



THE REPUBLIC OF KENYA

OFFICE OF THE CONTROLLER OF BUDGET



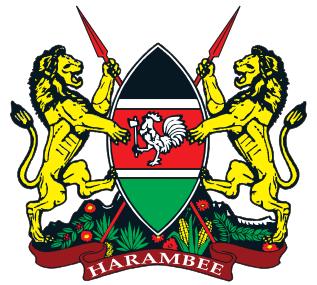
**COUNTY GOVERNMENTS
BUDGET IMPLEMENTATION REVIEW
REPORT**

FOR THE FY 2020/21

SEPTEMBER, 2021



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FOREWORD

The Office of the Controller of Budget (OCoB) is established under Article 228 of the Constitution of Kenya to oversee budget implementation for both the national and county governments by approving the withdrawal of funds and reporting to each House of Parliament every four months. Specifically, Article 228(6) of the Constitution of Kenya and the Controller of Budget Act, 2016, require the Controller of Budget (COB) to submit to each House of Parliament a report on the implementation of the budget by national and county governments every four months.

Against this backdrop, I present this County Governments Budget Implementation Review Report (CBIRR) for the Financial Year (FY) 2020/21, covering July 2020 to June 2021. During this period, County budgets were implemented when the global economy and social environment were adversely affected by the Novel Coronavirus Disease (COVID-19), which prompted the government to institute measures such as travel restrictions to curb its spread. I hope that the measures adopted by the government will effectively mitigate the spread and effects of the COVID-19 pandemic.

This report is based on the approved budgets and financial reports submitted by County Governments and is further informed by data generated from the Integrated Financial Management Information System (IFMIS). It presents the analysis of the release of funds to the County Governments, performance on own-source revenue by each county, and review of the actual expenditure against the budget allocations. The key issues that hampered the effective implementation of the FY 2020/20 budget have been identified and appropriate recommendations made to enhance future budget execution.

In line with its Constitutional mandate, the OCoB will continue to promote the prudent use of public funds by ensuring timely approval of requests for withdrawal of funds and providing regular information on budget implementation. Further, the OCoB will remain steadfast in ensuring that information on budget performance is published and publicized regularly through the BIRRs in line with Section 39(8) of the Public Finance Management Act, 2012.

Therefore, I wish to urge legislators and stakeholders to continue taking an active interest in the budget cycle, from formulation, implementation to the monitoring and evaluation phases. Such interest will ensure that the government delivers on its pledges and priorities according to the approved budget and that public funds are prudently utilized.

Finally, I wish to thank the staff from county governments and my office who have made the publication of this report possible.



Dr. Margaret Nyakang'o

CONTROLLER OF BUDGET

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ACRONYMS

ADP	Annual Development Plan
A-I-A	Appropriations in Aid
ASDSP	Agriculture Sector Development Support Programme
CA	County Assembly
CARA	County Allocation of Revenue Act
CBEF	County Budget and Economic Forum
CBIRR	County Budget Implementation Review Report
CBK	Central Bank of Kenya
CBROP	County Budget Review and Outlook Paper
CEC	County Executive Committee
CFSP	County Fiscal Strategy Paper
CECM-F	County Executive Committee Member for Finance
CIDP	County Integrated Development Plan
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
ERP	Enterprise Resource Planning
EU	European Union
FAO	Food and Agriculture Organization
FIF	Facility Improvement Fund
FY	Financial Year
IB	Internet Banking
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
LREB	Lake Region Economic Bloc
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. It provides information on the status of budget implementation during the FY 2020/21 by the County Governments.

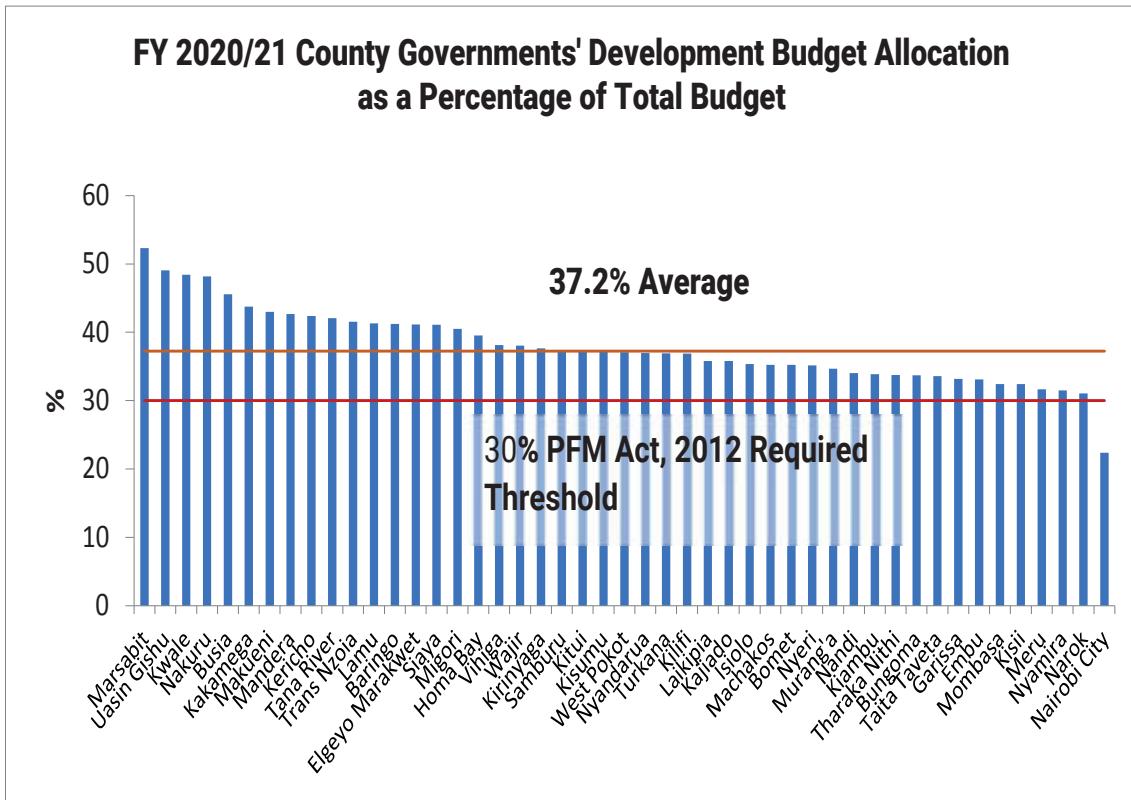
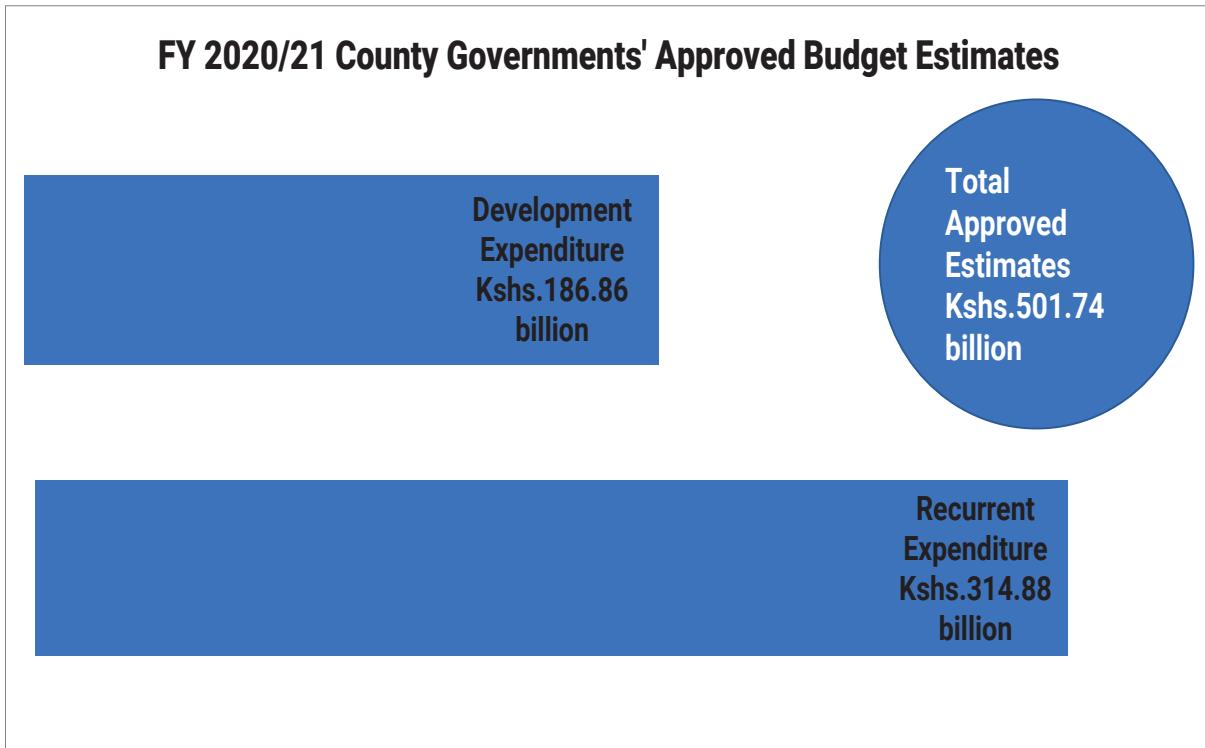
The aggregate budget estimates for the 47 County governments in FY 2020/21 amounted to Kshs.501.74 billion and comprised Kshs.186.86 billion (37.2 per cent) allocated to development expenditure and Kshs.314.88 billion (62.8 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programs.

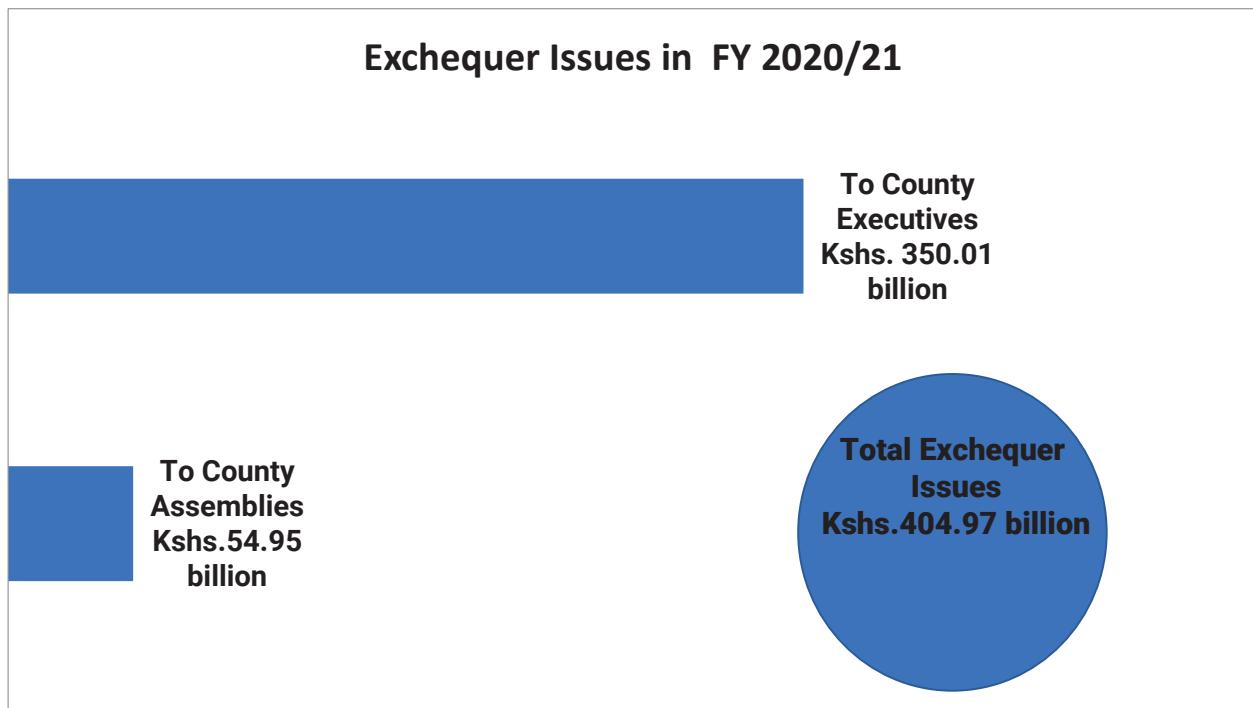
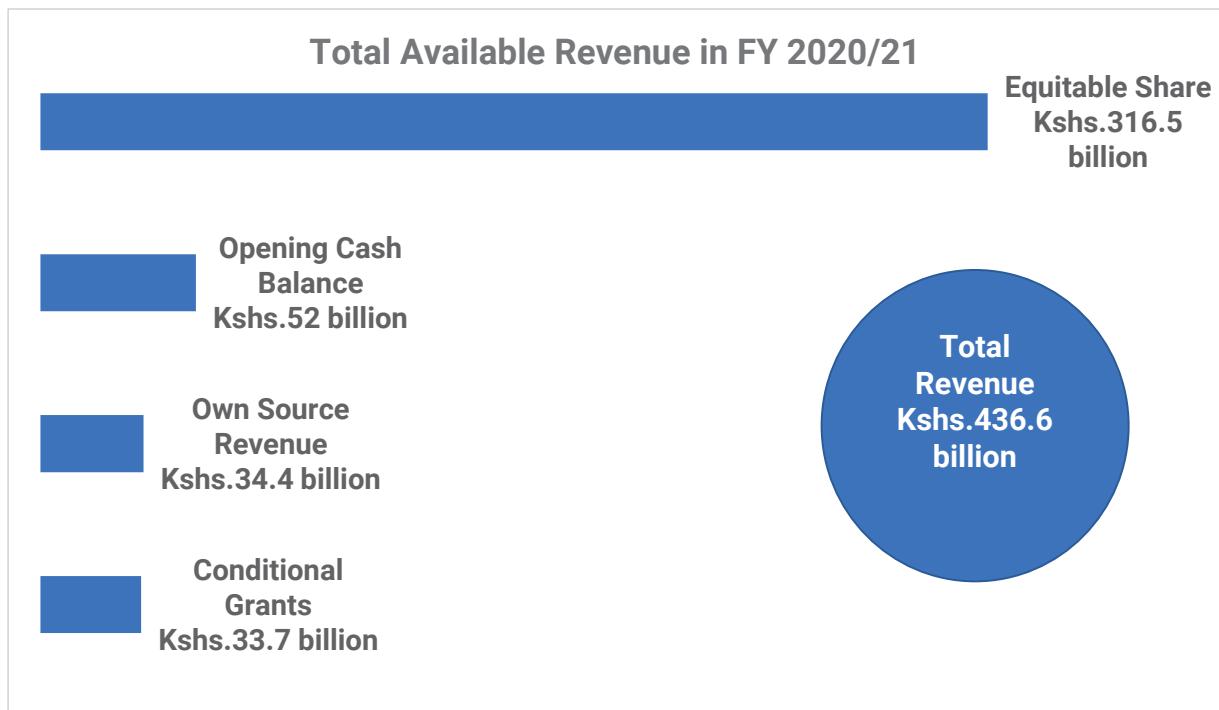
The total expenditure by County governments in the FY 2020/21 was Kshs.398.01 billion, representing an absorption rate of 79.3 per cent of the aggregated annual County Governments Budget. This was an improvement from an absorption rate of 77.9 per cent attained in a similar period in FY 2019/20 when total expenditure was Kshs.389.79 billion. Recurrent expenditure was Kshs.281.95 billion, representing 89.5 per cent of the annual recurrent budget, and a slight decline from 89.6 per cent reported in FY 2019/20. Development expenditure amounted to Kshs.116.07 billion, representing an absorption rate of 62.1 per cent, and an increase from 55.6 per cent attained in FY 2019/20 when total development expenditure was Kshs.104.51 billion. A review of cumulative expenditure by economic classification showed that Kshs.176.03 billion (44.2 per cent) was spent on Personnel Emoluments, Kshs.105.92 billion (26.6 per cent) on Operations and Maintenance, and Kshs.116.07 billion (29.2 per cent) on Development Expenditure.

In terms of performance of own-source revenue, county governments generated Kshs.34.44 billion, which was 64.2 per cent of the annual target of Kshs.53.66 billion and was a decrease compared to Kshs.35.77 billion generated in FY 2019/20. In the twelve months of the FY 2020/21, the Controller of Budget (COB) approved the transfer of Kshs.346.22 billion as the equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount includes an outstanding allocation of the equitable share of the revenue for FY 2019/20 of Kshs.26.22 billion, which was disbursed in August 2020, and arrears of equitable share of the revenue for Nairobi City County for FY 2019/20, which amounted to Kshs.3.5 billion. In addition, County Governments received Kshs.33.68 billion as conditional grants from the National Government and Development Partners.

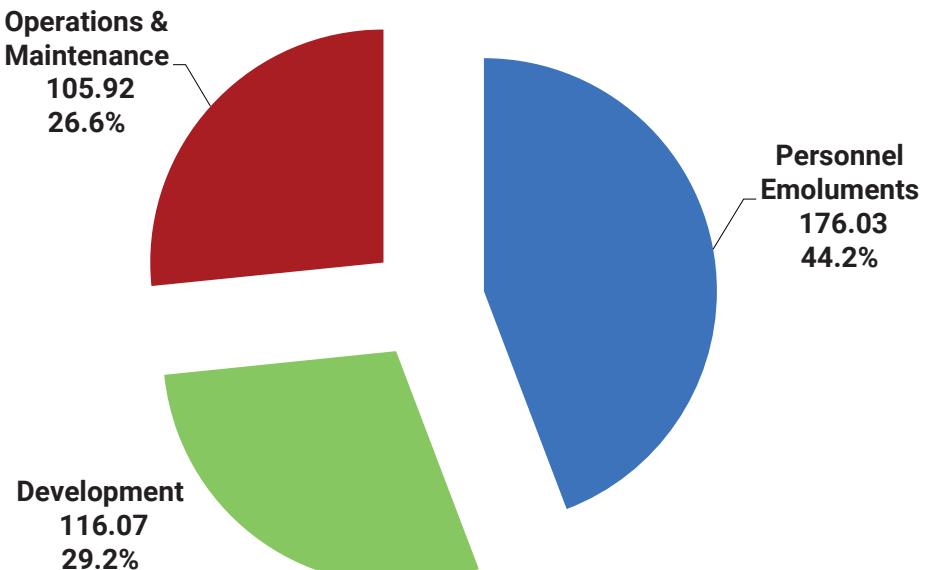
This report has identified challenges that hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments which translated to 44.2 per cent of total expenditure, Under-performance of own-source revenue collection, which was 64.2 per cent of the annual target, low expenditure on the development budget, which translated to an absorption rate of 62.1 per cent of the cumulative annual development budget, delay in submission of financial and non-financial reports to the Controller of Budget, weak budgetary control and use of revenue at source, high expenditure on local travel costs, and high pending bills which amounted to Kshs.96 billion as at 30th June 2021. The report has provided appropriate recommendations on how to address these challenges to enhance the smooth execution of the budget in the future. The OCoB encourages the relevant oversight institutions and Officers of county governments to ensure the recommendations contained in this report are implemented.

KEY HIGHLIGHTS

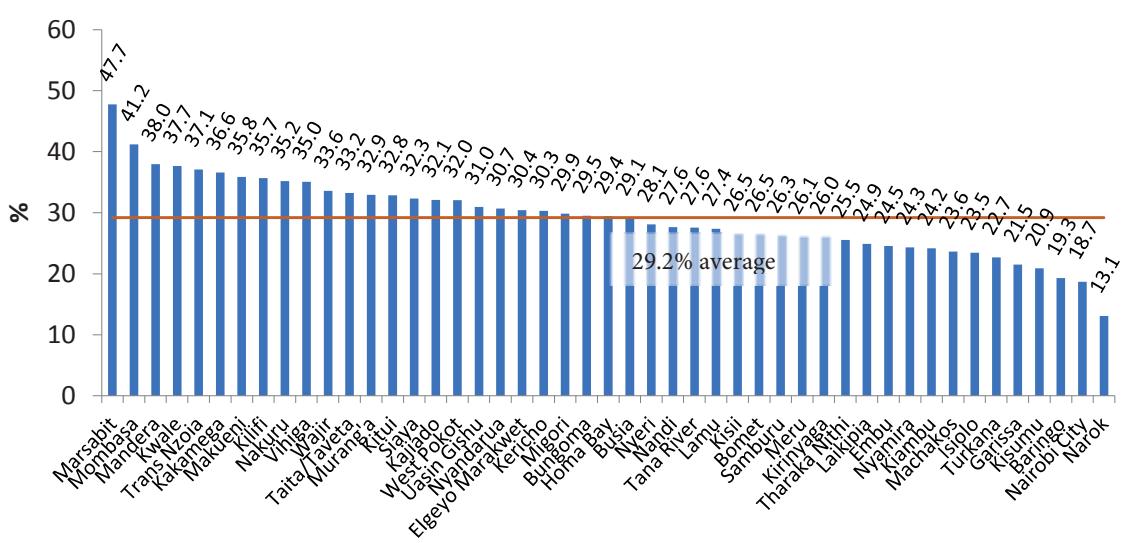




Expenditure by Economic Classification in the FY 2020/21



FY 2020/21 County Governments' Development Expenditure as a Percentage of Total Expenditure



1 INTRODUCTION

The OCoB is established under Article 228 of the Constitution of Kenya and mandated to oversee the implementation of the budgets of the National and County Governments by authorising withdrawals from public funds under Articles 204, 206 and 207 of the Constitution and to report on the implementation of the budgets to each House of Parliament every four months. This report fulfils the requirement of Article 228(6) of the Constitution and Section 9 of the Controller of Budget Act, 2016 by presenting information on implementing the county government's budgets for FY 2020/21. The report presents a review of budget execution by the 47 County Governments for the FY 2020/21 and analyses information on own-source revenue; disbursements received from the National Government and Development Partners, the expenditure, and the key challenges encountered in budget execution during the financial year 2020/21.

The CBIRR offers valuable information on budget implementation to oversight institutions under the Public Finance Framework such as the Parliament, the County Assemblies, Commission on Revenue Allocation, and the National Treasury. The report is also helpful to the public at large as it satisfies the requirements of Section 39 (8) of the Public Finance Management (PFM) Act, 2012, which requires the Controller of Budget (COB) to ensure that members of the public are provided with information on budget implementation. Equally, the County Executives will find this report suitable in evaluating their achievement against set annual targets, budget ceilings in the Public Financial Framework, and benchmark performance against other counties. The data sources relied upon in writing this report included the financial returns and statements submitted by the 47 County Treasuries in line with the requirements of the law and data obtained from the Integrated Financial Management Information System (IFMIS).

The report is organised into five chapters. Chapter one offers the introduction, while the main body of the report begins in chapter two, where the aggregate performance by the counties is presented. The chapter analyses revenue and expenditure performance against set targets by revenue streams such as; equitable shareable revenue, conditional grants from the National Government and Development Partners, and own-source revenue collection. Expenditure is analysed into three cost categories: development expenditure, personnel emoluments, and, operations and maintenance. The absorption rate measures performance and is computed as a percentage of expenditure against the approved annual budget.

Chapter three presents individual County performance and covers information on budget allocation and financing, exchequer issues, expenditure, and observations made by the OCoB in budget implementation during the reporting period. The key challenges and recommendations that affected budget implementation by the County Governments during the financial year are presented in Chapter four. Chapter five provides a conclusion. A PDF version of the report is available on the COB website; <https://cob.go.ke>.

2 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2020/21

2.1 Introduction

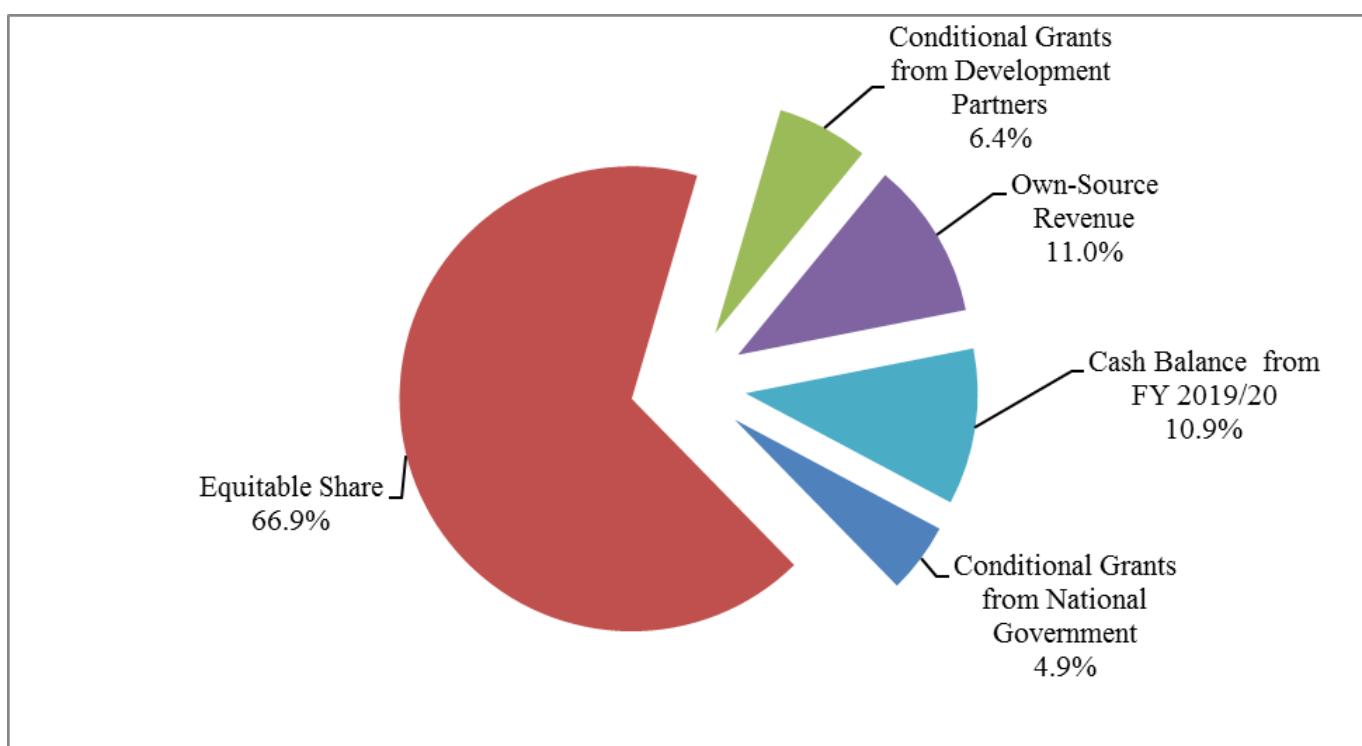
This chapter presents financial analysis of aggregated county budget implementation for the FY 2020/21.

2.2 Revenue Analysis

In FY 2020/21, the combined County governments' budgets approved by the County Assemblies amounted to Kshs.501.74 billion and comprised of Kshs.186.86 billion (37.2 per cent) allocated to development expenditure and Kshs.314.88 billion (62.8 per cent) for recurrent expenditure.

In order to finance the budgets, county governments expect to receive Kshs.316.5 billion as the equitable share of revenue raised nationally, Kshs.23.16 billion as total conditional grants from the National Government, Ksh.30.20 billion as total loans and grants from Development Partners, generate Kshs.53.66 billion from own revenue sources, and utilize Kshs.51.99 billion cash balance from FY 2019/20. Figure 2.1 shows the expected sources of budget financing in FY 2020/21.

Figure 2.1: Expected Sources of Budget Financing in FY 2020/21



Source: CARA, 2020, *County Treasuries*

The breakdown of conditional grants as per CARA, 2020 are shown in Table 2.1.

Table 2.1: Conditional Grants as per CARA, 2020

S/No.	Grants Contained in CARA, 2020	Annual CARA, 2020 Allocation (Kshs.)
	Conditional grants from the National Government	
1	Leasing of Medical Equipment	6,205,000,019
2	Level 5 Hospitals	4,326,000,000
3	Road Maintenance Fuel Levy Fund	9,433,265,629
4	Compensation of User Fee Foregone	900,000,000
5	Rehabilitation of Village Polytechnics	2,000,000,018
6	Construction of County Headquarters	300,000,000
	Sub Total	23,164,265,666

S/No.	Grants Contained in CARA, 2020	Annual CARA, 2020 Allocation (Kshs.)
	Conditional grants from the Development Partners	
7	Transforming Health Systems for Universal Care Project (World Bank)	4,345,375,738
8	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP)	4,261,646,438
9	IDA (World Bank)- Kenya Climate Smart Agriculture Project (KCSAP)	7,119,726,782
10	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) "Level 1 grant",	2,115,000,000
11	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)- Urban Development Grant (UDG)	6,366,000,000
12	DANIDA for Universal Healthcare in Devolved System Program	900,000,000
13	EU for Instruments for Devolution Advice and Support (IDEAS)	216,014,391
14	IDA (World Bank) credit: Water & Sanitation Development Project (WSDP)	3,400,000,000
15	Sweden-Agricultural Sector Development Support Programme (ASDSP) II	652,584,158
16	EU for Water Tower Protection and Climate Change Mitigation and Adaption Programme (Wa-TER)	528,000,001
17	German Development Bank (KfW)-Drought Resilience Programme in Northern Kenya (DRPNK)	300,000,000
	Sub Total	30,204,347,508
	Grand Total	53,368,613,174

Source: CARA, 2020

2.2.1 Revenue Out-turn

The total funds available to the County Governments in FY 2020/21 amounted to Kshs.436.61 billion. This amount consisted of Kshs.316.5 billion as equitable share for the FY 2020/21, Kshs.33.68 billion as conditional grants from Development Partners and the National Government, Kshs.51.99 billion unspent cash balance from FY 2019/20, and Kshs.34.44 billion raised from own sources. The unspent cash balance from FY 2019/20 includes Kshs.26.22 billion which was released to county governments in August, 2020, and arrears of equitable share of revenue for Nairobi City County for FY 2019/20 which amounted to Kshs.3.5 billion.

2.2.2 Own- Source Revenue

During the reporting period, county governments generated a total of Kshs.34.44 billion, which was 64.2 per cent of the annual target of Kshs.53.66 billion. This was a decrease compared to Kshs.35.77 billion generated in a similar period of FY 2019/20. Analysis of own source revenue (OSR) collection for the period under review is shown in Table 2.2.

Table 2.2: Own Source Revenue Collection in the FY 2020/21

County	Annual Own Source Revenue Target for FY 2020/21 (Kshs.)	Actual OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Baringo	346,088,720	205,203,689	59.3
Bomet	221,421,954	183,008,302	82.7
Bungoma	500,000,000	395,118,238	79.0
Busia	1,119,555,802	322,558,227	28.8
Elgeyo Marakwet	69,779,550	69,075,375	99.0
Embu	937,782,533	375,326,291	40.0
Garissa	150,000,000	103,525,792	69.0
Homa Bay	170,818,374	120,412,567	70.5
Isiolo	113,686,337	57,181,282	50.3
Kajiado	1,687,000,000	862,288,151	51.1
Kakamega	1,656,000,000	1,118,235,983	67.5
Kericho	654,058,870	595,976,653	91.1
Kiambu	3,795,881,193	2,425,245,161	63.9
Kilifi	1,201,166,719	833,845,292	69.4
Kirinyaga	405,000,000	346,521,599	85.6
Kisii	650,000,000	403,001,860	62.0
Kisumu	1,579,172,106	822,299,848	52.1

County	Annual Own Source Revenue Target for FY 2020/21 (Kshs.)	Actual OSR Collection (Kshs.)	% of Collection of OSR Against Annual Target
Kitui	600,000,000	326,450,311	54.4
Kwale	365,641,316	250,090,346	68.4
Laikipia	1,006,875,000	840,396,632	83.5
Lamu	100,000,000	108,433,650	108.4
Machakos	1,299,758,630	1,296,364,668	99.7
Makueni	1,019,949,654	527,527,341	51.7
Mandera	200,037,792	143,313,898	71.6
Marsabit	150,000,000	110,368,253	73.6
Meru	600,000,000	435,932,406	72.7
Migori	285,000,000	288,535,155	101.2
Mombasa	6,459,442,159	3,314,532,178	51.3
Murang'a	900,000,000	627,164,598	69.7
Nairobi City	16,209,511,170	9,958,038,681	61.4
Nakuru	1,800,000,000	1,628,821,537	90.5
Nandi	405,408,260	261,039,027	64.4
Narok	1,405,874,324	618,992,783	44.0
Nyamira	250,000,000	162,863,880	65.1
Nyandarua	954,000,000	408,718,259	42.8
Nyeri	1,000,000,000	886,892,734	88.7
Samburu	80,312,319	70,378,827	87.6
Siaya	420,000,000	332,883,061	79.3
Taita Taveta	363,000,000	302,005,400	83.2
Tana River	72,600,000	83,075,805	114.4
Tharaka Nithi	350,000,000	254,745,602	72.8
Trans Nzoia	493,799,500	340,453,746	68.9
Turkana	175,000,000	209,830,607	119.9
Uasin Gishu	991,000,000	1,105,676,540	111.6
Vihiga	216,096,587	169,109,802	78.3
Wajir	150,000,000	73,955,722	49.3
West Pokot	78,052,202	68,866,910	88.2
Total	53,658,771,071	34,444,282,669	64.2

Source: County Treasuries

Analysis of own source revenue as a proportion of the annual revenue target indicates that five counties surpassed their annual target as follows; Turkana at 119.9 per cent, Tana River at 114.4 per cent, Uasin Gishu at 111.6 per cent, Lamu at 108.4 per cent and Migori at 101.2 per cent. On the contrary, five counties recorded below 50 per cent collection of OSR, namely; Wajir at 49.3 per cent, Narok at 44 per cent, Nyandarua at 42.8 per cent, Embu at 40 per cent, and Busia at 28.8 per cent.

2.3 Funds Released to the Counties

2.3.1 Funds released from the Consolidated Fund to the Counties

In the twelve months of the FY 2020/21, the Controller of Budget (COB) approved the transfer of Kshs.346.22 billion as equitable share of revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) in accordance with Article 206 (4) of the Constitution. The transferred amount includes the outstanding allocation of the equitable share of revenue for FY 2019/20 of Kshs.26.22 billion, which was disbursed in August, 2020, and arrears of equitable share of revenue for Nairobi City County for FY 2019/20 which amounted to Kshs.3.5 billion.

In addition, County Governments received cumulatively Kshs.33.68 billion as conditional grants which comprised of Kshs.4.33 billion for Level 5 Hospitals, Kshs.2 billion for Rehabilitations of Youth Polytechnics, Kshs.3.94 billion for Transforming Health Systems for Universal Health Care (THSUS), Kshs.2.4 billion for Kenya Urban Support Project

(KUSP), Kshs.4.25 billion for National Agricultural and Rural Inclusive Growth Project (NAGRIP), Kshs.5.98 billion for Kenya Climate Smart Agriculture Project (KCSAP), Kshs.2.12 billion for Kenya Devolution Support Programme (KDSP) Level 1, Kshs.535.55 million for Agricultural Sector Development Support Programme (ASDSP) Phase 11, Kshs.2.46 billion for Water & Sanitation Development Project (WSDP), Kshs.900 million for Compensation of User Fee Foregone and Kshs.854.73 million from Danish International Development Agency (DANIDA). Detailed analysis of the released equitable 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.404.97 billion from the County Revenue Funds to County Operational Accounts of the County Governments comprised of Kshs.114.09 billion (28.2 per cent) for development expenditure and Kshs.290.87 billion (71.8 per cent) for recurrent expenditure. 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 FY 2020/21 was Kshs.398.01 billion representing an absorption rate of 79.3 per cent of the total annual County Government's Budgets. This was an improvement from an absorption rate of 76.8 per cent attained in FY 2019/20 when total expenditure was Kshs.383.79 billion.

Recurrent expenditure was Kshs.281.95 billion, representing 89.5 per cent of the annual recurrent budget, and a slight decline from 89.6 per cent reported in FY 2019/20. Development expenditure amounted to Kshs.116.07 billion, representing an absorption rate of 62.1 per cent, and an improvement from 55.6 per cent attained in the FY 2019/20 when total development expenditure was Kshs.104.51 billion. The analysis of expenditure by economic classification in the period under review is provided in Table 2.2.

Table 2.2: Expenditure by Major Economic Classification - FY 2020/21

County	Recurrent Expenditure (Kshs.)			Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel	Emoluments	Operations & Maintenance		
	A	B	C=A+B	D	E=C+D
Baringo	2,764,408,991	944,031,097	3,708,440,088	887,516,983	4,595,957,071
Bomet	2,470,594,357	1,677,929,379	4,148,523,736	1,493,677,932	5,642,201,668
Bungoma	4,918,472,158	3,114,397,099	8,032,869,257	3,360,761,147	11,393,630,404
Busia	3,330,519,542	1,968,449,983	5,298,969,525	2,175,487,648	7,474,457,173
Elgeyo Marakwet	2,556,946,891	758,152,596	3,315,099,487	1,449,343,100	4,764,442,587
Embu	2,916,801,731	1,027,941,127	3,944,742,858	1,282,449,219	5,227,192,077
Garissa	4,830,491,103	1,814,546,035	6,645,037,138	1,821,162,222	8,466,199,360
Homa Bay	4,079,689,672	1,182,881,967	5,262,571,639	2,193,717,672	7,456,289,311
Isiolo	2,063,790,321	1,295,559,378	3,359,349,699	1,029,390,463	4,388,740,162
Kajiado	3,892,248,349	2,144,291,660	6,036,540,009	2,852,180,912	8,888,720,921
Kakamega	5,578,856,574	2,418,981,516	7,997,838,090	4,612,469,760	12,610,307,850
Kericho	2,965,723,695	1,313,180,237	4,278,903,932	1,861,393,374	6,140,297,306
Kiambu	7,417,027,357	2,921,361,902	10,338,389,259	3,297,428,767	13,635,818,026
Kilifi	4,522,405,873	2,882,450,486	7,404,856,359	4,103,348,295	11,508,204,654
Kirinyaga	2,465,375,370	1,673,950,584	4,139,325,954	1,457,989,789	5,597,315,743
Kisii	5,428,126,282	1,756,038,553	7,184,164,835	2,595,106,387	9,779,271,222
Kisumu	5,184,074,923	2,138,370,243	7,322,445,166	1,930,920,241	9,253,365,407
Kitui	4,675,726,849	2,382,653,232	7,058,380,081	3,452,085,579	10,510,465,660
Kwale	3,242,400,297	2,833,344,175	6,075,744,472	3,670,214,874	9,745,959,346

County	Recurrent Expenditure (Kshs.)				Development Expenditure (Kshs.)	Total Expenditure (Kshs.)
	Personnel Emoluments	Operations & Maintenance	Total Recurrent Expenditure	C=A+B		
	A	B	C=A+B	D	E=C+D	
Laikipia	2,914,862,352	1,461,740,078	4,376,602,430	1,449,931,018	5,826,533,448	
Lamu	1,419,746,365	844,090,470	2,263,836,835	854,122,278	3,117,959,113	
Machakos	6,067,879,681	2,299,403,536	8,367,283,217	2,589,408,376	10,956,691,593	
Makueni	3,752,013,540	2,173,064,504	5,925,078,044	3,310,360,453	9,235,438,497	
Mandera	3,435,272,427	3,804,746,592	7,240,019,019	4,432,295,251	11,672,314,270	
Marsabit	2,567,866,537	1,197,009,087	3,764,875,624	3,438,431,831	7,203,307,455	
Meru	4,390,480,500	3,056,909,059	7,447,389,559	2,625,965,891	10,073,355,450	
Migori	2,947,493,283	2,196,921,752	5,144,415,035	2,190,149,124	7,334,564,159	
Mombasa	4,810,929,830	1,969,871,650	6,780,801,480	4,750,470,572	11,531,272,052	
Murang'a	4,141,290,263	1,036,060,447	5,177,350,710	2,540,832,829	7,718,183,539	
Nairobi City	9,763,157,796	14,743,257,786	24,506,415,582	5,629,229,886	30,135,645,468	
Nakuru	6,277,777,447	2,719,019,218	8,996,796,665	4,882,504,263	13,879,300,928	
Nandi	3,895,154,949	1,139,100,922	5,034,255,871	1,922,800,093	6,957,055,964	
Narok	3,994,846,292	3,714,891,326	7,709,737,618	1,163,025,738	8,872,763,356	
Nyamira	2,894,831,290	1,452,989,644	4,347,820,934	1,398,158,054	5,745,978,988	
Nyandarua	2,243,895,227	2,373,912,931	4,617,808,158	2,044,525,098	6,662,333,256	
Nyeri	3,840,494,122	1,734,612,191	5,575,106,313	2,175,813,634	7,750,919,947	
Samburu	2,202,402,157	1,654,048,773	3,856,450,930	1,373,762,083	5,230,213,013	
Siaya	2,577,370,009	2,128,636,275	4,706,006,284	2,245,768,209	6,951,774,493	
Taita Taveta	2,433,805,702	1,134,544,214	3,568,349,916	1,776,996,242	5,345,346,158	
Tana River	1,351,588,986	2,035,593,678	3,387,182,664	1,290,273,120	4,677,455,784	
Tharaka Nithi	2,485,096,372	1,190,205,171	3,675,301,543	1,259,584,373	4,934,885,916	
Trans Nzoia	2,680,942,937	1,978,602,386	4,659,545,323	2,747,973,395	7,407,518,718	
Turkana	4,388,009,786	5,051,598,147	9,439,607,933	2,770,280,215	12,209,888,148	
Uasin Gishu	3,921,473,740	1,795,665,663	5,717,139,403	2,564,108,509	8,281,247,912	
Vihiga	2,423,061,465	1,288,134,519	3,711,195,984	2,002,294,880	5,713,490,864	
Wajir	4,166,500,238	1,974,258,871	6,140,759,109	3,105,193,648	9,245,952,757	
West Pokot	2,738,223,272	1,518,163,533	4,256,386,805	2,007,483,145	6,263,869,950	
Total	176,030,146,900	105,915,563,672	281,945,710,572	116,068,386,572	398,014,097,144	

Source: OCoB and County Treasuries

The Counties that attained the highest expenditure in absolute terms were; Nairobi at Kshs.30.14 billion, Nakuru at Kshs.13.88 billion, and Kiambu at Kshs.13.64 billion. The lowest expenditure was recorded by Baringo, Isiolo, and Lamu at Kshs.4.6 billion, Kshs.4.39 billion and Kshs.3.12 billion respectively.

A review of cumulative expenditure by economic classification showed that Kshs.176.03 billion (44.2 per cent) was spent on Personnel Emoluments, Kshs.105.92 billion (26.6 per cent) on Operations and Maintenance, and Kshs.116.07 billion (29.2 per cent) on Development Expenditure.

2.4.1 Development Expenditure

The County governments spent Kshs.116.07 billion on development activities, representing an absorption rate of 62.1 per cent of the annual development budget, which is an increase from 55.6 per cent, reported in FY 2019/20 when development expenditure was Kshs.104.51 billion. Analysis of county budgets and expenditure in the FY 2020/21 is provided in Table 2.3.

Table 2.3: County Budget Allocation, Expenditure and Absorption Rate for FY 2020/21

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	4,651.47	3,261.07	7,912.54	3,708.44	887.52	4,595.96	79.7	27.2	58.1
Bomet	4,936.35	2,683.35	7,619.70	4,148.52	1,493.68	5,642.20	84.0	55.7	74.0
Bungoma	9,282.88	4,720.01	14,002.89	8,032.87	3,360.76	11,393.63	86.5	71.2	81.4
Busia	5,672.19	4,746.72	10,418.91	5,298.97	2,175.49	7,474.46	93.4	45.8	71.7
Elgeyo Marakwet	3,502.64	2,449.10	5,951.74	3,315.10	1,449.34	4,764.44	94.6	59.2	80.1
Embu	4,752.76	2,354.26	7,107.02	3,944.74	1,282.45	5,227.19	83.0	54.5	73.5
Garissa	6,796.48	3,380.28	10,176.76	6,645.04	1,821.16	8,466.20	97.8	53.9	83.2
Homa Bay	5,432.24	3,552.69	8,984.93	5,262.57	2,193.72	7,456.29	96.9	61.7	83.0
Isiolo	3,724.33	2,037.29	5,761.62	3,359.35	1,029.39	4,388.74	90.2	50.5	76.2
Kajiado	6,452.02	3,598.61	10,050.63	6,036.54	2,852.18	8,888.72	93.6	79.3	88.4
Kakamega	9,042.46	7,031.22	16,073.68	7,997.84	4,612.47	12,610.31	88.4	65.6	78.5
Kericho	4,392.29	3,230.54	7,622.83	4,278.90	1,861.39	6,140.29	97.4	57.6	80.6
Kiambu	11,824.58	6,053.82	17,878.40	10,338.39	3,297.43	13,635.82	87.4	54.5	76.3
Kilifi	9,254.97	5,406.06	14,661.03	7,404.86	4,103.35	11,508.21	80.0	75.9	78.5
Kirinyaga	4,237.42	2,558.19	6,795.61	4,139.33	1,457.99	5,597.32	97.7	57.0	82.4
Kisii	8,564.56	4,106.72	12,671.28	7,184.16	2,595.11	9,779.27	83.9	63.2	77.2
Kisumu	8,025.44	4,754.92	12,780.36	7,322.45	1,930.92	9,253.37	91.2	40.6	72.4
Kitui	7,434.46	4,405.35	11,839.81	7,058.38	3,452.09	10,510.47	94.9	78.4	88.8
Kwale	6,322.96	5,938.37	12,261.33	6,075.74	3,670.21	9,745.95	96.1	61.8	79.5
Laikipia	4,813.08	2,685.54	7,498.62	4,376.60	1,449.93	5,826.53	90.9	54.0	77.7
Lamu	2,761.87	1,944.79	4,706.66	2,263.84	854.12	3,117.96	82.0	43.9	66.2
Machakos	8,734.18	4,754.39	13,488.57	8,367.28	2,589.41	10,956.69	95.8	54.5	81.2
Makueni	6,673.98	5,031.13	11,705.11	5,925.08	3,310.36	9,235.44	88.8	65.8	78.9
Mandera	7,573.66	5,637.70	13,211.36	7,240.02	4,432.30	11,672.32	95.6	78.6	88.4
Marsabit	4,152.95	4,562.15	8,715.10	3,764.88	3,438.43	7,203.31	90.7	75.4	82.7
Meru	8,053.69	3,730.09	11,783.78	7,447.39	2,625.97	10,073.36	92.5	70.4	85.5
Migori	5,447.75	3,709.04	9,156.79	5,144.42	2,190.15	7,334.57	94.4	59.0	80.1
Mombasa	10,564.82	5,069.76	15,634.58	6,780.80	4,750.47	11,531.27	64.2	93.7	73.8
Murang'a	5,805.86	3,079.05	8,884.91	5,177.35	2,540.83	7,718.18	89.2	82.5	86.9
Nairobi City	29,405.67	8,476.07	37,881.74	24,506.42	5,629.23	30,135.65	83.3	66.4	79.6
Nakuru	10,864.45	10,106.72	20,971.17	8,996.80	4,882.50	13,879.30	82.8	48.3	66.2
Nandi	5,022.02	2,589.50	7,611.52	5,034.26	1,922.80	6,957.06	100.2	74.3	91.4
Narok	8,042.74	3,622.90	11,665.64	7,709.74	1,163.03	8,872.77	95.9	32.1	76.1
Nyamira	4,657.80	2,142.44	6,800.24	4,347.82	1,398.16	5,745.98	93.3	65.3	84.5
Nyandarua	4,925.41	2,890.16	7,815.57	4,617.81	2,044.53	6,662.34	93.8	70.7	85.2
Nyeri	5,899.44	3,198.58	9,098.02	5,575.11	2,175.81	7,750.92	94.5	68.0	85.2
Samburu	4,262.59	2,528.07	6,790.66	3,856.45	1,373.76	5,230.21	90.5	54.3	77.0
Siaya	4,841.03	3,380.08	8,221.11	4,706.01	2,245.77	6,951.78	97.2	66.4	84.6

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
Taita/Taveta	4,060.71	2,054.02	6,114.73	3,568.35	1,777.00	5,345.35	87.9	86.5	87.4
Tana River	4,720.38	3,424.87	8,145.25	3,387.18	1,290.27	4,677.45	71.8	37.7	57.4
Tharaka Nithi	3,882.57	1,975.26	5,857.83	3,675.30	1,259.58	4,934.88	94.7	63.8	84.2
Trans Nzoia	4,908.12	3,488.09	8,396.21	4,659.55	2,747.97	7,407.52	94.9	78.8	88.2
Turkana	9,131.47	5,347.37	14,478.84	9,439.61	2,770.28	12,209.89	103.4	51.8	84.3
Uasin Gishu	6,118.96	5,892.97	12,011.93	5,717.14	2,564.11	8,281.25	93.4	43.5	68.9
Vihiga	4,072.61	2,511.94	6,584.55	3,711.20	2,002.29	5,713.49	91.1	79.7	86.8
Wajir	6,780.59	4,163.51	10,944.10	6,140.76	3,105.19	9,245.95	90.6	74.6	84.5
West Pokot	4,396.86	2,593.31	6,990.17	4,256.39	2,007.48	6,263.87	96.8	77.4	89.6
Total	314,877.76	186,858.07	501,735.83	281,945.75	116,068.38	398,014.13	89.5	62.1	79.3

Source: OCoB and County Treasuries

Analysis of development expenditure as a proportion of approved annual development budget shows that Mombasa, Taita Taveta, and Murang'a Counties attained the highest absorption rate at 93.7 per cent, 86.5 per cent, and 82.5 per cent respectively. County governments which recorded below 50 per cent absorption rate of development budget were Baringo at 27.2 per cent, Narok at 32.1 per cent, Tana River at 37.7 per cent, Kisumu at 40.6 per cent, Uasin Gishu at 43.5 per cent, Lamu at 43.9 per cent, Busia at 45.8 per cent and Nakuru at 48.3 per cent. 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.281.95 billion or 70.8 per cent of the total expenditure on recurrent activities. This expenditure represents 89.5 per cent of the annual county government's budget for recurrent activities, and a slight decline from 89.6 per cent recorded in the FY 2019/20 when expenditure stood at Kshs.279.27 billion.

The recurrent expenditure comprised of Kshs.176.03 billion (62.4 per cent) on Personnel Emoluments and Kshs.105.92 billion (37.6 per cent) on Operations and Maintenance (O&M) expenditure. An analysis of the recurrent expenditure by counties is provided in chapter three.

2.4.3 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. In the FY 2020/21, expenditure on compensation to employees was Kshs.176.03 billion which translated to 44.2 per cent of the total expenditure of Kshs.398.01 billion. As a percentage of available revenue of Kshs.436.61 billion in the reporting period, this expenditure translated to 40.3 per cent.

Expenditure on wages and benefits by 5 Counties were within the ceiling provided in law, namely; Nyandarua, Kwale, Nairobi City, Mandera, and Tana River at 33.7 per cent, 33.3 per cent, 32.4 per cent, 29.4 per cent, and 28.9 per cent respectively. An analysis of the expenditure on personnel emoluments by counties is provided in chapter three.

2.4.4 Review of MCA Sitting Allowances

During the reporting period, the County Assemblies spent Kshs.2.18 billion on MCAs Sitting allowances against an approved budget allocation of Kshs.2.58 billion. This expenditure translates to 84.7 per cent of the approved MCAs sitting allowance budget, and an increase from 82 per cent attained in the FY 2019/20 when Kshs.2.17 billion was spent. Table 2.4 shows the budgetary allocation and expenditure on MCAs and Speakers sitting allowances in the period under review.

Table 2.4: MCAs Budget Allocation, Expenditure and Absorption Rate in the FY 2020/21

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	43,308,240	47,566,700	109.8	46	86,172
Bomet	31,884,296	31,884,296	100.0	37	71,811
Bungoma	52,529,663	8,303,614	15.8	61	11,344
Busia	75,114,363	75,114,363	100.0	54	115,917
Elgeyo Marakwet	43,287,029	43,123,600	99.6	34	105,695
Embu	33,726,577	29,943,553	88.8	35	71,294
Garissa	34,446,678	34,446,678	100.0	51	56,285
Homa Bay	117,715,200	117,715,108	100.0	61	160,813
Isiolo	33,019,579	17,019,579	51.5	18	78,794
Kajiado	15550000	5376600	34.6	42	10,668
Kakamega	121,352,788	106,780,685	88.0	90	98,871
Kericho	51,047,200	51,047,200	100.0	48	88,624
Kiambu	120,000,000	94,494,400	78.7	93	84,672
Kilifi	26,463,480	26,463,480	100.0	56	39,380
Kirinyaga	39,310,400	38,646,300	98.3	34	94,721
Kisii	123,835,100	111,412,264	90.0	71	130,766
Kisumu	58,829,865	50,642,370	86.1	49	86,126
Kitui	59,771,200	49,502,190	82.8	55	75,003
Kwale	48,864,000	42,990,932	88.0	31	115,567
Laikipia	33,450,000	26,024,700	77.8	25	86,749
Lamu	19,952,000	15,659,500	78.5	19	68,682
Machakos	78,728,920	75,377,500	95.7	61	102,975
Makueni	64,000,000	69,244,370	108.2	49	117,763
Mandera	38,000,000	33,136,900	87.2	49	56,355
Marsabit	40,000,000	36,400,000	91.0	31	97,849
Meru	100,075,665	83,185,299	83.1	69	100,465
Migori	100,211,200	80,211,200	80.0	57	117,268
Mombasa	50,000,000	37,089,100	74.2	43	71,878
Murang'a	62,850,000	61,968,458	98.6	54	95,630
Nairobi City	109,120,000	100,119,930	91.8	124	67,285
Nakuru	69,775,913	66,275,807	95.0	79	69,911
Nandi	53,557,481	27,526,500	51.4	40	57,347
Narok	58,813,760	16,347,000	27.8	48	28,380
Nyamira	54,331,500	54,283,829	99.9	37	122,261
Nyandarua	35,720,000	35,720,000	100.0	40	74,417
Nyeri	50,668,800	49,588,500	97.9	45	91,831
Samburu	24,300,000	25,632,987	105.5	28	76,289
Siaya	56,966,400	55,048,300	96.6	43	106,683
Taita Taveta	26,200,000	19,906,700	76.0	35	47,397
Tana River	49,171,200	18,914,000	38.5	24	65,674
Tharaka Nithi	29,238,200	29,238,200	100.0	21	116,025
Trans Nzoia	50,853,600	31,202,000	61.4	40	65,004
Turkana	36,000,000	21,283,600	59.1	48	36,951
Uasin Gishu	36,689,000	36,688,500	100.0	48	63,695

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
Vihiga	73,797,200	48,861,282	66.2	39	104,404
Wajir	12,012,900	12,012,900	100.0	50	20,022
West Pokot	31,788,330	31,764,453	99.9	34	77,854
Total	2,576,327,727	2,181,185,427	84.7	2,246	80,929

Source: County Treasuries

County Assemblies of Homa Bay and Kisii reported higher expenditure on sitting allowance than the recommended monthly ceiling of Kshs.124,800 by the Salaries and Remuneration Commission (SRC).

2.4.5 Pending Bills as of 30th June, 2021

A pending bill is an unsettled financial obligation at the end of a financial year and arises where an entity fails to settle invoiced amounts for goods and services properly procured and delivered or rendered as at the end of a financial year.

As of June 30, 2020, Counties reported accumulated pending bills amounting to Kshs.96 billion as shown in Table 2.5.

Table 2.5: Pending Bills for the Counties as of June 30th, 2021

County	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Total Pending Bills (Kshs.)
Baringo	19,927,647	175,339,595	195,267,242
Bomet	68,398,636	452,326,958	520,725,594
Bungoma	48,221,829	47,043,654	95,265,483
Busia	32,876,654	341,339,443	374,216,097
Elgeyo Marakwet	5,738,748	47,127,556	52,866,304
Embu	1,000,623,743	816,351,568	1,816,975,311
Garissa	22,038,706	848,723,770	870,762,476
Homa Bay	23,642,468	520,382,454	544,024,922
Isiolo	136,386,020	146,943,218	283,329,238
Kajiado			1,258,689,327
Kakamega	239,986,340	348,717,474	588,703,814
Kericho	71,241,607	213,517,850	284,759,457
Kiambu	1,163,828,172	2,338,705,759	3,502,533,931
Kilifi	1,192,605,762	795,369,230	1,987,974,992
Kirinyaga	223,769,256	178,355,125	402,124,381
Kisii	267,726,209	420,732,313	688,458,522
Kisumu	-	1,008,395,868	1,008,395,868
Kitui	237,671,908	852,055,136	1,089,727,044
Kwale	-	2,294,027,929	2,294,027,929
Laikipia	180,734,912	531,734,912	712,597,610
Lamu	63,630,771	196,173,243	259,804,014
Machakos	709,109,302	522,824,319	1,231,933,621
Makueni	40,485,421	11,720,194	52,205,615
Mandera	-	-	-
Marsabit	40,000,000	574,462,490	614,462,490
Meru	215,845,549	790,614,258	1,006,459,807
Migori	474,967,427	1,358,981,687	1,833,949,114
Mombasa	-	-	4,466,272,428
Muranga	1,387,584,164	512,276,785	1,899,860,949

County	Recurrent Expenditure (Kshs.)	Development Expenditure (Kshs.)	Total Pending Bills (Kshs.)
Nairobi City			54,318,170,680
Nakuru	292,525,048	435,024,739	727,549,787
Nandi	254,573,024	517,587,728	772,160,752
Narok	813,769,484	333,022,158	1,146,791,642
Nyamira	287,789,025	618,775,837	906,564,862
Nyandarua	179,440,092	567,445,735	746,885,827
Nyeri	79,726,732	31,243,495	110,970,227
Samburu	80,363,872	517,326,526	597,690,397
Siaya	637,541,118	423,375,201	1,060,916,319
Taita Taveta	259,873,017	484,190,424	744,063,441
Tana River	605,626,961	732,355,997	1,337,982,958
Tharaka Nithi	117,799,274	209,583,166	327,382,440
Trans Nzoia	284,620,641	511,286,396	795,907,037
Turkana	626,910,596	1,166,567,315	1,793,477,911
Uasin Gishu	25,660,291	90,636,905	116,297,196
Vihiga	83,265,531	506,643,297	589,908,828
Wajir	125,000,000	1,277,241,429	1,402,241,429
West Pokot			162,564,275
Total	12,621,525,957	24,766,549,136	96,006,140,093

Source: County Treasuries

Mandera County did report any outstanding pending bills as of 30th June, 2021. Pending bill reports for Kajiado, Mombasa, Nairobi City and West Pokot were not disaggregated into recurrent and development expenditure categories.

Nairobi City County accounted for 56.6 per cent of the stock of the pending bills at Kshs.54.32 billion. Other Counties with high pending bills are Mombasa at Kshs.4.47 billion, Kiambu at Kshs.3.5 billion, and Kwale at Kshs.2.29 billion.

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

3 FINANCIAL ANALYSIS OF COUNTY BUDGET IMPLEMENTATION IN THE FY 2020/21

3.1 Introduction

This chapter presents a financial analysis of aggregated county budget implementation for FY 2020/21.

3.2 County Government of Baringo

3.2.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.7.91 billion, comprising Kshs.4.65 billion (58.8 per cent) and Kshs.3.26 billion (41.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.5.10 billion (64.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.16 billion (14.7 per cent) as total conditional grants, generate Kshs.346.09 million (4.4 per cent) from own sources of revenue, and a cash balance of Kshs.1.17 billion (14.8 per cent) from FY 2019/20. The County also expects to receive Kshs.134.99 million (1.7 per cent) as "other revenues" not contained in the CARA, 2020. Other revenues include; Kshs.84.34 million grants for COVID-19 from the National Government, Kshs.5.67 million grants for COVID-19 from DANIDA and Kshs.44.99 million allowances for frontline healthcare workers as approved by Salaries and Remuneration Commission (SRC).

3.2.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.10 billion as the equitable share of the revenue raised nationally, Kshs.970.88 million as total conditional grants including balances brought forward, raised Kshs.205.20 million as own-source revenue, Kshs.135 million as other revenues, and had a cash balance of Kshs.1.17 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.58 billion, as shown in Table 3.1.

Table 3.1: Baringo County, Revenue Performance in FY 2020/21

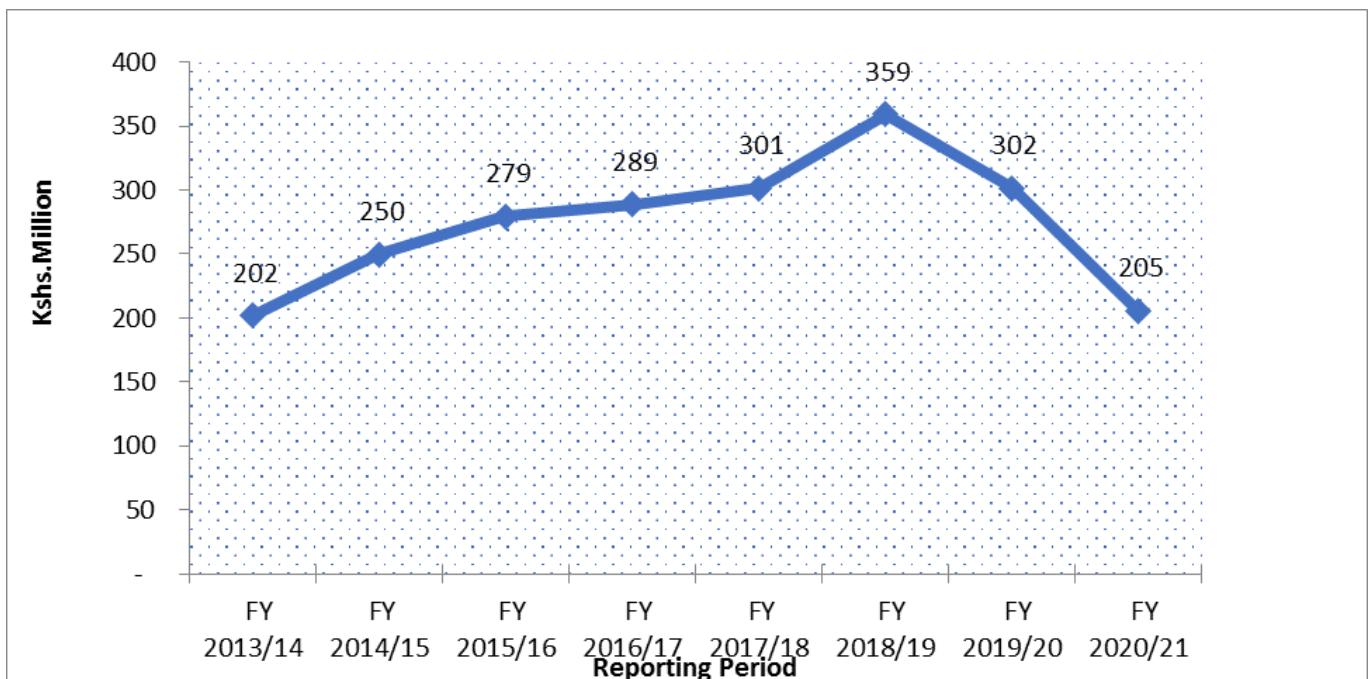
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation FY 2020/21 (Kshs)	Actual Receipt (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,095,650,000	5,095,650,000	5,095,650,000	100
B. Conditional Grants from the National Government					
1.	Compensation for User Fee Foregone Plus Balance B/fwd	13,191,000	26,382,000	26,382,000	100.0
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund Plus Balance B/fwd	152,818,903	353,897,567	277,488,116	78.4
4.	Rehabilitation of Village Polytechnics plus Balance B/fwd	20,494,894	38,070,692	38,070,692	100.0
Sub Total		318,526,074	550,371,536	341,940,808	62.1
C. Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB) plus balances b/fwd	98,424,470	123,948,349	123,685,777	99.8
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP) plus balance B/fwd	247,240,980	319,549,645	336,014,177	105.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	75,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	37,450,261	37,450,261	100.0
5.	DANIDA Grant	14,490,000	14,490,000	14,490,000	100.0
6.	EU Grant (Instruments for Devolution Advice and Support IDEAS)	15,626,168	15,626,168	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,557,645	15,057,645	13,058,503	86.7

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation FY 2020/21 (Kshs)	Actual Receipt (Kshs)	Actual Receipts as Percentage of Annual Budget Allocation (%)
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG) plus balances b/fwd	-	13,200,000	29,239,345	221.5
	Sub Total	434,339,263	614,322,068	628,938,063	102.4
D.	Other Sources of Revenue				
1.	Own Source Revenue	-	346,088,720	205,203,689	59.3
2.	Balance b/f from FY 2019/20	-	1,171,110,595	1,171,110,595	100.0
3.	Other Revenues (Roll over)	-	134,996,000	134,996,000	100.0
	Sub Total	-	1,652,195,315	1,511,310,284	91.5
	Grand Total	5,848,515,337	7,912,538,919	7,577,839,155	95.8

Source: Baringo County Treasury

Figure 3.1 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.1: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Baringo County Treasury

In FY 2020/21, the County generated Kshs.205.20 million as own-source revenue. This amount represented a decrease of 32 per cent compared to Kshs.301.66 million realised during a similar period in FY 2019/20 and was 59.3 per cent of the annual target. The low performance in own-source revenue collection may have resulted from economic disruptions occasioned by the effects of the COVID-19 pandemic, which adversely affected business and financial operations across the country.

3.2.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.99 billion from the CRF account during the reporting period. The amount comprised Kshs.1.42 billion (23.6 per cent) for development programmes and Kshs.4.58 billion (76.4 per cent) for recurrent programmes.

3.2.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.60 billion on development and recurrent programmes. The expenditure represented 76.7 per cent of the total funds released by the COB and comprised Kshs.887.52 million and

Kshs.3.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 27.2 per cent, while recurrent expenditure represented 79.7 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.175.34 million for development activities and Kshs.19.93 million for recurrent costs.

3.2.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.76 billion was spent on employee compensation, Kshs.944.03 million on operations and maintenance, and Kshs.887.52million on development activities, as shown in Table 3.2.

Table 3.2: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,651,467,647	4,576,140,489	3,708,440,088	79.7
Compensation to Employees	3,235,556,980	3,261,516,336	2,764,408,991	85.4
Operations and Maintenance	1,415,910,667	1,314,624,153	944,031,097	66.7
Total Development Expenditure	3,261,071,272	1,415,120,686	887,516,983	27.2
Development Expenditure	3,261,071,272	1,415,120,686	887,516,983	27.2
Total	7,912,538,919	5,991,261,175	4,595,957,072	58.1

Source: Baringo County Treasury

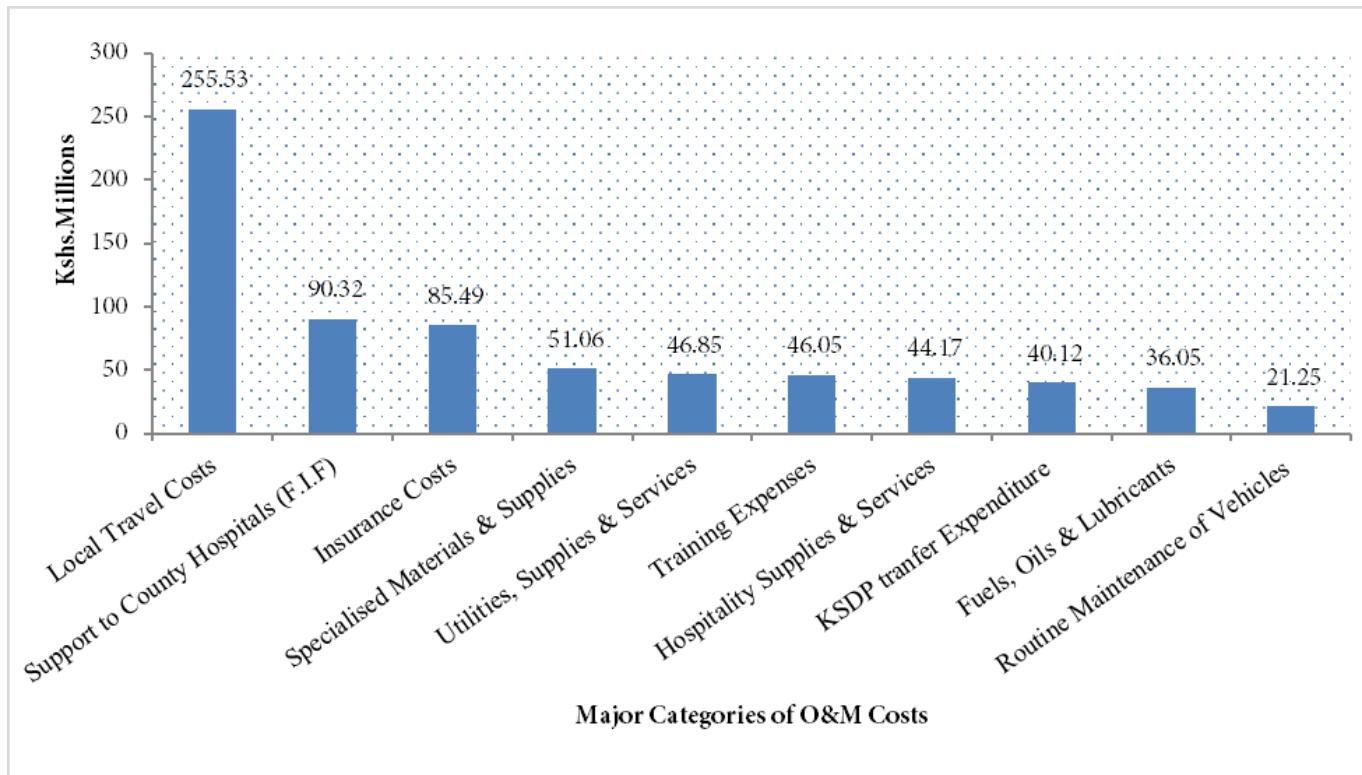
3.2.6 Expenditure on Personnel Emoluments

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 60.1 per cent of the total expenditure for the reporting period and 36.5 per cent of revenue.

3.2.7 Expenditure on Operations and Maintenance

Figure 3.2 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.2: Baringo County, Operations and Maintenance Expenditure by Major Categories



Source: Baringo County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.47.57 million on committee sitting allowances for the 45 MCAs and Speaker against the annual budget allocation of Kshs.43.31 million. The average monthly sitting allowance was Kshs.86,172 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.255.53 million and comprised Kshs.161.75 million spent by the County Assembly and Kshs.93.77 million by the County Executive. The County Executive spent Kshs.966,200 on foreign travel.

3.2.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.251.99 million to cater for COVID-19 related expenditure, including Kshs.117 million brought forward from FY 2019/20. A total of Kshs.176.95 million was spent during the reporting period, as shown in Table 3.3.

Table 3.3: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30th June 2021 (Kshs)
1.		
2.	Supply of PPEs to curb COVID 19 - Health	13,240,000
3.	Payment for supply of ICU ventilators	13,150,950
4.	Payment for construction of COVID 19 isolation ward at Mogotio Hospital	9,080,688
5.	Supply and delivery of emergency relief food-	8,523,000
6.	Supply and delivery of emergency relief food-	7,997,870
7.	Supply of relief food maize and beans for COVID responses	7,847,330
8.	Supply and delivery of emergency relief food-	7,768,500
9.	Supply of COVID 19 equipment - Health	7,080,000
10.	Supply of COVID 19 equipment - Health	6,546,000
11.	Supply of relief food maize and beans for COVID responses	6,152,670
12.	Supply and delivery of emergency relief food-	5,907,350
13.	Supply of COVID 19 equipment - Health	5,705,000
14.	Supply of disposable masks	5,475,000
15.	Supply of con soya blend super cereal plus	4,200,000
16.	Payment for construction of COVID 19 isolation ward at Mogotio hospital	4,060,274
17.	Supply of con soya blend super cereal plus	3,793,500
18.	Fencing of COVID 19 isolation wards at Mogotio sub-county hospital	3,172,948
19.	Construction of isolation ward block in Mogotio Hospital	2,760,283
20.	Supply of face masks - Health	2,500,000
21.	Supply of tyres for water bowsers - Water	2,400,000
22.	Construction of isolation ward block in Mogotio Hospital	2,079,044
23.	COVID 19 surveillance activities - Health	2,000,000
24.	Supply and delivery of water tanks for COVID 22	1,972,500
25.	Supply and delivery of water tanks for COVID 19	1,962,780
26.	Supply and delivery of water tanks for COVID 20	1,960,440
27.	Payment of spraying booths	1,948,800
28.	Community sensitisation on preventive measures on COVID 19	1,887,500
29.	Community sensitisation and preventive measures against COVID 19 - Health	1,687,500
30.	Supply and delivery of medical supplies to support the fight against COVID 19	1,674,500
31.	Supply of COVID 19 equipment - Health	1,567,000
32.	Payment for supply of fuels	1,474,138
33.	Supply and delivery of water tanks for COVID 21	1,417,000
34.	Supply and delivery of water tanks for COVID 21	1,021,500
35.	Facilitation for staff allowances fighting COVID 19 - Health	1,000,000
36.	Facilitation for staff allowances fighting COVID 19 - Health	1,000,000
37.	Supply of bulky fuel for ambulances - COVID 19 - Health	1,000,000
38.	Supply of bulky fuel for water tracking - Water	880,000
39.	Transfer of COVID funds to Mogotio isolation centre	800,000
40.	Payment for transportation services of relief food Tiaty sub-county	793,359
41.	Inspection and assessment of Mogotio sub-county hospital COVID- 19 isolation wards	741,100
42.	Facilitation of awareness and surveillance activities COVID 19 - health	700,000
43.	Facilitation for food distribution for vulnerable families - Tiaty sub-county	687,000
44.	Supply of face masks material	669,500
45.	Payment for transportation services of relief food Mogotio sub-county	653,224

S/No	Description of Expenditure Category	Expenditure as of 30th June 2021 (Kshs)
46.	Facilitation for staff allowances fighting COVID 19 - Health	615,000
47.	Supply of human drugs to fight COVID 19 - Health	611,000
48.	Supply of chlorine granules - COVID 19	594,000
49.	Mask accessories branding logistics - Health	590,500
50.	Validation of registered vulnerable for emergency relief food supply	586,370
51.	Targeting and registration of vulnerable for emergency relief food supply	564,000
52.	Facilitation for food distribution for vulnerable families - Mogotio sub-county	531,000
53.	Community outreach	529,000
54.	Support for case training on the surge of malnutrition and COVID 19 - health	515,000
55.	Facilitation for food distribution for vulnerable families - Baringo Central sub-county	510,000
56.	Facilitation for food distribution for vulnerable families -Baringo South sub-county	507,000
57.	Operationalisation of livestock markets that were closed during the COVID-19 pandemic	502,000
58.	Facilitation for food distribution for vulnerable families – Baringo North sub-county	501,000
59.	Facilitation of medical staff supporting preparedness of COVID-19	500,000
60.	Supply of bulky fuel for COVID-19 responses	500,000
61.	Supply of bulky fuel for COVID-19 responses -	500,000
62.	Labour payment for the manufacture of face masks - Kituro VTC - health	500,000
63.	Facilitation of COVID 19 security meeting - (curfew enforcement)	499,000
64.	Transportation of emergency COVID-19 relief food-Baringo south	497,784
65.	Facilitation for food distribution for vulnerable families – Eldama Ravine sub-county	441,000
66.	Facilitation for the COVID-19 committee meeting	417,500
67.	Facilitation of security meeting	400,000
68.	Facilitation of awareness and surveillance activities COVID 19 - health	400,000
69.	Supply of spraying pumps for fumigation - health	378,700
70.	Support towards sensitisation on COVID-19	354,000
71.	Facilitation of awareness and surveillance activities COVID-19 - health	350,000
72.	Facilitation of awareness and surveillance activities COVID-19 - health	350,000
73.	Facilitation of awareness and surveillance activities COVID-19 - health	340,000
74.	Facilitation for food distribution for vulnerable families - Countywide	326,100
75.	Media sensitisation on COVID-19 - health	300,000
76.	Community outreach	297,700
77.	Facilitation of evaluation committee for the supply of foodstuffs	296,000
78.	Facilitation for loading and offloading of relief food	286,282
79.	Transportation of emergency COVID relief food-Baringo north	281,579
80.	Support to set up of isolation ward at Kaptimbor	270,000
81.	Payment for branding services of COVID 19 water tanks	264,000
82.	Training of ICU staff on preparedness for COVID 19 - health	235,200
83.	Facilitation o a summit meeting on COVID 19 -Nairobi	210,000
84.	Facilitation of COVID 19 security meeting - (curfew enforcement)	200,000
85.	Repairs on ICU ventilators	186,180
86.	Payment for transportation services of relief food e/Ravine sub-county	171,280
87.	Facilitation for COVID 19 committee meeting	150,000
88.	Logistics accessories for the production of 50,000 face masks for COVID 19	150,000
89.	Payment for transportation services of relief food Baringo central-sub county	108,271
90.	Transportation of relief food -	106,000
91.	Catering for COVID 19 committee meeting - Health	71,244
92.	Airtime for COVID 19 responses	67,000
93.	Catering for COVID 19 committee meeting	62,519
94.	IPC training on COVID 19 - health	60,400
95.	Catering for COVID 19 committee meeting	55,000
96.	Bulky fuel for the opening of livestock markets	49,350
97.	Supply of spare parts KBG BG 039A -Health	45,000
98.	Transportation of PPEs kits - Health	32,000
99.	Payments for storage services for emergency relief food at Eldama-Ravine NCPB	31,110
100.	Payments for storage services for emergency relief food at Kabarnet NCPB	26,483

S/No	Description of Expenditure Category	Expenditure as of 30th June 2021 (Kshs)
101.	Repairs motor vehicle	26,140
102.	Supply of fittings for Kasoiyo water tank to curb COVID -19 -water	23,790
103.	Catering for COVID 19 committee meeting	23,709
104.	Payments for staff cards for essential services during COVID 19 period	13,500
105.	Total	176,947,939

Source: Baringo County Treasury

3.2.9 Development Expenditure

The County incurred an expenditure of Kshs.887.52 million on development programmes, which represented a significant decrease of 48.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.73 billion. Table 3.4 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.4: Baringo 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	Implementation of IDA World Bank (KCSAP) specified assorted Programmes and activities.	Baringo Central	319,549,645	262,898,166	82.3
2	Purchase of Roads Machinery (Motor Grader, Excavator, 2 Tippers and a Roller)	All wards in Baringo North	52,000,000	32,364,000	62.2
3	Routine Maintenances of RMLF funded classified County Access Roads	Countywide	297,262,309	28,233,101	9.5
4	Improvement of Livestock and livestock breeding	Baringo Central	30,000,000	21,438,500	71.5
5	Supply of Emergency Equipment Support for Kabant Hospital	Baringo Central	28,331,535	18,000,000	63.5
6	Implementation of KDSP Assorted Programme activities	Countywide	246,293,730	15,610,380	6.3
7	Construction of County Assembly building Offices	County Assembly Premises	12,738,192	12,693,472	99.6
8	Implementation of the Sweden ASDP funded programs and project activities	Baringo Central	15,057,645	12,558,503	83.4
9	Purchase of fruit seedlings and distribution	Baringo Central	30,000,000	12,000,000	40.0
10	Rig operation, Testing and Commissioning	Countywide	11,200,000	10,310,000	92.1

Source: Baringo County Treasury

3.2.10 Budget Performance by Department

Table 3.5 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.5: Budget Performance by Departments FY 2020/21

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	687.93	26.6	686.59	20.05	686.86	20.05	100	100	99.8	75.4
Office of the Governor/ County Executive Services	421.74	16.36	400.25	9.22	281.6	4.39	70.4	47.6	66.8	26.8
County Treasury Services	366.57	260.78	366.49	256.92	209.6	24.11	57.2	9.4	57.2	9.2
Lands, Housing & Urban Development	91.75	113.96	89.52	73.14	47.39	34.05	52.9	46.6	51.6	29.9
Education and ICT	305.35	163.59	300.58	35.5	244.1	30.71	81.2	86.5	79.9	18.8
Industrialisation, Commerce and Tourism	80.77	81.63	80.31	15.25	31.23	23.38	38.9	153.3	38.7	28.6
Water & Irrigation	119.93	686.4	119.92	137.28	100.4	139.54	83.7	101.6	83.7	20.3

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
Environment & Natural Resources	38.76	27.58	35.49	8.59	26.5	10.62	74.7	123.6	68.4	38.5
Health Services	2,201.57	362.08	2,161.90	88.41	1,898.17	82.9	87.8	93.8	86.2	22.9
Agriculture, Livestock, Fisheries & Marketing	238.77	520.19	238.77	341.31	121.9	330.96	51.1	97	51.1	63.6
Transport and Infrastructure	60.83	920.07	60.66	413.97	29.85	170.31	49.2	41.1	49.1	18.5
Youth, Gender & Social Security Services	37.5	81.85	35.65	15.49	30.84	16.49	86.5	106.4	82.2	20.2
TOTAL	4,651.47	3,261.07	4,576.14	1,415.12	3,708.44	887.52	81	62.7	79.7	27.2

Source: Baringo County Treasury

Analysis of expenditure by the Department shows that the County Assembly entity recorded the highest absorption rate of development budget at 75.4 per cent while the Department of Finance & Economic Planning registered the lowest percentage rate of development budget at 9.2 per cent. Similarly, the County Assembly Entity had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Transport and Infrastructure had the lowest at 41.1 per cent.

3.2.11 Budget Execution by Programmes and Sub-Programmes

Table 3.6 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.6: Baringo County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Bud- get(Ksh)	Actual Pay- ments (Ksh)	Variance(Kshs)	Absorption (%)
Default - Non-Programmatic		-	10,461,464	- 10,461,464	0.0%
	Default - Non-Programmatic	-	10,461,464	- 10,461,464	0.0%
General Administration		330,522,153	327,342,745	3,179,408	99.0%
	General administration, planning & support services	330,522,153	327,342,745	3,179,408	99.0%
Land Administration		-	-	-	0.0%
	Land adjudication and demarcation	-	-	-	0.0%
Urban Development-Eldama Ravine		-	-	-	0.0%
	Support service	-	-	-	0.0%
Livestock Development and Management		-	272,716	- 272,716	0.0%
	General administration, planning & support services	-	-	-	0.0%
	Support service	-	272,716	- 272,716	0.0%
	Livestock Improvement, Pasture and Fodder Development	-	-	-	0.0%
Agricultural Development	Apiculture Development	-	-	-	0.0%
	General administration, planning & support services	-	-	-	0.0%
Agricultural training services		-	-	-	0.0%
	General administration, planning & support services	-	-	-	0.0%
Other Urban Infrastructure development and management		-	-	-	0.0%
	KUSP Programme	-	-	-	0.0%

Programme	Sub- Programme	Approved Bud- get(Ksh)	Actual Pay- ments (Ksh)	Variance(Kshs)	Absorption (%)
Crop Production and Management		520,185,330	354,920,406	165,264,924	68.2%
	Agribusiness Infrastructure Development	520,185,330	354,920,406	165,264,924	68.2%
Fisheries Development and Management		-	-	-	0.0%
	Aquaculture Development	-	-	-	0.0%
Urban Development-Kabarnet		113,959,252	72,041,902	41,917,350	63.2%
	General Administrative Services	113,959,252	72,041,902	41,917,350	63.2%
Land Use Planning		-	-	-	0.0%
		-	-	-	0.0%
General administration		29,146,738	61,066,457	- 31,919,720	209.5%
	General administration, planning & support services	29,146,738	61,066,457	- 31,919,720	209.5%
Rural Infrastructure Development		-	-	-	0.0%
	Rural road development and management	-	-	-	0.0%
Development and Rehabilitation of rural roads and structures		920,067,104	205,305,173	714,761,931	22.3%
	Roads opening and rehabilitation	920,067,104	205,305,173	714,761,931	22.3%
General administration		80,765,925	79,207,297	1,558,628	98.1%
	General administration, planning & support services	80,765,925	79,207,297	1,558,628	98.1%
Tourism Development & Marketing		-	132,000	- 132,000	0.0%
	General administration, planning & support services	-	132,000	- 132,000	0.0%
Trade Development		81,632,662	20,777,614	60,855,048	25.5%
		81,632,662	20,777,614	60,855,048	25.5%
Industrial Development services		-	-	-	0.0%
	Industrial Dev services	-	-	-	0.0%
General administration		-	-	-	0.0%
	General administration, planning & support services	-	-	-	0.0%
Health/preventive services		2,201,571,180	2,035,478,803	166,092,377	92.5%
	General administration, planning & support services	2,201,571,180	2,035,478,803	166,092,377	92.5%
		-	400,000	- 400,000	0.0%
Curative and Rehabilitative Services	General administration, planning & support services	-	400,000	- 400,000	0.0%
	Support service	-	-	-	0.0%
Preventive and Promotive Health Services		362,078,995	109,385,190	252,693,805	30.2%
	General administration, planning & support services	362,078,995	109,385,190	252,693,805	30.2%
	Support service	-	-	-	0.0%
	Support to County Hospitals (FIF)	-	-	-	0.0%
General administration services		-	14,734,234	- 14,734,234	0.0%
	Infrastructure Development	-	12,690,151	- 12,690,151	0.0%
	Compensation for User fees Forgone	-	2,044,082	- 2,044,082	0.0%
	Primary Health Care	-	-	-	0.0%
		305,352,363	272,285,850	33,066,513	89.2%
	General administration, planning & support services	305,352,363	272,285,850	33,066,513	89.2%

Programme	Sub- Programme	Approved Bud- get(Ksh)	Actual Pay- ments (Ksh)	Variance(Kshs)	Absorption (%)
Early Childhood Development Education	Early Childhood Development Education	163,590,401	43,210,906	120,379,496	26.4%
	General administration, planning & support services	163,590,401	43,210,906	120,379,496	26.4%
	Support Service	-	-	-	-
Vocational Training		-	-	-	-
	General administration, planning & support services	-	-	-	-
General Administration, Planning and support services		-	1,785,949	- 1,785,949	-
	General Administration services	-	1,785,949	- 1,785,949	-
Special Programmes		-	-	-	-
	Secondary Schools bursary	-	-	-	-
	Capitation allocation on VTC - Grant	-	-	-	-
	School feeding programme	-	-	-	-
P1 OFFICE OF THE CLERK		-	- 3,210,933	3,210,933	-
	General administration, planning & support services	-	- 3,210,933	3,210,933	-
General Administration, Planning and Support Services		354,405,200	339,497,923	14,907,277	95.8%
	Support service	327,807,008	319,444,451	8,362,557	97.4%
	General administrative services	26,598,192	20,053,472	6,544,720	75.4%
P3 GOVERNORS OFFICE		-	12,600	- 12,600	-
	General administration, planning & support services	-	12,600	- 12,600	-
P4 DEPUTY GOVERNOR		-	-	-	-
	General administration, planning & support services	-	-	-	-
County Secretary		-	48,500	- 48,500	-
Tiaty sub-county (Administration)	General administration, planning & support services	-	48,500	- 48,500	-
	General administration, planning & support services	-	-	-	-
Baringo North sub-county	General administration, planning & support services	-	-	-	-
Baringo Central sub-county	General administration, planning & support services	-	-	-	-
	General administration, planning & support services	-	-	-	-
Baringo South sub-county	General administration, planning & support services	-	-	-	-
	General administration, planning & support services	-	-	-	-
Mogotio sub-county	General administration, planning & support services	-	-	-	-
	General administration, planning & support services	-	-	-	-
Eldama Ravine sub-county	General administration, planning & support services	-	-	-	-
	General administration, planning & support services	-	-	-	-
County Public Service Board	General administration, planning & support services	-	-	-	-

Programme	Sub- Programme	Approved Bud- get(Ksh)	Actual Pay- ments (Ksh)	Variance(Kshs)	Absorption (%)
General administration		261,831,361	280,172,033	- 18,340,672	107.0%
	General administration	-	-	-	-
	General administration, planning & support services	247,831,361	266,172,703	- 18,341,342	107.4%
	Support service	-	-	-	-
	Internal Audit Services	-	-	-	-
	Emergency Fund	14,000,000	13,999,330	670	100.0%
Treasury Accounts		-	-	-	-
	General administration, planning & support services	-	-	-	-
KDS Programme		90,500,000	79,522,426	10,977,574	87.9%
	General administration, planning & support services	90,500,000	79,522,426	10,977,574	87.9%
Economic Planning, Budget, Monitoring and Evaluation Services		-	-	-	-
	Support service	-	-	-	-
	Monitoring and Evaluation Services	-	-	-	-
	Budget process and public participation services	-	-	-	-
Revenue Services Development Services		275,012,902	38,816,613	236,196,289	14.1%
	General administration, planning & support services	14,237,331	14,666,000	- 428,669	103.0%
	Support service	-	-	-	-
	Infrastructural Development	260,775,571	24,150,613	236,624,958	9.3%
Civic Education Development Services		-	-	-	0.0%
	Civic Education Development Services	-	-	-	-
Inter and Intragovernmental Relations services		-	-	-	-
	General administration, planning & support services	-	-	-	-
		421,736,497	416,694,269	5,042,228	98.8%
	General administrative services	78,921,675	77,034,637	1,887,038	97.6%
	County Secretary	111,804,788	108,480,978	3,323,810	97.0%
	Deputy Governor	24,806,329	24,060,296	746,033	97.0%
	Legal services	-	-	-	0.0%
	Public Administration and devolution Services	60,254,250	62,168,388	- 1,914,138	103.2%
	Communication Services	-	-	-	-
	Mogotio Sub County Administration Services	16,176,354	16,090,378	85,976	99.5%
	Baringo Central Sub -County Administration Services	14,700,716	14,350,161	350,555	97.6%
	Baringo North Sub- County Administration Services	17,009,891	17,028,236	- 18,345	100.1%
	Baringo South Sub - County Administration Services	18,863,174	18,451,115	412,059	97.8%
	Tiaty Sub- County Administration Services	18,139,445	18,172,623	- 33,178	100.2%
	County Public Service Board Services	44,429,627	44,259,897	169,730	99.6%

Programme	Sub- Programme	Approved Bud- get(Ksh)	Actual Pay- ments (Ksh)	Variance(Kshs)	Absorption (%)
Eldama Ravine Sub -County Administration Services	Eldama Ravine Sub -County Administration Services	16,630,248	16,597,562	32,686	99.8%
		360,119,856	356,409,472	3,710,384	99.0%
	Legislative Representation and Oversight services	360,119,856	356,409,472	3,710,384	99.0%
		-	-	-	0.0%
	General administrative services	-	-	-	0.0%
		16,357,641	4,388,953	11,968,688	26.8%
	ICT Development	-	-	-	-
	Infrastructure development	16,357,641	4,388,953	11,968,688	26.8%
		37,502,586	35,398,728	2,103,858	94.4%
	General administration, plan- ning & support services	37,502,586	35,398,728	2,103,858	94.4%
		81,847,711	15,493,206	66,354,505	18.9%
	General administration, plan- ning & support services	81,847,711	15,493,206	66,354,505	18.9%
	Support service	-	-	-	-
	Gender mainstreaming	-	-	-	-
Sports Development		-	-	-	-
	General administration, plan- ning & support services	-	-	-	-
	Support service	-	-	-	-
		-	-	-	-
	Conservation of Cultural Her- itage	-	-	-	-
		119,925,715	120,765,547	- 839,832	100.7%
	General administration, plan- ning & support services	119,925,715	120,765,547	- 839,832	100.7%
		686,397,367	148,303,811	538,093,556	21.6%
	General administration, plan- ning & support services	-	-	-	-
	Support service	-	-	-	-
	Water Harvesting Storage and Flood Control	686,397,367	148,303,811	538,093,556	21.6%
		27,581,046	7,722,299	19,858,747	28.0%
	General administration, plan- ning & support services	27,581,046	7,722,299	19,858,747	28.0%
		-	-	-	0.0%
	General administration, plan- ning & support services	-	-	-	-
	Support service	-	-	-	-
		38,761,709	37,366,101	1,395,608	96.4%
	General Administrative ser- vices	38,761,709	37,366,101	1,395,608	96.4%
		-	-	-	-
	Protection of rivers and streams	-	-	-	-
		-	-	-	-
	County Forest conservation and management	-	-	-	-
	Grand Total	7,880,851,694	5,486,210,254	2,394,641,440	69.6%

Source: Baringo County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration (General Administration Planning & Support Services) at 209.5 per cent, followed by General Administration (General

Administration Planning & Support Service) at 107.4 per cent, General Administration (General Administration Planning & Support Service) at 100.7 per cent, and finally Legislative Representation and Oversight services at 99 per cent of the budget allocation. The general administration programmes topped the first three highest levels of implementation and absorption, as shown in table 6.

The County did not reconcile the IFMIS uploaded budget and the Approved Supplementary Budget Estimates before operationalisation, thereby excluding budget programmes totalling Kshs.31,687,225 from the total IFMIS budget.

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. Delay in submitting financial reports by the County Treasury and County Assembly to the Controller of Budget affected timely preparation of the budget implementation report. The reports were finalised and submitted on 27th July 2021, disregarding the deadline provided in the OCOB circular dated 24th June 2021.
2. Low absorption of development funds as indicated by the expenditure of Kshs.887.52 million in FY 2020/21 from the annual development budget allocation of Kshs.3.26 billion. The development expenditure represented 27.2 per cent of the annual development budget and a 48.7 per cent reduction from Kshs.1.73 billion incurred in the FY 2019/20.
3. A high wage bill, which accounted for 60.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.205.20 million against an annual projection of Kshs.346.09 million, representing 59.3 per cent of the annual target and 32 per cent shortfall from Kshs.301.66 million achieved in the FY 2019/20.
5. As shown in Table 3.6, there was weak budgeting practice where the County incurred expenditure of Kshs.10.46 million under default – non-programme without the approved budgetary allocations, which is also termed “below the line items”.
6. Non-conformity to Section 168 of the PFM Act, 2012. The County Executive did not submit the quarterly financial reports to the OCOB for Car Loans and House Mortgage Fund Scheme and SMEs Enterprise Fund in the four quarters of FY 2020/21 despite the funds being effectively in operation
7. The County Assembly spent Kshs.47.57 million on committee sitting allowances on the 45 MCAs and Speaker against the annual budget allocation of Kshs.43.31 million. This expenditure was above the approved budget and represented an absorption rate of 109.8 per cent and therefore contravenes PFM Act, 2012 on expenditure ceilings.
8. High expenditure on local travel at Kshs.255.53 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 and ensure adherence to the timelines provided in the OCOB circular.*
2. *The County should identify and address issues causing delays in implementing development projects to avoid huge unspent development funds being rolled over to the subsequent financial year.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed without the hidden budget deficit and institute mechanisms to stop revenue leakages at the source.*
5. *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 in line with Section 109 (2) of the*

- PFM Act, 2012, and the habitual practice of payments of items below the lines should be discouraged completely.
6. The County Executive Committee Member for Finance should ensure that financial reports for all County established funds are submitted to the OCOB by the Fund Administrators every quarter in compliance with Section 168 of the PFM Act, 2012.
 7. The County Assembly should ensure proper management and control of the vote book, which is crucial in addressing expenditures and spending within the approved budgetary provisions.
 8. The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.

3.3 County Government of Bomet

3.3.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 was Kshs.7.62 billion, comprising Kshs.2.68 billion (35.2 per cent) and Kshs.4.94 billion (64.8 per cent) allocations for Development and Recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.51 billion (72.3 per cent) being the equitable share of revenue raised nationally, Kshs.1.42 billion (18.6 per cent) as total conditional grants, generate Kshs.221.42 million (2.9 per cent) from own sources of revenue, and the cash balance of Kshs.473.61 million (6.2 per cent) from FY 2020/21.

3.3.2 Revenue Performance

During the FY 2020/21, the County received Kshs.5.51 billion as the equitable share of the revenue raised nationally, Kshs.528.38 million as conditional grants, raised Kshs.183.01 million as own-source revenue, and had a cash balance of Kshs.473.61 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.69 billion, as shown in Table 3.7.

Table 3.7: Bomet County, Revenue Performance in the FY 2020/21

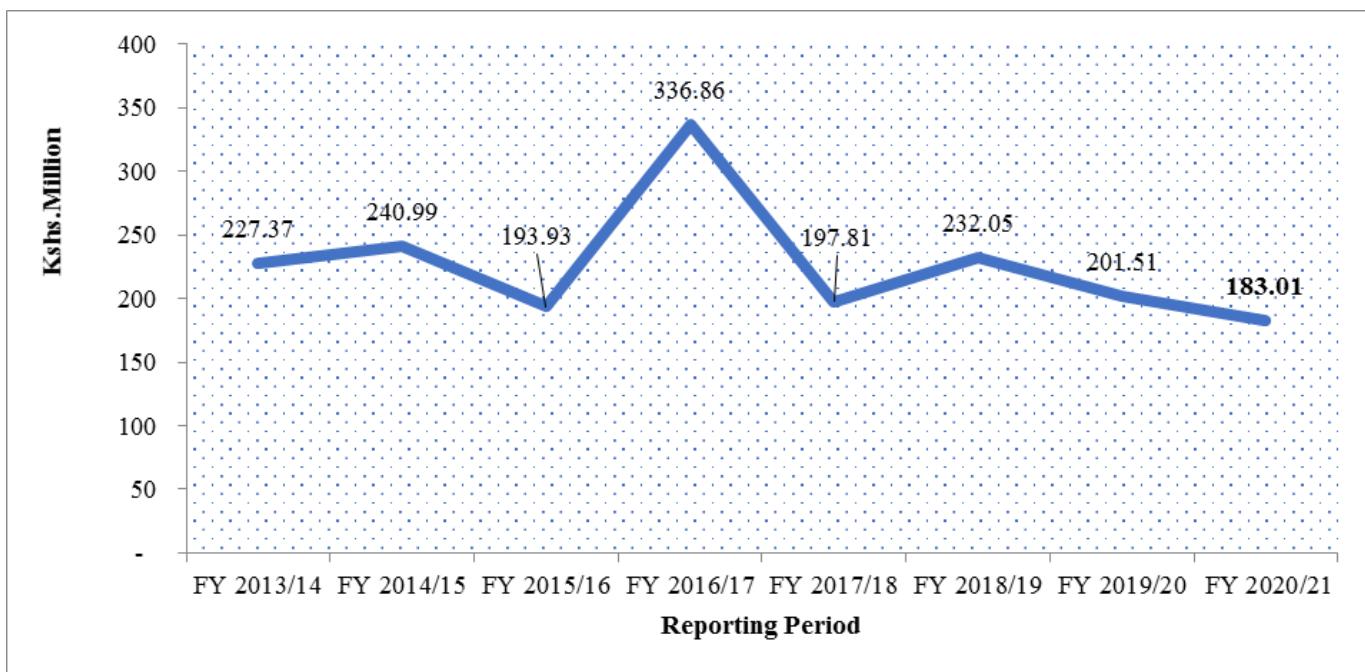
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,507,100,000	5,507,100,000	5,507,100,000	100
B. Conditional Grants from the National Government Revenue					
1.	Allowance for Medical staff	-	31,667,000		-
2.	Compensation for User Fee Foregone	16,713,356	16,713,356	-	-
3.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
4.	Road Maintenance Fuel Levy Fund	164,138,822	235,823,487	164,138,821	69.60
5.	Rehabilitation of Village Polytechnics	48,499,894	48,499,894	-	-
Sub Total		361,373,349	464,725,014	164,138,821	35.32
C Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB)	186,727,125	117,514,681	-	-
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	182,000,000	284,813,642	259,171,179	91.00
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	168,000,000	224,928,009	67,447,554	29.99
4.	DANIDA Grant	15,660,000	22,275,000		-
5.	Nutritional International	10,000,000	10,000,000	-	-
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	212,353,974	242,353,974	-	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,658,274	24,902,641	12,760,159	51.24
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	26,050,618	24,860,022	95.43
Sub Total		361,373,349	952,838,565	364,238,914	38.2
D Other Sources of Revenue					
1.	Own Source Revenue		221,421,954	183,008,302	82.7
2.	Balance b/f from FY2019/20		473,610,600	473,610,600	100.0
Sub Total		-	695,032,554	656,618,902	94.5

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
Grand Total		6,229,846,698	7,619,696,133	6,692,096,637	83.7

Source: Bomet County Treasury

Figure 3.3 shows the trend in own-source revenue collection for the financial year from FY 2013/14 to FY 2020/21.

Figure 3.3: Trend in Own-Source Revenue Collection for the FY 2013/14 to FY 2020/21



Source: Bomet County Treasury

During the FY 2020/21, the County generated Kshs.183.01 million as own-source revenue. This amount represented a decrease of 9.2 per cent compared to Kshs.201.51 million realised in FY 2019/20 and was 82.7 per cent of the annual target.

3.3.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.38 billion from the CRF account during the reporting period. The amount comprised Kshs.1.71 billion (26.9 per cent) for development programmes and Kshs.4.66 billion (73.1 per cent) for recurrent programmes.

3.3.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.64 billion on development and recurrent programmes. The expenditure represented 88.5 per cent of the total funds released by the COB and comprised of Kshs.1.49 billion and Kshs.4.15 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 55.7 per cent, while recurrent expenditure represented 84.0 per cent of the annual recurrent budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.452.33 million for development activities and Kshs.68.39 million for recurrent costs.

3.3.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.47 billion was spent on Compensation to Employees, Kshs.1.68 billion on Operations and Maintenance, and Kshs.1.49 billion on development activities, as shown in Table 3.8.

Table 3.8: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Recurrent Expenditure	4,936,350,596	4,664,045,219	4,148,523,737	84.0

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Compensation to Employees	2,802,430,598	2,792,782,469	2,470,594,357	88.2
Operations and Maintenance	2,133,919,998	1,871,262,750	1,677,929,380	78.6
Development Expenditure	2,683,345,537	1,712,328,275	1,493,677,932	55.7
Total	7,619,696,133	6,376,373,494	5,642,201,669	74.0

Source: Bomet County Treasury

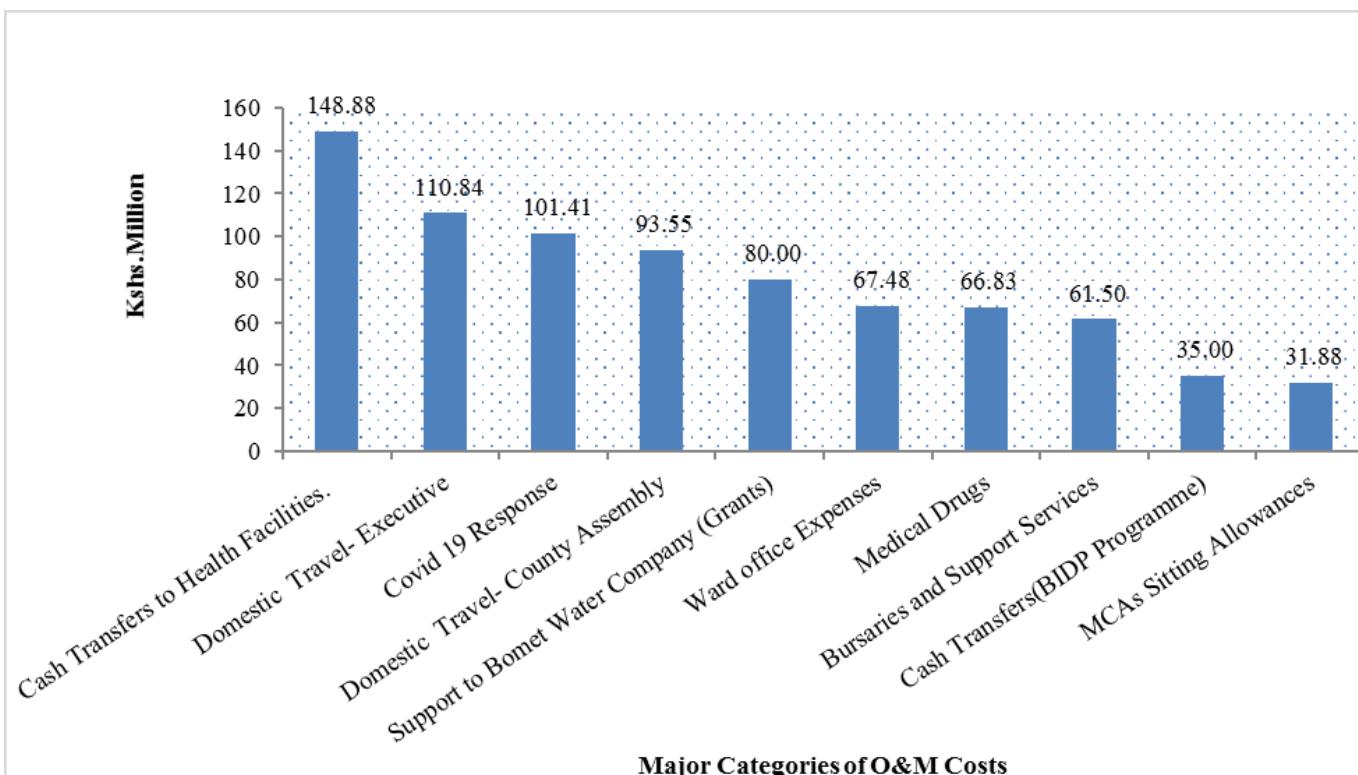
3.3.6 Expenditure on Personnel Emoluments

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 43.8 per cent of the total expenditure for the reporting period and 36.9 per cent of the annual proportional revenue estimate of Kshs.6.38 billion.

3.3.7 Expenditure on Operations and Maintenance

Figure 3.4 shows a summary of operations and maintenance expenditure by major categories.

Figure 3.4: Bomet County, Operations and Maintenance Expenditure by Major Categories



Source: Bomet County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.31.88 million on committee sitting allowances for the 37 MCAs and Speaker against the annual budget allocation of Kshs.31.88 million. The average monthly sitting allowance was Kshs.71,811 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.204.39 million and comprised Kshs.93.55 million spent by the County Assembly and Kshs.110.84 million by the County Executive. Spending on foreign travel amounted to Kshs.26.55 million and comprised Kshs.1.79 million by the County Assembly and Kshs.24.77 million by the County Executive.

3.3.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.115 million to cater for COVID-19 related expenditure while Kshs.90.69 million was spent during the reporting period. Details of the expenditure items were, however, not provided by the County Treasury.

3.3.9 Development Expenditure

The County incurred an expenditure of Kshs.1.49 billion on development programmes in FY 2020/21. Table 3.9 provides a summary of development projects with the highest spending in the reporting period.

Table 3.9: Bomet County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Upgrading of Bomet University-Chebiri Junction	Bomet Town	67,163,280	64,240,612	96
2	Upgrading to Silibwet Township feeder roads	Silibwet Town	46,528,720	38,940,862	84
3	Disease Control (Vaccination)	All Wards	10,000,000	9,588,855	96
4	Repair of Cattle Dips	All Wards	21,000,000	9473354	45
5	Kapnetuny water pan	Silibwet Town	3,800,000	3,786,150	100
6	CHEDA Chebunyo dairy processing	Chebunyo	12,000,000	11,700,000	98
7	Purchase of Land	All Wards	25,000,000	19,648,000	79
8	Construction of stalls and walkway of Bomet market	Bomet Town	58,526,500	20,061,702	34
9	Revenue collection automation system	Entire Bomet	45,356,203	27,213,721	60
10	Routine Maintenance of Kenya Agoro-Kiboro Road	Boito	6,276,412	6,276,412	100

Source: Bomet County Treasury

3.3.10 Budget Performance by Department

Table 3.10 summarises the approved budget allocation and performance by departments in the FY 2020/21.

Table 3.10: Bomet County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	662.32	140.80	662.32	136.83	662.32	136.83	100.0	100.0	100.0	97.2
County Executives	1,753.86	-	1,714.80	-	1,513.29	-	88.2	0.0	86.3	0.0
Public Service Board	31.96	-	31.23	-	28.36	-	90.8	0.0	88.7	0.0
Administration	44.27	23.60	39.68	3.15	40.05	3.15	100.9	100.0	90.5	13.4
ICT	22.35	17.00	17.62	16.24	14.82	12.52	84.1	77.1	66.3	73.7
Finance	155.47	79.38	115.83	68.78	146.73	79.18	126.7	115.1	94.4	99.8
Economic Planning	143.21	167.35	109.57	-	103.41	-	94.4	0.0	72.2	0.0
Lands, Housing and Urban Planning	62.53	246.44	26.40	117.10	26.99	46.09	102.2	39.4	43.2	18.7
Youth, Sports, Gender and Culture	66.03	20.98	44.95	12.01	39.13	10.72	87.1	89.3	59.3	51.1
Medical Services & Public Health	1,640.67	249.54	1,567.83	38.07	1,293.69	26.84	82.5	70.5	78.9	10.8
Education and Vocational Training	141.81	137.47	130.59	60.06	100.57	55.68	77.0	92.7	70.9	40.5
Water Sanitation and Environment	106.44	335.66	105.52	235.81	95.47	224.16	90.5	95.1	89.7	66.8

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
Agriculture Cooperatives And Marketing	24.52	463.16	19.43	416.13	18.30	154.57	94.2	37.1	74.6	33.4
Roads, Public Works & Transport	65.32	745.42	63.83	584.46	50.52	709.16	79.1	121.3	77.3	95.1
Trade, Energy, Tourism, Industry and Investment	15.59	56.54	14.47	23.71	14.88	34.76	102.8	146.6	95.4	61.5
Total	4,936.35	2,683.35	4,664.05	1,712.33	4,148.52	1,493.68	88.9	87.2	84.0	55.7

Source: Bomet County Treasury

Analysis of expenditure by the Departments shows that the Department of Finance recorded the highest absorption rate of development budget at 99.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to recurrent budget at 100 per cent, while the Department of Land and Urban Planning had the lowest at 43.2 per cent.

3.3.11 Budget Execution by Programmes and Sub-Programmes

Table 3.11 summarises the budget execution by programmes and sub-programmes in the FY 2020/21.

Table 3.11: Bomet County, Budget Execution by Programmes and Sub-programmes

	Programmes	Sub Programmes	Approved Budget 2021/2022 (Kshs)	Actual payment Kshs)	Variance (Kshs)	% Absorbtion
COUNTY EXECUTIVE	County Executive	Compensation to employees	1,532,360,646	1,324,404,285	207,956,361.00	86%
	County Executive	Use of Good and Services	221,503,608	106,317,369.85	115,186,238.2	48%
		Sub-Total	1,753,864,254	1,733,314,678	20,549,576.3	99%
PUBLIC SERVICE BOARD						
	Public service Board	Use of Good and Services	31,959,563	12,758,393.00	19,201,170.0	40%
		Sub-Total	31,959,563	12,758,393	19,201,170.0	40%
ADMINISTRATION	Administration	Use of Good and Services	44,272,149	34,341,010.40	9,931,138.6	78%
	Development		23,600,000	-	23,600,000.0	0%
		Sub Total	67,872,149	34,341,010	33,531,139	
ICT	ICT Services	Use of Good and Services	22,348,350	10,438,598.00	11,909,752.0	47%
	Development	ICT Infrastructure and connectivity	17,000,000	7,570,832.00	9,429,168.0	45%
		Sub Total	39,348,350	18,009,430	21,338,920	45.7%
FINANCE	Operation and Maintenance	Use of Good and Services	155,466,794.00	105,854,683.00	49,612,111.0	68%
	Development	Pending bills and Automation of revenue	79,381,136.00	64,466,541.15	14,914,594.9	81%
		Sub Total	234,847,930.00	170,321,224.15	64,526,705.85	

	Programmes	Sub Programmes	Approved Budget 2021/2022 (Kshs)	Actual payment Kshs)	Variance (Kshs)	% Absorbtion
2. ECONOMIC PLANNING	Economic planning Services	22 - Use of Goods and Services total	143,214,864	32,292,652.40	110,922,211.6	23%
	Development	KDSP (Level 2 Grant)	167,353,974.00	-	167,353,974.0	
		Sub Total	310,568,838	32,292,652	278,276,186	
LANDS HOUSING AND URBAN PLANNING	Operation and maintenance	Use of Goods and Services total	8,591,440	8,172,200.00	419,240.0	95%
		Lands, Survey & mapping-Purchase of land for public utilities (1 million per ward for 25 Wards)	21,510,000	21,233,000.00	277,000.0	99%
		Urban Management	15,090,000	12,363,118.00	2,726,882.0	82%
		Housing Development	6,929,750	2,943,140.00	3,986,610.0	42%
		Municipality	31,914,374	3,508,970.00	28,405,404.0	11%
		KUSP INFRASTRUCTURE	224,928,009	24,860,022.00	200,067,987.0	11%
		Sub Total	308,963,573	73,080,450	235,883,123	23.6%
YOUTH SPORTS GENDER AND CULTURE	Operation and maintenance	Use of Goods and Services total	6,899,020	6,459,360.00	439,660.0	94%
	Programme 1	Policy Development and Administrative Services	12,310,720	8,839,860.00	3,470,860.0	72%
	Programme 2	Gender, Children Services and Social Protection	33,346,728	25,398,895	7,947,833.0	76%
	Programme3	Culture and library services	9,850,125	849,386.00	9,000,739.0	9%
	Programme 4	Youth and Sports Development	24,601,780.00	8,308,673	16,293,107.0	34%
		Sub Total	87,008,373	49,856,174	37,152,199	57%
MEDICAL SERVICES AND PUBLIC HEALTH	Salaries and Wages	Compensation to Employees	973,347,000	849,167,120.00	124,179,880.0	87%
	Operation and maintenance	Use of Goods and Services	26,811,147	19,649,000.00	7,162,147.0	73%
		staff medical Insurance	25,000,000	-	25,000,000.0	
	Programmes 2	Curative Services	174,046,228	76,232,730.00	97,813,498.0	44%
	Programme 3	Preventive and Promotive Services	53,554,094.00	29,158,989.00	24,395,105.0	54%
	Programme 4	Reproductive Services	84,886,805.00	37,168,080.00	47,718,725.0	44%
		Cash Transfers to Health Facilities.	188,023,000.00	180,900,452.00	7,122,548.0	96%
		COVID- 19 Response	115,000,000.00	101,413,712.00	13,586,288.0	88%
	Programme 5	Health Infrastructure	249,541,277.00	26,840,211	222,701,066.0	11%
		Sub Total	1,890,209,551.00	1,320,530,294	569,679,257	70%
AGRICULTURE COOPERATIVES AND MARKETING						

	Programmes	Sub Programmes	Approved Budget 2021/2022 (Kshs)	Actual payment Kshs)	Variance (Kshs)	% Absorbtion
WATER SANITATION AND ENVIRONMENT	Operation and maintenance	Use of Goods and Services	24,522,526	18,297,540.00	6,224,986.0	75%
	Programme 2	Crop development and management	356,281,823	94,902,078.00	261,379,745.0	27%
	Programme 3	P3. Agribusiness Development and Marketing	47,999,265	24,479,579.00	23,519,686.0	51%
	Programme 4	P4. Livestock, Fisheries & Veterinary Services	58,881,457	35,187,306.00	23,694,151.0	60%
		Sub Total	487,685,071	172,866,503	314,818,568	35.4
EDUCATION AND VOCATIONAL TRAININGS	Operation and maintenance	Use of Goods and Services sub total	16,806,300	13,666,306.00	3,139,994.0	81.3
		Support to Bomet Water Company (Grants)	85,000,000	80,000,000.00	5,000,000.0	94%
		Office furniture and Fittings	3,635,384	1,806,995.00	1,828,389.0	50%
	Programme 1	Policy planning and Administration	613,400	480,000.00	133,400.0	78%
	Programme 2	Development of water supply for Domestic	318,654,624	220,614,045	98,040,579.0	69%
	Programme 3	Irrigation Development	4,733,413	1,995,000	2,738,413.0	42%
	Programme 4	Environmental and Natural Resource protection	11,343,259	1,074,000	10,269,259.0	9%
	Programme 5	Water waste management	317,888	0	317,888.0	0%
			441,104,268	319,636,346	121,467,922	
ROADS PUBLIC WORKS AND TRANSPORT						
COUNTY GOVERNMENTS BUDGET IMPLEMENTATION REVIEW REPORT FOR THE FY 2020/21 SEPTEMBER, 2021		Use of goods and services	65,315,960	50,515,960.00	14,800,000.0	77%
	Programme 1	Policy Planning and Administration	1,798,776.00	-	1,798,776.0	0%
	Programme 2	Roads construction and maintenance		620,199,622.00	20,572,869.0	97%
	Programme 3	Development and Maintenance of other Public works	97,950,300.00	88,958,574.00	8,991,726.0	91%
	Programme 4	County Transport Infrastructure	4,897,500.00	-	4,897,500.0	0%
		Sub Total	810,735,027.00	759,674,156.00	51,060,871.00	

	Programmes	Sub Programmes	Approved Budget 2021/2022 (Kshs)	Actual payment Kshs)	Variance (Kshs)	% Absorbtion
TRADE ENERGY TOURISM INDUSTRY AND IN- VESTMENT	Operations and Maintenance	Used of Goods and services	15,589,974	14,878,501.00	711,473.0	95%
		P1. Trade Development	26,050,000	14,220,885.00	11,829,115.0	55%
		P2. Energy Develop- ment	15,099,748	12,968,797.00	2,130,951.0	86%
		P3. Tourism Develop- ment	5,500,000	4,983,113.00	516,887.0	91%
		P4. Industry Develop- ment	9,887,986.00	2,591,400.00	7,296,586.0	26%
		TOTAL	72,127,708.00	49,642,696.00	22,485,012.00	
COUNTY ASSEMBLY	P1 County As- sembly Legisla- tive Services	SP 1.2: Committee Services	31,884,296.00	31,884,296.00	0.0	100%
		SP 2.2: Public Cam- paigns	3,410,000.00	3,410,000.00	0.0	100%
	P2 Oversight Presentation	SP 2.1: Public partici- pation	30,000,000.00	29,351,048.00	648,952.0	98%
	Personal emolu- ments	Personal emoluments	297,022,952.00	297,022,952.00	0.0	100%
		Operation & mainte- nance	365,298,574.00	365,298,574.00	0.0	100%
		Development	140,798,592.00	136,826,583.00	3,972,009.0	97%
		Total	803,120,118.00	799,148,109.00	3,972,009.0	
TOTAL COUNTY EXECUTIVE AND AS- SEMBLY		Personal emoluments	2,802,430,598.00	2,470,594,357.40	331,836,240.6	88%
		Operation & mainte- nance	2,133,919,998.00	1,677,929,379.75	455,990,618.3	79%
		Development	2,683,345,537.00	1,493,677,932.05	1,189,667,605.0	56%
TOTAL		TOTAL	7,619,696,133	5,642,201,669.20	1,977,494,463.8	74%

Source: Bomet County Treasury

The top sub-programmes with the highest levels of absorption rates were: Committee Services, Personal emoluments, and Operation & maintenance all under the County Assembly at 100 per cent, followed by Lands, Survey & mapping-Purchase of land for public utilities (1 million per ward for 25 Wards) at 99 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 timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.49 billion in the FY 2020/21 from the annual development budget allocation of Kshs.2.68 billion. The development expenditure represented 55.7 per cent of the annual development budget.
3. The underperformance in own revenue at Kshs.183.01 million against an annual projection of Kshs.221.42 million, representing 82.7 per cent of the annual target.
4. A high wage bill that accounted for 43.8 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
5. High expenditure on local travel at Kshs.204.39 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

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

1. *The County Treasury should ensure timely preparation and submission of financial reports in line with Section 166 of the PFM Act, 2012.*
2. *The County should identify and address issues causing delays in the implementation of development projects.*
3. *The County should devise and implement strategies to address its revenue performance to finance the approved budget fully.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.4 County Government of Bungoma

3.4.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.14.00 billion, comprising Kshs. 4.72 billion (33.7 per cent) and Kshs.9.28 billion (66.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.89 billion (63.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.39 billion (10.0 per cent) as total conditional grants, generate Kshs.500.00 million (3.6 per cent) from own sources of revenue, generate Kshs.614.46 million (4.6 per cent) from AIA and a cash balance of Kshs.2.56 billion (18.3 per cent) from FY 2019/20. The County also expected to receive Kshs.8.77 million (0.1 per cent) as "other revenues" not contained in the CARA, 2020. The "Other revenues" consist of retention funds in the deposit account.

3.4.2 Revenue Performance

In FY 2020/21, the County received Kshs.8.89 billion as the equitable share of the revenue raised nationally, Kshs.1.09 billion as conditional grants, raised Kshs.395.12 million as own-source revenue, generated Kshs.363.13 million as AIA and had a cash balance of Kshs.1.34 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.12.09 billion, as shown in Table 3.12.

Table 3.12: Bungoma County, Revenue Performance in FY 2020/21

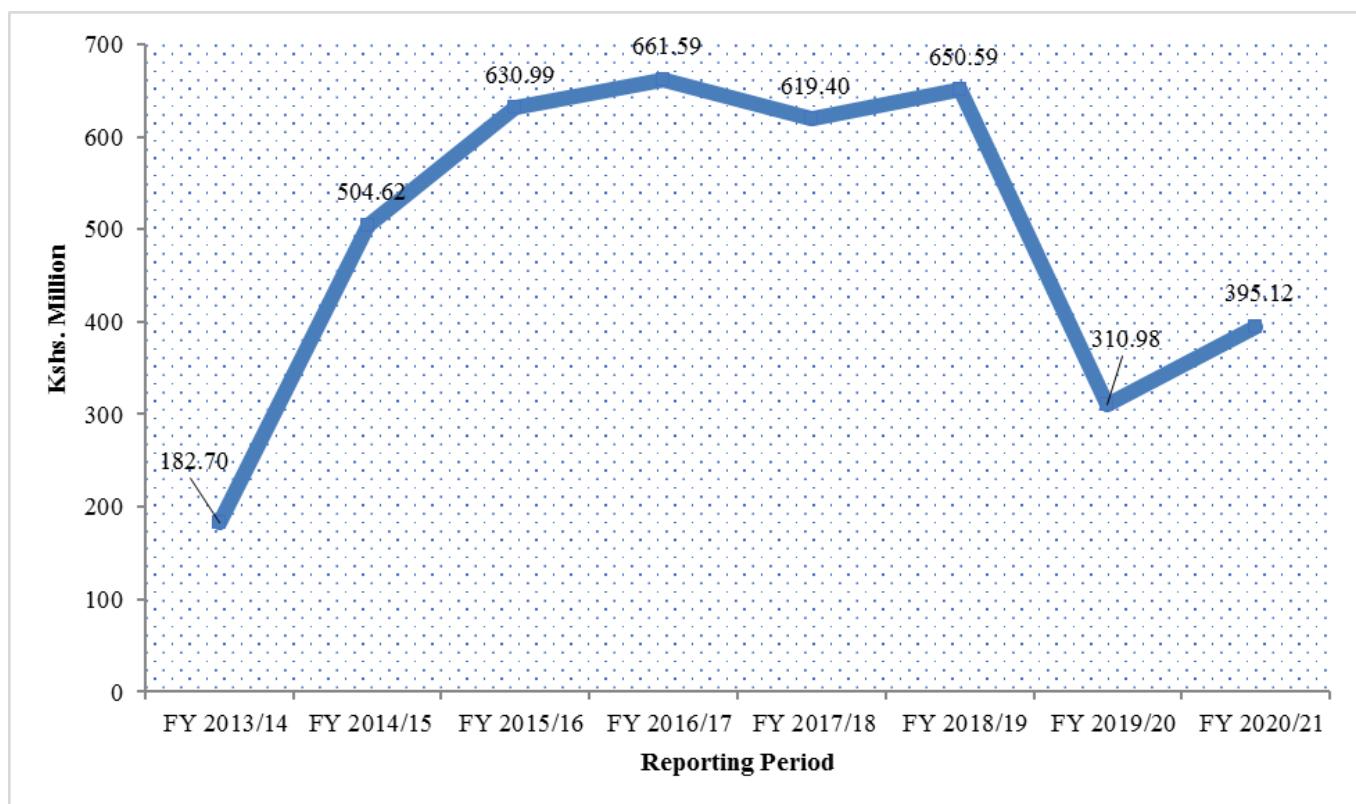
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,893,650,000	8,893,650,000	8,893,650,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	32,837,307	32,837,307	32,837,307	100.0
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3	Road Maintenance Fuel Levy Fund	266,961,417	266,961,417	330,074,456	123.64
4	Rehabilitation of Village Polytechnics	67,849,894	67,849,894	67,849,894	100.00
Sub Total		499,669,895	499,669,895	430,761,657	86.21
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	38,480,000	38,480,000	-	-
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	201,210,550	201,210,550	193,721,349	96.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)		311,977,100	164,440,066	52.7
5.	DANIDA Grant	25,290,000	25,290,000	75,674,881	299.2

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of An- nual Allocation (%)
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	140,000,000	112,815,048	80.6
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,376,061	14,376,061	19,376,983	134.8
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	52,565,915	52,565,915	52,565,015	100.0
10	UNICEF	-	1,571,000		
11	Covid 19 Grant	-	66,330,000		-
Sub Total		376,922,526	896,800,626	663,593,342	74.0
D Other Sources of Revenue					
1.	Own Source Revenue	-	500,000,000	395,118,238	79.02
2.	Balance b/f from FY 2019/20	-	2,562,534,120	1,339,098,136	52.26
3.	Other Revenues	-	8,769,449	-	-
4.	A-I-A	-	641,464,319	363,129,897	56.61
Sub Total		-	3,712,767,887	2,097,346,271	56.49
Grand Total		9,770,242,421	14,002,888,408	12,085,351,270	86.31

Source: Bungoma County Treasury

Figure 3.5 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.5: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Bungoma County Treasury

In FY 2020/21, the County generated Kshs.395.12 million as own-source revenue. This amount represented an increase of 27.0 per cent compared to Kshs.310.98 million realised in FY 2019/20 and was 79.0 per cent of the annual target. The improvement in own-source revenue performance can be attributed to the relaxation of COVID-19 containment measures that opened up the economy for business.

3.4.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.33 billion from the CRF account during the reporting period. The amount comprised Kshs.3.15 billion (27.8 per cent) for development programmes and Kshs.8.18 billion (72.2 per cent) for recurrent programmes.

3.4.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.11.39 billion on development and recurrent programmes. The expenditure represented 100.6 per cent of the total funds released by the COB and comprised Kshs.3.36 billion and Kshs.8.03 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 71.2 per cent, while recurrent expenditure represented 86.5 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.47.04 million for development activities and Kshs.48.22 million for recurrent costs.

3.4.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.92 billion was spent on employee compensation, Kshs.3.11 billion on operations and maintenance, and Kshs.3.36 billion on development activities, as shown in Table 3.13.

Table 3.13: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	9,282,876,219	8,177,236,783	8,032,869,257	86.5
Compensation to Employees	4,769,700,248	4,762,540,623	4,918,472,158	103.1
Operations and Maintenance	4,513,175,971	3,414,696,160	3,114,397,099	69.0
Total Development Expenditure	4,720,012,191	3,149,866,352	3,360,761,147	71.2
Total	14,002,888,410	11,327,103,135	11,393,630,404	81.4

Source: Bungoma County Treasury

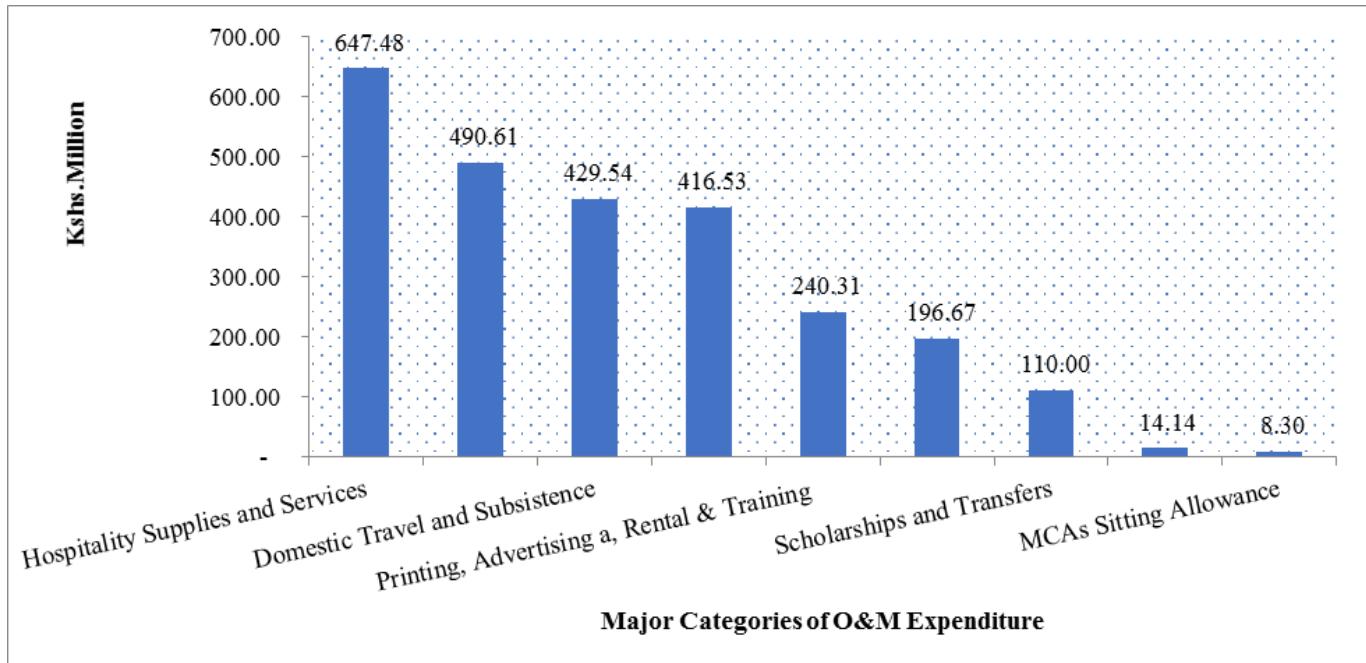
3.4.6 Expenditure on Personnel Emoluments

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 43.2 per cent of the total expenditure for the reporting period and 40.7 per cent of revenue. The expenditure above approved budget allocation was on the strength of Section 135 of the PFM Act, 2012.

