Subtotal	1,609,864,212	954,047,445	655,816,767	59.3
Trade, Gender and Youth Affairs					
Youth Affairs Development	Youth Coordination and Representation	5,700,000	3,566,974	2,133,026	62.6
	Youth Employment Scheme	3,895,000	2,580,859	1,314,141	66.3
	Youth Rare skills	4,105,000	2,768,370	1,336,630	67.4
	Youth and Women Fund	186,343,940	186,293,940	50,000	100.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Modern Physical Markets Infrastructure	Construction and Development of Modern Physical Market	8,172,570	7,696,402	476,168	94.2
	Cooperative Marketing, Value Addition, Surveys and Research	5,300,000	3,995,369	1,304,631	75.4
	Cooperative Education, Training, Exchange and Ushirika Day Celeb	6,550,000	5,095,467	1,454,533	77.8
	Strengthening of Key Dormant Cooperative Societies	2,050,000	2,279,152	(229,152)	111.2
	Formulation of Cooperative Policy and Legal Frame Work	2,800,000	1,885,038	914,962	67.3
	Cooperative Development Fund	47,326,825	47,326,825	-	100.0
Cooperative Societies Development & and performance Improvement	Business Development and Training Services	3,050,000	2,323,362	726,638	76.2
	Consumer rights education	1,250,000	1,377,331	(127,331)	110.2
	Industrial Development and Investments	4,700,000	3,633,268	1,066,732	77.3
	Biashara Fund	151,592,500	151,592,500	151,592,500	100.0
General Administration	General Administration	156,118,233	96,314,915	59,803,318	61.7
	Subtotal	588,954,068	518,729,772	221,816,796	88.1
Education, Sports and Social Protection					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Social protection programs/ Affirmative Action	Construction of PWDs multi-purpose resource centre	22,782,535	18,090,580	4,691,955	79.4
	Marginalised and Minority groups support	31,520,000	14,328,545	17,191,455	45.5
	Child Rescue Centres	39,572,923	5,339,802	34,233,121	13.5
	Child Care & Protection	33,273,549	28,119,294	5,154,255	84.5
Sports and arts programme	Construction of sport Stadia	59,426,763	28,229,905	31,196,858	47.5
General administration	General Administration	26,337,042	19,515,545	6,821,497	74.1
	Turkana Education and Skill Development Fund	386,496,520	386,496,520	-	100.0
Vocational Training	Youth Polytechnic Infrastructure	60,600,000	32,900,840	27,699,160	54.3
	Training and Development	4,610,000	3,896,686	713,314	84.5
	Co-Curricular Activities	3,501,017	2,609,241	891,776	74.5
	Youth Polytechnics- Conditional	12,709,894	12,709,894	-	100.0
Public Relations	Publicity	1,220,000	604,000	616,000	49.5
	Research and Sensitization	1,708,000	892,000	816,000	52.2

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Early Childhood Education	School Feeding	148,787,478	141,448,116	7,339,362	95.1
	Quality Improvement	6,614,000	5,039,000	1,575,000	76.2
	Infrastructure Development	331,624,074	78,502,841	253,121,233	23.7
	Support to Pre- Primary Training	7,201,615	5,977,000	1,224,615	83.0
	Subtotal	1,177,985,410	784,699,809	393,285,601	66.6
Public Services, Decentralized Administration and Disaster Management					
Operationalisation of Decentralised Units	Operationalisation of Decentralised Units	10,761,200	10,313,769	447,431	95.8
	Decentralised County Policy	35,621,258	19,647,688	15,973,570	55.2
	Coordinated development	11,600,000	11,310,615	289,385	97.5
	Policy sensitisation and dissemination	16,933,500	9,283,650	7,649,850	54.8
Governance and Public Participation	Civic education Programme	1,564,400	964,200	600,200	61.6
	Public Participation and access to information	8,747,050	7,411,147	1,335,903	84.7
	County Dialogue Forum	1,400,000	1,670,000	(270,000)	119.3
	National & County Holidays	1,655,500	1,461,562	193,938	88.3
	Policies Design	805,500	1,102,900	(297,400)	136.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Disaster risk management	Disaster Preparedness Programmes	2,000,000	1,386,860	613,140	69.3
	Disaster Mitigation Programmes	2,000,000	1,599,000	401,000	80.0
	Stakeholders Coordination and Support Programme	2,000,000	1,533,400	466,600	76.7
	Humanitarian Relief Food Programme	809,368,027	809,846,509	(478,482)	100.1
	Disaster Risk Mgt	800,000	441,000	359,000	55.1
Inspectorate services	Inspectorate Training Institute	20,866,848	-	20,866,848	0.0
	Dispute Resolution	2,055,390	391,000	1,664,390	19.0
	Capacity Building	2,230,664	1,502,800	727,864	67.4
	Inspectorate Services	3,700,000	1,720,840	1,979,160	46.5
	Inspectorate Services Equip	3,700,000	2,898,120	801,880	78.3
Human resource management	Payroll and record management	1,500,000	591,660	908,340	39.4
	Human Resource Development	19,900,000	19,111,780	788,220	96.0
	GHRIS Leave & Performance Module Implementation	2,200,000	1,837,761	362,239	83.5
	Digitisation and Automation of Human Resource Registry	3,800,000	2,875,040	924,960	75.7
	Mainstreaming Public Sector Integrity Programme	2,435,000	2,080,131	354,869	85.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	County performance management	2,098,400	2,105,860	(7,460)	100.4
	Public Service Week	1,489,000	1,452,691	36,309	97.6
	Records Mgt	1,365,600	1,592,560	(226,960)	116.6
	HRM	1,712,000	1,610,798	101,202	94.1
General Administration, Planning and Support Services-Public Service	General Administration	4,497,153,616	4,460,525,673	36,627,943	99.2
	Subtotal	5,471,462,953	5,378,269,014	93,193,939	98.3
Infrastructure, Transport and Public Works					
Develop and Maintain Roads	Roads maintenance levy fund (RMLF)	291,000,000	273,650,001	17,349,999	94.0
	Roads	67,250,000	56,959,514	10,290,486	84.7
Develop and maintain staff housing and public offices	Staff Housing	77,779,529	25,869,934	51,909,595	33.3
Develop and maintain other public works	Machinery	30,000,000	14,080,100	15,919,900	46.9
	Professional Capacity Building	-	-	-	#DIV/0!
General Administration	General Administration	140,883,737	92,544,368	48,339,369	65.7
	General Administration-Public works	29,328,720	22,849,083	6,479,637	77.9
	Sub Total	636,241,986	485,953,000	150,288,986	76.4
Agriculture, Pastoral Economy and Fisheries					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	274,413,482	118,119,150	156,294,332	43.0
	Rehabilitation	800,000	306,500	493,500	38.3
	Soil & Water Conservation	2,000,000	1,400,915	599,085	70.0
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	1,800,000	1,400,000	400,000	77.8
	Fisheries livelihood support	33,200,000	32,328,368	871,632	97.4
	Fisheries Extension Services	2,300,000	1,323,400	976,600	57.5
	Fisheries resource management	6,287,443	5,600,000	687,443	89.1
	Fish Farming and Aquaculture	50,700,000	18,797,757	31,902,243	37.1
Sustainable management of fisheries resources	Frame survey	51,600,000	42,677,295	8,922,705	82.7
	Fish Stock assessment	3,900,000	2,600,000	1,300,000	66.7
	Monitoring, Control and Surveillance	16,300,000	3,683,500	12,616,500	22.6
	Resource monitoring facilities	2,850,000	1,874,100	975,900	65.8
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	63,500,000	50,577,980	12,922,020	79.7
	Provision of Livestock Extension services	3,600,000	3,184,160	415,840	88.4
	Livestock multiplication and breeding centre	19,083,682	3,386,800	15,696,882	17.7

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Livestock Value Chain	38,500,000	2,100,000	36,400,000	5.5
	Skills Development	16,100,000	1,606,000	14,494,000	10.0
General Administration	General Administration	56,100,000	22,279,973	33,820,027	39.7
	General Administration and Support Services- Pastoral Economy and	107,508,501	107,508,501	-	100.0
Agriculture Programme	Agri-nutrition/Urban and peri-urban agriculture	7,800,000	752,600	7,047,400	9.6
	Smart agriculture practices (Innovations/ technologies to mitigate	14,000,000	3,325,496	10,674,504	23.8
	Agricultural Sector Development Support Programme (ASDSP)	51,106,056	51,106,056	-	100.0
	Agricultural Mechanisation	17,208,874	2,017,768	15,191,106	11.7
	Agric Market Access	1,100,000	1,063,800	36,200	96.7
	Agric Extension and Development	30,250,000	11,978,899	18,271,101	39.6
	Subsidy & Support	3,600,000	2,999,000	601,000	83.3
	Pest Control and Management	4,700,000	4,298,900	401,100	91.5
	NARIGP	239,269,811	182,224,519	57,045,292	76.2
	DRNKP	242,000,000	148,890,978	93,109,022	61.5
		1,361,577,849	829,412,415	532,165,434	60.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Tourism, Culture and Natural Resources					
Establishment and rehabilitation of public utilities in Lodwar	Improvement of Moi Garden Stadia	24,000,000	23,789,817	210,183	99.1
	completion of recreational park	13,000,000	4,989,320	8,010,680	38.4
	setting up of dumping site in Lodwar	8,000,000	7,938,350	61,650	99.2
General Administration	General Administration, Planning and Support Services	23,620,000	17,523,530	6,096,470	74.2
Tourism destination marketing and promotion	Tourism expos, incentives, conferences and exhibition programs	1,300,000	548,800	751,200	42.2
	Community-Based Tourism products	1,000,000	94,000	906,000	9.4
	Tourism Market Research (Baseline Survey & Mapping)	24,300,000	9,910,870	14,389,130	40.8
	Media Campaigns and Promotion of Tourism Products and Programmes	800,000	621,920	178,080	77.7
Culture, arts, heritage development, promotion and preservation	Ushanga Initiative	9,000,000	8,271,450	728,550	91.9
	Culture Promotion and Preservation	4,500,000	3,903,800	596,200	86.8
	Annual tourism and Cultural festival	69,500,000	38,844,771	30,655,229	55.9
Culture development and preservation infrastructure	Equipment and Infrastructure Development at Ekalees Centre	3,000,000	2,973,805	26,195	99.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Forestry and wildlife management development and management	Forestry Management and conservation	4,000,000	3,533,400	466,600	88.3
	Community Wildlife Conservation	1,500,000	603,600	896,400	40.2
	Forest Nature-Based Development	1,800,000	950,000	850,000	52.8
	Forestry Development Infrastructure	23,100,000	8,687,600	14,412,400	37.6
	Forestry Protection	1,000,000	330,800	669,200	33.1
	Prosopis Management	1,100,000	600,000	500,000	54.5
Heritage Development Promotion & Preservation	Heritage Development Promotion & Preservation	1,000,000	221,750	778,250	22.2
	Arts & Creativity Development	900,000	490,100	409,900	54.5
Environmental Governance Compliance Conservation Protection & Mgt	Environmental Governance & Compliance	1,900,000	1,086,132	813,868	57.2
	Environmental Protection & Conservation	1,300,000	738,825	561,175	56.8
	Plastic Collection Re-use Facility	720,287	410,167	310,120	56.9
	Climate Change & Adaptation	144,378,013	18,131,172	126,246,841	12.6
Mineral Resource Mapping Capacity Building & Management	Mineral Resource Mapping	2,000,000	1,483,900	516,100	74.2
	Management of Mining & Quarrying activities	3,000,000	1,894,120	1,105,880	63.1
	Capacity building in the exploitation of Mineral Resources	1,600,000	996,900	603,100	62.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Extractives Engagement Bills & Policies	2,000,000	659,500	1,340,500	33.0
Petroleum	Oil and Gas	1,400,000	904,200	495,800	64.6
	Establishment of Extractive Sector Regulations & Strategies	2,200,000	1,311,794	888,206	59.6
Energy Development Programme	Renewable Energy Development	2,480,000	1,630,380	849,620	65.7
Turkana Agriculture Programme	Organising field days, show and exhibitions	15,512,656	5,998,500	9,514,156	38.7
Turkana Rehabilitation Programme	Artisanal Mining Equipment	7,000,000	-	7,000,000	0.0
	Sub Total	401,910,956	170,073,273	231,837,683	42.3
Lands, Energy, Housing and Urban Areas Management					
Adjudication, registry and settlement	Delineation & adjudication of community land	5,000,000	2,682,000	2,318,000	53.6
Spatial Planning	Spatial Planning	79,300,000	35,363,602	43,936,398	44.6
Formulation of community land policy and regulations	Urban Centre Management	36,304,936	9,759,100	26,545,836	26.9
Compulsory land acquisition for public utilities	Land acquisition for public utilities	16,600,000	142,800	16,457,200	0.9
General Administration	Lands General Administration, Planning and Support Services	27,300,000	19,053,120	8,246,880	69.8
Land Governance	Land Policies	60,260,518	30,372,700	29,887,818	50.4
	Sub Total	224,765,454	97,373,322	127,392,132	43.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Turkana County Assembly					
Headquarters	General Administration Infrastructure and Development	168,000,000	72,935,935	151,087,496	43.4
	Construction of Speakers Residents	77,330,354	21,071,226	56,259,128	27.2
	Construction of New County Assembly	23,948,059	4,150,620	19,797,439	17.3
	General Administration, Planning and Support Services	980,189,593	908,804,950	441,941,143	92.7
	Sub Total	1,249,468,006	1,006,962,731	242,505,275	80.6
Turkana County Public Service Board					
County Internship Programme	County Internship Programme	36,800,600	36,727,134	73,466	99.8
Mainstream Public Sector Integrity Programme & Accountability	Mainstream Public Sector Integrity Programme & Accountability	1,000,000	875,000	125,000	87.5
	Public Evaluation of County Public Service Board Performance	22,674,582	5,389,802	17,284,780	23.8
	Human Resource Conference & Symposium	4,300,000	4,111,466	188,534	95.6
	Exit Meetings Per Department	2,350,000	2,138,550	211,450	91.0
	Assessment and stakeholder capacity mapping	1,900,000	1,606,000	294,000	84.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Human resource	Scheme of service	1,600,000	1,522,500	77,500	95.2
	Performance Appraisal	4,980,000	5,203,703	(223,703)	104.5
	Enhancing Leadership in County Public Service	1,570,900	1,344,900	226,000	85.6
	Performance Management Monitoring	985,430	498,000	487,430	50.5
	County Public Service Pre- Retirement Sensitization	1,198,760	698,060	500,700	58.2
	Evaluation of Different Cadres of Employees (Promotion, Re-designation)	1,297,654	790,000	507,654	60.9
Quality Management Systems	Quality Management Systems Development & Establishment	1,500,000	1,262,116	237,884	84.1
	QMS Audit /Routine Inspection	974,500	880,000	94,500	90.3
	Documentation/Record Management for QMS	2,014,680	2,014,680	-	100.0
Development coordination Programme	Donor scan/Mapping	3,070,765	2,195,660	875,105	71.5
	Establishment of development committees	2,217,659	1,670,713	546,946	75.3
	Training of the development committees	5,242,352	4,971,906	270,446	94.8
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	1,190,000	535,760	654,240	45.0
General Administration and Support Services	General Administration	63,660,016	58,212,631	5,447,385	91.4
	Sub Total	160,527,898	132,648,581	20,085,195	82.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office of the County Attorney					
General Administration, Planning and Support Services	General Administration, Planning and Support Services- County At	17,305,600	15,193,830	7,452,800	87.8
Litigation	Litigation	89,700,000	81,416,057	54,850,000	90.8
	Govt Agreements & Contracts	11,315,000	3,635,820	3,157,500	32.1
	Legal Audit & Compliance	9,750,800	7,277,375	2,875,400	74.6
Legislation	Legislation	10,912,214	8,054,980	3,456,107	73.8
	Policy & Legal Briefs	8,224,000	7,725,800	2,112,000	93.9
Training of Legal Counsel	Training of Legal Counsel	4,270,000	3,342,571	2,135,000	78.3
	Legal Training & Awareness	4,225,702	2,123,600	2,112,851	50.3
	Sub Total	155,703,316	128,770,033	78,151,658	82.7
Lodwar Municipality Board					
Municipal Services	General Admin Planning and Support Services	55,366,997	46,369,036	8,997,961	83.7
	Urban Development Grant	80,044,225	77,444,208	2,600,017	96.8
	Municipal Planning	9,722,565	5,113,307	4,609,258	52.6
	Municipal Services	135,583,145	66,996,920	68,586,225	49.4
	Sub Total	280,716,932	195,923,471	84,793,461	69.8

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Grand Total		18,409,129,261	14,509,119,100	4,095,026,914	78.8

Source: Turkana County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Turkana Education and Skill Development Fund in the Department of Education, Sports and Social Protection at 100 percent, Cooperative Development Fund in the Department of Trade, Gender and Youth Affairs at 100 percent, Biashara Fund in the Department of Trade, Gender and Youth Affairs at 100 percent, and Youth Polytechnic in the Department of Education, Sports and Social Protection at 100 percent of budget allocation.

3.43.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practice as shown in Table 3.289: Siaya County, Revenue Performance in FY 2022/23 where the County incurred expenditure over approved exchequer issues in several departments.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.94.98 million were processed through the manual payroll, accounting for 2.1 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
3. Failure by the County Treasury to submit a report on revenue collection from the Health Sector and account for the same.
4. The County Public Service Board and the Department of Public Services, Decentralized Administration & Disaster Management, did not implement their development expenditure programmes. This is despite the availability of funds in the County Revenue Fund.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County Treasury should ensure the revenue receipts from the Health Sector are recorded and accounted for in line with the law. Further, all receipts should be deposited to the CRF in line with Article 207(1) of the Constitution.*
4. *The County Government should build staff capacity in the County Public Service Board and the Department of Public Services, Decentralized Administration & Disaster Management to ensure budgeted activities are executed.*

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.11.82 billion, comprising Kshs.4.51 billion (38.2 percent) and Kshs.7.31 billion (61.8 percent) allocation for development and recurrent programmes, respectively. The approved budget estimates represented a decrease of 10.5 percent compared to the previous financial year when the approved budget was Kshs.13.21 billion and comprised of Kshs.6.11 billion towards development expenditure and Kshs.7.1 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.8.07 billion (68.2 percent) as the equitable share of revenue raised nationally, Kshs.258.28 million (2.2 percent) as additional allocations, a cash balance of Kshs.2.1 billion (17.7 percent) from FY 2021/22, and generate Kshs.1.4 billion (11.8 percent) as own-source revenue. A breakdown of the additional allocations is provided in Table 3.291.

