



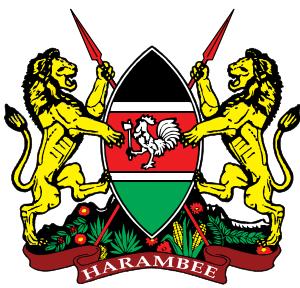
THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

**FOR THE FIRST HALF OF
FY 2022/23**

FEBRUARY, 2023



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FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya, 2010, to oversee the implementation of budgets of the National and County governments by authorising withdrawals from Public Funds and reporting to each House of Parliament every four months. Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act, 2016, requires the Controller of Budget (CoB) to submit to Parliament quarterly budget implementation reports of the national and county governments within thirty days after the end of each quarter.

I am pleased to present the County Governments Budget Implementation Review Report for the First Half of Financial Year (FY) 2022/23, covering 1st July to 31st December 2022. This period coincided with a transition in government following the August 2022 general elections, necessitating the reprioritisation of priorities through supplementary budgets by the new administration. The report is based on data from the approved county budgets for the FY 2022/23, financial and non-financial performance reports for the first three months of the financial year submitted to OCoB in line with Sections 166 and 168 of the Public Finance Management (PFM) Act, 2012, and data generated from the Integrated Financial Management Information System (IFMIS). The report examines budget implementation by the forty-seven County governments. It presents the budget performance analysis of the approved budgets, receipts into the County Revenue Fund, exchequer issues, expenditure by major economic classification of Personnel Emoluments, Operations and Maintenance and Development Expenditure, expenditure by programmes, and the absorption of funds against the approved budget allocation.

The report also highlights the key issues identified during the period that hampered effective budget implementation during the period and contains appropriate recommendations to address those issues.

All 47 County Governments are expected to implement applicable recommendations to ensure effective budget implementation. The report provides valuable information on budget implementation to the legislature and executive that can facilitate decision-making on matters relating to the management of public funds. I call upon all other stakeholders in the public finance space to utilise this report in interrogating the utilisation of public funds by county governments.

Finally, I take this opportunity to appreciate my staff for their effort, dedication and commitment to reviewing the many reports from the County Governments in preparing this report. I also thank all County Treasuries who submitted their quarterly reports promptly to facilitate the preparation of this report. My office will endeavour to promote prudent financial management in the public sector.



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

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

EXECUTIVE SUMMARY

This report has been prepared to fulfil Article 228(6) of the Constitution of Kenya 2010, and Section 9 of the Controller of Budget Act, 2016. The report provides information on the status of budget implementation in the first half of FY 2022/23 by County Governments. It analyses revenue and expenditure performance against annual budget estimates. It is based on financial and non-financial reports submitted by County Governments in line with Sections 166 and 168 of the Public Finance Management Act, 2012.

The aggregate budget estimates for the 47 County governments in FY 2022/23 amounted to Kshs.497.48 billion and comprised Kshs.169.04 billion (34 per cent) allocated to development and Kshs.328.44 billion (66 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programmes. To finance the budgets, county governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.58.34 billion from their revenue sources, Kshs.5.36 billion as conditional grants from the National Government, Kshs.17.16 billion from Development Partners, and utilise Kshs.36.34 billion as cash balance from FY 2021/22.

The total funds available to the County Governments in the first half of FY 2022/23 amounted to Kshs.190.54 billion which consisted of Kshs.141.09 billion as the equitable share of revenue raised nationally disbursed by the National Treasury (this amount also includes Kshs.29.6 billion, which was arrears from FY 2021/22), Kshs.36.34 billion as cash balance from FY 2020/21, and Kshs.13.11 billion raised from own sources. Conditional grants had not been disbursed as the County Governments Additional Allocation Bill 2022 was enacted late in the period.

The Kshs.13.11 billion received by county governments from their own sources of revenue was 22.5 per cent of the annual target and a decline compared to Kshs.14.06 billion generated in the first half of FY 2021/22. Analysis of own-source revenue as a proportion of the annual revenue target shows that the counties that recorded the highest performance based on their revenue target during the reporting period were; - Narok at 73.6 per cent, Nyeri at 51.7 per cent, and Samburu at 46.7 per cent. Counties with the lowest performance included; Kajiado, Nakuru and Nyamira at 9.3 per cent, 9.2 per cent, and 8.5 per cent, respectively.

To implement county government budgets, the Controller of Budget authorised withdrawals of Kshs.150.14 billion from the County Revenue Funds to the County Operational Accounts of the County Governments, comprising Kshs.11.91 billion (7.9 per cent) for development expenditure and Kshs.138.23 billion (92.1 per cent) for recurrent expenditure. This was a decline from Kshs.169.92 billion authorised in the first half of FY 2021/22.

In the first half of FY 2022/23, the County Governments spent Kshs.145.21 billion, representing an absorption rate of 29.2 per cent of the total annual budgets. This represented a decrease from an absorption rate of 30.8 per cent reported in the first half of FY 2021/22, when total expenditure was Kshs.159.52 billion. Recurrent expenditure was Kshs.133.55 billion, representing 40.7 per cent of the annual recurrent budget, a decline from 41.1 per cent reported in the first half of FY 2021/22. Development expenditure amounted to Kshs.11.66 billion, representing an absorption rate of 6.9 per cent and a decline from 13.5 per cent attained in a similar period of FY 2021/22. During this reporting period, it was noted that five counties did not report any expenditure on development activities, namely; - Elgeyo Marakwet, Marsabit, Migori, Tana River and Wajir. Counties with the highest proportion of development expenditure to the approved annual development budget were; - Mandera at 26 per cent, Kajiado at 22.3 per cent, and Nyeri at 19.9 per cent.

County Governments reported outstanding pending bills of Kshs.153.02 billion as of the end of the FY 2021/22, comprising Kshs.151.68 billion by the County Executive and Kshs.1.34 billion by the County Assemblies. After the August 2022 General Elections, the new administration of County Governments formed internal committees to verify the pending bills to begin settling eligible bills. The quarterly financial statements and reports submitted by counties for the period ending 31st December 2022, places the cumulative outstanding pending bills of Kshs.159.94

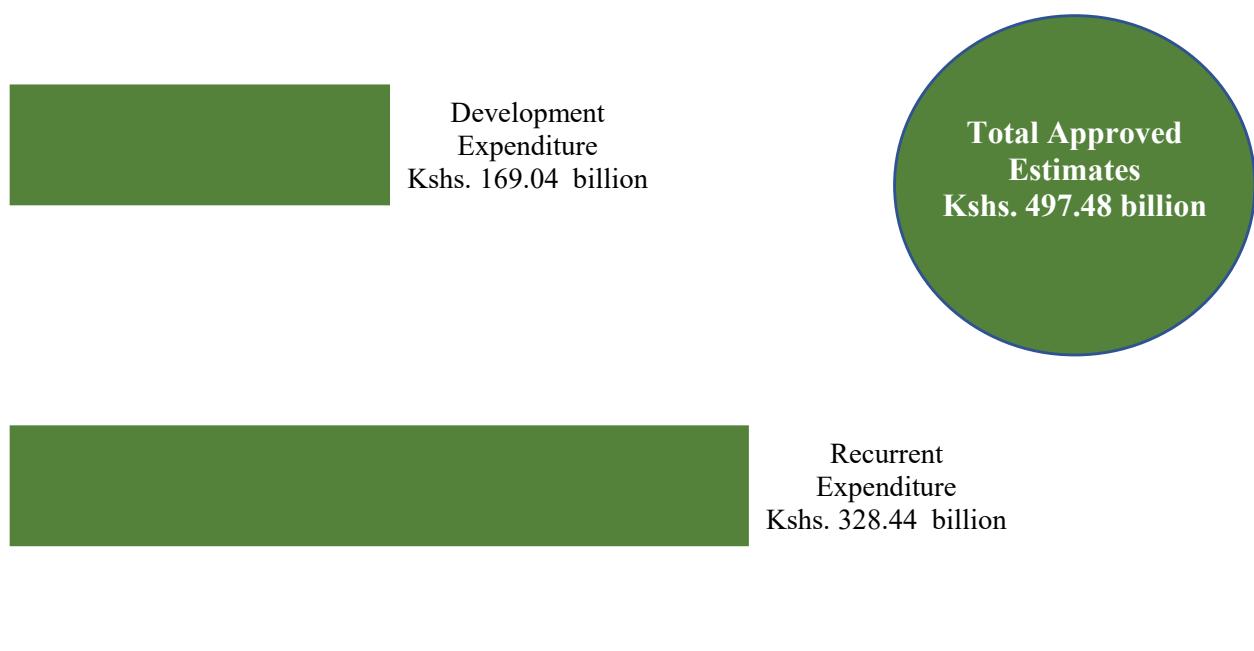
billion, comprising Kshs.158.31 billion by the County Executives and Kshs.1.63 billion by County Assemblies. Nairobi City County accounted for 62.7 per cent of the total pending bills at Kshs.100.36 billion. Other Counties with a high level of pending bills are Wajir at Kshs.5.50 billion, Kiambu at Kshs.4.98 billion, Mombasa at Kshs.4.97 billion, and Murang'a at Kshs.3.11 billion. However, we noted that most County Governments still needed to finalise verifying pending bills.

This report has identified challenges that hampered effective budget execution during the reporting period. They included; under-performance in own-source revenue collection, which was Kshs.13.11 billion (22.5 per cent of the annual target) compared with the annual target of Kshs.58.34 billion, a high level of outstanding pending bills as self-reported by the county governments that summed up to Kshs.159.94 billion as of 31st December 2022, failure by Fund Administrators to submit quarterly financial statements for the established county funds to the Controller of Budget, and delay by the National Treasury to disburse the Equitable share of revenue where Kshs.111.49 billion was disbursed to the counties, which were disbursements for July, August and September 2022. Counties had not received their disbursements for October, November and December 2022 at the end of the reporting period.

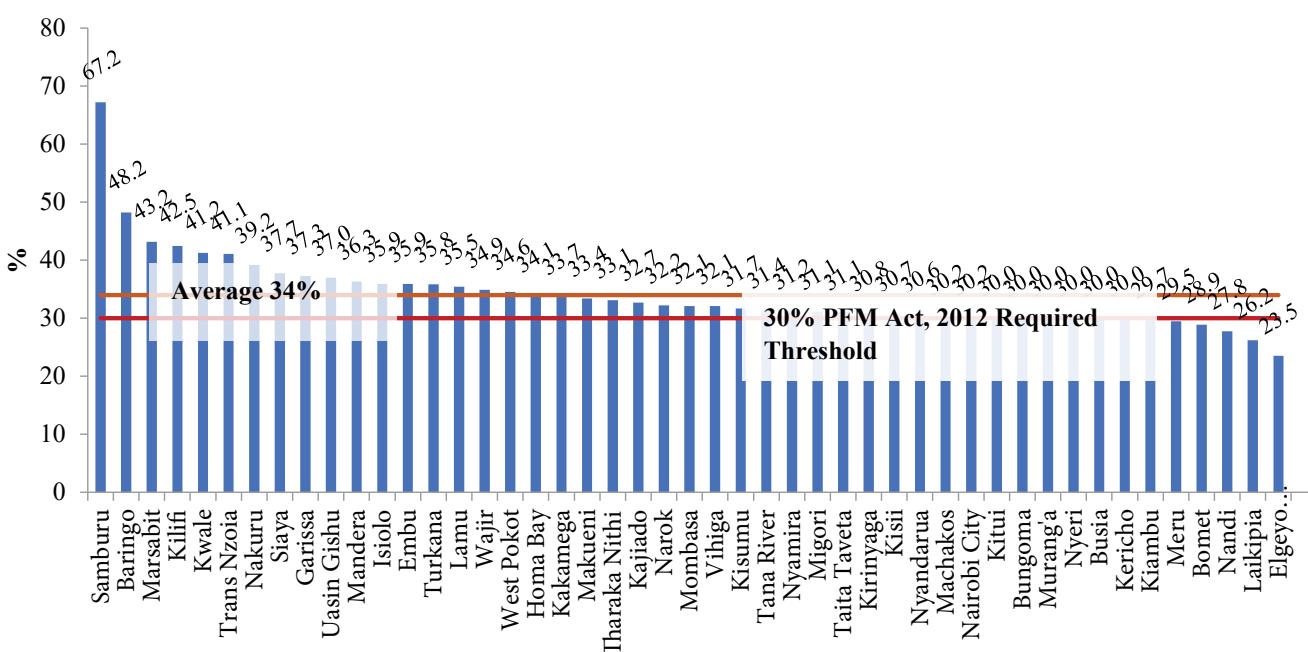
On the underperformance of their own sources of revenue, Counties are advised to review their FY 2022/23 revenue targets to confirm that they are realistic and implement strategies to mobilise revenue collection, including building staff capacity in revenue administration and use of technology. The Controller of Budget advises county governments to finalise the verification process of pending bills and immediately settle all eligible pending bills as a first charge in the FY 2022/23 budget in line with Regulation 41 (2) of the Public Finance Management (County Governments) 2015. The County Executive Committee Members responsible for finance should follow up and ensure Fund Administrators prepare and submits quarterly financial reports in line with the PFM Act, 2012. Further, the National Treasury is urged to ensure that the disbursement of the equitable share of revenue is in line with the Approved Disbursement Schedule to ensure effective budget implementation in the counties.

KEY HIGHLIGHTS

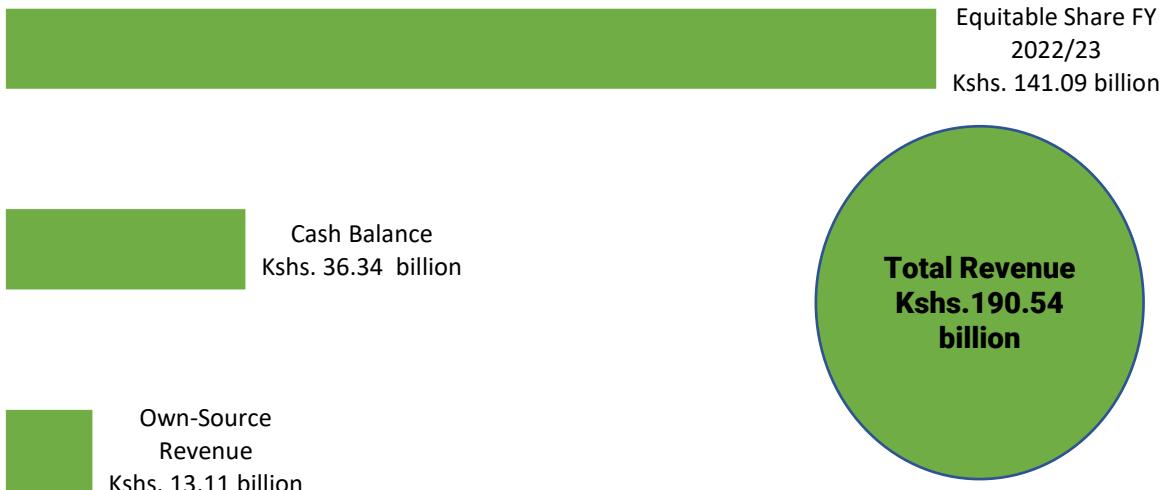
FY 2022/23 County Governments' Approved Budget Estimates



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



Total Revenue Available in the First Half of FY 2022/23



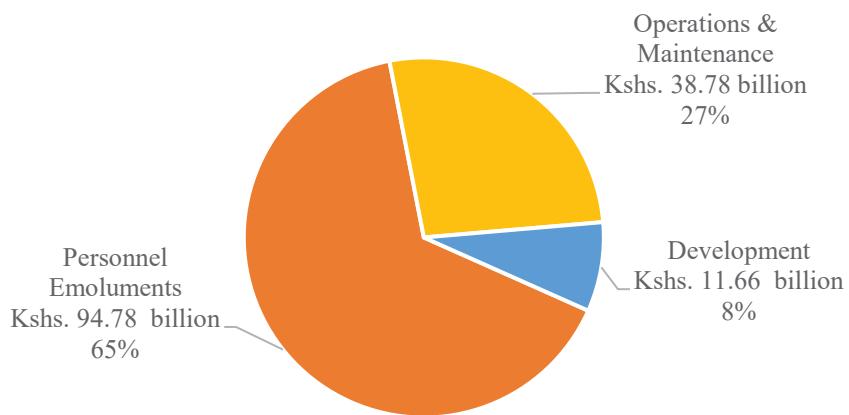
Exchequer Issues in the First Half of FY 2022/23

Exchequer Issues for
Development
Expenditure
Kshs. 11.91 billion

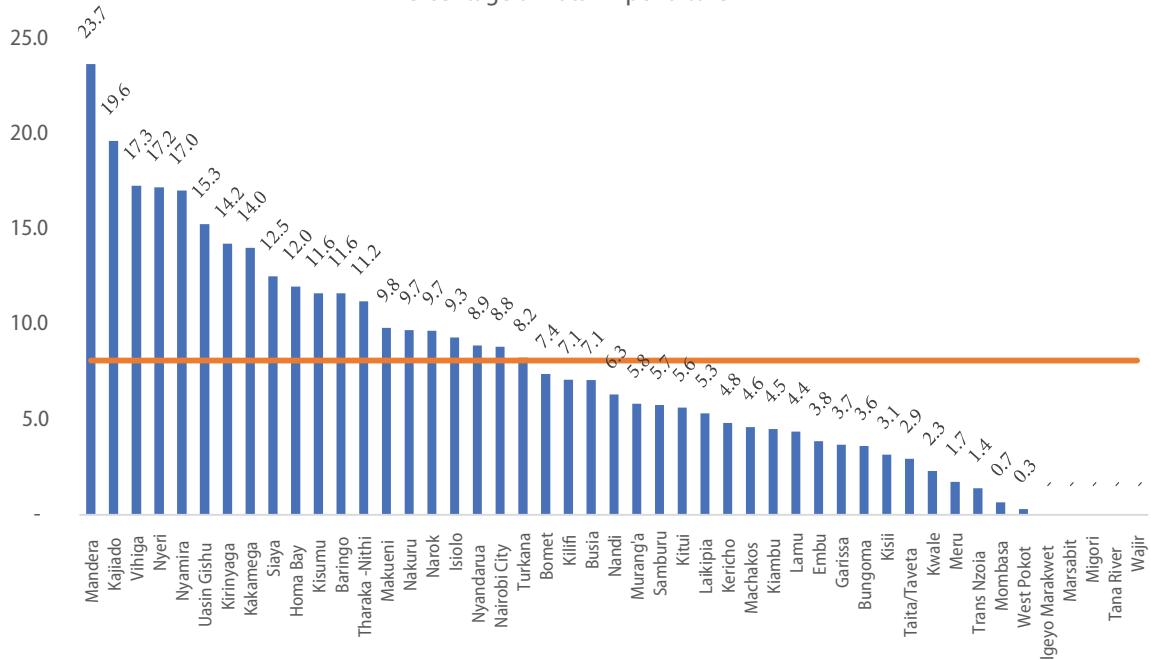
Total Exchequer Issues
Kshs. 150.14 billion

Exchequer Issues for
Recurrent
Expenditure
Kshs. 138.23 billion

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



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



1 INTRODUCTION

The Office of the Controller of Budget (OCoB) is an oversight institution established under Article 228 of the Constitution of Kenya, 2010, to oversee and report on the implementation of the budgets of the National and County Governments. Article 228 (6) of the Constitution, and Section 9 of the Controller of Budget (CoB) Act, 2016, require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of the National and County Governments every four months. This County Budget Implementation Review Report (CBIRR) is produced and covers the first half of FY 2022/23 in line with the above legal requirements. The first half of FY 2022/23 is from July 2022 to December 2022.

The CBIRR presents the status of budget execution by the county governments. The report analyses information on own source revenue raised, transfers received from the National Government and Development Partners, and the total expenditure of the first half 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 reporting structure is as follows; Chapter one captures the introduction part, and Chapter two analyses the counties' budget performance during the first half of 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 expenditure has been categorised into Personal Emoluments (PE) and Operations and Maintenance (O&M). A summary report on the County governments' pending bills as of September 31st December 2022, is provided in this chapter. The absorption rate measures performance and is computed as a percentage of actual expenditure against the approved annual budget estimates.

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

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

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

2.1 Introduction

This chapter presents the financial analysis of aggregated County budget implementation for the first half of FY 2022/23 and covers the period from July to December 2022.

2.2 Revenue Analysis

The combined County governments' budgets approved by the County Assemblies amounted to Kshs.497.48 billion and comprised Kshs.169.04 billion (34 per cent) allocated to development expenditure and Kshs.328.44 billion (66 per cent) for recurrent expenditure.

To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.58.34 billion from their own revenue sources, receive Kshs.5.36 billion as conditional grants from the National Government and Kshs.17.16 billion from Development Partners, while utilising Kshs.36.34 billion unspent cash balance from the previous financial year.

2.2.1 Revenue Out-turn

The total funds available to the County Governments in the first half of FY 2022/23 amounted to Kshs.190.54 billion, comprised of Kshs.141.09 billion as the equitable share of revenue raised nationally, Kshs.36.34 billion cash balance from FY 2021/22, and Kshs.13.11 billion raised from own revenue sources. Conditional grants were not disbursed during the period as the County Governments Additional Allocation Bill 2022 was enacted late in the period.

2.2.2 Own-Source Revenue

During the reporting period, County governments generated a total of Kshs.13.11 billion from their own-source revenue (OSR), which was 22.5 per cent of the annual target of Kshs.58.34 billion. The realised OSR is a decline compared to Kshs.14.06 billion generated in a similar period in FY 2021/22. Analysis of own-source revenue collection for July 2022 to December 2022 is shown in Table 1

Table 1: Own Source Revenue Collection for the period July to December 2022 of FY 2022/23

County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Half of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	312,474,282	114,959,139	36.8
Bomet	300,000,000	64,980,829	21.7
Bungoma	500,000,000	134,842,273	27.0
Busia	469,163,025	99,678,025	21.2
Elgeyo Marakwet	246,239,212	75,542,470	30.7
Embu	950,000,000	209,719,908	22.1
Garissa	150,000,000	33,678,610	22.5
Homa Bay	472,957,301	70,939,417	15.0
Isiolo	180,401,768	81,286,646	45.1
Kajiado	1,503,946,728	139,514,500	9.3
Kakamega	2,000,000,000	350,933,571	17.5
Kericho	853,268,053	143,547,070	16.8

County	Annual Own Source Revenue (OSR) Target for FY 2022/23 (Kshs.)	First Half of FY 2022/23 OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Kiambu	4,136,821,507	1,100,674,142	26.6
Kilifi	1,467,500,000	200,459,790	13.7
Kirinyaga	550,000,000	139,176,495	25.3
Kisii	650,000,000	90,053,080	13.9
Kisumu	1,762,226,587	420,076,764	23.8
Kitui	400,000,000	142,380,991	35.6
Kwale	557,116,564	116,107,417	20.8
Laikipia	1,297,000,000	331,934,597	25.6
Lamu	131,000,000	54,839,243	41.9
Machakos	1,690,079,199	459,698,366	27.2
Makueni	795,000,000	131,217,159	16.5
Mandera	255,436,786	48,602,787	19.0
Marsabit	170,000,000	59,633,884	35.1
Meru	600,000,000	104,723,190	17.5
Migori	450,000,000	153,401,873	34.1
Mombasa	4,814,500,985	1,401,454,864	29.1
Murang'a	1,500,000,000	175,413,877	11.7
Nairobi City	18,027,834,347	2,624,062,889	14.6
Nakuru	2,280,000,000	210,198,346	9.2
Nandi	373,234,444	74,880,408	20.1
Narok	2,430,830,000	1,789,113,084	73.6
Nyamira	265,000,000	22,615,955	8.5
Nyandarua	660,000,000	163,537,626	24.8
Nyeri	800,000,000	413,307,839	51.7
Samburu	240,330,500	112,215,668	46.7
Siaya	580,988,234	190,426,199	32.8
Taita Taveta	389,402,624	98,664,000	25.3
Tana River	87,846,000	18,668,999	21.3
Tharaka Nithi	350,000,000	78,583,238	22.5
Trans Nzoia	629,500,000	189,857,399	30.2
Turkana	198,000,000	71,104,194	35.9
Uasin Gishu	1,400,471,850	271,491,977	19.4
Vihiga	193,470,488	63,858,652	33.0
Wajir	100,000,000	19,539,773	19.5
West Pokot	170,000,000	49,829,161	29.3
Total	58,342,040,484	13,111,426,384	22.5

Source: County Treasuries

Analysis of own-source revenue as a proportion of the annual revenue target indicated that Narok, Nyeri and Samburu counties achieved the highest percentage at 73.6 per cent, 51.7 per cent and 46.7 per cent respectively. Conversely, counties with the lowest proportion of own source revenue against targets were Kajiado at 9.3 per cent, Nakuru at 9.2 per cent and Nyamira at 8.5 per cent of the annual target.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In the first half of FY 2022/23, the Controller of Budget (CoB) approved the transfer of Kshs.141.09 billion as the 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 amounts included Kshs.29.6 billion which was in arrears from FY 2021/22. A detailed analysis of the released equitable share to each County is provided in chapter three.

2.3.2 Funds Released to the County Operational Accounts

The CoB authorised withdrawals of Kshs.150.14 billion from the County Revenue Funds to the County Operational Accounts comprised of Kshs.11.91 billion (7.9 per cent) for development expenditure and Kshs.138.23 billion (92.1 per cent) for recurrent expenditure, a decline from the Kshs.169.92 billion authorised in a similar period in FY 2021/22. A detailed analysis of the funds released to each County is provided in chapter three.

2.4 Expenditure Analysis

The total expenditure by County governments in the first half of FY 2022/23 was Kshs.145.21 billion, representing an absorption rate of 29.2 per cent of the total annual County Governments' budget of Kshs.497.48 billion, a decline from an absorption rate of 30.8 per cent reported in a similar period in FY 2021/22, when the total expenditure was Kshs.159.52 billion.

Recurrent expenditure was Kshs.133.55 billion, representing 40.7 per cent of the annual recurrent budget, a decline from 41.1 per cent reported in the first half of FY 2021/22. Development expenditure amounted to Kshs.11.66 billion, representing an absorption rate of 6.9 per cent and a decline from 13.5 per cent attained in the first half of FY 2021/22 when total development expenditure was Kshs.25.93 billion. The analysis of expenditure by economic classification in the first half of FY 2022/23 is provided in Table 2.

Table 2: Expenditure by Major Economic Classification in the First Half of FY 2022/23

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B	D	E=C+D
Baringo	1,729,291,631	686,965,937	2,416,257,568	317,669,829	2,733,927,397
Bomet	1,549,571,124	843,996,779	2,393,567,903	191,003,982	2,584,571,885
Bungoma	2,586,032,045	1,372,614,563	3,958,646,608	147,944,157	4,106,590,765
Busia	1,967,222,528	380,009,522	2,347,232,050	178,778,232	2,526,010,282
Elgeyo Marakwet	1,317,546,263	311,967,229	1,629,513,492	-	1,629,513,492
Embu	1,650,462,149	448,850,520	2,099,312,669	83,995,543	2,183,308,212
Garissa	2,228,061,084	703,622,478	2,931,683,562	111,679,467	3,043,363,029
Homa Bay	1,706,314,543	779,962,228	2,486,276,771	338,475,825	2,824,752,596
Isiolo	1,012,137,850	513,691,731	1,525,829,581	156,479,210	1,682,308,791
Kajiado	2,059,831,770	898,182,942	2,958,014,712	721,731,948	3,679,746,660

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B		
Kakamega	2,846,434,109	1,641,193,478	4,487,627,587	730,888,066	5,218,515,653
Kericho	1,679,109,934	789,577,944	2,468,687,878	125,045,423	2,593,733,301
Kiambu	3,743,490,336	651,993,406	4,395,483,742	206,535,541	4,602,019,283
Kilifi	2,554,040,303	714,320,824	3,268,361,127	249,427,772	3,517,788,899
Kirinyaga	1,466,556,114	500,877,185	1,967,433,299	326,260,372	2,293,693,671
Kisii	2,708,597,851	605,741,830	3,314,339,681	107,667,583	3,422,007,264
Kisumu	1,756,905,854	664,211,117	2,421,116,971	318,500,086	2,739,617,057
Kitui	2,575,004,138	872,626,081	3,447,630,219	205,503,883	3,653,134,102
Kwale	1,780,827,650	1,308,907,754	3,089,735,404	72,643,548	3,162,378,952
Laikipia	1,583,194,487	574,108,528	2,157,303,015	121,123,261	2,278,426,276
Lamu	732,333,603	380,895,189	1,113,228,792	50,739,002	1,163,967,794
Machakos	2,827,770,759	497,365,358	3,325,136,117	153,716,535	3,478,852,652
Makueni	2,019,333,307	546,922,132	2,566,255,439	278,969,975	2,845,225,414
Mandera	1,938,236,910	1,604,880,298	3,543,117,208	1,098,080,690	4,641,197,898
Marsabit	1,502,452,862	284,327,711	1,786,780,573	-	1,786,780,573
Meru	2,898,873,318	1,091,114,399	3,989,987,717	70,276,869	4,060,264,586
Migori	1,642,173,867	734,473,703	2,376,647,570	-	2,376,647,570
Mombasa	2,707,793,198	1,858,415,676	4,566,208,874	29,971,999	4,596,180,873
Murang'a	2,128,122,935	804,920,235	2,933,043,170	181,231,565	3,114,274,735
Nairobi City	7,079,266,798	2,514,644,450	9,593,911,248	927,334,931	10,521,246,179
Nakuru	3,287,887,892	1,519,350,390	4,807,238,282	516,058,765	5,323,297,047
Nandi	1,827,874,656	632,216,867	2,460,091,523	165,362,442	2,625,453,965
Narok	2,157,242,084	1,865,237,529	4,022,479,613	429,997,727	4,452,477,340
Nyamira	1,376,412,404	302,138,468	1,678,550,872	344,242,082	2,022,792,954
Nyandarua	1,249,335,335	915,640,452	2,164,975,787	210,613,398	2,375,589,185
Nyeri	1,820,793,141	368,080,497	2,188,873,638	453,902,634	2,642,776,272
Samburu	1,165,316,804	596,054,411	1,761,371,215	107,407,283	1,868,778,498
Siaya	1,481,302,292	588,162,555	2,069,464,847	295,678,179	2,365,143,026
Taita Taveta	1,348,444,181	521,380,641	1,869,824,822	56,651,025	1,926,475,847
Tana River	929,460,525	583,012,932	1,512,473,457	-	1,512,473,457
Tharaka Nithi	1,221,608,737	442,749,444	1,664,358,181	209,763,094	1,874,121,275
Trans Nzoia	1,729,134,131	442,083,824	2,171,217,955	30,543,344	2,201,761,299
Turkana	2,617,763,304	1,569,933,655	4,187,696,959	376,067,445	4,563,764,404
Uasin Gishu	2,281,786,638	934,544,420	3,216,331,058	578,864,831	3,795,195,889
Vihiga	1,176,375,040	636,142,833	1,812,517,873	378,146,461	2,190,664,334

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure		
	A	B	C=A+B		
Wajir	1,813,379,560	895,519,367	2,708,898,927	-	2,708,898,927
West Pokot	1,315,073,823	382,383,073	1,697,456,896	5,281,800	1,702,738,696
Total	94,776,179,867	38,776,012,585	133,552,192,452	11,660,255,804	145,212,448,256

Source: OCoB and County Treasuries

The Counties that attained the highest expenditure in absolute terms were:- Nairobi City at 10.52 billion, Nakuru at Kshs.5.32 billion and Kakamega at Kshs.5.22 billion. Elgeyo Marakwet, Tana River and Lamu counties had the lowest expenditure at Kshs.1.63 billion, Kshs.1.51 billion and Kshs.1.16 billion, respectively.

A review of cumulative expenditure by economic classification showed that Kshs.94.78 billion (65.3 per cent) was spent on Personnel Emoluments, Kshs.38.78 billion (26.7 per cent) on Operations and Maintenance, and Kshs.11.66 billion (8 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.11.66 billion on development activities, representing an absorption rate of 6.9 per cent of the annual development budget of Kshs.169.48 billion, which decreased from an absorption rate of 13.5 per cent reported in the first half of FY 2021/22 when development expenditure was Kshs.25.93 billion. Analysis of County budget allocations, expenditures and absorption rate in the period under review is provided in Table 3.

Table 3: County Budget Allocation, Expenditure and Absorption Rate for the First Half of FY 2022/23

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate(%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E			
Baringo	4,826.42	4,490.89	9,317.31	2,416.26	317.67	2,733.93	50.1	7.1	29.3
Bomet	5,581.84	2,266.33	7,848.17	2,393.57	191.00	2,584.57	42.9	8.4	32.9
Bungoma	10,374.34	4,446.86	14,821.20	3,958.65	147.94	4,106.59	38.2	3.3	27.7
Busia	5,683.85	2,434.61	8,118.46	2,347.23	178.78	2,526.01	41.3	7.3	31.1
Elgeyo/ Marakwet	3,711.31	1,141.46	4,852.77	1,629.51	-	1,629.51	43.9	-	33.6
Embu	4,600.86	2,574.30	7,175.15	2,099.31	84.00	2,183.31	45.6	3.3	30.4
Garissa	6,515.43	3,870.28	10,385.71	2,931.68	111.68	3,043.36	45.0	2.9	29.3
Homa Bay	6,588.60	3,414.64	10,003.24	2,486.28	338.48	2,824.75	37.7	9.9	28.2
Isiolo	4,142.01	2,318.70	6,460.71	1,525.83	156.48	1,682.31	36.8	6.7	26.0
Kajiado	6,673.98	3,238.14	9,912.12	2,958.01	721.73	3,679.75	44.3	22.3	37.1
Kakamega	10,849.04	5,521.34	16,370.38	4,487.63	730.89	5,218.52	41.4	13.2	31.9
Kericho	5,516.99	2,361.74	7,878.73	2,468.69	125.05	2,593.73	44.7	5.3	32.9
Kiambu	11,586.11	4,883.88	16,469.99	4,395.48	206.54	4,602.02	37.9	4.2	27.9
Kilifi	9,109.90	6,721.36	15,831.25	3,268.36	249.43	3,517.79	35.9	3.7	22.2
Kirinyaga	4,926.92	2,195.63	7,122.55	1,967.43	326.26	2,293.69	39.9	14.9	32.2
Kisii	8,253.85	3,660.82	11,914.67	3,314.34	107.67	3,422.01	40.2	2.9	28.7
Kisumu	8,222.15	3,813.33	12,035.48	2,421.12	318.50	2,739.62	29.4	8.4	22.8

County	Budget Estimates (Kshs. Million)			Expenditure (Kshs. Million)			Rec. Absorption Rate (%)	Dev. Absorption Rate (%)	Overall Absorption Rate(%)
	Rec	Dev	Total	Rec	Dev	Total			
	A	B	C=A+B	D	E	F=D+E	G=D/A*100	H=E/B*100	I=F/C*100
Kitui	8,662.35	3,716.65	12,379.01	3,447.63	205.50	3,653.13	39.8	5.5	29.5
Kwale	6,891.38	4,838.29	11,729.67	3,089.74	72.64	3,162.38	44.8	1.5	27.0
Laikipia	5,057.12	1,796.04	6,853.16	2,157.30	121.12	2,278.43	42.7	6.7	33.2
Lamu	2,995.44	1,645.09	4,640.53	1,113.23	50.74	1,163.97	37.2	3.1	25.1
Machakos	8,088.47	3,507.85	11,596.32	3,325.14	153.72	3,478.85	41.1	4.4	30.0
Makueni	7,678.72	3,850.87	11,529.60	2,566.26	278.97	2,845.23	33.4	7.2	24.7
Mandera	7,397.38	4,220.69	11,618.07	3,543.12	1,098.08	4,641.20	47.9	26.0	39.9
Marsabit	5,018.66	3,814.01	8,832.68	1,786.78	-	1,786.78	35.6	-	20.2
Meru	8,011.56	3,351.18	11,362.74	3,989.99	70.28	4,060.26	49.8	2.1	35.7
Migori	7,027.54	3,179.45	10,206.99	2,376.65	-	2,376.65	33.8	-	23.3
Mombasa	9,300.00	4,400.00	13,700.00	4,566.21	29.97	4,596.18	49.1	0.7	33.5
Murang'a	6,749.07	2,892.71	9,641.78	2,933.04	181.23	3,114.27	43.5	6.3	32.3
Nairobi City	27,651.42	11,962.49	39,613.92	9,593.91	927.33	10,521.25	34.7	7.8	26.6
Nakuru	12,844.06	8,265.33	21,109.39	4,807.24	516.06	5,323.30	37.4	6.2	25.2
Nandi	6,148.36	2,364.38	8,512.74	2,460.09	165.36	2,625.45	40.0	7.0	30.8
Narok	8,208.88	3,900.36	12,109.24	4,022.48	430.00	4,452.48	49.0	11.0	36.8
Nyamira	4,492.05	2,037.87	6,529.92	1,678.55	344.24	2,022.79	37.4	16.9	31.0
Nyandarua	4,858.49	2,143.49	7,001.99	2,164.98	210.61	2,375.59	44.6	9.8	33.9
Nyeri	5,325.93	2,282.54	7,608.47	2,188.87	453.90	2,642.78	41.1	19.9	34.7
Samburu	2,310.71	4,736.96	7,047.66	1,761.37	107.41	1,868.78	76.2	2.3	26.5
Siaya	5,489.70	3,326.24	8,815.94	2,069.46	295.68	2,365.14	37.7	8.9	26.8
Taita/Taveta	4,899.94	2,207.72	7,107.66	1,869.82	56.65	1,926.48	38.2	2.6	27.1
Tana River	5,448.90	2,492.30	7,941.20	1,512.47	-	1,512.47	27.8	-	19.0
Tharaka -Nithi	3,672.58	1,817.40	5,489.98	1,664.36	209.76	1,874.12	45.3	11.5	34.1
Trans Nzoia	5,474.13	3,819.32	9,293.45	2,171.22	30.54	2,201.76	39.7	0.8	23.7
Turkana	8,216.79	4,590.52	12,807.31	4,187.70	376.07	4,563.76	51.0	8.2	35.6
Uasin Gishu	6,408.74	3,762.25	10,171.00	3,216.33	578.86	3,795.20	50.2	15.4	37.3
Vihiga	4,463.04	2,109.65	6,572.69	1,812.52	378.15	2,190.66	40.6	17.9	33.3
Wajir	7,592.23	4,069.96	11,662.20	2,708.90	-	2,708.90	35.7	-	23.2
West Pokot	4,891.97	2,583.66	7,475.64	1,697.46	5.28	1,702.74	34.7	0.2	22.8
Total	328,439.21	169,039.61	497,478.82	133,552.19	11,660.26	145,212.45	40.7	6.9	29.2

Source: OCoB and County Treasuries

The analysis of development expenditure shows that five counties did not report any expenditure during the period under review, namely; - Elgeyo Marakwet, Marsabit, Migori, Tana River and Wajir. Counties with the highest proportion of development expenditure to the approved annual development budget were; - Mandera at 26 per cent, Kajiado at 22.3 per cent and Nyeri at 19.9 per cent. An analysis of the development expenditure implemented by Counties is provided in chapter three.

2.4.2 Recurrent Expenditure

The Counties spent an aggregate of Kshs.133.55 billion or 92 per cent of the total expenditure on recurrent activities. This expenditure represents 40.7 per cent of the annual County government's budget for recurrent activities and was a decline from 41.1 per cent recorded in a similar period of the FY 2021/22 when expenditure stood at Kshs.133.59 billion.

The recurrent expenditure comprised Kshs.94.78 billion (71 per cent) on Personnel Emoluments and Kshs.38.78 billion (29 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by Counties is provided in chapter three.

2.4.3 Review of MCA Sitting Allowances

The County Assemblies spent Kshs.434.29 million on MCA's Sitting allowances against an approved budget allocation of Kshs.2.38 billion during the reporting period. This expenditure translated to 18.2 per cent of the approved MCAs sitting allowance budget, a decrease from 40 per cent attained in the first half of FY 2021/22 when Kshs.1.08 billion was spent. Table 4 shows the budgetary allocation and expenditure on MCAs and Speakers' sitting allowances in the first half of FY 2022/23.

Table 4: MCAs Budget Allocation, Expenditure and Absorption Rate in the First Half of FY 2022/23

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100		D
Baringo	22,261,515	1,384,500	6.2	46	5,016
Bomet	32,630,578	7,991,215	24.5	39	34,150
Bungoma	171,851,340	19,334,001	11.3	61	52,825
Busia	94,593,600	3,004,860	3.2	54	9,274
Elgeyo Marakwet	43,255,120	1,472,050	3.4	33	7,435
Embu	23,154,900	5,996,900	25.9	31	32,241
Garissa	36,000,000	6,076,400	16.9	49	20,668
Homa Bay	61,989,354	13,393,780	21.6	55	40,587
Isiolo	9,003,758	3,184,000	35.4	18	29,481
Kajiado	37,264,000	1,957,100	5.3	42	7,766
Kakamega	171,046,200	54,947,931	32.1	90	101,755
Kericho	20,418,400	4,361,500	21.4	48	15,144
Kiambu	120,000,000	10,445,500	8.7	87	20,011
Kilifi	31,949,940	22,019,110	68.9	55	66,725
Kirinyaga	48,594,919	3,510,500	7.2	33	17,730
Kisii	92,420,000	4,993,200	5.4	71	11,721
Kisumu	140,932,800	14,762,745	10.5	47	52,350
Kitui	45,676,800	740,350	1.6	61	2,023
Kwale	44,688,388	6,231,396	13.9	31	33,502
Laikipia	22,177,600	3,246,100	14.6	21	25,763
Lamu	19,360,000	184,000	1.0	19	1,614
Machakos	55,000,000	22,958,500	41.7	61	62,728
Makueni	48,680,100	21,659,114	44.5	49	73,670
Mandera	11,785,000	4,996,967	42.4	49	16,996
Marsabit	30,000,000	7,216,800	24.1	33	36,448
Meru	122,245,200	7,856,100	6.4	69	18,976
Migori	70,000,000	35,609,580	50.9	60	98,916
Mombasa	41,000,000	17,219,400	42.0	43	66,742
Murang'a	30,000,000	7,728,912	25.8	54	23,855
Nairobi City	68,211,000	12,877,400	18.9	124	17,308
Nakuru	37,904,000	5,662,914	14.9	83	11,371

County	Budget	Expenditure	Absorption	No. of MCA's	Average monthly sitting allowance per MCA
	(Kshs.)	(Kshs.)	(%)		(Kshs.)
	A	B	C=B/A*100		E=B/D/3
Nandi	31,920,000	5,320,900	16.7	45	19,707
Narok	54,813,760	14,793,000	27.0	50	49,310
Nyamira	11,328,000	5,198,100	45.9	36	24,065
Nyandarua	52,364,000	9,619,900	18.4	42	38,174
Nyeri	34,555,834	5,098,600	14.8	42	20,233
Samburu	36,400,000	8,978,075	24.7	27	55,420
Siaya	52,217,035	7,285,900	14.0	44	27,598
Taita Taveta	15,000,000	-	-	33	-
Tana River	18,125,000	4,426,300	24.4	23	32,075
Tharaka Nithi	38,918,400	3,845,400	9.9	24	26,704
Trans Nzoia	32,857,610	3,415,800	10.4	40	14,233
Turkana	64,445,600	2,914,395	4.5	48	10,119
Uasin Gishu	45,000,000	7,913,100	17.6	45	29,308
Vihiga	43,845,200	12,960,000	29.6	37	58,378
Wajir	16,216,200	4,292,100	26.5	50	14,307
West Pokot	32,812,328	5,205,500	15.9	37	23,448
Total	2,384,913,479	434,289,895	18.2	2,239	32,328

Source: OCoB and County Treasuries

Taita Taveta County Assembly did not report any expenditure of the sitting allowances. County Assemblies with the lowest average monthly sitting allowance per MCA were Lamu at Kshs.1,614, Kitui at Kshs.2,033 and Baringo at Kshs.5,016. The low expenditure could be due to the fewer number of sittings by the County Assembly.

2.4.4 Pending Bills as of 31st December 2022

Counties reported outstanding pending bills of Kshs.159.94 billion as of 31st December 2022, which comprised Kshs.158.31 billion by the County Executive and Kshs.1.63 billion by County Assemblies, as shown in Table 5.

Table 5: Pending Bills for the Counties as of 31st December 2022

County	Outstanding Pending Bills as of 31st December 2022 (Kshs.)		
	County Executive	County Assembly	Total
Baringo	141,602,116	32,353,285	173,955,401
Bomet	549,272,096	-	549,272,096
Bungoma	1,195,900,946	15,814,682	1,211,715,628
Busia	1,663,732,958	42,852,273	1,706,585,231
Elgeyo Marakwet	14,325,048	-	14,325,048
Embu	1,635,441,260	39,049,029	1,674,490,289
Garissa	1,281,848,868	33,016,370	1,314,865,238
Homa Bay	820,082,980	93,831,811	913,914,791
Isiolo	462,149,550	45,000,000	507,149,550
Kajiado	2,065,350,907	-	2,065,350,907
Kakamega	456,116,336	-	456,116,336
Kericho	460,172,299	-	460,172,299
Kiambu	4,900,581,895	76,862,718	4,977,444,613

County	Outstanding Pending Bills as of 31st December 2022 (Kshs.)		
	County Executive	County Assembly	Total
Kilifi	816,707,187	-	816,707,187
Kirinyaga	742,347,205	-	742,347,205
Kisii	1,215,837,498	26,432,048	1,242,269,546
Kisumu	1,674,116,932	-	1,674,116,932
Kitui	1,612,752,076	754,150	1,613,506,226
Kwale	520,793,878	173,280,661	694,074,539
Laikipia	1,430,572,267	3,040,556	1,433,612,823
Lamu	40,170,000	-	40,170,000
Machakos	2,798,626,413	84,339,615	2,882,966,028
Makueni	643,959,992	39,469,767	683,429,759
Mandera	2,127,291,446	-	2,127,291,446
Marsabit	755,763,127	298,564,399	1,054,327,526
Meru	1,162,540,760	-	1,162,540,760
Migori	473,980,963	60,404,016	534,384,979
Mombasa	4,905,016,605	67,036,299	4,972,052,904
Murang'a	3,106,932,658	-	3,106,932,658
Nairobi City	100,164,094,317	200,443,224	100,364,537,541
Nakuru	881,627,963	-	881,627,963
Nandi	753,246,096	21,400,599	774,646,695
Narok	1,296,953,715	52,337,676	1,349,291,391
Nyamira	107,391,925	-	107,391,925
Nyandarua	1,179,947,322	36,520,725	1,216,468,047
Nyeri	193,546,680	381,600	193,928,280
Samburu	768,649,438	-	768,649,438
Siaya	505,568,229	-	505,568,229
Taita/Taveta	1,021,565,244	42,474,484	1,064,039,728
Tana River	970,020,000	-	970,020,000
Tharaka -Nithi	687,956,158	71,696,037	759,652,195
Trans Nzoia	1,018,400,622	-	1,018,400,622
Turkana	2,144,163,870	25,772,561	2,169,936,431
Uasin Gishu	359,902,024	37,674,782	397,576,806
Vihiga	953,534,770	-	953,534,770
Wajir	5,499,694,728	-	5,499,694,728
West Pokot	132,135,489	4,840,726	136,976,215
Total	158,312,384,857	1,625,644,093	159,938,028,950

Source: County Treasuries

Nairobi City County accounted for 62.7 per cent of the total pending bills at Kshs.100.36 billion. Other Counties with a high level of pending bills are Wajir at Kshs.5.50 billion, Kiambu at Kshs.4.98 billion, Mombasa at Kshs.4.97 billion, and Murang'a at Kshs.3.11 billion. Mandera County executive reported outstanding pending bills of Kshs.2.13 billion, which differs from the report submitted by the previous administration when they reported not to have pending bills as of the end of FY 2021/22.

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 budget for FY 2022/23 is Kshs.9.32 billion, comprising Kshs.4.49 billion (48.2 per cent) and Kshs.4.83 billion (51.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 3.2 per cent compared to the previous financial year when the approved budget was Kshs.9.63 billion and comprised of Kshs.4.21 billion towards development expenditure and Kshs.5.42 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.37 billion (68.4 per cent) as the equitable share of revenue raised nationally, generates Kshs.312.47 million (3.4 per cent) from its own sources of revenue, and projected cash balance of Kshs.2.64 billion (28.3 per cent) from FY 2021/22. A breakdown is provided in Table 6.

The projected cash balance from the previous financial year comprises Kshs.746.92 million which was unspent conditional grants, Kshs.466.48 million estimated balances held in project accounts but not swept into the CRF account at the end of the financial year, and Kshs.1.42 billion which was the cash balance in the CRF account.

3.1.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.1 billion as the equitable share of the revenue raised nationally, raised Kshs.114.96 million as own-source revenue and had a cash balance of Kshs.2.64 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.85 billion, as shown in Table 6.

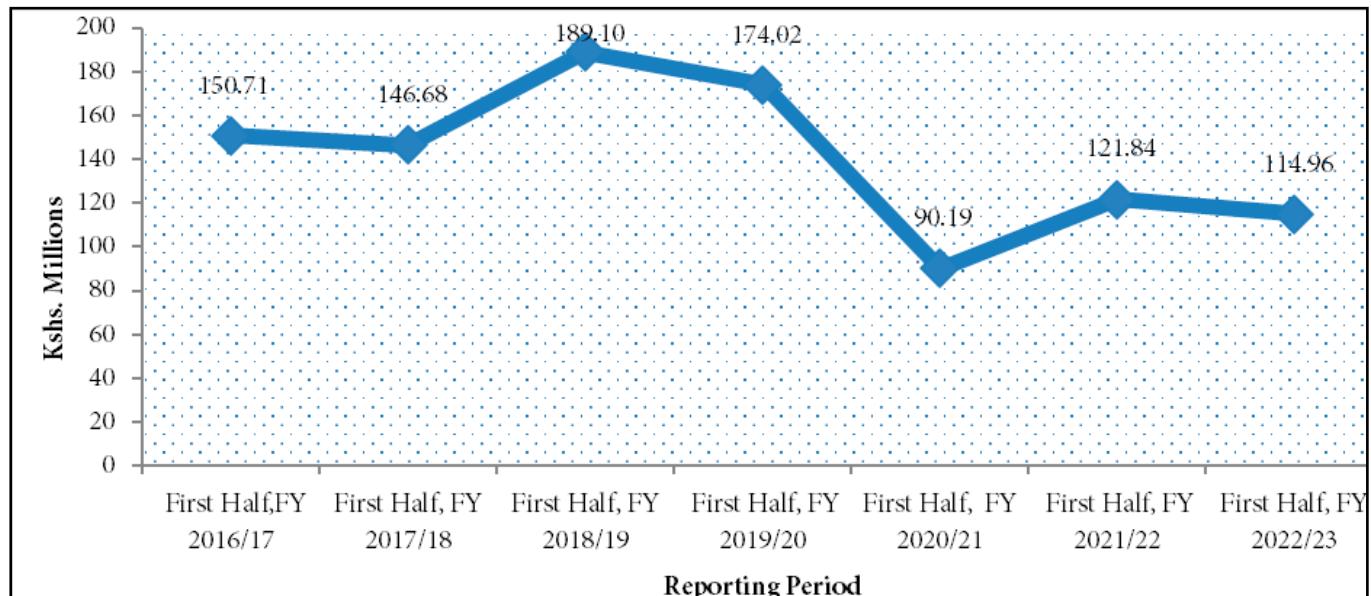
Table 6: Baringo County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,369,394,592	2,101,900,219	33.0
	Sub total	6,369,394,592	2,101,900,219	33.0
B	Other Sources of Revenue			
1.	Own Source Revenue	312,474,282	114,959,139	36.8
2.	Unspent balance from FY 2021/22	2,635,438,806	2,635,438,806	100.0
	Sub Total	2,947,913,088	2,750,397,945	93.3
	Grand Total	9,317,307,680	4,852,298,164	52.1

Source: Baringo County Treasury

Figure 1 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

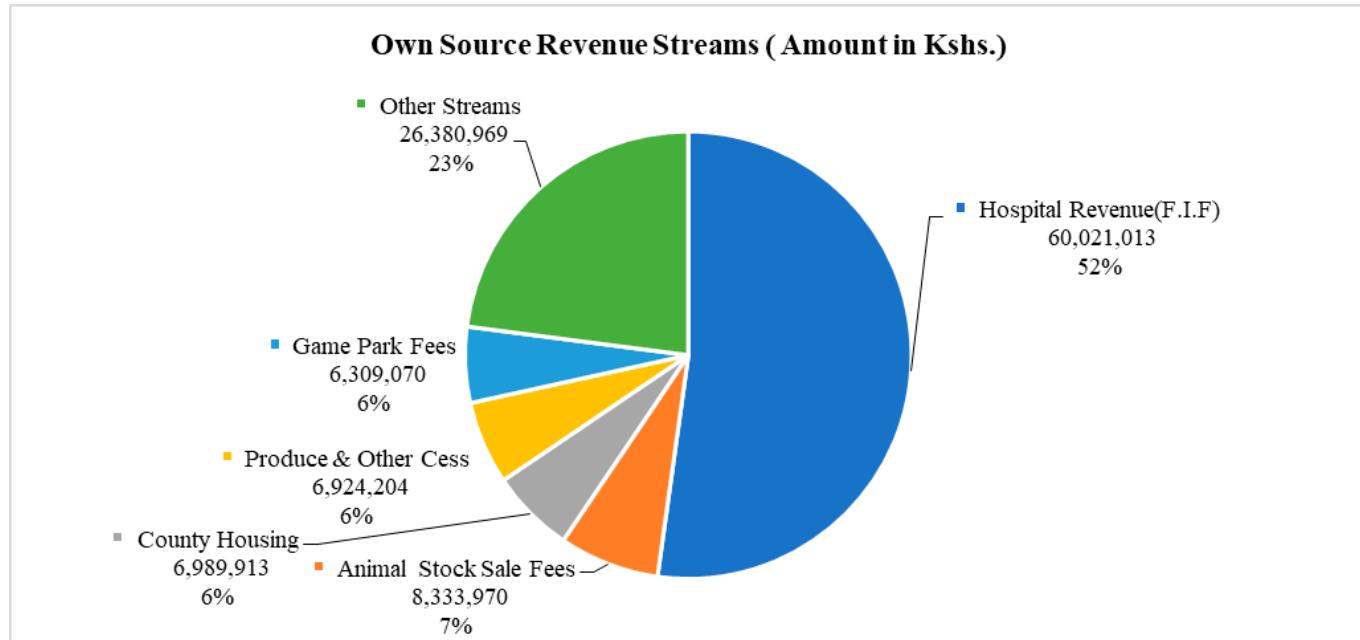
Figure 1: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Baringo County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.114.96 million from its own sources of revenue. This amount represented a decrease of 5.7 per cent compared to Kshs.121.84 million realised in a similar period in FY 2021/22, accounting for 36.8 per cent of the annual target and 5.5 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 2.

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



Source: Baringo County Treasury

The highest revenue stream of Kshs.60.02 million was from Hospital charges, also known as Facility Improvement Fund (FIF), contributing to 52 per cent of the total OSR collected during the reporting period.

3.1.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.74 billion from the CRF account during the reporting period. This amount comprised Kshs.311.48 million (11.4 per cent) for development programmes and Kshs.2.43

billion (88.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.73 billion was released towards compensation to employees. Kshs.694.55 million was for Operations and Maintenance expenditure, while Kshs.311.48 million was for development expenditure. The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.402.06 million.

3.1.4 County Expenditure Review

The County spent Kshs.2.73 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.9 per cent of the total funds released by the C0B and comprised Kshs.317.67 million and Kshs.2.42 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.1 per cent, while recurrent expenditure represented 50.1 per cent of the annual recurrent expenditure budget.

3.1.5 Settlement of Pending Bills

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

3.1.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs1.57 billion on employee compensation, Kshs.551.60 million on operations and maintenance, and Kshs.310.99 million on development activities. Similarly, the County Assembly spent Kshs.156.65 billion on employee compensation, Kshs.135.37 million on operations and maintenance, and Kshs.6.67 million on development activities, as shown in Table 7

Table 7: 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	4,114,187,058	712,229,059	2,124,238,626	292,018,943	51.6	41.0
Compensation to Employees	3,110,787,496	415,986,389	1,572,640,456	156,651,175	50.6	37.7
Operations and Maintenance	1,003,399,563	296,242,670	551,598,170	135,367,767	55.0	45.7
Development Expenditure	4,257,722,614	233,168,949	310,996,966	6,672,864	7.3	2.9
Total	8,371,909,672	945,398,008	2,435,235,592	298,691,807	29.1	31.6

Source: Baringo County Treasury

3.1.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.73 billion, or 35.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.85 billion. This expenditure represented an increase of 5.2 per cent from Kshs.1.64 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.920.92 million paid to health sector employees, translating to 53.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.54 billion were processed through the (Integrated Personnel and Payroll Database (IPP) system, while Kshs.193.87 million was processed through manual payrolls. The manual payrolls accounted for 11.2 per cent of the total PE cost and was attributed to delays in the allocation

of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.1.38 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.22.26 million. The average monthly sitting allowance was Kshs.30,098 per MCA. The County Assembly has established 25 House Committees. During; the reporting period, two bills and policy documents were processed and approved by the County Assembly.

3.1.8 County Emergency Fund and County-Established Funds

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

The County allocated Ksh.205.63 million to county-established funds in FY 2022/23, constituting 2.2 per cent of the County's overall budget for the year. Table 8 summarises each established Fund's budget allocation and performance during the reporting period.

Table 8: Performance of County Established Funds as of 31st December, 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December, 2022
					(Yes/No.)
		A	B	C	D
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

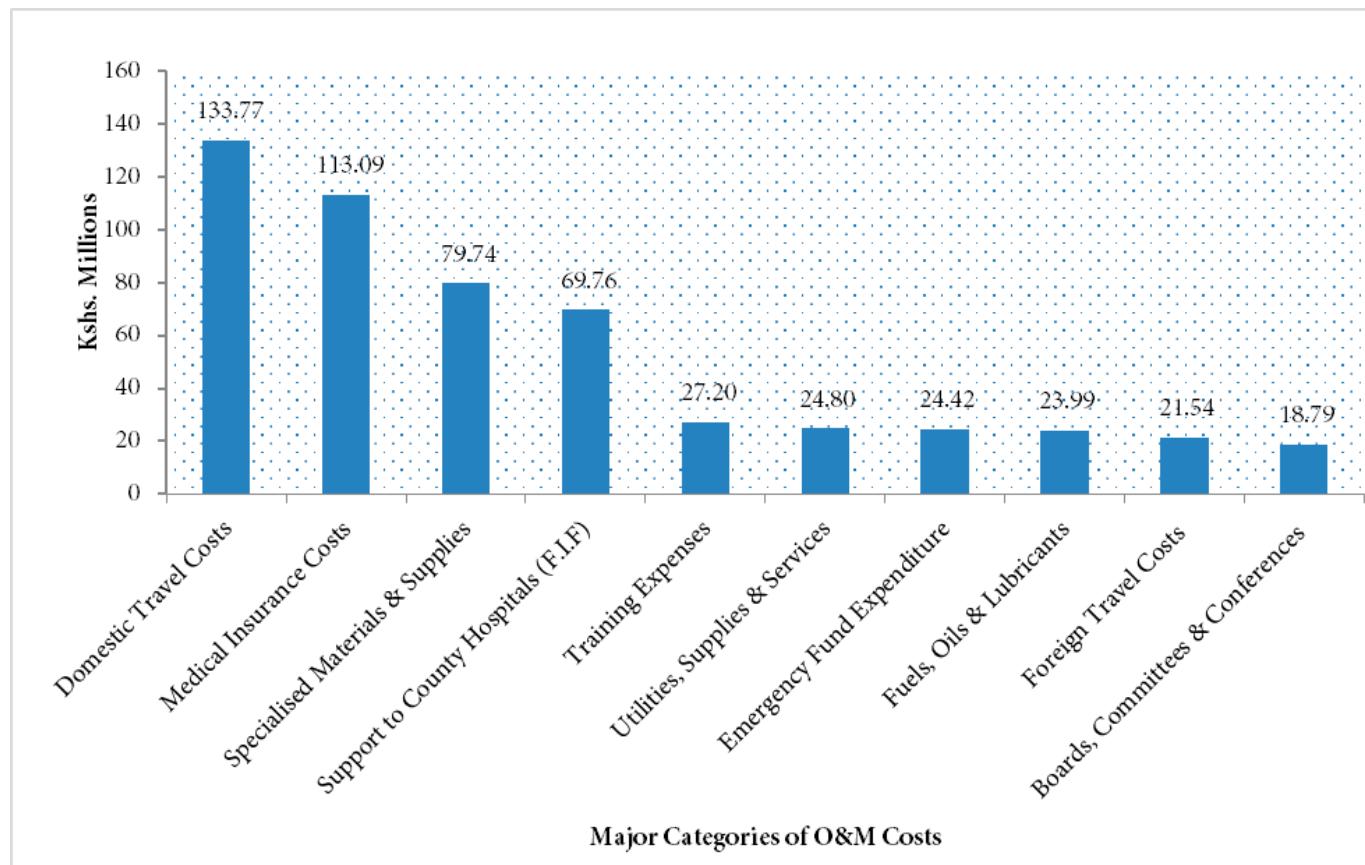
During the reporting period, the OCoB did not receive any quarterly financial reports from Administrators of the Bursary Fund, Emergency Fund, Small & Medium Enterprise Fund, Co-operative Development Fund, County

Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Funds as indicated in Table 3. Failure to submit quarterly reports to the OCoB by Fund Administrators is 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.133.77 million and comprised of Kshs.70.02 million spent by the County Assembly and Kshs.63.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.21.54 million and consisted of Kshs.21.05 million by the County Assembly and Kshs.0.49 million by the County Executive.

3.1.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.317.68 million on development programmes, representing an increase of 119.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.144.62 million. Table 9 summarises development projects with the highest expenditure in the reporting period.

Table 9: Baringo 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 & Infrastructure	Purchase of Dozer, Grader, Excavator & Two Tipper Lorries & a Service Van of Road Machinery	Baringo South Sub-County Wards	48,125,000	48,125,000	47,295,259	100
2	Transport & Infrastructure	Completion of Arabal-Ngelecha - Mukutani Road	Mukutani	6,972,288	7,730,000	7,318,000	100
3	Education and ICT	Construction of ECD Classrooms	County Wide	62,011,203	81,260,663	7,080,387	40
4	Agriculture, Livestock, Fisheries & Marketing	Supply of Coffee Milling Machine	Katimok	7,000,000	7,000,000	7,000,000	100
5	County Assembly	Installation of Cabro Works at Parking parlour	County Assembly	13,285,468	6,285,468	6,308,388	60
6	Health Services	Construction of out-patient block (MCH/FP unit), Pharmacy, Consultation Room, Clinician (injection room), Laboratory Unit, Stores, Health Office and waiting bay 2. Maternity Block (Wards - Male, Female and Children) Kitchen, Sanitary facilities, Water storage tank, Incinerator (waste disposal), two Unit staff house, Fence and Gate)	Mukutani	16,000,000	16,000,000	5,006,575	40
7	Water & Irrigation	Hydrogeological Survey	Baringo Central	5,500,000	5,500,000	5,000,000	90
8	Transport & Infrastructure	Repairs & Maintainance of County Access Roads	Lembus Kwen	4,999,999	6,000,000	4,913,793	100
9	Transport & Infrastructure	Construction of Foot-bridge	Silale	5,007,990	5,000,000	4,567,132	100
10	Transport & Infrastructure	Repairs & Maintainance of County Access Roads	Eldama Ravine	5,000,000	5,000,000	4,310,345	100

Source: Baringo County Treasury

3.1.11 Budget Performance by Department

Table 10 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 10: Baringo County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	712.23	233.17	314.98	18.23	292.02	6.67	92.7	36.6	41.0	2.9

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
Governor/County Executive services	3,383.43	39.96	1,745.04	-	1,774.01	-	101.7	-	52.4	-
County Treasury Services	138.10	288.07	89.68	20.76	85.64	46.98	95.5	226.2	62.0	16.3
Lands, Housing & Urban Development	30.75	179.07	10.50	3.00	6.06	3.00	57.7	100.0	19.7	1.7
Education and ICT	43.09	341.90	7.50	17.72	8.07	16.00	107.6	90.3	18.7	4.7
Industrialisation, Commerce and Tourism	11.86	121.21	4.69	17.49	6.17	4.03	131.6	23.0	52.0	3.3
Water & Irrigation	44.96	1,022.06	18.35	50.51	24.40	40.95	133.0	81.1	54.3	4.0
Environment & Natural Resources	13.30	137.77	4.25	0.76	3.05	5.39	71.8	709.0	22.9	3.9
Health Services	405.25	440.39	207.13	23.37	202.55	3.56	97.8	15.2	50.0	0.8
Agriculture, Livestock, Fisheries & Marketing	14.87	549.87	3.75	7.90	9.15	77.17	243.9	976.9	61.5	14.0
Transport and Infrastructure	13.70	962.62	12.40	141.50	1.43	104.43	11.5	73.8	10.5	10.8
Youth, Gender & Social Security Services	14.89	174.80	7.58	10.24	3.72	9.49	49.1	92.7	25.0	5.4
TOTAL	4,826.42	4,490.89	2,425.84	311.48	2,416.26	317.67	99.6	102.0	50.1	7.1

Source: Baringo County Treasury

Analysis of expenditure by department shows that the Department of County Treasury Services recorded the highest absorption rate of development budget at 16.3 per cent, followed by the Department of Transport and Infrastructure at 10.8 per cent. The Department of County Treasury Services had the highest percentage of recurrent expenditure to budget at 62 per cent. In contrast, the Department of Transport & Infrastructure had the lowest at 10.5 per cent.

3.1.12 Budget Execution by Programmes and Sub-Programmes

Table 11 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23

Table 11: Baringo County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programmes	Approved Estimates (Ksh)	Actual Expenditure as of 31st December, 2022 (Ksh)	Variance (Kshs)	Absorption (%)
Default Value (Non- Departmental)	Default Value (Non- Departmental)	-	(19,143,301)	19,143,301	-
		-	(19,143,301)	19,143,301	-
County Assembly		690,274,248	65,984,472	624,289,776	9.6
	P1 OFFICE OF THE CLERK	-	-	-	-
	General administration	-	-	-	-
	General Administration, Planning and Support Services	678,074,248	65,984,472	612,089,776	9.7
		12,200,000	-	12,200,000	-
Office of the Speaker		9,004,000	-	9,004,000	-
	General Administration, Planning and Support Services	-	-	-	-
		9,004,000	-	9,004,000	-
County Assembly Administration		344,119,761	98,096,762	246,023,000	28.5
		344,119,761	98,096,762	246,023,000	28.5
Office of the Governor and Deputy Governor		124,761,380	25,023,062	99,738,318	20.1
		69,823,892	25,023,062	44,800,830	35.8
	Tiaty Sub-county (Administration)	2,405,672	-	2,405,672	-
	P3 GOVERNORS OFFICE	-	-	-	-
		43,501,073	-	43,501,073	-
	P4 DEPUTY GOVERNOR	-	-	-	-
	Baringo North sub-county	9,030,743	-	9,030,743	-
County Executive Administration		3,135,204,497	1,588,305,062	1,546,899,435	50.7
	Inter and Intra-governmental Relations services	4,200,000	3,309,200	890,800	78.8
	Civic Education Development Services	100,000	93,600	6,400	93.6
		3,130,904,497	1,584,902,262	1,546,002,235	50.6
	General administration	-	-	-	-
County Secretary		192,248,000	147,050,264	45,197,736	76.5
		192,248,000	147,050,264	45,197,736	76.5
	County Secretary	-	-	-	-
County Public Service Board		-	-	-	-
	County Public service Board	-	-	-	-
		4,637,408	1,800,000	2,837,408	38.8
		4,637,408	1,800,000	2,837,408	38.8
	Tiaty sub-county (Administration)	-	-	-	-
		4,886,222	2,895,686	1,990,536	59.3
	Baringo North sub-county	-	-	-	-
		4,886,222	2,895,686	1,990,536	59.3
		4,258,027	1,527,585	2,730,442	35.9
		4,258,027	1,527,585	2,730,442	35.9
	Baringo central sub-county	-	-	-	-
		4,644,000	1,922,076	2,721,924	41.4
		4,644,000	1,922,076	2,721,924	41.4
	Baringo South sub-county	-	-	-	-
		4,462,377	1,908,350	2,554,027	42.8
	Mogotio sub-county	-	-	-	-
		4,462,377	1,908,350	2,554,027	42.8

Programme	Sub- Programmes	Approved Estimates (Ksh)	Actual Expenditure as of 31st December, 2022 (Ksh)	Variance (Kshs)	Absorption (%)
		5,352,412	1,541,368	3,811,044	28.8
		5,352,412	1,541,368	3,811,044	28.8
	Eldama Ravine sub-county	-	-	-	-
Office of the Deputy Governor		21,806,339	7,372,694	14,433,645	33.8
	P3 GOVERNORS OFFICE	-	-	-	-
	P4 DEPUTY GOVERNOR	-	-	-	-
		21,806,339	7,372,694	14,433,645	33.8
Headquarters		-	-	-	-
	Civic Education Development Services	-	-	-	-
	Treasury Accounts	-	-	-	-
Finance & Economic Planning		352,458,704	119,651,943	232,806,761	33.9
	Economic Planning, Budget, Monitoring and Evaluation Services	-	-	-	-
	Early Childhood Development Education	-	-	-	-
	General Administration, Planning and Support Services	2,000,000	-	2,000,000	-
	General administration	94,638,824	71,999,234	22,639,590	76.1
	KDS Programme	-	-	-	-
	Revenue Services Development Services	237,484,193	30,705,718	206,778,475	12.9
	Treasury Accounts	18,335,687	16,946,991	1,388,696	92.4
Revenue Management Services		-	-	-	-
	Eldama Ravine sub-county	-	-	-	-
Monitoring and Evaluation		57,339,989	34,405,643	22,934,346	60.0
	Economic Planning, Budget, Monitoring and Evaluation Services	57,339,989	34,405,643	22,934,346	60.0
Plant disease control		-	-	-	-
	KDS Programme	-	-	-	-
Transport		802,801,028	120,006,538	682,794,490	14.9
	Urban Infrastructure Development	-	-	-	-
	Rural Infrastructure Development	789,100,855	117,212,013	671,888,842	14.9
	General administration	13,700,173	2,794,525	10,905,648	20.4
County Roads		-	-	-	-
	General Administration, Planning and support services	-	-	-	-
	Development and Rehabilitation of rural roads and structures	-	-	-	-
Industrial Development Services		88,056,070	7,980,460	80,075,610	9.1
	Co-operative services Development	78,133,733	4,998,000	73,135,733	6.4
	Tourism Development & Marketing	-	-	-	-
	Trade Development	9,922,337	2,982,460	6,939,877	30.1

Programme	Sub- Programmes	Approved Estimates (Ksh)	Actual Expenditure as of 31st December, 2022 (Ksh)	Variance (Kshs)	Absorption (%)
	Industrial Development services	-	-	-	-
Trade Development and Management Services		11,855,092	3,986,620	7,868,472	33.6
	General administration	11,855,092	3,986,620	7,868,472	33.6
	Trade Development	-	-	-	-
Education		349,821,924	48,036,976	301,784,948	13.7
	General Administration, Planning and support services	-	-	-	-
	Early Childhood Development Education	300,731,924	23,476,111	277,255,813	7.8
	General administration services	49,090,000	24,560,865	24,529,135	50.0
	Special Programmes	-	-	-	-
ICT		-	-	-	-
	Vocational Training	-	-	-	-
Youth Polytechnics		-	-	-	-
	Vocational Training	-	-	-	-
County Health Services		847,255,034	250,013,749	597,241,285	29.5
	Curative and Rehabilitative Services	32,102,225	-	32,102,225	-
	Preventive and Promotive Health Services	400,412,477	11,961,191	388,451,286	3.0
	Health/preventive services	21,000,000	-	21,000,000	-
	General administration	393,740,332	238,052,558	155,687,774	60.5
Promotion of primary healthcare		-	-	-	-
	General administration	-	-	-	-
Lands		77,105,182	8,221,930	68,883,252	10.7
	Land Use Planning	-	-	-	-
	Livestock Development and Management	39,168,050	-	39,168,050	-
	Land Administration	21,018,300	3,999,600	17,018,700	19.0
	General administration	16,918,832	4,222,330	12,696,502	25.0
	Other Urban Infrastructure development and management	-	-	-	-
	Urban Development-Kabarnet	-	-	-	-
Land Survey and Mapping		38,255,014	1,325,972	36,929,042	3.5
	Urban Development-Eldama ravine	-	-	-	-
	Civic Education Development Services	20,000,000	-	20,000,000	-
	General administration	6,124,129	1,325,972	4,798,157	21.7
	Land Administration	12,130,885	-	12,130,885	-
Housing		83,077,397	4,930,072	78,147,325	5.9
	Inter and Intra-governmental Relation Services	75,172,884	2,391,920	72,780,964	3.2
	Other Urban Infrastructure development and management	-	-	-	-
	General administration	7,904,513	2,538,152	5,366,361	32.1
Agricultural Services		703,846,081	30,511,243	673,334,838	4.3
	Livestock Development and Management	633,340,377	14,131,946	619,208,431	2.2

Programme	Sub- Programmes	Approved Estimates (Ksh)	Actual Expenditure as of 31st December, 2022 (Ksh)	Variance (Kshs)	Absorption (%)
	Improved livestock Production	-	499,950	(499,950)	-
	Agricultural mechanisation services	10,500,000	10,108,397	391,603	96.3
	General administration	27,669,781	5,770,950	21,898,831	20.9
	Fisheries Development and Management	-	-	-	-
	Agricultural Development	18,844,323	-	18,844,323	-
	Agricultural training services	-	-	-	-
	Crop Production and Management	13,491,600	-	13,491,600	-
Culture Services		172,887,601	14,750,856	158,136,745	8.5
		-	-	-	-
	Sports Development	-	558,000	(558,000)	-
		14,892,453	4,702,360	10,190,093	31.6
		157,995,148	9,490,496	148,504,652	6.0
Water Management Services		1,004,964,980	83,211,669	921,753,311	8.3
		960,009,468	56,594,272	903,415,196	5.9
		44,955,512	26,617,397	18,338,115	59.2
		-	-	-	-
Environment Administration and Planning		13,301,809	3,161,404	10,140,405	23.8
		-	-	-	-
		13,301,809	3,161,404	10,140,405	23.8
Environmental and Natural resource protection Management		112,636,711	7,298,913	105,337,798	6.5
		112,636,711	7,298,913	105,337,798	6.5
Headquarters	Headquarters	-	-	-	-
	Inter and Intra-governmental Relations Services	-	-	-	-
Headquarters	Headquarters	19,972,029	5,423,185	14,548,844	27.2
		19,972,029	5,423,185	14,548,844	27.2
	Grand Total	9,281,293,316	2,667,201,252	6,614,092,064	28.7

Source: Baringo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Agricultural Mechanisation Services in the Department of Agriculture, Livestock, Fisheries & Marketing at 96.3 per cent, followed by Civic Education Development Services in the Department of County Executive Services & Administration at 93.6 per cent, Treasury Accounts in the Department of Finance & Economic Planning at 92.4 per cent, Inter & Intra Governmental Relation Services in the Office of the Governor/County Executive Services & Administration at 78.8 per cent, and finally County Secretary Administration in the County Executive Services & Administration at 76.5 per cent of budget allocation.

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 which hampered effective budget implementation;

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 10 where the County incurred expenditure above the approved exchequer issues in some departments.
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 Fund Administrators did not submit quarterly financial reports on the Small & Medium Enterprise Fund, Co-operative Development Fund, County Executive Car Loan & House Mortgage Scheme, and Community Wildlife Conservation Fund to the CoB.

3. High level of pending bills, which amounted to Kshs.173.96 million as of 31st December 2022. This is despite the availability of cash balances in the CRF, which stood at Kshs.402.06 million at the end of the first half of FY 2022/23.
4. Low uptake of development funds as indicated by the expenditure of Kshs.317.67 million against the annual development budget allocation of Kshs.4.49 billion. The development expenditure represented a 7.1 per cent absorption of the annual development budget.
5. Use of manual payroll where personnel emoluments amounting to Kshs.193.84 million were processed through manual payrolls, accounting for 11.2 per cent of the total payroll cost. The manual payrolls are prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The County should identify and address issues causing delays in implementing development projects.*
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.*

3.2 County Government of Bomet

3.2.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.85 billion, comprising Kshs.2.27 billion (28.9 per cent) and Kshs.5.58 billion (71.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 6.0 per cent compared to the previous financial year when the approved budget was Kshs.8.35 billion and comprised of Kshs.2.79 billion towards development expenditure and Kshs.5.56 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.69 billion (85.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.300 million (3.8 per cent) from its own source of revenue and a cash balance of Kshs.399.91 million (5.1 per cent) from FY 2021/22. The County also expects to receive Kshs.457.16 million (5.8 per cent) as conditional grants. A breakdown of the conditional grants is provided in Table 12

The cash balance from the previous financial year comprises Kshs.388.70 million in unspent conditional grants, Kshs.7.66 million not deposited into the CRF as of the end of the financial year, and Kshs.3.55 million as balance in the CRF.

3.2.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.21 billion as the equitable share of the revenue raised nationally, raised Kshs.64.98 million as own-source revenue and had a cash balance of Kshs.851.91 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.12 billion, as shown in Table 12.

Table 12: Bomet County, Revenue Performance in the First Half of FY 2022/23

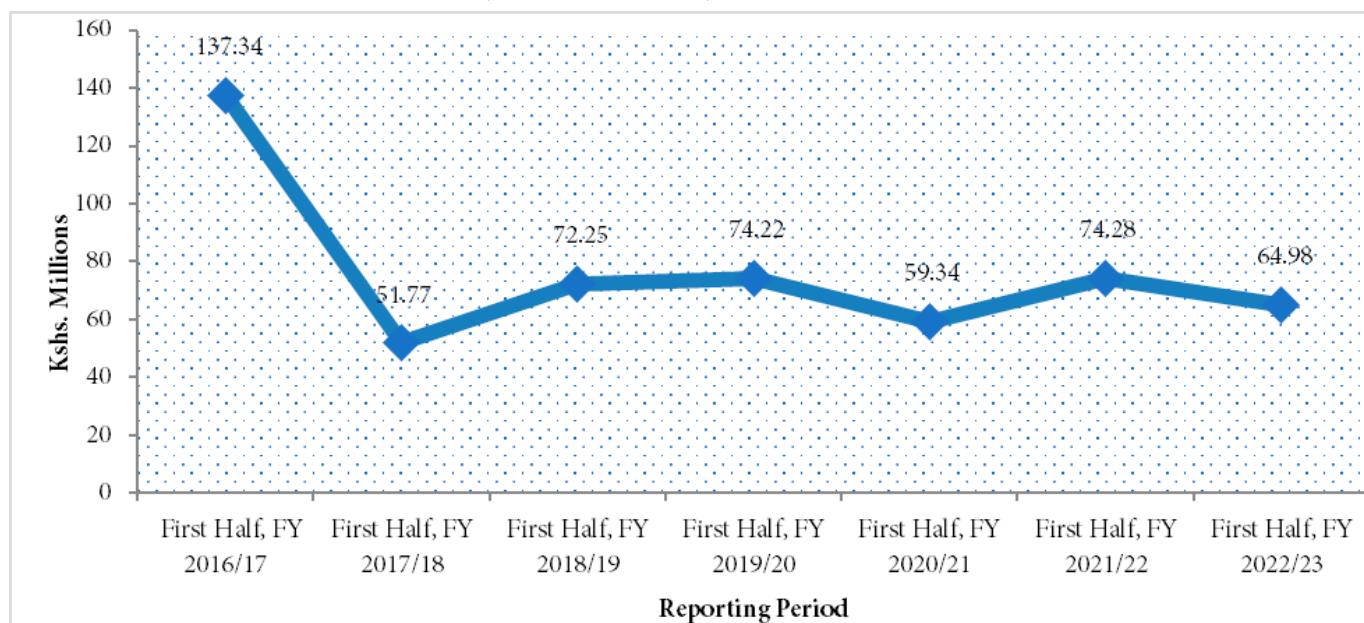
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,691,099,118	2,208,062,708	33.0
	Sub total	6,691,099,118	2,208,062,708	33.0
B	Conditional Grants			
1.	Conditional Grant - Leasing of Medical Equipment	110,638,298	-	-
2.	KDSP (Level 1 & 2 Grant) B/F	100,000,000	-	-
3.	HSSF Danida	11,605,800	-	-
4.	IDA Kenya/Climate action	11,000,000	-	-
5.	IDA Kenya/Climate action/Development	125,000,000	-	-
6.	IDA Kenya Climate Smart Programme	83,323,430	-	-
7.	Agriculture Sector Development Support Programme (ASDSP)	15,590,699	-	-
	Sub total	457,158,227	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	300,000,000	64,980,829	21.7
2.	Unspent balance from FY 2021/22	399,911,732	851,906,188	213.0
	Sub Total	699,911,732	916,887,017	131.0
	Grand Total	7,848,169,077	3,124,949,725	39.8

Source: Bomet County Treasury

The delayed June 2022 disbursement amounting to Kshs.535.29 million was not factored in the Approved Budget as part of the unspent balances, thus the more than 100.0 per cent actual receipts for the unspent balance from FY 2021/22 in Table 12.

Figure 4 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

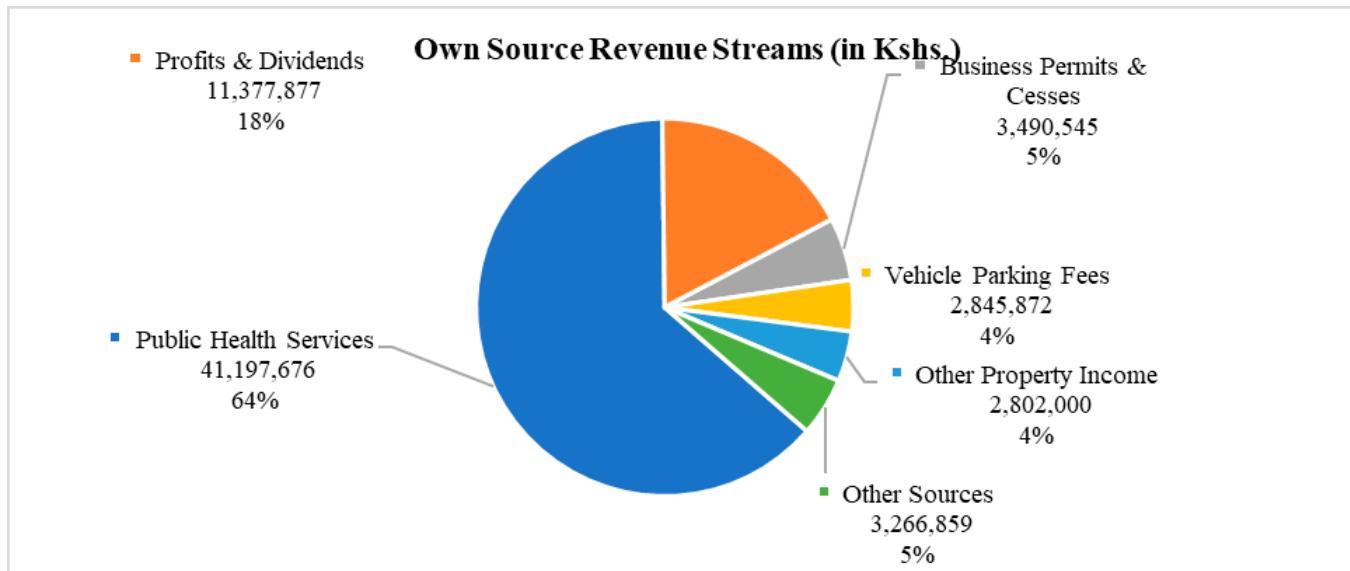
Figure 4: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Bomet County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.64.98 million from its own sources of revenue. This amount represented a decrease of 12.5 per cent compared to Kshs.74.28 million realised in a similar period in FY 2021/22 and was 21.7 per cent of the annual target and 2.9 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure

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



Source: Bomet County Treasury

The highest revenue stream of Kshs.41.20 million was from Public Health Services, contributing to 63.4 per cent of the total OSR collected during the reporting period.

3.2.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.69 billion from the CRF account during the reporting period. This amount comprised Kshs.214.05 million (8.0 per cent) for development programmes and Kshs.2.48 billion (92.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 1.66 billion was released towards compensation to employees, Kshs.813.28 million was for Operations and Maintenance expenditure while Kshs.214.05 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.117.50 million.

3.2.4 County Expenditure Review

The County spent Kshs.2.58 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.1 per cent of the total funds released by the CoB and comprised Kshs.191.00 million and Kshs.2.39 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.4 per cent, while recurrent expenditure represented 42.9 per cent of the annual recurrent expenditure budget.

3.2.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills at Kshs.35.13 million, entirely for development activities. During the period under review, pending bills were reported to be Kshs.549.27 million, comprising Kshs.492.45 for development programmes and Kshs. 56.83 million for recurrent programmes. A total of Kshs.133.10 million was applied to settling development programmes pending bills during the period. The outstanding amount as of 31st December 2022 was, therefore, Kshs.549.27 million.¹

¹ The reported outstanding pending bills as of 30th June 2022 were Kshs.35.13 million. These were the balances of the eligible pending bills from the Auditor General Special Audit report, which the County could not clear due to the delay of the June disbursement.

3.2.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.41 billion on employee compensation, Kshs.621.53 million on operations and maintenance, and Kshs.141.12 million on development activities. Similarly, the County Assembly spent Kshs.137.92 million on employee compensation, Kshs.222.47 million on operations and maintenance, and Kshs.49.88 million on development activities, as shown in Table 13.

Table 13: 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	4,820,696,490	761,143,848	2,033,184,988	360,382,915	42.2	47.3
Compensation to Employees	2,930,433,665	317,299,238	1,411,655,926	137,915,198	48.2	43.5
Operations and Maintenance	1,890,262,825	443,844,610	621,529,062	222,467,717	32.9	50.1
Development Expenditure	2,016,328,739	250,000,000	141,119,014	49,884,968	7.0	20.0
Total	6,837,025,229	1,011,143,848	2,174,304,002	410,267,883	31.8	40.6

Source: Bomet County Treasury

3.2.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.55 billion, or 49.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.12 billion. This expenditure represented a decrease from Kshs.1.62 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.387.66 million paid to health sector employees, translating to 25.0 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.02 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.643.30 million was processed through manual payrolls. The manual payrolls accounted for 41.9 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.99 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.32.63 million. The average monthly sitting allowance was Kshs.34,150 per MCA. The County Assembly has established 15 Committees.

3.2.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.244.50 million to county-established funds in FY 2022/23, constituting 3.1 per cent of the County's overall budget. Table 14 summarises each established Fund's budget allocation and performance during the reporting period.

Table 14: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Bursary Fund	56,496,660	38,373,157	38,373,157	Yes
2.	Revolving Fund	20,000,000	0	0	No
3.	Car and Mortgage	13,000,000	13,000,000	0	Yes
4.	Emergency Fund	15,000,000	0	0	No
County Assembly Established Funds					
1.	Car and Mortgage	140,000,000	90,000,000	90,000,000	Yes
2.	Total	244,496,660	141,373,157	128,373,157	-

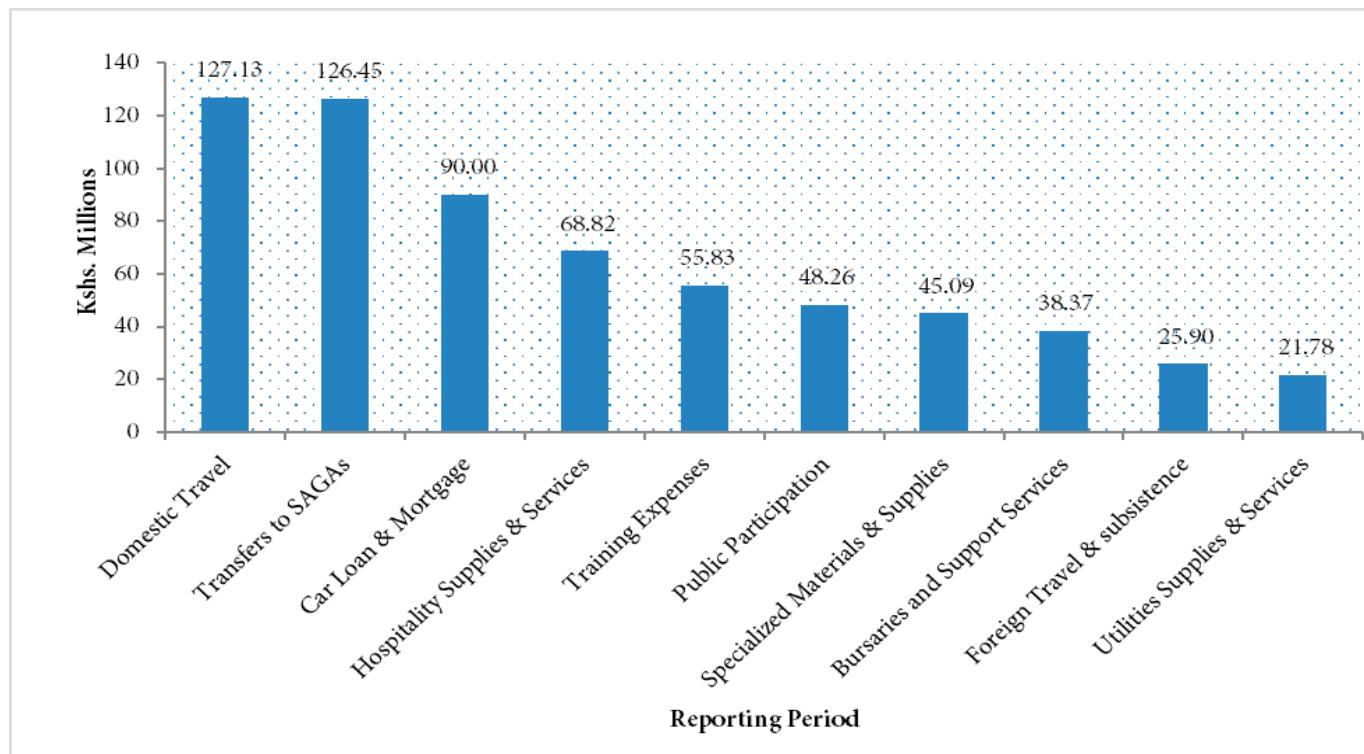
Source: Bomet County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Revolving Fund and the Emergency Fund as indicated in Table 14 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.2.9 Expenditure on Operations and Maintenance

Figure 6 shows a summary of 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.127.13 million and comprised of Kshs.15.69 million spent by the County Assembly and Kshs.111.44 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.90 million and comprised of Kshs.17.16 million by the County Assembly and Kshs.8.74 million by the County Executive.

3.2.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.191.00 million on development programmes, representing a decrease of 71.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.660.78 million. From the development expenditure of Kshs.191 million, the County spent Kshs.133.10 million on settling pending bills. Table 15 summarise development projects with the highest expenditure in the reporting period.

Table 15: 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.	County Assembly	Construction of the County Assembly Chambers	Merigi Ward	473,477,899	163,780,000	49,884,968	60.0
2.	Finance	Construction of Mother and Child Hospital	Longisa Ward	296,000,000	130,000,000	16,593,192	12.8
3.	Finance	Provision of a revenue collection system	Countywide	13,834,000	13,834,000	6,000,000	43.4

Source: Bomet County Treasury

3.2.11 Budget Performance by Department

Table 16 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 16: 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 (%)		Absorptionrate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration and Public Service	2,147.70	67.09	1,050.29	-	1,037.53	0.00	98.8	-	48.3	-
Finance, Economic Planning & ICT	233.84	338.93	85.84	6.00	151.41	22.59	176.4	376.6	64.8	6.7
Agriculture, Livestock and Cooperatives	72.91	281.91	0.40	11.00	11.31	-	2836.9	-	15.5	-
Water Sanitation and Environment	157.18	379.11	57.02	14.00	39.66	-	69.6	-	25.2	-
Education and Vocational Training	135.88	206.74	52.64	-	65.21	-	123.9	-	48.0	-
Lands, Housing and Urban Planning	98.03	65.00	2.15	-	4.44	-	206.5	-	4.5	-
Roads, Public Works and Transport	99.67	395.33	1.32	133.10	11.09	118.53	843.1	89.1	11.1	30.0
Trade, Energy, Tourism and Industry	18.27	50.00	-	-	2.50	-	-	-	13.7	-
Youth, Sports, Gender and Culture	55.63	19.50	0.94	-	10.20	-	1084.7	-	18.3	-
Medical Services and Public Health	1,801.59	212.72	864.75	-	699.84	-	80.9	-	38.8	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorptionrate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	761.14	250.00	360.32	49.96	360.38	49.88	100.0	99.9	47.3	20.0
TOTAL	5,581.84	2,266.33	2,475.65	214.05	2,399.23	191.00	96.7	89.2	42.9	8.4

Source: Bomet County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works and Transport recorded the highest absorption rate of development budget at 30.0 per cent, followed by the County Assembly at 20.0 per cent. The Department of Finance, Economic Planning & ICT had the highest percentage of recurrent expenditure to budget at 64.8 per cent, while the Department of Lands, Housing and Urban Planning had the lowest at 4.5 per cent.

3.2.12 Budget Execution by Programmes and Sub-Programmes

Table 17 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 17: Bomet County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration and Public Service							
Administration and Public Service	County Executive	181,673,227	-	133,308,562	-	73.4	-
	County PSB	37,277,376	45,089,411	17,044,300	-	45.7	-
	Administration/Governance	29,695,962	22,000,000	15,410,699	-	51.9	-
	Public Service	1,899,058,051	-	871,768,608	-	45.9	-
	Sub Total	2,147,704,616	67,089,411	1,037,532,169	-	48.3	-
Finance, Economic Planning and ICT							
Finance	Administration	135,066,000	64,934,000	103,130,370	6,000,000	76.4	9.2
	Sub total	135,066,000	64,934,000	103,130,370	6,000,000	76.4	9.2
Economic Planning	Administration	37,256,683	260,000,000	25,946,562	16,593,192	69.6	6.4
	Budget Preparation & Management	7,400,528	-	4,787,000	-	64.7	-
	M & E Services	4,345,766	-	2,493,300	-	57.4	-
	Planning & Statistics	27,290,556	-	12,029,600	-	44.1	-
	Sub total	76,293,532	260,000,000	45,256,462	16,593,192	59.3	6.4
ICT	Administration	22,478,654	14,000,000	3,024,450	-	13.5	-
	Sub-Total	22,478,654	14,000,000	3,024,450	-	13.5	-
Agriculture, Livestock and Cooperatives							
Agriculture	Administration	41,907,309	-	2,000,000	-	4.8	-
	Crop Management	-	137,414,129	-	-	-	-
	Food & Nutrition Security	-	9,500,000	-	-	-	-
	Sub total	41,907,309	146,914,129	2,000,000	-	4.8	-
Livestock, Fisheries & veterinary Services	Livestock Development	-	11,500,000	-	-	-	-
	Fisheries Development	-	5,200,000	-	-	-	-
	Veterinary Services	-	48,800,000	-	-	-	-
	Sub total	-	65,500,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Co-operatives & Enterprise Development	Administration	31,000,000		9,305,000	-	30.0	-
	Policy Formulation & Admin	-	3,500,000	-	-	-	-
	Co-operative Development	-	39,989,000	-	-	-	-
	Value Addition & Marketing	-	10,502,633	-	-	-	-
	Enterprise Development	-	15,500,000	-	-	-	-
	Sub-Total	31,000,000	69,491,633	9,305,000	-	30.0	-
Water Sanitation and Environment							
Water & Irrigation	Administration	130,286,220	6,000,000	37,659,000	-	28.9	-
	Development of Water Supply for Domestic and Commercial purposes	0	179,107,100	-	-	-	-
	Irrigation Development	0	3,000,000	-	-	-	-
	Sub total	130,286,220	188,107,100	37,659,000	-	28.9	-
Waste Water Management	Waste Water management	0	1,000,000	-	-	-	-
	Sub total	0	1,000,000	-	-	-	-
Environment & Natural Resources	Administration	26,892,900	600,000	2,000,000	-	7.4	-
	Environmental and natural resources protection and conservation	0	189,400,000	-	-	-	-
	Sub-Total	26,892,900	190,000,000	2,000,000	-	7.4	-
Education and Vocational Training							
Education & Vocational Training	Policy Planning & General Administration	135,879,750	-	65,210,627	-	48.0	-
	Early Childhood Development and Education	-	176,200,000	-	-	-	-
	Technical Vocational Educational and Training	-	30,544,433	-	-	-	-
	Sub total	135,879,750	206,744,433	65,210,627	-	48.0	-
Lands, Housing and Urban Planning							
Lands, Housing & Urban Development	Lands	12,065,000	35,000,000	-	-	-	-
	Urban Management	23,615,218	20,000,000	2,188,700	-	9.3	-
	Housing Development	9,350,000	-	250,000	-	2.7	-
	Municipality	53,000,000	10,000,000	2,000,000	-	3.8	-
	Sub total	98,030,218	65,000,000	4,438,700	-	4.5	-
Roads, Public Works and Transport							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads, Public Works and Transport	Policy planning and administrative services	99,673,772	2,500,000	11,089,100	-	11.1	-
	Roads Construction & Maintenance	-	292,326,228	-	118,525,822	-	40.5
	Development and Maintenance of other Public works	-	71,000,000	-	-	-	-
	County Transport Infrastructure	-	29,500,000	-	-	-	-
	Sub total	99,673,772	395,326,228	11,089,100	118,525,822	11.1	30.0
Trade, Energy, Tourism and Industry							
Trade, Energy, Tourism and Industry	Administration	18,269,882	-	2,501,680	-	13.7	-
	Trade Development	-	12,000,000	-	-	-	-
	Energy Development	-	11,000,000	-	-	-	-
	Tourism Development	-	10,000,000	-	-	-	-
	Industry	-	9,000,000	-	-	-	-
	Sub total	18,269,882	50,000,000	2,501,680	-	13.7	-
Youth, Sports, Gender and Culture							
Youth, Sports Gender and Culture	Policy Development and Administrative Services	8,626,300	19,500,000	1,410,100	-	16.3	-
	Gender, Children Services and Social Protection	47,000,000	-	8,790,000	-	18.7	-
	Sub total	55,626,300	19,500,000	10,200,100	-	18.3	-
Medical Services and Public Health							
Medical Services and Public Health	Administration, Planning and Support Services	1,266,555,662	-	580,929,438	-	45.9	-
	Policy Development	5,000,000	-	-	-	-	-
	Healthcare financing – transfers to health facilities	188,019,221	-	80,482,000	-	42.8	-
	Curative Services	215,383,102	-	38,425,892	-	17.8	-
	Preventive and Promotive Services	111,629,352	-	-	-	-	-
	Reproductive Health Services	15,000,000	-	-	-	-	-
	Health Infrastructure Development	-	212,721,805	-	-	-	-
	Sub total	1,801,587,337	212,721,805	699,837,330	-	38.8	-
The County Assembly							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
The County Assembly	General Administration, Human Resources and Administrative Services	431,223,893	250,000,000	293,357,975	49,884,968	68.0	20.0
	Legislative Services	290,313,576	-	108,670,708	-	37.4	-
	Oversight and Representation	39,606,379	-	8,239,200	-	20.8	-
	Sub total	761,143,848	250,000,000	360,382,915	49,884,968	47.3	20.0
Grand Total		5,581,840,338	2,266,328,739	2,393,567,903	191,003,982	42.9	8.4

Source: Bomet County Treasury

The development expenditure sub-programmes with the highest levels of implementation based on absorption rates were: Roads Construction & Maintenance in the Department of Roads, Public Works and Transport at 40.5 per cent, General Administration, Human Resource and Administrative Services in the County Assembly at 20 per cent of budget allocation.

3.2.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.64.98 million against an annual projection of Kshs.300 million, representing 21.7 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 16 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency and Revolving Funds were not submitted to the Controller of Budget.
4. High level of pending bills amounting to Kshs.549.27 million as of 31st December 2022 despite the availability of cash in the CRF, which stood at Kshs.117.50 million at the end of the first half of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.643.30 million were processed through the manual payroll and accounted for 41.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the*

PFM Act, 2012.

4. The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.
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 adherence to the approved staff establishment.

3.3 County Government of Bungoma

3.3.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.14.82 billion, comprising Kshs.4.45 billion (30 per cent) and Kshs.10.37 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents growth of 14.0 per cent compared to the previous financial year when the approved budget was Kshs.12.76 billion and comprised of Kshs.3.77 billion towards development expenditure and Kshs.8.99 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.66 billion (71.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.500 million (3.4 per cent) from its own revenue source, Kshs.874.38 million (5.7 per cent) as Appropriation in Aid, Kshs.1.65 billion (11.2 per cent) as conditional grants, and a cash balance of Kshs.1.16 billion (7.8 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 18.

The cash balance from the previous financial year comprises Kshs.273.73 million in unspent conditional grants, Kshs.1.11 million in operational accounts not swept to the CRF account as of the end of the financial year, and Kshs.867.29 million balance in the CRF account.

3.3.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.95 billion as the equitable share of the revenue raised nationally, raised Kshs.134.84 million as own-source revenue, Kshs.266.26 million as Appropriation in Aid, Kshs.431,645 as conditional grants, and had a cash balance of Kshs.867.29 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.35 billion, as shown in Table 18.

Table 18: Bungoma County, Revenue Performance in the First Half of FY 2022/23

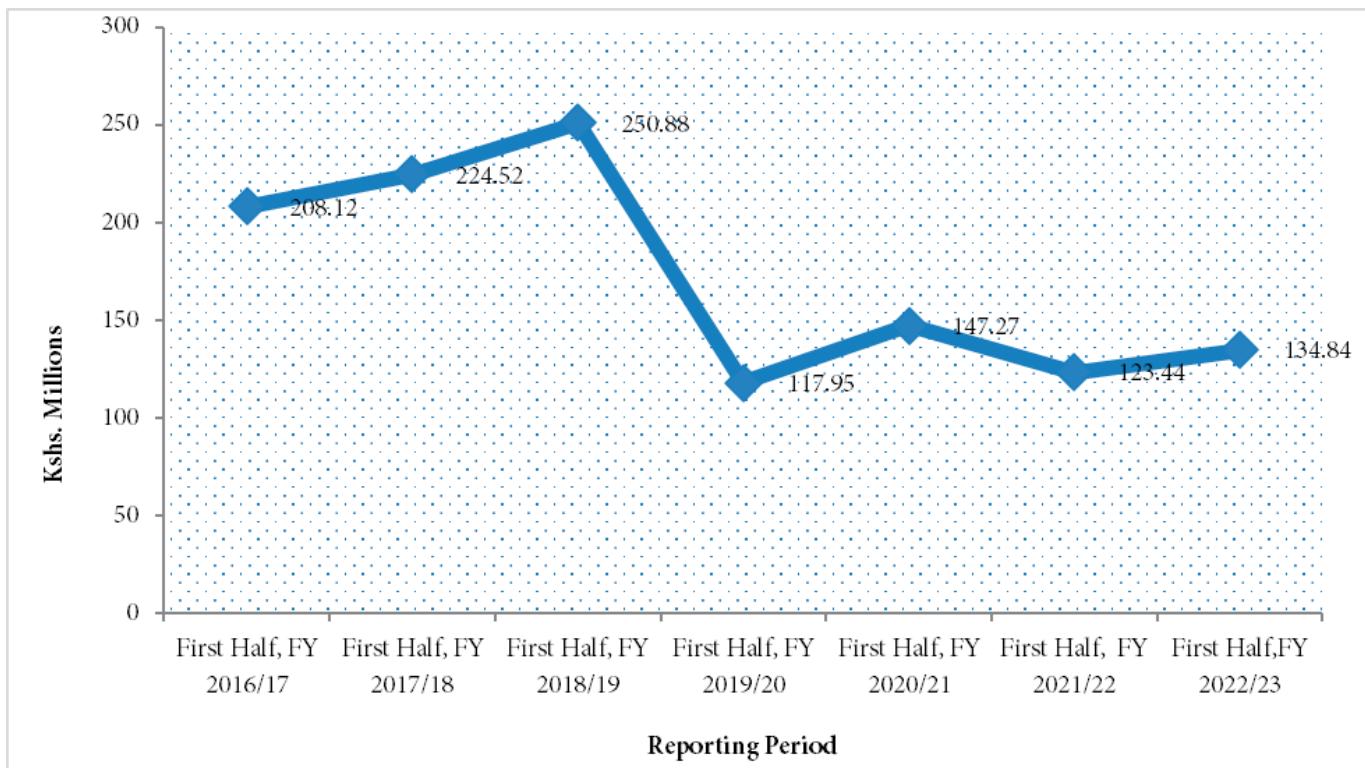
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	10,659,435,192	3,950,408,029	37.1
	Sub total	10,659,435,192	3,950,408,029	37.1
B	Conditional Grants			
3.	World bank Agricultural and Rural Growth Projects	332,916,544	431,645	0.1
4.	Kenya Devolution Support Programme- Level 11	52,805,780	-	-
5.	Urban support programme (Development)	882,648,919	-	-
6.	KISP II (Kenya Informal Settlement Improvement Project)	86,424,018	-	-
7.	UNICEF	1,571,000	-	-
8.	DANIDA	28,605,056	-	-
9.	ASDSP II	9,615,952	-	-
10.	FLLOCA - Water	11,000,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
11.	Climate change grant	125,000,000	-	-
12.	COVID 19 GRANT	9,856,193	-	-
13.	Leasing Of Medical Equipment	110,000,000	-	-
14.	World bank Agricultural and Rural Growth Projects	3,228,200	-	-
15.	Fuel Levy Fund	332,916,544	-	-
Sub total		1,653,671,662	431,645	0.1
C	Other Sources of Revenue			
1.	Own Source Revenue	500,000,000	134,842,273	26.9
2.	Balance b/f from FY2021/22	867,288,525	867,288,525	100.0
3.	Appropriation in Aid	1,140,808,763	266,258,467	23.3
Sub Total		2,508,097,288	401,100,740	50.6
Grand Total		14,821,204,142	4,351,940,414	35.2

Source: Bungoma County Treasury

Figure 7 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

Figure 7: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23

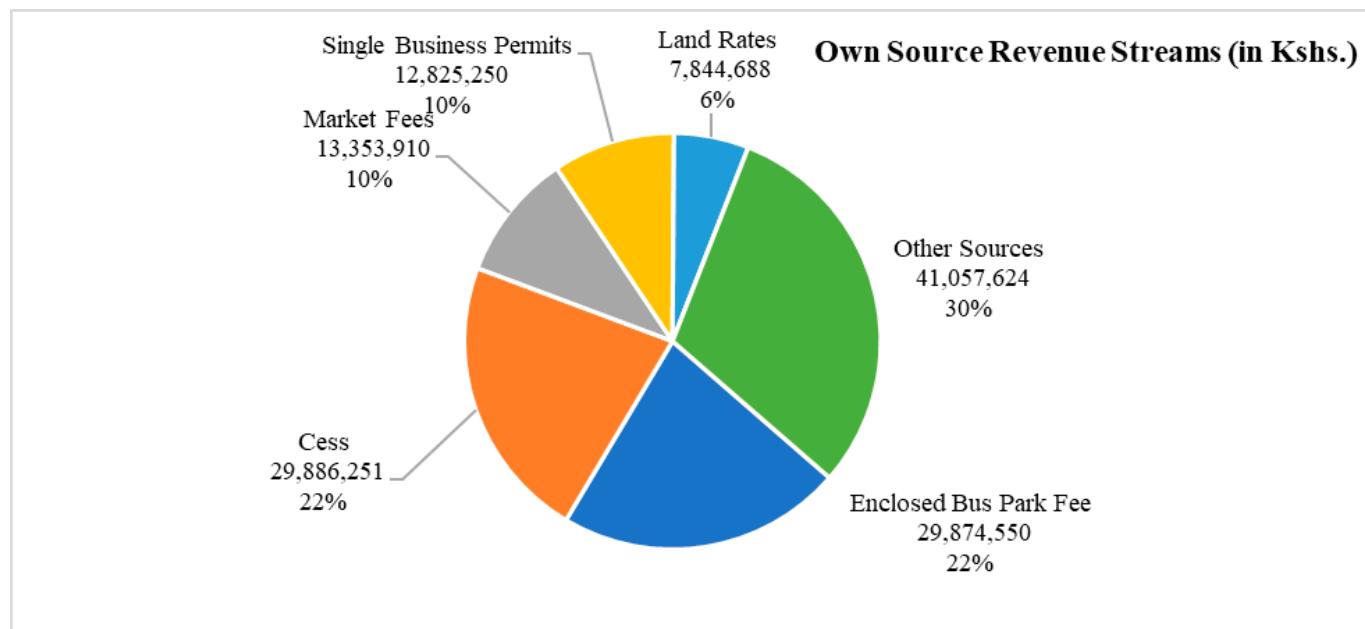


Source: Bungoma County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.134.84 million from its own sources of revenue. This amount represented an increase of 9.2 per cent compared to Kshs.123.44 million realised in a similar period in FY 2021/22 and was 26.9 per cent of the annual target and 3.1 per cent of the equitable share of

revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years where the county did not charge any. The revenue streams which contributed the highest OSR are shown in Figure 8

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



Source: Bungoma County Treasury

The highest revenue stream of Kshs.28.87 million was from enclosed bus park fees contributing to 22 per cent of the total OSR collected during the reporting period.

3.3.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.95 billion from the CRF account during the reporting period. This amount comprised Kshs.89.66 million (2.3 per cent) for development programmes and Kshs.3.86 billion (97.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.59 billion was released towards compensation to employees, Kshs.1.27 billion was for Operations and Maintenance expenditure, while Kshs.89.66 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.246.76 million.

3.3.4 County Expenditure Review

The County spent Kshs.4.11 billion on development and recurrent programmes during the reporting period. This expenditure represented 104.0 per cent of the total funds released by the CoB and comprised Kshs.147.94 million and Kshs.3.96 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.3 per cent, while recurrent expenditure represented 38.2 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.1.32 billion, which comprised Kshs.700.57 million for recurrent expenditure and Kshs.615.45 million for development activities. During the period under review, pending bills amounting to Kshs.75.72 million were settled, which consisted of Kshs.10.73 million for recurrent expenditure and Kshs.64.99 million for development programmes. The outstanding amount as of 31st December 2022 was Kshs.1.2 billion.

3.3.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.50 billion on employee compensation, Kshs.1.02 billion on operations and maintenance, and Kshs.122.94 million on development activities. Similarly, the County Assembly spent Kshs.84.73 million on employee compensation, Kshs.356.73 million on operations and maintenance, and Kshs.25 million on development activities, as shown in Table

Table 19: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,186,783,328	1,187,560,394	3,517,180,631	441,466,227	38.3	37.2
Compensation to Employees	5,501,793,304	351,159,910	2,501,300,293	84,731,752	45.5	24.1
Operations and Maintenance	3,684,990,024	836,400,484	1,015,880,338	356,734,225	27.6	42.7
Development Expenditure	4,340,067,235	106,793,185	122,944,157	25,000,000	2.8	23.4
Total	13,526,850,563	1,294,353,579	3,640,124,788	466,466,227	26.9	36.0

Source: Bungoma County Treasury

3.3.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.58 billion, or 65.5 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.95 billion. This expenditure was similar compared to Kshs.2.58 billion reported in the first half of FY 2021/22. The wage bill included Kshs.1.16 billion paid to health sector employees, translating to 44.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.46 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.121.62 million was processed through manual payrolls. The manual payrolls accounted for 4.7 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.19.33 million on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.171.85 million. The average monthly sitting allowance was Kshs.52,825 per MCA. The County Assembly has established 22 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.768 million to county-established funds in FY 2022/23, which constituted 5.2 per cent of the County's overall budget. Table 20 summarises each established Fund's budget allocation and performance during the reporting period.

Table 20: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No)
		A	B	C	D
County Executive Established Funds					
1.	Scholarships and other educational benefits	524,000,000	200,000,000	200,000,000	Yes
2.	Trade Loan	25,000,000			No
3.	Disability Fund	2,000,000			No
4.	Women Fund	5,000,000			No
County Assembly Established Funds					
1.	Car Loan to MCAs'	128,000,000			No
2.	House Loan to Staff	84,000,000			No
	Total	768,000,000	200,000,000	200,000,000	

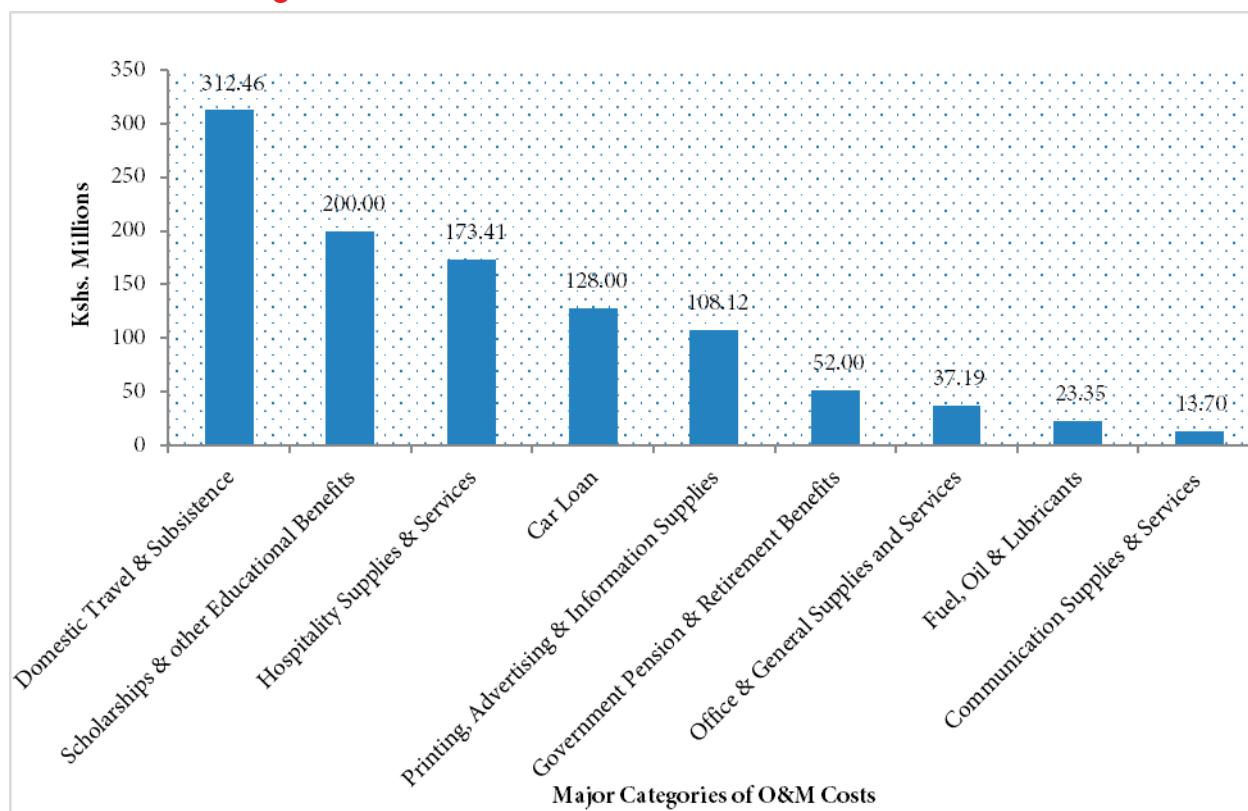
Source: Bungoma County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of Trade Loan, Disability Fund, Women Fund, Car Loans to MCAs' and House Loan to Staff funds as indicated in Table 20 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.312.46 million and comprised of Kshs.60.82 million spent by the County Assembly and Kshs.251.65 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.16 million by the County Executive.

3.3.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.147.94 million on development programmes, representing a decrease of 21.3 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.696.07 million. Table 21 summarises development projects with the highest expenditure in the reporting period.

Table 21: Bungoma 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	Lands	Preparation of physical and land use plans in 5 town centres	Bukembe, Malakisi, Misikhu, Kopsiro, Kaptama,	10,027,709	10,027,709	2,551,324
2	ICT	ICT hub	Headquarters	18,847,901	18,847,901	5,573,800
3	Gender	Construction and modernisation of Masinde Muliro stadium	Kanduyi	78,195,752	78,195,752	58,654,300
4	County Assembly	Construction of Administration block	County Assembly	90,433,779	90,433,779	25,000,000
5	County Assembly	Construction of Administration block	County Assembly	90,433,779	90,433,779	25,000,000

Source: Bungoma County Treasury

3.3.11 Budget Performance by Department

Table 22 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 22: Bungoma County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Fisheries and Co-operatives	452.35	779.79	191.48	0.43	190.73	52.82	99.6	12,236.5	42.2	6.8
Tourism, Forestry, Environment, Water and Natural Resources	378.35	373.34	145.05	-	129.98	-	89.6	-	34.4	-
Roads and Public Works	170.70	966.66	45.25	-	48.72	-	107.7	-	28.5	-
Education, Science	1,609.63	233.63	711.78	-	695.05	-	97.6	-	43.2	-
Health and Sanitation	3,434.90	191.98	1176.73	-	1192.13	-	101.3	-	34.7	-
Trade, Energy and Industrialization	64.76	224.11	24.00	-	22.66	-	94.4	-	35.0	-
Land, Urban, Physical Planning and Housing	180.02	1113.41	36.99	-	40.78	2.55	110.3	-	22.7	0.20
Gender, Culture, Youth and Sports	142.14	200.21	44.03	58.65	45.42	58.65	103.2	100.0	32.0	29.3

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
	1,477.72	155.87	541.56	-	630.61		116.4	-	42.7	-
Finance and Planning	54.05	10.00	11.32	-	13.09	3.35	115.6	-	24.2	33.5
Governor/Deputy Governors	554.31	-	238.29	-	277.82	-	116.60	-	50.1	-
Public Administration	539.39	8.42	178.88	-	158.07	-	88.4	-	29.3	-
County Secretary	128.45	82.65	73.98	5.57	72.11	5.57	97.5	100.0	56.1	6.70
County Assembly	1,187.56	106.79	441.40	25.00	441.47	25.00	100.0	100.0	37.2	23.4
	10,374.34	4,446.86	3,860.75	89.66	3,958.65	147.94	102.5	165.0	38.2	3.3

Source: Bungoma County Treasury

Analysis of expenditure by department shows that the Department of County Public Service recorded the highest absorption rate of development budget at 33.5 per cent, followed by the Department of Gender at 29.3 per cent. The Department of the County Secretary had the highest percentage of recurrent expenditure to budget at 56.1 per cent, while the Department of Land had the lowest at 22.7 per cent.

3.3.12 Budget Execution by Programmes and Sub-Programmes

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

Table 23: Bungoma County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure	Absorption Rate (%)
			Q2 FY 2022/23 (Kshs.)	
Agriculture, Livestock & Co-operative				
Programme 1: General Administration, Planning and Support Services	SP 1.1 Administrative and Support Services	121,713,782	37,343,300	30.7
	SP 1.2 Human Resource Management and Development.	324,105,980	153,388,228	47.3
	SP 1.3: Policy, Legal and Regulatory Framework	7,600,000		-
	SP 1.4: Planning and Financial management	11,615,043		-
	SP 1.5 Sector Coordination	4,000,000		-
	SP 1.6: Leadership and Governance	2,000,000		-
	SP 1.7 Sub-county Administrative Costs	21,600,000		-
Programme 2: Land and Crop Development and Management	SP 2.1: Agricultural extension and training services	-	-	-
	SP 2.2: Crop production and productivity	389,286,877		-
	SP 2.4 Soil rehabilitation, protection and conservation	-	-	-
	SP 2.5 Value addition and Agro-processing	8,000,000		-
	SP 2.6 Agri nutrition and food utilisation	-	-	-
	SP 2.7 Irrigation Extension and training	1,080,000		-
	SP 2.8 Irrigation infrastructure development and agricultural water storage	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Programme 3: Livestock Development and Management	SP 3.1 Livestock production extension, Training and Information Services	13,890,000		-
	SP 3.2 Value addition and processing	96,300,000		-
	SP 3.3 Livestock production value chain development (Dairy, Poultry, Honey & Rabbit value chains)	-		-
	SP 3.4 Disease and Vector Control	7,000,000		-
	SP 3.5 Food Safety And Quality Control	5,500,000		-
	SP 3.6 Leather development	-		-
	SP 3.7 Veterinary Extension Services	3,600,000		-
	SP 3.8 Breeding and AI Subsidy programme	3,000,000		-
	Ward Based Projects	5,820,000		-
Programme 4: Fisheries Development and Management	SP 4.1 Fisheries extension service and training	3,000,000		-
	SP 4.2 Fisheries product value-chain development	3,500,000		-
	SP 4.3 Dam fishery development	-		-
	SP 4.4 Fish inspection and quality assurance	-		-
Programme 5: Co-operatives Development and Management	SP 5.1 Co-operatives extension service and training (Co-operative Governance (Training))	-		-
	SP 5.2 Co-operatives Audit Services	-		-
	SP 5.3 Production, Agro-processing, value addition & Marketing (Input and Infrastructural Support to Co-operatives)	49,300,000		-
Programme 6: Institutional Development and Management	SP 6.1 Mabanga ATC Administration management services	-		-
	SP 6.2 Agricultural Enterprise Development (ATC)	6,560,000		-
	SP 6.3 Infrastructural development (ATC)	11,960,000		-
	SP 6.4 Agricultural mechanisation extension	-		-
	SP 6.5 Tractor hire services	5,000,000		-
	SP 6.6 General administrative services (CFF)	-		-
	SP 6.7 Technology transfer (CFF)	-		-
	SP 6.8 Operational development (CFF)	10,300,000		-
	SP 6.9 Infrastructural development (CFF)	-		-
	NARIGP	74,593,152	52,818,075	70.8
Total Expenditure of Vote	ASDSP II	30,756,000		-
	Ward Based Projects	11,058,000		-
		1,232,138,834	243,549,603	19.8
Health and Sanitation				
Programme1: General Administration and Planning, and Support Services		3,021,438,195	1,192,131,920	39.5
	SP 1: Health Administration Planning and support services	412,857,131	35,250,894	8.5
	Human resources	2,416,604,147	1,156,881,026	47.9
	SP3. Health Infrastructure	191,976,917		-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Programme 2: Preventive Promotive and Rehabilitative		107,118,938	-	-
	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		435,853,571	-	-
	SP 3: Routine Medical Services	424,865,820	-	-
	SP 3: Blood Bank Services	10,000,000	-	-
	Referral Strategy	987,751	-	-
Programme 4: Health Research		-	-	-
	SP 4: Capacity Development	-	-	-
	SP 4: Research	-	-	-
Programme 5: Maternal and Child Health		54,469,787	-	-
	SP 5: Family planning	-	-	-
	SP 5: Maternity Services	52,969,787	-	-
	SP 5: Immunization Services	1,500,000	-	-
	Procuring of mama packs	-	-	-
Sanitation Management		8,000,916	-	-
Total		3,626,881,407	1,192,131,920	32.9
Roads & Public works				
Transport infrastructure Development and Management		1,039,258,548	-	-
	Public safety and transport operations	6,820,194	-	-
	Building standards and other civil works	2,423,736	-	-
	General administration, planning and support services	88,856,376	48,721,062	54.8
Total		1,137,358,854	48,721,062	4.3
Water & Tourism				
Programme 1: General Administration	SP. Human Resources Management	64,736,155	26,338,795	40.7
	SP. Policy and Legal Framework formulation	800,000	-	-
	SP. Marking of international/national events	3,900,000	-	-
	SP. Annual devolution conference	3,000,000	-	-
Programme 2: Water and Sewerage Services Management	SP Water Services Provision	342,748,647	-	-
	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	13,255,053	15.2
Programme 3: Integrated Solid Waste Management	SP. Dumpsite Management	12,850,705	-	-
	SP. Garbage collection and transportation	225,877,107	90,385,238	40.0
Total		751,691,309	129,979,085	17.3
Education & Vocational				

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Programme 1: Policy, Planning and General Administration	SP 1: Salaries and allowances	1,021,542,129	478,347,843	46.8
	SP 2: Policy formulation	3,000,000		-
	SP3: Administration and support services	10,821,126	16,705,750	154.4
	Sp4: Capacity building and stakeholders forum	10,000,000		-
	Sp5: Planning and financial management	5,000,000		-
	SP7: Pre-feasibility studies	2,000,000		-
	SP8: Good Governance	2,000,000		-
	SP9: Other expenses	4,835,521		-
Programme 2: Early Childhood Education Development	Sp1: Quality Assurance and Standards	2,000,000		-
	Sp2: Curriculum	2,000,000		-
	Sp3: learning materials	3,000,000		-
	SP5: Monitoring and evaluation	3,000,000		-
	SP 5: capacity building for ECDE teachers	4,000,000		-
	SP6: Infrastructure development	134,417,000		-
	SP7: Pending bills	69,644,139		-
Programme 3: Vocational Education and Training	Sp1: Tuition support grant	30,000,000		-
	Sp4: Quality assurance and standards	2,000,000		-
	SP5: Joint Vocational Training Graduation	3,500,000		-
	SP6: Capacity building for VTC instructors	3,500,000		-
	SP7: Monitoring and Evaluation	3,000,000		-
Programme 4: Education Support Programme	Sp1: Education support and bursary scheme	524,000,000	200,000,000	38.2
Total		1,843,259,915	695,053,593	37.7
Trade & Industrialization				
Market Infrastructure Development	Market Infrastructure Development	7,000,000		-
Energy Development and Management	Energy Development and Management	168,746,000		-
Salaries and Emoluments	Salaries and Emoluments	23,722,331	12,476,417	52.6
General Administration, Planning and Support Services	General Administration, Planning and Support Services	41,039,855	10,183,498	24.8
CEF	CEF	32,495,000		-
Supplier's Credit	Supplier's Credit	15,870,671		-
Other grants and transfer	Other grants and transfer			-
Total		288,873,857	22,659,915	7.8
Lands & Urban Planning				
Programme 1: General Administration, Planning and Support services	SP 1: Institutional accountability, efficiency and effectiveness in service delivery	66,696,902	17,555,635	26.3
	SP 2: Human resource development and management	3,200,000		-
Total Expenditure of Programme 1		69,896,902	17,555,635	25.1
Programme 2: Land Resource Survey/Mapping and Management	SP 1: Ward-Based Projects	45,707,653		-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Total Expenditure of Programme 2		45,707,653	-	-
Programme 3: County Physical Planning and Infrastructure	SP 1: Physical Planning and Urban Develop- ment	10,027,709	2,551,324	25.4
Total Expenditure of Programme 3		10,027,709	2,551,324	25.4
Total Expenditure of Vote 4918-01		125,632,264	20,106,959	16.0
Housing				
Programme 1 Gen- eral Administration, Planning and Support services	SP 1: salaries and emoluments	9,165,048	4,695,284	51.2
	SP 2: Administrative Services	19,947,071	5,492,244	27.5
	SP 3: Research and Development	7,927,456	-	-
	SP 4: Human resource development and man- agement	1,000,000	-	-
Total Expenditure of Programme 1		38,039,575	10,187,528	26.8
Programme 2 Housing development and Hu- man Settlement	SP 1: Estate Management	9,705,281	-	-
	SP 2: Housing Development	163,349,791	-	-
Total Expenditure of Programme 2		173,055,072	-	-
Total Expenditure for Vote -		211,094,647	10,187,528	4.8
Bungoma Municipality				
Programme I: Urban Economy, General Ad- ministration, Planning and Support services	SP 1.1: Human Resource Capacity Develop- ment and Management	4,911,441	3,770,260	76.8
	SP 1.2: General Administration and Support Services (Inclusive of personnel emoluments)	23,181,794	3,807,074	16.4
	SP 1.3: Planning and Financial Management	3,250,000	-	-
	SP 1.4: Institutional Accountability, Leadership, Efficiency and Effectiveness	4,500,000	-	-
Programme I Total		35,843,235	7,577,334	21.1
Programme III: Urban Infrastructure Develop- ment and Management	SP 3.1: Urban Transport and Infrastructure	315,642,530	-	-
Programme III Total		315,642,530	-	-
Total Expenditure for Vote		351,485,765	7,577,334	2.2
Kimilili Municipality				
Programme 1: Gen- eral Administration, Planning and Support Services	SP1: General Administration planning and support services (Inclusive of salary)	27,079,833	5,458,548	20.2
	SP2: Administration and HR Services	11,136,000	-	-
Total Expenditure of Programme 1		38,215,833	5,458,548	14.3
Programme 2: Urban Infrastructure Develop- ment and Management	Infrastructure. Housing and public works	567,006,389	-	-
Total Expenditure of Vote 4918-05		605,222,222	5,458,548	0.9
Finance & Planning				

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Economic development Planning and Coordination Services	Economic development planning and coordination services	131,466,381	62,181,249	47.3
Monitoring and Evaluation Services	Monitoring and evaluation services	57,370,773	40,845,981	71.2
Public Finance Management	Public finance management	-	-	-
General Administration, Planning, Policy Coordination and Support Services	General administration, planning, policy coordination and support services	1,288,879,290	527,577,957	40.9
Ward Based Projects	Ward based projects	155,867,884	-	-
Total		1,633,584,328	630,605,187	38.6
Public Administration				
Public service Management and Administration	General administration, planning and support services	525,392,013	158,072,511	30.1
	Public Participation, Civic Education and outreach services	14,000,000	-	-
	Service Delivery and Organisational Transformation	-	-	-
Total Expenditure for Vote		539,392,013	158,072,511	29.3
Office of the County Secretary, ICT and County Attorney				
General Administration, Planning and Support Services	General administration, planning and support services	134,451,013	72,108,273	53.6
Kenya Devolution Support Programme	Kenya Devolution Support Programme	46,805,780	-	-
ICT and Information Management Services	ICT and information management services	38,270,522	5,573,800	14.6
Total Expenditure for Vote		219,527,315	77,682,073	35.4
Total .		758,919,328	235,754,584	31.1
Gender, Youth & Sports				
Programme 1: General Administration, Planning and Support Services	Sp 10.2 payment of utilities	1,020,000	-	-
	SP 1. 2. Compensation to employees	46,089,943	20,257,906	44.0
	1.3 Staff training	4,800,000	-	-
	1.7 Planning and Budgeting	7,200,000	-	-
	1.8 general administration	43,672,714	25,162,800	57.6
Programme 2: Cultural Development and Management	SP 2. 1Development Historical and cultural sites	20,000,000	-	-
	SP 2. 2. Promotion of communities' culture	8,600,000	-	-
	SP 2.3 Sports and cultural association	7,500,000	-	-
	SP2.4 Liquor and Licensing	2,000,000	-	-
Total Expenditure of Programme 2		38,100,000	25,162,800	66.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Programme:3.0 Gender Equality And Empowerment Of Vulnerable Groups	Sp3.1 Gender equality framework	1,000,000		-
	Sp3.2 Gender empowerment	4,200,000		-
	Sp3.3Gender mainstreaming	1,000,000		-
Programme4.0 Sports Facility Development and Management	Sp4.1Development of sports facility	178,268,504	58,654,300	32.9
Programme5.0 Sports Talent Development and Management	5.1Sports and talent development established	6,000,000		-
Programme6.0 Youth Development and Management	sp.6.1 Youth development services	11,000,000		-
Total Expenditure of Vote -----		342,351,161	104,075,006	30.4
Public Service Board				
Programme 1: General Administration, Planning and Support Services	SP 1. 1 Administrative service	35,375,761	9,705,510	27.4
Total Expenditure of Programme 1		35,375,761	9,705,510	27.4
Programme 2: (Human Resource Management and Development)	SP 2. 1 Human Resource Management	8,390,850	3,388,106	40.4
Total Expenditure of Programme 2		8,390,850	3,388,106	40.4
Programme 3:(Governors and National Values	SP 3. 1Quality Assurance	4,760,856		-
	SP 3. 2 ethics governors and national	5,518,738		-
Total Expenditure of programme 3		10,279,594	-	-
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
Total Expenditure of Vote -----		64,046,205	16,440,273	25.7
Governors & Deputy Governors				
Office of H.E. the Governor				
General Administration, Planning and Support Services	General administration, planning and support services	464,718,284	269,533,564	58.0
County Executive Committee Affairs	County Executive Committee Affairs	25,021,324		-
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordination	52,679,538		-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Absorption Rate (%)
		A	B	D=B/A*100
Total Expenditure for Vote		542,419,146	269,533,564	49.7
Office of HE, the Deputy Governor				
General Administration, Planning and Support Services	General Administration, Planning and Support Services	7,821,258	8,290,626	106.0
County Strategic and Service Delivery Coordination	County Strategic and Service Delivery Coordi- nation	4,070,063		-
Total Expenditure for Vote		11,891,321	8,290,626	69.7
Total Expenditure.		554,310,467	277,824,190	50.1
County Assembly				
General Administration and Support Services	General Administration and Support Services	955,118,257	365,242,218	38.2
Legislation Services	Legislation services	8,385,000	1,928,000	23.0
Oversight	Oversight	42,904,402	19,391,004	45.2
Representation and Out- reach Services	Representation and outreach services	181,152,735	54,905,005	30.3
General Infrastructure	General Infrastructure	106,793,185	25,000,000	23.4
Total Expenditure.		1,294,353,579	466,466,228	36.0
Grand Total		14,821,204,142	4,101,132,468	27.7

Source: Bungoma County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration and support services in the Department of Education at 154.4 per cent, General administration, planning and support services in the Deputy Governor's office at 106.0 per cent, Human Resource Capacity Development and Management in the Department of Bungoma Municipality 79.3 per cent, and Monitoring and Evaluation Services in the Department of Finance & Planning at 71.2 per cent of budget allocation. The sub-programmes with over 100 per cent absorption rates should be corrected through the supplementary budget process as they are irregular.

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 which hampered effective budget implementation;

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 22 where the County incurred expenditure over approved exchequer issues in several departments.
2. The pending bills amounted to Kshs.1.2 billion as of 31st December 2022 despite the availability of Kshs.246.76 million in the CRF account at the end of the first half of FY 2022/23.
3. Use of manual payroll, whereby personnel emoluments amounting to Kshs.121.62 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 that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The County leadership should ensure genuine bills are paid in the remaining period of the financial year.*

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

3.4 County Government of Busia

3.4.1 Overview of FY 2022/23 Budget

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

To finance the budget, the County expects to receive Kshs.7.17 billion (88.3 per cent) as the equitable share of revenue raised nationally, expects to generate Kshs.469.16 million (5.8 per cent) from its own source of revenue, Kshs.477.13 million as conditional grants. The County did not budget for the cash balance from FY 2021/22, which amounts to Kshs.925.96 million. A breakdown of the conditional grants is provided in Table 24

The cash balance from the previous financial year comprises Kshs.128.56 million in unspent conditional grants, Kshs.39.36 million which was not swept to the CRF as at the end of the financial year, Kshs.573.77 million which was credited to CRF account in July 2022 and Kshs.184.27million which was the balance in the CRF.

3.4.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.37 billion as the equitable share of the revenue raised nationally, raised Kshs.99.68 million as own-source revenue and had a cash balance of Kshs.925.96 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.39 billion, as shown in Table 24.

Table 24: Busia County, Revenue Performance in the First Half of FY 2022/23

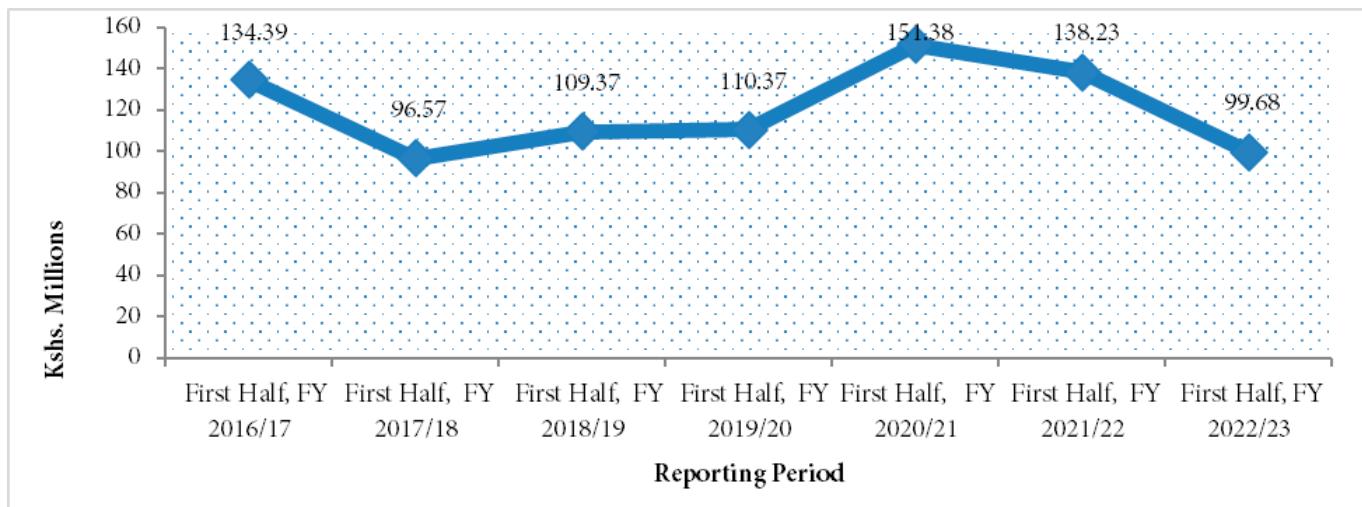
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,172,162,009.	2,366,813,462	33.0
Sub Total		7,172,162,009	2,366,813,462	33.0
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (KCSAP.)	295,795,506	-	-
2	DANIDA	12,673,000	-	-
3	World Bank credit to finance Locally-Led Climate Action Program, (FLLoCA)	125,000,000	-	-
4	Agriculture Sector Development Support Programme II (ASDSP II)	9,440,063	-	-
5	Not Defined	34,224,543	-	-
	Sub-Total	477,133,112		
C	Other Sources of Revenue			
1	Own Source Revenue	469,163,025	99,678,025	21.2
2	Balance b/f from FY2021/22	-	925,964,401	-
Sub Total		469,163,025	1,025,642,426	218.6

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		7,641,325,034	3,392,455,888	44.4

Source: Busia County Treasury

Figure 10 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

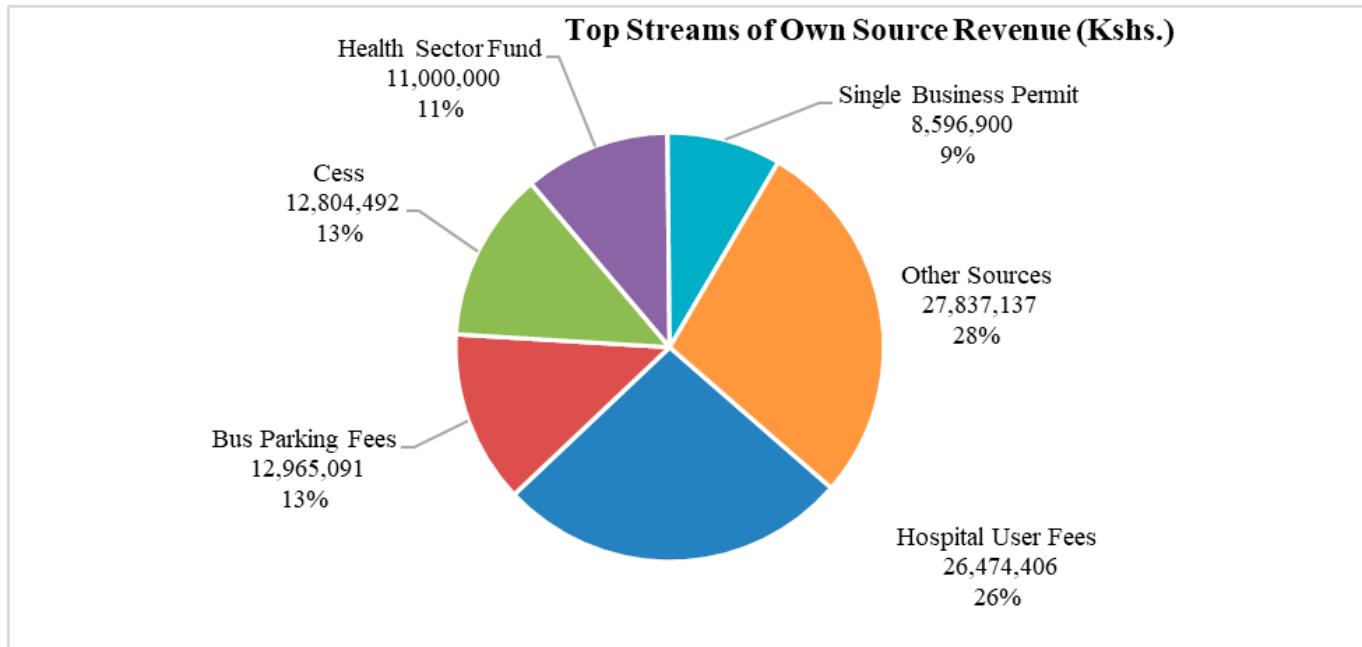
Figure 10: Trend in Own-Source Revenue collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Busia County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.99.68 million from its own sources of revenue. This amount represented a decrease of 27.9 per cent compared to Kshs.138.23 million realised in a similar period in FY 2021/22 and was 21.3 per cent of the annual target and 4.2 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 11.

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



Source: Busia County Treasury

The highest revenue stream of Kshs.26.47 million was from Hospital User Fees, contributing to 26 per cent of the total OSR collected during the reporting period.

3.4.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.71 billion from the CRF account during the reporting period. This amount comprised Kshs.293.42 million (10.8 per cent) for development programmes and Kshs.2.42 billion (89.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.83 billion was released towards compensation to employees. Kshs.590.08 million was for Operations and Maintenance expenditure, while Kshs.293.42 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.568.31 million.

3.4.4 County Expenditure Review

The County spent Kshs.2.53 billion on development and recurrent programmes during the reporting period. This expenditure represented 93.1 per cent of the total funds released by the CoB and comprised Kshs.178.78 million and Kshs.2.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.3 per cent, while recurrent expenditure represented 41.3 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 at Kshs.1.81 billion, which comprised Kshs.581.91 million for recurrent expenditure and Kshs.1.22 billion for development activities. During the period under review, pending bills amounting to Kshs.99.67 million were settled. These consisted of Kshs.45.18 million for recurrent expenditure and Kshs.54.49 million for development programmes. Therefore, the outstanding amount as of 31st December 2022 was Kshs.1.71 billion.

3.4.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.83 billion on employee compensation, Kshs.260.05 million on operations and maintenance, and Kshs.178.78 million on development activities. Similarly, the County Assembly spent Kshs.140.93 million on employee compensation and Kshs.119.95 million on operations and maintenance, as shown in Table 25 .

Table 25: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,832,649,398	851,195,833	2,087,084,275	260,147,776	43.2	30.6
Compensation to Employees	2,978,837,357	488,355,833	1,827,029,473	140,193,055	61.3	28.7
Operations and Maintenance	1,853,812,041	362,840,000	260,054,802	119,954,721	14.0	33.1
Development Expenditure	2,374,612,915	60,000,000	178,778,232	-	7.5	0.0
Total	7,207,262,313	911,195,833	2,265,862,507	260,147,776	31.4	28.6

Source: Busia County Treasury

3.4.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.97 billion, or 57.9 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.39 billion. This expenditure represented an increase from Kshs.1.81 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.773.44 million paid to health sector employees, translating to 39.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.83 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.137.05 million was processed through manual payrolls. The manual payrolls accounted for 7.0 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.00 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.94.59 million. The average monthly sitting allowance was Kshs.9,274 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.228.38 million to county-established funds in FY 2022/23, constituting 2.9 per cent of the County's overall budget. Table 26 summarises each established Fund's budget allocation and performance during the reporting period.

Table 26: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
1.	Busia County (public officers) Revolving Fund.	30,000,000	-	-	No
2.	Busia County Health Services Fund	78,883,139	-	6,380,323	No
3.	Busia County Cooperative Enterprise Development Fund	10,000,000	-	-	Yes
4.	Busia County Agricultural development fund	3,000,000	-	-	No
5.	Busia County Assembly Revolving Fund	101,500,000	-	31,000,000	Yes
	Total	223,383,139		37,380,323	

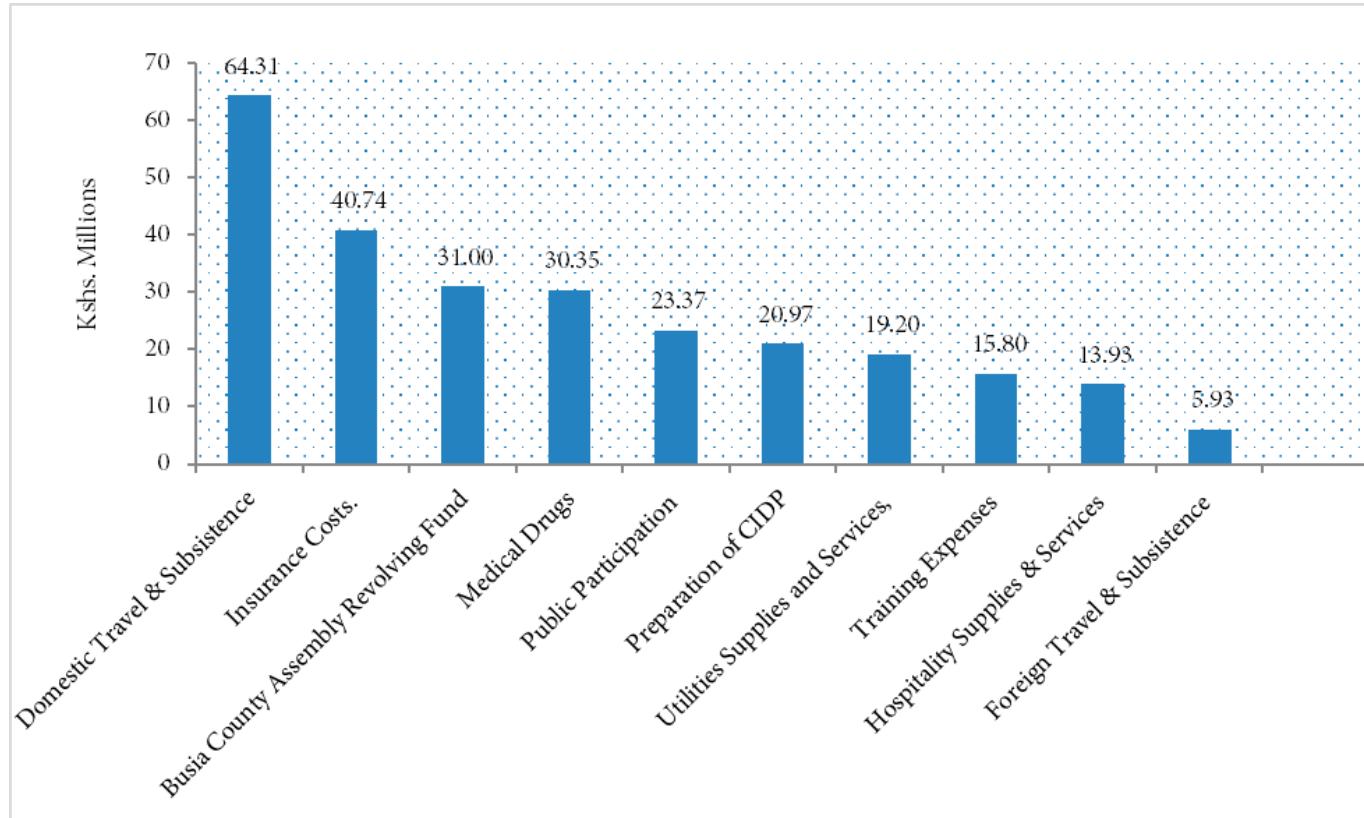
Source: *Busia County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of three funds, as indicated in Table 26, 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.64.31 million and comprised of Kshs.35.09 million spent by the County Assembly and Kshs.29.22 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.83 million and comprised of Kshs.900 thousand by the County Assembly and Kshs.5.93 million by the County Executive.

3.4.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.178.78 million on development programmes, representing a decrease of 43.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.316.86 million. Table 27 summarises development projects with the highest expenditure in the reporting period.

Table 27: Busia County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Completion of Amukura level 4 hospital	Teso South	29,167,348	30,000,000	27,965,448	93.2
2	Infrastructure and Energy	Upgrading county roads to bitumen standards and Cabros - Amerikwai - Airstrip road	Angorom	7,584,795	8,835,328	7,584,795	
3	Water, Irrigation Environment and Natural Resources	Supply and delivery of water chemicals chlorine 65% Aluminium Sulphate Sosa Ash	Nambale Subcounty	6,571,603	6,800,000	6,571,603	97

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
4	Water, Irrigation Environment and Natural Resources	Rehabilitation of Bulemia water Project, Pipe extension of Bulemia - Sigin - Bukoma	Bunyala West Ward	5,529,383	6,500,000	5,529,383	100
5	Infrastructure and Energy	Routine Maintenance & Spot Improvement of Lot 7 Roads Port Victoria Sub County: Bunge Omena Beach Mudembi Sibuka, Nandikinya Namusaja	Port Victoria Sub County	4,521,394	4,521,394	4,521,394	100
6	Water, Irrigation Environment and Natural Resources	Drilling of water and pump installation at Kapina primary, Khwirale area Fred maumo and Kamusogon centre	Bukhayo North Walatsi	4,200,000	4,200,000	4,200,000	100
7	Water, Irrigation Environment and Natural Resources	Springs protection Ward Wide.Ogago, Madola, Nabudu, Liyala, Mukame and Drilling and installation of a solar pumping system. Bugengi	Elugulu ward	3,691,720	4,600,000	3,691,720	100
8	Water, Irrigation Environment and Natural Resources	Installation of solar pumping systems on Nyalwanda dispensary munongo and Kingandole B water points	Kingandole	3,212,763	3,500,000	3,212,763	100
9	Infrastructure and Energy	Proposed construction of Musokoto Dispensary - Kaludeka culvert	Nambale Subcounty	3,055,418	3,055,418	3,055,418	100
10	Water, Irrigation Environment and Natural Resources	Repair and maintenance of water pumps, boreholes	Namboboto/Nambuku ward	2,728,828	3,200,000	2,728,828	100

Source: Busia County Treasury

3.4.11 Budget Performance by Department

Table 28 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 28: 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, Livestock and Fisheries	258.21	381.33	130.11	29.02	129.94	67.25	99.9	231.7	50.3	17.6
Trade, Investment, Cooperatives and Industry	70.73	95.31	33.70	15.93	33.66	0.98	99.9	6.2	47.6	1.0
Education and Vocational Training	484.26	138.78	182.77	14.53	181.91		99.5%	-	37.6	-
Finance and Economic Planning	802.67	33.60	358.97	2.76	358.93		100.0	-	44.7	-
Sports, Culture and Social Services	90.91	74.90	37.71	5.64	37.39	4.65	99.2	82.5	41.1	6.2
Infrastructure and Energy	152.26	698.66	73.92	58.29	67.37	33.09	91.2	56.8	44.2	4.7
Public Service and Administration	325.39		129.53	-	117.47	-	90.7	-	36.1	-
Lands, Housing and Urban Development	133.68	187.20	68.50	17.10	64.45	-	94.1	-	48.2	-
Water, Irrigation, Environment and Natural Resources	126.54	233.49	73.87	49.09	73.48	45.27	99.5	92.2	58.1	19.4
Health and Sanitation	1,863.94	413.89	834.24	101.08	833.57	26.26	99.9	26.0	44.7	6.3
County Public Service Board	103.28		46.61	-	43.63		93.6	-	42.2	-
The Governorship	420.77	117.45	145.77	-	145.28	1.28	99.7	-	34.5	1.1
County Assembly	851.20	60.00	304.00	-	260.15	-	85.6	-	30.6	-
TOTAL	5,683.85	2,434.61	2,419.70	293.42	2,347.23	178.78	97.0	60.9	41.3	7.3

Source: Busia County Treasury

Analysis of expenditure by department shows that the Department of Water, Irrigation, Environment and Natural Resources recorded the highest absorption rate of development budget at 19.4 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 17.6 per cent. The Department of Water, Irrigation, Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 58.1 per cent, while the County Assembly had the lowest at 30.6 per cent.

3.4.12 Budget Execution by Programmes and Sub-Programmes

Table 29 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 29: Busia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Department of Agriculture, Livestock and Fisheries					
CP 1: General Administration and support services	CSP 1.1: Administrative support service	258,214,274	129,941,608	128,272,665	50.3
CP 2: Land use and management	CSP 2.1: Agricultural mechanisation	10,100,000	-	10,100,000	-
CP 3: Crop production and management	CSP 3.1 Input support services	5,400,000	-	5,400,000	-
	CSP 3.2: Crop development	5,400,000	-	5,400,000	-
	CSP 3.3: Crop protection	5,200,000	-	5,200,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
CP 4: Agricultural Training and Extension Services	CSP 4.1: Agriculture extension services	5,000,000	4,499,340	500,660	90.0
	CSP 4.2: Agricultural Training services	36,009,940	11,696,960	24,312,980	32.5
CP 5: Kenya Climate SMART Agriculture program	CSP 5.1: Kenya Climate SMART	145,000,000	-	145,000,000	-
CP 6: Agribusiness and agricultural Value Chain Development	CSP 6.1: Value addition	8,200,000	-	8,200,000	-
CP 7: Agricultural Financial and Investment services	CSP 7.1: Agriculture development fund	3,000,000	-	3,000,000	-
CP 8: Fisheries and Aquaculture Resource Development	CSP 8.1: Aquaculture development	21,745,506	-	21,745,506	-
	CSP 8.2: Fisheries training infrastructure development	10,000,000	4,996,890	5,003,110	50.0
CP 9: Livestock Production Development	CSP 9.1: Livestock production improvement	60,123,685	16,604,136	43,519,549	27.6
	CSP 9.2: Livestock Extension	6,000,000	5,843,250	156,750	97.4
CP 10: Veterinary health services	CSP 10.1: Veterinary Disease Control	14,751,914	-	14,751,914	-
	CSP 10.2: AI services	4,100,000	-	4,100,000	-
	CSP 10.3: Meat inspection services	16,799,886	-	16,799,886	-
	CSP 10.4: Veterinary Extension	5,000,000	5,000,000	-	100.0
CP 11: Other projects	CSP 11.1: Other Development projects	19,500,000	18,607,450	892,550	95.4
Sub Total		639,545,205	197,189,635	442,355,570	30.8
Department of Trade, Investment, Cooperatives and Industry					
CP 12: General Administration and support services	CSP 12.1: Administrative support service	70,730,924	33,655,149	37,075,775	47.6
CP 13: Trade Development	CSP 13.1: Busia county trade development fund	8,000,000	-	8,000,000	-
	CSP 13.2: Market modernisation and development	46,412,000	-	46,412,000	-
CP 14: Fair Trade practices	CSP 14.1: Weights and measures.	3,000,000	-	3,000,000	-
CP 15: Cooperative development	CSP 15.1: Busia county cooperative enterprise development fund	10,000,000	-	10,000,000	-
CP 16: Other projects	CSP 16.1: Other Development projects	27,900,000	981,218	26,918,782	3.5
Sub Total		166,042,924	34,636,367	131,406,557	20.9
Department of Education and Vocational Training					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
CP 17: General Administration and support services	CSP 17.1: Administrative support service	484,255,653	181,911,698	302,343,955	37.6
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of infrastructure in ECDE Centres	20,000,000	-	20,000,000	-
	CSP 18.2: E.C.D.E Capitation	5,000,000	-	5,000,000	-
CP 19: Technical/ vocational training development	CSP 19.1: Infrastructure development	30,663,644	-	30,663,644	-
CP 20: Education support	CSP 20.1: Education support scheme	51,218,895	-	51,218,895	-
CP 21: Other projects	CSP 21.1: Other Development projects	31,900,000	-	31,900,000	-
Sub Total		623,038,192	181,911,698	441,126,494	29.2
Department of Finance and Economic Planning					
CP 22: General Administration and support services	CSP 22.1: Administrative support service	802,673,214	358,932,467	443,740,748	44.7
CP 23: Financial management control and development	CSP 23.1: Revenue generation services	11,397,425	-	11,397,425	-
CP 24: Infrastructure Development	CSP 24.1: Construction and Renovation	12,700,000	-	12,700,000	-
CP 25: Other projects	CSP 25.1: Other Development projects	9,500,000	-	9,500,000	-
Sub Total		836,270,639	358,932,467	477,338,173	42.9
Department of Sports, Culture and Social Services					
CP 26: General Administration and support services	CSP 26.1: Administrative support service	90,909,964	37,390,445	53,519,520	41.1
CP 27: Social services	CSP 27.1: infrastructural development	3,700,000	-	3,700,000	-
CP 28: Youth Empowerment and development	CSP 28.1 Equipping and Operationalization of youth empowerment	4,700,000	-	4,700,000	-
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	4,400,000	-	4,400,000	-
	CSP 29.2: sports promotion	8,140,000	-	8,140,000	-
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	8,000,000	-	8,000,000	-
CP 31: Promotion and development of local tourism in the County	CSP 31.1: Tourism development	3,000,000	-	3,000,000	-
CP 32: Alcoholic drinks and drugs control	CSP 32.1: Infrastructure development	8,660,000	-	8,660,000	-
CP 33: Other projects	CSP 33.1: Other Development projects	34,300,000	4,649,431	29,650,569	13.6
Sub Total		165,809,964	42,039,876	123,770,089	25.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Department of Infrastructure and Energy					
CP 34: General Administration and support services	CSP 34.1: Administrative support service	152,259,636	67,374,731	84,884,905	44.2
CP 35: Development and maintenance of roads	CSP 35.1: Routine maintenance of roads	122,484,000	19,441,398	103,042,602	15.9
	CSP 35.2: Development of Roads	434,637,184	-	434,637,184	-
CP 36: Building Infrastructure Development	CSP 36.1: Infrastructure Development	9,900,000	-	9,900,000	-
	CSP 37.1: Solar Energy Exploration	18,700,000	-	18,700,000	-
CP 38: Alternative Transport Infrastructure Development	CSP 38.1: Road safety campaign	5,637,345	-	5,637,345	-
CP 39: Other projects	CSP 39.1: Other Development projects	107,300,000	13,652,127	93,647,873	12.7
Sub Total		850,918,165	100,468,256	750,449,909	11.8
Department of Public Service and Administration					
CP 40: General Administrative and support services	CSP 40.1: Administrative support services	325,386,040	117,467,777	207,918,263	36.1
Department of Lands, Housing and urban Development					
CP 41: General Administrative and support services	CSP 41.1: Administrative support services	133,682,955	64,453,995	69,228,959	48.2
CP 42: County Land Administration and planning	CSP 42.1: Land use planning	5,500,000	-	5,500,000	-
CP 43: Housing Development and Management	CSP 43.1: Housing Development	50,764,500	-	50,764,500	-
CP 44: Urban management and development control	CSP 44.1: Urban management	49,800,889	-	49,800,889	-
	CSP 44.2: Urban Development	72,088,327	-	72,088,327	-
CP 45: Other projects	CSP 45.1: Other Development projects	9,050,000	-	9,050,000	-
Sub Total		320,886,671	64,453,995	256,432,675	20.1
Department of Water, Irrigation Environment and Natural Resources					
CP 46: General Administrative and support services	CSP 46.1: Administrative support services	126,541,968	73,484,367	53,057,601	58.1
CP 47: Water supply services	CSP 47.1: Urban water supply and sewerage	61,800,000	2,908,966	58,891,035	4.7
	CSP 47.2: Rural water supply	18,052,103	-	18,052,103	-
CP 48: Environmental management and protection	CSP 48.1 Environmental management	12,250,000	-	12,250,000	-
CP 49: Smallholder irrigation and drainage	CSP 49.1: Irrigation infrastructure development	11,000,000	3,691,720	7,308,280	33.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
CP 50: Forest development and management	CSP 50.1: Rehabilitation and Restoration of degraded landscape	5,187,603	-	5,187,603	-
CP 51: Climate Change Fund	CSP 51.1: Financing Local-Led Climate Action Program (FLLOCA.)	55,000,000	14,551,951	40,448,049	26.5
CP 52: Other projects	CSP 52.1: Other Development projects	70,200,000	24,114,495	46,085,505	34.4
Sub Total		360,031,674	118,751,499	241,280,175	33.0
Department of Health and Sanitation					
CP 53: General Administration and support services	CSP 53.1: Administrative support service	1,863,943,627	833,568,638	1,030,374,989	44.7
CP 54: Curative Health Services	CSP 54.1: Infrastructure development	129,488,069	25,662,788	103,825,281	19.8
	CSP 54.2: Hospital equipment	101,500,000	-	101,500,000	-
	CSP 54.3: Blood transfusion Services	5,000,000	-	5,000,000	-
CP 55: Preventive and Promotive Health Services	CSP 55.1: Infrastructure development	62,500,000	-	62,500,000	-
	CSP 55.2: Lower-level hospital equipment	10,000,000	-	10,000,000	-
	CSP 55.3: Preventive Services	8,000,000	-	8,000,000	-
	CSP 55.4: Health promotion unit	69,500,000	600,000	68,900,000	-
CP 56: Other projects	CSP 56.1: Other Development projects	27,900,000	-	27,900,000	-
Sub Total		2,277,831,696	859,831,426	1,418,000,270	37.7
County Public Service Board					
CP 57: General Administration and support services	CSP 57.1: Administrative support service	103,276,178	43,626,166	59,650,012	42.2
The Governorship					
CP 58: General Administration and support services	CSP 58.1: Administrative support service	420,774,965	145,277,235	275,497,730	34.5
CP 59: Disaster Risk Management	CSP 59.1: Disaster preparedness	82,000,000	-	82,000,000	-
CP 60: Information Dissemination and Knowledge Management	CSP 60.1: Communication Services	13,350,000	1,276,112	12,073,888	9.6
CP 61: ICT Support Services	CSP 61.1: ICT Services	9,650,000	-	9,650,000	-
CP 62: Other projects	CSP 62.1: Other Development projects	12,450,000	-	12,450,000	-
Sub Total		538,224,965	146,553,347	391,671,618	27.2
County Assembly					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
CP 63: General Administration and support services	CSP 63.1: Administrative support service	851,195,833	260,147,776	591,048,057	30.6
CP 64: Infrastructure Development	CSP 64.1: Infrastructure	60,000,000	-	60,000,000	-
Sub Total		911,195,833	260,147,776	651,048,057	28.6
Total Expenditure		8,118,458,146	2,526,010,283	5,592,447,863	31.1

Source: Busia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Veterinary Extension in the Department of Agriculture, Livestock and Fisheries at 100 per cent, Livestock Extension in the Department of Agriculture, Livestock and Fisheries at 97.4 per cent, Agriculture extension services at the Department of Agriculture, Livestock and Fisheries at 90.0 per cent, and Administrative support services in the Department of Water, Irrigation Environment and Natural Resources at 58.1 per cent of budget allocation.

3.4.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 27th January 2023.
2. The underperformance in own-source revenue collection at Kshs.99.68 million against an annual projection of Kshs.469.16 million, representing 21.3 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. Financial reports for the Busia County (public officers) Revolving Fund, Busia County Health Services Fund, and Busia County Agricultural Support Fund had not been submitted to the CoB by the time of finalising this report.
4. High level of pending bills which amounted to Kshs.1.71 billion as of 31st December 2022, despite the availability of cash in the CRF, which stood at Kshs.568.26 million at the end of the first half of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.137.05 million were processed through the manual payroll and accounted for 7.0 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 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 period of the financial year.*
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.*

3.5 County Government of Elgeyo Marakwet

3.5.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.4.85 billion, comprising Kshs.1.14 billion (23.5 per cent) and Kshs.3.71 billion (76.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 27.1 per cent compared to the previous financial year when the approved budget was Kshs.6.65 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.3.56 billion for recurrent expenditure. The budget decline is partly due to the non-inclusion of funds rolled over from the previous year, which were included in the FY 2021/22 budget.

To finance the budget, the County expects to receive Kshs.4.61 billion (94.9 per cent) as the equitable share of revenue raised nationally and generate Kshs.246.24 million (5.1 per cent) from its own source of revenue. The County did not budget a Kshs.852.21 cash balance from the previous financial year, comprised of Kshs.416.82 million in the County Revenue Fund account and Kshs.435.39 million in the Special Purpose Accounts at the Central Bank of Kenya.

3.5.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs1.9 billion as the equitable share of the revenue raised nationally, raised Kshs.75.54 million as own-source revenue, and had a cash balance of Kshs.583.49 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.56 billion, as shown in Table 30.

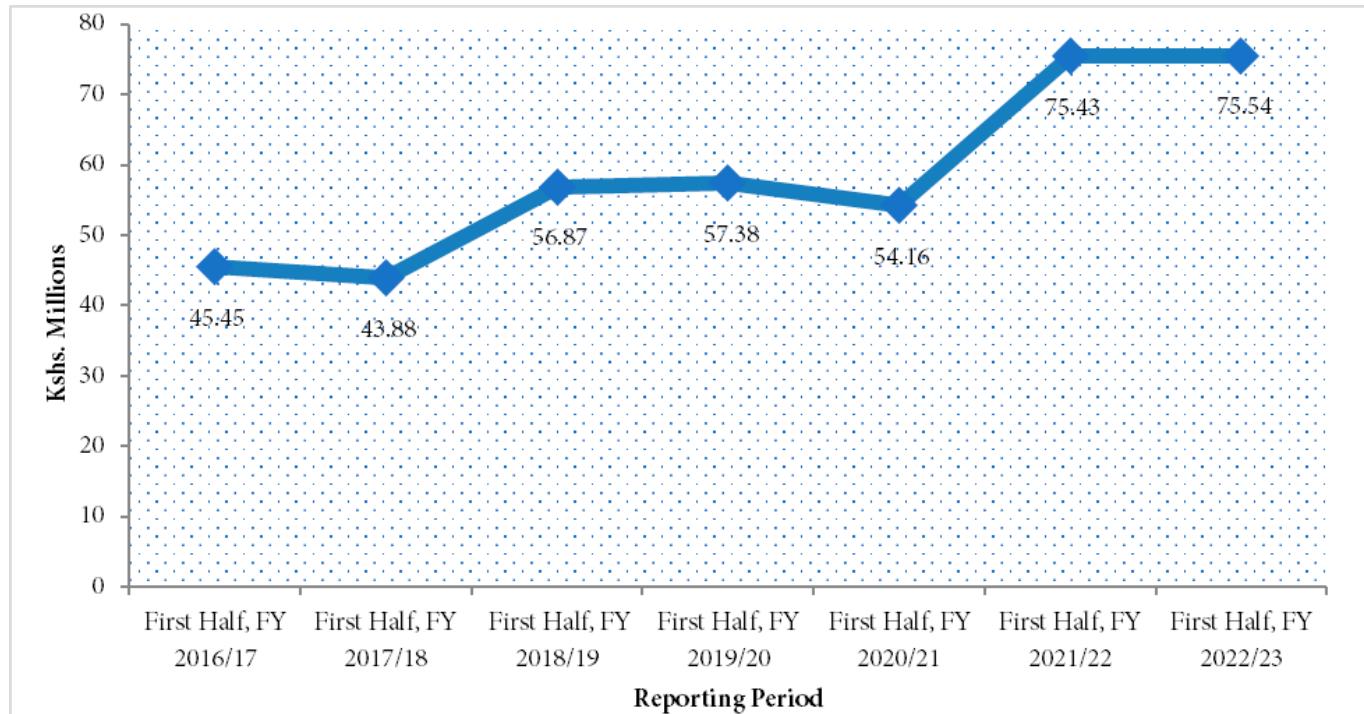
Table 30: Elgeyo Marakwet County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,606,532,480	1,896,178,315	41.2
Sub Total		4,606,532,480	1,896,178,315	41.2
B	Other Sources of Revenue			
1	Own Source Revenue	246,239,212	75,542,471	30.7
2	Balance b/f from FY 2021/22	-	852,206,364	-
Sub Total		246,239,212	927,748,834	376.8
Grand Total		4,852,771,692	2,823,927,149	58.2

Source: Elgeyo Marakwet County Treasury

Total other sources of revenue exceeded 100 per cent at 376.8 per cent because the County did not budget Kshs.852.21 million cash balance from the previous financial year. Figure 13 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

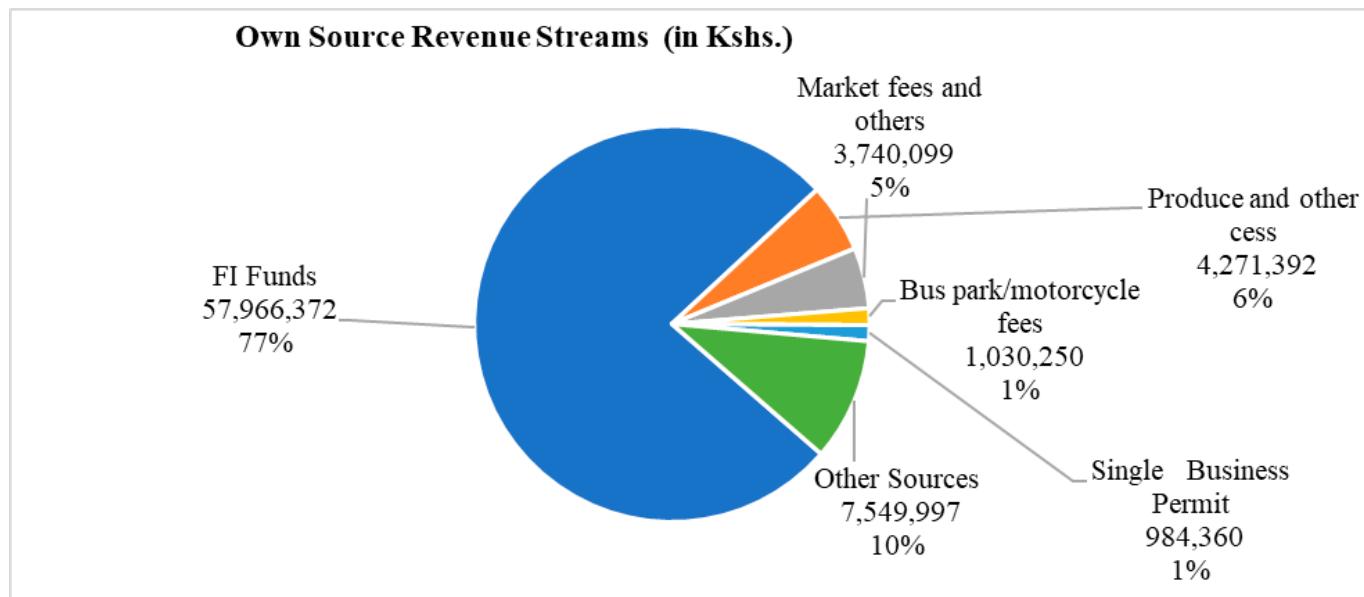
Figure 13: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Elgeyo Marakwet County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.75.54 million from its own sources of revenue. This amount represented an increase of 0.2 per cent compared to Kshs.75.43 million realised in a similar period in FY 2021/22 and was 30.7 per cent of the annual target and 4.0 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 14.

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



Source: Elgeyo Marakwet County Treasury

The highest revenue stream of Kshs.57.97 million was from Facility Improvement (FI) Funds contributing to 77 per cent of the total OSR collected during the reporting period.

3.5.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.83 billion from the CRF account during the reporting period for recurrent expenditure. There were no withdrawals for development expenditure. Analysis of the recurrent exchequer released indicates that Kshs.1.32 billion was released towards compensation to employees, and Kshs.516.84 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.301.48 million.

3.5.4 County Expenditure Review

The County spent Kshs.1.63 billion on development and recurrent programmes. This expenditure represented 88.8 per cent of the total funds released by the CoB and was 43.9 per cent of the annual recurrent expenditure budget.

3.5.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.14.33 million, which comprised Kshs.5.79 million for recurrent expenditure and Kshs.8.54 million for development activities. The County Treasury did not report any payment of pending bills in the period under review.

3.5.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.21 billion on employee compensation and Kshs.174.53 million on operations and maintenance. Similarly, the County Assembly spent Kshs.104.43 million on employee compensation and Kshs.137.43 million on operations and maintenance, as shown in Table 31.

Table 31: 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	3,048,902,684	662,408,337	1,387,647,159	241,866,333	45.5	36.5
Compensation to Employees	2,510,583,704	296,108,797	1,213,113,240	104,433,023	48.3	35.3
Operations and Maintenance	538,318,980	366,299,540	174,533,919	137,433,310	32.4	37.5
Development Expenditure	1,141,460,674	-	-	-	-	-
Total	4,190,363,358	662,408,337	1,387,647,159	241,866,333	33.1	36.5

Source: Elgeyo Marakwet County Treasury

3.5.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.32 billion, or 51.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.56 billion. This expenditure represented an increase from Kshs.1.29 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.643.21 million paid to health sector employees, translating to 48.8 per cent of the total wage bill.

Further analysis indicates that P. E costs amounting to Kshs.1.1 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.218.18 million was processed through manual payrolls. The manual payrolls accounted for 16.6 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.1.47 million on committee sitting allowances for the 32 MCAs and the Speaker against the annual budget allocation of Kshs.43.26 million. The average monthly sitting allowance was Kshs.7,435 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.134.99 million to county-established funds in FY 2022/23, which constituted 2.8 per cent of the County's overall budget. Table 32 summarises each established Fund's budget allocation and performance during the reporting period.

Table 32: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022
			(Kshs.)	(Kshs.)	(Yes/No.)
County Executive Established Funds					
1	Car and Mortgage	-	-	1,052,460	Yes
2	County Education Fund	40,994,455	-	6,552	Yes
3	EMC Alcoholic drinks Control fund	-	-	1,798,311	Yes
County Assembly Established Funds					
4	EMCA Car and Mortgage Revolving Fund	94,000,000	-	-	Yes
5	EMC (CA) Catering Services Revolving Fund	-	-	-	Yes
Total		134,994,455	-	2,857,323	

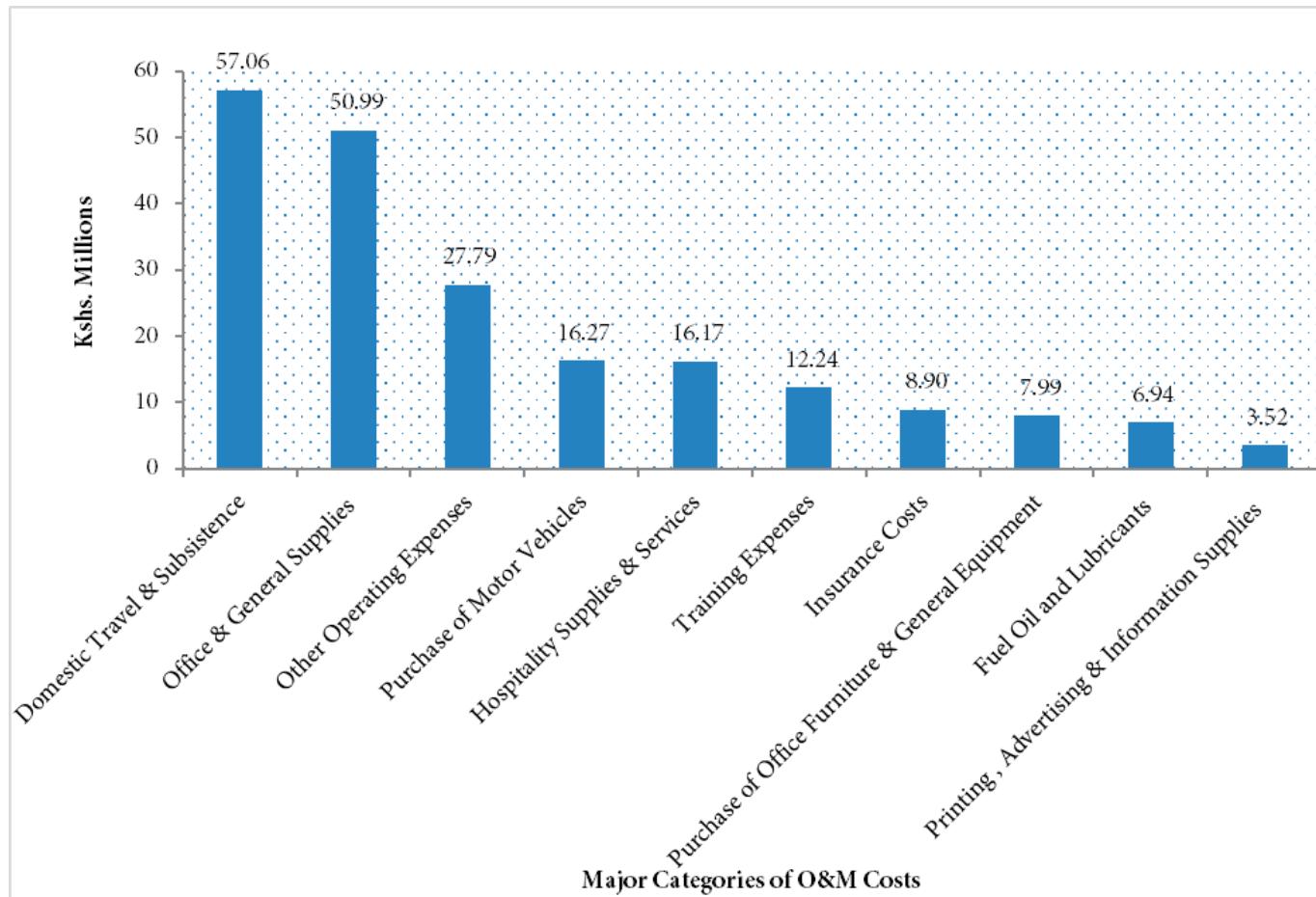
Source: *Elgeyo Marakwet County Treasury*

During the reporting period, OCoB did receive quarterly financial returns from Fund Administrators of all the funds as indicated in Table 32 as per the requirement of Section 168 of the PFM Act, 2012.

