



THE REPUBLIC OF KENYA
OFFICE OF THE CONTROLLER OF BUDGET



COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT

FIRST QUARTER

FY 2021/22

NOVEMBER, 2021



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PREFACE

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

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

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

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



Dr. Margaret Nyakang'o
CONTROLLER OF BUDGET

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ACRONYMS

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

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

EXECUTIVE SUMMARY

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

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

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

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

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

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

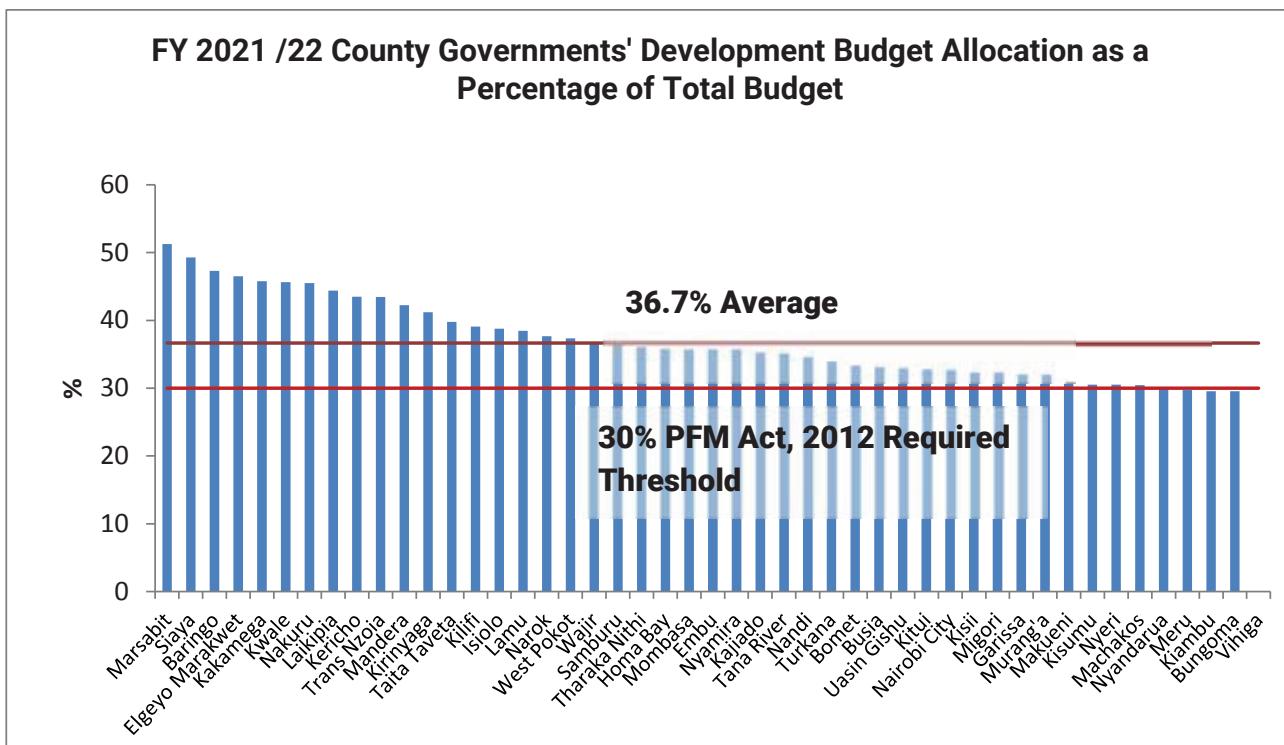
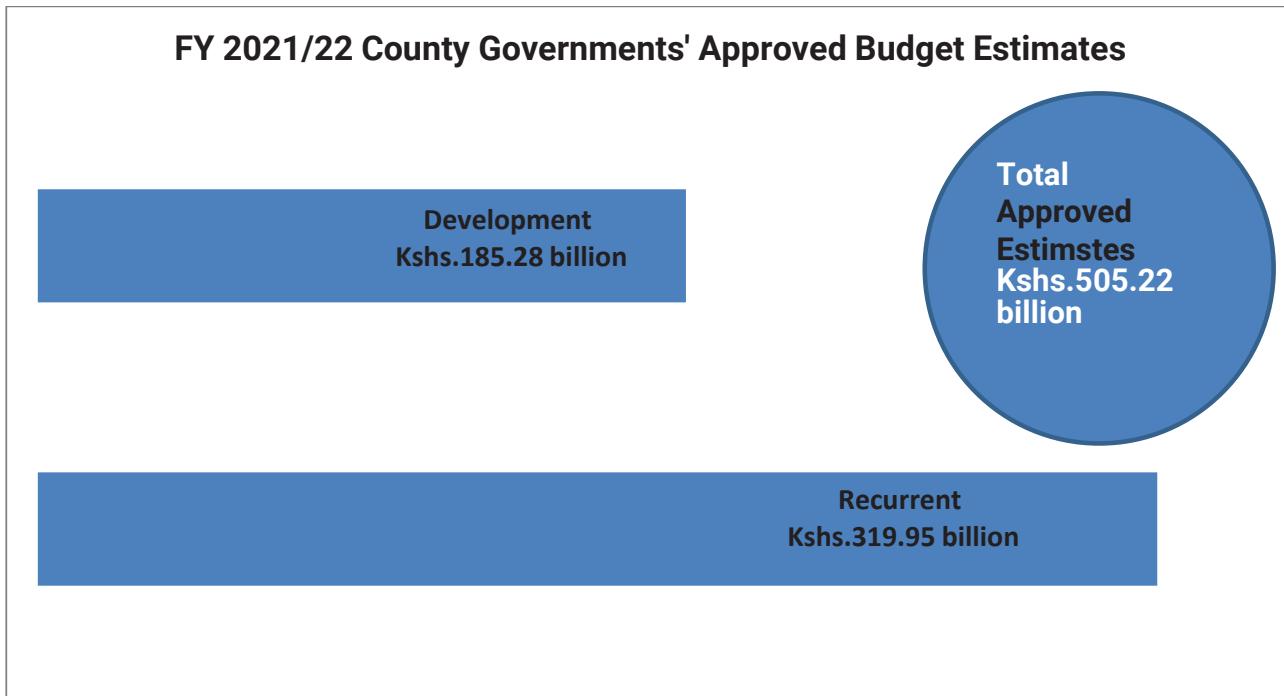
This report has identified the challenges that hampered effective budget execution during the reporting period. They included under-performance in own-source revenue collection, which was Kshs.6.76 billion compared with the annual target of Kshs.56.52 billion, low expenditure on development budget, which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

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

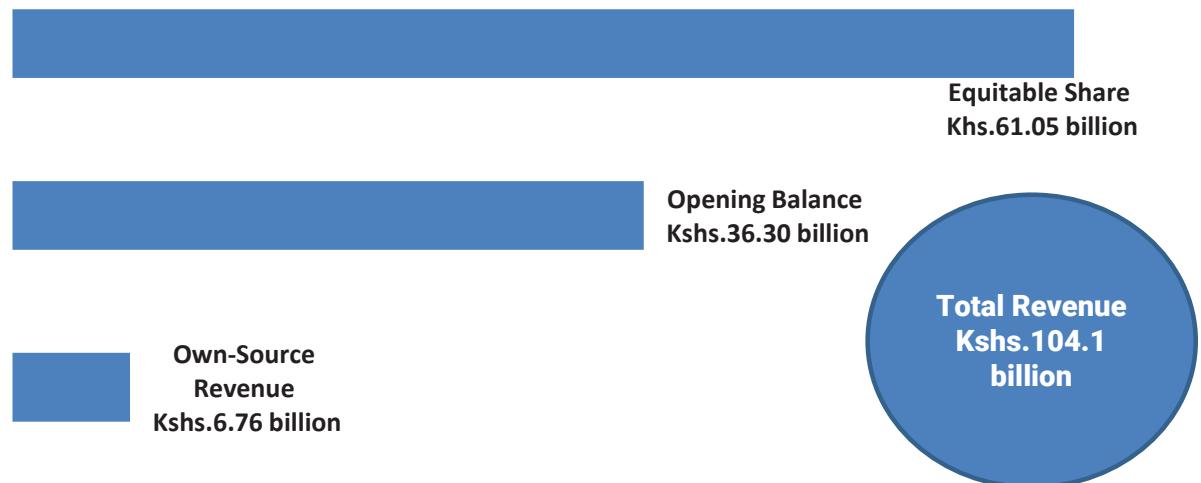
Failure to make payments when due constitutes a severe material breach of public finance principles as provided under Article 201 of the Constitution and violates the Public Finance Management Act, 2012. The Controller of Budget advises the above thirty Counties to develop and implement a pending bills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

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

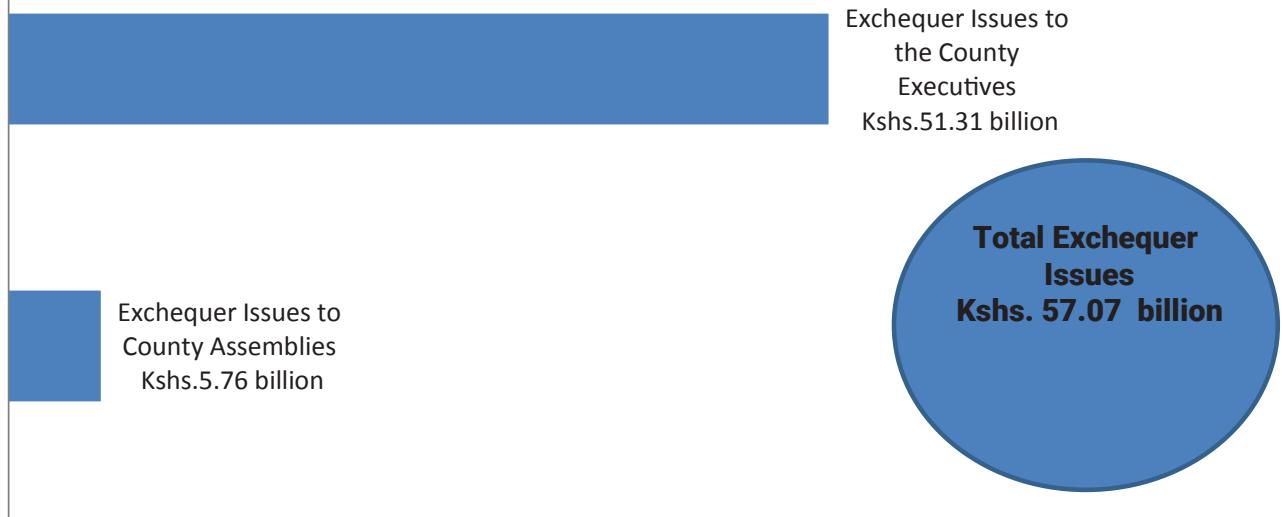
KEY HIGHLIGHTS



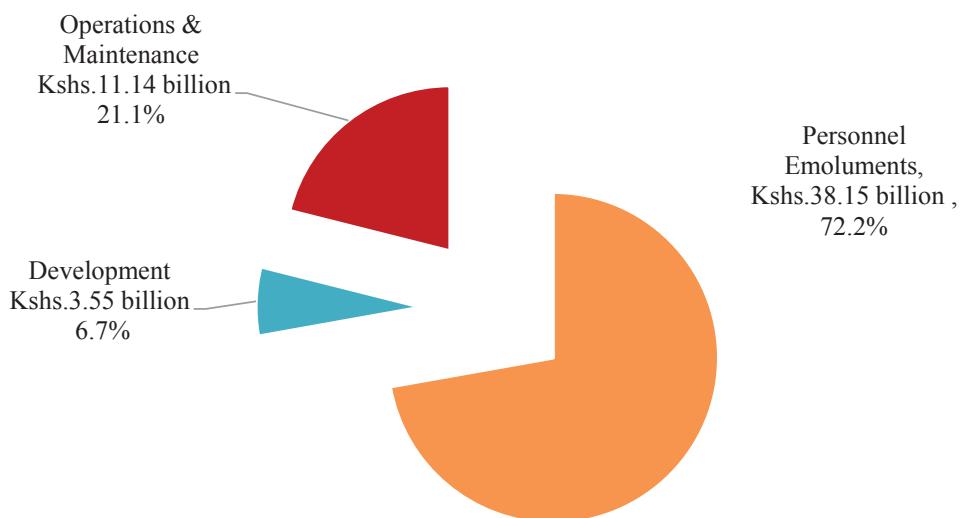
Total Revenue Available in First Quarter of FY 2021/22 (Kshs. Billion)



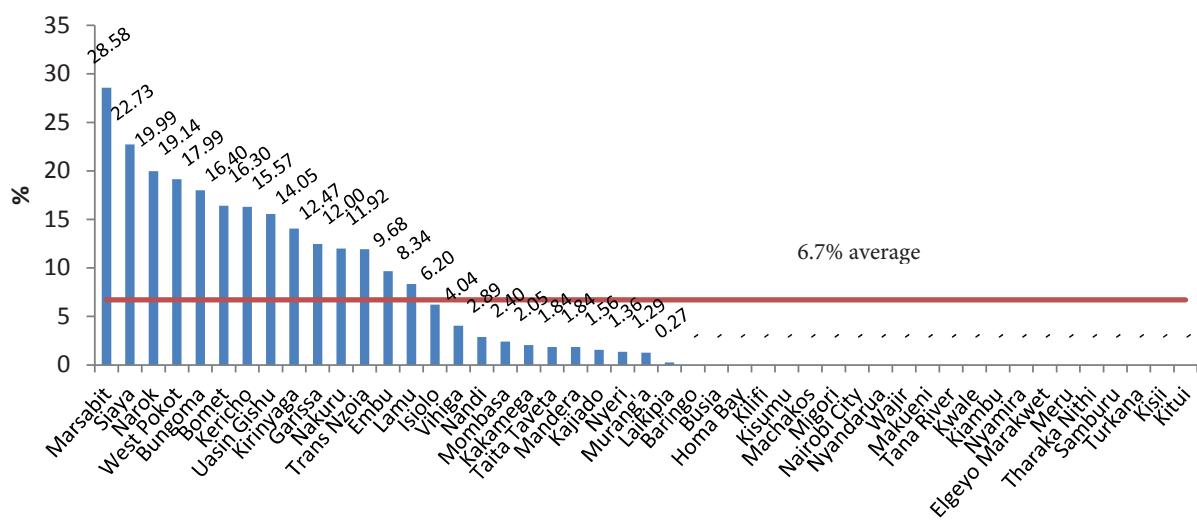
Exchequer Issues in the First Quarter of FY 2021/22



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



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



1 INTRODUCTION

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

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

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

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

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

2.1 Introduction

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

2.2 Revenue Analysis

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

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

2.2.1 Revenue Out-turn

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

2.2.2 Own- Source Revenue

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

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

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

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

Source: County Treasuries

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

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

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

2.3.2 Funds Released to the County Operational Accounts

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

2.4 Expenditure Analysis

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

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

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

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

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

Source: OCOB and County Treasuries

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

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

2.4.1 Development Expenditure

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

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

| County | Budget Estimates (Kshs.Million) | | | Expenditure (Kshs. Million) | | | Recurrent Absorption Rate (%) | Development Absorption Rate (%) | Overall Absorption Rate |
|------------------------|---------------------------------|-----------|-----------|-----------------------------|--------|-----------|-------------------------------|---------------------------------|-------------------------|
| | Rec | Dev | Total | Rec | Dev | Total | | | |
| A | B | C=A+B | D | E | F=D+E | G=D/A*100 | H=E/B*100 | I=F/C*100 | |
| Baringo | 5,241.84 | 4,705.50 | 9,947.34 | 700.66 | - | 700.66 | 13.4 | - | 7.0 |
| Bomet | 5,561.31 | 2,785.46 | 8,346.77 | 703.02 | 154.24 | 857.27 | 12.6 | 5.5 | 10.3 |
| Bungoma | 8,989.91 | 3,770.67 | 12,760.58 | 1,134.77 | - | 1,134.77 | 12.6 | - | 8.9 |
| Busia | 5,636.93 | 2,790.16 | 8,427.09 | 1,078.77 | - | 1,078.77 | 19.1 | - | 12.8 |
| E l g e y o / Marakwet | 3,556.87 | 3,095.35 | 6,652.22 | 767.35 | 50.76 | 818.11 | 21.6 | 1.6 | 12.3 |
| Embu | 4,432.70 | 2,465.42 | 6,898.11 | 827.49 | 13.08 | 840.57 | 18.7 | 0.5 | 12.2 |
| Garissa | 7,096.95 | 3,343.79 | 10,440.74 | 1,206.71 | 235.00 | 1,441.71 | 17.0 | 7.0 | 13.8 |
| Homa Bay | 5,573.81 | 3,109.80 | 8,683.61 | 999.75 | - | 999.75 | 17.9 | - | 11.5 |
| Isiolo | 3,373.77 | 2,136.03 | 5,509.81 | 342.27 | - | 342.27 | 10.1 | - | 6.2 |
| Kajiado | 7,468.37 | 4,073.15 | 11,541.52 | 1,062.89 | - | 1,062.89 | 14.2 | - | 9.2 |
| Kakamega | 8,930.73 | 7,537.80 | 16,468.53 | 1,620.43 | 648.29 | 2,268.72 | 18.1 | 8.6 | 13.8 |
| Kericho | 5,003.84 | 3,853.09 | 8,856.94 | 657.14 | - | 657.14 | 13.1 | - | 7.4 |
| Kiambu | 11,424.59 | 4,791.88 | 16,216.47 | 2,447.09 | 60.23 | 2,507.31 | 21.4 | 1.3 | 15.5 |
| Kilifi | 9,060.78 | 5,813.12 | 14,873.90 | 866.63 | - | 866.63 | 9.6 | - | 5.8 |
| Kirinyaga | 4,531.06 | 3,174.27 | 7,705.33 | 915.16 | 124.81 | 1,039.97 | 20.2 | 3.9 | 13.5 |
| Kisii | 8,519.13 | 4,071.57 | 12,590.69 | 1,280.87 | 319.94 | 1,600.81 | 15.0 | 7.9 | 12.7 |
| Kisumu | 8,439.31 | 3,706.87 | 12,146.18 | 1,237.74 | - | 1,237.74 | 14.7 | - | 10.2 |
| Kitui | 8,398.58 | 4,101.20 | 12,499.78 | 1,767.82 | 520.00 | 2,287.82 | 21.0 | 12.7 | 18.3 |
| Kwale | 6,732.57 | 5,655.58 | 12,388.15 | 1,276.25 | 23.96 | 1,300.21 | 19.0 | 0.4 | 10.5 |
| Laikipia | 4,765.64 | 3,805.11 | 8,570.75 | 435.66 | 58.94 | 494.60 | 9.1 | 1.5 | 5.8 |
| Lamu | 2,615.49 | 1,633.60 | 4,249.09 | 517.05 | 21.77 | 538.83 | 19.8 | 1.3 | 12.7 |
| Machakos | 9,394.87 | 4,113.75 | 13,508.62 | 1,499.59 | - | 1,499.59 | 16.0 | - | 11.1 |
| Makueni | 6,744.80 | 3,018.99 | 9,763.80 | 748.12 | 10.34 | 758.45 | 11.1 | 0.3 | 7.8 |
| Mandera | 7,541.26 | 5,514.90 | 13,056.15 | 1,603.25 | 295.66 | 1,898.90 | 21.3 | 5.4 | 14.5 |
| Marsabit | 4,359.29 | 4,586.03 | 8,945.32 | 779.83 | - | 779.83 | 17.9 | - | 8.7 |
| Meru | 7,942.99 | 3,357.66 | 11,300.65 | 1,323.00 | 141.84 | 1,464.84 | 16.7 | 4.2 | 13.0 |
| Migori | 5,974.60 | 2,854.81 | 8,829.41 | 582.77 | - | 582.77 | 9.8 | - | 6.6 |
| Mombasa | 9,317.50 | 5,182.50 | 14,500.00 | 587.57 | - | 587.57 | 6.3 | - | 4.1 |
| Murang'a | 7,245.82 | 3,410.85 | 10,656.67 | 855.01 | 202.42 | 1,057.42 | 11.8 | 5.9 | 9.9 |
| N a i r o b i City | 26,665.70 | 12,961.84 | 39,627.54 | 2,588.46 | - | 2,588.46 | 9.7 | - | 6.5 |
| Nakuru | 12,672.55 | 10,573.57 | 23,246.12 | 1,529.83 | - | 1,529.83 | 12.1 | - | 6.6 |
| Nandi | 5,848.38 | 3,097.47 | 8,945.86 | 1,308.22 | 118.98 | 1,427.20 | 22.4 | 3.8 | 16.0 |
| Narok | 7,489.71 | 4,528.90 | 12,018.61 | 1,486.12 | - | 1,486.12 | 19.8 | - | 12.4 |
| Nyamira | 4,458.49 | 2,479.13 | 6,937.62 | 951.81 | 28.37 | 980.18 | 21.3 | 1.1 | 14.1 |
| Nyandarua | 5,614.75 | 2,417.53 | 8,032.28 | 378.37 | - | 378.37 | 6.7 | - | 4.7 |
| Nyeri | 5,694.67 | 2,500.33 | 8,194.99 | 1,131.80 | 3.04 | 1,134.84 | 19.9 | 0.1 | 13.8 |
| Samburu | 4,161.64 | 2,402.89 | 6,564.53 | 675.12 | 110.36 | 785.47 | 16.2 | 4.6 | 12.0 |
| Siaya | 5,151.40 | 5,005.86 | 10,157.26 | 1,057.07 | - | 1,057.07 | 20.5 | - | 10.4 |
| Taita/Taveta | 4,444.66 | 2,937.86 | 7,382.51 | 574.42 | - | 574.42 | 12.9 | - | 7.8 |
| Tana River | 5,267.06 | 2,850.89 | 8,117.95 | 859.19 | 16.13 | 875.31 | 16.3 | 0.6 | 10.8 |
| T h a r a k a -Nithi | 3,534.55 | 1,995.53 | 5,530.08 | 857.01 | 122.10 | 979.12 | 24.2 | 6.1 | 17.7 |

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

Source: OCOB and County Treasuries

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

2.4.2 Recurrent Expenditure

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

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

2.4.3 Review of MCA Sitting Allowances

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

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

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

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

Source: OCOB and County Treasuries

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

3 BUDGET PERFORMANCE BY COUNTY

3.1 Introduction

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

3.2 County Government of Baringo

3.2.1 Overview of FY 2021/22 Budget

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

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

3.2.2 Revenue Performance

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

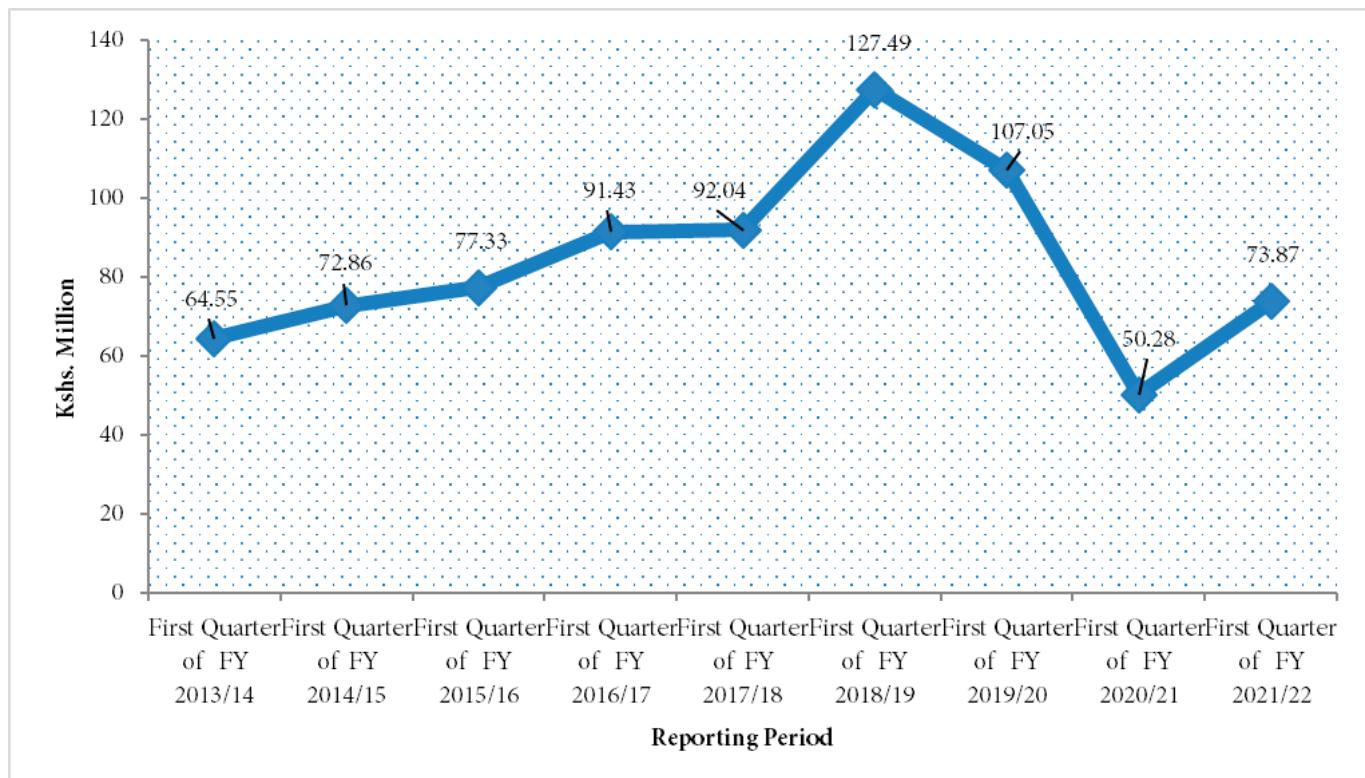
Figure 3.1: Baringo County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Baringo County Treasury

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

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



Source: Baringo County Treasury

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

3.2.3 Exchequer Issues

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

3.2.4 Overall Expenditure Review

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

3.2.5 Settlement of Pending Bills

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

3.2.6 Expenditure by Economic Classification

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

Table 3.1: Summary of Budget and Expenditure by Economic Classification

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

Source: Baringo County Treasury

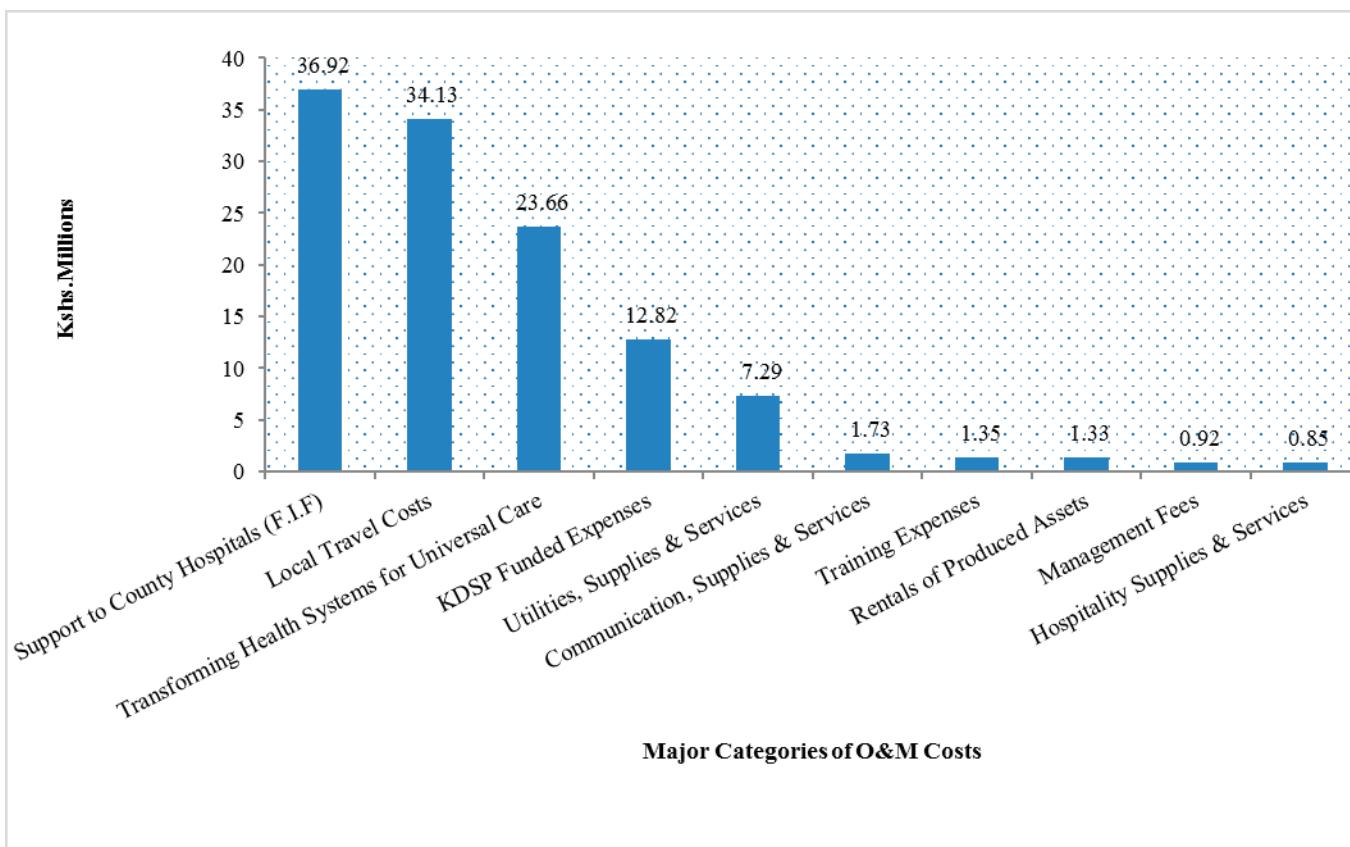
3.2.7 Expenditure on Personnel Emoluments

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

3.2.8 Expenditure on Operations and Maintenance

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

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



Source: Baringo County Treasury

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

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

3.2.9 Development Expenditure

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

3.2.10 Budget Performance by Department

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

Table 3.2: Baringo County, Budget Performance by Department

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

Source: Baringo County Treasury

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

3.2.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

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

Source: Baringo County Treasury

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

3.2.12 Key Observations and Recommendations

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

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

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

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

- approved budget. Further, all revenues should be banked intact into the CRF according to Section 109 (2) of the PFM Act, 2012.*
3. *The County should prepare a pending bills payment plan and ensure that all pending bills are settled as a first charge in the budget.*

3.3 County Government of Bomet

3.3.1 Overview of FY 2021/22 Budget

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

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

3.3.2 Revenue Performance

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

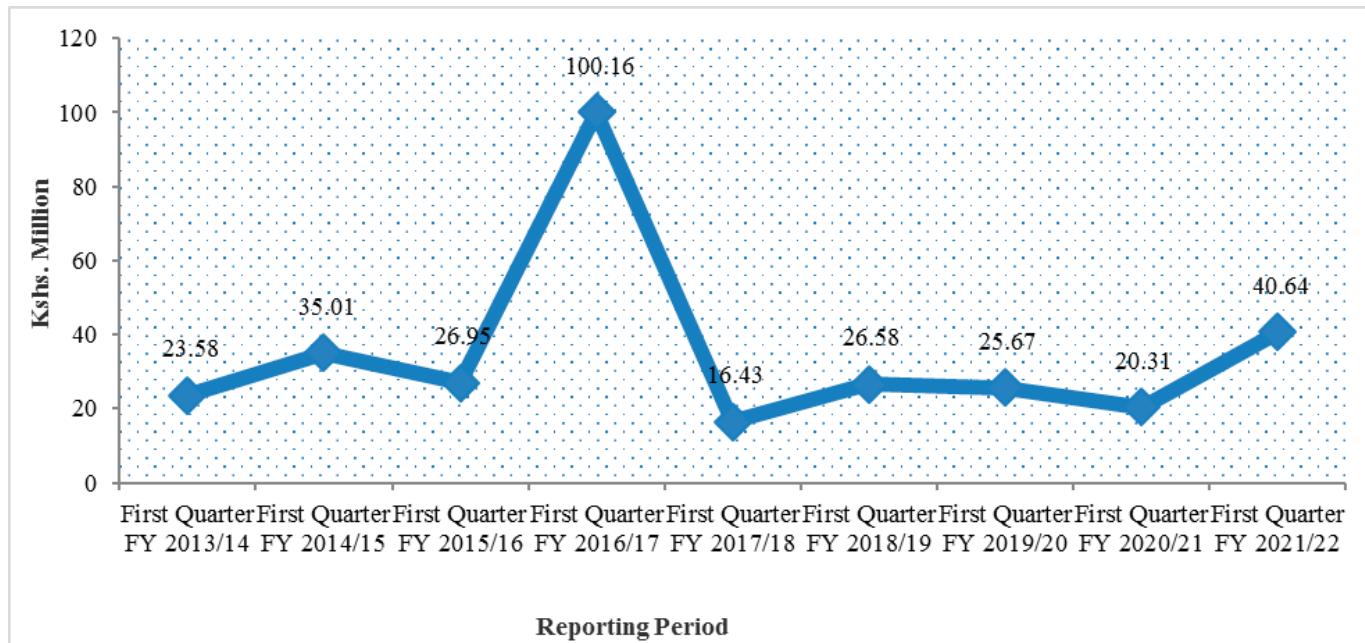
Table 3.4: Bomet County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Bomet County Treasury

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

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



Source: Bomet County Treasury

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

3.3.3 Exchequer Issues

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

3.3.4 Overall Expenditure Review

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

3.3.5 Settlement of Pending Bills

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

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

3.3.6 Expenditure by Economic Classification

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

Table 3.5: Summary of Budget and Expenditure by Economic Classification

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

Source: Bomet County Treasury

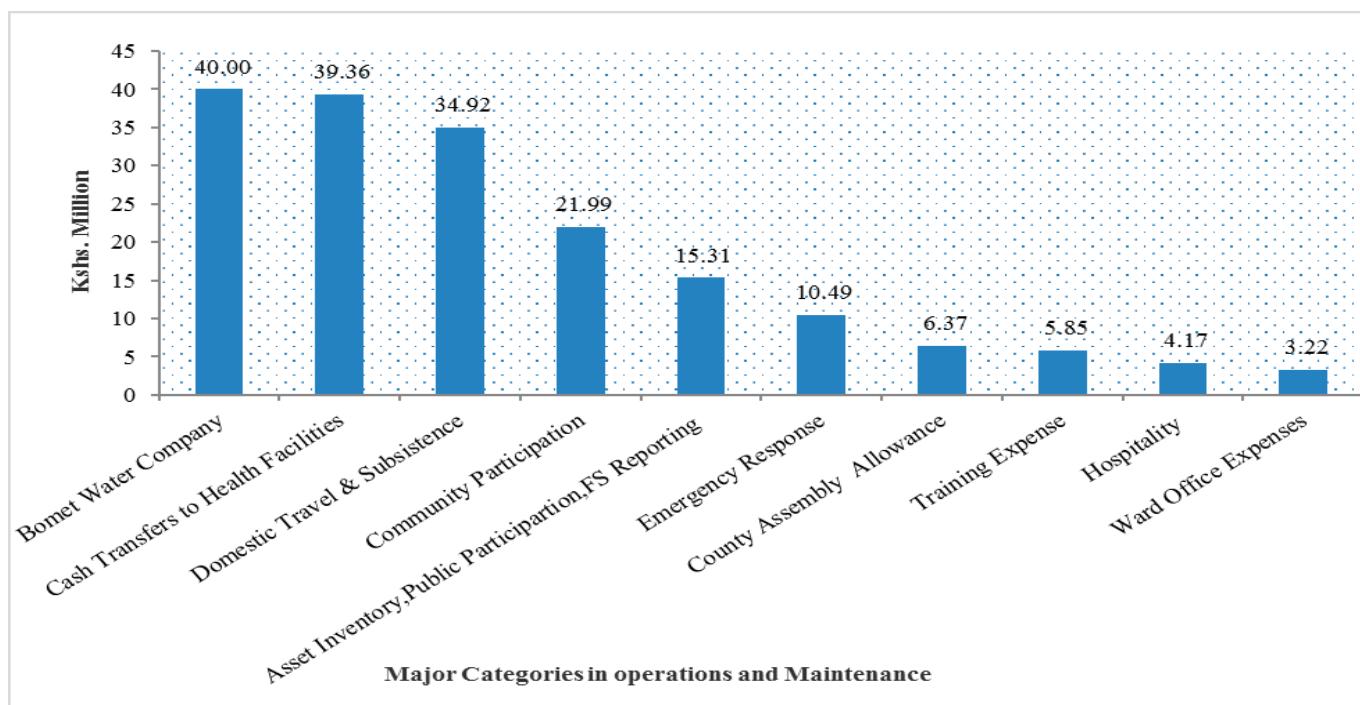
3.3.7 Expenditure on Personnel Emoluments

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

3.3.8 Expenditure on Operations and Maintenance

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

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



Source: Bomet County Treasury

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

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

3.3.9 Development Expenditure

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

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

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

Source: Bomet County Treasury

3.3.10 Budget Performance by Department

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

Table 3.7: Bomet County, Budget Performance by Department

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

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

Source: Bomet County Treasury

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

3.3.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

Source: Bomet County Treasury

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

3.3.12 Key Observations and Recommendations

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

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

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

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

3.4 County Government of Bungoma

3.4.1 Overview of FY 2021/22 Budget

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

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

3.4.2 Revenue Performance

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

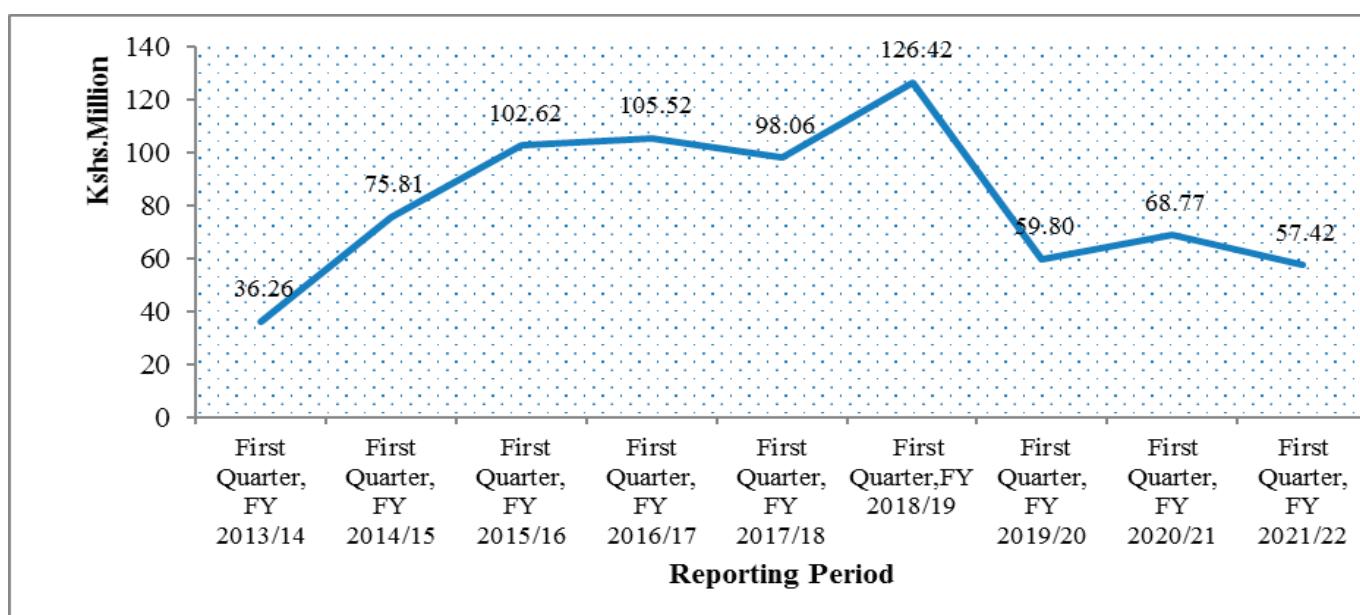
Table 3.9: Bungoma County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Bungoma County Treasury

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

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



Source: Bungoma County Treasury

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

3.4.3 Exchequer Issues

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

3.4.4 Overall Expenditure Review

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

3.4.5 Settlement of Pending Bills

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

3.4.6 Expenditure by Economic Classification

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

Table 3.10: Summary of Budget and Expenditure by Economic Classification

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

Source: Bungoma County Treasury

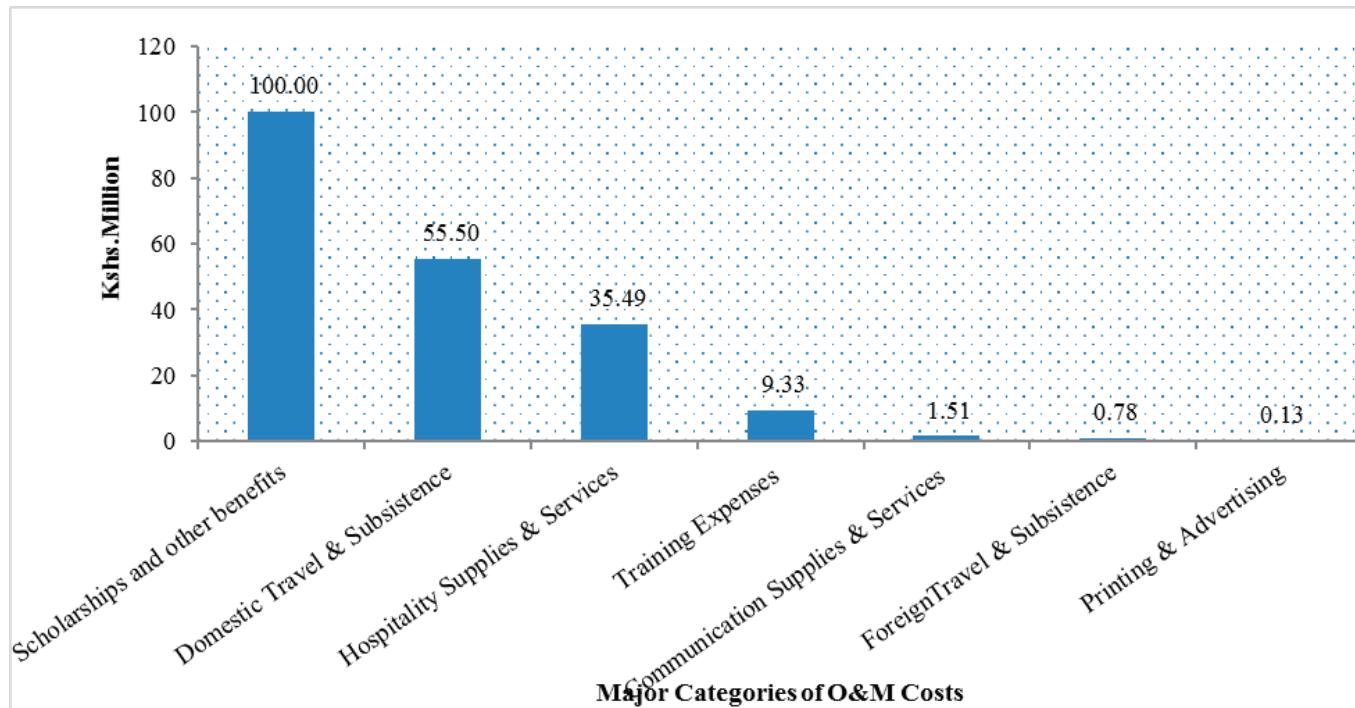
3.4.7 Expenditure on Personnel Emoluments

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

3.4.8 Expenditure on Operations and Maintenance

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

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



Source: Bungoma County Treasury

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

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

3.4.9 Development Expenditure

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

3.4.10 Budget Performance by Department

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

Table 3.11: Bungoma County, Budget Performance by Department

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

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

Source: Bungoma County Treasury

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

3.4.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

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

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

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

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

Source: Bungoma County Treasury

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

3.4.12 Key Observations and Recommendations

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

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

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

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

3.5 County Government of Busia

3.5.1 Overview of FY 2021/22 Budget

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

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

3.5.2 Revenue Performance

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

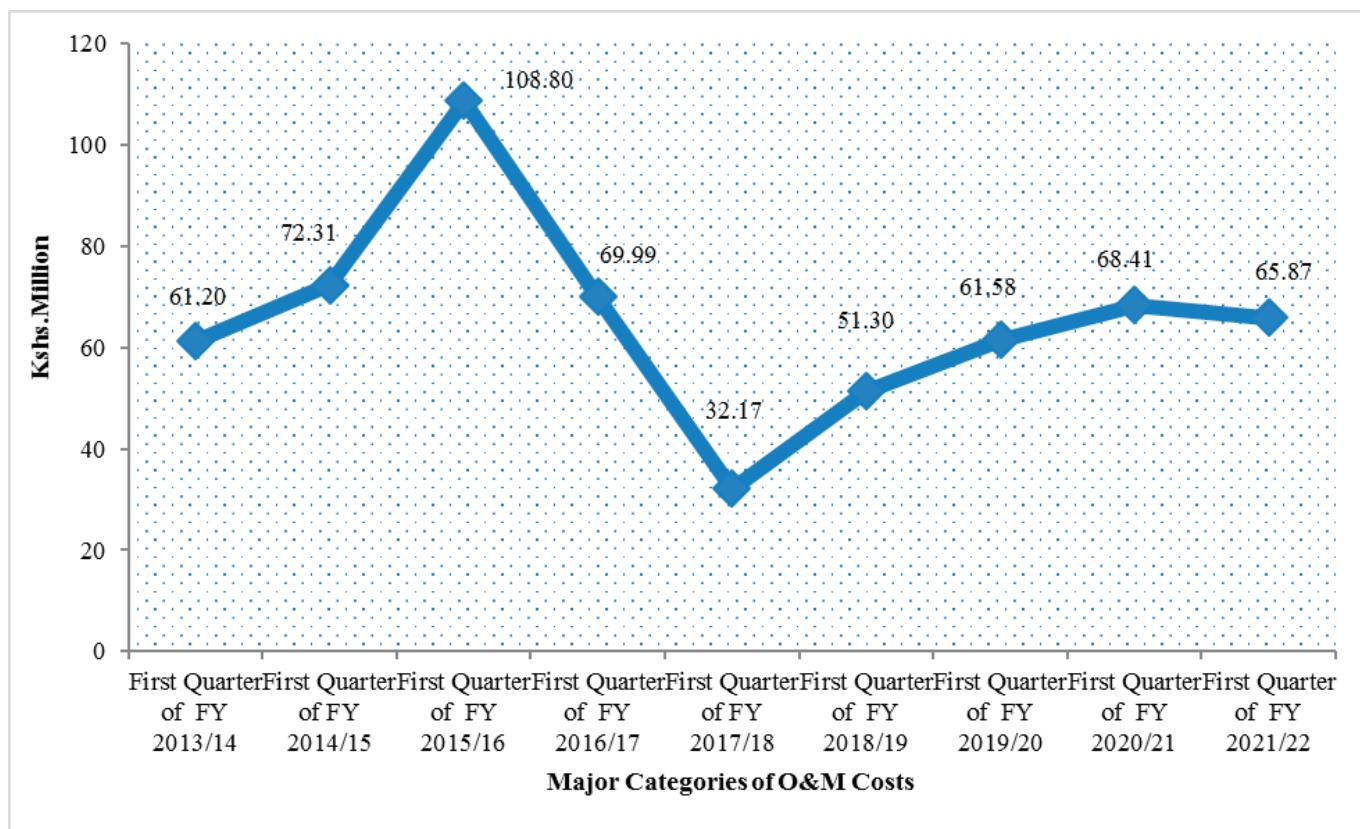
Table 3.13: Busia County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Busia County Treasury

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

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



Source: Busia County Treasury

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

3.5.3 Exchequer Issues

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

3.5.4 Overall Expenditure Review

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

3.5.5 Settlement of Pending Bills

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

3.5.6 Expenditure by Economic Classification

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

Table 3.14: Summary of Budget and Expenditure by Economic Classification

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

Source: Busia County Treasury

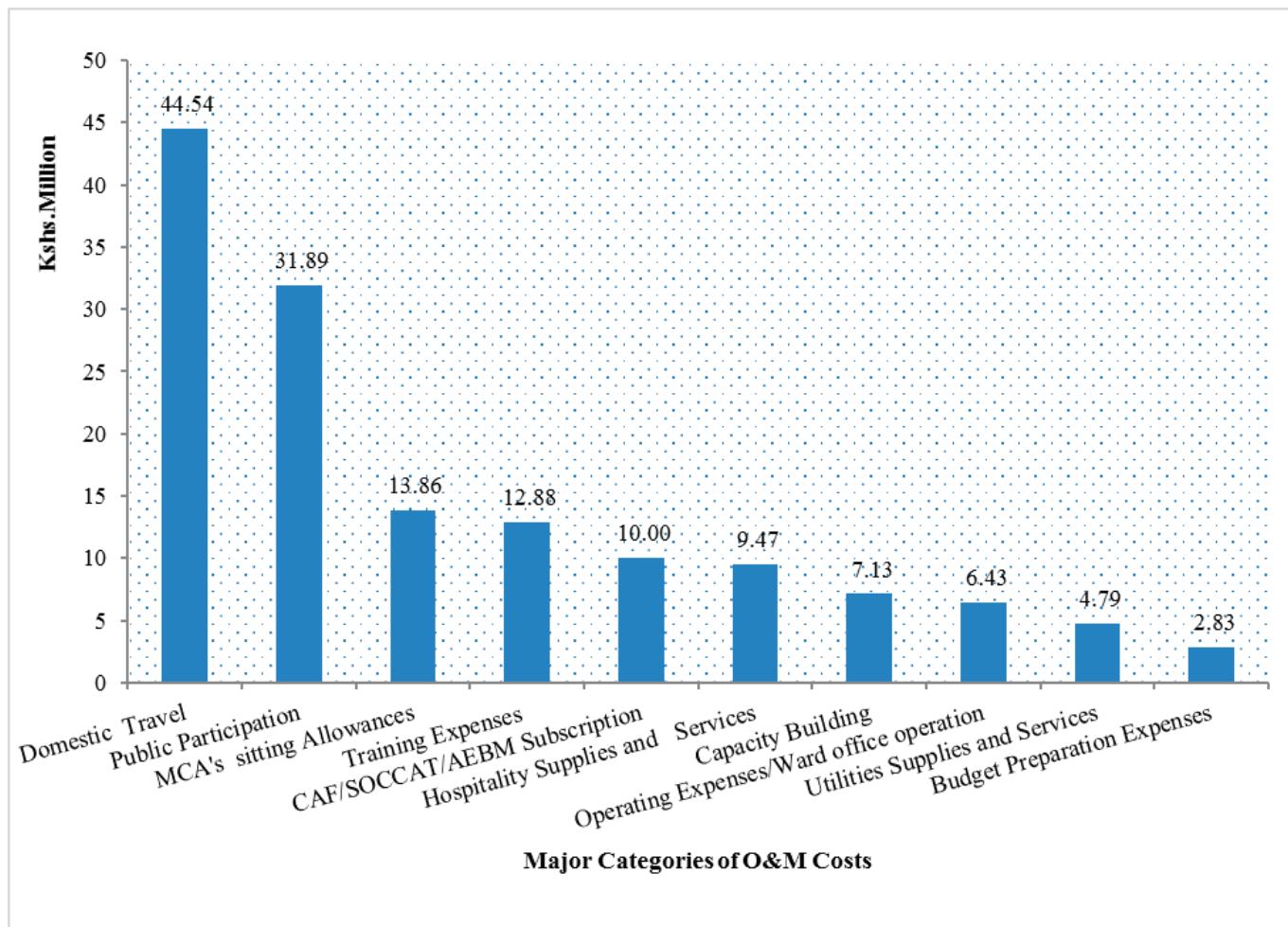
3.5.7 Expenditure on Personnel Emoluments

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

3.5.8 Expenditure on Operations and Maintenance

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

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



Source: Busia County Treasury

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

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

3.5.9 Development Expenditure

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

3.5.10 Budget Performance by Department

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

Table 3.15: Busia County, Budget Performance by Department

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

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

Source: Busia County Treasury

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

3.5.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

Source: Busia County Treasury

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

3.5.12 Key Observations and Recommendations

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

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

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

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

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2021/22 Budget

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

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

3.6.2 Revenue Performance

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

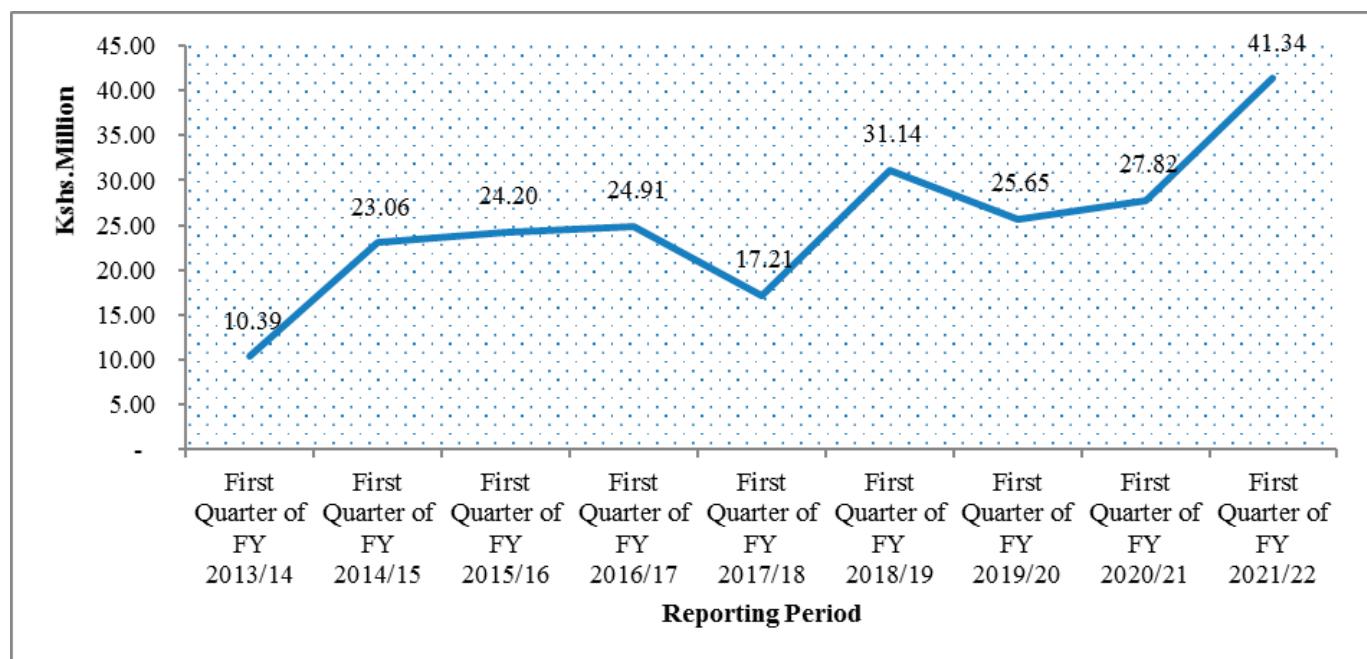
Table 3.17: Elgeyo Marakwet County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Elgeyo Marakwet County Treasury

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

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



Source: Elgeyo Marakwet County Treasury

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

3.6.3 Exchequer Issues

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

3.6.4 Overall Expenditure Review

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

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

3.6.5 Settlement of Pending Bills

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

3.6.6 Expenditure by Economic Classification

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

Table 3.18: Summary of Budget and Expenditure by Economic Classification

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

Source: Elgeyo Marakwet County Treasury

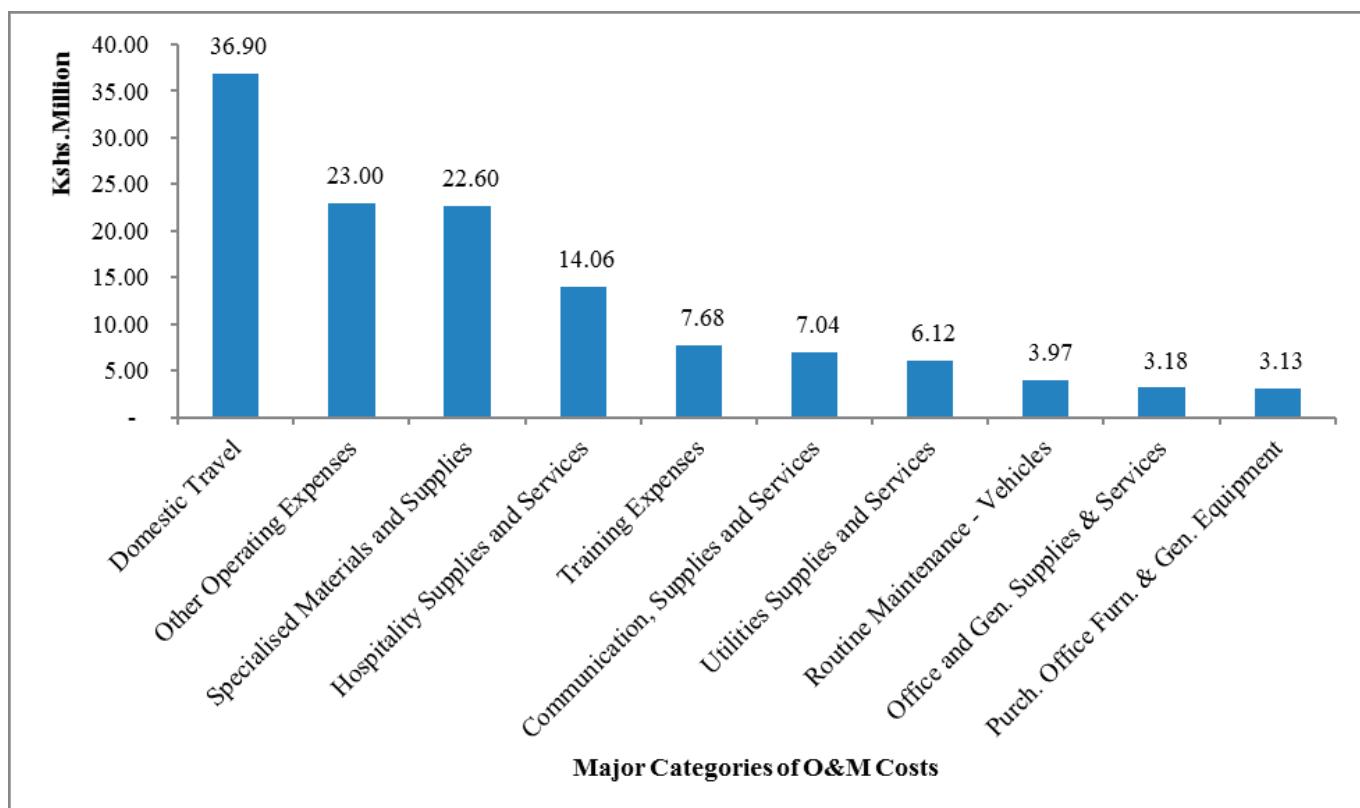
3.6.7 Expenditure on Personnel Emoluments

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

3.6.8 Expenditure on Operations and Maintenance

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

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



Source: Elgeyo Marakwet County Treasury

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

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

3.6.9 Development Expenditure

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

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

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

Source: Elgeyo Marakwet County Treasury

3.6.10 Budget Performance by Department

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

Table 3.20: Elgeyo Marakwet County, Budget Performance by Department

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

Source: Elgeyo Marakwet County Treasury

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

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

3.6.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

Source: Elgeyo Marakwet County Treasury

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

3.6.12 Key Observations and Recommendations

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

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

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

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

3.7 County Government of Embu

3.7.1 Overview of FY 2021/22 Budget

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

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

3.7.2 Revenue Performance

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

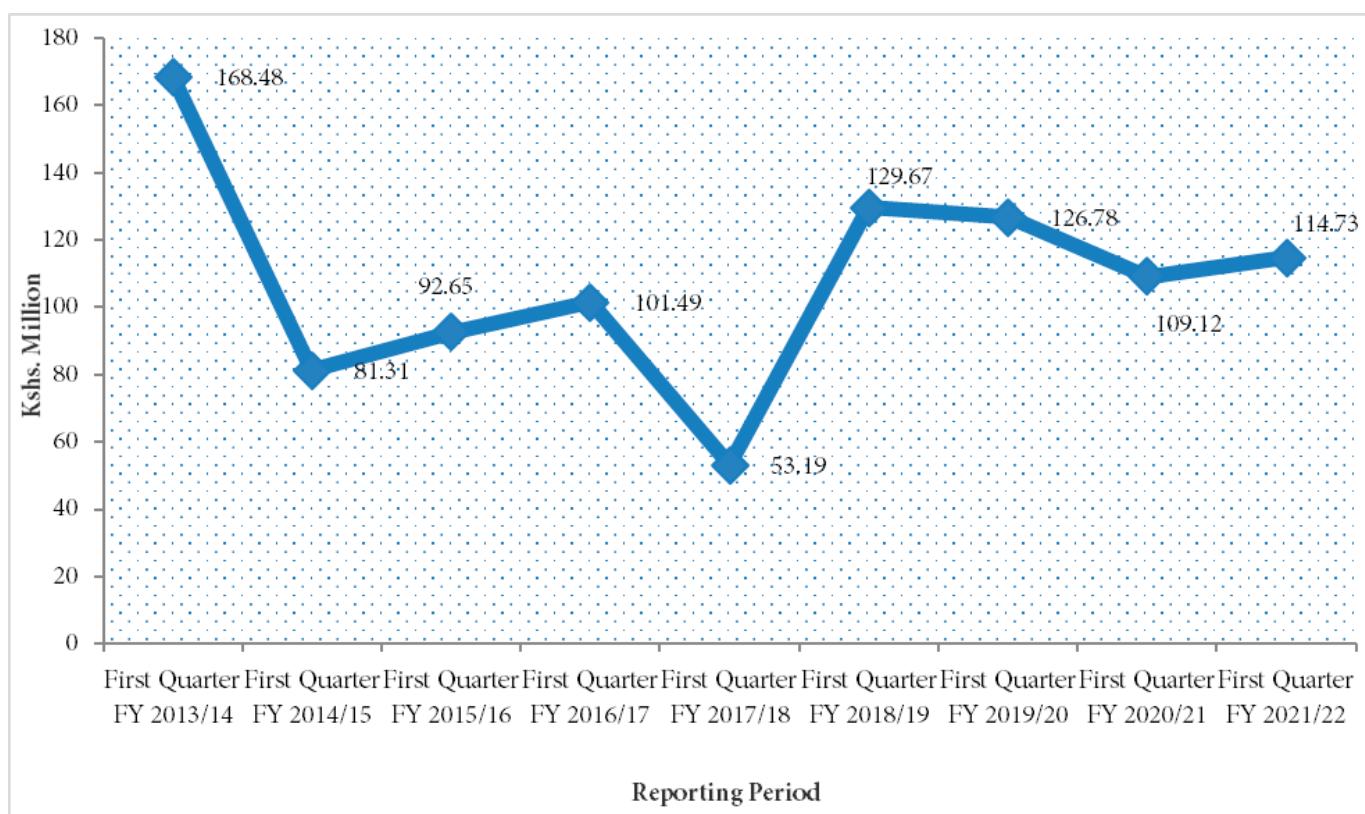
Table 3.22: Embu County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Embu County Treasury

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

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



Source: Embu County Treasury

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

3.7.3 Exchequer Issues

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

3.7.4 Overall Expenditure Review

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

3.7.5 Settlement of Pending Bills

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

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

3.7.6 Expenditure by Economic Classification

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

Table 3.23: Summary of Budget and Expenditure by Economic Classification

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

Source: Embu County Treasury

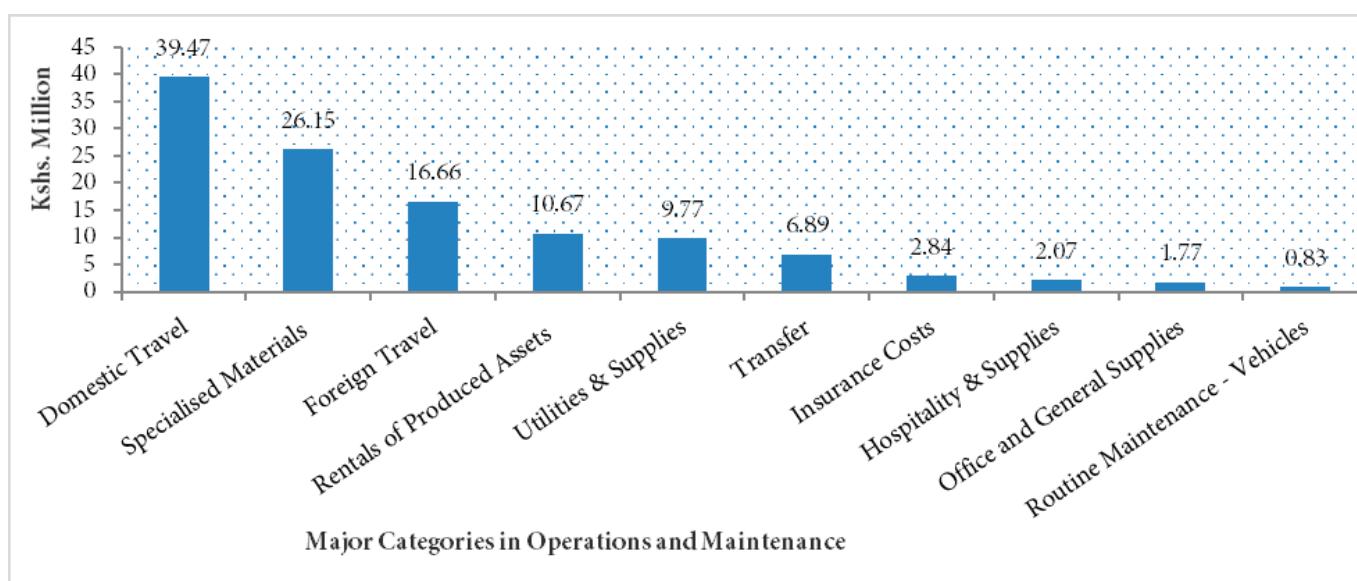
3.7.7 Expenditure on Personnel Emoluments

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

3.7.8 Expenditure on Operations and Maintenance

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

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



Source: Embu County Treasury

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

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

3.7.9 Development Expenditure

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

3.7.10 Budget Performance by Department

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

Table 3.24: Embu County, Budget Performance by Department

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

Source: Embu County Treasury

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

3.7.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

Source: Embu County Treasury

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

3.7.12 Key Observations and Recommendations

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

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

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

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

3.8 County Government of Garissa

3.8.1 Overview of FY 2021/22 Budget

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

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

3.8.2 Revenue Performance

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

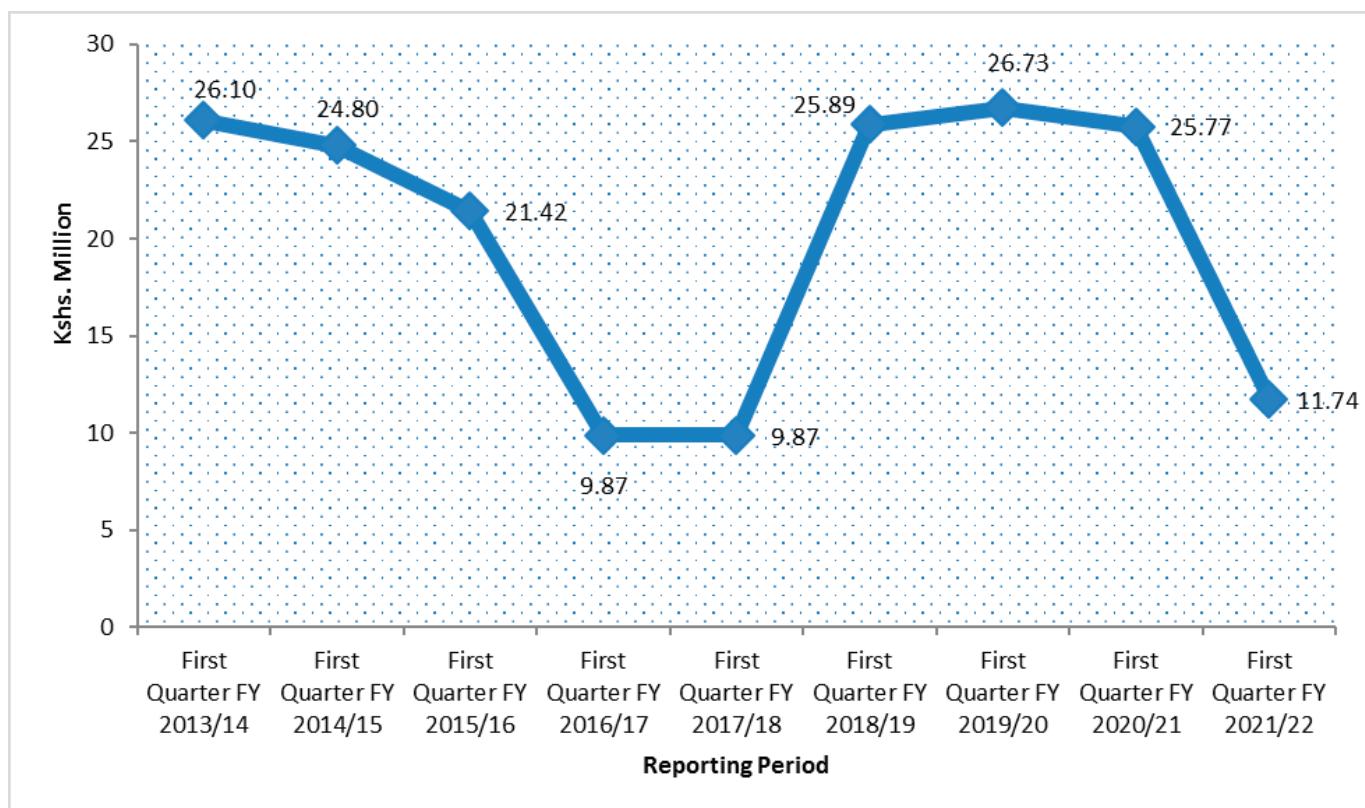
Table 3.26: Garissa County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Garissa County Treasury

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

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



Source: Garissa County Treasury

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

3.8.3 Exchequer Issues

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

3.8.4 Overall Expenditure Review

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

3.8.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.517.33 million entirely for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.76.21 million was paid towards pending bills on development programmes.

3.8.6 Expenditure by Economic Classification

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

Table 3.27: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|----------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,157,943,296 | 939,003,88 | 1,057,711,017 | 148,997,466 | 17.2 | 15.9 |
| Compensation to Employees | 4,238,206,980 | 420,000,000 | 808,739,377 | 88,745,164 | 19.1 | 21..1 |
| Operations and Maintenance | 1,919,736,316 | 519,003,881 | 248,971,640 | 60,252,302 | 13 | 11.6 |
| Development Expenditure | 3,278,790,954 | 65,000,000 | 229,998,419 | 5,000,000 | 7 | 7.7 |
| Total | 9,436,734,250 | 1,004,003,881 | 1,287,709,436 | 153,997,466 | 13.6 | 15.3 |

Source: Garissa County Treasury

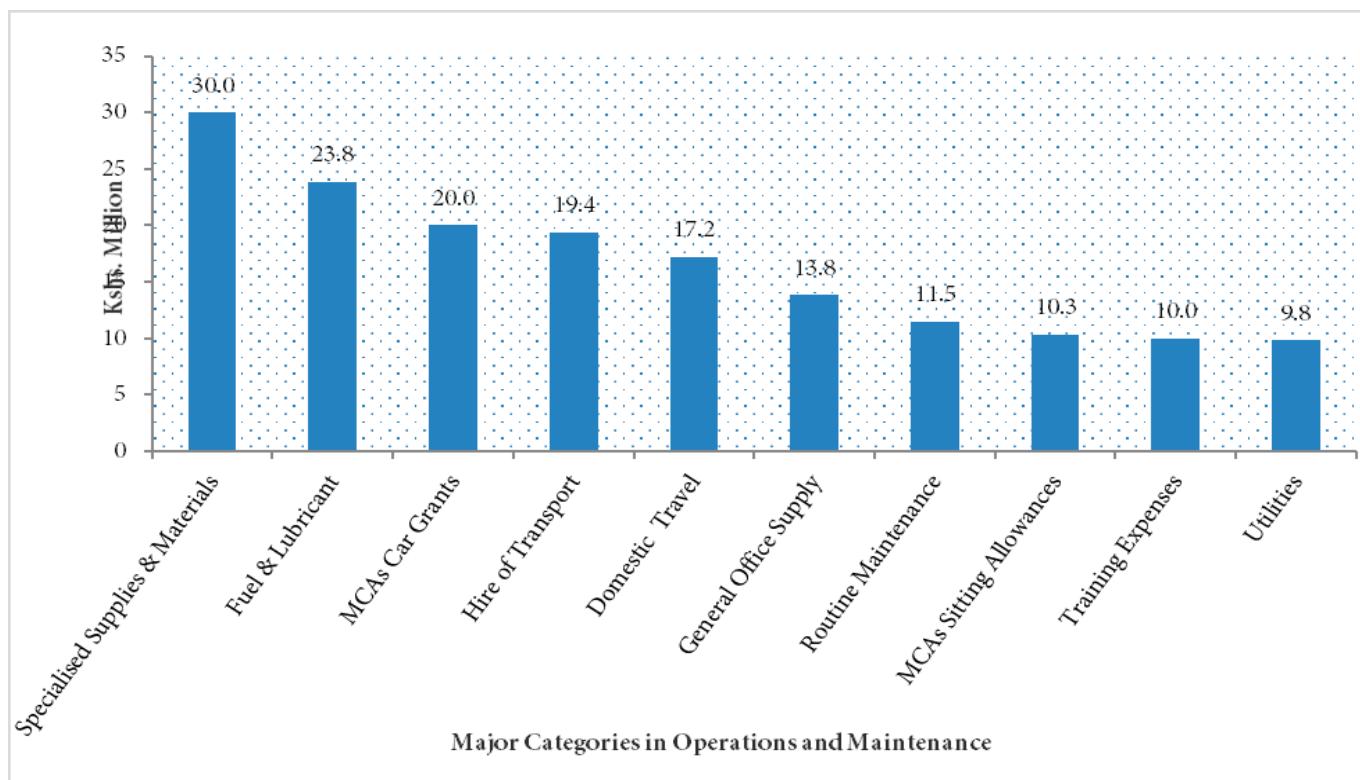
3.8.7 Expenditure on Personnel Emoluments

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

3.8.8 Expenditure on Operations and Maintenance

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

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



Source: Garissa County Treasury

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

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

3.8.9 Development Expenditure

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

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

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

Source: Garissa County Treasury

3.8.10 Budget Performance by Department

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

Table 3.29: Garissa County, Budget Performance by Department

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

Source: Garissa County Treasury

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

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

3.8.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

Source: Garissa County Treasury

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

3.8.12 Key Observations and Recommendations

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

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

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

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

3.9 County Government of Homa Bay

3.9.1 Overview of FY 2021/22 Budget

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

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

3.9.2 Revenue Performance

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

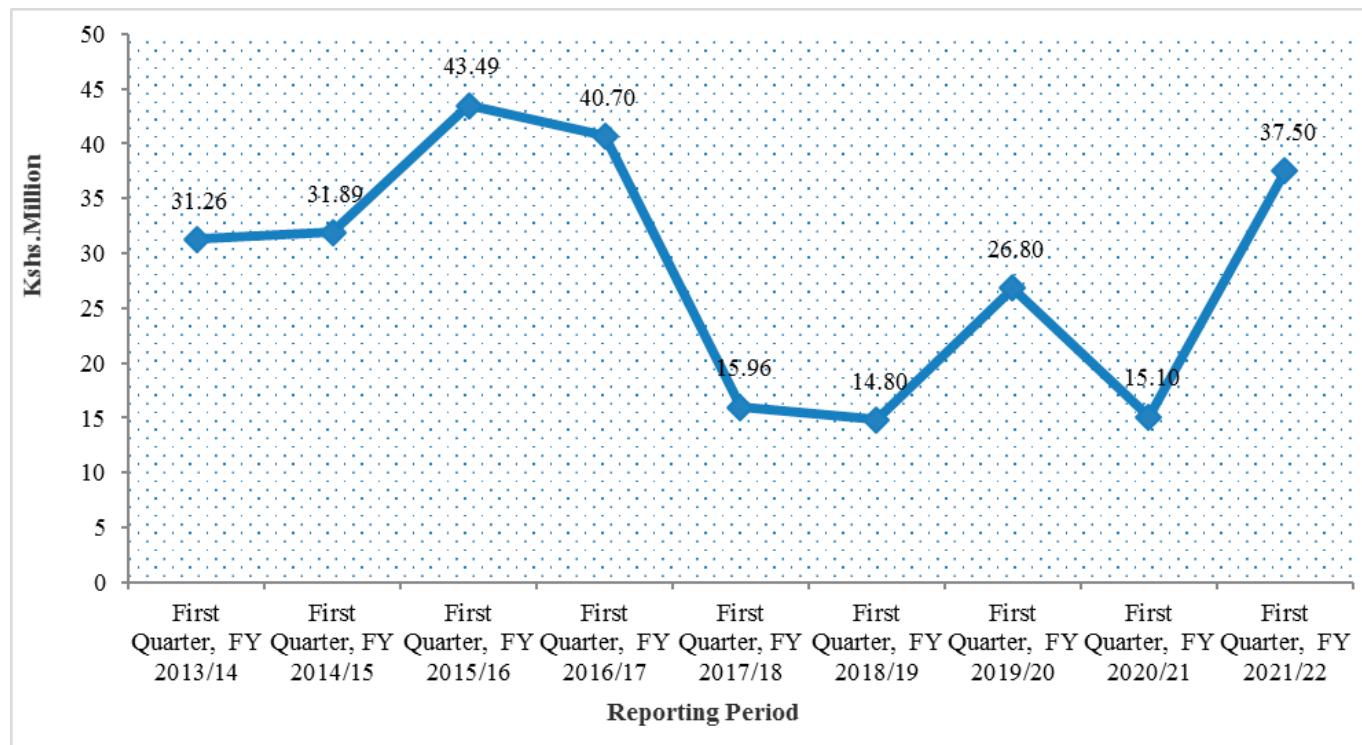
Table 3.31: Homa Bay County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Homa Bay County Treasury

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

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



Source: Homa Bay County Treasury

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

3.9.3 Exchequer Issues

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

3.9.4 Overall Expenditure Review

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

3.9.5 Settlement of Pending Bills

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

3.9.6 Expenditure by Economic Classification

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

Table 3.32: Summary of Budget and Expenditure by Economic Classification

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

Source: Homa Bay County Treasury

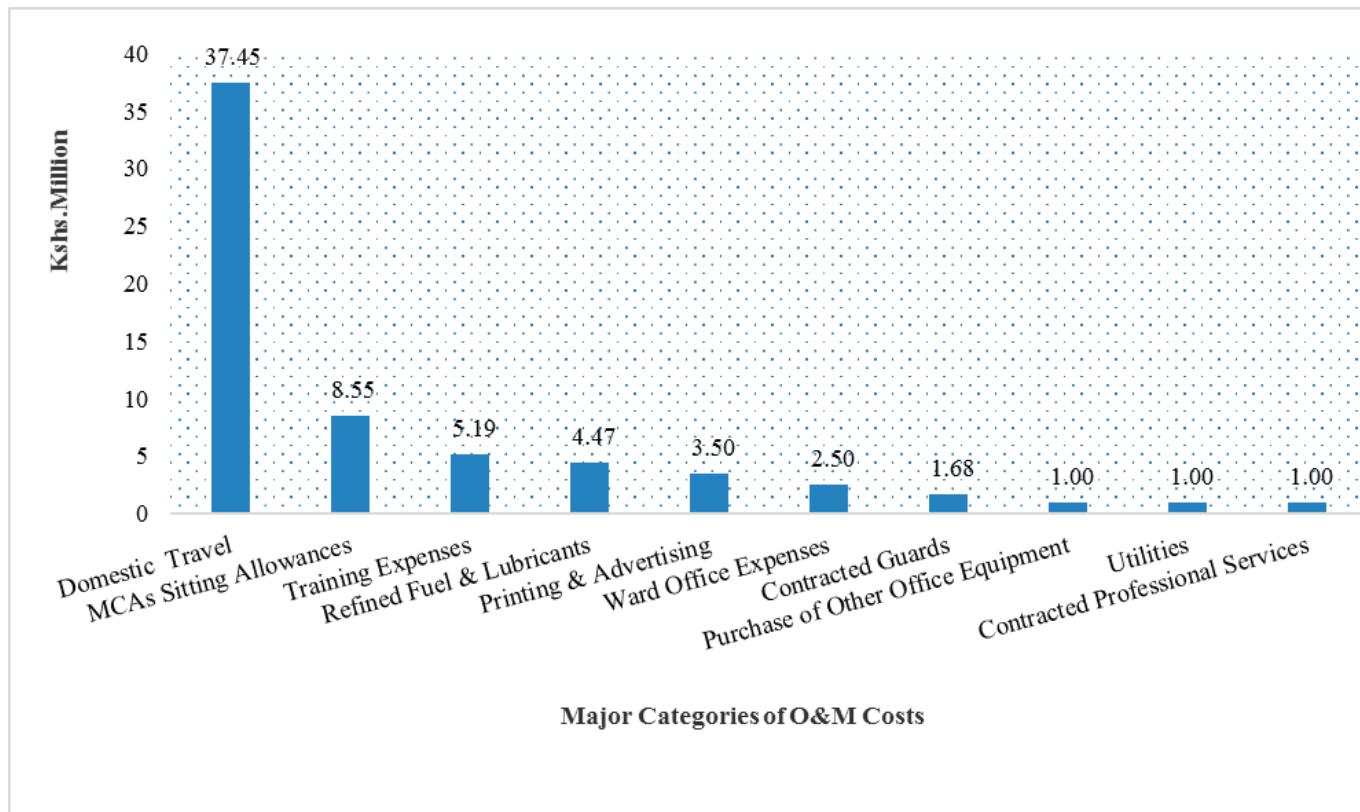
3.9.7 Expenditure on Personnel Emoluments

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

3.9.8 Expenditure on Operations and Maintenance

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

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



Source: Homa Bay County Treasury

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

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

3.9.9 Development Expenditure

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

3.9.10 Budget Performance by Department

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

Table 3.33: Homa Bay County, Budget Performance by Department

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

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

Source: Homa Bay County Treasury

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

3.9.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

Source: Homa Bay County Treasury

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

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

3.9.12 Key Observations and Recommendations

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

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

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

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

3.10 County Government of Isiolo

3.10.1 Overview of FY 2021/22 Budget

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

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

3.10.2 Revenue Performance

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

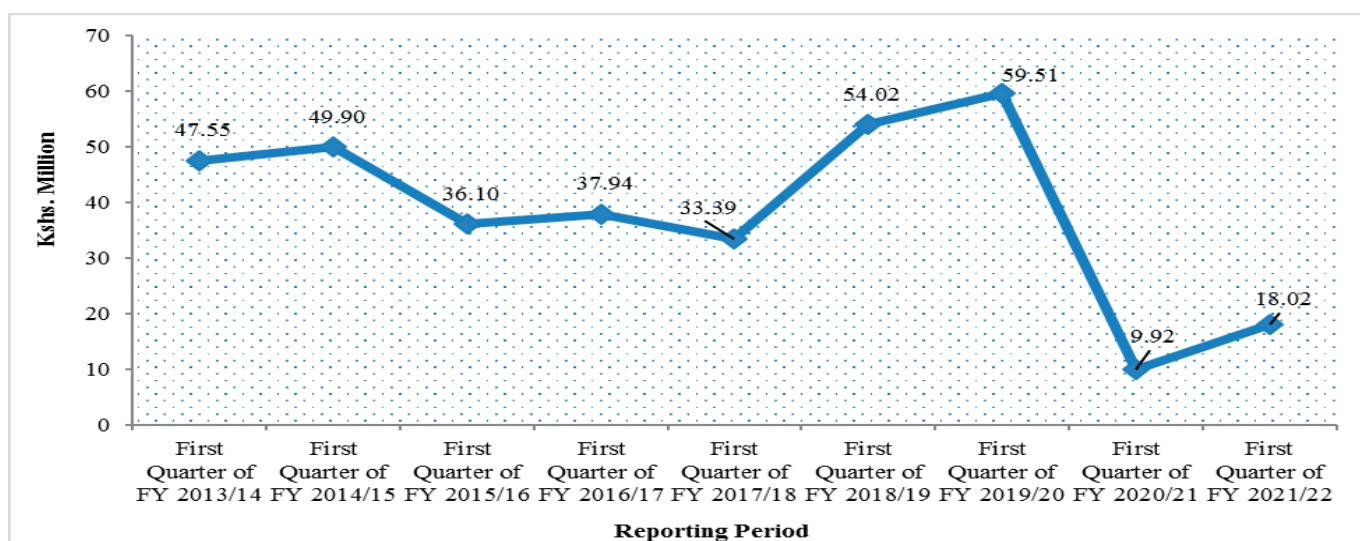
Table 3.35: Isiolo County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Isiolo County Treasury

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

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



Source: Isiolo County Treasury

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

3.10.3 Exchequer Issues

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

3.10.4 Overall Expenditure Review

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

3.10.5 Settlement of Pending Bills

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

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

3.10.6 Expenditure by Economic Classification

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

Table 3.36: Summary of Budget and Expenditure by Economic Classification

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

Source: Isiolo County Treasury

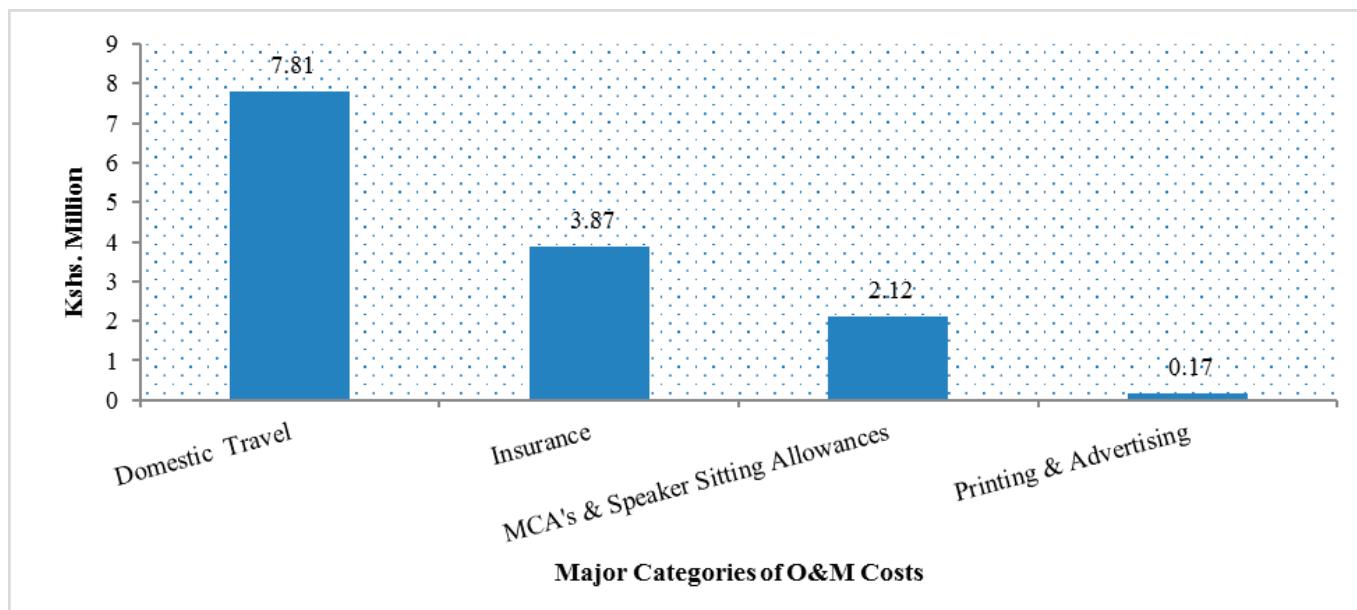
3.10.7 Expenditure on Personnel Emoluments

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

3.10.8 Expenditure on Operations & Maintenance

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

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



Source: Isiolo County Treasury

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

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

3.10.9 Development Expenditure

The County did not report expenditure on development programmes.

3.10.10 Budget Performance by Department

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

Table 3.37: Isiolo County, Budget Performance by Department

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

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

Source: Isiolo County Treasury

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

3.10.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

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

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

Source: Isiolo County Treasury

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

3.10.12 Key Observations and Recommendations

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

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

- development budget allocation of Kshs.2.14 billion.
3. The underperformance of own-source revenue at Kshs.18.02 million against an annual projection of Kshs.113.69 million, representing 15.8 per cent of the annual target.
 4. High pending bills that stood at Kshs.1.26 billion as of 30th June 2021. The County did not settle any pending bills in the period under review.