3.44.2 Revenue Performance

In FY 2022/23, the County received Kshs.8.07 billion as the equitable share of the revenue raised nationally, Kshs.245.99 million as additional allocations, had a cash balance of Kshs.2.1 billion from FY 2021/22, and raised Kshs.982.05 million as own-source revenue inclusive of A-I-A. The total funds available for budget implementation during the period amounted to Kshs.11.39 billion, as shown in Table 3.291.

Table 3.291: Uasin Gishu County, Revenue Performance in FY 2022/23

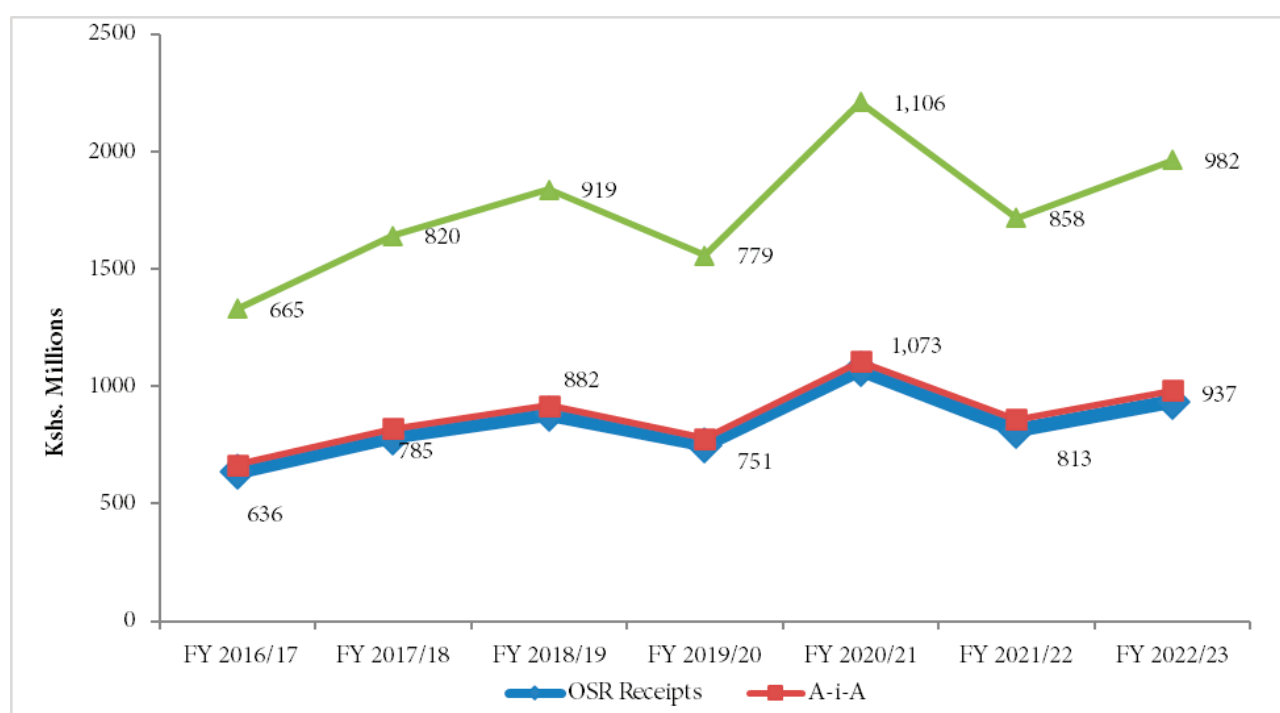
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	8,068,858,318	100.0
	Sub Total	8,068,858,318	8,068,858,318	100.0
B	Additional allocations			
1	Kenya Climate Smart Agriculture Project (IDA- World Bank)	84,379,280	84,379,280	100.0
2	National Agricultural Value Chain Development- NAVCDP (IDA- World Bank)	70,000,000	67,192,729	96.0
3	Kenya Informal Settlements Improvement Projects	50,000,000	50,000,000	100.0
4	DANIDA (UHiDSP)- Health	20,362,500	12,412,500	61.0
5	World Bank Credit Finance locally-led Climate Action (FLLoCA)	22,000,000	22,000,000	100.0
6	Sweden Agriculture Sector Development Support Programme -ASDSP	9,199,487	7,661,223	83.3
7	Kenya Urban Support Programme	2,339,914	2,339,915	100.0
	Sub Total	258,281,181	245,985,647	95.2
D	Other Sources of Revenue			

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1	Own Source Revenue inclusive of Appropriation in Aid	1,400,471,851	982,050,748	70.1
2	Balance b/f from FY2021/22	2,096,047,219	2,096,047,219	100.0
Sub Total		3,496,519,070	3,078,097,967	88.0
Grand Total		11,823,658,569	11,392,941,932	96.4

Source: Uasin Gishu County Treasury

Figure 130 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

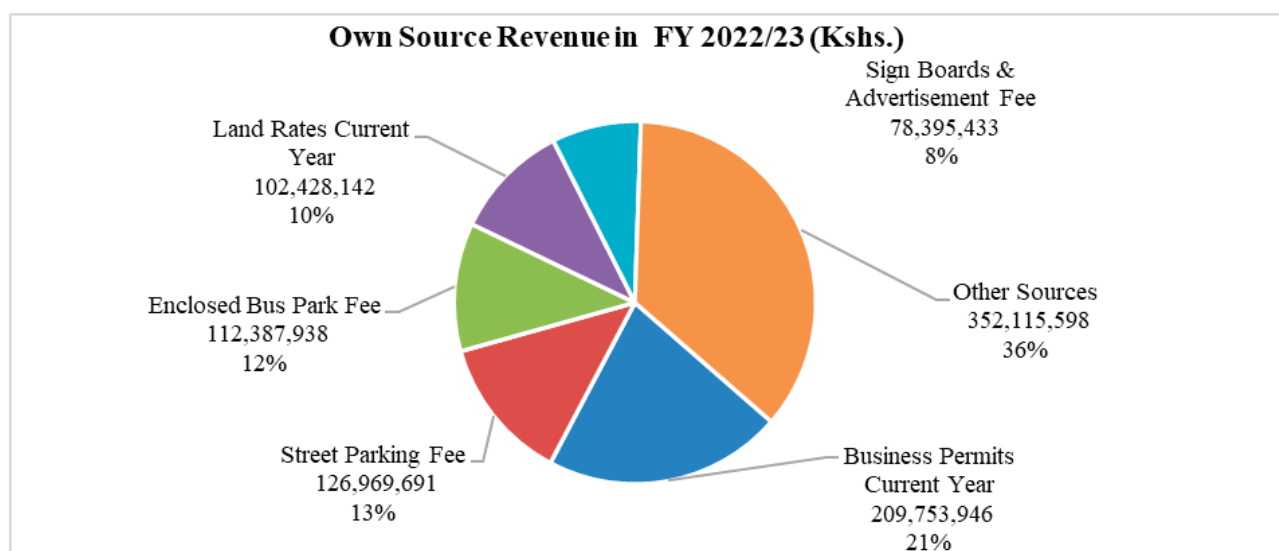
Figure 130: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Uasin Gishu County Treasury

In FY 2022/23, the County generated a total of Kshs.982.05 million from its sources of revenue. This amount represented an increase of 14.4 percent compared to Kshs.858.34 million realised in a similar period in FY 2021/22 and was 70.1 percent of the annual target and 12.2 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 131.

Figure 131: Top Streams of Own Source Revenue in FY 2022/23



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs.209.75 million was from business permits in the FY 2022/23, contributing to 21 percent of the total OSR receipts during the reporting period. Revenue from the health sector amounted to Kshs.45.44 million, representing 4.6 percent of the overall OSR in FY 2022/23.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.24 billion from the CRF account during the reporting period. The amount comprised Kshs.3.12 billion (30.5 percent) for development programmes and Kshs.7.12 billion (69.5 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.87 billion was released towards Employee Compensation, and Kshs.2.25 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.686.17 million.

3.44.4 County Expenditure Review

The County spent Kshs.10.38 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.3 percent of the total funds released by the CoB and comprised of Kshs.3.22 billion and Kshs.7.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 71.3 percent. In contrast, recurrent expenditure represented 98 percent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.745.74 million, comprising Kshs.174.18 million for recurrent expenditure and Kshs. 571.56 million for development activities. During the year, pending bills amounting to Kshs.722.55 million were settled, consisting of Kshs.152.49 million for recurrent expenditure and Kshs.570.06 million for development

programmes, leaving an outstanding amount of Kshs.23.19 million. Further, the County accumulated pending bills amounting to Kshs.253.14 million in FY 2022/23; therefore, as of 30th June 2023, the outstanding amount was Kshs.276.33 million (inclusive of FY 2022/23 pending bills).

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.85 billion on employee compensation, Kshs.2.4 billion on operations and Maintenance , and Kshs.3.18 billion on development activities. Similarly, the County Assembly spent Kshs.339.92 million on employee compensation, Kshs.563.09 million on operations and Maintenance , and Kshs.38.98 million on development activities, as shown in Table 3.292 .

Table 3.292: 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	6,405,922,552	903,027,730	6,258,651,971	903,017,443	97.7	100.0
Compensation to Employees	3,609,400,030	339,925,460	3,856,244,379	339,924,000	106.8	100.0
Operations and Maintenance	2,796,522,522	563,102,270	2,402,407,592	563,093,443	85.9	100.0
Development Expenditure	4,203,199,443	311,508,844	3,179,789,462	38,976,717	75.7	12.5
Total	10,609,121,995	1,214,536,574	9,438,441,433	941,994,160	89.0	77.6

Source: Uasin Gishu County Treasury

3.44.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.2 billion, or 36.8 percent of the revenue for FY 2022/23 of Kshs.11.39 billion. This expenditure represented an increase from Kshs.3.82 billion reported in FY 2021/22. The wage bill included Kshs.1.83 billion paid to health sector employees, translating to 43.6 percent of the total wage bill. The increment of Kshs. 373.19 million is a result of payment of gratuity to the immediate former Governor, Deputy Governor, CEC – Members, Chief Officers, Speaker, Members of the County Assembly and their ward staff.

Further analysis indicates that PE costs amounting to Kshs.3.42 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.778.6 million was processed through manual payrolls. The manual payrolls accounted for 18.6 percent of the total PE cost.

The County Assembly spent Kshs.20 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs.37,037 per MCA. The County Assembly has established 28 Committees.

3.44.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.498.5 million to Emergency Fund and County-Established funds in FY 2022/23, constituting 4.2 percent of the County's overall budget Table 3.293 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.293: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 30th June 2023
1	Emergency Fund	25,000,000	25,000,000	25,000,000	Yes
County Executive Established Funds					
1	Uasin Gishu Inua Biashara Fund	96,100,000	96,100,000	96,100,000	Yes
2	Uasin Gishu County Bursary and Skills Development Support Fund	121,500,000	121,500,000	121,500,000	Yes
3	Car Loan & Mortgage - County Executive	80,000,000	80,000,000	80,000,000	Yes
4	Uasin Gishu TVET Fund	20,000,000	20,000,000	20,000,000	Yes
5	Co-operative Development Fund	70,000,000	55,900,000	55,900,000	Yes
County Assembly Established Funds					
6	Car Loan & Mortgage - County Assembly	100,000,000	100,000,000	100,000,000	Yes
	Total	512,600,000	498,500,000	498,500,000	

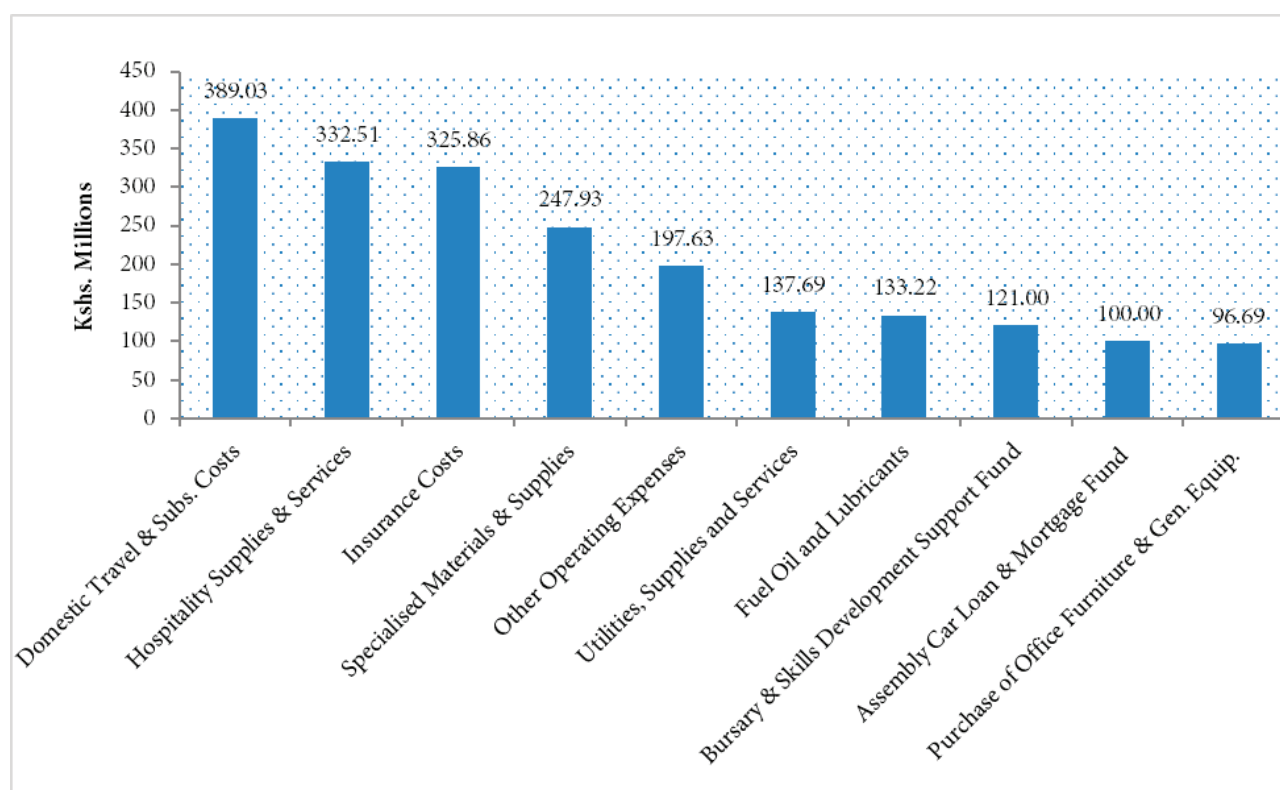
Source: Uasin Gishu County Treasury

During the reporting period, the CoB received quarterly financial returns from all the Fund Administrators, as indicated in Table 3.293.

3.44.9 Expenditure on Operations and Maintenance

Figure 132 summarises the Operations and Maintenance expenditure by major categories.

Figure 132: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

During the period, expenditure on domestic travel amounted to Kshs.389.03 million and comprised Kshs.89 million spent by the County Assembly and Kshs.300.03 million by the County Executive. Expenditure on foreign travel amounted to Kshs.37.8 million and comprised Kshs.14.2 million by the County Assembly and Kshs.23.6 million by the County Executive. The highest expenditure on foreign travel was incurred as summarised in Table 3.294.

Table 3.294: Summary of highest expenditure on foreign travel

No	Arm of County Government	No. of Officers that travel	Date of travels	Purpose of the Travel	Destination	Total Costs of travel
1	County Assembly	50	30th April to 7th May, 2023	Training	Kampala- Uganda	14,200,000
2	County Executive	2	20th February - 24th February 2023	Benchmark on Rwandan Rural Waer Services	Kigali - Rwanda	1,063,616
3	County Executive	1	26th January - 6th February 2023	Attend Contemporary Public Adminstration Management Training	Galilee - Israel	2,022,245
4	County Executive	2	8th October - 14th October 2022	Attent UCLG World Summit	Daejon - South Ko-rea	892,437
5	County Executive	2	8th My 2023 - 11th May 2023	Part of presidential delegation visiting Iasrael	Tel Aviv -Israel	1,605,236

No	Arm of County Government	No. of Officers that travel	Date of travels	Purpose of the Travel	Destination	Total Costs of travel
6	County Executive	4	12th February - 18th February 2023	Participate in the Integrated Agro Industrial Par Study Tour	Ethopia	2,680,076

Source: Uasin Gishu County Treasury

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 1 out of the 6 foreign trips sampled, delegates have surpassed the limit.

3.44.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.3.22 billion on development programmes, representing a decrease 14.9 percent decrease compared to a similar period in FY 2021/22 when the County spent Kshs.3.78 billion. Table 3.295 below summarises development projects with the highest expenditure in the reporting period.