3.4.7 Expenditure on Operations and Maintenance

Figure 3.6 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.6: Bungoma County, Operations and Maintenance Expenditure by Major Categories



Source: Bungoma County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.8.30 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.52.53 million. The average monthly sitting allowance was Kshs.11,343 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.429.54 million and comprised Kshs.22.02 million spent by the County Assembly and Kshs.407.52 million by the County Executive. The County Executive spent Kshs.14.14 million on foreign travel.

3.4.8 COVID-19 Expenditure

In the approved FY 2020/21 budget, the county provided Kshs.213.71 million to cater for COVID-19 related expenditure. A total of Kshs.185.78 million was spent during the reporting period, as shown in Table 3.14 .

Table 3.14: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Operationalising ICU unit	27,437,201.00	22,871,201.00
2	Procurement of Oxygen Compressor for Webuye County Hospital	4,500,000.00	-
3	Renovation of Miendo dispensary - painting, tiling ceiling, and overhead tank and burning chamber	6,495,975.00	6,495,975.00
4	Renovation of Malakisi - painting walls, replace ceiling board, water, replace maternity roof, fencing, rear of the floor, 30KVA generator	5,630,350.00	5,630,350.00
5	Renovation of Ngalasia Dispensary for Quarantine centre (Waterworks, renovations and Fencing)	3,310,420.00	3,310,420.00
6	Renovation of Bumula - Tiling, ceiling board, painting kitchen, raise two overhead tanks and other works, burning chamber,	3,114,460.00	3,114,460.00
7	Equipping of Isolation centres (Webuye HC,Miendo disp, Ngalasia disp,Nalondo HC, Malakisi HC and Bumula Hospital)	24,959,089.00	24,057,964.00
8	Procurement of PPE	101,508,885.00	93,371,045.00
9	Isolation health workers allowance	4,263,000.00	4,093,000.00
10	Utilities for Isolation centres	399,660.45	398,722.45
11	Cleaning Isolation centres	13,297,260.00	10,405,260.00
12	Fumigation	5,881,700.00	4,423,499.86
13	Diagnosis of Covid specimen	2,018,000.00	1,018,000.00
14	Operationalize of Rapid Results Team	4,695,000.00	2,905,508.00

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
15	Training and sensitisation of health care workers	3,450,000.00	1,179,500.00
16	Support Supervision	2,618,000.00	2,397,900.00
17	Beyond Zero	135,000.00	112,000.00
Total		213,714,000.45	162,913,604.31

Source: Bungoma County Treasury

3.4.9 Development Expenditure

The County incurred an expenditure of Kshs.3.36 billion on development programmes, which represented an increase of 26.6 per cent compared to FY 2019/20 when the County spent Kshs.2.65 billion. Table 3.15 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.15: Bungoma 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	Upgrading of Misikhu Brigadier Road	Misikhu Brigadier	97,539,049	96,842,313	99.3
2	Upgrading of Kanduyi - Sang'alo Junction Dual Carriage	Kanduyi - Sang'alo Junction Dual Carriage	342,504,968	343,639,264	100.3
3	Purchase and delivery of certified fertiliser for Farm Input Support (402 beneficiaries per ward) - All 45 Wards	All 45 Wards	68,099,441	68,099,441	100.0
4	Purchase and delivery of certified maize seed for Farm Input Support (402 beneficiaries per ward) - All 45 Wards	All 45 Wards	20,537,350	14,661,341	71.4
5	Equipping of the casualty	BCRH	19,441,851	3,233,000	16.6
6	Construction of Ward administrators' office	45 wards	298,093,931	130,587,659	43.8
7	Upgrading of the server and server room	HQ	7,116,598	8,850,000	124.4
8	Networking and LAN installation at Webuye East Town Hall	Webuye	5,000,000	4,995,000	99.9
9	Construction and modernization of Masinde Muliro stadium	Kanduyi	237,681,488	218,208,169	91.8
10	Renovation and refurbishment of 24 county residential houses	Kimalewa health centre 11, Sirisia 2, Kimilili 4, BCRH medical quarters 5; public works 2	5,226,655	3,801,293	72.7

Source: Bungoma County Treasury

3.4.10 Budget Performance by Department

Table 3.16 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.16: 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, Fisheries and Co-operatives	385.40	656.04	385.40	410.09	380.38	439.53	98.7	107.2	98.7	67.0
Tourism, Forestry, Environment, Water and Natural Resources	329.73	266.85	303.04	216.63	312.94	206.56	103.3	95.3	94.9	77.4
Roads and Public Works	170.19	1405.65	170.19	1082.43	168.71	1288.76	99.1	119.1	99.1	91.7
Education, Science	1114.66	449.65	1106.41	239.52	1081.42	231.26	97.7	96.6	97.0	51.4
Health and Sanitation	3669.53	379.52	3136.03	207.36	2758.56	209.62	88.0	101.1	75.2	55.2
Trade, Energy and Industrialisation	69.38	71.68	69.38	56.36	66.52	53.63	95.9	95.1	95.9	74.8

Land, Urban, Physical Planning and Housing	135.11	716.59	83.77	429.37	92.35	440.36	110.2	102.6	68.4	61.5
Gender, Culture, Youth and Sports	115.34	265.98	76.85	216.40	110.75	225.53	144.1	104.2	96.0	84.8
Finance and Planning	1185.00	23.30	1185.00	3.87	1136.29	3.79	95.9	98.1	95.9	16.3
County Public Service	60.54		50.19	0.00	54.71		109.0	0.0	90.4	0.0
Governor/Deputy Governor's	487.99		347.73	0.00	449.26		129.2	0.0	92.1	-
Public Administration	652.90	315.98	470.85	168.76	567.74	146.86	120.6	87.0	87.0	46.5
County Assembly	907.09	168.76	792.40	119.08	853.23	114.86	107.7	96.5	94.1	68.1
TOTAL	9282.88	4720.01	8177.24	3149.87	8032.87	3360.76	98.2	106.7	86.5	71.2

Source: Bungoma County Treasury

Analysis of expenditure by the Departments shows that the Department of Roads and Public Works recorded the highest absorption rate of development budget at 91.7 per cent while the Department of Finance and Planning 16.3 recorded the lowest expenditure on development activities. The Department of Roads and Public Works had the highest percentage of recurrent expenditure to budget at 99.1 per cent, while the Department of Land, Urban, Physical Planning and Housing had the lowest at 68.4 per cent.

3.4.11 Budget Execution by Programmes and Sub-Programmes

Table 3.17 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.17: Bungoma County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay-ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
General Administration, planning and support services	Administrative and Support Services	196,943,289	196,370,103	573,186	99.7%
	Human Resource Management and Development.	220,566,001	219,795,575	770,426	99.7%
	Policy, Legal and Regulatory Framework	2,000,000	1,764,270	235,730	88.2%
	Planning and financial Management	2,615,043	1,959,886	655,157	74.9%
	Sector Coordination	1,500,000	850,000	650,000	56.7%
	Leadership and Governance	1,000,000	1,000,000	-	100.0%
Land and Crop Development and Management	Agricultural extension and training services	2,340,000	750,000	1,590,000	32.1%
	Crop production and productivity	30,721,609	30,589,711	131,898	99.6%
	Soil rehabilitation, protection and conservation	600,000	-	600,000	0.0%
	Value addition and Agro-processing	700,000	-	700,000	0.0%
	Agri nutrition and food utilisation	500,000	-	500,000	0.0%
	Irrigation Extension and training	600,000	-	600,000	0.0%
	Irrigation infrastructure development and agricultural water storage	10,000,000	10,000,000	-	100.0%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
Livestock development and management	Livestock production extension, Training and Information Services	770,740	650,000	120,740	84.3%
	Value addition and processing	80,099,441	79,184,782	914,659	98.9%
	Livestock production value chain development (Dairy ,Poultry, Honey & Rabbit value chains)	7,500,000	6,993,331	506,669	93.2%
	Disease and Vector Control	4,000,000	3,545,799	454,201	88.6%
	Food Safety And Quality Control	7,000,000	6,525,648	474,352	93.2%
	Breeding and AI Subsidy programme	6,000,000	5,408,317	591,683	90.1%
Fisheries development and management	Fisheries extension service and training	2,500,000	1,540,000	960,000	61.6%
Cooperatives Development and Management	Cooperatives Audit Services	250,000	250,000	-	100.0%
	Production, Agro processing, value addition & Marketing (Input and Infrastructural Support to Cooperatives)	2,272,115	2,067,778	204,337	91.0%
Institutional Development and Management	Mabanga ATC Administration management services	2,000,000	2,000,000	-	100.0%
	Agricultural Enterprise Development (ATC)	2,500,000	1,500,000	1,000,000	60.0%
	Infrastructural development (ATC)	30,793,033	30,717,030	76,003	99.8%
	Agricultural mechanization extension	500,000	350,000	150,000	70.0%
	Tractor hire services	4,400,000	2,999,800	1,400,200	68.2%
	General administrative services (CFF)	100,000	-	100,000	0.0%
	Technology transfer (CFF)	400,000	-	400,000	0.0%
	Operational development (CFF)	500,000	-	500,000	0.0%
NARIGP	NARIGP	399,908,141	193,721,349	206,186,792	48.4%
ASDSP II	ASDSP II	19,861,959	19,376,983	484,976	97.6%
	TOTAL	1,041,441,371	819,910,362	221,531,009	78.7%
ROADS & PUBLIC WORKS					
Transport infrastructure development and management	Transport infrastructure development and management	1,405,650,934	1,288,761,651	116,889,283	91.7%
Public safety and transport operations	Public safety and transport operations	9,133,123	7,655,775	1,477,348	83.8%
Building standards and other civil works	Building standards and other civil works	12,460,345	12,452,618	7,727	99.9%
General administration, planning and support services	General administration, planning and support services	148,599,912	148,599,912	-	100.0%
	Total	1,575,844,314	1,457,469,956	118,374,358	92.5%
Health & Sanitation					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
General Administration and Planning, and Support Services	Health Administration Planning and support services	942,175,595	651,999,661	290,175,934	69.2%
	Human resources	2,030,431,922	2,109,364,919	(78,932,997)	103.9%
	Health Infrastructure	183,177,532	81,886,258	101,291,274	44.7%
Preventive Promotive and Rehabilitative	Communicable and non-communicable	42,676,050	-	42,676,050	0.0%
	Health Promotion services	5,000,000	-	5,000,000	0.0%
	Disease surveillance	1,576,051	-	1,576,051	0.0%
	Community health services	76,800,000	-	76,800,000	0.0%
	Nutrition Management	10,000,000	-	10,000,000	0.0%
	HIV/AIDS awareness.	2,000,000	-	2,000,000	0.0%
Curative and Rehabilitative Health Services	Routine Medical Services	675,853,992	123,130,813	552,723,179	18.2%
	Blood Bank Services	18,114,123	1,799,299	16,314,824	9.9%
Reproductive, Maternal, New Born and Child Health	Maternity Services	61,252,101	-	61,252,101	0.0%
	Immunization Services	-	-	-	0.0%
	Total	4,049,057,366	2,968,180,951	1,080,876,415	73.3%
EDUCATION & VOCATIONAL CENTRES					-
General Administration, Planning and Support Services	Salaries and allowances	935,040,802	913,902,054	21,138,748	97.7%
	Policy formulation	3,000,000	-	3,000,000	0.0%
	Monitoring and evaluation	2,000,000	-	2,000,000	0.0%
	Administration and support services	254,259,063	122,983,994	131,275,069	48.4%
	Capacity building and stakeholders forum	400,000	-	400,000	0.0%
	Planning and financial management	3,000,000	-	3,000,000	0.0%
Early Childhood Education Development	Quality Assurance and Standards	1,000,000	-	1,000,000	0.0%
	Promotion of good governance	500,000	-	500,000	0.0%
	Curriculum implementation	1,000,000	-	1,000,000	0.0%
	Capacity building of ECDE teachers	1,269,142	-	1,269,142	0.0%
	Special needs assessment	1,000,000	-	1,000,000	0.0%
	learning materials	200,000	-	200,000	0.0%
	Infrastructure development	139,389,000	103,022,509	36,366,492	73.9%
Vocational Education and Training	Assessment of curriculum	1,000,000	-	1,000,000	0.0%
	Tuition support grant	94,814,043	62,773,046	32,040,997	66.2%
	Promotion of governance	1,000,000	-	1,000,000	0.0%
	Quality assurance and standards	1,000,000	-	1,000,000	0.0%
	Special needs assessment	1,000,000	-	1,000,000	0.0%
	Capacity building for VTC managers	1,000,000	-	1,000,000	0.0%
	Centre of excellence	12,437,403	-	12,437,403	0.0%
Education Support Pro-gramme	Education support and bursary scheme	110,000,000	110,000,000	-	100.0%
	TOTAL	1,564,309,453	1,312,681,603	251,627,850	83.9%
WATER AND TOURISM					
Water				-	
	Administration services	121,973,837	106,783,661	15,190,176	87.5%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
General Administration Planning and support Services	Human Resources Management	23,491,552	23,491,552	0	100.0%
	Policy and Legal Framework formulation	5,000,000	-	5,000,000	0.0%
Water and Sewerage Services Management	Water Services Provision	185,109,559	137,779,179	47,330,380	74.4%
Total Water		335,574,948	268,054,392	67,520,556	79.9%
Tourism				-	
General Administration Planning and support Services	Administration & Human Resources Management	51,002,427	49,992,899	1,009,528	98.0%
Integrated Solid Waste Management	Dumpsite Management	16,882,637	8,330,640	8,551,997	49.3%
	Garbage collection and transportation	193,125,649	193,120,482	5,167	100.0%
Total Tourism		261,010,713	251,444,021	9,566,692	96.3%
	TOTAL	596,585,661	519,498,413	77,087,248	87.1%
TRADE & INDUSTRIALISATION				-	
Trade and Enterprise Development	Trade and Enterprise Development	7,900,000	-	7,900,000	0.0%
Market Infrastructure Development	Market Infrastructure Development	18,410,859	16,301,007	2,109,852	88.5%
Energy Development and Management	Energy Development and Management	25,157,122	20,959,483	4,197,639	83.3%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	89,592,228	82,885,591	6,706,637	92.5%
	TOTAL	141,060,209	120,146,081	20,914,128	85.2%
LANDS & URBAN PLANNING				-	
General Administration, Planning and Support services	Human resource development and management	52,291,925	48,335,475	3,956,450	92.4%
	Administrative services	56,674,095	55,975,667	698,428	98.8%
	Institutional accountability, efficiency and effectiveness in service delivery	1,595,694	-	1,595,694	0.0%
Land Resource Survey/Mapping and Management	Land acquisition	9,000,000	2,235,000	6,765,000	24.8%
	Survey of government land quality control of survey activities	10,005,000	-	10,005,000	0.0%
Total		129,566,714	106,546,142	23,020,572	82.2%
HOUSING					
General Administration, Planning and Support services	Human Resource Management	9,203,158	8,499,168	703,990	92.4%
	Administrative Services	9,177,200	8,747,633	429,567	95.3%
	Research and Development	4,900,000	-	4,900,000	0.0%
Housing development and Human Settlement	Estate Management	1,047,733	906,521	141,212	86.5%
	Housing Development	5,226,655	3,801,293	1,425,362	72.7%
Total		29,554,746	21,954,615	7,600,131	74.3%
BUNGOMA MUNICIPALITY					

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
Urban Economy, General Administration, Planning and Support services	Human Resource Development and Management	2,833,230	-	2,833,230	0.0%
	General Administration and Support Services	18,866,702	12,980,469	5,886,234	68.8%
	Institutional Accountability, Efficiency and Effectiveness	1,564,574	-	1,564,574	0.0%
	Leadership and Coordination of Municipal Board Operations	40,000	-	40,000	0.0%
	Capacity Development	1,500,000	570,500	929,500	38.0%
	Public Participation and Outreach Services	1,360,000	498,000	862,000	36.6%
Land Use, Urban Infrastructure Development and Management	Urban Transport and Infrastructure	228,086,474	139,097,816	88,988,658	61.0%
Total		254,250,980	153,146,784	101,104,196	60.2%
KIMILILI MUNICIPALITY					
General Administration, Planning and Support services	General Adm planning and support services	23,853,544	10,455,637	13,397,907	43.8%
Urban Infrastructure Development and management	Infrastructure. Housing and public works	414,475,403	240,612,749	173,862,655	58.1%
Total		438,328,947	251,068,386	187,260,562	57.3%
	TOTAL	851,701,387	532,715,927	318,985,460	62.5%
FINANCE & ECONOMIC PLANNING					
Economic development planning and coordination services		86,937,068	77,402,149	9,534,919	89.0%
Monitoring and evaluation services		46,204,160	45,979,522	224,639	99.5%
Public finance management		51,514,695	21,144,020	30,370,675	41.0%
General administration, planning, policy coordination and support services		1,023,638,759	995,563,570	28,075,189	97.3%
	TOTAL	1,208,294,682	1,140,089,261	68,205,421	94.4%
PUBLIC ADMINISTRATION & COUNTY SECRETARY					
Public service Management and Administration		-	-	-	
General administration, planning and support services	General administration, planning and support services	287,927,967	281,137,248	6,790,719	97.6%
Public Participation, Civic Education and outreach services	Public Participation, Civic Education and outreach services	30,672,000	24,153,902	6,518,098	78.7%
Service Delivery And Organizational Transformation	Service Delivery And Organizational Transformation	38,562,688	35,676,563	2,886,125	92.5%
	TOTAL	357,162,655	340,967,713	16,194,942	95.5%
Office of the County Secretary and ICT					
General administration, planning and support services	General administration, planning and support services	205,960,962	204,008,318	1,952,644	99.1%
Kenya Devolution Support Programme	Kenya Devolution Support Programme	370,700,931	156,157,659	214,543,272	42.1%
ICT and information management services	ICT and information management services	35,059,741	13,467,055	21,592,686	38.4%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Cooperative Development					
Total		611,721,634	373,633,031	238,088,603	61.1%
	TOTAL	968,884,289	714,600,744	254,283,545	73.8%
GENDER & YOUTH SPORT				-	
General administration, planning and support services	Administrative services	77,322,869	71,606,278	5,716,591	92.6%
	Payment of utilities	1,040,000	-	1,040,000	0.0%
	Human Resource Management & administration	38,608,488	36,028,982	2,579,506	93.3%
Cultural Development and management	Development Historical and cultural sites	932,129	-	932,129	0.0%
Gender Equality And Empowerment Of Vulnerable Groups	Gender mainstreaming	2,000,000	2,000,000	-	100.0%
	Disability mainstreaming	2,000,000	2,000,000	-	100.0%
Sports Facility Development and Management	Development of sports facility	244,222,322	224,642,810	19,579,512	92.0%
Sports talent development and management	Sports and talent development established	11,500,000	-	11,500,000	0.0%
Youth Development and Management	Youth development services	3,700,000	-	3,700,000	0.0%
	TOTAL	381,325,808	336,278,070	45,047,738	88.2%
COUNTY PUBLIC SERVICE				-	
General administration and support services	Administrative services	49,371,276	45,013,795	4,357,481	91.2%
Human Resource Management and Development	Human Resource Management & Development	11,168,045	9,699,860	1,468,185	86.9%
Total		60,539,321	54,713,655	5,825,666	90.4%
GOVERNORS & DEPUTY GOVERNOR				-	
General administration and support services	Human Resource Management	239,337,085	249,757,266	(10,420,181)	104.4%
	Administrative services	195,533,034	193,682,477	1,850,557	99.1%
County Executive Committee Affairs	Leadership and Coordination of County Departments and Agencies	41,909,653	815,700	41,093,953	1.9%
County Strategic and Service Delivery	Staff Management Services.	11,211,177	5,000,000	6,211,177	44.6%
Total		487,990,949	449,255,443	38,735,506	92.1%
COUNTY ASSEMBLY				-	
General Administration Planning and Support Services	General Administration Planning and Support Services	606,476,477	544,478,524	61,997,953	89.8%
Legislation	Legislation	16,153,646	8,191,710	7,961,936	50.7%
Representation and outreach services	Representation and outreach services	43,549,040	52,852,952	(9,303,912)	121.4%
Oversight	Oversight	240,915,808	247,708,942	(6,793,134)	102.8%
General infrastructure	General infrastructure	168,758,630	114,857,809	53,900,821	68.1%
		1,075,853,601	968,089,936	107,763,665	90.0%
Grand Total		14,002,888,410	11,393,630,403	2,609,258,007	81.4%

Source: Bungoma County Treasury

The top three programmes with the highest levels of absorption rates were: Representation and outreach services in the County Assembly at 121.4 per cent, Human Resource Management in the Department of Governors & Deputy Governor at 104.4 per cent and Human Resource Management in the Department of Health & Sanitation at 103.9 per cent of budget allocation. An absorption rate above 100 per cent is irregular.

3.4.12 Monitoring Summary Report

The Office of the Controller of Budget conducted a monitoring exercise in Bungoma County between 1st to 5th March 2021. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 19 projects were sampled and assessed from different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. The monitoring exercise entailed review of the respective project files, physical verification of the projects to determine the implementation status and interviewing project area residents to reflect the impact of the project. Below are some of the key findings from the monitoring exercise;

3.4.12.1 Stalled Projects

The Office of the Controller of Budget raised concerns regarding projects that had stalled beyond the planned implementation period. It emerged that some projects stalled due to non-payment of work completed. Further, some contractors were awarded multiple contracts but lacked the adequate capacity to implement them on time. Some projects could not proceed to the implementation phase because they were initiated on disputed lands.

The Office recommends that the County Treasury should prioritise the completion of stalled projects so that they can be commissioned for use by the public. There is a need for proper planning to ensure that payment certificates raised by contractors are paid promptly settled.

3.4.12.2 High Wage Bill

According to the annual report prepared by the Controller of Budget for FY2019/20, the County Government spent Kshs.4.9 billion on Compensation to Employees, which was 45.4 per cent of the total expenditure and approximately 44 per cent of the total revenue for the fiscal year. The county officials noted that the high expenditure on wages was attributed to the collective bargaining agreement that the County Government signed with the medical staff and salary increment for Early Child Development Education (ECDE) teachers in the FY2019/20.

OCOB recommends that subsequent collective bargaining agreements and future salary increments for employees should comply with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015, which sets a limit of expenditure on wages and benefits at 35 per cent of the County's total revenue.

3.4.12.3 Inadequate capacity in the Monitoring and Evaluation Directorate

The Directorate of Monitoring and Evaluation is understaffed and underfunded hence cannot execute its mandate effectively. The Directorate allocated about Kshs.7 million in FY 2020/21, which is insufficient to conduct monitoring exercises regularly. In addition, the Directorate has four staff members, but most of them lack technical skills and capacity to monitor County Government projects effectively.

The Office recommends that the monitoring and evaluation directorate be strengthened to assess county government programmes and projects status regularly.

3.4.12.4 Persistent variations in the scope of work during the project implementation phase

It emerged that some projects had stalled because the scope of work was incorrectly developed by the Department of Public Works and Roads. This led to variation in contract sum and delays in project implementation. For example, the scopes of work to construct Maternal/Child Ward Block at Bungoma County Referral Hospital left out a prenatal unit in the initial project plan, yet it is an essential part of maternal service care. The County officials admitted that the problem was attributed to laxity and inadequate capacity among staff in Public Works Department.

OCOB recommends improving the capacity of works officers in the Public Works Department to address the problem. Further, Public Works Department should consult user departments during the project design phase to ensure the scope of work is captured correctly. This is important because the scope of work forms the basis for costing the project and guides the contractor during the construction phase.

3.4.12.5 Delays in commissioning of completed projects

We established that some completed projects are yet to be commissioned and handed over to the targeted users. For example, we observed that the contractor had completed 20 market stalls constructed in Bungoma Township. However, a close inspection revealed that street children currently occupy the stalls rather than the intended users.

OCOB recommends that completed projects be commissioned as soon as possible so that they are used for the intended purpose.

3.4.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 43.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. Non-adherence to timelines and guidelines of the budget cycle by the County Government led to delays in payment of staff salaries in May and June 2021.
4. As shown in Table 3.17, there was weak budgeting practice where the County incurred expenditure above approved budgetary allocations for some programmes. This is an indication of the misappropriation of funds.
5. High expenditure on local travel at 429.54 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Government should ensure adequate funds are allocated to non-discretionary expenditure items and ensure strict observance of budget cycle timelines.*
4. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.5 County Government of Busia

3.5.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.42 billion, comprising Kshs.4.75 billion (45.6 per cent) and Kshs.5.67 billion (54.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.11 billion (58.6 per cent) as the equitable share of revenue raised nationally, Kshs.783.67 million (7.5 per cent) as total conditional grants, generate Kshs.1.12 billion (10.7 per cent) from own sources of revenue, and a cash balance of Kshs.2.20 billion (21.1 per cent) from FY 2019/20. The County also expected to receive Kshs.205.90 million (2 per cent) as "other revenues" not contained in the CARA, 2020.

3.5.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.11 billion as the equitable share of the revenue raised nationally, Kshs.761.84 million as conditional grants, and raised Kshs.322.56 million as own-source revenue, The total funds available for budget implementation during the period amounted to Kshs.7.19 billion, as shown in Table 3.18.

Table 3.18: Busia County, Revenue Performance in FY 2020/21

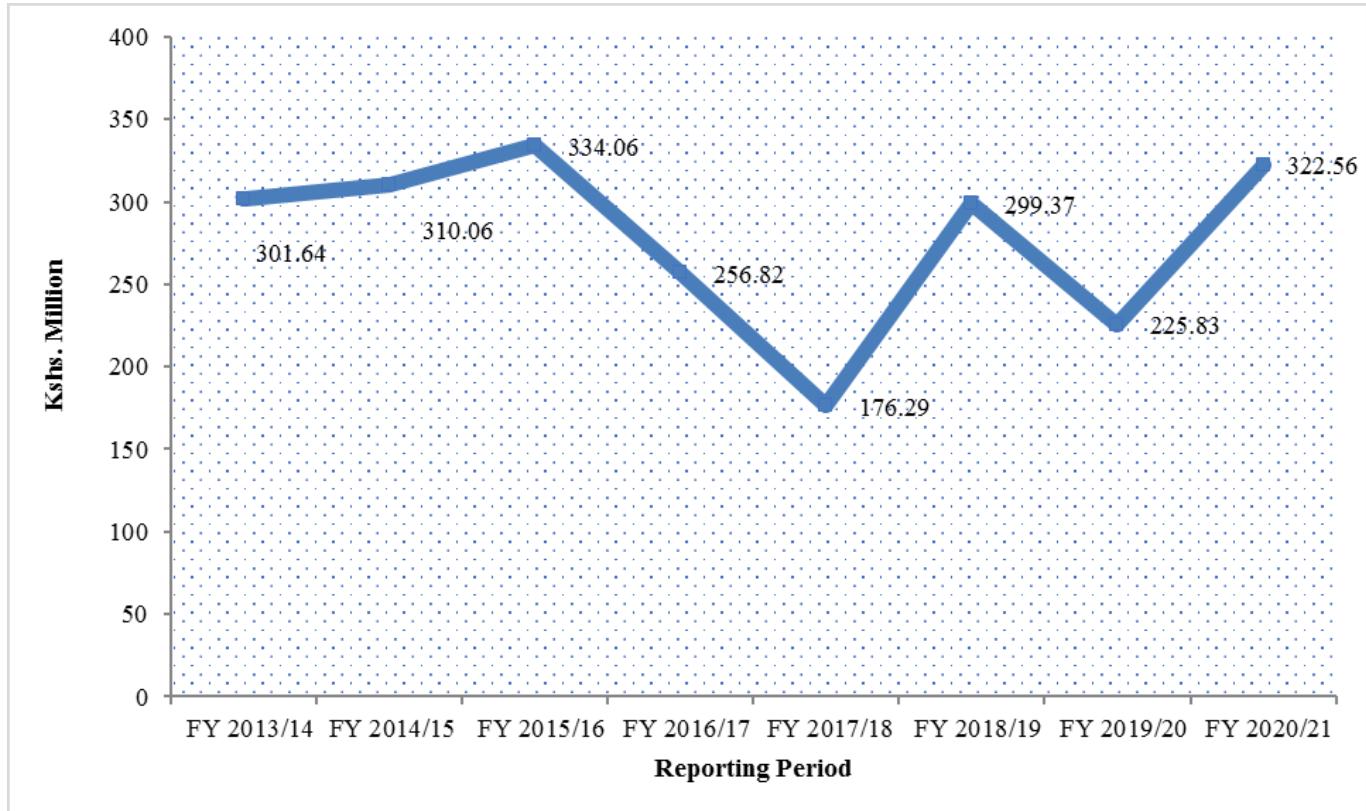
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,108,450,000	6,108,450,000	6,108,450,000	100
B. Conditional Grants from the National Government Revenue					
3.	Compensation for User Fee Foregone	16,934,085	16,934,085	16,934,085.00	100.0
4.	Leasing of Medical Equipment	132,021,277	-	-	-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Al- location (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
5.	Road Maintenance Fuel Levy Fund	182,062,027	182,062,027	182,062,027	100.0
6.	Rehabilitation of Village Polytechnics	57,199,894	57,199,894	57,199,894	100.0
Sub Total		388,217,283	256,196,006	256,196,006	100.0
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	31,200,000	31,200,000	29,752,242	95.4
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,226,100	320,226,100	266,730,087	83.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	101,071,500	14,926,443	14.8
5.	DANIDA Grant	17,100,000	17,100,000	17,100,000	100.0
6.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	45,000,000	40,802,535	90.7
7.	Grant from Nutritional International	-	10,000,000	10,000,000	100.0
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	69,825,044	69,825,044	100.0
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,004,970	14,004,970	11,505,863	82.2
10.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	30,127,734	30,127,734	-	-
11.	COVID 19 FY 2020/2021	-	45,270,000	-	-
12.	COVID 19 Payment (KMPDC)	-	4,560,000	-	-
Sub Total		457,658,804	733,385,348	505,642,213	68.9
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,119,555,805	322,558,226	28.8
2.	Balance b/f from FY 2019/20	-	2,201,322,630	-	-
Sub Total		-	3,320,878,435	322,558,226	9.7
Grand Total		6,954,326,087	10,418,909,789	7,192,846,445	69

Source: Busia County Treasury

Figure 3.7 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.7: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Busia County Treasury

In FY 2020/21, the County generated Kshs.322.56 million as own-source revenue. This amount represented an increase of 29.9 per cent compared to Kshs.225.83 million realised in FY 2019/20 and was 28.8 per cent of the annual target. The increment can be attributed to the implementation of the Valuation Roll, which raised additional revenue.

3.5.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.67 billion from the CRF account during the reporting period. The amount comprised Kshs.1.90 billion (24.8 per cent) for development programmes and Kshs.5.77 billion (75.2 per cent) for recurrent programmes.

3.5.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.47 billion on development and recurrent programmes. The expenditure represented 97.4 per cent of the total funds released by the COB and comprised of Kshs.2.18 billion and Kshs.5.30 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 45.8 per cent, while recurrent expenditure represented 93.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.341.34 million for development activities and Kshs.32.88 million for recurrent costs.

3.5.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.33 billion was spent on employee compensation, Kshs.1.97 billion on operations and maintenance, and Kshs.2.18 billion on development activities, as shown in Table 3.19.

Table 3.19: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,672,187,015	5,773,277,608	5,298,969,525	93.4
Compensation to Employees	3,298,758,235	3,461,104,660	3,330,519,542	101.0
Operations and Maintenance	2,373,428,780	2,312,172,948	1,968,449,983	82.9

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Development Expenditure	4,746,722,775	1,902,413,635	2,175,487,648	45.8
Total	10,418,909,790	7,675,691,243	7,474,457,173	71.7

Source: Busia County Treasury

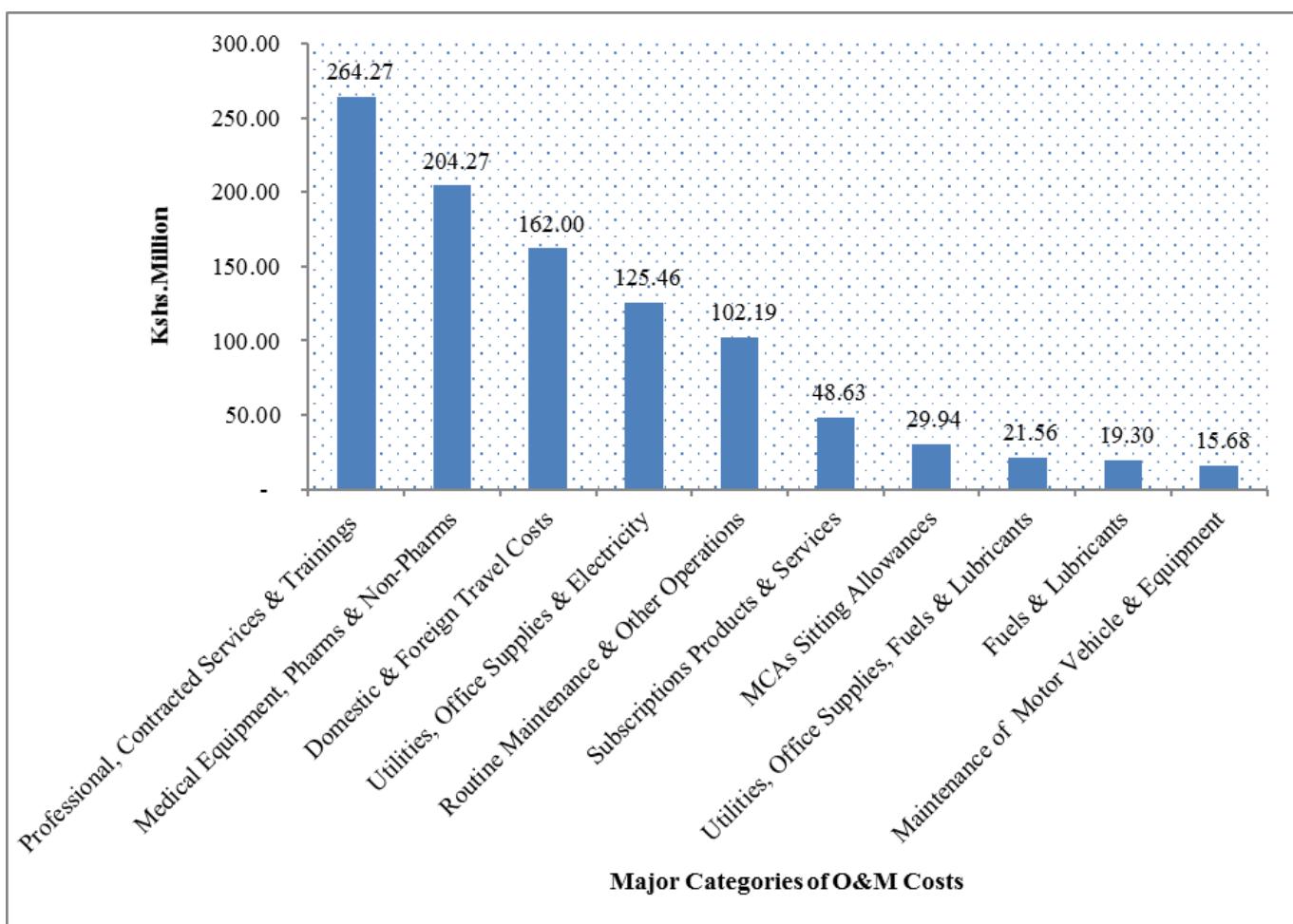
3.5.6 Expenditure on Personnel Emoluments

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 44.5 per cent of the total expenditure for the reporting period and 46.3 per cent of revenue.

3.5.7 Expenditure on Operations and Maintenance

Figure 3.8 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.8: Busia County, Operations and Maintenance Expenditure by Major Categories



Source: Busia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.75.11 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.75.11 million. The average monthly sitting allowance was Kshs.115,917 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.208.50 million and comprised Kshs.68 million spent by the County Assembly and Kshs.140.50 million by the County Executive. Spending on foreign travel amounted to Kshs.12.39 million and consisted of Kshs.2 million by the County Assembly and Kshs.10.39 million by the County Executive.

3.5.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County did not provide for COVID-19 related expenditure, other than Kshs.106.46 million brought forward from FY 2019/20. A total of Kshs.60.54 million was spent during the reporting period, as shown in Table 3.20.

Table 3.20: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30th June 2021 (Kshs)
1	The grant from the National Government for COVID-19	106,464,000.00	60,543,460.00
	Total	106,464,000.00	60,543,460.00

Source: Busia County Treasury

3.5.9 Development Expenditure

The County incurred an expenditure of Kshs.2.18 billion on development programmes, which represented an increase of 22.5 per cent compared to FY 2019/20 when the County spent Kshs.1.69 billion. Table 3.21 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.21: Busia County, List of Development Projects with the Highest Expenditure

S/NO	Project Name	Location	Budget Allocat- tion (Kshs)	Actual Expendi- ture (Kshs.)	Absorption (%)
1	Upgrading of lot 2: Amagoro primary-Aleles - Eden rock and Adungosi market access road to bitumen standards	Teso North	81,477,041	61,892,488	76.0
2	Construction and refurbishment of Amukura HC	Hqs	69,825,044	49,854,775	71.4
3	Upgrading of Lot 1 funyala town CBD roads and Bumala mkt back street roads to bitumen standards	Funyula	58,362,852	39,965,172	68.5
4	Construction of Mother and Child Specialist hospital Hospital	Hqs	85,840,634	34,161,400	39.8
5	Upgrading of - Rasto park - Scorpion Chemist Road; Garage and Rowcena streets to bitumen standards	Matayos	28,690,720	28,690,720	100.0
6	Routine Maintenance & spot improvement of lot 4 Roads Butula sub-county; Bujuranga Sikoma, Dadira Kingadole, Bandari usire,Makeupi Ogonda, Elugulu Sikura, Liyala mshabiri workgroup Simokola	Butula	29,971,700	28,310,518	94.5
7	Routine Maintenance and spot improvement of lot 5 roads in Matayos sub-county: Burumba Ebenezer, Kwa store Munongo, Nanko Siteko, Indiba Rakite Salim	Matayos	25,449,270	25,098,025	98.6
8	Routine Maintenance & spot improvement of lot 1 roads Teso North sub-county: Changara-ajesmut Kolanya Aboloi, Osere Kaejo Kekelet, Amigos Kooli, Kasigulis Isaac Omusulo Akulunyi Orapidi Koruru MG	Teso North	30,143,570	22,620,314	75.0
9	Routine Maintenance & spot improvement of lot 6 roads Samia sub-county:Bukiri Mumbuka, Funyula Nerobia Kamoti Malanga Sio Port Busijo	Samia	21,556,930	17,890,252	83.0
10	Equipping of Accident & Emergency- Oxygen plant	Hqs	15,900,000	15,300,000	96.2

Source: Busia County Treasury

3.5.10 Budget Performance by Department

Table 3.22 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.22: 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 and Animal Resources	252.07	853.86	315.45	342.39	240.68	523.19	76.3	152.8	95.5	61.3
Trade, Cooperatives and Industrialisation	81.26	220.15	89.96	100.89	71.32	44.99	79.3	44.6	87.8	20.4
Education and Vocational Training	450.08	299.37	510.56	224.42	426.81	134.58	83.6	60.0	94.8	45.0
Finance, Economic Planning and ICT	903.09	13.00	948.38	14.15	881.00	11.67	92.9	82.5	97.6	89.8
Youth, Culture, sports, Tourism and Social Services	86.38	98.04	104.98	45.85	81.79	35.51	77.9	77.5	94.7	36.2
Roads, Public Works, Energy and Transport	137.82	1,352.28	159.71	572.48	131.52	741.55	82.4	129.5	95.4	54.8
Public Service Management	450.48	-	328.94	-	358.89	-	109.1	-	79.7	-
Lands, Housing and urban Development	146.33	337.47	107.67	124.03	143.01	59.89	132.8	48.3	97.7	17.7
Water Environment and Natural Resources	124.02	700.44	154.17	125.23	122.43	273.32	79.4	218.3	98.7	39.0
Health and Sanitation	1,870.70	723.79	1,842.92	255.63	1,668.34	271.77	90.5	106.3	89.2	37.5
County Public Service Board	74.95	-	81.43	-	72.69	-	89.3	-	97.0	-
The Governorship	356.02	82.31	390.19	33.46	358.63	15.12	91.9	45.2	100.7	18.4
County Assembly	738.97	66.00	738.92	63.89	734.81	63.89	99.4	100.0	99.5	96.8
Total	5,672.19	4,746.72	5,773.28	1,902.41	5,298.97	2,175.49	91.8	114.4	93.4	45.8

Source: Busia County Treasury

Analysis of expenditure by the Departments shows that the County Assembly recorded the highest absorption rate of development budget at 96.8 per cent, followed by the Department of Finance, Economic Planning and ICT at 89.8 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 100.7 per cent while the Department of Public Service Management had the lowest at 79.7 per cent.

3.5.11 Budget Execution by Programmes and Sub-Programmes

Table 3.23 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.23: Busia County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
DEPARTMENT OF AGRICULTURE, LIVESTOCK AND FISHERIES					
CP 1: General Administration and support services	Administrative support service	252,070,354	240,685,181.00	11,385,173	95%
CP 2: Crop Production and management	CSP 3.1 Input support services	-	-	-	
	CSP 3.2: Crop development	17,506,464	14,475,445	3,031,019	83%
	CSP 3.3: Crop protection	-	-	-	0%
CP 3: Land Use and Management	CSP 2.1: Agricultural mechanization	3,856,323	-	3,856,323	0%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
CP 4: Agricultural Training and Extension services	CSP 4.1: Agriculture extension services	4,560,000	1,499,940	3,060,060	33%
	CSP 4.2: Agricultural Training services	40,946,192	20,513,753	20,432,439	50%
CP 5: Agribusiness and agricultural value chain Development	CSP 5.1: Value addition	-	-	-	0%
CP 6: Agricultural financial support services	CSP 6.1: Agricultural credit support services	-	-	-	0%
CP 7: Kenya Climate Smart Agriculture Programme	CSP 7.1: Kenya Climate SMART	453,464,082	250,866,077	202,598,005	55%
CP 8: Fisheries and Aquaculture Resources Development	CSP 8.1: Aquaculture development	6,000,000	4,997,580	1,002,420	83%
	CSP 8.2: Fisheries training infrastructure development	-	-	-	-
	CSP 8.3: Fish value addition and marketing	4,000,000	4,000,000	-	100%
	CSP 8.4: Lake-based aquaculture parks	-	-	-	-
CP 9: Veterinary Health Services	CSP 10.1: Veterinary Disease control	3,555,460	2,449,865	1,105,595	69%
	CSP 10.2:AI services	-	-	-	-
	CSP 10.3 Meat inspection services	-	-	-	-
	CSP 10.4 Veterinary Extension	-	-	-	-
CP 10: Livestock production& Development	CSP 9.1: Livestock production improvement	12,010,692	4,998,897	7,011,795	42%
	CSP 9.2: Livestock Extension	2,000,000	-	2,000,000	0%
CP 11: Other Development Projects	CSP 11.1: Other Development projects	305,965,650	219,382,187	86,583,463	72%
Total for Vote		1,105,935,217	763,868,925	342,066,292	69%
DEPARTMENT OF TRADE, COOPERATIVE AND INDUSTRIALIZATION					
CP 12: General Administration and Support services	CSP 12.1: Administrative support service	81,262,962.06	71,320,947	9,942,015.06	88%
CP 13: Trade Developments and Investment	CSP 13.1: Busia county trade development fund	-	-	-	0%
	CSP 13.2: Market modernization and development	88,820,000.00	18,647,138.00	70,172,862.00	21%
CP 14: Fair Trade Practices	CSP 14.1: Weights and measures.	-	-	-	0%
CP 15: Cooperative development	CSP 15.1 Busia county cooperative enterprise development fund	2,000,000.00	1,583,687.10	416,312.90	79%
	CSP 15.2: Revitalisation of cotton ginneries	-	-	-	0%
	CSP 15.3: value addition	5,000,000.00	-	5,000,000.00	0%
CP 16: Other Development Projects	CSP 16.1. Other Development projects	124,334,030.00	24,756,382.00	99,577,648.00	20%
Total for Vote		301,416,992.06	116,308,154.10	185,108,837.96	39%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
DEPARTMENT OF FINANCE, ECONOMIC PLANNING AND SERVICE DELIVERY					
CP 22: General Administration and Support services	CSP 22.1: Administrative support service	904,041,487.64	881,001,993	23,039,494.64	97%
CP 23: Financial management, Control and Development services	CSP 23.1: Revenue generation services	8,000,000.00	6,670,572.00	1,329,428.00	83%
CP 24: Information and Communication Services	CSP 24.1: ICT support services	5,000,000.00	5,000,000.00	-	100%
CP 25: Other Development Projects	CSP 25.1: Other Development projects	-	-	-	0%
Total for Vote		917,041,488	892,672,565	24,368,923	97%
DEPARTMENT OF EDUCATION AND VOCATIONAL TRAINING					
CP 17: General Administration and Support services	CSP 17.1: Administrative support service	450,078,587.26	426,814,636	23,263,951.26	95%
CP 18: Early Childhood Development Education (Basic Education)	CSP 18.1: Improvement of infrastructure in E.C.D.E Centers	-	-	-	0%
	CSP 18.2 E.C.D.E Capitalization	-	-	-	0%
	CSP 18.3: Child nutrition	-	-	-	0%
CP 19: Tertiary/Vocational Training Development	CSP 19.1: Infrastructure development	33,057,600.00	10,591,427	22,466,173.00	32%
CP 20: Education support	CSP 20.1: Education support scheme	144,866,534.00	63,731,825	81,134,709.00	44%
CP 21: Other Development Projects	CSP 21.1 Other Development Projects	121,442,008.00	60,261,241	61,180,767.00	50%
Total for Vote		749,444,729.26	561,399,129.00	188,045,600.26	75%
DEPARTMENT OF COMMUNITY DEVELOPMENT, TOURISM AND CULTURE.					
CP 26: General Administration and Support services	CSP 26.1: Administrative support service	86,381,359.83	81,787,634	4,593,725.83	95%
CP 27: Social services	CSP 27.1: Infrastructural development	-	-	-	
	CSP 27.2: Community Support	-	-	-	
CP 28: Youth and Empowerment Development	CSP 28.1 Equipping and Operationalization of youth empowerment	5,000,000.00	-	5,000,000.00	0%
CP 29: Promotion and development of sports	CSP 29.1: Infrastructural development	5,000,000.00	3,794,967.00	1,205,033.00	76%
	CSP 29.2: Sports promotion	-	-	-	
CP 30: Child care and protection	CSP 30.1: Rehabilitation and custody	5,000,000.00	1,260,967.95	3,739,032.05	25%
CP 31: Culture Promotion and Development	CSP 31.1: Cultural infrastructural development	21,400,000.00	385,426.15	21,014,573.85	2%
CP 32: Promotion and development of Local tourism in the County	CSP 32.1: Tourism development	3,000,000.00	802,312.00	2,197,688.00	27%
CP 33: Alcoholic Drinks and Drugs control	CSP 33.1: Infrastructure development	-	-	-	

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
CP 34: Other Development Projects	CSP 34.1: Other Development projects	58,639,200.00	29,268,550.00	29,370,650.00	50%
Total for Vote	-	184,420,560	117,299,857	67,120,703	64%
DEPARTMENT OF PUBLIC WORKS, ROAD AND ENERGY					
CP 35: General Administration and support services	CSP 35.1: Administrative support service	137,820,995.62	131,525,911	6,295,084.62	95%
CP 36: Development and Maintenance of Roads	CSP 36.1: Routine maintenance of roads	396,794,499.00	314,709,080	82,085,419.00	79%
	CSP 36.2: Development of Roads	342,074,250.00	197,999,922	144,074,328.00	58%
CP 37: Building Infrastructure Development	CSP 37.1: Infrastructure Development	3,000,000.00	-	3,000,000.00	0%
CP 38: Energy Development	CSP 38.1 Energy Services	16,910,000.00	-	16,910,000.00	0%
	CSP 38.2: Solar Energy Exploration	-	-	-	-
	CSP 38.3: Renewable energy	-	-	-	-
CP 39: Alternative Transport infrastructure Development	CSP 39.1: Road safety campaign	-	-	-	-
CP 40: Other Development Projects	CSP 40.1: Other Development Projects	593,499,887.00	228,844,825	364,655,062.00	39%
Total for Vote	-	1,490,099,632	873,079,738	617,019,894	59%
DEPARTMENT OF PUBLIC SERVICE MANAGEMENT					
CP 41: General Administration and support services	CSP 41.1: Administrative support services	450,477,490.34	358,888,338	91,589,152.34	80%
Total for Vote	-	450,477,490.34	358,888,338.00	91,589,152.34	79.67
County Public Service Board					
CP 41: General Administration and support services	CSP 41.1: Administrative support services	74,955,241	72,689,742	2,265,499.19	97%
Total for Vote	-	74,955,241.19	72,689,742.00	2,265,499.19	97%
DEPARTMENT OF LANDS AND URBAN DEVELOPMENT					
CP 42: General Administration and support services	CSP 42.1: Administrative support services	146,331,813.94	143,011,356	3,320,457.94	98%
CP 43: County Land Administration and planning	CSP 43.1: Land use planning	5,000,000.00	-	5,000,000.00	0%
CP 44: Housing development and management	CSP 44.1: Housing Development	5,000,000.00	2,751,724.00	2,248,276.00	55%
CP 45: County Urban management and Development	CSP 45.1: Urban management	265,224,248.00	33,336,361.00	231,887,887.00	13%
	CSP 45.2: Urban Development	20,000,000.00	8,117,894.00	11,882,106.00	41%
CP 46: Other Development Projects	CSP 46.1: Other Development Projects	42,250,000.00	15,681,500.00	26,568,500.00	37%
Total for Vote	-	483,806,062	202,898,835	280,907,227	42%
DEPARTMENT OF WATER, ENVIRONMENT AND NATURAL RESOURCES					
CP 47: General Administration and support services	CSP 47.1: Administrative support services	124,025,188.00	122,433,047	1,592,141.00	99%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
CP 48: Water Supply Services	CSP 48.1: Urban water supply and sewerage	111,565,425.00	14,119,468	97,445,957.00	13%
	CSP 48.2: Rural water supply	4,000,000.00	-	4,000,000.00	0%
CP 49: Environment Management and Protection	CSP 49.1 Environmental management	203,127,734.00	97,881,420	105,246,314.00	48%
CP 50: Small Holder Irrigation and Drainage	CSP 50.1: Irrigation infrastructure development	2,310,000.00	-	2,310,000.00	0%
CP 51: Forest development and management	CSP 51.1: Rehabilitation and Restoration degraded landscape	13,770,000.00	5,855,962	7,914,038.00	43%
CP 52: Water Tower Protection and Climate Change Mitigation	CSP 52.1: Water Tower Protection and Climate Change Mitigation	-	-	-	-
CP53: Other Development Projects	CSP 53.1 Other Development Projects	365,665,556.00	155,459,235	210,206,321.00	43%
Total for Vote		824,463,903	395,749,132	428,714,771	48%
DEPARTMENT OF HEALTH AND SANITATION					
CP 54: General Administration and support services	CSP 54.1: Administrative support service	1,870,705,822.78	1,668,336,570	202,369,252.78	89%
CP 55: Curative Health Services	CSP 55.1: Infrastructure development	384,005,854.00	147,507,231	236,498,623.00	38%
	CSP 55.2: Hospital equipment	23,275,000.00	3,639,620	19,635,379.85	16%
CP 56: Preventive and Promotive Health services	CSP 56.1: Infrastructure development	26,000,000.00	1,010,996	24,989,004.00	4%
	CSP 56.2: Lower level hospital equipment	1,000,000.00	-	1,000,000.00	0%
	CSP 56.3: Preventive Services	29,500,000.00	494,000	29,006,000.00	2%
	CSP 56.4: Health promotion unit	127,268,263.50	90,533,767	36,734,496.50	71%
CP 57: Other Development Projects	CSP 57.1: Other Development projects	132,747,823.00	28,588,410	104,159,413.00	22%
Total for Vote		2,594,502,763	1,940,110,594	654,392,169	75%
OFFICE OF THE GOVERNOR					
CP 59: General Administration and support services	CSP 59.1: Administrative support service	369,922,571	365,666,195	4,256,376.17	99%
CP 60: Disaster Risk Management	CSP 60.1: Disaster preparedness	69,550,000.00	7,339,538.00	62,210,462.00	11%
CP 61: Information dissemination and knowledge management	CSP 60.1: Communication Services	9,160,000.00	5,357,017.00	3,802,983.00	58%
CP 62: Other Development Projects	CSP 62.1: Other Development projects	3,600,000.00	2,425,681.55	1,174,318.45	67%
Total	-	452,232,571	380,788,432	71,444,140	84%
COUNTY ASSEMBLY					
CP 63: General Administration and Support Services	CP 63: General Administration and Support Services	738,972,659.00	734,807,978.01	4,164,680.99	99.4

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
CP 64: Infrastructure Development	CP 64: Infrastructure Development	66,000,000.00	63,895,753.92	2,104,246.08	96.8
Subtotals		804,972,659.00	798,703,731.93	6,268,927.07	99.2
GRAND TOTAL		10,433,769,307	7,474,457,173	2,959,312,134	71.6

Source: Busia County Treasury

The top three programmes with the highest levels of absorption rates were: Fisheries and Aquaculture Resources development in the Department of Agriculture, Livestock & Fisheries at 100 per cent, Information and Communication Services in the Department of Finance Economic planning and service delivery at 100 per cent and General administration and support services in the County Assembly at 99.4 per cent of budget allocation.

3.5.12 Monitoring Summary Report

The office of the Controller of Budget conducted a monitoring exercise in Busia County from 22nd to 26th February 2021. The monitoring team focused on two key objectives; a) To dialogue with county officials on the challenges affecting budget implementation and how they can be addressed (b) conduct monitoring of development projects implemented by the County Government. A total of twenty-four projects were sampled and assessed from different sectors. The sample was limited to projects that were implemented between the FY 2018/19 and FY 2019/20. The monitoring exercise entailed review of the respective project files, physical verification of the projects to determine the implementation status and interviewing project area residents to reflect the impact of the project. Below are some of the key findings from the monitoring exercise;

3.5.12.1 High Expenditure on Personnel Emolument

The County Government spent Kshs.3.1 billion on personnel emolument in FY2019/2020, translating to 46.2 per cent of the total expenditure and 38.8 per cent of the total revenue. The high wage bill was partly attributed to staff inherited from the defunct local authority whose wage and other benefits were increased through a collective bargaining agreement before the County Government took over. Further, the County Government recruited additional staff because employees inherited from the defunct local authority lacked the adequate capacity to implement government programmes.

We recommend that the County Government explore other revenue streams to expand the revenue base and reduce the high percentage of expenditure on personnel emolument. Future collective bargaining agreements should be informed by the requirements under Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 that sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

3.5.12.2 High level of Pending Bills

The cumulative pending bills as of June 2020 was Kshs.893.9 million. It emerged that the pending bills were attributed to unrealistic revenue estimates and low performance of own-source revenue. The County Government collected Kshs.226 million against a target of Kshs.504 million in FY2019/20, which was 45 per cent of the annual target. This means that some projects in the approved budget could not be implemented as planned, resulting in pending bills.

The OCOB recommends that the county government prioritise payment of pending bills in the subsequent financial year before embarking on new financial commitments. Further, revenue targets should be based on historical trends to avoid creating hidden deficits in the approved budget.

In view of the above, the County Government of Busia has since resolved to develop new revenue streams to increase revenue collection. A new valuation roll has been developed and is expected to improve revenue performance. Similarly, the County is currently engaging the boda boda association comprising an estimated 40,000 members with a view of imposing a modest fee that will generate an additional Kshs.300 million in revenue annually.

3.5.12.3 Project Implementation Unit

The County Government has not established a Project Implementation Unit to monitor the implementation of programmes and projects.

We recommend establishing a Project Implementation Unit with a dedicated budget and qualified staff to monitor the progress of implementation of programmes and projects within the county. This will help in identifying emerging issues during the implementation phase so that appropriate corrective measures are taken.

3.5.12.4 Inadequate Capacity in Development of Bills of Quantities (BoQ) for projects

Some projects had stalled because of glaring errors in the bills of quantities. For example, the construction of a cultural centre in Kakapel Ward stalled because the bills of quantities showed information for constructing a hospital building.

We recommend strengthening the capacity of works officers in the Public Works Department to prepare bills of quantities. Further, the user departments should be involved in the project design phase to ensure their requirements

3.5.12.5 Stalled projects

During the exercise, it emerged that some projects cutting across several departments had stalled due to inadequate funding. Some of the stalled projects were omitted in subsequent budgets hence could not be completed within the project duration.

We recommend that the county government prioritise the completion of stalled projects either through supplementary budgets or in the subsequent financial year to be completed and commissioned for public use.

3.5.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.2.18 billion in FY 2020/21 from the annual development budget allocation of Kshs.4.75 billion. The development expenditure represented 45.8 per cent of the annual development budget.
3. A high wage bill, which accounted for 44.5 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. Underperformance in own-source revenue collection where Kshs.322.56 million was realised against an annual target of Kshs.1.12 billion. The OSR achieved represented 28.8 per cent of the annual target.
5. As shown in Table 3.22 and Table 3.23, there was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations.
6. High expenditure on local travel at Kshs.208.50 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its own source revenue performance to ensure the approved budget is fully financed.*
5. *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.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.6 County Government of Elgeyo Marakwet

3.6.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.95 billion, comprising Kshs.2.50 billion (41.1 per cent) and Kshs.3.50 billion (58.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.3.86 billion (64.9 per cent) as the equitable share of revenue raised nationally, Kshs.623.82 million (10.5 per cent) as total conditional grants, generate Kshs.144.0 million (2.4 per cent) from own sources of revenue, and a cash balance of Kshs.1.23 billion (20.6 per cent) from FY 2019/20. The County also expected to receive Kshs.94.10 million (1.6 per cent) as “other revenues” not contained in the CARA, 2020. “Other revenues” consist of the grant from the National Government for allowances for front line Health Care workers of Kshs.32.69 million, Kshs.4.2 million from DANIDA for COVID, and b/f from FY 2019/20 by National Treasury for COVID-19 of Kshs.57.21 million.

3.6.2 Revenue Performance

In FY 2020/21, the County received Kshs.3.86 billion as the equitable share of the revenue raised nationally, Kshs.552.32 million as conditional grants, raised Kshs.141.27 million as own-source revenue, had a cash balance of Kshs.941.70 million from FY 2019/20, and other revenues of Kshs.94.10 million. The total funds available for budget implementation during the period amounted to Kshs.5.59 billion as shown in Table 3.24.

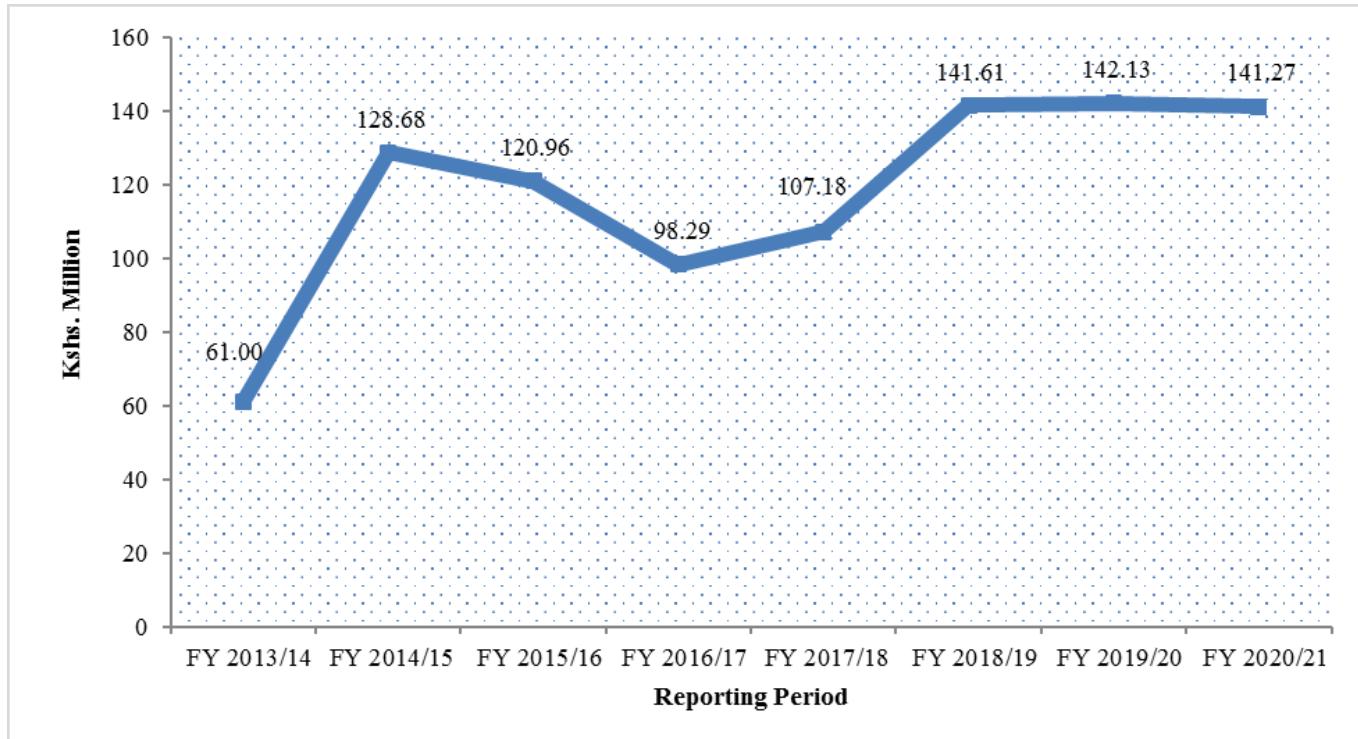
Table 3.24: Elgeyo Marakwet County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	3,861,300,000	3,861,300,000	3,861,300,000	100
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	8,788,919	8,788,919	8,788,919	100
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	115,085,841	115,085,841	115,085,841	100
4.	Rehabilitation of Village Polytechnics	27,904,894	27,904,894	27,904,894	100
Sub Total		283,800,931	151,779,654	151,779,654	100
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	33,340,400	33,340,400	31,892,642	95.7
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	280,000,045	280,000,045	252,644,795	90.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	89,802,100	49,600,541	55.2
5.	DANIDA Grant	10,980,000	10,980,000	10,980,000	100
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,921,815	12,921,815	10,422,624	80.7
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	69,163,856	-	-	-
Sub Total		451,406,116	472,044,360	400,540,602	88.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	144,000,000	141,267,030	98.1
2.	Balance b/f from FY 2019/20	-	1,228,517,476	941,696,967	76.7
3.	Other Revenues	-	94,097,000	94,097,000	100
Sub Total		-	1,466,614,476	1,177,060,997	80.3
Grand Total		4,596,507,047	5,951,738,490	5,590,681,253	93.9

Source: Elgeyo Marakwet County Treasury

Figure 3.9 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.9: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Elgeyo Marakwet County Treasury

In FY 2020/21, the County generated Kshs.141.27 million as own-source revenue. This amount represented a decrease of 0.6 per cent compared to Kshs.142.13 million realised during a similar period in FY 2019/20 and was 98.1 per cent of the annual target.

3.6.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.67 billion from the CRF account during the reporting period. The amount comprised Kshs.1.28 billion (27.4 per cent) for development programmes and Kshs.3.39 billion (72.6 per cent) for recurrent programmes.

There were late Exchequer releases in the reporting period whereby a total of Kshs.441,585,989, comprising of Kshs.93,817,699 and Kshs.347,768,290 for recurrent and development votes, respectively, were received in June 2021 as tabulated below;

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
1.	COB/EMR/001/47(5)	-	500,460
2.	COB/EMR/001/47(6)	35,927,456	-
3.	COB/EMR/001/47(7)	30,288,452	-
4.	COB/EMR/001/47(8)	-	76,083,011
5.	COB/EMR/001/47(9)	897,426	-
6.	COB/EMR/001/48(1)	-	271,184,819
7.	COB/EMR/001/48(2)	26,704,365	-
Total		93,817,699	347,768,290

The exchequer releases received in June 2021 consisted of 9.4 per cent of the total issues for the financial year. Late exchequer releases may have resulted in low absorption of budget and could have also negatively impacted service delivery to citizens.

3.6.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.76 billion on development and recurrent programmes. The expenditure represented 101.9 per cent of the total funds released by the COB and comprised Kshs.1.45 billion and Kshs.3.32 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 59.2 per cent, while recurrent expenditure represented 94.6 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.47.13 million for development activities and Kshs.5.74 million for recurrent costs.

3.6.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.56 billion was spent on employee compensation, Kshs.758.15 million on operations and maintenance, and Kshs.1.45 billion on development activities, as shown in Table 3.25.

Table 3.25: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	3,502,635,497	3,391,848,921	3,315,099,487	94.6
Compensation to Employees	2,880,689,749	2,642,352,059	2,556,946,891	88.8
Operations and Maintenance	621,945,748	749,496,862	758,152,596	121.9
Total Development Expenditure	2,449,102,993	1,282,790,316	1,449,343,100	59.2
Development Expenditure	2,449,102,993	1,282,790,316	1,449,343,100	59.2
Total	5,951,738,490	4,674,639,237	4,764,442,587	80.1

Source: Elgeyo Marakwet County Treasury

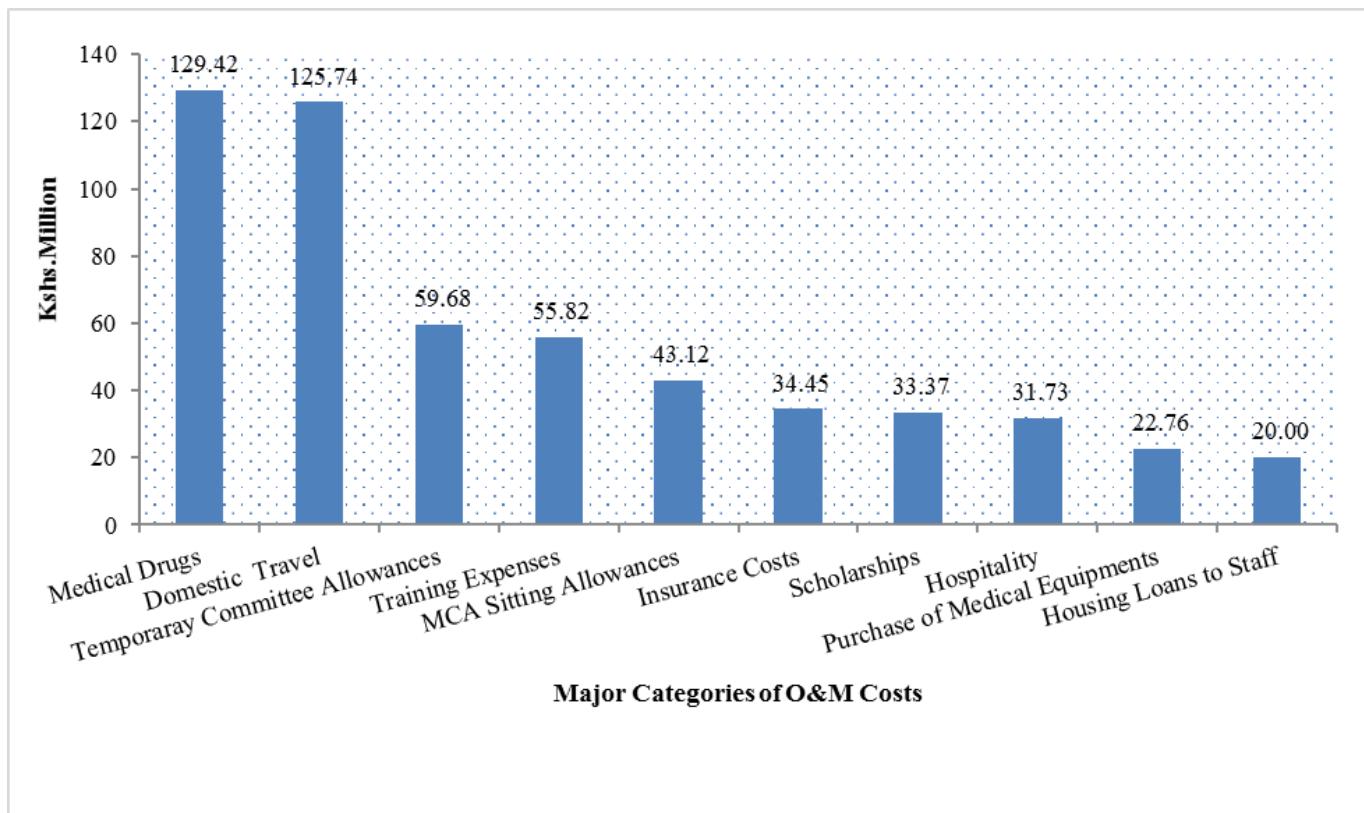
3.6.6 Expenditure on Personnel Emoluments

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 53.7 per cent of the total expenditure for the reporting period and 45.7 per cent of revenue.

3.6.7 Expenditure on Operations and Maintenance

Figure 3.10 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.10: Elgeyo Marakwet County, Operations and Maintenance Expenditure by Major Categories



Source: Elgeyo Marakwet County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.43.12 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.43.29 million. The average monthly sitting allowance was Kshs.105,695 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.125.74 million and comprised Kshs.53.40 million spent by the County Assembly and Kshs.72.34 million by the County Executive. Spending on foreign travel amounted to Kshs.0.98 million by the County Executive.

3.6.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.113.75 million to cater for COVID-19 related expenditure, which included Kshs.19.65 million brought forward from FY 2019/20. A total of Kshs.90.70 million was spent during the reporting period, as shown in Table 3.26.

Table 3.26: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30th June 2021 (Kshs)
1	Purchase of Medical and Dental Equipments	19,649,600	11,593,130
2	Domestic Travel - Accommodation	2,400,000	315,700
3	Daily Subsistence Allowance	6,540,000	1,170,900
4	Dressing and other Non-Pharmaceuticals	12,072,500	8,675,070
5	Maintenance of Buildings and Stations-Non-Residential	10,188,000	9,545,420
6	Purchase of Medical and Dental Equipments	26,011,500	22,516,050
7	The grant from National Government for Allowances for front line Health Care Workers	32,685,000	32,685,000
8	DANIDA grant for COVID in FY 2019/20 (Kshs)	4,200,000	4,200,000
Total		113,746,600	90,701,270

Source: Elgeyo Marakwet County Treasury

3.6.9 Development Expenditure

The County incurred an expenditure of Kshs.1.45 billion on development programmes, which represented an increase of 30.6 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.11 billion. Table 3.27 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.27: 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	Kapsowar Town Roads	Kapsowar	23,966,360	15,179,585	63.3
2	Purchase of Ambulance for Chegilet Health Centre	Emsoo	9,530,000	9,400,000	98.6
3	Purchase of Oxygen Plant	Hqts	16,500,000	8,993,280	54.5
4	Roads Maintenance	Lelan	8,705,236	7,229,340	83.0
5	Installation of Morgue Cold-room at Kamwosor & Tot Hospitals	Hqts	6,780,000	6,780,000	100.0
6	Kapkobil-Chepuser Irrigation Project (KDSP)	Endo	42,568,594	6,098,540	14.3
7	Embobut Kountikonin Kasabwa water project	Endo	5,988,956	5,988,956	100.0
8	Sumbeiywo-Changach Road	Soy North	5,760,000	5,755,478	99.9
9	Maron-Mungwo-Bororwo Road	Embobut	5,760,000	5,697,840	98.9
10	Chepkoit-Kapchoge Road	Embobut	4,800,000	4,724,190	98.4

Source: Elgeyo Marakwet County Treasury

3.6.10 Budget Performance by Department

Table 3.28 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.28: 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	572.97	15.25	572.48	15.25	572.51	15.25	100	100	99.9	100
Office of the Governor	142.29	-	140.78	-	140.25	-	99.6	-	98.6	-
Finance and Economic Planning	289.28	-	262.96	-	211.82	-	80.6	-	73.2	-
Agriculture and Irrigation	94.56	753.52	93.92	320.63	93.59	413.36	99.7	128.9	99.0	54.9
Education and Tech. Training	269.63	218.3	234.04	145.71	233.86	144.79	99.9	99.4	86.7	66.3
Health and Sanitation	1608.52	256.97	1,603.40	118.96	1,586.09	122.58	98.9	103	98.6	47.7
Water, Lands, Environment & Climate Change	81.34	450.02	79.39	164.51	79.02	195.69	99.5	119	97.2	43.5
Roads, Public Works and Transport	80.56	503.54	77.56	364.77	75.83	408.99	97.8	112.1	94.1	81.2
Tourism, Culture, Wildlife, Trade & Industry	36.17	17.98	35.58	11.90	35.62	11.90	100.1	100	98.5	66.2
Youth Affairs, Sports, ICT & Social Services	54.54	99.59	51.70	52.20	50.40	51.83	97.5	99.3	92.4	52.0
Public Service Manage- ment & County Adminis- tration	127.83	26.64	99.04	16.87	98.66	16.87	99.6	100	77.2	63.3
County Public Service Board	46.89	-	44.14	- .00	41.80	-	94.7	-	89.1	-
Livestock Production, Fisheries & Cooperative Development	98.06	107.3	96.87	71.99	95.65	68.09	98.7	94.6	97.5	63.5
	3,502.64	2,449.1	3,391.86	1,282.79	3,315.10	1,449.34	97.7	113.0	94.6	59.2

Source: Elgeyo Marakwet County Treasury

Analysis of expenditure by Department shows that the County Assembly recorded the highest absorption rate of development budget at 100 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 99.9 per cent, while the Department of Finance and Economic Planning had the lowest at 73.2 per cent.

3.6.11 Budget Execution by Programmes and Sub-Programmes

Table 3.29 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

**Table 3.29: Elgeyo Marakwet County, Budget Execution by Programmes and Sub-
programmes**

Program	Sub Program	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	Absorp- tion %
County Assembly					
General Administration, Planning and Support Services		229,847,901	229,488,773	359,128	99.8
	General administration, planning and support services	229,847,901	229,488,773	359,128	99.8
Legislation and Representation		298,701,094	298,591,945	109,149	100.0
	Legislation and representation	298,701,094	298,591,945	109,149	100.0
Legislative Oversight		59,679,404	59,679,300	104	100.0
	Legislative oversight	59,679,404	59,679,300	104	100.0

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
Sub-Total		588,228,399	587,760,018	468,381	99.9
Office of the Governor					
General Administration and Support Services		122,014,510	121,943,941	70,569	99.9
	General administration and support services	122,014,510	121,943,941	70,569	99.9
Open Governance, Transparency and Accountability		20,274,853	18,303,563	1,971,288	90.3
	Governance	20,274,853	18,303,563	1,971,288	90.3
Sub-Totals		142,289,363	140,247,505	2,041,856	98.6
Finance and Economic Planning					
General administration and support services		73,170,796	63,516,724	9,654,071	86.8
	General administration and support services	73,170,796	63,516,724	9,654,071	86.8
Financial Management		114,009,415	111,422,629	2,586,786	97.7
	Monitoring, Evaluation and reporting	664,641	650,875	13,766	97.9
	Economic Planning & Budgeting	106,105,524	105,221,743	883,781	99.2
	Accounting services	2,394,061	2,262,887	131,174	94.5
	Supply Chain Management	1,330,110	1,253,990	76,120	94.3
	Revenue Management Services	3,515,079	2,033,135	1,481,944	57.8
General Administration, Planning and Support Services		102,103,501	36,880,240	65,223,261	36.1
	General administration, planning and support services	102,103,501	36,880,240	65,223,261	36.1
Sub-Total		289,283,712	211,819,594	77,464,117	73.2
Agriculture and Irrigation					
General administration and support services		94,560,436	93,592,795	967,641	99.0
	General administration and support services	94,560,436	93,592,795	967,641	99.0
Crop Development		568,302,630	371,455,738	196,846,893	65.4
	Cash Crops Development	36,672,204	13,843,345	22,828,859	37.7
	Food Crops Development	500,000	0	500,000	0.0
	Agricultural Extension and Training Services	531,130,426	357,612,392	173,518,034	67.3
Soil Conservation		1,310,198	164,080	1,146,118	12.5
	Soil Conservation	1,310,198	164,080	1,146,118	12.5
Irrigation Development		183,904,378	41,736,570	142,167,808	22.7
	Irrigation Development	183,904,378	41,736,570	142,167,808	22.7
Sub-Total		848,077,642	506,949,183	341,128,459	59.8
Education and Technical Training					
General administration and support services		78,228,809	45,357,066.00	32,871,743	58.0
	General administration and support services	78,228,809	45,357,066.00	32,871,743	58.0
Technical and Vocational Education and Training (TVET)		191,402,962	188,502,989	2,899,973	98.5
	Technical Vocational Education & Training	191,402,962	188,502,989	2,899,973	98.5
Pre-Primary Education		29,532,300	25,419,643	4,112,657	86.1
	Pre-Primary Education	29,532,300	25,419,643	4,112,657	86.1
		188,769,611	119,372,686	69,396,925	63.2
		188,769,611	119,372,686	69,396,925	63.2
Sub-Total		487,933,682	378,652,384	109,281,298	77.6
Health and Sanitation					
Health Promotion		0	-168,000	168,000	0
		0	-168,000	168,000	0
General administration and support services		1,634,515,534	1,586,257,197	22,258,337	97.0

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
	Default - Non-Programmatic	1,634,515,534	1,586,257,197	22,258,337	97.0
Preventive and Promotive health		14,922,412	8,139,217	6,783,195	54.5
	Community and Environmental Health	14,922,412	8,139,217	6,783,195	54.5
	Communicable & Non-Communicable Disease Prevention & Control	-	0	0	0.0
Curative and Rehabilitative Health		242,044,440	114,436,944	127,607,496	47.3
	Commodity management	1,800,000	539,402	1,260,598	30.0
	County Hospitals	40,663,332	23,026,680	17,636,652	56.6
	Primary Care Units	176,901,988	76,451,183	100,450,805	43.2
	Emergency Medical Services	22,679,120	14,419,680	8,259,440	63.6
	Sub-Total	1,865,482,386	1,708,665,358	156,817,028	91.6
Water, Lands, Environment and Climate Change					
General administration and support services		81,341,724	79,024,111	2,317,613	97.2
	General administration and support services	81,341,724	79,024,111	2,317,613	97.2
Water and Sanitation Management		213,691,985	133,132,501	80,559,484	62.3
	Water Services	213,691,985	133,132,501	80,559,484	62.3
Environmental Management and Protection		2,400,000	172480	2,227,520	7.2
	Environmental conservation	2,400,000	172480	2,227,520	7.2
Solid Waste Management		200,000	0	200,000	0.0
	Solid waste management	200,000	0	200,000	0.0
Lands, Physical planning and Urban Development		233,724,252	62,388,005	171,336,247	26.7
	Lands, Physical planning and Urban Development	233,724,252	62,388,005	171,336,247	26.7
	Sub-Total	531,357,961	274,717,097	256,640,864	51.7
Roads, Public Works and Transport					
General administration and support services		74,668,229	69,945,057	4,723,172	93.7
	General administration and support	74,668,229	69,945,057	4,723,172	93.7
Public Works		492,102,257	398,445,656	93,656,601	81.0
	Public Works	492,102,257	398,445,656	93,656,601	81.0
Energy		8,075,600	7,244,677	830,923	89.7
	Energy	8,075,600	7,244,677	830,923	89.7
Road Improvement		9,248,000	9,178,340	69,660	99.2
	Rural road Works	9,248,000	9,178,340	69,660	99.2
	Sub-Total	584,094,086	484,813,730	99,280,356	83.0
Tourism, Culture, Wildlife, Trade and Industry					
General administration and support services		36,168,213	35,617,687	550,525	98.5
	General administration and support services	36,168,213	35,617,687	550,525	98.5
Tourism Development		8,524,861	6,508,200	2,016,661	76.3
	Tourism Development	8,524,861	6,508,200	2,016,661	76.3
Trade and Enterprise Development		3,794,640	1,498,020	2,296,620	39.5
	Trade and enterprise development	3,794,640	1,498,020	2,296,620	39.5
Culture and Heritage Preservation		5,659,550	3,893,975	1,765,574	68.8
	Culture and Heritage Preservation	5,659,550	3,893,975	1,765,574	68.8
	Sub-Total	54,147,264	47,517,882	6,629,380	87.8
Youth Affairs, Sports, ICT and Social Services					
General administration and support services		52,522,775	48,467,416	4,055,359	92.3
	General administration and support services	52,522,775	48,467,416	4,055,359	92.3
Sports Development		31,954,650	15,688,128	16,266,522	49.1
	Sports Infrastructure Development	13,027,800	8,895,986	4,131,814	68.3

Program	Sub Program	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption %
	Sports Talent Development	18,926,850	6,792,142	12,134,708	35.9
Social Empowerment		62,458,483	31,033,318	31,425,166	49.7
	Social Empowerment	62,458,483	31,033,318	31,425,166	49.7
ICT Services		7,190,436	7,037,357	153,079	97.9
	ICT Services	7,190,436	7,037,357	153,079	97.9
	Sub-Total	154,126,344	102,226,218	51,900,126	66.3
Public Service Management and County Administration					
General administration and support services		125,492,385.00	97,096,051	28,396,334	77.4
	General administration and support services	125,492,385.00	97,096,051	28,396,334	77.4
Public Service Management		28,978,819.00	18,430,670	10,548,149	63.6
		1,560,080.00	1560080	0	100.0
	Coordination of government functions	26,643,739.00	16,870,590	9,773,149	63.3
	Citizen participation and Civic Education	775,000.00	0	775,000	0.0
	Sub-Total	154,471,204	115,526,721	38,944,483	74.8
County Public Service Board					
General administration and support services		46,892,282	41,804,039	5,088,243	89.1
	General administration and support services	46,892,283	41,804,039	5,088,243	89.1
	Sub-Total	46,892,282	41,804,039	5,088,243	89.1
Livestock Production, Fisheries and Cooperative Development					
General administration and support services		98,056,162	95,652,748	2,403,414	97.5
	General administration and support services	98,056,162	95,652,748	2,403,414	97.5
Livestock Development		60,853,661	35,506,614	25,347,047	58.3
	Livestock Production	53,822,329	34,771,614	19,050,715	64.6
	Livestock Extension and Training Services	7,031,332	735,000	6,296,332	10.5
Cooperative Development		8,179,272	6,332,126	1,847,146	77.4
	Cooperatives development	8,179,272	6,332,126	1,847,146	77.4
Veterinary Services		38,265,070	26,251,370	12,013,700	68.6
	Disease Surveillance and control	25,642,170	17,586,810	8,055,360	68.6
	A I Services	12,622,900	8,664,560	3,958,340	68.6
	Sub-Total	205,354,165	163,742,858	41,611,307	79.7
	Grand Total	5,951,738,490	4,764,442,587	1,187,295,898	80.1

Source: Elgeyo Marakwet County Treasury

The top three programmes with the highest levels of absorption rates were: legislation and representation in the County Assembly at 100 per cent, legislative oversight in the County Assembly at 100 per cent, and General Administration and Support Services in the Office of the Governor at 99.9 per cent of budget allocation. The Department of Health and Sanitation had a negative absorption with an expenditure of Kshs.168,000, which was occasioned for spending without an approved budget.

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 challenges which hampered effective budget implementation;

1. A high wage bill that accounted for 53.3 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
2. Late submission of financial reports by the County Treasury to the Controller of Budget affected timely preparation of budget implementation report.
3. Failure to develop legislation to operationalise some established County Public Funds such as the Youth,

- Women and PWDs Revolving Fund; and the Emergency Fund contrary to Section 116 of the PFM Act, 2012.
- An expenditure variance over total requisitions of 113 per cent in development budget, as shown in Table 3.28, indicating a situation where payments were made directly from Special Purpose Accounts at the start of the financial year without following the funds flow requirements per the PFM Act, 2012 and seeking approval of the CoB.

In order to improve budget execution, the County should implement the following recommendations;

- The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
- 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 PFM Act, 2012.*
- The County should ensure that regulations establishing any County Public Funds are in place before operationalising the budget/Fund in line with Section 116 of the PFM Act, 2012.*
- The County should ensure that all rolled over conditional grants go through the normal requisition process to avoid a requisition variance over total expenditure.*

3.7 County Government of Embu

3.7.1 Overview of FY 2020/21 Budget

The County's approved revised budget for FY 2020/21 was Kshs.7.11 billion, comprising of Kshs.2.35 billion (33.1 per cent) and Kshs.4.75 billion (66.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.67 billion (65.8 per cent) as the equitable share of revenue raised nationally, Kshs.998.06 million (14.0 per cent) as total conditional grants, generate Kshs.937.78 million (13.2 per cent) from own sources of revenue, and a cash balance of Kshs.496.60 million (7.0 per cent) from FY 2019/20.

3.7.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.67 billion as the equitable share of the revenue raised nationally, Kshs.865.28 million as conditional grants, raised Kshs.375.33 million as own-source revenue, and had a cash balance of Kshs.496.67 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.41 billion, as shown in Table 3.30.

Table 3.30: Embu County, Revenue Performance in FY 2020/21

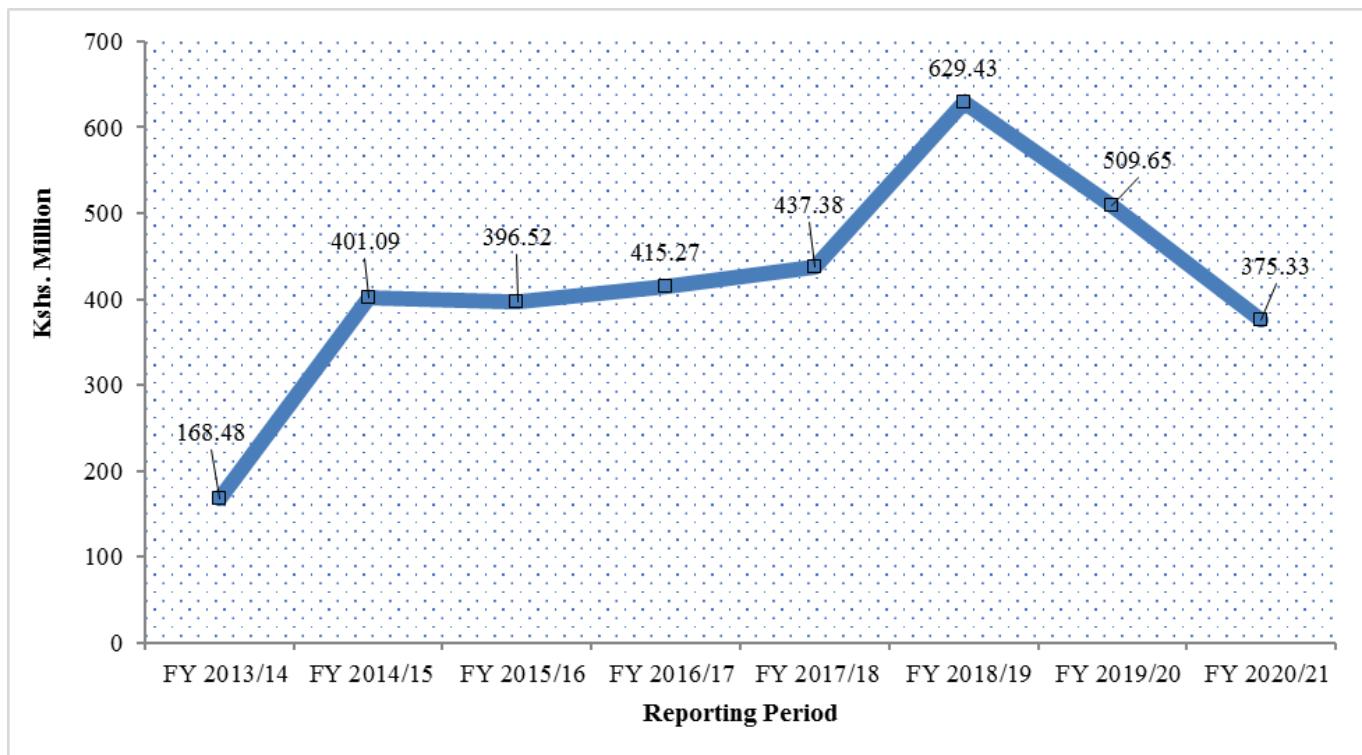
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,304,400,000	4,674,578,400	4,674,578,400	100
B. Conditional Grants from the National Government					
1.	Rehabilitation of Village Polytechnics	34,249,894	34,249,894	34,249,894	100.0
2.	Conditional Grants to Level-5 Hospitals	301,040,462	301,040,462	301,040,463	100.0
3.	Road Maintenance Fuel Levy Fund	135,839,025	135,839,025	135,839,025	100.0
4.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
5.	Compensation for User Fee Foregone	10,724,225	10,724,225	10,724,225	100.0
Sub Total		613,874,883	613,874,883	481,853,607	78.5
C	Loans and Grants from Development Partners				
1.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	202,094,150	202,094,150	202,094,150	100.0
2.	Transforming Health systems for Universal care Project (WB)	112,736,973	112,736,973	112,474,401	99.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	DANIDA Grant	12,240,000	12,240,000	12,240,000	100.0
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,112,312	12,112,312	11,613,058	95.9
	Sub Total	384,183,435	384,183,435	383,421,609	99.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	937,782,533	375,326,291	40.0
2.	Balance b/f from FY 2019/20	-	496,597,629	496,597,629	100.0
	Sub Total	-	1,434,380,162	871,923,920	60.8
	Grand Total	5,302,458,318	7,107,016,880	6,411,777,535	90.2

Source: Embu County Treasury

Figure 3.11 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.11: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Embu County Treasury

In FY 2020/21, the County generated Kshs.375.33 million as own-source revenue. This amount represented a decrease of 26.4 per cent compared to Kshs.509.65 million realised in FY 2019/20 and was 40.0 per cent of the annual target.

According to the County Treasury, the decline in OSR is attributed to political interference by MCAs and the Kenya National Chamber of Commerce, who incited business owners not to pay revenue and business permits. In addition, the 2019 Finance Act revised most of the charges downwards, such as Cess and Single business permits, which have been significant revenue streams. The 2020 amendment to the Finance Act also revised charges downwards to cushion businesses from the effects of the COVID 19 pandemic, which occasioned a health sector crisis and affected revenue collection.

3.7.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs5.89 billion from the CRF account during the reporting period. The amount comprised Kshs.1.51 billion (25.6 per cent) for development programmes and Kshs.4.38 billion (74.4 per cent) for recurrent programmes.

3.7.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.23 billion on development and recurrent programmes. The expenditure represented 88.8 per cent of the total funds released by the COB and comprised of Kshs.1.28 billion and Kshs.3.94 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 54.5 per cent, while recurrent expenditure represented 83.0 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June, 2021, which amounted to Kshs.816.35 million for development activities and Kshs.1.00 billion for recurrent costs.

3.7.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.92 billion was spent on employee compensation, Kshs.1.03 billion on operations and maintenance, and Kshs.1.28 billion on development activities, as shown in Table 3.31.

Table 3.31: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,752,756,227	4,383,807,012	3,944,742,858	83.0
Compensation to Employees	3,038,016,660	3,240,893,444	2,916,801,731	96.0
Operations and Maintenance	1,714,739,567	1,142,913,568	1,027,941,127	59.9
Total Development Expenditure	2,354,260,653	1,505,614,744	1,282,449,219	54.5
Total	7,107,016,880	5,889,421,758	5,227,192,077	73.5

Source: Embu County Treasury

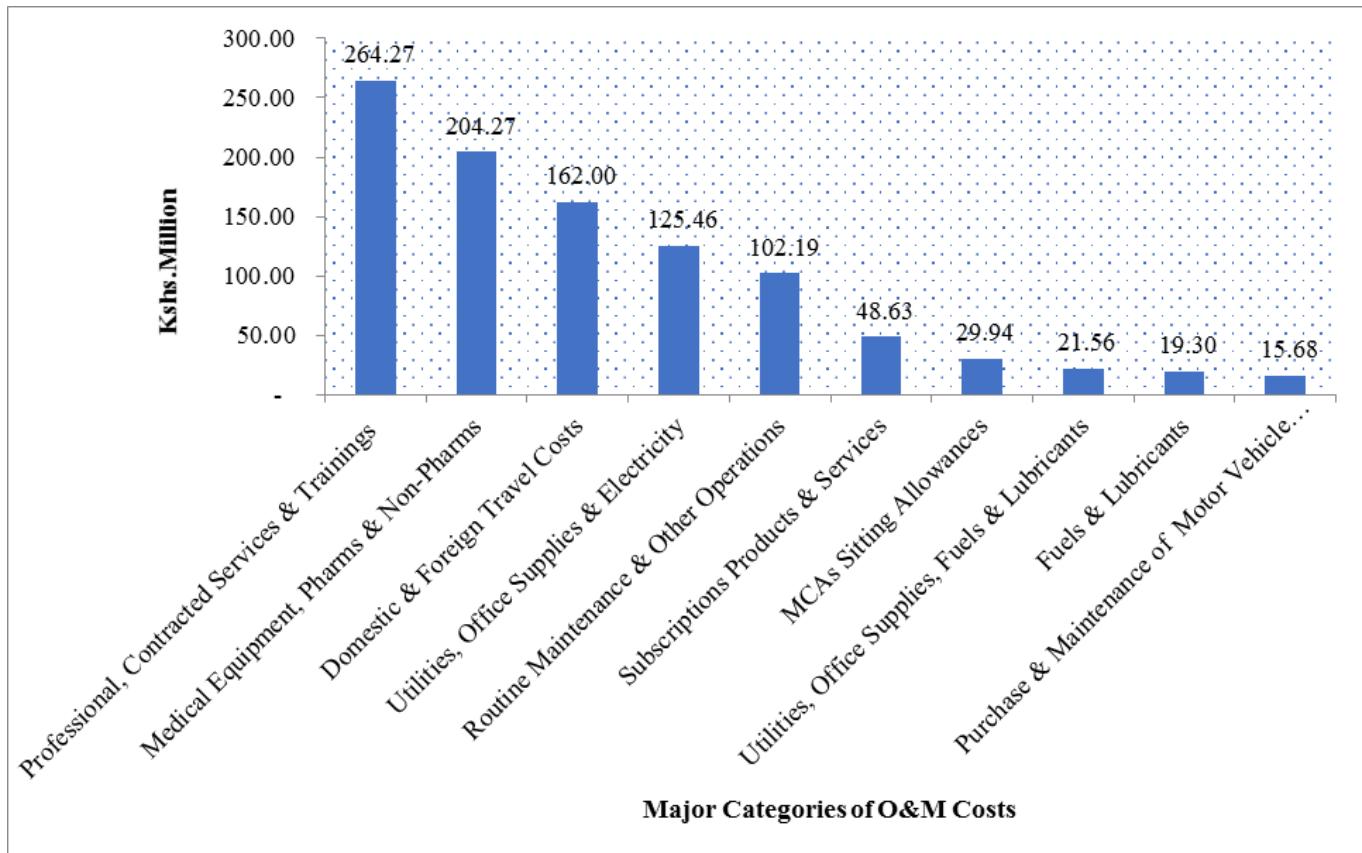
3.7.6 Expenditure on Personnel Emoluments

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 55.8 per cent of the total expenditure for the reporting period and 45.5 per cent of revenue.

3.7.7 Expenditure on Operations and Maintenance

Figure 3.12 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.12: Embu County, Operations and Maintenance Expenditure by Major Categories



Source: Embu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.29.94 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.33.73 million. The average monthly sitting allowance was Kshs.71,294 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.161.54 million and comprised Kshs.131.32 million spent by the County Assembly and Kshs.30.23 million by the County Executive. The County Executive spent Kshs.0.46 million on foreign travel.

3.7.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County did not provide funds to cater for COVID-19 related expenditure but had Kshs.141.05 million brought forward from FY 2019/20. A total of Kshs.141.05 million was spent during the reporting period, as shown in Table 3.32.

Table 3.32: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	The grant from the National Government for COVID-19	80,587,000	80,587,000
2	The grant from the National Government for Allowances for Front Line Health Care Workers	48,465,000	48,465,000
3	FY 2019/20 County own revenue allocated to Covid-19	12,000,000	12,000,000
Total		141,052,000	141,052,000

Source: Embu County Treasury

3.7.9 Development Expenditure

The County incurred an expenditure of Kshs.1.28 billion on development programmes, which represented an increase of 17.4 per cent compared to FY 2019/20 when the County spent Kshs.1.09 billion. Table 3.33 provides a summary of development projects with the highest expenditure in the reporting period.

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

S/No	Project Name/Description	Project Location	Budget (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Upgrading to Bitumen Standards of Mukuuri-Kanja Road Phase 1	Kagaari North	44,054,690	44,031,554	99.9
2	Construction of The County Assembly Office Complex	Kirimari	54,423,665	41,100,000	75.5
3	Upgrading to Bitumen Standards of Runyenjes-Kigaa Road Phase 2	Runyenjes Central	24,732,865	24,650,464	99.7
4	Upgrading to Bitumen Standards of (A9) Kivwe-Kithimu Road Phase 1	Kithimu	24,000,000	23,846,988	99.4
5	Construction of Governor's Residence	County Wide	20,000,000	19,905,605	99.5
6	Refurbishment of The Deputy Governor's Office	Kirimari	20,000,000	17,595,704	88.0
7	Construction of Bio-Digester at Ishiara Level 4 Hospital	Evurore	9,996,102	15,996,102	160.0
8	Rehabilitation of Kyeni Water	Kyeni South	14,858,500	15,051,000	101.3
9	Upgrading to Bitumen Standards of (A9) Kathageri - Kigumo Road Phase 1	Kyeni North	15,000,912	13,519,220	90.1
10	Construction of New Badea Block B	Kirimari	38,200,000	13,103,720	34.3

Source: Embu County Treasury

The County spent more funds than the budgeted amount on the construction of Bio-Digester at Ishiara Level 4 Hospital and Rehabilitation of Kyeni Water projects. This was occasioned by weak budgeting practices occasioned by the reduction of the voted amount through the supplementary budget without considering the amount already committed to the project.

3.7.10 Budget Performance by Department

Table 3.34 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.34: 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	224.5	-	219.5	-	205.2	-	93.5	-	91.4	-
County Public Service Board	43.1	-	38.4	-	36.0	-	93.9	-	83.7	-
Public Service and Administration	397.8	20.0	397.8	15.0	381.9	17.6	96.0	117.3	96.0	88.0
Gender, Culture, Children and Social Services	8.0	39.0	8.0	36.5	5.4	17.1	66.9	46.8	66.9	43.8
Finance and Economic Planning	180.1	23.1	144.4	11.0	148.3	8.1	102.7	73.9	82.3	35.1
Embu Municipal Board-Kenya Urban Support Project (KUSP)	8.8	128.3	-	17.7	-	-	-	-	-	-
Trade Tourism Investment and Industrialization	22.7	32.8	22.7	31.6	17.9	21.7	78.9	68.6	78.9	66.2
Agriculture, Livestock, Fisheries and Co-operative Development	369.2	312.3	266.3	259.2	227.4	9.5	85.4	3.7	61.6	3.0
Health	2,037.1	160.6	1,955.7	58.4	1,750.8	54.8	89.5	94.0	85.9	34.2
Embu Level 5 Hospital	299.7	206.2	285.7	121.0	222.4	178.3	77.9	147.4	74.2	86.4
Infrastructure, Public Works and Housing.	60.0	1,205.2	60.0	802.6	49.2	827.2	82.0	103.1	82.0	68.6

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
Education, Science and Technology	304.1	45.6	302.3	37.2	268.7	19.3	88.9	52.0	88.4	42.4
Lands, Physical Planning and Urban Development & Water	77.0	75.6	62.5	50.3	56.2	60.8	89.8	120.9	72.9	80.4
Youth Empowerment and Sports	8.0	31.2	7.9	19.2	5.4	16.2	67.5	84.5	67.0	52.0
Embu County Revenue Authority (ECRA)	29.7	-	22.8	-	14.5	-	63.6	-	48.7	-
County Assembly	683.0	74.4	589.8	46.0	560.8	46.6	95.1	101.2	82.1	62.6
Total	4,752.8	2,354.3	4,383.8	1,505.6	3,950.0	1,277.2	90.1	84.8	83.1	54.2

Source: Embu County Treasury

Analysis of expenditure by the Departments shows that the Department of Public Service and Administration recorded the highest absorption rate of development budget at 88.0 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 96.0 per cent, while the Department of Agriculture, Livestock, Fisheries and Co-operative Development had the lowest at 3 per cent. Department of Embu Municipal Board-Kenya Urban Support Project (KUSP) did not report any expenditure.

3.7.11 Budget Execution by Programmes and Sub-Programmes

Table 3.35 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.35: Embu County, Budget Execution by Programmes and Sub-programmes

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
OFFICE OF GOVERNOR					
General Administration Planning and Support Services	Management of County Affairs (Office of Governor)	134,698,890	123,107,600	11,591,290	91.4
County Leadership and Coordination	Sub-County Administration and Field Services	44,899,630	41,035,867	3,863,763	91.4
	Management of County Executive Services (Office of County Secretary)	26,939,778	24,621,520	2,318,258	91.4
County Leadership and Coordination	Public Sector Advisory Services (Legal, Political, and Economic Advisors)	17,959,852	16,414,347	1,545,505	91.4
Sub Total		224,498,150	205,179,333	19,318,817	91.4
COUNTY PUBLIC SERVICE BOARD					
Administration of Human Resources in Public Service	Performance Management & Discipline	7,319,914	6,127,783	1,192,131	83.7
	Administration of board programmes	10,764,579	9,011,445	1,753,134	83.7
	Recruitment and Selection, Career Management, HR Policy & Audit	15,070,411	12,616,024	2,454,387	83.7
	Quality service delivery in the CPSB that is effective and efficient	9,903,413	8,290,530	1,612,883	83.7
Sub Total		43,058,317	36,045,782	7,012,535	83.7
PUBLIC SERVICE AND ADMINISTRATION					

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration Planning & Support Services	Service Delivery and Management of County Affairs	180,009,755	172,127,665	7,882,090	95.6
Public Service	Human Resource Development and Culture Change Management	143,230,435	136,958,802	6,271,633	95.6
	Office Infrastructure Expansion	94,562,715	90,422,096	4,140,619	95.6
Sub Total		417,802,905	399,508,563	18,294,342	95.6
GENDER, CHILDREN, CULTURE & SOCIAL SERVICES					
Policy and General Administrative Services	General Administrative Unit	7,051,808	3,367,425	3,684,383	47.8
Gender and Social Development	Communication Mobilisation and Development	9,402,411	4,489,900	4,912,511	47.8
	Social Welfare Services	7,051,808	3,367,425	3,684,383	47.8
	Vocational Rehabilitation and Training	4,701,206	2,244,950	2,456,256	47.8
	Gender Mainstreaming and Development	7,051,808	3,367,425	3,684,383	47.8
Children Services	Child Rehabilitation and Custody	7,051,808	3,367,425	3,684,383	47.8
Culture and Cultural Preservation	Cultural Preservation	4,701,206	2,244,950	2,456,256	47.8
Sub Total		47,012,055	22,449,499	24,562,556	47.8
FINANCE AND ECONOMIC PLANNING					
General Administration Planning and Support Services	Administration, Planning and Support Services	36,074,986	27,769,580	8,305,406	77.0
Economic Policy and County Planning	Economic Development Planning and Coordination	50,504,980	38,877,412	11,627,569	77.0
Financial Management Services	Control and Management of Public Finances	23,434,312	18,039,120	5,395,192	77.0
Monitoring and Evaluation	Monitoring and Evaluation of projects	21,644,991	16,661,748	4,983,244	77.0
Research and Statistics	County database and profile	18,037,494	13,884,790	4,152,703	77.0
Kenya Devolution Support Programme	Kenya Devolution Support Programme	53,477,528	41,165,601	12,311,927	77.0
Sub Total		203,174,291	156,398,250	46,776,041	77.0
EMBU MUNICIPAL BOARD-KENYA URBAN SUPPORT PROJECT(KUSP)					
General Administration Planning and Support Services	Administration, Planning and Support Services	39,759,276	-	39,759,276	0.0
Roads Transport	Road Infrastructure and Public Works	97,341,675	-	97,341,675	0.0
Sub Total		137,100,950		137,100,950	0.0
TRADE, TOURISM, INVESTMENT AND INDUSTRIALIZATION					
Administrative Support Services	Administrative Support Services	6,592,001	4,707,909	1,884,092	71.4
Trade development and Promotion	Trade development and Promotion	26,694,764	19,065,003	7,629,761	71.4
Industrial Development and Investment	Industrial Development and Investment	12,205,147	8,716,734	3,488,413	71.4
Tourism Development	Tourism Development	9,986,029	7,131,873	2,854,156	71.4

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
Sub Total		55,477,941	39,621,520	15,856,421	71.4
AGRICULTURE, LIVESTOCK, FISHERIES AND CO-OPERATIVE DEVELOPMENT					
Administrative Support Services	Administrative Support Services	88,940,037	30,921,405	58,018,631	34.8
Crop Development and Management	Crop Development and Management	317,769,085	110,477,430	207,291,655	34.8
Agribusiness and Information Management	Agribusiness and Information Management	88,586,959	30,798,653	57,788,307	34.8
Livestock Resources Management and Development	Livestock Resources Management and Development	117,998,253	41,023,952	76,974,301	34.8
Fisheries Development	Fisheries Development	68,143,815	23,691,271	44,452,544	34.8
Sub Total		681,438,150	236,912,712	444,525,438	34.8
HEALTH					
Curative Health Services	Primary Health Care	1,265,665,061	1,039,877,432	225,787,629	82.2
Preventive and Promotive Health Services	Health Promotion & Disease Control	520,938,567	428,006,015	92,932,552	82.2
General Administration Planning and Support Services	General Administration services	411,055,605	337,725,565	73,330,041	82.2
Sub Total		2,197,659,233	1,805,609,012	392,050,221	82.2
EMBU LEVEL 5 HOSPITAL					
Curative Health Services	Primary Health Care	340,420,152	269,616,964	70,803,188	79.2
Preventive and Promotive Health Services	Health Promotion & Disease Control	95,386,115	75,546,981	19,839,134	79.2
General Administration Planning and Support Services	General Administration services	70,091,240	55,513,128	14,578,113	79.2
Sub Total		505,897,508	400,677,073	105,220,435	79.2
INFRASTRUCTURE, PUBLIC WORKS AND HOUSING					
General Administration Planning and Support Services	General Administration Services	126,520,929	87,636,950	38,883,979	69.3
Roads Transport	Road Infrastructure and Public Works	948,906,965	657,277,123	291,629,841	69.3
Energy and housing	Energy and Housing	189,781,393	131,455,425	58,325,968	69.3
Sub Total		1,265,209,286	876,369,498	388,839,788	69.3
EDUCATION, SCIENCE AND TECHNOLOGY					
General Administration, Planning and Support Services	General Administration and Support Services	139,892,310	115,235,813	24,656,497	82.4
Quality Assurance and Standards	Quality Assurance and standards	69,946,155	57,617,907	12,328,249	82.4
ECDE and Tertiary Education (Polytechnics)	ECDE and Tertiary Education (Polytechnics)	139,892,310	115,235,813	24,656,497	82.4
Sub Total		349,730,776	288,089,533	61,641,243	82.4
LANDS, PHYSICAL PLANNING AND URBAN DEVELOPMENT					
Land Policy and Planning	Spatial planning and urban Planning	7,631,744	5,845,774	1,785,970	76.6
	Survey and land Planning	10,684,441	8,184,083	2,500,358	76.6

Name of the Programme	Sub-Programme	Approved Budget (Kshs.)	Expenditure (Kshs.)	Variance (Kshs.)	Absorption (%)
General Administration, Planning and Support Services	General Administration and support Services	15,263,488	11,691,548	3,571,940	76.6
Water Supply and sewerage Services	Domestic water supply	68,685,697	52,611,966	16,073,731	76.6
Environment Management and Natural Resources Conservation	Environmental conservation	7,631,744	5,845,774	1,785,970	76.6
Expansion and provision of Irrigation water	Supply of Irrigation water	42,737,767	32,736,334	10,001,433	76.6
Sub Total		152,634,882	116,915,479	35,719,403	76.6
YOUTH EMPOWERMENT AND SPORTS					
Youth Development and Empowerment Services	Youth Development and Empowerment Services	19,606,560	10,799,404	8,807,156	55.1
Management and development of Sport and Sport facilities	Community Sports programme	15,685,248	8,639,523	7,045,725	55.1
General Administration Planning and Support Services	General Administration services	3,921,312	2,159,881	1,761,431	55.1
Sub Total		39,213,120	21,598,808	17,614,312	55.1
EMBU COUNTY REVENUE AUTHORITY (ECRA)					
Financial Management Services	Revenue Management Services	5,423,483	2,643,680	2,779,803	48.7
	Revenue Management Services	24,310,217	11,850,031	12,460,186	48.7
Sub Total		29,733,700	14,493,711	15,239,989	48.7
COUNTY ASSEMBLY					
General Administration Planning and Support Services	General Administration Planning and Support Services	290,158,978	232,672,277	57,486,701	80.2
Legislation	Legislation	467,216,638	374,651,026	92,565,612	80.2
Sub Total		757,375,616	607,323,303	150,052,313	80.2
Grand Total		7,107,016,880	5,227,192,077	1,879,824,803	73.5

Source: Embu County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration Planning and Support Services and Public Service in the Department of Public Service and administration at 95.6 per cent, General Administration Planning and Support Services, County Leadership and Coordination, County Leadership and Coordination in the Department of Office of the Governor at 91.4 per cent and Administration of Human Resources in Public Service in the Department of County Public Service Board at 83.7 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. A high wage bill, which accounted for 55.8 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.375.33 million against an annual projection of Kshs.937.33 million, representing 40.0 per cent of the annual target.
4. As shown in Table 3.35, there was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations, which was occasioned by reducing budget lines below committed or spent

- amount through the supplementary budget.
5. The non-adherence to PFM Act, 2021 timelines on adopting the budget and other related planning documents. The County Assembly had not approved a budget for FY2021/2022 as of 30th June 2021, while the County Fiscal Strategy Paper was approved in June 2021.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve 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 Assembly should adhere to the PFM Act, 2012 timelines in approving or adopting planning framework documents.*

3.8 County Government of Garissa

3.8.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.18 billion, comprising of Kshs. 3.38 billion (33.2 per cent) and Kshs.6.80 billion (66.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.7.03 billion (69.0 per cent) as the equitable share of revenue raised nationally, Kshs.1.65 billion (16.2 per cent) as total conditional grants, generate Kshs.150.0 million (1.5 per cent) from own sources of revenue, and a cash balance of Kshs.1.30 billion (12.7 per cent) from FY 2019/20. The County also expects to receive Kshs.51.90 million (0.5 per cent) as "other revenues" not contained in the CARA, 2020. The "other revenues" include Covid fund- Health staff allowance amounting to Kshs.39.17 million, Danida Kshs.7.74 million and Unicef Fund- Child protection unit of Kshs.5.00 million.

3.8.2 Revenue Performance

In FY 2020/21, the County received Kshs.7.03 billion as the equitable share of the revenue raised nationally, Kshs.1.37 billion as conditional grants, raised Kshs.103.53 million as own-source revenue, and had a cash balance of Kshs.267.72 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.77 billion, as shown in Table 3.36.

Table 3.36: Garissa County, Revenue Performance in FY 2020/21

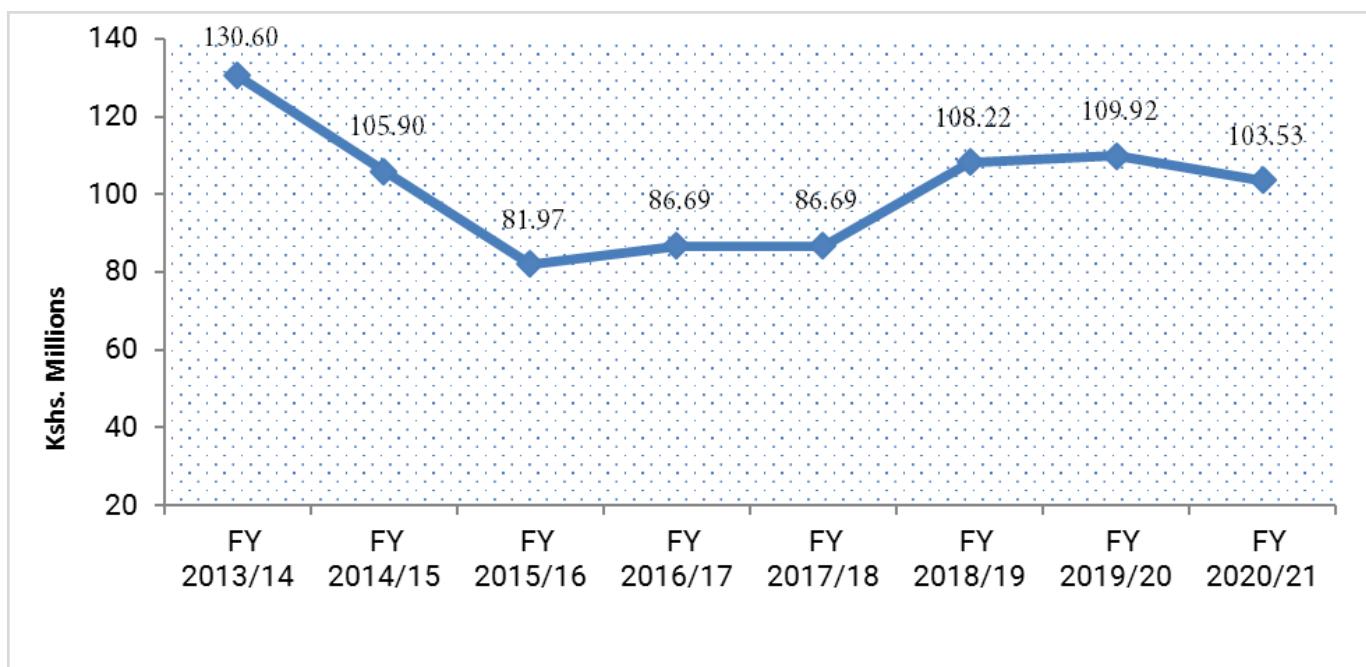
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,026,300,000.00	7,026,300,000	7,026,300,000	100
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	344,739,884	344,739,884	158,580,348	46
2.	Compensation for User Fee Foregone	12,964,636	12,964,636.00	12,964,636	100
3.	Leasing of Medical Equipment	132,021,277	132,021,277		-
4.	Road Maintenance Fuel Levy Fund	209,418,497	209,418,497	256,786,967	122.6
5.	Rehabilitation of Village Polytechnics	17,899,894	17,899,894	17,899,894	100
Sub Total		717,044,188.00	717,044,188	446,231,845	62.23
C	Loans and Grants from Development Partners				

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
1.	Transforming Health Systems for Universal care Project (WB)	33,760,000	33,760,000	32,312,242	95.7
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,528,195	320,528,195	244,657,365.25	76.3
	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
3.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	500,000,000	500,000,000	389,533,119	77.9
4.	DANIDA Grant	19,980,000	19,980,000	19,980,000	100
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,513,345	15,513,345	15,073,337.00	97.2
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	-	64,613,906	-
Sub Total		934,781,540	934,781,540.	923,795,947.40	98.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000.	103,525,792	69
2.	Balance b/f from FY 2019/20	-	1,296,733,762	267,717,966	20.6
3.	Other Revenues	-	51,900,000.00	-	-
Sub Total			1,498,633,762	371,243,758	24.8
Grand Total		8,678,125,728.00	10,176,759,490.	8,767,571,550.40	86.2

Source: Garissa County Treasury

Figure 3.13 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.13: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Garissa County Treasury

In FY 2020/21, the County generated Kshs.103.53 million as own-source revenue. This amount represented a decrease of 5.8 per cent compared to Kshs.109.92 million realised during a similar period in FY 2019/20 and was 69.0 per cent of the annual target.

3.8.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.46 billion from the CRF account during the reporting period. The amount comprised Kshs.1.83 billion (21.6 per cent) for development programmes and Kshs.6.63 billion (78.3 per cent) for recurrent programmes.

However, a total of Kshs.1.48 billion comprising Kshs.1.10 billion and Kshs.383.05 million for recurrent and development votes, respectively, was received in June 2021, as tabulated below.

S/no.	Reference	Recurrent	Development
1.	GRS/REC/2020-2021/VOL.1(20)	396,900,949	
2.	GRS/REC/2020-2021/VOL.1(21)	148,218,000	
3.	GRS/REC/2020-2021/VOL.1(22)	399,711,467	
4.	GRS/DEV/2020-2021/VOL.1(8)		221,046,807
5.	GRS/DEV/2020-2021/VOL.1(9)		78,709,751
6.	GRS/DEV/KCSAP/04		74,339,620
7.	GRS/DEV/GVPP/02		8,949,947
8.	GRS/FIN/COB/VOL.4(20)	50,812,529	
9.	GRS/FIN/COB/VOL.4(21)	22,187,471	
10.	GRS/FIN/COB/VOL.4(22)	63,000,000	
11.	GRS/FIN/COB/VOL.4(23)	20,000,000	
Total		1,100,830,416	383,046,125

The Exchequer releases received in June 2021 consisted of 17.5 per cent of the total Exchequer issues for the financial year. Late Exchequer release may result in low absorption of the budget and negatively impact on service delivery to citizens.

3.8.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.8.47 billion on development and recurrent programmes. The expenditure represented 99.9 per cent of the total funds released by the COB and comprised Kshs.1.82 billion and Kshs.6.65 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53.9 per cent, while recurrent expenditure represented 97.8 per cent of the annual recurrent expenditure budget.

The expenditure included pending bills as of 30th June 2021, which amounted to Kshs.848.72 million for development activities and Kshs.22.04 million for recurrent costs.

3.8.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.83 billion was spent on employee compensation, Kshs.1.81 billion on operations and maintenance, and Kshs.1.82 billion on development activities, as shown in Table 3.37.

Table 3.37: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	6,796,475,196	6,630,792,355	6,645,037,138	97.8
Compensation to Employees	4,830,098,886	4,830,098,886	4,830,491,103	100.0
Operations and Maintenance	1,966,376,310	1,800,693,469	1,814,546,035	92.3
Total Development Expenditure	3,380,284,294	1,833,965,464	1,821,162,222	53.9
Development Expenditure	3,380,284,294	1,833,965,464	1,821,162,222	53.9
Total	10,176,759,490	8,464,757,819	8,466,199,360	83.2

Source: Garissa County Treasury

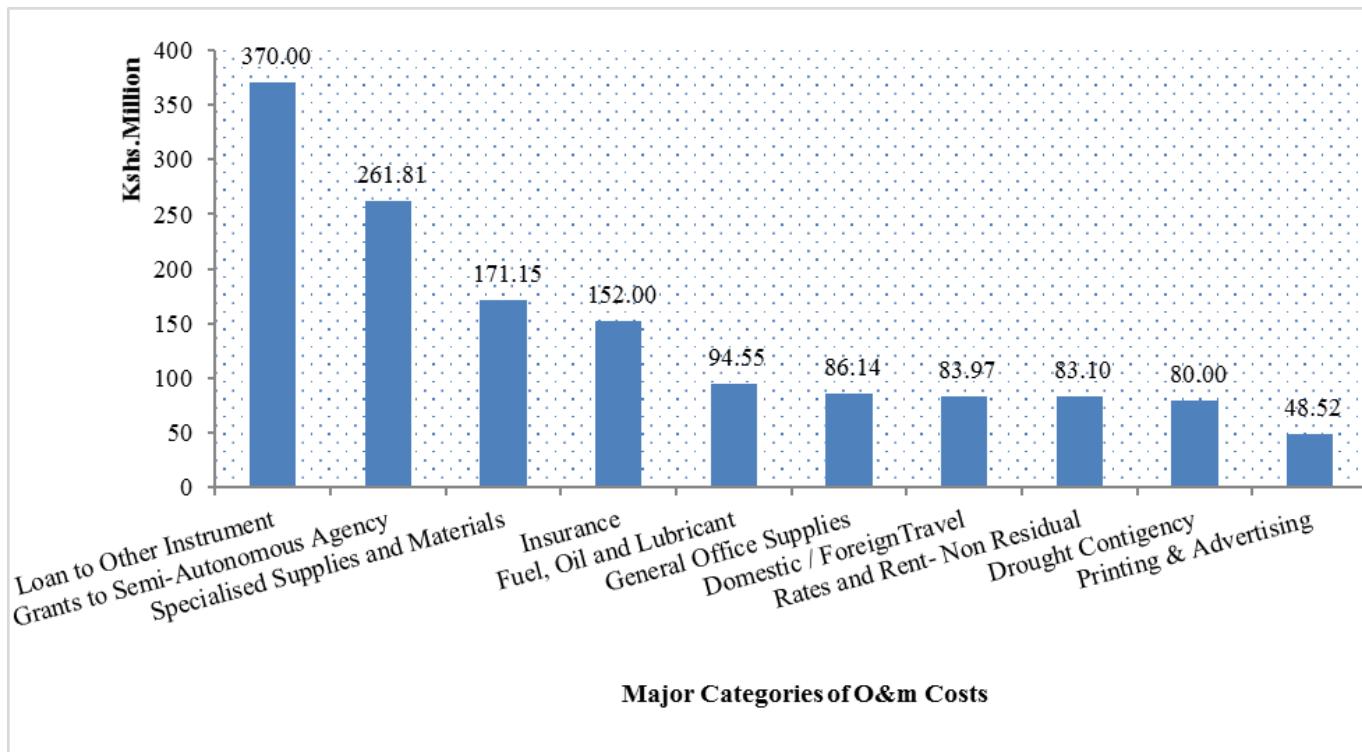
3.8.6 Expenditure on Personnel Emoluments

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 57.1 per cent of the total expenditure for the reporting period and 55.1 per cent of revenue.

3.8.7 Expenditure on Operations and Maintenance

Figure 3.14 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.14: Garissa County, Operations and Maintenance Expenditure by Major Categories



Source: Garissa County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.34.45 million on committee sitting allowances for the 51 MCAs and Speaker against the annual budget allocation of Kshs.34.45 million. The average monthly sitting allowance was Kshs.56,285 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.71.07 million and comprised Kshs.65.27 million spent by the County Assembly and Kshs.5.8 million by the County Executive. Spending on foreign travel by the County Assembly amounted to Kshs.12.90 million.

3.8.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County allocated Kshs. 118.52 million to cater for COVID-19 related expenditure, which included Kshs. 30.00 million brought forward from FY 2019/20. A total of Kshs.71.61 million was spent during the reporting period, as shown in Table 3.38.

Table 3.38: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Supply and Delivery Surgical face masks	7,400,000	7,400,000
2	Renovation of 5-Block Isolation centre	11,037,392	11,037,392
3	Renovation/Refurbishment of Isolation centre	3,775,452	3,775,452
4	Supply and Delivery of Assorted Non-Pharmaceutical	1,998,100	1,998,100
5	Training FLH workers	5,277,220	5,277,220
6	Supply of Bed sheets	1,500,000	1,500,000
7	Medical Documents	9,720,000	9,720,000
8	Adjusted Hospital beds	5,000,000	5,000,000
9	Renovation of TB Isolation centre	5,084,117	5,084,117
10	Construction of covid-19 Prefab	10,929,321	10,929,321
11	fuel	4,499,908	4,499,908
12	Supply of Dry Foods	5,397,490	5,397,490
Total		71,619,000	71,619,000

Source: Garissa County Treasury

3.8.9 Development Expenditure

The County incurred an expenditure of Kshs.1.82 billion on development programmes, which represented a decrease of 9.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 2.02 billion. Table 3.39 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.39: 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	Maintenance and Improvement of road	Countywide	362,999,684	287,444,618	79.2
2	Proposed and Construction of 50,000m ³ water pan at Awliya, Dogob, Korissa and Bisqore	Balambala, Balambala, Masalani and Hulugho	85,020,419	52,442,300	61.7
3	Proposed Construction of Bura, Masalani and Garissa Township sub-county administrators office.	Fafi, Maslani and Garissa Township	143,800,566	96,973,000	67.4
4	Supply and Delivery of unimix to all ECD Centres	Countywide	35,725,000	29,800,000	83.4
5	Drilling of borehole lot 1	Countywide	73,074,989	23,323,000	31.9
6	Proposed Construction and Equipping of the cancer centre	Garissa Township	199,780,000	12,356,000	6.2
7	Proposed Construction of fruit processing factory	Garissa Township	30,590,778	12,000,000	39.2
8	Rehabilitation of Warable Water Supply	Fafi	11,150,000	11,150,000	100.0
9	Proposed beautification of Garissa Town	Garissa Township	9,882,852	9,382,852	94.9
10	Construction of Tourism Dining Hall at Ishakbiru Conservancy	Masalani	9,578,700	9,578,700	100.0

Source: Garissa County Treasury

3.8.10 Budget Performance by Department

Table 3.40 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.40: 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 and Cooperative	196.82	452.95	195.58	279.91	195.88	279.30	100.2	99.8	99.5	61.7
Environment, Energy, Natural Resource and Wildlife Management	63.15	0.00	61.38	0.00	61.38	0.00	100.0	0.0	97.2	0.0
Road and Transport	40.32	508.86	38.88	304.66	38.85	292.85	99.9	96.3	96.3	57.5
Trade, Tourism and Enterprises	79.00	100.00	76.89	0.00	75.09	0.00	97.7	0.0	95.1	0.0
Health and Sanitation	2,404.85	232.02	2,404.66	28.94	2,412.75	28.94	100.3	100.0	100.3	12.5
Education and Labour	698.18	47.94	695.77	30.69	660.77	30.69	95.0	100.0	94.6	64.0
County Assembly	860.40	150.00	751.05	13.00	751.05	12.64	100.0	97.3	87.3	8.4
County Executive	292.80	0.00	284.19	0.00	292.19	0.00	102.8	0.0	99.8	0.0
Finance, Revenue, Economic Planning and County Affair	1,546.24	850.00	1,509.49	848.72	1,547.49	848.72	102.5	100.0	100.1	99.8
Gender, Social Services and Sport	52.70	0.00	52.70	0.00	49.20	0.00	93.4	0.0	93.4	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
Water and Irrigation	184.56	885.00	183.24	161.53	179.74	161.00	98.1	99.7	97.4	18.2
Lands, Housing and Urban Planning	266.59	0.00	266.40	0.00	266.40	0.00	100.0	0.0	99.9	0.0
Public Service Board	33.07	0.00	32.98	0.00	32.98	0.00	100.0	0.0	99.7	0.0
Garissa Municipality	77.80	233.51	77.58	167.01	79.46	167.01	102.4	0.0	102.1	0.0
Total	6,796.48	3,380.28	6,630.79	1,833.97	6,643.24	1,821.16	100.2	99.3	97.7	53.9

Source: Garissa County Treasury

Analysis of expenditure by Department shows that the Department of Finance, Revenue, Economic Planning and County Affairs recorded the highest absorption rate of development budget at 99.8 per cent while the Department of Trade, Tourism and Enterprise did not report any expenditure on development activities. The Department of Municipality had the highest percentage of recurrent expenditure to budget at 102.1 per cent, while the County Assembly had the lowest at 87.3 per cent.