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

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

3.11 County Government of Kajiado

3.11.1 Overview of FY 2021/22 Budget

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

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

3.11.2 Revenue Performance

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

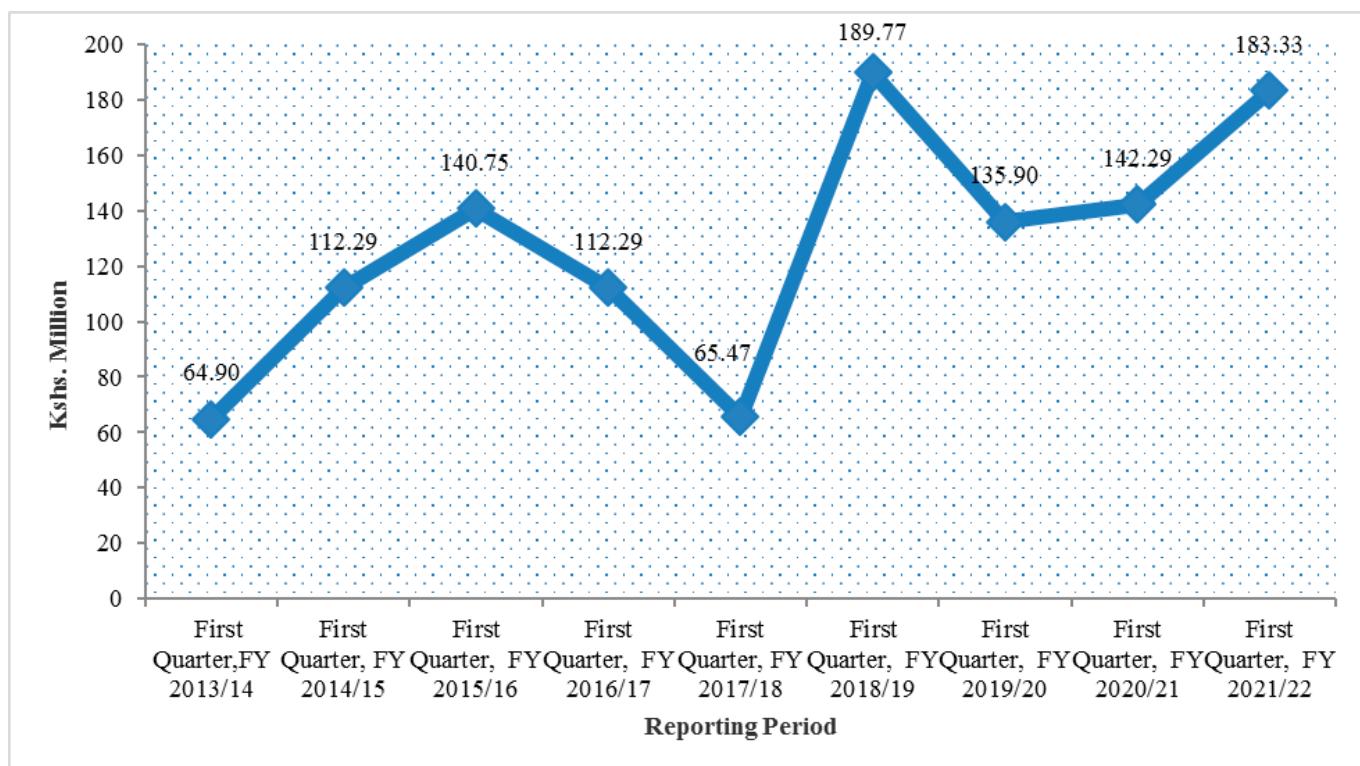
Table 3.39: Kajiado County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kajiado County Treasury

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

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



Source: Kajiado County Treasury

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

3.11.3 Exchequer Issues

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

3.11.4 Overall Expenditure Review

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

3.11.5 Settlement of Pending Bills

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

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

3.11.6 Expenditure by Economic Classification

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

Table 3.40: Summary of Budget and Expenditure by Economic Classification

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

Source: Kajiado County Treasury

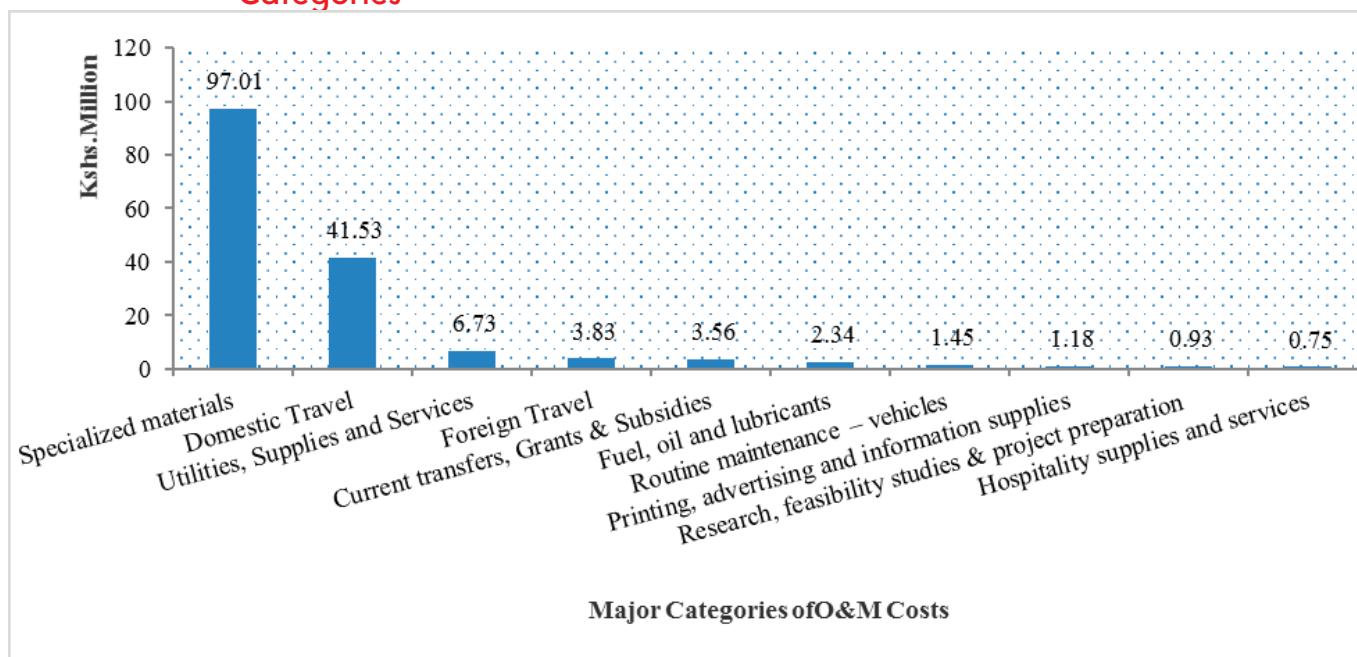
3.11.7 Expenditure on Personnel Emoluments

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

3.11.8 Expenditure on Operations and Maintenance

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

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



Source: Kajiado County Treasury

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

3.11.9 Development Expenditure

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

3.11.10 Budget Performance by Department

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

Table 3.41: Kajiado County, Budget Performance by Department

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

Source: Kajiado County Treasury

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

3.11.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

Source: Kajiado County Treasury

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

3.11.12 Key Observations and Recommendations

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

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

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

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

3.12 County Government of Kakamega

3.12.1 Overview of FY 2021/22 Budget

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

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

3.12.2 Revenue Performance

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

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

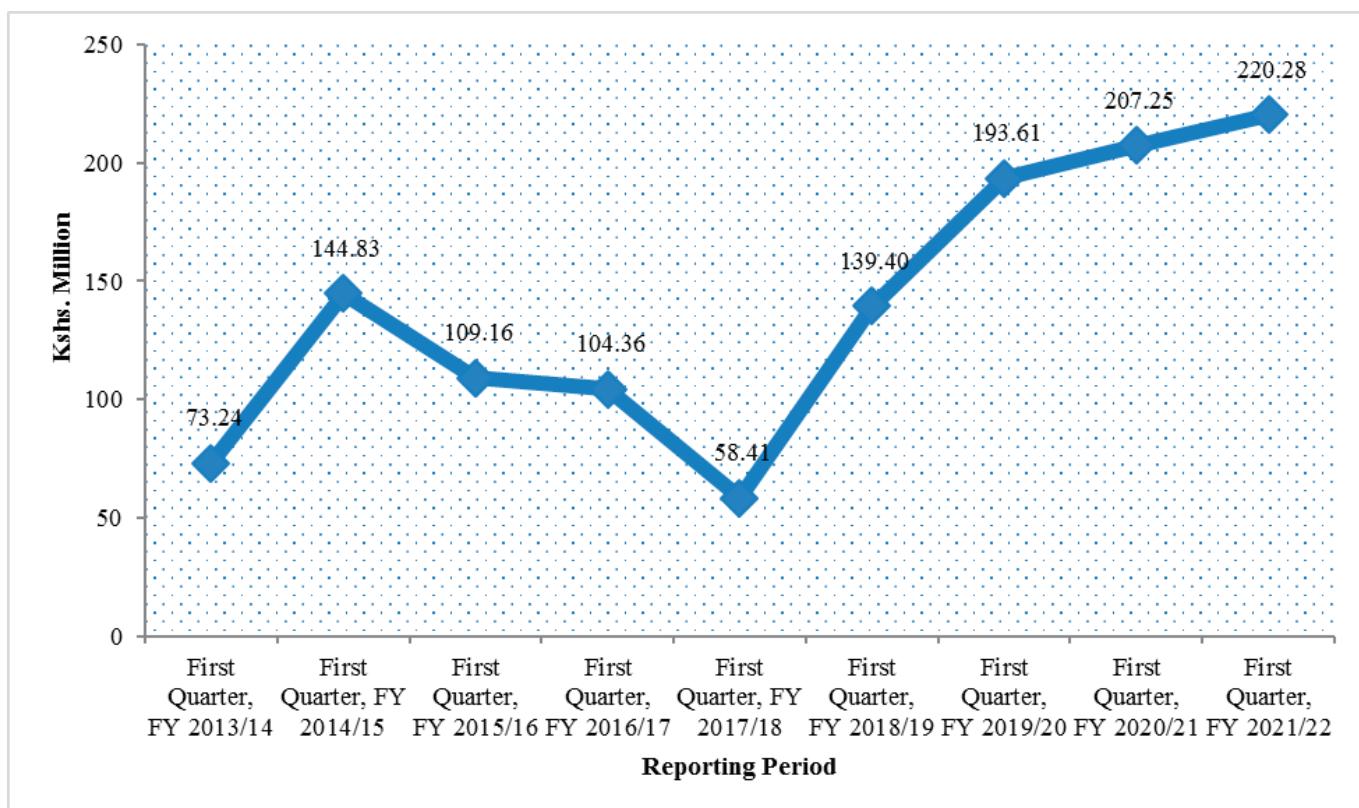
| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|---------------------------------|-------------------------|---|
| A | Equitable Share of Revenue Raised Nationally | 12,389,412,168 | 2,044,253,007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

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

Source: Kakamega County Treasury

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

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



Source: Kakamega County Treasury

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

3.12.3 Exchequer Issues

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

3.12.4 Overall Expenditure Review

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

3.12.5 Settlement of Pending Bills

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

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

3.12.6 Expenditure by Economic Classification

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

Table 3.44: Summary of Budget and Expenditure by Economic Classification

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

Source: Kakamega County Treasury

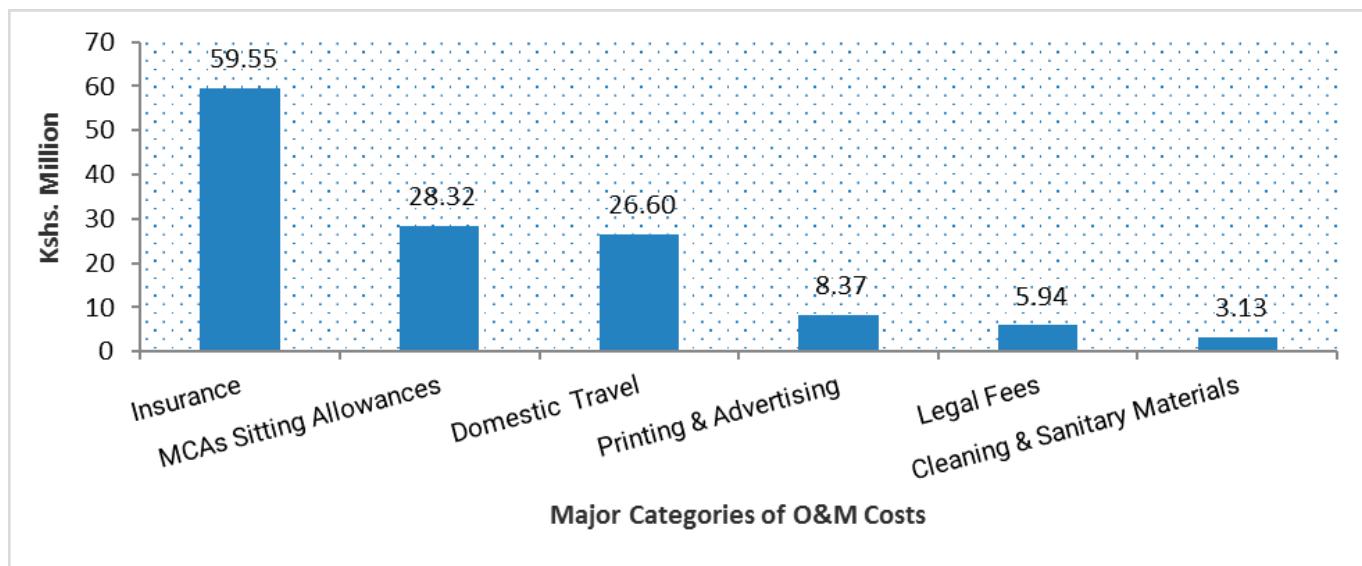
3.12.7 Expenditure on Personnel Emoluments

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

3.12.8 Expenditure on Operations and Maintenance

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

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



Source: Kakamega County Treasury

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

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

3.12.9 Development Expenditure

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

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

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

Source: Kakamega County Treasury

3.12.10 Budget Performance by Department

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

Table 3.46: Kakamega County, Budget Performance by Department

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

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

Source: Kakamega County Treasury

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

3.12.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

Source: Kakamega County Treasury

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

3.12.12 Key Observations and Recommendations

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

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

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

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

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

3.13 County Government of Kericho

3.13.1 Overview of FY 2021/22 Budget

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

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

3.13.2 Revenue Performance

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

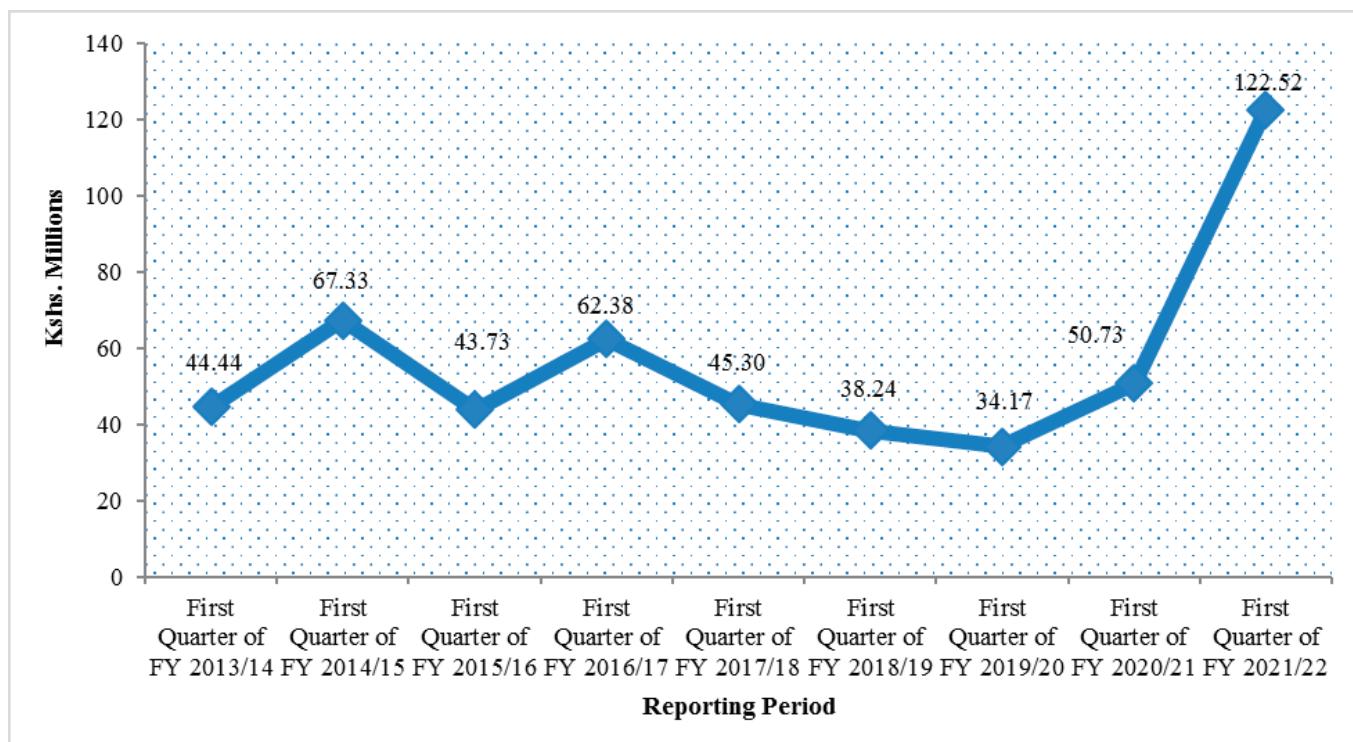
Table 3.48: Kericho County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kericho County Treasury

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

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



Source: Kericho County Treasury

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

3.13.3 Exchequer Issues

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

3.13.4 Overall Expenditure Review

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

3.13.5 Settlement of Pending Bills

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

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

3.13.6 Expenditure by Economic Classification

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

Table 3.49: Summary of Budget and Expenditure by Economic Classification

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

Source: Kericho County Treasury

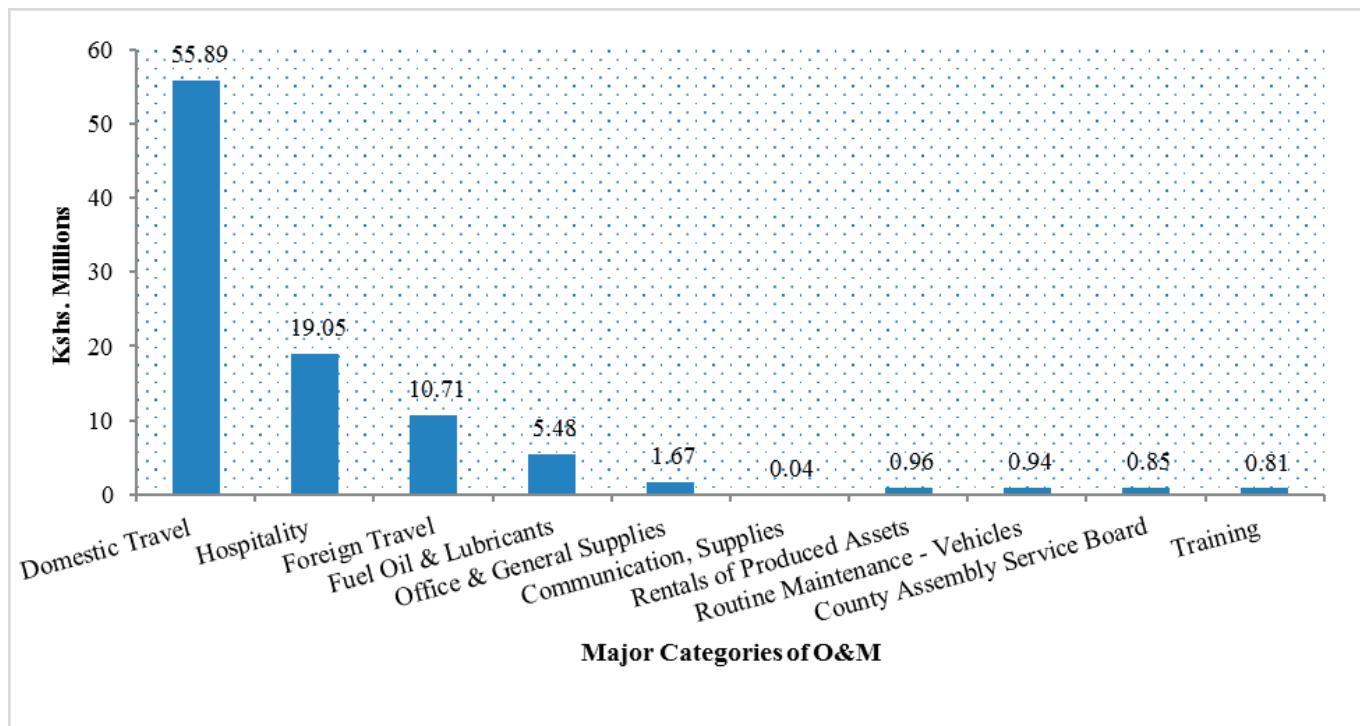
3.13.7 Expenditure on Personnel Emoluments

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

3.13.8 Expenditure on Operations and Maintenance

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

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



Source: Kericho County Treasury

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

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

3.13.9 Development Expenditure

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

3.13.10 Budget Performance by Department

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

Table 3.50: Kericho County, Budget Performance by Department

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

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

Source: Kericho County Treasury

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

3.13.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

Source: Kericho County Treasury

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

3.13.12 Key Observations and Recommendations

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

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

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

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

3.14 County Government of Kiambu

3.14.1 Overview of FY 2021/22 Budget

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

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

3.14.2 Revenue Performance

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

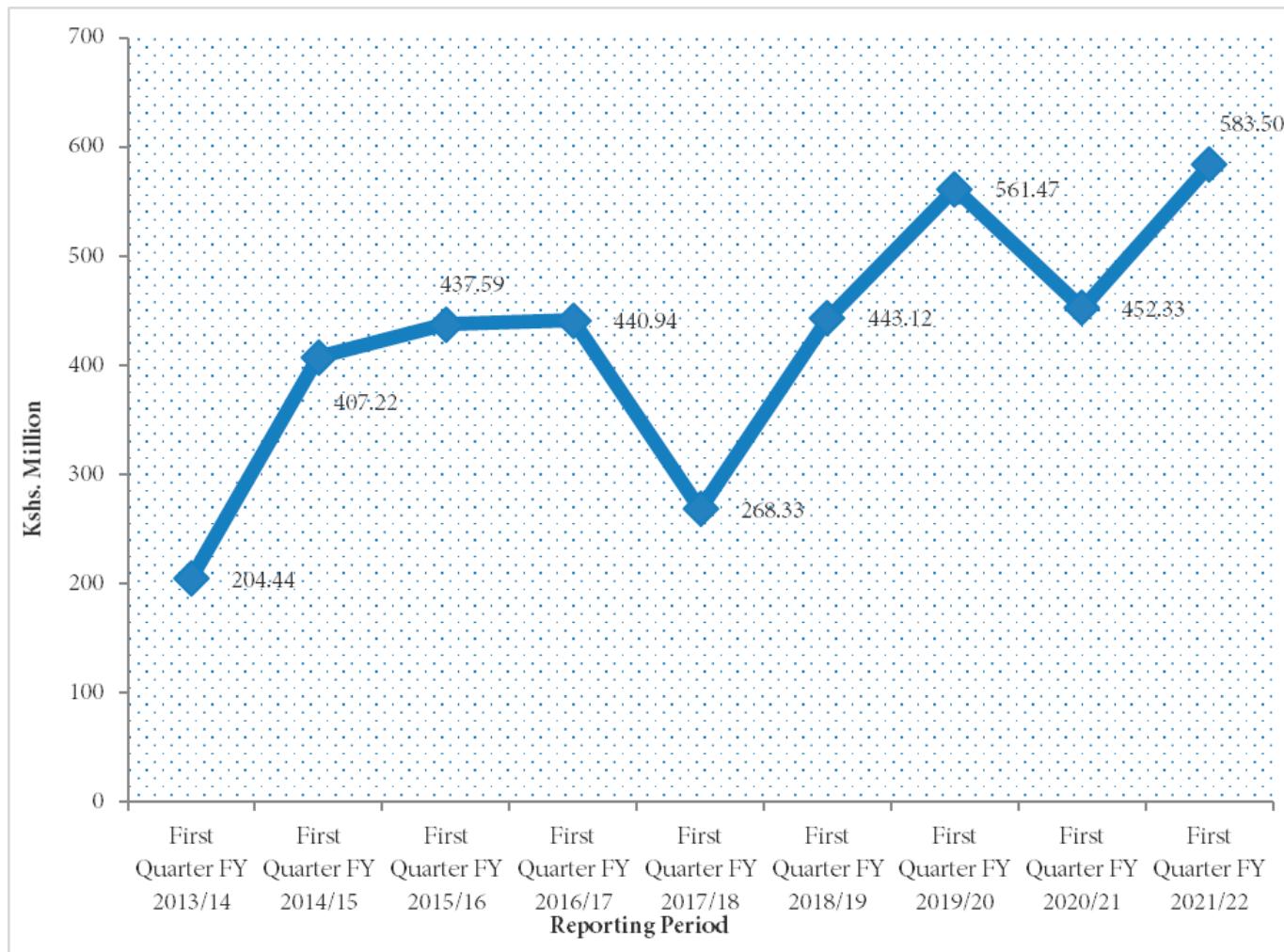
Table 3.52: Kiambu County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kiambu County Treasury

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

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



Source: Kiambu County Treasury

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

3.14.3 Exchequer Issues

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

3.14.4 Overall Expenditure Review

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

3.14.5 Settlement of Pending Bills

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

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

3.14.6 Expenditure by Economic Classification

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

Table 3.53: Summary of Budget and Expenditure by Economic Classification

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

Source: Kiambu County Treasury

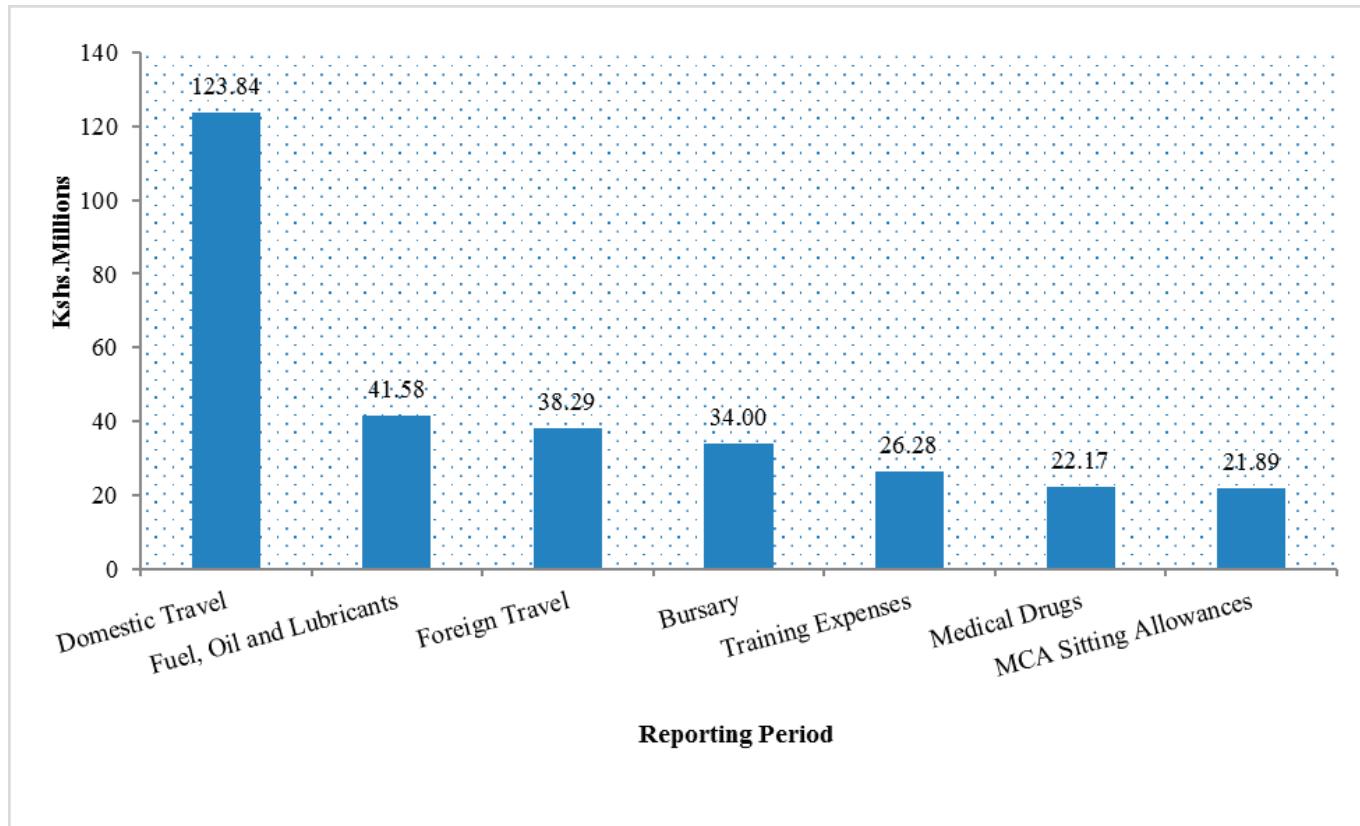
3.14.7 Expenditure on Personnel Emoluments

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

3.14.8 Expenditure on Operations and Maintenance

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

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



Source: Kiambu County Treasury

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

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

3.14.9 Development Expenditure

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

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

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

Source: *Kiambu County Treasury*

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

3.14.10 Budget Performance by Department

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

Table 3.55: Kiambu County, Budget Performance by Department

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

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

Source: Kiambu County Treasury

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

3.14.11 Budget Execution by Programmes and Sub-Programmes

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

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

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorp-tion Rate (%) |
|--|--|------------------------|------------------------|----------------------|----------------------|
| County Assembly | | | | | |
| Legislation and Oversight of County Government | | 670,400,000 | 184,739,735 | 485,660,265 | 27.6 |
| | Legislation and Oversight services | 670,400,000 | 184,739,735 | 485,660,265 | 27.6 |
| County Executive | | | | | |
| General Administration and support services | | 523,530,907 | 81,046,494 | 442,484,413 | 15.5 |
| | General Administration and support services | 523,530,907 | 81,046,494 | 442,484,413 | 15.5 |
| | Sub-Total | 1,346,180,907 | 297,002,306 | 1,049,178,601 | 63.5 |
| County Public Service Board | | | | | |
| Leadership and Admin of HR management and dev in County Public Service | | 62,096,211 | 9,138,549 | 52,957,662 | 14.7 |
| | Human Resource development and management services | 62,096,211 | 9,138,549 | 52,957,662 | 14.7 |
| | Sub-Total | 62,096,211 | 9,138,549 | 52,957,662 | 14.7 |
| Finance & Economic Planning & ICT | | | | | |

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

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

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

Source: Kiambu County Treasury

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

3.14.12 Key Observations and Recommendations

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

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

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

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

3.15 County Government of Kilifi

3.15.1 Overview of FY 2021/22 Budget

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

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

3.15.2 Revenue Performance

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

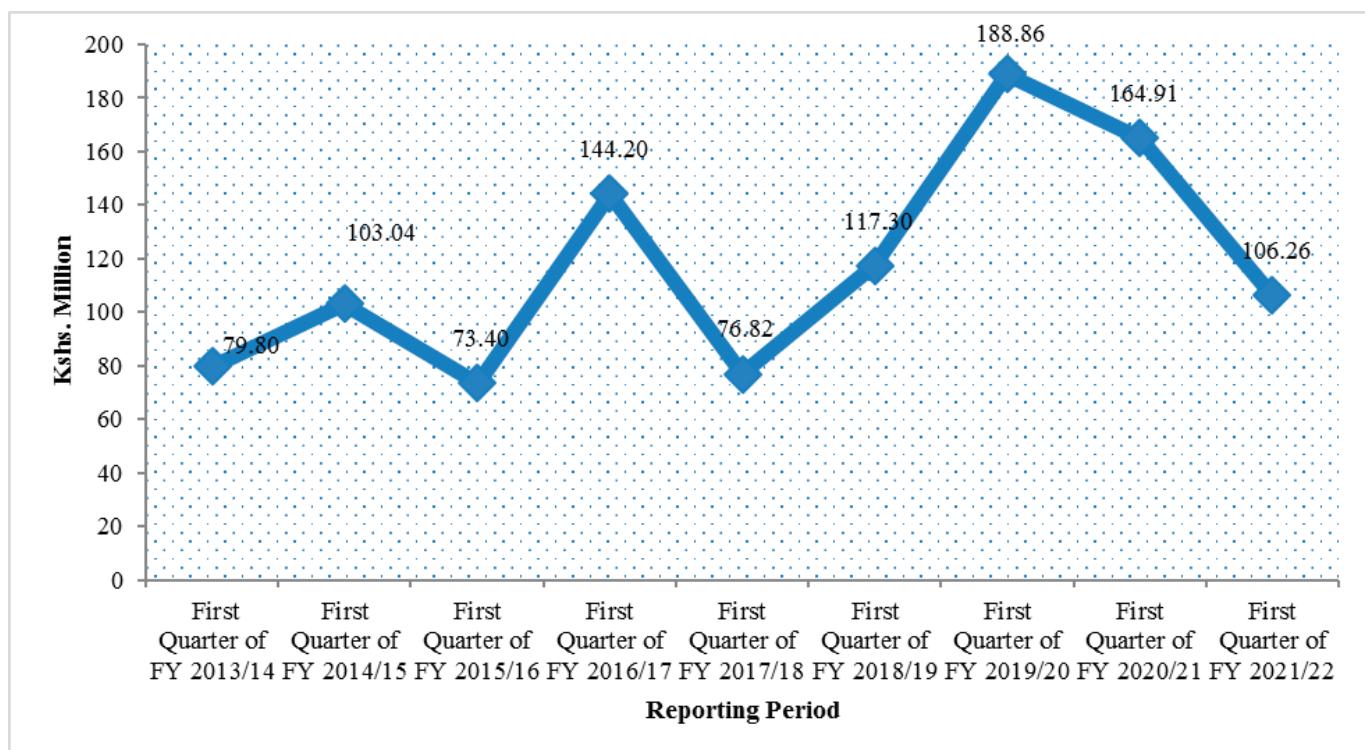
Table 3.57: Kilifi County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kilifi County Treasury

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

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



Source: Kilifi County Treasury

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

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

3.15.3 Exchequer Issues

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

3.15.4 Overall Expenditure Review

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

3.15.5 Settlement of Pending Bills

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

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

3.15.6 Expenditure by Economic Classification

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

Table 3.58.

Table 3.58: Summary of Budget and Expenditure by Economic Classification

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

Source: Kilifi County Treasury

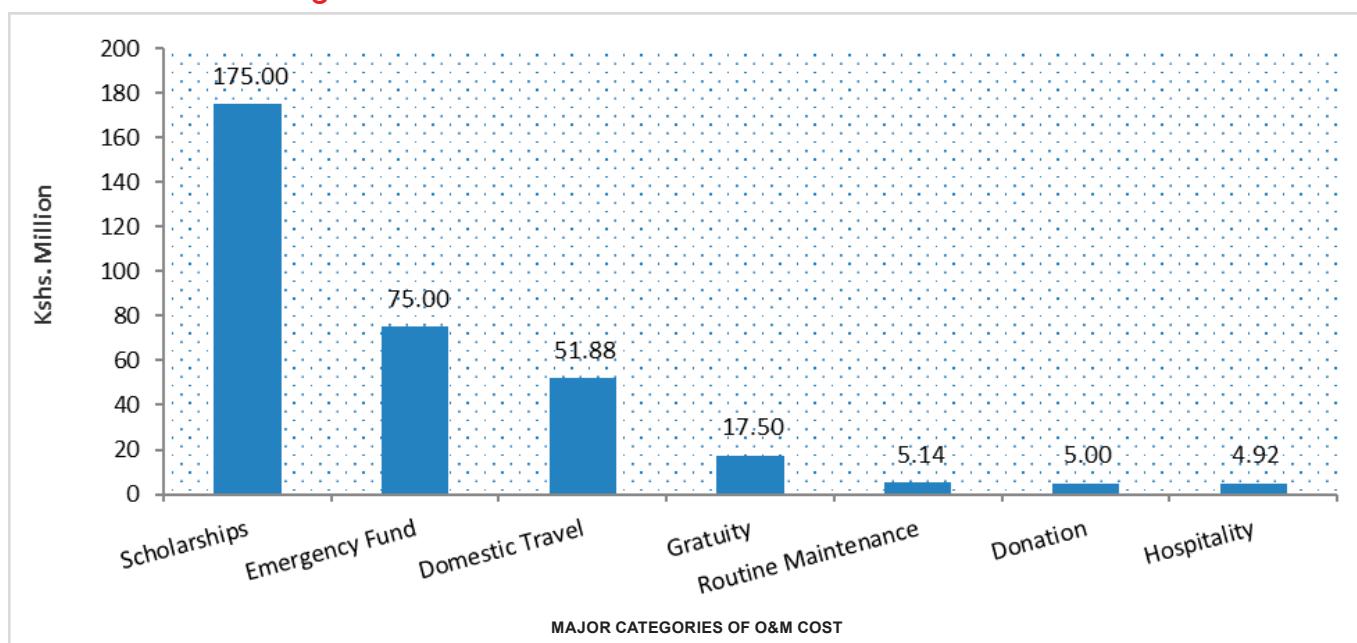
3.15.7 Expenditure on Personnel Emoluments

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

3.15.8 Expenditure on Operations and Maintenance

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

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



Source: Kilifi County Treasury

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

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

3.15.9 Development Expenditure

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

3.15.10 Budget Performance by Department

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

Table 3.59: Kilifi County, Budget Performance by Department

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

Source: Kilifi County Treasury

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

3.15.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

Source: Kilifi County Treasury

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

3.15.12 Key Observations and Recommendations

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

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

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

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

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2021/22 Budget

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

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

3.16.2 Revenue Performance

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

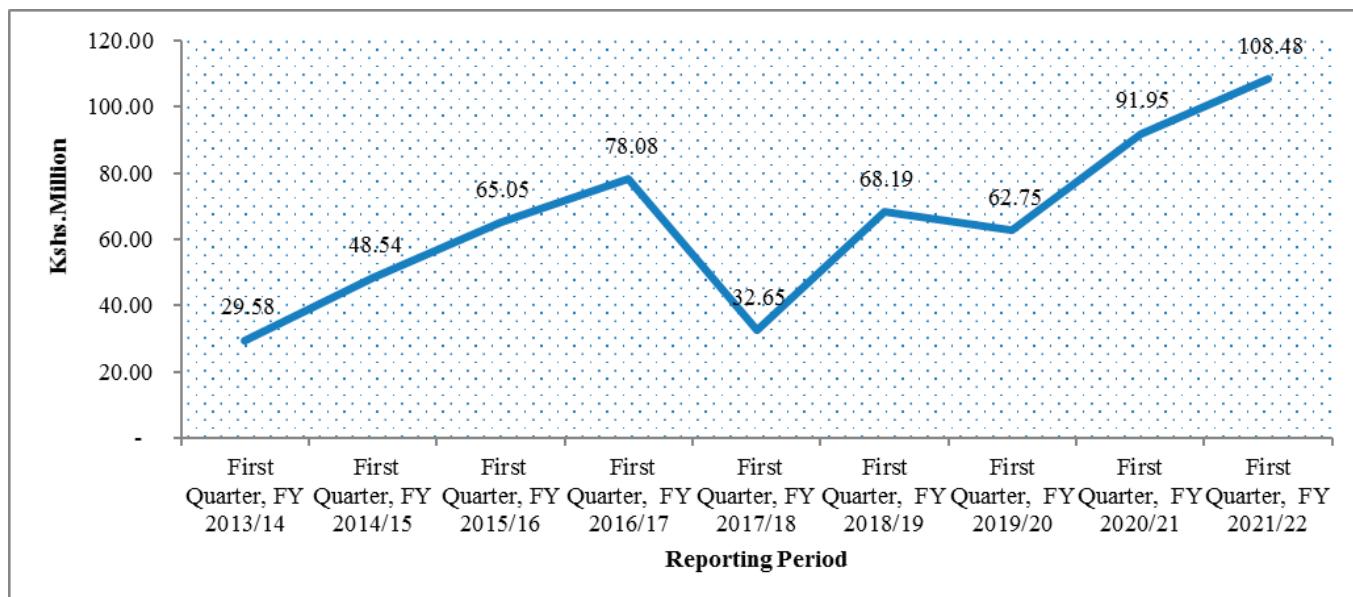
Table 3.61: Kirinyaga County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kirinyaga County Treasury

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

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



Source: Kirinyaga County Treasury

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

3.16.3 Exchequer Issues

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

3.16.4 Overall Expenditure Review

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

3.16.5 Settlement of Pending Bills

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

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

3.16.6 Expenditure by Economic Classification

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

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

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

Source: Kirinyaga County Treasury

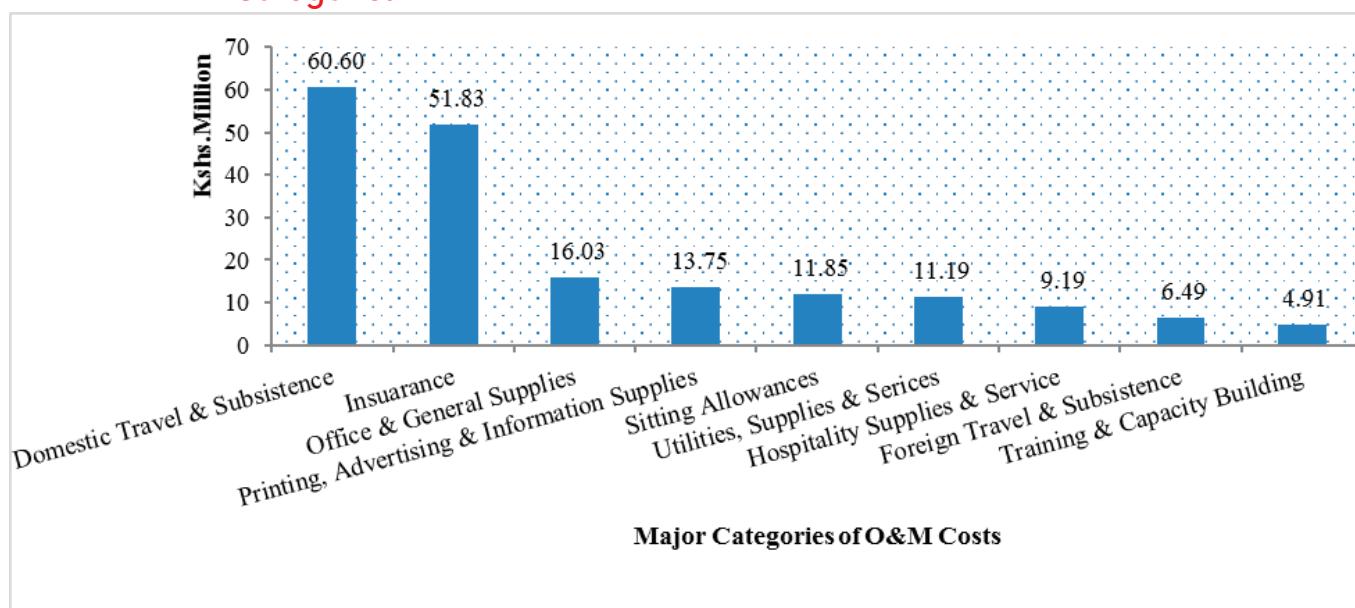
3.16.7 Expenditure on Personnel Emoluments

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

3.16.8 Expenditure on Operations and Maintenance

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

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



Source: Kirinyaga County Treasury

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

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

3.16.9 Development Expenditure

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

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

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

Source: Kirinyaga County Treasury

3.16.10 Budget Performance by Department

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

Table 3.64: Kirinyaga County, Budget Performance by Department

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

Source: Kirinyaga County Treasury

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

3.16.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

Source: Kirinyaga County Treasury

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

3.16.12 Key Observations and Recommendations

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

3.17 County Government of Kisii

3.17.1 Overview of FY 2021/22 Budget

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

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

3.17.2 Revenue Performance

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

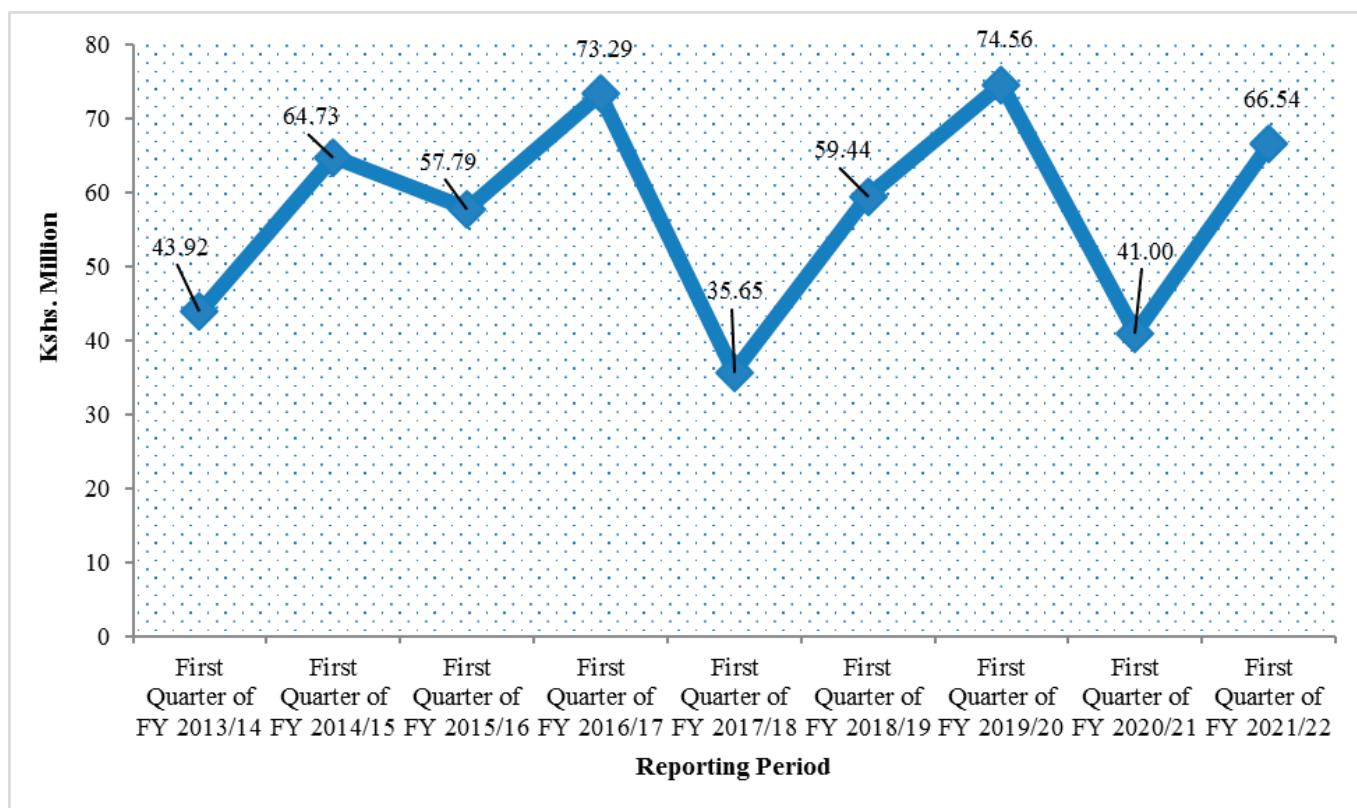
Table 3.66: Kisii County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kisii County Treasury

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

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



Source: Kisii County Treasury

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

3.17.3 Exchequer Issues

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

3.17.4 Overall Expenditure Review

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

3.17.5 Settlement of Pending Bills

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

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

3.17.6 Expenditure by Economic Classification

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

Table 3.67: Summary of Budget and Expenditure by Economic Classification

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

Source: Kisii County Treasury

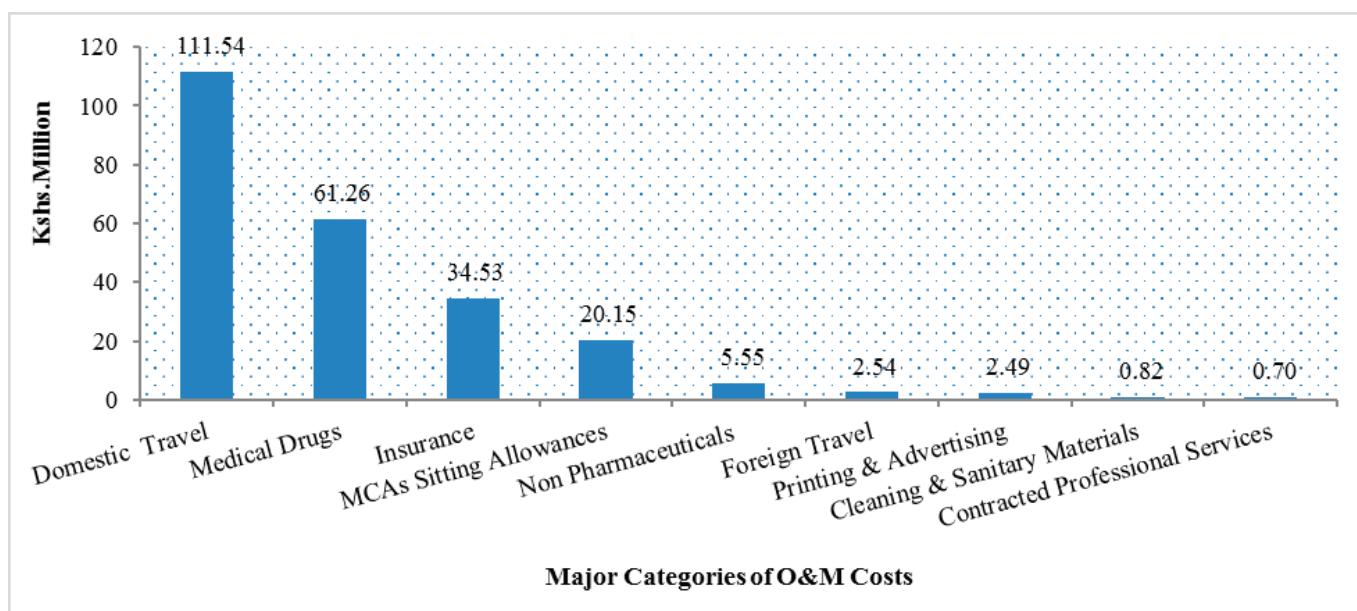
3.17.7 Expenditure on Personnel Emoluments

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

3.17.8 Expenditure on Operations and Maintenance

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

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



Source: Kisii County Treasury

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

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

3.17.9 Development Expenditure

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

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

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

Source: Kisii County Treasury

3.17.10 Budget Performance by Department

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

Table 3.69: Kisii County, Budget Performance by Department

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

Source: Kisii County Treasury

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

3.17.11 Budget Execution by Programmes and Sub-Programmes

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

Table 3.70: Budget Performance by Programme and Sub-Programme

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

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

Source: Kisii County Treasury

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

3.17.12 Key Observations and Recommendations

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

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

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

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

3.18 County Government of Kisumu

3.18.1 Overview of FY 2021/22 Budget

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

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

3.18.2 Revenue Performance

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

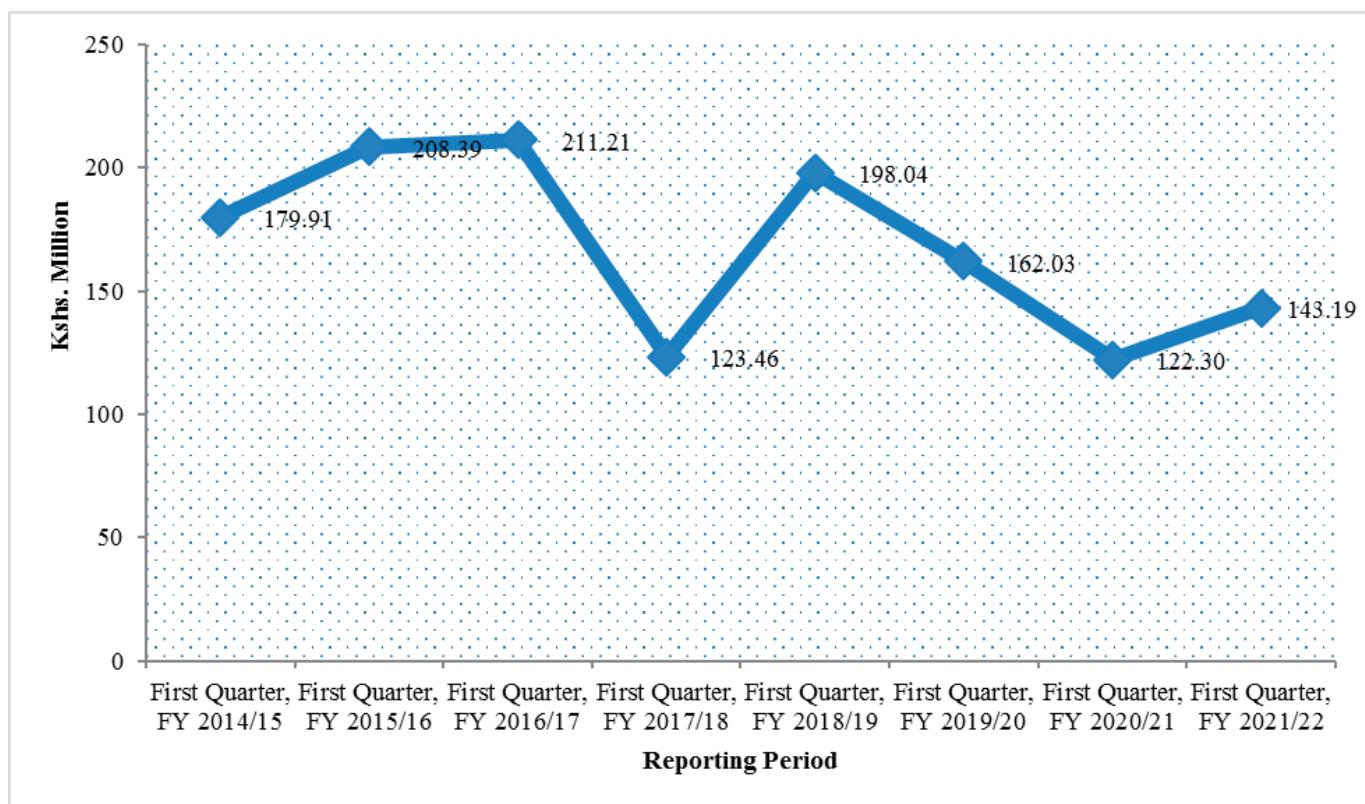
Table 3.71: Kisumu County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kisumu County Treasury

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

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



Source: Kisumu County Treasury

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

3.18.3 Exchequer Issues

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

3.18.4 Overall Expenditure Review

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

3.18.5 Settlement of Pending Bills

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

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

3.18.6 Expenditure by Economic Classification

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

Table 3.72: Summary of Budget and Expenditure by Economic Classification

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

Source: Kisumu County Treasury

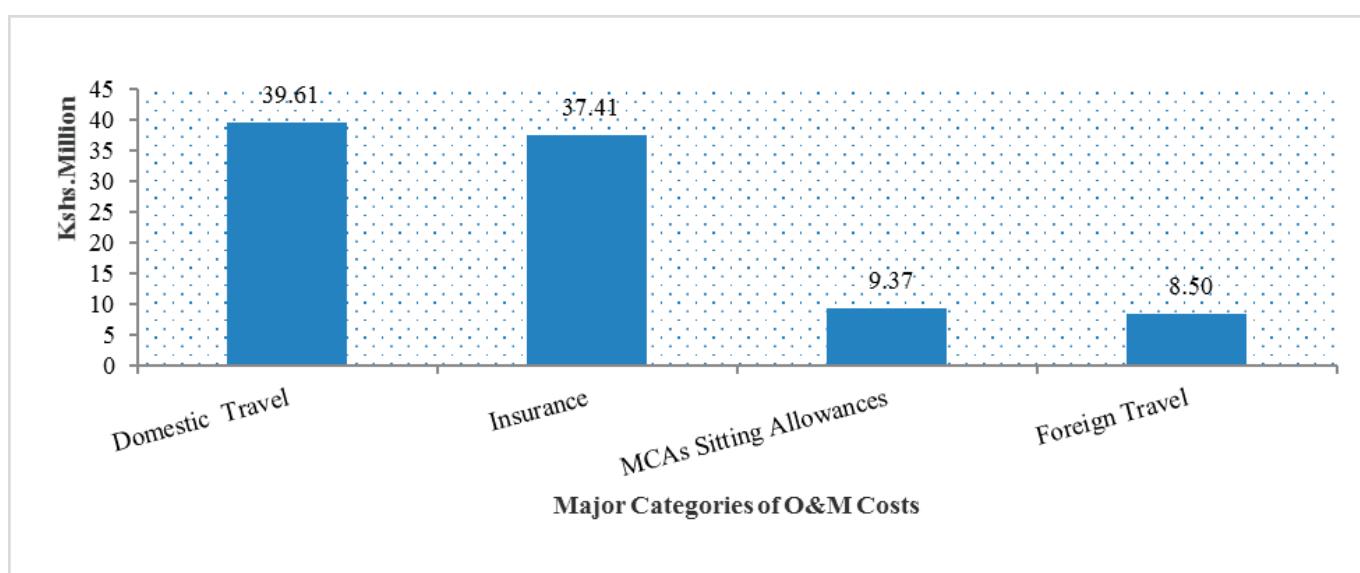
3.18.7 Expenditure on Personnel Emoluments

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

3.18.8 Expenditure on Operations and Maintenance

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

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



Source: Kisumu County Treasury

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

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

3.18.9 Development Expenditure

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

3.18.10 Budget Performance by Department

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

Table 3.73: Kisumu County, Budget Performance by Department

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

Source: Kisumu County Treasury

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

3.18.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

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

Source: Kisumu County Treasury

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

3.18.12 Key Observations and Recommendations

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

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

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

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

3.19 County Government of Kitui

3.19.1 Overview of FY 2021/22 Budget

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

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

3.19.2 Revenue Performance

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

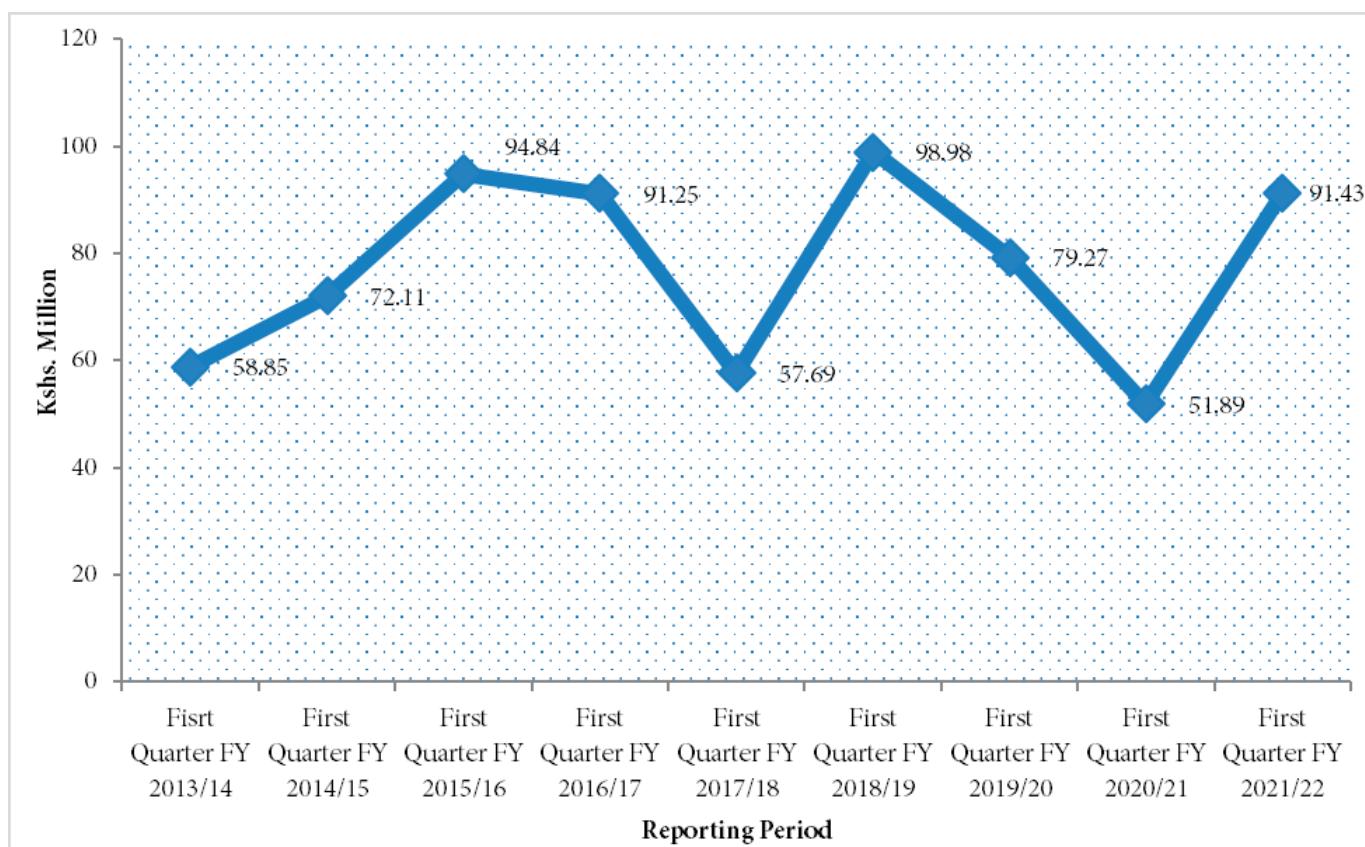
Table 3.75: Kitui County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kitui County Treasury

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

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



Source: Kitui County Treasury

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

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

3.19.3 Exchequer Issues

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

3.19.4 Overall Expenditure Review

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

3.19.5 Settlement of Pending Bills

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

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

3.19.6 Expenditure by Economic Classification

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

Table 3.76: Summary of Budget and Expenditure by Economic Classification

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

Source: Kitui County Treasury

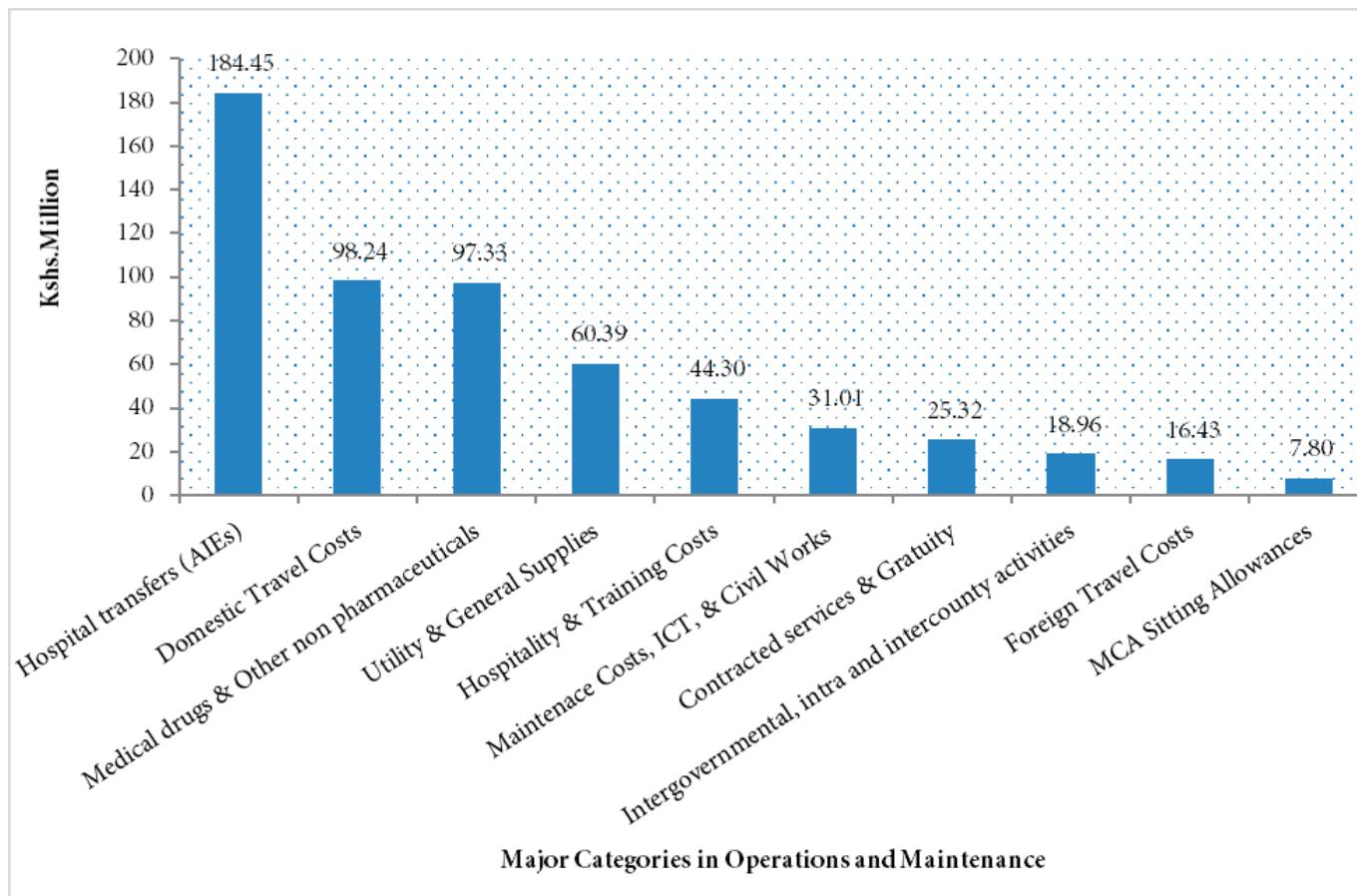
3.19.7 Expenditure on Personnel Emoluments

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

3.19.8 Expenditure on Operations and Maintenance

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

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



Source: Kitui County Treasury

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

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

3.19.9 Development Expenditure

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

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

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

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

Source: Kitui County Treasury

3.19.10 Budget Performance by Department

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

Table 3.78: Kitui County, Budget Performance by Department

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

Source: Kitui County Treasury

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

3.19.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

Source: Kitui County Treasury

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

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

3.19.12 Key Observations and Recommendations

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

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

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

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

3.20 County Government of Kwale

3.20.1 Overview of FY 2021/22 Budget

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

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

3.20.2 Revenue Performance

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

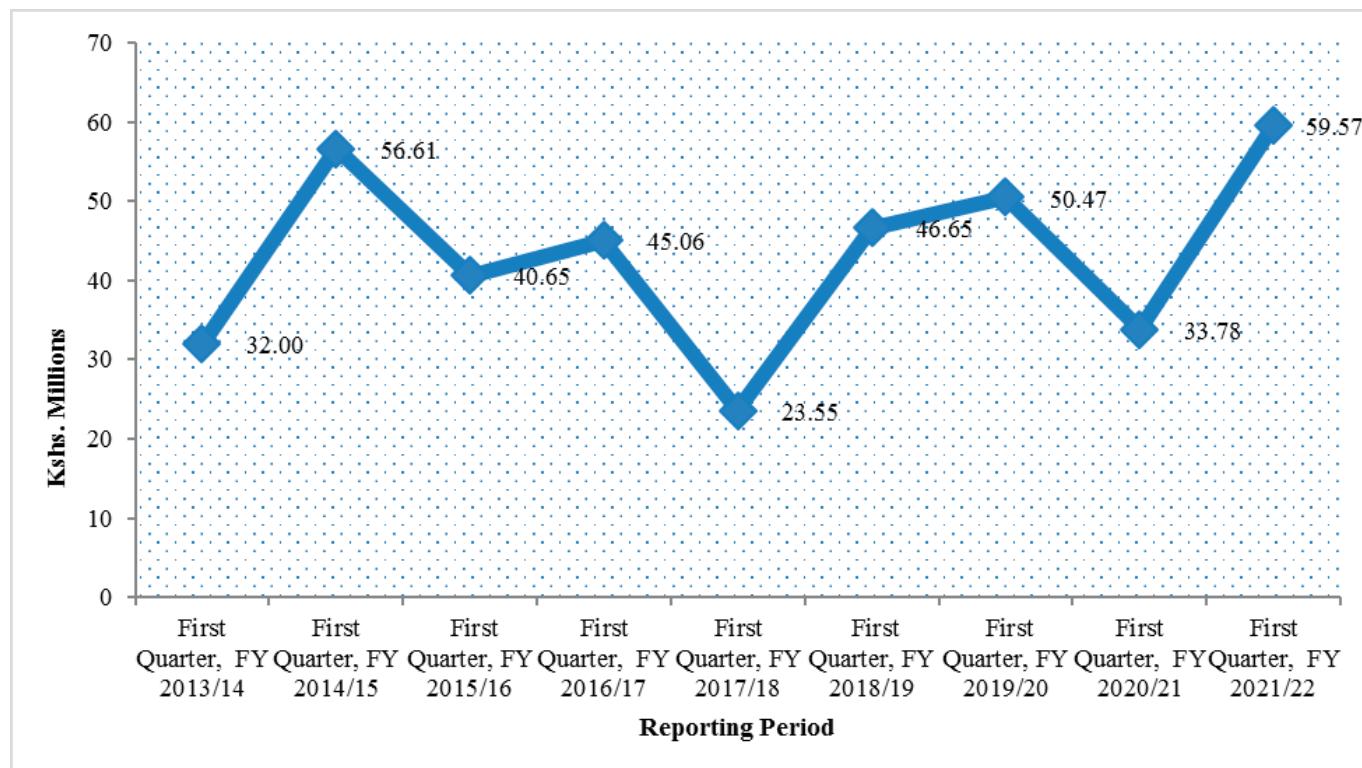
Table 3.80: Kwale County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Kwale County Treasury

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

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



Source: Kwale County Treasury

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

3.20.3 Exchequer Issues

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

3.20.4 Overall Expenditure Review

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

3.20.5 Settlement of Pending Bills

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

3.20.6 Expenditure by Economic Classification

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

Table 3.81: Summary of Budget and Expenditure by Economic Classification

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

Source: Kwale County Treasury

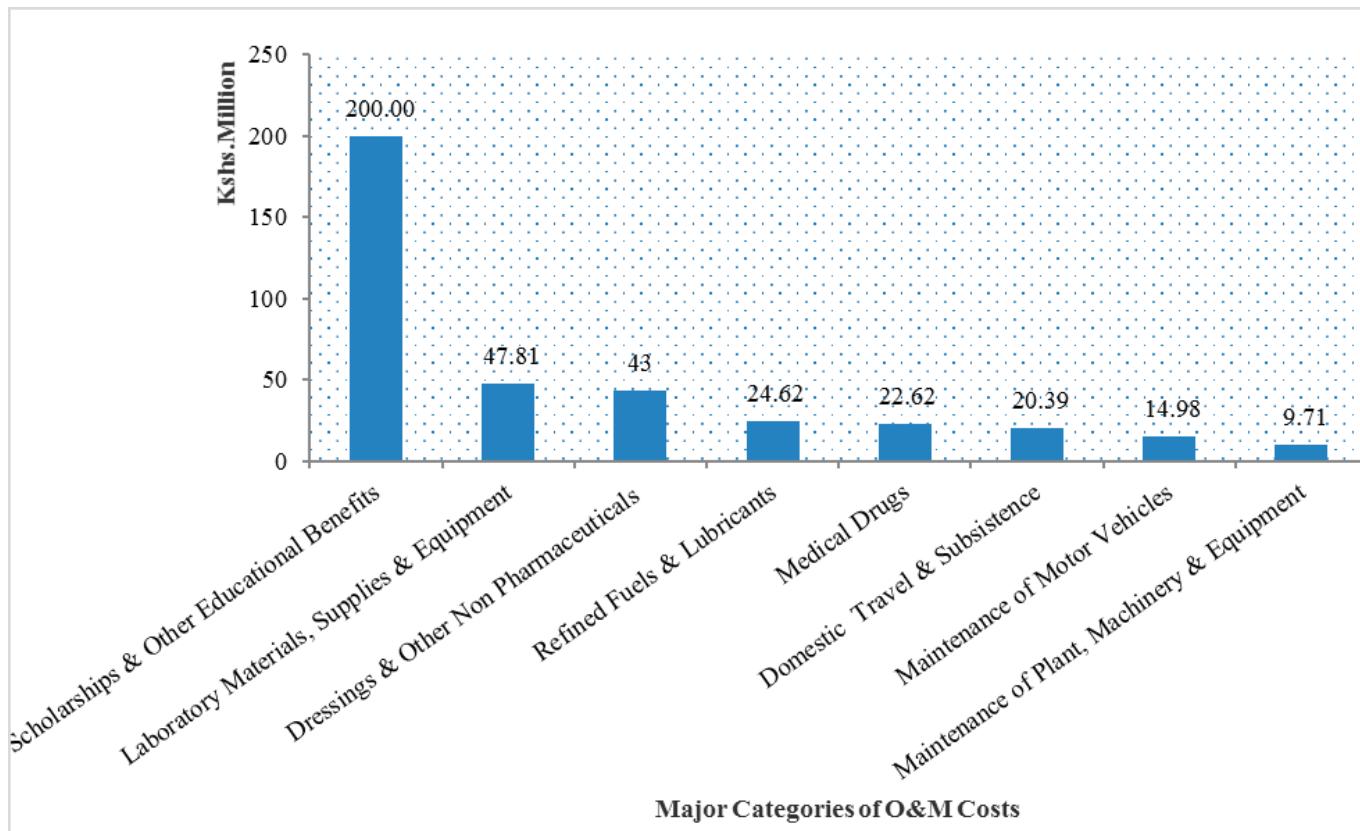
3.20.7 Expenditure on Personnel Emoluments

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

3.20.8 Expenditure on Operations and Maintenance

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

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



Source: Kwale County Treasury

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

3.20.9 Development Expenditure

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

3.20.10 Budget Performance by Department

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

Table 3.82: Kwale County, Budget Performance by Department

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

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

Source: Kwale County Treasury

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

3.20.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

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

Source: Kwale County Treasury

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

3.20.12 Key Observations and Recommendations

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

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

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

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

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

3.21 County Government of Laikipia

3.21.1 Overview of FY 2021/22 Budget

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

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

3.21.2 Revenue Performance

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

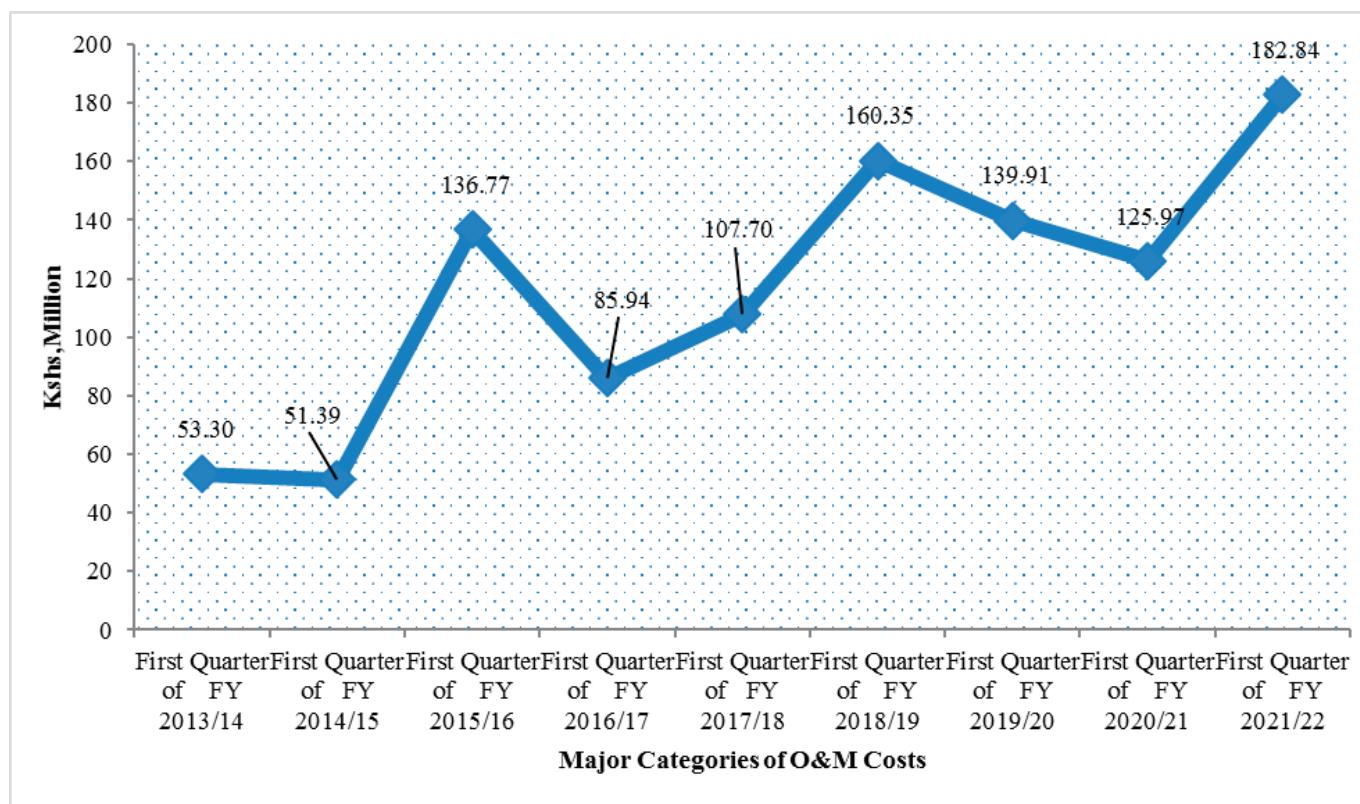
Table 3.84: Laikipia County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Laikipia County Treasury

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

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



Source: Laikipia County Treasury

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

3.21.3 Exchequer Issues

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

3.21.4 Overall Expenditure Review

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

3.21.5 Settlement of Pending Bills

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

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

3.21.6 Expenditure by Economic Classification

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

Table 3.85: Summary of Budget and Expenditure by Economic Classification

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

Source: Laikipia County Treasury

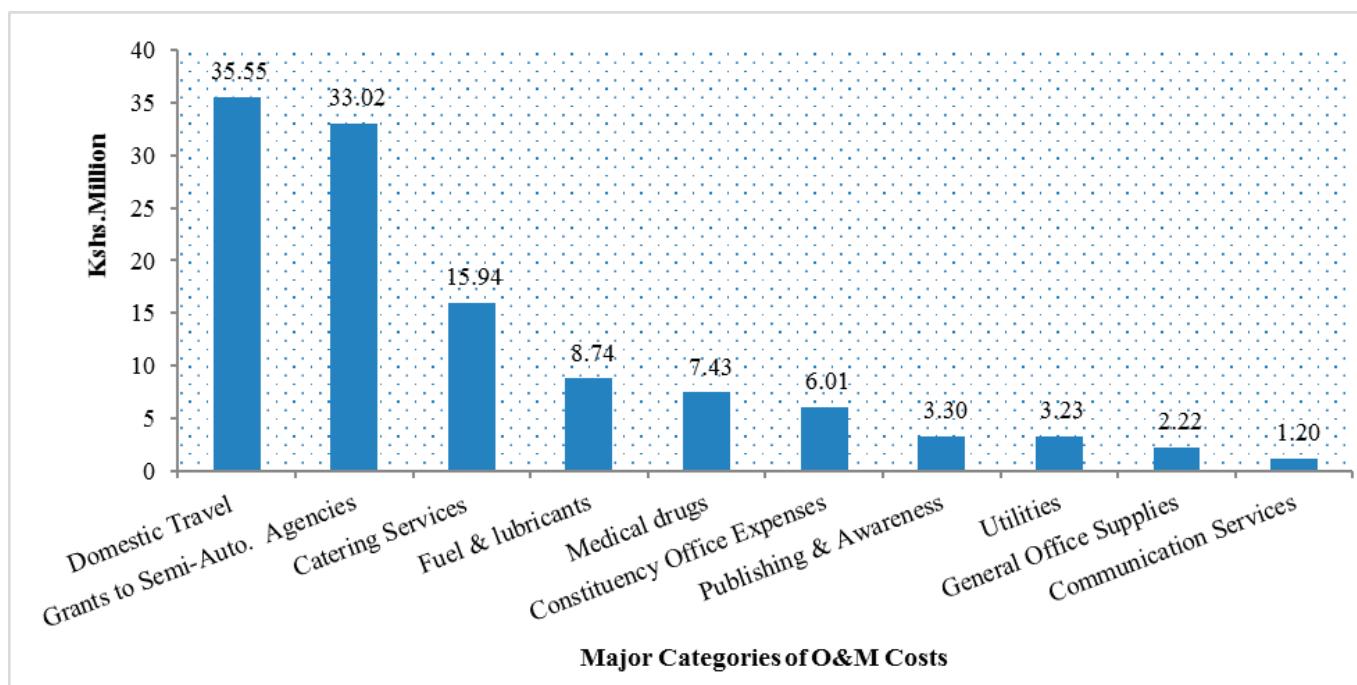
3.21.7 Expenditure on Personnel Emoluments

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

3.21.8 Expenditure on Operations and Maintenance

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

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



Source: Laikipia County Treasury

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

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

3.21.9 Development Expenditure

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

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

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

Source: Laikipia County Treasury

3.21.10 Budget Performance by Department

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

Table 3.87: Laikipia County, Budget Performance by Department

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

Source: Laikipia County Treasury

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

3.21.11 Budget Execution by Programmes and Sub-Programmes

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

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

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

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

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

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

Source: Laikipia County Treasury

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

3.21.12 Key Observations and Recommendations

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

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

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

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

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

3.22 County Government of Lamu

3.22.1 Overview of FY 2021/22 Budget

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

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

3.22.2 Revenue Performance

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

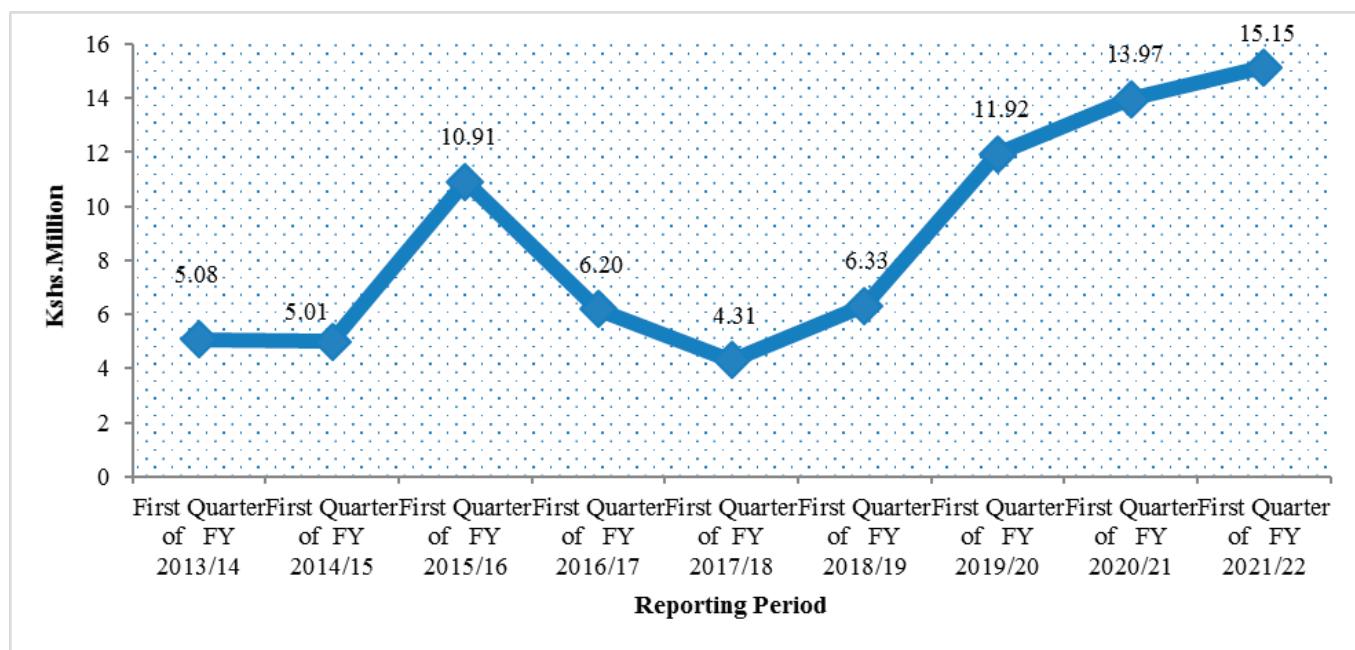
Table 3.89: Lamu County, Revenue Performance in the First Quarter of FY 2021/22

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

Source: Lamu County Treasury

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

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



Source: Lamu County Treasury

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

3.22.3 Exchequer Issues

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

3.22.4 Overall Expenditure Review

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

3.22.5 Settlement of Pending Bills

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

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

3.22.6 Expenditure by Economic Classification

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

Table 3.90: Summary of Budget and Expenditure by Economic Classification

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

Source: Lamu County Treasury

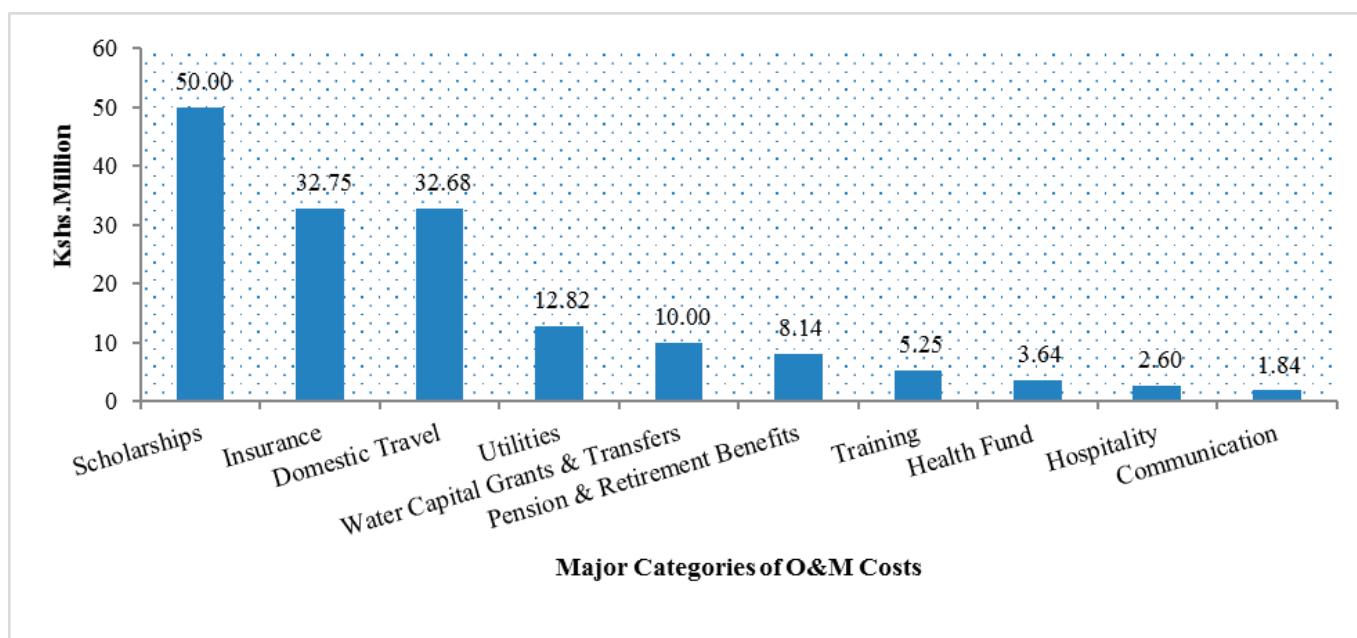
3.22.7 Expenditure on Personnel Emoluments

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

3.22.8 Expenditure on Operations and Maintenance

Figure 3.43 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.43: Lamu County, Operations and Maintenance Expenditure by Major Categories



Source: Lamu County Treasury

The County spent Kshs.1.34 million on committee sitting allowances for the 19 MCAs and Speaker against the annual budget allocation of Kshs.10.98 million. The average monthly sitting allowance was Kshs.23,586 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.32.68 million and comprised Kshs.7.78 million spent by the County Assembly and Kshs.24.9 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.37 million by the County Assembly.

3.22.9 Development Expenditure

The County incurred an expenditure of Kshs.21.77 million on development programmes, which represented an increase of 33 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.16.38 million. Figure 3.91 summarises development projects with the highest expenditure in the reporting period.

Table 3.91: Lamu County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name/Description | Project Location | Contract Sum (Kshs.) | Payments to Date (Kshs.) | Absorption Rate (%) |
|-------|--------------------------------------|----------------------|----------------------|--------------------------|---------------------|
| 1 | County grant to TVET | County Wide | 20,000,000 | 9,200,000 | 46.0 |
| 2 | Construction of Lamu & Mokowe Market | Lamu Island & Mokowe | 65,000,000 | 8,848,610 | 13.6 |
| 3 | Completion of Kizingitini Ice Plant | Kizingitini -Faza | 9,000,000 | 3,725,770 | 41.4 |

Source: Lamu County Treasury

3.22.10 Budget Performance by Department

Table 3.92 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.92: Lamu County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|--------------|-----------------------------|--------------|-------------------------------------|--------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 405.00 | 135.00 | 60.49 | - | 44.21 | - | 73.1 | - | 10.9 | - |
| County Executive & PSM | 368.82 | 75.29 | 91.81 | - | 90.85 | - | 99.0 | - | 24.6 | - |
| Finance | 138.50 | - | 21.05 | - | 20.71 | - | 98.4 | - | 15.0 | - |
| Agriculture & Irrigation | 115.38 | 337.84 | 11.40 | - | 14.43 | - | 126.6 | - | 12.5 | - |
| Land and Physical Planning | 27.00 | 76.83 | 4.92 | - | 5.00 | - | 101.8 | - | 18.5 | - |
| Education & Vocational Training | 218.00 | 100.48 | 66.45 | 9.20 | 65.76 | 9.20 | 99.0 | 100.0 | 30.2 | 9.2 |
| Medical Services | 983.63 | 202.45 | 190.88 | - | 194.96 | - | 102.1 | - | 19.8 | - |
| Trade, Tourism & Investment Development | 23.41 | 41.69 | 4.46 | - | 4.60 | - | 103.0 | - | 19.6 | - |
| Livestock, Veterinary & Co-operative Development | 39.83 | 23.58 | 8.74 | - | 8.56 | - | 97.9 | - | 21.5 | - |
| County Public Service Board | 54.31 | - | 10.17 | - | 10.06 | - | 98.9 | - | 18.5 | - |
| Water Management & Conservation | 37.56 | 249.00 | 19.54 | - | 19.12 | - | 97.9 | - | 50.9 | - |
| Youth, Gender, Culture, Sports, & Social services | 17.20 | 74.09 | 3.48 | - | 3.09 | - | 88.8 | - | 17.9 | - |
| Public Health Sanitation and Environment | 66.00 | 7.50 | 13.70 | - | 13.53 | - | 98.7 | - | 20.5 | - |
| Fisheries Development | 35.66 | 24.00 | 6.00 | 3.73 | 5.57 | 3.73 | 92.8 | 100.0 | 15.6 | 15.5 |
| Budget & Economic Planning | 20.30 | - | 2.19 | - | 2.22 | - | 101.4 | - | 10.9 | - |
| Infrastructure and Energy | 35.30 | 206.10 | 8.90 | - | 7.23 | - | 81.2 | - | 20.5 | - |
| Lamu Municipality | 29.60 | 79.75 | 7.41 | - | 7.15 | 8.85 | 96.5 | - | 24.2 | 11.1 |
| TOTAL | 2,615.49 | 1,633.60 | 531.59 | 12.93 | 517.05 | 21.77 | 97.3 | 168.5 | 19.8 | 1.3 |

Source: Lamu County Treasury

Analysis of expenditure by the departments shows that the Department of Fisheries Development recorded the highest absorption rate of development budget at 15.5 per cent followed by Lamu Municipality and Education & Vocational Training at 15.5 per cent and 9.2 per cent respectively. The rest of the departments did not report any expenditure on development activities. The Department of Education & Vocational Training had the highest percentage of recurrent expenditure to budget at 30.2 per cent, while the Department of Budget & Economic Planning and the County Assembly had the lowest each at 10.9 per cent.

3.22.11 Budget Execution by Programmes and Sub-Programmes

Table 3.93 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.93: Lamu County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|------------------------|------------------------|--------------------|---------------------|
| County Assembly | P.1 Administration, planning and support services. | 222,807,120 | 23,091,391 | 199,715,729 | 10.4 |
| | P.2 Legislation and Oversight | 317,192,880 | 21,122,587 | 296,070,293 | 6.7 |
| | Subtotal | 540,000,000 | 44,213,978 | 495,786,022 | 8.2 |
| County Executive & PSM | P 1: Headquarters | 330,358,944 | 87,881,999 | 242,476,945 | 26.6 |
| | P.2 Office of the Governor and Deputy Governor | 38,462,000 | 2,969,956 | 35,492,044 | 7.7 |
| | P 3: Development | 75,288,955 | | 75,288,955 | - |
| | Subtotal | 444,109,899 | 90,851,955 | 353,257,944 | 20.5 |
| Finance | P 1: Administration, planning support services | 104,808,619 | 18,100,341 | 86,708,278 | 17.3 |
| | P.2. Accounting, Standards & Reporting | 12,031,515 | 1,463,840 | 10,567,675 | 12.2 |
| | P.3 Procurement & Supply Chain management | 7,218,909 | 487,640 | 6,731,269 | 6.8 |
| | P.4 Revenue | 7,218,909 | 414,520 | 6,804,389 | 5.7 |
| | P.5 Internal Audit | 7,218,909 | 243,240 | 6,975,669 | 3.4 |
| | Subtotal | 138,496,861 | 20,709,581 | 117,787,280 | 15.0 |
| Agriculture & Irrigation | P 1: Administration and planning support services | 50,409,930 | 11,143,171 | 39,266,759 | 22.1 |
| | P 2: Plant Dieses Control (Extension services) | 52,368,686 | 3,283,270 | 49,085,416 | 6.3 |
| | P 3: Crop Productivity | 12,596,440 | | 12,596,440 | - |
| | P 4: Development | 337,843,632 | | 337,843,632 | - |
| | Subtotal | 453,218,688 | 14,426,441 | 438,792,247 | 3.2 |
| Land, Physical Planning | P 1: Administration, planning & support Services | 27,000,000 | 5,004,368 | 21,995,632 | 18.5 |
| | P 2: Land Development Management | 76,827,460 | | 76,827,460 | - |
| | Subtotal | 103,827,460 | 5,004,368 | 98,823,092 | 4.8 |
| Education and Vocational Training | P 1.Headquarters | 91,408,006 | 15,763,189 | 75,644,817 | 17.2 |
| | P 2. Early Childhood Development | 126,591,994 | 50,000,000 | 76,591,994 | 39.5 |
| | P3.Development | 100,476,466 | 9,199,999 | 91,276,467 | 9.2 |
| | Subtotal | 318,476,466 | 74,963,189 | 243,513,277 | 23.5 |
| Medical Services | P 1: General Administration, Planning and Support Services | 801,604,150 | 190,388,009 | 614,245,913 | 23.8 |
| | P 2: Curative & Rehabilitative Services | 120,138,376 | 929,513 | 116,252,572 | 0.8 |
| | P 3: Preventive & Promotive Services | 61,889,244 | 3,640,948 | 58,114,496 | 5.9 |
| | P 4: Development | 202,445,935 | | 202,445,935 | - |
| | Subtotal | 1,186,077,705 | 194,958,469 | 991,058,916 | 16.4 |
| Trade, Investment, Culture & Tourism | P 1:Administration, planning & support Services | 17,757,635 | 3,230,897 | 14,526,738 | 18.2 |
| | P 2: Tourism Promotion | 3,186,865 | 705,432 | 2,481,433 | 22.1 |
| | P 4: Trade & Industrialization | 2,465,500 | 660,000 | 1,805,500 | 26.8 |
| | P5: Development | 41,689,727 | | 41,689,727 | - |
| | Subtotal | 65,099,727 | 4,596,329 | 60,503,398 | 7.1 |
| Livestock, Veterinary & Co-operative Development | P 1: Headquarters | 36,778,145 | 8,283,333 | 28,494,812 | 22.5 |
| | P 3: Livestock Production | 976,764 | 133,000 | 843,764 | 13.6 |
| | P 4: Veterinary Services | 1,464,613 | 144,470 | 1,320,143 | 9.9 |
| | P 5: Cooperative development | 605,478 | | 605,478 | - |
| | P6: Development | 23,583,506 | | | - |
| | Subtotal | 63,408,506 | 8,560,803 | 54,847,703 | 13.5 |
| Public Service Board | P.1 General Admin | 46,215,457 | 8,882,319 | 37,333,138 | 19.2 |
| | P 2: Human Resource Management | 2,689,800 | | 2,689,800 | - |
| | P 3: Ethics, Governance And Compliance | 1,579,689 | | 1,579,689 | - |
| | P 4: Skills & Competency Development | 3,824,529 | 1,175,028 | 2,649,501 | 30.7 |
| | Subtotal | 54,309,475 | 10,057,347 | 44,252,128 | 18.5 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|------------------------|------------------------|----------------------|---------------------|
| Water Management & Conservation | P 1: Headquarters | 17,259,570 | 4,125,803 | 13,133,767 | 23.9 |
| | P 2: Water Management, Conservation & Provision | 20,300,000 | 14,996,795 | 5,303,205 | 73.9 |
| | P3: Development | 249,000,000 | | | - |
| | Subtotal | 286,559,570 | 19,122,598 | 267,436,972 | 6.7 |
| Gender, Sports, Youth Affairs, & Social Services | P 1: Headquarters | 17,200,000 | 3,087,070 | 14,112,930 | 17.9 |
| | P3: Development | 74,092,435 | | 74,092,435 | - |
| | Subtotal | 91,292,435 | 3,087,070 | 88,205,365 | 3.4 |
| Public Health Environment & Sanitation | P 1: Headquarters | 60,790,000 | 13,433,193 | 47,356,807 | 22.1 |
| | P 2: Public Health and Sanitation | 5,210,000 | 94,550 | 5,115,450 | 1.8 |
| | P3: Development | 7,500,000 | | 7,500,000 | - |
| | Subtotal | 73,500,000 | 13,527,743 | 59,972,257 | 18.4 |
| Fisheries | P 1. General Administration, Planning and Support services | 35,657,000 | 5,565,959 | 30,091,041 | 15.6 |
| | P2: Development | 24,000,000 | 3,725,769 | 20,274,231 | 15.5 |
| | Subtotal | 59,657,000 | 9,291,728 | 50,365,272 | 15.6 |
| Budget & Economic Planning | P 1: Headquarters | 13,086,664 | 1,841,656 | 11,245,008 | 14.1 |
| | P 2: Budget | 2,405,200 | 380,200 | 2,025,000 | 15.8 |
| | P3: Economic Planning | 2,405,200 | | 2,405,200 | - |
| | P 1: Monitoring & Evaluation | 2,405,200 | | 2,405,200 | - |
| | Subtotal | 20,302,264 | 2,221,856 | 18,080,408 | 10.9 |
| Infrastructure, Urban Development & Energy | P 1: Adminimstration Headquarters | 35,300,993 | 7,234,111 | 28,066,882 | 20.5 |
| | P2: Development | 206,100,000 | | 206,100,000 | - |
| | Subtotal | 241,400,993 | 7,234,111 | 234,166,882 | 3.0 |
| Lamu Municipality | P 1: Administration, planning & support Services | 29,602,080 | 7,150,109 | 22,451,971 | 24.2 |
| | P 2: Urban Development | 79,750,000 | 8,848,610 | 70,901,390 | 11.1 |
| | Sub Total | 109,352,080 | 15,998,719 | 93,353,361 | 14.6 |
| Grand Total | | 4,249,089,129 | 538,826,284 | 3,710,202,523 | 12.7 |

Source: Lamu County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Vocational Training in the Department of Education at 23.5 per cent, County Executive & PSM at 20.5 per cent, Public Service Board at 18.5 per cent, and Public Health Environment & Sanitation at 18.4 per cent of budget allocation.

3.22.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.21.77 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.1.63 billion. The development expenditure represented 1.3 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.15.15 million against an annual projection of Kshs.120 million, representing 12.6 per cent of the annual target.

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

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

3.23 County Government of Machakos

3.23.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.12.24 billion, comprising Kshs.3.82 billion (31.2 per cent) and Kshs.8.42 billion (68.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.16 billion (74.9 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.68 billion (13.8 per cent) from its own sources of revenue. The County also expects to receive Kshs.1.39 billion (11.4 per cent) as conditional grants, which consists of Kshs.152.29 million for

Leasing of Medical Equipment, Kshs.321.47 million for Kenya Climate Smart Agriculture World Bank Project, Kshs.161.91 million for Devolution Support World Bank Project, Kshs.1.50 million for Kenya Urban Support Project UIG, Kshs.672.00 million for Kenya Urban Support Project (UDG), Kshs.17.18 million for DANIDA, Kshs.9.40 million for Transforming Health Systems for Universal Care World Bank Project, Kshs.25.49 million for Agriculture Sector Development Support Program and Kshs.28.38 million for Emergency Locust Response World Bank Project. The County did not budget for the cash balance brought down from FY 2020/21.

3.23.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.51 billion as the equitable share of the revenue raised nationally and raised Kshs.155.06 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.67 billion, as shown in Table 3.94.

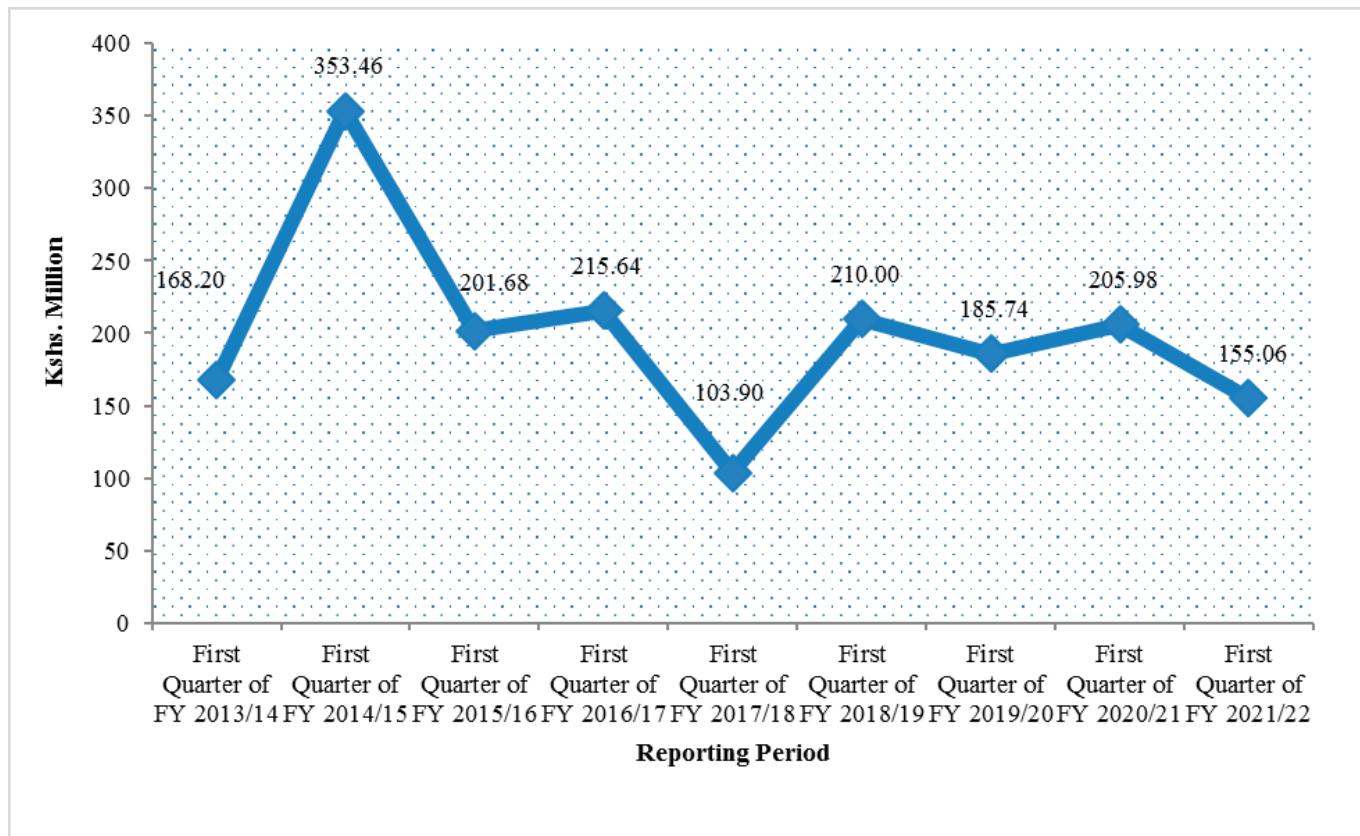
Table 3.94: Machakos County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|---------------------------------|-------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 9,162,304,232 | 1,511,780,199 | 16.5 |
| | Sub Total | 9,162,304,232 | 1,511,780,199 | 16.5 |
| D | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 1,682,894,197 | 155,060,426 | 9.2 |
| 2. | Other Revenues (Conditional Grants) | 1,390,629,796 | - | - |
| | Sub Total | 3,073,523,992 | 155,060,425 | 5.0 |
| | Grand Total | 12,235,828,224 | 1,666,840,624 | 13.6 |

Source: Machakos County Treasury

Figure 3.44 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.44: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Machakos County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.155.06 million as its own source revenue. This amount represented a decrease of 24.7 per cent compared to Kshs.205.98 million realised during a similar period in the first quarter of FY 2020/21 and was 9.2 per cent of the annual target.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.10 billion from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.23.4 Overall Expenditure Review

The County spent Kshs.1.50 billion on recurrent programmes during the reporting period. This expenditure represented 71.3 per cent of the total funds released by the CoB and consisted entirely of recurrent programmes. There was no expenditure on development programmes during the period.

3.23.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.80 billion for both recurrent and development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, the County did not make any payment towards pending bills.

3.23.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.29 billion was spent on employee compensation and Kshs.211.47 million on operations and maintenance. There was no expenditure on development activities, as shown in Table 3.95.

Table 3.95: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|----------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 8,417,075,356 | 977,790,391 | 1,357,871,296 | 141,721,934 | 16.1 | 0.1 |
| Compensation to Employees | 5,655,570,468 | 454,092,034 | 1,224,832,525 | 63,293,936 | 21.7 | 13.9 |
| Operations and Maintenance | 2,761,504,888 | 523,698,357 | 133,038,771 | 78,427,997 | 4.8 | 15 |
| Development Expenditure | 3,818,752,869 | 295,000,000 | - | - | - | - |
| Total | 12,235,828,225 | 1,272,790,391 | 1,357,871,296 | 141,721,934 | 11.1 | 0.1 |

Source: Machakos County Treasury

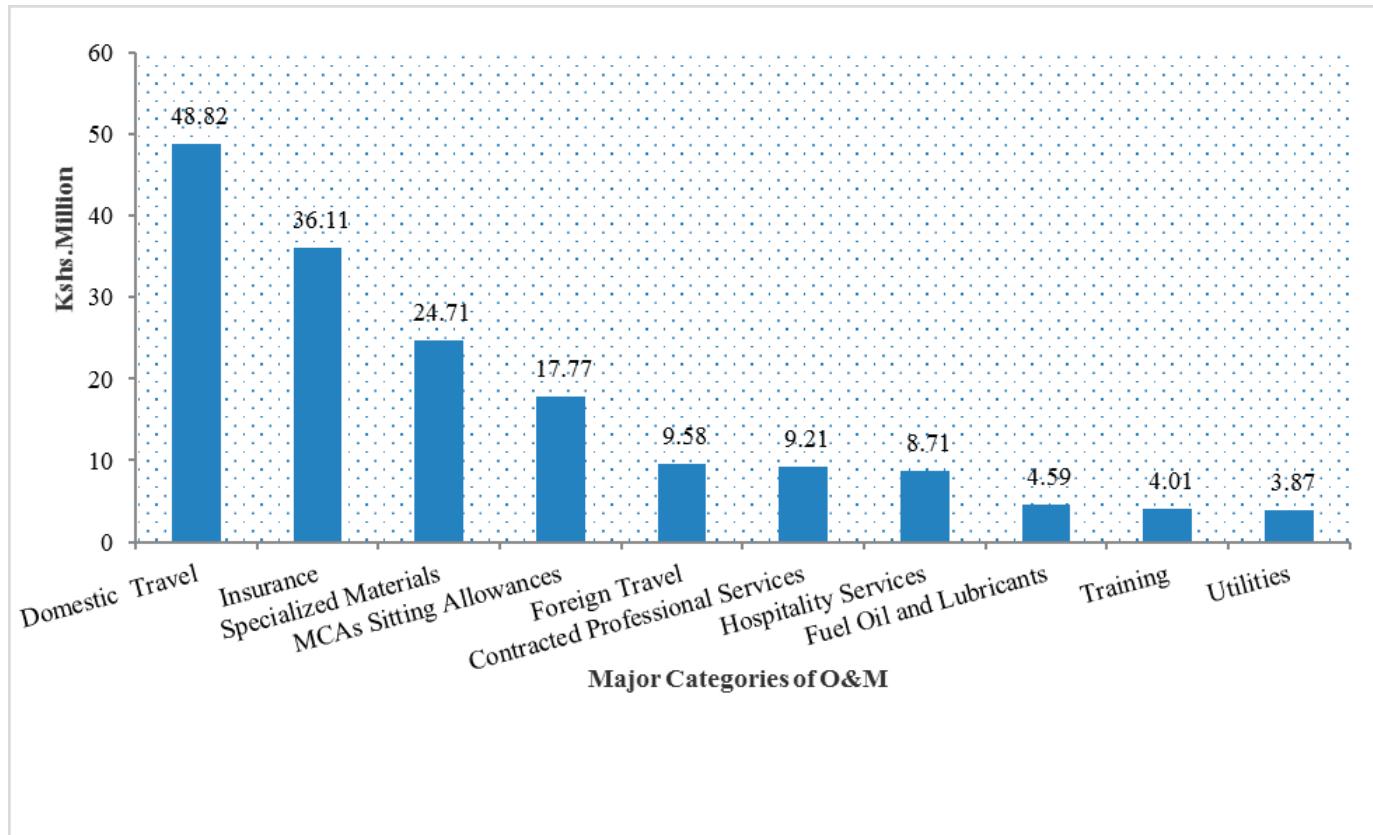
3.23.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 85.9 per cent of the total expenditure for the reporting period and 42.1 per cent of the first quarter proportional revenue of Kshs.3.06 billion.

3.23.8 Expenditure on Operations and Maintenance

Figure 3.45 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.45: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

The County spent Kshs.17.77 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.50 million. The average monthly sitting allowance was Kshs.97,092 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.48.82 million and comprised Kshs.35.01 million spent by the County Assembly and Kshs.13.81 million by the County Executive. Expenditure on foreign travel amounted to Kshs.9.58 million and included Kshs.7.26 million by the County Assembly and Kshs.2.32 million by the County Executive.

3.23.9 Development Expenditure

The County did not report any expenditure on development programmes during the first quarter.

3.23.10 Budget Performance by Department

Table 3.96 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.96: Machakos County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer 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 | 562.11 | 3.08 | 78.68 | - | 24.58 | - | 31.2 | - | 4.4 | - |
| County Public Service Board | 39.76 | 10.00 | 10.29 | - | - | - | - | - | - | - |
| Roads, Transport and Public Works. | 197.28 | 890.82 | 52.60 | - | 13.04 | - | 24.8 | - | 6.6 | - |
| Health Services and Emergency Services | 3,970.25 | 453.51 | 954.55 | - | 872.16 | - | 91.4 | - | 22.0 | - |
| Water, Irrigation, Environment, and Natural Resources | 104.07 | 319.25 | 30.23 | - | 4.66 | - | 15.4 | - | 4.5 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer (Kshs. Million) Issues | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Agriculture, Food Security, and Co-operative Development. | 410.54 | 400.76 | 54.41 | - | 109.70 | - | 201.6 | - | 26.7 | - |
| Finance and Economic Planning. | 487.79 | 57.56 | 89.85 | - | 206.70 | - | 230.1 | - | 42.4 | - |
| Public Service, Quality Management and ICT | 407.35 | 9.33 | 182.66 | - | 120.83 | - | 66.2 | - | 29.7 | - |
| Tourism, Youth, Sports, and Culture. | 114.37 | 90.99 | 22.68 | - | 1.44 | - | 6.3 | - | 1.3 | - |
| Trade, Industrialization, and Innovation. | 114.52 | 289.91 | 14.19 | - | 0.50 | - | 3.5 | - | 0.4 | - |
| Education, Skills Training and Social Welfare | 399.04 | 142.10 | 79.41 | - | 2.79 | - | 3.5 | - | 0.7 | - |
| Energy, Lands, Housing and Urban Development | 113.69 | 841.50 | 20.95 | - | 0.30 | - | 1.4 | - | 0.3 | - |
| County Administration and Decentralized Units | 518.50 | 14.94 | 264.87 | - | 1.16 | - | 0.4 | - | 0.2 | - |
| County Assembly | 977.79 | 295.00 | 248.11 | - | 141.72 | - | 57.1 | - | 14.5 | - |
| Total | 8,417.08 | 3,818.75 | 2,103.49 | - | 1,499.59 | - | 71.3 | - | 17.8 | - |

Source: Machakos County Treasury

Analysis of expenditure by the departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of the recurrent budget at 42.4 per cent while the County Public Service Board did not report any expenditure.