Table 3.295: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
1	Proposed upgrading of 64 stadiums	Eldoret Municipality	Municipality of Eldoret	248,411,971	236,857,247	236,857,247	95.3
2	Construction of Cluster 3 Ward Offices	Clinical Services	Kapkures, Kipsomba, Tapsagoi, Huruma and Moisbridge	80,573,110	77,010,594	77,010,594	95.6
3	Construction of Turbo Sub-County Office	Administration and Devolution	Turbo	74,122,304	65,133,745	65,133,745	87.9
4	Ziwa Level V Phase III	Clinical Services	Ziwa	135,000,000	54,141,232	54,141,232	40.1
5	Construction of Kesses Phase II	Clinical Services	kesses	50,000,000	42,544,176	42,544,176	85.1
6	Construction of Administration block	Administration and Devolution	Ngenyilel	43,116,432	41,684,525	41,684,525	96.7
7	Construction of Cluster 4 Ward Offices	Administration and Devolution	Langas, Kipkenyo, Megun, Ngeria, Kapsoya Cheptiret/ Kipchamo	41,272,073	40,425,653	40,425,653	97.9

S/No.	Project Name	Department	Location	Budget (Kshs)	Exchequer issues (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
8	Purchase of live animals	Livestock Development and Fisheries	Countywide	38,050,000	38,000,000	38,000,000	99.9
9	Ziwa Level V Phase II	Clinical Services	Ziwa	40,000,000	33,105,975	33,105,975	82.8
10	Implementation of County Revenue Management System	ICT, E-Government and Innovation	County Headquarters	50,000,000	32,822,820	32,822,820	65.6

Source: Uasin Gishu County Treasury

3.44.11 Budget Performance by Department

Table 3.296 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.296: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governor's Office	194.00	-	188.50	-	190.05	-	100.8	-	98.0	-
Finance	368.33	-	366.36	-	360.33	-	98.4	-	97.8	-
Public Service Management	813.50	10.42	804.38	5.09	789.92	7.94	98.2	155.9	97.1	76.2
ICT, E-Government and Innovation	56.28	97.51	51.98	55.40	53.55	50.41	103.0	91.0	95.2	51.7
Roads, Transport and Public Works	552.51	931.62	545.82	610.46	541.42	652.59	99.2	106.9	98.0	70.0
Lands and Housing	24.39	6.91	18.53	-	23.65	3.81	127.6	-	97.0	55.1
Water, Environment, Natural Resources, Tourism and Wildlife Management	138.05	80.37	110.76	52.10	126.86	49.95	-	95.9	91.9	62.1
Clinical Services	2,159.05	435.57	2,144.82	262.35	2,136.76	271.38	99.6	103.4	99.0	62.3

Department	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture and Agribusiness	241.73	265.87	240.42	222.37	237.32	256.61	98.7	115.4	98.2	96.5
Trade, Industry, Investment and Tourism	79.25	223.41	69.72	161.98	78.72	160.06	112.9	98.8	99.3	71.6
Education and Vocational Training	681.87	289.94	665.13	241.87	681.87	226.45	102.5	93.6	100.0	78.1
County Public Service Board	73.36	-	68.45	-	72.14	-	105.4	-	98.3	-
County Assembly	903.03	311.51	903.02	38.98	903.02	38.98	100.0	100.0	100.0	12.5
Economic Planning	149.51	-	146.03	-	143.26	-	98.1	-	95.8	-
Administration and Devolution	163.15	223.58	144.72	208.34	148.46	193.17	102.6	92.7	91.0	86.4
Youth and Sports Development	172.66	88.55	150.31	59.30	172.08	67.42	114.5	113.7	99.7	76.1
Co-operatives and Enterprise Development	53.07	70.79	52.80	58.13	52.15	69.38	98.8	119.4	98.3	98.0
Livestock Development and Fisheries	64.37	144.50	56.78	84.73	62.43	138.86	109.9	163.9	97.0	96.1
Physical Planning and Urban Development	19.64	-	19.30	-	19.07	-	98.8	-	97.1	-
Eldoret Municipality	132.05	298.45	122.27	218.14	123.79	282.06	101.2	129.3	93.7	94.5
Promotive and Preventive Health	8.00	20.57	3.85	5.87	5.17	20.57	134.2	350.3	64.6	100.0
Energy, Environment, Climate Change and Natural Resources	8.00	88.71	1.00	61.32	4.89	60.03	488.6	97.9	61.1	67.7

Department	Budget Allocation (Kshs. Million)		FY 2022/23 Exchequer Issues (Kshs. Million)		FY 2022/23 Expenditure (Kshs. Million)		FY 2022/23 Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Partnership, Liaison and Linkages	15.80	-	11.20	-	14.79	-	132.0	-	93.6	-
Gender, Social Protection and Culture	61.24	39.32	60.94	20.46	61.10	20.46	100.3	100.0	99.8	52.0
Housing and Urban Development	47.28	290.86	45.41	248.90	36.31	219.34	80.0	88.1	76.8	75.4
Lands and Physical Planning	43.15	193.07	41.85	191.33	41.65	119.67	99.5	62.5	96.5	62.0
Water, Irrigation and Sanitation	85.67	403.21	85.59	317.79	80.94	309.64	94.6	97.4	94.5	76.8
TOTAL	7,308.95	4,514.71	7,119.95	3,124.91	7,161.67	3,218.77	100.6	103.0	98.0	71.3

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Promotive and Preventive Health recorded the highest absorption rate of development budget at 100 percent, followed by the Department of Co-Operatives and Enterprise Development at 98 percent. The County Assembly and the Department of Education and Vocational Training had the highest percentage of recurrent expenditure to budget at 100 percent, while the Department of Energy, Environment, Climate Change and Natural Resources had the lowest at 61.1 percent.

Overall, the County's expenditure exceeded the exchequer issues. This is attributed to spending part of the Kshs.403.91 million cash balance in Special Purposes Account from the previous financial year 2021/22, which were not swiped into the County's CRF account.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 3.297 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.297: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Department	Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Governor's Office	General administration support services	Employee Support Services	193,995,119	190,049,367	98.0
Finance	Financial Services	Financial Services	368,331,698	360,333,052	97.8

Department	Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Public Service Management	General administration support services	Administrative support services	759,498,091	755,636,251	99.5
	Records management services	Registry Services	455,000	150,600	33.1
		Library Services	63,959,031	42,069,661	65.8
ICT, E-Government and Innovation	ICT services	ICT Services	153,788,125	103,964,523	67.6
Roads, Transport and Public Works	General administration support services	Administrative support services	700,377,950	568,346,430	81.1
	Road & Transport Infrastructure Development	Roads Infrastructure Services	727,795,569	583,023,365	80.1
	Energy Services	Lighting services	15,515,975	3,987,001	25.7
	Public Works Services	Public Works Services	12,283,519	11,888,214	96.8
	Fire & Emergency Services	Fire and Emergency Services	28,154,662	26,757,000	95.0
Lands and Housing	Land Management and Administration	Administrative support services	31,298,861	27,459,481	87.7
Water, Environment, Natural Resources, Tourism and Wildlife Management	Water & Sanitation Development	Water Development Services	218,419,040	176,802,537	80.9
Clinical Services	Curative and Rehabilitative Services	County Referral Health Services	2,355,279,034	2,176,773,292	92.4
		Health transport services	239,343,021	231,370,851	96.7

Department	Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Agriculture and Agribusiness	Crop Development and Management	Post-Harvest Management Services	244,284,918	239,428,830	98.0
		Crop Pest and Disease Control Services	-	-	0.0
		Crop Diversification	13,989,525	13,387,925	95.7
		Climate Smart Agriculture (World Bank)	232,594,340	227,553,335	97.8
	Agricultural training services	ATC Services	16,724,064	13,564,817	81.1
Trade, Industry, Investment and Tourism	Trade Development and Promotion	Market Infrastructure Development Services	189,252,390	181,266,122	95.8
	Industrial development, investments and International Trade	Land Banking	113,412,040	57,505,515	50.7
Education and Vocational Training	ECD Education	Administrative Support Services	681,526,208	619,394,083	90.9
	Social Development Services	Community Development Services	20,850,000	19,500,000	93.5
	Development & Promotion of Culture	Cultural Services	127,927,062	127,927,062	100.0
	Education bursaries and scholarship services	Bursary & Scholarship	141,500,000	141,500,000	100.0
County Public Service Board	General administration, planning and support services	Administrative Support Services	73,364,719	72,140,544	98.3

Department	Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
County Assembly	General administration, planning and support services	Administrative Support Services	1,214,536,574	941,994,160	77.6
Economic Planning	Economic Planning Services	Planning Services	73,028,872	72,292,283	99.0
		M&E Services	29,929,680	29,215,896	97.6
		Statistical Services	46,556,277	41,747,016	89.7
Devolution and Public Administration	General administration support services	Employee support services	376,729,388	333,788,790	88.6
		Field Administrative Services	10,000,000	7,835,732	78.4
Youth and Sports Development	Youth Training and Empowerment	Administrative Support Services	4,447,250	1,089,160	24.5
		Youth Support Services	87,141,038	69,134,708	79.3
	Sports Development	Sports Development	169,620,748	169,269,118	99.8
Co-operatives and Enterprise Development	General Administrative Support Services	Administrative support services	40,000,000	40,000,000	100.0
	Co-operative Development Services	Co-operative Development and Management Services	83,854,855	81,531,597	97.2
Livestock Development and Fisheries	Veterinary Services	Animal Breeding	107,920,564	104,086,587	96.4
	Livestock Production	Livestock Production Services	97,247,180	93,505,101	96.2
	Fisheries Production	Fisheries Production Services	3,700,000	3,699,800	100.0
Physical Planning and Urban Development	Physical Planning Services	Physical Planning Services	19,639,895	19,072,351	97.1
Eldoret Municipality	General administration support services	Administration support services	430,500,308	405,853,187	94.3

Department	Programme	Sub-Programme	Approved Estimates	Actual Expenditure as of 30th June 2023	Absorption Rate (%)
Promotive and Preventive Health	General administration support services	General administration support services	28,566,000	25,733,292	90.1
Energy, Environment, Climate Change and Natural Resources	General administration support services	General administration support services	96,711,480	64,915,372	67.1
	Environment and Natural Resources	Environment and Natural Resources			
	Climate Change Mitigation	Climate Change Mitigation			
Partnership, Liason and Linkages	General administration support services	General administration support services	15,800,000	14,785,510	93.6
Gender, Protection and Culture	General administration support services	General administration support services	100,563,350	81,555,962	81.1
Housing and Urban Development	General administration support services	General administration support services	213,306,059	169,750,006	79.6
	Urban Development	Urban Development	124,834,460	85,898,844	68.8
Lands and Physical Planning	General administration support services	General administration support services	193,223,588	161,325,545	83.5
	Survey Section	Survey Section	43,000,000	-	0.0
Water, Irrigation and Sanitation	General administration support services	General administration support services	349,890,305	305,039,308	87.2
	Water Section	Water Section	138,990,737	85,536,411	61.5
Total			11,823,658,569	10,380,435,592	87.8

Source: Uasin Gishu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates at 100 percent were Fisheries Production Services in the Department of Livestock Development and Bursary & Scholarship in the Department of Education and Vocational Training.

3.44.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was received on 11th August 2023.
2. The underperformance of own-source revenue at Kshs.982.05 million against an annual projection of Kshs.1.4 billion, representing 70.1 percent of the annual target.
3. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.295: where the County incurred expenditure over approved exchequer issues in several departments.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.778.6 million were processed through the manual payroll, accounting for 18.6 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Discrepancies of Kshs.870.33 million were observed between the reported cash balances brought forward in the budget of Kshs. 2.1 billion and the actual cash balance of Kshs.1.22 billion, made up of Kshs.403.91 million from unspent additional allocations, and Kshs.821.41 million balance in the CRF account at the Central Bank of Kenya.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
4. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The County Treasury should reconcile its books against the bank's statement to ensure credibility in financial reporting is assured.*

3.45 County Government of Vihiga

3.45.1 Overview of FY 2022/23 Budget

The County's approved second supplementary budget for the FY 2022/23 was Kshs.6.49 billion, comprising Kshs.1.94 billion (29.85 percent) and Kshs.4.55 billion (70.15 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented an increase of 1.2 percent compared to the previous financial year when the approved budget was Kshs.6.41 billion and comprised of Kshs.1.83 billion towards development expenditure and Kshs.4.58 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.5.07 billion (78.1 percent) as the equitable share of revenue raised nationally, generate Kshs.181.5 million (2.8 percent) from its own sources

of revenue, Kshs.102.6 million (1.6 percent) as Appropriations-in-Aid (A-I-A), Kshs.319.8 million as additional allocation, and a cash balance of Kshs.816.8 million (12.6 percent) from FY 2021/22. A breakdown of the additional allocation is provided in Table 3.302.

3.45.2 Revenue Performance

In FY 2022/23, the County received Kshs.5.47 billion as the equitable share of the revenue raised nationally, raised Kshs.108.34 million as own-source revenue, Kshs.133.0 million as A-I-A, Kshs.146.9 million as additional allocation, and had a cash balance of Kshs.816.8 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.69 billion, as shown in Table 3.298.

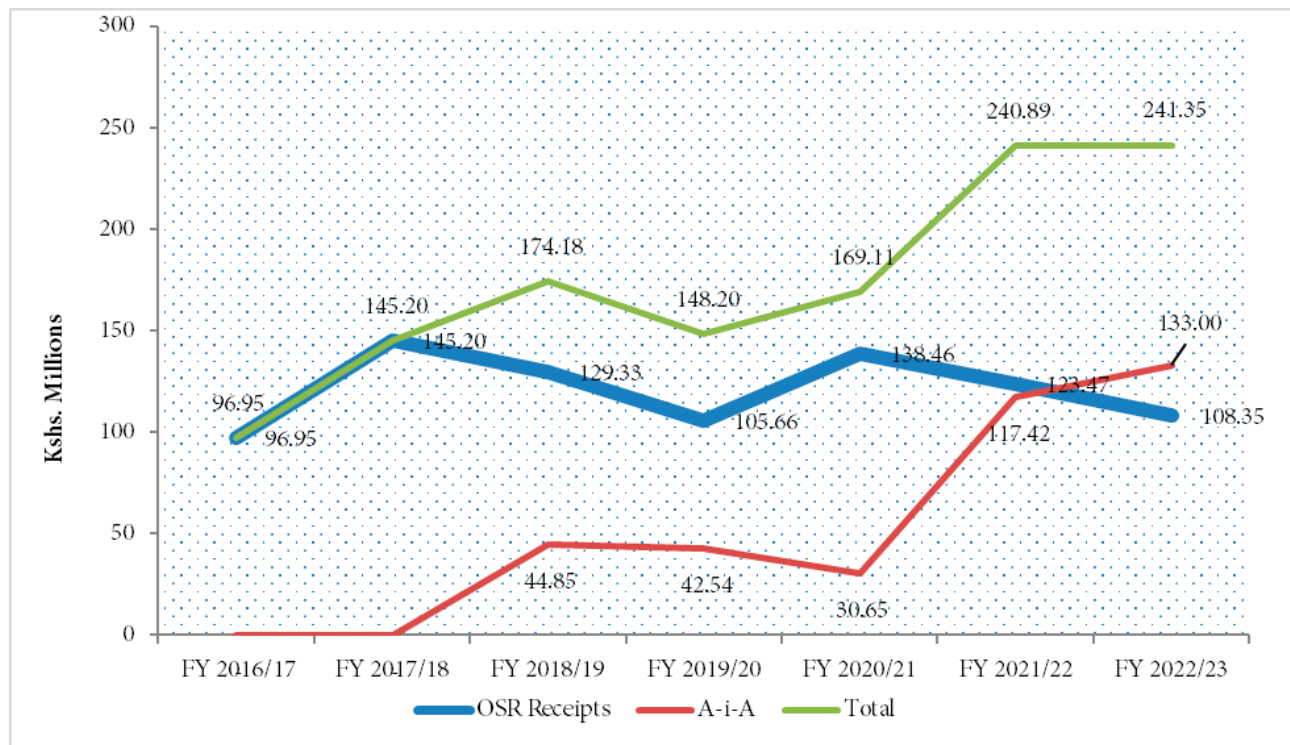
Table 3.298: Vihiga County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,067,356,827	5,472,745,376	108%
B	Additional allocation			
	Nutritional International	10,000,000.00	2,500,000	25.0
1.	Leasing of Medical Equipment	110,638,298.00	-	0.0
2. 2	DANIDA	14,966,438.00	14,966,438	100.0
3.	National Agriculture And Rural Inclusive Growth Project - NARIGP	155,402,308.00	105,120,632	67.6
4.	Agriculture Sector Development Support Programme - ASDSP II	4,417,622.00	-	-
5. 5	Kenya Urban Support Programme - UDG Grant	1,194,559.00	1,194,559	100.0
6. 6	Kenya Urban Support Programme - UIG Grant	1,145,356.00	1,145,356	100.0
7.	World Bank Credit to finance Locally-Led Climate Action Program (FLLoCA)	22,000,000.00	22,000,000	100.0
	Subtotal	319,764,581.00	146,926,985	45.9
C	Other Sources of Revenue			
8.	Own Source Revenue	181,484,444.00	108,347,381	59.7
9.	Balance b/f from FY2021/22	816,827,096.00	816,827,096	100.0
10.	AIA	102,588,764.00	133,002,807	129.6
	Sub Total	1,100,900,304.00	1,058,177,284	96.1
	Grand Total	6,488,021,712	6,677,849,646	102.9

Source: Vihiga County Treasury

Figure 133 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

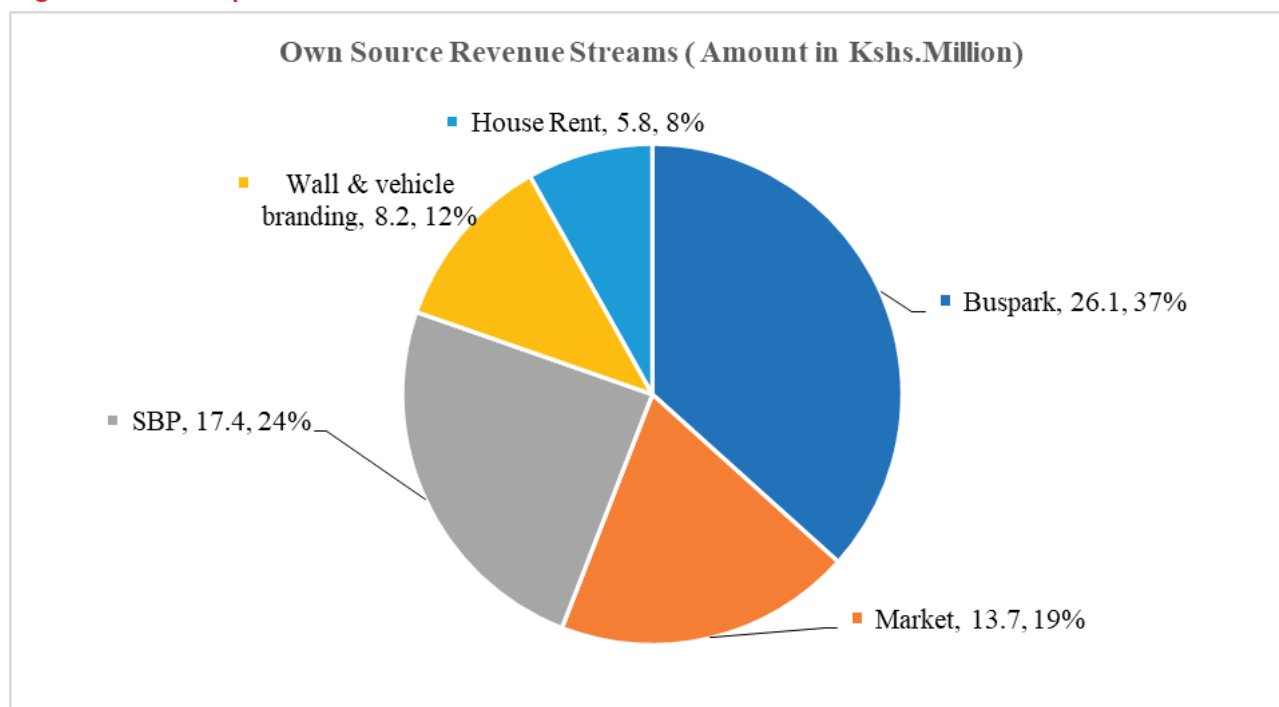
Figure 133: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Vihiga County Treasury

In FY 2022/23, the County generated a total of Kshs.241.35 million from its own sources of revenue. This amount represented an increase of 0.2 percent compared to Kshs.240.89 million realised in FY 2021/22 and was 84.9 percent of the annual target and 4.4 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 134.

Figure 134: Top Streams of Own Source Revenue in FY 2022/23



Source: Vihiga County Treasury

The highest revenue stream of Kshs.26.1 million was from Bus Park, contributing to 37 percent of the total OSR receipts during the reporting period. Revenue from the health sector (A-I-A) amounted to Kshs.133.0 million, representing 55.1 percent of the overall revenue collection in FY 2022/23.