3.5.9 Expenditure on Operations and Maintenance

Figure 15 shows a summary of operations and maintenance expenditure by major categories.

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



Source: Elgeyo Marakwet County Treasury

During the period, expenditure on domestic travel amounted to Kshs.57.06 million and comprised of Kshs.27.59 million spent by the County Assembly and Kshs.29.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.740,638 and comprised of Kshs.243,948 by the County Assembly and Kshs.496,690 by the County Executive. The other operating expenses are mainly temporary committee expenses at Kshs.20.3 million and constituency office expenses at Kshs.3.52 million.

3.5.10 Development Expenditure

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

3.5.11 Budget Performance by Department

Table 33 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 33: Elgeyo Marakwet County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	662.41	-	241.87	-	241.87	-	100.0	-	36.5	-

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
Office of Governor	187.63	0.60	89.63	-	79.81	-	89.0	-	42.5	-
Finance and Economic Planning	226.51	-	114.34	-	83.97	-	73.4	-	37.1	-
Agriculture, Livestock and Fisheries	99.20	86.64	44.42	-	38.38	-	86.4	-	38.7	-
Education, Science and Technology	225.28	163.94	110.80	-	92.64	-	83.6	-	41.1	-
Health	1,661.83	164.60	863.76	-	757.30	-	87.7	-	45.6	-
Water, Lands, Environment & Climate Change	77.06	201.25	36.84	-	31.77	-	86.2	-	41.2	-
Roads, Public Works and Transport	111.60	346.99	50.16	-	43.33	-	86.4	-	38.8	-
Trade, Tourism, Co-operative Development and Energy	37.98	8.85	19.41	-	16.83	-	86.7	-	44.3	-
Youth, Sports, Culture and Gender	43.94	70.50	21.04	-	17.63	-	83.8	-	40.1	-
ICT and Public Service	239.13	26.16	174.98	-	167.47	-	95.7	-	70.0	-
County Public Service Board	44.53	-	22.61	-	19.86	-	87.8	-	44.6	-
Livestock Production, Fisheries and Co-operative Development	94.22	71.93	44.53	-	38.65	-	86.8	-	41.0	-
TOTAL	3,711.31	1,141.46	1,834.39	-	1,629.51	-	88.8	-	43.9	-

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by department shows that the Department of ICT and Public Service had the highest percentage of recurrent expenditure to budget at 70 per cent, while the County Assembly had the lowest at 36.5 per cent.

3.5.12 Budget Execution by Programmes and Sub-Programmes

Table 34 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 34: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-Programmes

Program	Description	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture and Irrigation					
General administration and support services	General administration and support services	99,199,387	38,382,769	60,816,618	38.7
	General administration and support services	99,199,387	38,382,769	60,816,618	38.7
Crop Development	Crop Development	38,839,119	-	38,839,119	-
	Cash Crops Development	28,814,119	-	28,814,119	-
	Agricultural Extension and Training Services	10,025,000	-	10,025,000	-
Irrigation Development	Irrigation Development	47,800,000	-	47,800,000	-
	Irrigation Development	47,800,000	-	47,800,000	-
Livestock, Veterinary and Fisheries					
General administration and support services	General administration and support services	94,216,098	38,648,057	55,568,041	41.0
	General administration and support services	94,216,098	38,648,057	55,568,041	41.0
Livestock Development	Livestock Development	29,896,927	-	29,896,927	-
	Livestock Production	29,471,927	-	29,471,927	-
	Livestock Extension and Training Services	425,000	-	425,000	-
Co-operative Development	Co-operative Development	12,012,571	-	12,012,571	-
	Co-operatives development	12,012,571	-	12,012,571	-
Veterinary Services	Veterinary Services	30,020,389	-	30,020,389	-
	Disease Surveillance and Control	26,320,389	-	26,320,389	-
	A I Services	3,700,000	-	3,700,000	-
Trade and Tourism					

Program	Description	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General administration and support services	General administration and support services	37,975,644	16,831,429	21,144,215	44.3
	General administration and support services	37,975,644	16,831,429	21,144,215	44.3
Tourism Development	Tourism Development	2,000,000	-	2,000,000	-
	Tourism Development	2,000,000	-	2,000,000	-
Trade and Enterprise Development	Trade and Enterprise Development	3,550,000	-	3,550,000	-
	Trade and enterprise development	3,550,000	-	3,550,000	-
Culture and Heritage Preservation	Culture and Heritage Preservation	3,300,000	-	3,300,000	-
	Culture and Heritage Preservation	3,300,000	-	3,300,000	-
Roads, Public Works and Transport					
General administration and support services	General administration and support services	103,432,092	42,055,398	61,376,694	40.7
	General administration and support services	103,432,092	42,055,398	61,376,694	40.7
Road Improvement	Road Improvement	338,994,954	-	338,994,954	-
	Rural road Works	338,994,954	-	338,994,954	-
Public works	Public works	3,870,000	408,240	3,461,760	-
	Public Works	3,870,000	408,240	3,461,760	-
Energy	Energy	12,298,408	869,405	11,429,003	7.1
	Energy	12,298,408	869,405	11,429,003	7.1
Sports, Youth and Gender Affairs					
General administration and support services	General administration and support services	43,936,817	17,631,653	26,305,164	40.1
	General administration and support services	43,936,817	17,631,653	26,305,164	40.1
Sports Development	Sports Development	30,915,000	-	30,915,000	-
	Sports Infrastructure Development	20,365,000	-	20,365,000	-
	Sports Talent Development	10,550,000	-	10,550,000	-
Social Empowerment	Social Empowerment	34,500,000	-	34,500,000	-

Program	Description	Approved Estimate FY 2022/23 (Kshs)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Social Empowerment	34,500,000	-	34,500,000	-
Social Protection.	Social Protection.	4,620,000	-	4,620,000	-
	Social Protection	4,620,000	-	4,620,000	-
ICT Services	ICT Services	465,000	-	465,000	-
	ICT Services	465,000	-	465,000	-
Education and Technical Training					
General administration and support services	General administration and support services	225,275,804	92,640,904	132,634,900	41.1
	General administration and support services	225,275,804	92,640,904	132,634,900	41.1
Technical and Vocational Education and Training (TVET)	Technical and Vocational Education and Training (TVET)	54,994,455	-	54,994,455	-
	Technical Vocational Education & Training	54,994,455	-	54,994,455	-
Pre-Primary Education	Pre-Primary Education	108,945,155	-	108,945,155	-
	Pre-Primary Education	108,945,155	-	108,945,155	-
County Public Service Board					
General administration and support services	General administration and support services	44,534,538	19,859,199	24,675,339	44.6
	General administration and support services	44,534,538	19,859,199	24,675,339	44.6
Water, Lands and Physical Planning					
General administration and support services	General administration and support services	77,059,204	14,427,169	62,632,035	18.7
	General administration and support services	77,059,204	14,427,169	62,632,035	18.7
Water and Sanitation Management	Water and Sanitation Management	191,804,772	17,347,108	174,457,664	9.0
	Water Services	191,804,772	17,347,108	174,457,664	9.0
Environmental Management and Protection	Environmental Management and Protection	2,600,000	-	2,600,000	-
	Environmental conservation	2,600,000	-	2,600,000	-

Program	Description	Approved Estimate FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Solid Waste Management	Solid Waste Management	1,000,000	-	1,000,000	-
	Solid waste management	1,000,000	-	1,000,000	-
Lands, Physical Planning and Urban Development	Lands, Physical Planning and Urban Development	5,850,000	-	5,850,000	-
	Lands, Physical Planning and Urban Development	5,850,000	-	5,850,000	-
Health and Sanitation					
General administration and support services	General administration and support services	1,661,827,955	757,296,656	904,531,299	45.6
	Default - Non-Programmatic	1,661,827,955	757,296,656	904,531,299	45.6
Preventive and Promotive health	Preventive and Promotive health	14,229,042	-	14,229,042	-
	Community and Environmental Health	14,229,042	-	14,229,042	-
Curative and Rehabilitative Health	Curative and Rehabilitative Health	150,369,759	-	150,369,759	-
	County Hospitals	54,524,473	-	54,524,473	-
	Primary Care Units	89,845,286	-	89,845,286	-
	Emergency Medical Services	6,000,000	-	6,000,000	-
Office of the Governor					
General administration and support services	General administration and support services	119,625,732	71,756,485	47,869,247	60.0
	General administration and support services	119,625,732	71,756,485	47,869,247	60.0
Open Governance, Transparency and Accountability	Open Governance, Transparency and Accountability	68,608,752	8,052,567	60,556,185	-
	Governance	68,608,752	8,052,567	60,556,185	11.7
Public Service Management					
General administration and support services	General administration and support services	234,635,000	167,467,302	67,167,698	71.4
	General administration and support services	234,635,000	167,467,302	67,167,698	71.4
Public Service Management	Public Service Management	30,650,325	-	30,650,325	-

Program	Description	Approved Estimate FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Human Resource Management	1,075,000	-	1,075,000	-
	Coordination of government functions	29,075,325	-	29,075,325	-
	Citizen participation and Civic Education	500,000	-	500,000	-
Finance & Economic Planning					
General administration and support services	General administration and support services	186,810,456	77,756,919	109,053,537	41.6
	General administration and support services	186,810,456	77,756,919	109,053,537	41.6
Financial Management	Financial Management	39,700,000	6,215,899	33,484,101	15.7
	Monitoring, Evaluation and reporting	6,000,000	56,950	5,943,050	0.9
	Economic Planning & Budgeting	17,000,000	2,553,240	14,446,760	15.0
	Accounting services	7,000,000	2,805,809	4,194,191	40.1
	Supply Chain Management	2,800,000	178,800	2,621,200	6.4
	Revenue Management Services	6,900,000	621,100	6,278,900	9.0
County Assembly					
General administration, planning and support services	General administration, planning and support services	256,120,090	104,433,023	151,687,067	40.8
	General administration, planning and support services	256,120,090	104,433,023	151,687,067	40.8
Legislation and representation	Legislation and representation	366,108,797	137,433,310	228,675,487	37.5
	Legislation and representation	366,108,797	137,433,310	228,675,487	37.5
Legislative oversight	Legislative oversight	40,179,450	-	40,179,450	-
	Legislative oversight	40,179,450	-	40,179,450	-
Grand Total	Grand Total	4,852,771,692	1,629,513,492	3,223,258,200	33.6

Source: Elgeyo Marakwet 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 Management at 71.4 per cent, General administration and Support Services in the Office of the Governor at 60 per cent, General administration and support services at the Department of Health and Sanitation at 45.6 per cent, and General administration and support services in the Department of Trade and Tourism at 44.3 per cent of budget allocation.

3.5.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 23rd January 2023.
2. The underperformance of own-source revenue at Kshs.75.54 million against an annual projection of Kshs.246.24 million, representing 30.7 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.218.18 million were processed through the manual payroll and accounted for 16.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.6 County Government of Embu

3.6.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.18 billion, comprising Kshs.2.57 billion (35.9 per cent) and Kshs.4.60 billion (64.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents growth of 3.7 per cent compared to the previous financial year when the approved budget was Kshs.6.92 billion and comprised of Kshs.2.38 billion towards development expenditure and Kshs.4.54 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.54 billion (77.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.950 million (13.2 per cent) from its own source of revenue, and Kshs.689.89 million (9.6 per cent) as conditional grants. A breakdown of the conditional grants is provided in Table 35. The County government did not budget for the unspent cash balances of Kshs.305.24 million.

The unspent cash balance from the previous financial year comprises Kshs.290.92 million from unspent conditional grants, Kshs.12.00 million, which was not deposited into the CRF at the end of the financial year, and a balance of Kshs.2.32 million in the CRF.

3.6.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.69 billion as the equitable share of the revenue raised nationally, raised Kshs.209.72 million as own-source revenue, Kshs.7.50 million as conditional grants and had a cash balance of Kshs.305.24 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.62 billion, as shown in Table 35.

Table 35: Embu County, Revenue Performance in the First Half of FY 2022/23

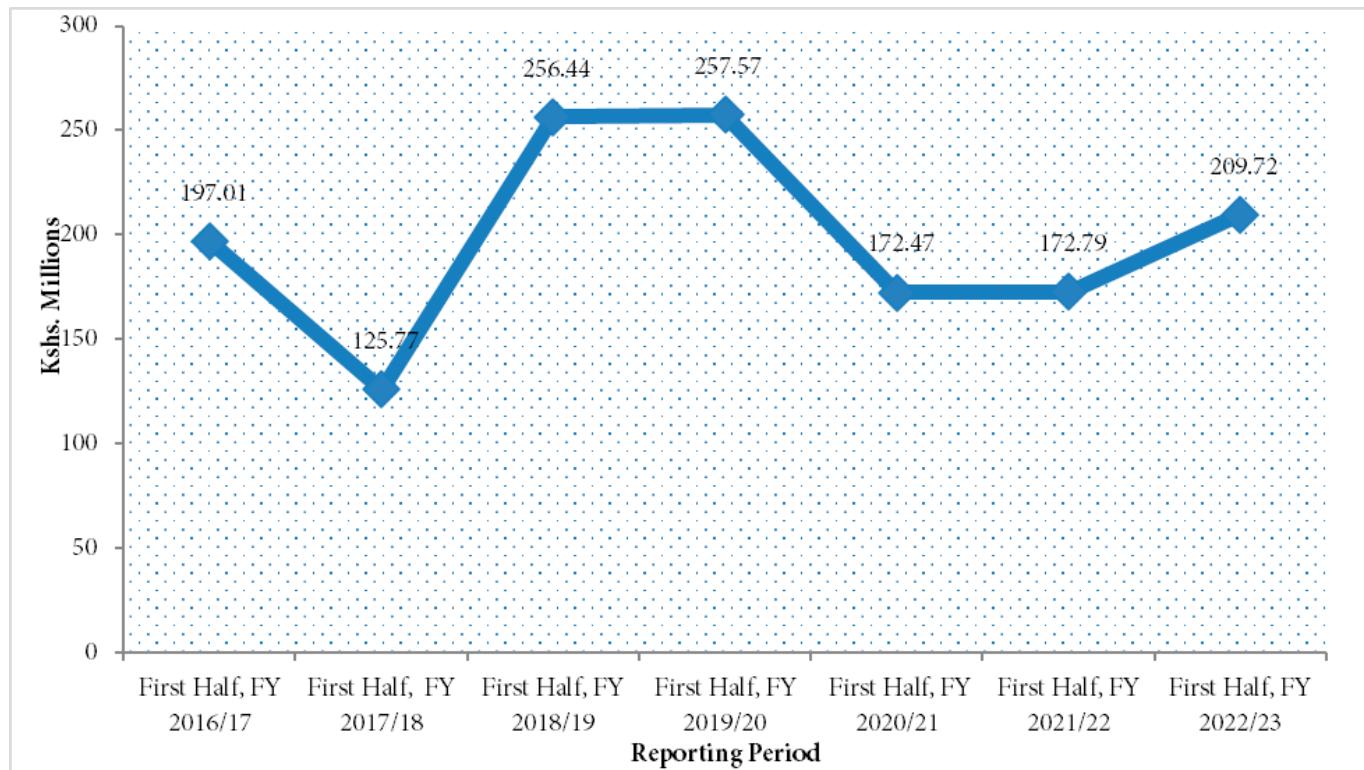
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,535,263,263	2,101,349,940	38.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub total		5,535,263,263	2,101,349,940	38.0
B	Conditional Grants			
1.	Conditional Grant- Leasing of Medical Equipment	110,638,298	-	-
2.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	387,946,601	-	-
3.	DANIDA Grant	9,071,200	-	-
4.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	8,546,282	-	-
5.	World Bank Emergency Locust Responses Projects (ELRP)	27,688,700	-	-
6.	IDA (World Bank) Credit Financing Locally Led Climate Action Programme (FLLoCA) Program, County Institutional Support	125,000,000	-	-
7.	Kenya Nutritional Support Grant	21,000,000	7,500,000	35.7
Sub total		689,891,081	7,500,000	1.1
C	Other Sources of Revenue			
8.	Own Source Revenue	950,000,000	209,719,908	22.1
9.	Unspent balance from FY 2021/22	-	305,241,214	-
Sub Total		950,000,000	514,961,122	54.2
Grand Total		7,175,154,344	2,623,811,062	36.6

Source: Embu County Treasury

Figure 16 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

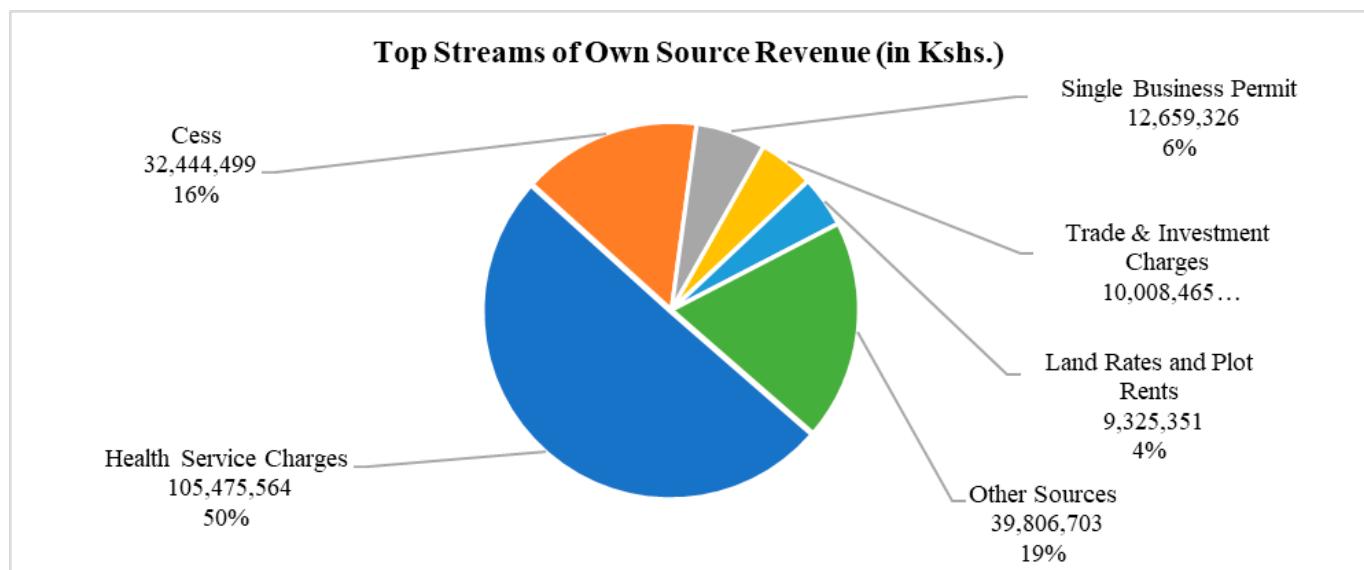
Figure 16: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Embu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.209.72 million from its own sources of revenue. This amount represented an increase of 21.4 per cent compared to Kshs.172.79 million realised in a similar period in FY 2021/22 and was 22.1 per cent of the annual target and 10.0 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 17.

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



Source: Embu County Treasury

The highest revenue stream of Kshs.105.48 million was from health service charges contributing to 50.3 per cent of the total OSR collected during the reporting period.

3.6.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.20 billion from the CRF account during the reporting period. This amount comprised Kshs.84 million (3.8 per cent) for development programmes and Kshs.2.12 billion (96.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.82 billion was released towards compensation to employees, Kshs. 297.32 million for Operations and Maintenance expenditure, while Kshs.84 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs. 120.31 million.

3.6.4 County Expenditure Review

The County spent Kshs.2.18 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.2 per cent of the total funds released by the CoB and comprised Kshs.84 million and Kshs.2.10 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.3 per cent, while recurrent expenditure represented 45.6 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, which comprised of Kshs.1.16 billion for recurrent expenditure and Kshs.1.08 billion for development activities. During the period under review, pending bills amounting to Kshs.563.09 million were settled and consisted of Kshs.488.52 million for recurrent expenditure and Kshs.74.58 million for development programmes. The outstanding amount as of 31st December 2022 was, therefore, Kshs.1.67 billion.

3.6.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.53 billion on employee compensation, Kshs.261.81 million on operations and maintenance, and Kshs.74.58 million on development activities. Similarly, the County Assembly spent Kshs.118.19 million on employee compensation, Kshs.187.04 million on operations and maintenance, and Kshs.9.42 million on development activities, as shown in Table 36.

Table 36: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,758,406,899	842,449,416	1,794,078,670	305,234,000	47.7	36.2
Compensation to Employees	3,083,356,586	322,304,447	1,532,267,394	118,194,756	49.7	36.7
Operations and Maintenance	675,050,313	520,144,969	261,811,276	187,039,244	38.8	36.0
Development Expenditure	2,329,298,029	245,000,000	74,576,547	9,418,996	3.2	3.8
Total	6,087,704,928	1,087,449,416	1,868,655,217	314,652,996	30.7	28.9

Source: Embu County Treasury

3.6.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.65 billion, or 71.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.32 billion. This expenditure represented an increase from Kshs.1.58 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.871.20 million paid to health sector employees, translating to 52.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.58 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.72.12 million was processed through manual payrolls. The manual payrolls accounted for 0.2 per cent of the total PE cost and were necessitated by delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.6.00 million on committee sitting allowances for the 31 MCAs and the Speaker against the annual budget allocation of Kshs.23.15 million. The average monthly sitting allowance was Kshs.32,241 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.231.00 million to county-established funds in FY 2022/23, which constituted 3.2 per cent of the County's overall budget. Table 37 summarises each established Fund's budget allocation and performance during the reporting period.

Table 37: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st December 2022	Actual Expenditure as of 31st December, 2022 (Kshs.)	Submission of Financial Statements as of 31st December 2022
1.	Embu County Education Support Fund	50,000,000	-	-	No
2.	Embu County Youth Trust Fund	10,000,000	-	-	No
3.	Embu County Emergency Fund	11,000,000	-	-	No
4.	Embu County Executive Car & Mortgage	-	-	-	No
5.	Embu County Assembly Mortgage Members Scheme Fund	110,000,000	50,000,000	35,000,000	Yes
6.	County Assembly of Embu (Staff) Car Loan and Mortgage Scheme Fund	50,000,000	-	-	No
	Total	231,000,000	50,000,000	35,000,000	

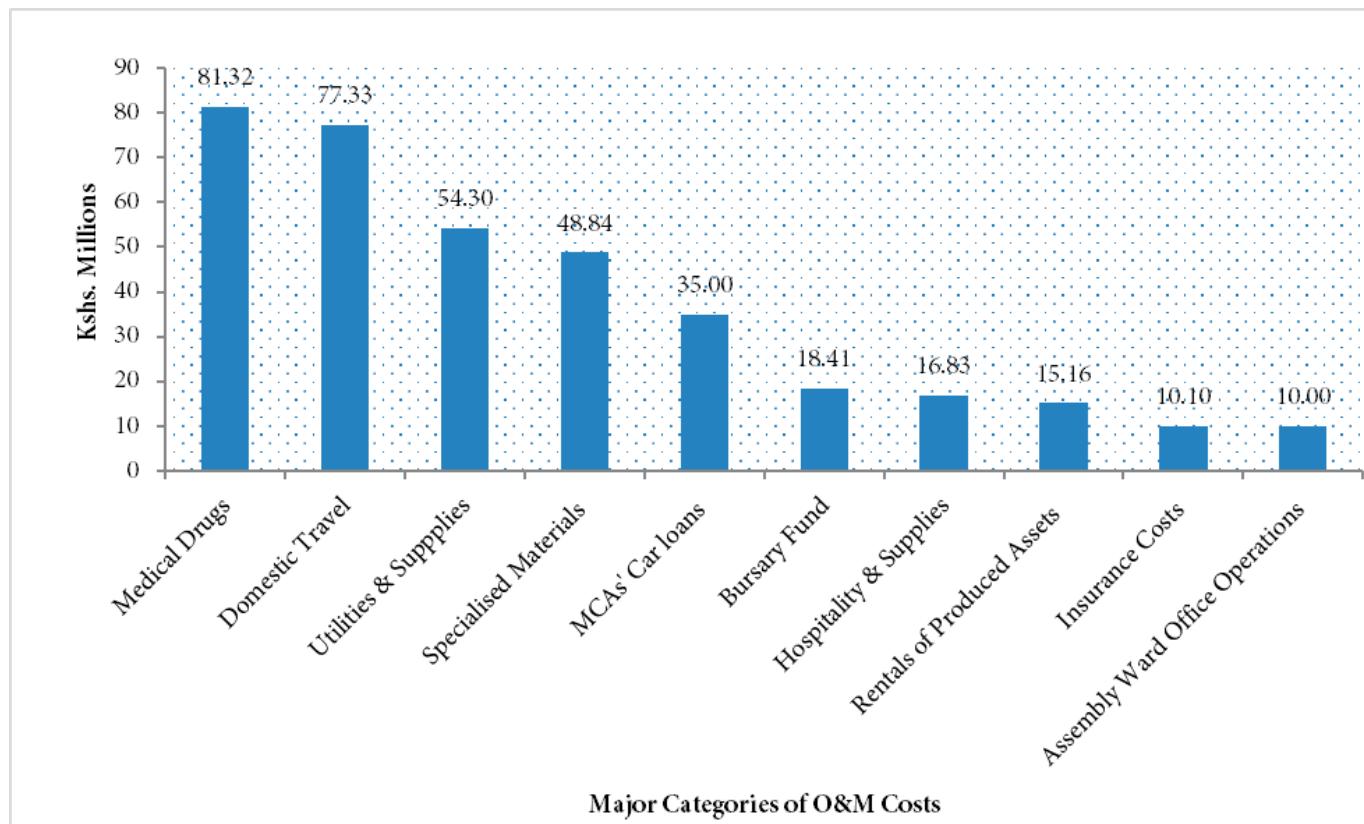
Source: Embu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of all other funds except the Embu County Assembly Mortgage Members Scheme Fund, as indicated in Table . contrary to the requirement of Section 168 of the PFM Act, 2012.

3.6.9 Expenditure on Operations and Maintenance

Figure 18 shows a summary of 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.77.33 million and comprised of Kshs.59.94 million spent by the County Assembly and Kshs.17.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.6 million and comprised of Kshs.2.11 million by the County Assembly and Kshs.0.50 million by the County Executive.

3.6.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.84 million on development programmes, representing a decrease of 71.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.298.16 million. Table 38 summarises development projects with the highest expenditure in the reporting period.

Table 38: Embu 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	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Ishiara Town Roads Phase 2	Evurore-Mbeere North	17,363,739	17,363,739	14,892,834	85.8
2	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Runyenjes-Kigaa Road Phase 3	Runyenjes Central-Runyenjes	15,646,645	15,646,645	12,632,980	80.7

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
3	Public Service and Administration	Renovations, Alterations of the County Headquarters Block, Finishes to The Additional Offices at Second Floor Administration Block Lift and Procurement Block Phase 2	Kiri-mari-Manyatta	20,854,804	20,854,804	10,758,872	51.6
4	County Assembly	Construction of Office Complex	Kirimari Ward		200,000,000	9,418,997	4.7
5	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Mbiruri Road Off Mbiruri Catholic Church Phase 1	Runyenjes Central-Runyenjes	16,625,192	16,625,192	6,061,406	36.5
6	Infrastructure, Public Works, Housing and Energy	Maintenance of Kavutiri-Gitongoro Road/Gatutura Gituri Kianjuki Road	Gaturi North-Runyenjes	4,497,320	4,497,320	4,497,320	100.0
7	Infrastructure, Public Works, Housing and Energy	Renovation of Former County Treasurer's House	Kiri-mari-Manyatta	3,999,010	3,999,010	3,999,010	100.0
8	Infrastructure, Public Works, Housing and Energy	Drilling, Rehabilitation and Equipping with Solar Panel Pump at Mutuobare Giatugu Borehole	Kiam-bere-Mbeere South	3,380,820	3,380,820	3,380,820	100.0
9	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of Mukuri-Kirimiri Road Phase 1	Kagaari North-Runyenjes	4,045,043	4,045,043	3,336,218	82.5
10	Infrastructure, Public Works, Housing and Energy	Upgrading to Bitumen Standards of A9-Mufu Shopping Centre Road	Kyeni North-Runyenjes	3,136,459	3,136,459	3,123,416	99.6

Source: Embu County Treasury

3.6.11 Budget Performance by Department

Table 39 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 39: 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	157.52	-	54.58	-	65.03	-	119.1	-	41.3	-
County Public Service Board	30.67	-	10.80	-	9.53	-	88.2	-	31.1	-
Public Service and Administration	604.53	29.00	328.72	13.16	250.66	13.16	76.3	100.0	41.5	45.4
County Assembly	842.45	245.00	325.00	9.42	305.23	9.42	93.9	100.0	36.2	3.8

Gender, Culture, Children and Social Services	22.08	52.77	8.24	-	7.28	-	88.4	-	33.0	-
Finance and Economic Planning	125.03	-	58.83	-	71.26	-	121.1	-	57.0	-
Trade Tourism Investment and Industrialization	39.42	68.07	11.21	-	17.37	-	155.0	-	44.1	-
Agriculture, Livestock, Fisheries and Co-Operative Development	245.85	418.50	110.66	-	81.73	-	73.9	-	33.2	-
Health	1,794.08	259.38	930.45	-	955.32	-	102.7	-	53.2	-
Embu Level 5 Hospital	164.96	92.91	52.89	-	111.41	-	210.7	-	67.5	-
Infrastructure, Public Works and Housing.	48.34	1,075.19	9.55	61.42	26.18	61.42	274.1	100.0	54.2	5.7
Education, Science and Technology	357.25	62.44	161.69	-	145.84	-	90.2	-	40.8	-
Lands, Physical Planning and Urban Development & Water	105.86	93.17	46.53	-	42.86	-	92.1	-	40.5	-
Youth Empowerment and Sports	14.86	45.80	5.24	-	5.52	-	105.3	-	37.1	-
Embu County Revenue Authority (ECRA)	5.00	10.00	-	-	0.58	-	-	-	11.5	-
Embu Financing Locally Led Climate Action Program	42.94	122.06	2.88	-	3.51	-	122.0	-	8.2	-
Total	4,600.86	2,574.30	2,117.26	84.00	2,099.31	84.00	99.2	100.0	45.6	3.3

Source: Embu County Treasury

Analysis of expenditure by department shows that the Department of Public Service and Administration recorded the highest absorption rate of development budget at 45.5 per cent, followed by the Department of Infrastructure, Public Works and Housing at 5.7 per cent. The Department of Embu Level 5 Hospital had the highest recurrent expenditure to the budget percentage at 67.5 per cent. The Department of Embu Financing Locally Led Climate Action Program had the lowest at 8.2 per cent.

The recurrent expenditure ceilings were Kshs.594.79 million and Kshs.569.00 million for the County Assembly and County Executive, respectively, as set in CARA,2022. The allocation for recurrent expenditure for the County Assembly is above the CARA, 2022 ceilings by Kshs.87.66 million (after considering exempted expenditure items), while the County Executive recurrent expenditure is within the ceilings in CARA, 2022.

3.6.12 Budget Execution by Programmes and Sub-Programmes

Table 40 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 40: Embu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
OFFICE OF GOVERNOR					
P1: General Administration Planning and Support Services	SP1.1: Management of County Affairs (Office of Governor)	94,510,072	39,016,775	55,493,296	41.3
P2: County Leadership and Coordination	SP2.1: Sub-County Administration and Field Services	31,503,357	13,005,592	18,497,765	41.3
	SP2.2: Management of County Executive Services (Office of County Secretary)	18,902,014	7,803,355	11,098,659	41.3
P3: County Leadership and Coordination	SP3.1: Public Sector Advisory Services (Legal, Political, and Economic Advisors)	12,601,343	5,202,237	7,399,106	41.3
Sub Total		157,516,786	65,027,959	92,488,827	41.3
COUNTY PUBLIC SERVICE BOARD					
P1: Administration of Human Resources in Public Service	SP1.1: Performance Management & Discipline	5,214,729	1,619,420	3,595,309	31.1
	SP1.2: Administration of board programmes	7,668,720	2,381,500	5,287,220	31.1
	SP1.3: Recruitment and Selection, Career Management, HR Policy & Audit	10,736,208	3,334,100	7,402,108	31.1
	SP1.4 Quality service delivery in the County Public Service that is effective and efficient	7,055,222	2,190,980	4,864,242	31.1
Sub Total		30,674,879	9,526,001	21,148,878	31.1
PUBLIC SERVICE AND ADMINISTRATION					
P1: General Administration Planning and Support Services	SP1.1: Service Delivery and Management of County Affairs	273,489,958	113,887,850	159,602,108	41.6
P2: Public Service	SP2.1: Human Resource Development and Culture Change Management	217,387,411	90,525,389	126,862,022	41.6
P3: ICT Infrastructure Expansion	SP3: ICT Infrastructure Expansion	142,660,156	59,407,148	83,253,008	41.6
Sub Total		633,537,525	263,820,386	369,717,139	41.6
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
P1: Policy and General Administrative Services	SP1.1: General Administrative Unit	11,227,934	1,091,995	10,135,938	9.7

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P2: Gender and Social Development	SP2.1: Communication Mobilisation and Development	14,970,578	1,455,994	13,514,585	9.7
	SP2.2 : Social Welfare Services	11,227,934	1,091,995	10,135,938	9.7
	SP2.3 : Vocational Rehabilitation and Training	7,485,289	727,997	6,757,292	9.7
	SP2.4 : Gender Mainstreaming and Development	11,227,934	1,091,995	10,135,938	9.7
P3: Children Services	SP3.1: Child Rehabilitation and Custody	11,227,934	1,091,995	10,135,938	9.7
P4: Culture and Cultural Preservation	SP 4.1 Cultural Preservation	7,485,289	727,997	6,757,292	9.7
Sub Total		74,852,892	7,279,969	67,572,923	9.7
FINANCE AND ECONOMIC PLANNING					
P1: General Administration Planning and Support Services	SP1.1: Administration, Planning and Support Services	22,326,885	12,726,093	9,600,792	57.0
P2:Economic Policy and County Planning	SP 2.1: Economic Development Planning and Coordination	31,257,639	17,816,531	13,441,108	57.0
P3:Financial Management Services	SP3.1: Revenue Management Services	35,720,059	20,360,064	15,359,995	57.0
P4: Monitoring and Evaluation	SP3.2: Control and Management of Public Finances	11,163,443	6,363,047	4,800,396	57.0
	SP 4.1:Monitoring and Evaluation of projects	13,396,131	7,635,656	5,760,475	57.0
P5: Research and Statistics	SP5.1: County database and profile	11,163,443	6,363,047	4,800,396	57.0
Sub Total		125,027,600	71,264,438	53,763,162	57.0
TRADE, TOURISM, INVESTMENT AND INDUSTRIALISATION					
P1: Administrative Support Services	P1.1: Administrative Support Services	12,772,280	2,063,931	10,708,348	16.2
P2: Trade Development and Promotion	P2.1: Trade Development and Promotion	51,722,229	8,358,032	43,364,197	16.2
P3: Industrial Development and Investment	P3.1: Industrial Development and Investment	23,647,986	3,821,387	19,826,600	16.2
P4: Tourism Development	P4.1:Tourism Development	19,348,352	3,126,589	16,221,763	16.2
Sub Total		107,490,847	17,369,939	90,120,908	16.2
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
P1: Administrative Support Services	P1.1: Administrative Support Services	86,709,934	10,667,133	76,042,801	12.3
P2:Crop Development and Management	P2.1:Crop Development and Management	309,801,272	38,112,028	271,689,244	12.3
P3:Agribusiness and Information Management	P3.1: Agribusiness and Information Management	86,365,710	10,624,786	75,740,924	12.3

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P4:Livestock Resources Management and Development	P4.1:Livestock Resources Management and Development	115,039,538	14,152,266	100,887,272	12.3
P5: Aquaculture Development and management	P5.1:Fisheries Development	66,435,162	8,172,913	58,262,249	12.3
Sub Total		664,351,617	81,729,127	582,622,490	12.3
HEALTH					
P1: Curative Health Services	SP1.1: Primary Health Care	1,207,216,901	561,627,587	645,589,314	46.5
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	474,458,325	220,729,915	253,728,410	46.5
P3: General Administration Planning and Support Services	SP3.1: General Administration services	371,785,298	172,963,847	198,821,451	46.5
Sub Total		2,053,460,524	955,321,349	1,098,139,175	46.5
EMBU LEVEL 5 HOSPITAL					
P1: Curative Health Services	SP1.1: Primary Health Care	173,522,994	74,968,825	98,554,169	43.2
P2: Preventive and Promotive Health Services	SP2.1: Health Promotion & Disease Control	48,621,341	21,006,350	27,614,991	43.2
P3: General Administration Planning and Support Services	SP3.1: General Administration services	35,727,737	15,435,802	20,291,936	43.2
Sub Total		257,872,072	111,410,977	146,461,095	43.2
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING					
P1: General Administration Planning and Support Services	SP1.1: General Administration Services	70,679,332	5,510,785	65,168,547	7.8
P2: Roads Transport	SP2.1: Rural Roads Improvement and Maintenance	1,037,265,953	80,874,412	956,391,541	7.8
P3: Street lighting	SP3.1: Street lighting	15,586,142	1,215,233	14,370,909	7.8
Sub Total		1,123,531,427	87,600,430	1,035,930,997	7.8
EDUCATION, SCIENCE AND TECHNOLOGY					
P1: General Administration, Planning and Support Services	SP1.1:General Administration and Support Services	104,923,660	36,460,578	68,463,082	34.7
P2:Quality Assurance and Standards	SP2.1: Quality Assurance Quality Assurance & Standards	83,938,928	29,168,462	54,770,466	34.7
P3: ECDE and Tertiary Education (Polytechnics)	SP3.1: ECDE and Tertiary Education (Polytechnics)	230,832,053	80,213,271	150,618,782	34.7
Sub Total		419,694,641	145,842,311	273,852,330	34.7
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
P1: Water Supply and Sewerage Services	SP1.1: Domestic water supply	90,203,900	19,422,619	70,781,281	21.5
P2: Environment Conservation and Management	SP2.1: Environmental conservation and management	26,775,038	5,765,176	21,009,862	21.5
P3: Land management, Policy and Planning	SP3.1: Physical planning and urban Planning	37,641,811	8,104,999	29,536,812	21.5
	SP3.2: Survey and mapping	23,883,931	5,142,666	18,741,265	21.5
P4: General Administration, Planning and Support Services	SP 4.1 General Administration and Support Services	20,528,079	4,420,087	16,107,992	21.5
Sub Total		199,032,759	42,855,547	156,177,212	21.5
YOUTH EMPOWERMENT AND SPORTS					
P1: Youth Development and Empowerment Services	SP5.1: Youth Development and Empowerment Services	30,330,680	2,759,243	27,571,436	9.1
P2: Management and Development of Sports and Sports facilities	SP5.1: Community Sports programme	24,264,544	2,207,394	22,057,149	9.1
P3: General Administration Planning and Support Services	SP3.1: General Administration services	6,066,136	551,849	5,514,287	9.1
Sub Total		60,661,359	5,518,486	55,142,873	9.1
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
P1: Financial Management Services	SP1.1: Revenue Management Services	2,736,028	105,037	2,630,992	3.8
	SP1.2: Revenue Management Services	12,263,972	470,816	11,793,155	3.8
Sub Total		15,000,000	575,853	14,424,147	3.8
EMBU - FINANCING LOCALLY LED CLIMATE ACTION PROGRAM					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	63,096,313	1,343,166	61,753,147	2.1
P2: Environment Conservation and Management	SP1.2: Manage Climate Risks	101,903,687	2,169,280	99,734,407	2.1
Sub Total		165,000,000	3,512,446	161,487,554	2.1
COUNTY ASSEMBLY					
P: 1: General Administration Planning and Support Services	SP: 1: General Administration Planning and Support Services	750,469,650	269,917,753	480,551,896	36.0
P: 1: Legislation	SP: 1: Legislation	336,979,766	44,735,243	292,244,524	13.3
Sub Total		1,087,449,416	314,652,996	772,796,420	28.9
Grand Total		7,175,154,344	2,183,308,213	4,991,846,131	30.4

Source: Embu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: SP1.1: Administration, Planning and Support Services , SP 2.1: Economic Development Planning and Coordination, SP3.1: Revenue Management Services, SP3.2: Control and Management of Public Finances, SP 4.1:Monitoring and Evaluation of projects, and SP5.1: County database and profile in the Department of Finance and Economic Planning at 57.0 per cent, SP1.1: Primary Health Care, SP2.1: Health Promotion & Disease Control, and SP3.1: General Administration services in the Department of Health at 46.5 per cent, SP1.1: Primary Health Care, SP2.1: Health Promotion & Disease Control, and SP3.1: General Administration services in the Department of Embu Level 5 Hospital at 43.2 per cent, and SP1.1: Service Delivery and Management of County Affairs, SP2.1: Human Resource Development and Culture Change Management, and SP3: ICT Infrastructure Expansion at profile in the Department of Public Service And Administration 41.6 per cent of budget allocation.

3.6.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 24th January 2023.
2. The underperformance of own-source revenue at Kshs.209.72 million against an annual projection of Kshs.950 million, representing 22.1 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 39 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.
5. High pending bills amounting to Kshs.1.67 billion as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.120.31 million at the end of the first half of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.72.12 million were processed through the manual payroll and accounted for 0.2 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
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 period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.7 County Government of Garissa

3.7.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10.39 billion, comprising Kshs.3.87 billion (37.3 per cent) and Kshs.6.52 billion (62.7 per cent) allocation for development and recurrent programmes,

respectively. The approved budget estimate represents a marginal decrease of 0.5 per cent compared to the previous financial year when the approved budget was Kshs.10.44 billion and comprised of Kshs.3.34 billion towards development expenditure and Kshs.7.10 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.92 billion (76.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.150 million (1.4 per cent) from its own source of revenue, Kshs.30 million (0.3 per cent) as Appropriation in Aid, Kshs.1.62 billion (15.6 per cent) as conditional grants, and a cash balance of Kshs.661.71 million (6.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 41.

The cash balance from the previous financial year comprises Kshs.634.18 million as June 2022 disbursement, which was released in FY 2022/23 and Kshs.27.53 million as unspent cash balances in the CRF account.

3.7.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.62 billion as the equitable share of the revenue raised nationally, raised Kshs.33.68 million as own-source revenue and had a cash balance of Kshs.661.76 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.31 billion, as shown in Table 41

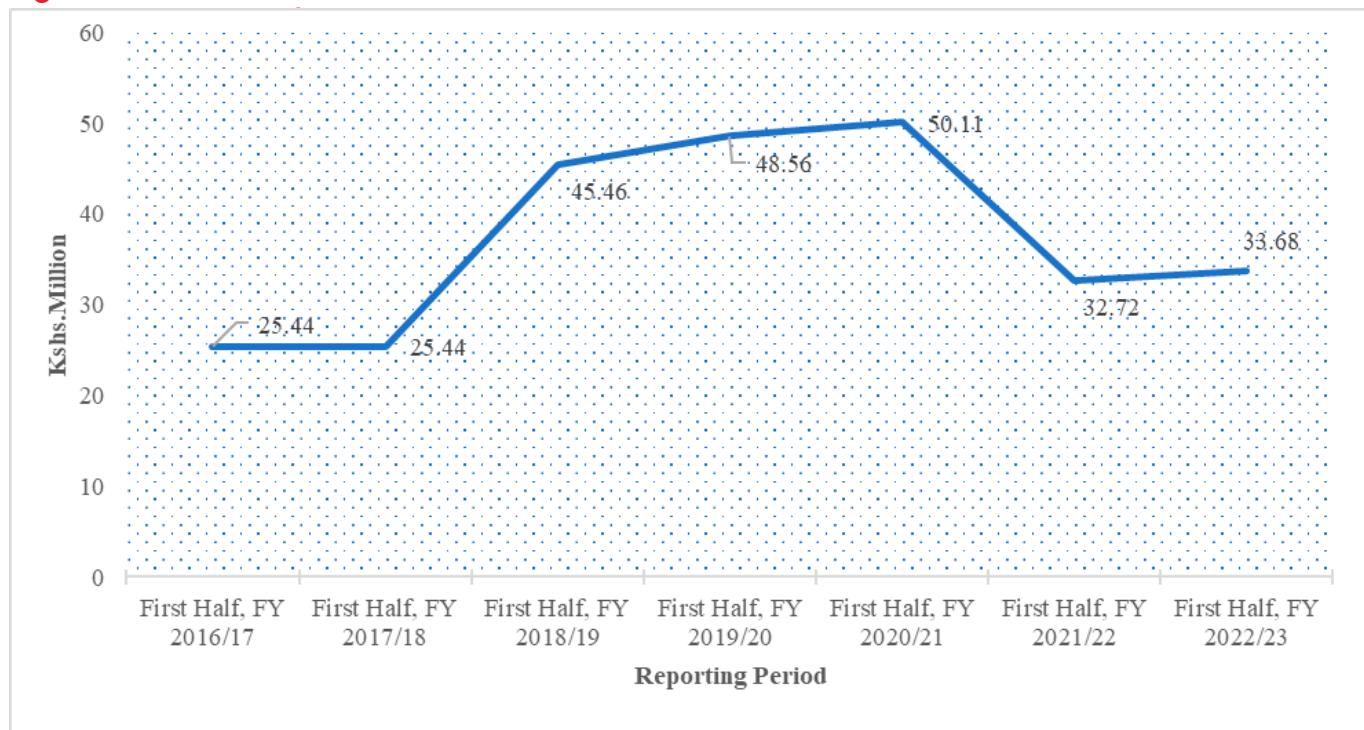
Table 41: Garissa County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,927,212,254	2,615,980,043	33.0
Sub total		7,927,212,254	2,615,980,043	33.0
B	Conditional Grants			
1.	Kenya Climate Smart Agricultural Project and ASDSP II	75,269,050	-	-
2.	Sweden Agricultural Sector Development Program	19,267,689	-	-
3.	Conditional allocation by national government leases of medical equipment	110,638,298	-	-
4.	DANIDA	14,807,400	-	-
5.	Emergency Locust Responses Project	80,912,850	-	-
6.	Water and Sanitation Development Project	450,000,000	-	-
7.	Allocation from Equalization Fund	854,917,267	-	-
8.	Financing locally led Climate action grants 1	11,000,000	-	-
9.	Sub Total	1,616,812,554	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	150,000,000	33,678,610	22.5
2.	Appropriation in Aid	30,000,000	-	-
3.	Unspent balance from FY 2021/22	661,714,232	661,757,470	100.1
Sub Total		841,714,232	695,436,080	82.6
Grand Total		10,385,739,040	3,311,416,123	31.9

Source: Garissa County Treasury

Figure 19 Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23

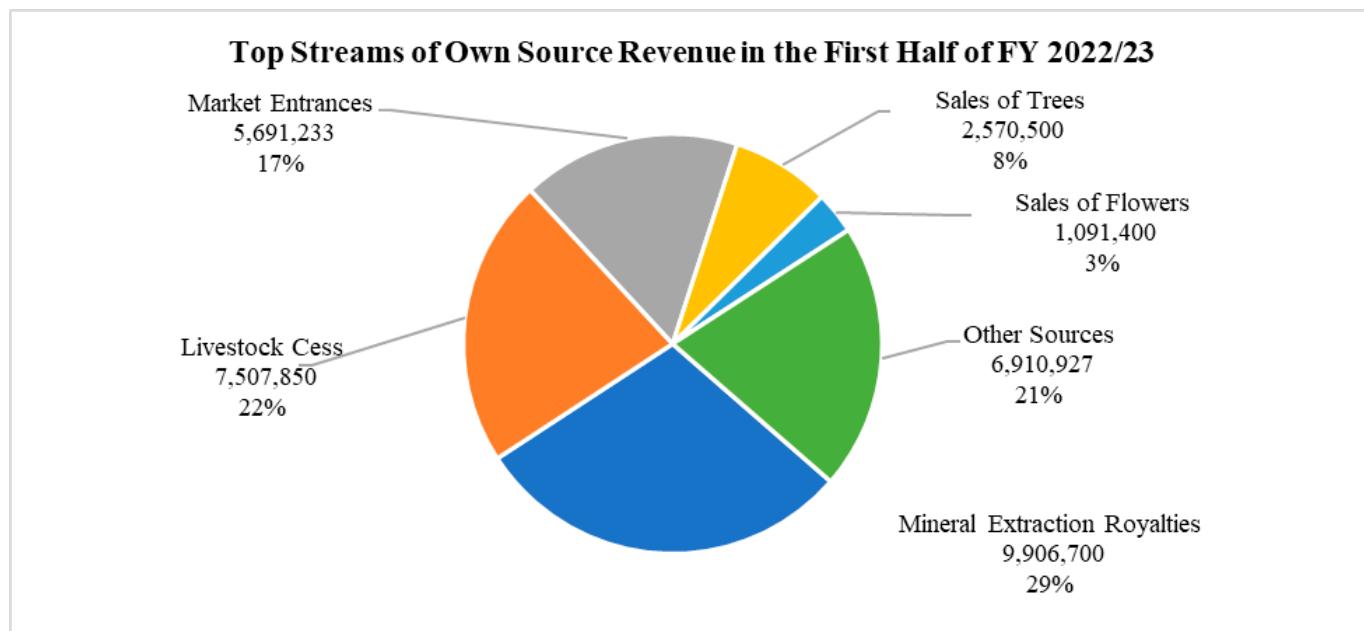
Figure 19: Trend in Own-Source Revenue Collection for the First Half of the Financial



Source: Garissa County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.33.68 million from its own sources of revenue. This amount represented an increase of 2.6 per cent compared to Kshs.32.72 million realised in a similar period in FY 2021/22 and was 22.5 per cent of the annual target and 1.3 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 20

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



Source: Garissa County Treasury

The highest revenue stream of Kshs.9.91 million was from mineral extraction royalties contributing to 29 per cent of the total OSR collected during the reporting period.

3.7.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.29 billion from the CRF account during the reporting period. This amount comprised Kshs.125.36 million (4.0 per cent) for development programmes and Kshs.3.16 billion (96.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.67 billion was released towards compensation to employees, Kshs.494.56 million was for Operations and Maintenance expenditure while Kshs.125.36 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.124.04 million.

3.7.4 County Expenditure Review

The County spent Kshs.3.04 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.4 per cent of the total funds released by the CoB and comprised Kshs.111.68 million and Kshs.2.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.9 per cent, while recurrent expenditure represented 45.0 per cent of the annual recurrent expenditure budget.

3.7.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.44 billion, which comprised Kshs.36.90 million for recurrent expenditure and Kshs.1.41 billion for development activities. During the period under review, pending bills amounting to Kshs.127.30 million were settled. These comprised Kshs.25.30 million for recurrent expenditure and Kshs.82.00 million for development programmes. The outstanding amounts as of 31st December 2022 were Kshs.1.31 billion.

3.7.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.00 billion on employee compensation, Kshs.595.85 million on operations and maintenance, and Kshs.103.00 million on development activities. Similarly, the County Assembly spent Kshs.227.56 million on employee compensation, Kshs.107.77 million on operations and maintenance, and Kshs.8.68 million on development activities, as shown in Table 42

Table 42: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,662,049,131	853,384,051	2,596,355,523	335,328,039	45.9	39.3
Compensation to Employees	3,789,299,973	585,257,727	2,000,504,266	227,556,818	52.8	38.9
Operations and Maintenance	1,872,749,158	268,126,324	595,851,257	107,771,221	31.8	40.2
Development Expenditure	3,736,975,154	133,300,704	103,000,000	8,679,467	2.8	6.5
Total	9,399,024,285	986,684,755	2,699,355,523	344,007,506	28.7	34.9

Source: Garissa County Treasury

3.7.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.23 billion, or 67.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.31 billion. This expenditure represented an increase from Kshs.1.89 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.29 billion paid to health sector employees, translating to 57.8 per cent of the total wage bill.

Further analysis indicates that the County processed PE costs amounting to Kshs.2.28 billion through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.386.71 million was processed through manual payrolls. The manual payrolls accounted for 14.5 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.6.08 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.36.00 million. The average monthly sitting allowance was Kshs.20,668 per MCA. The County Assembly has established 24 Committees.

3.7.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.170.00 million to county-established funds in FY 2022/23, which constituted 1.6 per cent of the County's overall budget. Table 43 summarises each established Fund's budget allocation and performance during the reporting period.

Table 43: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Annual Financial Statements as of 31 st December 2022 (Yes/No.)
County Executive Established Funds					
1.	Bursaries	60,000,000	-	-	Yes
2.	Small and Micro Enterprises Fund	50,000,000	-	-	Yes
3.	Climate Fund	60,000,000	-	-	Yes
County Assembly Established Funds					
1.	MCA's Car loan and Mortgage	-	-	-	Yes
	Total	170,000,000	-	-	

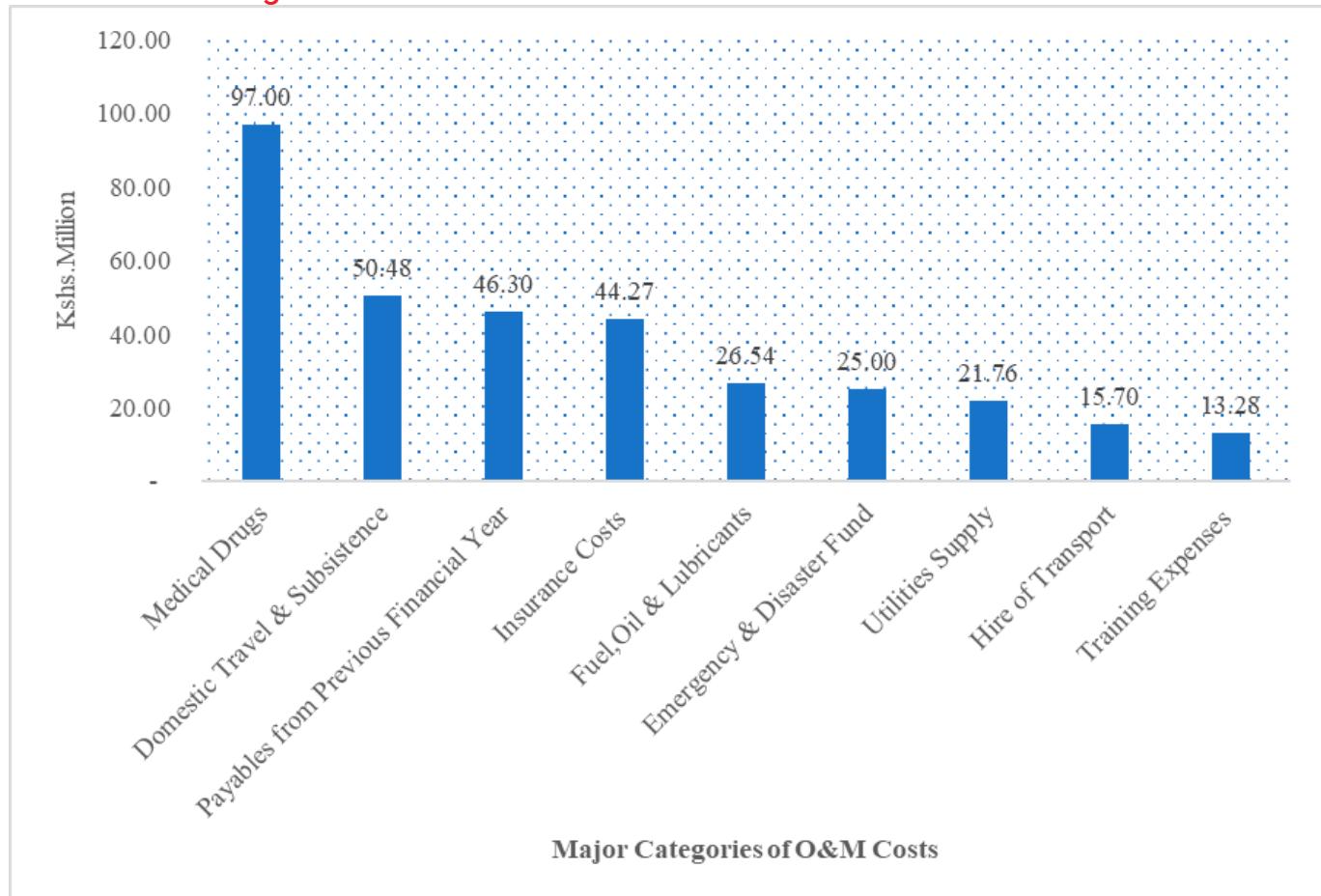
Source: Garissa County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of Emergency funds, as indicated in Table 43, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.7.9 Expenditure on Operations and Maintenance

Figure 21 shows a summary of 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.50.48 million and comprised of Kshs.45.28 million spent by the County Assembly and Kshs.5.20 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.43 million and comprised of Kshs.681,875 by the County Assembly and Kshs.1.75 million by the County Executive.

3.7.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.111.68 million on development programmes, representing a decrease of 75.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.450.34 million. Table 44 summarises development projects with the highest expenditure in the reporting period.

Table 44: Garissa County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Lo- cation	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	Road and Transport	Improvement of Hagarjera-Benane road	L a g d e r a ward	163,827,435	163,827,435	30,000,000	100
2	Water and Irrigation	Drilling and equipping of 3 boreholes	L a g d e r a ward	38,395,800	38,395,800	25,000,000	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Health and Sanitation	Proposed Chain link Fencing at Abakhaile Dispensary	Lagdera ward	23,948,992	23,948,992	23,000,000	100
4	County Affairs	Construction of County Headquarters	Garissa Township	28,033,786	28,033,786	21,000,000	100
5	Road	Improvement of Ahmed Tukale-Sharta Abak road	Dadaab	3,589,859	3,589,859	3,000,000	100
6	Water and Irrigation	Rehabilitation of Masonry Tankin Abakhaile Centre	Dadaab	1,714,403	1,714,403	1,000,000	100

Source: Garissa County Treasury

3.7.11 Budget Performance by Department

Table 45 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 45: Garissa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Cooperative	172.00	245.42	49.94	14.68	60.79	-	121.7	-	35.3	-
Environment, Energy, Natural Resources and Wildlife Management	74.15	95.00	13.51	-	12.51	-	92.6	-	16.9	-
Road and Transport	40.32	125.00	8.68	-	9.78	-	112.7	-	24.2	-
Trade, Tourism and Enterprises	80.00	50.00	26.76	-	26.40	-	98.7	-	33.0	-
Health and Sanitation	2,651.21	370.64	1,634.54	-	1,570.54	-	96.1	-	59.2	-
Education and Labour	634.18	60.00	325.06	-	218.35	-	67.2	-	34.4	-
County Assembly	853.38	133.30	337.71	8.68	335.33	8.68	99.3	100.0	39.3	6.5
Office of the Governor	343.85	75.00	151.29	-	151.89	-	100.4	-	44.2	-
Finance, Revenue, Economic Planning and County Affairs	1,045.73	1,256.92	344.65	102.00	243.35	103.00	70.6	101.0	23.3	8.2
Gender, Social Service and Sport	61.20	150.00	10.67	-	25.97	-	243.4	-	42.4	-
Water and Irrigation	183.56	770.00	95.90	-	95.21	-	99.3	-	51.9	-
Lands, Housing and Urban Planning	266.78	539.00	139.06	-	144.81	-	104.1	-	54.3	-

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
Public Service Board	37.07	-	5.27	-	11.27	-	214.0	-	30.4	-
Garissa Municipality	72.00	-	21.50	-	25.50	-	118.6	-	35.4	-
Total	6,515.43	3,870.28	3,164.53	125.36	2,931.68	111.68	92.6	89.1	45.0	2.9

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 8.2 per cent, followed by the Department of County Assembly at 6.5 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 59.2 per cent. In contrast, the Department of Environment, Energy, Natural Resource and Wildlife Management had the lowest at 16.9 per cent.

3.7.12 Budget Execution by Programmes and Sub-Programmes

Table 46 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 46: Garissa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Department of Agriculture, Livestock and Cooperative							
Agriculture	Administration and Support Service	104,551,581	134,506,739	44,200,000	-	42.3	-
	Extension Service and Exhibition	1,200,000	10,000,000	-	-	-	-
Livestock Production	Livestock Administration	56,545,802	80,912,850	16,591,000	-	29.3	-
	Livestock Production	5,550,000	-	-	-	-	-
	Veterinary Service	3,350,000	20,000,000	-	-	-	-
Fish Production	Fisheries Service	200,000	-	-	-	-	-
Cooperative	Cooperative Development	600,000	-	-	-	-	-
	Sub Total	171,997,383	245,419,589	60,791,000	-	35.3	-
Department of Environment, Energy, Natural Resource and Wildlife Management							
Environment Service	Administration and Support Service	70,243,025	95,000,000	12,509,497	-	17.8	-
	Environment Management	1,100,000	-	-	-	-	-
	Natural Resource	1,600,000	-	-	-	-	-
Energy Development Program	Energy Development	1,205,000	-	-	-	-	-
	Sub-Total	74,148,025	95,000,000	12,509,497	-	16.9	-
Department of Road and Transport							
Road	Administration and Support Service	37,906,400	-	8,775,000	-	23.2	-
	Road	2,417,200	125,000,000	1,000,000	-	41.3	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	Sub-Total	40,323,600	125,000,000	9,775,000	-	24.3	-
Department of Trade, Tourism and Enterprise							
Administration and Support Service	Administration Support Service	75,447,996	-	26,400,000	-	35.0	-
Trade	Trade	2,400,000	50,000,000	-	-	-	-
Weight and Measure	Weight and Mea- sure	1,350,000	-	-	-	-	-
Tourism	Tourism	802,259	-	-	-	-	-
	Sub- Total	80,000,255	50,000,000	26,400,000	-	33.0	-
Department of Health and Sanitation					-		-
Administration and Support Service	Administration and Support Service	2,481,840,055	110,638,298	1,320,644,676	-	53.2	-
Curative Service	Curative	165,151,610	260,000,000	123,891,275	-	75.0	-
Preventive Service	Health promotion and Campaign	4,216,604	-	126,891,275	-	3009.3	-
	Sub Total	2,651,208,269	370,638,298	1,570,535,951	-	59.2	-
Education and Labour							
Education Service	Administration and Support Service	489,889,663	-	204,450,000	-	41.7	-
	ECD	20,412,400	40,000,000	800,000	-	3.9	-
	Vocational Train- ing	2,601,200	10,000,000	200,000	-	7.7	-
Public Service and Human Resource	Human Resource	98,991,478	10,000,000	9,600,000	-	9.7	-
	ICT and Libraries	22,282,733	-	3,298,000	-	14.8	-
	Sub Total	634,177,474	60,000,000	218,348,000	-	34.4	-
County Assembly							
Administration and Support Service	Administration and Support Service	853,384,051	133,300,704	335,328,039	8,679,467	39.3	6.5
	Sub Total	853,384,051	133,300,704	335,328,039	8,679,467	39.3	6.5
County Executive							-
Executive Service	Governors Operation	118,449,050	75,000,000	25,200,000	-	21.3	-
	Deputy Governors Operation	37,120,000	-	18,920,000	-	51.0	-
	Street Lighting	50,656,215	-	26,240,000	-	51.8	-
	Operation and Sub-County Ad- ministration	100,810,000	-	73,250,000	-	72.7	-
	Intergovernmental and Institutional relation	18,812,430	-	3,800,000	-	20.2	-
	County Attorney	18,000,000	-	4,480,000	-	24.9	-
	Sub Total	343,847,695	75,000,000	151,890,000	-	44.2	-
Finance, Revenue, Economic Planning and County Affairs							
Administration and Support Service	Administration and Support Service	678,212,073	1,256,917,267	133,502,680	103,000,000	19.7	8.2
	Special Program	130,940,000	-	29,430,000	-	22.5	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Finance Management	Accounting Service	3,713,739	-	-	-	-	-
	Budget Formulation	11,780,000	-	1,350,000	-	11.5	-
	Audit Service	3,862,600	-	400,000	-	10.4	-
	Economic Planning	43,086,000	-	11,070,000	-	25.7	-
	Revenue Management	151,727,781	-	63,535,000	-	41.9	-
	Supply Chain Management	5,630,000	-	600,000	-	10.7	-
Donor Coordination	Donor Coordination	16,780,548	-	3,461,995	-	20.6	-
	Sub Total	1,045,732,741	1,256,917,267	243,349,967	103,000,000	23.3	8.2
Gender, Social Services and Sport							
Culture Services	Administration and Support Service	56,411,832	30,000,000	25,500,00	-	45.2	-
Public Entertainment	Social Protection	1,025,000	10,000,000	100,000	-	9.8	-
Cinema	Cinema headquarter	3,763,600	110,000,000	370,000	-	9.8	-
	Sub Total	61,200,432	150,000,000	25,970,000	-	42.4	-
Water and Irrigation							
Administration and Support Service	Administration and Support Services	178,556,361	100,000,000	95,214,360	-	53.3	-
	Water Infrastructure Development	-	670,000,000	-	-	-	-
Irrigation Services	Irrigation Development	5,000,000	-	-	-	-	-
	Sub Total	183,556,361	770,000,000	95,214,360	-	51.9	-
Lands, Housing and Urban Planning							
Administration and Support Service	Administration and Support Service	239,695,273	135,000,000	136,556,708	-	57.0	-
Land and Housing	Lands	8,000,000	30,000,000	1,250,000	-	15.6	-
	Housing and Public Works	13,574,997	300,000,000	2,500,000	-	18.4	-
Urban Development	Urban Planning and Disaster Management	11,614,626	74,000,000	4,500,000	-	38.8	-
	Urban Sanitation and Development	900,000	-	-	-	-	-
	Sub Total	266,784,896	539,000,000	144,806,708	-	54.3	-
County Public Services Board							
Administration and Support Service	Administration and Support Service	37,072,000	-	11,265,000	-	30.4	-
	Sub Total	37,072,000	-	11,265,000	-	30.4	-
Town Management							
Administration and Support Service	Administration and Support Service	72,000,000	-	25,500,000	-	35.4	-
	Sub Total	72,000,000	-	25,500,000	-	35.4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Grand Total		6,515,208,269	3,870,275,858	2,931,683,522	111,679,467	44.9%	2.9

Source: Garissa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Preventive service in the Department of Health and Sanitation at 3009.3 per cent, Curative Service in the Department of Health and Sanitation at 75.0 per cent, Operation and Sub County administration service in the Department of County Executive at 72.7 per cent, and General Administration and Support Service in the Department of Land, Housing and Urban Planning at 57.0 per cent of budget allocation.

3.7.13 Key Observations and Recommendations

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

1. 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 21st January 2023.
2. The underperformance of own-source revenue at Kshs.33.68 million against an annual projection of Kshs.150.00 million, representing 22.5 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 45 where the County incurred expenditure over approved exchequer issues in several departments.
4. Fund Administrators failed to submit quarterly financial and non-financial reports to the CoB, contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.1.31 billion as of 31st December 2022 despite the availability of funds in the CRF, which stood at Kshs.124.04 million at the end of the first half of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.386.71 million were processed through the manual payroll and accounted for 14.5 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 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 that expenditure is within the approved budget and approved exchequer issues.*
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 period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.8 County Government of Homa Bay

3.8.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10.00 billion, comprising Kshs.3.41 billion (34.1 per cent) and Kshs.6.59 billion (65.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents growth of 3.3 per cent compared to the previous financial year when the approved budget was Kshs.9.68 billion and comprised of Kshs.3.25 billion towards development expenditure and Kshs.6.43 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.80 billion (78.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.472.95 million (4.7 per cent) from its own source of revenue, Kshs.485 million (4.8 per cent) as Appropriation in Aid, Kshs.781.81 million (7.8 per cent) as conditional grants, and a cash balance of Kshs.458.12 million (4.7 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 47.

3.8.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.42 billion as the equitable share of the revenue raised nationally, raised Kshs.88.02 million as own-source revenue, Kshs.150.30 million as Appropriation in Aid, Kshs.126.89 million as conditional grants, and had a cash balance of Kshs.458.12 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.24 billion, as shown in Table 47.

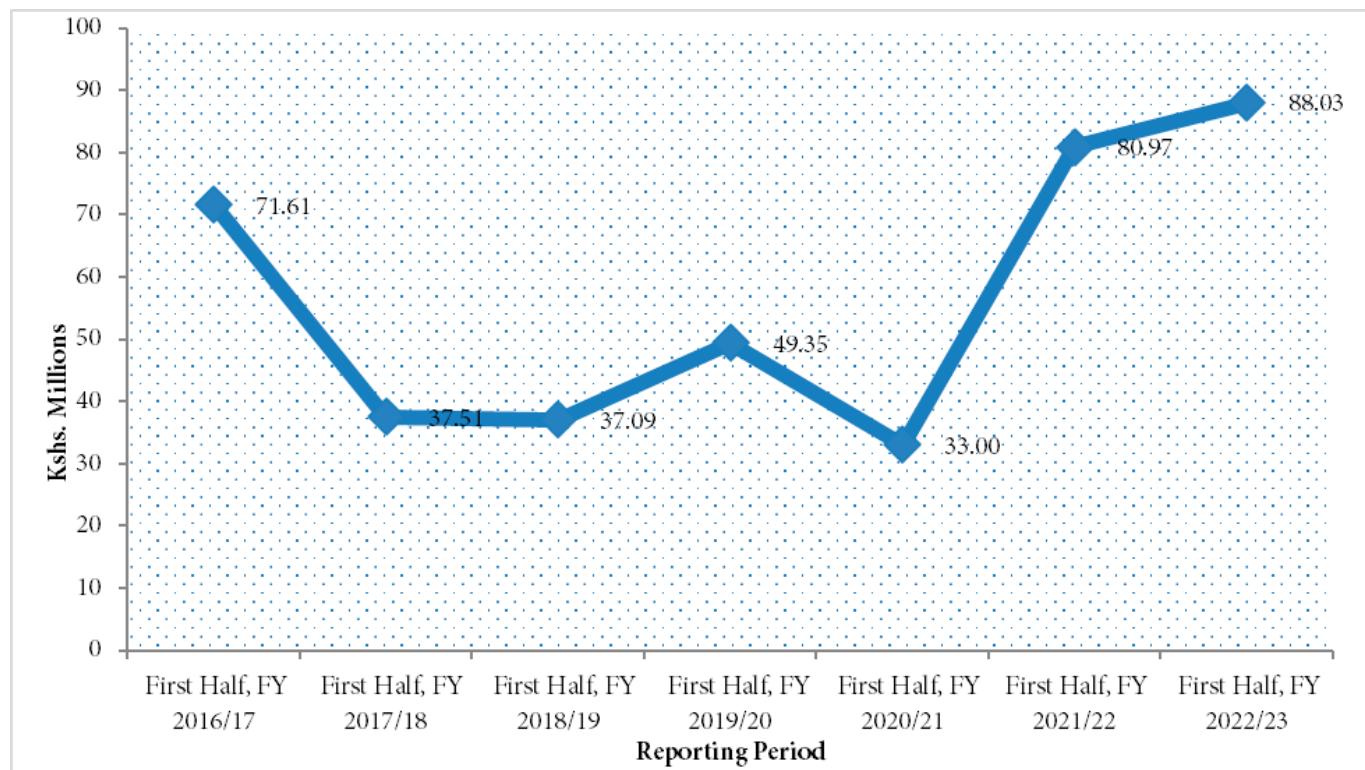
Table 47: Homa Bay County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as a Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,805,353,300	3,420,509,850	43.8
	Sub Total	7,805,353,300	3,420,509,850	43.8
B	Conditional Grants			
1.	National Agriculture and Rural Inclusive Growth Project (NARIG)	387,997,536	102,931,623	26.53
2.	Agriculture Sector Development Support Programme (ASDSP)	54,014,863	16,500,000	30.55
3.	Leasing of Medical Equipment	110,638,298	-	-
4.	Transforming Health Systems for Universal Health Care Project	29,583,765	-	-
5.	Danish International Development Agency (DANIDA)	33,576,788	7,468,313	22.2
6.	Financing Locally Led Climate Actions Programme	16,000,000	-	-
7.	Kenya Informal Settlement Improvements Programme	150,000,000	-	-
	Sub Total	781,811,250	126,899,936	16.2
C	Other Sources of Revenue			
1.	Own Source Revenue	472,957,301	88,027,720	15.0
2.	Appropriation in Aid	485,000,000	150,308,252	30.9
3.	Unspent balance from FY 2021/22	458,120,026	458,120,026	100
	Sub Total	1,416,077,327	696,455,998-	49.2
	Grand Total	10,003,241,877	4,243,865,784	42.3

Source: Homa Bay County Treasury

Figure 22 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

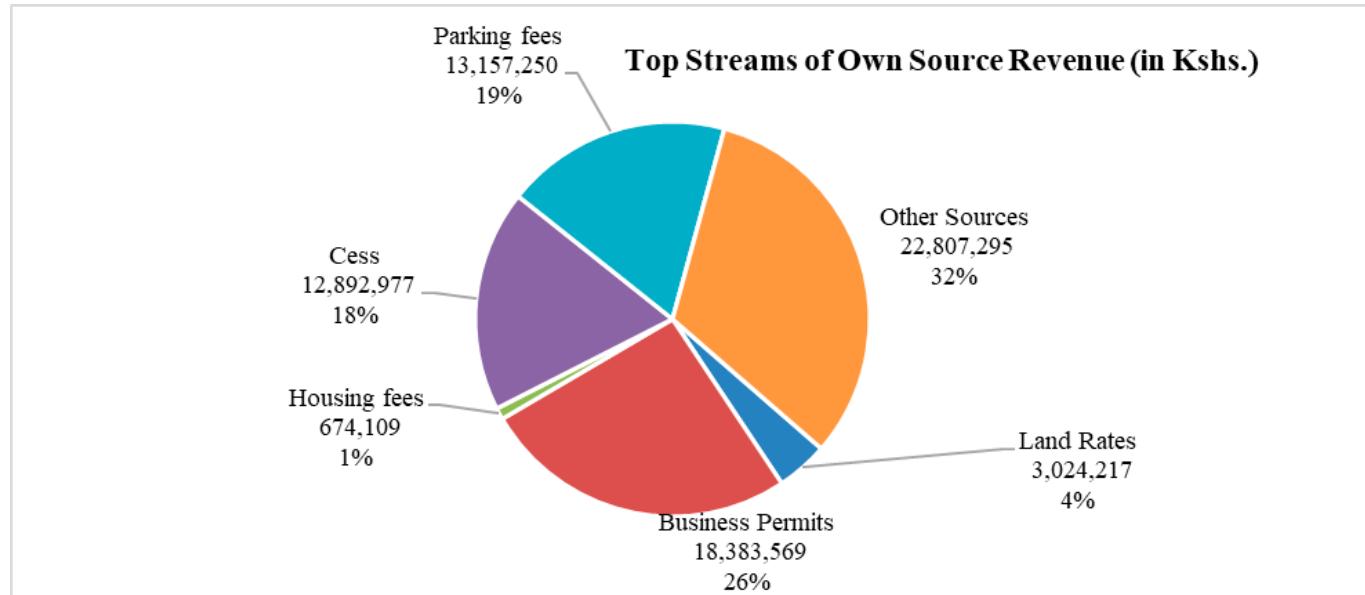
Figure 22: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Homa Bay County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.88.03 million from its own sources of revenue. This amount represented an increase of 8.73 per cent compared to Kshs80.96million realised in a similar period in FY 2021/22 and was 15.0 per cent of the annual target and 2.5 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.59 million. The revenue streams which contributed the highest OSR are shown in Figure 23.

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



Source: Homa Bay County Treasury

The highest revenue stream of Kshs.18.38 million was from Business permits, contributing to 26 per cent of the total OSR collected during the reporting period.

3.8.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.58 billion from the CRF account during the reporting period. This amount comprised Kshs.455.01 million (12.7 per cent) for development programmes and Kshs.3.13 billion (87.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.04 billion was released towards compensation to employees, Kshs1.08 billion was for Operations and Maintenance expenditure, while Kshs455.01 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.458.12 million.

3.8.4 County Expenditure Review

The County spent Kshs.2.82 billion on development and recurrent programmes during the reporting period. This expenditure represented 78.8 per cent of the total funds released by the CoB and comprised Kshs.338.47 million and Kshs.2.48 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.9 per cent, while recurrent expenditure represented 37.7 per cent of the annual recurrent expenditure budget.

3.8.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.976.16 million, which comprised Kshs.95.04 million for recurrent expenditure and Kshs.881.12 million for development activities. During the period under review, pending bills amounting to Kshs.62.25 million were settled, which was for development programmes. As of 31st December 2022, the outstanding amount was Kshs.913.91 million.

3.8.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.57 billion on employee compensation, Kshs.422.56 million on operations and maintenance, and Kshs.334.67 million on development activities. Similarly, the County Assembly spent Kshs.131.96 million on employee compensation, Kshs.357.40 million on operations and maintenance, and Kshs.3.8 million on development activities, as shown in Table 48.

Table 48: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,472,978,682	1,115,623,187	1,996,912,820	489,363,951	36.5	43.9
Compensation to Employees	3,684,719,667	515,082,182	1,574,353,725	131,960,818	42.7	25.6
Operations and Maintenance	1,788,259,015	600,541,005	422,559,095	357,403,133	23.6	59.5
Development Expenditure	3,332,385,081	82,254,927	334,675,825	3,800,000	10.0	4.6
Total	8,805,363,763	1,197,878,114	2,331,588,645	493,163,951	26.5	41.2

Source: Homa Bay County Treasury

3.8.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.71 billion, or 40.3 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.22 billion. This expenditure represented a decrease from Kshs.1.95 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.796.45 million paid to health sector employees, translating to 46.8 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.17 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.534.93 million was processed through manual payrolls. The manual payrolls accounted for 31.4 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.13.39 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.61.98 million. The average monthly sitting allowance was Kshs.40,587 per MCA. The County Assembly has established 24 Committees.

3.8.8 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.624.78 million to county-established funds in FY 2022/23, which constituted 6.2 per cent of the County's overall budget. Table 49 summarises each established Fund's budget allocation and performance during the reporting period.

Table 49: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Homa Bay County Education Bursary Fund	260,0000,000	130,000,000	-	Yes
2.	County Executive Car and Mortgage	50,000,000	-	-	Yes
3.	Homa Bay County Emergency Fund	72,000,000	-	-	Yes
County Assembly Established Funds					
4.	County Assembly Car and Mortgage Fund	242,780,461	-	168,000,000	Yes
Total		624,780,461	130,000,000	168,000,000	

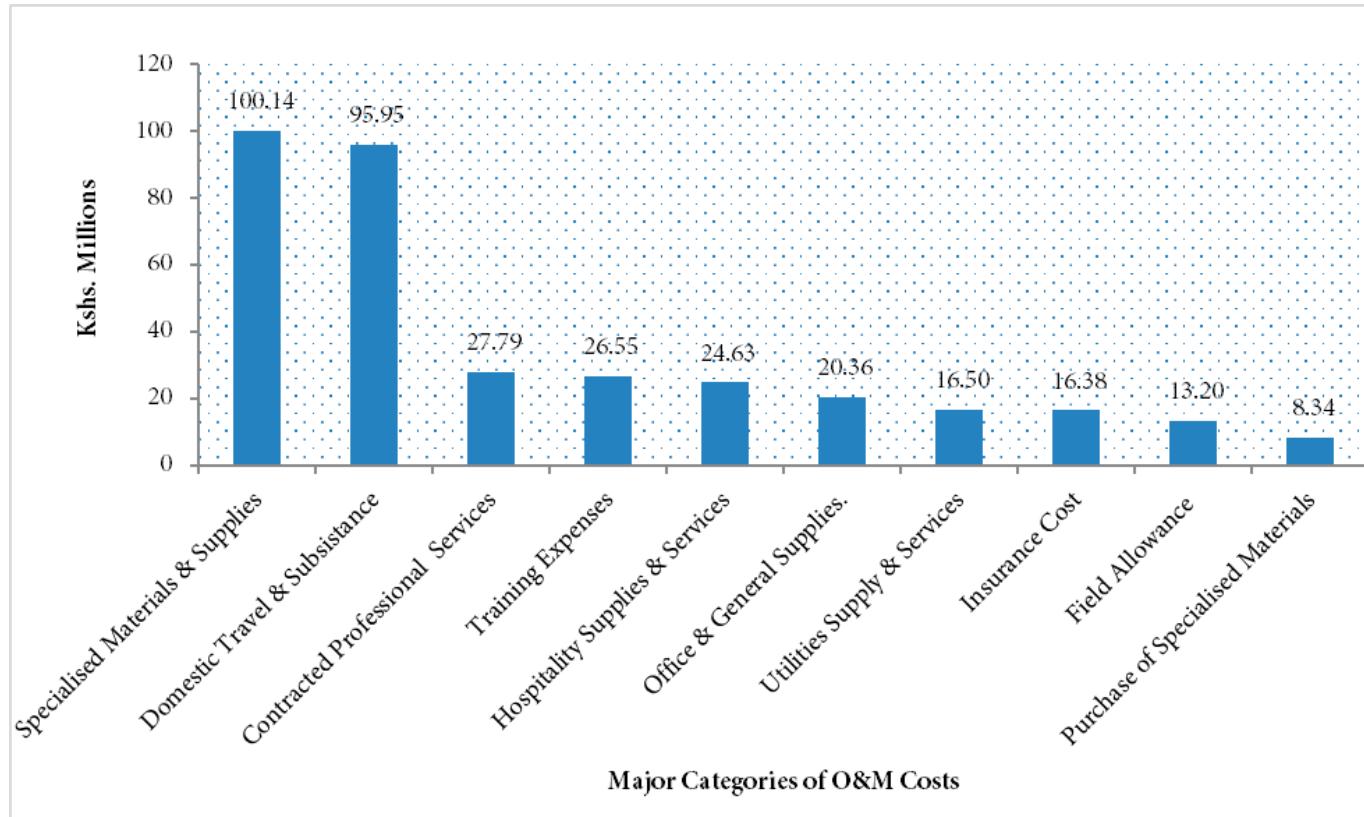
Source: Homa Bay County Treasury

During the reporting period, OCoB received the quarterly financial returns from Fund Administrators of all funds as indicated in Table 49 per the requirement of Section 168 of the PFM Act, 2012.

3.8.9 Expenditure on Operations and Maintenance

Figure 24 shows a summary of 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.95.95 million and comprised of Kshs.41.67 million spent by the County Assembly and Kshs.54.28 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.0 million by the County Executive.

3.8.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.338.47 million on development programmes, representing a decrease of 61.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.744.62 million. Table 50 summarises development projects with the highest expenditure in the reporting period.

Table 50: 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	Health and Sanitation	Refurbishment of OPD at Referral Hospital	Homa Bay Town	22,842,322	22,842,322	19,478,987	100
2	Trade, Industry and Co-operators	Installation of maize milling plant at Kigoto	Suba South	15,916,144	15,916,144	15,916,144	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Agriculture, Livestock, Fisheries, Food Security and Co-operatives	Homa Bay ASDSP projects	All wards	16,500,000	16,500,000	16,500,000	100
4	Health and Sanitation	Purchase of Medical equipment for Referral hospital	Homa Bay town	74,379,462.40	74,379,462	74,379,462	100
5	Trade, industry and Co-operatives	Installation of phase3 KVA electricity at Kigoto Maize milling Machine	Suba South	2,206,556	2,206,556	2,206,556	100

Source: Homa Bay County Treasury

3.8.11 Budget Performance by Department

Table 51 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 51: 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
Agriculture And Livestock	187.12	530.30	116.31	126.36	90.32	121.27	77.7	96.0	48.3	22.9
Gender Equality and Inclusivity, Youth Sports, Talent Development, Cultural Heritage and Social Services	87.19	119.12	31.00	21.75	23.80	21.75	76.8	100.0	27.3	18.3
Roads, Transport and Public Works	68.65	889.37	30.27	110.03	25.08	23.64	82.8	21.5	36.5	2.7
Blue Economy, Fisheries, Mining and Digital Economy	16.70	59.00	7.50	4.00	7.50	-	100.0	-	44.9	-
Education and Human Capital	979.60	115.80	488.10	2.33	284.55	2.33	58.3	100.0	29.0	2.0
Public Health and Medical Services	2376.13	710.21	1,207.83	115.19	960.04	110.51	79.5	95.9	40.4	15.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands, Housing, Urban Development and Physical Planning	41.83	222.34	18.50	2.00	15.00	1.91	81.1	95.3	35.9	0.9
Trade, Industry, Tourism Co-operatives and Enterprise Development	172.93	181.77	23.68	48.99	23.68	36.98	100.0	75.5	13.7	20.3
Water, Irrigation, Environment and Energy and Climate Change	108.04	290.31	31.92	20.56	31.92	14.68	100.0	71.4	29.5	5.1
Finance, Economic Planning and Service Delivery	676.83	93.17	196.12	-	196.12	1.62	100.0	-	29.0	1.7
Executive Office of the Governor	645.10	70.00	314.51	-	314.33	-	99.9	-	48.7	-
County Public Service Board	84.89	6.00	36.00	-	16.54	-	45.9	-	19.5	-
County Assembly	1115.62	82.25	612.34	3.80	489.36	3.80	79.9	100.0	43.9	4.6
Municipal Board	27.97	45.00	16.00	-	8.03	-	50.2	-	28.7	-
TOTAL	6,588.60	3,414.64	3,130.09	455.01	2,486.28	338.48	79.4	74.4	37.7	9.9

Source: Homa Bay County Treasury

Analysis of expenditure by department shows that the Department of Agriculture and Livestock recorded the highest absorption rate of development budget at 22.9 per cent, followed by the Department of Trade, Industry, Tourism Co-operatives and Enterprise Development at 20.3 per cent. The Department of Executive Office of the Governor had the highest percentage of recurrent expenditure to budget at 48.7 per cent. In contrast, the Department of Trade, Industry, Tourism Co-operatives and Enterprise Development had the lowest at 13.7 per cent.

3.8.12 Budget Execution by Programmes and Sub-Programmes

Table 52 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 52: Homa Bay County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Department of Agriculture, Livestock, Fisheries and Food Security				
Policy Planning, General Administration and Support Services	Policy and Planning Services	1,000,000	-	-
	General Administration and Support Services	186,119,581	90,321,474	48.5
	Sub total	187,119,581	90,321,474	48.3
	Agribusiness Development Services	3,808,322	-	-
	Land Development Services	2,370,000	-	-
	National Agriculture Rural Inclusive Growth	387,997,536	102,096,720	26.3
	Agriculture Sector Development Support Programme	54,014,863	16,500,000	30.5
	Sub total	448,190,721	118,596,720	57
Food Security Enhancement Services	Farm Input Access Services	42,380,686	-	-
	Sub Sector Infrastructure Development Services	21,858,686	2,670,300	12.2
	Sub total	64,239,372	2,670,300	4.2
Livestock Development Programme	Livestock Improvement and Development	7,390,000	-	-
	Livestock Health and Disease Management	10,480,700	-	-
	Sub total	17,870,700	-	-
Department of Gender Equality and Inclusivity Youth, sports, Talent Development, Cultural Heritage and Social Services				
Policy, Planning and General Administration services	General Administration and Support Services	38,185,425	23,800,000	62.3
	Sub total	41,185,425	23,800,000	57.8
Cultural And Creative Sector Development Services	Creative Economy Development Services	3,000,000	-	-
	Cultural Development and Promotion Services	8,000,000	-	-
	Sub total	11,000,000	-	-
Social Development and Empowerment Services	Gender and Women Empowerment	5,000,000	-	-
	Youth Empowerment	9,000,000	-	-
	Disability Mainstreaming Services	4,000,000	-	-
	Sub total	18,000,000	-	-
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	111,121,334	21,747,550	19.6
	Sports Management and Talent Development	25,000,000	-	-
	Sub total	136,121,334	21,747,550	20.0
Department of Roads, Transport and Public Works and Infrastructure				
General Administration, Planning and Support Services	Human Resource and Support Services	67,462,052	25,080,000	37.2
	Roads and Transport Services Operations	289,000	-	-
	Sub total	67,751,052	25,080,000	37.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Public works and maintenance services	Quality control and Enforcement	474,000	-	-
	Plant and Machinery maintenance	204,931	-	-
	Sub total	678,931	-	-
Road Development and Maintenance Services	Opening Grading and Gravelling	400,000,000	23,640,375	5.9
	CSP 3.2: Road Maintenance (Including Oriri-Kapete Rd-5M, Ong'ayo-Manyala Rd-5M, Wikawere-Kanyang'wena-Kowili-Akwakra Rd-5M, Alendo Box Culvert-10M, Jnc Sare SDA-Bwanda Bridge-10M)	489,365,753	-	-
	Plant and Machinery			
	Sub total	889,365,753	23,640,375	2.7
Department of Blue Economy, Fisheries Mining and Digital Economy				
Blue Economy and Fisheries Resources and Development Services	Capture Fisheries and Development	10,500,000	-	-
	Aquaculture Development	4,500,000	-	-
	Sub total	15,000,000	-	-
ICT And Digital Economy Development Services	ICT Infrastructure Development	14,000,000	2,000,000	14.3
	E-Commerce Services	30,000,000	-	-
	Sub total	44,000,000	2,000,000	4.5
	Personnel Remuneration and Welfare Services	16,700,000	5,500,000	32.9
	Sub total	16,700,000	5,500,000	32.9
Department of Education, Human Capital Development and Vocational Training				
General Administration and Quality Assurance Service	General administration Services	19,560,000	1,000,000	5.1
	Quality Assurance Services	960,040,000	283,551,442	29.5
	Sub total	979,600,000	284,551,442	29.0
EYE and Vocational Training Services	EYE Services	87,271,146	2,328,882	2.7
	Vocational Training Services	28,528,854	-	-
	Sub total	115,800,000	2,328,882	3
Department of Public Health and Medical Services				
Policy planning and administrative support service	Policy, Planning and Monitoring Services	6,121,000	-	-
	Administrative Support Services	1,877,041,493	811,924,609	43.3
	Sub total	1,883,162,493	811,924,609	43.1
Preventive and promotional health services	Community health services	96,334,870	58,782,771	61.0
	Disease control services	165,414,104	15,600,300	9.4
	Facility infrastructure improvement services	140,000,000	89,640,500	
	Sub total	401,748,974	164,023,571	40.8
	Routine medical health services	222,222,783	56,911,548	25.6
Curative and rehabilitative health services	Medical emergency response services	4,000,000	-	-
	Facility infrastructure improvement services	570,209,681	37,692,656	6.6
	Sub total	796,432,464	94,604,204	32.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Research and development service	Research and surveillance services	2,000,000	-	-
	Capacity development services	3,000,000	-	-
	Sub total	5,000,000	--	-
Department of Lands, Housing, Urban Development and Physical Planning				
General Administration Services	General administrative support services	32,830,157	10,500,000	32.0
	Operation and Maintenance Services	9,000,000	4,500,000	50.0
	Sub total	41,830,157	15,000,000	35.9
Lands and Physical planning	County spatial planning	24,843,038	1,905,517	7.7
	Symbio city change project	4,998,500	-	-
	Inventorization of public	3,000,000	-	-
	Preparation of Valuation roll	25,000,000	-	-
	Sub total	57,841,538	1,905,517	8.0
Housing and Urban Development	Housing improvement services	3,000,000	-	-
	Smart Settlement service AMBTC Promotion services	1,500,000	-	-
	Slum upgrading Programme KISIP	150,000,000	-	-
	Urban lakefront planning and development	10,000,000	-	-
	Sub total	164,500,000	-	-
Department of Trade, Tourism, Industrialization, and Enterprise Development				
Planning and Administrative services	Administrative and Support Services	165,434,653	23,678,526	14.3
	Policy Development and Implementation Services	7,500,000	-	-
	Sub total	172,934,653	23,678,526	13.7
	Co-operative Development and Promotion Services	3,000,000	-	-
	Trade Infrastructure Development Services	67,642,221	36,980,700	54.7
	Sub total	70,642,221	36,980,700	55.0
Tourism And Industrial Development Services	Value Chain Development Services	102,467,778	-	-
	Tourism Development	8,657,778	-	-
	Sub total	111,125,556	-	-
Department of Water Sanitation, Irrigation, Environment, Energy and Climate Change				
General Administrative services	Administrative Support Services	64,325,962	31,922,375	49.6
	Policy and Planning Services	43,710,970	-	-
	Sub total	108,036,932	31,922,375	29.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Water Supply and Management Services	Urban Water Supply Services	28,080,000	14,678,024	52.3
	Rural Water Supply Services	161,525,086	-	-
	Maintenance of Water Supply Services	5,000,000	-	-
	Sub total	194,605,086	14,678,024	52
Energy Services	Electrical Power Services	34,600,000	-	-
	Solar Power Services	23,800,000	-	-
		58,400,000	-	-
Environmental Protection and Management Services	Pollution and Waste Management services	16,300,000	-	-
	Forestry Development Services	5,000,000	-	-
	Climate Change Services	16,000,000	-	-
	Sub total	37,300,000	-	-
Department of Finance and Economic Planning				
General administration and support services	Staff Remuneration and Welfare Support Services	445,823,580	135,969,354	30.5
	General Logistics, Coordination and Asset Management Services	68,239,904	30,036,800	44.0
	Devolution and Service Delivery Support Services	74,093,396	30,110,414	40.6
	Sub total	588,156,880	196,116,568	33.3
Planning, budgeting and development coordination services	Economic planning and development services	7,443,600	-	-
	Resource allocation services	10,143,100	-	-
	Public Participation facilitation services	30,000,000	1,620,000	5.4
	Sub total	47,586,700	1,620,000	3.4
Resource mobilisation services	External Resources Mobilization Services	10,080,000	-	-
	Internal Revenue Generation Services	24,173,396	-	-
	Sub total	34,253,396	-	-
	Accounting and Financial Reporting Services	22,000,000	-	-
	Audit and Advisory Services	6,000,000	-	-
Financial management services	Emergency Management Services	72,000,000	-	-
	Sub total	100,000,000	-	-
Executive Office of the Governor				
Public service administration support services	Human resource management and development services	443,059,207	209,409,625	47.3
	Planning And Monitoring Services	2,000,000	-	-
	Legal Services	5,000,000	-	-
	Sub total	450,059,207	209,409,625	46.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Governance and coordination services	Executive management and liaison services	141,982,096	64,722,138	45.6
	Field coordination and administration services	14,000,000	3,612,138	25.8
	Sub total	155,982,096	68,334,276	43.8
Strategy and service delivery improvement services	Strategy and advisory services	10,000,000	4,000,000	40.0
	Efficiency monitoring services	10,000,000	3,000,000	30.0
	Information and communication services	6,150,000	2,500,000	40.7
Communication and Public Engagement	Sub total	26,150,000	9,500,000	111
	Communication and Information Services	14,662,331	5,837,862	39.8
	Public Participation and Stakeholder Management services	4,000,000	-	-
	Inter-governmental Relations and Liaison Services	5,000,000	-	-
	Sub total	23,662,331	5,837,862	40
Field Administration and Devolution Support Services	Field Administration and Coordination Services	43,248,669	21,250,000	
	Devolution Support Services	2,000,000	-	-
	Disaster and Human Services	14,000,000	-	-
	Sub total	59,248,669	21,250,000	-
County Public Service Board				
Policy, Planning and Administration Services	Policy and Planning Services	2,508,400	-	-
	Administrative Support Services	39,878,547	16,535,956	41.5
	Facility Improvement & Capacity Strengthening Services	6,000,000	-	-
	Sub total	48,386,947	16,535,956	34.2
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	20,320,076	-	-
	Human Resource Advisory Services	5,665,000	-	-
	Capacity Development Services	2,014,924	-	-
	Sub total	28,000,000	-	-
Performance Management Services	Performance Contracting and Appraisal Services	8,500,000	-	-
	Performance Enhancement Services	6,000,000	-	-
	Sub total	14,500,000	-	-
County Assembly Service Board				
Legislative Services	Members welfare Support services	273,108,870	75,111,268	27.5
	Legislative development and approval services	245,045,286	104,513,805	42.7
	Sub total	518,154,156	179,625,073	34.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Absorption (%)
Oversight and Control Services	Capacity building services	7,000,000	-	-
	Report writing services	22,000,000	20,800,000	94.5
	Public participation and education services	11,000,000	10,368,915	94.3
	Sub total	40,000,000	31,168,915	77.9
Ward Representation Services	Staff welfare support services	66,628,836	24,265,856	36.4
	Ward operations and maintenance	17,284,320	2,949,264	17.1
	Sub total	83,913,156	27,215,120	32.4
Policy, Planning and Administrative	Administrative support services	297,124,937	163,695,114	55.1
Support Services	Financial management Services	176,430,938	87,659,729.0	49.7
	Assembly infrastructure development Services	82,254,927	3,800,000.00	4.6
	Sub total	555,810,802	255,154,843	45.9
Homabay Municipal Board				
	Administration and Support Services	27,969,896	8,030,089	28.7
	Sub total	27,969,896	8,030,089	28.7
	Infrastructure Development Services	45,000,000	-	-
	Sub total	45,000,000	-	-
Grand Total		10,003,017,179	2,824,752,596	28.2

Source: Homabay County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Report writing services in the Department of County Assembly Service Board at 94.5 per cent, Public participation and education services in the Department of County Assembly Service Board at 93.4 per cent, General Administration and Support Services in the Department of Gender Equality and Inclusivity Youth, sports, Talent Development, Cultural Heritage and Social Services at 62.3 per cent, and Urban Water Supply Services in the Department of Water Sanitation, Irrigation, Environment, Energy And Climate Change at 52.3 per cent of budget allocation.

3.8.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.71.93 million against an annual projection of Kshs.472.95 million, representing 15 per cent of the annual target.
2. High level of pending bills that amounted to Kshs.913.91 million as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.458.12 million at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.534.93 million were processed through the manual payroll and accounted for 31.4 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 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 remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised*

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

3.9 County Government of Isiolo

3.9.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.46 billion, comprising Kshs.2.32 billion (35.9 per cent) and Kshs.4.14 billion (64.1 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 1.4 per cent compared to the previous financial year when the approved budget was Kshs.6.37 billion and comprised of Kshs.2.20 billion towards development expenditure and Kshs.4.17 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.71 billion (72.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.180.4 million (2.8 per cent) from its own source of revenue, Kshs.503.96 million (7.8 per cent) as conditional grants, and a cash balance of Kshs.1.07 billion (16.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 53.

The cash balance from the previous financial year comprises Kshs.513.01 million, which was unspent conditional grants and Kshs.552.95 million in the CRF.

3.9.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.55 billion as the equitable share of the revenue raised nationally, raised Kshs.81.29 million as own-source revenue and had a cash balance of Kshs.1.07 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.70 billion, as shown in Table 53.

Table 53: Isiolo County, Revenue Performance in the First Half of FY 2022/23

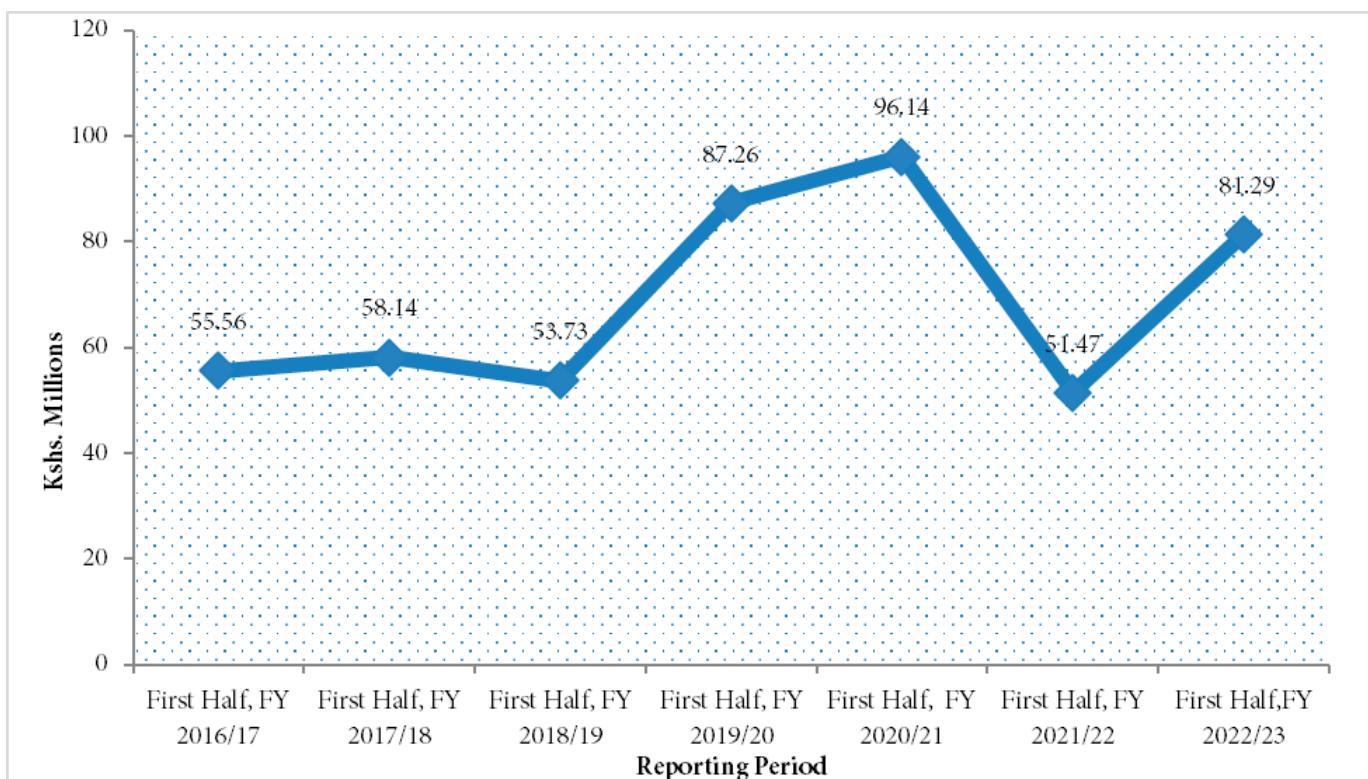
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,710,388,265	1,554,428,128.00	33.00
	Sub Total	4,710,388,265	1,554,428,128.00	33.0
B	Conditional Grants			
1	Supplement for Construction of County Headquarters	102,000,000	-	-
2	Current Grants from Foreign Governments DANIDA	13,642,875	-	-
3	Climate Smart Agricultural Project	259,805,034	-	-
4	Financing Locally led climate action world bank	22,000,000	-	-
5	Emergency locust response	84,469,550	-	-
6	Sweden Agricultural Sector Development Support Programme (ASDSP)	19,697,797	-	-
7	Isiolo County KUSP Account UIG world bank	1,145,356	-	-
8	Isiolo County KUSP Account UDG World bank	1,194,559	-	-
	Sub-Total	503,955,171	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	180,401,768	81,286,646	45.1
2	Balance b/f from FY2021/22	1,065,959,923	1,065,959,923	100
	Sub Total	1,246,361,691	1,147,246,569	92.1

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Grand Total	6,460,705,127	2,701,674,697	41.8

Source: Isiolo County Treasury

Figure 25 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

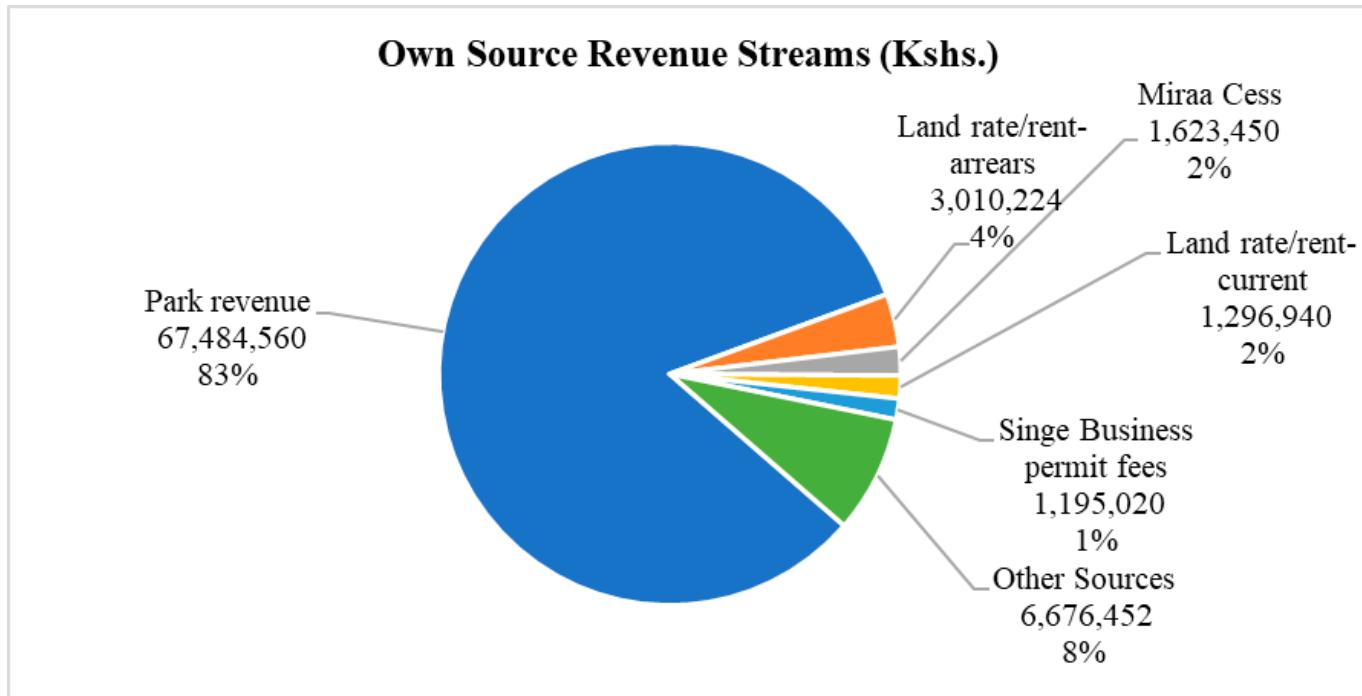
Figure 25: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Isiolo County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.81.29 million from its own sources of revenue. This amount represented an increase of 57.9 per cent compared to Kshs.51.47 million realised in a similar period in FY 2021/22 and was 45.1 per cent of the annual target and 5.2 per cent of the equitable share of revenue disbursed during the period. The OSR includes; Park revenue, Land rate/rent-arrears, Miraa Cess, Land rate/rent-current, and Single Business permit fees. The revenue streams which contributed the highest OSR are shown in Figure 26.

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



Source: Isiolo County Treasury

The increase in OSR can be attributed to increased park fee collection from Buffalo Spring National Reserve and Shaba National Reserve. The highest revenue stream of Kshs.67.48 million was from Park revenue, contributing to 83 per cent of the total OSR collected during the reporting period.

3.9.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.99 billion from the CRF account during the reporting period. This amount comprised Kshs.167.19 million (8.4 per cent) for development programmes and Kshs.1.82 billion (91.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 1.08 billion was released towards employee compensation, and Kshs.713.02 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.377.03 million.

3.9.4 County Expenditure Review

The County spent Kshs.1.68 billion on development and recurrent programmes during the reporting period. This expenditure represented 85.6 per cent of the total funds released by the CoB and comprised Kshs.156.48 million and Kshs.1.53 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.7 per cent, while recurrent expenditure represented 36.8 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.507.15 million, which comprised Kshs.351.59 million for recurrent expenditure and Kshs.155.56 million for development activities. During the period under review, the county did not settle any pending bills.

3.9.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.913.29 million on employee compensation, Kshs.463.13 million on operations and maintenance, and Kshs.134.77 million on

development activities. Similarly, the County Assembly spent Kshs.98.85 million on employee compensation, Kshs.50.56 million on operations and maintenance, and Kshs.21.71 million on development activities, as shown in Table 54.

Table 54: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,693,756,837	448,252,680	1,376,423,224	149,406,357	37.3	33.3
Compensation to Employees	1,939,122,876	245,945,202	913,287,957	98,849,893	47.1	40.2
Operations and Maintenance	1,754,633,961	202,307,478	463,135,267	50,556,464	26.4	25.0
Development Expenditure	2,099,695,611	219,000,000	134,768,710	21,710,500	6.4	9.9
Total	5,793,452,448	667,252,680	1,511,191,934	171,116,857	26.1	25.6

Source: Isiolo County Treasury

3.9.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.01 billion, or 37.5 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.70 billion. This expenditure represented an increase from Kshs.612.35 million reported in a similar period of FY 2021/22. The wage bill included Kshs.633.73 million paid to health sector employees, translating to 68.6 per cent of the total wage bill. The increase in the wage bill is a result of the payment of salary arrears.

The County Assembly spent Kshs.3.18 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.29,481 per MCA. The County Assembly has established 13 committees.

3.9.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.219 million to county-established funds in FY 2022/23, constituting 3.4 per cent of the County's overall budget. Table 55 summarises each established Fund's budget allocation and performance during the reporting period.

Table 55: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 Yes/No.)
County Executive Established Funds					
1.	Emergency Fund	110,000,000	82,500,000	82,270,501	Yes
2.	Bursary fund	35,000,000	-	-	No
County Assembly Established Funds					
3.	Mortgage Loans to Members & Staff	74,000,000	-	-	No
	Total	219,000,000	82,500,000	82,270,501	

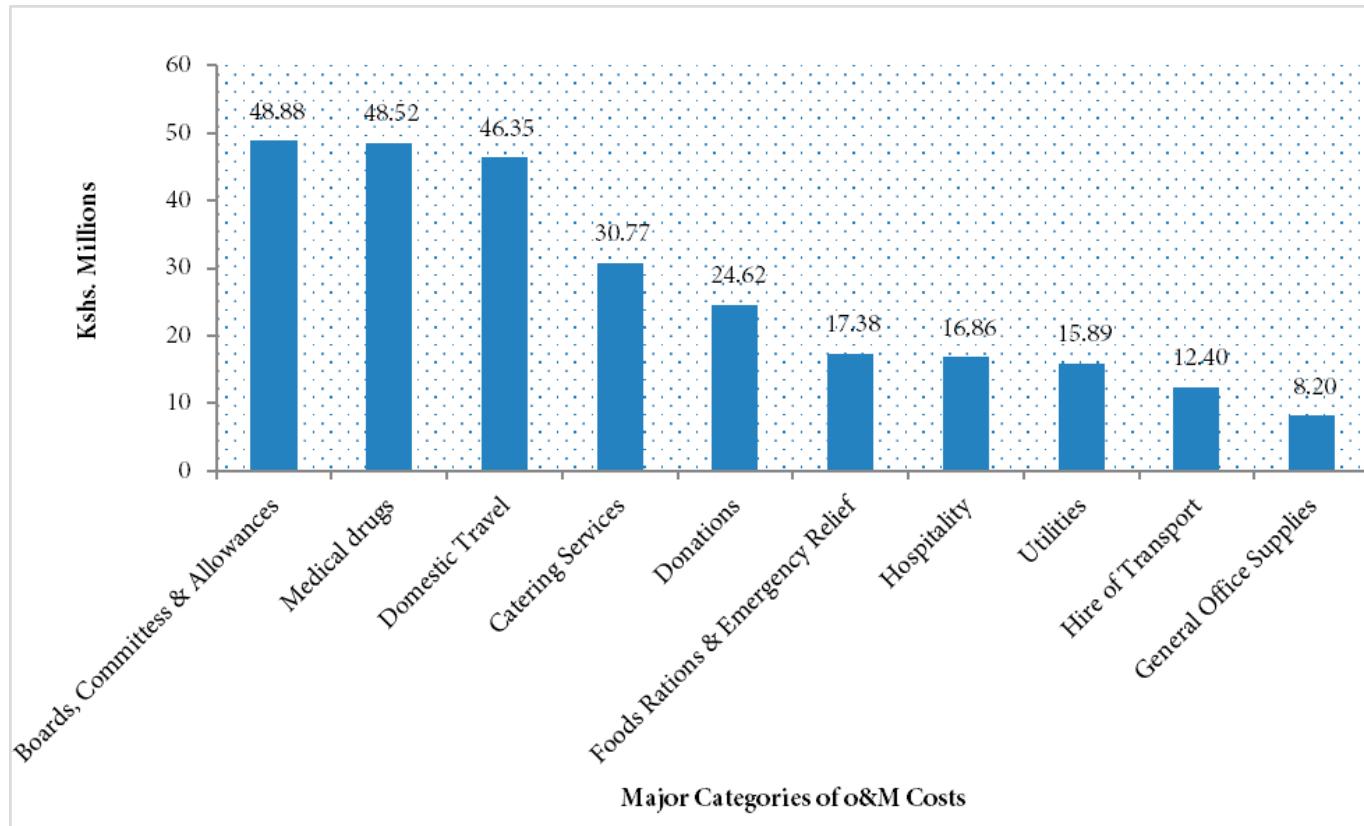
Source: *Isiolo County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Bursary Fund and Mortgage Loans to Members & Staff funds, as indicated in Table 55 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.9.9 Expenditure on Operations and Maintenance

Figure 27 shows a summary of 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.46.35 million and comprised of Kshs.3.1 million spent by the County Assembly and Kshs.43.17 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.05 million by the County Assembly.

3.9.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.156.48 million on development programmes, representing a decrease of 31.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.277.09 million. Table 56 summarises development projects which had the highest expenditure in the reporting period.

Table 56: Isiolo County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Municipal administration	Construction of Isiolo Market	Isiolo Municipality	131,015,510	31,937,269	43
2	County Assembly	Construction of County Assembly chamber	Isiolo Municipality	314,006,768	32,421,981	17

Source: Isiolo County Treasury

3.9.11 Budget Performance by Department

Table 57 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 57: 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	219.00	185.29	32.42	149.41	21.71	80.6	67.0	33.3	9.9
Office of the Governor	327.07	-	196.01	-	149.72	-	76.4	-	45.8	-
County Public Service Board	68.80	-	34.12	-	30.91	-	90.6	-	44.9	-
Deputy Governor	24.90	-	14.63	-	11.50	-	78.6	-	46.2	-
County Secretary	51.29	-	32.43	-	26.26	-	81.0	-	51.2	-
Administration and PSM	248.80	7.00	72.89	-	41.81	-	57.4	-	16.8	-
Delivery Unit	20.05	-	15.69	-	14.02	-	89.3	-	69.9	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	33.07	-	20.50	-	19.76	-	96.4	-	59.8	-
Finance and Economic Planning	475.80	387.12	84.46	-	65.73	-	77.8	-	13.8	-
Special Programmes and ICT	191.47	110.00	30.51	82.50	17.32	82.50	24.0	100.0	9	75.0
Economic Planning	72.93	10.00	31.01	-	30.23	-	97.5	-	41.5	-
Lands and Physical Planning	26.63	39.00	9.24	-	6.40	-	69.2	-	24.0	-
Roads and Infrastructure	16.57	111.01	6.81	-	5.96	-	14.1	-	36	-
Public Works & Housing	21.43	-	9.51	-	0.02	-	0.2	-	0.1	-
Municipal Administration	66.41	155.55	33.35	37.45	15.93	47.58	47.8	127.0	24.0	30.6
Agriculture	55.86	879.94	28.81	-	2.36	-	8.2	-	4.2	-

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
Livestock, Veterinary & Fisheries	125.81	15.19	63.17	14.82	6.75	11.21	10.7		5.4	73.8
Education & Vocational Training	229.90	17.38	112.24	-	22.26	-	0.2		9.7	-
Youth & Sports	23.65	38.00	8.27	-	2.43	-	29.3		10.3	-
Culture & Social Services	19.10	8.00	29.84	-	1.36	-	4.6		7.1	-
Tourism & Wildlife Management	136.28	12.00	83.35	-	79.41	-	95.3	-	58.3	-
Trade, Industries, Cooperatives	26.18	-	16.52	-	4.52	-	23.4	-	17.3	-
Water & Irrigation	61.28	116.49	29.08	-	21.12	-	72.6	-	34.5	-
Environment & Natural Resources	22.71	47.81	11.73	-	8.23	-	70.2	-	36.2	-
Health Services	1,347.77	145.22	662.96	-	781.88	-	117.9	-	58.0	-
TOTAL	4,142.01	2,318.70	1,822.41	167.19	1,515.30	163.00	81.1	97.5	35.7	7.0

Source: Isiolo County Treasury

Analysis of expenditure by department shows that the Department of Livestock, Veterinary and Fisheries recorded the highest absorption rate of development budget at 73.8 per cent, followed by the Department of Municipal Administration at 6 per cent. The Department of Tourism & Wildlife Management had the highest percentage of recurrent expenditure to budget at 58.3 per cent, while the Department of Public Works and Housing had the lowest at 0.1 per cent.

3.9.12 Budget Execution by Programmes and Sub-Programmes

Table 58 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 58: Isiolo County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
		Livestock resource management and development	8,955,651.00	8,252,000.00	92
	101023510	Livestock Production	8,955,651.00	8,252,000.00	92
		Fisheries development	-1,336,000.00	-	-
	102043510		-1,336,000.00	-	-
		Crop Productivity Improvement	772,157,098.25	293,427,927.75	38
	104013510	Increase food productivity & output by 30%.	101,630,743.50	28,903,580.75	28
	104033510	Promote sustainable land use and environmental conservation	-1,500,000.00	-	-
	104043510	Establishment of Demo Farms	30,951,342.75	-	-
	104053510	Administration Climate Change Mitigation	642,304,834.50	264,524,347.00	41
	104063510	Irrigation	-1,229,822.50	-	-

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Value Addition			-3,062,500.00	-	-
	105013510	Veterinary Support Services	-3,062,500.00	-	-
Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)			-1,750,000.00	-	-
	107013510	Administration and Planning Services	-1,750,000.00	-	-
Land Survey and land use planning			23,400,000.00	-	-
	109023510	County Land Survey and Mapping	23,400,000.00	-	-
Public Works.			69,636,410.00	-	-
	204023510	Estate Flood lighting facilities.	-3,375,014.00	-	-
	204033510	Bridge Infrastructure and Engineering Designs	6,000,000.00	-	-
	204043510	Roads Maintenance Emergency	67,011,424.00	-	-
Municipal Administration			114,292,000.50	47,581,777.95	42
	207013510	General Administration and Planning	5,250,000.00	7,500,000.00	143
	207023510	Infrastructural Development	109,042,000.50	40,081,777.95	37
Trade development and promotion			-4,397,586.75	-	-
	301013510	Entrepreneurship and business management training	-1,272,586.75	-	-
	301023510	Micro and Small Business Support Services	-625,000.00	-	-
	301033510	Infrastructure support	-2,500,000.00	-	-
Tourism Promotion			7,000,000.00	-	-
	304013510	Tourism Promotion and Marketing	1,500,000.00	-	-
	304023510	Tourism Development	3,250,000.00	-	-
	304033510	Protection of endangered wildlife animals.	2,250,000.00	-	-
Health Preventive and Promotive Services			84,455,366.75	5,699,152.05	7
	401023510	Preventive and Promotive Health Services	43,935,896.25	788,530.00	2
	401033510	Disease Surveillance And Epidemic preparedness	40,519,470.50	4,910,622.05	12
Administration and Planning			13,911,712.50	-	-
	403013510	Curative and Rehabilitative Health Services	13,911,712.50	-	-
Provision of education and training services			4,600,000.00	-	-
	502013510	ECDE Classroom Infrastructure	7,150,000.00	-	-
	502043510	Promotion of Quality Youth empowerment	-1,000,000.00	-	-
	502053510	Sanitation for ECDE	-1,550,000.00	-	-
Cultural and Arts Empowerment			3,283,888.75	-	-

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
	503053510		3,283,888.75	-	-
Management and development of Sports and sports facilities			23,499,958.00	-	-
	504013510	Sports Academy Centre	28,499,958.00	-	-
	504023510	Youth and Women Empowerment	-5,000,000.00	-	-
Culture and Social Services			4,435,310.75	-	-
	505013510	Culture Development	4,435,310.75	-	-
Administration and support services			364,418,179.00	-	-
	709083510	Administrative Infrastructure support	364,418,179.00	-	-
Economic Planning and Coordination ion			7,500,000.00	-	-
	711023510	Economic Policy and County Development Plans	7,500,000.00	-	-
Cohesion and Peace Building			-2,500,000.00	-	-
	712013510	Administrative and Civic Education Services	-2,500,000.00	-	-
Town administration, planning and support services			-1,000,000.00	-	-
	719023510	General Administration Support Services	-1,000,000.00	-	-
Administration and support services			2,000,000.00	-	-
	724033510	Fencing and Rehabilitation of Payroll Office	2,000,000.00	-	-
Special programmes			82,500,000.00	85,980,000.00	104
	725023510	Disaster management	82,500,000.00	85,980,000.00	104
			-2,500,000.00	-	-
	902023510	Marginalised Group Empowerment support services	-2,500,000.00	-	-
	902033510	Empowerment Support Support Services	-	-	-
Water Supply and Storage Services			84,543,853.00	-	-
	1002023510	Water Supply and Storage	82,293,853.00	-	-
	1002043510	Civil Works-Establishment of Dams & Pans	2,250,000.00	-	-
Conservation of Environment & Natural Resources			10,105,237.25	-	-
	1003023510	Environmental Conservation	10,105,237.25	-	-
			-	-	-
Livestock resource management and development			92,622,451.00	2,246,650.00	2
	101023510	Livestock Production	92,622,451.00	2,246,650.00	2
Crop Productivity Improvement			42,106,037.50	874,182.00	2
	104053510	Administration Climate Change Mitigation	42,106,037.50	874,182.00	2
Value Addition			4,825,880.25	2,995,000.00	62

Pro-gram	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
	105013510	Veterinary Support Services	4,825,880.25	2,995,000.00	62
		Planning and Survey of Urban Areas (Modogashe and Ol ndo-nyiro)	15,745,051.00	22,245.00	-
	107013510	Administration and Planning Services	15,745,051.00	22,245.00	-
		Land Survey and land use planning	20,661,700.25	6,398,000.00	31
	109013510	County land planning and spatial development	20,661,700.25	6,398,000.00	31
		Public Works.	12,562,000.00	961,386.90	8
	204013510	Road Improvement	12,562,000.00	961,386.90	8
		Municipal Administration	52,058,617.00	15,931,044.00	31
	207013510	General Administration and Planning	52,058,617.00	15,931,044.00	31
		Trade development and promotion	19,899,751.25	3,871,400.00	19
	301013510	Entrepreneurship and business management training	19,899,751.25	3,871,400.00	19
		Tourism Promotion	101,335,997.50	5,326,600.00	5
	304023510	Tourism Development	101,335,997.50	5,326,600.00	5
		Health Preventive and Promotive Services	52,522,842.75	25,935,893.00	49
	401023510	Preventive and Promotive Health Services	52,522,842.75	25,935,893.00	49
		Health Curative Services	820,885,382.75	392,459,878.15	48
	402013510	Provision Of Essential Health products In all The Level	10,162,500.00	2,742,740.00	27
	402033510	Administration Support Services	797,328,611.25	386,718,488.15	49
	402083510	Beyond Zero Campaigns	13,394,271.50	2,998,650.00	22
		Administration and Planning	149,952,362.75	71,957,934.10	48
	403013510	Curative and Rehabilitative Health Services	149,952,362.75	71,957,934.10	48
		Administration, Planning and Support Services.	172,674,163.00	264,963.00	-
	501013510	Administration	146,424,163.00	264,963.00	-
	501033510	Contracted Services	26,250,000.00	-	-
		Management and development of Sports and sports facilities	18,068,993.25	2,425,200.00	13
	504013510	Sports Academy Centre	18,068,993.25	2,425,200.00	13
		Culture and Social Services	13,883,239.25	1,360,000.00	10
	505013510	Culture Development	13,883,239.25	1,360,000.00	10
		Management of County Affairs	18,900,000.00	10,000,838.95	53
	701033510	County Executive Services	18,900,000.00	10,000,838.95	53

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Prudent use of Financial Resources			14,498,986.50	12,457,848.80	86
	708013510	Governors Delivery Unit	14,498,986.50	12,457,848.80	86
Public financial management			434,270,662.25	65,183,865.50	15
	710013510	Administrative Services	415,020,602.25	64,081,065.50	15
	710023510	Policies and Bills	16,085,685.00	-	-
	710043510	Audit Services	3,164,375.00	1,102,800.00	35
Economic Planning and Coordination ion			56,992,729.75	30,231,409.50	53
	711013510	Monitoring and Evaluation	21,890,727.25	8,359,609.50	38
	711023510	Economic Policy and County Development Plans	11,714,058.75	6,645,600.00	57
	711043510	County Development Stakeholders Forums	9,530,197.50	6,520,200.00	68
	711053510	County Baseline Surveys on County Development Indicators	7,584,600.00	5,247,700.00	69
	711063510	Social Intelligence Reporting	2,260,646.25	2,259,800.00	100
	711073510	Capacity building and Support to Departments	1,762,500.00	1,198,500.00	68
	711093510	County Strategic Plan and Performance Management Plan	2,250,000.00	-	-
Cohesion and Peace Building			24,074,427.50	19,762,176.00	82
	712013510	Administrative and Civic Education Services	24,074,427.50	19,762,176.00	82
County Governance and Coordination Affairs			254,563,237.00	127,042,280.15	50
	713013510	County Governance	254,563,237.00	127,042,280.15	50
County Devolved Administrative Affairs			40,119,175.50	26,256,778.00	65
	716013510	Devolved Administrative Affairs	40,119,175.50	26,256,778.00	65
Town administration, planning and support services			194,690,197.00	38,488,950.95	20
	719013510	Personnel Services	94,276,422.75	32,044,931.25	34
	719023510	General Administration Support Services	100,413,774.25	6,444,019.70	6
County Public Service			51,140,196.25	38,914,074.80	76
	723023510	Administration Support Services	51,140,196.25	38,914,074.80	76
Administration and support services			7,169,461.25	3,322,000.00	46
	724023510	Administration Support Services	7,169,461.25	3,322,000.00	46
Special programmes			181,050,930.25	7,324,691.00	4
	725013510	Administration & Planning	17,137,333.25	7,324,691.00	43
	725023510	Disaster management	163,913,597.00	-	-

Program	Sub Program	Description	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)
Provision & Management of domestic & livestock rural water supply			-	-	-
	1001043510	Construction of Physical structures for water supply	-	-	-
Water Supply and Storage Services			47,182,871.50	21,122,288.00	45
	1002013510	Procurement of survey equipment & accessories	42,341,621.50	20,997,288.00	50
	1002053510	River bank protection upstream & downstream of irrigation intakes	4,841,250.00	125,000.00	3
Conservation of Environment & Natural Resources			16,861,329.00	8,230,357.50	49
	1003013510	Administration and Support Services	16,861,329.00	8,230,357.50	49
Administrative support services			448,252,680.00	149,406,357	33.30
Legislative services			219,000,000.00	21,710,500	9.90
			5,262,719,932	1,682,308,793	32

Source: Isiolo County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Planning in the Department of Municipal Administration at 142.9 per cent, Disaster Management in the Special Programs department at 104.2 per cent, and Livestock Production in the Department of Livestock Resource Management and Development at 92.1 per cent of budget allocation. However, the report on budget execution by programmes and sub-programmes has material errors as it shows some programmes with negative budget allocations. Further, the report differs from the approved budget estimate of Kshs.6,460,705,127.

3.9.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 30th January 2023. Further, the reports were not credible as the report on budget execution by programmes differed from that on budget performance by departments.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, contrary to Section 168 of the PFM Act, 2012. The reports for the Bursary Fund and Mortgage Loans to Members & Staff funds were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.507.15 million as of 31st December 2022. This is despite the availability of cash in the CRF of Kshs.377.3 million at the end of the first half of FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012. The County Treasury should address the staff capacity challenges regarding report preparations through training and close supervision to ensure credible financial reports.*

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 period of the financial year.

3.10 County Government of Kajiado

3.10.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.9.91 billion, comprising Kshs.3.24 billion (32.7 per cent) and Kshs.6.67 billion (67.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 11.9 per cent compared to the previous financial year when the approved budget was Kshs.11.26 billion and comprised of Kshs.4.07 billion towards development expenditure and Kshs.7.18 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.95 billion (80.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.50 billion (15.2 per cent) from its own source of revenue, and Kshs.453.41 million (4.6 per cent) as conditional grants.

3.10.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.26 billion as the equitable share of the revenue raised nationally, raised Kshs.139.51 million as own-source revenue, Kshs.7.50 million as conditional grants, and Kshs.8.93 million was unspent cash balance from FY2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.42 billion, as shown in Table 59.

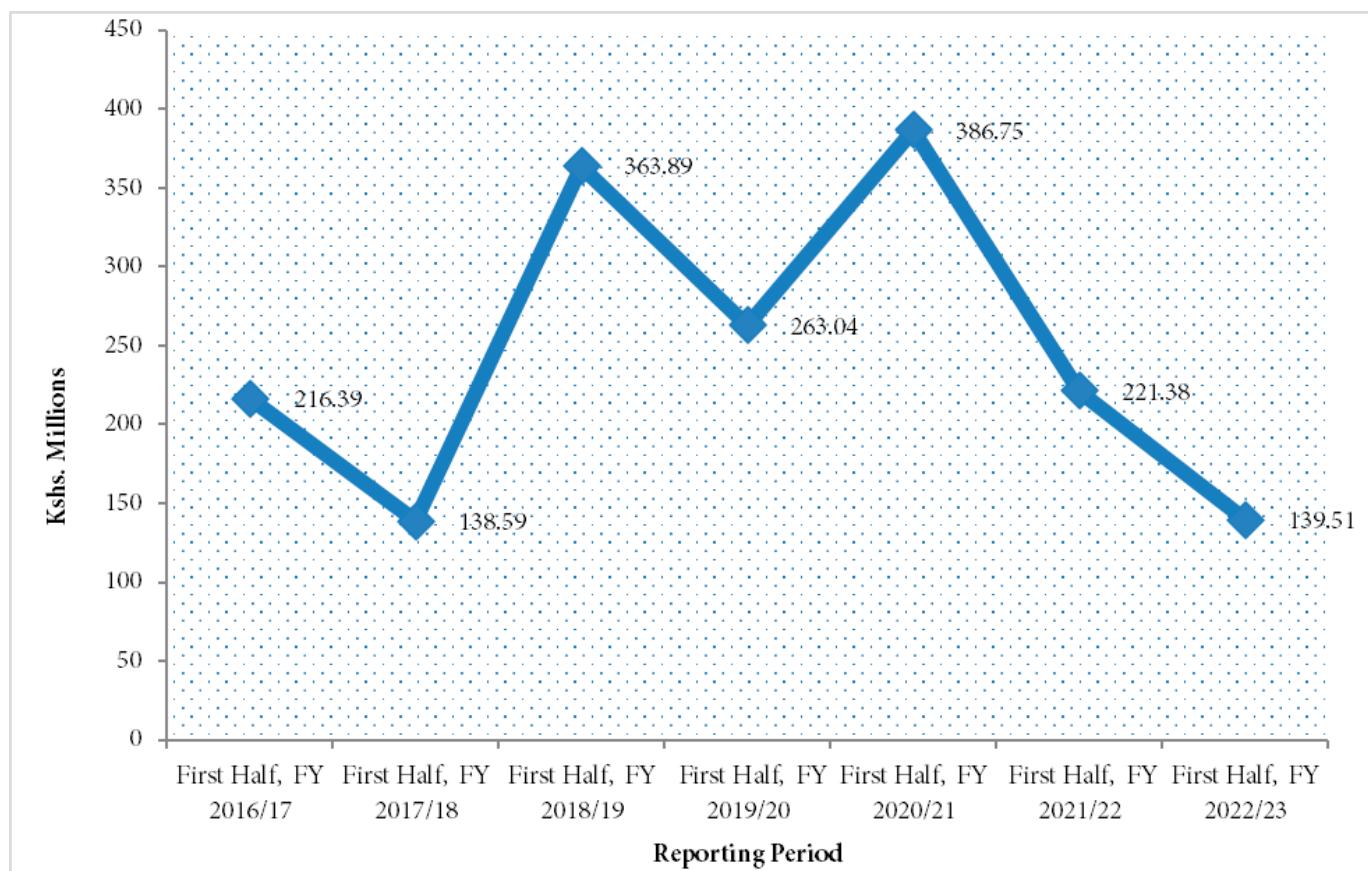
Table 59: Kajiado County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,954,768,229	3,261,454,977	41.0
	Subtotal	7,954,768,229	3,261,454,977	41.0
B	Conditional Grants			
1	Conditional Grants	453,406,907	7,499,400	1.7
	Sub total	453,406,907	7,499,400	1.7
C	Other Sources of Revenue			
1	Own Source Revenue	1,503,946,728	139,514,500	9.3
2	Unspent balance from FY 2021/22	-	8,927,769	-
	Sub Total	1,503,946,728	148,442,269	9.9
	Grand Total	9,912,121,864	3,417,396,646	34.5

Source: Kajiado County Treasury

Figure 28 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

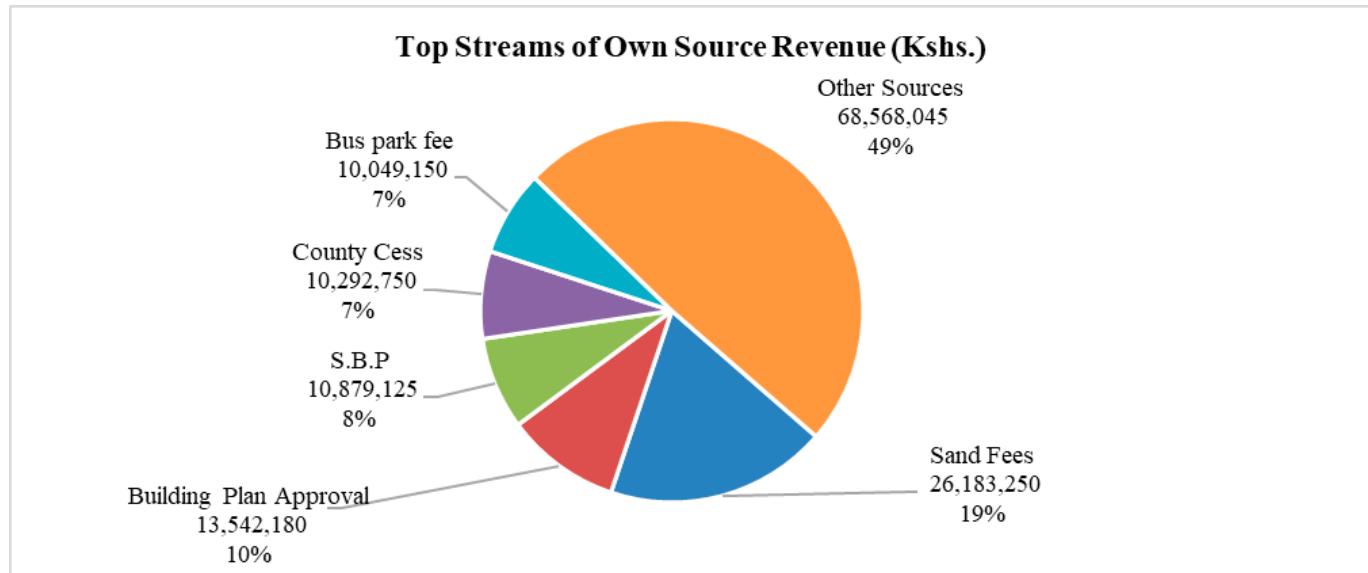
Figure 28: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kajiado County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.139.51 million from its own sources of revenue. This amount represented a decrease of 37 per cent compared to Kshs.221.38 million realised in a similar period in FY 2021/22 and was 9.3 per cent of the annual target and 4.3 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 29.

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



Source: Kajiado County Treasury

The highest revenue stream of Kshs.26.18 million was from sand fees contributing to 19 per cent of the total OSR collected during the reporting period.

3.10.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.16 billion from the CRF account during the reporting period. This amount comprised Kshs.398.16 million (12.6 per cent) for development programmes and Kshs.2.76 billion (87.4 per cent) for recurrent programmes.

3.10.4 County Expenditure Review

The County spent Kshs.3.68 billion on development and recurrent programmes during the reporting period. This expenditure represented 116.3 per cent of the total funds released by the CoB and comprised Kshs.721.73 million and Kshs.2.96 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 22.3 per cent, while recurrent expenditure represented 44.3 per cent of the annual recurrent expenditure budget.

3.10.5 Settlement of Pending Bills

As of 31st December 2022, the County Government reported outstanding pending bills of Kshs.2.07 billion comprised Kshs.1.57 billion for development projects and Kshs.494.36 million for recurrent expenditure activities.

3.10.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.95 billion on employee compensation, Kshs.663.46 million on operations and maintenance, and Kshs.706.97 million on development activities. Similarly, the County Assembly spent Kshs.106.40 million on employee compensation, Kshs.234.72 million on operations and maintenance, and Kshs. 14.76 million on development activities, as shown in Table 60.

Table 60: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	5,846,899,005	827,082,894	2,616,892,208	341,122,504	44.8	41.2
Compensation to Employees	4,035,337,788	298,870,564	1,953,427,245	106,404,525	48.4	35.6
Operations and Maintenance	1,811,561,217	528,212,330	663,464,963	234,717,979	36.6	44.4
Development Expenditure	3,138,139,965	100,000,000	706,974,396	14,757,552	22.5	14.8
Total	8,985,038,970	927,082,894	3,323,866,604	355,880,056	37.0	38.4

Source: Kajiado County Treasury

3.10.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.06 billion, or 60.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.41 billion. This expenditure represented an increase from Kshs.1.93 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.861.01 million paid to health sector employees, translating to 34.4 per cent of the total wage bill.

Further analysis indicates that P.E. costs amounting to Kshs.2.05 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.13.48 million was processed through manual payrolls.

The manual payrolls accounted for 1 per cent of the total P.E. cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.1.96 million on committee sitting allowances for the 41 MCAs and the Speaker against the annual budget allocation of Kshs.37.26 million. The average monthly sitting allowance was Kshs.7,766 per MCA. The County Assembly has established 19 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.320 million to county-established funds in FY 2022/23, constituting 3.2 per cent of the County's overall budget. Table 61 summarises each established Fund's budget allocation and performance during the reporting period.

Table 61: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
1.	Bursary Fund - Scholarships and other Educational Benefits	150,000,000	125,000,000	Yes
2.	Microfinance -Disability Fund	10,000,000	5,000,000	Yes
3.	Kajiado County Executive Car Loans & Mortgage Fund	20,000,000	-	Yes
4.	Youth & Women Enterprise Fund	10,000,000	-	No
5.	Grants for Management of Natural Disasters (Emergency Fund)	130,000,000	100,000,000	Yes
	Total	320,000,000	230,000,000	

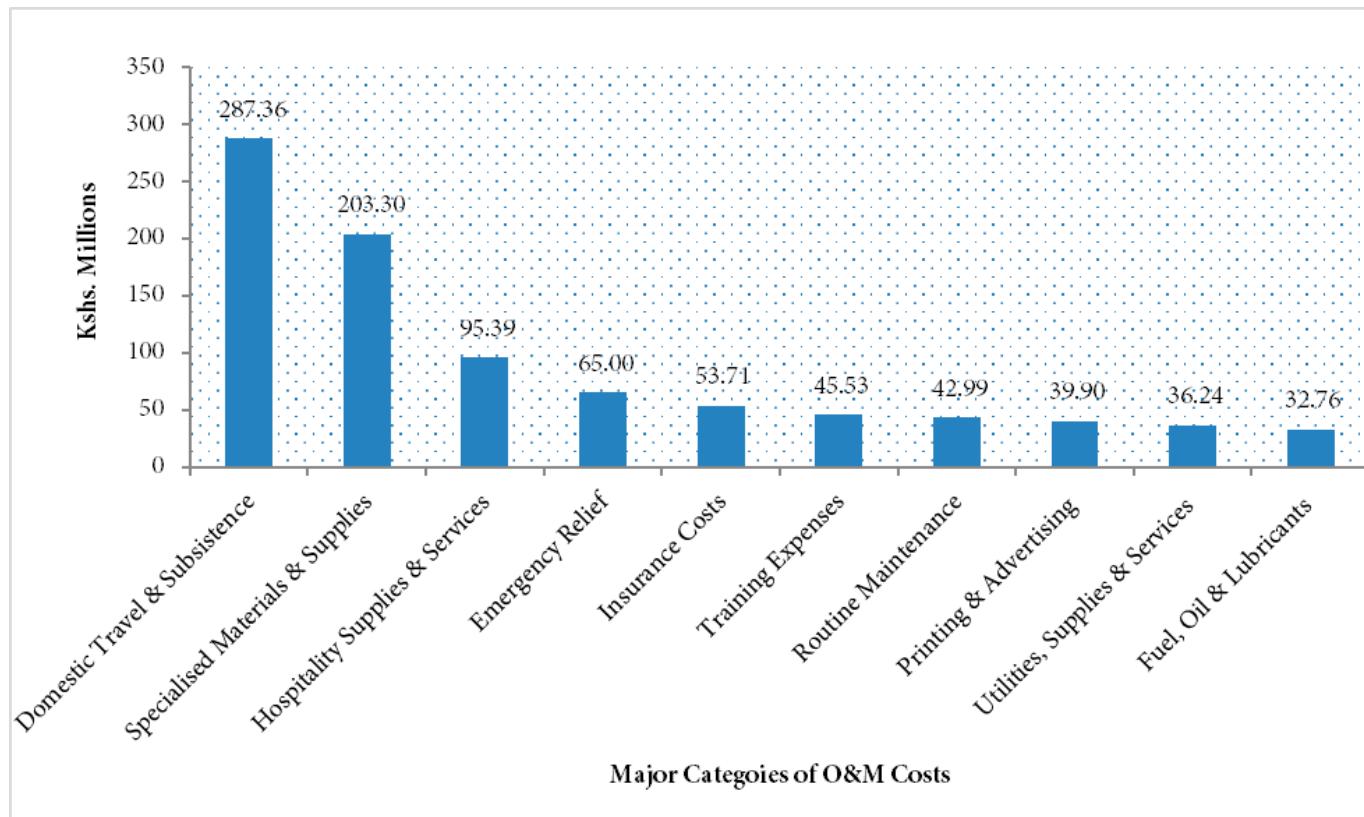
Source: *Kajiado County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Youth & Women Enterprise Fund, as indicated in Table 61 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.10.9 Expenditure on Operations and Maintenance

Figure 30 shows a summary of operations and maintenance expenditure by major categories.

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



Source: Kajado County Treasury

During the period, expenditure on domestic travel amounted to Kshs.287.36 million and comprised of Kshs.102.90 million spent by the County Assembly and Kshs.184.45 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.21 million and comprised of Kshs.2.72 million by the County Assembly and Kshs.10.49 million by the County Executive.

3.10.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.721.73 million on development programmes, representing an increase of 36.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.528.65 million. Table 62 summarises development projects with the highest expenditure in the reporting period.

Table 62: Kajiado County, List of Development Projects with the Highest Expenditure

Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Perimeter Fence at Kajiado Stadium	Ildamat	28,389,388	28,400,000	28,389,387	100
Loitoktok Cabro Works	Kuku	28,905,808	29,000,000	23,474,316	81
Upgrading of Kajiado Referral Hospital	Ildamat	35,014,612	35,000,000	20,584,322	59
Oldirkish Earth Dam	Kenyawa poka	18,380,780	18,500,000	16,542,702	90
Tropicana Baraka Old Namanga Capitol Hill Road	Kitengela	13,434,192	13,500,000	13,434,192	100
Sultan Hamud Road	Kenyawa poka	13,429,204	13,500,000	13,429,204	100
Epz Bariki Muigai Road and Utalii Drift	Kitengela	14,625,686	14,700,000	13,094,602	90
Kajiado Stadium Borehole	Ildamat	11,369,160	11,400,000	11,369,160	100

Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Construction of the Dining Hall at Enkorika Secondary School	Dalalekutuk	9,605,612	9,650,000	9,605,612	100
Oldorko Oloosokon Road	Mosiro	8,987,100	9,000,000	8,986,636	100

Source: Kajiado County Treasury

3.10.11 Budget Performance by Department

Table 63 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY. 2022/23.

Table 63: Kajiado County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor & Deputy Governor	218.44	10.00	68.93	2.59	87.20	7.11	126.5	274.2	39.9	71.1
County Public Service Board	115.87	-	45.54	-	36.84	-	80.9	-	31.8	-
Medical Services, Public Health & Sanitation	2,344.28	453.13	840.16	12.50	1,105.35	18.00	131.6	144.0	47.2	4.0
Water, Irrigation, Environment and Natural Resources	219.27	261.00	230.12	-	100.06	-	43.5	-	45.6	-
Roads, Transport, Public Works, Housing and Energy	171.96	441.00	91.60	-	74.33	-	81.1	-	43.2	-
Public Service, Administration and Citizen Participation	699.30	101.39	251.72	5.00	304.28	10.00	120.9	200.0	43.5	9.9
County Treasury	581.27	910.80	199.08	282.81	302.43	535.87	151.9	189.5	52.0	58.8
Lands, Physical Planning and Urban Development	100.17	50.00	97.44	-	48.96	-	50.3	-	48.9	-
Education, Youth and Sports	532.50	386.00	203.88	75.00	234.11	125.49	114.8	167.3	44.0	32.5
Gender, Social Services, Culture & Tourism And Wildlife	74.13	10.00	76.88	-	25.66	5.00	33.4	-	34.6	50.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock, Veterinary Services and Fisheries	303.06	440.32	82.46	5.50	99.30	5.50	120.4	100	32.8	1.2
Trade, Cooperative Development and Enterprise Development	163.82	74.50	111.89	-	78.19	-	69.9	-	47.7	-
Kajiado Municipality	61.12	-	56.87	-	16.09	-	28.3	-	26.3	-
Ngong Municipality	93.44	-	35.93	-	26.83	-	74.7	-	28.7	-
Office of the County Attorney	168.26	-	31.21	-	77.26	-	247.5	-	45.9	-
County Assembly	827.08	100.00	341.12	14.76	341.12	14.76	100	100	41.2	14.8
Total	6,673.98	3,238.14	2,764.84	398.16	2,958.01	721.73	107	181.3	44.3	22.3

Source: Kajiado County Treasury

Analysis of expenditure by the department shows that the Office of the Governor & Deputy Governor recorded the highest absorption rate of the development budget at 71.1 per cent, followed by the County Treasury at 58.8 per cent. The County Treasury had the highest percentage of recurrent expenditure to budget at 52 per cent, while Kajiado Municipality had the lowest at 26.3 per cent.

3.10.12 Budget Execution by Programmes and Sub-Programmes

Table 64 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 64: Kajiado County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Program and Sub-Programmes - County Executives: RECURRENT					
Program	Sub Program	Description	Budget (Kshs)	Actual (Kshs)	Absorption rate (%)
101004660		General Administration, Planning and Support Services	196,684,404.00	81,880,731.35	41.63
	101014660	Headquarters Administrative Services	196,684,404.00	81,880,731.35	41.63
102004660		Crop and Plant Husbandry	14,137,609.00	3,065,820.00	21.69
	102014660	Crop Development and Management.	8,691,786.00	1,413,560.00	16.26
	102024660	Plant Diseases Management and Control	2,722,912.00	1,470,260.00	54.00
	102034660	Agri-business and Market Development	2,722,911.00	182,000.00	6.68
103004660		Livestock Resources Management and Development	16,125,528.00	529,200.00	3.28
	103014660	Animal Husbandry Management	9,533,741.00	529,200.00	5.55
	103034660	Veterinary Services	5,168,839.00	0	0.00
	103044660	Livestock Market Development	711,473.00	0	0.00
	103064660	Demonstration Farm - Kajiado	711,475.00	0	0.00

Budget Execution by Program and Sub-Programmes - County Executives: RECURRENT					
Program	Sub Program	Description	Budget (Kshs)	Actual (Kshs)	Absorption rate (%)
104004660		Fisheries Development and Management	2,250,690.00	168,000.00	7.46
	104024660	Fisheries	2,250,690.00	168,000.00	7.46
106004660		Land Policy and Planning	21,143,418.00	7,895,580.00	37.34
	106034660	Physical Planning	7,607,000.00	2,809,500.00	36.93
	106044660	Land Survey and Mapping	4,570,000.00	1,473,000.00	32.23
	106054660	Housing	4,276,480.00	1,134,080.00	26.52
	106064660		4,689,938.00	2,479,000.00	52.86
107004660		Animal Husbandry Livestock Resource Management and Development	55,803,124.00	12,533,140.00	22.46
	107034660	Animal Disease Control	55,803,124.00	12,533,140.00	22.46
108004660		Agricultural Development	18,057,557.00	744,000.00	4.12
	108034660	Agricultural Mechanization Services	5,668,839.00	0	0.00
	108054660	Agricultural Training Centre	1,896,063.00	0	0.00
	108064660	Irrigation	10,492,655.00	744,000.00	7.09
110004660			11,730,000.00	3,402,673.00	29.01
	110014660	Urban Development	11,730,000.00	3,402,673.00	29.01
113004660			67,292,217.00	37,663,792.05	55.97
	113014660	General Administration Planning and Support Services-Lands	67,292,217.00	37,663,792.05	55.97
204004660		Information Communication and Technology	119,554,724.00	55,547,664.00	46.46
	204014660	General Administration, Planning and Support Services	119,554,724.00	55,547,664.00	46.46
207004660			52,408,970.00	17,536,085.00	33.46
	207014660	Roads	10,943,159.00	1,933,800.00	17.67
	207024660	Public Works	8,865,811.00	4,447,218.00	50.16
	207034660	Energy	14,500,000.00	7,933,667.00	54.71
	207044660	Fire Fighting	5,950,000.00	144,000.00	2.42
	207054660	Transport	12,150,000.00	3,077,400.00	25.33
301004660		General Administration, Planning and Support Services	124,884,968.00	74,100,571.25	59.34
	301014660	General Administration, Planning and Support Services	124,884,968.00	74,100,571.25	59.34
303004660		Cooperative Development and Management	10,680,131.00	1,423,600.00	13.33
	303014660	Cooperative Services	10,680,131.00	1,423,600.00	13.33
304004660		Trade Development	28,257,927.00	2,665,800.00	9.43
	304024660	Trade Development	26,508,025.00	2,665,800.00	10.06
	304044660	Enterprise Development	1,749,902.00	0	0.00
306004660			2,086,037.00	971,800.00	46.59

Budget Execution by Program and Sub-Programmes - County Executives: RECURRENT					
Program	Sub Program	Description	Budget (Kshs)	Actual (Kshs)	Absorption rate (%)
	306014660	Local Tourism Promotion and Wildlife Management	2,086,037.00	971,800.00	46.59
401004660		General Administration, Planning and Support Services	1,965,599,769.00	928,779,410.70	47.25
	401024660	General Administration and Support Services	1,965,599,769.00	928,779,410.70	47.25
402004660		Preventive & Promotive Health Services	41,045,048.00	5,764,548.00	14.04
	402044660	Reproductive Maternal Neo-natal Child & Adolescent Health-RMNC	4,615,200.00	1,203,000.00	26.07
	402054660	Communicable and Non-Communicable diseases	4,516,348.00	301,000.00	6.66
	402064660	Primary Health Care Services	17,170,000.00	0	0.00
	402074660	Disease Surveillance and Response	3,989,500.00	499,100.00	12.51
	402084660	Environmental Health and Sanitation Services	10,754,000.00	3,761,448.00	34.98
404004660		Curative and Rehabilitative	337,634,933.00	160,604,397.05	47.57
	404034660	Hospital Services	18,858,000.00	3,999,960.00	21.21
	404044660	Health Products and Technologies	307,914,133.00	153,034,687.05	49.70
	404054660	Emergency Response services	10,862,800.00	3,569,750.00	32.86
501004660		General Administration, Planning and Support Services	470,835,372.00	227,185,778.45	48.25
	501014660	Headquarters Administrative Services	470,835,372.00	227,185,778.45	48.25
506004660			39,338,071.00	1,961,100.00	4.99
	506014660	Early Childhood Development and Education	39,338,071.00	1,961,100.00	4.99
507004660			6,440,000.00	2,269,300.00	35.24
	507014660	Technical Vocational Training	6,440,000.00	2,269,300.00	35.24
701004660		General Administration and Policy Coordination	627,781,472.00	284,940,152.05	45.39
	701014660	Headquarters Administrative Services	627,781,472.00	284,940,152.05	45.39
702004660		Executive Committee Affairs	23,541,121.00	6,507,348.00	27.64
	702024660	Information Communication Services	23,541,121.00	6,507,348.00	27.64
705004660		Public Financial Management	125,482,454.00	54,620,069.00	43.53
	705014660	Resource Mobilisation	24,612,454.00	17,268,863.00	70.16
	705044660	Accounting services	14,562,000.00	8,649,300.00	59.40
	705054660	Supply Chain Management Services	59,231,000.00	11,371,306.00	19.20
	705074660	Budget	15,280,000.00	12,006,600.00	78.58
	705104660	Internal Audit	11,797,000.00	5,324,000.00	45.13
712004660			24,934,861.00	3,577,400.00	14.35
	712014660	County Administration	19,150,000.00	2,128,400.00	11.11

Budget Execution by Program and Sub-Programmes - County Executives: RECURRENT					
Program	Sub Program	Description	Budget (Kshs)	Actual (Kshs)	Absorption rate (%)
	712024660	County Inspectorate	5,784,861.00	1,449,000.00	25.05
713004660			136,790,000.00	50,786,716.80	37.13
	713014660	Human Resource Management and Development	136,790,000.00	50,786,716.80	37.13
714004660			14,747,360.00	963,900.00	6.54
	714014660	Citizen Participation	14,747,360.00	963,900.00	6.54
715004660			151,570,287.00	71,217,535.05	46.99
	715014660	General Administration Planning and Support Services-Office	151,570,287.00	71,217,535.05	46.99
716004660			66,866,803.00	13,027,380.00	19.48
	716014660	County Executive Committee Affairs	33,946,000.00	5,721,495.00	16.85
	716024660	Intergovernmental Relations	10,688,000.00	987,200.00	9.24
	716034660	County Advisory Services	10,440,000.00	774,200.00	7.42
	716044660	Special Programmes	11,792,803.00	5,544,485.00	47.02
717004660			402,569,015.00	221,101,916.90	54.92
	717014660	General Administration Planning and Support Services-County Treasury	402,569,015.00	221,101,916.90	54.92
718004660			29,681,892.00	18,267,340.10	61.54
	718014660	Economic Planning	14,975,973.00	7,385,902.10	49.32
	718024660	Monitoring and Evaluation	14,705,919.00	10,881,438.00	73.99
902004660			61,786,388.00	21,368,453.70	34.58
	902014660	Gender	61,786,388.00	21,368,453.70	34.58
904004660			10,915,006.00	1,899,700.00	17.40
	904014660	Social Protection	4,960,000.00	1,286,500.00	25.94
	904024660	Disability Mainstreaming	1,852,000.00	0	0.00
	904034660	Control of Alcohol and Substance Abuse	4,103,006.00	613,200.00	14.95
905004660			5,172,864.00	948,500.00	18.34
	905014660	Gender Mainstreaming	5,172,864.00	948,500.00	18.34
906004660			5,086,099.00	2,373,800.00	46.67
	906014660	Cultural Heritage	1,591,000.00	375,000.00	23.57
	906024660	Cultural Activities	3,495,099.00	1,998,800.00	57.19
907004660			15,887,665.00	1,734,900.00	10.92
	907014660	Sports Training and Competition	15,887,665.00	1,734,900.00	10.92
1006004660			45,834,643.00	27,171,438.00	59.28
	1006014660	Environment Management and Protection	43,712,659.00	26,762,638.00	61.22
	1006024660	Natural Resource Management	2,121,984.00	408,800.00	19.26
1007004660			106,763,741.00	59,907,543.55	56.11
	1007014660	General Administration Planning and Support Services	106,763,741.00	59,907,543.55	56.11

Budget Execution by Program and Sub-Programmes - County Executives: RECURRENT					
Program	Sub Program	Description	Budget (Kshs)	Actual (Kshs)	Absorption rate (%)
1008004660			66,675,425.00	7,286,936.00	10.93
	1008014660	Water Services	45,750,000.00	3,912,436.00	8.55
	1008024660	Storm Water Management	20,925,425.00	3,374,500.00	16.13
		Grand Total	5,846,899,005.00	2,616,892,208.00	44.80
102004660		Crop and Plant Husbandry	401,322,664.00	5,500,000.00	1.37
	102014660	Crop Development and Management.	401,322,664.00	5,500,000.00	1.37
103004660		Livestock Resources Management and Development	21,000,000.00	-	-
	103044660	Livestock Market Development	20,000,000.00	-	-
	103054660	Animal Disease Control	1,000,000.00	-	-
204004660		Information Communication and Technology	800,000.00	-	-
	204024660	Information Communication and Technology	800,000.00	-	-
207004660			441,000,000.00	-	-
	207014660	Roads	405,500,000.00	-	-
	207034660	Energy	35,500,000.00	-	-
208004660			50,000,000.00	-	-
	208014660	Urban Development	50,000,000.00	-	-
304004660		Trade Development	74,500,000.00	-	-
	304024660	Trade Development	61,000,000.00	-	-
	304044660	Enterprise Development	13,500,000.00	-	-
401004660		General Administration, Planning and Support Services	10,000,000.00	-	-
	401024660	General Administration and Support Services	10,000,000.00	-	-
402004660		Preventive & Promotive Health Services	182,392,243.00	18,001,214.00	9.87
	402044660	Reproductive Maternal Neo-natal Child & Adolescent Health-RMNC	53,348,868.00	15,431,933.00	28.93
	402064660	Primary Health Care Services	116,043,375.00	2,569,281.00	2.21
	402084660	Environmental Health and Sanitation Services	13,000,000.00	-	-
404004660		Curative and Rehabilitative	260,735,108.00	-	-
	404034660	Hospital Services	260,735,108.00	-	-
501004660		General Administration, Planning and Support Services	175,000,000.00	125,000,000.00	71.42
	501014660	Headquarters Administrative Services	175,000,000.00	125,000,000.00	71.42
506004660			207,000,000.00	492,783.00	0.24
	506014660	Early Childhood Development and Education	207,000,000.00	492,783.00	0.24

713004660			20,000,000.00	10,000,000.00	50.00
	713014660	Human Resource Management and Development	20,000,000.00	10,000,000.00	50.00
716004660			10,000,000.00	7,113,600.00	71.14
	716024660	Intergovernmental Relations	10,000,000.00	7,113,600.00	71.14
717004660			910,000,000.00	535,866,799.30	58.88
	717014660	General Administration Planning and Support Services-County Treasury	910,000,000.00	535,866,799.30	58.88
902004660			10,000,000.00	5,000,000.00	50.00
	902014660	Gender	10,000,000.00	5,000,000.00	50.00
904004660			81,389,950.00	-	-
	904014660	Social Protection	71,389,950.00	-	-
	904024660	Disability Mainstreaming	10,000,000.00	-	-
907004660			4,000,000.00	-	-
	907014660	Sports Training and Competition	4,000,000.00	-	-
1006004660			279,000,000.00	-	-
	1006014660	Environmental Management protection	261,000,000.00	-	-
	1006034660	Irrigation	18,000,000.00	-	-
		Grand Total	3,138,139,965.00	706,974,396.30	22.53

Budget Execution by Program and Sub-Programmes – County Assembly				
Programme	Sub-Programme	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
General Administration, Policy and Coordination	Office of the Clerk	44,350,000	17,923,371	40.41
	Directorate of Finance & Compliance	11,900,000	2,600,000	21.85
	Directorate of Administration Liaison & Support Services	79,380,317	23,005,202	28.98
	County Assembly Service Board	437,026,564	162,503,776	37.18
Legislation, Representation and Oversight	County Assembly Headquarters	161,683,800	89,272,213	55.21
	Office of the Speaker	29,654,588	6,489,465	21.88
	Directorate of Legislation and Procedures	63,087,625	39,330,477	62.34
	Total	827,082,894	341,124,504	41.24

Source: Kajiado County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration, Planning and Support Services in the Department of Health at 71.42 per cent, Intergovernmental Relations at 71.1 per cent, and General Administration Planning and Support Services-County in the Department of County Treasury at 54.9 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 OCoB identified the following challenges which hampered effective budget implementation;

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

- preparation of the budget implementation report. The reports were submitted on 2nd February 2023.
2. The underperformance of own-source revenue at Kshs.139.51 million against an annual projection of Kshs.1.5 billion, representing 9.3 per cent of the annual target.
 3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 63 where the County incurred expenditure over approved exchequer issues in several departments.
 4. High pending bills amounting to Kshs.2.07 billion as of 31st December 2022.

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. Further, the County Treasury should identify and address the challenges causing the continued diversion of funds.*
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.*

3.11 County Government of Kakamega

3.11.1 Overview of FY 2022/23 Budget

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

To finance the budget, the County expects to receive Kshs.12.39 billion (75.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.2 billion (12.2 per cent) from its own source of revenue, Kshs.404.19 million (2.5 per cent) as conditional grants, and a cash balance of Kshs.1.58 billion (9.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 65 .

3.11.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.4.09 billion as the equitable share of the revenue raised nationally, raised Kshs.350.93 million from its own sources of revenue and had a cash balance of Kshs.1.58 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.6.02 billion, as shown in Table 65.

Table 65: Kakamega County, Revenue Performance in the First Half of FY 2022/23

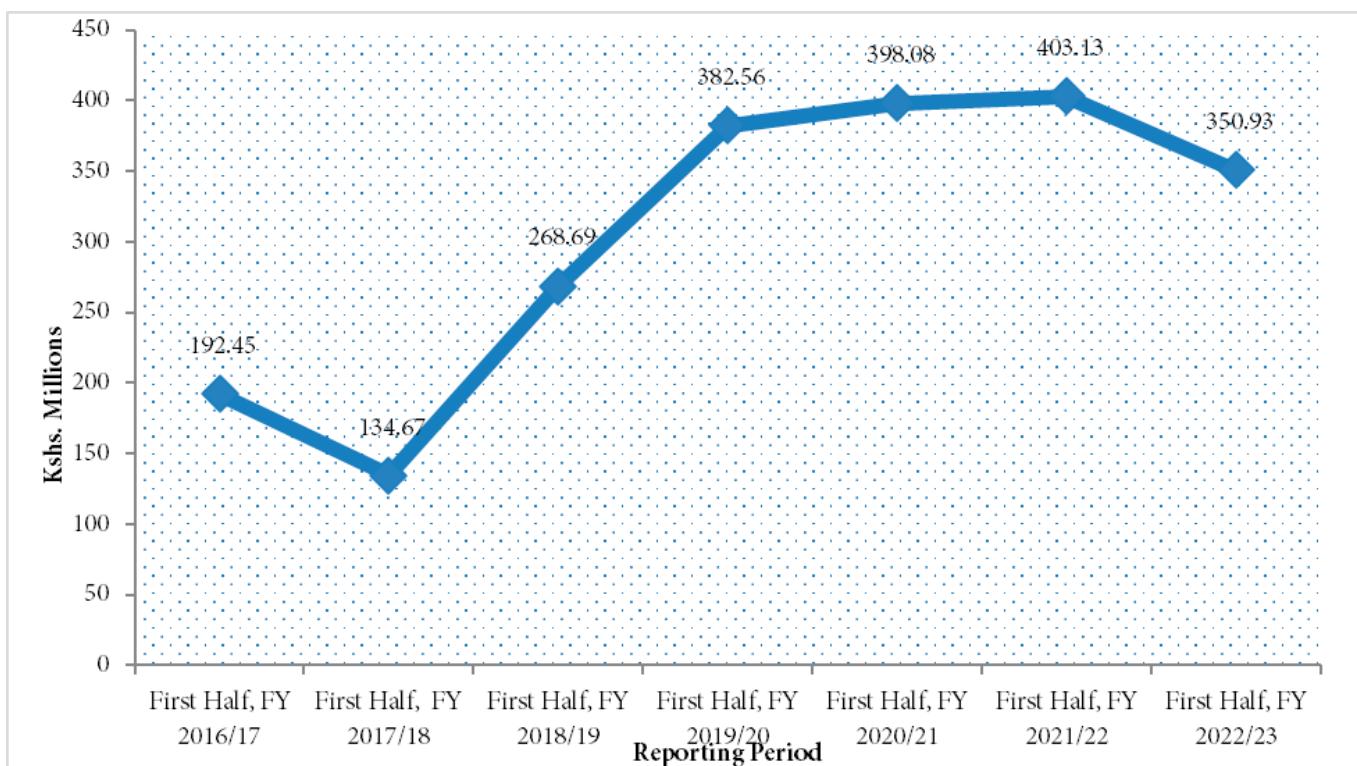
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	12,389,412,168	4,088,506,017	33.0
Sub Total		12,389,412,168	4,088,506,017	33.0
B	Conditional Grants			
1	DANIDA	33,479,862	-	-
2	KCSAP-Kenya Climate Smart Agriculture Project	338,783,306	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	ASDSP (Agricultural Sector Development Support Programme	9,929,382	-	-
4	FLLoCA-(CCIS)	22,000,000	-	-
	Sub- Total	404,192,550	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	2,000,000,000	350,933,571	17.6
2	Balance b/f from FY2021/22	1,576,774,734	1,576,774,734	100.0
	Sub Total	3,576,774,734	1,927,708,305	53.9
	Grand Total	16,370,379,452	6,016,214,322	36.8

Source: Kakamega County Treasury

Figure 31 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

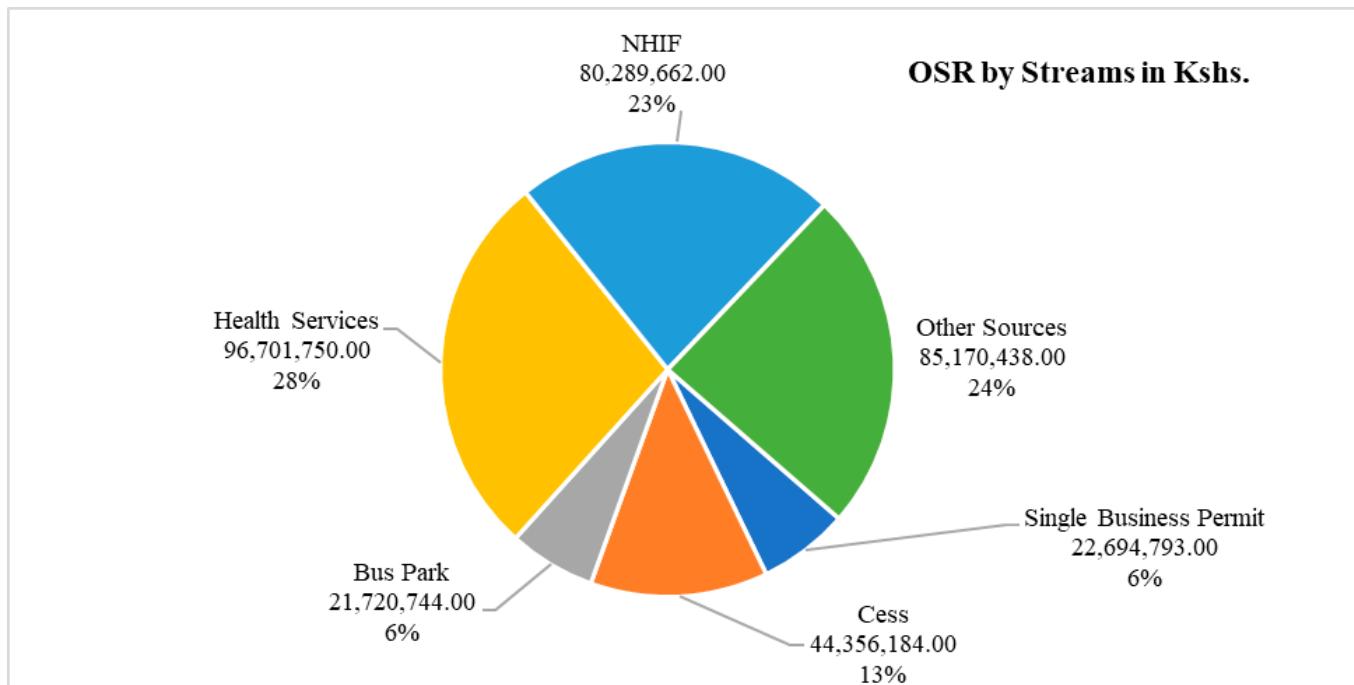
Figure 31: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kakamega County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.350.93 million from its own sources of revenue. This amount represented a decrease of 12.9 per cent compared to Kshs.403.13 million realised in a similar period in FY 2021/22 and was 17.6 per cent of the annual target and 6.9 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 32.

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



Source: Kakamega County Treasury

The highest revenue stream of Kshs.96.70 million was from revenue received from charges of health service provisions contributing to 28 per cent of the total OSR collected during the reporting period.

3.11.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.78 billion from the CRF account during the reporting period. This amount comprised Kshs.703.6 million (14.7 per cent) for development programmes and Kshs.4.91 billion (85.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.67 billion was released towards compensation to employees and Kshs.1.41 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.841.06 million.

3.11.4 Borrowing by the County

The County has a short-term arrangement with the Co-operative Bank of Kenya to facilitate salary payments to avoid any delay in paying salaries to the Bank. As of 31st December 2022, the outstanding short-term facility stood at Kshs.207 million.

3.11.5 County Expenditure Review

The County spent Kshs.4.98 billion on development and recurrent programmes during the reporting period. This expenditure represented 104 per cent of the total funds released by the CoB and comprised Kshs.703.63 million and Kshs.4.28 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 12.7 per cent, while recurrent expenditure represented 39.4 per cent of the annual recurrent expenditure budget. The expenditure was above exchequer issues due to the short-term facility with the Co-operative Bank of Kenya.

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, which comprised Kshs.416.48 million for recurrent expenditure and Kshs.905.74 million for development activities.

During the period under review, pending bills amounting to Kshs.167.52 million and Kshs.554.3 of recurrent expenditure and development expenditure, respectively, were settled. Therefore, the outstanding pending bills as of 31st December 2022 were Kshs.456.12 million.

3.11.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.56 billion on employee compensation, Kshs.1.2 billion on operations and maintenance, and Kshs.703.63 million on development activities. Similarly, the County Assembly spent Kshs.312.07 million on employee compensation and Kshs.206.06 million on operations and maintenance, as shown in Table 66.

Table 66: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	9,569,384,928	1,279,653,117	3,760,911,007	518,125,156	39.3	40.5
Compensation to Employees	6,063,335,015	620,836,081	2,561,934,435	312,067,225	42.3	50.3
Operations and Maintenance	3,506,049,913	658,817,036	1,198,976,572	206,057,931	34.2	31.3
Development Expenditure	5,521,341,409	-	703,632,116	-	12.7	-
Total	15,090,726,337	1,279,653,117	4,464,543,123	518,125,156	29.6	40.5

Source: Kakamega County Treasury

3.11.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.87 billion, or 47.8 per cent of the revenue for the first half of FY 2022/23 of Kshs.6.02 billion. This expenditure represented an increase from Kshs.2.21 billion reported in a similar period of FY 2021/22. The wage bill included Kshs. 1.17 billion paid to health sector employees, translating to 41 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.78 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.90.21 million was processed through manual payrolls. The manual payrolls accounted for 3.1 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.54.95 million on committee sitting allowances for the 89 MCAs and the Speaker against the annual budget allocation of Kshs.158.74 million, which was 19.3 per cent of the total wage bill for the Assembly. The average monthly sitting allowance was Kshs.101,755 per MCA.

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.313.42 million to county-established funds in FY 2022/23, constituting 1.9 per cent of the County's overall budget for the year. Table 67 summarises each established Fund's budget allocation and performance during the reporting period.

Table 67: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st December 2022 (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Submission of Financial Statements as of 31st December 2022
1.	Emergency Fund	100,000,000	-	-	Yes
2.	Kakamega County Investment Development Agency	21,630,222	9,920,000	8,050,000	Yes
3.	Kakamega County Microfinance Corporation	9,784,881	3,500,000	3,500,000	Yes
4.	County Assembly Car loan	182,000,000	182,000,000	182,000,000	Yes
	Total	313,415,103	195,420,000	193,550,000	

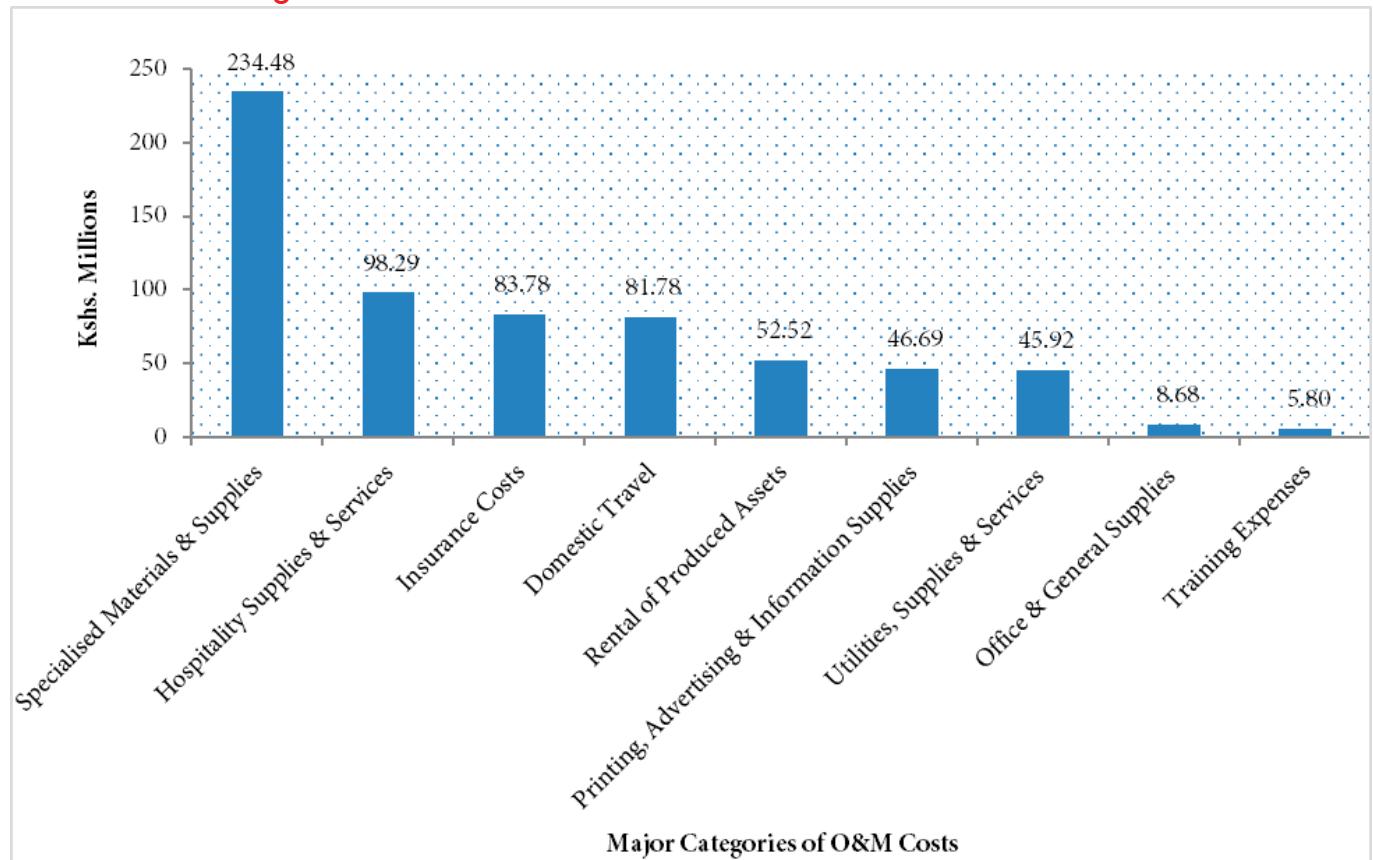
Source: Kakamega County Treasury

OCoB received quarterly financial returns from Fund Administrators of the established county funds during the reporting period as indicated in Table 67 .