3.23.11 Budget Execution by Programmes and Sub-Programmes

Table 3.97 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.97: Machakos County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|------------------------------------|---|------------------------|------------------------|--------------------|----------------|
| Office of The Governor | | | | | |
| Sub-programme 1 | Office of the Governor | 350,581,992 | 15,305,654 | 335,276,338 | 4.4 |
| Sub-programme 2 | Transport Services | 28,492,459 | 1,906,523 | 26,585,936 | 6.7 |
| Sub-programme 3 | Human Resource and Administration Section | 84,050,981 | 2,076,977 | 81,974,004 | 2.5 |
| Sub-programme 4 | ICT Section | 13,387,204 | - | 13,387,204 | - |
| Sub-programme 5 | Hospitality Services Section | 14,580,000 | - | 14,580,000 | - |
| Sub-programme 6 | Cabinet Office | 6,493,175 | - | 6,493,175 | - |
| Sub-Programme 7 | Office of the Deputy Governor | 36,000,000 | 2,544,648 | 33,455,352 | 7.1 |
| Sub-programme 8 | Directorate of Projects Delivery, Monitoring and Evaluation | 13,759,080 | 2,385,000 | 11,374,080 | 17.3 |
| Sub-programme 9 | Office of the County Secretary | 8,889,914 | 225,414 | 8,664,500 | 2.5 |
| Sub-programme 10 | Office of the County Advisors | 8,954,060 | 138,207 | 8,815,853 | 1.5 |
| Total | | 565,188,865 | 24,582,423 | 540,606,442 | 4.3 |
| County Public Service Board | | | | | |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|---|---------------------------|---------------------------|----------------------|----------------|
| Sub-pro-gramme 1 | Human Resource and Administration | 49,763,200 | - | 49,763,200 | - |
| Total | | 49,763,200 | | 49,763,200 | |
| Roads, Transport and Public Works | | | | | |
| Sub-pro-gramme 1 | Headquarter Administrative services | 299,163,881 | 1,548,384 | 297,615,497 | 0.5 |
| Sub-pro-gramme 2 | Road Development and Management | 535,727,222 | 494,500 | 535,232,722 | 0.1 |
| Sub-pro-gramme 3 | County Government Buildings | 160,203,238 | - | 160,203,238 | - |
| Sub-pro-gramme 4 | County Fleet Management | 93,000,000 | 11,000,000 | 82,000,000 | 11.8 |
| Total | | 1,088,094,341 | 13,042,884 | 1,075,051,457 | 1.2 |
| Health and Emergency Services | | | | | |
| Sub-pro-gramme 1 | General Administration and Support Services | 3,606,277,000 | 837,157,776 | 2,769,119,224 | 23.2 |
| Sub-pro-gramme 2 | Machakos Level 5 | 299,179,765 | 25,000,000 | 274,179,765 | 8.4 |
| Sub-pro-gramme 3 | Kangundo Level 4 | 62,737,223 | - | 62,737,223 | - |
| Sub-pro-gramme 4 | Matuu Level 4 | 53,879,413 | - | 53,879,413 | - |
| Sub-pro-gramme 5 | Kathiani Level 4 | 42,986,275 | - | 42,986,275 | - |
| Sub-pro-gramme 6 | Mwala Level 4 | 29,716,422 | - | 29,716,422 | - |
| Sub-pro-gramme 7 | Kimiti Level 4 | 14,446,569 | - | 14,446,569 | - |
| Sub-pro-gramme 8 | Masinga Level 4 | 14,546,569 | - | 14,546,569 | - |
| Sub-pro-gramme 9 | Athi River Level 4 | 14,446,569 | - | 14,446,569 | - |
| Sub-pro-gramme 10 | Mutituni Level 4 | 14,446,569 | - | 14,446,569 | - |
| Sub-pro-gramme 11 | Ndithini Level 4 | 14,446,569 | - | 14,446,569 | - |
| Sub-pro-gramme 12 | Kalama Level 4 | 14,396,569 | - | 14,396,569 | - |
| Sub-pro-gramme 10 | Public Health and Community Out-reach | 230,761,382 | 10,000,000 | 220,761,382 | 4.3 |
| Sub-pro-gramme 11 | Emergency Services | 11,495,381 | - | 11,495,381 | - |
| TOTAL | | 4,423,762,274 | 872,157,776 | 3,551,604,498 | 19.7 |
| Water, Irrigation, Environment, and Natural Resources | | | | | |
| Sub-pro-gramme 1 | Water Supply and Sewerage | 189,616,575 | 4,160,277 | 185,456,298 | 2.2 |
| Sub-pro-gramme 2 | Irrigation Schemes, Development and Promotion | 66,538,486 | - | 66,538,486 | - |
| Sub-pro-gramme 3 | Development and Promotion of Irrigation Schemes | 85,585,853 | 318,200 | 85,267,653 | 0.4 |
| Sub-pro-gramme 4 | Environment and Natural Resources | 81,586,368 | 180,000 | 81,406,368 | 0.2 |
| TOTAL | | 423,327,282 | 4,658,477 | 418,668,805 | 1.1 |
| Agriculture, Food Security, and Co-operative Development | | | | | |
| Sub-pro-gramme 1 | General Administration and support services | 663,991,187 | 109,702,278 | 554,288,909 | 16.5 |
| Sub-pro-gramme 2 | Crop Development and Management | 53,150,000 | - | 53,150,000 | - |
| Sub-pro-gramme 3 | Livestock Resources Management and Development | 13,810,000 | - | 13,810,000 | - |
| Sub-pro-gramme 4 | Fisheries Development | 5,050,000 | - | 5,050,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|---|-----------------------------------|-----------------------------------|-----------------------------|-----------------------|
| Sub-pro-gramme 5 | Veterinary Services | 13,469,664 | - | 13,469,664 | - |
| Sub-pro-gramme 6 | Agriculture Training Centre | 5,550,000 | - | 5,550,000 | - |
| Sub-pro-gramme 7 | Co-operative Development and Marketing | 4,153,251 | - | 4,153,251 | - |
| Sub-pro-gramme 8 | Capacity Building to Co-operative Societies | 2,692,000 | - | 2,692,000 | - |
| Sub-pro-gramme 7 | Promotion of Co-operative Marketing and Value Chain | 38,561,000 | - | 38,561,000 | - |
| Sub-pro-gramme 8 | Co-operative Financial Services | 3,324,000 | - | 3,324,000 | - |
| Sub-pro-gramme 9 | Promotion and growth of Co-operative Societies | 3,630,000 | - | 3,630,000 | - |
| Sub-pro-gramme 10 | Co-operative Audit Support Services | 3,916,000 | - | 3,916,000 | - |
| TOTAL | | 811,297,102 | 109,702,278 | 701,594,824 | 13.5 |
| Finance And Economic Planning | | | | | |
| Sub-pro-gramme 1 | Revenue Management | 84,235,160 | 5,532,330 | 78,702,830 | 6.6 |
| Sub-pro-gramme 2 | Budget formulation, Coordination and Implementation Section | 20,449,479 | 1,549,000 | 18,900,479 | 7.6 |
| Sub-pro-gramme 3 | Supply Chain Management Section | 7,687,354 | - | 7,687,354 | - |
| Sub-pro-gramme 4 | Accounts Services | 9,329,209 | - | 9,329,209 | - |
| Sub-pro-gramme 5 | Audit Section | 8,758,779 | 2,330,350 | 6,428,429 | 26.6 |
| Sub-pro-gramme 6 | Human Resource Management and Support Services | 392,919,205 | 197,292,965 | 195,626,240 | 50.2 |
| Sub-pro-gramme 7 | Economic Planning and Statistical Services | 21,025,974 | - | 21,025,974 | - |
| Sub-pro-gramme 8 | External Resource Mobilization | 950,000 | - | 950,000 | - |
| TOTAL | | 545,355,160 | 206,704,645 | 338,650,515 | 37.9 |
| Public Service, Quality Management And ICT | | | | | |
| Sub-pro-gramme 1 | General Administration and support services | 388,694,074 | 120,832,167 | 267,861,907 | 31.1 |
| Sub-pro-gramme 2 | Quality Management | 625,000 | - | 625,000 | - |
| Sub-pro-gramme 3 | Training, Research, and Development | 5,009,500 | - | 5,009,500 | - |
| Sub-pro-gramme 4 | ICT General Administration and support services | 7,975,000 | - | 7,975,000 | - |
| Sub-pro-gramme 5 | ICT Infrastructure | 5,647,000 | - | 5,647,000 | - |
| Sub-pro-gramme 6 | Closed Circuit Television | 8,729,343 | - | 8,729,343 | - |
| TOTAL | | 416,679,917 | 120,832,167 | 295,847,750 | 29.0 |
| Tourism, Culture, Youth, and Sports | | | | | |
| Sub-pro-gramme 1 | General administrative and Support Services | 95,546,573 | 1,042,680 | 94,503,893 | 1.1 |
| Sub-pro-gramme 2 | Heritage & Culture | 1,740,919 | - | 1,740,919 | - |
| Sub-pro-gramme 3 | Liquor Management | 807,867 | - | 807,867 | - |
| Sub-pro-gramme 4 | Tourism Development and Marketing | 8,157,888 | - | 8,157,888 | - |
| Sub-pro-gramme 5 | Management of Recreational Services | 2,158,750 | | 2,158,750 | - |
| Sub-pro-gramme 6 | Machawood | 3,196,115 | 231,000 | 2,965,115 | 7.2 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|--|---|------------------------|------------------------|--------------------|----------------|
| Sub-pro-gramme 7 | County Image Directorate | 3,166,000 | - | 3,166,000 | - |
| Sub-pro-gramme 8 | Youth Development | 2,495,799 | - | 2,495,799 | - |
| Sub-pro-gramme 9 | Stadium Management | 73,307,031 | - | 73,307,031 | - |
| Sub-pro-gramme 10 | Youth Empowerment | 6,864,765 | 170,000 | 6,694,765 | 2.5 |
| Sub-pro-gramme 11 | Sports Promotion | 7,920,000 | - | 7,920,000 | - |
| TOTAL | | 205,361,707 | 1,443,680 | 203,918,027 | 0.7 |
| Trade, Industrialization, and Innovation | | | | | |
| Sub-pro-gramme 1 | Headquarter Administration Services | 59,545,491 | 71,800 | 59,473,691 | 0.1 |
| Sub-pro-gramme 2 | Trade Development | 221,906,472 | | 221,906,472 | - |
| Sub-pro-gramme 3 | Business and Enterprise Development | 13,297,300 | 175,000 | 13,122,300 | 1.3 |
| Sub-pro-gramme 4 | Industrialization and Innovation | 56,000,000 | - | 56,000,000 | - |
| Sub-pro-gramme 5 | Investment Facilitation and Support | 3,333,000 | - | 3,333,000 | - |
| Sub-pro-gramme 6 | Hygiene and Sanitation | 5,340,000 | 250,000 | 5,090,000 | 4.7 |
| Sub-pro-gramme 7 | Legal Services | 45,007,076 | - | 45,007,076 | - |
| TOTAL | | 404,429,339 | 496,800 | 403,932,539 | 0.1 |
| Education, Youth, and Social Welfare | | | | | |
| Sub-pro-gramme 1 | Headquarter Administrative services | 466,224,476 | - | 466,224,476 | - |
| Sub-pro-gramme 2 | Gender and Social Services | 18,819,436 | 2,791,166 | 16,028,270 | 14.8 |
| Sub-pro-gramme 3 | Basic Education | 5,000,000 | | | - |
| Sub-pro-gramme 4 | Youth Development Services | 51,102,833 | | | - |
| TOTAL | | 541,146,745 | 2,791,166 | 482,252,746 | 0.5 |
| Energy, Lands, Housing And Urban Development | | | | | |
| Sub-pro-gramme 1 | Headquarter Administrative services | 61,807,195 | 297,600 | 61,509,595 | 0.5 |
| Sub-pro-gramme 2 | County Electrification | 91,883,648 | - | 91,883,648 | - |
| Sub-pro-gramme 3 | Housing and Urban Development | 757,500,000 | - | 757,500,000 | - |
| Sub-pro-gramme 4 | Machakos Municipality | 8,000,000 | - | 8,000,000 | - |
| Sub-pro-gramme 5 | Mavoko Municipality | 8,000,000 | - | 8,000,000 | - |
| Sub-pro-gramme 6 | Kangundo Tala Municipality | 8,000,000 | - | 8,000,000 | - |
| Sub-pro-gramme 7 | Lands and Physical Planning | 20,000,000 | - | - | - |
| TOTAL | | 955,190,843 | 297,600 | 934,893,243 | 0.03 |
| County Administration and Decentralized Units | | | | | |
| Sub-pro-gramme 1 | General Administration and support services | 509,467,120 | 945,000 | 508,522,120 | 0.2 |
| Sub-pro-gramme 2 | Civic Engagement | 500,000 | - | 500,000 | - |
| Sub-pro-gramme 3 | Administration and Co-ordination Services | 2,550,000 | 216,400 | 2,333,600 | 8.5 |
| Sub-pro-gramme 4 | Solid Waste Management | 10,698,339 | - | 10,698,339 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|------------------------|--------------------------------------|------------------------|------------------------|-----------------------|----------------|
| Sub-pro-gramme 7 | Inspectorate Services and Management | 10,225,600 | - | 10,225,600 | - |
| TOTAL | | 533,441,059 | 1,161,400 | 532,279,659 | 0.2 |
| County Assembly | | | | | |
| Sub-Pro-gramme | Legislation and Oversight | 1,272,790,391 | 141,721,934 | 1,131,068,457 | 11.1 |
| Total | | 1,272,790,391 | 141,721,934 | 1,131,068,457 | 11.1 |
| Grand Total | | 12,235,828,225 | 1,499,593,230 | 10,736,234,995 | 12.3 |

Source: Machakos County Treasury

Programmes with high levels of implementation based on absorption rates were: Human Resource Management and Support Services in the Department of Finance and Economic Planning at 50.2 per cent, General Administration and support services in the Department of Public Service, Quality Management & ICT at 31.1 per cent, Audit Section in the Department of Finance and Economic Planning at 26.6 per cent, and General Administration and support services in the Department of Health and Emergency Services at 23.2 per cent of budget allocation.

3.23.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Assembly to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Lack of absorption of development funds in the reporting period. The County did not incur any expenditure on development activities during the reporting period.
3. Huge outstanding pending bills have accumulated over the years, amounting to Kshs.2.80 billion.
4. The underperformance of own-source revenue during the period under review. The County collected Kshs.155.06 million against an annual target of Kshs.1.68 billion, representing 9.2 per cent of the target.

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

1. *The County Assembly as a separate entity should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should develop a payment plan for pending bills and settle them during the current financial year.*
4. *The County should review the OSR target and implement strategies to ensure the target is achieved*

3.24 County Government of Makueni

3.24.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.76 billion, comprising Kshs.3.02 billion (30.9 per cent) and Kshs.6.74 billion (69.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.13 billion (83.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.475 million (4.9 per cent) from own sources of revenue, and Appropriation in Aid of Kshs.392.5 million (4 per cent) and did not include cash balances from FY 2020/21. The County also expects to receive Kshs.763.51 million (7.8 per cent) as conditional grants, which consists of Transforming Health Systems for Universal Care Project Kshs.87.59 million, National Agriculture and Rural Inclusive Growth Project (NARIGP) Kshs.284.35 million, DANIDA Grant Kshs.16.41 million, Kenya Devolution Support Program (KDSP) - "level 2" grant Kshs.184.80 million, Sweden-Agriculture Sector Development Support Programme (ASDSP) II Kshs.27.07 million, Leasing of Medical Equipment Kshs.153.30 million and Nutrition International Donor funding Kshs.10 million.

3.24.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.34 billion as the equitable share of the revenue raised nationally, raised Kshs.69.52 million as own-source revenue, Kshs.122.63 million as Appropriation in Aid, and Kshs.2.50 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.1.54 billion, as shown in Table 3.98.

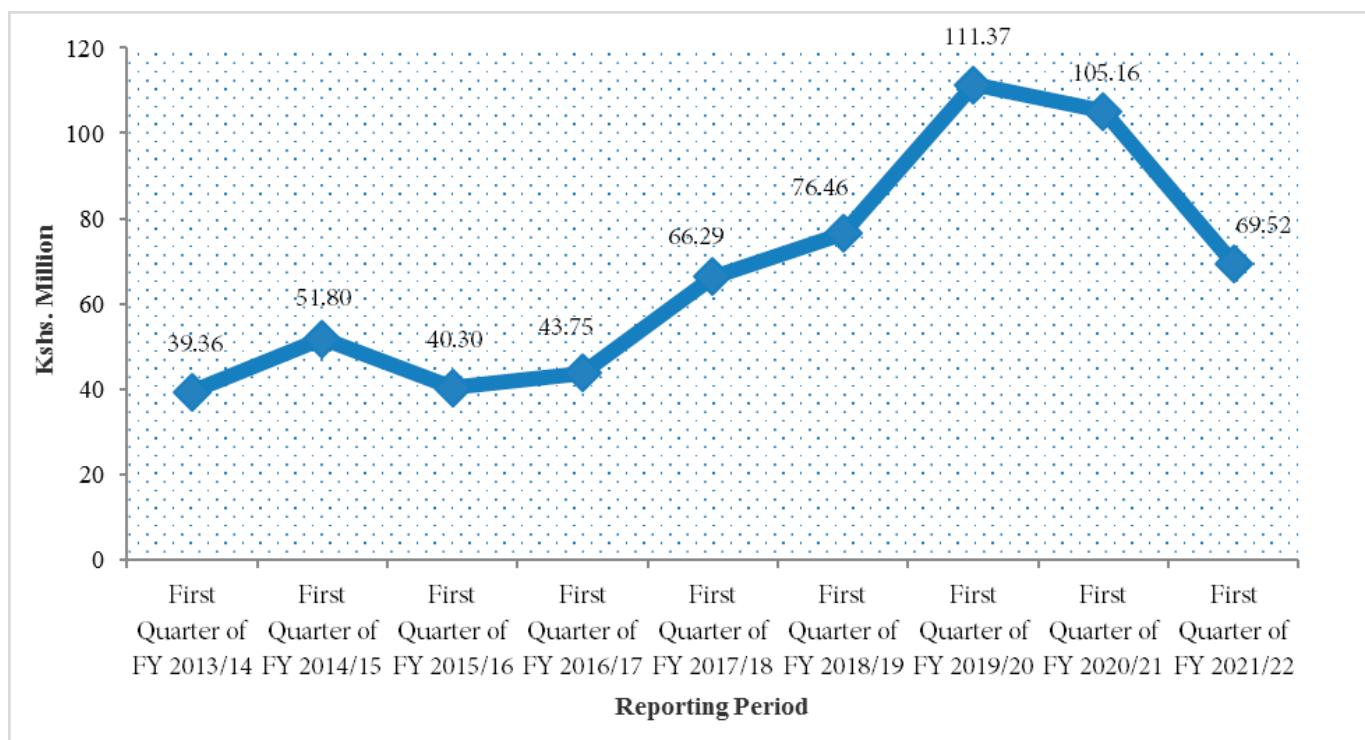
Table 3.98: Makueni County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (Kshs.) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|----------------------------------|-------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 8,132,783,562 | 1,341,908,748 | 16.5 |
| | Sub Total | 8,132,783,562 | 1,341,908,748 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 475,000,000 | 69,521,087 | 14.6 |
| 2 | Other Revenues (Nutritional Conditional Grant) | 10,000,000 | 2,500,000 | 25.0 |
| 3 | A-I-A | 392,500,000 | 122,630,250 | 31.2 |
| | Sub Total | 877,500,000 | 194,651,337 | 22.2 |
| | Grand Total | 9,010,283,562 | 1,536,560,085 | 17.1 |

Source: Makueni County Treasury

Figure 3.46 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.46: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Makueni County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.192.15 million as its own-source revenue, which comprised Kshs.69.52 million from its own-source revenue and Kshs.122.63 million as AIA. This amount represented an increase of 82.7 per cent compared to Kshs.105.63 million realised during a similar period in the first quarter of FY 2020/21 and was 22.2 per cent of the annual target. The reported own source revenue has decreased by 33.9 per cent following the reporting of Appropriation in Aid (AIA) independently from the other locally raised revenue and deposited into the CRF.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.732.09 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.24.4 Overall Expenditure Review

The County spent Kshs.758.45 million on development and recurrent programmes during the reporting period. This expenditure represented 103.6 per cent of the total funds released by the CoB and comprised of Kshs.10.34 million and Kshs.758.45 million on development and recurrent programmes, respectively. Expenditure reported by the

County Assembly was on an accrual basis. Expenditure on development programmes represented an absorption rate of 0.3 per cent while recurrent expenditure represented 11.1 per cent of the annual recurrent expenditure budget. The County reported expenditure on the development budget without first seeking approval to withdraw funds from the CRF, indicating diversion of funds.

3.24.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.58.14 million and comprised of Kshs.44.47 million for recurrent expenditure and 13.68 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year 2021/22. The County did not report any payments towards paying pending bills in the first quarter of the FY 2021/22.

3.24.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.591.42 million was spent on employee compensation, Kshs.156.70 million on operations and maintenance, and Kshs.10.34 million on development activities, as shown in Table 3.99.

Table 3.99: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|---------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,040,816,819 | 703,984,829 | 629,809,637 | 118,309,623 | 10.4 | 16.8 |
| Compensation to Employees | 3,993,532,181 | 363,744,904 | 563,278,980 | 28,141,840 | 14.1 | 7.7 |
| Operations and Maintenance | 2,047,284,638 | 340,239,925 | 66,530,658 | 90,167,783 | 3.2 | 26.5 |
| Development Expenditure | 3,018,993,505 | - | 10,335,350 | - | 0.3 | - |
| Total | 9,059,810,324 | 703,984,829 | 640,144,987 | 118,309,623 | 7.1 | 16.8 |

Source: Makueni County Treasury

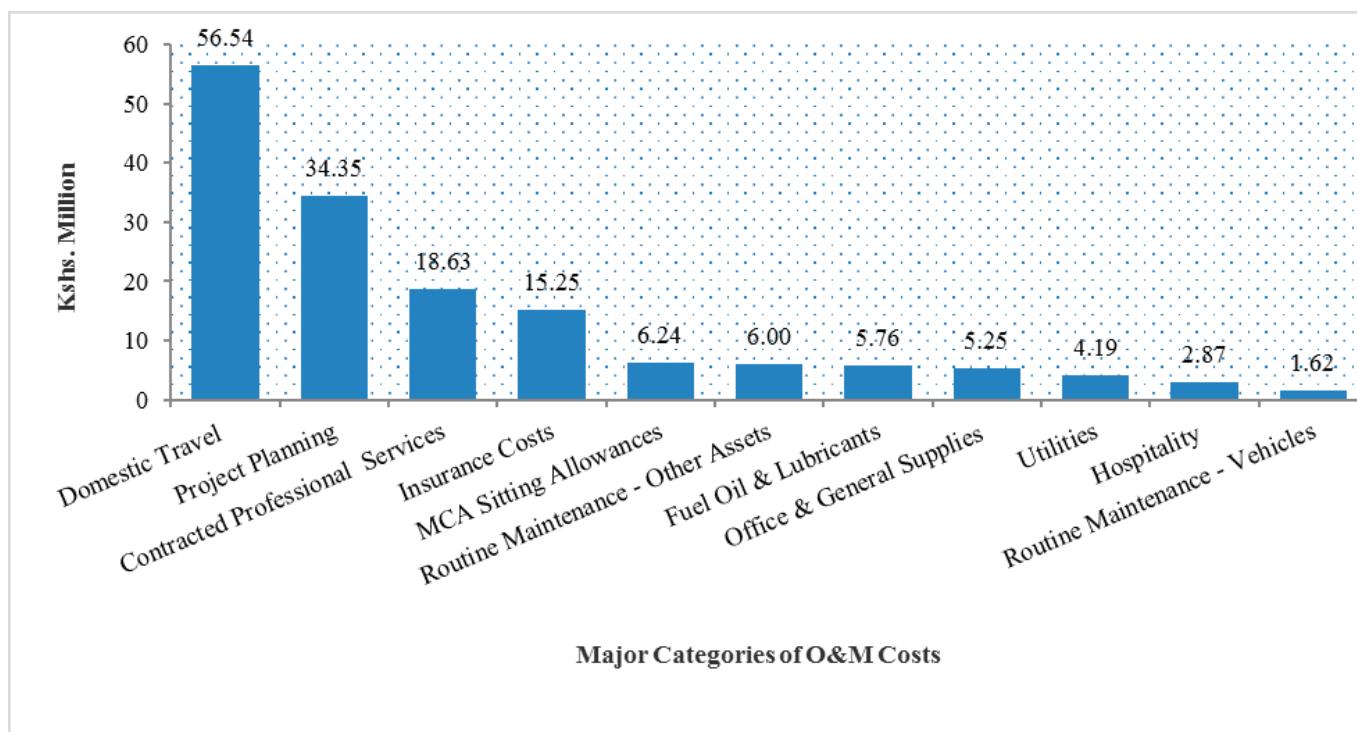
3.24.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 78.0 per cent of the total expenditure for the reporting period and 26.3 per cent of the first quarter proportional revenue of Kshs.2.25 billion.

3.24.8 Expenditure on Operations and Maintenance

Figure 3.47 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.47: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

The County spent Kshs.6.24 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.52.00 million. The average monthly sitting allowance was Kshs.42,465 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.56.54 million and comprised of Kshs.44.75 million spent by the County Assembly and Kshs.11.79 million by the County Executive. The County did not report expenditure on foreign travel.

3.24.9 Development Expenditure

The County incurred an expenditure of Kshs.10.34 million on development programmes, which increased compared to a similar period in FY 2020/21 when the County did not spend on development projects. Table 3.100 summarises development projects with the highest expenditure in the reporting period.

Table 3.100: Makueni County, List of Development Projects with the Expenditure

| No. | Project Name | Location | Budget (Kshs.) | Expenditure (Kshs.) | Absorption Rate (%) |
|-----|--|--------------|----------------|---------------------|---------------------|
| 1 | Sand Value addition and Construction of sand dams | Mbitini ward | 17,500,000 | 276,170 | 1.58 |
| 2 | Sand Authority - Sand conservation programmes - Construction of Ngesu sand dams and gabions at Ngesu river | Mbitini ward | | 597,300 | 3.41 |
| 3 | Nutrition Programme - matching grant | | 12,000,000 | 2,893,220 | 24.11 |
| 4 | Transforming Health Systems for Universal Care Project (WB) | | 109,707,045 | 2,049,800 | 1.87 |

Source: Makueni County Treasury

3.24.10 Budget Performance by Department

Table 3.101 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.101: Makueni County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|--------------------------------------|-----------------|-------------------------------------|-----|--------------------------------|--------------|---|-----|------------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 703.98 | - | 75.30 | - | 118.31 | - | 157.1 | - | 16.8 | - |
| Office of the Governor & Deputy Governor | 200.09 | - | 25.91 | - | 28.64 | - | 110.5 | - | 14.3 | - |
| County Attorney's Office | 33.93 | - | 0.72 | - | 0.45 | - | 63.4 | - | 1.3 | - |
| County Public Service Board | 55.87 | 10.00 | 5.80 | - | 6.79 | - | 117.1 | - | 12.2 | - |
| Office of the County Secretary | 447.62 | - | 37.89 | - | 36.26 | - | 95.7 | - | 8.1 | - |
| Devolution, County Admin, Participatory Development, Youth & Public Service | 325.10 | 80.50 | 28.80 | - | 28.64 | - | 99.4 | - | 8.8 | - |
| Department of Finance & Social Economic Planning | 521.08 | 194.80 | 55.66 | - | 46.71 | - | 83.9 | - | 9.0 | - |
| Department of Agriculture, Irrigation, Livestock & Fisheries Development | 266.19 | 594.42 | 38.99 | - | 29.16 | - | 74.8 | - | 11.0 | - |
| Department of Water and Sanitation | 148.67 | 348.45 | 16.99 | - | 13.76 | - | 81.0 | - | 9.3 | - |
| Sand Authority | 61.00 | 17.50 | 2.79 | - | 8.20 | 5.39 | 293.6 | - | 13.4 | 30.8 |
| Department of Education, Sports & ICT | 421.01 | 262.35 | 44.51 | - | 36.22 | - | 81.4 | - | 8.6 | - |
| Department of Health Services | 3,138.20 | 789.95 | 320.17 | - | 342.33 | 4.94 | 106.9 | - | 10.9 | 0.6 |
| Department of Lands, Urban Development, Environment, and Climate Change | 109.36 | 90.35 | 17.31 | - | 19.25 | - | 111.2 | - | 17.6 | - |
| Department of Transport, Roads, Public Works and Energy | 167.22 | 571.39 | 44.84 | - | 12.58 | - | 28.1 | - | 7.5 | - |
| Department of Trade, Industry, Marketing, Tourism & Cooperatives Development | 56.42 | 29.20 | 8.10 | - | 10.35 | - | 127.9 | - | 18.4 | - |
| Department of Gender, Culture and Social Services | 89.06 | 30.10 | 8.31 | - | 10.46 | - | 125.9 | - | 11.7 | - |
| Total | 6,744.80 | 3,018.99 | 732.09 | - | 748.12 | 10.34 | 102.2 | - | 11.1 | 0.3 |

Source: Makueni County Treasury

Analysis of expenditure by the departments shows that the Department of Sand Authority recorded the highest absorption rate of development budget at 30.8 per cent while the Department of Health Services reported absorption rate of development budget at 0.6 per cent. All other departments did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 16.8 per cent, while the Department of County Attorney's Office had the lowest at 1.3 per cent.

3.24.11 Budget Execution by Programmes and Sub-Programmes

Table 3.102 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.102: Makueni County, Budget Execution by Programmes and Sub-programmes

| Department | Programme/ Sub Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|------------------------------------|---|------------------------|------------------------|------------------|---------------------|
| Agriculture, Livestock & Fisheries | Programme 1: General administration & planning | | | | |
| | SP1. 1 General administration & planning | 600,055,486 | 29,158,610 | 570,896,876 | 4.9 |
| | Programme 2: Land, Crop development & productivity | | | | |
| | SP2. 1 Land, Crop development & productivity | 49,950,000 | - | 49,950,000 | - |
| | P3; Agribusiness and information management | | | | |
| | SP3. 1 Agribusiness and information management | 183,250,000 | - | 183,250,000 | - |
| | Programme 4: Livestock Production, Management, and Development | | | | |
| | SP4. 1 Livestock Production, Management and Development | 27,350,000 | - | 27,350,000 | - |
| | Total Budget | 860,605,486 | 29,158,610 | 831,446,876 | 3.4 |
| | | | | | |
| Transport & Infrastructure | Programme 1: General administration & planning | | | | |
| | SP1. 1 General administration & planning | 134,914,642 | 10,498,136 | 124,416,505 | 7.8 |
| | Programme 2: Road transport | | | | |
| | SP2. 1 Road transport | 461,435,053 | 1,984,314 | 459,450,739 | 0.4 |
| | P3; Infrastructure development | | | | |
| | SP3. 1 Infrastructure development | 82,850,000 | 100,000 | 82,750,000 | 0.1 |
| | Programme 2: Energy Infrastructure & development | | | | |
| | SP4. 1 Energy Infrastructure & development | 59,410,223 | - | 59,410,223 | - |
| | Total Budget | 738,609,918 | 12,582,450 | 726,027,467 | 1.7 |
| | | | | | |
| Trade, Industry & Cooperatives | Programme 1: General administration & planning | | | | |
| | SP1. 1 General administration & planning | 45,752,060 | 10,050,773 | 35,701,286 | 22.0 |
| | Programme 2: Trade development & promotion | | | | |
| | SP2.1; Trade marketing & promotion | 22,583,534 | 100,000 | 22,483,534 | 0.4 |
| | P3; Industrial development and promotion | | | | |
| | SP3. 1 Industrial development and promotion | 4,500,000 | - | 4,500,000 | - |
| | Programme 4: Tourism development & promotion | | | | |
| | SP4. 1 Tourism development & promotion | 5,515,500 | - | 5,515,500 | - |
| | Programme 5: Cooperative development and management | | | | |
| | SP4. 1 Cooperative development and management | 7,265,000 | 200,000 | 7,065,000 | 2.8 |
| | Total Budget | 85,616,094 | 10,350,773 | 75,265,320 | 12.1 |
| | | | | | |
| Land, Physical Planning & Mining | Programme 1: General administration & planning | | | | |
| | SP1. 1 General administration & planning | 46,074,811 | 8,566,359 | 37,508,452 | 18.6 |
| | Programme 2: Land Survey & Mapping | | | | |
| | SP2. 1: Land Survey & Mapping | 21,949,856 | 300,000 | 21,649,856 | 1.4 |
| | P3; Urban planning | | | | |
| | SP3. 1 Urban planning | 27,385,000 | - | 27,385,000 | - |
| | Programme 2: Mining mapping & development | | | | |
| | SP4. 1 Mining mapping & development | 1,325,000 | - | 1,325,000 | - |
| | Programme 4: Environment management and protection | | | | |
| | SP4. 1 Environment management and protection | 102,980,000 | 10,379,700 | 92,600,300 | 10.1 |
| | Total Budget | 199,714,668 | 19,246,059 | 180,468,609 | 9.6 |

| Department | Programme/ Sub Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|--|------------------------|------------------------|------------------|---------------------|
| Programme 1: General administration & planning | | | | | |
| Water, Irrigation & Environment | SP1. 1 General administration & planning | 133,760,540 | 13,762,794 | 119,997,746 | 10.3 |
| Programme 2: Water infrastructure Development | | | | | |
| | SP 2.1 Water harvesting and storage | 105,710,000 | - | 105,710,000 | - |
| | SP 2.2. Piped water supply infrastructure | 149,740,000 | - | 149,740,000 | - |
| | SP2.3 Groundwater development | 107,910,000 | - | 107,910,000 | - |
| | Total Budget | 497,120,540 | 13,762,794 | 483,357,746 | 2.8 |
| Programme 1: General administration & planning | | | | | |
| Sand Authority | SP1. 1 General administration & planning | 78,504,242 | - | 78,504,242 | - |
| | Total Budget | 78,504,242 | - | 78,504,242 | - |
| Programme 1: General administration & planning | | | | | |
| Education & ICT | SP1. 1 General administration & planning | 343,566,833 | 36,224,644 | 307,342,189 | 10.5 |
| Programme 2: Early childhood education | | | | | |
| | SP2. 1 Early childhood education | 109,450,000 | - | 109,450,000 | - |
| Programme 3: Technical training & non-formal education | | | | | |
| | SP3. 1 Technical training & non-formal education | 89,925,000 | - | 89,925,000 | - |
| Programme 4: Support to education | | | | | |
| | SP4. 1 Support to education | 57,145,000 | - | 57,145,000 | - |
| Programme 5: ICT Infrastructure & Systems Development | | | | | |
| | SP5. 1 ICT Infrastructure & Systems Development | 37,022,056 | - | 37,022,056 | - |
| Programme 7: Sports Development | | | | | |
| | SP6. 1 Sports Development | 46,250,000 | - | 46,250,000 | - |
| | Total Budget | 683,358,889 | 36,224,644 | 647,134,245 | 5.3 |
| Programme 1: General administration & planning | | | | | |
| Health | SP1. 1 General administration & planning | 2,959,546,533 | 342,328,627 | 2,617,217,906 | 11.6 |
| Programme 2: Curative health care services | | | | | |
| | SP2. 1: Curative health care services | 786,300,428 | - | 786,300,428 | - |
| Programme 3; Preventive and promotive health care services | | | | | |
| | SP3. 1 Preventive and promotive health care services | 182,300,000 | - | 182,300,000 | - |
| | Total Expenditure of Vote | 3,928,146,961 | 342,328,627 | 3,585,818,334 | 8.7 |
| Programme 1: General administration & planning | | | | | |
| Youth, Gender & Social Services | SP1. 1 General administration & planning | 84,659,854 | 9,229,211 | 75,430,643 | 10.9 |
| Programme 2: Gender & Social Development | | | | | |
| | SP2. 1 Gender & Social Development | 34,500,000 | 1,226,800 | 33,273,200 | 3.6 |
| | Total Budget | 119,159,854 | 10,456,011 | 108,703,843 | 8.8 |
| Programme 1: Legal & advisory services | | | | | |
| County Attorney | SP1. 1 Legal & advisory services | 33,926,152 | 454,843 | 33,471,309 | 1.3 |
| | Total Budget | 33,926,152 | 454,843 | 33,471,309 | 1.3 |
| Programme 1: Leadership and coordination of departments. | | | | | |
| County Secretary | SP1. 1 Leadership and coordination of departments. | 447,616,106 | 36,255,898 | 411,360,208 | 8.1 |
| | Total Budget | 447,616,106 | 36,255,898 | 411,360,208 | 8.1 |

| Department | Programme/ Sub Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|---|------------------------|------------------------|----------------------|---------------------|
| Programme 1: General administration & planning | | | | | |
| Governorship | SP1. 1 General administration & planning | 200,085,027 | 28,642,597 | 171,442,429 | 14.3 |
| | Total Budget | 200,085,027 | 28,642,597 | 171,442,429 | 14.3 |
| Programme 1: General administration & planning | | | | | |
| Devolution & Public Service | SP1. 1 General administration & planning | 266,348,905 | 28,639,494 | 237,709,412 | 10.8 |
| | Programme 2: Public Participation & Civic Education | | | | |
| | SP2. 1 Public Participation & Civic Education | 47,750,000 | - | 47,750,000 | - |
| | Programme 3; Information and communication | | | | |
| | SP3. 1 Information and communication | 3,250,000 | - | 3,250,000 | - |
| Programme 4: Enforcement and compliance | | | | | |
| | SP4. 1 Enforcement and compliance | 51,900,000 | - | 51,900,000 | - |
| | Programme 5; Youth Development support & Empowerment | | | | |
| | SP5. 1 Youth Development | 36,350,000 | - | 36,350,000 | - |
| Total Budget | | 405,598,905 | 28,639,494 | 376,959,412 | 7.1 |
| Programme 1: General Administration and Planning | | | | | |
| County Public Service Board | SP1.1: General Administration and Planning | 65,867,288 | 6,792,932 | 59,074,356 | 10.3 |
| | Total Budget | 65,867,288 | 6,792,932 | 59,074,356 | 10.3 |
| Programme 1: General administration & planning | | | | | |
| Finance & Socio-Economic Planning | SP1. 1 General administration & planning | 549,540,195 | 33,699,329 | 515,840,865 | 6.1 |
| | Programme 2: Public financial management | | | | |
| | SP2.1 Accounting services | 13,515,000 | 905,100 | 12,609,900 | 6.7 |
| | SP2.2; Budget formulation, co-ordination and management | 37,665,000 | 5,384,266 | 32,280,734 | 14.3 |
| | SP2.3; Internal audit services | 12,715,000 | 496,800 | 12,218,200 | 3.9 |
| | SP2.4; Resource mobilization | 46,565,000 | - | 46,565,000 | - |
| | SP2.5; Supply chain management services | 8,265,000 | 1,949,500 | 6,315,500 | 23.6 |
| SP2.6; Economic planning | | 47,615,000 | 4,273,800 | 43,341,200 | 9.0 |
| Total Budget | | 715,880,195 | 46,708,795 | 669,171,399 | 6.5 |
| County Assembly | Legislation & Oversight | 703,984,829 | 75,304,638 | 628,680,191 | 10.7 |
| Grand Total | | 9,763,795,153 | 696,909,166 | 9,066,885,987 | 7.1 |

Source: Makueni County Treasury

Programmes with high levels of implementation based on absorption rates were: Supply chain management services in the Department of Finance and Economic Planning at 23.6 per cent, General administration & planning in the Department of Trade, Industry and Cooperatives at 22.0 per cent, General administration & planning in the Department of Land, Physical Planning & Mining at 18.6 per cent, and General administration & planning in the Governorship department at 14.3 per cent of budget allocation.

3.24.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.10.34 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.02 billion. The development expenditure represented 0.3 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.192.15 million against an annual projection of Kshs.867.5 million, representing 22.2 per cent of the annual target.
4. Diversion of funds and weak budgeting practice by the County Treasury as shown in Table 3.101, where the

Sand Authority incurred expenditure on development budget before first seeing an approval to withdraw funds from the CRF.

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

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

3.25 County Government of Mandera

3.25.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.13.06 billion, comprising Kshs.5.51 billion (42.2 per cent) and Kshs.7.54 billion (57.8 per cent) allocation for development recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.11.19 billion (84.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.200.04 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.789.27 million (6 per cent) from FY 2020/21. The County also expected to receive Kshs.1.08 billion (8.1 per cent) as "other revenues." "Other revenues" consist of conditional grants from the national government.

3.25.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.86 billion as the equitable share of the revenue raised nationally, raised Kshs.36.45 million as own-source revenue, Kshs.188.16 million as other revenue, and had a cash balance of Kshs.789.27 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.87 billion, as shown in Table 3.103.

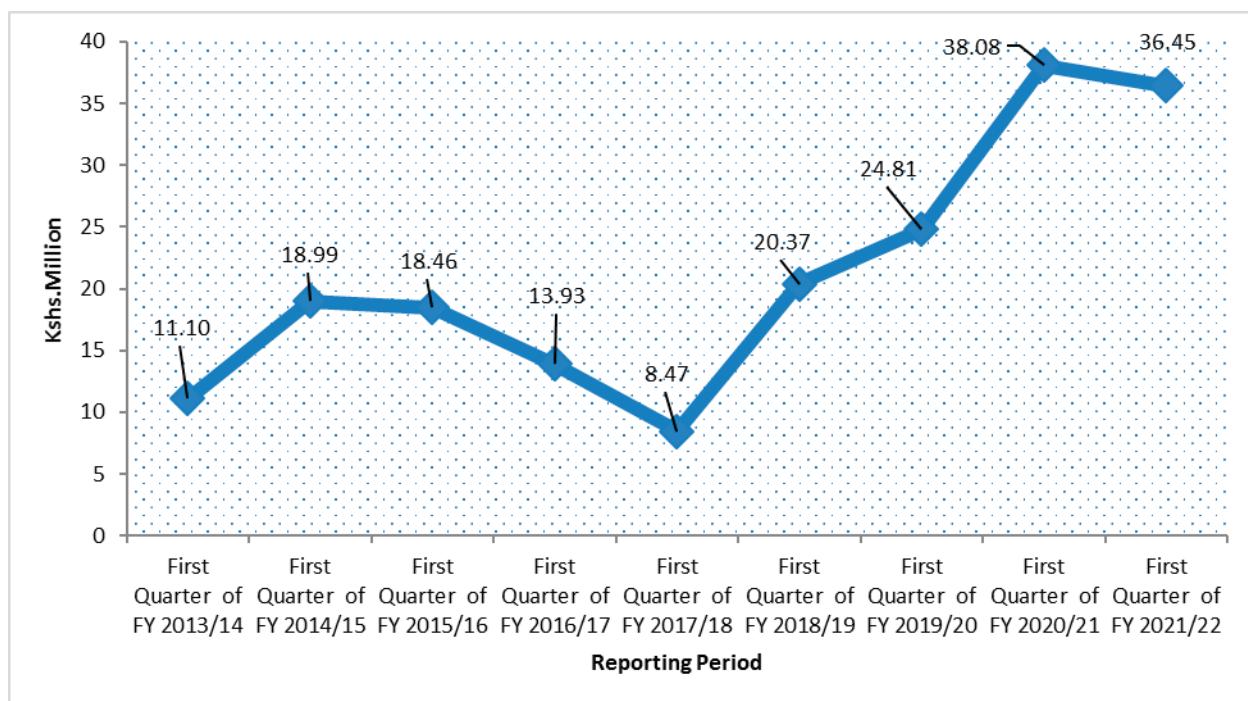
Table 3.103: Mandera County, Revenue Performance in the first quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|---|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 11,190,382,598 | 1,856,844,905 | 16.6 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 200,037,792 | 36,454,021 | 18.2 |
| 2. | Balance b/f from FY 2020/21 | 789,267,722 | 789,267,722 | 100.0 |
| 3. | Other Revenues | 1,075,282,933 | 188,156,020 | 17.5 |
| | Sub Total | 2,064,588,447 | 1,013,877,763 | 49.1 |
| | Grand Total | 13,254,971,044.90 | 2,870,722,668 | 21.7 |

Source: Mandera County Treasury

Table 3.48 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.48: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Mandera County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.36.45 million as own-source revenue. This amount represented a decrease of 4.5 per cent compared to Kshs.38.08 million realised during a similar period in FY 2020/21 and was 18.2 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.79 billion from the CRF account during the reporting period. The amount comprised Kshs.575.73 million (20.6 per cent) for development programmes and Kshs.2.21 billion (79.4 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

The County spent Kshs.1.9 billion on development and recurrent programmes during the reporting period. The expenditure represented 68.1 per cent of the total funds released by the CoB and comprised of Kshs.295.66 million and Kshs.1.6 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.4 per cent, while recurrent expenditure represented 21.3 per cent of the annual recurrent expenditure budget.

3.25.5 Settlement of Pending Bills

The County did not have pending bills from the previous financial year.

3.25.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.19 billion was spent on employee compensation, Kshs.416.92 million on operations and maintenance, and Kshs.295.66 million on development activities, as shown in Table 3.104.

Table 3.104: Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|----------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,630,207,047 | 911,048,184 | 1,447,689,046 | 155,556,608 | 21.8 | 17.1 |
| Compensation to Employees | 3,318,262,861 | 493,731,819 | 1,155,551,378 | 30,772,203 | 34.8 | 6.2 |
| Operations and Maintenance | 3,311,944,185 | 417,316,365 | 292,137,668 | 124,784,405 | 8.8 | 29.9 |
| Development Expenditure | 5,342,642,759 | 172,253,555 | 295,655,220 | - | 5.5 | - |
| Total | 11,972,849,806 | 1,083,301,739 | 1,743,344,265 | 155,556,608 | 14.6 | 0.1 |

Source: Mandera County Treasury

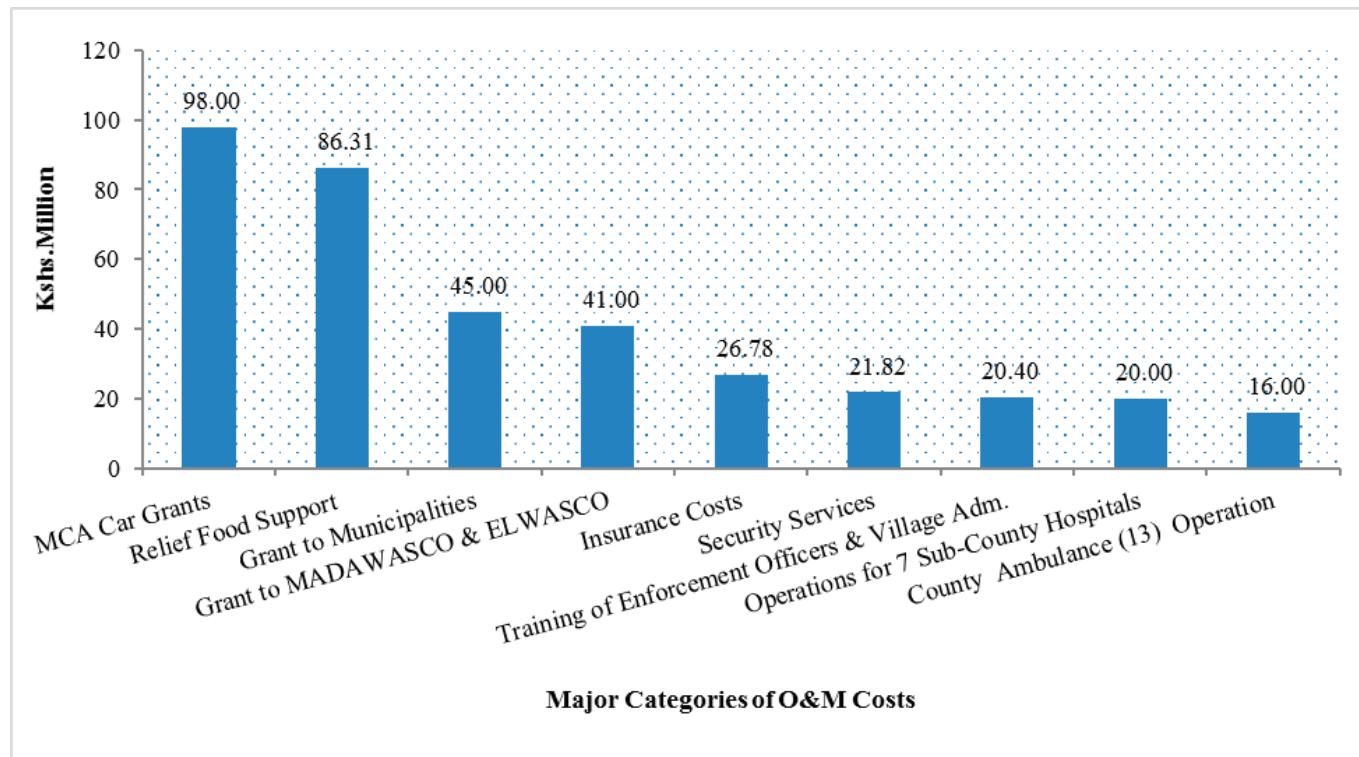
3.25.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 62.5 per cent of the total expenditure for the reporting period and 35.8 per cent of the first quarter proportional revenue of Kshs.3.31 billion.

3.25.8 Expenditure on Operations and Maintenance

Figure 3.49 shows a summary of operations and maintenance expenditure by significant categories.

Figure 3.49: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

The County spent Kshs.4.4 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.44 million. The average monthly sitting allowance was Kshs.29,952 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

3.25.9 Development Expenditure

The County incurred an expenditure of Kshs.295.66 million on development programmes compared to a similar period in FY 2020/21 when the County did not report spending on development programmes. Table 3.105 summarises development projects with the highest expenditure in the reporting period.

Table 3.105: Mandera County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name/Description | Project Location | Contract Sum (Kshs.) | Payments to Date (Kshs.) | Absorption Rate (%) |
|-------|--|---|----------------------|--------------------------|---------------------|
| 1 | Construction of Dandu - Ires Teno - Gagaba - Sake - RMLF | Mandera West | 100,000,000 | 60,000,000 | 60.0 |
| 2 | Opening Up Access Roads to KMTC and MTTC Area | Mandera East | 59,000,000 | 30,000,000 | 50.8 |
| 3 | Opening up and light grading of Mandera bypass road | Mandera East | 57,000,000 | 30,000,000 | 52.6 |
| 4 | Construction of Rhamu sub-County headquarters | Mandera North sub-County | 78,993,535 | 25,000,000 | 31.6 |
| 5 | Installation of CCTV Cameras, IP PBX, and land cabling at new County headquarters in Mandera | Headquarter Mandera east | 39,987,868 | 20,000,000 | 50.0 |
| 6 | Construction and Opening up of Awacho Sambur - Kiliwehiri Road | Banisa | 68,500,000 | 20,000,000 | 29.2 |
| 7 | Relief food | Drought affected area in Mandera County | 220,000,000 | 18,000,000 | 8.2 |
| 8 | Proposed Fencing of BP1 and Kamor Cemetery in Mandera East Sub-County | Mandera East | 19,744,700 | 15,000,000 | 76.0 |
| 9 | Installation of optic fiber cable and metro for County head Quarter offices in Mandera | Head Quarter Mandera East | 16,970,800 | 10,000,000 | 58.9 |
| 10 | Proposed Construction of 50No Toilets Block at Neboi Ward in Mandera East Sub-County | Mandera East | 9,995,000 | 6,000,000 | 60.0 |

Source: Mandera County Treasury

3.25.10 Budget Performance by Department

Table 3.106Table 3.2 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.106: Mandera County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|--------|----------------------------------|--------|-----------------------------|--------|-------------------------------------|-------|---------------------|------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 911.05 | 172.25 | 157.56 | - | 155.56 | - | 98.7 | - | 17.1 | - |
| Department of Agriculture and livestock | 222.91 | 945.02 | 48.67 | - | 39.43 | - | 81.0 | - | 17.7 | - |
| Department of Education, Culture, and Sports | 433.99 | 319.69 | 109.43 | - | 88.00 | - | 80.4 | - | 20.3 | - |
| Department of Genders, Social Services, and Youth Affairs | 69.52 | 105.00 | 10.76 | - | 8.34 | - | 77.5 | - | 12.0 | - |
| Department of Finance and Economic Planning and ICT | 603.27 | 430.30 | 195.00 | 130.00 | 176.41 | 100.00 | 90.5 | 76.9 | 29.2 | 23.2 |
| Department of Health Services | 1,957.90 | 544.58 | 772.52 | 141.84 | 530.90 | 141.84 | 68.7 | 100.0 | 27.1 | 26.0 |
| Department of Trade, Investments, Industrialisation, and Cooperative Development | 68.65 | 77.79 | 18.08 | - | 15.35 | - | 84.9 | - | 22.4 | - |
| Department of Lands, Housing Developments and Physical Planning | 457.17 | 24.41 | 66.30 | - | 61.92 | - | 93.4 | - | 13.5 | - |
| Office of the Governor and Deputy Governor | 502.21 | - | 103.94 | - | 86.06 | - | 82.8 | - | 17.1 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|---------------|-----------------------------|---------------|-------------------------------------|-------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Public Service Board | 84.76 | 62.00 | 16.18 | - | 11.33 | - | 70.0 | - | 13.4 | - |
| Department of Public Service Management and Devolved Units | 1,451.16 | 103.19 | 558.43 | 13.30 | 296.39 | 7.50 | 53.1 | 56.4 | 20.4 | 7.3 |
| Public Works Roads and Transport | 138.40 | 1,332.44 | 47.01 | 290.59 | 37.16 | 46.31 | 79.0 | 15.9 | 26.8 | 3.5 |
| Department of Water, Energy, Environment and Natural Resources | 640.24 | 1,398.22 | 108.57 | - | 96.41 | - | 88.8 | - | 15.1 | - |
| Total | 7,541.26 | 5,514.90 | 2,212.45 | 575.73 | 1,603.25 | 295.66 | 72.5 | 51.4 | 21.3 | 5.4 |

Source: Mandera County Treasury

Analysis of expenditure by department shows that the Department of Health Services recorded the highest absorption rate of development budget at 26 per cent while the Department of Public Works Roads and Transport reported the lowest at 3.5 per cent. The Department of Finance and Economic Planning and ICT had the highest percentage of recurrent expenditure to budget at 29.2 per cent, while the Department of Genders, Social Services, and Youth Affairs had the lowest at 12 per cent.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3.107 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.107: Mandera County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|---|---|------------------------|------------------------|----------------------|----------------|
| Agricultural and Livestock Sector Support | Agricultural Infrastructure, Conservation, and Research | 801,955,500 | - | 801,955,500 | - |
| | Livestock Agricultural Sector Support | 245,450,158 | 2,839,800 | 242,610,358 | 1.2 |
| | Sub Total | 1,047,405,658 | 2,839,800 | 1,044,565,858 | 0.3 |
| Cooperatives Development Programmes | Cooperatives Agricultural Support | 7,200,000 | - | 7,200,000 | - |
| | Sub Total | 7,200,000 | - | 7,200,000 | - |
| Trade Development | Trade development &Promotion | 139,247,936 | 18,078,981 | 121,168,955 | 13.0 |
| | Sub Total | 139,247,936 | 18,078,981 | 121,168,955 | 13.0 |
| Physical Infrastructure Development | Infrastructure & Equipment | 24,410,211 | - | 24,410,211 | - |
| | Infrastructure Construction, Expansion, and Maintenance | 687,575,394 | - | 687,575,394 | - |
| | Infrastructure Development and Expansion | 103,193,187 | 9,499,300 | 93,693,887 | 9.2 |
| | Infrastructure Development and Expansion | 1,388,257,226 | 244,278,213 | 1,143,979,013 | 17.6 |
| | Sub Total | 2,203,436,018 | 253,777,513 | 1,949,658,505 | 11.5 |
| Youth Rehabilitation and Development | Youth Development Programmes and Policy | 105,000,000 | - | 105,000,000 | - |
| | Sub Total | 105,000,000 | - | 105,000,000 | - |
| Administration, Planning and Support Services | General Administration & Support Services | 2,391,897,091 | 326,454,706 | 2,065,442,385 | 13.6 |
| | General Administration & Support Services | 716,098,903 | 153,713,529 | 562,385,375 | 21.5 |
| | Sub Total | 3,107,995,994 | 480,168,234 | 2,627,827,760 | 15.4 |
| ECDE and Sports Development Services | ECDE Infrastructure. | 319,692,015 | - | 319,692,015 | - |
| | Sub Total | 319,692,015 | - | 319,692,015 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|---|--|------------------------|------------------------|-----------------------|----------------|
| Legislation and Oversight Services | County Assembly Administration offices | 172,253,556 | - | 172,253,556 | - |
| | Sub Total | 172,253,556 | - | 172,253,556 | - |
| Financial Services | Procurement Services | 430,300,000 | 130,000,000 | 300,300,000 | 30.2 |
| | Sub Total | 430,300,000 | 130,000,000 | 300,300,000 | 30.2 |
| Administration & Compensation | Administration Services | 3,467,690,856 | 739,561,695 | 2,728,129,161 | 21.3 |
| | Administration and Support Services | 216,284,891 | 25,766,373 | 190,518,518 | 11.9 |
| | Sub Total | 3,683,975,747 | 765,328,068 | 2,918,647,679 | 20.8 |
| Water Provision Services | Water Storage Structures | 1,304,518,191 | - | 1,304,518,191 | - |
| | Water provision services | 616,020,707 | 93,151,669 | 522,869,038 | 15.1 |
| | Sub Total | 1,920,538,898 | 93,151,669 | 1,827,387,229 | 4.9 |
| Solar Energy and Environmental Services | Street lighting | 93,701,231 | - | 93,701,231 | - |
| | Environmental Protection | 24,223,992 | - | 24,223,992 | - |
| | Sub Total | 117,925,223 | - | 117,925,223 | - |
| Grand Total | | 13,254,971,045 | 1,743,344,265 | 11,511,626,780 | 13.2 |

Source: Mandera County Treasury

Programmes with high levels of implementation based on absorption rates were: Financial Services in the Department of Finance and Economic Planning and ICT at 30.2 per cent, Trade Development in the Department of Trade, Investments, Industrialisation, and Cooperative Development at 13 per cent, and Physical Infrastructure Development in the Department of Public Works Roads and Transport at 11.5 per cent of budget allocation.

3.25.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.295.66 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.51 billion. The development expenditure represented 5.4 per cent of the annual development budget.
3. The underperformance of own-source revenue collection at Kshs.36.45 million against an annual projection of Kshs.200.04 million, representing 18.2 per cent of the annual target.

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

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

3.26 County Government of Marsabit

3.26.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.95 billion, comprising Kshs.4.59 billion (51.3 per cent) and Kshs.4.36 billion (48.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.28 billion (81.3 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (1.9 per cent) from own sources of revenue, and a cash balance of Kshs.541 million (6 per cent) from FY 2020/21. The County also expects to receive Kshs.957.31 million (10.7 per cent) as conditional grants, consisting of Kshs.204 million for Roads Maintenance Fuel Levy and Kshs.753.31 million from other loans and grants from the development partners.

3.26.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.2 billion as the equitable share of the revenue raised nationally, raised Kshs.31.1 million as own-source revenue, and had a cash balance of Kshs.541 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.77 billion, as shown in Table 3.108.

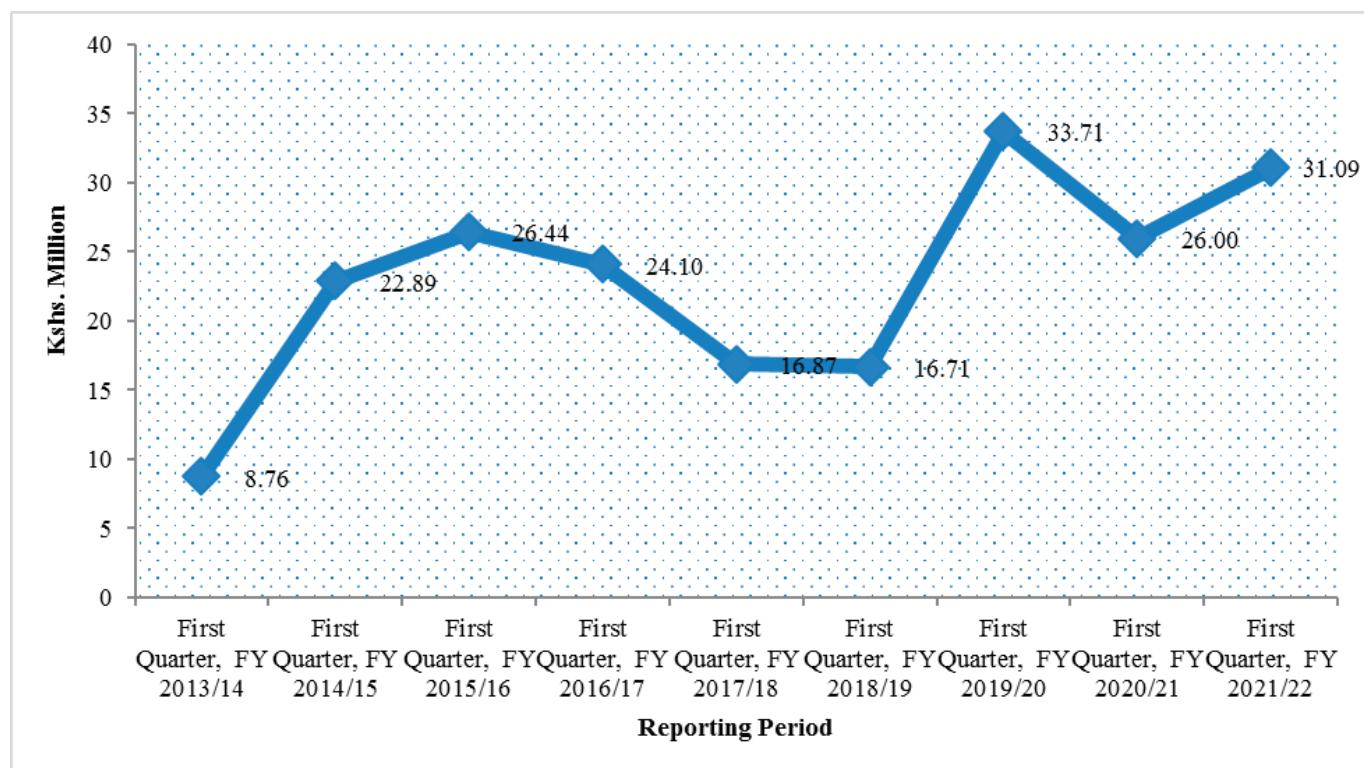
Table 3.108: Marsabit County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|--------------------|---|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 7,277,004,032 | 1,200,705,666 | 16.5 |
| Sub Total | | 7,277,004,032 | 1,200,705,666 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 170,000,000 | 31,093,905 | 18.3 |
| 2. | Balance b/f from FY2020/21 | 541,000,000 | 541,000,000 | 100 |
| 3. | Other Revenues(Combined conditional Allocations) | 957,314,489 | - | 0 |
| Sub Total | | 1,668,314,489 | 572,093,905 | 34.3 |
| Grand Total | | 8,945,318,521 | 1,772,799,571 | 19.8 |

Source: Marsabit County Treasury

Figure 3.50 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.50: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Marsabit County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.31.09 million as own-source revenue. This amount represented an increase of 19.6 per cent compared to Kshs.26 million realised during a similar period in the first quarter of FY 2020/21 and was 18.3 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.802.17 million from the CRF account during the reporting period. The amounts released were for recurrent programmes only.

3.26.4 Overall Expenditure Review

The County spent Kshs.779.83 million on recurrent programmes during the reporting period. This expenditure represented 97.2 per cent of the total funds released by the COB, representing 17.9 per cent of the annual recurrent expenditure budget. There was no development expenditure during the reporting period.

3.26.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.29 billion. This amount has not been segregated into development and recurrent expenditures. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

The County did not make any payments towards pending bills during the period under review.

3.26.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.698.35 million was spent on Table 3.109.

Table 3.109: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|--------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 3,600,126,036 | 759,162,996 | 705,072,006 | 74,754,005 | 19.6 | 9.8 |
| Compensation to Employees | 2,497,312,584 | 224,678,668 | 665,634,766 | 32,715,504 | 26.7 | 14.6 |
| Operations and Maintenance | 1,102,813,452 | 534,484,328 | 39,437,240 | 42,038,502 | 3.6 | 7.9 |
| Development Expenditure | 4,475,779,489 | 110,250,000 | - | - | 0.0 | 0.0 |
| Total | 8,075,905,525 | 869,412,996 | 705,072,006 | 74,754,005 | 8.7 | 8.6 |

Source: Marsabit County Treasury

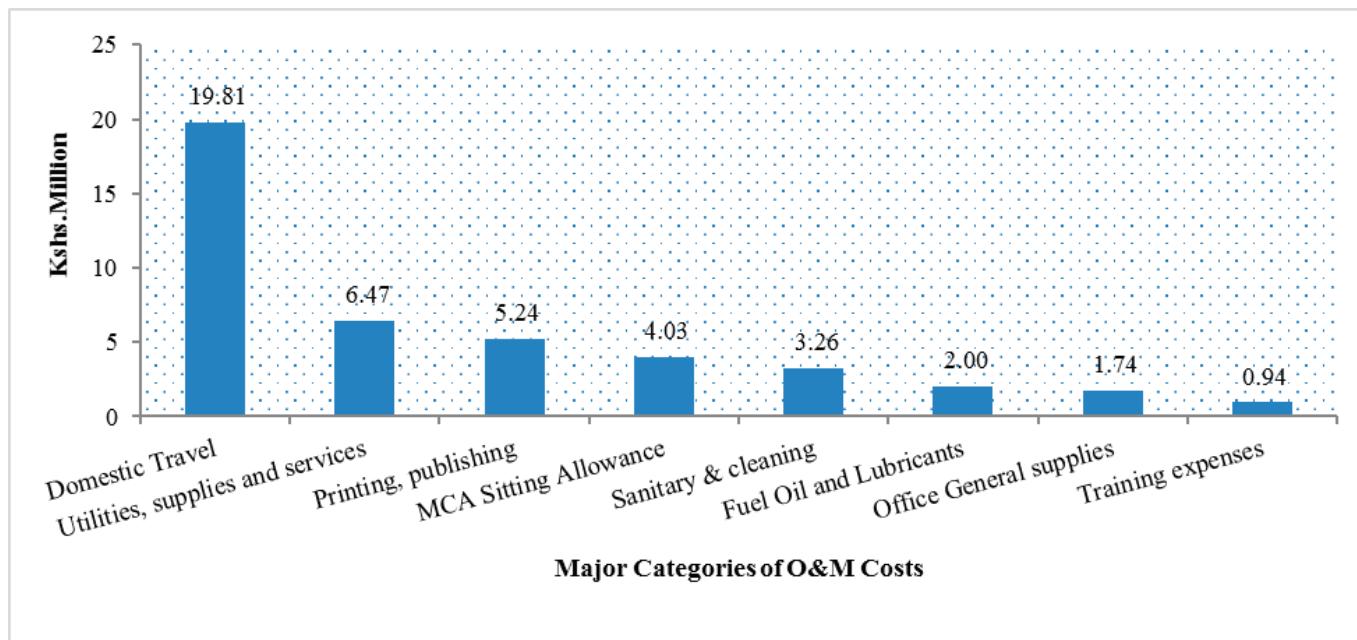
3.26.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 89.6 per cent of the total expenditure for the reporting period and 34.6 per cent of the first quarter proportional revenue of Kshs.2.02 billion.

3.26.8 Expenditure on Operations and Maintenance

Figure 3.51 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.51: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

The County spent Kshs.4.03 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.35 million. The average monthly sitting allowance was Kshs.43,312 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.19.81 million and comprised Kshs.15.44 million spent by the County Assembly and Kshs.4.37 million by the County Executive. There was no expenditure on foreign travel during the reporting period.

3.26.9 Development Expenditure

The County did not report any expenditure on development programmes.

3.26.10 Budget Performance by Department

Table 3.110 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.110: Marsabit County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|----------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 759.16 | 110.25 | 120.00 | - | 74.75 | - | 62.3 | - | 9.8 | - |
| County Executive Services | 535.00 | 550.00 | 58.88 | - | 72.15 | - | 122.5 | - | 13.5 | - |
| Finance Management Services | 369.07 | 1,692.61 | 45.14 | - | 50.52 | - | 111.9 | - | 13.7 | - |
| Agriculture, Livestock, Fisheries | 199.14 | 93.35 | 37.02 | - | 39.82 | - | 107.6 | - | 20.0 | - |
| County Public Service | 95.87 | 7.00 | 10.40 | - | 14.28 | - | 137.4 | - | 14.9 | - |
| Education Youth Affairs | 329.71 | 299.55 | 57.89 | - | 53.57 | - | 92.5 | - | 16.2 | - |
| County Health Services | 1,295.47 | 550.37 | 350.72 | - | 337.96 | - | 96.4 | - | 26.1 | - |
| Administration and ICT | 263.90 | 46.00 | 38.58 | - | 43.04 | - | 111.6 | - | 16.3 | - |
| Physical Planning and Development, Energy, Lands, Municipality | 123.64 | 149.40 | 22.68 | - | 23.78 | - | 104.8 | - | 19.2 | - |
| Public Works, Roads | 89.39 | 465.30 | 12.62 | - | 13.58 | - | 107.6 | - | 15.2 | - |
| Water, Environment | 134.32 | 525.50 | 24.64 | - | 26.24 | - | 106.5 | - | 19.5 | - |
| Trade and Industry | 81.85 | 23.00 | 13.38 | - | 17.03 | - | 127.3 | - | 20.8 | - |
| Tourism, Culture and Social Services | 82.77 | 73.70 | 10.23 | - | 13.08 | - | 127.9 | - | 15.8 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|------------|--------------------------------------|----------|-------------------------------------|-----|--------------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| TOTAL | 4,359.29 | 4,586.03 | 802.17 | - | 779.83 | - | 97.2 | - | 17.9 | - |

Source: Marsabit County Treasury

The Department of Health Services had the highest percentage of recurrent expenditure to budget at 26.1 per cent, while the County Assembly had the lowest at 9.8 per cent.

3.26.11 Budget Execution by Programmes and Sub-Programmes

Table 3.111 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.111: Marsabit County, Budget Execution by Programmes and Sub-programmes

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|---|---|---------------------------|--------------------------|------------------|----------------|
| Programme | Sub- Programme | Approved Bud- get (Kshs.) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
| County Assembly of Marsabit operational and oversight | Operations and Oversight | 869,412,996 | 74,754,005 | 794,658,991 | 9.0% |
| Physical Planning and Development | Urban Development Services | 72,900,000 | | 72,900,000 | 0.0% |
| | Lands and Physical Planning Services | 76,900,000 | | 76,900,000 | 0.0% |
| | General administration planning and Support Services | 123,637,768 | 23,776,215 | 99,861,553 | 19.0% |
| | Sub total | 273,437,768 | 23,776,215 | 249,661,553 | 9.0% |
| Education | General Administration, Planning and Support Services | 329,673,491 | 53,569,113 | 276,104,378 | 16.0% |
| | Pre – Primary Education | 121,400,000 | - | 121,400,000 | - |
| | Youth Development | 109,950,000 | - | 109,950,000 | - |
| | Vocational Education and Training | 7,000,000 | - | 7,000,000 | - |
| | Sports | 61,200,000 | - | 61,200,000 | - |
| | Sub total | 629,223,491 | 53,569,113 | 575,654,378 | 9.0% |
| Executive Services | General Administration, Planning and Support Services | 1,085,000,000 | 72,150,897 | 1,012,849,103 | 7.0% |
| | Management of County Affairs | - | - | - | -! |
| | Public Sector Advisory Services | - | - | - | - |
| | Inter/Intra Governmental | - | - | - | - |
| | County Legal Services | - | - | - | -! |
| | Sub total | 1,085,000,000 | 72,150,897 | 1,012,849,103 | 7.0% |
| Administration and ICT | General administration planning and Support Services | 306,400,000 | 43,042,666 | 263,357,334 | 14.0% |
| | ICT infrastructure | 3,500,000 | | 3,500,000 | 0.0% |
| | Coordination of functions of devolved Units | - | - | - | - |
| | Public Participation and Civic Education | - | - | - | - |
| | Sub total | 309,900,000 | 43,042,666 | 266,857,334 | 14.0% |
| Agriculture and Livestock Development | General Administration, Planning and Support Services | 189,029,716 | 39,822,508 | 149,207,208 | 21.0% |
| | Livestock Resources Management and Development | - | | - | - |
| | Fisheries Development and Management | 56,750,000 | | 56,750,000 | 0.0% |
| | Crop Development and Management | 46,713,970 | - | 46,713,970 | |
| | Sub total | 292,493,686 | 39,822,508 | 252,671,178 | 14.0% |
| Health Services | Curative Health Services | 180,815,000 | | 180,815,000 | 0.0% |
| | General Administration, Planning and Support Services | 1,655,019,330 | 337,964,132 | 1,317,055,198 | 20.0% |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|---|---|-----------------------------|-----------------------------|----------------------|-------------------|
| Programme | Sub- Programme | Approved Bud- get (Kshs) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
| | Maternal and child health | 10,000,000 | - | 10,000,000 | 0.0% |
| | Sub total | 1,845,834,330 | 337,964,132 | 1,507,870,198 | 18.0% |
| County Public Service Board | General administration planning and Support Services | 95,868,570 | 14,283,007 | 81,585,563 | 15.0% |
| | Human Resource Management and Development | 7,000,000 | - | 7,000,000 | 0.0% |
| | Sub total | 102,868,570 | 14,283,007 | 88,585,563 | 14.0% |
| Culture and Social Services | Youth Development | 9,000,000 | | 9,000,000 | |
| | Culture Services | 23,300,000 | | 23,300,000 | |
| | Social Services | 41,400,000 | | 41,400,000 | 0.0% |
| | General administration, planning and support services | 82,770,872 | 13,083,883 | 69,686,989 | 16.0% |
| | Sub total | 156,470,872 | 13,083,883 | 143,386,989 | 8.0% |
| Finance and Economic Planning | General administration planning and Support Services | 2,028,019,640 | 50,523,012 | 1,977,496,628 | 2.0% |
| | Public Finance Management | 19,300,000 | - | 19,300,000 | |
| | Economic and financial policy Formulation | 14,000,000 | - | 14,000,000 | 0.0% |
| | Sub total | 2,061,319,640 | 50,523,012 | 2,010,796,628 | 2.0% |
| Roads, Housing And Public Works | Road Transport Infrastructure Development | 465,300,000 | - | 465,300,000 | 0.0% |
| | Housing Development | 42,900,758 | - | 42,900,758 | |
| | General administration planning and Support Services | 46,489,380 | 13,583,442 | 32,905,938 | 29.0% |
| | Sub total | 554,690,138 | 13,583,442 | 541,106,696 | 2.0% |
| Trade, Industry & Enterprise Development | General administration planning and Support Services | 102,850,000 | 17,032,930 | 85,817,070 | 17.0% |
| | Trade and Industrial Development | - | - | - | |
| | Enterprise Development | 2,000,000 | - | 2,000,000 | 0.0% |
| | Sub total | 104,850,000 | 17,032,930 | 87,817,070 | 16.0% |
| Water | Water Resources Management | 505,500,000 | - | 54,624,099 | 0.0% |
| | General administration planning and Support Services | 93,147,470 | 26,240,202 | 209,600 | 28.0% |
| | Natural Resources Conservation and Management | 61,169,560 | - | 475,900 | 0.0% |
| | Sub total | 659,817,030 | 26,240,202 | 55,309,599 | 4.0% |
| Grand Total | | 8,945,318,521 | 779,826,011 | 7,587,225,280 | 8.7% |

Source: Marsabit County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Planning in the Department of Roads at 29 per cent, in the Department of Water at 28 per cent and Health Services at 20 per cent of budget allocation.

3.26.12 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. None absorption of development funds in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.59 billion.
3. The underperformance of own-source revenue at Kshs.31.1 million against an annual projection of Kshs.170 million, representing 18.3 per cent of the annual target

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

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

3.27 County Government of Meru

3.27.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.3 billion, comprising Kshs.3.36 billion (29.7 per cent) and Kshs.7.94 billion (70.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.79 billion (77.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.575 million (5.1 per cent) from own sources of revenue, and Appropriation in Aid (A-I-A) of Kshs.270 million (2.4 per cent). The County also expects to receive Kshs.1.67 billion (14.8 per cent) as conditional grants.

3.27.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.2.37 billion as the equitable share of the revenue raised nationally, raised Kshs.84.93 million as own-source revenue, and Kshs.141.84 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.2.6 billion, as shown in Table 3.112.

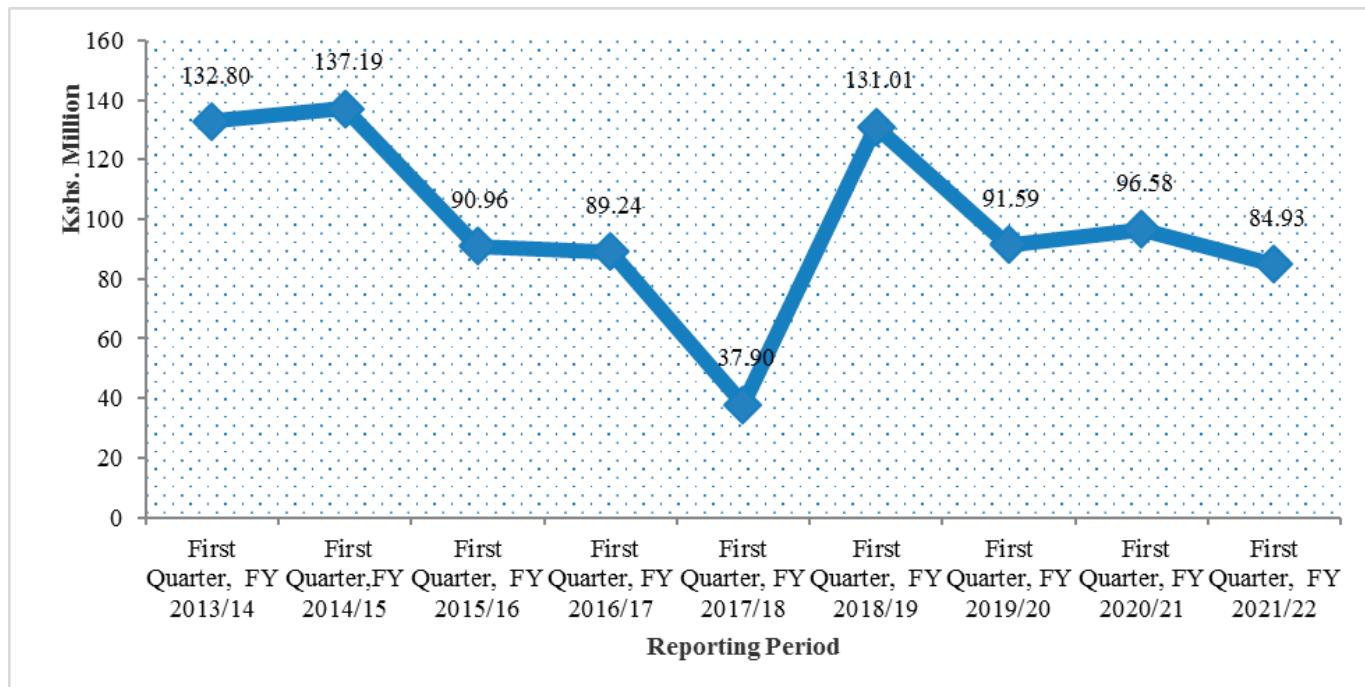
Table 3.112: Meru County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 8,788,594,074 | 2,373,464,335 | 27% |
| | Sub Total | 8,788,594,074 | 2,373,464,335 | 27% |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 575,000,000 | 84,930,318 | 15% |
| 2 | Other Revenues (Conditional Grants) | 1,667,051,704 | 141,844,646 | 9% |
| 3 | A-I-A | 270,000,000 | - | 0% |
| | Sub Total | 2,512,051,704 | 226,774,964 | 10% |
| | Grand Total | 11,300,645,778. | 2,600,239,299 | 21% |

Source: Meru County Treasury

Table 3.52 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.52: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Meru County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.84.93 million as own-source revenue. This amount represented a decrease of 12 per cent compared to Kshs.96.58 million realised during a similar period in the first quarter of FY 2020/21 and was 15 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.47 billion from the CRF account during the reporting period. The amount comprised of Kshs.141.84 million (9.6 per cent) for development programmes and Kshs.1.33 billion (90.4 per cent) for recurrent programmes.

3.27.4 Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 99.5 per cent of the total funds released by the CoB and comprised of Kshs.141.84 million and Kshs.1.46 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 4.2 per cent, while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.27.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.01 billion and comprised of Kshs.215.85 million for recurrent expenditure and Kshs.790.61 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

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

3.27.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.28 billion was spent on employee compensation, Kshs.42.98 million on operations and maintenance, and Kshs.141.84 million on development activities, as shown in Table 3.113.

Table 3.113: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|----------------------|----------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,934,329,199 | 1,008,660,369 | 1,238,997,331 | 84,000,000 | 18.0 | 8.0 |
| Compensation to Employees | 4,589,078,502 | 546,590,715 | 1,230,339,259 | 49,674,931 | 26.8 | 9.1 |
| Operations and Maintenance | 2,345,250,697 | 462,069,654 | 8,658,072 | 34,325,069 | 0.4 | 7.4 |
| Development Expenditure | 3,317,656,210 | 40,000,000 | 141,844,646 | - | 4.3 | - |
| Total | 10,251,985,409 | 1,048,660,369 | 1,380,841,977 | 84,000,000 | 13.5 | 0.1 |

Source: Meru County Treasury

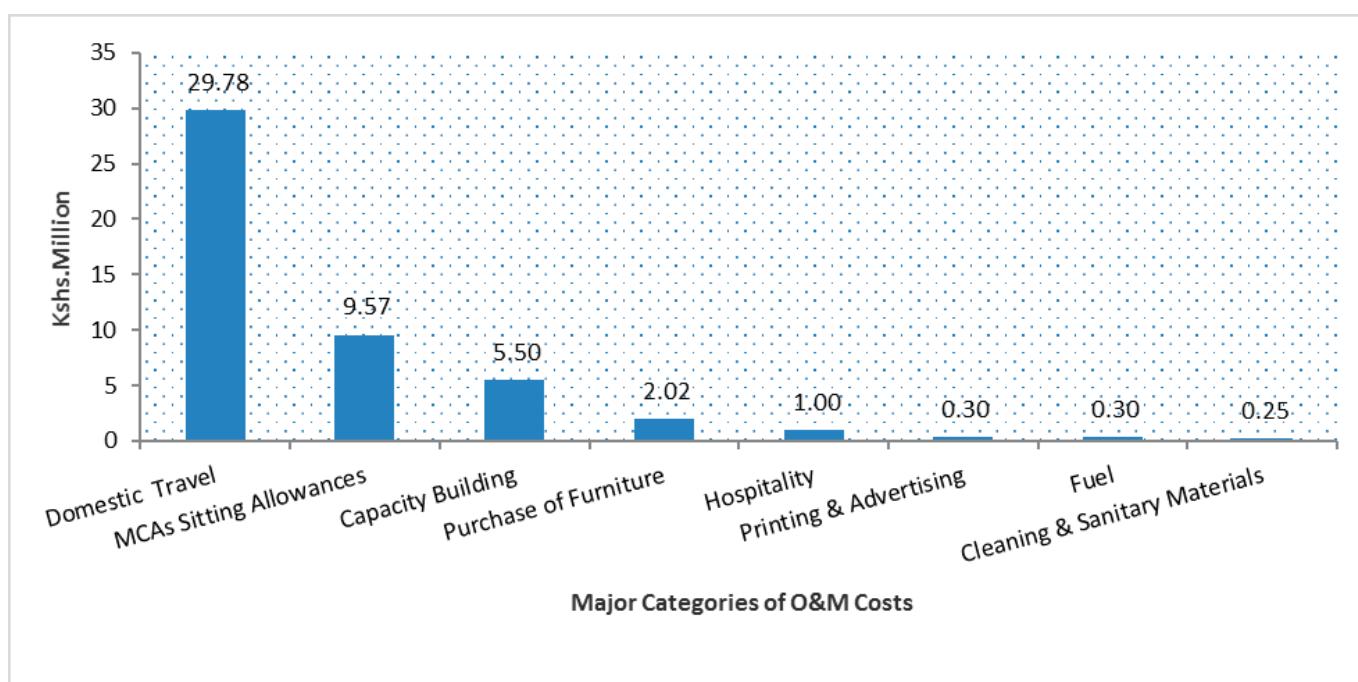
3.27.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 87.4 per cent of the total expenditure for the reporting period and 45.3 per cent of the first quarter proportional revenue of Kshs.2.83 billion.

3.27.8 Expenditure on Operations and Maintenance

Figure 3.53 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.53: Meru County, Operations and Maintenance Expenditure by Major Categories



Source: Meru County Treasury

The County spent Kshs.9.57 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.106.62 million. The average monthly sitting allowance was Kshs.46,244 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.29.78 million and comprised of Kshs.28 million spent by the County Assembly and Kshs.1.78 million by the County Executive.

3.27.9 Development Expenditure

The County incurred an expenditure of Kshs.141.84 on development programmes under the Kenya Devolution Support Program, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not report any expenditure on the development budget.

3.27.10 Budget Performance by Department

Table 3.114 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.114: Meru County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|---------------|-----------------------------|---------------|-------------------------------------|--------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 1,008.66 | 40.00 | 84.00 | - | 84.00 | - | 100.0 | - | 8.3 | - |
| Office of the Governor | 343.24 | - | 42.78 | - | 42.78 | - | 100.0 | - | 12.5 | - |
| Finance, Economic Planning, and ICT | 837.94 | 70.00 | 131.98 | - | 131.98 | - | 100.0 | - | 15.8 | - |
| Agriculture, Livestock and Fisheries Development | 296.72 | 524.10 | 69.27 | - | 62.27 | - | 89.9 | - | 21.0 | - |
| Water Service and Irrigation | 126.36 | 502.85 | 17.97 | - | 17.97 | - | 100.0 | - | 14.2 | - |
| Education, Technology, Gender, and Social Development | 790.26 | 148.09 | 163.06 | - | 163.06 | - | 100.0 | - | 20.6 | - |
| Health Service | 3,151.42 | 379.89 | 648.41 | - | 648.41 | - | 100.0 | - | 20.6 | - |
| Lands, Physical Planning, Urban Development, and Public Works | 158.22 | 390.89 | 17.31 | - | 17.31 | - | 100.0 | - | 10.9 | - |
| Public Service Administration and Legal Affairs | 731.75 | 141.84 | 106.63 | 141.84 | 106.63 | 141.84 | 100.0 | 100.0 | 14.6 | 100.0 |
| Road, Transport and Energy | 117.09 | 983.69 | 10.15 | - | 10.15 | - | 100.0 | - | 8.7 | - |
| Trade, Investment, Industrialization, Tourism, and Co-operative Development | 139.19 | 118.05 | 13.21 | - | 13.21 | - | 100.0 | - | 9.5 | - |
| Youth Affairs and Sport | 146.80 | 46.65 | 18.64 | - | 18.64 | - | 100.0 | - | 12.7 | - |
| County Public Service Board | 45.20 | - | - | - | - | - | - | - | - | - |
| Environment, Wildlife, and Natural Resource | 50.15 | 11.60 | 6.59 | - | 6.59 | - | 100.0 | - | 13.1 | - |
| Total | 7,942.99 | 3,357.66 | 1,330.00 | 141.84 | 1,323.00 | 141.84 | 99.5 | 100.0 | 16.7 | 4.2 |

Source: Meru County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service, Administration, and Legal Affairs recorded the highest absorption rate of development budget at 100 per cent while the rest of the Department did not report any expenditure on development activities. The Department of Agriculture, Livestock and Fisheries Development had the highest percentage of recurrent expenditure to budget at 21 per cent, while the County Public Service Board did not report any expenditure.

3.27.11 Budget Execution by Programmes and Sub-Programmes

Table 3.115 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.115: Meru County, Budget Execution by Programmes and Sub-programmes

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|---|----------------|-----------------------|-----------------------|------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
| COUNTY ASSEMBLY | | | | | |
| Legislation and Representation | Legislation | 456,774,801.06 | 26,298,000.70 | 430,476,800.36 | 5.76% |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|---|--|-------------------------|-----------------------|-----------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
| legislative Oversight | Oversight | 247,715,982.34 | 29,863,210.00 | 217,852,772.34 | 12.06% |
| General Admin, Planning and Support | General Administration | 304,169,585.60 | 27,838,789.30 | 276,330,796.30 | 9.15% |
| Development | | 40,000,000.00 | - | - | 0.00% |
| Total | | 1,048,660,369.00 | 84,000,000.00 | 964,660,369.00 | 8.01% |
| DEPARTMENT: OFFICE OF THE GOVERNOR | | | | | |
| General Administration | General Administration | 224,276,386.00 | 40,895,806.40 | 183,380,579.60 | 18.23% |
| Governor Press/Communication and Events | Governor Press/Communication and Events | 31,800,000.00 | 131,600.00 | 31,668,400.00 | 0.41% |
| Efficiency Monitoring | Efficiency Monitoring | 15,419,200.00 | | 15,419,200.00 | 0.00% |
| Research and Strategy | Research and Strategy | 15,921,941.00 | 1,450,000.00 | 14,471,941.00 | 9.11% |
| Disaster Management, Rescue & Emergency Services | Disaster Management, Rescue & Emergency Services | 23,018,645.00 | | 23,018,645.00 | 0.00% |
| External Linkages & Partnership | External Linkages & Partnership | 21,000,000.00 | | 21,000,000.00 | 0.00% |
| 'County Secretary | County Secretary | 11,800,000.00 | 300,000.00 | 11,500,000.00 | 2.54% |
| Total | | 343,236,172.00 | 42,777,406.40 | 300,458,765.60 | 12.46% |
| DEPARTMENT: FINANCE ECONOMIC PLANNING & ICT | | | | | |
| General Administration | Administration | 168,064,741.00 | 126,727,867.48 | 41,336,873.52 | 75.40% |
| Deputy Governors Office | Office Affairs | 20,600,000.00 | | 20,600,000.00 | 0.00% |
| Procurement | Procurement | 8,500,000.00 | 250,000.00 | 8,250,000.00 | 2.94% |
| Internal Audit | Internal Audit | 12,000,000.00 | | 12,000,000.00 | 0.00% |
| Budget and Policy | Budget and Policy | 31,335,231.00 | - | 31,335,231.00 | 0.00% |
| Accounts | Accounts | 13,100,000.00 | | 13,100,000.00 | 0.00% |
| Semi-Autonomous Agencies: Investment Corporation | Meru Investment Corporation | 104,803,972.00 | - | 104,803,972.00 | 0.00% |
| Microfinance Corporation | Meru Microfinance Corporation | 81,230,864.00 | | 81,230,864.00 | 0.00% |
| Revenue Board | Meru Revenue Board | 312,144,000.00 | - | 312,144,000.00 | 0.00% |
| ICT Development | ICT Development | 44,300,000.00 | | 44,300,000.00 | 0.00% |
| Economic Planning and Coordination Services | Economic Planning and Co-ordination Services | 9,438,000.00 | | 9,438,000.00 | 0.00% |
| Fleet Management | Fleet Management | 102,426,400.00 | 5,000,000.00 | 97,426,400.00 | 4.88% |
| Total | | 907,943,208.00 | 131,977,867.48 | 775,965,340.52 | 14.54% |
| DEPARTMENT: AGRICULTURE, LIVESTOCK DEVELOPMENT AND FISHERIES | | | | | |
| General Administration | General Administration | 744,422,137.00 | 62,274,581.24 | 682,147,555.76 | 8.37% |
| Livestock | Livestock | 24,316,386.00 | | 24,316,386.00 | 0.00% |
| Fisheries | Fisheries | 7,150,000.00 | | 7,150,000.00 | 0.00% |
| Agricultural Services | Agricultural Services | 30,180,448.00 | | 30,180,448.00 | 0.00% |
| Animal Disease Management | Animal Disease Management | 3,200,000.00 | | 3,200,000.00 | 0.00% |
| Agricultural Training Centre (ATC) | Agricultural Training Centre (ATC) | 10,056,247.00 | | 10,056,247.00 | 0.00% |
| Agricultural Mechanization Services (AMS) | Agricultural Mechanization Services (AMS) | 1,500,000.00 | | 1,500,000.00 | 0.00% |
| Total | | 820,825,218.00 | 62,274,581.24 | 758,550,636.76 | 7.59% |
| DEPARTMENT: WATER & IRRIGATION | | | | | |
| General Administration | Administration Services | 629,206,011.98 | 17,971,372.55 | 611,234,639.43 | 2.86% |
| Total | | 629,206,011.98 | 17,971,372.55 | 611,234,639.43 | 2.86% |
| DEPARTMENT: EDUCATION, TECHNOLOGY, GENDER & SOCIAL DEVELOPMENT | | | | | |
| General Administration | General Administration | 596,913,586.00 | 163,057,876.60 | 433,855,709.40 | 27.32% |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|---|--|-------------------------|-----------------------|-------------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
| Early Childhood Development Education(-ECDE) | Early Childhood Development Education(ECDE) | 227,350,000.00 | | 227,350,000.00 | 0.00% |
| 'Technical and Vocation Education | 'Technical and Vocation Education | 62,086,170.00 | | 62,086,170.00 | 0.00% |
| 'Gender Mainstreaming and Social Services | 'Gender Mainstreaming and Social Services | 47,000,000.00 | | 47,000,000.00 | 0.00% |
| PWD Empowerment | PWD Empowerment | 5,000,000.00 | | 5,000,000.00 | 0.00% |
| Total | | 938,349,756.00 | 163,057,876.60 | 775,291,879.40 | 17.38% |
| DEPARTMENT: HEALTH SERVICES | | | | | |
| General Administration | General Administration | 2,580,582,239.00 | 648,410,568.05 | 1,932,171,670.95 | 25.13% |
| Curative Health | Curative Health | 742,176,169.00 | | 742,176,169.00 | 0.00% |
| Preventive and Promotive Health | Preventive and Promotive Health | 208,548,409.26 | | 208,548,409.26 | 0.00% |
| Total | | 3,531,306,817.26 | 648,410,568.05 | 2,882,896,249.21 | 18.36% |
| DEPARTMENT: LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT & PUBLIC WORKS | | | | | |
| General Administration | General Administration | 65,718,847.00 | 17,313,048.65 | 48,405,798.35 | 26.34% |
| Lands & Public Works | Lands & Public Works | 143,000,000.00 | | 143,000,000.00 | 0.00% |
| Physical Planning, House & Urban Development | Physical Planning, House & Urban Development | 291,890,200.00 | | 291,890,200.00 | 0.00% |
| Meru Municipality | Meru Municipality | 48,500,000.00 | | 48,500,000.00 | 0.00% |
| Total | | 549,109,047.00 | 17,313,048.65 | 531,795,998.35 | 3.15% |
| DEPARTMENT: PUBLIC SERVICE ADMINISTRATION & LEGAL AFFAIRS | | | | | |
| General Administration | General Administration | 14,557,523.74 | | 14,557,523.74 | 0.00% |
| Coordination of County Government Functions Sub County | Coordination of County Government Functions Sub County | 20,818,688.90 | | 20,818,688.90 | 0.00% |
| County Office Accommodation and Enforcement Services | County Office Accommodation and Enforcement Services | 51,515,122.43 | 465,000.00 | 51,050,122.43 | 0.90% |
| Human Resource | Human Resource | 703,482,797.00 | 106,163,202.35 | 597,319,594.65 | 15.09% |
| Office of the County Attorney | Office of the County Attorney | 78,691,400.00 | | 78,691,400.00 | 0.00% |
| Towns Management & Administration | Towns Management & Administration | 4,527,200.00 | | 4,527,200.00 | 0.00% |
| Total | | 873,592,732.07 | 106,628,202.35 | 766,964,529.72 | 12.21% |
| DEPARTMENT: ROADS, TRANSPORT & ENERGY | | | | | |
| General Administration-Roads | General Administration-Roads | 999,016,917.00 | 10,150,871.60 | 988,866,045.40 | 1.02% |
| Energy | Energy | 101,764,597.00 | | 101,764,597.00 | 0.00% |
| Total | | 1,100,781,514.00 | 10,150,871.60 | 1,090,630,642.40 | 0.92% |
| DEPARTMENT: TRADE, TOURISM & COOPERATIVES DEVELOPMENT | | | | | |
| Headquarters | Headquarters | 62,893,762.00 | 13,205,787.40 | 49,687,974.60 | 21.00% |
| Co-operatives Development | Co-operatives Development | 42,000,000.00 | | 42,000,000.00 | 0.00% |
| Tourism Development | Tourism Development | 47,000,000.00 | | 47,000,000.00 | 0.00% |
| Trade Development | Trade Development | 105,350,000.00 | | 105,350,000.00 | 0.00% |
| Total | | 257,243,762.00 | 13,205,787.40 | 244,037,974.60 | 5.13% |
| DEPARTMENT: YOUTH AFFAIRS & SPORTS | | | | | |
| General Administration | General Administration | 37,869,071.00 | 8,637,884.60 | 29,231,186.40 | 22.81% |
| Youth Affairs | Youth Affairs | 91,150,000.00 | 10,000,000.00 | 81,150,000.00 | 10.97% |
| Sports Development | Sports Development | 37,000,000.00 | - | 37,000,000.00 | 0.00% |
| Arts and Culture Development | Arts and Culture Development | 27,426,211.28 | - | 27,426,211.28 | 0.00% |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|--|--|--------------------------|-------------------------|-------------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
| Total | | 193,445,282.28 | 18,637,884.60 | 174,807,397.68 | 9.63% |
| DEPARTMENT: COUNTY PUBLIC SERVICE BOARD | | | | | |
| Human Resource Management | Human Resource Management | 45,198,021.68 | - | 45,198,021.68 | 0.00% |
| Total | | 45,198,021.68 | | 45,198,021.68 | 0.00% |
| DEPARTMENT: ENVIRONMENT, NATURAL RESOURCES & CLIMATE CHANGE | | | | | |
| General Administration | General Administration | 50,147,867.00 | 6,591,863.95 | 43,556,003.05 | 13.14% |
| Environmental Management and climate change mitigation plans | Environmental Management and climate change mitigation plans | 11,600,000.00 | | 11,600,000.00 | 0.00% |
| Total | | 61,747,867.00 | 6,591,863.95 | 55,156,003.05 | 10.68% |
| GRAND TOTAL | | 11,300,645,778.26 | 1,322,997,330.87 | 9,977,648,447.39 | 11.71% |

Source: Meru County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration in the Department of Health at 25.13 per cent, General Administration in the Department of Youth at 22.8 per cent, Human Resource in the Department of Public Service at 15 per cent of budget allocation.

3.27.12 Key Observations and Recommendations

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

1. Low absorption of development funds as indicated by the expenditure of Kshs.141.84 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.36 billion. The development expenditure represented 4.2 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.84.93 million against an annual projection of Kshs.575 million, representing 15 per cent of the annual target.
3. High outstanding pending bills as of 30th June 2021 of Kshs.1.01 billion and failure to settle the bills in the period under review.

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

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should ensure payment of pending bills is prioritised as a first charge and in line with the approved payment plan.*

3.28 County Government of Migori

3.28.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.83 billion, comprising Kshs.2.85 billion (32.3 per cent) and Kshs.5.97 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8 billion (90.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.280 million (3.2per cent) from its own sources of revenue. The County also expects to receive Kshs.544.39 million (6.2 per cent) as conditional grants.

3.28.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.32 billion as the equitable share of the revenue raised nationally, raised Kshs.84.28 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs1.41 billion, as shown in Table 3.116.

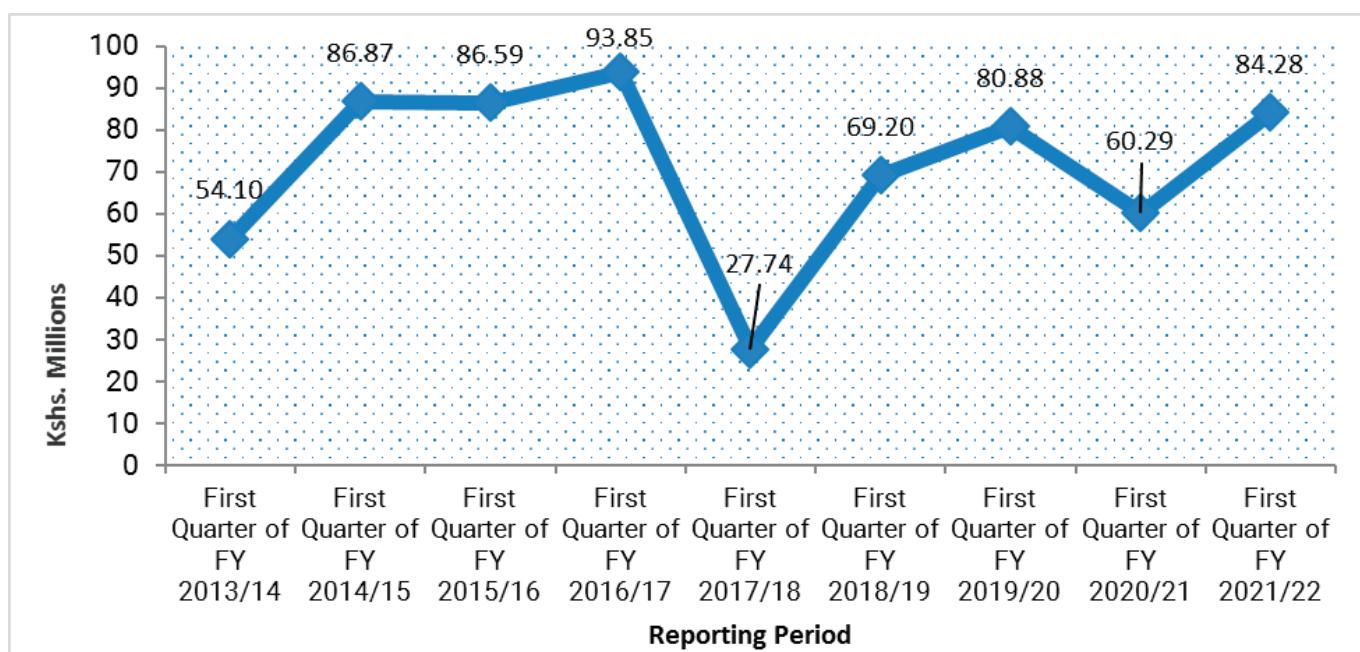
Table 3.116: Migori County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs.) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|----------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 8,005,020,448 | 1,320,828,374 | 16.5 |
| | Sub Total | 8,005,020,448 | 1,320,828,374 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 280,000,000 | 84,275,856 | 30.1 |
| 2. | Other Revenues | 544,389,116 | - | - |
| | Sub Total | 824,389,116 | 84,275,856 | 10.2 |
| | Grand Total | 8,829,409,564 | 1,405,104,230 | 15.9 |

Source: Migori County Treasury

Figure 3.54 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.54: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Migori County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.84.28 million as own-source revenue. This amount represented an increase of 39.8 per cent compared to Kshs.60.29 million realised during a similar period in the first quarter of FY 2020/21 and was 30.1 per cent of the annual target. The increase was attributed to the National Hospital Insurance Fund Reimbursement for the services provided by hospitals in the County.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.639.70 million from the CRF account during the reporting period. The amount was only for recurrent programmes.

3.28.4 Overall Expenditure Review

The County spent Kshs.582.77 million on recurrent programmes during the reporting period. This expenditure represented 91.1 per cent of the total funds released by the CoB and was entirely on recurrent programmes. Expenditure on recurrent expenditure represented 9.8 per cent of the annual recurrent expenditure budget.

3.28.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.905.87 million and comprised of Kshs.540.77 million for recurrent expenditure and Ksh.365.09 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

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

3.28.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.522.41 million was spent on employee compensation, Kshs.60.36 million on operations and maintenance as shown in Table 3.117.

Table 3.117: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|----------------------|--------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 5,111,117,421 | 863,486,098 | 502,774,869 | 80,000,000 | 9.8 | 9.3 |
| Compensation to Employees | 2,509,777,803 | 374,929,310 | 442,409,940 | 80,000,000 | 17.6 | 21.3 |
| Operations and Maintenance | 2,601,339,618 | 488,556,788 | 60,364,929 | - | 2.3 | - |
| Development Expenditure | 2,699,806,045 | 155,000,000 | - | - | - | - |
| Total | 7,810,923,466 | 1,018,486,098 | 502,774,869 | 80,000,000 | 6.4 | 7.9 |

Source: Migori County Treasury

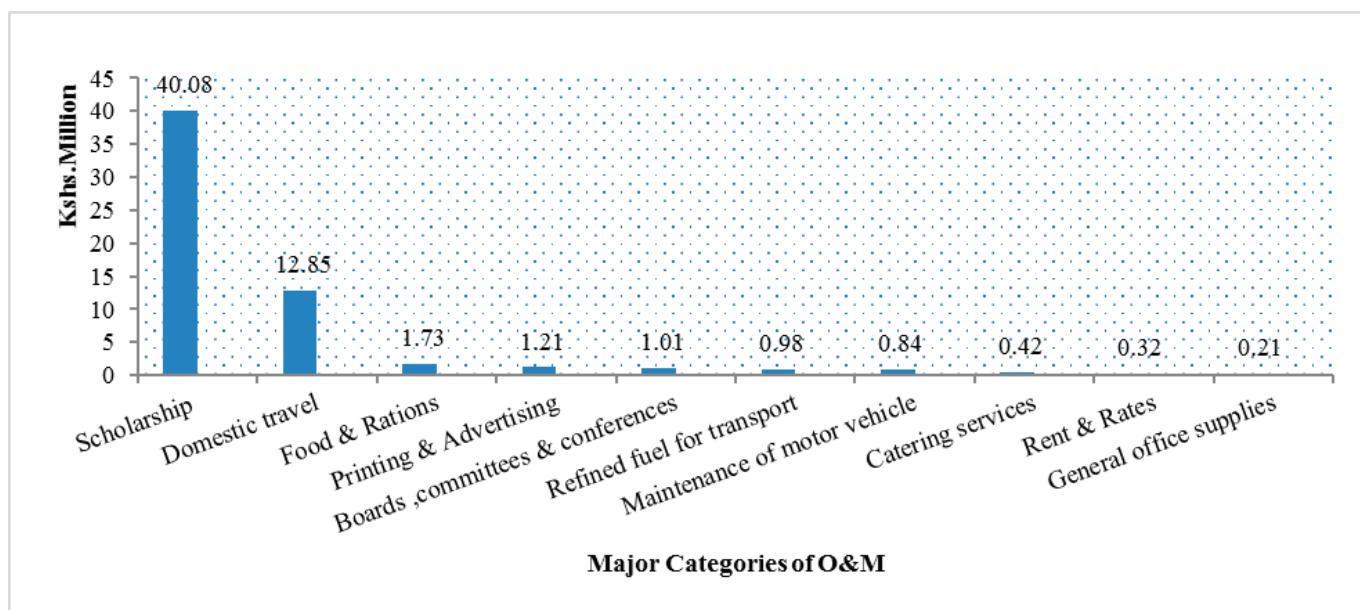
3.28.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 89.6 per cent of the total expenditure for the reporting period and 37.2 per cent of the first quarter proportional revenue of Kshs1.41 billion.