3.45.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.6 billion from the CRF account during the reporting period. This amount comprised Kshs.888.7 million (15.9 percent) for development programmes and Kshs.4.72 billion (84.1 percent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.2.87 billion was released towards employee compensation, and Kshs.1.85 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.272.8 million.

3.45.4 County Expenditure Review

The County spent Kshs.5.95 billion on development and recurrent programmes during the reporting period. This expenditure represented 106.2 percent of the total funds released by the CoB and comprised of Kshs.1.46 billion and Kshs.4.49 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 75.6 percent. In contrast, recurrent expenditure represented 98.5 percent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.25 billion, comprising Kshs.386.1 million for recurrent expenditure and Kshs.868.8 million for development activities. During the year, pending bills amounting to Kshs.740.6 million were settled, consisting of

Kshs.289.9 million for recurrent expenditure and Kshs.450.7 million for development programmes. Further, the County accumulated pending bills amounting to Kshs.836.5 million in the FY 2022/23 and therefore, as of 30th June 2023, the outstanding amount was Kshs.1.35 billion.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.23 billion on employee compensation, Kshs.1.84 billion on operations and Maintenance , and Kshs.1.45 billion on development activities. Similarly, the County Assembly spent Kshs.297.03 million on employee compensation, Kshs.112.81 million on operations and Maintenance , and Kshs.14.47 million on development activities, as shown in Table 3.299 .

Table 3.299: 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	3,923,895,944	627,128,800	4,072,718,075	409,834,865	103.8	65.4
Compensation to Employees	2,468,110,971	546,620,824	2,227,926,652	297,029,005	90.3	54.3
Operations and Maintenance	1,455,784,973	80,507,976	1,844,791,423	112,805,860	126.7	140.1
Development Expenditure	1,921,996,968	15,000,000	1,450,154,006	14,474,337	75.5	96.5
Total	5,845,892,912	642,128,800	5,522,872,081	424,309,202	94.5	66.1

Source: Vihiga County Treasury

3.45.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.52 billion, or 37.8 percent of the revenue for FY 2022/23 of Kshs.6.68 billion. This expenditure represented an increase from Kshs.2.40 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.13 billion paid to health sector employees, translating to 44.8 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.29 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.235.3 million was processed through manual payrolls. The manual payrolls accounted for 9.3 percent of the total PE cost.

The County Assembly spent Kshs.20.9 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.29.3 million. The average monthly sitting allowance was Kshs.47,154 per MCA. The County Assembly has established 24 Committees.

3.45.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.322.1 million to county-established funds in FY 2022/23, constituting 5 percent of the County's overall budget. Table 3.263: Summary of Highest Expenditure on Foreign Travel summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.300: Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues FY 2022/23 (Kshs.)	Actual Expenditure for FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30 th June 2023 (Yes/No.)
County Executive Established Funds					
	Bursary Fund	137,500,270	137,500,270	122,640,270	Yes
	Sports Fund	20,000,000	15,000,000	10,547,100	Yes
	Trade and Enterprise Fund	2,000,000	-	1,403,010	Yes
	Climate Change Fund	82,000,000	82,000,000	29,408,537	Yes
	Facility Improvement Fund (FIF)	50,602,719	55,986,191	53,697,294	Yes
	Car & Mortgage Fund	30,000,000	30,000,000	-	Yes
	Total	322,102,989	320,486,461	217,696,211	

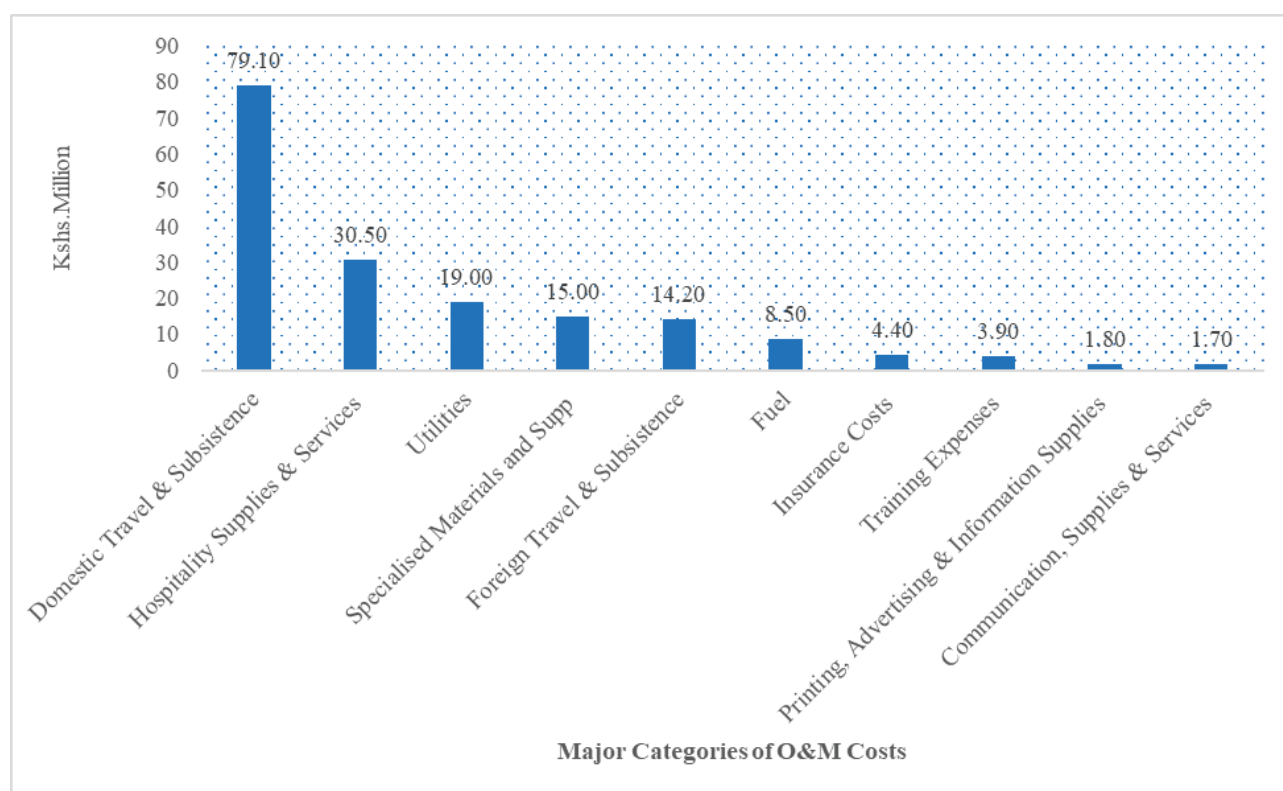
Source: Vihiga County Treasury

During the reporting period, OCoB received the quarterly financial returns from the Fund Administrators of funds as indicated in Table 3.300.

3.45.9 Expenditure on Operations and Maintenance

Figure 135 shows a summary of operations and Maintenance expenditure by major categories.

Figure 135: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.79.1 million and comprised of Kshs.21.5 million spent by the County Assembly and Kshs.57.6 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.2 million by the County Executive. The County government did not provide details of foreign travel.

3.45.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.1.46 billion on development programmes, representing an increase of 50.7 percent compared to a similar period in FY 2021/22 when the County spent Kshs.971.9 million. Table 3.301 summarises development projects with the highest expenditure in the reporting period.

Table 3.301: Vihiga County, List of Development Projects with the Highest Expenditure

No..	Details	Ward/location	Contract Amount (Kshs.)	Amount Certified (Kshs.)	Amount Paid (Kshs.)	Remarks
8.	Maintenance of Majembe Road (Lot 1) and Mumboha Church of God - Ouya Junction Road (Lot 2)	Luanda Township	3,879,852.00	3,879,852.00	-	Works complete. Certified.
9.	Maintenance of Musiila - Ebukaya - Esibulo Road (Lot 1); Mwitubwi - Jeraini Road (Lot 2); Sichenga - Mwitubwi Road (Lot 3)	Mwibona	5,817,740.00	5,817,740.00	5,817,740.00	Works complete. Certified. Paid.
10.	Maintenance of Kima - Hobunaka road (Lot 1); Mwiyeke - Khuluyia Road (Lot 2)	Emabungo	5,808,795.00	5,808,795.00	5,808,795.00	Works complete. Certified. Paid.
11.	Maintenance of Emusenjeli - Habweya Road (Lot 1); Ombisi Road - Chief Ouya (Lot 2); Stage Moffat - Mwinywelo Road (Lot 3)	Wemilabi	5,988,551.04	5,988,551.04	5,988,551.04	Works complete. Certified. Paid.
12.	Maintenance of Center - Jeshi La Wokovu - Esibembe - Ambumwe Road (Lot 1); Emmaloba Primary - Munungo Road (Lot 2)	Luanda South	5,847,540.00	5,847,540.00	5,847,540.00	Works complete. Certified. Paid.
13.	Maintenance of Ebunangwe - Emurembe - Emunichia Road (Lot 1); Luanda Best Esibuye - Old Posta Road (Lot 2); Tianyi - Mwilonje Road (Lot 3)	North East Bunyore	5,902,633.32	5,706,440.00	5,706,440.00	Works complete. Paid.
14.	Maintenance of Ombisi - Kwipanga - Ematsuli Road	Central Bunyore	5,865,300.00	5,865,300.00	5,865,300.00	Works complete. Certified. Paid.
15.	Maintenance of Emwatsi Gospel - Off Buyangu - Khumusalaba Road (Lot 1); Mandevu - Ebukoolo Secondary Road (Lot 2); Mulwanda - Ichekhe - Mungoye Junction Road (Lot 3)	West Bunyore	5,158,950.00	4,938,949.99	-	Works complete. Certified.

No..	Details	Ward/location	Contract Amount (Kshs.)	Amount Certified (Kshs.)	Amount Paid (Kshs.)	Remarks
16.	Maintenance of Chandugunyi - Indagalo Road (Lot 1); Mugomate - Chambale Road (Lot 2)	South Maragoli	5,886,884.00	5,840,484.00	-	Works complete. Certified.
17.	Maintenance of Chavugami - Lwang'ele Road (Lot 1); Vihiga Police Station - Boyani Road (Lot 2)	Central Maragoli	5,817,935.00	5,781,935.00	5,781,935.00	Works complete. Certified. Paid.
18.	Maintenance of Chambale - Mugogo Road (Lot 1); Lyamagale - Madeya Road (Lot 2)	Mungoma	2,909,310.00	2,909,310.00	2,909,310.00	Works complete. Certified. Paid.

Source: Vihiga County Treasury

3.45.11 Budget Performance by Department

Table 3.302 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.302: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	283.82	7.33	268.93	-	264.53	3.17	98.4	-	93.2	43.3
Department of Finance and Economic Planning.	369.08	277.90	487.87	64.60	422.95	251.84	86.7	389.9	114.6	90.6
Agriculture, Livestock, Fisheries & Cooperatives	189.36	421.89	182.49	158.16	180.47	229.44	98.9	145.1	95.3	54.4
Health Services	1,457.60	268.57	1,792.50	105.33	1,791.44	141.25	99.9	134.1	122.9	52.6
Education, Science, Technical and Vocational Training	446.43	144.85	433.03	86.88	428.72	92.39	99.0	106.3	96.0	63.8
Gender, Culture, Youth, Sports and Social Services	87.93	11.20	91.40	1.49	60.65	4.39	66.4	293.9	69.0	39.2
Trade, Industry, Tourism and Entrepreneurship.	64.59	50.65	60.55	41.73	53.24	42.18	87.9	101.1	82.4	83.3
County Public Service Board	53.21	-	43.80	-	43.61	-	99.6	-	82.0	-
Environment, Water, Energy & Natural Resources.	121.51	226.38	109.81	99.10	114.77	163.59	104.5	165.1	94.5	72.3
Transport, Infrastructure & Communication	107.28	439.13	102.59	254.31	104.23	456.44	101.6	179.5	97.2	103.9
Physical Planning, Land and Housing	86.86	63.59	86.07	54.91	83.10	57.96	96.5	105.6	95.7	91.2
County Assembly	627.13	15.00	570.90	14.47	409.83	14.47	71.8	100.0	65.4	96.5
Administration and Coordination of County Affairs	656.21	10.50	486.32	7.68	534.94	7.50	110.0	97.6	81.5	71.4
Total	4,551.02	1,937.00	4,716.29	888.67	4,492.47	1,464.63	95.3	164.8	98.7	75.6

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Department of Transport recorded the highest absorption rate of development budget at 103.9 percent, followed by the County Assembly at 96.5

percent. The Department of Health had the highest percentage of recurrent expenditure to budget at 122.9 percent, while the Department of Gender had the lowest at 69 percent. The absorption rate above 100 percent is irregular and should be addressed by the respective accounting officers.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 3.303 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.303: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
Administration, Planning and Support Service		855,692,219.00	815,438,636.45	40,253,582.55	95
	Administrative Service	823,004,087.00	815,438,636.45	7,565,450.55	99
	Research and Development	28,153,959.00	-	28,153,959.00	-
	Formulation of Policies, Regulations and Legal Framework	4,534,173.00	-	4,534,173.00	-
Livestock Development and Management		17,200,000.00	7,166,302.00	10,033,698.00	42
	Veterinary Services and Extension	16,950,000.00	7,166,302.00	9,783,698.00	42
	Livestock Extension	250,000.00	-	250,000.00	-
Fisheries Development and Management		12,020,000.00	2,890,793.00	9,129,207.00	24
	Promotion of Fish Farming	12,020,000.00	2,890,793.00	9,129,207.00	24
Crop Development and Management		17,622,914.00	4,643,020.00	12,979,894.00	26
	Crop Extension	4,300,000.00	999,720.00	3,300,280.00	23
	Farm Input Subsidy	13,322,914.00	3,643,300.00	9,679,614.00	27
Cooperatives Development		12,327,896.00	7,141,816.00	5,186,080.00	58
	Cooperative Development Services	12,327,896.00	7,141,816.00	5,186,080.00	58
Land Survey and Mapping Services		4,250,000.00	3,238,816.00	1,011,184.00	76
	Land Survey and Mapping	4,250,000.00	3,238,816.00	1,011,184.00	76
1 Urban and Physical Planning and Housing Services		28,479,708.00	22,891,168.90	5,588,539.10	80
	Urban and Physical Planning	2,000,000.00	1,007,250.00	992,750.00	50
	Vihiga Municipality {KUSP}	26,479,708.00	21,883,918.90	4,595,789.10	83
Administration, Planning and Support Service		869,971,660.00	869,472,801.10	498,858.90	100
	Administrative Service	869,971,660.00	869,472,801.10	498,858.90	100
Transport Management		18,422,400.00	8,206,688.60	10,215,711.40	45
	Transport System Management	18,422,400.00	8,206,688.60	10,215,711.40	45
Infrastructure Development		145,000.00	-	145,000.00	-
	Roads Maintenance	145,000.00	-	145,000.00	-
Administration, Planning and Support Service		86,297,083.00	68,796,818.00	17,500,265.00	80
	Administrative Service	86,297,083.00	68,796,818.00	17,500,265.00	80
Public Finance Management		51,328,751.00	40,517,608.50	10,811,142.50	79
	ICT Printing press	51,328,751.00	40,517,608.50	10,811,142.50	79

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
Trade Development and Investment		28,944,003.00	26,028,624.00	2,915,379.00	90
	Market Development and Management	27,894,003.00	25,028,624.00	2,865,379.00	90
	Business Support and Consumer Protection	1,050,000.00	1,000,000.00	50,000.00	95
Tourism Development		-	-	-	-
	Tourism Promotion and Branding	-	-	-	-
Administration, Planning and Support Service		1,876,036,117.00	1,795,080,384.95	80,955,732.05	96
	Administrative Service	751,788,285.00	657,894,080.80	93,894,204.20	88
	Human Resource Management and Development	1,107,254,432.00	1,127,863,958.80	-20,609,526.80	102
	Healthcare Financing	16,993,400.00	9,322,345.35	7,671,054.65	55
Promotive and Preventive Healthcare Services		7,040,000.00	3,929,100.00	3,110,900.00	56
	Public Health Services	2,520,000.00	1,200,100.00	1,319,900.00	48
	Community Health Strategy	2,000,000.00	976,500.00	1,023,500.00	49
	Health Promotion	500,000.00	408,000.00	92,000.00	82
	Reproductive Healthcare	2,000,000.00	1,344,500.00	655,500.00	67
	Disease Surveillance and Emergency	20,000.00	-	20,000.00	-
Curative And Rehabilitative Health Services		91,381,800.00	74,871,159.00	16,510,641.00	82
	Medical services	90,881,800.00	74,387,859.00	16,493,941.00	82
	County referral services	500,000.00	483,300.00	16,700.00	97
Child and Maternal Health Care		51,712,028.00	19,221,565.70	32,490,462.30	37
	Antenatal and Post-Natal healthcare	2,217,200.00	473,600.00	1,743,600.00	21
	Antenatal and Post Natal Healthcare	10,520,000.00	80,400.00	10,439,600.00	1
	Newborn, Child and Adolescent Health	500,000.00	221,500.00	278,500.00	44
	Nutrition Services	38,474,828.00	18,446,065.70	20,028,762.30	48
Administration, Planning and Support Service		224,773,629.00	196,757,133.55	28,016,495.45	88
	Administrative Service	224,773,629.00	196,757,133.55	28,016,495.45	88
Vocational Education and Training		140,253,952.00	115,816,625.85	24,437,326.15	83
	Youth Polytechnic Development	140,253,952.00	115,816,625.85	24,437,326.15	83
Early Childhood Development		226,257,985.00	178,225,302.70	48,032,682.30	79
	ECD Development	226,257,985.00	178,225,302.70	48,032,682.30	79