3.11.10 Expenditure on Operations and Maintenance

Figure 33 shows a summary of 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.81.78 million and comprised of Kshs.12 million spent by the County Assembly and Kshs.69.78 million by the County Executive.

3.11.11 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.730.63 million on development programmes, representing a decrease of 45.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.34 billion. Table 68 summarises development projects with the highest expenditure in the reporting period.

Table 68: Kakamega County, List of Development Projects with the Highest Expenditure

No	Directorate	Project Name	Project Location	Contract Sum (Kshs.)	Budget (Kshs.)	Amount Paid To Date (Kshs.)
1	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
2	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
3	Roads, Transport and Energy	Proposed Upgrading to Bitumen Standards of Tsalwa Junction- Manyulia –Ombwaro (5.5 Km) Road In Butere Sub-County	Butere	216,000,126	34,173,999	181,826,126
4	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Bushiangala - Eregi - Lusio-la Road	Ikolomani	337,193,541	46,774,254	290,419,286
5	Roads, Transport and Energy	Proposed Construction to Bitumen Standards of Ingotsse - Navakholo - Chebuyusi Road	Navakholo	481,332,796	60,160,056	47,485,974
6	Roads, Transport and Energy	Proposed Construction of Murram-Shitirire And Malava-Tumbeni Road to Bitumen Standards In Malava Sub-county	Malava	319,688,430	115,861,546	64,012,562
7	Education Science and Technology	Supply and delivery of Chairs	County Wide	55,000,000	55,000,000	36,530,460
8	Social Services, Youth and Sports	Construction of Bukhungu Stadium	Lurambi	3,240,001,303	388,959,551	1,396,998,964

Source: Kakamega County Treasury

3.11.12 Budget Performance by Department

Table 69 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 69: 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	-	518.13	-	518.13	-	100.0	-	40.5	-
Agriculture, Livestock, Fisheries and Co-operatives	90.35	1,231.74	34.13	85.21	31.11	85.21	91.1	100.0	34.4	6.9
Health Services	1,119.38	823.18	391.79	30.44	391.79	30.44	100.0	100.0	35.0	3.7
Education, Science & Technology	354.07	306.86	11.93	35.57	8.01	35.57	67.1	100.0	2.3	11.6
Roads, Public Works and Energy	140.33	948.77	77.60	374.72	65.30	374.72	84.1	100.0	46.5	39.5
Lands, Housing, Urban Areas and Physical Planning	211.10	452.52	44.29	-	82.25	-	185.7	-	39.0	-
Social Services, Youth & Sports	149.72	517.62	10.25	86.95	31.05	86.95	302.9	100.0	20.7	16.8
Trade, Industrialization & Tourism	34.95	445.79	6.40	9.88	14.96	9.88	233.9	100.0	42.8	2.2
Water, Environment and Natural Resources	45.63	541.17	1.90	80.85	13.57	80.85	714.1	100.0	29.7	14.9
Public Service and Administration	6,576.31	134.50	2,466.70	-	2,763.66	-	112.0	-	42.0	-
Office of the Governor	236.17	14.42	214.23	-	93.77	-	43.8	-	39.7	-
Finance and Economic Planning	561.94	62.27	264.88	-	248.10	-	93.7	-	44.2	-
County Public Service Board	25.74	-	21.20	-	8.81	-	41.5	-	34.2	-
ICT, E-government & Communication	23.71	42.50	8.61	-	8.53	-	99.0	-	36.0	-
Total	10,849.04	5,521.34	4,072.04	703.63	4,279.04	703.63	105.1	100.0	39.4	12.7

Source: Kakamega County Treasury

Analysis of expenditure by department shows that the Department of Roads, Public Works and Energy recorded the highest absorption rate of development budget at 39.5 per cent, followed by the Department of Social Services, Youth & Sports at 16.8 per cent. The Department of Trade, Industrialization & Tourism had the highest percentage of recurrent expenditure to budget at 48.2 per cent, while the Department of Education, Science & Technology had the lowest at 2.3 per cent of the annual allocation.

3.11.13 Budget Execution by Programmes and Sub-Programmes

Table 70 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 70: Kakamega County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture					
101004810	Livestock development	217,395,523.00	11,261,078.10	206,134,444.90	5.18
101014810	Dairy Development	131,816,524	4,163,122	127,653,402	3.16
101024810	Poultry development	10,000,000	4,860,000	5,140,000	48.60
101034810	Livestock disease and pest prevention	33,523,057	2,237,956	31,285,101	6.68
101044810	Livestock Market Infrastructure Improvement	42,055,942	-	42,055,942	-
102004810	Fish Farming Productivity Programme	65,000,000.00	10,090,000.00	54,910,000.00	15.52
102024810	Promotion of Fish Farming	65,000,000	10,090,000	54,910,000	15.52
103004810	Crop Production and Management Services	984,727,549.00	91,065,926.20	893,661,622.80	9.25
103014810	Cash crop development	6,000,000	0	6,000,000	-
103024810	Food crop production	480,045,044	88,065,926	391,979,118	18.35
103034810	Crop pest and disease management	6,000,000	0	6,000,000	-
103044810	Agricultural Extension and Research	492,682,505	3,000,000	489,682,505	0.61
105004810	Agricultural Extension and Research	14,845,466.00	2,427,100.00	12,418,366.00	16.35
105014810	Training and demonstration	14,845,466	2,427,100	12,418,366	16.35
106004810	Co-operative Development	25,294,594.00	1,099,808.00	24,194,786.00	4.35
106014810	Marketing and value addition	25,294,594	1,099,808	24,194,786	4.35
120004810	Irrigation and Drainage Development	14,820,954.00	382,348.70	14,438,605.30	2.58
120014810	Small Holder Irrigation and Drainage	14,820,954	382,349	14,438,605	2.58
Total		1,322,084,086.00	116,326,261.00	1,205,757,825.00	8.80
Land					
107004810	Land Management Services	171,128,047.00	44,659,458.60	126,468,588.40	26.10
107014810	Land use policy and planning	86,918,713	19,932,135	66,986,578	22.93

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
107024810	Land Administration and Planning	76,228,335	23,395,728	52,832,607	30.69
107034810	Survey Services	7,980,999	1,331,595	6,649,404	16.68
108004810	Housing Management Services	57,529,349.00	14,068,396.25	43,460,952.75	24.45
108014810	Housing Infrastructure development	6,729,349	1,164,473	5,564,877	17.30
108024810	Slum Upgrading	50,800,000	12,903,924	37,896,076	25.40
110004810	Urban Development Service	434,956,887.00	23,525,038.55	411,431,848.45	5.41
110024810	Social Amenities and Sanitary Services	434,956,887	23,525,039	411,431,848	5.41
Total		663,614,283.00	82,252,893.40	581,361,389.60	12.39
Roads					
201004810	Road Infrastructure Development	1,038,232,683.00	430,369,797.00	607,862,886.00	41.45
201014810	Road Maintenance	131,000,000	57,884,559	73,115,441	44.19
201024810	Bridges Culverts Construction	27,500,000	4,845,624	22,654,376	17.62
201034810	Road construction	879,732,683	367,639,614	512,093,069	41.79
203004810	Energy Reticulation	47,440,742.00	8,965,608.00	38,475,134.00	18.90
203014810	Electrification	13,000,000	7,397,897	5,602,103	56.91
203024810	Renewable Energy	34,440,742	1,567,711	32,873,031	4.55
204004810	Public works Management	3,429,205.00	681,600.00	2,747,605.00	19.88
	Public works Management	3,429,205	681,600	2,747,605	19.88
Total		1,089,102,630.00	440,017,005.00	649,085,625.00	40.40
Trade					
304004810	Promotion of tourism and marketing	9,798,554.00	4,266,394.00	5,532,160.00	43.54
304014810	Promotion of tourism and marketing	9,798,554	4,266,394	5,532,160	43.54
306004810	Administration, Planning and support services	8,460,548.00	4,015,582.00	4,444,966.00	47.46
306014810	Administration Support Services	8,460,548	4,015,582	4,444,966	47.46
307004810	Trade Development and Investment	167,099,865.00	2,000,000.00	165,099,865.00	1.20
307014810	Modern Market infrastructure development	157,314,984	-	157,314,984	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
307024810	Micro and small enterprises' development	9,784,881	2,000,000	7,784,881	20.44
309004810	Industrial development and investment	295,372,895.00	14,559,359.00	280,813,536.00	4.93
309014810	Industrial Development and Promotion	295,372,895	14,559,359	280,813,536	4.93
Total		480,731,862.00	24,841,335.00	455,890,527.00	5.17
Health Services					
401004810	Preventive and promotive services	196,962,980.00	18,946,550.00	178,016,430.00	9.62
401024810	Community Health Strategy	107,364,067	17,349,783	90,014,284	16.16
401034810	Diseases surveillance & Emergency response	3,026,275	797,367	2,228,908	26.35
401044810	Nutrition service Promotion	590,287	0	590,287	-
401054810	HIV /AIDS Control	608,574	0	608,574	-
401064810	Maternal and child healthcare promotion	83,175,613	302,600	82,873,013	0.36
401074810	TB Control	513,574	86,500	427,074	16.84
401084810	Malaria control	499,170	220,300	278,870	44.13
401094810	Promotion of family planning	1,185,420	190,000	995,420	16.03
402004810	Promotion of Curative health services	1,664,355,878.00	362,164,504.00	1,302,191,374.00	21.76
402014810	Health Infrastructure Development	617,183,359	224,434,674	392,748,685	36.36
402024810	Primary medical health services	1,025,172,519	137,111,206	888,061,313	13.37
402034810	Blood Transfusion Services	22,000,000	618,624	21,381,376	2.81
403004810	General Administrative and Support services	161,682,767.00	41,119,347.00	120,563,420.00	25.43
403014810	Administrative and Human Resources management	143,014,091	38,999,135	104,014,956	27.27
403024810	Disability mainstreaming	805,430	0	805,430	-
403034810	Health Data and Information Management	17,863,246	2,120,212	15,743,034	11.87
Total		2,023,001,625.00	422,230,401.00	1,600,771,224.00	20.87
Education					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
503004810	Vocational Education and Training development	230,151,199.00	2,833,902.00	227,317,297.00	1.23
503014810	Polytechnic Support and Development	230,151,199	2,833,902	227,317,297	1.23
504004810	Early Childhood Development Education (ECDE)	247,923,834.00	37,402,092.00	210,521,742.00	15.09
504014810	ECD Infrastructure Development	172,300,000	36,070,712	136,229,288	20.93
504024810	Childcare and development	75,623,834	1,331,380	74,292,454	1.76
505004810	Education Support Programme	182,854,757.00	3,347,540.00	179,507,217.00	1.83
505024810	Non-Tertiary Education Support	182,854,757	3,347,540	179,507,217	1.83
Total		660,929,790.00	43,583,534.00	617,346,256.00	6.59
Office of the Governor					
703004810	Management and administration of County Functions	167,298,192.00	70,770,046.00	96,528,146.00	42.30
703024810	County executive services	167,298,192	70,770,046	96,528,146	42.30
704004810	Support, Co-ordination and Advisory Services	22,589,048.00	2,709,190.00	19,879,858.00	11.99
704014810	Legal Services	22,589,048	2,709,190	19,879,858	11.99
709004810	Support, Co-ordination and Advisory services	60,697,968.00	20,287,294.00	40,410,674.00	33.42
709014810	Support and Advisory services	43,055,184	13,994,515	29,060,669	32.50
709024810	County Internal Audit services	17,642,784	6,292,779	11,350,005	35.67
Total		250,585,208.00	93,766,530.00	156,818,678.00	37.42
ICT					
705004810	Information and communication services	66,209,637.00	8,529,299.00	57,680,338.00	12.88
705014810	Information and communication services	66,209,637	8,529,299.00	57,680,338.00	12.88
Total		66,209,637.00	8,529,299.00	57,680,338.00	12.88
Finance and Economic Planning					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
706004810	Economic and policy formulation and management planning	90,687,819.00	42,819,345.00	47,868,474.00	47.22
706014810	Economic policy formulation	90,687,819	42,819,345	47,868,474	47.22
707004810	Public finance management	330,452,256.00	78,652,779.00	251,799,477.00	23.80
707014810	Accounting and Financial services	106,108,488	38,647,864	67,460,624	36.42
707024810	Financial Accounting and Reporting	139,468,276	11,862,276	127,606,000	8.51
707034810	Budget Formulation and management	78,829,697	25,818,908	53,010,789	32.75
707044810	Procurement services	6,045,795	2,323,731	3,722,064	38.44
713004810	General Administration and Support services	161,438,358.00	113,945,802.00	47,492,556.00	70.58
713014810	Administrative Services	161,438,358	113,945,802	47,492,556	70.58
718004810	Investment promotion	41,630,222.00	12,685,000.00	28,945,222.00	30.47
718014810	Investment promotion	41,630,222	12,685,000	28,945,222	30.47
Total		624,208,655.00	248,102,926.00	376,105,729.00	39.75
County Assembly					
710004810	County Assembly Services	1,279,653,117.00	518,125,156.00	761,527,961.00	40.49
710014810	Oversight services	1,279,653,117	518,125,156	761,527,961	40.49
Total		1,279,653,117.00	518,125,156.00	761,527,961.00	40.49
County Public Service Administration & CPSB					
712004810	County Public service and Administrative services	6,638,629,656.00	2,771,514,639.00	3,867,115,017.00	41.75
712014810	County Administration	417,883,954	172,894,435	244,989,519	41.37
712024810	Human Resource Management	6,220,745,702	2,598,620,204	3,622,125,498	41.77
716004810	Alcoholics and Drinks Control	17,485,063.00	956,373.00	16,528,690.00	5.47
716014810	Alcohol and Drug Rehabilitation Program	17,485,063	956,373	16,528,690	5.47
Total		6,656,114,719.00	2,772,471,012.00	3,883,643,707.00	41.65
Social Services					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
901004810	Administration, Planning and Support services	45,786,734.00	13,207,911.00	32,578,823.00	28.85
901014810	Administrative Services	45,786,734	13,207,911	32,578,823	28.85
902004810	Culture and Arts Development	13,244,900.00	4,617,474.00	8,627,426.00	34.86
902014810	Culture and Heritage Conservation	13,244,900	4,617,474	8,627,426	34.86
903004810	Management and De- velopment Of Sports And Sports Facilities	415,809,601.00	95,097,849.00	320,711,752.00	22.87
903014810	Development of Sports facilities	388,959,551	85,200,034	303,759,517	21.90
903024810	Promotion and Devel- opment of Sports and Talent	26,850,050	9,897,815	16,952,235	36.86
904004810	Youth & Gender Development and Promotion Services	92,321,218.00	128,062.00	92,193,156.00	0.14
904014810	Youth, Disability and Gender Empowerment and mainstreaming	92,321,218	128,062	92,193,156	0.14
906004810	Social Development and Promotions	98,716,710.00	4,548,428.00	94,168,282.00	4.61
906014810	Social Development and Social Protection	95,212,310	3,100,860	92,111,450	3.26
906024810	Child welfare Services	3,504,400	1,447,568	2,056,832	41.31
908004810	Development of Li- brary services	1,459,224.00	402,610.00	1,056,614.00	27.59
908014810	Library services	1,459,224.00	402,610.00	1,056,614.00	27.59
Total		667,338,387.00	118,002,334.00	549,336,053.00	17.68
Water					
1005004810	Natural Resource Management	38,128,179.00	10,378,258.00	27,749,921.00	27.22
1005014810	Afforestation and Re-afforestation	18,236,413	5,609,158	12,627,255	30.76
1005024810	Protection of natural resources and environ- mental processes	19,891,766	4,769,100	15,122,666	23.98
1006004810	Water and Sanitation Services	417,750,124.00	50,788,386.00	366,961,738.00	12.16
1006014810	Water Resource Supply and management	417,750,124	50,788,386	366,961,738	12.16

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
1007004810	Environmental con-servation	130,927,152.00	33,253,145.00	97,674,007.00	25.40
1007014810	Environmental Pro-tection	130,927,152	33,253,145	97,674,007	25.40
Total		586,805,455	94,419,789	492,385,666	16.09
	Grand Total	16,370,379,454	4,982,668,475	11,387,710,979	30.44

Source: Kakamega County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative Services under the Department of Finance & Economic Planning at 70.6 per cent and Electrification under the Department of Roads, Public Works and Energy at 56.9 per cent of the annual allocation.

3.11.14 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.350.93 million against an annual projection of Kshs.2 billion representing 17.5 per cent of the annual target.
2. High level of pending bills amounting to Kshs.456.12 million as of 31st December 2022, despite the availability of Kshs.841.06 million in the CRF account at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.90.21 million were processed through the manual payroll, accounting for 3.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.12 County Government of Kericho

3.12.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.88 billion, comprising Kshs.2.36 billion (30.0 per cent) and Kshs.5.52 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 12.4 per cent compared to the previous financial year when the approved budget was Kshs.8.86 billion and comprised of Kshs.3.85 billion towards development expenditure and Kshs.5.00 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.43 billion (81.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.853.27 million (10.8 per cent) from its own source of revenue. The County also expects to receive Kshs.594.80 million (7.6 per cent) as conditional grants. A breakdown of the conditional grants is provided in Table 71.

3.12.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.64 billion as the equitable share of the revenue raised nationally, raised Kshs.143.55 million as own-source revenue and had a cash balance of Kshs.0.88 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.91 billion, as shown in Table 71.

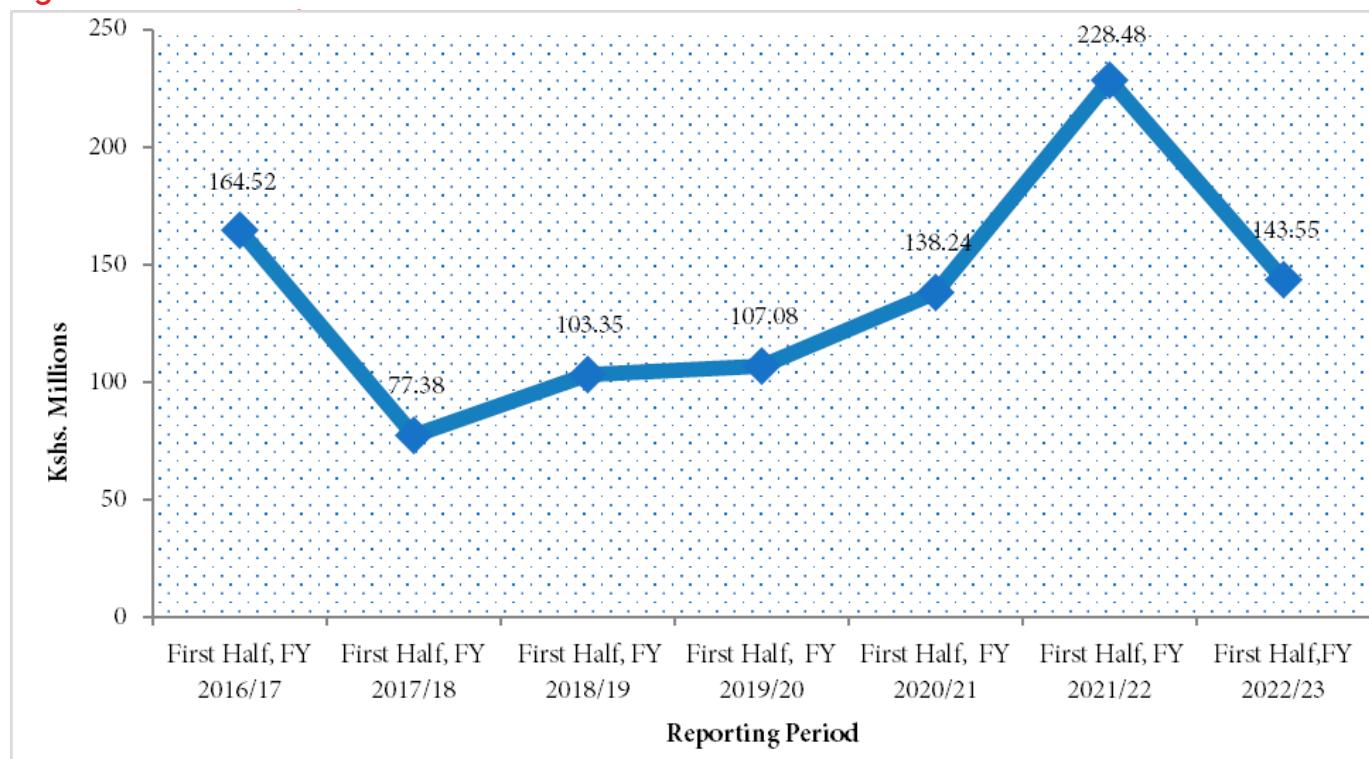
Table 71: Kericho County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,430,664,924	2,636,572,616	41.0
	Sub Total	6,430,664,924	2,636,572,616	41.0
B	Conditional Grants			
1	DANIDA FUND	11,921,250	-	-
2	Agricultural Sector development support Fund (ASD-SP)	43,114,132	-	-
3	Transformative health system (World Bank)	75,948,635	-	-
4	Kenya Devolution Support Project (World Bank)	102,491,953	-	-
5	World Bank THS	-	75,443,658	-
6	Climate Smart Agriculture Project (world bank)	350,000,000	53,504,006	-
7	Climate Change Institutional Support (World bank)	11,320,000	-	-
	Sub-Total	594,795,970	128,947,664	-
C	Other Sources of Revenue			
1	Own Source Revenue	853,268,053	143,547,070	16.8
2	Balance b/f from FY 2021/22	-	876,546	-
	Sub Total	853,268,053	144,423,616	16.9
	Grand Total	7,878,728,947	2,909,943,896	36.9

Source: Kericho County Treasury

Figure 34 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

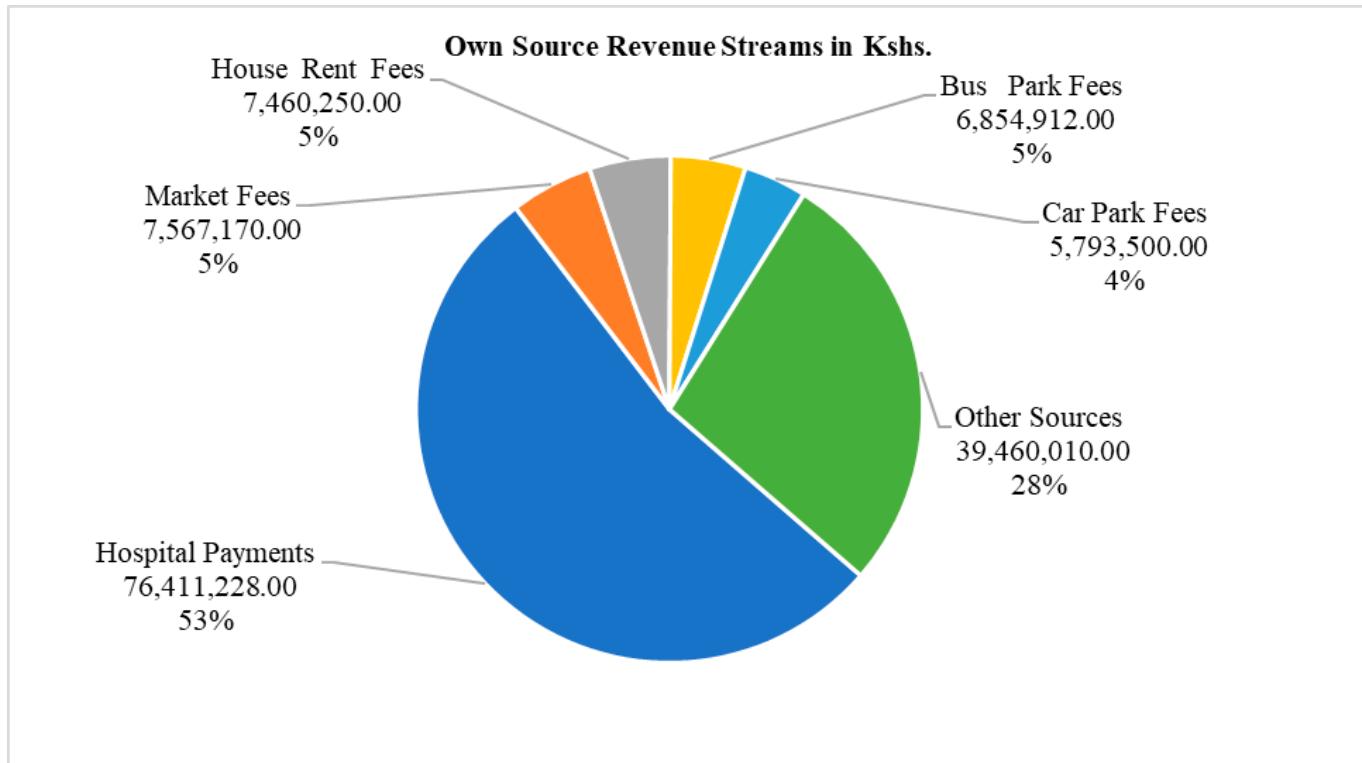
Figure 34: Trend in Own-Source Revenue Collection for the First Half of the Financial



Source: Kericho County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.143.55 million from its own sources of revenue. This amount represented a decrease of 37.0 per cent compared to Kshs.228.48 million realised in a similar period in FY 2021/22 and was 16.8 per cent of the annual target and 4.9 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties on the fees and levies from previous financial years of Kshs.876,546. The revenue streams which contributed the highest OSR are shown in Figure 35.

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



Source: Kericho County Treasury

The highest revenue stream of Kshs.76.41 million was from hospital fees contributing to 53 per cent of the total OSR collected during the reporting period.

3.12.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.72 billion from the CRF account during the reporting period. This amount comprised Kshs.254.17 million (9.3 per cent) for development programmes and Kshs.2.47 billion (90.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.76 billion was released towards compensation to employees and Kshs.699.92 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.59.24 million.

3.12.4 County Expenditure Review

The County spent Kshs.2.59 billion on development and recurrent programmes during the reporting period. This expenditure represented 95.3 per cent of the total funds released by the CoB and comprised Kshs.125.05 million and Kshs.2.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.3 per cent, while recurrent expenditure represented 44.7 per cent of the annual recurrent expenditure budget.

3.12.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.515.05 million, which comprised Kshs.184.31 million for recurrent expenditure and Kshs.330.75 million for development activities. During the period under review, pending bills amounting to Ksh.54.88 million were settled entirely for recurrent expenditure. As of 31st December 2022, the outstanding amount was Kshs.460.17 million.

3.12.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.53 billion on employee compensation, Kshs.503.68 million on operations and maintenance, and Kshs.125.05 million on development activities. Similarly, the County Assembly spent Kshs.150.25 million on employee compensation and Kshs.285.90 million on operations and maintenance, as shown in Table 72.

Table 72: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,690,175,940	826,813,928	2,032,537,613	436,150,265	43.3	52.8
Compensation to Employees	2,797,346,750	375,722,528	1,528,862,423	150,247,511	54.7	40.0
Operations and Maintenance	1,892,829,190	451,091,400	503,675,190	285,902,754	26.6	63.4
Development Expenditure	2,356,568,185	5,170,894	125,045,423	-	5.3	-
Total	7,046,744,125	831,984,822	2,157,583,036	436,150,265	30.6	52.4

Source: Kericho County Treasury

3.12.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.68 billion, or 57.7 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.91 billion. This expenditure represented an increase from Kshs.1.26 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.874.92 million paid to health sector employees, translating to 52.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Ksh.1.33 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.253.27 million was processed through manual payrolls. The manual payrolls accounted for 20.0 per cent of the total PE cost. This was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.4.36 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.831.98 million. The average monthly sitting allowance was Kshs.15,144 per MCA.

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.292.57 million to county-established funds in FY 2022/23, constituting 3.7 per cent of the County's overall budget. Table 73 summarises each established Fund's budget allocation and performance during the reporting period.

Table 73: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
County Executive Established Funds					
1.	Bursary Fund	164,748,540	-	-	No
2.	Car Loan & Mortgage Fund	10,000,000	-	-	No
County Assembly Established Funds					
1.	Car loans and Mortgage for MCAs	98,000,000	98,000,000	98,000,000	No
2.	Car Loans/Mortgages for Staff	19,818,307	-	-	No
	Total	292,566,847			

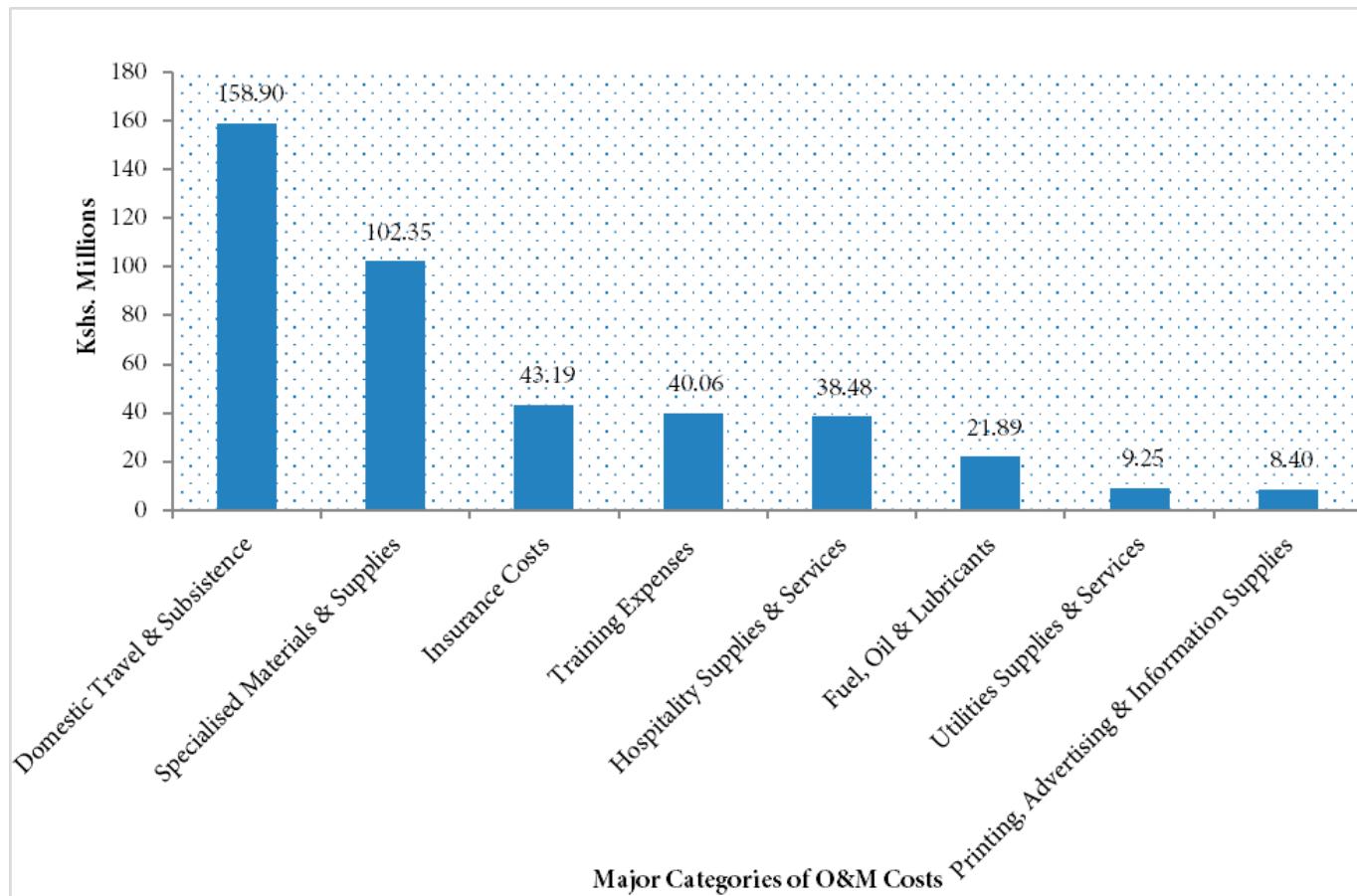
Source: Kericho County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the above funds, as indicated in Table 73 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.12.9 Expenditure on Operations and Maintenance

Figure 36 shows a summary of 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.158.90 million and comprised of Kshs.86.60 million spent by the County Assembly and Kshs.72.30 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.34 million and comprised of Kshs.1.60 million by the County Assembly and Kshs.1.73 million by the County Executive.

3.12.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.125.05 million on development programmes to pay withholding taxes deducted from contractors representing an increase compared to a similar period in FY 2021/22 when the County did not report any development expenditure.

3.12.11 Budget Performance by Department

Table 74 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 74: 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	826.81	5.17	434.36	-	436.15	-	100.4	-	52.8	-
Public Service & Administration	418.87	10.95	164.64	1.00	169.03	1.00	102.7	100.0	40.4	9.1
Office of the Governor & Deputy governor	124.30	-	55.66	-	61.42	-	110.3	-	49.4	-
County Public Service Board	56.51	-	27.52	-	26.56	-	96.5	-	47.0	-
Finance & Economic Planning	305.04	166.35	104.93	27.49	122.78	27.38	117.0	99.6	40.3	16.5
Health Services	2,627.46	407.97	1,211.40	91.79	1,221.22	16.28	100.8	17.7	46.5	4.0
Agriculture, Livestock Development & Fish-eries	160.98	504.09	70.54	79.03	63.78	25.52	90.4	32.3	39.6	5.1
Education, Youth Affairs, Culture & Social Services	535.38	213.82	195.96	9.76	184.58	9.76	94.2	100.	34.5	4.6
Public Works, Roads & Transport	91.32	510.84	35.14	17.87	34.35	17.87	97.8	100.0	37.6	3.5
Trade, Industrialisation, Tourism, Wildlife & Co-operative Development	69.91	64.77	31.38	1.93	26.21	1.93	83.5	100.0	37.5	3.0
Water, Energy, Natural Resources & Environment	155.44	299.89	71.85	23.04	62.48	23.04	87.0	100.0	40.2	7.7
Land, Housing & Physical Planning	90.63	107.59	45.67	1.69	44.85	1.69	98.2	100.0	49.	1.6

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Information Communication & E-Government	54.34	70.30	19.33	0.57	15.27	0.57	79.0	100.0	28.1	0.8
Total	5,516.99	2,361.74	2,468.37	254.17	2,468.69	125.05	100.0	49.2	44.7	5.3

Source: Kericho County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 16.5 per cent, followed by the Department of Public Service & Administration at 9.1 per cent. The County Assembly Services had the highest percentage of recurrent expenditure to budget at 52.8 per cent. The Department of Information Communication & E-Government had the lowest at 28.1 per cent.

3.12.12 Budget Execution by Programmes and Sub-Programmes

Table 75 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 75: Kericho County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Original Estimates (Kshs.)	Expenditure (Kshs.)		Variance (Kshs.)	Absorption (%)
			A	B	C=A-B	D=B/A*100
County Coordination Services	County Coordination Services	124,301,145	61,417,767	62,883,378		49.4
Public sector advisory services	Economic and Social Advisory Service	-	-	-		-
Sub-Total		124,301,145	61,417,767	62,883,378		49.4
Administration, Planning and Support Services.	Administration Services.	349,157,064	90,678,704	258,478,360		26.0
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	38,097,235	15,916,518	22,180,717		41.8
Public Finance Management	Budget Formulation coordination and management	70,911,632	9,955,103	60,956,529		14.0
Audit Services	County Audit	13,225,639	6,231,216	6,994,423		47.1
Sub-Total		471,391,570	122,781,541	348,610,029		26.1
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	31,048,359	11,789,043	19,259,316		38.0
Crop Development and Management	Agriculture Extension Services	526,906,021	26,628,624	500,277,397		5.1

Programme	Sub-Programme	Approved Orig- inal Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
Livestock Resource Management and Development	Livestock Disease Management and Control.	41,313,991	703,100	40,610,891	1.7
Livestock Resource Management and Development	Livestock Production and Extension Services	55,412,363	24,226,889	31,185,474	43.7
Fisheries development	Management and Development of Capture Fisheries	10,386,760	432,400	9,954,360	4.2
Sub-Total		665,067,494	63,780,055	601,287,439	9.6
Environment policy development and coordination	Planning Coordination Policy and Administrative Services	151,481,140	55,531,126	95,950,014	36.7
Water supply services	Rural Water Supply	303,844,666	6,948,924	296,895,742	2.3
Sub-Total		455,325,806	62,480,050	392,845,756	13.7
General Administration & planning services.	Policy Development and Administration	340,521,415	167,064,884	173,456,531	49.1
Basic Education	Early Childhood Development Education	339,716,728	12,743,157	326,973,571	3.8
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	25,595,969	2,124,064	23,471,905	8.3
Youth development and empowerment services	Youth development (YP) Training	43,366,170	2,649,223	40,716,947	6.1
Sub-Total		749,200,282	184,581,328	564,618,954	24.6
Curative Health	Administration and Planning	1,793,267,318	640,206,053	1,153,061,265	35.7
Curative Health	Hospital(curative)Services	-	-	-	-
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,242,164,061	581,012,136	661,151,925	46.8
Sub-Total		3,035,431,379	1,221,218,189	1,814,213,190	40.2
Administration and support services	General Administration and Planning	49,744,921	17,468,863	32,276,058	35.1
Housing Development and Human Resource	Housing Development	80,326,444	4,154,597	76,171,847	5.2

Programme	Sub-Programme	Approved Orig- inal Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
Land policy and planning	Development Planning and Land Reforms	62,046,821	20,452,525	41,594,296	33.0
Land policy and planning	Land Use Planning	6,102,443	2,776,730	3,325,713	45.5
Sub-Total		198,220,629	44,852,715	153,367,914	22.6
Transport Management and Safety	General Administration Planning and Support Services	74,012,784	29,046,390	44,966,394	39.3
Infrastructure, Roads and Transport	Rehabilitation of Road	496,389,740	1,931,916	494,457,824	0.4
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	31,756,317	3,376,550	28,379,767	10.6
Sub-Total		602,158,841	34,354,856	567,803,985	5.7
Trade development and investment	Fairtrade Practices and Consumer Protection (weight & measures)	81,891,069	18,039,234	63,851,834	22.0
Trade development and investment	Administrative and Support Services.	13,786,035	3,973,640	9,812,395	28.8
Cooperative development and management	Cooperative Advisory & Extension Services.	32,004,403	4,194,274	27,810,129	13.1
Tourism development and marketing	Local Tourism Development.	7,000,000	-	7,000,000	-
Sub-Total		134,681,507	26,207,149	108,474,358	19.5
Information & Communication Service	News and Information Services	54,336,604	15,269,038	39,067,566	28.1
Information & Communication Service	ICT and BPO development services	70,295,727	-	70,295,727	-
Sub-Total		124,632,331	15,269,038	109,363,293	12.3
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	56,512,544	26,563,427	29,949,117	47.0
Sub-Total		56,512,544	26,563,427	29,949,117	47.0

Programme	Sub-Programme	Approved Orig- inal Estimates (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
		A	B	C=A-B	D=B/A*100
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	304,768,062	136,849,867	167,918,195	44.9
Administration of Human Resources and Public Service	Human Resource Development	125,052,535	32,179,631	92,872,904	25.7
Sub-Total		429,820,597	169,029,498	260,791,099	39.3
County Executive Total		7,046,744,125	2,032,535,613	5,014,208,512	28.8
		382,202,074.00	151,465,770.40	230,736,303.60	39.6
Implementation of Constitution	Legislative Development	27,658,790.00	8,487,791.00	19,170,999.00	30.7
701024710	Compliance and Oversight	354,543,284.00	142,977,979.40	211,565,304.60	40.3
Administration and Field Services		439,459,752.00	188,684,268.00	250,775,484.00	42.9
702014710	Administration and Field Services	439,459,752.00	188,684,268.00	250,775,484.00	42.9
Administration of Human Resources and Public Service		10,322,996.00	5,680,620.00	4,642,376.00	55.0
703014710	Establishment, Appointment, Discipline and Board Management.	10,322,996.00	5,680,620.00	4,642,376.00	55.0
	Total	831,984,822.48	345,830,658.40	486,154,164.08	41.6
Grand Total		7,878,728,947.00	2,378,366,271.25	5,500,362,675.75	41.9

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 Public Service & Administration at 55 per cent, County Coordination Services in the Department of Public Service & Administration at 49.4 per cent, Policy Development and Administration in the Department of Public Service & Administration at 49.1 per cent of budget allocation.

3.12.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 31st January 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, contrary to the requirement of Section 168 of the PFM Act, 2012. The reports for the Education Bursary Fund, Mortgages

Fund, Car loans for MCAs Fund and Car Loans/Mortgages for Staff Fund were not submitted to the Controller of Budget.

3. High level of pending bills which amounted to Kshs.460.17 million as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs.59.24 million at the end of the first half of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.253.27 million were processed through the manual payroll and accounted for 20 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.13 County Government of Kiambu

3.13.1 Overview of FY 2022/23 Budget

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

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

3.13.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.4.80 billion as the equitable share of the revenue raised nationally and generated Kshs.1.10 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.5.90 billion, as shown in Table 76.

Table 76: Kiambu County, Revenue Performance in the First Half of FY 2022/23

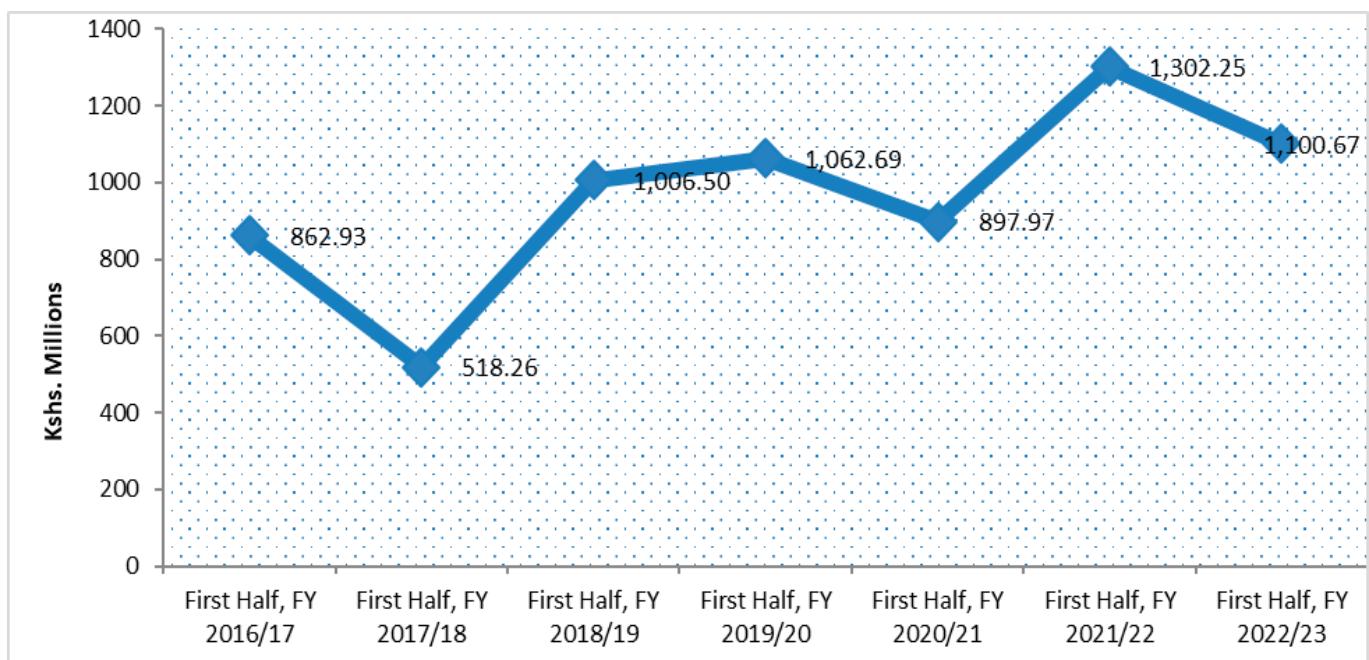
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	11,717,525,720	4,804,185,544	41.0
Subtotal		11,717,525,720	4,804,185,544	41.0
B	Conditional Grants			

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Transforming Health Systems for Universal Health Care	11,433,390	-	-
2.	World Bank-Nation Agriculture & Rural Growth Project	402,836,649	-	-
3.	Kenya Devolution Support Program- KDSP Level 2	73,731,600	-	-
4.	Danish International Development Agency-DANIDA	20,897,250	-	-
5.	Agriculture Sector Development Support Programme -ASDSP	30,340,365	-	-
6.	Kenya Informal Settlements Improvement Project-KI-SIP II-Housing	50,000,000	-	-
7.	Balance b/f from FY 2021/22	-	-	-
8.	Other Revenues – MSF Belgium	26,400,000	-	-
Sub total		589,239,254	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	4,136,821,507	1,100,674,142	26.4
2	Other Revenues – MSF Belgium	26,400,000	-	
Sub Total		4,136,821,507	1,100,674,142	26.4
Grand Total		16,469,986,481	5,904,859,686	37.2

Source: Kiambu County Treasury

Figure 37 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

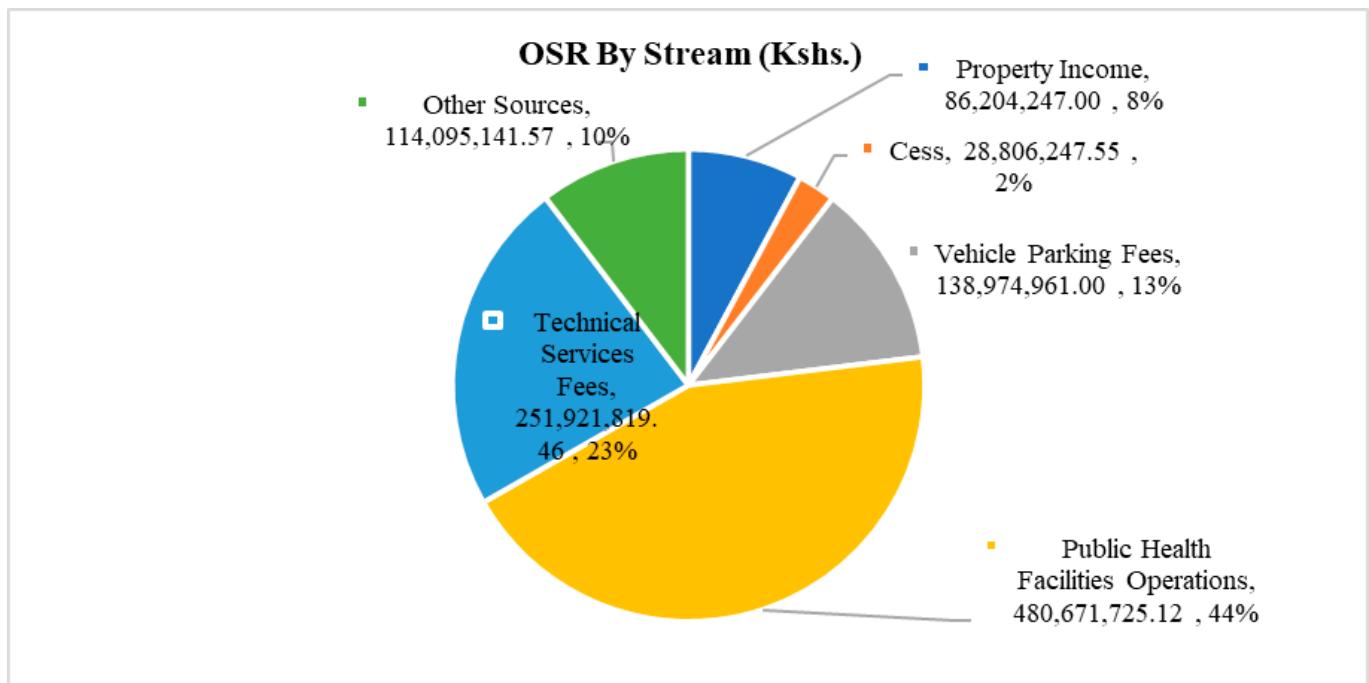
Figure 37: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kiambu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.1.10 billion from its own sources of revenue. This amount represented a decrease of 15.5 per cent compared to Kshs.1.30 billion realised in a similar period in FY 2021/22 and was 26.4 per cent of the annual target and 22.9 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.17.26 million. The revenue streams which contributed the highest OSR are shown in Figure 38.

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



Source: Kiambu County Treasury

The highest revenue stream of Kshs.480.67 million was from public health facilitates fees and charges, contributing to 43.7 per cent of the total OSR collected during the reporting period.

3.13.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.08 billion from the CRF account during the reporting period. This amount comprised Kshs.195.34 million (3.8 per cent) for development programmes and Kshs.4.88 billion (96.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.78 billion was released towards compensation to employees. Kshs. 2.10 billion was for Operations and Maintenance expenditure, while Kshs.195.34 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.427.87 million.

3.13.4 County Expenditure Review

The County spent Kshs.4.60 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.6 per cent of the total funds released by the CoB and comprised Kshs.206.54 million and Kshs.4.40 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.2 per cent, while recurrent expenditure represented 37.9 per cent of the annual recurrent expenditure budget.

3.13.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.5.25 billion, comprised of Kshs.3.05 billion for recurrent expenditure and Kshs.2.19 billion for development activities. During the period under review, pending bills amounting to Kshs.269.07 million were settled. These consisted of Kshs.137.94 million for recurrent expenditure and Kshs.131.14 million for development programmes. The outstanding amount as of 31st December 2022 was, therefore, Kshs.4.98 billion.

3.13.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.54 billion on employee compensation, Kshs.404.05 million on operations and maintenance, and Kshs.206.54 million on development activities. Similarly, the County Assembly spent Kshs.204.46 million on employee compensation and Kshs.247.94 million on operations and maintenance, as shown in Table 77.

Table 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	10,184,410,835	1,401,698,533	3,943,081,379	452,402,363	38.7	32.3
Compensation to Employees	7,398,077,637	571,102,971	3,539,029,597	204,460,739	47.8	35.8
Operations and Maintenance	2,786,333,198	830,595,562	404,051,782	247,941,624	14.5	29.9
Development Expenditure	4,783,877,113	100,000,000	206,535,541	-	4.3	-
Total	14,968,287,948	1,501,698,533	4,149,616,920	452,402,363	27.7	30.1

Source: Kiambu County Treasury

3.13.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.3.74 billion, or 63.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.5.90 billion. This expenditure represented an increase from Kshs.3.1 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.2.03 billion paid to health sector employees, translating to 54.3 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.3.41 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.132.92 million was processed through manual payrolls. The manual payrolls accounted for 3.6 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.10.45 million on committee sitting allowances for the 87 MCAs and the Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs. 20,010 per MCA. The County Assembly has established 23 Committees.

3.13.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.2.23 billion to county-established funds in FY 2022/23, constituting 13.6 per cent of the County's overall budget. Table 78 summarises each established Fund's budget allocation and performance during the reporting period.

Table 78: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Kiambu Alcoholic Drinks Control Fund	31,300,000	-	24,994,446	Yes
2.	Kiambu County Education Bursary Fund	100,000,000	-	3,407,070	Yes
3.	Kiambu County Emergency Fund	30,000,000	15,000,000	960	Yes
4.	Kiambu County Executive Car Loan & Mortgage Scheme Fund	12,500,000	-	346,561	Yes
5.	Kiambu County Jiinue Fund	50,000,000	-	108,584	Yes
6.	Kiambu County Facility Improvement Fund	1,723,826,023	-	554,575,598	Yes
County Assembly Established Funds					
1.	Kiambu County Assembly Car loan & Mortgage Scheme Fund	237,000,000	-	213,440	Yes

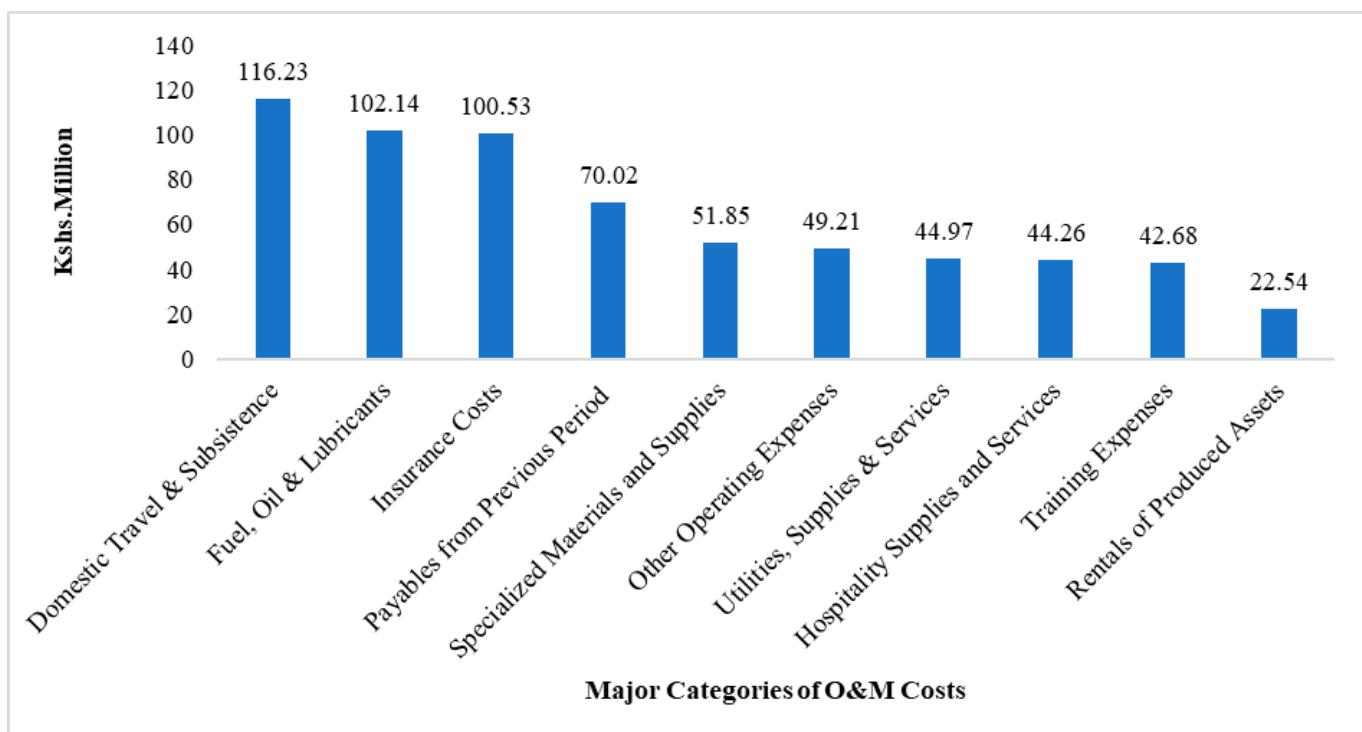
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
2	Kiambu County Assembly Staff Mortgage Scheme Fund	50,000,000	-	-	Yes
	Total	2,234,626,023	-	583,646,659	

Source: *Kiambu County Treasury*

3.13.9 Expenditure on Operations and Maintenance

Figure 39 shows a summary of 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.116.23 million and comprised of Kshs.91.85 million spent by the County Assembly and Kshs.24.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.46 million and comprised of Kshs.1.41 million by the County Assembly and Kshs.0.05 million by the County Executive. Other operating expenses of Kshs.49.21 million are composed of membership of Kshs.6.54 million, bank service Kshs.7.55 million, contracted professional services Kshs.3.29 million.

3.13.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.206.54 billion on development programmes, representing a decrease of 29.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.291.24 million. Table 79 summarises development projects with the highest expenditure in the reporting period.

Table 79: 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	Agriculture & Rural Development	NARIGP	All wards	409,336,648	409,336,648	102,334,162	25.0
2	Agriculture & Rural development	Procurement of food crop fertiliser & coffee fertiliser	All wards	90,000,000	90,000,000	29,915,000	33.2
3	Agriculture & Rural Development	Purchase of Animals and Breeding Stock	All wards	55,000,000	55,000,000	6,748,150	12.3
4	Energy, infrastructure & ICT	Proposed upgrading to bitumen standards of Mugutha-Mugutha bridge-Ruiru road	Murera	40,000,000	20,000,000	5,797,541	29.0
5	Energy, infrastructure & ICT	Spot improvement of Thika town Entrance Garissa junction	Thika	221,005,870	-	5,000,000	0.0
6	Agriculture & Rural Development	Purchase of Vaccines and Sera	county wide	15,000,000	15,000,000	3,700,000	24.7
7	Environmental protection, water and housing	Operationalisation/Implementation of Physical & Land Use Planning Act, 2019	Kiambu County	10,000,000	5,000,000	3,000,000	60.0
8	Energy, infrastructure & ICT	Street lighting installation (1134 No)	All wards	161,024,000	135,094,904	2,962,700	2.2
9	Environmental protection, water and housing	Renovation of Kiambu County residential buildings in Kikuyu Town, Kikuyu sub county	Kikuyu	15,021,240	10,647,640	2,236,085	21.0

Source: Kiambu County Treasury

3.13.11 Budget Performance by Department

Table 80 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 80: Kiambu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1,401.70	100.00	464.63	-	452	-	97.4	-	32.3	-
County Executive	341.58	-	103.58	-	89.78	-	86.7	-	26.3	-
County Public Service Board	78.10	-	25.31	0.00	14.61	0.00	57.7	-	18.7	-
Finance, Economic Planning and ICT	1,412.25	203.86	644.41	0.00	520.49	0.00	80.8	-	36.9	-
Administration and Public Service	835.99	31.00	277.30	0.00	312.15	0.00	112.6	-	37.3	-
Agriculture, Crop Production & Irrigation	463.16	887.78	192.64	154.46	139.14	159.49	72.2	103.3	30.0	18.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water, Environment and Natural Resources	341.52	310.58	161.55	9.13	152.91	9.13	94.7	100.0	44.8	2.9
Health Services	4,874.44	821.64	2223.62	11.15	2028.67	12.63	91.2	113.3	41.6	1.5
Education, Culture and Social Services	971.20	248.01	453.12	4.49	355.67	4.49	78.5	100.0	36.6	1.8
Youth and Sports	111.25	175.54	33.02	0.00	29.44	0.00	89.2	-	26.5	-
Lands, Physical Planning and Housing	214.66	280.0	76.45	2.24	81.34	5.24	106.4	234.2	37.9	1.9
Trade, Tourism, Industry and Co-operative	145.50	386.10	44.21	0.00	45.29	1.81	102.4	-	31.1	0.5
Roads, Transport and Public Works	394.76	1,439.37	184.13	14.08	173.58	13.76	94.3	97.7	44.0	1.0
TOTAL	11,586.12	4,883.88	4883.99	195.53	4,395.48	206.54	90.0	105.6	37.9	4.2

Source: Kiambu County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Crop Production & Irrigation recorded the highest absorption rate of development budget at 18.0 per cent, followed by the Department of Water, Environment and Natural Resources at 2.9 per cent. The Department of Water, Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 44.8 per cent, while the County Public Service Board had the lowest at 18.7 per cent.

Further analysis shows expenditures to exchequer issues for several departments are above 100 per cent, as indicated by the financial statements using payments done at IFMIS level. Generally, a substantial number of transactions may appear as having been paid at IFMIS, but in practice, they are awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

3.13.12 Budget Execution by Programmes and Sub-Programmes

Table 81 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 81: Kiambu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly							
Legislation and Oversight services	Legislation and Oversight services	780,400,000	-	209,391,517	-	26.8	-
Representation services	Representation services	53,500,000	100,000,000	57,544,148	-	107.6	-
General Administration and support services	General Administration and support services	567,798,533	-	185,466,699	-	32.7	-
	Sub-Total	1,401,698,533	100,000,000	452,402,364	-	32.3	-
Executive Services							
General Administration and support services							-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
	General Administration Planning and Support Services	282,967,488	-	85,564,747	-	30.2	-
Representation services							-
	Representation services	58,613,503	-	4,212,506	-	7.2	-
	Sub-Total	341,580,991	-	89,777,253	-	26.3	-
County Public Service Board							
Human Resource development and management services		78,096,211	-	14,614,145	-	18.7	-
	Human Resource development and management services	78,096,211	-	14,614,145	-	18.7	-
	Sub-Total	78,096,211	-	14,614,145	-	18.7	-
Finance, Economic Planning and ICT							
Public Finance Management, Economic Policy & Strategy	General Administration and support services	1,098,622,359	203,861,778	398,543,273	-	36.3	-
	Economic planning services	16,500,000	-	6,166,898	-	37.4	-
	financial management services	225,764,623	-	115,781,398	-	51.3	-
	ICT Services	71,367,586	-	-	-	-	-
	Sub-Total	1,412,254,568	203,861,778	520,491,569	-	36.9	-
Administration and Public Service							
Human resource development and management	Human resource development and management	19,121,529	-	2,427,200	-	12.7	-
General Administration Planning and Support Services	General Administration Planning and Support Services	816,866,812	31,000,000	309,723,800	-	37.9	-
	Sub-Total	835,988,341	31,000,000	312,151,000	-	37.3	-
Agriculture, Crop Production & Irrigation							
Fisheries Development	Fisheries Development	-	11,250,000	-	-	-	-
Livestock resource management and development	Livestock resource management and development	-	58,750,000	-	10,448,150	-	17.8
Crop production and Management	Crop production and Management	-	817,778,887	-	149,038,382	-	18.2
Administration, Planning and Support Services	General administration and support services	463,162,497	-	139,144,748	-	30.0	-
	Sub-Total	463,162,497	887,778,887	139,144,748	159,486,532	30.0	18.0
Water, Environment and Natural Resources							
Water Resource Management and Sanitation	Water provision and management	-	191,000,000	-	9,127,984	-	4.8
Environment and Solid Waste Management	Environmental management	-	94,580,000	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Sensitisation on Renewable Energy and Climate Change	Renewable Energy and Climate Change	-	10,000,000	-	-	-	-
Natural Resources and Forestry Conservation	Natural Resources Conservation and Management	-	15,000,000	-	-	-	-
General Administration and Support Services	General Administration and Support Services	341,523,466	-	152,913,634	-	44.8	-
	Sub-Total	341,523,466	310,580,000	152,913,634	9,127,984	44.8	2.9
Health Services							-
Health Services	Health curative services	603,006,903	-	-	12,627,089	-	-
	General Administration and Support Services	4,131,533,024	-	2,002,460,060	-	48.5	-
	Community Health Services	43,900,000	-	13,583,370	-	30.9	-
	County Hospital Infrastructure		821,636,481	12,627,089	-	-	-
	Pharmaceutical and Non-Pharmaceutical supplies	96,000,000	-	-	-	-	-
	Sub-Total	4,874,439,927	821,636,481	2,028,670,519	47,604,431	41.6	5.8
Education, Culture and Social Services							
Pre-primary education and youth polytechnics services	Pre-primary education and youth polytechnics services	-	248,007,975	-	4,485,450	-	1.8
	General Administration and Support Services	771,702,219	-	352,507,522	-	45.7	-
	Early Childhood Development	184,000,000	-	3,160,100	-	1.7	-
	Culture, Gender and Social services	15,500,000	-	-	-	-	-
	Sub-Total	971,202,219	248,007,975	355,667,622	4,485,450	36.6	1.8
Youth & Sports							
Development and Management of Sports Facilities	Development and Management of Sports Facilities	-	125,538,853	-	-	-	-
General administration and support services	General administration and support services	111,245,280	-	28,971,235	-	26.0	-
Youth Empowerment	Youth Empowerment	-	50,000,000	-	-	-	-
	Sub-Total	111,245,280	175,538,853	29,444,885	-	26.5	-
Lands, Physical Planning and Housing							
Land Management and Physical Planning	Housing Development	-	114,000,000	-	2,236,085	-	2.0
	Land Management and Physical Planning	112,013,523	166,000,000	80,921,249	3,000,000	72.2	1.8
	General administration and support services	90,693,523	-	-	-	-	-
Municipal Administration and Urban Development	Municipal Administration and Urban Development	11,952,608	-	416,230	-	3.5	-
	Sub-Total	214,659,654	280,000,000	81,337,479	5,236,085	37.9	1.9
Trade, Tourism, Industry and Co-operative							

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Trade, Industrialization, Tourism, Investment and Co-operative Development							
	Tourism Development and Promotion	-	25,000,000	-	-	-	-
	Cooperative Development and promotion	-	41,000,000	-	-	-	-
	General administration and support services	145,502,334	-	45,285,879	-	31.1	-
	Industrialisation	-	5,098,576	-	-	-	-
	Trade, Industrial Development and Investments	-	280,000,002	-	1,812,160	-	0.6
	Enterprise Development	-	35,000,000	-	-	-	-
	Sub-Total	145,502,334	386,098,578	45,285,879	1,812,160	31.1	0.5
Roads, Transport and Public Works							
Maintenance of Roads, Bridges, Construction and Maintenance	Construction of road and civil works	-	1,439,374,561	-	13,760,241	-	1.0
	General Administration and Support services	394,755,347	-	173,582,646	-	44.0	
	Sub-Total	394,755,347	1,439,374,561	173,582,646	13,760,241	44.0	1.0
	Grand Total	11,586,109,368	4,883,877,113	4,395,483,743	206,535,541	37.9	4.2

Source: Kiambu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates for the recurrent expenditure were: Representation in the County Assembly at 107.6 per cent (this should be regularised during the supplementary budget), Land Management and Physical Planning in the Department of Lands, Physical Planning and Housing at 72.2 per cent. In the development expenditure, sub-programmes with the highest levels of implementation based on absorption rates include Crop Production and Management in the Department of Agriculture, Crop Production and Irrigation at 57.9 per cent, and livestock resource management and development at 17.8 per cent of budget allocation.

3.13.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.1.10 billion against an annual projection of Kshs.4.14 billion, representing 26.4 per cent of the annual target.
2. High level of pending bills amounting to Kshs.4.98 billion as of 31st December 2022 despite the availability of cash in the CRF, which stood at Kshs.427.87 million at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.132.92 million were processed through the manual payroll and accounted 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.
4. Personnel emoluments amounted to Kshs.3.74 billion, or 63.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.5.90 billion. This does not conform with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015, which sets the limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

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 remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County 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 budget for the FY 2022/23 is Kshs.15.83 billion, comprising Kshs.6.72 billion (42.5 per cent) and Kshs.9.10 billion (57.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.3 per cent compared to the previous financial year when the approved Supplementary budget was Kshs.15.92 billion and comprised of 5.97 billion (37.4 per cent) towards development expenditure and 9.98 billion (62.6 per cent) for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.11.64 billion (73.5 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.46 billion (9.3 per cent) from its own source of revenue. The County also expects to receive Kshs.2.72 billion (17.2 per cent) as conditional grants, as shown in Table 82.

3.14.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.9 billion as the equitable share of the revenue raised nationally and raised Kshs.200.5 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.3.1 billion, as shown in Table 82.

Table 82: Kilifi County, Revenue Performance in the First Half of FY 2022/23

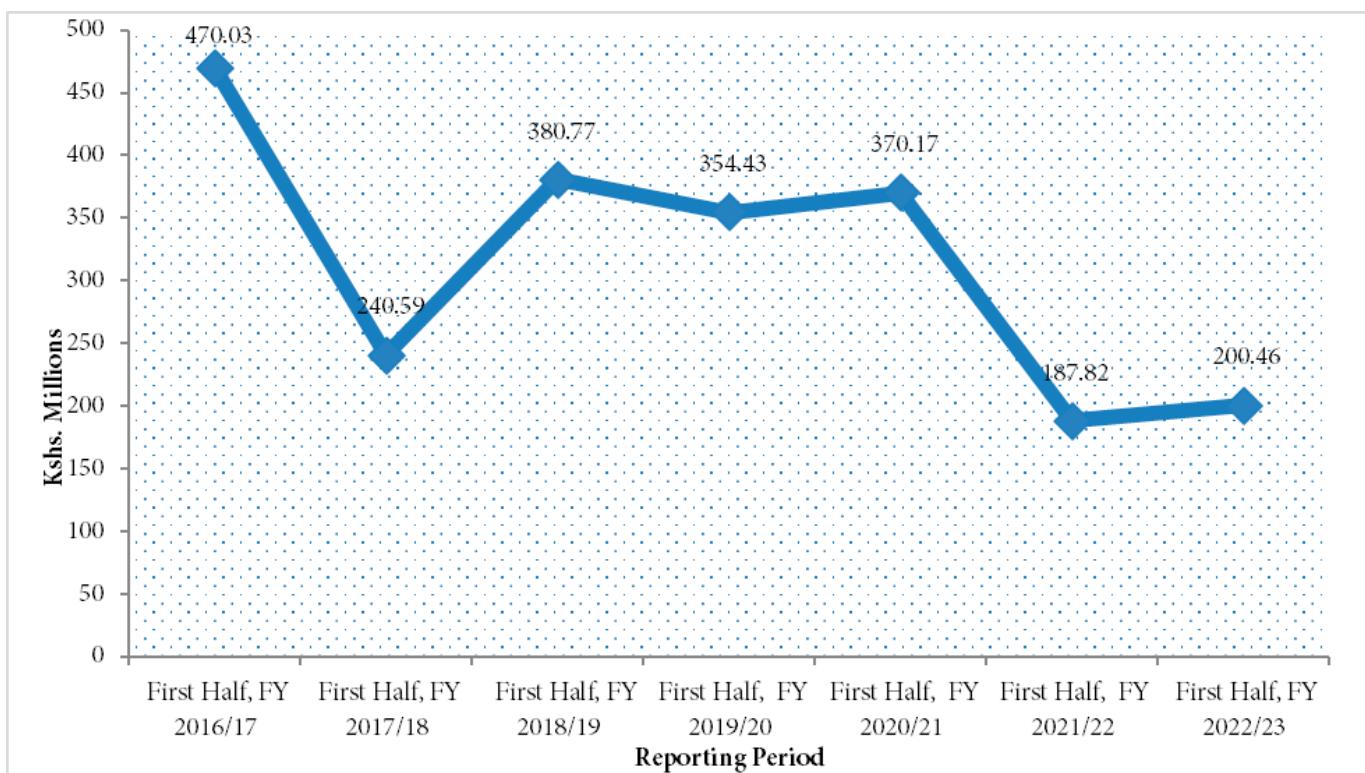
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	11,641,592,941	2,910,398,235	25.0
Sub Total		11,641,592,941	2,910,398,235	25.0
B	Conditional Grants			
1	Leasing of Medical Equipment	110,638,298	-	-
2	National Agricultural and Rural Inclusive Growth Project (NARIGP)	217,565,743	-	-
3	DANIDA Grant (Universal Healthcare in Devolved System Programme)	22,011,000	-	-
4	Water & Sanitation Development Programme (WSDP)	2,000,000,000	-	-
5	World Bank Credit to Finance Locally-Led Climate Action Program	125,000,000	-	-
6	Kenya Devolution Support Programme (KDSP) Level II Grant	37,044,750	-	-
7	Agricultural Sector Development Support Programme (ASDSP) II	9,901,671	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Kenya Informal Settlement and Improvement Project (KI-SIP)	200,000,000	-	-
	Sub Total	2,722,161,462	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	1,467,500,000	200,459,790	13.7
	Sub Total	1,467,500,000	200,459,790	13.7
	Grand Total	15,831,254,403	3,110,858,025	19.7

Source: Kilifi County Treasury

Figure 40 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

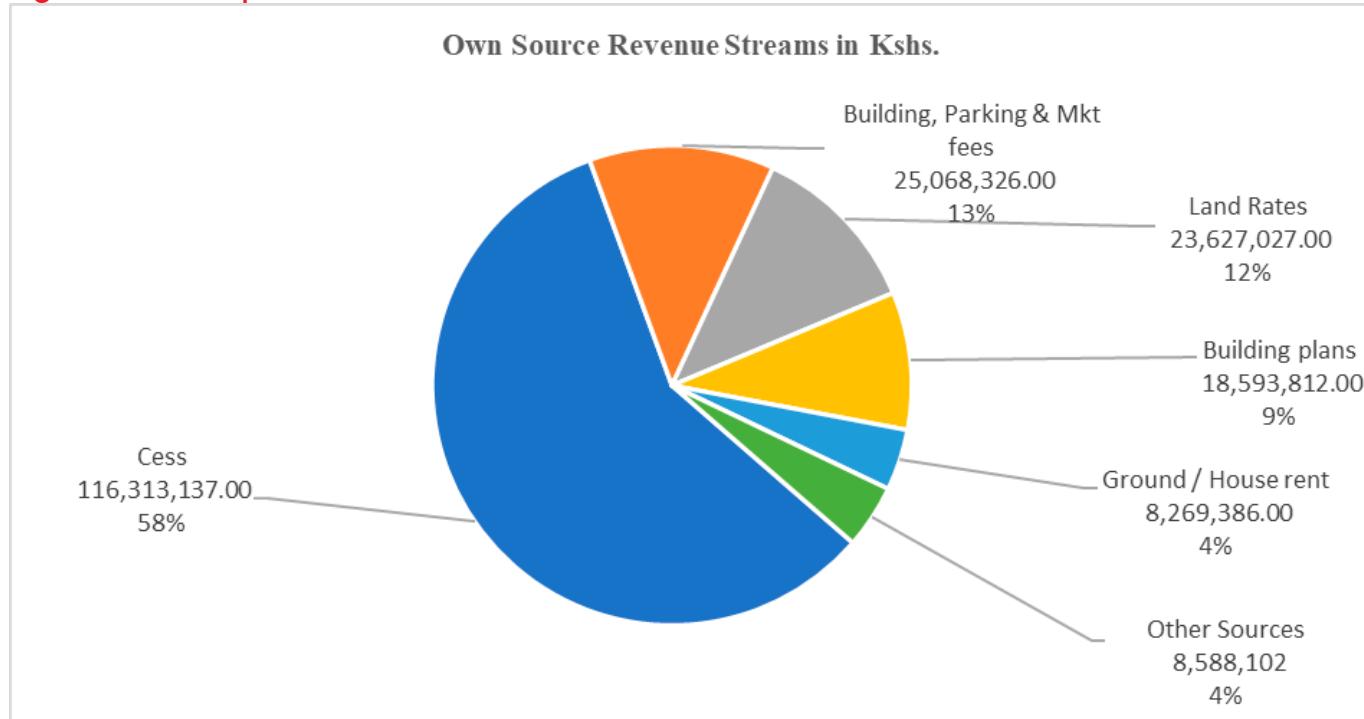
Figure 40: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kilifi County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.200.46 million from its own sources of revenue. This amount represented an increase of 6.1 per cent compared to Kshs.187.82 million realised in a similar period in FY 2021/22 and was 13.7 per cent of the annual target and 6.4 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 41.

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



Source: Kilifi County Treasury

The highest revenue stream of Kshs.116.3 million was from cess, contributing to 58 per cent of the total OSR collected during the reporting period.

3.14.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.79 billion from the CRF account during the reporting period. This amount comprised Kshs.327.8 million (8.6 per cent) for development programmes and Kshs.3.46 billion (91.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.55 billion was released towards compensation to employees and Kshs.714.3 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.930 million.

3.14.4 County Expenditure Review

The County spent Kshs.3.5 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.8 per cent of the total funds released by the CoB and comprised Kshs.249.4 million and Kshs.3.27 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.7 per cent, while recurrent expenditure represented 35.1 per cent of the annual recurrent expenditure budget.

3.14.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.816.71 million.

3.14.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.40 billion on employee compensation, Kshs.491.66 million on operations and maintenance, and Kshs.249.43 million on development activities. Similarly, the County Assembly spent Kshs.149.58 million on employee compensation and Kshs.171.67 million on operations and maintenance, as shown in Table 83.

Table 83: 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	8,209,896,525	900,000,000	2,896,112,861	321,248,266	35.3	35.7
Compensation to Employees	4,564,864,498	482,982,847	2,404,457,453	149,582,850	52.7	31.0
Operations and Maintenance	3,645,032,027	417,017,153	491,655,408	171,665,416	13.5	41.2
Development Expenditure	6,571,357,878	150,000,000	249,427,772	-	3.8	-
Total	14,781,254,403	1,050,000,000	3,145,540,633	321,248,266	21.3	30.6

Source: Kilifi County Treasury

3.14.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.6 billion, or 82.1 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.11 billion. This expenditure represented an increase from Kshs.2.2 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.0 billion paid to health sector employees, translating to 40.6 per cent of the total wage bill. Any significant increase in Personnel Emoluments compared to the previous financial year.

Further analysis indicates that PE costs amounting to Kshs.2.4 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.119.8 million was processed through manual payrolls. The manual payrolls accounted for 5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.22 million on committee sitting allowances for the 55 MCAs and the Speaker against the annual budget allocation of Kshs.31.9 million. The average monthly sitting allowance was Kshs.66,725 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.997 million to county-established funds in FY 2022/23, which constituted 6.3 per cent of the County's overall budget as shown Table 84.

Table 84: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No)
		A	B	C	D
County Executive Established Funds					
1.	Car & Mortgage County Executive	120,000,000	-	-	Yes
2.	Education Fund	350,000,000	175,000,000	175,000,000	YES

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
3.	Mbegu Fund	116,000,000	58,000,000	58,000,000	YES
4.	Emergency Fund	300,000,000	100,000,000	100,000,000	YES
County Assembly Established Funds					
1.	Car & Mortgage MCA	111,000,000	-	-	YES
	Total	997,000,000	333,000,000	333,000,000	

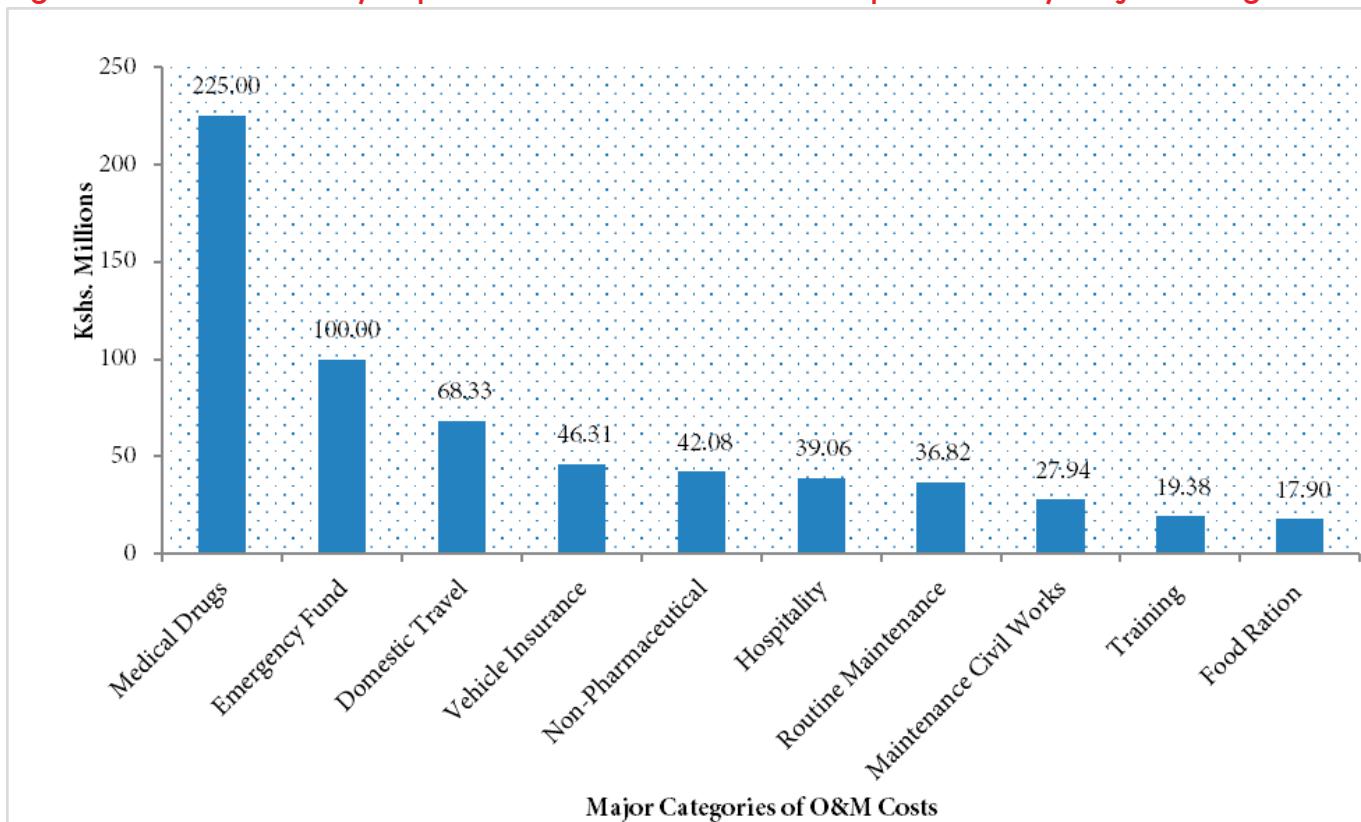
Source: Kilifi County Treasury

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

3.14.9 Expenditure on Operations and Maintenance

Figure 42 shows a summary of 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.68.33 million and comprised of Kshs.37.6 million spent by the County Assembly and Kshs.30.6 million by the County Executive. Expenditure on foreign travel by County Assembly amounted to Kshs.2.5 million.

3.14.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.249.4 million on development programmes, representing a decrease of 178.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.695.2 million. Table 85. summarises development projects with the highest expenditure in the reporting period.

Table 85: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Kilifi County Health Complex (phase II)	Health	Headquarters	122,260,847	67,703,513	55.4
2	Upgrading to bitumen standards of Kibao cha Fundisa - Adu (Phase I)	Roads	Adu	52,202,413	50,773,944	97.3
3	Kadzuhoni to Marereni pipeline (co-funding with WSTF - 15% of Kshs. 150m)	Water	Adu	28,965,538	28,000,000	96.7
4	Upgrading to Bitumen Standard of Mtomondoni to Kwa Chief Road (Phase II)- Mtomondoni-Marupia	Roads	Mtomondoni	20,000,000	20,000,000	100.0
5	Upgrading to bitumen standard of Karibuni villa to Golden beach hotel phase II	Roads	Malindi	40,000,000	18,971,683	47.4
6	Upgrading of Kwa Mwambire Kabuuni Water Pipeline	Water	Ganze	5,000,000	4,999,020	100.0
7	Equipping of 6No. Boreholes in Chiferi, Bwagamoyo, Kwa Juaje, Chang'ombe, Kanyumbuni and Mnyenzeni	Water	Mwawesa	11,296,142	4,616,246	40.9
8	Completion of Mfuloni water project	Water	Jaribuni	5,000,000	3,999,458	80.0

Source: Kilifi County Treasury

3.14.11 Budget Performance by Department

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

Table 86: 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	900.00	150.00	327.44	-	321.25	-	98.1	-	36	-
Office of the Governor	164.87		57.94	-	56.74	-	97.	-	34.4	-
County Attorney	121.43	35.00	8.34	-	6.97	-	83.6	-	5.7	-
Finance	290.82	25.78	145.75	-	145.75	-	100.0	-	50.1	-
Economic Planning	88.46		2.64	-	2.70	-	102.3	-	3.0	-
Agriculture	77.52	433.11	13.15	1.12	10.52	-	80.0	-	13.6	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Livestock	27.29	40.28	-	-	0.91	-	-	-	3.3	-
Fisheries	24.48	122.86	-	-	1.70	-	-	-	6.9	-
Water And Sanitation	64.96	2,637.31	8.42	43.40	0.45	43.40	5.3	100.0	0.7	1.6
Environment & Natural Resources	57.43	156.60	19.12	19.60	18.01	19.60	94.2	100.0	31.4	12.5
Education (Sports & Youth Affairs)	421.77	445.76	183.08	6.58	6.13	6.58	3.3	100.0	1.5	1.5
ICT	25.46		-				-	-	-	
Medical Ser- vices	1,146.57	637.60	305.72	86.57	244.99	73.82	80.1	85.3	21.4	11.
Public Health	98.81	92.39	8.73	6.56			-	-	-	-
Roads & Public Works	237.77	906.70	78.99	106.03	80.33	106.03	101.7	100.0	33.8	11.7
Lands and energy	381.26	439.50	86.09		78.91		91.7	-	207.	-
Physical Plan- ning & Urban Development	38.36	146.00	-		3.50		-	-	9.1	-
Gender, Culture & Social Ser- vices	63.46	203.11	24.97		24.46		98.0	-	38.6	-
Trade And Tourism	37.53	226.47	1.34	58.00	1.12		83.7	-	3.0	-
Cooperatives Devpt	32.20		-		0.16		-	-	0.5	-
Public Service Board	63.70		2.05		2.05		99.6	-	3.5	-
Devolution & Disaster Service	121.59	22.88	87.87		90.72		103.2	-	74.6	-
Public Service Management	4,624.16		2,100.91		2,099.71		99.9	-	45.4	-
Total	9,109.90	6,721.36	3,462.57	327.85	3,197.06	249.43	92.3	76.1	35.1	3.7

Source: Kilifi County Treasury

Analysis of expenditure by department shows that the Department of Environment recorded the highest absorption rate of development budget at 12.5 per cent, followed by the Department of Roads & Public Works at 11.7 per cent. The Department of Devolution had the highest percentage of recurrent expenditure to budget at 74.6 per cent, while the Department of Public Health did not report any expenditure.

3.14.12 Budget Execution by Programmes and Sub-Programmes

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

Table 87: Kilifi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Assembly	Legislation	397,707,096	321,248,266	76,458,830	80.8
	Oversight	27,050,000		27,050,000	-
	Administration	475,242,904		475,242,904	-
	Development	150,000,000		150,000,000	-
	Sub Totals	1,050,000,000	321,248,266	728,751,734	30.6
Office of the Governor	Administration, planning and support services	138,570,685	56,744,138	81,826,547	40.9
	Intergovernmental relations	26,300,000		26,300,000	-
	Sub Totals	164,870,685	56,744,138	108,126,547	34.4
County Attorney	Administration Planning And Support Services	121,432,340	6,972,011	114,460,329	5.7
	Development	35,000,000	-	35,000,000	-
	Sub Totals	156,432,340	6,972,011	149,460,329	4.5
Finance	Administration, Planning and Support Services	196,500,000	115,937,902	80,562,098	59.0
	Financial Management	20,712,337	7,260,143	13,452,194	35.1
	Audit Services	11,100,000	4,154,274	6,945,726	37.4
	Accounting Services	19,847,401	7,345,650	12,501,751	37.0
	Supply Chain Management Services	17,100,000	5,507,853	11,592,147	32.2
	Resource Mobilisation/Debt Management	25,565,000	5,542,285	20,022,715	21.7
	Development	25,781,690	-	25,781,690	-
	Sub Totals	316,606,428	145,748,107	170,858,321	46.0
Economic Planning	Administration	10,500,000	-	10,500,000	-
	Economic Planning	48,250,000	-	48,250,000	-
	Monitoring & Evaluation	29,706,784	2,696,455	27,010,329	9.1
	Sub Totals	88,456,784	2,696,455	85,760,329	3.0
Agriculture	General Administration, Planning and Support Services	68,431,200	2,005,439	66,425,761	2.9
	Food Production and Management	93,218,490	2,909,270	90,309,220	3.1
	Agribusiness and Information Management	348,987,004	5,602,015	343,384,989	1.6
	Sub Totals	510,636,694	10,516,723	500,119,971	2.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Livestock	Administration, Planning and Support services	27,290,735	911,403	26,379,332	3.3
	Livestock Policy and Capacity Development	7,000,000		7,000,000	-
	Livestock Value Addition and Marketing	18,000,000		18,000,000	-
	Food Safety and Animal Products Development	11,284,184		11,284,184	-
	Livestock Disease Management and Control	4,000,000		4,000,000	-
	Sub Totals	67,574,919	911,403	66,663,516	1.3
Fisheries	Administration	24,484,854	1,695,799	22,789,055	6.9
	Fisheries Production	20,358,869		20,358,869	-
	Sustainable Fisheries Production and Development	102,500,000		102,500,000	-
	Sub Totals	147,343,723	1,695,799	145,647,924	1.2
Water & Sanitation	General Administration, Planning and Support Services	64,956,854	447,500	64,509,354	0.7
	Water Supply Infrastructure	2,637,310,195	43,401,751	2,593,908,444	1.6
	Sub Totals	2,702,267,049	43,849,251	2,658,417,798	1.6
Environment	County Environment Management	57,428,675	18,012,500	39,416,175	31.4
	Development	156,598,295	19,598,295	137,000,000	12.5
	Sub Totals	214,026,970	37,610,795	176,416,175	17.6
Education	General administration, planning and support services	58,550,000	6,128,629	52,421,371	10.5
	Early Childhood development education	390,736,234	6,577,759	384,158,475	1.7
	Vocational Training	356,000,000	-	-	-
	Education and training	62,243,255	-	-	-
	Sub Totals	867,529,489	12,706,388	854,823,101	1.5
ICT	Information Communication Technology	25,456,672	-	-	-
	Sub Totals	25,456,672	-	-	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q1 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Health	Curative and Rehabilitative Services	696,370,000	244,987,064	451,382,936	35.2
	General Administration	450,199,826		450,199,826	-
	Reproductive Maternal Neonatal Child Adolescent Health	637,599,129	73,822,530	563,776,599	11.6
	Sub Totals	1,784,168,955	318,809,594	1,465,359,361	17.9
Public Health	Communicable Disease Control	191,205,527		191,205,527	-
	Sub Totals	191,205,527	-	-	-
Roads & Public Works	General administration, planning and support services	237,765,413	80,326,529	157,438,884	33.8
	Road Transport	906,700,000	106,027,437	800,672,563	11.7
	Sub Totals	1,144,465,413	186,353,966	958,111,447	16.3
Lands	General Administration	381,256,170	78,909,760	302,346,410	20.7
	Development	439,500,000		439,500,000	-
	Sub Totals	820,756,170	78,909,760	741,846,410	9.6
Physical Planning & Urban Development	General Administration	38,364,415	3,496,872	34,867,543	9.1
	Development	146,000,000		146,000,000	-
	Sub Totals	184,364,415	3,496,872	180,867,543	1.9
Gender, Culture & Social Services	General Administration	63,456,828	24,463,110	38,993,718	38.6
	Development	203,106,498		203,106,498	-
	Sub Totals	266,563,326	24,463,110	242,100,216	9.2
Trade And Tourism	General Administration	37,528,785	1,124,936	36,403,849	3.0
	Development	226,470,419	-	226,470,419	-
	Cooperatives	32,200,567	159,975	32,040,592	0.5
	Sub Totals	296,199,771	1,284,911	294,914,860	0.4
Public Service Board	General administration	63,698,442	2,045,344	61,653,098	3.2
	Sub Totals	63,698,442	2,045,344	61,653,098	3.2
Devolution & Disaster Service	General administration	121,594,131	90,715,455	30,878,676	74.6
	Development	22,876,265		22,876,265	-
	Sub Totals	144,470,396	90,715,455	53,754,941	62.8
Public Service Management	General Administration	4,624,160,235	2,099,710,551	2,524,449,684	45.4
	Sub Totals	4,624,160,235	2,099,710,551	2,524,449,684	45.4
Grand Total		15,831,254,403	3,446,188,899	12,385,065,504	21.8

Source: KILIFI County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Legislation in the County Assembly at 80.8 per cent and General Administration in the department of Public Service Board at 74.6 per cent of budget allocation. The report on budget execution by programmes was not prepared in line with the template provided for PBB, which could be due to capacity challenges of staff in the County Treasury.

3.14.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.200.46 million against an annual projection of Kshs. 1.47 billion, representing 13.7 per cent of the annual target.
2. High level of pending bills that amounted to Kshs.2.3 billion as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.930 billion at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.119.8 million were processed through the manual payroll and accounted for 5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. The Department of Public Health did not report any expenditure during the first six months of FY 2022/23, thereby raising doubt on whether it can achieve its programme objectives for the year.
5. Staff capacity challenges in reporting on budget execution by programmes and sub-programmes, as evidenced by the report in Table 6, which does not indicate the programmes being implemented.

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 ensure genuine pending bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
4. *The County Treasury should provide adequate funding to the Department of Public Health to ensure that its objectives and outputs for the financial year are achieved.*
5. *The County Treasury should identify the department's capacity gaps and address them through relevant capacity-building programmes. This should cover training in the preparation of financial reports and statements.*

3.15 County Government of Kirinyaga

3.15.1 Overview of FY 2022/23 Budget

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

To finance the budget, the County expects to receive Kshs.5.19 billion (73.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.550 million (7.7 per cent) from its own source of revenue, Kshs.435.98 million (6.1 per cent) as conditional grants, and a cash balance of Kshs.940.39 million (13.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 88.

The cash balance from the previous financial year comprises Kshs.877.04 million in rollover funds, mainly from the equitable share of revenue arrears from FY 2021/22, and Kshs.63.35 million rollovers from Conditional Grants.

3.15.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.71 billion as the equitable share of the revenue raised nationally, raised Kshs.139.17 million as own-source revenue and had a cash balance of Kshs.940.39 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.79 billion, as shown in Table 88.

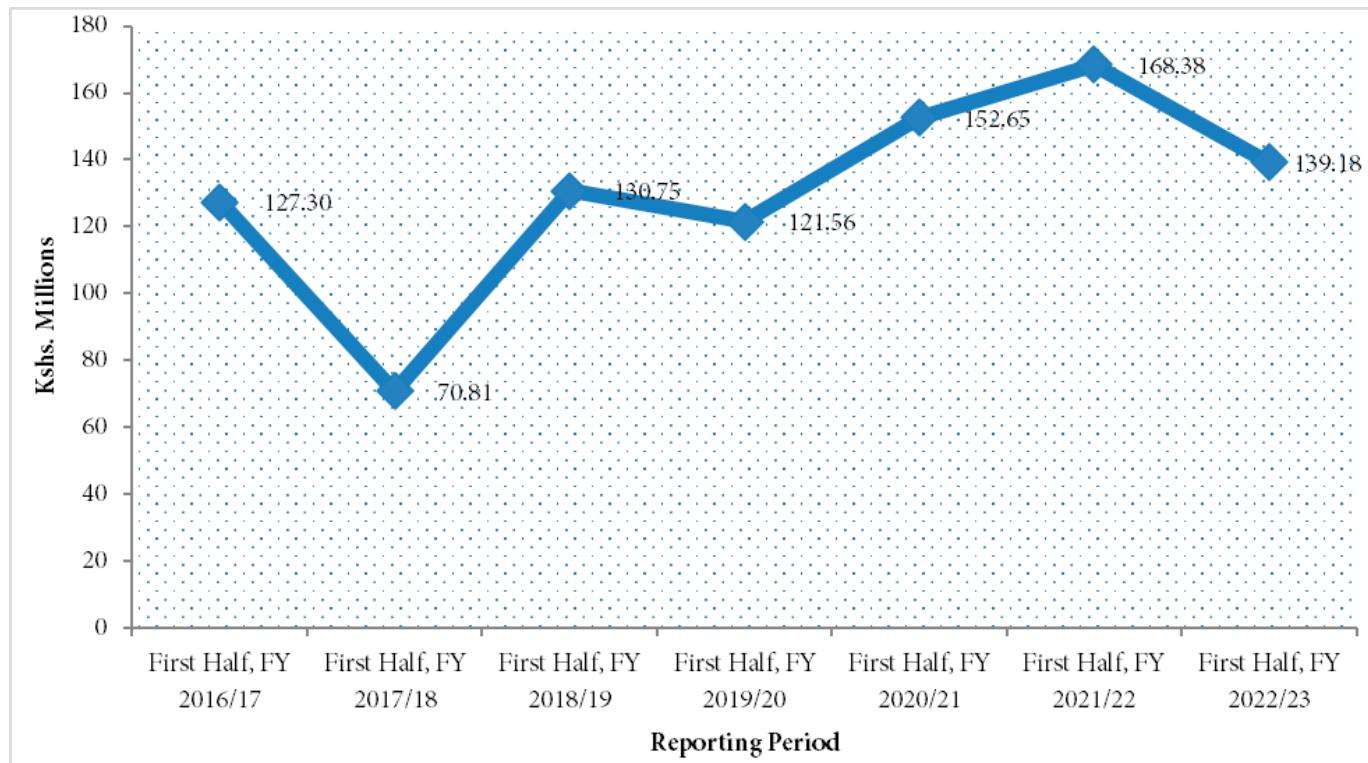
Table 88: Kirinyaga County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,196,177,952	1,714,738,724	33.0
	Sub Total	5,196,177,952	1,714,738,724	33.0
B	Conditional Grants			
1	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	344,612,512	-	-
2	DANIDA Grant	8,937,800	-	-
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	9,324,972	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	51,104,534	-	-
5	World Bank (Finance Locally-Led Climate Program (FL-LoCA) for County Climate Resilience Investment (CCRI) Grant	22,000,000	-	-
	Sub-Total	435,979,818	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	550,000,000	139,176,495	25.3
2	Balance B/F from FY2021/22	940,390,660	940,390,660	100.0
	Sub Total	1,490,390,660	1,079,567,155	72.4
	Grand Total	7,122,548,430	2,794,305,879	39.2

Source: Kirinyaga County Treasury

Figure 43. shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

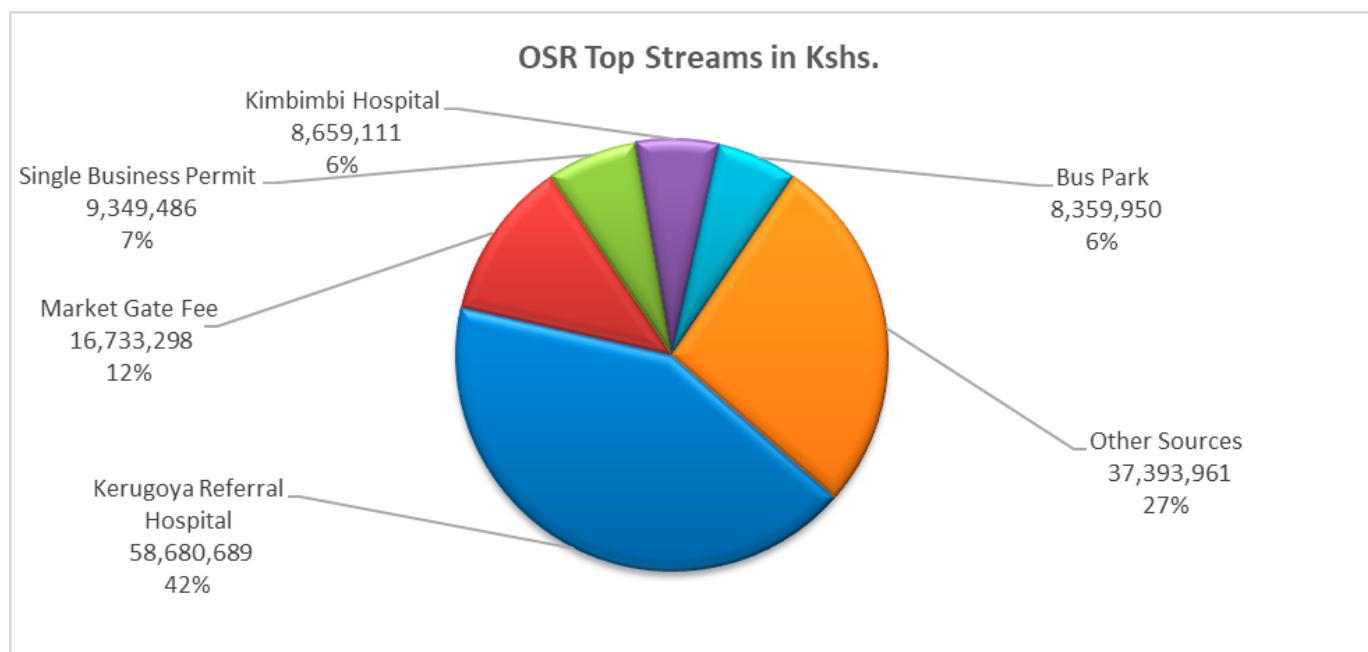
Figure 43: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kirinyaga County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.139.17 million from its own sources of revenue. This amount represented a decrease of 21.0 per cent compared to Kshs.168.38 million realised in a similar period in FY 2021/22 and was 25.3 per cent of the annual target and 5.0 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 44.

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



Source: Kirinyaga County Treasury

The highest revenue stream of Kshs.58.68 million was from Kerugoya Referral Hospital, contributing to 42 per cent of the total OSR collected during the reporting period.

3.15.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.29 billion from the CRF account during the reporting period. This amount comprised Kshs.326.26 million (14.2 per cent) for development programmes and Kshs.1.97 billion (85.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 1.46 billion was released towards compensation to employees, Kshs.500.87 million was for Operations and Maintenance expenditure while Kshs.326.26 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.31.12 million.

3.15.4 County Expenditure Review

The County spent Kshs.2.29 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.0 per cent of the total funds released by the CoB and comprised Kshs.326.26 million and Kshs.1.97 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 14.9 per cent, while recurrent expenditure represented 39.9 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, which comprised Kshs.441.41 million for recurrent expenditure and Kshs.359.72 million for development activities. During the period under review, pending bills amounting to Kshs.58.78 million were settled. These comprised Kshs.22.37 million for recurrent expenditure and Kshs.36.41 million for development programmes. The outstanding amount as of 31st December 2022 was, therefore, Kshs.742.35 million.

3.15.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.31 billion on employee compensation, Kshs.399.34 million on operations and maintenance, and Kshs.326.26 million on development activities. Similarly, the County Assembly spent Kshs.159.94 million on employee compensation and Kshs.101.53 million on operations and maintenance, as shown in Table 89.

Table 89: 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	4,245,284,677	681,635,622	1,705,962,311	261,470,989	40.2	38.4
Compensation to Employees	2,666,608,688	319,175,652	1,306,615,076	159,941,038	49.0	50.1
Operations and Maintenance	1,578,675,989	362,459,970	399,347,234	101,529,951	25.3	28.0
Development Expenditure	2,157,210,890	38,417,240	326,260,371		15.1	-
Total	6,402,495,568	720,052,862	2,032,222,682	261,470,989	31.7	36.3

Source: Kirinyaga County Treasury

3.15.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.46 billion, or 52.5 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.79 billion. This expenditure represented an increase from Kshs.1.37 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.808.72 million paid to health sector employees, translating to 55.1 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.34 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.123.95 million was processed through manual payrolls.

The manual payrolls accounted for 8.5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.51 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.17,729.8 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.235.72 million to county-established funds in FY 2022/23, which constituted 3.3 per cent of the County's overall budget. Table 90. summarises each established Fund's budget allocation and performance during the reporting period.

Table 90: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Emergency Fund	8,000,000	-	-	Yes
2.	County Bursary Fund	95,000,000	-	192,768.00	Yes
3.	Executive Car Loan and Mortgage Fund	31,300,000	-	33,327,873	Yes
County Assembly Established Funds					
4.	County Assembly Staff Car Loans and Mortgage Fund	101,428,343	-	16,008,393	Yes
	Total	235,728,343	-	49,529,035.65	

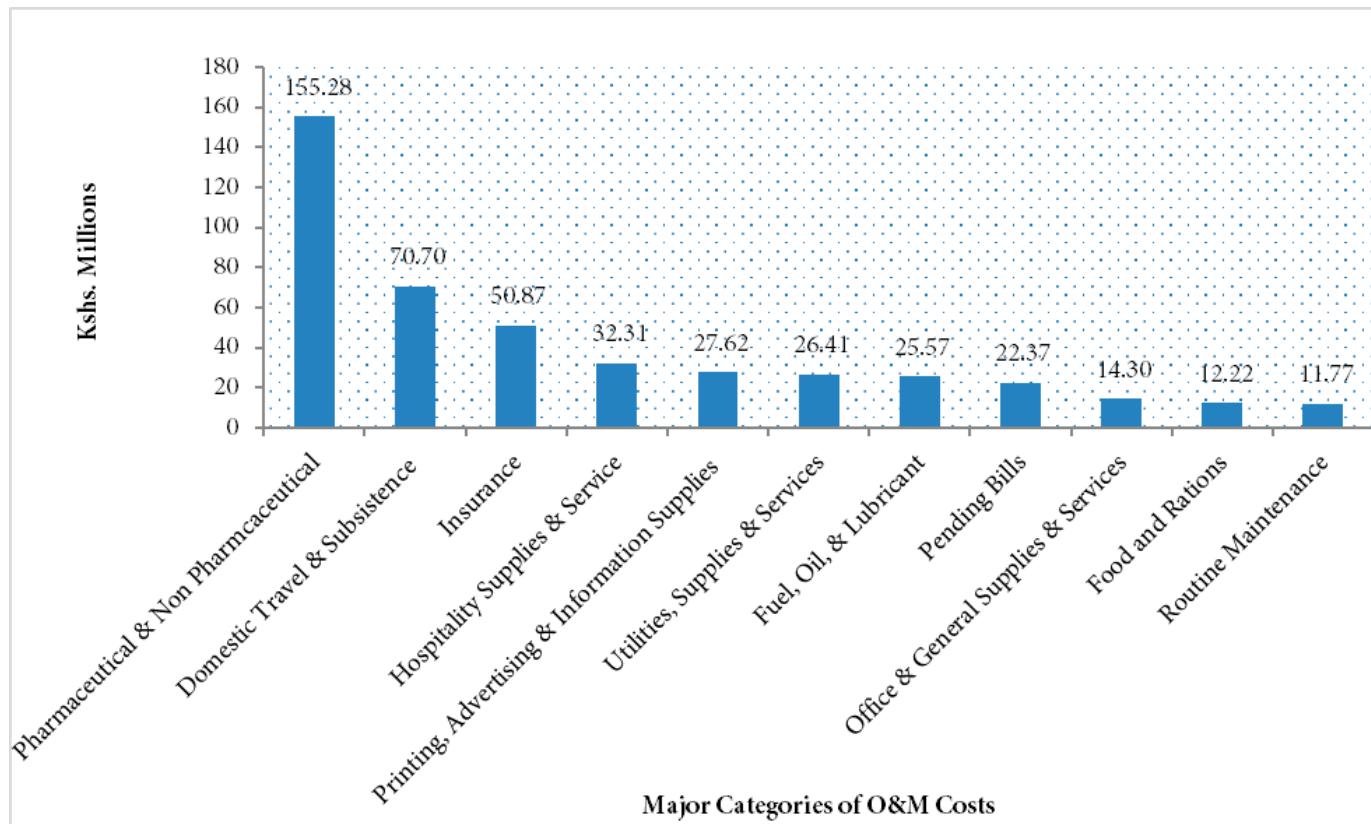
Source: Kirinyaga County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of the 4 funds, as indicated in Table 90 .

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.70.70 million and comprised of Kshs.49.34 million spent by the County Assembly and Kshs.21.36 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.51 million and comprised of Kshs.9.90 million by the County Assembly and Kshs.1.61 million by the County Executive.

3.15.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.326.26 million on development programmes, representing a decrease of 37.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.448.49 million. Table 91 summarises development projects with the highest expenditure in the reporting period.

Table 91: Kirinyaga 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 and Public Health	Upgrading of Kimbimbi level 4 Hospital	Nyagati Ward	288,561,930	84,867,903	62,224,490	22
3	Medical Services and Public Health	Completion of Construction of the medical complex	Kerugoya ward	1,474,988,910	154,240,577	1,220,450,675	83
4	Medical Services and Public Health	Upgrading of Kianyaga level 4 Hospital	Baragwi Ward	288,561,930	84,864,903	64,500,985	22

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
5	Transport and Infrastructure	Spot improvement of kirigo- starwood kibingo road- kiaritha road	kerugoya	16,690,428	127,349,086	16,690,428	100
		Spot improvement of njagi gachini-mukui-kenya assemblies of God kon-do-true vine gospel church-karia gatome maendeleo coucillor gachoki kerugoya boy's road	Kerugoya	18,359,088		18,359,088	100
		Spot improvement of kimandi area kwa miraro munanda ngunyi njagi roads	Kerugoya	13,664,575		13,664,575	100
		Spot improvement of riakaregi macere nduru githunguri kabumbu gkarara kwa mugambi mbabya and mukithi road	Kerugoya	16,834,523		16,834,523	100
		Supply of murram kariti ward	Kariti Ward	1,950,000		1,950,000	100
6	County Executive	Settlement of Development Pending Bills as contained in the report of OAG on pending bills	County Wide	70,000,000	70,000,000	36,391,923	52
7	County Executive	Construction of the County Official functions & event facility (including the development of VIP and Public parking spaces, VIP and public washrooms & Catering Kitchen	Kabare Ward	45,000,000	30,000,000	30,000,000	67
8	Agriculture, Livestock and Fisheries	IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP) FY2022/23	County-wide	344,612,512	344,612,512	27,156,162	8
9	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	135,754,230	67,282,258	50,535,437	37
10	Transport and Infrastructure	Construction of a security perimeter wall with electric fencing on 5 acres of land to secure the official residence and the County official functions & events facility	Kabare Ward	18,984,750	25,000,000	14,329,388	75
11	Medical Services and Public Health	Completion of Ndindiruku dispensary	Tebere Ward	12,969,368	3,500,000	1,020,574	8

Source: Kirinyaga County Treasury

3.15.11 Budget Performance by Department

Table 92 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 92: Kirinyaga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock and Fisheries	232.90	420.11	81.58	27.16	81.58	27.16	100.0	100.0	35.0	6.5
Cooperative Development Trade and Tourism	42.84	13.50	19.14	-	19.14	-	100.0	-	44.7	-
County Assembly	681.64	38.42	261.47	-	261.47	-	100.0	-	38.4	-
County Executive	548.98	251.45	178.27	66.39	178.27	66.39	100.0	100.0	32.5	26.4
Education	388.23	4.30	91.35	-	91.35	-	100.0	-	23.5	-
Environment and Natural Resources	130.49	72.84	50.38	-	50.38	-	100.0	-	38.6	-
Finance and Economic Planning	608.65	19.21	175.83	-	175.83	-	100.0	-	28.9	-
Gender and Youth	51.67	42.13	11.61	-	11.61	-	100.0	-	22.5	-
Medical Services and Public Health	2,111.61	782.65	1,014.98	146.84	1,014.98	146.84	100.0	100.0	48.1	18.8
Physical Planning and Housing	33.97	78.08	17.09	-	17.09	-	100.0	-	50.3	-
Sports Culture and Social Services	21.21	8.47	6.85	-	6.85	-	100.0	-	32.3	-
Transport and Infrastructure	74.73	464.48	58.89	85.87	58.89	85.87	100.0	100.0	78.8	18.5
TOTAL	4,926.92	2,195.63	1,967.43	326.26	1,967.43	326.26	100.0	100.0	39.9	14.9

Source: Kirinyaga County Treasury

Analysis of expenditure by department shows that the Department of County Executive recorded the highest absorption rate of development budget at 26.4 per cent, followed by the Department of Medical Services and Public Health at 18.8 per cent. The Department of Transport and Infrastructure had the highest percentage of recurrent expenditure to budget at 78.8 per cent, while the Department of Gender and Youth had the lowest at 22.5 per cent.

3.15.12 Budget Execution by Programmes and Sub-Programmes

Table 93 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 93: Kirinyaga County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Legislation and Oversight	Legislation and Oversight	681,635,622	38,417,240	261,470,989	-	38.4	-
Sub Total		681,635,622	38,417,240	261,470,989	-	38.4	-
Office of the Governor and Deputy Governor	070601 County Executive Services	365,594,668	-	136,161,113	-	37.2	-
County Executive Administration	070701 County Executive Services	-	251,446,624	-	66,391,923	-	26.4
Management of County Affairs	070801 Coordination of County Functions	137,652,000		29,080,251	-	21.1	-
County Executive Committee Affairs	070901 Organisation of County Business	6,200,000		112,000	-	1.8	-
County Public Service Board	071001 Human Resource Management	14,906,040		6,417,400	-	43.1	-
Administrative Support Services	020202 ICT Governance	3,480,000		1,058,500	-	30.4	-
	020701 Government Buildings Services	2,567,000		1,029,000	-	40.1	-
	070411 Audit Committee	1,919,000		-	-	-	-
	070412 County Enforcement Activities	4,185,000		400,000	-	9.6	-
	070413 ICT Infrastructure Development Management	10,958,800		3,485,399	-	31.8	-
	070414 ICT Systems Development Management	1,522,000		522,500	-	34.3	-
Sub Total		548,984,508	251,446,624	178,266,163	66,391,923	32.5	26.4

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Public Finance Management	070401 Finance Services	547,349,550	19,210,510	146,584,037	-	26.8	-
	070402 Revenue Services	17,300,000		9,017,823	-	52.1	-
	070404 Procurement and Supply Services	9,770,000		6,585,275	-	67.4	-
	070405 Internal Audit Services	1,718,200		50,000	-	2.9	-
	070408 Budget Formulation, Coordination and Management	8,970,920		5,037,800	-	56.2	-
	070409 Accounting Services	7,945,000		3,355,100	-	42.2	-
County Planning and Economic Policy Management	070501 Economic Planning Services	15,599,000		5,197,612	-	33.3	-
Sub Total		608,652,670	19,210,510	175,827,647	-	28.9	-
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,111,605,163	782,650,068	1,014,980,592	146,843,523	48.1	18.8
Sub Total		2,111,605,163	782,650,068	1,014,980,592	146,843,523	48.1	18.8
Basic Education	050101 General Administration	380,114,905		91,229,695	-	24.0	-
	050102 Free Pre-Primary Education	7,440,000		70,000	-	0.9	-
State Education Function Support	050203 Tertiary Education	-	4,300,000	-	-	-	-
Technical and Vocational Training	050301 Village Polytechnique	678,500	-	49,200	-	7.3	-
Sub Total		388,233,405	4,300,000	91,348,895	-	23.5	-

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	-	-	-	-	-
	010105 Livestock Production Management	2,480,000	-	1,088,104	-	43.9	-
	010106 Livestock Disease Management & Control	1,200,000	-	-	-	-	-
Crop Development and Management	010202 Agricultural Extension Services	1,500,000	-	-	-	-	-
	010203 Agribusiness and Market Development	320,000	-	2,500	-	0.8	-
	010206 Land and Crop Development	1,331,000	-	687,032	-	51.6	-
	010207 Food Security Initiatives	400,000	-	-	-	-	-
Kamweti Agricultural Training Centre	Extension and Training	-	-	-	-	-	-
Fisheries Development	010402 Aquaculture Development	200,000	-	-	-	-	-
Policy Strategy and Management of Agriculture	010801 Development of Agricultural Policy	543,000	-	280,000	-	51.6	-
	011001 General Administration and Planning	224,623,628	420,106,201	79,521,602	27,156,162	35.4	6.5
Sub Total		232,902,628	420,106,201	81,579,238	27,156,162	35.0	6.5

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture	090702 Social Welfare Services	18,687,000	-	372,000	-	2.0	-
	091201 Gender Administration Services	30,821,210	-	10,948,487	-	35.5	-
	091301 Gender and Social Development	1,490,000.00	42,133,334.00	290,000	-	19.5	-
Youth	090901 Youth Development and Empowerment Services	670,000.00	-	-	-	-	-
Sub Total		51,668,210	42,133,334	11,610,487	-	22.5	-
Sports	090701 General Administration	12,721,217	-	6,665,373	-	52.4	-
	090801 Development of Sports and Sports Facilities	-	8,466,666	-	-	-	-
	091401 Management & Development of Sports and Sports Facilities	1,905,000	-	83,000	-	4.4	-
Children Services	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	-	-	-	-	-
	091701 Preservation & Promotion of Heritage and Culture	248,800	-	-	-	-	-
Children Services	091101 Child Community Support Services	4,784,000.00	-	100,000	-	2.1	-
Sub Total		21,208,017	8,466,666	6,848,373	-	32.3	-

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Trade Development and Investment	030401 General Administration and Planning	38,349,441	-	18,692,831	-	48.7	-
	030103 Capacity Building for Traders and SMEs	1,077,000	-	-	-	-	-
	030104 promotion, Development & Growth of Trade	354,000	-	-	-	-	-
	030105 Fair Trade Practises and Consumer Protection	205,000	-	-	-	-	-
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	-	85,000	-	43.5	-
	030304 International Tourism Promotion and Marketing	310,000	-	84,400	-	27.2	-
	030305 Promotion of Industrial Development	1,268,500	-	14,000	-	1.1	-
	030306 Provision of Industrial Training	140,000	-	-	-	-	-
Cooperative Development and Marketing	030101 General Administration & Planning	-	13,500,000	-	-	-	-
	030405 Cooperative Advisory and Extension Services	295,000	-	14,000	-	4.7	-
	030406 Cooperative Education and Training	416,000	-	247,000	-	59.4	-
	030407 Cooperative Governance and Accountability	159,000	-	-	-	-	-

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	-	-	-	-	-
Sub Total		42,839,441	13,500,000	19,137,231	-	44.7	-
Water Supply Services	090101 Water and Irrigation	-	72,836,666	-	-	-	-
Energy Programme	090301 Energy Services	405,000	-	13,750	-	3.4	-
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	-	180,200	-	26.7	-
Environment Management and Protection	100401 Environment Management and Protection	22,000,000	-	-	-	-	-
Nema	090401 Waste Management Services	107,408,439	-	50,182,203	-	46.7	-
Sub Total		130,489,239	72,836,666	50,376,153	-	38.6	-
Land and Physical Planning	010601 General Administration and Planning	29,853,028		16,306,342	-	54.6	-
	010604 County Spatial Planning	3,190,000		542,600	-	17.0	-
	010605 Town Zoning and Mapping	-	78,079,534	-	-	0.0	-
	010607 Survey and Mapping	505,000	-	60,000	-	11.9	-
Housing Development	010701 Improvement and Development of Human Settlements	420,000	-	184,800	-	44.0	-
Sub Total		33,968,028	78,079,534	17,093,742	-	50.3	-
Transport Management	020301 General Administration and Planning	61,511,285	-	54,875,505	-	89.2	-
Disaster Management	020401 Fire Fighting and Emergency Services	2,222,083	-	1,818,283	-	81.8	-

Programme	Sub- Programme	Approved Estimates		Actual Payments of FY 2022-23 (Kshs)		Absorption Rate (%)	
		Recurrent Estimates	Development Estimates	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	1,300,000	464,481,288	-	85,868,763.20	-	18.5
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000		2,200,000	-	22.7	-
Sub Total		74,733,368	464,481,288	58,893,788	85,868,763	78.8	18.5
Grand Total		4,926,920,299	2,195,628,131	1,967,433,300	326,260,372	39.9	14.9

Source: Kirinyaga County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration and Planning in the Department of Transport and Infrastructure at 89.2 per cent, Fire Fighting and Emergency Services in the Department of Transport and Infrastructure at 81.8 per cent, Procurement and Supply Services in the Department of Finance and Economic Planning at 67.4 per cent, and Cooperative Education and Training in the Department of Cooperative Development Trade and Tourism at 59.4 per cent of budget allocation.

3.15.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.139.17 million against an annual projection of Kshs. 550 million, representing 25.3 per cent of the annual target.
2. High level of pending bills that amounted to Kshs.742.35 million as of 31st December 2022.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.123.95 million were processed through the manual payroll and accounted for 8.5 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 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 remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.16 County Government of Kisii

3.16.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.91 billion, comprising Kshs.3.66 billion (30.7 per cent) and Kshs.8.25 billion (69.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.4 per cent compared to the previous financial year when the approved budget was Kshs.12.59 billion and comprised of Kshs.4.07 billion towards development expenditure and Kshs.8.52 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.89 billion (74.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.650 million (5.5 per cent) from its own source of revenue, Kshs.585.87 million as conditional grants, and a cash balance of Kshs.1.78 billion (15 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 94

The cash balance from the previous financial year comprises Kshs.317.0 million from unspent conditional grants and Kshs.1.47 billion, which was not deposited into the CRF account at the end of the financial year.

3.16.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.94 billion as the equitable share of the revenue raised nationally, raised Kshs.90.05 million as own-source revenue and had a cash balance of Kshs.779.98 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.82 billion, as shown in Table 94.

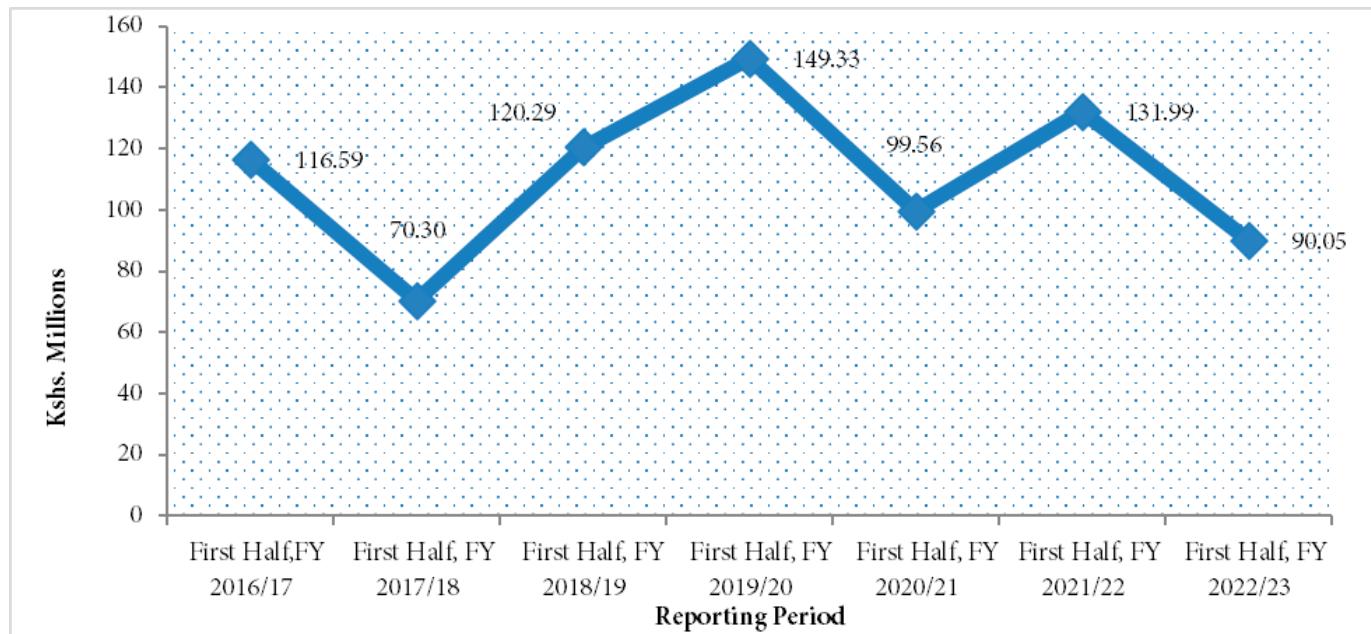
Table 94: Kisii County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,894,274,509	2,935,531,897	33
Sub total		8,894,274,509	2,935,531,897	33
B	Conditional Grants			
1.	Leasing of Medical Equipment	110,638,298	-	-
2.	National Agricultural and Rural Inclusive Project	324,295,427	-	-
3.	Agriculture Sector Development Support Program - SIDA	9,525,128	-	-
4.	DANIDA	16,408,200	-	-
5.	Finance for Locally-Led Climate Action Program (FL-LoCA)	125,000,000	-	-
Sub total		585,867,053	-	-
C	Other Sources of Revenue			
6.	Own Source Revenue	650,000,000	90,053,081	13.9
7.	Unspent balance from FY 2021/22	1,784,527,129	792,330,286	44.4
Sub Total		2,434,527,129	882,383,367	36.2
Grand Total		11,914,668,691	3,817,915,264	32

Source: Kisii County Treasury

Figure 46 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

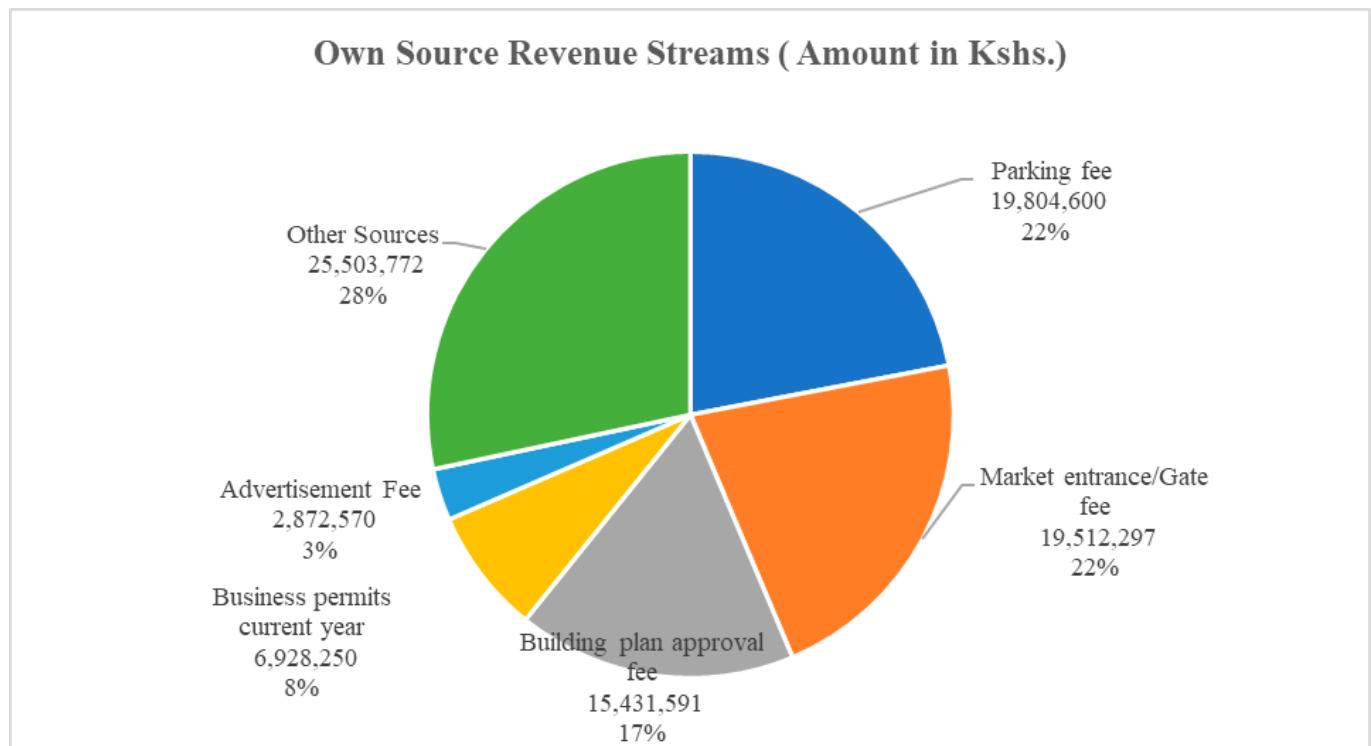
Figure 46: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kisii County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.90.05 million from its own sources of revenue. This amount represented a decrease of 31.8 per cent compared to Kshs.131.99 million realised in a similar period in FY 2021/22 and was 13.9 per cent of the annual target and 3.1 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties on the fees and levies from previous financial years of Kshs.357,945. The revenue streams which contributed the highest OSR are shown in Figure 47.

Figure 47: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Kisii County Treasury

The highest revenue stream of Kshs.19.80 million was from parking fees contributing to 22 per cent of the total OSR collected during the reporting period.

3.16.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.48 billion from the CRF account during the reporting period. This amount comprised Kshs.107.67 million (3.1 per cent) for development programmes and Kshs.3.37 billion (96.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.71 billion was released towards compensation to employees. Kshs.659.05 million was for Operations and Maintenance expenditure, while Kshs.107.67 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.329.42 million.

3.16.4 County Expenditure Review

The County spent Kshs.3.42 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.5 per cent of the total funds released by the CoB and comprised Kshs.107.67 million and Kshs.3.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.9 per cent, while recurrent expenditure represented 40.2 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, which comprised Kshs.394.77 million for recurrent expenditure and Kshs.1.07 billion for development activities. During the period under review, pending bills amounting to Kshs.219.76 million were settled. These consisted of Kshs.87.07 million for recurrent expenditure and Kshs. 132.69 million for development programmes. The outstanding amount as of 31st December 2022 was Kshs.1.24 billion.

3.16.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.54 billion on employee compensation, Kshs.449.58 million on operations and maintenance, and Kshs.85.54 million on development activities. Similarly, the County Assembly spent Kshs.166.15 million on employee compensation, Kshs.156.16 million on operations and maintenance, and Kshs.22.13 million on development activities, as shown in Table 95.

Table 95: 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	6,909,203,533	1,344,649,046	2,992,029,215	322,310,467	43.3	24.0
Compensation to Employees	5,219,619,645	612,407,999	2,542,446,463	166,151,388	48.7	27.1
Operations and Maintenance	1,689,583,888	732,241,047	449,582,752	156,159,078	26.6	21.3
Development Expenditure	3,321,465,647	339,350,465	85,540,480	22,127,103	2.6	6.5
Total	10,230,669,180	1,683,999,511	3,077,569,695	344,437,570	30.1	20.5

Source: Kisii County Treasury

3.16.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.71 billion, or 70.9 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.82 billion. This expenditure represented a decrease from Kshs.2.90 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.25 billion paid to health sector employees, translating to 46 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.70 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.11.16 million was processed through manual payrolls. The manual payrolls accounted for 0.4 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.5.0 million on committee sitting allowances for the 70 MCAs and the Speaker against the annual budget allocation of Kshs.92.42 million. The average monthly sitting allowance was Kshs.11,721 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.356.07 million to county-established funds in FY 2022/23, constituting 3 per cent of the County's overall budget. Table 96 summarises each established Fund's budget allocation and performance during the reporting period.

Table 96: Performance of County Established Funds as of 31st December 2022

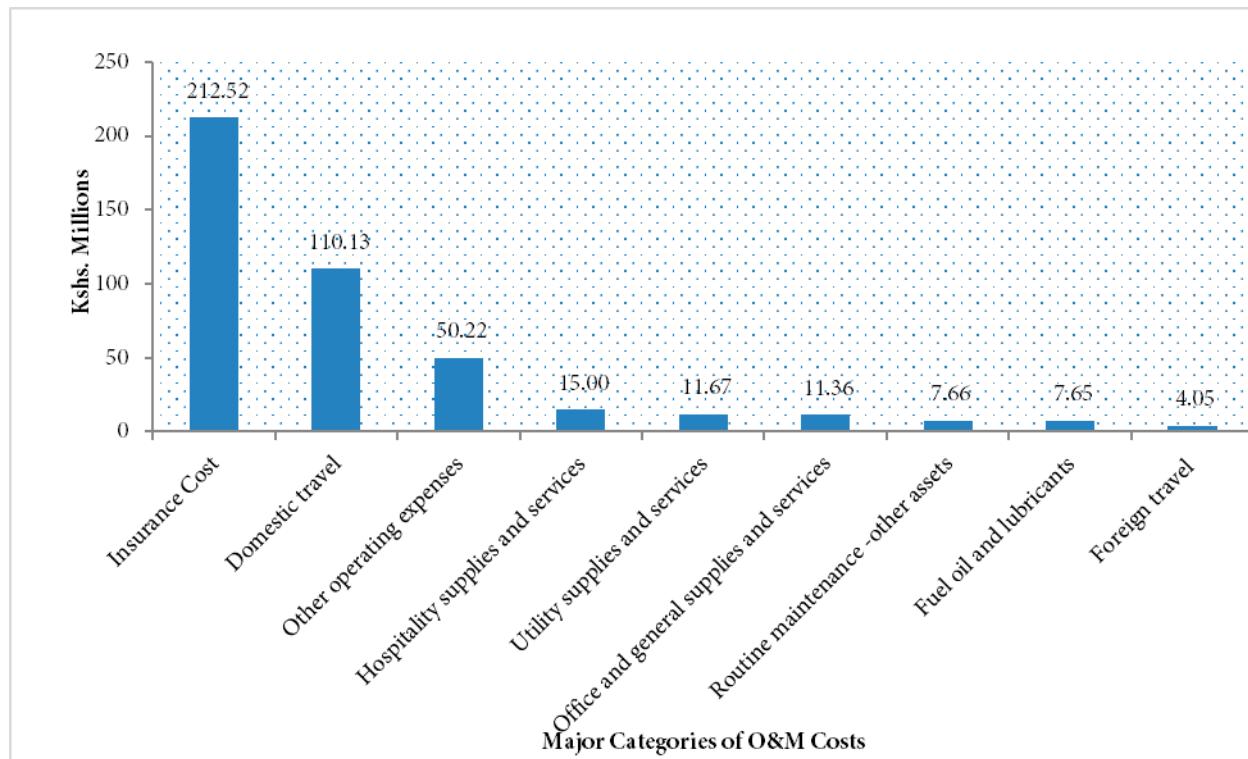
S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Bursary Fund	-	-	2,451	Yes
2.	Emergency Fund	15,000,000	-	-	Yes
3.	Alcoholic Drinks Control Fund	-	-	1,340,640	Yes
4.	Car and mortgage Fund	30,000,000	-	29,701	Yes
County Assembly Established Funds					
1.	Car and Mortgage Fund	311,071,064	25,000,000	5,301,501	Yes
	Total	356,071,064	25,000,000	6,674,293	

Source: Kisii County Treasury

3.16.9 Expenditure on Operations and Maintenance

Figure 48 summary of 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.110.13 million and comprised of Kshs.68.24 million spent by the County Assembly and Kshs.41.90 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.05 million and comprised of Kshs.1.9 million by the County Assembly and Kshs.2.1 million by the County Executive. Table 97. provides the breakdown of the other operating expenses of Kshs.50.22 million.

Table 97: Breakdown of Other Operating Expenses

No.	Item Description	Expenditure (Kshs.)
1	Membership fees, dues and subscriptions to professional and trade bodies	993,700
2	Security operations	5,915,800
3	Legal fees	4,902,751
4	Purchase of office furniture	350,000
5	Contracted guards and cleaning services	32,810,000
6	Contracted professional services	5,250,000
	TOTAL	50,222,251

Source: Kisii County Treasury

3.16.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.107.67 million on development programmes, representing a decrease of 88.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.934.37 million. Table 98 summarises development projects with the highest expenditure in the reporting period.

Table 98: Kisii 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	Kisii County Assembly	Proposed renovations, furnishing and alteration to Kisii county Assembly Chambers	Kisii Town	39,997,968	40,000,000	22,127,103	55
2	Energy, Water, Environment and Natural Resources	Rehabilitation of upper Nyanchwa line to extend water line from Milimani tanks to Nyanchwa tank and surroundings	Kisii Town	20,049,865	20,049,865	3,975,000	20
3	Roads and Public Works	Repair and maintenance of Entake junction - Riorangi road	Bomariba	3,946,378	3,946,378	3,944,174	100
4	Roads and Public Works	Repair and maintenance of Embassy - Nyakobaria road	Mosocho	3,004,197	3,004,197	2,999,180	100
5	Roads and Public Works	Repair and maintenance of Kiambori Riverside road	Bogetenga	2,999,800	3,000,000	2,997,842	100
6	Roads and Public Works	Nyamokomba-Nyagesenda	Sensi	3,000,000	3,000,000	2,760,568	92
7	Energy, Water, Environment and Natural Resources	Construction of Etanda water project	Marani	5,325,550	5,701,000	2,722,700	48
8	County Health Services	Maintenance of assorted equipment at county health services	All wards	17,447,001	17,447,001	2,653,077	15
9	Energy, Water, Environment and Natural Resources	Construction of Rioma market borehole	Marani	3,396,500	3,396,500	2,636,500	78
10	Energy, Water, Environment and Natural Resources	Construction of Gionseri water project phase2	Masige west	2,499,900	2,499,900	2,300,000	92

Source: Kisii County Treasury

3.16.11 Budget Performance by Department

Table 99 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 99: Kisii County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	1344.65	339.35	328.81	22.13	322.32	22.13	98.0	100.0	24.0	6.5
Office of the Governor	449.23	33.00	167.60	-	153.55	-	91.6	-	34.2	-
Finance and Economic Planning	1032.50	47.48	513.68	2.32	497.14	2.32	96.8	100.0	48.1	4.9
Agriculture, Livestock, Fisheries and Co-operative Development	414.25	727.50	143.08	35.56	142.88	35.56	99.9	100.0	34.5	4.9
Energy, Water, Environment and Natural Resources	134.14	286.33	33.28	13.76	32.34	13.76	97.2	100.0	24.1	4.8
Education, Youth Affairs & Social Development	554.85	143.00	284.40	-	284.20	-	99.9	-	51.2	-
County Health Services	3200.14	702.04	1374.40	8.03	1361.82	8.03	99.1	100.0	42.6	1.1
Lands, Physical Planning & Urban Development	145.62	96.55	72.45	-	72.22	-	99.7	-	49.6	-
Roads, Public Works, Transport and Housing	200.42	818.61	73.97	25.87	73.99	25.87	100.0	100.0	36.9	3.2
Trade Development, Industry & Tourism	97.42	84.52	35.03	-	34.79	-	99.3	-	35.7	-
Culture and Social Services	94.78	73.66	39.18	-	38.99	-	99.5	-	41.1	-
Kisii Town	113.00	186.19	55.04	-	55.03	-	100.0	-	48.7	-
Administration and Stakeholder Management	467.66	79.28	246.73	-	245.08	-	99.3	-	52.4	-
Ogembo Municipality	5.20	43.30	-	-	-	-	-	-	-	-
TOTAL	8253.85	3660.82	3367.65	107.67	3314.35	107.67	98.4	100.0	40.2	2.9

Source: Kisii County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of the development budget at 6.5 per cent, followed by the Department of Finance and Economic Planning at 4.9 per cent. The Department of Administration and stakeholder management had the highest percentage of recurrent expenditure to budget at 52.4 per cent, while Ogembo municipality did not record any expenditure.

The allocation for recurrent expenditure for the Assembly is higher than the ceiling in CARA, 2022, to the extent of FY 2021/22 unspent balances, while that of the Executive is within the ceiling.

3.16.12 Budget Execution by Programmes and Sub-Programmes

Table 100 Summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 100: Kisii County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
County Assembly	Office of the Speaker	5,936,560	-	1,140,000	-	19.20	-
	Representation, legislative and oversight services	160,811,024	-	46,995,340	-	29.22	-
	County Assembly Service Board	1,177,901,462	339,350,465	274,185,721	22,127,103	23.28	6.52
	Sub Total	1,344,649,046	339,350,465	322,321,061	22,127,103	23.97	6.52
Executive(Office of the Governor, Deputy Governor, County Secretary and Public Service Board	Administration, Planning and Support Services	369,265,082	33,000,000	145,310,734	-	39.35	-
	Office of the County Secretary	11,820,000	-	1,465,792	-	12.40	-
	Legal Services	12,120,000	-	63,700	-	0.53	-
	Communication Services	8,570,000	-	188,220	-	2.20	-
	Public Private Partnership	11,500,000	-	1,646,000	-	14.31	-
	County Public Service Board	35,950,000	-	4,872,745	-	13.55	-
	Sub-Total	449,225,082	33,000,000	153,547,191	-	34.18	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Administration, Corporate Services and Stakeholder Management	Administration, Planning and Support Services	395,589,227	-	224,771,457	-	56.82	-
	Devolved Units Services	6,100,000	42,233,140	-	-	-	-
	Human Resource Development	6,550,000	-	-	-	-	-
	Enforcement Services	5,000,000	-	-	-	-	-
	Stakeholder Management	39,224,764	-	19,144,869	-	48.81	-
	Public Participation and Civic Education	4,000,000	-	-	-	-	-
	Disaster Management	8,200,000	37,050,000	-	-	-	-
	Fleet Management	3,000,000	-	1,166,674	-	38.89	-
	Sub-Total	467,663,991	79,283,140	245,083,000		52.41	-
Finance and Economic Planning	Administration, Coordination and Support Services	889,612,387	-	471,634,732	-	53.02	-
	Public Financial Management Services	55,675,000	-	6,163,187	-	11.07	-
	County Planning Services	87,212,049	47,482,391	19,339,724	2,322,320	22.18	4.89
	Sub-Total	1,032,499,436	47,482,391	497,137,643	2,322,320	48.15	4.89

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Agriculture, Livestock, Fisheries and Cooperative Development	Administrative and Support Services	48,775,908	338,295,427	-	-	-	-
	Crop Development and Value Addition	267,326,493	64,476,110	127,003,814	-	47.51	-
	Livestock Development	17,200,000	37,000,000	-	-	-	-
	Veterinary Services	71,000,000	232,058,835	15,880,000	35,560,000	22.37	15.3
	Co-Operative Development and Management	1,700,000	-	-	-	-	-
	Fisheries Development	1,750,000	53,500,000	-	-	-	-
	Kisii Agricultural Training Centre	6,500,000	2,169,000	-	-	-	-
	Sub-Total	414,252,401	727,499,372	142,883,814	35,560,000	34.50	4.89
Energy, Water, Environment and Natural Resources	Administration and Planning Services	50,070,000	-	5,655,892	-	11.30	-
	Water and Sanitation Services	83,566,800	117,119,666	26,680,957	13,764,200	31.93	11.75
	Environment Management	-	164,302,000	-	-	-	-
	Energy Services	500,000	4,903,759	-	-	-	-
	Sub-Total	134,136,800	286,325,425	32,336,849	13,764,200	24.11	4.81
Education, Labour and Manpower Development	General Administration and Planning Services	554,846,157	-	284,204,827	-	-	-
	Early Childhood Development Education	-	83,798,014	-	-	-	-
	Vocational Training	-	59,206,119	-	-	-	-
	Sub-Total	554,846,157	143,004,133	284,204,827	-	51.22	-
County Health Services	Medical Services	3,170,643,517	702,039,060	1,361,817,077	8,027,737	42.95	1.14
	Public Health	29,500,000	-	-	-	-	-
	Sub-Total	3,200,143,517	702,039,060	1,361,817,077	8,027,737	42.55	1.14

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Lands, Physical Planning and Urban Development	Administration, Planning and Support Services	145,620,000	-	72,216,729	-	49.59	-
	Land Use Services	-	3,545,569	-	-	-	-
	Urban Development	-	93,004,480	-	-	--	-
	Sub-Total	145,620,000	96,550,049	72,216,729		49.59	-
Roads, Public Works, Transport and Housing	General Administration And Planning Services	82,208,717	-	39,382,451	-	47.91	-
	Roads Development	-	767,967,952	-	25,866,223	-	3.37
	Public Works	112,213,838	50,641,474	34,608,941	-	30.84	-
	Housing Services	6,000,000	-	-	-	-	-
	Sub-Total	200,422,555	818,609,426	73,991,392	25,866,223	36.92	3.16
Trade, Tourism and Industry	Administration and Planning Services	85,399,998	84,518,374	34,788,585	-	40.74	-
	Tourism Development	4,120,000	-	-	-	-	-
	Weights and Measures	4,250,000	-	-	-	-	-
	Liquor Licensing	1,400,000	-	-	-	-	-
	Betting and Gaming	2,250,000	-	-	-	-	-
	Sub-Total	97,419,998	84,518,374	34,788,585		35.71	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Culture and Social Services	Administration and Planning Services	82,215,902	-	38,709,475	-	47.08	-
	Sports Development	7,750,000	54,722,368	278,000	-	3.59	-
	Cultural Services	2,611,694	18,940,961	-	-	-	-
	Social Development	2,200,000	-	-	-	-	-
	Sub-Total	94,777,596	73,663,329	38,987,475	-	41.14	-
Kisii Municipality	General Administration, Planning and Support Services	112,996,000	-	55,034,633	-	48.70	-
	Infrastructure Development	-	186,190,948	-	-	-	-
	Sub-Total	112,996,000	186,190,948	55,034,633	-	48.70	-
Ogembo Municipality	General Administration, Planning and Support Services	5,200,000	-	-	-	-	-
	infrastructure development	-	43,300,000	-	-	-	-
	Sub-Total	5,200,000	43,300,000	-	-	-	-
TOTAL		8,253,852,579	3,660,816,112	3,314,350,276	107,667,583	40.16	2.94

Source: Kisii County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, planning and support services in the Department of Administration, corporate services and stakeholder management at 56.82 per cent, administration, coordination and support services in the Department of Finance and Economic Planning at 53.02 per cent, administration, planning and support services in the Department of Lands, Physical Planning and Urban Development at 49.59 per cent, and general administration and planning services in the department of Roads, Public Works, Transport and Housing at 47.91 per cent of budget allocation.

3.16.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.90.05 million against an annual projection of Kshs.650 million, representing 13.85 per cent of the annual target.
2. Low absorption of development funds as indicated by the expenditure of Kshs. 107.67 million in the First half of FY 2022/23 from the annual development budget allocation of Kshs.3.66 billion. The development expenditure represented 2.9 per cent of the annual development budget.
3. High level of pending bills that stood at Kshs.1.24 billion as of 31st December 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.11.16 million were processed through the manual payroll and accounted for 0.4 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 should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.17 County Government of Kisumu

3.17.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs. 12.05 billion, comprising Kshs.3.81 billion (31.7 per cent) and Kshs.8.22 billion (68.3 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.9 per cent compared to the previous financial year when the approved budget was Kshs.12.15 billion, comprised of Kshs.3.71 billion for development expenditure and Kshs.8.44 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.03 billion (66.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.76 billion (14.6 per cent) from its own source of revenue, Kshs.1.59 billion as conditional grants, and a cash balance of Kshs. 652.65 million (5.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 101.

3.17.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs. 3.29 billion as the equitable share of the revenue raised nationally, raised Kshs.420.08 million as own-source revenue and had a cash balance of Kshs. 652.65 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.36 billion, as shown in Table 101.

Table 101: Kisumu County, Revenue Performance in the First Half of FY 2022/23

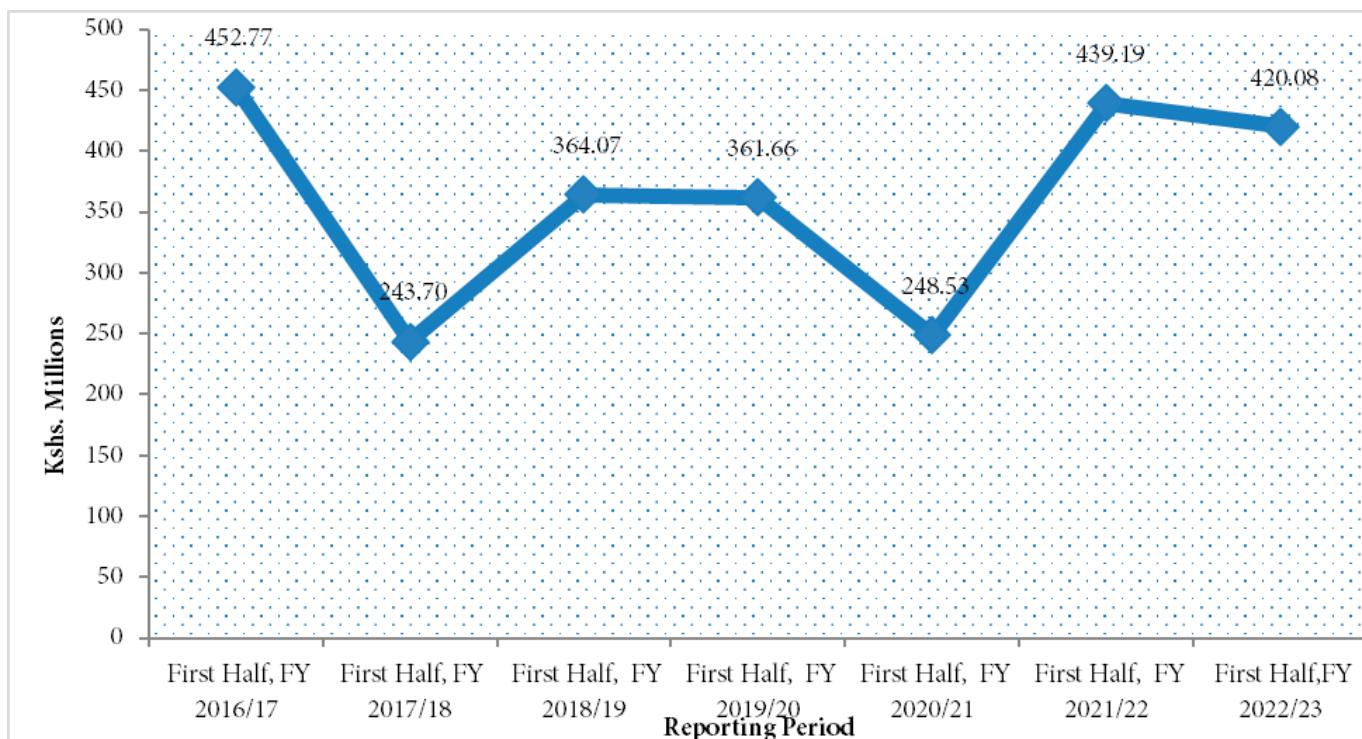
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,026,139,240	3,290,717,091	41.0
Sub Total		8,026,139,240	3,290,717,091	41.0
B	Conditional Grants			
1	DANIDA	29,554,200	-	-
2	World Bank-Kenya Devolution Support Programme (KDSP)	64,134,545	-	-
3	Conditional Allocations-Development of Youth Polytechnics	15,953,192	-	-
4	ASDSP	37,530,362	-	-
5	EU Water Tower.	3,524,998	-	-
6	WORLD BANK-Locally-Led Climate Action Program (FLLoCA)	125,000,000	-	-
7	EU IDEAS	24,604,061	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
8	Conditional allocations for RMLF	93,997,196	-	-
9	IDA (World Bank) Climate Smart Agri Project (KCSAP)	549,255,412	-	-
10	IDA (World Bank) KUSP (UDG)	579,241	-	-
11	UNICEF	499,000	-	-
12	UHC Funds	61,190,702	-	-
13	EU Water tower protection and Climate change mitigation (SEACAP)	10,000,000	-	-
14	World Bank-Kenya Informal Settlement Improvement Project (KISSIP II)	578,640,055	-	-
	Sub-Total	1,594,462,964	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	1,762,226,587	420,076,764	23.8
2	Balance b/f from FY2021/22	652,654,461	652,654,461	100.0
		2,414,881,048	1,072,731,225	44.4
		12,035,483,252	4,363,448,316	36.3

Source: Kisumu County Treasury

Figure 49 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

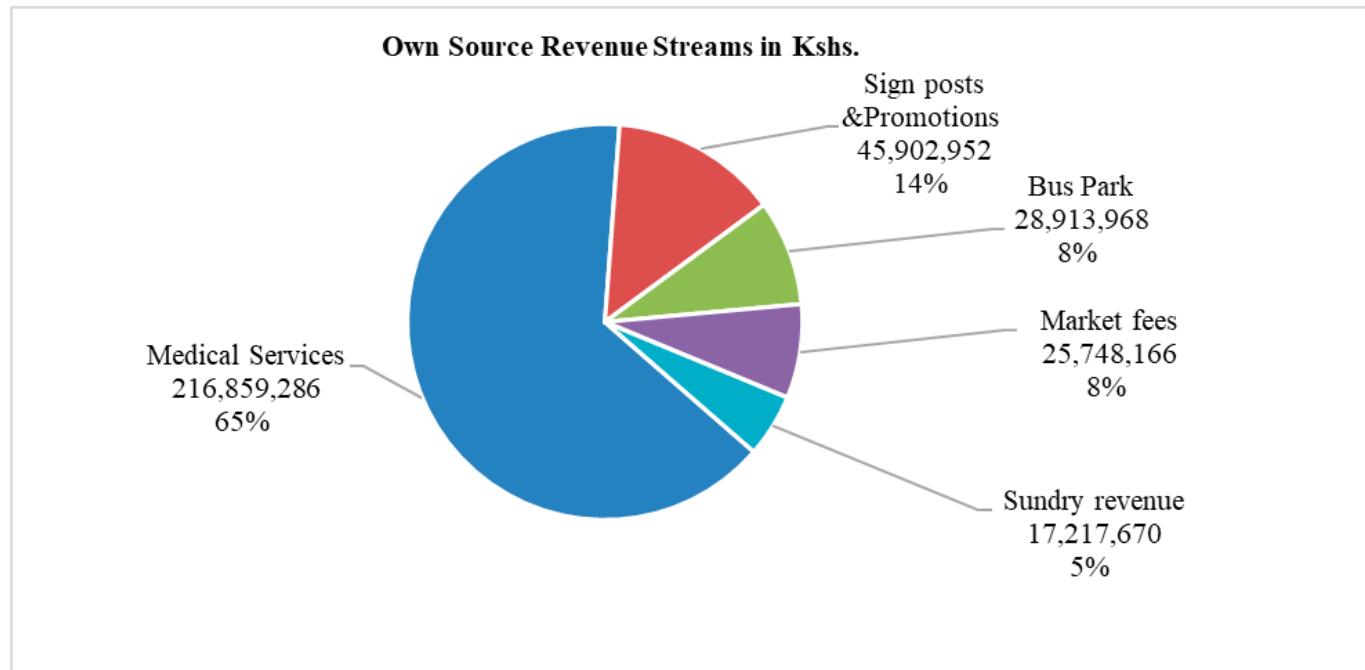
Figure 49: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kisumu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.420.08 million from its own sources of revenue. This amount represented a decrease of 4.6 per cent compared to Kshs. 439.19 million realised in a similar period in FY 2021/22 and was 23.8 per cent of the annual target and 12.8 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 50.

Figure 50: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Kisumu County Treasury

The highest revenue stream of Kshs.216.86 million was from medical services contributing to 65 per cent of the total OSR collected during the reporting period.

3.17.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.16 billion from the CRF account during the reporting period. This amount comprised Kshs.299.24 million (9.3 per cent) for development programmes and Kshs.2.86 billion (90.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.17 billion was released towards compensation to employees, Kshs.688.86 million was for Operations and Maintenance expenditure while Kshs.299.24 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs. 697.32 million.

3.17.4 Borrowing by the County

The county Government has an engagement with Kenya Commercial Bank on short-term borrowing to finance payment of salaries as and when the exchequer disbursement delays. The outstanding overdraft amount was Kshs.236.50 million as of 31st December, 2022.

3.17.5 County Expenditure Review

The County spent Kshs. 2.79 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.2 per cent of the total funds released by the CoB and comprised Kshs.318.5 million and Kshs.2.47 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.4 per cent, while recurrent expenditure represented 30 per cent of the annual recurrent expenditure budget.

3.17.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.92 billion for development activities. During the period under review, pending bills for development activities amounting to Kshs.271.84 million were settled. The outstanding amount as of 31st December 2022 was, therefore, Kshs.1.67 billion.

3.17.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs. 1.62 billion on employee compensation, Kshs.579.43 million on operations and maintenance, and Kshs. 271.84 million on development activities. Similarly, the County Assembly spent Kshs.130.82 million on employee compensation, Kshs. 84.78 million on operations and maintenance, and Kshs. 46.66 million on development activities, as shown in Table 102.

Table 102: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,454,629,387	383,762,061	2,205,515,155	215,601,818	29.6	56.2
Compensation to Employees	4,739,766,965	168,245,178	1,626,082,725	130,823,130	34.3	77.8
Operations and Maintenance	2,714,862,422	215,516,883	579,432,430	84,778,688	21.3	39.3
Development Expenditure	3,663,329,743	75,000,000	271,842,350	46,657,736	7.4	62.2
Total	11,117,959,130	458,762,061	2,477,357,505	262,259,554	22.3	57.2

Source: Kisumu County Treasury

3.17.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.76 billion, or 40.3 per cent of the revenue for the first half of FY 2022/23 Kshs.4.36 billion. This expenditure represented an increase from Kshs.1.66 billion reported in a similar period of FY 2021/22.

Further analysis indicates that PE costs amounting to Kshs.1.52 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.238.77 million was processed through manual payrolls. The manual payrolls accounted for 13.6 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.14.76 million on committee sitting allowances for the 47 MCAs and the Speaker against the annual budget allocation of Kshs.140.93 million. The average monthly sitting allowance was Kshs.52,350 per MCA.

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.445. million to county-established funds in FY 2022/23, constituting 3.8 per cent of the County's overall budget. Table 103 summarises each established Fund's budget allocation and performance during the reporting period.

Table 103: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)		Actual Expenditure as of 31st December 2022 (Kshs.)		Submission of quarterly financial statements	
		County Executive	County Assembly	County Executive	County Assembly	Yes	No
1.	Bursary / Education	205,000,000	-	-	-	Yes	
2.	Kisumu County Social Health Insurance Fund	140,000,000	-	-	-	No.	
3.	Kisumu County Emergency Fund	100,000,000	-	-	-	Yes	
5.	Kisumu County Assembly Loan Mortgage Fund	-	50,000,000	-	-	yes	
	Total	445,000,000	50,000,000				

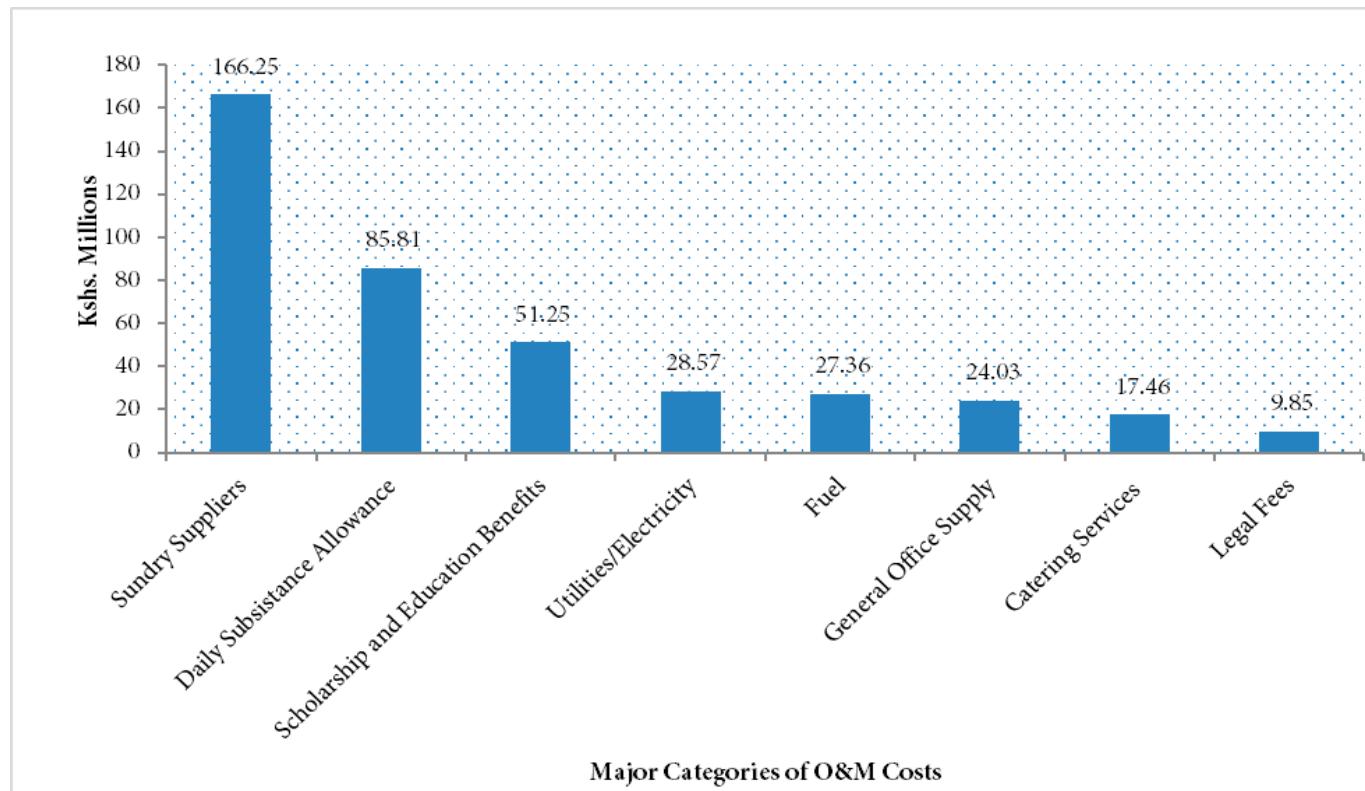
Source: *Kisumu County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrators of the Kisumu County Social Health Insurance Fund, as indicated in Table 104 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.17.10 Expenditure on Operations and Maintenance

Figure 51 shows a summary of 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. 63.15 million and comprised of Kshs.51.63 million spent by the County Assembly and Kshs.11.49 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.70 million and comprised of Kshs.4.20 million by the County Assembly and Kshs.5.50 million by the County Executive.

3.17.11 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.271.84 million on settlement of development expenditure related to pending bills and Kshs.46.66 million on current year development programmes representing a decrease of 85.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.321.63 million. The County Assembly reported an expenditure of Kshs.46.66 million on the construction of the ultra-modern Chambers.

3.17.12 Budget Performance by Department

Table 104 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 104: Kisumu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,376.48	1,659.22	466.74	252.59	466.74	271.84	100.0	107.6	33.9	16.4
Office of the Governor	285.83	45.00	109.10	-	70.40	-	64.5	-	24.6	-
Public Health and Sanitation	3,438.14	151.20	1,500.67	-	1,167.12	-	77.8	-	33.9	-
Tourism Culture Art, and Sports	87.96	59.00	10.07	-	10.07	-	100.0	-	11.4	-
Roads Public Works and Transport	198.96	250.60	9.29	-	9.29	-	100.0	-	4.7	-
Lands Physical Planning and Urban Development	88.27	482.64	5.00	-	5.00	-	100.0	-	5.7	-
Agriculture, Livestock, Food and Fisheries	205.81	498.78	50.00	-	50.00	-	100.0	-	24.3	-
Education, HRD and IT	615.58	123.70	148.08	-	148.08	-	100.0	-	24.1	-
Water, Environment and Natural Resources	125.16	. -	4.60	-	4.60	-	100.0	-	3.7	-
County Public Service Board	88.83	-	7.55	-	7.55	-	100.0	-	8.5	-
Public Administration and Devolution	430.49	-	191.10	-	145.43	-	76.1	-	33.8	-
Trade, Energy and Industry	120.98	138.40	60.36	-	40.18	-	66.6	-	33.2	-
Kisumu City	392.14	68.49	76.67	-	76.67	-	100.0	-	19.6	-
County Assembly	767.52	150.00	266.65	46.66	266.65	46.66	100.0	100.0	34.7	31.1
TOTAL	8,222.15	3,627.03	2,905.88	299.24	2,467.77	318.50	84.9	106.4	30.0	8.8

Source: Kisumu County Treasury

Analysis of expenditure by the department shows that County Assembly recorded the highest absorption rate of the development budget at 31.1 per cent, followed by the Department of Finance and economic planning at 16.4 per cent. County Assembly also recorded the highest percentage of recurrent expenditure to budget at 34.7 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 3.7 per cent.

3.17.13 Budget Execution by Programmes and Sub-Programmes

Table 105 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 105: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Final Budget	Actual Expenditure	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
101005060		General Administration and Planning Services	1,231,881,669	474,067,876	757,813,793	38.5
	101015060	Planning and Coordination Services	518,077,505	105,885,805	412,191,700	20.4
	101045060	Planning and Administration	713,804,164	368,182,072	345,622,092	51.6
102005060		County Survey Services	805,000	530,000	275,000	65.8
	102015060	County Survey	805,000	530,000	275,000	65.8
103005060		Physical Planning & Housing	2,819,050	1,064,000	1,755,050	37.7
	103015060	Physical planning services	2,066,050	506,000	1,560,050	24.5
	103025060	county housing management	753,000	558,000	195,000	74.1
104005060		Promotion of sustainable land use	432,555	341,355	91,200	78.9
	104015060	Promotion of Soil and Water Management	432,555	341,355	91,200	78.9
105005060		Agriculture Productivity Improvement	94,960,771	38,129,369	56,831,402	40.2
	105015060	Management of Agriculture Advisory services	474,750	333,250	141,500	70.2
	105025060	Promotion of Crop production Value Chains	82,322,939	32,236,409	50,086,530	39.2
	105035060	Promotion of Livestock Production Value Chains	2,900,000	200,000	2,700,000	6.9
	105055060	Management of Stations	8,895,082	5,101,710	3,793,372	57.4
	105075060	Development of Product Quality Assurance	368,000	258,000	110,000	70.1
106005060		Agricultural Productivity Improvement	210,000	65,000	145,000	31.0
	106015060	Agriculture Credit Access	210,000	65,000	145,000	31.0
	106025060	Agriculture input Access	-	-	-	-

Program	Sub Program	Description	Final Budget	Actual Expenditure	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
107005060		Promotion of market access and products development	12,422,500	10,302,692	2,119,808	82.9
	107015060	Promotion of Agribusiness	150,000	50,000	100,000	33.3
	107025060	Promotion value addition	12,272,500	10,252,692	2,019,808	83.5
108005060		Revenue Generation and Management	25,649,231	25,649,230	1	100.0
	108015060	Local Revenue Mobilisation	25,649,231	25,649,230	1	100.0
109005060		Urban Planning \$ Development Control	54,964,179	45,279,900	9,684,279	82.4
	109015060	Urban planning and development	54,964,179	45,279,900	9,684,279	82.4
201005060		County Roads and Public Works Management	1,037,084,922	301,816,059	735,268,863	29.1
	201015060	General Administration & planning	533,160,260	186,431,516	346,728,744	35.0
	201025060	Road construction and maintenance services	503,924,662	115,384,543	388,540,119	22.9
203005060		Administration, Planning and Support Services	1,845,216,646	178,275,495	1,666,941,152	9.7
	203015060	Administrative services	1,845,216,646	178,275,495	1,666,941,152	9.7
205005060		Energy Production	70,324,690	52,165,870	18,158,820	74.2
	205025060		26,507,200	13,419,249	13,087,951	50.6
	205035060	Climate Change	600,000	520,000	80,000	86.7
	205045060	Petroleum and Electricity	43,217,490	38,226,621	4,990,869	88.5
206005060		Mining Efficiency	94,443,006	23,917,156	70,525,850	25.3
	206045060	Mining Efficiency	1,580,800	1,101,943	478,857	69.7
	206055060	Resource Mobilisation	22,338,330	20,217,416	2,120,914	90.5
	206065060	Green Energy	70,523,876	2,597,797	67,926,079	3.7
207005060		Roads General Administration and Planning	33,089,048	23,692,543	9,396,505	71.6
	207015060	Public Works	1,500,000	1,420,182	79,818	94.7
	207045060	Mechanical Engineering Services	31,589,048	22,272,361	9,316,687	70.5
208005060		ICT Services	1,360,805	982,905	377,900	72.2

Program	Sub Program	Description	Final Budget	Actual Expen- diture	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
	208015060	ICT Services	1,360,805	982,905	377,900	72.2
301005060		General Administra- tion and Policymaking Services	39,975,658	16,567,306	23,408,352	41.4
	301015060	Infrastructure Develop- ment	4,426,963	3,706,713	720,250	83.7
	301025060	Trade Support Services	35,548,695	12,860,593	22,688,102	36.2
302005060		Regulation and Verifica- tion of Weights	6,774,840	117,040	6,657,800	1.7
	302015060	Verification and Cal- ibration of Weighing Equipment	6,774,840	117,040	6,657,800	1.7
303005060		Tourism Development and Management	15,630,330	8,395,110	7,235,220	53.7
	303015060	Tourism Development	8,987,990	5,595,970	3,392,020	62.3
	303035060	Tourism Event Manage- ment	6,642,340	2,799,140	3,843,200	42.1
304005060		Administration Plan- ning and Support	103,187,326	68,092,473	35,094,853	66.0
	304015060	Administration planning	103,187,326	68,092,473	35,094,853	66.0
305005060		Co-Operative Develop- ment and Management	18,487,785	13,302,960	5,184,825	72.0
	305015060	Extension services	8,988,690	7,048,640	1,940,050	78.4
	305055060	Co-operative Governance	9,499,095	6,254,320	3,244,775	65.8
306005060		Enterprise Development	53,692,322	319,322	53,373,000	0.6
	306015060	Business Development Services	53,692,322	319,322	53,373,000	0.6
307005060		Industrial Development	291,000	291,000	-	100.0
	307015060	Renovation and opera- tionalisation of CIDCs	291,000	291,000	-	100.0
401005060		Preventive & Promotive Health Services	241,974,322	183,784,783	58,189,539	76.0
	401015060	Environmental health and sanitation	87,005,269	87,005,268	1	100.0
	401025060	Community health strategy	500,000	-	500,000	0.0
	401035060	Disease surveillance	8,245,000	8,045,000	200,000	97.6
	401045060	Health promotion service	146,224,053	88,734,515	57,489,538	60.7
402005060		Health Curative Services	138,450,529	72,163,511	66,287,018	52.1

Program	Sub Program	Description	Final Budget	Actual Expen- diture	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
	402025060	Elimination of communicable and non-communicable disease	1,150,000	777,400	372,600	67.6
	402035060	Reproductive Health	137,300,529	71,386,111	65,914,418	52.0
403005060		General Administration, Operational Research and Planning	2,953,382,185	65,571,118	3,018,386,954	2.2
	403035060	Governance and leadership	25,662,916	14,206,576	11,456,340	55.4
	403045060	Human resource for Health	2,927,719,269	51,364,542	3,006,930,614	1.8
405005060		Health Sector Support Program (DANIDA)	138,044,056	62,994,129	75,049,928	45.6
	405015060	Health Promotive Services	138,044,056	62,994,129	75,049,928	45.6
407005060		Jaramogi Oginga Odinga Teaching and Referral Hospital	146,334,964	146,334,964	-	100.0
	407015060	Jaramogi Oginga Odinga Teaching and Referral Hospital	146,334,964	146,334,964	-	100.0
408005060		Kisumu County Referral Hospital	55,000,000	47,895,155	7,104,845	87.1
	408015060	Kisumu County Referral Hospital	55,000,000	47,895,155	7,104,845	87.1
409005060		Medical and Bio-Medical Services	234,200,000	127,794,422	106,405,578	54.6
	409015060	County and Sub-County Hospital Services	234,200,000	127,794,422	106,405,578	54.6
501005060		Early Childhood Development	38,578,941	38,407,684	171,257	99.6
	501015060	Promotion of early childhood education.	38,578,941	38,407,684	171,257	99.6
502005060		Youth Training and Development	21,310,010	3,562,380	17,747,630	16.7
	502015060	Youth Polytechnics Services	21,310,010	3,562,380	17,747,630	16.7
504005060		Gender and Social Dev.	8,545,700	2,723,900	5,821,800	31.9
	504015060	Gender & Disability Mainstreaming	7,628,700	2,277,900	5,350,800	29.9
	504055060	Betting Control Services	917,000	446,000	471,000	48.6
505005060		Early Child Education Management	304,830,800	37,816,095	267,014,705	12.4

Program	Sub Program	Description	Final Budget	Actual Expen- diture	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
	505015060	Early Child Education	304,830,800	37,816,095	267,014,705	12.4
506005060		Sports Management and Development	49,610,000	18,762,114	30,847,886	37.8
	506015060	Sports Management	49,610,000	18,762,114	30,847,886	37.8
507005060		Sports Stadia Develop- ment	4,282,150	1,201,400	3,080,750	28.1
	507015060	Sports Academy	4,282,150	1,201,400	3,080,750	28.1
508005060		Alcoholic Drinks	593,075	379,075	214,000	63.9
	508015060	Alcoholic Drinks	593,075	379,075	214,000	63.9
515005060		Pre-Primary Policy and Legislation	22,789,300	12,192,961	10,596,339	53.5
	515015060	Primary Policy and Legislation	22,789,300	12,192,961	10,596,339	53.5
517005060		Youth Training and Legislation	90,860,014	72,424,620	18,435,394	79.7
	517015060	Youth Training and Legislation	90,860,014	72,424,620	18,435,394	79.7
701005060		General Administration and Planning services	348,329,664	266,805,510	81,524,154	76.6
	701015060	Administration and Formulation of County policy	-	- 478,000	478,000	-
	701025060	Development and Management of County Administrative systems	321,441,823	244,037,731	77,404,092	75.9
	701065060	Human Resource development services	828,000	492,000	336,000	59.4
	701085060	Social Responsibility Including Civic and Public Engagement	26,059,841	22,753,779	3,306,062	87.3
702005060		Management of County affairs and Special Pro- grammes	5,189,976	2,689,536	2,500,440	51.8
	702025060	Inter-Government Coordination and protocol	5,189,976	2,689,536	2,500,440	51.8
703005060		Inter-Governmental re- lations, Communication and Protocol	36,874,588	19,378,261	17,496,327	52.6
	703015060	Governor's Press Service and Communication	27,612,652	11,193,825	16,418,827	40.5
	703025060	Internal Auditing Services	9,261,936	8,184,436	1,077,500	88.4
704005060		County Public Service Board	1,055,433,436	200,809,426	354,624,010	19.0
	704015060	General Administration and Support services	977,907,158	153,345,282	824,561,876	15.7

Program	Sub Program	Description	Final Budget	Actual Expen- diture	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
	704025060	Human Resource Re- cruitment and Develop- ment	70,788,954	41,048,408	29,740,546	58.0
	704035060	Human Resource Audit and Staff Rationalization	770,000	730,435	39,565	94.9
	704045060	Promotion of Values and Principles	5,967,324	5,685,301	282,023	95.3
705005060		Public Financial Man- agement	234,382,143	107,342,397	127,039,746	45.8
	705015060	Revenue Mobilisation	75,194,234	25,486,910	49,707,324	33.9
	705025060	assets management	2,437,675	2,088,575	349,100	85.7
	705035060	management of public financial resources	4,654,700	3,395,175	1,259,525	72.9
	705055060	Budget Formulation & Coordination Services	152,095,534	76,371,737	75,723,797	50.2
706005060		County Planning and Development Coordina- tion Services	91,919,274	50,038,390	41,880,885	54.4
	706015060	Policy Formulation & Planning	65,926,635	33,704,781	32,221,854	51.1
	706025060	Monitoring & Evaluation	25,992,639	16,333,609	9,659,031	62.8
707005060		County Communication & ICT Services	310,000	193,100	116,900	62.3
	707015060	Management Information System	310,000	193,100	116,900	62.3
709005060		Representation services & public participation	4,694,000	570,970	4,123,030	12.2
	709025060	Public participation services	4,694,000	570,970	4,123,030	12.2
711005060		County Planning and Development Coordina- tion Services	4,512,050	3,102,700	1,409,350	68.8
	711005060	County Planning and Development Coordina- tion Services	4,512,050	3,102,700	1,409,350	68.8
902005060		Conservation and management of natural ecosystem	131,062,493	60,770,242	70,292,251	46.4
	902015060	Sustainable Access to safe Water	371,199	150,000	221,199	40.4

Program	Sub Program	Description	Final Budget	Actual Expen- diture	Variance/Balance (Kshs.)	Absorption Rate (%)
			(Kshs.)	(Kshs.)		
	902025060	Water resources & Sewerage services	130,691,294	60,620,242	70,071,052	46.4
903005060		General Administration and Planning Services	-	-	-	-
	903015060	Policy planning & Administration	-	-	-	-
904005060		Environmental Planning and Management	5,941,400	5,459,900	481,500	91.9
	904025060	Environment Conservation Of Natural Resources	945,800	654,200	291,600	69.2
	904035060	Solid Waste Management	4,995,600	4,805,700	189,900	96.2
906005060			2,920,977	2,138,870	782,107	73.2
	906015060	Pollution Control	2,920,977	2,138,870	782,107	73.2
907005060			3,899,750	1,363,773	2,535,977	35.0
	907015060	Culture and Heritage Development	3,899,750	1,363,773	2,535,977	35.0
		Grand Total	12,035,483,252	2,786,274,795	9,249,208,457	23.2

Source: Kisumu County Treasury

Programmes with high levels of implementation based on absorption rates were: Revenue Generation and Management at 100 per cent, Industrial Development at 100 per cent, Jaramogi Oginga Odinga Teaching and Referral Hospital at 100 per cent, and Early Childhood Development at 99.6 per cent of budget allocation.