3.8.11 Budget Execution by Programmes and Sub-Programmes

Table 3.41 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.41: Garissa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Agriculture, Livestock & Coop					
Agriculture	General Administration and Support Service	529,522,644	372,815,000	156,707,644	70.4
	Extension Support Service and Exhibition	800,000	400,000	400,000	50.0
	Agricultural Farm inputs & machinery	-	-	-	-
Livestock	Livestock Administration and Support Service	100,745,730	99,567,557	1,178,173	98.8
	Livestock Production	1,550,000	200,000	1,350,000	12.9
	Veterinary Service	31,350,000	1,750,000	29,600,000	5.6
Fisheries Production	Fisheries Service	200,000	200,000	-	100.0
Cooperative	Cooperative Development	600,000	250,000	350,000	41.7
	Total	664,768,374	475,182,557	189,585,817	71.5
Environment, Energy, Natural Resource and Wildlife Management					
Administration & support service	Administration & support service	59,243,025	58,783,000	460,025	99.2
Environment management & Natural	Environment management & Natural	1,100,000	900,000	200,000	81.8
Natural Resource management	Natural Resource management	1,600,000	900,000	700,000	56.3
Energy Development	Energy Development	1,205,000	800,000	405,000	66.4
	Total	63,148,025	61,383,000	1,765,025	97.2
Roads and Transport					
Roads and Transport	Administration & support service	37,906,400	36,651,000	1,255,400	96.7
	Road & Transport	511,281,885	295,050,000	216,231,885	57.7

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
	Total	549,188,285	331,701,000	217,487,285	60.4
Trade, Tourism and Enterprise				-	
Administration & support service	Administration & support service	75,447,996	75,091,000	356,996	99.5
Trade and Investment Development	Trade and Investment Development	3,400,000	1,800,000	1,600,000	52.9
Weight and Measure	Weight and Measure	152,259	-	152,259	0.0
Tourism Development	Tourism Development	-	-	-	0.0
	Total	79,000,255	76,891,000	2,109,255	97.3
Health and Sanitation				-	
General Administration and support service	General Administration and support service	2,106,684,526	2,115,327,977	(8,643,451)	100.4
Curative Service	Medical Products, Appliance and Equipments	144,739,884	144,000,000	739,884	99.5
	Development of Health Facilities	-	-	-	0.0
	Referral Service	232,021,277	28,943,000	203,078,277	12.5
Preventive Services	Health Promotion Compaign	153,425,000	153,425,000	-	100.0
	Public Health Service	-	-	-	0.0
	Nutrition	-	-	-	0.0
	Total	2,636,870,687	2,441,695,977	195,174,710	92.6
Education and Labour				-	
Eduction	General Administration and Support Service	472,251,141	438,126,590	34,124,551	92.8
	ECD	71,453,793	63,559,894	7,893,899	89.0
	Vocational Training	25,501,094	14,864,400	10,636,694	58.3
Labour	Human resources	146,630,000	145,030,000	1,600,000	98.9
	ICT & Libraries	30,282,733	29,882,000	400,733	98.7
	Total	746,118,761	691,462,884	54,655,877	92.7
County Assembly				-	
General Administration and support service	General Administration and support service	1,010,402,040	763,698,099	246,703,941	75.6
	Total	1,010,402,040	763,698,099	246,703,941	75.6
Office of the Governor				-	
Governor Operations	Governor Operations	93,230,000	92,640,000	590,000	99.4
Deputy Governor Operations	Deputy Governor Operations	44,600,000	44,599,000	1,000	100.0
Street lighting	Street lighting	39,306,215	39,305,000	1,215	100.0
Operations and Sub County Administration	Operations and Sub County Administration	79,210,000	79,210,000	-	100.0
Intergovernmental & Institutional relation	Intergovernmental & Institutional relation	17,192,430	17,172,000	20,430	99.9
County Attorney	County Attorney	19,260,000	19,260,000	-	100.0
	Total	292,798,645	292,186,000	612,645	99.8
Finance, Revenue, Economic Planning and County Affairs				-	

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
Administration & Support Service	Administration & Support Service	1,901,580,628	1,956,063,589	(54,482,961)	102.9
	Special Programm	184,238,706	171,868,704	12,370,002	93.3
Public Finance Management	Accounting Service	2,613,739	2,550,000	63,739	97.6
	Budget Formulation	4,180,000	4,180,000	-	100.0
	Audit Services	1,462,600	1,400,000	62,600	95.7
	Economic Planning	34,086,000	33,608,000	478,000	98.6
	Revenue Management	248,172,781	208,096,000	40,076,781	83.9
	Supply Chain Management	3,125,000	2,750,000	375,000	88.0
Donor Coordination	Donor Coordination	16,780,548	15,700,000	1,080,548	93.6
	Total	2,396,240,002	2,396,216,293	23,709	100.0
Gender, Social Service and Sport				-	
Culture, Women & Youth	General Administration & Support Service	69,911,832	47,688,000	22,223,832	68.2
	Social Protection, Cultural Promotion and Preservation	1,025,000	-	1,025,000	0.0
	Youth and Sport	1,763,600	1,510,000	253,600	85.6
	Total	72,700,432	49,198,000	23,502,432	67.7
Water and Irrigation				-	
Water Services	General Administration & Support Service	239,556,361	174,738,000	64,818,361	72.9
	Water Infrastructure Development	785,000,000	161,000,000	624,000,000	20.5
Irrigation Service	Irrigation Development	45,000,000	5,000,000	40,000,000	11.1
	Total	1,069,556,361	340,738,000	728,818,361	31.9
Lands, Housing and Urban Planning				-	
Administration & Support Service	Urban Adinistration and Support Service	239,350,000	239,247,000	103,000	100.0
Land and Housing	Lands	7,300,000	7,300,000	-	100.0
	Housing & public Works	18,824,997	18,750,000	74,997	99.6
Urban Development	Urban Planning and Disaster Management	414,626	400,000	14,626	96.5
	Urban sanitation and Development	700,000	700,000	-	100.0
	Total	266,589,623	266,397,000	192,623	99.9
County Public Service Board				-	
General Administration and support Service	General Administra-tion and support Ser-vice	33,072,000	32,977,000	95,000	99.7
	Total	33,072,000	32,977,000	95,000	99.7
Garissa Municipality				-	
General Administration and support Service	General Adminis-tration and support Service	311,306,000	246,472,550	64,833,450	79.2
Total		311,306,000	246,472,550	64,833,450	79.2%
Grand Total		10,191,759,490	8,466,199,360	1,725,560,130	83.1

Source: Garissa County Treasury

The top three programmes with the highest levels of absorption rates were: Administration & Support Service in the Department of Finance, Revenue, Economic Planning and County Affairs at 102.9 per cent, Administration & Support Service in the Department of Health and Sanitation at 100.4 per cent and Land and Housing in the Department of Lands, Housing and Urban Planning at 100 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. A high wage bill, which accounted for 57.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs. 103.53 million against an annual projection of Kshs. 150 million, representing 69.0 per cent of the annual target.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

3.9 County Government of Homa Bay

3.9.1 Overview of FY 2020/21 Budget

The County's approved second supplementary budget for FY 2020/21 was Kshs.8.98 billion, comprising Kshs.3.55 billion (39.5 per cent) and Kshs.5.43 billion (60.5 per cent) allocation for development and recurrent programmes, respectively.

To fund the budget, the County expected to receive Kshs.6.74 billion (75.0 per cent) as the equitable share of revenue raised nationally, Kshs.716.47 million (8.0 per cent) as total conditional grants, generate Kshs.170.82 million (1.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.28 billion (14.2 per cent) from FY 2019/20. The county also expected to receive Kshs.79.51 million (0.9 per cent) as Appropriations in Aid.

3.9.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.74 billion as the equitable share of the revenue raised nationally, Kshs.571.37 million as conditional grants, raised Kshs.120.41 million as own-source revenue, Kshs.103.12 million as Appropriations – in - Aid and had a cash balance of Kshs.1.01 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.55 billion, as shown in Table 3.42.

Table 3.42: Homa Bay County, Revenue Performance in FY 2020/21

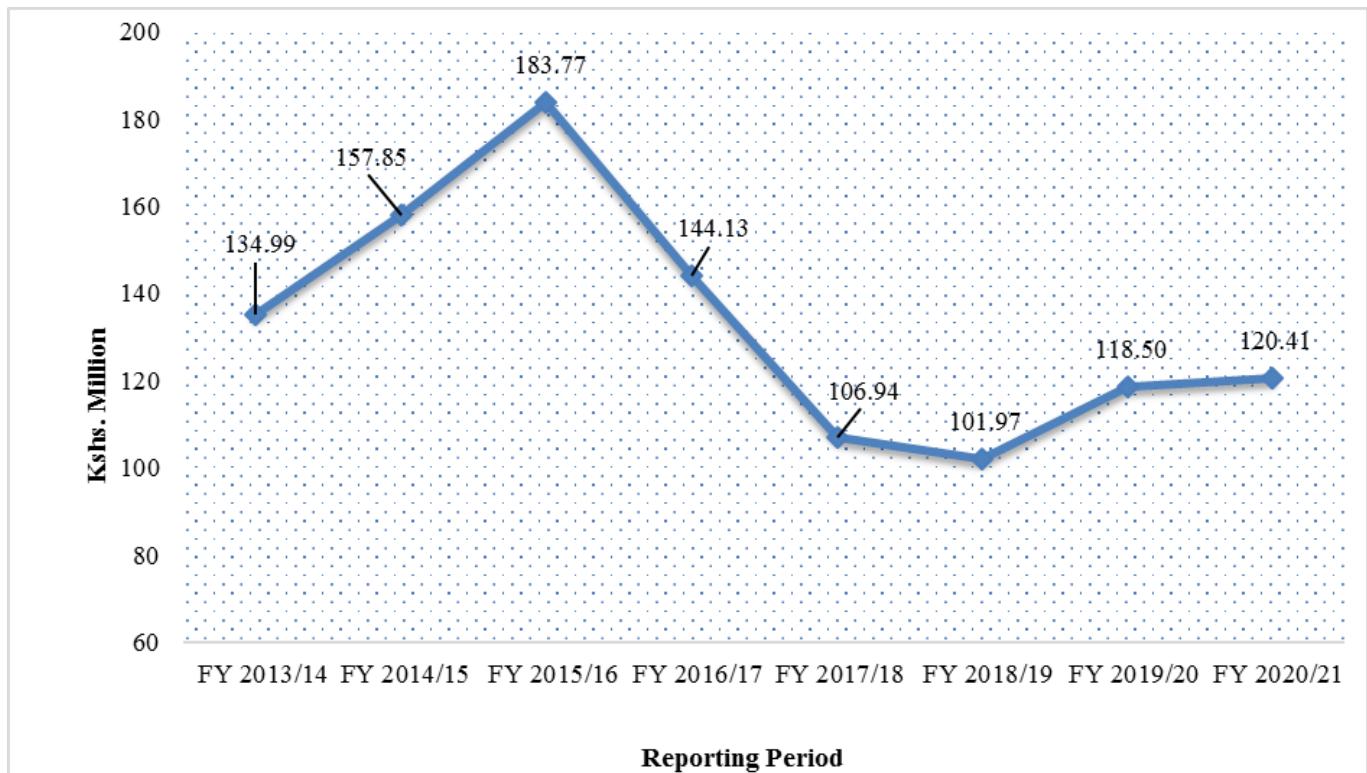
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Bud- get Allocat- ion (in Kshs)	Actual re- ceipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,741,450,000	6,741,450,000	6,741,450,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	22,185,346	22,185,346	22,185,346	100.0
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	200,928,558	200,928,558	200,928,558	100.0
4.	Rehabilitation of Village Polytechnics	40,399,894	40,399,894	40,399,894	100.0
Sub Total		395,535,075	263,513,798	263,513,798	100.00

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Bud- get Allocat- ion (in Kshs)	Actual re- ceipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	Loans and Grants from Development Part- ners				
5.	Transforming Health Systems for Universal care Project (WB)	33,040,000	33,040,000	30,318,050	91.8
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,467,950	198,467,950	192,680,468	97.1
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	119,361,500	-	-
9.	DANIDA Grant	19,170,000	26,615,000	26,615,000	100.0
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,738,669	30,468,641	13,239,541	43.5
Sub Total		309,416,619	452,953,091	307,853,058	68.0
D	Other Sources of Revenue				
1.	Own Source Revenue	-	170,818,374	120,412,567	70.5
2.	Balance b/f from FY 2019/20	-	1,276,685,784	1,010,848,784	79.2
3.	A-I-A	-	79,511,564	103,116,244	129.7
Sub Total		-	1,527,015,722	1,234,377,595	80.8
Grand Total		7,446,401,694	8,984,932,611	8,547,194,451	95.1

Source: Homa Bay County Treasury

Figure 3.15 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.15: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Homa Bay County Treasury

In FY 2020/21, the County generated Kshs.120.41 million as own-source revenue. This amount represented an increase of 1.6 per cent compared to Kshs.118.50 million realised in FY 2019/20 and was 70.5 per cent of the annual target.

3.9.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.76 billion from the CRF account during the reporting period. The amount comprised Kshs.2.46 billion (31.6 per cent) for development programmes and Kshs.5.31 billion (68.4 per cent) for recurrent programmes.

There were late Exchequer releases whereby a total of Kshs.1.98 billion comprising of Kshs.1.20 billion and Kshs.782 million for recurrent and development votes respectively were received in June 2021 as tabulated below;

Table 3.43: Late Exchequer Releases

No.	Reference	Recurrent (Kshs)	Development (Kshs.)
1.	Req No. HB/FIN/VOL.VI (59)	30,000,000	
2.	Req No. HB/FIN/VOL.VI (60)	305,000,000	
3.	Req No. HB/FIN/VOL.VI (61)		94,000,000
4.	Req No. HB/FIN/VOL.VI (62)	80,000,000	
5.	Req No. HB/FIN/VOL.VI (63)	305,756,961	
6.	Req No. HB/FIN/VOL.VI (64)	83,000,000	
7.	Req No. HB/FIN/VOL.VI (65)	22,185,346	
8.	Req No. HB/FIN/VOL.VI (66)		20,199,947
9.	Req No. HB/FIN/VOL.VI (67)		191,000,000
10.	Req No. HB/FIN/VOL.VI (68)	98,000,000	
11.	Req No. HB/FIN/VOL.VI (69)		127,000,000
12.	Req No. HB/FIN/VOL.VI (69)		67,778,121
13.	Req No. HB/FIN/VOL.VI (70)	279,386,663	
14.	Req No. HB/FIN/VOL.VI (71)		216,000,000
15.	Req No. HB/FIN/VOL.VI (72)		65,675,301
Total		1,203,328,970	781,653,369

Source: Homa Bay County Treasury

The Exchequer releases received in June 2021 consisted of 25.3 per cent of the total issues for the financial year. Late Exchequer releases may have resulted in low absorption of budget and could have also negatively impacted service delivery to citizens.

3.9.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.46 billion on development and recurrent programmes. The expenditure represented 96.1 per cent of the total funds released by the COB and comprised of Kshs.2.19 billion and Kshs.5.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.7 per cent, while recurrent expenditure represented 96.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.520.38 million for development activities and Kshs.23.64 million for recurrent costs.

3.9.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.08 billion was spent on employee compensation, Kshs.1.18 billion on operations and maintenance, and Kshs.2.19 billion on development activities, as shown in Table 3.44.

Table 3.44: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	5,432,238,636	5,305,464,421	5,262,571,639	96.9
Compensation to Employees	4,202,050,235	4,067,359,860	4,079,689,672	97.1
Operations and Maintenance	1,230,188,401	1,238,104,561	1,182,881,967	96.2
Development Expenditure	3,552,693,975	2,456,313,612	2,193,717,672	61.7
Total	8,984,932,611	7,761,778,033	7,456,289,311	83.0

Source: Homa Bay County Treasury

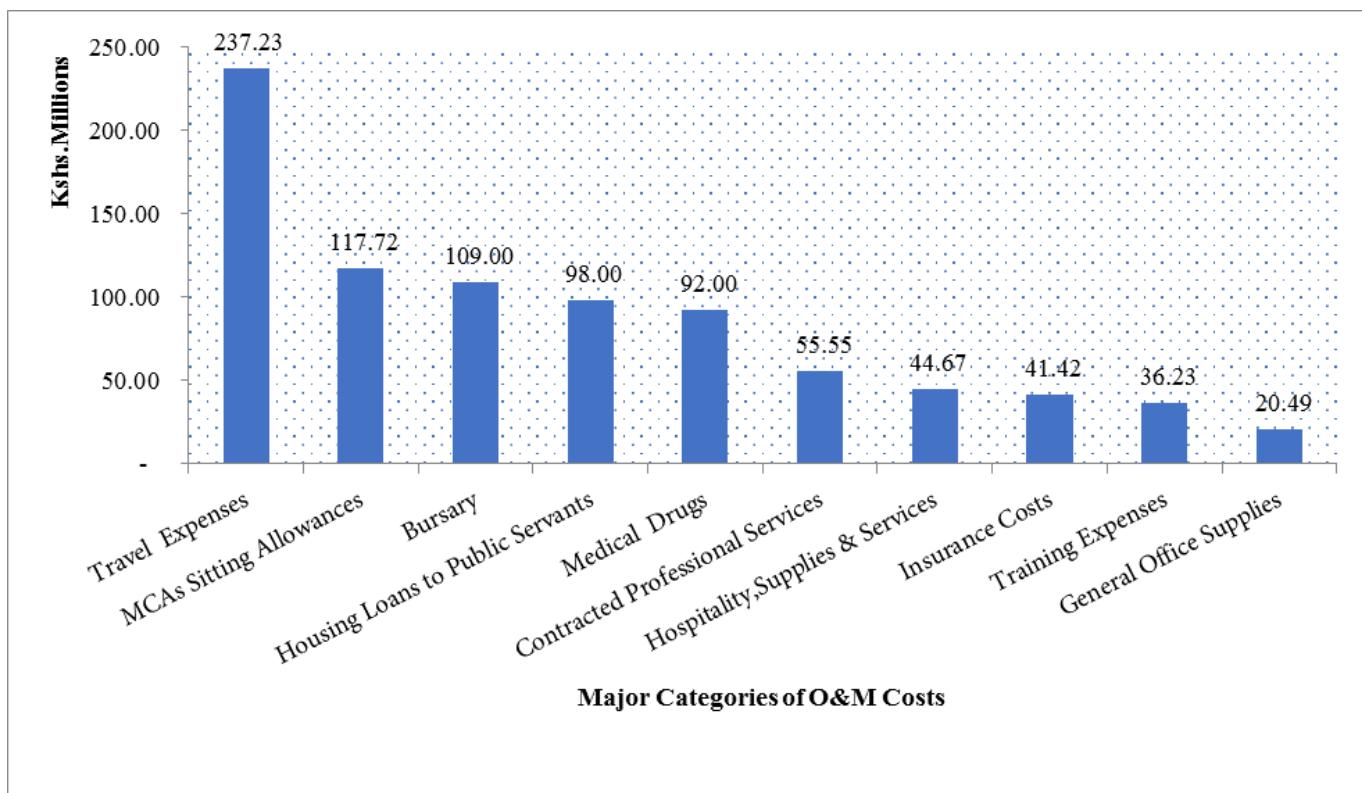
3.9.6 Expenditure on Personnel Emoluments

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 54.7 per cent of the total expenditure for the reporting period and 47.7 per cent of revenue.

3.9.7 Expenditure on Operations and Maintenance

Figure 3.16 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.16: Homa Bay County, Operations and Maintenance Expenditure by Major Categories



Source: Homa Bay County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.117.72 million on committee sitting allowances for the 60 MCAs and Speaker against the annual budget allocation of Kshs.117.72 million. The average monthly sitting allowance was Kshs.160,813 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.237.23 million and comprised Kshs.139.94 million spent by the County Assembly and Kshs.97.29 million by the County Executive. Spending on foreign travel amounted to Kshs.24.86 million and comprised Kshs.10.34 million by the County Assembly and Kshs.14.52 million by the County Executive.

3.9.8 COVID-19 Expenditure

The County did not provide funds to cater for COVID-19 related expenditure in FY 2020/21. A total of Kshs.220.43 million was spent during the reporting period from the balances from FY 2019/20, as shown in Table 3.45.

Table 3.45: Summary of the COVID -19 expenditure

S/no.	Description of expenditure by category	Expenditure as at 30.6.2022(Kshs.)
1	Allowances for Health workers under COVID- 19 unit	73,346,800
2	Purchase of PPEs	14,751,700
3	Construction of ICU/Isolation wards	110,105,557
4	Sanitisers, Masks, Thermogun & others	18,201,000

S/no.	Description of expenditure by category	Expenditure as at 30.6.2022(Kshs.)
5	Others (Hotel, Fuel, Printing & Publications	4,020,000
	Total	220,425,057

3.9.9 Development Expenditure

The County incurred Kshs.2.19 billion on development programmes, which remains the same compared to a similar period in FY 2019/20 when the County spent Kshs.2.19 billion. Table 3.46 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.46: Homa Bay County, List of Development Projects with the Highest Expenditure

S/No	Project Name	Department	Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of Homa Bay Stadium	Tourism, Sports and Culture	Homa Bay Town	369,781,250	91,784,154	24.8
2	Oxygen Plant	Health Services	Homa Bay Town	20,000,000	20,000,000	100.0
3	Bala-Kapunda Wanda School access Road	Roads, Transport and Public Works	Rachuonyo Sub County	15,524,860	15,380,310	99.1
4	Nyandiwa -Nyenga Road	Roads, Transport and Public Works	Gwasi North	13,500,000	12,500,000	92.6
5	Kowuonda Koga Road	Roads, Transport and Public Works	Suba North	11,221,276	9,826,651	87.6
6	Oti- Kigoto Road	Roads, Transport and Public Works	Suba South	10,318,638	9,289,661	90.0
7	Sena Theatre	Health Services	Mfangano	28,697,295	8,338,766	29.1
8	Rehabilitation of Achuna Community water pan	Water, Environment and Natural Resources	Karachuonyo	8,925,738	8,000,000	89.6
9	Ariri-Oridi-Minya-Rapedhi Road	Roads, Transport and Public Works	Kanyikela	7,877,002	7,877,002	100.0
10	Construction of Kawuonda-Kokodi Water pan	Water, Environment and Natural Resources	North Karachuonyo	4,695,578	4,695,578	100.0

Source: Homa Bay County Treasury

3.9.10 Budget Performance by Department

Table 3.47 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.47: 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	138.53	228.73	136.51	218.41	135.70	193.42	99.4	88.6	98.0	84.6
Tourism, Sports, Youth Gender, Culture and Social Services	41.97	106.44	47.02	92.00	41.10	91.78	87.4	99.8	97.9	86.2
Roads, Transport and Public Works	42.13	1,580.66	41.08	1,104.91	41.03	975.41	99.9	88.3	97.4	61.7
Energy and Mining	13.59	66.92	14.08	-	12.46	-	88.4	-	91.7	0.0
Education and ICT	520.55	96.28	514.28	100.40	513.96	94.58	99.9	94.2	98.7	98.2
Health Services	2,453.09	574.77	2,367.06	466.82	2,364.48	366.82	99.9	78.6	96.4	63.8
Lands, Housing, Urban Development and Physical Planning	39.36	56.34	39.11	8.00	38.59	7.49	98.7	93.6	98.0	13.3

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
Trade, Industry, Cooperatives and Enterprise Develop- ment	129.71	96.96	148.50	34.00	128.68	34.00	86.7	100.0	99.2	35.1
Water, Environ- ment and Natural Resources	93.58	337.11	92.13	315.00	89.16	313.44	96.8	99.5	95.3	93.0
Finance, Economic Planning and Ser- vice Delivery	405.64	121.13	368.48	49.00	368.35	49.00	100.0	100.0	90.8	40.5
Office of the Gov- ernor	559.65	44.71	551.98	-	547.39	-	99.2	-	97.8	-
County Public Service Board	31.54	1.00	24.87	-	24.67	-	99.2	-	78.2	-
County Assembly	950.23	122.28	950.00	67.78	950.00	67.78	100.0	100.0	100.0	55.4
Municipal Board	12.67	119.36	10.34	-	7.00	-	67.7	-	55.3	0.0
TOTAL	5,432.24	3,552.69	5,305.46	2,456.31	5,262.57	2,193.72	99.2	89.3	96.9	61.7

Source: Homa Bay County Treasury

Analysis of expenditure by the Departments shows that the Department of Education and ICT recorded the highest absorption rate of development budget at 98.2 per cent while the Office of the Governor, the County Public Service Board and the Municipal Board did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 100.0 per cent, while the Municipal Board had the lowest at 55.3 per cent.

3.9.11 Budget Execution by Programmes and Sub-Programmes

Table 3.48 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.48: Homa Bay County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorp- tion (%)
Department of Agriculture, Livestock, Fisheries and Food Security					
Policy Planning, General Admin- istration and Support Services	Policy and Planning Services	4,000,000	2,440,000	1,560,000	61.0
	General Administration and Sup- port Services	134,530,571	133,260,000	1,270,571	99.1
	Subtotal	138,530,571	135,700,000	2,830,571	98.0
Crop, Land and Agribusiness Development Services	Crop Development Services	-	-	-	-
	Agribusiness Development Services	-	-	-	-
	Land Development Services	-	-	-	-
	National Agriculture Rural Inclusive Growth	198,467,950	168,185,951	30,281,999	84.7
	Agriculture Sector Development Support Programme	30,237,913	25,237,500	5,000,413	83.5
	Subtotal	228,705,863	193,423,451	35,282,412	84.6
Food Security Enhancement Services	Farm Input Access Services	-	-	-	-
	Sub Sector Infrastructure Develop- ment Services	25,395	-	25,395	-
	Subtotal	25,395	-	25,395	-
Department of Tourism, Sports, Youth Gender, Culture and Social Services					
Policy, Planning and General Administration services	General Administration and Sup- port Services	34,107,364	33,624,462	482,902	98.6
	Policy and Planning Services	7,856,548	7,471,209	385,339	95.1
	Sub total	41,963,912	41,095,671	868,241	97.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Management and Development of Sports and Sports Facilities	Sports Infrastructure Development Services	106,435,913	91,784,154	14,651,759	86.2
	Sub total	106,435,913	91,784,154	14,651,759	86.2
Department of Roads, Transport and Public Works					
General Administration, Planning and Support Services	Human Resource and Support Services	35,581,848	35,581,848	-	100.0
	Roads and Transport Services Operations	5,043,076	5,026,988	16,088	99.7
	Subtotal	40,624,924	40,608,836	16,088	100.0
Public works and maintenance services	Quality control	359,750	-	359,750	-
	Plant and Machinery maintenance	992,102	420,000	572,102	42.3
	Enforcement Services	156,500	-	156,500	-
	Sub total	1,508,352	420,000	1,088,352	27.8
Road Development and Maintenance Services	Road Development and Rehabilitation services	1,173,567,450	894,549,058	279,018,392	76.2
	Road maintenance	407,097,411	80,856,470	326,240,941	19.9
	Plant and Machinery Purchase and maintenance	-	-	-	-
	Sub total	1,580,664,861	975,405,528	605,259,333	61.7
Department of Energy and Mining					
Energy Services	Electrical Power Services	20,000,000	-	20,000,000	-
	Solar Power Services	29,261,532	-	29,261,532	-
	Low-cost Energy Technologies Promotion Services	13,654,249	-	13,654,249	-
	Subtotal	62,915,781	-	62,915,781	-
Mineral Resource Development and Marketing Services	Construction mineral development and marketing services	4,000,000	-	4,000,000	-
	Subtotal	4,000,000	-	4,000,000	-
General Administration, Planning and Support Services	Administrative Support Services	8,084,040	7,333,700	750,340	90.7
	Development of Policies, Plans, Regulations and Legislations	6,503,851	5,121,640	1,382,211	78.7
	Sub total	14,587,891	12,455,340	2,132,551	85.4
Department of Education and ICT					
General Administration and Quality Assurance Service	General administration Services	12,913,536	12,913,536	-	100.0
	Quality Assurance Services	508,532,947	501,045,279	7,487,668	98.5
	Sub total	521,446,483	513,958,815	7,487,668	98.6
ECDE and Vocational Training Services	ECDE Services	67,512,379	66,163,108	1,349,271	98.0
	Vocational Training Services	28,768,826	28,413,527	355,299	98.8
	Sub total	96,281,205	94,576,635	1,704,570	98.2
Department of Health Services					
Policy planning and administrative support service	Policy, Planning and Monitoring Services	2,500,000	2,000,000	500,000	80.0
	Administrative Support Services	2,293,863,944	2,114,681,219	179,182,725	92.2
	Sub total	2,296,363,944	2,116,681,219	179,682,725	92.2
Preventive and promotive health services	Community health services	22,000,000	9,177,047	12,822,953	41.7
	Disease control services	101,407,000	84,676,494	16,730,506	83.5
	Facility infrastructure improvement services	256,496,611	224,014,795	32,481,816	87.3
	Sub total	379,903,611	317,868,336	62,035,275	83.7
Curative and rehabilitative health services	Routine medical health services	124,230,514	123,496,611	733,903	99.4
	Medical emergency response services	113,902,479	94,234,200	19,668,279	82.7
	Facility infrastructure improvement services	113,462,232	79,022,698	34,439,534	69.6%
	Sub total	351,595,225	296,753,509	54,841,716	84.4
Department of Lands, Housing, Urban Development and Physical Planning					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration Services	General administrative support services	30,111,180	29,296,582	814,598	97.3
	General office operations	6,697,478	6,697,478	-	100.0
	Sub total	36,808,658	35,994,060	814,598	97.8
Lands and Physical planning	County Spatial planning	17,150,973	10,084,789	7,066,184	58.8%
	Symbio-City Change Project	9,789,714	-	9,789,714	-
	Subtotal	26,940,687	10,084,789	16,855,898	37.4%
Housing and Urban Development	Housing improvement services	5,500,000	-	5,500,000	-
	Smart settlement services (Equipping of Ndhiwa ABTC)	3,100,000	-	3,100,000	-
	Delineation and Establishment of urban institutions	2,550,172	-	2,550,172	-
	Kenya Urban Support Programme (UDG)	15,800,000	-	15,800,000	-
	Slum Upgrading Programme	5,000,000	-	5,000,000	-
	Subtotal	31,950,172	-	31,950,172	-
Department of Trade, Industrialization, Cooperatives and Enterprise Development					
Planning and Administrative services	Administrative and Support Services	122,144,244	121,784,396	359,848	99.7
	Policy Development and Implementation Services	7,561,570	6,899,866	661,704	91.2
	Subtotal	129,705,814	128,684,262	1,021,552	99.2
Trade, Cooperative and Entrepreneurship Development Service	Cooperative Development Services	-	-	-	-
	Enterprise Development and Promotion Services	-	-	-	-
	Trade Infrastructure Development Services	51,152,794	34,000,000	17,152,794	66.5
	Subtotal	51,152,794	34,000,000	17,152,794	66.5
Industrial Development and Investment Services	Value Chain Development Services	45,809,660	-	45,809,660	-
	Financial and Investment Services	-	-	-	-
	Subtotal	45,809,660	-	45,809,660	0.0%
Department of Water, Environment and Natural Resources					
General Administrative Services	Administrative Support Services	93,179,882	88,761,005	4,418,877	95.3
	Policy and Planning Services	400,000	400,000	-	100.0
	Sub total	93,579,882	89,161,005	4,418,877	95.3
Water Supply and Management Services	Urban Water Supply Services	11,000,000	4,000,000	7,000,000	36.4
	Ward Based Projects	288,565,948	287,362,768	1,203,180	99.6
	Other Water Projects	21,043,300	21,043,300	-	100.0
	Industrial Water Supply	-	-	-	-
	Subtotal	320,609,248	312,406,068	8,203,180	97.4
Environmental Protection and Management Services	Pollution and Waste Management services	-	-	-	-
	Forestry Development Services	11,500,000	-	11,500,000	-
	Climate Change Services	5,000,000	-	5,000,000	-
	Subtotal	16,500,000	-	16,500,000	-
Department of Finance, Economic Planning and Service Delivery					
General administration and support services	Staff Remuneration and Welfare Support Services	283,198,472	280,725,583	2,472,889	99.1
	General Logistics, Coordination and Asset Management Services	25,547,614	24,600,235	947,379	96.3
	Devolution and Service Delivery Support Services	45,000,000	30,753,368	14,246,632	68.3
	Sub total	353,746,086	336,079,186	17,666,900	95.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp-tion (%)
Planning, budgeting and development coordination services	Economic planning and development services	6,600,200	6,500,000	100,200	98.5
	Resource Allocation Services	9,129,000	7,458,866	1,670,134	81.7
	Community Development Participation Services	5,146,874	5,146,874	-	100.0
	Sub total	20,876,074	19,105,740	1,770,334	91.5
Strategy and service delivery management services	Monitoring and evaluation services	3,987,200	3,987,200	-	100.0
	Strategy and service delivery improvement services	13,200,000	3,200,000	10,000,000	24.2
	Sub total	17,187,200	7,187,200	10,000,000	41.8
Resource mobilization services	External Resources Mobilization Services	13,434,248	-	13,434,248	-
	Internal Revenue Generation Services	5,721,280	5,721,280	-	100.0
	Sub total	19,155,528	5,721,280	13,434,248	29.9
Financial management services	Accounting and Financial Reporting Services	47,129,308	17,125,000	30,004,308	36.3
	Audit and Advisory Services	4,956,997	-	4,956,997	-
	Emergency Management Services	62,132,708	32,132,708	30,000,000	51.7
	Subtotal	114,219,013	49,257,708	64,961,305	43.1
Executive Services (Office of the Governor)					
Public service administration support services	Human resource management and development services	423,841,788	421,676,430	2,165,358	99.5
	Supply chain management services	10,325,272	8,000,000	2,325,272	77.5
	Legal Services	6,000,000	3,000,000	3,000,000	50.0
	Logistics, security and asset management services	11,174,728	9,000,000	2,174,728	80.5
	Performance contracting and appraisal services	5,500,000	1,241,920	4,258,080	22.6
	Sub total	456,841,788	442,918,350	13,923,438	97.0
Governance and coordination services	Executive management and liaison services	25,315,346	21,705,640	3,609,706	85.7
	Field coordination and administration services	78,705,640	71,902,077	6,803,563	91.4
	Sub total	104,020,986	93,607,717	10,413,269	90.0
Strategy and service delivery improvement services	Strategy and advisory services	7,399,120	6,725,586	673,534	90.9
	Efficiency monitoring services	8,953,000	-	8,953,000	-
	Information and communication services	2,250,000	-	2,250,000	-
	Disaster management services	4,860,600	4,860,600	0	100.0
	Compliance and Enforcement services	20,000,000	312,989	19,687,011	1.6
	Sub total	43,462,720	11,899,175	31,563,545	27.4
County Public Service Board					
Policy, Planning and Administration Services	Policy and Planning Services	1,154,901	1,154,901	-	100.0
	Administrative Support Services	23,520,289	22,654,524	865,765	96.3
	Facility Improvement & Capacity Strengthening Services	725,600	-	725,600	-
	Sub total	25,400,790	23,809,425	1,591,365	93.7
Personnel Sourcing and Management Services	Recruitment, Selection and Deployment Services	3,485,000	485,000	3,000,000	13.9
	Human Resource Advisory Services	2,184,349	181,349	2,003,000	8.3
	Capacity Development Services	598,740	196,382	402,358	32.8
	Subtotal	6,268,089	862,731	5,405,358	13.8
Performance Management Services	Performance Contracting and Appraisal Services	599,612	-	599,612	-
	Subtotal	599,612	-	599,612	-
County Assembly Service Board					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Legislative Services	Members welfare Support services	291,765,464	291,765,002	462	100.0
	Legislative development and approval services	140,648,339	140,648,339	0	100.0
	Subtotal	432,413,803	432,413,341	462	100.0
Oversight and Control Services	Capacity building services	582,800	582,800	0	100.0
	Report writing services	36,000,000	35,922,587	77,413	99.8
	Public participation and education services	24,000,000	24,000,000	0	100.0
	Sub total	60,582,800	60,505,387	77,413	99.9
Ward Representation Services	Staff welfare support services	55,839,536	55,684,835	154,701	99.7
	Ward operations and maintenance	19,500,000	19,500,000	0	100.0
	Sub total	75,339,536	75,184,835	154,701	99.8
Policy, Planning and Administrative support services	Administrative support services	242,053,052	242,053,052	0	100.0
	Financial Management Services	139,843,385	139,843,385	0	100.0
	Assembly infrastructure development Services	122,283,800	67,778,121	54,505,679	55.4
	Sub total	504,180,237	449,674,558	54,505,679	89.2
Homa Bay Municipal Board					
Policy, Planning, General Administration and Support Services	Policy and Planning Services	4,376,002	2,430,252	1,945,750	55.5
	Administration and Support Services	8,290,000	4,570,748	3,719,252	55.1
	Sub total	12,666,002	7,001,000	5,665,002	55.3
Urban development services	Land Use Planning and Management	119,361,500	-	119,361,500	-
	Subtotal	119,361,500	-	119,361,500	-
Grand Total		8,984,932,611	7,456,289,311	1,528,643,300	83.0

Source: Homa Bay County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration, Planning and Support Services in the Department of Roads, Transport and Public Works at 100 per cent, Legislative Services in the County Assembly at 100 per cent and Oversight and Control Services in the County Assembly at 99.9 per cent of budget allocation.

3.9.12 Monitoring Summary Report

The Office conducted a monitoring exercise in Homa Bay County between 7th to 12th December 2020. The monitoring team focused on two key objectives; a) To dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 14 projects were sampled and assessed from five different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. The monitoring exercise entailed a review of the respective project files, physical verification of the projects to determine the implementation status and interviewing project area residents to reflect the impact of the project. Below are key findings from the exercise;

3.9.12.1 Failure to equip complete projects

The county lacked adequate arrangements for staffing and equipping of constructed ECDE classrooms and health facilities. The County Government should ensure that adequate arrangements for staffing and equipping of facilities such as health facilities and ECDE classrooms are considered during project planning to ensure that projects are handed over to the community immediately upon completion.

3.9.12.2 Delay in disbursements of funds by the National Treasury

The implementation of some projects, especially the construction of roads and markets, was adversely affected by delays in releasing the equitable share of revenues raised nationally. The National Treasury should release funds in time to facilitate the county to implement projects within the contract period and improve service delivery to the public.

3.9.12.3 Award of contract to very few firms

Awarding many contracts to few firms affected the completion rates of projects due to the lack of adequate capacity to handle several projects concurrently. The County Government should ensure that contracts are awarded to contractors with the capacity to complete the projects within the contract period and as per the approved bill of quantities

3.9.12.4 Delay in making payments to contractors

Delays in making interim payments to contractors for work done also contributed to a slow pace of project implementation. The County Government should make prompt payments to contractors commensurate to work done to avoid project completion delays and legal repercussions.

3.9.12.5 Delay in project completion

The construction of the Homa Bay stadium and the construction of the perimeter wall for the stadium are yet to be completed despite having been started a couple of years ago. During the budget-making process, the county administration should prioritise the completion of old projects to avoid cost escalations and ensure that the project benefits trickle down to the intended project beneficiaries as envisaged.

3.9.12.6 Lack of Public Participation

There is a failure by the County Government to conduct all-inclusive public participation forums during the budget-making process. Some of the residents sampled had not taken part in the public participation and were not aware of the projects being implemented by the County Government.

The County Government should develop all-inclusive public participation forums that ensure a majority of the residents participate in selecting projects/programs to be implemented.

3.9.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 54.7 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.120.41 million against an annual projection of Kshs.170.82 million, representing 70.5 per cent of the annual target.
4. High levels of pending bills amounting to Kshs.544.02 million as of 30th June 2021.
5. High expenditure on local travel at Kshs.237.23 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure that finalised but unsettled and ongoing works/contracts are included in the Budget for FY 2021/22 in line with regulation 55 (2) b of the Public Finance (County Governments) Regulations, 2015.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.10 County Government of Isiolo

3.10.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.76 billion, comprising Kshs.2.04 billion (35.4 per cent) and Kshs.3.72 billion (64.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (73.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.05 billion (16 per cent) as total conditional grants, generate Kshs.113.69 million (2 per cent) from own sources of revenue, and a cash balance of Kshs.487.42 million (8.5 per cent) from FY 2019/20.

3.10.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.24 billion as the equitable share of the revenue raised nationally, Kshs.512.68 million as conditional grants, raised Kshs.57.18 million as own-source revenue, and had a cash balance of Kshs.487.42 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.57 billion, as shown in Table 3.49.

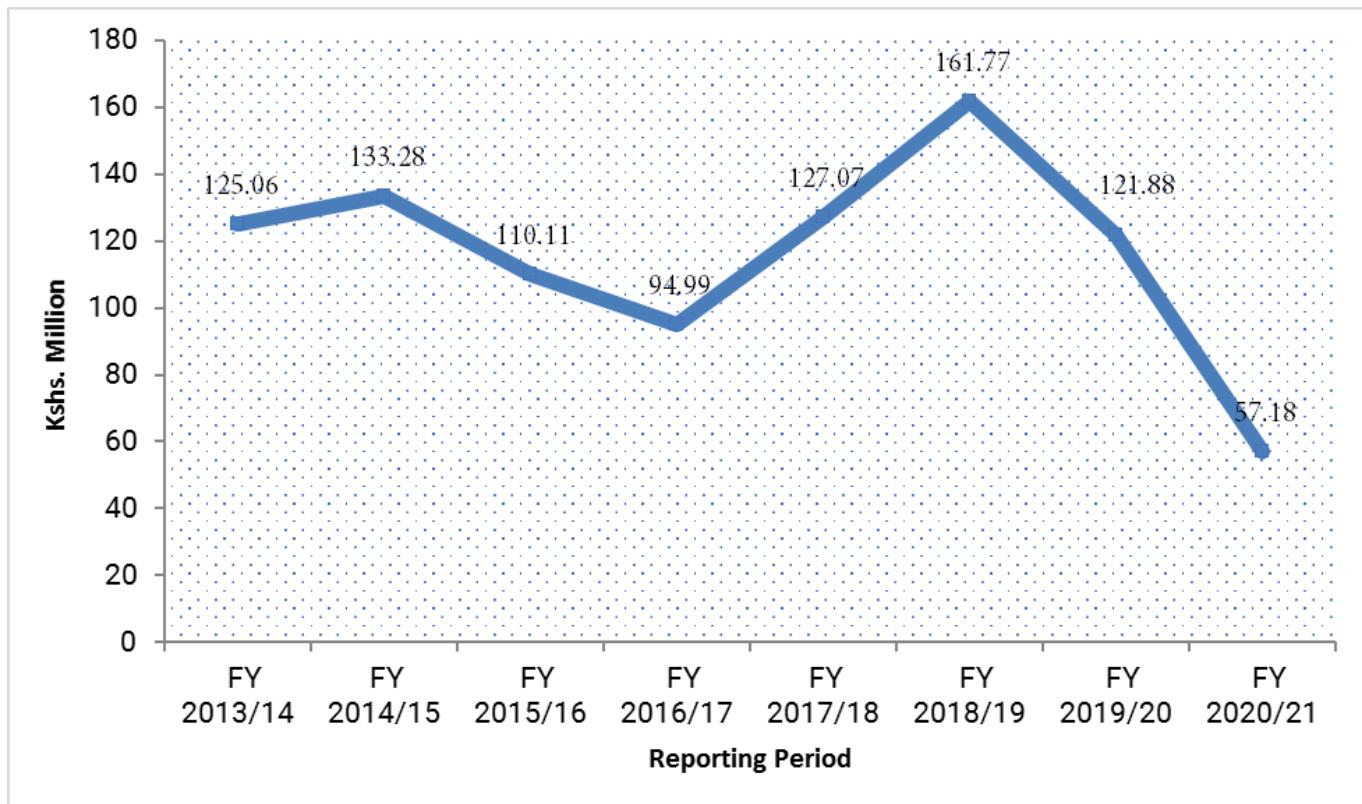
Table 3.49: Isiolo County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,241,100,000	4,241,100,000	4,241,100,000	100.0
B.	Conditional Grants from the National Government				
4.	Supplement for construction of county headquarters	100,000,000	100,000,000	-	-
5.	Compensation for User Fee Foregone	3,472,461	3,472,461	3,472,461	100.0
6.	Leasing of Medical Equipment			-	-
7.	Road Maintenance Fuel Levy Fund	124,519,106	124,519,106	124,519,107	100.0
8.	Rehabilitation of Village Polytechnics	5,344,894	5,344,894	5,344,894	100.0
Sub Total		233,336,461.00	233,336,461.00	133,336,462	57.14
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	26,720,000	26,720,000	25,272,243	94.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	479,143,620	479,143,620	-	-
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	60,000,000	45,000,000	75.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	93,968,100	51,866,063	55.2
5.	DANIDA Grant	12,060,000	12,060,000	12,060,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,193,675	14,193,675	11,496,853	81.0
Sub Total		686,085,395	686,085,395	145,695,159	21.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	113,686,337	57,181,282	50.3
2.	Balance b/f from FY 2019/20	-	487,416,572	-	-
Sub Total		-	601,102,909	336,212,903	90.6
Grand Total		5,183,575,033	5,761,624,765	4,577,312,903	79.4

Source: Isiolo County Treasury

Figure 3.17 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.17: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Isiolo County Treasury

In FY 2020/21, the County generated Kshs.57.18 million as own-source revenue. This amount represented a decrease of 45.3 per cent compared to Kshs.121.88 million realised in FY 2019/20 and was 50.3 per cent of the annual target.

3.10.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.4.17 billion from the CRF account during the reporting period. The amount comprised Kshs.1.10 billion (24.7 per cent) for development programmes and Kshs.3.35 billion (75.3 per cent) for recurrent programmes.

There were late exchequer releases whereby Kshs 751.76 million, comprising of Kshs.221.89 million and Kshs. 529.86 million for recurrent and development votes respectively were received in June 2021 as tabulated below.

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
1	COB/ISL/001/26(9)		13,877,398.10
2	COB/ISL/001/26(10)		62,259,553.10
3	COB/ISL/001/26(06)		79,300,536.00
4	COB/ISL/001/27(04)		100,000,000.00
5	COB/ISL/001/27(01)	104,000,000.00	
6	COB/ISL/001/27(07)		25,272,242.75
7	COB/ISL/001/27(09)	26,262,849.00	
8	COB/ISL/001/27(08)		37,988,664.40
9	COB/ISL/001/27(11)		41,574,334.00
10	COB/ISL/001/27(10)	91,635,295.00	

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
11	COB/ISL/001/26(12)		169,592,105.00
	Total	221,898,144.00	529,864,833.35

Source: Isiolo County Treasury

The late exchequer releases may have resulted in low budget absorption and could have also negatively impacted service delivery to citizens.

3.10.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.39 billion on development and recurrent programmes. The expenditure represented 106.9 per cent of the total funds released by the COB and comprised Kshs.1.03 billion and Kshs.3.36 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 50.5 per cent, while recurrent expenditure represented 90.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.146.94 million for development activities and Kshs.136.39 million for recurrent costs.

3.10.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.06 billion was spent on employee compensation, Kshs.1.3 billion on operations and maintenance, and Kshs.1.03 billion on development activities, as shown in Table 3.50.

Table 3.50: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	3,724,332,321	3,149,668,777	3,359,349,699	90.2
Compensation to Employees	1,948,504,532	1,861,382,097	2,063,790,321	105.9
Operations and Maintenance	1,775,827,789	1,288,286,680	1,295,559,378	73.0
Total Development Expenditure	2,037,292,444	1,022,545,952	1,029,390,463	50.5
Total	5,761,624,765	4,172,214,729	4,388,740,162	76.2

Source: Isiolo County Treasury

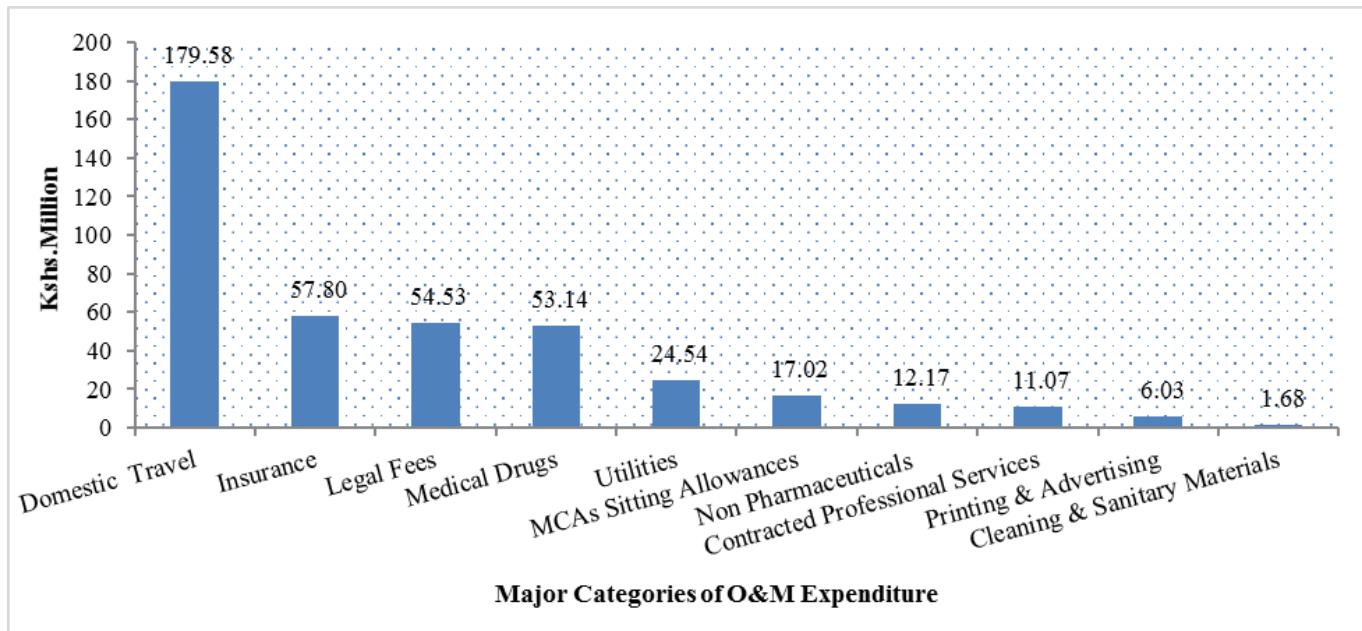
3.10.6 Expenditure on Personnel Emoluments

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 47 per cent of the total expenditure for the reporting period and 45.1 per cent of revenue.

3.10.7 Expenditure on Operations and Maintenance

Figure 3.18 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.18: Isiolo County, Operations and Maintenance Expenditure by Major Categories



Source: Isiolo County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.17.02 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.33.02 million. The average monthly sitting allowance was Kshs.78,794 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.179.58 million and comprised Kshs.99.58 million spent by the County Assembly and Kshs.80 million by the County Executive.

3.10.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.111.79 million to cater for COVID-19 related expenditure, which included Kshs.1.25 million brought forward from FY 2019/20. A total of Kshs.90.90 million was spent during the reporting period, as shown in Table 3.51.

Table 3.51: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
3.	COVID Grants from the National Government	16,238,000	14,978,463
4.	Donor Funds (Kenya devolution support programme(15m) directed to COVID)	30,000,000	15,100,000
5.	DANIDA funds directed to COVID- 19	4,375,000	
6.	County Own Contribution	40,000,000	40,000,000
7.	Frontline Health Workers allowance paid as part of salary	21,180,000	20,820,000
8.	Total	111,793,000	90,898,463

Source: Isiolo County Treasury

3.10.9 Development Expenditure

The County incurred an expenditure of Kshs.1.03 billion on development programmes, which represented a decrease of 35.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.92 billion. Table 3.52 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.52: Isiolo 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 roads	Countywide	78,175,000	37,270,672	47.7
2	Construction of access roads and floodlights	Bulla pesa	124,519,106	106,134,220	85.2

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
3	Construction of stadium	Isiolo Municipality	86,015,510	61,136,108	71.1
4	Construction of assembly chambers	Isiolo Municipality	9,000,000	4,500,000	50.0
5	Overhaul of Water Supplies and Sewerage	Countywide	57,300,000	34,063,156	59.4
6	Rural water supply and storage services	Countywide	25,500,000	15,367,250	60.3
7	Construction of hostels	Isiolo Municipality	11,000,000	2,498,950	22.7
8	Construction of bridges	County wide	62,000,000	45,440,330	73.3
9	Construction of roads	Isiolo Municipality	45,000,000	45,000,000	100.0
10	Construction of maternity ward at Bulesa dispensary	Chari ward	14,000,000	12,578,703	89.8

Source: Isiolo County Treasury

3.10.10 Budget Performance by Department

Table 3.53 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.53: 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	459.36	100.00	459.35	100.00	460.82	98.99	100.3	99.0	100.3	99.0
Office of the Governor	349.59	-	323.31	-	317.67	-	98.3	-	90.9	-
County Public Service Board	61.01	-	56.17	-	51.69	-	92.0	-	84.7	-
County Secretary	27.93	-	18.50	-	15.75	-	85.1	-	56.4	-
Administration and PSM	158.07	13.32	135.88	4.00	123.33	2.00	90.8	50.0	78.0	15.0
Delivery Unit	25.90	-	26.38	-	24.53	-	93.0	-	94.7	-
Cohesion, Intergovernmental Relations, Aid coordination, Disaster Management	51.86	-	39.85	-	43.13	-	108.2	-	83.2	-
Finance and Economic Planning	298.57	357.64	270.55	178.42	212.21	245.40	78.4	137.5	71.1	68.6
Special Programmes and ICT	72.72	103.92	27.73	-	49.51	-	178.5	-	68.1	-
Economic Planning	56.67	-	34.62	-	47.36	-	136.8	-	83.6	-
Lands and Physical Planning	27.39	16.00	21.66	14.00	15.70	3.53	72.5	25.2	57.3	22.1
Roads and Infrastructure	15.58	162.87	44.39	197.32	7.29	139.15	16.4	70.5	46.8	85.4
Public Works and Housing	21.83	-	20.63	-	18.58	-	90.1	-	85.1	-
Municipal Administration	76.60	261.09	58.80	137.87	67.43	97.35	114.7	70.6	88.0	37.3
Agriculture	51.94	568.39	44.74	184.29	45.41	201.67	101.5	109.4	87.4	35.5
Livestock, Veterinary and Fisheries	157.72	33.34	134.54	34.44	141.48	28.55	105.2	82.9	89.7	85.6
Education and Vocational Training	205.33	37.62	166.44	13.84	151.18	7.77	90.8	56.1	73.6	20.6
Youth and Sports	56.31	70.00	45.18	57.09	50.91	47.44	112.7	83.1	90.4	67.8

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
Culture and Social Services	25.13	21.50	21.53	8.50	18.24	4.00	84.7	47.1	72.6	18.6
Tourism and Wildlife Management	173.22	12.40	141.41	16.76	161.24	6.57	114.0	39.2	93.1	52.9
Trade, Industries, Co-operatives	32.76	-	21.79	-	17.81	-	81.7	-	54.3	-
Water and Irrigation	85.44	138.98	54.28	65.18	187.62	73.57	345.6	112.9	219.6	52.9
Environment and Natural Resources	27.26	6.50	17.57	3.00	13.18	-	75.0	-	48.4	-
Health Services	1,206.14	133.73	1,165.61	87.14	1,117.28	73.39	95.9	84.2	92.6	54.9
Total	3,724.33	2,037.29	3,350.92	1,101.85	3,359.35	1,029.39	100.3	93.4	90.2	50.5

Source: Isiolo County Treasury

Analysis of expenditure by the Departments shows that the County assembly recorded the highest absorption rate of development budget at 99 per cent while the Department of Special programmes and ICT did not report any expenditure on development activities. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to budget at 219.6 per cent while the Department of Roads and Infrastructure had the lowest at 46.8 per cent. An absorption rate above 100 per cent is irregular and an indication of misappropriation of funds.

3.10.11 Budget Execution by Programmes and Sub-Programmes

Table 3.54 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.54: Isiolo County, Budget Execution by Programmes and Sub-programmes

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
3510			-	-	-	
	0	Default - Non-Programmatic	-	-	-	
101003510		Livestock resource management and development	155,081,551	141,909,238	13,172,314	91.5
	101013510	Extension services,	-	-	-	
	101023510	Livestock Production	155,081,551	141,909,238	13,172,314	91.5
	101063510	Capacity building,	-	-	-	
	101073510	promotion of value addition of live-stock and livestock products	-	-	-	
	101083510	livestock infrastructure development	-	-	-	
102003510		Fisheries development	-	-	-	
	102013510	infrastructure development	-	-	-	
	102023510	extension services	-	-	-	
	102033510	capacity building	-	-	-	
	102043510		-	-	-	
103003510		Administrative, planning, and support services	51,941,138	45,409,580	6,531,558	87.4
	103013510	Administration and Support Ser-vices	51,941,138	45,409,580	6,531,558	87.4
	103023510	generation of sector policy and di-rection	-	-	-	
	103063510		-	-	-	
	103093510		-	-	-	
104003510		Crop Productivity Improvement	568,388,571	201,667,839	366,720,732	35.5

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	104013510	Increase food productivity & output by 30%.	-	-	-	
	104023510	Enhance the accessibility of affordable inputs and credit to farmers	-	-	-	
	104033510	Promote sustainable land use and environmental conservation	-	-	-	
	104043510	Establishment of Demo Farms	33,674,899	6,366,100	27,308,799	18.9
	104053510	Administration Climate Change Mitigation	534,713,672	195,301,739	339,411,933	36.5
	104063510	Irrigation	-	-	-	
	104073510	Policy Devt	-	-	-	
105003510		Value Addition	35,978,361	34,607,700	1,370,661	96.2
	105013510	Veterinary Support Services	35,978,361	34,607,700	1,370,661	96.2
107003510		Planning and Survey of Urban Areas (Modogashe and Ol ndonyiro)	21,825,240	18,583,336	3,241,904	85.2
	107013510	Administration and Planning Services	21,825,240	18,583,336	3,241,904	85.2
108003510		Sustainable Agricultural Land Use and Environmental Management	-	-	-	
	108013510	Crop Productivity Enhancement Support	-	-	-	
	108053510	Livestock Production Services	-	-	-	
109003510		Land Survey and land use planning	43,392,999	19,229,757	24,163,242	44.3
	109013510	County land planning and spatial development	27,392,999	15,699,357	11,693,642	57.3
	109023510	County Land Survey and Mapping	16,000,000	3,530,400	12,469,600	22.1
	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.	178,447,038	146,440,604	32,006,434	82.1
	204013510	Road Improvement	15,579,000	7,289,135	8,289,865	46.8
	204023510	Estate Floodlighting facilities.	162,868,038	139,151,469	23,716,569	85.4
	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	171,079,258	36,215,148	134,864,110	21.2
	206013510	Control of invasive species (Mathenge)	-	-	-	
	206023510	Urban Development	171,079,258	36,215,148	134,864,110	21.2
	206033510	Grave yards protection	-	-	-	
	206043510	Garbage collection Support(truck)	-	-	-	
	206053510	County Climate change	-	-	-	

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	206063510	Rehabilitation of Sewerage Ponds	-	-	-	
	206073510	Installation of Hybrid Solar Pumping System in Boreholes	-	-	-	
207003510		Municipal Administration	166,612,702	128,568,542	38,044,160	77.2
	207013510	General Administration and Planning	76,597,192	67,432,434	9,164,758	88.0
	207023510	Infrastructural Development	90,015,510	61,136,108	28,879,402	67.9
301003510		Trade development and promotion	32,764,553	17,805,350	14,959,203	54.3
	301013510	Entrepreneurship and business management training	32,764,553	17,805,350	14,959,203	54.3
	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	185,620,387	167,805,897	17,814,490	90.4
	304013510	Tourism Promotion and Marketing	-	-	-	
	304023510	Tourism Development	173,220,387	161,240,897	11,979,490	93.1
	304033510	Protection of endangered wildlife animals.	12,400,000	6,565,000	5,835,000	52.9
	304043510	Conservancy development and support	-	-	-	
305003510		General Administration Planning and Support Services	-	-	-	
	305013510	The Administration Planning Support Services	-	-	-	
	305023510	Personnel service	-	-	-	
	305033510	Market Chain Development	-	-	-	
401003510		Health Preventive and Promotive Services	186,044,483	128,722,069	57,322,414	69.2
	401013510	Community Health Strategy	-	-	-	
	401023510	Preventive and Promotive Health Services	163,637,025	116,577,008	47,060,017	71.2
	401033510	Disease Surveillance and Epidemic Preparedness	22,407,458	12,145,061	10,262,397	54.2
	401043510	Health communication, Promotive Services & health promotion	-	-	-	
	401053510		-	-	-	
	401063510	Purchase of KEPI Fridges	-	-	-	
402003510		Health Curative Services	957,195,865	930,760,033	26,435,832	97.2
	402013510	Provision Of Essential Health products In all The Level	-	-	-	
	402023510	Elimination of Communicable and Non-Communicable Diseases	-	-	-	
	402033510	Administration Support Services	957,195,865	927,600,033	29,595,832	96.9
	402043510	SP4 Administration Support Services(Medical Services)	-	-	-	
	402083510	Beyond Zero Campaigns	-	-	-	

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	402093510	Preventive and Promotive Services	-	3,160,000	(3,160,000)	
403003510		Administration and Planning	196,624,308	131,191,206	65,433,102	66.7
	403013510	Curative and Rehabilitative Health Services	196,624,308	131,191,206	65,433,102	66.7
	403023510	Health Information System	-	-	-	
	403033510	Leadership/Governance	-	-	-	
	403043510	Human Resources for health	-	-	-	
	403053510	Curative Infrastructure Support	-	-	-	
404003510		Health systems for universal care project	-	-	-	
	404013510	World Bank Loan for Transforming Health System for Universal Car	-	-	-	
501003510		Administration, Planning and Support Services.	205,333,068	151,184,414	54,148,654	73.6
	501013510	Administration	170,333,068	151,184,414	19,148,654	88.8
	501023510	Personnel services	-	-	-	
	501033510	Contracted Services	35,000,000	-	35,000,000	-
502003510		Provision of education and training services	30,063,384	2,900,391	27,162,993	9.7
	502013510	ECDE Classroom Infrastructure	26,063,384	2,900,391	23,162,993	11.1
	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	7,560,850	4,868,447	2,692,403	64.4
	503013510	Promotion of culture, arts and talents	-	-	-	
	503023510	Education and Vocational Training Support	-	-	-	
	503033510	Sports, Youth and Gender	-	-	-	
	503053510		7,560,850	4,868,447	2,692,403	64.4
	503103510	Construction of Youth Polytechnic	-	-	-	
504003510		Management and development of Sports and sports facilities	126,310,031	100,579,020	25,731,011	79.6
	504013510	Sports Academy Centre	62,000,000	45,440,330	16,559,670	73.3
	504023510	Youth and Women Empowerment	64,310,031	55,138,690	9,171,341	85.7
505003510		Culture and Social Services	29,637,264	18,238,302	11,398,962	61.5
	505013510	Culture Development	29,637,264	18,238,302	11,398,962	61.5
701003510		Management of County Affairs	-	-	-	
	701023510	Administration and Coordination of County Affairs	-	-	-	
	701033510	County Executive Services	-	-	-	
702003510		Operationalisation of the Secretariat	-	-	-	
	702033510	Capacity building - induction programs	-	-	-	
705003510		Promotion of Use of ICT	-	-	-	
	705013510	Internet Connectivity	-	-	-	
	705023510	E-data Storage	-	-	-	

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	705033510	ICT Training	-	-	-	
708003510		Prudent use of Financial Resources	25,899,808	21,452,000	4,447,808	82.8
	708013510	Governors Delivery Unit	25,899,808	21,452,000	4,447,808	82.8
709003510		Administration and support ser- vices	482,720,925	346,324,033	136,396,892	71.7
	709013510	Personnel Services	91,963,836	84,475,136	7,488,700	91.9
	709023510	Support Services	-	-	-	
	709043510	Purchase of Pool Transport	10,000,000	8,396,280	1,603,720	84.0
	709053510	Other Support Services	-	-	-	
	709073510	ICT Infrastructure Support	-	-	-	
	709083510	Administrative Infrastructure sup- port	380,757,089	253,452,617	127,304,472	66.6
	709093510	Peace Dividend Projects	-	-	-	
	709123510	Civic Education	-	-	-	
	709143510	Economic Planning Services	-	-	-	
	709153510	County Pensions and Retirement Services	-	-	-	
710003510		Public financial management	146,708,709	108,481,284	38,227,425	73.9
	710013510	Administrative Services	146,708,709	108,481,284	38,227,425	73.9
	710033510	County Debt Management	-	-	-	
	710063510	Accounting Services	-	-	-	
711003510		Economic Planning and Coordi- nation	56,666,333	47,356,255	9,310,078	83.6
	711013510	Monitoring and Evaluation	27,685,515	21,422,000	6,263,515	77.4
	711023510	Economic Policy and County Devel- opment Plans	11,780,818	11,434,500	346,318	97.1
	711043510	County Development Stakeholders Forums	8,900,000	8,291,790	608,210	93.2
	711053510	County Baseline Surveys on County Development Indicators	7,000,000	5,083,165	1,916,835	72.6
	711073510	Capacity building and Support to Departments	1,300,000	1,124,800	175,200	86.5
	711093510	County Strategic Plan and Perfor- mance Management Plan	-	-	-	
712003510		Cohesion and Peace Building	41,861,199	34,731,366	7,129,833	83.0
	712013510	Administrative and Civic Education Services	41,861,199	34,731,366	7,129,833	83.0
	712023510	Conflict Management and Resolu- tion	-	-	-	
713003510		County Governance and Coordi- nation Affairs	349,593,967	323,343,093	26,250,874	92.5
	713013510	County Governance	349,593,967	323,343,093	26,250,874	92.5
	713023510	Coordination Affairs	-	-	-	
	713033510	Intergovernmental Services (Deputy Governor Services)	-	-	-	
714003510		Inter-governmental relations	-	-	-	
	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	-	-	-	

Program	Sub Program	Description	Approved Bud- get (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	714043510	Disputes resolution funds	-	-	-	
715003510		County Exchange programmes	-	-	-	
	715013510	Women Exchange programmes	-	-	-	
	715023510	Youth Exchange Programmes	-	-	-	
	715033510	Elders Exchange programmes	-	-	-	
	715043510	Emergency and relief Support Service	-	-	-	
	715053510	County Public Services	-	-	-	
716003510		County Devolved Administrative Affairs	27,929,309	17,712,493	10,216,816	63.4
	716013510	Devolved Administrative Affairs	27,929,309	17,712,493	10,216,816	63.4
717003510		Annual Conferences	-	-	-	
	717013510	The annual people conference on county cohesion	-	-	-	
718003510		Peace and unity Building Initiatives	-	-	-	
	718013510	Cultural Festivals, exhibitions & public Civic Education	-	-	-	
	718073510	Community sensitisation programmes: county structures	-	-	-	
	718083510	Interfaith programmes: leaders seminars on peace & cohesion	-	-	-	
719003510		Town administration, planning and support services	148,261,624	117,280,101	30,981,524	79.1
	719013510	Personnel Services	-	-	-	
	719023510	General Administration Support Services	148,261,624	117,280,101	30,981,524	79.1
	719043510	Town Infrastructure Support Services	-	-	-	
723003510		County Public Service	61,013,600	50,108,759	10,904,841	82.1
	723013510	Personnel Services	-	-	-	
	723023510	Administration Support Services	61,013,600	50,108,759	10,904,841	82.1
724003510		Administration and support services	-	-	-	
	724013510	Personnel Services	-	-	-	
	724023510	Administration Support Services	-	-	-	
	724033510	Fencing and Rehabilitation of Payroll Office	-	-	-	
725003510		Special programmes	176,640,136	122,292,249	54,347,887	69.2
	725013510	Administration & Planning	56,734,514	33,608,449	23,126,065	59.2
	725023510	Disaster management	119,905,622	88,683,800	31,221,822	74.0
726003510		KDSP (Kenya Devolution Support Programme) Conditional Grant	59,900,000	35,558,400	24,341,600	59.4
	726013510	Kenya Devolution Support	59,900,000	35,558,400	24,341,600	59.4
728003510		Fire Control Services	-	-	-	
	728013510	Fire Control Services	-	-	-	
	728023510	Fire Engines	-	-	-	
901003510			-	-	-	
	901013510	Planning and Support Services	-	-	-	
	901023510	Cultural Tourism Promotion	-	-	-	

Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
902003510			17,000,000	4,000,000	13,000,000	23.5
	902013510	Youth and Women Empowerment support Services	-	-	-	-
	902023510	Marginalised Group Empowerment support services	8,000,000	-	8,000,000	-
	902033510	Empowerment Support Services	9,000,000	4,000,000	5,000,000	44.4
1001003510		Provision & Management of domestic & livestock rural water supply	85,435,400	46,478,707	38,956,693	54.4
	1001013510	Administration and Planning Support Services	85,435,400	46,478,707	38,956,693	54.4
	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	138,975,000	73,574,104	65,400,896	52.9
	1002013510	Procurement of survey equipment & accessories	-	-	-	-
	1002023510	Water Supply and Storage	135,475,000	72,594,104	62,880,896	53.6
	1002033510	Civil Works-Rehabilitation & development of Irrigation projects	-	-	-	-
	1002043510	Civil Works-Establishment of Dams & Pans	3,500,000	980,000	2,520,000	28.0
	1002053510	Riverbank protection upstream & downstream of irrigation intakes	-	-	-	-
	1002063510	Capacity build Management committees of Irrigation Schemes	-	-	-	-
1003003510		Conservation of Environment & Natural Resources	33,762,546	13,183,900	20,578,646	39.1
	1003013510	Administration and Support Services	27,262,546	13,183,900	14,078,646	48.4
	1003023510	Environmental Conservation	6,500,000	-	6,500,000	-
		County assembly	521,355,158	520,326,927	1,028,231	100.0
		Administration and support services	241,122,308	241,112,101	10,207	100.0
		Legislative services	180,232,850	180,221,748	11,102	100.0
		Infrastructure support	100,000,000	98,993,078	1,006,922	99.0
		Grand Total	5,761,624,765	4,308,890,543	1,414,734,222	75.3

Source: Isiolo County Treasury

The top three programmes with the highest levels of absorption rates were; Administration and support services in the department of County Assembly at 100 per cent, Legislative services in the department of County Assembly at 100 and Infrastructure support in the department of County Assembly at 99 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. A high wage bill, which accounted for 47 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.57.18 million against an annual projection of Kshs.113.69 million, representing 58.6 per cent of the annual target.
4. The County Treasury used local revenue at source, and there were weak budgeting practices as evidenced by

expenditure above approved exchequer issues thereby resulting in absorption rates above 100 per cent.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *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 local revenues should be banked intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*

3.11 County Government of Kajiado

3.11.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.05 billion, comprising of Kshs.3.60 billion (35.8 per cent) and Kshs.6.45 billion (64.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.42 billion (62.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.54 billion (14.9 per cent) as total conditional grants, generate Kshs.1.69 billion (16.4 per cent) from own sources of revenue, and a cash balance of Kshs.552.55 million (5.4 per cent) from FY 2019/20. The County also expected to receive Kshs.115.61 million (1.1per cent) as Grants for Covid-19 emergency response.

3.11.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.42 billion as the equitable share of the revenue raised nationally, Kshs.971.81 million as conditional grants, raised Kshs.862.29 million as own-source revenue, and had a cash balance of Kshs.552.55 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.86 billion, as shown in Table 3.7.

Table 3.55: Kajiado County, Revenue Performance in FY 2020/21

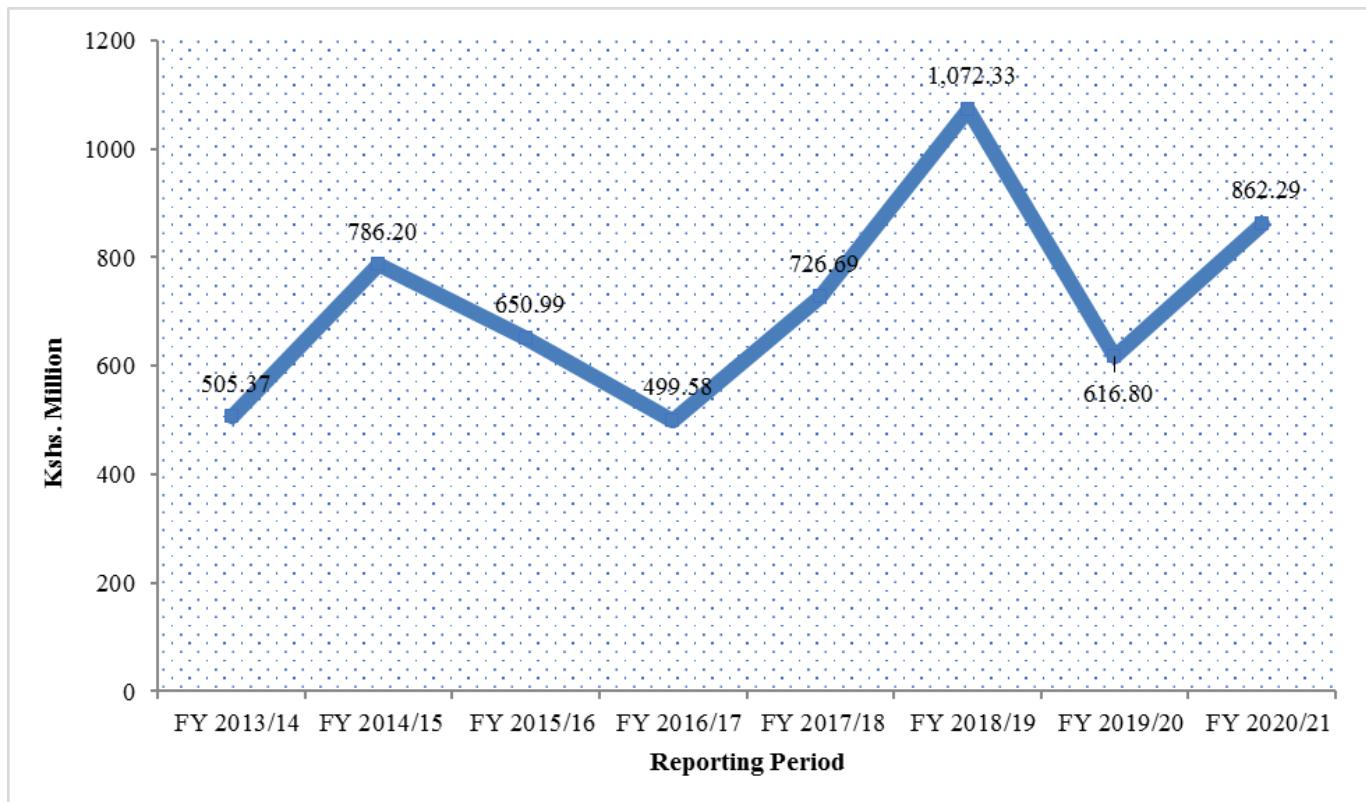
S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,424,950,000	6,424,950,000	6,424,950,000	100
B. Conditional Grants from the National Government Revenue					
1.					
2.	Compensation for User Fee Foregone	16,955,365	33,910,730	-	-
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	190,551,966	250,817,134	190,551,966	76.0
5.	Rehabilitation of Village Polytechnics	28,504,894	28,504,894	28,504,894	100
	Sub Total	368,033,502	313,232,758	219,056,860	69.9
C. Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	203,253,802	223,173,393	219,946,595	98.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	279,821,200	279,821,200	246,633,084	88.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	141,231,532	151,115,993	107.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	540,700,600	106,115,993	19.6
5.	DANIDA Grant	18,270,000.00	24,955,000	18,270,000	73.2
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,357,272	13,357,272	10,674,531	79.9
	Sub Total	559,702,274	1,223,238,997	752,756,196	61.5

S/No	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual receipts (Kshs.)	Actual Receipts as Percentage of Annua- l Allocation (%)
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,687,000,000	862,288,151	51.1
2.	Balance b/f from FY 2019/20	-	552,545,700	552,545,700	100
3.	Other Revenues	-	115,610,640	45,195,000	39.1
	Sub Total	-	2,355,156,340	1,460,028,851	62.0
	Grand Total	7,352,685,776	10,316,578,095	8,856,791,907	85.9

Source: Kajiado County Treasury

Figure 3.19 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.19: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kajiado County Treasury

In FY 2020/21, the County generated Kshs.862.39 million as own-source revenue. This amount represented an increase of 39.8 per cent compared to Kshs.616.80 million realised in FY 2019/20 and was 51.1 per cent of the annual target.

3.11.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.51 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.26 billion (26.6 per cent) for development programmes and Kshs.6.24 billion (73.4 per cent) for recurrent programmes.

3.11.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.8.89 billion on development and recurrent programmes. The expenditure represented 104.5 per cent of the total funds released by the COB and comprised of Kshs.2.85 billion and Kshs.6.04 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 79.3 per cent, while recurrent expenditure represented 93.6 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.1.26 billion.

3.11.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.89 billion was spent on employee compensation, Kshs.2.14 billion on operations and maintenance, and Kshs.2.85 billion on development activities as shown in Table 3.56.

Table 3.56: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Recurrent Expenditure	6,452,015,514	6,036,540,009	93.6
Compensation to Employees	3,974,732,604	3,892,248,349	97.9
Operations and Maintenance	2,477,282,910	2,144,291,660	86.6
Development Expenditure	3,598,612,281	2,852,180,912	79.3
Total	10,050,627,795	8,888,720,921	88.4

Source: Kajiado County Treasury

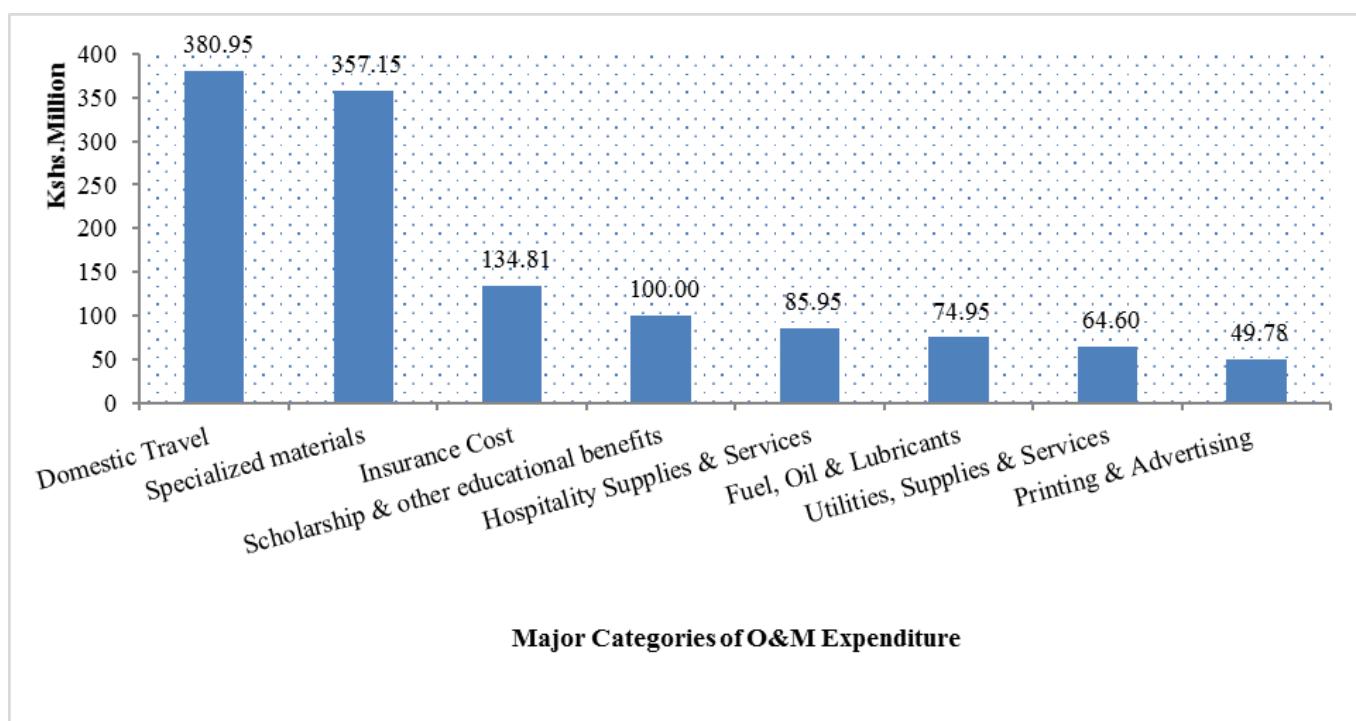
3.11.6 Expenditure on Personnel Emoluments

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 43.8 per cent of the total expenditure for the reporting period and 43.9 per cent of revenue.

3.11.7 Expenditure on Operations and Maintenance

Figure 3.209 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.20: Kajiado County, Operations and Maintenance Expenditure by Major Categories



Source: Kajiado County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.5.38 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.15.55 million. The average monthly sitting allowance was Kshs.10,668 per MCA against the SRC's recommended monthly ceiling of Kshs. 124,800.

During the period, expenditure on domestic travel amounted to Kshs.380.95 million and comprised of Kshs.164.98 million spent by the County Assembly and Kshs.215.97 million by the County Executive. The County Executive Expenditure spent Kshs.3.77 million on foreign travel.

3.11.8 Development Expenditure

The County incurred an expenditure of Kshs.2.85 billion on development programmes, which represented an increase of 53.4 per cent compared to FY 2019/20 when the County spent Kshs. 1.86 billion. Table 3.57 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.57: Kajiado 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 fencing and Paddocking at Demo Farm	Dalalekutuk	68,810,750	67,673,704	98.3
2	Proposed construction of Paii Bridge Kajiado south	Kajiado South	112,234,408	56,551,160	50.4
3	Payment for purchase of land for Kyangombe ECDE	Kitengela	45,500,000	45,500,000	100.0
4	Ngong sports complex Phase II	Ngong	56,807,346	42,796,303	75.3
5	Proposed Construction of Kitengela Market Phase	Kitengela	39,628,257	39,628,257	100.0
6	Construction of Ilasit market	Rombo	29,590,869	29,590,869	100.0
7	Proposed Construction of Kware Market	Nkaimurunya	29,237,774	29,237,773	100.0
8	Modern drug store at KAJIADO Referral Hospital	Ildamat	32,298,889	28,812,013	89.2
9	Proposed Upgrading Of Ngong Hospital	Ngong	28,617,194	28,616,812	100.0
10	Being Payment For Revenue Collection Commission	HQ	26,182,790	26,182,790	100.0

Source: Kajiado County Treasury

3.11.9 Budget Performance by Department

Table 3.58 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.58: 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
Office Of The Governor and The Deputy Governor	214.48	-	190.33	-	190.16	-	99.9	-	88.7	-
County Public Service Board	94.44	-	80.64	-	80.63	-	100	-	85.4	-
Medical Services and Public Health	2,401.84	203.92	2,398.33	16.82	2,340.50	164.29	97.6	976.8	97.4	80.6
Water, Irrigation, Environment and Natural Resources	206.09	308.60	190.66	25.08	190.14	140.24	99.7	559.2	92.3	45.4
Roads, Transport, Public Works, Housing and Energy	165.00	695.32	161.07	371.05	142.59	631.00	88.5	170.1	86.4	90.7
Public Service, Administration and Citizen Participation	791.25	-	751.09	-	766.39	-	102	-	96.9	-
Finance, Economic Planning and ICT	596.38	1,305.00	591.08	1,289.74	590.09	1,301.47	99.8	100.9	98.9	99.7
Lands, Physical Planning and Urban Development	104.25	3.50	101.96	-	79.13	-	77.6	-	75.9	-

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
County Assembly	675.76	135.00	650.10	50.86	650.09	50.02	100	98.3	96.2	37.1
Education, Youth and Sports	533.19	275.00	528.23	78.76	512.85	111.36	97.1	141.4	96.2	40.5
Gender, Social Services, Culture and Tourism and Wildlife	138.86	9.00	101.15	-	97.56	-	96.4	-	70.3	-
Agriculture, Livestock and Fisheries	295.80	304.32	271.19	246.63	225.35	128.81	83.1	52.2	76.2	42.3
Trade, Cooperative Development and Enterprise Development	119.48	93.00	119.08	39.70	93.02	59.03	78.1	148.7	77.9	63.5
Kajiado Municipality	41.86	50.00	41.75	50.17	28.10	50.00	67.3	99.7	67.1	100
Ngong Municipality	73.34	215.95	64.44	95.22	49.93	215.95	77.5	226.8	68.1	100
TOTAL	6,452.02	3,598.61	6,241.11	2,264.05	6,036.54	2,852.18	96.7	126.0	93.6	79.3

Source: Kajiado County Treasury

Analysis of expenditure by the Departments shows that Kajiado Municipality recorded the highest absorption rate of development budget at 100 per cent while the Department of Gender, Social Services, Culture and Tourism and Wildlife did not report any expenditure on development activities. The Department of Finance, Economic Planning and ICT had the highest percentage of recurrent expenditure to budget at 98.9 per cent, while the Department of Kajiado Municipality had the lowest at 67.1 per cent.

3.11.10 Budget Execution by Programmes and Sub-Programmes

Table 3.59 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.59: Kajiado County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-programme	Approved estimates (Kshs.)	Expenditure (Kshs.)	Implementation Status (%)
General Administration, Planning and Support Services		5,130,879,058	3,681,624,647	71.8
Devolution Services	Coordination of Devolution services	21,266,000	7,036,050	33.1
	County Executive committee	12,440,000	7,410,665	59.6
	Intergovernmental relations	12,488,000	3,307,167	26.5
	County Government Advisory	9,530,000	3,579,908	37.6
	Special programs	11,113,600	5,651,990	50.9
	Sub total	66,837,600	26,985,780	40.4
Curative and Rehabilitative	Medical Services	316,340,196	199,925,758	63.2
	Ambulance Services	7,940,000	7,588,477	95.6
	Sub total	324,280,196	207,514,235	64.0
Public Health and Sanitation	Promotive and preventive	221,577,149	220,163,601	99.4
	Mobile clinics	3,650,000	3,209,614	87.9
	Licensing and control undertaking	8,015,000	4,628,470	57.7
	Sanitation	4,627,920	3,167,254	68.4
	Sub total	237,870,069	231,168,939	97.2
Water Services and Irrigation	Water services	341,910,000	26,367,275	7.7
	Storm water management	7,596,709	1,647,896	21.7
	Irrigation	29,282,360	5,856,812	20.0
	Sub total	378,789,069	33,871,983	8.9

Programme	Sub-programme	Approved estimates (Kshs.)	Expenditure (Kshs.)	Implementation Status (%)
Environment & Natural Resource Protection	Environmental protection	117,918,231	14,751,499	12.5
	Noise pollution	2,600,000	1,246,200	47.9
	Control of air pollution	870,000	398,750	45.8
	Natural resources	8,450,000	1,491,753	17.7
	Sub total	129,838,231	17,888,202	13.8
Public Works and Infrastructure	Roads	686,051,966	17,357,800	2.5
	Energy	40,000,000	7,476,200	18.7
	Fire Fighting	8,000,000	6,985,001	87.3
	Transport	15,000,000	13,624,153	90.8
	Public works	7,283,928	5,549,015	76.2
	Sub total	756,335,894	50,992,169	6.7
County Administration and Inspectorate	County administration	50,450,000	11,869,650	23.5
	County inspectorate	15,665,446	7,861,426	50.2
	Sub total	66,115,446	19,731,076	29.8
Human Resource Management & Development	Human resource management	121,030,000	82,066,639	67.8
Citizen Participation	Citizen participation	39,900,000	8,508,500	21.3
Information, Communication and Technology		25,355,334	19,444,426	76.7
Public Finance Management	Fiscal & economic planning	12,250,000	7,311,200	59.7
	Monitoring & evaluation	20,638,000	8,429,230	40.8
	Budget coordination and management	15,753,000	9,528,271	60.5
	Accounting and expenditure	13,877,000	8,517,204	61.4
	Supply chain management	52,061,000	41,543,284	79.8
	Internal audit	8,747,000	5,755,035	65.8
	Revenue collection	64,647,225	19,564,276	30.3
	Sub total	187,973,225	100,648,500	53.5
Land Policy and Planning	Physical planning	21,623,900	9,264,429	42.8
	Land surveying and mapping	10,000,000	9,215,068	92.2
	Land administration	46,533,900	0	0.0
	Sub total	78,157,800	18,479,497	23.6
Urban Development & Management	Urban development	12,490,000	6,125,600	49.0
	Housing	19,116,000	2,011,628	10.5
	Sub total	31,606,000	8,137,228	25.7
Pre-primary and Vocational Training	Pre-primary education	337,886,334	116,231,520	34.4
	Vocational training	38,076,170	5,589,565	14.7
	Home craft centres	2,820,000	760,700	27.0
	Sub total	378,782,504	122,581,785	32.4
Youth and Sports	Sports training and competitions	18,854,980	10,413,985	55.2
	Youth development	68,000,000	0	0.0
	Sub total	86,854,980	10,413,985	12.0
Social Protection and Recreation	Gender mainstreaming	4,096,908	2,580,700	63.0
	Disability mainstreaming	12,000,000	11,557,600	96.3
	Control of drugs and pornography	3,000,000	1,794,000	59.8
	Liquor licensing	3,000,000	1,530,350	51.0
	Betting and Casinos	1,500,000	757,600	50.5
	Sub total	23,596,908	18,220,250	77.2

Programme	Sub-programme	Approved estimates (Kshs.)	Expenditure (Kshs.)	Implementation Status (%)
Cultural Services & Tourism Promotion	Museums	1,300,000	183,000	14.1
	Cultural activities	18,265,262	5,005,912	27.4
	County parks	500,000	98,000	19.6
	Local tourism promotion & wildlife management	2,563,644	1,119,400	43.7
	Sub total	22,628,906	6,406,312	28.3
Animal Husbandry, Livestock Resource management and Development	Animal husbandry	22,214,079	2,670,664	12.0
	County abattoirs development	1,223,171	284,870	23.3
	Animal disease control	47,575,889	5,626,937	11.8
	Livestock market	732,426	36,461	5.0
	Veterinary services	2,821,682	908,406	32.2
	Demonstration farm Kajiado	622,144	133,252	21.4
	Sub total	75,189,391	9,660,590	12.8
Agricultural Development	Crop husbandry	25,577,143	880,983	3.4
	Plant disease control	3,100,018	422,417	13.6
	Agricultural mechanization services	4,433,658	933,771	21.1
	Agricultural training college	937,622	21,274	2.3
	Sub total	34,048,441	2,258,445	6.6
Fisheries	Fisheries development	2,145,714	170,543	7.9
Trade Development	Trade licensing	6,802,400	4,432,575	65.2
	Trade development	130,168,234	3,876,848	3.0
	Industrialization	3,294,901	2,383,000	72.3
	Sub total	142,411,249	10,862,966	7.6
Cooperative Development		23,532,866	9,059,945	38.5
Total		8,335,903,167	5,661,054,900	67.9

Source: Kajiado County Treasury

The top three programmes with the highest levels of absorption rates were: Public Health and Sanitation in the Department of Medical Services and Public Health at 97.2 per cent, Social Protection and Recreation in the Department of Gender, Social Services, Culture and Tourism and Wildlife at 77.2 per cent and Information, Communication and Technology in the Department of Finance, Economic Planning and ICT at 76.7 per cent of budget allocation.

3.11.11 Key Observations and Recommendations

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

1. 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 recorded high pending bills, which amounted to Kshs. 1.26 billion as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.
3. A high wage bill, which accounted for 43.8 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs. 862.39 million against an annual projection of Kshs. 1.69 billion, representing 51.1 per cent of the annual target.
5. High expenditure on local travel at Kshs.380.95 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending

In order to improve budget execution, the County should implement the following recommendations;

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 ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be a first charge in the budget of FY 2021/22.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.12 County Government of Kakamega

3.12.1 Overview of FY 2020/21 Budget

The County's approved second supplementary budget for FY 2020/21 is Kshs.16.07 billion, comprising Kshs.7.03 billion (43.7 per cent) and Kshs.9.04 billion (56.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.41 billion (64.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.72 billion (10.7 per cent) as total conditional grants, generate Kshs.1.66 billion (10.3 per cent) from own sources of revenue, and a cash balance of Kshs.2.28 billion (14.2 per cent) from FY 2019/20.

3.12.2 Revenue Performance

In FY 2020/21, the County received Kshs.10.41 billion as the equitable share of the revenue raised nationally, Kshs.1.58 billion as conditional grants, raised Kshs.1.12 billion as own-source revenue, and had a cash balance of Kshs.2.28 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.15.39 billion, as shown in Table 3.60.

Table 3.60: Kakamega County, Revenue Performance in FY 2020/21

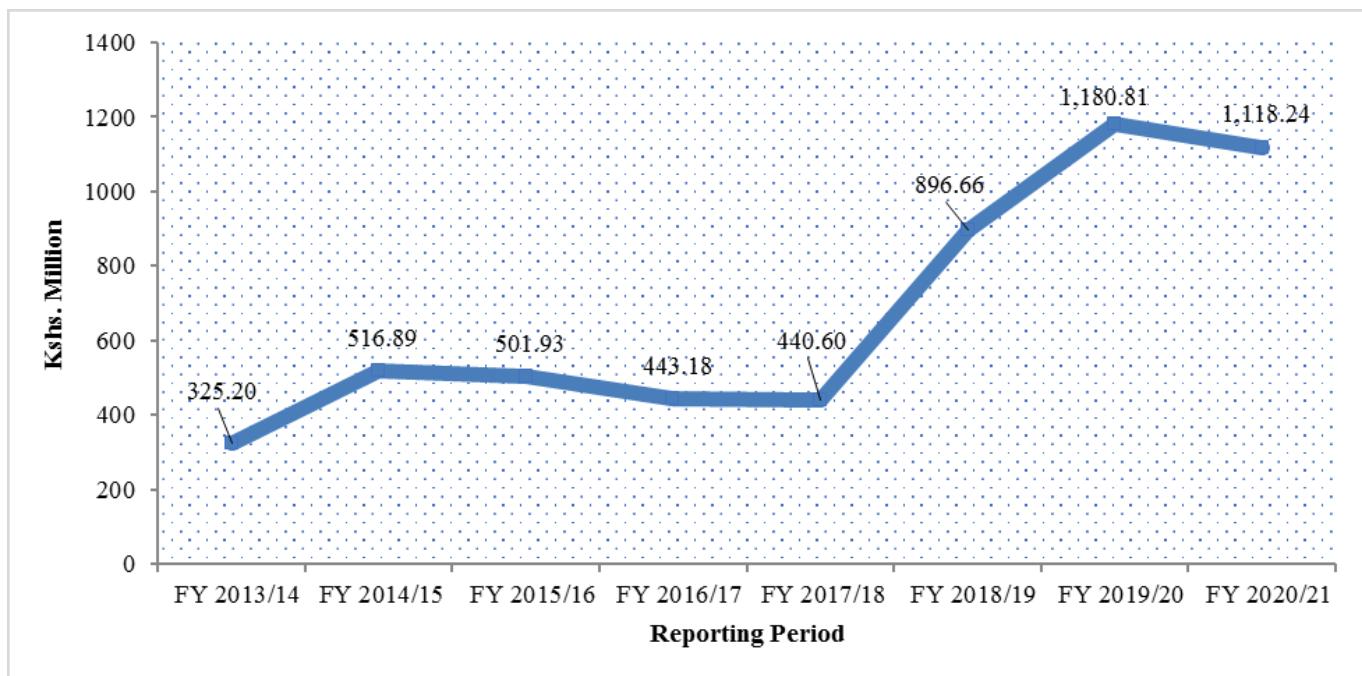
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	10,412,850,000	10,412,850,000	10,412,850,000	100.0
B.	Conditional Grants from the National Government				
1.	Conditional Grants to Level-5 Hospitals	427,283,237	427,283,237	427,283,237	100.0
2.	Compensation for User Fee Foregone	37,789,290	37,789,290	37,789,290	100.0
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	315,071,072	315,071,072.00	315,071,071	100.0
5.	Rehabilitation of Village Polytechnics	102,349,894	102,349,894	102,349,894	100.0
Sub Total		1,014,514,770	882,493,493	882,493,492	100.00
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,214,024.00	50,214,024	48,766,266	97.12
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	302,964,820	302,964,820	270,715,346	89.36
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	389,118,800	212,372,591	54.58
5.	DANIDA Grant	29,610,000	29,610,000	29,610,000	100.00
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,041,144	23,041,144	14,542,117	63.11
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	42,632,067	-	-	-
8.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) - Not budgeted	-	-	78,009,910	-
Sub Total		485,462,055.00	839,948,788	699,016,230	83.22
D	Other Sources of Revenue				
1.	Own Source Revenue	1,656,000,000	1,656,000,000	1,118,235,983	67.53
2.	Balance b/f from FY 2019/20	2,282,395,716	2,282,395,716	2,282,395,716	100.00
Sub Total		3,938,395,716	3,938,395,716	3,400,631,699	86.35
Grand Total		15,851,222,541	16,073,687,997	15,394,991,422	95.78

Source: Kakamega County Treasury

Figure 3.21 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.21: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kakamega County Treasury

In FY 2020/21, the County generated Ksh.1.12 billion as own-source revenue. This amount represented a decrease of 5.3 per cent compared to Kshs.1.18 billion realised during a similar period in FY 2019/20 and was 67.5 per cent of the annual target.

3.12.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.13.05 billion from the CRF account during the reporting period. The amount comprised of Kshs.4.70 billion (36 per cent) for development programmes and Kshs.8.35 billion (64 per cent) for recurrent programmes.

3.12.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.12.61 billion on development and recurrent programmes. The expenditure represented 96.6 per cent of the total funds released by the COB and comprised of Kshs.4.61 billion and Kshs.8 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 65.6 per cent, while recurrent expenditure represented 88.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.348.72 million for development activities and Kshs.239.99 million for recurrent costs.

3.12.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.5.58 billion was spent on employee compensation, Kshs.2.42 billion on operations and maintenance, and Kshs.4.61 billion on development activities, as shown in Table 3.61.

Table 3.61: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	9,042,464,685	8,353,900,103	7,997,838,090	88.4
Compensation to Employees	5,753,027,121	5,621,420,580	5,578,856,574	97.0
Operations and Maintenance	3,289,437,564	2,732,479,523	2,418,981,516	73.5
Total Development Expenditure	7,031,223,312	4,695,221,774	4,612,469,760	65.6
Total	16,073,687,997	13,049,121,877	12,610,307,850	78.5

Source: Kakamega County Treasury

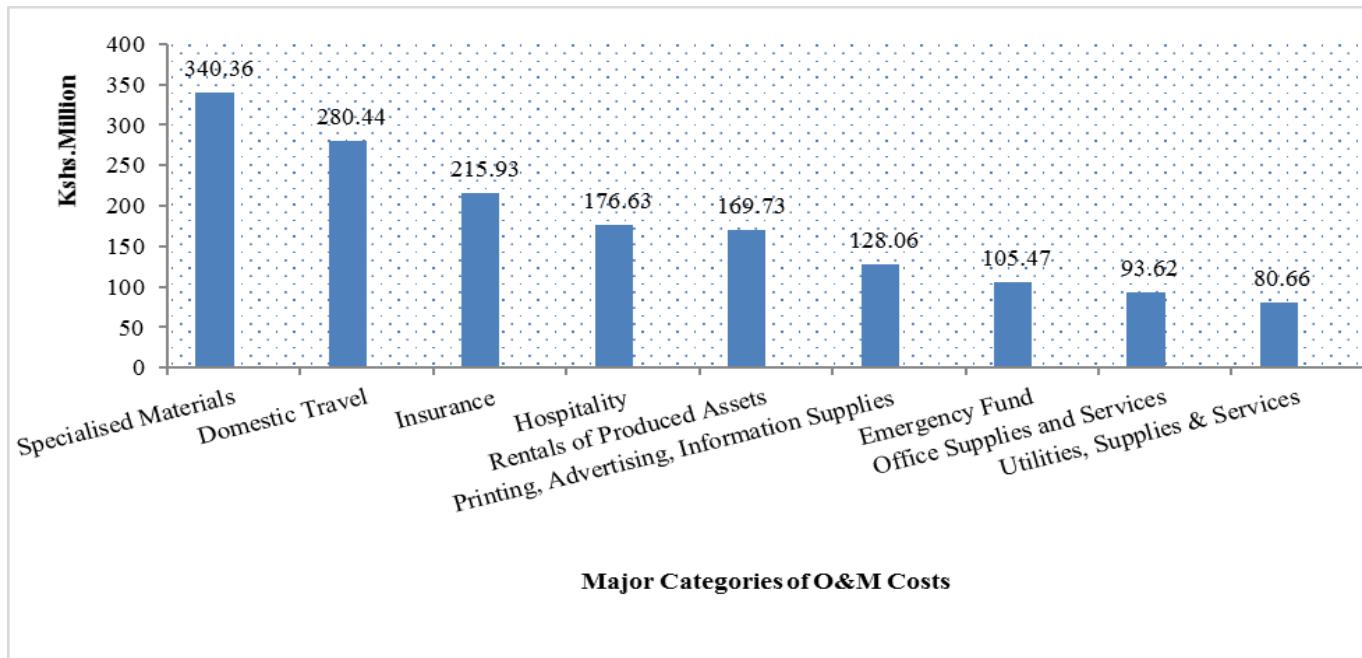
3.12.6 Expenditure on Personnel Emoluments

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 44.2 per cent of the total expenditure for the reporting period and 36.2 per cent of revenue.

3.12.7 Expenditure on Operations and Maintenance

Figure 3.22 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.22: Kakamega County, Operations and Maintenance Expenditure by Major Categories



Source: Kakamega County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.106.78 million on committee sitting allowances for the 90 MCAs and Speaker against the annual budget allocation of Kshs.121.35 million. The average monthly sitting allowance was Kshs.98,871 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.280.44 million and comprised Kshs.95.44 million spent by the County Assembly and Kshs.184.99 million by the County Executive. Expenditure on foreign travel amounted to Kshs.696,855 entirely by the County Executive.

3.12.8 COVID-19 Expenditure

The County spent a total of Kshs.254.69 million on purchasing Personal Protective Equipment (PPEs) during the reporting period.

3.12.9 Development Expenditure

The County incurred an expenditure of Kshs.4.61 billion on development programmes, which represented a decrease of 6.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 4.92 billion. Table 3.62 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.62: Kakamega County, List of Development Projects with the Highest Expenditure

S>No.	Project Name/Description	Project Location	Contract Sum	Payments to Date (Kshs.)	Absorption Rate (%)
1	Farm Inputs	Countywide	928,000,000	785,620,096	84.7
2	Bitumen road /10km per ward roads-Ward based	All wards	674,602,808	674,602,808	100
3	Bukhungu stadium	Kakamega Town	450,000,000	406,483,703	90.3
4	Road Levy Fund	Countywide	391,040,226	373,246,729	95.4
5	Kenya Climate Smart Agricultural Programme	Countywide	425,612,132	280,266,342	65.9
6	Construction of Kakamega County Teaching and Referral Hospital	Kakamega Town	180,000,000	234,310,752	130.2
7	COVID 19 funds	Countywide	262,173,000	175,528,930	67
8	Grants to Youth Polytechnics	Countywide	140,811,560	140,811,526	100

9	County Youth Works-Ward based /bridges	Countywide	164,800,000	138,208,030	83.9
10	Water Infrastructure Development	Countywide	150,000,000	121,562,390	81

Source: Kakamega County Treasury

3.12.10 Budget Performance by Department

Table 3.63 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.63: 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, Fisheries and Cooperatives	57.31	1,551.06	51.02	1,170.51	15.37	1,160.15	30.1	99.1	26.8	74.8
Health Services	827.13	1,278.95	778.46	840.5	633.06	685.65	81.3	81.6	76.5	53.6
Education, Science & Technology & ICT	203.46	399.31	80.49	291.56	59.76	285.47	74.2	97.9	29.4	71.5
Transport, Infrastructure, Public Works & Energy	208.68	1,336.44	116.77	1,287.30	195.81	1,286.81	167.7	100.0	93.8	96.3
Lands, Housing, Urban Areas and Physical Planning	183.13	805.68	157.23	149.72	141.92	136.78	90.3	91.4	77.5	17.0
Social Services, Youth & Sports	92.24	524.5	90.28	462.54	43.47	451.02	48.2	97.5	47.1	86.0
Trade, Industrialization and Tourism	38.99	297	26.32	121.46	14.07	122.47	53.5	100.8	36.1	41.2
Water, Environment & Natural Resources	25.74	386.38	14.69	174.27	18.04	267.95	122.8	153.8	70.1	69.3
Public Service & Administration	5,514.22	199.5	5,468.11	77.3	5,412.06	92.37	99.0	119.5	98.1	46.3
Office of the Governor	198.54	10.5	181.23	7.49	163.36	6.45	90.1	86.1	82.3	61.4
Finance and Economic Planning	398.83	20	253.09	-	309.04	1	122.1	-	77.5	5.0
County Public Service Board	26.54	-	26.54	-	23.89	-	90.0	-	90.0	-
ICT, E-government & Communication	38.71	171.9	34.95	112.57	19.31	116.34	55.3	103.3	49.9	67.7
County Assembly	1,228.95	50	1,074.71	-	948.68	-	88.3	-	77.2	-
Total	9,042.46	7,031.22	8,353.90	4,695.22	7,997.84	4,612.47	95.7	98.2	88.4	65.6

Source: Kakamega County Treasury

Analysis of expenditure by the Departments shows that the Department of Social Services, Youth and Sports recorded the highest absorption rate of development budget at 86.0 per cent while the County Assembly did not report any expenditure on development activities. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 98.1 per cent, while the Department of Agriculture, Livestock, Fisheries and Cooperatives had the lowest at 26.8 per cent.

3.12.11 Budget Execution by Programmes and Sub-Programmes

Table 3.64 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.64: Kakamega County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
Livestock development		70,200,000	54,018,917	16,181,083	77.0

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
	Dairy Development	29,000,000	32,026,956	(3,026,956)	110.4
	Poultry development	5,000,000	4,177,480	822,520	83.6
	Livestock disease and pest prevention	24,700,000	17,814,481	6,885,519	72.1
	Livestock Market infrastructure Improvement	11,500,000	-	11,500,000	-
Fish Farming Productivity Programme		17,000,000	13,811,312	3,188,688	81.2
	Promotion of Fish Farming	17,000,000	13,811,312	3,188,688	81.2
Crop Production and Management Services		1,428,862,132	1,206,557,037	222,305,095	84.4
	Cash crop development	59,750,000	87,000	59,663,000	0.2
	Food crop production	938,500,000	794,231,622	144,268,378	84.6
	Crop pest and disease management	5,000,000	-	5,000,000	-
	Agricultural Extension and Research	425,612,132	412,238,415	13,373,717	96.9
Agricultural Extension and Research		15,000,000	-	15,000,000	-
	Training and demonstration	15,000,000	-	15,000,000	-
Cooperative Development		20,000,000	39,100,000	(19,100,000)	195.5
	Marketing and value addition	20,000,000	39,100,000	(19,100,000)	195.5
Land Management Services		64,157,060	41,431,987	22,725,073	64.6
	Land use policy and planning	47,162,416	28,931,987	18,230,429	61.4
	Land Administration and Planning	11,000,000	10,000,000	1,000,000	90.9
	Survey Services	5,994,644	2,500,000	3,494,644	41.7
Urban Development Service		741,521,318	88,396,556	653,124,762	11.9
	Urban Infrastructure Services	715,303,469	63,864,297	651,439,172	8.9
	Urban waste Management Services	26,217,849	24,532,259	1,685,590	93.6
Road Infrastructure Development		1,230,443,034	1,079,590,365	150,852,669	87.7
	Road Maintenance	495,840,226	373,448,729	122,391,497	75.3
	Bridges Culverts Construction	60,000,000	37,652,449	22,347,551	62.8
	Road construction	674,602,808	668,489,187	6,113,621	99.1
Energy Reticulation		100,000,000	96,350,265	3,649,735	96.4
	Electrification.	100,000,000	96,350,265	3,649,735	96.4
Public works Management		6,000,000	4,398,245	1,601,755	73.3
	Public works Management	6,000,000	4,398,245	1,601,755	73.3
Administration, Planning and support services		5,000,000	2,627,367	2,372,633	52.6
	Quality assurance and Enhancement	5,000,000	2,627,367	2,372,633	52.6
Trade Development and Investment		209,000,000	79,651,317	129,348,683	38.1
	Modern Market infrastructure development	135,000,000	79,651,317	55,348,683	59.0
	Micro and small enterprises development	74,000,000	-	74,000,000	-
Industrial development and investment		83,000,000	42,069,389	40,930,612	50.7
	Industrial Development and Promotion	73,000,000	38,823,436	34,176,564	53.2
	SME and Cottage industry development	10,000,000	3,245,953	6,754,047	32.5
Preventive and promotive services		80,000,000	30,151,200	49,848,800	37.7
Diseases surveillance & Emergency response					

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
	Maternal and child healthcare promotion	80,000,000	30,151,200	49,848,800	37.7
	TB Control	-	-	-	-
	Malaria control	-	-	-	-
Promotion of Curative health services		1,198,946,028	492,791,225	706,154,803	41.1
	Health Infrastructure Development	699,022,535	273,232,702	425,789,833	39.1
	Primary medical health services	484,923,493	204,558,523	280,364,970	42.2
	Blood Transfusion Services	15,000,000	15,000,000	-	100.0
General Administrative and Support services					
	Health Data and Information Management	-	-	-	-
Vocational Education and Training development		162,811,560	150,371,373	12,440,187	92.4
	Polytechnic Support and Development	162,811,560	150,371,373	12,440,187	92.4
Early Childhood Development Education (ECDE)		163,800,000	116,071,406	47,728,595	70.9
	ECD Infrastructure Development	103,500,000	100,953,667	2,546,333	97.5
	Childcare and development	60,300,000	15,117,739	45,182,262	25.1
Education Support Programme		20,000,000	11,999,748	8,000,252	60.0
	Non Tertiary Education Support	20,000,000	11,999,748	8,000,252	60.0
Polytechnic Improvement		52,700,000	7,032,279	45,667,721	13.3
	Polytechnic Tuition Subsidy	52,700,000	7,032,279	45,667,721	13.3
Management and administration of County Functions					
	County executive services	-	-	-	-
Support, Coordination and Advisory Services		3,000,000	376,269	2,623,731	12.5
	Legal Services	3,000,000	376,269	2,623,731	12.5
Information and communication services		171,900,000	116,340,713	55,559,287	67.7
	Information and communication services	171,900,000	116,340,713	55,559,287	67.7
Support ,Co-ordination and Advisory services		7,500,000	1,786,052	5,713,948	23.8
	Support and Advisory services	5,000,000	-	5,000,000	-
	County Internal Audit services	2,500,000	1,786,052	713,948	71.4
County Public service and Administrative services		199,500,000	92,373,040	107,126,960	46.3
	County Administration	124,500,000	48,796,843	75,703,157	39.2
	Human Resource Management	75,000,000	43,576,197	31,423,803	58.1
Investment promotion		20,000,000	1,000,000	19,000,000	5.0
	Investment promotion	20,000,000	1,000,000	19,000,000	5.0
Culture and Arts Development		10,000,000	2,461,358	7,538,642	24.6
	Culture and Heritage Conservation	10,000,000	2,461,358	7,538,642	24.6
Management And Development Of Sports And Sports Facilities		450,000,000	500,167,733	(50,167,733)	111.2
	Development of Sports facilities	450,000,000	500,167,733	(50,167,733)	111.2
	Promotion and Development of Sports and Talent	-	-	-	-
Youth & Gender Development And Promotion Services		16,000,000	-	16,000,000	-
	Youth, Disability and Gender Empowerment and mainstreaming	16,000,000	-	16,000,000	-
Social Development And Promotions		48,500,000	21,334,860	27,165,140	44.0
	Social Development and Social Protection	48,500,000	21,334,860	27,165,140	44.0

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
Natural Resource Management		31,000,000	4,200,070	26,799,930	13.6
	Afforestation and Re-afforestation	5,000,000	4,200,070	799,930	84.0
	Protection of natural resources and environmental processes	26,000,000	-	26,000,000	-
Water and Sanitation Services		345,382,180	255,126,851	90,255,329	73.9
	Water Resource Supply and management	345,382,180	255,126,851	90,255,329	73.9
Environmental conservation		10,000,000	3,107,845	6,892,155	31.1
	Environmental Protection	10,000,000	3,107,845	6,892,155	31.1
		-	(1,919,018)	1,919,018	-
	Default - Non-Programmatic	-	(1,919,018)	1,919,018	-
Livestock development		33,556,208	3,246,512	30,309,697	9.7
	Dairy Development	19,564,964	2,367,562	17,197,403	12.1
	Livestock disease and pest prevention	13,991,244	878,950	13,112,294	6.3
Fish Farming Productivity Programme		2,667,636	578,908	2,088,728	21.7
	Promotion of Fish Farming	2,667,636	578,908	2,088,728	21.7
Crop Production and Management Services		8,603,549	5,039,085	3,564,464	58.6
	Cash crop development	-	19,600	(19,600)	-
	Food crop production	8,603,549	5,019,485	3,584,064	58.3
Agricultural Extension and Research		3,172,563	146,908	3,025,655	4.6
	Training and demonstration	3,172,563	146,908	3,025,655	4.6
Cooperative Development		7,806,384	2,650,612	5,155,772	34.0
	Marketing and value addition	7,806,384	2,650,612	5,155,772	34.0
Land Management Services		42,968,105	18,776,256	24,191,849	43.7
	Land use policy and planning	35,304,925	14,289,804	21,015,121	40.5
	Land Administration and Planning	2,995,176	2,180,891	814,285	72.8
	Survey Services	4,668,004	2,305,561	2,362,443	49.4
Housing Management Services		2,149,744	1,182,237	967,507	55.0
	Housing Infrastructure development	2,149,744	1,182,237	967,507	55.0
Urban Development Service		138,014,797	125,041,368	12,973,429	90.6
	Urban waste Management Services	138,014,797	125,041,368	12,973,429	90.6
Irrigation and Drainage Development		1,501,717	14,000	1,487,717	0.9
	Small Holder Irrigation and Drainage	1,501,717	14,000	1,487,717	0.9
Road Infrastructure Development		202,812,058	42,641,645	160,170,413	21.0
	Road construction	202,812,058	42,641,645	160,170,413	21.0
Public works Management		5,871,771	3,667,354	2,204,417	62.5
	Public works Management	5,871,771	3,667,354	2,204,417	62.5
Promotion of tourism and marketing		-	(201,250)	201,250	-
	Promotion of tourism and marketing	-	(201,250)	201,250	-
Administration, Planning and support services		12,925,000	8,309,128	4,615,872	64.3
	Administration Support Services	12,925,000	8,309,128	4,615,872	64.3
Trade Development and Investment		11,810,000	5,638,435	6,171,565	47.7

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
	Modern Market infrastructure development	3,710,000	3,022,685	687,315	81.5
	Micro and small enterprises development	8,100,000	2,615,750	5,484,250	32.3
Tourism Development and Marketing		9,750,000	2,267,843	7,482,157	23.3
	Cultural and heritage tourism Development	9,750,000	2,267,843	7,482,157	23.3
Industrial development and investment		4,500,000	2,269,238	2,230,762	50.4
	Industrial Development and Promotion	4,500,000	2,269,238	2,230,762	50.4
Preventive and promotive services		75,500,000	48,859,573	26,640,427	64.7
	Community Health Strategy	68,100,000	46,764,850	21,335,150	68.7
	Diseases surveillance & Emergency response	1,700,000	-	1,700,000	-
	Nutrition service Promotion	500,000	360,000	140,000	72.0
	HIV /AIDS Control	500,000	-	500,000	-
	Maternal and child healthcare promotion	2,900,000	884,723	2,015,277	30.5
	TB Control	400,000	350,000	50,000	87.5
	Malaria control	400,000	500,000	(100,000)	125.0
	Promotion of family planning	1,000,000	-	1,000,000	-
Promotion of Curative health services		728,246,956	487,910,949	240,336,007	67.0
	Primary medical health services	728,246,956	487,910,949	240,336,007	67.0
General Administrative and Support services		23,382,350	15,708,304	7,674,046	67.2
	Administrative and Human Resources management	13,082,350	7,317,504	5,764,846	55.9
	Disability mainstreaming	400,000	64,000	336,000	16.0
	Health Data and Information Management	9,900,000	8,326,800	1,573,200	84.1
Vocational Education and Training development		10,838,495	5,228,890	5,609,605	48.2
	Polytechnic Support and Development	10,838,495	5,228,890	5,609,605	48.2
Early Childhood Development Education (ECDE)		10,035,267	7,562,994	2,472,274	75.4
	Childcare and development	10,035,267	7,562,994	2,472,274	75.4
Education Support Programme		182,590,638	46,973,078	135,617,560	25.7
	Non Tertiary Education Support	182,590,638	46,973,078	135,617,560	25.7
Management and administration of County Functions		127,647,000	105,172,317	22,474,683	82.4
	County executive services	127,647,000	105,172,317	22,474,683	82.4
Support, Coordination and Advisory Services		8,770,000	5,526,862	3,243,138	63.0
	Legal Services	8,770,000	5,526,862	3,243,138	63.0
Information and communication services		38,714,521	19,727,135	18,987,386	51.0
	Information and communication services	38,714,521	19,727,135	18,987,386	51.0
Economic and policy formulation and management planning		33,274,512	32,751,400	523,112	98.4
	Economic policy formulation	33,274,512	32,751,400	523,112	98.4
Public finance management		284,825,556	209,440,678	75,384,879	73.5

Programme	Sub- Programme	Approved Budget (Ksh.)	Actual Payments (Ksh)	Variance	Absorption (%)
	Accounting and Financial services	58,567,000	44,279,816	14,287,184	75.6
	Financial Accounting and Reporting	177,885,198	126,186,056	51,699,142	70.9
	Budget Formulation and management	40,883,908	34,513,445	6,370,464	84.4
	Procurement services	7,489,450	4,461,361	3,028,089	59.6
Support ,Co-ordination and Advisory services		62,120,432	52,662,568	9,457,864	84.8
	Support and Advisory services	49,245,989	41,345,173	7,900,816	84.0
	County Internal Audit services	12,874,443	11,317,395	1,557,048	87.9
County Public service and Administrative services		5,536,122,328	5,255,141,749	280,980,579	94.9
	County Administration	373,441,841	301,971,998	71,469,843	80.9
	Human Resource Management	5,162,680,487	4,953,169,751	209,510,736	95.9
General Administration and Support services		60,913,250	57,713,268	3,199,982	94.8
	Administrative Services	60,913,250	57,713,268	3,199,982	94.8
Alcoholics and Drinks Control		4,636,099	4,443,233	192,866	95.8
	Alcohol and Drug Rehabilitation Program	4,636,099	4,443,233	192,866	95.8
Investment promotion		19,813,290	11,219,549	8,593,742	56.6
	Investment promotion	19,813,290	11,219,549	8,593,742	56.6
Administration, Planning and Support services		27,635,092	18,327,145	9,307,947	66.3
	Administrative Services	27,635,092	18,327,145	9,307,947	66.3
Culture and Arts Development		4,288,456	9,134,663	(4,846,207)	213.0
	Culture and Heritage Conservation	4,288,456	9,134,663	(4,846,207)	213.0
Management And Development Of Sports And Sports Facilities		37,270,213	10,306,310	26,963,903	27.7
	Promotion and Development of Sports and Talent	37,270,213	10,306,310	26,963,903	27.7
Youth & Gender Development And Promotion Services		9,115,485	2,376,420	6,739,065	26.1
	Youth, Disability and Gender Empowerment and mainstreaming	9,115,485	2,376,420	6,739,065	26.1
Social Development And Promotions		11,177,320	4,585,442	6,591,878	41.0
	Social Development and Social Protection	1,102,132	594,802	507,330	54.0
	Child welfare Services	10,075,188	3,990,640	6,084,548	39.6
Development of Library services		2,756,370	-	2,756,370	-
	Library services	2,756,370	-	2,756,370	-
Natural Resource Management		8,981,743	5,387,127	3,594,616	60.0
	Afforestation and Re-afforestation	4,958,615	3,418,795	1,539,820	69.0
	Protection of natural resources and environmental processes	4,023,128	1,968,332	2,054,796	48.9
Water and Sanitation Services		10,362,794	7,995,080	2,367,714	77.2
	Water Resource Supply and management	10,362,794	7,995,080	2,367,714	77.2
Environmental conservation		6,391,677	4,321,290	2,070,387	67.6
	Environmental Protection	6,391,677	4,321,290	2,070,387	67.6
Grand Total		14,794,742,688	11,202,520,061	3,592,222,627	75.7

Source: Kakamega County Treasury

The top three programmes with the highest levels of absorption rates were: Culture and Heritage Conservation at 213 per cent, Marketing and Value Addition at 195.5 per cent, and Malaria Control at 125 per cent. Absorption rates above 100 per cent are irregular and indicate weak internal control and possible misappropriation of funds.

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;

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

preparation of budget implementation report. The draft (not final) expenditure returns were received on 11th August 2021, the revenue report on 13th August 2021.

2. A high wage bill, which accounted for 44.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.1.12 billion against an annual projection of Kshs.1.66 billion, representing 67.5 per cent of the annual target.
4. The variance between approved budget amounts by programs and sub-programmes (IFMIS Report) shows Kshs.14,794,742,688 and Appropriation Act of Kshs.16,073,687,997.
5. There was weak budgeting practice where the County incurred expenditure above the approved budget.
6. High expenditure on local travel at Kshs.280.44 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should ensure the integrity of budget implementation systems and financial returns by enhancing internal controls.*
5. *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 in line with Section 109 (2) of the PFM Act, 2012.*
6. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*

3.13 County Government of Kericho

3.13.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.62 billion, comprising of Kshs.3.23 billion (42.4 per cent) and Kshs.4.39 billion (57.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.38 billion (70.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.02 billion (13.4 per cent) as total conditional grants, generate Kshs.654.06 million (8.6 per cent) from own sources of revenue, and a cash balance of Kshs.565.38 million (7.4 per cent) from FY 2019/20.

3.13.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.38 billion as the equitable share of the revenue raised nationally, Kshs.1.05 billion as conditional grants, raised Kshs.595.98 million as own-source revenue and had a cash balance of Kshs.565.4 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.59 billion as shown in Table 3.65.

Table 3.65: Kericho County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,380,500,000	5,380,500,000	5,380,500,000	100
B. Conditional Grants from the National Government					
1.	Compensation for User Fee Fore-gone	18,048,789	18,048,789	18,048,789	100

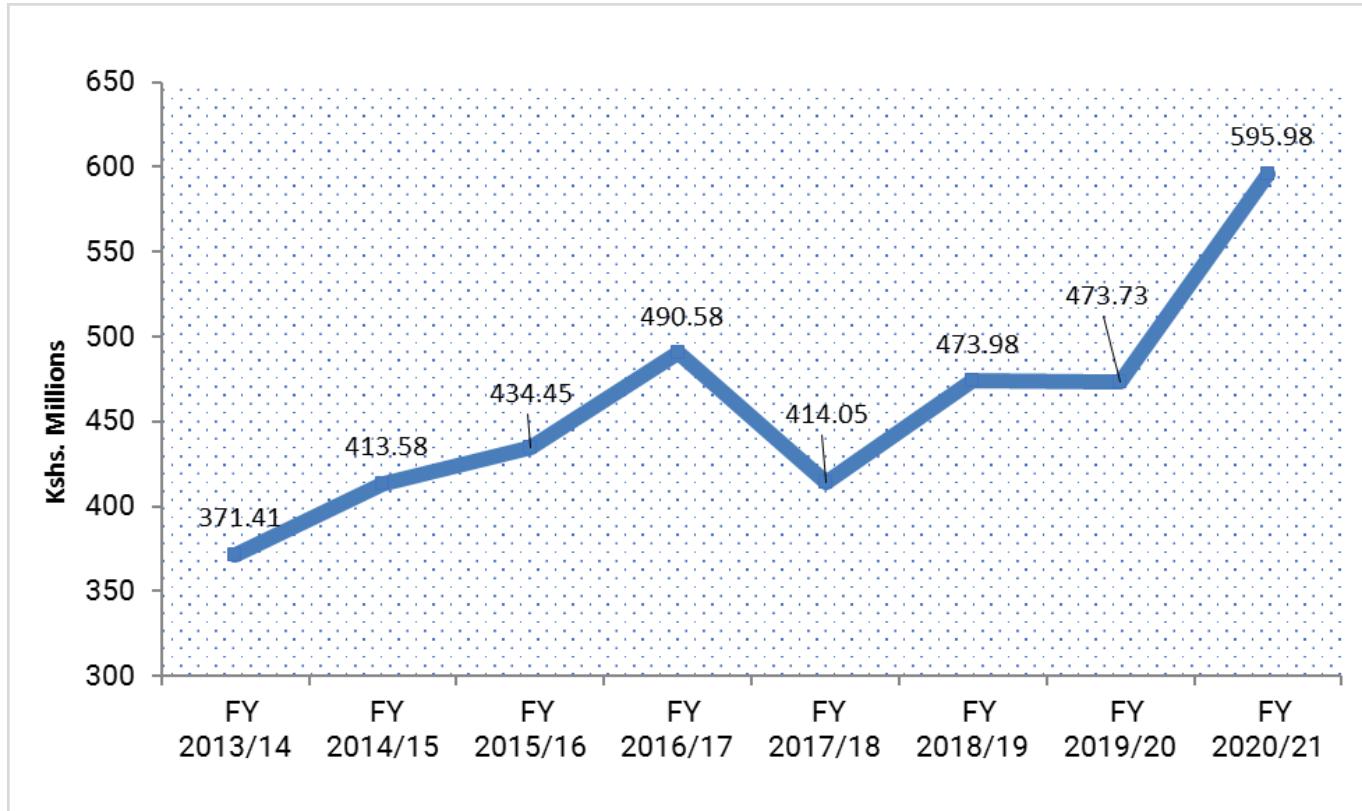
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Per- centage of Annual Budget Allocation (%)
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	162,252,169	273,409,756	273,409,755	100
4.	Rehabilitation of Village Poly-technics	22,444,894	22,866,170	22,866,170	-
Sub Total		370,947,129	350,504,715	350,504,714	100
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	95,189,398	82,748,619	94,200,416	113.8
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	277,000,000	284,297,280	258,693,136.40	90.9
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	132,491,953	177,491,953.00	133.9
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	103,228,166	139,378,504.15	135
5.	DANIDA Grant	15,300,000	17,062,500	15,300,000	89.8
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,776,994	52,557,771	12,277,792.00	23.4
Sub Total		445,266,392	672,386,289	697,341,801	103.7
D	Other Sources of Revenue				
	Own Source Revenue	-	654,058,870	595,976,653.00	91.1
	Balance b/f from FY 2019/20	-	565,380,551	565,380,551	100
Sub Total		-	1,219,439,420	1,161,357,204	95.2
Grand Total		6,196,713,521	7,622,830,424	7,589,703,719	99.6

Source: Kericho County Treasury

During the period under review, Transforming Health Systems for Universal care Project (WB), Kenya Devolution Support Project (KDSP) and Kenya Urban Support Project (KUSP) received funds above the budgeted amounts. This was mainly attributed to unspent balances in FY2019/20.

Figure 3.23 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.23: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kericho County Treasury

In FY 2020/21, the County generated Kshs.595.97 million as own-source revenue. This amount represented an increase of 25.8 per cent compared to Kshs.473.73 million realised during a similar period in FY 2019/20 and was 92.5 per cent of the annual target. The increase is attributed to undeclared NHIF reimbursement that the County previously spent at the source.

3.13.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.96 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.69 million (38.6 per cent) for development programmes and Kshs.4.28 billion (61.4 per cent) for recurrent programmes.

3.13.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.6.14 billion on development and recurrent programmes. The expenditure represented 88.2 per cent of the total funds released by the COB and comprised of Kshs.1.86 billion and Kshs.4.29 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 57.6 per cent, while recurrent expenditure represented 97.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.213.52 million for development activities and Kshs.71.24 million for recurrent costs.

3.13.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.96 billion was spent on employee compensation, Kshs.1.31 billion on operations and maintenance, and Kshs.1.86 billion on development activities as shown in Table 3.66.

Table 3.66: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Revenue (%)	Absorption (%)
Total Recurrent Expenditure	4,392,287,993	4,279,434,929	4,278,903,932	56.4	97.4
Compensation to Employees	3,041,927,146	2,965,723,695	2,965,723,695	39.1	97.5

Operations and Maintenance	1,350,360,847	1,313,711,234	1,313,180,237	17.3	97.2
Total Development Expenditure	3,230,542,431	2,686,003,572	1,861,393,374	24.5	57.6
Development Expenditure	3,230,542,431	2,686,003,572	1,861,393,374	24.5	57.6
Total	7,622,830,424	6,965,438,501	6,140,297,306	80.9	80.6

Source: Kericho County Treasury

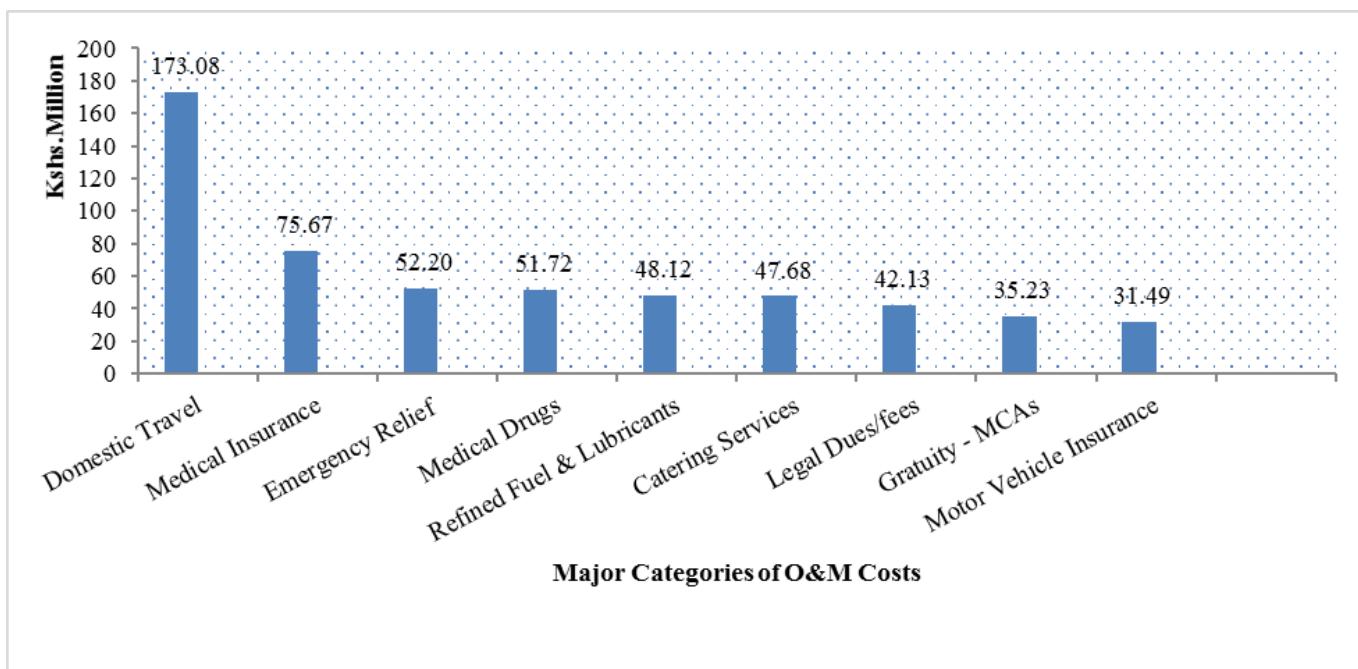
3.13.6 Expenditure on Personnel Emoluments

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 48.3 per cent of the total expenditure for the reporting period and 39.3 per cent of revenue.

3.13.7 Expenditure on Operations and Maintenance

Figure 3.24 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.24: Kericho County, Operations and Maintenance Expenditure by Major Categories



Source: Kericho County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.51.05 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.51.05 million. The average monthly sitting allowance was Kshs.88,624 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.173.08 million and comprised Kshs.110.74 million spent by the County Assembly and Kshs.62.33 million by the County Executive. Spending on foreign travel amounted to Kshs.7.15 million consisting of Kshs.2.75 million by the County Assembly and Kshs.4.39 million by the County Executive.