3.28.8 Expenditure on Operations and Maintenance

Figure 3.55 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.55: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury.

During the period, expenditure on domestic travel amounted to Kshs.12.84 million was entirely for the County Executive. There was no expenditure on foreign travel. The County Assembly did not report spending on committee sitting allowances.

3.28.9 Development Expenditure

The County did not report any development expenditure during the reporting period.

3.28.10 Budget Performance by Department

Table 3.118 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.118: Migori County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|-----------------------------------|----------|-----------------------------|----------|-------------------------------------|----------|---------------------|----------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 863.49 | 155 | 80 | - | 80 | - | 100.0 | - | 9.3 | - |
| County Attorney | 135.5 | - | - | - | - | - | - | - | - | - |
| County Executive | 139.85 | 110 | 9.07 | - | 2.9 | - | 32.0 | - | 2.1 | - |
| Agriculture, Livestock Production, Fisheries, Veterinary Services, and Water | 531.05 | 107.44 | 31.16 | - | 23.83 | - | 76.5 | - | 4.5 | - |
| Education, Youth Sports, Culture and Social Development | 289.32 | 552.1 | 61.77 | - | 78.48 | - | 127.1 | - | 27.1 | - |
| Environment and Disaster Management | 85.99 | 22.66 | 7.85 | - | 4.75 | - | 60.5 | - | 5.5 | - |
| Finance and Economic Planning | 783.65 | 7 | 57.66 | - | 48.23 | - | 83.6 | - | 6.2 | - |
| Medical Services | 1,433.76 | 104.6 | 280.94 | - | 260.87 | - | 92.9 | - | 18.2 | - |
| Public Health | 516.86 | 218.93 | - | - | - | - | - | - | - | - |
| Lands, Housing, Physical Planning and Survey | 132.78 | 147.2 | 13.21 | - | 9.25 | - | 70.0 | - | 7.0 | - |
| Public Service Management | 723.29 | 95 | 70.69 | - | 54.2 | - | 76.7 | - | 7.5 | - |
| Roads, Public Works & Transport | 168.09 | 910.65 | 10.5 | - | 8.66 | - | 82.5 | - | 5.2 | - |
| Trade Development and Regulation | 78.32 | 124.02 | 11.71 | - | 8.39 | - | 71.6 | - | 10.7 | - |
| Water and Energy | 92.66 | 300.21 | 5.14 | - | 3.21 | - | 62.5 | - | 3.5 | - |
| Total | 5,974.60 | 2,854.81 | 639.7 | - | 582.77 | - | 91.1 | - | 9.8 | - |

Source: Migori County Treasury

The Department of Education, Youth Sports, Culture and Social Development had the highest percentage of recurrent expenditure to budget at 27.1 per cent, while the Department of Public Health and County Attorney had no spending on recurrent activities.

3.28.11 Budget Execution by Programmes and Sub-Programmes

Table 3.119 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.119: Migori County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|---|--|------------------------|------------------------|-----------------|----------------|
| Agriculture, Livestock Development and Fisheries Development | | | | | |
| Policy, planning, general administration and support services (Agriculture) | General administration | 236,433,710 | 23,834,918 | 212,598,792 | 10.1 |
| | Field extension services and support Programme | 10,947,800 | - | 10,947,800 | - |
| | Agriculture, research training, and infrastructure development | 2,419,790 | - | 2,419,790 | - |
| | Agricultural mechanization | 1,700,000 | - | 1,700,000 | - |
| Crop development and management | Crop development | 6,820,400 | - | 6,820,400 | - |
| External funding | Donor funds | 333,708,021 | - | 333,708,021 | - |
| Policy, planning, general administration, and support services (Fisheries) | General administration | 9,551,744 | - | 9,551,744 | - |
| | Field extension services and support programme | 320,000 | - | 320,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|--|---|---------------------------|---------------------------|--------------------|-------------------|
| Fisheries development and management | Capture fisheries development | 6,212,000 | - | 6,212,000 | - |
| | Fish safety, assurance, value addition, and marketing | 500,000 | - | 500,000 | - |
| | Fisheries policy, strategy, and capacity building | 480,000 | - | 480,000 | - |
| Pending bills | Pending bills | 880,000 | - | 880,000 | - |
| Policy, planning, general administration, and support services (Livestock) | General administration | 9,691,300 | - | 9,691,300 | - |
| Livestock production and management | Enterprise development and value addition | 4,690,000 | - | 4,690,000 | - |
| Policy, planning, general administration, and support services (Veterinary services) | General administration | 10,243,150 | - | 10,243,150 | - |
| | Field extension services and support programme | 500,000 | - | 500,000 | - |
| Veterinary services and management | Livestock disease and vector control and management | 1,750,000 | - | 1,750,000 | - |
| | Veterinary public health management | 1,186,000 | - | 1,186,000 | - |
| | Livestock breeding services | 780,000 | - | 780,000 | - |
| | Sub-total | 638,493,915 | 23,834,918 | 614,658,997 | 3.7 |
| County Assembly | | | | | - |
| General administration and support services | Administrative services | 35,103,069.00 | - | 35,103,069.00 | - |
| Oversight management services | Committee management services | 121,626,000 | - | 121,626,000 | - |
| Legislative services | Representation | 150,913,098 | - | 150,913,098 | - |
| General administration and support services | Administrative services | 698,216,731 | 80,000,000 | 618,216,731 | 11.5 |
| Pending bills | Pending bills | 12,627,200 | - | 12,627,200 | - |
| | Sub-total | 1,018,486,098 | 80,000,000 | 938,486,098 | 7.9 |
| County Attorney | | | | | - |
| Management and administration | General administration | 28,030,000 | - | 28,030,000 | - |
| Legal education | Finance | 67,900,000 | - | 67,900,000 | - |
| | Professional and career development | 2,600,000 | - | 2,600,000 | - |
| Pending bills | Pending bills | 36,970,000 | - | 36,970,000 | - |
| | Sub-total | 135,500,000 | - | 135,500,000 | - |
| County Executive | | | | | - |
| Governance and executive management (Governor) | Citizen service delivery services | 167,847,000 | 2,899,295 | 164,947,705 | 1.7 |
| | Pending bills | 31,000,000 | - | 31,000,000 | - |
| Governance and executive management (Deputy governor's office) | Coordination of devolved ministries and departments | 22,285,000 | - | 22,285,000 | - |
| Cohesion and peacebuilding | Peacebuilding, education, advocacy, and research | 3,715,000 | - | 3,715,000 | - |
| Governance and executive management (County secretary) | Citizen service delivery services | 25,000,000 | - | 25,000,000 | - |
| | Sub-total | 249,847,000 | 2,899,295 | 246,947,705 | 1.2 |
| Education, Gender, Sports, Youth Development and Culture | | | | | - |
| Education support services | Bursary and scholarship | 40,000,000 | 38,079,228 | 1,920,772 | 95.2 |
| Child care support services | Bursary and scholarship | 3,000,000 | - | 3,000,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|--|--|-----------------------------------|-----------------------------------|----------------------------|---------------------------|
| Youth development and empowerment | Vocational education training | 5,000,000 | 2,000,000 | 3,000,000 | 40.0 |
| | Youth empowerment | 1,500,000 | - | 1,500,000 | - |
| Sports and culture development | Sports and talent development | 6,000,000 | - | 6,000,000 | - |
| General administration and support services | Personnel emoluments | 204,071,688 | 35,705,854 | 168,365,835 | 17.5 |
| | General administrative services | 197,581,992 | 1,565,000 | 196,016,992 | 0.8 |
| Sports and culture development | Talent development services | 3,500,000 | - | 3,500,000 | - |
| | Culture and heritage conservation | 370,950,000 | - | 370,950,000 | - |
| | Arts promotion and development | 1,000,000 | - | 1,000,000 | - |
| Gender and equality services | Women empowerment enterprises and support services | 1,000,000 | - | 1,000,000 | - |
| General administration and support services | General administrative services | 7,820,000 | 1,134,826 | 6,685,174 | 14.5 |
| | Sub-total | 841,423,680 | 78,484,907 | 762,938,773 | 9.3 |
| Environment, Natural Resource, and Disaster Management | | | | | - |
| Environment management and protection | General administration and support services | 43,660,000 | - | 43,660,000 | - |
| General administration and support services | General administration and support services | 60,187,035 | 4,749,150 | 55,437,885 | 7.9 |
| Environmental and natural resource conservation and management | Natural resource management | 1,500,000 | - | 1,500,000 | - |
| | Climate change adoption and mitigation | 1,500,000 | - | 1,500,000 | - |
| | Forestry conservation and development | 500,000 | - | 500,000 | - |
| | Disaster risk management services | 700,000 | - | 700,000 | - |
| | Fire response services | 600,000 | - | 600,000 | - |
| | Sub-total | 108,647,035 | 4,749,150 | 103,897,885 | 4.4 |
| Finance and Economic Planning | | | | | - |
| Public financial management | Accounting services | 188,598,214 | - | 188,598,214 | - |
| General administrative and support service | General administration planning and support services | 405,067,358 | 42,255,072 | 362,812,286 | 10.4 |
| Public financial management | Audit services | 15,140,000 | - | 15,140,000 | - |
| Public financial management | Supply chain management | 18,207,570 | - | 18,207,570 | - |
| Public financial management | Resource mobilization | 56,753,148 | - | 56,753,148 | - |
| Economic policy and County planning | Budget coordination and management | 9,275,000 | - | 9,275,000 | - |
| | Policy and plans development | 71,455,604 | 5,971,173 | 65,484,431 | 8.4 |
| | Community development | 2,936,705 | - | 2,936,705 | - |
| General administrative and support service | General administration planning and support services | 23,215,449 | - | 23,215,449 | - |
| | Sub-total | 790,649,048 | 48,226,245 | 742,422,803 | 6.1 |
| Health-Medical Services | | | | | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|--|---|-----------------------------------|-----------------------------------|----------------------------|---------------------------|
| Planning and administrative support services | Health management informative system | 6,888,000 | - | 6,888,000 | - |
| | Administrative and support services | 1,189,592,436 | 260,870,722 | 928,721,714 | 21.9 |
| | Infrastructure development | 104,600,000 | - | 104,600,000 | - |
| | Standards, quality assurance & regulations | 2,592,000 | - | 2,592,000 | - |
| Preventive and promotive health services | Human nutrition and dietetics | 2,200,000 | - | 2,200,000 | - |
| | Family& reproductive health | 5,300,000 | - | 5,300,000 | - |
| | Non-communicable diseases (NCDs) | 3,040,000 | - | 3,040,000 | - |
| | Maternal child and adolescence health services | 2,900,000 | - | 2,900,000 | - |
| Curative, rehabilitative and referral services | Pharmaceutical and non-pharmaceutical commodities | 156,692,500 | - | 156,692,500 | - |
| | Emergency and referral services | 6,276,000 | - | 6,276,000 | - |
| | Malaria Control | 1,390,000 | - | 1,390,000 | - |
| Pending bills | Pending bills | 56,887,167 | - | 56,887,167 | - |
| | Sub-total | 1,538,358,103 | 260,870,722 | 1,277,487,381 | 17.0 |
| Health Public Nutrition | | | | | - |
| Planning and administrative support services (Public Health) | Health management informative system | 7,267,520 | - | 7,267,520 | - |
| | Administrative and support services | 262,839,958 | - | 262,839,958 | - |
| | Standards, quality assurance & regulations | 25,656,000 | - | 25,656,000 | - |
| Preventive and promotive health services | Community health services | 23,210,000 | - | 23,210,000 | - |
| | Sanitation and environmental health services | 5,100,000 | - | 5,100,000 | - |
| | Human nutrition and dietetics | 2,400,000 | - | 2,400,000 | - |
| | HIV and AIDS management | 2,940,000 | - | 2,940,000 | - |
| | Disease surveillance | 20,050,000 | - | 20,050,000 | - |
| | Health promotion | 1,700,000 | - | 1,700,000 | - |
| | Family& reproductive health | 12,500,000 | - | 12,500,000 | - |
| | Non-communicable diseases (NCDs) | 1,560,000 | - | 1,560,000 | - |
| Curative, rehabilitative and referral services | Maternal child and adolescence health services | 2,400,000 | - | 2,400,000 | - |
| | Pharmaceutical and non-pharmaceutical commodities | 112,000,000 | - | 112,000,000 | - |
| | Malaria Control | 2,880,000 | - | 2,880,000 | - |
| External funding | Tuberculosis Control | 2,200,000 | - | 2,200,000 | - |
| | Donor funds | 19,438,750 | - | 19,438,750 | - |
| Pending bills | Conditional grants | 193,557,872 | - | 193,557,872 | - |
| | Pending bills | 38,092,938 | - | 38,092,938 | - |
| | Sub-total | 735,793,038 | - | 735,793,038 | - |
| Lands, Housing and Physical Planning | | | | | - |
| Land resources development and management services | Land survey and mapping services | - | - | - | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|--|--|-----------------------------------|-----------------------------------|----------------------------|---------------------------|
| General administration planning and support services | Administration support services | 190,475,016 | 7,925,007 | 182,550,009 | 4.2 |
| General administration planning and support services | Administration support services | 52,500,000 | 1,329,106 | 51,170,894 | 2.5 |
| Migori municipality | Administrative support services | 9,000,000 | - | 9,000,000 | - |
| Rongo municipality | Administrative support services | 9,000,000 | - | 9,000,000 | - |
| Awendo municipality | Administrative support services | 9,000,000 | - | 9,000,000 | - |
| Kehancha municipality | Administrative support services | 10,000,000 | - | 10,000,000 | - |
| | Sub-total | 279,975,016 | 9,254,113 | 270,720,903 | 3.3 |
| Public Service Management | | | | | - |
| Human capital management and development | Human capital strategy | 5,020,000 | - | 5,020,000 | - |
| Pending bills | Pending bills | 80,000,000 | - | 80,000,000 | - |
| Sub County administration services | Devolved units development services | 14,150,000 | - | 14,150,000 | - |
| General administration and support services | General administration and support services | 493,266,920 | 47,999,692 | 445,267,228 | 9.7 |
| County security and compliance enforcement services | Support and administration services | 40,450,000 | 625,820 | 39,824,180 | 1.5 |
| Human capital management and development | Information and records management | 2,900,000 | - | 2,900,000 | - |
| Human capital management and development (Public service board) | Human capital strategy | 27,700,000 | 308,000 | 27,392,000 | 1.1 |
| | Public service board services | 21,500,000 | 595,000 | 20,905,000 | 2.8 |
| Human capital management and development | Information and records management | 2,800,000 | - | 2,800,000 | - |
| General administration and support services | General administration services | 65,500,000 | 4,670,214 | 60,829,786 | 7.1 |
| General administration and support services (Information communication technology) | General administration and support services | 18,500,000 | - | 18,500,000 | - |
| Information communication and technology development | ICT infrastructure and connectivity | 40,000,000 | - | 40,000,000 | - |
| | E-governance and ICT capacity training | 6,500,000 | - | 6,500,000 | - |
| | Sub-total | 818,286,920 | 54,198,726 | 764,088,194 | 6.6 |
| Roads, Transport and Public Works | | | | | - |
| Road development, maintenance and management | Road network improvement | 950,648,991 | 188,000 | 39,812,000 | 0.0 |
| | Mechanization services | 37,120,000 | - | 37,120,000 | - |
| Policy, general administration, planning and support service | General administration, planning and support service | 90,974,494 | 8,467,671 | 82,506,823 | 9.3 |
| | Sub-total | 1,078,743,485 | 8,655,671 | 1,070,087,814 | 0.8 |
| Trade Tourism and Cooperative Development | | | | | - |
| Trade and markets promotion and development | Trade development and promotion of SMEs services | 2,820,000 | - | 2,820,000 | - |
| Policy, planning and administrative support | Administrative support | 184,319,025 | 8,389,942 | 175,929,083 | 4.6 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs) | Absorption (%) |
|---|--|------------------------|------------------------|----------------------|----------------|
| Industrial development and investment services | Industrial parks and infrastructure development | 2,088,000 | - | 2,088,000 | - |
| Cooperative development services | Cooperative development services and promotion | 2,520,000 | - | 2,520,000 | - |
| | Cooperative oversight and compliance | 1,416,000 | - | 1,416,000 | - |
| Tourism development | Tourism promotion, investment and marketing | 2,391,890 | - | 2,391,890 | - |
| Trade and markets promotion and development | Metrological laboratory services | 3,060,000 | - | 3,060,000 | - |
| Alcoholic drinks and drug abuse control | Liquor licensing | 3,720,000 | - | 3,720,000 | - |
| | Sub-total | 202,334,915 | 8,389,942 | 193,944,973 | 4.1 |
| Water and Energy | | | | | - |
| Policy, general administration, and support services | Policies and legal framework | 432,000 | - | 432,000 | - |
| Water supply and management services | Urban water supply and sewerage | 329,167,035 | - | 329,167,035 | - |
| General administration, planning and support services | General administration, policies and legal framework | 63,272,276 | 3,211,180 | 60,061,096 | 5.1 |
| | Sub-total | 392,871,311 | 3,211,180 | 389,660,131 | 0.8 |
| Grand Total | | 8,829,409,564 | 582,774,869 | 8,246,634,695 | 6.6 |

Source: Migori County Treasury

Programmes with high levels of implementation based on absorption rates were: education support services in the Department of Education, Gender, Sports, Youth Development and Culture at 95.2 per cent, Youth development and empowerment in the Department of Education, Gender, Sports, Youth Development and Culture at 40 per cent, planning and administration support services in the Department of Medical services at 21.9 per cent of budget allocation.

3.28.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. Low absorption of development funds as there was no reported expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.85 billion.
3. The delay in approving the budget on time by the County Assembly may have affected budget absorption.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should ensure the budget is approved on time in line with Section 131 of the PFM Act, 2012.*

3.29 County Government of Mombasa

3.29.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.50 billion, comprising Kshs.5.18 billion (35.7 per cent) and Kshs.9.31 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.57 billion (52.2 per cent) as the equitable share of revenue raised nationally and generate Kshs.4.97 billion (34.3 per cent) from its sources of revenue. The County also expects to receive Kshs.1.97 billion (13.6 per cent) as conditional grants, which consists of Kshs.156.63 million for Kenya Devolution Support Program II, Kshs.221.68 million for Fuel Levy Fund, Kshs.23.50 million for Agricultural Sector

Program II, Kshs.18.91 million for Youth Polytechnic grant, Kshs.23.39 million for User Fees Forgone, Kshs.388.44 million for level 5 Hospital grant, Kshs.18.13 million for Transformation Health Services Care Project, Kshs.300.0 million for Kenya Informal Settlement Improvement Project and Kshs.800.0 for Water and Sanitation Development Project.

3.29.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.25 billion as the equitable share of the revenue raised nationally, raised Kshs.773.82 million as own-source revenue, and had a cash balance of Kshs.681.56 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.70 billion, as shown in Table 3.120.

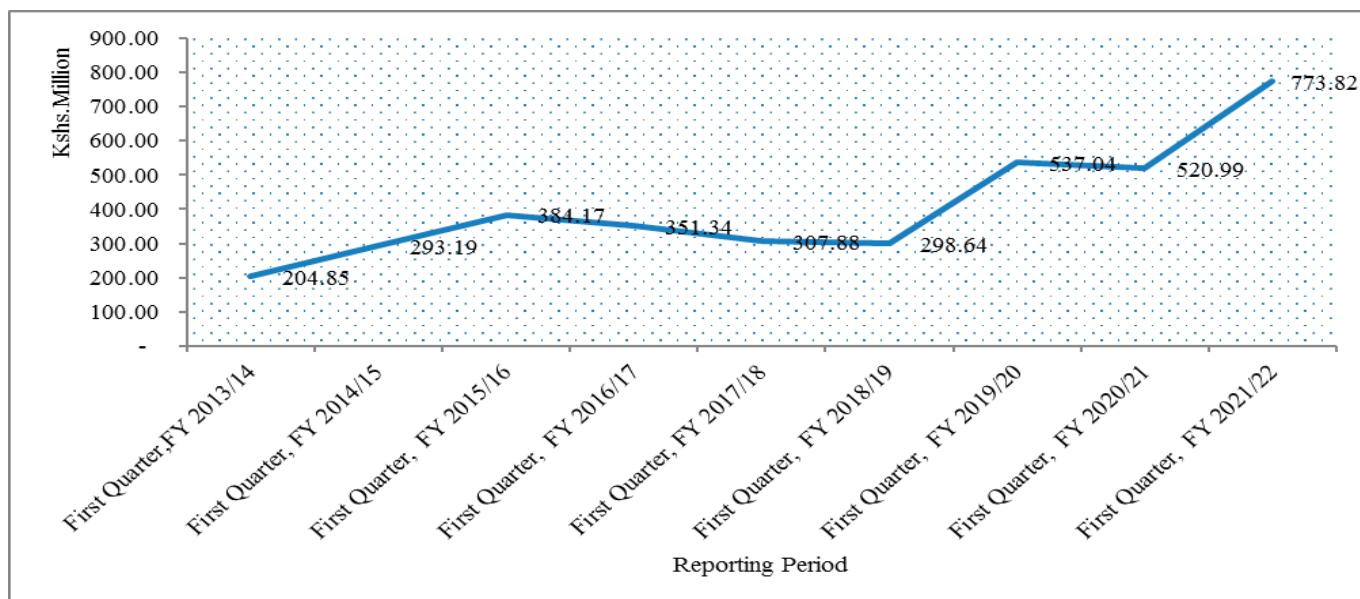
Table 3.120: Mombasa County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 7,567,354,061 | 1,248,613,420 | 16.5 |
| | Sub Total | 7,567,354,061 | 1,248,613,419 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 4,966,330,107 | 773,822,516 | 15.6 |
| 2 | Balance b/f from FY 2020/21 | - | 681,555,485 | - |
| 3 | Conditional Grants | 1,966,315,832 | - | - |
| | Sub Total | 6,932,645,939 | 1,455,378,000 | 21 |
| | Grand Total | 14,500,000,000 | 2,703,991,420 | 18.6 |

Source: Mombasa County Treasury

Figure 3.56 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.56: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Mombasa County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.773.82 million as own-source revenue. This amount represented an increase of 48.5 per cent compared to Kshs.520.99 million realised during a similar period in the first quarter of FY 2020/21 and was 15.6 per cent of the annual target. The increase in revenue collection may be due to the automation of revenue collection and adoption of the revised valuation roll rates in the Mombasa County Finance Act.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.795.10 million from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.29.4 Overall Expenditure Review

The County spent Kshs.587.57 million on recurrent programmes during the reporting period, representing 6.3 per cent of the annual recurrent expenditure budget.

3.29.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.4.47 billion. At the beginning of FY 2021/22, the County prepared a payment plan to settle Kshs.451.0 million of the outstanding pending bills. During the period under review, Kshs.41 million was paid towards recurrent pending bills.

3.29.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.530.20 million was spent on employee compensation, and Kshs.57.37 million on operations and maintenance, as shown in Table 3.121.

Table 3.121: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|--------------------|--------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 8,538,245,559 | 779,254,392 | 535,333,687 | 52,233,462 | 6.3 | 6.7 |
| Compensation to Employees | 4,945,936,362 | 393,619,597 | 509,485,690 | 20,713,170 | 10.3 | 5.3 |
| Operations and Maintenance | 3,592,309,197 | 385,634,795 | 25,847,997 | 31,520,292 | 0.7 | 8.2 |
| Development Expenditure | 4,982,500,049 | 200,000,000 | - | - | - | - |
| Total | 13,520,745,608 | 979,254,392 | 535,333,687 | 52,233,462 | 4.0 | 5.3 |

Source: Mombasa County Treasury

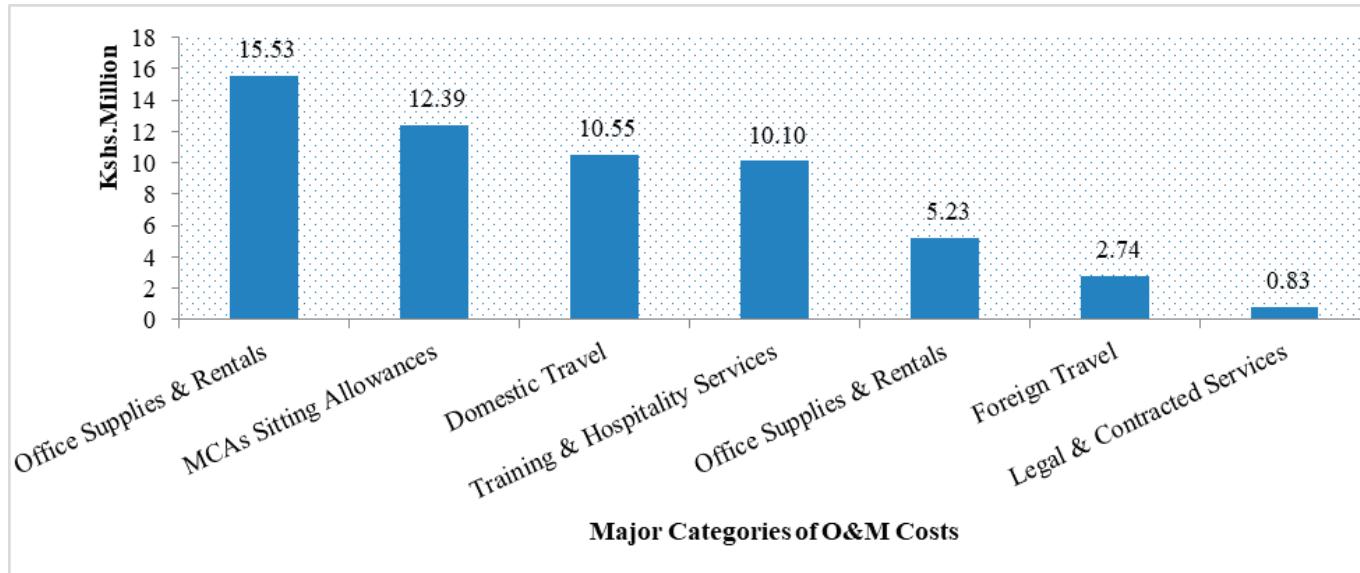
3.29.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 90.2 per cent of the total expenditure for the reporting period and 14.6 per cent of the first quarter proportional revenue of Kshs.3.63 billion.

3.29.8 Expenditure on Operations and Maintenance

Figure 3.57 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.57: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

The County spent Kshs.12.39 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.40.0 million. The average monthly sitting allowance was Kshs.96,036 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.10.55 million and comprised Kshs.9.31 million spent by the County Assembly and Kshs.1.24 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.74 million by the County Assembly.

3.29.9 Development Expenditure

The County did not report any expenditure on development programmes.

3.29.10 Budget Performance by Department

Table 3.122 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.122: Mombasa County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|----------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Executive | 356.49 | 30.00 | - | - | - | - | - | - | - | - |
| Public Service Board | 130.00 | 20.00 | - | - | 6.64 | - | - | - | 5.1 | - |
| Finance & Economic Planning | 634.13 | 326.50 | 22.35 | - | 33.38 | - | 149.4 | - | 5.3 | - |
| Environment, Waste Management and Energy | 612.00 | 305.00 | 116.58 | - | 35.47 | - | 30.4 | - | 5.8 | - |
| Education, Information Technology & MV 2035 | 596.00 | 431.00 | 38.49 | - | 27.84 | - | 72.3 | - | 4.7 | - |
| Health Services | 3,271.79 | 370.00 | 344.36 | - | 259.51 | - | 75.4 | - | 7.9 | - |
| Water, Sanitation & Natural Resources | 130.00 | 1,100.00 | - | - | 3.25 | - | - | - | 2.5 | - |
| Youth, Gender, Sports and Cultural Affairs | 400.00 | 500.00 | - | - | 10.77 | - | - | - | 2.7 | - |
| Trade, Tourism & Investment | 445.16 | 400.00 | 87.91 | - | 37.45 | - | 42.6 | - | 8.4 | - |
| Land, Planning, Housing and Urban Renewal | 273.00 | 480.00 | - | - | 12.44 | - | - | - | 4.6 | - |
| Transport, Infrastructure & Public Works | 510.00 | 680.00 | 36.86 | - | 26.95 | - | 73.1 | - | 5.3 | - |
| Agriculture, Fisheries, Livestock and Co-operatives | 273.50 | 230.00 | - | - | 13.43 | - | - | - | 4.9 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|--------------------------------------|-----------------|--|----------|--------------------------------|----------|---|----------|------------------------|----------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Devolution & Public Service Administration | 906.18 | 110.00 | 94.55 | - | 68.20 | - | 72.1 | - | 7.5 | - |
| County Assembly | 779.25 | 200.00 | 54.00 | - | 52.23 | - | 96.7 | - | 6.7 | - |
| Total | 9,317.50 | 5,182.50 | 795.11 | - | 587.57 | - | 73.9 | - | 6.3 | - |

Source: Mombasa County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Tourism and Investment had the highest percentage of recurrent expenditure to budget at 8.4 per cent while the Department of County Executive did not report any expenditure during the period under review.

3.29.11 Budget Execution by Programmes and Sub-Programmes

Table 3.123 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.123: Mombasa County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Pay- ments (Ksh) | Variance (Kshs) | Absorption Rates (%) |
|---|---|--------------------------|----------------------------|-----------------|-------------------------|
| 3011 The Executive | Governor's Affairs & Advisory Services | 161,624,673 | 0 | 161,624,673 | 0.0% |
| | Deputy Governor's Affairs & External Relations | 61,274,828 | 0 | 61,274,828 | 0.0% |
| | Cabinet Affairs, Policy Research and Legal Services | 107,875,327 | 0 | 107,875,327 | 0.0% |
| | MV 2035 & E-Government | 37,000,000 | 0 | 37,000,000 | 0.0% |
| | Strategic Delivery Unit | 17,716,961 | 0 | 17,716,961 | 0.0% |
| 3013 County Public Service Board | Administration Unit | 150,000,000 | 6,636,448 | 143,363,552 | 4.4% |
| 3014 Finance and Economic Planning | Administration Unit | 849,967,947 | 33,382,956 | 816,584,990 | 3.9% |
| | Accounting Unit | 52,650,000 | 0 | 52,650,000 | 0.0% |
| | Planning and Monitoring Unit | 58,010,653 | 0 | 58,010,653 | 0.0% |
| 3015 Energy, Environment & Waste Management | Administration, Planning and Support Services | 566,234,748 | 35,466,742 | 530,768,006 | 6.3% |
| | Waste Management | 93,327,252 | 0 | 93,327,252 | 0.0% |
| | Environmental Compliance and Monitoring | 126,960,000 | 0 | 126,960,000 | 0.0% |
| | Climate Change | 55,239,000 | 0 | 55,239,000 | 0.0% |
| | Energy | 75,239,000 | 0 | 75,239,000 | 0.0% |
| 3016 Education, Information Technology & MV 2035 | General Administration, Planning and Support Services | 483,739,474 | 27,840,064 | 455,899,410 | 5.8% |
| | Education headquarters | 189,211,170 | 0 | 189,211,170 | 0.0% |
| | Childcare | 8,500,000 | 0 | 8,500,000 | 0.0% |
| | Elimu Fund | 161,890,000 | 0 | 161,890,000 | 0.0% |
| | Information Technology Headquarters | 183,659,356 | 0 | 183,659,356 | 0.0% |
| 3017 Health Services | Administration Unit | 2,833,061,316 | 259,511,008 | 2,573,550,308 | 9.2% |
| | Curative/Clinical Health Services | 158,249,239 | 0 | 158,249,239 | 0.0% |
| | Preventive and Promotive Services Unit | 582,354,159 | 0 | 582,354,159 | 0.0% |
| | Special Programs | 68,123,140 | 0 | 68,123,140 | 0.0% |
| 3018 Water, Sanitation, and Natural Resources | Administration unit | 917,570,000 | 3,254,479 | 914,315,521 | 0.4% |
| | Sanitation/Sewerage Services Headquarters | 57,750,000 | 0 | 57,750,000 | 0.0% |
| | Water Supply Headquarters | 170,450,000 | 0 | 170,450,000 | 0.0% |
| | Natural Resources | 84,230,000 | 0 | 84,230,000 | 0.0% |

| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Pay-ments (Ksh) | Variance (Kshs) | Absorption Rates (%) |
|---|---|-----------------------|------------------------|-----------------------|----------------------|
| 3019 Youth, Gender , Sports and Cultural Affairs | Administration Unit | 228,620,000 | 10,771,840 | 217,848,160 | 4.7% |
| | Youth Empowerment | 95,480,000 | 0 | 95,480,000 | 0.0% |
| | Gender Affairs and Disability Main-streaming | 35,000,000 | 0 | 35,000,000 | 0.0% |
| | Sports development | 0 | 0 | 0 | 0.0% |
| | Cultural Affairs | 510,000,000 | 0 | 510,000,000 | 0.0% |
| | Public Recreation and Entertainment | 30,900,000 | 0 | 30,900,000 | 0.0% |
| 3020 Trade,Tourism, and Investment | Administration Unit | 327,085,886 | 37,452,254 | 289,633,633 | 11.5% |
| | Trade Development | 163,787,810 | 0 | 163,787,810 | 0.0% |
| | Development of Tourism | 92,101,997 | 0 | 92,101,997 | 0.0% |
| | Investment Promotion and Products Headquarters | 189,080,000 | 0 | 189,080,000 | 0.0% |
| | Development of County Industrial Parks | 0 | 0 | 0 | 0.0% |
| | Ease of Doing Business-Headquarters | 73,105,082 | 0 | 73,105,082 | 0.0% |
| 3021 Lands, Housing and Physical Planning | Administration Unit | 219,083,825 | 12,442,909 | 206,640,917 | 5.7% |
| | Physical planning | 170,000,000 | 0 | 170,000,000 | 0.0% |
| | Land Management Unit | 23,566,175 | 0 | 23,566,175 | 0.0% |
| | Housing Development Unit | 308,000,000 | 0 | 308,000,000 | 0.0% |
| | Urban Renewal | 32,350,000 | 0 | 32,350,000 | 0.0% |
| 3022 Transport, Infrastructure, and Public Works | Administration Unit | 347,494,701 | 26,950,860 | 320,543,841 | 7.8% |
| | Road and Transport Unit | 576,400,000 | 0 | 576,400,000 | 0.0% |
| | Works Unit | 40,780,299 | 0 | 40,780,299 | 0.0% |
| | Transport Planning, Management and Safety | 19,750,000 | 0 | 19,750,000 | 0.0% |
| | Mechanical Services | 69,375,000 | 0 | 69,375,000 | 0.0% |
| | Safety, Risk Management and Rescue Services | 136,200,000 | 0 | 136,200,000 | 0.0% |
| 3023 Agriculture, Fisheries, Livestock and Co-operatives | Administration Unit-Headquarters | 169,219,199 | 13,427,718 | 155,791,481 | 7.9% |
| | Crop Management Unit | 110,398,491 | 0 | 110,398,491 | 0.0% |
| | Livestock Unit | 72,656,206 | 0 | 72,656,206 | 0.0% |
| | Fisheries Unit-Headquarters | 71,699,045 | 0 | 71,699,045 | 0.0% |
| | Veterinary Services | 53,414,916 | 0 | 53,414,916 | 0.0% |
| | Cooperatives | 26,112,093 | 0 | 26,112,093 | 0.0% |
| 3026 Devolution and Public Service Administration | Administration | 744,058,253 | 68,196,411 | 675,861,842 | 9.2% |
| | Devolution and public service adminis-tration | 73,909,194 | 0 | 73,909,194 | 0.0% |
| | Public Service Reforms and Delivery | 21,636,398 | 0 | 21,636,398 | 0.0% |
| | Compliance and Enforcement | 68,600,000 | 0 | 68,600,000 | 0.0% |
| | County Administration and decentral-ized services | 107,972,796 | 0 | 107,972,796 | 0.0% |
| 3012 County Assembly | Human Resources Management | 850,584,072 | 52,233,462 | 798,350,610 | 6.1% |
| | Legal Services | 129,670,321 | 0 | 129,670,321 | 0.0% |
| Grand Total | | 14,500,000,000 | 587,567,149 | 13,912,432,851 | 4.1% |

Source: Mombasa County Treasury

Programmes with high levels of implementation based on absorption rates were: Departments administration subprograms in the Department of Trade, Tourism and Investment at 11.5 per cent, in the Department of Devolution and Public Service at 9.2 per cent and Department of Agriculture, Fisheries Livestock and Cooperatives at 7.9 per cent of budget allocation.

3.29.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Failure to implement the development budget during the reported period of the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.5.18 billion.
2. High outstanding pending bills accumulated to Kshs.4.47 billion as of 30th June 2021. The County failed to provide a payment plan to ensure the outstanding pending bills are settled in the financial year.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County is advised to prepare a pending bills payment plan and ensure all pending bills are fully settled in the current financial year.*

3.30 County Government of Murang'a

3.30.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.66 billion, comprising Kshs.3.41 billion (32.0 per cent) and Kshs.7.25 billion (68.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.18 billion (67.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.1.5 billion (14.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.04 billion (9.8 per cent) from FY 2020/21. The County also expects to receive Kshs.937.29 million (8.8 per cent) as conditional grants that consist of Kshs.335.68 million for National Agricultural and Rural Inclusive Growth Project (NAGRIP), DANIDA grant amounting to Kshs.13.95 million, Transforming Health Systems for Universal care grant amounting to Kshs.81.80 million, Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG) amounting to Kshs.62.44 million, Agricultural Sector Deepening Support Program amounting to Kshs.23.49 million, Kshs.153.29 million for Leasing of Medical Equipment's, Kenya Devolution Support Program - Level 1 Grant amounting to Kshs.60 million.

3.30.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs1.18 billion as the equitable share of the revenue raised nationally, raised Kshs.92.77 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.32 billion, as shown in Table 3.124.

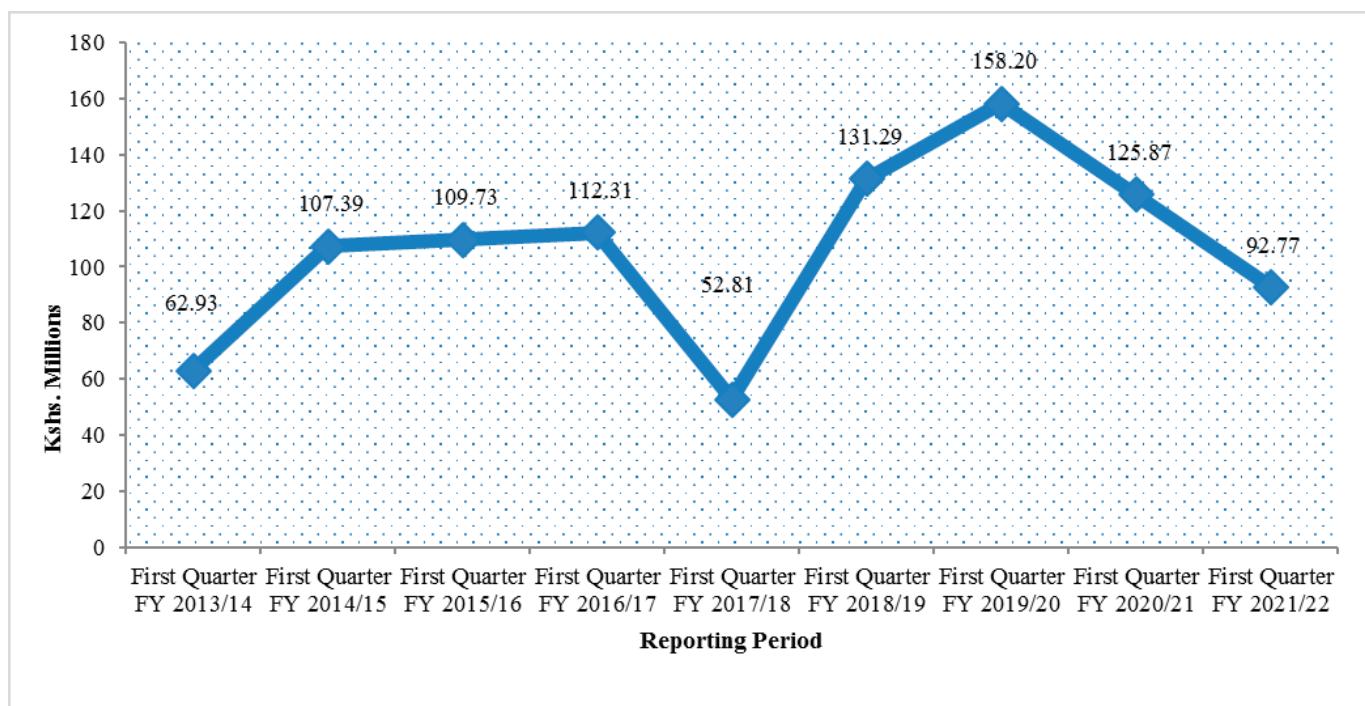
Table 3.124: Murang'a County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|--------------------|--|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 7,180,155,855 | 1,184,725,717 | 16.5 |
| Sub Total | | 7,180,155,855 | 1,184,725,717 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 1,500,000,000 | 92,769,799 | 6.2 |
| 2. | Balance b/f from FY 2020/21 | 1,039,222,750 | 1,039,222,750 | 100.0 |
| 3. | Other Revenues | 937,292,640 | - | - |
| Sub Total | | 3,476,515,390 | 1,131,992,549 | 32.6 |
| Grand Total | | 10,656,671,245 | 2,316,718,266 | 21.7 |

Source: Murang'a County Treasury.

Figure 3.58 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.58: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Murang'a County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.92.77 million as own-source revenue. This amount represented a decrease of 26.3 per cent compared to Kshs.125.87 million realised during a similar period in the first quarter of FY 2020/21 and was 6.2 per cent of the annual target. The poor performance in own-source revenue may be primarily attributed to COVID -19 effects and unrealistic revenue targeting.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.02 billion from the CRF account during the reporting period. The amount comprised of Kshs.394.42 million (19.5 per cent) for development programmes and Kshs.1.63 billion (80.5 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

The County spent Kshs.1.06 billion on development and recurrent programmes during the reporting period. This expenditure represented 52.3 per cent of the total funds released by the CoB and comprised of Kshs.202.42 million and Kshs.855 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5.9 per cent, while recurrent expenditure represented 11.8 per cent of the annual recurrent expenditure budget.

3.30.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.89 billion and comprised of Kshs.510.38 million for recurrent expenditure and Kshs.1.38 billion for development expenditure. At the beginning of the FY 2021/22, the County has prepared a payment plan to settle the entire bills in the 2021-2022 and 2022-2023 financial years.

During the period under review, Kshs.248.04 million was paid towards pending bills, consisting of Kshs.192.84 million for recurrent expenditure and Kshs.55.20 million for development programmes.

3.30.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.583.87 million was spent on employee compensation, Kshs.271.13 million on operations and maintenance, and Kshs.202.42 million on development activities, as shown in Table 3.125.

Table 3.125: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | | Expenditure (Kshs.) | | | Absorption (%) | |
|-----------------------------|----------------------|----------------------|--------------------|---------------------|-----------------|------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Executive | County Assembly | County Executive | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,264,078,854 | 981,743,240 | 748,021,634 | 106,985,961 | - | 11.9 | 10.9 | |
| Compensation to Employees | 3,737,443,517 | 332,200,000 | 544,192,575 | 39,682,797 | - | 14.6 | 11.9 | |
| Operations and Maintenance | 2,526,635,337 | 649,543,240 | 203,829,059 | 67,303,164 | - | 8.1 | 10.4 | |
| Development Expenditure | 3,321,285,377 | 89,563,774 | 202,415,546 | - | - | 6.1 | - | |
| Total | 9,585,364,231 | 1,071,307,014 | 950,437,180 | 106,985,961 | - | 9.9 | 10.0 | |

Source: Murang'a County Treasury

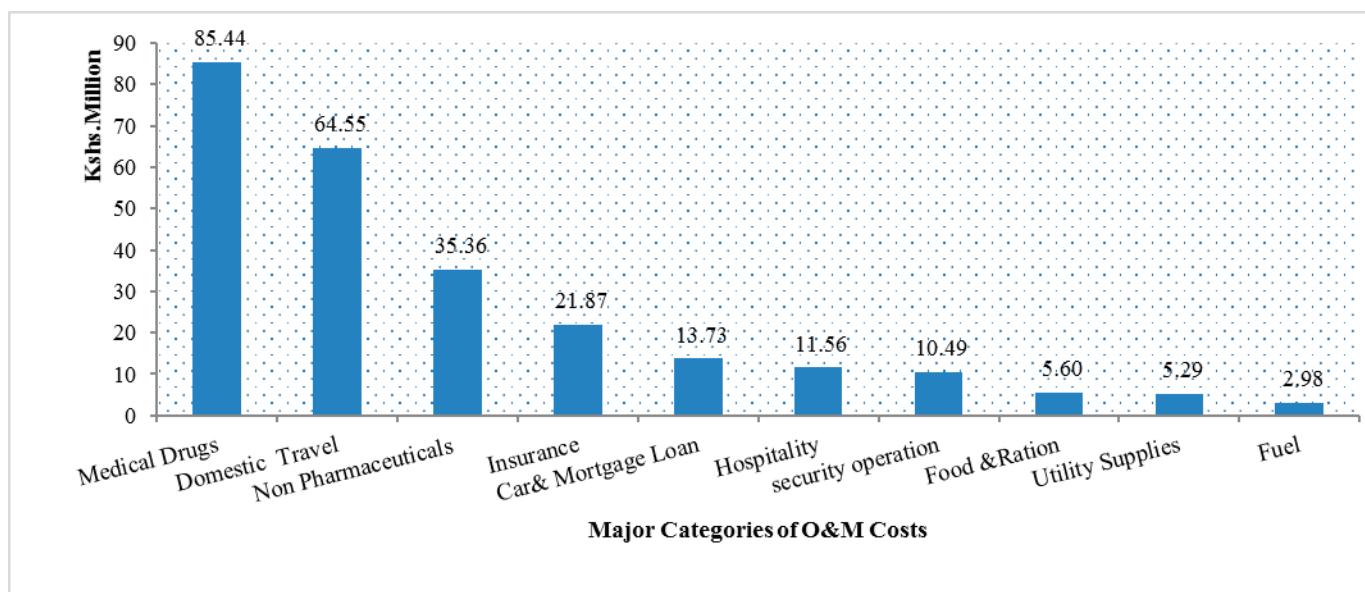
3.30.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 55.2 per cent of the total expenditure for the reporting period and 21.9 per cent of the first quarter proportional revenue of Kshs.2.66 billion.

3.30.8 Expenditure on Operations and Maintenance

Figure 3.59 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.59: Murang'a County, Operations and Maintenance Expenditure by Major Categories



Source: Murang'a County Treasury

The County spent Kshs.2.94 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.7.2 million. The average monthly sitting allowance was Kshs.18,177 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.64.55 million and comprised Kshs.43.91 million spent by the County Assembly and Kshs.20.64 million by the County Executive. Expenditure on foreign travel amounted to Kshs.440,791 paid entirely by the County Assembly.

3.30.9 Development Expenditure

The County incurred an expenditure of Kshs.202.42 million on development programmes, which represented a decrease of 52.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.426.68 million. Table 3.126 summarises development projects with the highest expenditure in the reporting period.

Table 3.126: Murang'a County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name/Description | Project Location | Contract Sum (Kshs.) | Payments to Date (Kshs.) | Absorption Rate (%) |
|-------|---|----------------------------|----------------------|--------------------------|---------------------|
| 1 | Supply of ICU Equipment | Murang'a Level 5 Hospital | 52,500,000 | 52,500,000 | 100 |
| 2 | Milk Support for Murang'a Cooperative Creameries | Murang'a Coop Creameries | 14,301,016 | 14,301,016 | 100 |
| 3 | Supply of Sports Items | Countywide | 6,456,475 | 6,456,475 | 100 |
| 4 | Drilling and Equipping Gikindu Comm Borehole | K a m a c h a r i a Ward | 4,486,452 | 4,486,452 | 100 |
| 5 | Supply of Avocado Grading Rings | Countywide | 3,900,350 | 3,900,350 | 100 |
| 6 | Supply and Installation of UPVC Pipes-Githuri Water Project | Githuri Water project. | 3,788,781 | 3,788,781 | 100 |
| 7 | Spot Improvement Works ff Small Earth Access Road | Small Earth | 3,734,639 | 3,734,639 | 100 |
| 8 | Grading Works of Access Roads Methi Wem-pa | Kimorori Wem-pa | 3,680,316 | 3,680,316 | 100 |
| 9 | Grading of Access Road Mbiri Ward | Mbiri Ward | 3,622,152 | 3,622,152 | 100 |
| 10 | Construction of Kibutha Dispensary | K a n y e n y a i n i Ward | 3,451,579 | 3,451,579 | 100 |

Source: Murang'a County Treasury

3.30.10 Budget Performance by Department

Table 3.127 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.127: Murang'a County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|--------|----------------------------------|--------|-----------------------------|-------|-------------------------------------|-------|---------------------|------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Governorship, County Coordination and Administration | 285.36 | 25 | 113.71 | - | 14.58 | - | 12.8 | - | 5.1 | - |
| Finance, Information Technology and Economic Plan. | 450.83 | 38 | 139.89 | - | 38.4 | - | 27.5 | - | 8.5 | - |
| Agriculture, Livestock and Fisheries | 266.44 | 996.71 | 45.97 | 68.57 | 0.43 | 15.4 | 0.9 | 22.5 | 0.2 | 1.5 |
| Energy Transport and Roads | 27.42 | 873 | 2.18 | 78.3 | 1.84 | 46.34 | 84.4 | 59.2 | 6.7 | 5.3 |
| Commerce, Trade, Industry, and Tourism | 39.26 | 493.89 | 4.34 | 69.15 | 2.4 | 30.61 | 55.3 | 44.3 | 6.1 | 6.2 |
| Health and Sanitation | 3,666.99 | 511.37 | 842.59 | 117.23 | 654.07 | 79.88 | 77.6 | 68.1 | 17.8 | 15.6 |
| Lands, Housing & Physical Planning | 43.74 | 11 | 1.29 | - | - | - | - | - | - | - |
| Education & Technical Training | 509.76 | 27 | 100.56 | 6.07 | 9.5 | 7.27 | 9.4 | 119.8 | 1.9 | 26.9 |
| Public Service Adm. | 661.46 | - | 225.56 | - | 20 | - | 8.9 | - | 3.0 | - |
| Youth, Culture, Gender, Social Services & Special Programs | 107.44 | 100 | 16.4 | 9.41 | 1.45 | 7.08 | 8.8 | 75.2 | 1.3 | 7.1 |
| Environment & Natural Resources | 19.24 | 33 | 0.71 | 3.72 | 0.78 | - | 109.9 | - | 4.1 | - |
| County Public Service Board | 67.32 | - | 2.94 | - | - | - | - | - | - | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|-----------------------|-----------------------------------|-----------------|----------------------------------|---------------|-----------------------------|---------------|-------------------------------------|-------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Water & Irrigation | 54.72 | 65 | 3.61 | 16.48 | - | 15.84 | - | 96.1 | - | 24.4 |
| Murang'a Municipality | 64.1 | 147.32 | 7.1 | 25.5 | 4.57 | - | 64.4 | - | 7.1 | - |
| County Assembly | 981.74 | 89.56 | 120 | - | 106.98 | - | 89.2 | - | 10.9 | - |
| Total | 7,245.82 | 3,410.85 | 1,626.85 | 394.43 | 855 | 202.42 | 52.6 | 51.3 | 11.8 | 5.9 |

Source: Murang'a County Treasury

Analysis of expenditure by the departments shows that the Department of Education & Technical Training recorded the highest absorption rate of development budget at 26.9 per cent while the Department of Environment & Natural Resources, County Assembly, Murang'a Municipality, Finance, Information Technology, and Economic Plan, and Governorship, County Coordination and Administration did not report any expenditure on development activities. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 17.8 per cent.

3.30.11 Budget Execution by Programmes and Sub-Programmes

Table 3.128 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.128: Murang'a County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--|--|-------------------------|-------------------------|--------------------|----------------|
| Governorship, County Coordination, and Administration | | | | | |
| Project Co-ordination and Monitoring | Project Co-ordination and Monitoring | 4,500,000 | 0 | 4,500,000 | - |
| Office Administration and support Services | Public Participation | 9,160,000 | 1,071,750 | 8,088,250 | 11.70 |
| General Administration Planning and support Services | General Administration Planning and support Services | 268,600,810 | 11,931,315 | 240,366,528 | 4.44 |
| Audit Services | Audit Services | 11,046,700 | 451,515 | 10,595,185 | 4.09 |
| Disaster Fund Management | Disaster Fund Management | 17,055,000 | 1,120,000 | 15,935,000 | 6.57 |
| | Sub total | 310,362,510 | 14,574,580 | 279,484,963 | 4.70 |
| Finance, IT and Economic Planning | | | | | |
| Information Communication and Technology | Information Communication and Technology | 5,000,000 | 733,438 | 4,266,562 | 14.67 |
| Local Revenue Mobilisation | Local Revenue Mobilisation | 27,300,000 | 1,789,550 | 25,510,450 | 6.56 |
| Economic Planning and CIDP Review | Economic Planning and CIDP Review | 14,500,000 | 1,306,000 | 13,194,000 | 9.01 |
| Public Participation | Public Participation | 11,500,000 | 4,305,396 | 7,194,604 | 37.44 |
| General Administration Planning and support Services | General Administration Planning and support Services | 417,530,060 | 30,074,056 | 387,456,004 | 7.20 |
| Corporate Governance | Corporate Governance | 4,900,000 | 76,000 | 4,824,000 | 1.55 |
| Budget Implementation and Monitoring | Budget Implementation and Monitoring | 8,100,000 | 112,800 | 7,987,200 | 1.39 |
| | Sub total | 488,830,060 | 38,397,240 | 450,432,820 | 7.85 |
| Agriculture Livestock and Veterinary Services | | | | | |
| Land and Crops Development | Land and Crops Development | 250,186,766 | 30,800 | 250,155,966 | 0.01 |
| Promotion Food Security | Promotion Food Security | 3,500,000 | - | 3,500,000 | - |
| Promotion Food Security - DEV | Promotion Food Security - DEV | 856,607,759 | 6,710,677 | 849,897,082 | 0.78 |
| Capacity development, Mechanization, and Innovation | Capacity development, Mechanization, and Innovation | 3,500,000 | - | 3,500,000 | - |
| Promotion Food Security | Promotion Food Security | 6,000,000 | - | 6,000,000 | - |
| Value addition and marketing of fish products | Value addition and marketing of fish products | 2,700,000 | - | 2,700,000 | - |
| Local Poultry Development | Local Poultry Development | - | - | - | - |
| Veterinary Services DEV | Veterinary Services DEV | 134,100,000 | 8,690,000 | 125,410,000 | 6.48 |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--|--|------------------------------------|------------------------------------|-----------------------------|---------------------------|
| Veterinary Services - REC | Veterinary Services - REC | 5,000,000 | - | 5,000,000 | - |
| Livestock and Fisheries Development | Livestock and Fisheries Development | 1,550,000 | 400,000 | 1,150,000 | 25.81 |
| | Sub total | 1,263,144,525 | 15,831,477 | 1,247,313,048 | 1.25 |
| Energy, Transport, and Infrastructure | | | | | |
| Construction of Roads and Bridges | Construction of Roads and Bridges | 27,418,911 | 1,838,000 | 25,580,911 | 6.70 |
| Infrastructure Devt | Infrastructure Devt | 873,000,000 | 46,335,130 | 826,664,870 | 5.31 |
| | Sub total | 900,418,911 | 48,173,130 | 852,245,781 | 5.35 |
| Commerce, Trade, Industry, and Tourism | | | | | |
| Domestic Trade Development REC | Domestic Trade Development REC | 39,261,000 | 2,395,800 | 36,865,200 | 6.10 |
| Domestic Trade Development DEV | Domestic Trade Development DEV | 493,890,269 | 30,613,571 | 463,276,698 | 6.20 |
| | Sub total | 533,151,269 | 33,009,371 | 500,141,898 | 6.19 |
| Education and Technical Training | | | | | |
| Curriculum Implementation | Curriculum Implementation | 11,000,000 | 1,222,106 | 9,777,894 | 11.11 |
| Revitalisation of Youth Polytechnics REC | Revitalisation of Youth Polytechnics REC | 36,000,000 | 270,000 | 35,730,000 | 0.75 |
| Revitalisation of Youth Polytechnics DEV | Revitalisation of Youth Polytechnics DEV | 27,000,000 | 7,270,029 | 19,729,971 | 26.93 |
| Early Child Development and Education | Early Child Development and Education | 313,756,877 | 6,515,642 | 307,241,235 | 2.08 |
| Motivation of Primary and Secondary Schools | Motivation of Primary and Secondary Schools | 149,000,000 | 1,500,000 | 147,500,000 | 1.01 |
| | Sub total | 536,756,877 | 16,777,777 | 519,979,100 | 3.13 |
| Health and Sanitation | | | | | |
| Prevention Curriculum Development | Prevention Curriculum Development | 2,708,890,528 | 523,323,572 | 1,545,287,877 | 19.32 |
| Treatment Protocols and Service Provider | Treatment Protocols and Service Provider | 3,300,000 | 453,561 | 2,488,939 | 13.74 |
| Community Screening, Early Identification, and Interventions | Community Screening, Early Identification, and Interventions | 3,300,000 | 196,000 | 3,104,000 | 5.94 |
| Free Primary HealthCare REC | Free Primary HealthCare REC | 951,500,000 | 130,097,771 | 949,665,049 | 13.67 |
| Free Primary HealthCare DEV | Free Primary HealthCare DEV | 511,369,943 | 79,880,093 | 431,489,850 | 15.62 |
| | Sub total | 4,178,360,471 | 733,950,997 | 2,932,035,715 | 17.57 |
| Lands Housing and Urban Development | | | | | |
| Land Policy and Planning | Land Policy and Planning | 43,740,871 | - | 43,740,871 | - |
| Digital Mapping | Digital Mapping | 11,000,000 | - | 11,000,000 | - |
| | Sub total | 54,740,871 | - | 54,740,871 | - |
| Public Service | | | | | |
| General Administration Planning and support Services | General Administration Planning and support Services | 67,317,945 | - | 67,317,945 | - |
| | Sub total | 67,317,945 | - | 67,317,945 | - |
| Ministry of Youth, Culture and Social Service | | | | | |
| Social Welfare and Vocational Rehabilitations | Social Welfare and Vocational Rehabilitations | 78,699,377 | - | 78,699,377 | - |
| Development and Promotion of Culture - REC | Development and Promotion of Culture - REC | 28,738,652 | 1,454,500 | 27,284,152 | 5.06 |
| Development and Promotion of Culture - DEV | Development and Promotion of Culture - DEV | 100,000,000 | 7,077,597 | 92,922,404 | 7.08 |
| | Sub total | 207,438,029 | 8,532,097 | 198,905,933 | 4.11 |
| Ministry of Environment and Natural Resources | | | | | |
| Environmental Leadership and Governance | Environmental Leadership and Governance | 13,840,793 | 435,900 | 13,404,893 | 3.15 |
| Hazardous Waste | Hazardous Waste | 5,400,000 | 350,000 | 5,050,000 | 6.48 |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--|--|----------------------------|----------------------------|----------------------|-------------------|
| Environmental Management | Environmental Management | 33,000,000 | - | 33,000,000 | - |
| | Sub total | 52,240,793 | 785,900 | 51,454,893 | 1.50 |
| Public Service Board | | | | | |
| General Administration Planning and support Services | General Administration Planning and support Services | 661,462,989 | 20,000,000 | 641,462,989 | 3.02 |
| | Sub total | 661,462,989 | 20,000,000 | 641,462,989 | 3.02 |
| Water and Irrigation | | | | | |
| Promotion of Irrigation and Drainage, Development and Management | Promotion of Irrigation and Drainage, Development and Management | 1,300,000 | - | 1,300,000 | - |
| Water Supply Infrastructure - REC | Water Supply Infrastructure - REC | 53,418,686 | - | 53,418,686 | - |
| Water Supply Infrastructure - DEV | Water Supply Infrastructure - DEV | 65,000,000 | 15,838,450 | 49,161,550 | 24.37 |
| | Sub total | 119,718,686 | 15,838,450 | 103,880,236 | 13.23 |
| Municipality | | | | | |
| Policy Planning and General Administration Services | Policy Planning and General Administration Services | 2,000,000 | - | 2,000,000 | - |
| Urban Development and Support | Urban Development and Support | 139,717,406 | - | 139,717,406 | - |
| Local Revenue Mobilisation | Local Revenue Mobilisation | 5,600,000 | - | 5,600,000 | - |
| General Administration Planning and support Services | General Administration Planning and support Services | 64,102,889 | 4,566,163 | 64,102,889 | 7.12 |
| | Sub total | 211,420,295 | 4,566,163 | 211,420,295 | 2.16 |
| County Assembly | | | | | |
| Legislation and representation | Legislation and representation | 386,900,000 | 56,437,922 | 330,462,078 | 14.59 |
| Oversight | Oversight | 321,850,000 | 24,216,070 | 297,633,930 | 7.52 |
| Administration planning and support | Administration planning and support | 362,557,016 | 26,331,969 | 336,225,047 | 7.26 |
| | Sub total | 1,071,307,016 | 106,985,961 | 964,321,055 | 9.99 |
| | Grand Total | 10,656,671,247 | 1,057,423,142 | 9,075,137,542 | 9.92 |

Source: Murang'a County Treasury

Programmes with high levels of implementation based on absorption rates were: Public Participation in the Department of Finance, IT and Economic Planning at 37.2 per cent, Revitalisation of Youth Polytechnics Development in the Department of Education and Technical Training at 26.9 per cent, Livestock and Fisheries Development in the Department of Agriculture Livestock and Veterinary Services at 25.9 per cent, and Water Supply Infrastructure Development at 24.4 per cent of budget allocation.

3.30.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The underperformance of own-source revenue at Kshs.92.77 million against an annual projection of Kshs.1.5 billion, representing 6.2 per cent of the annual target.
3. High pending bills amounting to Kshs.1.65 billion. This amount included tax arrears and statutory staff deductions.
4. The County Treasury has weak budgeting and implementation practices as they do not undertake IFMIS vote book reconciliations. The County incurred expenditures in areas where funds had not been approved by the Controller of Budget, as shown in Table 3.127.

The County should implement the following recommendations to improve budget execution;

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should address its revenue performance to ensure the approved budget is fully financed.
3. Pending bills should be the first charge in the FY 2021/22 budget. Accordingly, the County should have clear budget lines to pay all pending bills in FY 2021-22. The County should also develop a payment plan to settle all pending bills within FY 2021-22.
4. The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget and exchequers approved by the Office of Controller of Budget..

3.31 County Government of Nairobi City

3.31.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.39.63 billion, comprising Kshs.12.96 billion (32.7 per cent) and Kshs.26.67 billion (67.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.25 billion (48.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.19.36 billion (48.9 per cent) from own sources of revenue, and a cash balance of Kshs.600 million (1.5 per cent) from FY 2020/21. The County also expects to receive Kshs.166.79 million (0.4 per cent) as conditional grants, which consist of Kshs.87.49 million from Transforming Health Systems for Universal Care Project (WB), Kshs.35.27 from DANIDA Grant, Kshs.36.64 million from Sweden - Agricultural Sector Development Support Programme (ASDSP) II and Kshs.7.39 million from United Nations Fund for Population Activities (UNFPA).

3.31.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.3.18 billion as the equitable share of the revenue raised nationally and raised Kshs.1.46 billion as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.4.63 billion, as shown in Table 3.129.

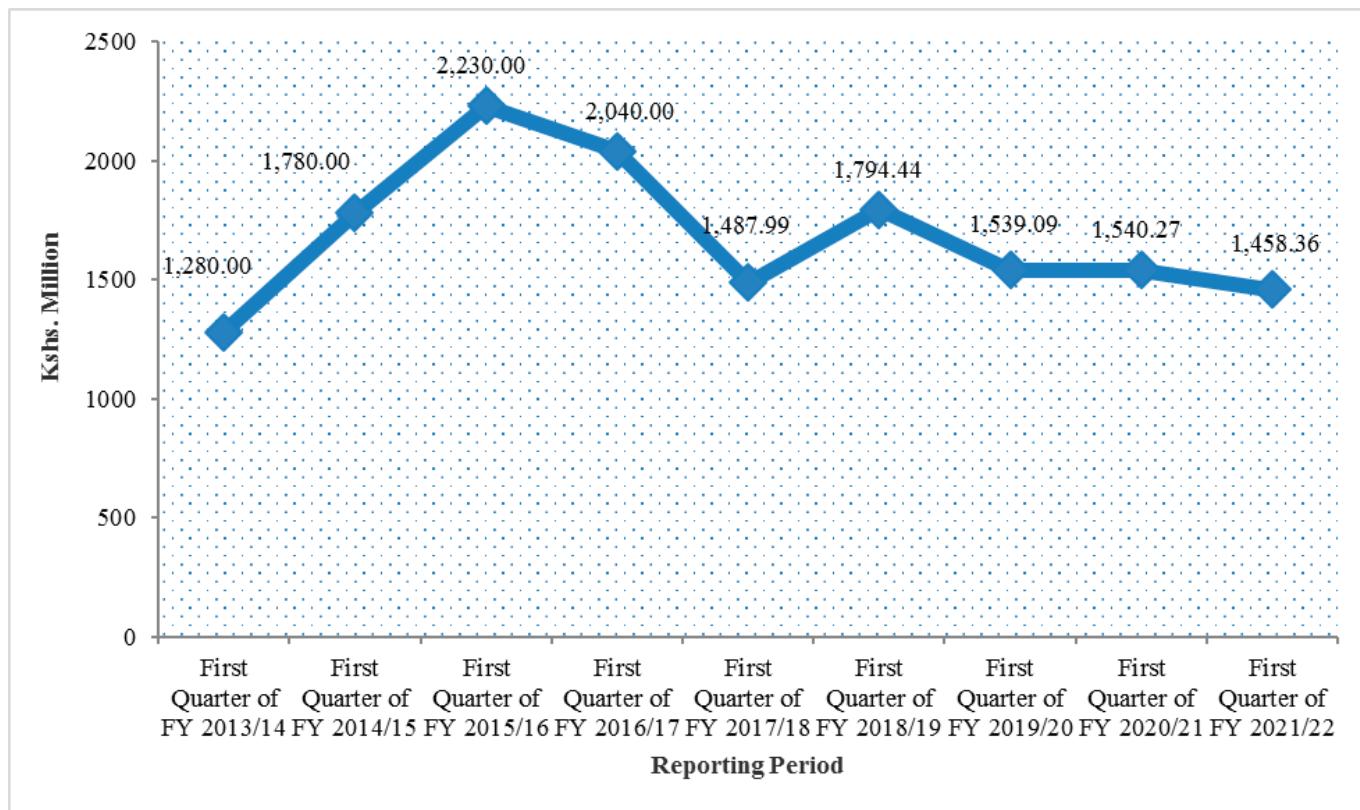
Table 3.129: Nairobi City County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs.) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|--------------------|--|----------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 19,250,000,000 | 3,176,196,773 | 16.5 |
| Sub Total | | 19,250,000,000 | 3,176,196,773 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 19,360,744,671 | 1,458,357,948 | 7.4 |
| 2. | Balance b/f from FY 2020/21 | 600,000,000 | - | - |
| 3. | Other Revenues | 166,791,329 | - | - |
| Sub Total | | 20,127,536,000 | 1,458,357,948 | 7.2 |
| Grand Total | | 39,377,536,000 | 4,634,554,721 | 11.7 |

Source: Nairobi City County Treasury

Figure 3.60 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.60: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nairobi City County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.1.46 billion as own-source revenue. This amount represented a decrease of 5.3 per cent compared to Kshs.1.54 billion realised during a similar period in the first quarter of FY 2020/21 and was 7.4 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.2.55 billion from the CRF account during the reporting period for recurrent expenses.

3.31.4 Overall Expenditure Review

The County spent Kshs.2.59 billion on recurrent programmes during the reporting period. This expenditure represented 101.6 per cent of the total funds released by the CoB. Expenditure on recurrent expenditure represented 9.7 per cent of the annual recurrent expenditure budget. There was no development expenditure reported in the period.

3.31.5 Settlement of Pending Bills

The County did not submit a payment plan for pending bills which amounted to Kshs.54.32 billion at the beginning of the financial year.

3.31.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.76 billion was spent on employee compensation and Kshs.825.63 million on operations and maintenance. There was no expenditure on development activities, as shown in Table 3.130.

Table 3.130: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|----------------------------|------------------|-----------------|---------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| | | | | | | |

| | | | | | | |
|------------------------------------|-----------------------|----------------------|----------------------|--------------------|-------------|-------------|
| Total Recurrent Expenditure | 24,918,445,146 | 1,547,251,536 | 2,426,281,847 | 162,175,263 | 9.74 | 10.5 |
| Compensation to Employees | 5,957,949,815 | 893,996,177 | 1,627,709,788 | 135,112,839 | 27.3 | 15.1 |
| Operations and Maintenance | 18,960,495,331 | 653,255,358 | 798,572,059 | 27,062,424 | 4.2 | 4.1 |
| Development Expenditure | 11,455,839,316 | 1,506,000,000 | - | - | - | - |
| Total | 36,374,284,462 | 3,053,251,536 | 2,426,281,847 | 162,175,263 | 6.7 | 5.3 |

Source: Nairobi City County Treasury

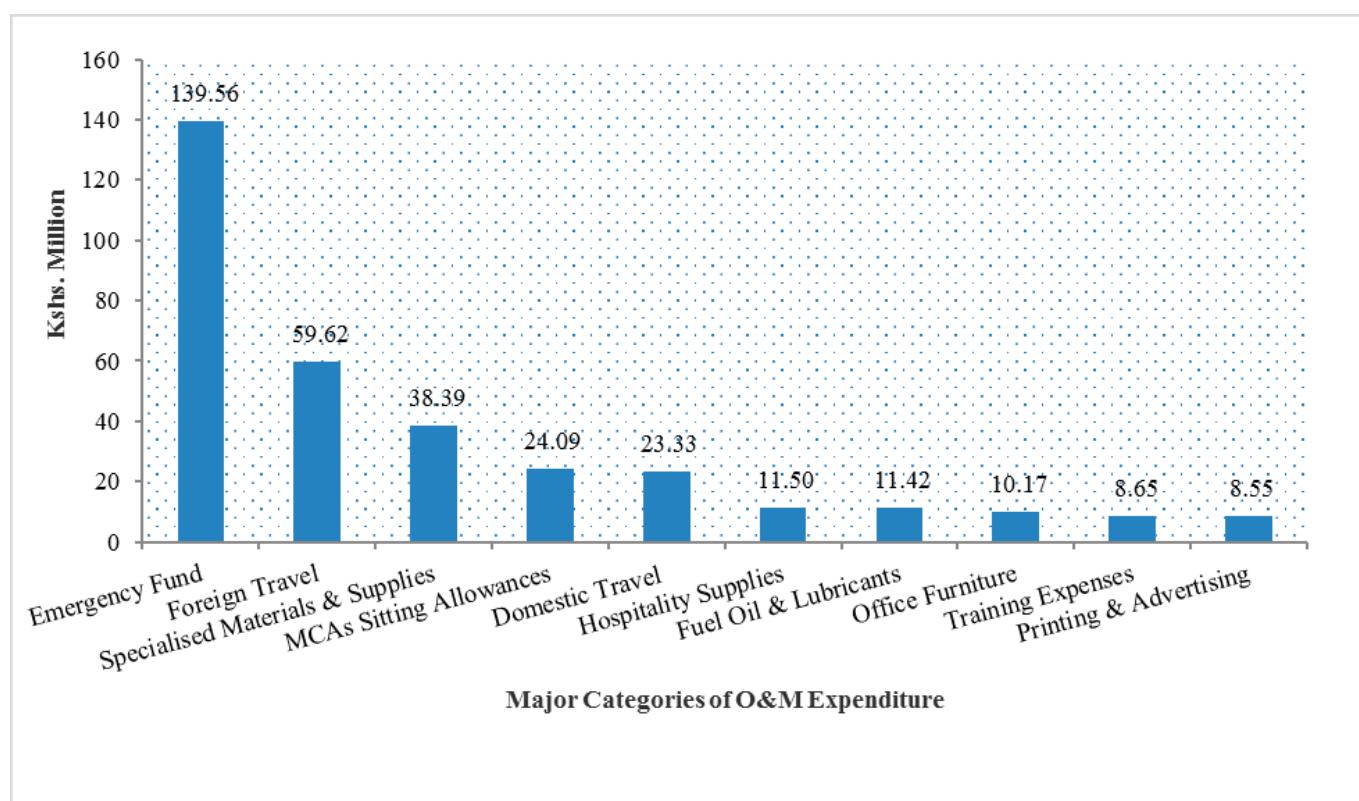
3.31.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 68.1 per cent of the total expenditure for the reporting period and 17.9 per cent of the first quarter proportional revenue of Kshs.9.84 billion.

3.31.8 Expenditure on Operations and Maintenance

Figure 3.61 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.61: Nairobi City County, Operations and Maintenance Expenditure by Major Categories



Source: Nairobi City County Treasury

The County spent Kshs.24.09 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.100.12 million. The average monthly sitting allowance was Kshs.64,769 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.23.33 million and comprised Kshs.10.55 million spent by the County Assembly and Kshs.12.78 million by the County Executive. Expenditure on foreign travel amounted to Kshs.59.62 million and included Kshs.14.66 million by the County Assembly and Kshs.44.96 million by the County Executive.

3.31.9 Development Expenditure

The County did not report development expenditures in the first quarter of FY 2021/22.

3.31.10 Budget Performance by Department

Table 3.131 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.131: Nairobi City County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|---------------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Public Service Board | 81.51 | 48.77 | 3.86 | - | 3.86 | - | 100.0 | - | 4.7 | - |
| Office of Governor & Deputy Governor | 5,011.40 | 380.21 | 589.25 | - | 589.25 | - | 100.0 | - | 11.8 | - |
| ICT, E-Govt & Public Communications | 307.64 | 419.15 | 10.93 | - | 11 | - | 100.6 | - | 3.6 | - |
| Finance & Economic Planning | 2,155.25 | 53 | 485.49 | - | 485.49 | - | 100.0 | - | 22.5 | - |
| Health | 69.52 | - | 13.57 | - | 13.57 | - | 100.0 | - | 19.5 | - |
| Urban Planning and Lands | 51.68 | - | 0.755 | - | 0.755 | - | 100.0 | - | 1.5 | - |
| Public Works, Transport & Infrastructure | 51.4 | - | 0.35 | - | 0.35 | - | 100.0 | - | 0.7 | - |
| Education, Youth Affairs, Sports, Culture & Social Services | 1,842.46 | 545.85 | 121.09 | - | 121.09 | - | 100.0 | - | 6.6 | - |
| Trade, Commerce, Tourism & Cooperatives | 737.65 | 324.34 | 36.49 | - | 36.49 | - | 100.0 | - | 4.9 | - |
| Public Service Management | 1,903.16 | 25 | 31.71 | - | 31.71 | - | 100.0 | - | 1.7 | - |
| Agriculture, Livestock Development, Fisheries & Forestry | 332.29 | 84.67 | 27.78 | - | 27.78 | - | 100.0 | - | 8.4 | - |
| County Assembly | 1,545.87 | 1,506.00 | 162 | - | 162 | - | 100.0 | - | 10.5 | - |
| Environment, Water, Energy & Natural Resources | 53.61 | - | 0.729 | - | 0.729 | - | 100.0 | - | 1.4 | - |
| Urban Renewal And Housing | - | - | - | - | - | - | - | - | - | - |
| Ward Development Programmes | 76.21 | 1,492.78 | - | - | - | - | - | - | - | - |
| Emergency Fund | 140 | - | 139.56 | - | 139.56 | - | 100.0 | - | 99.7 | - |
| Liquor Licensing Board | 200 | 50 | - | - | 41.06 | - | - | - | 20.5 | - |
| Nairobi Metropolitan Services | 12,106.04 | 8,032.07 | 923.65 | - | 923.65 | - | 100.0 | - | 7.6 | - |
| Total | 26,666 | 12,962 | 2,547.39 | - | 2,588 | - | 101.6 | - | 9.7 | - |

Source: Nairobi City County Treasury

Analysis of expenditure by the departments shows that the Department of Emergency Fund recorded the highest absorption rate of the recurrent budget at 99.7 per cent while the Department of Ward Development Programmes and the Department of Urban Renewal and Housing did not report any expenditure.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.132 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.132: Nairobi City County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub-Programme | Approved Estimates (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|----------------------------|----------------------------|------------------|---------------------|
| 0701000 P1 General Administration Planning And Support Services | 0701010 SP1.1 General Administration Planning and Support Services | 130,276,670 | 3,861,815 | 126,414,855 | 2.96 |
| Total 5311000000 County Public Service Board | | 130,276,670 | 3,861,815 | 126,414,855 | 2.96 |
| 0718005310 General Administrative Services | 0718015310 Sp1 General Administration & Support Services | 677,648,844 | 62,158,522 | 615,490,322 | 9.17 |
| | 0718025310 Sp2 Sub County Administration | 1,795,986,053 | 254,556,118 | 1,541,429,935 | 14.17 |
| | 0718075310 Sp7 County Executive | 216,659,348 | 4,951,112 | 211,708,236 | 2.29 |
| | 0718095310 Sp9 Audit | 119,979,556 | 7,714,064 | 112,265,492 | 6.43 |
| 0724005310 P 24 Security And Safety Management | 0724055310 Inspectorate | 1,279,810,756 | 151,854,610 | 1,127,956,146 | 11.87 |
| | 0724015310 sp 24.1 investigative Services | 89,112,541 | 3,612,995 | 85,499,546 | 4.05 |
| P; 0726005310:Disaster Management Coordination | 072601510: Fire & Disaster Management | 573,846,845 | 92,491,810 | 481,355,035 | 16.12 |
| 0725005310 P 25 Management Of Legal Affairs | 0725015310 sp 25.1 legal services | 638,564,439 | 11,911,529 | 626,652,911 | 1.87 |
| Total 5312000000 Office Of Governor & Deputy Governor | | 5,391,608,383 | 589,250,760 | 4,802,357,623 | 10.93 |
| 0207000 P1: General Administration Planning And Support Services | 0207010 SP 1: General Administration, Planning And Support Services | 162,049,683 | 10,935,140 | 151,114,543 | 6.75 |
| 0208000 P2: Information And Communication Services | 0208010 SP 2.1: News And Information Services | 86,423,012 | - | 86,423,012 | - |
| | 0208030 SP 2.3: ICT and Media Regulatory Services | 14,231,192 | - | 14,231,192 | - |
| | 0208040 SP 2.4 E-Government Services | 344,129,700 | - | 344,129,700 | - |
| 0210005310 ICT Infrastructure Development | 0210010 SP1: ICT Infrastructure Connectivity | 96,447,600 | - | 96,447,600 | - |
| | 0210035310 sp 3:Information Security | 23,505,500 | - | 23,505,500 | - |
| Total 5313000000 ICT, E-Govt & Public Communications | | 726,786,687 | 10,935,140 | 715,851,547 | 1.50 |
| 0701005310 Public Financial Management | 0701015310 Assets Management Services | 285,650,000 | 2,303,724 | 283,346,276 | 0.81 |
| | 0701065310 sp1.6 Accounting Services | 406,819,081 | 96,094,030 | 310,725,051 | 23.62 |
| | 0701075310 sp1.7 Budget Formulation Coordination and mgt | 174,533,760 | 11,191,286 | 163,342,474 | 6.41 |
| | 0701085310 sp1.8 Resource Mobilisation | 597,800,000 | 320,749,400 | 277,050,600 | 53.65 |
| | 070115310 Debt Management Services | 111,850,000 | 1,995,248 | 109,854,752 | 1.78 |
| | 0718085310 Sp8 Supply Chain Management | 126,279,326 | 15,295,123 | 110,984,203 | 12.11 |
| 0718015310 Sp1 General Administration & Support Services | 0718015310 Sp1 General Administration & Support Services | 387,923,892 | 30,869,245 | 357,054,647 | 7.96 |
| 0719000 P3: Economic And Financial Policy Formulation And Management | 0719010 SP 3.1 Fiscal Policy Formulation, Development and Management | 117,390,993 | 6,989,500 | 110,401,493 | 5.95 |

| Programme | Sub-Programme | Approved Estimates (Kshs.) | Actual Expendi-ture (Kshs.) | Variance (Kshs.) | Absorption Rate (%) |
|--|---|---------------------------------------|------------------------------------|-------------------------|--------------------------------|
| Total 5314000000 Finance & Economic Planning | | 2,208,247,052 | 485,487,556 | 1,722,759,496 | 21.99 |
| 0404005310 General Administration, Planning And Support Services | 0404015310 Sp4.1 Administration/Human Resource for Health | 69,518,950 | 13,565,300 | 55,953,650 | 19.51 |
| Total 5315000000 Health | | 69,518,950 | 13,565,300 | 55,953,650 | 19.51 |
| 0106000 P 6 General Administration Planning And Support Services | 0106010 SP6.1 Administration, Planning & Support Services | 51,680,314 | 755,108 | 50,925,206 | 1.46 |
| Total 5316000000 Urban Planning And Lands | | 51,680,314 | 755,108 | 50,925,206 | 1.46 |
| 0207000 P1: General Administration Planning And Support Services | 0207010 SP 1: General Administration, Planning And Support Services | 51,398,929 | 353,149 | 51,045,780 | 0.69 |
| Total 5317000000 Public Works, Transport & Infrastructure | | 51,398,929 | 353,149 | 51,045,780 | 0.69 |
| 0508005310 General Administration, Planning And Support Services | 0508025310 sp 8.2 General Administration & Support Services | 1,460,926,346 | 98,069,312 | 1,362,857,034 | 6.71 |
| 0509005310 P9 Education Services | 0509015310 sp 9.1 Quality Assurance and Co-curriculum | 1,597,000 | - | 1,597,000 | - |
| | 0509025310 sp 9.2 Early Childhood Development Centres | 309,270,000 | - | 309,270,000 | - |
| | 0509035310 sp 9.3 Technical and Vocational Training | 70,103,300 | - | 70,103,300 | - |
| 0902005310 2.1 Social Services | 0902015310 General Administration & Support Services | 178,856,577 | 23,024,464 | 155,832,113 | 12.87 |
| | 0902025310 Sp.2.2 Gender and Community Empowerment | 91,535,700 | - | 91,535,700 | - |
| | 0902045310 Sp2.4 Development and promotion of sports | 85,226,600 | - | 85,226,600 | - |
| | 0902055310 Sp2.5 Youth Empowerment and Promotion | 169,072,000 | - | 169,072,000 | - |
| | 0902065310 Sp 2.6 Social welfare and care for the Aged | 9,604,100 | - | 9,604,100 | - |
| | 0902075310 Sp 2.7 Promotion of Library and Information Services | 2,088,100 | - | 2,088,100 | - |
| | 0902085310 Sp.2.8 Rescue and Rehabilitation of Children Services | 10,035,200 | - | 10,035,200 | - |
| Total 5318000000 Education, Youth Affairs, Sports, Culture & Social Services | | 2,388,314,923 | 121,093,776 | 2,267,221,147 | 5.07 |
| 0301000 P.1 General Administration Planning And Support Services | 0301010 SP1 General Administration Planning and Support Services | 304,527,155 | 36,488,445 | 268,038,709 | 11.98 |
| 0310005310 P.10 Co-Operative Development And Audit Services | 0310015310 sp 10.1 Co-operative Development Services | 28,457,320 | - | 28,457,320 | - |
| | 0310025310 sp 10.2 Cooperative Audit Services | 6,950,400 | - | 6,950,400 | - |
| 0311005310 P.11 Tourism Promotion And Marketing | 0311015310 sp 11.1 Tourism Development | 88,728,688 | - | 88,728,688 | - |

| Programme | Sub-Programme | Approved Estimates (Kshs.) | Actual Expendi-ture (Kshs.) | Variance (Kshs.) | Absorption Rate (%) |
|---|--|---------------------------------------|------------------------------------|-------------------------|--------------------------------|
| 0312005310 P.12 Trade Development and Market Services | 0312015310 sp 12.1 Trade Development | 332,500,819 | - | 332,500,819 | - |
| | 0312025310 sp 12.2 Market Services | 172,256,999 | - | 172,256,999 | - |
| | 0313025310 sp 13.2 Weights & Measures Services | 61,179,544 | - | 61,179,544 | - |
| | 0313035310 sp 13.3 Trade Licensing Services | 40,648,077 | - | 40,648,077 | - |
| | 0313045310 sp 13.4 Betting & Gaming Services | 26,742,595 | - | 26,742,595 | - |
| Total 5319000000 Trade, Commerce, Tourism & Co-operatives | | 1,061,991,597 | 36,488,445 | 1,025,503,151 | 3.44 |
| 0701000 P1 General Administration Planning and Support Services | 0701010 SP.1.1 General Administration Planning and Support Services | 785,763,596 | 27,154,714 | 758,608,882 | 3.46 |
| 0710000 P 5: Public Service Transformation | 0710010 S.P.5.1 Human Resource Management | 794,732,948 | 3,185,000 | 791,547,948 | 0.40 |
| | 0710020 S.P.5.2 Human Resource Development | 316,446,607 | 1,052,044 | 315,394,563 | 0.33 |
| 0723005310 P 23 Performance Management and Public Service Delivery | 0723015310 sp 23.1 Performance Contracting management | 14,069,964 | 320,000 | 13,749,964 | 2.27 |
| | 0723025310 sp 23.2 Governance Monitoring and Evaluation | 12,325,361 | - | 12,325,361 | - |
| | 0723035310 sp 23.3 Quality Management Systems and ISO certification | 4,823,028 | - | 4,823,028 | - |
| Total 5320000000 Public Service Management | | 1,928,161,504 | 31,711,758 | 1,896,449,746 | 1.64 |
| 0106000 P 6 General Administration Planning and Support Services | 0106010 SP.6.1 Administration, Planning & Support Services | 232,436,527 | 27,776,589 | 204,659,938 | 11.95 |
| P;0119005310: Urban Agriculture Promotion & Regulation | 019015310: Crop Development and Management | 34,980,000 | - | 34,980,000 | - |
| | 0119025310: Fisheries Development and management | 22,880,968 | - | 22,880,968 | - |
| | 0119035310: Livestock Resources management and development | 39,311,180 | - | 39,311,180 | - |
| 0116005310 P.10: Animal Health, Safety, and Quality Assurance | 0116015310 sp 10.1 Animal Research, Diseases, Pest Control & Quality Assurance | 38,310,000 | - | 38,310,000 | - |
| 0117005310 P.11: Afforestation | 0117015310 sp 11.1 Forestry Services | 17,202,575 | - | 17,202,575 | - |
| 0118015310 Food Systems and Surveillance | 0118015310 sp18:1 Food Systems and Surveillance Services | 31,848,037 | - | 31,848,037 | - |
| Total 5321000000 Agriculture, Livestock Development, Fisheries & Forestry | | 416,969,287 | 27,776,589 | 389,192,698 | 6.66 |
| 1001005310 P1 General Administration & Support Services | 1001015310 Sp1 General Administration & Support Services | 53,606,355 | 729,133 | 52,877,222 | 1.36 |
| Total 5323000000 Environment, Water, Energy & Natural Resources | | 53,606,355 | 729,133 | 52,877,222 | 1.36 |

| Programme | Sub-Programme | Approved Estimates (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|----------------------------|----------------------------|-----------------------|---------------------|
| 0214005310 P8:Ward Development | 0214015310 sp 8.1 Ward Development & Administration | 1,568,992,681 | - | 1,568,992,681 | - |
| Total 5325000000 Ward Development Fund | | 1,568,992,681 | - | 1,568,992,681 | - |
| 0718005310 General Administrative Services | 0718015310 Sp1 General Administration & Support Services | 140,000,000 | 139,559,000 | 441,000 | 99.69 |
| 5326000000 Emergency Fund | | 140,000,000 | 139,559,000 | 441,000 | 99.69 |
| 0313015310 Sp 13.1 Liquor Licensing & Regulation | 0313015310 sp 13.1 Liquor Licensing & Regulation | 250,000,000 | 41,059,894 | 208,940,106 | 16.42 |
| Total 5327000000 Liquor Licensing Board | | 250,000,000 | 41,059,894 | 208,940,106 | 16.42 |
| 07220001 Legislation, Oversight And Representation | 07220001 Legislation, Oversight and Representation | 3,051,872,087 | 162,175,263 | 2,889,696,824 | 5.31 |
| Total County Assembly | | 3,051,872,087 | 162,175,263 | 2,889,696,824 | 5.31 |
| | 5328000100 Nairobi Metropolitan Services | 20,138,110,580 | 923,654,424 | 19,214,456,156 | 4.59 |
| Total Nairobi Metropolitan Services | | 20,138,110,580 | 923,654,424 | 19,214,456,156 | 4.59 |
| Total Voted Expenditure Kshs. | | 39,627,536,000 | 2,588,457,110 | 37,039,078,889 | 6.53 |

Source: Nairobi City County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Emergency Fund at 99.7 per cent, Public Financial Management in the Department of Finance & Economic Planning at 54 per cent, General Administration, Planning and Support Services in the Department of Health at 20 per cent, and Disaster management Coordination in the Office of Governor and Deputy Governor at 16 per cent of budget allocation.

3.31.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation:

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by zero expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.12.96 billion. The development expenditure represented nil per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.1.46 billion against an annual projection of Kshs.19.6 billion, representing 7.5 per cent of the annual target.
4. High pending bills amounted to Kshs.54.32 billion at the beginning of the financial year. The County did not submit a payment plan on how the pending bills will be settled as a first charge on the budget in line with the law.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed and to guarantee settlement of accrued pending bills.*
4. *The County should develop and implement a pending bills payment plan to ensure they are cleared orderly.*

3.32 County Government of Nakuru

3.32.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.23.25 billion, comprising Kshs.10.57 billion (45.5 per cent) and Kshs.12.67 billion (54.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.13.03 billion (56 per cent) as the equitable share of revenue raised nationally, generate Kshs.3.14 billion (13.4 per cent) from own sources of revenue, and a cash balance of Kshs.5.7 billion (24.5 per cent) from FY 2020/21. The County also expects to receive Kshs.1.4 billion (6.1 per cent) as conditional grants. The grants consist of; Kshs.23.2 million DANIDA, Kshs.120.37 million Kenya Devolution Support Program II, Kshs.269.56 million from National Agriculture and Rural Inclusive Growth Projects, Kshs.26.34 million from Agricultural Sector Development Support Projects II, Kshs.429.74 million Kenya Urban Support Project – UDG, Kshs.300 million for Kenya Informal Settlement Improvement Project II, Kshs.153.3 million conditional funding for leasing of medical equipment, Kshs.10 million Nutrition International Grant and Kshs.79.79 million for World Bank THS-UC.

3.32.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.95 billion as the equitable share of the revenue raised nationally, raised Kshs.815.67 million as own-source revenue, Kshs.194.9 million as conditional grants and had a cash balance of Kshs.5.7 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.8.66 billion, as shown in Table 3.133.

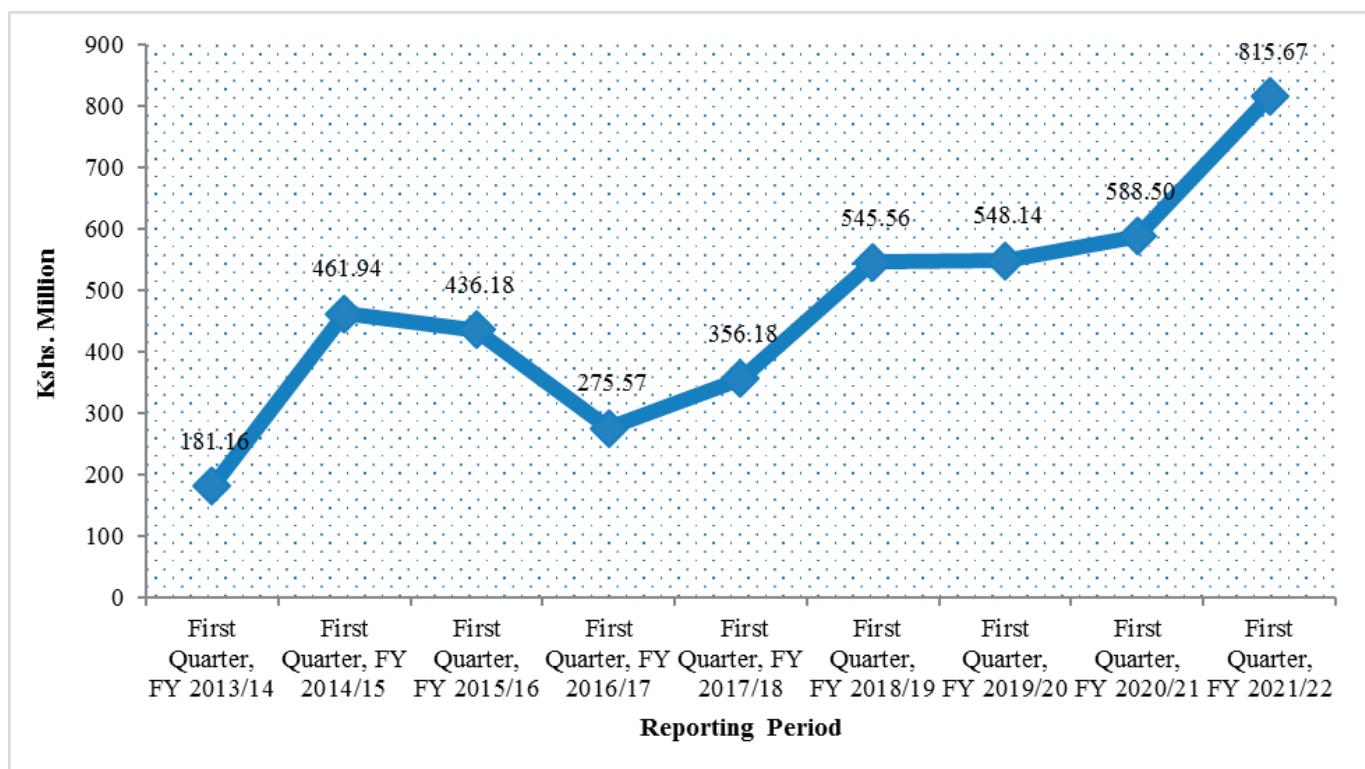
Table 3.133: Nakuru County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|--------------------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 13,026,116,323 | 1,954,394,529 | 15.0% |
| Sub Total | | 13,026,116,323 | 1,954,394,529 | 15.0 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 1,712,133,447 | 322,670,140 | 18.8 |
| 2. | Balance b/f from FY2020/21 | 5,695,548,026 | 5,695,548,026 | 100.0 |
| 3. | Other Revenues | 1,342,322,231 | 194,914,664 | 14.5 |
| 4. | A-I-A | 1,470,000,000 | 492,999,757 | 33.5 |
| Sub Total | | 10,220,003,704 | 6,706,132,587 | 65.6 |
| Grand Total | | 23,246,120,027 | 8,660,527,116 | 37.3 |

Source: Nakuru County Treasury

Figure 3.62 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.62: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nakuru County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.815.67 million as own-source revenue. This amount represented an increase of 38.6 per cent compared to Kshs.588.5 million realised during a similar period in the first quarter of FY 2020/21 and was 25.9 per cent of the annual target. The increase is attributed to the automation of operations at the major hospitals.

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.89 billion from the CRF account during the reporting period. The amount comprised Kshs.194.9 million (10.3 per cent) for development programmes and Kshs.1.7 billion (89.7 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

The County spent Kshs.1.53 billion on recurrent programmes during the reporting period. This expenditure represented 80.9 per cent of the total funds released by the CoB and represented 12.1 per cent of the annual recurrent expenditure budget.

3.32.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.17 million and comprised of Kshs.13.32 million for recurrent expenditure and Kshs.3.78 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County Treasury did not report any payment towards paying the pending bills.

3.32.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.43 billion was spent on employee compensation and Kshs.103.1 million on operations and maintenance, as shown in Table 3.134.

Table 3.134: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|----------------------|----------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 11,470,332,984 | 1,202,212,204 | 1,441,383,214 | 88,444,768 | 12.6 | 7.4 |
| Compensation to Employees | 7,116,201,551 | 411,183,585 | 1,358,846,710 | 67,870,748 | 19.1 | 16.5 |
| Operations and Maintenance | 4,354,131,433 | 791,028,619 | 82,536,504 | 20,574,020 | 1.9 | 2.6 |
| Development Expenditure | 10,189,179,637 | 384,395,202 | - | - | - | - |
| Total | 21,659,512,621 | 1,586,607,406 | 1,441,383,214 | 88,444,768 | 6.7 | 5.6 |

Source: Nakuru County Treasury

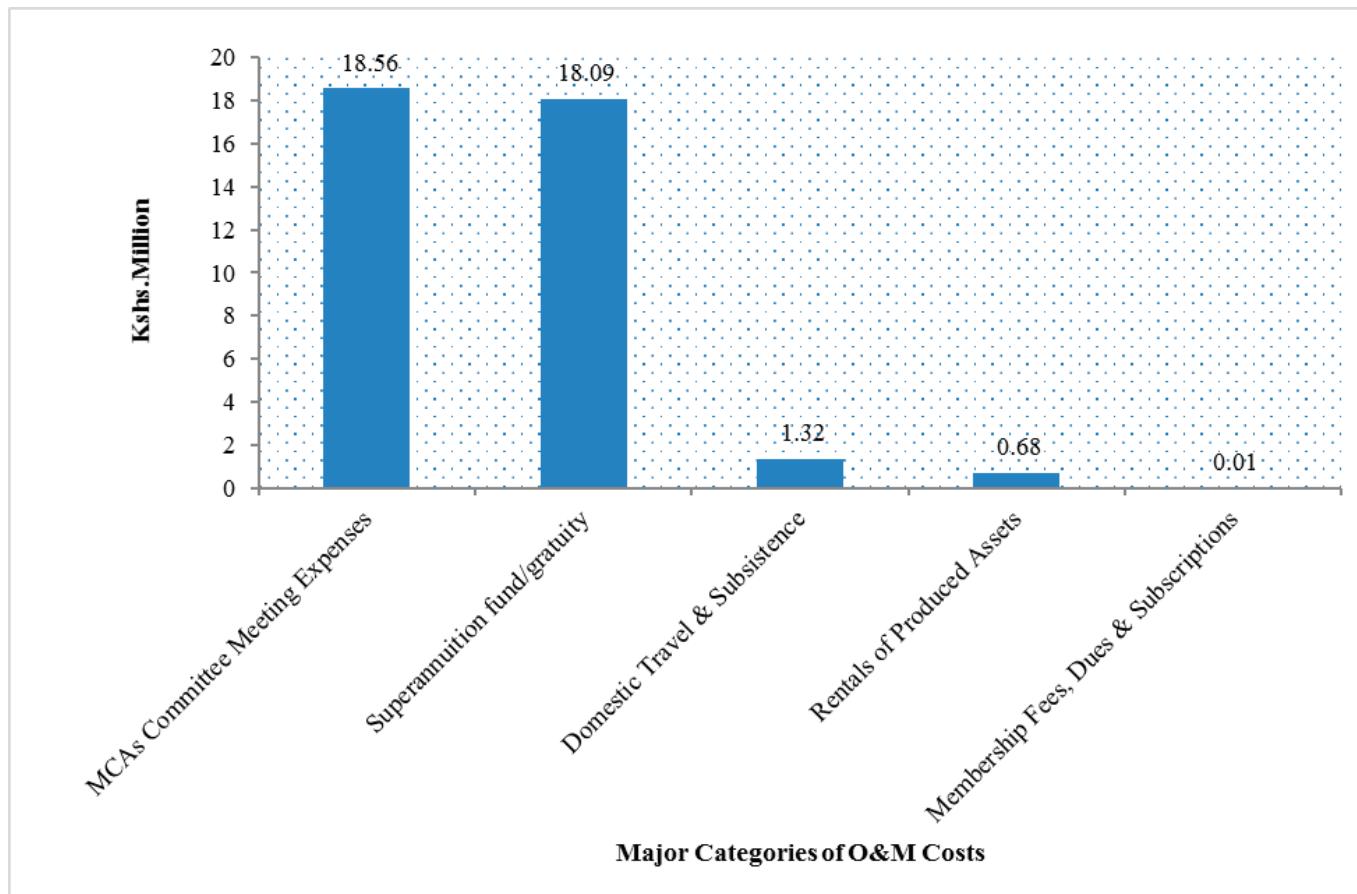
3.32.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 93.5 per cent of the total expenditure for the reporting period and 24.6 per cent of the first quarter proportional revenue of Kshs.5.81 billion.

3.32.8 Expenditure on Operations and Maintenance

Figure 3.63 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.63: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: Nakuru County Treasury

The County spent Kshs.18.56 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.68 million. The average monthly sitting allowance was Kshs.78,324 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.1.32 million and was incurred by the County Assembly.

3.32.9 Development Expenditure

There was no development expenditure reported in the period under review. This may be partly attributed to the delay in the approval of the budget, which was passed on 18th August 2021.

3.32.10 Budget Performance by Department

Table 3.135 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.135: Nakuru County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|------------------|----------------------------------|---------------|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 1,202.21 | 384.40 | 89.08 | - | 88.44 | - | 99.3 | - | 7.4 | - |
| County Treasury | 1,036.81 | 503.77 | 170.10 | 120.57 | 132.07 | - | 77.6 | - | 12.7 | - |
| Public Service, Training and Devolution | 854.01 | 85.12 | 136.99 | - | 128.52 | - | 93.8 | - | 15.0 | - |
| Agriculture, Livestock and Fisheries | 627.31 | 773.46 | 94.79 | - | 88.64 | - | 93.5 | - | 14.1 | - |
| Lands, Physical Planning and Housing | 153.68 | 1,144.94 | 25.94 | - | 24.11 | - | 93.0 | - | 15.7 | - |
| Office of the Governor and Deputy Governor | 344.02 | 106.29 | 50.24 | - | 26.34 | - | 52.4 | - | 7.7 | - |
| Education, Vocational training, ICT and E-Government | 844.16 | 670.87 | 66.22 | - | 54.48 | - | 82.3 | - | 6.5 | - |
| Trade, Industry, Marketing and Tourism | 256.63 | 338.63 | 14.46 | - | 13.31 | - | 92.1 | - | 5.2 | - |
| Youth, Culture, Gender, Sports and Social Services. | 405.71 | 242.56 | 12.17 | - | 23.58 | - | 193.8 | - | 5.8 | - |
| Infrastructure | 350.33 | 2,347.41 | 28.59 | 74.34 | 26.62 | - | 93.1 | - | 7.6 | - |
| Water, Environment, Energy and Natural Resources | 364.34 | 1,114.23 | 43.22 | - | 40.56 | - | 93.8 | - | 11.1 | - |
| Health Services | 6,047.33 | 1,537.13 | 955.05 | - | 872.36 | - | 91.3 | - | 14.4 | - |
| County Public Service Board | 98.29 | 11.18 | 5.73 | - | 6.01 | - | 104.8 | - | 6.1 | - |
| Nakuru Municipality | 49.27 | 840.38 | 2.80 | - | 1.81 | - | 64.7 | - | 3.7 | - |
| Naivasha Municipality | 38.47 | 473.21 | 1.81 | - | 2.97 | - | 164.0 | - | 7.7 | - |
| TOTAL | 12,672.55 | 10,573.57 | 1,697.20 | 194.91 | 1,519.04 | - | 89.5 | - | 12.0 | - |

Source: Nakuru County Treasury

Analysis of expenditure by the departments shows the County did not report any development expenditure. The Department of Lands, Physical Planning and Housing had the highest percentage of recurrent expenditure to budget at 15.7 per cent, while Nakuru Municipality had the lowest at 3.7 per cent.