3.17.14 Key Observations and Recommendations

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

1. The under performance of own-source revenue at Kshs.420.08 million against an annual projection of Kshs.1.76 billion, representing 23.8 per cent of the annual target.
2. High pending bills that amounted to Kshs.1.67 billion as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.697.32 million at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.238.77 million were processed through the manual payroll and accounted for 13.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.18 County Government of Kitui

3.18.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.12.38 billion, comprising Kshs.3.72 billion (30 per cent) and Kshs.8.66 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.7 per cent compared to the previous financial year when the approved budget was Kshs.12.47 billion and comprised of Kshs.3.14 billion towards development expenditure and Kshs.8.33 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.10.39 billion (84 per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (3.2 per cent) from its own source of revenue, Kshs.467.03 million (3.8 per cent) as conditional grants, and a cash balance of Kshs.1.12 billion (9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 105.

The cash balance from the previous financial year comprises Kshs.286.48 million from unspent conditional grants, Kshs.0.15 million as revenue not deposited into the CRF at the end of the financial year, and Kshs.831.37 million, which was the balance in the CRF.

3.18.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.43 billion as the equitable share of the revenue raised nationally, raised Kshs.142.38 million as own-source revenue, Kshs.57.63 million as conditional grants, and had a cash balance of Kshs.1.12 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.75 billion, as shown in Table 106.

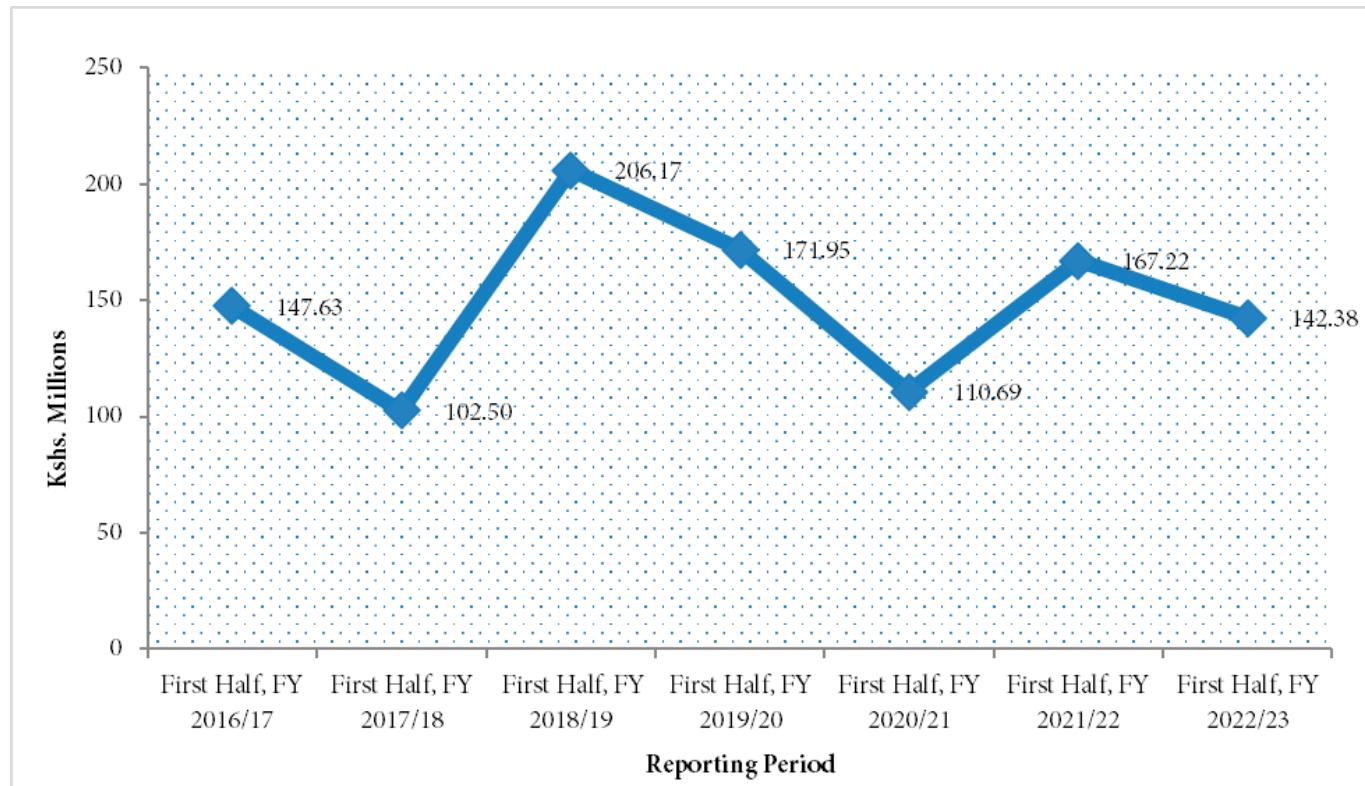
Table 106: Kitui County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	10,393,970,413	3,430,010,238	33.0
	Sub total	10,393,970,413	3,430,010,238	33.0
B	Conditional Grants			
5.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project) NARIGP	283,089,026	57,625,486	20.4
6.	DANIDA Grant - Primary Health Care in Devolved Context	18,609,300	-	-
7.	World Bank Credit to Finance Locally - Led Climate Action Program (FLLoCA)	125,000,000	-	-
8.	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	10,112,374	-	-
9.	World Bank - Emergency Locust Response Project (ELRP)	30,223,000	-	-
	Sub total	467,033,700	57,625,486	20.4
C	Other Sources of Revenue			
1	Own Source Revenue	400,000,000	142,380,992	35.6
2	Unspent balance from FY 2021/22	1,118,001,643	1,118,001,643	100.0
	Sub Total	1,518,001,643	1,260,382,635	83.0
	Grand Total	12,379,005,756	4,748,018,358.3	38.4

Source: Kitui County Treasury

Figure 52 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

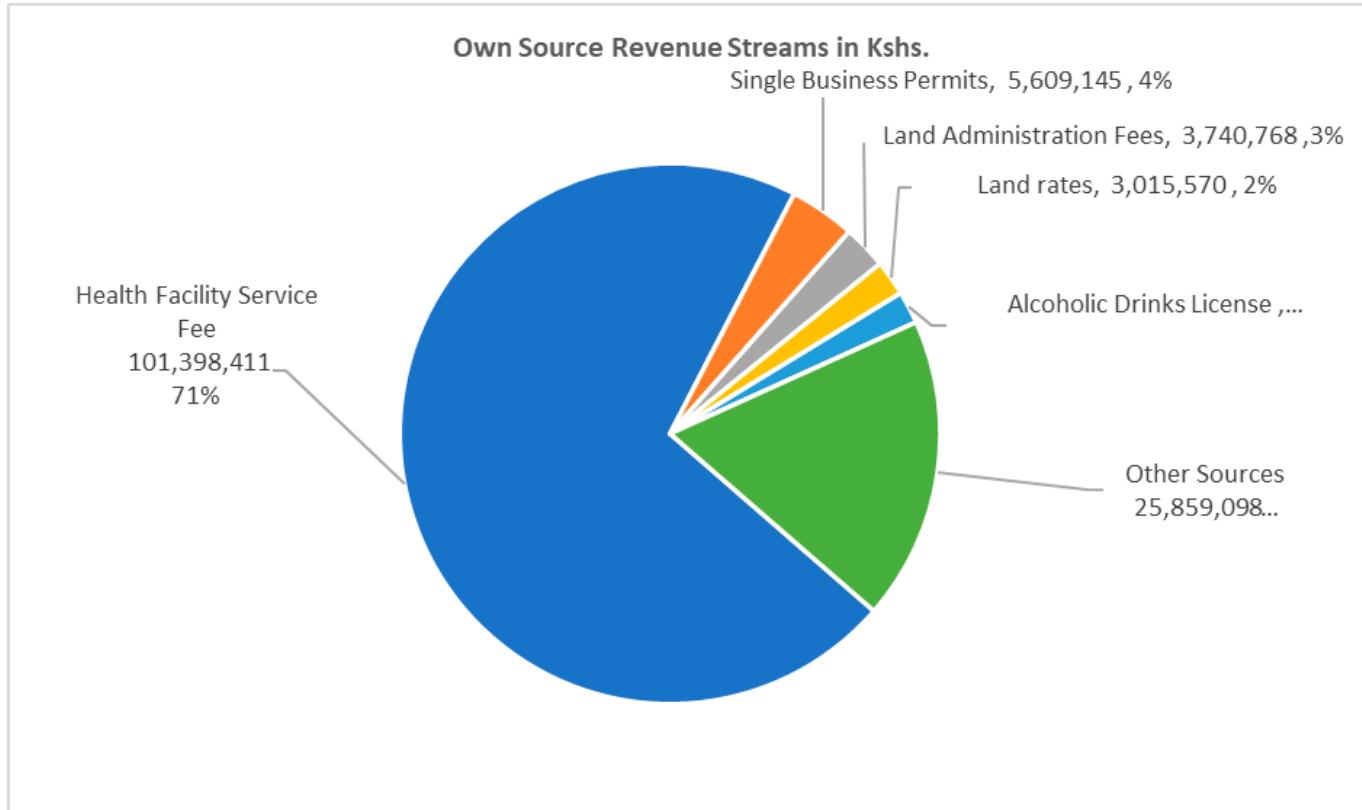
Figure 52: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kitui County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.142.38 million from its own sources of revenue. This amount represented a decrease of 14.9 per cent compared to Kshs.167.22 million realised in a similar period in FY 2021/22 and was 35.6 per cent of the annual target and 4.2 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.72.20 million. The revenue streams which contributed the highest OSR are shown in Figure 53.

Figure 53: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Kitui County Treasury

The highest revenue stream of Kshs.101.40 million was from the Health Facility Service Fee stream contributing to 71 per cent of the total OSR collected during the reporting period.

3.18.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.41 billion from the CRF account during the reporting period. This amount comprised Kshs.160.6 million (4.5 per cent) for development programmes and Kshs.2.47 billion (95.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.47 billion was released towards compensation to employees, Kshs.935.21 million was for Operations and Maintenance expenditure while Kshs.160.63 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.15.30 million.

3.18.4 County Expenditure Review

The County spent Kshs.3.65 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.4 per cent of the total funds released by the CoB and comprised Kshs.205.53 million and Kshs.3.45 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.5 per cent, while recurrent expenditure represented 39.8 per cent of the annual recurrent expenditure budget.

3.18.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County Assembly reported a stock of pending bills of Kshs.6.1 million relating to recurrent expenditure. During the period under review, the County Assembly settled pending bills amounting to Kshs.5.35 million; therefore, the outstanding pending bills as of 31st December 2022 was Kshs.754,150.

The County Executive constituted a pending bills verification committee whose report had not been released by 31st December 2022. However, at the end of the FY 2021/22, the County Executive reported a stock of pending bills of Kshs.1.61 billion, comprising Kshs.385.92 million for recurrent expenditure and Kshs.1.23 billion for development activities.

3.18.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.43 billion on employee compensation, Kshs.745.54 million on operations and maintenance, and Kshs.205.50 million on development activities. Similarly, the County Assembly spent Kshs.144.58 million on employee compensation and Kshs.127.09 million on operations and maintenance, as shown in Table 107.

Table 107: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,361,531,764	1,300,819,066	3,175,962,864	271,667,355	43.1	20.9
Compensation to Employees	4,896,806,479	389,898,562	2,430,427,154	144,576,984	49.6	37.1
Operations and Maintenance	2,464,725,285	910,920,504	745,535,710	127,090,371	30.2	14.0
Development Expenditure	3,487,596,374	229,058,553	205,503,883	-	5.9	-
Total	10,849,128,138	1,529,877,619	3,381,466,747	271,667,355	31.2	17.8

Source: Kitui County Treasury

3.18.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.58 billion, or 54.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.75 billion. This expenditure represented an increase of 8 per cent from Kshs.2.38 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.24 billion paid to health sector employees, translating to 48 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.91 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.662.11 million was processed through manual payrolls. The manual payrolls accounted for 25.7 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system, out of court order settlements for employees whose services had wrongly been terminated, KRA arrears payments per court order, and gratuity payments.

The County Assembly spent Kshs.740,350 on committee sitting allowances for the 61 MCAs and the Speaker against the annual budget allocation of Kshs.45.68 million. The average monthly sitting allowance was Kshs.2,023 per MCA. The County Assembly has established 22 Committees. During the reporting period, 23 bills and policy documents were processed and approved by the County Assembly.

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.275.69 million to county-established funds in FY 2022/23, constituting 2.2 per cent of the County's overall budget. Table 108 summarises each established Fund's budget allocation and performance during the reporting period.

Table 108: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Emergency Fund*	22,690,000	Nil	Nil	No
2.	Kitui County Empowerment fund	20,000,000	Nil	Nil	No
County Assembly Established Funds					
1	Car loans	130,000,000	Nil		Yes
2	Mortgage Loans to Members & Staff	103,000,000	Nil	Nil	Yes
	Total	275,690,000			

Source: Kitui County Treasury

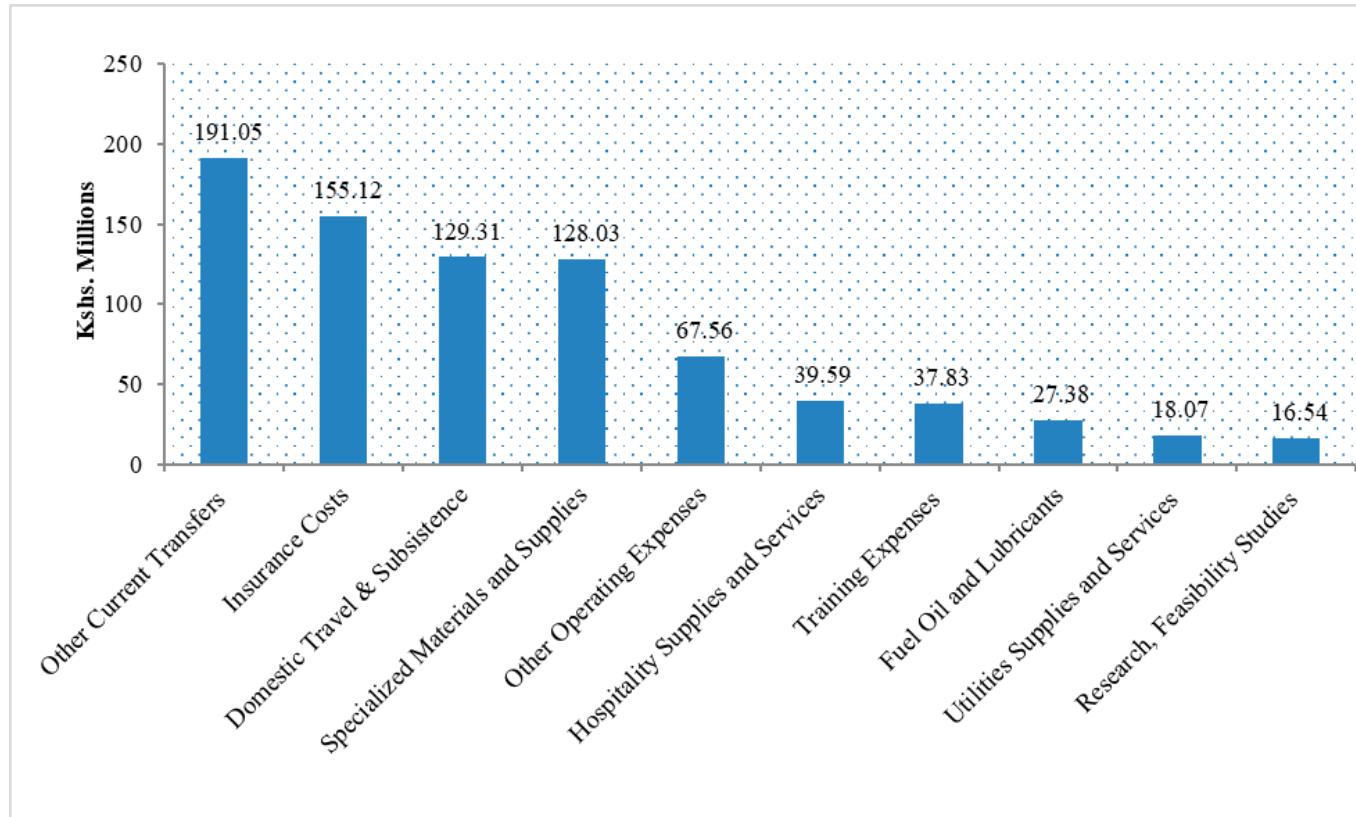
* Emergency Fund is yet to be operationalised.

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of Kitui County Empowerment Fund, as indicated in Table 108. Contrary to the requirement of Section 168 of the PFM Act, 2012.

3.18.9 Expenditure on Operations and Maintenance

Figure 54 show a summary of 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.129.31 million and comprised of Kshs.40.85 million spent by the County Assembly and Kshs.88.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.88 million and comprised of Kshs.1.13 million by the County Assembly and Kshs.1.75 million by the County Executive.

The “*other operating expenses*” of Kshs.67.56 are composed of: Kshs.15.25 million for facilitation of the Governor’s movements, Kshs.7.8 million for temporary committee expenses, Kshs.7.76 million for legal dues/fees, arbitration and compensation payments, Kshs.6.70 million Ward Office Operations, Kshs.5.17 million contracted services among others. Subsequently, other current transfers constitute: Kshs.175.13 million sent to the County’s 14 hospitals as AIEs, Kshs.14.96 million transferred to various county health centres, and dispensaries and Kshs.955,000 transferred to Kitui Agriculture Training Centre as AIE.

3.18.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.205.50 million on development programmes, representing a decrease of 84.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.30 billion. Table 109 summarises development projects with the highest expenditure in the reporting period.

Table 109: Kitui 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 Water and Irrigation	Power supply to Masinga Treatment works	Kitui Central	19,494,968	19,494,968	19,494,968	100

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
2	Agriculture Water and Irrigation	Power supply to Kiambere Treatment works	Kitui Central	19,240,089	19,240,089	19,240,089	100
3	Infrastructure, Transport, Housing and Urban Development	Supply of fuel for roads grading using county machinery	Kitui Central	11,700,000	11,700,000	11,700,000	100
4	Infrastructure, Transport, Housing and Urban Development	Maintenance of Ithookwe-Kitui Showground loop and Kwa Lele road	Kitui Central	4,944,427	4,944,427	4,944,427	100
5	Infrastructure, Transport, Housing and Urban Development	Kitui School to Ithookwe primary school road	Kitui Central	4,859,379	4,859,379	4,859,379	100
6	Infrastructure, Transport, Housing and Urban Development	Improvement of Kwa Lele-Mayuni-Ithiani road	Kitui Central	4,533,396	4,533,396	4,533,396	100
7	Agriculture Water and Irrigation	Seedlings supply	Kitui Central	2,854,410	2,854,410	2,854,410	100
8	Mwingi Municipality	Upgrading of road along Bethel Academy Kathonzweni Secondary	Mwingi central	2,292,088	2,292,088	2,292,088	100
9	Office of the Governor	Supply and installation of pump and motor for Governor's office borehole	Kitui Central	1,413,200	1,413,200	1,413,200	100
10	Office of the Governor	Electrical renovation works at the office of the Governor	Kitui Central	1,116,419	1,116,419	1,116,419	100

Source: Kitui County Treasury

3.18.11 Budget Performance by Department

Table 110 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 110: Kitui County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	1,141.98	86.44	395.10	8.85	361.33	4.43	91.5	50.0	31.6	5.1
Public Service Management & Administration	138.20	-	137.96	-	130.81	-	94.8	-	94.7	-
Agriculture, Water & Irrigation	195.69	461.78	158.98	111.12	161.41	158.62	101.5	142.7	82.5	34.3
Basic Education ICT & Youth Development	564.76	0	228.55	0.00	234.61	0.00	102.6	0.00	41.5	0.0
Infrastructure, Housing, Transport & Public Works	258.59	642.30	104.82	36.07	105.26	30.48	100.4	84.5	40.7	4.7
Health and Sanitation	3,455.39	163.80	1,622.52	-	1,570.56	6.38	96.8	-	45.5	3.9
Trade, Co-operatives & Investment	178.27	63.38	47.78	-	42.77	0.80	89.5	-	24.0	1.3
Environment, Tourism & Natural Resources	131.93	174.06	56.30	-	72.08	2.48	128.0	-	54.6	1.4
Gender, Sports & Culture	108.75	109.00	19.34	-	24.94	0.00	129.0	-	22.9	-
County Treasury	437.37	144.62	177.25	-	280.26	0.02	158.1	-	64.1	-
County Public Service Board	84.28	0.00	25.38	-	22.31	-	87.9	-	26.5	-
County Assembly	1,300.82	229.06	272.06	-	271.67	-	99.9	-	20.9	-
Kitui Municipality	125.69	165.01	52.78	-	39.05	-	74.0	-	31.1	-
Mwingi Town Administration	71.63	42.63	19.52	4.58	31.75	2.29	162.6	50.0	44.3	5.4
Livestock, Apiculture & Fisheries	340.36	458.61	18.84	-	69.32	-	367.9	-	20.4	-
Lands & Physical Planning	86.36	47.77	69.49	-	29.50	-	42.5	-	34.2	-
Office of The Deputy Governor	42.28	30.27	-	-	-	-	-	-	-	-
TOTAL	8,662.35	2,818.72	3,406.68	160.63	3,447.63	205.50	101.2	127.9	39.8	7.3

Source: Kitui County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Water & Irrigation recorded the highest absorption rate of development budget at 34.3 per cent, followed by the Department of Mwingi Town Administration at 5.4 per cent. The Department of Public Service Management & Administration had the highest percentage of recurrent expenditure to budget at 94.7 per cent, while the Department of Office of The Deputy Governor did not incur any recurrent expenditure in the reporting period.

The departments of Agriculture, Water & Irrigation; Basic Education ICT & Youth Development; Infrastructure, Housing, Transport & Public Works; Environment, Tourism & Natural Resources; Gender, Sports & Culture; County Treasury; Mwingi Town Administration; and, Livestock, Apiculture & Fisheries exceeded their respective exchequer issues as seen in Kwale County, Revenue Performance in the First Half of FY 2022/23 above.

3.18.12 Budget Execution by Programmes and Sub-Programmes

Table 111 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 111: Kitui County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 31 st December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Office of The Governor							
General Administration and Planning	701013710	763,876,784	821,197,781	275,053,236	4,425,156	36.0	0.5
General Administration and Planning	702013710	100,167,272	30,000,000	4,773,981	-	4.8	-
Office of the County secretary	703013710	31,860,289	-	16,186,159	-	50.8	-
Procurement	704023710	54,899,883	-	42,935,546	-	78.2	-
Decentralised Units Service Delivery Coordination	705013710	51,347,703	13,153,076	425,050	-	0.8	-
Decentralised Units Service Delivery Coordination	706013710	8,079,160	-	500,000	-	6.2	-
Governor's Service Delivery Unit & Public Communication	707013710	16,836,300	-	1,250,000	-	7.4	-
Office of Chief of Staff	717023710	42,916,692	-	11,589,354	-	27.0	-
Office of County Attorney	717033710	71,996,863	-	8,620,274	-	12.0	-
Sub-total Office of the Governor		1,141,980,946	864,350,857	361,333,600	4,425,156	31.6	0.5
Public Service Management and Administration							
Coordination and Administrative Services	705013710	34,128,249	-	31,879,211	-	93.4	-
Coordination and Administrative Services	706013710	63,678,697	-	62,117,267	-	97.5	-

Coordina- tion and Programmes Tracking Head- quarters	707013710	3,137,300	-	1,443,450	-	46.0	-
General Ad- ministration and Planning	701013710	37,257,542	-	35,372,650	-	94.9	-
Sub-total Public Service Man- agement and Administration		138,201,788	-	130,812,578	-	94.7	-
Agriculture, Water and Irrigation							
Agriculture	102013710	301,950	108,043,843	-	108,043,843	-	100.0
Agriculture	103013710	6,641,003	-	6,009,005	-	90.5	-
Agriculture	103023710	6,197,464	5,500,000	3,229,627	5,500,000	52.1	100.0
Agriculture	104013710	4,823,551	127,000,000	182,561	5,500,000	3.8	4.3
General Ad- ministration and Planning	101013710	76,135,516	-	74,663,515	-	98.1	-
Water	101013710	81,105,259	-	75,432,188	-	93.0	-
Water	111013710	8,933,927	147,052,719	1,293,760	15,296,025	14.5	10.4
Water	111023710	11,552,978	74,182,169	594,584	24,279,278	5.1	32.7
Sub-total Agriculture, Water and Irrigation		195,691,648	461,778,731	161,405,240	158,619,146	82.5	34.3
Basic Educa- tion, ICT, and Youth Devel- opment							
Basic Education	502013710	304,013,400	107,653,838	153,122,543	-	50.4	-
General Ad- ministration and Planning	501013710	234,896,461	-	72,256,833	-	30.8	-
Internet	505013710	1,388,290	-	561,042	-	40.4	-
Training and Skills Develop- ment	503013710	16,319,500	12,362,908	789,624	-	4.8	-
Training and Skills Develop- ment	506013710	8,144,339	-	8,038,339	-	98.7	-
Sub-total Basic Education, ICT, and Youth Development		564,761,990	120,016,746	234,768,381	-	41.6	-
Infrastructure, Housing and Urban Devel- opment							
General Ad- ministration and Planning	101013710	208,702,307	-	74,345,484	-	35.6	-
Housing	107013710	2,577,000	-	1,659,950	-	64.4	-
Housing	109013710	12,062,000	10,118,944	7,306,950	-	60.6	-
Roads, Trans- port And Mechanical Services	110013710	17,012,500	630,179,981	11,001,097	30,479,243	64.7	4.8

Roads, Transport And Mechanical Services	203013710	18,235,426	2,000,000	10,788,258	-	59.2	-
Sub-total Infrastructure, Housing and Urban Development		258,589,233	642,298,925	105,101,739	30,479,243	40.6	4.7
Health and Sanitation							
General Administration And Planning	401013710	1,013,651,742	100,731,234	303,868,966	-	30.0	-
General Administration And Planning	401023710	23,949,437	-	22,395,561	-	93.5	-
General Administration And Planning	401033710	2,421,800	-	555,100	-	22.9	-
health promotion	404013710	2,092,132	-	-	-	-	-
Medical Services	402013710	1,251,798,511	63,066,085	968,954,319	6,379,416	77.4	-

Medical Services	402023710	8,300,000	-	3,707,970	-	44.7	-
Medical Services	403023710	629,024,943	-	69,847,560	-	11.1	-
Public Health	403013710	3,920,591	-	1,743,948	-	44.5	-
Public Health	403023710	1,640,000	-	240,000	-	14.6	-
Public Health	403033710	2,455,000	-	903,200	-	36.8	-
Rural Health Services	402033710	395,000,000	-	175,132,818	-	44.3	-
Rural Health Services	404023710	59,596,134	-	23,208,583	-	38.9	-
Rural Health Services	404033710	61,542,793	-	-	-	-	-
Sub-total Health and Sanitation		3,455,393,083	163,797,319	1,570,558,025	6,379,416	45.5	3.9
Trade, Cooperatives and Investments							
cooperatives	304013710	27,983,167	-	4,002,796	-	14.3	-
cooperatives	304023710	10,172,421	-	1,483,977	-	14.6	-
General Administration And Planning	301013710	119,163,369	-	34,182,259	-	28.7	-
Trade And Markets	301013710	17,506,632	63,381,764	3,100,982	803,213	17.7	1.3
Trade And Markets	303023710	3,440,172	-	-	-	-	-
Sub-total Trade, Cooperatives and Investments		178,265,761	63,381,764	42,770,014	803,213	24.0	1.3
Environment, Tourism and Natural Resources							
Energy	1005013710	-	3,000,000	-	-	-	-
Energy	1006013710	-	37,015,151	-	-	-	-
Environment	1002013710	10,459,400	-	3,788,017	-	36.2	-
Environment	1003013710	3,212,904	133,000,000	303,116	2,483,920	9.4	1.9
Environment	1004013710	1,066,513	-	258,300	-	24.2	-
General Administration And Planning	1001013710	89,980,929	-	54,507,590	-	60.6	-
Mineral Resources	1003013710	1,101,267	-	280,000	-	25.4	-

Mineral Resources	1003023710	4,241,366	-	2,648,979	-	62.5	-
Mineral Resources	1003043710	3,001,553	1,040,440	759,451	-	25.3	-
Mineral Resources	1007013710	2,009,772	-	46,000	-	2.3	-
Mineral Resources	1008013710	3,494,507	-	83,783	-	2.4	-
Energy	305013710	1,268,501	-	40,598	-	3.2	-
Tourism	305013710	427,088	-	427,088	-	100.0	-
Tourism	1006013710	4,018,724	-	1,454,199	-	36.2	-
Tourism	305033710	1,272,037	-	1,271,820	-	100.0	-
Tourism	1003023710	6,377,623	-	6,214,506	-	97.4	-
Sub-total Environment, Tourism and Natural Resources		131,932,184	174,055,591	72,083,447	2,483,920	54.6	1.4
Gender, Sports and Culture							
gender	307013710	5,279,097	28,508,786	-	-	-	-
gender	307023710	11,059,780	3,800,000	518,758	-	4.7	-
gender	308013710	3,138,461	23,000,000	718,429	-	22.9	-
gender	308023710	2,360,000	-	114,000	-	4.8	-
General Administration And Planning	301013710	55,892,570	-	20,419,589	-	36.5	-
sports	306013710	8,460,000	4,500,000	1,957,008	-	23.1	-
sports	306023710	3,577,231	49,190,386	1,056,231	-	29.5	-
Gender	505013710	7,995,000	-	-	-	-	-
Gender	506013710	10,990,528	-	160,800	-	1.5	-
Sub-total Gender, Sports and Culture		108,752,667	108,999,172	24,944,815	-	22.9	-
County Treasury							
Accounts	704013710	6,210,000	-	3,743,710	-	60.3	-
Accounts	712053710	19,665,891	-	7,742,930	-	39.4	-
Budgetary Supplies	712013710	54,713,395	-	30,291,672	-	55.4	-
Economic Affairs	710013710	39,182,667	-	19,914,855	-	50.8	-
Economic Affairs	710023710	8,925,000	-	4,171,463	-	46.7	-
Economic Affairs	712023710	13,516,551	-	5,707,971	-	42.2	-
General Administration And Planning	701013710	283,640,651	144,622,885	202,697,073	21,700	71.5	-
Internal Audit	712033710	11,516,551	-	5,988,645	-	52.0	-
Sub-total County Treasury		437,370,706	144,622,885	280,258,319	21,700	64.1	-
County Public Service Board							
board	713013710	10,885,000	-	3,884,923	-	35.7	-
board	713023710	8,746,200	-	2,055,705	-	23.5	-
board	714013710	5,960,000	-	1,360,000	-	22.8	-
General Administration And Planning	701013710	58,687,183	-	15,006,388	-	25.6	-
Sub-total Public Service Board		84,278,383	-	22,307,016	-	26.5	-
County Assembly							

General Administration And Planning	701013710	303,402,199	229,058,553	112,992,234	-	37.2	-
Legislative Department	715013710	997,416,867	-	158,675,121	-	15.9	-
Sub-total County Assembly		1,300,819,066	229,058,553	271,667,355	-	20.9	-
Kitui Municipality							

Environment, Culture, Recreation and Community Development	207013710	-	17,000,000	-	-	-	-
General Administration And Planning	201013710	63,391,081	-	20,005,660	-	31.6	-
Planning, Development Control, Transport and Infrastructure	207013710	25,270,065	-	8,776,730	-	34.7	-
Planning, Development Control, Transport and Infrastructure	209013710	-	54,505,184	-	-	-	-
Planning, Development Control, Transport and Infrastructure	207013710	11,900,000	-	2,150,889	-	18.1	-
Trade And Markets	207033710	6,550,000	93,502,708	912,098	-	13.9	-
Finance	207023710	18,577,938	-	7,202,943	-	38.8	-
Sub-total Kitui Municipality	125,689,084	165,007,892	39,048,320		-	31.1	-
Mwingi Town							
Environment, Culture, Recreation and Community Development	1001013710	940,000	9,118,926	236,520	2,292,089	25.2	25.1
General Administration And Planning-Headquarters	109013710	2,490,465	6,600,000	925,343	-	37.2	-
General Administration And Planning-Headquarters	201013710	63,132,462	-	29,607,906	-	46.9	-
General Administration And Planning-Headquarters	706013710	793,546	4,691,017	306,965	-	38.7	-
Planning, Development Control, Transport and Infrastructure	207013710	3,193,267	22,221,391	425,000	-	13.3	-
Planning, Development Control, Transport and Infrastructure	207023710	881,697	-	206,800	-	23.5	-
Planning, Development Control, Transport and Infrastructure	207033710	195,100	-	45,800	-	23.5	-
Sub-total Mwingi Administration	71,626,537	42,631,334	31,754,334	2,292,089	44.3	5.4	
Livestock, Apiculture and Fisheries Development							
General Administration	101013710	282,490,085	-	67,143,539	-	23.8	-

Livestock Devt	106013710	4,789,654	9,598,750	353,039	-	7.4	-
Livestock Devt	106023710	5,203,130	10,698,650	433,721	-	8.3	-
Agriculture	102013710	5,705,446	355,809,872	-	-	-	-
Agriculture	103013710	14,205,454	20,000,000	1,287,005	-	9.1	-
Agriculture	103023710	26,180,001	61,507,673	-	-	-	-
Aquaculture Devt	105013710	1,784,771	1,000,000	98,921	-	5.5	-
Sub-total Livestock, Apiculture and Fisheries Development		340,358,541	458,614,945	69,316,225	-	20.4	-
Lands and Physical Planning							
General Administration	101013710	73,077,579	-	26,084,432	-	35.7	-
Land Adjudication	108023710	3,725,000	3,683,111	1,137,200	-	30.5	-
Land Information & Mgt	108013710	3,650,000	19,561,724	1,736,490	-	47.6	-
Land Survey	108023710	2,450,000	9,500,000	400,000	-	16.3	-
Lands and housing	107013710	3,455,950	15,023,045	142,690	-	4.1	-
Sub-total Lands and Physical Planning		86,358,529	47,767,880	29,500,812	-	-	34.2
Office of the Deputy Governor							
Administration Planning & Support Services	701013710	9,314,596	22,690,000	-	-	-	-
Tourism Devt & Promotion	305013710	1,752,922	884,853	-	-	-	-
Tourism Devt & Promotion	305033710	1,909,773	3,900,095	-	-	-	-
Tourism Devt & Promotion	1003023710	17,843,393	2,797,385	-	-	-	-
Performance Mgt & Disaster Mitigation	717013710	11,460,000	-	-	-	-	-
Sub-total Lands and Physical Planning		42,280,684	30,272,333	-	-	-	-
Grand-Total		8,662,350,830	3,716,654,927	3,447,630,220	205,503,883	39.8	5.5

Sub-programmes with the highest levels of implementation based on absorption rates were: 103023710 in the Department of Agriculture, Water and Irrigation at 100 per cent, 305013710 in the Department of Environment, Tourism and Natural Resources at 100 per cent, 305033710 in the Department of Environment, Tourism and Natural Resources at 100 per cent, and 101013710 in the Department of Agriculture, Water and Irrigation at 98.1 per cent of budget allocation

3.18.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 24th January 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 110 where the County incurred expenditure over approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, contrary to

Section 168 of the PFM Act, 2012. Quarterly financial reports for the Kitui County Empowerment Fund were not submitted to the Controller of Budget.

4. High level of pending bills which amounted to Kshs.1.61 billion as of 31st December 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.662.11 million were processed through the manual payroll and accounted for 25.7 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 Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
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.*

3.19 County Government of Kwale

3.19.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.73 billion, comprising Kshs.4.84 billion (41.2 per cent) and Kshs.6.89 billion (58.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 4.5 per cent compared to the previous financial year when the approved budget was Kshs.12.29 billion and comprised of Kshs.5.52 billion towards development expenditure and Kshs.6.76 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.27 billion (70.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.557.12 million (4.7 per cent) from its own source of revenue, Kshs.1.61 billion (13.7 per cent) as conditional grants, and a cash balance of Kshs.1.30 billion (11.1 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 112

3.19.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.03 billion as the equitable share of the revenue raised nationally, raised Kshs.116.11 million as own-source revenue and had a cash balance of Kshs.1.30 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.44 billion, as shown in Table 112.

Table 112: Kwale County, Revenue Performance in the First Half of FY 2022/23

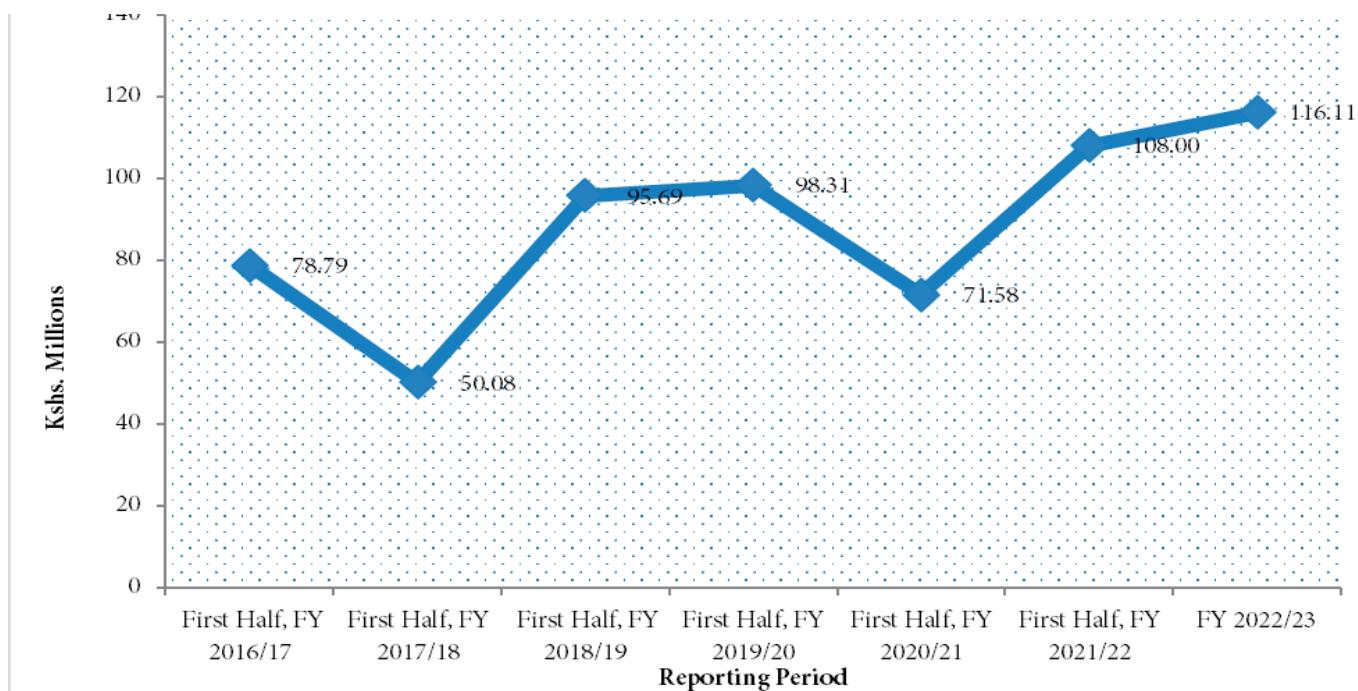
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,265,585,516	2,025,068,452	24.5
Sub Total		8,265,585,516	2,025,068,452	24.5
B	Conditional Grants			

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Compensation for User Fees Forgone	14,814,598	-	-
2.	Road Maintenance Levy	257,663,634	-	-
3.	Development of Youth Polytechnics	54,838,548	-	-
4.	World Bank Grant on Kenya Devolution Support Programme (KDSP)	91,452,573	-	-
5.	KDSP (Level II Grant)	102,491,953	-	-
6.	Urban Development Grant (UDG)	31,055,373	-	-
7.	Urban Institutional Grant (UIG)	11,426,233	-	-
8.	DANIDA Grant to Supplement Financing of County Health facilities	33,726,199	-	-
9.	World Bank Grant for Universal Health Care Project - THS	22,171,888	-	-
10.	World Bank Loan for National Agricultural and Rural Inclusive Growth Project	278,050,578	-	-
11.	Agricultural Sector Development Support Programme	40,883,786	-	-
12.	Water and Sanitation Development Project (WSDP)	600,000,000	-	-
13.	Kenya Informal Settlement Improvement Project KISIP II	50,000,000	-	-
14.	EU-IDEAS Tranche III	11,000,000	-	-
15.	EU-IDEAS Grant balance	3,726,052	-	-
16.	COVID - 19 Grant	3,778,038	-	-
	Sub-Total	1,607,079,453	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	557,116,564	116,107,417	20.8
2	Balance b/f from FY2021/22	1,299,888,249	1,299,888,249	100.0
	Sub Total	1,857,004,813	1,415,995,666	76.2
	Grand Total	11,729,669,782	3,441,064,118	29.3

Source: Kwale County Treasury

Figure 55 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

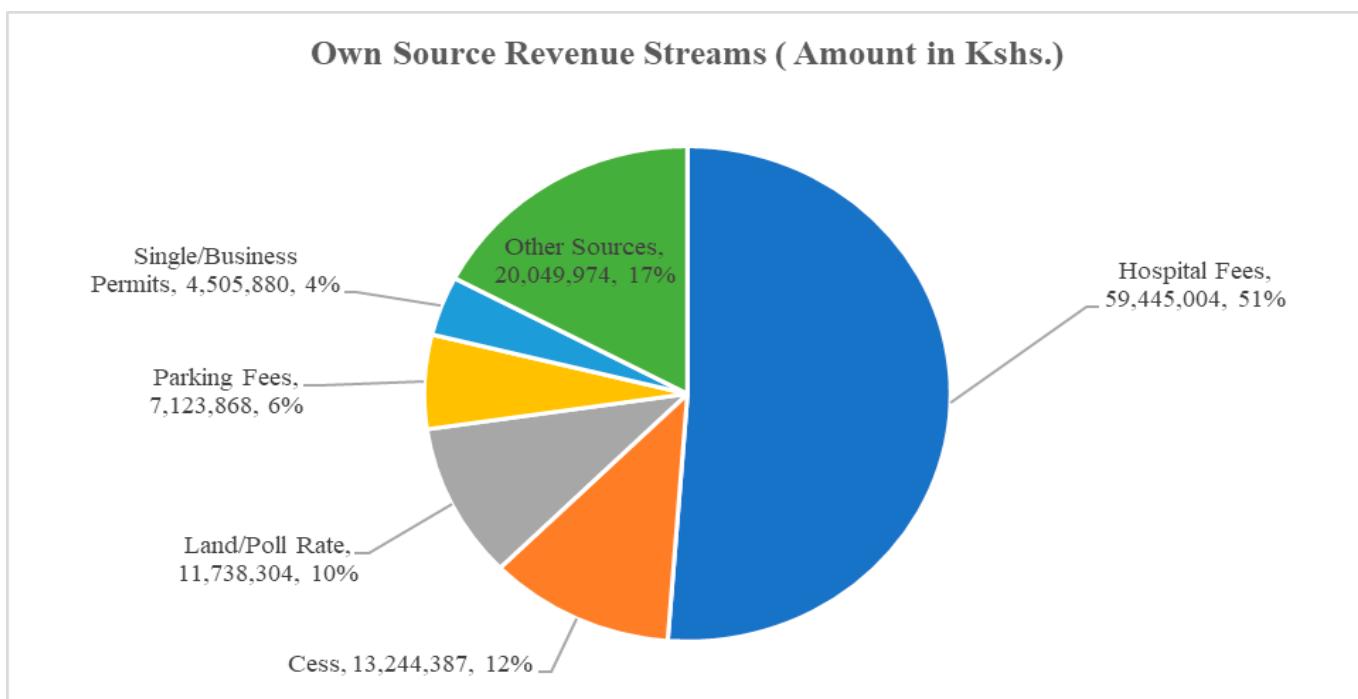
Figure 55: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Kwale County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.116.11 million from its own sources of revenue. This amount represented an increase of 7.5 per cent compared to Kshs.108.00 million realised in a similar period in FY 2021/22 and was 20.8 per cent of the annual target and 5.7 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.15.37 million. The revenue streams which contributed the highest OSR are shown in Figure 56.

Figure 56: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Kwale County Treasury

The highest revenue stream of Kshs.59.45 million was from hospital fees contributing to 51 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.3.59 billion from the CRF account during the reporting period. This amount comprised Kshs.157.99 million (4.4 per cent) for development programmes and Kshs.3.43 billion (95.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.96 billion was released towards compensation to employees and Kshs.1.47 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.357.20 million.

3.19.4 County Expenditure Review

The County spent Kshs.3.16 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.2 per cent of the total funds released by the CoB and comprised Kshs.72.64 million and Kshs.3.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.5 per cent, while recurrent expenditure represented 44.8 per cent of the annual recurrent expenditure budget.

3.19.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.694.07 million.

3.19.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.74 billion on employee compensation, Kshs.1.28 billion on operations and maintenance, and Kshs.72.64 million on development activities. Similarly, the County Assembly spent Kshs.47.96 million on employee compensation and Kshs.25.07 million on operations and maintenance, as shown in Table 113.

Table 113: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,015,515,661	875,860,410	3,016,709,549	73,025,856	50.15	8.34
Compensation to Employees	3,101,334,260	301,291,321	1,732,870,073	47,957,578	55.87	15.92
Operations and Maintenance	2,914,181,401	574,569,089	1,283,839,476	25,068,278	44.05	4.36
Development Expenditure	4,545,013,050	293,280,662	72,643,548	-	1.60	-
Total	10,560,528,711	1,169,141,072	3,089,353,097	73,025,856	29.25	6.25

Source: Kwale County Treasury

3.19.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.78 billion, or 51.8 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.44 billion. This expenditure represented an increase from Kshs.1.57 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.892.06 million 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.1.77 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.7.91 million was processed through manual payrolls. The manual payrolls accounted for 0.004 per cent of the total PE cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.6.23 million on committee sitting allowances for the 30 MCAs and the Speaker against the annual budget allocation of Kshs.44.69 million. The average monthly sitting allowance was Kshs.33,502 per MCA.

3.19.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs. 659.78 million to county-established funds in FY 2022/23, which constituted 5.6 per cent of the County's overall budget. Table 114 summarises each established Fund's budget allocation and performance during the reporting period.

Table 114: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Bud- get Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Ex- penditure for the First Half of FY 2022/23 (Kshs.)	Submission of Fi- nancial Statements as of 31 st December 2022(Yes/No)
		A	B	C	D
County Executive Established Funds					
1.	Kwale County Bursary and scholarship fund	400,000,000	400,000,000	400,000,000	NO
2	Emergency Fund	9,419,880	-	-	NO
3	Kwale County Trade Revolving Fund	-	-	-	NO
4	Kwale County Youth, Women and Persons with Disability County Fund	-	-	-	YES
County Assembly Established Funds					
1.	Kwale County Assembly Members and staff Loan Scheme Fund.	250,360,000	-	-	YES
Total		659,779,880	400,000,000	400,000,000	

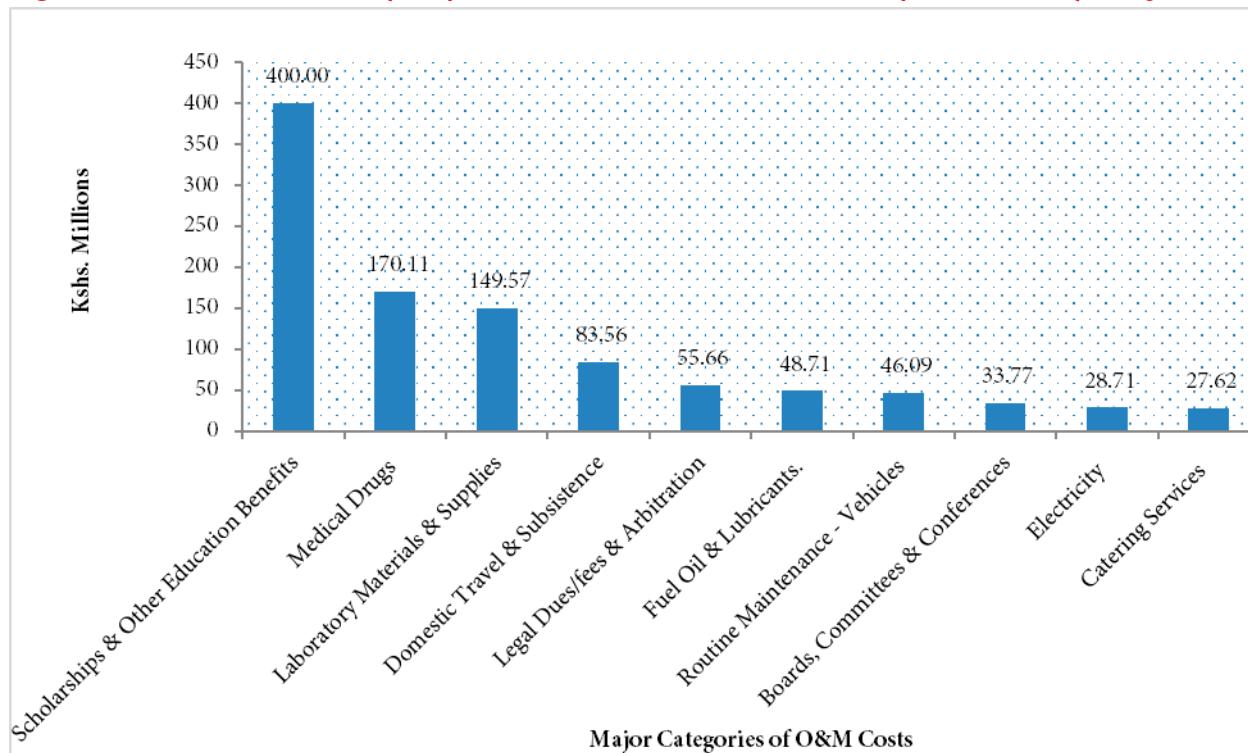
Source: Kwale County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the the Bursary Fund, Emergency Fund and Trade Revolving

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.83.56 million by the County Executive only. Expenditure on foreign travel amounted to Kshs.1.01 million and comprised of Kshs.0.96 million by the County Assembly and Kshs.0.05 million by the County Executive.

3.19.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.72.64 million on development programmes, representing a decrease of 91.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.888.03 million. Table 115 summarises development projects in which payments were made in the reporting period.

Table 115: Kwale County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status { % }
Governance	Construction of the Governor's residence	Tsimba/Golini	183,403,077	118,790,822	64.8
Trade	Construction of a Fresh produce Wholesale market at Kombani	Waa/Ngombeni ward	118,634,482	106,840,083	90.1
Trade	Construction of Fruit Processing plant at Shimba Hills - Phase I	Kubo South ward	61,562,268	61,562,268	100.0
Trade	Construction of fruit processing plant in Shimba hills Phase I - Kubo south ward	Kubo south ward	67,794,770	54,462,580	80.3
Social Services	Construction of Kwale stadium	Matuga	102,429,001	43,437,386	42.4
Revenue	Provision of Valuation Roll for Revenue Automation	Head Quarters	28,827,022	23,861,617	82.8

Sector	Project Name	Project Location	Contract Sum {Kshs.}	Amount Paid To date {Kshs.}	Implementation Status {%)
Tourism& ICT	construction of Majimoto eco-resort phase III	Dzombo ward	22,457,225	21,246,880	94.6
Tourism& ICT	Design and installation of backbone fibre optic network infrastructure- 4 km	Central-Hqs	18,396,057	18,396,057	100.0
Tourism& ICT	Design and completion of standard metropolitan area network	Kwale County Hq-Tsimba Golini	17,374,924	17,374,924	100.0

Source: Lamu County Treasury

3.19.11 Budget Performance by Department

Table 116 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 116: Kwale County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Finance and Economic Planning	1,049.42	63.81	346.19	-	340.92	-	98.5	-	32.5	-
Agriculture, Livestock and Fisheries	209.50	498.37	88.01	9.08	81.90	5.00	93.1	55.1	39.1	1.0
Land, Environment, Mining and natural resources	81.97	162.14	34.44	2.05	31.99	-	92.9	-	39.0	-
Medical and Public Health Services	2,758.01	647.45	1,512.21	25.63	1,356.05	-	89.7	-	49.2	-
County Assembly	875.86	293.28	225.18	99.99	73.03	-	32.4	-	8.3	-
Trade, Investment and Co-operative Development	58.46	190.32	29.26	-	28.81	-	98.5	-	49.3	-
Community Development	102.90	141.03	44.95	-	43.38	-	96.5	-	42.2	-
Executive Services	152.61	40.92	92.23	-	96.30	-	104.4	-	63.1	-
Education	926.94	695.19	741.56	12.45	743.92	60.17	100.3	483.3	80.3	8.7
Water Services	96.73	1,188.29	40.04	7.45	43.81	7.45	109.4	100.0	45.3	0.6
Roads and Public Works	172.16	745.49	61.05	-	51.31	-	84.0	-	29.8	-
Tourism and ICT	50.66	45.41	23.04	-	22.26	-	96.6	-	43.9	-
County Public Service Board	55.29	-	26.12	-	23.35	-	89.4	-	42.2	-
Public Service & Administration	281.08	20.94	159.23	1.34	148.96	-	93.6	-	53.0	-
Kwale Municipality	9.85	69.26	2.61	-	2.70	-	103.4	-	27.4	-
Diani Municipality	9.94	36.39	1.40	-	1.04	-	74.3	-	10.5	-
TOTAL	6,891.38	4,838.29	3,427.52	157.99	3,089.73	72.62	90.1	46.0	44.8	1.5

Source: Kwale County Treasury

Analysis of expenditure by Department shows that the Department of Education recorded the highest absorption rate of development budget at 8.7 per cent, followed by the Department of Agriculture, Livestock and Fisheries at 1.0 per cent. The Department of Education had the highest percentage of recurrent expenditure to budget at 80.3

per cent, while the Diani Municipality had the lowest at 10.5 per cent of budget allocation. Some departments reported expenditures above approved exchequer issues, which indicates weak internal control mechanisms at the County Treasury.

3.19.12 Budget Execution by Programmes and Sub-Programmes

Table 117 summaries the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 117: Kwale County, Budget Execution by Programmes and Sub-Programmes

Name of the Programme	Approved Estimates		Actual Expenditure as of 31st December, 2022		Absorption Rate %	
	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)
Finance and Economic Planning						
Budget formulation, co-ordination and management (0703023060)	98,758,505		51,671,893		52.3	-
General Administration (0704043060)	662,417,974	60,810,289	119,122,100		18.0	-
Revenue Collection Management (0710013060)	60,692,972	3,000,000	8,364,475		13.8	-
Public Finance and Accounting Services (0711013060)	20,407,012		5,332,751		26.1	-
Procurement Services (0711023060)	11,566,000		2,411,680		20.9	-
Risk Assurance Services (0711033060)	21,421,325		2,891,190		13.5	-
Personal Services (0704013060)	174,155,265		151,122,622		86.8	-
TOTALS	1,049,419,053	63,810,289	340,916,711	-	32.5	-
Agriculture, Livestock and Fisheries						
General administration and support services {0102053060}	164,758,131	324,360,833	77,989,095		47.3	-
Crop production & food security {0107013060}	2,631,000	42,101,018	770,750		29.3	-
Dairy and meat production {0108013060}	3,604,483	22,200,000	891,700		24.7	-
Fish production management {0109013060}	4,159,096	27,687,050	541,514		13.0	-
Livestock disease control {0108033060}	9,065,000	60,020,000	432,300		4.8	-
Farmland utilization, mechanization & crop storage {0107033060}	22,758,860	20,000,000	1,028,542	5,000,000	4.5	25.0
Agricultural extension, research & training. {0107023060}	2,525,000	2,000,000	248,800		9.9	-
Total	209,501,570	498,368,901	81,902,701	5,000,000	39.1	1.0
Land, Environment, Mining and natural resources						

Name of the Programme	Approved Estimates		Actual Expenditure as of 31st December, 2022		Absorption Rate %	
	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)
0102053060 (General administration and Support services)	32,004,454	101,338,944	10,556,121	-	33.0	-
0102063060 (Personnel Services)	26,941,639	-	19,191,652	-	71.2	-
'0102073060 ()	11,426,233	-	19,600	-	0.2	-
0104013060 (Physical development plans)	4,600,000	37,000,000	644,025	-	14.0	-
0105013060 (Establishment of squatter settlement schemes)	3,800,000	23,800,000	1,580,100	-	41.6	-
0106023060 (County Environmental Awareness Initiative)	3,100,000	-	-	-	-	-
0901023060 ()	100,000	-	-	-	-	-
TOTAL	81,972,326	162,138,944	31,991,498	-	39.0	-
Medical and Public Health Services						
General Administration (0403013060)	99,189,205	375,604,430	43,213,850	-	43.6	-
Medical Drugs (0402043060))	520,765,641	-	328,991,148	-	63.2	-
Personnel Services (0403053060)	1,852,248,939	-	892,063,649	-	48.2	-
Msambweni Hospital (0405013060)	74,590,883	48,685,104	31,001,084	-	41.6	-
Kinango Hospital (0406013060)	28,927,000	35,120,000	13,377,706	-	46.2	-
Kwale Hospital (0407013060)	24,650,000	22,699,406	14,581,170	-	59.2	-
Tiwi Rural Health Facility (0408013060)	7,340,000	-	3,365,309	-	45.8	-
Samburu Hospital (0409013060)	30,565,000	-	6,791,677	-	22.2	-
Lungalunga Hospital (0410013060)	18,820,000	6,629,510	9,366,949	-	49.8	-
Public Health (0401053060)	5,839,657	-	1,138,892	-	19.5	-
Rural Health Facilities (0412013060)	55,478,597	158,714,452	11,542,419	-	20.8	-
Diani Health Centre (0413013060)	2,615,000	-	620,400	-	23.7	-
Maternal New Born and Child Health (0401023060)	22,171,888	-	-	-	-	-
operational Rural Health Facilities (0402023060)	14,805,000	-	-	-	-	-
Total	2,758,006,810	647,452,902	1,356,054,253	-	49.2	-
County Assembly						
Audit Services (0704013060)	301,291,321	-	47,957,579	-	15.9	-
General Administration and Support Services (0704043060)	180,187,049	263,280,662	17,765,591	-	9.9	-

Name of the Programme	Approved Estimates		Actual Expenditure as of 31st December, 2022		Absorption Rate %	
	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)
Oversight and legislation of county affairs	394,382,040	30,000,000	7,302,687	-	1.9	-
Total	875,860,410	293,280,662	73,025,857	-	8.3	-
Trade, Investment and Co-operative Development						
Administration services (0305023060)	10,526,778	87,396,454	3,280,617	-	31.2	-
Construction of new markets (0306023060)	2,663,069	44,010,397	919,692	-	34.5	-
Weights & Measures	2,372,000	1,012,950	1,162,520	-	49.0	-
Trade Development and Investment	6,349,500	11,114,246	2,195,213	-	34.6	-
Other Current Transfers (0306023060)	-	-	-	-	-	-
Personnel Services (305013060)	32,127,590	-	20,266,406	-	63.1	-
Co-operative Development	3,132,000	5,087,050	812,061	-	25.9	-
Industry & Enterprise Development	1,288,607	41,701,327	178,349	-	13.8	-
TOTAL	58,459,544	190,322,424	28,814,858	-	49.3	-
Community Development						
Administration	51,236,605	23,324,181	27,665,599	-	54.0	-
Community development	19,200,000	45,214,786	4,576,885	-	23.8	-
Culture and heritage	16,416,925	-	9,375,028	-	57.1	-
Sports and talent management	16,050,000	72,491,477	1,758,614	-	11.0	-
Total	102,903,530	141,030,444	43,376,126	-	42.2	-
Executive Services						
704003068(Office of Governor Deputy Governor)	135,524,810	40,921,795	96,301,431	-	71.1	-
707003068(Directorate of Communication)	17,082,521	-	-	-	-	-
TOTAL	152,607,331	40,921,795	96,301,431	-	63.1	-
Education						
Personnel Services (0502023060)	432,083,678	-	327,782,364	-	75.9	-
Scholarship and Bursary (0504013060)	400,000,000	-	400,000,000	-	100.0	-
Administration Planning support service (0502013060)	12,134,731	283,846,398	4,922,056	60,189,348	40.6	21.2
Infrastructure development (0503023060) & (0501043060)	-	411,345,298	-	-	-	-
Youth Training Development (0503013060)	15,900,000	-	4,914,125	-	30.9	-
Early Childhood Development (0501043060)	66,817,400	-	6,300,803	-	9.4	-
Total	926,935,809	695,191,696	743,919,348	60,189,348	80.3	8.7
Water Services						

Name of the Programme	Approved Estimates		Actual Expenditure as of 31st December, 2022		Absorption Rate %	
	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)
Construction & Maintenance of water pipeline supply systems (1001023060)		144,800,000		-	-	-
Development of Borehole water supply system (1001033060)	-	96,125,844	-	-	-	-
Development/Construction of surface water supply systems (1001043060)	-	-	-	-	-	-
Community Water Project (1001063060)	-	34,516,685	-	7,454,200	-	21.6
Personnel Services (1002013060)	35,426,928	-	18,208,375	-	51.4	-
Administration Services (1002023060)	61,299,807	690,856,693	25,601,513	-	41.8	-
TOTAL	96,726,735	966,299,222	43,809,888	7,454,200	45.3	0.8
Roads and Public Works						
Administration Services (0305023060)	104,938,145	308,252,522	19,272,369		18.4	-
Rehabilitation of Roads, Drainage and bridges (0202013060)		385,850,468		-	-	-
Personnel Services (0305013060)	67,225,905		32,037,641		47.7	-
Installation of Street Lighting Facilities (0203013060)		51,387,050		-	-	-
TOTAL	172,164,050	745,490,040	51,310,010	-	29.8	-
Tourism and ICT						
Personnel services {0305013060}	20,921,809	-	12,387,585	-	59.2	-
Administration services {0305023060}	21,067,499	16,049,218	7,376,296	-	35.0	-
Local area network installation and ICT support {0308013060}	5,110,934	20,883,345	1,019,650	-	20.0	-
Tourism Promotion {0304013060}	3,560,605	8,481,050	1,479,670	-	41.6	-
TOTAL	50,660,847	45,413,613	22,263,201	-	43.9	-
County Public Service Board						
Human resource planning (706013060)	14,714,312	-	7,172,473	-	48.7	-
Transformation of service delivery in public service (706023060)	5,000,000	-	1,648,900	-	33.0	-
Compensation to employees (706043060)	29,298,166	-	11,885,706	-	40.6	-
Human resource planning (706053060)	4,000,000	-	1,104,400	-	27.6	-

Name of the Programme	Approved Estimates		Actual Expenditure as of 31st December, 2022		Absorption Rate %	
	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)	Recurrent (Kshs.)	Development (Kshs.)
Staff rationalisation (706063060)	2,281,505	-	1,538,650	-	67.4	-
TOTAL	55,293,983	-	23,350,129	-	42.2	-
Public Service & Administration						
704013060(Audit Services)	183,229,195	20,936,933	107,487,302		58.7	-
704043060General Administration	26,786,369		18,712,928		69.9	-
708033060County compliance and enforcement	14,285,200		1,537,030		10.8	-
712013060Sub County Admin Msambweni	8,082,512		3,350,290		41.5	-
712023060Sub County Admin Lunga Lunga	9,808,112		2,973,000		30.3	-
712033060Sub County Admin Matuga	11,102,000		3,005,915		27.1	-
712043060Sub County Admin Kinango	9,211,600		6,036,653		65.5	-
713013060 County garbage and Cleaning Services	9,424,445		5,514,119		58.5	-
714013060(Human Resource Mgt)	9,150,000		343,640		3.8	-
	281,079,433	20,936,933	148,960,877	-	53.0	-
Kwale Municipality						
0102063060 (Personnel)	1,749,685	-	-	-	-	-
0111013060 (Kwale municipality)	8,099,209	69,260,304	2,694,968	-	33.3	-
TOTAL	9,848,894	69,260,304	2,694,968	-	27.4	-
Diani Municipality						
0102063060 (Personnel)	2,099,622	-	-	-	-	-
0112013060 (Diani municipality)	7,836,125	36,388,491	1,043,550	-	13.3	-
	9,935,747	36,388,491	1,043,550	-	10.5	-
Grand Total	6,891,376,072	4,616,306,660	3,089,735,406	72,643,548	44.8	1.6

Source: Kwale County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Bursary and scholarship in the Department of Education at 100.0 per cent, personnel services in the Department of Finance at 86.8 per cent, personnel services in the Department of Education at 75.9 per cent, and personnel services in the Department of Land, Environment, Mining and natural resources at 71.2 per cent of budget allocation.

3.19.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.116.11 million against an annual projection of Kshs. 557.12 million, representing 20.8 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 116 county, where

- the County incurred expenditure over approved exchequer issues in some departments.
- 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 and Scholarship Fund, Trade Revolving Fund and Emergency Fund were not submitted to the Controller of Budget.

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

- The County should address its own source revenue performance to ensure the approved budget is fully financed.*
- The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, the County Treasury should identify and address the capacity challenges to eliminate the diversion of funds issue.*
- The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.20 County Government of Laikipia

3.20.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.6.85 billion, comprising Kshs.1.79 billion (26.2 per cent) and Kshs.5.06 billion (73.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 25.1 per cent compared to the previous financial year when the approved budget was Kshs.8.57 billion and comprised of Kshs.3.81 billion towards development expenditure and Kshs.4.77 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (73.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.29 billion (18.6 per cent) from its own source of revenue, Kshs.363.3 million (5.2 per cent) as conditional grants, and a cash balance of Kshs.25.83 million (0.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 117.

The cash balance from the previous financial year comprised Kshs.20.26 million, which was unspent conditional grants and Kshs.5.57 million as the balance in the CRF account.

3.20.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.11 billion as the equitable share of the revenue raised nationally, raised Kshs.331.93 million as own-source revenue and had a cash balance of Kshs.25.83 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.46 billion, as shown in Table 118.

Table 118: Laikipia County, Revenue Performance in the First Half of FY 2022/23

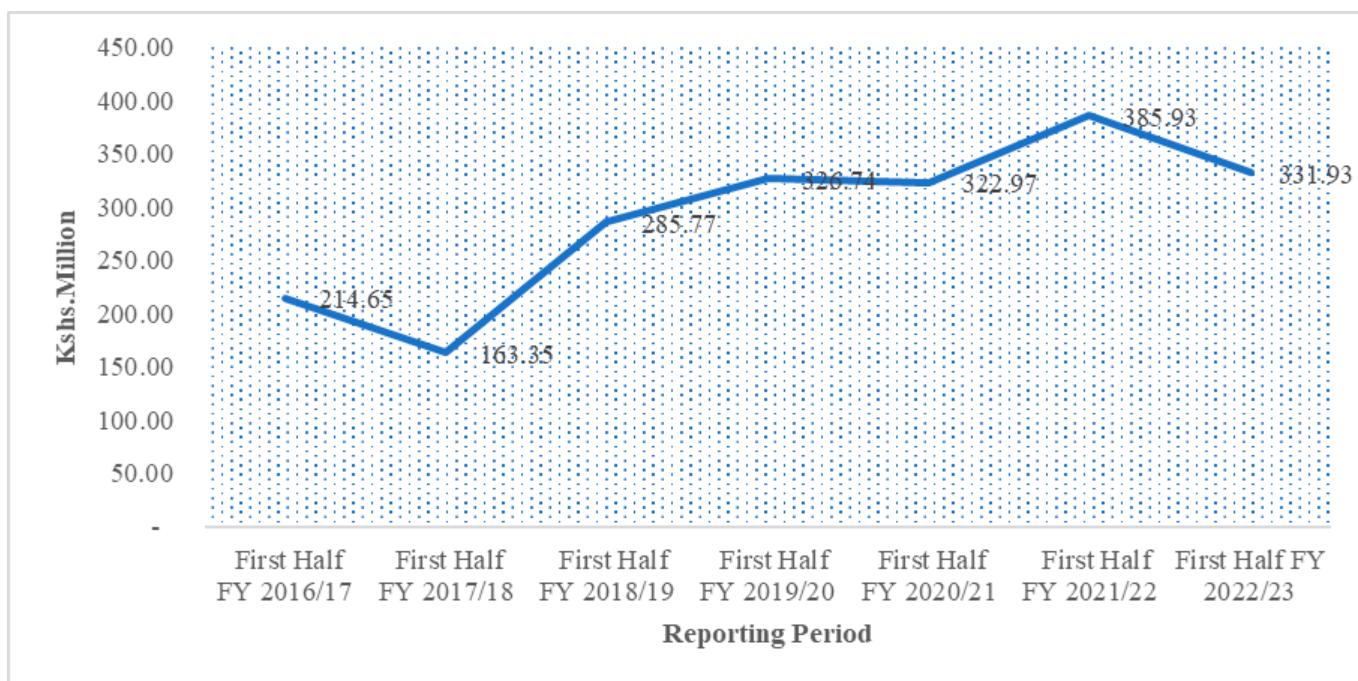
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,136,265,679	2,105,868,927	41
B	Conditional Grants			
1.	Transforming Health Systems for Universal Care Project	36,205,271	-	-
2.	Kenya Climate Smart Agriculture Project	116,327,634	-	-
3.	UNICEF	10,000,000	-	-
4.	DANIDA Grant	12,804,400	-	-
5.	EU Ideas	26,914,415	-	-
6.	Locally-Led-Climate Action Programme	11,000,000	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
7.	Agricultural Sector Development Support Programme (II)	27,031,259	-	-
8.	KDSP level 2 investment grant	12,382,325	-	-
9.	Lease of medical equipment's	110,638,298	-	-
Sub total		363,303,602 -	-	
C	Other Sources of Revenue			
1.	Own Source Revenue	1,297,000,000	331,934,597	25.6
2.	Unspent balance from FY 2021/22	25,825,739	25,825,739	100.0
3.	Other Revenues	161,661,764	-	-
Sub Total		1,484,487,503	357,760,336	24.1
Grand Total		6,984,056,784	2,463,629,263	35.3

Source: Laikipia County Treasury

Figure 58 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

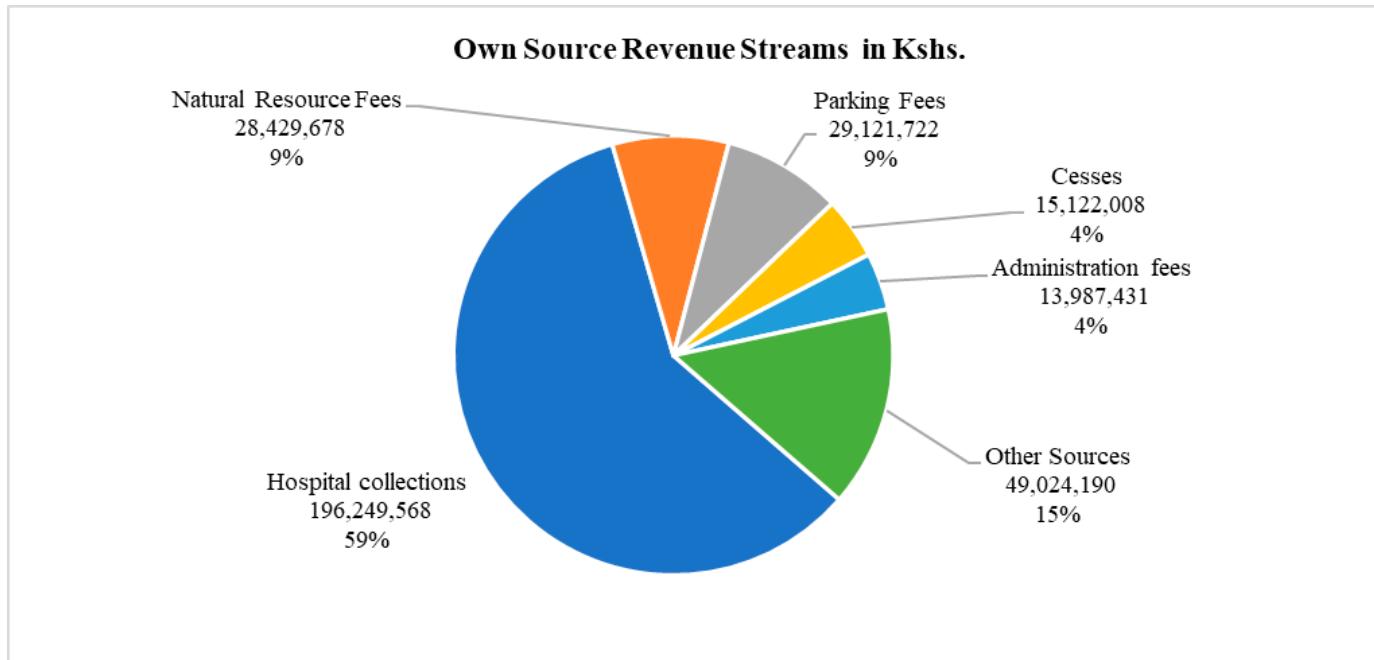
Figure 58: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Laikipia County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.331.93 million from its own sources of revenue. This amount represented a decrease of 13.9 per cent compared to Kshs.385.93 million realised in a similar period in FY 2021/22 and was 25.6 per cent of the annual target and 15.8 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.17.35 million. The revenue streams which contributed the highest OSR are shown in Figure 59.

Figure 59: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Laikipia County Treasury

The highest revenue stream of Kshs.196.25 million was from hospital collections contributing 59 per cent of the total OSR collected during the reporting period.

3.20.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.25 billion from the CRF account during the reporting period, which comprised Kshs.73.84 million (3.3 per cent) for development programmes and Kshs.2.17 billion (96.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.58 billion was released towards compensation to employees, Kshs.589.39 million was for Operations and Maintenance expenditure while Kshs.73.84 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.247.65 million.

3.20.4 Borrowing by the County

The County Treasury has an arrangement with the Cooperative Bank of Kenya for payment of salaries whenever there is a delay in the disbursement of the equitable share by the National Treasury.

3.20.5 County Expenditure Review

The County spent Kshs.2.28 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 Kshs.121.12 million and Kshs.2.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.7 per cent, while recurrent expenditure represented 42.7 per cent of the annual recurrent expenditure budget.

3.20.6 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.848.85 million, which comprised Kshs.556.65 million for recurrent expenditure and Kshs.292.19 million for development activities. During the review period, pending bills amounting to Kshs.40.68 million were settled.

The County Treasury provided a fresh list of outstanding pending bills of Kshs.1.43 billion as of 31st December 2022, which is a significant increase from what had been reported at the beginning of the year. A pending bills committee has been established to review all claims against the county government.

3.20.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.48 billion on employee compensation, Kshs.369.18 million on operations and maintenance, and Kshs.119.82 million on development activities. Similarly, the County Assembly spent Kshs.99.12 million on employee compensation, Kshs.204.93 million on operations and maintenance, and Kshs.1.31 million on development activities, as shown in Table 119.

Table 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	4,394,252,468	662,869,078	1,853,256,308	304,046,707	42.2	45.9
Compensation to Employees	3,270,068,295	219,508,383	1,484,079,477	99,115,010	45.4	45.2
Operations and Maintenance	1,124,184,173	443,360,695	369,176,831	204,931,697	32.8	46.2
Development Expenditure	1,693,042,768	103,000,000	119,817,038	1,306,223	7.1	1.3
Total	6,087,295,236	765,869,078	1,973,073,346	305,352,930	32.4	39.9

Source: Laikipia County Treasury

3.20.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.58 billion, or 64.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.46 billion. This expenditure represented an increase from Kshs.1.26 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.783.46 million paid to health sector employees, translating to 49.5 per cent of the total wage bill.

Further analysis indicates that P.E costs amounting to Kshs.1.29 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.291.64 million was processed through manual payrolls. The manual payrolls accounted for 18.4 per cent of the total P.E cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.25 million on committee sitting allowances for the 21 MCAs and the Speaker against the annual budget allocation of Kshs.22.18 million. The average monthly sitting allowance was Kshs.25,763 per MCA. The County Assembly has established 18 Committees. During; the reporting period, a total of two bills were processed and approved by the County Assembly.

3.20.9 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.339.4 million to county-established funds in FY 2022/23, which constituted 4.9 per cent of the County's overall budget. Table 120 summarises each established Fund's budget allocation and performance during the reporting period.

Table 120: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1.	Cooperative Revolving Fund	500,000	-	-	YES	-
2	Enterprise Revolving Fund	4,083,000	-	-	YES	-
3	Leasing fund	37,500,000	9,000,000	9,000,000	YES	24.0
4	Emergency Fund	50,000,000	-	-	YES	-
5	Bursary Fund	52,200,000	26,100,000	26,100,000	YES	50.0
6	County Business Stimulus Fund	-		-	YES	-
7	Executive Car & Mortgage scheme	-		-	YES	-
	Total	144,283,000	35,100,000	35,100,000	YES	24.3
County Assembly Established Funds						
1.	County Assembly Car & Mortgage Scheme	195,114,621	75,000,000	99,000,000	YES	50.7
	Total	339,397,621	110,100,000	134,100,000		39.5

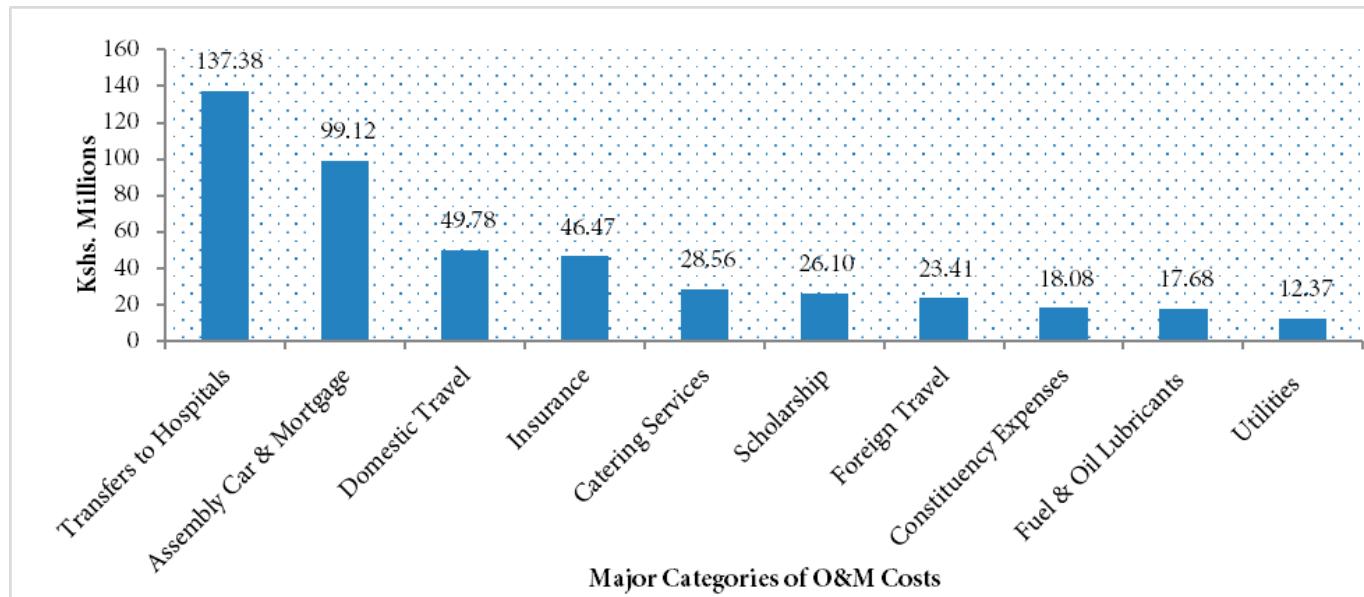
Source: Laikipia County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of all the funds as indicated in Table 120 in line with the requirement of Section 168 of the PFM Act, 2012.

3.20.10 Expenditure on Operations and Maintenance

Figure 60 shows a summary of 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.49.78 million and comprised of Kshs.17.25 million spent by the County Assembly and Kshs.32.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.23.41 million and comprised of Kshs.7.76 million by the County Assembly and Kshs.15.65 million by the County Executive.

3.20.11 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.121.12 million on development programmes, representing a decrease of 83.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.740.99 million. Table 121 summarises development projects with the highest expenditure in the reporting period.

Table 121: Laikipia County, List of Development Projects with the Highest Expenditure

No.	Sector	Description	Project Location	Budget (Kshs.)	Amount Paid to date (Kshs.)	Implementation status (%)
1.	Health	Medical drugs & Non-pharmaceuticals	Countywide	180,660,000	67,545,166	37.4
2.	Water	Implementation of Kinamba Water Project	Githiga Ward	12,000,000	12,000,000	100.0
3.	Infrastructure	Repair of Grader CG016A and KCD 733G	Headquarters	5,103,531	5,103,531	100.0
4.	Water, Infrastructure	Fuel card replenishment for heavy-duty machinery	Countywide	9,800,000	9,800,000	100.0
5.	Infrastructure	Lease rentals for garbage and refuse collection	Countywide	6,000,000	6,000,000	100.0

Source: Laikipia County Treasury

3.20.12 Budget Performance by Department

Table 122 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 122: 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 Administration Services	3,598.60	32.29	1,588.84	-	1,567.60	12.00	98.7	-	43.6	37.2
County Treasury Services	197.75	406.78	33.46	8.78	52.09	10.53	155.7	120.0	26.3	2.6
Health Services	406.39	695.66	227.25	28.00	170.91	67.55	75.2	241.2	42.1	9.7
Agriculture, Livestock & Fisheries	49.24	179.24	5.41	11.25	8.32	6.45	154.0	57.3	16.9	3.6
Infrastructure, Physical Planning & Lands	10.54	235.07	1.78	20.05	1.84	19.01	103.5	94.8	17.5	8.1
Education services	110.50	43.03	44.50	-	46.00	-	103.4	-	41.6	-
Trade, Tourism & Cooperatives	9.22	45.00	2.23	-	2.31	-	103.3	-	25.0	-
Water, Environment & Natural Resources	10.02	51.00	3.34	4.45	3.68	4.28	110.2	96.0	36.8	8.4
County Assembly	662.87	103.00	266.51	1.31	304.05	1.31	114.1	100.0	45.9	1.3
Rumuruti Municipality	2.00	4.98	0.50	-	0.50	-	100.0	-	25.0	-
	5,057.12	1,796.04	2,173.81	73.84	2,157.30	121.12	99.2	164.0	42.7	6.7

Source: Laikipia County Treasury

Analysis of expenditure by department shows that the Department of County Administration recorded the highest absorption rate of development budget at 37.2 per cent, followed by the Department of Health Services at 9.7 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 45.9 per cent, while the Department of Agriculture had the lowest at 16.9 per cent. Most of the departments had their recurrent expenditures well above exchequer issues, pointing to poor budgetary controls.

3.20.13 Budget Execution by Programmes and Sub-Programmes

Table 123 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23

Table 123: Laikipia County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Education					
General Administration & Planning services	Personnel services				
	Administration Services	4,736,405	2,569,705	2,166,700	54.3
Vocational Training Institutes.	Vocational Training Institutes.	29,647,149	10,745,150	18,901,999	36.2
Collaboration with Stakeholders	Collaboration with Stakeholders.	3,500,000	-	3,500,000	-
Gender Culture and Social Services.	Gender Culture and Social Services.	7,878,948	-	7,878,948	-
Youth and Sports.	Youth & Sports	13,000,000	3,745,159	9,254,841	28.8
Education & Library Services	Education and Library Services.	91,660,000	28,935,650	62,724,350	31.6
Talent Development Services	Child care & rehabilitation	2,603,136	-	2,603,136	-
	Talent Development	500,000	-	500,000	-
Sub-total		153,525,638	45,995,664	107,529,974	30.0
County Assembly					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration & Planning Services	Administration services	397,721,447	182,428,024	215,293,423	45.9
Legislative & Oversight	Legislation & Oversight Services	265,147,631	121,618,683	143,528,948	45.9
Infrastructure improvement services	County Assembly Infrastructure improvement	103,000,000	1,306,223	101,693,777	1.3
Sub-total		765,869,078	305,352,930	460,516,148	39.9
County Health Services					
Curative & Rehabilitative Health	Health Infrastructure Development	175,000,000	-	175,000,000	-
	Health Products & Technologies Support	200,000,000	49,412,913	150,587,087	24.71
	Emergency Referral & Rehabilitative Service	590,804,400	149,036,405	441,767,995	25.23
General Administration & Planning Services	Essential Health Institutions & Services	30,000,000	9,962,448	20,037,552	33.21
	Strategic health Interventions	36,205,271	432,000	35,773,271	-
	Human Resource Development	12,000,000	9,205,097	2,794,903	76.71
	Health Policy, Governance, Planning & Financing	8,000,000	2,006,600	5,993,400	25.08
	Health Information Standards & Quality Assurance	6,000,000	3,375,000	2,625,000	56.25
	Community Health Strategy, Advocacy & Surveillance	12,040,400	10,893,600	1,146,800	90.48
Preventive Health Services	Family Planning, Maternal & Child Health Services	9,000,000	1,806,590	7,193,410	20.07
	Non-Communicable Diseases Control & Prevention	3,000,000	1,120,000	1,880,000	37.33
	Public Health Promotion & Nutrition Services	5,000,000	500,000	4,500,000	10.00
	TB/HIV/AIDS Prevention & Control	15,000,000	706,260	14,293,740	4.71
Sub-total		1,102,050,071	238,456,913	863,593,158.05	21.64
Infrastructure, Physical Planning & Lands					
General Administration and Planning Services	Administration Services	7,000,000	1,376,690	5,623,310	19.7
	Planning and Financial Management	-	-	-	-
Financial Services	County Treasury administrative services	-	-	-	-
Land and Housing Management	Housing Policy Development	1,500,000	138,000.00	1,362,000	9.2
Public Works Service Delivery Improvement	County Building Construction Standard	1,000,000	63,000.00	937,000	6.3
Renewable /Green Energy Services	County renewable/green energy services	6,036,268	513,800.00	5,522,468	8.5
Roads Network Improvement Housing and Urban Development	Road Network improvement	210,000,000	18,762,653	191,237,347	8.9
	Road network maintenance	20,066,862		20,066,862	-
	Heavy equipment Maintenance			-	-
	Urban Development			-	-
Sub-total		245,603,130	20,854,143	224,748,988	8.5
Trade, Tourism & Cooperatives					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration & Planning services	Administration Services	1,570,000	449,300	1,120,700	28.6
	Personnel Services	2,700,000	500,000	2,200,000	18.5
	Pending bills	-	-	-	-
Co-operative Development and promotion	Co-operative Development and promotion	2,515,450	607,000	1,908,450	24.1
	Research & Development	-	-	-	-
	Revolving Fund	-	-	-	-!
Trade & Investments	Market Infrastructure Development/Trade Promotion Services	44,000,000	499,200	43,500,800	1.1
	Market Infrastructure Development	-	-	-	-
	Meteorological Lab-weights and measures	500,000	-	500,000	-
Tourism Development & Promotion	Tourism Promotion and Marketing	2,930,000	249,500.00	2,680,500	8.5
	Tourism Infrastructural Development	-	-	-	-
Sub-total		54,215,450	2,305,000	51,910,450	4.3
County Administration Services					
Human Capital Management & Development	Compensation to employees	3,462,302,619	1,516,610,883	1,945,691,736	43.8
	County Public Service Board	13,500,000	7,811,170	5,688,830	57.9
County Administration Services	Headquarter Administration Services	25,444,698	5,941,843	19,502,855	23.4
	ICT Infrastructure & Connectivity	4,300,000	400,000	3,900,000	9.3
	County Administration Services	6,400,000	1,400,000	5,000,000	21.9
	County services delivery and result reporting	1,000,000	850,000	150,000	85.0
	Car & Mortgage	-	-	-	-
	Decentralized Services	10,700,000	-	10,700,000	-
	Executive Support Service	64,150,000	24,054,049	40,095,951	37.5
	Grants & Transfers	13,289,366	12,000,000	1,289,366	-
	Urban Facilities Management	10,000,000	5,000,000	5,000,000	50.0
	Legal Services	2,500,000	1,249,750	1,250,250	50.0
Security & Policing Services	Disaster Reduction Management	-	-	-	-
	Enforcement and Disaster Management	1,000,000	400,000	600,000	40.0
	Alcohol Control Committee	3,000,000	382,960	2,617,040	12.8
	Intergovernmental & Donor Relations	4,000,000	1,850,000	2,150,000	46.3
	Fire Services	7,300,000	750,000	6,550,000	10.3
Public Participation & Civic Education	Public participation	2,000,000	900,000	1,100,000	45.0
Sub-total		3,630,886,683	1,579,600,655	2,051,286,028	43.5
Water, Environment & Natural Resources					
Water Development	Rural water supply and sanitation	21,500,000	500,000	21,000,000	2.3
General Administration & Support Services	Administrative and Planning Services	5,231,689	1,902,538.00	3,329,151	36.4
	Motor vehicle maintenance and fuel provision	4,787,900	1,781,950	3,005,950	37.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Environment & Natural Resources	Solid Waste Management	13,500,000	3,000,000	10,500,000	22.2
	Human-Wildlife Conflict Prevention	2,000,000	-	2,000,000	-
	Natural Resources Management	2,000,000	775,000.00	1,225,000	38.8
	Climate Change Adaptation & Mitigation	11,000,000	-	11,000,000	-
	Integrated land rehabilitation	1,000,000	-	1,000,000	-
Sub-total		61,019,589	7,959,488	53,060,101	13.0
Agriculture, Livestock & Veterinary					
Headquarter Services	Headquarter Administration Services	45,208,016	12,022,820	-	26.6
	Agriculture Sector Extension Management	27,031,259	2,750,000	-	10.2
Livestock Production	Livestock Resource Development and Management	2,200,000	-	-	-
	Livestock Marketing and Value Addition	4,800,000	-	-	-
Crop production & Horticulture	Land and Crop Productivity Enhancement and Management	5,000,000	-	-	-
	Strategic Food Security Service	26,914,415	-	-	-
	Agribusiness and Information Management		-	-	-
	Standards and Quality Assurance		-	-	-
	Climate Change Adaptation & Mitigation	116,327,634	-	-	-
Veterinary Services	Animal Health and Disease Management		-	-	-
Fisheries Services	Fisheries Development and Management	1,000,000	-	-	-
Sub-total		228,481,324	14,772,820	-	6.5
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	37,187,066	6,926,500	30,260,566	18.6
Administration, Planning & Support Services	Personnel Services	3,000,000	-	3,000,000	-
	General Administration Services	399,209,651	17,697,135	381,512,516	4.4
	Market Infrastructural Services	3,597,838	3,750,000	-152,162	104.2
Public Finance Management Services	Internal Audit Services	8,008,222	5,522,553	2,485,669	69.0
	Enterprise & Innovation	3,958,120	3,958,120	-	100.0
	Budget Management	4,229,245	2,648,900	1,580,345	
	Financial Automation Services	3,036,971	1,946,529	1,090,442	
	Revenue collection services	36,600,000	8,000,000	28,600,000	21.9
	Revenue Management	30,000,000	3,195,350	26,804,650	10.7
	County Emergency Fund	50,000,000	-	50,000,000	-
	Supply chain management services	2,813,518	1,403,300	1,410,218	49.9

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Development Planning Services	Monitoring and Evaluation Services	588,000	510,750	77,250	86.9
	Integrated Planning	1,418,436	796,900	621,536	
	Strategic Partnership & Collaboration	13,000,000	-	13,000,000	-
	Research, Statistics & Documentation	4,158,140	4,503,665.00	-345,525	108.3
	Participatory Budgeting	3,725,000	1,768,961	1,956,039	47.5
Sub-total		604,530,207	62,628,663	541,901,544	10.4
Rumuruti Municipality					
General Administration and Planning Services	Administration Services	1,000,000	500,000	500,000	50
Roads Network Improvement Housing and Urban Development	Road Network improvement	4,983,144	4,983,144	-	100
Sub-Total		6,983,144	500,000		7.2
GRAND TOTAL		6,853,164,314	2,278,426,276	4,574,738,038	33.2

Source: Laikipia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Research, Statistics & Documentation, and Market Infrastructural Services in the Department of Finance and Economic Planning at 108.3 per cent and 104.2 per cent of budget allocation, respectively. Absorption rates above 100 per cent are irregular and should be corrected through the supplementary budget process.

3.20.14 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.331.93 million against an annual projection of Kshs.1.29 billion, representing 25.6 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 122 where the County incurred expenditure over approved exchequer issues in several departments.
3. High level of pending bills which amounted to Kshs.1.43 billion as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs.247.65 million at the end of the first half of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.291.64 million were processed through the manual payroll and accounted for 18.4 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 should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should*

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

3.21 County Government of Lamu

3.21.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.4.64 billion, comprising Kshs.1.65 billion (35.5 per cent) and Kshs.3.0 billion (64.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 7.1 per cent compared to the previous financial year when the approved budget was Kshs.5.0 billion and comprised of Kshs.1.97 billion towards development expenditure and Kshs.3.03 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.3.11 billion (66.9 per cent) as the equitable share of revenue raised nationally, generating Kshs.131 million (2.8 per cent) from its own source of revenue, Kshs375.42 million (8.1 per cent) as conditional grants, and a cash balance of Kshs.1.03 billion (22.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 124.

The cash balance from the previous financial year comprises Kshs.228.05 million from unspent conditional grants, Kshs.248.45 million as an equitable share of the revenue raised nationally that had not been received at the end of the financial year, and Kshs. 551.96 million as the balance in the CRF account.

3.21.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.776.41 million as the equitable share of the revenue raised nationally, raised Kshs.54.84 million as own-source revenue, 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.1.86 billion, as shown in Table 124.

Table 124: Lamu County, Revenue Performance in the First Half of FY 2022/23

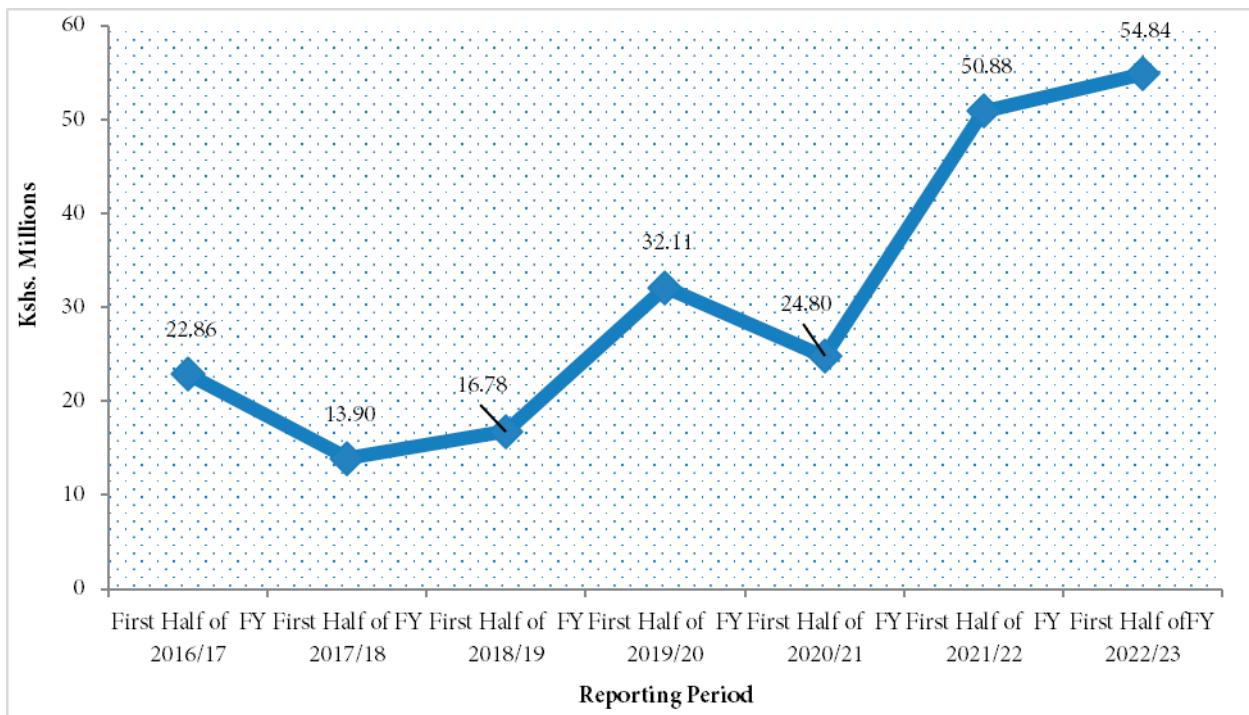
SNo.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	3,105,649,643	776,412,411	25
	Sub total	3,105,649,643	776,412,411	25
B	Conditional Grants			
1	Kenya Informal Settlements Improvement Project (KISIP)-Lamu Municipality	200,000,000	-	-
2	IDA(World bank/Kenya Climate Smart Agriculture Projects	144,452,636	-	-
3	Sweden AGRICULTURL Sector Development Support Programme (ASDSP II)	14,500,000	-	-
4	Financing Locally Led Climate Action Program-Flocca	11,000,000	-	-
5	DANIDA Grant Primary Health Care in Devolved Context	5,469,400	-	-
	Sub total	375,422,036	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	131,000,000	54,839,243	41.9
2.	Unspent balance from FY 2021/22	1,028,455,857	1,028,455,857	100
	Sub Total	1,159,455,857	1,083,295,100	93.4

SNo.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Grand Total		4,640,527,536	1,859,707,511	40.1

Source: Lamu County Treasury

Figure 61 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23

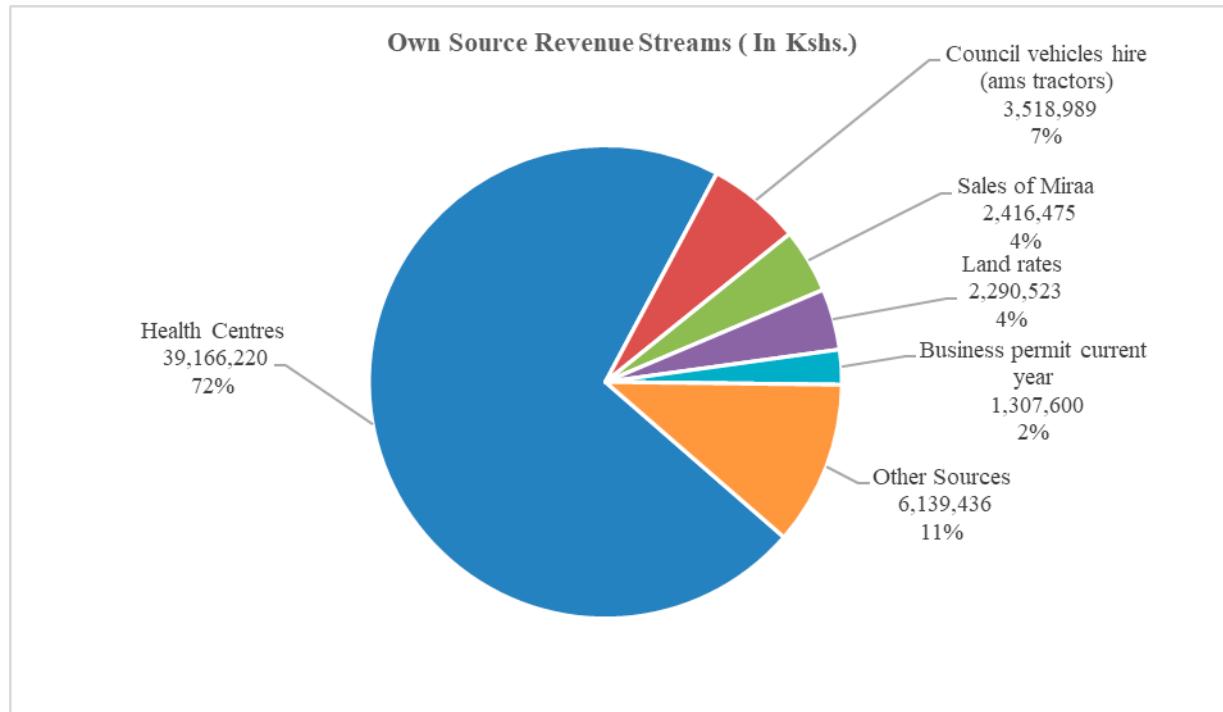
Figure 61: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Lamu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.54.84 million from its own sources of revenue. This amount represented an increase of 7.8 per cent compared to Kshs.50.88 million realised in a similar period in FY 2021/22 and was 41.9 per cent of the annual target and 7.1 per cent of the equitable share of revenue 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 the First Half of FY 2022/23



Source: Lamu County Treasury

The highest revenue stream of Kshs.39.17 million was from Health Centres, contributing to 72 per cent of the total OSR collected during the reporting period.

3.21.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.13 billion from the CRF account during the reporting period. This amount comprised Kshs.26.51 million (2.3 per cent) for development programmes and Kshs.1.11 billion (97.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 803.35 million was released towards compensation to employees, Kshs.304.55 million was for Operations and Maintenance expenditure, and Kshs.26.51 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.525.48 million.

3.21.4 County Expenditure Review

The County spent Kshs.1.16 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.6 per cent of the total funds released by the CoB and comprised Kshs.50.74 million and Kshs.1.11 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.1 per cent, while recurrent expenditure represented 37.2 per cent of the annual recurrent expenditure budget.

3.21.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.40.17 million

3.21.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.04 billion on employee compensation, Kshs.691.18 million on operations and maintenance, and Kshs.52.96 million on development activities. Similarly, the County Assembly spent Kshs.41.16 million on employee compensation and Kshs.30.94 million on operations and maintenance, as shown in Table 125.

Table 125: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	2,505,187,126	725,895,690	1,041,129,350	72,099,443	41.6	14.7
Compensation to Employees	1,542,370,788	232,814,832	691,175,977	41,157,626	44.8	17.7
Operations and Maintenance	962,816,338	257,435,168	349,953,373	30,941,817	36.3	12.0
Development Expenditure	1,501,090,410	144,000,000	50,739,002	-	3.4	-
Total	4,006,277,536	634,250,000	1,091,868,352	72,099,443	27.3	11.4

Source: Lamu County Treasury

3.21.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.732.33 million, or 39.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.1.86 billion. This expenditure represented an increase from Kshs.618.10 million reported in a similar period of FY 2021/22. The wage bill included Kshs.405.79 million paid to health sector employees, translating to 55.4 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.674.12 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.58.22 million was processed through manual payrolls. The manual payrolls accounted for 8.0 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.0.18 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.1,614 per MCA.

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 million to county-established funds in FY 2022/23, which constituted 3.9 per cent of the County's overall budget. Table 126 summarises each established Fund's budget allocation and performance during the reporting period.

Table 126: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
County Executive Established Funds						
1.	Lamu County Bursary Fund	120,000,000	80,440,414	55,938,857	No	20
2.	Emergency Fund	10,000,000	1,500,000	1,500,000	No	15

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022 (Yes/No.)	Absorption (%)
		A	B	C	D	C/A*100
3.	Persons with Disabilities Fund	7,000,000	-	-	No	-
4.	Women Empowerment Fund	8,000,000	-	-	No	-
5.	Youth Development Fund	7,000,000	-	-	No	-
County Assembly Established Funds						
1	Assembly Car Loan and Mortgage	27,000,000	-	-	No.	-
	Total	179,000,000	82,347,414	57,438,857		

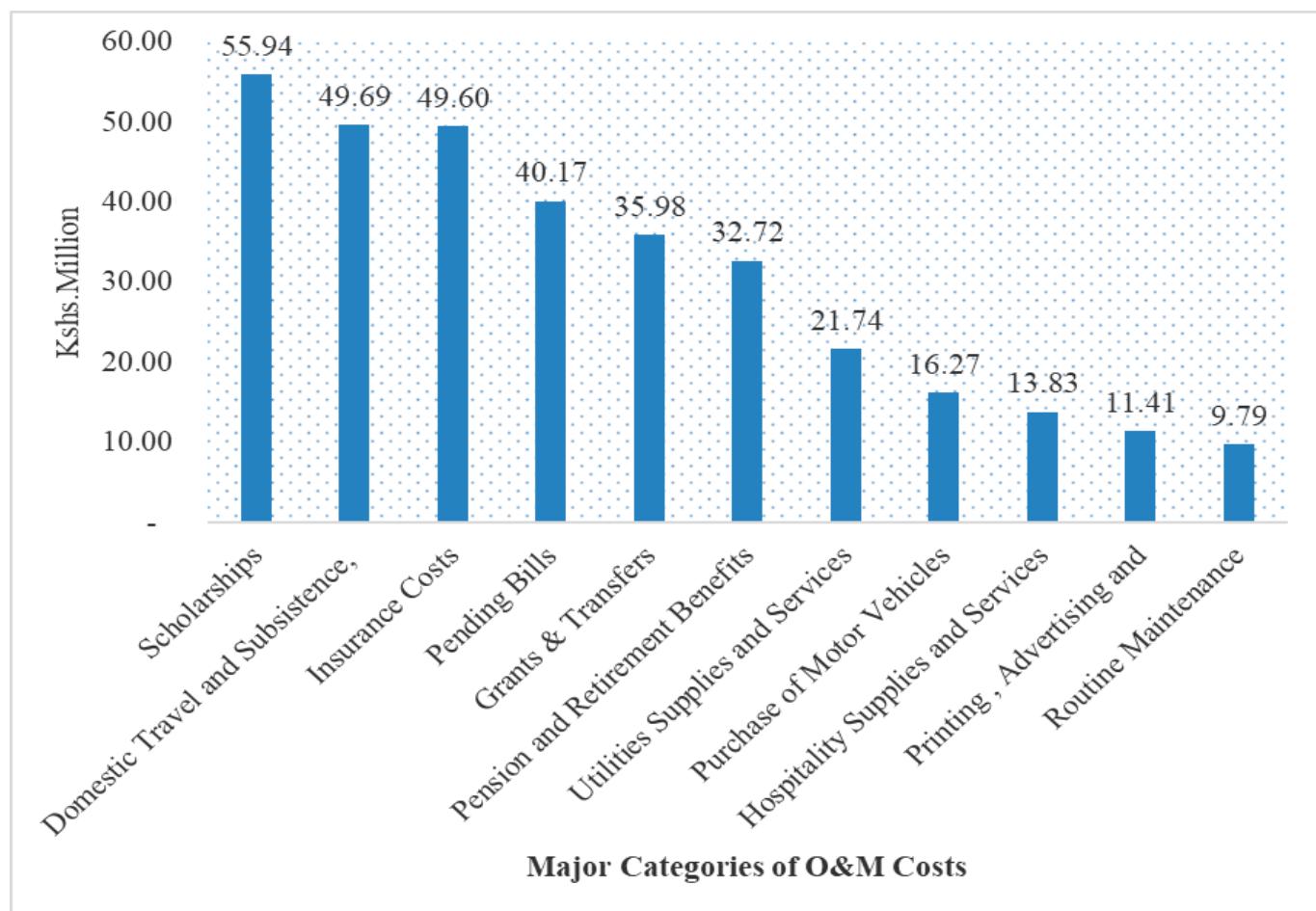
Source: Lamu County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from all the Fund Administrators, as indicated in Table 126, 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.49.69 million and comprised of Kshs.12.82 million spent by the County Assembly and Kshs.36.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.49 million and comprised of Kshs.4.39 million by the County Assembly and Kshs.0.10 million by the County Executive.

3.21.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.50.74 million on development programmes, representing a decrease of 29.8 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.72.29 million. Table 127 summarises development projects with the highest expenditure in the reporting period.

Table 127: 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	Agriculture & Planning	Promotion of Co-operative Marketing and Value Addition. -ASDSPII Grant	County Wide	51,477,419	51,477,419	9,918,054	19.3
2	Agriculture & Planning	Climate Smart Grant (KCSAP)	County Wide	15,000,000	15,000,000	15,000,000	100.0
3	Agriculture & Planning	Promotion of Agro-Processing & Value addition Technologies-Conditional Grants (KCSAP &ASDSP)	County Wide	160,643,781	160,643,781	19,812,000	12.3
4	Medical	Construction of OPD at Faza SCH	Faza	4,733,212	4,733,212	2,214,092	46.8
5	Medical	Equipping and furnishing of New OPD at Faza Hospital	Faza	5,000,000	5,000,000	1,943,000	38.9
6	Medical	Construction of Maternity Wing at Maisha Masha	Witu	1,000,000	1,000,000	770,356	77.0
7	Youth and Sports	Promotion of Sports	County Wide	7,500,000	7,500,000	1,081,500	14.4

Source: Lamu County Treasury

3.21.11 Budget Performance by Department

Table 128 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 128: Lamu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	490.25	144	105.37	-	72.1	-	68.4	-	14.7	-
County Executive & PSM	432.2	47.26	169.31	-	179.31	-	105.9	-	41.5	-

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
Finance, Economy & Strategic Planning	158.42	-	46.21	-	85.76	-	185.6	-	54.1	-
Agriculture, Irrigation, Livestock, Veterinary & Co-operative Development	134.1	290.18	37.83	20.5	42.29	44.73	111.8	218.2	31.5	15.4
Land and Physical Planning	27.72	99.11	10.07	-	8.53	-	84.7	-	30.8	-
Education and Village Polytechnic	263.48	115.98	148.16	-	123.78	-	83.5	-	47.0	-
Medical Services	1,082.00	243.57	427.24	2.98	443.64	4.93	103.8	165.4	41.0	2.0
Trade, Tourism & Investment Development	53.58	26.4	31.26	-	30.82	-	98.6	-	57.5	-
Public Service Board	49.36	-	21.88	-	19.54	-	89.3	-	39.6	-
Water Management & Conservation	41.12	162.03	15.46	-	15.73	-	101.7	-	38.3	-
Gender, Sports, Youth, Culture & Social Services	19.6	62	6.87	1.08	4.74	1.08	69.0	100.0	24.2	1.7
Sanitation and Environment	86.56	11.5	31.45	-	30.78	-	97.9	-	35.6	-
Fisheries Development	31.9	25	13.1	-	11.47	-	87.6	-	36.0	-
Budget & Economic Planning	25.81	-	8.9	-	9.66	-	108.5	-	37.4	-
Infrastructure and Energy	49	185	18.74	-	19.31	-	103.0	-	39.4	-
Lamu Municipality	50.36	233.06	16.06	1.95	15.76	-	98.1	-	31.3	-
Total	2,995	1,645	1,108	27	1,113.23	50.74	100.5	187.9	37.2	3.1

Source: Lamu County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Irrigation, Livestock, Veterinary & Co-operative Development recorded the highest absorption rate of development budget at 15.4 per cent, followed by the Department of Medical Services at 2.0 per cent. The Department of Finance, Economy & Strategic Planning had the highest percentage of recurrent expenditure to budget at 54.1 per cent, while the Department of Gender, Sports, Youth, Culture & Social Services had the lowest at 24.2 per cent. Several departments reported expenditures above the approved exchequer issues, which is an indication of the diversion of funds by the County Treasury.

3.21.12 Budget Execution by Programmes and Sub-Programmes

Table 129 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 129: Lamu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B		
County Assembly		634,250,000	72,099,443	231,282,773	11.4

Programme	Sub-Programme	Approved Esti-	Actual Expenditure	Variance (Kshs.)	Absorption Rate (%)
		mates FY 2022/23 (Kshs.)	Q2 FY 2022/23 (Kshs.)		
		A	B	C=A-B	D=B/A*100
0701003210 P1 Administration, planning and support services.	SP1 Administration, Planning & Support	275,349,120	44,066,346.70	231,282,773.30	16.0
0702003210 P2 Legislation and Oversight	SP1 Legislative Services, Representation & Oversight	358,900,880	28,033,096.50	330,867,783.50	7.8
County Executive and PSM		479,453,329	179,313,070	300,140,259	37.4
0703003210 P3 Administration, planning and support services.		432,197,092	179,313,070	252,884,022	41.5
	3212000101 Headquarters	318,209,162	152,638,899.65	165,570,262.35	48.0
	3212000201 P 2. Office of the Governor & Deputy Governor	113,987,930	26,674,170.35	87,313,759.65	23.4
P3. Development	P3. Development	47,256,237	-	47,256,237.00	-
Vote 3213000000 FINANCE, ECONOMY & STRATEGIC PLANNING		158,420,118	85,758,368	112,659,750	54.1
0711003210 P11 Administration, planning support services		147,491,998	82,814,379	104,675,619	56.1
	SP1 Administration Services	102,189,492	42,644,379	59,545,113	41.7
	0711013210 KDSP Headquarters	45,302,506	40,170,000	5,132,506	88.7
0712003210 P12 Control & management of Public Finance		10,928,120	2,943,989	7,984,131	26.9
	0712023210 SP2 Resource Mobilisation	1,982,705	627,241	1,355,464	31.6
	0712033210 SP3 Internal Audit	1,780,202	498,511	1,281,691	28.0
	0712043210 SP4 Procurement	1,861,955	740,782	1,121,173	39.8
	0712053210 SP5 Public Finance & Accounting	5,303,258	1,077,455	4,225,803	20.3
Vote 3214000000 AGRICULTURE & PLANNING		424,279,218	87,018,490	337,260,728	20.5
0106003210 P6 Administration, Planning and Monitoring & Evaluation(D)	SP1 Administration, Planning and Monitoring & Evaluation-KCSAP & ASDSP	15,000,000	15,000,000	-	100.0
0108003210 P8 Co-management	SP1 Co-management	435,080	29,800	405,280	6.8
0111003210 P11: Livestock Extension Services	SP1 Livestock Extension Services	16,900,068	440,250	16,459,818	2.6
0112003210 P12 Veterinary Service Management	SP1 Veterinary Service Management	2,977,390	33,800	2,943,590	1.1

Programme	Sub-Programme	Approved Esti- mates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B		
0115003210 P15 Promotion of Co-operative Marketing and Value Addition.(D)	SP1 Promotion of Co-operative Marketing and Value Addition- ASDSPII Grant	51,477,419	9,918,054	41,559,365	19.3
0116003210 P16 Crop Development & Management		233,096,417	25,577,542	207,518,875	11.0
	0116013210 SP1 Agricultural Extension Research & Training	1,500,000	-	1,500,000	-
	0116033210 SP3 Promotion of Agro-Processing & Value addition Technologies (R+D)- KCSAP &ASDSP	196,596,417	25,577,541.60	171,018,875	13.0
	0116063210 SP6 Promotion of Cashew nuts Programme	5,000,000	-	5,000,000	-
	0116083210 SP8 Provision of Relief seeds to vulnerable farmers	30,000,000	-	30,000,000	-
0117003210 P17 Irrigation & Drainage services	0117023210 SP2 Irrigated Farming	10,000,000	-	10,000,000	-
0201003210 P1 Adminis-tration, planning & support Services	0201013210 SP1 Administration, Personnel & Policy Formulation	94,392,844	36,019,044	58,373,800	38.2
Vote 3215000000 LAND, PHYSICAL PLANNING, INFRASTRUCTURE, URBAN DEV, WATER & RESOURCES		126,830,999	8,532,423	118,298,576	6.7
0101003210 P1 Adminis-tration, planning & support Services	SP1 Administration Services	27,721,092	8,532,423	19,188,669	30.8
0102003210 P2 Land Man-agement		99,109,907	-	99,109,907	-
	0102023210 SP2 Physical planning	89,109,907		89109907	-
	0102033210 SP3 Land Adjudication & Regularisation	10,000,000		10000000	-
Vote 3216000000 EDUCATION, GENDER, YOUTH AFFAIRS, SPORTS & SOCIAL SERVICES		379,454,399	123,784,960	255,669,439	32.6
0501003210 P1 General Ad-ministration, Planning and Support services	SP1 Administration Services	143,478,320	67,846,102.85	75,632,217	47.3
0502003210 P2 Education and Training Programme	SP1 Promotion of Early Childhood Education	182,976,079	55,938,857	127,037,222	30.6
0503003210 P3 Sports & Youth Development	SP1 Village Polytech-nics	53,000,000		53,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Vote 3217000000 HEALTH SERVICES, SANITATION & ENVIRONMENT		1,325,571,560	448,569,413	877,002,147	33.8
0401003210 P1 General Administration, Planning and Support Services	SP1 Human Resource & Development	936,137,876	429,238,356	506,899,520	45.9
0402003210 P2 Curative Services		303,188,684	18,144,198	285,044,486	6.0
	0402013210 SP1 Primary Health Care Services	139,617,688	13,216,750	126,400,938	9.5
	0402043210 SP4 Curative Services	163,570,996	4,927,448	158,643,548	3.0
0403003210 P3 Preventive & Promotive Services	SP4 Preventive and Promotive Services	86,245,000	1,186,860	85,058,140	1.4
Vote 3218000000 TRADE, INVESTMENT, CULTURE & TOURISM		79,980,661	30,820,096	49,160,565	38.5
0301003210 P1 Administration, planning & support Services	SP1 Administration Services	32,504,938	15,046,846	17,458,092	46.3
0302003210 P2 Tourism Promotion	SP2 Promotion & Marketing	21,310,046	15,464,550	5,845,496	72.6
0303003210 P3 Trade Development		25,459,270	308,700	25,150,570	1.2
	0303013210 SP1 Trade Promotion	10,379,153	308700	10,070,453	3.0
	0303033210 SP3 Market development	15,080,117	-	15,080,117	-
0305003210 P5 Industrial Development & Investment	SP2 SME Development	706,407	-	706,407	-
Vote 3221000000 COUNTY PUBLIC SERVICE BOARD		49,355,324	19,543,076	29,812,248	39.6
0709003210 P9 Administration, planning and support services.	SP1 Administration Services	41,876,142	17,737,806	24,138,336	42.4
0710003210 P10 Human Resource Management & Development	Human Resource Management and Development	7,479,182	1,805,270	5,673,912	24.1
Vote 3223000000 WATER MANAGEMENT AND CONSERVATION		203,147,474	15,732,530	177,240,089	7.7
0105003210 P5 Water management, Conservation & Provision	P1 SP5.1 Administration Services 3223000101	182,972,974	5,732,885.5	177,240,089	3.1
	SP5.2 Conservation & Provision 3223000201	20,174,500	9,999,644	-	-
Vote 3224000000 GENDER, YOUTH AFFAIRS, SPORTS, CULTURE AND SOCIAL SERVICES		81,593,251	5,819,996	75,773,255	7.1
0101003210 P1 Administration, planning & support Services	SP1 Administration Services	19,595,252	4,738,496	14,856,756	24.2
0503003210 P3 Sports & Youth Development	Youth and Sports (D)	23,997,999	1,081,500	22,916,499	4.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
0504003210 P4 Social Services		38,000,000	-	38,000,000	-
	0504013210 SP1 Social Development	30,000,000	-	30,000,000	-
	0504023210 SP2 Woman Empowerment	8,000,000	-	8,000,000	-
Vote 3225000000 PUBLIC HEALTH, ENVIRONMENT AND SANITATION		98,059,258	30,775,218	55,784,040	31.4
0404003210 P4 Environmental Health & Sanitation		11,500,000			
	0404013210 SP1 Waste management	3,600,000			
	0404023210 SP2 Public Health & licencing	7,900,000			
0501003210 P1 General Administration, Planning and Support services	SP1 Administration Services	86,559,258	30,775,218	55,784,040	35.6
Vote 3226000000 FISHERIES		56,899,812	11,465,207	45,434,605	20.1
0109003210 P9 Fish farming	SP1 Fish farming	25,000,000		25,000,000	-
0709003210 P9 Administration, planning and support services.	SP1 Administration Services	31,899,812	11,465,207	20,434,605	35.9
Vote 3227000000 BUDGET AND ECONOMIC PLANNING		25,809,135	9,663,876	16,145,259	37.4
0711003210 P11 Administration, planning support services	SP1 Administration Services	15,685,964	7,120,804	8,565,160	45.4
0713003210 P13 Economic planning	Budget and Economic Planning	10,123,171	2,543,072	7,580,099	25.1
Vote 3228000000 INFRASTRUCTURE AND ENERGY		234,001,448	19,307,208	214,694,240	8.3
0101003210 P1 Administration, planning & support Services	SP1 Administration Services	49,001,448	19,307,208	29,694,240	39.4
0104003210 P4 Infrastructure Development	SP1 Infrastructure Development	185,000,000	-	185,000,000	-
Vote 3229000000 LAMU MUNICIPALITY		283,421,550	15,764,422	267,657,128	5.6
0101003210 P1 Administration, planning & support Services		50,358,719	15,764,422	34,594,297	31.3
	SP1 Administration Services	42,938,719	15,747,422	27,191,297	36.7
	Kenya Urban Support Programme	7,420,000	17,000	7,403,000	0.2
0104003210 P4 Infrastructure Development	SP1 Infrastructure Development	233,062,831	-	233,062,831	-
Grand Total		4,640,527,536	1,163,967,795	3,164,015,102	25.1

Source: Lamu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration, Planning and Monitoring & Evaluation- KCSAP &ASDSP in the Department of Agriculture & Planning at 100 per cent, KDSP Headquarters in the Department of Finance, Economy & Strategic Planning at 88.7 per cent, Promotion & Marketing in the Department of Trade, Investment, Culture & Tourism at 72.6 per cent, and Headquarters at 48 per cent of County Executive and PSM.

3.21.13 Key Observations and Recommendations

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

1. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 128 where the County incurred expenditure above the approved exchequer issues in several departments.
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, as shown in Table 126.
3. Use of manual payroll, whereby personnel emoluments amounting to Kshs.58.22 million were processed through the manual payroll and accounted for 8.0 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 improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
3. *The 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 budget for the FY 2022/23 is Kshs.11.60 billion, comprising Kshs.3.51 billion (30.2 per cent) and Kshs.8.09 billion (69.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate represents decrease of 11.4 per cent compared to the previous financial year when the approved budget was Kshs.13.09 billion and comprised of Kshs.3.98 billion towards development expenditure and Kshs.9.11 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.16 billion (79 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.69 billion (14.6 per cent) from its own source of revenue, Kshs.610.44 million as conditional grants, and Kshs.133.49 million as NHIF Reimbursements (1.2 per cent). The County should have budgeted for the cash balance brought down from FY 2021/22 of Kshs.174.82 million. A breakdown of the conditional grants is provided in Table 131.

3.22.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.02 billion as the equitable share of the revenue raised nationally, raised Kshs.459.70 million as own-source revenue and had a cash balance of Kshs.174.82 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.66 billion, as shown in Table 130.

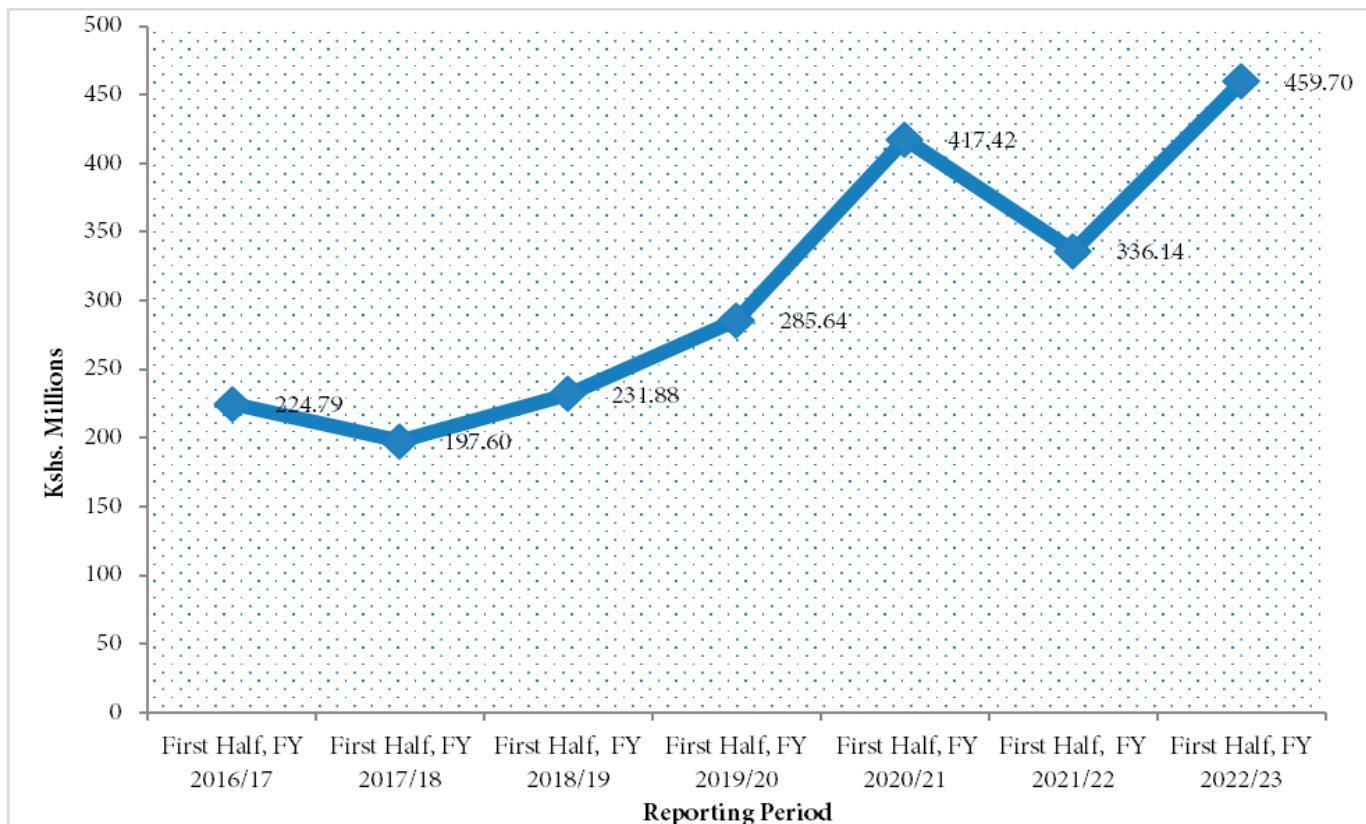
Table 130: Machakos County, Revenue Performance in the First Half of FY 2022/23

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,162,304,232	3,023,560,393	33.0
	Sub Total	9,162,304,232	3,023,560,393	33.0
B	Conditional Grants			
1	Leasing of Medical Equipment	110,638,298	-	-
2	Kenya Climate Smart Agriculture Project (KCSAP)-World Bank	321,468,007	-	-
3	Universal Healthcare in Devolved System Program-DANIDA	16,341,500	-	-
4	Agriculture Sector Development Support Program-SIDA	9,317,977	-	-
5	Emergency Locust Response Project-World Bank	27,674,400	-	-
6	Credit to Finance Locally-Led Climate Change Action Programme (FLLoCA) – World Bank	125,000,000	-	-
	Sub-Total	610,440,182	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	1,690,079,199	459,698,367	27.2
2	Balance B/F from FY2021/22	-	174,817,505	Above 100%
3	Other Revenues (NHIF Reimbursements)	133,492,346	-	-
	Sub Total	1,823,571,545	634,515,872	34.8
	Grand Total	11,596,315,959	3,658,076,265	31.3

Source: Machakos County Treasury

There was no disbursement of conditional grants in the first quarter of FY 2022/23. Figure 64 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

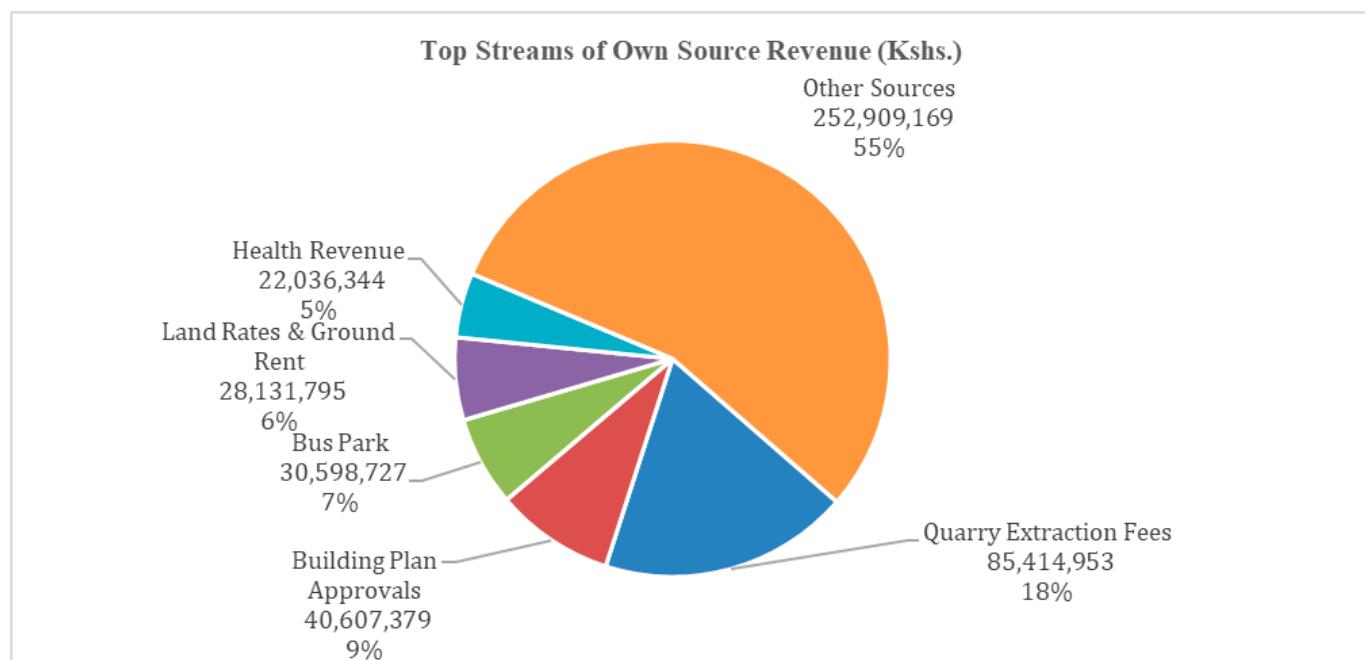
Figure 64: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Machakos County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.459.70 million from its own sources of revenue. This amount represented an increase of 36.8 per cent compared to Kshs.336.14 million realised in a similar period in FY 2021/22 and was 27.2 per cent of the annual target and 13.2 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 65.

Figure 65: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Machakos County Treasury

The highest revenue stream of Kshs.85.41 million was from Quarry Extraction Fees contributing to 18 per cent of the total OSR collected during the reporting period.

3.22.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.53 billion from the CRF account during the reporting period. This amount comprised Kshs.160.88 million (4.6 per cent) for development programmes and Kshs.3.37 billion (95.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.73 billion was released towards compensation to employees and Kshs.638.05 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.124.94 million.

3.22.4 County Expenditure Review

The County spent Kshs.3.48 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.6 per cent of the total funds released by the CoB and comprised Kshs.153.72 million and Kshs.3.33 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.4 per cent while recurrent expenditure represented 41.1 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.2.93 billion, comprising Kshs.1.95 billion for recurrent expenditure and Kshs.979.35 million for development activities. During the period under review, pending bills amounting to Kshs.42.17 million were settled which was recurrent expenditure. The outstanding amount as of 31st December 2022 were therefore, Kshs.2.88 billion.

3.22.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.63 billion on employee compensation, Kshs.302.21 million on operations and maintenance, and Kshs.148.25 million on development activities. Similarly, the County Assembly spent Kshs.195.14 million on employee compensation, Kshs.195.15 million on operations and maintenance, and Kshs.5.47 million on development activities, as shown in Table 131.

Table 131: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	7,223,342,544	865,126,181	2,934,843,608	390,292,509	40.6	45.1
Compensation to Employees	5,705,028,849	479,791,699	2,632,630,541	195,140,218	46.1	40.7
Operations and Maintenance	1,518,313,695	385,334,482	302,213,067	195,152,291	19.9	50.6
Development Expenditure	3,189,347,234	318,500,000	148,250,580	5,465,955	4.6	1.7
Total	10,412,689,778	1,183,626,181	3,083,094,188	395,758,464	29.6	33.4

Source: Machakos County Treasury

3.22.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.83 billion, or 77.3 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.66 billion. This expenditure represented a decrease from Kshs.3.86 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 62 per cent of the total wage bill.

Further analysis indicates that P.E costs amounting to Kshs.2.78 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.77 million was processed through manual payrolls. The manual payrolls accounted for 1.9 per cent of the total P.E cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.22.96 million on committee sitting allowances for the 60 MCAs and the Speaker against the annual budget allocation of Kshs.55 million. The average monthly sitting allowance was Kshs.62,728 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.202 million to county-established funds in FY 2022/23, which constituted 1.8 per cent of the County's overall budget for the year. Table 132 summarises each established Fund's budget allocation and performance during the reporting period.

Table 132: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No)
County Executive Established Funds					
1.	Bursary Fund	80,000,000	-	-	No
2.	Car loan Fund - Staff	10,000,000	-	-	No
County Assembly Established Funds					
1.	Mortgage loan Fund - Assembly- MCAs	72,000,000	24,000,000	-	No
2.	Mortgage loan Fund - Assembly- Staff	40,000,000	-	-	No
	Total	202,000,000	24,000,000	-	

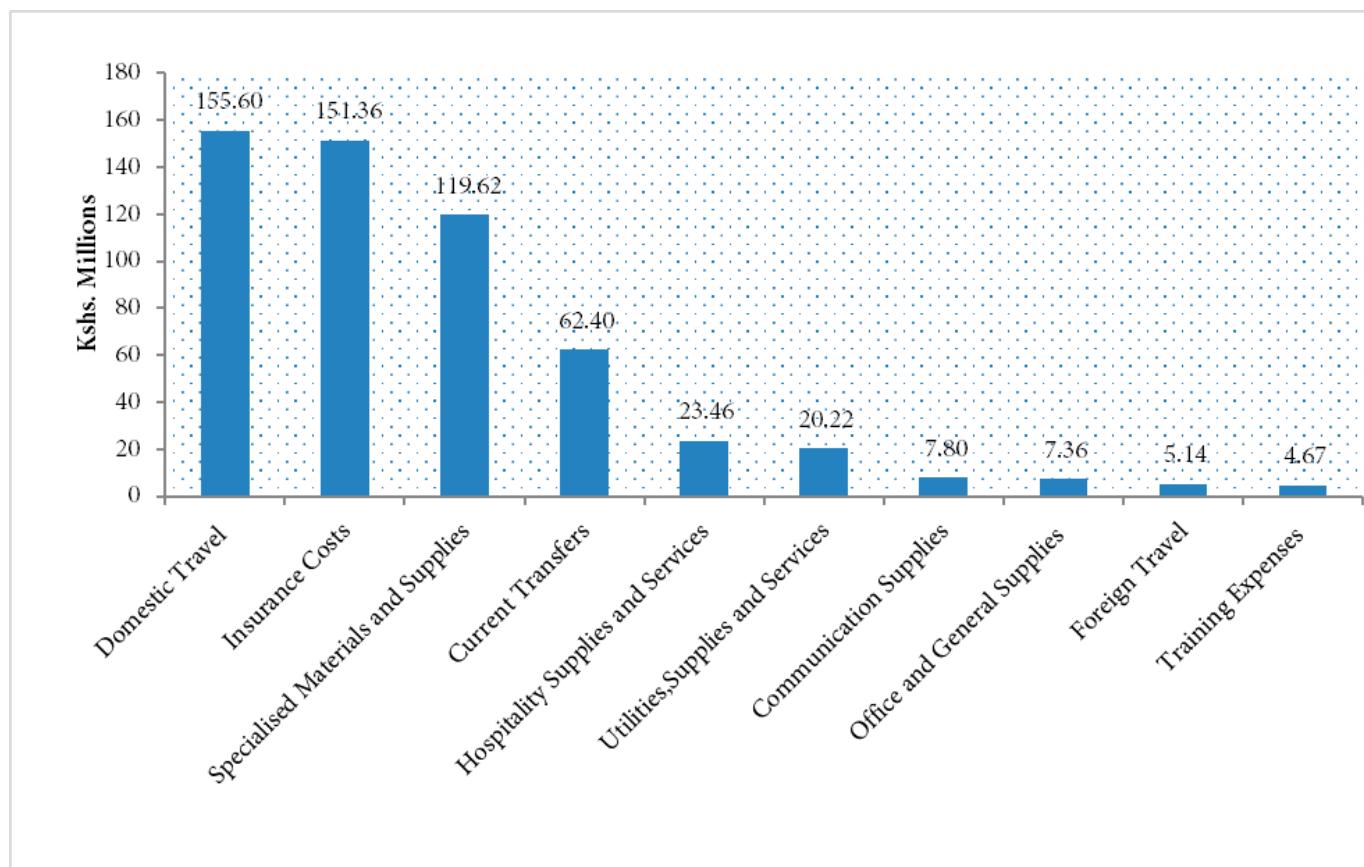
Source: Machakos County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the four funds indicated in Table 132 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.22.9 Expenditure on Operations and Maintenance

Figure 66 shows a summary of 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.155.60 million and comprised of Kshs.109.81 million spent by the County Assembly and Kshs.45.79 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.14 million and comprised of Kshs.3.79 million by the County Assembly and Kshs.1.78 million by the County Executive.

3.22.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.153.72 million on development programmes, representing a decrease of 52 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.322.43 million. Table 133 summarises development projects with the highest expenditure in the reporting period.

Table 133: Machakos County, List of Development Projects with the Highest Expenditure

S/ No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorp- tion Rate (%)
1	Installation of Ct Scan Machine at Machakos Level 5 Hospital	Health	Machakos	67,500,000	41,500,000	61%
2	Distribution of Beans and Green Grams Seeds	Agriculture	Various Sub coun- ties	21,200,000	20,908,514	99%
3	Distribution of Hass Avocado and Fruit Tree Seedlings	Agriculture	Various Sub coun- ties	6,413,851	5,607,600	87%
4	Distribution of Certified Seeds and Grass Rhodes	Agriculture	Various Sub coun- ties	2,500,000	2,242,318	90%

Source: Machakos County Treasury

3.22.11 Budget Performance by Department

Table 134 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 134: 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	552.14	14.33	148.23	-	108.68	-	73.3	-	19.7	-
County Public Service Board	50.74	41.11	19.24	-	9.46	-	49.2	-	18.7	-
Roads, Transport and Public Works.	197.91	942.34	102.86	48.05	58.59	41.07	57.0	85.5	29.6	4.4
Health Services and Emergency Services	3,715.79	452.53	1,645.73	44.58	1,958.65	43.93	119.0	98.6	52.7	9.7
Water, Irrigation, Environment and Natural Resources	110.75	444.25	44.65	9.80	32.14	8	72.0	81.6	29.0	1.8
Agriculture, Food Security and Co-operative Development.	374.59	456.08	97.14	39.10	110.02	38.60	113.3	98.7	29.4	8.5
Finance and Economic Planning.	476.59	63.75	178.57	0.13	163.91	-	91.8	-	34.4	-
Public Service, Quality Management and ICT	324.28	36.19	136.95	0.18	114.66	-	83.7	-	35.4	-

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
Tourism, Youth, Sports and Culture.	112.62	125.99	26.43	0.79	32.81	-	124.1	-	29.1	-
Trade, Industrialization and Innovation.	99.34	180.56	31.60	0.22	26.63	-	84.3	-	26.8	-
Education, Skills Training and Social Welfare	428.97	153.46	133.24	1.63	51.56	-	38.7	-	12.0	-
Energy, Lands, Housing and Urban Development.	159.06	262.32	57.45	16.94	39.86	16.64	69.4	98.2	25.1	6.3
County Administration and Decentralized Units.	478.56	16.43	330.76	-	227.87	-	68.9	-	47.6	-
County Assembly	1,007.13	318.50	434.61	5.47	390.29	5.47	89.8	100.0	38.8	1.7
Total	8,088.47	3,507.85	3,387.45	166.87	3,325.14	153.72	98.2	92.1	41.1	4.4

Source: Machakos County Treasury

Analysis of expenditure by department shows that the Department of Health Services and Emergency Services recorded the highest absorption rate of development budget at 9.7 per cent, followed by the Department of Agriculture, Food Security and Co-operative Development at 8.5 per cent. The Department of Health Services and Emergency Services had the highest percentage of recurrent expenditure to budget at 52.7 per cent while the Department of Education, Skills Training and Social Welfare had the lowest at 12 per cent.

The Departments of Health and Emergency Services; Agriculture, Food Security and Co-operative Development and Tourism, Youth, Sports and Culture had a higher expenditure above exchequer issues at 119 per cent, 113.3 per cent and 124.1 per cent, respectively. This is as a result of diverting funds between departments.

3.22.12 Budget Execution by Programmes and Sub-Programmes

Table 135 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 135: Machakos County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absortion Rate (%)
		A	B	C=A-B	D=B/A*100
OFFICE OF THE GOVERNOR					
Sub-programme 1	Co-ordination and Supervisory Services	302,627,946	78,396,331	224,231,615	25.91
Sub-programme 2	Transport Services	22,651,209	12,331,938	10,319,271	54.44
Sub-programme 3	Human Resource and Administration Section	67,903,820	2,846,104	65,057,716	4.19
Sub-programme 4	ICT Section	16,995,994	3,677,125	13,318,869	21.64
Sub-programme 5	Hospitality Services Section	15,973,355	6,546,400	9,426,955	40.98
Sub-programme 6	Cabinet Office	6,493,175	644,000	5,849,175	9.92
Sub-programme 7	Office of the Deputy Governor	68,988,765	3,919,975	65,068,790	5.68
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	21,078,510	14,500	21,064,010	0.07

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absortion Rate (%)
		A	B	C=A-B	D=B/A*100
Sub-programme 9	Office of the County Secretary	31,786,195	150,000	31,636,195	0.47
Sub-programme 10	Office of the County Advisors	11,980,064	150,000	11,830,064	1.25
		-	-	-	0.00
TOTAL		566,479,033	108,676,373	457,802,660	19.18
COUNTY PUBLIC SERVICE BOARD					
Sub-programme 1	Human Resource and Administration	91,849,457	9,463,898	82,385,559	10.30
TOTAL		91,849,457	9,463,898	82,385,559	10.30
ROADS, TRANSPORT AND PUBLIC WORKS					
Sub-programme 1	General Administration and support services	300,236,126	49,965,134	250,270,992	16.64
Sub-programme 2	Road Development and Management	613,044,949	9,585,344	603,459,605	1.56
Sub-programme 3	County Government Buildings	155,213,399	99,850	155,113,549	0.06
Sub-programme 4	County Fleet Manage- ment	71,761,766	40,011,765	31,750,001	55.76
TOTAL		1,140,256,240	99,662,093	1,040,594,147	8.74
HEALTH AND EMERGENCY SERVICES					
Sub-programme 1	General Administration and support services	3,505,408,777	1,774,298,600	1,731,110,177	50.62
Sub-programme 2	Machakos Level 5	265,334,368	151,144,414	114,189,954	56.96
Sub-programme 3	Kangundo Level 4	68,912,125	31,129,484	37,782,641	45.17
Sub-programme 4	Matuu Level 4	62,923,785	10,040,145	52,883,640	15.96
Sub-programme 5	Kathiani Level 4	48,002,893	4,933,800	43,069,093	10.28
Sub-programme 6	Mwala Level 4	38,254,971	2,800,000	35,454,971	7.32
Sub-programme 7	Kimiti Level 4	9,744,277	400,000	9,344,277	4.10
Sub-programme 8	Masinga Level 4	5,404,106	437,000	4,967,106	8.09
Sub-programme 9	Athi River Level 4	9,867,355	500,000	9,367,355	5.07
Sub-programme 10	Mutituni Level 4	11,867,355	500,000	11,367,355	4.21
Sub-programme 11	Ndithini Level 4	11,805,777	711,220	11,094,557	6.02
Sub-programme 12	Kalama Level 4	11,160,700	1,164,300	9,996,400	10.43
Sub-programme 13	Public Health and Com- munity Outreach	109,487,640	19,522,780	89,964,860	17.83
Sub-programme 14	Emergency Services	10,145,000	5,000,000	5,145,000	49.29
TOTAL		4,168,319,129	2,002,581,743	2,165,737,386	48.04
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Sub-programme 1	Water Supply and Sew- erage	56,675,385	8,815,000	47,860,385	15.55
Sub-programme 2	Irrigation Schemes, De- velopment and Promotion	5,223,092	-	5,223,092	0.00
Sub-programme 3	Development and Promo- tion of Irrigation Schemes	294,613,522	30,829,650	263,783,872	10.46
Sub-programme 4	Environment and Natural Resources	198,489,082	500,000	197,989,082	0.25

Programme	Sub-Programme	Approved Estimates	Actual Expen-	Variance (Kshs.)	Absortion Rate (%)
		FY 2022/23 (Kshs.)	diture Q2 FY		
		A	B	C=A-B	D=B/A*100
TOTAL		555,001,081	40,144,650	514,856,431	7.23
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT					
Sub-programme 1	General Administration and support services	674,294,000	117,761,084	556,532,916	17.46
Sub-programme 2	Crop Development and Management	35,970,000	10,249,574	25,720,425	28.49
Sub-programme 3	Livestock Resources Management and Development	14,639,000	4,091,379	10,547,621	27.95
Sub-programme 4	Fisheries Development	5,600,000	1,799,940	3,800,060	32.14
Sub-programme 5	Veterinary Services	15,197,807	579,145	14,618,662	3.81
Sub-programme 6	Agriculture Training Centre	5,650,000	-	5,650,000	0.00
Sub-programme 7	Co-operative Development and Marketing	27,521,846	50,000	27,471,846	0.18
Sub-programme 8	Capacity Building to Co-operative Societies	-	-	-	0.00
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	45,063,851	14,041,918	31,021,933	31.16
Sub-programme 8	Co-operative Financial Services	1,100,000	-	1,100,000	0.00
Sub-programme 9	Promotion and growth of Co-operative Societies	3,216,276	50,000	3,166,276	1.55
Sub-programme 10	Co-operative Audit Support Services	2,416,000	-	2,416,000	0.00
TOTAL		830,668,780	148,623,041	682,045,739	17.89
FINANCE AND ECONOMIC PLANNING					
Sub-programme 1	Revenue Management	267,533,317	151,304,893	116,228,424	56.56
Sub-programme 2	Budget formulation, Coordination and Implementation Section	34,780,581	6,953,700	27,826,881	19.99
Sub-programme 3	Supply Chain Management Section	7,826,490	132,000	7,694,490	1.69
Sub-programme 4	Accounts Services	28,710,407	1,000,000	27,710,407	3.48
Sub-programme 5	Audit Section	12,700,000	300,000	12,400,000	2.36
Sub-programme 6	Human Resource Management and Support Services	149,220,820	2,787,374	146,433,446	1.87
Sub-programme 7	Economic Planning and Statistical Services	38,767,268	1,250,000	37,517,268	3.22
Sub-programme 8	External Resource Mobilization	800,000	186,800	613,200	23.35
TOTAL		540,338,883	163,914,767	376,424,116	30.34
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT					
Sub-programme 1	General Administration and support services	293,389,024	103,147,483	190,241,541	35.16
Sub-programme 2	Quality Management	525,000	-	525,000	0.00

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absortion Rate (%)
		A	B	C=A-B	D=B/A*100
Sub-programme 3	Training, Research and Development	6,089,500	-	6,089,500	0.00
Sub-programme 4	ICT General Administration and support services	47,032,969	11,516,965	35,516,004	24.49
Sub-programme 5	ICT Infrastructure	11,105,831	-	11,105,831	0.00
Sub-programme 6	Closed Circuit Television	2,325,000	-	2,325,000	0.00
TOTAL		360,467,324	114,664,448	245,802,876	31.81
TOURISM,CULTURE,YOUTH AND SPORTS					
Sub-programme 1	General administrative and Support Services	102,131,897	31,456,541	70,675,356	30.80
Sub-programme 2	Heritage & Culture	1,082,320	200,000	882,320	18.48
Sub-programme 3	Liquor Management	775,970	-	775,970	0.00
Sub-programme 4	Tourism Development and Marketing	4,384,638	-	4,384,638	0.00
Sub-programme 5	Management of Recreational Services	57,800,768	200,000	57,600,768	0.35
Sub-programme 6	Machawood	2,149,450	450,000	1,699,450	20.94
Sub-programme 7	County Image Directorate	1,303,335	500,000	803,335	38.36
Sub-programme 8	Youth Development	-	-	-	#DIV/0!
Sub-programme 9	Stadium Management	61,243,409	-	61,243,409	0.00
Sub-programme 10	Youth Empowerment	3,843,265	-	3,843,265	0.00
Sub-programme 11	Sports Promotion	3,893,000	-	3,893,000	0.00
TOTAL		238,608,052	32,806,541	205,801,511	13.75
TRADE,INDUSTRIALIZATION AND INNOVATION					
Sub-programme 1	Headquarter Administration Services	65,331,160	24,949,923	40,381,237	38.19
Sub-programme 2	Trade Development	120,438,117	500,000	119,938,117	0.42
Sub-programme 3	Business and Enterprise Development	13,962,165	150,000	13,812,165	1.07
Sub-programme 4	Industrialization and Innovation	49,112,505	-	49,112,505	0.00
Sub-programme 5	Investment Facilitation and Support	2,499,650	120,000	2,379,650	4.80
Sub-programme 6	Hygiene and Sanitation	4,395,783	849,700	3,546,083	19.33
Sub-programme 7	Legal Services	24,161,923	55,997	24,105,926	0.23
TOTAL		279,901,303	26,625,620	253,275,683	9.51
EDUCATION, YOUTH AND SOCIAL WELFARE					
Sub-programme 1	HQ General Administration and support services	505,146,655.60	51,562,405	453,584,250.60	10.21
Sub-programme 2	Basic Education	8,650,000	-	8,650,000	0.00
Sub-programme 3	Youth Development Services	58,635,790	-	58,635,790	0.00
Sub-programme 4	Gender and Social Services	10,000,000	-	10,000,000	0.00
TOTAL		582,432,445	51,562,405	530,870,040	8.85
ENERGY, LANDS,HOUSING AND URBAN DEVELOPMENT					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absortion Rate (%)
		A	B	C=A-B	D=B/A*100
Sub-programme 1	Head quarter Administra-tive services	58,132,293	20,593,012	37,539,281	35.42
Sub-programme 2	County Electrification	113,139,526	17,827,752	95,311,773	15.76
Sub-programme 3	Housing and Urban De-velopment	242,905,495	14,410,564	228,494,931	5.93
Sub-programme 4	Machakos Municipality	2,400,000	1,559,482	840,518	64.98
Sub-programme 5	Mavoko Municipality	2,400,000	1,037,068	1,362,932	43.21
Sub-programme 6	Kangundo Tala Munici-pality	2,400,000	1,067,070	1,332,930	44.46
TOTAL		421,377,314	56,494,949	364,882,365	13.41
COUNTY ADMINISTRATION AND DECENTRALIZED UNITS					
Sub-programme 1	General Administration and support services	485,516,683	226,743,664	258,773,019	46.70
Sub-programme 2	Civic Engagement	900,000	80,000	820,000	8.89
Sub-programme 3	Administration and Co-ordination Services	1,628,214	250,000	1,378,214	15.35
Sub-programme 4	Solid Waste Management	3,100,000	500,000	2,600,000	16.13
Sub-programme 5	Inspectorate Services and Management	3,845,839	300,000	3,545,839	7.80
TOTAL		494,990,736	227,873,664	267,117,072	46.04
COUNTY ASSEMBLY					
	County Assembly	1,325,626,181	395,758,464	929,867,717	29.85
Grand Total		11,596,315,959	3,478,852,655	8,117,463,303	30.00

Source: Machakos County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Machakos Municipality in the Department of Energy, Lands, Housing and Urban Development at 64.9 per cent; Machakos Level 5 in the Department of Health and Medical Services at 56.9 per cent, Revenue Management in the Department of Finance and Economic Planning at 56.6 per cent, and Transport Services in the Office of the Governor at 54.4 per cent of budget allocation.

3.22.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 134 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 Bursary Fund, Staff Car Loan Fund, County Assembly Staff Car loan and Mortgage Fund and MCAs Car loan and Mortgage Fund were not submitted to the Controller of Budget.
4. High level of pending bills amounted to Kshs.2.88 billion as of 31st December 2022.

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

1. *The County Assembly should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, the County Treasury should identify and address the capacity gaps causing the continued diversion of funds.*
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 period of the financial year.*

3.23 County Government of Makueni

3.23.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.11.53 billion, comprising Kshs.3.85 billion (33.4 per cent) and Kshs.7.68 billion (66.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimates represent growth of 2.5 per cent compared to the previous financial year when the approved budget was Kshs.11.25 billion and comprised of Kshs.4.27 billion towards development expenditure and Kshs.6.98 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.13 billion (70.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.795 million (6.9 per cent) from its own source of revenue, Kshs.450 million (3.9 per cent) as Appropriation in Aid, Kshs.861 million as conditional grants, and a cash balance of Kshs.1.29 billion (11.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 136.

The cash balance from the previous financial year comprised Kshs.650.62 million from FY2021/22 equitable share disbursed in FY2022/23, Kshs.414.52 million in unspent conditional grants, Kshs.155.04 million in unspent balance relating to development projects in the FY 2021/22 budget, and Kshs.73.37 million in cash balances in various bank accounts.

3.23.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.68 billion as the equitable share of the revenue raised nationally, raised Kshs.131.22 million as own-source revenue, Kshs.182.65 million as Appropriation in Aid, Kshs.11.75 million as conditional grants, and had a cash balance of Kshs.1.29 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.30 billion, as shown in Table. 136.

Table 136: Makueni County, Revenue Performance in the First Half of FY 2022/23

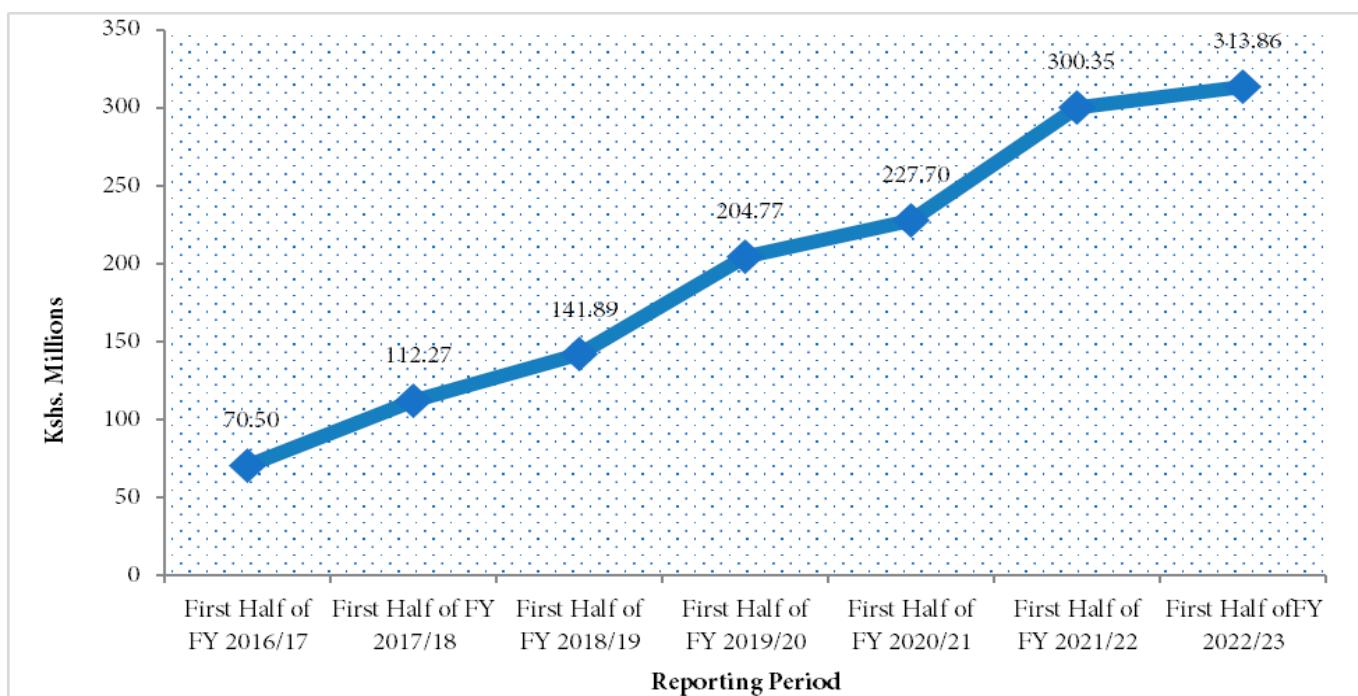
No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,132,783,562	2,683,818,573	33
	Sub Total	8,132,783,562	2,683,818,573	33
B	Conditional Grants			
1	IDA World Bank credit: Kenya Urban Support Project (KUSP) - Urban Development Grant	48,000,000	-	-
2	FLOCA Funding	125,000,000	2,500,000	2
3	Nutrition International Donor funding	10,000,000	-	-
4	DANIDA – Support level 2 & 3 health facilities	12,636,000	-	-
5	DANIDA Support level 1	2,983,500	-	-
6	Transforming Health Systems for Universal Care Project (WBWB)	89,994,592	-	-

No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	Conditional Allocation for Leasing of Medical Equipment	110,638,298	-	-
8	EU Grant -Instruments for Devolution Advice and Support IDEAS	11,000,000	-	-
9	Sweden- Agricultural Sector Development Support Programme (ASDSP) II	17,879,866	-	-
10	IDA (World Bank) credit - National Agricultural and Rural Inclusive Growth Project (NARIGP)	137,899,268	-	-
11	Conditional allocations - other loans and grants	294,968,475	9,245,000	3.1
Sub-Total		861,000,000	11,745,000	5.1
C	Other Sources of Revenue			
1	Own Source Revenue	795,000,000	131,217,159	16.5
2	Balance B/F from FY2021/22	1,290,814,912	1,290,814,912	100
3	Appropriations in Aid (AIA)	450,000,000	182,645,657	40.6
Sub Total		2,535,814,912	1,604,677,727	63.3
Grand Total		10,668,598,474	4,300,241,300	40.2

Source: Makueni County Treasury

Figure 67 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

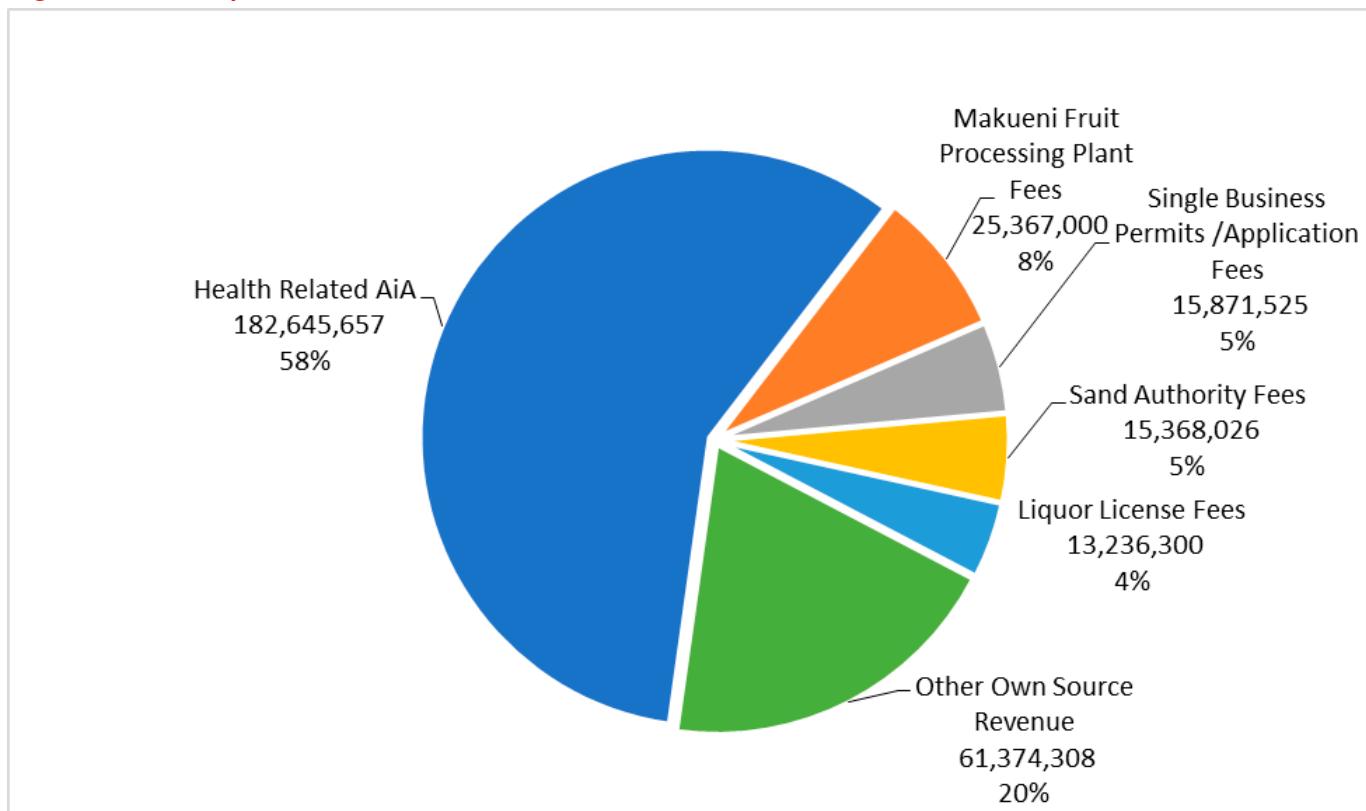
Figure 67: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Makueni County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.313.86 million from its own sources of revenue (inclusive of AIA). This amount represented an increase of 4.5 per cent compared to Kshs.300.35 million realised in a similar period in FY 2021/22 and was 25.2 per cent of the annual target and 11.7 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown Figure 68.

Figure 68: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Makueni County Treasury

The highest revenue stream of Kshs.182.65 million was from NHIF and Linda Mama Reimbursement Afya Fees and Medical Health Services Fees funds which are administered as Appropriation in Aid through an Act of the County Assembly and contributed to 58.2 per cent of the total OSR collected during the reporting period.

3.23.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.80 billion from the CRF account during the reporting period. This amount comprised Kshs.156.78 million (5.6 per cent) for development programmes and Kshs.2.64 billion (94.4 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.99 billion was released towards compensation to employees and Kshs.646.53 million was for Operations and Maintenance expenditure.

The cash available in the County Revenue Fund Account on 31st December 2022 was Kshs.16.01 million.

3.23.4 County Expenditure Review

The County spent Kshs.2.85 billion on development and recurrent programmes during the reporting period. This expenditure represented 101.8 per cent of the total funds released by the CoB and comprised of Kshs.278.97 million and Kshs.2.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.2 per cent, while recurrent expenditure represented 33.4 per cent of the annual recurrent expenditure budget.

3.23.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.683.43 million, which comprised Kshs.320.04 million for recurrent expenditure and Kshs.363.39 million for development activities. During the period under review, the county did not settle any pending bills.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.86 billion on employee compensation, Kshs.424.05 million on operations and maintenance, and Kshs.278.97 million on development activities. Similarly, the County Assembly spent Kshs.164.19 million on employee compensation and Kshs.122.87 million on operations and maintenance, as shown in Table 137.

Table 137: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,927,187,679	755,817,316	2,279,200,959	287,054,480	32.9	38.0
Compensation to Employees	4,071,498,929	364,390,782	1,855,147,981	164,185,327	45.6	45.1
Operations and Maintenance	2,855,688,750	391,426,534	424,052,978	122,869,153	14.8	31.4
Development Expenditure	3,810,640,668	40,233,812	278,969,975	-	7.3	0.0
Total	10,737,828,347	796,051,128	2,558,170,934	287,054,480	23.8	36.1

Source: Makueni County Treasury

3.23.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.02 billion. This is 47 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.30 billion. This expenditure represented an increase from Kshs.1.65 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.17 billion paid to health sector employees, translating to 57.9 per cent of the total wage bill.

Further analysis indicates that PEPE costs amounting to Kshs.1.77 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.222.19 million was processed through manual payrolls. The manual payrolls accounted for 11 per cent of the total PEPE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 12 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.21.66 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.48.68 million. The average monthly sitting allowance was Kshs.73,670 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.644.23 million to county-established funds in FY 2022/23, which constituted 5.6 per cent of the County's overall budget. Table 138 summarises each established Fund's budget allocation and performance during the reporting period.

Table 138: Performance of County Established Funds as of 31st December 2022

No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
	Emergency Relief- Fund	30,000,000	-	1,199,758	Yes
	Scholarships Fund	34,225,000	-	20,000	No
	Executive Car loan Fund	340,000,000	-	60,000,000	No
	County Assembly Car & Mortgage loan Fund	240,000,000	-		No
	Total	644,225,000	-	61,219,758	

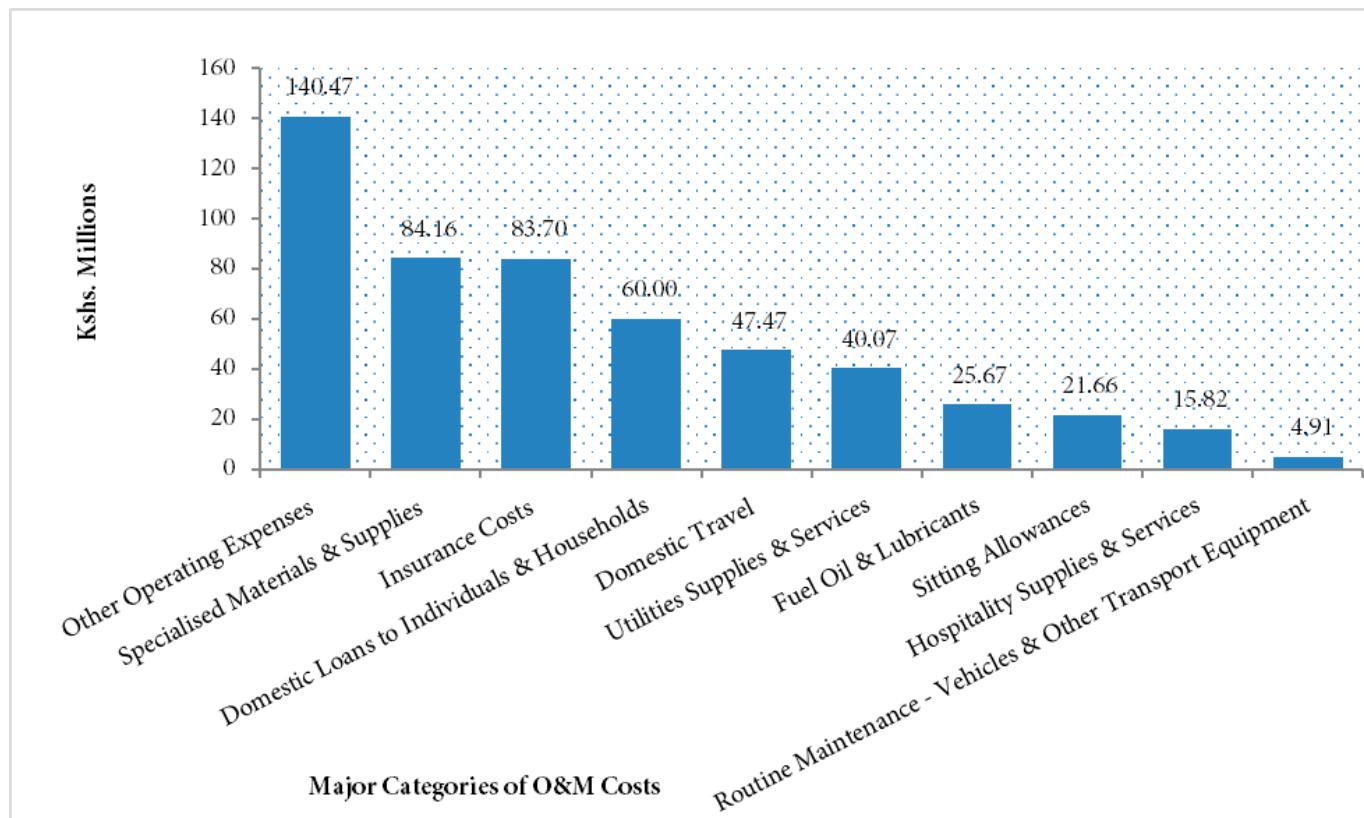
Source: Makueni County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of Scholarships Fund, Executive Car loan Fund and County Assembly Car & Mortgage loan Fund funds as indicated in contrary to the requirement of Section 168 of the PFM Act, 2012.

3.23.9 Expenditure on Operations and Maintenance

Figure 69 shows a summary of operations and maintenance expenditure by major categories.

Figure 69: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

During the period, expenditure on domestic travel amounted to Kshs.47.47 million and comprised of Kshs.31.27 million spent by the County Assembly and Kshs.16.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.45 million spent by the County Assembly.

Table 139: The top 10 spending budget lines that constituted Other "Operating Expenses" in the above graph included:

Department	Vote line	Amount
County Secretary	Contracted Guards and cleaning services	19,494,128
Health Services	Recurrent Financing of Healthcare	19,221,249
Lands, Urban Planning and Environmental Management	Promotion of Public Sanitation- Market Cleaning, Waste collection, transportation and disposal	17,636,840
Finance & Economic Planning	Formulation of CIDP 2023-2027	16,000,000
County Secretary	Assumption of office	9,701,040
Finance & Economic Planning	Budgeting, CFSP, PER, SWGR, CBROP & Budget Participation	6,829,530
Finance & Economic Planning	Coordination of sector working groups	4,404,863
Finance & Economic Planning	Other Operating Expenses - Revenue offices	2,672,207
Finance & Economic Planning	Statistics - Periodical data\County statistical abstract,	2,195,324
Finance & Economic Planning	Financial management reporting and dissemination	1,235,300

Source: Makueni County Treasury

3.23.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.278.97 million on development programmes, representing a decrease of 54.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.613.01 million. Table 140 summarises development projects with the highest expenditure in the reporting period.

Table 140: Makueni County, List of Development Projects with the Highest Expenditure

No	Department	Ward	Expenditure item	FY 2022/23 Budget (Kshs.)	Cumulative Expenditure (Kshs.)
1	Agriculture	All Wards	Procurement of farm inputs- Provision of certified seeds - 5M per ward	150,000,000	97,406,775
2	Finance	HQHQ	Conditional allocations, Loans and Grants	349,890,162	59,929,096
3	Finance	HQ	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 2 grant"	226,785,423	29,633,507
4	Agriculture	Nzaui Kilili Kalamba	Makueni County Fruit Processing Plant Development and Marketing Authority - AIA	60,000,000	26,817,000
5	Wote Municipality	County Wide	IDA (World Bank) credit: Kenya Urban Support Project (KUSP) - Urban Development Grant (UDG)	67,130,169	21,165,628
6	Agriculture	County wide	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	137,899,268	21,060,782
7	Health		Transforming Health Systems for Universal Care Project (WBWB)	89,994,592	13,021,200
8	Health		Nutrition Programme - matching grant	12,000,000	3,982,785
9	Sand Authority		Sand Conservation Programmes	15,000,000	3,750,000
10	Gender	Emali Mulala	Makueni Child Protection Centre	9,000,000	1,964,739

Source: Makueni County Treasury

3.23.11 Budget Performance by Department

Table 141 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 141: Makueni County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Attorneys Office	25.49	-	1.58	-	1.22	-	77.4	-	4.8	-
Office of the Governorship	199.01	-	68.84	-	67.69	-	98.3	-	34.0	-
Devolution and Public Service	312.53	13.63	98.46	-	87.33	-	88.7	-	27.9	-
Agriculture, Livestock and Food Security	289.50	649.10	113.30	128.30	120.27	145.28	106.1	113.2	41.5	22.4
County Secretary	516.04	-	130.25	-	115.11	-	88.4	-	22.3	-
Office of Deputy Governor, County Administration and Intergovernmental Relations	64.71	3.50	6.44	-	7.83	-	121.5	-	12.1	-
Trade, Industry, Tourism and Cooperatives	67.75	46.73	19.52	-	15.32	-	78.5	-	22.6	-
County Public Service Board	79.01	20.00	22.12	-	16.13	-	72.9	-	20.4	-
Sand Authority	71.22	35.62	23.28	5.00	31.18	-	133.9	-	43.8	-
Gender, Culture and Social Services	87.85	91.40	23.91	2.00	18.44	1.96	77.1	98.3	21.0	2.1
Water and Environment	130.15	554.06	45.48	-	48.02	3.99	105.6	-	36.9	0.7
Lands, Urban Planning and Environmental Management	136.84	225.38	49.18	-	35.30	21.17	71.8	-	25.8	9.4
Wote Municipality	43.18	72.05	-	-	-	-	-	-	-	-
Transport and County Infrastructure	175.02	557.69	59.63	-	57.11	-	95.8	-	32.6	-
County Education and Civic Education	480.79	213.24	167.93	-	157.65	-	93.9	-	32.8	-

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
Finance & Socio-Economic Planning	839.88	623.90	194.63	-	208.56	89.56	107.2	-	24.8	14.4
Health Services	3,403.92	704.34	1,232.78	2.50	1,292.04	17.00	104.8	680.2	38.0	2.4
County Assembly	755.82	40.23	380.96	18.98	287.05	-	75.4	-	38.0	-
Total	7,678.72	3,850.87	2,638.30	156.78	2,566.26	278.97	97.3	177.9	33.4	7.2

Source: Makueni County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Food Security recorded the highest absorption rate of development budget at 22.4 per cent, followed by the Department of Finance & Socio-Economic Planning at 14.4 per cent. The Sand Authority had the highest percentage of recurrent expenditure to budget at 43.8 per cent, while the Wote Municipality did not report any expenditure.