3.13.8 COVID-19 Expenditure

In FY 2020/21, the County provided Kshs.36.18 million to cater for COVID-19 related expenditure, including a balance of Kshs.97.84 million brought forward from FY 2019/20. A total of Kshs.120.53 million was spent during the reporting period as shown in Table 3.67.

Table 3.67: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure a(Kshs)
1	Front Workers Allowances	36,180,000	36,180,000
3	Covid 19 lab items and baseline test reagents	8,550,000	8,541,777.00

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure a(Kshs)
4	Assorted Medical drugs	11,500,000	11,225,550.00
5	Assorted Non pharmaceuticals	8,500,000	477,500.00
6	Supply and delivery of PPEs	12,150,000	12,100,000.00
7	Beds - double crank(100.NO.) and Beddings	11,100,000	11,050,000.00
8	Pedal bins (100 No.)	300,000	280,000.00
9	Bin liners	3,000,000	2,992,500.00
10	Laundry machines for isolation unit	1,400,000	1,389,500.00
11	Isolation ward TV sets and installations	731,000	730,000.00
12	Water works	2,400,000	2,388,813
13	Completion of level 2 support facilities	2,655,000	2,624,223.00
14	Patient monitors, pulse oximeters, suction machine and oxygen flowmeters	7,630,000	7,614,000.00
15	Ventillators	3,450,000	
16	Quarantine and isolation costs	4,100,000	4,078,500.00
17	Isolation nutritional Support	800,000	789,440.00
18	Sensitization, Awareness and Publicity	1,300,000	600,450.00
19	Medical gases and oxygen piping	2,900,000	1,043,439.00
20	Toll free line pre-payment	300,000	150,000.00
21	Standby Automatic switch generator	3,900,000	2,731,901.00
22	Generator House at Ainamoi	1,151,300	1,151,286.00
23	Provision of Hospital Cleaning services	1,546,800	3,962,301
24	Rehabilitation of medical infrastructure at KCRH	500,000	497,350.00
25	Airtime for surveillance ,follow up and coordination	300,000	300,000.00
26	Deep freezer for specimen storage	1,100,000	1,080,000.00
27	Body bags	360,000	357,000.00
28	Electricity ,Water bills	6,220,150	6,192,973.00
	TOTALS	134,024,250	120,528,503

3.13.9 Development Expenditure

The County incurred an expenditure of Kshs.1.86 billion on development programmes, which represented a decrease of 5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 1.77 billion. Table 3.68 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.68: Kericho 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	Rehabilitation, Construction of Drainages and Tarmacking of Minor Roads In Londiani Town	Kedowa/Kimugul	67,966,626	67,966,626	70
2	Proposed Erection and Completion of Modern Market Is at Sondu Trading Centre	Kaplelartet	128,945,229	128,945,229	67
3	Supply and Delivery of Ophthalmology Equipments	Kericho County Refer-ral Hospital	39,852,172	39,852,172	100
4	Supply of Bulk Water	Bureti Sub-County	15,000,000	15,000,000	100
5	Grading, Gravelling and Compaction of Barotion Pry - Lelsetet Rd; Barotion Pry - Arap Chief Rd; Kaptien - Sorget Rd; Miti Mingi - Kwa DC - Kaptich Road	Londiani	11,192,013	11,192,013	100
6	Rehabilitation and Extension of Kiptunoi Water Sup-ply Project	Kapsoit	35,787,775	35,787,775	74

S/No.	Project Name/Description	Project Location	Contract Sum	Payments to Date (Kshs.)	Absorption Rate (%)
7	Excavation, Grading, Gravelling, Installation of 600mm Culverts and Compaction of Machon-goi-Cheptenye High School-Kapneria Rd; Tapsargoi-Tulwap Kipiywet - Kaptagas AGC - Kapkawa Rd In Waldai Ward	Waldai	8,400,360	8,400,360	100
8	Construction of Kipsonoi-Cheplanget Rising Main Water Project	Cheplanget ward	8,007,075.00	8,007,075.00	100
9	Purchase of ICT Networking and Communication Equipment	County H/QS	10,072,533	10,072,533	79
10	Excavation, Grading, Gravelling and Compaction of Kamwingi Ii-Kiangundo Road; Kamwingi 2 Pry-Kimari-Singati A Road; Centre 1 Majani Rono-Taarifa Corner Road	Tendeno	7,883,590	7,883,590	100

Source: Kericho County Treasury

3.13.10 Budget Performance by Department

Table 3.69 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.69: 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	693.0	13.8	677.8	11.5	677.8	11.2	100.0	97.4	97.8	81.5
Public Service & Administration	319.8	25.1	319.8	7.8	318.7	8.7	99.7	112.2	99.7	34.6
Office of the Governor & Deputy Governor	116.0	-	115.9	-	113.8	-	98.2	-	98.1	-
County Public Service Board	50.7	-	45.2	-	46.6	-	102.9	-	91.9	-
Finance & Economic Planning	243.0	215.3	237.4	145.5	240.8	78.4	101.4	53.9	99.1	36.4
Health Services	2,096.3	436.5	2,096.1	369.8	2,084.0	203.9	99.4	55.1	99.4	46.7
Agriculture, Livestock Development & Fisheries	155.8	414.0	149.6	369.6	155.0	51.3	103.6	13.9	99.5	12.4
Education, Youth Affairs, Culture & Social Services	308.0	191.8	239.1	177.6	242.1	163.6	101.3	92.1	78.6	85.3
Public Works, Roads & Transport	87.1	1,316.9	87.0	1,181.8	85.9	964.6	98.8	81.6	98.7	73.2
Trade, Industrialization, Tourism, Wildlife & Cooperative Development	59.9	24.0	56.8	24.0	59.7	17.6	105.2	73.6	99.7	73.6
Water, Energy, Natural Resources & Environment	125.1	411.4	125.0	251.1	124.5	314.4	99.6	125.2	99.5	76.4
Land, Housing & Physical Planning	94.3	161.3	94.3	138.4	87.0	28.3	92.2	20.5	92.2	17.6

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs.Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Information, Communication & E-Government	43.3	20.4	42.4	8.9	43.0	19.3	101.4	216.8	99.3	94.4
Total	4,392.3	3,230.5	4,286.4	2,686.0	4,278.9	1,861.4	99.8	69.3	97.4	57.6

Source: Kericho County Treasury

Analysis of expenditure by Department shows that the Department of information communication and technology recorded the highest absorption rate of development budget at 94.4 per cent while the Department of Agriculture, Livestock Development & Fisheries had the lowest absorption at 12.4 per cent on development activities. The Department of Trade, Industrialization, Tourism, Wildlife & Cooperative Development had the highest percentage of recurrent expenditure to budget at 99.7 per cent while the Department of Education, Youth Affairs, Culture & Social Services had the lowest at 78.6 per cent.

3.13.11 Budget Execution by Programmes and Sub-Programmes

Table 3.70 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.70: Kericho County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Coordination Services	County Coordination Services	116,001,145	113,817,836	2,183,309	98.1
Public sector advisory services	Economic and Social Advisory Service				
		116,001,145	113,817,836	2,183,309	98.1
DEPARTMENT: FINANCE AND ECONOMIC PLANNING					
Administration, Planning and Support Services.	Administration Services.	374,103,219	311,725,465	62,377,754	83.3
Administration, Planning and Support Services.	Monitoring Budget Implementation and Reporting	11,981,851	11,971,854	9,997	99.9
Public Finance Management	Budget Formulation co-ordination and management	69,453,477	67,696,302	1,757,175	97.5
Audit Services	County Audit	2,766,483	2,766,483	-	100
		458,305,030	394,160,103	64,144,927	86
DEPARTMENT: AGRICULTURE, LIVESTOCK AND FISHERIES					
Policy, Strategy and Management of Agriculture	Development of Agricultural Policy, Legal & Regulatory framework.	42,047,952	18,570,710	23,477,242	44.2
Crop Development and Management	Agriculture Extension Services	448,874,605	395,413,050	53,461,555	88.1
Livestock Resource Management and Development	Livestock Disease Management and Control.	6,260,397	6,161,510	98,887	98.4
Livestock Resource Management and Development	Livestock Production and Extension Services	65,095,995	54,487,185	10,608,810	83.7
Fisheries development	Management and Development of Capture Fisheries	7,595,177	2,718,287	4,876,890	35.8
		569,874,126	477,350,742	92,523,384	83.8
DEPARTMENT: WATER, ENERGY, NATURAL RESOURCES AND ENVIRONMENT					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Environment policy development and co-ordination	Planning Coordination Policy and Administrative Services	116,315,734	107,651,301	8,664,434	92.6
Water supply services	Rural Water Supply	420,226,643	331,244,318	88,982,325	78.8
		536,542,377	438,895,619	97,646,758	81.8
DEPARTMENT: EDUCATION, YOUTH AFFAIRS, CULTURE AND SOCIAL SERVICES					
General Administration & planning services.	Policy Development and Administration	187,700,528	187,631,900	68,628	100
Basic Education	Early Childhood Development Education	226,756,201	199,680,633	27,075,568	88.1
Gender and Social Development	Social Welfare Services/Social Infrastructure Development	10,413,351	5,783,356	4,629,995	55.5
Youth development and empowerment services	Youth development (YP) Training	70,906,590	35,063,034	35,843,556	49.5
Management and development of sports and sport facilities	Development of Sports Activities	4,000,000	-		
		499,776,670	428,158,923	67,617,747	85.7
DEPARTMENT: HEALTH SERVICES					
Curative Health	Administration and Planning	1,271,168,552	1,241,054,998	30,113,554	97.6
Curative Health	Hospital(curative)Services				
Preventive and Promotive Health	Preventive Medicine and Promotive Health	1,261,642,196	1,156,379,156	105,263,040	91.7
		2,532,810,748	2,397,434,154	135,376,594	94.7
DEPARTMENT: LANDS, HOUSING AND PHYSICAL PLANNING					
Administration and support services	General Administration and Planning	43,478,784	43,001,709	477,075	98.9
Housing Development and Human Resource	Housing Development	41,858,299	26,468,984	15,389,315	632
Land policy and planning	Development Planning and Land Reforms	160,379,148	112,378,958	48,000,190	70.1
Land policy and planning	Land Use Planning	9,902,443	6,425,150	3,477,293	64.9
		255,618,674	188,274,801	67,343,873	73.7
DEPARTMENT: PUBLIC WORKS, ROADS AND TRANSPORT					
Transport Management and safety	General Administration Planning and Support Services	63,443,521	55,548,696	7,894,825	87.6
Infrastructure, Roads and Transport	Rehabilitation of Road	1,233,483,967	1,055,783,680	177,700,287	85.6
Infrastructure, Roads and Transport	Maintenance of Roads and Bridges/Periodic Maintenance	107,033,242	75,863,181	31,170,061	70.9
		1,403,960,730	1,187,195,557	216,765,173	84.6
DEPARTMENT: TRADE, INDUSTRIALISATION, TOURISM, WILDLIFE AND COOPERATIVE MANAGEMENT					
Trade development and investment	Fair trade Practices and Consumer Protection (weight & measures)	57,784,347	55,923,529	1,860,818	96.8
Trade development and investment	Administrative and Support Services.	9,477,878	6,019,957	3,457,921	63.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Cooperative development and management	Cooperative Advisory & Extension Services.	16,570,999	15,397,675	1,173,324	92.9
Tourism development and marketing	Local Tourism Development.				
		83,833,224	77,341,161	6,492,063	92.26
DEPARTMENT: ICT AND E-GOVERNMENT					
Information & Communication Service	News and Information Services	43,280,429	41,919,991	1,360,438	96.9
Information & Communication Service	ICT and BPO development services	20,432,683	20,330,374	102,309	99.5
		63,713,112	62,250,365	1,462,747	97.7
DEPARTMENT: COUNTY PUBLIC SERVICE BOARD					
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	50,681,633	46,553,895	4,127,738	91.9
		50,681,633	46,553,895	4,127,738	91.9
DEPARTMENT: PUBLIC SERVICE MANAGEMENT					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	258,930,164	246,943,216	11,986,949	95.4
Administration of Human Resources and Public Service	Human Resource Development	86,047,770	80,493,100	5,554,670	93.5
		344,977,934	327,436,316	17,541,618	94.9
DEPARTMENT: ASSEMBLY					
Administration of Human Resources and Public Service	General Administration, Planning and Support Services	378,908,794		49,153	100
Legislative Services		315,503,231	297,884,757	17,618,474	94.4
Administration of Human Resources and Public Service	Establishment, Appointment, Discipline and Board Management.	12,322,997		43,632	
		706,735,022	689,023,763	17,711,259	97.5
County Executive Grand Total -Including Conditional Grants(Transfers)		7,622,830,425	6,827,893,234	790,937,190	89.6

Source: Kericho County Treasury

The top three programmes with the highest levels of absorption rates were: Audit services in the Department of Finance and Economic planning at 100 per cent, Administration of Human Resources and Public Service in the County Assembly at 99.9 per cent and General Administration & planning services in the Department of Education, Youth Affairs, Culture and Social Services At 99.9 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 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. A high wage bill, which accounted for 48.3 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The county Treasury used revenue at source, and there was weak budgeting practice, where the County did not deposit all locally generated into the CRF contrary to Section 109 (2) of the PFM Act, 2012.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all revenues should be banked intact into the CRF account according to Section 109 (2) of the PFM Act, 2012.*

3.14 County Government of Kiambu

3.14.1 Overview of FY 2020/21 Budget

The County's approved Budget for FY 2020/21 was Kshs.17.88 billion, comprising Kshs.6.05 billion (33.9 per cent) and Kshs.11.82 billion (66.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.9.43 billion (52.8 per cent) as the equitable share of revenue raised nationally, Kshs.2.64 billion (14.7 per cent) as total conditional grants, generate Kshs.3.80 billion (21.2 per cent) from own sources of revenue, and a cash balance of Kshs.1.99 billion (11.1 per cent) from FY 2019/20. The County also expects to receive Kshs.25.76 million (0.1 per cent) as "other revenues" not contained in the CARA, 2020. "Other revenues" consist of MSF-Belgium grant.

3.14.2 Revenue Performance

In FY 2020/21, the County received Kshs.9.43 billion as the equitable share of the revenue raised nationally, Kshs.1.70 billion as conditional grants, raised Kshs.2.43 billion as own-source revenue, and had a cash balance of Kshs.1.93 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.15.52 billion, as shown in Table 3.71.

Table 3.71: Kiambu County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	9,431,700,000	9,431,700,000	9,431,700,000	100.0
Conditional Grants from the National Government Revenue					
1.	Conditional Grants to Level-5 Hospitals	538,716,763	538,716,763	538,716,763	100.0
2.	Compensation for User Fee Foregone	34,671,542	34,671,542	34,671,542	100.0
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	293,374,561	293,374,561	146,687,280	50.0
5.	Rehabilitation of Village Polytechnics	61,984,894	61,984,894	61,984,894	
Sub Total		1,060,769,037	928,747,760	782,060,479	84.2
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	49,790,789	49,790,789	46,398,807	93.2
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	222,340,320	222,340,320	221,762,739	99.7
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0

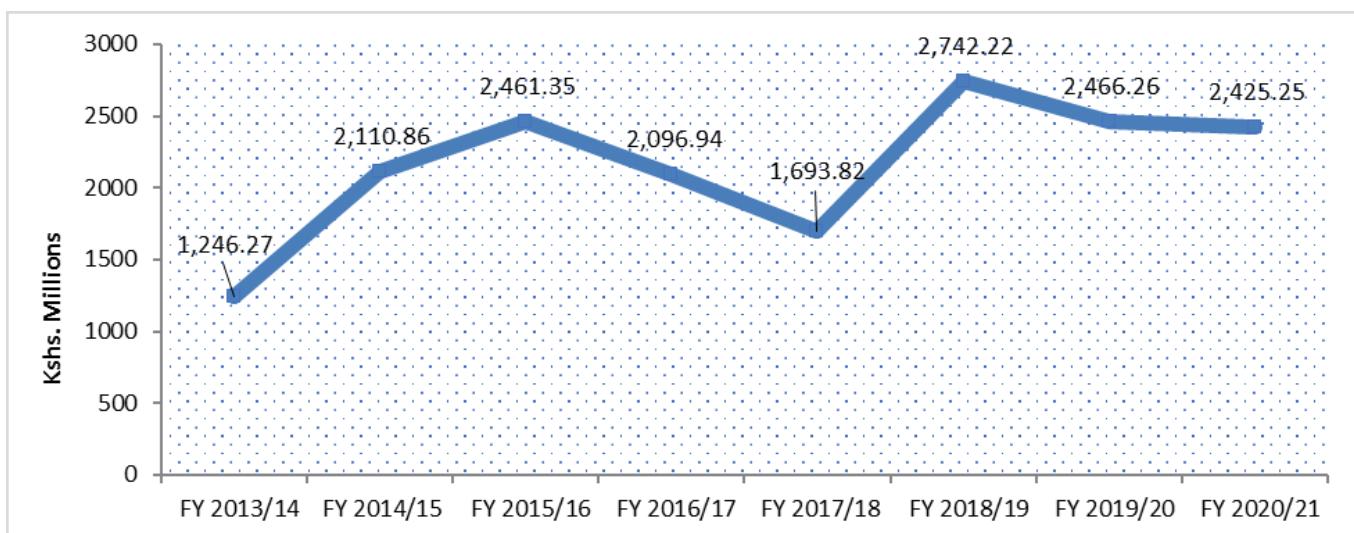
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	-	1,348,935,361	490,098,365	36.3
5.	DANIDA Grant	26,820,000	26,820,000	26,820,000	100.0
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	-	73,731,600	-
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,436,146	13,436,146	10,936,995	81.4
Sub Total		357,387,255	1,706,322,616	914,748,505	53.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	3,795,881,193	2,425,245,161	63.9
2.	Balance b/f from FY2019/20	-	1,989,985,029	1,929,565,627	97.0
3.	Other Revenues-MSF Belgium	-	25,764,540	32,073,740	124.5
Sub Total		-	5,811,630,762	4,386,884,528	75.5
Grand Total		10,849,856,292	17,878,401,137	15,515,393,512	86.8

Source: Kiambu County Treasury

The County received 32.07 million from MSF Belgium but included Kshs.25.76 million as a source of revenue in the budget.

Figure 3.25 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.25: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kiambu County Treasury

In FY 2020/21, the County generated Kshs.2.43 billion as own-source revenue. This amount represented a decrease of 1.7 per cent compared to Kshs.2.47 billion realised during a similar period in FY 2019/20 and was 63.9 per cent of the annual target.

3.14.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.14.73 billion from the CRF account during the reporting period. The amount comprised Kshs.3.43 billion (23.3 per cent) for development programmes and Kshs.11.30 billion (76.7 per cent) for recurrent programmes.

3.14.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.13.64 billion on development and recurrent programmes. The expenditure represented 92.6 per cent of the total funds released by the COB and comprised of Kshs.3.30 billion and

Kshs.10.34 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 54.5 per cent, while recurrent expenditure represented 87.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.2.34 billion for development activities and Kshs.1.16 billion for recurrent costs.

3.14.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.7.42 billion was spent on employee compensation, Kshs.2.92 billion on operations and maintenance, and Kshs.3.30 billion on development activities, as shown in Table 3.72.

Table 3.72: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	11,824,577,493	11,296,385,548	10,338,389,259	87.4
Compensation to Employees	7,522,677,056	7,505,386,950	7,417,027,357	98.6
Operations and Maintenance	4,301,900,437	3,790,998,598	2,921,361,902	67.9
Total Development Expenditure	6,053,823,645	3,432,448,512	3,297,428,767	54.5
Total	17,878,401,138	14,728,834,060	13,635,818,026	76.3

Source: Kiambu County Treasury

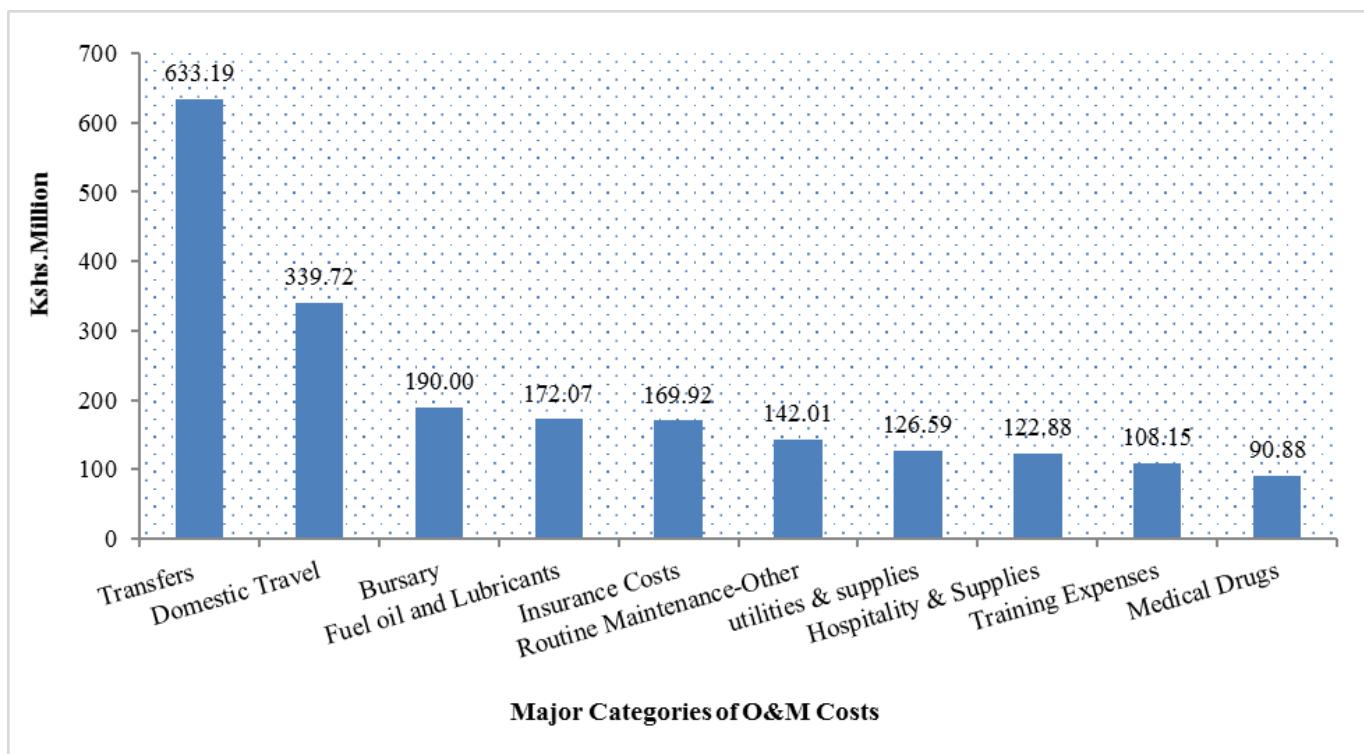
3.14.6 Expenditure on Personnel Emoluments

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 54.4 per cent of the total expenditure for the reporting period and 47.8 per cent of revenue.

3.14.7 Expenditure on Operations and Maintenance

Figure 3.26 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.26: Kiambu County, Operations and Maintenance Expenditure by Major Categories



Source: Kiambu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.94.49 million on committee sitting allowances for the 92 MCAs and Speaker against the annual budget allocation of Kshs.120 million. The average monthly sitting allowance was Kshs.84,672 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.339.72 million and comprised Kshs.223.69 million spent by the County Assembly and Kshs.116.02 million by the County Executive. Spending on foreign travel amounted to Kshs.25.70 million consisting of Kshs.10.97 million by the County Assembly and Kshs.14.72 million by the County Executive.

3.14.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.215.49 million to cater for COVID-19 related expenditure, all brought forward from FY 2019/20. A total of Kshs.122.22 million was spent during the reporting period. Table 3.73 provides a summary of the COVID-19 budget and expenditure

Table 3.73: COVID-19 Budget and Expenditure Summary

S/No.	Description of Expenditure Category	Annual Budget	Expenditure as of 30.6.21 (Kshs)	Absorption Rate
1	Construction of Pannelled Building Covid -19 Centre in Ruiru Level 4 Hospital	62,000,000	61,067,660	98.5
2	Construction of Pre- Engineered Steel Structure Covid-19 Centre in Lusighetti Level 4 Hospital	30,000,000	-	-
3	Supply and delivery of beds, lockers and mattresses for the Covid-19 Centres	25,000,000	-	-
4	Supply and deliver of medical equipment for the Covid Centres	17,200,000	-	-
5	Supply and delivery of a generator at Kiambu County Covid-19 Centre- Tigoni	11,000,000	-	-
6	Non Pharmaceuticals for Covid-19 Centres	20,078,876	14,860,500	74.0
7	Pharmaceutical for Covid-19 Items	5,000,000	4,910,960	98.2
8	Purchase of office furniture and fittings	2,213,124	-	0.0
9	Other Operating Expenses for Covid-19 centres and Operations	13,000,000	12,708,915	97.8
10	Supply and delivery of food rations - cooking oil	6,000,000	5,917,500	98.6
11	Supply and delivery of food rations - beans	5,500,000	5,391,500	98.0
12	Supply and delivery of food rations - fortified uji mix	5,000,000	4,865,500	97.3
13	Supply and delivery of food rations - maize meal flour	13,500,000	12,492,500	92.5
Total		215,492,000	122,215,035	56.7

Source: Kiambu County Treasury

3.14.9 Development Expenditure

The County incurred an expenditure of Kshs.3.30 billion on development programmes, which represented a decrease of 25.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 4.41 billion. Table 3.74 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.74: Kiambu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Bud- get	Project Actual Ex- penditure (Kshs.)	Absorption Rate (%)
1	Purchase of Graders	County HQ	87,870,000	87,870,000	100
2	Procure Maize and Bean seed for short rains and long rains	All Wards	75,000,000	73,347,602	97.8
3	Procurement of coffee rehabilitation fertiliser.	All Wards	70,000,000	67,340,980	96.2
4	Payment of fund equipment for roadworks in Kiambu County	Countywide	50,000,000	50,000,000	100
5	Improvement to bituminous standards of Kimbo Matangini road	Ruiru	35,596,502	35,596,502	100
6	Purchase of 3 large tippers trucks	County HQ	32,851,050	32,851,050	100
7	Supply and delivery of motor grader	Kiambu	31,350,000	31,350,000	100
8	Installation of access culverts in Kahawa Wen-dani Ward Ruiru Sub County	Ruiru	30,000,000	30,000,000	100

S/No.	Project Name/Description	Project Location	Project Bud- get	Project Actual Ex- penditure (Kshs.)	Absorption Rate (%)
9	Implementation of rural electrification and renewable energy projects	County	30,000,000	30,000,000	100
10	Supply and delivery of motor grader	Kiambu	28,785,000	28,785,000	100

Source: Kiambu County Treasury

3.14.10 Budget Performance by Department

Table 3.75 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.75: 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	1,232.68	67.20	1,070.84	6.78	1,088.00	6.78	101.6	100.0	88.3	10.1
County Executive	430.00	-	384.71	-	333.99	-	86.8	-	77.7	-
County Public Service Board	68.66	-	62.54	-	50.49	-	80.7	-	73.5	-
Finance, Economic Planning and ICT	1,532.23	300.74	1,448.22	170.86	1,203.06	228.73	83.1	133.9	78.5	76.1
Administration, and Public Service and Communication	676.87	34.00	666.72	23.96	619.58	29.43	92.9	122.8	91.5	86.5
Agriculture, Crop Production and Irrigation	500.80	498.78	498.62	362.53	455.21	426.87	91.3	117.7	90.9	85.6
Water, Energy, Environment and Natural Resources	324.09	172.40	311.22	95.84	299.68	102.78	96.3	107.2	92.5	59.6
Health Services	5,201.75	866.05	5,101.61	657.68	4,701.39	637.14	92.2	96.9	90.4	73.6
Education, Youth, Sports, Culture and Social Services	950.70	140.58	856.34	70.89	864.05	75.04	100.9	105.9	90.9	53.4
Youth and Sports	124.32	167.50	123.29	3.90	106.54	18.76	86.4	481.6	85.7	11.2
Lands, Physical Planning and Housing	195.32	1,949.99	192.44	1,057.19	129.00	1,057.15	67.0	100.0	66.0	54.2
Trade, Tourism, Industry and Co-operative	133.89	267.20	128.37	29.97	100.30	44.77	78.1	149.4	74.9	16.8
Roads, Transport and Public Works	453.28	1,589.37	451.45	952.85	387.12	669.99	85.8	70.3	85.4	42.2
Total	11,824.58	6,053.82	11,296.39	3,432.45	10,338.39	3,312.68	91.5	96.5	87.4	54.7

Source: Kiambu County Treasury

Analysis of expenditure by Department shows that the Department of Administration, Public Service and Communication recorded the highest absorption rate of development budget at 86.5 per cent while the Department of Youth and Sports reported the lowest absorption rate of 11.2 per cent. The Department of Water, Energy, Environment and Natural Resources had the highest percentage of recurrent expenditure to budget 92.5 per cent while the Department of Lands, Physical Planning and Housing had the lowest at 66.6 per cent.

3.14.11 Budget Execution by Programmes and Sub-Programmes

Table 3.76 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.76: Kiambu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Crop Production and Irrigation					
	General administration and support services	471,931,917	455,207,924	16,723,993	96.5
	Livestock resource management and development	74,400,000	34,962,570	39,437,430	47.0
0101004060 Crop, Livestock and Fisheries development and Management	Fisheries Development	17,000,000	0	17,000,000	0.0
	Crop production and management	436,244,352	391,903,427	44,340,925	89.8
		999,576,269	882,073,921	117,502,348	88.2
	Sub Total	999,576,269	882,073,921	117,502,348	88.2
Lands, Physical Planning and Housing					
	Planning & Housing Administration	177,170,343	122,247,623	54,922,720	69.0
	Housing Development	54,000,000	23,716,386	30,283,614	43.9
0102004060 Land Management and Physical Planning; & Housing Development	Land Management and Physical Planning	10,000,000	0	10,000,000	0.0
		241,170,343	145,964,009	95,206,334	60.5
0105004060 Municipal Administration & Urban Development	Municipal Administration and Urban Development	1,904,145,915	1,040,180,294	863,965,621	54.6
		1,904,145,915	1,040,180,294	863,965,621	54.6
	Sub Total	2,145,316,258	1,186,144,303	959,171,955	55.3
Roads, Transport and Public Works					
0201004060 Maintenance of Roads, Bridges, Land Transport, Construction & Maintenance	Construction of road and civil works	1,589,374,561	669,989,096	919,385,465	42.2
		1,589,374,561	669,989,096	919,385,465	42.2
0202004060 Administration, planning & support	General Administration and Support services	453,275,910	387,124,830	66,151,080	85.4
		453,275,910	387,124,830	66,151,080	85.4
	Sub Total	2,042,650,471	1,057,113,926	985,536,545	51.8
Trade, Tourism, Industry and Co-operative					
	General administration and support services	83,740,095	77,785,030	5,955,065	92.9
	Trade, Industrial Development and Investments	277,800,000	57,161,590	220,638,410	20.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Tourism Development and Promotion	-	0	0	
0301004060 Industrial, Investments, Tourism, Trade and Cooperative Development	Cooperative Development and promotion	38,344,930	10,119,077	28,225,853	26.4
	Enterprise Development	1,200,000	0	1,200,000	0.0
		401,085,025	145,065,697	256,019,328	36.2
	Sub Total	401,085,025	145,065,697	256,019,328	36.2
Health Services					
	County Hospital Infrastructure	774,191,973	577,123,536	197,068,437	74.5
0401004060 Curative and preventive health care services	Health curative services	866,053,479	635,627,549	230,425,930	73.4
		1,640,245,452	1,212,751,085	427,494,367	73.9
0402004060 Administration, Planning and Support Services	General Administration and Support Services	4,161,081,945	3,971,305,588	189,776,357	95.4
		4,161,081,945	3,971,305,588	189,776,357	95.4
0403004060 Preventive Health Services	Community Health Services	141,474,731	63,591,592	77,883,139	44.9
		141,474,731	63,591,592	77,883,139	44.9
0405004060 County Pharmaceutical Services	Pharmaceutical and Non-Pharmaceutical supplies	125,000,000	90,876,197	34,123,803	72.7
		125,000,000	90,876,197	34,123,803	72.7
	Sub Total	6,067,802,128	5,338,524,462	729,277,666	88.0
Education, Youth, Sports, Culture and Social Services					
0501004060 Pre-primary edu, Promotion of Culture; ICT and social Services	Pre-primary education and youth polytechnics services	140,584,894	75,042,141	65,542,753	53.4
	Early Childhood Development	240,884,664	212,860,252	28,024,412	88.4
	Vocational Training centres	23,000,000	12,469,460	10,530,540	54.2
		404,469,558	300,371,853	104,097,705	74.3
0502004060 General Administration and Support Services	General Administration and Support Services	662,811,538	635,864,513	26,947,025	95.9
		662,811,538	635,864,513	26,947,025	95.9
0504004060 Culture Gender and Social Service Development	Culture, Gender & Social Services	24,000,000	2,853,700	21,146,300	11.9
		24,000,000	2,853,700	21,146,300	11.9
	Sub Total	1,091,281,096	939,090,066	152,191,030	86.1
County Assembly					
General Administration and support services	General Administration and support services	468,346,255	319,182,462	149,163,793	68.2
		468,346,255	319,182,462	149,163,793	68.2
Representation services	Representation services	168,357,111	151,365,543	16,991,569	89.9
		168,357,111	151,365,543	16,991,569	89.9
0701004060 Legislation and Oversight of county Government	Legislation and Oversight services	663,175,178	624,230,560	38,944,618	94.1
		663,175,178	624,230,560	38,944,618	94.1
	Sub Total	1,299,878,544	1,094,778,564	205,099,980	84.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Executive					
	General Administration and support services	374,021,290	279,406,085	94,615,205	74.7
0702004060 Leadership and Co-ord of County Administration and Departments	Representation Services	55,979,370	54,579,460	1,399,910	97.5
		430,000,660	333,985,545	96,015,115	77.7
	Sub Total	430,000,660	333,985,545	96,015,115	77.7
County Public Service Board					
	General Administration and support services	0	0	0	
0703004060 Leadership and Admin of HR management and development in County Public Service	Human Resource development and management services	68,662,096	50,487,020	18,175,076	73.5
		68,662,096	50,487,020	18,175,076	73.5
	Sub Total	68,662,096	50,487,020	18,175,076	73.5
Finance and Economic Planning					
	General Administration and support services	1,567,905,614	1,239,507,410	328,398,204	79.1
	financial management services	214,816,429	187,605,421	27,211,008	87.3
0704004060 Public Finance Management and Economic Policy and Strategy	Economic planning services	10,000,000	4,673,853	5,326,147	46.7
		1,792,722,043	1,431,786,684	360,935,359	79.9
902004060 ICT Services	ICT Services	40,249,021	0	40,249,021	0.0
		40,249,021	0	40,249,021	0.0
	Sub Total	1,832,971,064	1,431,786,684	401,184,380	78.1
Administration, and Public Service and Communication					
	General administration and support services	695,032,289	638,972,938	56,059,351	91.9
0705004060 Admin & co-ord of county affairs, HR Dev, Management, Capacity Building	Human resource development and management	2,000,000	0	2,000,000	0.0
		697,032,289	638,972,938	58,059,351	91.7
0703004060 Leadership and Admin of HR management and development in County Public Service	Leadership and Admin of HR management and development in County Public Service	13,835,529	10,029,264	3,806,265	72.5
		13,835,529	10,029,264	3,806,265	72.5
	Sub Total	710,867,818	649,002,202	61,865,616	91.3
Youth and Sports					
0901004060 Promotion and development of sports; Youth services	General administration and support services	266,120,000	108,077,398	158,042,602	40.6
		266,120,000	108,077,398	158,042,602	40.6
902004060 ICT Services	ICT Services	25,695,300	17,229,400	8,465,900	67.1
		25,695,300	17,229,400	8,465,900	67.1
	Sub Total	291,815,300	125,306,798	166,508,502	42.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Water, Energy, Environment and Natural Resources					
	Environmental management	38,965,599	21,694,557	17,271,042	55.7
	Water provision and management	127,979,136	79,553,555	48,425,581	62.2
	Natural resources conservation and Management	5,460,000	1,530,000	3,930,000	28.0
1001004060 Water Resources Management, Environment Protection and Conservation	Renewable Energy and Climate Change	2,000,000	1,201,000	799,000	60.1
		174,404,735	103,979,112	70,425,623	59.6
1002004060 General Administration Planning and Support Services	General Administration and Support Services	322,089,674	298,479,726	23,609,948	92.7
		322,089,674	298,479,726	23,609,948	92.7
	Sub Total	496,494,409	402,458,838	94,035,571	81.1
Grand Total		17,878,401,138	13,635,818,026	4,242,583,112	76.3

Source: Kiambu County Treasury

The top three programmes with the highest levels of absorption rates were: 0502004060 General Administration and support services in the Department of Water, Education, Youth, Sports, Culture and Social Services at 95.9 per cent, 0402004060 Administration, Planning and Support Services in the Department of Health Services at 95.4 per cent, and 0701004060 Legislation and Oversight of County Government in the Department of County Assembly at 94.1 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. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 54.4 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.2.43 billion against an annual projection of Kshs.3.80 billion, representing 63.9 per cent of the annual target
4. High expenditure on local travel at Kshs.339.72 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
5. High expenditure on local travel at Kshs.339.72 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*

5. The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.

3.15 County Government of Kilifi

3.15.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.14.66 billion, comprising Kshs.5.41 billion (36.9 per cent) and Kshs.9.25 billion (63.1 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.60 billion (79.1 per cent) as the equitable share of revenue raised nationally, Kshs.2.16 billion (16.2 per cent) as total conditional grants, generate Kshs.1.20 billion (8.2 per cent) from own sources of revenue, and a cash balance of Kshs.629.4 million (4.3 per cent) from FY 2019/20.

3.15.2 Revenue Performance

In FY 2020/21, the County received Kshs.10.44 billion as the equitable share of the revenue raised nationally, Kshs.1.64 billion as conditional grants, raised Kshs.833.85 million as own-source revenue, and had a cash balance of Kshs.629.4 million from FY 2019/20 and Kshs.59.89 million as other revenues. The total funds available for budget implementation during the period amounted to Kshs.13.6 billion, as shown in Table 3.77.

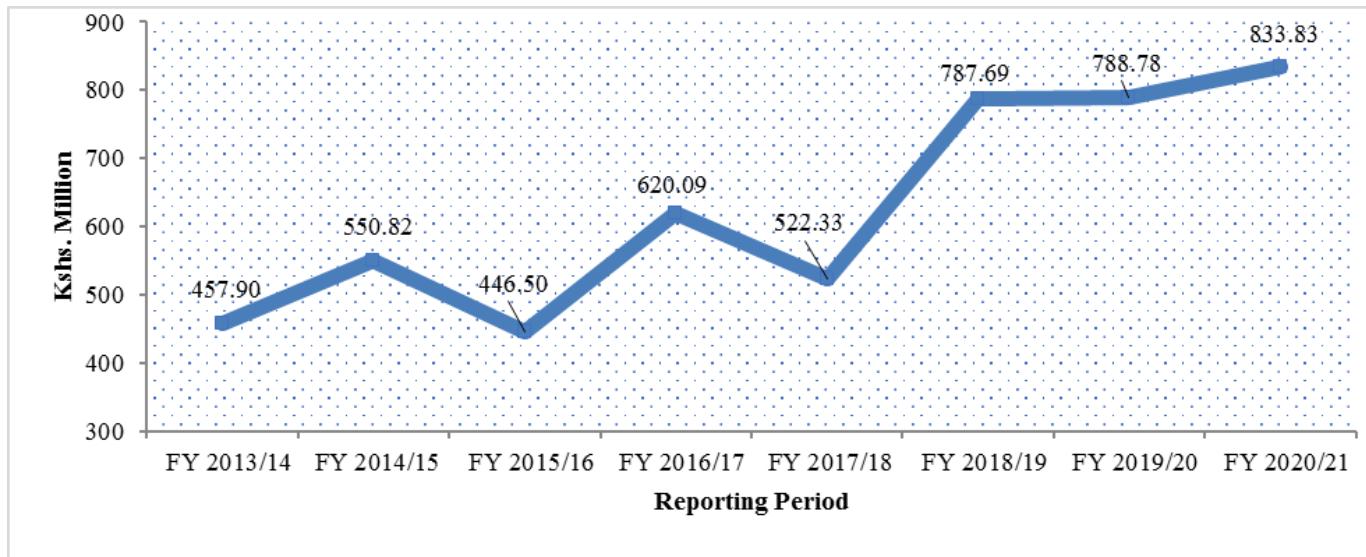
Table 3.77: Kilifi County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,602,750,000	10,602,750,000	10,444,500,000	98.5
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	25,969,864	25,969,864	25,969,864	100
2.	Leasing of Medical Equipment	132,021,277	132,021,277	132,021,277	100
3.	Road Maintenance Fuel Levy Fund	316,014,398	316,014,398	316,014,398	100
4.	Rehabilitation of Village Polytechnics	79,999,894	79,999,894	79,999,894	100
Sub Total		554,005,433	554,005,433	554,005,433	100
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	265,111,481	265,111,481	264,848,909	99.9
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,440,766	198,440,766	198,129,567	99.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	75,000,000	75,000,000	45,000,000	60.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	330,534,500	330,534,500	180,513,740	54.6
5.	DANIDA Grant	29,700,000	29,700,000	29,700,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	19,982,463	14,982,463	19,482,463	130.0
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (water)	700,000,000	700,000,000	347,093,108	49.5
Sub Total		1,618,769,210	1,613,769,210	1,084,767,787	67.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,201,166,719	833,845,292	69.4
2.	Balance b/f from FY2019/20	-	629,445,023	629,445,023	100
3.	Covid 19 health Workers	-	59,895,000	59,895,000	100
Sub Total		-	1,890,506,742	1,523,185,315	80.5
Grand Total		12,775,524,643	14,661,031,385	13,606,458,534	92.8

Source: Kilifi County Treasury

Figure 3.27 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.27: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kilifi County Treasury

In FY 2020/21, the County generated Kshs.833.83 million as own-source revenue. This amount represented an increase of 5.4 per cent compared to Kshs.788.78 million realised during a similar period in FY 2019/20 and was 69.4 per cent of the annual target.

3.15.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.99 billion from the CRF account during the reporting period. The amount comprised Kshs.4.22 billion (32.6 per cent) for development programmes and Kshs.8.76 billion (67.4 per cent) for recurrent programmes.

3.15.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.11.87 billion on development and recurrent programmes. The expenditure represented 91.4 per cent of the total funds released by the COB and comprised of Kshs.4.10 billion and Kshs.7.77 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 75.9 per cent while recurrent expenditure represented 84 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June, 2021, which amounted to Kshs.795.37 million for development activities and Kshs.1.19 billion for recurrent costs.

3.15.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.52 billion was spent on employee compensation, Kshs.3.25 billion on operations and maintenance, and Kshs.4.1 billion on development activities as shown in Figure 3.75.

Table 3.78: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues(Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	9,254,967,073	8,762,713,483	7,769,899,260	84.0
Compensation to Employees	4,522,405,873	4,522,405,873	4,522,405,873	100.0
Operations and Maintenance	4,732,561,200	4,240,307,610	3,247,493,387	68.6
Total Development Expenditure	5,406,064,312	4,229,382,873	4,103,348,295	75.9
Total	14,661,031,385	12,992,096,356	11,873,247,555	81.0

Source: Kilifi County Treasury

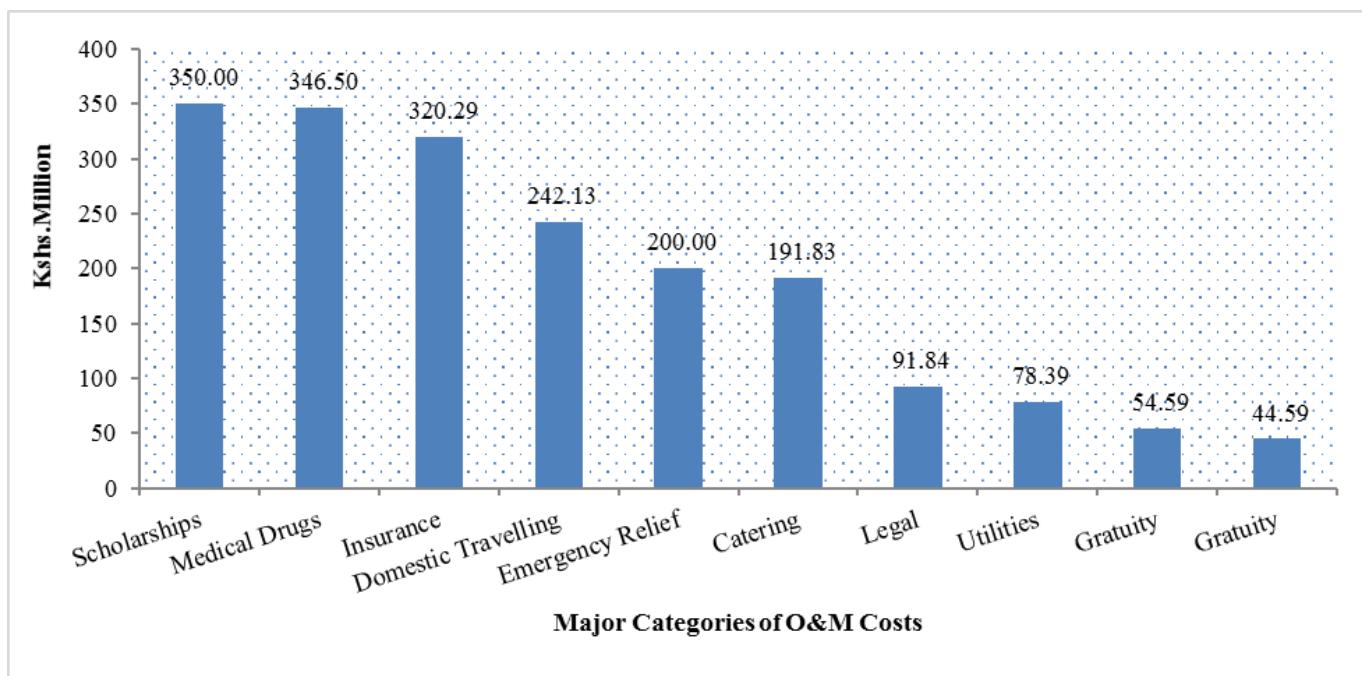
3.15.6 Expenditure on Personnel Emoluments

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 38.1 per cent of the total expenditure for the reporting period and 33.2 per cent of available revenue.

3.15.7 Expenditure on Operations and Maintenance

Figure 3.28 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.28: Kilifi County, Operations and Maintenance Expenditure by Major Categories



Source: Kilifi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.26.46 million on committee sitting allowances for the 56 MCAs and Speaker against the annual budget allocation of Kshs.26.46 million. The average monthly sitting allowance was Kshs.39,380 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.242.13 million and comprised Kshs.91.91 million spent by the County Assembly and Kshs.150.21 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.89 million and comprised Kshs.1.50 million by the County Assembly and Kshs.2.39 million by the County Executive.

3.15.8 Development Expenditure

The County incurred an expenditure of Kshs.4.10 billion on development programmes, which represented an increase of 10.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.3.67 billion. Table 3.79 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.79: Kilifi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1.	Roads Maintenance Levy Fund	County	320,311,580	296,474,063	92.6
2.	National Agricultural and Rural Inclusive Growth Project (NARIGP)	Kilifi	350,000,000	204,559,884	58.4
3.	Construction of Malindi beach road	Malindi	130,000,000	130,000,000	100
4.	Mbegu Fund	County	105,000,000	105,000,000	100
5.	Construction of hospital complex	Kilifi	120,056,764	97,899,540	81.5

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
6.	Upgrading of A7 (Mzambarauni/Mtwapa Health Centre road to Bitumen standard	Mtwapa	80,139,071	80,139,071	100
7.	Completion of Mtwapa Bus Park	Mtwapa	57,000,000	57,000,000	100
8.	Purchase 1 Bulldozer	Mariakani	41,789,000	41,789,000	100
9.	Agriculture Sector Development Support Project (co-funding)	Kilifi	25,223,695	30,353,079	120.3
10.	Purchase of Animals and Breeding Stock	Kilifi	97,424,947	95,527,517	98.1

Source: Kilifi County Treasury

3.15.9 Budget Performance by Department

Table 3.80 summarises the approved budget allocation and performance by departments in FY 2020/21

Table 3.80: Kilifi County, Budget Performance by Department

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	818	119	816	93	816	93	100.0	100.0	99.8	78.2
Office of the Governor	350	-	312	-	344	-	110.3	-	98.3	-
County Attorney	94	-	31	-	90	-	290.3	-	95.7	-
Finance	653	32	669	2	546	16	81.6	800.0	83.6	50.0
Economic Planning	121	-	99	-	25	-	25.3	-	20.7	-
Agriculture	371	306	353	268	318	302	90.1	112.7	85.7	98.7
Livestock	53	95	19	27	43	84	226.3	311.1	81.1	88.4
Fisheries	43	52	23	29	39	33	169.6	113.8	90.7	63.5
Water and Sanitation	195	1,127	186	1,026	196	964	105.4	94.0	100.5	85.5
Environment & Natural Resources	136	53	116	-	43	-	37.1	-	31.6	-
Education (Sports & Youth Affairs)	1,029	472	1,001	273	955	344	95.4	126.0	92.8	72.9
ICT	82	-	81	-	-	-	-	-	-	-
Medical Services	3,046	747	2,977	661	2,489	604	83.6	91.4	81.7	80.9
Public Health	458	38	456	-	368	19	80.7	-	80.3	50.0
Roads & Public Works	391	1,205	349	1,059	391	994	112.0	93.9	100.0	82.5
Lands and energy	203	320	183	317	118	271	64.5	85.5	58.1	84.7
Physical Planning & Urban Development	38	120	24	96	13	98	54.2	102.1	34.2	81.7
Gender, Culture & Social Services	187	87	168	45	125	49	74.4	108.9	66.8	56.3
Trade And Tourism	138	226	133	212	88	229	66.2	108.0	63.8	101.3
Cooperatives Devpt	14	-	13	-	5	-	38.5	-	35.7	-
Public Service Board	66	-	56	-	54	-	96.4	-	81.8	-
Devolution & Public Service	184	-	131	-	169	-	129.0	-	91.8	-
Disaster Management	526	51	524	34	498	4	95.0	11.8	94.7	7.8
Kilifi Municipality	25	97	24	-	16	-	66.7	-	64.0	-
Malindi Municipality	34	260	18	86	20	-	111.1	-	58.8	-
TOTAL	9,255	5,407	8,762	4,228	7,769	4,104	88.7	97.1	83.9	75.9

Source: Kilifi County Treasury

Analysis of expenditure by the Departments shows that the Department of Trade and Tourism recorded the highest absorption rate of development budget at 101.3 per cent while the Kilifi Municipality and Malindi Municipality did not record any expenditure on development activities. The Department of Water & Sanitation had the highest percentage of recurrent expenditure to budget at 100.5 per cent while the Department of ICT did not report any expenditure. An absorption rate above 100 per cent is irregular and an indication of weak internal control.

3.15.10 Budget Execution by Programmes and Sub-Programmes

Table 3.81 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.81: Kilifi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Attorney	Administration Planning And Support Services	94,264,529	90,460,829	1,858,924	96.0
	Sub total	94,264,529	90,460,829	1,858,924	96.0
Agriculture	Administration, Planning and Support services	531,988,277	482,808,877	49,179,400	90.8
	Production Management	22,755,568	28,558,361	(5,802,793)	125.5
	Agribusiness and Information Management	54,932,865	44,227,405	10,705,460	80.5
	Irrigation and Drainage Infrastructure	67,133,417	64,675,545	2,457,872	96.3
	Sub total	676,810,127	620,270,188	56,539,939	91.6
Devolution, Public service and Disaster management	General Administration Planning and Support services	549,179,111	511,521,861	37,951,347	93.1
	Human Resource Management	16,589,954	6,844,458	15,339,283	41.3
	Devolution & Public Participation	55,210,041	1,226,285	645,872	2.2
	Emergencies & Disaster	139,850,000	151,622,068	35,327,932	108.4
	Sub total	760,829,106	671,214,672	89,264,434	88.2
Education	General administration, planning and support services	641,124,269	589,040,751	52,083,518	91.9
	Early Childhood development education	356,896,148	239,061,634	117,834,514	67.0
	Education support services	354,500,000	350,520,400	3,979,600	98.9
	Vocation Education and training	148,813,662	119,834,630	28,979,032	80.5
	Sub total	1,501,334,079	1,298,457,415	202,876,664	86.5
Environment, Forestry, Natural Resources & Wildlife	Environment management and protection	188,469,954	42,582,566	31,066,115	22.6
	Sub total	188,469,954	42,582,566	31,066,115	22.6
Economic Planning	County Fiscal Planning	66,910,250	20,650,490	5,899,510	30.9
	Statistical Information services / Monitoring	54,514,532	4,281,675	27,465,129	7.9
	Sub total	121,424,782	24,932,165	33,364,639	20.5
Finance	Administration, Planning and Support Services	586,038,543	449,092,592	41,421,707	76.6
	Kenya devolution support programme	22,500,000	71,551,287	(41,551,287)	318.0
	Budget Formulation, Coordination and Management	18,031,000	2,963,236	19,029,249	16.4
	Audit Services	4,065,000	827,837	5,302,163	20.4
	Accounting Services	5,812,500	3,795,433	2,329,567	65.3
	Supply Chain Management Services	4,650,000	3,236,886	8,263,114	69.6
	Resource Mobilization/Debt Management	31,533,455	14,466,384	27,204,135	45.9
	Development	11,835,260	16,229,272	15,304,183	137.1
	Sub total	684,465,758	562,162,927	77,302,831	82.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Gender	General Administration, Planning and Support Services	72,568,629	64,389,590		88.7
	Conservation of Culture	13,259,300	3,876,895		29.2
	Sports Development	48,176,900	25,022,888		51.9
	Gender Mainstreaming	35,297,000	19,745,430		55.9
	Betting control and licensing	18,017,000	13,994,875		77.7
	Social & Youth Devpt	87,194,684	46,986,598		53.9
	Sub total	274,513,513	174,016,276	-	63.4
Health	Curative and rehabilitative	559,781,345	367,995,918	300,000	65.7
	General Administration, Planning & Support Services	2,944,142,640	2,489,174,474	3,000,000	84.5
	Development	785,174,152	622,351,827	2,000,000	79.3
	Sub total	4,289,098,137	3,479,522,219	5,300,000	81.1
Lands & Energy	General Administration Planning and Support services	168,321,956	107,986,498		64.2
	Land policy and planning	167,801,699	115,202,442		68.7
	Alternative Energy Technologies	187,104,504	165,316,428		88.4
	Sub total	523,228,159	388,505,368	-	74.3
Livestock	Administration, Planning and Sup- port services	13,471,929	10,077,682	3,394,247	74.8
	Livestock Production and Manage- ment	19,164,639	11,032,370	8,132,269	57.6
	Livestock Value Addition and Marketing	59,889,231	54,011,889	5,877,342	90.2
	Food Safety and Animal Products Development	29,121,497	27,174,346	1,947,151	93.3
	Livestock Disease Management and Control	26,943,035	24,758,718	2,184,317	91.9
	Sub total	148,590,331	127,055,005	21,535,326	85.5
Fisheries	Fisheries Policy and Capacity Develop- ment	49,163,146	33,565,904	15,597,242	68.3
	Assurance of Fish Safety, Value Addition and Marketing	45,487,508	38,809,671	6,677,837	85.3
	Sub total	94,650,654	72,375,575	22,275,079	76.5
Office of the Governor	Intergovernmental relations	11,175,368	10,397,816	777,552	93.0
	Administration, planning and sup- port services	338,490,453	333,288,308	5,056,145	98.5
	Sub total	349,665,821	343,686,124	5,833,697	98.3
County As- sembly	General administration	817,588,616	816,443,237		99.9
	Development	118,500,000	92,619,206		78.2
	Sub total	936,088,616	909,062,443	-	97.1
Public Works	General administration, planning and support services	390,810,265	390,810,265		100.0
	Road Transport	1,205,455,408	994,099,685		82.5
	Sub total	1,596,265,673	1,384,909,950	-	86.8
Trade & Tourism	General Administration, Planning and Support services	137,628,379	75,153,248	24,230,491	54.6
	Trade & Tourism Development and Promotion	225,795,737	242,265,876	91,244,538	107.3
	Co-operative Development and Promotion	14,350,000	4,837,673	9,512,327	33.7
	Sub total	377,774,116	322,256,797	124,987,356	85.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Service Board	General Administration, Planning and Support Services	53,426,782	46,218,967	7,207,815	86.5
	Coordination and Supervision	3,039,735	1,569,082	1,470,653	51.6
	Human Resource Development	5,100,000	4,158,545	941,455	81.5
	Performance Management	4,591,684	2,277,968	2,313,716	49.6
	Sub total	66,158,201	54,224,562	11,933,639	82.0
Kilifi Municipality	General Administration & Development	121,593,668	16,442,343	8,557,657	13.5
	Sub total	121,593,668	16,442,343	8,557,657	13.5
Malindi Municipality	General Administration & Development	293,598,185	19,751,740	14,240,114	6.7
	Sub total	293,598,185	19,751,740	14,240,114	6.7
Physical Planning & Urban Development	General Administration	158,385,400	111,062,578		70.1
	Sub total	158,385,400	111,062,578	-	70.1
ICT	General Administration	81,855,754			0.0
	Sub total	81,855,754			0.0
Water & Sanitation	General Administration, Planning and Support Services	195,276,631	195,580,837	(304,206)	100.2
	Water Resource management	1,126,690,191	964,108,073	162,582,118	85.6
	Sub total	1,321,966,822	1,159,688,910	162,277,912	87.7
Grand Total		14,661,031,385	11,872,640,652	812,207,836	81.0

Source: Kilifi County Treasury

The top sub-programmes with the highest levels of absorption rates were: Kenya devolution support programme in the Department of Finance at 318 per cent, Production Management under the Department of Agriculture at 125.5 per cent, and Trade & Tourism Development and Promotion in the Department of Trade & Tourism at 107.3 per cent of budget allocation. An absorption rate above 100 per cent is irregular and an indication of weak internal control.

3.15.11 Key Observations and Recommendations

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

1. 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 27th August 2021, contrary to the requirement to provide financial reports by 15th July 2021.
2. The underperformance of own-source revenue at Kshs.833.84 million against an annual projection of Kshs.1.2 billion, representing 69.4 per cent of the annual target.
3. Failure by Fund Administrators to submit financial and non-financial statements in line with Section 168 of the PFM Act, 2012. The County did not submit reports for the Kilifi County Scholarship Fund, Kilifi County Mbegu Fund, and Kilifi County Emergency Fund.
4. A high wage bill, which accounted for 38.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
5. As shown in Table 3.80 and Table 3.81, there was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations, indicating misappropriation of funds.
6. High expenditure on local travel at Kshs.242.13 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
7. High expenditure on local travel at Kshs.242.13 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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. *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.*
4. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
5. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
6. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
7. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*
- 8.

3.16 County Government of Kirinyaga

3.16.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.6.80 billion, comprising of Kshs. 2.56 billion (37.6 per cent) and Kshs.4.23 billion (62.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (62.4 per cent) as the equitable share of revenue raised nationally, Kshs.540.67 million (8 per cent) as total conditional grants, generate Kshs.405 million (6.0 per cent) from own sources of revenue, and a cash balance of Kshs.1.61 billion (23.7 per cent) from FY 2019/20.

3.16.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.24 billion as the equitable share of the revenue raised nationally, Kshs.524.64 million as conditional grants, raised Kshs.346.52 million as own-source revenue, and had a cash balance of Kshs.1.68 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.72 billion, as shown in Table 3.82.

Table 3.82: Kirinyaga County, Revenue Performance in FY 2020/21

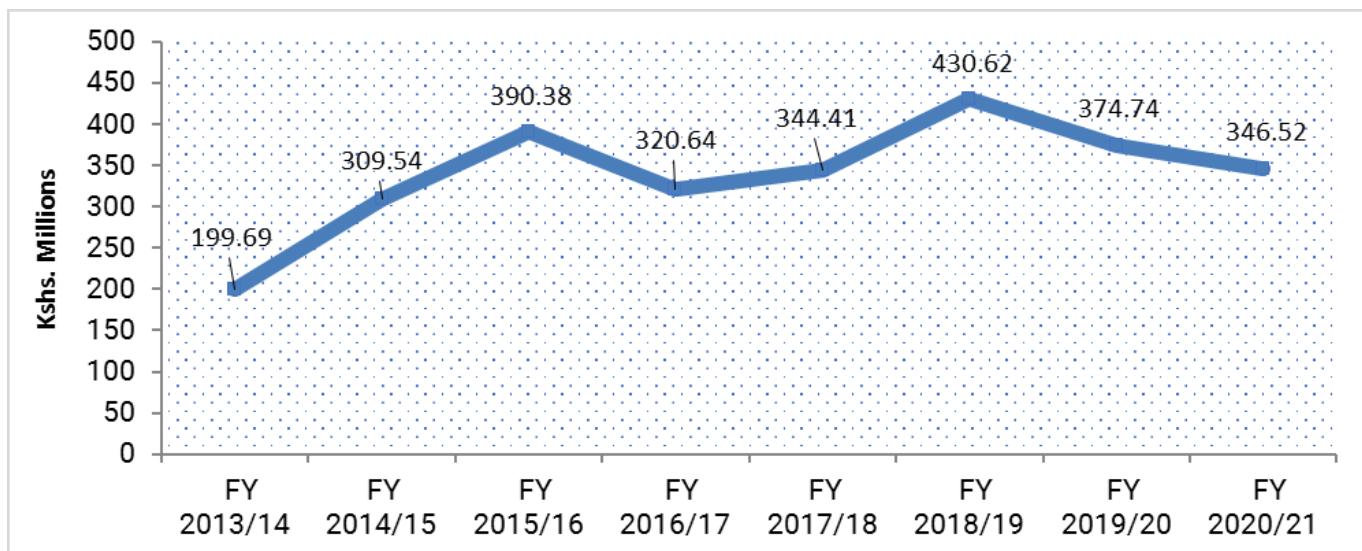
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,241,100,000	4,241,100,000	4,241,100,000	100
B. Conditional Grants from the National Government Revenue					
11.	Compensation for User Fee Foregone	11,282,570	11,282,570	11,282,570	100
12.	Leasing of Medical Equipment	132,021,277	-	-	-
13.	Road Maintenance Fuel Levy Fund	127,349,086	127,349,086	127,348,086	100
14.	Rehabilitation of Village Polytechnics	26,899,894	26,899,894	26,899,894	100
Sub Total		297,552,827.00	165,531,550.00	165,530,550.00	100
C. Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	26,720,000	26,720,000	25,272,242	94.6
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,748,243	199,748,243	80,586,499	40.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	71,302,200	38,616,526	54.2
5.	DANIDA Grant	12,060,000.00	12,060,000	12,060,000	100

1.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	-	146,608,512	-
2.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	11,509,004.00	11,509,004	11,009,703	95.7
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	8,800,000	-	-
Sub Total		295,037,247.00	375,139,447.00	359,153,482.00	95.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	405,000,000	346,521,599	85.6
2.	Rolled over Funds	-	809,996,082	809,996,082	100
3.	COVID-19 Emergency Response	-	116,356,000	116,356,000	100
4.	Savings from Roads Maintenance Levy Fund for FY 2018-2019	-	24,400,000	24,400,000	100
5.	Delayed Exchequer Disbursement June 2020	-	364,734,600	364,734,600	100
6.	Additional Allocation Financed by Grant from Government of Denmark to Supplement Financing of County Health facilities (DANIDA)	-	4,585,000	4,585,000	100
7.	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2018/2019)	-	41,078,830	41,078,830	100
8.	IDA (World Bank)-Kenya Devolution Support Programme Grant (KDSP) Level 1 Grant (Roll-Over FY 2019/2020)	-	30,000,000	30,000,000	100
9.	IDA-(World Bank) Kenya Devolution Support Programme Grant (KDSP) Level 2 Grant	-	146,608,512	146,608,512	100
10.	Receipt from National Government's Ministry of Health for allowances to be paid to frontline health care workers for COVID-19	-	43,740,000	43,740,000	100
11.	KRB Savings - for 2018/19 and 2019/20 Fys	-	27,335,647	27,335,647	100
Sub Total		-	2,013,834,671	1,955,356,270	97.1
Grand Total		4,833,690,074.00	6,795,605,668	6,721,140,302	98.9

Source: Kirinyaga County Treasury

Figure 3.29 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.29: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kirinyaga County Treasury

In FY 2020/21, the County generated Kshs.346.52 million as own-source revenue. This amount represented a decrease of 8.1 per cent compared to Kshs.374.73 million realised during a similar period in FY 2019/20 and was 85.6 per cent of the annual target.

3.16.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.60 billion from the CRF account during the reporting period. The amount comprised Kshs.1.46 million (26 per cent) for development programmes and Kshs.4.14 billion (74 per cent) for recurrent programmes.

3.16.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.60 billion on development and recurrent programmes. The expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.1.45 million and Kshs.4.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 57 per cent, while recurrent expenditure represented 97.7 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.178.36 million for development activities and Kshs.223.77 million for recurrent costs.

3.16.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.47 billion was spent on employee compensation, Kshs.1.67 million on operations and maintenance, and Kshs.1.46 million on development activities, as shown in Table 3.83.

Table 3.83: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Revenue (%)	Absorption (%)
Total Recurrent Expenditure	4,237,419,764	4,139,325,954	4,139,325,954	61.6	97.7
Compensation to Employees	2,467,210,517	2,465,375,370	2,465,375,370	36.7	99.9
Operations and Maintenance	1,770,209,247	1,673,950,584	1,673,950,584	24.9	94.6
Total Development Expenditure	2,558,185,904	1,457,989,789	1,457,989,789	21.7	57.0
Total	6,795,605,668	5,597,315,743	5,597,315,743	83.3	82.4

Source: Kirinyaga County Treasury

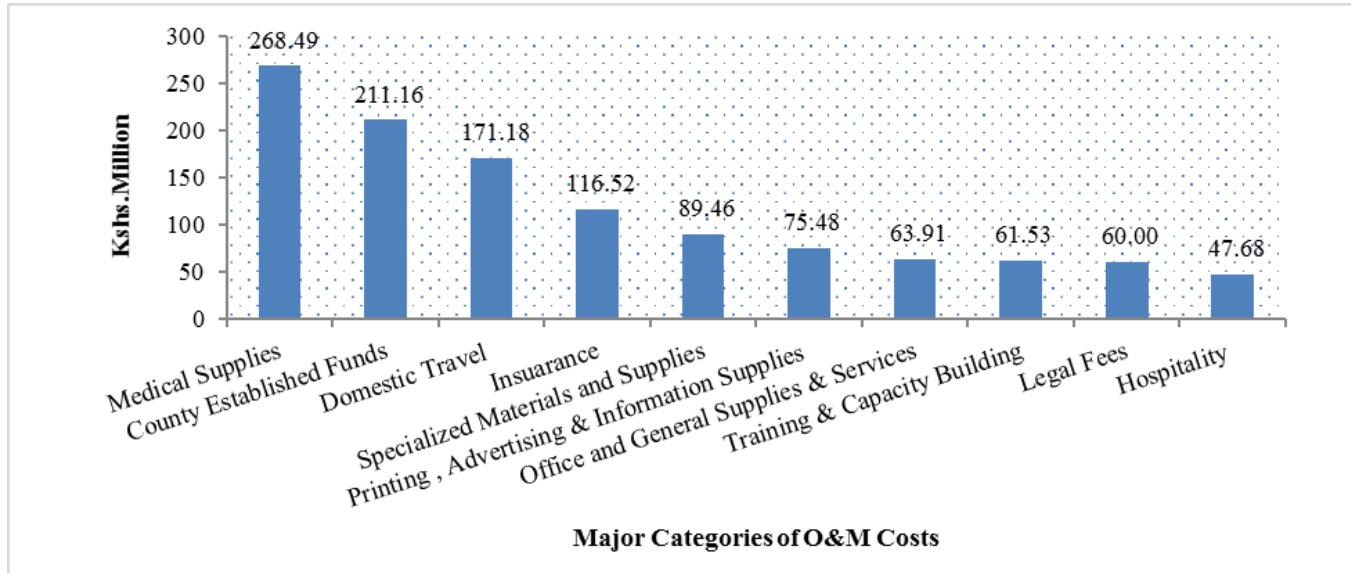
3.16.6 Expenditure on Personnel Emoluments

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 44.0 per cent of the total expenditure for the reporting period and 36.7 per cent of revenue.

3.16.7 Expenditure on Operations and Maintenance

Figure 3.30 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.30: Kirinyaga County, Operations and Maintenance Expenditure by Major Categories



Source: Kirinyaga County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.38.64 million on committee sitting allowances for the 34 MCAs and Speaker against the annual budget allocation of Kshs.39.31 million. The average monthly sitting allowance was Kshs.94,721 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.171.18 million and comprised Kshs.113.00 million spent by the County Assembly and Kshs.58.18 million by the County Executive. There was no expenditure on foreign travel.

3.16.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs. 164.68 million to cater for COVID-19 related expenditure, which included Kshs. 164.68 million brought forward from FY 2019/20. A total of Kshs.143.96 million was spent during the reporting period, as shown in Table 3.84.

Table 3.84: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1.	National Government for COVID-19 Grant	116,356,000	95,643,223
2.	Allowances for Front Line Health Care Workers	43,740,000	43,740,000
	DANIDA Grant for COVID	4,585,000	4,585,000
Total		164,681,000	143,968,223

3.16.9 Development Expenditure

The County incurred an expenditure of Kshs.1.45 on development programmes, which represented an increase of 21.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 1.14 billion. Table 3.85 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.85: Kirinyaga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Ongoing Construction of 220-bed capacity medical Complex and Kian-dai Dispensary Completion, fencing, exhaustible toilet and Equipping*2	Medical Services and Public Health	Kerugoya	254,637,442	234,029,685	91.9
2	Allocation of Roads Maintenance Fuel Levy Fund for Repair and Maintenance of County Roads	Transport and Infrastructure	County Hqs	127,349,086	127,349,086	100.0

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	Conditional Grant from National Government for COVID-19 Emergency Response)	Medical Services and Public Health	County Hqs	116,356,000	116,356,000	100.0
4	Construction of Ward Offices for elected MCAs	County Assembly	Kerugoya	276,500,000	108,700,120	39.3
5	Settlement of Development Pending Bills as contained in the report of OAG on pending bills	County Executive	County Hqs	70,000,000	65,822,301	94.0
6	IDA- (World Bank) Credit National Agricultural and Rural Inclusive Growth Project (NARIGP)	Agriculture, Livestock and Fisheries	County Hqs	244,686,978	55,754,859	22.8
7	Wezesha Kirinyaga Initiative	Agriculture, Livestock and Fisheries	County Wide	47,000,000	47,000,000	100
8	Purchase, Installation & Commissioning of 4 fully functional ICU beds for COVID-19 Response	Medical Services and Public Health	Kerugoya	45,000,000	36,440,336	81.0
9	County Assembly -Development and refurbishments- Chambers	County Assembly	Kerugoya	30,000,000	28,412,600	94.7
10	Provision of capitation and development of county-run youth polytechnics	Education	County Hqs	26,899,894	26,899,894	100

Source: Kirinyaga County Treasury

3.16.10 Budget Performance by Department

Table 3.86 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.86: 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
Agriculture, Livestock and Fisheries	190.70	546.60	189.70	167.38	189.70	167.38	100	100	99.5	30.6
Cooperative Development Trade and Tourism	42.84	19.59	42.29	11.01	42.29	11.01	100	100	98.7	56.2
County Assembly	669.39	428.86	669.39	169.29	669.39	169.29	100	100	100	39.5
County Executive	465.24	109.10	462.78	94.97	462.78	94.97	100	100	99.5	87.0
Education	246.04	54.54	245.95	30.94	245.95	30.94	100	100	100	56.7
Environment and Natural Resources	102.59	105.80	101.88	83.90	101.88	83.90	100	100	99.3	79.3
Finance and Economic Planning	557.96	152.67	483.63	5.98	483.63	5.98	100	100	86.7	3.9
Gender and Youth	46.17	9.73	45.88	8.64	45.88	8.64	100	100	99.4	88.8
Medical Services and Public Health	1,779.79	556.55	1,773.71	483.33	1,773.71	483.33	100	100	99.7	86.8
Physical Planning and Housing	37.77	165.00	28.70	42.72	28.70	42.72	100	100	76.0	25.9
Sports Culture and Social Services	19.35	18.06	18.92	15.60	18.92	15.60	100	100	97.8	86.4

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Transport and Infrastructure	79.58	391.68	76.49	344.22	76.49	344.22	100	100	96.1	87.9
Total	4,237.42	2,558.19	4,139.33	1,457.99	4,139.33	1,457.99	100	100	97.7	57.0

Source: Kirinyaga County Treasury

Analysis of expenditure by Department shows that the Department of Gender and Youth recorded the highest absorption rate of development budget at 88.8 per cent while the Department of Finance and Economic Planning recorded the lowest absorption rate of development budget at 3.9%. The Department of Education and the County Assembly had the highest percentage of recurrent expenditure to budget at 100.0% per cent while the Department of Physical Planning and Housing had the lowest at 76.0 per cent.

3.16.11 Budget Execution by Programmes and Sub-Programmes

Table 3.87 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.87: Kirinyaga 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 (%)
Legislation and Oversight		1,098,254,050	838,685,823	259,568,227	76.4%
Sub Total		1,098,254,050	838,685,823	259,568,227	76.4%
Office of the Governor and Deputy Governor	070601 County Executive Services	294,410,882	292,813,484.90	1,597,397	99.5%
County Executive Administration	070701 County Executive Services	109,097,638	94,966,543.00	14,131,095	87.0%
Management of County Affairs	070801 Coordination of County Functions	109,452,000	109,061,678.00	390,322	99.6%
County Executive Committee Affairs	070901 Organization of County Business	3,200,000	3,199,600.00	400	100.0%
County Public Service Board	071001 Human Resource Management	13,253,640	13,047,268.00	206,372	98.4%
Administrative Support Services	020202 ICT Governance	5,480,000	5,477,214.00	2,786	99.9%
	020701 Government Buildings Services	2,567,000	2,558,977.00	8,023	99.7%
	070411 Audit Committee	1,919,000	1,919,000.00	-	100.0%
	070412 County Enforcement Activities	4,185,000	4,065,540.00	119,460	97.1%
	070413 ICT Infrastructure Development Management	13,458,800	13,446,000.00	12,800	99.9%
	070414 ICT Systems Development Management	17,314,717	17,190,210.00	124,507	99.3%
Sub Total		574,338,677	557,745,515	16,593,162	97.1%
Public Finance Management	070401 Finance Services	659,287,412	438,827,488.35	220,459,924	66.6%
	070402 Revenue Services	24,364,008	23,824,741.15	539,267	97.8%
	070404 Procurement and Supply Services	6,446,500	6,446,499.75	0	100.0%
	070405 Internal Audit Services	1,318,200	1,317,848.50	352	100.0%
	070408 Budget Formulation, Coordination and Management	9,224,520	9,223,338.00	1,182	100.0%
	070409 Accounting Services	5,477,500	5,474,150.00	3,350	99.9%
County Planning and Economic Policy Management	070501 Economic Planning Services	4,516,246	4,499,213.00	17,033	99.6%
Sub Total		710,634,386.00	489,613,278.75	221,021,107.25	68.9%
Curative and Rehabilitative Services	040301 Curative and Rehabilitative Services	2,336,344,541	2,257,040,182.65	79,304,358	96.6%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub Total		2,336,344,541	2,257,040,183	79,304,358	96.6%
Basic Education	050101 General Administration	215,696,229	215,682,390.95	13,838	100.0%
	050102 Free Pre- Primary Edu- cation	3,270,000	2,723,000.00	547,000	83.3%
State Education Function Support	050203 Tertiary Education	54,038,344	30,936,429.00	23,101,915	57.2%
Technical and Vocational Training	050301 Village Polytechnique	27,578,394	27,549,184.00	29,210	99.9%
Sub Total		300,582,967	276,891,004	23,691,963	92.1%
Livestock Resource Management and Development	010102 Livestock Extension and Capacity Building Services	305,000	250,950.00	54,050	82.3%
	010105 Livestock Production Management	1,380,000	1,379,922.00	78	100.0%
	010106 Livestock Disease Man- agement & Control	3,200,000	3,163,165.00	36,835	98.8%
Crop Development and Manage- ment	010202 Agricultural Extension Services	1,500,000	1,498,395.00	1,605	99.9%
	010203 Agribusiness and Market Development	320,000	319,720.00	280	99.9%
	010206 Land and Crop Develop- ment	1,331,000	1,331,000.00	-	100.0%
	010207 Food Security Initiatives	400,000	400,000.00	-	100.0%
Kamweti Agricultural Training Centre	Extension and Training			-	
Fisheries Development	010402 Aquaculture Develop- ment	200,000	200,000.00	-	100.0%
Policy Strategy and Management of Agriculture	010801 Development of Agricul- tural Policy	1,643,000	1,638,483.00	4,517	99.7%
	011001 General Administration and Planning	727,021,812	346,903,184.25	380,118,628	47.7%
Sub Total		737,300,812	357,084,819	380,215,993	48.4%
Culture	090702 Social Welfare Services	10,687,000	10,665,462.00	21,538	99.8%
	091201 Gender Administration Services	30,821,210	30,800,089.75	21,120	99.9%
	091301 Gender and Social Devel- opment	13,723,421	12,386,358.00	1,337,063	90.3%
Youth	090901 Youth Development and Empowerment Services	670,000	669,000.00	1,000	99.9%
Sub Total		55,901,631	54,520,910	1,380,721	97.5%
Sports	090701 General Administration	12,221,217	12,197,686.85	23,530	99.8%
	090801 Development of Sports and Sports Facilities	18,062,200	15,603,967.00	2,458,233	86.4%
	091401 Management & Devel- opment of Sports and Sports Facilities	825,000	617,979.00	207,021	74.9%
	091601 Control & Campaign Against Drug & Substance Abuse	1,549,000	1,549,000.00	-	100.0%
	091701 Preservation & Promo- tion of Heritage and Culture	248,800	248,000.00	800	99.7%
Children Services	091101 Child Community Sup- port Services	4,501,000	4,307,017.00	193,983	95.7%
Sub Total		37,407,217	34,523,650	2,883,567	92.3%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Pay- ments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade Development and Investment	030401 General Administration and Planning	37,803,441	37,674,341.25	129,100	99.7%
	030103 Capacity Building for Traders and SME's	1,527,000	1,352,500.00	174,500	88.6%
	030104 promotion, Development & Growth of Trade	354,000	353,400.00	600	99.8%
	030105 Fair Trade Practises and Consumer Protection	205,000	193,400.00	11,600	94.3%
Tourism Development and Marketing	030302 Tourism Promotion and Marketing	195,500	173,260.00	22,240	88.6%
	030304 International Tourism Promotion and Marketing	310,000	293,000.00	17,000	94.5%
	030305 Promotion of Industrial Development	1,238,500	1,152,770.00	85,730	93.1%
	030306 Provision of Industrial Training	140,000	99,600.00	40,400	71.1%
Cooperative Development and Marketing	030101 General Administration & Planning	19,585,934	11,011,600.00	8,574,334	56.2%
	030405 Cooperative Advisory and Extension Services	295,000	253,300.00	41,700	85.9%
	030406 Cooperative Education and Training	542,000	529,800.00	12,200	97.7%
	030407 Cooperative Governance and Accountability	159,000	146,900.00	12,100	92.4%
Cooperative Audit Services	030603 Inspections and Investigations for Cooperatives	70,000	70,000.00	-	100.0%
Sub Total		62,425,375	53,303,871	9,121,504	85.4%
Water Supply Services	090101 Water and Irrigation	105,800,000	83,902,956.00	21,897,044	79.3%
Energy Programme	090301 Energy Services	405,000	334,940.00	70,060	82.7%
Cleaning and Waste Management	090502 Environment Management and Protection	675,800	660,800.00	15,000	97.8%
Nema	090401 Waste Management Services	101,508,439	100,883,531.00	624,908	99.4%
Sub Total		208,389,239	185,782,227	22,607,012	89.2%
Land and Physical Planning	010601 General Administration and Planning	35,333,028	26,376,774.00	8,956,254	74.7%
	010604 County Spatial Planning	1,510,000	1,442,792.00	67,208	95.5%
	010605 Town Zoning and Mapping	164,999,831	42,716,526.00	122,283,305	25.9%
	010607 Survey and Mapping	505,000	470,162.00	34,838	93.1%
Housing Development	010701 Improvement and Development of Human Settlements	420,000	409,000.00	11,000	97.4%
Sub Total		202,767,859	71,415,254	131,352,605	35.2%
Transport Management	020301 General Administration and Planning	64,071,285	63,845,341.20	225,944	99.6%
Disaster Management	020401 Fire Fighting and Emergency Services	4,507,000	3,153,810.00	1,353,190	70.0%
Roads Development Maintenance and Management	020601 Construction and Maintenance of Roads and Bridges	392,980,630	344,517,135.00	48,463,495	87.7%
Infrastructure Development, Maintenance and Management	020801 Infrastructure Development Services	9,700,000	9,192,922.00	507,078	94.8%
Sub Total		471,258,915	420,709,208	50,549,707	89.3%
Grand Total		6,795,605,669	5,597,315,743	1,198,289,926	82.4%

Source: Kirinyaga County Treasury

The top three programmes with the highest levels of absorption rates were: County Executive Affairs in the Department of County Executive at 100 per cent, Fisheries Development in the Department of Agriculture Livestock and Fisheries at 100 per cent and Cooperative Audit in the Department of Cooperative Development Trade and Tourism at 100 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 identified the following challenges which hampered effective budget implementation:

1. A high wage bill, which accounted for 44.0 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
2. Delay in disbursement of the equitable share of revenue raised nationally by the National Treasury.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
2. *The County Treasury should liaise with the National Treasury to ensure that funds allocated to the County are released according to the CARA, 2017 Disbursement Schedule.*

3.17 County Government of Kisii

3.17.1 Overview of FY 2020/21 Budget

The County's approved Supplementary budget for FY 2020/21 was Kshs.12.67 billion, comprising Kshs. 4.11 billion (32.4 per cent) and Kshs.8.56 billion (67.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.79 billion (61.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.64 billion (13.0 per cent) as total conditional grants, generate Kshs.650 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.2.59 billion (20.4 per cent) from FY 2019/20.

3.17.2 Revenue Performance

In FY 2020/21, the County received Kshs.7.12 billion as the equitable share of the revenue raised nationally, Kshs.1.23 billion as conditional grants, raised Kshs.403 million as own-source revenue, and had a cash balance of Kshs.1.45 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.10.21 billion, as shown in Table 3.88.

Table 3.88: Kisii County, Revenue Performance in FY 2020/21

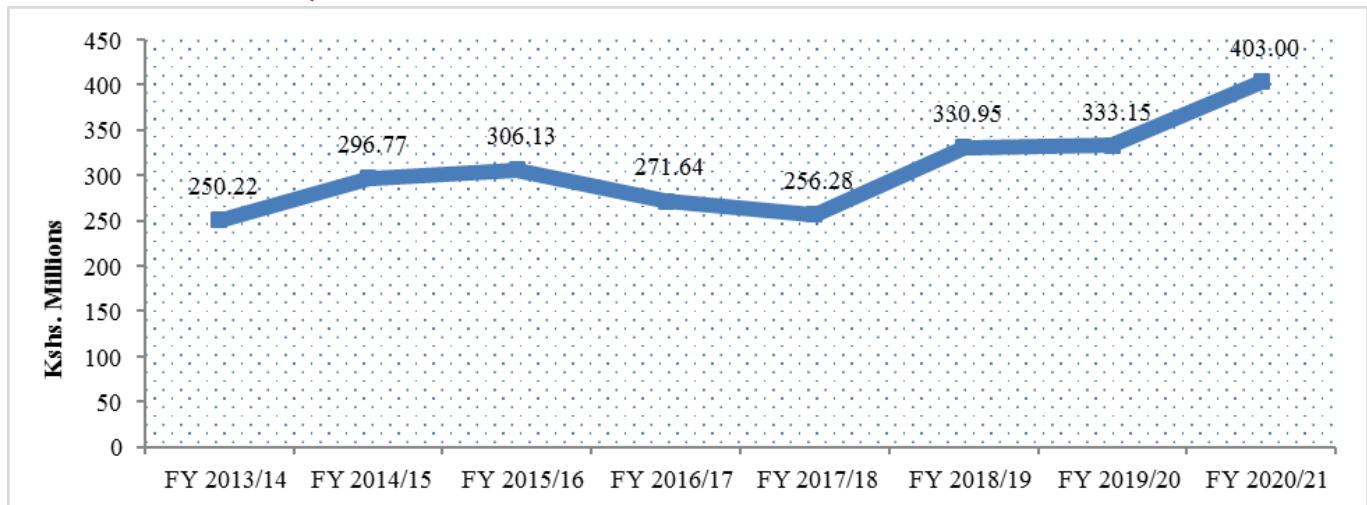
S>No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as % of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	7,785,900,000	7,785,900,000	7,124,098,500	91.5
B. Conditional Grants from the National Government					
1.	Compensation for User Fee Foregone	26,138,997	26,138,997	26,138,997	100
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	233,001,661	233,001,661	233,001,661	100
4.	Rehabilitation of Village Polytechnics	70,549,894	70,549,894	70,549,894	100
5.	Conditional Share for Kisii Level Five	417,572,254	417,572,254	417,572,254	100
Sub Total		879,284,083	879,284,083	747,262,806	85.0
C. Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB)	68,638,638	68,638,638	33,726,726	49.1
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,615,016	198,615,016	248,356,456	125
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as % of Annual Budget Allocation (%)
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 11 Grant	-	128,507,146	-	-
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grants (UDG)	-	164,053,800	24,227,795	14.8
6.	DANIDA Grant	22,140,000	22,140,000	22,140,000	100
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,185,102	14,185,102	13,686,008	96.5
8.	EU Grant (Instruments for Devolution Advice and Support IDEAS)	16,140,145	16,140,145	16,140,145	100
9.	Conditional Grant- Frontline Health workers Top-up Allowances		84,165,000	84,165,000	100
10.	Aquaculture Business Development Programme (IFAD)	-	23,700,000	-	-
Sub Total		364,718,901	765,144,847	487,442,130	63.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	650,000,000	403,001,860	62
2.	Balance b/f from FY 2019/20	-	2,590,952,010	1,452,936,079	56.1
Sub Total		3,240,952,010	1,855,937,939	57.3	
Grand Total		9,029,902,984	12,671,280,940	10,214,741,375	80.6

Source: Kisii County Treasury

Figure 3.31 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.31: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kisii County Treasury

In FY 2020/21, the County generated Kshs.403 million as own-source revenue. This amount represented an increase of 21 per cent compared to Kshs.333.15 million realised during a similar period in FY 2019/20 and was 62 per cent of the annual target.

3.17.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.58 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.38 billion (24.8 per cent) for development programmes and Kshs.7.20 billion (75.2 per cent) for recurrent programmes.

3.17.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.9.78 billion on development and recurrent programmes. The expenditure represented 102.1 per cent of the total funds released by the COB and comprised of Kshs.2.60 billion

and Kshs.7.18 billion on development and recurrent programmes. The excess expenditure over exchequer releases resulted from balances brought forward in special-purpose accounts from FY 2019/20. Expenditure on development programmes represented an absorption rate of 63.2 per cent, while recurrent expenditure represented 83.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.420.73 million for development activities and Kshs.267.73 million for recurrent costs.

3.17.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.5.43 billion was spent on employee compensation, Kshs.1.76 billion on operations and maintenance, and Kshs.2.60 billion on development activities, as shown in Table 3.89.

Table 3.89: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,564,557,577	7,202,948,294	7,184,164,835	83.9
Compensation to Employees	5,741,838,126	5,428,126,281	5,428,126,282	94.5
Operations and Maintenance	2,822,719,451	1,774,822,013	1,756,038,553	62.2
Total Development Expenditure	4,106,723,363	2,377,791,120	2,595,106,387	63.2
Total	12,671,280,940	9,580,739,414	9,779,271,222	77.2

Source: Kisii County Treasury

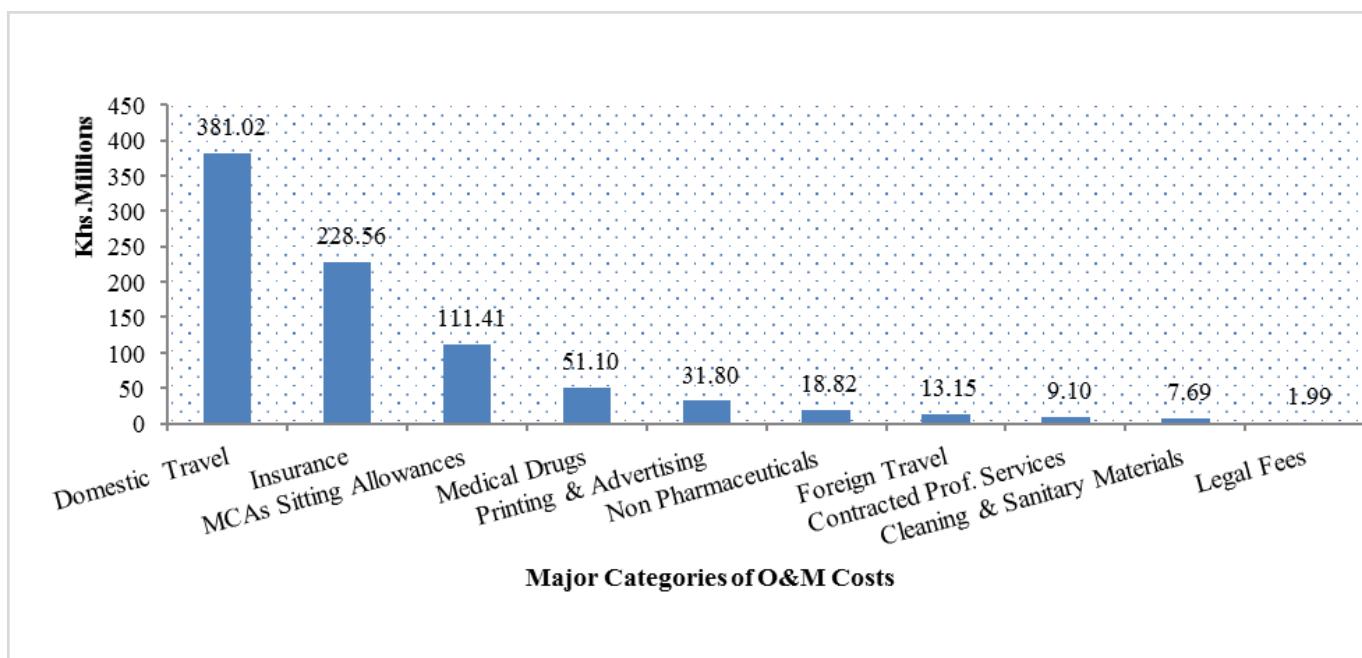
3.17.6 Expenditure on Personnel Emoluments

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 53.1 per cent of revenue.

3.17.7 Expenditure on Operations and Maintenance

Figure 3.32 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.32: Kisii County, Operations and Maintenance Expenditure by Major Categories



Source: Kisii County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.111.41 million on committee sitting allowances for the 70 MCAs and Speaker against the annual budget allocation of Kshs.123.84 million. The average monthly sitting allowance was Kshs.130,766 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.381.02 million and comprised Kshs.136.23 million spent by the County Assembly and Kshs.244.79 million by the County Executive. Spending on foreign travel amounted to Kshs 13.15 million consisting of Kshs.1.19 million by the County Assembly and Kshs.11.96 million by the County Executive.

3.17.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.156.87 million to cater for COVID-19 related expenditure. This amount included Kshs.58.58 million brought forward from FY 2019/20. A total of Kshs.148.22 million was spent during the reporting period, as shown in Table 3.90.

Table 3.90: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Renovations and alteration to COVID 19 isolation and treatment Units at KTRH and Getembe dispensary	26,575,450	26,381,787
2	Purchase of medical equipment for COVID 19 isolation and treatment units	28,290,469	26,745,669
3	Purchase of PPEs and other medical supplies for COVID 19	89,506,581	86,138,173
4	Food ration for COVID 19	8,700,000	8,700,000
5	Training for health workers	3,500,000	-
6	Airtime for health workers	300,000	250,000
	Total	156,872,500	148,215,628

Source: Kisii County Treasury

3.17.9 Development Expenditure

The County incurred an expenditure of Kshs.2.60 billion on development programmes, which represented an increase of 2.02 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.54 billion. Table 3.91 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.91: 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	Inner truck drainage and truck	Gusii stadium	36,000,000	33,381,628	92.7
2	Supply,delivery, installation and commissioning of 170 no. solar lights	Kisii Town	54,898,600	18,426,804	33.6
3	Construction of the tartan track phase 1 in Gusii stadium	Gusii stadium	76,071,870	18,000,000	23.7
4	Proposed construction of doctors plaza Ktrh	KTRH	27,460,057	17,892,397	65.2
5	Repair and maintenance of Moneke-magena-keera-sensi-si-salamba-embonga	Nyatioko/Sensi/Monyerero/Kegogi	13,222,699	12,387,930	93.7
6	Construction of perimeter fence at nyatioko waste management site	Nyatioko	22,573,195	10,000,000	44.3
7	Construction of abolition block and cabro paving to Ktrh	KTRH	9,817,530	9,223,729	94
8	Repair, maintenance and reinstatement of civil works within Kisii Municipality	Kisii Town	9,147,833	8,550,000	93.5
9	Establishment of treatment and rehabilitation centre at Kiamwasi	Kiamwasi	11,409,587	8,197,792	71.9
10	Supply and fixing of carpet to main pavilion VIP rooms	Gusii stadium	8,400,000	8,067,000	96

Source: Kisii County Treasury

3.17.10 Budget Performance by Department

Table 3.92 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.92: 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 Assembly	963.7	57.55	915.31	46.95	915.31	46.95	100	100	95	81.6

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 Executive and Public Service Board	479.51	35.3	365.74	9	368.17	9	101	100	76.8	25.5
Administration and Stakeholder management	675.12	36.45	552.52	10.53	551.16	10.53	99.8	100	81.6	28.9
Finance & Economic planning	1,185.58	70	1,008.81	54.25	991.73	54.25	98.3	100	83.6	77.5
Agriculture and Co-operative development	443.27	643.01	371.26	561.96	378.69	596.78	102	106.2	85.4	92.8
Energy, Water, Environment And Natural Resources	195.24	231.5	137.89	154.87	136.95	152.47	99.3	98.5	70.1	65.9
Education, Youth Affairs & Social Development	620.78	156.34	433.65	92.62	435.31	91.87	100.4	99.2	70.1	58.8
County Health Services	3,418.24	939.49	3,018.58	389.93	3,014.19	511.66	99.9	131.2	88.2	54.5
Lands, Physical Planning and Urban Development	93.36	95.18	71.44	38.54	69.95	38.54	97.9	100	74.9	40.5
Roads, public works, Transport	213	1,284.40	144	861.25	145.19	861.13	100.8	100	68.2	67
Trade Development, Industry and Tourism	82.74	106.75	62.38	22.57	59.82	22.57	95.9	100	72.3	21.1
Culture and Social Services	77.26	202.03	51.99	97.6	51.69	97.6	99.4	100	66.9	48.3
Kisii town Urban Area	116.76	248.72	69.37	37.73	66.01	101.75	95.1	269.7	56.5	40.9
Total	8,564.56	4,106.72	7,202.95	2,377.79	7,184.16	2,595.11	99.74	109.14	83.88	63.19

Source: Kisii County Treasury

Analysis of expenditure by Department shows that the Department of Agriculture and co-operative development recorded the highest absorption rate of development budget at 92.8 per cent. The Department of County Assembly had the highest percentage of recurrent expenditure to budget at 95 per cent, while the Department of Kisii Town Urban area had the lowest at 56.5 per cent.

3.17.11 Budget Execution by Programmes and Sub-Programmes

Table 3.93 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.93: Kisii County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorp - tion (%)
County Assembly	Office of The Speaker	13,490,000	6,557,182	6,932,818	48.6
	Representation,Legislative and Oversight Services	192,401,067	185,785,657	6,615,410	96.6
	County Assembly Service Board	815,359,901	769,909,849	45,450,052	94.4
	Sub Total	1,021,250,968	962,252,688	58,998,280	94.2

County Executive	Administration, Planning and Support Services	388,794,695	313,113,264	75,681,431	80.5
	Office of The County Secretary	30,720,000	16,900,939	13,819,061	55.0
	Legal Services	20,500,000	8,493,498	12,006,502	41.4
	Communication Services	25,750,000	7,911,799	17,838,201	30.7
	Special Programmes	6,450,000	3,899,460	2,550,540	60.5
	Public Private Partnership	3,400,000	3,280,000	120,000	96.5
	Advisory Services	3,250,000	2,544,600	705,400	78.3
	Chief of Staff	3,000,000	1,752,000	1,248,000	58.4
	County Public Service Board	32,947,926	19,274,882	13,673,044	58.5
	Sub Total	514,812,621	377,170,442	137,642,179	73.3
Administration, co-operative services and stakeholder management.	Administration, Planning and Support Services	579,661,277	493,677,557	85,983,720	85.2
	Devolved Units Services	45,341,044	15,628,363	29,712,681	34.5
	Human Resource Development	11,831,072	5,519,360	6,311,712	46.7
	Enforcement Services	12,191,310	8,370,115	3,821,195	68.7
	Stakeholder Management	13,975,000	9,864,245	4,110,755	70.6
	Public Participation and Civic Education	14,575,000	7,515,600	7,059,400	51.6
	Disaster Management	16,990,752	4,994,620	11,996,132	29.4
	Fleet Management	17,000,000	16,119,594	880,406	94.8
	Sub Total	711,565,455	561,689,454	149,876,001	78.9
Finance & Economic planning	Administration, Coordination and Support Services	967,850,533	835,437,553	132,412,980	86.3
	Public Financial Management Services	80,075,000	56,222,470	23,852,530	70.2
	County Planning Services	207,657,708	154,327,389	53,330,319	74.3
	Sub Total	1,255,583,241	1,045,987,412	209,595,829	83.3
Agriculture, Livestock, Veterinary & Fisheries	Administrative and Support Services	358,302,849	371,113,378	-12,810,529	103.6
	Crop Development and Value Addition	398,269,758	338,652,744	59,617,014	85.0
	Livestock Development	52,912,813	49,098,280	3,814,533	92.8
	Veterinary Services	196,500,000	187,428,846	9,071,154	95.4
	Co-Operative Development and Management	3,350,000	1,574,000	1,776,000	47.0
	Fisheries Development	60,050,000	18,954,487	41,095,513	31.6
	Kisii Agricultural Training Center	16,900,000	8,651,435	8,248,565	51.2
	Sub Total	1,086,285,420	975,473,170	110,812,250	89.8
Energy, Environment And Natural Resources	Administration and Planning Services	110,844,842	96,205,195	14,639,647	86.8
	Water and Sanitation Services	295,091,173	186,516,751	108,574,422	63.2
	Environment Management	17,000,000	6,695,100	10,304,900	39.4
	Energy Services	3,810,500	-	3,810,500	
	Sub Total	426,746,515	289,417,046	137,329,469	67.8
Education, Youth Affairs & Social Development	General Administration and Planning Services	620,777,713	435,313,510	185,464,203	70.1
	Early Childhood Development Education	64,793,940	16,761,992	48,031,948	25.9
	Vocational Training	91,549,094	75,110,524	16,438,570	82.0
	Sub Total	777,120,747	527,186,026	249,934,721	67.8
County Health Services	Medical Services	4,271,083,802	3,480,034,807	791,048,995	81.5
	Public Health	86,650,000	45,812,317	40,837,683	52.9
	Sub Total	4,357,733,802	3,525,847,124	831,886,678	80.9

Lands, Physical Planning and Urban Development	Administration, Planning and Support Services	75,357,240	58,716,143	16,641,097	77.9
	Land Use Services	50,627,915	25,787,386	24,840,529	50.9
	Urban Development	62,556,000	23,988,157	38,567,843	38.3
	Sub Total	188,541,155	108,491,686	80,049,469	57.5
Roads, public works, Transport and Housing	General Administration and Planning Services	134,390,000	105,943,560	28,446,440	78.8
	Roads Development	1,250,914,788	847,189,503	403,725,285	67.7
	Public Works	105,095,583	50,692,045	54,403,538	48.2
	Housing Services	7,000,000	-	7,000,000	-
	Sub Total	1,497,400,371	1,003,825,108	493,575,263	67.0
Trade, Tourism, Co-operatives and Enterprise Development	Administration and Planning Services	174,985,479	75,270,297	99,715,182	43.0
	Tourism Development	7,750,000	2,383,192	5,366,808	30.8
	Weights and Measures	1,700,000	1,417,200	282,800	83.4
	Liquor Licensing	1,200,000	703,600	496,400	58.6
	Betting and Gaming	3,850,000	2,614,620	1,235,380	67.9
	Sub Total	189,485,479	82,388,909	107,096,570	43.5
Culture and Social Services	Administration and Planning Services	59,456,460	41,469,230	17,987,230	69.7
	Sports Development	195,965,581	99,746,693	96,218,888	50.9
	Cultural Services	20,559,921	6,365,390	14,194,531	31.0
	Social Development	3,300,000	1,701,332	1,598,668	51.6
	Sub Total	279,281,962	149,282,645	129,999,317	53.5
Kisii town	General Administration, Planning and Support Services	116,755,459	66,006,767	50,748,692	56.5
	Infrastructure Development	248,717,745	101,754,438	146,963,307	40.9
	Sub Total	365,473,204	167,761,205	197,711,999	45.9
3.17.12	Grand Total	12,671,280,940	9,776,772,915	2,894,508,025	77.2

Source: Kisii County Treasury

The source of funds for the expenditure over the exchequer issues is the SPA closing balance for FY 2019-2020 of Kshs.81,311,704 for the grant of NAGRIP.

The top three programmes with the highest levels of absorption rates were: e presentation legislation and oversight services in the Department of County Assembly at 96.6 per cent, Public-private partnership in the Department of county executive at 96.5 per cent and Veterinary Services in the Department of Agriculture, Livestock, Veterinary & Fisheries at 95.4 per cent of budget allocation.

3.17.13 Key Observations and Recommendations

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

1. Delay in the disbursement of funds by the National Treasury.
2. A high wage bill, which accounted for 55.5 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. Underperformance in own-source revenue at Kshs.403 million against an annual projection of Kshs.650 million, representing 62 per cent of the target.
4. High expenditure on local travel at Kshs.381.02 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

1. *The National Treasury should disburse funds to the counties on a timely basis to ensure that budget implementation is not adversely affected.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel*

emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed without a hidden budget deficit.*
4. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.18 County Government of Kisumu

3.18.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.12.78 billion, comprising Kshs.4.75 billion (37.2 per cent) and Kshs.8.03 billion (62.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.84 billion (67 per cent) as the equitable share of revenue raised nationally, Kshs.1.20 billion (11.7 per cent) as total conditional grants, generate Kshs.1.58 billion (15.5 per cent) from own sources of revenue, and a cash balance of Kshs.587.93 million (6.0 per cent) from FY 2019/20. Revenue Performance

In FY 2020/21, the County received Kshs.6.84 billion as the equitable share of the revenue raised nationally, Kshs.1.50 billion as conditional grants, raised Kshs.822.3 million as own-source revenue, and had a cash balance of Kshs.587.93 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.9.75 billion as shown in Table 3.94.

Table 3.94: Kisumu County, Revenue Performance in FY 2020/21

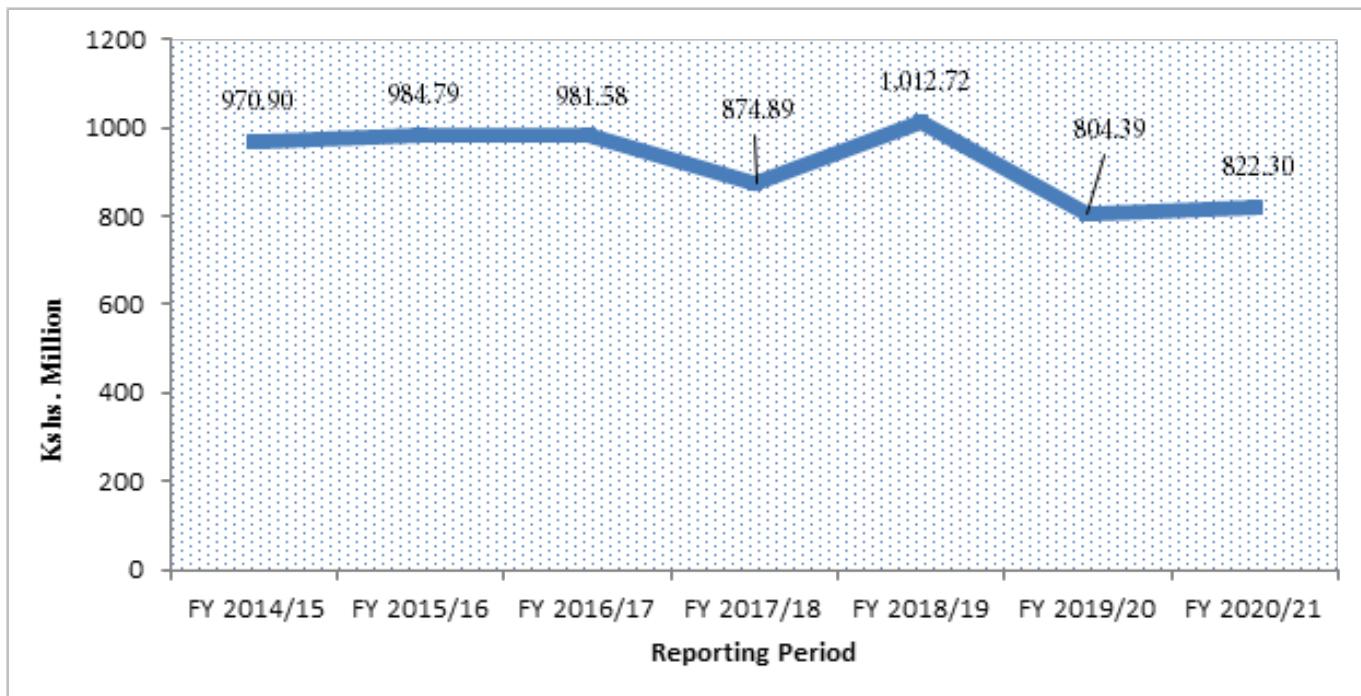
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,836,400,000	6,838,321,494	6,836,400,000	100
B. Conditional Grants from the National Government Revenue					
1.	Conditional Grants to Level-5 Hospitals	369,017,341	408,193,262	369,017,340	90.4
2.	Compensation for User Fee Foregone	21,299,489	21,299,489	21,299,489	100
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	203,758,538	305,104,656	203,758,537	66.8
5.	Rehabilitation of Village Polytechnics	45,349,894	70,323,192	45,349,894	64.5
Sub-Total		771,446,539	804,920,599	639,425,260	79.4
C Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	57,625,645	135,297,510	56,177,888	41.5
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	240,035,100	323,159,500	229,626,281	71.1
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	1,351,803,512	420,678,540	31.1
4.	DANIDA Grant	19,440,000	19,440,000	19,440,000	100
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	87,814,812	-	-
6.	UHC	-	254,545,521	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	75,545,790	127,682,844	169.0
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,186,151	20,407,439	10,735,414	52.6
9.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	34,868,974	34,868,974	-	-
10.	Covid-fund	-	278,220,000	-	-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	8,800,000	-	-
Sub Total		425,782,038	2,589,903,058	864,340,967	33.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,579,172,106	822,299,848	52.1
2.	Balance b/f from FY2019/20	-	968,038,494	587,930,400	60.7
Sub Total		-	2,547,210,600	1,410,230,248	55.4
Grand Total		8,033,628,577	12,780,355,751	9,750,396,475	76.3

Source: Kisumu County Treasury

Figure 3.33 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21. Error! Not a valid link.

Figure 3.33: Annual Trend in Own-Source Revenue Collection from FY 2014/15 to FY 2020/21



Source: Kisumu County Treasury

In FY 2020/21, the County generated Kshs.822.30 million as own-source revenue. This amount represented a decrease of 2.3 per cent compared to Kshs.804.39 million realised during a similar period in FY 2019/20 and was 52.1 per cent of the annual target.

3.18.2 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.28 billion from the CRF account during the reporting period. The amount comprised Kshs.1.93 billion (20.8 per cent) for development programmes and Kshs.7.34 billion (79.2 per cent) for recurrent programmes.

3.18.3 Overall Expenditure Review

During the reporting period, the County spent Kshs.9.25 billion on development and recurrent programmes. The expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.1.93 billion and Kshs.7.32 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 40.6 per cent, while recurrent expenditure represented 91.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.1.0 billion for development activities.

3.18.4 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.5.18 billion was spent on employee compensation, Kshs.2.14 billion on operations and maintenance, and Kshs.1.93billion on development activities, as shown in Table 3.95.

Table 3.95: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,025,436,366	7,344,687,295	7,322,445,166	91.2
Compensation to Employees	4,884,512,849	5,179,424,352	5,184,074,923	106.1
Operations and Maintenance	3,140,923,517	2,165,262,943	2,138,370,243	68.1
Total Development Expenditure	4,754,919,385	1,931,276,007	1,930,920,241	40.6
Development Expenditure	4,754,919,385	1,931,276,007	1,930,920,241	40.6
Total	12,780,355,751	9,275,963,302	9,253,365,407	72.4

Source: Kisumu County Treasury

3.18.5 Expenditure on Personnel Emoluments

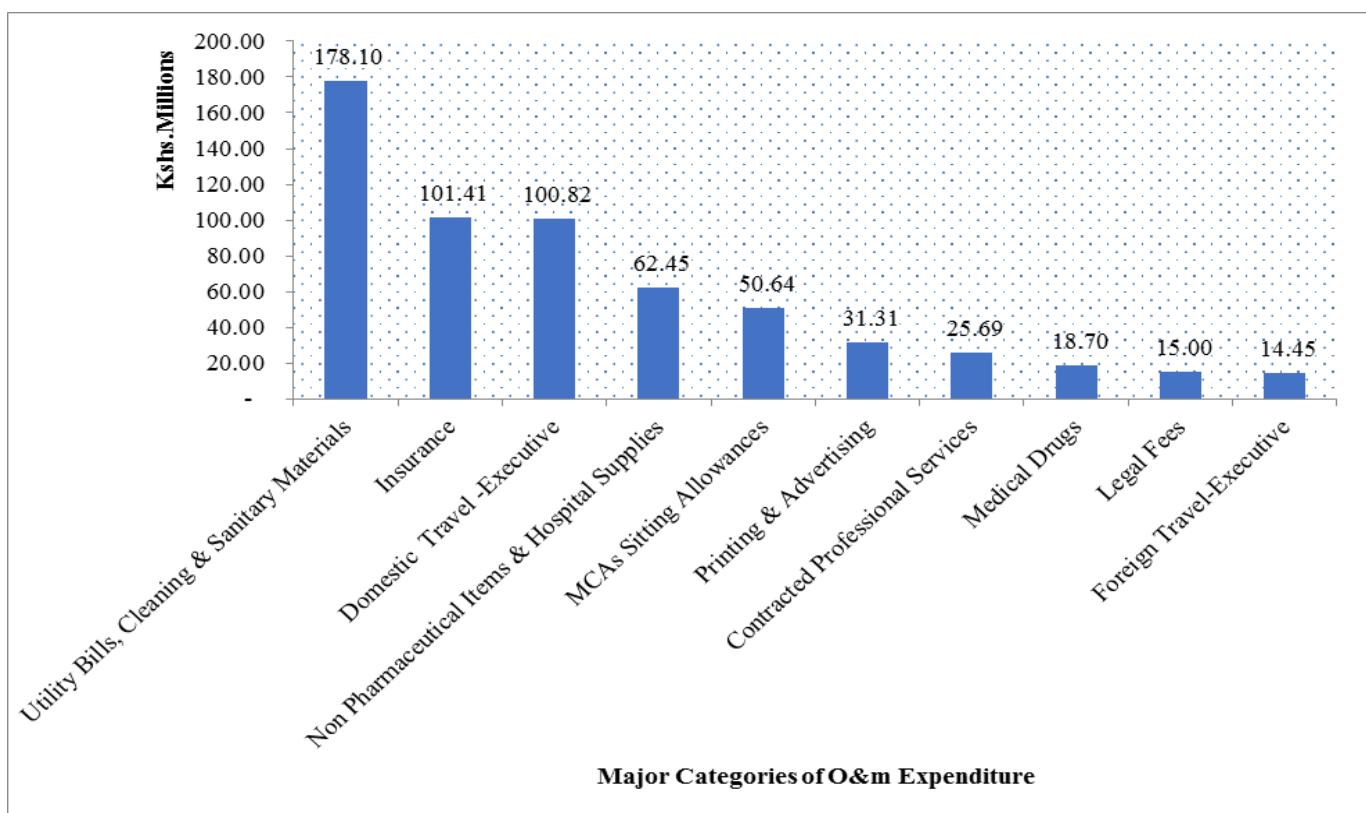
Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue. Expenditure on compensation to employees was 56 per cent of the total expenditure for the reporting period and 53.2 per cent of revenue.

The County reported expenditure on personnel emoluments above the budget allocation, indicating the diversion of funds from the approved cash flow plans and showing the county Treasury's weak internal control practice.

3.18.6 Expenditure on Operations and Maintenance

Figure 3.34 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.34: Kisumu County, Operations and Maintenance Expenditure by Major Categories



Source: Kisumu County Treasury

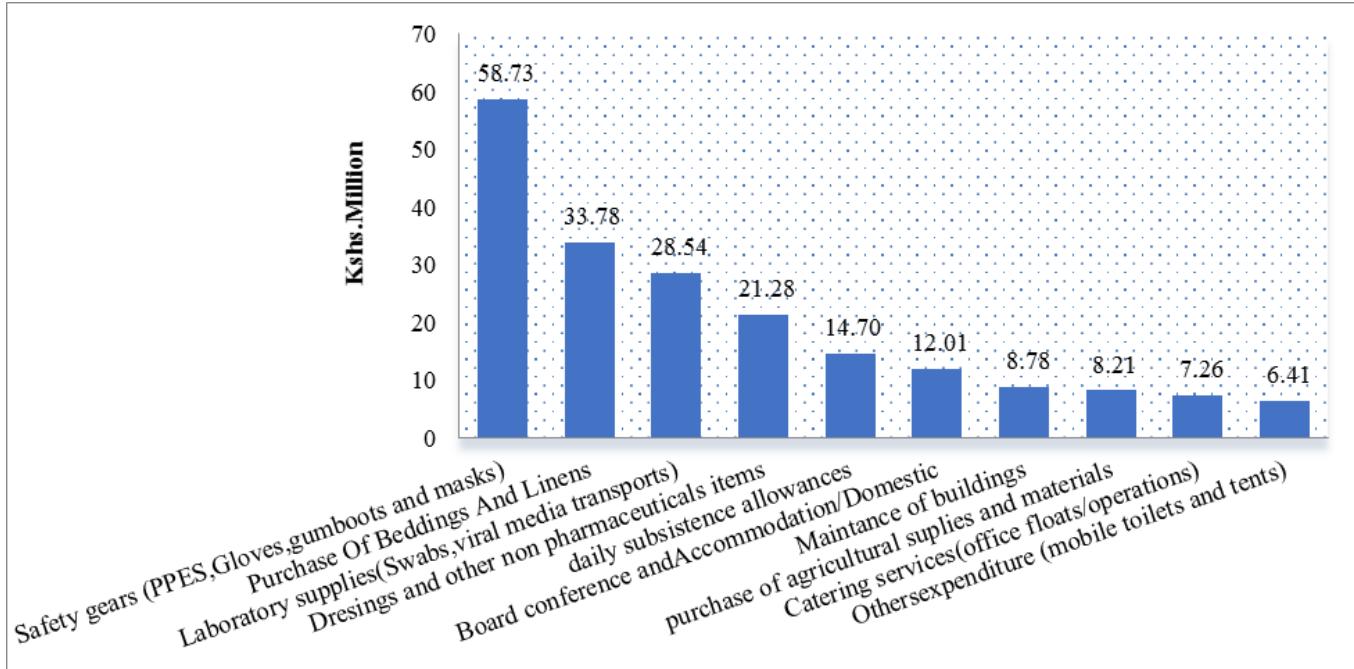
Analysis of expenditure reports indicates that the County spent Kshs.50.6 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.58.83 million. The average monthly sitting allowance was Kshs.86,126 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.220.57 million and comprised Kshs.119.92 million spent by the County Assembly and Kshs.100.82 million by the County Executive. Spending on foreign travel amounted to Kshs.14.50 million entirely by the County Executive.

3.18.7 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs. 237.47 million to cater for COVID-19 related expenditure, which included Kshs.7.65 million brought forward from FY 2019/20. A total of Kshs 217.42 million was spent during the reporting period. Figure 3.35 shows a summary of the Covid-19 expenditure by major categories.

Figure 3.35 : Kisumu County, Covid-19 Expenditure by Major Categories



Source: Kisumu County Treasury

3.18.8 Development Expenditure

The County incurred an expenditure of Kshs.1.93 billion on development programmes, which represented a decrease of 18.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 2.38 billion. However, the County Treasury did not provide a schedule of development projects implemented in FY 2020/21.

3.18.9 Budget Performance by Department

Table 3.96 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.96: Kisumu County, Budget Performance by Department

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Live-stock and Fisheries	245.34	504.2	235.64	380.18	218.95	294.46	92.9	77.5	89.2	58.4
Cooperative Development Trade and Tourism	82.68	133.75	46.98	40	54.17	19.27	115.3	48.2	65.5	14.4
County Assembly	701.92	110	667.64	71.16	672.29	71.16	100.7	100	95.8	64.7
Governance and Administration	552.28	95	499.63	25	488.86	25	97.8	100	88.5	26.3

Department	Budget Allocation (Kshs. Millions)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Human Resource Development & ICT	544.55	361.57	515	155.56	521.86	132.98	101.3	85.5	95.8	36.8
Water, Environment & Natural Resources	106.61	378.37	84.36	50	81.32	66.41	96.4	132.8	76.3	17.6
Finance and Economic Planning	1,062.18	458.5	986.23	408.69	933.06	419.43	94.6	102.6	87.8	91.5
Energy & industrialisation	48.77	131.65	25.05	35	53.42	35	213.2	100	109.5	26.6
Health Services	3,734.61	318.4	3,566.52	98.44	3,552.74	83.69	99.6	85	95.1	26.3
Lands, Housing & Physical Planning	81.34	127	49.39	40	50.25	8.7	101.7	21.7	61.8	6.8
City of Kisumu	390.62	1,457.10	320.54	435.87	373.43	503.31	116.5	115.5	95.6	34.5
County Public Service Board	76.78	-	47.55	-	54.77	-	115.2	-	71.3	-
Business, Cooperatives & Marketing	76.12	161.26	66.95	28	53.55	28	80	100	70.3	17.4
Roads, Transport & Public Works	321.64	518.1	233.22	163.38	213.77	243.53	91.7	149.1	66.5	47
Total	8,025.44	4,754.92	7,344.69	1,931.28	7,322.45	1,930.92	99.7	99.9	91.2	40.6

Source: *Kisumu County Treasury*

Analysis of expenditure by the Departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 91.5 per cent while the Department of Lands, Physical Planning and Housing report the lowest expenditure on development activities at 6.8 per cent. The Department of Energy and Industrialisation had the highest percentage of recurrent expenditure to budget at 109.5 per cent, while the Department of Lands, Physical Planning and Housing had the lowest at 61.8 per cent.

3.18.10 Budget Execution by Programmes and Sub-Programmes

Table 3.97 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.97: Kisumu County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
	Default - Non-Programmatic				
	General Administration and Planning Services	1,168,833,254	722,220,585	446,612,669	38.2
101015060	Planning and Coordination Services	377,773,874	360,199,389	17,574,485	4.7
101045060	Planning and administration	791,059,380	523,441,506	267,617,874	33.8
	County Survey Services	2,290,000	925,515	1,364,485	59.6
102015060	County Survey	2,290,000	925,515	1,364,485	59.6
	Physical Planning & Housing	2,280,000	715,455	1,564,545	68.6
103015060	Physical planning services	1,400,000	453,105	946,895	67.6
103025060	county housing management	880,000	262,350	617,650	70.2
	Promotion of sustainable land use	38,765,150	151,970	38,613,180	99.6
104015060	Promotion of Soil and Water Management	8,585,150	71,970	8,513,180	99.2
104045060	Promotion of Mechanization	30,180,000	80,000	30,100,000	99.7
	Agriculture Productivity Improvement	47,321,040	32,995,966	14,325,074	30.3
105015060	Management of Agriculture Advisory services	30,710,501	28,441,907	2,268,594	7.4
105025060	Promotion of Crop production Value Chains	268,500	147,000	121,500	45.3
105035060	Promotion of Livestock Production Value Chains	683,500	341,750	341,750	50.0

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
105055060	Management of Stations	14,740,839	3,629,709	11,111,130	75.4
105075060	Development of Product Quality Assurance	253,800	100,000	153,800	60.6
105085060	Agriculture Sector Planning and Management	663,900	335,600	328,300	49.5
	Agricultural Productivity Improvement	7,446,750	3,196,200	4,250,550	57.1
106015060	Agriculture Credit Access	7,446,750	3,196,200	4,250,550	57.1
106025060	Agriculture input Access	-	-	-	-
	Promotion of market access and products development	1,377,300	668,750	708,550	51.4
107015060	Promotion of Agribusiness	582,750	185,250	397,500	68.2
107025060	Promotion value addition	794,550	483,500	311,050	39.2
	Revenue Generation and Management	25,649,231	18,654,420	6,994,811	27.3
108015060	Local Revenue Mobilization	25,649,231	18,654,420	6,994,811	27.3
	Urban Planning & Development Control	223,284,417	140,874,907	82,409,510	36.9
109015060	Urban planning and development	223,284,417	140,874,907	82,409,510	36.9
	County Roads and Public Works Management	750,723,606	296,989,206	453,734,400	60.4
201015060	General administration & planning	248,070,950	79,777,826	168,293,124	67.8
201025060	Road construction and maintenance services	502,652,656	217,211,379	285,441,277	56.8
	Administration, Planning and Support Services	1,165,423,250	1,084,115,721	81,307,529	7.0
203015060	Administrative services	1,165,423,250	1,084,115,721	81,307,529	7.0
	Energy Production	14,184,882	4,635,684	9,549,198	67.3
205035060	Climate Change	1,080,000	1,024,928	55,072	5.1
205045060	Petroleum and Electricity	13,104,882	3,610,756	9,494,126	72.5
	Mining Efficiency	149,368,674	46,681,747	102,686,927	68.8
206045060	Mining Efficiency	2,017,757	777,020	1,240,737	61.5
206055060	Resource Mobilization	29,868,417	21,735,162	8,133,255	27.2
206065060	Green Energy	117,482,500	24,169,565	93,312,935	79.4
	Roads General Administration and Planning	219,694,132	94,185,602	125,508,530	57.1
207015060	Public Works	9,432,040	4,329,998	5,102,042	54.1
207045060	Mechanical Engineering Services	210,262,092	89,855,604	120,406,488	57.3
	ICT Services	28,635,269	5,040,155	23,595,114	82.4
208015060	ICT Services	28,635,269	5,040,155	23,595,114	82.4
	Communication Services	2,196,500	1,680,190	516,310	23.5
209015060	Communication Services	2,196,500	1,680,190	516,310	23.5
	General Administration and Policy making Services	17,592,686	5,396,869	12,195,817	69.3
301015060	Infrastructure Development	6,355,446	4,769,269	1,586,177	25.0
301025060	Trade Support Services	11,237,240	627,600	10,609,640	94.4
	Regulation and Verification of Weights	1,137,500	416,250	721,250	63.4
302015060	Verification and Calibration of Weighing Equipment	1,137,500	416,250	721,250	63.4
	Tourism Development and Management	18,563,965	7,137,053	11,426,912	61.6
303015060	Tourism Development	10,738,365	3,350,920	7,387,445	68.8
303035060	Tourism Event Management	5,216,100	2,184,486	3,031,614	58.1
303045060	Tourism Standards Development	2,609,500	1,601,647	1,007,853	38.6
	Administration Planning and Support	98,345,892	91,273,236	7,072,656	7.2
304015060	Administration planning	98,345,892	91,273,236	7,072,656	7.2
	Co-Operative Development and Management	51,013,231	13,442,331	37,570,900	73.7
305055060	Co-operative Governance	51,013,231	13,442,331	37,570,900	73.7
	Enterprise Development	6,225,760	343,400	5,882,360	94.5

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
306015060	Business Development Services	6,225,760	343,400	5,882,360	94.5
	Preventive & Promotive Health Services	1,574,697,994	972,323,174	602,374,820	38.3
401015060	Environmental health and sanitation	1,492,336,026	932,257,357	560,078,669	37.5
401025060	Community health strategy	1,100,000	550,000	550,000	50.0
401035060	Disease surveillance	750,000	484,450	265,550	35.4
401045060	Health promotion service	80,511,968	39,031,367	41,480,601	51.5
	Health Curative Services	139,097,510	72,670,591	66,426,919	47.8
402025060	Elimination of communicable and non-communicable disease	1,500,000	1,257,000	243,000	16.2
402035060	Reproductive Health	137,597,510	71,413,591	66,183,919	48.1
	General Administration, Operational Research and Planning	2,965,019,895	2,953,966,381	11,053,514	0.4
403035060	Governance and leadership	65,900,000	55,294,256	10,605,744	16.1
403045060	Human resource for Health	2,899,119,895	2,898,672,125	447,770	0.0
	Health Sector support Program (DANI-DA)	207,385,389	131,638,436	75,746,953	36.5
405015060	Health Promotive Services	207,385,389	131,638,436	75,746,953	36.5
	Jaramogi Oginga Odinga Teaching and Referral Hospital	369,070,349	310,808,304	58,262,045	15.8
407015060	Jaramogi Oginga Odinga Teaching and Referral Hospital	369,070,349	310,808,304	58,262,045	15.8
	Kisumu County Referral Hospital	26,740,133	7,800,000	18,940,133	70.8
408015060	Kisumu County Referral Hospital	26,740,133	7,800,000	18,940,133	70.8
	Medical and Bio-Medical Services	328,848,000	138,416,464	190,431,536	57.9
409015060	County and Sub-County Hospital Services	328,848,000	138,416,464	190,431,536	57.9
	Early Childhood Development.	51,274,053	26,059,086	25,214,967	49.2
501015060	Promotion of early childhood education.	51,274,053	26,059,086	25,214,967	49.2
	Youth Training and Development	18,700,000	1,031,750	17,668,250	94.5
502015060	Youth Polytechnics Services	18,700,000	1,031,750	17,668,250	94.5
	Gender and Social Dev.	3,060,000	620,935	2,439,065	79.7
504015060	Gender & Disability Mainstreaming	2,755,000	620,935	2,134,065	77.5
504055060	Betting Control Services	305,000	-	305,000	100.0
	Early Child Education Management	400,914,986	209,129,655	191,785,331	47.8
505015060	Early Child Education	400,914,986	209,129,655	191,785,331	47.8
	Sports Management and Development	113,461,852	9,254,920	104,206,932	91.8
506015060	Sports Management	112,559,602	8,907,120	103,652,482	92.1
506025060	Talent Development	902,250	347,800	554,450	61.5
	Sports Stadia Development	1,541,500	530,000	1,011,500	65.6
507015060	Sports Academy	1,541,500	530,000	1,011,500	65.6
	Alcoholic Drinks	632,000	169,350	462,650	73.2
508015060	Alcoholic Drinks	632,000	169,350	462,650	73.2
	Pre-Primary Policy and Legislation	27,035,878	20,502,033	6,533,845	24.2
515015060	Primary Policy and Legislation	27,035,878	20,502,033	6,533,845	24.2
	Youth Training and Legislation	133,483,192	94,462,658	39,020,534	29.2
517015060	Youth Training and Legislation	133,483,192	94,462,658	39,020,534	29.2
	General Administration and Planning services	62,414,885	41,882,789	20,532,096	32.9
701015060	Administration and Formulation of County policy	-	-	-	-
701025060	Development and Management of County Administrative systems	24,366,078	17,441,353	6,924,725	28.4
701065060	Human Resource development services	3,744,427	1,434,286	2,310,141	61.7
701085060	Social Responsibility Including Civic and Public Engagement	34,304,380	23,007,150	11,297,231	32.9

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Kshs)	Variance	Absorption (%)
	Management of County affairs and Special Programmes	4,925,417	4,254,297	671,120	13.6
702025060	Inter-Government Coordination and protocol	4,925,417	4,254,297	671,120	13.6
	Inter-Governmental relations, Communication and Protocol	32,017,163	21,894,682	10,122,481	31.6
703015060	Governor's Press Service and Communication	18,855,443	14,194,240	4,661,203	24.7
703025060	Internal Auditing Services	13,161,720	7,700,442	5,461,278	41.5
	County Public Service Board	817,570,768	622,481,362	195,089,406	23.9
704015060	General Administration and Support services	777,329,646	598,044,812	179,284,834	23.1
704025060	Human Resource Recruitment and Development	33,908,688	19,823,564	14,085,124	41.5
704035060	Human Resource Audit and Staff Rationalization	300,000	164,300	135,700	45.2
704045060	Promotion of Values and Principles	6,032,434	4,448,686	1,583,748	26.3
	Public Financial Management	223,063,505	135,640,811	87,422,694	39.2
705015060	Revenue Mobilization	57,094,099	44,809,534	12,284,565	21.5
705025060	assets management	31,475,290	5,747,840	25,727,450	81.7
705035060	management of public financial resources	9,750,000	4,154,515	5,595,485	57.4
705055060	Budget Formulation & Coordination Services	124,744,116	80,928,922	43,815,194	35.1
	County Planning and Development Coordination Services	61,361,674	43,717,489	17,644,185	28.8
706015060	Policy Formulation & Planning	28,010,000	19,816,826	8,193,174	29.3
706025060	Monitoring & Evaluation	33,351,674	23,900,663	9,451,011	28.3
	County Communication & Ict Services	405,250	323,050	82,200	20.3
707015060	Management Information System	405,250	323,050	82,200	20.3
	Representation services & public participation	18,270,000	11,191,400	7,078,600	38.7
709025060	Public participation services	18,270,000	11,191,400	7,078,600	38.7
	County Planning and Development Coordination Services	16,667,969	11,911,699	4,756,270	28.5
711005060	County Planning and Development Coordination Services	16,667,969	11,911,699	4,756,270	28.5
	Conservation and management of natural ecosystem	318,095,830	88,411,407	229,684,423	72.2
902015060	Sustainable Access to safe Water	750,000	- 44,400	794,400	105.9
902025060	Water resources & Sewerage services	317,345,830	88,455,807	228,890,023	72.1
	Environmental Planning And Management	3,391,504	3,050,769	340,735	10.1
904025060	Environment Conservation Of Natural Resources	990,000	781,529	208,471	21.1
904035060	Solid Waste Management	2,401,504	2,269,240	132,264	5.5
		854,000	394,536	459,464	53.8
906015060	Pollution Control	854,000	394,536	459,464	53.8
		8,081,072	3,642,300	4,438,772	54.9
907015060	Culture and Heritage Development	4,136,872	2,105,500	2,031,372	49.1
907025060	Artistic Talent Development	3,944,200	1,536,800	2,407,400	61.0
	Grand Total	11,968,434,257	8,509,921,542	3,458,512,715	28.9

Source: Kisumu County Treasury

The top three programmes with the highest levels of absorption rates were: Rehabilitation of Roads, Drainage and Bridges in the Department of Infrastructure at 104 per cent, Infrastructure Improvement in the Department of Education, ICT and E-Government 102 per cent and Promotion of Early Childhood Education in the Department of Education, ICT and Early Childhood at 99.3 per cent of budget allocation.