3.32.11 Budget Execution by Programmes and Sub-Programmes

Table 3.136 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.136: Nakuru County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Pay- ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|---|----------------------------|------------------------------|---------------------|-------------------|
| DEPARTMENT: COUNTY PUBLIC SERVICE BOARD | | | | | |
| Programme 1: Administra- tion and Human Resource Planning | Programme 1: Administra- tion and Human Resource Planning | | | - | |
| | SP 1.1: Administration Services | 200,942,522 | 6,007,024 | 94,464,237 | 6.0% |
| | SP 1.2: Financial Services | 4,000,000 | | 2,000,000 | 0.0% |
| | SP 1.3: Human Resource Plan- ning | 8,000,000 | | 4,000,000 | 0.0% |
| | SP 1.4: Provision of Human Resource Advisory Services | 6,000,000 | | 3,000,000 | 0.0% |
| DEPARTMENT: WATER, ENVIRONMENT, ENERGY AND NATURAL RESOURCES | | | | | |
| PROGRAMME 1: ADMIN- ISTRATION PLANNING & SUPPORT SERVICES | PROGRAMME 1: ADMIN- ISTRATION PLANNING & SUPPORT SERVICES | - | | - | |
| | SP 1.1 Administration Services | 60,690,000 | | 30,345,000 | 0.0% |
| | SP 1.2: Human Resource | 478,107,660 | 40,558,133 | 198,495,697 | 17.0% |
| | TOTAL EXPENDITURE PROG 1 | 538,797,660 | 40,558,133 | 228,840,697 | 15.1% |
| PROGRAMME 2: PRO- VISION OF WATER AND SEWERAGE SERVICES | PROGRAMME 2: PROVISION OF WATER AND SEWERAGE SERVICES | - | | - | |
| | SP 2.1 Provision of Water | 2,143,483,330 | | 1,071,741,665 | 0.0% |
| | SP 2.2 Provision of Sewerage Services | - | | - | |
| | TOTAL EXPENDITURE PROG 2 | 2,143,483,330 | - | | |
| PROGRAMME 3: ENVI- RONMENTAL MANAGE- MENT | PROGRAMME 3: ENVIRO- NMENTAL MANAGEMENT | - | | - | |
| | SP 3.1 Pollution Control | 189,782,552 | | 94,891,276 | 0.0% |
| | SP 3.2 Solid Waste Management | - | | - | |
| | SP 3.3 Greening and Beautifi- cation | 81,081,446 | | 40,540,723 | 0.0% |
| | SP 3.4 Regulation and protection of Riparian Areas | - | | - | |
| | SP 3.5 Regulation of Mining areas | - | | - | |
| | SP 3.6 Environmental Resources Mapping | - | | - | |
| PROGRAMME 4: COUNTY ENERGY PLANNING, REG- ULATION, OPERATION AND DEVELOPMENT | PROGRAMME 4: COUNTY ENERGY PLANNING, REGU- LATION, OPERATION AND DEVELOPMENT | - | | - | |
| | SP 4.1 Physical planning relating to energy | 4,000,000 | | 2,000,000 | 0.0% |
| | SP 4.2 Regulation and licensing of retail supply of petroleum and coal products | - | | - | |
| | SP 4.3 Electricity and gas retic- ulation | - | | - | |
| DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES | | | | | |
| Programme 1: Administra- tion, Planning and Support Services | Programme 1: Administration, Planning and Support Services | - | | - | |
| | SP 1.1: Administration, Planning and Support Services | 672,171,564 | | 336,085,782 | 0.0% |
| | SP 1.2: Human Resources Services | 756,151,906 | 88,638,213 | 289,437,740 | 23.4% |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Pay- ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|--|------------------------------------|--------------------------------------|-----------------------------|---------------------------|
| | Total Expenditure of Programme 1 | 1,428,323,470 | 88,638,213 | 625,523,522 | 12.4% |
| Programme 2: Livestock Resource Management and Development | Programme 2: Livestock Resource Management and Development | - | - | - | - |
| | SP 2.1 Livestock Production and Management | 302,693,764 | - | - | - |
| | SP 2.2 Promotion of Value Addition of Livestock and Livestock Products | 58,406,236 | - | - | - |
| | SP 2.3 Livestock Extension Service Delivery | 58,460,590 | - | - | - |
| | SP 2.4 Food Safety and Livestock Products Development | 18,100,000 | - | - | - |
| | SP 2.5 Livestock Disease Management and Control | 100,766,826 | - | - | - |
| | Total Expenditure of Programme 2 | 538,427,416 | - | - | - |
| Programme 3: Fisheries Development | Programme 3: Fisheries Development | - | - | - | - |
| | SP 3.1 Aquaculture development | 21,000,000 | - | 10,500,000 | 0.0% |
| | SP 3.2 Development of capture fisheries resources | 7,742,140 | - | 3,871,070 | 0.0% |
| | SP 3.3 Fish quality assurance, value addition and marketing | 5,124,280 | - | 2,562,140 | 0.0% |
| | Total Expenditure of Programme 3 | 33,866,420 | - | - | - |
| Programme 4: Crop Development and Management | Programme 4: Crop Development and Management | - | - | - | - |
| | SP 4.1 Extension, Research and Training | 12,616,012 | - | 6,308,006 | 0.0% |
| | SP 4.2 Crop Production and Food Security | 767,203,234 | - | 383,601,617 | 0.0% |
| | SP 4.3 Farm land utilization, Conservation and Mechanization | 11,550,574 | - | 5,775,287 | 0.0% |
| | SP 4.4 Agribusiness Development and Marketing | 8,040,460 | - | 4,020,230 | 0.0% |
| | SP 4.5 Agri-nutrition | 1,510,114 | - | 755,057 | 0.0% |
| DEPARTMENT: EDUCATION, VOCATIONAL TRAINING, ICT AND E-GOVERNMENT | | | | | |
| Program 1: ADMINISTRATION AND PLANNING SERVICES | Program 1: ADMINISTRATION AND PLANNING SERVICES | - | - | - | - |
| | SP 1.1: Administration | 1,202,227,006 | - | 601,113,503 | 0.0% |
| | SP 1.2: Personnel services | 666,963,186 | 54,478,739 | 279,002,854 | 16.3% |
| | SP 1.3: Financial services | - | - | - | - |
| | Total Expenditure Prog 1 | 1,869,190,192 | 54,478,739 | 880,116,357 | 5.8% |
| PROGRAMME 2: PROMOTION OF EARLY CHILDHOOD EDUCATION AND DEVELOPMENT | PROGRAMME 2: PROMOTION OF EARLY CHILDHOOD EDUCATION AND DEVELOPMENT | - | - | - | - |
| | SP 2.1. Promotion of Early Childhood Education | 202,579,692 | - | 101,289,846 | 0.0% |
| | SP 2.2. Bursaries | 486,985,134 | - | 243,492,567 | 0.0% |
| | SP 2.3. Education development | 38,622,352 | - | 19,311,176 | 0.0% |
| | Total Expenditure Prog 2 | 728,187,178 | - | - | - |
| PROGRAMME 3. VOCATIONAL TRAINING AND SKILLS UPGRADING | PROGRAMME 3. VOCATIONAL TRAINING AND SKILLS UPGRADING | - | - | - | - |
| | SP 3.1. Vocational Training | 193,700,800 | - | 96,850,400 | 0.0% |
| | SP 3.2. Vocational Development | 154,099,828 | - | 77,049,914 | 0.0% |
| | Total Expenditure Prog 3 | 347,800,628 | - | - | - |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|---|-------------------------|--------------------------|------------------|----------------|
| Programme 4: INFORMATION AND COMMUNICATION SERVICES | Programme 4: INFORMATION AND COMMUNICATION SERVICES | - | | - | |
| | SP 4.1 Public Communication & Media Services | 40,582,874 | | 20,291,437 | 0.0% |
| | Total Expenditure Prog 4 | 40,582,874 | - | | |
| Programme 5: ICT INFRASTRUCTURE DEVELOPMENT | Programme 5: ICT INFRASTRUCTURE DEVELOPMENT | - | | - | |
| | SP 5.1 Hardware & Software Platforms | 25,336,000 | | 12,668,000 | 0.0% |
| | SP 5.2 Network Infrastructure | 13,600,000 | | 6,800,000 | 0.0% |
| | SP 5.3 e-Government Services | 5,368,000 | | 2,684,000 | 0.0% |
| DEPARTMENT: FINANCE AND ECONOMIC PLANNING | | | | | |
| PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES | PROGRAMME 1: ADMINISTRATION, PLANNING AND SUPPORT SERVICES | - | | - | |
| | SP 1.1: Administration Services | 763,388,192 | | 381,694,096 | 0.0% |
| | SP 1.2: Personnel Services | 1,105,544,378 | 132,073,634 | 420,698,555 | 23.9% |
| | SP 1.3: Financial Services | - | | - | |
| | Total Expenditure Prog 1 | 1,868,932,570 | 132,073,634 | 802,392,651 | 14.1% |
| PROGRAMME 2: PUBLIC FINANCE MANAGEMENT | PROGRAMME 2: PUBLIC FINANCE MANAGEMENT | - | | - | |
| | SP 2.1: Budget Formulation Co-ordination And Management | 128,814,124 | | 64,407,062 | 0.0% |
| | SP 2.2: Resource Mobilization | 165,260,240 | | 82,630,120 | 0.0% |
| | SP 2.3: Internal Audit | 69,289,042 | | 34,644,521 | 0.0% |
| | SP 2.4: Procurement | 36,240,586 | | 18,120,293 | 0.0% |
| | SP 2.5: Public Finance And Accounting | 53,072,762 | | 26,536,381 | 0.0% |
| | SP 2.6: Debt Management | 195,085,812 | | 97,542,906 | 0.0% |
| | SP 2.7: External Resource Mobilization | 23,847,976 | | 11,923,988 | 0.0% |
| PROGRAMME 3: ECONOMIC AND FINANCIAL POLICY FORMULATION AND MANAGEMENT | Total Expenditure Prog 2 | 671,610,542 | - | | |
| | PROGRAMME 3: ECONOMIC AND FINANCIAL POLICY FORMULATION AND MANAGEMENT | - | | - | |
| | SP 3.1: Fiscal Planning | 55,920,602 | | 27,960,301 | 0.0% |
| | SP 3.2: Monitoring & Evaluation / Statistical Data Management | 19,253,494 | | 9,626,747 | 0.0% |
| | SP 3.3: KDSP Programme | 465,430,414 | | 232,715,207 | 0.0% |
| DEPARTMENT: NAKURU MUNICIPAL BOARD | | | | | |
| Programme 1: Administration, Planning and Support | Programme 1: Administration, Planning and Support | - | | - | |
| | SP 1.1 Administration and Planning | 46,762,964 | | 23,381,482 | 0.0% |
| | SP 1.2 Personnel Services | 33,336,864 | 1,812,405 | 14,856,027 | 10.9% |
| | SP 1.3 Financial Services | 1,200,000 | | 600,000 | 0.0% |
| | Total Expenditure Prog 1 | 81,299,828 | 1,812,405 | 38,837,509 | 4.5% |
| Programme 2: Nakuru Municipality Urban Planning and Development | Programme 2: Nakuru Municipality Urban Planning and Development | - | | - | |
| | SP 2.1 Infrastructure Development and Urban Planning | 1,683,611,184 | | 841,805,592 | 0.0% |
| | SP 2.2 Nakuru Municipality Environmental Management | 3,000,000 | | 1,500,000 | 0.0% |
| | SP 2.3 Trade Markets and Investments | 4,000,000 | | 2,000,000 | 0.0% |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|--|-------------------------|--------------------------|------------------|----------------|
| | SP 2.4 Nakuru Municipality Social Services | 7,377,328 | | 3,688,664 | 0.0% |
| DEPARTMENT: PUBLIC SERVICE, TRAINING AND DEVOLUTION | | | | | |
| Programme 1: Adminis-tration, Planning and Support Service | Programme 1: Administration, Planning and Support Service | 404,715,754 | | 202,357,877 | 0.0% |
| | SP 1.1 Administration Services | 1,086,591,792 | 128,517,709 | 414,778,187 | 23.7% |
| | SP 1.2 Personal Services | 1,000,000 | | 500,000 | 0.0% |
| | SP 1.3 Financial Services | 7,100,000 | | 3,550,000 | 0.0% |
| | SP 1.4 Co-ordination of Public and Special Community Pro-gramme | 4,000,000 | | 2,000,000 | 0.0% |
| | SP 1.5 Mainstream Workplace HIV/ AIDS, Alcohol & Drug Abuse Control | 170,238,590 | | 85,119,295 | 0.0% |
| | SP 1.6 Construction And Reha-bilitation Of Sub-County And Ward Offices | 1,673,646,136 | 128,517,709 | 708,305,359 | 15.4% |
| | Total Expenditure | - | | - | |
| Programme 2: Legal Services | Programme 2: Legal Services | 21,150,000 | | 10,575,000 | 0.0% |
| | SP 2.1. Legal Services And Poli-cies Formulation | 11,250,000 | | 5,625,000 | 0.0% |
| | SP 2.2. Co-Ordination Of Coun-ty Compliance & Enforcement Agents | 32,400,000 | - | | |
| | Total Expenditure | - | | - | |
| Programme 3: Human Resource Management And Development | Programme 3: Human Resource Management And Development | 10,000,000 | | 5,000,000 | 0.0% |
| | SP 3.1 Performance Contracting | 10,000,000 | | 5,000,000 | 0.0% |
| | SP 3.2 Performance Appraisal System | 141,207,262 | | 70,603,631 | 0.0% |
| | SP 3.3 Staff Development Through Capacity Building & Training | 161,207,262 | - | | |
| | Total Expenditure | - | | - | |
| Programme 4: Disaster Man-agement And Humanitarian Assistance | Programme 4: Disaster Man-agement And Humanitarian Assistance | 11,000,000 | | 5,500,000 | 0.0% |
| | SP 4.1: Disaster Management and Humanitarian Assistance | - | | - | |
| DEPARTMENT: OFFICE OF THE GOVERNOR AND DEPUTY GOVERNOR | | | | | |
| Programme 1: Adminis-tration, Planning and Support Services | Programme 1: Administration, Planning and Support Services | - | | - | |
| | SP 1.1 Administration and Planning | 402,212,716 | | 201,106,358 | 0.0% |
| | SP 1.2 Personnel Services | 233,235,914 | 26,338,108 | 90,279,849 | 22.6% |
| | Total Expenditure of Programme 1 | 635,448,630 | 26,338,108 | 291,386,207 | 8.3% |
| Programme 2: Management of County Affairs | Programme 2: Management of County Affairs | - | | - | |
| | SP 2.1. County Executive Ser-vices | 22,593,262 | | 11,296,631 | 0.0% |
| | SP 2.2. Policy Direction and Coordination | 175,633,182 | | 87,816,591 | 0.0% |
| | SP 2.3. County Policing Services | 6,777,978 | | 3,388,989 | 0.0% |
| | SP 2.4. Leadership and Gover-nance | 4,518,652 | | 2,259,326 | 0.0% |
| | Total Expenditure of Programme 2 | 209,523,074 | - | | |

| Programme | Sub- Programme | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|---|-------------------------|--------------------------|-----------------------|----------------|
| Programme 3: Coordination and Supervisory Service | Programme 3: Coordination and Supervisory Service | - | | - | |
| | SP 3.1. Organisation of County Business | 34,341,370 | | 17,170,685 | 0.0% |
| | SP 3.2. Special Programmes | 21,296,630 | | 10,648,315 | 0.0% |
| DEPARTMENT: INFRASTRUCTURE | | | | | |
| PROGRAM 1. Administration, Planning and Support Services. | PROGRAM 1. Administration, Planning and Support Services. | - | | - | |
| | SP 1.1. Administrative services. | 102,910,820 | | 51,455,410 | 0.0% |
| | SP 1.2: Personnel services. | 285,489,604 | 26,619,927 | 116,124,875 | 18.6% |
| | SP 1.3: Financial Services. | - | | - | |
| | TOTAL EXPENDITURE PROGRAMME 1. | 388,400,424 | 26,619,927 | 167,580,285 | 13.7% |
| PROGRAM 2. Infrastructure, Development & Maintenance. | PROGRAM 2. Infrastructure, Development & Maintenance. | - | | - | |
| | SP 2.1: Roads Rehabilitation | 4,735,709,520 | | 2,367,854,760 | 0.0% |
| | SP 2.2: Transport | 6,320,000 | | 3,160,000 | 0.0% |
| | SP 2.3: Public Works | 42,520,000 | | 21,260,000 | 0.0% |
| | SP 2.4: Street Lighting | 207,220,000 | | 103,610,000 | 0.0% |
| PROGRAM 3. Firefighting & Disaster Management. | TOTAL EXPENDITURE PROGRAMME 2. | 4,991,769,520 | - | | |
| | PROGRAM 3. Firefighting & Disaster Management. | - | | - | |
| | SP 3.1: Firefighting and Emergency Services | 15,320,000 | | 7,660,000 | 0.0% |
| TOTAL | | 20,348,120,121 | 505,043,892 | 19,843,076,229 | 2.5% |

Source: Nakuru County Treasury

Programmes with high levels of implementation based on absorption rates were personnel services across all the County Departments.

3.32.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenge which hampered effective budget implementation;

1. Delay in approval of the budget. The budget was approved on the 18th of August, 2021, which affected the implementation of planned activities and, therefore, the absorption of the budget.

The County should implement the following recommendation to improve budget execution;

1. *The County leadership should develop strategies to ensure the budget and planning documents are prepared and approved according to the legal timelines to support effective budget implementation.*

3.33 County Government of Nandi

3.33.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.97 billion, comprising Kshs.3.1 billion (34.5 per cent) and Kshs.5.87 billion (65.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.99 billion (78.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.387.11 million (4.3 per cent) from own sources of revenue, and a cash balance of Kshs.989.36 million (11.0 per cent) from FY 2020/21. The County also expects to receive Kshs.598.21 million (6.7 per cent) as conditional grants, which consist of DANIDA, Kenya Development Support Programme (KDSP), Transforming Health Care System and National Agriculture and Rural Growth Project (NARGP).

3.33.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.15 billion as the equitable share of the revenue raised nationally, raised Kshs.40.04 million as own-source revenue, nil as conditional grants, and had a cash balance of Kshs.327.65 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.52 billion, as shown in Table 3.137.

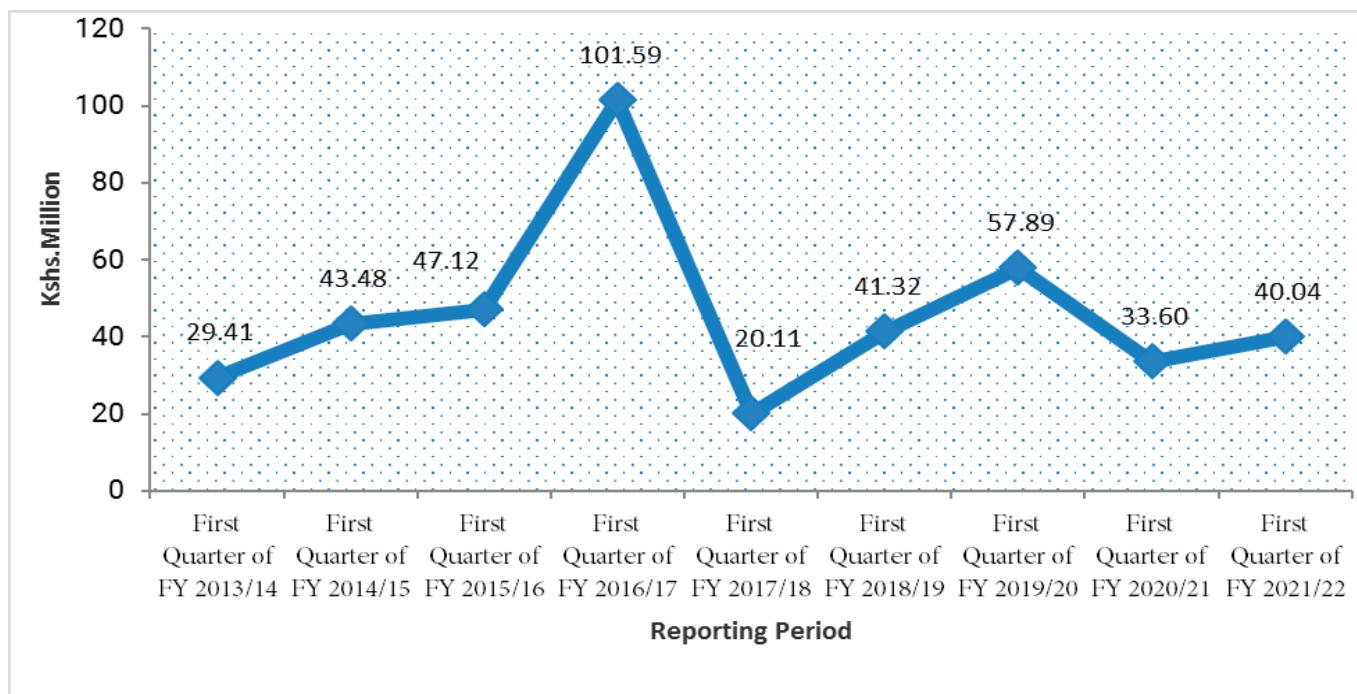
Table 3.137: Nandi County, Revenue Performance in the First Quarter of FY 2021/22

| S>No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|---|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 6,990,869,041 | 1,153,493,391 | 16.5 |
| | Sub Total | 6,990,869,041 | 1,153,493,391 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 387,106,430 | 40,043,472 | 10.3 |
| 2 | Balance bought forward from FY 2020/21 | 989,363,172 | 327,650,621 | 33.1 |
| 3 | Other Revenues (Conditional Grants) | 598,211,166 | - | - |
| | Sub Total | 1,974,682,768 | 367,694,093 | 18.6 |
| | Grand Total | 8,965,549,809 | 1,521,187,484 | 17.0 |

Source: Nandi County Treasury

Figure 3.64 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.64: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nandi County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.40.04 million as own-source revenue. This amount represented an increase of 19.2 per cent compared to Kshs.33.60 million realised during a similar period in the first quarter of FY 2020/21 and was 10.3 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.905.54 million from the CRF account during the reporting period. The amount comprised of Kshs.92.04 million (10.2 per cent) for development programmes and Kshs.813.50 million (89.8 per cent) for recurrent programmes.

3.33.4 Overall Expenditure Review

The County spent Kshs.1.43 billion on development and recurrent programmes during the reporting period. This expenditure represented 157.6 per cent of the total funds released by the CoB and comprised of Kshs.118.98 million and

Kshs.1.31 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 3.8 per cent, while recurrent expenditure represented 22.3 per cent of the annual recurrent expenditure budget.

3.33.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.772.34 million and comprised of Kshs.254.57 million for recurrent expenditure and Kshs.517.59 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the bills in the financial year.

The County did not report any payment towards pending bills in the first quarter of FY 2021/22.

3.33.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.05 billion was spent on employee compensation, Kshs.260.71 million on operations and maintenance, and Kshs.118.98 million on development activities, as shown in Table 3.138.

Table 3.138: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 5,198,623,851 | 669,452,972 | 1,126,300,928 | 181,916,325 | 21.7 | 27.2 |
| Compensation to Employees | 3,503,751,888 | 361,928,343 | 956,245,310 | 91,266,403 | 27.3 | 25.2 |
| Operations and Maintenance | 1,694,871,963 | 307,524,629 | 170,055,618 | 90,649,922 | 10.0 | 29.5 |
| Development Expenditure | 2,992,474,986 | 105,000,000 | 98,222,817 | 20,759,613 | 3.3 | 19.8 |
| Total | 8,191,098,837 | 774,452,972 | 1,224,523,745 | 202,675,938 | 14.9 | 26.2 |

Source: Nandi County Treasury

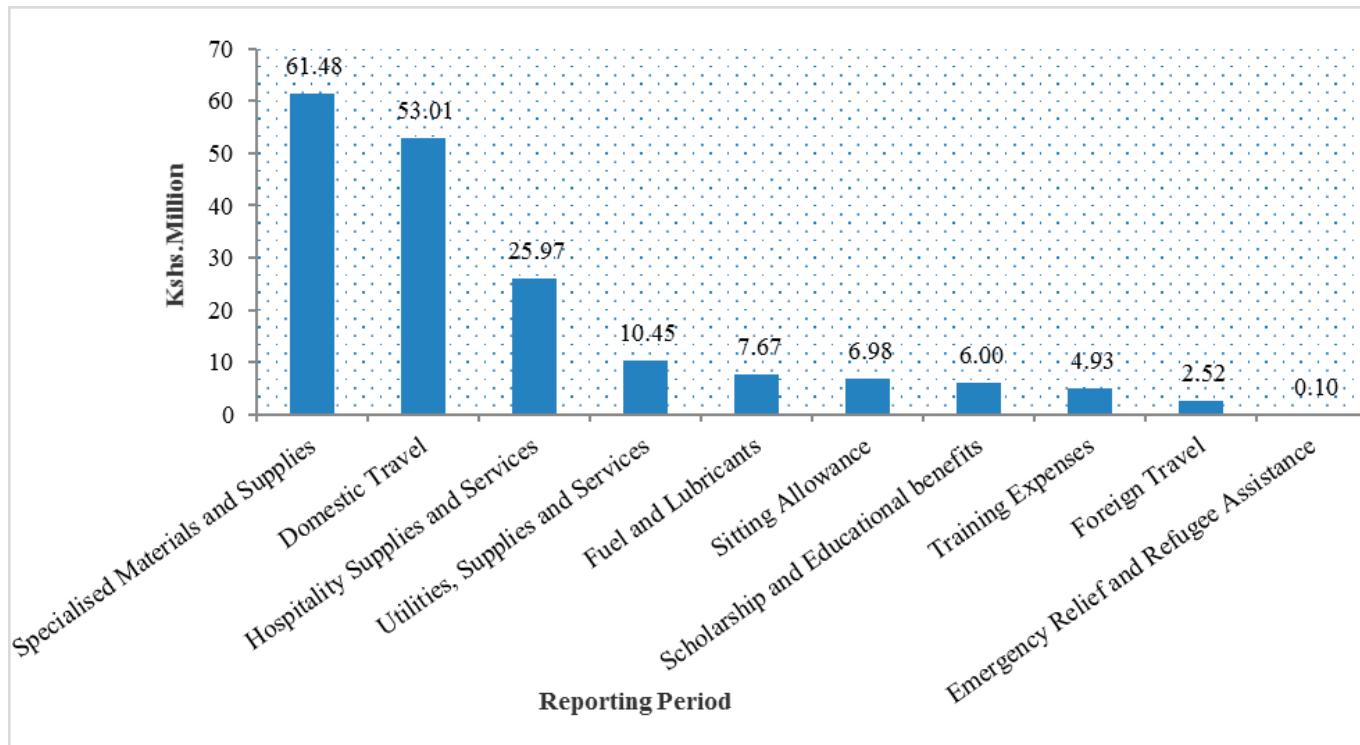
3.33.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 73.4 per cent of the total expenditure for the reporting period and 46.7 per cent of the first quarter proportional revenue of Kshs.2.24 billion.

3.33.8 Expenditure on Operations and Maintenance

Figure 3.65 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.65: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

The County spent Kshs.6.98 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.53.56 million. The average monthly sitting allowance was Kshs.58,153 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.53.01 million and comprised of Kshs.39.04 million spent by the County Assembly and Kshs.13.97 million by the County Executive. Expenditure on foreign travel amounted to Kshs.2.52 million and was entirely by the County Executive.

3.33.9 Development Expenditure

The County incurred an expenditure of Kshs.118.98 million on development programmes, which represented an increase of 403.4 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.23.64 million. Table 3.139 summarises development projects with the highest expenditure in the reporting period.

Table 3.139: Nandi County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name/Description | Project Location | Contract Sum (Kshs.) | Payments to Date (Kshs.) | Absorption Rate (%) |
|-------|---|------------------|----------------------|--------------------------|---------------------|
| 1 | Construction of Mugen VTC | Kapwareng | 991,360 | 944,527 | 95.3 |
| 2 | Renovation of Kombe Dispensary | Kaptel | 2,989,684 | 2,417,015 | 80.8 |
| 3 | Construction of ECD Classrooms | Countywide | 13,061,520 | 4,802,823 | 36.9 |
| 4 | Supply of Fuel for Road works | Countywide | 60,000,000 | 8,573,242 | 14.3 |
| 5 | Hire and Lease of Equipment and Machinery | Countywide | 222,345,041 | 24,997,426 | 11.2 |
| 6 | Renovation of Kipngoror Dispensary | Chepterwai | 3,994,810 | 387,296 | 9.7 |

Source: Nandi County Treasury

3.33.10 Budget Performance by Department

Table 3.140 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.140: Nandi County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|--------------|-----------------------------|---------------|-------------------------------------|--------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Executive | 668.43 | 71.3 | 92.78 | - | 101.88 | - | 109.8 | - | 15.2 | - |
| Finance and Economic Planning | 552.62 | 12.56 | 54.03 | - | 77.69 | - | 143.8 | - | 14.1 | - |
| Devolved Units and Special Programmes | 72.98 | 204.82 | 11.47 | - | 9.97 | - | 86.9 | - | 13.7 | -0.0 |
| Health and Sanitation | 2,693.68 | 602.45 | 320.53 | 12.42 | 611.68 | 8.42 | 190.8 | 67.8 | 22.7 | 1.4 |
| Agriculture, Livestock and Fisheries | 279.25 | 688.93 | 59.00 | - | 102.93 | - | 174.5 | - | 36.9 | - |
| Tourism, Culture and Co-operative Development | 50.84 | 37.30 | 8.00 | - | 11.43 | - | 142.9 | - | 22.5 | - |
| Youth, Gender and Social Services | 115.28 | 138.28 | 21.50 | - | 40.55 | - | 188.6 | - | 35.2 | - |
| Education Research and Vocational Training | 349.53 | 228.38 | 86.00 | 2.85 | 94.84 | 8.45 | 110.3 | 296.3 | 27.1 | 3.7 |
| Lands, Environment and Natural Resources | 102.97 | 379.45 | 16.00 | 33.42 | 26.71 | 15.35 | 166.9 | 45.9 | 25.9 | 4.0 |
| Roads Transport and Public Works | 216.38 | 574.05 | 16.00 | 43.35 | 26.49 | 66.00 | 165.6 | 152.2 | 12.2 | 11.5 |
| Trade and Industrial Development | 54.24 | 54.97 | 8.00 | - | 11.02 | - | 137.8 | - | 20.3 | - |
| Public Service and Labour | 42.42 | - | 4.00 | - | 11.11 | - | 277.7 | - | 26.2 | - |
| County Assembly | 669.45 | 105.00 | 116.18 | - | 181.92 | 20.76 | 156.6 | - | 27.2 | 19.8 |
| Total | 5,868.08 | 3,097.47 | 813.50 | 92.04 | 1,308.22 | 118.98 | 160.8 | 129.8 | 22.3 | 3.8 |

Source: Nandi County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 19.8 per cent while the Departments of County Executive,

Finance and Economic Planning, Devolved Units and Special Programmes, Agriculture, Livestock and Fisheries, Tourism, Culture and Co-operative Development, Youth, Gender and Social Services, and Trade and Industrial Development did not report any expenditure on development activities. The Department of Agriculture, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 36.9 per cent while the Department of Devolved Units and Specialised programme had the lowest at 13.7 per cent.

3.33.11 Budget Execution by Programmes and Sub-Programmes

Table 3.141 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.141: Nandi County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Bud- get (Kshs.) | Actual Pay- ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--------------------------------------|---|---------------------------|---------------------------|--------------------|----------------|
| County Executive | | | | | |
| General Administration and Planning | General Administration and Support services | 681,732,130 | 101,880,954 | 579,851,176 | 14.9 |
| | Subtotal | 681,732,130 | 101,880,954 | 579,851,176 | 14.9 |
| Physical Infrastructure | Physical Infrastructure | 58,000,000 | - | 58,000,000 | - |
| | Subtotal | 58,000,000 | - | 58,000,000 | - |
| Finance and Economic Planning | | | | | |
| Finance and Accounting | General Administration and Support services | 552,618,378 | 77,687,678 | 474,930,700 | 14.1 |
| | Sub total | 552,618,378 | 77,687,678 | 474,930,700 | 14.1 |

| Programme | Sub- Programme | Approved Bud- get (Kshs.) | Actual Pay- ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|---|------------------------------|------------------------------|----------------------|-------------------|
| Revenue | Revenue Collection and Management | 12,560,000 | - | 12,560,000 | - |
| | Subtotal | 12,560,000 | - | 12,560,000 | - |
| Devolved Units and Special Programmes | | | | | |
| Sub-County Administration | Administrative & Support of Human Resources | 72,975,905 | 9,966,182 | 63,009,723 | 13.7 |
| | Subtotal | 72,975,905 | 9,966,182 | 63,009,723 | 13.7 |
| Town Administration Section | Administration and Support of Human Services | 204,821,516 | - | 204,821,516 | - |
| | Subtotal | 204,821,516 | - | 204,821,516 | - |
| Health and Sanitation | | | | | |
| Public Health and Sanitation | Health Service Delivery Administration Services | 2,693,677,874 | 611,683,499 | 2,081,994,375 | 22.7 |
| | Sub total | 2,693,677,874 | 611,683,499 | 2,081,994,375 | 22.7 |
| Curative Health Services | Physical Planning | 602,446,273 | 8,422,200 | 594,024,073 | 1.4 |
| | Sub total | 602,446,273 | 8,422,200 | 594,024,073 | 1.4 |
| Agriculture, Livestock and Fisheries | | | | | |
| Agriculture and Crop Production | Administration and General Support services | 279,248,844 | 102,935,686 | 176,313,158 | 36.9 |
| | Sub total | 279,248,844 | 102,935,686 | 176,313,158 | 36.9 |
| Livestock and Veterinary | Livestock Resources Management | 688,929,847 | - | 688,929,847 | - |
| | Subtotal | 688,929,847 | - | 688,929,847 | - |
| Tourism, Culture and Cooperative Development | | | | | |
| Tourism | General Administration and Support Services | 50,844,650 | 11,432,220 | 39,412,430 | 22.5 |
| | Sub total | 50,844,650 | 11,432,220 | 39,412,430 | 22.5 |
| Culture | Development and Promotion of Culture | 37,299,290 | - | 37,299,290 | - |
| | Sub total | 37,299,290 | - | 37,299,290 | - |
| Youth, Gender and Social Services | | | | | |
| Youth Affairs | General Administration and Support Services | 115,279,747 | 40,548,950 | 74,730,797 | 35.2 |
| | Sub total | 115,279,747 | 40,548,950 | 74,730,797 | 35.2 |
| Sports | Sports Development | 138,277,558 | - | 138,277,558 | - |
| | Sub total | 138,277,558 | - | 138,277,558 | - |
| Education, Research and Vocational Training | | | | | |
| Pre-education and Care Services | General Administration and Support Services | 349,532,223 | 94,841,503 | 254,690,720 | 27.1 |
| | Education | 228,378,974 | 8,449,980 | 219,928,994 | 3.7 |
| | Sub total | 577,911,197 | 103,291,483 | 474,619,714 | 17.9 |
| Lands, Environment and Natural Resources | | | | | |
| Natural Resources and Mining | General Administration and Support Services | 102,969,652 | 26,709,291 | 76,260,361 | 25.9 |
| | Sub total | 102,969,652 | 26,709,291 | 76,260,361 | 25.9 |
| Lands | Lands Adjudication | 2,600,000 | - | 2,600,000 | - |
| | Sub total | 2,600,000 | - | 2,600,000 | - |
| Water | Water Supply | 376,847,634 | 15,350,000 | 361,497,634 | 4.1 |
| | Sub total | 376,847,634 | 15,350,000 | 361,497,634 | 4.1 |
| Roads, Transport and Public Works | | | | | |
| Public Works | General Administration and Support Services | 216,379,793 | 26,488,334 | 189,891,459 | 12.2 |
| | Sub total | 216,379,793 | 26,488,334 | 189,891,459 | 12.2 |
| Roads and Infrastructure | Roads Transport | 574,045,041 | 66,000,637 | 508,044,404 | 11.5 |
| | Sub total | 574,045,041 | 66,000,637 | 508,044,404 | 11.5 |

| Programme | Sub- Programme | Approved Bud- get (Kshs.) | Actual Pay- ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---|--|------------------------------|------------------------------|----------------------|-------------------|
| Trade and Industrial Development | | | | | |
| Markets | General Administration and Sup- port Services | 54,241,161 | 11,020,631 | 43,220,530 | 20.3 |
| | Sub total | 54,241,161 | 11,020,631 | 43,220,530 | 20.3 |
| Industrial, SME Development | Trade Development | 54,968,853 | - | 54,968,853 | - |
| | Sub total | 54,968,853 | - | 54,968,853 | - |
| Public Service and Labour | | | | | |
| General Administration and Planning | Administration and Support of Human Resources | 42,421,494 | 11,106,000 | 31,315,494 | 26.2 |
| | Sub total | 42,421,494 | 11,106,000 | 31,315,494 | 26.2 |
| County Assembly | | | | | |
| Administrative Section | Administration and support Services | 105,000,000 | 20,759,613 | 84,240,387 | 19.8 |
| | Sub total | 105,000,000 | 20,759,613 | 84,240,387 | 19.8 |
| County Assembly Service Board | County Assembly Service Board | 669,452,972 | 181,916,325 | 487,536,647 | 27.2 |
| | Sub total | 669,452,972 | 181,916,325 | 487,536,647 | 27.2 |
| Grand Total | | 8,965,549,809 | 1,427,199,683 | 7,538,350,126 | 15.9 |

Source: Nandi County Treasury

Programmes with high levels of implementation based on absorption rates were: Agriculture and Crop Production in the Department of Agriculture, Livestock and Fisheries at 36.9 per cent, Youth Affairs in the Department of Youth, Gender and Social Services at 35.2 per cent, County Assembly Services at 27.2 per cent, and General Administration and Planning in the Department of Public Service and Labour at 26.2 per cent of budget allocation.

3.33.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. The underperformance of own-source revenue at Kshs.40.04 million against an annual projection of Kshs.387.11 million, representing 10.3 per cent of the annual target.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.34 County Government of Narok

3.34.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.12.02 billion, comprising Kshs.4.53 billion (37.7 per cent) and Kshs.7.49 billion (62.3 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.84 billion (73.6 per cent) as an equitable share of the revenue raised nationally and generate Kshs.2.37 billion (19.8 per cent) from its own source of revenue. The County also expects to receive Kshs.799.27 million (6.7 per cent) as total conditional grants, which consists of Kshs.153.3 million for Leasing of Medical Equipment, Kshs.7.39 million as UNFPA-9th County Programme Implementation, Ksh.49.79 million for Transforming Health systems for universal health care Project (WB), Kshs.398.15 million for IDA(WB) Credit (National Agriculture and Rural Inclusive Growth Project (NAGRIP), Kshs.17.81 million for DANIDA Grant EU Grant (Instruments for Devolution Advice and Support IDEAS), Kshs.141.84 for IDA(WB) Credit Kenya Devolution Support Project (KDSP) Level 2 Grant and finally Kshs.30.99 million for Sweden-Agricultural Sector Development Support Programme (ASDSP) II.

3.34.2 Revenue Performance

In the first quarter of FY2021/22, the County received Kshs.1.46 billion as an equitable share of the revenue raised nationally and raised Kshs.416.85 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.88 billion, as shown in Table 3.142.

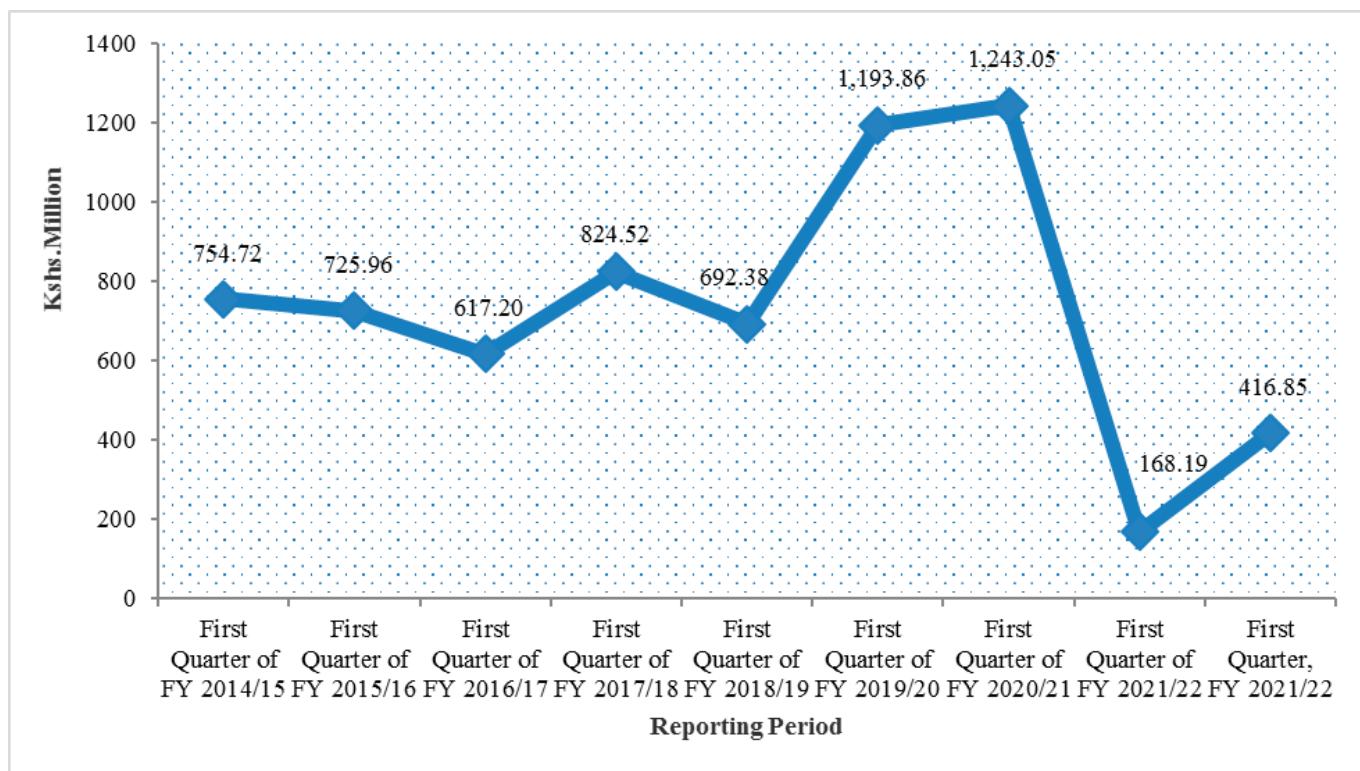
Table 3.142: Narok County, Revenue Performance in FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised Nationally | 8,844,790,000 | 1,459,390,261 | 16.5 |
| | Sub Total | 8,844,790,000 | 1,459,390,261 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 2,374,550,000 | 416,848,610 | 17.6 |
| 2 | Conditional Grants | 799,270,000 | - | - |
| | Sub Total | 3,173,820,000 | 416,848,610 | 13.1 |
| | Grand Total | 12,018,610,000 | 1,876,238,871 | 15.6 |

Source: Narok County Treasury

Figure 3.66 shows the trend in own-source revenue collection from the first quarter of FY 2013/14 to FY 2021/22.

Figure 3.66: Trend in Own-Source Revenue Collection from the First Quarter of FY 2013/14 to the First Quarter of FY 2021/22



Source: Narok County Treasury

During the first quarter of FY 2021/22, the County generated Kshs.416.84 million as own-source revenue. This amount represented an increase of 60 per cent compared to Kshs.168.18 million realised during the same period in FY 2020/21 and represented 17.6 per cent of the annual target.

The significant increase was attributed to the opening up of the major sectors of the economy and the uplifting of the restrictions imposed generally in the country following the global COVID 19 pandemic that primarily affected the tourism sector, the County's major revenue stream. Beyond the tourism sector, the pandemic also impacted all the other revenue streams due to the restrictions to combat the pandemic.

3.34.3 Exchequer Issues

The Controller of Budget approved the withdrawal of Kshs.1.56 billion from the CRF account during the reporting period, which was entirely for recurrent programmes.

3.34.4 Overall Expenditure Review

The County spent Kshs.1.49 billion entirely on recurrent programmes during the reporting period. This expenditure represented 93.1 per cent of the total funds released by the CoB. Expenditure on recurrent programmes represented an absorption rate of 19.8 per cent of the annual recurrent budget.

3.34.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.17 billion and comprised of Kshs.1.70 billion for recurrent expenditure and Kshs.476.03 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County did not report any payment towards the settlement of pending bills.

3.34.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.682.89 million was spent on Compensation to Employees and Kshs.872.87 million on Operations and Maintenance.

Table 3.143: Summary of FY 2021/22 Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|--------------------|----------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,720,360,000 | 769,346,518 | 1,438,215,858 | 47,900,500 | 21.4 | 6.2 |
| Compensation to Employees | 3,693,766,788 | 453,919,162 | 674,832,898 | 8,055,000 | 18.3 | 1.8 |
| Operations and Maintenance | 3,026,593,212 | 315,427,356 | 763,382,960 | 39,845,500 | 25.2 | 12.6 |
| Development Expenditure | 4,376,210,000 | 152,693,482 | - | - | - | - |
| Total | 11,096,570,000 | 922,040,000 | 1,438,215,858 | 47,900,500 | 13.0 | 5.2 |

Source: Narok County Treasury

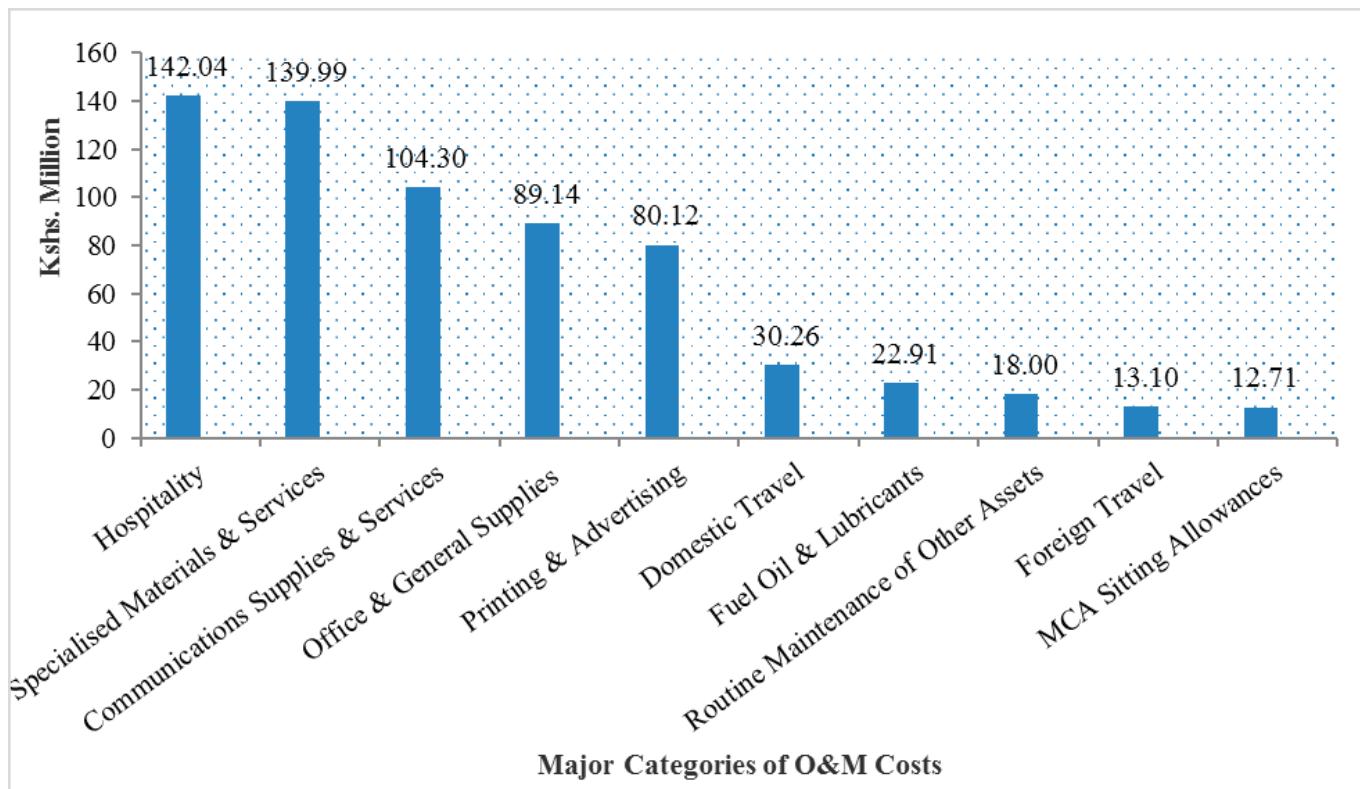
3.34.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 46 per cent of the total expenditure for the reporting period and 22.7 per cent of the first quarter proportional revenue of Kshs.3 billion.

3.34.8 Expenditure on Operations and Maintenance

Figure 3.67 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.67: Narok County, Operations and Maintenance Expenditure by Major Categories in FY 2021/22



Source: Narok County Treasury

The County spent Kshs.12.71 million on Committee Sitting Allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.57.61 million. The average monthly sitting allowance was Kshs.90,133 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.30.26 million and comprised Kshs.21.25 million spent by the County Assembly and Kshs.9.01 million by the County Executive.

3.34.9 Development Expenditure Analysis

The County did not report expenditure on development programmes in the period under review.

3.34.10 Budget Performance by Department

Table 3.144 summarizes the approved budget allocation and performance by Department in the FY 2021/22.

Table 3.144: Narok County, Budget Performance by Department for FY 2021/22

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|--------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 769.35 | 152.69 | 122.44 | - | 113.94 | - | 93.1 | - | 14.8 | - |
| Office of the Governor and Deputy Governor | 137.45 | - | 20.81 | - | 18.81 | - | 90.4 | - | 13.7 | - |
| Treasury, Economic Planning & ICT | 713.68 | 349.68 | 193.39 | - | 189.39 | - | 97.9 | - | 26.5 | - |
| Roads, County Transport, Public Works and infrastructure | 320.5 | 750.77 | 113.94 | - | 100.94 | - | 88.6 | - | 31.5 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Education, Youth Affairs, Sports Culture and Social Services | 1,105.18 | 471.65 | 156.58 | - | 146.58 | - | 93.6 | - | 13.3 | - |
| Environment & Natural Resources | 228.32 | 280.74 | 45.44 | - | 39 | - | 85.8 | - | 17.1 | - |
| County Public Service Board | 88.71 | 0 | 12.35 | - | 8.35 | - | 67.6 | - | 9.4 | - |
| Agriculture, Livestock, and Fisheries | 299.18 | 491.34 | 43.08 | - | 41.52 | - | 96.4 | - | 13.9 | - |
| Department of County Health and sanitation | 2,346.38 | 1,389.00 | 464.86 | - | 454.12 | - | 97.7 | - | 19.4 | - |
| Lands, Housing, Physical Planning & Urban Development | 209.21 | 259.53 | 80.58 | - | 79.58 | - | 98.8 | - | 38.0 | - |
| Tourism & Wildlife | 390.37 | 150.5 | 52.37 | - | 49.37 | - | 94.3 | - | 12.6 | - |
| County administrative and public service management | 772.79 | 172.08 | 236.58 | - | 232.58 | - | 98.3 | - | 30.1 | - |
| Trade & Industrialization | 108.59 | 60.92 | 12.96 | - | 11.96 | - | 92.3 | - | 11.0 | - |
| Total | 7,489.71 | 4,528.90 | 1,555.35 | - | 1,486.12 | - | 95.5 | - | 19.8 | - |

Source: Narok County Treasury

Analysis of expenditure by department shows that the Department of Lands, Housing, Physical Planning and Urban Development recorded the highest absorption rate of the recurrent budget at 38 per cent while the County Public Service Board had the lowest at 9.4 per cent.

3.34.11 Budget Execution by Programmes and Sub-Programmes

Table 3.145 summarises the budget execution by programmes and sub-programmes in FY 2021/22.

Table 3.145: Narok County, Budget Execution by Programmes and Sub-programmes in FY 2021/22

| Programme | Sub Programme | Description | Approved Budget (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|-----------|---------------|---|-------------------------|-------------------------|------------------|----------------|
| 4610 | | Default - Non Programmatic | - | - | - | - |
| | 0 | Default - Non-Programmatic | - | - | - | - |
| 101000000 | | Land Policy and Planning | - | - | - | - |
| | 101029999 | Land Information Management | - | - | - | - |
| 102000000 | | Housing Development and Human Settlement | - | - | - | - |
| | 102019999 | Housing Development | - | - | - | - |
| 102004610 | | Crop Development and management | 628,493,312 | 63,939,234 | 564,554,078 | 10.2 |
| | 102024610 | Crop Productivity Improvement | 628,493,312 | 63,939,234 | 564,554,078 | 10.2 |
| 103004610 | | Livestock Resources management and development | 132,347,982 | - | 132,347,982 | - |
| | 103014610 | Livestock Pests & Disease Management & Control | 61,596,366 | - | 61,596,366 | - |

| Programme | Sub Pro-gramme | Description | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|------------------|----------------|--|-------------------------|--------------------------|--------------------|----------------|
| | 103074610 | Livestock Information Management | 70,751,616 | - | 70,751,616 | - |
| 104004610 | | Fisheries development and management | 29,678,706 | - | 29,678,706 | - |
| | 104014610 | Fish Products Production | 29,678,706 | - | 29,678,706 | - |
| 105000000 | | Urban and Metropoli-tan Development | - | - | - | - |
| | 105029999 | Metropolitan Planning & Infrastructure Develop-ment | - | - | - | - |
| 105004610 | | Land Policy and Plan-ning | 53,262,143 | 65,000 | 53,197,143 | 0.1 |
| | 105014610 | Development Planning and Land Reforms | 53,262,143 | 65,000 | 53,197,143 | 0.1 |
| | 105024610 | | | | | - |
| 106004610 | | Housing Development and Human Settlement | 164,806,691 | - | 164,806,691 | - |
| | 106014610 | Housing Development | 164,806,691 | - | 164,806,691 | - |
| 107004610 | | Urban Mobility and Transport | 250,671,166 | 5,000,000 | 245,671,166 | 2.0 |
| | 107014610 | Metropolitan Planning & Infrastructure Develop-ment | 250,671,166 | 5,000,000 | 245,671,166 | 2.0 |
| 108000000 | | Crop Development and Management | - | - | - | - |
| | 108029999 | Food Security Initiatives | - | - | - | - |
| 111000000 | | Fisheries Development and Management | - | - | - | - |
| | 111029999 | Aquaculture Develop-ment Marketing & Re-search | - | - | - | - |
| 112000000 | | Livestock Resources Management and De-velopment | - | - | - | - |
| | 112029999 | Livestock Production and Management | - | - | - | - |
| 201004610 | | Roads Transport and Public Works | 1,071,270,000 | 114,358,420 | 956,911,580 | 10.7 |
| | 201014610 | General Administration, Planning and Support Services | 72,703,471 | - | 72,703,471 | - |
| | 201024610 | Construction of Roads and Bridges | 906,554,174 | 114,358,420 | 792,195,754 | 12.6 |
| | 201034610 | Maintenance of Roads | 92,012,355 | - | 92,012,355 | - |
| 202000000 | | Road Transport | - | - | - | - |
| | 202019999 | Construction of Roads and Bridges | - | - | - | - |
| | 202039999 | Maintenance of Roads | - | - | - | - |
| 202004610 | | ICT Services | 47,923,165 | 2,488,363 | 45,434,802 | 5.2 |
| | 202014610 | ICT Infrastructure De-velopment | 47,923,165 | 2,488,363 | 45,434,802 | 5.2 |
| 210000000 | | ICT Infrastructure De-velopment | - | - | - | - |
| | 210019999 | ICT Infrastructure Con-nectivity | - | - | - | - |
| 301004610 | | General Administra-tion and Support Ser-vices | 169,510,000 | - | 169,510,000 | - |
| | 301014610 | Administrative Services | 7,136,419 | - | 7,136,419 | - |
| | 301024610 | Cooperative Develop-ment & Management | 23,446,192 | - | 23,446,192 | - |

| Programme | Sub Pro-gramme | Description | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|------------------|-----------------------|---|--------------------------------|---------------------------------|-------------------------|-----------------------|
| | 301034610 | Trade Development and Promotion | 138,927,389 | - | 138,927,389 | - |
| 302000000 | | Industrial Develop-ment and Investments | - | - | - | - |
| | 302019999 | Promotion of Industrial Development and Investments | - | - | - | - |
| 303004610 | | Tourism Development and Promotion | 540,870,000 | - | 540,870,000 | - |
| | 303014610 | Tourism Promotion and Marketing | 540,870,000 | - | 540,870,000 | - |
| 306000000 | | Tourism Development and Promotion | - | - | - | - |
| | 306019999 | Tourism Promotion and Marketing | - | - | - | - |
| 401000000 | | Preventive & Promotive Health Services | - | - | - | - |
| | 401019999 | Health Promotion | - | - | - | - |
| 401004610 | | Preventive & Promotive Health Services | 1,389,000,000 | 225,000,000 | 1,164,000,000 | 16.2 |
| | 401014610 | Health Promotion | 1,389,000,000 | 225,000,000 | 1,164,000,000 | 16.2 |
| 402004610 | | Curative Health Ser-vices | 331,034,233 | 7,984,050 | 323,050,183 | 2.4 |
| | 402014610 | Referral Services | 331,034,233 | 7,984,050 | 323,050,183 | 2.4 |
| 403004610 | | General Administra-tion, Planning & Sup-port Services | 2,015,345,767 | 86,260,560 | 1,929,085,207 | 4.3 |
| | 403014610 | Health Policy, Planning and Financing | 2,015,345,767 | 86,260,560 | 1,929,085,207 | 4.3 |
| 404000000 | | General Administra-tion, Planning & Sup-port Services | - | - | - | - |
| | 404019999 | Health Policy, Planning & Financing | - | - | - | - |
| 501000000 | | Primary Education | - | - | - | - |
| | 501049999 | Early Child Develop-ment and Education | - | - | - | - |
| 502004610 | | Manpower Develop-ment, Employment and Productivity Manage-ment | 1,224,941,270 | 124,150,000 | 1,100,791,270 | 10.1 |
| | 502014610 | Early Child Develop-ment and Education | 1,224,941,270 | 124,150,000 | 1,100,791,270 | 10.1 |
| | 502024610 | Infrastructure Develop-ment and Expansion | - | - | - | - |
| 701004610 | | General Administra-tion, Planning and Sup-port Services | 1,486,406,744 | 163,063,805 | 1,323,342,939 | 11.0 |
| | 701014610 | Administrative Services | 669,697,099 | 151,708,655 | 517,988,444 | 22.7 |
| | 701024610 | Information Communi-cation Services | - | - | - | - |
| | 701044610 | Coordination and Ad-ministrative Services | 253,846,234 | 460,000 | 253,386,234 | 0.2 |
| | 701054610 | Public service and Field Administrative Services | 398,258,303 | - | 398,258,303 | - |
| | 701084610 | Board Management Ser-vices | 164,605,108 | 10,895,150 | 153,709,958 | 6.6 |
| | 701104610 | Legal and Public Affairs | - | - | - | - |
| 702004610 | | Public Finance Man-agement | 335,677,978 | 53,662,900 | 282,015,078 | 16.0 |
| | 702014610 | Accounting services | 30,796,221 | - | 30,796,221 | - |
| | 702024610 | Resource Mobilization | 145,522,112 | 42,178,000 | 103,344,112 | 29.0 |

| Programme | Sub Pro-gramme | Description | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|------------------|----------------|---|-------------------------|--------------------------|--------------------|----------------|
| | 702034610 | Budget Formulation, Coordination and Management | 35,932,873 | - | 35,932,873 | - |
| | 702044610 | Supply Chain Management Services | 69,038,396 | 11,484,900 | 57,553,496 | 16.6 |
| | 702054610 | Internal Audit Services | 54,388,376 | - | 54,388,376 | - |
| 703004610 | | Economic Policy and County Planning | 679,758,857 | 243,763,478 | 435,995,379 | 35.9 |
| | 703014610 | Economic Planning Co-ordination | 655,200,268 | 243,553,878 | 411,646,390 | 37.2 |
| | 703024610 | Monitoring and Evaluation Services | 24,558,589 | 209,600 | 24,348,989 | 0.9 |
| 704004610 | | Legislation and Representation | 606,663,256 | 152,840,400 | 453,822,856 | 25.2 |
| | 704014610 | Legislative Oversight | 392,522,712 | 111,750,000 | 280,772,712 | 28.5 |
| | 704024610 | County Co-ordination Services | 207,540,000 | 41,090,400 | 166,449,600 | 19.8 |
| | 704034610 | Research and Policy | 6,600,544 | - | 6,600,544 | - |
| 706000000 | | Economic Policy and National Planning | - | - | - | - |
| | 706019999 | Economic Planning Co-ordination services | - | - | - | - |
| 722000000 | | Legislative Oversight | - | - | - | - |
| | 722019999 | Legislation and Representation | - | - | - | - |
| 724000000 | | Inter-Governmental Revenue and Financial Matters | - | - | - | - |
| | 724029999 | Research and Policy | - | - | - | - |
| 725000000 | | General Administration, Planning and Support Services | - | - | - | - |
| | 725019999 | Administration | - | - | - | - |
| | 725029999 | Board Management Service | - | - | - | - |
| 729000000 | | Audit Services | - | - | - | - |
| | 729029999 | County Governments Audit | - | - | - | - |
| 901000000 | | Sports | - | - | - | - |
| | 901019999 | Sports Training and competitions | - | - | - | - |
| 901004610 | | Social Development and Children Services | 351,888,730 | 63,540,148 | 288,348,582 | 18.1 |
| | 901014610 | Gender and Youth Development | 29,739,090 | 9,000,000 | 20,739,090 | 30.3 |
| | 901024610 | Social Assistance to Vulnerable Groups | 21,646,436 | - | 21,646,436 | - |
| | 901034610 | Development and Promotion of culture | 19,710,027 | 138,000 | 19,572,027 | 0.7 |
| | 901044610 | Development and Management of sports facilities | 155,000,000 | 54,402,148 | 100,597,852 | 35.1 |
| | 901054610 | Sports Services | | | | - |
| | 901064610 | Voluntary Training Services | 125,793,177 | - | 125,793,177 | - |
| 907000000 | | Manpower Development, Employment and Productivity Management | - | - | - | - |
| | 907019999 | Human Resource Planning & Development | - | - | - | - |

| Programme | Sub Pro-gramme | Description | Approved Budget (Kshs.) | Actual Pay-ments (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--------------------|----------------|--|-------------------------|--------------------------|-----------------------|----------------|
| 1.00E+09 | | General Administra-tion, Planning and Sup-port Services | - | - | - | - |
| | 1001019999 | Environmental Policy Management | - | - | - | - |
| 1002000000 | | Environment Manage-ment and Protection | 509,060,000 | 180,000,000 | 329,060,000 | 35.4 |
| | 1002014610 | Forests Conservation and Management | 509,060,000 | 180,000,000 | 329,060,000 | 35.4 |
| 1003000000 | | Natural Resourc-es Conservation and Management | - | - | - | - |
| | 1003039999 | Wildlife Conservation and Security | - | - | - | - |
| Grand Total | | | 12,018,610,000 | 1,486,116,358 | 10,532,493,642 | 12.4 |

Source: Narok County Treasury

Based on the implementation status as shown in Table 3.145, the programs with the highest absorption rates were: Economic planning at 37.2 per cent, Development and Management of Sports Facilities at 35.1 per cent, Environment Management and Resource Mobilization at 35.4 per cent, Gender and Youth development at 30.3 per cent of budget allocation.

3.34.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective implementation;

1. Lack of development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.53 billion.
2. High outstanding pending bills, which amounted to Kshs.2.17 billion at the beginning of the financial year.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should prioritize pending bills as a first charge in the budget according to the law.*

3.35 County Government of Nyamira

3.35.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.94 billion, comprising Kshs.2.48 billion (35.7 per cent) and Kshs.4.46 billion (64.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.14 billion (74.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.400 million (5.8 per cent) from own sources of revenue, and a cash balance of Kshs.838.91 million (12.1 per cent) from FY 2020/21. The County also expects to receive Kshs.563.37 million (8.1 per cent) as conditional grants, consisting of a World Bank loan – National Agriculture Rural Inclusive Growth Project of Kshs.275.42 million, World Bank Grant – Transforming Health Sector Universal Coverage of Kshs.90.23million, DANIDA of Kshs.10.67 million, Agricultural Sector Development Support of Kshs.24.25 million, Kenya Devolution Support Program II of Kshs.112.82, Kenya Informal Settlement Improvement 2 of Kshs.50 million.

3.35.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.847.33 million as the equitable share of the revenue raised nationally, raised Kshs.35.30 million as own-source revenue, Kshs.112.82 million as conditional grants, and had a cash balance of Kshs.838.91 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.72 billion, as shown in Table 3.146.

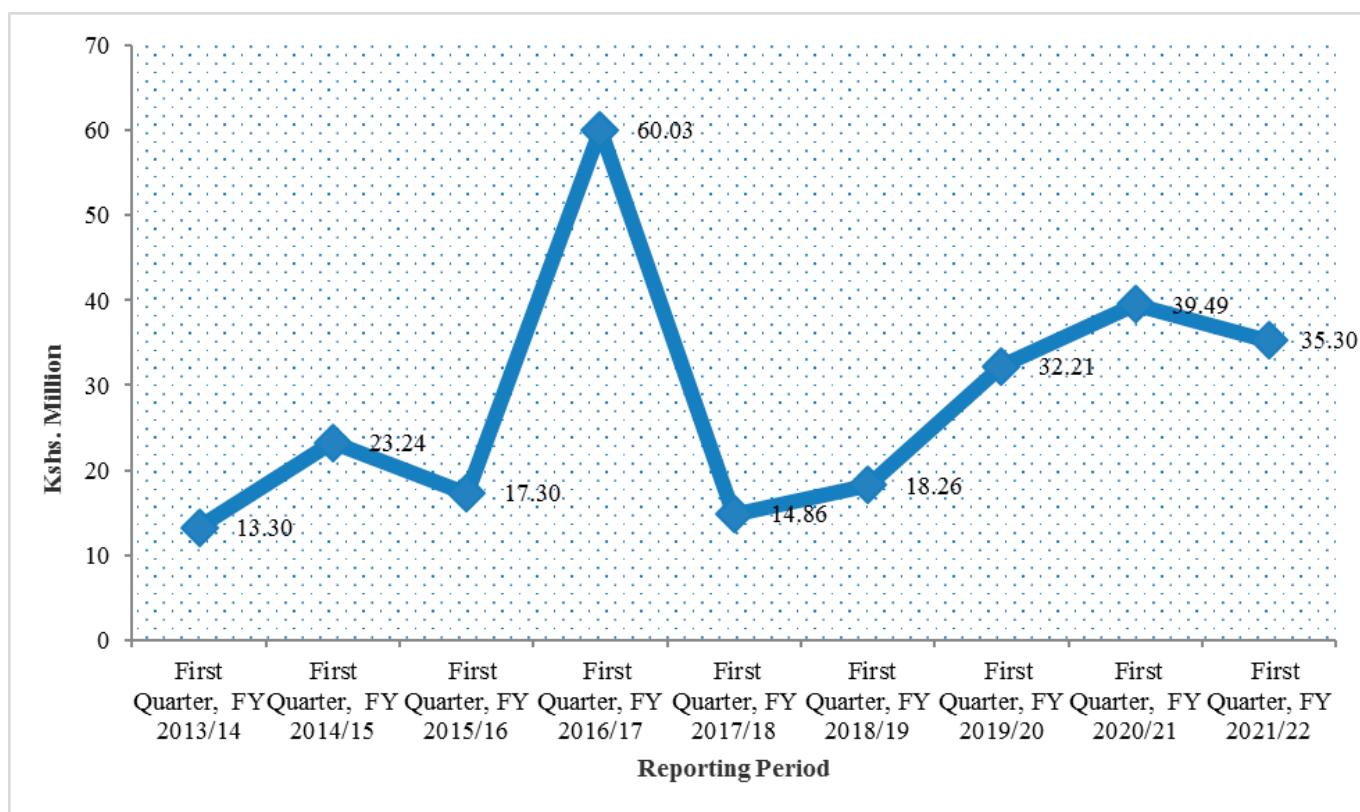
Table 3.146: Nyamira County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 5,135,340,036 | 847,331,106 | 16.5 |
| | Sub Total | 5,135,340,036 | 847,331,106 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 400,000,000 | 35,299,275 | 8.8 |
| 2 | Balance b/f from FY 2020/21 | 838,910,105 | 838,910,105 | 100.0 |
| 3 | Other Revenues | 563,367,518 | - | - |
| | Sub Total | 1,802,277,623 | 874,209,380 | 48.5 |
| | Grand Total | 6,937,617,659 | 1,721,540,486 | 24.8 |

Source: Nyamira County Treasury

Figure 3.68 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.68: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nyamira County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.35.30 million as own-source revenue. This amount represented a decrease of 10.6 per cent compared to Kshs.39.49 million realised during a similar period in the first quarter of FY 2020/21 and was 8.8 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.786.87 million from the CRF account during the reporting period. The amount comprised of Kshs.112.82 million (14.6 per cent) for development programmes and Kshs.674.06 million (65.4 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

The County spent Kshs.980.18 million on development and recurrent programmes during the reporting period. This expenditure represented 124.5 per cent of the total funds released by the CoB and comprised of Kshs.28.37 million

and Kshs.951.81 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 1.1 per cent, while recurrent expenditure represented 21.5 per cent of the annual recurrent expenditure budget.

3.35.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.334.97 million and comprised of Kshs.119.44 million for recurrent expenditure and Kshs.215.54 million for development expenditure. At the beginning of FY 2021/22, the County prepared a payment plan to settle the entire bills in the current financial year. However, the County did not report any payment towards pending bills in the period under review.

3.35.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.843.61 million was spent on employee compensation, Kshs.108.20 million on operations and maintenance, and Kshs.28.37 million on development activities, as shown in Table 3.147.

Table 3.147: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|--------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 3,846,047,875 | 612,444,433 | 812,824,949 | 138,987,466 | 21.1 | 22.7 |
| Compensation to Employees | 2,736,056,812 | 364,739,306 | 752,314,824 | 91,297,244 | 27.5 | 25.0 |
| Operations and Maintenance | 1,109,991,063 | 247,705,127 | 60,510,125 | 47,690,222 | 5.5 | 19.3 |
| Development Expenditure | 2,285,447,145 | 193,678,206 | 28,371,853 | - | 1.2 | - |
| Total | 6,131,495,020 | 806,122,639 | 841,196,802 | 138,987,466 | 13.7 | 17.2 |

Source: Nyamira County Treasury

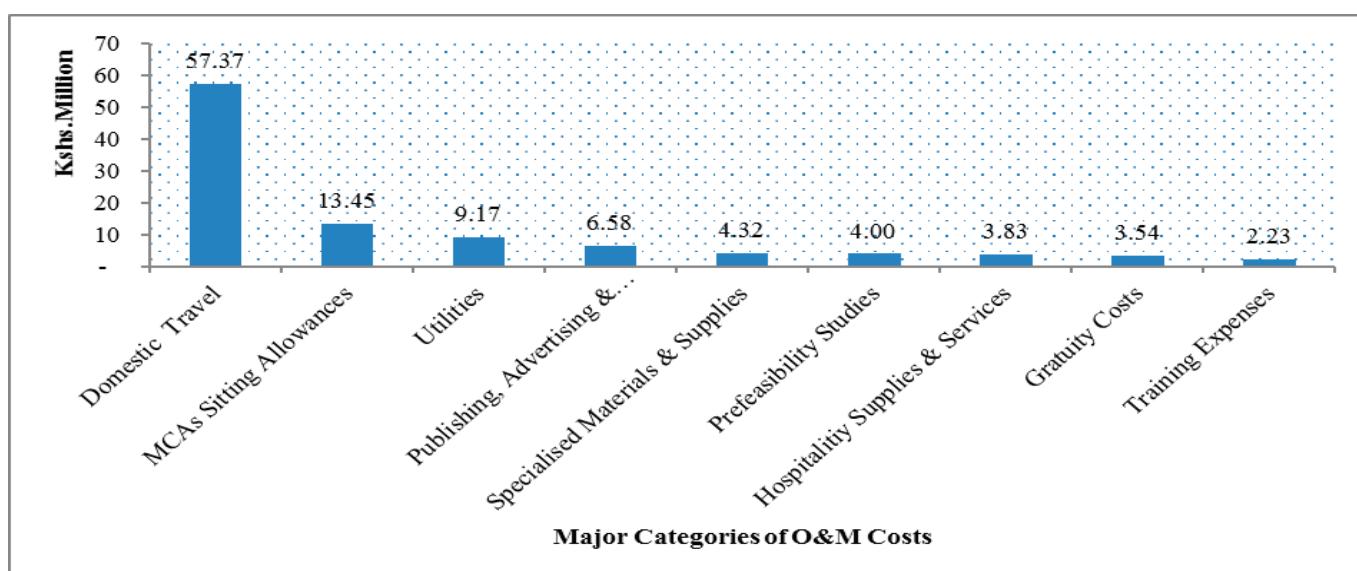
3.35.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.1 per cent of the total expenditure for the reporting period and 49 per cent of the first quarter proportional revenue of Kshs.1.72 billion.

3.35.8 Expenditure on Operations and Maintenance

Figure 3.69 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.69: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

The County spent Kshs.13.45 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.60.89 million. The average monthly sitting allowance was Kshs.121,134 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.57.37 million and comprised Kshs.34.22 million spent by the County Assembly and Kshs.23.15 million by the County Executive. Expenditure on foreign travel amounted to Kshs.1.11 million paid by the County Executive.

3.35.9 Development Expenditure

The County incurred an expenditure of Kshs.28.37 on development programmes, which represented a decrease of 65.3per cent compared to a similar period in FY 2020/21 when the County spent Kshs.82.04 billion.

3.35.10 Budget Performance by Department

Table 3.148 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.148: Nyamira County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|------------------------------------|--------------------------------------|-----------------|-------------------------------------|---------------|--------------------------------|--------------|---|-------------|------------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 612.44 | 193.68 | 102.07 | 0.00 | 138.99 | 0.00 | 136.2 | 0.0 | 22.7 | 0.0 |
| County Executive Office | 469.16 | 0.00 | 31.59 | 0.00 | 54.09 | 0.00 | 171.2 | 0.0 | 11.5 | 0.0 |
| Finance & Economic Planning | 351.07 | 200.78 | 50.56 | 112.82 | 68.89 | 0.00 | 136.3 | 0.0 | 19.6 | 0.0 |
| Agriculture, Livestock & Fisheries | 156.55 | 325.39 | 26.89 | 0.00 | 35.95 | 9.06 | 133.7 | 0.0 | 23.0 | 2.8 |
| Environment, Energy, NR & Mining | 92.65 | 196.70 | 18.94 | 0.00 | 23.17 | 0.88 | 122.3 | 0.0 | 25.0 | 0.4 |
| Education & ICT | 405.72 | 78.82 | 84.63 | 0.00 | 111.28 | 0.00 | 131.5 | 0.0 | 27.4 | 0.0 |
| Health services | 1,687.43 | 509.78 | 260.25 | 0.00 | 373.25 | 7.01 | 143.4 | 0.0 | 22.1 | 1.4 |
| Lands, Housing & Urban Develop. | 68.21 | 230.55 | 16.56 | 0.00 | 22.63 | 3.46 | 136.6 | 0.0 | 33.2 | 1.5 |
| Roads, Transport & Works | 104.63 | 374.20 | 13.49 | 0.00 | 21.23 | 6.88 | 157.4 | 0.0 | 20.3 | 1.8 |
| Trade, Tourism, Industrialization | 32.81 | 37.68 | 4.46 | 0.00 | 7.99 | 1.07 | 179.0 | 0.0 | 24.3 | 2.8 |
| Youths, Sports, Gender, Culture | 49.14 | 107.08 | 7.14 | 0.00 | 15.35 | 0.00 | 215.0 | 0.0 | 31.2 | 0.0 |
| County Public Service Board | 66.11 | 0.00 | 8.33 | 0.00 | 15.16 | 0.00 | 182.0 | 0.0 | 22.9 | 0.0 |
| Public Administration | 321.17 | 60.00 | 48.75 | 0.00 | 58.79 | 0.00 | 120.6 | 0.0 | 18.3 | 0.0 |
| Nyamira Municipality | 41.41 | 164.46 | 0.40 | 0.00 | 5.04 | 0.00 | 1260.5 | 0.0 | 12.2 | 0.0 |
| Total | 4,458.49 | 2,479.12 | 674.06 | 112.82 | 951.81 | 28.37 | 141.2 | 25.1 | 21.3 | 1.1 |

Source: Nyamira County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture, Livestock and Fisheries and the Department of Trade, Tourism, and Industrialization recorded the highest absorption rate of development budget at 2.8 per cent. The Department of Lands, Housing, and Urban Development had the highest percentage of recurrent expenditure to budget at 33.2 per cent, while the County Executive Office had the lowest at 11.5 per cent.

3.35.11 Budget Execution by Programmes and Sub-Programmes

Table 3.149 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.149: Nyamira County, Budget Execution by Programmes and Sub-programmes

| Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|------------------------|------------------------|------------------|---------------------|
| County Assembly | | | | |
| Policy planning, general admin and support services | 337,926,193 | 65,116,849 | 272,809,344 | 19.3 |

| Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|-------------------------------|-------------------------------|-------------------------|----------------------------|
| Committee management services | 23,959,000 | 9,940,600 | 14,018,400 | 41.5 |
| General administration, planning, and support services | 444,237,446 | 63,930,017 | 380,307,429 | 14.4 |
| Subtotal | 806,122,639 | 138,987,466 | 667,135,173 | 17.2 |
| Department of County Executive | | | | |
| General administration, planning, and support services | 415, 139, 585 | 52, 821, 905 | 362, 317, 680 | 12.7 |
| Executive management and liaison services | 54, 022, 770 | 1, 267, 200 | 52, 755, 570 | 2.3 |
| Subtotal | 469, 162, 325 | 54, 089, 810 | 415, 073, 250 | 11.5 |
| General administration, planning and support services | 214,908,913 | 55,960,607 | 158,948,306 | 26.0 |
| Information and communication technology | 122,815,104 | 191,000 | 122,624,104 | 0.2 |
| Resources Mobilization | 26999964 | 1,019,200 | 25,980,764 | 3.8 |
| Economic planning budget formulation and coordination | 56,126,841 | 9,896,655 | 46,230,186 | 17.6 |
| Accounting and financial services | 131,000,006 | 1,825,450 | 129,174,556 | 1.4 |
| Subtotal | 551, 850, 828 | 68, 892, 912 | 482,957,916 | 12.5 |
| Department of Agriculture, livestock and fisheries | | | | |
| Policy planning, general administration & support services | 155,439,700 | 35,953,824 | 119,485,876 | 23.1 |
| Livestock, promotion and development | 3,800,000 | 0 | 3,800,000 | 0.0 |
| Crops, agribusiness and land management | 321,592,845 | 9,063,883 | 312,528,962 | 2.8 |
| Fisheries development and promotion services | 1,113000 | 0 | 1,113,000 | 0.0 |
| Subtotal | 481,945,545 | 45,017,707 | 436,927,838 | 9.3 |
| Department of Environment and Natural resources | | | | |
| General administration support services | 72,647,959 | 15,665,998 | 56,981,961 | 21.6 |
| Other energy source promotion | 22,550,000 | 7,499,159 | 15,050,841 | 33.3 |
| Rural water services | 194,150,000 | 880,650 | 193,269,350 | 0.5 |
| Subtotal | 289,374,959 | 24,045,807 | 265,302,152 | 8.3 |
| Department of Education | | | | |
| General administration support services | 288,913,277 | 110,306,107 | 178,607,170 | 38.2 |
| Pre-primary education | 80,938,630 | 495,600 | 80,443,030 | 0.6 |
| Vocational development and training services | 114,680,842 | 479,400 | 114,201,442 | 0.4 |
| Subtotal | 484,532,749 | 111,281,107 | 373,251,642 | 23.0 |
| Department of Health | | | | |
| General administration support services | 1,546,018,174 | 364,118,609 | 1,118,239,565 | 23.6 |
| Curative health services | 651,189,285 | 15,485,920 | 635,703,635 | 2.4 |
| Subtotal | 2,197,207,459 | 380,264,529 | 1,816,942,930 | 17.3 |
| Department of Lands, housing and urban development | | | | |
| Policy planning, general administration & support services | 68,210,790 | 22,630,593 | 45,580,197 | 33.2 |

| Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|-------------------------------|-------------------------------|-------------------------|----------------------------|
| Physical planning and surveying services | 79,000,000 | 3,463,000 | 75,537,068 | 4.4 |
| Management and development of towns | 61,554,023 | 0 | 61,554,023 | 0.0 |
| Housing improvement development | 90,000,000 | 0 | 90,000,000 | 0.0 |
| Subtotal | 298,764,813 | 26,093,593 | 450,715,754 | 8.7 |
| Department of Transport, Roads and public works | | | | |
| Policy planning, general administration & support services | 8,500,000 | 0 | 8,500,000 | 0.0 |
| General administration support services | 95,679,190 | 21,112,122 | 74,567,068 | 22.1 |
| Roads development and management | 374,649,206 | 7,000,520 | 367,648,686 | 1.9 |
| Subtotal | 478,828,396 | 28,112,642 | 450,715,754 | 5.9 |
| Department of Trade, Tourism, Industrialization and Cooperatives development | | | | |
| Tourism development and promotion | 896,000 | 206,000 | 690,000 | 23.0 |
| Policy planning, general administration, and support services | 29,032,754 | 7,000,726 | 22,032,028 | 24.1 |
| Trade, cooperative, investment and promotion | 40,536,192 | 1,851,700 | 38,711,492 | 4.6 |
| Subtotal | 70,491,946 | 9,058,426 | 61433,520 | 12.9 |
| Department of youth, sport, gender, culture and social services | | | | |
| General administration support services | 47,161,056 | 14,863,071 | 32,297,985 | 31.5 |
| Community development | 109,054,370 | 484,600 | 108,569,770 | 0.4 |
| Subtotal | 156,215,426 | 15,347,671 | 140,867,755 | 9.8 |
| Department of County Public Services Board | | | | |
| General administration and support services | 60,731,790 | 13,839,671 | 46,892,119 | 22.8 |
| Policy planning, general administration & support services | 5,381,500 | 1,323,000 | 4,058,500 | 24.6 |
| Subtotal | 66,113,290 | 15,162,671 | 322,380,368 | 22.9 |
| Department of Public Administration | | | | |
| Policy planning, general administration & support services | 317,638,378 | 58,788,510 | 258,849,868 | 18.5 |
| Field coordination and administration | 62,876,500 | 0 | 62,876,500 | 0.0 |
| General administration, planning and support services | 654,000 | 0 | 654,000 | 0.0 |
| Subtotal | 381,168,878 | 58,788,510 | 322,380.368 | 15.4 |
| Department of Nyamira Municipality | | | | |
| Policy planning, general administration & support services | 41,405,052 | 5,042,123 | 200,823,283 | 12.2 |
| Roads development and management | 164,460,354 | 0 | 36,362,929 | 0.0 |
| Subtotal | 205,865,406 | 5,042,123 | 200,823,283 | 2.4 |
| TOTALS | 6,397,617,689 | 980,184,269 | 5,957,433,420 | 14.1 |

Source: Nyamira County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Services in the Department of Education at 38.1 per cent, Other Energy Source Promotion in the Department of Environment, Energy and Natural Resources at 33.3 per cent, Policy Planning, General Administration & Support Services in the Department of Lands, Housing and Urban Development at 33.2 per cent of budget allocation.

3.35.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.28.37 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.48 billion. The development expenditure represented 1.1 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.35.30 million against an annual projection of Kshs.400 million, representing 8.8 per cent of the annual target.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.22 billion, comprising Kshs.2.33 billion (32.3 per cent) and Kshs.4.88 billion (67.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.67 billion (78.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.590 million (8.2 per cent) from own sources of revenue, and a cash balance of Kshs.45 million (0.6 per cent) from FY 2020/21. The County also expected to receive Kshs.912.87 million (12.6 per cent) as "other revenues." "Other revenues" consist of Supplement for Construction of County Headquarters, Leasing of Medical Equipment, Transforming Health Systems for Universal Care Project (WB), Kenya Climate-Smart Agriculture Project (KCSAP), DANIDA Grant, EU Grant (Instruments for Devolution Advice and Support IDEAS), Kenya Devolution Support Project (KDSP) Level 2 Grant, Kenya Informal Settlement Improvement Project- KISIP II and the Agricultural Sector Development Support Programme (ASDSP) II.

3.36.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.935.62 million as the equitable share of the revenue raised nationally and generated Kshs.103.68 million as own-source revenue. The total funds available for budget implementation during the period amounted to Kshs.1.03 billion, as shown in Table 3.150.

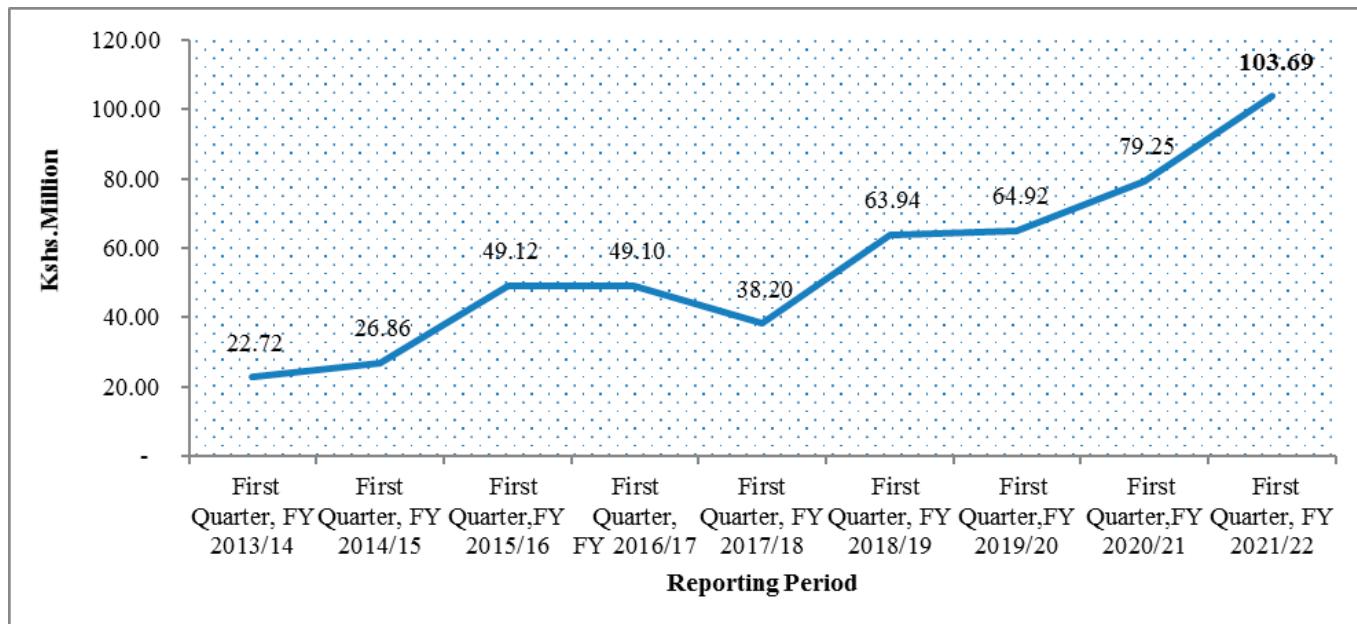
Table 3.150: Nyandarua County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|--------------------|--|---------------------------------|-------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 5,670,444,228 | 935,623,297 | 16.5 |
| Sub Total | | 5,670,444,228 | 935,623,297 | 16.5 |
| D | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 590,000,000 | 103,689,002 | 17.6 |
| 2. | Balance b/f from FY 2020/21 | 45,000,000 | - | - |
| 3. | Other Revenues | 912,187,561 | - | - |
| Sub Total | | 1,547,187,561 | 103,689,002 | 6.7 |
| Grand Total | | 7,217,631,789 | 1,039,312,299 | 14.4 |

Source: Nyandarua County Treasury

Figure 3.70 shows the own-source revenue collection trend for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.70: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Nyandarua County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.103.68 million as own-source revenue. This amount represented an increase of 23.6 per cent compared to Kshs.79.25 million realised during a similar period in FY 2020/21 and was 17.6 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.378.37 million from the CRF account during the reporting period. The amount entire amount was for recurrent programmes.

3.36.4 Overall Expenditure Review

The County spent Kshs.378.37 million on development and recurrent programmes during the reporting period. The expenditure represented 100.0 per cent of the total funds released by the CoB, which was entirely spent on recurrent programmes. Expenditure on recurrent expenditure represented 7.8 per cent of the annual recurrent expenditure budget.

3.36.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.746.89 million and comprised of Kshs.179.44 million for recurrent expenditure and Kshs.567.44 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. It is, however, noted that the County did not make payments for pending bills in the first quarter of FY 2021/22.

3.36.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.372.93 million was spent on employee compensation, and Kshs.5.44 million on operations and maintenance, as shown in Table 3.151. The County Assembly did not report any expenditure during the period under review.

Table 3.151: Summary of Budget, Exchequer Issues, and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|----------------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,885,102,660 | 729,643,697 | 378,371,866 | - | 7.7 | - |
| Compensation to Employees | 2,480,688,132 | 410,688,132 | 372,931,866 | - | 15.0 | - |
| Operations and Maintenance | 2,404,414,528 | 318,955,565 | 5,440,000 | - | 0.2 | - |
| Development Expenditure | 2,332,529,129 | 85,000,000 | - | - | - | - |
| Total | 7,289,517,188 | 1,048,599,262 | 383,811,866 | - | 5.3 | - |

Source: Nyandarua County Treasury

3.36.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 98.6 per cent of the total expenditure for the reporting period and 35.9 per cent of the first-quarter proportional revenue of Kshs.1.04 billion.

3.36.8 Expenditure on Operations and Maintenance

Analysis of expenditure on operations and maintenance during the reporting period was as follows; Governance and outreach programs at Kshs.3.87 million, Hire of Tents and Halls and Public Address System at Kshs.1.07 million, and Hospitality, Supplies, and Services at Kshs.0.5 million.

The County did not report expenditure on MCAs' sitting allowance.

3.36.9 Development Expenditure

The County did not report expenditure on development programmes during the reporting period.

3.36.10 Budget Performance by Department

Table 3.152 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.152: Nyandarua County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|----------|-----------------------------|----------|-------------------------------------|----------|---------------------|----------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Governor's Office | 120.89 | - | 5.44 | - | 5.44 | - | 100.0 | - | 4.5 | - |
| Office of the County Secretary | 2,273.82 | - | 372.93 | - | 372.93 | - | 100.0 | - | 16.4 | - |
| Office of the County Attorney | 60.35 | - | - | - | - | - | - | - | - | - |
| Public Administration and ICT | 64.29 | 2.70 | - | - | - | - | - | - | - | - |
| County Public Service Board | 22.79 | - | - | - | - | - | - | - | - | - |
| Finance & Economic Development | 418.46 | 35.50 | - | - | - | - | - | - | - | - |
| Health Services | 539.01 | 301.97 | - | - | - | - | - | - | - | - |
| Education, Gender, Youth, Culture, Gender and Social Services | 39.35 | 87.47 | - | - | - | - | - | - | - | - |
| Industrialization, Trade, and Cooperative Development | 47.18 | 199.01 | - | - | - | - | - | - | - | - |
| Ol-Kalou Municipality | 15.96 | 50.00 | - | - | - | - | - | - | - | - |
| Youth, Sports, and Arts | 191.44 | 68.30 | - | - | - | - | - | - | - | - |
| Water, Environment, Tourism & Natural Resources | 79.80 | 283.60 | - | - | - | - | - | - | - | - |
| Transport, Energy, and Public Works | 120.65 | 828.07 | - | - | - | - | - | - | - | - |
| Lands, Housing, Physical Planning and Urban Development | 27.86 | 48.66 | - | - | - | - | - | - | - | - |
| Agriculture Livestock, and Fisheries | 133.63 | 342.25 | - | - | - | - | - | - | - | - |
| County Assembly | 729.64 | 85.00 | - | - | - | - | - | - | - | - |
| Total | 4,885.10 | 2,332.53 | 378.37 | - | 378.37 | - | 100.0 | - | 7.8 | - |

Source: Nyandarua County Treasury

Analysis of expenditure by department shows that no department reported any spending on development activities. Only the Office of the County Secretary and the Governor's Office reported recurrent expenditure at an absorption rate of 16.4 per cent and 4.5 per cent, respectively.

3.36.11 Budget Execution by Programmes and Sub-Programmes

Table 3.153 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.153: Nyandarua County, Budget Execution by Programmes and Sub-programmes

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|--|--|-----------------------|------------------------|----------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Pay-ments (Ksh) | Variance | Absorption (%) |
| General administration, planning, and support services | Service Delivery Unit | 27,600,000 | 529,000 | 27,071,000 | 1.9 |
| | Governor's Office & Investment Promotion | 65,920,000 | 4,911,000 | 61,009,000 | 7.4 |
| | Liaison and Intergovernmental Relations | 16,186,000 | | 16,186,000 | - |
| | Civic Education and Public Participation | 11,180,997 | | 11,180,997 | - |
| Sub Total | | 120,886,997 | 5,440,000 | 115,446,997 | 4.5 |
| County Secretary | County Secretary-Administration | 50,470,000 | | 50,470,000 | - |
| | Cabinet Affairs | 830,000 | | 830,000 | - |
| Human Resource Management | Payroll (Including Compensation to employees) | 2,068,000,000 | 355,797,642 | 1,712,202,358 | 17.2 |
| | Human Resource Management (Including employee gratuity, pension and medical insurance) | 154,520,000 | 17,134,224 | 137,385,776 | 11.1 |
| Sub Total | | 2,273,820,000 | 372,931,866 | 1,900,888,134 | 16.4 |
| County Attorney Services | legal and public affairs | 60,350,000 | | 60,350,000 | - |
| Sub Total | | 60,350,000 | | 60,350,000 | - |
| Public administration | Public Administration | 8,700,000 | | 8,700,000 | - |
| | sub-County and ward administration | 23,090,000 | | 23,090,000 | - |
| | Communication and Public Relations | 7,600,000 | | 7,600,000 | - |
| | Enforcement and Compliance | 17,600,000 | | 17,600,000 | - |
| ICT and E-government Services | ICT and E-government Services | 10,000,000 | | 10,000,000 | - |
| Sub Total | | 66,990,000 | - | 66,990,000 | - |
| County Public Service Board | County Public Service Board | 22,789,000 | | 22,789,000 | - |
| Sub Total | | 22,789,000 | - | 22,789,000 | - |
| Public Finance Management | County Funds | 289,000,000 | - | 289,000,000 | - |
| | treasury services | 16,903,117 | | 16,903,117 | - |
| | Financial reporting | 5,315,000 | | 5,315,000 | - |
| | Revenue Collection and Administration (Including automation) | 20,150,000 | | 20,150,000 | - |
| | Revenue Enhancement and Monitoring | 16,700,000 | | 16,700,000 | - |
| | Supply Chain Management | 6880000 | | 6,880,000 | - |
| | Internal Audit and Risk Management | 8,000,000 | | 8,000,000 | - |
| | Internal Audit committee | 3,000,000 | | 3,000,000 | - |
| Economic planning and development | County Budgeting | 13,898,750 | | 13,898,750 | - |
| | County Statistics and Data Bank | 4,950,000 | | 4,950,000 | - |
| | Monitoring and Evaluation | 9,365,260 | | 9,365,260 | - |
| | Economic Modelling and Research | 3,051,700 | | 3,051,700 | - |
| | Economic Development Planning | 56,750,000 | | 56,750,000 | - |
| Sub Total | | 453,963,827 | - | 453,963,827 | - |
| Preventive and Promotive Services | Preventive and Promotive Services | 6,271,274 | | 6,271,274 | - |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|--|--|-----------------------|------------------------|--------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Pay-ments (Ksh) | Variance | Absorption (%) |
| Curative Services | Curative Services | 218,199,497 | | 218,199,497 | - |
| | universal health care and grants | 309,636,578 | | 309,636,578 | - |
| General administration, planning, and support services | Solid Waste and Cemeteries | 4,900,000 | | 4,900,000 | - |
| | Infrastructure and Equipment | 301,971,038 | - | 301,971,038 | - |
| Sub total | | 840,978,387 | - | 840,978,387 | - |
| Primary education | ECDE | 83,652,219 | | 83,652,219 | - |
| Youth training and development | Revitalization of youth polytechnics | 6,050,106 | | 6,050,106 | - |
| Culture | development and promotion of culture | 7,830,000 | | 7,830,000 | - |
| Arts & Theatre | Arts & Theatre | 29,288,954 | | 29,288,954 | - |
| Sub Total | | 126,821,279 | - | 126,821,279 | - |
| Trade development and promotion | Financial and Trade Services | 43,910,000 | | 43,910,000 | - |
| Industrial development and investment | Industrial and Enterprise Development | 134,825,000 | | 134,825,000 | - |
| | Weights & Measures | 2,920,000 | | 2,920,000 | - |
| Cooperative development and management | Cooperative advisory services | 16,530,000 | | 16,530,000 | - |
| | cooperative audit extension services | 5,240,458 | | 5,240,458 | - |
| Urban development | Urban development | 42,759,912 | | 42,759,912 | - |
| Ol-Kalou municipality | Ol-Kalou municipality | 65,956,600 | | 65,956,600 | - |
| Sub Total | | 312,141,970 | - | 312,141,970 | - |
| Sports | Sports Development | 92,725,000 | | 92,725,000 | - |
| Youth Affairs | Youth Affairs | 30,950,000 | | 30,950,000 | - |
| Gender Affairs and Social Services & youth empowerment | Gender Affairs and Social Services | 125,360,000 | | 125,360,000 | - |
| | social services | 3,950,000 | | 3,950,000 | - |
| General administration, planning, and support services | Alcohol Drinks Control and Civic Education | 6,750,000 | | 6,750,000 | - |
| Sub Total | | 259,735,000 | - | 259,735,000 | - |
| Water Resource Development. | Water resource conservation and protection, infrastructure and flood control | 224,521,789 | | 224,521,789 | - |
| Environment | Environmental support and management | 26,850,000 | | 26,850,000 | - |
| | Climate change resilience | 24,600,000 | | | - |
| | natural resource | 1,800,000 | | | - |
| Tourism development and promotion | Tourism infrastructure development | 77,226,469 | | 77,226,469 | - |
| Irrigation and Drainage infrastructure | Promotion of irrigation and drainage development and management | 8,400,000 | | 8,400,000 | - |
| Sub Total | | 363,398,258 | - | 336,998,258 | - |
| Road transport | Transport (Including fuel level, General Administration & Support Services) | 636,046,261 | | 636,046,261 | - |
| | Public Works | 233,363,199 | | 233,363,199 | - |
| Alternative energy technologies | Alternative energy technologies | 75,210,000 | | 75,210,000 | - |
| General administration, planning, and support services | Emergency Response & Preparedness | 4,100,000 | | 4,100,000 | - |
| Sub Total | | 948,719,460 | - | 948,719,460 | - |
| Land policy and planning | Physical Planning | 9,510,455 | | 9,510,455 | - |
| | Survey and Mapping | 8,988,000 | | 8,988,000 | - |
| | Land Administration and Management | 49,851,545 | | 49,851,545 | - |
| Housing | Housing | 8,170,000 | | 8,170,000 | - |
| Sub Total | | 76,520,000 | - | 76,520,000 | - |

| Budget Execution by Programmes and Sub-Programmes | | | | | |
|--|---|-----------------------|------------------------|----------------------|----------------|
| Programme | Sub- Programme | Approved Budget (Ksh) | Actual Pay-ments (Ksh) | Variance | Absorption (%) |
| Crop development and management | Land and crop development | 386,597,035 | | 386,597,035 | - |
| | Seed Potato Production Unit (SPPU Lab) | 12,095,937 | | 521,138,580 | - |
| Livestock resources management and development | livestock production and management | 11,185,618 | | 11,185,618 | - |
| | Veterinary Services | 16,195,000 | | 16,195,000 | - |
| Fisheries Development and management | fisheries policy, strategy, and capacity building | 5,300,000 | | 5,300,000 | - |
| General administration, planning, and support services | Institution Support (ATCs) | 13,185,000 | | 13,185,000 | - |
| | Agriculture Mechanization Services | 6,635,000 | | 6,635,000 | - |
| | General administration and Extension Services | 11,950,324 | | 11,950,324 | - |
| | Subsidized Artificial Insemination | 12,730,000 | | 12,730,000 | - |
| Sub Total | | 475,873,914 | - | 984,916,557 | - |
| County Assembly | legislative, oversight and representation | 814,643,697 | | 814,643,697 | - |
| Sub Total | | 814,643,697 | - | 814,643,697 | - |
| Grand Total | | 7,217,631,789 | 378,371,866 | 7,321,902,566 | 5.2 |

Source: Nyandarua County Treasury

Programmes with high levels of implementation based on absorption rates were: Human Resource Management in the Office of the County Secretary at 16.4 per cent and General administration, planning, and support services in the Governor's Office at 4.5 per cent of budget allocation.

3.36.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The County did not report any expenditure on the development budget in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.33 billion.
2. The underperformance of own-source revenue at Kshs.103.68 million against an annual projection of Kshs.590 million, representing 23.6 per cent of the annual target.
3. High outstanding pending bills as of 30th June 2021, which amounted to Kshs.746.89 million.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County should ensure the outstanding pending bills are settled in line with the payment plan.*

3.37 County Government of Nyeri

3.37.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.19 billion, comprising Kshs.2.5 billion (30.5 per cent) and Kshs.5.69 billion (69.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.23 billion (76.0 per cent) as the equitable share of revenue raised nationally and generate Kshs.1.0 billion (12.2 per cent) from its sources of revenue. The County also expects to receive Kshs.966.26 million (11.8 per cent) as conditional grants. There was a failure to budget for unspent cash balance from the previous financial year, which amounted to Kshs.1.04 billion.

3.37.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.02 billion as the equitable share of the revenue raised nationally, raised Kshs.124.18 million as own-source revenue, and had a cash balance of Kshs.1.04 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.19 billion, as shown in Table 3.154.