3.23.12 Budget Execution by Programmes and Sub-Programmes

Table 142 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23

Table 142: Makueni County, Budget Execution by Programmes and Sub-Programmes

Department	Programme	Programme/ Sub Programme	FY2022/23 Budget	Actual Expenditure as of 30 th December 2022	Absorption Rate (%)
Agriculture, Livestock & Fisheries	Program 3: Agribusiness and information management	Sub-Program 3. 1 Agribusiness and information management	163,260,305	27,079,500	16.6
	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	452,972,306	140,184,515	30.9
	Programme 2: Land, Crop development & productivity	Sub-Program 2. 1 Land, Crop development & productivity	235,975,562	98,039,275	41.5
	Programme 4: Livestock Production, Management and Development	Sub-Program 4. 1 Livestock Production, Management and Development	76,386,173	250,000	0.3
	Programme 5: Cooperative development and management	Sub-Program 5. 1 Cooperative development and management	10,000,000	-	-
1.1.1.1.1.1.1 Agriculture, Livestock & Fisheries Total			938,594,346	265,553,290	28.3
County Assembly	Legislation & Oversight	Legislation & Oversight	796,051,128	402,498,928	50.6
1.1.1.1.1.1.2 County Assembly Total			796,051,128	402,498,928	50.6
County Attorney	Programme 1: Legal & advisory services	Sub-Program 1. 1 Legal & advisory services	25,493,375	1,223,409	4.8
1.1.1.1.1.1.3 County Attorney Total			25,493,375	1,223,409	4.8
County Public Service Board	Programme 1: General Administration and Planning	Sub-Program 1.1: General Administration and Planning	99,013,066	16,132,402	16.3
1.1.1.1.1.1.4 County Public Service Board Total			99,013,066	16,132,402	16.3

Department	Programme	Programme/ Sub Programme	FY2022/23 Budget	Actual Expenditure as of 30 th December 2022	Absorption Rate (%)
County Secretary	Programme 1: Leadership and coordination of departments.	Sub-Program 1. 1 Leadership and coordination of departments.	516,040,327	115,108,309	22.3
1.1.1.1.1.1.5	County Secretary Total		516,040,327	115,108,309	22.3
Devolution & Public Service	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	269,041,321	86,515,357	32.2
	Programme 2: Public Participation & Civic Education	Sub-Program 2. 1: Public Participation & Civic Education	57,119,045	810,357	1.4
	Programme 3: Information and communication	Sub-Program 3. 1 Information and communication	-	-	-
	Programme 4: Enforcement and compliance	Sub-Program 4. 1 Enforcement and compliance	-	-	-
	Programme 5; Youth Development Support & Empowerment	Sub-Program 5. 1 Youth Development	-	-	-
1.1.1.1.1.1.6	Devolution & Public Service Total		326,160,366	87,325,714	26.8
Education & ICT	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	407,841,625	155,312,223	38.1
	Programme 2: Early childhood education	Sub-Program 1. 1 Early childhood education	125,287,670	14,300	-
	Programme 3: Technical training & non-formal education	Sub-Program 1. 1 Technical training & non-formal education	65,855,529	-	-
	Programme 4: Support to education	Sub-Program 1. 1 Support to education	56,258,404	20,000	-
	Programme 5; ICT Infrastructure & Systems Development	Sub-Program 5. 1 ICT Infrastructure & Systems Development	38,795,919	2,308,395	6.0
	Programme 6: Sub-Programs Development	Sub-Program 6. 1 Sub-Programs Development	-	-	-
1.1.1.1.1.1.7	Education & ICT Total		694,039,147	157,654,918	22.7
Finance & Socio-Economic Planning	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	1,269,887,340	261,350,683	20.6
	Programme 2: Public financial management	Sub-Program 2.1 Accounting services	13,321,267	1,719,200	12.9
		Sub-Program 2.2: Budget formulation, coordination and management	50,570,000	6,829,530	13.5
		Sub-Program 2.3; Internal audit services	8,600,000	-	-
		Sub-Program 2.4: Resource mobilisation	60,120,196	3,584,507	6.0
		Sub-Program 2.5: Supply chain management services	7,723,200	158,475	2.1
		Sub-Program 2.6; Economic planning	53,558,480	24,478,287	45.7

Department	Programme	Programme/ Sub Programme	FY2022/23 Budget	Actual Expenditure as of 30 th December 2022	Absorption Rate (%)
Finance & Socio-Economic Planning Total			1,463,780,483	298,120,682	20.4
Gender & Social Services	Program 3: Youth Development Support & Empowerment	Sub-Program 3. 1 Youth Development	29,000,000	-	-
	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	65,889,061	18,235,214	27.7
	Programme 2: Gender & Social Development	Sub-Program 2. 1 Gender & Social Development	34,336,567	2,164,739	6.3
	Programme 4: Sub-Programs Development	Sub-Program 4. 1 Sub-Programs Development	50,025,452	-	-
Gender & Social Services Total			179,251,080	20,399,953	11.4
Governorship	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	267,225,897	75,514,277	28.3
Governorship Total			267,225,897	75,514,277	28.3
Health	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	3,678,151,807	1,285,844,281	35.0
	Programme 2: Curative health care services	Sub-Program 2. 1: Curative healthcare services	233,962,800	-	-
	Programme 3; Preventive and promotive health care services	Sub-Program 3. 1 Preventive and promotive health care services	196,140,621	23,204,034	11.8
Health Total			4,108,255,228	1,309,048,315	31.9
Land, Physical Planning & Mining	Program 3: Urban planning	Sub-Program 3. 1 Urban planning	45,436,696	-	-
	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	67,856,296	16,413,588	24.2
	Programme 2: Land Survey & Mapping	Sub-Program 2. 1: Land Survey & Mapping	32,821,686	500,000	1.5
	Programme 4: Mining mapping & development	Sub-Program 4. 1 Mining mapping & development	3,100,000	250,000	8.1
	Programme 5: Environment management and protection	Sub-Program 5. 1 Environment management and protection	213,006,177	18,136,840	8.5
Land, Physical Planning & Mining Total			362,220,856	35,300,428	9.7
Sand Authority	Programme 1: General administration & planning	Sub-Program 1.1: General Administration & Planning	106,840,824	12,752,057	11.9
Sand Authority Total			106,840,824	12,752,057	11.9

Department	Programme	Programme/ Sub Programme	FY2022/23 Budget	Actual Expenditure as of 30 th December 2022	Absorption Rate (%)
Trade, Industry & Cooperatives	Program 3: Industrial development and promotion	Sub-Program 3. 1 Industrial development and promotion	5,350,000	-	-
	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	63,448,409	14,147,599	22.3
	Programme 2: Trade development & promotion	Sub-Program 2.4; Trade marketing & promotion	39,435,855	1,175,490	3.0
	Programme 4: Tourism development & promotion	Sub-Program 4. 1 Tourism development & promotion	5,350,000	-	-
	Programme 5: Cooperative development and management	Sub-Program 5. 1 Cooperative development and management	900,000	-	-
Trade, Industry & Cooperatives Total			114,484,264	15,323,089	13.4
Transport & Infrastructure	Program 3: Infrastructure development	Sub-Program 3. 1 Infrastructure development	19,386,000	-	-
	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	112,224,497	48,651,042	43.4
	Programme 2: Road transport	Sub-Program 2. 1 Road transport	501,756,997	-	-
	Programme 4: Energy Infrastructure & development	Sub-Program 4. 1 Energy Infrastructure & development	99,348,268	8,460,697	8.5
Transport & Infrastructure Total			732,715,762	57,111,740	7.8
Water and sanitation	Programme 1: General administration & planning	Sub-Program 1. 1 General administration & planning	128,253,911	46,712,249	36.4
	Programme 2: Water Infrastructure Development	Sub-Program 2.1 Water harvesting and storage	126,787,322	712,446	0.6
		Sub-Program 2.2. Piped water supply infrastructure	363,019,047	300,000	0.1
		Sub-Program 2.3 Groundwater Development	66,141,823	300,000	0.5
Water and sanitation Total			684,202,103	48,024,695	7.0
Wote Municipality	Programme 1: Wote Municipality	Sub-Program 1. 1 Wote Municipality	115,230,222	21,165,628	18.4
Wote Municipality Total			115,230,222	21,165,628	18.4
Grand Total			11,529,598,474	2,938,257,834	25.5

Source: Makueni County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Economic Planning in the Department of Finance & Socio-Economic Planning at 46 per cent, General administration & planning in the Department of Transport and Infrastructure at 43 per cent, Land, Crop development & productivity in the Department of Agriculture, Livestock & Fisheries at 42 per cent, and General administration & planning at 38 per cent of budget allocation in the department of County Education and Civic Education.

3.23.13 Key Observations and Recommendations

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

1. 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 Scholarships Fund, Executive Car loan Fund County Assembly Car & Mortgage loan Fund were not submitted to the Controller of Budget.
2. High level of pending bills which amounted to Kshs.683.43 million as of 31st December 2022. The available in the CRF stood at Kshs.16.01 million at the end of the first half of FY 2022/23.
3. Use of manual payroll whereby personnel emoluments amounting to Kshs.222.19 million were processed through the manual payroll and accounted for 11 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 CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining financial year period.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.24 County Government of Mandera

3.24.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.62 billion, comprising Kshs.4.22 billion (36.3 per cent) and Kshs.7.40 billion (63.7 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 12.5 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 expects to receive Kshs.11.19 billion (96.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.255.44 million (2.2 per cent) from its own source of revenue, and a cash balance of Kshs.172.25 million (1.5 per cent) from FY 2021/22. The County did not budget for conditional grants.

3.24.2 Revenue Performance

In the half-year period of FY 2022/23, the County received Kshs.3.69 billion as the equitable share of the revenue raised nationally, raised Kshs.48.6 million as own-source revenue and had a cash balance of Kshs.906.85 million from FY 2021/22. The County also retained conditional grants worth Ksh.76.14 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.72 billion, as shown in Table 143.

Table 143: Mandera County, Revenue Performance in the First Half of FY 2022/23

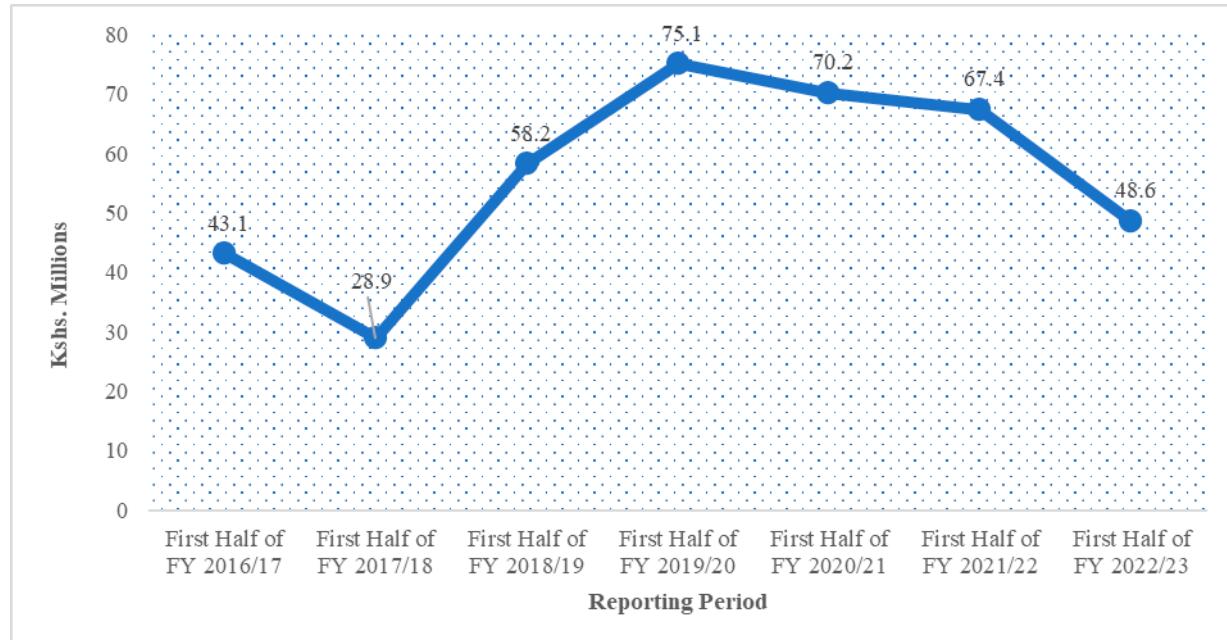
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A	Equitable Share of Revenue Raised Nationally	11,190,382,598	3,692,826,256	33

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
	Sub Total	11,190,382,598	3,692,826,256	33
B	Conditional Grants			
1	World bank/Japan Funding for Health sector THC	-	54,721,395	-
2	Kenya Urban and Institutional Grant b/f	-	21,415,158	-
	Sub-Total	-	76,136,553	-
C	Other Sources of Revenue			
1	Own Source Revenue	255,436,786	48,602,787	19.0
2	Balance Brought Forward from the Previous Year	172,253,555	906,845,632	526.5
	Sub Total	427,690,341	955,448,419	223.4
	Grand Total	11,618,072,939	4,724,411,228	40.7

Source: Mandera County Treasury

Figure 70 shows the annual trend in own-source revenue collection for the first half from FY 2016/17 to FY 2022/23

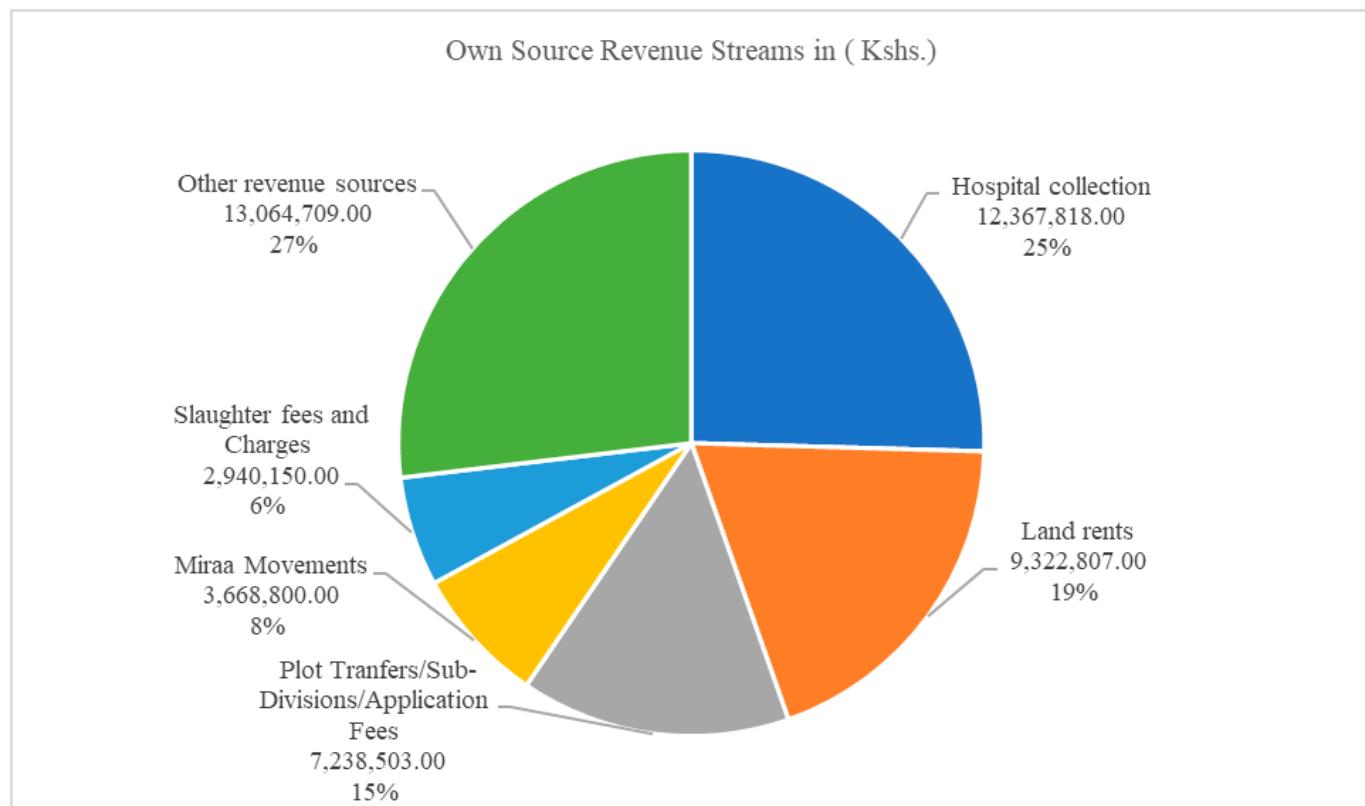
Figure 70: Trend in Own-Source Revenue Collection for the First Half of the Financial Year from FY 2016/17 to FY 2022/23



Source: Mandera County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.48.6 million as own-source revenue. This amount represented a decrease of 27.9 per cent compared to Kshs.67.4 million realised in a similar period in FY 2021/22 and was 19 per cent of the annual target and 1.3 per cent of the received equitable share. The OSR includes revenue arrears and penalties charged on the arrears from the previous financial year of Kshs.11.95 million. The top five revenue streams which contributed the highest OSR are shown Figure 71.

Figure 71: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Mandera County Treasury

In the period, land rents and rates had the highest collection, accounting for Kshs.9.32 million, 19 per cent of the total OSR generated, followed by plot subdivision at Kshs.7.24 million and accounted for 15 per cent of total own source revenue.

3.24.3 Exchequer Issues

The Controller of Budget approved Kshs.4.64 billion withdrawals from the CRF account for recurrent programmes and development programs during the reporting period. The amount comprised Ksh.1.11 billion (23.6 per cent) for development expenditure and Ksh.3.54 billion (76.3 per cent) for recurrent expenditure. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.54 billion was released towards compensation to employees and Kshs.1 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.1.02 million, while other operational accounts had a cumulative balance of Ksh.112.75 million.

3.24.4 County Expenditure Review

The County spent Kshs.4.64 billion on development and recurrent activities during the period under review. This expenditure represented 97.7 per cent of the total funds released by the CoB and comprised Ksh.1.1 billion on development programs and Ksh.3.54 billion on recurrent programs, respectively. Expenditure on development program represented an absorption rate of 26 per cent, while recurrent expenditure represented 47.9 per cent of the annual recurrent expenditure budget.

3.24.5 Settlement of Pending Bills

The County submitted a report showing that as of 31st December 2022, pending bills were Kshs.2.13 billion, comprising Kshs.2.04 billion for development expenditure and Kshs.82.31 million for recurrent expenditure. This position contradicts a report submitted at the beginning of the financial year where the County Treasury reported no pending bills.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.8 billion on employee compensation while the County Assembly spent Ksh.135.82 million for the same. Expenditure on operations and maintenance was Ksh.1.48 billion for County Executive and Ksh.123.18 million for the County Assembly. Expenditure on development projects was Kshs.1.11 billion and was incurred by County Executive, as shown in Table 144.

Table 144: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Recurrent Expenditure	6,533,293,051	864,090,152	3,284,121,426	258,995,782	50.3	30.0
Compensation to Employees	4,363,985,735	470,464,480	1,802,418,737	135,818,173	41.3	28.9
Operations & Maintenance	2,169,307,317	393,625,672	1,481,702,689	123,177,609	68.3	31.3
Development Expenditure	3,898,436,181	322,253,555	1,098,080,690	-	28.2	-
Total	10,431,729,232	1,186,343,707	4,382,202,116	258,995,782	42.0	21.8

Source: Mandera County Treasury

3.24.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

Expenditure on compensation to employees of Kshs.1.94 billion was 41 per cent of the annual realised revenue of Kshs.4.72 billion. The expenditure included Kshs.969 million attributable to the health sector, which translated to 52.9 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.1.72 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.82.29 million. The manual payroll amounted to 4.5 per cent of the total PE costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.5.0 million on committee sitting allowances for the 49 MCAs and the Speaker against the annual budget allocation of Kshs.11.76 million. The average monthly sitting allowance was Kshs.16,996 per MCA. The County Assembly has established 15 Committees.

3.24.8 County Emergency Fund and County-Established Funds

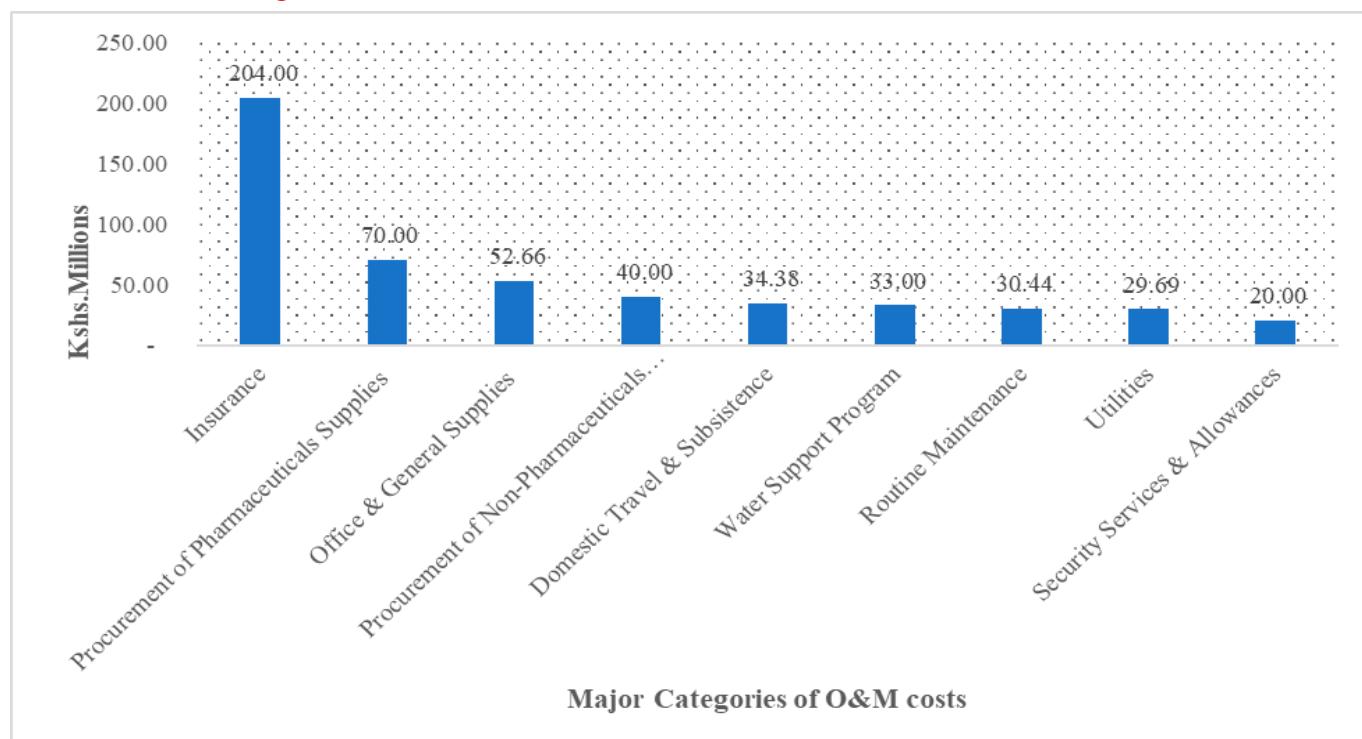
Section 110 of the PFM Act, 2012 establishes the Emergency Fund, while Section 116 of the PFM Act, 2012 allows county governments to establish other public funds with approval from the County Executive Committee and the County Assembly.

The County allocated Kshs.120 million to the Bursary Fund in FY 2022/23. However, the Fund Administrator did not submit the half-year financial return, which is against 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.34.38 million and comprised Kshs.20 million spent by the County Assembly and Kshs.14.35 million by the County Executive.

3.24.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.1.11 billion on development programmes, representing a decrease of 38.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.81 billion. Some of the project payments made in the period are shown in Table 145.

Table 145: Some of the projects implemented in the period

S No.	Sector	Project Name	Contract sum (Kshs)	Amount paid to date (Kshs)
1	Roads	Proposed Construction of Box Culvert/Celled Drifts on Khalilio Road at Hareri In Arabia Sub-County	146,591,520	66,591,520
2	Health	Proposed Expansion of Rhamu Hospital	73,061,138	63,061,138
3	Roads	Proposed Construction of Banisa Air Strip In Banisa Sub County (Re-Advertisement)	74,535,197	53,500,000
4	Gender	Proposed Construction Of 57No Housing Unit And 44No Toilet for Vulnerable Persons in Mandera East Sub County	55,991,100	44,203,500
5	Roads	Proposed Construction of Lafey Air Strip in Lafey Sub County (Re-Advertisement)	75,000,000	35,000,000
6	Gender	Proposed Construction Of 33No Housing Unit And 32No Toilet for Vulnerable Persons in Lafey, Mandera North and Banisa Sub Counties In Mandera County	41,096,286	34,869,576
7	Water	Proposed Construction Of 60,000M3 Har Dumayo Earth Pan In Banisa Sub-County, Mandera County.	32,820,616	31,000,000
8	Agriculture	Proposed Kutulo (Malbe) Waterpan For Irrigation Project In Kutulo Sub-County	62,120,150	28,986,705
9	Roads	Proposed Construction of Drift At Lag Warera Between Iyan Abkula And Takaba South In Mandera West Sub County (Re-Advertisement)	79,992,885	28,000,000
10	Health	Proposed Repair and Maintenance Of Accident And Emergency Centres And Maternity Centres At Mchr And Elwak Referral Hospitals In Mandera County	31,793,802	27,000,000

Source: Mandera County

3.24.11 Budget Performance by Department

Table 146: 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	864.09	322.25	259.00	-	259.00	-	100.0	-	30.0	-
Agriculture and Livestock	172.23	253.68	87.79	34.32	87.79	34.32	100.0	100.0	51.0	13.5
Education, Culture, and Sports	448.40	180.57	233.52	9.85	233.52	9.85	100.0	100.0	52.1	5.5
Gender, Social Services, and Youth Affairs	66.43	32.74	33.90	25.74	33.90	25.74	100.0	100.0	51.0	78.6
Finance and Economic Planning and ICT	568.43	68.60	215.76	3.40	215.76	3.40	100.0	100.0	38.0	5.0
Health Services	2,296.63	358.49	1,163.72	129.00	1,163.72	129.00	100.0	100.0	50.7	36.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Investments, Industrialisation, and Cooperative Development	44.94	10.50	23.90	-	23.90	-	100.0	-	53.2	-
Lands, Housing Developments and Physical Planning	72.68	395.02	41.78	277.00	41.78	277.00	100.0	100.0	57.5	70.1
Office of the Governor and Deputy Governor	408.73	-	224.05	-	224.05	-	100.0	-	54.8	-
County Public Service Board	71.90	50.90	36.58	10.00	36.58	-	100.0	-	50.9	-
Public Service Management and Devolved Units	1,756.15	33.83	919.62	-	919.62	10.00	100.0	-	52.4	29.6
Public Works Roads and Transport	148.50	974.55	81.36	303.90	81.36	303.90	100.0	100.0	54.8	31.2
Water, Energy, Environment and Natural Resources	478.27	1,539.56	222.16	304.87	222.16	304.87	100.0	100.0	46.4	19.8
Total	7,397.38	4,220.69	3,543.14	1,098.08	3,543.12	1,098.08	100.0	100.0	47.9	26.0

Source: Mandera County Treasury

Analysis of recurrent expenditure by the department shows that the Department of Lands, Housing Development and Physical Planning incurred the highest spending at 57.5 per cent, followed by the Office of the Governor and Deputy Governor at 54.8 per cent and Public Works Roads and Transport at 55 per cent. Under the development budget, the Department of Gender Social services and Youth Affairs had the highest expenditure at 78.6 per cent, followed by the Department of Lands, Housing Development and Physical Planning at 70.1 per cent of budget allocation.

3.24.12 Budget Execution by Programmes and Sub-Programmes

Table 147. summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 147: Mandera County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agricultural and Livestock Sector Support	Food security Initiatives	253,678,884	34,300,240	219,378,644	13.5
	Livestock Production	47,050,000	18,401,680	28,648,320	39.1
		300,728,884	34,300,240	248,026,964	11.4
Administration Services	Administration and Compensation	3,280,625,131	1,373,241,382	2,388,125,240	41.9
	Sub Total	3,280,625,131	1,373,241,382	2,388,125,240	41.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Trade, Cooperatives and Investment Sector Support	Trade Development and Promotion	55,441,550	23,396,997	32,044,553	42.2
		55,441,550	23,396,997	32,044,553	42.2
Youth Rehabilitation and Development	Youth Affairs	32,744,700	25,739,700	32,744,700	78.6
		32,744,700	25,739,700	32,744,700	78.6
ECDE and Sports Development Services	Early Childhood Development Education (ECDE)	180,569,360	14,050,496	180,569,360	7.8
		180,569,360	14,050,496	180,569,360	7.8
Physical Infrastructure Development	Health Infrastructure	358,487,275	129,002,568	358,487,275	36.0
	Land Survey	395,015,000	277,000,000	363,015,000	70.1
	Physical Infrastructure	1,399,233,188	337,288,608	1,399,233,188	24.1
		2,152,735,463	743,291,176	2,120,735,463	34.5
General Administration & Support Services	Administration, planning and support services	3,597,396,070	1,654,432,005	2,884,162,069	46.0
		3,597,396,070	1,654,432,005	2,884,162,069	46.0
Water Provision Services	Water Supply	1,990,371,784	513,750,121	1,897,897,502	25.8
		1,990,371,784	513,750,121	1,897,897,502	25.8
Solar Energy and Environmental Services	Environmental Management Services	27,460,000	23,890,000	27,460,000	87.0
		27,460,000	-	27,460,000	-
	Total	11,618,072,942	4,641,197,898.45	9,811,765,852	40

Source: Mandera County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: environment management services at 87 per cent, youth rehabilitation and development at 78.6 per cent and land survey at 70 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 affected the timely preparation of the budget implementation report. The report was submitted on 30th January 2023.
2. The underperformance of own-source revenue at Kshs.48.6 million against an annual projection of Kshs.255.44 million, representing 19 per cent of the annual target.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.82.29 million were processed through the manual payroll and accounted for 4.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. A high level of pending bills at Kshs.2.13 billion as of 31st December 2022.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the*

Controller of Budget in line with Section 166 of the PFM Act, 2012;

2. The County should address its own source revenue performance to ensure the approved budget is fully financed;
3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
4. The County Leadership should ensure the pending bills are scrutinised and eligible payments settled in line with the provisions of the law.

3.25 County Government of Marsabit

3.25.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.83 billion, comprising Kshs.5.02 billion (56.8 per cent) and Kshs.3.81 billion (43.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.4 per cent compared to the previous financial year when the approved budget was Kshs.9.33 billion and comprised of Kshs.4.59 billion towards development expenditure and Kshs.4.75 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.28 billion (82.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from its own source of revenue, Kshs.738.98 million as conditional grants, and a cash balance of Kshs.646.69 million (7.3 per cent) from FY 2021/22. The cash balance from the previous financial year comprised Kshs.64.53 million that was swept to the CRF account from operational accounts at the end of the financial year, and Kshs.582.16 million as the balance in the CRF account.

3.25.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.82 billion as the equitable share of the revenue raised nationally, raised Kshs.59.63 million as own-source revenue, Kshs.32.29 million as conditional grants, and had a cash balance of Kshs.646.69 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.53 billion, as shown in Table 148.

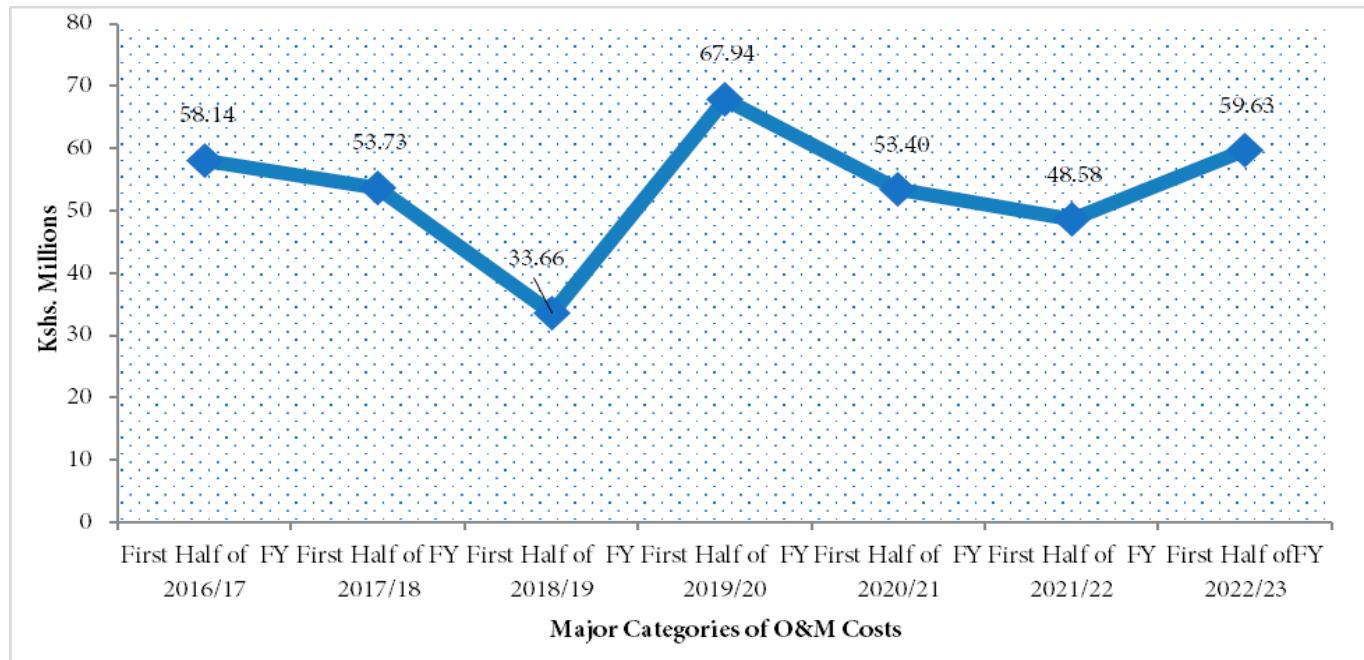
Table 148: Marsabit County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation(%)
A	Equitable Share of Revenue Raised Nationally	7,277,004,032	1,819,251,008	25
	Sub total	7,277,004,032	1,819,251,008	25
B	Conditional Grants			
1	Conditional Grant - Emergency Locust Response Project - Unspent Balance	32,294,514	32,294,514	100
2	Other Conditional grants	706,687,623	-	-
	Sub total	738,982,137	32,294,514	4.4
C	Other Sources of Revenue			
1	Own Source Revenue	170,000,000	59,633,885	35.1
2	Unspent balance from FY 2021/22	646,690,645	646,690,645	100
	Sub Total	816,690,645	706,324,530	86.5
	Grand Total	8,832,676,814	2,557,870,052	29

Source: Marsabit County Treasury

Figue 73 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

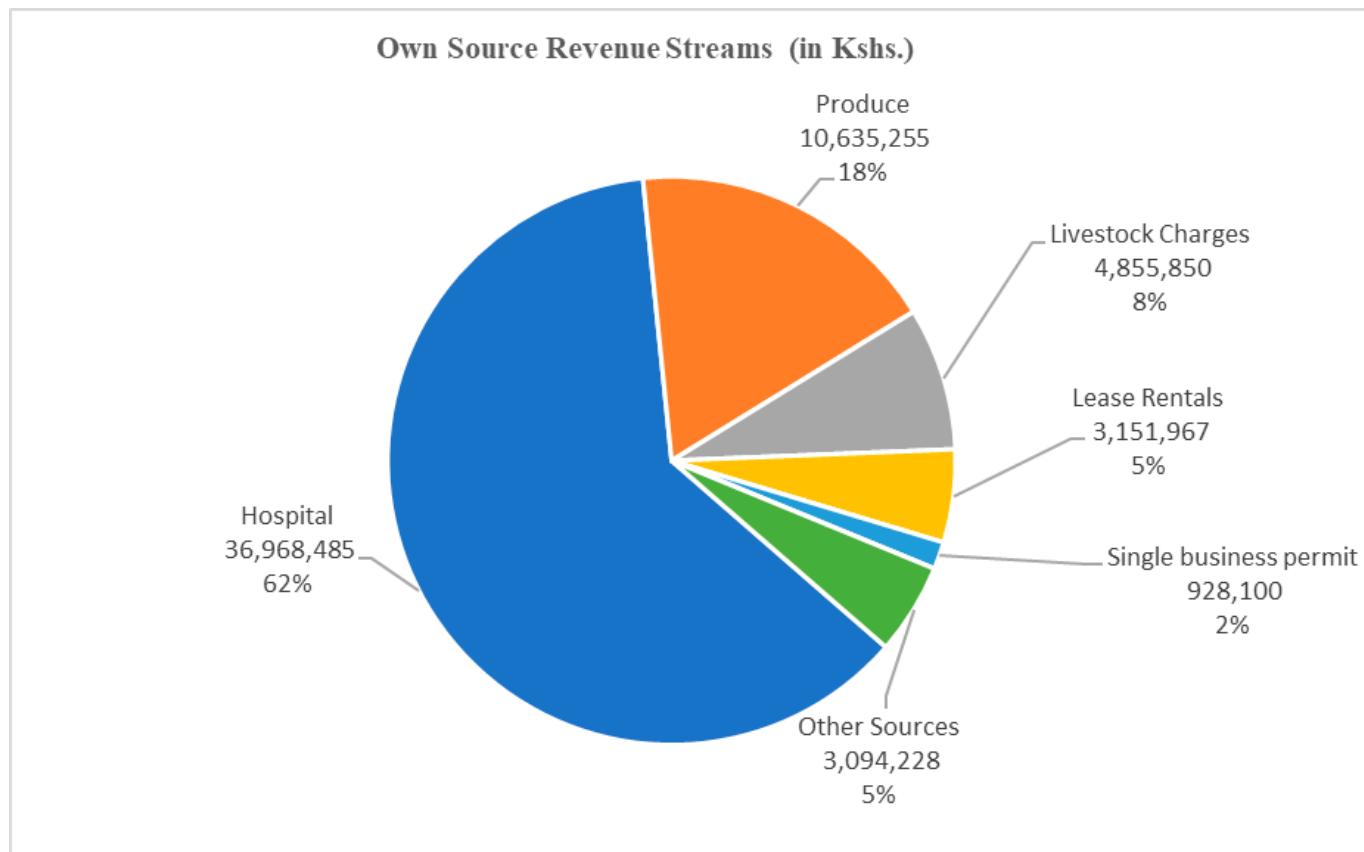
Figure 73: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Marsabit County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.59.63 million from its own sources of revenue. This amount represented an increase of 22.8 per cent compared to Kshs.48.58 million realised in a similar period in FY 2021/22 and was 35.1 per cent of the annual target and 3.3 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 74.

Figure 74: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Marsabit County Treasury

The highest revenue stream of Kshs.36.96 million was from hospital fees contributing to 62 per cent of the total OSR collected during the reporting period.

3.25.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.22 billion from the CRF account during the reporting period. This amount comprised Kshs.32.29 million (1.5 per cent) for development programmes and Kshs.2.19 billion (98.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.5 billion was released towards compensation to employees, Kshs.682.99 million was for Operations and Maintenance expenditure while Kshs.32.29 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.236.89 million.

3.25.4 County Expenditure Review

The County spent Kshs.1.79 billion on recurrent programmes during the reporting period. This expenditure represented 81.8 per cent of the total funds released by the CoB and represented an absorption rate of 35.6 per cent of the annual recurrent expenditure budget. The county did not report any expenditure towards development programmes.

3.25.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.05 billion, which comprised Kshs.44.16 million for recurrent expenditure and Kshs.1.01 billion for development activities. The County did not report any payment towards the settlement of pending bills. The outstanding amount as of 31st December 2022 was, therefore, Kshs.1.05 billion.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.45 billion on employee compensation and Kshs.173.78 million on operations and maintenance. Similarly, the County Assembly spent Kshs.55.66 million on employee compensation and Kshs.110.55 million on operations and maintenance, as shown in Table 149.

Table 149: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,131,974,267	886,688,729	1,620,565,523	166,215,051	39.2	18.7
Compensation to Employees	2,963,571,733	208,962,747	1,446,788,852	55,664,011	48.8	26.6
Operations and Maintenance	1,168,402,534	677,725,982	173,776,671	110,551,041	14.9	16.3
Development Expenditure	3,474,608,383	339,405,435	-	-	-	-
Total	7,606,582,650	1,226,094,164	1,620,565,523	166,215,051	21.3	13.6

Source: Marsabit County Treasury

3.25.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.5 billion, or 59.5 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.53 billion. This expenditure represented an increase from Kshs.1.29 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.720.59 million paid to health sector employees, translating to 48 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.08 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.427.18 million was processed through manual payrolls.

The manual payrolls accounted for 28.4 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.22 million on committee sitting allowances for the 33 MCAs and the Speaker against the annual budget allocation of Kshs.30 million. The average monthly sitting allowance was Kshs.36,448 per MCA. The County Assembly has established 21 Committees.

3.25.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.346.47 million to county-established funds in FY 2022/23, constituting 3.9 per cent of the County's overall budget. Table 150 summarises each established Fund's budget allocation and performance during the reporting period.

Table 150: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Scholarship Fund	100,000,000	35,000,000	35,000,000	YES
2	Emergency Fund	117,474,267	50,000,000	50,000,000	YES
3	Car Loan and Mortgage-Executive	40,000,000	-	-	YES
County Assembly Established Funds					
4	Car Loan and Mortgage Fund - Assembly	89,000,000	-	-	NO
	Total	346,474,267	85,000,000	85,000,000	

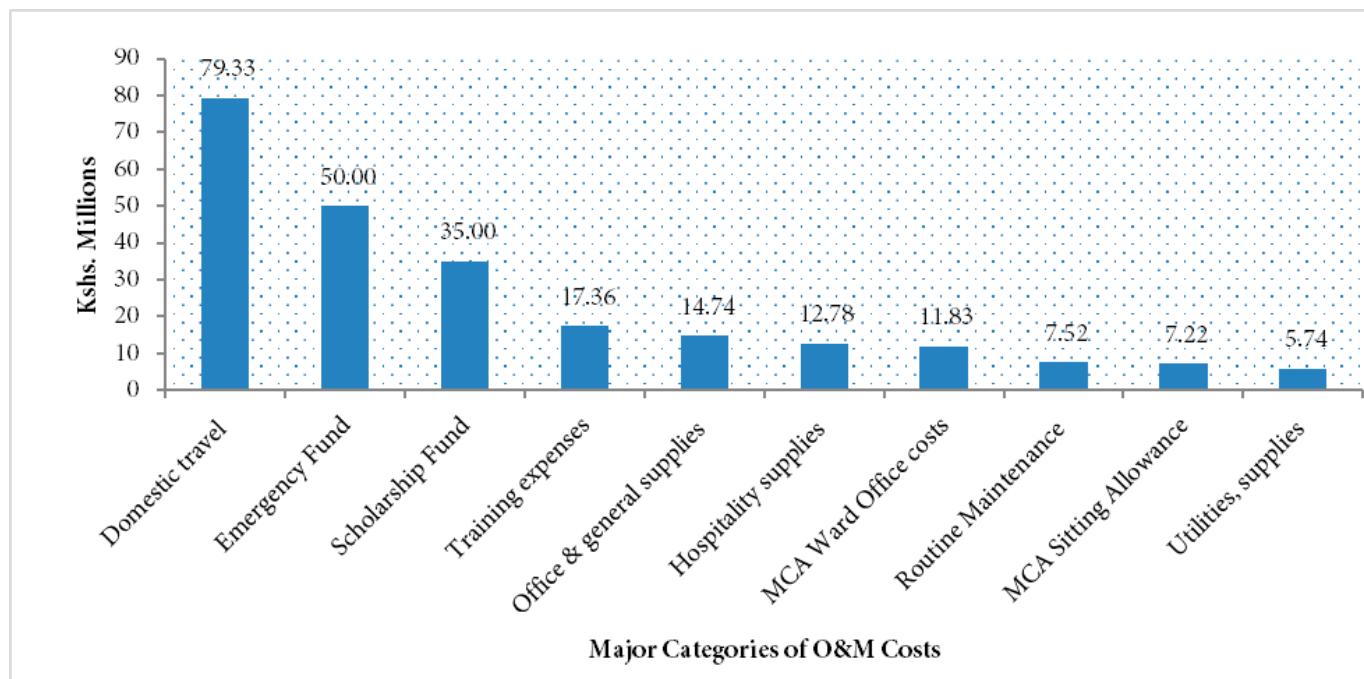
Source: Marsabit County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrator of the County Assembly Car loan and Mortgage Fund as indicated in Table 149 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.25.9 Expenditure on Operations and Maintenance

Figure 75 shows a summary of 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.79.33 million and comprised of Kshs.33.34 million spent by the County Assembly and Kshs.45.98 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.62 million by the County Executive.

3.25.10 Development Expenditure

The County Departments did not report expenditures on development activities during the period under review.

3.25.11 Budget Performance by Department

Table 151 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 151: Marsabit County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	886.69	339.41	196.76	-	166.22	-	84.5	-	18.7	-
County Executive	559.50	840.00	295.90	-	163.85	-	55.4	-	29.3	-
Finance & Economic Planning	459.48	640.31	194.82	-	186.74	-	95.9	-	40.6	-
Agriculture, Livestock & Fisheries	268.68	726.68	118.22	32.29	83.34	-	70.5	-	31.0	-
County Public Service Board	95.87	5.00	35.13	-	33.07	-	94.2	-	34.5	-
Education, Skill Development, Youth & Sports	385.71	58.66	184.35	-	146.02	-	79.2	-	37.9	-
County Health Services	1,445.96	408.78	754.61	-	723.10	-	95.8	-	50.0	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Administration, Coordination & ICT	315.90	250.00	115.87	-	104.72	-	90.4	-	33.1	-
Energy, Lands & Urban Development	158.64	95.21	71.35	-	46.05	-	64.5	-	29.0	-
Roads & Public Works	114.15	125.16	58.80	-	24.93	-	42.4	-	21.8	-
Water, Environment & Natural Resources	154.06	295.80	82.96	-	53.85	-	64.9	-	35.0	-
Trade, Industry & Enterprise Development	82.85	9.00	34.38	-	28.24	-	82.1	-	34.1	-
Tourism, Culture & Social Services	91.18	20.00	42.32	-	26.65	-	63.0	-	29.2	-
TOTAL	5,018.66	3,814.01	2,185.45	32.29	1,786.78	-	81.8	-	35.6	-

Source: Marsabit County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of the recurrent budget at 50 per cent, followed by the Department of Finance at 40.6 per cent of budget allocation. The County Departments did not report expenditures on development activities.

3.25.12 Budget Execution by Programmes and Sub-Programmes

Table 152 Budget Allocation and Absorption Rate by Department summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 152: Marsabit County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
A. County Assembly Of Marsabit		A	B	C=A-B	D=B/A*100
1: General Administration Support Services	SP 1.1 salaries and allowances for employees and MCAs	208,962,747	55,664,011	153,298,736	26.6
	SP 1.2 Hospitality, Catering services, donations and gifts, boards, committees, conferences and seminars	41,400,000	11,135,488	30,264,512	26.9
	SP 1.3 Domestic payables from previous financial years	44,162,996	-	44,162,996	-
Total Expenditure For Programme 1		294,525,743	66,799,499	227,726,244	22.7
Programme 2: Legislature And Oversight	SP 2.1 Domestic and foreign accommodation, air travels and daily subsistence allowance	103,257,475	33,341,370	69,916,105	32.3
	SP 2.2 ICT, Hansard and Communication equipment	9,500,000	863,209	8,636,791	9.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	SP 2.3 Mortgage & Car Loans and tax	167,032,790		167,032,790	-
	SP 2.4 Staff Training and Development and Tuitions	32,950,000	9,442,600	23,507,400	28.7
	SP 2.5 Public Participation		-	-	-
Total Expenditure For Programme 2		312,740,265	43,647,179	269,093,086	14.0
Programme 3: County Assembly Infrastructure Improvement	SP 3.11 Equipping of library	-	-	-	-
	SP 3.12 Maintenance of motor vehicle	7,000,000	3,711,100	3,288,900	53.0
	SP 3.13 Purchase of furniture and general equipment	1,500,000	1,500,000	-	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	339,405,434	-	339,405,434	-
	SP 3.15 Improvement of ICT services	5,016,760	2,357,780	-	47.0
	SP 3.16 Maintenance of plants, machinery & other assets	5,000,000	1,428,615	3,571,385	28.6
	SP 3.17 Electricity, water and sewerage and other utility charges	13,428,878	2,045,000	11,383,878	15.2
	SP 3.18 Printing, advertisement and information supplies and services	35,399,509	6,050,564	29,348,945	17.1
	SP 3.19 Rental of approved assets and hire of motor vehicles	5,200,000	95,000	5,105,000	1.8
	SP 3.20 Insurance cost for group personal, building, motor vehicle and medical cover	36,493,161	2,334,543	34,158,618	6.4
	SP 3.21 Purchase of computers, printers and general office supplies and accessories and sanitary cleaning materials	43,366,678	16,132,150	27,234,528	37.2
	SP 3.22 Fuel, oil, lubricants and tyres	9,000,000	6,300	8,993,700	0.1
	SP 3.23 Bank service commission and charges, legal fees, management fees and contracted professional charges and other operating expenses	12,500,000	1,740,000	10,760,000	13.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	SP 3.24 Ward office	40,000,000	11,833,320	28,166,680	29.6
	SP 3.25 Uniform, Specialised materials and supplies	9,000,000	1,755,000	7,245,000	19.5
	-SP 3.26 Membership fees and dues and subscription for international organisations	5,500,000		5,500,000	-
	SP 3.28 Refurbishment of buildings	4,000,000	-	4,000,000	-
	SP 3.29 Gratuity/pension	34,017,736	4,779,002	29,238,734	14.0
	SP 3.30 Purchase of motor vehicle	13,000,000	-	13,000,000	-
	SP 3.31 Research, Feasibility Studies, Project and Preparation and Design, Projects	-	-		-
	Total expenditure for Programme 3	618,828,156	55,768,374	560,400,802	9.0
	TOTAL	1,226,094,164	166,215,051	1,057,220,133	13.6
County Executive Services					-
Physical Planning And Development	Urban Development Services	95,212,794	-	95,212,794	-
	General administration planning and Support Services	158,637,768	46,048,213	112,589,555	29.0
	Sub total	253,850,562	46,048,213	207,802,349	18.1
Education	General Administration, Planning and Support Services	385,713,481	146,016,772	239,696,709	37.9
	Youth Development	58,659,347		58,659,347	-
	Sub total	444,372,828	146,016,772	298,356,056	32.9
Executive Services	General Administration, Planning and Support Services	699,500,000	163,854,834	535,645,166	23.4
	Management of County Affairs	700,000,000	-	700,000,000	-
	Sub total	1,399,500,000	163,854,834	1,235,645,166	11.7
Administration And Ict	General administration planning and Support Services	565,900,000	104,720,808	461,179,192	18.5
	Sub total	565,900,000	104,720,808	461,179,192	18.5
Agriculture and Livestock Development	General Administration, Planning and Support Services	111,831,802	56,880,093	54,951,709	50.9
	Livestock production and Management	124,332,979	25,939,772	98,393,207	20.9
	Fisheries Development and Management	32,513,971	519,000	31,994,971	1.6
	Crop Development and Management	726,679,453		726,679,453	-
	Sub total	995,358,205	83,338,865	912,019,340	8.4
Health Services	Health Infrastructure Development	408,784,157	-	408,784,157	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	General Administration, Planning and Support Services	1,445,958,993	723,101,569	722,857,424	50.0
	Sub total	1,854,743,150	723,101,569	1,131,641,581	39.0
County Public Service Board	General administration planning and Support Services	100,868,568	33,073,459	67,795,109	32.8
	Human Resource Management and Development	-	-	-	-
	Sub total	100,868,568	33,073,459	67,795,109	32.8
	Cultural infrastructure development	20,000,000		20,000,000	-
	General administration, planning and support services	91,181,472	26,649,508	64,531,964	29.2
	Sub total	111,181,472	26,649,508	84,531,964	24.0
Finance And Economic Planning	General administration planning and Support Services	1,099,790,990	186,741,932	913,049,058	17.0
	Sub total	1,099,790,990	186,741,932	913,049,058	17.0
Roads, Housing And Public Works	Road Transport Infrastructure Development	125,161,903	-	125,161,903	-
	General administration planning and Support Services	114,149,413	24,931,793	89,217,620	21.8
	Sub total	239,311,316	24,931,793	214,379,523	10.4
Trade, Industry & Enterprise Development	General administration planning and Support Services	82,850,000	28,241,699	54,608,301	34.1
	Trade and Industrial Development	9,000,000	-	-	-
	Sub total	91,850,000	28,241,699	54,608,301	30.7
Water	Water Resources Management	295,800,000		54,624,099	-
	General administration planning and Support Services	154,055,560	53,846,071	209,600	35.0
	Sub total	449,855,560	53,846,071	54,833,699	12.0
Grand Total		8,832,676,815	1,786,780,574	5,635,841,338	20.2

Source: Marsabit County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: General Administration in the Department of Agriculture and Health Services at 50.9 per cent and 50 per cent of budget allocation, respectively.

3.25.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The data was received on 26th January 2023, and yet it was due on.

2. High level of pending bills that amounted to Kshs.1.05 billion as of 31st December 2022 despite the availability of Kshs.236.89 million in the CRF account at the end of the first half of FY 2022/23.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.427.18 million were processed through the manual payroll and accounted for 28.4 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 leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.26 County Government of Meru

3.26.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.36 billion, comprising Kshs.3.35 billion (29.5 per cent) and Kshs.8.01 billion (70.5 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is an improvement of 1.0 per cent compared to the previous financial year when the approved budget was Kshs.11.30 billion and comprised of Kshs.3.36 billion towards development expenditure and Kshs.7.94 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.79 billion (77.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.600 million (5.3 per cent) from its own source of revenue, and Kshs.270 million (2.4 per cent) as Appropriation in Aid (AIA). The County also expects to receive Kshs.1.67 billion (14.7 per cent) as conditional grants, which consist of Conditional Grants from the National Government and Loans and Grants from Development Partners, as shown in Table 153.

3.26.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.89 billion as the equitable share of the revenue raised nationally, generated Kshs.104.72 million as own-source revenue, Kshs.49.48 million from the National Agricultural and Rural Inclusive Growth as conditional grants, and other revenues of Kshs.33.67 million. The total funds available for budget implementation during the period amounted to Kshs.4.08 billion, as shown in Table 153.

Table 153: Meru County, Revenue Performance in the First Half of FY 2022/23

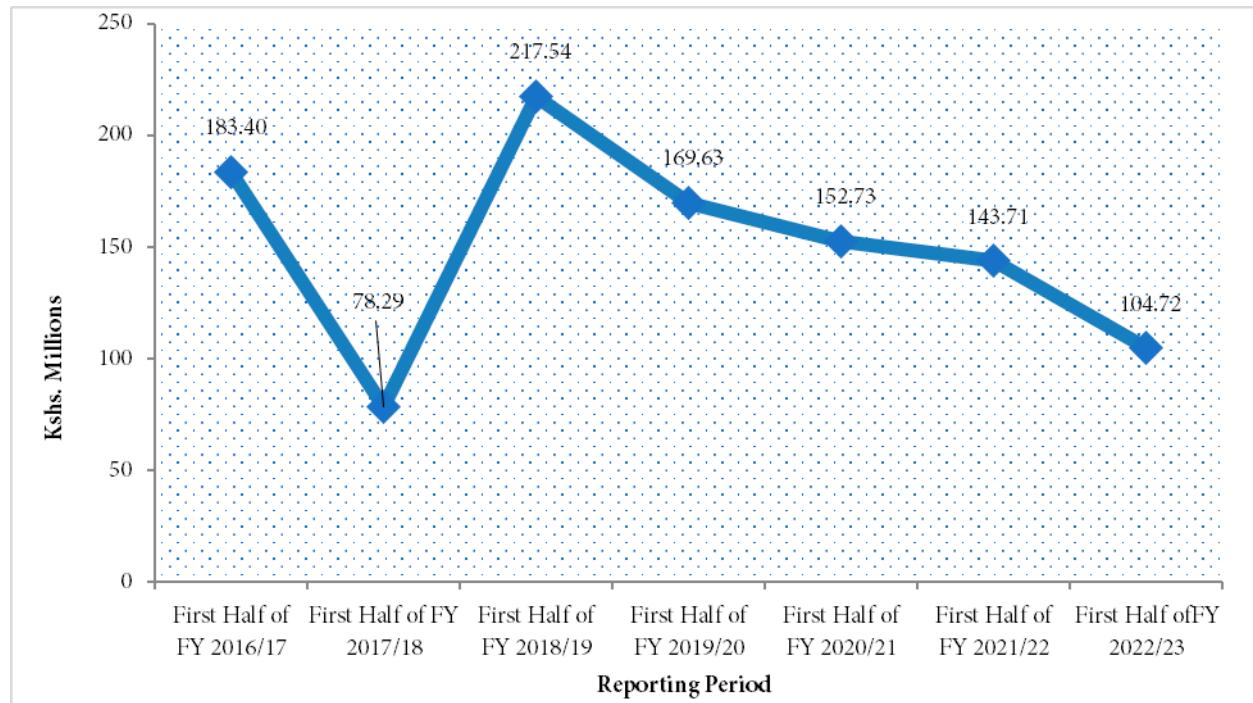
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,788,594,074	3,892,481,507	44.29
	Sub Total	8,788,594,074	3,892,481,507	44.3
B	Conditional Grants	-	-	-
1	Conditional Grants to Level-5 Hospitals	373,872,832	-	-
2	Conditional Allocation for Development of Youth Poly-technics*	58,249,984	-	-
3	Conditional Grant-Compensation for User Fee Fore-gone	31,648,848	-	-
4	Conditional Grant-Management of Covid-19	-	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5	Conditional Grant- Road Maintenance Fuel Levy	241,491,600	-	-
6	World Bank Loan for transforming health systems for the Universal Care Project	36,886,029	-	-
7	World Bank for national agricultural and Rural Inclusive Growth project	398,724,835	49,483,369	-
8	World Bank Urban development grant for Kenya urban support program	116,890,200	-	-
9	KDSP (Level 1+ Level 2 Grant FY 2019-20)	141,844,646	-	-
10	KDSP (Level 1 Grant FY 2018-19)	45,000,000	-	-
11	DANIDA	17,811,750	-	-
12	GoK-ASDSP	33,084,638	-	-
13	World Bank-Locust Response Project (ELRP)	47,977,333	-	-
14	Conditional Grant- Kenya Informal Settlement Improvement Project-KISIP	110,000,000	-	-
15	Capital Grant-THS	16,991,148	-	-
Sub-Total		1,670,473,843	49,483,369	2.9
C	Other Sources of Revenue	-	-	-
1	Own Source Revenue	600,000,000	104,723,190	17.5
2	Appropriation in Aid (AIA)	270,000,000	-	-
3	Other Revenues	33,670,051	33,670,051	100.0
Sub Total		903,670,051	138,393,241	15.3
Grand Total		11,362,737,968	4,080,358,117	35.9

Source: Meru County Treasury

The County Treasury did not report any receipts from Appropriations in Aid despite having an annual target of Kshs.270 million. Figure 76 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

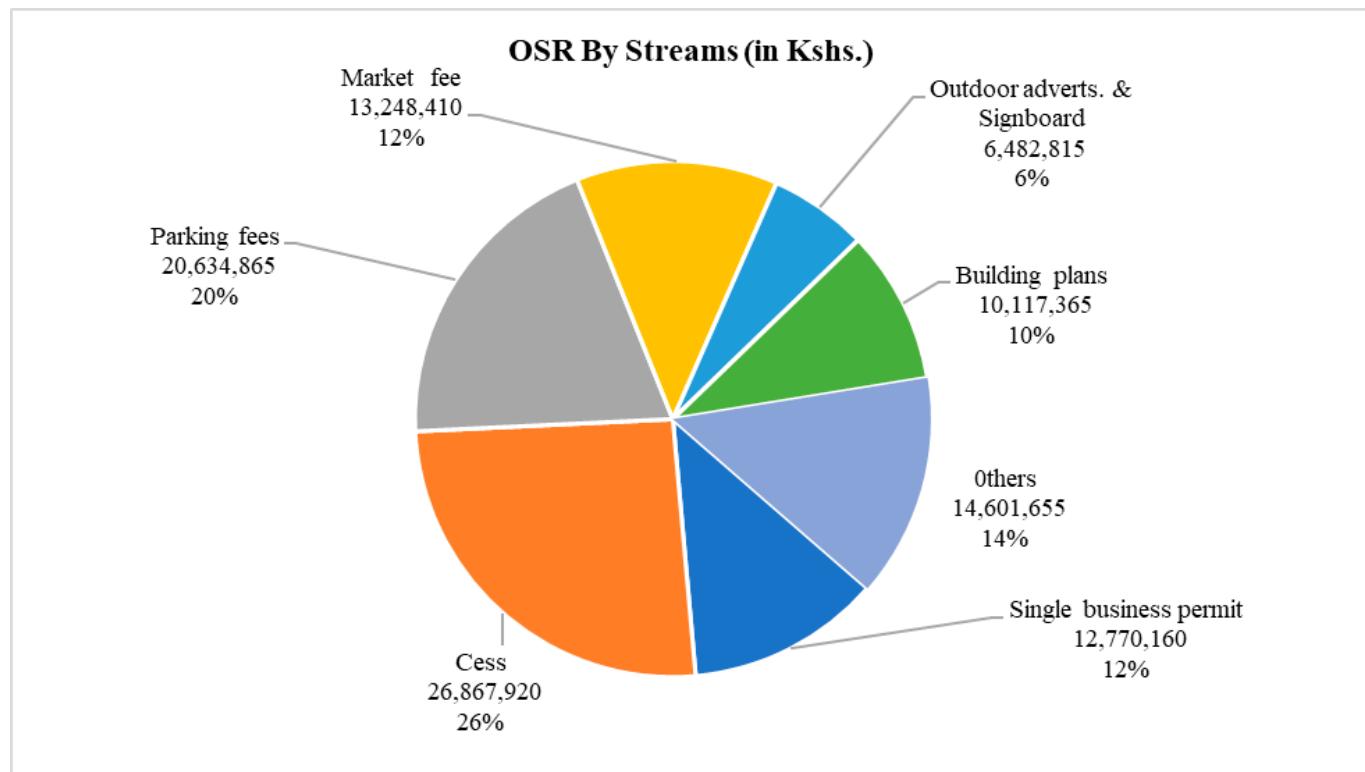
Figure 76: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Meru County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.104.72 million from its own sources of revenue. This amount represented a decrease of 27.0 per cent compared to Kshs.143.71 million realised in a similar period in FY 2021/22 and was 17.5 per cent of the annual target and 2.7 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.452,650. The revenue streams which contributed the highest OSR are shown in Figure 77.

Figure 77: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Meru County Treasury

The highest revenue stream of Kshs.26.86 million was from Cess, contributing to 26 per cent of the total OSR collected during the reporting period.

3.26.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.08 billion from the CRF account during the reporting period. This amount comprised Kshs.70.27 million (1.7 per cent) for development programmes and Kshs.4.01 billion (98.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.89 billion was released towards compensation to employees and Kshs.1.09 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.33.67 million.

3.26.4 County Expenditure Review

The County spent Kshs.4.06 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.6 per cent of the total funds released by the CoB and comprised of Kshs.70.28 billion and Kshs.3.99 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.1 per cent, while recurrent expenditure represented 49.8 per cent of the annual recurrent expenditure budget.

3.26.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.1.16 billion, which comprised Kshs.382.92 million for recurrent expenditure and Kshs.779.62 million for development activities. The County Treasury did not report the settlement of pending bills in the first half of FY 2022/23.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.72 billion on employee compensation, Kshs.770.70 million on operations and maintenance, and Kshs.70.28 million on development activities. Similarly, the County Assembly spent Kshs.177.59 million on employee compensation and Kshs.320.41 million on operations and maintenance. as shown in Table 154.

Table 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	6,883,123,787	1,128,437,598	3,491,987,717	498,000,000	50.7	44.1
Compensation to Employees	4,713,034,836	530,000,000	2,721,288,072	177,585,246	7.7	33.5
Operations and Maintenance	2,170,088,951	598,437,598	770,699,645	320,414,754	35.5	53.5
Development Expenditure	3,321,176,583	30,000,000	70,276,869	-	2.1	-
Total	10,204,300,370	1,158,437,598	3,562,264,586	498,000,000	34.9	43.0

Source: Meru County Treasury

3.26.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.89 billion, or 71 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.08 billion. This expenditure represented a decrease from Kshs.2.91 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.898.65 million paid to health sector employees, translating to 31 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.78 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.120.28 million was processed through manual payrolls. The manual payrolls accounted for 4.1 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.86 million on committee sitting allowances for the 69 MCAs and the Speaker against the annual budget allocation of Kshs.122.25 million. The average monthly sitting allowance was Kshs.18,976 per MCA. The County Assembly has established 27 Committees.

3.26.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.854.72 million to county-established funds in FY 2022/23, constituting 7.5 per cent of the County's overall budget. Summary of Budget and Expenditure by Economic Classification summarises each established Fund's budget allocation and performance during the reporting period Table 155.

Table 155: Performance of County Established Funds as of 31st December 2022

S/ No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial State- ments as of 31st December 2022 (Yes/No)
		A	B	C	D
County Executive Established Funds					
1.	Micro-Finance	82,155,481	54,120,241	54,120,241	Yes
2.	Investment and Development	37,340,051	10,000,000	10,000,000	Yes
3.	Meru Youth Service	70,000,000	2,701,500	2,701,500	Yes
4.	Revenue Board	338,539,303	174,517,179	174,517,179	Yes
5.	Education Scholarship	136,000,000	-	-	Yes
County Assembly Established Funds					
6.	Car Loan and mortgage	190,680,432	70,000,000	70,00000	Yes
Total		854,715,268	298,637,420	298,637,420	

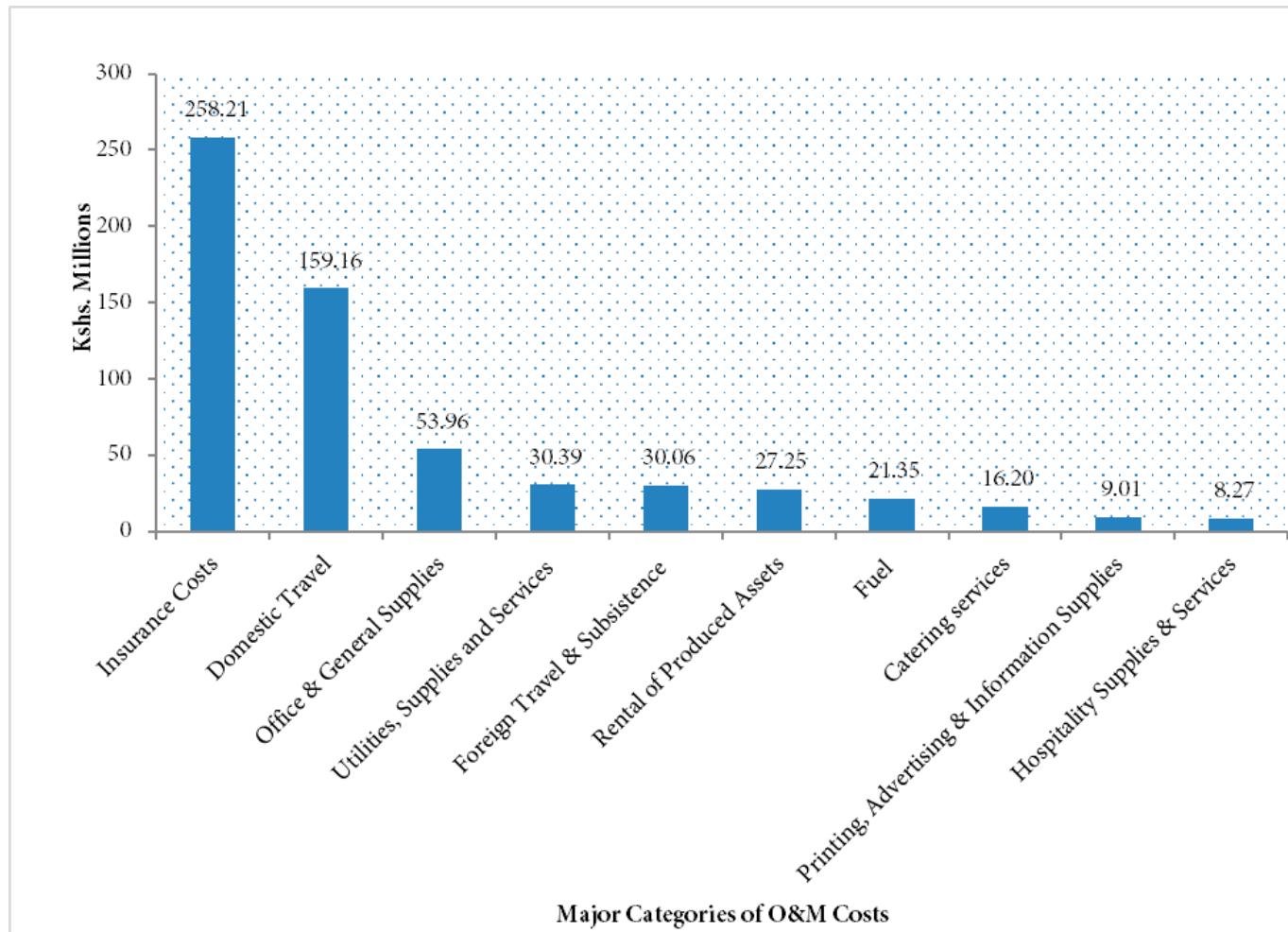
Source: Meru County Treasury

During the reporting period, OCoB received the quarterly financial returns from Fund Administrators as indicated in Summary of Budget and Expenditure by Economic Classification in line with the requirement of Section 168 of the PFM Act, 2012.

3.26.9 Expenditure on Operations and Maintenance

Figure 78 shows a summary of 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.159.16 million and comprised of Kshs.127.4 million spent by the County Assembly and Kshs.31.31 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.06 million and comprised of Kshs.28.55 million by the County Assembly and Kshs.1.50 million by the County Executive.

3.26.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.70.28 million on development programmes, representing a decrease of 80 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.369 million. The County Treasury did not provide a list of projects paid in the period under review.

3.26.11 Budget Performance by Department

Table 156 Operations and Maintenance Expenditure by Major Categories summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 156: 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	1,128.44	30.00	498.00	-	498.00	-	100.0	-	44.1	-
Office of the Governor	170.33	-	37.99	-	38.98	-	102.6	-	22.9	-
Finance, Economic Planning and ICT	800.23	160.77	337.04	-	339.35	-	100.7	-	42.4	-
Agriculture, Livestock and Fisheries Development	87.70	616.99	12.90	49.48	14.07	49.48	109.0	100.0	16.0	8.0
Water Service and Irrigation	25.15	347.05	2.82	-	3.25	-	115.3	-	12.9	-
Education, Technology, Gender and Social Development	84.66	343.88	1.41	-	3.92	-	278.7	-	4.6	-
Health Service	434.42	524.54	80.87	-	81.85	-	101.2	-	18.8	-
Lands, Physical Planning, Urban Development and Public Works	90.00	351.89	7.94	-	8.55	-	107.7	-	9.5	-
Public Service Administration and Legal Affairs	4,888.40	141.84	2,958.29	-	2,964.36	-	100.2	-	60.6	-
Road, Transport and Energy	46.09	570.97	1.09	-	1.27	-	116.4	-	2.7	-
Trade, Investment, Industrialization, Tourism and Co-operative Development	80.63	95.00	6.09	-	7.52	-	123.4	-	9.3	-
Youth Affairs and Sport	120.00	116.65	12.35	20.79	16.09	20.79	130.3	100.0	13.4	17.8
County Public Service Board	30.00	-	9.54	-	9.84	-	103.1	-	32.8	-
Environment, Wildlife and Natural Resources	25.50	51.60	2.86	-	2.93	-	102.7	-	11.5	-
Total	8,011.56	3,351.18	3,886.67	70.28	3,989.99	70.28	102.7	100.0	49.8	2.1

Source: Meru County Treasury

Analysis of expenditure by department shows that the Department of Youth Affairs and Sport recorded the highest absorption rate of development budget at 17.8 per cent, followed by the Department of Agriculture, Livestock and Fisheries Development at 8.0 per cent. The Department of Public Service and Legal Affairs had the highest percentage of recurrent expenditure to budget at 60. 6 per cent, while the Department of Roads, Transport and Energy had the lowest at 2.7 per cent.

3.26.12 Budget Execution by Programmes and Sub-Programmes

Table 157 budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 157: Meru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
ASSEMBLY					
Legislation and Representation	Legislation and Representation	400,606,993	181,666,192	218,940,801	45.3
Legislative Oversight	Legislative Oversight	266,597,315	88,361,133	178,236,182	33.1
General Admin, Planning & Support	General Admin, Planning & Support	491,233,290	227,972,675	263,260,615	46.4
Total		1,158,437,598	498,000,000	660,437,598	43.0
DEPARTMENT: OFFICE OF THE GOVERNOR					-
General Administration	General Administration	83,296,861	28,568,840	54,728,021	34.3
Governor Press/ Communication and Events	Governor Press/Communication and Events	19,620,000	1,590,000	18,030,000	8.1
Efficiency Monitoring	Efficiency Monitoring	11,376,180	995,200	10,380,980	8.7
Research and Strategy	Research and Strategy	13,350,000	2,505,000	10,845,000	18.8
Disaster Management, Rescue & Emergency Services	Disaster Management, Rescue & Emergency Services	17,366,780	1,195,000	16,171,780	6.9
External Linkages & Partnership	External Linkages & Partnership	15,200,000	2,280,000	12,920,000	15.0
County Secretary	County Secretary	10,118,766	1,850,000	8,268,766	18.3
Total		170,328,587	38,984,040	131,344,547	22.9
General Administration	Administration	134,954,356	38,935,331	96,019,025	28.9
Admin	Office Affairs	19,940,766	2,231,450	17,709,316	11.2
Procurement	Procurement	11,400,000	2,799,968	8,600,032	24.6
Internal Audit	Internal Audit	10,805,200	3,361,805	7,443,395	31.1
Budget and Policy	Budget and Policy	28,891,725	3,256,029	25,635,696	11.3
Accounts	Accounts	10,510,000	2,632,200	7,877,800	25.0
Semi-Autonomous Agencies: Investment Corporation	Meru Investment Corporation	157,340,051	10,000,000	147,340,051	6.4
Microfinance Corporation	Meru Micro-Finance Corporation	82,155,481	54,120,241	28,035,240	65.9
Revenue Board	Revenue Board	338,539,303	174,517,179	164,022,125	51.6
ICT Development	ICT Development	22,620,000	1,316,653	21,303,347	5.8
Economic Planning and Coordination Services	Economic Planning and Coordination Services	20,845,000	4,434,500	16,410,500	21.3
Fleet Management	Fleet Management	123,000,000	41,745,982	81,254,018	33.9
Total		961,001,883	339,351,337	621,650,546	35.3
General Administration	General Administration	20,100,000	563,520	19,536,480	2.8
Livestock	Livestock	121,000,000	593,000	120,407,000	0.5
Fisheries	Fisheries	7,000,000	682,200	6,317,800	9.7
Agricultural Services	Agricultural Services	517,986,689	49,795,369	468,191,320	9.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Animal Disease Management	Animal Disease Management	5,000,000	367,750	4,632,250	7.4
Agricultural Training Centre (ATC) & AMS	Agricultural Training Centre (ATC)	33,600,000	11,548,966	22,051,034	34.4
Total		704,686,689	63,550,806	641,135,883	9.0
DEPARTMENT: WATER & IRRIGATION					-
General Administration	Administration Services	372,202,628	3,251,800	368,950,828	0.9
Total		372,202,628	3,251,800	368,950,828	0.9
DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT					-
General Administration	General Administration	22,714,999	1,089,300	21,625,699	4.8
Early Childhood Development Education(ECDE)	Early Childhood Development Education(-ECDE)	237,450,000	130,000	237,320,000	0.1
'Technical and Vocation Education	'Technical and Vocation Education	69,827,375	-	69,827,375	-
Youth Services	'Gender Mainstreaming and Social Services	98,550,000	2,701,500	95,848,500	2.7
Total		428,542,374	3,920,800	424,621,574	0.9
DEPARTMENT: HEALTH SERVICES					-
General Administration	General Administration	-	-	-	-
Curative Health	Curative Health	742,073,704	76,469,801	665,603,903	10.3
Preventive and Promotive Health	Preventive and Promotive Health	216,886,029	5,377,060	211,508,969	2.5
Total		958,959,733	81,846,861	877,112,872	8.5
DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS					-
General Administration	General Administration	30,000,000	-	30,000,000	-
Lands & Public Works	Lands & Public Works	70,000,000	4,110,960	65,889,040	5.9
Physical Planning, House & Urban Development	Physical Planning, House & Urban Development	311,890,200	2,751,000	309,139,200	0.9
Meru Municipality	Meru Municipality	30,000,000	1,689,150	28,310,850	5.6
Total		441,890,200	8,551,110	433,339,090	1.9
DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS					-
General Administration	General Administration	14,731,241	3,719,273	11,011,968	25.2
Coordination of County Government Functions Sub County	Coordination of County Government Functions Sub County	20,786,914	7,197,050	13,589,864	34.6
County Office Accommodation and Enforcement Services	County Office Accommodation and Enforcement Services	49,371,069	29,497,623	19,873,446	59.7
Human Resource	Human Resource	4,869,449,646	2,921,616,572	1,947,833,074	60.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Office of the County Attorney	Office of the County Attorney	72,609,776	2,234,193	70,375,583	3.1
Towns Management & Administration	Towns Management & Administration	3,300,000	100,000	3,200,000	3.0
Total		5,030,248,646	2,964,364,712	2,065,883,934	58.9
DEPARTMENT: 'ROADS, TRANSPORT & ENERGY					
General Administration-Roads	General Administration-Roads	592,470,127	741,600	591,728,527	0.1
Energy	Energy	24,590,814	524,800	24,066,014	2.1
Total		617,060,941	1,266,400	615,794,541	0.2
DEPARTMENT: 'TRADE, TOURISM & CO-OPERATIVES DEVELOPMENT					
Headquarters	Headquarters	-	-	-	-
Co-operatives Development	Co-operatives Development	40,628,097	2,003,000	38,625,097	4.9
Tourism Development	Tourism Development	55,000,000	3,468,507	51,531,493	6.3
Trade Development	Trade Development	80,000,000	2,046,231	77,953,769	2.6
Total		175,628,097	7,517,738	168,110,359	4.3
DEPARTMENT: 'YOUTH AFFAIRS & SPORTS					
General Administration	General Administration	-	-	-	-
Youth Affairs	Youth Affairs	161,650,000	10,928,696	150,721,304	6.8
Sports Development	Sports Development	40,000,000	22,864,900	17,135,100	57.2
Arts and Culture Development	Arts and Culture Development	35,000,000	3,091,300	31,908,700	8.8
Total		236,650,000	36,884,896	199,765,104	15.6
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	30,000,000	9,840,996	20,159,004	32.8
Total		30,000,000	9,840,996	20,159,004	32.8
DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE					
General Administration	General Administration	45,500,592	2,933,090	42,567,502	6.4
Environmental Management and climate change mitigation plans	Environmental Management and climate change mitigation plans	31,600,000	-	31,600,000	-
Total		77,100,592	2,933,090	74,167,502	3.8
Grand Total		11,362,737,968	4,060,264,586	7,302,473,382	35.7

Source: Meru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human Resource in the Department of Public Service Administration and Legal Affairs at 60 per cent, Micro-Finance in the Department of Finance at 65.9 per cent and General Administration and Planning in the Department of County Assembly at 46 per cent of budget allocation.

3.26.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The first report was received on 24th January 2023 but needed to be completed as details of projects implemented needed to be provided.
2. The underperformance of own-source revenue at Kshs.104.72 million against an annual projection of Kshs.600 million, representing 17.5 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 156 where the County incurred expenditure over approved exchequer issues in several departments.
4. High level of pending bills amounting to Kshs.1.16 billion as of 31st December 2022.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.120.28 million were processed through the manual payroll, accounting for 4.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure expenditure is within the approved budget. Further, all revenues should be banked into the CRF account according to Section 109 (2) of 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.*

3.27 County Government of Migori

3.27.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.10.21 billion, comprising Kshs.3.18 billion (31.1 per cent) and Kshs.7.03 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 2.1 per cent compared to the previous financial year when the approved budget was Kshs.10.43 billion and comprised of Kshs.3.53 billion towards development expenditure and Kshs.6.90 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8 billion (78.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.450 million (4.4 per cent) from its own source of revenue, Kshs.775.85. million (7.6 per cent) as conditional grants, and a cash balance of Kshs.976.11 million (9.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 158.

The cash balance from the previous financial year comprises Kshs.18.47 million in unspent conditional grants, Kshs.202.72 million not deposited into the CRF as of the end of the financial year and Kshs.754.91 million, which was the balance in the CRF.

3.27.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.64 billion as the equitable share of the revenue raised nationally, raised Kshs.153.40 million as own-source revenue and had a cash balance of Kshs.976.12 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.77 billion, as shown in Table 158.

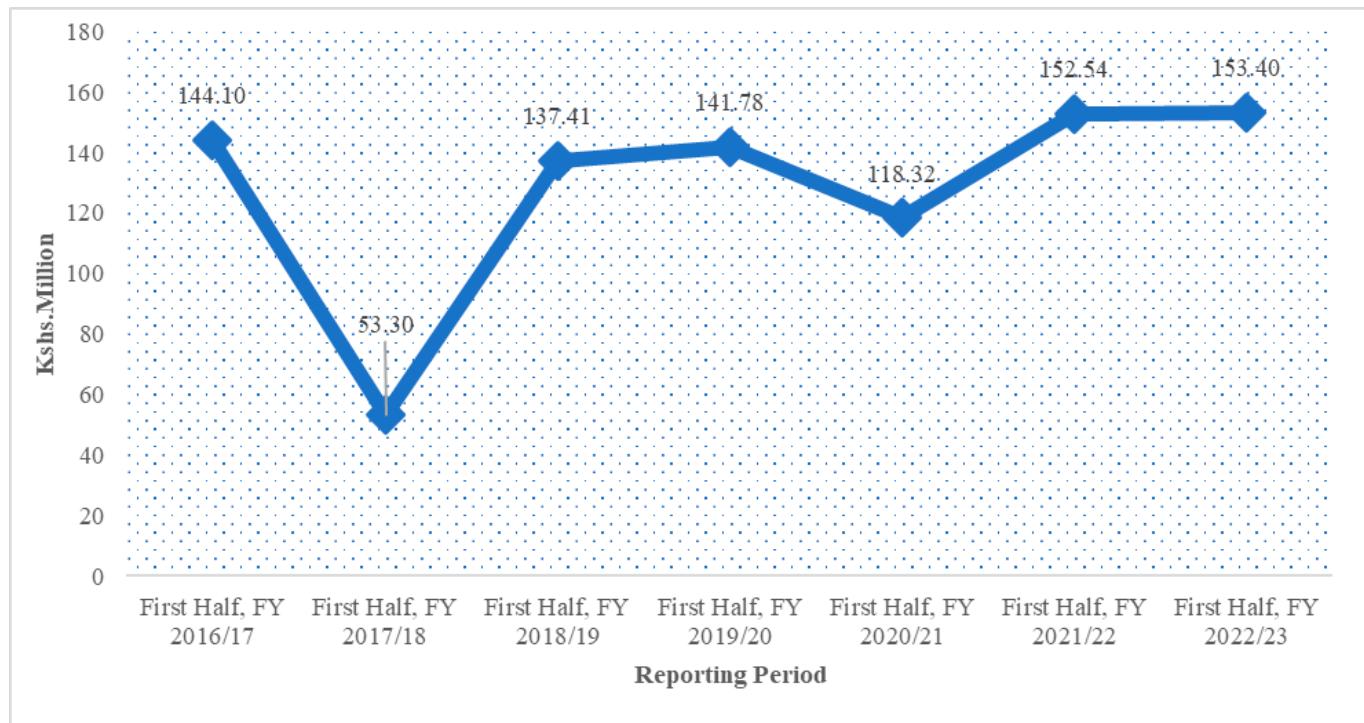
Table 158: Migori County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	8,005,020,448	2,641,656,748	3.3
	Sub total	8,005,020,448	2,641,656,748	3.3
B	Conditional Grants			
1.	DANIDA Grant (Universal Healthcare in Devolved System Program)	15,006,750	-	-
2.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	433,960,288	-	-
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	-	-
6.	Agricultural Sector Development Support Programme (ASDSP) II	31,009,120	-	-
7.	Climate Change	10,000,000	-	-
8.	County Urban Development Grant	206,871,236	-	-
9.	Urban Institutional Grant	10,000,000	-	-
	Sub total	775,850,035	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	450,000,000	153,401,873.64	34.1
2.	Unspent balance from FY 2021/22	976,117,259	976,117,259	100
	Sub Total	1,426,117,259	1,129,519,133	79.2
	Grand Total	10,206,987,742	3,771,175,881	36.9

Source: Migori County Treasury

Figure 79 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

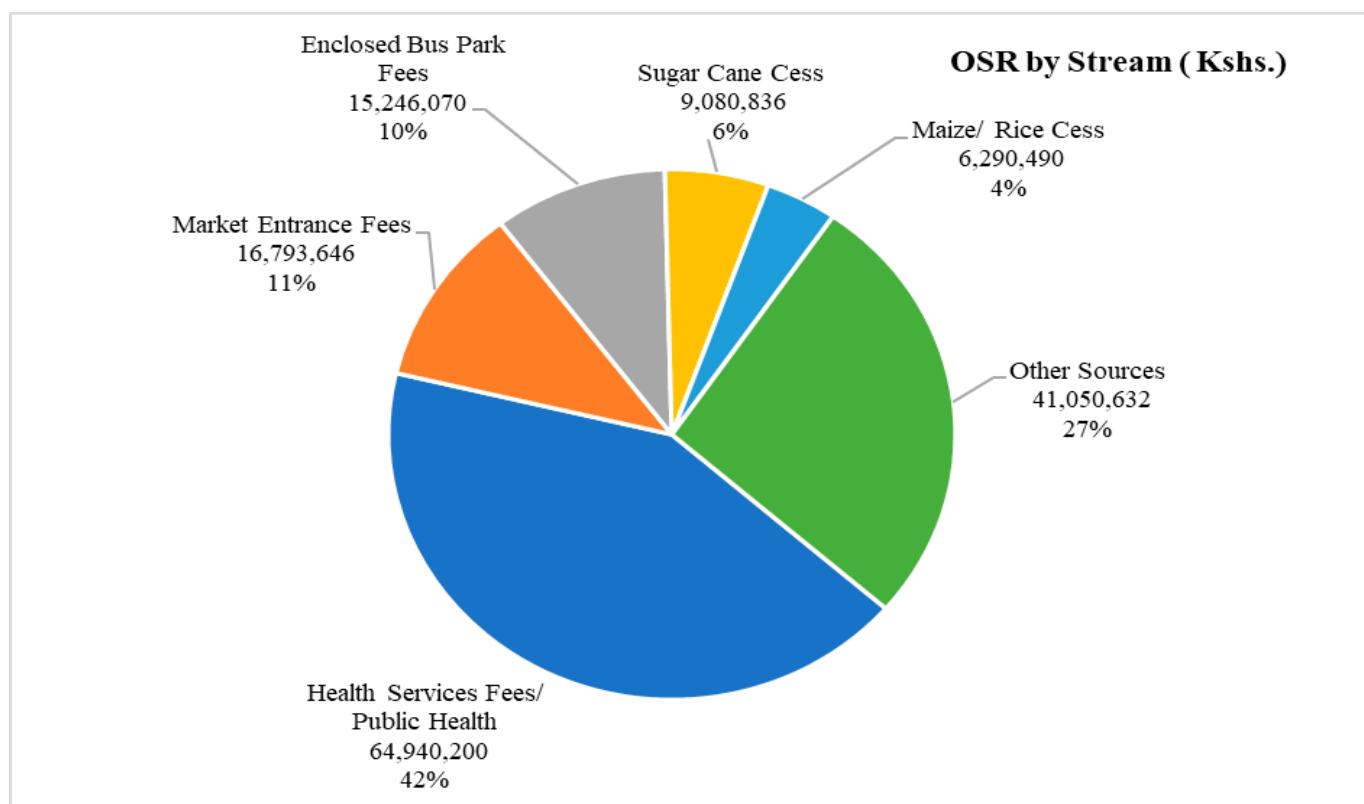
Figure 79: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Migori County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.153.40 million from its own sources of revenue. This amount represented an increase of 0.6 per cent compared to Kshs.152.53 million realised in a similar period in FY 2021/22 and was 34.1 per cent of the annual target and 5.8 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 80.

Figure 80: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Migori County Treasury

The highest revenue stream of Kshs.64.94 million was from health services fees, contributing to 42 per cent of the total OSR collected during the reporting period.

3.27.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.41 billion from the CRF account during the reporting period. This amount comprised Kshs.5.5 million (0.2 per cent) for development programmes and Kshs.2.40 billion (99.8 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 1.64 billion was released towards compensation to employees, Kshs.765.08 million was for Operations and Maintenance expenditure while Kshs.5.5 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.599.45 million.

3.27.4 County Expenditure Review

The County spent Kshs.2.38 billion on recurrent programmes during the reporting period. The expenditure represented 98.5 per cent of the total funds released by the CoB and was only for recurrent programmes, representing 33.8 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.552.93 million, which comprised Kshs.458.14 million for recurrent expenditure and Kshs.94.78 million for development activities. During the period under review, pending bills amounting to Kshs.18.54 million were settled, and the outstanding amount as of 31st December 2022 was, therefore, Kshs.534.38 million.

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.47 billion on employee compensation, Kshs.504.15 million on operations and maintenance. Similarly, the County Assembly spent Kshs.175.12 million on employee compensation and Kshs.230.31 million on operations and maintenance, as shown in Table 159.

Table 159: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	6,172,066,235	855,472,209	1,971,198,716	405,448,854	31.9	47.4
Compensation to Employees	2,819,221,092	308,150,901	1,467,044,488	175,129,379	52	56.8
Operations and Maintenance	3,352,845,143	547,321,308	504,154,228	230,319,475	15.	42.1
Development Expenditure	3,089,449,298	90,000,000	-	-	-	-
Total	9,261,515,533	945,472,209	1,971,198,716	405,448,854	21.3	42.9

Source: Migori County Treasury

3.27.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.64 billion, or 43.5 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.77 billion. This expenditure represented an increase from Kshs.1.41 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.719.43 million paid to health sector employees, translating to 43.8 per cent of the total wage bill. The increase in personnel emolument was attributed to new recruitment and promotion of staffs.

Further analysis indicates that PE costs amounting to Kshs.1.51 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.130.52 million was processed through manual payrolls.

The manual payrolls accounted for 7.9 per cent of the total PE cost. They were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short-term contracts of less than six months, thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.35.61 million on committee sitting allowances for the 60 MCAs and the Speaker against the annual budget allocation of Kshs.70 million. The average monthly sitting allowance was Kshs.98,915 per MCA. The County Assembly has established 27 Committees.

3.27.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.274 million to county-established funds in FY 2022/23, constituting 2.7 per cent of the County's overall budget. Table 160 summarises each established Fund's budget allocation and performance during the reporting period.

Table 160: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First half of FY2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Migori county executive car and loan mortgage loan fund	178,000,000	-	-	No
2.	Migori county alcoholic drink fund	-	-	-	No
County Assembly Established Funds					
3	Migori assembly car and loan mortgage loan fund	96,000,000	96,000,000	-	No

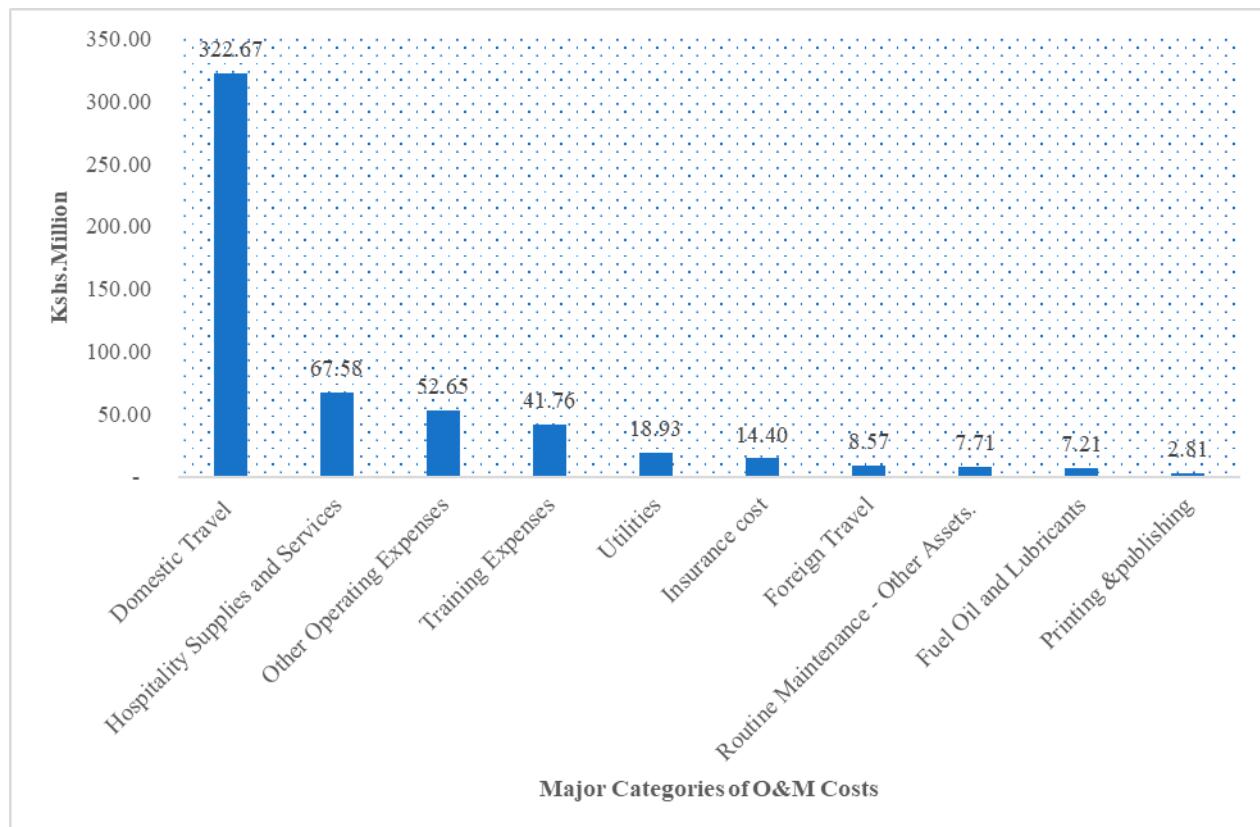
Source: Migori County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Migori County Executive Car and Loan Mortgage Loan Fund, Migori County Alcoholic Drink Fund, and Migori Assembly Car and Loan Mortgage Loan Fund as indicated in Table 160 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.27.9 Expenditure on Operations and Maintenance

Figure 81 shows a summary of 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.322.67 million and comprised Kshs.84.79 million spent by the County Assembly and Kshs.237.88 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.57 million and consisted of Kshs.3.37 million by the County Assembly and Kshs.5.21 million by the County Executive. The operating expenses consist of legal fees and membership fees.

3.27.10 Development Expenditure

The County did not report any expenditure on development programmes in the first half of FY 2022/23.

3.27.11 Budget Performance by Department

Table 161 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 161: 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 Production, Fisheries, Veterinary Services and Water	246.38	551.49	91.62	5.5	90.35	-	98.6	-	36.7	-
County Assembly	855.47	90	405.44	-	405.44	-	100	-	47.4	-
County Attorney	162.50	-	72.22	-	72.37	-	100.2	-	44.5	-

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 Executive	390.42	126.47	100.95	-	99,97	-	99.0	-	25.6	-
Education, Youth Sports, Culture and Social Development	601.12	179.11	178.73	-	178.58	-	99.9	-	29.7	-
Environment and Disaster Management	141.34	4	34.54	-	31.26	-	90.5	-	22.1	-
Finance and Economic Planning	773.65	-	282.91	-	282.91	-	100	-	36.6	-
Medical Services	1,826.56	261.63	816.94	-	816.21	-	99.9	-	44.7	-
Public Health	447.63	177.08	42.72	-	29.92	-	70	-	6.7	-
Lands, Housing, Physical Planning and Survey	165.35	349.32	45.63	-	44.73	-	98	-	27.1	-
Public Service Management	945.66	117.23	230.21	-	229.38	-	99.6	-	24.3	-
Roads, Public Works Transport	225.96	879.84	35.89	-	31.77	-	88.5	-	14.1	-
Trade Development and Regulation	136.67	88.79	40.96	-	38.44	-	93.9	-	28.1	-
Water and Energy	108.75	354.45	28.43	-	25.28	-	88.9	-	23.2	-
	7,027,54	3,179.45	2,407.25	5,5	2,376.64	-	98.7		33.8	-

Source: Migori County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of the recurrent budget at 47.4 per cent, followed by the Department of Medical Services at 44.7 per cent.

3.27.12 Budget Execution by Programmes and Sub-Programmes

Table 162 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 162: Migori County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture, Livestock Development and Fisheries Development					
External Funding	Donor Fund	175,591,511	-	175,591,511	-
Fisheries development and management	Aquaculture Development and Extension Services	2,950,000	-	2,950,000	-
Policy, planning, general administration and support services	Livestock Breeds Improvement & Upgrading	4,062,500	-	4,062,500	-
Crop Development	Crop Development	10,000,000	-	10,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Livestock Disease Control and Management	Livestock Disease Control and Management	4,050,000	1,615,000	2,435,000	40
General administration	General administration	570,286,059	85,787,087	484,498,972	15
	capacity building and training	465,500	-	465,500	-
	Field Extension Services and Support Programme	20,284,984	1,300,000	18,984,984	6
	Field Extension Services & Support Prog Livestock	6,890,881	1,650,500	5,240,381	24
	Fisheries Development	537,878	-	537,878	-
	Fisheries Development and Management	700,000	-	700,000	-
	Aquaculture Development and Extension Services	550,000	-	550,000	-
	Disease control	565,000	-	565,000	-
	Veterinary Public Health Management	527,303	-	527,303	-
	Livestock Breeding and Livestock Products	420,000	-	420,000	-
Sub total		797,881,614	90,352,587	707,529,027	11
County Assembly					
General administration and support services	Administrative services	18,240,462	5,103,321	13,137,141	28
Oversight management services	Committee management services	130,200,000	88,171,788	42,028,212	68
Legislative services	Representation	102,200,000	3,500,000	98,700,000	3
General administration and support services	Administrative services	632,211,320	300,968,470	331,242,850	48
Pending bills	Pending bills	12,620,427	7,705,275	4,915,152	61
infrastructures development	infrastructures development	50,000,000	-	50,000,000	-
sub total		945,472,209	405,448,854	540,023,355	43
County Attorney					
Management and administration	General administration	53,000,000	3,862,100	49,137,900	7
	Finance	50,000,000	49,159,771	840,229	98
	Statistics, research, information management and public relations	2,900,000	850,000	2,050,000	29
Law administration	Law reports and reviews	17,000,000	5,743,400	11,256,600	34
	Promotion of the rule of law	1,000,000	-	1,000,000	-
	Legal aid	1,000,000	931,000	69,000	93
Legal education	Professional and career development	2,600,000	-	2,600,000	-
Pending bills	Pending bills	35,000,000	11,826,300	23,173,700	34
Sub total		162,500,000	72,372,571	90,127,429	45
County Executive					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governance and Executive Management(Office of gov)	Citizen Delivery Services	145,792,000	52,075,557	93,716,443	36
	Lake Region Economic Block	5,000,000	-	5,000,000	-
	Council of Governors	5,000,000	3,000,000	2,000,000	60
	Liaison office - Nairobi	15,000,000	4,000,000	11,000,000	27
	Chief of Staff	5,000,000	-	5,000,000	-
	Protocol	5,000,000	41,500	4,958,500	1
	Security Services	8,500,000	-	8,500,000	-
	Communication and Press	5,000,000	-	5,000,000	-
	Economic Advisor	5,000,000	-	5,000,000	-
	Pending bills	12,761,834	-	12,761,834	-
	Special Programs and External Partnerships	34,950,000	-	34,950,000	-
Governance and Executive management (dep gov)	Monitoring, Evaluation	29,838,000	6,522,150	23,315,850	22
	Governance and Executive management(dep gov)	63,308,000	11,573,594	51,734,406	18
	Governance and Executive management (county sec))	42,274,494	22,761,050	19,513,444	54
	General Administration	134,477,014	-	134,477,014	-
Sub total		516,901,342	99,973,851	416,927,491	19
Education, Gender, Sports, Youth Development and Culture					
General administration	General administration	458,036,938	148,000,467	310,036,471	32
	Education Support Services	3,000,000	-	3,000,000	-
	Construction of Cultural Central and Cultural Activities	4,500,000	-	4,500,000	-
	Youth Enterprise Training and Agri-Business Project	8,000,000	7,173,000	827,000	90
	Vocational Training Services	2,000,000	-	2,000,000	-
ECDE Services	ECDE Services	6,500,000	-	6,500,000	-
	Child Care Services	43,000,000	1,420,100	41,579,900	3
Sports and Talent Development	Sports Development	47,500,000	1,207,940	46,292,060	3
Culture Development Promotion and Arts	Culture and Heritage Conservation	4,500,000	-	4,500,000	-
Education Support	Education Support	5,000,000	-	5,000,000	-
	Bursaries	170,000,000	20,781,933	149,218,067	12
Gender and Equality Services	Women Empowerment	4,975,000	-	4,975,000	-
	People With Disability Empowerment	5,000,000	-	5,000,000	-
External Funding	Conditional Grants	18,219,947	-	18,219,947	-
Sub total		780,231,885	178,583,440	601,648,445	23
Environment, Natural Resource and Disaster Management					
Solid Waste Management	Solid Waste Management	26,300,000	4,121,200	22,178,800	16
External Funding	Donor Funds	15,000,000	-	15,000,000	-
Disaster Management Services	Disaster Management Services	21,800,000	6,505,490	15,294,510	30

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration Support Services	General Administration Support Services	82,249,230	20,639,130	61,610,100	25
Sub total		145,349,230	31,265,820	114,083,410	22
Finance and Economic Planning					
General Administration	General Administration	369,907,868	132,435,236	237,472,632	36
Financial management services	Resource mobilisation	36,953,148	13,117,965	23,835,183	35
	Accounting Services	178,796,306	19,679,823	159,116,483	11
	Procurement Services	17,392,570	7,572,062	9,820,508	44
	Audit Services	14,840,000	11,998,565	2,841,435	81
Economic policy and county planning	Budget Coordination and Management	43,275,000	28,393,348	14,881,652	66
	Policy and Plans Development	66,455,604	66,455,604	-	100
	General administration planning and support services	46,039,014	3,260,491	42,778,523	7
Sub total		773,659,510	282,913,094	490,746,416	37
Health-Medical services					
General administration	General administration	492,000	-	492,000	-
	Infrastructure and Health facility management	53,291,500	-	53,291,500	-
	Purchase of Non-pharmaceuticals	117,368,919	-	117,368,919	-
	General administration	1,809,310,568	813,092,456	996,218,112	45
	Health standards, quality assurance and standards	1,836,000	-	1,836,000	-
	Human Resource Management & development	3,525,000	-	3,525,000	-
External Funding	Conditional Grants	76,648,936	-	76,648,936	-
Maternal Health Services	Maternal Health Services	1,256,000	-	1,256,000	-
Preventive, promotive Health services and Disease Control	Human Nutrition and Dietetics	1,025,000	-	1,025,000	-
	Malaria	1,115,000	-	1,115,000	-
	HIV/AIDS and TB	1,585,000	-	1,585,000	-
	Disease surveillance /Emergency preparedness& response	10,145,000	445,500	9,699,500	4
	Health promotion & education	775,000	144,883	630,117	19
	Non Communicable Diseases, Violence and Injuries	6,760,000	1,987,690	4,772,310	29
Curative, Rehabilitative and Referral services	Hospital Services	3,065,200	533,745	2,531,455	17
Sub total		2,088,199,123	816,204,275	1,271,994,848	39
Public health					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Planning and administrative support services	Health management informative system	17,615,750	4,521,250	13,094,500	26
	Administrative and support services	48,724,000	5,265,354	43,458,646	11
	Standards, quality assurance & regulations	34,659,000	-	34,659,000	-
	Human resource management & development	102,329,968	2,766,000	99,563,968	3
Preventive and promotive health services	Community health services	5,520,000		5,520,000	0
	Sanitation and environmental health services	4,428,000	1,750,000	2,678,000	40
	Human nutrition and dietetics	2,688,000	1,900,000	788,000	71
	HIV and AIDS management	3,300,000	-	3,300,000	-
	Disease surveillance	3,208,000	2,384,000	824,000	74
	Emergency preparedness and response	4,500,000	-	4,500,000	-
	Health promotion	2,350,000	-	2,350,000	-
	Family& reproductive health	3,143,000	-	3,143,000	-
	Non-communicable diseases (NCDs)	4,478,000		4,478,000	-
	Maternal child and adolescence health services	11,388,000	7,886,604	3,501,396	69
External funding	Donor funds	19,438,750	3,446,420	15,992,330	18
LINDA MAMA	Health Centres and dispensaries Linda Mama reimbursement (140 facilities)	13,760,000	-	13,760,000	-
	Hospital Linda Mama reimbursement (14 hospitals)	26,500,000	-	26,500,000	-
Curative, rehabilitative and referral services	Pharmaceutical and non-pharmaceutical commodities	151,437,385		151,437,385	-
	Emergency and referral services	5,556,000	-	5,556,000	-
	Malaria Control	3,520,000	-	3,520,000	-
	Tuberculosis Control	2,180,000	-	2,180,000	-
Improvement of Health Infrastructure at Dispensary and Health Centre - Public	Improvement of Health Infrastructure at Dispensary and Health Centre - Public	105,050,000	-	105,050,000	-
External Funding	THS Transforming Health systems Donor Grant	48,944,473	-	48,944,473	
Sub total		624,718,326	29,919,628	594,798,698	5
Lands, Housing and Physical Planning					
Land development services	Survey Services	29,300,000	-	29,300,000	-
General administration	General administration	343,738,465	44,732,080	299,006,385	13
	Donor Fund	141,635,618	-	141,635,618	-
sub total		514,674,083	44,732,080	469,942,003	9
Public Service Management					

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General administration	Infrastructure Development Services	8,950,000	-	8,950,000	-
	General administration	1,027,536,259	224,860,813	802,675,445	22
ICT Infrastructure	ICT Infrastructure	5,000,000	-	5,000,000	-
Enhanced Management, Coordination & Supervision.	Enhanced Management, Coordination & Supervision.	1,530,000	721,500	808,500	47
Information Communication Services	Information Communication Services	850,000	-	850,000	-
Personnel Services	Personnel Services	2,300,277	482,900	1,817,377	21
	Human Resource Management	950,000	-	950,000	-
Sub County Administration Services	Devolved Units Development Services	3,020,000	360,250	2,659,750	12
Budget Formulation coordination and Management	Budget Formulation coordination and Management	12,765,420	2,954,783	9,810,637	23
sub total		1,062,901,955	229,380,246	833,521,709	22
Roads, Transport and Public Works					
Road management services	Construction of Bridges and Culverts	75,000,000	-	75,000,000	-
	Road management services	362,350,932	-	362,350,932	-
	Urban and Town Road Development	10,000,000	-	10,000,000	-
General administration	General administration	658,454,802	31,771,053	626,683,749	5
Sub total		1,105,805,734	31,771,053	1,074,034,681	3
Trade Tourism and Cooperative Development					
Commerce and tourism development	Tourism Promotion and Marketing	2,000,000	-	2,000,000	-
	Cooperative Development Services	1,500,000	-	1,500,000	-
	Industrial and Enterprise Development	500,000	-	500,000	-
	Trade Infrastructure Development Services	36,125,531	-	36,125,531	-
	Cooperative Audit Services, Inspection and Risk Assessment	390,000	-	390,000	-
	Cooperative Development Services	1,000,000	-	1,000,000	-
General administration	General administration	181,962,549	38,445,820	143,516,728	21
	Verification	750,000	-	750,000	-
	Mapping of Liquor Outlets	1,250,000	-	1,250,000	-
Sub total		225,478,079	38,445,820	187,032,259	17
Water And Energy					
Water Supply and Management Services	Rural Water Services	389,592,214	-	389,592,214	-
	Urban Water Supply & Mgt	19,123,658	13,979,057	5,144,602	73

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Alternative Energy Services	Alternative Energy Technologies	51,998,780	11,221,193	40,777,587	22
	Conventional Power Services	2,500,000	84,000	2,416,000	3
Sub total			463,214,652	25,284,250	437,930,402
Grand total			10,206,987,742	2,376,647,570	7,830,340,172
					23

Source: Migori County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Policy and Plans Developments in the Department of Finance and Economic Planning at 100 per cent, Finance in the Department of County attorney at 98 per cent, Youth Enterprise Training and Agri-Business Project in the Department of Education, Gender, Sports, Youth Development and Culture at 90 per cent, and Audit Services in the Department of Finance and Economic Planning at 81 per cent of budget allocation.

3.27.13 Key Observations and Recommendations

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

1. Failure to implement development programmes in the first six months of the FY 2022/23 despite the availability of Kshs.599.45 million in the CRF at the end of the period.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB contrary to the requirement of Section 168 of the PFM Act, 2012. Quarterly financial reports for the Migori County Executive Car and Loan Mortgage Loan Fund, Migori County Alcoholic Drink Fund and Migori Assembly Car and Loan Mortgage Loan Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs534.38 million as of 31st December 2022 despite the availability of cash in the CRF, which stood at Kshs.599.45 million at the end of the first half of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.130.52 million were processed through the manual payroll and accounted for 7.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Leadership should review the departmental work plans to ensure planned activities are implemented timely.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
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.*

3.28 County Government of Mombasa

3.28.1 Overview of FY 2022/23 Budget

The County's approved Budget for the FY 2022/23 is Kshs.13.70 billion, comprising Kshs. 4.40 billion (32.1 per cent) and Kshs.9.30 billion (67.9 per cent) allocated for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.2 per cent compared to the previous financial year when the approved Supplementary budget was Kshs.14.60 billion and comprised of Kshs.4.43 billion towards development expenditure and Kshs.10.17 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.57 billion (55.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.4.81 billion (35.1 per cent) from its own source of revenue. The County also expects to receive Kshs.1.32 billion (9.6 per cent) as conditional grants, which comprises Kshs.950 million of IDA (WB) Credit: Water & Sanitation Development Project (WSDP), Kshs.219.42 million of World Bank - Kenya Informal Settlement Improvement Project (KISIP II), Kshs.125 million of Finance Locally - Led Climate Action Program (FLLOCA), Kshs.14.87 million of DANIDA Grant and Kshs. 8.85 million of Sweden - Agricultural Sector Development Support Programme (ASDSP) II. The County did not budget for the unspent cash balance of Kshs.39.42 million from the previous financial year.

3.28.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.10 billion as the equitable share of the revenue raised nationally, raised Kshs.1.40 billion as own-source revenue, Kshs.20.07 million as conditional grants, and had a cash balance of Kshs.39.42 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.4.58 billion, as shown in Table 163.

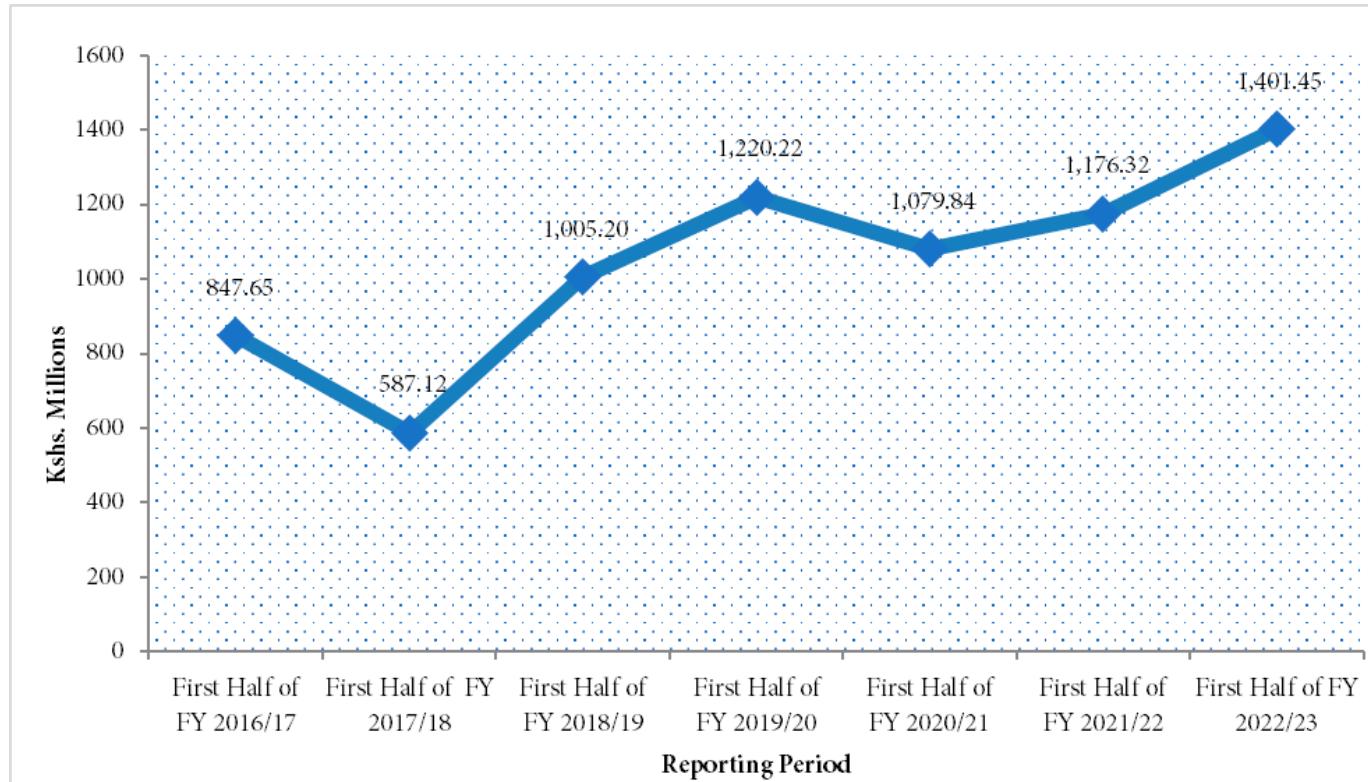
Table 163: Mombasa County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,567,354,061	3,102,615,167	41
B Other Sources of Revenue				
1.	Own Source Revenue	4,814,500,985	1,401,454,864	29.1
C Conditional Grants				
1.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	950,000,000	-	-
2.	World Bank - Kenya Informal Settlement Improvement Project (KISIP II)	219,423,444	-	-
3.	Finance Locally - Led Climate Action Program (FL-LOCA)	125,000,000	-	-
4.	DANIDA Grant	14,874,100	20,070,000	134.9
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	8,847,410	-	-
6.	Unspent balance from FY 2021/22	-	39,420,923	-
Sub Total		1,318,144,954	59,490,923	4.5
Grand Total		13,700,000,000	4,584,260,954	33.5

Source: Mombasa County Treasury

Figure 82 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

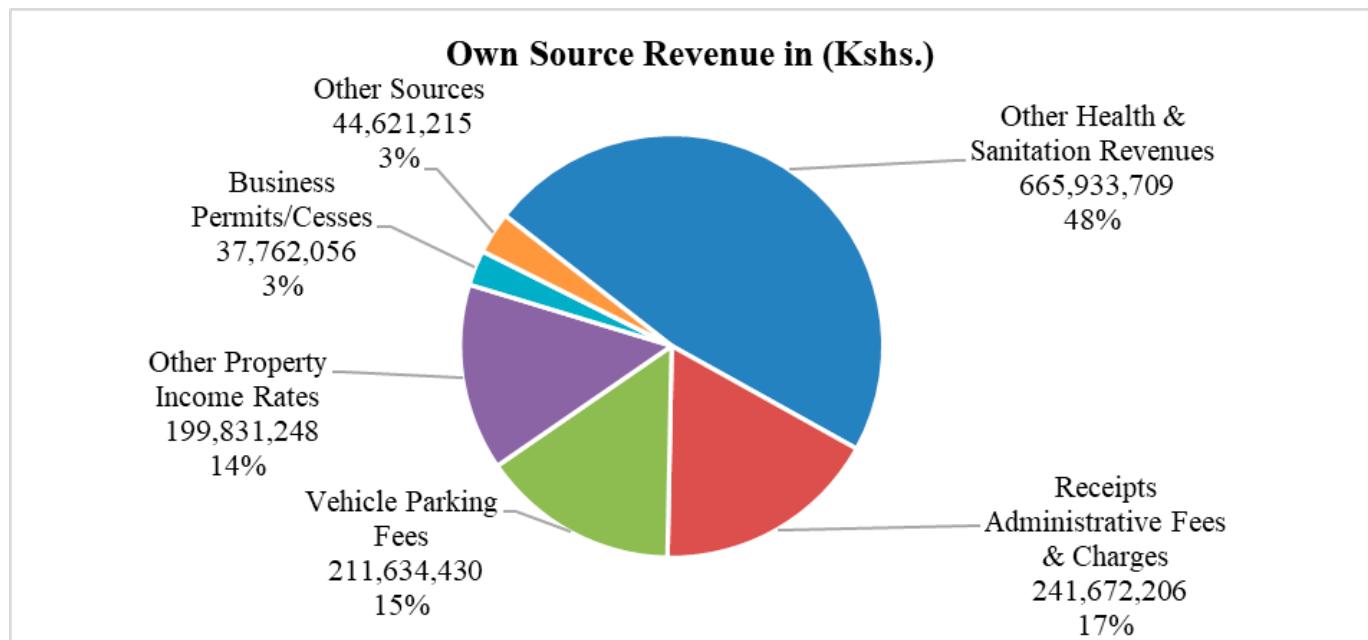
Figure 82: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Mombasa County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.1.40 billion from its own sources of revenue. This amount represented an increase of 19.1 per cent compared to Kshs.1.18 billion realised in a similar period in FY 2021/22 and was 29.1 per cent of the annual target and 30.3 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.1.02 million. The revenue streams which contributed the highest OSR are shown in Figure 83

Figure 83: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Mombasa County Treasury

The highest revenue stream of Kshs.665.95 million was from the Health and Sanitation revenue stream, contributing to 48 per cent of the total OSR collected during the reporting period.

3.28.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.21 billion from the CRF account during the reporting period. This amount comprised Kshs.19.86 million (0.5 per cent) for development programmes and Kshs.4.19 billion (99.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.3.09 billion was released towards compensation to employees and Kshs.1.10 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.2.91 billion.

3.28.4 Borrowing by the County

The County has 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.595.84 million as of 31st December 2022. 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.4.57 billion on development and recurrent programmes during the reporting period. This expenditure represented 109.3 per cent of the total funds released by the CoB and comprised Kshs.29.97 million and Kshs.4.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.7 per cent, while recurrent expenditure represented 49.1 per cent of the annual recurrent expenditure budget.

3.28.6 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.4.97 billion.

3.28.7 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.55 billion on employee compensation, Kshs.1.76 billion on operations and maintenance, and Kshs.29.97 million on development activities. Similarly, the County Assembly spent Kshs.158.86 million on employee compensation and Kshs.95.18 million on operations and maintenance, as shown in Table 164.

Table 164: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	8,441,000,000	859,000,000	4,312,175,854	254,033,020	51.1	29.6
Compensation to Employees	5,350,146,504	375,697,221	2,548,936,789	158,856,409	47.6	42.3
Operations and Maintenance	3,090,853,496	483,302,779	1,763,239,065	95,176,611	57	19.7
Development Expenditure	4,370,000,000	30,000,000	29,971,999	-	0.7	-
Total	12,811,000,000	889,000,000	4,342,147,853	254,033,020	33.9	28.6

Source: Mombasa County Treasury

3.28.8 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.71 billion, or 59.3 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.58 billion. This expenditure represented an increase from Kshs.2.06 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.55 billion paid to health sector employees, translating to 57.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.42 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.283.75 million was processed through manual payrolls. The manual payrolls accounted for 10.5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.17.22 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.41 million. The average monthly sitting allowance was Kshs.66,742 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 for the year. Table 165 summarises each established Fund's budget allocation and performance during the reporting period.

Table 165: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Mombasa County Scholarship and Other Educational Benefits	211,890,000	-	-	Yes
2.	Grants for Management of Natural Disasters (Emergency Fund)	30,000,000	-	-	No
County Assembly Established Funds					
1	Car Loans and Mortgages for Members and Staff	200,000,000	-	-	Yes
	Total	441,890,000			

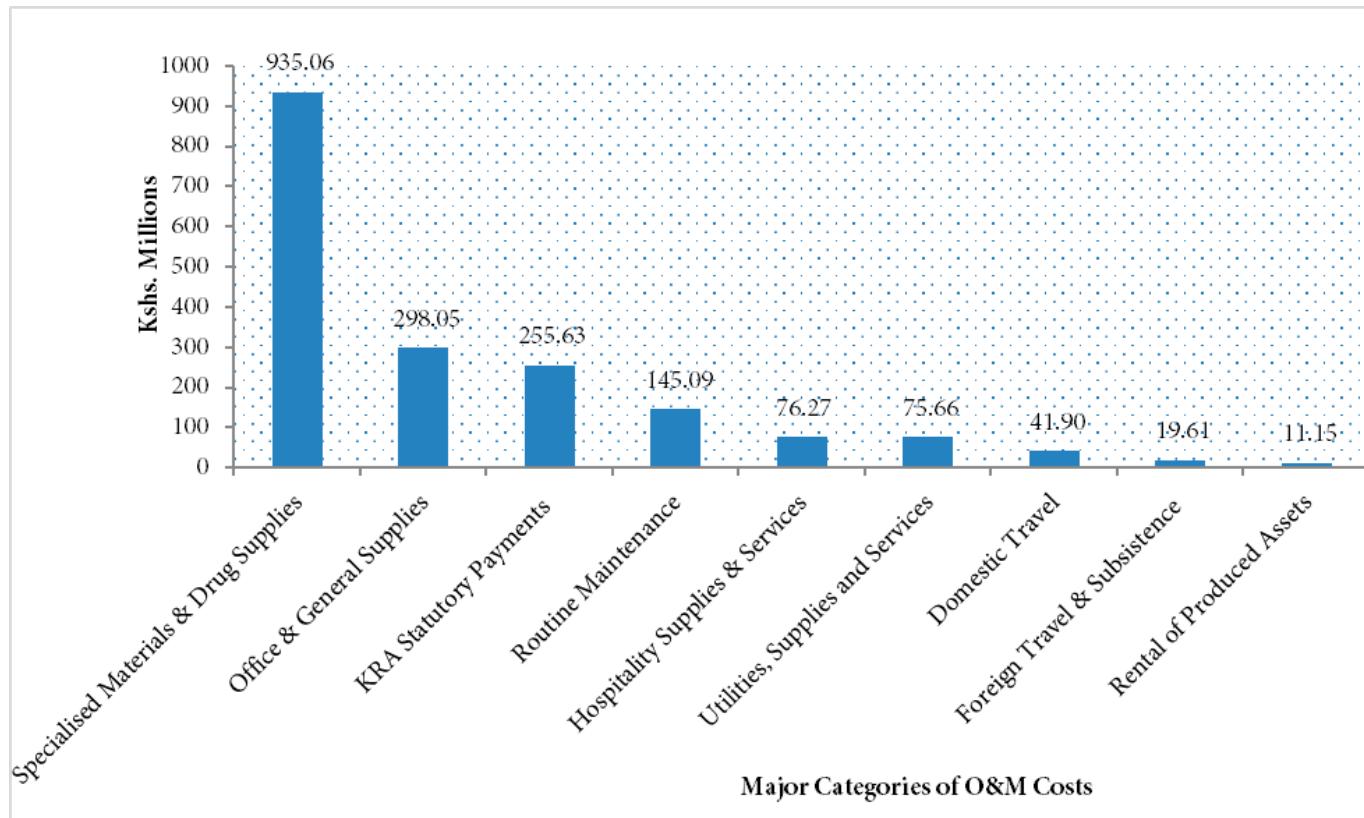
Source: Mombasa County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from the Fund Administrator of the Emergency Fund, as indicated in Table 165, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.28.10 Expenditure on Operations and Maintenance

Figure 84 shows a summary of operations and maintenance expenditure by major categories.

Figure 84: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

During the period, expenditure on domestic travel amounted to Kshs.41.90 million and comprised of Kshs.18.33 million spent by the County Assembly and Kshs.23.57 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.61 million and comprised of Kshs.17.82 million by the County Assembly and Kshs.1.79 million by the County Executive.

3.28.11 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.29.97 million on development programmes, representing a decrease of 95.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.698.63 million. The County incurred Kshs.14.48 million on payment retention money for development projects undertaken in the previous financial year, and Kshs.15.48 million was spent on grading & spot gravelling works of access connecting to Kiembeni and Kashani roads.

3.28.12 Budget Performance by Department

Table 166 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 166: Mombasa County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
The Executive	360	25	132.82	-	112.68	-	84.8	-	31.3	-
Public Service Board	130	20	86.53	-	51.01	-	59.0	-	39.2	-

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
Finance and Economic Planning	594	300	824.22	-	972.48	-	118.0	-	163.6	-
Energy, Environment and Waste Management	615	430	376.02	-	262.67	-	69.9	-	42.7	-
Education, Information Technology and My 2035	627.52	300	218.50	-	48.32	-	22.1	-	7.7	-
Health	3,255	149	1,351.40	-	2,309.80	-	170.9	-	71.0	-
Water, Environment and Natural Resources	130	1,000	46.39	-	5.49	-	11.8	-	4.2	-
Youth, Gender, Sports and Cultural Affairs	260	500	22.08	-	11.81	-	53.5	-	4.5	-
Trade, Tourism and Investments	450	380	143.77	-	51.52	-	35.8	-	11.4	-
County Planning, Land and Housing	270	400	99.65	-	82.04	-	82.3	-	30.4	-
Transport, Infrastructure and Public Works	594	526	139.89	15.48	167.22	29.97	119.5	193.6	28.2	5.7
Agriculture, Fisheries, Livestock and Co-operatives	235	250	31.97	-	22.34	-	69.9	-	9.5	-
Devolution and Public Service Administration	920	90	436.68	-	214.81	-	49.2	-	23.3	-
County Assembly	859	30	276.56	4.38	254.03	-	91.9	-	29.6	-
Total	9,300	4,400	4,186.49	19.86	4,566.21	29.97	109.1	150.9	49.1	0.7

Source: Mombasa County Treasury

Analysis of expenditure by department shows that only the Department of Transport, Infrastructure and Public Works recorded expenditure on the development budget. The Department of Finance and Economic Planning

had the highest percentage of recurrent expenditure to budget at 163.6 per cent, while the Department of Water, Environment and Natural Resources had the lowest at 4.2 per cent. Expenditure above budget allocation is irregular and should be corrected before the end of FY 2022/23.

3.28.13 Budget Execution by Programmes and Sub-Programmes

Table 167 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 167: Mombasa County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
3011 The Executive	Governor's Affairs & Advisory Services	160,000,000	112,675,290	47,324,710	70.4
	Deputy Governor's Affairs & External Relations	90,000,000	-	90,000,000	-
	Cabinet Affairs, Policy Research and Legal Services	80,500,000	-	80,500,000	-
	MV 2035 & E-Government	18,000,000	-	18,000,000	-
	Strategic Delivery Unit	36,500,000	-	36,500,000	-
3013 County Public Service Board	Administration Unit	150,000,000	51,011,377	98,988,623	34.0
3014 Finance and Economic Planning	Administration Unit	825,323,346	958,683,455	(133,360,109)	116.2
	Accounting Unit	30,150,000	6,393,178	23,756,822	21.2
	Planning and Monitoring Unit	39,010,654	7,405,479	31,605,174	19.0
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	569,234,748	262,673,736	306,561,012	46.1
	Waste Management	75,239,000	-	75,239,000	-
	Environmental Compliance and Monitoring	126,960,000	-	126,960,000	-
	Climate Change	180,239,000	-	180,239,000	-
	Energy	93,327,252	-	93,327,252	-
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	349,626,000	48,315,377	301,310,623	13.8
	Education headquarters	104,200,000	-	104,200,000	-
	Childcare	117,500,000	-	117,500,000	-
	Elimu Fund	211,890,000	-	211,890,000	-
	Information Technology Headquarters	144,300,000	-	144,300,000	-
3017 Health Services	Administration Unit	3,034,341,215	2,329,412,071	704,929,145	76.8
	Curative/Clinical Health Services	231,789,182	171,094,140	60,695,042	73.8
	Preventive and Promotive Services Unit	86,072,683	-	86,072,683	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Special Programs	51,796,920	-	51,796,920	-
3018 Water, Sanitation & Natural Resources	Administration unit	1,063,570,000	5,486,684	1,058,083,316	0.5
	Sanitation/Sewerage Services Headquarters	28,750,000	-	28,750,000	-
	Water Supply Headquarters	20,450,000	-	20,450,000	-
	Natural Resources	17,230,000	-	17,230,000	-
3019 Youth, Gender, Sports and Cultural Affairs	Administration Unit	108,391,660	11,809,565	96,582,095	10.9
	Youth Empowerment	52,380,003	-	52,380,003	-
	Gender Affairs and Disability Mainstreaming	77,000,000	-	77,000,000	-
	Sports Unit	474,100,000	-	474,100,000	-
	Sports development	30,500,000	-	30,500,000	-
	Cultural Affairs	17,628,337	-	17,628,337	-
	Public Recreation and Entertainment				
3020 Trade, Tourism & Investment	Administration Unit	335,745,978	51,517,721	284,228,257	15.3
	Trade Development	163,787,810	-	163,787,810	-
	Development of Tourism	22,158,933	-	22,158,933	-
	Investment Promotion and Products Headquarters	-	-	-	-
	Ease of Doing Business-Headquarters	73,105,082	-	73,105,082	-
	Development of County Industrial Parks	235,202,197	-	235,202,197	-
3021 Lands, Housing and Physical Planning	Administration Unit	216,660,381	21,201,282	195,459,099	9.8
	Land Management Unit	23,566,175	-	23,566,175	-
	Physical planning	87,650,000	-	87,650,000	-
	Housing Development Unit	45,350,000	-	45,350,000	-
	Urban Renewal	296,773,444	-	296,773,444	-
3022 Transport, Infrastructure & Public Works	Administration Unit	430,992,272	52,471,149	378,521,123	12.2
	Road and Transport Unit	474,902,430	14,843,645	460,058,784	3.1
	Works Unit	19,750,000	-	19,750,000	-
	Transport Planning, Management and Safety	38,780,298	-	38,780,298	-
	Mechanical Services	69,375,000	-	69,375,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Safety, Risk Management and Rescue Services	86,200,000	-	86,200,000	-
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	157,140,832	22,340,830	134,800,002	14.2
	Crop Management Unit	110,076,858	-	110,076,858	-
	Livestock Unit	71,706,256	-	71,706,256	-
	Fisheries Unit-Headquarters	72,774,916	-	72,774,916	-
	Veterinary Services	51,189,045	-	51,189,045	-
	Co-operatives	22,112,093	-	22,112,093	-
3026 Devolution & Public Service Administration	Administration	764,881,613	214,812,873	550,068,740	28.1
	Devolution and public service administration	20,636,398	-	20,636,398	-
	County Administration and Decentralised Services	83,472,796	-	83,472,796	-
	Public Service Reforms and Delivery	72,909,194	-	72,909,194	-
	Compliance and Enforcement	68,100,000	-	68,100,000	-
3012 County Assembly	General Administration and Planning	142,482,389	115,903,982	26,578,407	81.3
	Legislation, Oversight and Representation	746,517,611	138,129,038	608,388,573	18.5
Grand Total		13,700,000,000	4,596,180,873	9,103,819,127	33.5

Source: Mombasa County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administration services at 116.2 per cent in the Department of Finance and Economic Planning, Administration Services at 76.8 per cent and Curative Health Services at 73.8 per cent in the Department of Health Services budget allocation. Expenditure above budget allocation is irregular and should be corrected before the end of FY 2022/23.

3.28.14 Key Observations and Recommendations

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

1. Partial 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.1.40 billion against an annual projection of Kshs. 4.81 billion, representing 29.1 per cent of the annual target.
3. High level of pending bills which amounted to Kshs.4.97 billion as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs.2.91 billion at the end of the period under review.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.283.75 million were processed through the manual payroll and accounted for 10.5 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 all financial reports and bank statements to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012. Further, the County Treasury should capacity-build officers responsible for reporting to ensure delays and inconsistencies in reporting do not recur.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.29 County Government of Murang'a

3.29.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.9.64 billion, comprising Kshs.2.89 billion (30 per cent) and Kshs.6.75 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 9.7 per cent compared to the previous financial year when the approved budget was Kshs.10.67 billion and comprised of Kshs.3.29 billion towards development expenditure and Kshs.7.37 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.18 billion (74.5 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.5 billion (15.6 per cent) from its own source of revenue, Kshs.639.63 million as conditional grants and a cash balance of Kshs.322.0 million (3.3 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 168.

The cash balance from the previous financial year comprises Kshs.183.72 million from unspent conditional grants, Kshs.5.49 million not deposited into the CRF account as of the end of the financial year, and a balance of Kshs.178.23 million in the CRF account.

3.29.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.37 billion as the equitable share of the revenue raised nationally, raised Kshs.175.41 million as own-source revenue and a cash balance of Kshs.918.83 million from FY 2021/22. The county received no conditional grant funding. The total funds available for budget implementation during the period amounted to Kshs.3.46 billion, as shown in Table 168

Table 168: Murang'a County, Revenue Performance in the First Half of FY 2022/23

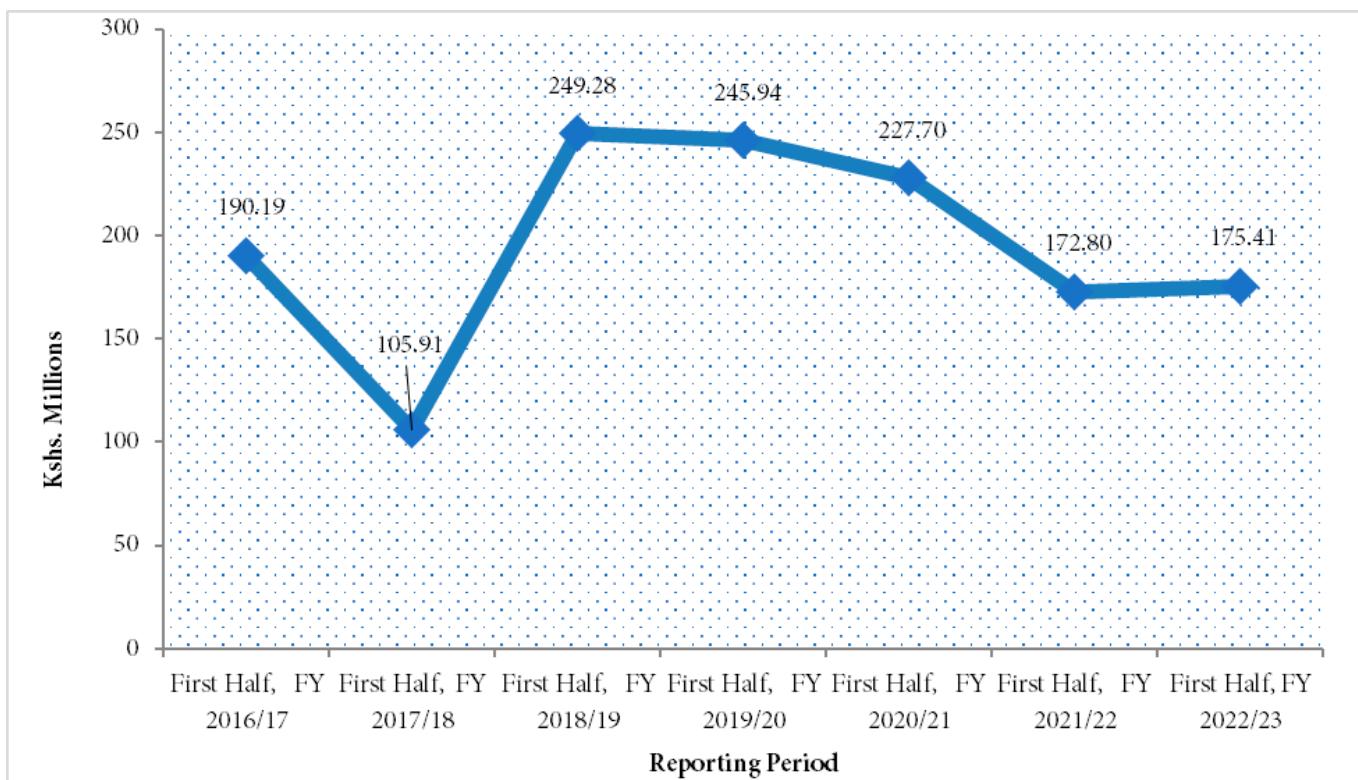
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,180,155,855	2,369,451,432	33.0
	Sub total	7,180,155,855	2,369,451,432	33.0
B	Conditional Grants			
1.	Leasing of Medical Equipment	153,297,782.00	-	-
2.	THSUCP	81,798,466.00	-	-
3.	DANIDA	15,350,362.50	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	NARIGP	335,683,961.00	-	-
5.	Agricultural Sector Deepening Support Program ii	12,746,035.00	-	-
6.	User Fees Foregone	20,138,691.00	-	-
7.	Nutritional International	20,612,450.00	-	-
Sub total		639,627,747.50	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	1,500,000,000	175,413,877	11.7
2.	Appropriation in Aid	300,000,000	918,839,195	306.3
Sub Total		1,800,000,000	1,094,253,072	60.8
Grand Total		9,619,783,603	3,463,704,504	36.0

Source: Murang'a County Treasury

Figure 85 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

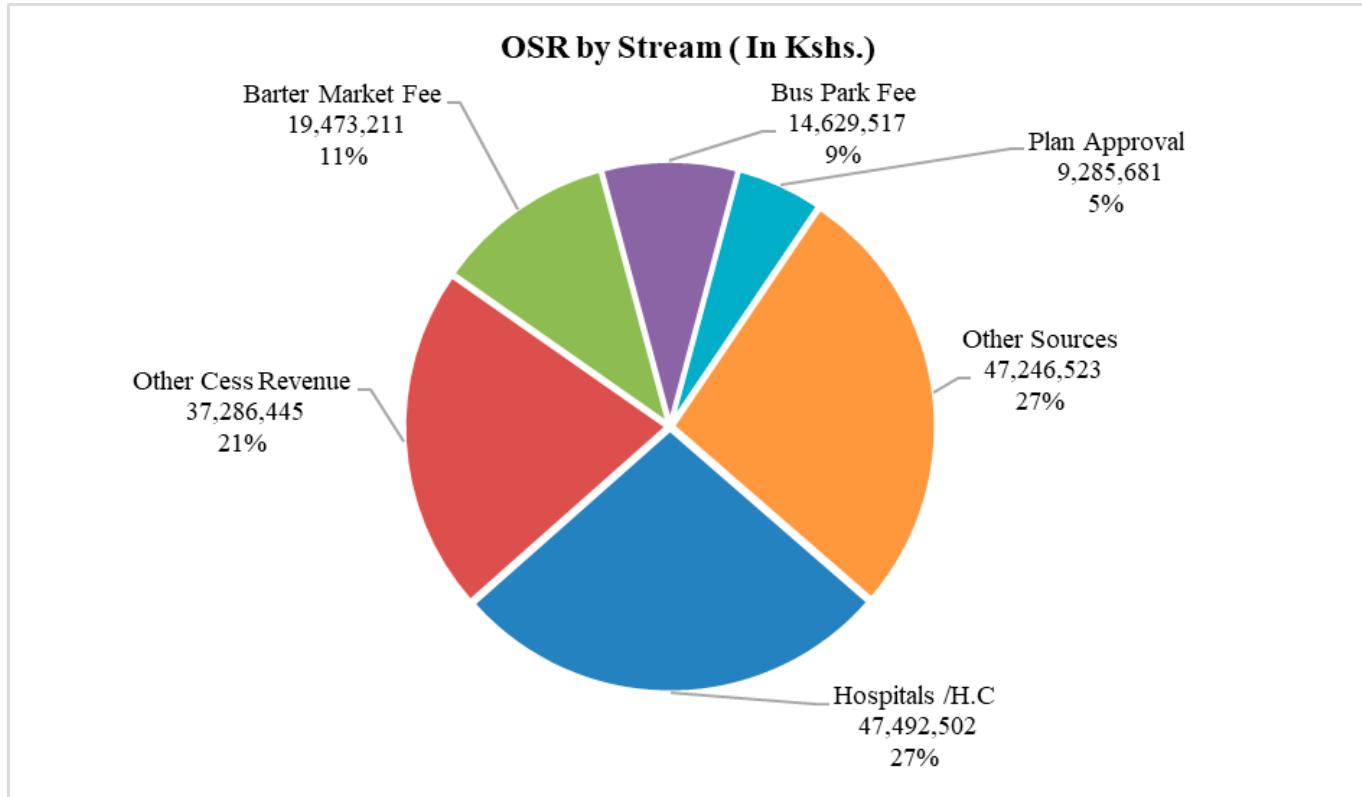
Figure 85: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Murang'a County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.175.41 million from its own sources of revenue. This amount represented an increase of 1.5 per cent compared to Kshs.172.80 million realised in a similar period in FY 2021/22 and was 11.7 per cent of the annual target and 7.4 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.6.27 million. The revenue streams which contributed the highest OSR are shown in Figure 86.

Figure 86: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Murang'a County Treasury

The highest revenue stream of Kshs.47.49 million was from hospital fees and charges, contributing to 27.0 per cent of the total OSR collected during the reporting period.

3.29.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.19 billion from the CRF account during the reporting period. This amount comprised Kshs.181.23 million (5.7 per cent) for development programmes and Kshs.3.01 billion (94.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 2.13 billion was released towards compensation to employees, Kshs.880.01 million was for Operations and Maintenance expenditure while Kshs.181.23 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.273.13 million.

3.29.4 County Expenditure Review

The County spent Kshs.3.11 billion on development and recurrent programmes during the reporting period. This expenditure represented 97.6 per cent of the total funds released by the CoB and comprised Kshs.181.23 million and Kshs.2.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.3 per cent, while recurrent expenditure represented 43.5 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills amounting to Kshs.2.75 billion consisting of Kshs.2.41 billion for recurrent expenditure and Kshs.346.38 million for development activities. During the period under review, pending bills amounting to Kshs.62.36 million were settled for recurrent expenditure, while no pending bills for development programmes were paid. The outstanding amount as of 31st December 2022 was, therefore, Kshs.3.10 billion.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.99 billion on employee compensation, Kshs.679.12 million on operations and maintenance, and Kshs.181.23 million on development activities. Similarly, the County Assembly spent Kshs.130.41 billion on employee compensation, and Kshs.125.79 million on operations and maintenance. The County Assembly did not spend on development activities, as shown in Table 169.

Table 169: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,822,072,148	927,000,000	2,676,836,938	256,206,232	46.0	27.6
Compensation to Employees	3,958,423,292	327,144,000	1,997,713,338	130,409,597	50.5	39.9
Operations and Maintenance	1,863,648,856	599,856,000	679,123,600	125,796,635	36.4	21.0
Development Expenditure	2,842,711,455	50,000,000	181,231,565	-	6.4	0.0
Total	8,664,783,603	977,000,000	2,858,068,503	256,206,232	33.0	26.2

Source: Murang'a County Treasury

3.29.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.13 billion representing 66.7 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.19 billion. This expenditure represented an increase from Kshs.1.89 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 50.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.77 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.350.59 million was processed through manual payrolls. The manual payrolls accounted for 16.5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.73 million on committee sitting allowances for the 54 MCAs and the Speaker against the annual budget allocation of Kshs.30.0 million. The average monthly sitting allowance was Kshs.23,854 per MCA. The County Assembly has established 20 Committees. During the reporting period, 8 bills and policy documents were processed and approved by the County Assembly.

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 Ksh.413.0 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget for the year as shown Table170.

Table 170: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
	Murang'a County Education Scholarship Fund - Bursary	220,000,000	113,422,691	113,422,691.00	YES
	Small Traders Empowerment Program	20,000,000	0	0	NO
County Assembly Established Funds					
	Murang'a County Assembly Car Loan and Mortgage Scheme Fund	173,000,000	30,100,000	10,025,000	YES
	Total	413,000,000	143,522,691	123,447,691	

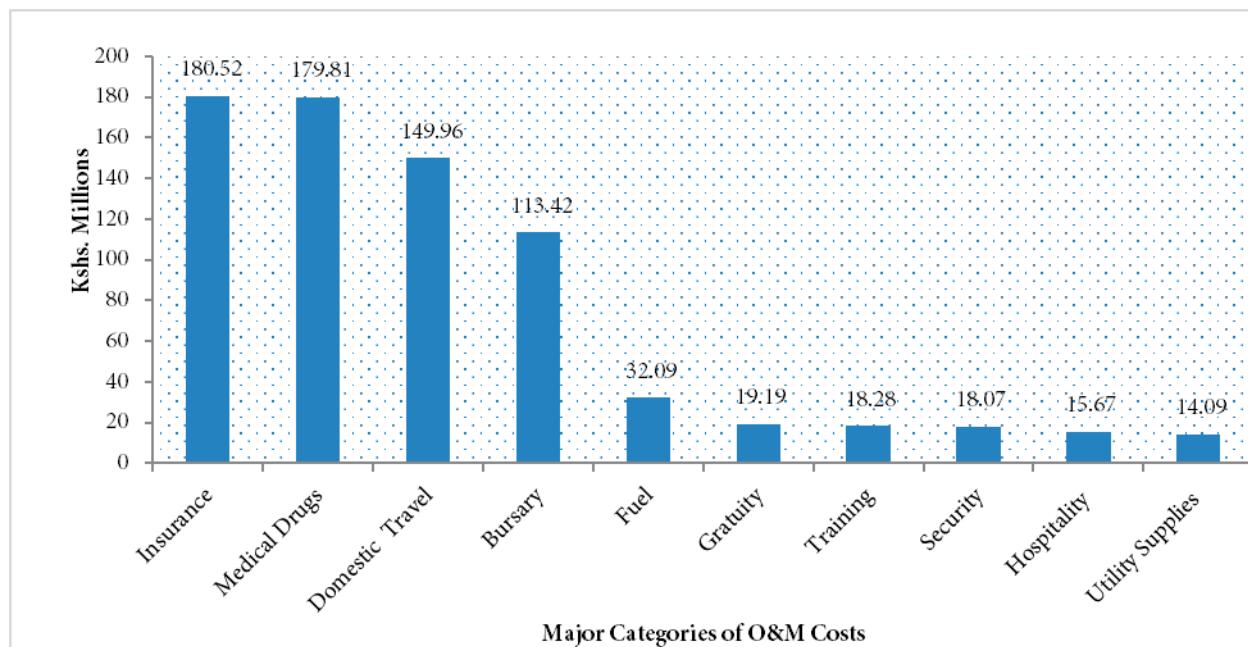
Source: Murang'a County Treasury

During the reporting period, OCoB did not receive quarterly financial reports from Fund Administrators of the Small Traders Empowerment Program funds, as indicated in Table 170 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.29.9 Expenditure on Operations and Maintenance

Figure 87 shows a summary of 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.149.95 million and comprised of Kshs.96.32 million spent by the County Assembly and Kshs.53.62 million by the County Executive. Expenditure on foreign travel amounted to Kshs.12.56 million and comprised of Kshs.9.55 million by the County Assembly and Kshs.3.02 million by the County Executive.

3.29.10 Development Expenditure

In the first quarter of FY 2022/23, the County incurred Kshs.181.23 billion on development programmes, representing a decrease of 54.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.394.42 million. The development expenditures related to three conditional grants, namely, the National Agricultural and Rural Inclusive Growth Project (NAGRIP) amounting to Kshs. 102.87 million, Transforming Health Systems for Universal care grant amounting to kshs.75.35 million and Agricultural Sector Deepening Support Program amounting to Kshs.3.0 million.

3.29.11 Budget Performance by Department

Table 171 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 171: 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
Governorship, County Coordination and Administration	264.76	-	81.68	-	112.45		137.7	-	42.5	-
Finance, Information Technology and Economic Planning	345.9	167	118.27	-	135.2		114.3	-	39.1	-
Agriculture, Livestock and Fisheries	239.79	668.63	125.82	105.88	95.3	105.88	75.7	100.0	39.7	15.8
Energy Transport and Roads	21.76	513.3	13.98	-	5.26		37.6	-	24.2	-
Commerce, Trade, Industry and Tourism	45.65	110.26	11.67	-	6.68		57.2	-	14.6	-
Health and Sanitation	3,180.25	783.49	1,457.07	75.35	1,789.16	75.35	122.8	100.0	56.3	9.6
Lands, Housing & Physical Planning	28.42	68.7	4.39	-	1.99		45.3	-	7.0	-
Education & Technical Training	668.96	27.8	313.83	-	258.7		82.4	-	38.7	-
Public Service Adm.	748.13		458.91	-	219.28		47.8	-	29.3	-
Youth, Culture, Gender, Social Services & Special Programs	62.31	218	41.56	-	24.62		59.2	-	39.5	-
Environment & Natural Resources	23.18	73	5.37	-	2.27		42.3	-	9.8	-
County Public Service Board	38.51		18.6	-	8.08		43.4	-	21.0	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Water & Irrigation	90.18	90.5	25.69	-	17.84		69.4	-	19.8	-
Murang'a Municipality	64.27	122.04	-	-	-		-	-	-	-
County Assembly	927	50	331.3	-	256.21		77.3	-	27.6	-
TOTAL	6,749.07	2,892.71	3,008.14	181.23	2,933.04	181.23	97.5	100.0	43.5	6.3

Source: Murang'a County Treasury

Analysis of expenditure by department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 15.8 per cent, followed by the Department of Health and Sanitation at 9.6 per cent. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 56.3 per cent, while the Department of Lands, Housing & Physical Planning had the lowest at 7.0 per cent.

3.29.12 Budget Execution by Programmes and Sub-Programmes

Table 172 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 172: Murang'a County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
DEPARTMENT; GOVERNORSHIP, COUNTY COORDINATION AND ADMINISTRATION							
Monitoring and Evaluation	Project Co-ordination and Monitoring	3,600,000.00		1,525,401.00		42	-
County Coordination	Office Administration and Support Services	55,200,000.00		28,216,458.60		51	-
Citizen Engagement	Public Participation	6,896,000.00		2,685,950.00		39	-
General Administration Planning and Support	County Executive and Coordination	179,976,902.00	-	75,897,585.95		42	-
Internal Audit	Audit and Other Monitoring	5,670,000.00		1,030,700.00		18	-
Disaster Management	Disaster Response and Mitigation	13,421,000.00		3,096,759.00		23	-
	Sub Total	264,763,902.00	-	112,452,854.55	-	2.16	-
DEPARTMENT; FINANCE IT AND PLANNING							
Revenue Mobilisation	Local Revenue Mobilisation	20,130,000.00		12,245,122.30		61	-
	Automation and Revenue System	500,000.00		20,000.00		4	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Financial Management Program	Budget Formulation Coordination and Management	3,600,000.00		1,664,456.00		46	-
	Economic Planning and CIDP Review	25,600,000.00		2,947,560.00		12	-
	Corporate Governance	3,990,000.00		1,277,400.00		32	-
	Budget Implementation and Monitoring	3,660,000.00		922,000.00		25	-
	Public Participation	19,180,000.00		6,209,515.00		32	-
	Budget Implementation and Monitoring	3,320,000.00		1,303,600.00		39	-
General Administration and Planning	General Administration Planning and support Services	265,916,609.00	167,000,000.00	108,612,140.30		41	-
	Sub Total	345,896,609.00	167,000,000.00	135,201,793.60		39	-
Crops Development Program	Land and Crops Development	2,970,000.00				-	
	Promotion of Food Security - REC	3,850,000.00	632,929,996.00	1,000,000	105,878,127.00	26	17
	Capacity development, Mechanisation and Innovation	3,850,000.00		1,212,000.00		31	-
Veterinary Services Program	Veterinary Services -REC	4,370,000.00	29,100,000.00	745,095.00		17	-
Livestock and Fisheries Program	Livestock and Fisheries Development - REC	1,705,000.00	6,600,000.00	0		-	-
General Administration Planning and Support Program	General Administration Planning and Support Services	223,040,035.00		92,345,787.40		41	-
	Sub Total	239,785,035.00	668,629,996.00	95,302,882.40	105,878,127.00	0.40	0.16
DEPARTMENT; TRANSPORT AND INFRASTRUCTURE							
Urban Development and Renewal	Urban Development and Support	3,650,900.00	-	52,590	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Energy Development and Maintenance	Promotion of Energy & Renewable Energy Sources	1,100,000.00	-	-	-	-	-
General Administration and Support Program	Construction of Roads and Bridges	17,007,900.00	-	5,212,376.00	-	-	-
Roads Development Program	Infrastructure Devt		513,300,000.00	-	-	-	-
	Sub Total	21,758,800.00	513,300,000.00	5,264,966.00	-		
DEPARTMENT OF COMMERCE, TRADE, INDUSTRIES AND TOURISM							
Cooperatives Program	Cooperatives - DEV		29,705,000.00			-	-
Tourism Development and Promotion	Tourism Development - REC	2,060,000.00		209,860.00		10	-
	Tourism Promotion and Marketing - DEV		5,550,000.00				-
Trade and Enterprise Program	Trade & Enterprise Development	7,160,000.00		350000		5	-
	Domestic Trade Development - REC	15,700,000.00	75,000,000.00	797840		5	-
	Fair Trade and Consumer Protection	4,050,000.00		87000		2	-
General Administration Planning and Support Program	General Administration Planning and Support Services	16,683,307.00		5,235,977.40		31	-
	Sub Total	45,653,307.00	110,255,000.00	6,680,677.40	-	0.15	
DEPARTMENT OF EDUCATION AND TECHNICAL TRAINING							
Early Child Development and Education	Early Child Development and Education	277,063,603.00		115,108,196.85		42	-
Youth Polytechnics Program	The revitalisation of Youth Polytechnics - REC	118,800,265.00	13,600,000.00	29,788,042.75		25	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Education Intervention Program	The motivation of Primary and Secondary School - DEV		4,200,000.00			-	-
	Motivation of Primary and Secondary Schools	269,700,000.00		113,422,691.00		42	-
General Administration Planning and Support Program	General Administration Planning and Support Services	3,400,000.00		377,500.00		11	-
	Sub Total	668,963,868.00	27,800,000.00	258,696,430.60		0.39	-
DEPARTMENT OF HEALTH AND SANITATION							
Health Infrastructure Development	Infrastructure Development - REC	1,615,000.00		1,005,000		-	62
	Infrastructure Improvement Services -DEV		251,600,000.00			-	-
Alcohol and Substance Abuse	Alcoholic Control and Reviewing of Licences	10,010,000.00		3,200,991.65		-	32
Primary Health Care	Free Primary HealthCare - REC	614,020,000.00	253,297,782.00	368,556,223.29			60
General Administration Planning and Support	General Administration Planning and Support Services - REC	2,554,609,847.00	278,589,531.00	1,416,400,192.05	75,353,438.00	55	27
	Sub Total	3,180,254,847.00	783,487,313.00	1,789,162,407	75,353,438.00	56	10
DEPARTMENT LANDS AND HOUSING							
Land Development	Land Policy and Planning - DEV		46,700,000.00		-	-	-
	Land Survey -DEV		5,000,000.00		-	-	-
Estate Development and Management	Public Trusts and Estates Management - DEV		12,000,000.00		-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration Planning and Support	General Administration Planning and Support Services - REC	28,416,078.00		1,990,418.00	-	7	-
	Sub Total	28,416,078.00	68,700,000.00	1,990,418.00	-	7	-
DEPARTMENT PUBLIC SERVICE BOARD							
General Administration Planning and Support Services	General Administration Planning and Support Services	38,509,490.00		8,081,293.50	-	21	-
	Sub Total	38,509,490.00		8,081,293.50		20.99	
DEPARTMENT YOUTH, CULTURE, GENDER AND SOCIAL SERVICES							
Social Interventions Program	Cooperatives	5,460,000.00		1349550	-	-	-
	Social Welfare and Vocational Rehabilitation	3,450,000.00		217500	-	-	-
	Persons Living with Disabilities - DEV		20,000,000.00	-	-	-	-
	Gender & Social-Economic Empowerment - DEV		188,000,000.00	-	-	-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	42,241,970.00		18,849,787.60	-	44.6	-
Youth Development Program	Youth Development Services	660,000.00		-	-	-	-
Sports Development Program	Development and Management of Sports Facilities	7,420,000.00		3879000	-	52.28	-
Cultural Development Program	Development And Promotion of Culture - REC	3,074,115.00	10,000,000.00	325200	-	10.58	-
	Sub Total	62,306,085.00	218,000,000.00	24,621,037.60	-	39.52	-
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES							
Solid Waste Management	Solid Waste Management - REC	8,224,872.00	63,100,285.00	876,600.00		-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
Environmental Conservation	Environmental Management & Protection - Dev		9,900,000.00	-		-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	11,254,440.00		1,124,837.00		-	-
Environmental Leadership and Governance	Environmental Leadership and Governance	3,700,000.00		268,000.00		-	-
	Sub Total	23,179,312.00	73,000,285.00	2,269,437.00		-	-
DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION							
Human Resource Planning and Development	Human Resource Management and Development	14,810,000.00	-	382,280.00		-	-
General Administration Planning and Support Services	General Administration Planning and Support Services	733,320,876.00	-	218,895,032.25		30	-
	Sub Total	748,130,876.00	-	219,277,312.25		29	-
Water and Irrigation							
General Administration Planning and Support Services	General Administration Planning and Support Services	44,082,220.00		9,124,112.00		21	-
Water Development	Water Supply Infrastructure - REC	46,101,719.00	90,500,000.00	8,711,315.50		19	-
	Sub Total	90,183,939.00	90,500,000.00	17,835,427.50		20	-
MUNICIPALITY							
Waste Management Program	Solid Waste Management		8,800,000.00	-	-	-	-
Urban Development Program	Infrastructure Development		100,239,146.00	-	-	-	-
	Urban Development and Support		10,000,000.00	-	-	-	-
Revenue Program	Revenue Automation		3,000,000.00	-	-	-	-

Programme	Sub-Programme	Approved Estimates		Actual Expenditure as of 30 th December 2022		Absorption Rate (%)	
		Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure	Recurrent Expenditure	Development Expenditure
General Administration Planning and Support Services	General Administration Planning and Support Services	64,270,000.00		-	-	-	-
	Sub Total	64,270,000.00	122,039,146.00	-	-	-	-
COUNTY ASSEMBLY							
Legislation and representation	Legislation and representation	343,900,000		83,182,833	-	24	--
Oversight	Oversight	300,756,000		67,228,648	-	22	-
Administration planning and support	Administration planning and support	282,344,000	50,000,000	105,794,752.05	-	32	-
	Sub Total	927,000,000	50,000,000	256,206,232	-	26	-
	Grand Total	6,749,072,148	2,892,711,455	2,933,043,170	181,231,565	43.5	6.3

Source: Murang'a County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Free Primary HealthCare in the Department of Health and Sanitation at 60.0 per cent, General Administration Planning and Support Services in the Department of Health and Sanitation at 55.0 per cent, Early Child Development and Education in the Department of Education at 42.0 per cent, and General Administration Planning and Support Services in the department of Administration at 30.0 per cent of budget allocation.

3.29.13 Key Observations and Recommendations

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

1. 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 23rd January 2023.
2. The underperformance of own-source revenue at Kshs.175.41 million against an annual projection of Kshs. 1.5 billion, representing 11.7 per cent of the annual target. The OSR target of Kshs.1.5 billion is unrealistic based on historical performance.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 171 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 Small Traders Empowerment Program Fund were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.3.10 billion as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs.273.13 million at the end of the first half of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.350.59 million were processed through the manual payroll and accounted 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.

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. The county should set realistic local revenue targets to avoid a hidden budget deficit that could lead to pending bills.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that 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 period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.30 County Government of Nairobi City

3.30.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.39.61 billion, comprising Kshs.11.96 billion (30.2 per cent) and Kshs.27.65 billion (69.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.03 per cent compared to the previous financial year when the approved budget was Kshs.39.63 billion and comprised of Kshs.10.33 billion towards development expenditure and Kshs.29.29 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.18.03 billion (45.5 per cent) from its own source of revenue, Kshs.250 million (0.6 per cent) as Appropriation in Aid, Kshs.1.29 billion (3.2 per cent) as conditional grants, and a cash balance of Kshs.800 million (2.0 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 173.

3.30.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.7.89 billion as the equitable share of the revenue raised nationally, raised Kshs.2.62 billion as own-source revenue, Kshs.109.61 million as Appropriation in Aid, and Kshs.927.33 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.11.55 billion, as shown in Table 173.

Table 173: Nairobi City County, Revenue Performance in the First Half of FY 2022/23.

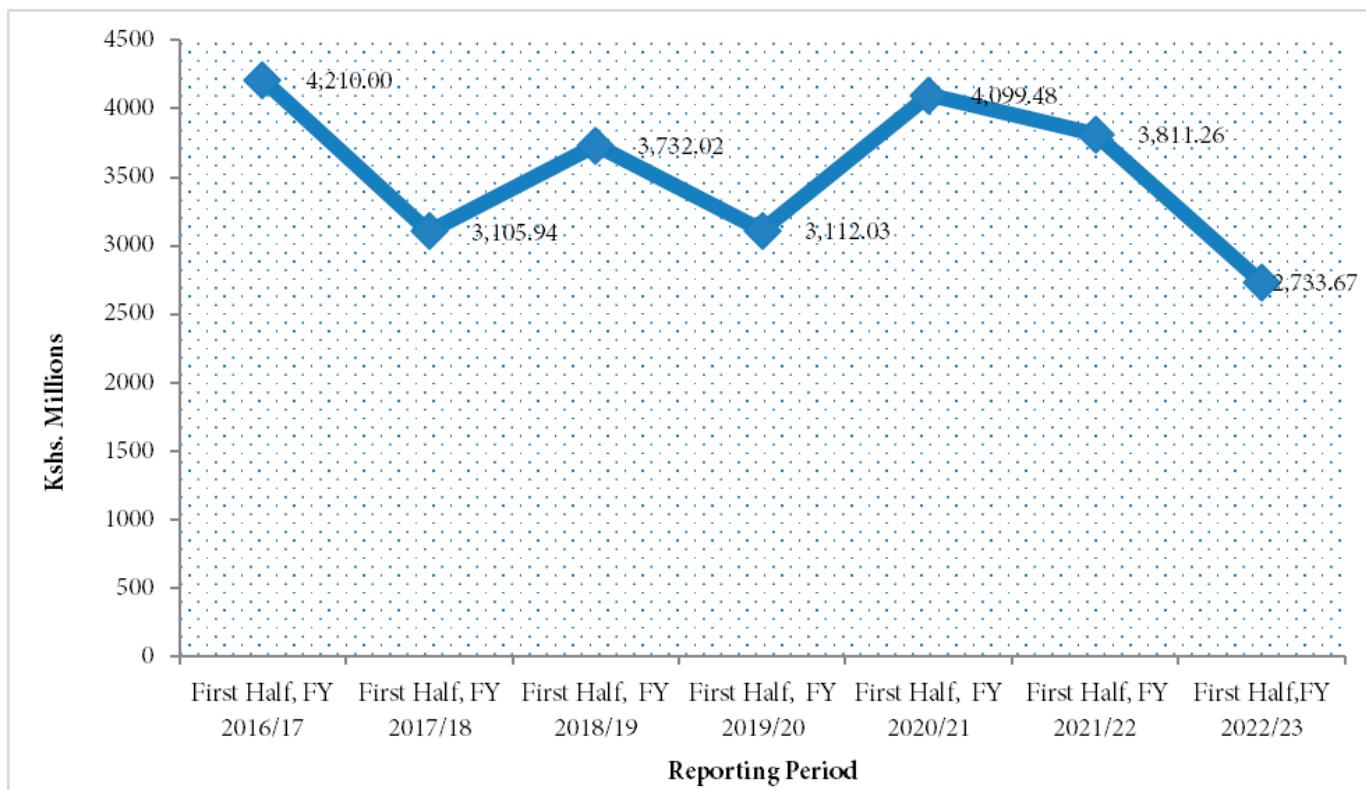
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	19,249,677,412	7,892,367,742	41.0
	Sub Total	19,249,677,412	7,892,367,742	41.0
B	Conditional Grants			
1	Road Maintenance Fuel Levy Fund	1,127,000,000	927,334,931	82.3
C	Loans and Grants from Development Partners			
1	Transforming Health systems for Universal care Project (WB)	87,492,017	-	-
2	DANIDA Grant	35,272,875	-	-
3	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	36,639,733	-	-
	Sub-Total	1,286,404,625	927,334,931.00	82.3
D	Other Sources of Revenue			
1	Own Source Revenue	18,027,834,347	2,624,062,889	14.5

2	Balance b/f from FY2021/22	800,000,000	-	-
3	Appropriations in Aid (AIA)	250,000,000	109,608,879	43.8
Sub Total		19,077,834,347	2,733,671,768	14.3
Grand Total		39,613,916,384	11,553,374,441	29.2

Source: Nairobi City County Treasury

Figure 88 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

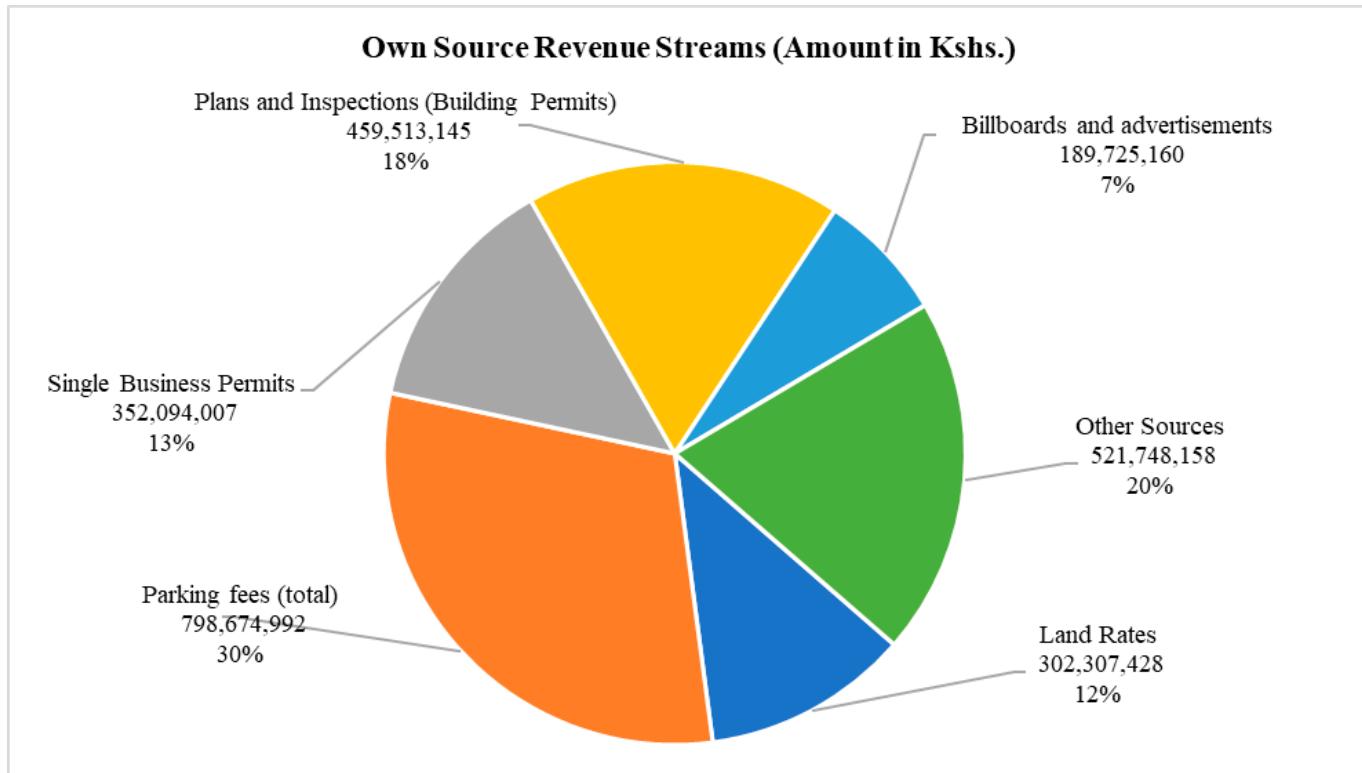
Figure 88: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nairobi City County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.2.73 billion (inclusive of AiA of Kshs.109.61 million) from its own sources of revenue. This amount represented a decrease of 28.3 per cent compared to Kshs.3.81 billion realised in a similar period in FY 2021/22 and was 15.0 per cent of the annual target and 34.6 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 89.

Figure 89: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nairobi City County Treasury

The highest revenue stream of Kshs.798.67 million was from parking fees contributing to 30 per cent of the total OSR collected during the reporting period.

3.30.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.10.49 billion from the CRF account during the reporting period, which comprised Kshs.927.33 million (8.8 per cent) for development programmes and Kshs.9.56 billion (91.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.7.07 billion was released towards compensation to employees, Kshs.2.48 billion was for Operations and Maintenance expenditure, while Kshs.927.33 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.653.02 million.

3.30.4 County Expenditure Review

The County spent Kshs.10.52 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.3 per cent of the total funds released by the CoB and comprised Kshs.927.33 million and Kshs.9.59 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.8 per cent, while recurrent expenditure represented 34.7 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County Assembly reported pending bills amounting to Kshs.200.44 million, which comprised Kshs.176.18 million and Kshs.13.86 million for recurrent and development expenditures respectively. However, the Assembly did not report any expenditure towards settling pending bills in the period under review.

According to the Special Audit Report of the Auditor-General, the stock of pending bills as of 30th June 2020 totalled Kshs.85.72 billion, which was consolidated for recurrent and development activities. During the period under review, the County Treasury did not provide a report on the settlement of pending bills. The outstanding pending bills reported by the County Executive was Kshs.100.16 billion as of 31st December 2022.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.6.78 billion on employee compensation, Kshs.2.44 billion on operations and maintenance, and Kshs.927.33 million on development activities. Similarly, the County Assembly spent Kshs.303.80 million on employee compensation and Kshs.75.69 million on operations and maintenance, as shown in Table 174.

Table 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	26,027,133,965	1,624,288,302	9,214,421,365	379,489,884	35.4	18.7
Compensation to Employees	15,612,883,743	790,138,818	6,775,464,384	303,802,414	43.4	9.6
Operations and Maintenance	10,414,250,222	834,149,484	2,438,956,981	75,687,470	23.4	9.1
Development Expenditure	10,101,494,012	1,861,000,000	927,334,931	-	9.2	-
Total	36,128,627,977	3,485,288,302	10,141,756,296	379,489,884	28.1	10.9

Source: Nairobi City County Treasury

3.30.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.7.08 billion, or 83.0 per cent of the revenue for the first half of FY 2022/23 of Kshs.11.55 billion. This expenditure remained at Kshs.7.08 billion as reported in a similar period of FY 2021/22. The wage bill included Kshs.3.09 billion paid to health sector employees, translating to 43.7 per cent of the total wage bill.

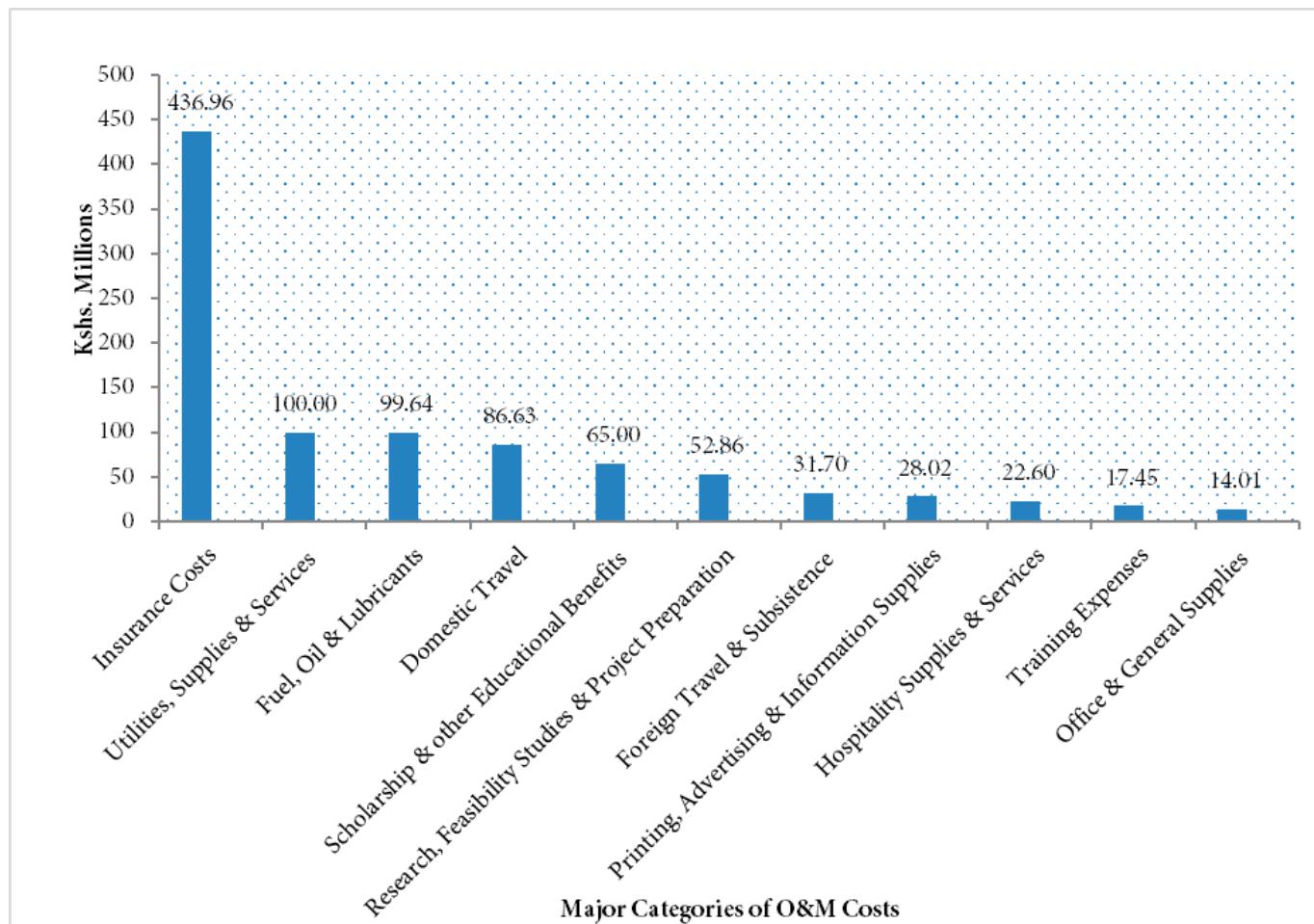
Further analysis indicates that PE costs amounting to Kshs.6.77 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.306.07 million was processed through manual payrolls. The manual payrolls accounted for 4.3 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.12.88 million on committee sitting allowances for the 124 MCAs and the Speaker against the annual budget allocation of Kshs.68.21 million. The average monthly sitting allowance was Kshs.17,308 per MCA. The County Assembly has established 26 Committees.

3.30.8 Expenditure on Operations and Maintenance

Figure 90 shows a summary of 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.86.63 million and comprised of Kshs.59.05 million spent by the County Assembly and Kshs.27.58 million by the County Executive. Expenditure on foreign travel amounted to Kshs.31.70 million and comprised of Kshs.1 million by the County Assembly and Kshs.30.70 million by the County Executive.

3.30.9 Development Expenditure

In the first half of FY 2022/23, the County did not incur expenditure on development programmes. The amount of Kshs.927.33 million reported as development expenditure is a Conditional Grant from Kenya Roads Board (KRB) as Road Maintenance Levy Fund (RMLF) which is to be expensed from Special Purpose Account.