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
Administration, Planning and Support Service		1,401,841,481.00	1,344,596,812.45	57,244,668.55	96
	Administrative Service	1,372,294,268.00	1,328,457,677.45	43,836,590.55	97
	County Administration	9,840,073.00	6,237,335.00	3,602,738.00	63
	County Radio Information Services	19,707,140.00	9,901,800.00	9,805,340.00	50
Coordination of Policy Formulation Implementation of Vision 2030		2,066,000.00	2,355,000.00	-289,000.00	114
	Emergency & Disaster Fund	2,066,000.00	2,355,000.00	-289,000.00	114
Public Finance Management		138,964,475.00	121,484,698.00	17,479,777.00	87
	Public Finance Management	87,952,520.00	75,220,893.00	12,731,627.00	86
	Accounting Services	2,600,000.00	2,127,685.00	472,315.00	82
	Audit Services	6,414,440.00	5,502,620.00	911,820.00	86
	Budget Formulation Coordination	8,777,515.00	7,013,680.00	1,763,835.00	80
	Resource Mobilisation	23,110,000.00	22,051,400.00	1,058,600.00	95
	Budget Expenditure Management	10,110,000.00	9,568,420.00	541,580.00	95
County Planning Services		7,866,845.00	4,769,700.00	3,097,145.00	61
	Monitoring and Evaluation	2,666,845.00	499,700.00	2,167,145.00	19
	Coordination of Policy Formulation and Plans	5,200,000.00	4,270,000.00	930,000.00	82
Management and Administration of County Services		53,987,730.00	35,355,965.40	18,631,764.60	65
	County Executive	29,343,999.00	19,435,853.40	9,908,145.60	66
	County Secretary	11,643,731.00	7,553,291.00	4,090,440.00	65
	Legal Services	13,000,000.00	8,366,821.00	4,633,179.00	64
Administration, Planning and Support Service		50,884,842.00	42,554,035.50	8,330,806.50	84
	Administrative Service	50,884,842.00	42,554,035.50	8,330,806.50	84
903004860		40,450,000.00	19,673,240.00	20,776,760.00	49
	Promotion of Sports	27,000,000.00	9,806,100.00	17,193,900.00	36
	Promotion of Culture and Heritage	13,450,000.00	9,867,140.00	3,582,860.00	73
904004860		7,800,000.00	2,295,720.00	5,504,280.00	29
	Social Protection	5,500,000.00	497,000.00	5,003,000.00	9
	Gender, Children, Youth and People with Disability	2,300,000.00	1,798,720.00	501,280.00	78
Administration, Planning and Support Service		56,864,985.00	74,666,285.50	-17,801,300.50	131
	Administrative Service	56,864,985.00	74,666,285.50	-17,801,300.50	131
1003004860		80,496,201.00	40,081,228.85	40,414,972.15	50
	Water Supply Management	42,686,201.00	31,340,828.85	11,345,372.15	73
	Waste Water Management	37,810,000.00	8,740,400.00	29,069,600.00	23
1004004860		10,525,000.00	1,753,527.00	8,771,473.00	17
	Environmental Protection and conservation	10,525,000.00	1,753,527.00	8,771,473.00	17

Program	Sub Program	Final Budget (Kshs.)	Actual (Kshs.)	Budget utilisation difference (Kshs.)	Absorption Rate (%)
1005004860		16,117,008.00	7,176,295.00	8,940,713.00	45
	Farm Forest Management	9,117,000.00	3,502,195.00	5,614,805.00	38
	Natural Resources management	7,000,008.00	3,674,100.00	3,325,908.00	52
	Grand Total	6,488,021,712.00	5,957,096,872.00	530,924,840.00	92

Source: Vihiga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were:

- Administrative services –113%
- Emergency and Disaster Fund – 114%
- County referral services – 97%
- Business support and consumer protection – 95%
- Human Resource Management and development-102%
- Budget expenditure management – 95%

3.45.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and weak budgeting practice as shown in 3.302 where the County incurred expenditure over approved exchequer issues in several departments.
2. High level of pending bills, which amounted to Kshs.1.35 billion as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.272.8 million at the end of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.235.3 million were processed through the manual payroll, accounting for 9.3 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. High wage bill, which accounted for 37.8 percent of the revenue for FY 2022/23 of Kshs.6.68 billion during the reporting period, thus constraining funding to other programmes.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
3. *The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.46 County Government of Wajir

3.46.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.23 billion, comprising Kshs.3.11 billion (27.7 percent) and Kshs.8.13 billion (72.3 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase of 2.7 percent compared to the previous financial year when the approved budget was Kshs.10.94 billion and comprised of Kshs.4.29 billion towards development expenditure and Kshs.6.65 billion for recurrent expenditure. The County's development budget is below the required threshold of 30 percent in the medium term as per Section 107 2(b) of the PFM Act, 2012.

To finance the budget, the County expects to receive Kshs.9.47 billion (84.3 percent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 percent) from its own sources of revenue, Kshs.803.48 million (7.2 percent) as additional allocation, and a cash balance of Kshs.856.48 million (7.3 percent) from FY 2021/22. A breakdown of the additional allocation is provided in Table 3.304.

The cash balance from the previous financial year comprises Kshs.157.61 million from unspent additional allocation and Kshs.698.93 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.46.2 Revenue Performance

In FY 2022/23, the County received Kshs.9.47 billion as the equitable share of the revenue raised nationally, Kshs.841.3 million as additional allocation, had a cash balance of Kshs.698.92 million from FY 2021/22, and raised Kshs.46.75 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.11.06 billion, as shown in Table 3.304.

Table 3.304: Wajir County, Revenue Performance in FY 2022/23

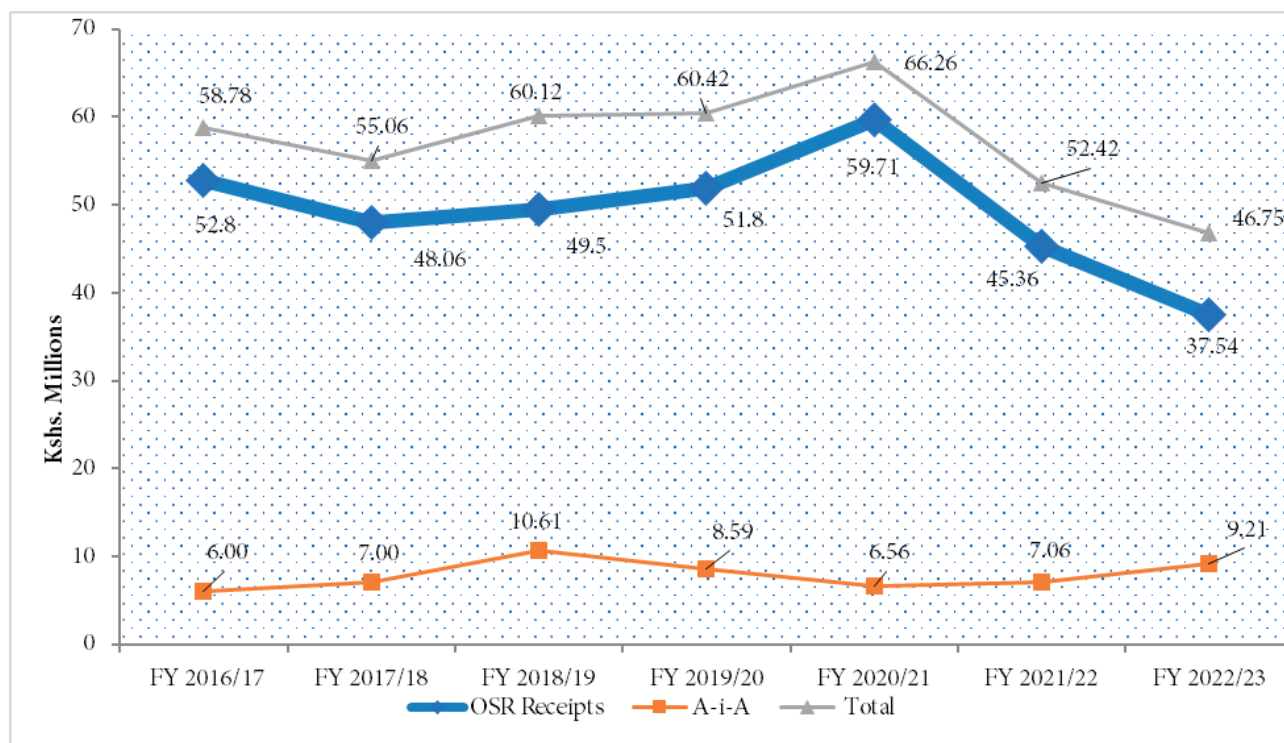
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151.00	9,474,726,153.00	100.0
	Sub Total	9,474,726,151.00	9,474,726,153.00	100.0
B	Additional allocation			
1	Wajir Water and Sanitation Project	500,000,000.00	495,928,257.00	99.2
2	Kenya Climate Smart Agriculture Project	78,101,121.00	40,101,121.00	51.3
3	Kenya Informal Settlement Improvement Project (KISIP II)	50,000,000.00	50,000,000.00	100.0
4	Emergency Locust Response Project (ELRP)	89,529,250.00	87,361,271.00	97.6
5	DANIDA to finance Universal Healthcare	27,489,375.00	28,295,407.00	102.9
6	EU grant to finance Instruments for Devolution Advice and Support (IDEAS) program	-	11,701,946.00	-
7	Agriculture Sector Development Support Programme II (ASDSP II)	35,110,369.00	35,110,369.00	100.0
8	Locally-Led Climate Action Program (FLLoCA)	22,000,000.00	22,000,000.00	100.0
9	RVF Control Technical Support by FAO	1,247,800.00	1,247,800.00	100.0
10	IDA World Bank Kenya Urban Support Program (KUSP II).	-	2,339,915.00	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
		803,477,915.00	774,086,086.00	
	Additional allocation Balance B/F			
11	Kenya Climate Smart Agriculture Project BBF 2021/22	48,491,915.00	48,491,915.00	100.0
12	Emergency Locust Response Project BBF 2021/22	18,730,781.00	18,730,780.75	100.0
13	Kenya Urban Support Programme BBF 2021/22	26,802,479.88	-	-
14	Kenya Devolution Support Programme BBF 2020/21	63,535,028.15	-	-
		157,560,204.03	67,222,695.75	
	Sub Total	961,038,119.03	841,308,781.75	87.5
C	Other Sources of Revenue			
1	Own Source Revenue	100,000,000.00	46,746,101.00	46.7
2	Balance b/f from FY2021/22	698,916,354.65	698,916,354.65	100.0
	Sub Total	798,916,354.65	745,662,455.65	93.3
	Grand Total	11,234,680,624.68	11,061,697,390.40	98.5

Source: Wajir County Treasury

Figure 136 shows the trend in own-source revenue collection from FY 2016/17 to FY 2022/23.

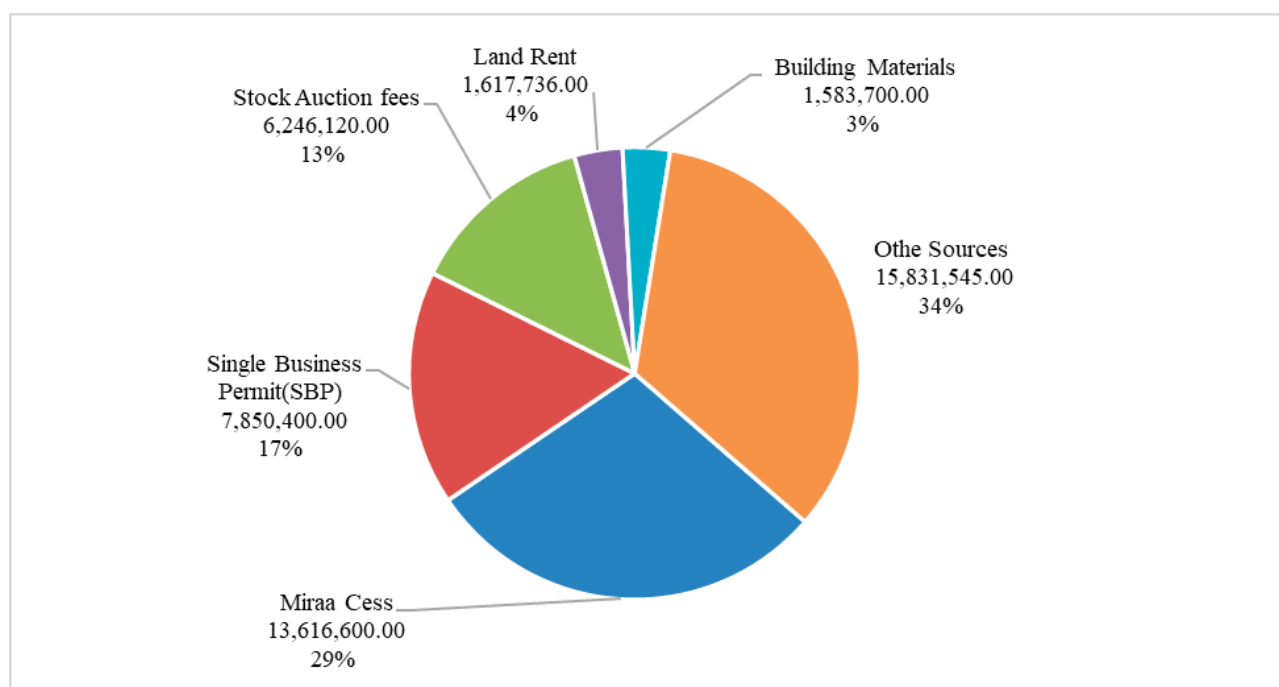
Figure 136: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: Wajir County Treasury

In FY 2022/23, the County generated a total of Kshs.46.75 million from its sources of revenue. This amount represented a decrease of 10.4 percent compared to Kshs.52.15 million realised in FY 2021/22 and was 46.7 percent of the annual target and 0.5 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 137.

Figure 137: Top Streams of Own Source Revenue in FY 2022/23



Source: Wajir County Treasury

The highest revenue stream of Kshs.13.62 million was from miraa cess, contributing to 29 percent of the total OSR receipts during the reporting period. Revenue from the health sector (FIF / A-I-A) amounted to Kshs.9.2 million, representing 19.7 percent of the overall OSR in FY 2022/23.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.06 billion from the CRF account during the reporting period. The amount comprised Kshs.2.21 billion (22 percent) for development programmes and Kshs.7.85 billion (78 percent) for recurrent programmes. Analysis of the recurrent exchequers released in FY 2022/23 indicates that Kshs.4.64 billion was released towards Employee Compensation, and Kshs.3.21 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.1.0 billion.

3.46.4 County Expenditure Review

The County spent Kshs.10.23 billion on development and recurrent programmes in the reporting period. The expenditure represented 101.6 percent of the total funds released by the CoB and comprised of Kshs.2.38 billion and Kshs.7.85 billion on development and recurrent programmes, respectively. Expenditure on development programs represented an absorption rate of 76.5 percent. In contrast, recurrent expenditure represented 96.6 percent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.5.5 billion, comprising of Kshs.4.03 billion for recurrent expenditure and Kshs.1.47 billion for development

activities. During the period under review, pending bills amounting to Kshs.117.34 million were settled and were for development programs. Therefore, as of 30th June 2023, the outstanding amount was Kshs.5.51 billion inclusive of those accrued in FY2022/23.

The County has, however, initiated another pending bill audit to ascertain the correct position. The report had not been completed in the reporting period.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.96 billion on employee compensation, Kshs.3.04 billion on operations and maintenance, and Kshs.2.38 billion on development activities. Similarly, the County Assembly spent Kshs.514.3 million on employee compensation and Kshs.332.32 million on operations and maintenance activities, as shown in Table 3.305.

Table 3.305: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,272,105,910	853,341,593	7,001,393,605	846,616,110	96.3	99.2
Compensation to Employees	3,902,512,483	514,310,736	3,963,571,297	514,297,121	101.6	100.0
Operations and Maintenance	3,369,593,427	339,030,857	3,037,822,308	332,318,989	90.2	98.0
Development Expenditure	3,109,233,122	-	2,377,736,408	-	76.5	-
Total	10,381,339,032	853,341,593	9,379,130,013	846,616,110	90.3	99.2

Source: Wajir County Treasury

3.46.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.4.48 billion, or 40.5 percent of the revenue for FY 2022/23 of Kshs.11.06 billion. This expenditure represented an increase from Kshs.4.4 billion reported in FY 2021/22. The wage bill included Kshs.1.75 billion paid to health sector employees, translating to 39.2 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.67 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.805.53 million was processed through manual payrolls. The manual payrolls accounted for 18 percent of the total PE cost.

The County Assembly spent Kshs.14.49 million on committee sitting allowances for the 46 MCAs and the Speaker against the annual budget allocation of Kshs.16.21 million. The average monthly sitting allowance was Kshs.26,253 per MCA. The County Assembly has established 21 Committees.

3.46.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.300 million to county-established funds in FY 2022/23, constituting 2.7 percent of the County's overall budget Table 3.306 summarises each established Fund's budget allocation and performance during the reporting period.

Table 3.306 Performance of County Established Funds as of 30th June 2023

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in FY 2022/23 (Kshs.)	Actual Expenditure for the FY 2022/23 (Kshs.)	Submission of Financial Statements as of 30th June 2023
1.	County Emergency Fund	150,000,000.00	150,000,000.00	150,000,000	No
2.	Bursary Fund	150,000,000.00	150,000,000.00	150,000,000	No

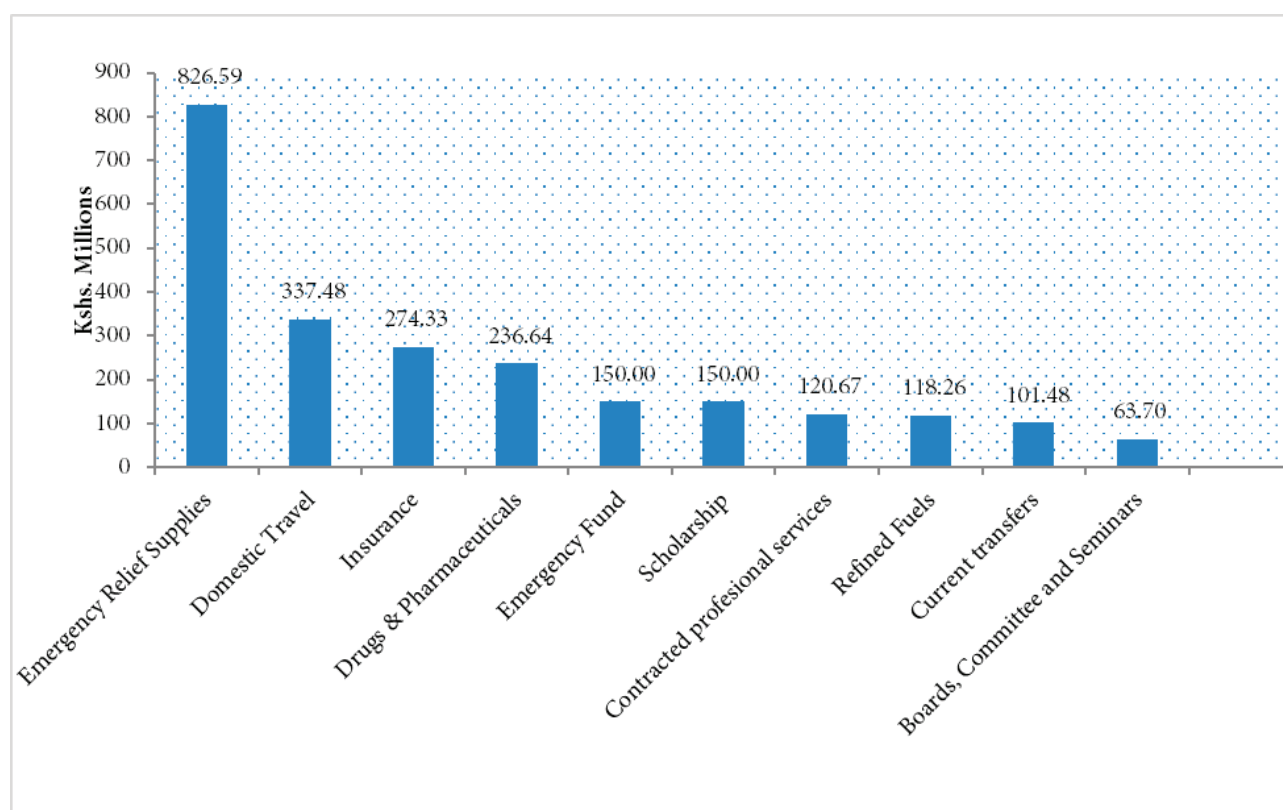
Source: Wajir County Treasury

During the reporting period, the CoB did not receive quarterly financial returns from Fund Administrators of the Bursary Fund and the Emergency funds, as indicated in Table 3.306.