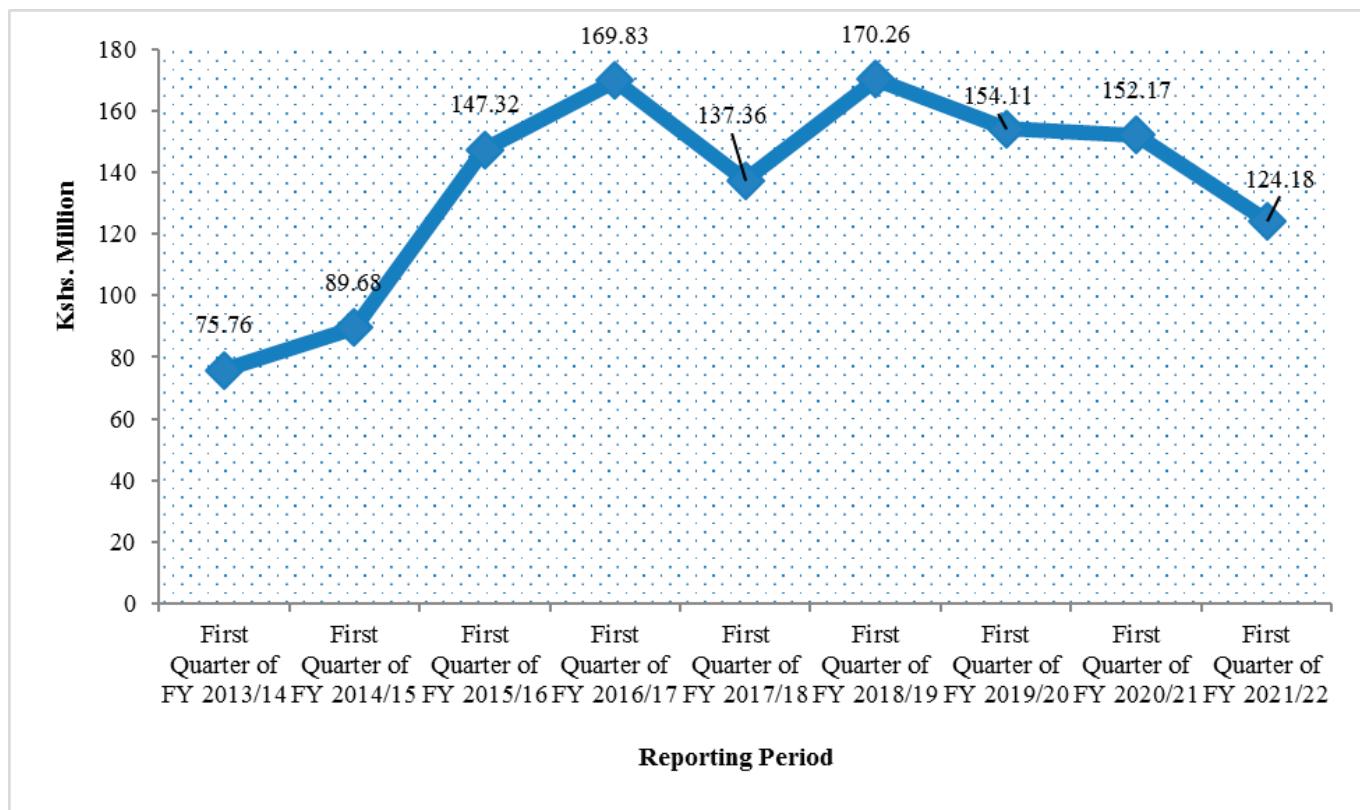
Table 3.154: Nyeri County, Revenue Performance in the First Quarter of FY 2021/22

| S>No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percent. of Annual Budget Allocation (%) |
|--------------------|--|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 6,228,728,555 | 1,027,740,211 | 16.5 |
| Sub Total | | 6,228,728,555 | 1,027,740,211 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 1,000,000,000 | 124,178,287 | 12.4 |
| 2. | Balance b/f from FY 2020/21 | - | 1,042,712,128 | - |
| 3. | Other Revenues (Conditional Grants) | 966,265,672 | - | - |
| Sub Total | | 1,966,265,672 | 1,166,890,415 | 59.3 |
| Grand Total | | 8,194,994,277 | 2,194,630,626 | 26.8 |

Source: Nyeri County Treasury

Figure 3.71 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.71: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Nyeri County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.124.18 million as own-source revenue. This amount represented a decrease of 18.4 per cent compared to Kshs.152.17 million realised during a similar period in the first quarter of FY 2020/21 and was 12.4 per cent of the annual target.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.25 billion from the CRF account during the reporting period. The amount comprised Kshs.184.80 million (14.8 per cent) for development programmes and Kshs.1.06 billion (85.2 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

The County spent Kshs.1.13 billion on development and recurrent programmes during the reporting period. This expenditure represented 90.8 per cent of the total funds released by the CoB and comprised of Kshs.3.0 million and Kshs.1.13 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.1 per cent while recurrent expenditure represented 19.9 per cent of the annual recurrent expenditure budget.

3.37.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.106.43 million and comprised of Kshs.77.96 million for recurrent expenditure and Kshs.28.47 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.63.76 million was paid towards pending bills for recurrent expenditure programmes.

3.37.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.954.26 million was spent on employee compensation, Kshs.177.54 million on operations and maintenance, and Kshs.3.04 million on development activities, as shown in Table 3.155.

Table 3.155: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|----------------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,988,582,325 | 706,085,232 | 1,004,601,220 | 127,195,645 | | 20.1 | 18.0 |
| Compensation to Employees | 3,610,944,891 | 234,193,455 | 893,015,745 | 61,242,401 | | 24.7 | 26.2 |
| Operations and Maintenance | 1,377,637,434 | 471,891,777 | 111,585,475 | 65,953,244 | | 8.1 | 14.0 |
| Development Expenditure | 2,450,326,670 | 50,000,000 | 3,044,000 | - | | 0.1 | |
| Total | 7,438,908,995 | 756,085,232 | 1,007,645,220 | 127,195,645 | | 13.5 | 16.8 |

Source: Nyeri County Treasury

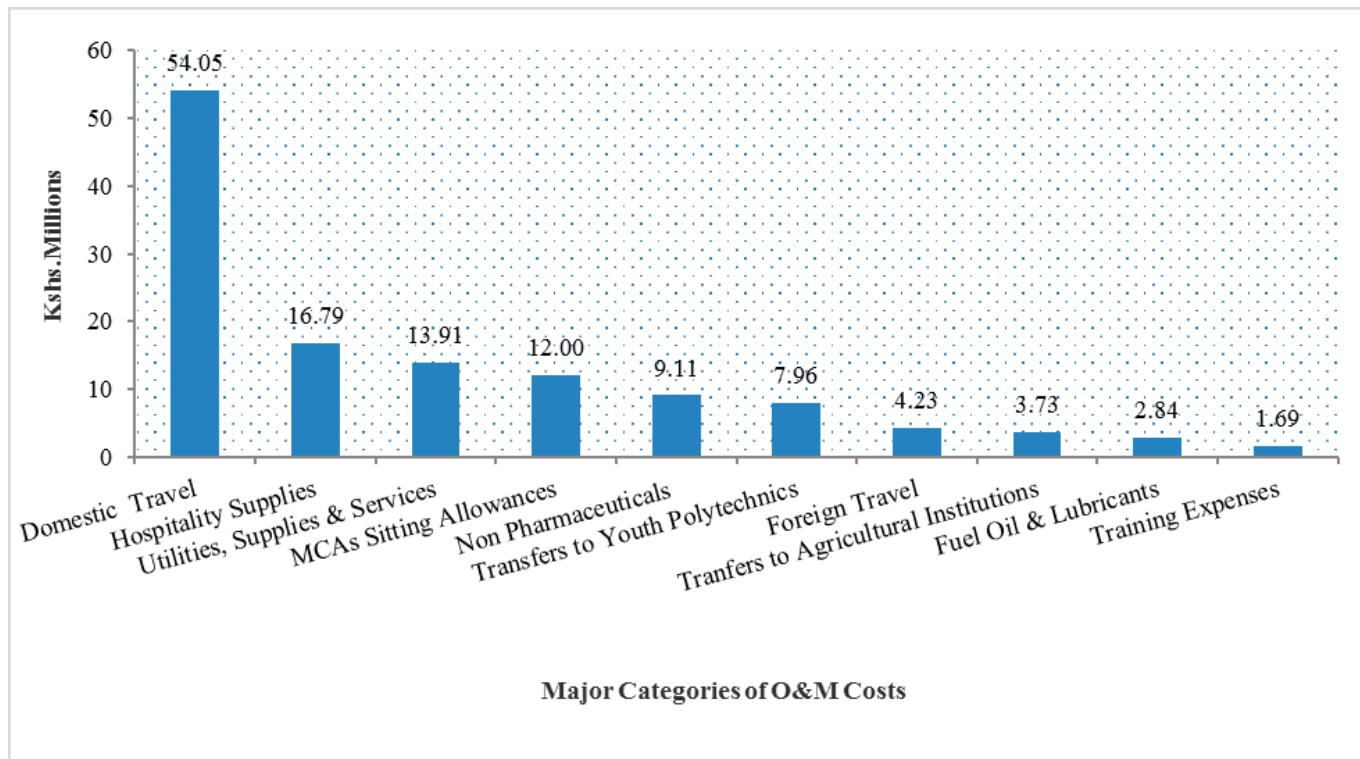
3.37.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 84.1 per cent of the total expenditure for the reporting period and 46.6 per cent of the first quarter proportional revenue of Kshs.2.05 billion.

3.37.8 Expenditure on Operations and Maintenance

Figure 3.72 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.72: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

The County spent Kshs.12.0 million on committee sitting allowances for the 44 MCAs and Speaker against the annual budget allocation of Kshs.50.67 million. The average monthly sitting allowance was Kshs.88,853 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.54.05 million and comprised of Kshs.40.91 million spent by the County Assembly and Kshs.13.14 million by the County Executive. Expenditure on foreign travel amounted to Kshs.4.23 million and included Kshs.3.38 million by the County Assembly and Kshs.852,563 by the County Executive.

3.37.9 Development Expenditure

The County incurred an expenditure of Kshs.3.04 million on development programmes, which represented a decrease of 92.9 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.43.16 million. Table 3.136 summarises development projects with the highest expenditure in the reporting period.

Table 3.156: Nyeri County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name/Description | Project Location | Contract Sum (Kshs.) | Payments to Date (Kshs.) | Absorption Rate (%) |
|-------|---|------------------|----------------------|--------------------------|---------------------|
| 1 | Purchase of Fuel for Roads Improvement | County-wide | 20,000,000 | 3,000,000 | 15.0 |
| 2 | Transforming Health Care – Universal Health (THC-UHP) | County-wide | 48,739,220 | 44,000 | 0.1 |

Source: Nyeri County Treasury

3.37.10 Budget Performance by Department

Table 3.157 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.157: Nyeri County, Budget Performance by Department

| Department | Budget Allocation (Kshs. million) | | Exchequer Issues (Kshs. million) | | Expenditure (Kshs. million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|---------------|-----------------------------|-------------|-------------------------------------|------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Office of the Governor & Deputy Governor | 143.08 | 20.00 | 16.44 | - | 19.21 | - | 116.8 | - | 13.4 | - |
| Office of the County Secretary | 300.20 | 40.00 | 28.77 | - | 28.07 | - | 97.6 | - | 9.4 | - |
| Finance and Economic Planning | 840.22 | 242.80 | 98.88 | 184.80 | 109.16 | - | 110.4 | - | 13.0 | - |
| Lands, Physical Planning, Housing and Urbanization | 59.38 | 436.90 | 11.36 | - | 14.31 | - | 126.0 | - | 24.1 | - |
| Health, Public Health and sanitation | 2,575.08 | 294.85 | 597.54 | - | 615.25 | 0.04 | 103.0 | - | 23.9 | 0.01 |
| Gender and Social Services | 56.16 | 56.20 | 10.10 | - | 9.93 | - | 98.3 | - | 17.7 | - |
| County Public Service, Administration & Youth Affairs | 109.39 | 74.00 | 32.12 | - | 32.38 | - | 100.8 | - | 29.6 | - |
| Agriculture, Livestock and Fisheries | 244.77 | 488.78 | 59.25 | - | 62.87 | - | 106.1 | - | 25.7 | - |
| Trade, Culture, Tourism & Cooperative Development | 50.25 | 94.03 | 10.04 | - | 9.54 | - | 95.0 | - | 19.0 | - |
| Education, Science and Technology | 410.89 | 63.10 | 54.96 | - | 62.45 | - | 113.6 | - | 15.2 | - |
| Water, Environment & Natural resources | 75.72 | 132.87 | 12.16 | - | 11.76 | - | 96.7 | - | 15.5 | - |
| County Assembly | 706.09 | 50.00 | 104.35 | - | 127.20 | - | 121.9 | - | 18.0 | - |
| County Public Service Board | 39.55 | 5.00 | 7.64 | - | 7.62 | - | 99.7 | - | 19.3 | - |
| Transport, Public Works & Infrastructure | 73.16 | 501.80 | 20.76 | - | 22.05 | 3.00 | 106.2 | - | 30.1 | 0.6 |
| Office of the County Attorney | 10.73 | - | - | - | - | - | - | - | - | - |
| Total | 5,694.67 | 2,500.33 | 1,064.37 | 184.80 | 1,131.80 | 3.04 | 106.3 | 1.6 | 19.9 | 0.1 |

Source: Nyeri County Treasury

Analysis of expenditure by the departments shows that the Department of Transport, Public Works & Infrastructure recorded the highest absorption rate of development budget at 0.6 per cent while all the other departments did not report any expenditure on development activities. The Department of Transport, Public Works & Infrastructure had the highest percentage of recurrent expenditure to budget at 30.1 per cent, while the Office of the County Attorney did not report any spending.

3.37.11 Budget Execution by Programmes and Sub-Programmes

Table 3.158 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.158: Nyeri County, Budget Execution by Programmes and Sub-programmes

| County Department | Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
|--|--|---|-----------------------|-----------------------|----------------------|----------------|
| Agriculture, Livestock and Fisheries | Agricultural Management | Administration and planning services | 658,344,729 | 59,046,608 | 599,298,121 | 8.97 |
| | Wambugu ATC | Farm Development | 14,915,500 | 2,875,750 | 12,039,750 | 19.3 |
| | AMS Naromoru | Development Of Agricultural Land For Crop Production | 8,710,500 | 855,250 | 7,855,250 | 9.8 |
| | Livestock Production Management | Provision of Extension Services to Livestock farmers | 11,671,100 | 31,500 | 11,639,600 | 0.3 |
| | Fisheries development | Administrative Support Services | 8,909,500 | 0 | 8,909,500 | - |
| | Veterinary services | Administrative Support Services | 30,996,340 | 63,000 | 30,933,340 | 0.2 |
| | | | 733,547,669 | 62,872,108 | 670,675,561 | 8.6 |
| Lands, Physical Planning, Housing and Urbanization | Physical planning services | Administration and personnel services | 480,339,640 | 14,311,983 | 466,027,657 | 3.0 |
| | Land Policy and Planning | Land Policy Formulation | 14,445,000 | 0 | 14,445,000 | - |
| | Housing Development and Human Settlement | Government Building | 1,495,000 | 0 | 1,495,000 | - |
| | | | 496,279,640 | 14,311,983 | 481,967,657 | 2.9 |
| Transport, Public Works Infrastructure and Energy | General administration and policy development and implementation | Administration, planning and support services | 71,425,887 | 21,955,635 | 49,470,252 | 30.7 |
| | Energy Sector development | Street lighting programme | 147,230,000 | 98,750 | 147,131,250 | 0.1 |
| | Roads development, maintenance and management | County access and feeder roads improvement | 356,300,000 | 3,000,000 | 353,300,000 | 0.8 |
| | | | 574,955,887 | 25,054,385 | 549,901,502 | 4.4 |
| Trade, Culture, Tourism and Co-Operative Development | Tourism Development | Promotion of Tourism | 23,014,585 | 100,000 | 22,914,585 | 0.4 |
| | Trade and Cooperative Development | Trade Promotion | 111,287,395 | 9,336,838 | 101,950,557 | 8.4 |
| | Co-operatives | Co-operative Development | 9,970,000 | 100,000 | 9,870,000 | 1.0 |
| | | | 144,271,980 | 9,536,838 | 134,735,142 | 6.6 |
| Health Services | Administration, Planning and General Support Services | Administration, Planning and General Support Services | 2,869,934,199 | 615,292,016 | 2,254,642,183 | 21.4 |
| | | | 2,869,934,199 | 615,292,016 | 2,254,642,183 | 21.4 |
| Education and Sports | General administration and policy development and implementation | Administrative Support Services | 432,496,287 | 62,158,927 | 370,337,361 | 14.4 |
| | County Sports Development | Search and nurture talents | 25,431,000 | 288,900 | 25,142,100 | 1.1 |
| | Youth Training and Development | Youth Polytechnics | 10,000,000 | 0 | 10,000,000 | - |
| | ECDE Management | ECDE Management | 6,067,496 | 0 | 6,067,496 | - |
| | | | 473,994,783 | 62,447,827 | 411,546,957 | 13.2 |
| Office of the Governor and Deputy Governor | Management and Coordination of County affairs | Administration, planning and support services | 163,083,962 | 19,213,623 | 143,870,339 | 11.8 |
| | | | 163,083,962 | 19,213,623 | 143,870,339 | 11.8 |

| County Department | Programme | Sub- Programme | Approved Budget (Ksh) | Actual Payments (Ksh) | Variance (Kshs.) | Absorption (%) |
|--|--|--|-----------------------|-----------------------|----------------------|----------------|
| Office of the County Secretary | Coordination of County Functions and Public Service Management | ICT Development | 8,100,000 | 0 | 8,100,000 | - |
| | | Coordination of County Functions and Public Service Management | 330,929,168 | 28,069,101 | 302,860,068 | 8.5 |
| | | Community sensitization, education and public participation | 1,170,000 | 0 | 1,170,000 | - |
| | | | 340,199,168 | 28,069,101 | 312,130,068 | 8.3 |
| Finance and Economic Planning | Executive services | Administration and personnel services | 944,866,436 | 99,959,758 | 844,906,678 | 10.6 |
| | Economic Planning and Policy Formulation | Economic Planning and Policy Formulation | 9,790,401 | 2,095,690 | 7,694,711 | 21.4 |
| | Public Finance Management | Financial Accounting | 8,901,000 | 1,263,176 | 7,637,824 | 14.2 |
| | | Procurement Compliance and Reporting | 8,100,000 | 67,200 | 8,032,800 | 0.8 |
| | | Internal Audit | 5,859,800 | 753,550 | 5,106,250 | 12.9 |
| | Revenue Mobilization | Revenue Mobilization | 16,200,000 | 1,866,117 | 14,333,883 | 11.5 |
| | Economic Planning and Policy Formulation | Intragovernmental Relations | 37,100,000 | 1,792,000 | 35,308,000 | 4.8 |
| | Economic Planning and Policy Formulation | KDSP | 49,000,000 | 73,500 | 48,926,500 | 0.2 |
| | Economic Planning and Policy Formulation | Monitoring and Evaluation | 3,200,000 | 1,290,700 | 1,909,300 | 40.3 |
| | | | 1,083,017,637 | 109,161,691 | 973,855,946 | 10.1 |
| County Assembly | General administration, Policy Development and implementation | Administration and planning services | 756,085,232 | 127,195,645 | 628,889,587 | 16.8 |
| | | | 756,085,232 | 127,195,645 | 628,889,587 | 16.8 |
| County Public Service and Solid Waste Management | Human resources management | Administration Planning and Support Services | 106,985,107 | 32,226,472 | 74,758,635 | 30.1 |
| | Sanitation management | Administrative Support Services | 76,400,000 | 151,200 | 76,248,800 | 0.2 |
| | | | 183,385,107 | 32,377,672 | 151,007,435 | 17.7 |
| County Public Service Board | General Administration and Planning services | Administration and Personnel Services | 44,548,187 | 7,622,425 | 36,925,762 | 17.1 |
| | | | 44,548,187 | 7,622,425 | 36,925,762 | 17.1 |
| Gender, Youth and Social Services | General Administration and Planning services | Administration and personnel services | 51,252,024 | 9,595,165 | 41,656,859 | 18.7 |
| | Social development | Administration and planning services | 61,112,000 | 330,790 | 60,781,210 | 0.5 |
| | | | 112,364,024 | 9,925,955 | 102,438,069 | 8.8 |
| Water and Irrigation Services | Water Management | Administrative Support Services | 196,798,948 | 11,759,598 | 185,039,350 | 6.0 |
| | Environment Services | Administrative Support Services | 10,524,324 | 0 | 10,524,324 | - |
| | Climate Change | Administrative Support Services | 1,270,000 | 0 | 1,270,000 | - |
| | | | 208,593,272 | 11,759,598 | 196,833,674 | 5.6 |
| Office of the County Attorney | General Administration and Planning services | Administration and personnel services | 10,733,480 | 0 | 10,733,480 | - |
| | | | 10,733,480 | 0 | 10,733,480 | - |
| | Grand Total | | 8,194,994,227 | 1,134,840,865 | 7,060,153,363 | 13.8 |

Source: Nyeri County Treasury

3.37.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Low absorption of development funds as indicated by the expenditure of Kshs.3.04 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.5 billion. The development expenditure represented 0.1 per cent of the annual development budget.
2. The underperformance of own-source revenue at Kshs.124.18 million against an annual projection of Kshs.1.0 billion, representing 12.4 per cent of the annual target.
3. There was a failure to budget for unspent cash balance from the previous financial year, which amounted to Kshs.1.04 billion.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *The County Treasury should reconcile the unspent cash balance from the previous financial year and ensure it is captured in the budget for the current financial year.*

3.38 County Government of Samburu

3.38.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.6.56 billion, comprising Kshs.2.40 billion (36.6 per cent) and Kshs.4.16 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.37 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.560.66 million (8.5 per cent) from FY 2020/21. The County also expects to receive Kshs.532.52 million (8.1 per cent) as conditional grants. The grants consist of Kshs.153.29 million for Leasing of Medical Equipment, Kshs.102.49 million for Kenya Devolution Support Program, Kshs.212.28 million for National Agricultural and Rural Inclusive Growth Project, Kshs.15.6 million EU Grant for Instrument for Devolution Advice and Support (Abattoir Construction), Kshs.32.99 million for Agriculture Sector Development Support Programme (ASDSP) and Kshs.5.6 million for Transforming Health Systems for Universal Care Project.

3.38.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.886.27 million as the equitable share of the revenue raised nationally, raised Kshs.29.23 million as own-source revenue, and had a cash balance of Kshs.1.26 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.18 billion, as shown in Table 3.159.

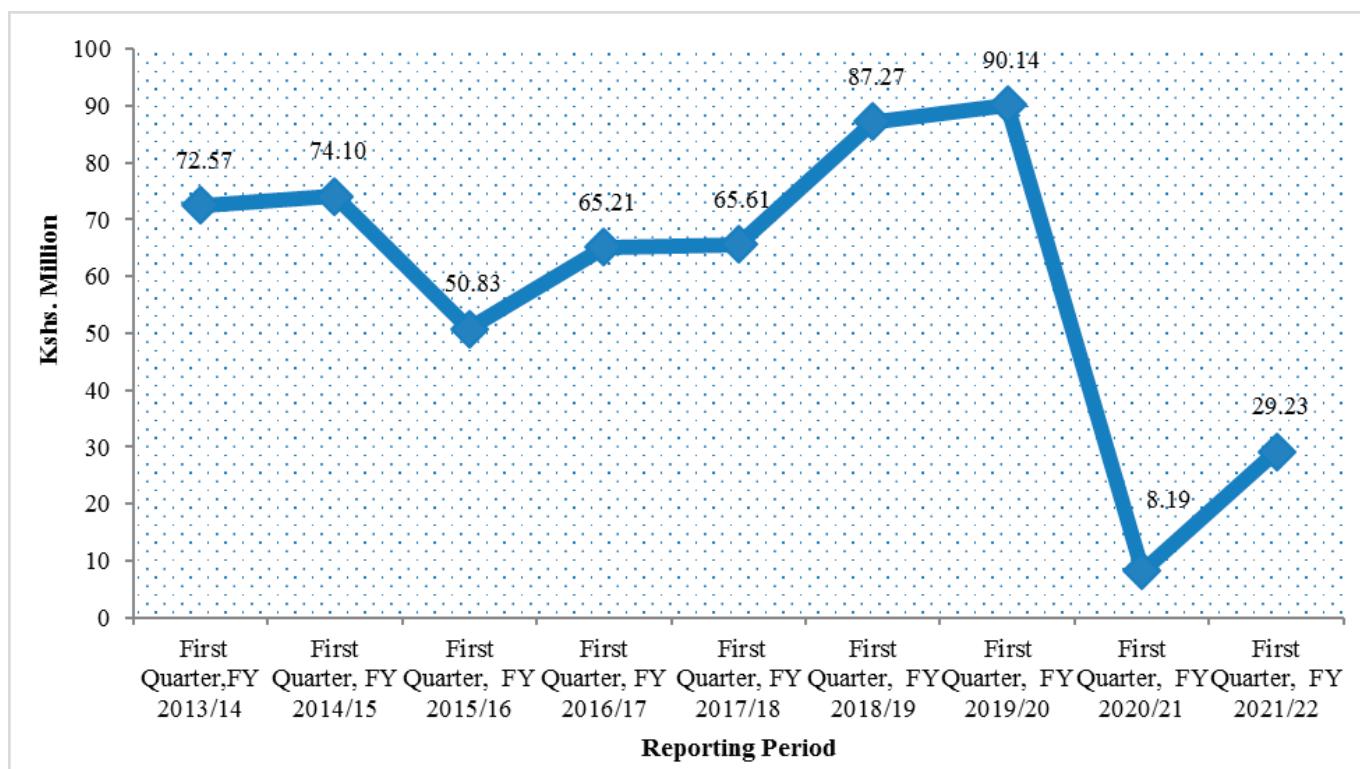
Table 3.159: Samburu County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs.) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|----------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 5,371,346,037 | 886,272,096 | 16.5 |
| | Sub Total | 5,371,346,037 | 886,272,096 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 100,000,000 | 29,233,718 | 29.2 |
| 2 | Balance b/f from FY 2020/21 | 560,656,569 | 1,261,395,561 | 225.0 |
| 3 | Other Revenues | 532,523,890 | - | - |
| | Sub Total | 1,193,180,459 | 1,290,629,278 | 108.2 |
| | Grand Total | 6,564,526,496 | 2,176,901,374 | 33.2 |

Source: Samburu County Treasury

Figure 3.73 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.73: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Samburu County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.29.23 million as own-source revenue. This amount represented an increase of 356.9 per cent compared to Kshs.8.19 million realized during a similar period in the first quarter of FY 2020/21 and was 29.2 per cent of the annual target.

The significant increase was attributed to the opening up of the significant sectors of the economy and the lifting of the restrictions imposed following the onset of the COVID 19 pandemic that primarily affected the tourism sector, which is the County's significant revenue stream.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.486.11 million from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.38.4 Overall Expenditure Review

The County spent Kshs.675.12 million on recurrent programmes and none on development activities during the reporting period. This expenditure represented 138.9 per cent of the total funds released by the CoB.

3.38.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.609.75 million and comprised of Kshs.92.43 million for recurrent expenditure and Kshs.517.33 million for development expenditure. At the beginning of FY 2021/22, the County had not prepared a payment plan to settle the entire bills in the financial year.

The County did not report any payment towards pending bills during the period under review.

3.38.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.530.08 million was spent on employee compensation and Kshs.145.04 million on operations and maintenance, as shown in Table 3.160.

Table 3.160: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|---------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 3,646,503,902 | 515,132,219 | 603,569,909 | 71,546,399 | 16.6 | 13.9 |
| Compensation to Employees | 2,342,671,057 | 316,666,219 | 490,918,764 | 39,159,234 | 21.0 | 12.4 |
| Operations and Maintenance | 1,303,832,845 | 198,466,000 | 112,651,145 | 32,387,165 | 8.6 | 16.3 |
| Development Expenditure | 2,214,725,560 | 188,164,815 | - | - | 5.0 | - |
| Total | 5,861,229,462 | 703,297,034 | 603,569,909 | 71,546,399 | 10.3 | 10.2 |

Source: Samburu County Treasury

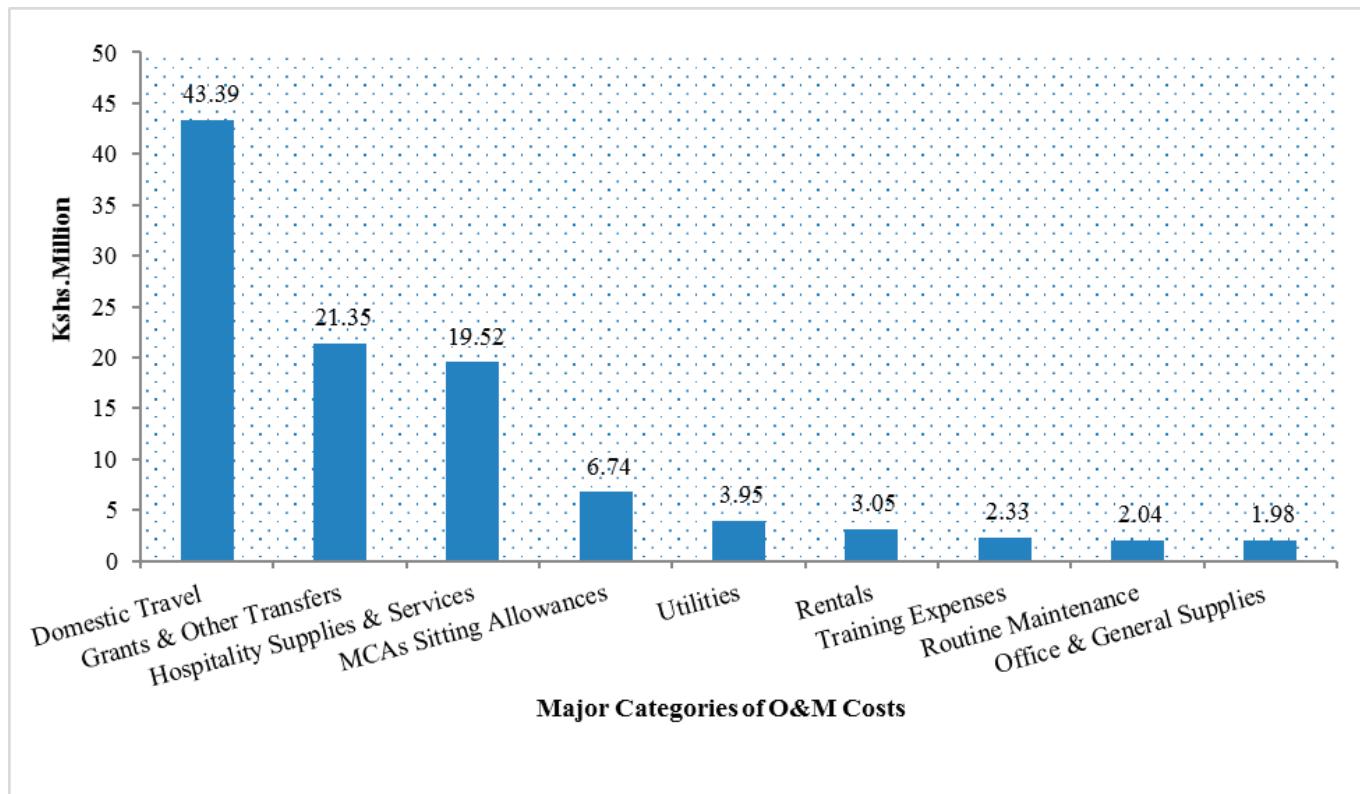
3.38.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 78.5 per cent of the total expenditure for the reporting period and 32.3 per cent of the first quarter proportional revenue of Kshs.1.64 billion.

3.38.8 Expenditure on Operations and Maintenance

Figure 3.74 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.74: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

The County spent Kshs.6.74 million on committee sitting allowances for the 28 MCAs and Speaker against the annual budget allocation of Kshs.24.3 million. The average monthly sitting allowance was Kshs.80,287 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.43.39 million and comprised Kshs.17.85 million spent by the County Assembly and Kshs.25.53 million by the County Executive. Expenditure on foreign travel amounted to Kshs.571,475, which was paid entirely by the County Assembly.

3.38.9 Development Expenditure

The County did not report expenditure on development programmes in the period under review.

3.38.10 Budget Performance by Department

Table 3.161 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.161: Samburu County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|----------|-----------------------------|----------|-------------------------------------|----------|---------------------|----------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 515.13 | 188.16 | 71.55 | - | 71.55 | - | 100.0 | - | 13.9 | - |
| County Executive | 443.75 | 43.00 | 66.45 | - | 102.18 | - | 153.8 | - | 23.0 | - |
| Finance, Economic Planning, and ICT | 527.57 | 15.00 | 61.74 | - | 61.12 | - | 99.0 | - | 11.6 | - |
| Agriculture, Livestock Development, Veterinary Services, and Fisheries | 273.54 | 474.62 | 27.40 | - | 27.56 | - | 100.6 | - | 10.1 | - |
| Water, Environment, Natural Resources & Energy | 171.43 | 469.10 | 19.97 | - | 20.90 | - | 104.7 | - | 12.2 | - |
| Education and Vocational Training | 484.12 | 162.30 | 49.32 | - | 98.40 | - | 199.5 | - | 20.3 | - |
| Medical Services, Public Health & Sanitation | 1,151.82 | 395.75 | 122.53 | - | 264.11 | - | 215.5 | - | 22.9 | - |
| Lands, Housing, Physical Planning, and Urban Development | 147.78 | 45.00 | 16.76 | - | 0.00 | - | 0.0 | - | 0.0 | - |
| Roads, Transport & Public Works | 102.24 | 349.96 | 10.28 | - | 4.49 | - | 43.6 | - | 4.4 | - |
| Tourism, Trade, Enterprise Development, and Cooperatives | 197.86 | 219.10 | 22.66 | - | 13.69 | - | 60.4 | - | 6.9 | - |
| Culture, Social Services, Gender, Sports, and Youth Affairs | 146.39 | 40.90 | 17.46 | - | 11.12 | - | 63.7 | - | 7.6 | - |
| TOTAL | 4,161.64 | 2,402.89 | 486.11 | - | 675.12 | - | 138.9 | - | 16.2 | - |

Source: Samburu County Treasury

Analysis of expenditure by the department shows that the County Executive had the highest percentage of recurrent expenditure to budget at 23 per cent while the Department of Lands, Housing, Physical Planning & Urban Development had not reported any expenditure on recurrent activities.

3.38.11 Budget Execution by Programmes and Sub-Programmes

Table 3.162 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.162: Samburu County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|------------------------|------------------------|--------------------|---------------------|
| The County Assembly | | | | | |
| | 0707014210 SP1 Legislative and Oversight | 75,997,492 | 13,559,037 | 62,438,455 | 17.8 |
| | 0707024210 SP2 County Assembly Administration | 403,575,595 | 14,446,271 | 389,129,324 | 3.6 |
| | 0707034210 SP3 Representation | 223,723,947 | 43,541,091 | 180,182,856 | 19.5 |
| | Subtotal | 703,297,034 | 71,546,399 | 631,750,635 | 10.2 |
| The County Executive | | | | | |
| 0701004210 P1 Management of County Affairs | 0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor) | 209,757,844 | 41,301,130 | 168,456,714 | 19.7 |
| | 0704014210 SP2 Administration of Human Resources in County Public Service | 62,775,309 | 10,942,083 | 51,833,226 | 17.4 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|--|---------------------------|---------------------------|---------------------|------------------------|
| 0701034210 SP3 Sub County Administration | 0701034210 SP3 Sub County Administration | 174,747,707 | 44,569,285 | 130,178,422 | 25.5 |
| | 0701044210 SP4 Coordination, Supervision and Human Resource services (C S) | 39,472,837 | 5,366,604 | 34,106,233 | 13.6 |
| | Subtotal | 486,753,697 | 102,179,101 | 384,574,596 | 21.0 |
| Department of Finance, Economic Planning, and ICT | | | | | |
| 0705004210 P1 General Administration Planning and Support Services | 0705014210 SP1 Administration Services | 277,191,065 | 28,675,261 | 248,515,805 | 10.3 |
| | 0705024210 SP2 ICT Services | 40,634,788 | 3,431,392 | 37,203,396 | 8.4 |
| | Subtotal | 317,825,853 | 32,106,653 | 285,719,201 | 10.1 |
| 0706004210 P2 Public Finance Management | 0706054210 SP5 Accounting Services | 35,811,010 | 2,710,374 | 33,100,636 | 7.6 |
| | 0706024210 SP2 Resource Mobilization | 67,991,938 | 5,439,333 | 62,552,605 | 8.0 |
| | 0706034210 SP3 Internal Audit | 19,013,870 | 5,241,919 | 13,771,951 | 27.6 |
| | 0706044210 SP4 Supply Chain Management | 20,618,886 | 3,765,355 | 16,853,531 | 18.3 |
| | 0706014210 SP1 Budget Formulation Coordination and Management | 12,542,800 | 2,469,956 | 10,072,844 | 19.7 |
| | 0706064210 SP6 Fiscal Planning | 39,767,280 | 5,108,280 | 34,659,000 | 12.8 |
| | Subtotal | 195,745,784 | 24,735,217 | 171,010,567 | 12.6 |
| 0713004210 P3 General Administration Planning and Support Services | 0713014210 SP1 General Administration Planning and Support Services | 7,551,952 | - | 7,551,952 | 0.0 |
| | Subtotal | 7,551,952 | - | 7,551,952 | 0.0 |
| 0712004210 P4 Special Programs | 0712014210 SP 1 Special Programs | 21,442,922 | 4,274,949 | 17,167,973 | 19.9 |
| | Subtotal | 21,442,922 | 4,274,949 | 17,167,973 | 19.9 |
| Department Agriculture, Livestock Development, Veterinary Services, and Fisheries | | | | | |
| 0101004210 P1 General Administration Planning and Support Services | 0101014210 SP1 Administration, Planning and Support Services | 469,171,572 | 13,571,570 | 455,600,002 | 2.9 |
| | Subtotal | 469,171,572 | 13,571,570 | 455,600,002 | 2.9 |
| 0103004210 P2 Livestock Resource Management and Development | 0103014210 SP1 Livestock Policy Development and Capacity Building | 12,748,584 | 3,992,740 | 8,755,844 | 31.3 |
| | 0103024210 SP2 Livestock Production and Management | 110,667,032 | 2,993,641 | 107,673,391 | 2.7 |
| | 0103034210 SP3 Livestock Diseases Management and Control | 30,799,666 | 1,951,119 | 28,848,547 | 6.3 |
| | 0103044210 SP4 Livestock Marketing and Rangeland Management | 33,895,235 | 367,000 | 33,528,235 | 1.1 |
| | Subtotal | 188,110,517 | 9,304,500 | 178,806,017 | 4.9 |
| 0104004210 P4 Fisheries Development and Management | 0104014210 SP1 Management and Development of Fisheries | 11,149,552 | 1,510,162 | 9,639,390 | 13.5 |
| | Subtotal | 11,149,552 | 1,510,162 | 9,639,390 | 13.5 |
| 0105004210 P3 Crop Development and Management | 0105014210 SP1 Lands and Crops Development | 58,738,776 | 2,963,841 | 55,774,935 | 5.0 |
| | 0105024210 SP2 Food Security Initiatives | 20,987,190 | 213,273 | 20,773,917 | 1.0 |
| | Subtotal | 79,725,966 | 3,177,114 | 76,548,852 | 4.0 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|--|---------------------------|---------------------------|---------------------|------------------------|
| Department Water, Environment, Natural Resources, and Energy | | | | | |
| 1001004210 P1 General Administration Planning and Support Services | 1001014210 SP1 General Administration Planning and Support Services | 20,301,883 | 2,145,987 | 18,155,896 | 10.6 |
| | Subtotal | 20,301,883 | 2,145,987 | 18,155,896 | 10.6 |
| 1002004210 P2 Environmental Management and Protection | 1002014210 SP1 County Environment Management | 30,565,922 | 326,000 | 30,239,922 | 1.1 |
| | 1002024210 SP2 Forests Conservation and Management | 8,683,286 | 1,403,200 | 7,280,086 | 16.2 |
| | Subtotal | 39,249,208 | 1,729,200 | 37,520,008 | 4.4 |
| 1003004210 P3 Natural Resources Services | 1003024210 SP2 Soil Conservation Management | 5,015,494 | | 5,015,494 | 0.0 |
| | 1003034210 SP3 Mining Services | 2,198,572 | | 2,198,572 | 0.0 |
| | 1003044210 SP4 Water Catchment and Protection Services | 8,976,184 | 68,200 | 8,907,984 | 0.8 |
| | Subtotal | 16,190,250 | 68,200 | 16,122,050 | 0.4 |
| 1004004210 P4 Water and Sanitation Infrastructure | 1004014210 SP1 Storm Water Management | 5,085,305 | | 5,085,305 | 0.0 |
| | 1004024210 SP2 Water and Sanitation Services | 559,699,493 | 16,957,999 | 542,741,494 | 3.0 |
| | Subtotal | 564,784,798 | 16,957,999 | 547,826,799 | 3.0 |
| Department Education and Vocational Training | | | | | |
| 0501004210 P1 General Administration Planning and Support Services | 0501014210 SP1 General Administration Planning and Support Services | 155,909,109 | 4,285,874 | 151,623,236 | 2.7 |
| | Subtotal | 155,909,109 | 4,285,874 | 151,623,236 | 2.7 |
| 0502004210 P3 Youth Training and Development | SP 0504014210 Revitalization of Youth Polytechnics | 21,736,692 | 703,255 | 21,033,437 | 3.2 |
| | Subtotal | 21,736,692 | 703,255 | 21,033,437 | 3.2 |
| 0502004210 P2 Early Childhood Development and Education | 0502014210 SP1 Early Childhood Development and Education | 468,776,722 | 93,409,887 | 375,366,835 | 19.9 |
| | Subtotal | 468,776,722 | 93,409,887 | 375,366,835 | 19.9 |
| Department Medical Services, Public Health, and Sanitation | | | | | |
| 0401004210 P1 Preventive and Promotive Health Services | 0401044210 SP2 Environmental and health promotion | 115,099,435 | 13,979,535 | 101,119,900 | 12.1 |
| | 0402014210 SP1 Nutrition | 15,014,900 | | 15,014,900 | 0.0 |
| | 0401054210 SP3 Communicable Disease Control | 94,936,472 | 18,285,282 | 76,651,190 | 19.3 |
| | 0401064210 SP4 Non-communicable Disease Prevention and Control | 35,472,158 | 11,842,164 | 23,629,995 | 33.4 |
| | 0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health | 64,730,924 | 16,056,054 | 48,674,870 | 24.8 |
| | Subtotal | 325,253,889 | 60,163,035 | 265,090,854 | 18.5 |
| 0402004210 P2 Curative Health | 0402044210 SP1 County Hospital and Referral Services | 570,109,230 | 164,309,921 | 405,799,309 | 28.8 |
| | 0402054210 SP2 Free Primary Health Services | 305,601,826 | 2,315,358 | 303,286,468 | 0.8 |
| | Subtotal | 875,711,056 | 166,625,279 | 709,085,777 | 19.0 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|---|--|------------------------|------------------------|--------------------|---------------------|
| 0403004210 P3 General Administration Planning and Support Services | 0403014210 SP1 Health Infrastructure Development | 153,988,340 | - | 153,988,340 | 0.0 |
| | 0403034210 SP2 Human Resource Management and Development | 72,050,220 | 15,304,763 | 56,745,457 | 21.2 |
| | 0403044210 SP3 Monitoring and Evaluation, Research and Development | 5,137,284 | - | 5,137,284 | 0.0 |
| | 0403054210 SP4 Health Policy, Planning, and Financing | 24,438,093 | 610,900 | 23,827,193 | 2.5 |
| | 0403064210 SP5 Health Standards and Quality Assurance Services | 90,987,595 | 21,402,944 | 69,584,651 | 23.5 |
| | Subtotal | 346,601,532 | 37,318,607 | 309,282,925 | 10.8 |
| Department Lands, Housing, Physical Planning and Urban Development | | | | | |
| 0101004210 P1 General Administration Planning and Support Services | 0101014210 SP1 Administration, Planning and Support Services | 101,169,114 | | 101,169,114 | 0.0 |
| | Subtotal | 101,169,114 | - | 101,169,114 | 0.0 |
| 0102004210 P2 Land policy Planning and Housing | 0102014210 SP1 Land Use Planning | 6,021,006 | | 6,021,006 | 0.0 |
| | 0102034210 SP2 Land Survey and Mapping | 8,826,752 | | 8,826,752 | 0.0 |
| | 0102044210 SP3 Housing Management Services | 882,166 | | 882,166 | 0.0 |
| | Subtotal | 15,729,924 | - | 15,729,924 | 0.0 |
| 0106004210 P3 Urban Centres Administration | 0106014210 SP1 Urban Centre Management | 75,885,282 | | 75,885,282 | 0.0 |
| | Subtotal | 75,885,282 | - | 75,885,282 | 0.0 |
| Department Roads, Transport and Public works | | | | | |
| 0201004210 P1 General Administration Planning and Support Services | 0201014210 SP1 General Administration Planning and Support Services | 141,705,480 | 67,200 | 141,638,280 | 0.0 |
| | 0201034210 SP2 Firefighting Services | 68,987,226 | - | 68,987,226 | 0.0 |
| | 0201044210 SP3 Design, Implementation and Supervision of Public Buildings | 11,325,634 | 50,400 | 11,275,234 | 0.4 |
| | Subtotal | 222,018,340 | 117,600 | 221,900,740 | 0.1 |
| 0202004210 P2 Roads and public Infrastructure Development | 0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges | 166,349,542 | 504,244 | 165,845,298 | 0.3 |
| | 0202024210 SP2 Design, supervision and rehabilitation of County Buildings | 10,354,650 | | 10,354,650 | 0.0 |
| | Subtotal | 230,183,027 | 4,369,646 | 225,813,381 | 1.9 |
| Department Tourism, Trade, Enterprise Development and Cooperatives | | | | | |
| 0301004210 P1 General Administration Planning and Support Services | 0301014210 SP1 General Administration Planning and Support Services | 23,122,923 | 803,184 | 22,319,739 | 3.5 |
| | Subtotal | 23,122,923 | 803,184 | 22,319,739 | 3.5 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption Rate (%) |
|--|---|------------------------|------------------------|----------------------|---------------------|
| 0302004210 P2 Cooperatives Development and Management | 0302014210 SP1 Governance and Accountability | 36,048,406 | 24,800 | 36,023,606 | 0.1 |
| | Subtotal | 36,048,406 | 24,800 | 36,023,606 | 0.1 |
| 0304004210 P4 Tourism Development and Promotion | 0304014210 SP1 Tourism Promotion and Marketing | 299,480,616 | 12,565,283 | 286,915,333 | 4.2 |
| | Subtotal | 299,480,616 | 12,565,283 | 286,915,333 | 4.2 |
| 0305004210 P5 Trade Development and Promotion | 0305014210 SP1 Domestic Trade Development | 36,920,775 | 148,800 | 36,771,975 | 0.4 |
| | Subtotal | 36,920,775 | 148,800 | 36,771,975 | 0.4 |
| 0306004210 P6 P1 General Administration Planning and Support Services | 0306014210 SP1 General Administration Planning and Support Services | 21,385,426 | 151,200 | 21,234,226 | 0.7 |
| | Subtotal | 21,385,426 | 151,200 | 21,234,226 | 0.7 |
| Department Culture, Social Services, Gender, Sports and Youth Affairs | | | | | |
| 0901004210 P1 General Administration Planning and Support Services | 0901014210 SP1 General Administration Planning and Support Services | 53,914,480 | 3,216,381 | 50,698,100 | 6.0 |
| | Subtotal | 53,914,480 | 3,216,381 | 50,698,100 | 6.0 |
| 0902004210 P2 Culture and Social Services Development | 0902014210 SP1 Conservation of Heritage | 978,000 | | 978,000 | 0.0 |
| | 0902024210 SP2 Development and Promotion of Culture | 6,932,448 | 4,599 | 6,927,849 | 0.1 |
| | 0902034210 SP3 Social Welfare and Gender | 30,338,000 | 3,277,080 | 27,060,920 | 10.8 |
| | 0902044210 SP4 Community Mobilization and Development | 6,206,880 | | 6,206,880 | 0.0 |
| | Subtotal | 44,455,328 | 3,281,679 | 41,173,649 | 7.4 |
| 0903004210 P3 Promotion of other Sports Activities | 0903014210 SP1 Development and Management of Sports Facilities | 18,925,000 | 4,476,140 | 14,448,860 | 23.7 |
| | Subtotal | 18,925,000 | 4,476,140 | 14,448,860 | 23.7 |
| 0503004210 P3 Sports Development | 0503034210 SP3 Sports Development, Training and Competition | 53,870,000 | 148,608 | 53,721,392 | 0.3 |
| | Subtotal | 53,870,000 | 148,608 | 53,721,392 | 0.3 |
| 0904014210 P1 General Administration Planning and Support Services | 0904004210 SP1 General Administration Planning and Support Services | 16,127,862 | - | 16,127,862 | 0.0 |
| | Subtotal | 16,127,862 | - | 16,127,862 | 0.0 |
| Grand Total | | 6,564,526,496 | 675,116,308 | 5,889,410,188 | 10.3 |

Source: Samburu County Treasury

Programmes with high levels of implementation based on absorption rates were: Promotion of sports activities in the Department of Culture, Social Services, Gender, Sports and Youth Affairs at 23.7 per cent, Management of County Affairs in the Department of County Executive at 21.0 per cent, Special Programs in the Department of Finance, Economic Planning & ICT at 19.9 per cent, and Early Childhood Development and Education at 19.9 per cent of budget allocation.

3.38.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.

2. The County failed to report expenditure on the development programmes in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.40 billion.
3. The high outstanding pending bills, which amounted to Kshs.609.75 million as at the beginning of the financial year. The County did not report any payment of pending bills in the period under review.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should prioritize pending bills in the remaining financial year according to the payment plan.*

3.39 County Government of Siaya

3.39.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.10.16 billion, comprising Kshs.5.01 billion (49.3 per cent) and Kshs.5.15 billion (50.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.97 billion (68.6 per cent) as the equitable share of revenue raised nationally, generate Kshs.445.45 million (4.4 per cent) from own sources of revenue, and a cash balance of Kshs.2.05 billion (20.2 per cent) from FY 2020/21. The County also expects to receive Kshs.693.45 million (6.8 per cent) as conditional grants. The grants consist of KDSP Level 2 grant (Kshs.112.82 million), Leasing of Medical Equipment (Kshs.153.30 million), Transforming Health Systems for Universal HealthCare (Kshs.76.12 million), Kenya Climate-Smart Agriculture Project (Kshs.314.64 million), DANIDA (Kshs.12.83), Agricultural Sector Development Support Project (Kshs.23.75 million) and other grants and loans (Kshs.540.15 million).

3.39.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.28 billion as the equitable share of the revenue raised nationally, raised Kshs.105.85 million as own-source revenue, and had a cash balance of Kshs.2.05 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.3.43 billion, as shown in Table 3.163.

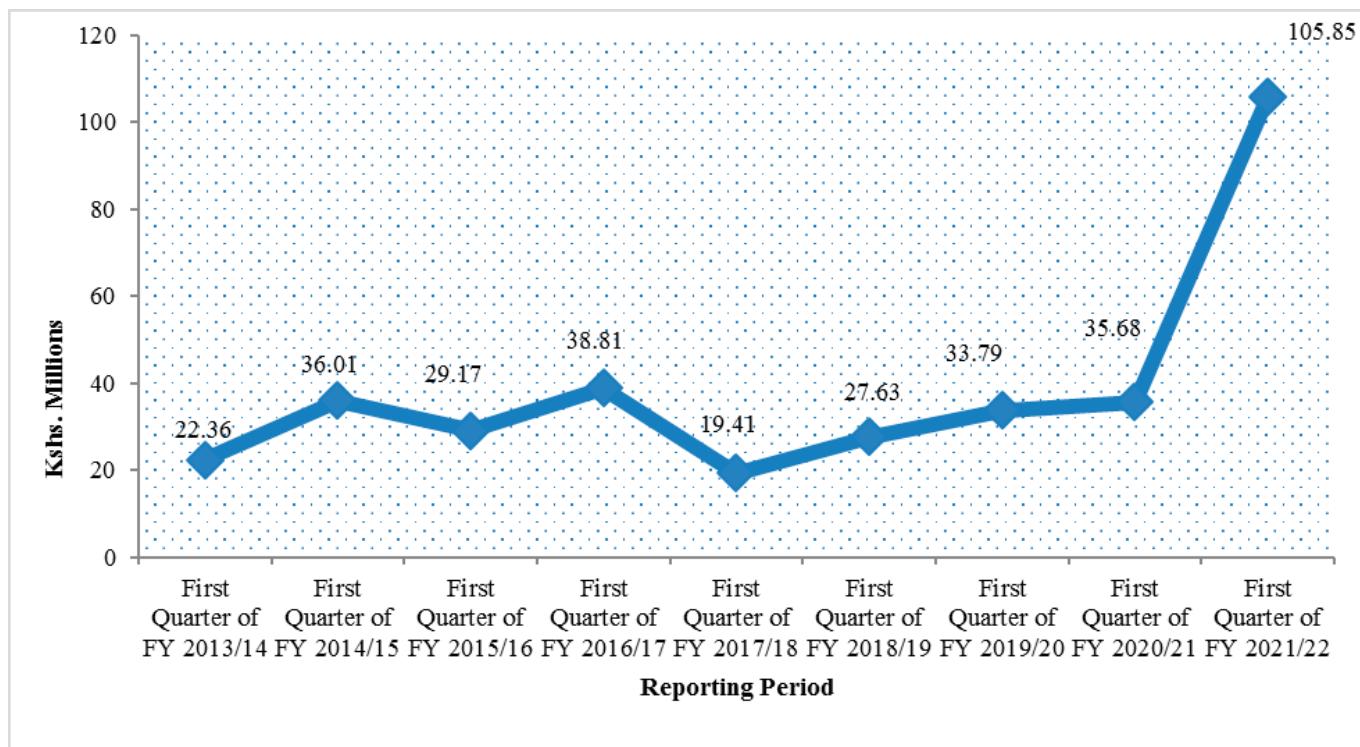
Table 3.163: Siaya County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|---|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 6,966,507,531 | 1,275,358,779 | 18.3 |
| | Sub Total | 6,966,507,531 | 1,275,358,779 | 18.3 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 445,445,551 | 105,851,444 | 23.8 |
| 2 | Balance b/f from FY 2020/21 | 2,051,854,088 | 2,051,854,088 | 100 |
| 3 | Other Revenues | 693,450,547 | 0 | 0 |
| | Sub Total | 3,190,750,186 | 2,157,705,532 | 67.6 |
| | Grand Total | 10,157,257,717 | 3,433,064,311 | 33.8 |

Source: Siaya County Treasury

Figure 3.75 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.75: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Siaya County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.105.85 million as own-source revenue. This amount represented an increase of 196.7 per cent compared to Kshs.35.68 million realised during a similar period in the first quarter of FY 2020/21 and was 23.8 per cent of the annual target.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.23 billion from the CRF account during the reporting period. The amount comprised Kshs.73.21 million (5.9 per cent) for development programmes and Kshs.1.61 billion (94.1 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

The County spent Kshs.1.06 billion on recurrent programmes during the reporting period and did not report expenditure on development programmes. This expenditure represented 85.6 per cent of the total funds released by the CoB and was entirely for recurrent programmes. Recurrent expenditure represented 20.5 per cent of the annual recurrent expenditure budget.

3.39.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.919.13 million and comprised of Kshs.567.55 million for recurrent expenditure and Kshs.351.58 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, a total of Kshs.316.86 million was paid towards pending bills entirely for recurrent expenditure.

3.39.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.03 billion was spent on employee compensation and Kshs.31.08 million on operations and maintenance, as shown in Table 3.164.

Table 3.164: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|----------------------|--------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,364,733,255 | 786,663,318 | 971,852,985 | 85,213,963 | 22.3 | 10.8 |
| Compensation to Employees | 2,572,499,089 | 388,975,511 | 940,769,626 | 85,213,963 | 36.6 | 21.9 |
| Operations and Maintenance | 1,792,234,166 | 397,687,807 | 31,083,359 | - | 1.7 | - |
| Development Expenditure | 4,245,250,455 | 760,610,689 | - | - | - | - |
| Total | 8,609,983,710 | 1,547,274,007 | 971,852,925 | 85,213,963 | 11.3 | 5.5 |

Source: Siaya County Treasury

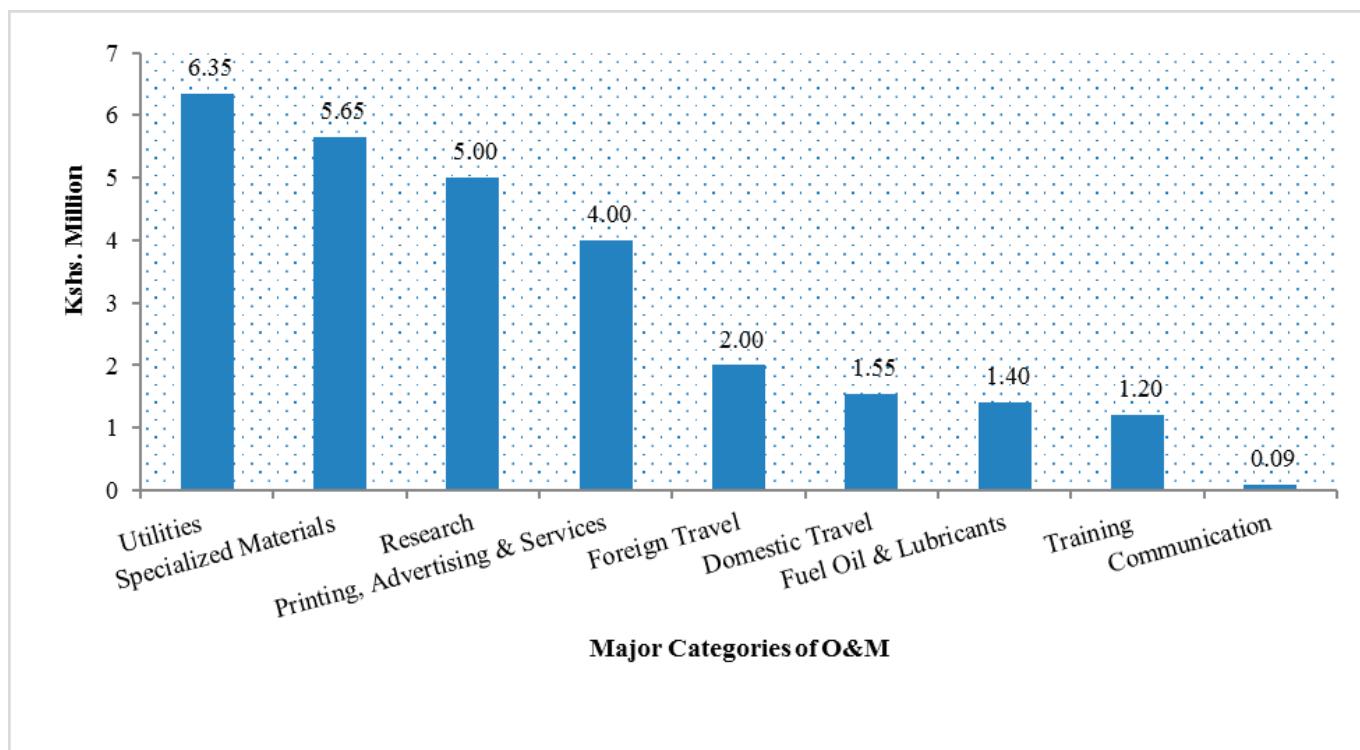
3.39.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 97.1 per cent of the total expenditure for the reporting period and 40.4 per cent of the first quarter proportional revenue of Kshs.2.54 billion.

3.39.8 Expenditure on Operations and Maintenance

Figure 3.76 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.76: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

The County did not report expenditure on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.52.41 million.

During the period, expenditure on domestic travel amounted to Kshs.1.55 million entirely spent by the County Executive. Expenditure on foreign travel amounted to Kshs.2.00 million entirely by the County Executive.

3.39.9 Development Expenditure

The County did not report any expenditure on development programmes, as was the case in a similar period of FY 2020/21.

3.39.10 Budget Performance by Department

Table 3.165 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.165: Siaya County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 786.66 | 760.61 | 85.23 | - | 85.21 | - | 100 | - | 10.8 | - |
| Governance and Administration | 569.79 | 83.75 | 177.85 | - | 136.28 | - | 76.6 | - | 23.9 | - |
| Finance and Economic Planning | 685.47 | 23.83 | 145.84 | - | 110.57 | - | 75.8 | - | 16.1 | - |
| Agriculture, Irrigation, Food, Livestock and Fisheries | 240.41 | 444.26 | 51.98 | - | 64.82 | - | 124.7 | - | 27 | - |
| Water, Environment and Natural Resources | 52.70 | 467.81 | 11.31 | - | 11.79 | - | 104.2 | - | 12.4 | - |
| Education, Youth Affairs, Gender and Social services | 369.66 | 589.82 | 124.64 | - | 50.08 | - | 40.2 | - | 13.5 | - |
| County Health Services | 2,137.22 | 391.93 | 522.74 | - | 543.96 | - | 104.1 | - | 25.5 | - |
| Lands, Physical Planning, Housing and Urban Development | 73.36 | 190.28 | 9.49 | - | 11.79 | - | 124.2 | - | 16.1 | - |
| Roads, Public Works, Energy and Transport | 77.81 | 1,723.70 | 11.18 | - | 13.94 | - | 124.7 | - | 17.9 | - |
| Enterprise and Industrial Development | 97.40 | 295.89 | 10.59 | - | 13.53 | - | 127.7 | - | 13.9 | - |
| Tourism, Culture, Sports, ICT and Arts | 60.90 | 33.98 | 10.15 | - | 15.09 | - | 148.7 | - | 24.8 | - |
| | 5,151.40 | 5,005.86 | 1,161.03 | - | 1,057.07 | - | 91 | - | 20.5 | - |

Source: Siaya County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture, Irrigation, Food, Livestock and Fisheries had the highest percentage of recurrent expenditure to budget at 27.0 per cent while the County Assembly Department had the lowest at 10.8 per cent.

3.39.11 Budget Execution by Programmes and Sub-Programmes

Table 3.166 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.166: Siaya County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub-Programme | Approved Budget | Actual Payments | Variance | Implementation Status (%) |
|---------------------------|---------------------------------------|-----------------|-----------------|-------------|---------------------------|
| Default -Non-Programmatic | Default - Non-Programmatic | | | | |
| Land Policy and Planning | Development Planning and Land Reforms | 111,788,336 | 9,198,966 | 102,589,370 | 8.2 |
| | Land Survey | 46,542,108 | 15,000 | 46,527,108 | 0.0 |

| Programme | Sub-Programme | Approved Budget | Actual Payments | Variance | Implementation Status (%) |
|---|---|----------------------|--------------------|----------------------|---------------------------|
| Housing Development and Human Settlement | Land Use | 461,337,924 | 4,265,247 | 457,072,677 | 0.9 |
| | Land Settlement | 65,005,277 | 15,000 | 64,990,277 | - |
| | | 684,673,645 | 13,494,213 | 671,179,432 | 2.0 |
| | Housing Development | 75,559,336 | 2,086,376 | 73,472,960 | 2.8 |
| | Estate Management | 43,765,655 | - | 43,765,655 | - |
| | | 2,025,452 | - | 2,025,452 | - |
| | | 142,286,106 | 1,171,600 | 141,114,506 | 0.8 |
| | | 263,636,549 | 3,257,976 | 260,378,573 | 1.2 |
| General Administration, Planning and Support Services | General Administration, Planning and Support Services | 7,159,795 | - | 7,159,795 | - |
| | Human Resources and Support Services | 1,739,976,795 | 40,411,347 | 1,699,565,448 | 2.3 |
| | Financial Management Services | 54,377,241 | - | 54,377,241 | - |
| | | 1,801,513,831 | 40,411,347 | 1,761,102,484 | 2.2 |
| General Administration Planning and Support Services | General Administration, Planning and Support Services | 97,015,187 | 15,393,600 | 81,621,587 | 15.9 |
| | | 1,670,000 | 50,000 | 1,620,000 | 3.0 |
| | | 2,089,533 | 180,000 | 1,909,533 | 8.6 |
| | | 31,690,000 | 78,479 | 31,611,521 | 0.2 |
| | | 260,834,907 | 25,000 | 260,809,907 | 0.0 |
| | | 393,299,627 | 15,727,079 | 377,572,548 | 4.0 |
| Industrial Development and Investments | Promotion of Industrial Development and Investments | 18,030,000 | 40,000 | 17,990,000 | 0.2 |
| | Promotion of Industrial Property Rights and arbitration | 18,000,000 | - | 18,000,000 | - |
| | Promotion of Industrial Training | 50,895,494 | 2,205,600 | 48,689,894 | 4.3 |
| | | 92,900,494 | 2,245,600 | 90,654,894 | 2.4 |
| Preventive & Promotive Health Services | Communicable Disease Control | 1,562,411,745 | 647,500,912 | 914,910,833 | 41.4 |
| | Health Promotion | 297,008,538 | 33,103,618 | 263,904,920 | 11.1 |
| | Non-communicable Disease Prevention & Control | 295,562,669 | 14,420,222 | 281,142,447 | 4.9 |
| | Radiation Protection | 126,607,445 | 23,622,906 | 102,984,539 | 18.7 |
| | | 12,832,875 | - | 12,832,875 | - |
| | | 18,194,808 | - | 18,194,808 | - |
| | | 105,795,258 | 757,850 | 105,037,408 | 0.7 |
| | | 60,578,536 | 5,021,923 | 55,556,613 | 8.3 |
| | | 50,158,116 | 6,732,265 | 43,425,851 | 13.4 |
| | | 2,529,149,990 | 731,159,696 | 1,797,990,294 | 28.9 |
| Primary Education | Free Primary Education | 320,775,900 | 86,495,000 | 234,280,900 | 27.0 |
| | Special Needs Education | 309,004,193 | 250,000 | 308,754,193 | 0.1 |
| | Alternative provision of Basic Education | 98,197,825 | 60,000 | 98,137,825 | 0.1 |
| | Primary Teachers Training and In-servicing | 180,444,630 | 67,093,743 | 113,350,887 | 37.2 |
| | Alternative Basic Adult & Continuing Education | 1,981,968 | - | 1,981,968 | - |
| | School Health, Nutrition and Meals | 51,052,868 | - | 51,052,868 | - |
| | | 961,457,384 | 153,898,743 | 807,558,641 | 16.0 |

| Programme | Sub-Programme | Approved Budget | Actual Payments | Variance | Implementation Status (%) |
|--|--|-----------------------|----------------------|----------------------|---------------------------|
| General Administration Planning and Support Services | | 356,010,564 | 15,342,121 | 340,668,443 | 4.3 |
| | | 60,343,140 | 25,999,400 | 34,343,740 | 43.1 |
| | | 1,130,920,303 | 9,114,044 | 1,121,806,259 | 0.8 |
| | | 1,547,274,007 | 50,455,565 | 1,496,818,442 | 3.3 |
| Cabinet Affairs | Cabinet affairs | 348,414,683 | 30,425,000 | 317,989,683 | 8.7 |
| | | 73,782,936 | 556,742 | 73,226,194 | 0.8 |
| | | 62,911,711 | 2,912,401 | 59,999,310 | 4.6 |
| | | 21,266,212 | 550,000 | 20,716,212 | 2.6 |
| | | 47,194,849 | 958,857 | 46,235,992 | 2.0 |
| | | 99,970,701 | 175,000 | 99,795,701 | 0.2 |
| | | 653,541,092 | 35,578,000 | 617,963,092 | 5.4 |
| Government Advisory Services | State Corporations Advisory Services | 20,922,552 | 2,561,940 | 18,360,612 | 12.2 |
| | Kenya-South Sudan Advisory Services | 567,558,518 | 57,857,666 | 509,700,852 | 10.2 |
| | Power of Mercy Advisory Services | 13,169,503 | 132,000 | 13,037,503 | 1.0 |
| | Liaison, Parliament and Commission Advisory Services | 41,170,859 | 4,822,800 | 36,348,059 | 11.7 |
| | | 10,511,292 | 1,126,250 | 9,385,042 | 10.7 |
| | | 32,923,696 | 3,944,148 | 28,979,548 | 12.0 |
| | | 23,042,563 | 5,380,000 | 17,662,563 | 23.3 |
| | | 709,298,983 | 75,824,804 | 633,474,179 | 10.7 |
| | | | | | |
| Sports | Sports Training and competitions | 40,322,903 | 73,750 | 40,249,153 | 0.2 |
| | Development and Management of Sports Facilities | 472,727,266 | 7,282,447 | 465,444,819 | 1.5 |
| | | 7,461,946 | 100,800 | 7,361,146 | 1.4 |
| | | 520,512,115 | 7,456,997 | 513,055,118 | 1.4 |
| Grand Total | | 10,157,257,717 | 1,129,510,021 | 9,027,747,696 | 11.1 |

Source: Siaya County Treasury

Programmes with high levels of implementation based on absorption rates were: preventive and promotive health services in the Department of County Health Services at 28.9 per cent, Primary Education in the Department of Education, Youth Affairs, Gender and Social Services at 16.0 per cent, Sports in the Department of Tourism, Culture, Sports, ICT and Arts at 5.4 per cent, and General Administration, Planning and Support Services in the Department of County Governance and Administration at 4.0 per cent of budget allocation.

3.39.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 28th October 2021.
2. The underperformance of own-source revenue at Kshs.105.85 million against an annual projection of Kshs.445.45 million, representing 23.8 per cent of the annual target.
3. Failure to implement development budget during the period as the County did not report any development programmes expenditures.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
3. *The County should identify and address issues causing delays in implementing development projects.*

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.7.38 billion, comprising Kshs.2.94 billion (39.8 per cent) and Kshs.4.44 billion (60.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.25 billion (84.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.376 million (5.1 per cent) from own sources of income, a cash balance of Kshs.690 million (9.3 per cent) from FY 2020/21, and other revenues of Kshs.62 million (0.8 per cent). The County also expects to receive Kshs.1.62 billion as conditional grants. The grants consist of Kshs.5.30 million for Compensation of User Fees Forgone, Kshs.193.64 million for the Road Maintenance Fuel Levy Fund, Kshs.42.00 million for Rehabilitation of Village Polytechnics, Kshs.47.72 million for Transforming Health Systems for Universal Care Project, Kshs.317.60 million for Kenya Climate-Smart Agriculture Project, Kshs.45.00 million for the Kenya Devolution Support project, Kshs.50.49 million for Instruments for Devolution Advice, Kshs.8829.66 for Water & Sanitation Development Project and Kshs.29.22 million for Agricultural Sector Development Support Programme.

3.40.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.798.96 million as the equitable share of the revenue raised nationally, raised Kshs.61.39 million as own-source revenue, and had a cash balance of Kshs.0.48 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.860.83 million, as shown in Table 3.167: .

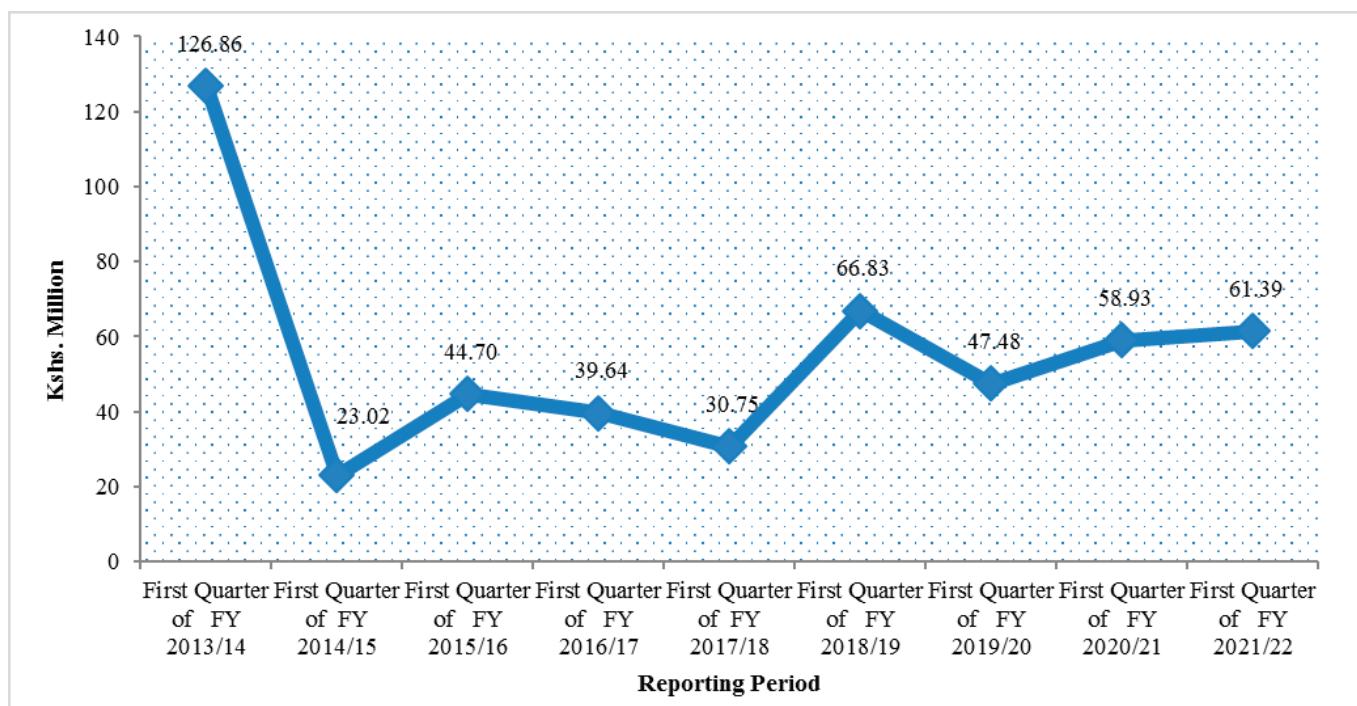
Table 3.167: Taita Taveta County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 6,254,511,839 | 798,958,825 | 12.8 |
| | Sub Total | 6,254,511,839 | 798,958,825 | 12.8 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 376,000,000 | 61,385,000 | 16.3 |
| 2. | Balance b/f from FY 2020/21 | 690,000,000 | 481,953 | 0.1 |
| 3. | Other Revenues | 62,000,000 | - | - |
| | Sub Total | 1,128,000,000 | 61,866,953 | 5.5 |
| | Grand Total | 7,382,511,839 | 860,825,778 | 11.7 |

Source: Taita Taveta County Treasury

Figure 3.77 shows the Trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.77: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Taita Taveta County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.61.39 million as own-source revenue. This amount represented an increase of 4.2 per cent compared to Kshs.58.93 million realised during a similar period in the first quarter of FY 2020/21 and was 16.3 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.651.91 million from the CRF account during the reporting period. The amount comprised Kshs.13.03 million (2 per cent) for development programmes and Kshs.638.89 billion (98 per cent) for recurrent programmes.

3.40.4 Overall Expenditure Review

The County spent Kshs.574.42 million only on recurrent programmes during the reporting period. This expenditure represented 88.1 per cent of the total funds released by the Controller of Budget. Expenditure on recurrent expenditure represented 12.9 per cent of the annual recurrent expenditure budget.

3.40.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.744.06 million and comprised of Kshs.259.42 million for recurrent expenditure and Kshs.484.64 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year.

During the period under review, Kshs.50.57 million was paid towards pending bills, consisting of Kshs.17.63 million for recurrent expenditure and Kshs.32.94 million for development programmes.

3.40.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.439.06 million was spent on employee compensation and Kshs.135.37 million on operations and maintenance, as shown in Table 3.168.

Table 3.168: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|-----------------------------|------------------|-----------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 3,843,656,167 | 601,000,000 | 491,758,039 | 82,664,110 | 12.8 | 13.8 |
| Compensation to Employees | 1,946,553,873 | 294,340,000 | 400,390,737 | 38,665,852 | 20.6 | 13.1 |
| Operations and Maintenance | 1,897,102,294 | 306,660,000 | 91,367,302 | 43,998,258 | 4.8 | 14.3 |
| Development Expenditure | 2,881,365,915 | 56,489,757 | - | - | - | - |
| Total | 6,725,022,082 | 657,489,757 | 491,758,039 | 82,664,110 | 7.3 | 12.6 |

Source: Taita Taveta County Treasury

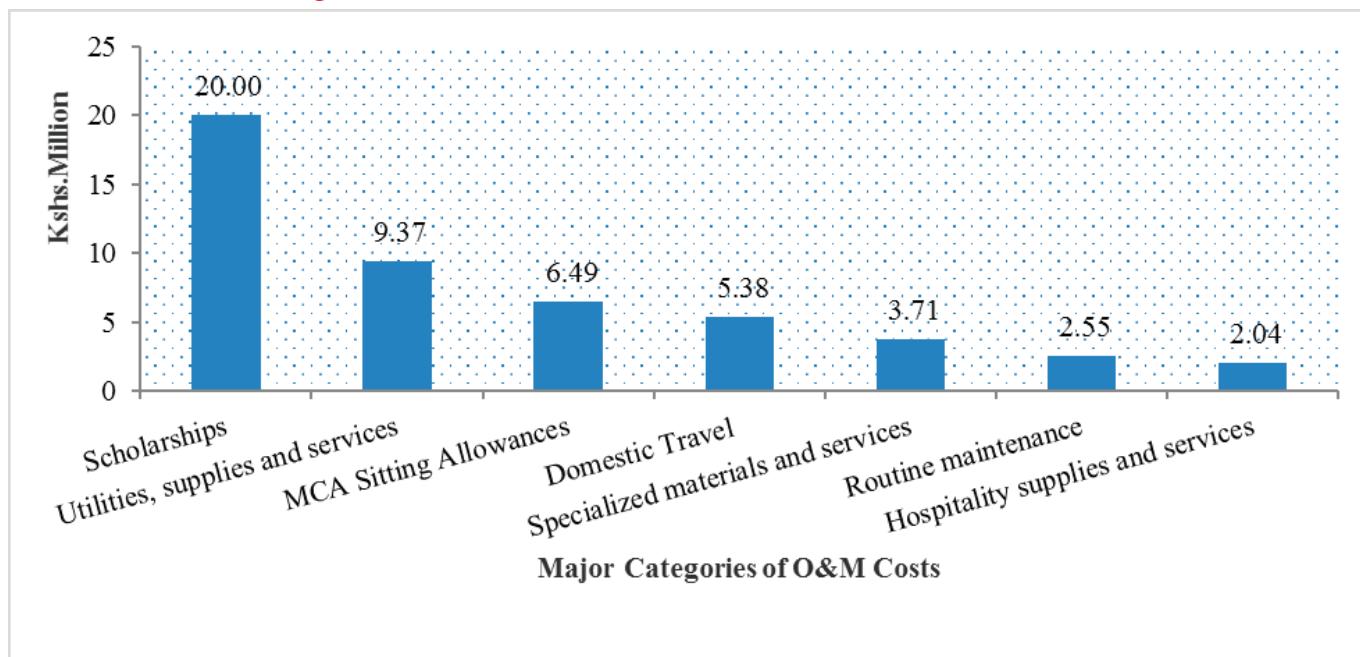
3.40.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 76.4 per cent of the total expenditure for the reporting period and 23.8 per cent of the first quarter proportional revenue of Kshs.1.86 billion.

3.40.8 Expenditure on Operations and Maintenance

Figure 3.78 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.78: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita County Treasury

The County spent Kshs.6.49 million on committee sitting allowances for the 33 MCAs and Speaker against the annual budget allocation of Kshs.20 million. The average monthly sitting allowance was Kshs.63,624 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.5.38 million spent entirely by the County Executive.

3.40.9 Development Expenditure

The County did not report any development expenditure compared to a similar period in FY 2020/21 when the County spent Kshs.27.26 million.

3.40.10 Budget Performance by Department

Table 3.169 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.169: Taita Taveta County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Ex- chequer Issues (%) | | Absorption rate (%) | |
|--|--------------------------------------|-----------------|-------------------------------------|--------------|--------------------------------|----------|--|----------|---------------------|----------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 601.00 | 56.49 | 118.16 | 13.03 | 82.66 | - | 70.0 | - | 13.8 | - |
| Public Service and Ad- ministration | 2,565.78 | 6.28 | 440.77 | - | 411.80 | - | 93.4 | - | 16.0 | - |
| The Governor's and Dep- uty Governor's Office | 151.86 | 5.14 | 10.12 | - | 10.12 | - | 100.0 | - | 6.7 | - |
| Finance and Economic Planning | 438.36 | 1,102.73 | 5.19 | - | 5.19 | - | 100.0 | - | 1.2 | - |
| Agriculture, Livestock and Fisheries | 16.60 | 541.72 | - | - | - | - | - | - | - | - |
| Water and Irrigation | 15.13 | 141.98 | - | - | - | - | - | - | - | - |
| Education and Libraries | 210.30 | 126.30 | 20.00 | - | 20.00 | - | 100.0 | - | 9.5 | - |
| Health | 319.42 | 295.37 | 44.65 | - | 44.65 | - | 100.0 | - | 14.0 | - |
| Trade, Tourism and Co- operative Development | 25.10 | 38.79 | - | - | - | - | - | - | - | - |
| County Public Service Board | 17.58 | 6.57 | - | - | - | - | - | - | - | - |
| Infrastructure and Public Works | 24.46 | 345.84 | - | - | - | - | - | - | - | - |
| Lands, Environment and Natural Resources | 43.91 | 29.10 | - | - | - | - | - | - | - | - |
| Youth, Gender, sports, Culture and Social Ser- vices | 15.16 | 241.55 | - | - | - | - | - | - | - | - |
| Total | 4,444.66 | 2,937.86 | 638.89 | 13.03 | 574.42 | - | 89.9 | - | 12.9 | - |

Source: Taita Taveta County Treasury

Analysis of expenditure by the departments shows that the Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 16.0 per cent while nine Departments did not report any expenditure.

3.40.11 Budget Execution by Programmes and Sub-Programmes

Table 3.170 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

**Table 3.170: Taita Taveta County, Budget Execution by Programmes and Sub-
programmes**

| Programme | Sub- Programme/Description | Approved Budget (Kshs) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
|-----------|--|---------------------------|-----------------------------|---------------------|-------------------|
| 101003260 | Administration Planning and Support Services | 84,968,590 | - | 84,968,590 | - |
| | Administration Planning and Support Services | 84,968,590 | - | 84,968,590 | - |
| 102003260 | Development programme | 374,943,825 | - | 374,943,825 | - |
| | Development programme | 374,943,825 | - | 374,943,825 | - |
| 104003260 | Agricultural Development Programme | 515,608,014 | - | 515,608,014 | - |
| | Agricultural Development Programme | 515,608,014 | - | 515,608,014 | - |
| 105003260 | Livestock and Fisheries Development | 26,114,201 | - | 26,114,201 | - |
| | Livestock and Fisheries Development | 26,114,201 | - | 26,114,201 | - |
| 301003260 | General Administration and support services programme | 25,098,799 | - | 25,098,799 | - |
| | General Administration and support services programme | 25,098,799 | - | 25,098,799 | - |
| 302003260 | Trade Development programme. | 38,790,468 | - | 38,790,468 | - |
| | Trade Development programme. | 38,790,468 | - | 38,790,468 | - |
| 401003260 | Administration and Support Services | 319,424,626 | 44,647,542 | 274,777,084 | 14.0 |
| | Administration and Support Services | 319,424,626 | 44,647,542 | 274,777,084 | 14.0 |
| 402003260 | Health Development Programme | 295,368,189 | - | 295,368,189 | - |
| | Health Development Programme | 295,368,189 | - | 295,368,189 | - |

| Programme | Sub- Programme/Description | Approved Budget (Kshs) | Actual Pay-ments (Kshs) | Variance (Kshs.) | Absorption (%) |
|--------------------|--|------------------------|-------------------------|----------------------|----------------|
| 501003260 | General Administration, Planning and Support services | 210,298,500 | 20,000,000 | 190,298,500 | 9.5 |
| | General Administration, Planning and Support services | 210,298,500 | 20,000,000 | 190,298,500 | 9.5 |
| 502003260 | Early childhood Education and Youth Training Development Programme | 126,300,000 | - | 126,300,000 | - |
| | Early childhood Education & Youth Training Development Programme | 126,300,000 | - | 126,300,000 | - |
| 701003260 | General Administration support services | 2,583,359,159 | 411,798,882 | 2,171,560,277 | 15.9 |
| | General Administration support services | 2,583,359,159 | 411,798,882 | 2,171,560,277 | 15.9 |
| 702003260 | County Assembly Infrastructure improvement | 657,489,757 | 82,664,110 | 574,825,647 | 12.6 |
| | County Assembly Infrastructure improvement | 657,489,757 | 82,664,110 | 574,825,647 | 12.6 |
| 703003260 | Decentralised infrastructure development programme | 6,569,047 | - | 6,569,047 | - |
| | Decentralised infrastructure development programme | 6,569,047 | - | 6,569,047 | - |
| 704003260 | General Administration and Management of County Affairs | 151,863,787 | 10,121,669 | 141,742,118 | 6.7 |
| | General Administration and Management of County Affairs | 151,863,787 | 10,121,669 | 141,742,118 | 6.7 |
| 705003260 | Leadership Development Programme | 11,414,281 | - | 11,414,281 | - |
| | Leadership Development Programme | 11,414,281 | - | 11,414,281 | - |
| 706003260 | General Administration, Planning, Internal Audit & Support Services | 438,357,914 | - | 438,357,914 | - |
| | General Administration, Planning, Internal Audit & Support Services | 438,357,914 | - | 438,357,914 | - |
| 707003260 | Treasury Development Programme | 1,102,726,856 | 5,189,946 | 1,097,536,910 | 0.5 |
| | Treasury Development Programme | 1,102,726,856 | 5,189,946 | 1,097,536,910 | 0.5 |
| 1001003260 | Water and Irrigation Development Programme | 141,981,034 | - | 141,981,034 | - |
| | Water and Irrigation Development Programme | 141,981,034 | - | 141,981,034 | - |
| 1002003260 | General Administration, Support and Support Services | 15,126,133 | - | 15,126,133 | - |
| | General Administration, Support and Support Services | 15,126,133 | - | 15,126,133 | - |
| 1003003260 | Natural Resources Support Programme | 256,708,659 | - | 256,708,659 | - |
| | Natural Resources Support Programme | 256,708,659 | - | 256,708,659 | - |
| Grand Total | | 7,382,511,839 | 574,422,149 | 6,808,089,690 | 7.8 |

Source: Taita Taveta County Treasury

Programmes with high levels of implementation based on absorption rates were: the General Administration support services in the Department of Devolution, Public Service and Administration at 15.9 per cent, General Administration support services in the Department of Education, Libraries and VTCs at 14.0 per cent, County Assembly Infrastructure improvement in the Department of the County Assembly at 12.6 per cent, and General Administration, Planning and Support services at 9.5 per cent of budget allocation.

3.40.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Lack of development expenditure in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.94 billion.
3. The underperformance of own-source revenue at Kshs.61.39 million against an annual projection of Kshs.360 million, representing 16.3 per cent of the annual target.

The County should implement the following recommendations to improve budget execution;

1. The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.
2. The County should identify and address issues causing delays in implementing development projects.
3. The County should address its revenue performance to ensure the approved budget is fully financed.

3.41 County Government of Tana River

3.41.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.8.12 billion, comprising Kshs.2.85 billion (35.1per cent) and Kshs.5.27 billion (64.9per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.53 billion (80.4 per cent) as the equitable share of revenue raised nationally, generate Kshs.79.86 million (1 per cent) from own sources of revenue, and a cash balance of Kshs.966.12 million (11.9 per cent) from FY 2020/21. The County also expects to receive Kshs.543.56 million (6.7per cent) as conditional grants. The grants consist of: construction of the County headquarters of Kshs.75.0 million, Transforming Health Care System for Universal Care Project (THSUCP) Kshs.57.52 million, Kenya Climate Smart Agricultural Project (KCSAP) Kshs.350.27million, DANIDA (Universal Health Care in Devolved System Program) Kshs.12.97million, IDEAS (Instruments for Devolution Advice & Support) Kshs.27.97million, Agricultural Sector Development Support Programme (ASDPII) Kshs.19.82 million.

3.41.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.08 billion as the equitable share of the revenue raised nationally, raised Kshs.12.74 million as own-source revenue and had a cash balance of Kshs.966.12 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.06 billion, as shown in Table 3.171.

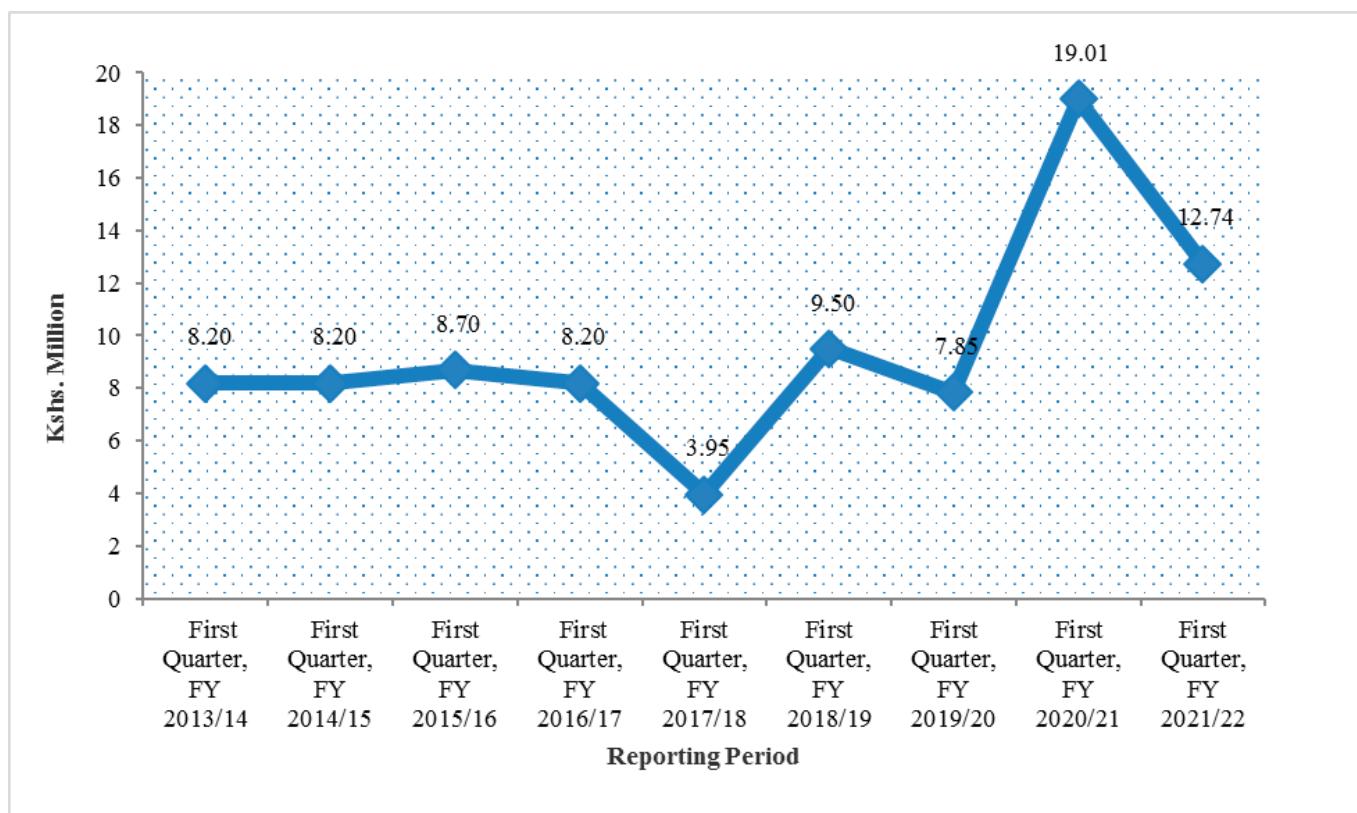
Table 3.171: Tana River County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts in Kshs.) | Actual Receipts as Percentage of Annual Allo- cation (%) |
|----------|--|---------------------------------------|------------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 6,528,408,765 | 1,077,187,446 | 16.5 |
| | Sub Total | 6,528,408,765 | 1,077,187,446 | 16.5 |
| D | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 79,860,000 | 12,741,014 | 16.0 |
| 2. | Balance b/f from FY2019/20 | 966,116,250 | 966,116,250 | 100.0 |
| 3. | Other Revenues | 543,563,507 | - | - |
| | Sub Total | 1,589,539,757 | 978,857,264 | 61.6 |
| | Grand Total | 8,117,948,522 | 2,056,044,710 | 25.3 |

Source: Tana River County Treasury

Figure 3.79 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.79: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Tana River County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.12.74 million as own-source revenue. This amount represented a decrease of 32.9 per cent compared to Kshs.19.01 million realized during a similar period in the first quarter of FY 2020/21 and was 16 per cent of the annual target. The decrease of 32.9 per cent is attributed to a poor business environment due to restrictions imposed to control the Covid-19 disease.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.779.99 million from the CRF account during the reporting period. The amount comprised Kshs.16.18 million (2.1 per cent) for development programmes and Kshs.763.81 million (97.9 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

The County spent Kshs.875.31 million on development and recurrent programmes during the reporting period. This expenditure represented 112.2 per cent of the total funds released by the CoB and comprised of Kshs.16.13 million and Kshs.859.19 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.5 per cent, while recurrent expenditure represented 14.7 per cent of the annual recurrent expenditure budget.

3.41.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.2.67 billion and comprised of Kshs.1.05 billion for recurrent expenditure and Kshs.1.35 billion for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. However, the County did not report any expenditure on pending bills during the period under review.

3.41.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.387.72 million was spent on employee compensation, Kshs.471.47 million on operations and maintenance, and Kshs.16.13 million on development activities, as shown in Table 3.172.

Table 3.172: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|------------------|-----------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,678,660,945 | 588,396,752 | 735,606,220 | 123,581,705 | 15.7 | 21.0 |
| Compensation to Employees | 1,580,330,697 | 321,323,167 | 342,593,611 | 45,125,900 | 21.7 | 14.0 |
| Operations and Maintenance | 3,098,330,248 | 267,073,585 | 393,012,609 | 78,455,805 | 12.7 | 29.4 |
| Development Expenditure | 2,530,890,825 | 320,000,000 | - | 16,125,500 | - | 5.0 |
| Total | 7,209,551,770 | 908,396,752 | 735,606,220 | 139,707,205 | 10.2 | 15.4 |

Source: Tana River County Treasury

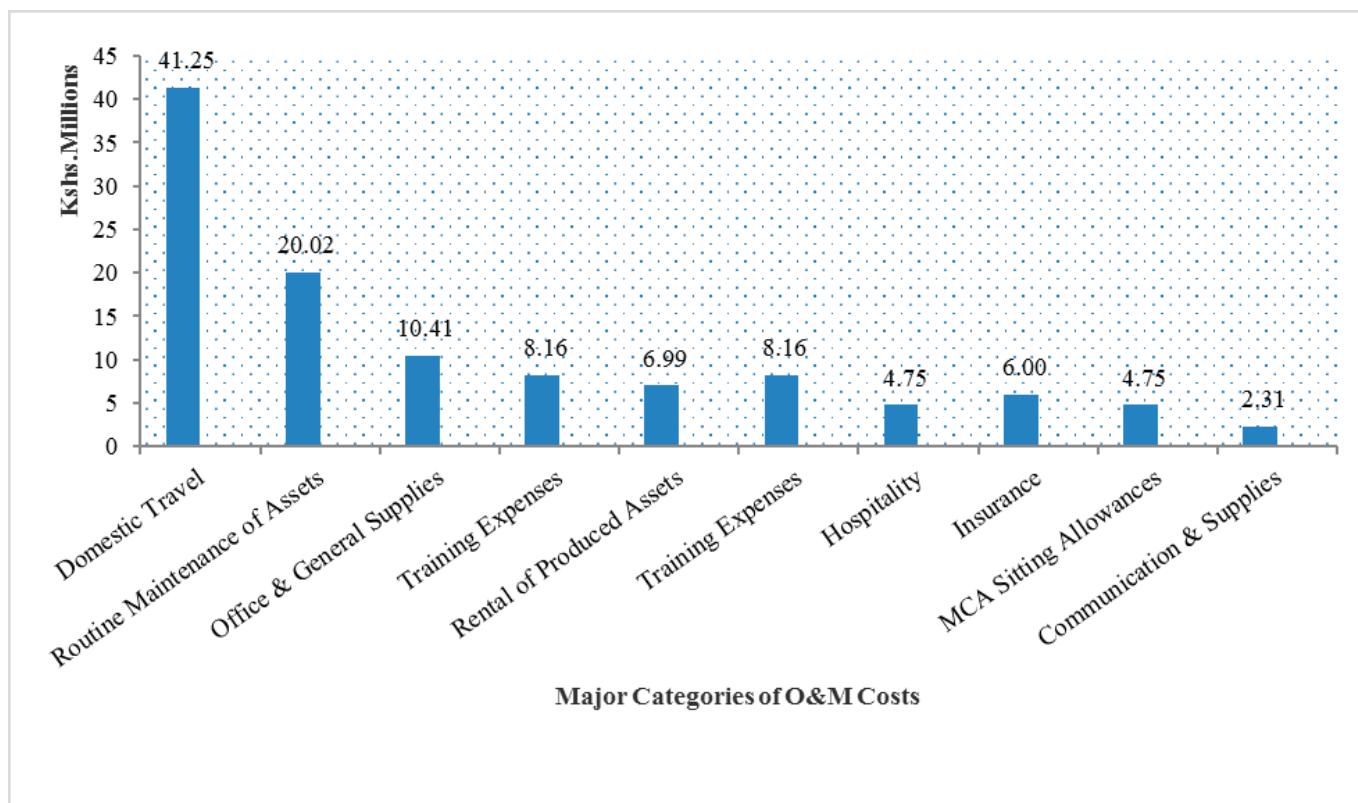
3.41.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 44.3 per cent of the total expenditure for the reporting period and 19.1 per cent of the first quarter proportional revenue of Kshs.2.03 billion.

3.41.8 Expenditure on Operations and Maintenance

Figure 3.80 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.80: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

The County spent Kshs.4.75 million on committee sitting allowances for the 24 MCAs and Speaker against the annual budget allocation of Kshs.49.17 million. The average monthly sitting allowance was Kshs.66,000 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.41.25 million and comprised of Kshs.22.15 million spent by the County Assembly and Kshs.19.09 million by the County Executive.

3.41.9 Development Expenditure

The County incurred an expenditure of Kshs.16.13 on development programmes, which represented a decrease compared to a similar period in FY 2020/21 when the County spent Kshs.137.52 million. This expenditure was incurred in payments of tax arrears on development expenditure contracts by the County Assembly to Kenya Revenue Authority.

3.41.10 Budget Performance by Department

Table 3.173 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.173: Tana River County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|--------------|-----------------------------|--------------|-------------------------------------|-------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 588.39 | 320.00 | 123.67 | 16.18 | 123.58 | 16.13 | 99.9 | 99.7 | 21.0 | 5.0 |
| Office of The Governor and Deputy Governor | 568.32 | - | 25.71 | - | 21.87 | - | 85.1 | - | 3.8 | - |
| Finance and Planning | 756.99 | 449.45 | 269.46 | - | 179.39 | - | 66.6 | - | 23.7 | - |
| County Public Service Board | 69.51 | - | 6.44 | - | 7.20 | - | 111.8 | - | 10.4 | - |
| Trade, Tourism, Wildlife and Co-operative Development | 38.59 | 27.00 | 2.12 | - | 0.51 | - | 24.1 | - | 1.3 | - |
| Agriculture, Livestock, Fisheries and Veterinary | 173.13 | 539.06 | - | - | 0.29 | - | - | - | 0.2 | - |
| Culture, Gender, Youth, Sports and Social Services | 54.80 | 55.00 | - | - | 0.46 | - | - | - | 0.8 | - |
| Education and Vocational Training | 221.81 | 39.67 | - | - | 0.28 | - | - | - | 0.1 | - |
| Medical Services, public Health and sanitation | 1,159.52 | 280.00 | 139.41 | - | 207.56 | - | 148.9 | - | 17.9 | - |
| Special program | 202.27 | - | 0.46 | - | - | - | - | - | - | - |
| Roads, Transport, Public works, Housing and Urbanisation | 70.15 | 521.97 | - | - | 74.13 | - | - | - | 105.7 | - |
| Water, Irrigation, Environment and Natural Resources | 89.39 | 251.73 | - | - | 0.46 | - | - | - | 0.5 | - |
| Public Service, Administration and Citizen participation | 1,197.57 | 78.00 | 158.30 | - | 241.09 | - | 152.3 | - | 20.1 | - |
| Lands and Physical Planning | 39.59 | 160.00 | 1.24 | - | 0.86 | - | 69.4 | - | 2.2 | - |
| Hola Municipality | 37.00 | 129.00 | 37.00 | - | 0.52 | - | 1.4 | - | 1.4 | - |
| TOTAL | 5,267.03 | 2,850.88 | 763.81 | 16.18 | 858.20 | 16.13 | 112.4 | 99.7 | 16.3 | 0.6 |

Source: Tana River County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 5 per cent while the rest of the Department did not report any expenditure on development activities. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 23.7 per cent, while the Department of Agriculture, Livestock, Fisheries and Veterinary had the lowest at 0.2 per cent.