3.18.11 Monitoring Summary Report

The OCOB conducted a monitoring exercise in Kisumu County between 14th to 22nd December 2020. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 25 projects were sampled and assessed from eight different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. Below are key findings from the exercise;

3.18.12 Lack of adequate staff to supervise project implementation

The County Government has only assigned one public works officer and one roads inspector to each sub County to supervise and certify projects. Therefore, the county government should address the low staffing and inadequate infrastructure in key departments to enhance supervision of project implementation.

3.18.12.1 Delay in project completion

The proposed construction of the modern maternity block at Kombewa Sub County Hospital, which began in 2013, is yet to be completed. The County Administration should select few projects that can be completed within the project duration rather than having many projects that stall in implementation.

3.18.12.2 Incomplete and stalled projects.

The County initiated many new projects instead of ensuring that the ongoing projects are completed first, resulting in several incomplete projects, stalled projects or projects whose implementation is not up to the required standards. For instance, the County initiated so many projects in FY 2019/20 without ensuring that the projects initiated or certified for payment in FY 2018/19 are completed first or considered first for payments. The county should release project funds on time to facilitate the implementation of projects within the contract period and improve service delivery to the public.

3.18.12.3 Lack of proper project costing

The implementation of most of the projects, such as the rehabilitation, opening and improvement of access roads, were negatively affected because the county costed all the projects in the same way without considering the uniqueness of each project.

The County Government should ensure that all project activities are quantified and cost adequately in the bills of quantities to ensure that their implementation is smooth and up to standard.

3.18.12.4 Few firms awarded contracts

Awarding many contracts to few firms affected the completion rates of projects due to a lack of adequate capacity to handle several projects concurrently. The County Government should ensure that contracts are awarded to contractors with the capacity to complete the projects within the contract period and as per the approved bill of quantities.

3.18.12.5 Delays of payments to contractors

Delays in making interim payments for work done to contractors also contributed to the slow pace of project implementation. The County Government should make prompt payments to contractors commensurate to work done to avoid project completion delays and legal repercussions.

3.18.12.6 Failure to equip complete projects.

The county government has a massive failure to equip and staff the completed ECDE classrooms and health facilities. The County Government should ensure that adequate arrangements for staffing as well as equipping of facilities such as health facilities and ECDE classrooms are considered during project planning to ensure that projects are handed over to the community immediately upon completion

3.18.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.93 billion in FY 2020/21 from the annual development budget allocation of Kshs.4.75 billion. The development expenditure represented 40.6 per cent of the annual development budget.

3. A high wage bill, which accounted for 53.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. The County recorded high pending bills, which amounted to Kshs.1.0 billion for development activities at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.
5. The underperformance of own-source revenue at Kshs.822.3 million against an annual projection of Kshs.1.58 billion, representing 52.1 per cent of the annual target.
6. High expenditure on local travel at Kshs.220.57 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending
7. High expenditure on local travel at Kshs.220.57 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection.*
5. *The County should address its revenue performance to ensure the approved budget is fully financed.*
6. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
7. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.19 County Government of Kitui

3.19.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.11.84 billion, comprising Kshs.4.41 billion (37.2 per cent) and Kshs.7.43 billion (62.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.83 billion (74.6 per cent) as the equitable share of revenue raised nationally, Kshs.830.89 million (7 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.58 billion (13.3 per cent) from FY 2019/20. The opening cash balance includes Kshs.482.26 million held in special-purpose bank accounts for respective conditional grants.

3.19.2 Revenue Performance

In FY 2020/21, the County received Kshs.8.83 billion as the equitable share of the revenue raised nationally, Kshs.986.21 million as conditional grants, raised Kshs.326.45 million as own-source revenue, and had a cash balance of Kshs.1.58 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.72 billion, as shown in Table 3.98.

Table 3.98: Kitui County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,830,350,000	8,830,350,000	8,830,350,500	100.0
B.	Conditional Grants from the National Government				

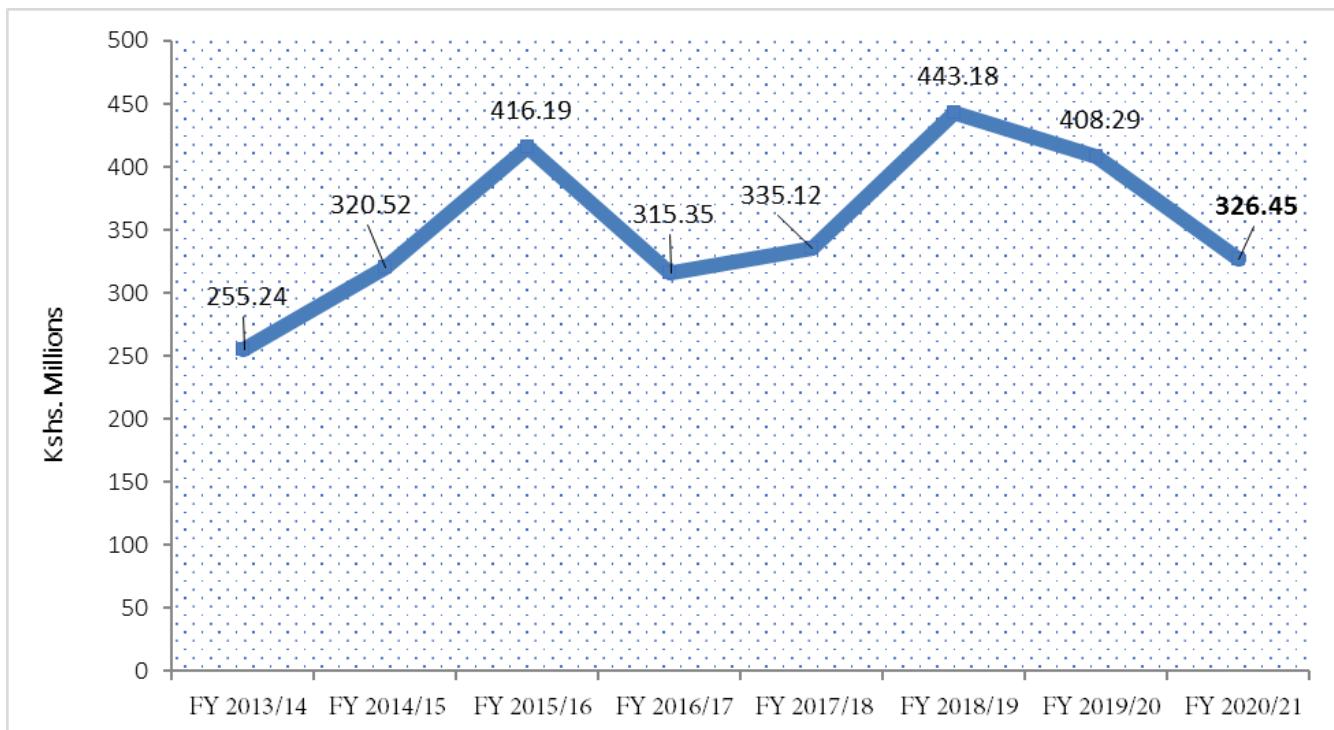
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
	Compensation for User Fee Foregone	22,499,906	22,499,906	22,499,906	100.0
	Leasing of Medical Equipment	132,021,277	-	-	-
	Road Maintenance Fuel Levy Fund	264,131,438	264,131,438	264,131,438	100.0
	Rehabilitation of Village Polytechnics	92,149,894	92,149,894	92,149,894	100.0
	Sub Total	510,802,515	378,781,238	378,781,238	100.0
C	Loans and Grants from Development Partners				
5.	Transforming Health Systems for Universal care Project (WB)	38,320,000	38,320,000	36,872,242	96.2
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,218,200	199,218,200	248,330,165	124.7
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	157,815,048	350.7
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	-	129,030,313	126,367,908	97.9
9.	DANIDA Grant	25,110,000	25,110,000	25,110,000	100.0
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,428,645	15,428,645	12,929,648	83.8
	Sub Total	323,076,845	452,107,158	607,425,011	134.4
D	Other Sources of Revenue				
11.	Own Source Revenue	-	600,000,000	326,450,311	54.4
12.	Balance b/f from FY 2019/20	-	1,578,572,223	1,578,584,301	100.0
	Sub Total	-	2,178,572,223	1,905,034,612	87.4
	Grand Total	9,664,229,360	11,839,810,619	11,721,591,361	99.0

Source: Kitui County Treasury

IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP) performance was 124.7 per cent due to excess issues by the National Treasury, which was later recovered from CRF at the beginning of FY 2021/22. Also, the IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant had a 350.7 per cent performance due to the National Treasury having released more funds than what was budgeted for this grant.

Figure 3.36 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.36 : Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kitui County Treasury

In FY 2020/21, the County generated Kshs.326.45 million as own-source revenue. This amount represented a decrease of 25.1 per cent compared to Kshs.408.29 million realised during a similar period in FY 2019/20 and was 54.4 per cent of the annual target. The county treasury attributes decline in revenue performance to Covid-19 effect, delay by NHIF in releasing funds due to the county, Waiver on payment of land rates granted in the course of the financial year, and low marketing on county products like stone crusher, engineering and works levy, Kitui Food Corporation, cabros and interlocking bricks, and Kitui County Textile Centre (KICOTEC).

3.19.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.51 billion from the CRF account during the reporting period. The amount comprised of Kshs.3.24 billion (30.8 per cent) for development programmes and Kshs.7.28 billion (69.2 per cent) for recurrent programmes.

3.19.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.10.52 billion on development and recurrent programmes. The expenditure represented 99.9 per cent of the total funds released by the COB and comprised Kshs.3.45 billion and Kshs.7.06 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 78.4 per cent, while recurrent expenditure represented 94.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30 June 2021, which amounted to Kshs.852.06 million for development activities and Kshs.237.67 million for recurrent costs.

3.19.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.68 billion was spent on employee compensation, Kshs.2.38 billion on operations and maintenance, and Kshs.3.45 billion on development activities, as shown in Table 3.99.

Table 3.99: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	7,434,460,682	7,276,578,159	7,058,380,081	94.9
Compensation to Employees	4,709,871,746	4,705,246,689	4,675,726,849	99.3

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Operations and Maintenance	2,724,588,936	2,571,331,470	2,382,653,232	87.5
Total Development Expenditure	4,405,349,937	3,240,765,648	3,452,085,579	78.4
Development Expenditure	4,405,349,937	3,240,765,648	3,452,085,579	78.4
Total	11,839,810,619	10,517,343,807	10,510,465,660	88.8

Source: Kitui County Treasury

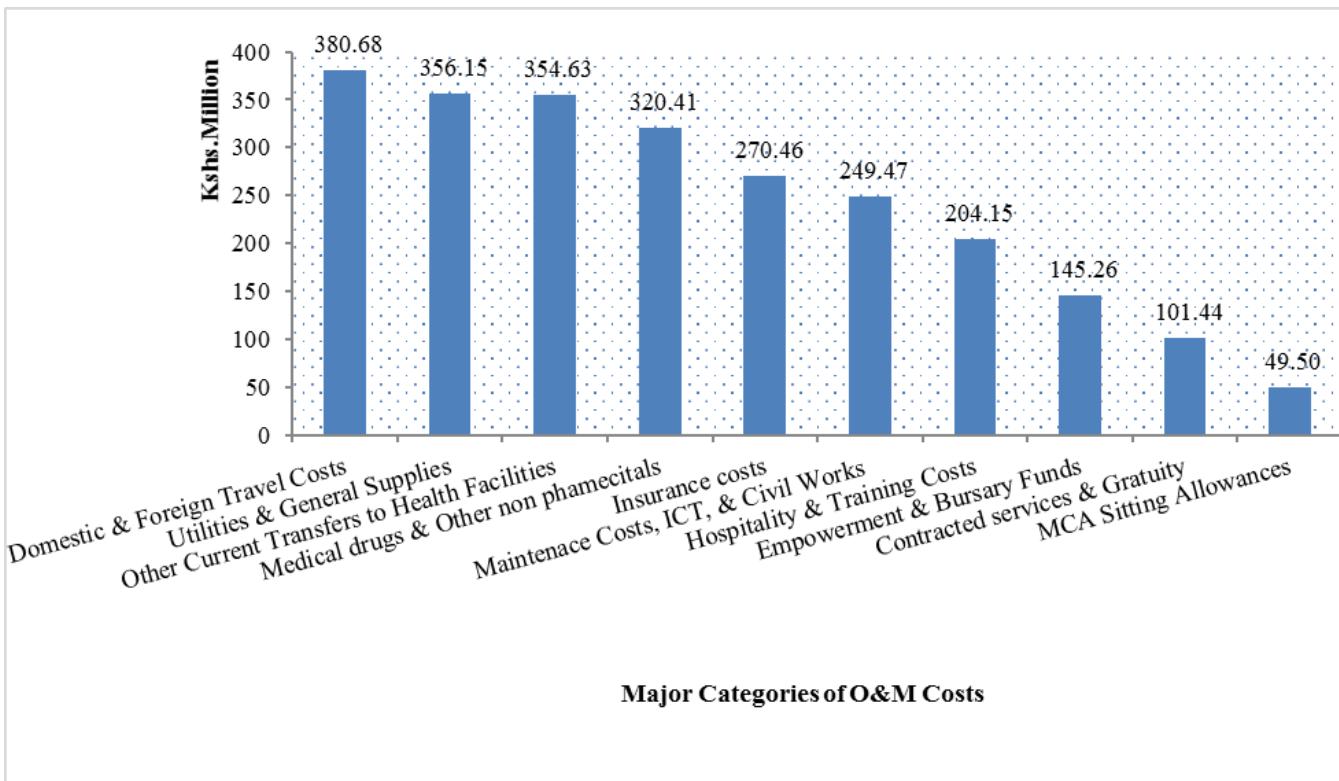
3.19.6 Expenditure on Personnel Emoluments

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 44.5 per cent of the total expenditure for the reporting period and 39.9 per cent of revenue.

3.19.7 Expenditure on Operations and Maintenance

Figure 3.37 shows a summary of the operations and maintenance expenditure by major categories.

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



Source: Kitui County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.49.50 million on committee sitting allowances for the 55 MCAs and Speaker against the annual budget allocation of Kshs.59.78 million. The average monthly sitting allowance was Kshs.75,003 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.374.65 million and comprised Kshs.147.59 million spent by the County Assembly and Kshs.227.06 million by the County Executive. Spending on foreign travel amounted to Kshs.6.03 million and included Kshs.5.95 million by the County Assembly and Kshs.81,000 by the County Executive.

3.19.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.498.52 million to cater for COVID-19 related expenditure was brought forward from FY 2019/20. A total of Kshs.405.68 million was spent during the reporting period, as shown in Table 3.100.

Table 3.100: COVID-19 Budget and Expenditure Summary

No	Description of Expenditure	Budgeted Amount (Kshs)	Expenditure as of 30 June 2021 (Kshs)
3.	Covid 19 Medical allowance for Front line-Health	68,430,000	66,510,000
4.	DANIDA COVID-19 transfers to Health Centres and Dispensaries-Health	9,730,000	9,729,974
5.	Donor Funds - World Bank	120,358,000	
6.	Grants from National Government	300,000,000	
7.	Procurement of IEC banners for Kauwi Sub-county Hospital -Health		159,200
8.	Conduct youth leaders sensitization on covid 19-health		219,000
9.	Supply of stainless steel working tables -Health		236,500
10.	Being payment for generator set		247,580
11.	Community leaders sensitization on covid 19-Health		282,000
12.	Being payment for supply of plaster cutter and dental extraction machine-Health		323,700
13.	Supply of personal protective gear for the Kitui county referral hospital-Health		332,783
14.	Supply of ct scan consumables-Health		340,000
15.	Equipment and operationalization of Kauwi hospital-Health		341,810
16.	Equipping and operationalizing of Tseikuru theatre-Health		397,700
17.	Transfer to Kauwi sub-county hospital for payment of electricity for the isolation centre-Health		495,796
18.	Procurement of plumbing and waterworks for Migwani sub-county hospital-Health		498,167
19.	Procurement of fumigation automated sprayer for Kicotec-Health		500,000
20.	Payment for the installation of spare parts anaesthetic machine-Health		519,200
21.	Supply of haematology machine-Health		565,000
22.	Supply of raw materials and equipment for the Kitui pharma industries-Health		572,000
23.	supply of fuel to county health management team-Health		608,981
24.	Equipping and operationalization of Ikutha hospital -Health		643,700
25.	Procurement of health products commodities for Kitui County Referral Hospital-Health		668,107
26.	Payment for supply of drip stand for hospital-Health		689,100
27.	Supply of equipment for Kitui pharma industries-Health		787,560
28.	Supply of operationalization of Kauwi sub-county hospital-Health		874,500
29.	Supply and equipping and operationalization of ikutha hospital dental and orthopaedic unit-Health		966,580

No	Description of Expenditure	Budgeted Amount (Kshs)	Expenditure as of 30 June 2021 (Kshs)
30.	Construction of 10,000 litres handwashing facilities tanks-Health		999,000
31.	Supply of production equipment and cutlery for covid-19 Kauwi school isolation centre-Health		1,018,930
32.	Payment for plumbing works at the renal unit in Mwingi level iv hosp.-Health		1,048,000
33.	Being payment for supply of formalin-Health		1,082,400
34.	Supply of delivery installation and commissioning of dryer machine for Kauwi Sub County Hospital-Health		1,150,000
35.	Being payment for supply of cellular blankets-Health		1,226,556
36.	Supply of screening thermometers-Health		1,267,680
37.	being payment for supply of walking foot, rivet tools and drill bits-Trade		1,289,920
38.	Supply of ICU, amenity pharmaceuticals and non-pharmaceuticals-Health		1,452,800
39.	Supply and equipping and operationalization of Ikutha Hospital -Health		1,453,800
40.	Supply of pharmaceuticals and non-pharmaceutical for Kauwi Sub County Hospital-Health		1,465,760
41.	Supply of 2no. heal seal machines and two no screen-Trade		1,496,000
42.	Payment for the installation of 250 a panel at Zombe sub-county hospital-Health		1,499,989
43.	Being payment for supply of non-pharms - Health		1,599,000
44.	Supply of production raw materials for Kitui Pharma Industries-Health		1,620,000
45.	Purchase of moulds at Manyonyeni-Basic Education		1,637,350
46.	Payment for supply of computers and printers-Health		1,646,500
47.	Supply of equipment and operationalization of Kauwi Hospital-Health		1,702,219
48.	Supply of masks for Kitui county referral hospital-Health		1,726,920
49.	Payment for purchase of computerized knitting machine (socks, sweater, scarfs)-Trade		1,789,900
50.	Being payment for supply of Magadi soda and chlorides-Health		1,791,100
51.	Equipping and operationalizing of Tseikuru theatre-Health		1,795,198
52.	Being payment for supply of screening thermometers-Health		1,798,680
53.	Fume extractor chambers for Kitui pharma industries-Health		1,800,000
54.	Supply of OPD equipment for Kitui county referral hospital-Health		1,803,660
55.	Supply of laundry machine for Kauwi sub-county hospital-Health		1,816,800
56.	Payment for workshop tools and equipment-Trade		1,869,984
57.	Being payment for supply of conveyor belt-Health		1,887,879

No	Description of Expenditure	Budgeted Amount (Kshs)	Expenditure as of 30 June 2021 (Kshs)
58.	Supply of aprons-overalls for Kitui County Hospital-Health		1,986,000
59.	Supply of sanitation commodities for Kauwi sub-county hospital-Health		2,141,000
60.	Supply of CT scan consumables-Health		2,159,250
61.	Supply of office furniture and equipment's for CECM block-Health.		2,188,727
62.	Being payment for supply of pharmaceuticals-Health		2,196,000
63.	Payment for computerized overlock and computerized sewing machine-Trade		2,339,820
64.	Payment for supply of computerized sewing machine-Trade		2,356,164
65.	Supply of metallic bedside lockers-Health		2,356,690
66.	Being payment for supply of fabricated mixing tanks-Health		2,457,128
67.	Supply of OPD equipment for Kitui county referral hospital-Health		2,500,800
68.	Supply of laundry type washing machines-Health		2,669,470
69.	Being payment for supply of medical equipment-Health		2,983,600
70.	Payment for supply of masks-Health		2,894,200
71.	Supply and installation of power distribution panel boda 4300a switchgear at Mwingi-Health		2,899,648
72.	Being payment for installation of CCTV at Kitui referral hospital-Health		2,971,860
73.	construction of container roof, slab waiting bay, fence, gate, elevated tanks pit latrine/septic at Kabati dispensary		2,992,460
74.	Being payment for supply, installation and commissioning of dialysis water plant at Mwingi level 4-Health		2,999,988
75.	Supply of equipment and operationalizing of Tseikuru theatre-Health		3,231,180
76.	Supply of renal and dental reagents for Kitui referral hospital-Health		3,450,206
77.	Supply of hospital mattresses with waterproof mackintosh-Health		3,463,500
78.	1st and final payment- proposed installation of solar energy (mulika mwinzi) for Utuneni, Kanguu, Kanduti and Utwiini markets-Trade		3,504,000
79.	Supply and installation of 185mm ² SWA cable for power distribution at Kitui County Referral Hospital-Health		3,869,300
80.	Supply of health products and commodities for Kitui county referral hospital-Health		4,319,379
81.	construction and completion of mutitu x-ray room - Health		4,407,146
82.	1st and final payment- proposed installation of solar energy (mulika mwinzi) for Ithumulani, Nzaaya, Kwa Move, Kanza, Itulani and Mwaani-Trade		4,607,253
83.	Payment for supply of computerized sewing machine-Trade		4,749,500

No	Description of Expenditure	Budgeted Amount (Kshs)	Expenditure as of 30 June 2021 (Kshs)
84.	1st and final payment- proposed installation of solar energy for Ngungi, Kamaembe, Kanduti, Kiongwe, Kyangunga, Ithangathi, Mangola and Itangani markets-Trade		4,886,662
85.	Transfer to Kitui referral hospital to pay pending bills for covid 19 suppliers-Health		6,200,000
86.	Supply of masks to Kitui referral hospital-Health		12,439,565
87.	Supply of surgical masks for health-Health		13,930,000
88.	Supply and standard metallic hospital beds/ tents (100-seater)/ infrared gun thermometers-Health		15,214,500
89.	Transfer to 14 Kitui sub-county hospitals for preparedness of covid -19-Health		68,510,013
90.	Clearance at Manyonyeni training centre-Basic Education		3,990,915
91.	Supply and delivery of concrete pipe making machine at Kanyonyoo Precast material centre-Basic Education		2,177,030
92.	Supply and delivery of concrete pipe making machine at Kanyonyoo Precast material centre-Basic Education		320,570
93.	Supply of sewing machines-Basic Education		1,795,000
94.	Payment of 2-block making machine-Basic Education		3,790,500
95.	Payment for stabilized soil block making machine-Basic Education		5,010,000
96.	Supply and delivery of moulds for KIYOSSEC-Basic Education		1,637,350
97.	Supply of cement at Manyenyoni-Basic Education		1,992,060
98.	Acquisition of forklift at Manyenyoni youth skill enterprise centre-Basic Education		3,160,000
99.	Supply of cement at KIYOSSEC-Basic Education		1,839,200
100.	Supply and delivery of concrete pipe making machine at Kanyonyoo Precast material centre-Basic Education		4,460,000
101.	Supply of safety gears for youth training-Basic Education		1,056,000
102.	The hiring of dozer machine-Basic Education		259,609
103.	Supply of Tetrix materials-Basic Education		863,000
104.	Being payment of staff subsistence allowance-Basic Education		246,400
105.	Training programme-Basic Education		444,600
106.	Youth training programme-Basic Education		408,200
107.	Youth training-Basic Education		521,000
108.	Supply of safety gears for youth training-Basic Education		1,056,000
109.	The hiring of dozer machine-Basic Education		259,609
110.	Training of youth facilitation-Basic Education		252,000

No	Description of Expenditure	Budgeted Amount (Kshs)	Expenditure as of 30 June 2021 (Kshs)
111.	Travel allowances-Basic Education		283,200
112.	Payment for supply of high-density mattress and washing basin-Basic		1,745,100
113.	Purchase of backhoe loader machine-Basic		215,700
114.	Supply and delivery of block machine-Basic		3,790,500
115.	Consultancy services for youth training under covid -intervention-Basic		368,940
116.	Supply of building materials at Manyonyeni-Basic		1,988,100
117.	Travel allowances for officers on soil block machines market survey-Basic		312,000
118.	Supply of general equipment for production lines-Basic		1,059,989
119.	Payment for construction of container roof, slab waiting bay at Kabati Dispensary-Health		840,200
120.	Payment for construction of container roof, slab waiting bay at Kabati Dispensary-Health		2,152,260
121.	Travel allowances for ferrying sand ballast for Manyonyeni-Basic Education		270,200
122.	Renovation works at Mulango VTC-Basic Education		2,989,202
123.	Supply and installation of back part lasting machine and round body post bed sewing machines-Trade		1,713,235
124.	Procurement of polishing trimming grinding direct drive roller sewing embossing and round post bed sewing machines-Trade		2,874,110
125.	Procurement of sole attaching, riveting, cementing, toe puff, attaching and skiving machines-Trade		2,984,115
126.	Payment for computerized sewing machines-Trade		4,749,500
127.	Supply of hospital equipment-Health		6,451,000
128.	Supply of 3421 bags of cement At Manyonyeni Kiyosec-Basic Education		1,599,960
129.	Supply and delivery of cement at Manyenyoni training centre-Basic Education		774,440
130.	Supply, delivery, installation and commissioning of water treatment plat-Agriculture		801,600
131.	Supply of general equipment for production lines-Agriculture		1,059,989
TOTAL		498,518,000	405,682,356

Source: Kitui County Treasury

3.19.9 Development Expenditure

The County incurred an expenditure of Kshs.3.45 billion on development programmes, which represented an increase of 18.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.92 billion. Table 3.101 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.101: 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	Tiva sokomoko water project	Kitui central	31,140,000	31,140,000	100.0

2	Hire of equipment for road grading	Kitui central	28,174,000	28,174,000	100.0
3	Nzeeu-kavasya ngiluni unguatu pipeline	Kitui rural	26,537,884	26,537,884	100.0
4	Ngengi -Kavalula water project	Kitui east	24,421,999	24,421,999	100.0
5	Hire of machenery 1 Excacavator, 5 Tippers 20 tonne capacity, 1 Low loader, and 1 fuel tank	Kitui central	21,257,800	21,257,800	100.0
6	Water pipeline from Kavisuni-Mavindini-Kilevi-Kalala	Kitui rural	21,247,708	21,247,708	100.0
7	Construction of main gravity distribution line from Kenze junction -Kyoani beacon and 3no water kiosks Lot 1	Kitui South	19,114,256	19,114,256	100.0
8	Construction of specialised site /house for installation of one CT scan machine	Kitui central	18,816,320	18,816,320	100.0
9	Construction of Munyumbuni-Ndithi -Kivou road connecting with upper area in the Waita ward	Mwingi Central	17,429,928	17,429,928	100.0
10	Construction of Kithomboani modern market in Kitui Town	Kitui Town	17,375,520	17,375,520	100.0

Source: Kitui County Treasury

3.19.10 Budget Performance by Department

Table 3.102 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.102: 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	653.76	1,104.80	653.30	764.86	614.56	855.43	94.1	111.8	94.0	77.4
Administration and Coor-dination of County Affairs	399.37	0.32	399.28	0.15	391.28	0.15	98.0	100.0	98.0	47.0
Agriculture Water and Live-stock Development	423.90	984.40	423.90	892.07	400.64	871.17	94.5	97.7	94.5	88.5
Basic Education, ICT, and Youth Development	484.68	327.62	484.68	180.89	474.67	163.67	97.9	90.5	97.9	50.0
Lands, Infrastructure, Housing and Urban Develop-ment	234.28	811.19	234.27	673.55	226.84	692.61	96.8	102.8	96.8	85.4
Health and Sanitation	3,145.89	233.76	3,119.20	134.58	3,040.30	198.50	97.5	147.5	96.6	84.9
Trade, Cooperatives and In-vestments	365.33	297.38	285.33	197.40	276.67	250.10	97.0	126.7	75.7	84.1
Environment and Natural Resources	94.98	110.98	94.47	99.54	85.79	97.01	90.8	97.5	90.3	87.4
Tourism, Sports and Cul-ture	107.52	93.09	107.52	66.82	101.81	74.62	94.7	111.7	94.7	80.2
County Treasury	496.48	75.86	496.44	48.94	483.04	36.57	97.3	74.7	97.3	48.2
County Public Service Board	28.65	-	28.57	-	27.49		96.2		96.0	∞
County Assembly	836.03	44.98	786.01	8.80	779.01	8.80	99.1	100.0	93.2	19.6
Kitui Municipality	98.16	291.26	98.16	151.27	94.05	182.51	95.8	120.7	95.8	62.7
Mwingi Town Administra-tion	65.45	29.72	65.45	21.90	62.23	20.95	95.1	95.7	95.1	70.5
TOTAL	7,434.46	4,405.35	7,276.58	3,240.77	7,058.38	3,452.09	97.0	106.5	94.9	78.4

Source: Kitui County Treasury

Analysis of expenditure by Department shows that the Department of Agriculture Water and Livestock Development recorded the highest absorption rate of development budget at 88.5 per cent while the County Assembly had the list at 19.6 per cent. The Department of Administration and Coordination of County Affairs had the highest percentage of recurrent expenditure to budget at 98.0 per cent, while the Department of Trade, Cooperatives and Investments had the lowest at 75.7 per cent.

Development expenditure exceeded exchequer releases due to spending of cash held in special-purpose bank accounts at the beginning of the financial year.

3.19.11 Budget Execution by Programmes and Sub-Programmes

Table 3.103 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.103: Kitui County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion Rate (%)
Office of The Governor					
General Administration and Planning	701013710	1,558,517,720	1,277,599,926	280,917,794	82.0
	702013710	73,395,540	69,753,630	3,641,910	95.0
	705013710	76,976,446	74,751,706	2,224,740	97.1
Office of the County secretary	701013710	3,940,000	3,434,892	505,108	87.2
Procurement	704023710	45,731,200	44,442,900	1,288,300	97.2
Sub-total Office of The Governor		1,758,560,906	1,469,983,054	288,577,852	83.6
Administration and Coordination of County Affairs					
Coordination and Administrative Services	705013710	126,038,563	121,574,077	4,464,486	96.5
	706013710	144,304,201	142,640,730	1,663,471	98.8
General Administration and Planning	701013710	129,347,390	127,210,949	2,136,441	98.3
Sub-total Administration and Coordination of County Affairs		399,690,154	391,425,756	8,264,398	97.9
Agriculture Water and Livestock Development					
Agriculture	101029999	29,243,892	23,417,656	5,826,236	80.1
	102013710	310,559,404	273,580,086	36,979,318	88.1
	103013710	69,279,902	63,282,627	5,997,275	91.3
	103023710	73,659,836	33,604,756	40,055,080	45.6
	104013710	3,565,052	3,271,528	293,524	91.8
Fisheries	105013710	2,173,617	1,028,723	1,144,894	47.3
General Administration and Planning	101013710	262,891,634	261,341,075	1,550,559	99.4
Livestock Production	106013710	18,464,807	14,158,918	4,305,889	76.7
	106023710	20,366,566	18,683,900	1,682,666	91.7
Water	111013710	405,521,070	377,929,893	27,591,177	93.2
	111023710	150,624,214	140,817,499	9,806,715	93.5
	111033710	61,946,567	60,696,452	1,250,115	98.0
Sub-total Agriculture Water and Livestock Development		1,408,296,561	1,271,813,113	136,483,448	90.3
Basic Education, ICT, and Youth Development					
Basic Education	502013710	357,871,962	336,205,667	21,666,295	93.9
General Administration and Planning	501013710	92,017,160	91,714,383	302,777	99.7
Training and Skills Development	503013710	208,696,210	77,584,775	131,111,435	37.2
	506013710	128,117,238	114,495,610	13,621,628	89.4
	504013710	2,432,853	2,432,200	653	100.0
Youth	505013710	23,159,306	15,904,337	7,254,969	68.7
Sub-total Basic Education, ICT, and Youth Development		812,294,729	638,336,972	173,957,757	78.6
Lands, Infrastructure, Housing and Urban Development					
General Administration and Planning	101013710	112,342,206	105,928,422	6,413,784	94.3
Housing	107013710	23,833,586	24,919,655	(1,086,069)	104.6
	109013710	24,108,102	23,995,968	112,134	99.5
Land Adjudication and Settlement	108023710	10,243,414	9,042,202	1,201,212	88.3
Physical Planning	108013710	32,312,765	30,417,995	1,894,770	94.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorp- tion Rate (%)
Roads, Transport and Mechanical Services	110013710	801,124,137	684,170,800	116,953,337	85.4
	203013710	36,197,033	35,901,193	295,840	99.2
Survey and Mapping	108023710	5,300,109	5,073,057	227,052	95.7
Sub-total Lands, Infrastructure, Housing and Urban Development		1,045,461,352	919,449,292	126,012,060	87.9
Health and Sanitation					
General Administration and Planning	401013710	102,204,008	95,317,089	6,886,919	93.3
	401023710	66,295,992	66,129,043	166,949	99.7
	401033710	4,844,084	4,844,084	-	100.0
Health Promotion and Disease Control	404013710	2,997,772	2,849,895	147,877	95.1
	404023710	53,592,106	47,357,056	6,235,050	88.4
Medical Services	402013710	2,609,670,372	2,485,699,892	123,970,480	95.2
	402023710	12,710,550	13,279,655	(569,105)	104.5
	403023710	126,707,592	126,707,592	-	100.0
	404033710	25,542,200	25,533,222	8,978	100.0
Public Health	403013710	7,662,909	7,354,495	308,414	96.0
	403023710	1,531,796	1,400,376	131,420	91.4
	403033710	1,802,113	1,796,805	5,308	99.7
Rural Health Services	402033710	324,380,396	322,050,880	2,329,516	99.3
	404023710	13,493,220	12,490,927	1,002,293	92.6
	404033710	3,714,860	3,668,371	46,489	98.7
	404043710	22,499,905	22,316,043	183,862	99.2
Sub-total Health and Sanitation		3,379,649,875	3,238,795,425	140,854,450	95.8
Trade, Cooperatives and Investments					
Cooperatives	304013710	304,130,725	260,364,003	43,766,722	85.6
	304023710	23,242,092	24,566,025	(1,323,933)	105.7
General Administration and Planning	301013710	57,240,633	49,585,893	7,654,740	86.6
Trade and Markets	301013710	271,190,736	185,401,111	85,789,625	68.4
	303023710	6,908,635	6,854,442	54,193	99.2
Sub-total Trade, Cooperatives and Investments		662,712,821	526,771,474	135,941,347	79.5
Environment and Natural Resources					
Energy	1004013710	450,528	450,464	64	100.0
	1005013710	3,013,108	2,807,995	205,113	93.2
	1006013710	101,554,377	86,322,283	15,232,094	85.0
Environment	1002013710	14,435,137	14,658,170	(223,033)	101.5
	1003013710	2,882,936	2,568,200	314,736	89.1
	1004013710	5,000,418	5,209,810	(209,392)	104.2
General Administration and Planning	1001013710	48,156,097	44,390,868	3,765,229	92.2
Mineral Resources	1003013710	3,751,989	3,455,044	296,945	92.1
	1003023710	9,787,333	6,216,392	3,570,941	63.5
	1003043710	4,145,893	4,070,050	75,843	98.2
	1007013710	8,135,538	8,132,696	2,842	100.0
	1008013710	4,646,666	4,520,450	126,216	97.3
Sub-total Environment and Natural Resources		205,960,020	182,802,422	23,157,598	88.8
Tourism, Sports and Culture					

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Gender, Culture and Social Services Headquarters	307013710	20,304,098	12,529,187	7,774,911	61.7
	307023710	7,166,320	6,663,783	502,537	93.0
	308013710	9,553,992	9,474,342	79,650	99.2
	308023710	1,351,586	870,322	481,264	64.4
General Administration and Planning	301013710	25,533,250	24,431,993	1,101,257	95.7
Sports	306013710	15,443,604	11,813,094	3,630,510	76.5
	306023710	61,653,163	56,241,961	5,411,202	91.2
Tourism	305013710	4,902,595	4,825,468	77,127	98.4
	305033710	16,896,053	11,825,502	5,070,551	70.0
	1003023710	37,799,529	37,749,913	49,616	99.9
Sub-total Tourism, Sports and Culture		200,604,190	176,425,565	24,178,625	87.9
County Treasury					
Accounts	704013710	54,340,358	54,166,496	173,862	99.7
	712053710	11,593,445	10,541,234	1,052,211	90.9
Budgetary Supplies	712013710	129,894,745	123,089,293	6,805,452	94.8
	712023710	10,923,447	10,140,119	783,328	92.8
Economic Affairs	710013710	80,086,310	78,176,441	1,909,869	97.6
	710023710	12,864,903	12,402,369	462,534	96.4
General Administration and Planning	701013710	264,195,656	223,334,556	40,861,100	84.5
Internal Audit	712033710	8,442,176	7,758,988	683,188	91.9
Sub-total County Treasury		572,341,040	519,609,496	52,731,544	90.8
County Public Service Board					
Board	713013710	7,240,439	6,944,427	296,012	95.9
	713023710	6,076,121	5,976,708	99,413	98.4
	714013710	4,019,050	3,857,200	161,850	96.0
General Administration and Planning	701013710	11,315,036	10,714,349	600,687	94.7
Sub-total County Public Service Board		28,650,646	27,492,684	1,157,962	96.0
County Assembly					
General Administration and Planning	701013710	286,203,008	236,131,643	50,071,364	82.5
Legislative Department	715013710	594,799,151	551,680,593	45,585,322	92.8
Sub-total County Assembly		881,002,159	787,812,236	95,656,686	89.4
Kitui Municipality					
Environment, Culture, Recreation and Community Development	207013710	19,510,653	17,776,239	1,734,414	91.1
Finance	207023710	18,959,975	18,385,204	574,771	97.0
General Administration and Planning	201013710	44,404,473	41,490,459	2,914,014	93.4
Planning, Development Control, Transport and Infrastructure	207013710	14,528,835	14,534,057	(5,222)	100.0
Planning, Development Control, Transport and Infrastructure	209013710	271,339,931	166,194,433	105,145,498	61.2
Trade, Commerce and Industrialisation	207033710	20,672,930	18,181,497	2,491,433	87.9
Sub-total Kitui Municipality		389,416,797	276,561,889	112,854,908	71.0
Mwingi Town Administration					
Environment, Culture, Recreation and Community Development	1001013710	10,740,181	10,382,091	358,090	96.7
General Administration and Planning	109013710	17,983,840	11,406,595	6,577,245	63.4
	201013710	42,298,501	39,997,631	2,300,870	94.6
	706013710	6,542,401	6,148,343	394,058	94.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Planning, Development Control, Transport and Infrastructure	207013710	10,187,040	9,853,259	333,781	96.7
	207023710	1,414,659	761,550	653,109	53.8
	207033710	6,002,747	4,636,813	1,365,934	77.2
Sub-total Mwingi Town Administration		95,169,369	83,186,282	11,983,087	87.4
Grand Total		11,839,810,619	10,510,465,660	1,331,811,722	88.8%

Source: Kitui County Treasury

The top three programmes with the highest levels of absorption rates were: Cooperatives 304023710 in the Department of Trade, Cooperatives and Investments at 105.7 per cent, Housing 107013710 in the Department of Lands, Infrastructure, Housing and Urban Development at 104.6 per cent and Medical services 402023710 in the Department of Health and Sanitation at 104.5 per cent of respective subprogram 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.
2. Fund administrator for the County Empowerment Fund is yet to provide Fund's fourth-quarter report as required by Sec 168 of PFM Act 2012.
3. A high wage bill, which accounted for 44.5 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. The underperformance of own-source revenue at Kshs.326.45 million against an annual projection of Kshs.600 million, representing 54.4 per cent of the annual target.
5. There was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations.
6. High expenditure on local travel at Kshs.374.65 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending

In order to improve budget execution, the County should implement the following recommendations;

1. *The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
2. *The County Treasury should ensure that financial statements for the County Empowerment Fund are submitted to COB in line with section 168 of the PFM Act, 2012.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should address its revenue performance to ensure the approved budget is fully financed.*
5. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.20 County Government of Kwale

3.20.1 Overview of FY 2020/21 Budget

The County's approved Supplementary 3 budget for FY 2020/21 is Kshs.12.26 billion, comprising Kshs.5.94 billion (48.4 per cent) and Kshs.6.32 billion (51.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.79 billion (63.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.34 billion (10.9 per cent) as total conditional grants, generate Kshs.365.64 million (3.0 per cent) from own sources of revenue, and a cash balance of Kshs.2.73 billion (22.3 per cent) from FY 2019/20. The County also expected to receive Kshs.34.24 million (3.0 per cent) as "other revenues" not contained in the CARA, 2020 consisting of Ksh.4.24 million as the refund from Insurance Company (Department of Agriculture – AMS Vehicle) and Ksh.30 million as brought forward from Members of the County Assembly (MCAs) & Staff Loan Scheme Fund.

3.20.2 Revenue Performance

In FY 2020/21, the County received Kshs.7.79 billion as the equitable share of the revenue raised nationally, Kshs.717.72 million as conditional grants, raised Kshs.250.09 million as own-source revenue, had a cash balance of Kshs.2.73 billion from FY 2019/20 and Ksh.34.24 from other sources. The total funds available for budget implementation during the period amounted to Kshs.11.52 billion, as shown in Table 3.104.

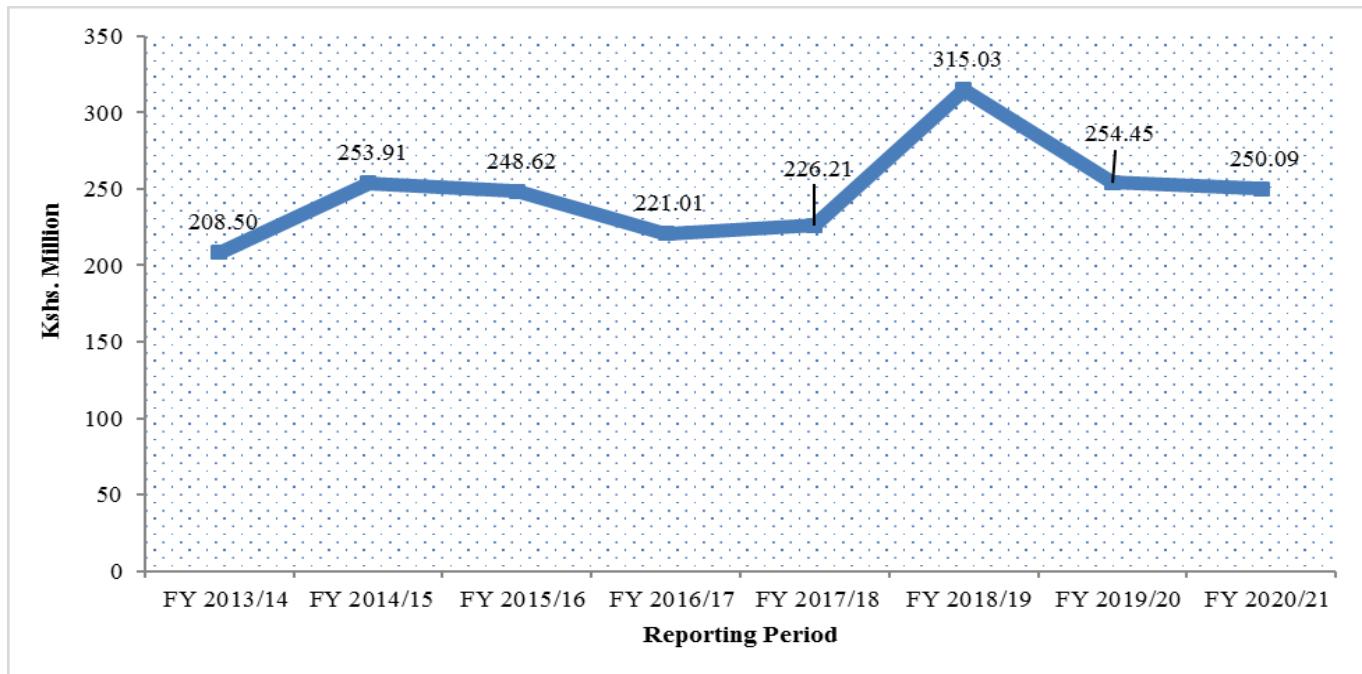
Table 3.104: Kwale County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,785,900,000	7,785,900,000	7,786,000,000	100
B. Conditional Grants from the National Government Revenue					
3.	Compensation for User Fee Foregone	15,209,593	30,419,186	15,209,593	50.0
4.	Leasing of Medical Equipment	132,021,277	-	-	-
5.	Road Maintenance Fuel Levy Fund	228,285,028	228,285,028	228,285,028	100.0
6.	Rehabilitation of Village Polytechnics	56,299,894	56,299,894	56,299,894	100.0
7.	COVID-19 Conditional Grant balance	-	106,569,000	-	-
Sub-Total		431,815,792	421,573,108	299,794,515	71.1
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	35,200,000	121,953,877	33,752,242	27.7
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,640,546	199,640,546	132,572,461	66.4
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	45,000,000	60.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	-	-	14,238,060	-
5.	DANIDA Grant	22,140,000	30,540,000	22,140,000	72.5
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,624,891	59,985,774	48,984,766	81.7
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	400,000,000	400,000,000	107,214,642	26.8
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,732,422	32,809,069	14,026,530	42.8
Sub Total		732,337,859	919,929,266	417,928,701	45.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	365,641,316	250,090,346	68.4
2.	Balance b/f from FY 2019/20		2,734,050,576	2,734,050,576	100.0
3.	Other Revenues	-	34,240,000	34,240,000	100.0
Sub Total		-	3,133,931,892	3,018,380,922	96.3
Grand Total		8,950,053,651	12,261,334,266	11,522,104,138	94.0

Source: Kwale County Treasury

Figure 3.38 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.38: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Kwale County Treasury

In FY 2020/21, the County generated Kshs.250.09 million as own-source revenue. This amount represented a decrease of 1.7 per cent compared to Kshs.254.45 million realised during a similar period in FY 2019/20 and was 68.4 per cent of the annual target.

3.20.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.78 billion from the CRF account during the reporting period. The amount comprised Kshs.3.66 billion (37.4 per cent) for development programmes and Kshs.6.12 billion (62.6 per cent) for recurrent programmes.

3.20.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.9.75 billion on development and recurrent programmes. The expenditure represented 99.7 per cent of the total funds released by the COB and comprised Kshs.3.67 billion and Kshs.6.08 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 61.8 per cent, while recurrent expenditure represented 96.1 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.2.29 billion for development activities.

3.20.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.42 billion was spent on employee compensation, Kshs.2.83 billion on operations and maintenance, and Kshs.3.67 billion on development activities, as shown in Table 3.105.

Table 3.105: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	6,322,964,600	6,120,333,361	6,075,744,472	96.1
Compensation to Employees	3,265,316,189	3,225,250,460	3,242,400,297	99.3
Operations and Maintenance	3,057,648,411	2,895,082,901	2,833,344,175	92.7
Total Development Expenditure	5,938,369,666	3,655,443,333	3,670,214,874	61.8

Total	12,261,334,266	9,775,776,693	9,745,959,346	79.5
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Source: Kwale County Treasury

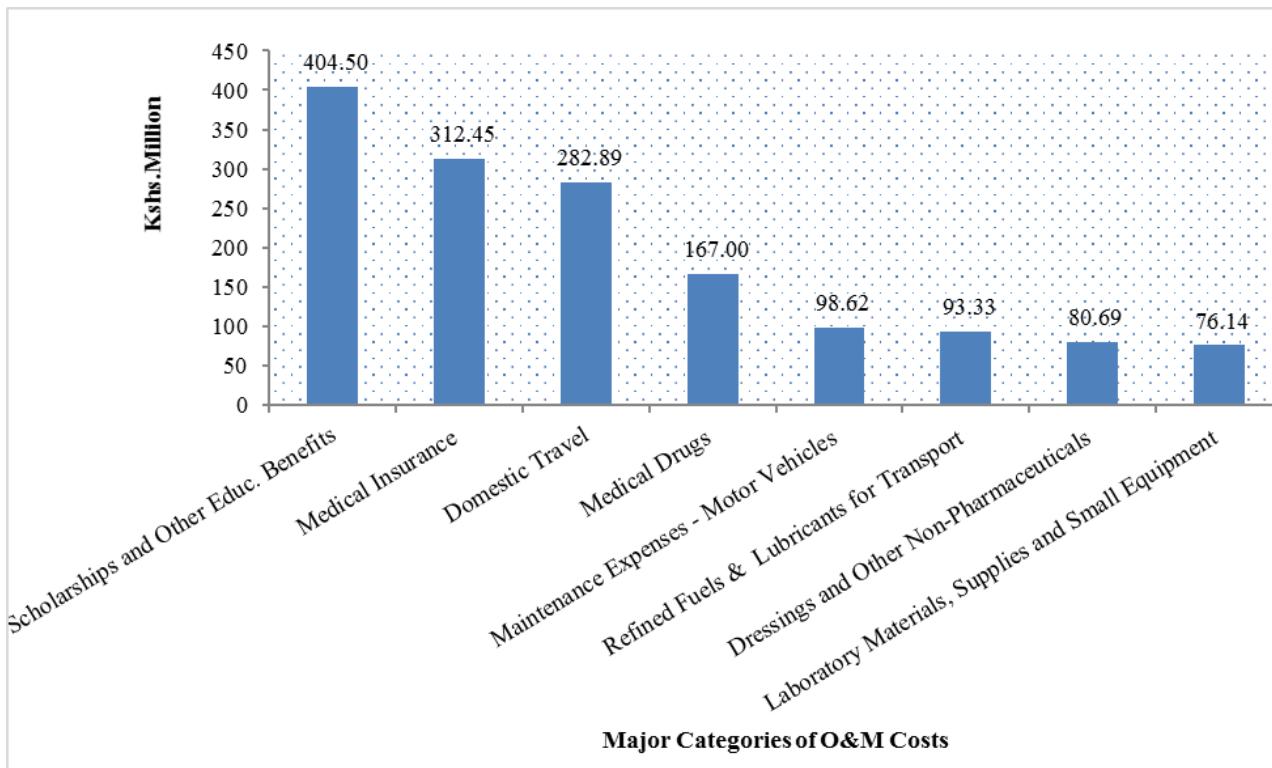
3.20.6 Expenditure on Personnel Emoluments

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 33.3 per cent of the total expenditure for the reporting period and 28.1 per cent of revenue.

3.20.7 Expenditure on Operations and Maintenance

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

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



Source: Kwale County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.42.99 million on committee sitting allowances for the 30 MCAs and Speaker against the annual budget allocation of Kshs.48.86 million. The average monthly sitting allowance was Kshs.115,567 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.282.89 million and comprised Kshs.65.37 million spent by the County Assembly and Kshs.217.53 million by the County Executive. Spending on foreign travel amounted to Kshs.26.73 million entirely by the County Assembly.

3.20.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.134.83 million to cater for COVID-19 related expenditure, which was brought forward from FY 2019/20. A total of Kshs.81.15 million was spent during the reporting period, as shown in Table 3.106.

Table 3.106: COVID-19 Budget and Expenditure Summary

S/No.	Description of Expenditure	Annual Budget Allocations (Kshs)	Expenditure as of 30.6.2021 (Kshs.)
1	2210303 Daily Subsistence Allowance	6,039,000	2,618,250
2	2211008 Laboratory Materials, Supplies and Small Equipment	11,000,000	10,985,000
3	2211201 Refined Fuels and Lubricants for Transport	3,300,000	3,300,000
4	2220101 Maintenance Expenses - Motor Vehicles	2,722,000	2,685,696
5	Purchase of PPEs (Masks, Hazmatt suits, Aprons & Gloves)	16,344,576	15,160,760
6	Purchase of 130 Single Crank Beds	2,280,000	2,180,000
7	Purchase of 24 paediatric 2 crank beds	1,728,000	1,558,200
8	Purchase of 24 folding care chair for paediatric unit	1,200,000	1,100,000
9	Purchase of 100 Thermal guns	1,600,000	1,600,000
10	Purchase of 100 patient monitors	10,000,000	10,000,000
11	Advertisement and Awareness of COVID -19	7,730,000	6,886,022
12	Purchase of 10 oxygen concentrators	1,500,000	-
13	Purchase of X-ray machine for Lunga Lunga hospital	6,000,000	-
14	Purchase of 1000 bed sheets	2,500,000	-
15	Purchase of 10L refillable oxygen cylinders	2,270,000	-
16	Training expenses and others	4,700,000	1,729,060
17	Purchase of furniture for Kwale hospital, Kinango and Msambweni	2,000,000	-
18	Purchase of furniture for Diani Health Centre	1,000,000	-
19	Purchase of furniture for Mtsangatamu dispensary in Mkongani ward	1,000,000	-
20	Purchase of furniture for Ndavaya Health Centre	1,000,000	-
21	Improving furniture in 10 rural facilities (Mwanamamba, Kiwego, Moyeni, Bishop Kalu, Sembe, Kasageni, Bayani, Mgandini, Mwaruphesa and Madago Dispensaries)	4,000,000	-
22	Purchase of medical equipment for Diani Health Centre	1,000,000	1,000,000
23	Purchase of medical equipment for Mtsangatamu dispensary	1,000,000	1,000,000
24	Purchase of medical equipment for Ndavaya Health Centre	1,000,000	1,000,000
25	Improving of equipment in 10 rural facilities (Mwanamamba, Kiwego, Moyeni, Bishop Kalu, Sembe, Kasageni, boyani, Mgandini, Mwaruphesa & Madago Dispensaries)	6,000,000	4,578,000
26	Expansion of the new COVID-19 unit	35,513,000	14,131,940
	Total	134,426,576	81,512,928

3.20.9 Development Expenditure

The County incurred an expenditure of Kshs.3.67 billion on development programmes, which represented an increase of 4.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.3.50 billion. Table 3.107 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.107: Kwale County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Water and Sanitation Project	Kwale HQ	400,000,000	282,505,197	70.6
2	County Flagship Project 3 - Tarmacking of Mkilo – Kalalani - Luweni Road in Mwavumbo ward	Mwavumbo	150,000,000	115,000,000	76.7

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	County Flagship Project 2 - Tarmacking of Kona Ya Musa – Mabokoni – Kona Ya Masai Road in Ukunda, Gombato/Bongwe wards	Ukunda	150,000,000	114,720,884	76.5
4	County Flagship Project 1 - Kona ya Jadini - Lotfa road	Ukunda	120,000,000	98,510,096	82.1
5	Construction Of Stadium	Kwale	119,259,841	88,036,917	73.8
6	Grant To Youth Polytechnics	All Wards	56,299,894	56,299,894	100
7	Kwale Ttc Phase 2	Kinango	109,416,280	53,667,725	49
8	Purchase of CT Scan Kinango hospital in Kinango Ward	Kinango Ward	59,000,000	52,000,000	88.1
9	EU/LED IDEAS Kombani Wholesale Market - Tranche III	Waa/N'gombeni	59,985,774	49,101,667	81.9
10	Assembly complex		54,193,284	46,219,303	85.3

Source: Kwale County Treasury

3.20.10 Budget Performance by Department

Table 3.108 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.108: 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	781.57	21.8	780.86	4.4	766.98	8.81	98.2	200.2	98.1	40.4
Agriculture, Livestock and Fisheries	200.1	628.26	197.17	382.93	196.85	383.86	99.8	100.2	98.4	61.1
Land, Environment, Mining and natural resources	177.94	164.33	125.9	108.46	121.41	93.57	96.4	86.3	68.2	56.9
Medical and Public Health Services	2,502.91	867.38	2,387.62	378.13	2,417.03	341.43	101.2	90.3	96.6	39.4
County Assembly	663.9	242.85	660.94	70.08	659.32	62.32	99.8	88.9	99.3	25.7
Trade, Investment and Co-operative Development	83.53	251.43	68.61	183.1	67.65	173.22	98.6	94.6	81.0	68.9
Social Services and Talent Management	129.57	273.9	133.54	140.2	128.34	147.55	96.1	105.2	99.1	53.9
Executive Services	114.48	51.67	113.46	15.66	107.7	29.33	94.9	187.3	94.1	56.8
Education	945.19	1,028.87	945.19	618.71	918.45	647.57	97.2	104.7	97.2	62.9
Water Services	76.43	1,098.49	76.35	791.13	73.79	796.93	96.6	100.7	96.5	72.5
Roads and Public Works	173.99	1,056.22	169.91	827.32	161.7	816.26	95.2	98.7	92.9	77.3
Tourism and ICT	53.29	77.33	49.46	47.82	51.36	45.62	103.8	95.4	96.4	59.0
County Public Service Board	60.01	-	58.07	75.07	47	-	80.9	0.0	78.3	0.0
Public Service & Administration	357.62	80.78	351.35	12.42	356.77	60.83	101.5	489.8	99.8	75.3
Kwale Municipality	1.69	54.06	1.21	-	0.86	37.16	71.1	0.0	50.9	68.7
Diani Municipality	0.75	40.98	0.7	-	0.55	25.75	78.6	0.0	73.3	62.8
Total	6,322.97	5,938.35	6,120.34	3,655.43	6,075.76	3,670.21	99.3	100.4	96.1	61.8

Source: Kwale County Treasury

Analysis of expenditure by the Departments shows that the Department of Roads and Public Works recorded the highest absorption rate of development budget at 77.3 per cent while the County Assembly recorded the lowest absorption

rate of development budget at 25.7 per cent. The Department of Public Service and Administration had the highest percentage of recurrent expenditure to budget at 99.8 per cent, while the Department of Kwale Municipality had the lowest at 50.9 per cent.

3.20.11 Budget Execution by Programmes and Sub-Programmes

Table 3.109 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.109: Kwale County, Budget Execution by Programmes and Sub-programmes

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance And Economic Planning				
Budget Formulation, Coordination And Management	105,788,962	105,714,857	74,105	99.9
General Administration	401,571,036	391,389,515	10,181,521	97.5
Revenue Collection Management	47,694,631	36,932,083	10,762,548	77.4
Public Finance And Accounting Services	18,798,435	18,701,864	96,571	99.5
Procurement Services	9,023,465	8,616,683	406,782	95.5
Risk Assurance Services	9,309,030	8,530,911	778,119	91.6
Personal Services	211,183,391	205,906,032	5,277,359	97.5
TOTALS	803,368,950.00	775,791,945.00	27,577,005.00	96.6
Agriculture, Livestock And Fisheries				
General Administration And Support Services {0102053060}	367,376,461	357,542,670	9,833,791	97.3
Crop Production & Food Security {0107013060}	277,943,338	96,830,408	181,112,930	34.8
Dairy And Meat Production {0108013060}	48,348,586	42,972,446	5,376,140	88.9
Fish Production Management {0109013060}	20,296,840	6,843,251	13,453,589	33.7
Livestock Disease Control {0108033060}	63,004,017	28,900,883	34,103,134	45.9
Farm Land Utilization, Mechanization & Crop Storage {0107033060}	47,726,128	46,673,181	1,052,947	97.8
Agricultural Extension, Research & Training {0107023060}	3,665,000	943,675	2,721,325	25.7
Total	828,360,370	580,706,514	247,653,856	70.1
Land, Environment, Mining and Natural Resources				
0102053060 (General Administration And Support Services)	97,974,438	59,311,190	38,663,248	60.5
0102063060 (Personnel Services)	27,790,613	27,522,140	268,473	99.0
0102073060 (Urban Support)	47,826,850	12,078,210	35,748,640	25.3
0104013060 (Physical Development Plans)	12,080,000	4,775,450	7,304,550	39.5
0105013060 (Establishment Of Squatter Settlement Schemes)	68,281,207	52,338,157	15,943,050	76.7
0105033060 (Identification And Acquisition Of Land For Development)	57,800,000	49,150,000	8,650,000	85.0
0106023060 (County Environmental Awareness Initiative)	29,500,000	8,793,750	20,706,250	29.8
0901023060 (Empowering Communities In Extractive Industry)	1,020,000	1,007,075	12,925	98.7
TOTAL	342,273,108.00	214,975,972.00	127,297,136.00	62.81
Medical And Public Health Services				
General Administration(0403013060)	724,660,264	406,424,105	318,236,159	56.1
Medical Drugs(0402043060))	313,500,000	313,458,879	41,121	100.0

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Hmis (0403043060))	4,530,000	4,236,872	293,128	93.5
Personnel Services(0403053060)	1,701,746,248	1,566,566,893	135,179,355	92.1
Msambweni Hospital (0405013060)	58,006,733	53,134,595	4,872,138	91.6
Kinango Hospital(0406013060)	24,825,186	26,259,390	(1,434,204)	105.8
Kwale Hospital(0407013060)	56,510,000	21,981,973	34,528,027	38.9
Tiwi Rural Health Facility(0408013060)	4,554,000	4,494,243	59,757	98.7
Samburu Hospital(0409013060)	18,017,725	6,848,571	11,169,154	38.0
Lungalunga Hospital(0410013060)	18,398,200	17,571,409	826,791	95.5
Public Health(041053060)	2,850,000	2,262,190	587,810	79.4
Rural Health Facilities(0412013060)	226,984,849	124,121,091	102,863,758	54.7
Diani Health Centre(0413013060)	1,620,000	1,073,714	546,286	66.3
Maternal New Born And Child Health(0401023060)	209,833,877	62,419,798	147,414,079	29.7
Total	3,366,037,082	2,610,853,722	755,183,360	77.6
County Assembly				
General Administration And Support Services	531,078,141	348,196,330	182,881,811	65.6
Oversight, Legislation And Representation	375,672,194	373,441,114	2,231,080	99.4
Total	906,750,335	721,637,444	185,112,891	79.6
Trade, Investment And Co-Operative Development				
Administration Services(0305023060)	132,294,577	84,250,046	48,044,531	63.7
Construction Of New Markets(0306023060)	83,128,439	59,881,775	23,246,664	72.0
Weights & Measures	10,748,424	9,450,852	1,297,572	87.9
Trade Development And Investment	12,218,987	7,489,193	4,729,794	61.3
Other Current Transfers(0306023060)	-	-	-	0.0
Personnel Services (305013060)	31,171,801	30,559,218	612,583	98.0
Building Capacity Of Traders For Better Market Acess(301013060)	6,313,500	4,899,948	1,413,552	77.6
Industry & Enterprise Development	53,852,967	41,001,717	12,851,250	76.1
Cooperative Development	5,230,348	3,330,180	1,900,168	63.7
TOTAL	334,959,043.00	240,862,929.00	94,096,114.00	71.9
Social Services And Talent Management				
Administration	149,324,455	136,297,119	13,027,336	91.3
Community Development	70,447,052	30,651,253	39,795,799	43.5
Culture And Heritage	18,471,743	6,545,866	11,925,877	35.4
Sports And Talent Management	165,230,533	102,402,320	62,828,213	62.0
Total	403,473,783	275,896,558	127,577,225	68.4
Executive Services				
Audit Services704013060	61,631,448	61,407,224	224,224	99.6
General Administration704043060	91,228,878	60,994,316	30,234,562	66.9
Legal Advisory Services707013060	3,036,000	2,158,286	877,714	71.1
Media And Communication Services707033060	10,252,460	9,709,114	543,346	94.7
TOTAL	166,148,786	134,268,940	31,879,846	80.8

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education				
Personnel Services (0502023060)	429,225,050	428,553,873	671,177	99.8
Scholarship And Bursary (0504013060)	404,500,000	404,500,000	-	100.0
Administration Planning Support Service (0502013060)	526,689,534	401,913,178	124,776,356	76.3
Infrastructure Development (0503023060) & (0501043060)	413,905,501	164,134,042	249,771,459	39.7
Youth Training Development(0503013060)	115,395,445	98,089,295	17,306,150	85.0
Early Childhood Development (0501043060)	84,350,000	68,829,980	15,520,020	81.6
Total	1,974,065,530.00	1,566,020,368.00	408,045,162.00	79.3
Water Services				
Construction & Maintenance Of Water Pipeline Supply Systems (1001023060)	101,980,241	56,910,656	45,069,585	55.8
Development Of Borehole Water Supply System (1001033060)	77,810,001	51,694,304	26,115,697	66.4
Development/Construction Of Surface Water Supply Systems (1001043060)	115,501,775	69,324,395	46,177,380	60.0
Community Water Project (1001063060)	48,922,963	38,202,512	10,720,451	78.1
Personnel Services (1002013060)	28,217,747	28,317,511	(99,764)	100.4
Administration Services (1002023060)	802,491,153	626,266,323	176,224,830	78.0
TOTAL	1,174,923,880.00	870,715,701.00	304,208,179.00	74.1
Roads And Public Works				
Administration Services (0305023060)	503,091,996	444,248,372	58,843,624	88.3
Rehabilitations Of Roads, Drainage And Bridges (0202013060)	611,361,900	445,290,580	166,071,320	72.8
Personnel Services (0305013060)	68,055,203	60,244,046	7,811,157	88.5
Installation Of Street Lighting Facilities (0203013060)	47,703,283	28,179,540	19,523,743	59.1
TOTAL	1,230,212,382.00	977,962,537.65	252,249,844.35	79.5
Tourism And ICT				
Personnel Services {0305013060}	22,259,681	22,259,681	-	100.0
Administration Services {0305023060}	24,182,365	20,657,372	3,524,993	85.4
Local Area Network Installation And ICT Support {0308013060}	40,955,541	39,640,759	1,314,782	96.8
Tourism Promotion {0304013060}	43,220,577	14,424,188	28,796,389	33.4
TOTAL	130,618,164.00	96,982,000.00	33,636,164.00	74.2
County Public Service Board				
		(91,500)	91,500	-
Human Resource Planning (706013060)	16,140,856	15,249,512	891,344	94.5
Transformation Of Service Delivery In Public Service (706023060)	2,700,000	2,697,233	2,767	99.9
Hr Management And Skill Development (706033060)	-	-	-	0.0
Compensation To Employees (706043060)	36,886,732	24,903,676	11,983,056	67.5
Human Resource Planning (706053060)	2,680,000	2,642,412	37,588	98.6
Staff Rationalization (706063060)	1,600,000	1,599,950	50	100.0
TOTAL	60,007,588	47,092,783	12,914,805	78.5

Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Public Service & Administration				
Audit Services0704013060	193,266,648	176,202,745	17,063,903	91.2
General Adminstration0704043060	152,125,243	131,107,145	21,018,098	86.2
Compensation To Employees 0706043060	1,200,000	700,000	500,000	58.3
County Compliance And Enforcement0708033060	20,544,200	18,270,677	2,273,523	88.9
Sub County Admin Msambweni0712013060	9,723,000	7,929,752	1,793,248	81.6
Sub County Admin Lungalunga0712023060	12,127,478	12,250,215	(122,737)	101.0
Sub County Admin Matuga0712033060	12,810,000	12,697,288	112,712	99.1
Sub County Admin Kinango0712043060	11,462,028	12,778,954	(1,316,926)	111.5
County Garbage And Cleaning Services0713013060	16,502,667	18,391,108	(1,888,441)	111.4
Human Resource And Planning,0714013060	8,643,000	8,081,017	561,983	93.5
TOTAL	438,404,264.00	398,408,901.00	39,995,363.00	90.9
Kwale Municipality				
0102063060 (Personnel)	-	-	-	0.0
0111013060 (Kwale Municipality)	55,745,478	38,086,774	17,658,704	68.3
TOTAL	55,745,478	38,086,774	17,658,704	68.3
Diani Municipality				
0102063060 (Personnel)	-	-	-	0.0
0112013060 (Diani Municipality)	41,730,000	26,292,928	15,437,072	63.0
Total	41,730,000	26,292,928	15,437,072	63.0
Grand Total	11,853,604,960	9,300,659,458	2,552,945,502	78.5

Source: Kwale County Treasury

The top three programmes with the highest absorption rates were: Sub County Admin Kinango, county garbage and cleaning services and sub-County Admin Lunga Lunga in the Department of Public Service & Administration at 111.5 per cent, 111.4 per cent and 101.0 per cent of budget allocation. Absorption rates above 100 per cent are irregular and an indication of misappropriation of funds.

3.20.12 Monitoring Summary Report

The Office of the Controller of Budget conducted a monitoring exercise in Kwale County from 22nd to 26th February 2021. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 21 projects were sampled and assessed from different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. Below are key findings from the exercise;

3.20.12.1 High Wage Bill at the County

The County Government attributed the high growth of the wage bill to new ECD construction and dispensaries and the growth of the salaries as a result of the annual staff increment. To control the growth of wages, the County Government has put measures to lower the wage bill by lowering ECD and construction of dispensaries and therefore, there will be less hiring of ECD teachers and nurses in future.

3.20.12.2 Lack of post-completion management and maintenance of projects

Some projects were complete and in use, but the county is yet to ensure routine maintenance; for example, the Maji Kuko and Blue Jay road projects needed bush clearing and drainage unblocking. The Kinondo dumpsite lacked the personnel to maintain order during offloading/ dumping of garbage waste, and the gate had already been destroyed by garbage lorries and was yet to be repaired.

The County should ensure all projects have routine maintenance to ensure project longevity and sustainability.

3.20.12.3 Lack of project assets securing

The County Government needs to secure project assets that are vulnerable to vandalism. For example, the lack of fencing for the solar-powered boreholes put the project at risk due to the high risk of vandalism of the solar panels. The County should ensure that they secure the projects through fencing and other security measures to ensure no vandalism.

3.20.12.4 Delay in Operationalisation of Completed Projects.

The OCOB noted that there was a delay in putting into use of the completed projects. For example, the recording studio at Golini ward was not operational as most of the studio equipment had not been procured. The County should ensure that they operationalise the completed projects by equipping them fully.

3.20.12.5 5. Low absorption of development funds

During the FY 2019/20, the County Government spent Kshs.3.51 billion on development projects out of the annual development budget of Kshs.7.07 billion, representing 49.6 per cent of the annual development budget. The county government attributed this to the delay in the disbursement of funds by the National Treasury, which has forced the county to stagger the procurement process to match the disbursement pattern during the financial year. Further, the county officials reported that some contractors do not understand the e-procurement system leading to many errors and retendering. The County Government will be sensitising vendors on how to operate the e-procurement system.

3.20.12.6 Decline in Own Source Revenue Collection

During the FY 2019/20, Kwale County generated a total of Kshs.254.45 million as own-source revenue, representing a decrease of 19.2 per cent compared to Kshs.315.03 million realised in the FY 2018/19. This amount represented 78.3 per cent of the annual target. This significant decrease was attributed; low billing and filing of NHIF under the Health Department, non-submission of returns from the Universal Health Coverage programme, unfavourable socio-economic conditions from the measures taken to contain the Covid-19 Pandemic between March and May 2020. The lockdown measures led to a loss of revenue on market rates, single business permits, land rates, plans approval, auction ring and parking fees, which are the primary sources of own-source revenue for the county.

3.20.13 Key Observations and Recommendations

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

1. The underperformance of own-source revenue at Kshs.250.09 million against an annual projection of Kshs.365.64 million, representing 68.4 per cent of the annual target.
2. As shown in Table 3.109 there was weak budgeting practice where the county incurred expenditure above approved budgetary allocations for several programmes. This is an indication of misappropriation of funds,
3. The County failed to reconcile the approved budget amounts in the Programme Based Reports with the Appropriation Act, 2021. The approved budget amount in the Programme Based Report is shown as Kshs.11,853,604,960 compared with Kshs.12,261,334,266 in the Appropriation Act.
4. High expenditure on local travel at Kshs.282.89 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

To improve budget execution, the County should implement the following recommendations;

1. *The County should develop and implement own-source revenue enhancement strategies to ensure the approved budget is fully financed.*
2. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
3. *The County should liaise with the Directorate of IFMIS at the National Treasury to ensure that the County approved budget is accurately uploaded, and any variances are addressed accordingly.*
4. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.21 County Government of Laikipia

3.21.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.7.49 billion, comprising of Kshs.2.68 billion (35.8 per cent) and Kshs.4.81 billion (64.2 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.18 billion (58.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.19 billion (16.9 per cent) as total conditional grants, generate Kshs.1 billion (14.2 per cent) from own sources of revenue, and a cash balance of Kshs.728.6 million (10.2 per cent) from FY 2019/20.

3.21.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.18 billion as the equitable share of the revenue raised nationally, Kshs.758 million as conditional grants, raised Kshs.840.39 million as own-source revenue, and had a cash balance of Kshs.728.6 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.50 billion as shown in Table 3.110.

Table 3.110: Laikipia County, Revenue Performance in FY 2020/21

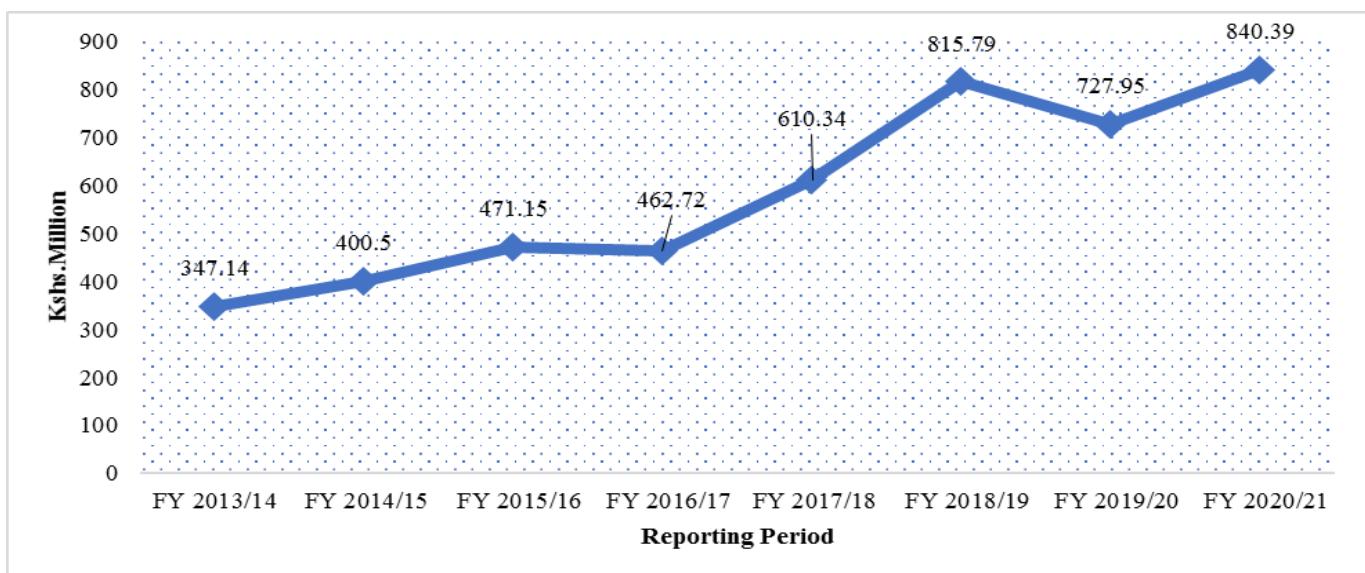
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,177,800,000	4,177,800,000	4,177,800,000	100
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	9,968,208	9,968,208	9,968,208	100.0
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	143,385,638	143,385,638	143,385,638	100.0
4.	Rehabilitation of Village Poly-technics	46,844,894	46,844,894	18,319,894	39.1
Sub Total		332,220,017	332,220,017	171,673,740	51.7
C. Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	125,061,404	125,061,404	86,415,378	69.1
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	333,129,273	333,129,273	230,616,958	69.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	86,121,027	86,121,027	45,000,000	52.3
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	14,238,060	14,238,060	27,955,677	196.3
5.	DANIDA Grant	11,880,000	11,880,000	11,880,000	100.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	53,944,218	53,944,218	-	-
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	168,472,754	167,353,974	99.3
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	25,607,046	25,607,046	12,417,623	48.5
9.	Ministry of Health COVID - 19 Grant	91,344,000	36,690,000	-	-
10.	DANIDA COVID Grant	4,585,000	-	-	-
11.	UNICEF	11,362,004	11,362,004	4,692,898	41.3
Sub Total		757,272,032	866,505,786	586,332,507	67.7
D. Other Sources of Revenue					

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
1.	Own Source Revenue	-	1,006,875,000	840,396,632	83.5
2.	Balance b/f from FY 2019/20	-	728,598,998	728,598,998	100
	Sub Total	-	1,735,473,998	1,568,995,630	110.6
	Grand Total	5,267,292,049	7,111,999,801	6,504,801,877	109.3

Source: Laikipia County Treasury

The Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) registered performance of above 100 per cent due to receipt of releases for FY 2019/2020 received in the current year. Figure 3.40 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.40: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Laikipia County Treasury

In FY 2020/21, the County generated Kshs.840.39 million as own-source revenue. This amount represented an increase of 15.5 per cent compared to Kshs.727.95 million realised during a similar period in FY 2019/20 and was 83.5 per cent of the annual target.

3.21.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.21 billion from the CRF account during the reporting period. The amount comprised of Kshs.1.74 billion (28.1 per cent) for development programmes and Kshs.4.46 billion (71.9 per cent) for recurrent programmes.

3.21.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.83 billion on development and recurrent programmes. The expenditure represented 93.9 per cent of the total funds released by the COB and comprised of Kshs.1.45 billion and Kshs.4.37 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 53.9 per cent while, recurrent expenditure represented 90.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June, 2021, which amounted to Kshs.531.73 million for development activities and Kshs.180.86 million for recurrent costs.

3.21.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.91 billion was spent on employee compensation, Kshs.1.46 billion on operations and maintenance, and Kshs.1.45 billion on development activities as shown in Table 3.111.

Table 3.111: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,813,083,178	4,464,436,941	4,376,602,430	90.9
Compensation to Employees	2,834,540,605	2,952,800,905	2,914,862,352	102.8
Operations and Maintenance	1,978,542,573	1,511,636,036	1,461,740,078	73.8
Total Development Expenditure	2,685,535,388	1,742,394,395	1,449,931,018	53.9
Development Expenditure	2,685,535,388	1,742,394,395	1,449,931,018	53.9
Total	7,498,618,566	6,206,831,336	5,826,533,448	77.7

Source: Laikipia County Treasury

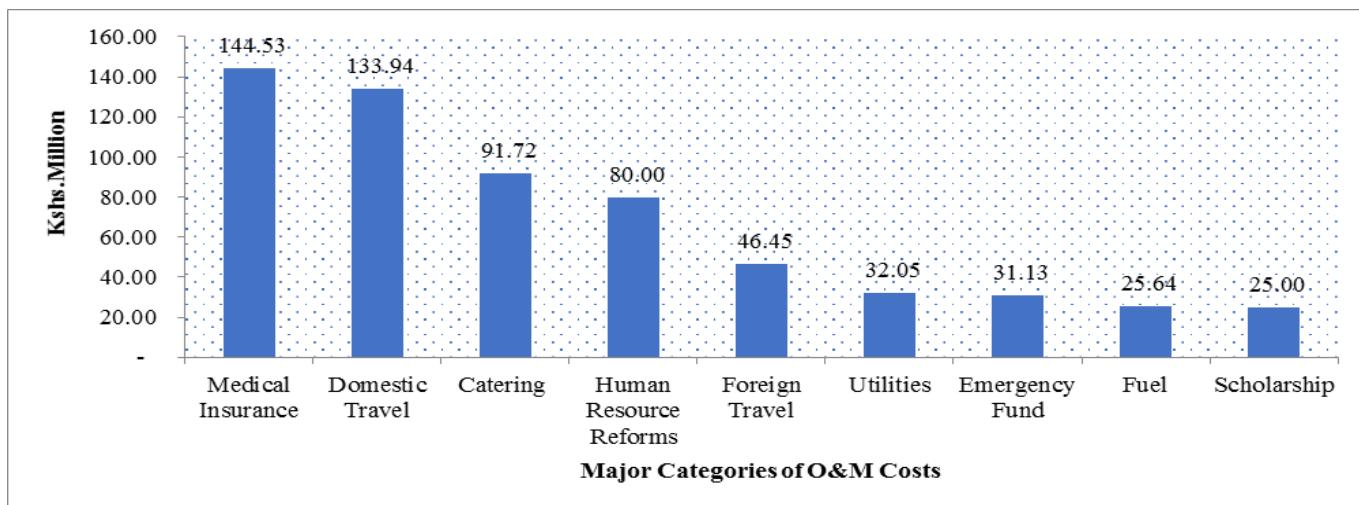
3.21.6 Expenditure on Personnel Emoluments

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 50 per cent of the total expenditure for the reporting period and 38.8 per cent of revenue.

3.21.7 Expenditure on Operations and Maintenance

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

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



Source: Laikipia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.26.02 million on committee sitting allowances for the 25 MCAs and Speaker against the annual budget allocation of Kshs.33.45 million. The average monthly sitting allowance was Kshs.86,749 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.133.94 million and comprised of Kshs.37.62 million spent by the County Assembly and Kshs.93.68 million by the County Executive. Expenditure on foreign travel amounted to Kshs.46.45 million and comprised of Kshs.43.79 million by the County Assembly and Kshs.2.65 million by the County Executive.

3.21.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.59.24 million to cater for COVID-19 related expenditure. A total of Kshs.59.21 million was spent during the reporting period, as shown in Table 3.112.

Table 3.112: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1.	Allowances to health workers under COVID-19 Unit	4,241,422	4,211,738
2.	Purchase of PPEs	38,179,560	38,179,560
3.	Fuel & Oil Costs	3,660,992	3,660,992

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
4.	Hospitality	6,722,000	6,722,000
5.	Others	6,435,025	6,435,025
Total		59,239,000	59,209,316

Source: Laikipia County Treasury

3.21.9 Development Expenditure

The County incurred an expenditure of Kshs.1.45 billion on development programmes, which represented an increase of 29.6 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.02 billion. Table 3.113 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.113: Laikipia 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	Subsidies to small businesses	County wide	65,700,000	48,050,000	73.1
2	Issuance of Bursary Fund to Schools	County wide	50,000,000	34,116,815	68.22
3	Supply, installation, testing & commissioning of solar-powered street lights	County wide	23,900,000	22,779,480	95.3
4	Construction of proposed maternity block	Nyahururu Level iv Hospital	5,874,985	5,874,985	100
5	Construction of stage stalls in Nanyuki town	Nanyuki Town	5,549,375	5,549,375	100
6	Construction of Maternity block at Nanyuki Referral Hospital	Nanyuki Town	5,107,937	5,107,937	100
7	Construction of Gachuiro bridge	Umande Ward	4,645,145	4,645,145	100
8	Construction of Chiller room at Nanyuki Slaughter House	Nanyuki Town	5,414,661	4,617,399	85.3
9	Grading and gravelling works on Rotasha road	Mukogondo west	3,392,257	3,392,257	100
10	Construction of X-ray block at Kimanjo	Kimanjo	3,388,997	3,388,997	100

Source: Laikipia County Treasury

3.21.10 Budget Performance by Department

Table 3.114 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.114: 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	3,382.88	20.44	3,156.32	30.07	3,154.04	22.17	99.9	73.7	93.2	108.5
Finance & Economic Planning	199.26	964.91	168.81	853.17	163.36	610.65	96.8	71.6	82.0	63.3
Health Services	501.75	139.97	501.72	-	466.10	1.10	92.9		92.9	0.8
Agriculture, Livestock & Fisheries	66.25	531.07	51.72	233.39	46.78	188.09	90.4	80.6	70.6	35.4
Lands, Infrastructure & Housing	18.04	529.56	12.95	406.07	8.19	405.61	63.2	99.9	45.4	76.6
Rumuruti Municipality	16.80	60.00	7.30	27.96	4.50	23.00	61.6	82.3	26.8	38.3
Trade, Tourism & Cooperative Development	23.22	123.84	19.39	48.65	16.56	48.50	85.4	99.7	71.3	39.2
Water, Environment & Natural Resources	18.02	123.38	13.50	33.56	13.02	32.51	96.4	96.9	72.2	26.4
Education, Youth & Sports	91.18	91.28	56.34	18.32	36.68	18.09	65.1	98.7	40.2	19.8
County Assembly	495.69	101.09	476.39	91.21	467.38	100.20	98.1	109.9	94.3	99.1
TOTAL	4,813.08	2,685.54	4,464.44	1,742.39	4,376.60	1,449.93	98.0	83.2	90.9	54.0

Source: Laikipia County Treasury

The County Administration Service Department registered an absorption rate of 108.5 per cent of its development budget. The department initially had a budget of Kshs.61.4 million which was slashed to Kshs.20.44 million in the supplementary. The Health Department had the lowest absorption of its development budget at 0.8 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 94.3 per cent while Rumuruti Municipality had the lowest at 26.8 per cent.

3.21.11 Budget Execution by Programmes and Sub-Programmes

Table 3.115 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.115: Laikipia County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Education					
General Adminis-tration & Planning services	Personnel services	1,800,000	578,850	1,221,150	32.2
	Administration Services	6,777,792	2,176,765	4,601,027	32.1
Sports, Arts and Social Services	Talent Development Services	500,000	214,450	285,550	42.89
	Sport Development and Pro-motion	7,500,000	3,257,231	4,242,769	43.43
	Child care services	2,500,000	813,680	1,686,320	32.55
	Social and Cultural Develop-ment	2,500,000	136,000	2,364,000	5.44
Education and Training	Vocational Education and Training	139,880,796	47,460,449	92,420,347	33.9
	Collaboration And Partner-ship on Skills and Technology Transfer	1,000,000	0	1,000,000	-
	Early Childhood Education Development	20,000,000	129,899	19,870,101	0.65
Sub-total		182,458,588	54,767,324	127,691,264	30.0
County Assembly					
General Adminis-tration & Planning Services	Administration services	297,416,250	280,429,828	16,986,422	94.3
Legislative & Over-sight	Legislation & Oversight Services	198,277,500	186,953,219	11,324,281	94.30
Infrastructure im-provement services	County Assembly Infrastruc-ture improvement	101,092,291	100,202,342.00	889,949	99.10
Sub-total		596,786,041	567,585,389	29,200,652	95.11
County Health Services					
General Administra-tion & Planning	Human Resource develop-ment	1,000,000	987,560	12,440	98.76
	Health policy, Governance & Planning	4,500,000	2,740,517	1,759,483	60.9
	Health general information standards & quality assurance	499,997	100,000	399,997	20.0
	Administrative Project Plan-ning & Implementation	80,465,000	71,596,877	8,868,123	88.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Curative & Rehabilitative Services	Health Products & Technologies support	50,832,955	44,505,800	6,327,155	87.5
	Essential health institutions & services	132,261,404	84,993,524	47,267,880	64.3
	Emergency referral & Rehabilitative services	133,421,416	126,594,079	6,827,337	94.9
	Health Infrastructure Development	3,614,030	688,553	2,925,477	19.1
	Health training centre development	2,838,655	12,601	2,826,054	0.44
	Ultra-modern maternity infrastructure development	1,498,272	403,059	1,095,213	26.90
Preventive Health Services	Standards & Quality assurance	5,300,000	5,280,130	19,870	99.63
	Family planning, Maternal & child health	3,300,000	1,301,620	1,998,380	39.44
	Non-communicable disease control	800,000	795,000	5,000	99.38
	Community health strategy & advocacy	181,391,277	97,956,192	83,435,085	54.00
	Social health insurance scheme	40,000,000	29,246,274	10,753,726	73.12
Sub-total		641,723,006	467,201,786	174,521,220	72.8
Infrastructure, Physical Planning & Lands					
Administration, Planning and Support Services	Administration Services	3,314,000	2,270,701	1,043,299	68.5
	Planning & Financial Management	2,790,000	1,352,400	1,437,600	48.5
Land & Housing Management	Housing Policy Development	4,000,000	1,106,000	2,894,000	27.65
Physical Planning & Survey	Land Management	10,000,000	10,000,000	0	100.00
	Survey & Planning Services	17,696,000	17,696,000	0	100.0
Public Works Service delivery Improvement	County Building Construction Standard	4,200,000	2,091,950	2,108,050	49.8
Roads Network Improvement and Urban Development	Roads Network Improvement and Bridges	130,000,000	129,281,260	718,740	99.45
	Urban Development	22,250,000	0	22,250,000	-
	Road Network Maintenance	200,592,783	187,585,526	13,007,257	93.5
	Heavy Equipment Maintenance	7,712,500	-	7,712,500	-
Critical Infrastructure Rehabilitation	Interward bridge construction	24,000,000	20,000,000	4,000,000	83.33
	Managed Specialized Equipment	120,000,000	42,162,500	77,837,500	35.14
Renewable Energy Services	County Renewable/Green Energy Services	1,036,268	258,100	778,168	24.91
Sub-total		547,591,551	413,804,437	133,787,114	75.6
Trade, Tourism & Cooperatives					
General Administration & Planning services	Administration Services	9,316,496	4,716,339	4,600,157	50.6
	Personnel Services	1,500,000	536,701	963,299	35.8
	Policy Development	500,000	100,000	400,000	20.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Co-operative Development and promotion	Co-operative Development and promotion	19,500,000	1,221,940	18,278,060	6.3
	Research & Development	4,506,676	3,235,141	1,271,535	71.8
	Market Infrastructure Development	1,000,000	332,100	667,900	33.2
	Lab weights & Measures	2,500,000	-	2,500,000	-
Home Craft Industrialization & Enterprise	Industrial Development & Investment Promotion	5,800,000	2,106,002	3,693,998	36.3
	Enterprise Development	75,000,000	48,503,300	26,496,700	64.67
	Industrial mapping & promotion initiative	8,000,000	-	8,000,000	-
Trade and Investment	Trade promotion Services	2,500,000	2,080,643	419,357	83.2
	Market Infrastructure Development	5,840,271	-	5,840,271	-
Tourism Development & Promotion	Tourism Promotion & Marketing	5,300,000	1,158,485	4,141,515	21.9
	Tourism Infrastructural Development	5,792,278	1,067,900	4,724,378	18.4
Sub-total		147,055,721	65,058,551	81,997,170	44.2
County Administration Services					
Human Capital Management & Development	Compensation to employees	2,910,231,276	2,668,260,320	241,970,956	91.7
	County Public Service Board	19,781,629	19,781,629	0	100.0
County Administration Services	Headquarter Administration Services	7,296,931	7,296,931	0	100.0
	ICT Infrastructure & Connectivity	8,000,000	8,000,000	0	100.0
	County Administration Services	110,000,000	110,000,000	0	100.0
	County services delivery and result reporting	26,500,000	26,500,000	0	100.0
	Car & Mortgage	15,000,000	15,000,000	0	100.0
	Decentralized Services	58,831,024	58,831,024	0	100.0
	Executive Support Service	66,000,000	66,000,000	0	100.0
	Grants & Transfers	86,121,027	86,121,027	0	100.0
	Urban Facilities Management	25,000,000	19,900,500	5,099,500	79.6
	Legal Services	9,000,000	9,000,000	0	100.0
Security & Policing Services	Disaster Reduction Management	5,000,000	5,000,000	0	100.0
	Enforcement And Disaster Management	5,000,000	5,000,000	0	100.0
	Alcohol Control Committee	4,500,000	4,500,000	0	100.0
	Intergovernmental & Donor Relations	22,000,000	22,000,000	0	100.0
	Fire Services	6,000,000	6,000,000	0	100.0
Public Participation & Civic Education	Public participation	19,052,453	16,852,387	2,200,066	88.5
Sub-total		3,403,314,340	3,154,043,818	249,270,522	92.7
Water, Environment & Natural Resources					
Water Development	Rural Water Supply & Sanitation	102,682,880	20,224,564	82,458,316	19.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration & Support Services	Administration & Planning Services	13,000,000	6,684,604	6,315,396	51.4
	Personnel Services	2,500,000	2,002,000	498,000	80.1
	Strategic Project Monitoring & Intervention	2,453,871	2,521,902	(68,031)	102.8
Environment & Natural Resources	Solid Waste Management	7,610,959	5,711,201	1,899,758	75.0
	Human Wildlife Conflict Prevention	3,873,416	924,200	2,949,216	23.9
	Integrated land rehabilitation	888,343	6,036,086	(5,147,743)	679.5
	Climate Change Adaptation & mitigation	1,560,200	543,600	1,016,600	34.8
	Natural Resoures Management	6,828,890	880190	5,948,700	12.9
Sub-total		141,398,559	45,528,347	95,870,212	32.2
Agriculture, Livestock & Veterinary					
General Administrative & Planning Services	Headquarter Administration Services	38,005,096	6,944,185	31,060,911	18.27
	Agriculture Sector Extension Management	47,546,600	37,344,878	10,201,722	78.5
Crop Development	Irrigation Development and management	705,287	5,741.00	699,546	0.81
	Land and Crop Productivity Enhancement and Management	10,357,561	1,156,890.00	9,200,671	11.17
	Strategic Food Security Service/AMS	97,457,157	15,162,125	82,295,032	15.6
Livestock Resources Management & Development	Animal Health and Disease Management and Control	400,248,513	173,069,816	227,178,697	43.2
	Livestock Resource Development and Management	2,384,630	741,000.00	1,643,630	31.07
Fisheries Development	Fisheries Development and Management	615,863	437,212.00	178,651	70.99
Sub-total		597,320,707	234,861,847	362,458,860	39.3
Finance & Economic Planning					
General Administration & Planning Services	Headquarter administration services	50,000,000	36,107,937	13,892,063	72.2
Administration, Planning & Support Services	Personnel Services	2,450,000	1,935,200	514,800	79.0
	General Administration Support	90,230,477	88,525,719	1,704,758	98.1
	Infrastructural Services	666,137	17,637,080	-16,970,943	2647.7
Public Finance Management Services	Internal Audit Services	9,000,000	7,610,258	1,389,742	84.6
	County Treasury Administrative Services	703,000,000	540,026,952	162,973,048	76.82
	Revenue collection services	41,000,000	39,300,000	1,700,000	95.9
	Fleet and Logistics	5,800,000	5,228,037	571,963	90.1
	Supply chain management services	14,394,223	10,715,699	3,678,524	74.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Development Planning Services	Monitoring and Evaluation Services	8,000,000	6,561,197	1,438,803	82.0
	Strategic Partnership & Collaboration	1,580,000	1,501,100	78,900	95.0
	Research, Statistics & Documentation	10,120,000	7,425,751	2,694,249	73.4
	Participatory Budgeting	12,333,899	11,439,290	894,609	92.7
Sub-total		1,164,170,054	774,014,220	390,155,834	66.5
GRAND TOTAL		7,421,818,567	5,776,865,719	1,644,952,848	77.8

Source: Laikipia County Treasury

The top three programmes with the highest levels of absorption rates were: Integrated land rehabilitation in the Department of Water, Environment & Natural Resources 679.5 per cent, Infrastructural Services in the Department of Finance & Economic Planning at 264.7 per cent, and Strategic Project Monitoring & Intervention in the Department of Water, Environment & Natural Resources at 102.8 per cent of budget allocation. An absorption rate above 100 per cent is irregular, an indication of a weak internal control system and possible misappropriation of funds.

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. The County budget for FY 2020/21 is unbalanced, with expenditure exceeding revenues by Kshs.386,618,765.
2. A high wage bill, which accounted for 50 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The County Treasury used revenue at source, and there was weak budgeting practice as shown in Table 3.114 and Table 3.115, where the County incurred expenditure above the approved budgetary allocations.
4. It was also noted that there was a long delay in disbursement of equitable share by the National treasury during the reporting period, which adversely affected county budget implementation.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County Treasury should enforce fiscal responsibility principles and ensure that its budget is balanced in line with Section 107 of the PFM Act, 2012,*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *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 in line with Section 109 (2) of the PFM Act, 2012.*
4. *The County Treasury should continuously liaise with the National Treasury to ensure the equitable share of revenue is released in a timely and predictable manner per the Approved Disbursement Schedule.*

3.22 County Government of Lamu

3.22.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.4.71 billion, comprising of Kshs.1.94 billion (41.3 per cent) and Kshs.2.76 billion (58.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.2.6 billion (55.1 per cent) as the equitable share of revenue raised nationally, Kshs.869.23 million (18.5 per cent) as total conditional grants, generate Kshs.100 million (2.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.14 billion (24.3 per cent) from FY 2019/20.

3.22.2 Revenue Performance

In FY 2020/21, the County received Kshs.2.6 billion as the equitable share of the revenue raised nationally, Kshs.591.48 million as conditional grants, raised Kshs.108.43 million as own-source revenue, and had a cash balance of Kshs.1.14 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.4.44 billion, as shown in Table 3.116.

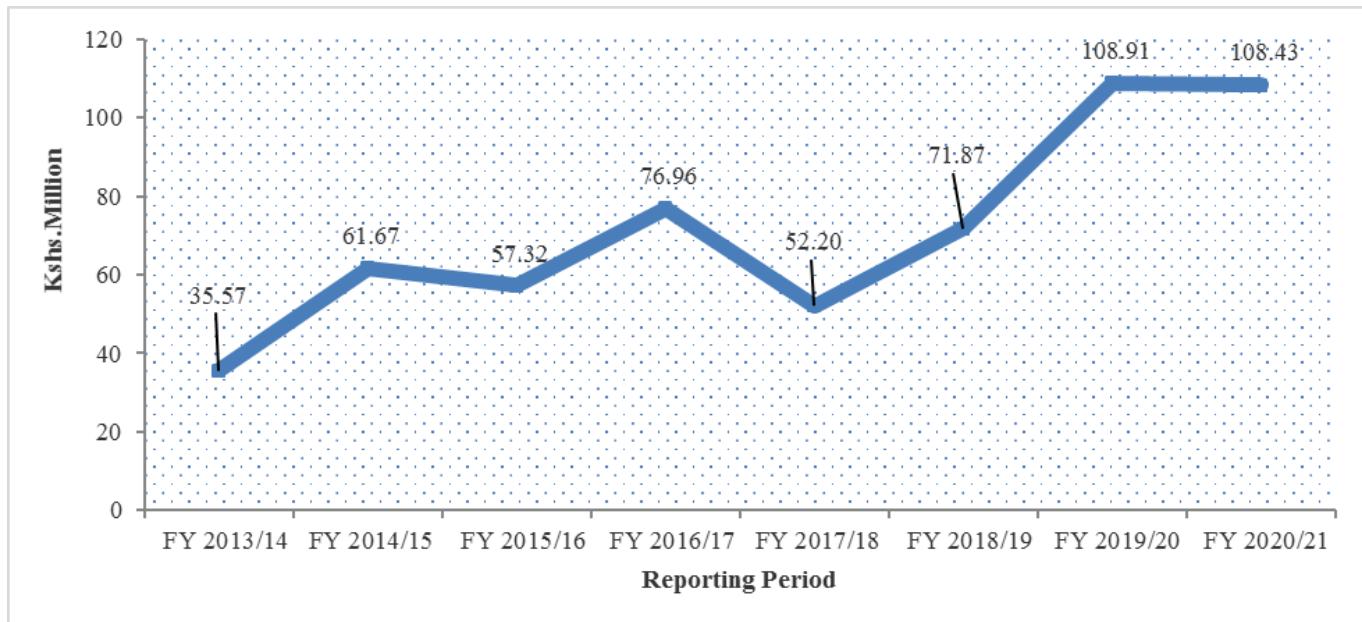
Table 3.116: Lamu County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	2,595,300,000	2,595,300,000	2,595,300,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Supplement for construction of county headquarters	50,000,000	50,000,000	-	-
2.	Compensation for User Fee Foregone	2,451,034	2,451,034	2,451,034	100.0
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	82,069,411	111,489,312	82,069,411	73.6
5.	Rehabilitation of Village Polytechnics	50,299,894	50,299,894	50,299,894	100.0
Sub Total		316,841,616	214,240,240	134,820,339	62.9
C Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	131,761,634	131,761,634	131,499,062	99.8
3.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	257,872,086	257,872,086	204,568,231	79.3
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	76,534,906	45,000,000	58.8
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	83,872,538	25,365,167	30.2
6.	DANIDA Grant	7,380,000	11,335,000	7,380,000	65.1
7.	COVID 19 grant	-	13,682,000	13,682,000	100.0
8.	Frontline Health Allowances	-	20,325,000	20,325,000	100.0
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	11,343,998	11,343,998	8,844,684	78.0
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	48,261,250	-	-
Sub Total		453,357,718	654,988,412	456,664,144	69.7
D Other Sources of Revenue					
1.	Own Source Revenue	-	100,000,000	108,433,650	108.4
2.	Balance b/f from FY2019/20	-	1,142,125,389	1,142,125,389	100.0
Sub Total		-	1,242,125,389	1,250,559,039	100.7
Grand Total		3,365,499,334	4,706,654,041	4,437,343,522	94.3

Source: Lamu County Treasury

Figure 3.42 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.42: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Lamu County Treasury

In FY 2020/21, the County generated Kshs.108.43 million as own-source revenue. This amount represented a decrease of 0.4 per cent compared to Kshs.108.91 million realised during a similar period in FY 2019/20 and was 108.4 per cent of the annual target.

3.22.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.3.48 billion from the CRF account during the reporting period. The amount comprised Kshs.1.06 billion (30.4 per cent) for development programmes and Kshs.2.42 billion (69.6 per cent) for recurrent programmes.

3.22.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.3.12 billion on development and recurrent programmes. The expenditure represented 89.6 per cent of the total funds released by the COB and comprised of Kshs.854.12 million and Kshs.2.26 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 43.9 per cent, while recurrent expenditure represented 82 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.196.17 million for development activities.

3.22.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.42 billion was spent on employee compensation, Kshs.844.09 million on operations and maintenance, and Kshs.854.12 million on development activities, as shown in Table 3.117.

Table 3.117: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	2,761,866,222	2,423,304,273	2,263,836,835	82.0
Compensation to Employees	1,485,443,623	1,472,373,714	1,419,746,365	95.6
Operations and Maintenance	1,276,422,599	950,930,559	844,090,470	66.1
Total Development Expenditure	1,944,787,819	1,054,918,440	854,122,278	43.9
Development Expenditure	1,944,787,819	1,054,918,440	854,122,278	43.9
Total	4,706,654,041	3,478,222,713	3,117,959,113	66.2

Source: Lamu County Treasury

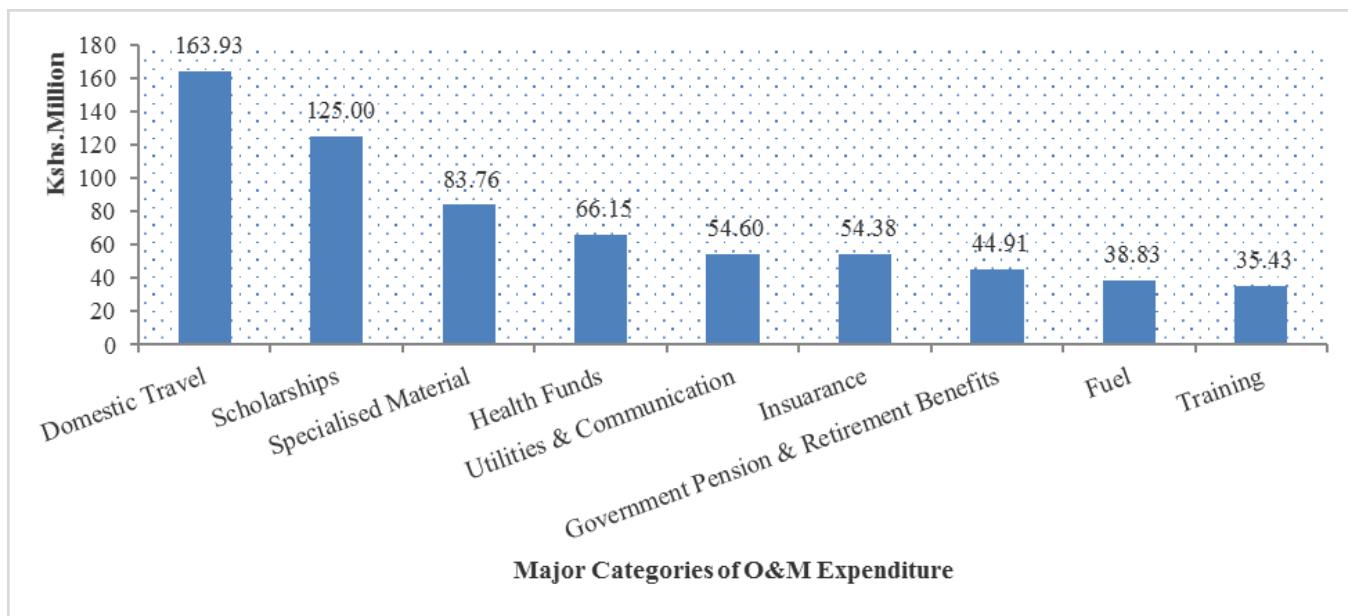
3.22.6 Expenditure on Personnel Emoluments

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 45.5 per cent of the total expenditure for the reporting period and 32 per cent of revenue.

3.22.7 Expenditure on Operations and Maintenance

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

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



Source: Lamu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.15.66 million on committee sitting allowances for the 18 MCAs and Speaker against the annual budget allocation of Kshs.19.95 million. The average monthly sitting allowance was Kshs.68,682 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.163.93 million and comprised Kshs.53.08 million spent by the County Assembly and Kshs.110.85 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.6 million and comprised Kshs.7.96 million by the County Assembly and Kshs.0.64 million by the County Executive.

3.22.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs. 47.82 million to cater for COVID-19 related expenditure. A total of Kshs.44.98 million was spent during the reporting period, as shown in Table 3.118.

Table 3.118: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30 th June 2021 (Kshs)
1.	The grant from the National Government for COVID-19	13,682,000	10,842,283
2.	The grant from the National Government for Allowances for Front Line Health Care Workers	20,325,000	20,325,000
3.	DANIDA Grant for COVID in FY 2019/20(Kshs.)	3,955,000	3,955,000
4.	FY 2019/20 County own revenue allocated to COVID	9,857,500	9,857,500
Total		47,819,500	44,979,783

Source: Lamu County Treasury

3.22.9 Development Expenditure

The County incurred an expenditure of Kshs.854.12 million on development programmes, which represented an increase of 1.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.843.61 million. Table 3.119 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.119: 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	NHIF Indigent cover for 20,0000 households	County wide	120,000,000	120,000,000	100%
2	Grants towards supporting Rehabilitation of Village Polytechnics	County wide	50,299,894	50,299,893	100%
3	Construction of OPD at Mpeketoni	Bahari	51,000,000	48,833,136	95.8%
4	Provision of certified maize seeds, NERICA seeds, cow peas and green grams	County wide	35,000,000	34,618,303	98.9%
5	Concrete paving of lamu island streets	Mkomani	34,040,719	34,040,719	100%
6	Water Supply and connection	Faza and kiunga	40,000,000	24,294,335	60.7%
7	Tchundwa – Iyabogi - Mbwajumwali household connection 30km	Faza	20,000,000	19,816,011	99.1%
8	Construction of Lamu Market	Mkomani	33,872,538	18,001,364	53.1%
9	Hindi Town Drainage System	Hindi	30,000,000	17,964,350	59.9%
10	Installation Hansard for Headquarters	County Assembly HQs -Mokowe	20,000,000	14,989,590	74.9%

Source: Lamu County Treasury

3.22.10 Budget Performance by Department

Table 3.120 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.120: 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	400.00	120.00	327.64	24.44	319.78	24.44	97.6	100.0	79.9	20.4
County Executive	425.02	86.00	371.95	14.83	310.64	14.83	83.5	100.0	73.1	17.2
Finance, Economy & Strategic Planning	124.98	4.30	112.35	4.30	107.89	4.30	96.0	100.0	86.3	100.0
Agriculture & Irrigation	118.12	260.58	71.40	258.68	80.97	45.28	113.4	17.5	68.5	17.4
Land, Physical Planning	25.18	125.69	22.90	18.04	22.21	46.57	97.0	258.1	88.2	37.1
Education, Gender, Sports, Youth, Culture & Social Services	211.42	139.15	199.38	115.87	197.17	87.38	98.9	75.4	93.3	62.8
Medical Services	1,067.78	376.89	1,003.27	250.30	909.48	253.46	90.7	101.3	85.2	67.3
Trade, Tourism & Investment Development	20.29	17.19	18.57	4.37	16.72	4.37	90.0	100.0	82.4	25.4
Livestock, Veterinary & Cooperative Development	40.91	40.94	39.82	20.73	39.16	20.73	98.4	100.0	95.7	50.6
Public Service Board	45.16	-	41.76	-	42.47	-	101.7	-	94.1	-
Water	53.80	297.66	52.34	81.22	50.51	81.49	96.5	100.3	93.9	27.4
Gender, Sports, Youth, Culture & Social Services	23.76	86.35	16.48	27.03	15.88	26.70	96.4	98.8	66.9	30.9

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
Public Health Sanitation and Environment	64.32	30.77	59.83	6.62	61.20	6.62	102.3	100.0	95.2	21.5
Fisheries	30.52	26.36	30.13	6.83	26.59	8.82	88.2	129.1	87.1	33.5
Infrastructure and Energy	34.18	244.03	28.54	193.65	31.59	206.40	110.7	106.6	92.4	84.6
Lamu Municipality	76.45	88.87	26.95	28.00	31.58	22.74	117.2	81.2	41.3	25.6
TOTAL	2,761.87	1,944.79	2,423.30	1,054.9	2,263.8	854.12	93.4	81.0	82.0	43.9

Source: Lamu County Treasury

Analysis of expenditure by Department shows that the Department of Finance, Economy & Strategic Planning recorded the highest absorption rate of development budget at 100 per cent while the Department of Agriculture & Irrigation had the lowest absorption rate of development budget at 17.4 per. The Department of Public Health Sanitation and Environment had the highest percentage of recurrent expenditure to budget at 95.2 per cent, while the Department of Lamu Municipality had the lowest at 41.3 per cent.

3.22.11 Budget Execution by Programmes and Sub-Programmes

Table 3.121 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.121: Lamu County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
County Assembly		520,000,000	344,218,046	175,781,954	66.2
	P.1 General Administration	209,337,120	156,767,983	52,569,137	74.9
	P.2 Legislation and Oversight	190,662,880	163,010,621	27,652,259	85.5
	Development	120,000,000	24,439,442	95,560,558	20.4
County Executive		511,023,200	325,466,039	185,557,161	63.7
	P.1 Headquarters	390,476,260	281,122,890	109,353,370	72.0
	P2. Office of the Governor & Deputy Governor	34,545,940	29,514,072	5,031,868	85.4
	Development	86,001,000	14,829,077	71,171,923	17.2
Finance, Economy & Strategic Planning		129,272,645	112,190,729	17,081,916	86.8
	P.1 General Administration	116,432,723	100,128,342	16,304,381	86.0
	P4. Budget, Economic & Financial Policy	8,542,540	7,765,005	777,535	90.9
	Development	4,297,382	4,297,382	-	100.0
Agriculture & Irrigation		378,701,454	126,248,400	252,453,054	33.3
	P2. Agriculture & Extension Services	50,682,740	49,804,469	878,271	98.3
	P7 Crop Management	15,187,030	14,842,557	344,473	97.7
	P9. Plant disease control	52,248,686	16,319,037	35,929,649	31.2
	Development	260,582,998	45,282,337	215,300,661	17.4
Land, Physical Planning		150,871,225	68,776,866	82,094,359	45.6
	P.1 General Administration	25,178,961	22,207,731	2,971,230	88.2
	Development	125,692,264	46,569,135	79,123,129	37.1
Education, Gender, Sports, Youth, Culture & Social services		350,566,246	284,543,184	66,023,062	81.2
	P.1 General Administration	77,959,050	72,165,180	5,793,870	92.6
	P2 Early Childhood Development	133,457,640	125,000,000	8,457,640	93.7
	Development	139,149,556	87,378,004	51,771,552	62.8
Medical Services		1,444,665,215	1,162,942,901	281,722,314	80.5

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	P.1 General Administration	797,894,501	762,633,167	35,261,334	95.6
	P2. Curative & Rehabilitative Health	121,583,165	78,063,068	43,520,097	64.2
	P3. Preventive & Promotive Health Dept	148,297,668	68,786,837	79,510,831	46.4
	Development	376,889,881	253,459,829	123,430,052	67.3
Trade, Tourism & Investment Development		37,481,720	21,093,638	16,388,082	56.3
	P.1 Headquarters	13,527,508	11,856,338	1,671,170	87.6
	P2. Tourism Development	4,740,800	3,446,990	1,293,810	72.7
	P4. Trade & Investment	2,024,998	1,416,626	608,372	70.0
	Development	17,188,414	4,373,684	12,814,730	25.4
Livestock, Veterinary & Cooperative Development		81,848,784	59,886,934	21,961,850	73.2
	P.1 General Administration	36,524,699	35,253,153	1,271,546	96.5
	P3. Livestock Production	1,433,328	1,391,045	42,283	97.1
	P4. Veterinary Services	2,242,637	1,972,075	270,562	87.9
	P5. Cooperative Development	706,528	545,018	161,510	77.1
	Development	40,941,592	20,725,643	20,215,949	
Public Service Board		45,155,096	42,473,308	2,681,788	94.1
	P.1 General Administration	36,988,710	34,678,856	2,309,854	93.8
	P2. Human Resource Management & Development	8,166,386	7,794,452	371,934	95.4
Water		351,464,016	131,998,002	219,466,014	37.6
	P.1 Headquarters	23,598,875	20,559,255	3,039,620	87.1
	P2. Water Management, Conservation & Provision	30,204,000	29,953,162	250,838	99.2
	Development	297,661,141	81,485,585	216,175,556	27.4
Gender, Youth, Sports, Culture & Social services		110,112,310	42,584,821	67,527,489	38.7
	P.1 General Administration	23,757,400	15,882,171	7,875,229	66.9
	Development	86,354,910	26,702,650	59,652,260	30.9
Public Health Sanitation and Environment		95,085,600	67,820,302	27,265,298	71.3
	P.1 General Administration	62,682,106	60,791,558	1,890,548	97.0
	P2. Public Health & Sanitation	1,633,190	405,700	1,227,490	24.8
	Development	30,770,304	6,623,044	24,147,260	21.5
Fisheries Development & Blue Economy		56,876,205	35,408,004	21,468,201	62.3
	P.1 General Administration	30,516,205	26,588,312	3,927,893	87.1
	Development	26,360,000	8,819,692	17,540,308	33.5
Infrastructure Development		278,208,005	237,983,063	40,224,942	85.5
	P.1 General Administration	34,182,166	31,586,513	2,595,653	92.4
	Development	244,025,839	206,396,550	37,629,289	84.6
Lamu Municipality		165,322,320	54,324,877	110,997,443	32.9
	P.1 General Administration	28,188,532	25,265,953	2,922,579	89.6
	P2. urban & metropolitan Development	48,261,250	6,318,700	41,942,550	13.1
	Development	88,872,538	22,740,224	66,132,314	25.6
Grand Total		4,706,654,041	3,117,959,114	1,588,694,927	66.2

Source: Lamu County Treasury

The top three programmes with the highest levels of absorption rates were: Development in the Department of Finance, Economy & Strategic Planning at 100 per cent, Water Management, Conservation & Provision in the Department of Water at 99.2 per cent and Livestock Production in the Department of Livestock, Veterinary & Cooperative Development at 97.1 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. 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.854.12 million in FY 2020/21 from the annual development budget allocation of Kshs.1.94 billion. The development expenditure represented 43.9 per cent of the annual development budget.
3. A high wage bill, which accounted for 45.5 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*

3.23 County Government of Machakos

3.23.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.13.49 billion, comprising Kshs.4.75 billion (35.2 per cent) and Kshs.8.73 billion (64.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.75 billion (57.5 per cent) as the equitable share of revenue raised nationally, Kshs.3.23 billion (23.9 per cent) as total conditional grants, generate Kshs.1.30 billion (9.6 per cent) from own sources of revenue, and a cash balance of Kshs.1.21 billion (9.0 per cent) from FY 2019/20.

3.23.2 Revenue Performance

In FY 2020/21, the County received Kshs.7.75 billion as the equitable share of the revenue raised nationally, Kshs.1.64 billion as conditional grants, generated Kshs.1.29 billion as own-source revenue, and had a cash balance of Kshs.666.87 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.36 billion, as shown in Table 3.122.

Table 3.122: Machakos County, Revenue Performance in FY 2020/21

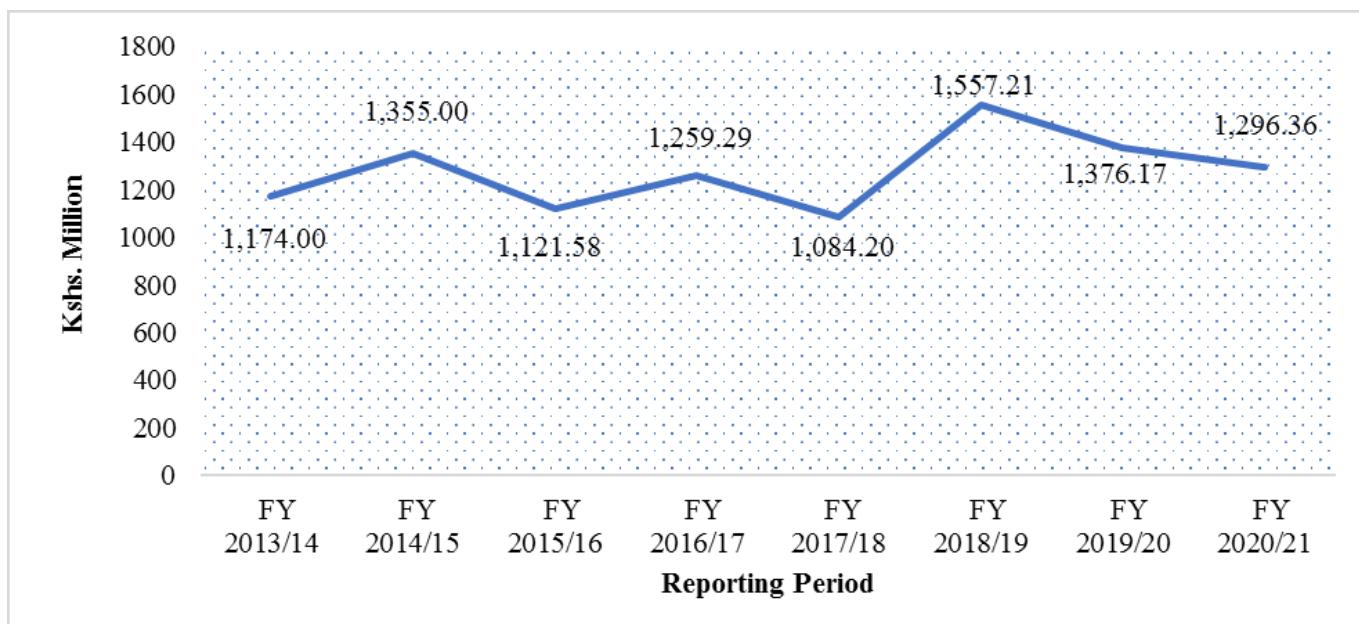
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,754,250,000	7,754,250,000	7,754,250,000	100.00
B. Conditional Grants from the National Government Revenue					
1	Conditional Grants to Level-5 Hospitals	383,583,815	384,967,359	383,583,813	99.64
2	Compensation for User Fee Foregone	24,129,039	24,129,039	24,129,039	100.00
3	Leasing of Medical Equipment	132,021,277	132,021,277.00		-
4	Road Maintenance Fuel Levy Fund	239,604,947	282,013,396	239,604,947	84.96
5	Rehabilitation of Village Polytechnics	62,749,894	62,749,894	62,749,894	
Sub Total		842,088,972	885,880,965	710,067,693	80.15
C	Loans and Grants from Development Partners				
1	Transforming Health Systems for Universal care Project (WB)	45,165,352	90,645,491	43,717,594	48.23
2	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	279,999,640	279,999,640	253,685,993	90.60
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	90,103,027	45,000,000	49.94

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	1,746,662,827	553,775,036	31.70
5	DANIDA Grant	22,050,000	22,080,000	22,050,000	99.86
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,746,442	13,924,442	13,247,314	95.14
	Sub Total	405,961,434	2,243,415,427	931,475,937	41.52
D	Other Sources of Revenue				
1	Own Source Revenue	-	1,299,758,630	1,296,364,668	99.74
2	Balance b/f from FY2019/20	-	1,207,684,976	666,865,500	55.22
3	Other Revenues (Covid 19 Emergency Response)	-	97,581,003	-	0.00
	Sub Total	-	2,605,024,609	1,963,230,168	75.36
	Grand Total	9,002,300,406	13,488,571,001	11,359,023,799	84.21

Source: Machakos County Treasury

Figure 3.44 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.44: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Machakos County Treasury

In FY 2020/21, the County generated Kshs.1.29 billion as own-source revenue. This amount represented a decrease of 5.8 per cent compared to Kshs.1.38 billion realised during a similar period in FY 2019/20 and was 99.7 per cent of the annual target.

3.23.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.71 billion from the CRF account during the reporting period. The amount comprised Kshs.2.25 billion (21 per cent) for development programmes and Kshs.8.47 billion (79 per cent) for recurrent programmes.

3.23.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.10.96 billion on development and recurrent programmes. The expenditure represented 102.3 per cent of the total funds released by the COB and comprised of Kshs.2.59 billion and Kshs.8.37 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 54.5 per cent, while recurrent expenditure represented 95.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.522.82 million for development activities and Kshs.709.11 million for recurrent costs.

3.23.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.6.07 billion was spent on employee compensation, Kshs.2.30 billion on operations and maintenance, and Kshs.2.59 billion on development activities, as shown in Table 3.123.

Table 3.123: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,734,182,662	8,465,448,589	8,367,283,218	95.8
Compensation to Employees	6,012,063,787	6,067,879,681	6,067,879,681	100.9
Operations and Maintenance	2,722,118,875	2,397,568,908	2,299,403,536	84.5
Total Development Expenditure	4,754,388,339	2,245,563,713	2,589,408,376	54.5
Total	13,488,571,001	10,711,012,302	10,956,691,593	81.2

Source: Machakos County Treasury

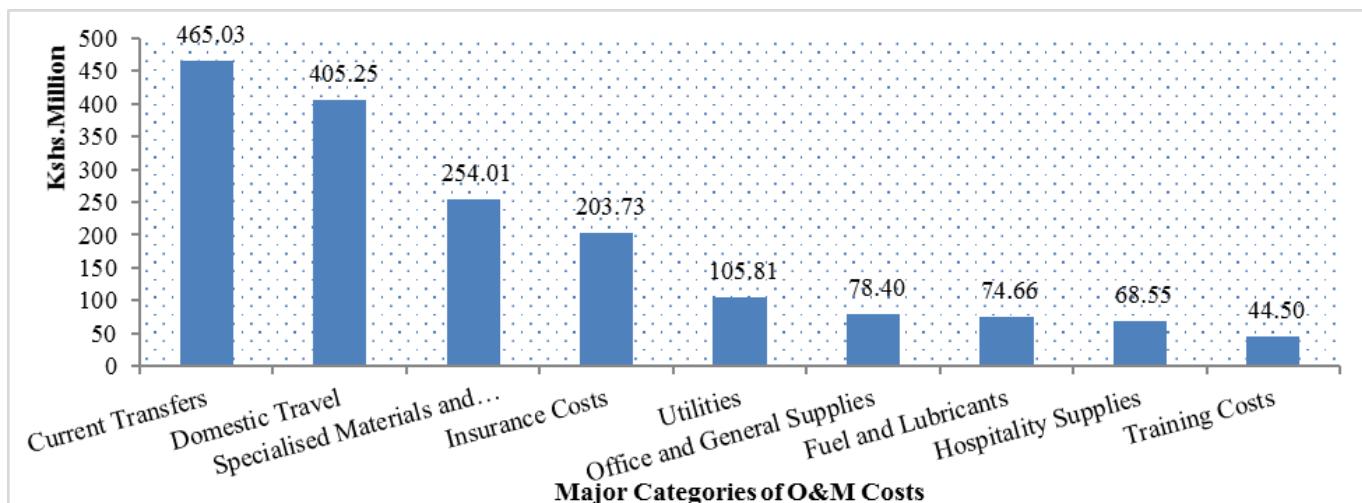
3.23.6 Expenditure on Personnel Emoluments

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 55.4 per cent of the total expenditure for the reporting period and 53.4 per cent of revenue.

3.23.7 Expenditure on Operations and Maintenance

Figure 3.45 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.45: Machakos County, Operations and Maintenance Expenditure by Major Categories



Source: Machakos County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.75.38 million on committee sitting allowances for the 61 MCAs and Speaker against the annual budget allocation of Kshs.78.73 million. The average monthly sitting allowance was Kshs.102,974 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.405.25 million and comprised Kshs.209.66 million spent by the County Assembly and Kshs.195.59 million by the County Executive. Spending on foreign travel amounted to Kshs.11.77 million and comprised Kshs.8.64 million by the County Assembly and Kshs.3.13 million by the County Executive.

3.23.8 COVID-19 Expenditure

The County did not report the expenditure of Covid-19 during the reporting period.

3.23.9 Development Expenditure

The County incurred an expenditure of Kshs.2.59 billion on development programmes, which represented an increase of 32.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.96 billion. Table 3.124 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.124: Machakos County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure(Kshs.)	Absorption Rate
1	Construction of Kyeleni Earth Dam	Water	Matungulu	182,499,592	55,483,510	30.4%
2	Payment for Construction of Gender-Based Violence Centre	Education	Machakos	30,883,320	30,519,588	98.8%
3	Partial Payment for Construction of Muri Farm Treatment Plant	Water	Yatta	34,597,745	11,200,000	32.4%
4	Routine Maintenance of Makutano-Mwala Road	Transport	Yatta And Mwala	182,858,392	15,041,149	8.2%
5	Construction of Chambers	County Assembly	Headquarters	150,000,000	82,796,855	55.2%
6	Construction of Ward Offices	County Assembly	Various Wards	58,000,000	37,464,476	64.6%
7	Construction of Dormitory at Kituluni VTC	Education	Kangundo	11,786,348	8,168,967	69.3%

Source: Machakos County Treasury

3.23.10 Budget Performance by Department

Table 3.125 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.125: 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	488.85	3.31	507.53	0.00	421.72	2.164	83.1	-	86.3	65.4
County Public Service Board	27.10	0.00	32.20	0.00	18.95	0.00	58.9	-	69.9	0.0
Roads, Transport and Public Works.	99.26	941.04	185.02	767.49	95.77	723.30	51.8	94.2	96.5	76.9
Health Services and Emergency Services	2,869.58	429.14	3,819.44	263.40	2,869.58	266.34	75.1	101.1	100.0	62.1
County Assembly	911.15	215.78	881.15	134.07	841.14	134.07	95.5	100.0	92.3	62.1
Water, Irrigation, Environment and Natural Resources	60.69	408.60	98.44	301.69	46.85	345.06	47.6	114.4	77.2	84.4
Agriculture, Food Security and Co-operative Development.	156.65	325.91	257.39	238.26	99.13	275.18	38.5	115.5	63.3	84.4
Finance and Economic Planning.	2,484.44	283.23	456.67	7.90	2,484.43	101.12	544.0	1279.6	100	35.7
Public Service, Quality Management and ICT	630.89	23.19	838.45	0.85	542.72	8.41	64.7	991.2	86.0	36.3
Tourism, Youth, Sports and Culture.	65.28	118.52	102.39	78.26	50.09	76.15	48.9	97.3	76.7	64.3
Trade, Industrialisation and Innovation.	234.52	31.63	251.54	46.93	217.58	28.44	86.5	60.6	92.8	89.9

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
Education, Skills Training and Social Welfare	173.81	134.58	336.25	142.54	157.72	113.69	46.9	79.8	90.7	84.5
Energy, Lands, Housing and Urban Development.	167.13	1,821.93	159.50	258.34	161.69	511.99	101.4	198.2	96.7	28.1
County Administration and Decentralized Units.	364.86	17.54	539.49	5.83	359.92	3.50	66.7	60.1	98.6	20.0
TOTAL	8,734.18	4,754.39	8,465.45	2,245.56	8,367.28	2,589.41	98.8	115.3	95.8	54.5

Source: Machakos County Treasury

Analysis of expenditure by Department shows that the Trade, Industrialization and Innovation recorded the highest absorption rate of development budget at 89.9 per cent, while the Department of County Administration and Decentralized Units had the lowest at 20 per cent. The Departments of Health & Emergency Services and Finance & Economic Planning had the highest percentage of recurrent expenditure to budget at 100 per cent while the Department of Agriculture, Food Security and Cooperative Development had the lowest at 63.3 per cent.