3.46.9 Expenditure on Operations and Maintenance

Figure 138 summarises the Operations and Maintenance expenditure by major categories.

Figure 138: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

During the period, expenditure on domestic travel amounted to Kshs.337.48 million and comprised of Kshs.165.49 million spent by the County Assembly and Kshs.171.9 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.61 million and was incurred by the County Assembly. The County Executive did not report expenditure on foreign travel expenses. The highest expenditure on foreign travel was incurred, as summarised in Table 3.307.

Table 3.307: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date Travelled	Purpose of the Travel	Destination	Total Costs of the Travel (Kshs.)
County Assembly	1	22nd -30th April 2023	County Assembly Deputy Speakers on Effective Leadership and Management of Committees	Dubai	844,918
County Assembly	1	22nd -30th April 2023	County Assembly Deputy Speakers on Effective Leadership and Management of Committees	Dubai	150200
County Assembly	1	1st -3rd November 2022	The 6th Africa Colloquium of Legal Counsel to Parliaments	Zanzibar	308,760
County Assembly	1	1st -3rd November 2022	The 6th Africa Colloquium of Legal Counsel to Parliaments	Zanzibar	303,758
Total					1,607,636

Source: County Assembly of Wajir

3.46.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.38 billion on development programmes, representing a decrease of 0.4 percent compared to FY 2021/22, when the County spent Kshs.2.39 billion. Table 3.308 summarises development projects with the highest expenditure in the reporting period.

Table 3.308: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Proposed expansion and desilting of the well bir water pan	Water resources development	Hq	4,992,500.00	4,992,500.00	100.0
2	Proposed renovations, construction of toilet, landscaping works at the county HQS mosque	Lands, housing and physical planning	Hq	4,995,190.00	4,995,190.00	100.0
3	Being part payment for the proposed construction, completion and operationalisation of the modern health centre at Sabuli	Public health, medical services and sanitation	Hq	13,000,000.00	13,000,000.00	100.0
4	Enhanced value addition to the camel meat project	-Agriculture, livestock, and fisheries development	Hq	19,123,785.00	19,123,785.00	100.0
5	Supply, delivery installation and commissioning of oxygen plant in Wajir referral hospital	Public health, medical services and sanitation	Hq	20,600,000.00	20,600,000.00	100.0

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
6	Proposed gravelling of Baladwein-Orote Road	Water resources development	Hq	26,149,032.00	26,149,032.00	100.0
7	Construction of 42,000m3 mega dam at Madho settlements water tank at Tarbaj Youth Polytechnic	Water resources development	Hq	29,650,528.00	29,650,528.00	100.0
8	Construction of 50,000 m3 water pan at Abaq Dere, Burdeer	Water resources development	Hq	34,998,200.00	34,998,200.00	100.0
9	Construction of 65,000m3 mega dam at Handaki south	Water resources development	Hq	49,994,016.00	49,994,016.00	100.0
10	Supply of submersible water tanks	Water resources development	Hq	51,500,000	51,500,000	100.0

Source: Wajir County Treasury

3.46.11 Budget Performance by Department

Table 3.209 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.309: Wajir County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	853	0.00	847	-	847	-	100.0	-	99.2	-
County Executive	597	0.00	591	-	605	-	102.5	-	101.4	-
Finance and Economic Planning	729	0.00	584	-	730	-	124.9	-	100.1	-
Agriculture, Livestock and Veterinary Services	349	429.48	337	315	329	332	97.4	105.5	94.3	77.4
Health Services	2,637	413.39	2,601	227	2,578	309	99.1	136.3	97.7	74.8
Roads, Transport, Public Works and Housing	172	365.80	153	253	163	279	106.4	110.1	94.8	76.2
Water Services	290	462.50	282	473	285	430	101.2	90.8	98.2	93.0
Energy, Environment and Climate Change	81	296.20	68	243	69	241	100.6	99.1	84.9	81.3
Public Service, Special Programs and County Administration	983	7.00	980	-	936	-	95.6	-	95.2	-
Education, Social Welfare and Family Affairs	761	119.04	757	55	697	68	92.1	124.1	91.6	56.8
ICT, Trade, Investment and Industrialization	183	228.60	152	6	166	18	109.7	290.5	90.9	7.9
Lands and Spatial Planning	46	101.42	46	88	34	97	74.0	109.8	74.2	95.6
WAJWASCO	151	520.00	149	496	137	514	92.2	103.6	90.5	98.8
CPSB	84	0	79	-	67	-	84.8	-	80.0	-
Municipality	210	165.80	224	52	206	90	91.7	172.7	98.2	54.2
Total	8,125	3,109	7,849	2,209	7,848	2,378	100.0	107.7	96.6	76.5

Source: Wajir County Treasury

Analysis of expenditure- by the department shows that the Wajir Water and Sanitation Company (WAJWASCO) recorded the highest absorption rate of the development budget at 98.8 percent, followed by the Department of Lands and Spatial Planning at 95.6 percent. The County Executive had the highest percentage of recurrent expenditure to budget at 101.4 percent, followed by Finance and Economic Planning at 100.1 percent, while the County Public Service Board Department at 80 percent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 3.310 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.310: Wajir County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Department: County Executive (Office of the Governor)							
Coordination and Supervisory Services	Coordination and Supervisory Services	596,873,336	-	603,857,510	-	101	-
	Sub Total	596,873,336	-	603,857,510	-	101	
Department: Finance and Economic Planning							
Public Finance Management	Budget Management Services	15,402,624	-	14,615,466	-	-	-
	County Accounting Services	260,382,000	-	258,113,449	-	-	-
	County Revenue Collection and Resource Mobilization	21,224,600	-	17,210,041	-	-	-
	Internal Audit Management Services	12,559,900	-	11,636,696	-	-	-
	County Supply Chain Management	68,992,600.00	-	68,179,668	-	-	-
	Financial Reporting Services		-		-	-	-
	General Administration and Support Services	319,049,701	-	333,000,181	-	-	-
Economic Planning Services	County Integrated Development Planning	31,182,000	-	27,000,210	-	-	-
	Sub Total	728,793,425	-	729,755,711	-	100	
Department: Agriculture, Livestock and Veterinary Services							
Livestock management Services	Livestock Production Services	116,004,720.00	12,500,000	108,841,712		94	-
	Veterinary Services	10,728,108.00	55,726,800	7,845,460	26,112,170	73	47

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
General Administration and Support Services	General Administration and Support Services	196,953,695.00	-	196,832,095	-	100	-
Food Production Services	Food Production Services	17,919,400.00	347,557,226	11,047,421	306,386,057	62	88
Irrigation Management Services	Irrigation Management Services	3,533,200.00	11,500,000	2,699,350	-	76	-
Alternative Livelihood management	Alternative Livelihood management	3,577,800.00	2,200,000	1,435,650	-	40	-
	Sub Total	348,716,923	429,484,026	328,701,688	332,498,226.75	94	77
Department: Health Services							
Curative, rehabilitative and Emergency services	Curative and rehabilitative services	775,307,500	318,535,028.00	685,507,638	275,332,858	88	86
	Emergency Referral Services	-	-	-	-	-	-
General Administration and Support Services	General Administration and Support Services	1,734,099,444	-	1,774,556,254	-	102	-
Public Health	Reproductive Maternal Neonatal Child Health	78,052,292	77,150,000.00	73,223,441	16,957,929	94	22
	Sanitation services	32,672,950	7,900,000.00	30,427,530	7,793,084	93	99
	Special Programme	12,800,000	7,800,000.00	11,223,058	7,697,960	88	99
	Health Research	4,066,000	2,000,000.00	2,617,240	1,497,444	64	75
	Sub Total	2,636,998,186	413,385,028	2,577,555,161	309,279,275	98	75
Department: Roads, Transport, Public Works and Housing							
County Roads and Transport management	Construction of County Roads	11,592,000	20,000,000	9,877,372	-	85%	-
	Maintenance and Rehabilitation of County Roads	119,802,936	146,800,000	117,759,866	83,825,492	98	57
	county Transport Services	35,400,000	9,000,000	31,722,521	5,499,999	90	61
Public Work Services	Public Work Services	5,155,900	190,000,000	3,614,162	189,437,840	70	100
	Total	171,950,836	365,800,000	162,973,921	278,763,332	95	76
Department: Water Services							
Water Services	Water Supplies Overhaul and Maintenance Services	290,185,919	349,000,000	284,897,606	340,866,580.00	98	98
	Infrastructure development services	-	113,500,000	-	89,152,285.15		79
	Total	290,185,919	462,500,000	284,897,606	430,018,865	98	93
Department: Energy, Environment and Climate Change							
Energy development services	Energy development services	1,624,800	169,200,000	696,000	142,258,756	43	84

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Environmental Conservation Services	Environmental Conservation Services	2,357,600	121,000,000	1,466,400	98,406,490	62	81
Natural Resource Management	Natural Resource Management	5,275,800	6,000,000	3,356,700	-	64	-
General Administration and Support Services	General Administration and Support Services	71,768,288		63,284,422	-	88	-
	Total	81,026,488	296,200,000	68,803,522	240,665,246	85	81
Department: Public Service, Special Programs and County Administration							
Human Resources Management and decentralised services	Human Resources Management and decentralised services	358,814,480	-	345,761,292	-	96	-
Service Delivery and Performance Management	Service Delivery and Performance Management	6,758,400	-	6,280,225	-	93	-
Decentralised unit and Town admin	Decentralised unit and Town admin	28,708,400	-	18,315,753	-	64	-
Special Programs	Disaster Management & Humanitarian Coordination	543,459,800	-	539,048,431	-	99	-
	Conflict, Prevention, Management and Resolution	24,199,901	-	12,970,660	-	54	-
	Intergovernmental Relations	6,236,624	-	4,912,600	-	79	-
	Public Participation Services	5,602,000	7,000,000	1,587,500	-	28	-
	Governance and Ethics	9,353,600		7,268,135		78	-
	Total	983,133,205	7,000,000	936,144,596	-	95	-
Sports promotion and development	Sub-programme: Sports promotion and development	8,184,400	26,000,000	7,081,995	-	87	-
Programme 2: Early Childhood Education Development Services	Sub-programme: Early Childhood Education Development Services	164,909,950	77,374,000	162,639,199	52,088,822	99	67
Programme 3: Culture, Heritage and Library Services	Sub-programme: Promotion of Culture and Heritage Services	13,456,600	-	9,839,600	-	73	-
Programme 4: Gender and Social Services	Sub-programme: Gender & Social Services	138,892,700	1,200,000	93,078,180	1,200,000	67	100
Programme 5 Vocational Training Services	Sub-programme: Infrastructural development	18,685,000	14,470,000	16,239,500	14,384,817	87	99

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Programme 6: General Administration, Planning and Support Services	Sub-programme: Planning and Support Services	416,815,245	-	408,171,012	-	98%	-
	Sub Total	760,943,895	119,044,000	697,049,486	67,673,639	92	57
ICT, Trade, Industrialization, Co-operative Development							
Programme 1: Trade Services	Sub-programme: Business Support & Investment Services	2,404,140.00	211000000	1,507,900.00	4,979,102.00	63	2
Programme 2: Co-operatives Services	Sub-Programme: Capacity Building Services	3683120	8,600,000	2,124,850.00	4,184,000.00	58	49
Programme 3: ICT Infrastructure Services	Sub-programme: ICT Infrastructure Improvement & Enhancement Services	9,308,400	9,000,000	5,753,430.00	8,987,237.10	62	100
Programme 4: Industrialisation and Investment Services	Sub-Programme: Investment and Industry Services	2,839,080	-	1,433,600.00	-	50	-
Programme 5: General Administration, Planning and Support Services	Sub-programme: General administration, Planning and Support Services	164,773,720	-	155,483,722.35	-	94	-
	Sub Total	183,008,460	228,600,000	166,303,502	18,150,339	91	8
Lands and Spatial Planning							
Land Policy and Physical Planning	Sub-programme: Urban Physical Planning Services	4,128,600	101,417,588	3,375,144.00	97,000,000.00	82	96
	Sub-Programme: County Survey and Policy Services	-	-	-	-	-	-
General Administrative and Support Services	Sub-programme: General Administrative and Support Services	41,512,139		30,501,690.45	-	73	-
	Sub Total	45,640,739.00	101,417,588.00	33,876,834.45	97,000,000.00	74	96
WAJWASCO							
WAJWASCO	Sub-programme: WAJWASCO	151,333,546.00	520,000,000.00	136,993,102	513,747,937	91	99
	Sub Total	151,333,546	520,000,000	136,993,102	513,747,937	91	99
County Public Service Board							
County Public Service Board Services	Sub-programme: Coordination and Supervisory	83,812,668	-	67,063,609	-	80	-
	Sub Total	83,812,668	-	67,063,609	-	80	-
Municipality							

Programme	Sub-Programme	Approved Estimates (Kshs.)		Actual Expenditure as of 30 th June 2023 (Kshs.)		Absorption Rate (%)	
		Rec	Dev	Rec	Dev	Rec	Dev
Urban Development Services	Sub-Programme: Urban Development Services	209,688,284	165,802,480	205,837,356	89,939,548	98	54
	Sub Total	209,688,284.00	165,802,480	205,837,356	89,939,548	98	54
County Assembly							
County Assembly Services	County Assembly Services	853,341,593.00	-	846,616,110	-	99	-
Grand Total		8,125,447,50300	3,109,233,121.88	7,846,429,715.00	2,377,736,407.95	96	76

Source: Wajir County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Health Services at 102.0 percent, Coordination and Supervisory Services under in the County Executive at 101.0 percent and General Administration and Support Services at the Department of Agriculture, Livestock and Veterinary Services at 100.0 percent.

3.46.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget affected the timely preparation of the budget implementation report. The report was submitted on 18th August, 2023.
2. Diversion of funds by the County Treasury and weak budgeting practice, as shown in Table 3.209 Tana River County, Budget Execution by Programmes and Sub-Programmes, where the County incurred expenditure over approved exchequer issues and budget allocation (absorption rate of over 100%) in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Bursary Fund and the Emergency Funds were not submitted to the Controller of Budget.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.805.5 million were processed through the manual payroll, accounting for 18 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. High level of pending bills which was Kshs.5.51 billion as at the close of the financial year.
6. Low expenditure on the development expenditure at Kshs.2.38 billion, which accounted for 23.3 percent of total expenditure in the FY 2022/23. The development expenditure was, therefore below the required threshold of 30 percent as per Section 107 2(b) of the PFM Act, 2012.
7. The underperformance of own-source revenue at Kshs.46.75 million against an annual projection of Kshs.100 million, representing 46.7 percent of the annual target.
8. High wage bill, which accounted for 40.5 percent of the revenue for FY 2022/23 of Kshs.11.06 billion during the reporting period, thus constraining funding to other programmes.

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

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of

the Controller of Budget in line with Section 166 of the PFM Act, 2012.

- 2. The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget.*
- 3. The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
- 4. The Government requires that salaries be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
- 5. The County leadership should address the pending bills situation to ensure genuine bills are paid promptly in the remaining financial year. A payment plan should be provided at the beginning of the FY.*
- 6. The County Government should develop and implement strategies to ensure expenditure on development expenditure is enhanced to a minimum of 30 percent of the budget in line with the law.*
- 7. The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
- 8. The County Public Service Board should develop an optimal staffing structure and devise strategies to address the escalating wage bill.*

3.47 County Government of West Pokot

3.47.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 was Kshs.7.66 billion, comprising Kshs.2.46 billion (32.1 percent) and Kshs.5.20 billion (67.9 percent) allocation for development and recurrent programmes, respectively. The approved budget estimate represented an increase of 0.1 percent compared to the previous financial year when the approved budget was Kshs.7.67 billion and comprised of Kshs.2.56 billion towards development expenditure and Kshs.5.11 billion for recurrent expenditure.

To finance the budget, the County expected to receive Kshs.6.30 billion (82.2 percent) as the equitable share of revenue raised nationally, Kshs.427.91 million (5.6 percent), a cash balance of Kshs.769.34 million (10 percent) from FY 2021/22, and generate Kshs.170 million (2.2 percent) from its own sources of revenue. A breakdown of the additional allocations is provided in Table 3.315.

The cash balance from the previous financial year comprises Kshs.617.78 million from equitable share rollover, Kshs.122.98 million returned to CRF from the recurrent account and Kshs.28.87 million, which was the balance in the CRF account at the Central Bank of Kenya.

3.47.2 Revenue Performance

In FY 2022/23, the County received Kshs.6.30 billion as the equitable share of the revenue raised nationally, Kshs.427.91 million as additional allocations, had a cash balance of Kshs.769.34 million from FY 2021/22, and raised Kshs.128.20 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.7.62 billion, as shown in Table 3.315.