3.30.10 Budget Performance by Department

Table 175 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 175: 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	121.34	10.00	29.10	-	26.80	-	92.1	-	22.1	-

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
Office Of Governor & Deputy Governor	4,445.78	353.23	1,816.13	-	1,834.36	-	101.0	-	41.3	-
ICT, E-Govt & Public Communications	143.14	195.78	49.20	-	48.60	-	98.8	-	34.0	-
Finance & Economic Planning	1,948.89	24.00	677.17	-	748.48	-	110.5	-	38.4	-
Health	4,748.90	845.66	421.96	-	422.87	-	100.2	-	8.9	-
Urban Planning And Lands	227.85	207.00	23.20	-	21.27	-	91.7	-	9.3	-
Public Works, Transport & Infrastructure	1,348.36	3,713.45	143.55	927.33	144.16	927.33	100.4	100.0	10.7	25.0
Education, Youth Affairs, Sports, Culture & Social Services	2,261.31	812.24	566.25	-	574.83	-	101.5	-	25.4	-
Trade, Commerce, Tourism & Cooperatives	362.03	403.50	151.86	-	151.58	-	99.8	-	41.9	-
Public Service Management	2,357.49	17.60	558.73	-	423.91	-	75.9	-	18.0	-
Agriculture, Livestock Development, Fisheries & Forestry	292.73	76.81	81.09	-	82.41	-	101.6	-	28.2	-
County Assembly	1,624.29	1,861.00	379.49	-	379.49	-	100.0	-	23.4	-
Environment, Water, Energy & Natural Resources	2,237.48	1,668.22	99.83	-	98.80	-	99.0	-	4.4	-
Urban Renewal And Housing	22.43	231.50	-	-	-	-	-	-	-	-
Ward Development Programmes	72.70	1,492.50	7.84	-	6.76	-	86.2	-	9.3	-
Emergency Fund	-	-	-	-	-	-	0.0	-	-	-
Liquor Board	200.00	50.00	-	-	72.36	-	0.0	-	36.2	-
Nairobi Metropolitan Services	5,236.64	-	4,557.23	-	4,557.23	-	100.0	-	87.0	-
Total	27,651.36	11,962.49	9,562.63	927.33	9,593.91	927.33	100.3	100	34.7	7.8

Source: Nairobi City County Treasury

Analysis of expenditure by department shows that the Department of Public Works, Transport & Infrastructure is the only department with an absorption rate of development budget at 25.0 per cent. The Department of Nairobi Metropolitan Services had the highest percentage of recurrent expenditure to budget at 87.0 per cent, while the Departments of Urban Renewal and Housing did not record any expenditure. Diversion of funds by the County Treasury and poor budgeting practices, as shown in Table 5 is why the County reported expenses in excess of the CoB-approved exchequer issues in several departments.

3.30.11 Budget Execution by Programmes and Sub-Programmes

Table 176 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 176: Nairobi City County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
0701000 P1 General Administration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	131,339,056	26,802,705	104,536,351	20.4
	Total 5311000000 COUNTY PUBLIC SERVICE BOARD	131,339,056	26,802,705	104,536,351	20.4
0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	558,487,666	221,610,295	336,877,371	39.7
	0718025310 Sp2 Sub County Administration	1,403,680,796	731,214,929	672,465,867	52.1
	0718075310 Sp7 County Executive	307,356,337	20,795,463	286,560,874	6.8
	0718095310 Sp9 Audit	69,338,168	27,103,883	42,234,285	39.1
	5312001400 Research Policy & Development	2,340,733	-	2,340,733	-
	5312001500 Records Management	4,000,000	-	4,000,000	-
	5312001600 Donor Coordination and Stakeholders Engagement	80,000,000	-	80,000,000	-
0724005310 P 24 Security and Safety Management	0724055310 Inspectorate	1,539,246,814	618,274,449	920,972,365	40.2
	0724015310 sp 24.1 investigative Services	48,056,981	11,739,545	36,317,436	24.4
P; 0726005310: Disaster Management Coordination	072601510: Fire & Disaster Management	488,443,380	139,921,282	348,522,098	28.6
0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	298,060,917	63,700,819	234,360,098	21.4
	Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	4,799,011,792	1,834,360,664	2,964,651,128	38.2
0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning and Support Services	86,774,048	47,316,398	39,457,650	54.5
0208000 P2: Information and Communication Services	0208010 SP 2.1: News and Information Services	39,411,418	1,181,368	38,230,050	3.0
	0208030 SP 2.3: ICT and Media Regulatory Services	17,854,301	-	17,854,301	-
	0208040 SP 2.4 E-Government Services	9,493,789	-	9,493,789	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
0210005310 ICT Infrastructure Development	0210010 SP1: ICT Infrastructure Connectivity	175,881,048	100,000	175,781,048	0.1
	0210035310 sp 3: Information Security	9,504,365	-	9,504,365	-
	Total 5313000000 ICT, E-GOVT & PUBLIC COMMUNICATIONS	338,918,969	48,597,766	290,321,203	14.3
0701005310 Public Financial Management	0701015310 Assets Management Services	163,142,268	135,308,417	27,833,851	82.9
	0701065310 sp1.6 Accounting Services	4,437,130	13,085,133	(8,648,003)	294.9
	0701075310 sp1.7 Budget Formulation Coordination and mgt	139,761,559	16,904,400	122,857,159	12.1
	0701085310 sp1.8 Resource Mobilisation	320,955,697	146,368,398	174,587,299	45.6
	070115310 Debt Management Services	454,574,567	137,210,310	317,364,257	30.2
	0718085310 Sp8 Supply Chain Management	229,881,091	69,701,374	160,179,717	30.3
0718015310 Sp1 General Administration & Support Services	0718015310 Sp1 General Administration & Support Services	497,912,311	175,198,291	322,714,020	35.2
0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	162,229,200	54,703,267	107,525,933	33.7
	Total 5314000000 FINANCE & ECONOMIC PLANNING	1,972,893,823	748,479,590	1,224,414,233	37.9
0401115310 HIV/AIDS Prevention & Control Unit	5315000900 HIV/AIDS prevention and control unit	1,600,057	-	1,600,057	-
0401125310 TB Control	5315001000 TB control unit	1,200,042	-	1,200,042	-
0401135310 Malaria Control & Other Communicable Diseases	5315001100 Malaria control & Other Communicable Diseases unit	1,200,042	-	1,200,042	-
0401145310 Reproductive Health & Maternal Health (RMNCAH)	5315001200 Reproductive Health, Maternal Health (RMNCAH)	98,992,017	-	98,992,017	-
0401155310 Environmental Public Health	5315001300 Environmental Public Health	99,100,006	-	99,100,006	-
0402065310 sp.2.6 County Referral Hospitals	5315000300 Mbagathi District Hospital	155,680,299	-	155,680,299	-
	5315000400 Pumwani Maternity Hospital	195,523,761	-	195,523,761	-
	Pumwani Nursing School.	20,400,000	-	20,400,000	-
	5315000500 Mama Lucy Hospital	439,724,895	-	439,724,895	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	5315000600 Mutuini Hospital	71,900,000	-	71,900,000	-
0402075310 sp.2.7 Health Centres & dispensaries	5315001600 Health centres & dispensaries	849,083,513	-	849,083,513	-
0404015310 Sp4.1 Administration/Human Resource for Health	5315001800 Administration unit	3,591,741,213	422,867,975	3,168,873,238	11.8
0404025310 Sp4.2 Health Policy, Planning & Financing	5315001700 Health policy, planning and financing Unit	22,600,000	-	22,600,000	-
0404035310 sp 4.3 Health Commodities	5315001900 Health Commodities	-	-	-	-
0404055310 sp 4.5 Coroner services unit	5315002100 Coroner Services unit	41,818,371	-	41,818,371	-
5315002200 Nairobi County Covid-19 Response	5315002200 Nairobi County Covid-19 Response	4,000,000	-	4,000,000	-
Total 5315000000 HEALTH		5,594,564,216	422,867,975	5,171,696,241	7.6
0106010 SP.6.1 Administration, Planning & Support Services	5316000100 Headquarters	181,996,138	21,273,983	160,722,155	11.7
0114015310 sp 8.1 Urban planning	5316000200 Physical Planning	105,973,075	-	105,973,075	-
0115025310 sp 9.2 land survey	5316000500 Survey and GIS Department	111,878,602	-	111,878,602	-
5316000400 Valuation		35,000,000	-	35,000,000	-
Total 5316000000 URBAN PLANNING AND LANDS		434,847,815	21,273,983	413,573,832	4.9
0207010 SP 1: General Administration, Planning And Support Services	5317000100 Headquarters	1,014,711,402	104,161,352	910,550,050	10.3
0211015310 sp 5.1 Construction Roads & Drainages & Maintenance	5317000200 Roads	1,683,566,420	-	1,683,566,420	-
0212015310 sp 6.1 Transport Facilities & Traffic Management	5317000300 Transport	760,722,444	39,999,915	720,722,529	5.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	5317000400 Public Works	62,218,517	-	62,218,517	-
0213015310 sp 7.1 Public streetlighting Installations & Maintenances	5317000800 Electrical	384,000,208	-	384,000,208	-
0213025310 sp 7.2 Motor Vehicle, Machinery & Plant Maintenance	5317000900 Garage/Transportaion	15,800,097	-	15,800,097	-
0213035310 sp 7.3 Institutional Buildings Maintenance	5317001000 Building Works	13,786,878	-	13,786,878	-
	5317001200 Road Maintenance Levy	1,127,000,000	927,334,931	199,665,069	82.3
	Total 5317000000 PUBLIC WORKS, TRANSPORT & INFRASTRUCTURE	5,061,805,966	1,071,496,198	3,990,309,768	21.2
0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,909,625,209	481,215,829	1,428,409,380	25.2
0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	339,228	-	339,228	-
	0509025310 sp 9.2 Early Childhood Development Centres	449,841,331	-	449,841,331	-
	0509035310 sp 9.3 Technical and Vocational Training	76,005,445	-	76,005,445	-
0902005310 2.1 Social Services	0902015310 General Administration & Support Services	180,943,809	93,616,841	87,326,968	51.7
	0902025310 Sp.2.2 Gender and Community Empowerment	760,026	-	760,026	-
	0902035310 Sp2.3 Development and promotion of culture/ heritage	-	-	-	-
	0902045310 Sp2.4 Development and promotion of sports	350,163,678	-	350,163,678	-
	0902055310 Sp2.5 Youth Empowerment and Promotion	43,955,077	-	43,955,077	-
	0902065310 Sp 2.6 Social welfare and care for the Aged	35,579,142	-	35,579,142	-
	0902075310 Sp 2.7 Promotion of Library and Information Services	2,999,990	-	2,999,990	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	0902085310 Sp.2 8 Rescue and Rehabilitation of Children Services	23,339,366	-	23,339,366	-
	Total 5318000000 EDUCATION, YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SERVICES	3,073,552,301	574,832,670	2,498,719,631	18.7
0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	223,072,543	149,223,837	73,848,706	66.9
0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	4,292,326	578,400	3,713,926	13.5
	0310025310 sp 10.2 Cooperative Audit Services	2,420,819	-	2,420,819	-
0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	6,155,512	280,000	5,875,512	4.5
0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	222,115,357	870,780	221,244,577	0.4
	0312025310 sp 12.2 Market Services	225,839,758	537,200	225,302,558	0.2
	0313025310 sp 13.2 Weights & Measures Services	34,509,044	-	34,509,044	-
	0313035310 sp 13.3 Trade Licensing Services	39,813,397	-	39,813,397	-
	0313045310 sp 13.4 Betting & Gaming Services	7,312,220	90,000	7,222,220	1.2
	Total 5319000000 TRADE, COMMERCE, TOURISM & COOPERATIVES	765,530,976	151,580,217	613,950,759	19.8
0701000 P1 General Administration Planning and Support Services	0701010 SP1.1 General Administration Planning and Support Services	848,890,631	80,405,025	768,485,606	9.5
0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	1,414,653,983	343,391,107	1,071,262,876	24.3
	0710020 S.P.5.2 Human Resource Development	95,959,112	24,600	95,934,512	0.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	8,296,507	-	8,296,507	-
	0723025310 sp 23.2 Governance Monitoring and Evaluation	4,947,176	87,200	4,859,976	1.8
	0723035310 sp 23.3 Quality Management Systems and ISO certification	2,340,488	-	2,340,488	-
	Total 5320000000 PUBLIC SERVICE MANAGEMENT	2,375,087,897	423,907,932	1,951,179,965	17.8
0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	202,305,718	81,364,543	120,941,175	40.2
P;0119005310: Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	23,150,531	960,029	22,190,502	4.1
	0119025310: Fisheries Development and management	23,006,605	-	23,006,605	-
	0119035310: Livestock Resources management and development	18,053,575	-	18,053,575	-
	5321000800 Agricultural Development Support Project	71,030,327	-	71,030,327	-
0116005310 P.10: Animal Health, Safety and Quality Assurance	0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance	27,539,330	-	27,539,330	-
0117005310 P.11: Aforestation	0117015310 sp 11.1 Forestry Services	-	-	-	-
0118015310 Food Systems and Surveillance	0118015310 sp18:1 Food Systems and Surveillance Services	4,444,791	87,200	4,357,591	2.0
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	369,530,877	82,411,772	287,119,105	22.3
1001015310 Sp1 General Administration & Support Services	5323000100 Headquarters	641,652,551	98,795,655	542,856,896	15.4
1002035310 sp 2.3 Solid waste management	5323000300 Solid Waste Management Section	2,915,827,449	-	2,915,827,449	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
1002045310 sp 2.4 Beautification, Recreation and Greening Services	5323000200 Parks & Open Spaces Section	110,950,000	-	110,950,000	-
1002055310 sp 2.5 Environment Planning Management Services	5323000400 Environmental Monitoring Compliance & Enforcement	35,000,000	-	35,000,000	-
1004055310 sp 4.5 Energy & Natural resources	5323000500 Energy & Natural resources department	191,640,956	-	191,640,956	-
0117015310 sp 11.1 Forestry Services	5321000700 Forestry Department	10,623,549	-	10,623,549	-
	Total 5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	3,905,694,505	98,795,655	3,806,898,850	2.5
0102045310 SP4 Urban Renewal	5324000200 Urban Renewal	17,198,128	-	17,198,128	-
	5324000300 Housing Development	221,500,000	-	221,500,000	-
0113015310 sp 7.1 Building services research and information	5324000400 Building Services Department	15,233,423	-	15,233,423	-
	Total 5324000000 URBAN RENEWAL AND HOUSING	253,931,551	-	253,931,551	-
0214005310 P8: Ward Development	0214015310 sp 8.1 Ward Development & Administration	1,565,278,256	6,755,431	1,558,522,825	0.4
	Ward Development Programme	1,565,278,256	6,755,431	1,558,522,825	0.4
0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	250,000,000	72,360,828	177,639,172	28.9
	Total 5327000000 LIQUOR LICENSING BOARD	250,000,000	72,360,828	177,639,172	28.9
07220001 Legislation, Oversight and Representation	07220001 Legislation, Oversight and Representation	3,485,288,302	379,489,884	3,105,798,418	10.9
	Total COUNTY ASSEMBLY	3,485,288,302	379,489,884	3,105,798,418	10.9
	5328000100 Nairobi Metropolitan Services	5,236,639,977	4,557,232,909	679,407,068	87.0
	TOTAL NAIROBI METROPOLITAN SERVICES	5,236,639,977	4,557,232,909	679,407,068	87.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Cumulative Expenditure – Half-Year	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
	Total Voted Expenditure KShs.	39,613,916,279	10,521,246,179	29,092,670,100	26.6

Source: Nairobi City County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Accounting Services in the Department of Finance & Economic Planning at 294.9 per cent, Assets Management Services in the Department of Finance & Economic Planning at 82.9 per cent, General Administration Planning and Support Services in the Department of Trade, Commerce, Tourism & Cooperatives at 66.9 per cent, and Sub County Administration in the Office of Governor & Deputy Governor at 52.1 per cent of budget allocation.

3.30.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 3rd February 2023.
2. The underperformance of own-source revenue at Kshs.2.73 billion against an annual projection of Kshs.19.25 billion, representing 15.0 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Summary of Budget and Expenditure by Economic Classification where the County incurred expenditure over CoB-approved exchequer issues in a number of departments.
4. High level of pending bills which amounted to Kshs.100.36 billion as of 31st December 2022. This is despite the availability of cash in the CRF account, which stood at Kshs.653.0 million at the end of the first half of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.306.07 million were processed through the manual payroll and accounted for 4.3 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 Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the CoB-approved exchequer issues. Further, all revenues should be banked in the CRF according to Section 109 (2) of 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 period of the financial year.*
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.*

3.31 County Government of Nakuru

3.31.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.21.11 billion, comprising Kshs.8.27 billion (39.2 per cent) and Kshs.12.84 billion (60.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 10.2 per cent compared to the previous financial year when the approved budget was Kshs.23.52 billion and comprised of Kshs.10.66 billion towards development expenditure and Kshs.12.85 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.13.03 billion (61.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.28 billion (10.8 per cent) from its own source of revenue, Kshs.1.3 billion (6.2 per cent) as Appropriation in Aid, Kshs.588.26 million as conditional grants, and a cash balance of Kshs.3.92 billion (18.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 174.

3.31.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.21 billion as the equitable share of the revenue raised nationally, raised Kshs.210.20 million as own-source revenue, Kshs.337.81 million as Appropriation in Aid and had a cash balance of Kshs.3.92 billion from FY 2021/22. No conditional grant disbursement was received in the period under review. The total funds available for budget implementation during the period amounted to Kshs.6.68 billion, as shown in Table 177.

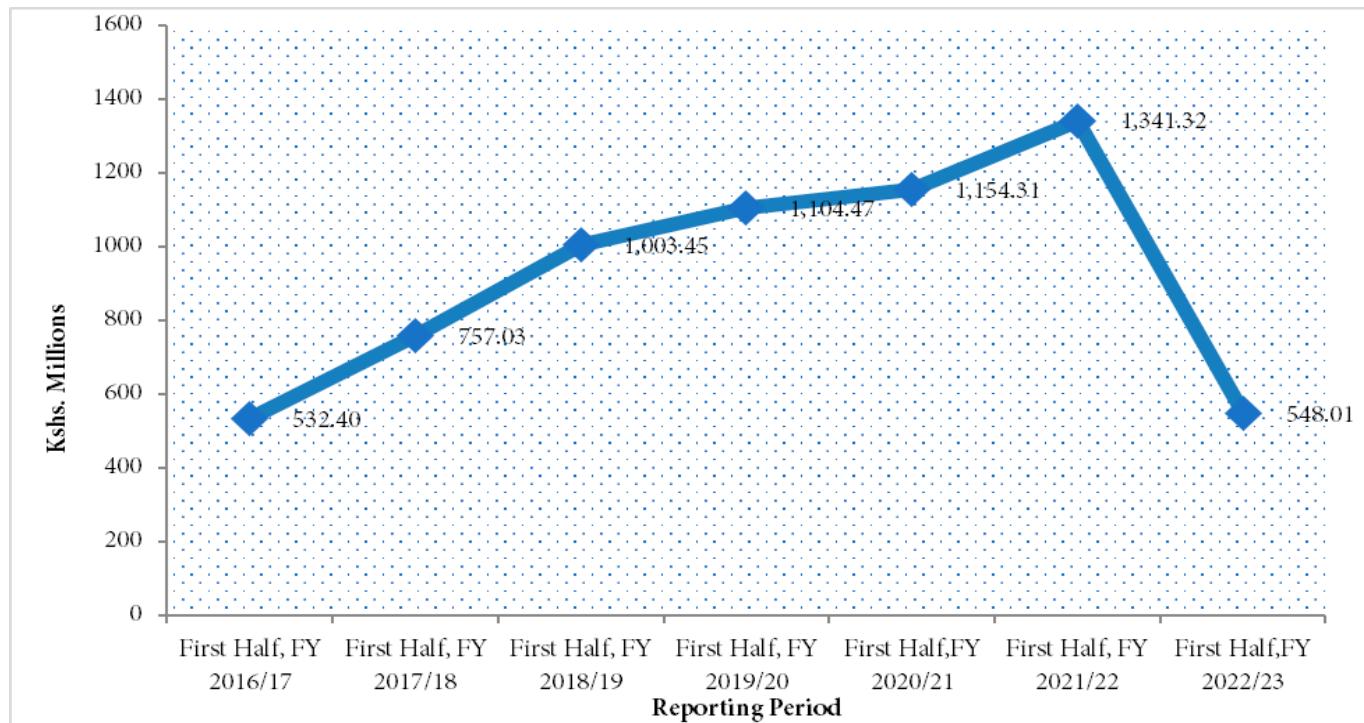
Table 177: Nakuru County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	13,036,116,323	2,214,439,774	17.0
Sub total		13,036,116,323	2,214,439,774	17.0
B	Conditional Grants			
1.	DANIDA	22,094,250	-	-
2.	World Bank National Agricultural and Rural Inclusive growth projects (NARIGP)	92,144,660	-	-
3.	Agricultural Sector Development Support Projects (ASDSP II)	15,827,494	-	-
4.	Interest Earned in Nakuru City KUSP UDG Grant Account	21,554,657	-	-
5.	Conditional allocation from a World Bank Credit to Finance Locally Led Climate Action Program (FLLoCA) County Climate Institutional Support (CCIS) (Level I)	11,000,000	-	-
6.	Kenya Informal Settlement Improvement Project II (KI-SIP II)	300,000,000	-	-
7.	Nutrition International Grant	15,000,000	-	-
8.	Leasing of Medical Equipment	110,638,298	-	-
Sub total		588,259,359	-	-
C	Other Sources of Revenue			
9.	Own Source Revenue	2,280,000,000	210,198,346	9.2
10.	Appropriation in Aid	1,300,000,000	337,814,941	26.0
11.	Unspent balance from FY 2021/22	3,915,012,915	3,915,012,915	100.0
Sub Total		7,495,012,915	4,463,026,202	59.6
Grand Total		21,109,388,598	6,677,465,976	32.5

Source: Nakuru County Treasury

Figure 91 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

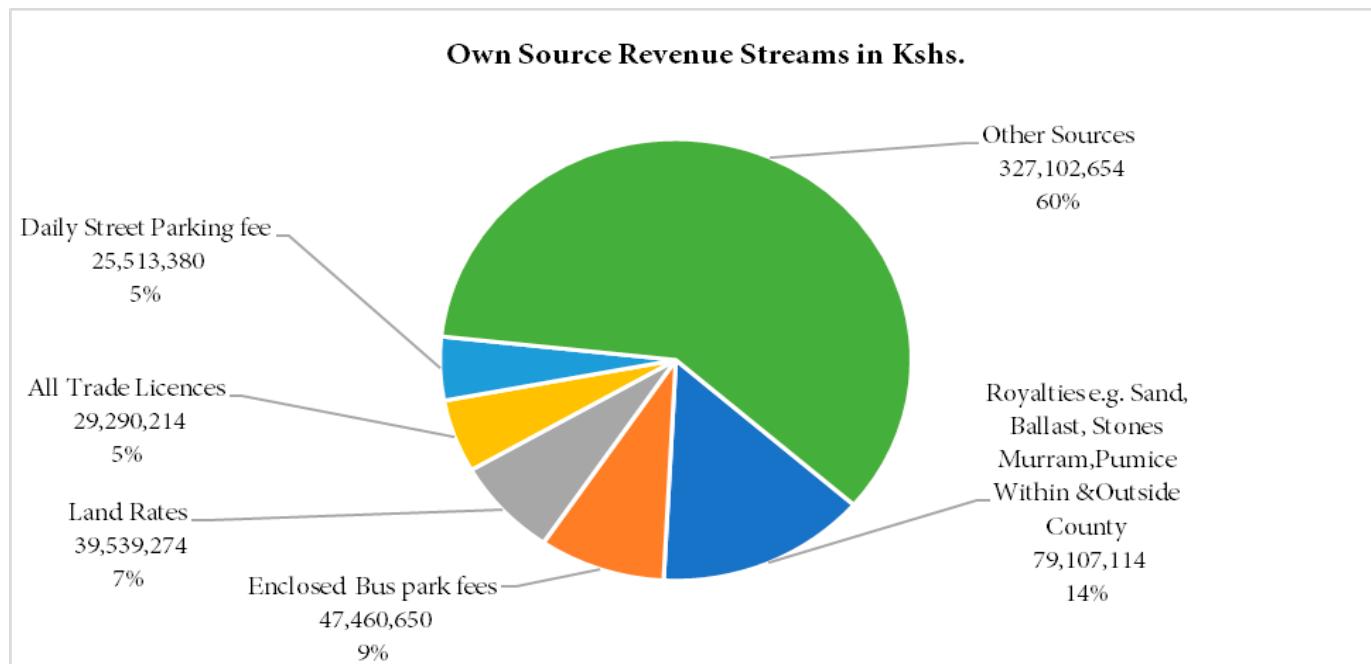
Figure 91: Trend in Own-Source Revenue Collection inclusive of AIA for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nakuru County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.210.20 million from its own sources of revenue, exclusive of AIA. This amount represented a decrease of 62.5 per cent compared to Kshs.559.95 million realised in a similar period in FY 2021/22 and was 9.2 per cent of the annual target and 9.5 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 92

Figure 92: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nakuru County Treasury

The highest revenue stream of Kshs.79.12 million was from Royalties e.g. Sand, Ballast, Stones Murram, and Pumice, contributing to 37.6 per cent of the total OSR collected during the reporting period.

3.31.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.5.04 billion from the CRF account during the reporting period. This amount comprised Kshs.229.29 million (4.5 per cent) for development programmes and Kshs.4.81 billion (95.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.3.30 billion was released towards compensation to employees, Kshs.1.51 billion was for Operations and Maintenance expenditure, while Kshs.229.29 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.570.47 million.

3.31.4 County Expenditure Review

The County spent Kshs.5.32 billion on development and recurrent programmes during the reporting period. This expenditure represented 105.6 per cent of the total funds released by the CoB and comprised Kshs.516.06 million and Kshs.4.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.2 per cent, while recurrent expenditure represented 37.4 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.987.66 million, which comprised Kshs.337.41 million for recurrent expenditure and Kshs.650.25 million for development activities. During the period under review, pending bills amounting to Kshs.106.02 million were settled, which consisted of Kshs.86.32 million for recurrent expenditure and Kshs.19.70 million for development programmes. The outstanding amount as of 31st December 2022 was Kshs.881.63 million.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.3.12 billion on employee compensation, Kshs.964.06 million on operations and maintenance, and Kshs.477.96 million on development activities. Similarly, the County Assembly spent Kshs.171.87 million on employee compensation, Kshs.555.29 million on operations and maintenance, and Kshs.38.10 million on development activities, as shown in Table 178.

Table 178: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	11,208,846,314	1,635,212,204	4,080,076,976	727,161,306	32.6	44.5
Compensation to Employees	7,073,995,677	437,923,966	3,116,020,355	171,867,537	44.1	39.2
Operations and Maintenance	4,144,850,637	1,197,288,238	964,056,621	555,293,769	23.3	46.4
Development Expenditure	8,047,179,254	218,150,825	477,957,152	38,101,613	5.9	17.5
Total	19,256,025,568	1,853,363,029	4,558,034,128	765,262,919	23.7	41.3

Source: Nakuru County Treasury

3.31.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.3.38 billion, or 50.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.6.68 billion. This expenditure represented an increase from Kshs.2.36 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 66.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.42 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.960.07 million was processed through manual payrolls. The manual payrolls accounted for 28.4 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.5.66 million on committee sitting allowances for the 83 MCAs and the Speaker against the annual budget allocation of Kshs.37.90 million. The average monthly sitting allowance was Kshs.11,371 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.849.08 million to county-established funds in FY 2022/23, constituting 4.0 per cent of the County's overall budget. Table 179 summarises each established Fund's budget allocation and performance during the reporting period.

Table 179: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Emergency Fund	70,000,000	-	-	NO
2.	Nakuru County Persons Living with disability Fund	-	-	-	NO
3.	Bursary Fund	120,000,000	-	-	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					
1	Nakuru County Assembly MCA Car and Mortgage Loan	574,080,833	404,080,833	404,080,833	YES
	Total	849,080,833	404,080,833	404,080,833	

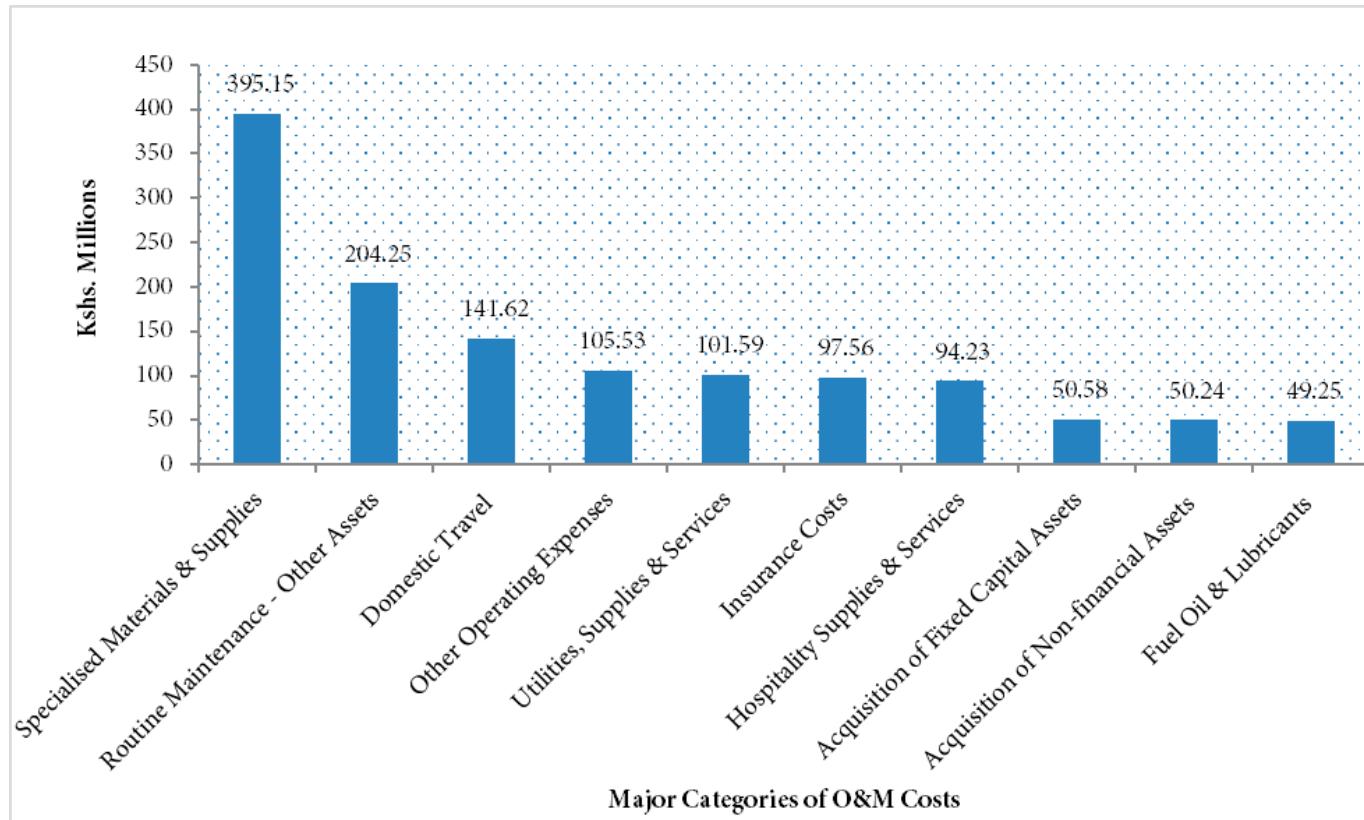
Source: Nakuru County Treasury

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

3.31.9 Expenditure on Operations and Maintenance

Figure 93 shows a summary of 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.141.62 million and comprised of Kshs.40.50 million spent by the County Assembly and Kshs.101.12 million by the County Executive. Expenditure on foreign travel amounted to Kshs.25.61 million and comprised of Kshs.5.86 million by the County Assembly and Kshs.19.75 million by the County Executive. Other operations expenses include the sitting allowances for the County Assembly, legal fees, ward office expenses and contracted professional services.

3.31.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.516.06 million on development programmes, representing a decrease of 52.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.1.09 billion. Table 180 summarises development projects with the highest expenditure in the reporting period.

Table 180: Nakuru County, List of Development Projects with the Highest Expenditure

No.	Sector	Project Name	Project Loca-tion	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implemen-tation status (%)
1	Naivasha Mu-nicipality	Construction of Naivasha Market Phase 2	Naivasha Town	252,973,477	252,973,477	153,939,017	60.9
2	Office of the Governor and Deputy Governor	Office Block in Milimani (Annex to Main Governor's Office)	Nakuru Milimani	167,667,114	167,667,114	62,732,986	37.4

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
3	Naivasha Municipality	Completion of Construction of Naivasha Municipal park, construction of drainage and NMT facilities on adjoining Roads	Naivasha Town	69,229,960	69,229,960	48,270,269	69.7
4	Health Services	Purchase of medical and dental equipment (FIF)	Nakuru Referral Hospital	60,000,000	60,000,000	21,536,320	35.9
5	Naivasha Municipality	Improvement of 3km roads in Lakeview ward to bitumen standards and construction of related infrastructure	Naivasha Town	89,133,075	89,133,075	15,079,420	16.9
6	Finance and Economic Planning	Development and Implementation of the Revenue System	County Headquarters	92,140,000	92,140,000	18,192,242	20.0
7	Education, ICT and E-Government	Construction of Workshops- Njoro VTC	Njoro	4,344,590	4,344,590	2,275,521	52.4
8	Health Services	Construction of Buildings - (FIF Facilities)	Headquarters	30,000,000	30,000,000	1,898,994	6.3
9	Health Services	Purchase of plant and machinery (FIF)	Headquarters	40,000,000	40,000,000	1,592,150	4.0
10	Education, ICT and E-Government	Construction of 2. No ECD Classrooms, Teachers' Toilets, Pupils' Toilets and Watering Points at Kiamungei ECD	Menengai West	24,00,000	1,144,900	1,255,100	100.0

Source: Nakuru County Treasury

3.31.11 Budget Performance by Department

Table 182 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 181: 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	1635.21	218.15	777.95	26.72	727.16	38.10	93.5	142.6	44.5	17.5
Finance and Economic Planning	1056.06	1120.15	403.67	57.08	65.22	54.79	16.2	96.0	6.2	4.9
Public Service Training and Devolution	804.50	34.30	431.90	-	278.81	-	64.6	-	34.7	-
Agriculture, Livestock and Fisheries	514.65	432.93	257.28	24.11	154.58	1.07	60.1	4.4	30.0	0.2
Lands, Physical Planning and Housing	145.63	764.62	51.49	0.20	46.72	-	90.7	-	32.1	-
Office of the Governor and Deputy Governor	330.66	161.67	136.72	52.91	163.59	62.73	119.7	118.6	49.5	38.8
Education, ICT and E-Government	862.84	610.41	224.14	40.43	192.73	40.09	86.0	99.2	22.3	6.6
Trade, Industry Marketing and Tourism	190.47	155.29	35.12	-	16.28	-	46.3	-	8.5	-
Youth, Culture, Sports and Social Services	239.20	192.96	48.27	-	63.70	-	131.9	-	26.6	-
Infrastructure, Roads, Public Works and Transport	336.23	1254.47	134.12	10.08	115.98	10.08	86.5	100.0	34.5	0.8
Environment, Water, Energy and Natural Resources	305.38	986.46	162.84	-	139.66	0.11	85.8	-	45.7	-
Health Services	6,058.51	1,265.48	2,102.04	17.77	2,802.48	79.92	133.3	449.9	46.3	6.3
CPSB	69.18	8.00	24.06	-	25.45	-	105.8	-	36.8	-
Nakuru Municipality	44.89	753.92	11.85	-	7.51	-	63.4	-	16.7	-
Naivasha Municipality	36.55	306.53	6.95	-	7.37	229.16	106.1	-	20.2	74.8
Office of the County Attorney	214.10	0.00	2.75	-	-	-	-	-	-	-
TOTAL	12,844.06	8,265.34	4,811.15	229.3	4,807.24	516.05	99.9	225.1	37.4	6.2

Source: Nakuru County Treasury

Analysis of expenditure by department shows that the Department of Naivasha Municipality recorded the highest absorption rate of the development budget at 74.8 per cent, followed by the Office of the Governor and Deputy Governor at 38.8 per cent. The Office of the Governor and Deputy Governor had the highest percentage of recurrent expenditure to budget at 49.5 per cent, while the Office of the County Attorney did not incur any expenditure.

3.31.12 Budget Execution by Programmes and Sub-Programmes

Table 182 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 182: Nakuru County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of Finance and Economic Planning					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration Services	711,503,905	26,054,104	685,449,801	3.7
	SP 1.2: Personnel Services	539,673,258	264,570,442	275,102,816	49.0
Sub Total		1,251,177,163	290,624,546	960,552,617	23.2
Programme 2: Public Finance Management	SP 2.1: Budget Formulation Coordination and Management	108,424,726	14,242,000	94,182,726	13.1
	SP 2.2: Resource Mobilisation	78,305,320	11,107,488	67,197,832	14.2
	SP 2.3: Internal Audit	45,170,674	6,194,540	38,976,134	13.7
	SP 2.4: Procurement	17,911,603	1,219,220	16,692,383	6.8
	SP 2.5: Public Finance and Accounting	28,639,827	3,360,125	25,279,702	11.7
	SP 2.6: Debt Management	438,081,958	37,333,286	400,748,672	8.5
	SP 2.7: External Resource Mobilisation	11,823,988	798,497	11,025,491	6.8
Sub Total		728,358,097	74,255,156	654,102,940	10.2
Programme 3: Economic and Financial Policy Formulation and Management	SP 3.1: Fiscal Planning	48,332,172	9,598,100	38,734,072	19.9
	SP 3.2: Monitoring & Evaluation / Statistical Data Management	9,566,747	1,960,700	7,606,047	20.5
	SP 3.3: KDSP Programme	138,674,737	-	138,674,737	-
Sub Total		196,573,657	11,558,800	185,014,856	5.9
Department of Public Service Training and Devolution					
Programme 1 Administration, Planning and Support service	Sub-programme 1.1(Administration service)	150,080,964	75,600,000	74,480,964	50.4
	Sub-programme 1.2(Personal Service)	654,880,126	163,594,438	491,285,688	25.0
	Sub-programme 1.3(Financial Service)	50,000	-	50,000	-
	Sub-programme 1.4(Coordination of Public and Special Community Programme)	3,500,000	1,250,000	2,250,000	35.7
	Sub-programme 1.5(Mainstream Workplace HIV/AIDS, Alcohol & Drug Abuse Control)	2,000,000	-	2,000,000	-
	Sub-programme 1.6(Rehabilitation/ Construction of Sub County Offices)	49,880,408	-	49,880,408	-
Sub Total		860,391,498	240,444,438	619,947,060	27.9
Programme 3: Human Resource Management and Development	Sub-programme 3.1 Performance Contracting	4,000,000	1,500,000	2,500,000	37.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Sub-programme 3.2 Performance Appraisal System	4,500,000	2,800,000	1,700,000	62.2
	Sub-programme 3.3 Staff development Through Capacity Building and Training	30,399,580	5,000,000	25,399,580	16.4
Sub Total		38,899,580	9,300,000	29,599,580	23.9
Programme 4: Disaster Management and Humanitarian Assistance	Sub-programme 4.1 Disaster Management and Humanitarian Assistance	5,000,000	-	5,000,000	-
Sub Total		5,000,000	-	5,000,000	-
Department of Agriculture, Livestock and Fisheries					
Programme 1: Administration, Planning and Support Services	SP 1.1: Human Resources Services	232,487,980	12,961,147	219,526,833	5.6
	SP 1.2: Administration, Planning and Support Services	393,080,034	111,562,592	281,517,442	28.4
Sub Total		625,568,014	124,523,739	501,044,275	19.9
Programme 2: Livestock Resource Management and Development	SP 2.1: Livestock Production and Management	9,717,879	-	9,717,879	-
	SP 2.2: Promotion of Value Addition of Livestock and Livestock Products	9,000,000	-	9,000,000	-
	SP 2.3: Livestock Extension Service Delivery	3,121,854	-	3,121,854	-
	SP 2.4: Food Safety and Livestock Products Development	13,902,317	2,427,930	11,474,387	17.5
	SP 2.5: Livestock Disease Management and Control	16,084,029	7,716,000	8,368,029	48.0
Sub Total		51,826,079	10,143,930	41,682,149	19.6
Programme 3: Fisheries Development	SP 3.1: Aquaculture development	2,115,282	702,180	1,413,102	33.2
	SP 3.2: Development of capture fisheries resources	3,829,790	-	3,829,790	-
	SP 3.3: Fish quality assurance, value addition and marketing	1,286,269	-	1,286,269	-
Sub Total		7,231,341	702,180	6,529,161	9.7
Programme 4: Crop Development and Management	SP 4.1: Extension, Research and Training	15,453,147	4,170,983	11,282,164	27.0
	SP 4.2: Crop Production and Food Security	241,439,000	1,067,171	240,371,829	0.4
	SP 4.3: Farmland utilisation, Conservation and Mechanization	3,257,429	-	3,257,429	-
	SP 4.4: Agribusiness Development and Marketing	2,196,040	-	2,196,040	-
	SP 4.5: Agri-nutrition	611,345	-	611,345	-
Sub Total		262,956,961	5,238,154	257,718,807	2.0
Department of Lands, Physical Planning and Housing					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 1: Administration, Planning, Management and Support Services	SP 1.1 Administration and financial service	120,105,083	4,109,907	115,995,176	3.4
Sub Total		120,105,083	4,109,907	115,995,176	3.4
Programme 2: Land Use Planning and Survey	SP 2.1 Nakuru County Land use plan	761,457,407	-	761,457,407	-
	SP 2.2 Land Information Management System (LIM)	3,400,000	1,285,944	2,114,056	37.8
	SP 2.3 Surveying and Mapping of County	1,925,000	550,000	1,375,000	28.6
	SP 2.4 Urban Plan and Development	3,170,000	-	3,170,000	-
	SP 2.5 Surveying of Urban Centres	1,348,045	245,000	1,103,045	18.2
	SP 2.6 Surveying of County Estate and facilitation of Lease processing	1,500,000	265,000	1,235,000	17.7
	SP 2.7 Establishment of a survey Centre and Mapping Centre	1,000,000	120,000	880,000	12.0
Sub Total		773,800,452	2,465,944	771,334,508	0.3
Programme 3: Housing Development and Management	SP 3.1 Maintenance of County Houses	6,356,997	1,643,963	4,713,034	25.9
	SP 3.2 Housing Technology Establishment of five Constituency Building Technology Centres	3,500,000	-	3,500,000	-
	SP 3.3 Development of Housing Infrastructure	6,479,073	-	6,479,073	-
Sub Total		16,336,070	1,643,963	14,692,107	10.1
Department of Office of the Governor and Deputy Governor					
Administration, Planning and Support	Administration and Planning	125,872,444	108,593,646	17,278,798	86.3
	Personnel Services	112,200,860	60,299,191	51,901,669	53.7
Sub Total		238,073,304	168,892,837	69,180,467	70.9
Management of County Affairs	County Executive Services	42,797,454	4,000,000	38,797,454	9.3
	Policy Direction and Coordination	76,600,368	9,854,000	66,746,368	12.9
	County Policing Services	3,960,221	3,500,000	460,221	88.4
	Leadership and Governance	2,640,147	2,100,000	540,147	79.5
Sub Total		125,998,190	19,454,000	106,544,190	15.4
Coordination and Supervisory Services	The organisation of County Business	19,801,104	16,875,000	2,926,104	85.2
	Special Programmes	9,648,896	4,046,848	5,602,048	41.9
Sub Total		29,450,000	20,921,848	8,528,152	71.0
Department of Education, ICT and E-Government					
Programme 1: Administration, Planning and Support Services	S.P. 1:1 Personnel services	411,430,479	165,158,973	246,271,506	40.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 1.2 Administration and Support Services	532,558,529	9,214,256	523,344,273	1.7
	SP 1.3: Financial services	-	-	-	-
Sub Total		943,989,008	174,373,229	769,615,779	18.5
Programme 2: Promotion of Early Childhood Education and Development	SP 2.1: Promotion of early childhood	145,123,282	2,679,378	142,443,904	1.8
	SP 2.2: Bursaries	177,250,852	-	177,250,852	-
	SP 2.3: Education development	18,457,589	-	18,457,589	-
Sub Total		340,831,723	2,679,378	338,152,345	0.8
Programme 3: Vocational Training	SP 3.1: Vocational training	72,887,706	1,566,608	71,321,098	2.1
	SP 3.2: Revitalisation of youth programme	90,843,757	33,142,500	57,701,257	36.5
Sub Total		163,731,463	34,709,108	129,022,355	21.2
Programme 4: Information and Communication Service	SP 4.1: Public Communication and Media Services	16,361,200	1,025,300	15,335,900	6.3
Sub Total		16,361,200	1,025,300	15,335,900	6.3
Programme 5: ICT Infrastructure Development and e-Government Services	SP 5.1: Network Infrastructure	-	-	-	-
	SP 5.2: Hardware and Software platforms	-	-	-	-
	SP 5.3: e-Government Services	8,334,587	-	8,334,587	-
Sub Total		8,334,587	-	8,334,587	-
Department of Trade, Industry Marketing and Tourism					
Programme 1: Administration, Planning and Support Services	SP 1.1: Administration, Planning and Support Services	32,663,822	5,348,990	27,314,832	16.4
	SP 1.2: Personnel Services	60,750,956	7,778,107	52,972,849	12.8
	SP 1.3: Financial Services	-	-	-	-
Sub Total		93,414,778	13,127,097	80,287,681	14.1
Programme 2: Cooperative Development and Management	SP 2.1 Management of Market Cooperatives	5,175,000	150,000	5,025,000	2.9
	SP 2.2 SACCO Empowerment	27,662,791	-	27,662,791	-
	SP 2.3 Cooperative Leadership and Governance	2,732,964	-	2,732,964	-
	SP 2.4. Straightening Cooperatives	1,248,547	401,000	847,547	32.1
	SP 2.5 Empowering Youth, Women and PEDS Participation in Cooperatives	1,165,698	-	1,165,698	-
Sub Total		37,985,000	551,000	37,434,000	1.5
Programme 3: Commerce and Enterprise	SP 3.1. Business Development Services For SMEs	3,195,108	113,200	3,081,908	3.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 3.2 Producer Business Groups (PBGs)	2,000,000	-	2,000,000	-
	SP 3.3. SMEs Training	1,974,892	150,000	1,824,892	-
	SP 3.4 SMEs Funding	25,000,000	-	25,000,000	
	SP 3.5 Establishment of Business Incubation/Enterprise Centres	6,300,000	-	6,300,000	
	SP 3.6. Consumer Protection	7,475,000	207,100	7,267,900	2.8
Sub Total		45,945,000	470,300	45,474,700	1.0
Programme 4: Market Rehabilitation and Development	SP 4.1: Rehabilitation and Renovation of Existing Markets	119,993,397	3,400	119,989,997	-
	SP 4.2: Development of Retail and Wholesale Markets in Nakuru	17,000,000	-	17,000,000	-
	SP 4.3: Market Users Delivery Services	15,350,000	150,000	15,200,000	1.0
Sub Total		152,343,397	153,400	152,189,997	0.1
Programme 5: Promotion of Tourism and Markets	SP 5.1: Promotion of Local Tourism	4,000,000	-	4,000,000	-
	SP 5.2: Establishment and Management of County Tourism Information Centre	4,200,000	-	4,200,000	-
Sub Total		8,200,000	-	8,200,000	-
Programme 6: Alcoholic Drinks Control	SP 6.1 Inspection, approval and liquor licensing	5,000,000	-	5,000,000	-
	SP 6.2 Liquor enforcement and compliance	834,749	50,000	784,749	6.0
	SP 6.3 Research and innovation	1,000,251	-	1,000,251	-
	SP 6.4 Treatment and Rehabilitation of persons dependent on alcoholic drinks	-	-	-	-
	SP 6.5 Education and training	1,040,000	230,360	809,640	22.2
Sub Total		7,875,000	280,360	7,594,640	3.6
Department of Youth, Culture, Sports and Social Services					
Programme 1: Administration, Planning and Support Services	SP 1.2 Administration	76,225,894	5,167,544	71,058,350	6.8
	SP 1.3 Personnel services	108,941,814	36,955,702	71,986,112	33.9
	SP 1.4 Financial services	3,100,000	127,500	2,972,500	4.1
Sub Total		188,267,708	42,250,746	146,016,962	22.4
Programme 2: Development of Socio-Cultural Diversity, Economic Empowerment and Responsible Gaming	SP 2.2 Cultural development activities	13,000,000	3,017,284	9,982,716	23.2
	SP 2.3 Gender development activities	16,750,000	1,379,800	15,370,200	8.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	SP 2.4 Promotion of responsible gaming.	1,930,000	32,000	1,898,000	1.7
	SP 2.5 Social Development activities	14,070,000	2,366,521	11,703,479	16.8
	SP 2.6 Social Cultural Development	21,500,000	-	21,500,000	-
Sub Total		67,250,000	6,795,605	60,454,395	10.1
Programme 3: Management and Development of Sports, Recreation and Sports Facilities	SP 3.2 Development of Sports Infrastructure	47,823,107	-	47,823,107	-
	SP 3.3 Sporting Tournament	7,000,000	1,766,760	5,233,240	25.2
	SP 3.4 Sports Funding.	50,500,000	3,307,000	47,193,000	6.5
Sub Total		105,323,107	5,073,760	100,249,347	4.8
Programme 4: Youth Empowerment and Participation	SP 4.2 Youth empowerment and participation	16,250,000	2,934,897	13,315,103	18.1
	SP 4.3 Youth development	14,500,000	-	14,500,000	
Sub Total		30,750,000	2,934,897	27,815,103	9.5
Department of Infrastructure, Roads, Public Works and Transport					
Programme 1: Administration, Planning and Support Services	SP 1.1. Administrative services.	43,967,412	6,507,615	37,459,797	14.8
	SP 1.2: Personnel services.	142,476,936	49,050,500	93,426,436	34.4
	SP 1.3: Financial Services.	-	-	-	-
Sub Total		186,444,348	55,558,115	130,886,233	29.8
Programme 2. Infrastructure, Development & Maintenance.	SP 2.1-Construction rehabilitation & maintenance of Roads, Drainage & Bridges.	1,277,149,056	25,122,681	1,252,026,375	2.0
	SP 2.2-Rehabilitation & Maintenance of Transport Terminus.	4,850,000	181,100	4,668,900	3.7
	SP 2.3-Construction & Maintenance of non-residential County Buildings.	14,350,000	350,340	13,999,660	2.4
	SP 2.4-Installation, Rehabilitation & Maintenance of Lighting facilities.	99,200,000	37,100,800	62,099,200	37.4
Sub Total		1,395,549,056	62,754,921	1,332,794,135	4.5
Programme 3. Fire-fighting & Disaster Management.	SP 3.1 Firefighting and Emergency Services	8,700,000	262,600	8,437,400	3.0
	SP 3.2 Disaster management (fire and rescue)	-	-	-	-
Sub Total		8,700,000	262,600	8,437,400	3.0
Department of Environment, Water, Energy and Natural Resources					
Programme 1: Administration	SP 1.1: Administrative services	32,310,941	3,953,387	28,357,553	12.2
	SP 1.2: Human Resource	216,813,857	116,393,051	100,420,806	53.7
Sub Total		249,124,798	120,346,438	128,778,359	48.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Programme 2: Water and Sewerage management	SP 2.1 Provision of Water	581,182,134	1,283,810	579,898,324	0.2
	SP 2.2 Provision of sewerage	-	-	-	
Sub Total		581,182,134	1,283,810	579,898,324	0.2
Programme 3: Environmental Management	SP 3:1 Pollution control	173,192,528	2,713,830	170,478,698	1.6
	SP 3:3 Greening and Beautification	74,742,923	869,123	73,873,800	1.2
Sub Total		247,935,451	3,582,953	244,352,498	1.4
Programme 4: County Energy, Planning, Regulate, Operation & Development	Administration	2,000,000	-	2,000,000	-
Sub Total		2,000,000		2,000,000	-
Department of Health Services					
Programme 1: Administration and Planning	SP 1.2: Governance and Leadership	17,485,667	-	17,485,667	-
	SP 1.3: Human Resource Management	495,099,478	97,172,082	397,927,396	19.6
	SP 1.4: Research and Development	3,943,340,192	1,742,144,975	2,201,195,217	44.2
	SP 1.5: Health Infrastructure and Development	2,500,000	-	2,500,000	-
		10,833,333	-	10,833,333	-
Sub Total		4,469,258,670	1,839,317,057	2,629,941,613	41.2
Programme 2: Health Preventive and Promotive Services	SP 2:1: Primary Health Care	606,620,683	58,863,739	547,756,944	9.7
	SP 2.2: Environmental Health and Sanitation	2,000,000	-	2,000,000	-
	SP 2:3: Human Resource	17,049,940	-	17,049,940	-
	SP 2.4: Disease Surveillance and Emergency Response	1,897,550	-	1,897,550	-
	SP 2.5: Health Promotive	1,000,000	-	1,000,000	-
	SP 2:6: HIV Programme	2,000,000	-	2,000,000	-
	SP 2:7: Nutrition	29,980,932	825,640	29,155,292	2.8
	SP 2:8 Reproductive Health	1,750,000	-	1,750,000	-
	SP 2:9 Immunization	1,825,775	-	1,825,775	-
Sub Total		664,124,880	59,689,379	604,435,501	9.0
Programme 3: Health Curative and Rehabilitative Services	SP 3:1: Provision of Essential Health Services at all levels	1,865,973,897	523,159,786	1,342,814,111	28.0
	SP 3.2: Elimination of communicable and non-communicable diseases	2,200,000	-	2,200,000	-
	SP 3:3: Human Resource	322,427,403	168,083,162	154,344,241	52.1
Sub Total		2,190,601,300	691,242,948	1,499,358,352	31.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Department of County Public Service Board					
Programme: Administration and Human Resource Planning	SP1.1 Administration services	70,349,524	16,705,604	53,643,920	23.7
	SP1.2 Financial services	2,000,000	600,000	1,400,000	30.0
	SP1.3 Human Resource Planning	4,000,000	1,500,000	2,500,000	37.5
	SP 1.4 Provision of Human Resource Planning	3,000,000	1,340,000	1,660,000	44.7
Sub Total		79,349,524	20,145,604	59,203,920	25.4
Department of Nakuru Municipality					
Programme 1: Administration and Planning	SP 1.1 Administration and Planning	31,864,465	1,070,700	30,793,765	3.4
	SP 1.2 Personnel Services	13,553,051	7,793,671	5,759,380	57.5
	SP 1.3 Financial Services	600,000	300,000	300,000	50.0
Sub Total		46,017,516	9,164,371	36,853,145	19.9
Programme 2: Nakuru Municipality Urban Planning and Development	SP 2.1 Infrastructure Development and Urban Planning	49,397,727	-	49,397,727	-
	SP 2.2 Nakuru Municipality Environmental Management	11,712,512	567,400	11,145,112	4.8
	SP 2.3 Trade Markets and Investments	950,016	824,500	125,516	86.8
	SP 2.4 Nakuru Municipality Social Services	1,752,145	118,600	1,633,545	6.8
Sub Total		63,812,400	1,510,500	62,301,900	2.4
Department of Naivasha Municipality					
Programme 1: Administration, Planning and Support Services	SP 1.1 Administration and Planning	19,693,628	2,544,645	17,148,983	12.9
	S.P 1.2: Personnel Services	9,388,787	4,147,401	5,241,386	44.2
	S.P 1.3: Financial services	600,000	-	600,000	-
Sub Total		29,682,415	6,692,046	22,990,369	22.5
Programme 2: Naivasha Municipal Services	SP 2.1 Planning and Infrastructure	310,805,177	229,163,581	81,641,596	73.7
	SP 2.2 Environmental Management and Sanitation	900,000	-	900,000	-
	SP 2.3 Naivasha Social Services	900,000	-	900,000	-
	SP 2.4 Tourism, Investment and Trade	800,000	-	800,000	-
Sub Total		313,405,177	229,163,581	84,241,596	73.1
Department of County Assembly					
Procedures and Committee Services	Programme 1 Administrative	512,429,857	203,822,476	308,607,381	39.8
	Programme 2 Legislative Services	1,047,782,347	554,009,688	493,772,659	52.9
Sub Total		1,560,212,204	757,832,163	802,380,041	48.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Grand Total		21,109,388,598	5,323,297,047	15,786,091,551	25.2

Source: Nakuru County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: County Policing Services in the Department of Office of the Governor and Deputy Governor at 88.4 per cent, Trade Markets and Investments in the Department of Nakuru Municipality at 86.8 per cent, Administration and Planning in the Department of Office of the Governor and Deputy Governor at 86.3 per cent, and Organisation of County Business at 85.2 per cent of budget allocation.

3.31.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 30th January 2023.
2. The underperformance of own-source revenue at Kshs.210.20 million against an annual projection of Kshs.2.28 billion, representing 9.2 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 181 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 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 amounted to Kshs.881.63 million as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs.570.47 million at the end of the first half of FY 2022/23.
6. Use of manual payroll. Personnel emoluments amounting to Kshs.960.07 million were processed through the manual payroll and accounted for 28.4 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. Failure by the Department of Health to report expenditure on collected Appropriations in Aid (AIA) during the period under review.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County 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 that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
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 period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
7. *The CECMF should follow up to ensure the Accounting Officer under the Department of Health prepares and submits quarterly expenditure reports on expenditures incurred on AIA.*

3.32 County Government of Nandi

3.32.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.8.51 billion, comprising Kshs.2.36 billion (27.8 per cent) and Kshs.6.15 billion (72.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.1 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.10 billion towards development expenditure and Kshs.5.87 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.99 billion (82.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.373.23 million (4.4 per cent) from its own source of revenue, Kshs.595 million (7 per cent) as conditional grants, and a cash balance of Kshs.553.64 million (6.5 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 184.

The cash balance from the previous financial year comprises Kshs.8.37 million, which was unspent conditional grants and a balance of Kshs.545.26 million in the CRF account.

3.32.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.87 billion as the equitable share of the revenue raised nationally, raised Kshs.74.88 million as own-source revenue, Kshs.5 million as conditional grants, and had a cash balance of Kshs.553.65 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.50 billion, as shown in Table 183.

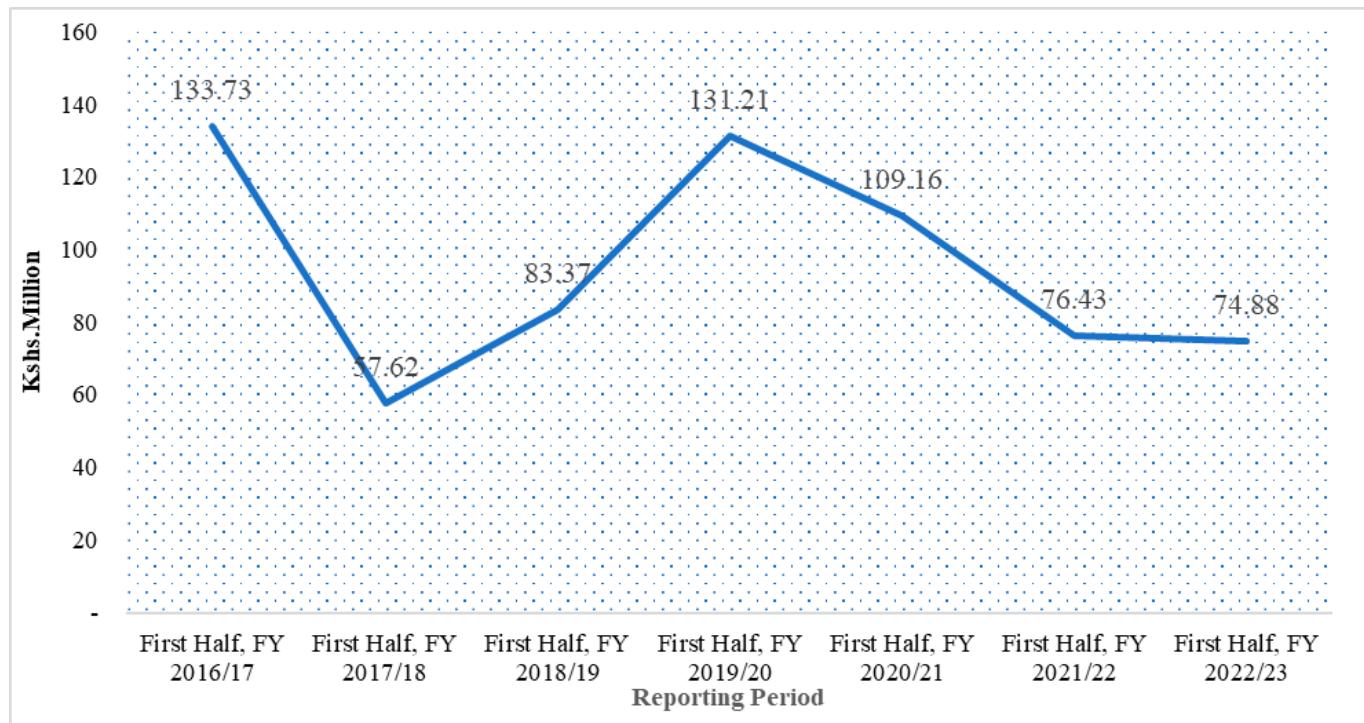
Table 183: Nandi County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,990,869,041	2,866,256,310	41
Sub Total		6,990,869,041	2,866,256,310	41
B	Conditional Grants			
1	Nutrition (NI) Program Fund 2021-22	10,000,000	4,999,400.00	50
2	DANIDA-HSPS3	11,272,300	-	-
3	DANIDA-2021-22	15,210,000	-	-
4	WB -Transforming of Health Systems 2021-22	59,482,857	-	-
5	W B. -National Agricultural and Rural Growth Project	297,105,136	-	-
6	Other Loans and grants- Locally- Led Climate Action Program (FLLoCA)	125,000,000	-	-
7	KISIP 2 -Kenya Informal Settlement Improvement Project 2	66,519,088	-	-
8	Agricultural Sector Development Support Programme (ASDSP)	10,410,619	-	-
Sub-Total		595,000,000	4,999,400	0.8
C	Other Sources of Revenue			
1	Own Source Revenue	373,234,444	74,880,408	20.1
2	Balance b/f from FY2021/22	553,640,258	553,640,258	100
Sub Total		926,874,702	74,880,408	8.1
Grand Total		8,512,743,743	3,499,776,376	34.6

Source: Nandi County Treasury

Figure 94 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

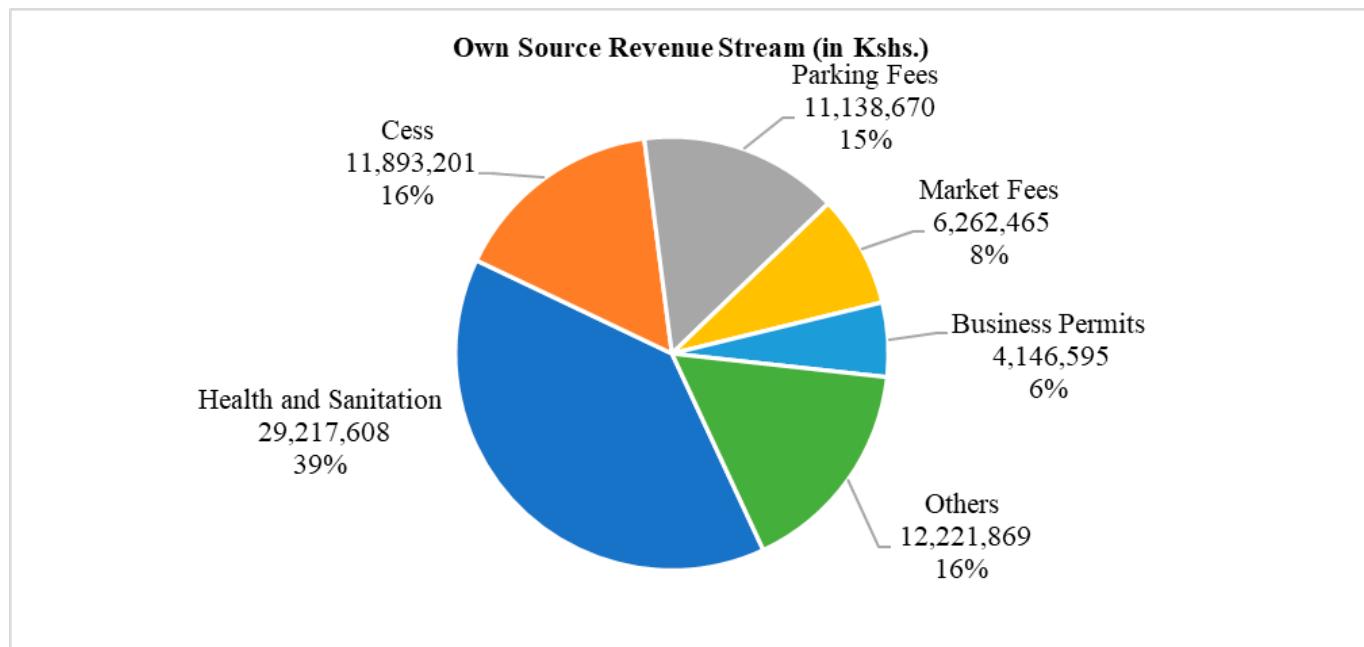
Figure 94: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nandi County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.74.88 million from its own sources of revenue. This amount represented a decrease of 2 per cent compared to Kshs.76.43 million realised in a similar period in FY 2021/22 and was 20.1 per cent of the annual target and 2.6 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 95.

Figure 95: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nandi County Treasury

The highest revenue stream of Kshs.29.22 million was from Health and Sanitation fees contributing to 39 per cent of the total OSR collected during the reporting period.

3.32.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.03 billion from the CRF account during the reporting period. This amount comprised Kshs.356.49 million (11.8 per cent) for development programmes and Kshs.2.67 billion (88.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.86 billion was released towards compensation to employees and Kshs.815.13 million was for Operations and Maintenance expenditure.

3.32.4 County Expenditure Review

The County spent Kshs.2.63 billion on development and recurrent programmes during the reporting period. This expenditure represented 86.6 per cent of the total funds released by the CoB and comprised Kshs.169.16 million and Kshs.2.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 7.2 per cent, while recurrent expenditure represented 40 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.774.65 million.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.67 billion on employee compensation, Kshs.461.44 million on operations and maintenance, and Kshs.165.36 million on development activities. Similarly, the County Assembly spent Kshs.152.27 million on employee compensation and Kshs.170.78 million on operations and maintenance, as shown in Table 184.

Table 184: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	5,478,908,313	669,452,973	2,137,037,088	323,054,436	39.0	48.3
Compensation to Employees	3,632,884,170	409,271,924	1,675,600,125	152,274,531	46.1	37.2
Operations and Maintenance	1,846,024,143	260,181,049	461,436,962	170,779,905	25.0	65.6
Development Expenditure	2,289,382,457	75,000,000	165,362,442	-	7.2	-
Total	7,768,290,770	744,452,973	2,302,399,530	323,054,436	29.6	43.4

Source: Nandi County Treasury

3.32.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.83 billion, or 52 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.50 billion. This expenditure represented a decrease from Kshs.2.10 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.21 billion paid to health sector employees, translating to 66.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.73 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.100.98 million was processed through manual payrolls. The manual payrolls accounted for 5.5 per cent of the total PE cost and were attributed to delays in the allocation

of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.5.32 million on committee sitting allowances for the 44 MCAs and the Speaker against the annual budget allocation of Kshs.31.92 million. The average monthly sitting allowance was Kshs.118,242 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 Ksh.126 million to county-established funds in FY 2022/23, which constituted 1.5 per cent of the County's overall budget for the year. Table 186 summarises each established Fund's budget allocation and performance during the reporting period.

Table 185: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 30 th September 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Emergency Fund	10,000,000	-	-	No
2	Bursary Fund	78,000,000	6,000,000	-	No
3	Car Loan & Mortgage	20,000,000	-	-	No
County Assembly Established Funds					
4	Car Loan & Mortgage	18,000,000	-	-	No
	Total	126,000,000	6,000,000		

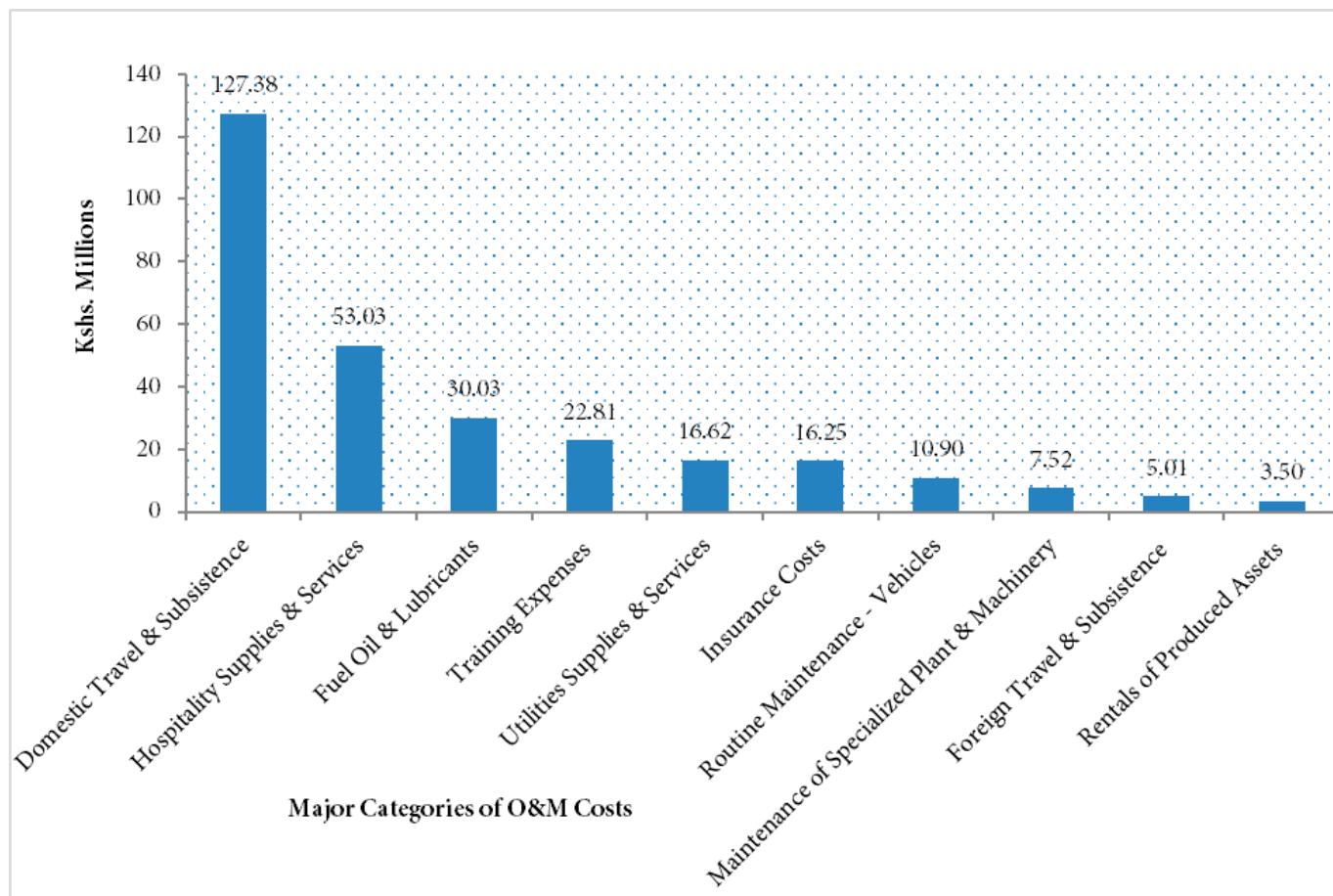
Source: Nandi County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of 4 funds, as indicated in Nakuru County, List of Development Projects with the Highest Expenditure6, contrary to the requirement of Section 168 of the PFM Act, 2012.

3.32.9 Expenditure on Operations and Maintenance

Figure 96 shows a summary of 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.127.38 million and comprised of Kshs.47.13 million spent by the County Assembly and Kshs.80.25 million by the County Executive. Expenditure on foreign travel amounted to Kshs.5.01 million entirely by the County Executive.

3.32.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.169.16 million on development programmes, representing a decrease of 70.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.552.20 million. Table 186 summarises development projects with the highest expenditure in the reporting period.

Table 186: Nandi County, List of Development Projects with the Highest Expenditure

S.N0	Sector	Project Name	Contract Sum (Kshs.)	Location	Amount Paid to Date (Kshs.)	% of Completion
1.	Agriculture & Cooperatives	Part Payment for Construction of NCC Kabiyet	10,000,000	Kabiyet	10,000,000	70
2.	Sports	Part Payment for Construction of Eliud Kipchoge Complex	10,000,000	Kapsabet	9,527,586	70
3.	Lands & Natural Resources	Construction of Ndubenet Water Project	4,969,776	Kilibwoni	4,884,090	100

S.No	Sector	Project Name	Contract Sum (Kshs.)	Location	Amount Paid to Date (Kshs.)	% of Completion
4.	Education	Payment for Construction of Twin Workshop at Jean Marie Seroney	4,999,999	Tinderet	4,763,792	100
5.	Lands & Natural Resources	Development of County Spatial Plant	5,000,000	County Wide	4,750,000	100
6.	Transport & Infrastructure	Supply of Fuel for Road Works	3,977,760	County Wide	3,977,760	100
7.	Health & Sanitation	Proposed Renovation Works at Kemeloi Dispensary	3,443,380	Kemeloi Maraba	3,280,710	100
8.	Transport & Infrastructure	Supply of Fuel	3,245,000	County Wide	3,245,000	100
9.	Transport & Infrastructure	Hire of Excavator	3,300,000	County Wide	3,144,103	100
10.	Transport & Infrastructure	Hire of Excavator	3,300,000	County Wide	3,144,103	100

Source: Nandi County Treasury

3.32.11 Budget Performance by Department

Table 187 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 187: Nandi County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Executive	535.44	50.30	228.26	1.94	278.88	1.94	122.2	100.0	52.1	3.9
Finance & Economic Planning	690.63	11.00	228.75	-	273.26	-	119.5	-	39.6	-
Administration, Public Service & E-Government	79.45	164.67	32.46	44.31	59.42	-	183.0	-	74.8	-
Health & Sanitation	2,914.25	429.71	1,441.73	46.03	1,169.81	26.32	81.1	57.2	40.1	6.1
Agriculture & Co-Operatives Development	275.88	588.48	103.41	93.68	68.23	16.69	66.0	17.8	24.7	2.8
Tourism, Culture & Social Welfare	56.77	11.37	21.85	1.99	15.81	1.99	72.4	100.0	27.9	17.5
Sports, Youth Affairs & Arts	120.58	66.70	34.16	10.50	23.37	10.50	68.4	100.0	19.4	15.7
Education & Vocational Training	458.87	202.69	163.47	27.41	197.35	18.86	120.7	68.8	43.0	9.3
Lands, Environment, Natural Resources & Climate Change	106.12	319.48	36.96	69.71	18.23	40.26	49.3	57.8	17.2	12.6

Department	Budget Allocation (Kshs. Million)		Exchequer (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Roads, Transport & Infrastructure	126.72	357.51	44.89	58.11	19.23	48.84	42.8	84.0	15.2	13.7
Trade & Industrial Development	58.50	87.47	12.25	2.82	8.52	3.77	69.6	133.5	14.6	4.3
Public Service & Labour	55.70	-	5.00	-	4.92	-	98.5	-	8.8	-
County Assembly	669.45	75.00	321.77	-	323.05	-	100.4	-	48.3	-
Total	6,148.36	2,364.38	2,674.98	356.49	2,460.09	169.16	92.0	47.5	40.0	7.2

Source: Nandi County Treasury

Analysis of expenditure by department shows that the Department of Tourism, Culture and Social Welfare recorded the highest absorption rate of development budget at 17.5 per cent, followed by the Department of Sports, Youth Affairs and Arts at 15.7 per cent. The Department of Administration, Public Service and E-Government had the highest percentage of recurrent expenditure to budget at 74.8 per cent, while the Department of Public Service and Labour had the lowest at 8.8 per cent of budget allocation.

3.32.12 Budget Execution by Programmes and Sub-Programmes

Table 188 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 188: Nandi County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Description	Approved Estimates (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
101004410		Administration and general support services	279,877,543	158,103,256	56.5
	101014410	Administration and support services	279,877,543	158,103,256	56.5
103004410		Livestock Resources Management and Development	521,573,337	131,724,942	25.3
	103024410	Livestock Production and Management	521,573,337	131,724,942	25.3
107004410		Physical Planning	434,204,501	78,774,815	18.1
	107014410	Preparation of Regional & Local Physical Development	434,204,501	78,774,815	18.1
110004410		Water Supply	435,454,526	70,321,334	16.1
	110014410	Development of water catchment areas & distribution of water	435,454,526	70,321,334	16.1
201004410		General Administration and Support Services	251,324,518	43,207,971	17.2
	201014410	General Administration and support services	251,324,518	43,207,971	17.2
202004410		Road Transport	362,033,464	90,998,789	25.1
	202024410	Road-works	362,033,464	90,998,789	25.1
301004410		General Administration and Support Services	253,810,623	61,506,694	24.2

Program	Sub Program	Description	Approved Estimates (Kshs)	Expenditure (Kshs)	Absorption Rate (%)
	301014410	General Administration & Support Services	253,810,623	61,506,694	24.2
302004410		Trade development	85,470,383	3,952,390	4.6
	302014410	Trade development & Promotion	85,470,383	3,952,390	4.6
306004410		Culture	9,272,000	2,395,400	25.8
	306024410	Development and Promotion of Culture	9,272,000	2,395,400	25.8
401004410		Health Service Delivery Administration Services	2,899,637,295	1,807,645,557	62.3
	401014410	Health Service Delivery Administration Services	2,899,637,295	1,807,645,557	62.3
501004410		General administration & support services	463,373,616	282,165,567	60.9
	501014410	General Administration & Support Services	463,373,616	282,165,567	60.9
502004410		Education	197,693,002	41,381,420	20.9
	502014410	Early Child Development and Education.	197,693,002	41,381,420	20.9
701004410		General Administration and Support Services	1,128,339,610	529,259,692	46.9
	701024410	General Administration and Support Services	1,128,339,610	529,259,692	46.9
707004410		Physical Infrastructure	60,300,000	2,037,400	3.4
	707024410	Construction of Governor's Offices	60,300,000	2,037,400	3.4
721004410		Administration & Support of Human Resources	271,225,082	102,621,287	37.8
	721014410	Administrative Support Services	271,225,082	102,621,287	37.8
902004410		Sports Development	77,539,430	16,555,400	21.4
	902024410	Sports Activities and Programs	77,539,430	16,555,400	21.4
Grand Total			7,731,128,930	3,422,651,914	44.3

Source: Nandi County Treasury

Sub-programmes with high levels of implementation based on absorption rates were: Health Service Delivery Administration Services in the Department of Health and Sanitation at 62.3 per cent, Livestock Production and Management in the Department of Agriculture and Co-operatives Development at 25.3 per cent, and Road-works in the Department of Roads, Transport and Infrastructure at 25.1 per cent of budget allocation.

3.32.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation. The report was submitted on 3rd February 2023, even though it needed to be completed, as it did not include a status report on the settlement of pending bills.
2. The underperformance of own-source revenue at Kshs.74.88 million against an annual projection of Kshs.186.61

million, representing 20.1 per cent of the annual target.

3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 187 where the County incurred expenditure in excess of the approved exchequer issues in several departments.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.100.98 million were processed through the manual payroll and accounted for 5.5 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.
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, as shown in Nakuru County, List of Development Projects with the Highest Expenditure.

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 that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
5. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.33 County Government of Narok

3.33.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.12.11 billion, comprising Kshs.3.9 billion (32.2 per cent) and Kshs.8.21 billion (67.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 9.8 per cent compared to the previous financial year when the approved budget was Kshs.13.35 billion and comprised of Kshs.4.01 billion towards development expenditure and Kshs.9.34 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.84 billion (73 per cent) as the equitable share of revenue raised nationally, generate Kshs.2.43 billion (20.1 per cent) from its own source of revenue and Kshs.833.62 million as conditional grants. A breakdown of the conditional grants is provided in Table 190.

3.33.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.4.13 billion as the equitable share of the revenue raised nationally, raised Kshs.1.79 billion as own-source revenue, and Kshs.45.03 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.5.96 billion, as shown in Table 189.

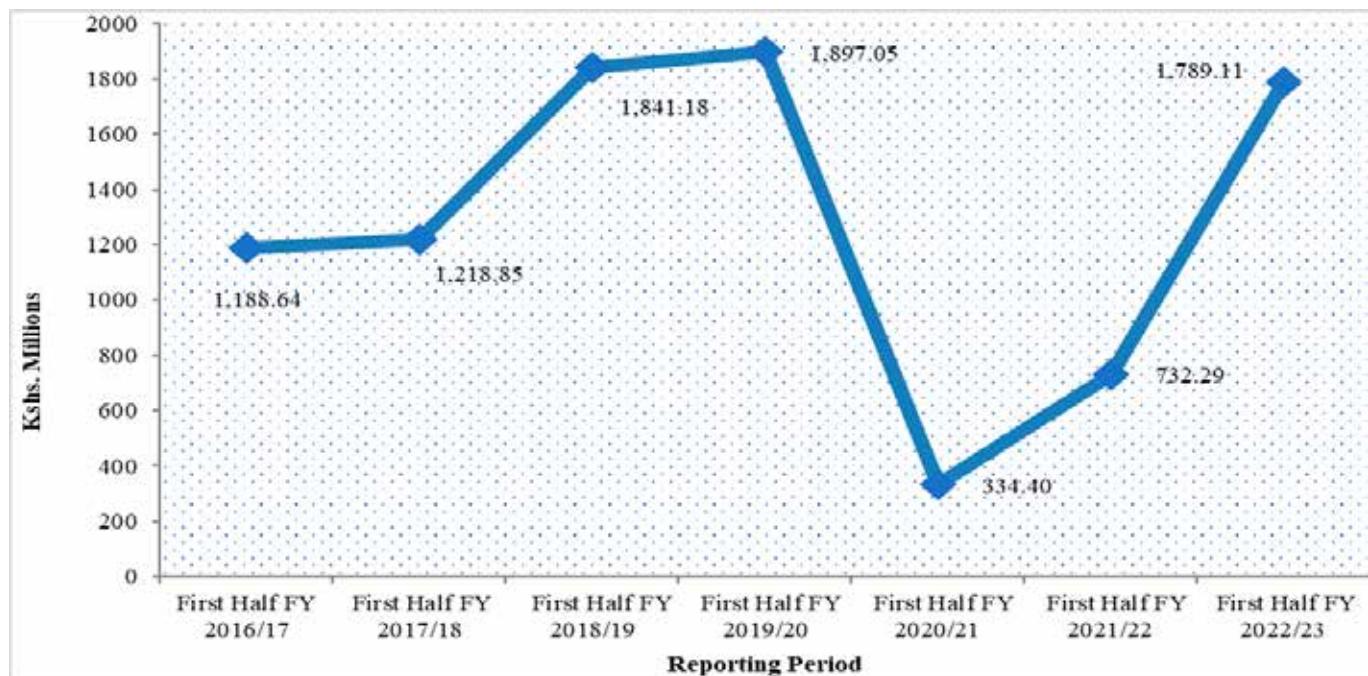
Table 189: Narok County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,844,790,000	4,130,502,509	46.7
	Sub Total	8,844,790,000	4,130,502,509	46.7
B	Conditional Grants			
1	Leasing of Medical Equipment	110,638,298	-	-
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	440,227,440	39,534,086	9.0
3	IDA (World Bank) Credit - National Agricultural Value Chain	70,000,000	-	-
4	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant-B/f	68,451,638	-	-
5	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	2,339,915	-	-
6	DANIDA Grant	34,766,250	-	-
7	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	22,773,951	5,500,000	24.2
8	Financing Locally Led Climate Action (FLLoCA)	22,000,000	-	-
9	Other Grants	62,422,508	-	-
	Sub-Total	833,620,000	45,034,085	5.4
C	Other Sources of Revenue			
1	Own Source Revenue	2,430,830,000	1,789,113,084	73.6
	Sub Total	2,430,830,000	1,789,113,084	73.6
	Grand Total	12,109,240,000	5,964,649,678.65	49.3

Source: Narok County Treasury

Figure 97 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

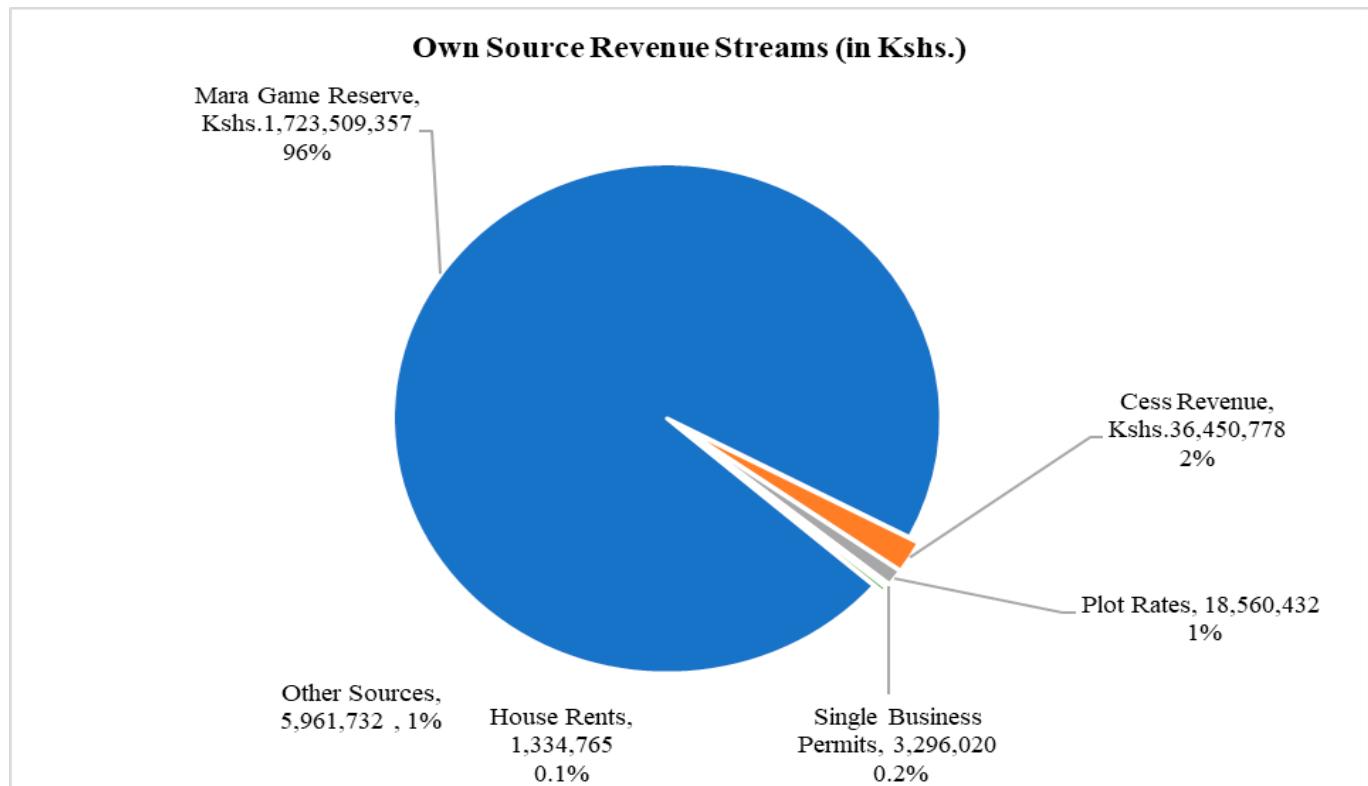
Figure 97: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Narok County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.1.79 billion from its own sources of revenue. This amount represented an increase of 144.3 per cent compared to Kshs.732.29 million realised in a similar period in FY 2021/22 and was 73.6 per cent of the annual target and 11.4 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 98

Figure 98: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Narok County Treasury

The highest revenue stream of Kshs.1.72 billion was from Mara Game Reserve, contributing to 96 per cent of the total OSR collected during the reporting period.

3.33.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.6 billion from the CRF account during the reporting period. This amount comprised Kshs.541.98 million (11.8 per cent) for development programmes and Kshs.4.06 billion (88.2 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.27 billion was released towards compensation to employees and Kshs.1.79 billion was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund account on 31st December 2022 was Kshs.104.72 million.

3.33.4 County Expenditure Review

The County spent Kshs.4.45 billion on development and recurrent programmes during the reporting period. This expenditure represented 96.8 per cent of the total funds released by the CoB and comprised Kshs.430 million and Kshs.4.02 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11 per cent, while recurrent expenditure represented 49.0 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.1.35 billion.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.92 billion on employee compensation, Kshs.1.74 billion on operations and maintenance, and Kshs.430 million on development activities. Similarly, the County Assembly spent Kshs.232.99 million on employee compensation and Kshs.121.11 million on operations and maintenance, as shown in Table 190.

Table 190: 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	7,431,990,000	776,890,000	3,668,382,341	354,097,273	49.4	45.6
Compensation to Employees	3,748,988,974	469,822,202	1,924,256,658	232,985,427	51.3	49.6
Operations and Maintenance	3,683,001,026	307,067,798	1,744,125,683	121,111,846	47.4	39.4
Development Expenditure	3,820,360,000	80,000,000	429,997,727	-	11.3	-
Total	11,252,350,000	856,890,000	4,098,380,068	354,097,273	36.4	41.3

Source: Narok County Treasury

3.33.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.16 billion, or 36.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.5.94 billion. This expenditure represented an increase from Kshs.1.59 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.687.11 million paid to

health sector employees, translating to 31.9 per cent of the total wage bill. The increase in the personnel wage bills in the current half year is attributed to the payment of the December 2022 wage bill during the period compared to FY 2021/22, when the December 2021 wage bill was settled in January 2022.

Further analysis indicates that PE costs amounting to Kshs.2,15 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.7.83 million was processed through manual payrolls. The manual payrolls accounted for 0.4 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.14.79 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.54.81 million. The average monthly sitting allowance was Kshs.49,310 per MCA. The County Assembly has established 19 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.384.04 million to county-established funds in FY 2022, constituting 3.2 per cent of the County's overall budget. Table 191 summarises each established Fund's budget allocation and performance during the reporting period.

Table 191: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
1.	Scholarships Fund	211,615,731	210,000,000	210,000,000	No.
2.	Capital Grants and Transfer (To Maasai Mara Community Support Fund)	131,990,141	-	-	Yes
3.	House loans to members of parliament and their staff	40,438,590	-	-	Yes
	Total	384,044,462			

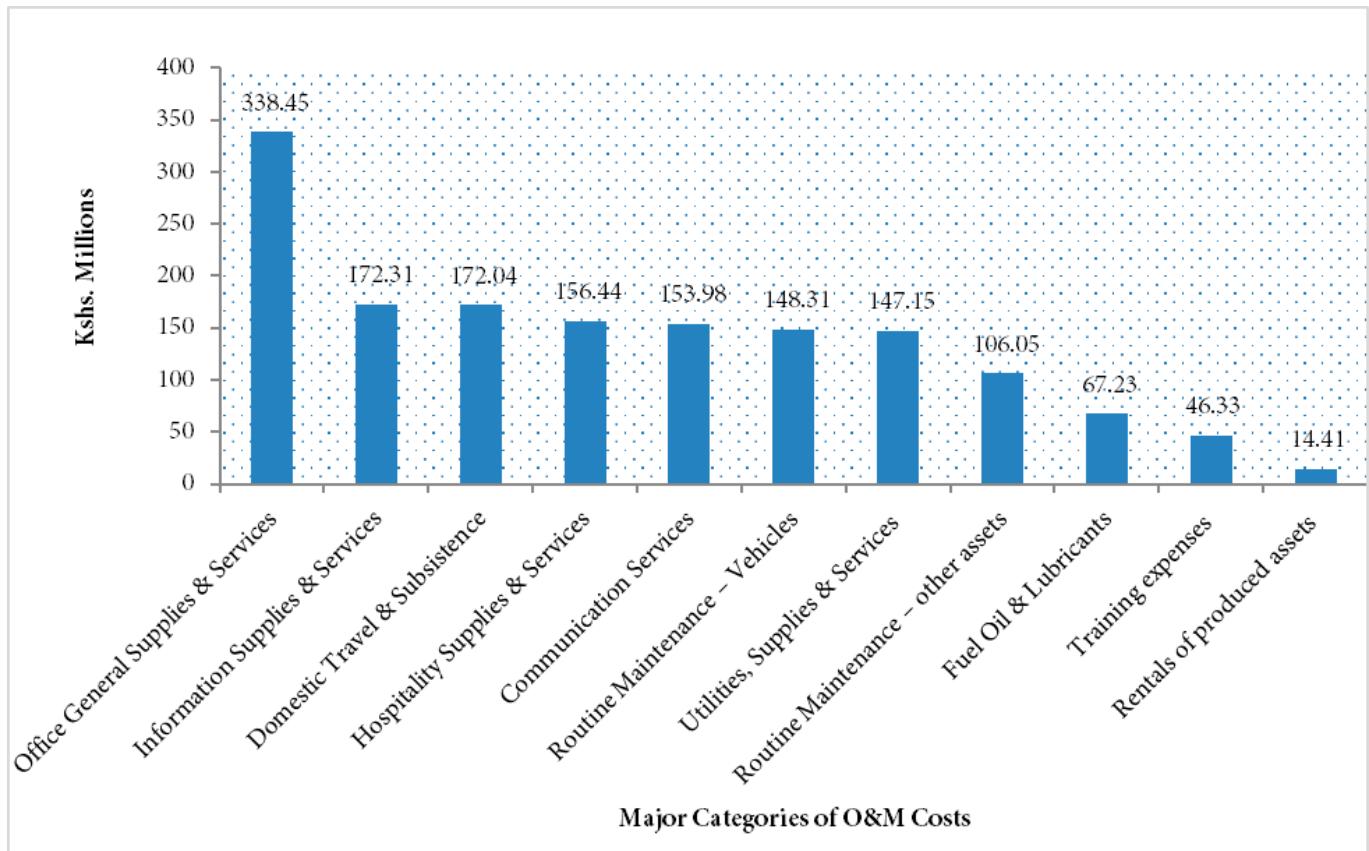
Source: Narok County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrator of Scholarships Fund as indicated in Table 191. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.33.9 Expenditure on Operations and Maintenance

Figure 99 shows a summary of 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.172.04 million and comprised of Kshs.71.44 million spent by the County Assembly and Kshs.100.60 million by the County Executive. Expenditure on foreign travel amounted to Kshs.17.67 million spent by the County executive.

3.33.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.430 million on development programmes, representing an increase of 62.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.264.67 million. Table 192 summarises development project payments in the reporting period.

Table 192: Narok County, List of Development Projects

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
1	Health and Sanitation	Proposed construction of new hospital block and mortuary at Narok County Referral Hospital	Narok Town	558,795,432	542,453,587	97
2	Health and Sanitation	Mechanical, electrical, engineering services and associated works for the referral hospital	Narok Town	469,614,655	304,797,960	65
3	Health and Sanitation	Proposed construction of a new Narok County Medical School, Hostels	Narok Town	288,850,043	256,712,952	89

No.	Sector	Project Name	Project Location	Contract sum (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
4	Transport, Public works and infrastructure	proposed routine maintenance of Oloolaimutia - Orkorai - 15km	Narok East	13,943,200	13,943,200	100
5	Health and Sanitation	Proposed construction of a standard health centre at Esoit - Transmara West	Narok West	25,803,086	6,158,870	24

Source: Narok County Treasury

3.33.11 Budget Performance by Department

Table 193 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 193: Narok 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
County Assembly Departments	777	80	365.06	9.04	354	-	97.0	-	45.6	-
Office of The Governor and Deputy Governor	141	-	57.43	-	56	-	98.1	-	40	-
Treasury, Economic Planning and ICT	831	205	412.74	-	412	-	99.7	-	49.5	-
Department of County Transport, Public works and infrastructure	350	679	223.19	230.04	220	210	98.6	91.3	63	30.9
Department of Education Youth Affairs, Sports Culture and Social Services	1,113	350	712.21	-	711	-	99.8	-	63.9	-
Department of Environment & Natural Resources	268	384	174.82	15.70	174	13	99.3	85.6	64.8	3.5
County Public Service Board	96	-	43.19	-	42	-	97.4	-	44.0	-
Department of Agriculture, Livestock and Fisheries	302	481	155.23	45.03	154	38	99.3	83.4	51.1	7.8
Department of County Health and Sanitation	2,782	981	1,101.18	239.16	1,101	166	99.9	69.6	39.6	17
Department of Lands, Housing, Physical Planning & Urban Development	233	219	115.49	-	114	-	98.9	-	49.1	-
Department of Tourism and Wildlife	418	185	264.16	-	249	-	94.2	-	59.6	-
Department of County Administration and Public service Management	790	235	393.69	3.00	397	-	101.0	-	50.3	-
Trade and Industrialisation	109	101	39.89	-	38	3	95.8	-	34.9	2.5
TOTAL	8,209	3,900	4,058	542	4,022	430	99.1	79.3	49	11

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of Transport, Public Works and Infrastructure recorded the highest absorption rate of development budget at 30.9 per cent, followed by the Department of

Health at 17 per cent. The Department of Environment and Natural Resources had the highest percentage of recurrent expenditure to budget at 64.8 per cent while the Department of Trade and Industrialisation had the lowest at 34.9 per cent.

The recurrent expenditure under the department of Public service management and administration exceeded the exchequer issue released because personnel emoluments were charged the salary item code in IFMIS whereas the requisition had not been made from the item code.

3.33.12 Budget Execution by Programmes and Sub-Programmes

Table 194 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 194: Narok County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
0		Default Value (Non- Departmental)	-	2,596,600	- 2,596,600	-
	1002004610	Environment Management and Protection	-	-	-	-
	703004610	Economic Policy and County Planning	-	-	-	-
	701004610	General Administration, Planning and Support Services	-	2,096,600	- 2,096,600	-
	4610	Default - Non Programmatic	-	500,000	- 500,000	-
4611000100		county Assembly Headquarters	311,129,231	3,431,358	307,697,873	1.1
	725004610		-	-	-	-
	704004610	Legislation and Representation	311,129,231	3,431,358	307,697,873	1.1
	722004610		-	-	-	-
	701004610	General Administration, Planning and Support Services	-	-	-	-
4611000200		Office of the Speaker	13,460,000	2,579,700	10,880,300	19.2
	722004610		-	-	-	-
	704004610	Legislation and Representation	13,460,000	2,579,700	10,880,300	19.2
4611000300		County Assembly Administration	403,394,425	1,935,730	401,458,695	0.5
	722004610		-	-	-	-
	701004610	General Administration, Planning and Support Services	403,394,425	1,935,730	401,458,695	0.5
4611000400		County Legislature	8,700,000	-	8,700,000	-
	704004610	Legislation and Representation	8,700,000	-	8,700,000	-
4611000500		Finance Management Services	12,610,000	1,556,400	11,053,600	12.3
	722004610		-	-	-	-
	702004610	Public Finance Management	-	-	-	-

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	701004610	General Administration, Planning and Support Services	12,610,000	1,556,400	11,053,600	12.3
4611000600		Policy And Research	6,600,544	-	6,600,544	-
	704004610	Legislation and Representation	6,600,544	-	6,600,544	-
	724004610		-	-	-	-
4611000700		Administrative Services	63,916,800	14,416,650	49,500,150	22.6
	701004610	General Administration, Planning and Support Services	63,916,800	14,416,650	49,500,150	22.6
4611000800		County Assembly Service Board	6,000,000	157,000	5,843,000	2.6
	704004610	Legislation and Representation	6,000,000	157,000	5,843,000	2.6
	722004610		-	-	-	-
4611000900		Procedure and Committee Services	31,079,000	6,956,280	24,122,720	22.4
	701004610	General Administration, Planning and Support Services	31,079,000	6,956,280	24,122,720	22.4
	722004610		-	-	-	-
4612000100		County Executive	140,870,000	8,040,750	132,829,250	5.7
	725004610		-	-	-	-
	701004610	General Administration, Planning and Support Services	140,870,000	8,040,750	132,829,250	5.7
4612000200		County Executive Administration	-	-	-	-
	701004610	General Administration, Planning and Support Services	-	-	-	-
	725004610		-	-	-	-
4612000300		County Public Service Management	-	-	-	-
	725004610		-	-	-	-
	701004610	General Administration, Planning and Support Services	-	-	-	-
4612000400		Internal Audit	-	-	-	-
	729004610		-	-	-	-
4613000100		Finance & Economic Planning	28,609,819	2,068,505	26,541,314	7.2
	702004610	Public Finance Management	-	-	-	-
	202004610	ICT Services	-	-	-	-
	703004610	Economic Policy and County Planning	28,609,819	2,068,505	26,541,314	7.2
	706004610		-	-	-	-
4613000200		Procurement	80,427,102	13,327,940	67,099,162	16.6
	702004610	Public Finance Management	80,427,102	13,327,940	67,099,162	16.6
4613000300		Revenue Management Services	169,527,722	41,175,905	128,351,817	24.3

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	702004610	Public Finance Management	169,527,722	41,175,905	128,351,817	24.3
4613000400		County Treasury	560,699,468	106,138,870	454,560,598	18.9
	703004610	Economic Policy and County Planning	560,699,468	106,138,870	454,560,598	18.9
	702004610	Public Finance Management	-	-	-	-
4613000500		Accounting Services	35,876,419	240,200	35,636,219	0.7
	702004610	Public Finance Management	35,876,419	240,200	35,636,219	0.7
4613000600		Budget Formulation, Coordination and Management	41,860,423	1,767,790	40,092,633	4.2
	702004610	Public Finance Management	41,860,423	1,767,790	40,092,633	4.2
4613000700		Internal Audit	63,360,386	1,247,800	62,112,586	2.0
	702004610	Public Finance Management	63,360,386	1,247,800	62,112,586	2.0
4613000800			55,828,661	990,600	54,838,061	1.8
	202004610	ICT Services	55,828,661	990,600	54,838,061	1.8
4614000100		Public Works and Infrastructure	758,190,509	128,109,123	630,081,386	16.9
	201004610	Roads Transport and Public Works	758,190,509	128,109,123	630,081,386	16.9
	107004610	Urban Mobility and Transport	-	-	-	-
	202004610	ICT Services	-	-	-	-
4614000200		Roads And Transport	100,386,773	5,920,015	94,466,758	5.9
	201004610	Roads Transport and Public Works	100,386,773	5,920,015	94,466,758	5.9
	202004610	ICT Services	-	-	-	-
4614000300			169,962,718	19,442,643	150,520,075	11.4
	201004610	Roads Transport and Public Works	169,962,718	19,442,643	150,520,075	11.4
4615000100		Education	1,162,448,893	349,151,814	813,297,079	30.0
	901004610	Social Development and Children Services	-	-	-	-
	501004610	General Administration and policy formulation	-	-	-	-
	502004610	Manpower Development, Employment and Productivity Management	1,162,448,893	349,151,814	813,297,079	30.0
4615000200		Gender and Youth Affairs	145,110,830	176,000	144,934,830	0.1
	901004610	Social Development and Children Services	145,110,830	176,000	144,934,830	0.1

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4615000300		Vocational Education and Training	114,374,448	1,167,000	113,207,448	1.0
	901004610	Social Development and Children Services	114,374,448	1,167,000	113,207,448	1.0
4615000400		Sports	-	-	-	-
	901004610	Social Development and Children Services	-	-	-	-
4615000500		Arts, Culture and Heritage	19,852,699	200,000	19,652,699	1.0
	901004610	Social Development and Children Services	19,852,699	200,000	19,652,699	1.0
4615000600		Social services and Recreation	21,803,130	-	21,803,130	-
	901004610	Social Development and Children Services	21,803,130	-	21,803,130	-
4616000100		Environment, Protection, Energy, Water& Natural Resources	652,450,000	2,374,540	650,075,460	0.4
	1002004610	Environment Management and Protection	652,450,000	2,374,540	650,075,460	0.4
	1001004610		-	-	-	-
4617000100		County Public Service Board	95,580,000	7,855,900	87,724,100	8.2
	907004610		-	-	-	-
	701004610	General Administration, Planning and Support Services	95,580,000	7,855,900	87,724,100	8.2
4618000100		Crop Production	524,843,912	45,190,825	479,653,087	8.6
	102004610	Crop Development and management	524,843,912	45,190,825	479,653,087	8.6
	108004610		-	-	-	-
	103004610	Livestock Resources management and development	-	-	-	-
4618000200		Livestock Production	165,882,138	-	165,882,138	-
	112004610		-	-	-	-
	102004610	Crop Development and management	94,551,137	-	94,551,137	-
	103004610	Livestock Resources management and development	71,331,001	-	71,331,001	-
4618000300		Fisheries	29,682,503	-	29,682,503	-
	104004610	Fisheries development and management	29,682,503	-	29,682,503	-
	111004610		-	-	-	-

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4618000400		veterinary Services	61,891,447	-	61,891,447	-
	112004610		-	-	-	-
	103004610	Livestock Resources management and development	61,891,447	-	61,891,447	-
4619000100		Health- Medical Services	3,419,311,816	893,424,245	2,525,887,571	26.1
	703004610	Economic Policy and County Planning				
	401004610	Preventive &Promotive Health Services	981,400,000	205,189,235	776,210,765	20.9
	403004610	General Administration, Planning & Support Services	2,437,911,816	688,235,010	1,749,676,806	28.2
4619000200		Public Health	343,898,184	28,786,446	315,111,738	8.4
	404004610					
	402004610	Curative Health Services	343,898,184	28,786,446	315,111,738	8.4
4620000100		Land, Housing & Survey	59,227,117	-	59,227,117	-
	107004610	Urban Mobility and Transport	-	-	-	-
	101004610	General administration, planning and support services	-	-	-	-
	102004610	Crop Development and management	-	-	-	-
	106004610	Housing Development and Human Settlement	-	-	-	-
	105004610	Land Policy and Planning	59,227,117	-	59,227,117	-
4620000200		Town Management	243,368,217	44,854,235	198,513,982	18.4
	105004610	Land Policy and Planning	-	-	-	-
	107004610	Urban Mobility and Transport	243,368,217	44,854,235	198,513,982	18.4
4620000300		Physical Planning	149,074,666	-	149,074,666	-
	106004610	Housing Development and Human Settlement	149,074,666	-	149,074,666	-
4621000100		ICT & E-Government	-	-	-	-
	202004610	ICT Services	-	-	-	-
	210004610		-	-	-	-
4622000100		Tourism	602,690,000	171,139,400	431,550,600	28.4
	303004610	Tourism Development and Promotion	602,690,000	171,139,400	431,550,600	28.4
	306004610		-	-	-	-
4622000200		Wildlife	-	-	-	-
	301004610	General Administration and Support Services	-	-	-	-
	1003004610		-	-	-	-

Budget Execution by Heads and Programmes -County						
Head	Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
4622000300		Trade and Industry	-	-	-	-
	302004610	Wildlife Conservation and Security	-	-	-	-
	301004610	General Administration and Support Services	-	-	-	-
4622000400		Cooperatives	-	-	-	-
	301004610	General Administration and Support Services	-	-	-	-
4622000500			-	-	-	-
	301004610	General Administration and Support Services	-	-	-	-
4623000100			556,106,185	33,760,683	522,345,502	6.1
	701004610	General Administration, Planning and Support Services	320,876,185	33,760,683	287,115,502	10.5
	704004610	Legislation and Representation	235,230,000	-	235,230,000	-
4623000200			407,179,034	23,671,700	383,507,334	5.8
	701004610	General Administration, Planning and Support Services	407,179,034	23,671,700	383,507,334	5.8
4623000300			62,044,781	-	62,044,781	-
	701004610	General Administration, Planning and Support Services	62,044,781	-	62,044,781	-
4624000100			179,253,822	-	179,253,822	-
	301004610	General Administration and Support Services	179,253,822	-	179,253,822	-
4624000200			23,486,530	-	23,486,530	-
	301004610	General Administration and Support Services	23,486,530	-	23,486,530	-
4624000300			7,189,648	-	7,189,648	-
	301004610	General Administration and Support Services	7,189,648	-	7,189,648	-
4919000100		County Assembly	-	-	-	-
	401004610	Preventive &Promotive Health Services	-	-	-	-
		Grand Total	12,109,240,000	1,963,852,646	10,145,387,354	16.2

Source: Narok County Treasury

The County spent Kshs.2,596,600 on a default vote which had no budget. This is irregular and should be regularised through a Supplementary budget. Sub-programmes with the highest levels of implementation based on absorption rates were: Manpower Development, Employment and Productivity Management at 30 per cent under the Department of Education, General Administration, Planning & Support Services at 28.2 per cent under the Health Department and Public Finance Management under the Department of Finance and Economic Planning at 24.3 per cent 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 OCoB identified the following challenges which hampered effective budget implementation;

1. High level of pending bills which amounted to Kshs.1.23 billion as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.104.72 million at the end of the first half of FY 2022/23.
2. Use of manual payroll. Personnel emoluments amounting to Kshs.687.11 million were processed through the manual payroll and accounted for 0.4 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.
3. A high wage bill, which accounted for 36.17 per cent of the total expenditure in the First Half of FY 2021/22, thus constraining funding to other programmes.

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

1. *The County leadership should ensure genuine pending bills are paid in the remainder of the financial year.*
2. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*
3. *The County 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.*

3.34 County Government of Nyamira

3.34.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.6.53 billion, comprising Kshs.2.04 billion (31.2 per cent) and Kshs.4.49 billion (68.8 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 4.4 per cent compared to the previous financial year when the approved budget was Kshs.6.83 billion and comprised of Kshs.2.05 billion towards development expenditure and Kshs.4.78 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.14 billion (78.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.265 million (4.1 per cent) from own source of revenue, Kshs.155 million (2.4 per cent) as Appropriation in Aid, and a cash balance of Kshs.555 million (8.5 per cent) from FY 2021/22. The County also expects to receive Kshs.419.58 million (6.4 per cent) as conditional grants. The conditional grants consist of World Bank – National Rural Inclusive Growth Project (Kshs.275.42 million), DANIDA (Kshs.9.02 million), Agricultural Sector Development Support Program (Kshs.10.14 million) and World Bank Grant - Climate Change (Kshs.125.00 million).

The cash balance from the previous financial year comprises an equitable share of June 2022 of Kshs.410.37 million, National Rural Inclusive Growth Project balance of Kshs.53.98 million and balances in the special purpose accounts of Kshs.90.65 million.

3.34.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.69 billion as the equitable share of the revenue raised nationally, raised Kshs.22.62 million as own-source revenue, Kshs.79.67 million as Appropriations-in-Aid, and had a cash balance of Kshs.555 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.35 billion, as shown in Table 175.

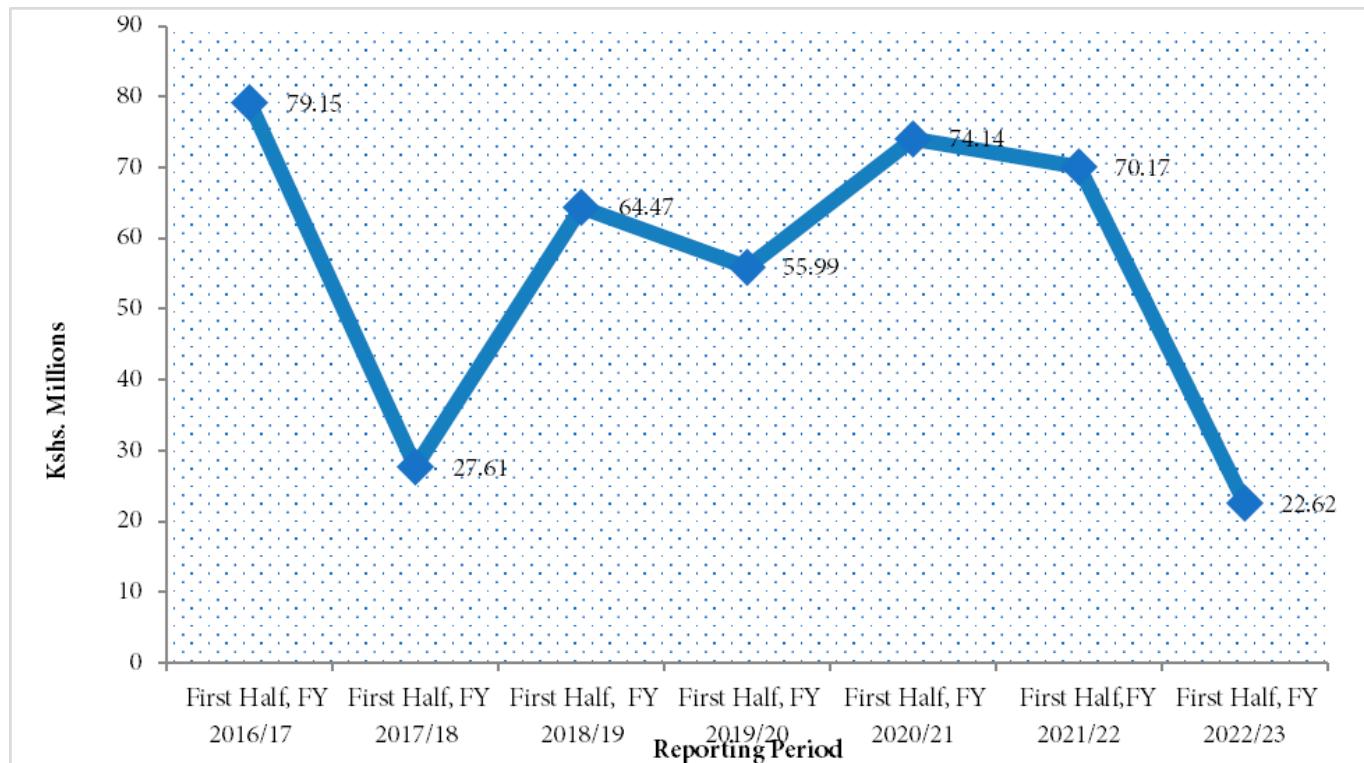
Table 195: Nyamira County, Revenue Performance in the First Half of FY 2022/23

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,136,340,036	1,694,662,212	33.0
	Sub Total	5,136,340,036	1,694,662,212	33.0
B	Other Sources of Revenue			
1.	Own Source Revenue	265,000,000	22,615,955	8.5
2.	Appropriation in Aid	155,000,000	79,672,226	51.4
3.	National Rural Inclusive Growth Project	275,417,324	-	-
4.	Climate Change	125,000,000	-	-
5.	Agricultural Sector Development Support Programme	10,138,400	-	-
6.	DANIDA	9,024,527	-	-
7.	Unspent balance from FY 2021/22	555,000,000	555,000,000	100
	Sub Total	1,394,580,251	657,288,181	43.4
	Grand Total	6,529,920,287	2,351,950,393	22.7

Source: Nyamira County Treasury

Figure 100 : Shows Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23.

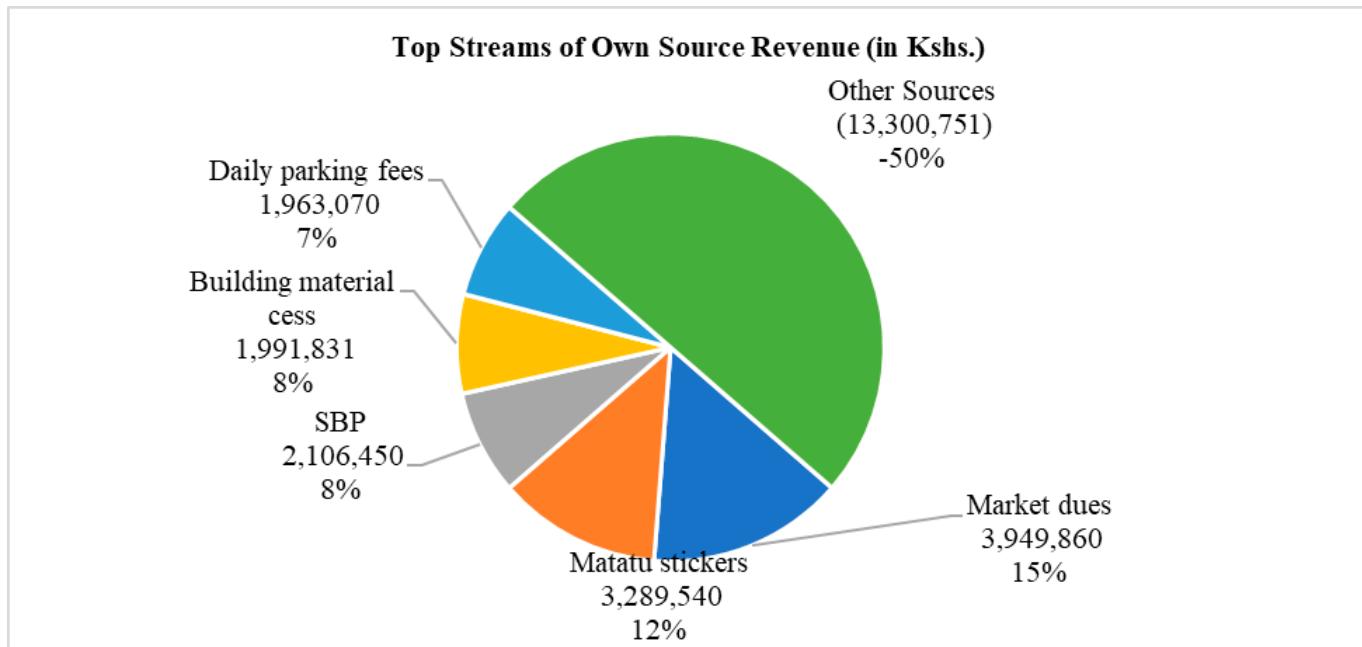
Figure 100: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nyamira County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.22.62 million from its own sources of revenue. This amount represented a decrease of 67.8 per cent compared to Kshs.70.17 million realised in a similar period in FY 2021/22 and was 8.5 per cent of the annual target and 1.3 per cent of the equitable share of revenue disbursed during the period. The top OSR streams are shown in Figure 101.

Figure 101: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nyamira County Treasury

The highest revenue stream of Kshs.3.95 million was from market dues contributing 15.0 per cent of the total OSR collected during the reporting period. Further, the County collected Kshs.79.67 million from hospital fees (Facility Improvement Funds) which is reported separately.

3.34.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.02 billion from the CRF account during the reporting period. This amount comprised Kshs.324.22 million (16.1 per cent) for development programmes and Kshs.1.69 billion (83.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1,292.86 million was released towards compensation to employees, Kshs.399.63 million was for Operations and Maintenance expenditure, while Kshs.324.22 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.161.50 million.

3.34.4 County Expenditure Review

The County spent Kshs.2.02 billion on development and recurrent programmes during the reporting period. This expenditure represented 100.0 per cent of the total funds released by the CoB and comprised Kshs.344.24 million and Kshs.1.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 16.9 per cent, while recurrent expenditure represented 37.4 per cent of the annual recurrent expenditure budget.

3.34.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported pending bills amounting to Kshs.318.30 million, which comprised Kshs.156.29 million for recurrent expenditure and Kshs.162.01 million for development activities. During the period under review, pending bills amounting to Kshs.210.91 million were settled, which consisted of Kshs.106.91 million for recurrent expenditure and Kshs.104.00 million for development programmes. The outstanding amount as of 31st December 2022 was, therefore, Kshs.107.39 million.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.29 billion on employee compensation, Kshs.237.48 million on operations and maintenance, and Kshs.298.32 million on

development activities. Similarly, the County Assembly spent Kshs.87.78 million on employee compensation, Kshs.64.66 million on operations and maintenance, and Kshs.45.92 million on development activities, as shown Table 196 in Summary of Budget and Expenditure by Economic Classification.

Table 196: 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	3,883,975,057	608,070,587	1,526,111,060	152,439,812	39.3	25.1
Compensation to Employees	2,911,069,639	319,728,266	1,288,630,153	87,782,251	44.3	27.5
Operations and Maintenance	972,905,418	288,342,321	237,480,907	64,657,561	24.4	22.4
Development Expenditure	1,812,874,643	225,000,000	298,318,960	45,923,122	16.5	18.0
Total	5,696,849,700	833,070,587	1,824,430,020	198,362,934	32.0	23.0

Source: Nyamira County Treasury

3.34.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.38 billion, or 58.7 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.35 billion. This expenditure represented a decrease from Kshs.1.55 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.635.41 million paid to health sector employees, translating to 46.2 per cent of the total wage bill.

The County Assembly spent Kshs.5.20 million on committee sitting allowances for the 36 MCAs and the Speaker against the annual budget allocation of Kshs.11.33 million. The average monthly sitting allowance was Kshs.24,065 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.272.00 million to county-established funds in FY 2022/23, constituting 4.2 per cent of the County's overall budget. Table 197 summarises each established Fund's budget allocation and performance during the reporting period.

Table 197: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expenditure as of 31 st December 2022 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Education support - Bursary	122,000,000	-	-	No.
2.	Emergency fund	30,000,000	-	-	No.
3.	Car loan & Mortgage	20,000,000	-	-	No.
County Assembly Established Funds					
	Car loan & mortgage	100,000,000	-	-	No.

S/No.	Name of the Fund	Approved Bud- get Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31 st December 2022 (Kshs.)	Actual Expen- diture as of 31 st December 2022 (Kshs.)	Submission of Finan- cial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
	Total	272,000,000		-	-

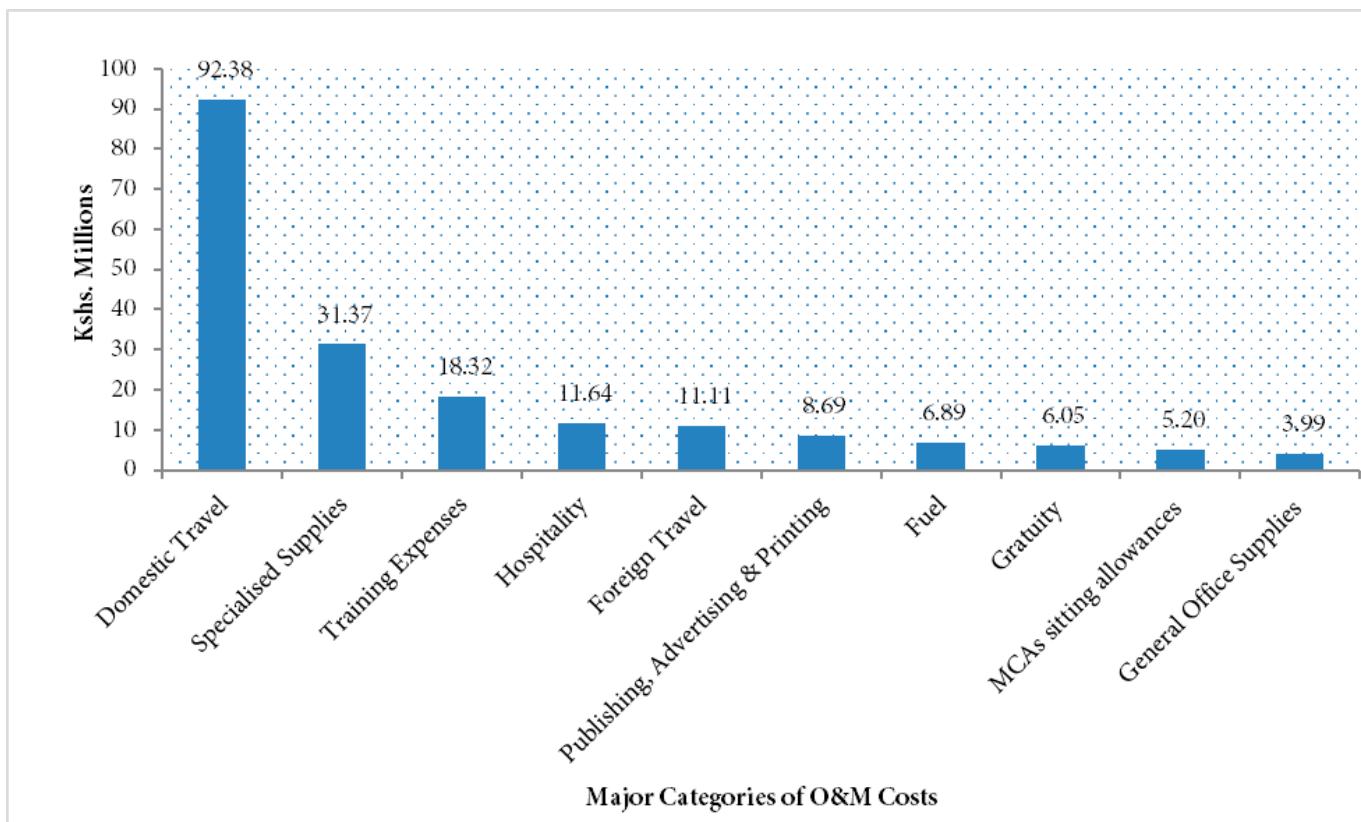
Source: Nyamira County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of all established funds, as indicated in Table 197 contrary to the requirement of Section 168 of the PFM Act, 2012.

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.92.38 million and comprised of Kshs.45.64 million spent by the County Assembly and Kshs.46.75 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.11 million by the County Executive.

3.34.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.344.24 million on development programmes, representing a decrease of 43.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.611.72 billion. Nyamira County, List of Development Projects with the Highest Expenditure Table 199 summarises development projects with the highest expenditure in the reporting period.

Table 198: Nyamira County, List of Development Projects with the Highest Expenditure

	Sector	Project Name	Project Loca-tion	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	status (%)
1	Assembly	Six floor office Complex	HQ	367,000,000	80,000,000	134,841,509	40
2	Assembly	Gachuba ward office	Gachuba	7, 314, 455	7, 314, 455	4, 554, 318	100
3	Health	80 Bed amenity block with Drs' plaza	CR Hospital	142,319,154	15,300,502	15,300,502	70
4	Health	Inpatient ward at Gesima S.C. Hospital	Mosobeti	34,999,235	6,572,699	6,572,699	60
5	Finance	Revenue Automation	County HQ	39, 500, 000	8, 750, 000	26, 750, 000	90
6	Water	Nyambaria Water project	Nyambaria	21, 501, 129	2, 126, 000	2, 126, 000	80
7	Education	2No ECDE Classrooms and pit latrine at Geke Pry school	Geke	3, 297, 690	3, 297, 690	3, 297, 690	100
8	Lands	Nyamira County spatial plan (2020 – 2030)	County HQ	74, 999, 973	74, 999, 973	3, 000, 000	4
9	Roads	Maintenance of Ekeru – Bonyunu – Kemera Road	Kemera	4, 308, 124	4, 308, 124	4, 308, 124	100
10	Agriculture	2500 Kuroiler Chicks	Countywide	1, 975, 000	1, 975, 000	1, 975, 000	100

Source: Nyamira County Treasury

3.34.11 Budget Performance by Department

Table 199 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 199: 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	608.07	225.00	220.36	76.53	152.44	45.92	69.2	60.0	25.1	20.4
County Executive Office	469.16	-	124.06	-	125.12	-	100.9	-	26.7	-
Finance & Economic Planning	401.22	465.00	219.15	181.70	208.833	177.65	95.3	97.8	52.1	38.2
Agriculture, Livestock & Fisheries	155.54	329.56	59.60	65.98	58.23	71.48	97.7	108.3	37.4	21.7
Environment, Energy, N. Resources	81.48	237.88	68.92	-	30.75	3.29	44.6	-	37.7	1.4
Education & ICT	357.65	255.60	121.46	-	120.37	6.52	99.1	-	33.7	2.6
Health services	1,645.70	197.24	617.77	-	667.78	16.23	108.1	-	40.6	8.2
Lands, Housing & Urban Develop.	115.90	112.69	47.39	-	46.61	-	98.4	-	40.2	-
Roads, Transport & Works	101.89	108.51	42.47	-	41.21	22.81	97.0	-	40.4	21.0

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Tourism, Industrialisation	46.34	11.00	13.51	-	14.27	0.33	105.7	-	30.8	3.0
Youths, Sports, Gender and Culture	64.62	33.00	22.26	-	23.80	-	106.9	-	36.8	-
County Public Service Board	66.11	-	19.39	-	21.51	-	110.9	-	32.5	-
Public Service Management	360.72	47.00	114.28	-	164.84	-	144.2	-	45.7	-
Nyamira Municipality	17.65	15.40	1.85	-	2.77	-	149.5	-	15.7	-
Total	4,492.05	2,037.87	1,692.49	324.22	1,678.55	344.24	99.2	106.2	37.4	16.9

Source: Nyamira County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic Planning recorded the highest absorption rate of development budget at 38.2 per cent, followed by the Department of Agriculture, Livestock & Fisheries at 21.7 per cent. The Department of Finance & Economic planning had the highest percentage of recurrent expenditure to budget at 52.1 per cent. The Department of Nyamira Municipality had the lowest at 15.7 per cent.

3.34.12 Budget Execution by Programmes and Sub-Programmes

Table 200 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 200: 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		833, 070, 587	198, 362, 934	634, 707, 653	23.8
010100	Policy planning, general administration	333, 926, 193	95, 650, 732	238, 275, 461	28.6
070800	Committee management services	23, 959, 000	10, 466, 500	13, 492, 500	43.7
070900	Legislation and representation services	475, 185, 394	92, 245, 702	382, 939, 691	19.4
Department of County Executive					
070100	General administration and support services	401, 490, 445	118, 525, 262	282, 965, 183	29.5
subtotal		401, 490, 445	118, 525, 262	282, 965, 183	29.5
070100	General administration and support services	20, 000, 000	204, 000	19, 796, 000	1.0
070600	Governance and coordination services	47, 671, 880	6, 391, 400	41, 280, 480	13.4
subtotal		67, 671, 880	6, 595, 400	61, 076, 480	9.7
Department of Finance and economic planning					
050400	ICT Services	13, 100, 000	797, 500	12, 302, 500	6.1
070100	General administration and support services	343, 600, 913	190, 145, 623	153, 455, 290	55.3
070200	Budget management	360, 000, 000	161, 140, 228	198, 859, 772	44.8
070500	Resource mobilisation	25, 285, 542	1, 845, 450	23, 440, 092	7.3
Sub total		741, 986, 455	353, 928, 802	388, 057, 653	47.7

	Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
070200	Budget formulation and management	114, 521, 474	30, 655, 150	83, 866, 324	26.7
Sub total		114, 521, 474	30, 655, 150	83, 866, 324	26.7
070400	County financial management & control	3, 323, 155	512, 200	2, 809, 955	15.4
Sub total		3, 323, 155	512, 200	2, 809, 955	15.4
010100	General administration and support services	3, 049, 570	352, 000	2, 697, 570	11.5
Sub total		3, 049, 570	352, 000	2, 697, 570	11.5
070400	County financial management & control	3, 335, 487	1, 038, 850	2, 296, 637	31.1
Sub total		3, 335, 487	1, 038, 850	2, 296, 637	31.1
Department of Agriculture, livestock and fisheries development					
010100	Policy planning, general administration and support services	150, 211, 350	57, 664, 354	92, 546, 996	38.4
Sub total		150, 211, 350	57, 664, 354	92, 546, 996	38.4
010400	Livestock promotion and development	16, 297, 004	273, 000	16, 024, 004	1.7
Sub total		16, 297, 004	273, 000	16, 024, 004	1.7
010200	Crop, agribusiness & land management services	315, 585, 348	71, 774, 731	243, 810, 617	22.7
Sub total		315, 585, 348	71, 774, 731	243, 810, 617	22.7
010300	Fisheries development & promotion services	3, 001, 616	-	3, 001, 616	-
Sub total		3, 001, 616	-	3, 001, 616	-
Environment, water and natural resources					
100100	Policy planning, general administration and support services	76, 613, 542	29, 846, 025	46, 767, 517	39.0
Subtotal		76, 613, 542	29, 846, 025	46, 767, 517	39.0
100200	Other energy sources promotion	11, 715, 460	189, 100	11, 526, 360	1.6
Sub total		11, 715, 460	189, 100	11, 526, 360	1.6
100300	Water supply and management services	58, 515, 563	2, 800, 460	55, 715, 103	4.8
Subtotal		58, 515, 563	2, 800, 460	55, 715, 103	4.8
100400	Agroforestry promotion	172, 520, 089	1, 206, 000	171, 314, 089	0.7
Subtotal		172, 520, 089	1, 206, 000	171, 314, 089	0.7
Department of Education and vocational training					
050100	General administration, policy planning & support services	354, 455, 770	119, 690, 882	234, 764, 888	33.8
Sub total		354, 455, 770	119, 690, 882	234, 764, 888	33.8
050200	ECDE and CCC development services	237, 042, 471	6, 775, 751	230, 266, 719	2.9
Subtotal		237, 042, 471	6, 775, 751	230, 266, 719	2.9
050300	Vocational training and development services	21, 754, 281	416, 500	21, 337, 781	1.9
Subtotal		21, 754, 281	416, 500	21, 337, 781	1.9
Department of Health Services					
040100	General administration, planning and support services	1,510,290,200	636, 284, 777	874, 005, 423	42.1
Subtotal		1,510,290,200	636, 284, 777	874, 005, 423	42.1

	Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
040200	Curative health services	332, 649, 821	47, 732, 818	284, 917, 002	14.3
Subtotal		332, 649, 821	47, 732, 818	284, 917, 002	14.3
Department of Lands, housing and urban development					
010100	Policy planning, general administration and support services	110, 352, 145	44, 615, 929	65, 736, 216	40.4
Subtotal		110, 352, 145	44, 615, 929	65, 736, 216	40.4
010500	Physical planning and surveying services	47, 317, 822	1, 899, 000	45, 418, 822	4.0
Subtotal		47, 317, 822	1, 899, 000	45, 418, 822	4.0
010700	Management and development of towns	70, 922, 930	100, 000	70, 822, 930	0.1
Subtotal		70, 922, 930	100, 000	70, 822, 930	0.1
Department of roads, transport and public works					
020100	General administration and support services	83, 727, 665	40, 854, 377	42, 873, 288	48.8
Subtotal		83, 727, 665	40, 854, 377	42, 873, 288	48.8
020200	Roads development and management	125, 663, 783	23, 162, 137	102, 501, 646	18.4
Subtotal		125, 663, 783	23, 162, 137	102, 501, 646	18.4
020200	Roads development and management	1, 000, 000	-	1, 000, 000	-
Subtotal		1, 000, 000	-	1, 000, 000	-
Department of trade, tourism, industrialisation and cooperative development					
030100	Policy planning, general administration and support services	41, 166, 152	12, 613, 285	28, 552, 867	30.6
030300	Tourism development and promotion	1, 314, 420	402, 000	912, 420	3.1
	Subtotal	42, 480, 572	13, 015, 285	29, 465, 287	30.6
030200	Trade, cooperative, investment development promotion	14, 859, 378	1,602,450	13, 256, 928	10.8
Subtotal		14, 859, 378	1, 602, 450	13, 256, 928	10.8
Department of youths, sports, gender, culture and social services					
070100	General administration and support services	55, 208, 149	22, 607, 547	32, 600, 602	40.9
	Subtotal	55, 208, 149	22, 607, 547	32, 600, 602	40.9
090200	Promotion and management of sports	28, 156, 275	1, 191, 100	26, 965, 175	4.2
Subtotal		28, 156, 275	1, 191, 100	26, 965, 175	4.2
090200	Promotion and management of sports	14, 251, 469	-	14, 251, 469	-
Subtotal		14, 251, 469	-	14, 251, 469	-
Department of County public service board					
070100	General administration and support services	3, 599, 850	208, 922	3, 390, 928	5.8
100100	Policy planning, general administration and support services	62, 513, 440	21, 302, 767	41, 210, 673	34.1
Subtotal		66, 113, 290	21, 511, 689	44, 601, 601	32.5
Department of public service management					
010100	Policy planning, general administration and support services	341, 060, 044	163, 900, 138	177, 159, 906	48.1
070100	General administration and support services	1, 086, 450	-	1, 086, 450	-

	Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
071000	Coordination, strategy and HR Services	65, 572, 764	938, 800	64, 633, 964	1.4
	Subtotal	407, 719, 258	164, 838, 938	242, 880, 320	40.4
Department of Nyamira Municipality					
010100	Policy planning, general administration and support services	17, 645, 983	2, 768, 505	14, 877, 478	15.7
020200	Roads development and management	15, 400, 000	-	15, 400, 000	-
Sub total		33, 045, 983	2, 768, 505	30, 277, 478	8.4
Grand To- tal		6,529,920,287	2,022,792,953	4,507,127,333	31.0

Source: Nyamira County Treasury

Programmes with the highest levels of implementation based on absorption rates were: General administration and support services in the Department of Finance ICT and Economic planning at 55.3 per cent, General administration and support services in the Department of Roads, transport and public works at 48.8 per cent, Policy planning, general administration and support services in the Department of Public service management at 48.1 per cent, and Committee management services in the Department of County Assembly at 43.7 per cent 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 which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.22.62 million against an annual projection of Kshs.265 million, representing 8.5 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 200 where the County incurred expenditure above the approved exchequer issues in several departments.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. No reports were submitted to the Controller of Budget for all County Funds, as shown in Table 198.

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

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF account in line with Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*

3.35 County Government of Nyandarua

3.35.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7 billion, comprising Kshs.2.14 billion (30.6 per cent) and Kshs.4.86 billion (69.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 3 per cent compared to the previous financial year when the approved budget was Kshs.7.22 billion and comprised of Kshs.2.33 billion towards development expenditure and Kshs.4.88 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.67 billion (81 per cent) as the equitable share of revenue raised nationally, generate Kshs.660 million (9.4 per cent) from its own source of revenue, and Kshs.671.54 million (9.6 per cent) as conditional grants. The County did not budget for the unspent cash balances from the previous financial year.

3.35.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.32 billion as the equitable share of the revenue raised nationally, raised Kshs.163.54 million as own-source revenue, Kshs.454 million as other revenues, and had a cash balance of Kshs.89.87 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.03 billion, as shown in Table 201.

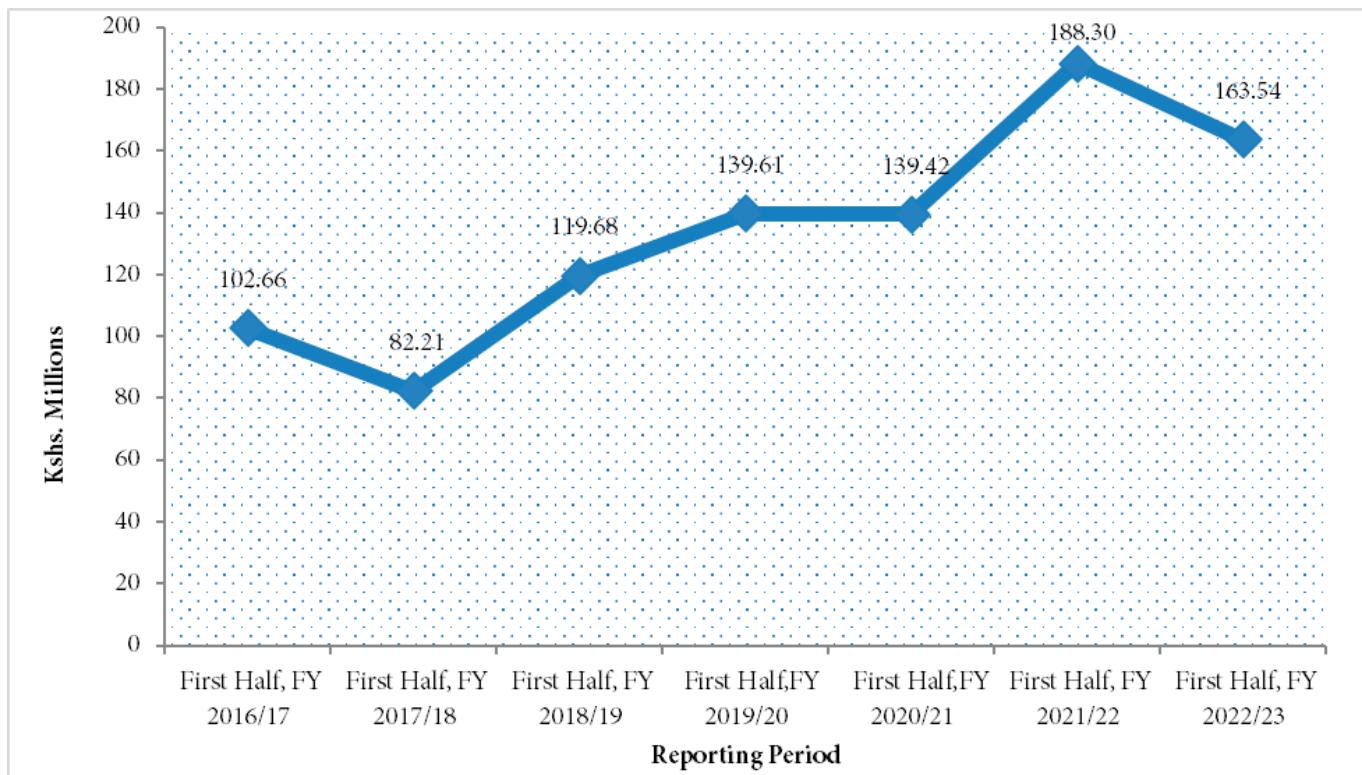
Table 201: Nyandarua County, Revenue Performance in the First Half of FY 2022/23

S/ No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,670,444,228	2,324,882,138	41
	Sub total	5,670,444,228	2,324,882,138	41
B	Conditional Grants			
1.	Supplement for Construction of County Headquarters	90,800,000	-	-
2.	Conditional Grant Leasing of Medical Equipment	110,638,298	-	-
3.	World Bank Kenya Climate Smart Agriculture Project (KSCAP)	289,609,680	-	-
4.	EU Grant - IDEAS	11,000,000	-	-
5.	Conditional Grant Leasing of Medical Equipment	10,271,800	-	-
6.	World Bank Financing Locally Led Climate Action	125,000,000	-	-
7.	Sweden - Agricultural Sector Development Support Programme	8,725,383	-	-
8.	World Bank - Kenya Informal Settlement Improvement Project	25,497,691	-	-
	Subtotal	671,542,852	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	660,000,000	163,537,626	24.8
2.	Unspent balance from FY 2021/22	-	89,870,559	-
3.	June 2022 Exchequer B/F	-	453,635,542	-
	Sub Total	660,000,000	707,043,727	107.1
	Grand Total	7,001,987,080	3,031,925,865	43.3

Source: Nyandarua County Treasury

Figure 103. Shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

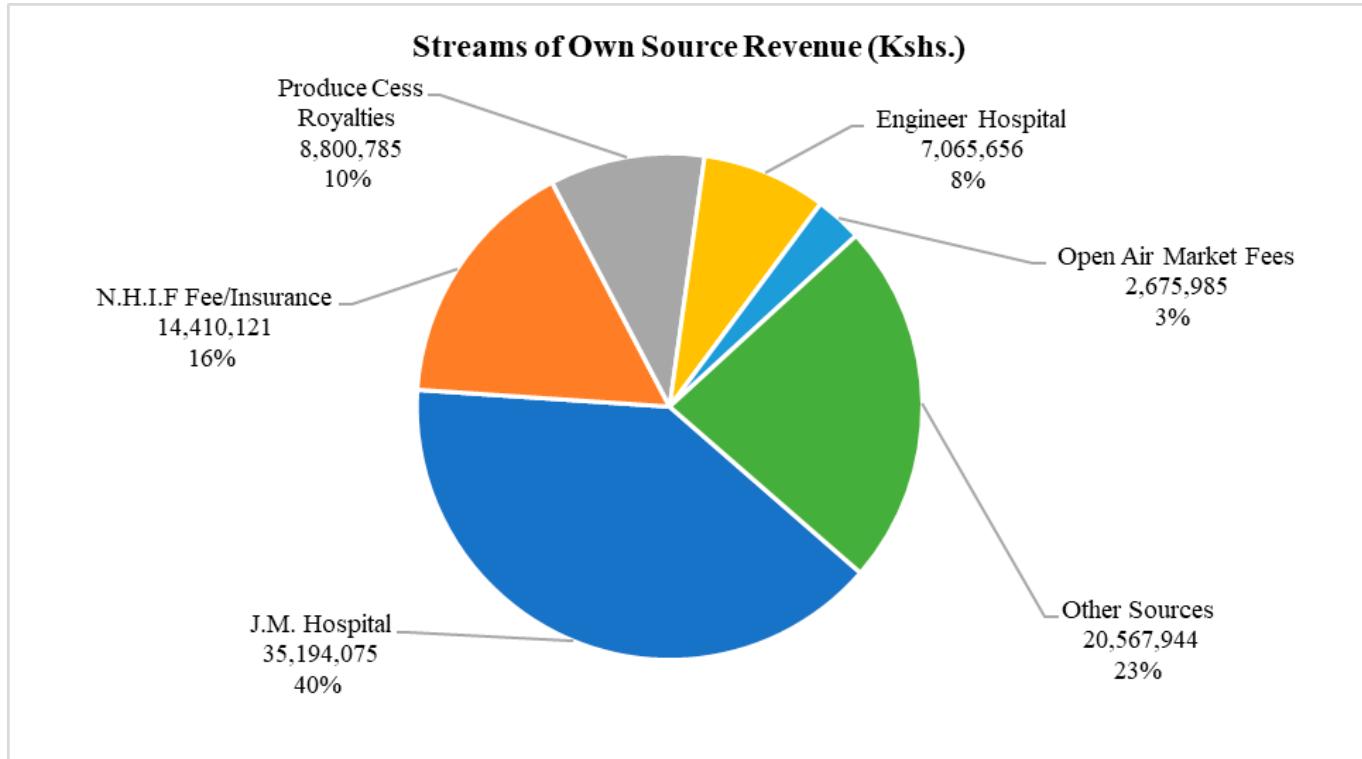
Figure 103: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nyandarua County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.163.54 million from its own sources of revenue. This amount represented a decrease of 13.1 per cent compared to Kshs.188.3 million realised in a similar period in FY 2021/22 and was 24.8 per cent of the annual target and 7 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 104.

Figure 104: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nyandarua County Treasury

The highest revenue stream of Kshs.35.19 million was from the JM Hospital, contributing to 40 per cent of the total OSR collected during the reporting period.

3.35.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.51 billion from the CRF account during the reporting period. This amount comprised Kshs.210.61 million (8.4 per cent) for development programmes and Kshs.2.30 billion (91.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.25 billion was released towards compensation to employees, Kshs. 915.64 million was for Operations and Maintenance expenditure, while Kshs.210.61 million was for development expenditure.

The cash available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.160.12 million.

3.35.4 County Expenditure Review

The County spent Kshs.2.38 billion on development and recurrent programmes during the reporting period. This expenditure represented 33.9 per cent of the total funds released by the CoB and comprised Kshs.210.61 million and Kshs.2.16 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 9.8 per cent, while recurrent expenditure represented 44.6 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.32 billion, which comprised Kshs.476.66 million for recurrent expenditure and Kshs.847.08 million for development activities. During the period under review, pending bills amounting to Kshs.107.27 million were settled, consisting of Kshs.65.69 million for recurrent expenditure and Kshs.41.57 million for development programmes. Therefore, the outstanding pending bills as of 31st December 2022 were Kshs.1.22 billion.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.10 billion on employee compensation, Kshs.681.41 million on operations and maintenance, and Kshs.188.89 million on development activities. Similarly, the County Assembly spent Kshs.145.33 million on employee compensation, Kshs.234.23 million on operations and maintenance, and Kshs.21.72 million on development activities, as shown in Table 202.

Table 202: 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	4,208,969,343	649,522,973	1,785,418,561	379,557,227	42.4	58.4
Compensation to Employees	1,733,699,317	412,300,683	1,104,005,069	145,330,267	63.7	35.2
Operations and Maintenance	2,475,270,026	237,222,290	681,413,492	234,226,960	27.5	98.7
Development Expenditure	2,037,494,763	106,000,000	188,889,986	21,723,413	9.3	20.5
Total	6,246,464,107	755,522,973	1,974,308,547	401,280,640	31.6	53.1

Source: Nyandarua County Treasury

3.35.7 Expenditure on Employees' Compensation

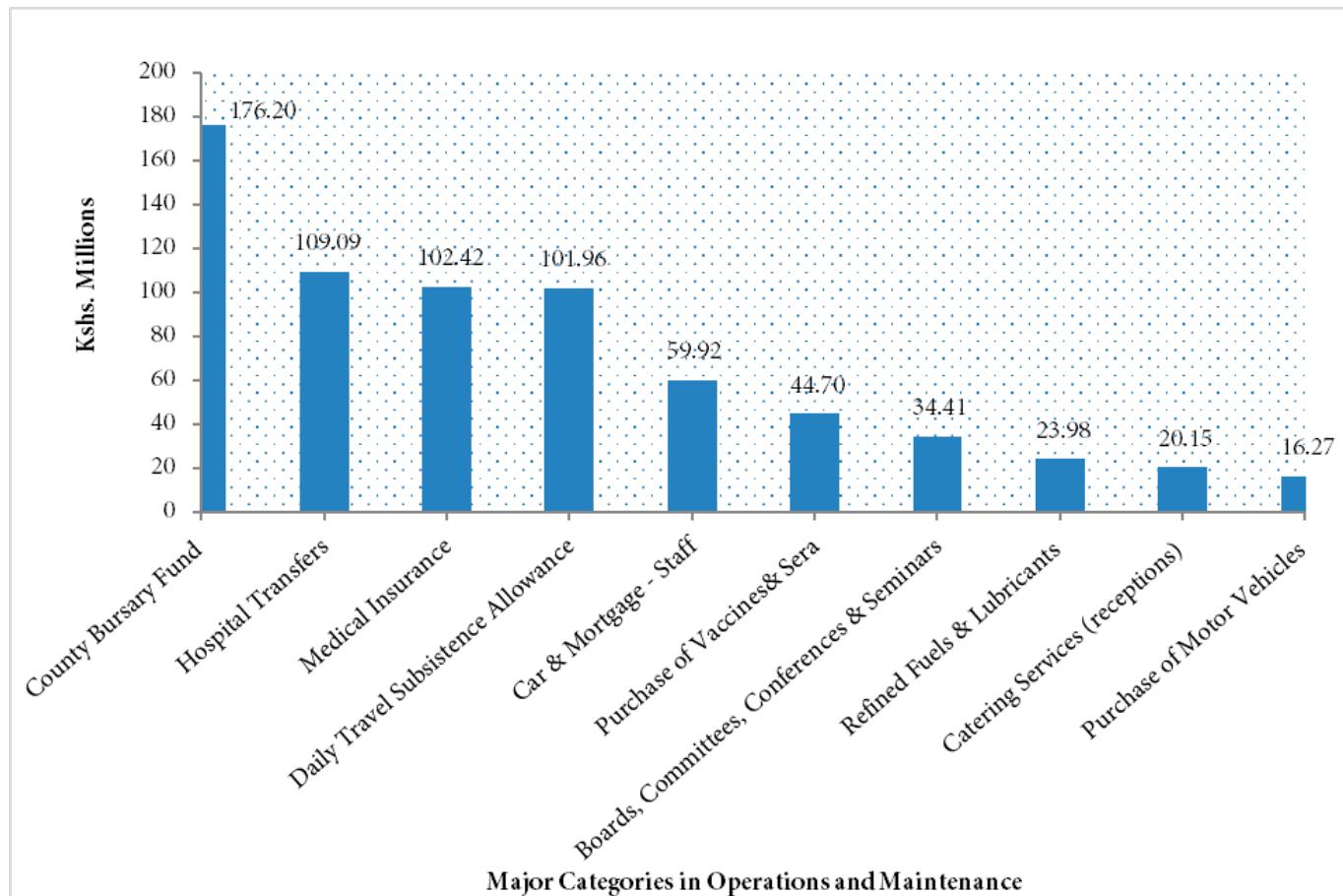
During the reporting period, expenditure on employees' compensation was Kshs.1.25 billion, or 41.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.03 billion. Further analysis indicates that PE costs amounting to Kshs.1.08 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.172.87 million was processed through manual payrolls. The manual payrolls accounted for 13.8 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.9.62 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.38,174 per MCA.

3.35.8 Expenditure on Operations and Maintenance

Figure 105 shows a summary of 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.101.96 million and comprised of Kshs.55.26 million spent by the County Assembly and Kshs.46.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.300,000 by the County Executive.

3.35.9 Budget Performance by Department

Table 203 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 203: 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	104.23	-	35.86	-	35.47	-	98.9	-	34.0	-
Office Of The County Secretary	2,420.47	-	1,217.54	-	1,217.43	-	100	-	50.3	-
County Attorney	43.80	-	1.43	-	1.53	-	107	-	3.5	-
Public Administration & Ict	49.95	5.00	14.86	-	14.90	-	100.3	-	29.8	-
County Public Service Board	25.00	-	9.65	-	9.69	-	100.5	-	38.8	-

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
Finance & Economic Development	430.79	23.22	340.80	8.22	230.31	8.22	67.6	100	53.5	35.4
Health Services	470.38	255.78	171.40	73.81	170.14	73.81	99.3	100	36.2	28.9
Education, Culture And The Arts	77.04	130.32	13.17		13.35	-	101.3	-	17.3	-
Industrialisation, Trade And Co-Operatives & Urban Development	45.07	150.24	10.24	7.37	10.27	7.37	100.3	100	22.8	4.9
Youth, Sports, Gender Affairs And Social Services	106.60	68.30	13.13	10	13.29	10.00	101.2	100	12.5	14.6
Water, Environment, Tourism And Natural Resources	51.70	327.95	15.88		15.88	-	100	-	30.7	-
Lands, Housing And Physical Planning	42.39	68.35	8.98	1.06	9.14	1.06	101.8	100	21.6	1.5
Transport, Energy And Public Works	101.26	613.00	25.89	38.16	26.14	38.16	101	100	25.8	6.2
County Assembly	724.44	106.00	399.10	21.72	379.56	21.72	95.1	100	52.4	20.5
Agriculture, Livestock And Fisheries	141.12	363.84	11.81	48.77	11.81	48.77	100	100	8.4	13.4
Ol'kalou Municipality	24.26	31.50	6.01	1.50	6.07	1.50	100.9	100	25	4.8
TOTAL	4,858.49	2,143.49	2,295.73	210.6	2,164.98	210.61	94.3	100	44.6	9.8

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that the Department of Finance & Economic Development recorded the highest absorption rate of development budget at 35.4 per cent, followed by the Department of Health Services at 28.9 per cent. The Department of Finance & Economic Development had the highest percentage of recurrent expenditure to budget at 53.5 per cent, while the Department of County Attorney General had the lowest at 3.5 per cent.

3.35.10 Budget Execution by Programmes and Sub-Programmes

Table 204 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 204: Nyandarua County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General administration, planning and support services	Service Delivery Unit	18,000,000	3,881,570	14,118,430	21.6
	Governor's Office & Investment Promotion	54,000,000	21,301,733	32,698,267	39.4
	Liaison and intergovernmental Relations	20,000,000	6,889,376	13,110,624	34.4
	Civic Education and Public Participation	12,229,680	3,401,670	8,828,010	27.8
Sub Total		104,229,680	35,474,349	68,755,331	34.0
County Secretary	County Secretary-Administration	77,000,000	35,672,924	41,327,076	46.3
	Cabinet Affairs	1,970,000	388,000	1,582,000	19.7
Human Resource Management	Payroll (Including Compensation to employees)	2,147,500,000	1,105,012,719	1,042,487,281	51.5
	Human Resource Management (Including employee gratuity, pension and medical insurance)	194,000,000	76,355,596	117,644,404	39.4
Sub Total		2,420,470,000	1,217,429,239	1,203,040,761	50.3
County Attorney Services	legal and public affairs	43,796,494	1,531,146	42,265,348	3.5
Sub Total		43,796,494	1,531,146	42,265,348	3.5
Public administration	Public Administration	8,255,000	1,143,026	7,111,974	13.8
	sub-county and ward administration	19,745,000	7,652,053	12,092,947	38.8
	Communication and Public Relations	4,500,000	1,097,144	3,402,856	24.4
	Enforcement and Compliance	9,750,000	3,048,350	6,701,650	31.3
ICT and E-government Services	ICT and E-government Services	12,700,000	1,962,195	10,737,805	15.5
Sub Total		54,950,000	14,902,768	40,047,232	27.1
County Public Service Board	County Public Service Board	25,000,000	9,691,282	15,308,718	38.8
Sub Total		25,000,000	9,691,282	15,308,718	38.8

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Public Finance Management	County Funds	301,200,000	184,421,124	116,778,876	61.2
	Treasury services	14,689,315	5,594,313	9,095,002	38.1
	Nyandarua County Trade Development and Investment Authority (NCTDIA)	5,000,000	1,491,587	3,508,413	29.8
	Financial reporting	6,850,000	3,630,587	3,219,413	53.0
	Revenue Collection and Administration (Including automation)	21,460,000	16,769,918	4,690,082	78.1
	Revenue Enhancement and Monitoring	16,540,000	5,181,002	11,358,998	31.3
	Supply Chain Management	10,104,812	3,415,979	6,688,833	33.8
	Internal Audit and Risk Management	9,000,000	3,571,400	5,428,600	39.7
	Internal Audit Committee	3,000,000	1,470,150	1,529,850	49.0
Economic planning and development	County Budgeting	12,205,000	1,069,601	11,135,399	8.8
	County Statistics and Data Bank	8,743,300	1,880,800	6,862,500	21.5
	Monitoring and Evaluation	15,670,188	619,880	15,050,308	4.0
	Economic Modelling and Research	3,451,700	901,300	2,550,400	26.1
	Economic Development Planning	26,100,000	8,510,667	17,589,333	32.6
Sub Total		454,014,315	238,528,308	215,486,007	52.5
Preventive and Promotive Services	Preventive and Promotive Services	9,250,000	1,666,420	7,583,580	18.0
Curative Services	Curative Services	250,452,000	121,278,057	129,173,943	48.4
	Universal health care and grants	191,381,098	43,580,056	147,801,042	22.8
General administration, planning and support services	Solid Waste and Cemeteries	11,200,000	3,613,399	7,586,601	32.3
	Infrastructure and Equipment	263,876,775	73,810,957	190,065,818	28.0
Sub total		726,159,873	243,948,889	482,210,984	33.6
Primary education	ECDE	80,945,473	4,257,140	76,688,333	5.3
Youth training and development	Revitalisation of youth polytechnics	47,126,000	1,553,680	45,572,320	3.3
Culture	development and promotion of culture	7,500,000	978,000	6,522,000	13.0
Arts & Theatre	Arts & Theatre	71,782,467	6,559,097	65,223,370	9.1
Sub Total		207,353,940	13,347,917	194,006,023	6.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Trade development and promotion	Financial and Trade Services	21,800,000	3,941,080	17,858,920	18.1
Industrial development and investment	Industrial and Enterprise Development	118,597,585	2,147,276	116,450,309	1.8
	Weights & Measures	1,500,000	305,000	1,195,000	20.3
Cooperative development and management	Cooperative advisory services	3,140,000	863,000	2,277,000	27.5
	Cooperative audit extension services	18,060,000	1,277,540	16,782,460	7.1
Urban development	Urban development	32,211,090	9,102,422	23,108,668	28.3
Ol'kalou municipality	Ol'kalou municipality	55,752,691	7,569,628	48,183,063	13.6
Sub Total		251,061,366	25,205,946	225,855,420	10.0
Sports	Sports Development	76,500,000	13,099,000	63,401,000	17.1
Youth Affairs	Youth Affairs	32,000,000	4,546,050	27,453,950	14.2
Gender Affairs and Social Services & youth empowerment	Social Services	44,900,000	1,812,140	43,087,860	4.0
	Gender Affairs and Social Services	15,498,020	3,045,555	12,452,465	19.7
General administration, planning and support services	Alcohol Drinks Control and Civic Education	6,000,000	785,000	5,215,000	13.1
Sub Total		174,898,020	23,287,745	151,610,275	13.3
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	180,850,000	8,261,057	172,588,943	4.6
Environment	environmental support and management	10,000,000	2,258,600	7,741,400	22.6
	climate change resilience	130,000,000	1,264,422	128,735,578	1.0
	natural resource	3,100,000	417,600	2,682,400	13.5
Tourism development and promotion	tourism infrastructure development	8,000,000	3,107,400	4,892,600	38.8
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	47,699,882	572,000	47,127,882	1.2
Sub Total		379,649,882	15,881,079	363,768,803	4.2
Road transport	Transport (Including fuel level, General Administration & Support Services)	418,760,000	48,051,813	370,708,187	11.5
	Public Works	235,952,261	1,035,979	234,916,282	0.4
Alternative energy technologies	alternative energy technologies	50,690,000	12,793,611	37,896,389	25.2
General administration, planning and support services	Emergency Response & Preparedness	8,862,200	2,417,790	6,444,410	27.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Sub Total		714,264,461	64,299,193	649,965,268	9.0
Land policy and planning	Physical Planning	11,600,000	2,013,000	9,587,000	17.4
	Survey and Mapping	11,050,000	2,488,320	8,561,680	22.5
	Land Administration and Management	53,400,000	3,192,297	50,207,703	6.0
Housing	Housing	34,684,731	2,505,968	32,178,763	7.2
Sub Total		110,734,731	10,199,585	100,535,146	9.2
Crop development and management	land and crop development	404,464,804	47,305,749	357,159,055	11.7
	Seed Potato Production Unit (SPPU Lab)	7,417,983	3,538,172	3,879,811	47.7
Livestock resources management and development	livestock production and management	25,975,000	1,515,808	24,459,192	5.8
	Veterinary Services	24,695,000	2,677,152	22,017,848	10.8
Fisheries Development and management	fisheries policy, strategy and capacity building	5,700,000	577,500	5,122,500	10.1
General administration, planning and support services	Institution Support (ATCs)	9,450,000	1,450,000	8,000,000	15.3
	Agriculture Mechanization Services	5,550,000	572,080	4,977,920	10.3
	General administration and Extension Services	10,362,303	2,183,280	8,179,023	21.1
	Subsidised Artificial Insemination	11,345,000	761,360	10,583,640	6.7
Sub Total		504,960,090	60,581,101	444,378,989	12.0
County Assembly	legislative, oversight and representation	830,444,228	379,557,227	450,887,001	45.7
Sub Total		830,444,228	379,557,227	450,887,001	45.7
Grand Total		7,001,987,080	2,353,865,774	4,648,121,305	33.6

Source: Nyandarua County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Revenue Collection and Administration (Including automation) in the Department of Public Finance Management at 78.1 per cent, County Funds in the Department of Public Finance Management at 61.2 per cent, financial reporting in the Department of Public Finance Management at 53.0 per cent, and Payroll (Including Compensation to employees) at 51.5 per cent of budget allocation.

3.35.11 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.163.54 million against an annual projection of Kshs.660 million, representing 24.8 per cent of the annual target.

2. Use of manual payroll. Personnel emoluments amounting to Kshs.172.87 million were processed through the manual payroll and accounted for 13.8 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.
3. High pending bills of Kshs.1.22 billion as of 31st December 2022.

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 Government policy requires salaries to 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 leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.36 County Government of Nyeri

3.36.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.61 billion, comprising Kshs.2.28 billion (30 per cent) and Kshs.5.33 billion (70 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 13 per cent compared to the previous financial year when the approved budget was Kshs.8.75 billion and comprised of Kshs.2.66 billion towards development expenditure and Kshs.6.09 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.23 billion (81.9 per cent) as the equitable share of revenue raised nationally, generate Kshs.800 million (10.5 per cent) from its own source of revenue, Kshs.282.14 million (3.7 per cent) as conditional grants, and a cash balance of Kshs.297.61 million (3.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 205

The cash balance from the previous financial year comprises Kshs.216.16 million, which was unspent conditional grants and Kshs.81.45 million, which was the balance in the CRF.

3.36.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.55 billion as the equitable share of the revenue raised nationally, raised Kshs.413.31 million as own-source revenue and had a cash balance of Kshs.297.61 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.26 billion, as shown in Table 205.

Table 205: Nyeri County, Revenue Performance in the First Half of FY 2022/23

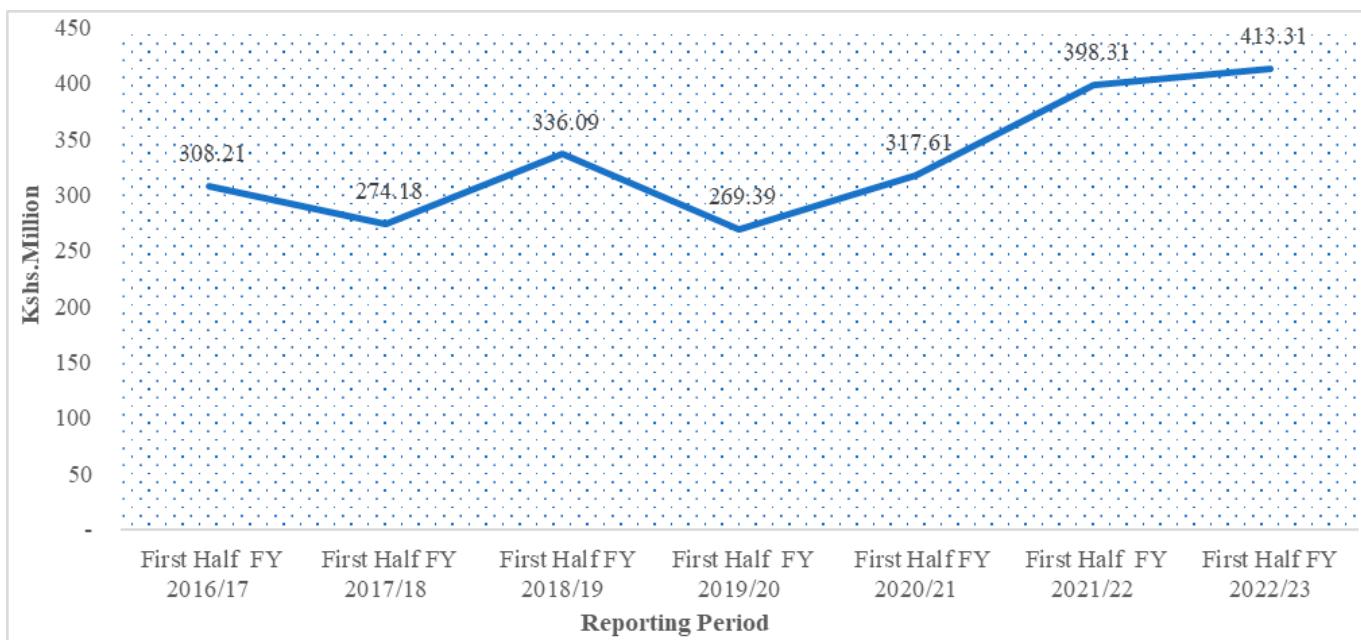
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,228,728,555	2,553,778,711	41
Sub total		6,228,728,555	2,553,778,711	41
B	Conditional Grants			
1	Danida	17,409,938	-	-
2	Kenya Informal Settlement Programme	30,000,000	-	-
3	IDA (World Bank) Kenya Urban Support Programme	2,339,915	-	-
4	Kenya Climate Smart Agriculture	124,713,230	-	-
5	Agricultural Sector Development Support Programme	15,674,770	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
6	IDA (World Bank) Climate change grant level 1	22,000,000	-	-
7	IDA (World Bank) National Agricultural Value Chain Development	70,000,000	-	-
Sub total		282,137,853	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	800,000,000	413,307,839	51.7
3.	Unspent balance from FY 2021/22	-	297,605,698	-
Sub Total		800,000,000	413,307,839	51.7
Grand Total		7,310,866,408	3,264,692,248	40.6

Source: Nyeri County Treasury

Figure 106 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

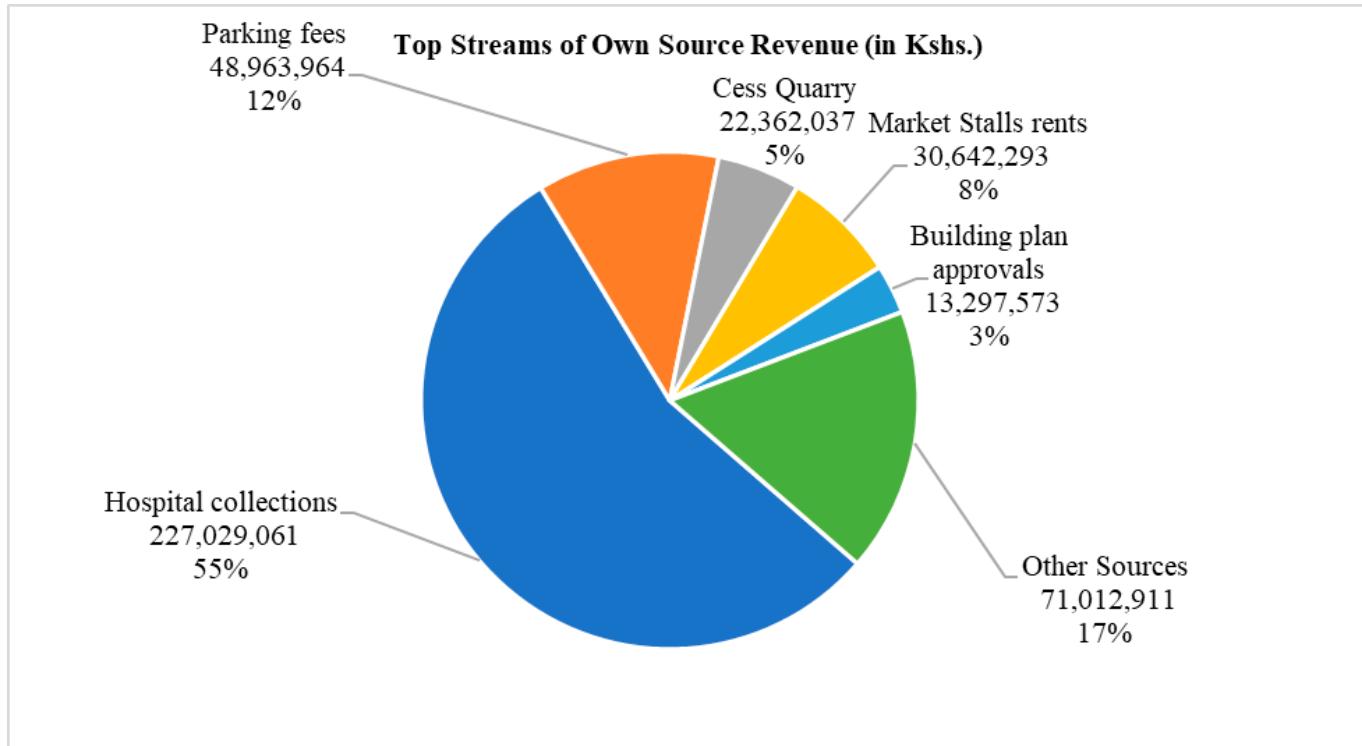
Figure 106: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Nyeri County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.413.31 million from its own sources of revenue. This amount represented an increase of 3.8 per cent compared to Kshs.398.31 million realised in a similar period in FY 2021/22 and was 51.7 per cent of the annual target and 16.2 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 107 .

Figure 107: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Nyeri County Treasury

The highest revenue stream of Kshs.227.03 million was collected from hospitals contributing to 55 per cent of the total OSR collected during the reporting period.

3.36.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.41 billion from the CRF account during the reporting period. This amount comprised Kshs.323.99 million (13.5 per cent) for development programmes and Kshs.2.08 billion (86.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.77 billion was released towards compensation to employees, Kshs.308.7 million was for Operations and Maintenance expenditure, while Kshs.323.99 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.638.1 million.

3.36.4 County Expenditure Review

The County spent Kshs.2.64 billion on development and recurrent programmes during the reporting period. This expenditure represented 109.1 per cent of the total funds released by the CoB and comprised Kshs.453.9 million and Kshs.2.19 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 19.9 per cent, while recurrent expenditure represented 41.1 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.459.78 million, which comprised Kshs.130.87 million for recurrent expenditure and Kshs.328.91 million for development activities. During the period under review, pending bills amounting to Kshs.265.85 million were settled, consisting of Kshs.232.85 million for recurrent expenditure and Kshs.32.99 million for development programmes. The outstanding amount as of 31st December 2022 was Kshs.193.93 million.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.72 billion on employee compensation, Kshs.202.64 million on operations and maintenance, and Kshs.453.9 million on development activities. Similarly, the County Assembly spent Kshs.97.38 million on employee compensation and Kshs.165.44 million on operations and maintenance, as shown in Table 206.

Table 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	4,490,764,350	835,166,124	1,926,059,036	262,814,602	42.9	31.5
Compensation to Employees	3,642,544,891	227,109,345	1,723,414,961	97,378,180	47.3	42.9
Operations and Maintenance	848,219,459	608,056,779	202,644,075	165,436,422	23.9	27.2
Development Expenditure	2,230,041,632	52,500,000	453,902,634	-	20.4	-
Total	6,720,805,982	887,666,124	2,379,961,670	262,814,602	35.4	29.6

Source: Nyeri County Treasury

3.36.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.82 billion, or 55.8 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.26 billion. This expenditure represented a decrease from Kshs.1.92 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.1.06 billion paid to health sector employees, translating to 58.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.73 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.93.7 million was processed through manual payrolls. The manual payrolls accounted for 5.1 per cent of the total PE cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.5.1 million on committee sitting allowances for the 42 MCAs and the Speaker against the annual budget allocation of Kshs.35.56 million. The average monthly sitting allowance was Kshs.20,233 per MCA. The County Assembly has established 20 Committees.

3.36.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.517 million to county-established funds in FY 2022/23, constituting 7.1 per cent of the County's overall budget. Table 207 summarises each established Fund's budget allocation and performance during the reporting period.

Table 207: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1	Elimu Fund	-	-	-	YES
2	Nyeri County Health Fund	400,000,000	227,029,061	224,771,396	YES
3	Enterprise Fund	10,000,000			YES
4	Nyeri County Car Loan & Mortgage Fund	-	-	-	YES
County Assembly Established Funds					
5	Nyeri County Assembly Car Loan & Mortgage (Members)	92,000,000	-	-	YES
6	Nyeri County Assembly Car Loan & Mortgage (Staff)	15,000,000	9,375,000	9,375,000	YES
7	Total	517,000,000	236,404,061	234,146,396	

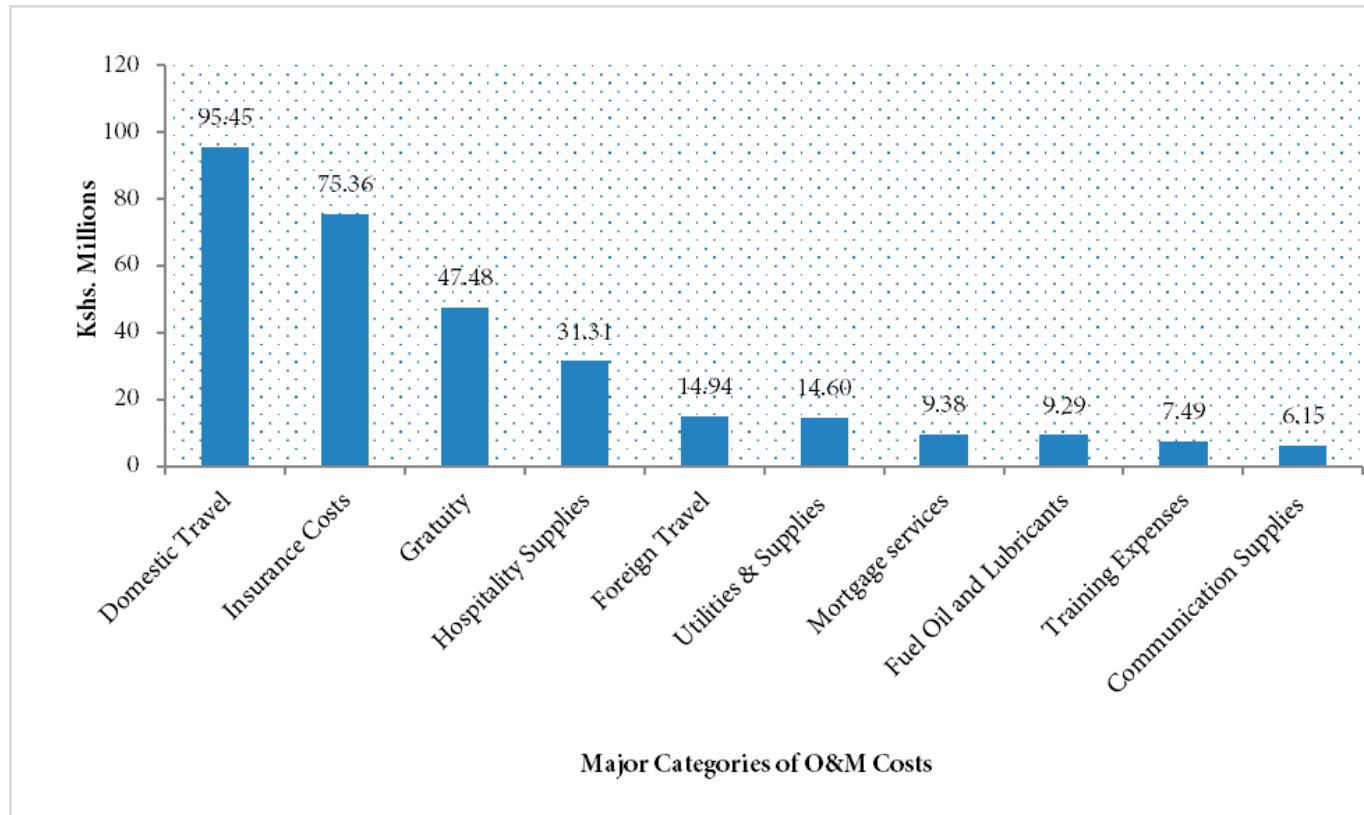
Source: *Nyeri County Treasury*

During the reporting period, OCoB did receive quarterly financial returns from Fund Administrators, as indicated in Table 207 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.36.9 Expenditure on Operations and Maintenance

Figure 108: shows a summary of 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.95.45 million and comprised of Kshs.59.34 million spent by the County Assembly and Kshs.36.11 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.94 million and comprised of Kshs.13.98 million by the County Assembly and Kshs.1.95 million by the County Executive.