3.23.11 Budget Execution by Programmes and Sub-Programmes

Table 3.126 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.126: Machakos County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
OFFICE OF THE GOVERNOR					
Sub-programme 1	Office of the Governor	339,517,867	310,525,202	28,992,665	91.5%
Sub-programme 2	Transport Services	25,885,676	21,280,640	4,605,036	82.2%
Sub-programme 3	Human Resource and Administration Section	24,634,760	18,663,637	5,971,123	75.8%
Sub-programme 4	ICT Section	13,452,204	9,302,647	4,149,557	69.2%
Sub-programme 5	Hospitality Services Section	23,580,000	21,616,932	1,963,068	91.7%
Sub-programme 6	Cabinet Office	4,130,175	4,128,433	1,742	100.0%
Sub-programme 7	Office of the Deputy Governor	38,600,000	27,360,876	11,239,124	70.9%
Sub-programme 8	Directorate of Projects Delivery, Monitoring and Evaluation	5,612,080	1,494,248	4,117,832	26.6%
Sub-programme 9	Office of the County Advisors	9,204,400	3,880,383	5,324,017	42.2%
Sub-programme 10	Office of the County Secretary	7,534,060	5,627,000	1,907,060	74.7%
TOTAL		492,151,222	423,879,997	68,271,225	86.1%
PUBLIC SERVICE, QUALITY MANAGEMENT AND ICT					
Sub-programme 1	General Administration and support services	519,172,627	485,461,441	33,711,186	93.5%
Sub-programme 2	Quality Management	625,000	-	625,000	0.0%
Sub-programme 3	Training, Research and Development	95,112,564	46,429,580	48,682,984	48.8%
Sub-programme 4	Information Communication Technology	4,550,011	366,200	4,183,811	8.0%
Sub-programme 5	ICT Infrastructure	28,519,634	17,358,155	11,161,479	60.9%
Sub-programme 6	Closed Circuit Television	6,092,852	1,513,773	4,579,079	24.8%
TOTAL		654,072,688	551,129,149	102,943,539	84.3%
TRADE, INDUSTRIALIZATION AND INNOVATION					
Sub-programme 1	Headquarter Administration Services	31,338,172	27,799,086	3,539,086	88.7%
Sub-programme 2	Trade Development	17,789,117	16,532,371	1,256,746	92.9%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-programme 3	Business and Enterprise Development	4,656,856	4,120,381	536,475	88.5%
Sub-programme 4	Industrialization and Innovation	11,216,908	10,978,009	238,899	97.9%
Sub-programme 5	Investment Facilitation and Support	7,464,723	2,896,000	4,568,723	38.8%
Sub-programme 6	Hygiene and Sanitation	7,426,080	4,434,272	2,991,808	59.7%
Sub-programme 7	Legal Services	186,256,150	179,259,775	6,996,375	96.2%
TOTAL		266,148,006	246,019,894	20,128,112	92.4%
FINANCE AND ECONOMIC PLANNING					
Sub-programme 1	Revenue Management	84,756,614	81,336,079	3,420,535	96.0%
Sub-programme 2	Budget formulation, Coordination and Implementation Section	21,339,103	20,291,898	1,047,205	95.1%
Sub-programme 3	Supply Chain Management Section	900,000	900,000	-	100.0%
Sub-programme 4	Accounts Section	260,813,632	86,721,483	174,092,149	33.3%
Sub-programme 5	Audit Section	2,700,000	2,700,000	-	100.0%
Sub-programme 6	Human Resource Management and Support Services	2,376,321,366	2,376,321,323	43	100.0%
Sub-programme 7	Economic Planning and Statistical Services	20,080,587	16,530,587	3,550,000	82.3%
Sub-programme 8	External Resource Mobilization	750,000	750,000	-	100.0%
TOTAL		2,767,661,302	2,585,551,370	182,109,932	93.4%
COUNTY ADMINISTRATION AND DECENTRALIZED UNITS					
Sub-programme 1	General Administration and support services	349,683,618	339,524,527	10,159,091	97.1%
Sub-programme 2	Civic Engagement	6,308,718	3,371,482	2,937,236	53.4%
Sub-programme 4	Solid Waste Management	12,606,000	12,595,480	10,520	99.9%
Sub-programme 5	Sanitation Management	2,594,296	222,083	2,372,213	8.6%
Sub-programme 6	Forensic and Inspectorate Services	1,795,718	1,849,975	(54,257)	103.0%
Sub-programme 7	Inspectorate Services and Management	9,406,789	5,865,517	3,541,272	62.4%
TOTAL		382,395,139	363,429,064	18,966,075	95.0%
AGRICULTURE, FOOD SECURITY AND CO-OPERATIVE DEVELOPMENT					
Sub-programme 1	General Administration and support services	362,157,324	326,153,050	36,004,274	90.1%
Sub-programme 2	Crop Development and Management	65,933,782	30,187,222	35,746,560	45.8%
Sub-programme 3	Livestock Resources Management and Development	35,392,904	12,185,440	23,207,464	34.4%
Sub-programme 4	Fisheries Development	5,287,696	910,409	4,377,287	17.2%
Sub-programme 5	Veterinary Services	3,919,442	1,807,922	2,111,520	46.1%
Sub-programme 6	Agriculture Training Centre	2,398,695	1,353,060	1,045,635	56.4%
Sub-programme 7	Co-operative Development and Marketing	5,067,284	1,709,050	3,358,234	33.7%
Sub-programme 7	Promotion of Co-operative Marketing and Value Chain	1,000,000	-	1,000,000	0.0%
Sub-programme 9	Promotion and growth of Co-operative Societies	1,400,000	-	1,400,000	0.0%
TOTAL		482,557,127	374,306,153	108,250,974	77.6%
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Sub-programme 1	Water Supply and Sewerage	212,767,814	170,687,395	42,080,419	80.2%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-programme 2	Irrigation Schemes, Development and Promotion	179,106,312	156,184,675	22,921,637	87.2%
Sub-programme 4	General Administration and support services	37,310,501	35,800,928	1,509,573	96.0%
Sub-programme 5	Environment and Natural Resources	40,107,199	29,232,994	10,874,205	72.9%
TOTAL		469,291,826	391,905,992	77,385,834	83.5%
HEALTH AND EMERGENCY SERVICES					
Sub-programme 1	General Administration and support services	2,548,348,945	2,478,919,057	69,429,888	97.3%
Sub-programme 2	Machakos Level 5	584,162,168	514,779,637	69,382,531	88.1%
Sub-programme 3	Kangundo Level 4	35,167,925	35,167,925	0	100.0%
Sub-programme 4	Matuu Level 4	30,579,558	30,579,558	0	100.0%
Sub-programme 5	Kathiani Level 4	14,874,943	14,874,944	(1)	100.0%
Sub-programme 6	Mwala Level 4	9,762,884	9,762,884	(0)	100.0%
Sub-programme 7	Public Health and Community Outreach	62,922,539	39,877,930	23,044,609	63.4%
Sub-programme 8	Emergency Services	12,896,998	11,954,244	942,754	92.7%
TOTAL		3,298,715,960	3,135,916,178	162,799,782	95.1%
ROADS, TRANSPORT AND PUBLIC WORKS					
Sub-programme 1	Head quarter Administrative services	138,734,101	121,469,956	17,264,146	87.6%
Sub-programme 2	Road Development and Management	609,157,472	442,190,597	166,966,875	72.6%
Sub-programme 3	County Government Buildings	172,462,640	176,462,416	(3,999,776)	102.3%
Sub-programme 4	County Fleet Management	119,941,489	78,943,590	40,997,899	65.8%
TOTAL		1,040,295,702	819,066,559	221,229,144	78.7%
EDUCATION,YOUTH AND SOCIAL WELFARE					
Sub-programme 1	Head quarter Administrative services	210,168,941	185,028,850	25,140,091	88.0%
Sub-programme 2	Basic Education	6,285,011	3,990,466	2,294,545	63.5%
Sub-programme 3	Youth Development Services	80,771,253	77,165,116	3,606,137	95.5%
Sub-programme 4	Gender and Social Services	11,164,000	5,225,255	5,938,745	46.8%
TOTAL		308,389,205	271,409,687	36,979,518	88.0%
ENERGY,LANDS,HOUSING AND URBAN DEVELOPMENT					
Sub-programme 1	Lands	35,224,987	31,215,752	4,009,235	88.6%
Sub-programme 2	Energy and Natural Resources	161,740,073	142,565,254	19,174,819	88.1%
Sub-programme 3	Housing and Urban Development	1,792,102,950	499,894,511	1,292,208,439	27.9%
TOTAL		1,989,068,010	673,675,517	1,315,392,493	33.9%
TOURISM,CULTURE,YOUTH AND SPORTS					
Sub-programme 1	General administrative and Support Services	45,837,729	40,627,636	5,210,093	88.6%
Sub-programme 2	Heritage & Culture	17,603,788	6,164,492	11,439,296	35.0%
Sub-programme 3	Liquor Management	130,695	-	130,695	0.0%
Sub-programme 4	Tourism Development and Marketing	19,883,067	19,456,832	426,235	97.9%
Sub-programme 5	Machawood	2,688,732	1,743,378	945,354	64.8%
Sub-programme 6	County Image Directorate	7,897,859	300,000	7,597,859	3.8%
Sub-programme 7	Youth and Sports	89,756,551	57,950,396	31,806,155	64.6%
TOTAL		183,798,421	126,242,734	57,555,687	68.7%
COUNTY PUBLIC SERVICE BOARD					
Sub-programme 1	Human Resource and Administration	27,103,856	18,951,026	8,152,830	69.9%
TOTAL		27,103,856	18,951,026	8,152,830	69.9%
COUNTY ASSEMBLY					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Sub-Programme	Legislation and Oversight	1,126,922,536	975,208,273	151,714,263	86.5%
TOTAL		1,126,922,536	975,208,273	151,714,263	86.5%
Grand Total		13,488,571,001	10,956,691,593	2,531,879,408	81.2%

Source: Machakos County Treasury

The top programmes with the highest levels of absorption rates were: Forensic & Inspectorate Services in the Department of County Administration & Decentralized Units at 103 per cent; County Government Buildings in the Department of Roads, Transport & Public Works at 102.3 per cent; Level 4 Hospitals in the Health & Emergency Services Department at 100 per cent and Human Resource Management under the Department of Finance and Economic Planning at 100 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 Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 55.4 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The County Treasury used revenue at source, and there was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations.
4. Lack of uniformity in the programmes under the recurrent and development budgets, which affect proper reporting.
5. High expenditure on local travel at Kshs.405.25 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
6. High expenditure on local travel at Kshs.405.25 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *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 in line with Section 109 (2) of the PFM Act, 2012.*
4. *The County should ensure there is uniformity between the programmes under recurrent with the ones in development expenditure budget.*
5. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.24 County Government of Makueni

3.24.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.11.71 billion, comprising Kshs.6.67 billion (57 per cent) and Kshs.5.03 billion (43 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.41 billion (63.3 per cent) as the equitable share of revenue raised nationally, Kshs.1.15 billion (9.8 per cent) as total conditional grants, generate Kshs.1.02 billion (8.7 per cent) from own sources of revenue, and a cash balance of Kshs.1.93 billion (16.5 per cent) from FY 2019/20. The County also expected to receive Kshs.201.09 million (1.7 per cent) as "other revenues" not contained in the CARA, 2020. The "Other revenues" consist of Kshs.119.72 million for Conditional Grant - for COVID 19 Emergency response, Kshs.58.83 million for Equitable share from National Government - COVID Health allowances, Kshs.10 million for Nutrition International, Kshs.7.95 million for DANIDA - UHC Health Programme support, Kshs.3 million for Nutrition International - FY 2019/20 Funds, Kshs.1 million for World Food Programme Funding, Kshs.500,000 for ICT Authority - Funds, and Kshs.100,000 for Bulk SMS Donor Support.

3.24.2 Revenue Performance

In FY 2020/21, the County received Kshs.8.04 billion as the equitable share of the revenue raised nationally, Kshs.991.77 million as conditional grants, raised Kshs.527.53 million as own-source revenue, received Kshs.10 million from Nutrition International, and had reported a cash balance of Kshs.1.06 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.10.62 billion, as shown in Table 3.127.

Table 3.127: Makueni County, Revenue Performance in FY 2020/21

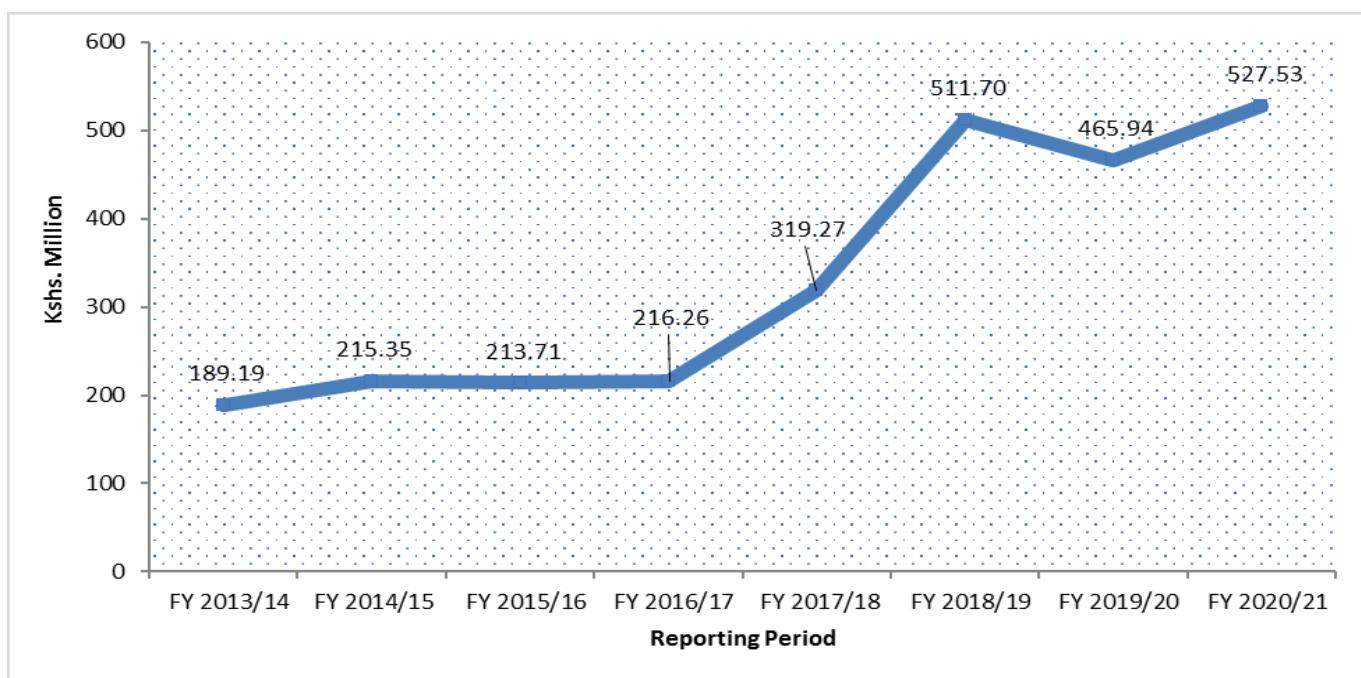
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,406,100,000	7,406,100,000	8,043,024,600	108.6
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	19,435,760	19,435,760	19,435,760	100.0
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	216,965,109	216,965,109	216,965,109	100.0
4.	Rehabilitation of Village Polytechnics	68,299,894	68,299,894	68,299,894	
Sub Total		436,722,040	436,722,040	304,700,763	69.8
C. Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	98,890,804	98,890,804	98,628,232	99.7
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,499,820	198,499,820	132,586,879	66.8
3.	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP) - FY 2019/20 Funds		65,912,940	65,912,941	100.0
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
5.	IDA (World Bank) credit: Kenya Urban Support Project (KUSP)Urban Institutional Grant (UIG)	-	-	36,063,763	
6.	DANIDA Grant	21,060,000	21,060,000	21,060,000	100.0
7.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	11,000,000	41,236,231	50,179,739	121.7
9.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant		184,795,683	184,795,683	100.0
10.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,534,090	14,534,090	14,035,024	96.6

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG) - FY 2019/20 Funds		38,802,016	38,802,017	100.0
Sub Total		388,984,714	708,731,585	687,064,278	96.9
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,019,949,654	527,527,341	51.7
2.	Balance b/f from FY2019/20	-	1,932,511,040	1,056,993,892	54.7
3.	Other Revenues	-	201,090,000	10,500,001	5.2
Sub Total		-	3,153,550,694	1,595,021,234	50.6
Grand Total		8,231,806,754	11,705,104,319	10,629,810,875	90.8

Source: Makueni County Treasury

The Kshs.8.04 billion of equitable share of the revenue raised nationally comprised Kshs.7.41 billion for FY 2020/21 and Kshs.636.92 million for FY 2019/20. Figure 3.46 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.46: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Makueni County Treasury

In FY 2020/21, the County generated Kshs.527.53 million as own-source revenue. This amount represented an increase of 13.2 per cent compared to Kshs.465.94 million realised during a similar period in FY 2019/20 and was 51.7 per cent of the annual target.

3.24.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.14 billion from the CRF account during the reporting period. The amount comprised Kshs.3.22 billion (35.2 per cent) for development programmes and Kshs.5.93 billion (64.8 per cent) for recurrent programmes.

3.24.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.9.24 billion on development and recurrent programmes. The expenditure represented 101 per cent of the total funds released by the Controller of Budget and comprised Kshs.3.31

billion and Kshs.5.93 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 65.8 per cent, while recurrent expenditure represented 88.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.11.72 million for development activities and Kshs.40.49 million for recurrent costs.

3.24.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.75 billion was spent on employee compensation, Kshs.2.17 billion on operations and maintenance, and Kshs.3.31 billion on development activities, as shown in Table 3.128.

Table 3.128: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	6,673,975,455	5,925,439,198	5,925,078,045	88.8
Compensation to Employees	3,960,429,049	3,751,437,770	3,752,013,540	94.7
Operations and Maintenance	2,713,546,406	2,174,001,428	2,173,064,504	80.1
Total Development Expenditure	5,031,128,865	3,215,611,749	3,310,360,453	65.8
Total	11,705,104,320	9,141,050,947	9,235,438,498	78.9

Source: Makueni County Treasury

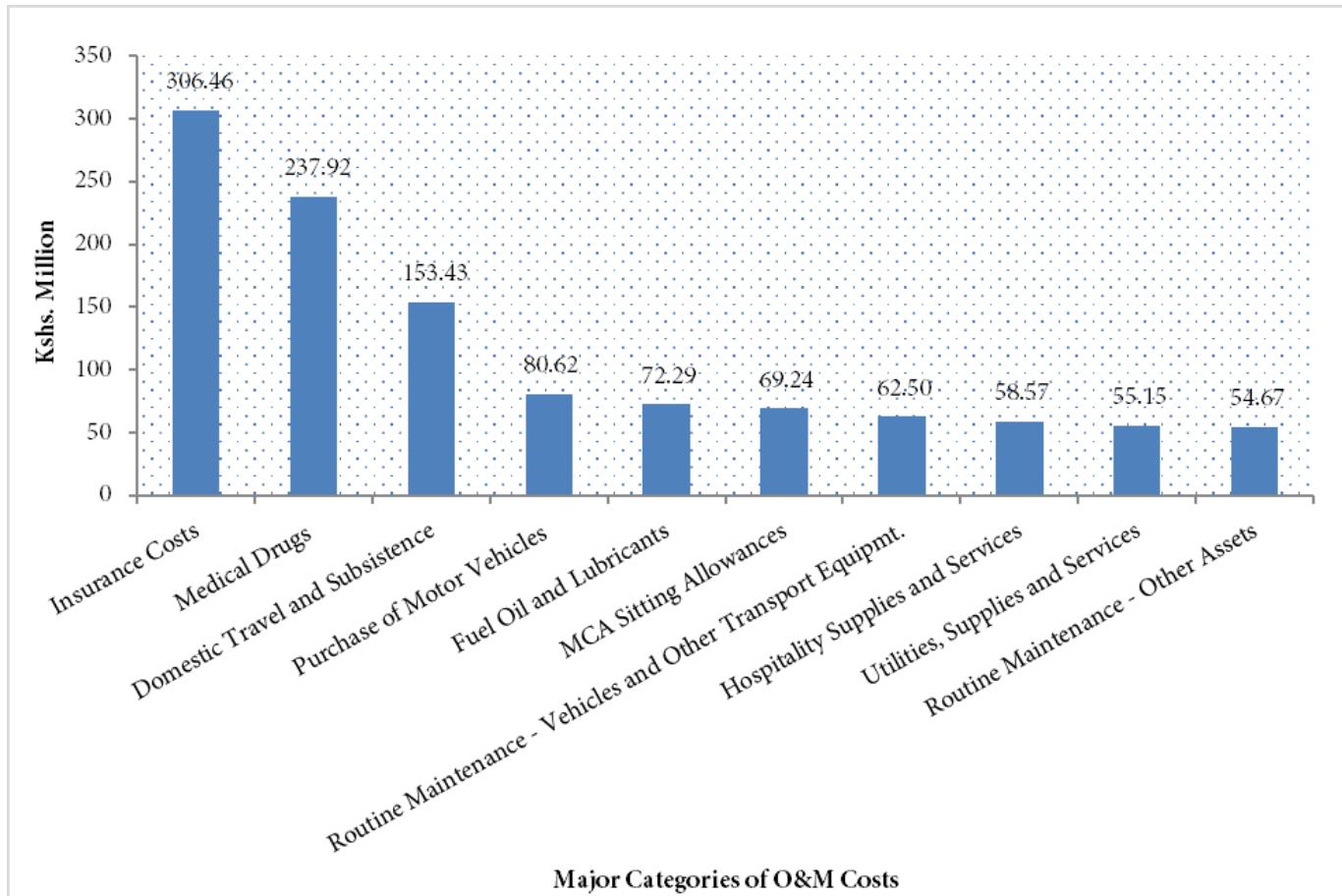
3.24.6 Expenditure on Personnel Emoluments

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 40.6 per cent of the total expenditure for the reporting period and 35.3 per cent of revenue.

3.24.7 Expenditure on Operations and Maintenance

Figure 3.47 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.47: Makueni County, Operations and Maintenance Expenditure by Major Categories



Source: Makueni County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.69.24 million on committee sitting allowances for the 48 MCAs and Speaker against the annual budget allocation of Kshs.64 million. The average monthly sitting allowance was Kshs.117,763 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.153.43 million and comprised Kshs.89.75 million spent by the County Assembly and Kshs.63.68 million by the County Executive. Spending on foreign travel amounted to Kshs.728,708 million and was entirely incurred by the County Assembly.

3.24.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.206.7 million to cater for COVID-19 related expenditure, including Kshs.1.57 million brought forward from FY 2019/20. A total of Kshs.121.24 million was spent during the reporting period, as shown in Table 3.129.

Table 3.129: COVID-19 Budget and Expenditure Summary

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)	Remarks
1	Grants from the National Government	119,715,000	39,495,203	33	The 67 per cent of the unabsorbed funds includes Kshs.55,714,012 for constructing an isolation ward at Mbooni Sub County Hospital. The project is ongoing.
2	Donor Funds (DANI-DA)	7,945,000	7,945,000	100	Fully absorbed
3	Health Care workers allowance	58,830,000	58,830,000	100	Fully absorbed
4	County own revenue – Covid 19 -Management	1,569,360	1,569,360	100	County Reallocated these funds in FY2019/20 to Settle outstanding commitments.

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Actual Expenditure (Kshs.)	Absorption Rate (%)	Remarks
5	Kenya Devolution Support Program	18,642,400	13,397,800	71.9	The Department to replan for the unutilised funds in FY2021/22
	Total	206,701,760	121,237,363	58.7	

Source: Department of Health Services

3.24.9 Development Expenditure

The County incurred an expenditure of Kshs.3.31 billion on development programmes, which represented an increase of 25 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.65 billion. Table 3.130 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.130: Makueni County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Budget (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	IDA (World Bank) credit (National Agricultural and Rural Inclusive Growth Project (NARIGP) under Department of Agriculture, Irrigation, Livestock & Fisheries development	Countywide	264,412,760	259,037,976	98.0
2	Universal health care programme under Department of Health Services	Countywide	240,465,244	218,232,269	90.8
3	IDA (World Bank) credit: Kenya Devolution Support Project (KDSP) " Level 2 grant" under Department of Finance and Socio-Economic Planning		451,447,416	211,925,748	46.9
4	Construction of Thwake bridge under Department of Transport and Infrastructure	Kalawa	248,353,102	175,901,607	70.8
5	Makueni Fruit Processing Plant Development under Department of Agriculture, Irrigation, Livestock & Fisheries development	Nzaui Kilili Kalam-ba	100,000,000	99,987,731	100.0
6	Conditional Allocation for Development of Youth Polytechnics under Department of Education, Sports and ICT	All wards	98,466,644	97,392,914	98.9
7	Transforming Health Systems for Universal Care Project (WB) under Department of Health Services		109,707,045	54,827,018	50.0
8	Conditional Grant - for COVID 19 Emergency response under Department of Health Services		119,715,000	39,495,203	33.0
9	Construction of Kamunyolo Earth dam under Department of Water and Sanitation	Wote	34,493,001	33,887,321	98.2
10	Sand Value addition and Construction of sand dams under Sand Authority		27,840,253	30,913,309	142.4
11	Completion, equipping and operationalisation of Makueni Integrated Grain Processing Plant under Department of Agriculture, Irrigation, Livestock & Fisheries Development.	Makindu	42,000,000	30,644,035	73.0
12	Youth empowerment programme under Department of Devolution, County Administration, Participatory Development, Youth & Public Service	County Wide	32,922,274	27,623,705	83.9

Source: Makueni County Treasury

3.24.10 Budget Performance by Department

Table 3.131 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.131: 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	120.41	702.77	100.49	701.80	101.04	99.9	100.5	99.7	83.9
Office of the Governor	195.14	-	175.21	-	183.47	-	104.7	-	94.0	-
Office of Deputy Governor	9.95	-	5.20	-	9.95	-	191.2	-	100.0	-
County Attorney's Office	44.60	-	31.56	-	40.39	-	128.0	-	90.6	-
County Public Service Board	54.24	15.00	49.06	-	44.88	0.17	91.5	-	82.7	1.1
Office of the County Secretary	458.19	-	445.11	-	430.55	-	96.7	-	94.0	-
Devolution, County Administration, Participatory Development, Youth & Public Service	331.87	57.76	271.89	42.48	270.03	40.37	99.3	95.0	81.4	69.9
Finance and Socio-Economic Planning	537.90	576.64	461.70	68.69	484.07	257.72	104.8	375.2	90.0	44.7
Agriculture, Irrigation, Livestock & Fisheries development	258.07	708.51	253.14	537.18	225.16	539.03	88.9	100.3	87.2	76.1
Water and Sanitation	158.69	942.22	141.65	658.31	133.58	631.37	94.3	95.9	84.2	67.0
Sand Authority	44.23	27.84	25.32	24.47	23.72	37.05	93.7	151.4	53.6	133.1
Department of Education, Sports and ICT	381.05	336.12	312.87	213.46	288.75	251.11	92.3	117.6	75.8	74.7
Department of Health Services	2,956.14	824.30	2,548.91	568.87	2,647.49	458.06	103.9	80.5	89.6	55.6
Lands, Urban Development, Environment and Climate change	128.05	301.20	114.77	134.06	100.70	110.37	87.7	82.3	78.6	36.6
Transport and Infrastructure	261.00	948.00	243.20	774.41	219.85	763.71	90.4	98.6	84.2	80.6
Trade, Tourism & Cooperatives	47.25	104.09	45.00	65.94	37.70	74.60	83.8	113.1	79.8	71.7
Gender, Culture and Social Services	103.62	69.05	98.07	27.24	82.99	45.75	84.6	168.0	80.1	66.3
TOTAL	6,673.98	5,031.13	5,925.44	3,215.61	5,925.08	3,310.36	100.0	102.9	88.8	65.8

Source: Makueni County Treasury

Analysis of expenditure by the Departments shows that Sand Authority recorded the highest absorption rate of development budget at 133.1 per cent while the County Public Service Board had the lowest at 1.1 per cent. The Office of Deputy Governor had the highest percentage of recurrent expenditure to budget at 100 per cent, while Sand Authority had the lowest at 53.6 per cent.

3.24.11 Budget Execution by Programmes and Sub-Programmes

Table 3.132 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.132: Makueni County, Budget Execution by Programmes and Sub-programmes

Department	Programme / Sub Programme	FY 2020/21 Revised Budget - Kshs.	Variance - Kshs.	FY 2020/21 Budget Revised Budget 2 - Kshs.	Actual Expenditure FY 2020/21 -Kshs.	Variance - Kshs.	Implementation Status - %
Agriculture, Livestock & Fisheries	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	613,328,912	46,192,036	659,520,948	491,501,517	168,019,431	74.5
	Programme 2: Land, Crop development & productivity						
	SP2. 1 Land, Crop development & productivity	35,462,343	10,000,000	45,462,343	32,697,975	2,764,368	71.9
	P3; Agribusiness and information management						
	SP3. 1 Agribusiness and information management	168,298,835	6,463,176	174,762,011	166,861,259	1,437,576	95.5
	Programme 4: Livestock Production, Management and Development						
	SP4. 1 Livestock Production, Management and Development	86,946,324	(110,555)	86,835,769	28,585,383	58,360,941	32.9
	Total Budget	904,036,414	62,544,657	966,581,071	719,646,134	184,390,280	74.5
Transport & Infrastructure	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	182,082,672	2,853,467	184,936,139	159,034,335	23,048,338	86.0
	Programme 2: Road transport		-			-	
	SP2. 1 Road transport	926,897,647	(7,942,524)	918,955,123	757,054,534	169,843,113	82.0
	P3; Infrastructure development		-			-	
	SP3. 1 Infrastructure development	34,735,276	1,539,448	36,274,724	13,889,742	20,845,535	38.3
	Programme 2: Energy Infrastructure & development						
	SP4. 1 Energy Infrastructure & development	69,741,288	(900,000)	68,841,288	51,444,581	18,296,706	74.7
	Total Budget	1,213,456,884	(4,449,610)	1,209,007,274	981,423,192	232,033,692	81.2
Trade, Industry & Cooperatives	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	42,200,723	33,603	42,234,325	36,623,494	5,577,229	86.7
	Programme 2: Trade development & promotion						
	SP2.4; Trade marketing & promotion	84,065,437	(237,789)	83,827,648	55,743,207	28,322,230	66.5
	P3; Industrial development and promotion						
	SP3. 1 Industrial development and promotion	50,000	-	50,000	-	50,000	0.0
	Programme 4: Tourism development & promotion						

Department	Programme / Sub Programme	FY 2020/21 Revised Budget - Kshs.	Variance - Kshs.	FY 2020/21 Budget Revised Budget 2 - Kshs.	Actual Expenditure FY 2020/21 -Kshs.	Variance - Kshs.	Implementation Status - %
	SP4. 1 Tourism development & promotion	6,551,511	(641,171)	5,910,340	3,861,042	2,690,469	65.3
Programme 5: Cooperative development and management							
	SP4. 1 Cooperative development and management	21,494,745	(2,180,600)	19,314,145	16,065,862	5,428,883	83.2
	Total Budget	154,362,416	(3,025,957)	151,336,459	112,293,604	42,068,812	74.2
Land, Physical Planning & Mining	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	41,449,554	(849,061)	40,600,493	31,577,021	9,872,534	77.8
	Programme 2: Land Survey & Mapping						
	SP2. 1: Land Survey & Mapping	62,692,977	(3,850,000)	58,842,977	32,352,865	30,340,112	55.0
	P3; Urban planning		-			-	
	SP3. 1 Urban planning	179,487,454	38,652,017	218,139,471	69,391,226	110,096,229	31.8
	Programme 2: Mining mapping & development						
	SP4. 1 Mining mapping & development	1,522,500	(720,080)	802,420	629,000	893,500	78.4
	Programme 4: Environment management and protection						
	SP4. 1 Environment management and protection	102,781,916	8,083,076	110,864,992	77,117,353	25,664,562	69.6
	Total Budget	387,934,401	41,315,952	429,250,354	211,067,465	176,866,936	49.2
Water, Irrigation & Environment	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	135,010,304	531,913	135,542,217	129,293,114	5,717,190	95.4
	Programme 2: Water infrastructure Development						
	SP 2.1 Water harvesting and storage	404,531,015	(7,696,806)	396,834,208	250,536,500	153,994,515	63.0
	SP 2.2. Piped water supply infrastructure	439,316,897	(7,710,493)	431,606,404	265,134,296	174,182,601	61.0
	SP2.3 Ground water development	135,534,970	780,410	136,315,380	122,177,231	13,357,739	90.0
	Programme 4: Environment management and protection						
	SP4. 1 Environment management and protection	-	616,400	616,400	157,241	(157,241)	25.5
	Total Budget	1,114,393,185	(13,478,576)	1,100,914,609	767,298,382	347,094,803	69.7
	Programme 1: General administration & planning						
Sand Authority	SP1. 1 General administration & planning	131,262,726	(59,196,239)	72,066,488	60,771,018	70,491,708	84.3
	Total Budget	131,262,726	(59,196,239)	72,066,488	60,771,018	70,491,708	84.3

Department	Programme / Sub Programme	FY 2020/21 Revised Budget - Kshs.	Variance - Kshs.	FY 2020/21 Budget Revised Budget 2 - Kshs.	Actual Expenditure FY 2020/21 -Kshs.	Variance - Kshs.	Implementation Status - %
Education & ICT	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	275,200,551	1,046,913	276,247,464	259,644,472	15,556,080	94.0
	Programme 2: Early childhood education						
	SP1. 1 Early child-hood education	119,408,409	(1,649,181)	117,759,228	91,312,232	28,096,177	77.5
	Programme 3: Technical training & non-formal education						
	SP1. 1 Technical training & non-for-mal education	127,550,186	(6,870,000)	120,680,186	113,901,569	13,648,617	94.4
	Programme 4: Support to education						
	SP1. 1 Support to education	70,374,644	(1,070,000)	69,304,644	4,966,166	65,408,478	7.2
	Programme 5; ICT Infrastructure & Systems Development						
Health	SP3. 1 ICT Infrastructure & Systems Develop-ment	55,897,517	(687,598)	55,209,919	32,944,806	22,952,712	59.7
	Programme 7: Sports Develop-ment						
	SP7. 1 Sports De-velopment	78,122,930	(959,723)	77,163,207	41,976,034	36,146,896	54.4
	Total Budget	726,554,237	(10,189,589)	716,364,648	544,745,278	181,808,959	76.0
	Programme 1: General administration & planning						
	SP1. 1 General administration & planning	3,386,647,973	21,526,047	3,408,174,020	3,082,336,795	304,311,178	90.4
	Programme 2: Curative health care services						
Youth, Gender & Social Services	SP2. 1: Curative health care services	255,393,727	37,776,086	293,169,813	37,200	255,356,527	0.0
	Programme 3; Preventive and promotive health care services						
	SP3. 1 Preventive and promotive health care services	138,388,507	(59,301,662)	79,086,845	23,272,568	115,115,939	29.4
	Total Expenditure of Vote	3,780,430,207	471	3,780,430,678	3,105,646,563	674,783,645	82.2
Programme 1: General administration & planning							
Youth, Gender & Social Services	SP1. 1 General administration & planning	102,154,282	(1,254,373)	100,899,909	73,267,878	28,886,404	72.6
	Programme 2: Gender & Social Development						
	SP2. 1 Gender & Social Develop-ment	63,640,575	8,133,000	71,773,575	51,377,832	12,262,743	71.6
	Total Budget	165,794,857	6,878,627	172,673,484	124,645,709	41,149,147	72.2

Department	Programme / Sub Programme	FY 2020/21 Revised Budget - Kshs.	Variance - Kshs.	FY 2020/21 Budget Revised Budget 2 – Kshs.	Actual Expenditure FY 2020/21 -Kshs.	Variance - Kshs.	Implementation Status - %
Programme 1: Legal & advisory services							
County Attorney	SP1. 1 Legal & advisory services	46,631,942	(2,030,262)	44,601,681	40,459,417	6,172,525	90.7
	Total Budget	46,631,942	(2,030,262)	44,601,681	40,459,417	6,172,525	90.7
Programme 1: Leadership and coordination of departments.							
County Secretary	SP1. 1 Leadership and coordination of departments.	454,100,746	4,093,796	458,194,542	430,554,883	23,545,864	94.0
	Total Budget	454,100,746	4,093,796	458,194,542	430,554,883	23,545,864	94.0
Programme 1: General administration & planning							
Govern ship	SP1. 1 General administration & planning	206,970,183	(1,884,003)	205,086,180	193,346,601	13,623,582	94.3
	Total Budget	206,970,183	(1,884,003)	205,086,180	193,346,601	13,623,582	94.3
Programme 1: General administration & planning							
Devolution & Public Service	SP1. 1 General administration & planning	234,751,808	(1,310,107)	233,441,701	231,215,548	3,536,259	99.0
Programme 2: Public Participation & Civic Education							
	SP2. 1: Public Participation & Civic Education	39,590,000	17,602,649	57,192,649	34,488,267	5,101,733	60.3
Programme 3; Information and communication							
	SP3. 1 Information and communication	12,570,000	(5,705,000)	6,865,000	2,300,000	10,270,000	33.5
Programme 4: Enforcement and compliance							
	SP4. 1 Enforcement and compliance	41,950,000	6,967,103	48,917,103	11,468,095	30,481,905	23.4
Programme 5; Youth Development support & Empowerment							
	SP6. 1 Youth Development	44,166,555	(153,770)	44,012,785	31,046,132	13,120,423	70.5
	Total Budget	373,028,362	17,400,875	390,429,238	310,518,042	62,510,321	79.5
Programme 1: General Administration and Planning							
County Public Service Board	SP1.1: General Administration and Planning	69,424,545	(186,444)	69,238,101	45,046,950	24,377,595	65.1
	Total Budget	69,424,545	(186,444)	69,238,101	45,046,950	24,377,595	65.1
Programme 1: General administration & planning							
Finance & Socio-Economic Planning	SP1. 1 General administration & planning	954,130,967	1,184,135	955,315,102	589,492,874	364,638,092	61.7
Programme 2: Public financial management							
	SP2.1 Accounting services	11,075,000	3,786,528	14,861,528	13,132,967	(2,057,967)	88.4
	SP2.2; Budget formulation, coordination and management	29,139,550	7,160,000	36,299,550	35,142,610	(6,003,061)	96.8
	SP2.3; Internal audit services	13,739,203	(1,011,750)	12,727,453	12,409,305	1,329,898	97.5
	SP2.4; Resource mobilization	58,905,000	(2,368,000)	56,537,000	54,821,617	4,083,383	97.0

Department	Programme / Sub Programme	FY 2020/21 Revised Budget – Kshs.	Variance – Kshs.	FY 2020/21 Budget Revised Budget 2 – Kshs.	Actual Expenditure FY 2020/21 -Kshs.	Variance – Kshs.	Implementation Status - %
	SP2.5; Supply chain management services	6,065,465	(540,000)	5,525,465	4,344,113	1,721,352	78.6
	SP2.6; Economic planning	47,110,194	(13,840,000)	33,270,194	31,985,515	15,124,679	96.1
	Total Budget	1,120,165,378	(5,629,087)	1,114,536,292	741,329,002	378,836,376	66.5
County Assembly	Legislation & Oversight	824,393,224	-	824,393,224	802,388,254	22,004,969	97.3
	TOTAL COUNTY BUDGET	11,672,939,708	32,164,613	11,705,104,321	9,191,180,495	2,481,759,214	78.5

Source: Makueni County Treasury

The top three sub-programmes with the highest levels of absorption rates were: internal audit services sub-programme in the Department of Finance and Socio-Economic Planning at 97.5 per cent, legislation and oversight sub-programme under County Assembly at 97.3 per cent and resource mobilisation sub-programme in the Department of Finance and Socio-Economic Planning at 97.0 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. A high wage bill, which accounted for 40.6 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.527.53 million against an annual projection of Kshs. 1.02 billion, representing 51.7 per cent of the annual target.
4. There was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *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 in line with Section 109 (2) of the PFM Act, 2012.*

3.25 County Government of Mandera

3.25.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.13.21 billion, comprising of Kshs. 5.64 billion (42.7 per cent) and Kshs.7.57 billion (57.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.22 billion (81.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.16 billion (9.2 per cent) as total conditional grants, generate Kshs.200.04 million (1.6 per cent) from own sources of revenue, and a cash balance of Kshs.883.76 million (6.9 per cent) from FY 2019/20.

The County also expected to receive Kshs.123.17 million (1 per cent) as “other revenues” not contained in the CARA, 2020. The “Other revenues” consist of Kshs.91.32 million as a grant for Covid-19 Responses and Kshs.31.85 million for medical staff allowances.

3.25.2 Revenue Performance

In FY 2020/21, the County received Kshs.10.22 billion as the equitable share of the revenue raised nationally, Kshs.1.35 billion as conditional grants, raised Kshs.143.31million as own-source revenue, had a cash balance of Kshs. 883.76 million from FY 2019/20 and received Kshs.123.17 million for COVID-19 related expenditure. The total funds available for budget implementation during the period amounted to Kshs.12.72 billion, as shown in Table 3.133.

Table 3.133: Mandera County, Revenue Performance in FY 2020/21

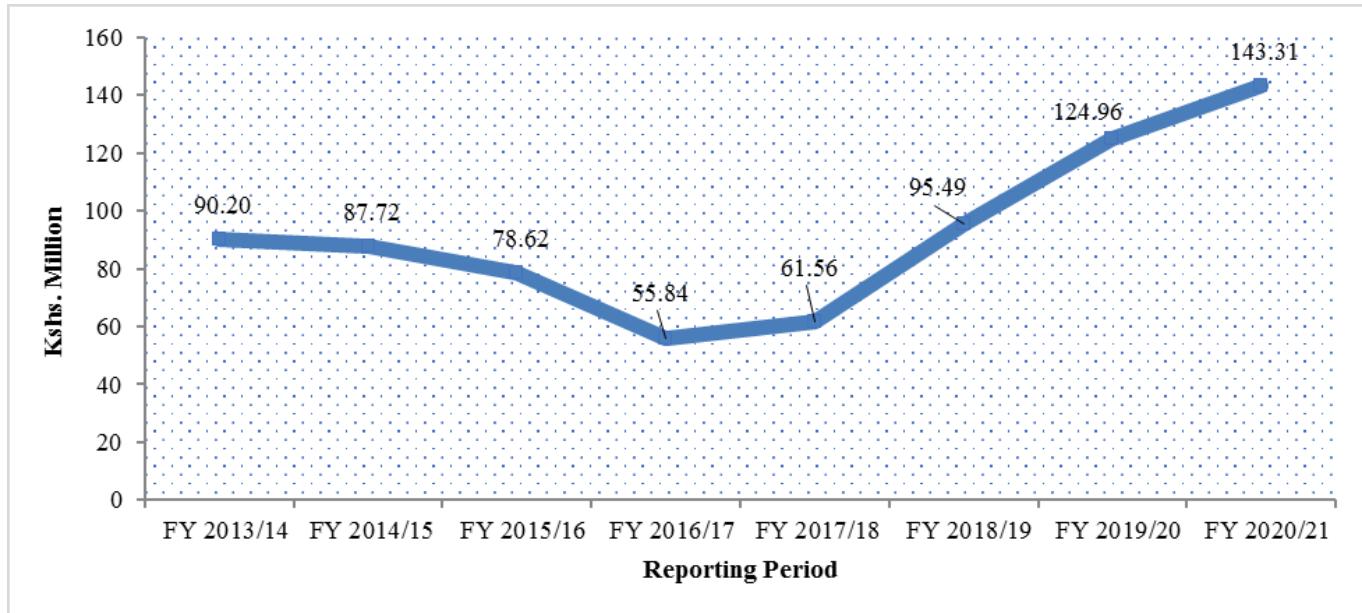
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts FY 2020/21 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,222,950,000	10,222,950,000	10,222,950,000	100
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Fore-gone	25,474,920	25,474,920	25,474,920.00	100
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	304,694,480	304,694,480	228,520,860	75.0
4.	Road Maintenance Fuel Levy (Con-ditional Grant) B/F from 19/20 - Fund Released	-	160,026,064	160,026,064	100
5.	Rehabilitation of Village Polytech-nics	15,049,894	15,049,894	15,049,894	100
1.	Agricultural Sector Development Support Program (ASDSP) (Co-fi-nance by National Govt)	-	2,500,000	2,000,000	80.0
Sub Total		477,240,571	507,745,358	431,071,738	84.9
C Loans and Grants from Development Partners					
6.	Transforming Health systems for Universal care Project (WB)	300,000,000	144,609,161	144,346,590	99.8
7.	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health 2017/2018 - Amount in SPA	-	9,604,002	-	-
8.	World Bank/Japan Funding for Health sector - Transforming Health care - Universal Health b/f 2018/2019. Amount not yet released	-	14,826,792	-	-
9.	IDA (WB) Kenya Climate Smart Ag-riculture Project (KCSAP)	290,090,936	324,000,000	238,632,573	73.7
10.	Kenya Climate-Smart Agriculture Project (NEDI) - Conditional Grant B/F - amount yet to be released	-	49,173,647	-	-
11.	IDA (WB) Credit: Kenya Devolu-tion Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
12.	Kenya Devolution Support Program for 2018/2019 funds to be released in 2020/21		58,673,488	-	-
13.	DANIDA Grant	29,070,000	29,070,000	29,070,000	100

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (Kshs)	Actual receipts FY 2020/21 (Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
14.	DANIDA Funding for Health sector - Transforming Health care - Universal Health - COVID - 19 Support	-	11,305,000	11,305,000	100
15.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,048,048	14,548,048	14,549,177	100
16.	Agricultural Sector Development Support Program (ASDSP) (Conditional Grant) B/F - Amount in SPA	-	6,387,012	-	-
17.	Kenya Urban Development Support Program	-	175,819,500	46,311,274	26.3
18.	Kenya Urban Development Support Program b/f from 2019/2020 (50,066,573 not Released while 79,242,718 not yet released)	-	129,309,291	129,309,291	100
19.	Kenya Devolution Support Program b/f - Amount in SPA - Malbe and Lafey Hospital	-	84,075,528	84,075,528	100
20.	Kenya Devolution Support Program	-	143,000,000	141,844,646	99.2
21.	Kenya Devolution Support Program (KDSP) B/F (from 17/2018)		4,295,329	4,295,329	100
22.	Kenya Devolution Support Program - Level I b/f from 2019/2020	-	30,000,000	30,000,000	100
Sub Total		681,208,984	1,273,696,797	918,739,408	72.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	200,037,792	143,313,898	71.6
2.	Balance b/f from FY2019/20	-	883,762,901	883,762,901	100
3.	Other Revenues	-	123,168,000	123,168,000	100
Sub Total		-	1,206,968,693	1,150,244,799	95.3
Grand Total		1,158,449,555	13,211,360,847	12,723,005,944	96.3

Source: Mandera County Treasury

Figure 3.48 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.48: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Mandera County Treasury

In FY 2020/21, the County generated Kshs.143.31 million as own-source revenue. This amount represented an increase of 15 per cent compared to Kshs.124.96 million realised in FY 2019/20 and was 71.6 per cent of the annual target.

3.25.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.11.69 billion from the CRF account during the reporting period. The amount comprised of Kshs.4.46 billion (38.2 per cent) for development programmes and Kshs.7.21 billion (61.8 per cent) for recurrent programmes.

3.25.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.11.67 billion on development and recurrent programmes. The expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.4.43 billion and Kshs.7.24 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 78.6 per cent, while recurrent expenditure represented 95.6 per cent of the annual recurrent expenditure budget.

3.25.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.44 billion was spent on employee compensation, Kshs.3.80 billion on operations and maintenance, and Kshs.4.43 billion on development activities, as shown in Table 3.134.

Table 3.134: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	7,573,664,620	7,212,050,494	95.6
Compensation to Employees	3,588,993,199	3,435,272,427	95.7
Operations and Maintenance	3,984,671,420	3,804,746,592	95.5
Development Expenditure	5,637,696,228	4,432,295,251	78.6
Total	13,211,360,847	11,672,314,270	88.4

Source: Mandera County Treasury

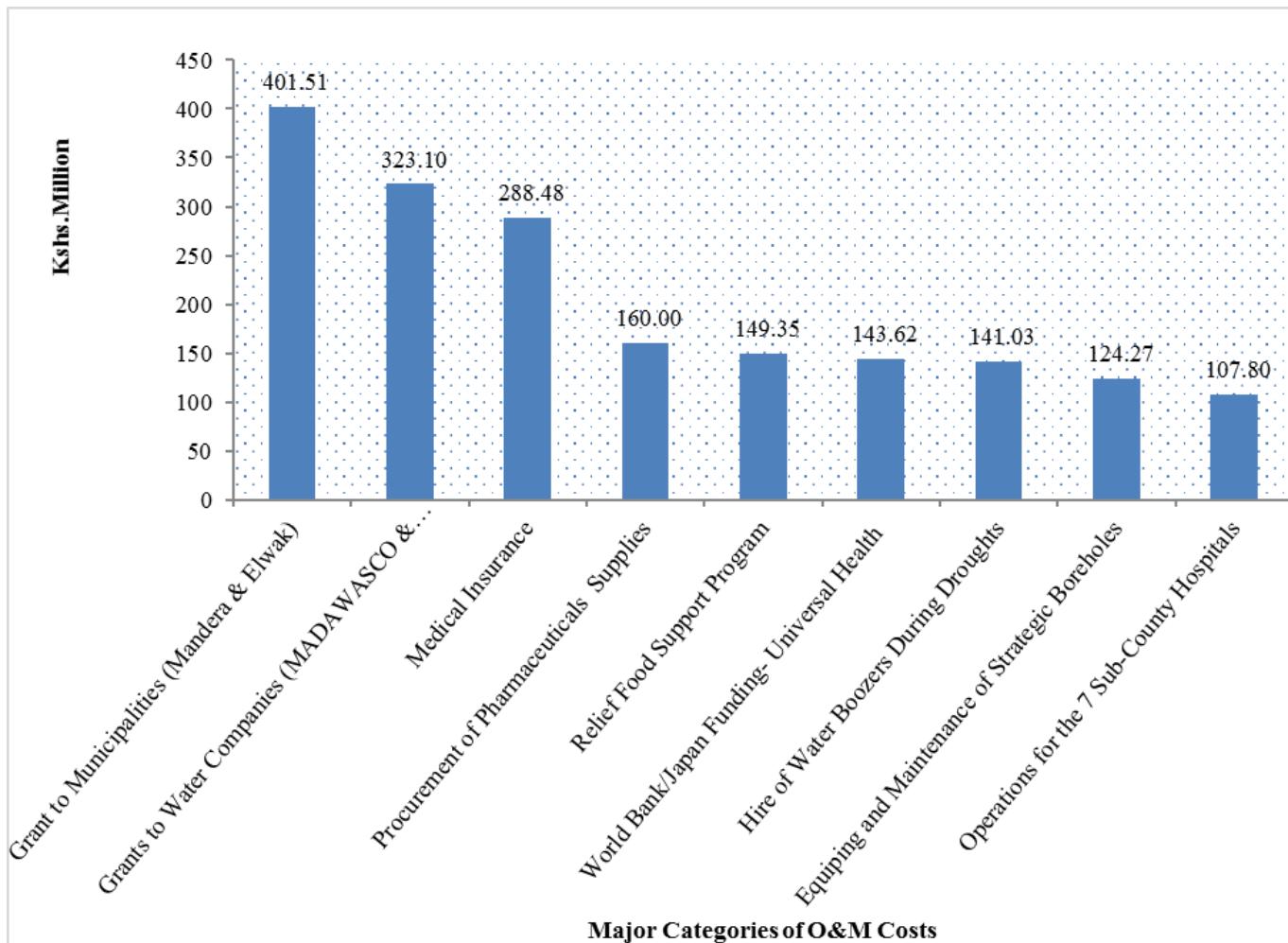
3.25.6 Expenditure on Personnel Emoluments

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 29.4 per cent of the total expenditure for the reporting period and 27 per cent of revenue.

3.25.7 Expenditure on Operations and Maintenance

Figure 3.49 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.49: Mandera County, Operations and Maintenance Expenditure by Major Categories



Source: Mandera County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.33.14 million on committee sitting allowances for the 49 MCAs and Speaker against the annual budget allocation of Kshs.38 million. The average monthly sitting allowance was Kshs.56,355 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.72.07 million and comprised Kshs.41.87 million spent by the County Assembly and Kshs.30.20 million by the County Executive. The County Assembly Kshs. 725,352 on foreign travel.

3.25.8 COVID-19 Expenditure

The County did not allocate funds in the approved budget for FY 2020/21 to cater for COVID-19 related expenditure. However, the County received Kshs.391.32 million as a grant from National Government for COVID-19, Kshs.11.31 million as DANIDA Grant for COVID-19 in FY 2019/20 and Kshs.180 million as FY 2019/20 County own revenue allocated to COVID-19. The total funds available for COVID-19 related expenditure were Kshs.614.47 million.

Table 3.135: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs.)	Expenditure as of 30 th June 2021 (Kshs.)
1.	The grant from the National Government for COVID-19	391,323,000	614,473,000
2.	DANIDA Grant for COVID-19 in FY 2019/20	11,305,000	
3.	The grant from the National Government for Allowances for Front Line Health Care Workers	31,845,000	
4.	FY 2019/20 County own revenue allocated to COVID	180,000,000	
Total		614,473,000	614,473,000

Source: Mandera County Treasury

3.25.9 Development Expenditure

The County incurred an expenditure of Kshs.4.43 billion on development programmes, which represented a decrease of 15.5 per cent compared to FY 2019/20 when the County spent Kshs. 5.21 billion. Table 3.136 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.136: 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	Drilling And Equipping Of New Boreholes Throughout The County	Mandera	135,000,000	135,000,000	100
2	Under Provision For Mandera Teachers Training College	Mandera East	125,500,000	125,500,000	100
3	On-Going Construction Of The Regional Livestock Market	Mandera East	120,002,155	99,841,670	83.2
4	Proposed Completion Of Governor's Residence	Mandera East	81,120,492	81,120,492	100
5	Proposed Erection And Completion Of Modern Slaughter House (Phase 2) In Mandera East Sub County	Mandera East	67,446,320	67,446,320	100
6	Maintenance And Expansion Of Solar Street Lights, Security High Mast	Mandera East	65,983,242	65,983,242	100
7	Supply, Delivery And Installation Of Boreholes Maintenance And Materials	Mandera	55,000,000	55,000,000	100
8	Construction Of Kutulo (Malbe) Water Pan Irrigation Projects	Kutulo	52,092,828	52,000,000	99.8
9	Construction Of Water And Sewerage Infrastructure at Mchr	Mandera East	51,180,917	51,180,917	100
10	Proposed Construction Of 50No Vulnerable Housing Unit And Toilets Lot1 In Mandera County	Mandera East	51,000,000	51,000,000	100

Source: Mandera County Treasury

3.25.10 Budget Performance by Department

Table 3.137 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.137: 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	755.83	221.22	699.44	104.48	699.09	104.48	100	100	92.5	47.2
Agriculture and livestock	252.64	847.39	251.14	594.07	251.14	543.43	100	91.5	99.4	64.1

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Education, Culture and Sports	318.86	307.70	313.07	270.75	313.07	270.75	100	100	98.2	88.0
Genders, Social Services and Youth Affairs	81.13	124.01	81.13	107.01	81.13	107.01	100	100	100	86.3
Finance and Economic Planning & ICT	599.93	36.83	599.93	15.83	599.93	15.83	100	100	100	43.0
Ministry of Health Services	2,016.32	756.96	1,978.01	659.01	1,975.98	549.79	99.9	83.4	98	72.6
Trade, Investments, Industrialisation, and Cooperative Development	55.37	95.96	55.37	72.26	55.37	72.26	100	100	100	75.3
Lands, Housing Developments and Physical Planning	485.65	165.82	485.65	73.88	485.65	148.61	100	201.2	100	89.6
Office of the Governor and Deputy Governor	469.71	-	454.23	-	454.23	-	100	-	96.7	-
County Public Service Board	70.08	12.00	68.95	2.00	68.95	-	100	-	98.4	-
Public Service Management and Devolved Units	1,425.75	111.37	1,195.50	111.37	1,225.50	111.37	102.5	100	86	100
Public Works Roads and Transport	143.74	1,306.86	141.04	860.45	141.04	927.82	100	107.8	98.1	71.0
Water, Energy, Environment and Natural Resources	898.65	1,651.58	888.95	1,585.06	888.95	1,580.96	100	99.7	98.9	95.7
Total	7,573.66	5,637.70	7,212.40	4,456.16	7,212.05	4,432.30	100	99.5	95.6	78.6

Source: Mandera County Treasury

Analysis of expenditure by the Departments shows that the Department of Public Service Management and Devolved Units recorded the highest absorption rate of development budget at 100 per cent while the County Public Service Board did not report any expenditure on development activities. The Department of Education, Culture and Sports, Ministry of Genders, Social Services and Youth Affairs, Department of Trade, Investments, Industrialisation, and Cooperative Development, and the Department of Lands, Housing Developments and Physical Planning all reported the highest absorption rate of the recurrent budget at 100 per cent.

3.25.11 Budget Execution by Programmes and Sub-Programmes

Table 3.138 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.138: Mandera County, Budget Execution by Programmes and Sub-programmes

Programme	Sub-Pro-gramme	Description	Approved Estimates FY2020/21 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agricultural and Livestock Sector Support	101063410	Agricultural Infrastructure, Conservation and Research	662,990,420	454,351,368	208,639,053	68.5
	103033410	Livestock Agricultural Sector Support	227,154,333	200,882,692	26,271,641	

Programme	Sub-Pro-gramme	Description	Approved Estimates FY2020/21 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Sub Total			890,144,753	655,234,060	234,910,694	73.6
Cooperatives Development Programmes	303023410	Cooperatives Agricultural Support	11,100,000	9,000,000	2,100,000	81.1
Sub Total			11,100,000	9,000,000	2,100,000	81.1
Trade Development	305013410	Trade development &Promotion	140,227,023	116,699,347	23,527,676	83.2
Sub Total			140,227,023	116,699,347	23,527,676	83.2
Youth Rehabilitation and Development	501023410	Youth Development Programmes and Policy	124,007,348	106,887,327	17,120,021	86.2
Sub Total			124,007,348	106,887,327	17,120,021	86.2
Physical Infrastructure Development	502013410	Infrastructure Development and Expansion	111,371,471	110,287,522	1,083,950	99.0
	107013410	Infrastructure & Equipment	165,821,408	152,423,545	13,397,864	91.9
	701023410	Infrastructure Development and Expansion	1,306,861,971	1,005,247,686	301,614,285	76.9
	401013410	Infrastructure Construction, Expansion and Maintenance	756,961,360	564,949,349	192,012,011	74.6
Sub Total			2,341,016,210	1,832,908,101	508,108,109	78.3
Administration, Planning and Support Services	503013410	General Administration & Support Services	2,335,185,042	2,335,185,042	0	100.0
	105013410	General Administration & Support Services	839,268,373	839,268,373	0	100.0
Sub Total			3,174,453,415	3,174,453,415	0	100.0
ECDE and Sports Development Services	504013410	ECDE Infrastructure	307,703,708	287,917,561	19,786,147	93.6
Sub Total			307,703,708	287,917,561	19,786,147	93.6
Financial Services	701033410	Procurement Services	36,825,600	20,324,928	16,500,672	55.2
Sub Total			36,825,600	20,324,928	16,500,672	55.2
Administration and Compensation	904013410	Administration and Support Services	163,210,955	163,210,955	0	100.0
	702033410	Administration Services	2,495,390,008	2,208,370,130	287,019,878	88.5
Sub Total			2,658,600,963	2,371,581,085	287,019,878	89.2
Water Provision Services	901043410	Water Storage Structures	1,485,476,271	1,203,016,082	282,460,189	81.0
	901053410	Water provision services	832,468,862	832,468,862	0	100.0
Sub Total			2,317,945,133	2,035,484,944	282,460,189	87.8
Solar Energy and Environmental Services	902023410	Street lighting	166,103,780	166,103,780	0	100.0
	903013410	Environmental Protection	66,179,350	66,179,350	0	100.0

Programme	Sub-Pro-gramme	Description	Approved Estimates FY2020/21 (Kshs.)	Actual Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
County Assembly Services	0701013410		221,218,667	104,482,512	116,736,155	47.2
	0702033410		755,834,897	699,089,335	56,745,562	92.5
Grand Total			13,211,360,847	11,646,345,746	1,565,015,102	88.2

Source: Mandera County Treasury

The top three programmes with the highest levels of absorption rates were: Environmental Protection at 100 per cent, Street lighting at 100 per cent and Water provision services in the Ministry of water, energy, Environment and Natural Resources at 100 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. The underperformance of own-source revenue at Kshs.143.31 million against an annual projection of Kshs.200.04 million, representing 71.6 per cent of the annual target.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County Treasury should ensure timely preparation and submission of financial reports 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.*

3.26 County Government of Marsabit

3.26.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.72 billion, comprising Kshs.4.56 billion (52.3 per cent) and Kshs.4.15 billion (47.7 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.87 billion (78.8 per cent) as the equitable share of revenue raised nationally, Kshs.1.12 billion (12.8 per cent) as total conditional grants, generate Kshs.150 million (1.7 per cent) from own sources of revenue, and a cash balance of Kshs.578.81 million (6.6 per cent) from FY 2019/20.

3.26.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.78 billion as the equitable share of the revenue raised nationally, Kshs.911.05 million as conditional grants, raised Kshs.110.37 million as own-source revenue, and had a cash balance of Kshs.578.81 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.38 billion, as shown in Table 3.139.

Table 3.139: Marsabit County, Revenue Performance in FY 2020/21

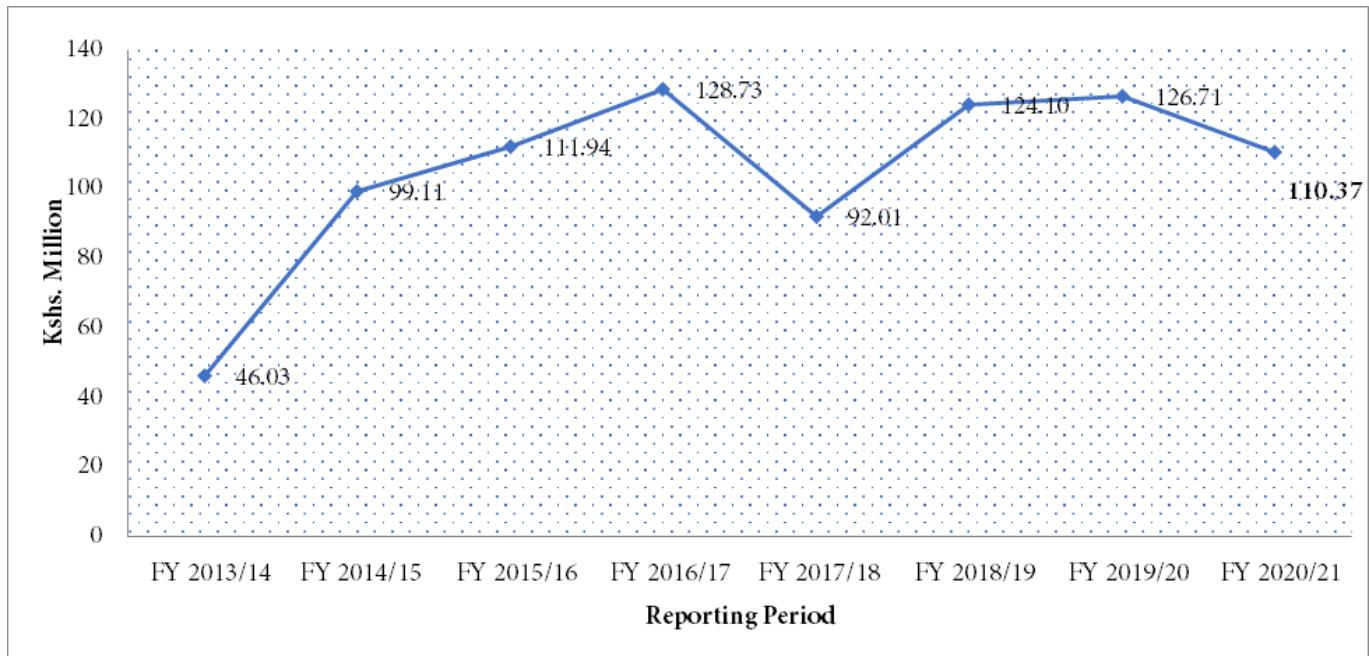
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	6,773,100,000	6,868,050,00	6,779,873,100	98.7
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	6,643,714	6,643,714	6,643,714.00	100.00
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	204,701,864	204,701,864	204,701,864	100.00
4.	Rehabilitation of Village Polytechnics	10,699,894	10,699,894	10,699,894	100.00
5.	Grant for COVID-19	-	30,420,000	30,420,000	100.00
6.	COVID-19 National Government Emergency Response	-	28,819,000	28,819,000	100.00

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
7	Direct County Transfer - Millennium Water Alliance	-	13,920,000	-	-
Sub Total		354,066,749	295,204,472.0	281,284,472	95.2
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	99,759,979	99,759,979	94,369,230	94.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	319,933,840	319,933,840	221,610,665	69.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	161,524,635	358.9
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)		44,561,940	18,628,694	41.8
5.	DANIDA Grant	19,260,000	19,260,000	19,260,000	100.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	16,140,048	16,140,048	-	-
7.	KDSP - Allocation for Capacity Building, B/F FY 2019-2020	-	30,000,000	30,000,000	100.0
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	16,810,792	37,703,792	16,311,903	43.3
9.	KDSP - unspent balance on Sololo Hospital, B/f FY 2019-2020	-	60,674,091	60,674,091	100.0
10.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	50,000,000	7,384,101	14.8
11.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	100,000,000	100,000,000	-	-
Sub Total		616,904,659	823,033,690	629,763,319	76.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	150,000,000	110,368,253	73.6
2.	Balance b/f from FY2019/20	-	578,814,049	578,814,049	100.0
Sub Total		-	728,814,049	689,182,302	94.6
Grand Total		7,744,071,408	8,715,102,211	8,380,103,192	96.2

Source: Marsabit County Treasury

Figure 3.50 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.50: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Marsabit County Treasury

In FY 2020/21, the County generated Kshs.110.37 million as own-source revenue. This amount represented a decrease of 12.9 per cent compared to Kshs.126.71 million realised during a similar period in FY 2019/20 and was 73.6 per cent of the annual target.

3.26.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.61 billion from the CRF account during the reporting period. The amount comprised Kshs.3.54 billion (46.6 per cent) for development programmes and Kshs.4.06 billion (53.4 per cent) for recurrent programmes.

3.26.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.2 billion on development and recurrent programmes. The expenditure represented 94.8 per cent of the total funds released by the COB and comprised of Kshs.3.44 billion and Kshs.3.76 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 75.4 per cent, while recurrent expenditure represented 90.7 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.614,462,490 million for both development activities and recurrent costs.

3.26.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.57 billion was spent on employee compensation, Kshs.1.2 billion on operations and maintenance, and Kshs.3.44 billion on development activities, as shown in Table 3.140.

Table 3.140: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,152,951,573	4,062,990,874	3,764,875,624	90.7
Compensation to Employees	2,689,365,184	2,567,866,537	2,567,866,537	95.5
Operations and Maintenance	1,463,586,389	14,951,243,636	1,197,009,087	81.8
Total Development Expenditure	4,562,150,638	3,542,725,995	3,438,431,831	75.4
Total	8,715,102,211	7,599,316,476	7,203,307,455	82.7

Source: Marsabit County Treasury

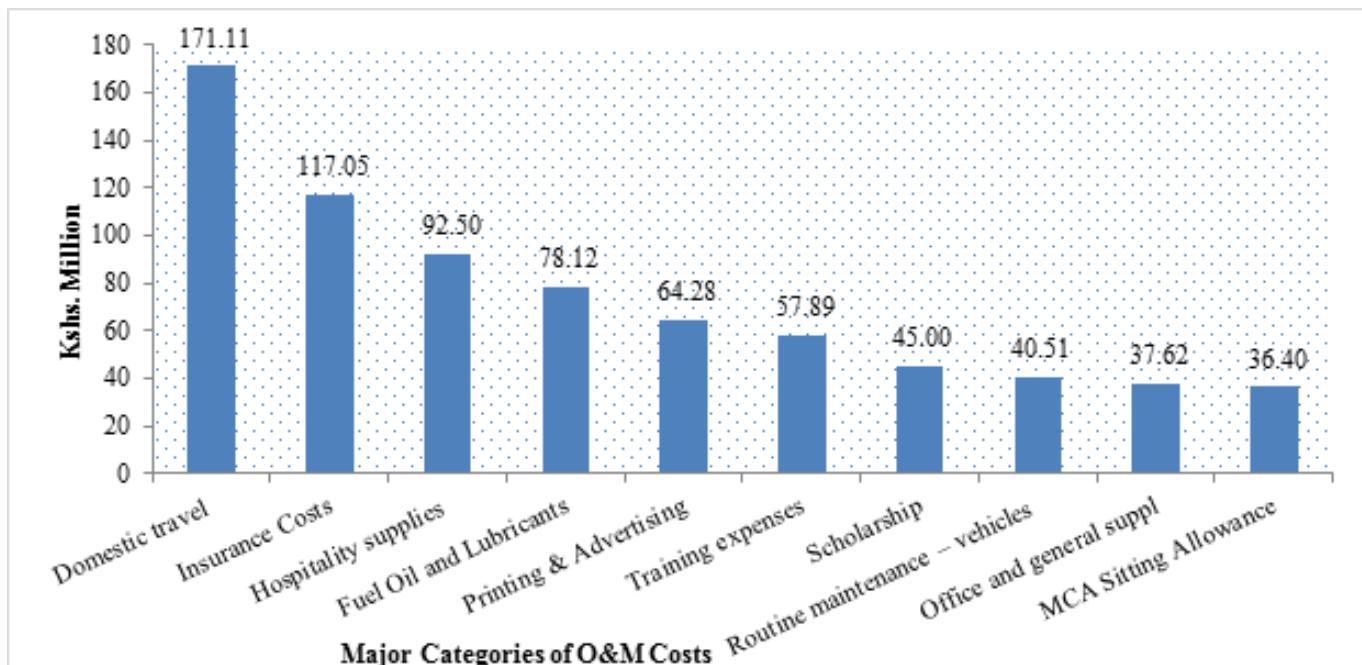
3.26.6 Expenditure on Personnel Emoluments

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 35.6 per cent of the total expenditure for the reporting period and 30.6 per cent of revenue.

3.26.7 Expenditure on Operations and Maintenance

Figure 3.51 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.51: Marsabit County, Operations and Maintenance Expenditure by Major Categories



Source: Marsabit County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.36.4 million on committee sitting allowances for the 31 MCAs and Speaker against the annual budget allocation of Kshs.40 million. The average monthly sitting allowance was Kshs.97,849 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.171.11 million and comprised Kshs.76.26 million spent by the County Assembly and Kshs.94.86 million by the County Executive. Expenditure on foreign travel amounted to Kshs.8.07 million incurred by the County Executive.

3.26.8 COVID-19 Expenditure

A total of Kshs.18.59 million was spent during the reporting period on COVID related expenditure, as shown in Table 3.

Table 3.141: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.6.21 (Kshs)
1.	Supply and delivery of COVID 19 mitigation items	10,212,500
2.	Supply and delivery of face mask N95 to Marsabit county referral hospital.	4,745,000
3.	Supply and delivery of ICU drugs to Marsabit county referral hospital.	3,630,174
Total		18,587,674

Source: Marsabit County Treasury

3.26.9 Development Expenditure

The County incurred an expenditure of Kshs.3.44 billion on development programmes, which represented an increase of 8.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.3.16 billion. Table 3.142 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.142: Marsabit County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Supply and delivery of plastic water tanks	Water	County wide	105,000,000	104,107,934	99.2
2	Erection and completion of tuition block for KMTC at Marsabit Hospital	Health	Marsabit	75,000,000	72,969,904	97.3
3	Completion of County Assembly chamber	County Assembly	Marsabit	179,702,598	51,179,727	28.5
4	Upgrading of Moyale town roads to bitumen standard	Roads	Moyale	48,237,063	49,647,708	102.9
5	Drilling of boreholes	Water	Countywide	35,644,132	35,644,132	100.0
6	Lorus spring digging, improving, piping and fencing at Loyangalani	Water	Laisamis Sub-county	5,000,000	4,999,000	100.0

Source: Marsabit County Treasury

3.26.10 Budget Performance by Department

Table 3.143 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.143: 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	680.18	179.70	638.84	51.18	640.10	51.18	100.2	100.0	94.1	28.5
County Executive Services	525.04	607.18	525.01	607.18	473.49	579.09	90.2	95.4	90.2	95.4
Finance Management Services	382.48	683.52	376.48	582.49	362.60	596.73	96.3	102.4	94.8	87.3
Agriculture, Livestock, Fisheries	181.00	635.93	179.69	382.66	107.58	214.37	59.9	56.0	59.4	33.7
County Public Service	90.00	5.00	89.92	5.00	74.79	5.00	83.2	100.0	83.1	100.0
Education Youth Affairs	278.95	312.86	278.63	231.49	267.29	200.20	95.9	86.5	95.8	64.0
County Health Services	1,266.79	823.75	1,258.53	622.90	1,228.03	758.71	100.1	121.8	96.9	92.1
Administration and ICT	282.00	8.15	276.06	5.90	246.37	8.15	89.2	138.1	87.4	100.0
Physical Planning Dev, Energy, Lands	129.50	225.91	129.49	122.91	96.76	116.20	74.7	94.5	74.7	51.4
Public Works, Roads	81.00	342.76	81.00	318.74	80.28	302.34	99.1	94.9	99.1	88.2
Water, Environment	128.00	607.33	126.38	513.98	78.95	493.07	62.5	95.9	61.7	81.2
Trade and Industry	74.00	81.70	73.97	54.60	56.32	72.49	76.1	132.8	76.1	88.7
Tourism, Culture and Social Services	54.00	48.35	53.96	43.69	52.30	40.89	96.9	93.6	96.9	84.6
TOTAL	4,152.95	4,562.15	4,062.99	3,542.73	3,764.88	3,438.43	92.7	97.1	90.7	75.4

Source: Marsabit County Treasury

Analysis of expenditure by the Departments shows that the Department of Administration and County Public Service Board recorded the highest absorption rate of development budget at 100 per cent while the County Assembly had

the lowest development absorption rate at 28.5 per cent. The Department of Public Works and Roads had the highest percentage of recurrent expenditure to budget at 99.1 per cent while the Department of Agriculture had the lowest at 59.4 per cent.

3.26.11 Budget Execution by Programmes and Sub-Programmes

Table 3.144 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.144: Marsabit County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
County Assembly of Marsabit Operational and Oversight	Operations and Oversight	859,885,589	691,278,297	168,607,292	80.4
Physical Planning and Development	Urban Development Services	-	-	-	0.0
	Lands and Physical Planning Services	225,911,735	116,200,446	109,711,289	51.4
	General administration planning and Support Services	129,501,430	96,759,172	32,742,258	74.7
	Sub total	355,413,165	212,959,618	142,453,547	59.9
Education	General Administration, Planning and Support Services	278,945,549	267,294,614	11,650,935	95.8
	Pre – Primary Education	312,862,022	200,204,023	112,657,999	64.0
	Youth Development	-	-	-	0.0
	Vocational Education and Training	-	-	-	0.0
	Sports	-	-	-	0.0
	Sub total	591,807,571	467,498,637	124,308,934	79.0
Executive Services	General Administration, Planning and Support Services	507,176,890	497,137,820	10,039,070	98.0
	Management of County Affairs	625,043,714	555,444,823	69,598,891	88.9
	Public Sector Advisory Services	-	-	-	0.0
	Inter/Intra Governmental	-	-	-	0.0
	County Legal Services	-	-	-	0.0
	Sub total	1,132,220,604	1,052,582,643	79,637,961	93.0
Administration and ICT	General administration planning and Support Services	282,000,000	246,372,183	35,627,817	87.4
	ICT infrastructure	8,150,000	8,150,000	-	100.0
	Coordination of functions of devolved Units	-	-	-	0.0
	Public Participation and Civic Education	-	-	-	0.0
	Sub total	290,150,000	254,522,183	35,627,817	87.7
Agriculture and Livestock Development	General Administration, Planning and Support Services	78,116,163	54,595,339	23,520,824	69.9
	Livestock Resources Management and Development	81,652,173	45,067,603	36,584,570	55.2
	Fisheries Development and Management	21,231,664	7,913,289	13,318,375	37.3
	Crop Development and Management	635,929,834	214,371,439	421,558,395	
	Subtotal	816,929,834	321,947,670	494,982,164	39.4

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Health Services	Curative Health Services	-	-	-	-
	General Administration, Planning and Support Services	2,090,545,256	1,986,744,551	103,800,705	95.0
	Maternal and child health	-	-	-	-
	Sub total	2,090,545,256	1,986,744,551	103,800,705	95.0
County Public Service Board	General administration planning and Support Services	95,000,000	79,788,127	15,211,873	84.0
	Human Resource Management and Development	-	-	-	-
	Subtotal	95,000,000	79,788,127	15,211,873	84.0
Culture and Social Services	Youth Development	-	-	-	-
	Culture Services	48,350,000	40,888,183	7,461,817	
	Social Services	-	-	-	-
	General administration, planning and support services	54,000,000	52,302,935	1,697,065	96.9
	Subtotal	102,350,000	93,191,118	9,158,882	91.1
Finance and Economic Planning	General administration planning and Support Services	382,484,603	362,602,966	19,881,637	94.8
	Public Finance Management	579,519,223	494,044,154	85,475,069	85.3
	Economic and financial policy Formulation	104,000,000	102,689,325	1,310,675	98.7
	Sub total	1,066,003,826	959,336,445	106,667,381	90.0
Roads, Housing and Public Works	Road Transport Infrastructure Development	342,763,275	302,341,444	40,421,831	88.2
	Housing Development	-	-	-	-
	General administration planning and Support Services	81,000,000	80,283,659	716,341	99.1
	Sub total	423,763,275	382,625,103	41,138,172	90.3
Trade, Industry & Enterprise Development	General administration planning and Support Services	74,000,000	56,316,099	17,683,901	76.1
	Trade and Industrial Development	-	-	-	-
	Enterprise Development	81,700,000	72,493,608	9,206,392	88.7
	Sub total	155,700,000	128,809,707	26,890,293	82.7
Water	Water Resources Management	607,333,091	493,068,407	54,624,099	81.2
	General administration planning and Support Services	84,728,213	54,304,649	209,600	64.1
	Natural Resources Conservation and Management	43,271,787	24,650,302	475,900	57.0
	Sub total	735,333,091	572,023,358	55,309,599	77.8
Grand Total		8,715,102,211	7,203,307,455	1,403,794,622	82.7

Source: Marsabit County Treasury

The top three sub-programmes with the highest levels of absorption rates were: General administration planning and Support Services under the Department of Roads, Housing and Public Works at 99.1 per cent, Economic and Financial Policy Formulation sub-programme under the Department of Finance and Economic Planning at 98.7 per cent, and General Administration sub-programmes in the Department of Executive Services at 98 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. A high wage bill, which accounted for 35.6 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.110.37 million against an annual projection of Kshs. 150 million, representing 73.6 per cent of the annual target.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*

3.27 County Government of Meru

3.27.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.11.78 billion, comprising Kshs.3.73 billion (31.7 per cent) and Kshs.8.05 billion (68.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.8.04 billion (68.2 per cent) as the equitable share of revenue raised nationally, Kshs.1.48 billion (12.5 per cent) as total conditional grants, generate Kshs.600 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.45 billion (12.3 per cent) from FY 2019/20. The County also expects to receive Kshs.220 million (1.9 per cent) as Appropriation in Aid.

3.27.2 Revenue Performance

In FY 2020/21, the county received Kshs.8.04 billion as an equitable share of the revenue raised nationally, Kshs.1.27 billion as conditional grants, raised Kshs.435.93 million as own-source revenue, and had a cash balance of Kshs.1.43 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.17 billion, as shown in Table 3.82: Kirinyaga County, Revenue Performance in FY 2020/21.

Table 3.145: Meru County, Revenue Performance in FY 2020/21

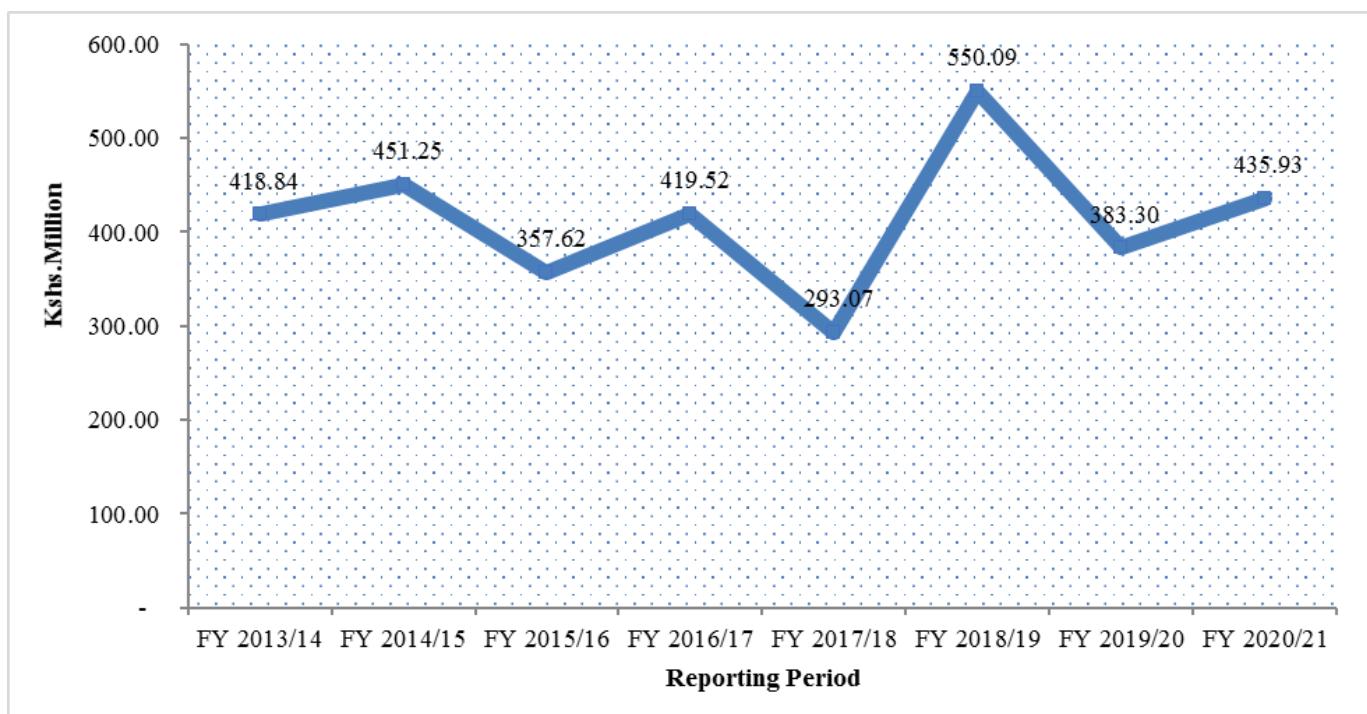
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	8,039,100,000	8,039,100,000	8,039,100,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	373,872,832	100.0
2.	Compensation for User Fee Foregone	31,648,428	31,648,848	31,648,848	100.0
3.	Road Maintenance Fuel Levy Fund	241,491,600	241,491,600	241,491,600	100.0
	Rehabilitation of Village Polytechnics	58,249,894	58,249,984	36,122,896	62.0
4.	Conditional grants -management of COVID 19	-	102,886,000	234,820,511	228.2
Sub Total		705,262,754	808,149,264	917,956,687	113.6
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	36,400,000	36,400,000	33,543,650	92.2
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	202,802,950	202,802,950	189,882,694	93.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	-	232,216,740	-	-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual re- ceipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annua- l Allocation (%)
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	116,890,200	47,068,798	40.3
5.	DANIDA Grant	22,860,000	22,860,000	22,860,000	100.0
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	45,000,000	45,000,000	100.0
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,550,139	13,703,648	10,864,150	79.3
Sub Total		320,613,089	669,873,538	349,219,292	52.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	600,000,000	435,932,406	72.7
2.	Balance b/f from FY 2019/20	-	1,446,657,433	1,432,661,625	99
3.	Other Revenues	-	220,000,000	-	-
Sub Total		-	2,266,657,433	1,868,594,031	82.4
Grand Total		9,064,975,843	11,783,780,235	11,174,870,010	94.8

Source: Meru County Treasury

Figure 3.52 shows the trend in own-source revenue collection for the financial year from FY 2013/14 to FY 2020/21.

Figure 3.52: Trend in Own-Source Revenue Collection for the FY 2013/14 to FY 2020/21



Source: Meru County Treasury

In FY 2020/21, the County generated Kshs.435.93 million as revenue from its own sources. This amount represented an increase of 13.7 per cent compared to Kshs.383.3 million realised during a similar period in FY 2019/20 and was 72.7 per cent of the annual target.

3.27.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.10.15 billion from the CRF account during the reporting period. The amount comprised Kshs.2.78 billion (27.4 per cent) for development programmes and Kshs.7.37 billion (72.6 per cent) for recurrent programmes.

The County received late Exchequer releases whereby a total of Kshs.693.84 million for development votes in June 2021 as tabulated below;

Month	Date	Reference	Development (Kshs.)
June	30/06/2021	COB/MRU/001/71(1)	47,068,798
June	30/06/2021	COB/MRU/001/71(2)	593,589,325
June	30/06/2021	COB/MRU/001/71(3)	53,178,009
Total			693,836,132

The Exchequer received in June 2021 consisted of 6.83 per cent of the total issues for the financial year. Late exchequer releases may have resulted in low absorption of budget and could have also negatively impacted service delivery to citizens.

3.27.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.10.07 billion on development and recurrent programmes. The expenditure represented 99.3 per cent of the total funds released by the COB and comprised of Kshs.2.63 billion and Kshs.7.45 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 70.4 per cent, while recurrent expenditure represented 92.5 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.790.61 million for development activities and Kshs.215.85 million for recurrent costs.

3.27.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.39 billion was spent on employee compensation, Kshs.3.06 billion on operations and maintenance, and Kshs.2.63 billion on development activities, as shown in Table 3.146.

Table 3.146: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,053,686,459	7,521,885,369	7,447,389,559	92.5
Compensation to Employees	4,864,474,522	4,464,976,311	4,390,480,500	90.3
Operations and Maintenance	3,189,211,937	3,056,909,059	3,056,909,059	95.9
Total Development Expenditure	3,730,093,777	2,625,965,891	2,625,965,891	70.4
Development Expenditure	3,730,093,777	2,625,965,891	2,625,965,891	70.4
Total	11,783,780,236	10,147,851,260	10,073,355,450	85.5

Source: Meru County Treasury

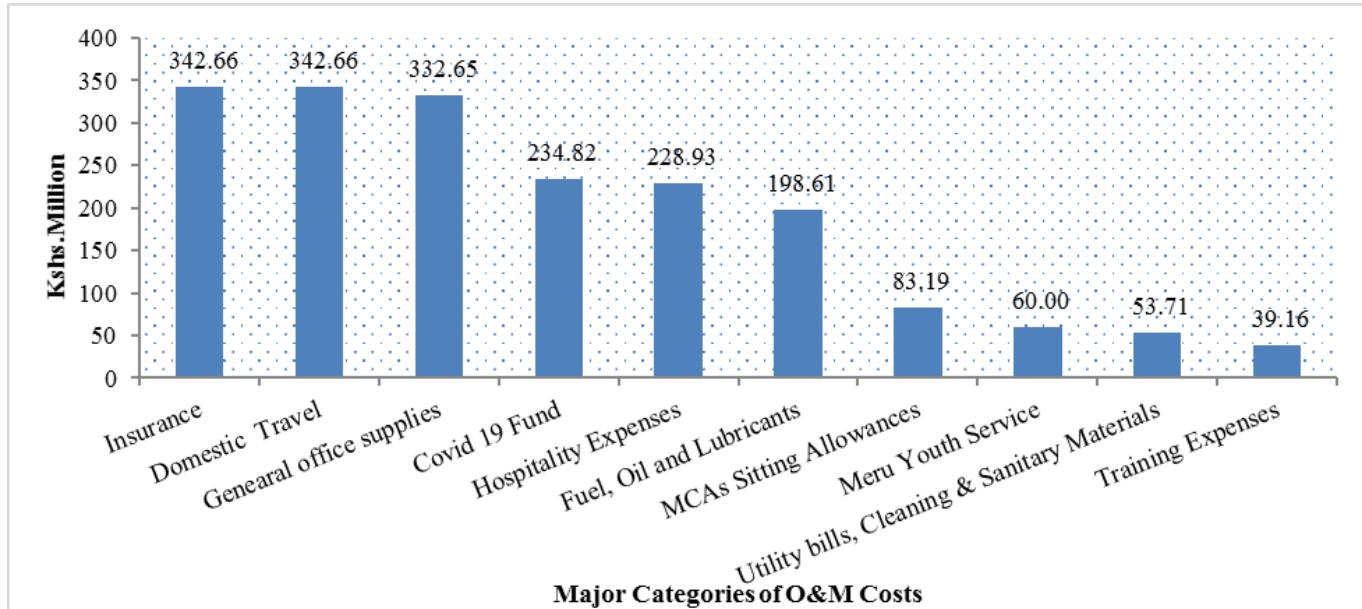
3.27.6 Expenditure on Personnel Emoluments

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 43.6 per cent of the total expenditure for the reporting period and 39.3 per cent of available revenue.

3.27.7 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

Analysis of expenditure reports indicates that the County Assembly spent Kshs.83.19 million on committee sitting allowances for the 69 MCAs and Speaker against the annual budget allocation of Kshs.100.07 million. The average monthly sitting allowance was Kshs.100,465 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.342.66 million and comprised Kshs.218.99 million spent by the County Assembly and Kshs.123.67 million by the County Executive.

3.27.8 COVID-19 Expenditure

In the approved supplementary budget for FY 2020/21, the county provided Kshs.289 million to cater for COVID-19 related expenditure. A total of Kshs.234.82 million was spent during the reporting period, as shown in Table 3.147.

Table 3.147: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.06.2021 (Kshs)
1.	Training and allowances for health care workers	76,935,125	76,935,125
2.	Purchase of ICU Beds and Medical Equipment	152,886,000	148,960,386
3.	Level I and II Grants	8,925,000	8,925,000
4.	County own Revenue allocated to Covid -19	50,954,827	-
Total		289,700,952	234,820,511

3.27.9 Development Expenditure

The County incurred expenditure of Kshs.2.63 billion on development programmes, which represented an increase of 21.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.17 billion. Table 3.148 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.148: Meru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Improvement and maintenance of the roads	Road	Countywide	302,750,000	302,750,000	100.0
2	Funding of the farmers on different product	Agriculture	Countywide	200,974,932	164,087,454	81.6

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
3	Finishing of the County Headquarters office block	Finance	Municipality	45,000,000	35,000,000	77.8
4	Construction of ward in Meru Teaching and Referral Hospital	Health	Municipality	264,138,621	245,138,621	92.8
5	Construction of the Governor's and Deputy Governor's residence	Lands	Municipality	75,000,000	55,636,620	74.2
6	Overhaul of water supplies, Drilling of Boreholes	Water	Countywide	100,000,000	100,000,000	100.0
7	Construction of ECDE classes	Education	Countywide	95,500,000	95,500,000	100.0
8	Construction of KMTC building	Health	Kanyakine	30,000,000	30,000,000	100.0
10	Construction of the Cultural site building	Youth	Kianjai	15,000,000	15,000,000	100.0
11	Procurement of Vaccine and Vaccination Equipment	Health	Municipality	13,000,000	13,000,000	100.0

Source: Meru County Treasury

3.27.10 Budget Performance by Department

Table 3.149 summarises the approved budget allocation and performance by departments in the FY 2020/21.

Table 3.149: Approved Budget Allocation And Performance By Departments In The FY 2020/21

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	935.44	40.00	935.44	12.50	935.44	12.50	100.0	100.0	100.0	31.2
Office of the Governor	332.06	-	332.03	-	327.93	-	98.8	-	98.8	-
Finance, Economic Planning and ICT	1,071.42	83.13	967.76	79.74	1,000.15	57.91	103.3	72.6	93.3	69.7
Agriculture, Livestock &, Fishery	300.31	401.21	289.48	313.54	288.84	306.08	99.8	97.6	96.2	76.3
Water & Irrigation	126.71	348.97	125.69	350.46	111.63	338.96	88.8	96.7	88.1	97.1
Education Technology, Gender Culture & Social Development	796.01	239.22	595.83	85.08	722.01	178.00	121.2	209.2	90.7	74.4
Health Services	3,166.05	330.39	2,902.08	258.40	2,872.38	231.79	99.0	89.7	90.7	70.2
Land, Physical Planning, Urban Development & Public Works	112.22	598.64	109.97	179.94	111.17	294.63	101.1	163.7	99.1	49.2
Public Service Administration & Legal Affairs	741.44	238.71	687.66	-	650.26	-	94.6	-	87.7	-
Roads, Transport & Energy	97.73	1,201.08	92.71	1,000.85	92.71	1,018.94	100.0	101.8	94.9	84.8
Trade, Investment, Industrialization, Tourism & Cooperative Development	105.51	121.46	93.57	90.40	93.57	95.05	100.0	105.1	88.7	78.3
Youth Affairs & Sport	180.68	88.42	152.22	59.66	157.22	60.47	103.3	101.4	87.0	68.4
Public Service Board	43.04	-	42.85	-	42.85	-	100.0	-	99.6	-

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
Environment, Wild-life & Natural Resources	45.06	38.86	41.21	19.36	41.21	31.64	100.0	163.4	91.5	81.4
Total	8,053.69	3,730.09	7,368.52	2,449.90	7,447.39	2,625.97	101.1	107.2	92.5	70.4

Source: Meru County Treasury

Analysis of departments' expenditure shows that the department of Water recorded the highest absorption rate of development budget at 97.1 per cent while the department of Public Service, Administration and Legal Affairs did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Youth Affairs had the lowest at 87 per cent.

3.27.11 Budget Execution by Programmes and Sub-Programmes

Table 3.144 shows a summary of the budget execution by programmes and sub-programmes in the FY 2020/21.2

Table 3.144 summary of the budget execution by programmes and sub-programmes in the FY 2020/21.2

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	General Administration, Planning and Support Services	448,327,490	448,327,490	(0)	100.0%
Legislative and Representation	Legislative and Representation	216,388,678	198,000,751	18,387,927	91.5%
Legislative Oversight	Legislative Oversight	310,726,603	301,608,167	9,118,436	97.1%
Grand Total		975,442,771	947,936,408	27,506,363	97.2%
Office of the Governor				-	
				-	
Efficiency, Monitoring and Evaluation	Efficient, Monitoring and Evaluation	44,891,346	44,891,346	-	100.0%
	Performance management and Appraisal	-	-	-	0.0%
	Sub Total	-	-	-	0.0%
Communication and Events	Communication and Events	19,451,136	19,451,136	-	100.0%
Disaster Management, Rescue and Emergency	Disaster Management, Rescue and Emergency	16,832,403	16,832,403	-	100.0%
Human Resource Management	Human Resource Management	-	-	-	0.0%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	232,588,423	228,488,423	4,100,000	98.2%
Research and Strategy	Research and Public Participation	7,700,000	7,700,000	-	100.0%
Office of the County Secretary	County secretary	10,600,000	10,600,000	-	100.0%
Partnership Development and External Linkages	Partnership Development and External Linkages	-	-	-	0.0%
		332,063,308	327,963,308	4,100,000	98.8%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Finance, Economic Planning and ICT			-	-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	845,959,978	749,440,687	96,519,291	88.6%
	Accounts and Reporting	51,326,127	51,326,127		
Public Finance Management	Budget Coordination & Management	29,484,304	29,484,304	-	100.0%
	Internal Audit	7,700,000	7,700,000	-	100.0%
	Procurement Service	6,100,000	6,100,000	-	100.0%
	Sub Total	940,570,409		940,570,409	0.0%
ICT Development	ICT Development	55,675,408	55,675,408	-	100.0%
Economic Planning & Coordination Services	Economic Planning & Coordination Services	10,300,000	10,300,000	-	100.0%
Fleet Management	Fleet Management	148,000,177	148,000,177	-	100.0%
	Total	1,154,545,994	1,058,026,703	1,037,089,700	91.6%
Agriculture, Livestock and Fisheries			-	-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	663,763,972	557,159,683	106,604,289	83.9%
Agriculture Development	Agriculture Development	12,060,939	12,060,939	-	100.0%
Aquaculture Development	Aquaculture Development	8,915,000	8,915,000	-	100.0%
Livestock Development	Livestock Development	7,449,389	7,449,389	-	100.0%
Animal Disease Management	Animal Disease Management	1,555,000	1,555,000	-	100.0%
County Owned Enterprise	Agricultural Training Centre	6,647,461	6,647,461	-	100.0%
	Agricultural Mechanization Services	1,134,625	1,134,625	-	100.0%
		701,526,386	594,922,097	106,604,289	84.8%
Water and Irrigation					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	126,707,487	111,628,549	15,078,938	88.1%
Water Resource Management	Water Resource Management	348,972,094	338,964,397	10,007,697	0.0%
Irrigation and drainage Infrastructure	Irrigation and drainage Infrastructure	-	-	-	0.0%
		475,679,581	450,592,946	25,086,635	94.7%
Education, Technology, Gender and Social Development			-	-	
General Administration, Planning and Support Services	General Administration, Planning and Support Services	723,413,225	709,847,621	13,565,604	98.1%
Basic Education	Basic Education	185,674,624	84,017,922	101,656,702	45.3%
Technical& Vocational Education & Training	Technical& Vocational Education & Training	72,247,828	52,247,828	20,000,000	0.0%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Gender, Social Development & Children Services	Gender, Social Development & Children Services	53,895,000	53,895,000	-	100.0%
		1,035,230,677	900,008,371	135,222,306	86.9%
Health Service					
Preventive and Promotive	Preventive services	137,181,996	54,957,816	82,224,180	40.1%
Health Care Services	Promotive health care		-	-	0.0%
	Subtotal	-	-	-	0.0%
Curative Health	Curative health care services	815,052,444	815,052,444	-	100.0%
	Subtotal	-	-	-	
General Administration and Planning	General Administration and Planning	2,441,317,385	1,999,341,023	441,976,362	81.9%
	Subtotal	-	-	-	0.0%
COVID 19	COVID 19	102,886,000	234,820,511	(131,934,511)	228.2%
		3,496,437,825	3,104,171,794	392,266,031	88.8%
Lands, Physical Planning, Urban Development and Public Works					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	73,772,012	73,772,012	-	100.0%
Meru Town Municipality	Meru Town Municipality	436,019,800	230,966,387	205,053,413	53.0%
Spatial, Planning, Survey and Mapping	Spatial, Planning, Survey and Mapping	44,600,000	44,600,000	-	100.0%
Public Works	Public Works	156,462,844	56,462,844	100,000,000	36.1%
		710,854,656	405,801,243	305,053,413	57.1%
Public Service Administration and Legal Affairs					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	53,053,525	53,053,525	-	100.0%
Coordination of County Government Function	Coordination of County Government Function	11,685,270	11,685,270	-	100.0%
County Enforcement Services	County Law Enforcement Service	50,758,250	50,758,250	-	100.0%
	Conservancy Ranger Service	-	-	-	0.0%
Human Resource Management	Human Resource Management	810,160,338	487,128,924	323,031,414	60.1%
Legal Representation and Advisory Services	Legal Representation and Advisory Services	46,279,250	46,279,250	-	100.0%
Town Management & Administration	Town Management & Administration	8,214,829	1,358,800	6,856,029	16.5%
		980,151,462	650,264,019	329,887,443	66.3%
Road, Transport and Energy					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	73,644,479	73,644,479	-	100.0%
Electrification and Street Lighting	Electrification and Street Lighting	38,311,122	19,065,723	19,245,399	49.8%
Road Transport	Road Transport	1,186,858,268	1,018,935,322	167,922,946	85.9%
		1,298,813,869	1,111,645,524	187,168,345	85.6%

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Trade, Investment, Industrialization, Tourism and Co-operative Development					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	63,175,915	63,175,915	-	100.0%
Trade Development & Promotion	Trade Development & Promotion	125,877,392	101,214,868	24,662,524	80.4%
Cooperative Development	Cooperative Development	17,914,160	17,914,160	-	100.0%
Tourism Development and Promotion	Tourism Development and Promotion	20,000,000	6,315,611	13,684,389	31.6%
Industrial Development and Investment	Industrial Development and Investment	-	-	-	0.0%
		226,967,467	188,620,554	38,346,913	83.1%
Youth, Affairs and Sport			-	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	30,676,932	30,676,932	-	100.0%
Youth Affairs	Youth Affairs	123,316,625	123,316,625	-	100.0%
Sport Development	Sport Development	94,239,064	59,012,452	35,226,612	62.6%
Arts & Culture Development	Arts & Culture Development	20,871,131	4,688,012	16,183,119	22.5%
		269,103,752	217,694,021	51,409,731	80.9%
County Public Service Board			-	-	-
Human Resource Management & Development	Human Resource Management & Development	43,036,738	42,852,902	183,836	99.6%
		43,036,738	42,852,902	183,836	99.6%
Environment, Wildlife and Natural Resource			-	-	-
General Administration, Planning and Support Services	General Administration, Planning and Support Services	46,709,449	41,212,261	5,497,188	88.2%
Environmental Management and Protection	Environmental Management and Protection	37,216,301	31,643,300	5,573,001	0.0%
		83,925,750	72,855,561	11,070,189	86.8%
	Grand Total	11,783,780,236	10,073,355,451	2,650,995,194	85.5%

Source: Meru County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Covid -19 under Health at 228.2 per cent, General Administration and Planning of Assembly at 100 per cent, Communication and Events in the Department of Governor's Office at 100 per cent, and Legislative Oversight in the Assembly at 97.1 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. 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 19th 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.
2. A high wage bill, which accounted for 43.6 per cent of the total expenditure in the FY 2020/21 thus constraining funding to other programmes.

3. The underperformance of own revenue at Kshs.435.93 million against an annual projection of Kshs.600 million, representing 72.7 per cent of the annual target.
4. High expenditure on local travel at Kshs.342.66 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
5. High expenditure on local travel at Kshs.342.66 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

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 according to Section 166 of the PFM Act, 2012.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure that expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its own-source revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.28 County Government of Migori

3.28.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.9.16 billion, comprising of Kshs.3.71 billion (40.5per cent) and Kshs.5.45 billion (59.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.77 billion (74 per cent) as the equitable share of revenue raised nationally, Kshs.1.14 billion (12. 4 per cent) as total conditional grants, generate Kshs.285 million (3.1 per cent) from own sources of revenue, and a cash balance of Kshs.917.41 million (10 per cent) from FY 2019/20. The County also expects to receive Kshs.42 million (0.5 per cent) as Appropriation in Aid (A-I-A).

3.28.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.77 billion as the equitable share of the revenue raised nationally, Kshs.900.58 million as conditional grants, raised Kshs.288.54 million as own-source revenue, and had a cash balance of Kshs.917.41 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.89 billion, as shown in Table 3.82: Kirinyaga County, Revenue Performance in FY 2020/21.

Table 3.150: Migori County, Revenue Performance in FY 2020/21

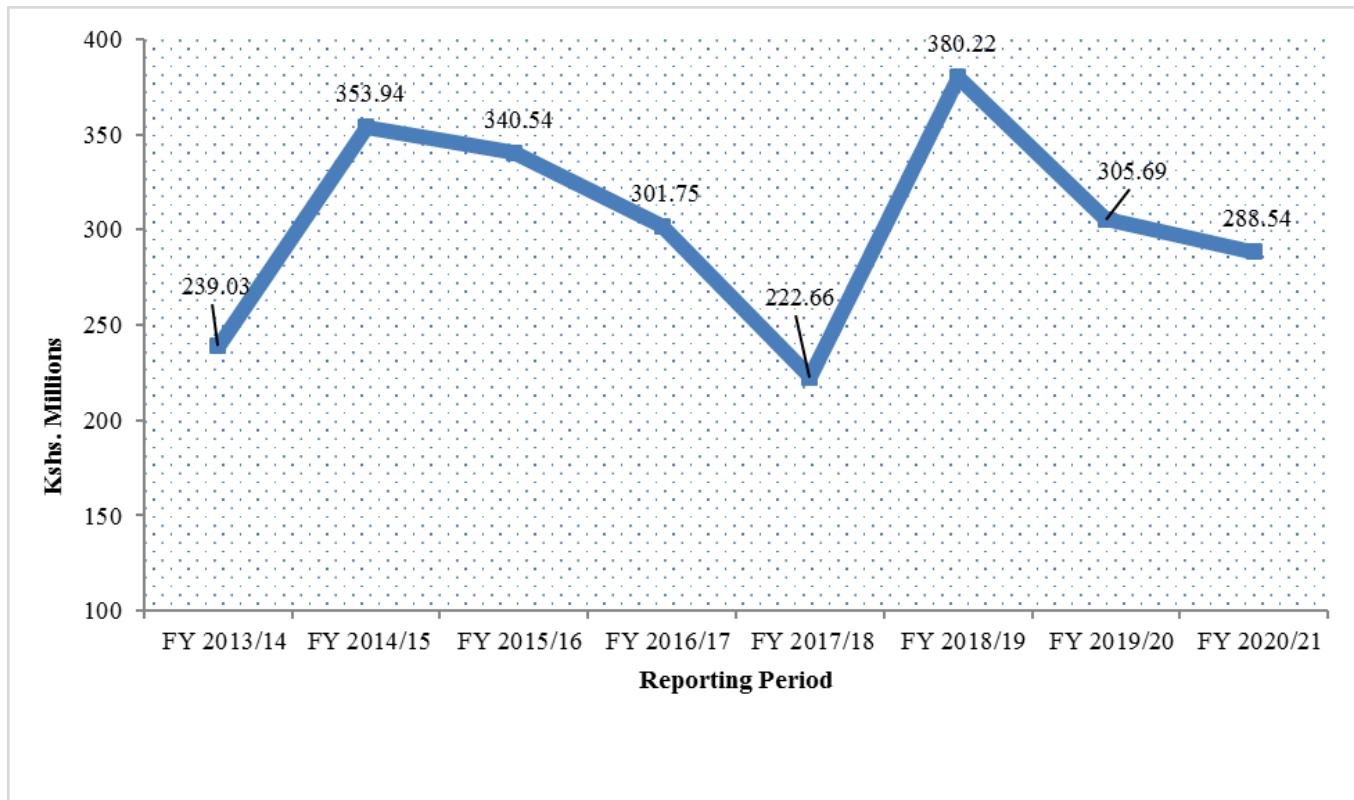
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation FY 2020/21 (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Ann- ual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Na-tionally	6,773,100,000	6,773,100,000	6,773,100,000	100
B.	Conditional Grants from the National Government				
4.	Compensation for User Fee Foregone	21,655,884	29,811,768	21,655,884	72.6
5.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
6.	Road Maintenance Fuel Levy Fund	204,701,864	329,128,781	204,701,864	62.2
1.	Rehabilitation of Village Polytechnics	36,439,894	36,439,894	36,439,894	100
Sub Total		394,818,919	527,401,720	262,797,642	49.8

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation FY 2020/21 (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annua- l Budget Allocation (%)
C	Loans and Grants from Development Partners				
2.	Transforming Health Systems for Universal care Project (WB)	40,295,580	60,295,580	38,847,822	64.4
3.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,500,002	198,500,002	194,744,945	98.1
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	147,611,039	283,424,836	192
6.	DANIDA Grant	19,260,000	26,750,000	19,260,000	72
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,703,648	13,703,648	13,204,518	96.4
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	8,800,000	-	-
9.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	66,371,589.60	43,296,483	65
10.	Allowance Front line Health Care workers	-	44,850,000	-	-
Sub Total		332,385,398	611,881,859	637,778,603	104.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	285,000,000	288,535,155	101.2
2.	Balance b/f from FY 2019/20	-	917,406,110	917,406,110	100
3.	A-I-A	-	42,000,000	15,737,342	37.4
Sub Total		332,385,398	1,244,406,109	1,221,678,606	98.1
Grand Total		7,500,304,317	9,156,789,688	8,895,354,851	97.1

Source: Migori County Treasury

The IDA (WB) Credit Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG) was under-budgeted hence the performance of 192 per cent. Figure 3.54 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21

Figure 3.54: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Migori County Treasury

In FY 2020/21, the County generated Kshs.288.54 million as own-source revenue. This amount represented a decrease of 5.6 per cent compared to Kshs.305.69 million realised during a similar period in FY 2019/20 and was 101.2 per cent of the annual target.

3.28.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.69 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.36 billion (30.7 per cent) for development programmes and Kshs.5.33 billion (69.3 per cent) for recurrent programmes.

3.28.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.33 billion on development and recurrent programmes. The expenditure represented 82.5 per cent of the total funds released by the COB and comprised of Kshs.2.19 billion and Kshs.5.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 59 per cent, while recurrent expenditure represented 94.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.1.35 billion for development activities and Kshs.474.96 million for recurrent costs.

3.28.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.94 billion was spent on employee compensation, Kshs.2.19 billion on operations and maintenance, and Kshs.2.19 billion on development activities, as shown in Table 3.151.

Table 3.151: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,447,749,860	5,330,358,511	5,144,415,035	94.4
Compensation to Employees	3,108,102,952	2,973,644,923	2,947,493,283	94.8
Operations and Maintenance	2,339,646,908	2,356,713,588	2,196,921,752	93.9
Total Development Expenditure	3,709,039,829	2,359,936,180	2,190,149,124	59
Development Expenditure	3,709,039,829	2,359,936,180	2,190,149,124	59
Total	9,156,789,689	7,690,294,691	7,334,564,159	80.1

Source: Migori County Treasury

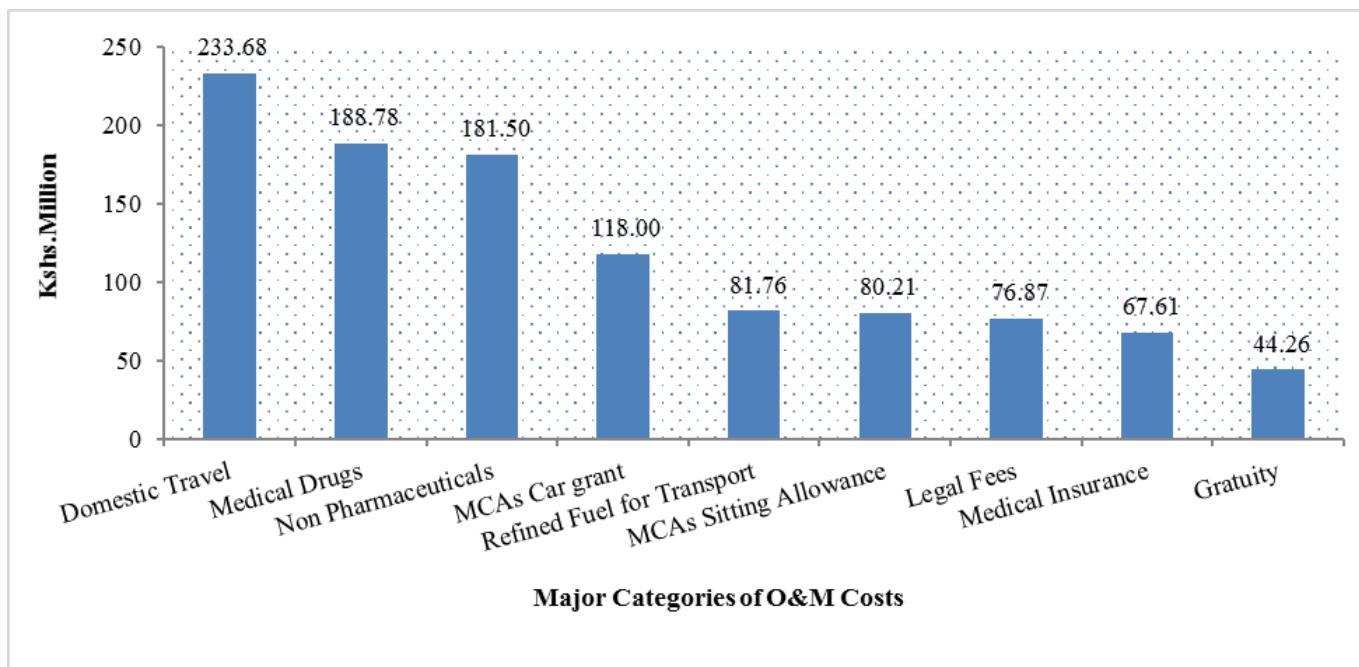
3.28.6 Expenditure on Personnel Emoluments

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 40.2 per cent of the total expenditure for the reporting period and 33.1 per cent of revenue.

3.28.7 Expenditure on Operations and Maintenance

Figure 3.55 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.55: Migori County, Operations and Maintenance Expenditure by Major Categories



Source: Migori County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.80.21 million on committee sitting allowances for the 57 MCAs and Speaker against the annual budget allocation of Kshs.100.21 million. The average monthly sitting allowance was Kshs.117,268 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.233.68 million and comprised of Kshs.68.40 million spent by the County Assembly and Kshs.165.28 million by the County Executive. Expenditure on foreign travel amounted to Kshs.40.12 million and comprised of Kshs.36.45 million by the County Assembly and Kshs.3.67 million by the County Executive.

3.28.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.89.41 million to cater to COVID-19 related expenditure, including Kshs.201.24 million brought forward from FY 2019/20. A total of Kshs.201.24 million was spent during the reporting period, as shown in Table 3.152.

Table 3.152: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.6.21 (Kshs)
1.	Non-pharmaceuticals	73,740,573
2.	Allowances For Front line health workers	44,835,000
3.	Beddings & Linens	39,619,150
4.	Domestic travel & accommodation	24,404,413
5.	Transfers to health facilities	7,490,000
6.	Medical drugs	4,471,550
7.	Maintenance of motor vehicles	3,258,024
8.	Refined fuel	2,000,000
9.	Food and ration	1,113,487
10.	Advertising & Awareness	312,961
Total		201,245,158

Source: Migori County Treasury

3.28.9 Development Expenditure

The County incurred an expenditure of Kshs.2.19 billion on development programmes, which represented an increase of 31.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.66 billion. Table 3.153 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.153: Migori 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	Upgrading to Bitumen standard of Uri-ri-Oria road-Phase 1 Uri-ri-Kabwana-Ayego road	North Kanyamkago	797,392,630	692,011,396	87
2	Preparation of County spatial plan phase 1	Countywide	79,919,418	62,034,336	77.6
3	Maintenance of Nyandema-Onger-Aonge Dhiang-Olando-Koweru road	North Kadem	37,546,119	37,546,119	100
4	Maintenance of Kababu magoto-kanga machine-kuja-rare road	Wasweta II	28,189,273	28,189,273	100
5	Access to Gwitagito-Kobute-Remagoko road	Got Kachola	25,329,171	25,329,171	100
6	Construction of Intensive Care Unit at MCRH	Suna Central	35,475,294	19,101,424	54
7	Maintenance of Luoro-Kadima-Uto-ma-Mzunzu-Pith Nyadundo-Ulanda-Supanova-Odendo-Otati road	East Kanyamkago	17,493,831	17,493,831	100
8	Maintenance of Komire-Kanyawan-ga-Cham gi Wadu junction-Alliance one-Karosi Matandao- Lwanda Adugo road	North Sakwa	17,205,798	17,205,798	100
9	Maintenance of Sony Junction-Rombe-A1-Siruti-Gamba-Gad-Bondo road	Central Sakwa	17,044,442	17,044,442	100
10	Opening access road to Nyamoteba & Kemakoba	Nyabasi West	16,789,486	16,789,486	100

Source: Migori County Treasury

3.28.10 Budget Performance by Department

Table 3.154 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.154: 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
Agriculture, Livestock and Fisheries	208.97	322.19	199.37	262.45	185.07	152.70	92.8	58.2	88.6	47.4
County Assembly	956.83	50	954.85	42.37	954.81	42.37	100	100	99.8	84.7
County Executive	291.38	170	288.02	9.84	256.50	11.75	89.1	119.4	88	6.9
Education, Youth, Sports, Culture, Gender & Social Service	211.42	219.31	202.19	106.64	205.16	122.93	101.5	115.3	97	56.1
Finance and Economic Planning	579	4.98	540.90	4.98	563.01	4.98	104.1	100	97.2	100
Health	2,115.37	499.68	2,101.21	207.31	1,992.62	235.94	94.8	113.8	94.2	47.2
Lands, Physical Planning and Housing	153.98	359.66	132.92	138.58	94.36	62.03	71	44.8	61.3	17.2
Management Environment, Natural Resources and Disaster Management	73.34	23.84	73.28	23.64	74.02	16.59	101	70.2	100.9	69.6
Public Service Management	610.67	142.10	598.73	129.29	574.07	104.74	95.9	81	94	73.7
Roads, Transport and Public Works	98.87	1,511.62	98.47	1,208.65	98.19	1,222.64	99.7	101.2	99.3	80.9
Trade, Tourism and Cooperatives	60.29	128.53	60.21	38.88	60.29	49.49	100.1	127.3	100	38.5
Water and Energy	87.58	277.09	80.16	187.26	86.25	163.95	107.6	86.6	98.5	59.2
Total	5,447.74	3,709.03	5,330.35	2,359.93	5,144.41	2,190.14	96.5	92.8	94.4	59

Source: Migori County Treasury

Analysis of expenditure by the Departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 100 per cent while the Department of County Executive had the lowest at 6.9 per cent. The Department of Management Environment, Natural Resources and Disaster Management had the highest percentage of recurrent expenditure to budget at 100.9 per cent while the Department of Lands, Physical Planning and Housing had the lowest at 61.3 per cent. An absorption rate above 100 per cent is irregular, and indicates a weak internal control system.

3.28.11 Budget Execution by Programmes and Sub-Programmes

Table 3.155 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.155: Migori County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Fisheries Development					
Policy, Planning, General Administration and Support Services	General administration (Agriculture)	158,761,939	154,269,774	4,492,165	97.2
	Field Extension Services and Support Programme (agriculture)	6,170,000	5,796,209	373,791	93.9
	General administration (Livestock)	6,109,760	4,805,500	1,304,260	78.7
	General administration (Veterinary)	7,689,850	6,839,080	850,770	88.9
	General administration (Fisheries)	6,798,140	5,418,000	1,380,140	79.7
	Field Extension Services and Support Programme (Fisheries)	3,610,500	123,868	3,486,632	3.4
	Field Extension Services and Support Programme (Veterinary))	382,000	-	382,000	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Donor Fund	293,075,239	128,696,978	164,378,261	43.9
	Sub-total	482,597,428	305,949,410	176,648,018	63.4
Livestock production and management	Feed & livestock products safety, equipment and laboratory services	3,687,640	637,400	3,050,240	17.3
	Fisheries Development	5,472,000	5,576,054	(104,054)	101.9
	Aquaculture Development and Extension Services	3,351,750	3,350,253	1,497	100.0
	Livestock Breeds Improvement & Upgrading	17,400,218	15,749,736	1,650,482	90.5
	Sub-total	29,911,608	25,313,443	4,598,165	84.6
Veterinary services	Livestock Disease Control and Management	1,750,000	680,400	1,069,600	38.9
	Veterinary Public Health management	13,186,000	3,400,464	9,785,536	25.8
	Livestock Breeding and Livestock Products	1,030,000	-	1,030,000	-
	Sub-total	15,966,000	4,080,864	11,885,136	25.6
Pending Bills	Crop Development	2,697,270	2,427,269	270,001	90.0
	Sub-total	2,697,270	2,427,269	270,001	90.0
	Grand Total	531,172,306	337,770,985	193,401,321	63.6
County Executive					
Governance and Executive Management	Citizen Delivery Services	171,672,000	12,722,862	158,949,138	7.4
	Governance and Executive management	19,459,351	11,892,252	7,567,099	61.1
	Sub-total	191,131,351	24,615,114	166,516,237	12.9
Strategy and service delivery	Strategy and advisory	1,141,000	1,140,868	132	100.0
	Legal Services	67,990,373	69,217,871	(1,227,498)	101.8
	Efficiency Monitoring Services	5,936,000	2,854,267	3,081,733	48.1
	Sub-total	73,597,000	73,213,006	383,994	99.5
General Administration and Support Services	General Administration (Governors)	112,957,312	90,055,557	22,901,755	79.7
	General Administration (Deputy Governors)	22,999,800	22,062,731	937,069	95.9
	General Administration (County Secretary)	10,528,000	9,610,141	917,859	91.3
	Special programs	3,700,000	3,698,563	1,437	100
	Sub-total	158,399,431	125,426,992	32,972,439	79.2
Kenya Devolution Support Programme	Capacity Building (Governor)	45,000,000	45,000,000	-	100
	Sub-total	45,000,000	45,000,000	-	100
	Grand Total	461,383,837	268,255,113	193,128,724	58.1
Education, Youth, Sports, Culture, Gender and Social Services					
General Administration and supportive Services	General administration	161,969,662	161,904,587	65,075	100
	Quality Assurance and Standard Services	2,000,000	2,000,000	-	100
	Sub total	163,969,662	163,904,587	65,075	100
Child Care Support Services	Child Care Services	58,822,269	33,162,580	25,659,689	56.4
	Sub total	58,822,269	33,162,580	25,659,689	56.4
Sports and Culture Development	Sports Development	4,500,000	4,406,000	94,000	97.9
	Sports and Talent Development	35,907,069	11,782,181	24,124,888	32.8
	Sub total	40,407,069	16,188,181	24,218,888	40.1
Promotion of indigenous knowledge	Culture and Heritage Conservation	1,000,000	1,000,000	812,936	100
	Sub total	1,000,000	1,000,000	-	100
Education Support Services	Bursaries	29,000,000	22,905,716	6,094,284	79
	Sub total	29,000,000	22,905,716	6,094,284	79
Gender and Equality Services	Women Empowerment	600,000	600,000	-	100
	People With Disability Empowerment	1,100,000	1,099,637	363	100
	Conditional Grants	36,439,894	34,868,488	1,571,406	95.7
	Sub total	38,139,894	36,568,125	1,571,769	95.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
General Administration and supportive Services	General administration	10,258,307	10,253,629	4,678	100
	Vocational Training Services	89,144,095	44,121,871	45,022,224	49.5
	Sub total	99,402,402	54,375,500	45,026,902	54.7
	Grand Total	430,741,296	328,104,689	102,636,607	76.2
Finance and Economic planning					
Pending bills	Monitoring and Evaluation	8,490,000	8,490,000	-	100
	Sub total	8,490,000	8,490,000	-	100
General Administrative and supportive service	Financial management services	2,402,966	2,402,965	1	100
	Resource mobilization	43,559,460	43,539,676	19,784	100
	Accounting Services	267,333,347	266,897,458	435,889	99.8
	Procurement Services	18,207,570	18,172,580	34,990	99.8
	Audit Services	56,232,496	52,215,490	4,017,006	92.9
	Sub total	387,735,839	383,228,170	4,507,669	98.8
	Budget Coordination and Management	29,054,909	26,011,600	3,043,309	89.5
Economic policy and county planning	Policy and Plans Developments	4,955,604	4,950,499	5,105	99.9
	County Statistical Information Services	11,789,016	11,699,200	89,816	99.2
	Community Development	2,936,705	2,919,568	17,137	99.4
	Sub total	48,736,234	45,580,866	3,155,368	93.5
General Administrative and supportive service	General Administration(Accounts)	122,283,973	113,965,321	8,318,652	93.2
	General Administration(Planning)	16,739,616	16,735,911	3,705	100
	Sub total	139,023,589	130,701,233	8,322,356	94
	Grand Total	583,985,662	568,000,269	15,985,393	97.3
Health Services					
Planning and administrative support services	General administration	1,725,577,435	1,662,531,098	63,046,336	96.3
	Infrastructure and Health facility management	173,396,148	89,991,173	83,404,975	51.9
	Sub total	1,898,973,583	1,752,522,272	146,451,311	92.3
Preventive And Promotive Health Services	Community Health Services	24,338,054	19,127,729	5,210,325	78.6
	Environmental Health Services	338,054	-	338,054	-
	Human Nutrition and Dietetics	4,514,161	500,000	4,014,161	11.1
	HIV/AIDS and TB	946,550	700,000	246,550	74.0
	Disease surveillance /Emergency preparedness& response	93,095,657	88,019,578	5,076,079	94.5
	Health promotion & education	338,054	-	338,054	-
	Non Communicable Diseases, Violence and Injuries	253,540	60,830	192,710	24
	Maternal Child and Adolescence Health Services	66,276,108	46,697,287	19,578,821	70.5
	Sub total	190,100,178	155,105,424	34,994,754	81.6
Donor	Donor Support Services	87,045,580	35,834,764	51,210,816	41.2
	Conditional Grants	161,833,045	13,253,280	148,579,765	8.2
	Sub total	248,878,625	49,088,044	199,790,581	19.7
Curative services	Hospital Services	277,106,889	271,853,107	5,253,781	98.1
	Sub total	277,106,889	271,853,107	5,253,781	98.1
	Grand Total	2,615,059,274	2,228,568,847	386,490,427	85.2
Lands, Housing and Survey					
General Administration planning and support services	General administration	110,648,945	61,245,666	49,403,279	55.4
	Donor Fund	8,800,000	-	8,800,000	-
	General administration	359,661,493	62,034,335	297,627,158	17.2
	Sub total	479,110,438	123,280,001	355,830,437	25.7
General Administration planning and support services(lands)	General administration	34,535,332	33,121,895	1,413,437	95.9
	Sub total	34,535,332	33,121,895	1,413,437	95.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Grand Total	513,645,770	156,401,896	357,243,874	30.4
Management Environment, Natural Resources and Disaster Management					
General administration and supportive services	General Administration Support Services	44,975,985	45,659,598	(683,613)	101.5
	Sub total	44,975,985	45,659,598	(683,613)	101.5
Environment Management And Protection	Solid Waste Management	13,700,000	13,699,853	147	100
	Irrigation Infrastructure	100,000	100,000	-	100
	Sub total	15,426,681	13,799,853	1,626,828	89.5
Disaster Management	Disaster Management Services	14,566,463	14,568,300	(1,837)	100
	Disaster Management	22,221,910	16,597,410	5,624,500	74.7
	Sub total	36,788,373	31,165,710	5,622,663	84.7
	Grand Total	97,191,039	90,625,162	6,565,878	93.2
Public Service Management					
General Administration and Support Services(ITS)	General Administration (ICT)	21,000,000	20,983,422	16,578	99.9
	ICT Infrastructure	40,000,000	22,374,319	17,625,681	55.9
	Sub total	61,000,000	43,357,741	17,642,259	71.1
Co-ordination of policy formulation	Co-ordination of policy formulation implementing of vision 2030 and CIDP	3,770,000	2,019,465	1,750,535	53.6
	Sub total	3,770,000	2,019,465	1,750,535	53.6
Civic Education And Public Participation	Enhanced Management, Coordination & Supervision.	200,000	-	200,000	-
	capacity building and training	3,566,037	3,565,400	637	100
	Sub total	3,766,037	3,565,400	200,637	94.7
Human Capital Management And Development	Personnel Services	720,000	704,265	15,735	97.8
	Sub total	720,000	704,265	15,735	97.8
Sub County Administration Services	Devolved Units Development Services	87,749,674	70,920,013	16,829,661	80.8
	Sub total	87,749,674	70,920,013	16,829,661	80.8
Human Capital Management And Development	Human Resource Management	4,400,000	4,765,143	(365,143)	108.3
	Budget Formulation coordination and Management	4,900,000	3,398,144	1,501,856	69.3
	Sub total	9,300,000	8,163,287	1,136,713	87.8
General Administration and Support Services	General administration (PSM)	523,967,932	503,426,437	20,541,495	96.1
	General administration (PSB)	62,500,000	46,658,348	15,841,652	74.7
	Sub total	586,467,932	550,084,785	36,383,147	93.8
	Grand Total	752,773,643	678,814,956	73,958,687	90.2
Roads, Transport and Public Works					
Policy, General administration, planning & support Service	General administration	54,162,345	53,749,424	412,921	99.2
	Sub total	54,162,345	53,749,424	412,921	99.2
Road Development, Maintenance And Management	Road management services	44,710,260	44,444,553	265,707	99.4
	Construction of Bridges and Culverts	130,301,088	57,909,449	72,391,639	44.4
	Road management services	1,381,327,533	1,164,731,489	216,596,044	84.3
	Sub total	1,556,338,881	1,267,085,491	289,253,390	81.4
	Grand Total	1,610,501,226	1,320,834,914	289,666,312	82
Trade, Tourism and Cooperative Development					
Tourism Development	Tourism Promotion and Marketing	1,900,000	1,899,341	659	100
	Sub total	1,900,000	1,899,341	659	100
Cooperative development services	Cooperative Development Services	376,000	376,001	(1)	100
	Sub total	376,000	376,001	(1)	100
Policy, Planning and Administrative Support Services	Policy, Planning and Monitoring Services	55,439,019	55,437,482	1,538	100
	Sub total	55,439,019	55,437,482	1,538	100

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Investment promotion, trade and enterprise development services	Trade Development and Promotion SME	450,000	450,000	-	100
	Trade Development and Promotion SME	69,011,061	18,426,315	50,584,746	26.7
	Trade Infrastructure Development Services	59,521,214	31,068,013	28,453,201	52.2
	Sub total	128,982,275	49,944,328	79,037,947	38.7
Legal Metrology Services	Verification	100,000	100,000	-	100
	Inspection	100,000	100,000	-	100
	Calibration of Standards	140,000	140,000	-	100
	Standards and Instrumentation Equipment	492,268	492,000	268	99.9
	Sub total	832,268	832,000	268	100
Alcoholic drinks and drug abuse control	Enforcement Services	1,300,000	1,299,567	433	100
	Sub total	1,300,000	1,299,567	433	100
	Grand Total	188,829,562	109,788,718	79,040,844	58.1
Water and Energy					
General Administration, Planning & support Service		53,581,692	57,680,214	(4,098,522)	107.6
	Sub total	53,581,692	57,680,214	(4,098,522)	107.6
Water supply and management services	Rural Water Services	279,290,157	164,755,005	114,535,152	59.0
	Urban Water Services	25,945,000	22,933,672	3,011,328	88.4
	Sub total	305,235,157	187,688,677	117,546,480	61.5
Alternative Energy Services	Alternative Energy Technologies	5,000,000	4,837,043	162,958	96.7
	Sub total	5,000,000	4,837,043	162,958	96.7
General administration	General administration(PSM)	855,000	-	855,000	-
	Sub total	855,000	-	855,000	-
	Grand Total	364,671,849	250,205,934	114,465,916	68.6
County Assembly					
Oversight Management services	Committees Management Services	179,562,000	198,839,762	(19,277,762)	110.7
	sub-total	179,562,000	198,839,762	(19,277,762)	110.7
General administration and supportive service(Clerk Department)	Administrative Services	617,272,225	581,483,611	35,788,614	94.2
	Car Grant (Non-ceiling item)	120,000,000	118,000,000	2,000,000	98.3
	sub-total	737,272,225	699,483,611	37,788,614	94.9
General administration and supportive service	Administrative Services	40,000,000	56,494,634	(16,494,634)	141.2
	Development	50,000,000	42,374,670	7,625,330	84.7
	sub-total	90,000,000	98,869,304	(8,869,304)	109.9
	Grand Total	1,006,834,225	997,192,677	9,641,548	99.
Grand Total		9,156,789,688.97	7,334,564,159.25	1,822,225,530	80.1

Source: Migori County Treasury

The top three programmes with the highest levels of absorption rates were: Oversight Management services in the Department of County Assembly at 110.7 per cent, General administration, planning & support Service in the Department of Water and Energy at 107.6 per cent and General administration and supportive services in the Department of Management Environment, Natural Resources and Disaster Management at 101.5per cent of budget allocation. An absorption rate above 100 per cent is irregular and indicates a weak internal control system.