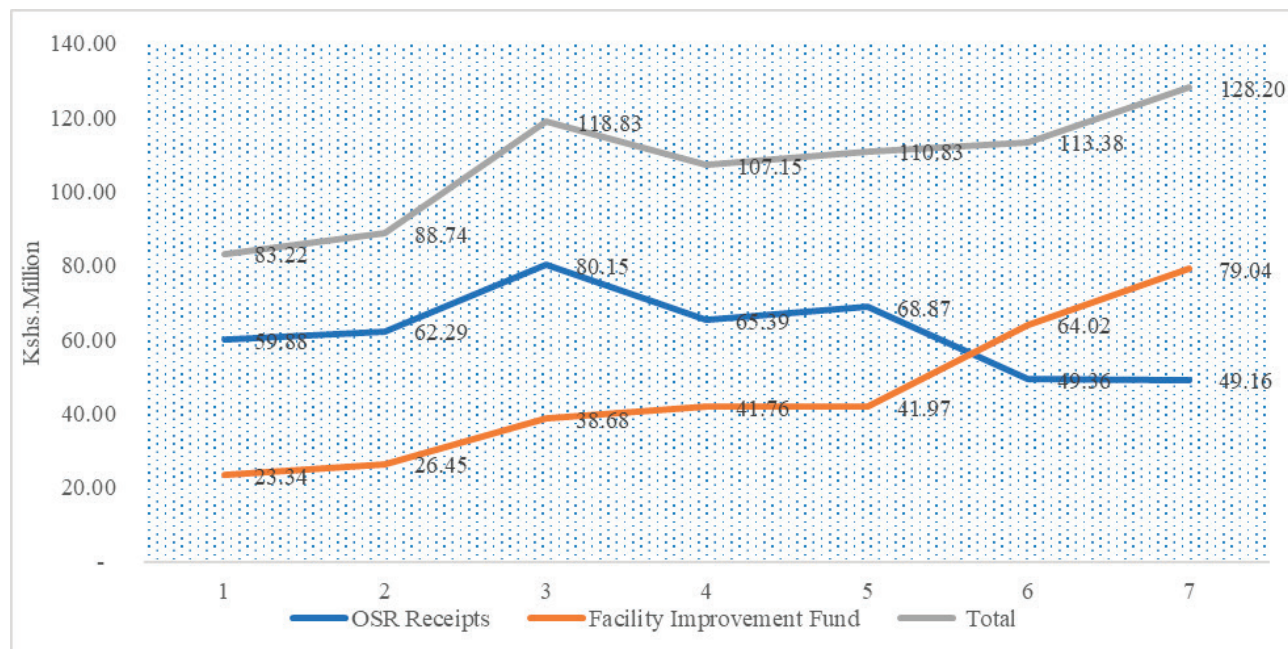
Table 3.311: West Pokot County, Revenue Performance in FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,297,284,329	6,297,284,329	100.0
B	Additional allocations			
1.	EU IDEAS -LED PROGRAMME (FINAL 3rd PMT)	32,495,096	32,495,096	100.0
2.	DANIDA	10,538,600	10,538,600	100.0
3.	THS/UHC(Rollover)	52,000,000	52,000,000	100.0
4.	KCSAP	157,974,138	157,974,138	100.0
5.	Emergency Locust Response	70,759,700	70,759,700	100.0
6.	ASDSP II	18,793,436	18,793,436	100.0
7.	ASDSP II (Rollover)	4,500,000	4,500,000	100.0
8.	KDSP (Rollover)	67,508,711.4	67,508,711.4	100.0
9.	KUSP -Urban Dev Grant	2,339,914.88	2,339,914.88	100.0
10.	FLLOCA	11,000,000	11,000,000	100.0
Subtotal		427,909,596.28	427,909,596.28	100.00
C	Other Sources of Revenue			
1.	Own Source Revenue inclusive of Appropriation in Aid	170,000,000	128,195,210	75.5
2.	Unspent balance from FY 2021/22	769,343,264	769,343,264.00	100
Sub Total		7,664,537,189	7,622,858,399.00	99.6
Grand Total				

Source: West Pokot County Treasury

Figure 139 shows trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23

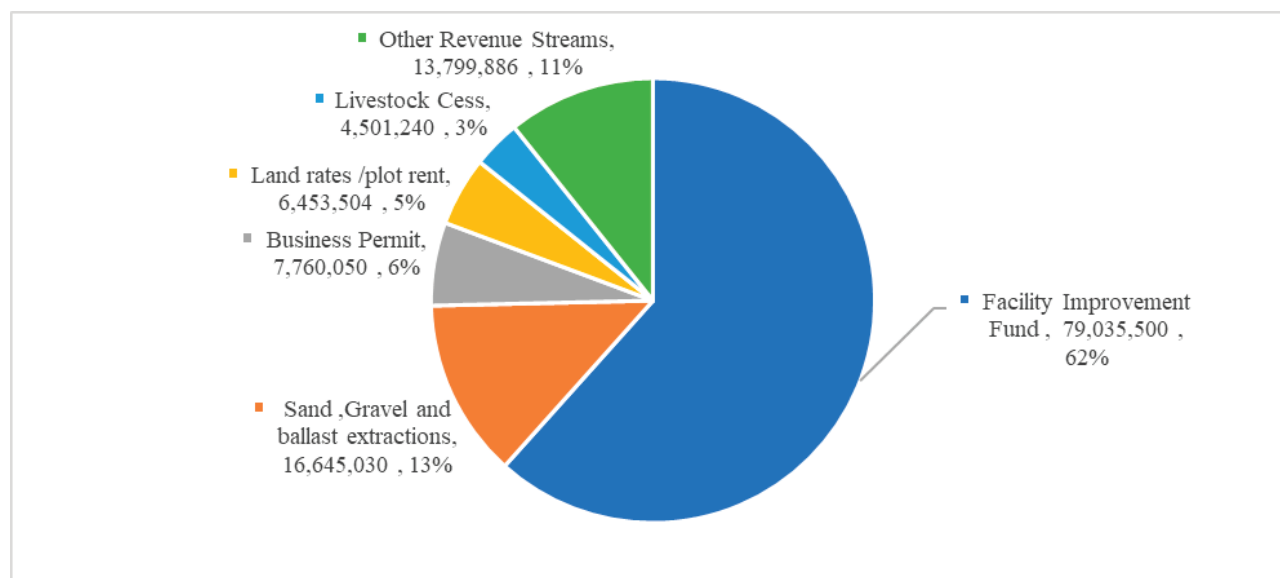
Figure 139: Trend in Own-Source Revenue Collection from FY 2016/17 to FY 2022/23



Source: West Pokot County Treasury

In FY 2022/23, the County generated a total of Kshs.128.20 million from its own sources of revenue. This amount represented an increase of 12 percent compared to Kshs.113.38 million realised in FY 2021/22 and was 77.5 percent of the annual target and 2 percent of the equitable revenue share disbursed during the period. The revenue streams which contributed the highest OSR receipts are shown in Figure 141.

Figure 140: Top Streams of Own Source Revenue in FY 2022/23



Source: West Pokot County Treasury

The highest revenue stream of Kshs.79.04 million was from the Facility Improvement Fund, contributing to 62 percent of the total OSR receipts during the reporting period.

3.47.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.7.4 billion from the CRF account during the reporting period. This amount comprised Kshs.2.3 billion (31 percent) for development programmes and Kshs.5.1 billion (69 percent) for recurrent programmes. Analysis of the recurrent exchequer released in FY 2022/23 indicates that Kshs.2.67 billion was released towards employee compensation, and Kshs.2.45 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account at the end of the financial year was Kshs.219.50 million.

3.47.4 County Expenditure Review

The County spent Kshs.7.3 billion on development and recurrent programmes during the reporting period. This expenditure represented 95 percent of the total funds released by the CoB and comprised of Kshs.2.19 billion and Kshs.5.12 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 89 percent. In contrast, recurrent expenditure represented 98.0 percent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.478.09 million, comprising Kshs.294.22 million for recurrent expenditure and Kshs.183.87 million for development activities. During the year, the County settled pending bills amounting to Kshs.251.17 million, consisting of Kshs.121.21 million for recurrent expenditure and Kshs.129.96 million for development programmes. The outstanding amount as of 30th June 2023, including bills incurred in FY 2022/23 was Kshs.259.17 million.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.39 billion on employee compensation, Kshs.1.99 billion on operations and maintenance, and Kshs.2.16 billion on development activities. Similarly, the County Assembly spent Kshs.280.61 million on employee compensation, Kshs.464.01 million on operations and maintenance, and Kshs.32.55 million on development activities, as shown in Table 3.312:.

Table 3.312: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Execu- tive	County Assem- bly	County Execu- tive	County As- sembly	County Ex- ecutive	County As- sembly
Total Recurrent Expenditure	4,422,821,918	777,687,286	4,375,542,800	744,622,811	98.9	98.5
Compensation to Employees	2,391,777,304	305,815,877	2,386,523,388	280,613,447	99.8	91.8
Operations and Maintenance	2,031,044,613	471,871,409	1,989,019,411	464,009,364	97.9	98.3
Development Expenditure	2,364,027,985	100,000,000	2,160,555,488	32,549,799	91.4	45.3
Total	6,786,849,903	877,687,286	6,536,098,287	777,227,649	96.3	88.6

Source: West Pokot County Treasury

3.47.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employee compensation was Kshs.2.67 billion, or 37 percent of the revenue for FY 2022/23 of Kshs.7.31 billion. This expenditure represented an increase from Kshs.249.33 million reported in FY 2021/22. The wage bill included Kshs.1.25 billion paid to health sector employees, translating to 40 percent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.52 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.143.86 million was processed through manual payrolls. The manual payrolls accounted for 5.4 percent of the total PE cost.

The County Assembly spent Kshs.11.19 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.11.71 million. The average monthly sitting allowance was Kshs.28,253 per MCA. The County Assembly has established 18 Committees.

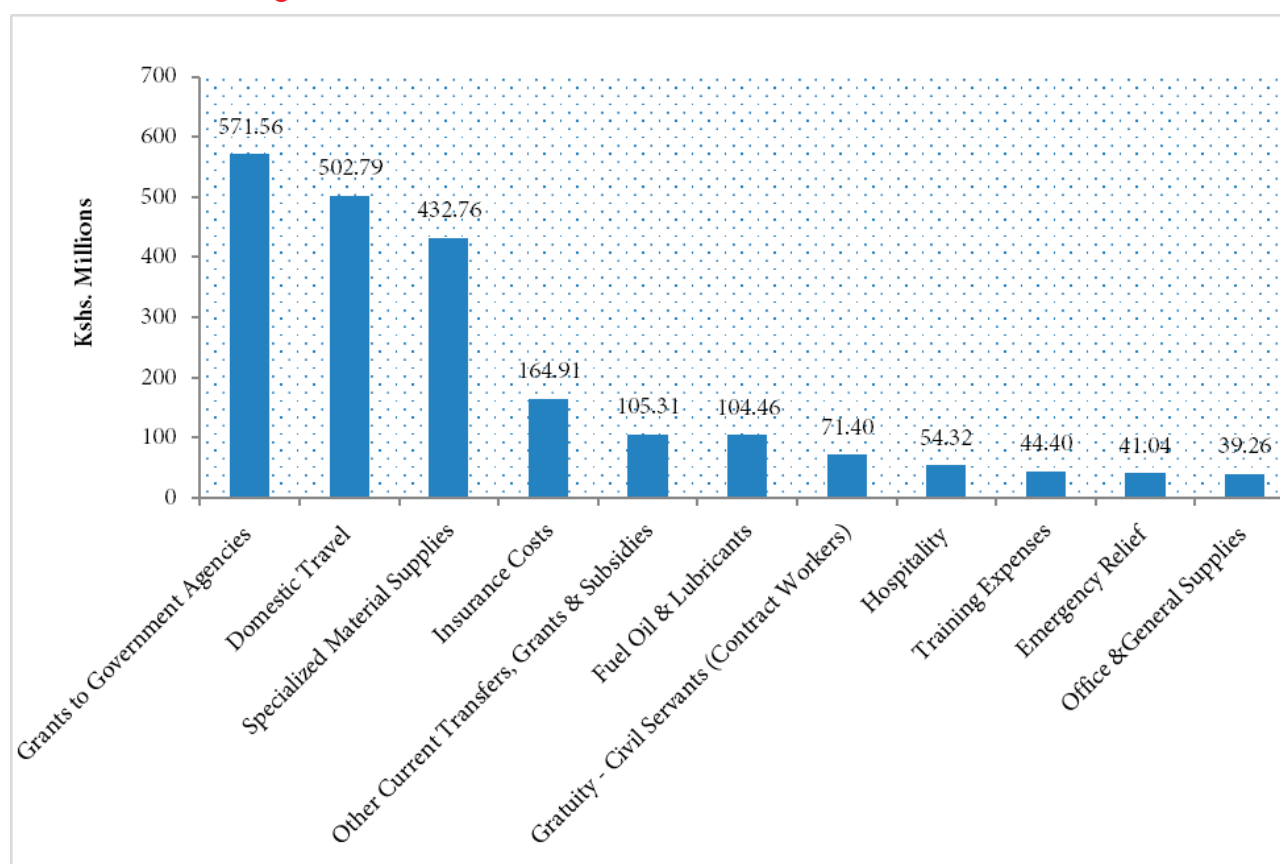
3.47.8 County Emergency Fund and County-Established Funds

Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly. In FY 2022/23, the County allocated Kshs.4 million to the Emergency Fund, which was entirely spent during the period.

3.47.9 Expenditure on Operations and Maintenance

Figure 141 shows a summary of operations and Maintenance expenditure by major categories.

Figure 141: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

During the period, expenditure on domestic travel amounted to Kshs.502.79 million and comprised of Kshs.142.16 million spent by the County Assembly and Kshs.360.63 million by the County Executive. Expenditure on foreign travel amounted to Kshs.26.36 million and comprised of Kshs.16.70 million by the County Assembly and Kshs.9.66 million by the County Executive. The highest expenditure on foreign travel was incurred, as summarised in Table 3.313.

Table 3.313: Summary of highest expenditure on foreign travel

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Executive	7	27th Feb-3rd March 2023	Team building and benchmarking on the management of human resources	KIGALI, RWANDA	3,413,000
County Executive	2	23rd April-2nd May 2023	Council of governors visit to colleges and institutes of Canada	TORONTO, CANADA	3,596,437
County Executive	2	28th May-2nd June 2023	International program in corporate strategy planning, innovation and policy	SINGAPORE	2,648,900
County Assembly	14	6th and 15th Jan 23	Training allowances on leadership	Arusha	4,462,080
County Assembly	1	23-27 Jan 23	County Assembly speakers training on governance	Dubai	551,040
County Assembly	1	21-1st 23rd May	Deputy Speakers training	Dubai	774,200

Arm of County Government	No. of Officers Travelled	Date travelled	Purpose of the travel	Destination	Total Costs of the Travel
County Assembly	15	14th -21th Jan 23	Leadership Development Skills for MCA	Kampala	4,824,000
County Assembly	6	6-10th 23rd February	Training on Budget Review andparliamentary oversight	Zambia	1,820,280
County Assembly	1	7th-18th 22nd November	Facilitation of staff to attend IFMIS training in ESAMI Arusha	Arusha	506,960

Source: County Government of West Pokot

The maximum number of delegates inclusive of staff as per the existing International/Foreign travel policy should not exceed 7. It is therefore noted that 2 out of the 9 foreign trips sampled, delegates have surpassed the limit.

3.47.10 Development Expenditure

In FY 2022/23, the County incurred Kshs.2.19 billion on development programmes, representing an increase of 23 percent compared to FY 2021/22 when the County spent Kshs.1.60 billion. Table 3.314 summarises development projects with the highest expenditure in the reporting period.

Table 3.314: West Pokot County, List of Development Projects with the Highest Expenditure

S/R	Sector	Project Name	Ward	Contract Sum (Kshs)	Budget (Kshs)	Amount Paid (Kshs)	Remarks
1.	Public Administration andIntergovernmental Relations	KDSP Level Ii Grant (Rollover -Completion of Mri Unit)	Kapenguria	52,174,422	56,267,279	23,234,032	At 78%
2.	Public Administration andIntergovernmental Relations	Proposed Completion of Governors Office Complex at Kapenguria	Kapenguria	198,475,572	50,000,000	173,013,790	99.41% Works Completed
3.	Environmental Protection, Water and Natural Resources Sector	Purchase of Drilling Rig (Roll Over)	Ministry	41,884,000	42,000,000	41,884,000	Purchased
4.	Public Administration andIntergovernmental Relations	Completion of Governor's Residence	Kapenguria	50,405,467	40,000,000	39,820,256	79% of Works Completed ongoing
5.	Education Sector	Completion of Education Administration Block Finishing of Main Works, Plaster, Floor Tiles, Ceiling, Window Panes, Windows, Ramp and Stairs, Painting, Mechanical Works Toilets, Septic Tank, Access Stairs from Main Road to First Floor, Retaining Wall (Road Side), Parking	Kapenguria	36,612,000	36,064,564	-	-

S/R	Sector	Project Name	Ward	Contract Sum (Kshs)	Budget (Kshs)	Amount Paid (Kshs)	Remarks
6.	Agriculture, Rural and Urban Development	Eu -Ideas Grant	Chepareria		32,495,096	-	-
7.	Public Administration and Intergovernmental Relations	Makutano Sub County Office -Completion of Existing Works Electrical, Plumbing, Septic Tank, Painting, Floor Tiles, Ceiling, Glass Windows, Doors, Toilets and Stair Cases and Ramp Finishing	Mnagei	64,000,000	20,000,000	14,456,028	On Going
	Health Sector	Proposed Construction of Makutano Health Center	Mnagei	52,304,655	20,000,000	19,875,769	Gok
8.	Education Sector	Chesta TTC - Plaster, Painting, Ceiling, Floor Finishing, Electrical, Septic Tank, Plumbing Works, Water Harvesting, Windows, Doors, Staircase Finishes, Landscaping, Paving Around the Building, External Toilets,	Lomut	29,814,545	20,000,000	19,696,529	Gok
9.	Public Administration and Intergovernmental Relations	Construction of County Commissioner's Office	Kapenguria	85,450,250	15,000,000	61,088,902	Requires Budget of 2,000,000.00

Source: West Pokot County Treasury

3.47.11 Budget Performance by Department

Table 3.315 summarises the approved budget allocation, expenditure and absorption rate by departments in FY 2022/23.

Table 3.315: West Pokot County, Budget Allocation and absorption Rate by Department FY 2022/23

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	446.86	152.50	441.00	149.44	429.63	120.70	97.4	80.8	96.1	79.1
Finance and Economic Planning	334.86	220.77	309.38	195.31	298.89	190.71	96.6	97.6	89.3	86.4
Roads, Public Works Transport and Infrastructure	97.76	553.86	97.42	546.45	96.33	548.37	98.9	100.4	98.5	99.0
Health, Sanitation and Emergencies	1,685.83	276.72	1,680.75	227.63	1,664.79	205.11	99.1	90.1	98.8	74.1
Education and Technical Training	858.12	235.90	856.78	219.70	856.00	175.22	99.9	79.8	99.8	74.3

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
Agriculture and Irrigation	97.17	334.87	97.17	322.74	96.14	322.74	98.9	100.0	98.9	96.4
Pastoral Economy	106.50	123.29	105.12	114.85	104.06	110.65	99.0	96.3	97.7	89.8
Trade, Industrialization, Investment & Cooperatives	91.99	59.98	91.99	23.89	88.36	17.46	96.1	73.1	96.1	29.1
Land, Housing, Physical Planning and Urban Dev	111.98	32.05	111.93	32.19	100.15	18.93	89.5	58.8	89.4	59.1
Water, Environment and Natural Resources	87.29	298.78	87.02	300.19	86.75	268.30	99.7	89.4	99.4	89.8
Tourism, Youth, Sports, Gender and Social Services	79.29	70.32	77.88	69.68	77.09	65.48	99.0	94.0	97.2	93.1
County Public Service, ICT & Decentralized Units	339.91	5.00	335.74	4.99	328.63	4.54	97.9	91.0	96.7	90.8
Intergov., Special programmes and-Directorates	85.28	-	83.70	-	78.92	-	94.3	-	92.5	-
County Assembly	777.69	100.00	744.73	46.70	720.16	46.70	96.7	100.0	92.6	46.7
Total	5,200.51	2,464.03	5,120.61	2,253.74	5,025.92	2,094.90	98.2	93.0	96.6	85.0

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works, Transport and Infrastructure recorded the highest absorption rate of development budget at 99 percent, followed by the Department of Agriculture and Irrigation at 96.1 percent. The Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 99.8 percent.