3.36.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.453.9 million on development programmes, representing an increase of 101.4 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.225.38 million Table 208 summarises development projects with the highest expenditure in the reporting period.

Table 208: 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	Lands	Kenya Urban Support Program – Construction of Nyeri Main Transport Termini at Asian Quarters	Rware Ward	123,655,394	12,396,217	10.0
2	Public Service	Construction of a Gate House, Sorting Sheds and an Ablution Block at Karindundu Dumpsite	Karatina	8,500,000	7,155,100	84.2
3	Health	Completion of an isolation ward at Mt. Kenya		7,100,000	4,273,502.65	60.2
4	Infrastructure	Grading and Gravelling of Kahara Road	Konyu	4,979,979	4,979,979	100.0
5	Energy	Karangia Street Lights	Wamagana Ward	4,952,504	4,952,504	100.0
6	Health	Completion of an isolation ward at Mt. Kenya		7,100,000	4,273,502.65	60.2

No.	Sector	Project name	Project location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
7	Infrastructure	Grading and Gravelling of Chief Mwangi Kiabari Road	Gatarakwa	4,699,131	4,697,862.25	100.0
8	Infrastructure	Grading and Gravelling of kwa Njogu Karemuru Road	Mugunda	4,934,727	4,934,727	100.0
9	Infrastructure	Grading and Gravelling of Kario-kor, Steve Wandeto, Kambi roads	Naro Moru	4,739,238	4,739,238	100.0
10	Infrastructure	Grading and Gravelling of Equator White House, Kiambiriria roads	Gakawa	4,563,208	4,563,208	100.0

Source: Nyeri County Treasury

3.36.11 Budget Performance by Department

Table 209 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 209: Nyeri 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	123.86	20.00	47.80	20.00	52.48	-	109.8	-	42.4	-
Office of the County Secretary	312.94	45.55	79.87	2.31	75.12	2.31	94.1	100.0	24.0	5.1
Finance and Economic Planning	755.09	250.23	169.42	-	231.09	4.90	136.4	-	30.6	2.0
Lands, Physical Planning, Housing and Urbanization	49.95	234.78	17.78	14.86	19.15	43.54	107.7	293.0	38.3	18.5
Health Services	2,250.69	382.10	1,083.25	36.28	1,098.40	79.86	101.4	220.1	48.8	20.9
Gender, Youth and Social Services	59.96	55.85	22.88	19.74	23.16	19.99	101.2	101.2	38.6	35.8
County Public Service Management	107.27	62.14	56.48	13.50	56.66	16.09	100.3	119.2	52.8	25.9
Agriculture, Livestock and Fisheries	240.40	355.21	115.98	9.34	120.24	41.85	103.7	447.9	50	11.8
Trade, Culture, Tourism & Cooperative Dev	48.83	101.90	18.97	21.47	18.83	36.68	99.2	170.8	38.6	36
Education & Sports	296.34	39.60	119.91	5.44	125.49	8.33	104.7	153.2	42.3	21
Water, Environment & Natural resources	72.91	181.99	27.05	19.64	28.04	20.40	103.7	103.9	38.5	11.2
County Public Service Board	36.83	8.00	17.43	-	18.00		103.3	-	48.9	-
Transport, Public Works & Infrastructure	95.95	492.71	37.81	161.40	38.66	179.95	102.2	111.5	40.3	36.5

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
Office of the County Attorney	39.73	-	20.12	-	20.75	-	103.1	-	52.2	-
County Assembly	835.17	52.50	246.27	-	262.81	-	106.7	-	31.5	-
TOTAL	5,325.93	2,282.54	2,081.01	323.99	2,188.87	453.90	105.2	140.1	41.1	19.9

Source: Nyeri County Treasury

Analysis of expenditure by department shows that the Department of Transport and Infrastructure recorded the highest absorption rate of development budget at 36.5 per cent, followed by the Department of Trade at 36 per cent. The Department of County Public Service Management had the highest percentage of recurrent expenditure to budget at 52.8 per cent, while the Office of the County Secretary had the lowest at 24 per cent.

3.36.12 Budget Execution by Programmes and Sub-Programmes

Table 210 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 210: Nyeri County, Budget Execution by Programmes and Sub-Programmes

Name of the Programme	Sub-Programme			Variance	Implementation Status (%)
Approved Budget			Actual Payments		
Agriculture, Livestock & Fisheries					
Agricultural Management	Administration and planning services	560,112,819	152,498,838	407,613,981	27.23
Livestock Production Management	Provision of Extension Services to Livestock farmers	8,589,500	2,742,495	5,847,005	31.93
Crop Management	Administrative Support Services	2,139,500	515,502	1,623,998	24.09
Fisheries development	Administrative Support Services	1,609,500	287,780	1,321,720	17.88
Veterinary services	Administrative Support Services	12,009,663	861,380	11,148,283	7.17
Wambugu ATC	Farm Development	7,521,282	4,424,998	3,096,284	58.83
AMS Naromoru	Development Of Agricultural Land For Crop Production	3,633,869	755,250	2,878,619	20.78
		595,616,133	162,086,244	433,529,890	27.21
Lands, Physical Planning, Housing & Urbanization					
Physical planning services	Administration and personnel services	279,238,258	61,889,496	217,348,762	22.16
Land Policy and Planning	Land Policy Formulation	3,855,000	609,800	3,245,200	15.82

Name of the Programme	Sub-Programme			Variance	Implementation Status (%)
Housing Development and Human Settlement	Government Building	1,637,500	196,940	1,440,560	12.03
		284,730,758	62,696,236	222,034,522	22.02
Transport, Public Works, Infrastructure and Energy					
General administration and policy Development and implementation	Administration, planning and support services	73,169,951	28,293,680	44,876,271	38.67
Roads development, maintenance and management	County access and feeder roads improvement	203,245,592	64,994,878	138,250,714	31.98
Energy Sector Development	Street lighting programme	312,236,495	125,326,322	186,910,173	40.14
		588,652,038	218,614,880	370,037,158	37.14
Trade, Culture, Tourism & Cooperative Development					
Trade and Cooperative Development	Trade Promotion	123,865,025	45,972,564	77,892,461	37.12
Tourism Development	Promotion of Tourism	7,260,000	3,970,222	3,289,778	54.69
Cooperatives	Cooperative Development	19,603,199	5,563,384	14,039,815	28.38
		150,728,224	55,506,170	95,222,054	36.83
Health Services					
Administration, Planning and General Support Services	Administration, Planning and General Support Services	2,531,483,323	1,140,454,252	1,391,029,071	45.05
Rural Health	Administration, Planning and General Support Services	101,305,316	37,804,756	63,500,560	37.32
		2,632,788,639	1,178,259,008	1,454,529,631	44.75
Education & Sports					
General administration and policy Development and implementation	Administrative Support Services	286,671,287	122,600,459	164,070,828	42.77
ECDE Management	ECDE Management	31,432,496	6,899,720	24,532,776	21.95
Youth Training and Development	Youth Polytechnics	10,300,000	298,292	10,001,708	2.90
County Sports Development	Search and nurture talents	7,541,000	4,020,734	3,520,266	53.32
		335,944,783	133,819,205	202,125,578	39.83
Office of the Governor & Deputy Governor					

Name of the Programme	Sub-Programme			Variance	Implementation Status (%)
Management and Co-ordination of county affairs	Administration, planning and support services	143,863,962	52,483,924	91,380,038	36.48
		143,863,962	52,483,924	91,380,038	36.48
Office of the County Secretary					
Co-ordination of County Functions and Public Service Management	Co-ordination of County Functions and Public Service Management	356,097,330	76,959,877	279,137,453	21.61
	Community sensitisation, education and public participation	1,017,000	151,850	865,150	14.93
	ICT Development	1,370,000	314,700	1,055,300	22.97
		358,484,330	77,426,427	281,057,903	21.60
Finance & Economic Planning					
Executive services	Administration and personnel services	947,138,401	217,339,787	729,798,614	22.95
Economic Planning and Policy Formulation	Economic Planning and Policy Formulation	9,440,400	3,116,609	6,323,791	33.01
Public Finance Management	Financial Accounting	8,581,000	3,122,163	5,458,837	36.38
	Procurement Compliance and Reporting	7,202,000	2,992,950	4,209,050	41.56
	Internal Audit	5,559,800	2,635,649	2,924,151	47.41
Revenue Mobilisation	Revenue Mobilisation	24,700,000	5,095,235	19,604,765	20.63
Economic Planning and Policy Formulation	Monitoring and Evaluation	2,700,000	1,687,500	1,012,500	62.50
		1,005,321,601	235,989,893	769,331,708	23.47
County Assembly					
General administration, Policy Development and implementation	Administration and planning services	728,166,124	253,439,602	474,726,522	34.81
Mortgage Services	Administration and planning services	159,500,000	9,375,000	150,125,000	5.88
		887,666,124	262,814,602	624,851,522	29.61
County Public Service & Solid Waste Management					
Human resources Management	Administration Planning and Support Services	113,403,255	57,734,592	55,668,663	50.91
Sanitation management	Administrative Support Services	56,000,000	15,020,229	40,979,771	26.82
		169,403,255	72,754,821	96,648,434	42.95
County Public Service Board					

Name of the Programme	Sub-Programme			Variance	Implementation Status (%)
General Administration and Planning services	Administration and Personnel Services	44,828,187	17,998,436	26,829,751	40.15
		44,828,187	17,998,436	26,829,751	40.15
Gender, Youth and Social Services					
General Administration and Planning services	Administration and personnel services	53,552,024	21,742,793	31,809,231	40.60
Social development	Administration and planning services	57,805,500	20,016,033	37,789,467	34.63
Disaster Management	Administration and planning services	4,452,000	1,383,153	3,068,847	31.07
		115,809,524	43,141,979	72,667,545	37.25
Water and Irrigation					
Water Management	Administrative Support Services	177,318,948	46,190,006	131,128,942	26.05
Environment Services	Administrative Support Services	19,481,129	2,247,297	17,233,832	11.54
Climate Change	Administrative Support Services	58,100,000	-	58,100,000	-
		254,900,077	48,437,303	206,462,774	19.00
Office of the County Attorney					
General Administration and Planning services	Administration and personnel services	39,734,471	20,747,146	18,987,325	52.21
		39,734,471	20,747,146	18,987,325	52.21
	Grand Total	7,608,472,106	2,642,776,272	4,965,695,834	34.73

Source: Nyeri County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Wambugu ATC in the Department of Agriculture at 58.8 per cent, Promotion of Tourism in the Department of Trade & Tourism at 54.7 per cent, General Administration in the Office of the County Attorney at 52.2 per cent and Internal Audit Services in the Department of Finance & Economic Planning at 47.4 per cent of budget allocation.

3.36.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 31st January 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 209 where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.93.7 million were processed through the manual payroll and accounted for 5.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County 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 that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF account according to Section 109 (2) of the PFM Act, 2012.*
3. *The Government policy requires salaries to be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.37 County Government of Samburu

3.37.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.05 billion, comprising Kshs.4.74 billion (67.2 per cent) and Kshs.2.31 billion (32.8 per cent) allocation for development and recurrent programmes respectively. The approved budget estimate represents a decrease of 3 per cent compared to the previous financial year when the approved budget was Kshs.7.29 billion and comprised of Kshs.2.82 billion towards development expenditure and Kshs.4.47 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.37 billion (76.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.240.33 million (3.4 per cent) from its own source of revenue, Kshs.621.47 million (8.8 per cent) as conditional grants, and a cash balance of Kshs.815.52 million (11.6 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 212

The cash balance from the previous financial year comprises Kshs.429.71 million which was June 2022 disbursement and Kshs.384.81 million which was the balance in the CRF.

3.37.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.77 billion as the equitable share of the revenue raised nationally, raised Kshs.112.22 million as own-source revenue, Kshs.19.20 million as conditional grants, and had a cash balance of Kshs.255.08 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.59 billion, as shown in Table 212.

Table 211: Samburu County, Revenue Performance in the First Half of FY 2022/23

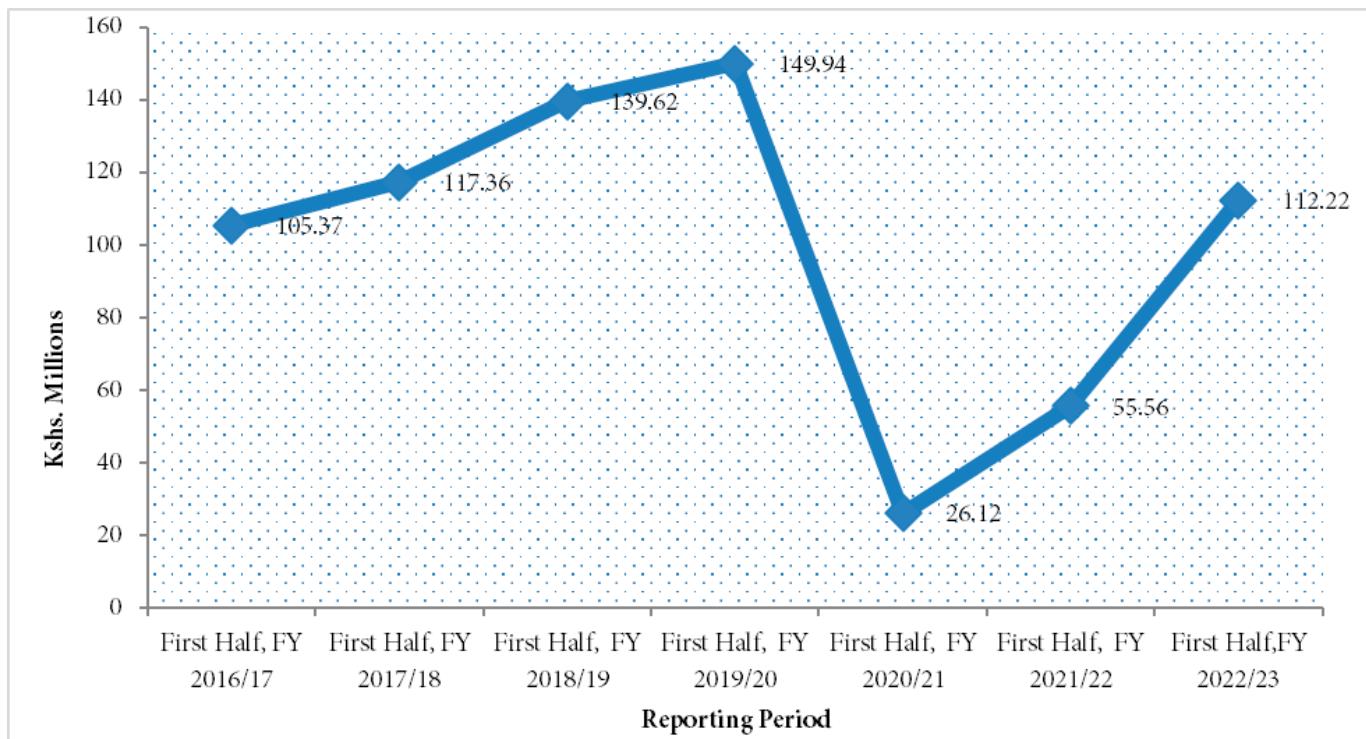
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	5,371,346,037	1,772,544,194	33
Sub total		5,371,346,037	1,772,544,194	33
B	Conditional Grants			
1.	Conditional Grant-Compensation for User Fee Foregone	5,235,578		-
2.	Conditional Grant-Leasing of Medical Equipment	110,638,298		-
3.	Kenya Devolution Support Program (KDSP)	57,215,708		-
4.	DANIDA (Health support funds)	9,738,200		-
5.	World bank loan for National agricultural and rural inclusive growth project	212,277,520		-
6.	EU Grant for instrument for devolution advice and support (Abattoir Construction)	15,626,168	19,200,816	122.9

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual (Kshs.)	Receipts	Actual Receipts as Percentage of Annual Budget Allocation (%)
7.	Balance brought forward 2021-22 for construction of Abattoir	23,060,111			-
8.	Agriculture Sector Development Support Programme (ASDSP)	11,088,307			-
9.	ELRP(Locust)	51,588,750			-
10.	Finance Locally led Climate Action Program (FLLoCA)	125,000,000			-
Sub total		621,468,640	19,200,816		
C	Other Sources of Revenue				
1.	Own Source Revenue	240,330,500	112,215,669	46.7	
2.	Balance brought forward from FY 2021-22	384,808,668	255,081,301	66.3	
3.	June 2022 Allocation	429,707,684	429,707,684	100	
Sub Total		1,054,846,852	797,004,654	75.6	
Grand Total		6,917,934,162	2,588,749,663	37.4	

Source: Samburu County Treasury

The actual receipt of cash in EU Grant for instrument for devolution advice and support (Abattoir Construction) conditional grant exceeded initially budgeted amounts by 22.9 per cent.

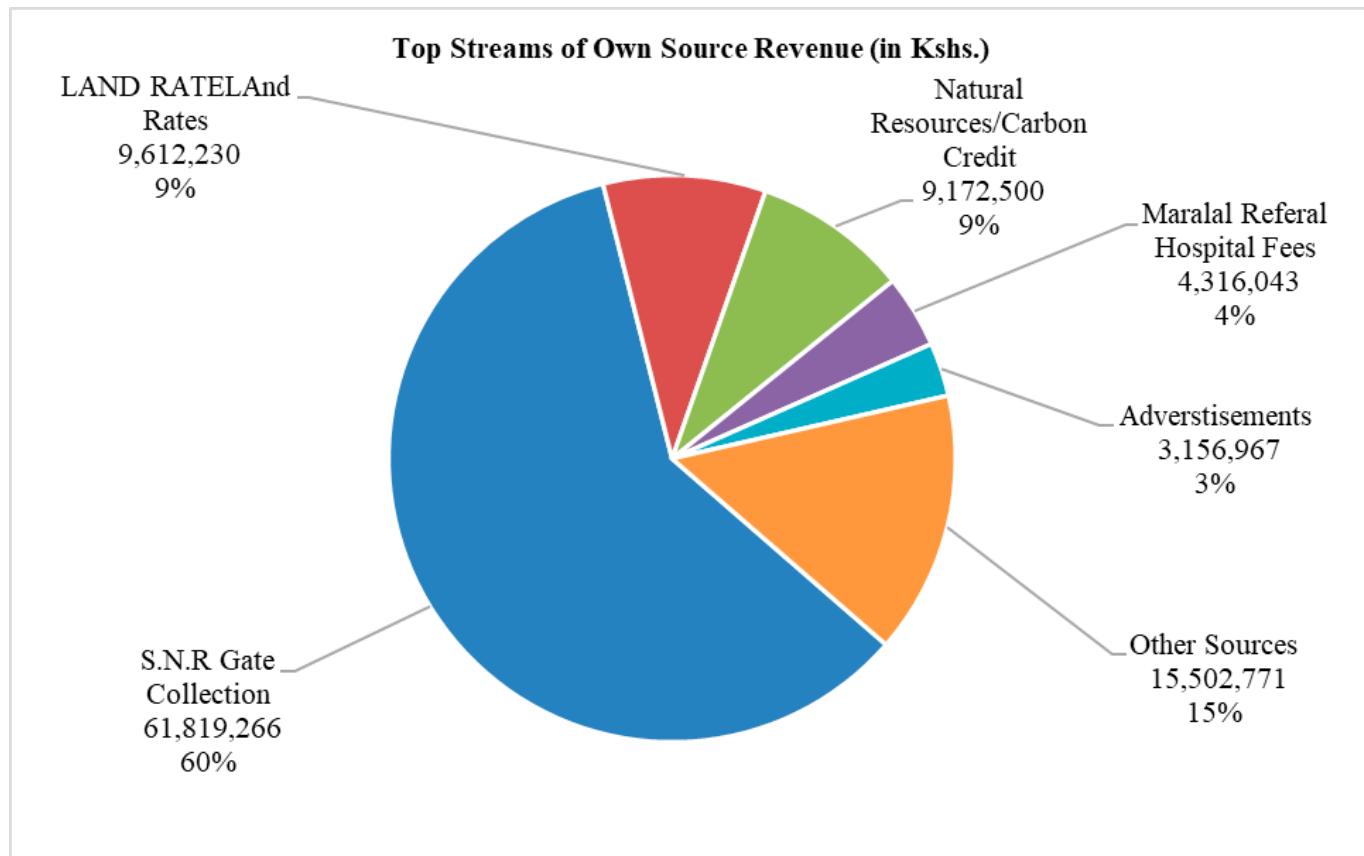
Figure 109: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Samburu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.112.20 million from its own sources of revenue. This amount represented an increase of 102 per cent compared to Kshs.55.56 million realised in a similar period in FY 2021/22 and was 46.7 per cent of the annual target and 2.1 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 110. .

Figure 110: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Samburu County Treasury

The highest revenue stream of Kshs.61.82 million was from Samburu National Reserve (SNR) gate collections contributing to 60 per cent of the total OSR collected during the reporting period.

3.37.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.90 billion from the CRF account during the reporting period. This amount comprised Kshs.362.26 million (19.0 per cent) for development programmes and Kshs.1.54 billion (81.0 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.17 billion was released towards compensation to employees, Kshs.377.06 million was for Operations and Maintenance expenditure while Kshs.362.26 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.5.86 million.

3.37.4 County Expenditure Review

The County spent Kshs.1.89 billion on development and recurrent programmes during the reporting period. This expenditure represented 98.1 per cent of the total funds released by the CoB and comprised of Kshs.107.41 million and Kshs.1.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.6 per cent while recurrent expenditure represented 37.2 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.821.68 million, which comprised Kshs.245.76 million for recurrent expenditure and Kshs.575.92 million for development activities. During the period under review, pending bills amounting to Kshs.53.03 million were settled for recurrent expenditure. The outstanding amount as of 31st December 2022 were therefore, Kshs.768.65 million.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.04 billion on employee compensation, Kshs.464.88 million on operations and maintenance, and Kshs.2.72 million on development activities. Similarly, the County Assembly spent Kshs.121.49 million on employee compensation, Kshs.131.19 million on operations and maintenance, and Kshs.104.69 million on development activities, as shown in Table 212.

Table 212: 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	4,201,623,943	535,331,727	1,508,691,283	252,679,932	35.9	47.2
Compensation to Employees	2,137,558,522	313,475,227	1,043,823,649	121,493,155	48.8	38.8
Operations and Maintenance	2,064,065,421	221,856,500	464,867,634	131,186,777	22.5	59.1
Development Expenditure	2,179,705,859	131,000,000	2,720,700	104,686,583	0.1	79.9
Total	6,381,329,802	666,331,727	1,511,411,983	357,366,515	23.7	53.6

Source: Samburu County Treasury

3.37.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.17 billion, or 45.2 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.59 billion. This expenditure was similar to Kshs.1.17 billion reported in the first half of FY 2021/22. The wage bill included Kshs.398.44 million paid to health sector employees, translating to 34.4 per cent of the total wage bill.

Further analysis indicates that P.E costs amounting to Kshs.1.04 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.125.63 million was processed through manual payrolls. The manual payrolls accounted for 0.1 per cent of the total P.E cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than 6 months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.8.99 million on committee sitting allowances for the 27 MCAs and the Speaker against the annual budget allocation of Kshs.36.40 million. The average monthly sitting allowance was Kshs.55,420 per MCA. The County Assembly has established 15 Committees.

3.37.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.416.5 million to county-established funds in FY 2022/23, which constituted 5.9 per cent of the County's overall budget. Table 213 summarises each established Fund's budget allocation and performance during the reporting period.

Table 213: Performance of County Established Funds as of 31st December 2022

S/ No.	Name of the Fund	Approved Bud- get Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial State- ments as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Youth & Women Enterprise Fund	10,000,000	-	-	No
2.	Conservancies Fund – Department Tourism, Trade Enterprise Develop- ment and Cooperatives	125,000,000	-	-	No
3.	Bursaries and Support Services - De- partment of Education and Vocational Training	117,700,000	-	-	No
4.	PLWD Fund	5,000,000	-	-	No
5.	Emergency Fund – Department of Fi- nance	140,000,000	-	-	No
County Assembly Established Funds					
1.	Car Loan	18,800,000	-	-	No
	Total	416,500,000	-	-	

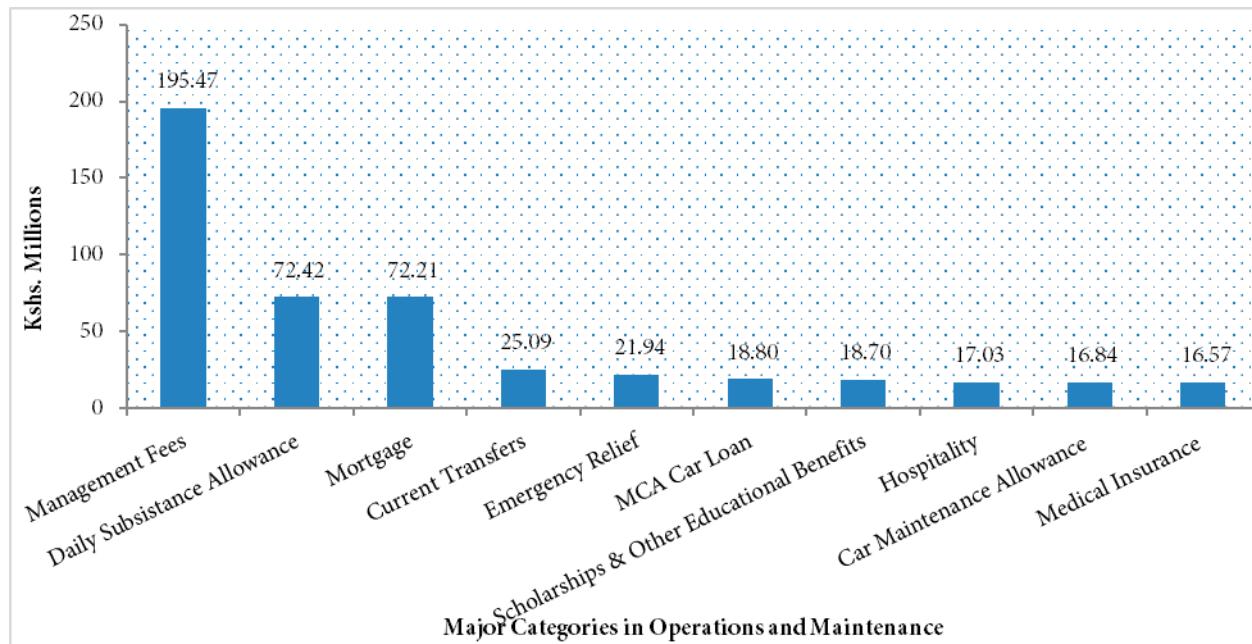
Source: *Samburu County Treasury*

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of all established funds as indicated in Table 213 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.37.9 Expenditure on Operations and Maintenance

Figure 111 Shows a summary of 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.64.42 million and comprised of Kshs.32.25 million spent by the County Assembly and Kshs.32.17 million by the County Executive. Expenditure on foreign travel amounted to Kshs7.54 million and comprised of Kshs.6.95 million by the County Assembly and Kshs.586,000 by the County Executive.

3.37.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.107.41 million on development programmes, representing an increase of 44.1 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.74.5 million. Table 214 summarises development projects with the highest expenditure in the reporting period.

Table 214: Development Expenditure as 31st December 2022

No.	Sector	Project Name	Project Location	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
1	County Assembly	Construction of Assembly Chambers	Maralal Ward	118,000,000	104,686,583	53.2
2	Finance and Economic Planning	CIDP Formulation	All Wards	21,000,000	2,720,000	12.9

Source: Samburu County Treasury

3.37.11 Budget Performance by Department

Table 215 Summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23

Table 215: 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	131.00	252.68	104.69	252.68	104.69	131.9	100.0	62.3	79.9
County Executive	533.63	33.93	129.29	0.00	214.93	-	166.2	-	40.3	-
Finance, Economic Planning & ICT	909.91	64.52	223.26	14.16	265.65	2.72	119.0	19.2	29.2	-
Agriculture, Livestock Development, Veterinary Services & Fisheries	265.61	353.86	107.82	126.79	100.90	-	93.6	-	38.0	-
Water, Environment, Natural Resources & Energy	211.71	561.67	72.14	0.00	55.79	-	77.3	-	26.4	-
Education and Vocational Training	486.92	136.37	170.28	0.00	122.90	-	72.2	-	25.2	-
Medical Services, Public Health & Sanitation	1176.06	410.18	391.27	0.00	639.01	-	163.3	-	54.3	-
Lands, Housing, Physical Planning & Urban Development	144.88	118.07	36.08	0.00	29.94	-	83.0	-	20.7	-
Roads, Transport & Public Works	114.44	214.92	29.58	0.00	11.96	-	40.4	-	10.4	-
Tourism, Trade, Enterprise Development & Cooperatives	234.11	222.96	63.34	116.63	39.78	-	62.8	-	17.0	-
Culture, Social Services, Gender, Sports & Youth Affairs	124.37	63.22	66.63	0.00	27.83	-	41.8	-	22.4	-
TOTAL	4736.96	2310.71	1542.38	362.26	1761.37	107.41	119.4	29.6	37.2	4.6

Source: Samburu County Treasury

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of development budget at 79.9 per cent, followed by the Department of Finance economic and ICT at 4.2 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 62.3 per cent while the Department of Road, Transport and Public works had the lowest at 10.4 per cent.

3.37.12 Budget Execution by Programmes and Sub-Programmes

Table 216 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 216: Samburu County, Budget Execution by Programmes and Sub-Programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
		367,781,926	222,210,934	145,570,992	60.4
Management of County Affairs	Administration and Coordination of County Affairs	202,347,575	135,773,340	66,574,235	67.1
	Sub County Administration	130,590,593	68,659,963	61,930,630	52.6
	Coordination, Supervision and Human Resource Services	34,843,758	17,777,631	17,066,127	51.0
		33,000,000	1,736,143	31,263,857	5.3
Public Sector Advisory Services	Economic, Social & Political Advisory Service	10,000,000	1,181,363	8,818,637	11.8
	County Policing	23,000,000	554,780	22,445,220	2.4
		47,269,935	16,485,687	30,784,248	34.9
CPSB	Administration of Human Resources in County Public Service	47,269,935	16,485,687	30,784,248	34.9
		436,540,015	141,719,138	294,820,877	32.5
General Administration Planning and Support Services	Administration Services	420,242,463	138,167,258	282,075,205	32.9
	System Security	16,297,553	3,551,880	12,745,672	21.8
		211,538,717	116,774,412	94,764,305	55.2
Public Finance Management	Budget Formulation Coordination and management	10,500,732	5,924,252	4,576,480	56.4
	Resource Mobilization	73,762,921	46,078,665	27,684,255	62.5
	Internal Audit	19,469,639	10,362,302	9,107,337	53.2

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Procurement	18,636,770	13,109,726	5,527,043	70.3
	Public finance and Accounting	30,314,483	20,836,917	9,477,565	68.7
	Fiscal Planning	58,854,174	20,462,550	38,391,624	34.8
		171,190,145	11,288,117	159,902,028	6.6
Accounting	Special Programs	171,190,145	11,288,117	159,902,028	6.6
		6,925,410	2,419,659	4,505,751	34.9
General Administration (Economic Planning and ICT)	General Administration (Economic Planning and ICT)	6,925,410	2,419,659	4,505,751	34.9
		124,807,913	74,713,221	50,094,691	59.9
General Administration Planning and Support Services	Administration, Planning and Support Services	124,807,913	74,713,221	50,094,691	59.9
		92,654,773	12,780,590	79,874,183	13.8
Livestock Resource Management and Development	Promotion of Dairy Production, Breeding and Disease control	14,985,576	4,805,456	10,180,120	32.1
	Promotion of Value Addition of Livestock and Livestock Products	46,357,870	3,195,595	43,162,275	6.9
	Livestock Diseases management and Control	23,291,139	2,188,759	21,102,380	9.4
	Livestock marketing and rangeland management	8,020,189	2,590,780	5,429,409	32.3
		6,204,062	194,617	6,009,445	3.1
Fisheries Development	Development of capture fisheries resources	6,204,062	194,617	6,009,445	3.1
		249,163,502	101,367,808	147,795,693	40.7
Crop Production and Management	Agricultural Extension Research and Training	240,923,731	96,498,979	144,424,752	40.1
	Crop Production and Food security	8,239,771	4,868,829	3,370,942	59.1
		379,715,381	110,347,126	269,368,255	29.1

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
General Administration Planning and Support Services	Administration	379,715,381	110,347,126	269,368,255	29.1
		146,385,143	4,700,581	141,684,562	3.2
Environmental Management	Pollution control& monitoring	128,523,231	2,852,811	125,670,420	2.2
	Forests Conservation and Management	17,861,912	1,847,770	16,014,142	10.3
		9,340,511	1,755,277	7,585,234	18.8
Conservation and Management of Natural Ecosystem	Control of soil erosion	3,884,636	511,000	3,373,636	13.2
	Mining Services	1,700,777	-	1,700,777	0.0
		3,755,099	1,244,277	2,510,822	33.1
		77,763,504	34,703,936	43,059,568	44.6
Fisheries Development	Storm water management	3,925,948	299,600	3,626,348	7.6
	Water and sanitation services	73,837,557	34,404,336	39,433,220	46.6
		131,063,252	37,233,088	93,830,163	28.4
General Administration Planning and Support Services	General Administration Planning and Support Services	131,063,252	37,233,088	93,830,163	28.4
		312,929,161	87,067,913	225,861,248	27.8
Education & Training Services	Promotion of Early Childhood Education	312,929,161	87,067,913	225,861,248	27.8
		18,063,740	7,936,273	10,127,467	43.9
Youth Training and Development	SP1 Revitalization of Youth Polytechnics	18,063,740	7,936,273	10,127,467	43.9
		230,137,923	161,047,468	69,090,455	70.0
Preventive and Promotive Health Services	Health Promotive Services	99,874,639	59,596,999	40,277,640	59.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Communicable Disease Control	63,881,391	50,341,224	13,540,167	78.8
	Non-Communicable Disease & prevention control	25,814,512	16,716,492	9,098,020	64.8
	Maternal Health Services	40,567,382	34,392,753	6,174,628	84.8
		591,478,816	367,009,134	224,469,681	62.0
Health curative Services	Provision Of Essential Health Services In All The Levels	18,685,622	9,021,592	9,664,030	48.3
	County Referral Services	447,931,057	347,002,414	100,928,642	77.5
	Free Primary Healthcare	124,862,138	10,985,128	113,877,009	8.8
		400,169,335	178,914,979	221,254,356	44.7
General Administration Planning and Support Services	Health Infrastructure development	6,591,378	3,636,821	2,954,558	55.2
	Human Resources for health	53,991,707	45,870,287	8,121,420	85.0
	Research and Development	6,389,252	3,637,587	2,751,665	56.9
	Health Policy, Planning & Financing	272,401,845	74,301,675	198,100,170	27.3
	Health Standards and Quality Assurance Services	60,795,153	51,468,610	9,326,543	84.7
		72,209,072	18,748,889	53,460,183	26.0
General Administration Planning and Support Services	Administration, Planning and Support Services	72,209,072	18,748,889	53,460,183	26.0
		36,520,608	16,248,049	20,272,559	44.5
Land use policy and Planning	Spatial planning	5,571,200	980,182	4,591,018	17.6
	Survey And Mapping	30,265,377	15,154,170	15,111,207	50.1
	Housing management services	684,032	113,698	570,334	16.6
		108,379,671	6,148,418	102,231,252	5.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Urban Centers Adminis- tration	Urban center management	108,379,671	6,148,418	102,231,252	5.7
		54,739,308	7,013,162	47,726,146	12.8
General Administration Planning and Support Ser- vices	Administrative services	44,517,951	7,003,289	37,514,662	15.7
	Firefighting services	1,273,493	9,873	1,263,619	0.8
	Design, implemen- tation and supervision of public buildings	8,947,865	-	8,947,865	0.0
		184,568,845	64,466,602	120,102,243	34.9
Infrastructure, Roads & Transport Services	Rehabilitation of Roads, Drainage and Bridges	9,794,835	1,398,748	8,396,087	14.3
	Design, supervision and rehabilitation of County Buildings	6,129,944	294,000	5,835,944	4.8
	Street lights management	12,335,799	1,525,958	10,809,841	12.4
	Public Road trans- port and parking	156,308,268	61,247,896	95,060,372	39.2
		205,572,105	139,394,008	66,178,096	67.8
General Administration Planning and Support Ser- vices	General administration	205,572,105	139,394,008	66,178,096	67.8
		21,876,456	5,468,308	16,408,147	25.0
Cooperatives Development and Management	Enhance Market- ing Co-operatives	21,876,456	5,468,308	16,408,147	25.0
		120,000	-	120,000	0.0
Conservation and Manage- ment of Natural Ecosystem	Business Development Services for MSE's	120,000	-	120,000	0.0
		87,576,484	23,256,965	64,319,519	26.6
Promotion of Tourism and Marketing	Establish & Manage- ment of County Tourism Information Centre	87,576,484	23,256,965	64,319,519	26.6
		20,649,549	1,709,351	18,940,198	8.3
Trade Development and Promotion	Domestic trade development	20,184,549	1,620,451	18,564,098	8.0

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Market development and promotion of fair trade services	465,000	88,900	376,100	19.1
		20,031,642	2,387,834	17,643,808	11.9
General Administration Planning and Support Services(Trade)	General Administration Planning and Support Services	20,031,642	2,387,834	17,643,808	11.9
		63,103,544	20,938,797	42,164,747	33.2
Management and development of Sports & Sports facilities	Sports Development, Training & Competition	63,103,544	20,938,797	42,164,747	33.2
		36,211,806	8,072,719	28,139,087	22.3
General Administration Planning and Support Services	General Administration Planning and Support Services	36,211,806	8,072,719	28,139,087	22.3
		23,253,250	8,867,700	14,385,550	38.1
General Administration Planning and Support Services	Conservation of Heritage	727,500	167,500	560,000	23.0
	Development and Promotion of Culture	6,027,065	495,850	5,531,215	8.2
	Social Welfare and Gender	11,802,500	8,204,350	3,598,150	69.5
	Community Mobilization and Development	4,696,185	-	4,696,185	0.0
		3,405,000	499,300	2,905,700	14.7
General Administration Planning and Support Services	Development and management for sports facilities	3,405,000	499,300	2,905,700	14.7
		12,354,896	2,471,608	9,883,287	20.0
General Administration Planning and Support Services	General Administration Planning and Support Services (Sports)	12,354,896	2,471,608	9,883,287	20.0
Assembly Administration Planning and Support Services	Legislative and Oversight	79,310,440	50,265,107	29,045,333	63.4
	County Assembly Administration	327,111,158	211,858,117	115,253,041	64.8
	Representation	246,910,129	95,243,291	151,666,838	38.6
	Grand Total	653,331,727	357,366,515	295,965,212	54.7

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	GRAND TOTAL	7,047,661,529	1,868,778,498	5,178,883,031	26.5

Source: Samburu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Human Resources for health at 85 per cent, Maternal Health Services at 84.8 per cent, Health Standards and Quality Assurance Services at 84.7 per cent of budget allocation.

3.37.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was received on 30th January 2023.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 215 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 Youth & Women Enterprise Fund, Conservancies Fund, Bursaries Fund, PLWD Fund, Emergency Fund were not submitted to the Controller of Budget.
4. High level of pending bills which amounted to Kshs.768.65 million as of 31st December 2022. This is despite the availability of cash in the CRF which stood at Kshs.35.86 million at the end of the first half of FY 2022/23.
5. Use of manual payroll. Personnel emoluments amounting to Kshs.125.63 million were processed through the manual payroll and accounted for 10.8 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 that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
5. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.38 County Government of Siaya

3.38.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.8.82 billion, comprising Kshs.3.33 billion (37.7 per cent) and Kshs.5.49 billion (62.3 per cent) allocation for development and recurrent programmes, respectively.

The approved budget estimate represents a decrease of 1.7 per cent compared to the previous financial year when the approved budget was Kshs.8.97 billion and comprised of Kshs.3.35 billion towards development expenditure and Kshs.5.62 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.97 billion (79.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.581 million (6.6 per cent) from its own source of revenue, Kshs.571.39 million (6.5 per cent) as conditional grants, and a cash balance of Kshs.697.04 million (7.9 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 218

3.38.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.30 billion as the equitable share of the revenue raised nationally, raised Kshs.190.43 million as own-source revenue and had a cash balance of Kshs.697.04 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.19 billion, as shown in Table 217.

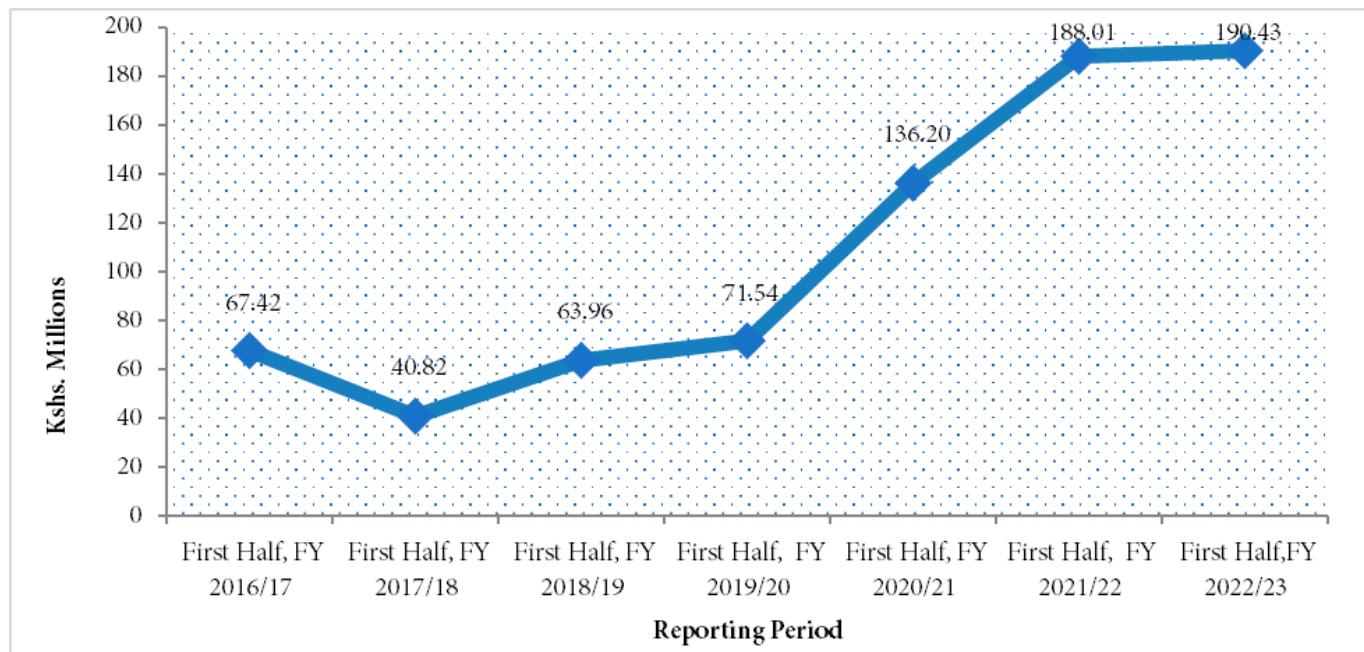
Table 217: Siaya County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	6,966,507,531	2,298,947,484	33.0
	Sub total	6,966,507,531	2,298,947,484	33.0
B	Conditional Grants			
1.	DANIDA	12,206,100	-	-
2.	Leasing of Medical Equipment	110,638,298	-	-
3.	Financing Local Climate Action Plan -Water	125,000,000	-	-
4.	Kenya Climate Smart Agriculture -IDA World Bank	314,639,880	-	-
5.	Sweden Agriculture Sector Development Support Programme (ASDSP)	8,906,243	-	-
	Sub total	571,390,521	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	580,988,234	190,426,199	32.8
2	Unspent balance from FY 2021/22	697,043,128	697,043,128	100.0
	Sub Total	1,278,031,362	887,469,327	69.4
	Grand Total	8,815,929,414	3,186,416,811	36.1

Source: Siaya County Treasury

Figure 112 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

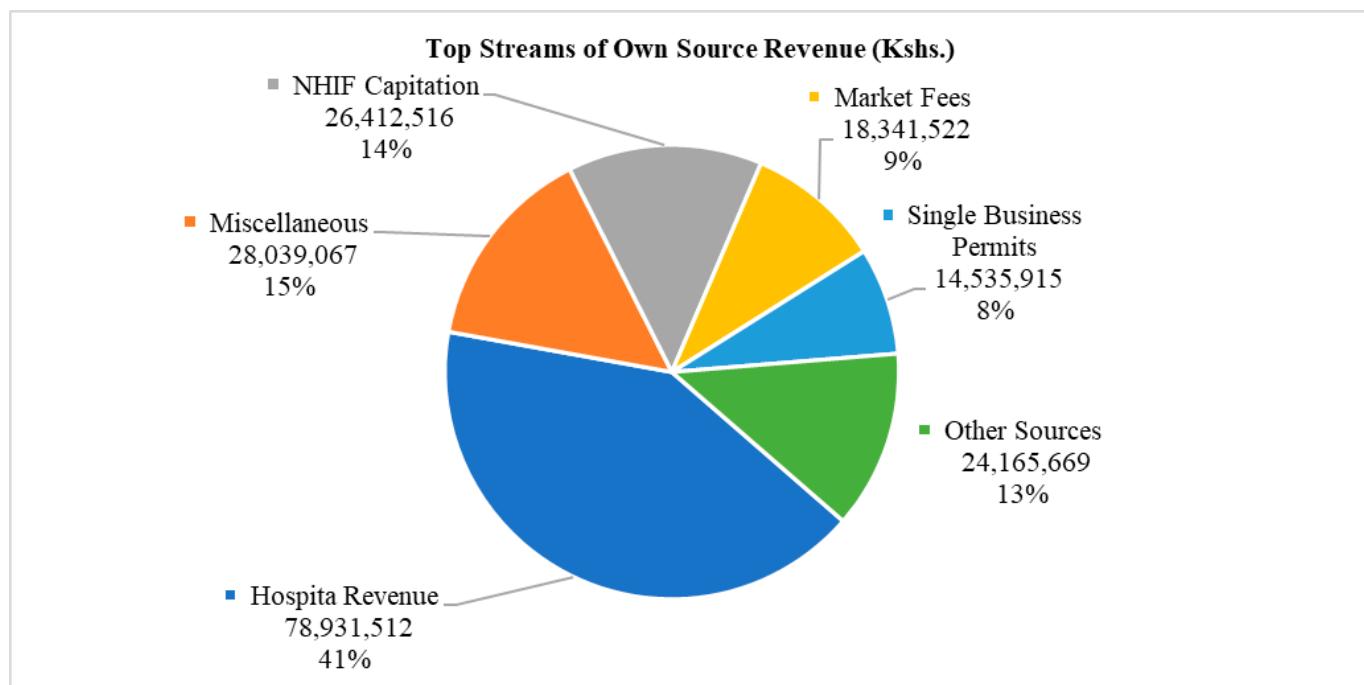
Figure 112: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Siaya County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.190.43 million from its own sources of revenue. This amount represented an increase of 1.3 per cent compared to Kshs.188.01 million realised in a similar period in FY 2021/22 and was 32.8 per cent of the annual target and 6.7 per cent of the equitable share of revenue disbursed during the period. The OSR includes revenue arrears and penalties charged on the fees and levies from previous financial years of Kshs.49.16 million. The revenue streams which contributed the highest OSR are shown in Figure 113:

Figure 113: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Siaya County Treasury

The highest revenue stream of Kshs.78.93 million was from hospital revenue, contributing to 41 per cent of the total OSR collected during the reporting period.

3.38.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.68 billion from the CRF account during the reporting period. This amount comprised Kshs.335.86 million (12.5 per cent) for development programmes and Kshs.2.35 billion (87.5 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.48 billion was released towards compensation to employees, Kshs.866.88 million was for Operations and Maintenance expenditure while Kshs.335.86 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.272.42 million.

3.38.4 County Expenditure Review

The County spent Kshs.2.37 billion on development and recurrent programmes during the reporting period. This expenditure represented 88.4 per cent of the total funds released by the CoB and comprised Kshs.295.68 million and Kshs.2.07 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.9 per cent, while recurrent expenditure represented 37.7 per cent of the annual recurrent expenditure budget.

3.38.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.840.67 million, which comprised Kshs.380.21 million for recurrent expenditure and Kshs.460.45 million for development activities. During the period under review, pending bills amounting to Kshs.335.10 million were settled. These comprised Kshs.63.83 million for recurrent expenditure and Kshs.271.26 million for development programmes. The outstanding amount as of 31st December 2022 was, therefore, Kshs.505.57 million.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.35 billion on employee compensation, Kshs.408.74 million on operations and maintenance, and Kshs.248.96 million on development activities. Similarly, the County Assembly spent Kshs.133.92 million on employee compensation, Kshs.179.42 million on operations and maintenance, and Kshs.46.72 million on development activities, as shown in Table 218.

Table 218: 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	4,581,427,439	908,268,880	1,756,124,690	313,340,157	38.3	34.5
Compensation to Employees	2,780,553,204	367,062,806	1,347,385,351	133,916,941	48.5	36.5
Operations and Maintenance	1,800,874,235	541,206,074	408,739,339	179,423,216	22.7	33.2
Development Expenditure	2,562,354,343	763,888,752	248,956,353	46,721,826	9.7	6.1
Total	7,143,781,782	1,672,157,632	2,005,081,043	360,061,983	28.1	21.5

Source: Siaya County Treasury

3.38.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.48 billion, or 39.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.74 billion. This expenditure represented a decrease from Kshs.1.74 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.732.60 million paid to health sector employees, translating to 49.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.10 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.379.84 million was processed through manual payrolls. The manual payrolls accounted for 25.6 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six (6) months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.29 million on committee sitting allowances for the 43 MCAs and the Speaker against the annual budget allocation of Kshs.52.22 million. The average monthly sitting allowance was Kshs.27,598 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.379.62 million to county-established funds in FY 2022/23, constituting 4.3 per cent of the County's overall budget.

Table 219 summarises each established Fund's budget allocation and performance during the reporting period.

Table 219: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Siaya County Emergency Fund	71,803,911	-	-	No
2.	Siaya County Bursary Fund	75,000,000	-	-	No
3.	Cooperative Development Fund	7,700,000	-	-	No
County Assembly Established Funds					
1.	Siaya County Assembly MCAs and Staff Car Loan and Mortgage Fund	225,116,000	92,500,000	92,500,000	Yes
	Total	379,619,911	92,500,000	92,500,000	-

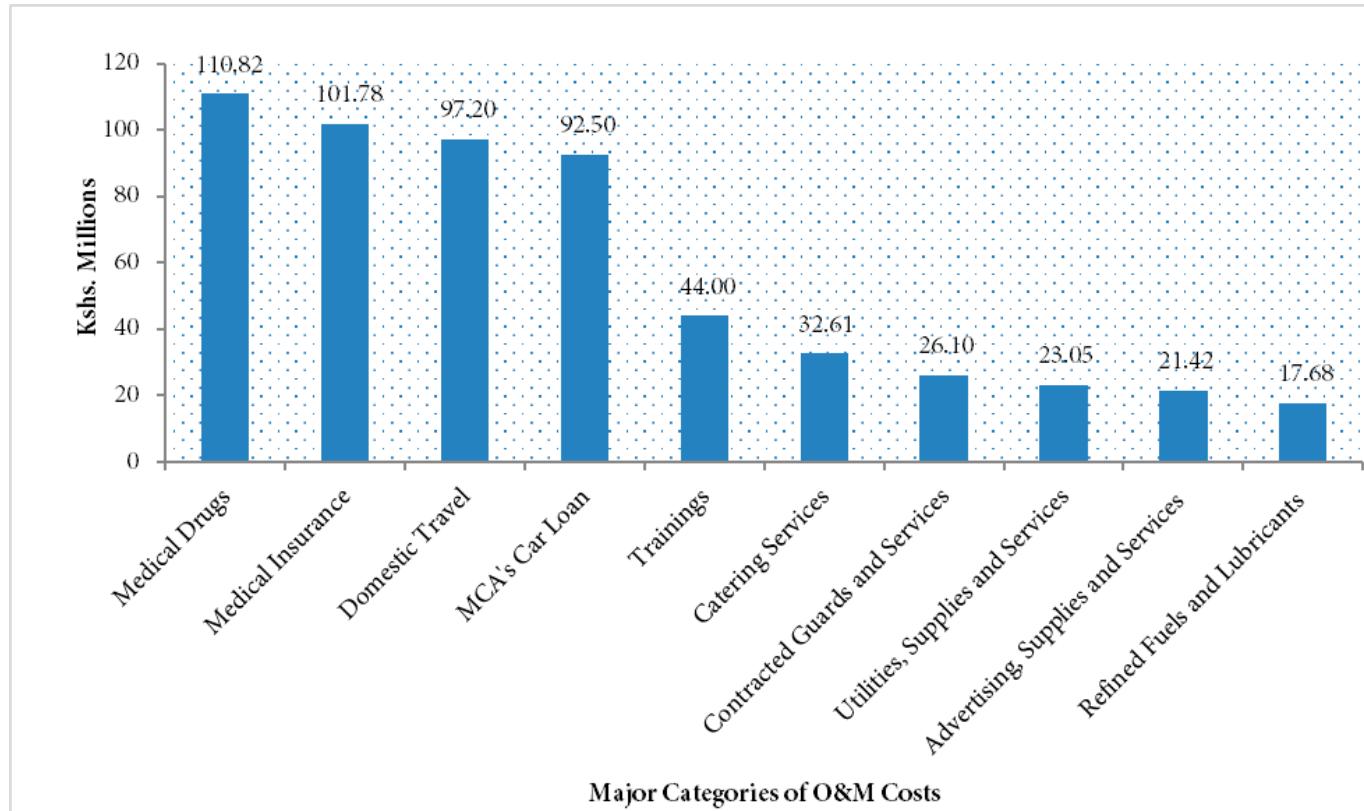
Source: Siaya County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Siaya County Emergency Fund, Siaya County Bursary Fund as indicated in Table 219.

3.38.9 Expenditure on Operations and Maintenance

Figure 114 shows a summary of 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.97.20 million and comprised of Kshs.32.58 million spent by the County Assembly and Kshs.64.62 million by the County Executive.

3.38.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.295.68 million on development programmes, representing a decrease of 36.5 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.465.61 million. Table 220 summaries development projects with the highest expenditure in the reporting period.

Table 220: 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	38,759,153	121,408,776	75.8
2	County Assembly	Geo Survey, Drilling and Equipping of Boreholes in the 30 Ward Office	All Wards	125,662,548	61,663,646	64,836,353	51.6
3	Education, Youth Affairs, Gender and Social Services	Construction of Siaya Stadium	Siaya Town	-	37,057,357	58,175,831	75.0
4	Education, Youth Affairs, Gender and Social Services	Rehabilitation of Youth Polytechnics	Countywide	24,099,947	24,099,947	24,099,947	100.0

No.	Sector	Project Name	Project Location	Contract sum (Kshs)	Budget (Kshs)	Amount paid to date (Kshs)	Implementation status (%)
5	Health Services	Construction of maternity wing at Ambira Hospital	Ambira	19,722,148.32	500,000	19,642,109.48	100.0
6	Agriculture, Food, Livestock and Fisheries	Completion and fencing of rice drying floor at Mulwasir		19,872,327	5,279,589	17,650,026.40	93.5
7	County Assembly	Development of Virtual Conference/ Boardrooms (2)	Headquarters	14,345,219	3,316,797	14,345,219	100.0
8	Health Services	Supply of Endoscopy at Siaya County referral Hospital	Siaya County Referral Hospital	-	12,531,667	12,531,667	100.0
9	Health Services	Renovation of the Maternity ward at Siaya County Referral Hospital	Siaya County Referral Hospital	13,102,766	300,000	12,401,535.80	100.0
10	County Assembly	Development, Installation and Commissioning of Asset and Inventory Management System/ Fleet Management System	Headquarters	12,260,000	6,590,000	12,260,000	100.0

Source: Siaya County Treasury

3.38.11 Budget Performance by Department

Table 221 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 221: 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	763.89	332.74	50.08	313.34	46.72	94.2	93.3	34.5	6.1
Governance and Administration	607.05	9.50	314.67	-	251.80	-	80.0	-	41.5	-
Finance and Economic Planning	778.63	8.80	383.85	-	285.07	-	74.3	-	36.6	-
Agriculture, Food, Livestock and Fisheries	257.37	423.62	111.29	12.28	111.29	11.69	100.0	95.2	43.2	2.8
Water, Irrigation, Environment and Natural resources	71.55	402.39	30.54	36.15	23.45	36.15	76.8	100.0	32.8	9.0
Education, Youth Affairs, Gender and Social Services	310.50	363.29	79.43	22.00	79.43	13.77	100.0	62.6	25.6	3.8

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
County Health Services	2,043.01	195.55	866.31	11.15	856.23	4.80	98.8	43.0	41.9	2.5
Lands, Physical Planning, Housing and Urban Development	167.21	145.58	82.67	32.90	36.13	32.90	43.7	100.0	21.6	22.6
Roads, Public Works, Energy and Transport	78.59	760.75	61.76	124.74	29.97	113.98	48.5	91.4	38.1	15.0
Enterprise and Industrial Development	173.52	203.10	55.72	33.12	55.72	33.12	100.0	100.0	32.1	16.3
Tourism, Culture, Sports and Arts	94.00	49.78	29.20	13.45	27.03	2.56	92.6	19.0	28.8	5.1
	5,489.70	3,326.24	2,348.18	335.86	2,069.46	295.68	88.1	88.0	37.7	8.9

Source: Siaya County Treasury

Analysis of expenditure by department shows that the Department of Lands, Physical Planning, Housing and Urban Development recorded the highest absorption rate of development budget at 22.6 per cent, followed by the Department of Enterprise and Industrial Development at 16.3 per cent. The Department of Agriculture, Irrigation, Food, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 43.2 per cent, while the Department of Lands, Physical Planning, Housing and Urban Development had the lowest at 21.6 per cent.

3.38.12 Budget Execution by Programmes and Sub-Programmes

Table 222 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 222: Siaya County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
COUNTY ASSEMBLY					
Legislation	Legislation	512,163,413	174,347,349	337,816,064	34.0
Oversight	Oversight	40,000,000	9,369,500	30,630,500	23.4
General Administration	General Administration	356,105,467	129,623,308	226,482,159	36.4
General Administration	General Administration	763,888,752	46,721,826	717,166,926	6.1
	Total	1,672,157,632	360,061,983	1,312,095,649	21.5
GOVERNANCE AND ADMINISTRATION					
County Executive Administration	County Executive Administration	276,141,761	106,758,315	169,383,446.04	38.7
Office of Governor and Deputy Governor	Office of Governor and Deputy Governor	110,044,725	42,126,149	67,918,575.70	38.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
County Public Service Board	County Public Service Board	62,651,031	27,945,085	34,705,945.53	44.6
Public Participation and Civic Education	Public Participation and Civic Education	2,600,000	819,678	1,780,321.52	31.5
Coordination of Devolved Unit	Coordination of Devolved Unit	97,657,046	46,533,566	51,123,479.96	47.6
Human Capital Management	Human Capital Management	31,994,879	14,785,171	17,209,708.42	46.2
Monitoring and Evaluation	Monitoring and Evaluation	2,414,267	761,124	1,653,142.88	31.5
Communication and Public Relations	Communication and Public Relations	1,953,581	615,888	1,337,693.19	31.5
Office of the County Attorney	Office of the County Attorney	31,092,239	11,453,202	19,639,036.71	36.8
	Total	616,549,529	251,798,179.05	364,751,349.95	40.8

FINANCE AND ECONOMIC PLANNING

Financial Services	Financial Services	45,828,966	20,013,622	25,815,344	43.7
Fiscal Planning	Fiscal Planning	22,854,736	5,991,149	16,863,587	26.2
Administration	Administration	718,737,009	259,063,276	459,673,732.70	36.0
	Total	787,420,711	285,068,047.40	502,352,663.60	36.2

AGRICULTURE, IRRIGATION, FOOD,8 LIVESTOCK AND FISHERIES

General Administration, Planning and Support Services	General Administration, Planning and Support Services	48,244,572	15,782,632	32,461,939.61	32.7
Livestock	Livestock	42,609,322	19,185,632	23,423,689.88	45.0
Crops	Crops	509,183,223	73,499,460	435,683,763.23	14.4
Fisheries Mgt & Development	Fisheries Mgt & Development	41,520,552	7,813,701	33,706,850.70	18.8
Veterinary services	Veterinary services	39,427,177	7,195,114	32,232,063.32	18.2
	Total	680,984,846	123,476,539.26	557,508,306.74	18.1

WATER, ENVIRONMENT& NATURAL RESOURCES

Water Services	Water Services	427,568,353	42,199,660	385,368,693.04	9.9
Environment	Environment	4,970,750	918,057	4,052,693.50	18.5
General Administration, Planning	General Administration, Planning	41,400,652	16,475,497	24,925,154.66	39.8
	Total	473,939,755	59,593,214	414,346,541.20	12.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Adminis-tration, Planning, and Support	General Adminis-tration, Planning and Support	260,318,662	75,807,589	184,511,072.78	29.1
County Pre-Primary School Education	County Pre-Primary School Education	229,456,229	14,789,673	214,666,556.10	6.4
Vocational Educa-tion	Vocational Educa-tion	43,389,236	408,490	42,980,745.76	0.9
Sports	Sports	84,751,988	1,443,525	83,308,463.10	1.7
County Social Secu-rity & Services	County Social Secu-rity & Services	55,874,148	747,787	55,126,360.52	1.3
	Total	673,790,263	93,197,065	580,593,198.26	13.8
COUNTY HEALTH SERVICES					
General Adminis-tration	General Adminis-tration	1,635,287,246	761,333,122	873,954,124.13	46.6
Curative	Curative	222,806,579	35,364,018	187,442,561.34	15.9
Promotion of Pri-mary Health Care	Promotion of Pri-mary Health Care	380,463,809	70,383,980	310,079,829.13	18.5
	Total	2,238,557,634	867,081,119	1,371,476,514.60	38.7
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Adminis-tration, Plan-ning and Support Services	General Adminis-tration, Plan-ning and Support Services	52,447,630	6,237,600	46,210,030.37	11.9
Physical Planning	Physical Planning	57,213,982	18,788,117	38,425,865.47	32.8
Land Surveying and Mapping	Land Surveying and Mapping	51,579,813	33,930,548	17,649,265.46	65.8
Housing and Urban Development	Housing and Urban Development	66,836,243	2,766,565	64,069,677.83	4.1
Siaya Municipality	Siaya Municipality	84,716,163	7,306,796	77,409,366.99	8.6
	Total	312,793,831	69,029,625	243,764,206.12	22.1
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Road Development and maintenance	Road Development and maintenance	837,753,683	143,477,855.55	694,275,827.45	17.1
Government Build-ing Services	Government Build-ing Services	627,241	187,406.58	439,834.42	29.9
General Adminis-tration	General Adminis-tration	959,795	286,766.80	673,028.20	29.9
	Total	839,340,719	143,952,028.93	695,388,690.07	17.2
ENTERPRISE AND INDUSTRIAL DEVELOPMENT					
Trade Development and Promotion	Trade Development and Promotion	4,751,705	740,211	4,011,494.32	15.6

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Fair Trade and Consumer Protection Services	Fair Trade and Consumer Protection Services	6,297,000	980,934	5,316,066.49	15.6
Cooperative Development and Management	Cooperative Development and Management	14,405,000	1,044,491	13,360,509.11	7.3
Administration Planning and Support Services	Administration Planning and Support Services	141,192,895	50,688,643	90,504,251.95	35.9
Alcoholic Drinks Control	Alcoholic Drinks Control	4,979,000	775,618	4,203,381.78	15.6
Market Development	Market Development	204,997,286	34,616,156	170,381,130.23	16.9
	Total	376,622,886	88,846,052	287,776,833.88	23.6

TOURISM, CULTURE, ICT AND ARTS

Tourism	Tourism	52,001,422	6,032,747.09	45,968,674.91	11.6
Information & Communication Services (ICT)	Information & Communication Services (ICT)	29,475,187	1,094,358.41	28,380,828.59	3.7
General administration, Planning and Support Services	General Administration, Planning and Support Services	62,305,000	22,462,525.40	39,842,474.60	36.1
	Total	143,781,609	29,589,630.90	114,191,978.10	20.6
	GRAND TOTAL	8,815,939,415	2,371,693,483	6,444,245,932	26.9

Source: Siaya County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Land Surveying and Mapping in the Department of Lands, Physical Planning, Urban Development and Housing at 65.8 per cent, Coordination of Devolved Units in the Department of Governance and Administration at 47.6 per cent, General Administration in the Department of Health Services at 46.6 per cent, and County Public Service Board in the Department of Governance and Administration at 46.6 per cent of budget allocation.

3.38.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 27th January 2023.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, contrary to Section 168 of the PFM Act, 2012. The reports for the Siaya County Bursary Fund, Cooperative Development Fund and the Siaya County Emergency Fund were not submitted to the Controller of Budget.
3. High level of pending bills which amounted to Kshs.505.57 million as of 31st December 2022. This is despite the availability of cash in the CRF account of Kshs.272.42 million at the end of the first half of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.379.84 million were processed through the

manual payroll and accounted for 25.6 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The 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 period of the financial year.*
4. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.39 County Government of Taita Taveta

3.39.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.7.10 billion, comprising Kshs.2.20 billion (31.1 per cent) and Kshs.4.89 billion (68.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.7 per cent compared to the previous financial year when the approved budget was Kshs.7.15 billion and comprised of Kshs.2.49 billion towards development expenditure and Kshs.4.66 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.84 billion (68.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.389.40 million (5.5 per cent) from its own source of revenue, Kshs.151.71 million (2.1 per cent) from other revenue sources, Kshs.1.33 billion (18.8 per cent) as conditional grants, and a cash balance of KShs.387.27 million (5.4 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 223

3.39.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.98 billion as the equitable share of the revenue raised nationally, raised Kshs.98.66 million as own-source revenue, Kshs.71.52 million from other revenue sources, Kshs.15.10 million as conditional grants, and had a cash balance of Kshs.237,296 from FY 2021/22. The equitable share received in the period under review includes the budgeted cash balance of Kshs.387.27 million, which was June 2022 equitable share of revenue. The total funds available for budget implementation during the period amounted to Kshs.2.17 billion, as shown in Table 223.

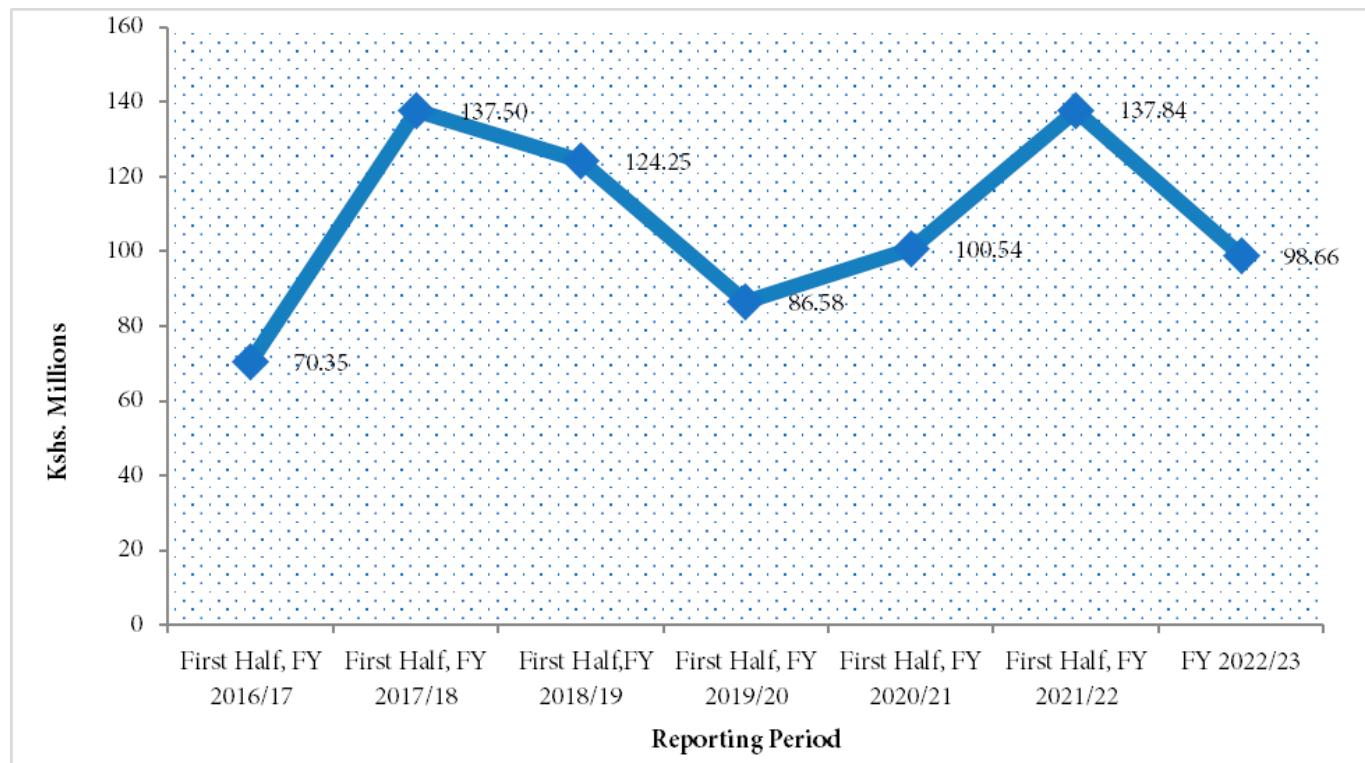
Table 223: Taita Taveta County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,842,174,698	1,985,291,627	41
	Sub Total	4,842,174,698	1,985,291,627	41
B	Conditional Grants			
1	Kenya Informal Settlement Improvement Project-World Bank	60,000,000	-	-
2	EU Grant (Instrument for Devolution Advice and Support IDEAS)	15,624,929	-	-
3	Danida grant for universal healthcare for devolved system program	8,937,800	-	-
4	Kenya Climate Smart Agriculture Program - IDA (World Bank)	290,416,775	-	-
5	Water and Sanitation Development Project (World Bank)	800,000,000	-	-
6	Agricultural Sector Development Support Programme (ASDSP)-Sweden	9,063,197	-	-
7	Locally Led Climate Action Programme-fLLoCAP-WB grant	125,000,000	-	-
8	Transforming Health Systems For Universal Care Project- World Bank B/F	8,500,000	-	-
9	DANIDA- Universal healthcare financing-Grant-FY 21/22	9,045,000	4,602,548	50.9
10	Mwatate Municipality B/F	10,500,000	10,500,000	100
	Sub-Total	1,337,087,701	15,102,548	1.1
C	Other Sources of Revenue			
1	Own Source Revenue	389,402,624	98,664,000	25.3
2	Balance b/f from FY2021/22	387,275,976	237,296	0.1
4	Other Revenues	151,716,156	71,529,500	47.1
	Sub Total	928,394,756	170,430,796	18.4
	Grand Total	7,107,657,155	2,170,824,971	30.5

Source: Taita Taveta County Treasury

Figure 115: shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

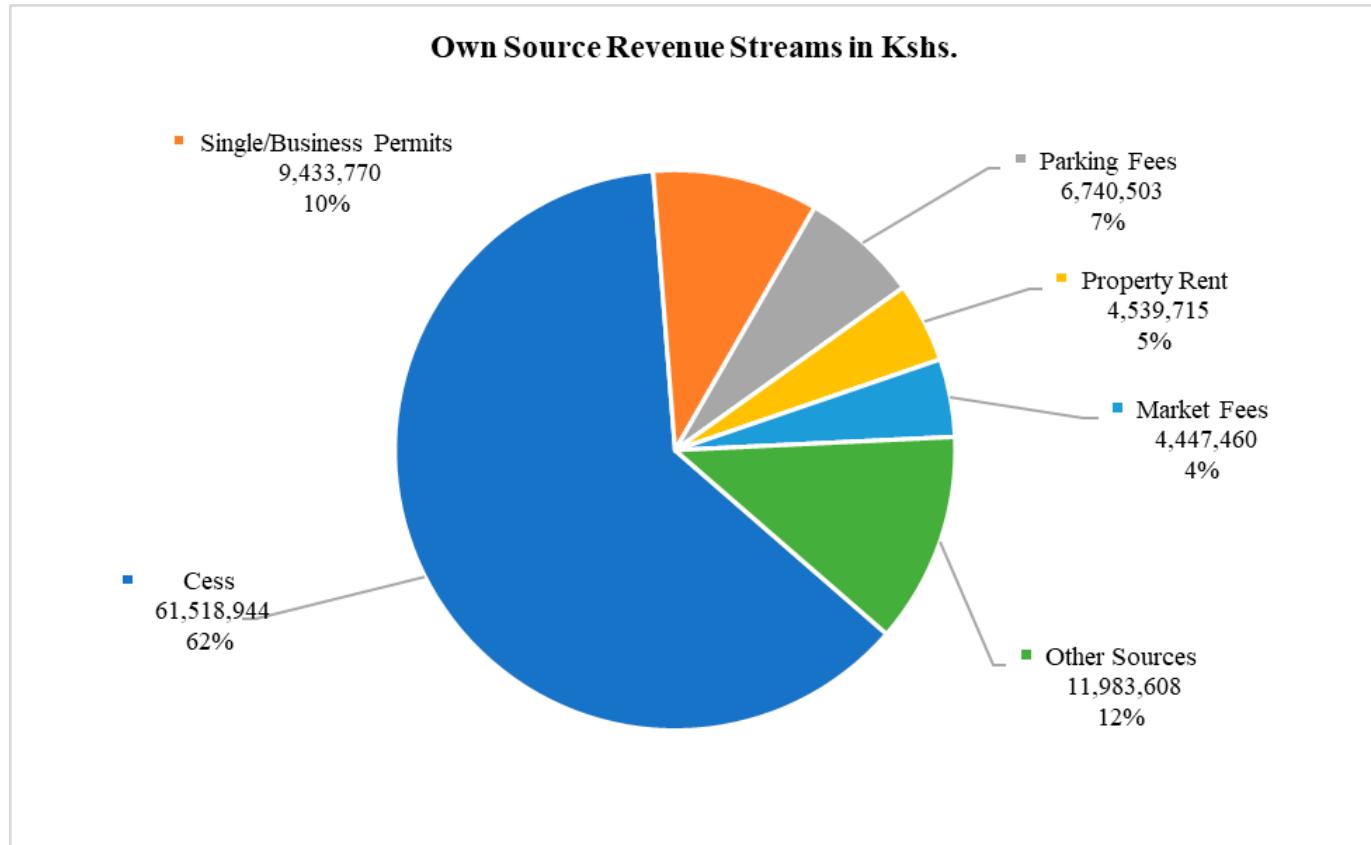
Figure 115: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Taita Taveta County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.98.66 million from its own sources of revenue. This amount represented a decrease of 24.4 per cent compared to Kshs.137.83 million realised in a similar period in FY 2021/22 and was 25.3 per cent of the annual target and 5 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 116.

Figure 116: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Taita Taveta County Treasury

The highest revenue stream of Kshs.61.51 million was from Cess, contributing 62 per cent of the total OSR collected during the reporting period.

3.39.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.2.09 billion from the CRF account during the reporting period. This amount comprised Kshs.56.65 million (2.7 per cent) for development programmes and Kshs.2.03 billion (97.3 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.72 billion was released towards compensation to employees, Kshs.312.49 million was for Operations and Maintenance expenditure, while Kshs.56.65 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.25.49 million.

3.39.4 County Expenditure Review

The County spent Kshs 1.92 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.1 per cent of the total funds released by the CoB and comprised Kshs.56.65 million and Kshs.1.86 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 2.6 per cent, while recurrent expenditure represented 38.2 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.1.06 billion.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.25 billion on employee compensation, Kshs.304.08 million on operations and maintenance, and Kshs.47.17 million on

development activities. Similarly, the County Assembly spent Kshs.90.47 million on employee compensation, Kshs.217.30 million on operations and maintenance, and Kshs.9.48 million on development activities, as shown in Table 224

Table 224: 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	3,925,012,566	975,022,686	1,562,051,519	307,773,303	39.8	31.6
Compensation to Employees	2,648,900,000	275,000,000	1,257,970,940	90,473,241	47.5	32.9
Operations and Maintenance	1,276,112,566	700,022,686	304,080,579	217,300,062	23.8	31.0
Development Expenditure	2,134,719,904	73,000,000	47,174,125	9,476,900	2.2	13.0
Total	6,059,732,469	1,048,022,686	1,609,225,644	317,250,203	26.6	30.3

Source: Taita Taveta County Treasury

3.39.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.34 billion and represented 62.1 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.17 billion. This expenditure decreased from Kshs.1.59 billion reported in a similar period of FY 2021/22. The wage bill included KShs 821.79 million paid to the Health sector employees translating to 61 per cent of the total wage bill.

Further analysis indicates that payroll amounting to Kshs.1.27 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.65.58 million was processed through manual payrolls. The manual payrolls accounted for 4.8 per cent of the total wage bill costs and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly did not report expenditures on committee sitting allowances for the 33 MCAs and the Speaker. The County Assembly has established 23 Committees. During; the reporting period, 2 bills and various policy documents were processed and approved by the County Assembly.

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.395 million to county-established funds in FY 2022/23, which constituted 6 per cent of the County's overall budget. Table 225 summarises each established Fund's budget allocation and performance during the reporting period.

Table 225: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Supplementary Budget Allocation in FY 2022/23 (KShs.)	Exchequer Issues in the First Half of FY 2022/23 (KShs)	Actual Expenditure for the First Half of FY 2022/23 (KShs.)	Submission of Financial Statements as of 31st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Education Fund	130,000,000	27,000,000	27,000,000	YES
2	County Emergency Fund	30,000,000	-	-	YES
3	County Executive Car Loan & Mortgage Fund	50,000,000	-	-	YES
County Assembly Established Funds					
4	County Assembly Car Loan& Mortgage Scheme Fund	185,000,000	53,940,000	20,000,000	YES
5	County Assembly Reimbursement of Car Grant	71,000,000	16,460,000	16,460,000	YES
	Total	395,000,000	80,940,000	47,000,000	

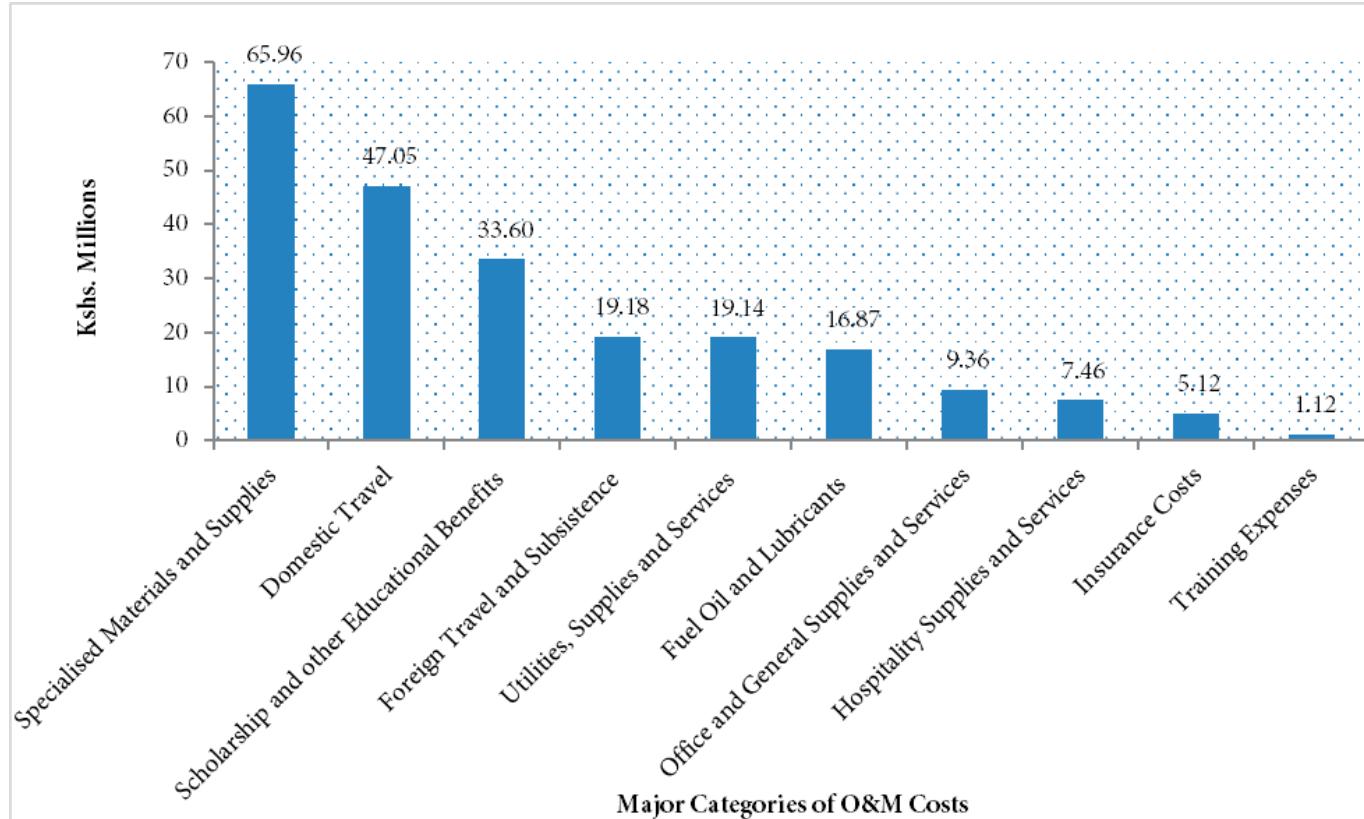
Source: Taita Taveta County Treasury

The OCoB received all the quarterly financial returns from the Fund Administrators of the five funds as indicated in Table 225.

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.47.04 million and comprised of Kshs.35.11 million spent by the County Assembly and Kshs.11.92 million by the County Executive. Expenditure on foreign travel amounted to Kshs.19.17 million spent by the County Assembly.

3.39.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.56.65 million on development programmes, representing an increase of 16.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.47.22 million. Table 226: summarises development projects with the highest expenditure in the reporting period.

Table 226: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/ No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate(%)
1	Agricultural Sector Development Programme (ASDSP Grant)	Agriculture	Countywide	12,563,197	3,000,000	24
2	DANIDA- Universal healthcare financing-Grant-FY 21/22	Health	Countywide	9,045,000	4,602,548	51
4	Kenya Urban Support Programme-Urban Towns Upgrading Programme	Lands	Mwatate	20,000,000	10,571,577	53
5	Refurbishment of Buildings (Old County Assembly Chambers)	Assembly	Wundanyi	10,000,000	9,476,900	95

Source: Taita Taveta County Treasury

3.39.11 Budget Performance by Department

Table 227 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 227: Taita Taveta County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (KShs.Million)		Exchequer Issues (KShs.Million)		Expenditure (KShs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	975.02	73.00	344.87	9.48	307.77	9.48	89.2	100.0	31.6	13.0
Public Service and Administration	2,972.76	-	1,563.98	-	1,435.53	-	91.8	-	48.3	-
The Governor's and Deputy Governor's Office	131.73	1.72	35.73	-	35.70	-	99.9	-	27.1	-
Finance and Economic Planning	267.93	262.39	5.47	29.00	5.40	29.00	98.8	100.0	2.0	11.1
Agriculture, Livestock and Fisheries	23.21	382.75	-	3.00	-	3.00	-	100.0	-	0.8
Water and Irrigation	11.87	1,080.90	-	-	-	-	-	-	-	-
Education and Libraries	150.22	63.50	27.00	-	27.00	-	100.0	-	18.0	-
Health	172.74	69.73	54.07	4.60	54.00	4.60	99.9	100.0	31.3	6.6
Trade, Tourism and Cooperative Development	18.93	7.00	1.00	-	1.00	-	100.0	-	5.3	-
County Public Service Board	23.68	2.50	3.42	-	3.42	-	100.0	-	14.4	-
Infrastructure and Public Works	88.98	85.20	-	-	-	-	-	-	-	-
Lands, Environment and Natural Resources	52.02	123.29	-	10.57	-	10.57	-	100.0	-	8.6
Youth, Gender, Sports, Culture and Social Services	10.84	55.75	-	-	-	-	-	-	-	-
TOTAL	4,899.94	2,207.72	2,035.54	56.65	1,869.82	56.65	91.9	100.0	38.2	2.6

Source: Taita Taveta County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of the development budget at 13 per cent, followed by the Department of Finance and Economic Planning at 11.1 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 48.3 per cent, followed by County Assembly at 31.6 per cent. The Department of Water and Irrigation, Infrastructure and Public Works, and the Department of Youth, Gender, Sports, Culture and Social Services did not report any expenditure in the period under review.

3.39.12 Budget Execution by Programmes and Sub-Programmes

Table 228: summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 228: Taita Taveta County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
		-	-	-
3260		-	-	-
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	-	-	-
701003260	General Administration support services	-	-	-
	County Assembly Headquarters	1,048,022,686.00	317,250,202.85	30
702003260	County Assembly Infrastructure improvement	73,000,000.00	9,476,900.00	13
701003260	General Administration support services	975,022,686.00	307,773,302.85	32
	Headquarters	2,963,670,045.00	1,435,530,693.70	48
703003260	Decentralised Infrastructure development programme	-	-	-
701003260	General Administration support services	2,963,670,045.00	1,435,530,693.70	48
3260		-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
	Taveta Sub County Administration	540,000.00	-	-
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	540,000.00	-	-
	Wundanyi Sub County Administration	540,000.00	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
701003260	General Administration support services	540,000.00	-	-
	Mwatate Sub County Administration	540,000.00	-	-
701003260	General Administration support services	540,000.00	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Voi Sub County Administration	540,000.00	-	-
701003260	General Administration support services	540,000.00	-	-
	Taveta Town Administration	500,000.00	-	-
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	500,000.00	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Voi Town Administration	500,000.00	-	-
701003260	General Administration support services	500,000.00	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	County Policing Authority	-	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
701003260	General Administration support services	-	-	-
	Human Resource Management	2,000,000.00	-	-
701003260	General Administration support services	2,000,000.00	-	-
		3,480,000.00	-	-
701003260	General Administration support services	3,480,000.00	-	-
		450,000.00	-	-
701003260	General Administration support services	450,000.00	-	-
	Headquarters	84,541,320.00	35,700,000.00	42
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	84,541,320.00	35,700,000.00	42
705003260	Leadership Development Programme	-	-	-
701003260	General Administration support services	-	-	-
	Office of the Deputy Governor	22,600,000.00	-	-
101003260	Administration Planning and Support Services	-	-	-
705003260	Leadership Development Programme	-	-	-
704003260	General Administration and Management of County Affairs	22,600,000.00	-	-
	Special Programmes Unit	3,436,280.00	-	-
704003260	General Administration and Management of County Affairs	1,716,000.00	-	-
705003260	Leadership Development Programme	1,720,280.00	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
	Service Delivery Unit	562,000.00	-	-
704003260	General Administration and Management of County Affairs	562,000.00	-	-
	Industrialisation	-	-	-
705003260	Leadership Development Programme	-	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
704003260	General Administration and Management of County Affairs	-	-	-
	ICT	5,472,500.00	-	-
704003260	General Administration and Management of County Affairs	5,472,500.00	-	-
703003260	Decentralised Infrastructure development programme	-	-	-
		1,859,001.00	-	-
704003260	General Administration and Management of County Affairs	1,859,001.00	-	-
		1,360,000.00	-	-
704003260	General Administration and Management of County Affairs	1,360,000.00	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
		13,620,000.00	-	-
704003260	General Administration and Management of County Affairs	13,620,000.00	-	-
	Headquarters	24,101,855.00	5,400,000.00	22
706003260	General Administration, Planning, Internal Audit & Support Services	24,101,855.00	5,400,000.00	22
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
	County Emergency Fund	30,000,000.00	-	-
701003260	General Administration support services	-	-	-
707003260	Treasury Development Programme	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	30,000,000.00	-	-
	Equalisation of Wards Infrastructure	-	-	-
707003260	Treasury Development Programme	-	-	-
	Planning	20,305,000.00	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	20,305,000.00	-	-
707003260	Treasury Development Programme	-	-	-
	Gratuity Fund	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
	County Executive Administration	50,000,000.00	29,000,000.00	58
706003260	General Administration, Planning, Internal Audit & Support Services	50,000,000.00	29,000,000.00	58
701003260	General Administration support services	-	-	-
	Internal Audit Services	6,180,000.00	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	6,180,000.00	-	-
	Revenue Management	25,046,250.00	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	25,046,250.00	-	-
701003260	General Administration support services	-	-	-
	Procurement	3,844,462.00	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	3,844,462.00	-	-
	Accounting Services	9,825,320.00	-	-
701003260	General Administration support services	-	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	9,825,320.00	-	-
	Kenya Devolution Support Programme	-	-	-
701003260	General Administration support services	-	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
		361,014,458.00	-	-
707003260	Treasury Development Programme	262,388,851.00	-	-
706003260	General Administration, Planning, Internal Audit & Support Services	98,625,607.00	-	-
	Headquarters	26,845,000.00	3,000,000.00	11
104003260	Agricultural Development Programme	20,500,000.00	3,000,000.00	15
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	6,345,000.00	-	-
	Livestock	10,910,000.00	-	-
101003260	Administration Planning and Support Services	9,210,000.00	-	-
102003260	Development programme	-	-	-
105003260	Livestock and Fisheries Development	1,700,000.00	-	-
104003260	Agricultural Development Programme	0.00	-	-
	Fisheries	545,000.00	-	-
105003260	Livestock and Fisheries Development	0.00	-	-
101003260	Administration Planning and Support Services	545,000.00	-	-
102003260	Development programme	-	-	-
	Veterinary	12,712,250.00	-	-
105003260	Livestock and Fisheries Development	5,600,000.00	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
101003260	Administration Planning and Support Services	7,112,250.00	-	-
	Agribusiness Project (EU Grant)	15,624,929.00	-	-
105003260	Livestock and Fisheries Development	15,624,929.00	-	-
101003260	Administration Planning and Support Services	-	-	-
104003260	Agricultural Development Programme	-	-	-
102003260	Development programme	-	-	-
	Kenya Climate Smart Agric Program	313,757,537.00	-	-
104003260	Agricultural Development Programme	-	-	-
105003260	Livestock and Fisheries Development	313,757,537.00	-	-
1001003260	Water and irrigation Development Programme	-	-	-
	Water	25,563,197.00	-	-
105003260	Livestock and Fisheries Development	25,563,197.00	-	-
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	-	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
101003260	Administration Planning and Support Services	-	-	-
105003260	Livestock and Fisheries Development			
	Headquarters	80,871,250.00		-
1002003260	General Administration, Support and Support Services	11,871,250.00		-
1001003260	Water and irrigation Development Programme	69,000,000.00		-
	Water Services		-	-
1002003260	General Administration, Support and Support Services	-	-	-
1001003260	Water and irrigation Development Programme	-	-	-
	Bulk Water Project	15,000,000.00		-
1001003260	Water and irrigation Development Programme	15,000,000.00		-
	Ambulance services	971,396,430.00		-
1001003260	Water and irrigation Development Programme	971,396,430.00		-
	Public Health and Sanitation	25,000,000.00		-
1001003260	Water and irrigation Development Programme	25,000,000.00		-
	Promotion of primary healthcare	500,000.00		-
1001003260	Water and irrigation Development Programme	500,000.00		-
1002003260	General Administration, Support and Support Services	-	-	-
	Headquarters	59,555,018.00		-
501003260	General Administration, Planning and Support services	16,055,018.00		-
1001003260	Water and irrigation Development Programme	-	-	-
502003260	Early childhood Education and Youth Training Development Programme	43,500,000.00		-
	Polytechnics	22,420,000.00		-
502003260	Early childhood Education and Youth Training Development Programme	20,000,000.00		-
501003260	General Administration, Planning and Support services	2,420,000.00		-
	Early Childhood Development	1,225,000.00		-
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
301003260	General Administration and support services programme	-	-	-
501003260	General Administration, Planning and Support services	1,225,000.00		-
	Library services	520,000.00		-
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	520,000.00		-
	Education Fund	130,000,000.00	27,000,000.00	21

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
501003260	General Administration, Planning and Support services	130,000,000.00	27,000,000.00	21
	Energy	-	-	-
501003260	General Administration, Planning and Support services	-	-	-
502003260	Early childhood Education and Youth Training Development Programme	-	-	-
	Headquarters	158,654,486.00	58,602,548.00	37
402003260	Health Development Programme	69,732,800.00	54,000,000.00	77
706003260	General Administration, Planning, Internal Audit & Support Services	-	-	-
401003260	Administration and Support Services	88,921,686.00	4,602,548.00	5
704003260	General Administration and Management of County Affairs	-	-	-
	Wesu Hospital	462,500.00	-	-
401003260	Administration and Support Services	462,500.00	-	-
	Moi Referral Hospital	1,830,600.00	-	-
401003260	Administration and Support Services	1,830,600.00	-	-
	Mwatate Hospital	-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		37,500.00	-	-
401003260	Administration and Support Services	37,500.00	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		-	-	-
401003260	Administration and Support Services	-	-	-
		566,000.00	-	-
401003260	Administration and Support Services	566,000.00	-	-
		750,000.00	-	-
401003260	Administration and Support Services	750,000.00	-	-
		80,175,000.00	-	-
401003260	Administration and Support Services	80,175,000.00	-	-
402003260	Health Development Programme	-	-	-
	Headquarters	13,277,722.00	1,000,000.00	8
302003260	Trade Development programme.	5,000,000.00	1,000,000.00	20
301003260	General Administration and support services programme	8,277,722.00	-	-
	Trade	700,000.00	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
301003260	General Administration and support services programme	700,000.00	-	-
302003260	Trade Development programme.	-	-	-
	Sports	-	-	-
301003260	General Administration and support services programme	-	-	-
302003260	Trade Development programme.	-	-	-
	Gender	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Cooperative	2,061,335.00	-	-
301003260	General Administration and support services programme	2,061,335.00	-	-
302003260	Trade Development programme.	-	-	-
	Youth Development	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Culture	-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Markets	1,630,879.00	-	-
301003260	General Administration and support services programme	1,630,879.00	-	-
		800,000.00	-	-
301003260	General Administration and support services programme	800,000.00	-	-
302003260	Trade Development programme.	-	-	-
	Weights and Measures	625,452.00	-	-
301003260	General Administration and support services programme	625,452.00	-	-
		-	-	-
302003260	Trade Development programme.	-	-	-
301003260	General Administration and support services programme	-	-	-
	Liquor Control and Licensing Fund	3,350,000.00	-	-
301003260	General Administration and support services programme	3,350,000.00	-	-
		3,484,630.00	-	-
302003260	Trade Development programme.	2,000,000.00	-	-
301003260	General Administration and support services programme	1,484,630.00	-	-
	Headquarters	26,176,831.00	3,420,825.00	13

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
703003260	Decentralised Infrastructure development programme	2,500,000.00	-	-
701003260	General Administration support services	23,676,831.00	3,420,825.00	14
	Headquarters	35,545,000.00	-	-
101003260	Administration Planning and Support Services	35,545,000.00	-	-
	ICT	-	-	-
101003260	Administration Planning and Support Services	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Roads	131,999,503.00	-	-
102003260	Development programme	83,400,000.00	-	-
103003260	Infrastructure Development programme	-	-	-
101003260	Administration Planning and Support Services	48,599,503.00	-	-
	Housing	-	-	-
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Public Works	6,636,000.00	-	-
101003260	Administration Planning and Support Services	4,836,000.00	-	-
103003260	Infrastructure Development programme	-	-	-
102003260	Development programme	1,800,000.00	-	-
	Defunct Local Authorities	-	-	-
302003260	Trade Development programme.	-	-	-
103003260	Infrastructure Development programme	-	-	-
	Headquarters	22,763,000.00	-	-
1003003260	Natural Resources Support Programme	-	-	-
301003260	General Administration and support services programme	-	-	-
102003260	Development programme	6,000,000.00	-	-
101003260	Administration Planning and Support Services	16,763,000.00	-	-
	Mwatate Municipal Administration	32,785,880.00	10,571,575.95	32
101003260	Administration Planning and Support Services	-	-	-
102003260	Development programme	32,785,880.00	10,571,575.95	32
1003003260	Natural Resources Support Programme	-	-	-
		23,770,000.00	-	-
101003260	Administration Planning and Support Services	2,770,000.00	-	-
1003003260	Natural Resources Support Programme	-	-	-
102003260	Development programme	21,000,000.00	-	-
		32,485,000.00	-	-
101003260	Administration Planning and Support Services	32,485,000.00	-	-
102003260	Development programme	-	-	-
	Environment and Natural Resources	-	-	-

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Absorption (%)
101003260	Administration Planning and Support Services	-	-	-
1003003260	Natural Resources Support Programme	-	-	-
		63,500,000.00	-	-
102003260	Development programme	63,500,000.00	-	-
103003260	Infrastructure Development programme	-	-	-
301003260	General Administration and support services programme	-	-	-
	Headquarters	66,691,049.43	-	-
301003260	General Administration and support services programme	66,691,049.43	-	-
1003003260	Natural Resources Support Programme	-	-	-
1002003260	General Administration, Support and Support Services	-	-	-
	Grand Total	7,107,755,155.43	1,926,475,845.50	27

Source: Taita Taveta County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: The Health Development programme in the Department of Health at 77 per cent, General Administration, Planning & Internal Audit & Support Services in the Department of Finance & Economic Planning at 58 per cent and General Administration & Support services in the Department of Public Service & Administration at 48 per cent of budget allocation.

3.39.13 Key Observations and Recommendations

1. 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;
2. The underperformance of own-source revenue at Kshs.98.66 million against an annual projection of Kshs.389.40 million, representing 25.3 per cent of the annual target.
3. High pending bills amounting to Kshs.964.93 million as of 31st December 2022.
4. Failure to constitute the County Budget Economic Forum in line with section 137 of the PFM Act, 2012, for Consultation in the Budget Making Process.
5. Failure by the Department of Water and Irrigation, the Department of Infrastructure and Public Works, and the Department of Youth, Gender, Sports, Culture and Social Services to report any expenditure in the period under review.

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 remaining period of the financial year.*
3. *The County should establish the County Budget Economic Forum in line with Section 137 of the PFM Act, 2012.*
4. *The County Executive should find out and address the challenges which caused the three departments not to report any expenditure in the period.*

3.40 County Government of Tana River

3.40.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.94 billion, comprising Kshs.2.49 billion (31.4 per cent) and Kshs.5.44 billion (68.6 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 6.4 per cent compared to the previous financial year when the approved supplementary budget was Kshs.8.48 billion and comprised of Kshs.2.97 billion towards development expenditure and Kshs.5.51 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.53 billion (82.2 per cent) as the equitable share of revenue raised nationally, generate Kshs.87.85 million (1.1 per cent) from its own source of revenue, and a cash balance of Kshs.1.08 billion (13.6 per cent) from FY 2021/22. The County also expects to receive Kshs.244.71 million (3.1 per cent) as conditional grants from the national government and Kshs.104.0 million to supplement for construction of the County headquarters. In addition, the county also budgeted for conditional grants from other development partners. These consist of: Kenya Climate Smart Agricultural Project (KCSAP) at Kshs.82.39 million, DANIDA-Universal Health Care in Devolved System Program at Kshs.12.34 million, Instruments for Devolution Advice and Support (IDEAS) at Kshs.14.73 million, Agricultural Sector Development Support Programs (ASDP)II at Kshs.20.26 million and Financing Locally-led Climate Action (FLLoCA) at Kshs.11.0 million.

3.40.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.15 billion as the equitable share of the revenue raised nationally, raised Kshs.18.67 million as own-source revenue, Kshs.14.41 million as conditional grants, and had a cash balance of Kshs.1.08 billion from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.3.27 billion, as shown in Table 229.

Table 229: Tana River County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,528,408,765	2,154,374,894	33.0
	Sub Total	6,528,408,765	2,154,374,894	33.0
B	Conditional Grants			
1	Supplement for Construction of County headquarters	104,000,000	-	-
2	Kenya Climate Smart Agriculture Project	82,386,194	-	-
3	DANIDA (Universal Healthcare in Devolved System Program)	12,339,500	-	-
4	Instruments for Devolution Advice and Support (IDEAS)	14,727,370	14,411,681	97.9
5	Agriculture Sector Development Support Program (ASDP II)	20,261,832	-	-
6	Financing Locally-Led Climate Action (FLLoCA)-County Climate Institutional Support (CCIS)	11,000,000	-	-
	Sub-Total	244,714,896	14,411,681	5.9
C	Other Sources of Revenue			
1	Own Source Revenue	87,846,000	18,668,999	21.3
2	Balance b/f from FY 2021/22	1,080,234,257	1,080,234,257	100

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Sub Total		1,168,080,257	1,098,903,256	94.1
Grand Total		7,941,203,918	3,267,689,831	41.1

Source: Tana River County Treasury

Figure 118 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23

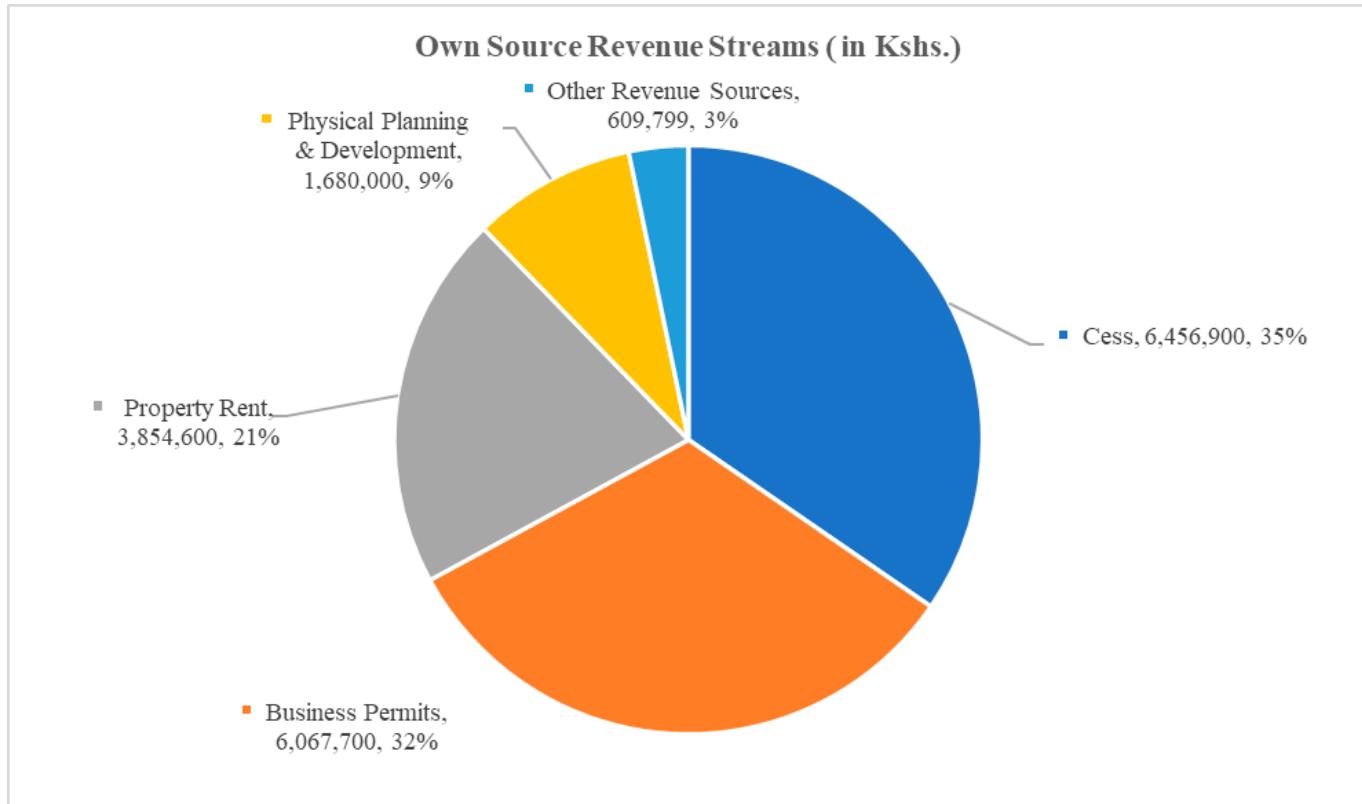
Figure 118: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Tana River County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.18.67 million from its own sources of revenue. This amount represented a decrease of 37.3 per cent compared to Kshs.29.52 million realised in a similar period in FY 2021/22 and was 21.3 per cent of the annual target and 0.6 per cent of the equitable share of revenue disbursed during the period. The revenue streams that contributed the highest OSR are shown in Figure 119.

Figure 119: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Tana River County Treasury

The highest revenue stream of Kshs.6.46 million was from cess collections contributing to 35 per cent of the total OSR collected during the reporting period.

3.40.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.70 billion from the CRF account during the reporting period. This amount comprised Kshs.7.6 million (0.4 per cent) for development programmes and Kshs.1.7 billion (99.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.968.59 million was released towards compensation to employees, Kshs.573.46 million was for Operations and Maintenance expenditure, while Kshs.7.6 million was for development expenditure.

The cash available in the County Revenue Fund Account on 31st December 2022 was Kshs.1.04 billion.

3.40.4 County Expenditure Review

The County did not incur any development expenditure but incurred Kshs.1.51 billion on recurrent programmes during the reporting period. This expenditure represented 88.8 per cent of the total funds released by the CoB.

3.40.5 Settlement of Pending Bills

The County Treasury reported outstanding pending bills of Kshs.970.02 million.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.840 million on employee compensation and Kshs.368.6 million on operations and maintenance. Similarly, the County Assembly spent Kshs.89.46 million on employee compensation and Kshs.214.39 million on operations and maintenance, as shown in Table 230 .

Table 230: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,660,503,016	788,396,751	1,208,615,865	303,857,592	25.9	38.5
Compensation to Employees	2,105,150,305	281,497,887	840,000,000	89,460,525	39.9	31.8
Operations and Maintenance	2,555,352,711	506,898,864	368,615,865	214,397,067	14.4	42.3
Development Expenditure	2,167,304,150	325,000,000	-	-	-	-
Total	6,827,807,166	1,113,396,751	1,208,615,865	303,857,592	17.7	27.3

Source: Tana River County Treasury

3.40.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.929.46 million, or 28.4 per cent of the revenue for the first half of FY 2022/23 of Kshs.3.3 billion. This expenditure represented an increase from Kshs.836.57 million reported in a similar period of FY 2021/22. The wage bill included Kshs.438 million paid to health sector employees, translating to 21 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.942.84 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.42 million was processed through manual payrolls. The manual payrolls accounted for 4.3 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.4.43 million on committee sitting allowances for the 23 MCAs and the Speaker against the annual budget allocation of Kshs.18.12 million. The average monthly sitting allowance was Kshs.32,074 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.441.27 million to county-established funds in FY 2022/23, which constituted 5.6 per cent of the County's overall budget. Performance of County Established Funds as of 31st December 2022 Table 231 summarises each established Fund's budget allocation and performance during the reporting period.

Table 231: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022(Yes/No.)
		A	B	C	D
County Executive Established Funds					

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022(Yes/No)
1.	Emergency Fund	132,165,375	-	-	No
2	Education Bursary Fund	154,500,000	-	-	No
3	Disaster management Fund	61,909,286	30,954,643	-	No
4	Car Loan & Mortgage Scheme	40,000,000	-	-	No
County Assembly Established Funds					
5.	Car Loan & Mortgage Scheme	52,700,000	-	-	Yes
	Total	441,274,661	30,954,643	-	

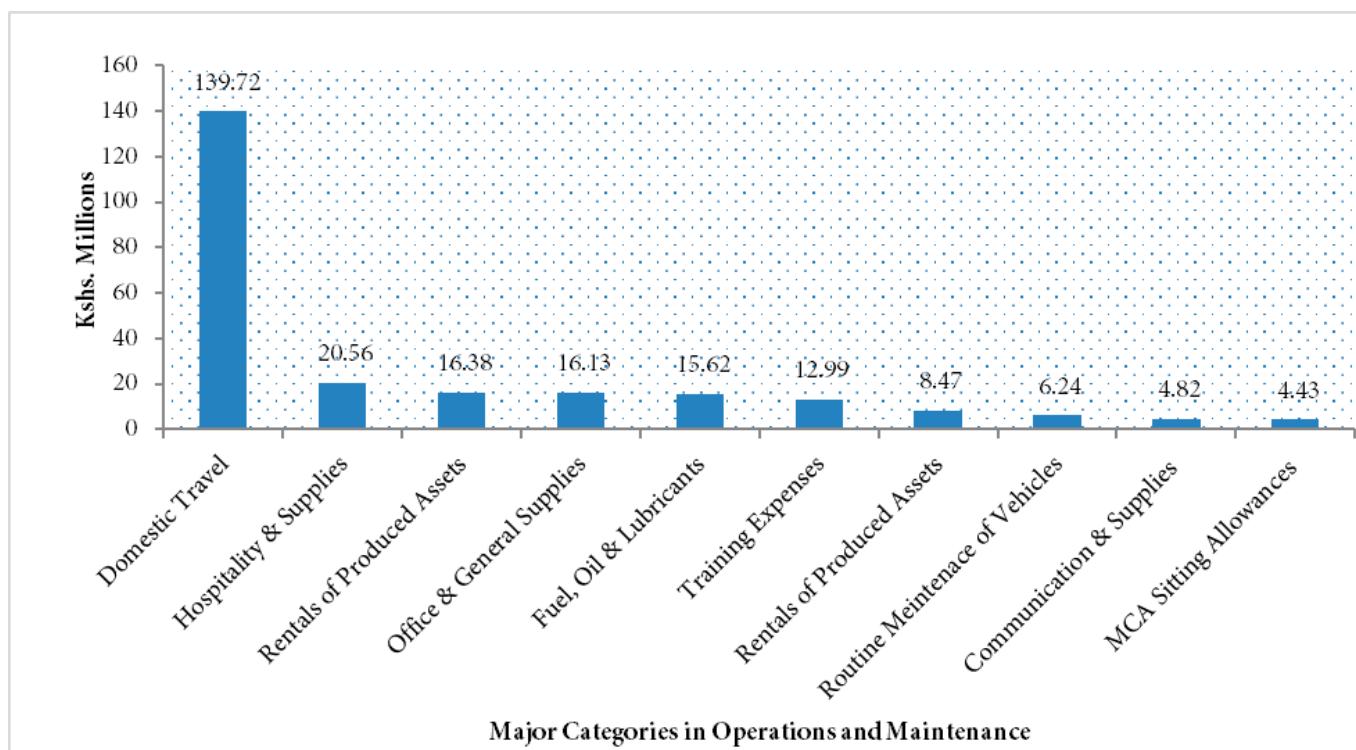
Source: Tana River County Treasury

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

3.40.9 Expenditure on Operations and Maintenance

Figure 120 shows a summary of 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.139.72 million and comprised of Kshs.67.15 million spent by the County Assembly and Kshs.72.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.28 million and was all incurred by the County Executive.

3.40.10 Development Expenditure

In the first half of FY 2022/23, the County did not report any development expenditure.

3.40.11 Budget Performance by Department

Table 232 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 232: Tana River County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	788.39	325.00	303.86	-	303.86		100.0	-	38.5	-
Office of the Governor	451.77	-	89.72	-	140.29	-	156.4	-	31.1	-
Finance and Planning	644.58	466.45	67.95	-	117.24	-	172.5	-	18.2	-
Public Service Board	73.36	-	27.04	-	15.73	-	58.2	-	21.4	-
Trade, Tourism and Industry	33.59	72.00	10.71	-	3.81	-	35.6	-	11.3	-
Agriculture and Rural Development	155.15	304.87	29.81	-	26.03	-	87.3	-	16.8	-
Gender, Social services and Youth Development	47.68	37.00	6.81	-	3.22	-	47.3	-	6.8	-
Education, Vocational Training and Sports	194.65	103.00	79.69	-	77.82	-	97.7	-	40.0	-
Health Services and Sanitation	1,181.67	170.00	389.22	-	340.10	-	87.4	-	28.8	-
Special Program and Cohesion	144.79	-	70.12	-	68.11	-	97.1	-	47.0	-
Roads and Public Works	67.98	537.48	6.15	-	2.09	-	34.0	-	3.1	-
Water, Environment and Natural Resources	119.42	401.50	9.97	-	15.12	-	151.7	-	12.7	-
Public Service, Administration and Citizen Participation	1,474.93	45.00	586.55	-	397.02	-	67.7	-	26.9	-
Lands and Physical Planning	34.44	30.00	6.59	-	0.94	-	14.3	-	2.7	-
Hola Municipality	36.45	-	13.29	-	1.09	-	8.2	-	3.0	-
TOTAL	5,449	2,492	1,697.48	-	1,512.47	-	89.1	-	27.8	-

Source: Tana River County Treasury

Analysis of expenditure by department shows that the Department of Education, Vocational Training & Citizens Participation had the highest percentage of recurrent expenditure to budget at 40 per cent, while the Department of Lands and Physical Planning had the lowest absorption at 2.7 per cent.

3.40.12 Budget Execution by Programmes and Sub-Programmes

Table 233 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 233: Tana River County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture and Livestock Development	Administration, planning support services	7,686,567.50	3,029,870.00	4,656,697.50	39.42
	Administration, planning support services	7,686,567.50	3,029,870.00	4,656,697.50	39.42
	Agricultural Development project	187,463,946.00	13,188,450.00	174,275,496.00	7.04
	Agricultural Mechanization Services (AMS Garsen station)	39,132,250.00	5,180,500.00	33,951,750.00	13.24
		80,584,833.00	507,950.00	80,076,883.00	0.63
		800,000.00	-	800000	0.00
		51,193,097.00	5,000,000.00	46,193,097.00	9.77
	Agriculture Sector Development Support Project (ASDSP)	15,130,916.00	2,500,000.00	12,630,916.00	16.52
	Food and Agriculture Organization	622,850.00	-	622850	-
	Veterinary Development	6,215,909.00	1,157,300.00	5,058,609.00	18.62
	Veterinary extension services	559,250.00	240,000.00	319,250.00	42.91
	Artificial insemination (Pilot scheme)	342,500.00	231,500.00	111,000.00	67.59
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	1,234,436.00	212,000.00	1,022,436.00	17.17
	Conduct Disease Surveillance	3,297,300.00	241,000.00	3,056,300.00	7.31
		591,423.00	90,000.00	501,423.00	15.22
	Leather Development Service	191,000.00	142,800.00	48,200.00	74.76
	Livestock Development	34,100,797.50	582,550.00	33,518,247.50	1.71
	Livestock production extension services	1,198,297.50	282,750.00	915,547.50	23.60
		32,902,500.00	299,800.00	32,602,700.00	0.91
	Fisheries Development	27,363,685.00	7,327,000.00	20,036,685.00	26.78

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Fisheries development	27,363,685.00	7,327,000.00	20,036,685.00	26.78
	Agribusiness	50,000,000.00	-	50,000,000	-
	Agribusiness	50,000,000.00	-	50,000,000	-
	Fisheries	8,861,185.00	130,430.00	8,730,755.00	1.47
	Empowerment of Women and Youth on Fish Safety and Quality Assuran	760,000.00	130,430.00	629,570.00	17.16
	Construction of Ice Plant and Cold Storage	8,101,185.00	-	8101185	-
Lands & Physical Planning	Land Policy and Planning	31,545,281.00	1,834,250.00	29,711,031.00	5.81
	Physical Planning	10,319,122.50	1,362,000.00	8,957,122.50	13.20
	Land Survey and Mapping	17,638,908.50	61,000.00	17,577,908.50	0.35
	Land Administration	3,587,250.00	411,250.00	3,176,000.00	11.46
	Infrastructure Development programme	116,178.00	-	116178	-
	Roads	116,178.00	-	116178	-
Roads & Public Works	Administration, Planning and Support Services	18,150,448.00	1,673,118.40	16,477,329.60	9.22
	Administration, planning, Operation and Maintenance	17,225,881.50	1,234,418.40	15,991,463.10	7.17
	Monitoring and Evaluation	924,566.50	438,700.00	485,866.50	47.45
	Public Works	139,326,000.00	366,740.50	138,959,259.50	0.26
	Maintenance	5,000,000.00	-	5,000,000	-
	Construction	5,000,000.00	-	5,000,000	-
	County Headquarters	109,326,000.00	366,740.50	108,959,259.50	0.34
	Governor's Residence	20,000,000.00	-	20,000,000	-
	County Roads Development	291,825,531.50	674,900.00	291,150,631.50	0.23
	Routine Maintenance	73,064,165.00	226,700.00	72,837,465.00	0.31
	Opening of New Roads	82,938,866.50	322,200.00	82,616,666.50	0.39
	Grading and Murring of County Roads	822,500.00	126,000.00	696,500.00	15.32
	Tarmacking of County Roads	135,000,000.00	-	135,000,000	-
	County Housing Development	14,942,390.00	293,900.00	14,648,490.00	1.97
	Housing Development	3,741,390.00	293,900.00	3,447,490.00	7.86
	Urbanisation	11,201,000.00	-	11201000	-
	Urban Development	25,937,817.00	16,221,980.20	9,715,836.80	62.54
	Hola Municipality	25,937,817.00	16,221,980.20	9,715,836.80	62.54
Trade & Tourism	Promotion of Trade, Tourism and Cooperative Development	52,799,849.00	6,907,529.00	45,892,320.00	13.08
	Promotion of Trade	44,399,924.50	3,309,800.00	41,090,124.50	7.45

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Promotion of Tourism	5,039,954.50	1,848,200.00	3,191,754.50	36.67
	Promotion of Cooperative Development	3,359,970.00	1,749,529.00	1,610,441.00	52.07
	Administration and Support Services	506,441,625.50	32,951,765.05	473,489,860.45	6.51
	Administration, planning & support Services	503,975,359.50	32,724,965.05	471,250,394.45	6.49
	Health Policy, planning and financing	2,466,266.00	226,800.00	2,239,466.00	9.20
	Curative and Rehabilitative	153,775,000.00	5,048,200.00	148,726,800.00	3.28
	Medical Supplies	71,325,000.00	1,170,000.00	70,155,000.00	1.64
	Medical Services	18,100,000.00	2,146,700.00	15,953,300.00	11.86
	Ambulance Services	4,350,000.00	1,731,500.00	2,618,500.00	39.80
	SP4 Curative Services	60,000,000.00	0	60,000,000	0.00
	Preventive and Promotive	15,622,929.50	6,086,880.00	9,536,049.50	38.96
	Preventive and Promotive	8,200,000.00	2,336,940.00	5,863,060.00	28.50
	Licensing and Control of Undertaking	4,522,929.50	1,921,860.00	2,601,069.50	42.49
	Mobile Clinics	2,900,000.00	1,828,080.00	1,071,920.00	63.04
	General Administration, Planning and Support services	78,787,164.50	77,688,800.00	1,098,364.50	98.61
	General Operation, Planning and Support Services	78,787,164.50	77,688,800.00	1,098,364.50	98.61
Education & Vocational Training	Quality and Standard Assurance in EYE Center	18,982,500.00	468,200.00	18,514,300.00	2.47
	ECDE Learning/Teaching Materials	1,132,500.00	468,200.00	664,300.00	41.34
	ECDE Furniture and Equipment Support	17,850,000.00	-	17,850,000	-
	Quality and Standards Assurance	11,500,000.00	-	11,500,000	-
	Provision of Modern Tools and Equipment	30,628,163.50	-	30,628,163	-
	Subsidised Youth Polytechnic Tuition Fund (SYPT)	7,500,000.00	-	7,500,000	-
	Administration, planning support services	165,445,050.50	90,434,324.35	75,010,726.15	54.66
	Coordination and Supervisory Services	165,445,050.50	90,434,324.35	75,010,726.15	54.66
	ICT Infrastructure	7,500,000.00	-	7500000	-

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	Develop ICT infrastructure	7,500,000.00	-	7500000	-
	Administration, planning support services	1,534,284,675.50	612,310,664.00	706,923,891.80	39.91
	Administration, planning support services	1,534,284,675.50	612,310,664.00	706,923,891.80	39.91
Finance & Economic Planning	Financial Management	68,848,838.00	28,533,427.00	40,315,411.00	41.44
	Financial management	2,894,674.50	2,176,000.00	718,674.50	75.17
	Supply Chain Management	10,350,000.00	4,992,607.00	5,357,393.00	48.24
	Own Source Revenue Collection	10,810,000.00	2,250,500.00	8,559,500.00	20.82
	Budget and Economic Planning	16,812,847.00	5,938,550.00	10,874,297.00	35.32
	Accounting & Finance	12,600,000.00	6,870,070.00	5,729,930.00	54.52
	Internal Audit	6,391,055.00	1,303,100.00	5,087,955.00	20.39
	Monitoring and Evaluation	8,990,261.50	5,002,600.00	3,987,661.50	55.64
	Board Administration, Planning and Governance	32,703,502.00	17,851,228.50	14,852,273.50	54.59
	Board Operations & Governance	32,703,502.00	17,851,228.50	14,852,273.50	54.59
	3,974,050.00	2,534,000.00	1,440,050.00	63.76	
	Ethics Governance and Compliance	953,480.00	329,300.00	624,180.00	34.54
	Human Resource Management & Development	2,131,158.00	1,630,700.00	500,458.00	76.52
	Skills and Competence Development	889,412.00	574,000.00	315,412.00	64.54
		192,914,675.50	20,791,360.00	172,123,315.50	10.78
	Performance Management System	2,100,000.00	300,560.00	1,799,440.00	14.31
	Human Resource Development	190,814,675.50	20,490,800.00	170,323,875.50	10.74
		50,800,000.00	31,361,200.00	19,438,800.00	61.73
	County Administration	48,550,000.00	30,667,000.00	17,883,000.00	63.17
	County Enforcement	2,250,000.00	694,200.00	1,555,800.00	30.85
		3,050,000.00	1,379,300.00	1,670,700.00	45.22
	Citizen Participation	3,050,000.00	1,379,300.00	1,670,700.00	45.22
		72,939,000.00	36,192,462.50	36,746,537.50	49.62
	County Leadership & Coordination of CDAs	19,250,000.00	8,481,569.00	10,768,431.00	44.06

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	County Government Advisory Service	37,439,000.00	19,821,827.50	17,617,172.50	52.94
	Coordination of Peace and Cohesion	16,250,000.00	7,889,066.00	8,360,934.00	48.55
	Administration, planning support services	7,656,336.00	2,340,600.00	5,315,736.00	30.57
	Administration, planning support services	7,656,336.00	2,340,600.00	5,315,736.00	30.57
	Natural Disaster mitigation programme	67,412,547.50	66,652,040.00	760,507.50	98.87
	Drought management (Preparedness, Response and Recovery)	750,000.00	489,500.00	260,500.00	65.27
	Emergency Relief (food, medicine, blankets, cash grant)	66,662,547.50	66,162,540.00	500,007.50	99.25
		1,000,000.00	215,600.00	784,400.00	21.56
	Food Distribution and Rations	250,000.00	215,600.00	34,400.00	86.24
	Capacity Building to Response to Fire Outbreaks and Other Disasters	250,000.00	-	250,000	-
	Resettlement of Victims	500,000.00	-	500,000	-
		7,975,000.00	1,538,910.00	6,436,090.00	19.30
	Culture Promotion and Development	5,375,000.00	914,455.00	4,460,545.00	17.01
	Empowerment/Capacity Building of Cultural Practitioners	2,600,000.00	624,455.00	1,975,545.00	24.02
		2,850,000.00	668,900.00	2,181,100.00	23.47
	Baseline Survey for OVC	1,850,000.00	552,500.00	1,297,500.00	29.86
	Community Awareness Creation on Child Rights and Child Protection	650,000.00	116,400.00	533,600.00	17.91
	Enhanced Child Participation	350,000.00	-	350,000	-
		5,750,000.00	153,600.00	5,596,400.00	2.67
	Women Empowerment	525,000.00	153,600.00	371,400.00	29.26
	Gender and Leadership	5,225,000.00	-	5225000	-
		22,096,723.50	623,070.00	21,473,653.50	2.82
	County Sports Leagues	2,596,723.50	623,070.00	1,973,653.50	23.99
	Sports Equipment Support	19,500,000.00	-	19500000	-

Program	Sub Program	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
	General Administration, Support and Support Services	27,363,257.50	3,126,100.00	24,237,157.50	11.42
	General Administration, Support and Support Services	27,363,257.50	3,126,100.00	24,237,157.50	11.42
Environment & Natural Resources	Environmental Management Programme	36,878,588.00	4,578,400.00	32,300,188.00	12.41
	Environmental Protection	29,931,538.50	248,400.00	29,683,138.50	0.83
	Control of Air Pollution	1,397,742.00	-	1397742	-
	Solid Waste Management	5,549,307.50	4,330,000.00	1,219,307.50	78.03
		10,490,085.00	1,215,800.00	9,274,285.00	11.59
	Conduct Community Awareness on the Need to Rehabilitate Degraded	10,490,085.00	1,215,800.00	9,274,285.00	11.59
		184,743,268.00	5,022,991.00	179,720,277.00	2.72
	Water Management Services	181,354,238.00	4,626,491.00	176,727,747.00	2.55
	Sanitation	1,883,658.00	218,400.00	1,665,258.00	11.59
	Storm Water Management	1,505,372.00	178,100.00	1,327,272.00	11.83
		985,320.00	251,200.00	734,120.00	25.49
	Irrigation Management Services	985,320.00	251,200.00	734,120.00	25.49
County Assembly	County Assembly Administration	788,396,751.00	303,857,592.00	484,539,159.00	38.54
	Grand Total	4,959,411,957.00	1,407,595,032.00	2,852,257,646.30	28.38

Source: Tana River County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Emergency Relief in the Department of Finance & Economic Planning at 99.2 per cent, General Operation, Planning and Support Services in the Department of Trade, Tourism & Cooperative Development at 98.6 per cent of budget allocation.

The report on budget execution by programmes and sub-programmes showed a budget of Kshs.4.95 billion, which varies with the approved budget of Kshs.7.94 billion. This variance was not clarified by the County Treasury.

3.40.13 Key Observations and Recommendations

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

1. 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 2nd February 2023.
2. The underperformance of own-source revenue at Kshs.18.67 million against an annual projection of Kshs. 87.85 million, representing 21.3 per cent of the annual target.
3. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB contrary to Section 168 of the PFM Act, 2012. The reports for the Bursary Fund, Emergency Fund, Disaster Management Fund & Inuka Fund were not submitted to the Controller of Budget.
4. Inconsistencies in financial reporting as observed that the expenditure by departments does not tally with the expenditure on Budget execution by programs and sub-programs.
5. High level of pending bills which amounted to Kshs.2.41 billion as of 31st December 2022. This is despite the

availability of cash in the CRF account, which stood at Kshs.1.04 billion at the end of the first half of FY 2022/23.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
3. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
4. *The County Treasury should conduct a reconciliation of its accounts to ensure that expenditures by programs tally with expenditure by departments. Further, staff handling reporting functions should be trained on the PFM reporting requirements and the reporting templates.*
5. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*

3.41 County Government of Tharaka Nithi

3.41.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.5.49 billion, comprising Kshs.1.82 billion (33.1 per cent) and Kshs.3.67 billion (66.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 5.4 per cent compared to the previous financial year when the approved budget was Kshs.5.80 billion and comprised of Kshs.2.04 billion towards development expenditure and Kshs.3.77 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.4.21 billion (76.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.350 million (6.4 per cent) from its own source of revenue, and Kshs.925.78 million (16.9 per cent) as conditional grants. A breakdown of the conditional grants is provided in Table 234. The County did not budget for the unspent cash balance of Kshs.239.77 million from the previous financial year.

3.41.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.73 billion as the equitable share of the revenue raised nationally, raised Kshs.78.58 million as own-source revenue and had a cash balance of Kshs.239.77 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.05 billion, as shown in Table 234.

Table 234: Tharaka Nithi County, Revenue Performance in the First Half of FY 2022/23

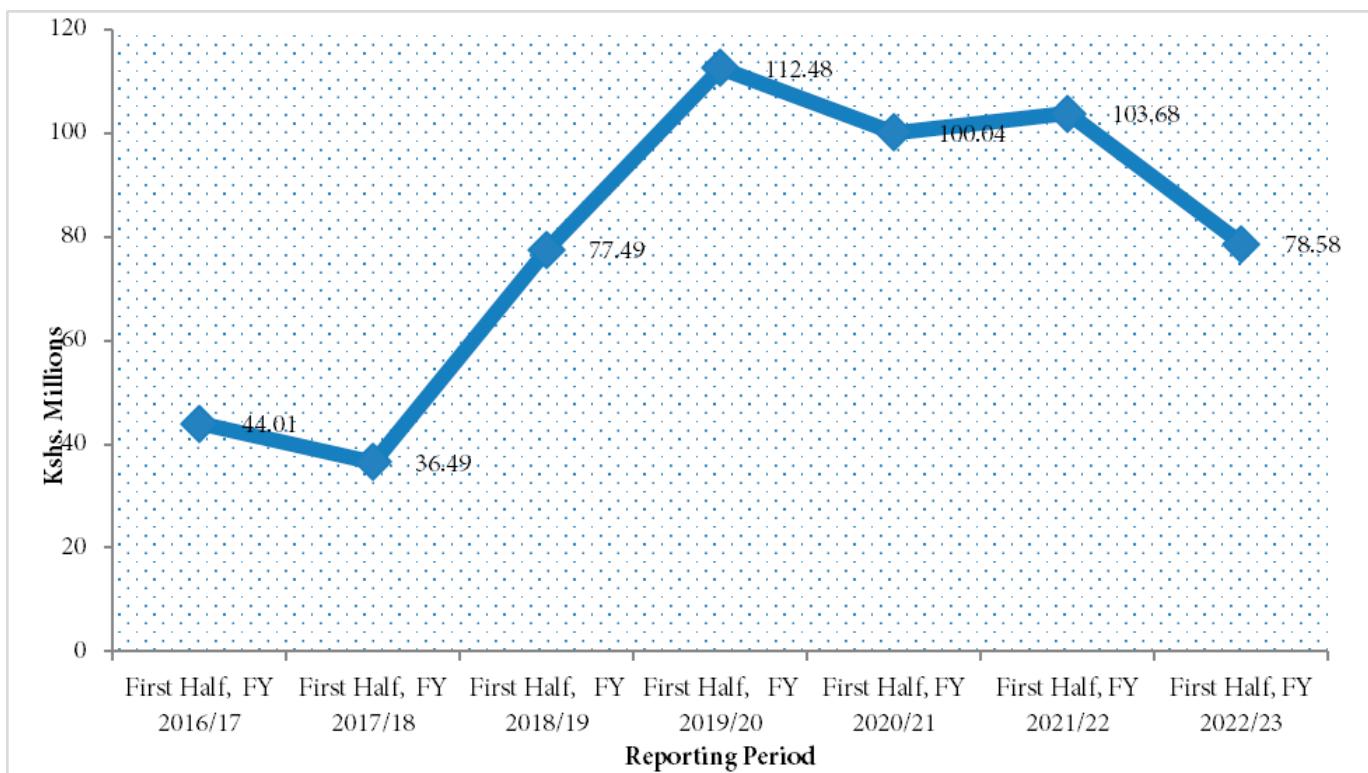
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised nationally	4,214,198,393	1,727,821,424	41.0
Subtotal		4,214,198,393	1,727,821,424	41.0
B	Conditional Grants			
1.	Supplement for construction of county headquarters	76,000,000	-	-
2.	Conditional Grant- Leasing of Medical Equipment	153,297,872	-	-
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	350,000,000	-	-
4.	DANIDA Grant	5,695,500	-	-

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,230,461	-	-
6.	World Bank Emergency Locust Responses Projects (ELRP)	45,730,460	-	-
7.	World Bank -Kenya Informal Settlement Improvement Project(KISIP II)	20,000,000	-	-
8.	Other Conditional Grants	258,830,637	-	-
Sub total		925,784,930	-	-
C	Other Sources of Revenue			
9.	Own Source Revenue	350,000,000	78,583,238	22.5
10.	Unspent balance from FY 2021/22	-	239,765,956	-
Sub Total		350,000,000	318,349,194	91.0
Grand Total		5,489,983,323	2,046,170,618	37.3

Source: Tharaka Nithi County Treasury

Figure 121 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23

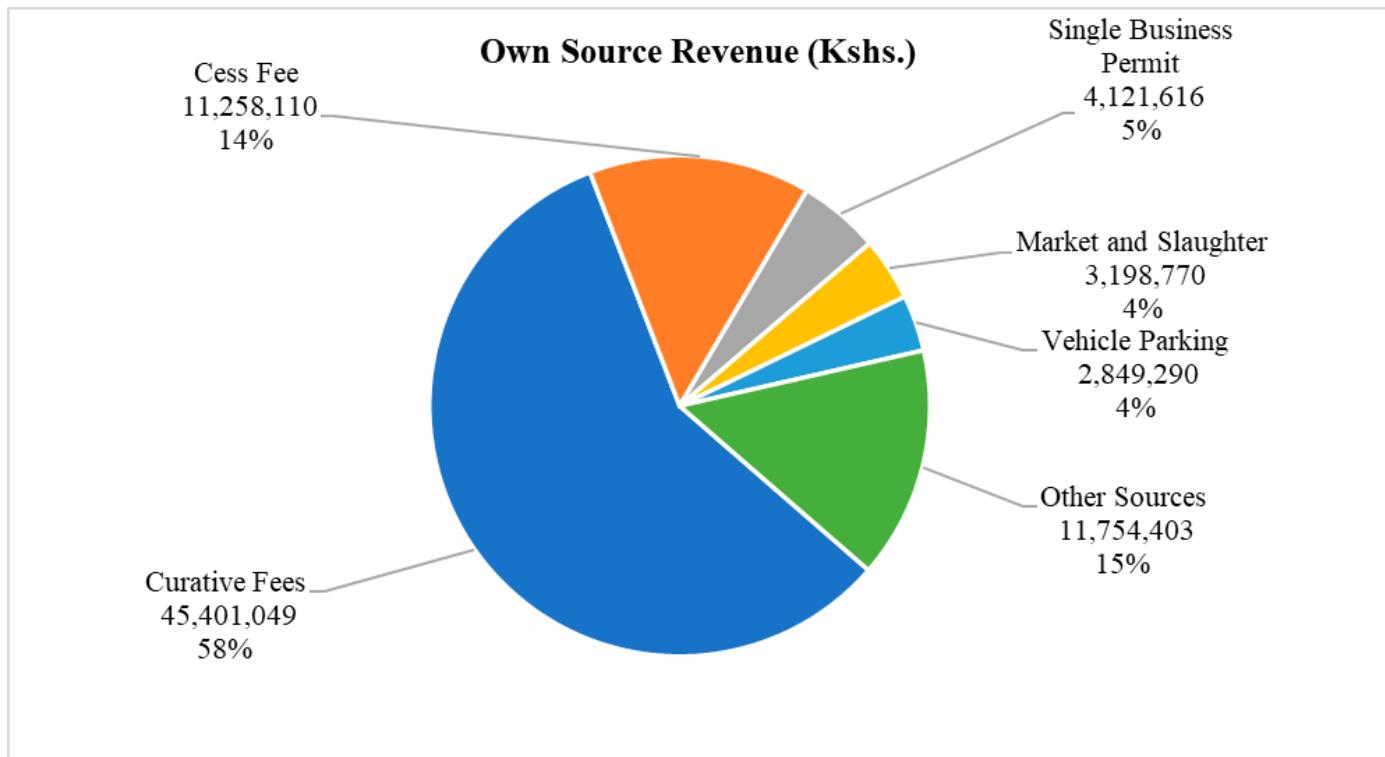
Figure 121: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Tharaka Nithi County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.78.58 million from its own sources of revenue. This amount represented a decrease of 24.2 per cent compared to Kshs.103.68 million realised in a similar period in FY 2021/22 and was 22.5 per cent of the annual target and 4.5 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 122.

Figure 122: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Tharaka Nithi County Treasury

The highest revenue stream of Kshs.45.40 million was from Curative Fees contributing to 58 per cent of the total OSR collected during the reporting period.

3.41.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.88 billion from the CRF account during the reporting period. This amount comprised Kshs.209.80 million (11.1 per cent) for development programmes and Kshs.1.67 billion (88.9 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.26 billion was released towards compensation to employees and Kshs.412.53 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.109.35 million.

3.41.4 County Expenditure Review

The County spent Kshs.1.87 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.5 per cent of the total funds released by the CoB and comprised Kshs.209.76 million and Kshs.1.66 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 11.5 per cent, while recurrent expenditure represented 45.3 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.952.63 million, which comprised Kshs.773.30 million for recurrent expenditure and Kshs.179.33 million for development activities. During the period under review, pending bills amounting to Kshs.192.98 million were settled, which consisted of Kshs.150.73 million for recurrent expenditure and Kshs.42.24 million for development programmes. Therefore, the outstanding amount as of 31st December 2022 was Kshs.759.65 million.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.14 billion on employee compensation, Kshs.340.83 million on operations and maintenance, and Kshs.209.76 million on development activities. Similarly, the County Assembly spent Kshs.85.48 million on employee compensation and Kshs.101.91 million on operations and maintenance, as shown Table 235.

Table 235: 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	3,187,581,364	485,000,000	1,476,958,519	187,399,662	46.3	38.6
Compensation to Employees	2,261,072,959	257,541,165	1,136,123,928	85,484,809	50.2	33.2
Operations and Maintenance	926,508,405	227,458,835	340,834,591	101,914,853	36.8	44.8
Development Expenditure	1,787,401,959	30,000,000	209,763,094	-	11.7	0.0
Total	4,974,983,323	515,000,000	1,686,721,613	187,399,662	33.9	36.4

Source: Tharaka Nithi County Treasury

3.41.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.22 billion, or 59.7 per cent of the revenue for the first half of FY 2022/23 of Kshs.2.05 billion. This expenditure represented a decrease from Kshs.1.70 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.613.44 million paid to health sector employees, translating to 50.2 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.13 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.121.49 million was processed through manual payrolls. The manual payrolls accounted for 9.9 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.3.85 million on committee sitting allowances for the 24 MCAs and the Speaker against the annual budget allocation of Kshs.38.92 million. The average monthly sitting allowance was Kshs.26,704 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.63.56 million to county-established funds in FY 2022/23, constituting 1.2 per cent of the County's overall budget. Table 236 summarises each established Fund's budget allocation and performance during the reporting period.

Table 236: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues as of 31st December 2022 (Kshs.)	Actual Expenditure as of 31st December 2022 (Kshs.)	Submission of Financial Statements as of 31st December 2022
1.	Emergency Fund	15,000,000	-	-	No
2.	Education Bursary Fund	18,560,000	-	-	No
3.	Car & Mortgage Account (County Assembly) MCAs	30,000,000	10,000,000	10,000,000	Yes
	Total	63,560,000	10,000,000	10,000,000	

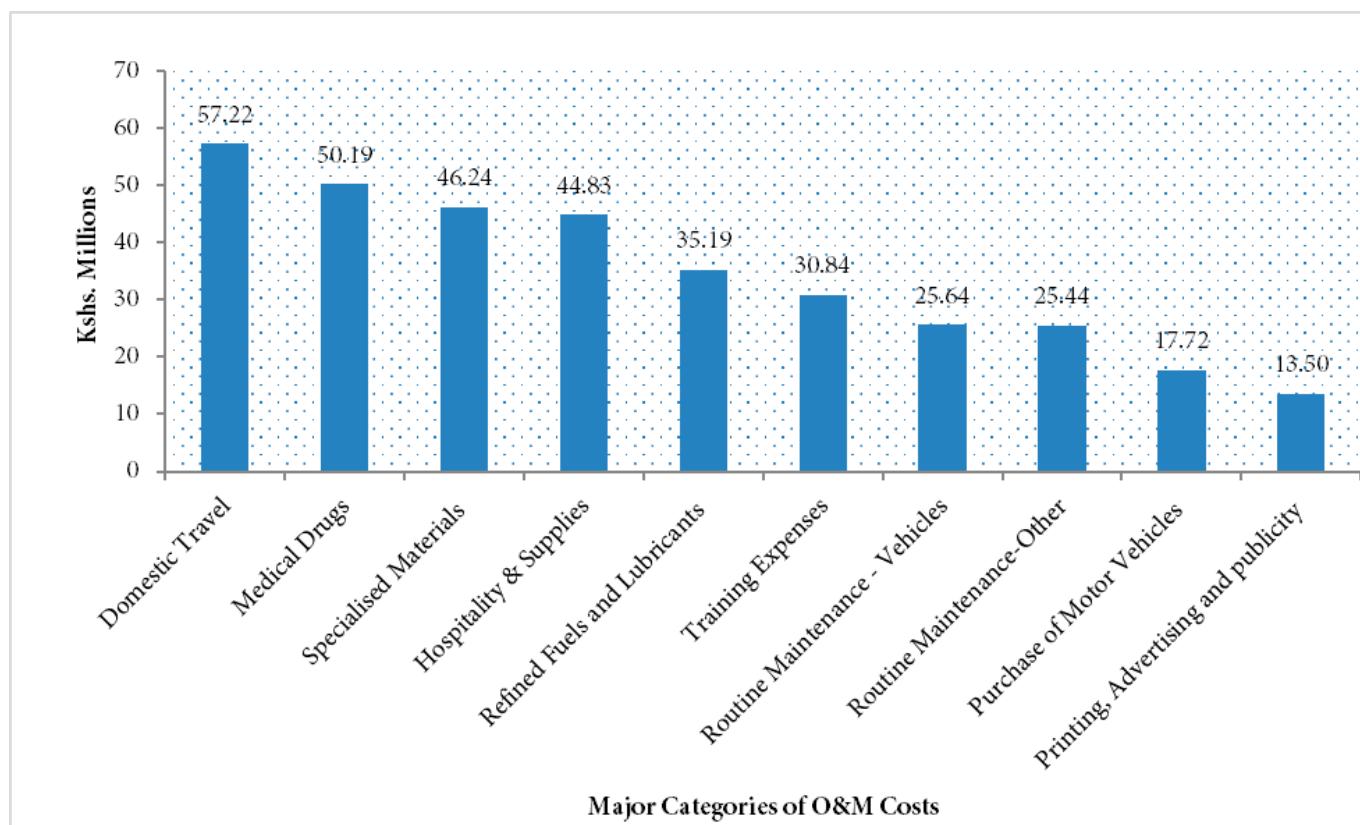
Source: Tharaka Nithi County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Emergency Fund and Education Bursary Fund, as indicated in Table 236. contrary to the requirement of Section 168 of the PFM Act, 2012.

3.41.9 Expenditure on Operations and Maintenance

Figure 123 shows a summary of operations and maintenance expenditure by major categories.

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.57.22 million and comprised of Kshs.35.85 million spent by the County Assembly and Kshs.21.37 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.55 million by the County Assembly.

3.41.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.209.96 million on development programmes, representing a decrease of 60.7 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.533.33 billion. Table 238 summarises development projects with the highest expenditure in the reporting period.

Table 237: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

Sector	Project Name	Project Location	Budget (Kshs.)	Amount paid to date (Kshs)	Implementation status (%)
Agriculture	Crop Subsidy	Countywide	38,005,900	32,400,000	85.2
Roads, Infrastructure and Public Works	Tarmacing of Mitheru-Kaanwa Road	Mitheru/Mariani	50,000,000	23,260,000	46.5
Water and Irrigation	Drilling and Solar power-ing communal boreholes	Countywide	33,000,000	18,520,000	56.1
Roads, Infrastructure and Public Works	Tarmacing of Karandini-Kithioroni Road,	Magumoni	25,000,000	15,102,520	60.4
Water and Irrigation	Support to community wa-ter projects	Countywide	26,000,000	14,300,678	55.0
Roads, Infrastructure and Public Works	Proposed Construction of Governor's Office at Kajuki	Igambang'ombe	15,716,340	13,799,360	87.8
Roads, Infrastructure and Public Works	Maintenance and Improve-ment of Ward Roads	Countywide	79,298,571	13,095,482	16.5
Medical Services	Proposed modern kitchen at Marimanti Hospital	Marimanti	-	5,643,668	-
Roads, Infrastructure and Public Works	Tarmacing of Tunyai - Nthaara - Marimanti Road	chiakariga /Mariman-ti	25,000,000	5,547,236	22.2
Roads, Infrastructure and Public Works	Proposed Grading and Gravelling of Mau-mau-Kauuni Pry Road		4,870,260	4,833,952	99.3

Source: Tharaka Nithi County Treasury

3.41.11 Budget Performance by Department

Table 238 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 238: 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	142.28	-	56.97	-	56.16	-	98.6	-	39.5	-

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, Infrastructure, Public Works and ICT	130.54	455.61	63.64	86.69	62.68	86.69	98.5	100.0	48.0	19.0
Health Services	1,451.35	100.38	740.42	20.72	739.78	20.72	99.9	100.0	51.0	20.6
Lands, Physical Planning, Urban Development, Natural Resources	57.68	47.00	25.74	4.04	25.10	4.03	97.5	99.6	43.5	8.6
Agriculture, Cooperatives and Industry	126.14	469.68	54.40	60.45	53.56	60.43	98.5	100.0	42.5	12.9
Public Service, Urban Development and Disaster Management	122.84	-	61.35	-	61.04	-	99.5	-	49.7	-
Education and Vocational Training	203.15	45.11	89.26	3.52	88.76	3.52	99.4	100.0	43.7	7.8
Trade and Revenue	107.61	-	47.44	-	47.00	-	99.1	-	43.7	-
Finance and Economic Planning	292.02	263.77	115.33	-	114.51	-	99.3	-	39.2	-
County Assembly	485.00	30.00	187.57	-	187.40	-	99.9	-	38.6	-
Water Services and Irrigation	51.20	100.00	21.11	32.82	20.47	32.82	97.0	100.0	40.0	32.8
County Public Service Board	25.33	-	8.44	-	7.71	-	91.3	-	30.4	-
Energy and Housing	38.76	81.00	15.79	-	14.93	-	94.5	-	38.5	-
Public Health and Sanitation	306.41	153.30	134.07	-	133.21	-	99.4	-	43.5	-
Youth, Sports, Culture and Tourism	45.83	25.93	17.77	-	17.65	-	99.3	-	38.5	-

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
Livestock, Veterinary and Fisheries Development	86.44	45.63	34.57	1.56	34.40	1.56	99.5	100.0	39.8	3.4
Total	3,672.58	1,817.40	1,673.87	209.80	1,664.36	209.76	99.4	100.0	45.3	11.5

Source: Tharaka Nithi County Treasury

Analysis of expenditure by department shows that the Department of Water Services and Irrigation recorded the highest absorption rate of development budget at 32.8 per cent, followed by the Department of Health Services at 20.6 per cent. The Department of Health Services had the highest percentage of recurrent expenditure to budget at 51.0 per cent, while the Department of County Public Service Board had the lowest at 30.4 per cent of budget allocation.

3.41.12 Budget Execution by Programmes and Sub-Programmes

Table 239 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 239: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
Office of Governor and Deputy Governor					
P: County Government Advisory Services	SP: Communication and Strategy	11,100,000	1,634,440	9,465,560	14.7
P: County Leadership and Coordination of MDAs	SP: Coordination of CMAs (Office of County Secretary)	5,650,000	2,767,970	2,882,030	49.0
	SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	19,000,000	8,968,800	10,031,200	47.2
P: General Administration, Planning and Support Services	SP: Coordination and Supervisory Services (Deputy Governor's Office)	15,350,000	3,002,550	12,347,450	19.6
	SP: Management of County Affairs (Office of Governor)	91,175,700	39,784,412	51,391,288	43.6
Sub Total		142,275,700	56,158,172	86,117,528	39.5
Roads, Infrastructure, Public Works and ICT					
P: General Administration Planning and Support Services	SP: General Administration Services	165,599,200	25,898,218	139,700,982	15.6

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P: Kathwana Municipality Development Programme	SP: Kathwana Urban Area Support	7,340,200	4,084,656	3,255,544	55.6
P: Public Works and Housing Services	SP: Public Works Services	3,550,000	1,155,588	2,394,412	32.6
P: Roads Transport	SP: Rural Roads Improvement and Maintenance Services	364,658,410	108,293,081	256,365,329	29.7
P: Urban Development and Administration	SP: Urban Administrative Services	45,000,000	9,937,369	35,062,631	22.1
Sub Total		586,147,810	149,368,912	436,778,898	25.5
Medical Services					
P: Curative and Rehabilitative Services	SP: Laboratory Services	45,000,000	-	45,000,000	-
	SP: Medical Supplies	173,000,000	85,294,293	87,705,707	49.3
P: General Administration Planning and Support Services	SP: General Administration Services	198,313,787	61,757,433	136,556,354	31.1
	SP: Human resource management	1,135,413,400	613,441,922	521,971,478	54.0
Sub Total		1,551,727,187	760,493,648	791,233,539	49.0
Lands, Physical Planning, Urban Development, Environment and Natural Resources					
P: Environment and Natural Resources Management	SP: Environment and Natural Resource	30,429,600	4,419,086	26,010,514	14.5
P: Land Policy and Planning	SP: Land administration & management	4,688,700	619,970	4,068,730	13.2
	SP: Physical Planning Services	69,558,000	24,092,743	45,465,257	34.6
Sub Total		104,676,300	29,131,799	75,544,501	27.8
Agriculture, Cooperatives and Industry					
P: Cooperative Development and Management	SP: Cooperative Development	3,493,683	-	3,493,683	-
P: Crop Development and Management	SP: Crops Development, Agribusiness and Market Development	457,890,290	35,810,400	422,079,890	7.8
P: General Administration Planning and Support Services	SP: Administration, Policy, Strategy and Management of Agriculture	134,437,627	78,182,642	56,254,985	58.2
Sub Total		595,821,600	113,993,042	481,828,558	19.1
Public Administration and Devolution Affairs					
P: County Government Advisory Services	SP: Disaster Management and Coordination	1,850,000	305,682	1,544,318	16.5

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	113,994,890	60,188,634	53,806,256	52.8
	SP: Human Resource Management Services	3,100,000	16,550	3,083,450	0.5
	SP: Sub-County Administration and Field Services	3,900,000	526,600	3,373,400	13.5
Sub Total		122,844,890	61,037,466	61,807,424	49.7
Education and Vocational Training					
P: Education and Youth Training	SP: Promotion of Basic Education (ECDE)	57,938,765	4,255,857	53,682,908	7.3
	SP: Youth Training and Capacity Building	35,873,833	8,142,200	27,731,633	22.7
P: General Administration Planning and Support Services	SP: Administration Planning and Support Services	154,444,800	79,882,472	74,562,328	51.7
Sub Total		248,257,398	92,280,529	155,976,869	37.2
Trade and Revenue					
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	91,601,500	47,000,000	44,601,500	51.3
P: Industrial Development and Investment	SP: Industrial Development	6,400,000	-	6,400,000	-
P: Trade Development and promotion	SP: Consumer Protection & Fair-Trade Practices	9,610,000	-	9,610,000	-
Sub Total		107,611,500	47,000,000	60,611,500	43.7
Finance and Economic Planning					
P: Economic Policy and County Planning	SP: County Statistics Services	2,400,000	454,200	1,945,800	18.9
	SP: Economic Development, Planning and Coordination Services	2,400,000	839,400	1,560,600	35.0
	SP: Monitoring and Evaluation Services	2,350,000	84,000	2,266,000	3.6
P: Financial Management Services	SP: Accounting Services	3,500,000	1,146,144	2,353,856	32.7
	SP: Audit Services	3,500,000	1,165,660	2,334,340	33.3
	SP: Budget Formulation and Coordination	3,750,000	1,074,400	2,675,600	28.7
	SP: Supply Chain Management Services	1,900,000	472,260	1,427,740	24.9

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	263,769,540	-	263,769,540	-
	SP: Human Resource Management Services	258,919,900	106,990,485	151,929,415	41.3
P: Resource mobilisation	SP: Revenue Administration	13,300,000	2,284,250	11,015,750	17.2
Sub Total		555,789,440	114,510,799	441,278,641	20.6
Water Services and Irrigation					
P: Water Supply Services	SP: Domestic Water Services	108,765,250	42,519,541	66,245,709	39.1
	SP: Irrigation and Drainage Services	41,169,390	10,655,556	30,513,834	25.9
	SP: Water Storage Services	1,265,110	117,650	1,147,460	9.3
Sub Total		151,199,750	53,292,747	97,907,003	35.2
County Public Service Board					
P: Economic Policy and County Planning	SP: Monitoring and Evaluation Services	160,000	264,500	(104,500)	165.3
P: Financial Management Services	SP: Monitoring and Evaluation Services	874,900	483,870	391,030	55.3
P: General Administration, Planning and Support Services	SP: General Administration and Support Services	21,598,000	5,957,646	15,640,354	27.6
P: Human Resource Management and Development	SP: County Public Service Board Services	2,700,500	999,880	1,700,620	37.0
Sub Total		25,333,400	7,705,896	17,627,504	30.4
Energy and Housing					
P: Energy Resource Development & Management	SP: Energy Resource Development & Management	81,000,000	-	81,000,000	-
P: General Administration Planning and Support Services	SP: General Administration Services	19,959,380	2,367,700	17,591,680	11.9
P: ICT Infrastructure Development	SP: ICT Infrastructure Development	18,800,000	12,557,874	6,242,126	66.8
Sub Total		119,759,380	14,925,574	104,833,806	12.5
Public Health and Sanitation					

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P: Preventive and Promotive Health Services	SP: Disease Surveillance	6,000,000	800,640	5,199,360	13.3
	SP: Environmental Health services	32,987,000	7,244,750	25,742,250	22.0
	SP: Health Promotion and Disease Control	414,321,272	125,014,669	289,306,603	30.2
	SP: HIV and AIDS Support Services	3,900,000	-	3,900,000	-
	SP: Reproductive Maternal and Child Health Services	2,500,000	150,000	2,350,000	6.0
Sub Total		459,708,272	133,210,059	326,498,213	29.0
Youth, Sports, Culture and Tourism					
P: Culture, Arts and Social Services	SP: Culture and Arts Promotion	28,556,370	5,686,277	22,870,093	19.9
	SP: Gender, PWDs and Social Services	8,602,200	2,992,500	5,609,700	34.8
P: Sports Development and Promotion	SP: Athletics Championships and Other Games	1,765,910	-	1,765,910	-
	SP: County Football League and Clubs Development	1,489,480	-	1,489,480	-
	SP: Talent Search and Promotion	27,959,600	8,647,505	19,312,095	30.9
P: Tourism Development and Promotion	SP: Miss Tourism Tharaka Nithi	1,997,550	299,700	1,697,850	15.0
	SP: Tourism Branding and Marketing	1,386,490	25,000	1,361,490	1.8
Sub Total		71,757,600	17,650,982	54,106,618	24.6
Livestock, Veterinary and Fisheries Development					
P: Livestock and Fisheries Resource Management and Development	SP: Fisheries Development and Promotion	20,566,316	-	20,566,316	-
	SP: Livestock Policy Development and Capacity Building	81,875,598	34,310,488	47,565,110	41.9
	SP: Veterinary Services and Disease Prevention	29,631,180	1,651,500	27,979,680	5.6
Sub Total		132,073,094	35,961,988	96,111,106	27.2
County Assembly					
P: General Administration, Finance and Planning	SP: Finance Management Services	83,114,618	18,169,858	64,944,760	21.9
	SP: Management of County Assembly Affairs	202,761,563	79,818,294	122,943,269	39.4
	SP: Administrative Services	6,467,500	4,624,681	1,842,819	71.5
	SP: Housing loans to public servants	30,000,000	10,000,000	20,000,000	33.3

Programme	Sub-Programme	Approved Budget (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption (Kshs.)
P: County Legislation and Oversight Services	SP: County Assembly Legislation	152,079,602	47,126,173	104,953,429	31.0
	SP: Coordination & Supervisory Services	5,036,717	2,117,605	2,919,112	42.0
	SP: Procedure & Oversight Services	35,540,000	25,543,051	9,996,949	71.9
Sub Total		515,000,000	187,399,662	327,600,338	36.4
Grand Total		5,489,983,321	1,874,121,275	3,615,862,046	34.1

Source: Tharaka Nithi County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: SP: Monitoring and Evaluation Services in the Department of County Public Service Board at 165.3 per cent, SP: Procedure & Oversight Services in the Department of County Assembly at 71.9 per cent, SP: Administrative Services in the Department of County Assembly at 71.5 per cent, and SP: ICT Infrastructure Development in the Department of Energy and Housing at 66.8 per cent of budget allocation.

3.41.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.78.58 million against an annual projection of Kshs.350.00 million, representing 22.5 per cent of the annual target.
2. Weak expenditure control practice, as shown in Table 238, 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, contrary to Section 168 of the PFM Act, 2012. The reports for the Emergency and Education Bursary Funds were not submitted to the Controller of Budget.
4. High level of pending bills amounting to Kshs.759.65 million as of 31st December 2022 despite the availability of Kshs.109.35 million in the CRF account at the end of the first half of FY 2022/23.
5. Use of manual payroll whereby personnel emoluments amounting to Kshs.121.49 million were processed through the manual payroll, accounting for 9.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
6. 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 26th January, 2023

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. Internal capacity challenges should be addressed in the County Treasury to strengthen expenditure and budgetary control.*
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.*

6. 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.

3.42 County Government of Trans Nzoia

3.42.1 Overview of FY 2022/23 Budget

The County's approved first supplementary budget for the FY 2022/23 is Kshs.9.29 billion, comprising Kshs.3.82 billion (41.1 per cent) and Kshs.5.47 billion (58.9 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents a decrease of 0.1 per cent compared to the previous financial year when the approved budget was Kshs.9.30 billion and comprised of Kshs.4.05 billion towards development expenditure and Kshs.5.25 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.7.19 billion (77.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.629.50 million (6.8 per cent) from its own source of revenue, Kshs.791.76 million as conditional grants (8.5 per cent), Kshs.574.89 million as Other Revenues (6.2 per cent) and a cash balance of Kshs.111.15 million (1.2 per cent) from FY 2021/22. A breakdown of the conditional grants is provided in Table 241.

3.42.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.80 billion as the equitable share of the revenue raised nationally, raised Kshs.189.86 million as own-source revenue, Kshs.574.89 million as Other Revenues and had a cash balance of Kshs.111.15 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.2.67 billion, as shown in Table 240.

Table 240: Trans Nzoia County, Revenue Performance in the First Half of FY 2022/23

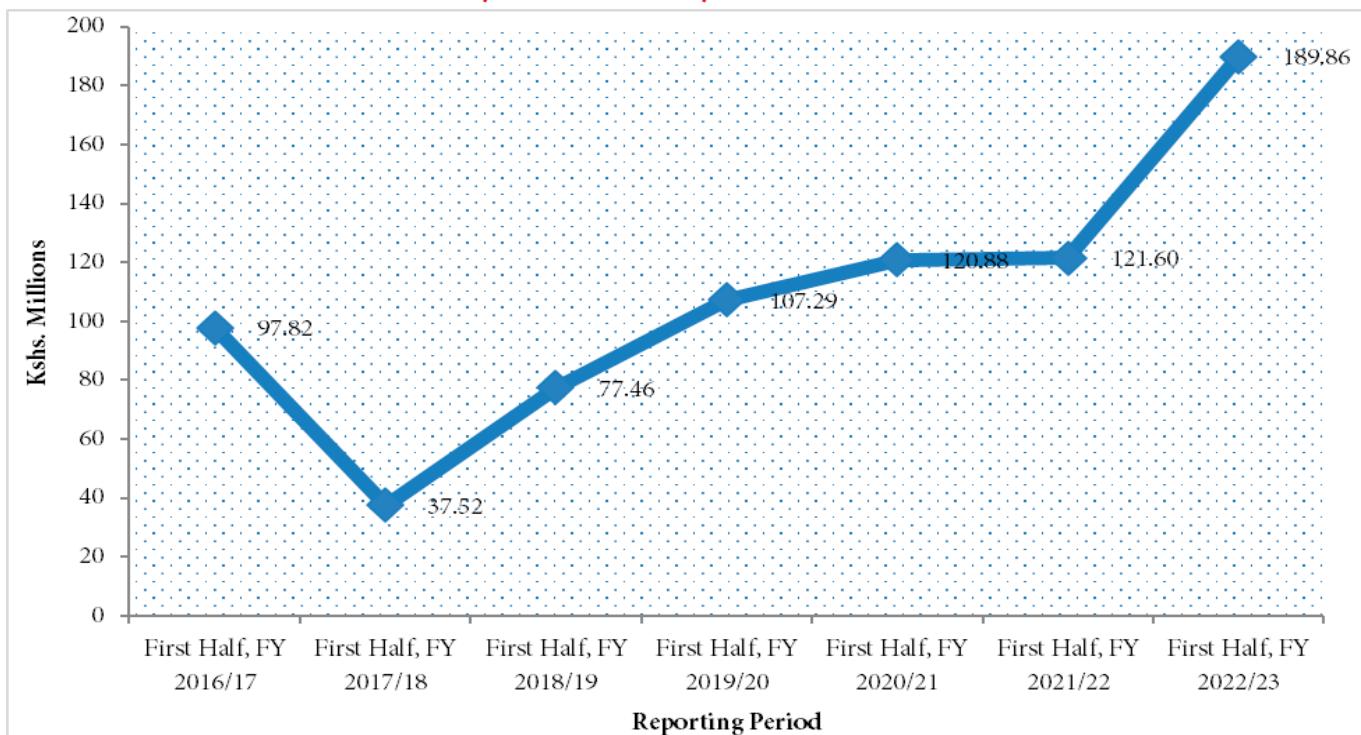
S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	7,186,157,670	1,796,539,417	25.0
	Sub total	7,186,157,670	1,796,539,417	25.0
B	Conditional Grants			
1.	IDA (World Bank) Credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	332,206,494	-	-
2.	DANIDA Grant (Universal Healthcare in Devolved System Program)	12,139,400	-	-
3.	Leasing of Medical Equipment	110,638,298	-	-
4.	Agricultural Sector Development Support Programme (ASDSP) II	8,971,403	-	-
5.	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Levels 2 grants"	105,802,077	-	-
6.	Kenya Informal Settlement Improvement Project II	200,000,000	-	-
7.	Financing Locally Led Climate Action	22,000,000	-	-
	Sub total	791,757,672	-	-
C	Other Sources of Revenue			
1.	Own Source Revenue	629,500,000	189,857,399	30.2
2.	Unspent balance from FY 2021/22	111,146,408	111,146,408	100.0
3.	Other Revenues	574,892,612	574,892,612	100.0

S/No.	Revenue Category	Annual Budget Allocation (Kshs.)	Actual (Kshs.)	Receipts	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Sub Total	1,315,539,020	875,896,419		66.6
	Grand Total	9,293,454,362	2,672,435,836		28.8

Source: Trans Nzoia County Treasury.

Figure 124 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

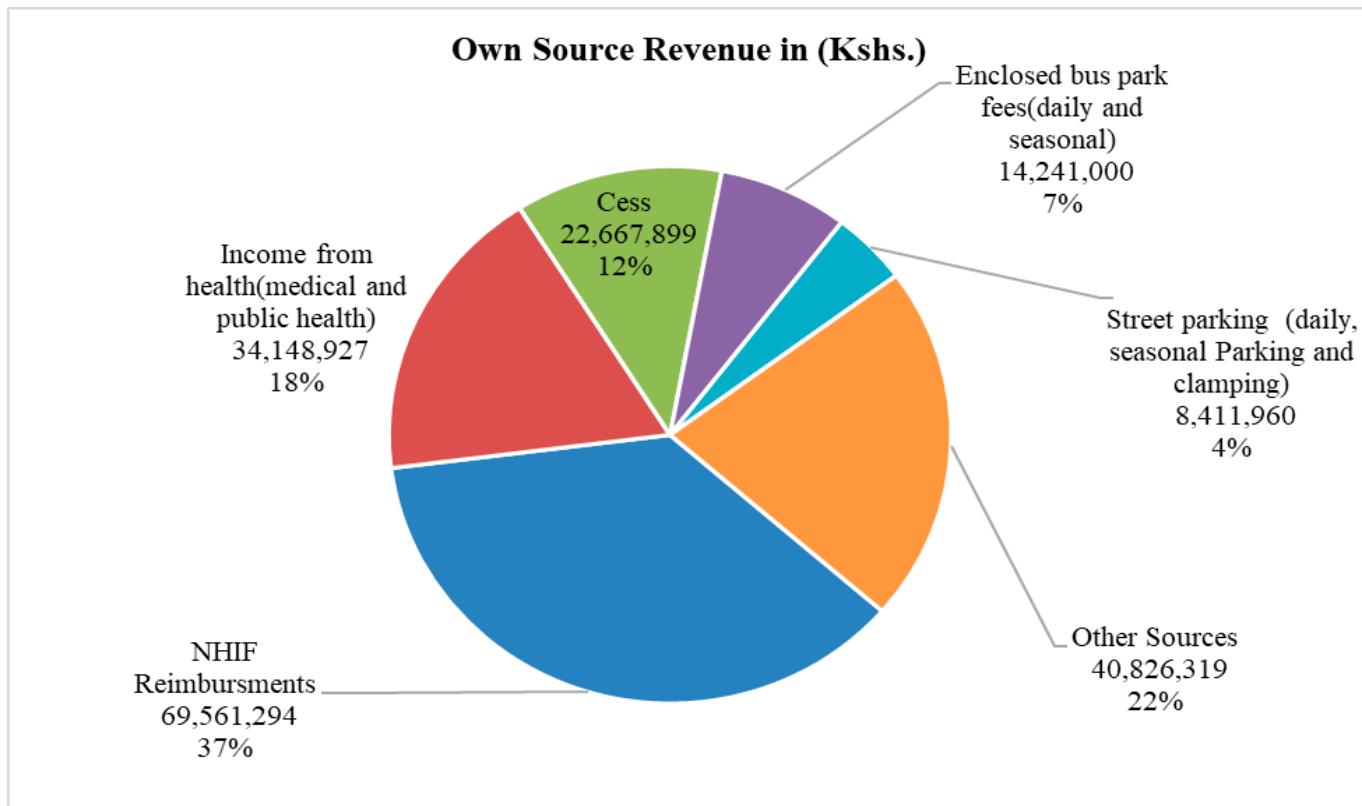
Figure 124: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Trans Nzoia County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.189.86 million from its own sources of revenue. This amount represented an increase of 56.1 per cent compared to Kshs.121.60 million realised in a similar period in FY 2021/22 and was 30.2 per cent of the annual target and 10.6 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 125.

Figure 125: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Trans Nzoia County Treasury

The highest revenue stream of Kshs.69.56 million was from NHIF reimbursements, contributing to 37 per cent of the total OSR collected during the reporting period.

3.42.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs. 2.39 billion from the CRF account during the reporting period. This amount comprised Kshs.222.93 million (9.3 per cent) for development programmes and Kshs.2.16 billion (90.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs. 1.94 billion was released towards compensation to employees, and Kshs.224.36 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.82.44 million.

3.42.4 County Expenditure Review

The County spent Kshs. 2.20 billion on development and recurrent programmes during the reporting period. This expenditure represented 92.2 per cent of the total funds released by the CoB and comprised Kshs.30.54 million and Kshs.2.17 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.8 per cent, while recurrent expenditure represented 39.7 per cent 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 Kshs.1.19 billion, which comprised Kshs.513.53 million for recurrent expenditure and Kshs.673.36 million for development activities. During the period under review, pending bills amounting to Kshs.168.49 million were settled for recurrent expenditure, leaving and outstanding amount Kshs.1.02 billion as of 31st December 2022.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.58 billion on employee compensation and Kshs.263.19 million on operations and maintenance activities. Similarly, the County Assembly spent Kshs.146.98 million on employee compensation, Kshs.178.89 million on operations and maintenance, and Kshs. 30.54 million on development activities, as shown Table in 241.

Table 241: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs.)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	4,742,480,344	731,650,593	1,845,348,829	325,869,127	38.9	44.5
Compensation to Employees	3,037,065,828	282,504,593	1,582,157,267	146,976,865	52.1	52.0
Operations and Maintenance	1,705,414,516	449,146,000	263,191,562	178,892,262	15.4	39.8
Development Expenditure	3,559,673,425	259,650,000	-	30,543,344	-	11.8
Total	8,302,153,769	991,300,593	1,845,348,829	356,412,471	22.2	36.0

Source: Trans Nzoia County Treasury

3.42.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs. 1.73 billion, or 81.2 per cent of the revenue for the first half of FY 2022/23 Kshs.2.67 billion. This expenditure represented an increase from Kshs.1.59 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.786.23 million paid to health sector employees, translating to 45.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.63 billion were processed through the (Integrated Personnel and Payroll Database (IPP) system, while Kshs.100.83 million was processed through manual payrolls. The manual payrolls accounted for 5.8 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPP system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPP system.

The County Assembly spent Kshs.3.42 million on committee sitting allowances for the 39 MCAs and the Speaker against the annual budget allocation of Kshs.32.86 million. The average monthly sitting allowance was Kshs.14,233 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. 436.50 million to county-established funds in FY 2022/23, constituting 4.7 per cent of the County's overall budget. Table 242 summarises each established Fund's budget allocation and performance during the reporting period.

Table 242: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Nawiri Fund	102,000,000	-	-	No
2.	Climate change fund	56,930,000	-	-	No
3.	Youth and Women Enterprise Fund	2,000,000	-	-	No
4.	Car Loan and Mortgage	50,000,000	-	-	No
5.	Elimu Bursary Fund	120,000,000	-	-	No
6.	Emergency Fund	50,000,000	-	-	No
County Assembly Established Funds					
1	Car Loan and Mortgage Scheme Fund(Members and Staff)	55,567,099	-	-	No
	Total	436,497,099	-	-	

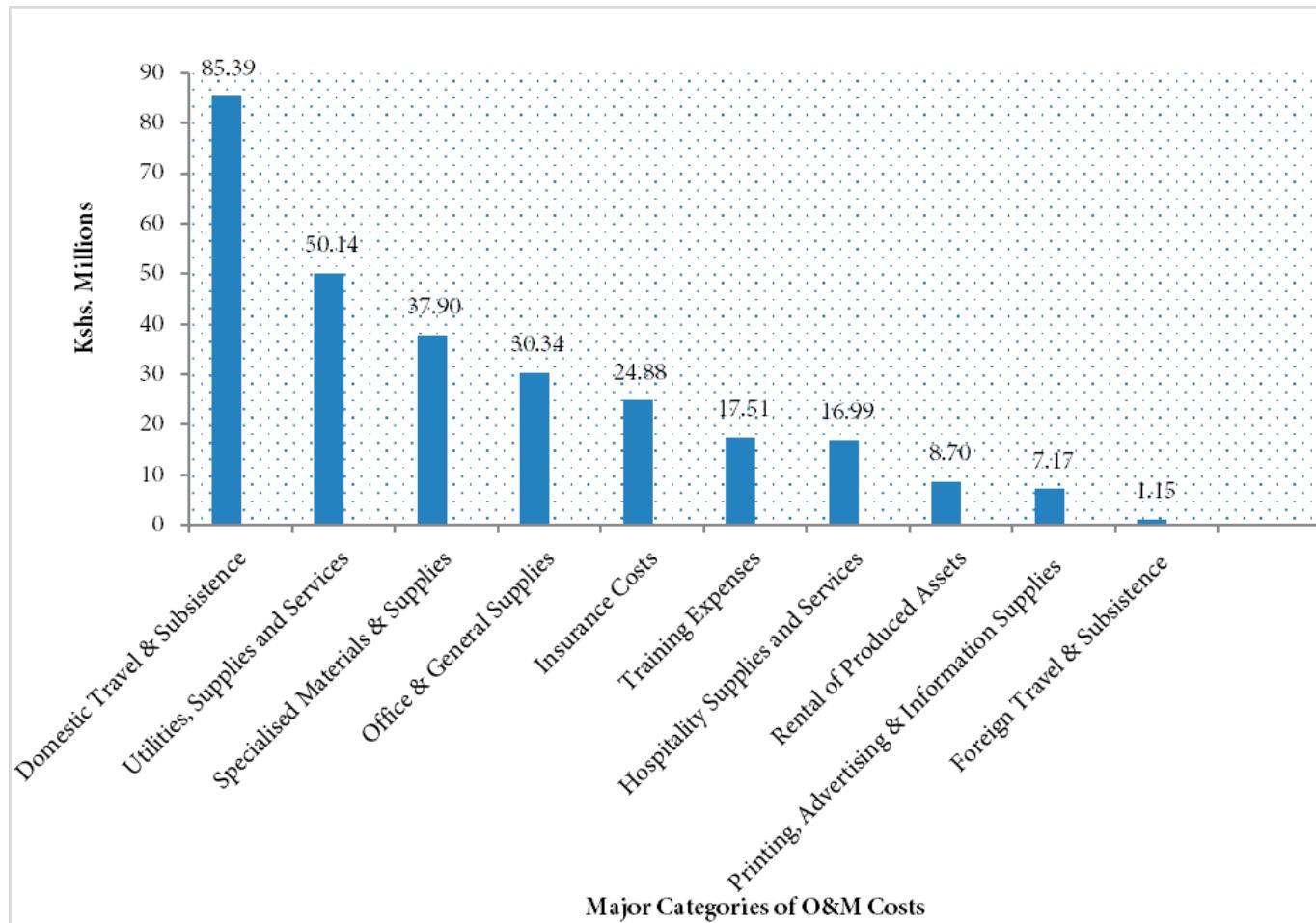
Source: *Trans Nzoia County Treasury*

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

3.42.9 Expenditure on Operations and Maintenance

Figure 126 shows a summary of 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. 85.39 million and comprised of Kshs. 48.20 million spent by the County Assembly and Kshs.37.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.15 million by the County Assembly.

3.42.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs. 30.54 million on development programmes, representing a decrease of 95.2 per cent compared to a similar period in FY 2021/22 when the County spent Kshs. 640.88 billion. The County Assembly spent this on the construction of the ultra-modern administration Block.