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 this budget implementation report.
2. A high wage bill, which accounted for 40.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The County Treasury used revenue at source, and there was weak budgeting practice as shown in Table 3.154

- and Table 3.155, where the County incurred expenditure above the approved budgetary allocations.
- The County recorded high pending bills, which amounted to Kshs.1.36 billion for development activities and Kshs.474.97 million for recurrent costs at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

- The County Treasury should ensure timely preparation and submission of financial reports to the Office of the Controller of Budget in line with Section 166 of the PFM Act, 2012.*
- The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
- 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 in line with Section 109 (2) of the PFM Act, 2012.*
- The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be a first charge in the budget of FY 2021/22.*

3.29 County Government of Mombasa

3.29.1 Overview of FY 2020/21 Budget

The County's approved Supplementary Budget for FY 2020/21 is Kshs.15.63 billion, comprising Kshs.5.07 billion (32.4 per cent) and Kshs.10.56 billion (67.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.7.06 billion (45.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.94 billion (12.4 per cent) as total conditional grants, generate Kshs.6.46 billion (41.3 per cent) from own sources of revenue, and a cash balance of Kshs.172.81 million (1.1 per cent) from FY 2019/20.

3.29.2 Revenue Performance

In FY 2020/21, the County received Kshs.7.06 billion as the equitable share of the revenue raised nationally, Kshs.1.23 billion as conditional grants, raised Kshs.3.31 billion as own-source revenue, and had a cash balance of Kshs.172.81 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.77 billion, as shown in Table 3.156.

Table 3.156: Mombasa County, Revenue Performance in FY 2020/21

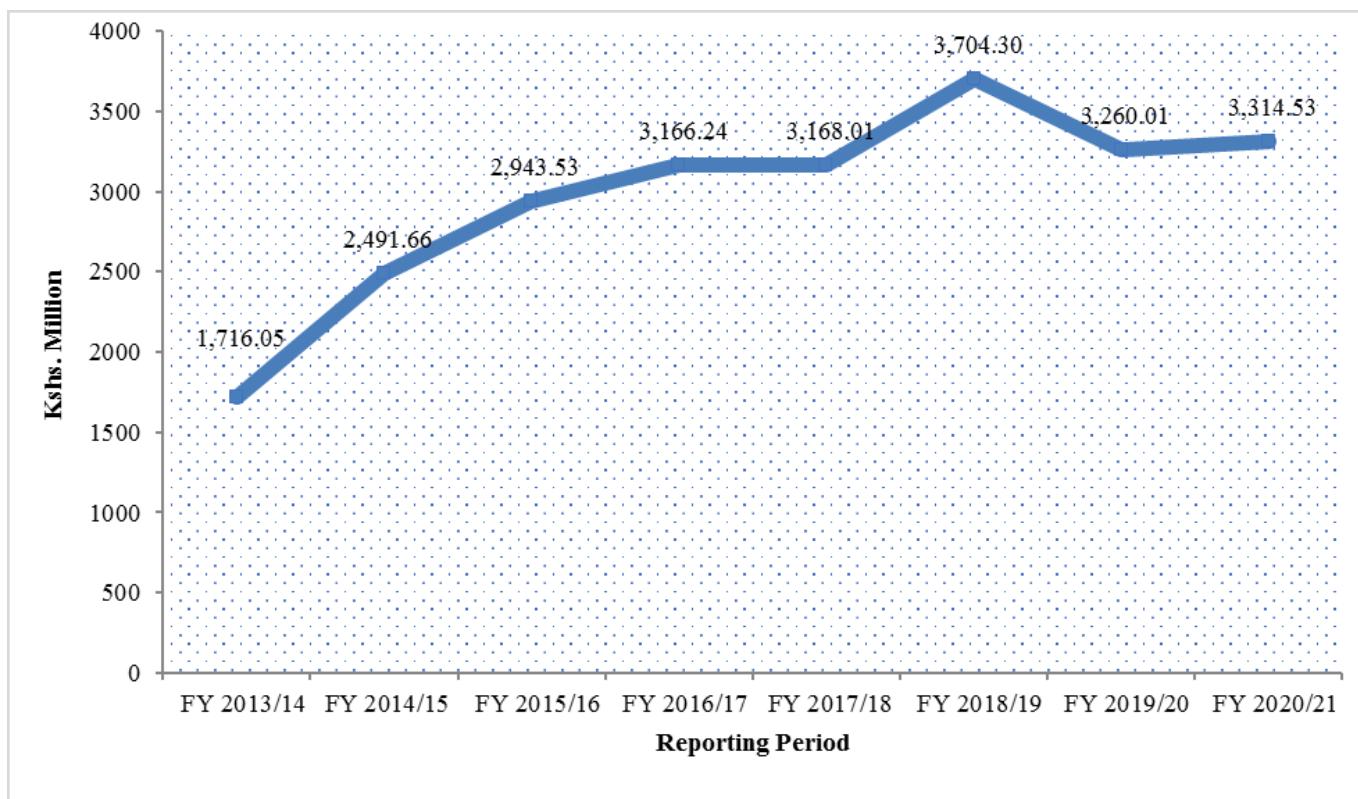
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	7,057,950,000	7,057,950,000	7,057,950,000	100.0
B. Conditional Grants from the National Government Revenue					
1	Conditional Grants to Level-5 Hospitals	388,439,306	388,439,306	388,439,306	100
2	Compensation for User Fee Foregone	23,385,934	23,385,934	23,385,934	100
3	Leasing of Medical Equipment	132,021,277	-	-	-
4	Road Maintenance Fuel Levy Fund	221,681,742	221,681,742	221,681,742	100
5	Rehabilitation of Village Polytechnics	18,484,894	18,484,894	18,484,894	100
Sub Total		784,013,153	651,991,876	651,991,876	100
C. Loans and Grants from Development Partners					
1	Transforming Health systems for Universal care Project (WB)	114,569,473	114,569,473	51,996,243	45.4

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual re- ceipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
2	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
3	DANIDA Grant	20,070,000	20,070,000	20,070,000	100.0
4	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	1,100,000,000	1,100,000,000	447,137,612	40.6
5	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,749,975	12,749,975	12,923,289	101.4
Sub Total		1,292,389,448	1,292,389,448	577,127,144	44.7
D	Other Sources of Revenue				
1.	Own Source Revenue	-	6,459,442,159	3,314,532,178	51.3
2.	Balance b/f from FY2019/20	-	172,806,204	172,806,204	100.0
Sub Total		-	6,632,248,363	3,487,338,382	52.6
Grand Total		9,134,352,601	15,634,579,687	11,774,407,402	75.3

Source: Mombasa County Treasury

Figure 3.56 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21

Figure 3.56: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Mombasa County Treasury

In FY 2020/21, the County generated Kshs.3.31 billion as own-source revenue. This amount represented an increase of 1.7 per cent compared to Kshs.3.26 billion realised during a similar period in FY 2019/20 and was 51.3 per cent of the annual target.

3.29.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.49 billion from the CRF account during the reporting period. The amount comprised Kshs.2.44 billion (25.7 per cent) for development programmes and Kshs.7.05 billion (74.3 per cent) for recurrent programmes.

3.29.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.11.53 billion on development and recurrent programmes. The expenditure represented 121.5 per cent of the total funds released by the COB and comprised of Kshs.4.75 billion and Kshs.6.78 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 93.7 per cent, while recurrent expenditure represented 64.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June, 2021, which amounted to Kshs.4.47 billion.

3.29.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.81 billion was spent on employee compensation, Kshs.1.97 billion on operations and maintenance, and Kshs.4.75 billion on development activities, as shown in Table 3.157.

Table 3.157: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Expenditure as a Percentage of Revenue (%)
Total Recurrent Expenditure	10,564,816,570	7,049,490,343	6,780,801,480	64.2
Compensation to Employees	5,664,050,333	4,907,831,949	4,810,929,830	84.9
Operations and Maintenance	4,900,766,237	2,141,658,394	1,969,871,650	40.2
Total Development Expenditure	5,069,763,117	2,443,324,127	4,750,470,572	93.7
Total	15,634,579,687	9,492,814,470	11,531,272,052	73.8

Source: Mombasa County Treasury

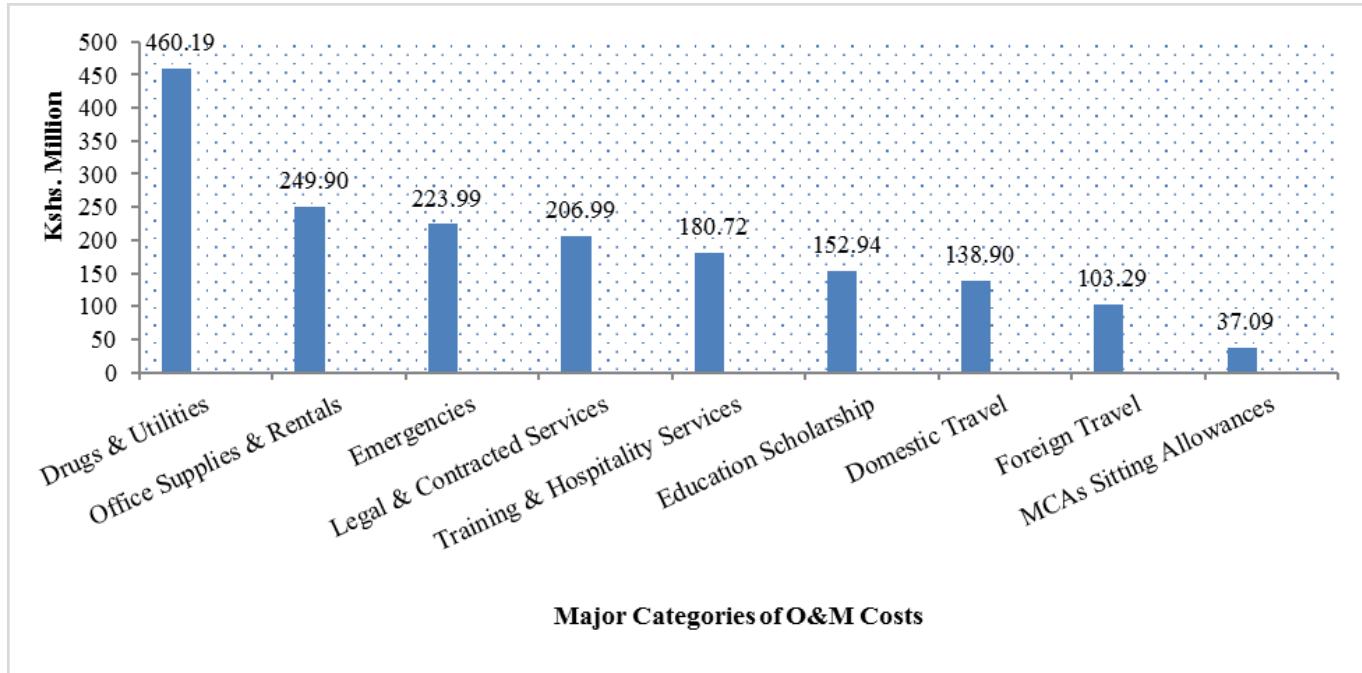
3.29.6 Expenditure on Personnel Emoluments

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 41.7 per cent of the total expenditure for the reporting period and 40.9 per cent of revenue.

3.29.7 Expenditure on Operations and Maintenance

Figure 3.57 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.57: Mombasa County, Operations and Maintenance Expenditure by Major Categories



Source: Mombasa County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.37.09 million on committee sitting allowances for the 43 MCAs and Speaker against the annual budget allocation of Kshs.50.0 million. The average monthly sitting allowance was Kshs. 71,878 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.138.90 million and comprised Kshs.36.06 million spent by the County Assembly and Kshs.102.83 million by the County Executive. Expenditure on foreign travel amounted to Kshs.103.29 million and comprised Kshs.88.65 million by the County Assembly and Kshs.14.64 million by the County Executive.

3.29.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.377.84 million to cater to COVID-19 related expenditure, including Kshs.177.84 million brought forward from FY 2019/20. A total of Kshs.319.94 million was spent during the reporting period, as shown in Table 3.158.

Table 3.158: COVID-19 Budget and Expenditure Summary

S/No.	Description of the Expenditure item	Annual Budget Allocation (Kshs)	Amount spent as of 30.06.2021 (Kshs)
1.	GoK Frontline Health Workers Allowances Grant	68,505,000	68,505,000
2.	GoK COVID Grant	100,168,000	100,168,000
3.	Danida COVID Grant	9,170,000	9,170,000
4.	Purchases of Emergency foodstuffs to Vulnerable groups across the sub-counties	80,000,000	79,663,047
5.	Purchases of Personnel Protective Equipment /Gears & other emergency materials	7,500,000	6,174,765
6.	Purchase of Sanitary and hand washing materials	50,000,000	27,185,069
7.	Purchase of Medical Drugs	20,000,000	2,633,806
8.	Purchase and Installation of Sanitizing Booths and tents	10,000,000	14,656,351
9.	Purchase and Installation of Examination Booths	10,000,000	3,921,207
10.	Supply of Sanitising booths and tents sanitising chemicals	22,500,000	7,866,000
	TOTAL	377,843,000	319,943,245

Source: Mombasa County Treasury

3.29.9 Development Expenditure

The County incurred an expenditure of Kshs.4.75 billion on development programmes, which represented an increase of 50.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.3.15 billion. Table 3.159 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.159: Mombasa 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	Development of Mombasa Stadium	Tudor	1,768,183,999	211,300,798	12.0
2	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	Across The County	1,100,000,000	228,221,154	20.7
3	Purchase of High-Density Fiber Fishing Boat With Accessories	Across The County	196,000,000	152,456,218	77.8
4	Kongowea - Makutano road	Kongowea	60,237,162	23,735,666	39.4
5	Improvement of a Section of Simu Ya Upepo Road to Cabro Standard	Mvita	13,049,377	12,817,794	98.2
6	Cabro access road at Majengo machura	Mvita	11,350,506	10,810,006	95.2
7	Gome ECD - Construction of ECD Center at Gome primary School	Mvita	11,350,506	10,810,006	95.2
8	Kwahola ECD - Proposed ECD Center at Kwahola Primary School	Changamwe	16,556,000	10,696,400	64.6
9	Proposed Renovations to Shika Adabu Market	Changamwe	16,735,020	10,030,200	59.9
10	Kiembeni Fire Station - Improvement of the access road, construction of boundary wall, levelling and gravelling.	Likoni	9,946,805	9,946,805	100.0

Source: Mombasa County Treasury

3.29.10 Budget Performance by Department

Table 3.160 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.160: 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	260.10	-	134.27	-	134.58	-	100.2	0.0	51.7	0.0
Public Service Board	81.32	4.50	72.95	-	56.70	1.96	77.7	0.0	69.7	43.7
Finance & Economic Planning	1,533.47	465.25	699.27	135.19	751.27	984.11	107.4	728.0	49.0	211.5
Energy, Environment & Waste Management	626.78	236.20	481.85	62.76	481.85	95.97	100.0	152.9	76.9	40.6
Education, Information Technology & MV 2035	609.89	240.21	120.05	91.75	457.80	191.03	381.3	208.2	75.1	79.5

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Ex- chequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Health Services	2,926.05	341.97	2,628.76	169.11	2,628.76	714.20	100.0	422.3	89.8	208.8
Water, Sanitation & Natural Resources	101.98	1,270	10.79	480.42	256.17	486.08	2374.8	101.2	251.2	38.3
Youth, Gender, Sports and Cultural Affairs	426.07	563.77	229.93	292.33	105.16	455.92	45.7	156.0	24.7	80.9
Trade, Tourism & Investment	556.60	299.51	291.79	75.62	211.79	157.59	72.6	208.4	38.1	52.6
Lands, Planning & Housing	434.06	293.76	309.74	156.39	111.00	175.85	35.8	112.4	25.6	59.9
Transport & Infrastructure	470.12	1,231.70	453.69	879.46	300.32	879.46	66.2	100.0	63.9	71.4
Agriculture, Fisheries, Livestock and Co-operatives	200.65	64.21	74.66	58.66	96.45	119.29	129.2	203.4	48.1	185.8
County Assembly	758.61	25.77	609.84	9.54	657.06	9.54	107.7	100.0	86.6	37.0
Devolution & Public Service Administration	1,579.11	32.90	931.89	32.09	531.89	479.46	57.1	1493.9	33.7	1457.1
TOTAL	10,564.8	5,069.8	7,049.49	2,443.32	6,780.80	4,750.5	96.2	194.4	64.2	93.7

Source: Mombasa County Treasury

The County reported expenditures above 100 per cent across several departments due to inter-department reallocations and unbudgeted level 5 hospital collections spent at the source. Further, the County Assembly had some of the first quarter monthly salaries paid by the County Executive. These anomalies were not corrected by the end of the financial year, indicating weak internal controls.

3.29.11 Budget Execution by Programmes and Sub-Programmes

Table 3.161 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.161: Mombasa County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
3011 The Executive	Governor's Affairs & Advisory Services	122,937,934	60,819,314	62,118,620	49.5%
	Deputy Governor's Affairs & External Relations	45,745,571	12,126,303	33,619,268	26.5%
	Cabinet Affairs, Policy Research and Legal Services	59,830,660	45,374,920	14,455,740	75.8%
	MV 2035 & E-Government	12,996,366	2,996,366	10,000,000	23.1%
	Strategic Delivery Unit	18,594,383	13,262,957	5,331,426	71.3%
3013 County Public Service Board	Administration Unit	85,820,510	58,659,194	27,161,316	68.4%
3014 Finance and Economic Planning	Administration Unit	1,714,285,635	1,520,453,329	193,832,306	88.7%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
	Accounting Unit	130,230,996	116,085,896	14,145,101	89.1%
	Planning and Monitoring Unit	154,205,645	98,839,979	55,365,666	64.1%
3015 Energy, Environment & Waste Management	Administration, Planning and Support Services	428,303,423	425,643,461	2,659,962	99.4%
	Waste Management	125,000,000	51,327,026	73,672,974	41.1%
	Environmental Compliance and Monitoring	60,127,200	37,364,913	22,762,287	62.1%
	Climate Change	15,817,400	16,064,938	-247,538	101.6%
	Energy	233,732,195	47,418,777	186,313,418	20.3%
3016 Education, Information Technology & MV 2035	General Administration, Planning and Support Services	442,597,083	421,079,454	21,517,628	95.1%
	Education headquarters	49,181,573	31,257,709	17,923,864	63.6%
	Childcare	10,784,250	196,552	10,587,698	1.8%
	Elimu Fund	205,920,552	152,010,000	53,910,552	73.8%
	Information Technology Headquarters	141,612,701	44,285,147	97,327,554	31.3%
3017 Health Services	Administration Unit	2,795,779,953	2,795,779,953	0	100.0%
	Curative/Clinical Health Services	400,050,162	465,141,519	-65,091,357	116.3%
	Preventive and Promotive Services Unit	71,546,475	80,873,034	-9,326,559	113.0%
	Special Programs	644,880	1,170,800	-525,920	181.6%
3018 Water, Sanitation & Natural Resources	Administration unit	230,781,953	104,645,180	126,136,774	45.3%
	Sanitation/Sewerage Services Headquarters	451,376,108	432,755,958	18,620,150	95.9%
	Water Supply Headquarters	684,823,892	200,133,045	484,690,847	29.2%
	Natural Resources	5,000,000	4,720,000	280,000	94.4%
3019 Youth, Gender , Sports and Cultural Affairs	Administration Unit	218,063,080	119,980,001	98,083,079	55.0%
	Youth Empowerment	163,362,690	89,371,341	73,991,349	54.7%
	Gender Affairs and Disability Mainstreaming	44,934,675	44,264,597	670,078	98.5%
	Sports development	499,718,013	247,762,547	251,955,466	49.6%
	Cultural Affairs	41,884,300	40,900,000	984,300	97.6%
	Public Recreation and Entertainment	21,874,500	18,795,957	3,078,543	85.9%
3020 Trade, Tourism & Investment	Administration Unit	360,562,675	224,954,334	135,608,341	62.4%
	Trade Development	187,336,790	55,805,503	131,531,287	29.8%
	Development of Tourism	238,300,974	37,809,532	200,491,442	15.9%
	Investment Promotion and Products Headquarters	37,838,910	21,144,128	16,694,782	55.9%
	Ease of Doing Business-Headquarters	32,070,480	29,674,020	2,396,460	92.5%
3021 Lands, Housing and Physical Planning	Administration Unit	347,512,870	168,884,935	178,627,935	48.6%
	Physical planning	117,591,700	36,040,336	81,551,364	30.6%
	Land Management Unit	134,396,650	22,825,851	111,570,799	17.0%
	Housing Development Unit	92,719,200	59,100,871	33,618,329	63.7%
	Urban Renewal	35,602,060		35,602,060	0.0%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance	Absorption (%)
3022 Transport, Infrastructure & Public Works	Administration Unit	423,560,260	286,034,749	137,525,511	67.5%
	Road and Transport Unit	1,000,730,423	662,508,043	338,222,380	66.2%
	Works Unit	11,295,792	3,678,146	7,617,646	32.6%
	Transport Planning, Management and Safety	60,422,888	50,970,158	9,452,730	84.4%
	Mechanical Services	87,066,406	69,375,001	17,691,405	79.7%
	Safety, Risk Management and Rescue Services	118,746,000	107,208,621	11,537,379	90.3%
3023 Agriculture, Fisheries, Livestock and Co-operatives	Administration Unit-Headquarters	154,766,606	145,383,075	9,383,531	93.9%
	Crop Management Unit	26,711,401	26,620,221	91,180	99.7%
	Livestock Unit	24,402,449	8,964,022	15,438,427	36.7%
	Fisheries Unit-Headquarters	30,227,308	10,392,486	19,834,822	34.4%
	Veterinary Services	23,160,780	19,335,570	3,825,210	83.5%
	Cooperatives	5,593,908	5,050,032	543,876	90.3%
3026 Devolution & Public Service Administration	Administration	1,335,734,940	861,739,311	473,995,629	64.5%
	Public Service Reforms and Delivery	165,526,562	107,752,712	57,773,850	65.1%
	Devolution and public service administration	36,124,069	20,151,257	15,972,812	55.8%
	Compliance and Enforcement	45,328,576	0	45,328,576	0.0%
	County Administration and decentralized services	29,301,309	21,710,955	7,590,354	74.1%
3012 County Assembly	Administration Unit & Legal Unit	784,382,941	666,598,014	117,784,927	85.0%
Grand Total		15,634,579,687	11,531,272,052	4,103,307,635	73.8%

Source: Mombasa County Treasury

The top three programmes with the highest absorption rates were: Curative/Clinical Health Services at 16.3 per cent, Preventive and Promotive Services Unit at 113.0 per cent, and Special Programs at 181.6 per cent of budget allocation. These programmes are under the Health Services Department, where high absorption rates are attributable to the use of revenue at the source.

3.29.12 Monitoring Summary Report

The OCOB conducted a monitoring exercise in Mombasa County from 15th to 19th February 2021. The monitoring team focused on two key objectives; a) having a dialogue with county officials on the challenges affecting budget implementation and how they will address them and (b) conducting monitoring of development projects. A total of 25 projects were sampled and assessed from eight different sectors. The sample was limited to projects that were implemented between the FY 2018/19 and FY 2019/20. The monitoring exercise entailed review of the respective project files, physical verification of the projects to determine the implementation status and interviewing project area residents to reflect the impact of the project. Below are key findings from the exercise.

3.29.12.1 High Wage Bill

The County acknowledged the high wage bill and attributed it to staff inherited from the former Municipal Council of Mombasa and industrial demands by health workers who continuously clamour for higher salary through various unions remains a key challenge in containing the wage bill. The County outlined measures to tame the high wage bill and they are; freezing of hiring and non-review of job description.

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.

3.29.12.2 Under-performance in Own Source Revenue Collection

The County Government of Mombasa has continuously missed their local revenue target in the past five years. This was attributed to the following factors; effects of Covid-19 pandemic, the County government policy to relocate the clearing and forwarding services to Nairobi away from Mombasa, the court order which stopped the implementation of the new valuation roll and failure by the national government agencies to pay for land rates and other taxes.

To improve local revenue collections, the County Government is in the process of automating the revenue collection process and conducting public sensitization to sensitize the public on the importance of paying revenue.

3.29.12.3 Lack of equity and fairness in the distribution of development projects across the County

An analysis of the long list of projects provided by the county for the FY 2018/19 and 2019/20 revealed that most development projects were concentrated in a few wards like Tudor, Old town and Kipevu therefore it was evident that there was no equity and fairness in distribution of development projects across the County. The County should ensure fairness in distribution of development projects across the wards. This will avert the problem of some wards becoming marginalized in terms of development.

3.29.12.4 Inadequate project design

The monitoring team noted that the road projects monitored did not factor drainage works. This has in some cases necessitated residents to dig trenches across the road therefore destroying the already paved roads. The County should conduct thorough project implementation studies on all new projects prior to making submissions to the County Treasury Office. These would include the Environmental Impact Assessments, Land and Community settlement, and ease of delivery of key equipment's to site. For example, construction of roads should factor construction of drainage works to minimize the risk of the road getting worn out quickly due to rain water.

3.29.12.5 Post completion management and maintenance

The monitoring team noted that majority of the projects did not have a routine maintenance and repairs. For instance, general cleaning at the Tonomoka social hall was neglected, the Cabro Road from Sisi Kwa Sisi – BBC/BBC to Bash needed bush clearing and pothole refill among others. The County should ensure proper routine maintenance measures for all development projects after completion.

3.29.13 Key Observations and Recommendations

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

1. Late and partial submission of financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of budget implementation reports. The report was received on 20th August 2021, while the deadline was on 15th July 2021.
2. A high wage bill accounted for 41.7 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.3.31 billion against an annual projection of Kshs. 6.46 billion, representing 51.3 per cent of the annual target.
4. The County Treasury used revenue at source, and there was weak budgeting practice as shown in Table 3.160 and Table 3.161 where the County incurred expenditure above the approved budgetary allocations.
5. High expenditure on local travel at Kshs.233.68 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
6. High expenditure on local travel at Kshs.138.90 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel*

emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

3. *The County should address its own-source 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 intact into the CRF in line with Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.30 County Government of Murang'a

3.30.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.88 billion, comprising Kshs.3.08 billion (34.7 per cent) and Kshs.5.81 billion (65.3 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.29 billion (70.9 per cent) as the equitable share of revenue raised nationally, Kshs.880.61 million (9.9per cent) as total conditional grants, generate Kshs.900 million (10.1 per cent) from own sources of revenue, and a cash balance of Kshs.580.66 million (6.5 per cent) from FY 2019/20. The County also expected to receive Kshs.225.29 million (2.5 per cent) as "other revenues" not contained in the CARA, 2020. The "Other revenues" consist of various conditional grants brought forward from FY 2019/20.

3.30.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.84 billion as the equitable share of the revenue raised nationally, Kshs.771.38 million as conditional grants, raised Kshs.627.16 million as own-source revenue, and had a cash balance of Kshs.580.66 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.9.04 billion, as shown in Table 3.162.

Table 3.162: Murang'a County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,298,350,000	6,298,350,000	6,840,008,100	108.6
B. Conditional Grants from the National Government					
1.	Compensation for User Fee Foregone	20,138,691	20,138,691	20,138,691	100.0
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	192,438,619	192,438,619	192,438,619	100.0
4.	Rehabilitation of Village Polytechnics	97,999,894	97,999,894	97,999,894	100.0
Sub Total		442,598,481	310,577,204	310,577,204	100.0
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	149,093,840	149,093,840	148,831,268	99.8
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,485,140	198,485,140	204,090,521	102.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	124,800,000	124,800,000	34,719,394	27.8
5.	DANIDA Grant	17,910,000	17,910,000	17,910,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,746,035	12,746,035	10,246,830	80.4

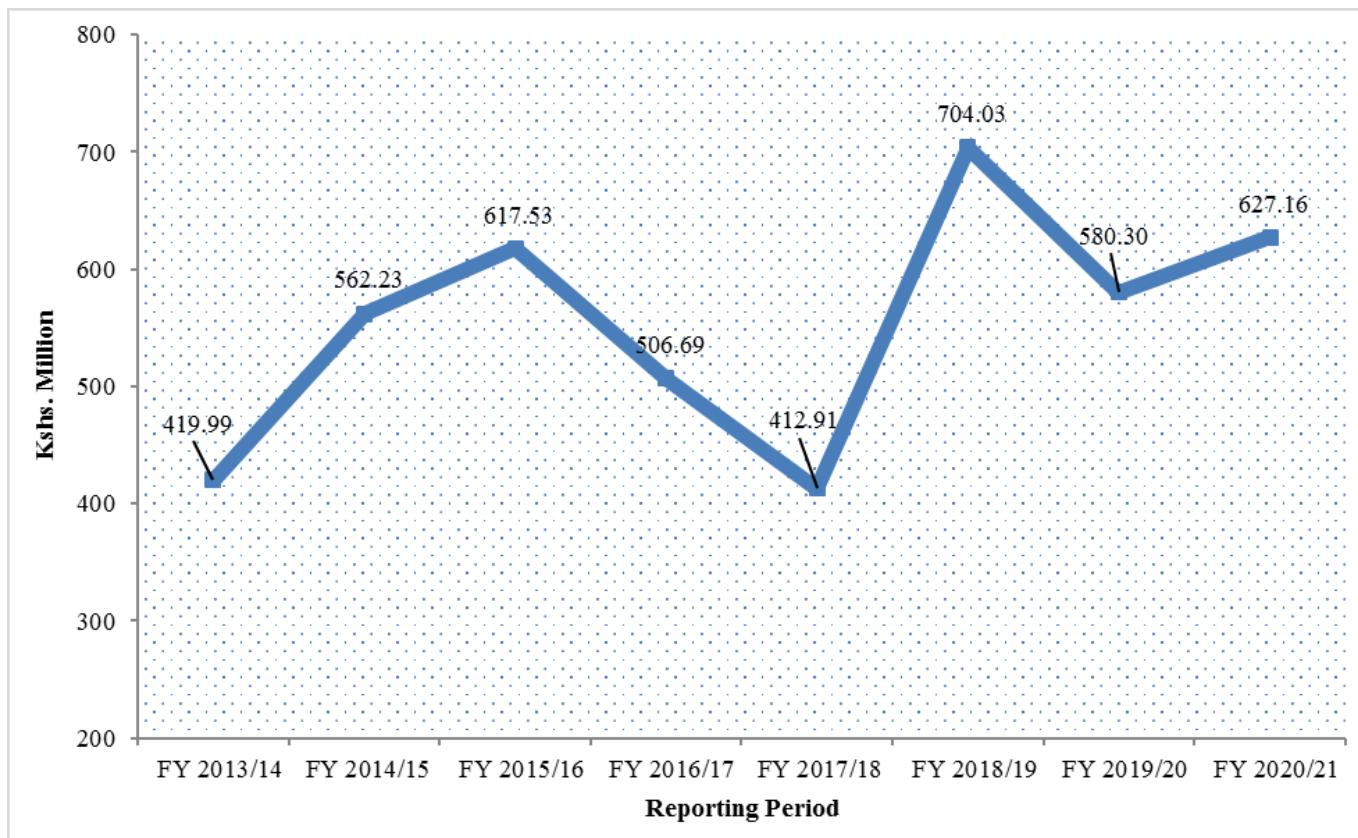
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annua- l Budget Allocation (%)
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	22,000,000	22,000,000	-	-
Sub Total		570,035,015	570,035,015	460,798,013	80.8
D	Other Sources of Revenue				
1.	Own Source Revenue	-	900,000,000	627,164,598	69.7
2.	Balance b/f from FY 2019/20	-	580,658,099	580,658,099	100.0
3.	Other Revenues	-	225,292,495	225,292,495	100.0
Sub Total		-	1,705,950,594	1,433,115,192	84.0
Grand Total		7,310,983,496	8,884,912,813	9,044,498,509	101.8

Source: Murang'a County Treasury

The sharable revenue received in the financial year 2020-21 of Kshs. 6.84 billion included a balance for the financial year 2019-20 amounting to Kshs. 541.66 million disbursed in FY 2020-21.

Figure 3.58 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.58: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Murang'a County Treasury

In FY 2020/21, the County generated Kshs.627.16 million as own-source revenue. This amount represented an increase of 8.1 per cent compared to Kshs.580.30 million realised during a similar period in FY 2019/20 and was 69.7 per cent of the annual target.

3.30.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.72 billion from the CRF account during the reporting period. The amount comprised of Kshs.2.54 billion (32.9 per cent) for development programmes and Kshs.5.18 billion (67.1 per cent) for recurrent programmes.

3.30.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.72 billion on development and recurrent programmes. The expenditure represented 100 per cent of the total funds released by the COB and comprised of Kshs.2.54 billion and Kshs.5.18 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 82.5 per cent, while recurrent expenditure represented 89.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.512.28 million for development activities and Kshs.1.39 billion for recurrent costs.

3.30.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.14 billion was spent on employee compensation, Kshs.1.04 billion on operations and maintenance, and Kshs.2.54 billion on development activities, as shown in Table 3.163.

Table 3.163: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,805,858,283	5,177,350,711	5,177,350,710	89.2
Compensation to Employees	4,261,308,386	4,141,290,263	4,141,290,263	97.2
Operations and Maintenance	1,544,549,897	1,036,060,447	1,036,060,447	67.1
Total Development Expenditure	3,079,054,530	2,540,832,829	2,540,832,829	82.5
Development Expenditure	3,079,054,530	2,540,832,829	2,540,832,829	82.5
Total	8,884,912,813	7,718,183,540	7,718,183,539	86.9

Source: Murang'a County Treasury

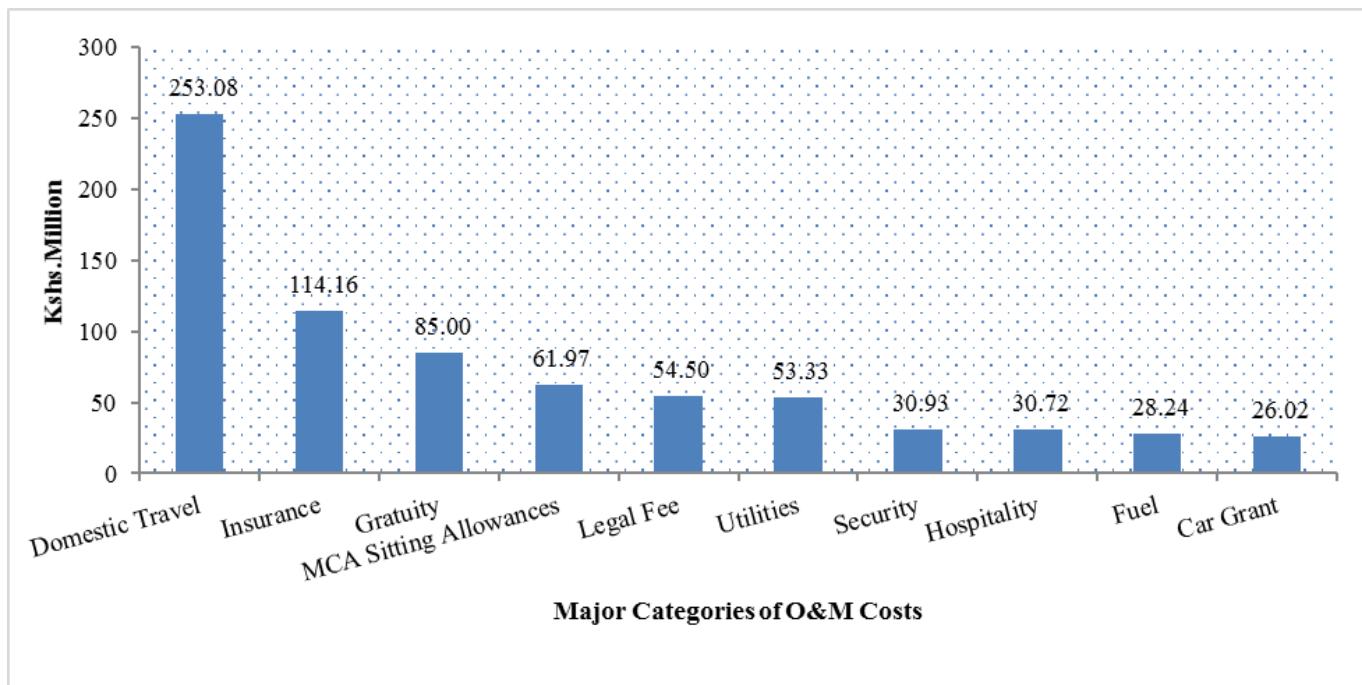
3.30.6 Expenditure on Personnel Emoluments

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 53.7 per cent of the total expenditure for the reporting period and 46.6 per cent of revenue.

3.30.7 Expenditure on Operations and Maintenance

Figure 3.59 shows a summary of the 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

Analysis of expenditure reports indicates that the County spent Kshs.61.97 million on committee sitting allowances for the 54 MCAs and Speaker against the annual budget allocation of Kshs.62.85million. The average monthly sitting allowance was Kshs.95,630 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.253.08 million and comprised Kshs.209.05 million spent by the County Assembly and Kshs.43.22 million by the County Executive. Expenditure on foreign travel amounted to Kshs.15.63 million by the County Assembly.

3.30.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.151.53 million to cater for COVID-19 related expenditure, including Kshs.51.06 million brought forward from FY 2019/20. A total of Kshs.144.42 million was spent during the reporting period, as shown in Table 3.164.

Table 3.164: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Isolation centres	9,000,000	8,781,786
2	PPEs	3,000,000	2,355,200
3	N95 Masks	5,000,000	4,397,000
4	Accommodation for health workers	2,000,000	1,797,750
5	Allowances, Educators & Technical staff	1,570,000	1,379,375
6	Food	5,100,000	4,854,850
7	Sanitizers	3,500,000	3,441,600
8	3 Ply Masks	10,000,000	8,356,143
9	ICU Equipment's	11,200,000	15,811,590
10	Fumigation	387,362	184,200
11	Bank Charges	-	14,110
12	Social Mobilization	300,000	278,000
13	Washing Tanks	2,406,900	2,406,900
14	Sanitizers	2,801,200	2,801,200
15	Fumigation	2,016,000	2,016,000

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
16	3ply Masks	9,019,000	9,019,000
17	Laminated Coverall With Boots	2,464,000	2,464,000
18	Nitrite Gloves	43,200	43,200
19	Kn95 Masks	492,800	492,800
20	A3 Water Proof Posters	1,060,000	1,060,000
21	Liquid Hand Wash	1,993,460	1,993,460
22	Murang'a Various Health Facilities-Level 2&3(Danida)	6,965,000	6,965,000
24	The grant from the national Government For allowances for front line health care workers	63,510,000	63,510,000
24	Other operating/emerging expenses	7,703,440	-
	Total	151,532,362	144,423,164

Source: Murang'a County Treasury

3.30.9 Development Expenditure

The County incurred an expenditure of Kshs.2.54 billion on development programmes, which represented a decrease of 9.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 2.80 billion. Table 3.165 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.165: 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 pharmas and non- pharmas	Countywide	741,611,619	741,611,619	100.0
2	MCC Milk Support	Maragua	200,000,000	123,505,697	61.8
3	Food security (Supply of maize seeds and fertilisers)	Countywide	100,000,000	83,403,000	83.4
4	Food security (supply of Hass avocado)	Countywide	100,000,000	43,345,303	43.3
5	Kirwara Hospital Construction	Kirwara hospital	20,000,000	17,750,000	88.8
6	Construction of Mumbi grounds	Mumbi grounds	10,000,000	5,331,204	53
7	Supply of pipes Thathawa irrigation	Thathawa irrigation	5,288,475	5,288,475	100
8	Supply and installation of cabros Cathedral access road	Cathedral access road	4,928,017	4,928,017	100
9	Drilling and equipping borehole	Kambiti	4,909,702	4,909702	100
10	Construction of waiting bay at Kigumo Health Centre	Kigumo health centre	3,240,114	3,240,114	100

Source: Murang'a County Treasury

3.30.10 Budget Performance by Department

Table 3.166 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.166: 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	318.32	-	250.97	-	251.57	-	100.2	-	79.0	-
Finance, and Economic Planning	340.00	11.00	196.43	-	188.60	-	96.0	-	55.5	-

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Agriculture, Livestock And Fisheries	250.24	516.41	231.78	427.62	233.89	427.89	100.9	100.1	93.5	82.9
Energy Transport And Roads	32.14	553.58	23.47	528.19	14.74	528.19	62.8	100.0	45.9	95.4
Commerce, Trade, Industry And Tourism	24.65	246.00	14.29	206.90	14.40	206.77	100.8	99.9	58.5	84.1
Health And Sanitation	2,614.59	1,155.71	2,544.33	1,069.91	2,549.69	1,069.91	100.2	100.0	97.5	92.6
Lands, Housing & Physical Planning	151.68	161.80	114.65	80.38	114.91	79.38	100.2	98.8	75.8	49.1
Education & Technical Training	413.41	166.81	305.49	130.03	314.14	130.03	102.8	100.0	76.0	78.0
Public Service Adm.	622.92	-	578.67	-	574.96	-	99.4	-	92.3	-
Youth, Culture, Gender & Social Services	103.71	22.00	83.93	18.82	83.59	19.82	99.6	105.3	80.6	90.1
Environment & Natural Resources	47.07	31.00	30.18	3.46	29.82	3.46	98.8	100.0	63.3	11.2
County Public Service Board	44.64	-	24.84	-	28.69	-	115.5	-	64.3	-
Water & Irrigation	57.35	164.75	52.59	70.87	52.59	70.87	100.0	100.0	91.7	43.0
County Assembly	785.14	50.00	725.73	4.67	725.73	4.53	100.0	97.0	92.4	9.1
TOTAL	5,805.86	3,079.06	5,177.35	2,540.85	5,177.35	2,540.83	100.0	100.0	89.2	82.5

Source: Murang'a County Treasury

Analysis of expenditure by the Departments shows that the Department of Energy Transport and Roads recorded the highest absorption rate of development budget at 95.4 per cent while the Department of Finance and Economic Planning did not report any expenditure on development activities. The Department of Health and Sanitation had the highest percentage of recurrent expenditure to budget at 97.5 per cent while the Department of Energy Transport and Roads had the lowest at 45.9 per cent.

3.30.11 Budget Execution by Programmes and Sub-Programmes

Table 3.167 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.167: Murang'a County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
COUNTY CO-ORDINATION GOVERNORSHIP AND ADMINISTRATION					
Public Financial Management	Audit Services	5,000,000.00	1,703,360.00	3,296,640.00	34.1%
County Governments Audit	Audit Services	4,999,999.00	514,595.00	4,485,404.00	10.3%
Disaster Fund Management	Disaster Fund Management	9,500,000.00	1,910,748.00	7,589,252.00	20.1%
Public Participation	Public Participation	208,162,411.00	165,401,008.00	42,761,403.00	79.5%
General Administration Planning and support Services	General Administration Planning and support Services	86,362,226.00	80,919,050.00	5,443,176.00	93.7%
Quality Assurance and Monitoring of Outreach Services	Quality Assurance and Monitoring of Outreach Services	4,300,000.00	1,120,607.00	3,179,393.00	26.1%
	SUB-TOTAL	318,324,636.00	251,569,368.00	66,755,268.00	79.0%
AGRICULTURE LIVESTOCK AND FISHERIES					
Land and Crops Development	Land and Crops Development	2,700,000.00	731,000.00	1,969,000.00	82.3%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Promotion Food Security	Promotion Food Security	519,911,735.00	429,383,756.00	90,527,979.00	82.3%
Value addition and marketing of fish products	Value addition and marketing of fish products	108,499,487.00	107,360,826.00	1,138,661.00	82.3%
Livestock Resources Management and Development	Livestock Policy Development and capacity building Programme	3,500,000.00	-	3,500,000.00	82.3%
Livestock Diseases Management and Control	Livestock Diseases Management and Control	5,000,000.00	1,968,280.00	3,031,720.00	82.3%
General Administration Planning and support Services	General Administration Planning and support Services	127,036,464.00	122,341,155.00	4,695,309.00	82.3%
	Sub Total	766,647,686.00	661,785,017.00	104,862,669.00	82.3%

4013 FINANCE, IT AND PLANNING

Stalled and new Government buildings	Stalled and new Government buildings	2,000,000	-	2,000,000	0.0%
ICT Infrastructure Connectivity	ICT Infrastructure Connectivity	3,000,000	-	3,000,000	0.0%
Budget Formulation Coordination and Management	Revenue Sub Program And Ict And Automation	33,300,000	18,395,929	14,904,071	55.2%
Budget Formulation Coordination and Management	Budget Formulation Coordination and Management	3,900,000	2,177,318	1,722,682	55.8%
Economic Planning and CIDP Review	Economic Planning and CIDP Review	7,000,000	3,955,784	3,044,216	56.5%
Public Participation	Public Participation	14,837,988	5,009,683	9,828,305	33.8%
General Administration Planning and support Services	General Administration Planning and support Services	273,861,993	151,855,981	122,006,012	55.4%
Public Financial Management Reforms	Public Financial Management Reforms	9,900,000	5,125,041	4,774,959	51.8%
Budget implementation and Monitoring	Budget implementation and Monitoring	3,200,000	2,084,909	1,115,091	65.2%
	Sub Total	350,999,981	188,604,645	162,395,336	53.7%

4015 ROADS AND INFRASTRUCTURE DEPARTMENT

Construction of Roads and Bridges	Construction of Roads and Bridges	27,823,060	14,563,462	13,259,598	52.3%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	553,581,397	528,188,133	25,393,264	95.4%
Land Administration and Management	Land Administration and Management	4,319,000	180,000	4,139,000	4.2%
	Sub Total	585,723,457	542,931,595	42,791,862	92.7%

4025 WATER AND IRRIGATION

Water Resources Management	Water Supply Infrastructure	222,101,213	123,463,932	98,637,281	55.6%
	Sub Total	222,101,213	123,463,932	98,637,281	55.6%

4016 COMMERCE, TRADE, INDUSTRY AND TOURISM

Trade Development and Promotion	Domestic Trade Development	3,500,000	654,550	2,845,450	18.7%
Trade Development and Promotion	Fair Trade and Consumer Protection	3,100,000	2,050,000	1,050,000	66.1%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Tourism Development and Promotion	Tourism Promotion and Marketing	2,000,000	790,250	1,209,750	39.5%
Agribusiness and Information Management	Agribusiness and Market Development	4,200,000	1,415,200	2,784,800	33.7%
General Administration Planning and support Services	General Administration Planning and support Services	11,850,166	9,498,982	2,351,184	80.2%
Cooperative Development and Management	Co-operative Advisory Services	16,299,950	14,621,135	1,678,815	89.7%
Trade Promotion and marketing	Domestic Trade Development	246,000,000	192,147,821	53,852,179	78.1%
	Sub Total	286,950,116	221,177,938	65,772,178	77.1%
4018 HEALTH AND SANITATION					
Curative Health Services	Forensic and Diagnostics	3,000,000	600,000	2,400,000	20.0%
Curative Health Services	Free Primary Health-care	486,706,290	401,017,568	85,688,722	82.4%
General Administration Planning and support Services	General Administration Planning and support Services	3,279,090,424	3,217,473,998	61,616,426	98.1%
General Administration Planning and support Services	General Administration Planning and support Services - Infrastructure Support Program	1,500,000	500,000	1,000,000	33.3%
	Sub Total	3,770,296,714	3,619,591,566	150,705,148	96.0%
4019 LANDS HOUSING AND PHYSICAL PLANNING					
Land survey, housing and administration	Land Policy and Planning	11,000,000	-	11,000,000	0.0%
Land survey,housing and administration	Land Survey	12,000,000	-	12,000,000	0.0%
Infrastructure Development and Expansion	Infrastructure Development and Expansion	51,920,000	25,498,484	26,421,516	49.1%
General Administration, Planning and Support Services	County Administrative Services	189,172,371	139,739,962	49,432,409	73.9%
Public Trusts and Estates Management	Administration and Planning	49,392,371	29,049,489	20,342,882	58.8%
	Sub Total	313,484,742	194,287,935	119,196,807	62.0%
4024 PUBLIC SERVICE AND ADMINISTRATION					
General Administration Planning and support Services	General Administration Planning and support Services	622,915,401	574,961,144	47,954,257	92.3%
	Sub Total	622,915,401	574,961,144	47,954,257	92.3%
4017 EDUCATION AND TECHNICAL TRAINING					
Gender & Youth Empowerment	Youth Development Services	3,100,000	-	3,100,000	0.0%
Youth Training and Development	Revitalization of Youth Polytechnics	123,147,008	120,013,360	3,133,648	97.5%
Education	Early Childhood Development Education	62,158,100	11,523,131	50,634,969	18.5%
Education	Motivation of Primary and Secondary School	94,000,000	24,778,501	69,221,499	26.4%
General Administration Planning and support Services	General Administration Planning and support Services	287,806,195	283,667,695	4,138,500	98.6%

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Stalled and new Government buildings	Stalled and new Government buildings	10,000,000	4,182,500	5,817,500	41.8%
	Sub Total	580,211,303	444,165,187	136,046,116	76.6%
4022 YOUTH CULTURE GENDER SPORTS AND SOCIAL SERVICES					
Social Assistance to vulnerable groups	Social Assistance to vulnerable groups	66,253,038	65,320,588	932,450	98.6%
Persons Living With Disabilities	Persons Living With Disabilities	22,000,000	19,818,253	2,181,747	90.1%
Development and Management of Sports Facilities	Development and Management of Sports Facilities	9,902,096	8,124,914	1,777,182	82.1%
Development And Promotion of Culture	Development And Promotion of Culture	3,251,520	3,103,136	148,384	95.4%
Gender & Youth Empowerment	Youth Development Services	1,100,000	900,000	200,000	81.8%
General Administration Planning and support Services	General Administration Planning and support Services	6,900,000	6,149,500	750,500	89.1%
	Sub Total	109,406,654	103,416,391	5,990,263	94.5%
4023 ENVIRONMENT AND CLIMATE CHANGE					
Environmental Leadership and Governance	Environmental Leadership and Governance	18,600,000	2,317,121	16,282,879	12.5%
Hazardous Waste	Hazardous Waste	21,400,000	1,446,429	19,953,571	6.8%
General Administration Planning and support Services	General Administration Planning and support Services	38,069,186	29,517,638	8,551,548	77.5%
	Sub Total	78,069,186	33,281,188	44,787,998	42.6%
4020 PUBLIC SERVICE BOARD					
Human Resource Management	Human Resource Management	13,800,000	2,885,450	10,914,550	20.9%
Governance and Accountability	Governance and Accountability	3,100,000	629,675	2,470,325	20.3%
General Administration Planning and support Services	General Administration Planning and support Services	27,738,485	25,172,485	8,158,000	90.7%
	Sub Total	44,638,485	28,687,610	21,542,875	64.3%
County Assembly					
Legislation and representation	Legislation and representation	316,900,000	305,610,552	11,289,448	96.4%
oversight	oversight	220,350,000	207,192,282	13,157,718	94.0%
Administration support and planning	Administration support and planning	297,893,240	217,457,189	80,436,051	73.0%
	Sub Total	835,143,240	730,260,023	104,883,217	87.4%
Grand Total		8,884,912,813	7,718,183,539	1,172,321,274	86.9%

Source: Murang'a County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration Planning and Support Services in the Department of Education and Technical Training at 98.6 per cent, Social Assistance to vulnerable groups in the Department of Youth Culture Gender Sports and Social Services at 98.6 per cent and General Administration Planning and Support Services in the Department of Health and Sanitation at 98.1 per cent of budget allocation.

3.30.12 Monitoring Summary Report

The Office of the Controller of Budget conducted a monitoring exercise in Muranga County from 14th to 22nd December 2020. A total of 17 projects were sampled and assessed from 13 different sectors. The sample was limited to projects that were implemented between the FY 2018/19 and FY 2019/20. Although the County government has done some commendable work by implementing many projects across the county's 13 sectors/departments, the findings of the M&E exercise raises a number of issues and challenges in the implementation of projects in a number of sectors including Co-operative Development, Water and Irrigation Department and the Health and Sanitation. Below are key findings from the exercise;

3.30.12.1 Recurrent items captured in the development budget

The absorption of development funds improved from an absorption rate of 69.7 per cent in FY 18/19 to a rate of 85.7 per cent in FY 19/20, recording one of the highest absorption levels among the 47 counties. However, the County Government has been classifying the purchase of drugs for the health facilities as development expenditure as opposed to a recurrent expenditure. For instance, in FY 2020/21, the county budgeted for Kshs.797 million towards the purchase of drugs and other non-pharmaceuticals for all the health facilities in the county.

The county government should therefore correct the anomaly in future reporting to give the right position of the development expenditure in the county.

3.30.12.2 Pending Bills

In the FY 2020/21, pending bills stood at Kshs. 1.9 billion. This was attributed to the fact that the County Government had planned to collect Kshs.900 million as own source revenue but only realized Kshs.627.16 million. Commitments were done based on the expected local revenue projections and therefore exacerbating the pending bills problem.

In order to control the escalating pending bills, the County Government has undertaken to control the commitment of projects from all the departments. Further, the County Administration reported that it is using a phased approach to allocate funds in each subsequent year in order improve the completion of projects.

3.30.12.3 Lack of proper documentation

The County Government established a milk support project where farmers are guaranteed a standard price of Kshs.35 per litre of milk delivered to the Murang'a Cooperative Creameries (MCC). In the FY 2019/20, the County Government incurred a total of Kshs.64, 292,250 as a subsidy for payment to farmers for the supply milk to MCC. The OCOB team could not however verify the payments due to lack of proper documentation.

An audit of all the payments made to farmers under the milk subsidy programme should be undertaken to determine the real beneficiaries of the project. It is also important to establish whether the payment of subsidies using public resources is supported by law.

3.30.12.4 Projects not operational

The OCOB team established that some projects had been paid for but do not exist on the ground or they exist but are not operational. For instance, the County Government spent a total of Kshs.1, 402,080 on water treatment plant which has not been in operation for a long time. The OCOB recommends for an audit to ascertain prudent financial management and whether there was value in the use of public resources.

3.30.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 53.7 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.627.16 million against an annual projection of Kshs.900 million, representing 69.7 per cent of the annual target.
4. High pending bills amounting to Kshs.1.9 billion inclusive of taxes and staff statutory deductions.
5. Weak budgeting and implementation practices by the County Treasury as they do not undertake year-end IFMIS Vote book reconciliations. The County incurred expenditures in areas where the Controller of Budget had not approved funding withdrawals.

6. High expenditure on local travel at Kshs.253.08 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills. The County should also prepare a payment plan to clear the pending bills.*
5. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure..*

3.31 County Government of Nairobi City

3.31.1 Overview of FY 2020/21 Budget

The County's approved budget Supplementary for FY 2020/21 is Kshs.37.88 billion, comprising Kshs.8.48 billion (24.4 per cent) and Kshs.29.4 billion (77.6 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expects to receive Kshs.19.42 billion (51.3 per cent) as the equitable share of revenue raised nationally, including Kshs.3.50 billion unremitted equitable share of the revenue for FY 2019/20, Kshs.1.29 billion (3.4 per cent) as total conditional grants, generate Kshs.16.46 billion (43.4 per cent) from own sources of revenue, and a cash balance of Kshs.711.89 million (1.9 per cent) from FY 2019/20.

3.31.2 Revenue Performance

In FY 2020/21, the County received Kshs.19.42 billion as the equitable share of the revenue raised nationally, Kshs.254.15 million as conditional grants, raised Kshs.10.24 billion as own-source revenue, and had a cash balance of Kshs.711.89 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.30.62 billion, as shown in Table 3.168.

Table 3.168: Nairobi City County, Revenue Performance in FY 2020/21

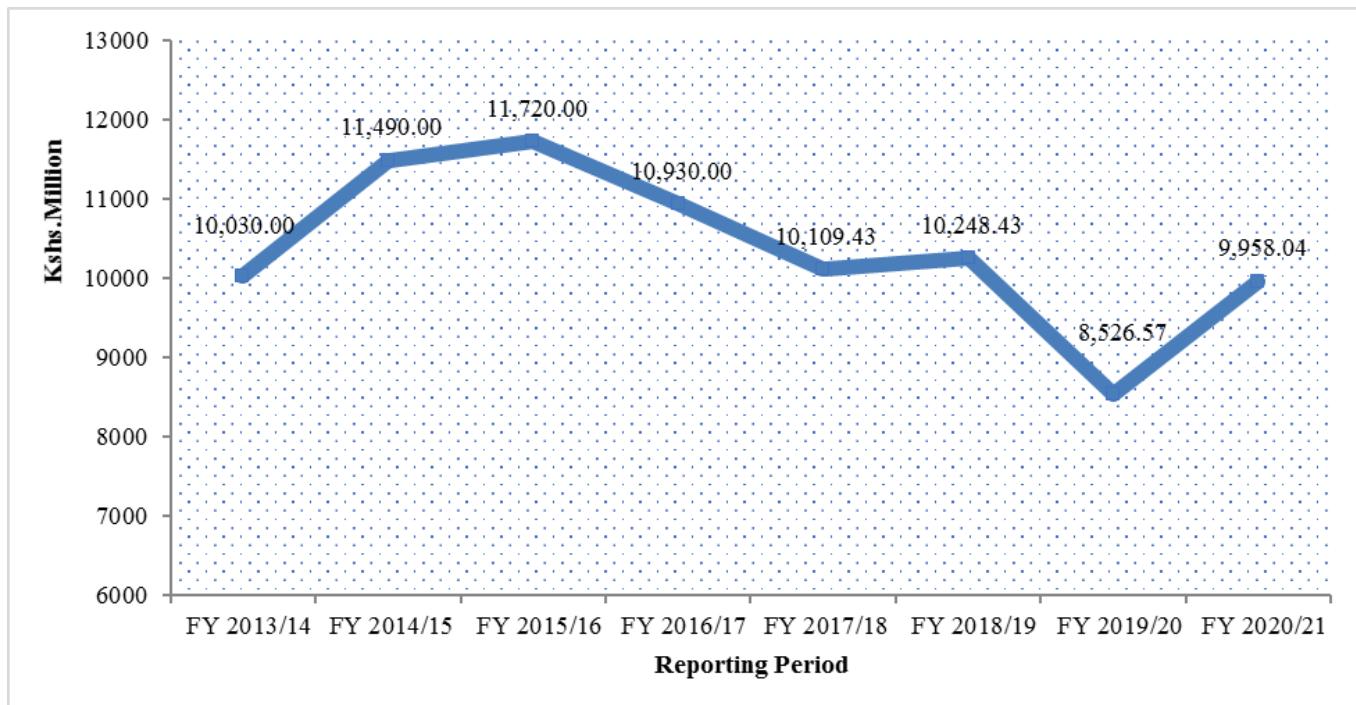
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	15,919,950,000	19,420,647,260	19,420,647,260	100.00
B. Conditional Grants from the National Government Revenue					
4.	Compensation for User Fee Foregone	79,423,251	79,423,251	79,423,251	100.00
5.	Leasing of Medical Equipment	132,021,277	-	-	-
6.	Road Maintenance Fuel Levy Fund	475,436,588	927,334,932	-	-
7.	Rehabilitation of Village Polytechnics	16,009,894	16,009,894	16,009,894	100.00
8.	Grant MOH-Frontline workers	-	100,200,000	100,200,000.00	100.00
Sub Total		702,891,010	1,122,968,077	195,633,145.00	17.4

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	60,494,430	60,494,430	-	-
2.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.00
	DANIDA Grant	45,270,000	45,270,000	-	-
3.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	15,955,893	15,955,893	13,517,925	84.7
Sub Total		166,720,323	166,720,323	58,517,925	35.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	16,209,511,170	9,958,038,681	60.4
2.	Balance b/f from FY 2019/20	-	711,888,103	711,888,103	100
3.	A-I-A	-	250,000,000	279,429,434	111.8
Sub Total		-	17,171,399,273	10,949,356,218	62.8
Grand Total		16,789,561,333	37,881,734,933	30,624,154,548	80.4

Source: Nairobi City County Treasury

Figure 3.60 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.60: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nairobi City County Treasury

In FY 2020/21, the County generated Kshs10.24 billion as own-source revenue. This amount represented an increase of 16.8 per cent compared to Kshs.8.53 billion realised during a similar period in FY 2019/20 and was 62.2 per cent of the annual target.

3.31.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.29.84 billion from the CRF account during the reporting period. The amount comprised Kshs.5.63 billion (18.9 per cent) for development programmes and Kshs.24.21 billion (81.1 per cent) for recurrent programmes.

3.31.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.30.13 billion on development and recurrent programmes. The expenditure represented 101 per cent of the total funds released by the COB and comprised of Kshs.5.63 billion and Kshs.24.51 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 66.4 per cent, while recurrent expenditure represented 83.3 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.54.32 billion.

3.31.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.9.76 billion was spent on employee compensation, Kshs.14.74 billion on operations and maintenance, and Kshs.5.63 billion on development activities, as shown in Table 3.169.

Table 3.169: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	29,405,667,821	24,212,087,030	24,506,415,582	83.3
Compensation to Employees	10,274,346,906	9,763,157,796	9,763,157,796	95.0
Operations and Maintenance	19,131,320,915	14,448,929,234	14,743,257,786	77.1
Total Development Expenditure	8,476,067,112	5,629,229,885	5,629,229,886	66.4
Total	37,881,734,933	29,841,316,915	30,135,645,467	79.6

Source: Nairobi City County Treasury

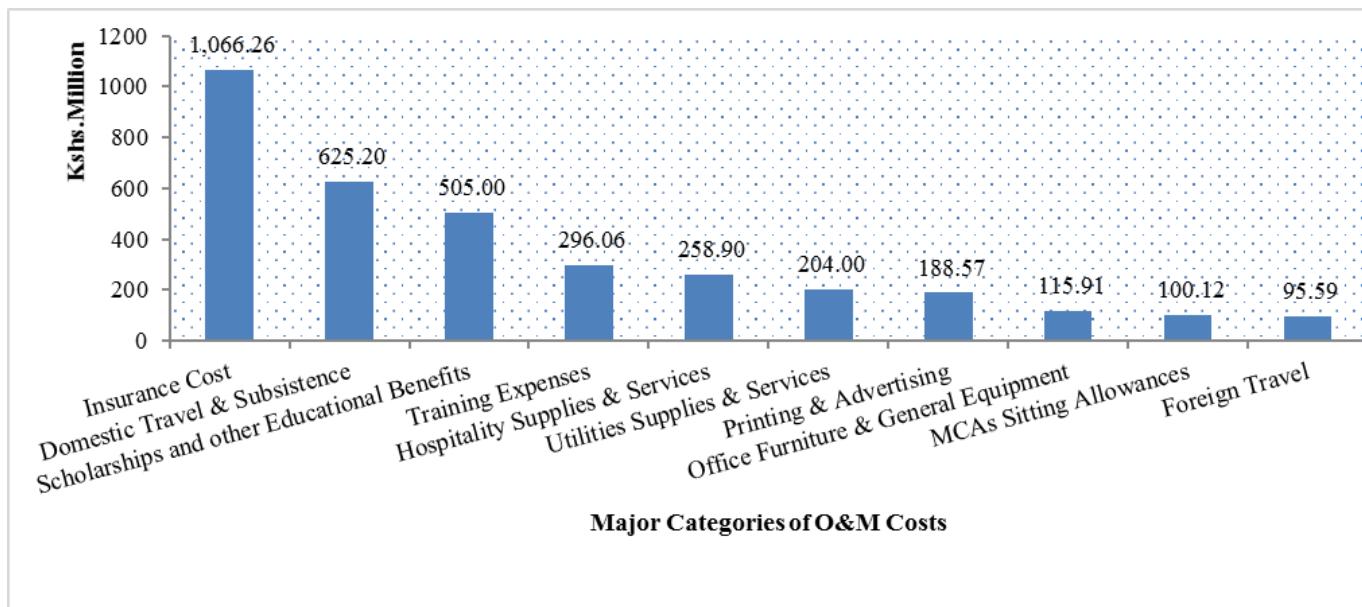
3.31.6 Expenditure on Personnel Emoluments

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 32.4 per cent of the total expenditure for the reporting period and 31.9 per cent of revenue.

3.31.7 Expenditure on Operations and Maintenance

Figure 3.61 shows a summary of the 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

Analysis of expenditure reports indicates that the County spent Kshs.100.12 million on committee sitting allowances for the 124 MCAs and Speaker against the annual budget allocation of Kshs.109.12 million. The average monthly sitting allowance was Kshs.67,285 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.625.20 million and comprised Kshs.234.48 million spent by the County Assembly and Kshs.390.71 million by the County Executive. Expenditure on foreign travel amounted to Kshs.95.59 million and comprised Kshs.3.32 million by the County Assembly and Kshs.92.27 million by the County Executive.

3.31.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county did not provide for any COVID-19 related expenditure while a total of Kshs.147.80 million was brought forward from FY 2019/20, which comprised of Kshs.100.2 million as Conditional Grant for MOH-Frontline workers, Kshs.17.61 million as a grant from DANIDA and Kshs.30 million for Kenya Devolution Support Project (KDSP).

3.31.9 Development Expenditure

The County incurred an expenditure of Kshs.5.63 billion on development programmes, which represented an increase of 180.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.98 billion. Table 3.170 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.170: Nairobi City County, List of Development Projects with the Highest Expenditure

S>No.	Project description	Location	Approved Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Hard-core for access roads within Dandora dumpsite	Dandora dumpsite	311,660,000	311,660,000	100.0
2	Delivery of Hard-core For Access Roads Within Dandora Dumpsite	Dandora Dumpsite	169,000,000	169,000,000	100.0
3	Smartnet licenses and Support	City Hall	91,068,922	89,654,922	98.4
4	Hire Of Vehicle And Equipment For Use In Road Maintenance	Dandora Dumpsite	87,146,000	87,146,000	100.0
5	Rehabilitation of Igembe and Other Roads	Igembe and Other Roads	69,832,447	69,832,447	100.0

S/No.	Project description	Location	Approved Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
6	Completion Of Bypass Mihango Link Road	Bypass Mihango Link Road	46,048,703	46,048,703	100.0
7	Purchase of Motor Vehicles	City hall	78,517,242	43,000,000	54.8
8	Commissioning Of Electrical Works To Various Health Centres In Nairobi East (Lot. I)	Various Health Centres In Nairobi East (Lot. I)	34,306,038	34,306,038	100.0
9	Shauri Moyo Market & City Park Market	Shauri Moyo Kamukunji (Sub County)	60,417,929	34,294,925	56.8
10	Renovations - Human Resource Management Department	City Hall Annex 2nd Floor	11,400,000	8,824,286	77.4
11	Mukuru Kwa Njenga Project	Mukuru Kwa Njenga	1,243,264,552	1,243,264,546	99
12	Kazi Mtaani Project-ESP	N/A	911,735,448	911,735,448	99
13	Completion of Construction and equipping of 5 No. Level 3 facilities	N/A	840,000,000	839,99,998	98

Source: Nairobi City County Treasury

The Mukuru Kwa Njenga Project, Kazi Mtaani Project-ESP and, Completion of Construction and equipping of 5 No. Level 3 facilities were undertaken by NMS.

3.31.10 Budget Performance by Department

Table 3.171 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.171: 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	75.90	35.00	65.21	28.93	65.21	28.93	100.0	100.0	85.9	82.7
Office of Governor & Deputy Governor	4,916.09	160.62	4,440.07	48.52	4,440.07	48.52	100.0	100.0	90.3	30.2
ICT, E-Govt & Public Communications	191.54	291.07	150.73	106.71	150.73	106.71	100.0	100.0	78.7	36.7
Finance & Economic Planning	9,484	820	6,684	318	6,684	317.89	100.0	100.0	70.5	38.8
Health	1,072.72	-	625.60	-	625.60	-	100.0	-	58.3	-
Urban Planning And Lands	217.96	-	146.62	-	146.62	-	100.0	-	67.3	-
Public Works, Transport & Infrastructure	95.30	745.00	101.97	324.38	87.23	324.78	85.5	100.1	91.5	43.6
Education, Youth Affairs, Sports, Culture & Social Services	1,740.15	130.17	1,651.49	54.91	1,651.50	54.91	100.0	100.0	94.9	42.2
Trade, Commerce, Tourism & Cooperatives	468.71	372.42	318.45	98.08	318.45	98.08	100.0	100.0	67.9	26.3

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Public Service Management	1,393.20	11.40	1,281.31	8.82	1,281.31	8.82	100.0	100.0	92.0	77.4
Agriculture, Livestock Development, Fisheries & Forestry	306.11	70.20	223.61	5.43	223.61	5.43	100.0	100.0	73.0	7.7
County Assembly	1,805.32	50.65	1,805.30	17.28	1,805.30	17.28	100.0	100.0	100.0	34.1
Environment, Water, Energy & Natural Resources	804.18	350.00	541.74	342.89	541.74	342.89	100.0	100.0	67.4	98.0
Urban Renewal And Housing	33.52	-	17.45	-	14.58	-	83.6	-	43.5	-
Ward Development Programmes	16.85	366.54	11.88	58.19	11.88	58.20	100.0	100.0	70.5	15.9
Emergency Funds	330.00	-	300.50	-	300.50	-	100.0	-	91.1	-
Liquor Licensing Board	294.34	50.00	-	-	294.33	-	-	-	100.0	-
Nairobi Metropolitan Services	6,159.66	5,023.00	5,845.79	4,217.20	5,863.66	4,217	100.3	100.0	95.2	84.0
Total	29,405.67	8,476.07	24,211.83	5,629.23	24,506.42	5,629.64	101.2	100.0	83.3	66.4

Source: Nairobi City County Treasury

Analysis of expenditure by the Departments shows that the Department of Environment, Water, Energy & Natural Resources recorded the highest absorption rate of development budget at 98.0 per cent while the Liquor Licensing Board did not report any expenditure on development activities. The Liquor Licensing Board and the County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while the Department of Urban Renewal and Housing had the lowest at 43.5 per cent.

3.31.11 Budget Execution by Programmes and Sub-Programmes

Table 3.172 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.172: Nairobi City County, Budget Execution by Programmes and Sub-programmes

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	110,900,006	89,374,067	21,525,939	80.6
		Total 5311000000 County Public Service Board	110,900,006	89,374,067	21,525,939	80.6

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	0718005310 Gen- eral Administrative Services	0718015310 Sp1 Gen- eral Administration & Support Services	585,021,903	406,040,229	178,981,674	69.4
		0718025310 Sp2 Sub County Administra- tion	1,774,808,335	1,646,617,001	128,191,334	92.8
		0718075310 Sp7 Coun- ty Executive	391,715,929	267,394,794	124,321,135	68.3
		0718095310 Sp9 Audit	88,584,057	70,115,797	18,468,260	79.2
	0724005310 P 24 Security and Safety Management	0724055310 Inspec- torate	873,301,617	848,388,162	24,913,455	97.1
		0724015310 sp 24.1 investigative Services	40,851,465	30,996,316	9,855,149	75.9
	P; 0726005310:Di- saster Management Coordination	072601510: Fire & Disaster Management	418,990,538	277,349,606	141,640,932	66.2
	0725005310 P 25 management of legal affairs	0725015310 sp 25.1 legal services	903,432,970	838,730,362	64,702,608	92.8
		Total 5312000000 OFFICE OF GOVERNOR & DEPUTY GOVERNOR	5,076,706,814	4,385,632,267	691,074,547	86.4
5313000000 ICT, E-GOVT & PUBLIC COMMUNI- CATIONS	0207000 P1: Gen- eral Administration Planning and Support Services	0207010 SP 1: Gen- eral Administration, Planning And Support Services	114,119,328	86,256,450	27,862,878	75.6
	0208000 P2: Informa- tion And Communi- cation Services	0208010 SP 2.1: News And Information Services	60,164,345	48,253,742	11,910,603	80.2
		0208030 SP 2.3: ICT and Media Regulatory Services	10,439,129	7,547,599	2,891,530	72.3
		0208040 SP 2.4 E-Gov- ernment Services	216,468,857	104,280,854	112,188,003	48.2
	0210005310 ICT Infrastructure Develop- ment	0210010 SP1: ICT Infrastructure Connec- tivity	77,275,622	4,031,580	73,244,042	5.2
		0210035310 sp 3:Infor- mation Security	4,141,008	2,384,100	1,756,908	57.6
		Total 5313000000 ICT, E-GOVT & Public Communications	482,608,289	252,754,325	229,853,964	52.4

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
5314000000 FINANCE & ECONOMIC PLANNING	0701005310 Public Financial Management	0701015310 Assets Management Services	250,767,230	135,696,850	115,070,380	54.1
		0701065310 sp1.6 Accounting Services	1,039,466,796	1,031,909,401	7,557,395	99.3
		0701075310 sp1.7 Budget Formulation Coordination and mgt	188,982,713	120,770,468	68,212,246	63.9
		0701085310 sp1.8 Resource Mobilisation	827,132,093	775,885,713	51,246,380	93.8
		070115310 Debt Management Services	7,278,421,450	4,467,529,478	2,810,891,972	61.4
		0718085310 Sp8 Supply Chain Management	106,379,986	97,237,575	9,142,411	91.4
		5314001101 County Budget & Economic Forum	4,585,300	2,414,790	2,170,510	52.7
	0718005310 General Administrative Services	0718015310 Sp1 General Administration & Support Services	369,094,353	342,791,579	26,302,774	92.9
		5314001001 Kenya Devolution Support Programme (KDSP)	75,000,000	75,000,000	0	100.0
	0719000 P3: Economic and Financial Policy Formulation and Management	0719010 SP 3.1 Fiscal Policy Formulation, Development and Management	164,289,056	120,090,563	44,198,493	73.1
		Total 5314000000 Finance & Economic Planning	10,304,118,977	7,169,326,416	3,134,792,561	69.6
5315000000 HEALTH	0404005310 General administration, planning and support services	0404015310 Sp4.1 Administration/Human Resource for Health	1,072,723,303	603,575,869	469,147,434	56.3
		Total 5315000000 HEALTH	1,072,723,303	603,575,869	469,147,434	56.3
5316000000 URBAN PLANNING AND LANDS	0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	217,959,431	141,804,169	76,155,262	65.1
		Total 5316000000 Urban Planning and Lands	217,959,431	141,804,169	76,155,262	65.1
5317000000 PUBLIC WORKS, TRANSPORT & INFRA-STRUCTURE	0207000 P1: General Administration Planning and Support Services	0207010 SP 1: General Administration, Planning And Support Services	840,303,332	420,239,626	420,063,706	50.0
		Total 5317000000 Public Works ,Transport & Infrastructure	840,303,332	420,239,626	420,063,706	50.0

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
5318000000 EDUCA- TION,YOUTH AFFAIRS, SPORTS, CULTURE & SOCIAL SER- VICES	0508005310 General administration, planning and support services	0508025310 sp 8.2 General Administration & Support Services	1,320,401,093	1,301,305,804	19,095,289	98.6
	0509005310 P9 Education services	0509015310 sp 9.1 Quality Assurance and Co-curriculum	492,600	407,100	85,500	82.6
		0509025310 sp 9.2 Early Childhood Development Centres	246,170,910	109,535,423	136,635,487	44.5
		0509035310 sp 9.3 Technical and Vocational Training	41,631,686	32,295,581	9,336,105	77.6
	0902005310 2.1 Social Services	0902015310 General Administration & Support Services	177,525,552	168,121,640	9,403,912	94.7
		0902025310 Sp.2.2 Gender and Community Empowerment	1,326,730	461,200	865,530	34.8
		0902035310 Sp2.3 Development and promotion of culture/heritage	28,334,315	24,455,830	3,878,485	86.3
		0902045310 Sp2.4 Development and promotion of sports	1,089,136	300,000	789,136	27.5
		0902055310 Sp2.5 Youth Empowerment and Promotion	15,563,180	13,495,400	2,067,780	86.7
		0902065310 Sp 2.6 Social welfare and care for the Aged	30,448,410	5,876,445	24,571,965	19.3
		0902085310 Sp.2.8 Rescue and Rehabilitation of Children Services	7,334,190	4,747,906	2,586,284	64.7
		Total 5318000000 Education, Youth Affairs, Sports, Culture & Social Services	1,870,317,802	1,661,002,330	209,315,472	88.8
5319000000 TRADE,COM- MER- CE,TOURISM & COOPERA- TIVES	0301000 P.1 General Administration Planning and Support Services	0301010 SP1 General Administration Planning and Support Services	257,570,195	222,905,511	34,664,684	86.5
	0310005310 P.10 Co-operative Development and Audit Services	0310015310 sp 10.1 Cooperative Development Services	7,966,730	6,188,920	1,777,810	77.7
		0310025310 sp 10.2 Cooperative Audit Services	2,745,120	860,060	1,885,060	31.3
	0311005310 P.11 Tourism Promotion and Marketing	0311015310 sp 11.1 Tourism Development	9,298,078	4,976,842	4,321,236	53.5

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
53200000000 PUBLIC SERVICE MANAGEMENT	0312005310 P.12 Trade development and Market Services	0312015310 sp 12.1 Trade Development	135,108,930	14,274,090	120,834,840	10.6
		0312025310 sp 12.2 Market Services	392,763,949	172,671,062	220,092,887	44.0
		0313025310 sp 13.2 Weights & Measures Services	21,796,840	2,951,800	18,845,040	13.5
		0313035310 sp 13.3 Trade Licensing Services	7,905,900	5,518,583	2,387,317	69.8
		0313045310 sp 13.4 Betting & Gaming Services	5,971,100	3,421,050	2,550,050	57.3
		Total 5319000000 Trade, Commerce, Tourism & Cooperatives	841,126,842	433,767,919	407,358,923	51.6
	0701000 P1 General Administration Planning and Support Services	0701010 SP.1.1 General Administration Planning and Support Services	419,197,533	347,327,711	71,869,822	82.9
	0710000 P 5: Public Service Transformation	0710010 S.P.5.1 Human Resource Management	915,185,050	875,905,274	39,279,776	95.7
		0710020 S.P.5.2 Human Resource Development	64,765,830	51,227,597	13,538,233	79.1
	0723005310 P 23 Performance Management and Public Service Delivery	0723015310 sp 23.1 Performance Contracting management	1,974,980	495,200	1,479,780	25.1
		0723025310 sp 23.2 Governance Monitoring and Evaluation	2,586,180	687,851	1,898,329	26.6
		0723035310 sp 23.3 Quality Management Systems and ISO certification	892,610	0	892,610	0.0
		Total 5320000000 Public Service Management	1,404,602,183	1,275,643,633	128,958,550	90.8
53210000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	0106000 P 6 General Administration Planning and Support Services	0106010 SP.6.1 Administration, Planning & Support Services	203,211,201	195,687,372	7,523,829	96.3

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
P;0119005310:Urban Agriculture Promotion & Regulation	019015310: Crop Development and Management	7,399,528	3,340,930	4,058,598	45.2	
	0119025310: Fisheries Development and management	22,084,694	1,319,250	20,765,444		6.0
	0119035310: Livestock Resources management and development	14,002,578	1,541,705	12,460,873		11.0
	0116005310 P.10:Animal Health, Safety and Quality Assurance	47,509,499	5,422,345	42,087,154		11.4
	0117005310 P.11:A-forestation	6,591,109	3,507,800	3,083,309		53.2
	0118015310 Food Systems and Surveillance	6,067,800	2,175,950	3,891,850		35.9
	5321000801 Agricultural Development Support Project	69,451,519	25,875,034	43,576,485		37.3
	Total 5321000000 AGRICULTURE, LIVESTOCK DEVELOPMENT, FISHERIES & FORESTRY	376,317,928	238,870,386	137,447,542		63.5
	1001005310 P1 General Administration & Support Services	54,179,373	49,377,219	4,802,154		91.1
	1002005310 P2 Environment Management and Protection.	1,100,000,000	820,260,475	279,739,525		74.6
5323000000 ENVIRONMENT, WATER, ENERGY & NATURAL RESOURCES	Total 5323000000 Environment, Water, Energy & Natural Resources	1,154,179,373	869,637,694	284,541,679		75.3
	0106000 P 6 General Administration Planning and Support Services	33,516,488	14,583,103	18,933,385		43.5
	Total 5324000000 Urban Renewal And Housing	33,516,488	14,583,103	18,933,385		43.5
5325000000 WARD DEVELOPMENT PROGRAMMES	0214005310 P8:Ward Development	383,385,123	81,158,558	302,226,565		21.2
	Total 5325000000 Ward Development Fund	383,385,123	81,158,558	302,226,565		21.2
5326000000 EMERGENCY FUND	0718005310 General Administrative Services	330,000,000	300,495,060	29,504,940		91.1
	5326000000 EMERGENCY FUND	330,000,000	300,495,060	29,504,940		91.1

Vote Code Title	Programme	Programme Code And Title	Supplementary Budget Estimates (Kshs.)	Total Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
5327000000 LIQOUR LICENSING BOARD	0313015310 sp 13.1 Liquor Licensing & Regulation	0313015310 sp 13.1 Liquor Licensing & Regulation	344,339,821	294,328,552	50,011,269	85.5
		Total 5327000000 Liquor Licensing Board	344,339,821	294,328,552	50,011,269	85.5
COUNTY ASSEMBLY	07220001 Legislation, Oversight and Representation	07220001 Legislation, Oversight and Representation	1,855,971,872	1,822,585,635	33,386,237	98.2
		Total County Assembly	1,855,971,872	1,822,585,635	33,386,237	98.2
		Total Nairobi Metro- politan Services	11,182,657,349	10,080,865,859	1,101,791,490	90.1
Total Voted Expenditure.... KShs.			37,881,734,933	30,135,645,467	7,746,089,466	79.6

Source: Nairobi City County Treasury

The top sub-programmes with the highest absorption rates were: Kenya Devolution Support Programme (KDSP) at 100 per cent, Legislation, Oversight and Representation at 98.2 per cent, and Accounting Services 99.3 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. The County recorded high pending bills, which amounted to Kshs.54.32 billion as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue
3. The underperformance of own-source revenue at Kshs.10.24 billion against an annual projection of Kshs.16.46 billion, representing 62.2 per cent of the annual target.
4. Delay in approval of the budget. The County was running on Vote on Account in the first half of the Financial Year, which affected smooth budget implementation.
5. Section 107 (2) (b) of the PFM Act, 2012 requires allocating at least thirty per cent of the County Government's budget to development expenditure. The Approved Supplementary Budget for FY 2020/21 of KShs.37.88 billion was composed of Kshs.8.48 billion for development expenditure (22.4 per cent) and Kshs.29.41 billion for recurrent expenditure (77.6 per cent), which is NOT in line with Section 107(2) (b) of the PFM Act 2012.
6. High expenditure on local travel at Kshs.625.20 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County should ensure the planning and budget documents are considered and approved promptly as provided in the law.*
5. *We advise the County to ensure compliance of budget estimates with Section 107(2) (b) of the PFM Act 2012.*

6. The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.

3.32 County Government of Nakuru

3.32.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.20.97 billion, comprising Kshs.10.11 billion (48.2 per cent) and Kshs.10.86 billion (51.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.48 billion (50 per cent) as the equitable share of revenue raised nationally, Kshs.1.39 billion (6.6 per cent) as total conditional grants, generate Kshs.3.2 billion (27.1 per cent) from own sources of revenue, and a cash balance of Kshs.5.69 billion (27.1 per cent) from FY 2019/20. The County also expected to receive Kshs.14.89 million (0.07 per cent) as "other revenues" not contained in the CARA, 2020. The "Other revenues" consist of Kshs.197.4 million (0.9 per cent) carried forward as A-I-A from the previous year

3.32.2 Revenue Performance

In FY 2020/21, the County received Kshs.10.48 billion as the equitable share of the revenue raised nationally, Kshs.1.54 billion as conditional grants, raised Kshs.2.83 billion as own-source revenue, and had a cash balance of Kshs.5.69 billion from FY 2019/20 and Kshs.197.4 million in A-I-A account. In the period, the county also received Kshs.14.89 for 'compensation of workers injury claims'. The total funds available for budget implementation during the period amounted to Kshs.20.75 billion, as shown in Table 3.173.

Table 3.173: Nakuru County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,476,150,000	10,476,150,000	10,476,150,000	100.00
B. Conditional Grants from the National Government Revenue					
1	Conditional Grants to Level-5 Hospitals	373,872,832	373,872,832	373,872,832	100%
2	Compensation for User Fee Foregone	38,723,265	38,723,265	38,723,265	100%
3	Leasing of Medical Equipment	131,914,894	132,021,277.00	-	0%
4	Road Maintenance Fuel Levy Fund	297,372,469	290,544,581	145,272,291	50%
5	Rehabilitation of Village Polytechnics	63,063,298	66,289,894	66,289,894	100%
Sub Total		904,946,758	901,451,849	624,158,281	69%
C. Loans and Grants from Development Partners					
1	Transforming Health systems for Universal care Project (WB)	95,036,351	40,080,000	37,076,450	93%
2	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	140,435,163	201,868,449	201,067,363	100%
3	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	60,282,958	45,000,000	-	-
4	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Institutional Grants (UIG)	-	-	48,426,849	-
5	DANIDA Grant	31,083,750	29,790,000	29,790,000	100%
6	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	21,983,635	14,171,667	11,475,214	80.97%
7	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Institutional Grants (UIG)	1,084,843,300	-	589,950,941	-
Sub Total		1,433,665,157	491,121,958	917,786,817.70	187%
D. Other Sources of Revenue					
1	Own Source Revenue	-	1,800,000,000	1,628,821,537	90%
2	Balance b/f from FY 2019/20	-	5,690,162,635	5,690,162,635	100%

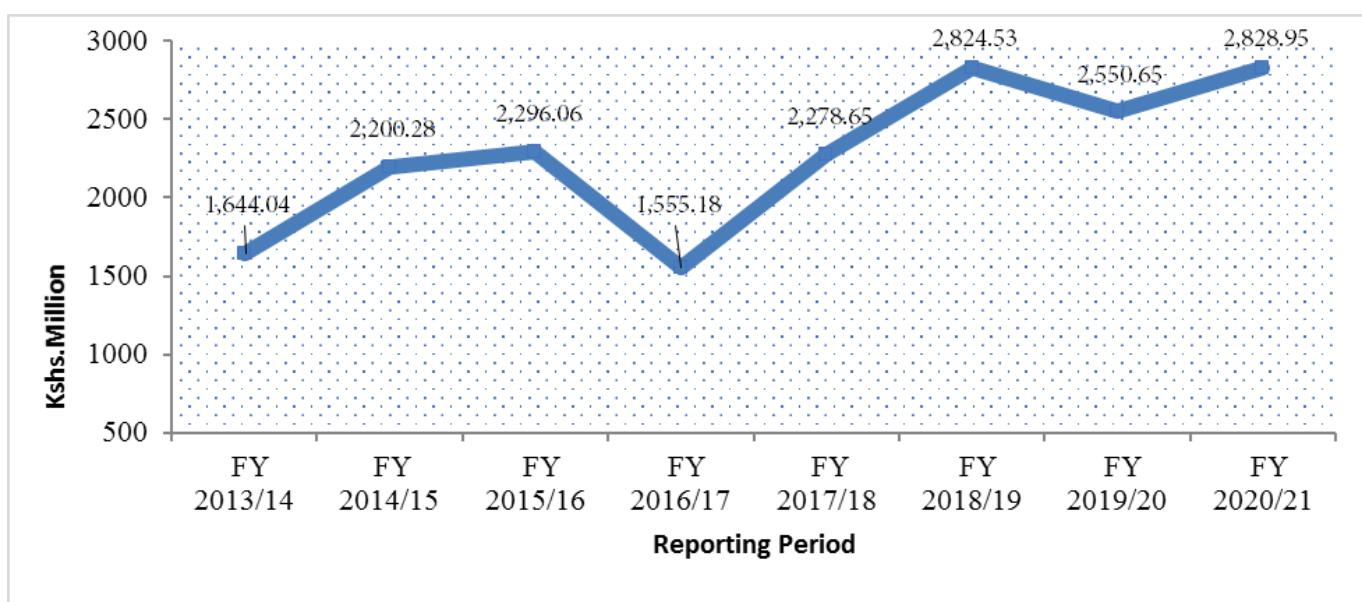
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Per- centage of Annual Al- location (%)
3	Other Revenues (Balance in FIF Ac- count)	-	197,404,907	197,404,907	100%
4	A-I-A	-	1,400,000,000	1,200,123,477	86%
5	Work Injury Claims benefit	-	14,877,704	14,877,704	100%
Sub Total			9,102,445,246	8,731,390,260	96%
Grand Total		12,814,761,915	20,971,169,053	20,749,485,359	99%

Source: Nakuru County Treasury

The County recorded Kshs.589.95 million received under Kenya Urban Support Project, which was captured in the budget estimates.

Figure 3.62 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.62: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nakuru County Treasury

In FY 2020/21, the County generated Kshs.2.83 billion as own-source revenue. This amount represented an increase of 10.1 per cent compared to Kshs.2.55 billion realised during a similar period in FY 2019/20 and was 88.4 per cent of the annual target. The OSR is inclusive of Kshs.1.2 billion received as Appropriation in Aid (AIA).

3.32.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.13.21 billion from the CRF account during the reporting period. The amount comprised of Kshs.3.41 billion (32.7 per cent) for development programmes and Kshs.9.8 billion (67.3 per cent) for recurrent programmes.

3.32.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.13.88 billion on development and recurrent programmes. The expenditure represented 105 per cent of the total funds released by the COB and comprised of Kshs.4.88 billion and Kshs.9.0 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 48.3 per cent, while recurrent expenditure represented 82.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.435.02 million for development activities and Kshs.292.53 million for recurrent costs.

3.32.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.6.28 billion was spent on employee compensation, Kshs.2.72 billion on operations and maintenance, and Kshs.4.88 billion on development activities, as shown in Table 3.174.

Table 3.174: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	10,864,450,791	9,800,400,058	8,996,796,664	82.8
Compensation to Employees	6,982,850,893	6,302,082,249	6,277,777,447	89.9
Operations and Maintenance	3,881,599,898	3,498,317,809	2,719,019,218	70.0
Total Development Expenditure	10,106,718,263	3,414,963,552	4,882,504,263	48.3
Total	20,971,169,054	13,215,363,610	13,879,300,928	66.2

Source: Nakuru County Treasury

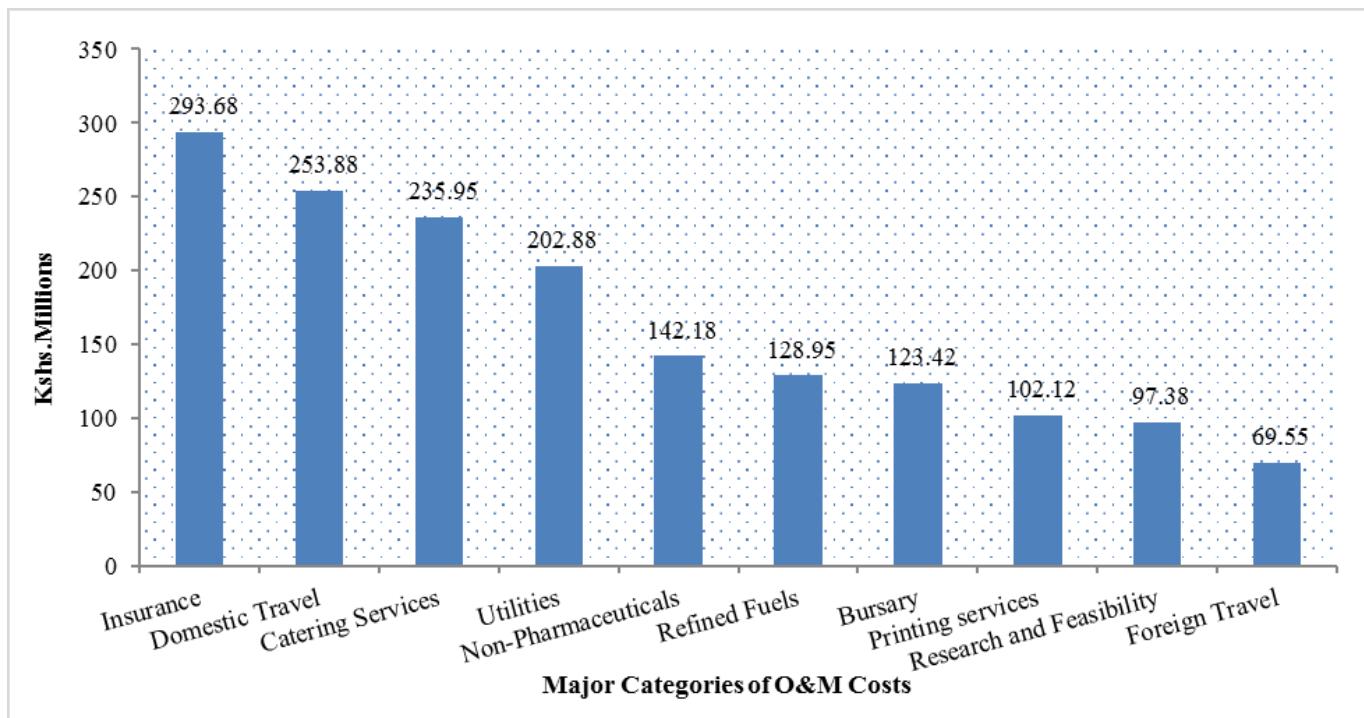
3.32.6 Expenditure on Personnel Emoluments

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 45.2 per cent of the total expenditure for the reporting period and 30.3 per cent of revenue.

3.32.7 Expenditure on Operations and Maintenance

Figure 3.63 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.63: Nakuru County, Operations and Maintenance Expenditure by Major Categories



Source: IFMIS Report

Analysis of expenditure reports indicates that the County spent Kshs.66.28 million on committee sitting allowances for the 79 MCAs and Speaker against the annual budget allocation of Kshs.69.78 million. The average monthly sitting allowance was Kshs.69,911 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.253.88 million and comprised Kshs.110.16 million spent by the County Assembly and Kshs.143.72 million by the County Executive. Expenditure on foreign travel amounted to Kshs.69.55 million and comprised Kshs.33.12 million by the County Assembly and Kshs.36.43 million by the County Executive.

3.32.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.201.07million to cater for COVID-19 related expenditure. A total of Kshs.174.68 million was spent during the reporting period, as shown in Table 3.175.

Table 3.175: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Construction of Inpatient and Outpatient Hospital in Maai Mahiu	154,528,397	130,119,995
2	Boards, Committee and Conference	1,980,000	56,250
3	Domestic Travel and Substance	6,000,000	6,000,000
4	Bank Charges	20,000	16,820
5	Dressings & Non-Pharm	30,000,000	30,000,000
6	Food and Ration	4,949,103	4,949,103
7	Purchase of Beddings and Linen	3,595,500	3,533,508
Total		201,073,000	174,675,676

Source: Nakuru County Treasury

3.32.9 Development Expenditure

The County incurred an expenditure of Kshs.4.88 billion on development programmes, which represented an increase of 18.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.4.11 billion. Table 3.176 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.176: Nakuru County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Budget Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
1	Construction of buildings - Outpatients complex (PGH)	Hq	650,000,000	502,546,582	77.3
2	Construction Of Non-Residential Building In Mlimani	Hq	67,353,902	67,353,902	100.0
3	Construction of County Treasury	Hq	500,000,000	95,780,684	19.2
4	Establishment of Sports Centre at Keringet (Phase 2)	Keringet	100,000,000	35,000,000	35.0
5	Construction of OPD at Naivasha Subcounty hospital - Counterpart funding	Naivasha	31,262,065	31,262,065	100.0
6	Purchase of medical and medical equipment (PGH)	Hq	44,627,168	25,975,310	58.2
7	Construction of Bus Park/Matatu terminus	hq	48,000,000	25,306,336	52.7
8	Construction of OPD at Olenguruone Subcounty hospital	Hq	200,000,000	24,726,944	12.4
9	Construction of ECD Centre of Excellence	Hq	23,466,339	20,696,906	88.2
10	Laying of water pipes in Kiamunyi / ngata bridge	Hq	20,000,000	19,975,041	99.9

Source: Nakuru County Treasury

3.32.10 Budget Performance by Department

Table 3.177 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.177: 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	993.22	271.19	992.82	116.82	976.29	116.82	98.3	100	98.3	43.1
Finance and Economic Planning	956.66	651.05	998.29	439.21	919.11	459.03	92.1	104.5	96.1	70.5
Public Service Training and Devotion	720.08	51.89	644.35	24.73	676.49	29.32	105.0	118.6	93.9	56.5
Agriculture, Livestock and Fisheries	469.8	511.48	450.48	366.66	454.99	386.01	101.0	105.3	96.8	75.5
Lands, Physical Planning and Housing	138.82	1,136.87	123.3	82.42	119.02	93.28	96.5	113.2	85.7	8.2
Office of the Governor and Deputy Governor	336.41	70.32	318.36	67.35	235.13	67.35	73.9	100.0	69.9	95.8
Education, ICT and E-Government	485.48	707.59	436.87	280.03	358.22	304.39	82.0	108.7	73.8	43.0
Trade, Industry Marketing and Tourism	143.28	257.05	128.03	105.55	126.02	149.51	98.4	141.6	88.0	58.2
Youth, Culture, Sports and Social Services	297.18	194.32	207.83	101.27	264.49	125.06	127.3	123.5	89.0	64.4
Infrastructure, Roads, Public Works and Transport	356.44	2,527.79	305.82	821.72	345.9	1,063.14	113.1	129.4	97.0	42.1
Environment, Water, Energy and Natural Resources	311.96	1,206.04	275.88	614.49	280.27	1,206.04	101.6	196.3	89.8	100.0
Health Services	5,529.39	1,576.68	4,840.12	404.87	4,158.83	405.76	85.9	100.2	75.2	25.7
CPSB	67.13	8.31	54.93	3.35	51.26	4.94	93.3	147.5	76.4	59.4
Nakuru Municipality	33.82	639.22	15.78	-	25.2	235.98	159.7	-	74.5	36.9
Naivasha Municipality	24.79	296.91	7.55	-	5.6	235.89	74.2	-	22.6	79.4
TOTAL	10,864.45	10,106.72	9,800.40	3,428.48	8,996.80	4,882.50	91.8	142.4	82.8	48.3

Source: Nakuru County Treasury

Analysis of expenditure by the Departments shows that the Department of Environment, Water, Energy and Natural Resources recorded the highest absorption rate of development budget at 100 per cent while the Department of Lands, Physical Planning and Housing report the lowest expenditure on development activities at 8.2 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 98.3 per cent, while the Department of Naivasha Municipality had the lowest at 22.6 per cent.

3.32.11 Budget Execution by Programmes and Sub-Programmes

Table 3.178 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.178: Nakuru County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
		85,224,456	78,850,787	6,373,669	92.5
Promotion of Dairy Production, Breeding and Disease Control	Promotion of Dairy Production, Breeding and Disease Control	79,200,456	74,350,887	4,849,569	93.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	Promotion of Value Addition of Livestock and Livestock Products	6,024,000	4,499,900	1,524,100	74.7
	Promotion of Non-ruminants and Emerging livestock Enterprises	-	-	-	-
	Promotion of Apiculture	-	-	-	-
		4,145,669	2,992,120	1,153,549	72.2
Aquaculture development	Aquaculture development	4,145,669	2,992,120	1,153,549	72.2
	Development of capture fisheries resources	-	-	-	-
	Fish quality assurance, value addition and marketing	-	-	-	-
		522,955,499	394,858,584	128,096,915	75.5
Extension, Research and Training	Extension, Research and Training	-	-	-	-
	Crop Production and Food Security	522,955,499	394,858,584	128,096,915	75.5
	Farm land utilisation, Conservation and Mechanisation	-	-	-	-
	Agribusiness Development and Marketing	-	-	-	-
		1,597,850,112	548,555,032	1,049,295,080	34.3
Administration Services	Administration Services	481,628,250	464,467,953	17,160,297	96.4
Infrastructure for Land	Infrastructure for Land	1,116,221,862	84,087,079	1,032,134,783	7.5
		21,240,000	16,393,965	4,846,035	77.2
Develop County Spatial Plan	Develop County Spatial Plan	15,850,000	13,783,812	2,066,188	87.0
	GIS Data Base creation	-	-	-	-
	Survey and Mapping	5,390,000	2,610,153	2,779,847	48.4
		2,582,443,421	1,126,918,482	1,455,524,939	43.6
Rehabilitation of Roads, Drainage and Bridges	Rehabilitation of Roads, Drainage and Bridges	2,534,843,421	1,084,721,858	1,450,121,563	42.8
	Rehabilitation and construction of Transport terminals	40,100,000	37,407,226	2,692,774	93.3
	Design, Supervision and Rehabilitation of County Buildings	2,750,000	2,032,220	717,780	73.9
	Firefighting and Emergency Services	4,750,000	2,757,179	1,992,821	58.0
		123,050,000	128,561,120	(5,511,120)	104.5
Installation, Maintenance and Rehabilitation of lighting	Installation, Maintenance and Rehabilitation of lighting	123,050,000	128,561,120	(5,511,120)	104.5
		398,570,038	297,833,969	100,736,069	74.7
Administration & Personnel	Administration & Personnel	398,570,038	297,833,969	100,736,069	74.7
	System Support	-	-	-	-
		13,989,625	4,817,956	9,171,669	34.4
Functional & Technical Support Centre-Help Desk	Functional & Technical Support Centre-Help Desk	13,989,625	4,817,956	9,171,669	34.4
		16,050,000	3,743,275	12,306,725	23.3
Networking Infrastructure	Networking Infrastructure	16,050,000	3,743,275	12,306,725	23.3
	Hardware & Software Platforms	-	-	-	-
		-	-	-	-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration and Support Services	Administration and Support Services	-	-	-	-
		12,000,000	-	12,000,000	-
Construction & Maintenance of Non Residential County Buildings	Construction & Maintenance of Non Residential County Buildings	10,000,000	-	10,000,000	-
	Installation, Rehabilitation & Maintenance of Lighting Facilities	2,000,000	-	2,000,000	-
		-	-	-	-
Fire Fighting	Fire Fighting	-	-	-	-
		-	-	-	-
E-Government Services	E-Government Services	-	-	-	-
		10,000,000	4,611,924	5,388,076	46.1
Education Developments	Education Developments	10,000,000	4,611,924	5,388,076	46.1
		86,152,126	81,695,175	4,456,951	94.8
Revitalisation of Youth Programme	Revitalisation of Youth Programme	86,152,126	81,695,175	4,456,951	94.8
		105,097,407	91,174,453	13,922,954	86.8
Administration Services	Administration Services	105,097,407	91,174,453	13,922,954	86.8
		13,327,500	12,081,320	1,246,180	90.6
Enhance Marketing Co-operatives	Enhance Marketing Co-operatives	13,327,500	12,081,320	1,246,180	90.6
	SACCO members' empowerment	-	-	-	-
		8,697,500	7,324,621	1,372,879	84.2
Business Development Services for MSE's	Business Development Services for MSE's	7,292,500	6,120,207	1,172,293	83.9
	Producer Business Groups	-	-	-	-
	Consumer protection	1,405,000	1,204,414	200,586	85.7
		271,100,279	162,966,172	108,134,107	60.1
Rehabilitation of existing markets	Rehabilitation of existing markets	271,100,279	161,472,916	109,627,363	59.6
	Development of Retail and Wholesale Market in Nakuru	-	1,493,256	(1,493,256)	-
		2,105,592	1,979,995	125,597	94.0
Establish & Management of County Tourism Information Centre	Establish & Management of County Tourism Information Centre	2,105,592	1,979,995	125,597	94.0
		481,047,580	260,623,067	220,424,514	54.2
Community Health Strategy	Community Health Strategy	-	-	-	-
	Environmental Health and Sanitation Program	1,000,000	960,000	40,000	96.0
	Health Promotive Services	480,047,580	259,663,067	220,384,514	54.1
		2,653,415,542	532,828,373	2,120,587,169	20.1
Provision of Essential Health Services in all the Levels.	Provision of Essential Health Services in all the Levels.	2,653,415,542	532,828,373	2,120,587,169	20.1
		3,971,599,462	3,771,135,523	200,463,940	95.0
Health Infrastructure Development	Health Infrastructure Development	2,000,000	-	2,000,000	-
	Human Resources for health	3,969,599,462	3,771,135,523	198,463,940	95.0
	Research and Development	-	-	-	-
		898,689,692	416,354,812	482,334,881	46.3

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration	Administration	898,689,692	416,354,812	482,334,881	46.3
		220,837,560	210,287,594	10,549,966	95.2
Promotion of Early Childhood Education	Promotion of Early Childhood Education	144,940,235	135,008,007	9,932,228	93.1
	Bursaries	-	-	-	-
	Promotion of Quality Youth Empowerment	75,897,325	75,279,587	617,738	99.2
		10,414,075	2,696,920	7,717,155	25.9
Education Emergency Kitty	Education Emergency Kitty	10,414,075	2,696,920	7,717,155	25.9
		35,000,000	35,831,814	(831,814)	102.4
Infrastructure Improvement	Infrastructure Improvement	35,000,000	35,831,814	(831,814)	102.4
		78,668,683	71,087,311	7,581,372	90.4
ICT Infrastructure and Connectivity	ICT Infrastructure and Connectivity	78,668,683	71,087,311	7,581,372	90.4
		536,089,209	327,134,042	208,955,166	61.0
Budget Formulation Co-ordination and management	Budget Formulation Coordination and management	58,337,349	52,904,775	5,432,574	90.7
	Resource Mobilization	78,479,717	65,572,716	12,907,001	83.6
	Internal Audit	36,189,523	35,660,900	528,623	98.5
	Procurement	14,110,497	13,630,709	479,788	96.6
	Public finance and Accounting	17,669,300	16,422,393	1,246,907	92.9
	Debt Management	331,302,823	142,942,549	188,360,273	43.1
		212,811,833	209,250,159	3,561,674	98.3
Fiscal Planning	Fiscal Planning	205,356,477	201,919,790	3,436,687	98.3
Monitoring & Evaluation /Statistical Data Management	Monitoring & Evaluation /Statistical Data Management	7,455,356	7,330,369	124,987	98.3
		1,607,344,534	1,535,227,577	72,116,957	95.5
Administration Services	Administration Services	1,607,344,534	1,535,227,577	72,116,957	95.5
	Financial Services	-	-	-	-
	Coordination of Public and Special Community Programmes	-	-	-	-
	ICT Support Services	-	-	-	-
		77,622,304	51,491,505	26,130,799	66.3
Legal Service to County Government & Public	Legal Service to County Government & Public	25,734,015	22,169,364	3,564,651	86.1
	Rehabilitation of Sub-County Offices	51,888,289	29,322,141	22,566,148	56.5
		21,250,000	17,038,173	4,211,828	80.2
Public Sector Management	Public Sector Management	21,250,000	17,038,173	4,211,828	80.2
		624,795,160	308,883,083	315,912,077	49.4
Procedures and Committee Services	Procedures and Committee Services	624,795,160	308,883,083	315,912,077	49.4
	County Ward Offices	-	-	-	-
	Hansard Services	-	-	-	-
		639,613,366	286,090,004	353,523,362	44.7
Finance and Budget	Finance and Budget	639,613,366	286,090,004	353,523,362	44.7
		278,727,434	248,011,708	30,715,726	89.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
Administration and Coordination of County Affairs	Administration and Coordination of County Affairs	278,727,434	248,011,708	30,715,726	89.0
		33,022,400	24,948,625	8,073,775	75.6
County Planning and Development Coordination Services	County Planning and Development Coordination Services	-	-	-	-
	Organisation of County Business	33,022,400	24,948,625	8,073,775	75.6
		94,976,716	29,522,615	65,454,101	31.1
Economic, Social and Political Advisory Services	Economic, Social and Political Advisory Services	94,976,716	29,522,615	65,454,101	31.1
		280,984,636	255,765,798	25,218,838	91.0
Administration	Administration	280,984,636	255,765,798	25,218,838	91.0
		16,244,014	14,113,220	2,130,794	86.9
Pollution Control & Monitoring	Pollution Control & Monitoring	16,244,014	14,113,220	2,130,794	86.9
		5,535,000	3,778,566	1,756,434	68.3
Forest Resources Management & Climate Change	Forest Resources Management & Climate Change	5,535,000	3,778,566	1,756,434	68.3
		1,205,230,075	642,758,908	562,471,167	53.3
Water Provision & Drilling of Boreholes	Water Provision & Drilling of Boreholes	1,205,230,075	642,758,908	562,471,167	53.3
	Water Resources & Sewerage Services	-	-	-	-
		25,561,890	11,642,146	13,919,744	45.5
Rehabilitation of Council Houses	Rehabilitation of Council Houses	20,561,890	11,642,146	8,919,744	56.6
Housing Technology Transfer	Housing Technology Transfer	5,000,000	-	5,000,000	-
		82,940,000	77,463,700	5,476,300	93.4
Cultural Development Services	Cultural Development Services	-	-	-	-
	Promotion of Culture, Arts and Talents	11,180,000	9,460,226	1,719,774	84.6
	Social Development Programs	33,880,000	32,272,818	1,607,182	95.3
	Rehabilitation of Social Halls, Libraries, Parks and Academies	37,880,000	35,730,656	2,149,344	94.3
		-	-	-	-
Rehabilitation of Stadia	Rehabilitation of Stadia	-	-	-	-
		10,000,000	4,997,450	5,002,550	50.0
Strategic Project Monitoring and intervention(Ending Drought Emer	Strategic Project Monitoring and intervention(Ending Drought Emer	10,000,000	4,997,450	5,002,550	50.0
		-	-	-	-
Electric Fence Installation Initiative	Electric Fence Installation Initiative	-	-	-	-
	Grand Total	19,976,420,389	12,314,321,641	7,662,098,747	61.6

Source: IFMIS Report

The top three programmes with the highest levels of absorption rates were: Rehabilitation of Roads, Drainage and Bridges in the Department of Infrastructure at 104 per cent, Infrastructure Improvement in the Department of Education, ICT and E-Government 102 per cent and Promotion of Early Childhood Education in the Department of Education, ICT and Early Childhood at 99.3 per cent of budget allocation.

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 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 County did not submit complete financial information, and this report was primarily based on IFMIS downloaded reports.
2. Low absorption of development funds as indicated by the expenditure of Kshs.4.88 billion in FY 2020/21 from the annual development budget allocation of Kshs.10.11 billion. The development expenditure represented 48.3 per cent of the annual development budget.
3. A high wage bill, which accounted for 45.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. Variances between budget amounts between the report on Budget Execution by Programmes and Sub-programmes of Kshs.19.98 billion compared with the Appropriation Act of Kshs.20.97 billion.
5. High expenditure on local travel at Kshs.253.88 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending..

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County should ensure the integrity of budget implementation systems is enhanced through implementation of effective budgetary controls.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure*

3.33 County Government of Nandi

3.33.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 was Kshs.7.61 billion, comprising Kshs.5.02 billion (66 per cent) and Kshs.2.59 billion (34 per cent) allocations for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.38 billion (70.7 per cent) being the equitable share of revenue raised nationally, Kshs.811.70 million (10.7 per cent) as total conditional grants, generate Kshs.405.41 million (5.3 per cent) from own sources of revenue, and the cash balance of Kshs.1.01 billion (13.3 per cent) from FY 2019/20.

3.33.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.38 billion as the equitable share of the revenue raised nationally, Kshs.547.05 million as conditional grants, raised Kshs.261.04 million as own-source revenue, and had a cash balance of Kshs.460 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.65 billion as shown in Table 3.179.

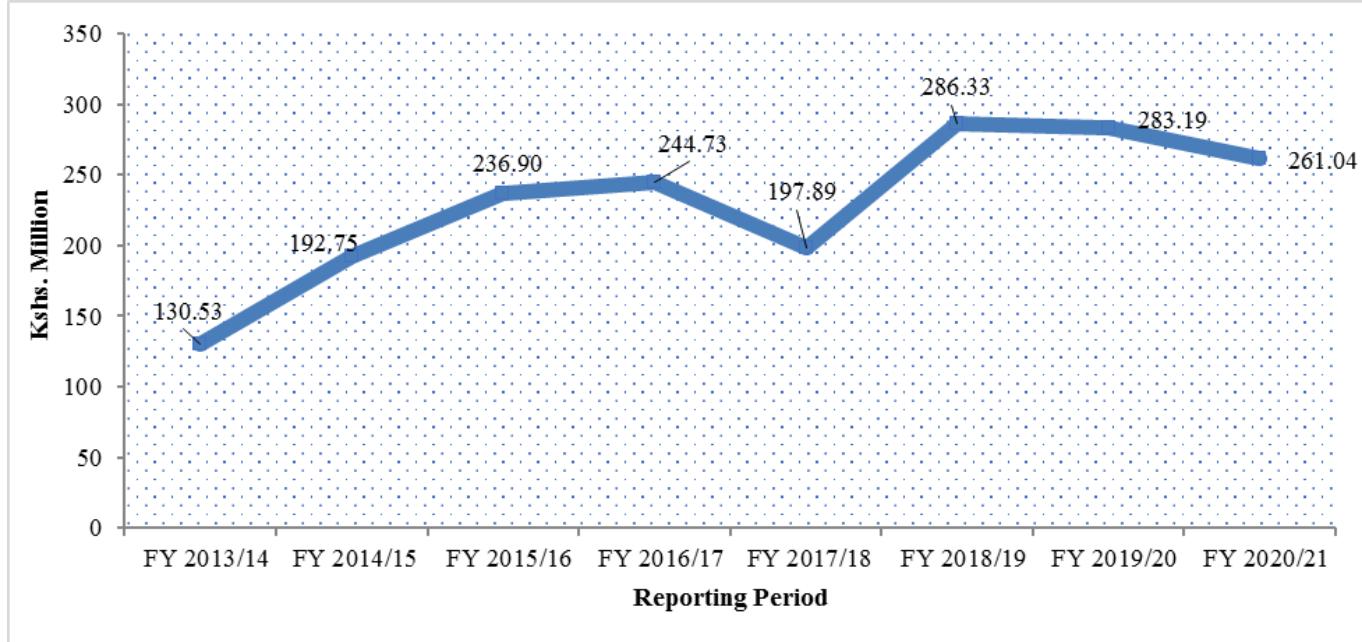
Table 3.179: Nandi County, Revenue Performance in FY 2020/21

S/No.	Revenue	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,348,850,000	5,380,500,000	5,380,500,000	100
B.	Conditional Grants from the National Government				
4.	Compensation for User Fee Foregone	18,086,363	18,086,363	18,086,363	100
4.	Leasing of Medical Equipment	132,021,277	-	-	-
5.	Road Maintenance Fuel Levy Fund	160,365,516	160,365,516	160,365,516	100
6.	Rehabilitation of Village Polytechnics	27,919,894	27,919,894	27,919,894	100
Sub Total		338,393,050	206,371,773	206,371,773	100
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	102,150,272	102,150,272	101,887,700	99.7
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	197,907,900	197,907,900	197,907,900	100
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	75,000,000	100
4.	DANIDA Grant	15,210,000	21,195,000	21,195,000	100
5.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,838,123	12,838,123	12,338,925	96.1
6.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	-	126,762,988	97,145,818	76.6
7.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	8,800,000	8,800,000	100
8.	EU-Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	60,669,094	60,669,094	-	-
Sub Total		433,775,389	469,760,389	340,674,302	72.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	405,408,260	261,039,027	64.4
2.	Balance b/f from FY 2019/20	-	1,013,914,458	460,001,100	45.4
Sub Total		-	1,419,322,718	721,040,127	50.8
Grand Total		6,121,018,439	7,611,517,868	6,648,586,202	87.3

Source: Nandi County Treasury

Figure 3.64 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.64: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nandi County Treasury

In FY 2020/21, the County generated Kshs.261.04 million as own-source revenue. This amount represented a decrease of 8.5 per cent compared to Kshs.283.19 million realised during a similar period in FY 2019/20 and was 64.4 per cent of the annual target.

3.33.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.36 billion from the CRF account during the reporting period. The amount comprised Kshs.1.41 billion (22.2 per cent) for development programmes and Kshs.4.95 billion (77.8 per cent) for recurrent programmes.

The County received late exchequer releases whereby a total of Kshs.642.73 million, comprising of Kshs.521.88 million and Kshs.120.85 million for recurrent and development votes, respectively, were received in June 2021 as tabulated below;

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
1.	COB/NDI/001/40(6)	2,693,578	
2.	COB/NDI/001/40(7)	21,660,249	
3.	COB/NDI/001/40(6)	35,630,793	
4.	COB/NDI/001/40(10)	30,009,024	
5.	COB/NDI/001/40		70,211,990
6.	COB/NDI/001/40(11)	5,209,513	
7.	COB/NDI/001/41(1)	2,693,578	
8.	COB/NDI/001/41(5)		6,500,000
9.	COB/NDI/001/41(10)	13,530,213	
10.	COB/NDI/001/41(7)	18,086,363	
11.	COB/NDI/001/41(3)	19,319,970	
12.	COB/NDI/001/41(6)		30,000,000
13.	COB/NDI/001/41(11)	286,695,898	
14.	COB/NDI/001/41(4)		174,804
15.	COB/NDI/001/41(12)	6,000,000	
16.	COB/NDI/001/41(13)		13,959,947
17.	COB/NDI/001/41(09)	80,346,232	
Total		521,875,411	120,846,741

The releases received in June 2021 consisted of 10.1 per cent of the total exchequer issues for the financial year. Late exchequer releases may have resulted in low absorption of budget and could have also negatively impacted service delivery to citizens.

3.33.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.6.9 billion on development and recurrent programmes. The expenditure represented 109.4 per cent of the total funds released by the COB and comprised of Kshs.1.92 billion and Kshs.5.04 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 74.3 per cent, while recurrent expenditure represented 100.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.517.59 million for development activities and Kshs.254.57 million for recurrent costs.

3.33.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.90 billion was spent on employee compensation, Kshs.1.14 billion on operations and maintenance, and Kshs.1.92 billion on development activities, as shown in Table 3.180.

Table 3.180: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,022,021,592	4,951,483,847	5,034,255,869	100.2
Compensation to Employees	3,845,956,683	3,699,058,524	3,895,154,949	101.3
Operations and Maintenance	1,176,064,909	1,252,425,323	1,139,100,922	96.9
Total Development Expenditure	2,589,496,276	1,409,723,996	1,922,800,093	74.3
Development Expenditure	2,589,496,276	1,409,723,996	1,922,800,093	74.3
Total	7,611,517,868	6,391,207,843	6,957,055,964	91.4

Source: Nandi County Treasury

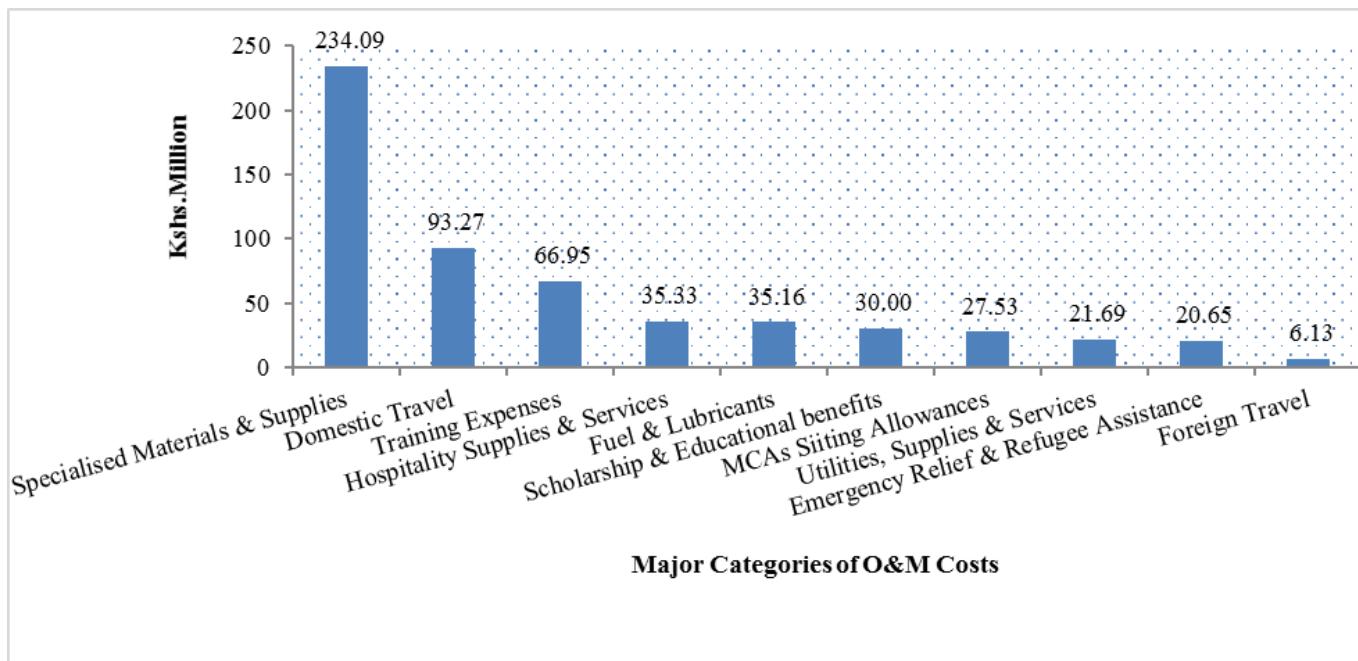
3.33.6 Expenditure on Personnel Emoluments

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 56 per cent of the total expenditure for the reporting period and 57.4 per cent of revenue.

3.33.7 Expenditure on Operations and Maintenance

Figure 3.65 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.65: Nandi County, Operations and Maintenance Expenditure by Major Categories



Source: Nandi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.27.53 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.57,347 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.93.27 million and comprised Kshs.59.02 million spent by the County Assembly and Kshs.34.25 million by the County Executive. Expenditure on foreign travel amounted to Kshs.6.13 million and comprised of nil by the County Assembly and Kshs.6.13 million by the County Executive.

3.33.8 COVID-19 Expenditure

A total of Kshs.224.99 million was spent during the reporting period on COVID related activities, as shown in Table 3.181.

Table 3.181: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.06.2021 (Kshs)
1.	Training and allowances for health care workers	82,567,283	77,443,747
2.	Purchase of ICU Beds and Medical Equipment	136,442,644	122,492,290
3.	Level I and II Grants	5,985,000	5,985,000
Total		224,994,927	224,994,927

Source: Nandi County Treasury

3.33.9 Development Expenditure

The County incurred an expenditure of Kshs.1.92 billion on development programmes, which represented an increase of 47.3 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.31 billion. Table 3.182 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.182: Nandi County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Hire of Machinery	County Wide	107,000,000	106,234,878	99.3

S>No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expen- diture (Kshs.)	Absorption Rate (%)
2	Construction of ECDE	County Wide	51,856,483	50,500,469	97.4
3	Supply of Fuel	County Wide	45,000,000	43,545,295	96.8
4	Construction of Water Projects	County Wide	95,000,000	89,689,998	94.4
5	Spot Improvement of Roads	County Wide	160,365,516	148,913,839	92.9
6	Supply of Semen	County Wide	10,000,000	9,000,000	90.0
7	Construction of Cooling Plants	County Wide	36,898,973	33,026,427	89.5
8	Renovation and Repair of Cattle Dips	County Wide	10,000,000	8,607,687	86.1
9	Construction and Renovation of Dispensaries	County Wide	292,772,918	110,559,718	37.8
10	Construction of MCRH	Kapsabet	119,996,289	42,874,138	35.0

Source: Nandi County Treasury

3.33.10 Budget Performance by Department

Table 3.183 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.183: 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	332.98	30.00	332.94	-	326.32	2.88	98.0	-	98.0	9.6
Finance and Economic Planning	407.38	10.00	404.35	4.98	404.15	8.89	100	178.6	99.2	88.9
Devolved Units and Special programmes	474.47	191.35	472.50	5.50	470.91	161.82	99.7	2,944.2	99.3	84.6
Health and Sanitation	2,307.86	462.77	2,307.59	258.33	2,383.87	341.86	103.3	132.3	103.3	73.9
Agriculture, Livestock and Fisheries	287.32	521.46	286.04	426.77	282.21	427.31	98.7	100.1	98.2	81.9
Tourism, Culture and Co-operative Development	32.57	32.90	32.22	12.06	30.33	10.96	94.2	90.9	93.1	33.3
Youth, Gender and Social Services	86.43	73.90	86.39	23.78	84.85	11.29	98.2	47.5	98.2	15.3
Education Research and Vocational Training	213.67	196.29	198.40	131.30	210.80	143.82	106.3	109.5	98.7	73.3
Lands, Environment and Natural Resources	68.19	423.44	67.53	206.41	65.50	161.04	97.0	78.0	96.1	38.0
Roads, Transport and Public Works	95.09	443.99	93.54	253.62	95.36	456.19	101.9	179.9	100.3	102.7
Trade and Industrial Development	39.95	103.40	37.59	28.65	37.78	37.85	100.5	132.1	94.6	36.6
Public Service and Labour	26.34	-	24.36	-	24.21	-	99.3	-	91.9	-
County Assembly	649.76	100.00	608.02	58.34	617.96	158.88	101.6	272.3	95.1	158.9
Grand Total	5,022.02	2,589.50	4,951.48	1,409.72	5,034.26	1,922.80	101.7	136.4	100.2	74.3

Source: Nandi County Treasury

Analysis of expenditure by the Departments shows that the County Assembly recorded the highest absorption rate of development budget at 158.9 per cent while the Department of County Executive reported the lowest expenditure

on development activities at 9.6 per cent. The Department of Health and sanitation had the highest percentage of recurrent expenditure to budget at 103.3 per cent, while the Department of Public Service and Labour had the lowest at 91.9 per cent. The reported absorption rate above 100 per cent indicates weak internal controls and use of revenue at source in disregard of the law.