3.47.12 Budget Execution by Programmes and sub-programmes

Table 3.316 summarises the budget execution by programmes and sub-programmes in FY 2022/23.

Table 3.316: West Pokot County, Budget Execution by Programmes and Sub-Programmes FY 2022/23.

Programme	APPROVED Budget estimates (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Programme 1-COUNTY EXECUTIVE				
SP 1 - (General Administration, Planning and Support Services)	363,243,710	354,406,774	8,836,936	97.6
SP 2 - (County Public service Board	18,597,120	13,682,748	4,914,372	73.6

Programme	APPROVED Budget estimates (Kshs.)	Actual Expen- diture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
SP 3 - (County Executive Affairs)	50,537,415	47,829,129	2,708,286	94.6
SP 4- (Liaison and Intergovernmental service)	14,482,615	13,713,790	768,825	94.7
Development	152,500,000	120,698,295	31,801,705	79.1
TOTAL	599,360,860	550,330,736	49,030,124	91.8
Programme 2 - FINANCE & ECONOMIC PLANNING				
SP 1 (General Administration, Planning and Support Services)	224,450,295	196,945,870	27,504,425	87.7
SP 2- (Treasury Accounting Services)	6,759,823	6,572,392	187,431	97.2
SP 3- (Supply Chain Management services)	8,368,000	6,942,780	1,425,220	83.0
SP 4- (Resource Mobilization)	11,860,000	11,626,310	233,690	98.0
SP 5- (Internal Audit services)	6,043,600	5,614,150	429,450	92.9
SP 6- (Budget Formulation services)	15,446,000	14,469,980	976,020	93.7
SP 7- (Economic Planning)	29,321,264	24,116,479	5,204,785	82.2
SP 8- (Monitoring and Evaluation)	32,609,470	32,607,000	2,470	100.0
Development	220,767,279	190,714,499	30,052,780	86.4
TOTAL	555,625,731	489,609,460	66,016,271	88.1
Programme 3 - ROADS, PUBLIC WORKS, TRANSPORT And Infrastructure				
SP 2 (Road Transport)	86,090,881	85,404,008	686,873	99.2
SP 3 (Construction of Bridges)	2,080,000	2,028,974	51,026	97.5
SP 5- (Ward Specific Projects)	9,584,640	8,893,617	691,023	92.8
Development	553,858,239	548,365,653	5,492,586	99.0
TOTAL	651,613,760	644,692,252	6,921,508	98.9
Programme 4 - HEALTH AND SANITATION				
SP 1 (General Administration, Planning and Support Services)	1,352,117,257	1,348,546,674	3,570,583	99.7
SP 2- (Preventive Health Services)	86,420,000	85,166,410	1,253,590	98.5
SP 3- (Curative Health Services)	131,829,284	122,555,421	9,273,863	93.0
SP 4- (Kacheliba Sub-county hospital)	13,860,000	12,672,154	1,187,846	91.4
SP 5- (Sigor Sub-county hospital)	13,860,000	13,771,745	88,255	99.4

Programme	APPROVED Budget estimates (Kshs.)	Actual Expen- diture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
SP 6- (Chepareria Sub-county hospital)	13,940,000	12,792,943	1,147,057	91.8
SP 8(Ward Specific)	73,800,000	69,283,936	4,516,064	93.9
Development	276,717,732	205,109,060	71,608,672	74.1
TOTAL	1,962,544,273	1,869,898,343	92,645,930	95.3
Programme 5 - EDUCATION AND TECHNICAL TRAINING				
SP 1 (General Administration, Planning and Support Services)	355,852,706	355,217,428	635,278	99.8
SP 2 - (ECD Services)	39,459,648	38,304,409	1,155,239	97.1
SP 3- (Youth Vocational training)	22,305,408	21,979,149	326,259	98.5
SP 4- (Bursary Fund)	440,500,000	440,500,000	-	100.0
Development	235,904,571	175,223,991	60,680,580	74.3
TOTAL	1,094,022,333	1,031,224,977	62,797,356	94.3
Programme 6 - AGRICULTURE AND IRRIGATION				
SP 1 - (General Administration, Planning and Support Services)	90,886,450	89,862,314	1,024,136	98.9
SP 2- (Crop Development and Management)	5,146,000	5,145,014	986	100.0
SP 3- (Cash Crop Production (Special Programs))	1,142,000	1,135,023	6,977	99.4
Development	334,866,293	322,735,798	12,130,495	96.4
TOTAL	432,040,743	418,878,149	13,162,594	97.0
Programme 7 - PASTORAL ECONOMY				
SP 1 - (General Administration, Planning and Support Services)	90,930,053	89,422,071	1,507,982	98.3
SP 2 - (Livestock production and Range Management)	4,889,600	4,406,177	483,423	90.1
SP 3- (Livestock Disease management)	6,718,400	6,653,783	64,617	99.0
SP 4- (Fisheries Development)	2,434,400	2,150,000	284,400	88.3
SP 5- (Nasukuta Livestock Improvement Centre)	1,528,000	1,431,980	96,020	93.7
Development	123,285,409	110,652,494	12,632,915	89.8
TOTAL	229,785,862	214,716,505	15,069,357	93.4
Programme 8 - TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVES DEVELOPMENT				

Programme	APPROVED Budget estimates (Kshs.)	Actual Expen- diture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
SP 1 - (General Administration, Planning and Support Services)	82,237,137	80,344,729	1,892,408	97.7
SP 2- (Cooperative Development)	3,389,600	2,453,175	936,425	72.4
SP 3 - (Trade, License andMarket Development)	6,360,000	5,561,200	798,800	87.4
Development	59,984,011	17,458,788	42,525,223	29.1
TOTAL	151,970,748	105,817,892	46,152,856	69.6
Programme 9 - LANDS, HOUSING, PHYSICAL PLANNING And Urban DEVELOPMENT				
SP 1 - (General Administration, Planning and Support Services)	68,801,322	65,713,100	3,088,222	95.5
SP 2 - (LandPolicy andPhysical Planning)	2,528,800	1,658,996	869,804	65.6
SP 3- (Housing Development)	1,612,000	1,181,150	430,850	73.3
SP 4- (Urban Development)	12,755,400	8,929,072	3,826,328	70.0
SP 5- (Kapenguria Municipality)	26,279,356	22,671,726	3,607,630	86.3
Development	32,048,456	18,929,647	13,118,809	59.1
TOTAL	144,025,334	119,083,691	24,941,643	82.7
Programme 10 - WATER, ENVIRONMENT And Natural RESOURCES				
SP 1 - (General Administration, Planning and Support Services)	70,503,713	70,318,173	185,540	99.7
SP 2 - (Water Supply Services)	14,106,000	14,003,264	102,736	99.3
SP 3 - (Environment & Natural Resource Development)	2,681,280	2,433,170	248,110	90.7
Development	298,778,791	268,296,240	30,482,551	89.8
TOTAL	386,069,784	355,050,847	31,018,937	92.0
Programme 11 - YOUTH, SPORTS, TOURISM, GENDER And Social SERVICES.				
SP 1 - (General Administration, Planning and Support Services)	51,503,500	50,478,707	1,024,793	98.0
SP 2- (Tourism Development)	3,478,413	2,535,178	943,235	72.9
SP 3- (Gender, Youths andSports Development)	22,364,273	22,214,327	149,946	99.3
SP 4(Culture and Social Development)	1,939,718	1,863,425	76,293	96.1
Development	70,317,204	65,478,449	4,838,755	93.1

Programme	APPROVED Budget estimates (Kshs.)	Actual Expen- diture (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
TOTAL	149,603,108	142,570,086	7,033,022	95.3
Programme 12 - COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS				
SP 1 - (General Administration, Planning and Support Services)	228,433,139	224,386,112	4,047,027	98.2
SP 2- (Human Resource)	1,944,000	1,763,741	180,259	90.7
SP 3- (Legal Services)	9,362,000	3,775,610	5,586,390	40.3
SP 4 - (Records Management)	1,144,000	1,031,757	112,243	90.2
SP 5- (Communication Services)	1,140,000	1,044,216	95,784	91.6
SP 6 - (ICT Infrastructure Connectivity)	2,716,422	2,422,911	293,511	89.2
SP 7 - (Field Administration)	15,167,680	14,203,833	963,847	93.6
SP 8-(Mortgage)	80,000,000	80,000,000	-	100.0
Development	5,000,000	4,542,244	457,756	90.8
TOTAL	344,907,241	333,170,424	11,736,817	96.6
Programme 13 -SPECIAL PROGRAMMES AND DIRECTORATES				
SP 1 - (General Administration, Planning and Support Services)	11,972,456	11,972,456	-	100.0
SP 5 - (Emergency and disaster response)	45,050,000	40,330,940	4,719,060	89.5
SP 6 - (Peace building and reconciliation)	13,587,670	12,951,800	635,870	95.3
SP 7- (Resource mobilisation and Coordination)	4,030,000	3,487,800	542,200	86.5
SP 8(Gender and special needs)	10,640,000	10,175,830	464,170	95.6
Development	-	-	-	
TOTAL	85,280,126	78,918,826	6,361,300	92.5
Programme 14 -COUNTY ASSEMBLY				
SP 1 - (General Administration, Planning and Support Services)	418,340,858	405,390,229	12,950,629	96.9
SP 2 -(Legislation and Representation)	303,242,628	259,592,150	43,650,478	85.6
SP 3-(Staff Affairs and development)	56,103,800	55,177,369	926,431	98.3
Development	100,000,000	46,697,389	53,302,611	46.7
TOTAL	877,687,286	766,857,137	110,830,149	87.4
Grand Total	7,664,537,189	7,120,819,325	543,717,864	92.9

Source: West Pokot County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Construction of road in the Department of Roads, Public Works, Transport and Infrastructure at 98.9 percent, Agriculture and Irrigation at 97 percent, Health and Sanitation and Youth, Sports, Tourism, Gender and Social Services each with 95.3 percent, Education and Technical Training at 94.3 percent Pastoral Economy at 93.4 percent budget allocation.

3.47.13 Key Observations and Recommendations.

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the tim andSocial ely preparation of the budget implementation report. The report was received on 2nd August 2023.
2. The underperformance of own-source revenue at Kshs.128.20 million against an annual projection of Kshs.170 million, representing 75.5 percent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the COB, which is against the requirement of Section 168 of the PFM Act, 2012. The Fund Administrator did not submit the County Cooperative Development Fund report to the Controller of Budget.
4. High level of pending bills, which amounted to Kshs.251.17 million as of 30th June 2023. This is despite the availability of cash in the CRF, which stood at Kshs.219.5 million at the end of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.143.86 million were processed through the manual payroll, accounting for 5.4 percent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights the issues that adversely affected budget implementation and reporting in FY 2022/23 and includes appropriate recommendations to address the challenges. The cross-cutting challenges included:

4.2 Under-Performance of Own-Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a County is authorised to charge by an Act of Parliament.

During the reporting period, County governments generated a total of Kshs.37.81 billion from own source revenue (OSR), which was 65.9 percent of the annual target of Kshs.57.37 billion. Twenty-eight Counties recorded below 75 percent performance, namely; - Nyamira, Marsabit, Mandera, Murang'a, Wajir, Kisumu, Kericho, Kajiado, Nandi, Nairobi City, Vihiga, Homa Bay, Laikipia, Makueni, Kilifi, Tharaka-Nithi, Kisii, Busia, Uasin Gishu, Tana River, Kakamega, Migori, Taita-Taveta, Siaya, Meru, Nakuru, Kiambu, and Narok.

The underperformance of own-source revenue collection implies that the Counties could not implement some planned activities due to budget deficits. The Controller of Budget advises County governments to enhance revenue collection strategies to realise the OSR targets and fully implement the approved programmes.

4.3 Low Expenditure on Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012 provides that over the medium term, a minimum of thirty percent of the County Government's budget shall be spent on development expenditure.

During the reporting period, County governments spent a total of Kshs.97.98 billion on development activities, representing 22.8 percent of the total expenditure, and an absorption rate of 61 percent of the annual development budget. Analysis of development expenditure as a proportion of approved annual development budget shows that seventeen Counties reported absorption rates on development budget below 60 percent. These were; Kisii, Kiambu, Nakuru, Busia, Machakos, Nairobi City, Kisumu, Tana River, Mombasa, Siaya, Migori, Embu, Lamu, Turkana, Garissa, Taita-Taveta, and Kitui.

The Controller of Budget recommends that Counties prioritise implementing development programmes to improve their citizens' living standards.

4.4 High Level of Pending Bills

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 states that "*debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations*". Further,

Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalised and signed contracts are budgeted before an accounting officer of the County government entity considers new projects.

As of 30th June 2023, County governments reported outstanding pending bills of Kshs.164.76 billion. The Nairobi City County reported the highest pending bills at Kshs.107.33 billion. County governments with high levels of pending bills above Kshs.1 billion were; - Kiambu, Wajir, Mombasa, Murang'a, Mandera, Machakos, Kilifi, Tana River, Laikipia, Kisumu, Busia, Vihiga, Embu, Kajiado, Kisii, Narok, Trans Nzoia, Homa Bay, and Taita-Taveta.

The Controller of Budget advises County governments to settle the eligible pending bills as a first charge on the budget in line with the law. Further, County governments should prepare credible budgets with realistic revenue targets. Counties should also arrange to have the ineligible pending bills examined and disposed of, legally.

4.5 Failure by Fund Administrators to Submit Quarterly Financial Statements to the Controller of Budget

Section 168 of the PFM Act, 2012, requires Fund Administrators to prepare and submit quarterly financial statements for each Fund. The quarterly financial statements should be submitted to the County Treasury with a copy to the Controller of Budget fifteen days after the end of each quarter. During the reporting period, it was observed that several Fund Administrators did not submit the quarterly financial statements to the Controller of Budget within the legal timeline.

As shown in Chapter Three of this report, Fund Administrators in most Counties failed to furnish the CoB with quarterly reports on financial and non-financial information contrary to the requirement of Section 168 of the PFM Act, 2012. The Controller of Budget advises the County Executive Committee Members responsible for Finance to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the PFM Act, 2012.

4.6 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County government's expenditure on wages and benefits at 35 percent of the County's total revenue.

Overall, County Governments spent Kshs.195.09 billion on personnel emoluments, which accounted for 45.5 percent of the total expenditure of Kshs.428.90 billion and 41.9 percent of the realised revenue of Kshs.466.01 billion in FY 2021/22. This expenditure increased from Kshs.190.11 billion incurred in FY 2020/21.

The Controller of Budget notes that personnel expenditure by only five Counties was within the 35 percent ceiling, namely; - Turkana, Tana River, Mandera, Kwale, and Samburu.

The CoB recommends that County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.7 Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County Governments are required to prepare and submit financial and non-financial reports in line with Section 166(4) and Section 168 (3) of the PFM Act, 2012, not later than one month after the end of each quarter. Further, Section 16 of the Controller of Budget Act, 2016, requires Accounting Officers to cooperate with the Controller of Budget to enable the Controller of Budget to carry out their functions per the Constitution and any other law.

Accounting Officers are required to respond promptly to any inquiry made by the Controller of Budget; furnish the Controller of Budget with periodic reports as to the status of management of the budget and public funds in respect of the question raised within such period as may be prescribed by the Controller of Budget, and provide any other information that the Controller. In line with the above requirement, the Controller of Budget issued a letter to County Treasuries requesting the submission of financial and non-financial reports for the period under review by 17th July 2023.

Despite the above legal provisions, County governments did not submit the financial and financial reports within the recommended timeline, which led to a delay in finalising this County Budget Implementation Review Report. Twenty-five County governments submitted their reports after 1st August 2023, namely; Baringo, Elgeyo Marakwet, Embu, Homa Bay, Isiolo, Kajiado, Kericho, Kilifi, Kitui, Kwale, Laikipia, Lamu, Machakos, Makueni, Mombasa, Nairobi City, Nakuru, Nandi, Narok, Nyeri, Tana River, Tharaka Nithi, Uasin Gishu, Wajir, and West Pokot.

Consequently, County governments are required to put in place mechanisms to ensure adherence to the legal provisions on the submission of quarterly financial and non-financial reports as provided in law.

5 CONCLUSION

The County Budget Implementation Review Report was prepared in fulfilment of Article 228 (6) of the Constitution, which requires the CoB to submit to each House of Parliament a report on the implementation of the budgets of the National and County governments every four months.

The report provides an overview of the budget implementation status during the FY 2022/23, analyses the revenue outturn and expenditure against annual targets, and identifies the County governments' critical challenges during the review period.

In the reporting period, own source revenue collection by County governments amounted to Kshs.37.81 billion and translated to 65.9 percent of the annual target of Kshs.57.37 billion. This was improved performance compared to Kshs.35.91 billion generated in the previous financial year. While the progress is noted, it remains below the expected target for the reporting period. The equitable share of revenue raised nationally and transferred to the County Governments was Kshs.370 billion, representing 100 percent of the approved equitable share in the County Allocation of Revenue Act of 2022. The National Government transferred Kshs.16.17 billion as additional allocations to County governments, while the cash balance available from FY 2022/23 was Kshs.42.03 billion. Overall, the County governments had a total of Kshs.466.01 billion available for spending in FY 2022/23.

The combined County government expenditure amounted to Kshs.428.90 billion, representing an absorption rate of 83.3 percent of the aggregated annual budgets of Kshs.515.18 billion. Recurrent expenditure was Kshs.330.92 billion, representing 93.3 percent of the annual recurrent budget of Kshs.354.64 billion. Development expenditure amounted to Kshs.97.98 billion, representing an absorption rate of 61 percent of the annual development budget of Kshs.160.54 billion.

The key challenges that adversely affected budget implementation in FY 2022/23 were; the underperformance of own source revenue collection, low expenditure on development programmes, high level of pending bills, high expenditure on personnel emoluments, and delay in submission of financial and non-financial reports to the CoB. The report provides appropriate recommendations to address the identified challenges. The OCoB recommend that the County Executive and the County Assembly implement these recommendations per Section 130(d) and 149(3a) of the Public Finance Management Act of 2012 to enhance effective budget execution and achieve the desired budget goals.

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