3.41.11 Budget Execution by Programmes and Sub-Programmes

Table 3.174 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.174: Tana River County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub Programme | Final Budget (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--------------------|---|-------------------------|-------------------------------|---------------------|-------------------|
| Agriculture | Administration, planning support services | 10,596,818 | 1,784,694 | 8,812,124 | 16.8 |
| | Administration, planning support services | 10,596,818 | 1,784,694 | 8,812,124 | 16.8 |
| | Agricultural Development project | 320,729,460 | 1,984,448 | 318,745,012 | 0.6 |
| | Agricultural Mechanization Services (AMS Garsen station) | 4,642,250 | 441,600 | 4,200,650 | 9.5 |
| | Minor/Village irrigation schemes | 40,000,000 | | 40,000,000 | 0.0 |
| | Agriculture Sector Development Support Project (ASDSP) | 12,660,606 | | 12,660,606 | |
| | Food and Agriculture Organization | 660,000 | 32,000 | 628,000 | 4.8 |
| | Veterinary Development | 25,868,409 | 159,900 | 25,708,509 | 0.6 |
| | Veterinary extension services | 1,818,750 | 15,200 | 1,803,550 | 0.8 |
| | Artificial insemination (Pilot scheme) | 1,131,500 | 140,500 | 991,000 | 12.4 |
| | Buy Tsetse fly traps/Targets (Kipini, Tarasaa) | 1,418,436 | | 1,418,436 | 0.0 |
| | Conduct Disease Surveillance | 3,853,300 | 4,200 | 3,849,100 | 0.1 |
| | | 16,630,423 | | 16,630,423 | |
| | Leather Development Service | 1,016,000 | | 1,016,000 | |
| | Livestock Development | 60,963,750 | 446,000 | 60,517,750 | 0.7 |
| | Livestock production extension services | 1,521,250 | 385,800 | 1,135,450 | 25.4 |
| | Irrigation Fodder Production | 5,700,000 | 60,200 | 5,639,800 | 1.1 |
| | Fisheries Development | 27,985,974 | | 27,985,974 | |
| | Fisheries development | 27,985,974 | | 27,985,974 | |
| | Fisheries | 7,379,416 | 87,520 | 7,291,896 | 1.2 |
| | Empowerment of Women and Youth on Fish Safety and Quality Assurance | 1,045,000 | 34,500 | 1,010,500 | 3.3 |
| | Construction of Ice Plant and Cold Storage | 6,334,416 | 53,020 | 6,281,396 | 0.8 |
| | Land Policy and Planning | 98,869,060 | 3,117,500 | 95,751,560 | 3.2 |
| | Physical Planning | 41,030,152 | 1,204,900 | 39,825,252 | 2.9 |
| | Land Survey and Mapping | 47,338,909 | 999,200 | 46,339,709 | 2.1 |
| | Land Administration | 10,500,000 | 913,400 | 9,586,600 | 8.7 |
| | Infrastructure Development programme | 226,968,802 | 73,405,616 | 226,968,802 | 32.3 |
| | Roads | 226,968,802 | 73,405,616 | 226,968,802 | 32.3 |
| | Administration, Planning and Support Services | 18,305,500 | | 18,305,500 | |

| Programme | Sub Programme | Final Budget (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---------------------------------|---|-------------------------|-------------------------------|---------------------|-------------------|
| | Administration, planning, Operation and Maintenance | 18,305,500 | | 18,305,500 | |
| | Public Works | 116,326,000 | 292,200 | 116,033,800 | 0.3 |
| | County Headquarters | 116,326,000 | 292,200 | 116,033,800 | 0.3 |
| County Roads Development | County Roads Development | 13,000,098 | 889,900 | 12,110,198 | 6.8 |
| | Routine Maintenance | 1,814,165 | 889,900 | 924,265 | 49.1 |
| | Opening of New Roads | 1,938,867 | | 1,938,867 | |
| | Grading and Murruming of County Roads | 8,322,500 | | 8,322,500 | |
| | Tarmacking of County Roads | 924,567 | | 924,567 | |
| | County Housing Development | 133,942,390 | 50,000 | 133,892,390 | |
| | Housing Development | 3,741,390 | 50,000 | 3,691,390 | 1.3 |
| | Urbanization | 130,201,000 | | 130,201,000 | |
| Urban Develop- ment | Urban Development | 18,620,000 | 920,210 | 17,699,790 | 4.9 |
| | Hola Municipality | 18,620,000 | 920,210 | 17,699,790 | 4.9 |
| | Promotion of Trade, Tourism and Cooperative Development | 32,795,171 | 2,103,980 | 30,691,191 | 6.4 |
| | Promotion of Trade | 23,147,586 | 1,037,340 | 22,110,246 | 4.5 |
| | Promotion of Tourism | 5,788,551 | 710,240 | 5,078,311 | 12.3 |
| | Promotion of Cooperative Development | 3,859,035 | 356,400 | 3,502,635 | 9.2 |
| | Administration and Support Services | 478,437,375 | 234,307,668 | 244,129,707 | 49.0 |
| | Administration, planning & support Services | 478,437,375 | 234,307,668 | 244,129,707 | 49.0 |
| Medical Services | Curative and Rehabilitative | 319,374,948 | 18,322,094 | 313,417,503 | 5.7 |
| | Medical Supplies | 71,824,948 | 12,364,649 | 71,824,948 | 17.2 |
| | Medical Services | 33,950,000 | 4,057,720 | 29,892,280 | 12.0 |
| | Ambulance Services | 61,600,000 | 1,899,725 | 59,700,275 | 3.1 |
| | SP4 Curative Services | 152,000,000 | | 152,000,000 | |
| | Preventive and Promotive | 11,950,000 | 4,535,966 | 7,414,034 | 38.0 |
| | Preventive and Promotive | 6,900,000 | 1,461,166 | 5,438,834 | 21.2 |
| | Licensing and Control of Undertaking | 2,550,000 | 1,448,150 | 1,101,850 | 56.8 |
| | Mobile Clinics | 2,500,000 | 1,626,650 | 873,350 | 65.1 |
| Education | General Administration, Planning and Support services | 80,233,049 | 77,514,900 | 2,718,149 | 96.6 |
| | General operation, Planning and support services | 80,233,049 | 77,514,900 | 2,718,149 | 96.6 |
| | Quality and Standard Assurance in EYE Canter | 45,009,528 | 1,817,000 | 43,192,528 | 4.0 |
| | ECDE Learning/Teaching Materials | 12,274,433 | 1,817,000 | 10,457,433 | 14.8 |

| Programme | Sub Programme | Final Budget (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption (%) |
|-----------------------------|--|---------------------------------|---------------------------------------|-----------------------------|---------------------------|
| | ECDE Furniture and Equipment Support | 32,735,095 | | 32,735,095 | |
| | Vocational Training Centers and Adult Education | 49,204,344 | 15,310,500 | 33,893,844 | 31.1 |
| | Quality and Standards Assurance | 4,022,633 | 473,900 | 3,548,733 | 11.8 |
| | Provision of Modern Tools and Equipment | 15,506,817 | | 15,506,817 | |
| | Subsidized Youth Polytechnic Tuition Fund (SYPT) | 29,674,894 | 14,836,600 | 14,838,294 | 50 |
| | Administration, planning support services | 218,222,278 | 26,157,433 | 192,064,845 | 12 |
| | Coordination and Supervisory Services | 218,222,278 | 26,157,433 | 192,064,845 | 12. |
| | ICT Infrastructure | 24,000,000 | | 24,000,000 | |
| | Develop ICT infrastructure | 24,000,000 | | 24,000,000 | |
| | Administration, planning support services | 1,442,168,911 | 167,297,224 | 995,667,394 | 11.6 |
| | Administration, planning support services | 1,442,168,911 | 167,297,224 | 995,667,394 | 11.6 |
| Financial Management | Financial Management | 97,853,919 | 17,962,423 | 79,891,496 | 18.4 |
| | Financial management | 2,894,675 | 1,795,100 | 1,099,575 | 62. |
| | Supply Chain Managements | 11,700,000 | 2,833,400 | 8,866,600 | 24.2 |
| | Own Source Revenue Collection | 15,810,000 | 1,474,500 | 14,335,500 | 9.3 |
| | Budget and Economic Planning | 38,812,848 | 5,427,000 | 33,385,848 | 14. |
| | Accounting & Finance | 12,100,000 | 1,119,200 | 10,980,800 | 9.2 |
| | Internal Audit | 6,482,875 | 525,500 | 5,957,375 | 8.1 |
| Public service Board | Monitoring and Evaluation | 10,053,522 | 4,787,723 | 5,265,799 | 47.6 |
| | Board Administration, Planning and Governance | 29,371,960 | 7,308,945 | 22,063,015 | 24.9 |
| | Board Operations and Governance | 29,371,960 | 7,308,945 | 22,063,015 | 24.9 |
| | | 5,384,250 | 701,900 | 4,682,350 | 13. |
| | Ethics Governance and Compliance | 2,234,250 | 136,500 | 2,097,750 | 6.1 |
| | Human Resource Management and Development | 1,600,000 | 565,400 | 1,034,600 | 35.3 |
| | Skills and Competence Development | 1,550,000 | | 1,550,000 | |
| | | 77,341,692 | 20,095,020 | 57,246,672 | 26. |
| | Performance Management System | 2,600,000 | 125,220 | 2,474,780 | 4.8 |
| | Human Resource Development | 74,741,692 | 19,969,800 | 54,771,892 | 26.7 |
| | | 60,450,000 | 37,727,770 | 59,856,800 | 62.4 |
| | County Administration | 50,450,000 | 37,727,770 | 49,856,800 | 74.8 |
| | County Enforcement | 10,000,000 | | 10,000,000 | |
| | | 5,000,000 | 190,800 | 4,809,200 | 3.8 |
| | Citizen Participation | 5,000,000 | 190,800 | 4,809,200 | 3.8 |

| Programme | Sub Programme | Final Budget (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption (%) |
|--------------------------------|---|---------------------------------|---------------------------------------|-----------------------------|---------------------------|
| | | 65,939,000 | 8,794,200 | 57,144,800 | 13.3 |
| | County Leadership and Coor-dination of CDAs | 19,250,000 | 4,743,600 | 14,506,400 | 24.6 |
| | County Government Advisory Service | 32,439,000 | 3,568,600 | 28,870,400 | 11. |
| | Coordination of Peace and Cohesion | 14,250,000 | 482,000 | 13,768,000 | 3.4 |
| Environment Man-agement | Administration, planning support services | 39,219,120 | 105,000 | 39,114,120 | 0.3 |
| | Administration, planning support services | 39,219,120 | 105,000 | 39,114,120 | 0.3 |
| | Natural Disaster mitigation programme | 138,665,375 | 993,800 | 137,671,575 | 0.7 |
| | Drought management (Preparedness, Response and Recovery) | 2,500,000 | 993,800 | 1,506,200 | 39.8 |
| | Emergency Relief (food, medi-cine, blankets, cash grant) | 136,165,375 | | 136,165,375 | |
| | | 11,675,000 | 625,500 | 11,049,500 | 5.4 |
| | Culture Promotion and Devel-opment | 8,150,000 | 169,300 | 7,980,700 | 2.1 |
| | Empowerment/Capacity Building of Cultural Practi-tioners | 3,525,000 | 456,200 | 3,068,800 | 12.9 |
| | | 2,725,000 | | 2,725,000 | |
| | Baseline Survey for OVC | 1,300,000 | | 1,300,000 | |
| | Community Awareness Creation on Child Rights and Child Protection | 975,000 | | 975,000 | |
| | Enhanced Child Participation | 450,000 | | 450,000 | |
| | | 6,560,000 | | 6,560,000 | |
| | Women Empowerment | 850,000 | | 850,000 | |
| | Gender and Leadership | 5,710,000 | | 5,710,000 | |
| | | 27,332,280 | | 27,332,280 | |
| | County Sports Leagues | 1,332,280 | | 1,332,280 | |
| | Sports Equipment Support | 26,000,000 | | 26,000,000 | |
| | General Administration, Sup-port and Support Services | 12,571,128 | 2,438,800 | 10,132,328 | 19.4 |
| | General Administration, Sup-port and Support Services | 12,571,128 | 2,438,800 | 10,132,328 | 19.4 |
| | Environmental Management Programme | 20,824,713 | 8,157,310 | 12,667,403 | 39.2 |
| | Environmental Management Programme | 16,170,550 | 8,157,310 | 8,013,240 | 50.4 |
| | Environmental Protection | 4,046,570 | | 4,046,570 | |
| | Control of Air Pollution | 607,593 | | 607,593 | |
| | | 261,593,003 | | 261,593,003 | |

| Programme | Sub Programme | Final Budget (Kshs.) | Actual Expenditure (Kshs.) | Variance (Kshs.) | Absorption (%) |
|---------------------------------------|-------------------------------------|-------------------------|-------------------------------|----------------------|-------------------|
| | Water Management Services | 257,940,175 | | 257,940,175 | |
| | Sanitation | 2,368,960 | | 2,368,960 | |
| | Storm Water Management | 1,283,868 | | 1,283,868 | |
| | | 1,438,400 | | 1,438,400 | |
| | Irrigation Management Services | 1,438,400 | | 1,438,400 | |
| County Assembly Administration | General Administration and services | 588,390,000 | 139,707,205 | 448,682,795 | 23.7 |
| | Grand Total | 5,233,286,117 | 735,606,220 | 4,497,679,897 | 14.1 |

Source: Tana River County Treasury

Programmes with high levels of implementation based on absorption rates were: General operations planning and support in the Department of Education at 96.6 per cent, general administration in the Department of Finance and Economic Planning at 62 per cent, general administration and support in the Department of Hola Municipality at 49 per cent.

3.41.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report
2. Low absorption of development funds as indicated by the expenditure of Kshs16.13 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.85 billion. The development expenditure represented 0.6 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.12.74 million against an annual projection of Kshs.79.86 million, representing 16 per cent of the annual target.
4. The County used revenue at the source. Further, the County Treasury had weak budgeting practice, as shown in Table 3.173, where the County incurred expenditure above the approved budgetary allocations.
5. Financial reporting gaps as observed in Table 3.173 and Table 3.173, where the report on expenditure by departments does not match the report on spending by programs and subprograms.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked in the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The County should continuously empower the finance staff through training and seminars to ensure that gaps observed in financial reporting are covered.*

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.5.53 billion, comprising Kshs.1.99 billion (36.1 per cent) and Kshs.3.53 billion (63.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.4.21 billion (76.2 per cent) as the equitable share of revenue raised nationally and generate Kshs.350 million (6.3 per cent) from its sources of revenue. The County also expects to receive Kshs.965.87 million (17.5 per cent) as conditional grants. The County did not budget for unspent cash balance from FY 2020/21, which amounted to Kshs.333.97 million.

3.42.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.695.34 million as the equitable share of the revenue raised nationally, raised Kshs.57.58 million as own-source revenue and had a cash balance of Kshs.333.97 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.08 billion, as shown in Table 3.175.

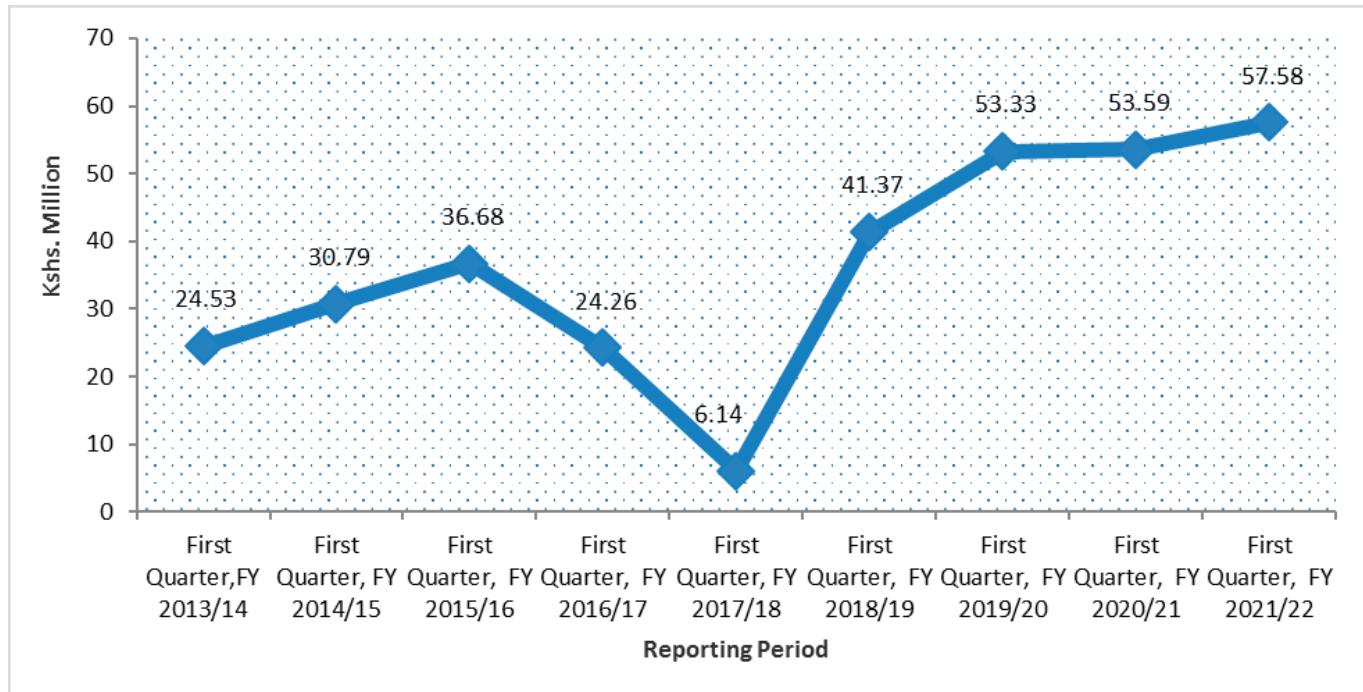
Table 3.175: Tharaka Nithi County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 4,214,198,393 | 695,342,767 | 16.5 |
| | Sub Total | 4,214,198,393 | 695,342,767 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 350,000,000 | 57,578,567 | 16.5 |
| 2. | Balance b/f from FY 2020/21 | - | 333,973,893 | - |
| 3. | Other Revenues (Conditional Grants) | 965,878,611 | - | - |
| | Sub Total | 1,315,878,611 | 391,552,460 | 29.8 |
| | Grand Total | 5,530,077,004 | 1,086,895,227 | 19.7 |

Source: Tharaka Nithi County Treasury

Figure 3.81 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.81: Quarter 1 Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Tharaka Nithi County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.57.58 million as own-source revenue. This amount represented an increase of 5.4 per cent compared to Kshs.53.59 million realised during a similar period in the first quarter of FY 2020/21 and was 16 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.973.72 million from the CRF account during the reporting period. The amount comprised Kshs.214.0 million (22 per cent) for development programmes and Kshs.759.72 million (78 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

The County spent Kshs.979.11 million on development and recurrent programmes during the reporting period. This expenditure represented 100.6 per cent of the total funds released by the CoB and comprised of Kshs.122.10 million and Kshs.857.01 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 6.1 per cent while recurrent expenditure represented 24.2 per cent of the annual recurrent expenditure budget.

3.42.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.327.38 million and comprised of Kshs.117.79 million for recurrent expenditure and 209.58 million for development expenditure. At the beginning of the FY 2021/22, the County had prepared a payment plan of paying Kshs.30 million each month in the financial year.

During the period under review, the County Treasury did not report any payment towards the settlement of pending bills.

3.42.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.663.69 million was spent on employee compensation, Kshs.193.31 million on operations and maintenance, and Kshs.122.10 million on development activities, as shown in Table 3.176.

Table 3.176: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|----------------------|--------------------|--------------------|-------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 3,111,549,207 | 423,000,000 | 798,914,764 | 58,099,393 | 25.7 | 13.7 |
| Compensation to Employees | 1,848,166,187 | 219,991,687 | 633,982,512 | 29,715,720 | 34.3 | 13.5 |
| Operations and Maintenance | 1,263,383,020 | 203,008,313 | 164,932,252 | 28,383,673 | 13.1 | 14.0 |
| Development Expenditure | 1,945,527,797 | 50,000,000 | 122,104,219 | - | 6.3 | - |
| Total | 5,057,077,004 | 473,000,000 | 921,018,983 | 58,099,393 | 18.2 | 12.3 |

Source: Tharaka Nithi County Treasury

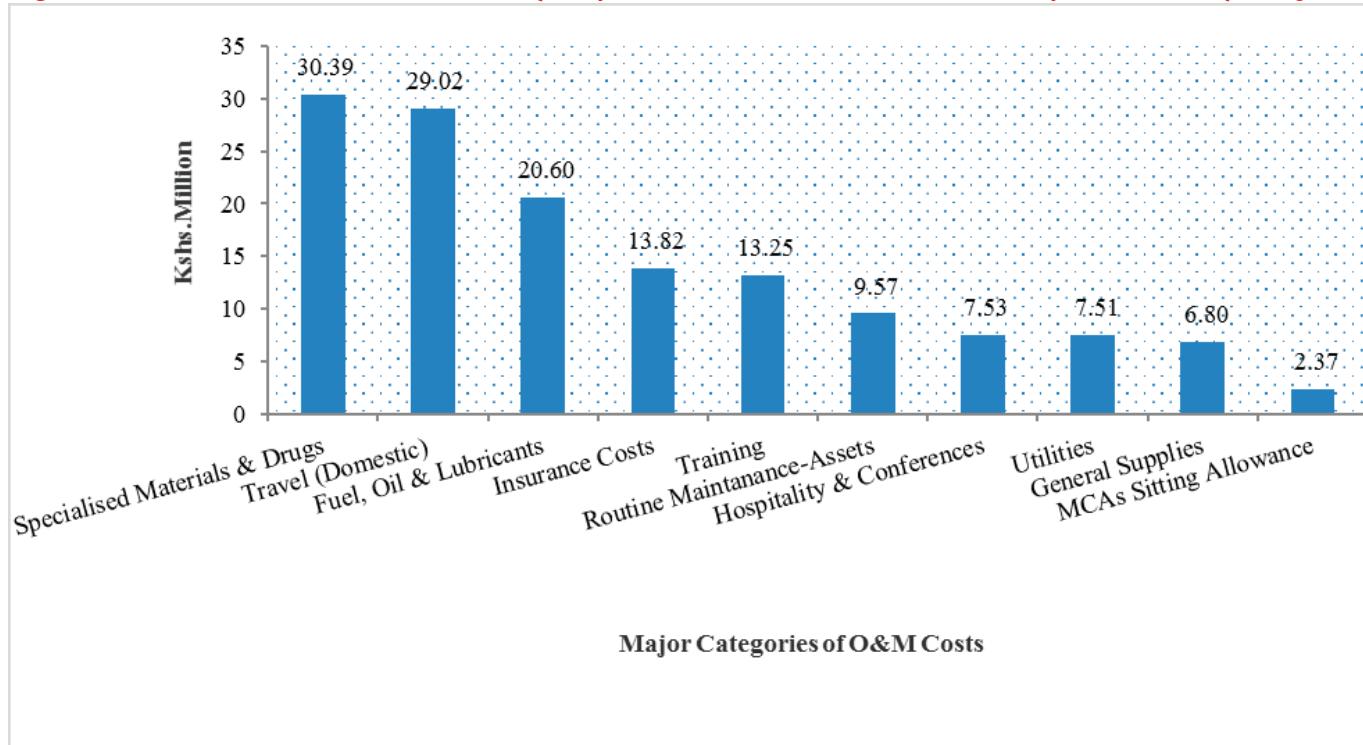
3.42.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 67.8 per cent of the total expenditure for the reporting period and 24 per cent of the first quarter proportional revenue of Kshs.2.77 billion.

3.42.8 Expenditure on Operations and Maintenance

Figure 3.82 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.82: Tharaka Nithi County, Operations and Maintenance Expenditure by Major



Source: Tharaka Nithi County Treasury

The County spent Kshs.2.37 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.28.64 million. The average monthly sitting allowance was Kshs.37,598 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.29.02 million and comprised Kshs.17.66 million spent by the County Assembly and Kshs.11.35 million by the County Executive.

3.42.9 Development Expenditure

The County incurred an expenditure of Kshs.122.10 million on development programmes, which represented an increase of 56.1 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.53.60 million. Table 3.177 summarises development projects with the highest expenditure in the reporting period.

Table 3.177: Tharaka Nithi County, List of Development Projects with the Highest Expenditure

| S/No. | Project Name | Location | Budget (Kshs.) | Expenditure (Kshs.) | Absorption Rate |
|-------|--------------------------------------|---------------|----------------|---------------------|-----------------|
| 1 | Tarmacking of Major Roads | Countywide | 158,000,000 | 67,035,613 | 42.4 |
| 2 | Youth Polytechnics Development Grant | Countywide | 46,615,030 | 21,650,989 | 46.4 |
| 3 | Crop Subsidy | Countywide | 35,000,000 | 19,700,000 | 56.3 |
| 4 | Kathwana Municipality market | Igambang'ombe | 16,800,000 | 13,717,617 | 81.7 |

Source: Tharaka Nithi County Treasury

3.42.10 Budget Performance by Department

Table 3.178 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.178: Tharaka Nithi County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|--------------------------------------|-----------------|--------------------------------------|---------------|--------------------------------|---------------|---|-------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Assembly | 423.00 | 50.00 | 58.21 | - | 58.10 | - | 99.8 | - | 13.7 | - |
| Office of The Governor and Deputy Governor | 144.28 | - | 14.55 | - | 14.46 | - | 99.4 | - | 10.0 | - |
| Finance and Economic Planning | 261.13 | 250.54 | 48.41 | 137.24 | 78.70 | - | 162.6 | - | 30.1 | - |
| Agriculture, Cooperatives and Industry | 122.24 | 449.17 | 25.19 | 19.70 | 25.08 | 19.70 | 99.6 | 100.0 | 20.5 | 4.4 |
| Education and Vocational Training | 223.15 | 55.07 | 50.11 | - | 61.49 | 21.65 | 122.7 | - | 27.6 | 39.3 |
| Medical Services | 1,376.26 | 169.45 | 357.26 | - | 411.73 | - | 115.2 | - | 29.9 | - |
| Lands, Physical Planning, Urban Development, Environment and Natural Resources | 103.45 | 190.00 | 14.03 | - | 17.38 | 13.72 | 123.9 | - | 16.8 | 7.2 |
| Roads, Infrastructure, Public Works and ICT | 106.42 | 375.61 | 16.01 | 57.06 | 16.72 | 67.04 | 104.4 | 117.5 | 15.7 | 17.8 |
| Public Service, Urban Development and Disaster Management | 137.95 | - | 31.53 | - | 31.33 | - | 99.4 | - | 22.7 | - |
| Trade and Revenue | 99.00 | - | 21.90 | - | 21.76 | - | 99.4 | - | 22.0 | - |
| Water Services and Irrigation | 52.20 | 110.20 | 7.56 | - | 7.72 | - | 102.1 | - | 14.8 | - |
| County Public Service Board | 23.93 | - | 2.98 | - | 2.47 | - | 82.9 | - | 10.3 | - |
| Livestock, Veterinary and Fisheries Development | 91.44 | 53.00 | 16.40 | - | 15.69 | - | 95.7 | - | 17.2 | - |
| Public Health and Sanitation | 277.90 | 153.30 | 82.48 | - | 82.16 | - | 99.6 | - | 29.6 | - |
| Energy and Housing | 35.36 | 111.00 | 7.27 | - | 7.22 | - | 99.3 | - | 20.4 | - |
| Youth, Sports, Culture and Tourism | 56.83 | 28.20 | 5.82 | - | 5.02 | - | 86.3 | - | 8.8 | - |
| Total | 3,534.55 | 1,995.53 | 759.73 | 214.00 | 857.01 | 122.10 | 112.8 | 57.1 | 24.2 | 6.1 |

Source: Tharaka Nithi County Treasury

Analysis of expenditure by the departments shows that the Department of Education & Vocational Training recorded the highest absorption rate of development budget at 39.3 per cent followed by the Department of Roads, Infrastructure, Public Works and ICT at 17.8 per cent. The Department of Finance and Economic Planning had the highest percentage of recurrent expenditure to budget at 30.1 per cent, while the Department of Youth, Sports, Culture and Tourism had the lowest at 8.8 per cent.

3.42.11 Budget Execution by Programmes and Sub-Programmes

Table 3.179 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.179: Tharaka Nithi County, Budget Execution by Programmes and Sub-programmes

| Row Labels | Sum of Approved Estimates (Net) | Sum of Cumulative Expenditure | Sum of Variance | Sum of Absorption Rate (%) |
|--|---------------------------------|-------------------------------|-----------------|----------------------------|
| Agriculture, Cooperatives and Industry | 571,409,822 | 44,781,474 | 526,628,348 | 8% |
| P: Cooperative Development and Management | 3,327,317 | - | 3,327,317 | 0% |
| SP: Cooperative Development | 3,327,317 | - | 3,327,317 | 0% |
| P: Crop Development and Management | 69,613,329 | 19,742,750 | 49,870,579 | 28% |
| SP: Crops Development, Agribusiness and Market Development | 69,613,329 | 19,742,750 | 49,870,579 | 28% |

| Row Labels | Sum of Approved Estimates (Net) | Sum of Cumulative Expenditure | Sum of Variance | Sum of Absorption Rate (%) |
|---|---------------------------------|-------------------------------|--------------------|----------------------------|
| P: General Administration Planning and Support Services | 498,469,176 | 25,038,724 | 473,430,452 | 5% |
| SP: Administration, Policy, Strategy and Management of Agriculture | 498,469,176 | 25,038,724 | 473,430,452 | 5% |
| County Public Service Board | 23,933,364 | 2,465,600 | 21,467,764 | 10% |
| P: Financial Management Services | 1,550,000 | 18,800 | 1,531,200 | 1% |
| SP: Monitoring and Evaluation Services | 1,550,000 | 18,800 | 1,531,200 | 1% |
| P: General Administration, Planning and Support Services | 17,408,364 | 2,446,800 | 14,961,564 | 14% |
| SP: General Administration and Support Services | 17,408,364 | 2,446,800 | 14,961,564 | 14% |
| P: Human Resource Management and Development | 4,975,000 | - | 4,975,000 | 0% |
| SP: County Public Service Board Services | 4,975,000 | - | 4,975,000 | 0% |
| Education and Vocational Training | 278,215,947 | 83,137,289 | 195,078,658 | 30% |
| P: Education and Youth Training | 133,771,192 | 41,137,289 | 92,633,903 | 31% |
| SP: Promotion of Basic Education (ECDE) | 83,569,585 | 27,565,551 | 56,004,034 | 33% |
| SP: Youth Training and Capacity Building | 50,201,607 | 13,571,738 | 36,629,869 | 27% |
| P: General Administration Planning and Support Services | 144,444,755 | 42,000,000 | 102,444,755 | 29% |
| SP: Administration Planning and Support Services | 144,444,755 | 42,000,000 | 102,444,755 | 29% |
| Energy and Housing | 146,358,980 | 7,221,400 | 139,137,580 | 5% |
| P: Energy Resource Development & Management | 111,700,000 | - | 111,700,000 | 0% |
| SP: Energy Resource Development & Management | 111,700,000 | - | 111,700,000 | 0% |
| P: General Administration Planning and Support Services | 34,658,980 | 7,221,400 | 27,437,580 | 21% |
| SP: General Administration Services | 34,658,980 | 7,221,400 | 27,437,580 | 21% |
| Finance and Economic Planning | 511,669,470 | 78,697,666 | 432,971,804 | 15% |
| P: Economic Policy and County Planning | 7,900,000 | 1,232,700 | 6,667,300 | 16% |
| SP: County Statistics Services | 2,400,000 | 666,900 | 1,733,100 | 28% |
| SP: Economic Development, Planning and Coordination Services | 3,100,000 | 565,800 | 2,534,200 | 18% |
| SP: Monitoring and Evaluation Services | 2,400,000 | - | 2,400,000 | 0% |
| P: Financial Management Services | 15,270,000 | 2,701,300 | 12,568,700 | 18% |
| SP: Accounting Services | 4,250,000 | 298,900 | 3,951,100 | 7% |
| SP: Audit Services | 4,300,000 | 1,593,750 | 2,706,250 | 37% |
| SP: Budget Formulation and Coordination | 4,350,000 | 522,000 | 3,828,000 | 12% |
| SP: Supply Chain Management Services | 2,370,000 | 286,650 | 2,083,350 | 12% |
| P: General Administration, Planning and Support Services | 297,647,920 | 49,308,421 | 248,339,499 | 17% |
| SP: Human Resource Management Services | 297,647,920 | 49,308,421 | 248,339,499 | 17% |
| P: Kenya Devolution Support Programme | 172,242,250 | 23,346,750 | 148,895,500 | 14% |
| SP: Tharaka Nithi KDSP Capacity Building | 172,242,250 | 23,346,750 | 148,895,500 | 14% |
| P: Resource mobilisation | 18,609,300 | 2,108,495 | 16,500,805 | 11% |
| SP: Revenue Administration | 18,609,300 | 2,108,495 | 16,500,805 | 11% |
| Lands, Physical Planning, Urban Development, Environment and Natural Resources | 293,446,836 | 31,094,278 | 262,352,558 | 11% |
| P: Environment and Natural Resources Management | 6,500,000 | - | 6,500,000 | 0% |
| SP: Environment and Natural Resource | 6,500,000 | - | 6,500,000 | 0% |
| P: General Administration Planning and Support Services | 25,000,000 | - | 25,000,000 | 0% |
| SP: General Administration Services | 25,000,000 | - | 25,000,000 | 0% |
| P: Kathwana Municipality Development Programme | 87,996,660 | 13,717,617 | 74,279,043 | 16% |
| SP: Kathwana Urban Area Support | 87,996,660 | 13,717,617 | 74,279,043 | 16% |
| P: Land Policy and Planning | 90,773,988 | 17,376,661 | 73,397,327 | 19% |
| SP: Land administration & management | 15,015,688 | 165,961 | 14,849,727 | 1% |

| Row Labels | Sum of Approved Estimates (Net) | Sum of Cumulative Expenditure | Sum of Variance | Sum of Absorption Rate (%) |
|--|---------------------------------|-------------------------------|----------------------|----------------------------|
| SP: Physical Planning Services | 75,758,300 | 17,210,700 | 58,547,600 | 23% |
| P: Urban Development and Administration | 83,176,188 | - | 83,176,188 | 0% |
| SP: Urban Administrative Services | 83,176,188 | - | 83,176,188 | 0% |
| Livestock, Veterinary and Fisheries Development | 144,442,716 | 15,690,286 | 128,752,430 | 11% |
| P: Livestock and Fisheries Resource Management and Development | 144,442,716 | 15,690,286 | 128,752,430 | 11% |
| SP: Fisheries Development and Promotion | 21,938,915 | - | 21,938,915 | 0% |
| SP: Livestock Policy Development and Capacity Building | 92,749,205 | 15,272,986 | 77,476,219 | 16% |
| SP: Veterinary Services and Disease Prevention | 29,754,596 | 417,300 | 29,337,296 | 1% |
| Medical Services | 1,545,710,207 | 411,728,179 | 1,133,982,028 | 27% |
| P: Curative and Rehabilitative Services | 164,000,000 | 30,394,295 | 133,605,705 | 19% |
| SP: Laboratory Services | 37,000,000 | - | 37,000,000 | 0% |
| SP: Medical Supplies | 127,000,000 | 30,394,295 | 96,605,705 | 24% |
| P: General Administration Planning and Support Services | 1,381,710,207 | 381,333,884 | 1,000,376,323 | 28% |
| SP: General Administration Services | 302,114,207 | 18,166,957 | 283,947,250 | 6% |
| SP: Health sector planning, budgeting Monitoring and Evaluation | 11,196,000 | - | 11,196,000 | 0% |
| SP: Human resource management | 1,068,400,000 | 363,166,927 | 705,233,073 | 34% |
| Office of Governor and Deputy Governor | 144,275,972 | 14,455,789 | 129,820,183 | 10% |
| P: County Government Advisory Services | 8,158,661 | 1,022,700 | 7,135,961 | 13% |
| SP: Communication and Strategy | 8,158,661 | 1,022,700 | 7,135,961 | 13% |
| P: County Leadership and Coordination of MDAs | 33,070,400 | 2,905,540 | 30,164,860 | 9% |
| SP: Coordination of CMAs (Office of County Secretary) | 21,250,000 | 2,720,540 | 18,529,460 | 13% |
| SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs) | 11,820,400 | 185,000 | 11,635,400 | 2% |
| P: General Administration, Planning and Support Services | 103,046,911 | 10,527,549 | 92,519,362 | 10% |
| SP: Coordination and Supervisory Services (Deputy Governor's Office) | 16,480,000 | 648,700 | 15,831,300 | 4% |
| SP: Management of County Affairs (Office of Governor) | 86,566,911 | 9,878,849 | 76,688,062 | 11% |
| Public Administration and Devolution Affairs | 137,954,880 | 31,325,973 | 106,628,907 | 23% |
| P: County Government Advisory Services | 2,400,000 | 61,700 | 2,338,300 | 3% |
| SP: Disaster Management and Coordination | 2,400,000 | 61,700 | 2,338,300 | 3% |
| P: General Administration, Planning and Support Services | 135,554,880 | 31,264,273 | 104,290,607 | 23% |
| SP: General Administration and Support Services | 125,094,880 | 30,058,673 | 95,036,207 | 24% |
| SP: Human Resource Management Services | 4,100,000 | - | 4,100,000 | 0% |
| SP: Sub-County Administration and Field Services | 6,360,000 | 1,205,600 | 5,154,400 | 19% |
| Public Health and Sanitation | 431,202,402 | 82,161,490 | 349,040,912 | 19% |
| P: Preventive and Promotive Health Services | 431,202,402 | 82,161,490 | 349,040,912 | 19% |
| SP: Disease Surveillance | 1,981,115 | - | 1,981,115 | 0% |
| SP: Environmental Health services | 33,638,000 | - | 33,638,000 | 0% |
| SP: Health Promotion and Disease Control | 390,583,287 | 82,161,490 | 308,421,797 | 21% |
| SP: HIV and AIDS Support Services | 3,200,000 | - | 3,200,000 | 0% |
| SP: Reproductive Maternal and Child Health Services | 1,800,000 | - | 1,800,000 | 0% |
| Roads, Infrastructure, Public Works and ICT | 482,028,324 | 83,760,516 | 398,267,808 | 17% |
| P: General Administration Planning and Support Services | 27,439,324 | - | 27,439,324 | 0% |
| SP: General Administration Services | 27,439,324 | - | 27,439,324 | 0% |
| P: ICT Infrastructure Development | 19,500,000 | 2,544,453 | 16,955,547 | 13% |
| SP: ICT Infrastructure Development | 19,500,000 | 2,544,453 | 16,955,547 | 13% |
| P: Public Works and Housing Services | 1,890,750 | 142,500 | 1,748,250 | 8% |

| Row Labels | Sum of Approved Estimates (Net) | Sum of Cumulative Expenditure | Sum of Variance | Sum of Absorption Rate (%) |
|--|---------------------------------|-------------------------------|----------------------|----------------------------|
| SP: Public Works Services | 1,890,750 | 142,500 | 1,748,250 | 8% |
| P: Roads Transport | 433,198,250 | 81,073,563 | 352,124,687 | 19% |
| SP: Rural Roads Improvement and Maintenance Services | 433,198,250 | 81,073,563 | 352,124,687 | 19% |
| Trade and Revenue | 99,002,200 | 21,757,173 | 77,245,027 | 22% |
| P: General Administration, Planning and Support Services | 90,802,200 | 21,431,923 | 69,370,277 | 24% |
| SP: General Administration and Support Services | 90,802,200 | 21,431,923 | 69,370,277 | 24% |
| P: Industrial Development and Investment | 4,500,000 | 280,850 | 4,219,150 | 6% |
| SP: Industrial Development | 4,500,000 | 280,850 | 4,219,150 | 6% |
| P: Trade Development and promotion | 3,700,000 | 44,400 | 3,655,600 | 1% |
| SP: Consumer Protection & Fair Trade Practices | 3,700,000 | 44,400 | 3,655,600 | 1% |
| Water Services and Irrigation | 162,399,756 | 7,717,470 | 154,682,286 | 5% |
| P: Water Supply Services | 162,399,756 | 7,717,470 | 154,682,286 | 5% |
| SP: Domestic Water Services | 150,320,800 | 7,454,270 | 142,866,530 | 5% |
| SP: Irrigation and Drainage Services | 10,781,650 | 250,600 | 10,531,050 | 2% |
| SP: Water Storage Services | 1,297,306 | 12,600 | 1,284,706 | 1% |
| Youth, Sports, Culture and Tourism | 85,026,128 | 5,024,400 | 80,001,728 | 6% |
| P: Culture, Arts and Social Services | 22,246,900 | 24,400 | 22,222,500 | 0% |
| SP: Culture and Arts Promotion | 11,580,000 | 24,400 | 11,555,600 | 0% |
| SP: Gender, PWDs and Social Services | 10,666,900 | - | 10,666,900 | 0% |
| P: General Administration Planning and Support Services | 20,200,000 | - | 20,200,000 | 0% |
| SP: Administration, Policy, Strategy and Management of Agriculture | 20,200,000 | - | 20,200,000 | 0% |
| P: Sports Development and Promotion | 38,382,953 | 5,000,000 | 33,382,953 | 13% |
| SP: Athletics Championships and Other Games | 6,110,550 | - | 6,110,550 | 0% |
| SP: County Football League and Clubs Development | 2,654,550 | - | 2,654,550 | 0% |
| SP: Talent Search and Promotion | 29,617,853 | 5,000,000 | 24,617,853 | 17% |
| P: Tourism Development and Promotion | 4,196,275 | - | 4,196,275 | 0% |
| SP: Miss Tourism Tharaka Nithi | 2,477,000 | - | 2,477,000 | 0% |
| SP: Tourism Branding and Marketing | 1,719,275 | - | 1,719,275 | 0% |
| P: County Assembly | 473,000,000 | 58,099,393 | 414,900,607 | 12% |
| SP: County Assembly Services | 473,000,000 | 58,099,393 | 414,900,607 | 12% |
| Grand Total | 5,530,077,004 | 979,118,376 | 4,550,958,628 | 18% |

Source: Tharaka Nithi County Treasury

Programmes with high levels of implementation based on absorption rates were: Education and Youth Training in the Department of Education and Vocational Training at 31 per cent, General Administration, Planning, and Support Services in the Department of Education and Vocational Training at 29 per cent, Crop Development and Management in the Department of Agriculture, Cooperatives and Industry at 28 per cent and General Administration, Planning & Support Services in the Department of Medical services at 28 per cent of Budget Allocation.

3.42.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. The underperformance of own-source revenue at Kshs.57.58 million against an annual projection of Kshs.350 million, representing 16.5 per cent of the annual target.
2. The County did not budget for unspent cash balance from FY 2020/21, which amounted to Kshs.333.97 million.

The County should implement the following recommendations to improve budget execution;

1. *The County should address its revenue performance to ensure the approved budget is fully financed.*

2. The County Treasury should cause preparation a supplementary budget to capture the unspent balance from the previous financial year.

3.43 County Government of Trans Nzoia

3.43.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.25 billion, comprising Kshs.4.02 billion (43.5 per cent) and Kshs.5.23 billion (56.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.19 billion (77.7 per cent) as the equitable share of revenue raised nationally, generate Kshs.529.5 million (5.7 per cent) from own sources of revenue, and a cash balance of Kshs.812.53 million (8.8 per cent) from FY 2020/21. The County also expects to receive Kshs.724.98 million (7.8 per cent) as conditional grants, which consists of NARIGP Kshs.298.66 million, Transforming Health Systems for Universal Care Project Kshs.80.44 million, DANIDA Grant Kshs.12.76 million, Leasing of Medical Equipment Kshs.153.30 million, Agriculture Sector Development Programme Kshs.24.03 million, Kenya Devolution Support Programme Level II Kshs.105.80 million and Kenya Informal Settlement Improvement Project II Kshs.50 million.

3.43.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.19 billion as the equitable share of the revenue raised nationally, raised Kshs.58.43 million as own-source revenue, Kshs.105.80 million as conditional grants, and had a cash balance of Kshs.812.53 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.16 billion, as shown in Table 3.180.

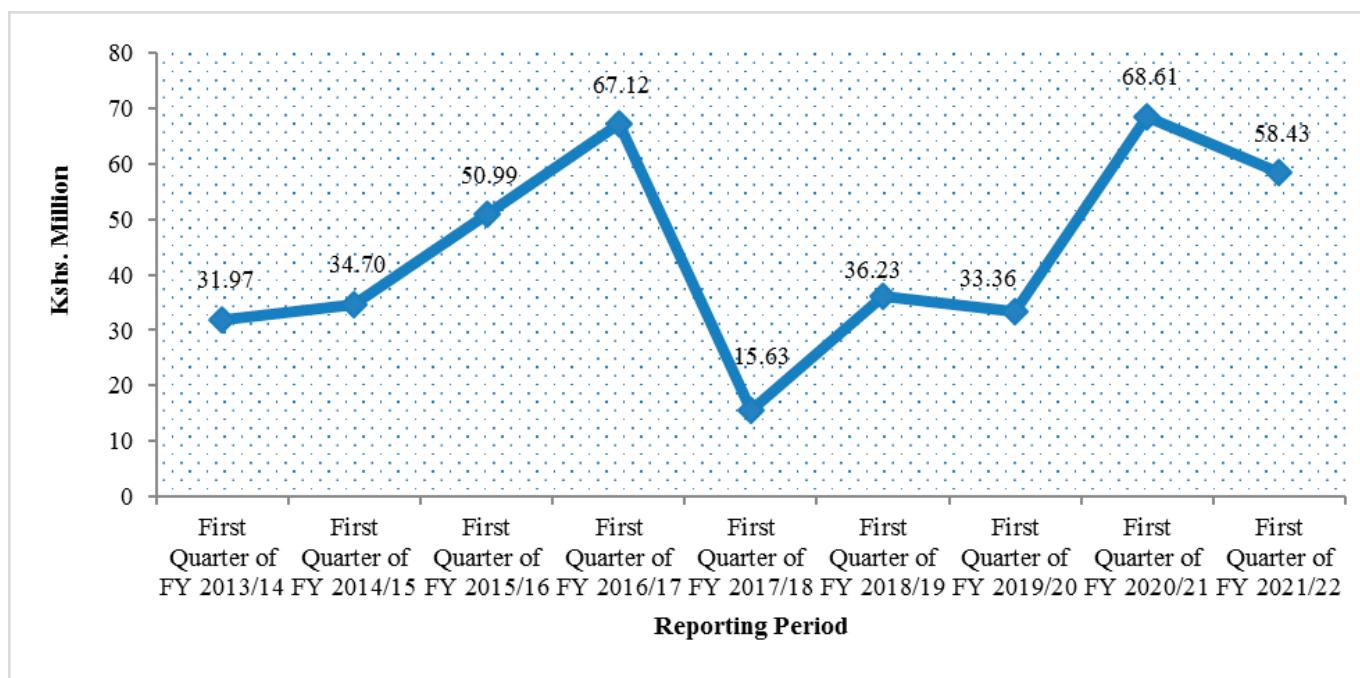
Table 3.180: Trans Nzoia County, Revenue Performance in the First Quarter of FY 2021/22

| | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|---|--|---------------------------------|-------------------------|---|
| A | Equitable Share of Revenue Raised Nationally | 12,389,412,168 | 2,044,253,007 | 16.5 |
| | Sub Total | 12,389,412,168 | 2,044,253,007 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 2,113,000,000 | 220,281,786 | 10.4 |
| 2 | Balance b/f from FY 2020/21 | 965,400,461 | 997,946,634 | 103.4 |
| 3 | Other Revenues (Conditional Grants) | 1,000,717,159 | 686,635,938 | 68.6 |
| | Sub Total | 4,079,117,620 | 1,904,864,358 | 46.7 |
| | Grand Total | 16,468,529,788 | 3,001,327,365 | 18.2 |

Source: Trans Nzoia County Treasury

Figure 3.83 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to the first quarter of FY 2021/22.

Figure 3.83: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Trans Nzoia County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.58.43 million as own-source revenue. This amount represented a decrease of 14.8 per cent compared to Kshs.68.61 million realised during a similar period in the first quarter of FY 2020/21 and was 11.0 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.870.28 million from the CRF account during the reporting period entirely for recurrent programmes.

3.43.4 Overall Expenditure Review

The County spent Kshs.870.28 million entirely on recurrent programmes during the reporting period. This expenditure represented 98.0 per cent of the total funds released by the CoB. Expenditure on recurrent expenditure represented 16.3 per cent of the annual recurrent expenditure budget.

3.43.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.89 billion and comprised of Kshs.512.19 million for recurrent expenditure and Kshs.1.38 billion for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. However, the County did not report expenditure towards the settlement of pending bills in the period under review.

3.43.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.703.44 million was spent on employee compensation and Kshs.149.27 million on operations and maintenance, as shown in Table 3.181.

Table 3.181: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|-----------------------------|------------------|-----------------|---------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,555,813,683 | 676,650,593 | 700,208,467 | 152,504,714 | 15.4 | 22.5 |
| Compensation to Employees | 2,575,648,059 | 328,434,110 | 627,474,447 | 75,968,349 | 24.4 | 23.1 |

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|----------------------------|------------------|-----------------|---------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Operations and Maintenance | 1,980,165,624 | 348,216,483 | 72,734,020 | 76,536,365 | 3.7 | 22.0 |
| Development Expenditure | 3,648,435,001 | 372,271,072 | - | - | - | - |
| Total | 8,204,248,684 | 1,048,921,665 | 700,208,467 | 152,504,714 | 8.5 | 14.5 |

Source: Trans Nzoia County Treasury

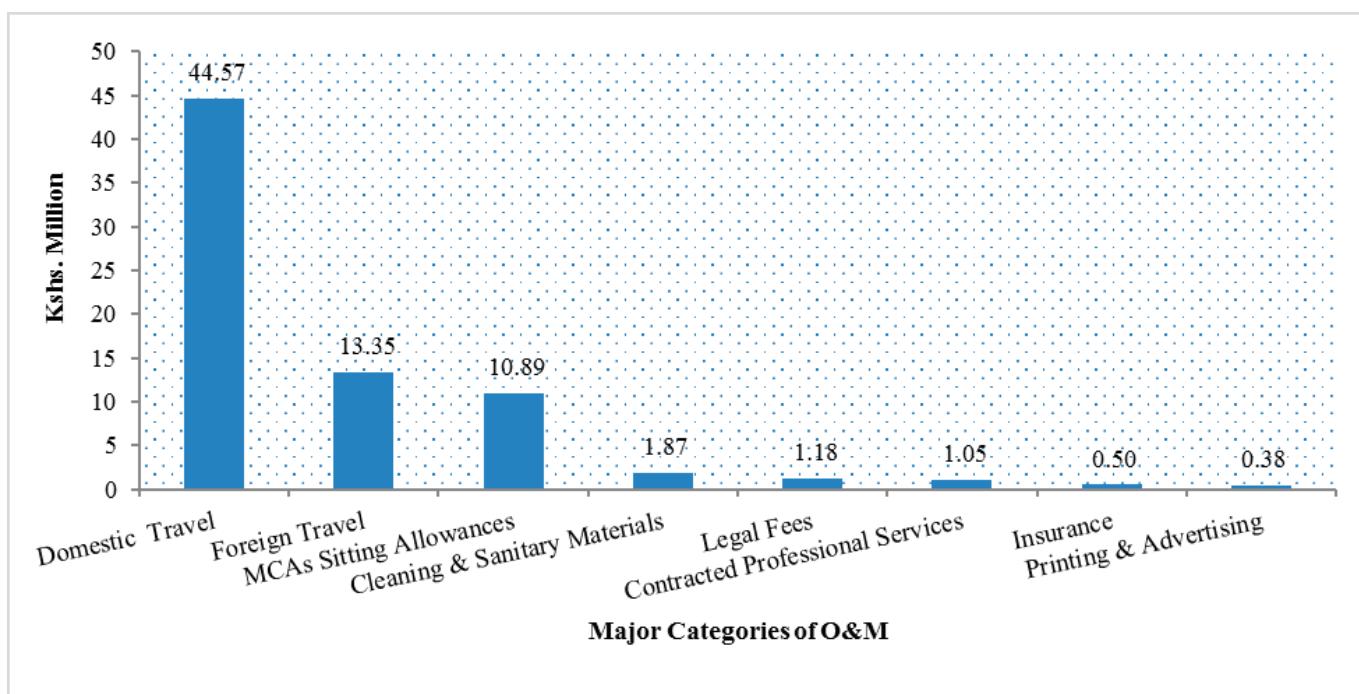
3.43.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 82.5 per cent of the total expenditure for the reporting period and 30.4 per cent of the first quarter proportional revenue of Kshs.2.31 billion.

3.43.8 Expenditure on Operations and Maintenance

Figure 3.84 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.84: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

The County spent Kshs.10.89 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.50.85 million. The average monthly sitting allowance was Kshs.90,738 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.44.57 million and comprised Kshs.23.10 million spent by the County Assembly and Kshs.21.46 million by the County Executive. Expenditure on foreign travel amounted to Kshs.13.35 million and consisted of Kshs.6.67 million by the County Assembly and Kshs.6.68 million by the County Executive.

3.43.9 Development Expenditure

The County did not report any development expenditure in the period under review.

3.43.10 Budget Performance by Department

Table 3.182 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.182: Trans Nzoia County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption Rate (%) | |
|---|-----------------------------------|-----------------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Agriculture and Livestock | 276.23 | 604.53 | 43.56 | - | 80.80 | - | 185.5 | - | 29.2 | - |
| Trade, Commerce and Industry | 63.47 | 89.26 | 7.19 | - | 13.98 | - | 194.4 | - | 22.0 | - |
| Water, Environment and Natural Resources | 98.49 | 260.07 | 12.03 | - | 14.64 | - | 121.7 | - | 14.9 | - |
| Public Works, Transport and Infrastructure | 201.94 | 417.88 | 19.94 | - | 13.78 | - | 69.1 | - | 6.8 | - |
| Health Services and Corporate Health | 1,793.10 | 654.52 | 417.08 | - | 287.15 | - | 68.8 | - | 16.0 | - |
| Lands, Housing and Physical Planning | 67.54 | 130.48 | 8.01 | - | 6.14 | - | 76.6 | - | 9.1 | - |
| Municipality Board of Kitale | 70.50 | 221.91 | - | - | - | - | 0.0 | - | 0.0 | - |
| Gender, Youth, Sports, Culture, Social Services, Children & Tourism | 55.71 | 221.59 | 5.61 | - | 13.67 | - | 243.8 | - | 24.5 | - |
| Governance and Public Service Management | 692.96 | 295.72 | 52.17 | - | 63.83 | - | 122.3 | - | 9.2 | - |
| County Public Service Board | 78.15 | 8.47 | - | - | - | - | 0.0 | - | 0.0 | - |
| Education, ECDE and Vocational Training | 393.03 | 164.40 | 73.64 | - | 84.34 | - | 114.5 | - | 21.5 | - |
| Finance and Economic Planning | 764.70 | 579.61 | 61.88 | - | 121.90 | - | 197.0 | - | 15.9 | - |
| County Assembly | 676.65 | 372.27 | 169.16 | - | 152.50 | - | 90.2 | - | 22.5 | - |
| Total | 5,232.46 | 4,020.71 | 870.28 | - | 852.71 | - | 98.0 | - | 16.3 | - |

Source: Trans Nzoia County Treasury

Analysis of expenditure by the departments shows that the Department of Agriculture had the highest percentage of recurrent expenditure to budget at 29.2 per cent, while the Municipality Board of Kitale and the County Public Service Board did not record any expenditure.

3.43.11 Budget Execution by Programmes and Sub-Programmes

Table 3.183 summarizes the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.183: Trans Nzoia County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|--|------------------------|------------------------|--------------------|----------------|
| Agriculture and Livestock | | | | | |
| Crop Development | Crop Diversification | 531,017,155 | - | 604,532,234 | - |
| Crop Development | Post-Harvest Management and Value Addition | 73,515,079 | - | 531,017,155 | - |
| Administrative and Support Services | Administrative and Support Services | 276,231,746 | - | 73,515,079 | - |
| Sub total | | 880,763,980 | 80,795,647 | 195,436,099 | 9.2 |
| Trade, Commerce and Industry | | | | | - |
| Medium and Small Enterprises | Medium and Small Enterprises | 89,257,025 | - | 89,257,025 | - |
| Administrative and Support Services | Administrative and Support Services | 63,466,876 | 13,980,912 | 49,485,964 | 22.0 |
| Subtotal | | 152,723,901 | 13,980,912 | 138,742,989 | 9.2 |
| Water, Environment and Natural Resources | | | | | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|--|-------------------------------|-------------------------------|-------------------------|-----------------------|
| Environment Management and Protection | Waste Management | 260,069,115 | - | 260,069,115 | - |
| Administrative and Support Services | Administrative and Support Services | 98,494,569 | 14,639,280 | 83,855,289 | 14.9 |
| Subtotal | | 358,563,684 | 14,639,280 | 343,924,404 | 4.1 |
| Public Works, Roads and Infrastructure | | | | | - |
| Road Construction and Road Maintenance | Maintenance of Roads | 417,879,433 | - | 417,879,433 | - |
| Administrative and Support Services | Administrative and Support Services | 201,937,869 | 13,776,945 | 188,160,924 | 6.8 |
| Subtotal | | 619,817,302 | 13,776,945 | 606,040,357 | 2.2 |
| Lands, Housing and Urban Planning | | | | | - |
| Administrative and Support Services | Administrative and Support Services | 198,021,203 | 6,135,452 | 191,885,752 | 3.1 |
| Subtotal | | 198,021,203 | 6,135,452 | 191,885,752 | 3.1 |
| Gender, Sports, Culture and Tourism | | | | | - |
| Culture Development | Culture Development | 221,591,180 | - | 221,591,180 | - |
| Administrative and Support Services | Administrative and Support Services | 55,707,902 | 13,668,522 | 42,039,380 | 24.5 |
| Subtotal | | 277,299,082 | 13,668,522 | 263,630,560 | 4.9 |
| Governance and Public Service Management | | | | | - |
| Infrastructure Development | Supervision and Management of Projects | 243,393,837 | - | 243,393,837 | - |
| Administrative and Support Services | Administrative and Support Services | 504,632,901 | 59,462,878 | 445,170,023 | 11.8 |
| Infrastructure Development | Supervision and Management of Projects | 52,325,000 | - | 52,325,000 | - |
| Administrative and Support Services | Administrative and Support Services | 188,324,246 | 4,365,287 | 183,958,959 | 2.3 |
| Subtotal | | 988,675,984 | 63,828,166 | 924,847,818 | 6.5 |
| Education and ICT | | | | | - |
| Vocational Training Development | Vocational Training Development | 164,401,494 | - | 164,401,494 | - |
| Administrative and Support Services | Administrative and Support Services | 393,026,371 | 84,338,092 | 308,688,279 | 21.5 |
| Subtotal | | 557,427,865 | 84,338,092 | 473,089,773 | 15.1 |
| Municipality Board of Kitale | | | | | - |
| Administrative and Support Services | Administrative and Support Services | 292,412,959 | - | 292,412,959 | - |
| Subtotal | | 292,412,959 | | 292,412,959 | - |
| County Public Service Board | | | | | - |
| Governance and County Values | Infrastructure Development | 8,465,000 | - | 8,465,000 | - |
| Administrative and Support Services | Administrative and Support Services | 78,150,170 | - | 78,150,170 | - |
| Subtotal | | 86,615,170 | | 86,615,170 | - |
| Health Corporate | | | | | - |
| Preventive Health Services | Preventive Health Services | 654,517,568 | - | 654,517,568 | - |
| Administrative and Support Services | Administrative and Support Services | 1,793,096,885 | 25,305 | 1,793,071,580 | - |
| Subtotal | | 2,447,614,453 | 25,305 | 2,447,589,148 | - |
| Finance and Economic Planning | | | | | - |
| County Research and Development Planning | County Development Planning Services | 441,874,451 | - | 441,874,451 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|---|------------------------|------------------------|----------------------|----------------|
| Administrative and Support Services | Supervision and Management of Projects | 137,738,318 | - | 137,738,318 | - |
| Administrative and Support Services | Administrative and Support Services | 764,700,332 | 121,896,345 | 642,803,987 | 15.9 |
| Subtotal | | 1,344,313,101 | 121,896,345 | 1,222,416,756 | 9.1 |
| County Assembly | | | | | - |
| Legislative and Oversight Arm | Legislative and Oversight Arm | 215,720,000 | 41,367,940 | 174,352,060 | 19.2 |
| General Administrative and Support Services | General Administrative and Support Services | 825,251,665 | 108,192,577 | 717,059,088 | 13.1 |
| Security Services | Security Services | 7,950,000 | 2,944,197 | 5,005,803 | 37.0 |
| Subtotal | | 1,048,921,665 | 152,504,714 | 896,416,951 | 14.5 |
| Grand Total | | 9,253,170,349 | 565,589,379 | 8,083,048,736 | 6.1 |

Source: Trans Nzoia County Treasury

Programmes with high levels of implementation based on absorption rates were: Security Services in the County Assembly at 37.0 per cent, Administrative and Support Services in the Department of Gender, Sports, Culture and Tourism at 24.5 per cent of budget allocation.

3.43.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Delay in the approval of the FY 2021/22 Budget Estimates by the County, which affected effective budget execution during the reporting period.
3. The underperformance of own-source revenue at Kshs.58.43 million against an annual projection of Kshs.529.5 million, representing 11.0 per cent of the annual target.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County leadership should identify and address the causes of delays in the approval of key budget documents to enhance effective budget implementation.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.44 County Government of Turkana

3.44.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.14.02 billion, comprising Kshs.4.77 billion (33.97 per cent) and Kshs.9.26 billion (66.03 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.12.61 billion (89.89 per cent) as the equitable share of revenue raised nationally, generate Kshs.180 million (1.28 per cent) from own sources of revenue, and a cash balance of Kshs.452.05 million (3.2 per cent) from FY 2020/21. The County also expects to receive Kshs.786.25 million (5.61 per cent) as conditional grants, which consist of Transforming Health Systems for Universal Care Project (WB) at Kshs.12.78 million, Universal Health Care in Devolved System Programme at Kshs.23.35 million, UNFPA- 9th Country Programme Implementation at Kshs.2.95 million, Kenya Devolution Support Project (KDSP) Level II Grant at Kshs.112.82 million, National Agricultural and Rural Inclusive Growth Project (NARIGP) at Kshs.270.57 million, Agricultural Sector Development Support Programme (ASDSP) II at Kshs.43.58 million, Drought Resilience Programme in Northern Kenya (DRPNK) at Kshs.200 million, Emergency Locust Response Project (ELRP) at Kshs.120.21 million.

3.44.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.22 billion as the equitable share of the revenue raised nationally, raised Kshs.52.26 million as own-source revenue, Kshs.240 million as conditional grants, and had a cash balance of Kshs.452.05 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.97 billion, as shown in Table 3.184.

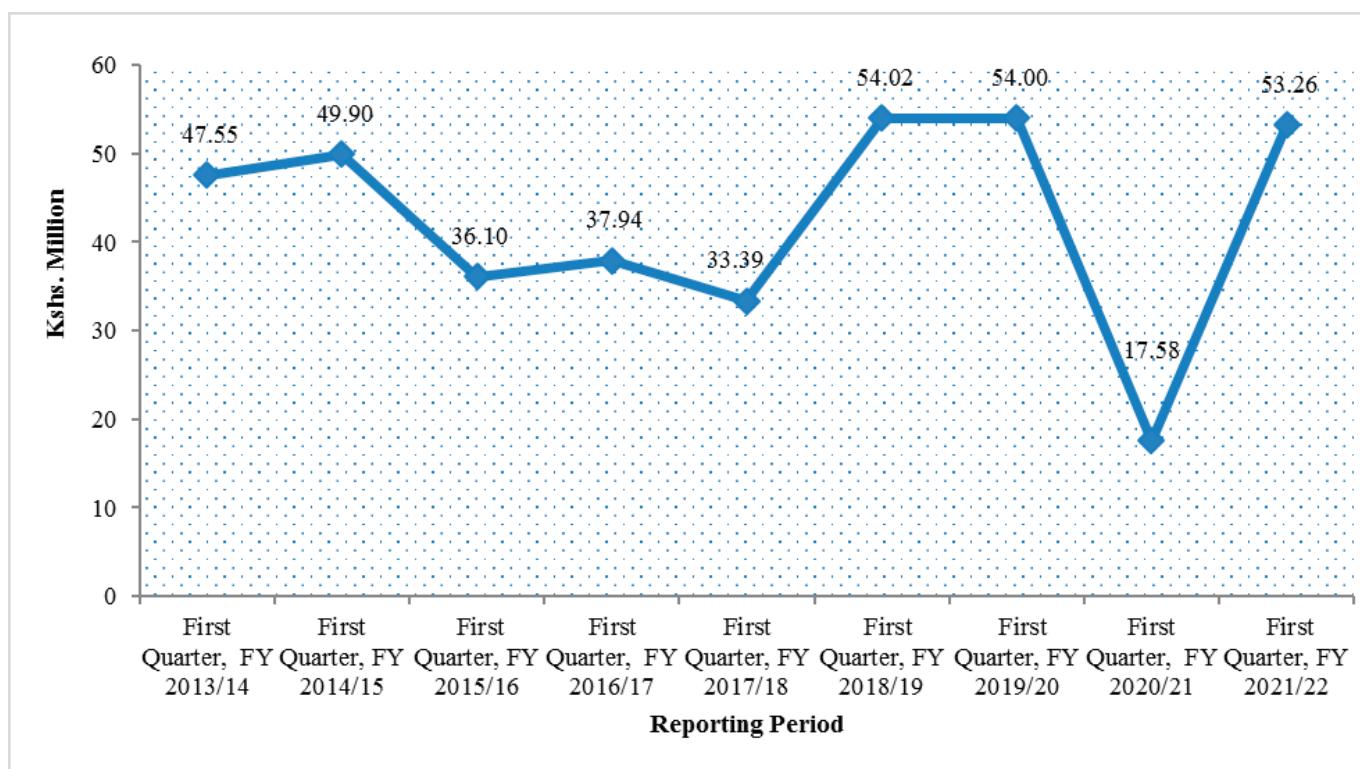
Table 3.184: Turkana County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|--------------------|---|---------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 12,609,305,994 | 1,223,951,373 | 9.7 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 180,000,000 | 53,255,925 | 29.6 |
| 2 | Balance b/f from FY 2020/21 | 452,052,239 | 452,052,239 | 100.0 |
| 3 | Other Revenues- Conditional Grants | 786,247,615 | 240,000,000 | 30.5 |
| Sub Total | | 1,418,299,854 | 745,308,164 | 52.5 |
| Grand Total | | 14,027,605,848 | 1,969,259,537 | 14.0 |

Source: Turkana County Treasury

Figure 3.85 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.85: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Turkana County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.53.26 million as own-source revenue. This amount represented an increase of 33 per cent compared to Kshs.17.58 million realised during a similar period in the first quarter of FY 2020/21 and was 29.6 per cent of the annual target. The increase may be due to businesses opening up of the County, renewal of business permits for FY 2021/22 and recovery from the COVID 19 pandemic.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.46 billion from the CRF account during the reporting period. The amount comprised Kshs.240 million (16.4 per cent) for development programmes and Kshs.1.22 billion (83.6 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

The County spent Kshs.1.46 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.240 million and Kshs.1.22 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 5 per cent, while recurrent expenditure represented 13.2 per cent of the annual recurrent expenditure budget.

3.44.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.79 billion and comprised of Kshs.626.91 million for recurrent expenditure and Kshs.1.17 billion for development expenditure. The County did not provide a payment plan for the pending bills in the period under review.

3.44.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.839 million was spent on employee compensation, Kshs.384.76 million on operations and maintenance, and Kshs.240 million on development activities, as shown in Table 3.185.

Table 3.185: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs.) | | Absorption (%) | |
|------------------------------------|-----------------------|--------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 8,439,814,381 | 821,950,164 | 1,100,391,044 | 123,560,329 | 13.0 | 15.0 |
| Compensation to Employees | 4,007,283,028 | 587,044,291 | 726,391,044 | 112,618,140 | 18.1 | 19.2 |
| Operations and Maintenance | 4,432,531,353 | 234,905,873 | 374,000,000 | 10,942,189 | 8.4 | 4.7 |
| Development Expenditure | 4,610,841,304 | 155,000,000 | 240,000,000 | - | 5.2 | - |
| Total | 13,050,655,685 | 976,950,164 | 1,340,391,044 | 123,560,329 | 10.3 | 12.6 |

Source: Turkana County Treasury

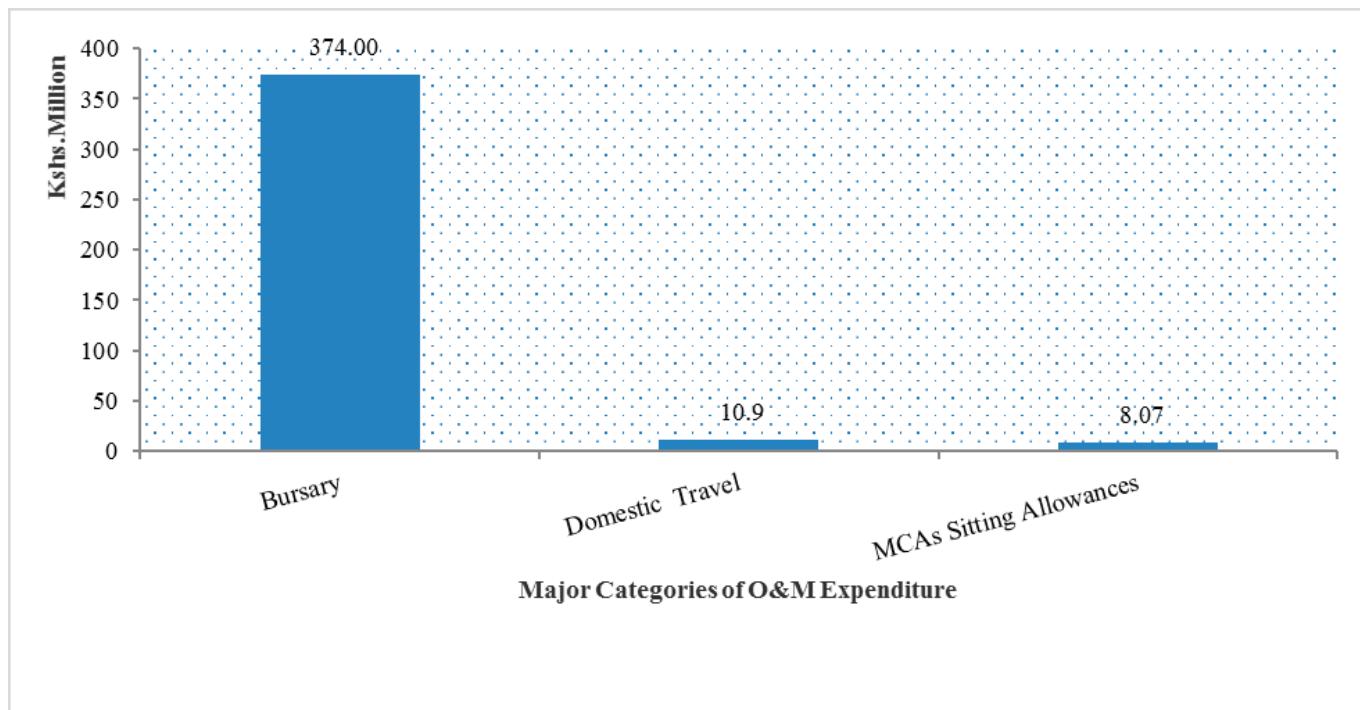
3.44.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 57.3 per cent of the total expenditure for the reporting period and 23.9 per cent of the first quarter proportional revenue of Kshs.3.51 billion.

3.44.8 Expenditure on Operations and Maintenance

Figure 3.86 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.86: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

The County spent Kshs.8.07 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.36 million. The average monthly sitting allowance was Kshs.56,009 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.10.9 million spent by the County Assembly.

3.44.9 Development Expenditure

The County incurred an expenditure of Kshs.240 million on development programmes, which increased compared to a similar period in FY 2020/21 when the County did not report spending on development programmes. The expenditure was transferred to the established County Youth and Women Empowerment Fund and the Biashara Fund.

3.44.10 Budget Performance by Department

Table 3.186 summarizes departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.186: Turkana County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|-----------------------------------|--------|----------------------------------|--------|-----------------------------|--------|-------------------------------------|-------|---------------------|------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Governance | 386.94 | 157.96 | - | - | - | - | - | - | - | - |
| Office of the Deputy Governor | 35.42 | 6.00 | - | - | - | - | - | - | - | - |
| County Attorney | 137.09 | - | - | - | - | - | - | - | - | - |
| Finance and Economic Planning | 741.24 | 621.24 | - | - | - | - | - | - | - | - |
| Water Services, Environment and Mineral Resources | 148.81 | 461.36 | - | - | - | - | - | - | - | - |
| Health & Sanitation Services | 353.77 | 666.12 | - | - | - | - | - | - | - | - |
| Trade, Gender and Youth Affairs | 184.06 | 321.17 | - | 240.00 | - | 240.00 | - | 100.0 | - | 74.7 |
| Education, Sports and Social Protection | 672.90 | 408.32 | 374.00 | - | 374.00 | - | 100.0 | - | 55.6 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|---------------|-----------------------------|---------------|-------------------------------------|--------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Public Service, Administration. & Disaster Mgt | 5,077.89 | 73.78 | 726.39 | - | 726.39 | - | 100.0 | - | 14.3 | - |
| Infrastructure Transport & Public Works | 131.32 | 417.78 | - | - | - | - | - | - | - | - |
| Agriculture, Pastoral Economy & Fisheries | 139.03 | 1,063.89 | - | - | - | - | - | - | - | - |
| Tourism, Culture and Natural Resources | 85.79 | 174.41 | - | - | - | - | - | - | - | - |
| Lands, Energy, Housing & Urban Areas Mgt. | 121.47 | 198.54 | - | - | - | - | - | - | - | - |
| County Assembly | 821.95 | 155.00 | 123.56 | - | 123.38 | - | 99.9 | - | 15.0 | - |
| Turkana County Public Service Board | 118.45 | 1.20 | - | - | - | - | - | - | - | - |
| Lodwar Municipality Board | 105.63 | 39.07 | - | - | - | - | - | - | - | - |
| Total | 9,261.76 | 4,765.84 | 1,223.95 | 240.00 | 1,223.77 | 240.00 | 100.0 | 100.0 | 13.2 | 5.0 |

Source: Turkana County Treasury

Analysis of expenditure by the departments shows that the Department of Trade, Gender and Youth Affairs recorded the highest absorption rate of development budget at 74.7 per cent while the other department did not report any expenditure on development expenditures. Department of Education, Sports and Social Protection had the highest percentage of recurrent expenditure to budget at 55.6 per cent, followed by the County Assembly at 15 per cent.

3.44.11 Budget Execution by Programmes and Sub-Programmes

Table 3.187 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.187: Turkana County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance (Kshs.) | Absorption (%) |
|-----------|--|------------------------|------------------------|------------------|----------------|
| | | | | (Kshs.) | |
| | Adjudication, registry and settlement | 28,970,100 | - | 28,970,100 | - |
| 102014110 | Delineation & adjudication of community land | 28,970,100 | - | 28,970,100 | - |
| | Spatial Planning | 29,996,681 | - | 29,996,681 | - |
| 103044110 | Spatial Planning | 29,996,681 | - | 29,996,681 | - |
| | Formulation of community land policy and regulations | 18,306,895 | 105,000 | 18,201,895 | 0.6 |
| 104024110 | Urban Centre Mgt | 2,818,000 | - | 2,818,000 | - |
| 104074110 | Urban Centre Mgt | 15,488,895 | 105,000 | 15,383,895 | 0.7 |
| | Compulsory land acquisition for public utilities | 9,915,561 | 266,000 | 9,649,561 | 2.7 |
| 105014110 | Land acquisition for public utilities | 9,915,561 | 266,000 | 9,649,561 | 2.7 |
| | Establishment and rehabilitation of public utilities in Lodwar | 15,427,500 | - | 15,427,500 | - |
| 109014110 | Improvement of Moi Garden Stadia | 15,427,500 | - | 15,427,500 | - |
| | Revival of Turkana Fishermen Co-op. society | 70,100,000 | - | 70,100,000 | - |
| 110044110 | Revival of Turkana Fishermen Co-op. society | 27,900,000 | - | 27,900,000 | - |
| 110054110 | Revival of Turkana Fishermen Co-op. society | 2,400,000 | - | 2,400,000 | - |
| 110064110 | Revival of Turkana Fishermen Co-op. society | 20,000,000 | - | 20,000,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| 110074110 | Spate Irrigation Technology | 14,300,000 | - | 14,300,000 | - |
| 110084110 | Rehabilitation | 3,000,000 | - | 3,000,000 | - |
| 110094110 | Soil & Water Conservation | 2,500,000 | - | 2,500,000 | - |
| | Fish market infrastructure/fish value addition | 62,581,789 | 366,850 | 62,214,939 | 0.6 |
| 111014110 | Fish market infrastructure/fish value addition | 1,286,707 | - | 1,286,707 | - |
| 111024110 | Fisheries livelihood support | 49,604,051 | - | 49,604,051 | - |
| 111034110 | Fisheries Extension Services | 1,408,941 | - | 1,408,941 | - |
| 111044110 | Fisheries resource management | 4,090,000 | 366,850 | 3,723,150 | 9.0 |
| 111054110 | Fisheries resource management | 1,200,000 | - | 1,200,000 | - |
| 111064110 | Fisheries resource management | 2,432,000 | - | 2,432,000 | - |
| 111084110 | Fish Farming & Aquaculture | 2,560,090 | - | 2,560,090 | - |
| | Sustainable management of fisheries resources | 55,362,229 | - | 55,362,229 | - |
| 115014110 | Frame survey | 34,562,229 | - | 34,562,229 | - |
| 115024110 | Fish Stock assessment | 5,800,000 | - | 5,800,000 | - |
| 115034110 | Monitoring, Control and Surveillance | 4,800,000 | - | 4,800,000 | - |
| 115044110 | Resource monitoring facilities | 10,200,000 | - | 10,200,000 | - |
| | Livestock breed improvement | 113,309,625 | - | 113,309,625 | - |
| 117014110 | Establish livestock Multiplication and breeding Centre. | 22,189,972 | - | 22,189,972 | - |
| 117034110 | Provision of Livestock Extension services | 4,819,653 | - | 4,819,653 | - |
| 117054110 | Livestock multiplication and breeding centre | 38,100,000 | - | 38,100,000 | - |
| 117074110 | Livestock Value Chain | 39,700,000 | - | 39,700,000 | - |
| 117084110 | Skills Devt | 8,500,000 | - | 8,500,000 | - |
| | General Administration | 299,113,718 | 612,650 | 298,501,068 | 0.2 |
| 125014110 | Rural Administration | 152,985,184 | 88,710 | 152,896,474 | 0.1 |
| 125024110 | General Administration and Support Services- Pastoral Economy and | 53,614,199 | 523,940 | 53,090,259 | 1.0 |
| 125034110 | General Administration, Planning and Support Services – Lands General Administration, Planning and Support Services - Lands | 92,514,335 | - | 92,514,335 | - |
| | Agriculture Programme | 91,695,571 | - | 91,695,571 | - |
| 126044110 | Agri-nutrition/Urban & peri-urban agriculture | 6,117,628 | - | 6,117,628 | - |
| 126084110 | Agricultural Sector Development Support Programme (ASDSP) | 49,077,943 | - | 49,077,943 | - |
| 126104110 | Agricultural Mechanization | 5,700,000 | - | 5,700,000 | - |
| 126114110 | Agric market Access | 1,800,000 | - | 1,800,000 | - |
| 126124110 | Agric Extension & Devt | 22,000,000 | - | 22,000,000 | - |
| 126134110 | Subsidy & Support | 4,000,000 | - | 4,000,000 | - |
| 126144110 | Pest Control & Mgt | 3,000,000 | - | 3,000,000 | - |
| | Land Governance | 124,884,371 | - | 124,884,371 | - |
| 127054110 | Land Policies | 124,884,371 | - | 124,884,371 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| | | 277,065,502 | - | 277,065,502 | - |
| 129014110 | NARIGP | 277,065,502 | - | 277,065,502 | - |
| | | 206,000,000 | - | 206,000,000 | - |
| 130014110 | DRNKP/KfW | 206,000,000 | - | 206,000,000 | - |
| | | 120,206,667 | - | 120,206,667 | - |
| 134014110 | Emergency Locust Response Project | 120,206,667 | - | 120,206,667 | - |
| | Develop and maintain roads | 306,625,681 | 1,205,540 | 305,420,141 | 0.4 |
| 201054110 | Annual Roads Inventory and Conditional Survey (ARICS) | 2,500,000 | 335,540 | 2,164,460 | 13.4 |
| 201074110 | Roads maintenance levy fund(RMLF) | 297,125,681 | - | 297,125,681 | - |
| 201094110 | Roads | 7,000,000 | 870,000 | 6,130,000 | 12.4 |
| | Develop and maintain staff housing and public offices | 5,000,000 | - | 5,000,000 | - |
| 202044110 | Protection and gabion works of Lokichar river | 5,000,000 | - | 5,000,000 | - |
| | Develop and maintain other public works | 4,150,000 | 900,000 | 3,250,000 | 21.7 |
| 203164110 | Capacity Building | 1,800,000 | 900,000 | 900,000 | 50.0 |
| 203184110 | Professional Capacity Building | 2,350,000 | - | 2,350,000 | - |
| | General Administration | 217,728,312 | 4,616,550 | 213,111,762 | 2.1 |
| 205014110 | General Administration | 178,935,299 | 4,616,550 | 174,318,749 | 2.6 |
| 205024110 | General Administration-Public works | 38,793,013 | - | 38,793,013 | - |
| | | 1,800,000 | - | 1,800,000 | - |
| 206014110 | Mechanical Services | 1,800,000 | - | 1,800,000 | - |
| | | 1,800,000 | - | 1,800,000 | - |
| 207014110 | Structural Services | 1,800,000 | - | 1,800,000 | - |
| | | 1,500,000 | - | 1,500,000 | - |
| 208014110 | Electrical Services | 1,500,000 | - | 1,500,000 | - |
| | | 9,000,000 | 1,180,500 | 7,819,500 | 13.1 |
| 209014110 | Building Inspectorate | 9,000,000 | 1,180,500 | 7,819,500 | 13.1 |
| | | 1,500,000 | 231,600 | 1,268,400 | 15.4 |
| 210014110 | Architectural Services | 1,500,000 | 231,600 | 1,268,400 | 15.4 |
| | Cooperative Societies Development & Performance Improvement | 216,803,800 | 148,509,827 | 68,293,973 | 68.5 |
| 302014110 | Cooperatives Development Fund | 4,300,000 | 470,750 | 3,829,250 | 10.9 |
| 302024110 | Value Addition Initiatives | 9,000,000 | 2,962,025 | 6,037,975 | 32.9 |
| 302034110 | Business Development and Training Services | 3,500,000 | 717,500 | 2,782,500 | 20.5 |
| 302044110 | Liquor control Programme | 2,500,000 | - | 2,500,000 | - |
| 302054110 | Cooperative societies development and revival programmes | 2,500,000 | 833,052 | 1,666,948 | 33.3 |
| 302064110 | Legal Metrology Services | 2,400,000 | 731,500 | 1,668,500 | 30.5 |
| 302074110 | Verification of traders equipment | 5,900,000 | 1,945,000 | 3,955,000 | 33.0 |
| 302084110 | Consumer rights education | 2,270,000 | - | 2,270,000 | - |
| 302104110 | Standards and Anti-Counterfeit Services | 2,000,000 | - | 2,000,000 | - |
| 302114110 | Market Infrastructure Development | 32,433,800 | - | 32,433,800 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| 302124110 | Industrial Development and Investments | 10,000,000 | 850,000 | 9,150,000 | 8.5 |
| 302134110 | Biashara Fund | 140,000,000 | 140,000,000 | - | 100.0 |
| | Modern Physical Markets Infrastructure | 66,450,000 | 30,000,000 | 36,450,000 | 45.1 |
| 303014110 | Construction & Development of Modern Physical Market | 4,800,000 | - | 4,800,000 | - |
| 303024110 | Co-operative Marketing, Value Addition, Surveys & Research | 7,885,000 | - | 7,885,000 | - |
| 303034110 | Co-operative Education, Training, Exchange and Ushirika Day Celeb | 8,365,000 | - | 8,365,000 | - |
| 303044110 | Strengthening of Key Dormant Co-operative Societies | 8,700,000 | - | 8,700,000 | - |
| 303054110 | Formulation of Cooperative Policy and Legal Frame Work | 6,700,000 | - | 6,700,000 | - |
| 303064110 | Cooperative Development Fund | 30,000,000 | 30,000,000 | - | 100.0 |
| | General Administration | 86,596,636 | - | 86,596,636 | - |
| 307014110 | General Administration | 86,596,636 | - | 86,596,636 | - |
| | Gender Promotion | 21,286,000 | - | 21,286,000 | - |
| 308014110 | Gender Empowerment and advocacy | 7,686,000 | - | 7,686,000 | - |
| 308024110 | Gender Mainstreaming and Coordination | 3,387,000 | - | 3,387,000 | - |
| 308034110 | Legal Compliance and Redress | 7,213,000 | - | 7,213,000 | - |
| 308044110 | Promotion of Gender Equality and Empowerment | 3,000,000 | - | 3,000,000 | - |
| | Youth Affairs Development | 114,100,000 | 100,000,000 | 14,100,000 | 87.6 |
| 309014110 | Youth Coordination and Representation | 5,600,000 | - | 5,600,000 | - |
| 309024110 | Youth Employment Scheme | 4,000,000 | - | 4,000,000 | - |
| 309034110 | Youth Rare skills | 4,500,000 | - | 4,500,000 | - |
| 309044110 | Youth and Women Fund | 100,000,000 | 100,000,000 | - | 100.0 |
| | General Administration, Planning and support services | 614,264,886 | 10,208,056 | 604,056,830 | 1.7 |
| 401014110 | General Administration, Planning and support services | 149,143,394 | 10,208,056 | 138,935,338 | 6.8 |
| 401074110 | Health Facilities | 465,121,492 | - | 465,121,492 | - |
| | Support to Health Programs | 58,830,831 | 1,163,600 | 57,667,231 | 2.0 |
| 402024110 | HIV & AIDS, including community-based HIV interventions | 500,000 | - | 500,000 | - |
| 402034110 | TB & Leprosy | 500,000 | - | 500,000 | - |
| 402044110 | Malaria | 600,000 | - | 600,000 | - |
| 402054110 | NTDs(neglected tropical diseases) | 500,000 | - | 500,000 | - |
| 402064110 | Nutrition | 3,000,000 | - | 3,000,000 | - |
| 402074110 | Reproductive health | 4,954,593 | - | 4,954,593 | - |
| 402084110 | Disease surveillance | 1,100,000 | - | 1,100,000 | - |
| 402094110 | EPI/outreaches | 1,400,000 | - | 1,400,000 | - |
| 402114110 | Health promotion | 13,776,238 | - | 13,776,238 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|--|-------------------------------|-------------------------------|-----------------|-----------------------|
| 402124110 | Environmental health services | 1,500,000 | - | 1,500,000 | - |
| 402134110 | Emergency preparedness & disaster response | 1,500,000 | - | 1,500,000 | - |
| 402164110 | mainstreaming | 500,000 | - | 500,000 | - |
| 402194110 | Community Health Services | 29,000,000 | 1,163,600 | 27,836,400 | 4.0 |
| | | 91,420,000 | - | 91,420,000 | - |
| 410014110 | Laboratory Services | 1,300,000 | - | 1,300,000 | - |
| 410024110 | Blood Transfusion Services | 2,800,000 | - | 2,800,000 | - |
| 410034110 | Rehabilitative Services | 1,000,000 | - | 1,000,000 | - |
| 410044110 | Referrals and Emergency Services | 1,400,000 | - | 1,400,000 | - |
| 410054110 | Radiology Services | 950,000 | - | 950,000 | - |
| 410064110 | Dental Services | 600,000 | - | 600,000 | - |
| 410074110 | Clinical Services | 1,000,000 | - | 1,000,000 | - |
| 410084110 | Nursing Services | 1,000,000 | - | 1,000,000 | - |
| 410094110 | Rural Health Facility Support | 51,618,375 | - | 51,618,375 | - |
| 410104110 | Sub-County Health Facilities Support | 4,000,000 | - | 4,000,000 | - |
| 410114110 | UHC Turkana | 25,751,625 | - | 25,751,625 | - |
| | | 8,170,863 | - | 8,170,863 | - |
| 411014110 | Medical Supplies | 8,170,863 | - | 8,170,863 | - |
| | | 221,000,000 | 294,840 | 220,705,160 | 0.1 |
| 412014110 | Medical Supplies | 218,000,000 | - | 218,000,000 | - |
| 412024110 | Health mgt | 3,000,000 | 294,840 | 2,705,160 | 9.8 |
| | | 7,000,000 | - | 7,000,000 | - |
| 413014110 | Health Information & Mgt | 2,500,000 | - | 2,500,000 | - |
| 413024110 | Quality Assurance | 1,000,000 | - | 1,000,000 | - |
| 413044110 | Electronic Medical Records | 500,000 | - | 500,000 | - |
| 413054110 | Monitoring & Evaluation Health | 1,500,000 | - | 1,500,000 | - |
| 413064110 | Research & Development | 1,000,000 | - | 1,000,000 | - |
| 413074110 | Policy & Planning Services | 500,000 | - | 500,000 | - |
| | | 19,200,000 | - | 19,200,000 | - |
| 414014110 | Rehabilitation & Treatment | 4,500,000 | - | 4,500,000 | - |
| 414024110 | Public Education & Awareness | 5,800,000 | - | 5,800,000 | - |
| 414034110 | Liquor Licensing | 7,400,000 | - | 7,400,000 | - |
| 414044110 | Training & Capacity Building | 1,500,000 | - | 1,500,000 | - |
| | Social protection programs/Affirmative Action | 83,302,535 | - | 83,302,535 | - |
| 503024110 | Construction of PWDs multi-purpose resource centre | 23,982,535 | - | 23,982,535 | - |
| 503074110 | Marginalised and Minority groups support | 4,520,000 | - | 4,520,000 | - |
| 503084110 | Child Rescue Centres | 27,000,000 | - | 27,000,000 | - |
| 503094110 | Child Care & Protection | 27,800,000 | - | 27,800,000 | - |
| | Sports and arts programme | 48,380,822 | 299,500 | 48,081,322 | 0.6 |
| 504014110 | Construction of sport Stadia | 21,382,266 | 299,500 | 21,082,766 | 1.4 |
| 504044110 | Stadia | 26,998,556 | - | 26,998,556 | - |
| | General Administration | 531,417,954 | 375,194,335 | 156,223,619 | 70.6 |
| 506014110 | General Administration | 157,417,954 | 1,166,200 | 156,251,754 | 0.7 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|--|-------------------------------|-------------------------------|-----------------|-----------------------|
| 506024110 | Turkana Education and Skill Development Fund | 374,000,000 | 374,000,000 | - | 100.0 |
| | Vocational Training | 57,476,413 | - | 57,476,413 | - |
| 508014110 | Youth Polytechnic Infrastructure | 24,500,000 | - | 24,500,000 | - |
| 508024110 | Training and Development | 10,110,000 | - | 10,110,000 | - |
| 508034110 | Co-Curricular Activities | 10,156,519 | - | 10,156,519 | - |
| 508044110 | Youth Polytechnics- Conditional | 12,709,894 | - | 12,709,894 | - |
| | Public Relations | 3,528,000 | - | 3,528,000 | - |
| 509014110 | Publicity | 1,620,000 | - | 1,620,000 | - |
| 509024110 | Research and Sensitisation | 1,908,000 | - | 1,908,000 | - |
| | Early Childhood Education | 357,111,277 | 3,242,880 | 353,868,397 | 0.9 |
| 510014110 | School Feeding | 131,600,000 | 2,959,080 | 128,640,920 | 2.2 |
| 510024110 | Quality Improvement | 8,006,980 | 283,800 | 7,723,180 | 3.5 |
| 510034110 | Infrastructure Development | 201,552,682 | - | 201,552,682 | - |
| 510044110 | Support to Pre-Primary Training | 15,951,615 | - | 15,951,615 | - |
| | General Administration, Planning and Support Services | 5,475,586,095 | 609,978,966 | 4,865,607,129 | 11.1 |
| 701014110 | General Administration Services | 494,828,484 | 7,413,290 | 487,415,194 | 1.5 |
| 701094110 | General Administration - Economic planning | 78,606,690 | 483,000 | 78,123,690 | 0.6 |
| 701114110 | Security Access Installation | 4,000,000 | - | 4,000,000 | - |
| 701154110 | General Admin Planning & Support | 18,692,000 | 1,384,930 | 17,307,070 | 7.4 |
| 701164110 | General Administration, Planning and Support Services-Public Ser | 4,562,405,630 | 585,497,376 | 3,976,908,254 | 12.8 |
| 701174110 | General Administration, Planning and Support Services-Administer | 50,869,594 | 486,420 | 50,383,174 | 1.0 |
| 701194110 | General Administration, Planning and Support Services- Office of | 170,230,697 | 12,284,810 | 157,945,887 | 7.2 |
| 701204110 | General Administration, Planning and Support Services- Liaison O | 21,699,000 | 1,803,570 | 19,895,430 | 8.3 |
| 701214110 | General Admin Planning & Support | 24,254,000 | 625,570 | 23,628,430 | 2.6 |
| 701224110 | Covid-19 Emergency Response Fund | 50,000,000 | - | 50,000,000 | - |
| | Governor Residence | 10,370,527 | 1,429,257 | 8,941,270 | 13.8 |
| 702014110 | Construction of Governor's residence | 1,996,836 | 392,585 | 1,604,251 | 19.7 |
| 702024110 | Documentation, communication policy and strategy | 2,662,450 | 231,000 | 2,431,450 | 8.7 |
| 702034110 | Civic Education and Public Sensitization | 4,104,579 | 805,672 | 3,298,907 | 19.6 |
| 702044110 | Production of County Newspaper and Newsletter | 1,606,662 | - | 1,606,662 | - |
| | Donor/ Investor engagement | 13,275,924 | 586,140 | 12,689,784 | 4.4 |
| 703014110 | Public-Private Partnership Initiatives (PPPs) | 1,248,200 | - | 1,248,200 | - |
| 703024110 | Political and Intergovernmental Advisory Services | 2,042,124 | - | 2,042,124 | - |
| 703034110 | Legal Advisory Services | 1,248,200 | - | 1,248,200 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| 703044110 | Security and cross border Advisory Services | 1,248,200 | 364,340 | 883,860 | 29.2 |
| 703054110 | Oil And Gas Advisory Service | 1,248,200 | 221,800 | 1,026,400 | 17.8 |
| 703064110 | Gender and Partnership Advisory Services | 1,248,200 | - | 1,248,200 | - |
| 703074110 | Special Interest groups | 1,248,200 | - | 1,248,200 | - |
| 703084110 | Climate Change advisory services | 1,248,200 | - | 1,248,200 | - |
| 703094110 | Education and youth Advisory services | 1,248,200 | - | 1,248,200 | - |
| 703104110 | Culture, Arts and Heritage advisory services | 1,248,200 | - | 1,248,200 | - |
| | Security and Peace Building | 242,737,460 | 5,141,600 | 237,595,861 | 2.1 |
| 704014110 | Community Cohesion and Resettlement | 20,260,751 | 841,680 | 19,419,071 | 4.2 |
| 704024110 | Operationalization of peace building structures and institutions | 65,679,345 | 3,869,120 | 61,810,226 | 5.9 |
| 704034110 | Resettlement Infrastructural Programme | 118,664,912 | - | 118,664,912 | - |
| 704044110 | Cross Border peace dividends programme | 38,132,452 | 430,800 | 37,701,652 | 1.1 |
| | Government Communication and Media relations | 70,923,767 | 3,267,597 | 67,656,170 | 4.6 |
| 705014110 | Acquiring & development of communication systems/equipment | 10,450,000 | 299,800 | 10,150,200 | 2.9 |
| 705024110 | Bills | 33,000,000 | - | 33,000,000 | - |
| 705034110 | Policies | 10,870,000 | 2,967,797 | 7,902,203 | 27.3 |
| 705044110 | Development and Implementation of ICT Policy and Regulations | 4,603,767 | - | 4,603,767 | - |
| 705054110 | Acquisition of Information Systems and Equipment | 12,000,000 | - | 12,000,000 | - |
| | Revenue Collection Systems | 147,079,652 | 1,516,200 | 145,563,452 | 1.0 |
| 706024110 | Feasibility Study on Revenue Base | 8,000,774 | 1,516,200 | 6,484,574 | 19.0 |
| 706034110 | Awareness and Campaigns on Revenue. | 7,074,000 | - | 7,074,000 | - |
| 706044110 | Motorbikes for Revenue Officers 30 No. | 13,900,000 | - | 13,900,000 | - |
| 706054110 | Strengthening Revenue Systems | 43,866,048 | - | 43,866,048 | - |
| 706064110 | Revenue Forecast and Revenue Budget Preparation | 4,238,830 | - | 4,238,830 | - |
| 706074110 | Completion of Lokiriamu Revenue Centre | 70,000,000 | - | 70,000,000 | - |
| | Accountability and Transparency | 166,495,001 | 6,062,540 | 160,432,461 | 3.6 |
| 707014110 | Internal Audit | 7,500,000 | - | 7,500,000 | - |
| 707024110 | Procurement systems | 5,000,000 | - | 5,000,000 | - |
| 707044110 | IFMIS training | 8,495,001 | 1,388,500 | 7,106,501 | 16.3 |
| 707064110 | Financial Reporting/Research and Development | 45,500,000 | 4,674,040 | 40,825,960 | 10.3 |
| 707074110 | Modern Fencing, Gate and Parking Yards for County Treasury Office | 100,000,000 | - | 100,000,000 | - |
| | Social and Financial Security | 12,514,655 | 990,600 | 11,524,055 | 7.9 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| 708014110 | Assurance and Insurance of Govt. Assets | 2,367,783 | - | 2,367,783 | - |
| 708024110 | Liability and Debt Management | 3,541,858 | 360,000 | 3,181,858 | 10.2 |
| 708034110 | Turkana SACCO Seed Capital | 6,605,014 | 630,600 | 5,974,414 | 9.5 |
| | Planning and Policy formulation | 182,757,038 | 5,770,300 | 176,986,738 | 3.2 |
| 709014110 | Economic Policy formulation and Dissemination | 12,909,537 | 832,300 | 12,077,237 | 6.4 |
| 709024110 | CIDP review and Dissemination | 1,782,877 | - | 1,782,877 | - |
| 709034110 | Budget preparation and Dissemination | 112,815,048 | 4,938,000 | 107,877,048 | 4.4 |
| 709054110 | County Budget and Economic Forums | 41,335,165 | - | 41,335,165 | - |
| 709064110 | Public Participation and Access to Information | 9,800,000 | - | 9,800,000 | - |
| 709074110 | Waste Management | 2,040,156 | - | 2,040,156 | - |
| 709104110 | Sector Plans Devt | 2,074,255 | - | 2,074,255 | - |
| | Development coordination Programme | 10,908,765 | 888,556 | 10,020,209 | 8.1 |
| 710014110 | Donor scan/Mapping | 3,750,749 | 713,556 | 3,037,193 | 19.0 |
| 710024110 | Establishment of development committees | 3,205,208 | 175,000 | 3,030,208 | 5.5 |
| 710034110 | Training of the development committees | 1,984,446 | - | 1,984,446 | - |
| 710044110 | Formulation and Development of TCPSB Boardroom ICT Infrastructure | 1,968,362 | - | 1,968,362 | - |
| | Monitoring and Evaluation | 18,776,748 | - | 18,776,748 | - |
| 711014110 | Soft wares(E-ProMIS, GIS e.t.c) | 12,192,598 | - | 12,192,598 | - |
| 711024110 | Field visits, data collection and Reporting | 2,349,621 | - | 2,349,621 | - |
| 711034110 | Training and Knowledge management | 2,371,789 | - | 2,371,789 | - |
| 711044110 | Devolved Monitoring and Evaluation Committees | 1,862,740 | - | 1,862,740 | - |
| | Public Participation and Access to Information | 29,656,119 | 2,390,300 | 27,265,819 | 8.1 |
| 712014110 | Construction of Citizen Resource Centre | 4,986,024 | 630,600 | 4,355,424 | 12.6 |
| 712024110 | Web site Development | 8,370,674 | 591,000 | 7,779,674 | 7.1 |
| 712034110 | Social Budgeting and Generation of SIR Reports | 2,492,453 | - | 2,492,453 | - |
| 712044110 | Intergovernmental Relation | 11,860,000 | 748,300 | 11,111,700 | 6.3 |
| 712054110 | Strategy Development, Review, Support and Operationalization | 1,946,968 | 420,400 | 1,526,568 | 21.6 |
| | County Statistical Unit | 31,130,995 | - | 31,130,995 | - |
| 713014110 | Soft wares, databases and tools | 19,080,995 | - | 19,080,995 | - |
| 713024110 | Capacity Development | 6,107,460 | - | 6,107,460 | - |
| 713044110 | Project Mgt Information System | 5,942,540 | - | 5,942,540 | - |
| | Service Delivery- ISO Certification | 12,765,582 | 609,900 | 12,155,682 | 4.8 |
| 714014110 | Service Charter | 4,964,629 | 609,900 | 4,354,729 | 12.3 |
| 714024110 | Development of County Filing Systems | 5,356,880 | - | 5,356,880 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|--|-------------------------------|-------------------------------|-----------------|-----------------------|
| 714034110 | Procedure Manual and Training | 2,444,073 | - | 2,444,073 | - |
| | County Internship Pro-gramme | 21,160,099 | 546,000 | 20,614,099 | 2.6 |
| 715014110 | County Internship Pro-gramme | 21,160,099 | 546,000 | 20,614,099 | 2.6 |
| | Operationalization of De-centralized Units | 133,022,394 | 185,000 | 132,837,394 | 0.1 |
| 717014110 | Operationalization of De-centralized Units | 15,105,000 | - | 15,105,000 | - |
| 717024110 | Decentralized County Pol-icy | 70,417,394 | 185,000 | 70,232,394 | 0.3 |
| 717034110 | Coordinated development | 15,000,000 | - | 15,000,000 | - |
| 717044110 | Policy sensitisation and dis-semination | 32,500,000 | - | 32,500,000 | - |
| | Mainstream Public Sector Integrity programme & Ac-countability | 6,572,328 | 371,665 | 6,200,663 | 5.7 |
| 718014110 | Mainstream Public Sector Integrity programme & Ac-countability | 1,358,825 | - | 1,358,825 | - |
| 718024110 | Public Evaluation on Coun-ty Public Service Board Perfor-mance &Cus | 2,063,640 | - | 2,063,640 | - |
| 718034110 | Human Resource Confer-ence & Symposium | 1,724,709 | 371,665 | 1,353,044 | 21.5 |
| 718044110 | Exit Meetings Per Depart-ment | 1,425,154 | - | 1,425,154 | - |
| | Disaster Risk Reduction | 11,667,654 | 1,657,160 | 10,010,494 | 14.2 |
| 719014110 | Turkana County Drought and Disater Contingency Fund (CDDCF) | 2,417,341 | 457,160 | 1,960,181 | 18.9 |
| 719024110 | Turkana Multi hazard/Risk | 1,600,000 | 164,000 | 1,436,000 | 10.3 |
| 719034110 | Assessment and stake hold-er capacity mapping | 5,519,959 | 758,800 | 4,761,159 | 13.7 |
| 719044110 | Regular Assessments of Food,Flood and Conflict Security | 2,130,354 | 277,200 | 1,853,154 | 13.0 |
| | Human resource | 12,487,654 | 2,100,375 | 10,387,279 | 16.8 |
| 720014110 | Scheme of service | 1,697,226 | 386,800 | 1,310,426 | 22.8 |
| 720024110 | Performance Appraisal | 2,923,266 | 406,000 | 2,517,266 | 13.9 |
| 720034110 | Enhancing Leadership In County Public Service | 1,285,407 | 211,400 | 1,074,007 | 16.4 |
| 720044110 | Review and Development of HR Policies | 1,263,171 | 308,000 | 955,171 | 24.4 |
| 720054110 | Human Resource Develop-ment/Career Progression | 1,351,206 | 230,175 | 1,121,031 | 17.0 |
| 720064110 | Performance Management Monitoring | 870,096 | 189,950 | 680,146 | 21.8 |
| 720074110 | Development of Database Filing System | 1,046,421 | 196,375 | 850,046 | 18.8 |
| 720084110 | County Public Service Pre-Retirement Sensitization | 981,562 | - | 981,562 | - |
| 720094110 | Evaluation of Different Cadres of Employees(Promo-tion,Re-Designation) | 1,069,299 | 171,675 | 897,624 | 16.1 |
| | Quality management sys-tem programming | 5,590,876 | 972,200 | 4,618,676 | 17.4 |
| 723014110 | Quality Management Sys-tems Development & Es-tablishment | 2,323,475 | 371,600 | 1,951,875 | 16.0 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|--|-------------------------------|-------------------------------|-----------------|-----------------------|
| 723024110 | QMS Audit /Routine Inspection | 1,562,286 | 378,000 | 1,184,286 | 24.2 |
| 723034110 | Documentation/Record Management For QMS | 1,705,115 | 222,600 | 1,482,515 | 13.1 |
| | Budgetary Supply | 112,185,942 | 1,744,900 | 110,441,042 | 1.6 |
| 724014110 | Budget Formulation, Co-ordination and Management | 69,679,889 | 1,744,900 | 67,934,989 | 2.5 |
| 724024110 | Public Participation in Budgeting | 34,100,000 | - | 34,100,000 | - |
| 724034110 | County Budget and Economic Forum | 8,406,053 | - | 8,406,053 | - |
| | Resource Mobilisation | 6,188,053 | - | 6,188,053 | - |
| 725014110 | Resource Mobilisation | 6,188,053 | - | 6,188,053 | - |
| | Governors Press Service | 7,392,958 | - | 7,392,958 | - |
| 727014110 | Governors Press support | 7,392,958 | - | 7,392,958 | - |
| | Governance and Public participation | 74,961,363 | 706,380 | 74,254,983 | 0.9 |
| 728014110 | Civic education Programme | 2,000,000 | - | 2,000,000 | - |
| 728024110 | Public Participation and access to information | 65,461,363 | 706,380 | 64,754,983 | 1.1 |
| 728034110 | County Dialogue Forum | 2,000,000 | - | 2,000,000 | - |
| 728044110 | National & County Holidays | 4,000,000 | - | 4,000,000 | - |
| 728054110 | Policies Design | 1,500,000 | - | 1,500,000 | - |
| | Disaster risk management | 308,500,000 | 2,385,500 | 306,114,500 | 0.8 |
| 729014110 | Disaster Preparedness Programmes | 2,500,000 | - | 2,500,000 | - |
| 729024110 | Disaster Mitigation Programmes | 2,500,000 | - | 2,500,000 | - |
| 729034110 | Stakeholders coordination and Support Programme | 2,500,000 | - | 2,500,000 | - |
| 729044110 | Humanitarian Relief Food Programme | 300,000,000 | 2,385,500 | 297,614,500 | 0.8 |
| 729064110 | Disaster Risk Mgt | 1,000,000 | - | 1,000,000 | - |
| | Inspectorate services | 35,046,442 | 295,050 | 34,751,392 | 0.8 |
| 730044110 | Inspectorate Training Institute | 19,989,269 | - | 19,989,269 | - |
| 730054110 | Dispute Resolution | 2,557,173 | - | 2,557,173 | - |
| 730074110 | Capacity Building | 3,300,000 | 295,050 | 3,004,950 | 8.9 |
| 730084110 | Inspectorate Services | 5,000,000 | - | 5,000,000 | - |
| 730094110 | Inspectorate Services Equip | 4,200,000 | - | 4,200,000 | - |
| | Human resource management | 37,636,000 | 584,500 | 37,051,500 | 1.6 |
| 731014110 | Payroll and record management | 3,600,000 | - | 3,600,000 | - |
| 731024110 | Human Resource Development | 8,936,000 | 210,000 | 8,726,000 | 2.4 |
| 731034110 | GHRIS Leave & Performance Module Implementation | 2,800,000 | - | 2,800,000 | - |
| 731044110 | Digitisation and Automation of Human Resource Registry | 5,000,000 | - | 5,000,000 | - |
| 731054110 | Mainstreaming Public Sector Integrity Programme | 7,800,000 | 168,000 | 7,632,000 | 2.2 |
| 731064110 | County performance management | 2,700,000 | - | 2,700,000 | - |
| 731074110 | Public Service Week | 1,800,000 | - | 1,800,000 | - |
| 731094110 | Records Mgt | 2,000,000 | 206,500 | 1,793,500 | 10.3 |
| 731104110 | HRM | 3,000,000 | - | 3,000,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|---|-------------------------------|-------------------------------|-----------------|-----------------------|
| | | 22,732,423 | - | 22,732,423 | - |
| 735014110 | Govt Programming | 7,400,000 | - | 7,400,000 | - |
| 735024110 | Community Engagement | 5,200,000 | - | 5,200,000 | - |
| 735034110 | Govt Stakeholder Engagement | 5,420,000 | - | 5,420,000 | - |
| 735044110 | Govt Transformation | 4,712,423 | - | 4,712,423 | - |
| | General Administration | 71,516,164 | 1,303,120 | 70,213,044 | 1.8 |
| 901014110 | General Administration, Planning and Support Services | 71,516,164 | 1,303,120 | 70,213,044 | 1.8 |
| | Tourism destination marketing and promotion | 24,500,000 | 102,420 | 24,397,580 | 0.4 |
| 902014110 | Tourism expos, incentives, conferences and exhibition program | 1,000,000 | - | 1,000,000 | - |
| 902024110 | Community Based Tourism products | 2,800,000 | 102,420 | 2,697,580 | 3.7 |
| 902044110 | Tourism Market Research (Baseline Survey & Mapping) | 15,500,000 | - | 15,500,000 | - |
| 902054110 | Media Campaign and Promotion of Tourism Products and Programmes | 5,200,000 | - | 5,200,000 | - |
| | Tourism development and Promotion | 58,845,172 | - | 58,845,172 | - |
| 903014110 | Completion and Furnishing of Eco-Lodges | 58,845,172 | - | 58,845,172 | - |
| | Culture, arts, heritage development, promotion and preservation | 78,780,400 | - | 78,780,400 | - |
| 904014110 | Ushanga Initiative | 17,300,000 | - | 17,300,000 | - |
| 904024110 | Culture Promotion and Preservation | 27,880,400 | - | 27,880,400 | - |
| 904034110 | Arts and Creativity Development | 2,200,000 | - | 2,200,000 | - |
| 904044110 | Heritage Promotion | 3,000,000 | - | 3,000,000 | - |
| 904054110 | Annual tourism and cultural festival | 28,400,000 | - | 28,400,000 | - |
| | Culture development and preservation infrastructure | 2,500,000 | - | 2,500,000 | - |
| 905014110 | Equipment and Infrastructure Development at Ekalees Centre | 2,500,000 | - | 2,500,000 | - |
| | Forestry and wildlife management development and management | 24,053,104 | 1,255,290 | 22,797,814 | 5.2 |
| 906014110 | Forestry Management and Conservation | 5,400,000 | 1,173,150 | 4,226,850 | 21.7 |
| 906024110 | Community Wildlife Conservation | 3,100,000 | - | 3,100,000 | - |
| 906044110 | Forest Nature-Based Development | 2,153,104 | - | 2,153,104 | - |
| 906054110 | Forestry Development Infrastructure | 11,400,000 | - | 11,400,000 | - |
| 906084110 | Forestry Protection | 600,000 | - | 600,000 | - |
| 906094110 | Prosopis Mgt | 1,400,000 | 82,140 | 1,317,860 | 5.9 |
| | Turkana Water Programme | 332,421,056 | 900,000 | 331,521,056 | 0.3 |
| 1001014110 | General Administration, Planning and support services | 12,000,000 | - | 12,000,000 | - |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|------------------|--|-------------------------------|-------------------------------|-----------------|-----------------------|
| 1001024110 | Construction and Desilting of Water Pans/Rock Catchment | 82,898,707 | - | 82,898,707 | - |
| 1001034110 | Rehabilitation of Water Infrastructure | 106,845,789 | 900,000 | 105,945,789 | 0.8 |
| 1001044110 | Drilling and Equipping of Boreholes | 122,163,068 | - | 122,163,068 | - |
| 1001084110 | Equipment of Quality Analysis Laboratory | 6,000,000 | - | 6,000,000 | - |
| 1001094110 | Project Coordination and Management | 2,513,492 | - | 2,513,492 | - |
| | Joint planning with stakeholders | 45,231,510 | - | 45,231,510 | - |
| 1002014110 | Technical planning and design | 45,231,510 | - | 45,231,510 | - |
| | Irrigation And Schemes Development Programme | 6,299,545 | - | 6,299,545 | - |
| 1003014110 | Feasibility studies for irrigation systems development | 6,299,545 | - | 6,299,545 | - |
| | Turkana Agriculture Programme | 19,500,000 | 35,000 | 19,465,000 | 0.2 |
| 1004014110 | Farmers training | 4,000,000 | - | 4,000,000 | - |
| 1004024110 | Establishment of farm demonstrations and trials | 5,200,000 | - | 5,200,000 | - |
| 1004034110 | Organising field days show and exhibitions | 1,500,000 | 35,000 | 1,465,000 | 2.3 |
| 1004124110 | Climate Change & Adaptation | 8,800,000 | - | 8,800,000 | - |
| | TURKANA REHABILITATION PROGRAMME | 14,071,178 | 29,400 | 14,041,778 | 0.2 |
| 1005014110 | Construction of trapezoidal bunds, contours & micro catchment | 2,718,000 | 29,400 | 2,688,600 | 1.1 |
| 1005024110 | Construction of rock catchments and sand dams | 1,728,000 | - | 1,728,000 | - |
| 1005034110 | The sinking of shallow wells | 5,625,178 | - | 5,625,178 | - |
| 1005064110 | Artisanal Mining Equipment | 2,000,000 | - | 2,000,000 | - |
| 1005074110 | Extractive Bills & Policies | 2,000,000 | - | 2,000,000 | - |
| | General Administration and Support | 189,588,777 | 2,883,881 | 186,704,896 | 1.5 |
| 1012014110 | General Administration and Support | 189,588,777 | 2,883,881 | 186,704,896 | 1.5 |
| | | 3,056,732 | - | 3,056,732 | - |
| 1013014110 | Oil & gas | 1,600,000 | - | 1,600,000 | - |
| 1013024110 | Extractive Regulations & Strategies | 1,456,732 | - | 1,456,732 | - |
| | Municipality operations | 144,694,910 | 1,615,780 | 143,079,130 | 1.1 |
| 133014110 | General Admin Planning and Support Services | 45,566,997 | 1,615,780 | 43,951,217 | 3.5 |
| 133024110 | Municipal Planning | 11,051,110 | - | 11,051,110 | - |
| 133034110 | Municipal Services | 88,076,803 | - | 88,076,803 | - |
| | County Attorney | 137,094,404 | 3,687,740 | 133,406,664 | 2.7 |
| | | 16,629,600 | 1,540,210 | 15,089,390 | 9.3 |
| 701134110 | General Administration, Planning and Support Services- County At | 16,629,600 | 1,540,210 | 15,089,390 | 9.3 |
| | | 89,514,590 | 2,147,530 | 87,367,060 | 2.4 |
| 732014110 | Litigation | 75,062,800 | 1,200,660 | 73,862,140 | 1.6 |

| Programme | Sub- Programme | Approved Budget (Kshs) | Actual Payments (Kshs) | Variance | Absorption (%) |
|-----------|--|------------------------|------------------------|-----------------------|----------------|
| 732024110 | Govt Agreements & Contracts | 7,854,800 | 479,950 | 7,374,850 | 6.1 |
| 732034110 | Legal Audit & Compliance | 6,596,990 | 466,920 | 6,130,070 | 7.1 |
| | | 26,466,214 | - | 26,466,214 | - |
| 733014110 | Legislation | 18,562,214 | - | 18,562,214 | - |
| 733024110 | Policy & Legal Briefs | 7,904,000 | - | 7,904,000 | - |
| | | 4,484,000 | - | 4,484,000 | - |
| 734014110 | Training of Legal Counsel | 1,630,000 | - | 1,630,000 | - |
| 734024110 | Legal Training & Awareness | 2,854,000 | - | 2,854,000 | - |
| | COUNTY ASSEMBLY OF TURKANA | 976,950,164 | 123,375,235 | 853,574,929 | 12.6 |
| 701134110 | General Administration, Planning and Support Services- County At | 909,552,162 | 123,375,235 | 786,176,927 | 13.6 |
| 732014110 | Legislation | 27,873,059 | | 27,873,059 | - |
| 734024110 | Oversight | 39,524,943 | | 39,524,943 | - |
| | Total | 14,027,605,849 | 1,463,766,280 | 12,563,839,569 | 10.4 |

Source: Turkana County Treasury

Programmes with high levels of implementation based on absorption rates were: Cooperative Development Fund, the Youth and Women Fund, and the Turkana Education and Skill Development Fund, all at 100 per cent of budget allocation.