3.42.11 Budget Performance by Department

Table 243 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 243: Trans Nzoia County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture	242.78	581.42	101.42	41.35	148.18	-	146.1	132.2	61.0	-
Livestock	17.59	86.47	-	5.20	-	-	-	-	-	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption Rate 9%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Trade, Commerce	51.76	154.00	16.59	-	11.21	-	67.6	-	21.7	-
Water, Env and Natural Resources	84.36	288.09	31.11	-	49.19	-	158.1	-	58.3	-
Public Works, Transport and Infrastructure	174.14	439.27	54.03	-	36.20	-	67.0	-	20.8	-
Health Services	-	10.00	-	-	-	-	-	-	-	-
Health Corporate	1,902.96	390.23	1,144.16	10.00	868.23	-	75.9	-	45.6	-
Lands, Housing	73.54	289.43	21.63	-	12.49	-	57.7	-	17.0	-
Municipality Board of Kitale	67.63	59.26	-	-	-	-	-	-	-	-
Gender, Sports and Culture	52.86	205.08	16.38	-	41.74	-	254.8	-	79.0	-
Governance	173.76	25.00	16.90	-	98.49	-	583.0	-	56.7	-
Public Service Management	602.83	246.87	146.61	105.80	82.05	-	56.0	-	13.6	-
County Public Service Board	73.15	13.47	0.15	-	7.66	-	5103.9	-	10.5	-
Education and ICT	588.83	113.90	183.96	-	168.56	-	91.6	-	28.6	-
Finance	523.95	635.41	104.58	30.04	318.19	-	304.3	96.4	60.7	-
Economic Planning	46.69	21.80	0.20	-	2.68	-	1,341.9	-	5.7	-
County Attorney	65.63	-	-	-	0.47	-	-	-	0.7	-
County Assembly	731.65	259.65	326.51	30.54	325.87	30.54	99.8	100.0	44.5	11.8
TOTAL	5,474.13	3,819.32	2,164.22	222.93	2,171.22	30.54	100.3	51.2	39.7	0.8

Source: Trans Nzoia County Treasury

Analysis of expenditure by department shows that the Department of County Assembly recorded the highest absorption rate of the development budget at 11.8 per cent. In contrast, the other department did not report any development expenditure. The Department of Gender, Sports, and Culture had the highest percentage of recurrent expenditure to budget at 79.0 per cent, followed by the Department of Finance at 60.7 per cent of budget allocation.

3.42.12 Budget Execution by Programmes and Sub-Programmes

Table 244: summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23

Table 244: Trans Nzoia County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Supp Es-timates FY 2022/23 (Kshs.)	Actual Expen-diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture, Live-stock		928,254,606	148,180,648	780,073,958	16.0
Crop Develop-ment		667,881,355		667,881,355	-
Sp1.1	Crop Diversification	581,416,276	-	581,416,276	-
Sp1.2	Post Harvest Management and Value Addition	86,465,079	-	86,465,079	-
Administrative and Support Ser-vices		260,373,251	148,180,648	112,192,603	56.9
Sp2.1	Administrative and Support Services	260,373,251	148,180,648	112,192,603	56.9
Trade, Commerce and Industry		205,762,489	11,208,205	194,554,285	5.4
Medium and small Enterprises		154,000,000		154,000,000	-
Sp1.1	Medium and Small Enter-prises	154,000,000	-	154,000,000	-
Administrative and Support Ser-vices		51,762,489	11,208,205	40,554,285	21.7
Sp2.1	Administrative and Support Service	51,762,489	11,208,205	40,554,285	21.7
Water, Environ-ment and Natural Resources		372,446,435	49,193,273	323,253,163	13.2
Environment management and protection		288,086,871		288,086,871	-
Sp1.1	Waste Management	288,086,871	-	288,086,871	-
Administrative and Support Ser-vices		84,359,564	49,193,273	35,166,292	58.3
Sp2.1	Administrative and Support Services	84,359,564	49,193,273	35,166,292	58.3
Public Works, Roads and Infra-structure		613,406,449	36,199,090	577,207,359	5.9
Road Construc-tion and Road Maintenance		439,266,580		439,266,580	-
Sp1.1	Maintenance of Roads	439,266,580	-	439,266,580	-
Administrative and Support Ser-vices		174,139,869	36,199,090	137,940,779	20.8

Programme	Sub-Programme	Approved Supp Es-timates FY 2022/23 (Kshs.)	Actual Expen-diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Sp2.1	Administrative and Support Services	174,139,869	36,199,090	137,940,779	20.8
Health Services		10,000,000		10,000,000	-
Administrative and Support Services		10,000,000	-	10,000,000	-
Sp1.1	Administrative and Support Services	10,000,000	-	10,000,000	-
Lands, Housing and Urban Planning		362,977,156	12,491,028	350,486,128	3.4
Administrative and Support Services		362,977,156	12,491,028	350,486,128	3.4
Sp1.1	Administrative and Support Services	362,977,156	12,491,028	350,486,128	3.4
Gender, Sports, Culture and Tourism		257,945,327	41,740,550	216,204,777	16.2
Cultural development and promotion		205,082,445	-	205,082,445	-
Sp1.1	Culture Development	205,082,445	-	205,082,445	-
Administrative and Support Services		52,862,882	41,740,550	11,122,332	79.0
Sp2.1	Administrative and Support Services	52,862,882	41,740,550	11,122,332	79.0
Public Service Management		849,701,128	82,051,681	767,649,447	9.7
Infrastructure Development		246,868,227	-	246,868,227	-
Sp1.1	Supervision and Management of Projects	246,868,227	-	246,868,227	-
Administrative and Support Services		602,832,901	82,051,681	520,781,220	13.6
Sp2.1	Administrative and Support Services	602,832,901	82,051,681	520,781,220	13.6
Education and ICT		702,733,145	168,564,109	534,169,036	24.0
Vocational Training Development		113,900,000	-	113,900,000	-
Sp1.1	Vocational Training Development	113,900,000	-	113,900,000	-

Programme	Sub-Programme	Approved Supp Es-timates FY 2022/23 (Kshs.)	Actual Expen-diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Administrative and Support Services		588,833,145	168,564,109	420,269,036	28.6
Sp2.1	Administrative and Support Services	588,833,145	168,564,109	420,269,036	28.6
Finance		1,159,352,734	318,193,816	841,158,918	27.4
Administrative and Support Services		1,159,352,734	318,193,816	841,158,918	27.4
Sp1.1	Supervision and Management of Projects	635,407,192	-	635,407,192	-
Sp1.2	Administrative And Support Services	523,945,542	318,193,816	205,751,726	60.7
Governance		198,758,719	98,491,257	100,267,462	49.6
Infrastructure Development		25,000,000	-	25,000,000	-
Sp1.1	Supervision and Management of Projects	25,000,000	-	25,000,000	-
Administrative and Support Services		173,758,719	98,491,257	75,267,462	56.7
Sp2.1	Administrative and Support Services	173,758,719	98,491,257	75,267,462	56.7
County Public Service Board		86,615,170	7,655,898	78,959,272	8.8
Governance and County Values		13,465,000	-	13,465,000	-
Sp1.1	Infrastructure Development	13,465,000	-	13,465,000	-
Administrative and Support Services		73,150,170	7,655,898	65,494,272	10.5
Sp2.1	Administrative and Support Services	73,150,170	7,655,898	65,494,272	10.5
Health Corporate		2,293,190,678	868,234,885	1,424,955,793	37.9
Administrative and Support Services		2,293,190,678	868,234,885	1,424,955,793	37.9
Sp1.1	Preventive Health Services	390,227,415	-	390,227,415	-
Sp1.2	Administrative and Support Services	1,902,963,263	868,234,885	1,034,728,378	45.6
Economic Planning		68,494,733	2,675,700	65,819,033	3.9
County Research and Development Planning		21,800,000	-	21,800,000	-
Sp1.1	County Development Planning Services	21,800,000	-	21,800,000	-

Programme	Sub-Programme	Approved Supp Es-timates FY 2022/23 (Kshs.)	Actual Expen-diture Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Administrative and Support Services		46,694,733	2,675,700	44,019,033	5.7
Sp2.1	Administrative and Support Services	46,694,733	2,675,700	44,019,033	5.7
Municipality Board of Kitale		126,885,000	-	126,885,000	-
Administrative and Support Services		126,885,000	-	126,885,000	-
Sp1.1	Administrative and Support Services	126,885,000	-	126,885,000	-
County Attorney		65,630,000	468,690	65,161,310	0.7
Administrative and Support Services		65,630,000	468,690	65,161,310	0.7
Sp1.1	Administrative and Support Services	65,630,000	468,690	65,161,310	0.7
County Assembly		991,300,593	356,412,471	634,888,122	36.0
Administrative and Support Services		991,300,593	356,412,471	634,888,122	36.0
Sp1.1	Administrative and Support Services	991,300,593	356,412,471	634,888,122	36.0
Grand Total		9,293,454,362	2,201,761,300	7,091,693,062	23.7

Source: Trans Nzoia County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Administrative and Support Services in the Department of Gender, Sports, Culture and Tourism at 79.0 per cent, Administrative And Support Services in the Department of Finance at 60.7 per cent, Administrative And Support Services at the Department of Water, Environment and Natural Resources at 58.3 per cent, Administrative And Support Services in the Department of Agriculture at 56.9 per cent of budget allocation.

3.42.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report. The report was submitted on 24th January 2023.
2. The underperformance of own-source revenue at Kshs.189.86 million against an annual projection of Kshs. 629.50 million, representing 30.2 per cent of the annual target.
3. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 243 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 reports for the Car Loan and Mortgage,

- Elimu Bursary, Nawiri Fund, Climate change fund, Youth and Women Enterprise Fund Emergency Fund and Car Loan and Mortgage Scheme Fund (Members and Staff) were not submitted to the Controller of Budget.
5. High level of pending bills which amounted to Kshs.1.02 billion as of 31st December 2022. This is despite the availability of cash in the CRF, which stood at Kshs. 82.44 million at the end of the first half of FY 2022/23.
 6. Use of manual payroll. Personnel emoluments amounting to Kshs.100.83 million were processed through the manual payroll and accounted for 5.8 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. Further, there is a need to identify and address the staff capacity challenges at the County Treasury.*
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 that expenditure is within the approved budget. Further, there is a need to identify and address the staff capacity challenges at the County Treasury*
4. *in preparing and submitting 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 period of the financial year.*
6. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.43 County Government of Turkana

3.43.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.12.81 billion, comprising Kshs.4.59 billion (35.8 per cent) and Kshs.8.22 billion (64.2 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 8.6 per cent compared to the previous financial year when the approved budget was Kshs.14.03 billion and comprised of Kshs.4.77 billion towards development expenditure and Kshs.9.26 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.12.61 billion (98.5 per cent) as the equitable share of revenue raised nationally and generate Kshs.198 million (1.5 per cent) from its own source of revenue. The County did not budget for the cash balance of Kshs.3.74 billion from the previous financial year.

3.43.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.4.16 billion as the equitable share of the revenue raised nationally, and Kshs.71.10 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.4.23 billion, as shown in Table 245.

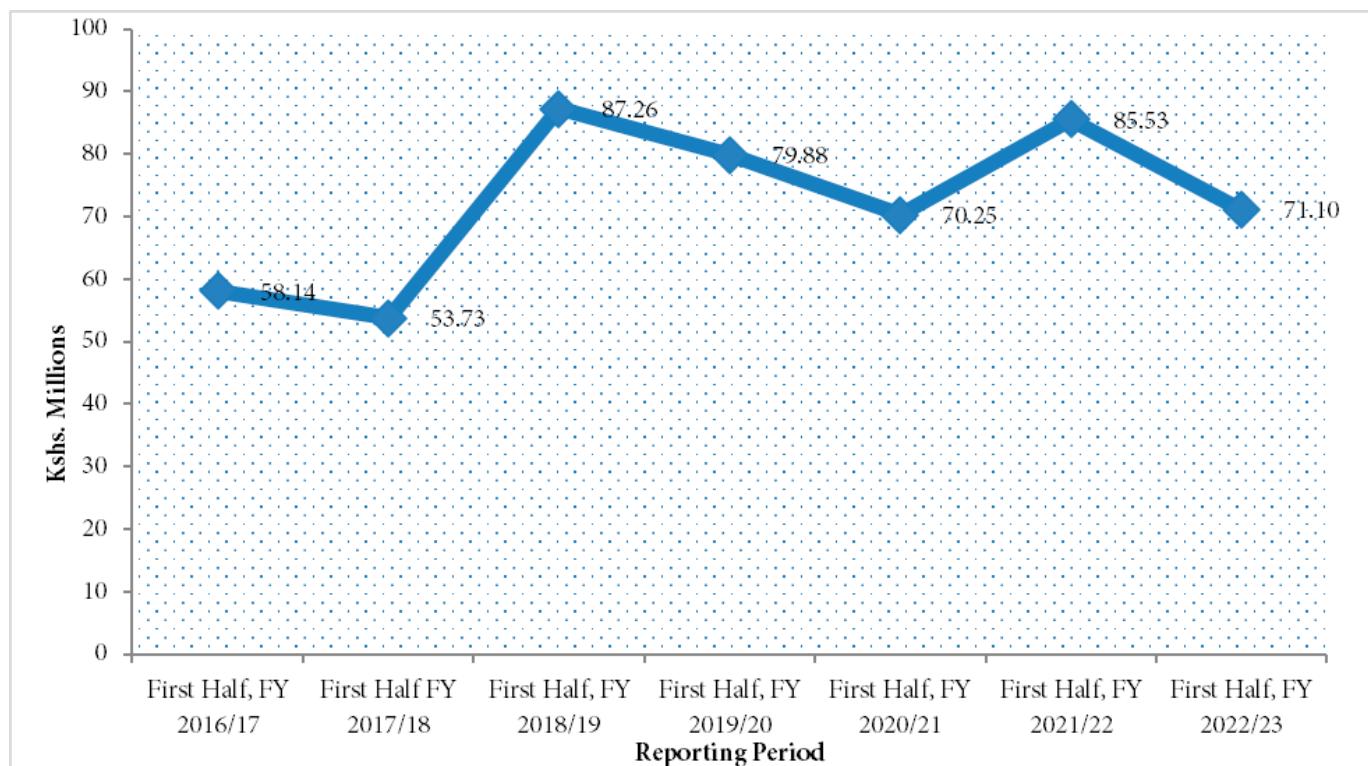
Table 245: Turkana County, Revenue Performance in the First Half of FY 2022/23

S/No.	Revenue Category	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A	Equitable Share of Revenue Raised Nationally	12,609,305,994	4,161,070,983	33.0
	Subtotal	12,609,305,994	4,161,070,983	33.0
B	Other Sources of Revenue			
1	Own Source Revenue	198,000,000	71,104,194	35.9
	Sub Total	198,000,000	71,104,194	35.9
	Grand Total	12,807,305,994	4,232,175,177	33.0

Source: Turkana County Treasury

Figure 127 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

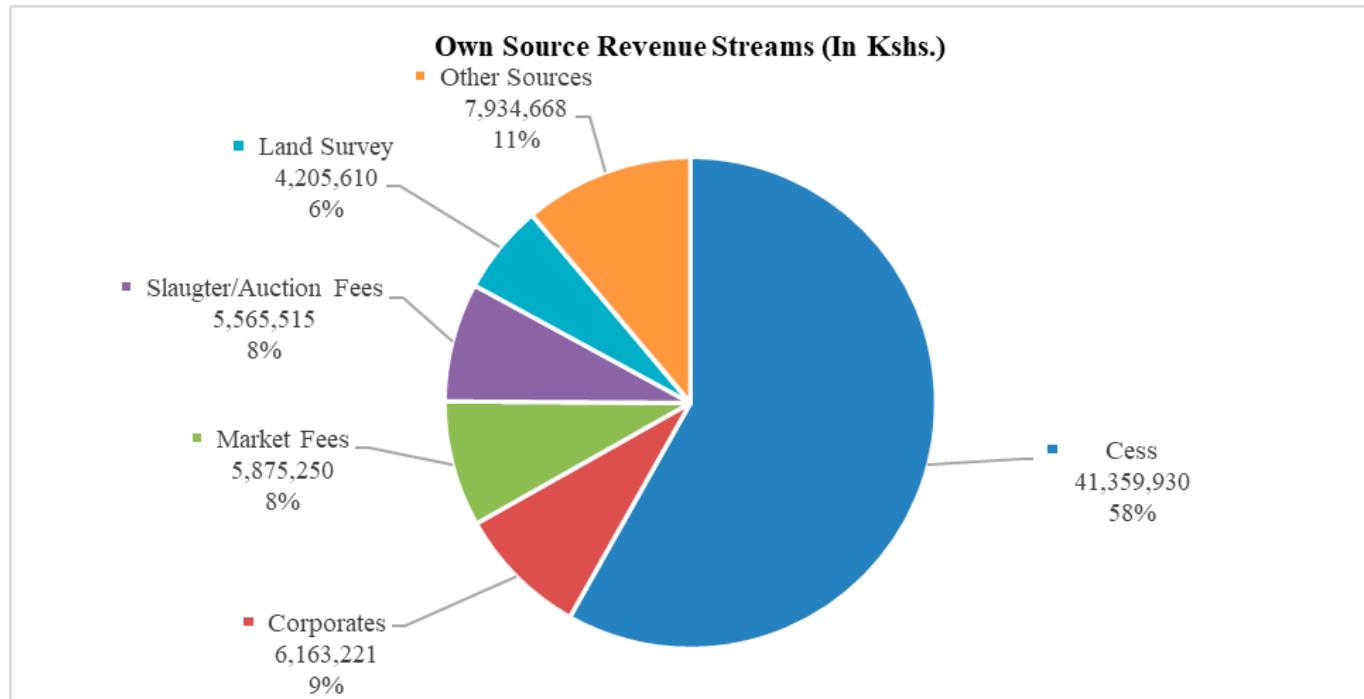
Figure 127: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Turkana County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.71.10 million from its own sources of revenue. This amount represented a decrease of 16.9 per cent compared to Kshs.85.53 million realised in a similar period in FY 2021/22 and was 35.9 per cent of the annual target and 1.7 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 128

Figure 128: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Turkana County Treasury

The highest revenue stream of Kshs.41.36 million was from cess, contributing to 58 per cent of the total OSR collected during the reporting period.

3.43.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.4.83 billion from the CRF account during the reporting period. This amount comprised Kshs.456.79 million (9.4 per cent) for development programmes and Kshs.4.38 billion (90.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.63 billion was released towards compensation to employees, Kshs.1.75 billion was for operations and maintenance expenditure, and Kshs.456.79 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.3.16 billion.

3.43.4 County Expenditure Review

The County spent Kshs.4.56 billion on development and recurrent programmes during the reporting period. This expenditure represented 94.4 per cent of the total funds released by the CoB and comprised Kshs.376.07 million and Kshs.4.19 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 8.2 per cent, while recurrent expenditure represented 51 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.2.17 billion comprising of Kshs.1.33 billion for recurrent expenditure and Kshs.836.21 million for development activities. The County Treasury did not report any payment towards the settlement of pending bills during the period under review. The outstanding amount as of 31st December 2022 was Kshs.2.17 billion.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2.43 billion on employee compensation, Kshs.1.44 billion on operations and maintenance, and Kshs.361.07 million on development activities. Similarly, the County Assembly spent Kshs.190.77 million on employee compensation, Kshs.132.69 million on operations and maintenance, and Kshs.15 million on development activities, as shown in Table 246.

Table 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	7,362,835,550	853,950,164	3,864,237,724	323,459,235	52.5	37.9
Compensation to Employees	3,819,350,565	535,144,914	2,426,991,855	190,771,449	63.5	35.6
Operations and Maintenance	4,422,520,280	318,805,250	1,437,245,869	132,687,786	40.6	41.6
Development Expenditure	4,422,520,280	168,000,000	361,067,447	15,000,000	8.2	8.9
Total	11,785,355,830	1,021,950,164	4,225,305,169	338,459,235	35.9	33.1

Source: Turkana County Treasury

3.43.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.62 billion, or 40.9 per cent of the revenue for the first half of FY 2022/23 of Kshs.6.40 billion. This expenditure represented an increase from Kshs.2.41 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.951.38 million paid to health sector employees, translating to 38.5 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.2.57 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.52.75 million was processed through manual payrolls. The manual payrolls accounted for 2.1 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.2.91 million on committee sitting allowances for the 48 MCAs and the Speaker against the annual budget allocation of Kshs.64.45 million. The average monthly sitting allowance was Kshs.10,119 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 Ksh.881.54 million to county-established funds in FY 2022/23, which constituted 6.9 per cent of the County's overall budget for the year. Table 247 summarises each established Fund's budget allocation and performance during the reporting period.

Table 247: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23 (Kshs.)	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	Turkana County Emergency Fund	100,000,000	-	-	Yes
2.	Turkana County Biashara Fund	150,000,000	-	150,000,000	Yes
3.	Turkana County Youth and Women Empowerment Fund	120,000,000	120,000,000	120,000,000	Yes
4.	Turkana County Education & Skills Development Fund	384,219,180	384,219,180	384,219,180	Yes
5.	Turkana County Co-operative Enterprise Development Fund	45,321,825	45,321,825	45,321,825	Yes
6.	Turkana County Car Loan and Mortgage Fund	50,000,000	50,000,000	50,000,000	Yes
County Assembly Established Funds					
1.	Turkana County Assembly Car and Mortgage Fund	32,000,000	-	-	Yes
	Total	881,541,005	599,541,005	749,541,005	

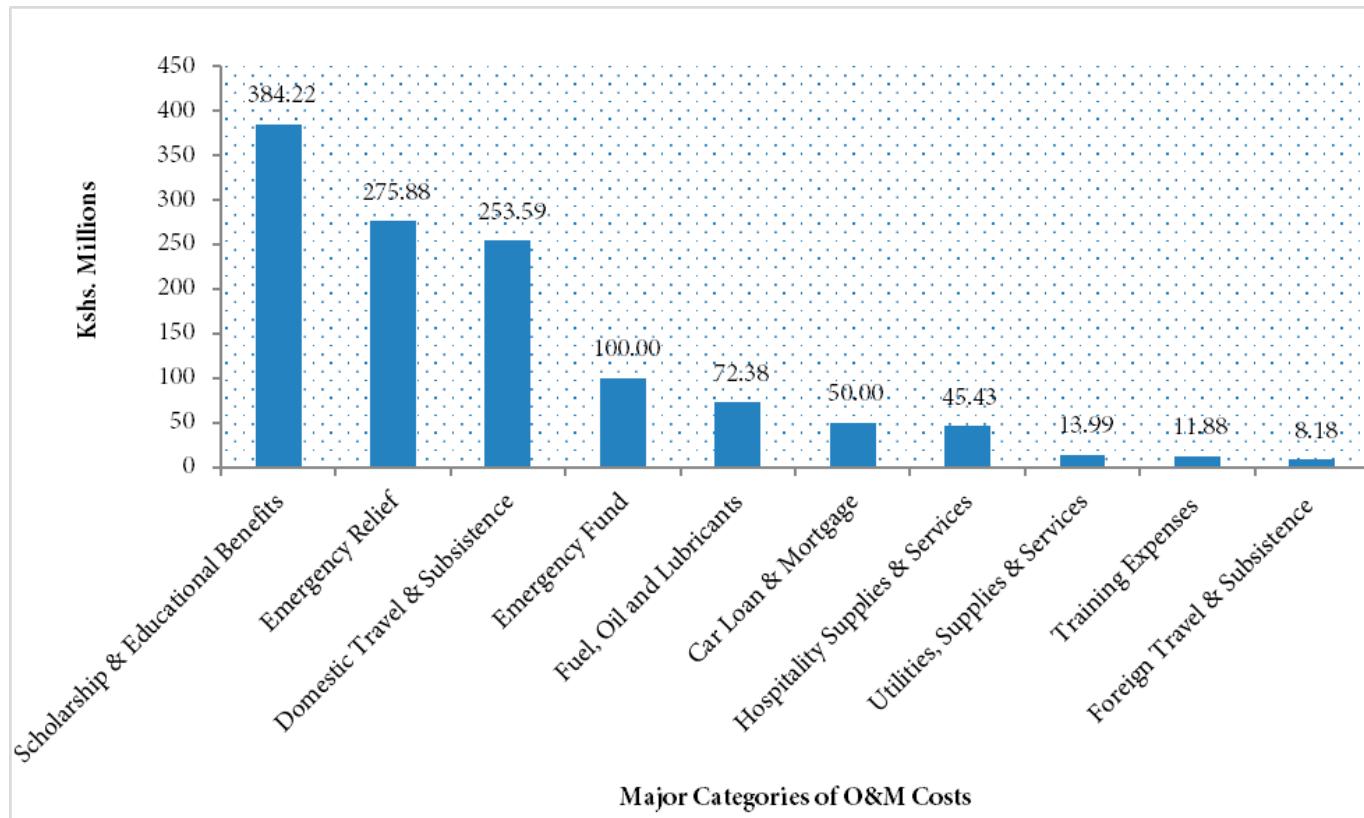
Source: Turkana County Treasury

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of the funds as indicated in Table 248 as per the requirement of Section 168 of the PFM Act, 2012.

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.253.59 million and comprised Kshs.97.53 million spent by the County Assembly and Kshs.156.05 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.18 million by the County Executive.

3.43.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.376.07 million on development programmes, representing a decrease of 40 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.627.10 million. The expenditure was reported as other capital transfers to the established County Youth and Women Fund, Co-operative Enterprise Development Fund and the Biashara Fund.

3.43.11 Budget Performance by Department

Table 248 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 248: 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	318.11	107.55	142.22	-	79.65	-	56.0	-	25.0	-
Office of the Deputy Governor	45.55	-	7.05	-	1.94	-	27.6	-	4.3	-

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
Finance and Economic Planning	344.33	73.13	220.62	-	166.77	-	75.6	-	48.4	-
Water Services, Environment and Mineral Resources	115.09	492.52	27.37	-	14.39	-	52.6	-	12.5	-
Health & Sanitation Services	564.92	818.39	306.64	-	221.50	-	72.2	-	39.3	-
Trade, Gender and Youth Affairs	88.43	430.02	53.45	316.06	25.39	-	47.5	101.2	28.7	74.4
Education, Sports and Social Protection	611.18	680.20	446.78	6.52	425.88	319.92	95.3	-	69.7	-
Public Services, Decentralized Administration & Disaster Management	4,613.19	51.41	2,611.79	-	2,779.73	-	106.4	-	60.3	-
Infrastructure, Transport and Public Works	74.15	477.51	17.02	14.08	4.67	41.10	27.4	291.9	6.3	8.6
Agriculture Pastoral Economy and Fisheries	125.66	668.43	35.13	27.02	12.89	-	36.7	-	10.3	-
Tourism, Culture and Natural Resources	96.12	271.09	40.82	-	12.59	-	30.8	-	13.1	-
Lands, Energy, Housing and Urban Areas Management	52.20	216.77	22.23	77.98	11.40	-	51.3	-	21.8	-
County Assembly	853.95	168.00	333.95	15.14	323.46	15.00	96.9	99.1	37.9	8.9
Turkana County Public Service Board	103.10	2.00	49.33	-	4878	-	98.9	-	47.3	-
Office of the County Attorney	105.70	-	50.87	-	48.37	-	95.1	-	45.8	-
Lodwar Municipality Board	105.10	133.51	12.07	-	10.29	-	85.3	-	9.8	-
	8,216.79	4,590.52	4,377.35	456.80	4,187.70	376.07	95.7	82.3	51.0	8.2

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 74.4 per cent, followed by the County Assembly at 8.9 per cent. The Department of Education, Sports and Social Protection had the highest recurrent expenditure to the budget percentage at 69.7 per cent. In comparison, the Office of the Deputy Governor had the lowest at 4.3 per cent of budget allocation. Further analysis shows expenditures to exchequer issues for several departments are above 100

per cent, as indicated by the financial statements using payments done at the IFMIS level. Generally, a substantial number of transactions may appear as having been paid at IFMIS. However, in reality, these transactions are not yet paid as the County is awaiting funding at the CBK Internet Banking (IB) level resulting in the variance.

3.43.12 Budget Execution by Programmes and Sub-Programmes

Table 249 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 249: Turkana County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 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	146,208,793	42,631,777	103,577,016	29.2
Governor's Residence	Construction of the Governor's residence	1,616,437	-	1,616,437	-
	Documentation, communication policy and strategy	2,156,584	486,460	1,670,124	22.6
	Civic Education and Public Sensitization	3,324,708	1,313,720	2,010,988	39.5
	Production of County Newspaper and Newsletter	1,301,396	-	1,301,396	-
Donor /Investor Engagement	Public-Private Partnership Initiatives (PPPs)	1,011,042	300,000	711,042	29.7
	Political and Intergovernmental Advisory Services	2,054,117	700,000	1,354,117	34.1
	Legal Advisory Services	1,411,043	467,200	943,843	33.1
	Security and Cross-border Advisory Services	1,971,248	600,000	1,371,248	30.4
	Oil & Gas Advisory Service	1,411,042	116,800	1,294,242	8.3
	Gender and Partnership Advisory Services	1,411,042	-	1,411,042	-
	Special Interest groups	1,011,042	-	1,011,042	-
	Climate Change advisory services	1,011,042	-	1,011,042	-
	Education and youth Advisory services	1,011,042	-	1,011,042	-
	Culture, Arts and Heritage advisory services	1,411,042	-	1,411,042	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 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	4,500,367	11,710,840	27.8
	Operationalisation of peace-building structures and institutions	50,400,269	22,540,356	27,859,913	44.7
	Resettlement Infrastructural Programme	107,549,142	-	107,549,142	-
	Cross Border peace dividends programme	30,688,298	811,406	29,876,892	2.6
Social and Financial Security	Assurance and Insurance of Govt. Assets	3,917,904	869,000	3,048,904	22.2
	Liability and Debt Management	2,868,904	201,600	2,667,304	7.0
	Turkana SACCO Seed Capital	5,350,061	78,880	5,271,181	1.5
Public Participation and Access to Information	Construction of Citizen Re- source Centre	4,038,679	-	4,038,679	-
	Web site Development	6,780,245	250,000	6,530,245	3.7
	Social Budgeting and Genera- tion of SIR Reports	2,018,886	1,000,000	1,018,886	49.5
	Intergovernmental Relation	9,606,600	711,600	8,895,000	7.4
	Strategy Development, Review, Support and Operationalization	1,577,044	240,800	1,336,244	15.3
Service Delivery- ISO Certification	Service Charter	4,021,349	1,639,500	2,381,849	40.8
	Development of County Filing Systems	4,339,073	-	4,339,073	-
	Procedure Manual and Training	1,979,699	-	1,979,699	-
Governors Press Service	Governors Press Support	5,988,296	189,050	5,799,246	3.2
	Subtotal	425,657,276	79,648,516	346,008,760	18.7
Office of the Deputy Governor					
General Planning and Support	General Planning and Support services	20,151,000	1,609,392	18,541,608	8.0
Government Programming	Govt Programming	6,800,000	-	6,800,000	-
	Community Engagement	7,600,568	-	7,600,568	-
	Govt Stakeholder Engagement	6,100,000	334,200	5,765,800	5.5
	Govt Transformation	4,900,090	-	4,900,090	-
	Subtotal	45,551,658	1,943,592	43,608,066	4.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Ministry of Finance and Economic Plan- ning					
General Administra- tion, Planning and Support Service	General Administration Ser- vices	65,631,021	9,991,698	55,639,323	15.2
	General Administration - Eco- nomic planning	26,733,408	8,549,605	18,183,803	32.0
Government Communication and Media Relations	Acquiring & developing of com- munication systems/equipment	5,500,000	836,250	4,663,750	15.2
	Policies	14,000,000	5,727,059	8,272,941	40.9
	Development and Implemen- tation of ICT Policy and Regula- tions	2,533,806	32,000	2,501,806	1.3
Revenue Collection Systems	Feasibility Study on Revenue Base	2,100,775	124,000	1,976,775	5.9
	Awareness and Campaigns on Revenue.	4,974,000	470,400	4,503,600	9.5
	Motorbikes for Revenue Officers 30 No.	1,377,569	-	1,377,569	-
	Strengthening Revenue Systems	11,794,822	877,530	10,917,292	7.4
	Revenue Forecast and Revenue Budget Preparation	2,683,726	-	2,683,726	-
	Completion of Lokiriamma Reve- nue Centre	30,000,000	-	30,000,000	-
Accountability and Transparency	Internal Audit	9,000,000	4,406,845	4,593,155	49.0
	Procurement systems	4,500,000	1,417,000	3,083,000	31.5
	IFMIS training	5,058,150	520,000	4,538,150	10.3
	Civil Contingency Reserve	100,000,000	100,000,000	-	100.0
	Financial Reporting/Research and Development	7,000,000	3,235,759	3,764,241	46.2
Planning and Policy formulation	Economic Policy formulation and Dissemination	8,095,355	2,639,220	5,456,135	32.6
	CIDP review and Dissemination	1,546,736	-	1,546,736	-
	County Budget and Economic Forums	30,000,000	-	30,000,000	-
	Public Participation and Access to Information	3,017,266	100,000	2,917,266	3.3
	Waste Management	1,640,695	392,500	1,248,195	23.9

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Monitoring and Evaluation	Software (E-ProMIS, GIS, among others)	4,395,198	1,145,434	3,249,764	26.1
	Field visits, data collection and Reporting	2,084,583	771,091	1,313,492	37.0
	Training and Knowledge management	2,108,968	2,821,900	(712,932)	133.8
	Devolved Monitoring and Evaluation Committees	1,549,014	-	1,549,014	-
County Statistical Unit	Soft wares, databases and tools	6,600,000	1,337,500	5,262,500	20.3
	Capacity Development	3,026,422	82,300	2,944,122	2.7
	Project Management Information System	1,000,000	25,000	975,000	2.5
Budgetary Supply	Budget Formulation, Co-ordination and Management	24,015,534	7,700,205	16,315,329	32.1
	Public Participation in Budgeting	11,070,000	4,709,950	6,360,050	42.5
	County Budget and Economic Forum	9,806,053	4,939,100	4,866,953	50.4
	Accountability in Resource Allocation	9,600,000	3,919,650	5,680,350	40.8
Resource Mobilisation	Resource Mobilisation	5,017,378	-	5,017,378	-
	Subtotal	417,460,479	166,771,996	250,688,483	39.9
Ministry of Water Services, Environment and Mineral Resources					
Turkana Water Programme	General Administration, Planning and support services	20,000,000	-	20,000,000	-
	Construction and Desilting of Water Pans/Rock Catchment	55,000,000	-	55,000,000	-
	Rehabilitation of Water Infrastructure	132,408,716	1,983,536	130,425,180	1.5
	Drilling and Equipping of Boreholes	204,999,963	2,264,480	202,735,483	1.1
	Equipment of Quality Analysis Laboratory	4,500,000	-	4,500,000	-
	Project Co-ordination and Management	3,000,000	749,952	2,250,048	25.0
Joint planning with stakeholders	Technical planning and design	100,177,290	203,000	99,974,290	0.2
Irrigation and Schemes Development Programme	Feasibility studies for irrigation systems development	3,300,000	35,000	3,265,000	1.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
General Administration and Support	General Administration and Support	84,220,000	9,152,565	75,067,435	10.9
	Subtotal	607,605,969	14,388,533	593,217,436	2.4
Ministry of Health and Sanitation Services					
General Administration, Planning and support services	General Administration, Planning and support services	138,262,941	58,530,203	79,732,738	42.3
	Health Facilities	818,394,317	-	818,394,317	-
Support to Health Programs	HIV and AIDS, including community-based HIV interventions	800,000	-	800,000	-
	TB & Leprosy	400,000	-	400,000	-
	Malaria	700,000	-	700,000	-
	NTDs (neglected tropical diseases)	500,000	-	500,000	-
	Nutrition	642,500	-	642,500	-
	Reproductive health	630,000	-	630,000	-
	Disease surveillance	850,000	-	850,000	-
	EPI/outreaches	500,000	-	500,000	-
	Health promotion	400,000	-	400,000	-
	Environmental health services	600,000	45,000	555,000	7.5
	Emergency preparedness and disaster response	600,000	-	600,000	-
	mainstreaming	400,000	-	400,000	-
	Community Health Services	80,568,000	35,320,470	45,247,530	43.8

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Laboratory Services	Laboratory Services	850,000	-	850,000	-
	Blood Transfusion Services	1,550,000	-	1,550,000	-
	Rehabilitative Services	650,000	-	650,000	-
	Referrals and Emergency Services	1,100,000	-	1,100,000	-
	Radiology Services	600,000	-	600,000	-
	Dental Services	500,000	-	500,000	-
	Clinical Services	622,500	-	622,500	-
	Nursing Services	650,000	-	650,000	-
	Rural Health Facility Support	62,425,000	7,035,200	55,389,800	11.3
	Sub county Health Facilities Support	235,021,000	119,683,093	115,337,907	50.9
Health Information and Management	UHC Turkana	900,000	-	900,000	-
	Health Information and Man- agement	628,000	-	628,000	-
	Quality Assurance	900,000	-	900,000	-
	Electronic Medical Records	9,400,000	777,110	8,622,890	8.3
	Monitoring and Evaluation of Health	950,000	105,500	844,500	11.1
	Research & Development	550,000	-	550,000	-
	Policy & Planning Services	300,000	-	300,000	-
	Rehabilitation & Treatment	2,300,000	-	2,300,000	-
	Public Education and Awareness	2,200,000	-	2,200,000	-
	Liquor Licensing	15,915,000	-	15,915,000	-
	Training and Capacity Building	1,050,850	-	1,050,850	-
	Subtotal	1,383,310,108	221,496,576	1,161,813,532	16.0

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Ministry of Trade, Gender and Youth Affairs					
Youth Affairs Develop- ment	Youth Co-ordination and Rep- resentation	4,900,000	141,871	4,758,129	2.9
	Youth Employment Scheme	5,790,000	1,031,950	4,758,050	17.8
	Youth Rare skills	3,710,000	362,100	3,347,900	9.8
	Youth and Women Fund	249,400,000	132,020,500	117,379,500	52.9
Modern Physical Markets Infrastructure	Construction and Development of Modern Physical Market	10,345,140	1,841,635	8,503,505	17.8
	Co-operative Marketing, Value Addition, Surveys and Research	6,600,000	385,966	6,214,034	5.8
	Co-operative Education, Train- ing, Exchange and Ushirika Day Celebration	9,600,000	1,317,024	8,282,976	13.7
	Strengthening of Key Dormant Co-operative Societies	3,600,000	91,008	3,508,992	2.5
	Formulation of Co-operative Policy and Legal Frame Work	3,600,000	195,008	3,404,992	5.4
	Co-operative Development Fund	45,321,825	45,321,825	-	100.0
Co-operative Societies Development and Performance Improvement	Business Development and Training Services	3,100,000	1,471,562	1,628,438	47.5
	Consumer rights education	2,900,000	683,992	2,216,008	23.6
	Industrial Development and In- vestments	7,400,000	934,040	6,465,960	12.6
	Biashara Fund	150,000,000	150,000,000	-	100.0
General Administration	General Administration	12,187,103	9,559,744	2,627,359	78.4
	Subtotal	518,454,068	345,358,225	173,095,843	66.6
Ministry of Edu- cation, Sports and Social Protection					
Social protection programs/ Affirma- tive Action	Construction of PWDs multi-purpose resource centre	22,982,535	2,080,000	20,902,535	9.1
	Marginalised and Minority groups support	32,020,000	330,000	31,690,000	1.0
	Child Rescue Centres	44,572,923	-	44,572,923	-
	Child Care and Protection	15,244,498	666,000	14,578,498	4.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Sports and arts programme	Construction of sport Stadia	36,926,763	538,400	36,388,363	1.5
General administration	General Administration	26,337,042	3,291,051	23,045,991	12.5
	Turkana Education and Skill Development Fund	384,219,180	384,219,180	-	100.0
Vocational Training	Youth Polytechnic Infrastruc- ture	60,600,000	-	60,600,000	-
	Training and Development	4,610,000	693,000	3,917,000	15.0
	Co-Curricular Activities	3,501,017	-	3,501,017	-
	Youth Polytechnics- Condi- tional	12,709,894	12,709,894	-	100.0
Public Relations	Publicity	1,220,000	-	1,220,000	-
	Research and Sensitization	1,708,000	275,000	1,433,000	16.1
Early Childhood Education	School Feeding	114,787,478	19,132,302	95,655,176	16.7
	Quality Improvement	6,614,000	1,127,580	5,486,420	17.0
	Infrastructure Development	516,124,074	-	516,124,074	-
	Support to Pre-Primary Train- ing	7,201,615	821,200	6,380,415	11.4
	Subtotal	1,291,379,019	425,883,607	865,495,412	33.0
Ministry of Public Services, Decen- tralized Adminis- tration and Disaster Man- agement					
Operationalisation of Decentralised Units	Operationalisation of Decen- tralised Units	11,755,500	2,039,840	9,715,660	17.4
	Decentralised County Policy	48,892,458	7,476,370	41,416,088	15.3
	Coordinated development	11,600,000	3,291,500	8,308,500	28.4
	Policy sensitisation and dissem- ination	14,604,700	594,400	14,010,300	4.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Governance and Public Participation	Civic education Programme	2,000,000	-	2,000,000	-
	Public Participation and access to information	8,747,050	478,700	8,268,350	5.5
	County Dialogue Forum	1,400,000	210,000	1,190,000	15.0
	National & County Holidays	2,000,000	-	2,000,000	-
	Policies Design	1,350,000	284,000	1,066,000	21.0
Disaster risk management	Disaster Preparedness Pro- grammes	2,000,000	-	2,000,000	-
	Disaster Mitigation Pro- grammes	2,000,000	-	2,000,000	-
	Stakeholders co-ordination and Support Programme	2,000,000	-	2,000,000	-
	Humanitarian Relief Food Programme	317,165,000	283,864,943	33,300,057	89.5
	Disaster Risk Management	800,000	-	800,000	-
Inspectorate services	Inspectorate Training Institute	24,105,566	-	24,105,566	-
	Dispute Resolution	2,055,390	391,000	1,664,390	19.0
	Capacity Building	2,230,664	195,000	2,035,664	8.7
	Inspectorate Services	3,700,000	330,000	3,370,000	8.9
	Inspectorate Services Equip	3,700,000	-	3,700,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Human resource management	Payroll and record management	2,000,000	591,660	1,408,340	29.6
	Human Resource Development	3,400,000	1,007,500	2,392,500	29.6
	GHRIS Leave and Performance Module Implementation	2,200,000	216,960	1,983,040	9.9
	Digitization and Automation of Human Resource Registry	3,800,000	723,840	3,076,160	19.0
	Mainstreaming Public Sector Integrity Programme	4,500,000	1,978,551	2,521,449	44.0
	County performance management	2,300,000	790,201	1,509,799	34.4
	Public Service Week	1,800,000	-	1,800,000	-
	Records Management	1,600,000	-	1,600,000	-
	HRM	1,900,000	290,370	1,609,630	15.3
General Administration, Planning and Support Services- Public Service	General Administration	4,178,992,315	2,474,975,261	1,704,017,054	59.2
	Subtotal	4,664,598,643	2,779,730,096	1,884,868,547	59.6
Ministry of Infrastructure, Transport and Public Works					
Develop and Maintain Roads	Roads maintenance levy fund (RMLF)	191,000,000	27,015,520	163,984,480	14.1
	Roads	107,250,000	-	107,250,000	-
Develop and maintain staff housing and public offices	Staff Housing	88,850,676	-	88,850,676	-
Develop and maintain other public works	Machinery	30,000,000	14,080,100	15,919,900	46.9
	Professional Capacity Building	9,350,000	-	9,350,000	-
General Administration	General Administration	93,083,737	2,558,033	90,525,704	2.7
	General Administration- Public works	32,128,720	2,112,487	30,016,233	6.6
	Sub Total	551,663,133	45,766,140	505,896,993	8.3

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Ministry of Agriculture, Pastoral Economy and Fisheries					
Revival of Turkana Fishermen Co-op. society	Spate Irrigation Technology	251,713,482	194,880	251,518,602	0.1
	Rehabilitation	1,000,000	-	1,000,000	-
	Soil & Water Conservation	10,200,000	-	10,200,000	-
Fish market infrastructure/ fish value addition	Fish market infrastructure/ fish value addition	21,100,000	-	21,100,000	-
	Fisheries livelihood support	33,300,000	-	33,300,000	-
	Fisheries Extension Services	2,500,000	308,000	2,192,000	12.3
	Fisheries resource management	17,600,000	681,800	16,918,200	3.9
	Fish Farming and Aquaculture	4,200,000	-	4,200,000	-
Sustainable management of fisheries resources	Frame survey	65,000,000	433,500	64,566,500	0.7
	Fish Stock assessment	3,200,000	34,700	3,165,300	1.1
	Monitoring, Control and Surveillance	16,500,000	592,000	15,908,000	3.6
	Resource monitoring facilities	2,850,000	542,400	2,307,600	19.0
Livestock breed improvement	Establish livestock Multiplication and breeding Centre.	38,200,000	-	38,200,000	-
	Provision of Livestock Extension services	2,600,000	144,200	2,455,800	5.5
	Livestock multiplication and breeding centre	19,500,000	-	19,500,000	-
	Livestock Value Chain	68,100,000	200,000	67,900,000	0.3
	Skills Development	19,100,000	101,000	18,999,000	0.5
General Administration	General Administration	22,800,000	3,775,475	19,024,525	16.6
	General Administration and Support Services- Pastoral Economy and	33,300,000	5,022,102	28,277,898	15.1

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Agriculture Pro- gramme	Agri-nutrition/Urban and peri-urban agriculture	8,100,000	-	8,100,000	-
	Smart agriculture practices (Innovations/technologies to mitigate	14,200,000	-	14,200,000	-
	Agricultural Sector Devel- opment Support Programme (ASDSP)	16,500,000	-	16,500,000	-
	Agricultural Mechanisation	27,308,874	150,000	27,158,874	0.5
	Agric Market Access	1,200,000	98,000	1,102,000	8.2
	Agric Extension and Develop- ment	34,900,000	610,500	34,289,500	1.7
	Subsidy & Support	3,700,000	-	3,700,000	-
	Pest Control and Management	4,800,000	-	4,800,000	-
	NARIGP	28,615,338	-	28,615,338	-
	DRNKP/KfW	22,000,000	-	22,000,000	-
		794,087,694	12,888,557	781,199,137	1.6
Ministry of Tourism, Culture and Natural Resources					
Establishment and rehabilitation of pub- lic utilities in Lodwar	Improvement of Moi Garden Stadia	27,000,000	-	27,000,000	-
	completion of recreational park	24,500,000	-	24,500,000	-
	setting up of dumping site in Lodwar	85,978,013	-	85,978,013	-
General Administration	General Administration, Plan- ning and Support Services	35,300,000	5,390,420	29,909,580	15.3
Tourism destination marketing and promotion	Tourism expos, incentives, conferences and exhibition programs	1,500,000	-	1,500,000	-
	Community-Based Tourism products	1,000,000	-	1,000,000	-
	Tourism Market Research (Baseline Survey and Mapping)	35,300,000	489,820	34,810,180	1.4
	Media Campaigns and Prom- otion of Tourism Products and Programmes	1,000,000	-	1,000,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Culture, arts, heritage development, promotion and preservation	Ushanga Initiative	10,500,000	323,200	10,176,800	3.1
	Culture Promotion and Preservation	9,700,000	268,800	9,431,200	2.8
	Annual tourism and cultural festival	30,000,000	2,745,100	27,254,900	9.2
Culture development and preservation infrastructure	Equipment and Infrastructure Development at Ekalees Centre	10,000,000	-	10,000,000	-
Forestry and wildlife management development and management	Forestry Management and Conservation	4,000,000	1,480,850	2,519,150	37.0
	Community Wildlife Conservation	1,500,000	-	1,500,000	-
	Forest Nature-Based Development	2,000,000	-	2,000,000	-
	Forestry Development Infrastructure	33,100,000	-	33,100,000	-
	Forestry Protection	1,000,000	-	1,000,000	-
	Prosopis Management	2,000,000	135,000	1,865,000	6.8
Heritage Development Promotion & Preservation	Heritage Development Promotion and Preservation	1,000,000	-	1,000,000	-
	Arts & Creativity Development	1,000,000	-	1,000,000	-
Environmental Governance Compliance Conservation Protection and Management	Environmental Governance and Compliance	2,000,000	466,400	1,533,600	23.3
	Environmental Protection and Conservation	1,500,000	440,625	1,059,375	29.4
	Plastic Collection Re-use Facility	920,287	-	920,287	-
	Climate Change and Adaptation	1,500,000	242,900	1,257,100	16.2
Mineral Resource Mapping Capacity Building and Management	Mineral Resource Mapping	1,000,000	-	1,000,000	-
	Management of Mining and Quarrying activities	2,000,000	-	2,000,000	-
	Capacity building in the exploitation of Mineral Resources	2,000,000	-	2,000,000	-
	Extractives Engagement Bills and Policies	3,000,000	-	3,000,000	-
Petroleum	Oil and Gas	2,000,000	304,200	1,695,800	15.2
	Establishment of Extractive Sector Regulations and Strategies	2,700,000	-	2,700,000	-

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Energy Development Programme	Renewable Energy Development	3,700,000	300,000	3,400,000	8.1
Turkana Agriculture Programme	Organising field days, show and exhibitions	18,512,656	-	18,512,656	-
Turkana Rehabilitation Programme	Artisanal Mining Equipment	9,000,000	-	9,000,000	-
	Sub Total	367,210,956	12,587,315	354,623,641	3.4
Ministry of Lands, Energy, Housing and Urban Areas Management					
Adjudication, registry and settlement	Delineation & adjudication of community land	5,500,000	997,500	4,502,500	18.1
Spatial Planning	Spatial Planning	83,800,000	956,800	82,843,200	1.1
Formulation of community land policy and regulations	Urban Centre Management	65,500,000	64,600	65,435,400	0.1
Compulsory land acquisition for public utilities	Land acquisition for public utilities	16,600,000	36,400	16,563,600	0.2
General Administration	Lands General Administration, Planning and Support Services	25,300,000	7,985,951	17,314,049	31.6
Land Governance	Land Policies	72,260,517	1,361,640	70,898,877	1.9
	Sub Total	268,960,517	11,402,891	257,557,626	4.2
Turkana County Assembly					
Headquarters	General administration Assembly	781,396,750	41,434,782	739,961,968	5.3
	Speakers Residents	52,930,354	-	52,930,354	-
	Construction of New County Assembly	19,623,059	-	19,623,059	-
	General Administration, Planning and Support Services	168,000,000	-	168,000,000	-
	Sub Total	1,021,950,163	41,434,782	980,515,381	4.1
Turkana County Public Service Board					
County Internship Programme	County Internship Programme	42,000,000	23,271,489	18,728,511	55.4

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Mainstream Public Sector Integrity programme and Accountability	Mainstream Public Sector Integrity programme and Accountability	2,800,000	1,803,600	996,400	64.4
	Public Evaluation of County Public Service Board Performance	4,000,000	1,899,949	2,100,051	47.5
	Human Resource Conference and Symposium	4,000,000	1,440,576	2,559,424	36.0
	Exit Meetings Per Department	2,438,076	1,689,800	748,276	69.3
	Assessment and stakeholder capacity mapping	5,579,752	2,310,900	3,268,852	41.4
Human resource	Scheme of service	3,200,000	1,506,800	1,693,200	47.1
	Performance Appraisal	6,780,000	3,143,500	3,636,500	46.4
	Enhancing Leadership in County Public Service	3,141,800	1,244,900	1,896,900	39.6
	Performance Management Monitoring	1,970,860	311,250	1,659,610	15.8
	County Public Service Pre-Retirement Sensitization	2,397,520	1,297,350	1,100,170	54.1
	Evaluation of Different Cadres of Employees (Promotion, Re Designation	2,595,308	1,234,000	1,361,308	47.5
Quality Management Systems	Quality Management Systems Development and Establishment	3,000,000	433,626	2,566,374	14.5
	QMS Audit /Routine Inspection	3,218,040	332,000	2,886,040	10.3
	Documentation/Record Management for QMS	3,783,360	480,200	3,303,160	12.7
Development co-ordination Programme	Donor scan/Mapping	5,041,530	2,864,660	2,176,870	56.8
	Establishment of development committees	3,395,318	1,789,713	1,605,605	52.7
	Training of the development committees	3,381,752	1,724,440	1,657,312	51.0
	Formulation and Development of TCPSB Boardroom ICT Infrastructure	2,380,000	-	2,380,000	-
	Sub Total	105,103,316	48,778,753	48,504,776	46.4
Office of the County Attorney					
General Administration, Planning and Support Services	General Administration, Planning and Support Services- County At	35,004,458	2,289,525	7,452,800	6.5

Programme	Sub-Programme	Approved Estimates FY 2022/23 (Kshs.)	Actual Expen- diture Q2 FY 2022/23(Kshs.)	Variance (Kshs.)	Absorption Rate (%)
		A	B	C=A-B	D=B/A*100
Litigation	Litigation	54,850,000	42,281,892	54,850,000	77.1
	Govt Agreements and Contracts	3,157,500	571,200	3,157,500	18.1
	Legal Audit and Compliance	2,875,400	991,460	2,875,400	34.5
Legislation	Legislation	3,456,107	105,000	3,456,107	3.0
	Policy and Legal Briefs	2,112,000	184,800	2,112,000	8.8
Training of Legal Counsel	Training of Legal Counsel	2,135,000	1,944,600	2,135,000	91.1
	Legal Training and Awareness	2,112,852	-	2,112,851	-
	Sub Total	105,703,317	48,368,477	78,151,658	45.8
Lodwar Municipality Board					
Municipality	General Admin Planning and Support Services	47,566,997	6,406,000	41,160,997	13.5
	Municipal Planning	10,522,565	389,500	10,133,065	3.7
	Municipal Services	180,520,116	3,496,396	177,023,720	1.9
	Sub Total	238,609,678	10,291,896	228,317,782	4.3
Grand Total		12,807,305,994	4,266,739,951	8,553,563,074	33.3

Source: Turkana County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Turkana Education and Skill Development Fund in the Department of Education, Sports and Social Protection at 100 per cent, Co-operative Development Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, Biashara Fund in the Department of Trade, Gender and Youth Affairs at 100 per cent, and Youth Polytechnic in the Department of Education, Sports and Social Protection at 100 per cent of budget allocation. The report on budget execution by programmes and sub-programmes excludes recurrent expenditures by the County Assembly. The Assembly captured its expenditure wrongly as outstanding commitments in IFMIS.

3.43.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of the budget implementation report.
2. High level of pending bills which amounted to Kshs.2.17 billion as of 31st December 2022. This is despite the availability of Kshs.3.16 billion in the CRF account at the end of the first half of FY 2022/23.
3. Use of manual payroll, whereby personnel emoluments amounting to Kshs.52.75 million were processed through the manual payroll and accounted for 2.1 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

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

3.44 County Government of Uasin Gishu

3.44.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.10.17 billion, comprising Kshs.3.76 billion (37 per cent) and Kshs.6.41 billion (63 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is an improvement of 5.6 per cent compared to a similar period in the previous financial year when the approved budget was Kshs.9.68 billion and comprised of Kshs.3.19 billion towards development expenditure and Kshs.6.49 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.8.07 billion (79.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.4 billion (13.8 per cent) from its own source of revenue and receive Kshs.701.67 million (6.9 per cent) as conditional grants, which consist of Kshs.354.5 million from Kenya Climate Smart Agriculture Project (IDA - World Bank), Kshs.200 million from Kenya Informal Settlements Improvement Project (KISIP), Kshs.13,34 million from DANIDA (UHiDSP) – Health, Kshs.125 million from World Bank Credit Finance locally led Climate Action (FLLoCA) and Kshs.8.83 million from Sweden Agriculture Sector Development Support Programme – ASDSP.

The County did not budget Kshs.1.23 billion cash balance from the previous financial year, which comprises Kshs.818.64 million in the County Revenue Fund, Kshs.403.91 million in Special Purpose Accounts and Kshs.2.77 million in the County's operational bank accounts at the Central Bank of Kenya.

3.44.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.2.66 billion as the equitable share of the revenue raised nationally, raised Kshs.271.49 million as own-source revenue 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.4.16 billion, as shown in Table 250.

Table 250: Uasin Gishu County, Revenue Performance in the First Half of FY 2022/23

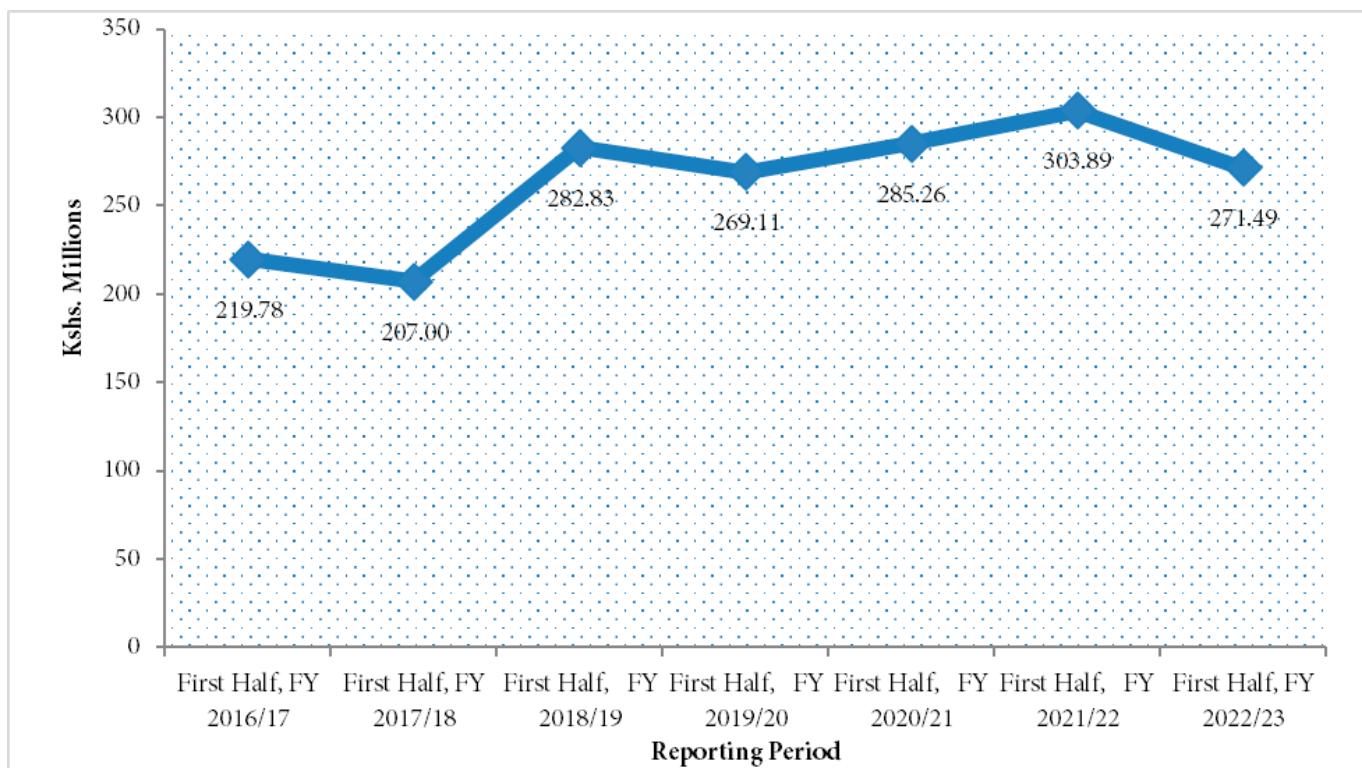
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,068,858,318	2,662,723,245	33.0
	Sub Total	8,068,858,318	2,662,723,245	33.0
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project (IDA - World Bank)	354,491,402	-	-
2	Kenya Informal Settlements Improvement Project (KISIP)	200,000,000	-	-

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
3	DANIDA (UHiDSP) - Health	13,340,000	-	-
4	World Bank Credit Finance locally-led Climate Action (FLLoCA)	125,000,000	-	-
5	Sweden Agriculture Sector Development Support Programme - ASDSP	8,833,660	-	-
	Sub-Total	701,665,062	-	-
C	Other Sources of Revenue			
1	Own Source Revenue	1,400,471,850	271,491,977	19.4
2	Balance b/f from FY2021/22	-	1,225,313,761	-
	Sub Total	1,400,471,850	1,496,805,738	106.9
	Grand Total	9,469,330,169	4,159,528,983	43.9

Source: Uasin Gishu County Treasury

Figure 130 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

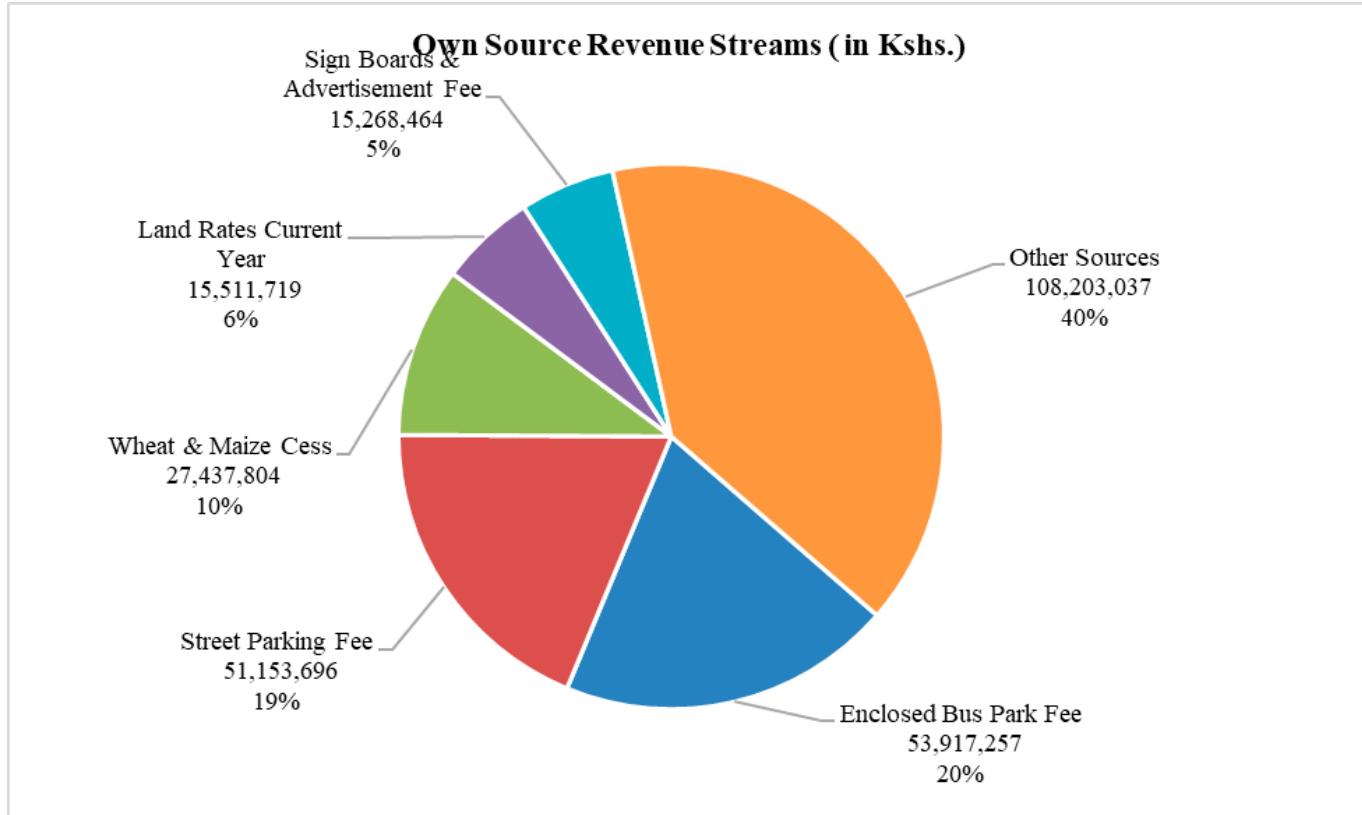
Figure 130: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Uasin Gishu County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.271.49 million from its own sources of revenue. This amount represented a decrease of 10.7 per cent compared to Kshs.303.89 million realised in a similar period in FY 2021/22 and was 19.4 per cent of the annual target and 10.2 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 131.

Figure 131: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Uasin Gishu County Treasury

The highest revenue stream of Kshs. 53.92 million was from enclosed bus parks contributing to 20 per cent of the total OSR collected during the reporting period.

3.44.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.69 billion from the CRF account during the reporting period. This amount comprised Kshs.493.64 million (13.4 per cent) for development programmes and Kshs.3.2 billion (86.6 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.29 billion was released towards compensation to employees, Kshs.905.44 million was for Operations and Maintenance expenditure while Kshs.493.64 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.68.7 million.

3.44.4 County Expenditure Review

The County spent Kshs.3.8 billion on development and recurrent programmes during the reporting period. This expenditure represented 102.9 per cent of the total funds released by the CoB and comprised Kshs.578.86 million and Kshs.3.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 15.4 per cent, while recurrent expenditure represented 50.2 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported a stock of pending bills amounting to Kshs.745.74 million, which comprised Kshs.174.18 million for recurrent expenditure and Kshs.571.56 million for development activities. During the period under review, pending bills amounting to Kshs.348.16 million were settled, which consisted of Kshs.48.99 million for recurrent expenditure and Kshs.299.17 million for development programmes. Therefore, the outstanding amount as of 31st December 2022 was Kshs.397.58 million.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.2 billion on employee compensation, Kshs.631.6 million on operations and maintenance, and Kshs.557.74 million on development activities. Similarly, the County Assembly spent Kshs.284.3 million on employee compensation, Kshs.302.95 million on operations and maintenance, and Kshs.21.11 million on development activities, as shown in Table 251.

Table 251: 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	5,605,714,122	803,027,730	2,629,083,148	587,247,911	46.9	73.1
Compensation to Employees	3,890,909,314	366,917,522	1,997,485,873	284,300,766	51.3	77.5
Operations and Maintenance	1,714,804,808	436,110,208	631,597,275	302,947,145	36.8	69.5
Development Expenditure	3,662,253,379	100,000,000	557,754,058	21,110,773	15.2	21.1
Total	9,267,967,501	903,027,730	3,186,837,206	608,358,684	34.4	67.4

Source: Uasin Gishu County Treasury

3.44.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.2.28 billion, or 54.9 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.16 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.1.07 billion paid to health sector employees, translating to 46.9 per cent of the total wage bill. The significant increase in Personnel Emoluments is attributed to the payment of pensions to the staff who were exiting the service upon the expiry of their contracts.

Further analysis indicates that PE costs amounting to Kshs.1.72 billion were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while Kshs.559.30 million was processed through manual payrolls. The manual payrolls accounted for 24.5 per cent of the total PE cost and were attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.7.91 million on committee sitting allowances for the 45 MCAs and the Speaker against the annual budget allocation of Kshs.45 million. The average monthly sitting allowance was Kshs.29,308 per MCA. The County Assembly has established 28 Committees.

3.44.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.512.6 million to county-established funds in FY 2022/23, which constituted 5 per cent of the County's overall budget. Table252 summarises each established Fund's budget allocation and performance during the reporting period.

Table 252: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022
			(Kshs.)	(Kshs.)	(Yes/No.)
		A	B	C	D
1	Emergency Fund	25,000,000	25,000,000	25,000,000	Yes
County Executive Established Funds					
1	Uasin Gishu Inua Biashara Fund	96,100,000	88,000,000	88,000,000	Yes
2	Uasin Gishu County Bursary and Skills Development Support Fund	121,500,000	-	-	No
3	Car Loan & Mortgage - County Executive	80,000,000	80,000,000	80,000,000	Yes
4	Uasin Gishu TVET Fund	20,000,000	-	-	No
5	Cooperative Development Fund	70,000,000	55,900,000	55,900,000	Yes
County Assembly Established Funds					
6	Car Loan & Mortgage - County Assembly	100,000,000	100,000,000	100,000,000	Yes
Total		512,600,000	348,900,000	348,900,000	

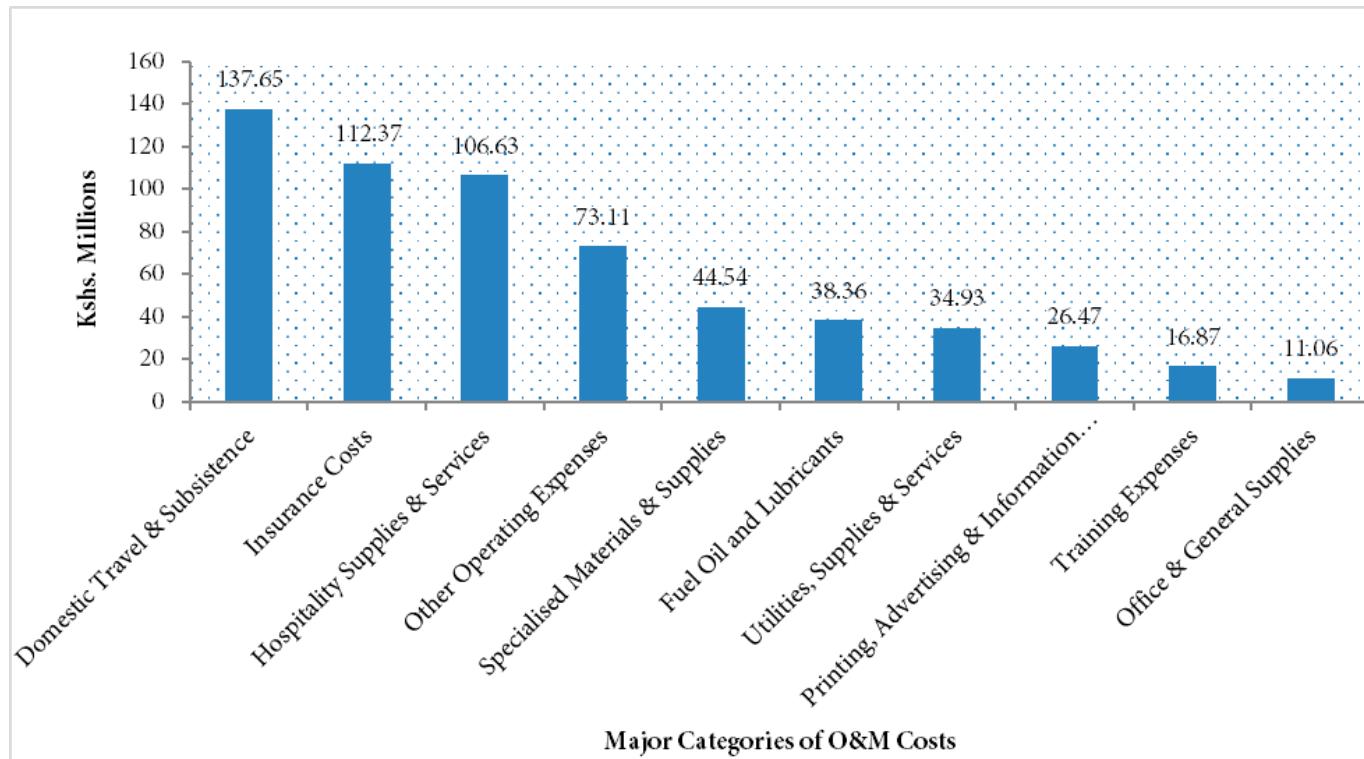
Source: *Uasin Gishu County Treasury*

During the reporting period, OCoB received quarterly financial returns from Fund Administrators of all the funds except for two, as indicated in Table 253 contrary to the requirement of Section 168 of the PFM Act, 2012.

3.44.9 Expenditure on Operations and Maintenance

Figure 132 shows a summary of 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.137.65 million and comprised of Kshs.80.17 million spent by the County Assembly and Kshs.57.48 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.74 million and was incurred by the County Executive.

3.44.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.557.75 million on settlement of development pending bills programmes and disbursement of county-established funds, representing a decrease of 26.9 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.791.62 million.

3.44.11 Budget Performance by Department

Table 253 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 253: Uasin Gishu County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	148.25	-	73.27	-	79.87	-	109.0	-	53.9	-
Finance	358.13	-	199.99	-	205.99	-	103.0	-	57.5	-
Public Service Management	564.00	19.02	319.66	3.00	291.63	3.00	91.2	100.0	51.7	15.8
ICT and E-Government	55.80	15.28	19.13	-	17.62	-	92.1	-	31.6	-
Roads, Transport, Energy and Public Works	449.80	655.36	198.85	141.32	154.78	146.06	77.8	103.4	34.4	22.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		FY 2022/23 Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Lands and Housing	61.78	344.82	24.35	3.81	16.30	3.81	66.9	100.0	26.4	1.1
Water, Environment, Natural Resources, Tourism and Wildlife Management	184.61	576.13	60.50	42.96	69.03	40.81	114.1	95.0	37.4	7.1
Health Services	2,135.88	486.26	1,012.64	20.50	1,128.09	20.50	111.4	100.0	52.8	4.2
Agriculture	229.12	432.66	110.40	-	101.05	1.80	91.5	-	44.1	0.4
Trade, Investment and Industrialization	53.61	160.76	19.25	92.04	31.56	92.04	-	100.0	58.9	57.3
Education, Culture and Social Services	601.21	177.44	281.73	-	226.09	-	80.2	-	37.6	-
County Public Service Board	66.22	-	15.70	-	30.36	-	193.4	-	45.8	-
County Assembly	803.03	100.00	587.25	21.11	587.25	21.11	100.0	100.0	73.1	21.1
Budget and Economic Planning	127.05	-	71.27	-	51.00	-	71.6	-	40.1	-
Devolution and Public Administration	116.11	268.18	38.85	66.40	49.57	67.33	127.6	101.4	42.7	25.1
Youth and Sports Development	171.28	139.57	61.18	-	79.39	24.01	129.8	-	46.3	17.2
Cooperatives and Enterprise Development	43.57	58.29	11.90	-	16.59	55.90	139.4	-	38.1	95.9
Livestock Development and Fisheries	59.27	84.85	24.88	-	12.87	-	51.7	-	21.7	-
Physical Planning and Urban Development	46.31	62.95	13.81	-	17.55	-	127.1	-	37.9	-
Eldoret Municipality	133.71	180.70	51.53	102.50	49.77	102.50	96.6	100.0	37.2	56.7
TOTAL	6,408.74	3,762.25	3,196.13	493.64	3,216.33	578.86	100.6	117.3	50.2	15.4

Source: Uasin Gishu County Treasury

Analysis of expenditure by department shows that the Department of Cooperatives and Enterprise Development recorded the highest absorption rate of development budget at 95.9 per cent, followed by the Department of Trade, Investment and Industrialization at 57.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 73.1 per cent, while the Department of Livestock Development and Fisheries had the lowest at 21.7 per cent.

The county's overall expenditure exceeded the exchequer issues. This is attributed to the country's spending of the Kshs.1.23 billion cash balance from the previous financial year, which it did not budget.

3.44.12 Budget Execution by Programmes and Sub-Programmes

Table 254 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 254: Uasin Gishu County, Budget Execution by Programmes and Sub-Programmes

Department	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st December 2022	Absorption Rate (%)
Programme				
Governor's Office				
General administration support services	Employee Support Services	148,245,119	79,865,029	53.9
Finance				
Financial Services	Financial Services	358,131,459	205,990,308	57.5
Public Service Management				
General administration support services	Administrative support services	520,511,187	285,485,846	54.8
Records management services	Registry Services	455,000	120,600	26.5
	Library Services	62,048,000	9,018,262	14.5
Information, Communication and E-Government				
ICT services	ICT Services	71,086,215	17,616,690	24.8
Roads, Transport, Energy and Public Works				
General administration support services	Administrative support services	358,787,407	62,906,577	17.5
Road & Transport Infrastructure Development	Roads & Transport Infrastructure Services	669,777,950	237,936,155	35.5
Energy Services	Lighting services	10,000,000	-	-
Public Works Services	Public Works Services	6,590,819	-	-
Fire & Emergency Services	Fire and Emergency Services	60,000,000	-	-
Lands and Housing				
Land Management and Administration	Administrative support services	332,983,274	9,703,421	2.9
	Land banking	15,000,000	1,700,000	11.3
Survey services	Survey services	10,000,000	6,592,351	65.9
Housing Services	Housing Services	48,622,716	2,109,344	4.3
Water, Environment, Natural Resources, Tourism and Wildlife Management				
Water & Sanitation Development	Water Development Services	316,403,409	-	-
	Sanitation Services	209,724,941	36,934,350	17.6
	Water Equipment & Machinery	184,608,471	69,026,767	37.4
Environmental Restoration, Protection, Conservation and Management	Afforestation and re-Afforestation	25,000,000	3,878,200	15.5
Tourism Development and Promotion	Tourism Infrastructure Development	25,000,000	-	-
Health Services				
General administration support services	Administrative support services	2,416,823,164	1,104,564,612	45.7
Curative and Rehabilitative Services	Clinical Services	202,110,000	44,019,701	21.8
	Prevention and Health Promotion	3,200,000	-	-
Agriculture				
Crop Development and Management	Post-Harvest Management Services	232,770,773	102,709,465	44.1
	AMS Services	33,880,335	26,183	0.1

Department	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st December 2022	Absorption Rate (%)
	Climate Smart Agriculture (World Bank)	383,463,189	-	-
Agricultural training services	ATC Services	11,666,238	110,000	0.9
Trade, Investment and Industrialization				
Trade Development and Promotion	Market Infrastructure Development Services	53,610,931	31,556,912	58.9
	Trade Support Services	52,210,724	4,040,713	7.7
	SMEs Services	108,550,000	88,000,000	81.1
Education, Culture and Social Services				
ECD Education	Administrative Support Services	547,325,562	203,558,268	37.2
Social Development Services	Community Development Services	56,030,172	3,454,550	6.2
Development & Promotion of Culture	Cultural Services	24,794,880	15,605,472	62.9
Education bursaries and scholarships services	Bursary & Scholarship	150,500,000	3,467,830	2.3
County Public Service Board				
General administration, planning and support services	Administrative Support Services	66,223,564	30,362,524	45.8
County Assembly				
General administration, planning and support services	Administrative Support Services	903,027,730	608,358,684	67.4
Budget and Economic Planning				
Economic Planning Services	Administrative Support Services	59,809,935	24,208,699	40.5
	Planning Services	26,500,000	17,050,780	64.3
	M&E Services	25,000,000	8,234,480	32.9
	Statistical Services	15,740,960	1,503,480	9.6
Devolution and Public Administration				
General administration support services	Employee support services	116,108,162	49,571,713	42.7
	Field Administrative Services	268,176,055	67,328,097	25.1
Youth Affairs, Gender and Sports				
Youth Training and Empowerment	Administrative Support Services	153,127,504	90,256,322	58.9
	Youth Support Services	96,618,178	393,060	0.4
Sports Development	Sports Development	61,103,638	12,747,700	20.9
Cooperatives and Enterprise Development				
General Administrative Support Services	Administrative support services	71,860,523	42,493,112	59.1

Department	Sub-Programme	Approved Estimates	Actual Expenditure as of 31st December 2022	Absorption Rate (%)
Cooperative Development Services	Enterprise Development Services	30,000,000	30,000,000	100.0
Livestock Development and Fisheries				
Veterinary Services	Administrative support services	112,323,230	12,869,330	11.5
Livestock Production	Livestock Production Services	28,097,487	-	-
Fisheries Production	Fisheries Production Services	3,700,000	-	-
Physical Planning and Urban Development				
General Administrative Support Services	Administrative support services	40,880,654	17,158,655	42.0
Physical Planning Services	Physical Planning Services	3,863,675	347,160	9.0
Urban Development and management services	Urban development and management services	64,519,948	48,900	0.1
Eldoret Municipality				
Road and Transport Infrastructure Development	Construction of roads	50,000,000	-	-
	Construction of NMTs	103,000,000	50,000,000	48.5
Urban Development & Management Services	Urban Development & Management Services	27,695,891	20,000,000	72.2
General administration support services	Administration support services	133,706,161	82,265,588	61.5
Total		10,170,995,231	3,795,195,890	37.3

Source: Uasin Gishu County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Enterprise Development Services in the Department of Cooperatives and Enterprise Development at 100 per cent, SMEs Services in the Department of Trade, Investment and Industrialization at 81.1 per cent, Urban Development & Management Services in the Department of Eldoret Municipality at 72.2 per cent, and General administration, planning and support services in the County Assembly at 67.4 per cent of budget allocation.

3.44.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.271.49 million against an annual projection of Kshs. 1.4 billion, representing 19.4 per cent of the annual target.
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 253 where the County incurred expenditure over approved exchequer issues in several departments.
3. Use of manual payroll. Personnel emoluments amounting to Kshs.559.3 million were processed through the manual payroll, accounting for 24.5 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
4. Failure to budget for the unspent cash balance of Kshs.1.23 billion from the previous financial years.

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

1. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*

3. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate staff engagement on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.
4. The County Treasury should prepare a supplementary budget and ensure the unspent cash balances from the previous financial year are appropriated.

3.45 County Government of Vihiga

3.45.1 Overview of FY 2022/23 Budget

The County's approved original budget for the FY 2022/23 is Kshs.6.57 billion, comprising Kshs. 2.2 billion (30.0 per cent) and Kshs.4.46 billion (70.0 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is an increase of 0.6 per cent compared to the previous financial year when the approved budget was Kshs.5.83 billion and comprised of Kshs.1.83 billion towards development expenditure and Kshs.4.0 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.5.07 billion (77.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.193.47 million (2.9 per cent) from its own source of revenue, Kshs.90.6 million (1.4 per cent) as Appropriation in Aid, and a cash balance of Kshs. 816.83 million (12.4 per cent) from FY 2021/22. The County also expects to receive Kshs.404.43 million (6.2 per cent) as conditional grants.

3.45.2 Revenue Performance

In the first quarter of FY 2022/23, the County received Kshs.2.08 billion as the equitable share of the revenue raised nationally, raised Kshs. 63.86 million as own-source revenue, Kshs. 43.23 million as Appropriation in Aid (AiA), Kshs.2.5 million as conditional grants, and had a cash balance of Kshs.816.23 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs. 3.0 billion, as shown in Table 255.

Table 255: Vihiga County, Revenue Performance in the First Quarter of FY 2022/23

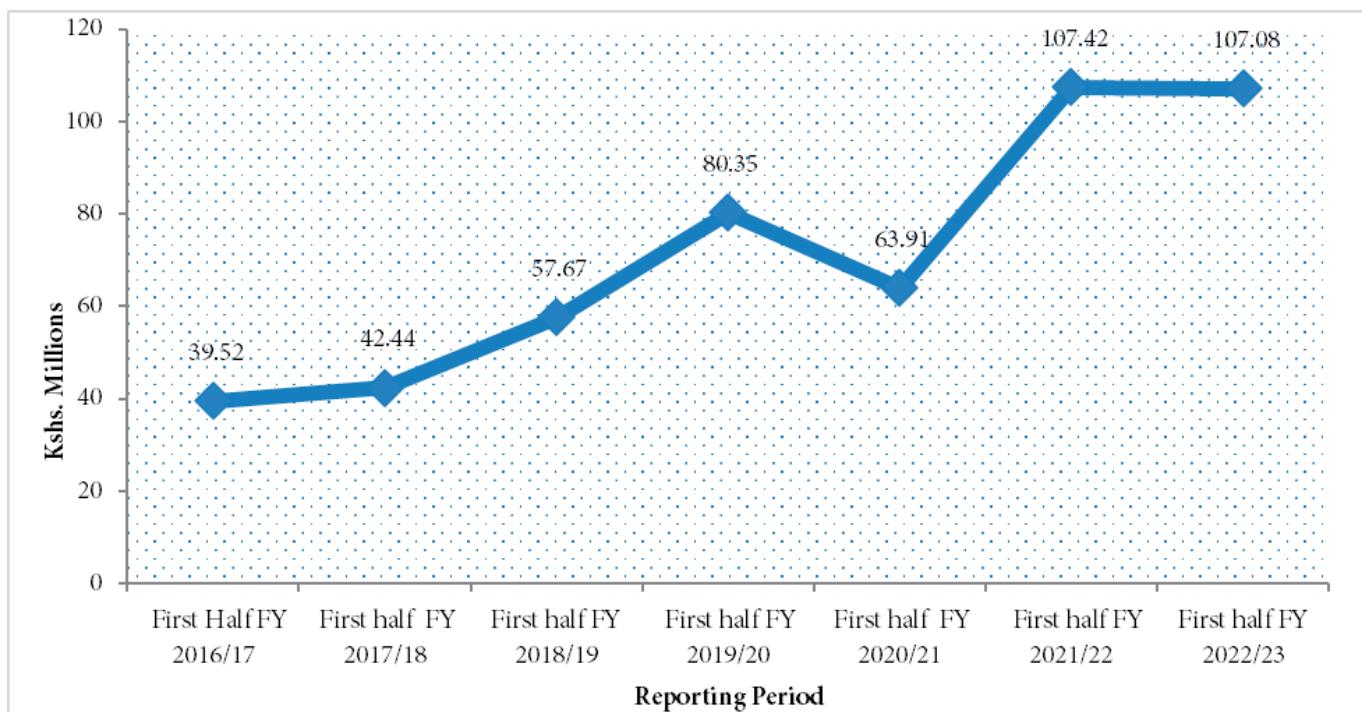
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,067,356,827	2,077,616,301	41.0
	Sub Total	5,067,356,827	2,077,616,301	41.0
B	Conditional Grants			
1	Nutritional International	10,000,000	2,500,000	25.0
2	Leasing of Medical Equipment	110,638,298	-	-
3	DANIDA	9,804,900	-	-
4	National Agriculture and Rural Inclusive Growth Project - NARIGP	243,345,337	-	-
5	Agriculture Sector Development Support Programme - ASDSP II	8,642,554	-	-
6	World Bank Credit to finance Locally-Led Climate Action Program (FLLoCA)	22,000,000	-	-
	Sub Total	404,431,089	2,500,000.00	-
D	Other Sources of Revenue			
1	Own Source Revenue	193,470,488	63,858,652	33
2	Balance b/f from FY2021/22	816,827,096	816,827,096	100.0
3	Appropriation in Aid (AiA)	90,602,720	43,226,087	47.7
	Sub Total	1,100,900,304	923,911,835	83.9

S/No	Revenue	Annual Budget Allocation (in Kshs.)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		6,572,688,220	3,004,028,136	45.7

Source: Vihiga County Treasury

Figure 133 shows the annual trend in own-source revenue collection for the first quarter from FY 2016/17 to FY 2022/23.

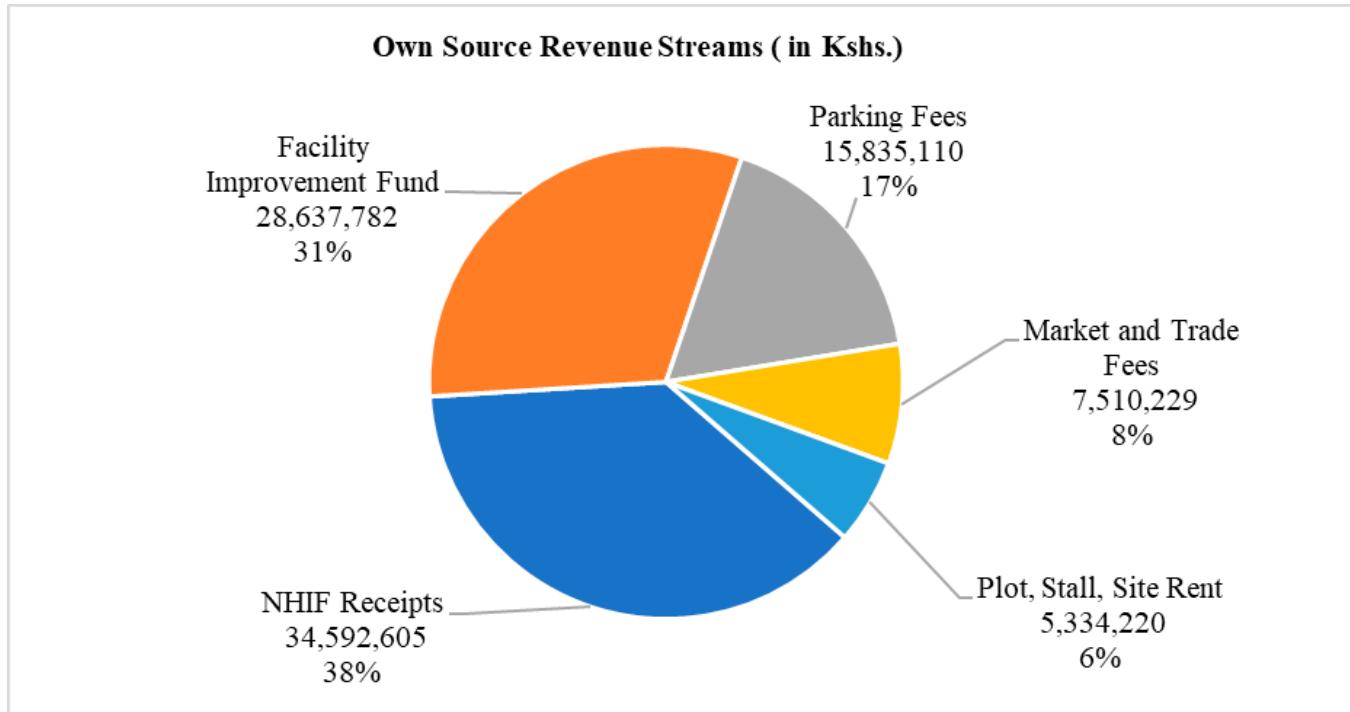
Figure 133: Trend in Own-Source Revenue Collection for the First Quarter of the Financial Year from FY 2016/17 to FY 2022/23



Source: Vihiga County Treasury

In the first quarter of FY 2022/23, the County generated Kshs. 107.08 million (inclusive of AiA) as own-source revenue. This amount represented a decrease of 0.3 per cent compared to Kshs.107.42 million realised in a similar period in FY 2021/22 and was 37.7 per cent of the annual target and 4.5 per cent of the received equitable share. The top five revenue streams which contributed the highest OSR are shown in Figure 134.

Figure 134: Top Streams of Own Source Revenue in the First Quarter of FY 2022/23



Source: Vihiga County Treasury

3.45.3 Exchequer Issues

The Controller of Budget approved Kshs.2.26 billion in withdrawals from the CRF account during the reporting period. The amount comprised Kshs.325.1 million (14.4 per cent) for development programmes and Kshs.1.94 billion (85.6 per cent) for recurrent programmes. The exchequer released in the first quarter of FY 2022/23 comprised Kshs.1.43 billion for compensation to employees, Kshs.510.98 million for Operations and Maintenance expenditure and Kshs.325.10 million for development expenditure.

The available cash balance in the County Revenue Fund Account on 30th September 2022 was Kshs.412.87 million.

3.45.4 County Expenditure Review

The County spent Kshs.2.19 billion on development and recurrent programmes during the reporting period. This expenditure represented 80.1 per cent of the total funds released by the CoB and comprised Kshs.378.15 million and Kshs.1.82 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 17.9 per cent, while recurrent expenditure represented 40.6 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.1.25 billion, which comprised Kshs.386.16 million for recurrent expenditure and Kshs.868.82 million for development activities. During the period under review, pending bills amounting to Kshs.301.44 million were settled, consisting of Kshs.47.33 million for recurrent expenditure and Kshs.254.11 million for development programmes. Therefore, the outstanding pending bills as of 31st December 2022 were Kshs.953.53 million.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.11 billion on employee compensation, Kshs.595.02 million on operations and maintenance, and Kshs.378.15 million on development activities. Similarly, the County Assembly spent Kshs.69.75 million on employee compensation and Kshs.41.13 million on operations and maintenance, as shown in Table 256 .

Table 256: Summary of Budget and Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)		Expenditure (Kshs)		Absorption (%)	
	County Executive	County Assembly	County Executive	County Assembly	County Executive	County Assembly
Total Recurrent Expenditure	3,841,086,662	621,955,167	1,701,636,561	110,881,312	44.3	17.8
Compensation to Employees	2,146,622,687	361,566,781	1,106,624,036	69,751,004	51.6	19.3
Operations and Maintenance	1,694,463,975	260,388,386	595,012,525	41,130,308	35.1	15.8
Development Expenditure	2,104,646,391	5,000,000	378,146,461	-	18.0	0.0
Total	5,945,733,053	626,955,167	2,079,783,022	110,881,312	35.0	17.7

Source: Vihiga County Treasury

3.45.7 Expenditure on Compensation to Employees

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees of Kshs.1.17 million was 39.2 per cent of the realised revenue of Kshs.3.0 billion and included Kshs.425.48 million attributable to the health sector, translating to 36.2 per cent of the total wage bill in the reporting period.

Personnel emoluments amounting to Kshs.941.10 million were processed through the (Integrated Personnel and Payroll Database (IPPD) system, while those paid through manual payroll were Kshs.235.28 million. The manual payroll amounted to 20.0 per cent of the total PEPE costs and is caused by delays in the allocation of Unified Payroll Numbers (UPN) to staff, recruitment on designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months. The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of UPN for their staff.

The County Assembly spent Kshs.12.96 million on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.43.8 million. The average monthly sitting allowance was Kshs.58,378 per MCA.

3.45.8 County Emergency Fund and County-Established Funds

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

The County allocated Ksh.239.19 million to county-established funds in FY 2022/23, which constituted 3.6 per cent of the County's overall budget for the year. Table 257 summarises each established Fund's budget allocation and performance during the reporting period.

Table 257: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Allocation in FY 2022/23 (Kshs.)	Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues	Actual Expenditure (Kshs.)	Submission of Financial Statements as of 31 st December 2022 (Yes/No.)
		A	B	C	D	
1.	Bursary Fund	96,590,746	50,000,000	-	12,188,053	Yes
2.	Sports Fund	20,000,000	-	-	-	No
3.	Trade and Enterprise Fund	2,000,000	-	-	-	Yes
4.	Climate Change Fund	80,000,000	-	-	18,146,349	Yes
5.	Facility Improvement Fund (FIF)	40,602,720	14,028,103	-	18,304,229	Yes
		239,193,466	64,028,103		48,638,631	

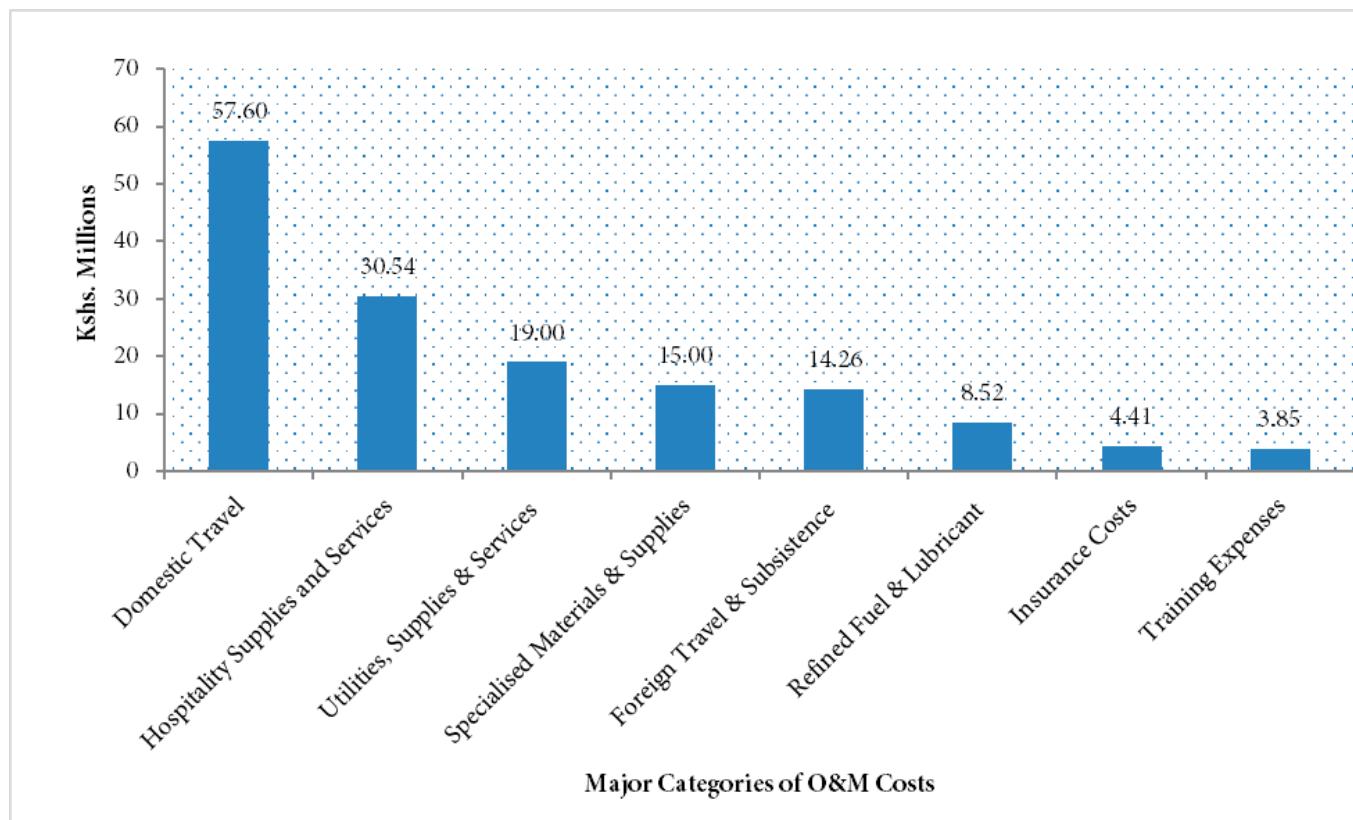
Source: Vihiga County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Sports Fund as indicated in Table 258 contrary to the requirement of Section 168 of the PFM Act, 2012.

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.57.6 million and comprised of Kshs.12.96 million spent by the County Assembly and Kshs.44.64 million by the County Executive. Expenditure on foreign travel amounted to Kshs.14.26 million by the County Executive.

3.45.10 Development Expenditure

In the second half of FY 2022/23, the County incurred Kshs.378.15 million, mainly on settling pending bills.

3.45.11 Budget Performance by Department

Table 258 summarises the approved budget allocation, expenditure and absorption rate by departments in the first quarter of FY 2022/23.

Table 258: Vihiga County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of The Governor	298.10	3.00	164.72	-	77.01	3.17	46.8	-	25.8	105.8
Department of Finance and Economic Planning.	433.57	319.90	138.47	9.73	108.67	127.87	78.5	1,313.9	25.1	40.0
Agriculture, Livestock, Fisheries & Cooperatives	211.28	546.95	85.68	87.62	50.50	15.80	58.9	18.0	23.9	2.9
Health Services	1,501.95	313.57	670.74	31.76	968.90	41.48	144.5	130.6	64.5	13.2
Education, Science, Technical and Vocational Training	449.96	151.85	274.59	2.48	165.02	29.45	60.1	1,187.5	36.7	19.4
Gender, Culture, Youth, Sports and Social Services	102.74	48.70	32.44	-	6.02	-	18.6	-	5.9	-
Trade, Industry, Tourism and Entrepreneurship.	84.74	63.65	30.15	17.85	25.22	20.35	83.7	114.0	29.8	32.0
County Public Service Board	54.87	-	18.78	-	21.94	-	116.8	-	40.0	-
Environment, Water, Energy & Natural Resources.	159.07	251.56	57.27	-	43.32	-	75.6	-	27.2	-
Transport, Infrastructure & Communication	130.09	302.25	50.59	151.73	23.86	116.76	47.2	77.0	18.3	38.6
Physical Planning, Land and Housing	113.35	77.39	41.98	20.76	14.06	20.76	33.5	100.0	12.4	26.8
County Assembly	621.96	5.00	226.84	-	110.88	-	48.9	-	17.8	-
Administration and Coordination of County Affairs	301.36	25.83	144.36	3.17	197.11	2.50	136.5	78.8	65.4	9.7

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
TOTAL	4,463.04	2,109.65	1,936.61	325.10	1,812.52	378.15	93.6	116.3	40.6	17.9

Source: Vihiga County Treasury

Analysis of expenditure by department shows that the Office of the Governor overspent its development allocation at 105.8 per cent, followed by the Department of Finance and Economic Planning at 40 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 65.4 per cent, while the Department of Finance and Economic Planning had the lowest at 2.5 per cent.

3.45.12 Budget Execution by Programmes and Sub-Programmes

Table 259 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 259: Vihiga County, Budget Execution by Programmes and Sub-Programmes

Program	Sub Program	Final Budget (Kshs.)	Actual Expenditure (Kshs.)	Budget Balance/ Variance (Kshs.)	Absorption Rate (%)
Administration, Planning and Support Services		1,268,869,036	263,562,880	1,005,306,156	20.8
	Administrative Service	1,230,955,972	263,562,880	967,393,092	21.4
	Research and Development	33,378,891	-	33,378,891	-
	Formulation of Policies, Regulations and Legal Framework	4,534,173	-	4,534,173	-
Livestock Development and Management		29,900,000	660,958	11,083,042	2.2
	Veterinary Services and Extension	17,150,000	660,958	16,489,042	3.9
	Livestock Extension	12,750,000	-	12,750,000	-
Fisheries Development and Management		10,050,000	229,000	9,821,000	2.3
	Promotion of Fish Farming	10,050,000	229,000	9,821,000	2.3
Crop Development and Management		19,452,874	1,059,750	18,393,124	5.4
	Crop Extension	5,350,000	-	5,350,000	-
	Farm Input Subsidy	14,102,874	1,059,750	13,043,124	7.5
Cooperatives Development		13,550,000	1,710,926	11,839,074	12.6
	Cooperative Development Services	13,550,000	1,710,926	11,839,074	12.6
Land Survey and Mapping Services		5,000,000	1,782,916	3,217,084	35.7
	Land Survey and Mapping	5,000,000	1,782,916	3,217,084	35.7
1 Urban and Physical Planning and Housing Services		32,034,352	2,066,150	29,968,202	6.4
	Urban and Physical Planning	3,000,000	1,207,250	1,792,750	40.2
	Vihiga Municipality {KUSP}	29,034,352	858,900	28,175,452	3.0
Administration, Planning and Support Services		546,616,848	258,480,393	288,136,455	47.3
	Administrative Service	546,616,848	258,480,393	288,136,455	47.3

Transport Management		20,402,400	3,532,289	16,870,111	17.3
	Transport System Management	20,402,400	3,532,289	16,870,111	17.3
Infrastructure Development		800,000	-	800,000	-
	Roads Maintenance	800,000	-	800,000	-
Administration, Planning and Support Services		114,847,083	46,667,060	68,180,024	40.6
	Administrative Service	114,847,083	46,667,060	68,180,024	40.6
Public Finance Management		51,328,751	734,308	50,594,443	1.4
	ICT Printing press	51,328,751	734,308	50,594,443	1.4
Trade Development and Investment		32,544,003	12,144,450	20,399,553	37.3
	Market Development and Management	29,494,003	11,444,450	18,049,553	38.8
	Business Support and Consumer Protection	3,050,000	700,000	2,350,000	23.0
Administration, Planning and Support of Service		1,939,246,150	570,398,616	1,368,847,534	29.4
	Administrative Service	785,059,856	194,651,916	590,407,940	24.8
	Human Resource Management and Development	1,142,354,432	371,469,105	770,885,327	32.5
	Healthcare Financing	11,831,862	4,277,595	7,554,267	36.2
Promotive and Preventive Healthcare Services		9,340,000	3,233,000	6,107,000	34.6
	Public Health Services	4,120,000	972,200	3,147,800	23.6
	Community Health Strategy	2,000,000	1,359,400	640,600	68.0
	Health Promotion	500,000	250,000	250,000	50.0
	Reproductive Health-care	2,700,000	651,400	2,048,600	24.1
	Disease Surveillance and Emergency	20,000	-	20,000	-
Curative and Rehabilitative Health Services		96,800,000	15,220,000	81,580,000	15.7
	Medical services	96,300,000	15,000,000	81,300,000	15.6
	County referral services	500,000	220,000	280,000	44.0
Child and Maternal Health Care		52,094,828	12,421,170	39,673,658	23.8
	Antenatal and Post Natal healthcare	2,600,000	233,600	2,366,400	9.0
	Antenatal and Post Natal Healthcare	10,520,000	4,983,750	5,536,250	47.4
	Newborn, Child and Adolescent Health	500,000	250,000	250,000	50.0

	Nutrition Services	38,474,828	6,953,820	31,521,008	18.1
Administration, Planning and Support Services		299,022,991	146,442,073	152,580,918	49.0
	Administrative Service	299,022,991	146,442,073	152,580,918	49.0
Vocational Education and Training		145,594,092	26,946,189	118,647,903	18.5
	Youth Polytechnic Development	145,594,092	26,946,189	118,647,903	18.5
Early Childhood Development		246,918,085	32,452,339	214,465,746	13.1
	ECD Development	246,918,085	32,452,339	214,465,746	13.1

Administration, Planning and Support Services		1,048,479,453	610,078,622	438,400,831	58.2
	Administrative Service	1,014,694,780	599,586,867	415,107,913	59.1
	County Administration	12,047,533	3,196,855	8,850,678	26.5
	County Radio Information Services	21,737,140	7,294,900	14,442,240	33.6
Coordination of Policy Formulation Implementation of Vision 2030		5,000,000	-	5,000,000	-
	Emergency & Disaster Fund	5,000,000	-	5,000,000	-
Public Finance Management		253,484,227	37,530,275	215,953,952	14.8
	Public Finance Management	86,952,520	26,376,400	60,576,120	30.3
	Accounting Services	123,619,752	- 2,975	123,622,727	-
	Audit Services	4,414,440	2,660,170	1,754,270	60.3
	Budget Formulation Coordination	8,777,515	4,044,680	4,732,835	46.1
	Resource Mobilisation	23,110,000	736,700	22,373,300	3.2
	Budget Expenditure Management	6,610,000	3,715,300	2,894,700	56.2
County Planning Services		6,866,845	141,000	6,725,845	2.1
	Monitoring and Evaluation	2,666,845	-	2,666,845	-
	Coordination of Policy Formulation and Plans	4,200,000	141,000	4,059,000	3.4
Management and Administration of County Services		50,969,999	18,402,896	32,567,103	36.1
	County Executive	27,199,999	9,449,275	17,750,724	34.7
	County Secretary	10,170,000	5,776,331	4,393,669	56.8
	Legal Services	13,600,000	3,177,290	10,422,710	23.4
Administration, Planning and Support Services		59,041,842	9,215,041	49,826,801	15.6
	Administrative Service	59,041,842	9,215,041	49,826,801	15.6
903004860		45,600,000	263,200	45,336,800	0.6
	Promotion of Sports	32,150,000	263,200	31,886,800	0.8
	Promotion of Culture and Heritage	13,450,000	-	13,450,000	-
904004860		10,800,000	527,420	10,272,580	4.9
	Social Protection	5,500,000	-	5,500,000	-
	Gender, Children, Youth and People with Disability	5,300,000	527,420	4,772,580	10.0
Administration, Planning and Support Services		78,345,661	27,876,217	50,469,444	35.6
	Administrative Service	78,345,661	27,876,217	50,469,444	35.6
1003004860		41,163,700	83,696,200	- 42,532,500	203.3
	Water Supply Management	22,036,200	44,256,200	21,286,870	200.8
	Waste Water Management	19,127,500	39,440,000	340,000	206.2

1004004860		11,695,000	920,000	10,775,000	7.9
	Environmental Protection and Conservation	11,695,000	920,000	10,775,000	7.9
1005004860		26,830,000	2,268,995	24,561,005	8.5
	Farm Forest Management	9,445,000	2,028,195	7,416,805	21.5
	Natural Resources management	17,385,000	240,800	17,144,200	1.4
	Total	6,572,688,220	2,190,664,334	4,382,023,886	33.3

Source: Vihiga County Treasury

The Waste Water Management Sub-programmes had the highest levels of implementation based on absorption rates at 206.2 per cent, which is irregular and should be corrected during the Supplementary Budget process.

3.45.13 Key Observations and Recommendations

1. 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;
2. Diversion of funds by the County Treasury and poor budgeting practice as shown in Table 258 where the County incurred expenditure above the approved exchequer issues in some departments.
3. High level of pending bills, which amounted to Kshs.953.53 million as of 31st December 2022, despite the availability of Kshs.412.87 million in the CRF account at the end of the first half of FY 2022/23.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.235.28 million were processed through the manual payroll, accounting for 20 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.

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

1. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
2. *The County leadership should take charge of the worsening pending bills situation to ensure genuine bills are paid without delay in the remaining period of the financial year.*
3. *The Government policy is that salaries should be processed through the IPPD system, and the County is advised to fast-track the acquisition of Unified Personnel Numbers for their staff. The County Public Service Board should regulate the engagement of staff on contract and casual workers as provided under Section 74 of the County Governments Act 2012. Further, there should be strict compliance with the approved staff establishment.*

3.46 County Government of Wajir

3.46.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.11.66 billion, comprising Kshs.4.07 billion (35 per cent) and Kshs.7.59 billion (65 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate represents an increase 0.6 per cent compared to the previous financial year when the approved budget was Kshs.11.59 billion and comprised of Kshs.4.24 billion towards development expenditure and Kshs.7.24 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.9.47 billion (81 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (1 per cent) from its own source of revenue and a cash balance of Kshs.698.92 million (6 per cent) from FY 2021/22. The County also expects to receive Kshs.1.39 billion (12 per cent) as conditional grants. A breakdown of the conditional grants is provided in Table 260.

3.46.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.3.69 billion as the equitable share of the revenue raised nationally, raised Kshs.19.54 million as own-source revenue and had a cash balance of Kshs.895.23 million from FY 2021/22. The county also had unspent conditional grant balances of Kshs.165.22 million from the previous FY 2021/22. The total balance available for implementation during the period amounted to Kshs.4.77 billion, as shown in Table 260.

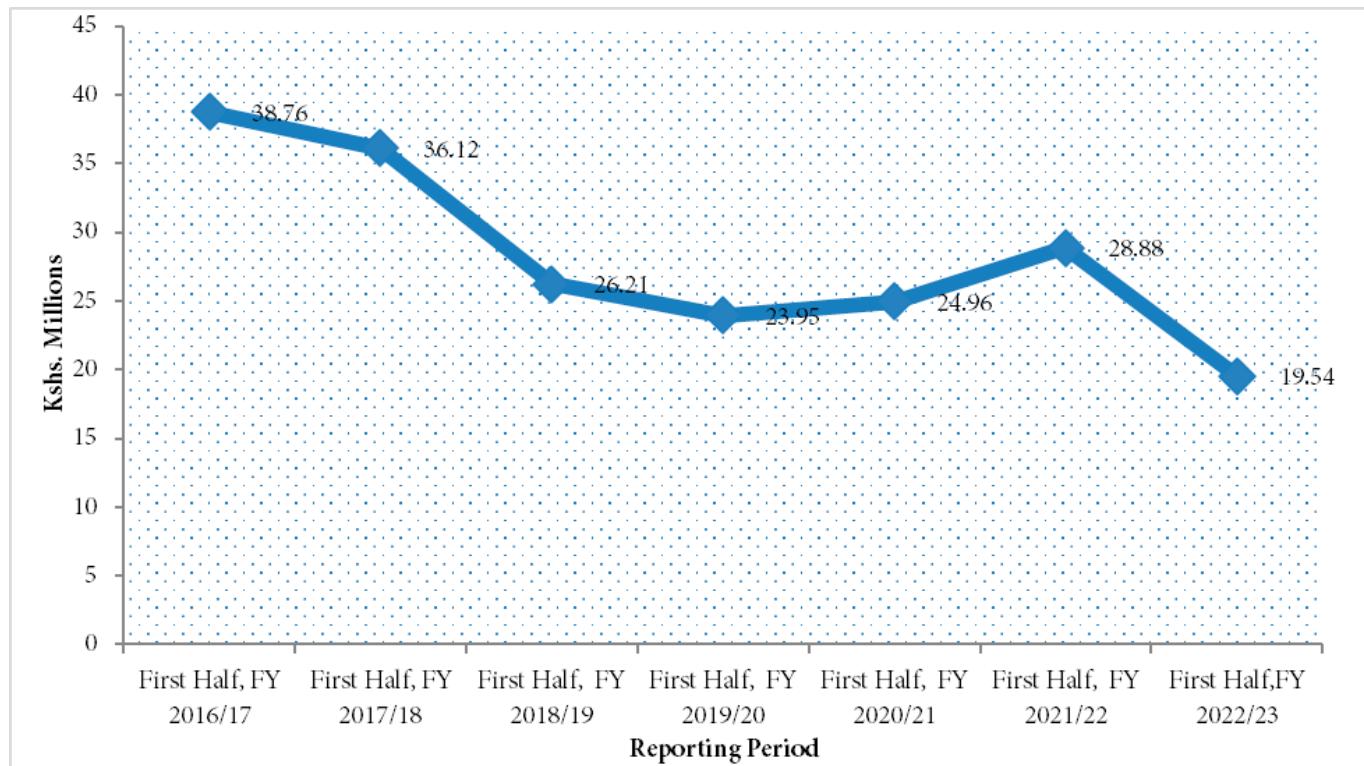
Table 260: Wajir County, Revenue Performance in the First Half of FY 2022/23

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	9,474,726,151	3,692,826,256	39
	Sub Total	9,474,726,151	3,692,826,256	39
B	Conditional Grants			
1	Wajir Water and Sanitation project	550,000,000	-	-
2	Kenya Climate Smart Agriculture Project	346,040,790	-	-
3	Kenya Informal Settlement Improvement Project (KISIP II)	230,000,000	-	-
4	Emergency Locust Response Project (ELRP)	49,529,250	-	-
5	DANIDA (UHC)	18,009,000	-	-
6	EU grant(IDEAS) program	15,626,168	-	-
7	Agriculture Sector Development Support Program (ASDP II)	12,880,510	-	-
8	Locally led Climate Smart Agriculture Project BBF 2021/22 (FlloCA)	10,000,000	10,000,000	100
9	Kenya Climate Smart Agriculture Project BBF 21/22	48,491,915	48,491,915	100
10	RVF Control technical support by FAO	1,247,800	-	-
11	Emergency Locust Response Project BBF 21/22	18,730,781	18,730,781	100
12	Kenya Urban Support Program BBF 21/22	24,462,565	24,462,565	100
13	Kenya Devolution Sector Support Program BBF 21/22	63,535,028	63,535,028	100
	Sub-Total	1,388,553,807	165,220,289	12
C	Other Sources of Revenue			
1	Own Source Revenue	100,000,000	19,539,773	19.5
2	Balance Brought Forward from the Previous Year	698,916,355	895,230,608	128
	Sub Total	798,916,355	914,770,381	115
	Grand Total	11,662,196,313	4,772,816,926	41

Source: Wajir County Treasury

Figure 136 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

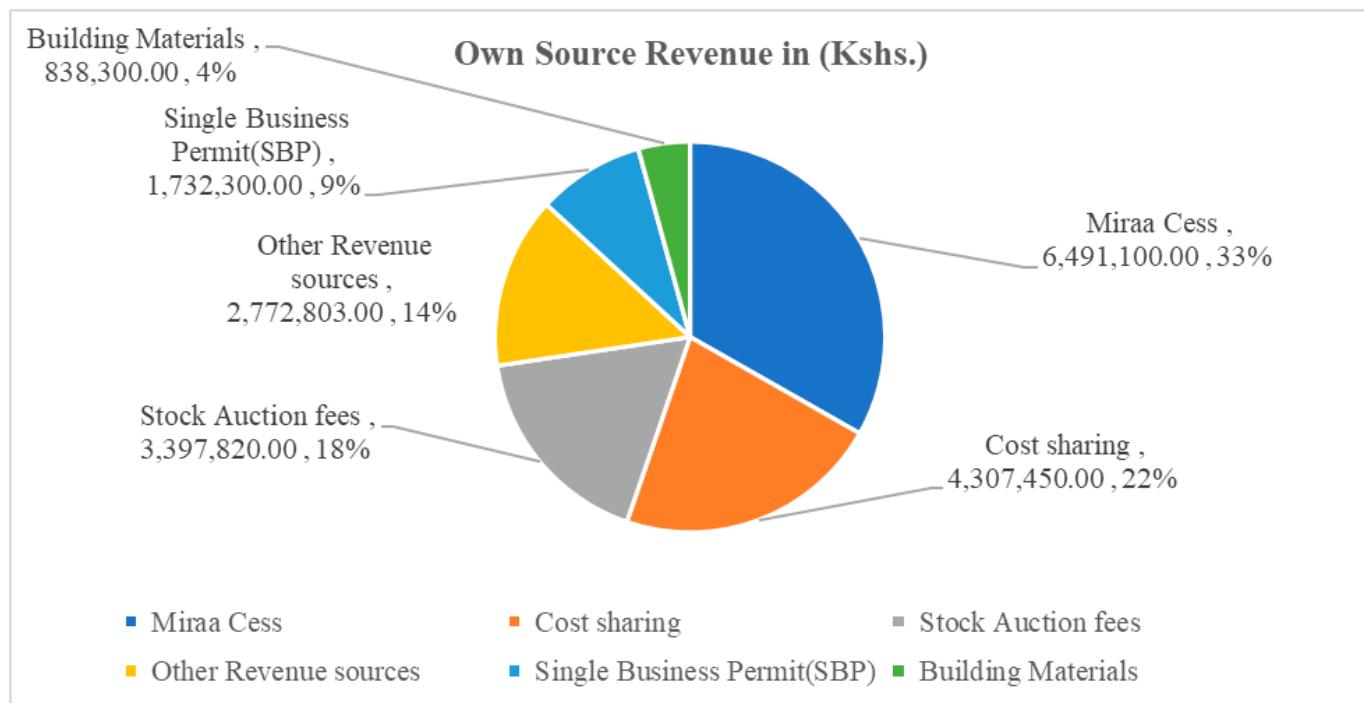
Figure 136: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: Wajir County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.19.54 million from its own sources of revenue. This amount represented a decrease of 32.3 per cent compared to Kshs.28.88 million realised in a similar period in FY 2021/22 and was 19.5 per cent of the annual target and 0.52 per cent of the equitable share of revenue disbursed during the period. The revenue streams which contributed the highest OSR are shown in Figure 137.

Figure 137: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: Wajir County Treasury

The highest revenue stream of Kshs.6.49 million was from miraa cess collection contributing to 33 per cent of the total OSR collected during the reporting period.

3.46.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.3.00 billion from the CRF account during the reporting period, which was entirely for recurrent activities. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.2.26 billion was released towards employee compensation, and Kshs.742.35 million was for Operations and Maintenance expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.104.3 million.

3.46.4 County Expenditure Review

The County spent Kshs.2.74 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.7 per cent of the total funds released by the CoB and comprised Kshs.14.09 million and Kshs.2.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.3 per cent, while recurrent expenditure represented 31.9 per cent of the annual recurrent expenditure budget.

3.46.5 Settlement of Pending Bills

At the beginning of FY 2022/23, the County reported the stock of pending bills of Kshs.5.45 billion comprising Kshs.4.03 billion for development and Kshs.1.47 billion for recurrent. The figures are based on the Assumption of Office Committee report and will be subjected to verification to ascertain their authenticity. No pending bills were paid in the period.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.61 billion on employee compensation, Kshs.797.94 million on operations and maintenance, and Kshs.14.09 million on development activities. Similarly, the County Assembly spent Kshs.206.48 million on employee compensation and Kshs.97.58 million on operations and maintenance, as shown in Table 261.

Table 261: 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	6,738,892,226	853,341,593	2,418,925,974	304,060,643	35.9	0.4
Compensation to Employees	3,961,882,880	570,461,022	1,606,898,191	206,481,369	40.6	36.2
Operations and Maintenance	2,777,009,345	282,880,570	797,940,093	97,579,274	28.7	34.5
Development Expenditure	4,069,962,494	-	14,087,690	-	0.3	-
Total	10,808,854,720	853,341,593	4,837,851,948	304,060,643	36.2	0.4

Source: Wajir County Treasury

3.46.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.81 billion, or 37.9 per cent of the revenue for the first half of FY 2022/23 of Kshs.4.77 billion. This expenditure represented a decrease from Kshs.2.24 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.846.3 million paid to health sector employees, translating to 46.7 per cent of the total wage bill.

Further analysis indicates that PE costs amounting to Kshs.1.51 billion were processed through the Integrated Personnel and Payroll Database (IPPD) system, while Kshs.307.5 million was processed through manual payrolls.

The manual payrolls accounted for 16.9 per cent of the total PE cost and was attributed to delays in the allocation of Unified Payroll Numbers (UPN) to staff, staff designations that do not conform to the scheme of service and the IPPD system, and employment of staff on short term contracts of less than six months thereby limiting their inclusion in the IPPD system.

The County Assembly spent Kshs.4.29 million on committee sitting allowances for the 50 MCAs and the Speaker against the annual budget allocation of Kshs.16.21 million. The average monthly sitting allowance was Kshs.14,307 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 2.5 per cent of the County's overall budget. Table 262 summarises each established Fund's budget allocation and performance during the reporting period.

Table 262: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues in the First Half of FY 2022/23	Actual Expenditure for the First Half of FY 2022/23 (Kshs.)	Submission of Financial Statements as of 31st December 2022
1.	Bursary Fund	150,000,000	150,000,000	-	No
2.	Emergency Fund	150,000,000	150,000,000	-	No
		300,000,000	300,000,000	-	

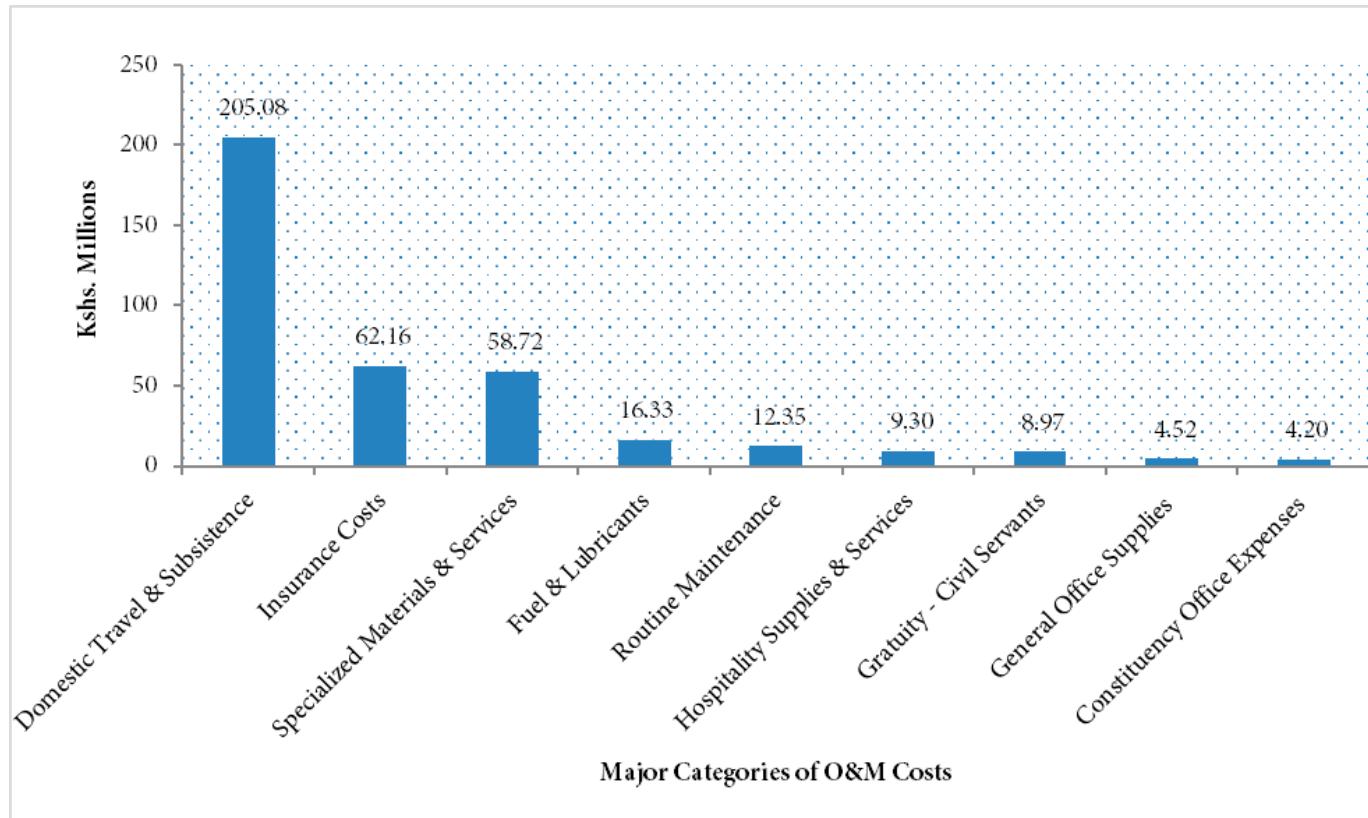
Source: Wajir County Treasury

During the reporting period, OCoB did not receive quarterly financial returns from Fund Administrators of the Bursary Fund and the Emergency Fund, as indicated in Table 262 Performance of County Established Funds as of 31st December 2022 , contrary to the requirement of Section 168 of the PFM Act, 2012.

3.46.9 Expenditure on Operations and Maintenance

Figure 138 shows a summary of 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.205.08 million and comprised of Kshs.57.71 million spent by the County Assembly and Kshs.147.38 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.23 million by the County Executive.

3.46.10 Development Expenditure

In the first half of FY 2022/23, the County reported a development expenditure of Kshs.14.09 million by the Department of Health Services.

3.46.11 Budget Performance by Department

Table 263 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 263: 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	853.34	-	304.13	-	304.00	-	100.0	-	35.6	-
County Executive	565.83	-	227.69	-	167.00	-	73.3	-	29.5	-
Finance and Economic Planning	690.05	-	283.23	-	203.00	-	71.7	-	29.4	-
Agriculture, Livestock and Veterinary Services	384.07	754.21	101.48	-	87.72	-	86.4	-	22.8	-

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
Health Services	2,564.82	474.39	1,144.27	-	978.00	14.09	85.5	-	38.1	3.0
Roads, Transport, Public Works and Housing	164.70	458.80	54.51	-	39.62	-	72.7	-	24.1	-
Water Services	243.93	532.50	63.06	-	50.00	-	79.3	-	20.5	-
Energy, Environment and Climate Change	84.28	297.20	32.38	-	19.75	-	61.0	-	23.4	-
Public Service, Special Programs and County Administration	660.62	7.00	279.00	-	202.00	-	72.4	-	30.6	-
Education, Social Wel- fare and Family Affairs	721.47	244.39	263.00	-	198.00	-	75.3	-	27.4	-
ICT, Trade, Investment and Industrialization	176.41	286.60	58.00	-	42.00	-	72.4	-	23.8	-
Lands and Spatial Planning	45.64	281.42	15.85	-	3.93	-	24.8	-	8.6	-
WAJWASCO	143.58	570.00	52.00	-	31.19	-	60.0	-	21.7	-
CPSB	83.81	-	34.00	-	21.97	-	64.6	-	26.2	-
Municipality	209.69	163.46	89.30	-	70.60	-	79.1	-	33.7	-
TOTAL	7,592.23	4,069.96	3,001.91	-	2,418.79	14.09	80.6	-	31.9	0.3

Source: Wajir County Treasury

Analysis of expenditure by department shows that the Health department is the only department that incurred a development expenditure of Ksh.14.01 million. The Department of Finance, Economic Planning had the highest percentage of recurrent expenditure to budget at 80.8 per cent, followed by Public Service, Special programs and County Administration 57.1 per cent, while the Department of Lands and Spatial Planning had the lowest at 8.6 per cent.

3.46.12 Budget Execution by Programmes and Sub-Programmes

Table 264 : Wajir County, Budget Execution by Programmes and Sub-Programmes summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 264: Wajir County, Budget Execution by Programmes and Sub-Programmes

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Executive	County Executive	417,473,336	309,966,017	107,507,319	74.2
	General Administration and Support Services	-	-	-	
	County Executive Services	417,473,336	309,966,017	107,507,319	74.2
County Public Service Board	County Public Service Board	-	-	-	
		-	-	-	

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Assembly Administration	County Assembly Administration	853,341,593	304,060,643	549,280,950	35.6
	County Executive Services				
		21,600,000	10,265,460	11,334,540	47.5
	County Executive Services	21,600,000	10,265,460	11,334,540	47.5
Headquarters	Headquarters	30,000,000	17,817,360	12,182,640	59.4
	County Executive Services	30,000,000	17,817,360	12,182,640	59.4
Headquarters	Headquarters	96,760,000	32,570,000	64,190,000	33.7
	County Executive Services	96,760,000	32,570,000	64,190,000	33.7
Treasury	Treasury	538,455,701	493,074,657	45,381,044	91.6
		308,883,701	302,489,122	6,394,580	97.9
	Finance Services	229,572,000	190,585,536	38,986,464	83.0
	County Economic Planning Services	-	-	-	
Economic Planning	Economic Planning	30,892,000	5,334,100	25,557,900	17.3
	County Executive Services	-	-	-	
	County Economic Planning Services	30,892,000	5,334,100	25,557,900	17.3
Revenue	Revenue	21,724,600	3,097,320	18,627,280	14.3
	Finance Services	21,724,600	3,097,320	18,627,280	14.3
Budget	Budget	15,269,524	2,114,800	13,154,724	13.8
	Finance Services	15,269,524	2,114,800	13,154,724	13.8
Internal Audit	Internal Audit	15,419,900	562,800	14,857,100	3.6
	Finance Services	15,419,900	562,800	14,857,100	3.6
Procurement	Procurement	61,538,600	52,511,060	9,027,540	85.3
		3,186,000	-	3,186,000	0.0
	Finance Services	58,352,600	52,511,060	5,841,540	90.0
		-	-	-	
	County Executive Services	-	-	-	
Headquarters	Headquarters	6,750,000	1,571,000	5,179,000	23.3
	Finance Services	6,750,000	1,571,000	5,179,000	23.3
Roads	Roads	385,694,936	38,565,978	347,128,958	10.0
	General Administration and Support Services	121,242,936	35,420,038	85,822,898	29.2
	Improvement of roads network	264,452,000	3,145,940	261,306,060	1.2
	General Administration and Support Services	-	-	-	
Transport	Transport	32,650,000	-	32,650,000	-
	Enhancement of public roads transport system	28,650,000	-	28,650,000	-

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Improvement of roads network	-	-	-	
	General Administration and Support Services	4,000,000	-	4,000,000	-
Public Works	Public Works	205,155,900	908,600	204,247,300	0.4
	Construction of Offices	-	-	-	
	Enhancement of public roads transport system	202,707,000	519,200	202,187,800	0.3
	Monitoring and evaluation	-	-	-	
	Improvement of roads network	-	-	-	
	Housing development and Human Settlement	2,448,900	389,400	2,059,500	15.9
Water	Water	776,425,919	50,328,111	726,097,808	6.5
	General Administration and Support Services	-	-	-	
	Water Services	776,425,919	50,328,111	726,097,808	6.5
Energy	Energy	173,824,800	-	173,824,800	-
	Energy Services	173,824,800	-	173,824,800	-
	General Administration and Support Services	-	-	-	-
	Environment & Natural Resource Services	-	-	-	-
Environment & Natural Resources	Environment & Natural Resources	196,375,888	19,367,846	177,008,042	9.9
	General Administration and Support Services	73,018,288	18,707,846	54,310,442	25.6
	Environment & Natural Resource Services	123,357,600	660,000	122,697,600	0.5
Natural Resources	Natural Resources	11,275,800	378,000	10,897,800	3.4
		-	-	-	
	Environment & Natural Resource Services	11,275,800	378,000	10,897,800	3.4
Public Health	Public Health	42,172,950	3,816,700	38,356,250	9.1
	Preventive and promotive services	42,172,950	3,816,700	38,356,250	9.1
	General Administration and Support Services	-	-	-	
	Reproductive Health Services	-	-	-	
	Curative Services	-	-	-	
	RMNCH	-	-	-	
Medical Services	Medical Services	584,460,153	208,187,344	376,272,809	35.6
	Curative Services	584,460,153	208,187,344	376,272,809	35.6
	General Administration and Support Services	-	-	-	
RMNCH	RMNCH	161,202,292	37,656,912	123,545,380	23.4
	RMNCH	161,202,292	37,656,912	123,545,380	23.4
TB & HIV – AIDS	TB & HIV – AIDS	20,600,000	4,380,200	16,219,800	21.3
	TB & HIV-AIDS	20,600,000	4,380,200	16,219,800	21.3

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Health Research	Health Research	14,686,000	221,600	14,464,400	1.5
	Health Research Services	14,686,000	221,600	14,464,400	1.5
Emergency Referral Services	Emergency Referral Services	30,252,000	5,536,660	24,715,340	18.3
	Curative Services	30,252,000	5,536,660	24,715,340	18.3
Health Shared Services	Health Shared Services	1,853,899,444	845,703,014	1,008,196,430	45.6
	Curative Services	110,000,000	-	110,000,000	-
	General Administration and Support Services	1,743,899,444	845,703,014	898,196,430	48.5
Headquarters	Headquarters	331,930,000	2,984,000	328,946,000	0.9
	Curative Services	331,930,000	2,984,000	328,946,000	0.9
Education	Education	737,544,195	315,262,065	422,282,130	42.7
	Sports promotion and development	-	-	-	-
	Youth polytechnics	33,395,000	108,000	33,287,000	0.3
	Vocational Training Services	-	-	-	-
	School Support and Development Services	-	-	-	-
	ECD	287,033,950	121,891,028	165,142,922	42.5
	General Administration and Support Services	417,115,245	193,263,037	223,852,208	46.3
	Gender, Culture and Social Services	-	-	-	-
Social Services	Social Services	44,184,400	1,136,000	43,048,400	2.6
	Sports promotion and development	44,184,400	1,136,000	43,048,400	2.6
	Gender, Culture and Social Services	-	-	-	-
Gender	Gender	167,617,700	40,964,000	126,653,700	24.4
	Gender, Culture and Social Services	167,617,700	40,964,000	126,653,700	24.4
Heritage and Library Services	Heritage and Library Services	16,516,600	899,500	15,617,100	5.4
	County Economic Planning Services	-	-	-	-
	Gender, Culture and Social Services	16,516,600	899,500	15,617,100	5.4
Agriculture	Agriculture	785,880,131	179,064,136	606,815,995	22.8
	Aquaculture, Inland fisheries production and Extension services	-	-	-	-
	Agricultural infrastructure development program	588,926,436	96,686,104	492,240,332	16.4
	Administrative and support services	196,953,695	82,378,032	114,575,663	41.8

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Livestock & Veterinary	Livestock & Veterinary	311,758,796	1,591,700	310,167,096	0.5
	Livestock Infrastructure improvement program	240,485,196	859,100	239,626,096	0.4
	Veterinary Support Services	71,273,600	732,600	70,541,000	1.0
Fisheries	Fisheries	15,402,800	-	15,402,800	-
	Aquaculture, Inland fisheries production and Extension services	15,402,800	-	15,402,800	-
Irrigation	Irrigation	25,233,200	162,800	25,070,400	0.6
	Irrigation management services	25,233,200	162,800	25,070,400	0.6
		-	-	-	-
Trade	Trade	389,940,720	63,991,044	325,949,676	16.4
	Co-operative Development	-	-	-	-
	Industrial Development	-	-	-	-
	Tourism & Wildlife	-	-	-	-
	Administrative and Support Services	153,733,720	63,366,544	90,367,176	41.2
	Trade Services	236,207,000	624,500	235,582,500	0.3
Industrialisation	Industrialisation	38,924,320	182,000	38,742,320	0.5
	Co-operative Development	-	-	-	-
	Industrial Development	38,924,320	182,000	38,742,320	0.5
Co - o p e r a t i v e Development	Co-operative Development	13,583,120	72,600	13,510,520	0.5
	Trade Services	-	-	-	-
	Co-operative Development	13,583,120	72,600	13,510,520	0.5
ICT Services	ICT Services	20,558,400	1,009,090	19,549,310	4.9
	ICT Infrastructure Services	20,558,400	1,009,090	19,549,310	4.9
Lands	Lands	321,809,727	3,223,168	318,586,559	1.0
	Administrative and support services	40,392,139	3,223,168	37,168,971	8.0
	Housing development and Human Settlement	-	-	-	-
	Government Building Services	-	-	-	-
	Enhancement of public roads transport system	-	-	-	-
	Land Policy and Physical Planning	281,417,588	-	281,417,588	-
Physical Planning	Physical Planning	5,248,600	707,400	4,541,200	13.5
	Land Policy and Physical Planning	5,248,600	707,400	4,541,200	13.5
Public Service	Public Service	361,074,480	165,117,804	195,956,676	45.7
	Public Participation	-	-	-	-
	Administration of Human Resources	361,074,480	165,117,804	195,956,676	45.7

Program	Sub-program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	Decentralised Unit	30,708,400	4,206,260	26,502,140	13.7
	Administration of Human Resources	30,708,400	4,206,260	26,502,140	13.7
Public Participation	Public Participation	12,602,000	1,029,300	11,572,700	8.2
	Public Participation	12,602,000	1,029,300	11,572,700	8.2
Conflict Resolution	Conflict Resolution	24,919,901	3,490,800	21,429,101	14.0
		24,919,901	3,490,800	21,429,101	14.0
Intergovernmental Relations	Intergovernmental Relations	6,356,624	130,000	6,226,624	2.0
	County Executive Services	6,356,624	130,000	6,226,624	2.0
Disaster Management	Disaster Management	213,719,800	201,792,300	11,927,500	94.4
		213,719,800	201,792,300	11,927,500	94.4
Service Delivery and Performance Contracting	Service Delivery and Performance Contracting	7,478,400	652,300	6,826,100	8.7
		7,478,400	652,300	6,826,100	8.7
Governance and Ethics	Governance and Ethics	10,763,600	352,360	10,411,240	3.3
		10,763,600	352,360	10,411,240	-
ICT	ICT	83,812,668	22,137,180	61,675,488	26.4
	General Administration & support services	83,812,668	22,137,180	61,675,488	26.4
	Public Participation	713,575,546	31,193,930	682,381,616	4.4
Grand Total	Grand Total	11,662,196,313	2,722,986,617	8,070,536,432	23.4

Source: Wajir County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Treasury services at 97.9 per cent, Disaster Management at 94.4 per cent and Finance in the Department of Finance, Economic Planning & ICT at 90 per cent of budget allocation.

3.46.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.19.54 million against an annual projection of Kshs.100.00 million, representing 19.5 per cent of the annual target.
2. Failure by Fund Administrators to submit quarterly financial and non-financial reports to the CoB, which is against the requirement of Section 168 of the PFM Act, 2012. The reports for the Emergency Fund and Bursary Fund were not submitted to the Controller of Budget.
3. High level of pending bills at Kshs.5.45 billion as of 31st December 2022.
4. Use of manual payroll. Personnel emoluments amounting to Kshs.307.5 million were processed through the manual payroll and accounted for 16.9 per cent of the total payroll cost. The manual payroll is prone to abuse and may lead to the loss of public funds where there is a lack of proper controls.
5. Delay in the passage of the Budget Estimates for FY 2022/23 and the Appropriation Act, which resulted in the delay in the implementation of programs.

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

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

3.47 County Government of West Pokot

3.47.1 Overview of FY 2022/23 Budget

The County's approved budget for the FY 2022/23 is Kshs.7.48 billion, comprising Kshs.2.58 billion (34.6 per cent) and Kshs.4.89 billion (65.4 per cent) allocation for development and recurrent programmes, respectively. The approved budget estimate is a decline of 2.5 per cent compared to the previous financial year when the approved budget was Kshs.7.67 billion and comprised of Kshs.2.52 billion towards development expenditure and Kshs.5.15 billion for recurrent expenditure.

To finance the budget, the County expects to receive Kshs.6.29 billion (84.1 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.3 per cent) from its own source of revenue, and a cash balance of Kshs.486.55 million (6.5 per cent) from FY 2021/22. The County also expects to receive Kshs.530.80 million (7.1 per cent) as conditional grants, which consist of Kshs.353.74 million for financing the Climate Smart Agriculture Project and Kshs.10.93 million for the Agriculture Sector Development Support Programme II. Others are Kshs.10.54 million from DANIDA, Kshs.30.76 million for the Emergency Locust Response Project and Kshs.125 million for Financing Locally Led Climate Action Programme.

The cash balance from the previous financial year comprised an equitable share amounting to Kshs.381.35 million conditional grants of Kshs.48.70 million for Kenya Devolution Support Programme and Kshs.52.00 million for Transforming Health Systems for Universal Health Care.

3.47.2 Revenue Performance

In the first half of FY 2022/23, the County received Kshs.1.17 billion as the equitable share of the revenue raised nationally, raised Kshs.49.83 million as own-source revenue and had a cash balance of Kshs.486.55 million from FY 2021/22. The total funds available for budget implementation during the period amounted to Kshs.1.71 billion, as shown in Table 266.

Table 265: West Pokot County, Revenue Performance in the First Half of FY 2022/23

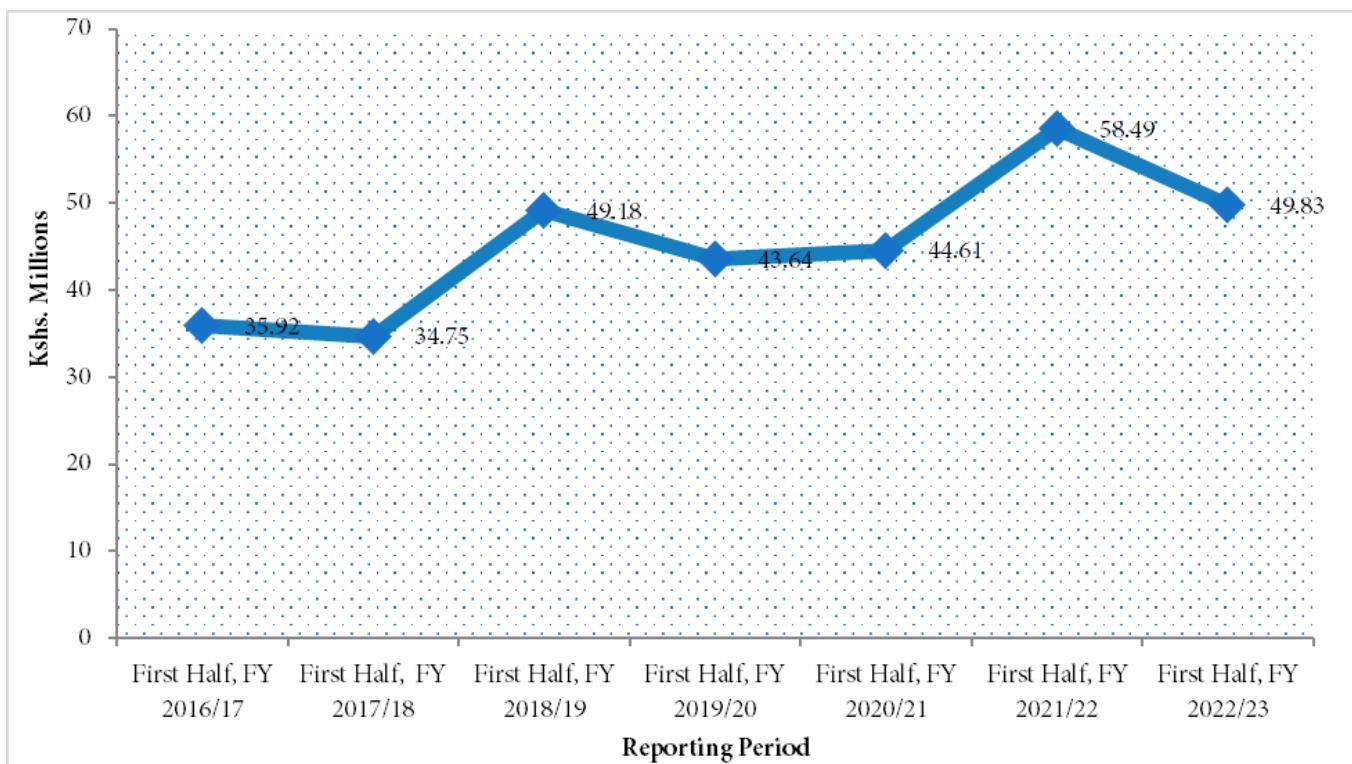
S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,288,284,329	1,170,853,324	18.6
Sub Total		6,288,284,329	1,170,853,324	18.6
B	Conditional Grants			
1	Kenya Climate Smart Agriculture Project	353,574,020		
2	Agriculture Sector Development Support Programme II	10,927,742		
3	DANIDA	10,538,600.00		
4	Emergency Locust Response Project	30,759,700.00		

S/No	Revenue	Annual Budget Allocation (in Kshs)	Actual Receipts (in Kshs.)	Actual Receipts as Percentage of Annual Alloc- ation (%)
5	Financing Locally Led Climate Programme	125,000,000.00		
	Sub-Total	530,800,062.00	-	-
D	Other Sources of Revenue			
1	Own Source Revenue	170,000,000	49,829,161	29.3
2	Balance b/f from FY2021/22	486,551,211	486,551,211	100.0
	Sub Total	656,551,211	536,380,372	81.7
	Grand Total	7,475,635,602	1,707,233,696	22.8

Source: West Pokot County Treasury

Figure 139 shows the trend in own-source revenue collection for the first half of the financial year from FY 2016/17 to FY 2022/23.

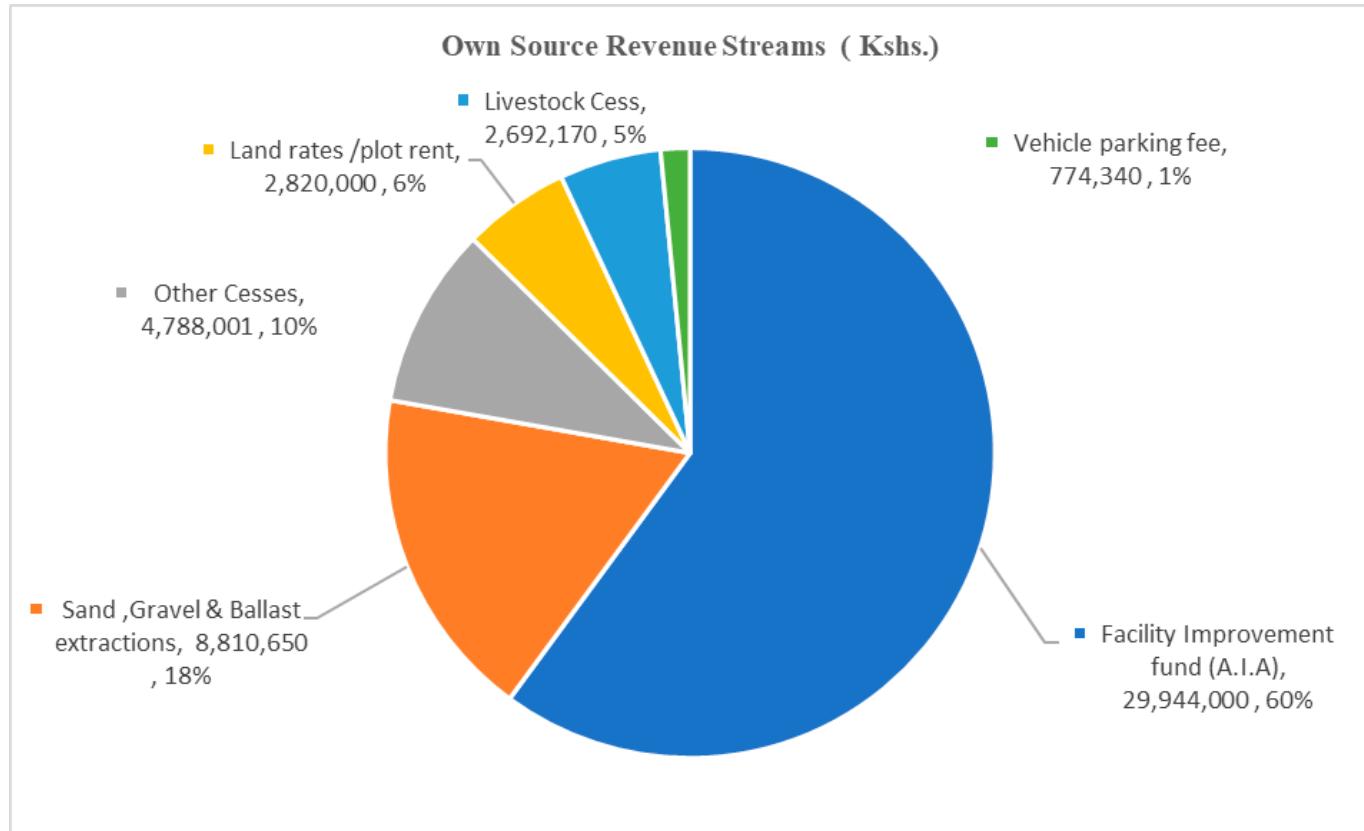
Figure 139: Trend in Own-Source Revenue Collection for the First Half of the Financial Years from FY 2016/17 to FY 2022/23



Source: West Pokot County Treasury

In the first half of FY 2022/23, the County generated a total of Kshs.49.83 million from its own sources of revenue. This amount represented a decrease of 14.8 per cent compared to Kshs.58.49 million realised in a similar period in FY 2021/22 and was 29.3 per cent of the annual target. The revenue streams which contributed the highest OSR are shown in Figure 140.

Figure 140: Top Streams of Own Source Revenue in the First Half of FY 2022/23



Source: West Pokot County Treasury

The highest revenue stream of Kshs.29.94 million was from the hospital collection as a Facility Improvement fund (AIA), contributing to 60 per cent of the total OSR collected during the reporting period.

3.47.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.71 billion from the CRF account during the reporting period. This amount comprised Kshs.5.28 million (0.3 per cent) for development programmes and Kshs.1.70 billion (99.7 per cent) for recurrent programmes. Analysis of the recurrent exchequer released in the first half of FY 2022/23 indicates that Kshs.1.32 billion was released towards compensation to employees, Kshs.382.38 million was for Operations and Maintenance expenditure while Kshs.5.28 million was for development expenditure.

The available cash balance in the County Revenue Fund Account on 31st December 2022 was Kshs.286.37 million.

3.47.4 County Expenditure Review

The County spent Kshs.1.71 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised Kshs.5.28 million and Kshs.1.70 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.2 per cent, while recurrent expenditure represented 34.8 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

At the beginning of the FY 2022/23, the County reported the stock of pending bills of Kshs.132.13 million which comprised Kshs.52.33 million for recurrent expenditure and Kshs.81.80 million for development activities. The County did not settle these pending bills in the period under review.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County Executive spent Kshs.1.22 billion on employee compensation, Kshs.250.99 million on operations and maintenance, and Kshs.2.99 million on development activities. Similarly, the County Assembly spent Kshs.95.13 billion on employee compensation, Kshs.131.39 million on operations and maintenance, and Kshs.2.28 million on development activities, as shown in Table 266.

Table 266: 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	4,217,928,181	575,252,658	1,470,931,365	226,525,532	34.9	39.4
Compensation to Employees	2,391,242,820	321,452,296	1,219,941,218	95,132,606	51.0	29.6
Operations and Maintenance	1,826,685,361	253,800,362	250,990,147	131,392,927	13.7	51.8
Development Expenditure	4,791,972,929	100,000,000	2,999,800	2,282,000	0.1	2.3
Total	9,009,901,110	675,252,658	1,473,931,165	228,807,532	16.4	33.9

Source: West Pokot County Treasury

3.47.7 Expenditure on Employees' Compensation

During the reporting period, expenditure on employees' compensation was Kshs.1.31 billion, or 76.6 per cent of the revenue for the first half of FY 2022/23 of Kshs.1.70 billion. This expenditure represented a decrease from Kshs.2.11 billion reported in a similar period of FY 2021/22. The wage bill included Kshs.640.75 billion paid to health sector employees, translating to 48.9 per cent of the total wage bill.

The County Assembly spent Kshs.5.21 million on committee sitting allowances for the 37 MCAs and the Speaker against the annual budget allocation of Kshs.32.81 million. The average monthly sitting allowance was Kshs.23,448 per MCA. The County Assembly has established 27 Committees.

3.47.8 County Emergency Fund and County-Established Funds

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

The County allocated Kshs.854.69 million to county-established funds in FY 2022/23, constituting 11.4 per cent of the County's overall budget for the year. Table 268 summarises each established Fund's budget allocation and performance during the reporting period.

Table 267: Performance of County Established Funds as of 31st December 2022

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
		A	B	C	D
County Executive Established Funds					
1.	County Bursary Fund	440,500,000	-	-	No

S/No.	Name of the Fund	Approved Budget Allocation in FY 2022/23 (Kshs.)	Exchequer Issues (Kshs.)	Actual Expenditure (Kshs.)	Submission of Financial Statements (Yes/No.)
		A	B	C	D
2.	County Cooperative Development Fund	324,192,787	-	-	No
1.	Car Loan and Mortgage for Members	70,000,000	-	-	No
2.	Car Loan for staff	20,000,000	-	-	No
	Total	854,692,787	--	--	

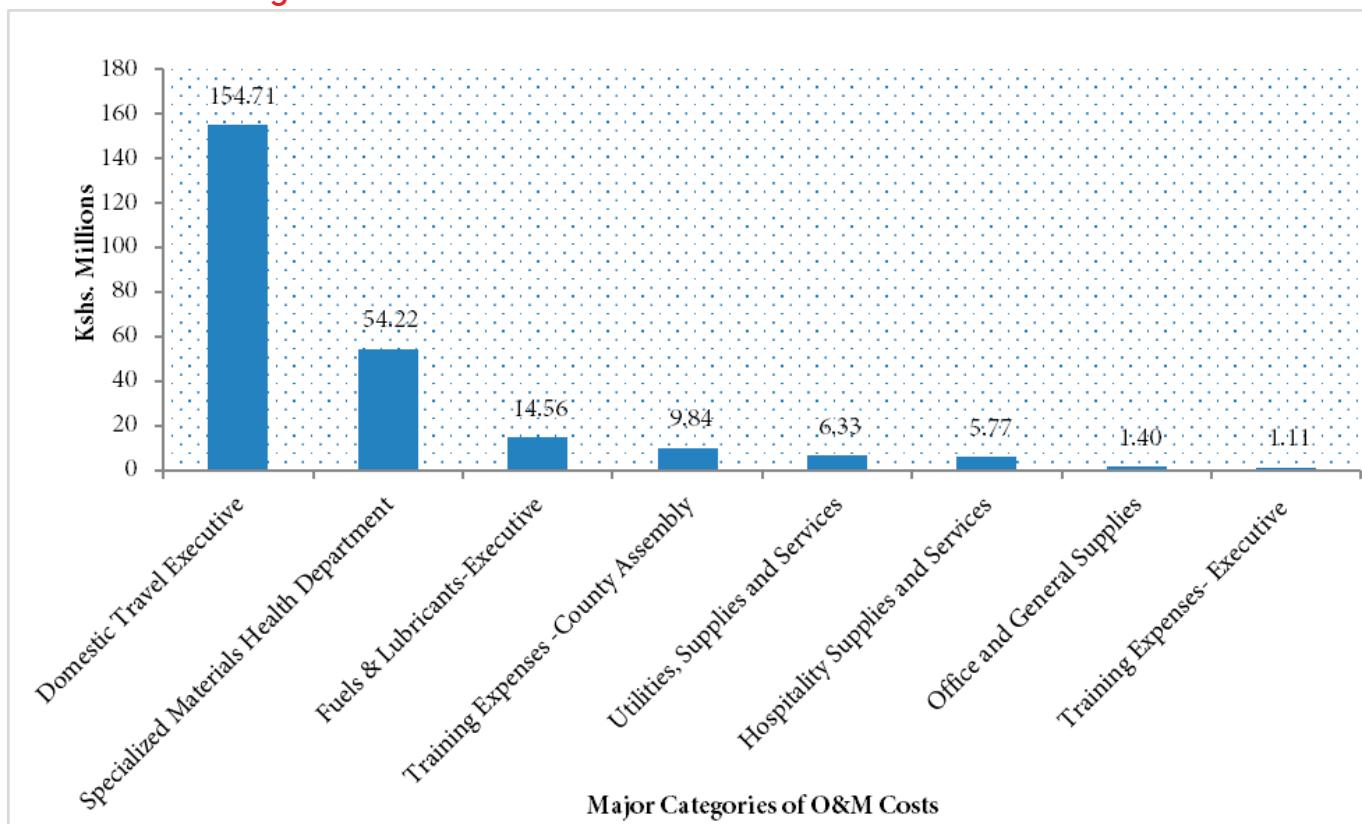
Source: West Pokot County Treasury

The OCoB did not receive quarterly financial returns from the Fund Administrators of the funds established, as indicated in Table 267, which is against the requirement of Section 168 of the PFM Act, 2012.

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.154.71 million and comprised of Kshs.88.60 million spent by the County Assembly and Kshs.66.10 million by the County Executive. Expenditure on foreign travel amounted to Kshs.756,960 by the County Assembly.

3.47.10 Development Expenditure

In the first half of FY 2022/23, the County incurred Kshs.5.28 million on development programmes, representing a decrease of 96.6 per cent compared to a similar period in FY 2021/22 when the County spent Kshs.155.98 million. The expenditure of Kshs.5.28 million was on constructing Assembly chambers and civil works.

3.47.11 Budget Performance by Department

Table 268 summarises the approved budget allocation, expenditure and absorption rate by departments in the first half of FY 2022/23.

Table 268: West Pokot County, Budget Allocation and Absorption Rate by Department

Department	Budget Allocation (Kshs.)		Exchequer Issues (Kshs.)		Expenditure (Kshs.)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Office of the Governor	415.86	127.00	197.53	-	197.53	-	100.0	-	47.5	-
Finance and Economic Planning	284.99	51.84	132.33	-	132.33	-	100.0	-	46.4	-
Roads, Public Works, Transport and Infrastructure	91.71	501.88	25.10	3.00	25.10	3.00	100.0	100.0	27.4	0.6
Health, Sanitation and Emergencies	1,659.72	252.49	710.57	-	710.56	-	100.0	-	42.8	-
Education and Technical training	874.52	194.91	132.93	-	132.93	-	100.0	-	15.2	-
Agriculture and Irrigation	99.47	467.53	45.25	-	45.25	-	100.0	-	45.5	-
Pastoral Economy	102.19	135.43	45.47	-	45.47	-	100.0	-	44.5	-
Trade, Industrialization, Investment & Cooperatives	91.99	332.03	37.48	-	37.48	-	100.0	-	40.7	-
Land, Housing, Physical Planning and Urban Dev	116.83	21.46	34.80	-	34.80	-	100.0	-	29.8	-
Water, Environment and Natural Resources	83.19	367.48	25.63	-	25.63	-	100.0	-	30.8	-
Tourism, Youth, Sports, Gender and Social Services	86.09	31.60	25.55	-	25.55	-	100.0	-	29.7	-
County Public Service, ICT & Decentralized Units	266.49	-	45.69	-	45.69	-	100.0	-	17.1	-
Intergov., Special programmes and Directorates	44.88	-	17.11	-	17.11	-	100.0	-	38.1	-
County Assembly	674.04	100.00	226.53	2.28	226.53	2.28	100.0	100.0	33.6	2.3
TOTAL	4,891.97	2,583.66	1,701.95	5.28	1,701.94	5.28	100.0	100.0	34.8	0.2

Source: West Pokot County Treasury

Analysis of expenditure by department shows that the County Assembly recorded the highest absorption rate of development budget at 2.3 per cent, followed by the Department of Roads, Public Works, Transport and Infrastructure at 0.6 per cent. The Department of Office of the Governor had the highest percentage of recurrent expenditure to budget at 47.5 per cent, while the Department of Education and Technical Training had the lowest at 15.2 per cent.

3.47.12 Budget Execution by Programmes and Sub-Programmes

Table 269 summarises the budget execution by programmes and sub-programmes in the first half of FY 2022/23.

Table 269: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Programme 1-COUNTY EXECUTIVE				
SP 1 - (General Administration, planning and Support Services)	479,243,710.00	182,108,102.55	297,135,607.45	38
SP 2 -(County Public service Board	18,597,120.00	5,026,817.40	13,570,302.60	27
SP 3 -(County Executive Affairs)	33,537,415.00	6,250,100.00	27,287,315.00	19
SP 4-(Liasion and Intergovernmental service)	11,482,615.00	4,141,900.00	7,340,715.00	36
TOTAL	542,860,860.00	197,526,919.95	345,333,940.05	36
Programme 2 - FINANCE &ECONOMIC PLANNING				
SP 1(General Administration, planning and Support Services	290,472,183.00	115,973,670.05	174,498,512.95	40
SP 2-(Treasury Accounting Services)	4,859,823.00	2,374,600.00	2,485,223.00	49
SP 3-(Supply Chain Management services)	2,868,000.00	1,133,900.00	1,734,100.00	40
SP 4-(Resource Mobilization)	7,860,000.00	2,618,800.00	5,241,200.00	33
SP 5-(Internal Audit services)	4,043,600.00	1,567,550.00	2,476,050.00	39
SP 6-(Budget Formulation services)	9,446,000.00	3,570,800.00	5,875,200.00	38
SP 7-(Economic Planning)	14,479,832.00	3,745,000.00	10,734,832.00	26
SP 8-(Monitoring and Evaluation)	2,800,000.00	1,346,200.00	1,453,800.00	48
TOTAL	336,829,438.00	132,330,520.05	204,498,917.95	39
Programme 3 - ROADS, PUBLIC WORKS, TRANSPORT AND INFRASTRUCTURE				
SP 1(General Administration, Planning and Support Services	84,040,881.00	24,095,394.75	59,945,486.25	29
SP 2(Road Transport)	204,857,782.00	734,000.00	204,123,782.00	-
SP 3(CONSTRUCTION OF BRIDGES)	41,806,858.00	3,266,198.00	38,540,660.00	8
SP 5-(Ward Specific Projects)	122,000,000.00	-	122,000,000.00	-
TOTAL	452,705,521.00	28,095,592.75	424,609,928.25	6
Programme 4 - HEALTH AND SANITATION				
SP 1(General Administration, Planning and Support Services	1,349,117,257.00	653,312,574.30	695,804,682.70	48
SP 2-(Preventive Health Services)	86,816,000.00	19,601,547.35	67,214,452.65	23
SP 3-(Curative Health Services)	257,900,069.00		257,900,069.00	-
SP 4-(Kacheliba Sub-county hospital)	12,940,000.00	2,718,091.00	10,221,909.00	21
SP 5-(Sigor Sub-county hospital)	12,860,000.00	2,768,091.00	10,091,909.00	22
SP 6-(Chepareria Sub-county hospital)	12,860,000.00	2,718,091.00	10,141,909.00	21
SP 7(Facility Improvement Fund)	76,100,000.00	10,951,180.00	65,148,820.00	14
SP 8(Ward Specific)	103,620,019.00		103,620,019.00	-
TOTAL	1,912,213,345.00	692,069,574.65	1,220,143,770.35	36
Programme 5 - EDUCATION AND TECHNICAL TRAINING				

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
SP 1(General Administration, Planning and Support Services	438,617,220.00	131,816,528.65	306,800,691.35	30
SP 2 -(ECD Services)	38,959,648.00	814,840.00	38,144,808.00	2
SP 3-(Youth Vocational training)	39,305,408.00	302,000.00	39,003,408.00	1
SP 4-(Bursary Fund)	440,500,000.00		440,500,000.00	-
SP 5 - (Ward specific)	112,050,000.00		112,050,000.00	-
TOTAL	1,069,432,276.00	132,933,368.65	936,498,907.35	12
Programme 6 - AGRICULTURE AND IRRIGATION				
SP 1 - (General Administration, Planning and Support Services)	95,686,450.00	37,218,930.40	58,467,519.60	39
SP 2-(Crop Development and Management)	466,179,720.00	8,028,600.00	458,151,120.00	2
SP 3-(Cash Crop Production(Special Programs)	3,142,000.00	-	3,142,000.00	-
SP 4 -(Ward specific)	2,000,000.00	-	2,000,000.00	-
TOTAL	567,008,170.00	45,247,530.40	521,760,639.60	8
Programme 7 - PASTORAL ECONOMY				
SP 1 - (General Administration, Planning and Support Services)	90,773,653.00	34,557,198.55	56,216,454.45	38
SP 2 - (Livestock production and Range Management)	110,671,742.00	8,300,000.00	102,371,742.00	7
SP 3-(Livestock Disease management)	5,718,400.00	1,210,400.00	4,508,000.00	21
SP 4-(Fisheries Development)	434,400.00	100,000.00	334,400.00	23
SP 5-(Nasukuta Livestock Improvement Center)	528,000.00	-	528,000.00	-
SP 6 -(Ward specific)	27,650,000.00	-	27,650,000.00	-
SP 7 -(Dairy Development(Special Programmes)	1,842,000.00	1,300,000.00	542,000.00	71
TOTAL	237,618,195.00	45,467,598.55	192,150,596.45	19
Programme 8 - TRADE, INDUSTRIALISATION, INVESTMENT & COOPERATIVES DEVELOPMENT				
SP 1 - (General Administration, Planning and Support Services)	82,737,137.00	35,451,593.25	47,285,543.75	43
SP 2-(Cooperative Development)	324,192,787.00	1,172,075.00	323,020,712.00	-
SP 3 - (Trade, License and Market Development)	6,360,000.00	854,700.00	5,505,300.00	13
SP 4-(Ward specific)	10,727,882.00	-	10,727,882.00	-
TOTAL	424,017,806.00	37,478,368.25	386,539,437.75	9
Programme 9 - LANDS, HOUSING, PHYSICAL PLANNING AND URBAN DEVELOPMENT				
SP 1 - (General Administration, Planning and Support Services)	79,401,322.00	28,195,432.75	51,205,889.25	36
SP 2 -(Land Policy and Physical Planning)	2,348,800.00	970,200.00	1,378,600.00	41
SP 3-(Housing Development)	912,000.00	113,400.00	798,600.00	12
SP 4-(Urban Development)	15,398,569.00		15,398,569.00	-
SP 5-(Kapenguria Municipality)	35,134,000.00	5,517,844.00	29,616,156.00	16
SP 6-(Ward specific)	5,100,000.00		5,100,000.00	-
TOTAL	138,294,691.00	34,796,876.75	103,497,814.25	25
Programme 10 - WATER, ENVIRONMENT AND NATURAL RESOURCES				
SP 1 - (General Administration, Planning and Support Services)	69,503,713.00	22,555,528.10	46,948,184.90	32

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
SP 2 -(Water Supply Services)	112,733,972.00	2,255,536.00	110,478,436.00	2
SP 3 -(Environment & Natural Resource Development)	137,081,280.00	817,600.00	136,263,680.00	1
SP 4 -(Ward Specific)	131,350,000.00		131,350,000.00	-
TOTAL	450,668,965.00	25,628,664.10	425,040,300.90	6
Programme 11 - YOUTH, SPORTS, TOURISM, GENDER AND SOCIAL SERVICES.				
SP 1 - (General Administration, Planning and Support Services)	54,503,500.00	21,082,043.30	33,421,456.70	39
SP 2-(Tourism Development)	3,478,413.00	484,200.00	2,994,213.00	14
SP 3-(Gender, Youths and Sports Development)	53,803,279.00	3,482,300.00	50,320,979.00	6
SP 4(Culture and Social Development)	1,939,718.00	500,000.00	1,439,718.00	26
SP 5-(Ward Specific)	3,965,131.00		3,965,131.00	-
TOTAL	117,690,041.00	25,548,543.30	92,141,497.70	22
Programme 12 - COUNTY PUBLIC SERVICE, ICT AND DECENTRALISED UNITS				
SP 1 - (General Administration, Planning and Support Services)	250,213,139.00	39,959,113.55	210,254,025.45	16
SP 2-(Human Resource)	1,944,000.00	722,800.00	1,221,200.00	37
SP 3-(Legal Services)	8,862,000.00	411,800.00	8,450,200.00	5
SP 4 - (Records Management)	644,000.00	238,000.00	406,000.00	37
SP 5- (Communication Services)	840,000.00	349,800.00	490,200.00	42
SP 6 - (ICT Infrastructure Connectivity)	1,816,422.00	349,500.00	1,466,922.00	19
SP 7 - (Field Administration)	11,167,680.00	3,661,055.70	7,506,624.30	33
TOTAL	275,487,241.00	45,692,069.25	222,288,547.45	17
Programme 13 -SPECIAL PROGRAMMES AND DIRECTORATES				
SP 1 - (General Administration, planning and Support Services)	19,134,126.00	8,197,732.40	10,936,393.60	43
SP 2 -(Dairy Development)	-	-	-	-
SP 3-(Cash crop production)	-	-	-	-
SP 4-(Investment and Cooperative development)	-	-	-	-
SP 5 - (Emergency and disaster response)	5,250,000.00	615,600.00	4,634,400.00	12
SP 6 -(Peacebuilding and reconciliation)	5,826,000.00	2,810,500.00	3,015,500.00	48
SP 7- (Resource mobilisation and Coordination)	4,030,000.00	1,797,500.00	2,232,500.00	45
SP 8(Gender and special needs)	10,640,000.00	3,690,240.00	6,949,760.00	35
TOTAL	44,880,126.00	17,111,572.40	27,768,553.60	38
Programme 14 -COUNTY ASSEMBLY				
SP 1 - (General Administration, Planning and Support Services)	474,598,120.00	142,786,317.10	331,811,802.90	30
SP 2 -(Legislation and Representation)	255,146,628.00	55,706,946.00	199,439,682.00	22
SP 3-(Staff Affairs and development)	44,300,000.00	30,314,269.00	13,985,731.00	68
TOTAL	774,044,748.00	228,807,532.10	545,237,215.90	30
TOTAL EXECUTIVE AND ASSEMBLY				
Personal emoluments	2,811,487,206.00	1,319,568,823.75	1,491,918,382.25	47

Programme/SP	Approved Estimates FY 2022/23 (Kshs.)	Actual Expenditure Q2 FY 2022/23 (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
	A	B	C=A-B	D=B/A*100
Operation & maintenance	2,080,485,723.00	382,383,073.20	1,698,102,649.80	18
Subtotal	4,891,972,929.00	1,701,951,896.95	3,190,021,032.05	35
Development	2,583,662,673.00	5,281,800.00	2,578,380,873.00	-
GRAND TOTAL	7,475,635,602.00	1,707,233,696.95	5,768,401,905.05	23

Source: West Pokot County Treasury

Sub-programmes with the highest levels of implementation based on absorption rates were: Dairy Development in the Department of Pastoral Economy at 71 per cent, Staff Affairs and Development in the Department of County Assembly at 68 per cent, Administration and Planning in the Department of Health and Sanitation at 48 per cent, and Treasury Services at 49 per cent of budget allocation.

3.47.13 Key Observations and Recommendations

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

1. 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 268.
2. High level of pending bills which amounted to Kshs.132.13 million as of 30th September, 2022. This is despite the availability of Kshs.286.37 million in the CRF account as of 31st December 2022.

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

1. *The CECMF should follow up to ensure Fund Administrators prepare and submit statutory reports in line with the PFM Act, 2012.*
2. *The County leadership should ensure genuine bills are paid in the remaining period of the financial*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first half of FY 2022/23 and include appropriate recommendations to address the challenges. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.13.11 billion, which was 22.5 per cent of the annual target of Kshs.58.34 billion, against an expected performance of 50 per cent of the annual target in the first half of FY 2022/23. Counties that reported the lowest performance against their annual target are Nyamira, Nakuru, Kajiado, Murang'a, Kilifi, Kisii, and Nairobi City at 8.5 per cent, 9.2 per cent, 9.3 per cent, 11.7 per cent, 13.9 per cent, and 14.6 per cent.

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 build the capacity of key staff involved in revenue collection and implement revenue enhancement programmes to realise the OSR potential.

4.3 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.

During the period under review, Counties reported outstanding pending bills amounting to Kshs.159.94 billion and comprised of Kshs.158.31 billion by the County Executives and Kshs.1.63 billion for the County Assemblies. Analysis of the pending bills shows that Nairobi City County accounted for 62.7 per cent of the stock of pending bills at Kshs.100.36 billion. Other Counties with a high level of pending bills are Wajir at Kshs.5.50 billion, Kiambu at Kshs.4.98 billion, Mombasa at Kshs.4.97 billion, and Murang'a at Kshs.3.11 billion.

County Governments should settle the eligible pending bills as a first charge on the budget in line with the law.

4.4 Delay by the National Treasury to Disburse the Equitable Share of revenue.

County Governments were allocated Kshs.370 billion as an equitable share of revenue raised nationally to finance their budgets in the FY 2022/23. This allocation is contained in the County Allocation of Revenue Act, 2022, while the Disbursement Schedule provides for monthly transfers to County Governments by the National Treasury. As of 31st December 2022, the National Treasury had disbursed Kshs.111.49 billion as equitable share for FY 2022/23 and Kshs.29.6 billion, which was arrears of the equitable share from the previous financial year.

The amount disbursed by the National Treasury of Kshs.111.49 billion represented 30.1 per cent of the allocation for the FY 2022/23 of Kshs.370 billion. At the end of the first half, counties had not received their allocation for October, November and December 2022.

Failure by the National Treasury to release funds to County Governments affected budget implementation, as shown by low expenditure on development activities, which was Kshs.11.66 billion compared to the budget allocation of Kshs.169.48 billion (accounted for 8 per cent of total expenditure in the reporting period) as the available funds were committed to settling salaries and other essential expenditures.

The National Treasury should ensure that the disbursement of the equitable share of revenue to county governments is in line with the approved disbursement schedule to ensure effective budget implementation.

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.

In most counties, as shown in Chapter three of this report, Fund Administrators failed to furnish the OCoB with quarterly reports on financial and non-financial information contrary to the requirement of Section 168 of the PFM Act, 2012. The Controller of Budget advises the County Executive Committee Members responsible for Finance to follow up and ensure Fund Administrators prepare and submit quarterly reports in line with the PFM Act, 2012.

5 CONCLUSION

This report sought to provide information on budget implementation by County Governments during the first half of FY 2022/23. It was prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act 2016.

The combined County Governments' budget estimates for FY 2022/23 amounted to Kshs.497.48 billion and comprised of Kshs.169.04 billion (34 per cent) allocated to development expenditure and Kshs.328.44 billion (66 per cent) for recurrent expenditure. To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, generate Kshs.58.34 billion from their own revenue sources and utilize Kshs.36.34 billion cash balance from FY 2021/22. Further, Counties also expect to receive Kshs.22.52 billion as conditional grants from the national government and development partners.

In the first half of FY 2022/23, the total funds available to the County Governments amounted to Kshs.190.54 billion, which consisted of Kshs.141.09 billion as the equitable share of revenue raised nationally, Kshs.36.34 billion cash balance from FY 2021/22, and Kshs.13.11 billion raised from own sources. The disbursed equitable share of Kshs.141.09 billion, comprises Kshs.29.6 billion as arrears of equitable shares from the previous financial year and Kshs.111.49 billion for the current financial year.

The total expenditure by County governments in the first half of FY 2022/23 was Kshs.145.07 billion, representing an absorption rate of 29.2 per cent of the total annual County Government Budgets. Recurrent expenditure was Kshs.133.42 billion, while development expenditure was Kshs.11.65 billion. Development expenditure represented 8 per cent of the total expenditure in the period under review; hence county governments did not achieve the minimum expenditure of 30 per cent on development programmes.

In overseeing budget implementation, the Controller of the Budget identified key challenges that hampered effective budget execution during the period. They included; underperformance in their own source revenue collection at Kshs.13.11 billion compared to the annual target of Kshs.58.34 billion, a high level of pending bills of Kshs.159.94 billion, delay by the National Treasury to disburse the Equitable Share of revenue raised nationally to the counties, and failure by Fund Administrators to submit quarterly Financial Statements to the Controller of Budget.

This report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the remaining financial year period. County Governments, especially the County Assemblies and the National Treasury, must ensure that the concerned entities and Accounting Officers implement the recommendations in this report. The Controller of Budget is committed to ensuring the prudent and effective use of public resources by County Governments and will continue to publish regular reports on budget implementation to inform and influence budget execution in the Country.

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