3.44.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.240 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.77 billion. The development expenditure represented 5 per cent of the annual development budget.
3. The County Treasury failed to provide a payment plan for pending bills that amounted to Kshs.1.79 billion at the beginning of the financial year.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County Treasury should provide a payment plan and ensure all pending bills are budgeted and settled as a first charge in the FY 2021/22.*

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.9.68 billion, comprising Kshs.3.19 billion (33 per cent) and Kshs.6.49 billion (67 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.07 billion (83.4 per cent) as the equitable share of revenue raised nationally and generate Kshs.1 billion (10.3 per cent) from its sources of revenue. The County also expects to receive Kshs.608.85 million (6.3 per cent) as conditional grants. The grants consist of Kshs.354.49 million IDA (World Bank) credit - Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.60 million IDA (World Bank) credit - Kenya Urban Support Project (KUSP), Kshs.33.08 million IDA (World Bank) credit - Transforming Health Systems for Universal Care Project, Kshs.112.82 million IDA (World Bank) credit - Kenya Devolution Support Project

(KDSP) - Level 1, Kshs.14.03 million DANIDA Grant - Universal Healthcare for Devolved System Program, Kshs.11 million Conditional Grant - Rehabilitation of Youth Polytechnics and Kshs.23.44 million Sweden- Agricultural Sector Development Support Programme (ASDSP) II.

3.45.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.33 billion as the equitable share of the revenue raised nationally and raised Kshs.172.66 million as own-source revenue and had a cash balance of Kshs.2.91 billion from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.4.42 billion, as shown in .

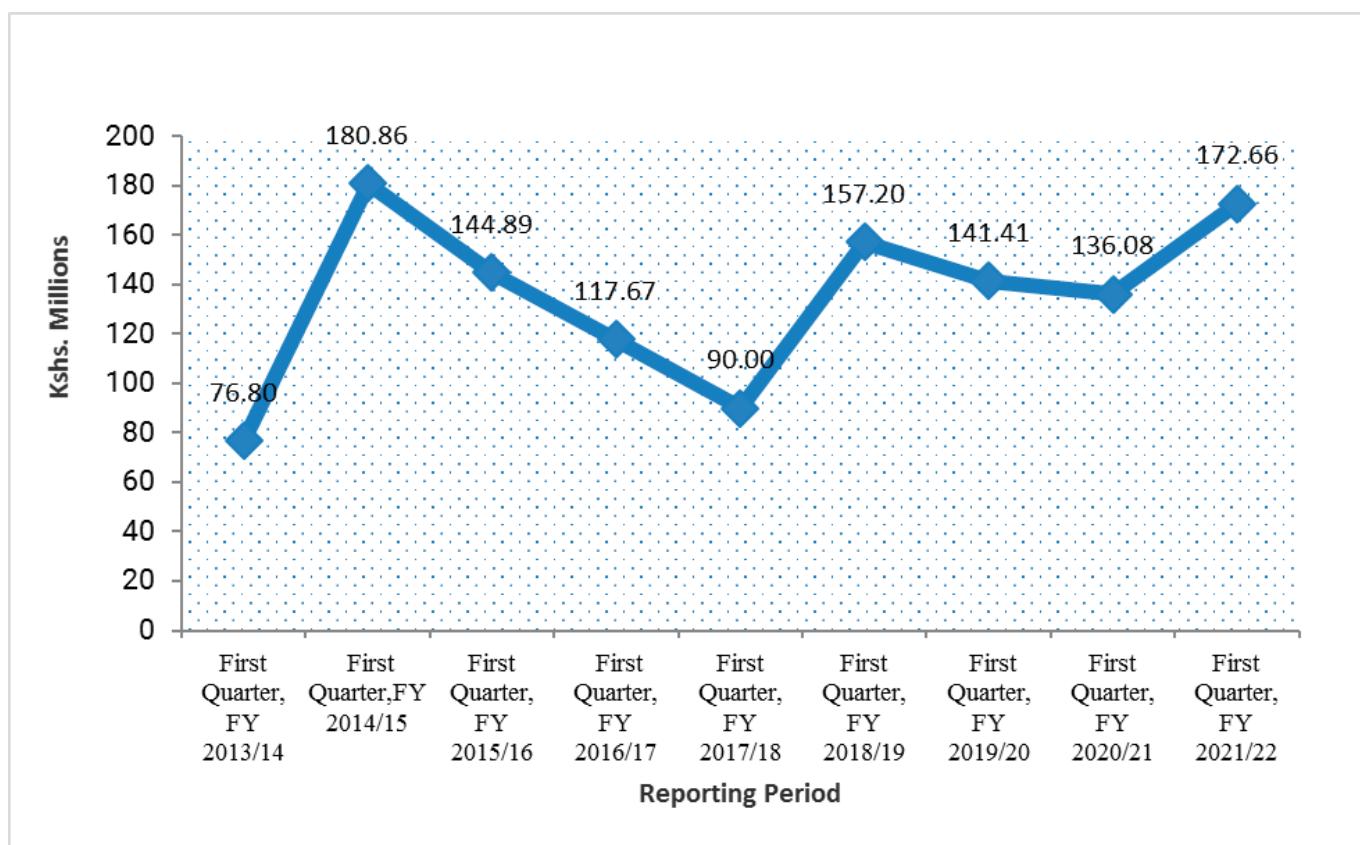
Table 3.188: Uasin Gishu County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|--------------------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 8,068,858,318 | 1,331,361,622 | 16.5 |
| | Sub Total | 8,068,858,318 | 1,331,361,622 | 16.5 |
| B | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 1,000,000,000 | 172,661,737 | 17.3 |
| 2. | Balance B/F from FY 2020/21 | - | 2,916,159,556 | - |
| 3. | Other Revenues (Conditional Grants) | 608,853,967 | - | - |
| | Sub Total | 1,608,853,967 | 3,088,821,293 | 192.0 |
| Grand Total | | 9,677,712,285 | 4,420,182,915 | 45.7 |

Source: Uasin Gishu County Treasury

Figure 3.87 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.87: Q1 Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Uasin Gishu County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.172.66 million as own-source revenue. This amount represented an increase of 26.9 per cent compared to Kshs.136.08 million realised during a similar period in the first quarter of FY 2020/21 and was 17.3 per cent of the annual target.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.1 billion from the CRF account during the reporting period. The amount comprised Kshs.14.15 million (1.3 per cent) for development programmes and Kshs.1.09 billion (98.7 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

The County spent Kshs.1.1 billion on development and recurrent programmes during the reporting period. This expenditure represented 100 per cent of the total funds released by the CoB and comprised of Kshs.14.15 million and Kshs1.09 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.4 per cent, while recurrent expenditure represented 16.7 per cent of the annual recurrent expenditure budget.

3.45.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.116.3 million and comprised of Kshs.25.66 million for recurrent expenditure and Kshs.90.64 million for development expenditure. At the beginning of FY 2021/22, the County had prepared a payment plan to settle the entire bills in the financial year. During the period under review, the County did not make any payment for pending bills.

3.45.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.953.31 million was spent on employee compensation, Kshs.132.61 million on operations and maintenance, and Kshs.14.15 million on development activities, as shown in Table 3.189.

Table 3.189: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|--------------------------------------|----------------------|--------------------|--------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 5,779,584,980 | 707,791,808 | 961,185,317 | 124,740,706 | 16.6 | 17.6 |
| Compensation to Employees | 3,984,900,120 | 350,654,059 | 863,715,334 | 89,597,600 | 21.7 | 25.6 |
| Operations and Maintenance | 1,794,684,860 | 357,137,749 | 97,469,983 | 35,143,106 | 5.4 | 9.8 |
| Total Development Expenditure | 3,090,335,497 | 100,000,000 | - | 14,151,654 | 0.0 | 14.2 |
| Grand Total | 8,869,920,477 | 807,791,808 | 961,185,317 | 138,892,359 | 10.8 | 17.2 |

Source: Uasin Gishu County Treasury

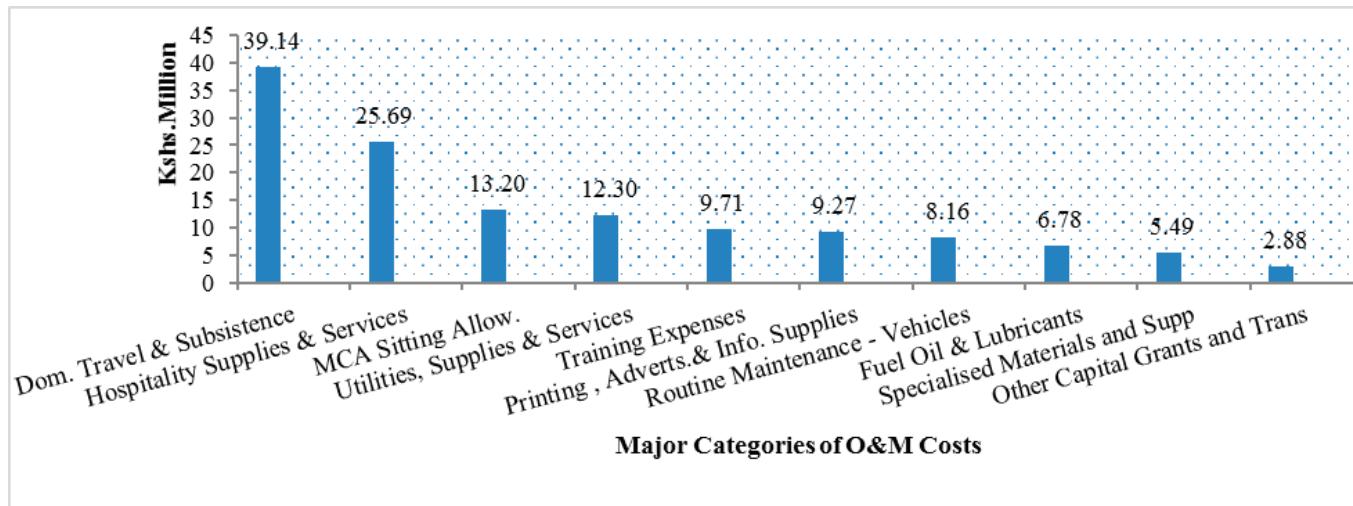
3.45.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.7 per cent of the total expenditure for the reporting period and 39.4 per cent of the first quarter proportional revenue of Kshs.2.42 billion.

3.45.8 Expenditure on Operations and Maintenance

Figure 3.88 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.88: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

The County spent Kshs.13.2 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.36.69 million. The average monthly sitting allowance was Kshs.91,650 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.39.14 million and comprised of Kshs.14.74 million spent by the County Assembly and Kshs.23.56 million by the County Executive. Expenditure on foreign travel amounted to Kshs.0.84 million by the County Assembly.

3.45.9 Development Expenditure

The County incurred a development expenditure of Kshs.14.15 million on Refurbishment of Buildings by the County Assembly, which represented an increase of 100 per cent compared to a similar period in FY 2020/21 when the County did not report any expenditure.

3.45.10 Budget Performance by Department

Table 3.190 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.190: Uasin Gishu County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|--------|----------------------------------|-----|-----------------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Office of the Governor | 122.40 | - | 27.01 | - | 19.88 | - | 73.6 | - | 16.2 | - |
| Finance | 283.99 | - | 68.45 | - | 30.00 | - | 43.8 | - | 10.6 | - |
| Public Service Management | 812.84 | 10.42 | 163.27 | - | 198.08 | - | 121.3 | - | 24.4 | - |
| ICT and E-Government | 62.65 | 20.62 | 4.00 | - | 10.50 | - | 262.5 | - | 16.8 | - |
| Roads, Transport, Energy and Public Works | 442.15 | 657.04 | 114.27 | - | 15.00 | - | 13.1 | - | 3.4 | - |
| Lands and Housing | 78.72 | 433.01 | 20.00 | - | 0.70 | - | 3.5 | - | 0.9 | - |
| Water, Environment, Natural Resources, Tourism and Wildlife Management | 182.95 | 353.32 | 30.78 | - | 2.41 | - | 7.8 | - | 1.3 | - |

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|--------------------------------------|-----------------|-------------------------------------|--------------|--------------------------------|--------------|---|--------------|------------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Health Services | 2,117.02 | 355.88 | 346.25 | - | 462.38 | - | 133.5 | - | 21.8 | - |
| Agriculture | 239.19 | 483.67 | 26.81 | - | 83.08 | - | 309.9 | - | 34.7 | - |
| Trade, Investment and Industrialisation | 90.08 | 74.12 | - | - | 20.06 | - | - | - | 22.3 | - |
| Education, Culture and Social Services | 438.70 | 191.39 | 60.60 | - | 73.25 | - | 120.9 | - | 16.7 | - |
| County Public Service Board | 66.05 | - | 6.88 | - | 1.61 | - | 23.3 | - | 2.4 | - |
| County Assembly | 707.79 | 100.00 | 124.74 | 14.15 | 124.74 | 14.15 | 100.0 | 100.0 | 17.6 | 14.2 |
| Budget and Economic Planning | 150.91 | - | 5.26 | - | 8.33 | - | 158.2 | - | 5.5 | - |
| Devolution and Public Administration | 126.24 | 152.51 | 13.00 | - | 10.20 | - | 78.5 | - | 8.1 | - |
| Youth and Sports Development | 257.38 | 138.55 | 45.50 | - | 20.47 | - | 45.0 | - | 8.0 | - |
| Cooperatives and Enterprise Development | 81.20 | 7.73 | 1.00 | - | 1.06 | - | 106.3 | - | 1.3 | - |
| Livestock Development and Fisheries | 63.79 | 121.54 | 9.40 | - | 1.11 | - | 11.8 | - | 1.7 | - |
| Physical Planning and Urban Development | 50.98 | 50.01 | 7.00 | - | 0.69 | - | 9.8 | - | 1.4 | - |
| Eldoret Municipality | 112.33 | 40.51 | 11.71 | - | 2.39 | - | 20.4 | - | 2.1 | - |
| TOTAL | 6,487.38 | 3,190.34 | 1,085.93 | 14.15 | 1,085.93 | 14.15 | 100.0 | 100.0 | 16.7 | 0.4 |

Source: Uasin Gishu County Treasury

Analysis of expenditure by the departments shows that the County Assembly recorded the highest absorption rate of development budget at 14.2 per cent while all the other Departments did not report any expenditure on development activities. The Department of Agriculture had the highest percentage of recurrent expenditure to budget at 34.7 per cent while the Department of Lands and Housing had the lowest at 0.9 per cent.

3.45.11 Budget Execution by Programmes and Sub-Programmes

Table 3.191 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.191: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

| Description (Program and Sub Program) | Approved Bud- get FY 2021/22 | Actual Pay- ments | Variance (Kshs.) | Absorption (%) | |
|---------------------------------------|---------------------------------|----------------------|---------------------|-------------------|-------|
| | | | | Kshs. | Kshs. |
| Governor's Office | | | | | |
| Administration | 108,215,739 | 14,905,141 | 93,310,598 | | 13.8 |
| Administration And Support Services | 108,215,739 | 14,905,141 | 93,310,598 | | 13.8 |
| Inter-Governmental Committee | 500,000 | | 500,000 | | 0.0 |
| Administration and Support Services | 500,000 | - | 500,000 | | 0.0 |
| | 9,183,890 | 2,816,390 | 6,367,500 | | 30.7 |
| Administration and Support Services | 9,183,890 | 2,816,390 | 6,367,500 | | 30.7 |
| | 4,500,000 | 2,159,460 | 2,340,540 | | 48.0 |
| Administration and Support Services | 4,500,000 | 2,159,460 | 2,340,540 | | 48.0 |
| Finance And Economic Planning | | | | | |
| Administration | 244,644,959 | 14,798,949 | 229,846,010 | | 6.0 |
| Public Finance Management | 244,644,959 | 14,798,949 | 229,846,010 | | 6.0 |
| Revenue Section | 29,500,000 | 12,008,946 | 17,491,054 | | 40.7 |
| Public Finance Management | 29,500,000 | 12,008,946 | 17,491,054 | | 40.7 |
| Accounts Section | 4,350,000 | 1,703,750 | 2,646,250 | | 39.2 |
| Public Finance Management | 4,350,000 | 1,703,750 | 2,646,250 | | 39.2 |

| Description (Program and Sub Program) | Approved Budget FY 2021/22 | Actual Payments | Variance (Kshs.) | Absorption (%) |
|---|----------------------------|--------------------|----------------------|----------------|
| | Kshs. | Kshs. | Kshs. | Percentage |
| Procurement And Supplies Section | 3,500,000 | 1,103,000 | 2,397,000 | 31.5 |
| Public Finance Management | 3,500,000 | 1,103,000 | 2,397,000 | 31.5 |
| Internal Audit Section | 2,000,000 | 385,355 | 1,614,645 | 19.3 |
| Public Finance Management | 2,000,000 | 385,355 | 1,614,645 | 19.3 |
| | | | | |
| Public Service Management | | | | |
| Administration | 748,990,499 | 194,262,040 | 554,728,459 | 25.9 |
| Administration And Support Services | 738,575,231 | 194,262,040 | 544,313,191 | 26.3 |
| Human Resource Management And Development | 2,000,000 | - | 2,000,000 | 0.0 |
| County Governance Support Services | 8,415,268 | - | 8,415,268 | 0.0 |
| Communication Section | 13,170,000 | 1,051,160 | 12,118,840 | 8.0 |
| Administration And Support Services | 13,170,000 | 1,051,160 | 12,118,840 | 8.0 |
| Legal Section | 54,304,731 | 900,000 | 53,404,731 | 1.7 |
| Administration and Support Services | 54,304,731 | 900,000 | 53,404,731 | 1.7 |
| Registry Section | 405,000 | 30,000 | 375,000 | 7.4 |
| Administration and Support Services | 405,000 | 30,000 | 375,000 | 7.4 |
| Human Resource Section | 6,390,000 | 1,831,800 | 4,558,200 | 28.7 |
| Administration And Support Services | 6,390,000 | 1,831,800 | 4,558,200 | 28.7 |
| | | | | |
| ICT And E-Government | | | | |
| Administration- ICT And E-Government | 83,271,842 | 10,500,000 | 72,771,842 | 12.6 |
| Ict Infrastructure Development | 20,622,902 | - | 20,622,902 | 0.0 |
| Administrative Support Services | 62,648,940 | 10,500,000 | 52,148,940 | 16.8 |
| | | | | |
| Roads, Transport And Infrastructure | | | | |
| Administration | 210,118,213 | 10,136,171 | 199,982,042 | 4.8 |
| Roads Infrastructure Development | 210,118,213 | 10,136,171 | 199,982,042 | 4.8 |
| Roads Department | 776,623,085 | - | 776,623,085 | 0.0 |
| Roads Infrastructure Development | 776,623,085 | - | 776,623,085 | 0.0 |
| Public Works Department | 12,250,000 | 363,741 | 11,886,259 | 3.0 |
| Roads Infrastructure Development | 2,250,000 | 363,741 | 1,886,259 | 16.2 |
| Administration Support Services | 10,000,000 | - | 10,000,000 | 0.0 |
| Transport Department | 10,250,000 | - | 10,250,000 | 0.0 |
| Disaster Management | 10,250,000 | - | 10,250,000 | 0.0 |
| | 89,950,000 | 4,500,088 | 85,449,912 | 5.0 |
| Street Lighting Services | 89,950,000 | 4,500,088 | 85,449,912 | 5.0 |
| | | | | |
| Lands, Housing And Physical Planning | | | | |
| Administration | 134,716,241 | 698,910 | 134,017,331 | 0.5 |
| Land Policy And Management | 134,716,241 | 698,910 | 134,017,331 | 0.5 |
| Physical Planning Section | 376,013,563 | - | 376,013,563 | 0.0 |
| Crop Development and Management | 277,959,803 | - | 277,959,803 | 0.0 |
| Land Policy and Management | 98,053,760 | - | 98,053,760 | 0.0 |
| Survey Section | 1,000,000 | - | 1,000,000 | 0.0 |
| Land Policy and Management | 1,000,000 | - | 1,000,000 | 0.0 |
| | | | | |
| Water, Environment, Energy And Natural Resources | | | | |
| Administration | 182,952,491 | 2,409,568 | 180,542,923 | 1.3 |
| Water Supply Services | 182,952,491 | 2,409,568 | 180,542,923 | 1.3 |
| Environment Section | 46,100,000 | - | 46,100,000 | 0.0 |
| Rural Electrification | 28,100,000 | - | 28,100,000 | 0.0 |
| Environmental Management and Protection | 18,000,000 | - | 18,000,000 | 0.0 |
| Water Section | 297,220,888 | - | 297,220,888 | 0.0 |
| Water Supply Services | 297,220,888 | - | 297,220,888 | 0.0 |
| Energy Section | 10,000,000 | - | 10,000,000 | 0.0 |
| Tourism Development and Marketing | 10,000,000 | - | 10,000,000 | 0.0 |
| | | | | |
| Health Services | | | | |
| Administration | 2,253,837,616 | 462,377,834 | 1,791,459,782 | 20.5 |

| Description (Program and Sub Program) | Approved Bud- | Actual Pay- | Variance | Absorption |
|---|--------------------|--------------------|--------------------|------------|
| | get FY 2021/22 | Kshs. | Kshs. | (Kshs.) |
| | Kshs. | Kshs. | Kshs. | Percentage |
| Administration And Support Services | 2,001,837,616 | 462,377,834 | 1,539,459,782 | 23.1 |
| Health Infrastructure | 3,000,000 | - | 3,000,000 | 0.0 |
| Curative Health Services | 249,000,000 | - | 249,000,000 | 0.0 |
| Clinical Services | 214,059,005 | - | 214,059,005 | 0.0 |
| Clinical Services | 214,059,005 | - | 214,059,005 | 0.0 |
| Prevention And Health Promotion | 5,000,000 | - | 5,000,000 | 0.0 |
| Public Health Services | 5,000,000 | - | 5,000,000 | 0.0 |
| Agriculture, Livestock And Fisheries | | | | |
| Administration- | 238,250,651 | 59,087,601 | 179,163,050 | 24.8 |
| Crop Development and Management | 3,600,000 | - | 3,600,000 | 0.0 |
| Administration Support Services | 234,650,651 | 59,087,601 | 175,563,050 | 25.2 |
| Livestock | 5,000,000 | - | 5,000,000 | 0.0 |
| Crop Development and Management | 5,000,000 | - | 5,000,000 | 0.0 |
| Agriculture | 442,072,377 | 23,701,180 | 418,371,197 | 5.4 |
| Livestock Resource Management and Development | 2,500,000 | - | 2,500,000 | 0.0 |
| Crop Development And Management | 439,572,377 | 23,701,180 | 415,871,197 | 5.4 |
| Chebororwa Training Center | 991,238 | - | 991,238 | 0.0 |
| Agricultural Training Services - Chebororwa | 991,238 | - | 991,238 | 0.0 |
| Agricultural Machinery Service | 36,551,699 | 294,000 | 36,257,699 | 0.8 |
| Agricultural Mechanization Services | 36,551,699 | 294,000 | 36,257,699 | 0.8 |
| Trade, Cooperatives, Tourism And Wildlife | | | | |
| Administration- | 90,075,353 | 20,061,565 | 70,013,788 | 22.3 |
| Administration and Support Services | 90,075,353 | 20,061,565 | 70,013,788 | 22.3 |
| Trade Department | 74,122,114 | - | 74,122,114 | 0.0 |
| Trade Development and Investment | 29,850,000 | - | 29,850,000 | 0.0 |
| Market Services | 44,272,114 | - | 44,272,114 | 0.0 |
| Education, Social Cultural, Youth And Sports | | | | |
| Administration | 272,474,665 | 61,376,417 | 211,098,248 | 22.5 |
| Administration and Support Services | 267,474,665 | 61,376,417 | 206,098,248 | 22.9 |
| Basic Education | 5,000,000 | - | 5,000,000 | 0.0 |
| Education Department | 253,900,000 | 4,034,575 | 249,865,425 | 1.6 |
| Basic Education | 241,900,000 | 4,034,575 | 237,865,425 | 1.7 |
| Early Childhood Education and Training | 12,000,000 | - | 12,000,000 | 0.0 |
| Department Of Culture | 21,986,715 | 7,689,480 | 14,297,235 | 35.0 |
| Administration And Support Services | 16,000,000 | 7,689,480 | 8,310,520 | 48.1 |
| Community Development Services | 5,986,715 | - | 5,986,715 | 0.0 |
| Social Service Department | 76,230,172 | - | 76,230,172 | 0.0 |
| Social Development Services | 76,230,172 | - | 76,230,172 | 0.0 |
| | 5,500,000 | 149,500 | 5,350,500 | 2.7 |
| Social Development Services | 5,500,000 | 149,500 | 5,350,500 | 2.7 |
| County Public Service Board | | | | |
| Headquarters | 66,049,506 | 1,605,949 | 64,443,557 | 2.4 |
| Administration And Support Services | 66,049,506 | 1,605,949 | 64,443,557 | 2.4 |
| County Assembly | | | | |
| Headquarters | 807,791,808 | 138,892,359 | 668,899,449 | 17.2 |
| County Planning And Economic Policy Management | 807,791,808 | 138,892,359 | 668,899,449 | 17.2 |
| Budget And Economic Planning | | | | |
| | 83,163,087 | 8,325,580 | 74,837,507 | 10.0 |
| County Planning And Economic Policy Management | 83,163,087 | 8,325,580 | 74,837,507 | 10.0 |
| | 10,600,000 | - | 10,600,000 | 0.0 |
| County Planning And Economic Policy Management | 10,600,000 | - | 10,600,000 | 0.0 |
| | 15,000,000 | - | 15,000,000 | 0.0 |
| County Planning And Economic Policy Management | 15,000,000 | - | 15,000,000 | 0.0 |

| Description (Program and Sub Program) | Approved Bud- | Actual Pay- | Variance | Absorption | |
|--|----------------------|----------------------|----------------------|------------|-------------|
| | get FY 2021/22 | Kshs. | Kshs. | (Kshs.) | (%) |
| | 42,150,000 | - | 42,150,000 | | 0.0 |
| County Planning And Economic Policy Management | 42,150,000 | - | 42,150,000 | | 0.0 |
| Devolution And Public Administration | 278,754,666 | 10,202,915 | 268,551,751 | | 3.7 |
| Administration Support Services | 152,513,277 | 10,202,915 | 142,310,362 | | 6.7 |
| Administration And Support Services | 126,241,389 | - | 126,241,389 | | 0.0 |
| Youth And Sports Development | 174,554,023 | 20,465,840 | 154,088,183 | | 11.7 |
| Administration | 174,554,023 | 20,465,840 | 154,088,183 | | 11.7 |
| Administration And Support Services | 174,454,023 | 20,465,840 | 153,988,183 | | 11.7 |
| Management And Development Of Sports And Sports Facilities | 100,000 | - | 100,000 | | 0.0 |
| | 119,954,597 | - | 119,954,597 | | 0.0 |
| Administration and Support Services | 51,900,000 | - | 51,900,000 | | 0.0 |
| Youth Training and Development | 68,054,597 | - | 68,054,597 | | 0.0 |
| | 101,423,638 | - | 101,423,638 | | 0.0 |
| Tourism Development and Marketing | 64,000,000 | - | 64,000,000 | | 0.0 |
| Administration and Support Services | 31,023,638 | - | 31,023,638 | | 0.0 |
| Management and Development of Sports and Sports Facilities | 6,400,000 | - | 6,400,000 | | 0.0 |
| Cooperatives And Enterprise Development | 48,535,077 | 1,062,978 | 47,472,099 | | 2.2 |
| Administration | 48,535,077 | 1,062,978 | 47,472,099 | | 2.2 |
| Weights And Measurements | 1,000,000 | - | 1,000,000 | | 0.0 |
| Cooperatives Development and Marketing | 47,535,077 | 1,062,978 | 46,472,099 | | 2.2 |
| | 40,400,000 | - | 40,400,000 | | 0.0 |
| Weights and Measurements | 40,400,000 | - | 40,400,000 | | 0.0 |
| Livestock Development And Fisheries | 61,790,589 | 1,105,740 | 60,684,849 | | 1.8 |
| Administration | 61,790,589 | 1,105,740 | 60,684,849 | | 1.8 |
| Crop Development and Management | 61,790,589 | 1,105,740 | 60,684,849 | | 1.8 |
| | 7,000,000 | - | 7,000,000 | | 0.0 |
| Fisheries Development | 7,000,000 | - | 7,000,000 | | 0.0 |
| | 116,537,098 | - | 116,537,098 | | 0.0 |
| Livestock Resource Management and Development | 103,340,000 | - | 103,340,000 | | 0.0 |
| Agribusiness Development | 13,197,098 | - | 13,197,098 | | 0.0 |
| Physical Planning And Urban Development | 36,551,322 | - | 36,551,322 | | 0.0 |
| Administration | 36,551,322 | - | 36,551,322 | | 0.0 |
| Housing Development | 36,551,322 | - | 36,551,322 | | 0.0 |
| | 10,890,000 | 688,576 | 10,201,424 | | 6.3 |
| Housing Development | 10,890,000 | 688,576 | 10,201,424 | | 6.3 |
| | 53,554,130 | - | 53,554,130 | | 0.0 |
| Housing Development | 53,554,130 | - | 53,554,130 | | 0.0 |
| Eldoret Municipality | 152,789,998 | 2,391,118 | 150,398,880 | | 1.6 |
| Administration | 152,789,998 | 2,391,118 | 150,398,880 | | 1.6 |
| Housing Development | 152,789,998 | 2,391,118 | 150,398,880 | | 1.6 |
| | 50,000 | - | 50,000 | | 0.0 |
| Disaster Management | 50,000 | - | 50,000 | | 0.0 |
| Grand Total | 9,677,712,285 | 1,100,077,676 | 7,988,299,072 | | 11.4 |

Source: Uasin Gishu County Treasury

Programmes with high levels of implementation based on absorption rates were: Administration and Support Service in the Department of Education, Social Cultural, Youth and Sports at 48.1 per cent, Administration and Support Services in the Office of the Governor at 48 per cent, and Public Finance Management in the Department of Finance at 40.7 per cent of annual budget.

3.45.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.14.15 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.3.19 billion. The development expenditure represented 0.4 per cent of the annual development budget.
3. The underperformance of own-source revenue at Kshs.172.66 million against an annual projection of Kshs.1 billion, representing 17.3 per cent of the annual target.
4. Poor budgeting practice by the County Treasury, as shown in Table 3.2, where the County incurred expenditure over approved exchequer requests.
5. The County failed to budget for the cash balance from FY 2020/21, which amounted to Kshs.2.92 billion.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
5. *The County should prepare a supplementary budget and factor in the opening cash balances of Kshs.2.92 billion.*

3.46 County Government of Vihiga

3.46.1 Overview of FY 2021/22 Budget

During the period under review, the County was on 30 per cent of the FY 2020/21 Approved Budget in line with Court Order No.E008 of 2021. The 30 per cent budget amounted to Kshs.1.97 billion and was entirely for recurrent expenditure programmes.

3.46.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.836.11 million as the equitable share of the revenue raised nationally, raised Kshs.50.53 million as own-source revenue, Kshs.93.31 million as conditional grants. The total funds available for budget implementation during the period amounted to Kshs.979.95 million, as shown in Table 3.192.

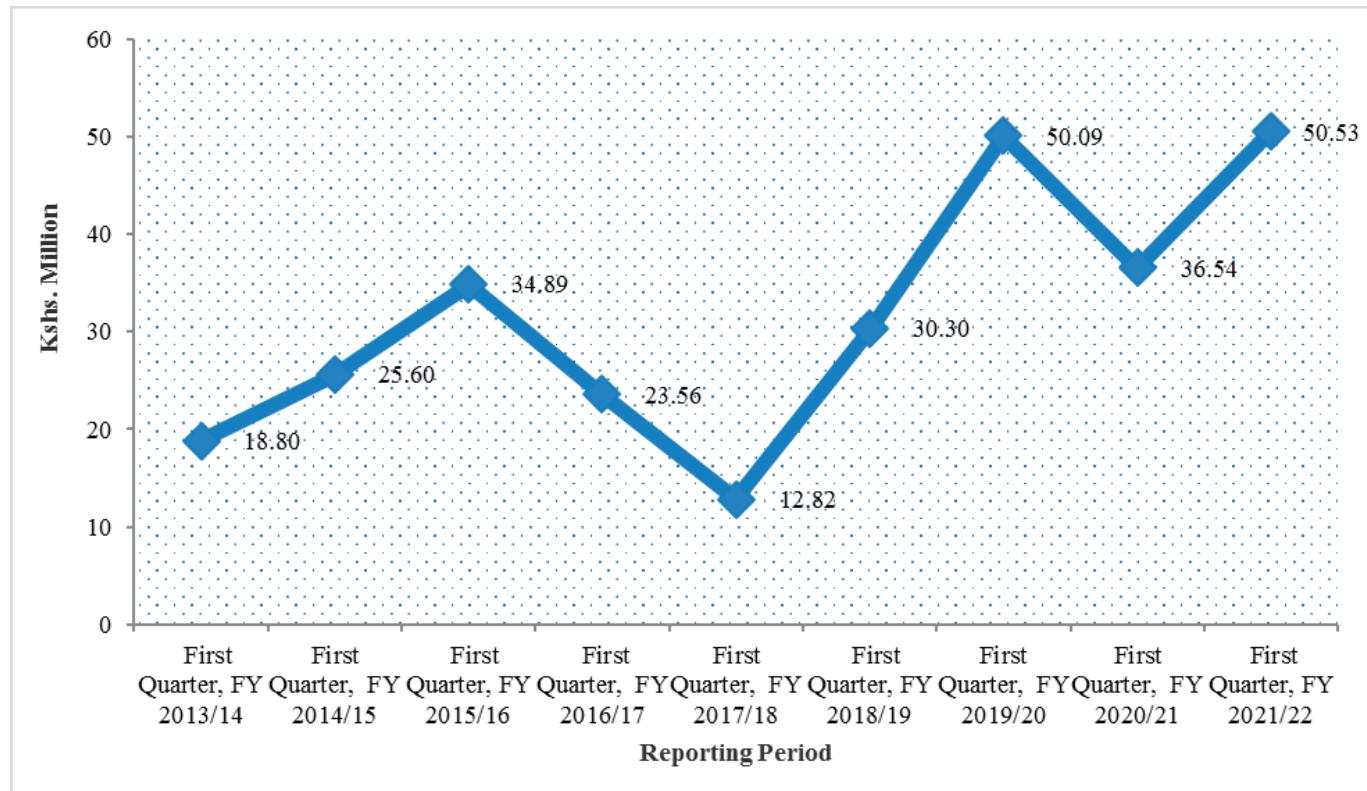
Table 3.192: Vihiga County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Actual Receipts in the FY 2021/22 (in Kshs.) |
|--------------------|--|--|
| A. | Equitable Share of Revenue Raised nationally | 836,113,876 |
| Sub Total | | 836,113,876 |
| B | Other Sources of Revenue | |
| 1 | Own Source Revenue | 50,526,020 |
| 2 | Other Revenues | 93,307,470 |
| Sub Total | | 143,833,490 |
| Grand Total | | 979,947,366 |

Source: Vihiga County Treasury

Figure 3.89 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.89: Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: Vihiga County Treasury

In the first quarter of FY 2021/22, the County generated Kshs.50.53 million as own-source revenue. This amount represented an increase of 38.3 per cent compared to Kshs.36.54 million realised during a similar period in the first quarter of FY 2020/21.

3.46.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.859.54 million from the CRF account during the reporting period for recurrent programmes only.

3.46.4 Overall Expenditure Review

The county spent Kshs.807.10 million on recurrent programmes during the reporting period. This expenditure represented 93.9 per cent of the total funds released by the CoB for recurrent programmes only.

3.46.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.589.91 and comprised of Kshs.83.26 million for recurrent expenditure and Kshs.506.64 million for development expenditure.

The County did not report any expenditure on pending bills in the reporting period due to the expenditure restrictions imposed by the Court Order.

3.46.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.721.90 million was spent on employee compensation, Kshs.85.16 million on operations and maintenance activities as shown in Table 3.193.

Table 3.193: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Exchequer Issues (Kshs.) | | Expenditure (Kshs) | |
|------------------------------------|--------------------------|--------------------|--------------------|--------------------|
| | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 726,293,359 | 133,544,216 | 702,133,895 | 104,970,371 |
| Compensation to Employees | 608,169,560 | 84,306,195 | 622,933,586 | 99,008,157 |
| Operations and Maintenance | 118,123,799 | 49,238,021 | 79,200,309 | 5,962,214 |
| Development Expenditure | | | | |
| Total | 726,293,359 | 133,544,216 | 702,133,895 | 104,970,371 |

Source: Vihiga County Treasury

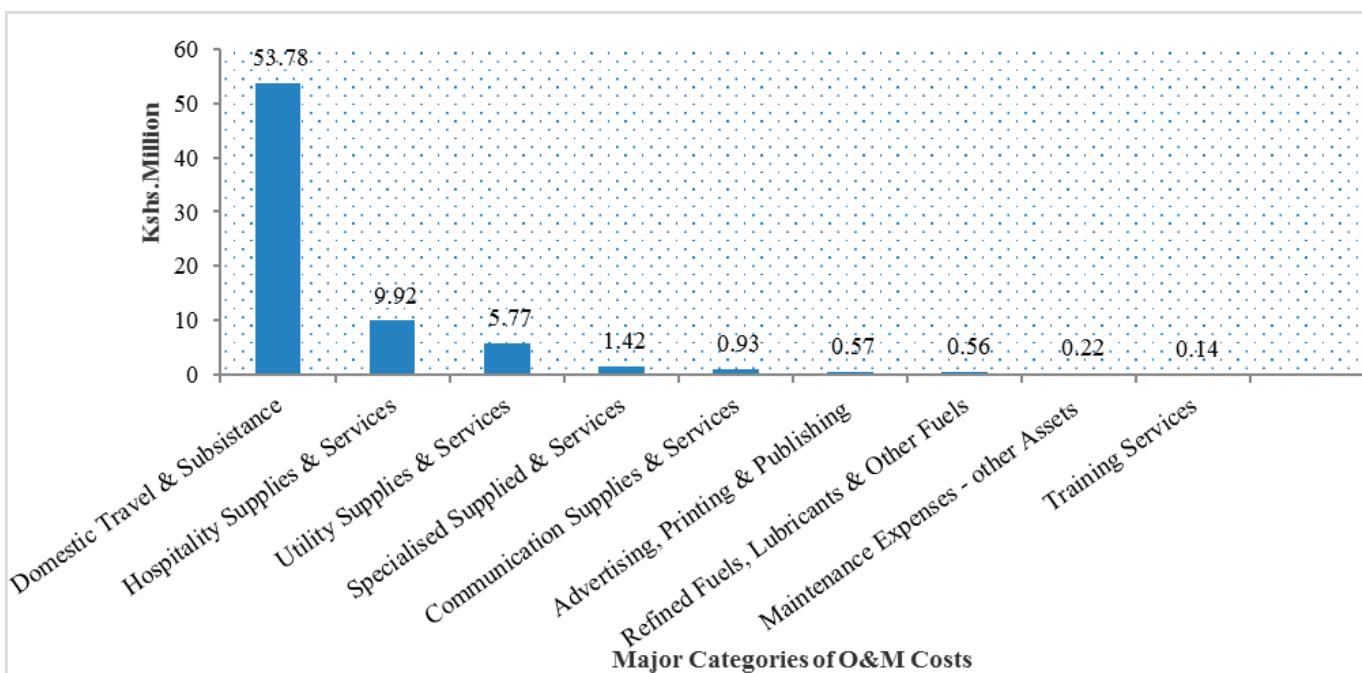
3.46.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 89.4 per cent of the total expenditure for the reporting period.

3.46.8 Expenditure on Operations and Maintenance

Figure 3.90 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.90: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

During the period, expenditure on domestic travel amounted to Kshs.53.78 million and comprised Kshs.1.41 million spent by the County Assembly and Kshs.52.37 million by the County Executive. The County Assembly did not report any expenditure on MCAs sitting allowance.

3.46.9 Development Expenditure

The County did not report expenditure on development programmes in the reporting period.

3.46.10 Budget Performance by Department

Table 3.194 summarises departments' approved budget allocation and performance in the first quarter of FY 2021/22.

Table 3.194: Vihiga County, Budget Performance by Department

| Department | 30 per cent Budget Allocation (Kshs.) | | Exchequer Issues (Kshs.) | | Expenditure (Kshs.) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|---|---------------------------------------|-----|--------------------------|-----|---------------------|-----|-------------------------------------|-----|---------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Agriculture, Livestock, Fisheries and Co-operatives | 72,639,527 | - | 32,081,711 | - | 22,269,405 | - | 69.4 | - | 30.7 | - |
| Physical Planning, Lands and Housing | 37,217,508 | - | 12,884,634 | - | 6,079,449 | - | 47.2 | - | 16.3 | - |
| Transport, Infrastructure and Communication | 55,237,039 | - | 18,275,250 | - | 8,978,541 | - | 49.1 | - | 16.3 | - |
| Trade, Industry, Tourism and Entrepreneurship | 28,500,176 | - | 8,053,245 | - | 682,110 | - | 8.5 | - | 2.4 | - |
| Health Services | 722,504,230 | - | 310,257,886 | - | 272,013,837 | - | 87.7 | - | 37.6 | - |
| Education, Science, Technical and Vocational Training | 167,314,001 | - | 71,653,851 | - | 55,067,975 | - | 76.9 | - | 32.9 | - |
| Office of the Governor | 123,656,397 | - | 55,099,827 | - | 36,984,812 | - | 67.1 | - | 29.9 | - |
| County Assembly | 299,900,482 | - | 133,544,216 | - | 104,970,371 | - | 78.6 | - | 35.0 | - |
| Finance and Economic Planning | 151,778,481 | - | 73,499,335 | - | 55,113,598 | - | 75.0 | - | 36.3 | - |
| County Public Service Board | 25,645,100 | - | 11,496,791 | - | 7,982,364 | - | 69.4 | - | 31.1 | - |
| Administration and Coordination of County Affairs | 178,206,240 | - | 97,850,815 | - | 209,541,699 | - | 214.1 | - | 117.6 | - |
| Gender, Culture and Youth | 56,294,173 | - | 17,370,391 | - | 6,190,460 | - | 35.6 | - | 11.0 | - |
| Environment, Water and Natural | 56,471,121 | - | 17,769,630 | - | 21,229,645 | - | 119.5 | - | 37.6 | - |
| Total | 1,975,364,475 | - | 859,837,582 | - | 807,104,266 | - | 93.9 | - | 40.9 | - |

Source: Vihiga County Treasury

Analysis of expenditure by the department shows that the Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to budget at 117.6 per cent. Expenditure excess of the budget is irregular and should be regularised.

3.46.11 Budget Execution by Programmes and Sub-Programmes

Table 3.195 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.195: Vihiga County, Budget Execution by Programmes and Sub-programmes

| Budget Execution by Programmes and Sub-Programmes | | | | | | |
|---|-------------------------|----------------------------------|-------------------------|------------------|----------------|--|
| Programme | Sub-Programme | Approved Budget by Court (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) | |
| Administration, Planning and Support Service | | 102,183,513 | 29,012,524 | 73,170,989 | 28.4 | |
| | Administrative Services | 102,183,513 | 29,012,524 | 73,170,989 | 28.4 | |
| Cooperatives Development | | 4,955,000 | 3,480,800 | 1,474,200 | 70.2 | |

| Budget Execution by Programmes and Sub-Programmes | | | | | | |
|---|---------------|--|-------------------------|------------------|----------------|------|
| Programme | Sub-Programme | Approved Budget by Court (Kshs.) | Actual Payments (Kshs.) | Variance (Kshs.) | Absorption (%) | |
| 1 Urban and Physical Planning and Housing Services | | Cooperative Development Services | 4,955,000 | 3,480,800 | 1,474,200 | 70.2 |
| | | | 2,718,522 | - | 2,718,522 | 0.0 |
| Administration, Planning and Support Service | | Vihiga Municipality {KUSP} | 2,718,522 | - | 2,718,522 | 0.0 |
| | | | 55,237,039 | 5,527,561 | 49,709,478 | 10.0 |
| Administration, Planning and Support Service | | Administrative Services | 55,237,039 | 5,527,561 | 49,709,478 | 10.0 |
| | | | 28,500,176 | 10,940,535 | 17,559,641 | 38.4 |
| Administration, Planning and Support Service | | Administrative Services | 28,500,176 | 10,940,535 | 17,559,641 | 38.4 |
| | | | 1,020,232,352 | 454,036,209 | 566,196,143 | 44.5 |
| Child and Maternal Health Care | | Administrative Services | 1,020,232,352 | 454,036,209 | 566,196,143 | 44.5 |
| | | | 2,172,360 | - | 2,172,360 | 0.0 |
| Administration, Planning and Support Service | | Nutrition Services | 2,172,360 | - | 2,172,360 | 0.0 |
| | | | 167,314,001 | 55,067,975 | 112,246,026 | 32.9 |
| Administration, Planning and Support Service | | Administrative Services | 167,314,001 | 55,067,975 | 112,246,026 | 32.9 |
| Administration, Planning and Support Service | | | 479,286,218 | 222,685,058 | 256,601,161 | 46.5 |
| Administration, Planning and Support Service | | Administrative Services | 479,286,218 | 222,685,058 | 256,601,161 | 46.5 |
| Administration, Planning and Support Service | | | 34,832,923 | 5,419,160 | 29,413,763 | 15.6 |
| Sports Administration and Management | | Administrative Services | 34,832,923 | 5,419,160 | 29,413,763 | 15.6 |
| | | | 21,461,250 | (46,200) | 21,507,450 | -0.2 |
| | | Promotion of Sports | 20,491,250 | (46,200) | 20,537,450 | -0.2 |
| | | Promotion of Culture and Heritage | 970,000 | - | 970,000 | 0.0 |
| Social Services | | | - | (249,000) | 249,000 | 0.0 |
| | | Gender, Children, Youth and People with Disability | - | (249,000) | 249,000 | 0.0 |
| Administration, Planning and Support Service | | | 56,471,121 | 21,229,645 | 35,241,476 | 37.6 |
| | | Administrative Services | 56,471,121 | 21,229,645 | 35,241,476 | 37.6 |
| Grand Total | | | 1,975,364,475 | 807,353,266 | 1,168,011,209 | 40.9 |

Source: Vihiga County Treasury

The County reported a negative expenditure under the Gender, Children, Youth and People with Disability sub-programme and Promotion of Sports sub-programme. These negative expenditures should be reviewed and be corrected in the IFMIS system.

3.46.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

- Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The OCoB did not receive financial reports for the Vihiga County Executive Car Loan Scheme Fund, Vihiga County Executive Mortgage Scheme Fund, Vihiga County Sports Fund, and Vihiga County Bursary Fund.
- Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report. The report was submitted on 17th August 2021. The OCoB issued instructed Counties to provide financial reports by 15th July 2021, in line with Section 16 of the COB Act, 2016.
- The County failed to implement the FY 2021/22 approved budget due to disagreements, which led to the Court capping expenditure to 30 per cent of the previous year budget. This implies that planned activities were not implemented during the period under review.

The County should implement the following recommendations to improve budget execution;

- The County Executive Committee Member for Finance (CECM-F) should ensure Fund Administrators prepare and submit financial reports in line with Section 168 of the PFM Act, 2012.*
- The County Treasury should ensure timely preparation and submission of financial reports according to Section 166 of the PFM Act, 2012.*
- The County leadership should embrace out of court dialogues and address the issues of disagreements to ensure planned activities are implemented in the remaining period of the financial year.*

3.47 County Government of Wajir

3.47.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 is Kshs.11.59 billion, comprising Kshs.4.24 billion (36.6 per cent) and Kshs.7.34 billion (63.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.9.47 billion (81.8 per cent) as the equitable share of revenue raised nationally, generate Kshs.100 million (0.9 per cent) from own sources of revenue, and a cash balance of Kshs.499.62 million (4.3 per cent) from FY 2020/21. The County also expects to receive Kshs.1.51 billion (13 per cent) as conditional grants. The grants consist of Kshs.33.85 million for the Transforming Health System- World Bank, Kshs.18.93 million as DANIDA grants, Kshs.346.04 million as Kenya Climate Smart Agricultural Project, Kshs.15.63 million as EU Grants, Kshs.40.58 million as ASDSP, Kshs.600 million as Water and Sanitation, Kshs.88.55 million as Emergency Locust Responses Project, Kshs.4.43 million as 9th Country programme implementation, Kshs.90.84 million as Kenya Urban Support Programme amount brought forward from FY 2020/21, KShs.127.35 million as Kenya Road Maintenance levy fund brought down from FY 2020/21 and Kshs.95.00 million as Kenya Devolution Support Programme brought down from FY 2020/21.

3.47.2 Revenue Performance

In the first quarter of FY 2021/22, the County received Kshs.1.56 billion as the equitable share of the revenue raised nationally, raised Kshs.13 million as own-source revenue and had a cash balance of Kshs.722.58 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.2.30 billion, as shown in Table 3.196.

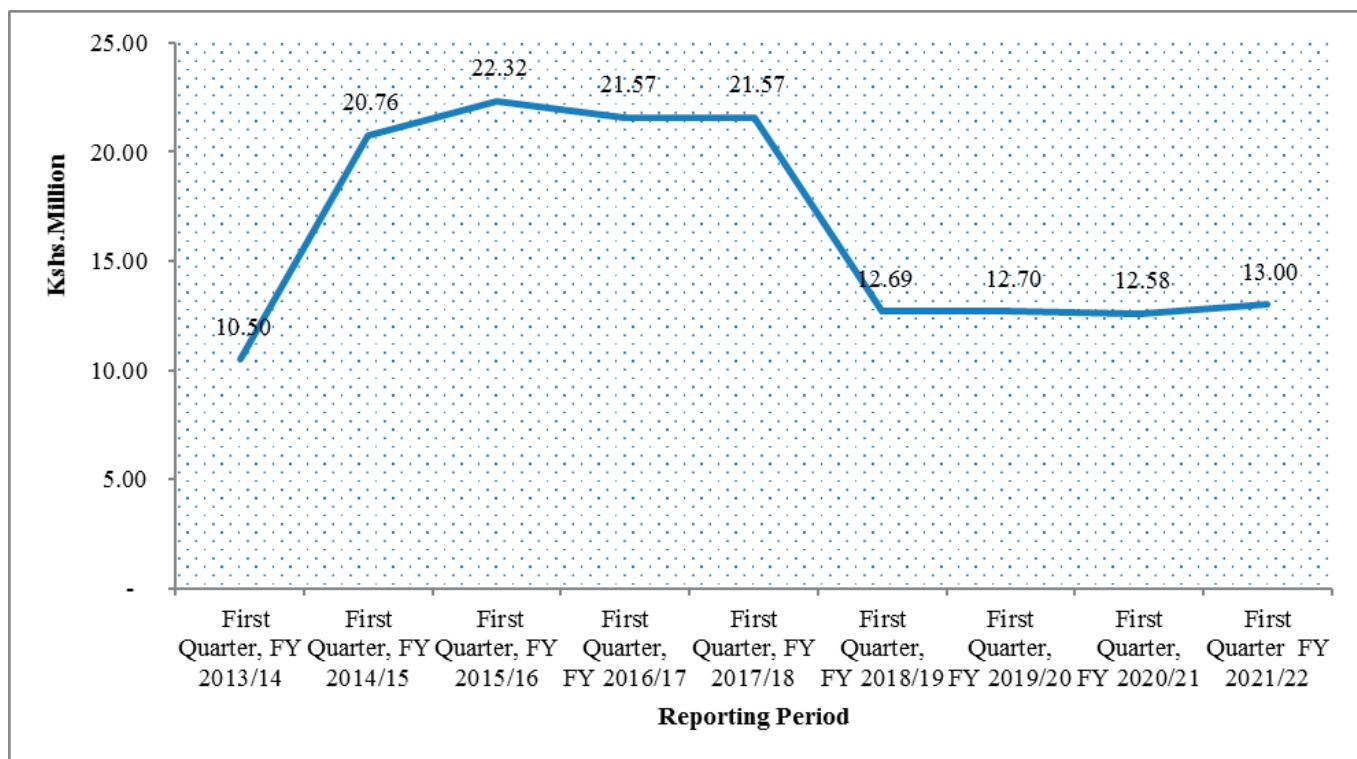
Table 3.196: Wajir County, Revenue Performance in the First Quarter of FY 2021/22

| S/No. | Revenue Category | Annual Budget Allocation (Kshs.) | Actual Receipts (Kshs.) | Actual Receipts as Percentage of Annual Budget Allocation (%) |
|-------|--|----------------------------------|-------------------------|---|
| A. | Equitable Share of Revenue Raised Nationally | 9,474,726,151 | 1,563,329,815 | 17.0 |
| | Sub Total | 9,474,726,151 | 1,563,329,815 | 17.0 |
| B | Other Sources of Revenue | | | |
| 1 | Own Source Revenue | 100,000,000 | 13,000,000 | 13.0 |
| 2 | Balance b/f from FY 2020/21 | 499,622,360 | 722,577,265 | 144.6 |
| 3 | Other Revenues | 1,511,207,274 | - | 0 |
| | Sub Total | 2,110,829,634 | 735,577,265 | 34.8 |
| | Grand Total | 11,585,555,785 | 2,298,907,080 | 19.8 |

Source: Wajir County Treasury

Figure 3.91 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.91: Quarterly Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to the First Quarter of FY 2021/22



Source: Wajir County Treasury

In the first quarter of FY 2021/22, the County generated a total of Kshs.13.0 million as own-source revenue. This amount represented an increase of 3.3 per cent compared to Kshs.12.58 million realised during a similar period in the first quarter of FY 2020/21 and was 13.0 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.27 billion from the CRF account during the reporting period. The amount was entirely for recurrent programmes.

3.47.4 Overall Expenditure Review

The County spent entirely Kshs.1.26 billion on recurrent programmes during the reporting period. This expenditure represented 99.2 per cent of the total funds released by the CoB and was entirely for recurrent programmes and represented 17.2 per cent of the annual recurrent expenditure budget.

3.47.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.1.42 billion and comprised of Kshs.302 million for recurrent expenditure and Kshs.1.12 billion for development expenditure. At the beginning of FY 2021/22, the County had not prepared a payment plan to settle the bills in the financial year.

During the period under review, the County did not report any payments towards the settlement of pending bills. This may be due to late approval for the budget by the County Assembly and the Court case by stakeholders, which limit payment for pending bills.

3.47.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.10 billion was spent on employee compensation and Kshs.166.79 million on operations and maintenance, as shown in Table 3.197.

Table 3.197: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|------------------------------------|-----------------------|--------------------|----------------------|--------------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 6,488,514,507 | 853,341,593 | 1,076,496,522 | 185,297,814 | 16.6 | 21.7 |
| Compensation to Employees | 4,151,824,677 | 421,063,504 | 1,013,197,586 | 81,806,654 | 24.4 | 19.4 |
| Operations and Maintenance | 2,336,689,830 | 432,278,089 | 63,298,936 | 103,491,160 | 2.71 | 23.9 |
| Development Expenditure | 4,203,699,685 | 40,000,000 | - | - | - | - |
| Total | 10,692,214,192 | 893,341,593 | 1,076,496,522 | 185,297,814 | 16.6 | 21.7 |

Source: Wajir County Treasury

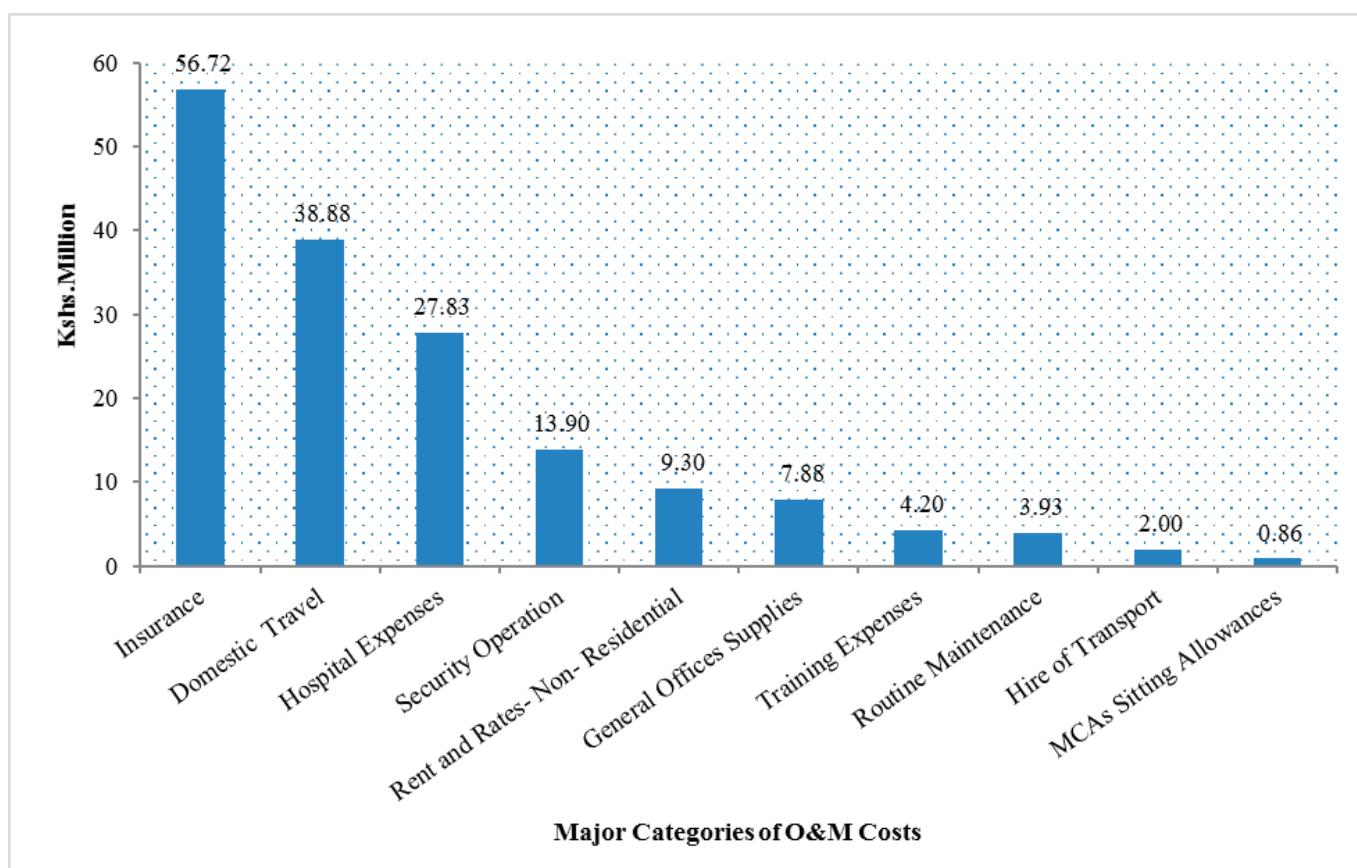
3.47.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on employee compensation was 86.8 per cent of the total expenditure for the reporting period and 37.8 per cent of the first quarter proportional revenue of Kshs.2.9 billion.

3.47.8 Expenditure on Operations and Maintenance

Figure 3.92 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.92: Wajir County, Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

The County spent Kshs.864,000 on committee sitting allowances for the 50 MCAs and Speaker against the annual budget allocation of Kshs.12.78 million. The average monthly sitting allowance was Kshs.17,280 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.38.88 million entirely spent by the County Assembly. Expenditure on foreign travel amounted to Kshs.337, 600 by the County Assembly.

3.47.9 Development Expenditure

The County did not report expenditure on development programmes in the period under review.

3.47.10 Budget Performance by Department

Table 3.2 Table 3.198 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.198: Wajir County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|--------------------------------------|-----------------|-------------------------------------|-----|--------------------------------|-----|---|-----|------------------------|-----|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| County Executive | 522.49 | 0.00 | 121.83 | - | 109.18 | - | 89.6 | - | 20.9 | - |
| County Assembly | 853.34 | 40.00 | 185.30 | - | 185.30 | - | 100.0 | - | 21.7 | - |
| Finance and Economic Planning | 750.05 | - | 64.49 | - | 64.49 | - | 100.0 | - | 8.6 | - |
| Public Health, Medical Service and Sanitation | 2,496.33 | 634.50 | 367.70 | - | 367.70 | - | 100.0 | - | 14.7 | - |
| Water Resources | 292.56 | 707.00 | 23.64 | - | 23.64 | - | 100.0 | - | 8.1 | - |
| Public Works, Housing and Physical Planning | 79.93 | 248.00 | 8.61 | - | 8.61 | - | 100.0 | - | 10.8 | - |
| Roads and Transport | 132.58 | 494.55 | 24.48 | - | 24.48 | - | 100.0 | - | 18.5 | - |
| Agriculture, Livestock and Fisheries | 233.34 | 759.17 | 53.15 | - | 53.15 | - | 100.0 | - | 22.8 | - |
| Education, Youth, Gender and Social Services | 573.19 | 218.58 | 71.26 | - | 71.26 | - | 100.0 | - | 12.4 | - |
| ICT and E-Government, Trade, Industrialization and Cooperative Development | 195.22 | 61.90 | 34.29 | - | 34.29 | - | 100.0 | - | 17.6 | - |
| Public Services, Special Programs and Decentralization Unit | 653.21 | 66.40 | 138.17 | - | 138.17 | - | 100.0 | - | 21.2 | - |
| Energy, Environment and Natural Resources | 85.07 | 200.76 | 13.44 | - | 13.44 | - | 100.0 | - | 15.8 | - |
| CPSB | 83.60 | 0.00 | 12.22 | - | 12.22 | - | 100.0 | - | 14.6 | - |
| WAJWASCO | 174.11 | 672.00 | 61.45 | - | 61.45 | - | 100.0 | - | 35.3 | - |
| Wajir Municipality | 216.84 | 140.84 | 94.42 | - | 94.42 | - | 100.0 | - | 43.5 | - |
| Total | 7,341.86 | 4,243.70 | 1,274.46 | - | 1,261.79 | - | 99.0 | - | 17.2 | - |

Source: Wajir County Treasury

Analysis of expenditure by the departments shows that the Wajir Municipality had the highest percentage of recurrent expenditure to budget at 43.5 per cent, followed by the Department of WAJWASCO at 35.3 per cent while the Department of Water Resources had the lowest at 8.1 per cent.

3.47.11 Budget Execution by Programmes and Sub-Programmes

Table 3.199 summarises the budget execution by programmes and sub-programmes in the first quarter of FY 2021/22.

Table 3.199: Wajir County, Budget Execution by Programmes and Sub-programmes

| Programme | Sub- Programme | Approved Bud- get (Kshs) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---------------------------------------|-----------------|-----------------------------|-----------------------------|---------------------|-------------------|
| County Executive | | | | | |
| Coordination and Supervisory Services | Governor | 492,168,510 | 109,176,339 | 382,992,171 | 22.2% |
| Coordination and Supervisory Services | Deputy Governor | 20,000,000 | - | | 0.0% |

| Programme | Sub- Programme | Approved Bud- get (Kshs) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|---|-------------------------------------|-------------------------------------|-----------------------------|---------------------------|
| Coordination and Supervisory Services | County Secretary | 10,320,000 | - | | 0.0% |
| | Sub Total | 522,488,510 | 109,176,339 | 382,992,171 | 20.9% |
| County Assembly | | | | | |
| General Administration and support services | General Administra-tion and Support Ser-vices | 893,341,593 | 185,297,814 | 708,043,779 | 20.7% |
| | Sub Total | 893,341,593 | 185,297,814 | 708,043,779 | 20.7% |
| Finance and Economic Planning | | | | | |
| Accounting Services | Treasury | 643,190,612 | 61,341,708 | 581,848,904 | 9.5% |
| County Statistics | Economic planning | 32,452,200 | 600,000 | - | 1.8% |
| Revenue Services | Revenue | 29,813,792 | 250,000 | - | 0.8% |
| Budget management Services | Budget | 14,796,700 | 1,600,000 | - | 10.8% |
| Internal Audit | Internal Audit | 9,520,725 | 700,000 | - | 7.4% |
| Supply Chain Management | Procurement | 20,276,000 | - | - | 0.0% |
| | Sub Total | 750,050,029 | 64,491,708 | 581,848,904 | 8.6% |
| Road and Transport | | | | | |
| General Administration and support services | General Administra-tion and Support Ser-vices | 205,696,574 | 24,475,778 | 181,220,796 | 11.9% |
| County Transport Services | Transport | 421,429,086 | | | 0.0% |
| | Sub Total | 627,125,660 | 24,475,778 | 181,220,796 | 3.9% |
| Water and Irrigation | | | | | |
| Water Supplies Overhaul and maintenance Services | Water Supplies Over-haul | 390,000,000 | - | 390,000,000 | 0.0% |
| Infrastructure development Services | New Infrastructure de-velopment Services | 317,000,000 | - | 317,000,000 | 0.0% |
| General Administration and support services | General Administra-tion and Support Ser-vices | 292,561,124 | 23,639,025 | 268,922,099 | 8.1% |
| | Sub Total | 999,561,124 | 23,639,025 | 975,922,099 | 2.4% |
| Energy, Environment and Natural Re-sources | | | | | |
| Energy Service | Energy | 35,485,724 | - | 35,485,724 | 0.0% |
| Environment Conservative Services | Environment | 242,383,304 | 13,438,240 | 228,945,064 | 5.5% |
| Wildlife and Tourism | Natural Resources | 7,954,800 | | | |
| | Sub Total | 285,823,828 | 13,438,240 | 272,385,588 | 4.7% |
| Public Health, Medical Service and San-itation | | | | | |
| Curative, Rehabilitative and Referral Ser-vices | Curative | 831,812,000 | 250,000 | 831,562,000 | 0.0% |
| Preventive and Promotive Services | Preventive | 151,787,000 | 250,000 | 151,537,000 | 0.2% |
| Special Program Service | Special Programme | 17,600,000 | - | 17,600,000 | 0.0% |
| Health Research | Research | 13,256,000 | - | 13,256,000 | 0.0% |
| General Administration and support ser-vices | General Administra-tion and Support Ser-vices | 2,008,254,734 | 367,198,971 | 1,641,055,763 | 18.3% |
| Family Health | Family Health | 108,119,183 | | | |
| | Sub Total | 3,130,828,917 | 367,698,971 | 2,655,010,763 | 11.7% |
| Education , Youth, Gender and Social Services | | | | | |
| ECD Support Service | ECD | 674,919,328 | 71,260,840 | 603,658,488 | 10.6% |
| Infrastructure development | Vocational training and Youth Affairs | 17,653,000 | | 17,653,000 | 0.0% |
| Social Services | Social Services | 40,044,400 | | 40,044,400 | 0.0% |
| Gender/Social Services | Gender | 44,484,100 | | 44,484,100 | 0.0% |

| Programme | Sub- Programme | Approved Bud- get (Kshs) | Actual Pay- ments (Kshs) | Variance (Kshs.) | Absorption (%) |
|---|---|-------------------------------------|-------------------------------------|-----------------------------|---------------------------|
| Promotion of Culture and Heritage Services | Heritage and Library Services | 14,667,800 | | 14,667,800 | 0.0% |
| | Sub Total | 791,768,628 | 71,260,840 | 720,507,788 | 9.0% |
| Agriculture, Livestock and Fisheries | | | | | |
| Agriculture Services | Agriculture | 218,473,480 | 52,899,716 | 165,573,764 | 24.2% |
| Livestock Resources Management and Development | Livestock/Veterinary | 707,873,981 | 150,000 | 707,723,981 | 0.0% |
| Fisheries Development and Management | Fisheries | 15,436,400 | 100,000 | 15,336,400 | 0.6% |
| Irrigation Management Services | Irrigation | 50,734,400 | - | 50,734,400 | 0.0% |
| | Sub Total | 992,518,261 | 53,149,716 | 939,368,545 | 5.4% |
| ICT and E-Government, Trade, Industrialization and Cooperative Development | | | | | |
| Trade Services | Trade | 204,458,180 | 34,291,945 | 170,166,235 | 16.8% |
| Industry Service | Industrialization | 6,322,260 | - | 6,322,260 | 0.0% |
| Cooperative Service | Cooperative | 22,892,740 | - | 22,892,740 | 0.0% |
| ICT Infrastructure | ICT Services | 23,450,000 | - | 23,450,000 | 0.0% |
| | Sub Total | 257,123,180 | 34,291,945 | 222,831,235 | 13.3% |
| Public Works, Housing and Physical Planning | | | | | |
| Land Policy | Lands | 69,374,621 | 8,108,325 | 61,266,296 | 11.7% |
| Physical Planning | Physical Planning | 162,398,600 | 500,000 | 161,898,600 | 0.3% |
| Public Works | Public Works | 96,155,900 | - | 96,155,900 | 0.0% |
| | Sub Total | 327,929,121 | 8,608,325 | 319,320,796 | 2.6% |
| Public Services, Special Programs and Decentralization Unit | | | | | |
| Service Delivery and Performance Management | Public Services | 499,448,217 | 130,671,743 | 368,776,474 | 26.2% |
| Decentralization Unit | Decentralised units | 82,050,640 | | 82,050,640 | 0.0% |
| Public Participation Service | Public Participation | 14,614,000 | | 14,614,000 | 0.0% |
| Conflict, Prevention, Management and Resolution | Conflicts Resolution | 17,191,851 | 6,000,000 | 11,191,851 | 34.9% |
| County Executive Services- Intergovernmental Relation | Intergovernmental | 8,636,624 | 500,000 | 8,136,624 | 5.8% |
| Special Program and Disaster Management | Disaster Management | 75,519,800 | 250,000 | 75,269,800 | 0.3% |
| Performance Appraisal Service | Performance Appraisal | 14,808,000 | 500,000 | 14,308,000 | 3.4% |
| Governance and Ethics | Governance/ ethics | 7,337,600 | 250,000 | 7,087,600 | 3.4% |
| | Sub Total | 719,606,732 | 138,171,743 | 581,434,989 | 19.2% |
| County Public Service Board | | | | | |
| General Administration and support services | General Administration and Support Services | 83,595,808 | 12,224,791 | 71,371,017 | 14.6% |
| | Sub Total | 83,595,808 | 12,224,791 | 71,371,017 | 14.6% |
| WAJWASCO | | | | | |
| General Administration and support services | General Administration and Support Services | 846,109,130 | 61,450,810 | 784,658,320 | 7.3% |
| | Sub Total | 846,109,130 | 61,450,810 | 784,658,320 | 7.3% |
| Municipality | | | | | |
| General Administration and support services | General Administration and Support Services | 357,685,264 | 94,418,291 | 263,266,973 | 26.4% |
| | Sub Total | 357,685,264 | 94,418,291 | 263,266,973 | 26.4% |
| Grand Total | | 11,585,555,785 | 1,261,794,336 | 9,660,183,763 | 10.9% |

Source: Wajir County Treasury

Programmes with high levels of implementation based on absorption rates were: General Administration and Support Service in the Department of Municipality at 26.4 per cent, Service Delivery and Performance Management in the Department of Public Service, Special Program and Decentralization Unit at 26.2 per cent, Agriculture Service in the Department of Agriculture, Livestock and Fisheries at 24.2 per cent, and office of the Governor at 19.8 per cent of budget allocation.

3.47.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Failure to report expenditure on the development budget in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.4.23 billion.
2. The underperformance of own-source revenue at Kshs.13 million against an annual projection of Kshs.100 million, representing 13.0 per cent of the annual target.

The County should implement the following recommendations to improve budget execution;

1. *The County should identify and address issues causing delays in implementing development projects.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*

3.48 County Government of West Pokot

3.48.1 Overview of FY 2021/22 Budget

The County's approved budget for FY 2021/22 was Kshs.7.61 billion, comprising Kshs.2.84 billion (37.4per cent) and Kshs.4.78 billion (62.6 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.6.30 billion (83.0 per cent) as the equitable share of revenue raised nationally, generate Kshs.170 million (2.2 per cent) from own sources of revenue, and a cash balance of Kshs.586.71 million (7.7 per cent) from FY 2020/21. The County also expects to receive Kshs.558.95 million (7.4 per cent) as conditional grants. The grants consist of Kshs.353.54 million for Kenya Climate-Smart Agriculture Project (KCSAP), Kshs.51.22 million for Transforming Health Systems for Universal care Project (WB), Kshs.66.27 million for Kenya Devolution Support Project (KDSP) Level 2 Grant, Kshs.11 million for Instruments for Devolution Advise and Support (IDEAS), Kshs.34.5 million for Emergency Locusts Project, Kshs.32.31 million for Agricultural Sector Development Support Programme (ASDSP) II, and Kshs.11.29 million for DANIDA Primary Health Care.

3.48.2 Revenue Performance

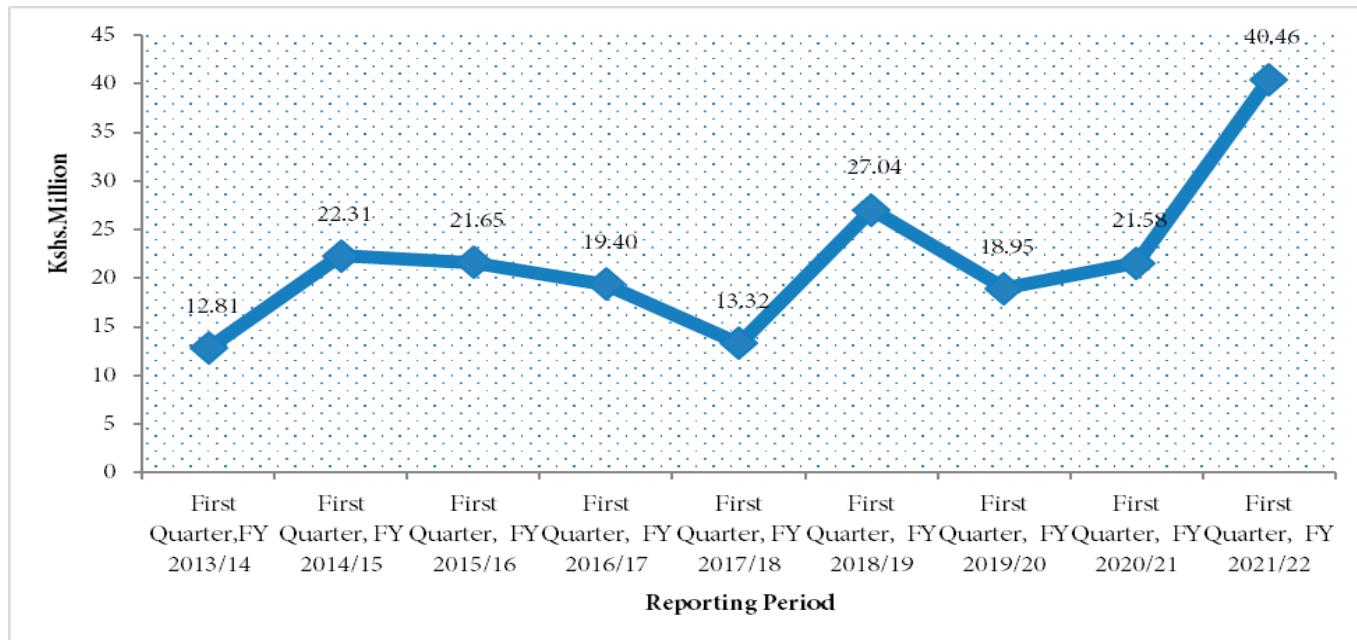
In the first quarter of FY 2021/22, the County received Kshs.1.04 billion as the equitable share of the revenue raised nationally, raised Kshs.40.46 million as own-source revenue, Kshs.83.62 million as conditional grants, and had a cash balance of Kshs.586.71 million from FY 2020/21. The total funds available for budget implementation during the period amounted to Kshs.1.75 billion, as shown in Table 3.200

Table 3.200: West Pokot County, Revenue Performance in the First Quarter of FY 2021/22

| S/No | Revenue | Annual Budget Allocation (in Kshs) | Actual Receipts (in Kshs.) | Actual Receipts as Percentage of Annual Allocation (%) |
|--------------------|--|------------------------------------|----------------------------|--|
| A. | Equitable Share of Revenue Raised nationally | 6,297,284,329 | 1,039,051,914 | 16.5 |
| Sub Total | | 6,297,284,329 | 1,039,051,914 | 16.5 |
| | Other Sources of Revenue | | | |
| 1. | Own Source Revenue | 170,000,000 | 40,462,780 | 23.8 |
| 2. | Balance b/f from FY2020/21 | 586,711,191 | 586,711,191 | 100.0 |
| 3. | Other Revenues (Conditional Grants) | 559,953,126 | 83,615,101 | 14.9 |
| Sub Total | | 1,316,664,317 | 710,789,073 | 54.0 |
| Grand Total | | 7,613,948,646 | 1,749,840,986 | 23 |

Figure 3.93 shows the trend in own-source revenue collection for the first quarter from FY 2013/14 to FY 2021/22.

Figure 3.93: West Pokot County Trend in Own-Source Revenue Collection for the First Quarter from FY 2013/14 to FY 2021/22



Source: West Pokot County Treasury

During the first quarter of FY2021/22, the County generated a total of Kshs.40.46 million as own-source revenue. This amount represented an increase of 86.4 per cent compared to Kshs.21.58 million realised during a similar period in FY 2020/21 and was 23.8 per cent of the annual target.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.1.04 billion from the CRF account during the reporting period, which comprised Kshs.951.88 million for recurrent programmes and Kshs.83.62 million for development programmes.

3.48.4 Overall Expenditure Review

The County spent Kshs.961.47 million on development and recurrent programmes during the reporting period. This expenditure represented 92.9 per cent of the total funds released by the CoB and comprised of Kshs.17.35 million and Kshs.944.12 million on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 0.6 per cent, while recurrent expenditure represented 19.8 per cent of the annual recurrent expenditure budget.

3.48.5 Settlement of Pending Bills

The outstanding pending bills as of 30th June 2021 amounted to Kshs.162.56 million and comprised of Kshs.47.92 million for recurrent expenditure and Kshs.114.64 million for development expenditure. At the beginning of FY 2021/22, the County prepared and submitted a payment plan to settle the entire bills in the financial year. The County did not report any payments towards pending bills during the period under review.

3.48.6 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.636.29 million was spent on employee compensation, Kshs.307.83 million on operations and maintenance and Kshs.17.35 million on development programmes, as shown in Table 3.201.

Table 3.201: Summary of Budget and Expenditure by Economic Classification

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|-----------------------------|------------------|-----------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Total Recurrent Expenditure | 4,157,269,386 | 612,707,541 | 822,895,789 | 121,227,234 | 19.8 | 19.8 |
| Compensation to Employees | 2,591,888,242 | 342,314,829 | 548,901,919 | 87,391,734 | 21.2 | 25.5 |
| Operations and Maintenance | 1,565,381,144 | 270,392,712 | 273,993,870 | 33,835,500 | 17.5 | 12.5 |

| Expenditure Classification | Budget (Kshs.) | | Expenditure (Kshs) | | Absorption (%) | |
|----------------------------|------------------|-----------------|--------------------|-----------------|------------------|-----------------|
| | County Executive | County Assembly | County Executive | County Assembly | County Executive | County Assembly |
| Development Expenditure | 2,678,571,720 | 165,400,000 | 17,347,045 | - | 0.6 | - |
| Total | 6,835,841,106 | 778,107,541 | 840,242,833 | 121,227,234 | 12.3 | 15.6 |

Source: West Pokot County Treasury

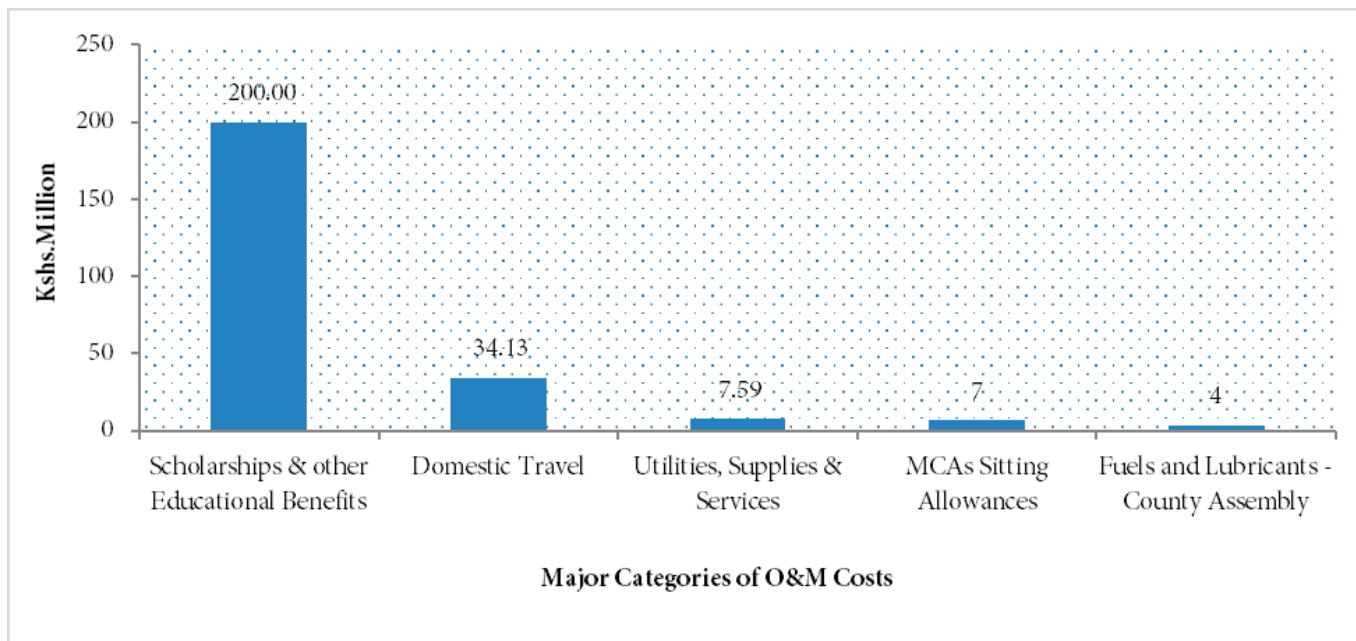
3.48.7 Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 66.2 per cent of the total expenditure for the reporting period and 33.4 per cent of the first quarter proportional revenue of Kshs.1.90 billion.

3.48.8 Expenditure on Operations and Maintenance

Figure 3.94 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.94: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

The County spent Kshs.6.82 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.31.79 million. The average monthly sitting allowance was Kshs.66,835 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.34.13 million and comprised of Kshs.16.03 million spent by the County Assembly and Kshs.18.09 million by the County Executive. The County did not incur any expenditure on foreign travel in the reporting period.

3.48.9 Development Expenditure

The County incurred an expenditure of Kshs.17.35 million on development programmes, which represented a decrease of 56.6 per cent compared to a similar period in FY 2020/21 when the County spent Kshs.40 million.

3.48.10 Budget Performance by Department

Table 3.202 summarises the approved budget allocation and performance by departments in the first quarter of FY 2021/22.

Table 3.202: West Pokot County, Budget Performance by Department

| Department | Budget Allocation (Kshs. Million) | | Exchequer Issues (Kshs. Million) | | Expenditure (Kshs. Million) | | Expenditure to Exchequer Issues (%) | | Absorption rate (%) | |
|--|-----------------------------------|-----------------|----------------------------------|--------------|-----------------------------|--------------|-------------------------------------|-------------|---------------------|------------|
| | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev | Rec | Dev |
| Office of the Governor | 458.17 | 168.86 | 63.45 | - | 63.70 | - | 100.4 | - | 13.9 | - |
| Finance and Economic Planning | 273.83 | 145.80 | 42.31 | - | 43.59 | - | 103.0 | - | 15.9 | - |
| Roads, Public Works, Transport and Infrastructure | 82.25 | 399.02 | 16.04 | 83.62 | 16.13 | 17.35 | 100.6 | 20.7 | 19.6 | 4.3 |
| Health, Sanitation and Emergencies | 1,596.81 | 278.03 | 295.08 | - | 295.25 | - | 100.1 | - | 18.5 | - |
| Education and Technical Training | 833.84 | 273.05 | 263.21 | - | 263.66 | - | 100.2 | - | 31.6 | - |
| Agriculture and Irrigation | 98.45 | 489.68 | 19.58 | - | 19.58 | - | 100.0 | - | 19.9 | - |
| Pastoral Economy | 101.48 | 194.94 | 19.77 | - | 19.77 | - | 100.0 | - | 19.5 | - |
| Trade, Industrialization, Investment & Cooperatives | 132.99 | 203.25 | 17.36 | - | 17.36 | - | 100.0 | - | 13.1 | - |
| Land, Housing, Physical Planning and Urban Dev | 109.79 | 93.70 | 24.56 | - | 24.56 | - | 100.0 | - | 22.4 | - |
| Water, Environment and Natural Resources | 81.35 | 310.15 | 17.85 | - | 15.62 | - | 87.5 | - | 19.2 | - |
| Tourism, Youth, Sports, Gender and Social Services | 73.06 | 47.08 | 10.36 | - | 10.36 | - | 100.0 | - | 14.2 | - |
| County Public Service, ICT & Decentralised Units | 274.77 | 75.00 | 28.85 | - | 28.85 | - | 100.0 | - | 10.5 | - |
| Intergovernmental, Special programmes and Directorates | 40.49 | - | 4.46 | - | 4.46 | - | 100.0 | - | 11.0 | - |
| County Assembly | 612.71 | 165.40 | 128.99 | - | 121.23 | - | 94.0 | - | 19.8 | - |
| TOTAL | 4,769.98 | 2,843.97 | 951.88 | 83.62 | 944.12 | 17.35 | 99.2 | 20.7 | 19.8 | 0.6 |

Source: West Pokot County Treasury

Analysis of expenditure by the departments shows that only the Department of Roads, Public Works, Transport and Infrastructure reported expenditure on development budget at an absorption rate of 4.3 per cent. On the other hand, the Department of Education and Technical Training had the highest percentage of recurrent expenditure to budget at 31.6 per cent while the Department of Intergovernmental, Special programmes and Directorates had the lowest at 11 per cent.

3.48.11 Budget Execution by Programmes and Sub-Programmes

The County Treasury did not provide a report on budget execution by Programmes and Sub-Programmes.

3.48.12 Key Observations and Recommendations

In the course of overseeing and reporting on the implementation of the County budget, the OCOB identified the following challenges which hampered effective budget implementation;

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.17.35 million in the first quarter of FY 2021/22 from the annual development budget allocation of Kshs.2.84 billion. The development expenditure represented 0.6 per cent of the annual development budget.

The County should implement the following recommendations to improve budget execution;

1. *The County Treasury should ensure timely preparation and submission of financial reports according to Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in implementing development projects.*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the first quarter of FY 2021/22 and includes appropriate recommendations to address the challenges to enhance smooth budget execution by the County Governments. The cross-cutting challenges included:

4.2 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a County is authorized to charge by an Act of Parliament.

During the reporting period, the County Governments generated a total of Kshs.6.76 billion, which was 12 per cent of the annual target of Kshs.56.52 billion, against an expected performance of 25 per cent of the annual target in the first quarter of FY 2021/22. The under-performance of own-source revenue collection implies that some planned activities may not be implemented during the financial year as budgets will not be fully financed.

The low performance of own-source revenue collections should be addressed to avoid hidden budget deficits and reduce pending bills at year-end. The Controller of Budget advises Counties to review the revenue targets to realistic amounts. Further, they should develop and implement strategies to mobilize their own-source revenue.

4.3 Low Expenditure on the Development Budget

Section 107(2) (b) of the Public Finance Management (PFM) Act, 2012, provides that over the medium term, a minimum of thirty per cent of the County Governments budget shall be spent on development programmes.

During the reporting period, County Governments incurred a total of Kshs.3.55 billion representing an absorption rate of 1.9 per cent instead of the expected 7.5 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.185.28 billion. This indicates that Counties did not prioritise the implementation of development projects during the period.

The Controller of Budget recommends that Counties prioritize implementing development projects to improve the standard of living for their citizens. Further, County governments should ensure that expenditure on development activities meets the minimum set ceiling of 30 per cent of their budgets.

4.4 Failure to settle Pending Bills in the First Quarter of FY 2021/22

Regulation 41 (2) of the Public Finance Management (County Governments) 2015 states that "debt service payments shall be a first charge on the County Revenue Fund and the Accounting Officer shall ensure this is done to the extent possible so that the County government does not default on debt obligations". Further, Regulation 55(2) b of the Public Finance Management (County Governments) 2015 requires that the finalized and signed contracts be budgeted first before new projects are considered by the accounting officer of the County government entity.

During the period under review, it was noted that the following thirty Counties did not report any payments towards the settlement of the self-reported pending bills at the beginning of the financial year. The Counties are;- Baringo, Bungoma, Busia, Elgeyo Marakwet, Homa Bay, Isiolo, Kajiado, Kilifi, Kisumu, Kwale, Lamu, Machakos, Marsabit, Meru, Migori, Nairobi City, Nakuru, Nandi, Narok, Nyamira, Nyandarua, Samburu, Tana River, Tharaka Nithi, Trans Nzoia, Turkana, Uasin Gishu, Vihiga, Wajir, and West Pokot.

The public finance management framework requires that pending bills are settled on time as specified in contract agreements to avoid the accumulation of arrears. Failure to make payments when due constitutes a severe material breach of public finance principles as provided under Article 201 of the Constitution and violates the Public Finance Management Act, 2012.

The Controller of Budget advises the above Counties to develop and implement a pending bills payment plan and ensure the entire stock of bills are cleared in the current financial year in line with the law.

5 CONCLUSION

This report sought to provide information on the status of budget implementation during the first quarter of the FY 2021/22 by County Governments. The report is prepared in fulfilment of Article 228(6) of the Constitution of Kenya 2010 and Section 9 of the Controller of Budget Act, 2016.

In the first quarter of FY 2021/22, the combined County Governments' budgets approved by the County Assemblies amounted to Kshs.505.22 billion. This amount comprised Kshs.185.28 billion (36.5 per cent) allocated to development expenditure and Kshs.319.95 billion (63.5 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget must be allocated for development programs. To finance the budgets, County governments expect to receive Kshs.370 billion as the equitable share of revenue raised nationally, Kshs.56.52 billion from own revenue sources and utilize a Kshs.36.30 billion cash balance from FY 2019/20.

The total funds available to the County Governments in the reporting period amounted to Kshs.104.12 billion. This amount consisted of Kshs.61.05 billion equitable share of revenue raised nationally disbursed by the National Treasury, Kshs.36.30 billion cash balance from FY 2019/20, and Kshs.6.76 billion raised from own sources.

The total expenditure by County governments was Kshs.52.84 billion, representing an absorption rate of 10.5 per cent of the total annual County Government's budgets. This was an increase from an absorption rate of 8.8 per cent attained in a similar period of FY 2020/21, where total expenditure was Kshs.38.17 billion. Recurrent expenditure was Kshs.49.28 billion, representing 15.4 per cent of the annual recurrent budget, while development expenditure amounted to Kshs.3.55 billion, representing an absorption rate of 1.9 per cent.

The key challenges that hampered effective budget execution during the period have been identified. They included under-performance in own-source revenue collection, low expenditure on development budget and failure to settle pending bills in the first quarter of FY 2021/22. The report has provided appropriate recommendations on addressing the challenges to enhance the smooth execution of the budget in the future.

The Controller of Budget is committed to ensuring the prudent and effective use of public resources by County Governments and will continue to produce regular reports on budget implementation to inform and influence budget execution.

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