3.33.11 Budget Execution by Programmes and Sub-Programmes

Table 3.184 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.184: Nandi County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Bud- get (Ksh)	Actual Pay- ments (Ksh)	Variance	Absorp- tion (%)
County Executive					
General Administration and Planning	General Administration and Planning	332,983,927	326,315,702	6,668,225	98.0
	Sub total	332,983,927	326,215,702	6,668,225	98.0
Physical Infrastructure	Construction of Governor's Offices	30,000,000	2,883,493	27,116,507	9.6
	Subtotal	30,000,000	2,883,493	27,116,507	9.6
Finance and Economic Planning					
General Administration and Planning	General Administration and Planning	407,381,387	404,152,600	3,228,787	99.2
	Subtotal	407,381,387	404,152,600	3,228,787	99.2
Revenue Enhancement and Infrastructure	Revenue Collection and Management Phase 1	10,000,000	8,894,054	1,105,946	88.9
	Subtotal	10,000,000	8,894,054	1,105,946	88.9
Devolved Units and Special Programmes					
Administration and Support of Human Resources	Administrative Support Services	460,971,378	456,713,353	4,258,025	99.1
	ICT Support Services	13,500,000	14,200,000	(700,000)	105.2
	Sub total	474,471,378	470,913,353	3,558,025	99.3
County Administrative Services	Urban Planning, Investment and Research	191,346,920	161,823,737	29,523,183	84.6
	Sub total	191,346,920	161,823,737	29,523,183	84.6
Health and Sanitation					
Health Service Delivery Administration Services	Health Service Delivery Administration Services	1,897,509,456	1,941,158,192	(43,648,736)	102.3
	Construction of building	335,976,629	222,821,778	113,154,851	66.3
	Sub total	2,233,486,085	2,163,979,970	69,506,115	96.9
Preventive & Promotive Health Services	Community Health Services	391,537,664	421,410,481	(29,872,817)	107.6
	Sub total	391,537,664	421,410,481	(29,872,817)	107.6
Curative Health Services	Curative Health Management Services	126,796,289	119,034,979	7,761,310	93.9
	Sub total	126,796,289	119,034,979	7,761,310	93.9
Health Sector Programme Support (DANIDA FUNDS)	County Health Facilities Support (DANIDA)	18,808,500	21,301,340	(2,492,840)	113.3
	Sub total	18,808,500	21,301,340	(2,492,840)	113.3
Agriculture, Livestock and Fisheries					
Administration and general support services	Administration and support services	287,319,034	282,207,128	5,111,906	98.2
	Sub total	287,319,034	282,207,128	5,111,906	98.2
Crop Development and Management	Land and Crops Development	232,246,023	163,805,955	68,440,068	70.5
	Sub total	232,246,023	163,805,955	68,440,068	70.5
Livestock Resources Management and Development	Livestock Production and Management	289,214,130	263,505,338	25,708,792	91.1
	Sub total	289,214,130	263,505,338	25,708,792	91.1

Programme	Sub- Programme	Approved Bud- get (Ksh)	Actual Pay- ments (Ksh)	Variance	Absorp- tion (%)
Tourism, Culture and Cooperative Development					
General Administration and Planning	General Administration and Planning	32,574,072	30,332,727	2,241,345	93.1
	Sub total	32,574,072	30,332,727	2,241,345	93.1
Culture	Development and Promotion of Culture	32,898,000	10,955,718	21,942,282	33.3
	Sub total	32,898,000	10,942,282	21,942,282	33.3
Youth, Gender and Social Services					
General Administration and Planning	General Administration and Planning	86,425,001	84,854,578	1,570,423	98.2
	Sub total	86,425,001	84,854,578	1,570,423	98.2
Sports Development	Sports Activities and Programs	73,902,912	11,294,800	62,608,112	15.3
	Sub total	73,902,912	11,294,800	62,608,112	15.3
Education, Research and Vocational Training					
General Administration and Planning	General Administration and Planning	213,674,617	209,503,624	4,170,993	98.0
	Sub total	213,674,617	209,503,624	4,170,993	98.0
Education	Early Child Development and Education.	161,868,483	118,526,402	43,342,081	73.2
	Sub total	161,868,483	118,526,402	43,342,081	73.2
Youth Training and Development	Revitalization of Youth Polytechnics	34,419,894	26,597,050	7,822,844	77.3
	Sub total	34,419,894	26,597,050	7,822,844	77.3
Lands, Environment and Natural Resources					
General Administration and Planning	General Administration and Planning	68,189,811	65,499,488	2,690,323	96.1
	Sub total	68,189,811	65,499,488	2,690,323	96.1
Land Adjudication	Demarcation and Survey of Community Land	15,000,000	-	15,000,000	0.0
	Sub total	15,000,000	-	15,000,000	0.0
Environmental Conservation & Protection	Forests Protection and Conservation of Swamps and Wetlands	2,739,278	-	2,739,278	0.0
	Sub total	2,739,278	-	2,739,278	0.0
Water Supply	Development of Water Catchment Areas and Distribution of Water	405,696,934	161,041,431	244,655,503	39.7
	Sub total	405,696,934	161,041,431	244,655,503	39.7
Roads, Transport and Public Works					
General Administration and Planning	General Administration and Planning	95,094,019	95,361,527	(267,508)	100.3
	Sub total	95,094,019	95,361,527	(267,508)	100.3
Road Transport	Bridges and Foot Bridges	-	-	-	0.0
	Road-Works	443,993,552	456,185,893	(12,192,341)	102.7
	Sub total	443,993,552	456,185,893	(12,192,341)	102.7
Trade and Industrial Development					
General Administration and Planning	General Administration and Planning	39,948,285	37,779,383	2,168,902	94.6
	Sub total	39,948,285	37,779,383	2,168,902	94.6
Trade Development	Trade Development and Promotion	103,397,232	37,854,682	65,542,550	36.6
	Sub total	103,397,232	37,854,682	65,542,550	36.6
Public Service and Labour					

Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance	Absorption (%)
General Administration and Planning	General Administration and Planning	26,344,189	24,209,470	2,134,719	91.9
	Sub total	26,344,189	24,209,470	2,134,719	91.9
County Assembly					
General Administration and Support Services	Administration and support Services	100,000,000	158,875,283	(58,875,283)	158.9
	Sub total	100,000,000	158,875,283	(58,875,283)	158.9
County Assembly Service Board	Personnel services	649,760,252	617,955,778	31,804,474	95.1
	Sub total	649,760,252	617,955,778	31,804,474	95.1
Default- Non-Programmatic		-	14,734,328	-	
	Grand Total	7,611,517,868	6,957,055,964	654,461,904	91.4

Source: Nandi County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration and Support Services in the County Assembly at 158.9 per cent, Health Sector Program Support in the Department of Health and Sanitation at 113.3 per cent and Preventive and Promotive Health Services in the Department of Health and Sanitation at 107.7 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. A high wage bill, which accounted for 56 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.261.04 million against an annual projection of Kshs.405.41 million, representing 64.4 per cent of the annual target.
4. The County Treasury used revenue at source, and there was weak budgeting practice as shown in Table 3.183 and Table 3.184 where the County incurred expenditure above the approved budgetary allocations.
5. The County recorded high pending bills, which amounted to Kshs.517.58 million for development activities and Kshs.254.57 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should address its revenue performance to ensure the approved budget is fully financed.*
4. *The County Treasury should improve Vote book and budgetary control to ensure that expenditure is within the approved budget.*
5. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.34 County Government of Narok

3.34.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs11.66 billion, comprising Kshs.3.62 billion (31.1 per cent) and Kshs.8.04 billion (68.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.04 billion (68.9 per cent) as the equitable share of revenue raised nationally, Kshs.1.01 billion (8.7 per cent) as total conditional grants, generate Kshs.1.41 billion (12.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.21 billion (10.3 per cent) from FY 2019/20.

3.34.2 Revenue Performance

In FY 2020/21, the County received Kshs.8.04 billion as the equitable share of the revenue raised nationally, Kshs.814.95 million as conditional grants, raised Kshs.618.99 million as own-source revenue and a cash balance of 786.33 million. The total funds available for budget implementation during the period amounted to Kshs.10.26 billion, as shown in Table 3.185.

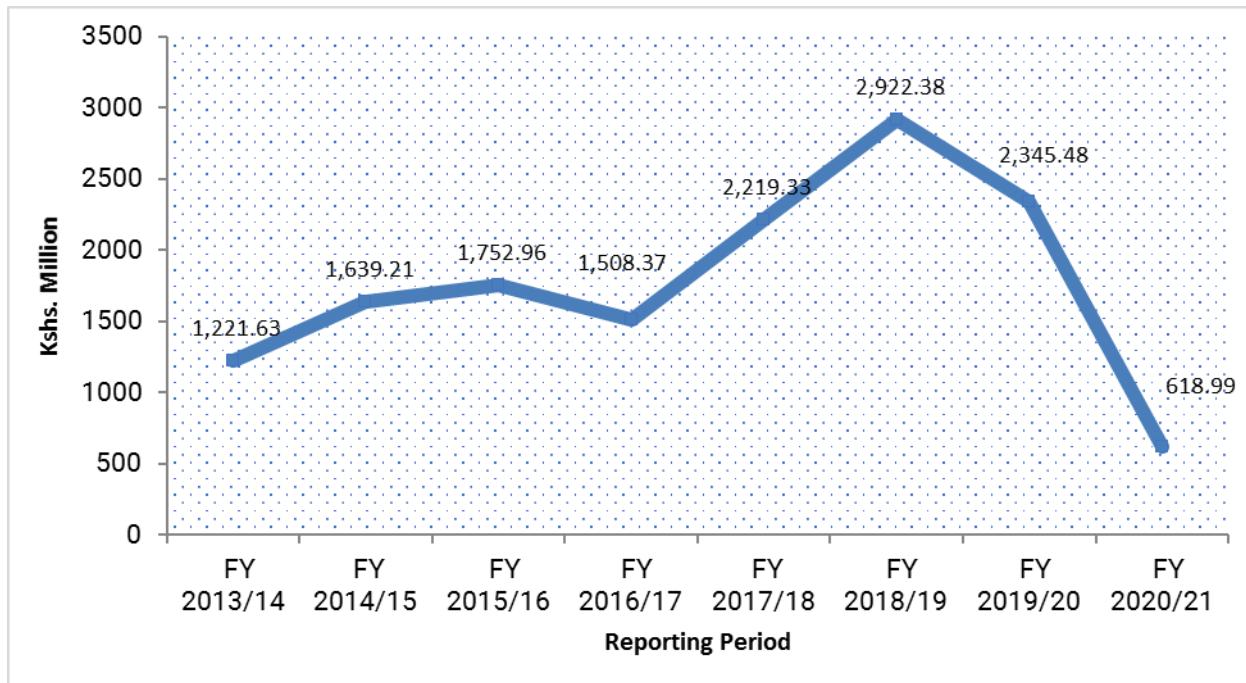
Table 3.185: Narok County, Revenue Performance in FY 2020/21

S/ No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nation-ally	8,039,100,000	8,039,100,000	8,039,100,000	100
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	20,595,297	20,595,297	20,595,297.00	100
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	
3.	Road Maintenance Fuel Levy Fund	212,248,477	212,248,477	212,248,476	100
4.	Rehabilitation of Village Polytechnics	16,084,894	16,084,894	16,084,894	100
Sub Total		380,949,945	380,949,945	248,928,667	65.3
C Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	104,265,416	104,265,416	99,867,138	95.8
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	218,575,646	218,575,646	203,753,689	93.2
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	74,500,000	74,500,000	41,499,481	55.7
5.	DANIDA Grant	22,860,000	22,860,000	22,860,000	100.0
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	141,000,000	141,000,000	141,844,646	100.6
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	26,757,319	26,757,319	11,196,359	41.8
Sub Total		632,958,381	632,958,381	566,021,313	89.4
D Other sources of Revenue					
1.	Own Source Revenue	3,133,923,503	1,405,874,324	618,992,783	44.0
2.	Balance b/f from FY 2019/20	-	1,206,748,632	786,326,346	65.2
Sub Total		3,133,923,503	2,612,622,956	1,405,319,129	53.8
Grand Total		12,186,931,829	11,665,631,282	10,259,369,109	87.9

Source: Narok County Treasury

Figure 3.66 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.66: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Narok County Treasury

In FY 2020/21, the County generated Kshs.618.99 million as own-source revenue. This amount represented a decrease of 73.6 per cent compared to Kshs.2.35 billion realised during a similar period in FY 2019/20 and is 44 per cent of the annual target. The significant drop was attributed to the COVID 19 pandemic, which affected the Tourism Sector.

3.34.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.37 billion from the CRF account during the reporting period. The amount comprised Kshs.1.66 billion (17.7 per cent) for development programmes and Kshs.7.71 billion (82.3 per cent) for recurrent programmes.

3.34.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.8.87 billion on development and recurrent programmes. The expenditure represented 94.7 per cent of the total funds released by the COB and comprised of Kshs.1.16 billion and Kshs.7.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 32.1 per cent, while recurrent expenditure represented 95.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.333.02 million for development activities and Kshs.813.77 million for recurrent costs.

3.34.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.99 billion was spent on employee compensation, Kshs.3.71 billion on operations and maintenance, and Kshs.1.16 billion on development activities, as shown in Table 3.186.

Table 3.186: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	8,042,735,397	7,711,932,991	7,709,737,619	95.9
Compensation to Employees	3,997,879,925	3,994,846,292	3,994,846,292	99.9

Operations and Maintenance	4,044,855,472	3,717,086,698	3,714,891,326	91.8
Total Development Expenditure	3,622,895,885	1,658,239,314	1,163,025,738	32.1
Total	11,665,631,282	9,370,172,304	8,872,763,357	76.1

Source: Narok County Treasury

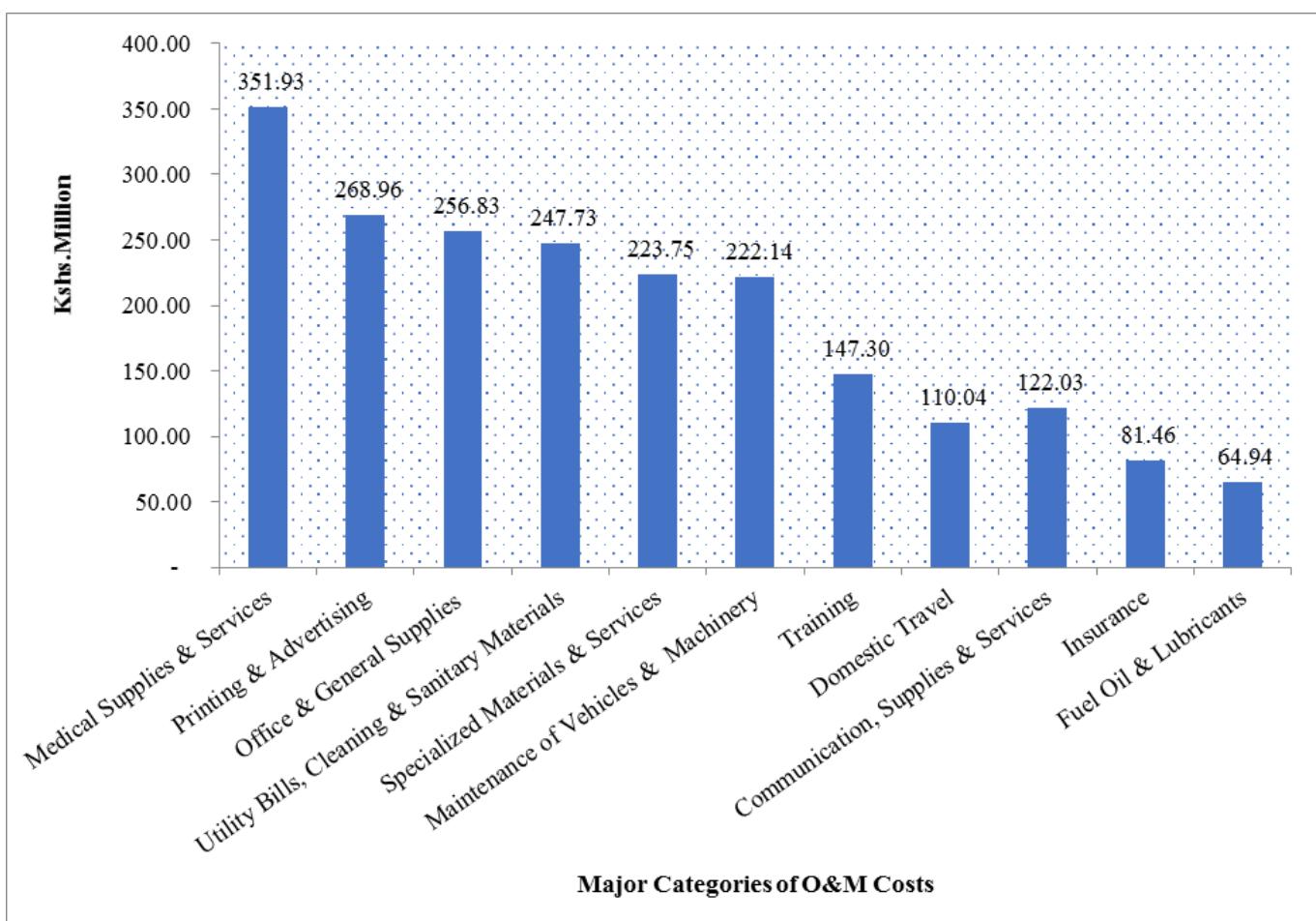
3.34.6 Expenditure on Personnel Emoluments

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 45 per cent of the total expenditure for the reporting period and 38.9 per cent of revenue.

3.34.7 Expenditure on Operations and Maintenance

Figure 3.67 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.67: Narok County, Operations and Maintenance Expenditure by Major Categories



Source: Narok County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.16.35 million on committee sitting allowances for the 47 MCAs and Speaker against the annual budget allocation of Kshs.58.81 million. The average monthly sitting allowance was Kshs.28,380 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.110.04 million and comprised Kshs 67.95 million spent by the County Assembly and Kshs.42.09 million by the County Executive. Spending on foreign travel amounted to Kshs.1.37 million by the County Executive.

3.34.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.111.98 million to cater for COVID-19 related expenditure. This amount included Kshs.0.52 million brought forward from FY 2019/20. A total of Kshs104.25 million was spent during the reporting period, as shown in Table 3.

Table 3.187: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.6.21 (Kshs)
1	Covid 19 recurrent expenditure	32,000,000
2	Construction of Narok County 300 beds Isolation Centre at Ololulunga phase 2	72,248,239
Total		104,248,239

Source: Narok County Treasury

3.34.9 Development Expenditure

The County incurred an expenditure of Kshs.1.16 billion on development programmes, which represented a decrease of 60 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.92 billion. Table 3.188 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.188: Narok County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of New Hospital Block And Mortuary	Narok North	558,795,432	258,798,139	46.3
2	Construction And Upgrading Of Lolgorian Health Center To A Standard Level 4 Hospital	Transmara West	160,353,602	144,252,036	90.0
3	Construction Of Ololulunga Isolation Ward(Phase 1)	Narok South	95,817,258	83,500,000	87.1
4	Construction Of Ololulunga Isolation Ward(Phase 2)	Narok South	99,655,497	75,446,026	75.7
5	Construction Of Narok Bus Terminal	Narok North	131,431,940	74,215,450	56.5
6	Construction Of Narok Medical School	Narok North	288,850,043	65,022,930	22.5
7	Construction Of 100 Beds In-Patient Wards At Nairegie Enkare	Narok East	48,678,281	39,373,238	80.9
8	Construction of Nairegie Enkare Market	Narok East	42,624,000	33,049,150	77.5
9	Construction of Mogor River Commercial Bridge	Narok South	32,560,000	32,560,000	100.0
10	Consultancy Services For Design Review and Construction Supervision (New Narok Hospital Block)	Narok North	33,527,726	26,199,723	78.1

Source: Narok County Treasury

3.34.10 Budget Performance by Department

Table 3.189 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.189: Narok 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	769.60	155.19	699.73	15.57	699.73	15.57	100	100	90.9	10.0
County Executive	131.98	-	121.98	-	121.98	-	100	-	92.4	-
Finance and Economic Planning	771.47	484.93	759.37	4.00	757.75	4.00	99.8	100	98.2	0.8
Transport, Public Works and Infrastructure	299.47	713.77	290.96	664.55	290.79	450.68	99.9	67.8	97.1	63.1
Education, Youth Affairs, Sports, Culture and Social Services	1,221.47	320.92	1,145.26	90.08	1,145.24	79.21	100	87.9	93.8	24.7
Environment and Natural Resources	230.66	105.02	230.66	2.00	230.56	2.00	100	100	100	1.9
County Public Service Board	86.10	-	84.60	-	84.51	-	99.9	-	98.2	-
Agriculture, Livestock and Fisheries	362.42	423.38	307.64	362.41	307.63	197.18	100	54.4	84.9	46.6
Health and Sanitation	2,555.20	1,078.72	2,491.43	451.12	2,491.43	359.85	100	79.8	97.5	33.4
Lands, Housing, Physical Planning and Urban Development	219.99	177.83	185.93	51.50	185.87	37.57	100	73.0	84.5	21.1
Tourism and Wildlife	386.13	77.04	386.13	15.00	386.01	14.96	100	99.7	100	19.4
Administration and Public Service Management	907.80	61.09	907.80	-	907.78	-	100	-	100	-
Trade and Industrialization	100.45	25.00	100.45	2.00	100.45	2.00	100	100	100	8.0
Total	8,042.74	3,622.90	7,711.93	1,658.24	7,709.74	1,163.03	100.0	70.1	95.9	32.1

Source: Narok County Treasury

Analysis of expenditure by Department shows that the Department of Transport Public Works and Infrastructure recorded the highest absorption rate of development budget at 63.1 per cent while the Department of Administration and Public Service Management did not report any expenditure on development activities. The Department of Trade and Industrialization had the highest percentage of recurrent expenditure to budget at 100 per cent while the Department of Lands, Housing, Physical Planning and Urban Development had the lowest at 84.5 per cent.

3.34.11 Budget Execution by Programmes and Sub-Programmes

Table 3.190 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.190: Narok County, Budget Execution by Programmes and Sub-programmes

Budget Execution by Programmes and Sub-Programmes						Absorption (%)
Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Pay- ments (Kshs.)	Variance (Kshs.)	
4610		Default - Non Programmatic	-	-	-	-
	-	Default - Non-Programmatic	-	-	-	-
102004610		Crop Development and management	553,861,483	358,096,208	195,765,275	64.7
	102024610	Crop Productivity Improvement	553,861,483	358,096,208	195,765,275	64.7
103004610		Livestock Resources management and development	202,857,360	145,107,066	57,750,294	71.5

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
	103014610	Livestock Pests & Disease Management & Control	69,290,914	46,869,120	22,421,794	67.6
	103074610	Livestock Information Management	133,566,446	98,237,946	35,328,500	73.5
104004610		Fisheries development and management	29,087,585	24,000,000	5,087,585	82.5
	104014610	Fish Products Production	29,087,585	24,000,000	5,087,585	82.5
105004610		Land Policy and Planning	50,166,386	30,000,675	20,165,711	59.8
	105014610	Development Planning and Land Reforms	50,166,386	30,000,675	20,165,711	59.8
106004610		Housing Development and Human Settlement	92,674,923	67,674,923	25,000,000	73.0
	106014610	Housing Development	92,674,923	67,674,923	25,000,000	73.0
107004610		Urban Mobility and Transport	254,978,815	125,773,575	129,205,240	49.3
	107014610	Metropolitan Planning & Infrastructure Development	254,978,815	125,773,575	129,205,240	49.3
201004610		Roads Transport and Public Works	1,013,238,278	741,470,748	271,767,530	73.2
	201014610	General Administration, Planning and Support Services	61,106,239	41,319,832	19,786,406	67.6
	201024610	Construction of Roads and Bridges	861,356,649	646,225,124	215,131,525	75.0
	201034610	Maintenance of Roads	90,775,391	53,925,792	36,849,599	59.4
202004610		ICT Services	49,383,299	23,115,513	26,267,786	46.8
	202014610	ICT Infrastructure Development	49,383,299	23,115,513	26,267,786	46.8
301004610		General Administration and Support Services	125,453,154	102,451,559	23,001,595	81.7
	301014610	Administrative Services	2,746,418	1,547,900	1,198,518	56.4
	301024610	Cooperative Development & Management	13,837,911	9,876,547	3,961,364	71.4
	301034610	Trade Development and Promotion	108,868,825	91,027,112	17,841,713	83.6
303004610		Tourism Development and Promotion	463,165,168	400,964,408	62,200,760	86.6
	303014610	Tourism Promotion and Marketing	463,165,168	400,964,408	62,200,760	86.6
401004610		Preventive &Promotive Health Services	1,078,720,000	544,958,269	533,761,731	50.5
	401014610	Health Promotion	1,078,720,000	544,958,269	533,761,731	50.5
402004610		Curative Health Services	372,824,470	364,735,480	8,088,990	97.8
	402014610	Referral Services	372,824,470	364,735,480	8,088,990	97.8
403004610		General Administration, Planning & Support Services	2,182,379,494	1,941,588,356	240,791,138	89.0

Budget Execution by Programmes and Sub-Programmes						
Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	
	403014610	Health Policy, Planning and Financing	2,182,379,494	1,941,588,356	240,791,138	89.0
502004610		Manpower Development, Employment and Productivity Management	1,287,518,129	1,064,328,532	223,189,598	82.7
	502014610	Early Child Development and Education	1,117,518,129	989,450,972	128,067,158	88.5
	502024610	Infrastructure Development and Expansion	170,000,000	74,877,560	95,122,440	44.0
701004610		General Administration, Planning and Support Services	1,611,509,797	992,292,958	619,216,839	61.6
	701014610	Administrative Services	663,244,364	375,568,042	287,676,322	56.6
	701044610	Coordination and Administrative Services	311,045,335	174,075,827	136,969,508	56.0
	701054610	Public service and Field Administrative Services	481,131,603	331,967,013	149,164,590	69.0
	701084610	Board Management Services	156,088,495	110,682,077	45,406,419	70.9
702004610		Public Finance Management	390,660,481	272,181,115	118,479,366	69.7
	702014610	Accounting services	29,680,654	20,309,000	9,371,654	68.4
	702024610	Resource Mobilization	167,716,912	114,059,019	53,657,893	68.0
	702034610	Budget Formulation, Coordination and Management	38,972,871	30,043,166	8,929,706	77.1
	702044610	Supply Chain Management Services	101,202,669	71,621,325	29,581,344	70.8
	702054610	Internal Audit Services	53,087,375	36,148,605	16,938,770	68.1
703004610		Economic Policy and County Planning	816,355,583	782,811,195	33,544,387	95.9
	703014610	Economic Planning Co-ordination	793,085,968	765,411,405	27,674,563	96.5
	703024610	Monitoring and Evaluation Services	23,269,615	17,399,790	5,869,825	74.8
704004610		Legislation and Representation	500,246,124	494,629,053	5,617,071	98.9
	704014610	Legislative Oversight	390,721,034	386,301,941	4,419,093	98.9
	704024610	County Co-ordination Services	104,174,547	103,623,040	551,508	99.5
	704034610	Research and Policy	5,350,543	4,704,072	646,471	87.9
901004610		Social Development and Children Services	254,876,402	164,022,440	90,853,962	64.4
	901014610	Gender and Youth Development	16,318,089	9,298,000	7,020,089	57.0
	901024610	Social Assistance to Vulnerable Groups	20,086,438	11,833,702	8,252,736	58.9
	901034610	Development and Promotion of culture	7,509,027	5,570,000	1,939,027	74.2
	901044610	Development and Management of sports facilities	130,000,000	92,000,698	37,999,302	70.8

Budget Execution by Programmes and Sub-Programmes					
Program	Sub Program	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)
	901064610	Voluntary Training Services	80,962,848	45,320,040	35,642,808
1002004610		Environment Management and Protection	335,674,353	232,561,283	103,113,069
	1002014610	Forests Conservation and Management	335,674,353	232,561,283	103,113,069
Grand Total		Grand Total	11,665,631,282	8,872,763,357	2,792,867,926
					76.1

Source: Narok County Treasury

The top three programmes with the highest levels of absorption rates were: Legislation and Representation in the County Assembly at 98.9 per cent followed by Curative Health Services in the Department of Health and Sanitation at 97.8 per cent, then Economic Policy and County Planning in the Department of Finance, Economic Planning and ICT Services at 95.8 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 budget implementation;

1. Late submission of the annual financial reports by the County Treasury to the Controller of Budget, which affected the timely preparation of this budget implementation report. The financial reports were submitted on 30th July 2021.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.16 billion in FY 2020/21 from the annual development budget allocation of Kshs.3.62 billion. The development expenditure represented 32.1 per cent of the annual development budget.
3. The underperformance of own-source revenue collection at Kshs.618.99 million against an annual projection of Kshs.1.41 billion, representing 44 per cent of the annual target. This implied that the County could not fully implement planned activities.
4. The County reported expenditure under the Bursary Fund and the Masai Mara Fund despite not requesting funds from the Budget's Controller towards these Funds. This would imply that the County spent funds at source or diverted funds from other activities.
5. The County recorded high pending bills, which amounted to Kshs.333.02 million for development activities and Kshs.813.77 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County should address its own-source revenue performance to finance the approved budget fully.*
4. *The County Treasury should apply approved funds to the intended purposes and also ensure that all own-source revenue is banked intact into the CRF according to Section 109 (2) of the PFM Act, 2012.*
5. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.35 County Government of Nyamira

3.35.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.6.80 billion, comprising of Kshs.2.14 billion (31.5 per cent) and Kshs.4.66 billion (68.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.81 billion (70.7 per cent) as the equitable share of revenue raised nationally, Kshs.883.67 million (13.0 per cent) as total conditional grants, generate Kshs.250.00 million (3.7 per cent) from own sources of revenue, and a cash balance of Kshs.855.78 million (12.6 per cent) from FY 2019/20.

3.35.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.81 billion as the equitable share of the revenue raised nationally, Kshs.808.60 million as conditional grants, raised Kshs.162.86 million as own-source revenue, and had a cash balance of Kshs.855.78 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.64 billion, as shown in Table 3.191.

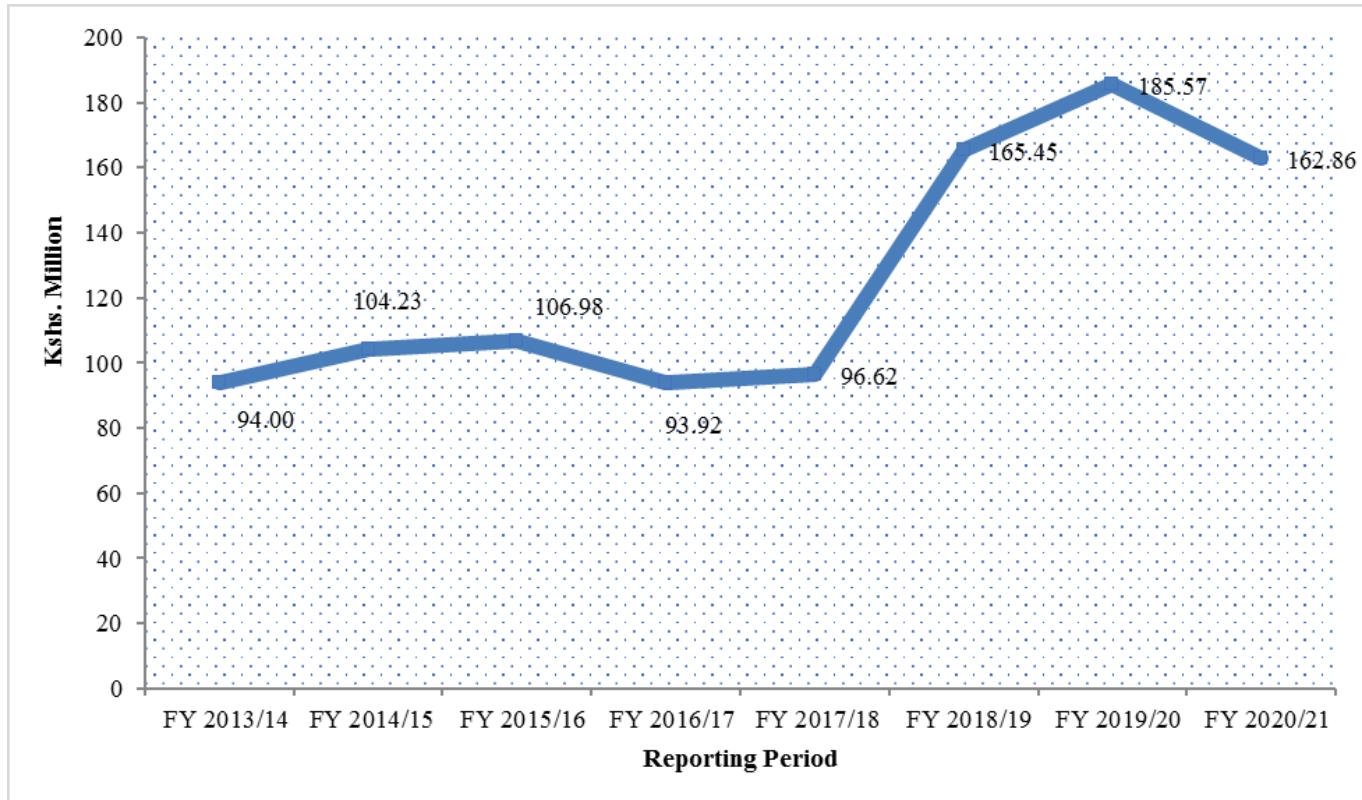
Table 3.191: Nyamira County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as % of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	4,810,800,000	4,810,800,000	4,810,800,000	100.0
B. Conditional Grants from the National Government					
1.	Road Maintenance Fuel Levy Fund	146,215,617	146,215,617	146,215,617	100.0
2.	Rehabilitation of Village Polytechnics	60,409,894	60,409,894	60,409,894	100.0
	Compensation for User Fee Foregone	13,175,221	13,175,221	13,175,221	100.0
Sub Total		219,800,732	219,800,732	219,800,732	
C Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB)	278,847,760	278,847,760	278,847,760	100.0
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,509,110	198,509,110	175,682,713	88.5
3.	IDA (WB) Credit: (KUSP) –Urban Development Grant (UDG)	-	114,705,300	63,143,203	55.0
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
5.	DANIDA Grant	13,680,000	13,680,000	13,680,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,125,036	13,125,036	12,446,204	94.8
Sub Total		549,161,906	663,867,206	588,799,880	88.7
D Other Sources of Revenue					
1.	Own Source Revenue	-	250,000,000	162,863,880	65.1
2.	Balance b/f from FY 2019/20	-	855,779,664	855,779,664	100.0
Sub Total		-	1,105,779,664	1,018,643,544	92.1
Grand Total		5,579,762,638	6,800,247,602	6,638,044,156	97.6

Source: Nyamira County Treasury

Figure 3.1 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.68: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nyamira County Treasury

In FY 2020/21, the County generated Kshs.162.86 million as own-source revenue. This amount represented a decrease of 9.3 per cent compared to Kshs.185.57 million realised during a similar period in FY 2019/20 and was 65.1 per cent of the annual target.

3.35.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.64 billion from the CRF account during the reporting period. The amount comprised Kshs.1.50 billion (26.6 per cent) for development programmes and Kshs.4.14 billion (73.4 per cent) for recurrent programmes.

3.35.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.75 billion on development and recurrent programmes. The expenditure represented 102.0 per cent of the total funds released by the COB and comprised Kshs.1.40 billion and Kshs.4.35 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 65.3 per cent, while recurrent expenditure represented 93.3 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.618.78 million for development activities and Kshs.287.79 million for recurrent costs.

3.35.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.89 billion was spent on employee compensation, Kshs.1.45 billion on operations and maintenance, and Kshs.1.40 billion on development activities, as shown in Table 3.192.

Table 3.192: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4, 657, 803, 571	4, 347, 820, 934	93.3
Compensation to Employees	3, 145, 890, 186	2, 894, 831, 290	92.0
Operations and Maintenance	1, 511, 913, 385	1, 452, 989, 644	96.1

Total Development Expenditure	2, 142, 444, 031	1, 398, 158, 054	65.3
Development Expenditure	2, 142, 444, 031	1, 398, 158, 054	65.3
Total	6, 800, 247, 602	5, 745, 978, 988	84.5

Source: Nyamira County Treasury

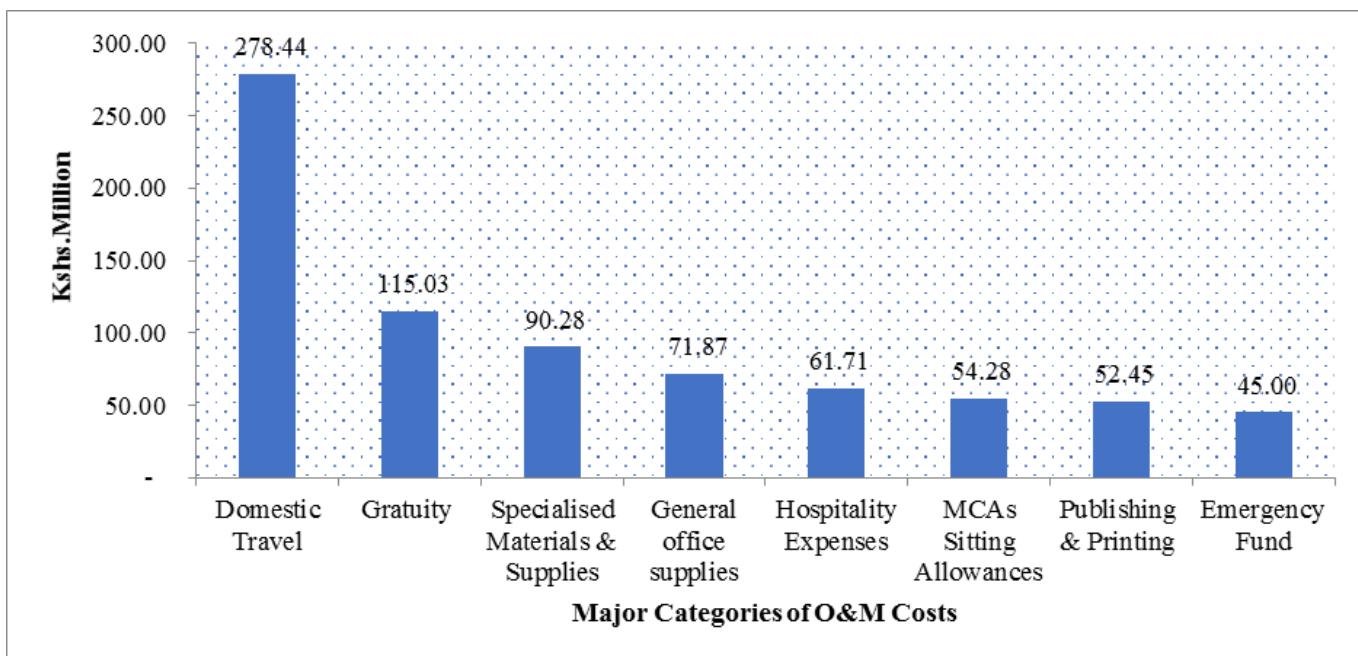
3.35.6 Expenditure on Personnel Emoluments

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 50.4 per cent of the total expenditure for the reporting period and 43.6 per cent of revenue.

3.35.7 Expenditure on Operations and Maintenance

Figure 3.2 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.69: Nyamira County, Operations and Maintenance Expenditure by Major Categories



Source: Nyamira County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.54.28 million on committee sitting allowances for the 36 MCAs and Speaker against the annual budget allocation of Kshs.54.33 million. The average monthly sitting allowance was Kshs.122,261 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.278.44 million and comprised Kshs.156.25 million spent by the County Assembly and Kshs.122.19 million by the County Executive. Expenditure on foreign travel amounted to Kshs.30.38 million by the County Executive.

3.35.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.251.82 million to cater for COVID-19 related expenditure. A total of Kshs.221.37 million was spent during the reporting period, as shown in Table 3.193.

Table 3.193 : COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1.	Construction of Isolation complex	59,702,000	58,500,000
2.	Health care workers' allowances	46,800,000	46,800,000
3.	KDSP grant for Covid – 19 support	30,000,000	0.00
4.	DANIDA grant for health facilities	5,320,000	5,320,000
5.	County Emergency Fund	110,000,000	109,551,733
Total		251,822,000	221,373,733

3.35.9 Development Expenditure

The County incurred an expenditure of Kshs.1.40 billion on development programmes, which represented an increase of 16.7 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.20 billion. Table 3.194 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.194: Nyamira County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Actual Payments (Kshs.)	Absorption Rate (%)
1	Supply and Delivery of water pipe for Laying waterway for connectivity of households with water	Township	184,220,000	4,189,700	2.3
2	Being expenditure/ transfer for infrastructure development of Village Polytechnics	Countywide	127,832,293	66,498,3000	52.0
3	Construction of an inpatient ward at Magwagwa health centre.	Magwagwa	64,551,976	12,036,883	18.6
4	Construction & completion of Covid 19 isolation centre	Referral hospital	95,860,834	19,172,167	20.0
5	Rehabilitation of Municipality roads	Township	104,000,000	52,000,000	50.0
6	GIS of special plan, prefeasibility	Countywide	15,000,000	6,647,600	44.3
7	Construction & completion of county headquarters	County HQ	31,554,823	5,703,290	18.1
8	Construction of 3 ECDE classrooms at Nyagachi Pry. school	Manga	3,900,000	3,681,654	94.4
9	Construction of MCAs' Ward offices	Countywide	60,000,000	26,764,676	44.6
10	Construction of 6 Floor County Assembly office block	County Assembly	39,774,876	9,524,528	23.9

Source: Nyamira County Treasury

3.35.10 Budget Performance by Department

Table 3.195 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.195: 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	606.11	126.68	606.11	46.02	661.19	46.51	109.1	101.1	109	36.7
County Executive Office	469.16	0	353.64	0	375.59	0	106.2	0	80.1	0
Finance & Economic Planning	473.08	24.97	401.72	10.35	385.25	24.45	95.9	236.2	81.4	97.9
Agriculture, Livestock & Fisheries	160.75	290.04	143.70	230.31	156.27	293.91	108.7	127.6	97.2	101
Environment, Energy, NR & Mining	116.13	213.48	83.53	63.42	112.54	135.72	134.7	214.0	96.9	63.6
Education & ICT	317.46	191.57	263.24	146.09	293.65	175.61	111.5	162.7	92.5	91.7
Health services	1,757.99	351.82	1,637.68	351.82	1,679.48	157.24	102.6	40.3	95.5	44.7
Lands, Housing & Urban Develop.	85.78	63.57	83.65	43.51	82.42	48.82	98.5	112.2	96.1	76.8

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
Roads, Transport & Works	138.20	476.97	130.11	422.74	123.22	364.95	94.7	99.0	89.2	76.5
Trade, Tourism, Industrialisation	37.93	42.57	35.58	7.45	35.65	23.95	100.2	321.6	94.0	56.3
Youths, Sports, Gender, culture	64.19	35.11	47.34	35.11	52.87	47.84	111.7	53.6	82.4	136
County Public Service Board	66.11	0	38.93	0	55.69	0	143.0	0	84.2	0
Public Administration	308.40	0	288.77	0	287.53	0	99.6	0	93.2	0
Nyamira Municipality	56.50	325.69	27.30	145.71	46.47	79.17	170.2	54.3	82.2	24.3
Total	4,657.80	2,142.44	4,141.30	1,502.5	4,347.82	1,398.2	105.0	93.1	93.3	65.3

Source: Nyamira County Treasury

Analysis of expenditure by Department shows that the Department of Youths, sports, gender and culture recorded the highest absorption rate of development budget at 136 per cent while the Nyamira Municipality had the lowest at 24.3 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 109.0 per cent, while the Department of County Executive Office had the lowest at 80.1 per cent. An absorption rate above 100 per cent is irregular and an indication of misappropriation of funds.

3.35.11 Budget Execution by Programmes and Sub-Programmes

Table 3.196 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.196: Nyamira County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Policy Planning, General Administration and Support Services					
	General administration & support services	985, 246, 194	694, 146, 202	291, 099, 992	70.5
	Policy planning	80, 707, 032	102, 956, 726	(22, 249, 693)	127.6
	Subtotal	1, 065, 953, 226	797, 102, 927	268, 850, 299	74.8
Crop, agribusiness, and land management service					
	Crop development services	273, 229, 881	272, 862, 376	367, 505	99.9
	Subtotal	273, 229, 811	272, 862, 376	367, 505	99.9
Fisheries development and promotion services					
	Aquaculture promotion services	24, 908, 549	24, 901, 613	6, 936	100.0
	Subtotal	24, 908, 549	24, 901, 613	6, 936	100.0
Livestock promotion and development					
	Livestock products value addition and market-ing	67, 363, 416	71, 609, 420	(4, 246, 003)	106.3
	Animal health disease and management	34, 872, 384	34, 872, 378	6.0	100.0
	Subtotal	102, 235, 800	106, 481, 798	(4, 245, 997)	104.2
Physical planning and survey services					
	Physical planning	4, 610, 898	4, 610, 897	1	100.0
	Surveying services	5, 000, 000	2, 596, 600	2, 403, 400	51.9
	Subtotal	9, 610, 898	7, 207, 497	2, 403, 401	75.0
Housing improvement development					
	Housing improvement services	20, 627, 378	17, 527, 020	3, 100, 358	85.0
	Subtotal	20, 627, 378	17, 527, 020	3, 100, 358	85.0
Management and development of towns					
	Town management and coordination	38, 558, 161	29, 312, 714	9, 245, 447	76.0
	Subtotal	38, 558, 161	29, 312, 714	9, 245, 447	76.0
General administration, planning and support services					
	Administration and support services	86, 987, 002	74, 032, 974	12, 954, 028	85.1
	Policy planning	5, 763, 653	3, 747, 890	2, 015, 763	65.0
	Sub-total	92, 750, 655	77, 780, 864	14, 969, 791	83.9

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Roads development and management					
	Construction of roads and bridges	220, 994, 082	176, 268, 813	44, 725, 269	79.8
	Rehabilitation and maintenance of roads	281, 538, 958	214, 241, 180	67, 297, 778	76.1
	Infrastructure development and fire safety	19, 882, 634	19, 882, 229	405	100.0
	Subtotal	522, 415, 674	410, 392, 223	112, 023, 451	78.6
Policy planning, general administration and support services					
	General administration and support services	20, 736, 185	16, 503, 663	4, 232, 522	79.6
	Policy and planning services	1, 729, 652	1, 691, 100	38, 552	97.8
	Subtotal	22, 465, 837	18, 194, 763	4, 271, 074	81.0
Trade, cooperative and investment development and promotion					
	Cooperative promotion	16, 899, 606	16, 097, 572	802, 034	95.3
	Trade promotion	39, 244, 394	23, 938, 465	15, 305, 929	61.0
	Subtotal	56, 144, 000	40, 036, 037	16, 107, 963	71.4
Tourism development and promotion					
	Tourism promotion and management	1, 889, 000	1, 366, 400	522, 600	72.3
	Subtotal	1, 889, 000	1, 366, 400	522, 600	72.3
Preventive and promotive health services					
	Health promotion	533, 304, 808	530, 795, 656	2, 509, 152	99.5
	Communicable disease control	7, 720, 514	6, 169, 402	1, 551, 112	85.6
	Subtotal	541, 025, 322	536, 965, 058	4, 060, 264	99.2
General administration, planning and support services					
	Administration support services	141, 936, 735	138, 631, 706	3, 305, 029	97.7
	Subtotal	141, 936, 735	138, 631, 706	3, 305, 029	97.7
Curative health services					
	Medical services	1, 426, 848, 145	1, 161, 123, 686	265, 724, 459	814
	Sub - total	1, 426, 848, 145	1, 161, 123, 686	265, 724, 459	81.4
General administration, policy planning & support services					
	General administration	34, 226, 832	20, 900, 236	13, 326, 596	61.5
	Planning policy	7, 412, 500	5, 295, 700	2, 116, 800	71.4
	Subtotal	41, 639, 332	26, 195, 936	15, 443, 396	62.9
ECDE and CCC development services					
	ECDE and CCC management services	265, 168, 721	252, 340, 648	12, 828, 073	95.1
	subtotal	265, 168, 721	252, 340, 648	12, 828, 073	95.1
Vocational development and training services.					
	Vocational management services	202, 220, 430	190, 722, 540	11, 497, 890	94.3
	Subtotal	202, 220, 430	190, 722, 540	11, 497, 890	94.3
Information and communication technology services					
	ICT infrastructural services	86, 357, 675	80, 587, 383	5, 770, 292	93.3
	Subtotal	86, 357, 675	80, 587, 383	5, 770, 292	93.3
	General administration support services	309, 678, 478	262, 775, 392	46, 903, 086	84.9
	Policy development and support services	184, 707, 465	145, 004, 784	39, 702, 681	78.5
	Supply chain management	18, 047, 580	16, 609, 580.85	1, 437, 999	92.0
	Communication services	2, 037, 000	1, 786, 450	250, 550	87.7
	Subtotal	514, 470, 523	426, 176, 207	88, 294, 316	82.8
	Economic planning and communication	49, 469, 552	44, 437, 801	5, 031, 751	89.8
	Budget formulation and management	14, 293, 755	13, 224, 100	1, 069, 645	92.5
	Subtotal	63, 763, 307	57, 661, 911	6, 101, 396	90.4

Programme	Sub- Programme	Approved Bud- get (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
	Accounting and financial services	72, 323, 155	71, 725, 720	597, 435	99.2
	Audit services	15, 335, 487	13, 963, 700	1, 371, 787	91.1
	Subtotal	87, 658, 642	85, 689, 420	1, 969, 222	97.8
	External resource mobilisation	75, 000, 000	573, 200	74, 426, 800	0.8
	Internal resource mobilisation	145, 622, 975	151, 116, 598	(5, 493, 623)	103.8
	Subtotal	220, 622, 975	151, 689, 798	68, 933, 177	68.8
	Executive management and liaison services	20, 850, 000	16, 839, 801	4, 010, 199	80.8
	Subtotal	20, 850, 000	16, 839, 801	4, 010, 199	80.8
	Committees management services	41, 504, 000	53, 719, 810	(12, 215, 810)	129.4
	Subtotal	41, 504, 000	53, 719, 810	(12, 215, 810)	129.4
	Legislation	270, 296, 269	296, 730, 783	(26, 434, 513)	109.8
	Representation and infrastructural development	126, 678, 206	46, 512, 603	80, 165, 603	36.7
	Subtotal	396, 974, 475	343, 243, 386	53, 731, 089	86.5
	Field coordination and administration	28, 419, 718	25, 517, 958	2, 901, 760	89.8
		8, 555, 000	3, 803, 884	4, 751, 116	44.5
	Human resource management	30, 729, 628	30, 607, 982	121, 646	99.6
	Human resource development	166, 000	156, 000	10, 000	94.0
	Subtotal	67, 870, 346	60, 085, 824	7, 784, 522	88.5
	Community development	35, 384, 710	48, 116, 099	(12, 731, 389)	136.0
	Cultural promotion heritage	19, 442, 037	9, 130, 575	10, 311, 462	47.0
	subtotal	54, 826, 747	57, 246, 674	(2, 419, 926)	104.4
	General administration and support services	128, 175, 336	120, 311, 773	7, 863, 563	93.9
	Policy and planning	19, 197, 290	13, 651, 308	5, 545, 982	71.1
	Subtotal	147, 372, 626	133, 963, 081	13, 409, 545	90.9
	Other energy sources promotion	13, 275, 460	2, 948, 660	10, 326, 800	22.0
	Subtotal	13, 275, 460	2, 948, 660	10, 326, 800	22.0
	Rural water services	218, 552, 993	150, 520, 160	68, 032, 833	68.7
	subtotal	201, 423, 520	150, 520, 160	68, 032, 833	68.7
	Agroforestry promotion	16, 520, 089	16, 520, 087	1	100.0
	subtotal	16, 520, 089	16, 520, 087	1	100.0
	Grand Total	6,800,247,602	5, 746, 038, 006	1, 054, 209, 596	84.5

Source: Nyamira County Treasury

The top four programmes with the highest levels of absorption rates were: Community development at 136.0 per cent, Committees management services at 129.4 per cent, Policy planning at 127.6 per cent, and Legislation at 109.8 per cent of the annual allocation. An Absortion rate above 100 per cent is an indication of misappropriation of funds and lack of effective internal control systems.

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;

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

A high wage bill, which accounted for 50.4 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.

1. The underperformance of own-source revenue at Kshs.162.86 million against an annual projection of Kshs.250.0 million, representing 65.1 per cent of the annual target.
2. There was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations. This is an indication of lack of an effective internal control system and a case of misappropriation of funds.
3. High expenditure on local travel at Kshs.278.44 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
4. The County recorded high pending bills, which amounted to Kshs.618.78 million for development activities and Kshs.287.79 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *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 Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
6. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.36 County Government of Nyandarua

3.36.1 Overview of FY 2020/21 Budget

The County's approved Supplementary budget for FY 2020/21 is Kshs.7.81 billion, comprising Kshs.2.89 billion (37.0 per cent) and Kshs.4.92 billion (63.0 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.87 billion (62.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.04 billion (13.3 per cent) as total conditional grants, generate Kshs.954 million (12.2 per cent) from own sources of revenue, and a cash balance of Kshs.945.88 million (12.1 per cent) from FY 2019/20.

3.36.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.87 billion as the equitable share of the revenue raised nationally, Kshs.917.01 million as conditional grants, raised Kshs.408.71 million as own-source revenue, and had a cash balance of Kshs.945.88 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.14 billion, as shown in Table 3.197.

Table 3.197: Nyandarua County, Revenue Performance in FY 2020/21

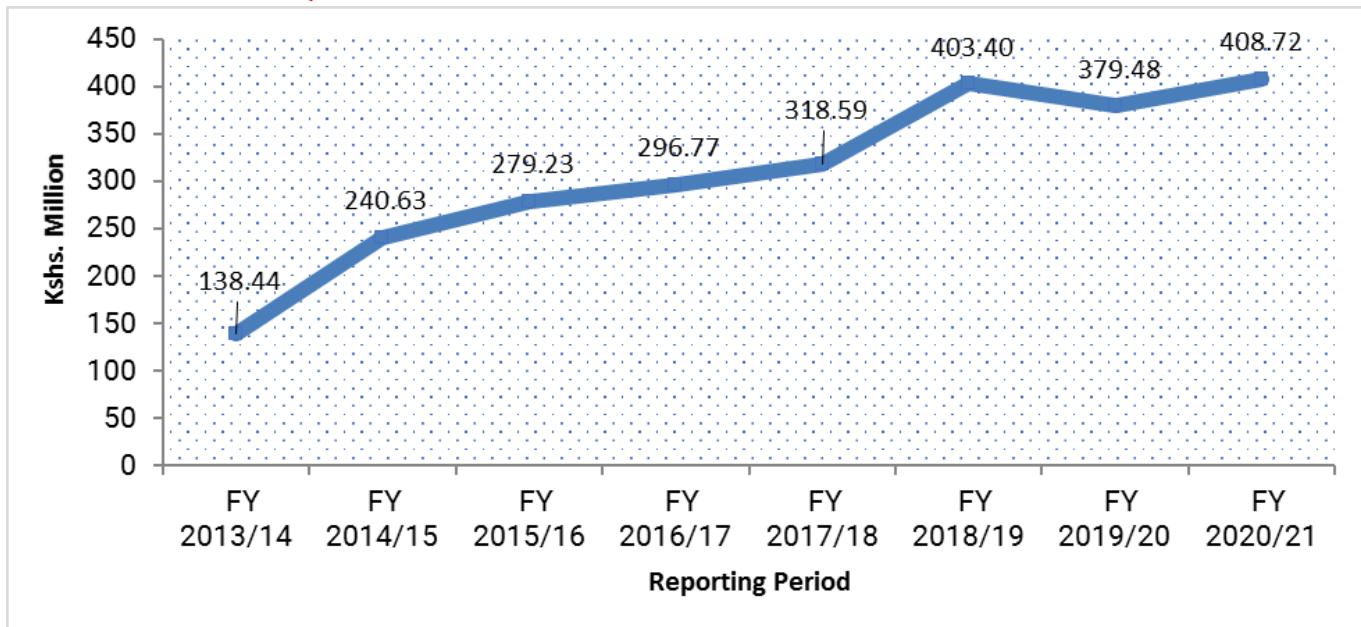
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allo- cation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,874,100,000	4,874,100,000	4,874,100,000	100
B.	Conditional Grants from the National Government Revenue				
6.	Supplement for construction of county headquarters	50,000,000	50,000,000	-	-
7.	Compensation for User Fee Foregone	12,735,922	12,735,922	12,735,922	100
8.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
9.	Road Maintenance Fuel Levy Fund	146,215,617	146,215,617	146,215,617	100
10.	Rehabilitation of Village Polytechnics	30,949,894	30,949,894	30,949,894	100
Sub Total		371,922,710	371,922,710	189,901,432	51.1
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	163,357,834	163,357,834	163,095,261	99.8
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	239,157,250	239,157,250	246,663,481	103.1
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	-	52,702,260	-
5.	DANIDA Grant	13,860,000	13,860,000	13,860,000	100.0
6.	EU Grant (Instruments for Devolution Advice and Support IDEAS)	11,000,000	11,000,000	11,000,000	100.0
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	184,795,683	184,795,683	100.0
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,491,573	12,491,573	9,992,349	80.0
Sub Total		484,866,657	669,662,340	727,109,036	108.6
D	Other Sources of Revenue				
1.	Own Source Revenue	-	924,000,000	408,718,259	44.2
2.	B/F from FY 2019/20 - ASDSP	-	18,489,467	18,489,467	100
3.	B/F from FY 2019/20 - Fuel Levy	-	28,869,585	28,869,585	100
4.	B/F from FY 2019/20 - Youth Polytechnic	-	6,703,152	6,703,152	100
5.	B/F from FY 2019/20 - IDA	-	11,669,769	11,669,769	100
6.	B/F from FY 2019/20 - KCSAP	-	85,857	85,857	100
7.	World Bank Grant for KDSP - Level 1 BF 2019/20	-	30,000,000	30,000,000	100
8.	B/F from FY 2019/20 - KDSP Level II	-	58,796,257	58,796,257	100
9.	World Bank Grant for KDSP - Level I BF 2018/19	-	43,069,316	43,069,316	100
10.	IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2019/20	-	38,597,502	38,597,502	100
11.	EU Grant (Instruments for Devolution Advice and Support IDEAS) FY 2019/20	-	20,223,224	20,223,224	100

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allo- cation (in Kshs)	Actual receipts (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
12.	Agricultural Sector Development Support Programme (ASDSP) II FY 2019/20	-	247,893	247,893	100
13.	DANIDA Grant For Universal Healthcare for Devolved System Programme	-	5,495,000	5,495,000	100
14.	COVID-19 Frontline Health Workers Allowance	-	31,365,000	31,365,000	100
15.	B/F from FY 2019/20 - National Treasury Returns	-	562,920,456	562,920,456	100
16.	Covid-19 Grant from the National Government	-	89,354,000	89,354,000	100
Sub Total		-	1,869,886,477.65	1,354,604,736	72.4
Grand Total		5,730,889,367	7,785,571,527.65	7,145,715,205	91.8

Source: Nyandarua County Treasury

Figure 3.70 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.70: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nyandarua County Treasury

In FY 2020/21, the County generated Kshs.408.71 million as own-source revenue. This amount represented an increase of 7.2 per cent compared to Kshs.379.48 million realised during a similar period in FY 2019/20 and was 44.2 per cent of the annual target.

3.36.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.70 billion from the CRF account during the reporting period. The amount comprised Kshs.2.07 million (31.0 per cent) for development programmes and Kshs.4.62 billion (69 per cent) for recurrent programmes.

3.36.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.6.66 billion on development and recurrent programmes. The expenditure represented 99.5 per cent of the total funds released by the COB and comprised of Kshs.2.04 billion and

Kshs.4.61 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 70.7 per cent, while recurrent expenditure represented 93.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.567.44 million for development activities and Kshs.179.44 million for recurrent costs.

3.36.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.24 billion was spent on employee compensation, Kshs.2.37 billion on operations and maintenance, and Kshs.2.04 billion on development activities, as shown in Table 3.198.

Table 3.198: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,925,406,932	4,621,741,172	4,617,808,158	93.8
Compensation to Employees	2,253,666,628	2,245,457,064	2,243,895,227	99.6
Operations and Maintenance	2,671,740,304	2,376,284,108	2,373,912,931	88.9
Total Development Expenditure	2,890,164,595	2,075,977,241	2,044,525,098	70.7
Total	7,815,571,527	6,697,718,414	6,662,333,256	85.2

Source: Nyandarua County Treasury

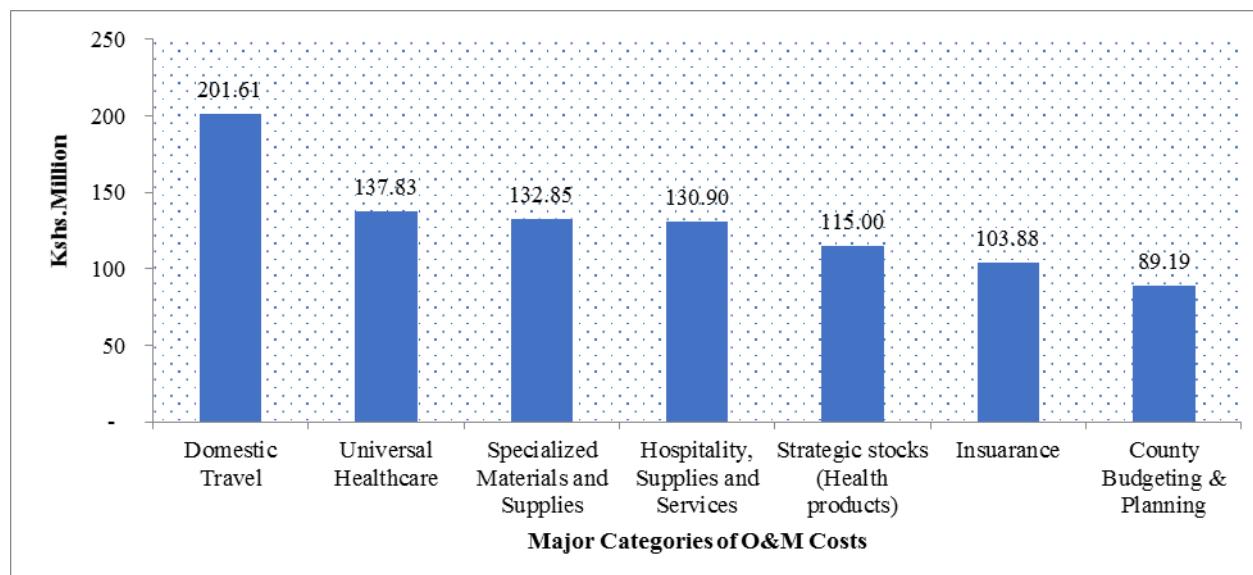
3.36.6 Expenditure on Personnel Emoluments

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 33.7 per cent of the total expenditure for the reporting period and 31.4 per cent of revenue.

3.36.7 Expenditure on Operations and Maintenance

Figure 3.71 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.71: Nyandarua County, Operations and Maintenance Expenditure by Major Categories



Source: Nyandarua County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.35.72 million on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.35.72 million. The average monthly sitting allowance was Kshs.74,417 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.201.61 million and comprised Kshs.86.61 million spent by the County Assembly and Kshs.115 million by the County Executive. Spending on foreign travel amounted to Kshs.4.10 million and consisted of Kshs.3.04 million by the County Assembly and Kshs.1.05 million by the County Executive.

3.36.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.152.11 million to cater to COVID-19 related expenditure, including Kshs.126.21 million brought forward from FY 2019/20. A total of Kshs.44.11 million was spent during the reporting period, as shown in Table 3.199.

Table 3.199: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.06.2021 (Kshs)
1.	Allowances for Front Line Health Care Workers	31,365,000
2.	Hospital Bed with Single Crank without Side Rails and Mattresses with Mackintosh Cover	5,550,000
3.	Patient Bed Single Crank with Side Rails and Aluminium Alloy	6,300,000
4.	Heavy Duty Mattress with Mackintosh Cover	900,000
Total		44,115,000

Source: Nyandarua County Treasury

3.36.9 Development Expenditure

The County incurred an expenditure of Kshs.2.04 billion on development programmes, which represented an increase of 7.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.89 billion. Table 3.200 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.200: Nyandarua County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	JM Hospital Complex - KDSP	Ol- Kalou	184,795,683	184,795,683	100
2	Road Maintenance Fuel Levy Fund	County Wide	146,215,617	146,215,617	100
3	Kenya Climate Smart Agriculture project - IDA World Bank	County Wide	111,157,250	111,157,250	100
4	Kenya Climate Smart Agriculture project - IDA World Bank - Milk Processing Plant	N/A	100,000,000	100,000,000	100
5	IDA (World Bank) Kenya Urban Support Project (KUSP) (UDG) FY 2019/20	County Wide	38,597,502	38,597,502	100
6	County Headquarters (county contribution)	Ol- Kalou	30,000,000	30,000,000	100
7	In House Machinery - KDSP	County Wide	30,000,000	30,000,000	100
8	Kenya Climate Smart Agriculture project - IDA World Bank - 2 Cold Storage Units	N/A	28,000,000	28,000,000	100
9	Construction of an Office Block	Ol- Kalou	23,029,065	23,029,061	100
10	Construction of Speakers residence	Ol- Kalou	24,000,000	20,624,263	85.9

Source: Nyandarua County Treasury

3.36.10 Budget Performance by Department

Table 3.201 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.201: 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 & Service Delivery	130.14	2.00	113.94	1.99	113.94	1.99	100	100	87.6	99.7
The County Secretary	2,022.19	-	2,019.48	-	2,022.19	-	100.1	-	100.0	-
County Attorney	49.68	-	48.58	-	47.70	-	98.2	-	96.0	-
Public Administration & ICT	46.17	11.00	45.86	8.83	42.65	8.83	93.0	100	92.4	80.3
County Public Service Board	24.45	-	24.45	-	24.45	-	100.0	-	100.0	-
Finance & Economic Development	527.00	5.42	459.89	0.42	463.13	-	100.7	-	87.9	-
Health Services	792.34	294.27	612.89	280.99	612.32	280.99	99.9	100	77.3	95.5
Education, Gender, Youth, Culture and Social Services	166.68	139.19	159.97	71.98	159.77	70.98	99.9	99	95.9	51.0
Industrialisation Co-operatives, Trade & Enterprise Development	66.85	144.67	65.76	48.97	65.09	48.97	99.0	100	97.4	33.8
Youth, Sports and Arts	69.58	63.22	69.43	37.60	69.43	37.60	100.0	100	99.8	59.5
Water, Environment, Tourism & Natural resources	83.43	416.18	83.03	190.26	82.89	180.20	99.8	95	99.3	43.3
Transport, Energy & Public Works	75.52	1,289.53	75.52	1,028.00	75.52	1,008.07	100.0	98	100.0	78.2
Lands, Housing & Physical Planning	34.90	168.11	29.20	101.27	28.44	101.27	97.4	100	81.5	60.2
Agriculture Livestock & Fisheries	163.50	304.54	142.94	256.96	142.94	256.96	100	100	87.4	84.4
County Assembly	672.97	52.03	670.79	48.69	667.33	48.65	99.5	100	99.2	93.5
Total	4,925.41	2,890.16	4,621.74	2,075.98	4,617.81	2,044.53	99.9	98	93.8	70.7

Source: Nyandarua County Treasury

Analysis of expenditure by the Departments shows that the Governor's Office & Service Delivery recorded the highest absorption rate of development budget at 99.7 per cent while the Department of Finance and Economic Planning did not report any expenditure on development activities. The Department of Transport, Energy & Public Works, County Public Service Board and the County Secretary had the highest percentage of recurrent expenditure to budget at 100 per cent while the Department of Health Services had the lowest at 77.3 per cent.

3.36.11 Budget Execution by Programmes and Sub-Programmes

Table 3.202 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.202: Nyandarua County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
General administration, planning and support services	Service Delivery Unit	23,200,000	23,200,000.00	-	100.0
	Governor's Office & Investment Promotion	86,585,058	78,878,052.00	7,707,006	91.1
	Liaison and Intergovernmental Relations	13,750,000	5,250,000.00	8,500,000	38.2
	Civic Education and Public Participation	8,600,000	8,599,998.00	2	100.0
Sub Total		132,135,058	115,928,050	16,207,008	87.7%

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
County Secretary	County Secretary-Administration	18,205,450	18,205,449.50	1	100.0
	Communication and Public Relations	8,805,460	8,805,440.00	20	100.0
	Cabinet Affairs	1,100,000	1,100,000.00	-	100.0
Human Resource Management	Payroll (Including Compensation to employees)	1,896,550,000	1,896,549,999.76	0	100.0
	Human Resource Management (Including employee gratuity, pension and medical insurance)	97,530,000	97,530,000.00	-	100.0
Sub Total		2,022,190,910	2,022,190,889	21	100.0%
County Attorney Services	legal and public affairs	49,682,655	47,702,965.00	1,979,690	96.0
Sub Total		49,682,655	47,702,965	1,979,690	96.0%
Public administration	Public Administration	4,820,000	4,510,896.00	309,104	93.6
	sub-county and ward administration	26,450,000	23,709,040.00	2,740,960	89.6
	Enforcement and Compliance	6,000,000	5,958,194.00	41,806	99.3
ICT and E-government Services	ICT and E-government Services	19,895,616	17,300,730.00	2,594,886	87.0
Sub Total		57,165,616	51,478,860	5,686,756	90.1%
County Public Service Board	County Public Service Board	24,450,000	24,450,000.00	-	100.0
Sub Total		24,450,000	24,450,000	-	100.0%
Public Finance Management	County Funds	241,000,000	212,500,000.00	28,500,000	88.2
	County Pending Bills	3,541,004	3,117,688.00	423,316	88.0
	treasury services	79,113,673	81,129,947.10	(2,016,275)	102.5
	Financial reporting	6,097,425	6,089,071.00	8,354	99.9
	Revenue Collection and Administration (Including automation)	25,642,085	25,936,694.00	(294,609)	101.1
	Revenue Enhancement and Monitoring	18,678,073	18,678,064.00	9	100.0
	Supply Chain Management	6,786,457	7,326,170.00	(539,713)	108.0
	Internal Audit and Risk Management	12,920,000	12,806,688.00	113,312	99.1
Economic planning and development	County Budgeting	16,226,340	16,221,142.00	5,198	100.0
	County Statistics and Data Bank	7,400,000	7,392,860.00	7,140	99.9
	Monitoring and Evaluation	14,151,649	14,149,029.00	2,620	100.0
	Economic Modelling and Research	3,700,000	3,698,290.00	1,710	100.0
	Economic Development Planning (Including CEKEB)	97,162,621	54,085,245.00	43,077,376	55.7
Sub Total		532,419,326	463,130,888	69,288,438	87.0%
Preventive and Promotive Services	Preventive and Promotive Services	6,504,274	6,301,194.30	203,080	96.9
Curative Services	Curative Services (including universal health care and grants)	781,370,324	601,702,022.60	179,668,301	77.0
General administration, planning and support services	Solid Waste and Cemeteries	4,469,915	4,319,585.00	150,330	96.6
	Infrastructure and Equipment	294,266,507	280,989,933.00	13,276,574	95.5
Sub total		1,086,611,020	893,312,735	193,298,285	82.2%
Primary education	ECDE	73,640,000	53,102,085.00	20,537,915	72.1
Youth training and development	Revitalization of youth polytechnics	68,123,765	56,974,498.00	11,149,267	83.6

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Gender Affairs and Social Services & youth empowerment	Gender Affairs and Social Services	61,760,000	53,760,000.00	8,000,000	87.0
General administration, planning and support services	Alcohol Drinks Control and Civic Education	4,550,000	4,550,000.00	-	100.0
Culture	development and promotion of culture	97,796,110	62,361,254.00	35,434,856	63.8
Sub Total		305,869,874	230,747,837	75,122,037	75.4
Trade development and promotion	Financial and Trade Services	65,749,157	43,009,376.00	22,739,781	65.4
Industrial development and investment	Industrial and Enterprise Development	109,447,790	34,730,510.00	74,717,280	31.7
	Weights & Measures	2,572,500	2,666,487.00	(93,987)	103.7
Cooperative development and management	Cooperative advisory services	29,535,800	29,483,862.00	51,938	99.8
	cooperative audit extension services	4,221,200	4,170,785.00	50,415	98.8
Sub Total		211,526,447	114,061,020	97,465,427	53.9
Sports	Sports Development	62,903,800	56,165,119.20	6,738,681	89.3
Youth Affairs	Youth Affairs	32,955,000	32,954,748.00	252	100.0
Arts & Theatre	Arts & Theatre	36,944,459	17,916,709.00	19,027,750	48.5
Sub Total		132,803,259	107,036,576	25,766,683	80.6
Water Resource Development.	water resource conservation and protection, infrastructure and flood control	249,048,800	128,041,883.00	121,006,917	51.4
Environment	environmental support and management	35,065,000	34,064,973.00	1,000,027	97.1
	climate change resilience	3,500,000	3,500,000.00	-	100.0
Tourism development and promotion	tourism infrastructure development	200,042,274	94,532,351.00	105,509,923	47.3
Irrigation and Drainage infrastructure	promotion of irrigation and drainage development and management	11,955,000	2,955,000.00	9,000,000	24.7
Sub Total		499,611,074	263,094,207	236,516,867	52.7
Road transport	Transport (Including fuel level, General Administration & Support Services)	819,200,617	726,204,965.55	92,995,651	88.6
	Public Works	491,957,464	309,139,791.00	182,817,673	62.8
Alternative energy technologies	alternative energy technologies	50,540,633	44,903,297.00	5,637,336	88.8
General administration, planning and support services	Emergency Response & Preparedness	3,350,000	3,349,986.00	14	100.0
Sub Total		1,365,048,714	1,083,598,040	281,450,674	79.4
Land policy and planning	Physical Planning	26,294,798	22,471,226.00	3,823,572	85.5
	Survey and Mapping	5,670,564	4,502,366.00	1,168,198	79.4
	Land Administration and Management	45,014,258	11,524,258.00	33,490,000	25.6
Housing & Urban Development	Housing & Urban Development (Kenya Urban Support Programme)	126,029,537	91,217,420.90	34,812,116	72.4
Sub Total		203,009,157	129,715,271	73,293,886	63.9
Crop development and management	land and crop development	363,543,931	301,687,160.65	61,856,771	83.0

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Livestock resources management and development	livestock production and management	15,851,204	12,851,204.00	3,000,000	81.1
	Veterinary Services	14,467,621	14,467,621.00	-	100.0
Fisheries Development and management	fisheries policy, strategy and capacity building	2,921,871	2,570,871.00	351,000	88.0
General Administration, Planning and support services	Institution Support (ATCs)	11,045,000	10,435,000.00	610,000	94.5
	Agriculture Mechanization Services	42,392,548	39,158,052.35	3,234,495	92.4
	General administration and Extension Services	11,024,563	11,928,763.00	(904,200)	108.2
	Subsidized Artificial Insemination	6,801,681	6,801,681.00	-	100.0
Sub Total		468,048,419	399,900,353	68,148,066	85.4
County Assembly	legislative, oversight and representation	725,000,000	715,985,564.74	9,014,435	98.8
Sub Total		725,000,000	715,985,565	9,014,435	98.8
Grand Total		7,815,571,527	6,662,333,256	1,153,238,272	85.2

Source: Nyandarua County Treasury

The top three programmes with the highest levels of absorption rates were: Service Delivery Unit in the Department of Governor's Office & Service Delivery at 100 per cent, County Secretary-Administration in the Office of the County Secretary at 100 per cent and Cabinet Affairs in the Office of the County Secretary at 100 per cent of budget allocation. There are also five Sub Programmes that have absorption rates above 100 per cent, which was occasioned by the reduction of the Budget Estimates in the latest Approved Supplementary Budget Estimates.

3.36.12 Monitoring Summary Report

3.36.12.1 Introduction

The Office of the Controller of Budget conducted a monitoring exercise in Nyandarua County between 7th and 11th December 2020. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 15 projects were sampled and assessed from eight different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. Below are some of the key findings from the monitoring exercise;

3.36.12.2 Low absorption of development funds

The absorption rate for development funds increased from 50 per cent in FY 2018/19 to 65 per cent in FY 2019/20. The monitoring team established some of the underlying challenges affecting absorption rates. These include a shortage of technical staff that has affected the timely implementation of development projects. Development projects take time to complete due to the initial preliminary works of development of the designs and drawings, plans, and the development of bill of quantities for procurement to begin.

The funds allocated for development projects should be broken into phases such that funds for the preliminary activities of projects such as design, drawings, and development of bill of quantities are allocated in the first year, and further allocations are made in the subsequent year to ensure continuity without disrupting the implementation of projects.

3.36.12.3 Lack of technical staff to implement projects

The County Government does not have adequate technical staff such as quantity surveyors, engineers and architects to develop the necessary designs and bills of quantities to implement the proposed projects in the budget. The County has been relying on Quantity Surveyors and Engineers from the National government.

Therefore, the county government needs to recruit technical staff to enhance budget implementation and service delivery to the citizenry.

3.36.12.4 High Pending Bills

The County had pending bills amounting to Kshs.1.2 billion. The Auditor-General audited these bills, and part of it has been paid. The main challenge was the historical pending bills which do not have proper documentation and are

therefore hard to settle. The audit by the Auditor General classified some pending bills as ineligible. This has presented a significant challenge to the County Government in that even after the verification by the pending bills committee and the County is not able to pay them.

The OCOB recommends that the pending bills committee fast-track the pending bills' verification process and present their report to the finance department for payment.

3.36.12.5 Delays in the disbursement of Shareable Revenue by National Treasury

Delays in the disbursement of shareable revenue from the National Government have led to low absorption of development funds. The National Treasury should ensure timely disbursement of shareable revenue in line with the disbursement schedule approved by Parliament to improve project planning and implementation.

3.36.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. The underperformance of own-source revenue at Kshs.408.71 million against an annual projection of Kshs.954 million, representing 44.2 per cent of the annual target.
3. The County recorded high pending bills, which amounted to Kshs.567.44 million for development activities and Kshs.179.44 million for recurrent costs at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.37 County Government of Nyeri

3.37.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 was Kshs.9.09 billion, comprising Kshs.3.20 billion (35.2 per cent) and Kshs.5.89 billion (64.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.41 billion (59.5 per cent) as the equitable share of revenue raised nationally, Kshs.1.32 billion (14.5 per cent) as total conditional grants, generate Kshs.1.0 billion (11.0 per cent) from own sources of revenue, and a cash balance of Kshs.1.34 million (14.8 per cent) from FY 2019/20. The County also expected to receive Kshs.20.0 million (0.2 per cent) from the Centre for Decease Control (CDC) for HIV Program.

3.37.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.14 billion as the equitable share of the revenue raised nationally, Kshs.1.36 billion as conditional grants, Kshs.7.18 million from Centre for Decease Control (CDC), raised Kshs.886.89 million as own-source revenue, and had a cash balance of Kshs.1.34 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.9.01 billion, as shown in Table 3.203.

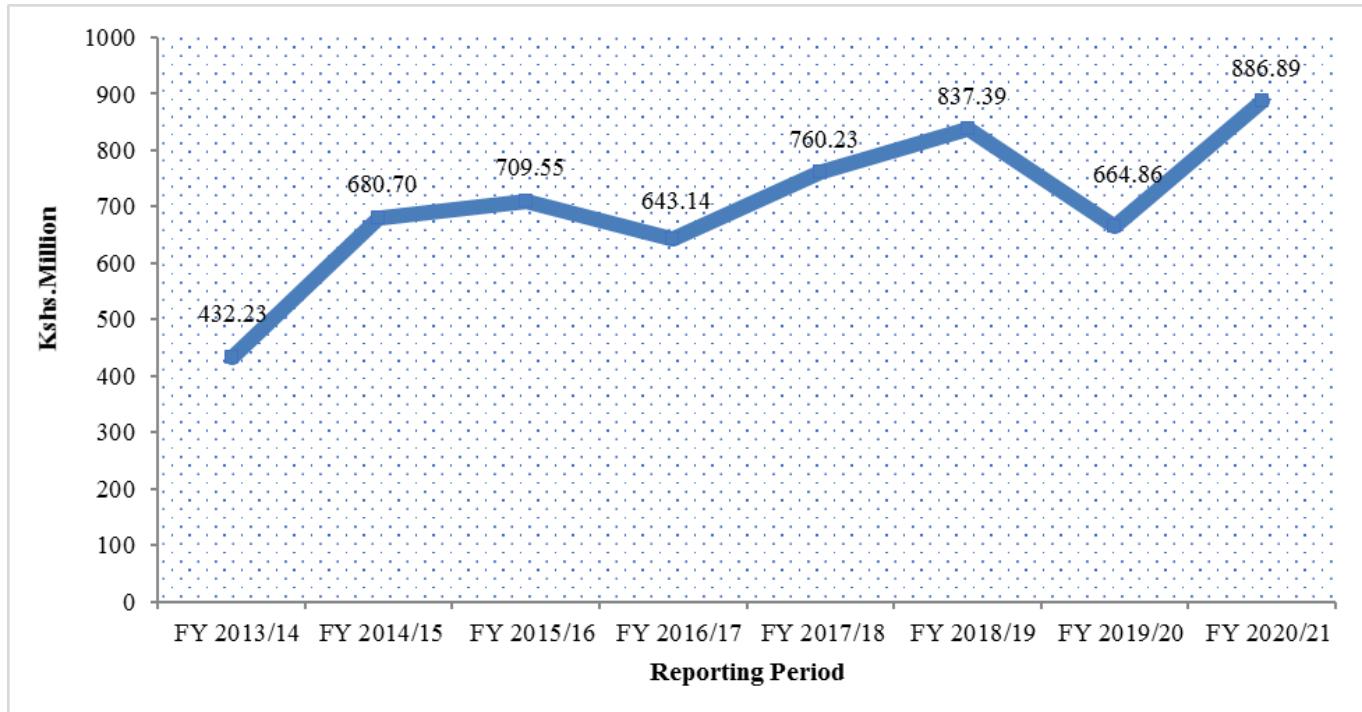
Table 3.203: Nyeri County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation FY 2020/21 (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Ann- ual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Na- tionally	5,412,150,000	5,412,150,000	5,412,150,000	100.0
B. Conditional Grants from the National Government					
1.	Conditional Grants to Level-5 Hospitals	407,861,272	407,861,272	407,861,272	100.0
2.	Compensation for User Fee Foregone	13,701,379	13,701,379	13,701,379	100.0
3.	Leasing of Medical Equipment	132,021,277	-	-	-
4.	Road Maintenance Fuel Levy Fund	151,875,577	151,875,577	190,282,444	125.3
	Rehabilitation of Village Polytechnics	48,949,894	48,949,894	48,949,894	100.0
Sub Total		754,409,399	622,388,122	660,794,988	106.2
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Univer- sal care Project (WB)	28,800,000	28,800,000	27,352,242	95.0
2.	IDA (WB) Credit: Kenya Devolution Sup- port Project (KDSP) Level 1 Grant	45,000,000	75,000,000	45,000,000	60.0
3.	IDA (WB) Credit: Kenya Devolution Sup- port Project (KDSP) Level II Grant	-	-	184,795,683	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	236,639,100	236,639,100	128,687,212	54.4
5.	DANIDA Grant	15,390,000	15,390,000	15,390,000	100.0
6.	Sweden - Agricultural Sector Develop- ment Support Programme (ASDSP) II	26,276,263	26,276,263	26,276,263	43.6
Sub Total		668,332,913	668,332,913	695,026,433	99.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	1,000,000,000	886,892,734	88.7
2.	Balance b/f from FY 2019/20	-	1,345,146,970	1,345,146,970	100.0
3.	Other Revenues	-	20,000,000	7,186,567	35.9
Sub Total		-	2,365,146,970	2,239,226,271	94.7
Grand Total		6,834,892,312	9,098,018,005	9,007,197,692	99.0

Source: Nyeri County Treasury

Receipts for Road Maintenance Fuel Levy Fund (RMFLF) include Kshs.38.4 million for FY2019/20 released in the current year. Figure 3.72 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.72: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Nyeri County Treasury

In FY 2020/21, the County generated Kshs.886.89 million as own-source revenue. This amount represented an increase of 33.4 per cent compared to Kshs.664.86 million realised during a similar period in FY 2019/20 and was 88.7 per cent of the annual target. The increase is mainly attributable to leveraging on automation of revenue collection coupled with enhanced enforcement measures.

3.37.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.49 billion from the CRF account during the reporting period. The amount comprised Kshs.1.80 billion (24.0 per cent) for development programmes and Kshs.5.69 billion (76.0 per cent) for recurrent programmes.

3.37.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.75 billion on development and recurrent programmes. The expenditure represented 103.5 per cent of the total funds released by the COB and comprised of Kshs.2.18 billion and Kshs.5.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 68.0 per cent, while recurrent expenditure represented 94.5 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.31.24 million for development activities and Kshs.79.73 million for recurrent costs.

3.37.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.84 billion was spent on employee compensation, Kshs.1.73 billion on operations and maintenance, and Kshs.2.18 billion on development activities, as shown in Table 3.204.

Table 3.204: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	5,899,438,369	5,689,834,449	5,575,106,313	94.5
Compensation to Employees	3,863,505,699	3,840,494,122	3,840,494,122	99.4
Operations and Maintenance	2,035,932,670	1,849,340,327	1,734,612,191	85.2
Total Development Expenditure	3,198,579,636	1,799,257,038	2,175,813,634	68.0
Development Expenditure	3,198,579,636	1,799,257,038	2,175,813,634	68.0
Total	9,098,018,005	7,489,091,487	7,750,919,947	85.2

Source: Nyeri County Treasury

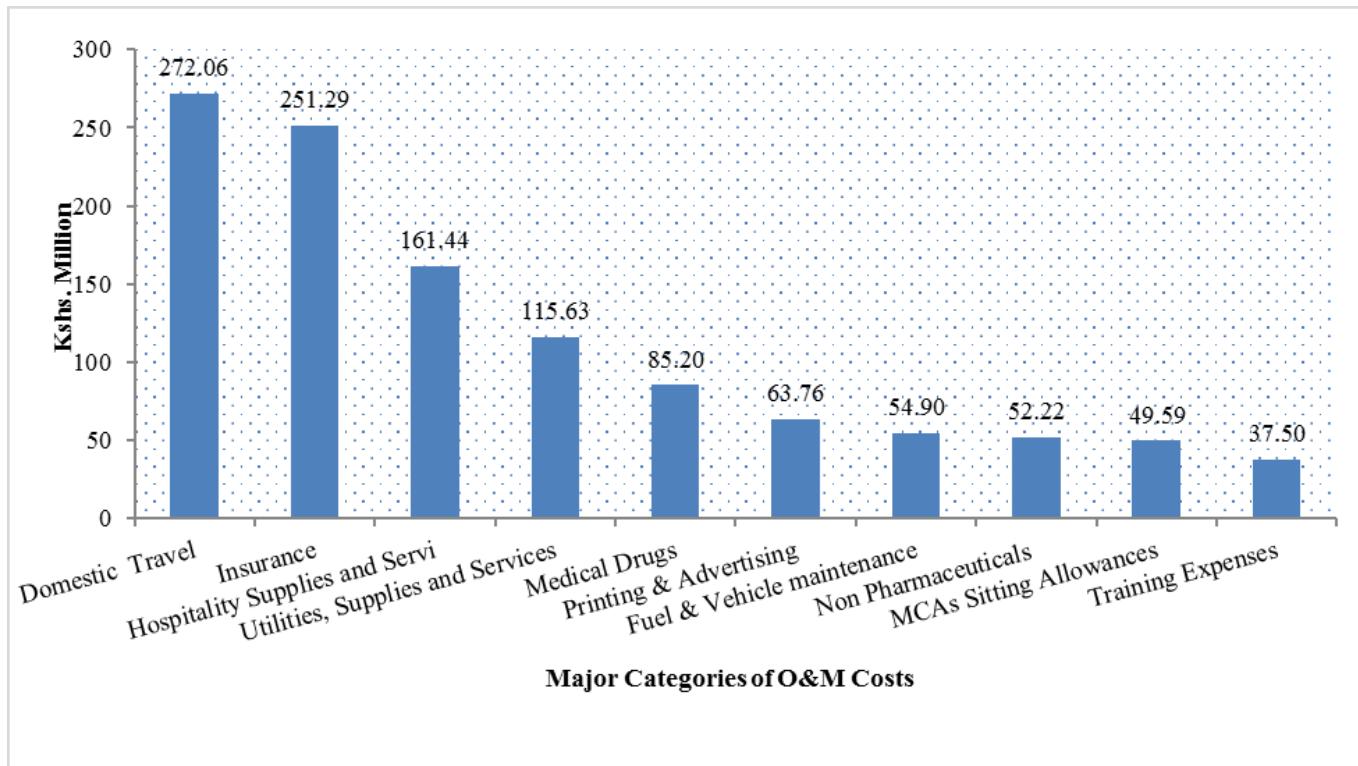
3.37.6 Expenditure on Personnel Emoluments

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 49.5 per cent of the total expenditure for the reporting period and 42.6 per cent of revenue.

3.37.7 Expenditure on Operations and Maintenance

Figure 3.73 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.73: Nyeri County, Operations and Maintenance Expenditure by Major Categories



Source: Nyeri County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.49.59 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.91,831 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.272.06 million and comprised Kshs.166.24 million spent by the County Assembly and Kshs.105.82 million by the County Executive. Expenditure on foreign travel amounted to Kshs.11.48 million and comprised Kshs.11.21 million by the County Assembly and Kshs.0.27 million by the County Executive.

3.37.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.253.2 million to cater for COVID-19 related expenditure, including Kshs.223.14 million brought forward from FY 2019/20. A total of Kshs.189.73 million was spent during the reporting period, as shown in Table 3.205.

Table 3.205: COVID-19 Budget and Expenditure Summary

S/No.	Description of Expenditure (Kshs.)	Revised Budget (Kshs.)	Expenditure as at 30th June, 2021 (Kshs.)
A	County Budget + GoK	-	-
1	Accommodation	9,075,500	9,060,000
2	Airtime	226,000	226,000
3	Bedding & Linen	14,605,000	11,995,289
4	Medical Oxygen	1,200,000	-
5	Computers	200,000	-
6	Food & Ration	6,664,500	3,733,718
7	Fuel	2,500,000	2,500,000
8	Hire of Tents	910,000	905,800
9	Sanitary & Cleaning Materials	11,042,000	8,642,950
10	Maintenance of Building /Generator/Incinerator	15,886,500	11,615,350
11	Medical Equipment	74,862,500	35,227,706
12	Non Pharm	38,201,755	33,392,993
13	Trainings / Contact Tracing	4,000,000	3,964,050
14	Furniture & Fitting	200,000	-
15	Uniforms	4,878,000	-
B	DANIDA Grants		
16	IPC Activities (Sanitary & Cleaning Materials)	5,600,000	5,600,000
C	Ministry of Health Grant	-	-
17	Front Line HCW Allowances	63,150,000	62,868,000
	Total	253,201,755	189,731,855

Source: Nyeri County Treasury

3.37.9 Development Expenditure

The County incurred an expenditure of Kshs.2.18 billion on development programmes, which represented an increase of 32.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.65 billion. Table 3.206 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.206: 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	Construction of Transport Termini at Asian quarters	Rware	475,808,497	220,308,240	46.3
2	Construction of New Naromoru Level 4 Hospital	Narumoru	176,464,366	141,486,224	80
3	Fueling, maintenance of County Machinery and purchase of murram	County Wide	26,650,000	24,878,898	93
4	Proposed upgrading of Kianda Road Phase II to Bitumen Standard	Rware	24,520,289	24,200,300	99
5	Agriculture Sector Development Support Project (ASD-SP)	County Wide	31,776,263	23,303,235	73
6	Thiha Sagana Irrigation Project	Mukurweini Central	31,002,476	20,874,538	67
7	Kiria earth dam	Gatarakwa	32,956,111	20,733,061	63
8	Proposed maintenance and repair work at Kibaki Road	Karatina	17,246,758	16,191,226	94

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
9	Proposed upgrading of vehicle parking spaces on selected roads in Nyeri Town to Bitumen Standard	Rware	14,726,534	11,964,414	81
10	Installation of CCTV at all cess points and Bus parks to enhance revenue collection	Rware	20,000,000	11,743,135	58

Source: Nyeri County Treasury

3.37.10 Budget Performance by Department

Table 3.207 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.207: 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 and Deputy Governor	129.35	0.00	127.90	0.00	127.14	0.00	99.4	-	98.3	-
Office of the County Secretary	350.22	7.70	347.33	4.62	340.13	4.62	97.9	100.0	97.1	60.0
Finance and Economic Planning	870.24	529.57	847.75	314.43	777.49	465.91	91.7	148.2	89.3	88.0
Lands, Physical Planning, Housing and Urbanization	44.27	600.96	43.41	181.98	42.46	293.83	97.8	161.5	95.9	48.9
Health Services	2,689.24	317.03	2,586.01	203.06	2,574.34	161.41	99.5	79.5	95.7	50.9
Gender, Youth and Social Services	67.91	61.60	67.74	41.29	64.49	41.29	95.2	100.0	95.0	67.0
County Public Service and Solid Waste Management	106.28	41.00	105.35	20.54	101.84	21.00	96.7	102.2	95.8	51.2
Agriculture, Livestock and Fisheries	301.27	371.97	272.08	343.50	267.37	349.93	98.3	101.9	88.7	94.1
Trade, Culture, Tourism and Co-Operative Development	54.24	42.20	53.07	16.39	50.86	18.09	95.8	110.4	93.8	42.9
Education and Sports	326.73	73.22	320.15	35.53	294.33	35.59	91.9	100.2	90.1	48.6
Water and Irrigation Services	77.91	55.38	77.62	43.17	76.52	43.17	98.6	100.0	98.2	78.0
County Assembly	706.09	50.00	667.98	13.20	687.59	13.20	102.9	100.0	97.4	26.4
County Public Service Board	44.56	8.00	43.97	3.72	43.54	3.72	99.0	100.0	97.7	46.5
Transport, Public Works Infrastructure and Energy	131.13	1,039.96	129.46	577.83	127.01	724.06	98.1	125.3	96.9	69.6
TOTAL	5,899.44	3,198.58	5,689.83	1,799.26	5,575.11	2,175.81	98.0	120.9	94.5	68.0

Source: Nyeri County Treasury

Analysis of expenditure by Department shows that the Department of Agriculture, Livestock and Fisheries recorded the highest absorption rate of development budget at 94.1 per cent while the County Assembly had the lowest at 26.4 per cent. The Office of the Governor had the highest percentage of recurrent expenditure to budget at 98.3 per cent while the Department of Agriculture, Livestock and Fisheries had the lowest at 88.7 per cent.

The departments with development expenditure exceeding exchequer issues have utilised FY2019/20 balances brought forward in the Special Purpose Accounts. This, however, is irregular and is an indication of a weak internal control system.

3.37.11 Budget Execution by Programmes and Sub-Programmes

Table 3.208 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.208: Nyeri County, Budget Execution by Programmes and Sub-programmes

County Department	Name of the Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Agriculture, Livestock and Fisheries	Agricultural Management	Administration and planning services	250,965,480	248,287,221	2,678,259	98.9
	Livestock Production Management	Provision of Extension Services to Livestock farmers	7,526,000	7,317,184	208,816	97.2
	Crop Management	County Agriculture Extension Program	6,205,000	5,680,745	524,255	91.6
	Fisheries development	Administrative Support Services	5,849,000	2,565,107	3,283,893	43.9
	Veterinary services	Administrative Support Services	20,745,000	16,423,129	4,321,871	79.2
	Wambugu ATC	Farm Development	8,578,450	7,190,960	1,387,490	83.8
	AMS Naromoru	Development Of Agricultural Land For Crop Production	7,929,794	5,914,994	2,014,800	74.6
	KCSAP	Administration and planning services	333,662,812	300,618,955	33,043,857	90.1
	ASDSP	Administration and planning services	31,776,263	23,303,235	8,473,028	73.3
	Sub-total		673,237,799	617,301,530	55,936,269	91.7
Lands, Physical Planning, Housing and Urbanization	Physical planning services	Administration and personnel services	30,575,703	30,099,914	475,789	98.4
	Land Policy and Planning	Land Policy Formulation	2,736,875	2,255,258	481,617	82.4
	Housing Development and Human Settlement	Government Building	936,125	588,741	347,384	62.9
	Nyeri Municipality	Administration and personnel services	610,984,637	303,347,447	307,637,190	49.7
	Sub-total		645,233,340	336,291,360	308,941,980	52.1
Transport, Public Works Infrastructure and Energy	Roads development, maintenance and management	County access and feeder roads improvement	996,807,864	733,880,621	262,927,243	73.6
	Energy Sector development	Street lighting programme	174,282,743	117,179,881	57,102,862	67.2
	Sub-total		1,171,090,607	851,060,502	320,030,105	72.7
Trade, Culture, Tourism and Co-Operative Development	Trade and Cooperative Development	Trade Promotion	91,420,440	64,818,941	26,601,499	70.9
	Tourism Development	Promotion of Tourism	2,310,000	2,129,392	180,608	92.2
	Co-operative development	Cooperative Development And Management	2,708,370	2,002,500	705,870	73.9
	Sub-total		96,438,810	68,950,833	27,487,977	71.5

County Department	Name of the Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Health Services	County Health Services	Administration, planning and support services	2,304,209,190	2,116,106,009	188,103,181	91.8
	Nyeri Level V Referral Hospital	Administration, planning and support services	484,361,272	469,241,697	15,119,575	96.9
	Karatina District Hospital	Administration, planning and support services	40,000,000	32,088,058	7,911,942	80.2
	Mukurweini District Hospital	Administration, planning and support services	13,000,000	11,947,650	1,052,350	91.9
	Othaya District Hospital	Administration, planning and support services	17,000,000	14,000,000	3,000,000	82.4
	Mt Kenya Hospital	Administration, planning and support services	17,000,000	9,635,038	7,364,962	56.7
	Health Centres and Dispensaries	Administration, planning and support services	130,703,831	82,726,011	47,977,820	63.3
	Sub-total		3,006,274,293	2,735,744,463	270,529,830	91.0
Education and Sports	Education Management	Administrative Support Services	260,388,573	257,712,513	2,676,060	99.0
	ECDE Management	ECDE Management	24,517,496	21,661,884	2,855,612	88.4
	Youth Training	Administrative Support Services	65,171,639	31,271,075	33,900,564	48.0
	County Sports Development	Search and nurture talents	49,869,566	19,275,361	30,594,205	38.7
	Sub-total		399,947,274	329,920,833	70,026,441	82.5
Office of the Governor and Deputy Governor	Management and Co-ordination of county affairs	Administration, planning and support services	115,114,004	113,740,548	1,373,456	98.8
		Service Delivery	3,370,000	3,328,537	41,463	98.8
		Management of county affairs	10,868,333	10,069,215	799,118	92.7
	Sub-total		129,352,337	127,138,300	2,214,037	98.3
Office of the County Secretary	Coordination of County Functions and Public Service Management	Administration, planning and support services	356,652,672	343,614,366	13,038,306	96.3
		Coordination of functions of the County Executive Committee	1,270,000	1,134,732	135,268	89.4
	Sub-total		357,922,672	344,749,098	13,173,574	96.3

County Department	Name of the Programme	Sub-Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
Finance and Economic Planning	Executive services	Administration and personnel services	807,574,744	758,349,511	49,225,233	93.9
	Economic Planning	Economic Planning and Policy Formulation	13,584,046	10,271,604	3,312,442	75.6
		Budget Management	417,645,843	388,775,067	28,870,776	93.1
	Public Finance Management	Financial Accounting	13,059,187	12,259,700	799,487	93.9
		Procurement Compliance and Reporting	11,907,249	10,744,953	1,162,296	90.2
		Internal Audit	8,747,881	7,847,119	900,762	89.7
	Revenue Mobilization	Revenue Mobilization	24,211,483	21,693,413	2,518,070	89.6
	Intra and Inter-governmental Relation	Administration and personnel services	15,869,599	13,481,330	2,388,269	85.0
	KDSP	Administration and personnel services	81,800,000	15,278,600	66,521,400	18.7
	Monitoring and Evaluation	Administration and personnel services	5,402,500	4,699,950	702,550	87.0
	Sub-total		1,399,802,532	1,243,401,247	156,401,285	88.8
County Assembly	General administration, Policy Development and implementation	Administration and planning services	756,085,232	700,783,174	55,302,058	92.7
					0	
County Public Service and Solid Waste Management	Human resources management	Administration Planning and Support Services	59,277,027	56,429,636	2,847,391	95.2
	Environmental Management	Environment Conservation, Protection and Management	24,105,027	19,874,113	4,230,914	82.5
	Sanitation management	Administrative Support Services	63,895,754	46,535,866	17,359,888	72.8
	Sub-total		147,277,808	122,839,615	24,438,193	83.4
County Public Service Board	General Administration and Planning services	Administration and Personnel Services	52,559,278	47,262,079	5,297,199	89.9
					0	
Gender, Youth and Social Services	General Administration and Planning services	Administration and personnel services	119,017,436	95,916,309	23,101,127	80.6
	Social development	Administration and planning services	3,502,001	3,000,879	501,122	85.7
	Disaster Management	Administration and planning services	6,990,537	6,867,256	123,281	98.2
	Sub-total		129,509,974	105,784,444	23,725,530	81.7
Water and Irrigation Services	Water Management	Administrative Support Services	133,286,048	119,692,465	13,593,583	89.8
	Grand Total		9,098,018,004	7,750,919,943	1,347,098,061	85.2

Source: Nyeri County Treasury

The top three programmes with the highest absorption rates were: Education Management 99 per cent, Agricultural Management 98.9 per cent, and Management and Co-ordination of county affairs 98.3 per cent of the budget allocation.

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.2.18 billion in the FY 2020/21 from the annual development budget allocation of Kshs.3.2 billion. The development expenditure represented 68.0 per cent of the annual development budget.
2. A high wage bill, which accounted for 45.9 per cent of the total expenditure in the FY 2020/21, thus constraining funding to other programmes.
3. There was weak internal control practice as shown by the reported expenditure, which was above total funds released by the COB (actual expenditure represented 103.5 per cent of the total funds released by the COB).
4. High expenditure on local travel at Kshs.272.06 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget and approved issues by the COB.*
4. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure..*

3.38 County Government Samburu

3.38.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.6.79 billion, comprising Kshs.2.53 billion (37.2 per cent) and Kshs.4.26 billion (62.8 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.62 billion (68.1 per cent) as the equitable share of revenue raised nationally, Kshs.602.39 million (8.9 per cent) as total conditional grants, generate Kshs.90.31 million (1.2 per cent) from own sources of revenue, and a cash balance of Kshs.1.48 billion (21.8 per cent) from FY 2019/20.

3.38.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.62 billion as the equitable share of the revenue raised nationally, Kshs.508.39 million as conditional grants, raised Kshs.70.38 million as own-source revenue, and had a cash balance of Kshs.351.71 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.55 billion, as shown in Table 3.209.

Table 3.209: Samburu County, Revenue Performance in FY 2020/21

S>No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Per- centage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Na- tionally	4,620,900,000	4,620,900,000	4,620,900,000	100.0
B. Conditional Grants from the National Government					
1.	Compensation for User Fee Foregone	5,235,578	5,235,578	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	118,859,147	229,259,147	59,429,573	25.9
4.	Rehabilitation of Village Polytechnics	10,549,894	10,549,894	10,549,894	100.0

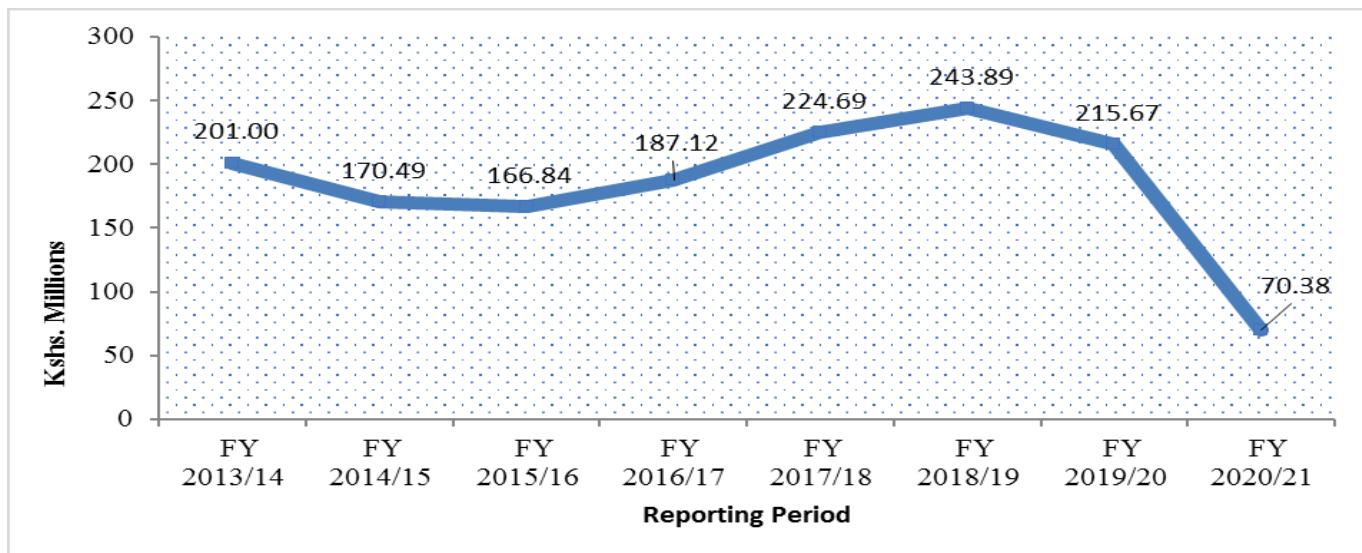
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Per- centage of Annual Budget Allocation (%)
Sub Total		266,665,896	377,065,896	69,979,467	18.6
C	Loans and Grants from Development Partners				
5.	Transforming Health systems for Universal care Project (WB)	31,320,789	67,761,930	29,873,032	44.1
6.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	216,145,500	272,401,924	163,980,369	60.2
7.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	75,000,000	147,491,953	196.7
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	50,000,000	63,069,989	126.1
9.	DANIDA Grant	13,140,000	18,075,000	13,140,000	72.7
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	93,220,674	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,496,213	45,318,793	12,051,516	26.6
12.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	-	8,800,000	0.0
Sub Total		335,728,670	621,778,321	438,406,859	70.5
D	Other Sources of Revenue				
1.	Own Source Revenue	-	90,312,319	70,378,827	77.9
2.	Balance b/f from FY 2019/20	-	1,053,199,388	351,710,951	33.4
3.	Covid-19 Funds b/f	-	27,402,000	-	-
Sub Total		-	1,170,913,707	422,089,778	36.0
Grand Total		5,223,294,566	6,790,657,924	5,551,376,104	81.8

Source: Samburu County Treasury

Kenya Devolution Support Project (KDSP) Level 1 Grant and Kenya Urban Support Project (KUSP) – Urban Development Grant (UDG) have recorded 196.7 per cent 126.7 per cent receipt respectively as compared to the budgeted amounts. These have been re-budgeted for utilisation in the FY 2021/22.

Figure 3.74 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.74: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Samburu County Treasury

In FY 2020/21, the County generated Kshs.70.38 million as own-source revenue. This amount represented a decrease of 67.4 per cent compared to Kshs.215.67 million realised during a similar period in FY 2019/20 and was 77.9 per cent of the annual target. The decrease in own-source revenue collection during the period under review can be attributed to the fact that the County's top revenue source over the years has been the Tourism Sector which was adversely affected by the COVID-19 pandemic.

3.38.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.56 billion from the CRF account during the reporting period. The amount comprised Kshs.1.29 billion (23.2 per cent) for development programmes and Kshs.4.26 billion (76.8 per cent) for recurrent programmes.

3.38.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.23 billion on development and recurrent programmes. The expenditure represented 94.2 per cent of the total funds released by the COB and comprised of Kshs.1.37 billion and Kshs.3.86 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 54.3 per cent, while recurrent expenditure represented 90.5 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as at June 30, 2021 which amounted to Kshs.517.33 million for development activities and Kshs.80.36 million for recurrent costs.

3.38.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that the County spent Kshs.2.20 billion on employee compensation, Kshs.1.65 billion on operations and maintenance, and Kshs.1.37 million on development activities, as shown in Table 3.210.

Table 3.210: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,262,585,508	4,264,389,301	3,856,450,930	90.5
Compensation to Employees	2,284,939,101	2,226,283,354	2,202,402,157	96.4
Operations and Maintenance	1,977,646,407	2,038,105,947	1,654,048,773	83.6
Total Development Expenditure	2,528,072,416	1,286,986,803	1,373,762,083	54.3
Development Expenditure	2,528,072,416	1,286,986,803	1,373,762,083	54.3
Total	6,790,657,924	5,551,376,104	5,230,213,013	77.0

Source: Samburu County Treasury

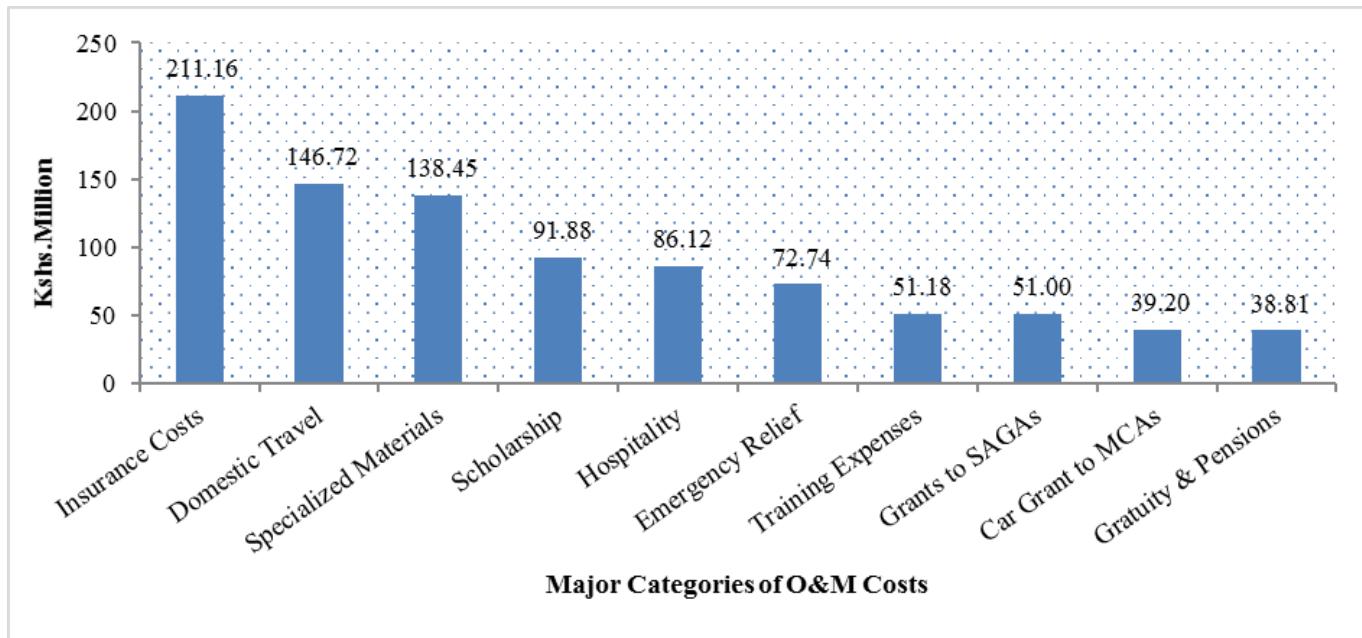
3.38.6 Expenditure on Personnel Emoluments

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 42.1 per cent of the total expenditure for the reporting period and 39.7 per cent of revenue.

3.38.7 Expenditure on Operations and Maintenance

Figure 3.75 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.75: Samburu County, Operations and Maintenance Expenditure by Major Categories



Source: Samburu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.25.63 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.76,289 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.146.72 million and comprised Kshs.43.11 million spent by the County Assembly and Kshs.103.61 million by the County Executive. Spending on foreign travel amounted to Kshs.18.82 million and consisted of Kshs.14.44 million by the County Assembly and Kshs.4.39 million by the County Executive.

3.38.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.331.82 million to cater to COVID-19 related expenditure, including Kshs.306.82 million brought forward from FY 2019/20. A total of Kshs.273.08 million was spent during the reporting period, as shown in Table 3.211.

Table 3.211: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
A The County Department of Health			
1.	Coordination, support supervision and County-wide outbreak and response management-County department of Health	181,577,270	898,000
2.	Training of community health volunteers CHVs on Covid-19, Community prevention, awareness creation and distribution of information education communication (IEC) materials		2,189,150
3.	Disease surveillance, active case management, contact tracing and sample logistics- County Department of Health		2,248,930
4.	Community Sensitisation, message dissemination and awareness		1,126,100

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
5.	Covid-19 branding and signage- County Department of Health		488,000
6.	Training of staff and frontline Health care workers on Covid-19-County department of Health		1,346,940
7.	Moi Teaching and Referral Hospital Doctors claims who facilitated Training on Covid-19 at Maralal Referral Hospital		134,137
8.	Tent hiring for Screening at Entry points- Health services		181,000
9.	Covid-19 Health technical taskforce team travel allowances		4,991,600
10.	Purchase of ICU, HDU beds and assorted medical equipment-County Department of Health		62,287,650
11.	Construction of ICU and HDU units at Maralal Referral Hospital		4,937,000
12.	Covid-19 Screening allowances paid to Health workers at Entry Points - Archers, Suguta Mar mar, Baragoi and South horr		1,589,500
13.	Fumigation-County department of Health services		2,373,150
14.	Purchase of tyres and tubes for Motor vehicles (Ambulances)		1,500,000
15.	Purchase of PPEs-County Department of Health		22,285,352
16.	Construction of donning and doffing units and Oxygen piping at Maralal Referral Hospital-County department of Health		3,589,740
17.	Refined fuels and lubricants for contact tracing, disease surveillance and Covid-19 related activities		3,400,000
18.	Purchase of pharmaceutical drugs		100,000
19.	Vehicle services-County department of Health		535,658
20.	Modification of Maralal Polytechnic to Isolation wards		3,516,305
21.	Repair and maintenance of motor vehicles allocated to Covid-19 activities		2,174,728
22.	Renovations and modification of Laikipia University Campus at Nomoito to Isolation wards		3,490,400
23.	Accommodation for frontline health care workers handling active Covid-19 cases		3,960,000
24.	Purchase of Oxygen manifold for ICU facility		976,387
25.	Cleaning materials for the Department of Health Services		993,500
26.	Purchase of tents, chairs and tables for the Department of Health Services		971,500
27.	Refilling of medical oxygen for ICU and Cylinders caging		2,650,280
28.	Purchase of Cooking utensils for Isolation Wards		987,500
29.	Roll out of Covid-19 Vaccination Health services		1,658,500
30.	Transportation of Covid-19 items		117,000
31.	ICU consumables		7,470,565
32.	Isolation wards expenses		957,600
33.	Automation of Baragoi Health facility standby generator		573,400
34.	Rapid testing		1,733,000
B. The County Department of Water, Environment and Natural Resources			
1.	Support to Water Service Provider (Samburu water and Sanitation Company Ltd) as per guidelines and protocols on Covid-19 response on the management of water supply (Salaries for the Months of May and June 2020)-County department of water, Environment and Natural resources	44,686,421	4,164,026
2.	Diesel subsidy for Community boreholes		854,460
3.	Diesel for Baragoi town borehole		767,250
4.	Fuel for water trucking Countywide		3,289,492
5.	Water connection to ICU Facility - Maralal Referral Hospital		1,349,304
6.	Purchase of pumps and motors for strategic boreholes & water supply		4,331,700
7.	Purchase of fast-moving spares for servicing of generators		1,497,382
8.	Water connection to isolation ward-Archers Post		2,207,700
9.	Repair and maintenance of Water bowser		689,580
10.	Water connection to isolation ward- Maralal Polytechnic		1,398,210
11.	Water connection to isolation ward- Laikipia University campus		1,592,580
12.	Water connection to isolation ward- Wamba		1,398,780
13.	Water connection to isolation wards- Baragoi		2,090,088

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
14.	Rehabilitation of Kisima-Lchoro Lerai Borehole		1,174,616
15.	Monitoring, assessment and Covid-19 waste management		1,568,000
16.	Daily Subsistence allowances for the Boreholes repairing team		1,300,800
17.	Tyres for water bowsers		210,000
C.	County Department of Administration		
1.	Communication, publicity and advocacy-County Department of Administration.	10,355,001	651,000
2.	Essential cleaning items and detergents for County headquarters offices in line with health guidelines for Covid-19- County Department of Administration.		2,223,260
3.	Coordination and security		1,317,500
4.	Purchase of surgical face masks for County staff and offices		1,500,000
5.	Purchase of hand sanitisers for county staff and offices		993,500
6.	Daily Subsistence allowances for technical teams		2,823,600
D	County Department of Finance, Economic Planning and ICT		
1.	Repair and maintenance of motor vehicles allocated to Covid-19 activities	9,541,308	772,064
2.	Monitoring and Evaluation of Covid-19 activities and projects		2,980,500
3.	Fuel for motor vehicles allocated to Covid-19 activities		854,460
4.	Internal Audit		448,200
E.	Fund Administration Costs		
1.	Sitting allowances and per diems for Covid-19 Fund committee	6,840,000	2,298,570
2.	Secretariat costs		630,000
3.	Fund office supplies		1,238,710
4.	Allowances for Covid-19 Umbrella Committees (Response team, Intergovernmental coordination team and County Assembly Covid-19 Ad-hoc committee)		3,221,240
	Bank charges		90,294
F.	KDSP Grant	30,000,000	26,800,000
G.	DANIDA Grants	4,935,000	4,935,000
H.	MOH Frontline Health Care Workers Allowances	16,485,000	16,485,000
I.	MOH Grant	27,402,000	24,500,000
Total		331,822,000	273,079,438

Source: Samburu County Treasury

3.38.9 Development Expenditure

The County incurred an expenditure of Kshs.1.37 billion on development programmes, which represented an increase of 45 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.947.40 million. Table 3.212 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.212: Samburu 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 County Referral Hospital Complex	Maralal	131,877,476	131,877,476	100.0
2.	Drilling and Equipping of 65 No of Bore-holes	County-wide	120,953,077	120,953,077	100.0
3.	Support Towards Community Conservancies	County Wide	120,000,000	120,000,000	100.0
4.	Supply and Delivery Camel Heifers and Camel Bulls	Samburu East And North	54,570,000	54,570,000	100.0
5.	Construction of 27 No of Classrooms	Countywide	34,464,955	34,464,955	100.0
6.	Geospatial Services Cost	County Wide	30,000,000	30,000,000	100.0
7.	The Supply and Delivery of Certified Seeds	Maralal	16,248,120	16,248,120	100.0
8.	Lan Installation	Maralal	15,997,386	15,997,386	100.0
9.	Construction of Ngilai Dam	Ngilai	14,802,060	14,802,060	100.0
10.	Construction of Bridge	Lolkunono	11,711,200	11,711,200	100.0

Source: Samburu County Treasury

3.38.10 Budget Performance by Department

Table 3.213 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.213: 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	529.50	111.00	529.50	68.05	529.50	68.05	100.0	100.0	100.0	61.3
County Executive	470.96	23.00	470.96	-	438.80	-	93.2	0.0	93.2	-
Finance, Economic Planning & ICT	758.27	36.36	758.27	16.00	676.32	21.86	89.2	136.7	89.2	60.1
Agriculture, Livestock Development, Veterinary Services & Fisheries	411.79	373.96	411.79	133.96	337.52	181.23	82.0	135.3	82.0	48.5
Water, Environment, Natural Resources & Energy	158.56	497.76	158.56	288.23	120.82	271.76	76.2	94.3	76.2	54.6
Education and Vocational Training	419.33	155.98	419.33	80.48	381.14	81.80	90.9	101.6	90.9	52.4
Medical Services, Public Health & Sanitation	1,052.25	474.46	1,052.25	176.40	974.46	177.37	92.6	100.5	92.6	37.4
Lands, Housing, Physical Planning & Urban Development	106.61	83.98	106.61	75.85	82.48	33.98	77.4	44.8	77.4	40.5
Roads, Transport & Public Works	72.43	513.51	72.43	282.23	63.87	365.69	88.2	129.6	88.2	71.2
Tourism, Trade, Enterprise Development & Cooperatives	173.39	192.57	175.19	155.17	151.23	161.41	86.3	104.0	87.2	83.8
Culture, Social Services, Gender, Sports & Youth Affairs	109.50	65.48	109.50	10.62	100.32	10.62	91.6	100.0	91.6	16.2
Total	4,262.59	2,528.07	4,264.39	1,286.99	3,856.45	1,373.76	90.4	106.7	90.5	54.3

Source: Samburu County Treasury

Analysis of expenditure by Department shows that the Department of Tourism, Trade, Enterprise Development & Cooperatives recorded the highest absorption rate of development budget at 83.8 per cent while the County Executive (Offices of the Governor, Deputy Governor and the County Secretary) did not report any expenditure on development activities. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent while the Department of Water, Environment, Natural Resources & Energy had the lowest at 76.2 per cent.

3.38.11 Budget Execution by Programmes and Sub-Programmes

Table 3.214 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.214: 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					
County Assembly	0707014210 SP1 Legislative and Oversight	52,497,492	51,967,816	529,676	99.0
	0707024210 SP2 County Assembly Administration	312,308,595	271,236,104	41,072,491	86.8
	0707034210 SP3 Representation	275,690,947	274,342,905	1,348,042	99.5
	Subtotal	640,497,034	597,546,825	42,950,209	93.3
The County Executive					
	0701014210 SP1 General Administration and Support Services (Governor, Deputy Governor)	224,815,002	194,281,648	30,533,354	86.4
	0704014210 SP2 Administration of Human Resources in County Public Service	56,546,626	46,087,633	10,458,993	81.5
	0701034210 SP3 Sub County Administration	175,052,094	161,276,935	13,775,159	92.1
	0701044210 SP4 Coordination, Supervision and Human Resource services (C S)	37,544,586	37,149,729	394,857	98.9
	Subtotal	493,958,308	438,795,945	55,162,363	88.8
Finance, Economic Planning & ICT					
0705004210 P1 General Administration Planning and Support Services	0705014210 SP1 Administration Services	502,580,669	467,946,648	34,634,021	93.1
	0705024210 SP2 ICT Services	45,550,316	27,618,580	17,931,736	60.6
	Subtotal	548,130,985	495,565,228	52,565,757	90.4
0706004210 P2 Public Finance Management	0706054210 SP5 Accounting Services	30,628,120	28,387,804	2,240,316	92.7
	0706024210 SP2 Resource Mobilization	67,662,231	54,590,148	13,072,083	80.7
	0706034210 SP3 Infernal Audit	17,386,714	11,512,115	5,874,599	66.2
	0706044210 SP4 Supply Chain Management	19,554,266	18,554,404	999,862	94.9
	0706014210 SP1 Budget Formulation Coordination and Management	11,031,050	8,922,705	2,108,345	80.9
	0706064210 SP6 Fiscal Planning	77,551,670	60,772,854	16,778,816	78.4
	Subtotal	223,814,051	182,740,030	41,074,021	81.6
0713004210 P3 General Administration Planning and Support Services	0713014210 SP1 General Administration Planning and Support Services	6,823,998	5,872,910	951,088	86.1
	Subtotal	6,823,998	5,872,910	951,088	86.1
0712004210 P4 Special Programs	0712014210 SP 1 Special Programs	15,863,776	14,005,140	1,858,636	88.3
	Subtotal	15,863,776	14,005,140	1,858,636	88.3
Agriculture, Livestock Development, Veterinary Services & Fisheries					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	402,859,122	292,996,575	109,862,547	72.7
	Subtotal	402,859,122	292,996,575	109,862,547	72.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0103004210 P2 Livestock Resource Management and Development	0103014210 SP1 Livestock Policy Development and Capacity Building	10,505,622	9,428,648	1,076,974	89.7
	0103024210 SP2 Livestock Production and Management	43,773,504	38,919,485	4,854,019	88.9
	0103034210 SP3 Livestock Diseases Management and Control	58,089,902	45,193,224	12,896,678	77.8
	0103044210 SP4 Livestock Marketing and Rangeland Management	135,439,535	66,716,375	68,723,160	49.3
	Subtotal	247,808,563	160,257,732	87,550,831	64.7
0104004210 P4 Fisheries Development and Management	0104014210 SP1 Management and Development of Fisheries	6,468,596	6,225,776	242,820	96.2
	Subtotal	6,468,596	6,225,776	242,820	96.2
0105004210 P3 Crop Development and Management	0105014210 SP1 Lands and Crops Development	111,458,401	45,393,730	66,064,671	40.7
	0105024210 SP2 Food Security Initiatives	17,156,436	13,877,881	3,278,555	80.9
	Subtotal	128,614,837	59,271,611	69,343,226	46.1
Water, Environment, Natural Resources & Energy					
1001004210 P1 General Administration Planning and Support Services	1001014210 SP1 General Administration Planning and Support Services	213,137,603	97,933,173	115,204,430	45.9
	Subtotal	213,137,603	97,933,173	115,204,430	45.9
1002004210 P2 Environmental Management and Protection	1002014210 SP1 County Environment Management	17,818,420	3,820,410	13,998,010	21.4
	1002024210 SP2 Forests Conservation and Management	4,455,494	4,061,386	394,108	91.2
	Subtotal	22,273,914	7,881,796	14,392,118	35.4
1003004210 P3 Natural Resources Services	1003024210 SP2 Soil Conservation Management	3,596,174	3,234,735	361,439	89.9
	1003034210 SP3 Mining Services	1,756,600	1,412,859	343,741	80.4
	1003044210 SP4 Water Catchment and Protection Services	63,403,486	40,541,305	22,862,181	63.9
	Subtotal	68,756,260	45,188,899	23,567,361	65.7
1004004210 P4 Water and sanitation infrastructure	1004014210 SP1 Storm Water Management	5,145,059	4,480,277	664,782	87.1
	1004024210 SP2 Water and Sanitation Services	347,005,121	237,099,002	109,906,120	68.3
	Subtotal	352,150,180	241,579,279	110,570,902	68.6
Education and Vocational Training					
0501004210 P1 General Administration Planning and Support Services	0501014210 SP1 General Administration Planning and Support Services	210,499,735	176,512,909	33,986,826	83.9
	Subtotal	210,499,735	176,512,909	33,986,826	83.9
0502004210 P3 Youth Training and Development	SP 0504014210 Revitalisation of Youth Polytechnics	31,521,336	19,004,190	12,517,146	60.3
	Subtotal	31,521,336	19,004,190	12,517,146	60.3
0502004210 P2 Early childhood development and Education	0502014210 SP1 Early Childhood Development and Education	333,285,588	267,416,391	65,869,197	80.2
	Subtotal	333,285,588	267,416,391	65,869,197	80.2

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
Medical Services, Public Health & Sanitation					
0401004210 P1 Preventive and Promotive Health Services	0401044210 SP2 Environmental & Health promotion	71,290,325	63,695,088	7,595,237	89.3
	0402014210 SP1 Nutrition	13,898,410	12,726,534	1,171,876	91.6
	0401054210 SP3 Communicable Disease Control	86,203,050	85,291,532	911,518	98.9
	0401064210 SP4 Non-communicable Disease Prevention & Control	37,877,350	37,041,584	835,766	97.8
	0401074210 SP5 Reproductive, Maternal, Neonatal, child and Adolescent Health	50,307,630	49,980,615	327,015	99.3
	Subtotal	259,576,765	248,735,353	10,841,412	95.8
0402004210 P2 Curative Health	0402044210 SP1 County Hospital and Referral Services	593,569,378	463,357,536	130,211,842	78.1
	0402054210 SP2 Free Primary Health Services	109,362,174	108,065,851	1,296,323	98.8
	Subtotal	702,931,552	571,423,387	131,508,165	81.3
0403004210 P3 General Administration Planning and Support Services	0403014210 SP1 Health Infrastructure Development	377,541,178	166,266,377	211,274,801	44.0
	0403034210 SP2 Human Resource Management and Development	73,655,826	58,419,037	15,236,789	79.3
	0403044210 SP3 Monitoring and Evaluation, Research and Development	4,934,656	4,182,758	751,898	84.8
	0403054210 SP4 Health Policy, Planning & Financing	22,135,121	16,987,820	5,147,301	76.7
	0403064210 SP5 Health Standards and Quality Assurance Services	85,940,245	85,814,939	125,306	99.9
	Subtotal	564,207,026	331,670,931	232,536,095	58.8
Lands, Housing, Physical Planning & Urban Development					
0101004210 P1 General Administration Planning and Support Services	0101014210 SP1 Administration, Planning and Support Services	56,991,711	34,892,820	22,098,891	61.2
	Subtotal	56,991,711	34,892,820	22,098,891	61.2
0102004210 P2 Land policy Planning and Housing	0102014210 SP1 Land Use Planning	36,007,344	35,915,377	91,967	99.7
	0102034210 SP2 Land Survey and Mapping	8,431,690	8,363,689	68,001	99.2
	0102044210 SP3 Housing Management Services	843,760	799,680	44,080	94.8
	Subtotal	45,282,794	45,078,746	204,048	99.5
0106004210 P3 Urban Centres Administration	0106014210 SP1 Urban Centre Management	88,312,745	36,490,873	51,821,872	41.3
	Subtotal	88,312,745	36,490,873	51,821,872	41.3
Roads, Transport & Public Works					
0201004210 P1 General Administration Planning and Support Services	0201014210 SP1 General Administration Planning and Support Services	185,326,273	172,750,804	12,575,469	93.2
	0201034210 SP2 Firefighting Services	397,990	-	397,990	0.0
	0201044210 SP3 Design, Implementation and Supervision of Public Buildings	13,751,858	12,226,160	1,525,698	88.9
	Subtotal	199,476,121	184,976,964	14,499,157	92.7

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0202004210 P2 Roads and public Infrastructure Development	0202014210 SP1 Construction, Rehabilitation and Maintenance of Roads and Bridges	362,869,024	221,102,745	141,766,279	60.9
	0202024210 SP2 Design, supervision and rehabilitation of County Buildings	6,931,654	6,843,778	87,876	98.7
	0202034210 SP3 Street Lights Management	9,408,766	9,377,489	31,277	99.7
	0202044210 SP4 Public Road Transport and Parking	7,261,449	7,260,734	715	100.0
	Subtotal	386,470,893	244,584,746	141,886,147	63.3
Tourism, Trade, Enterprise Development & Cooperatives					
0301004210 P1 General Administration Planning and Support Services	0301014210 SP1 General Administration Planning and Support Services	39,124,722	27,979,831	11,144,891	71.5
	Subtotal	39,124,722	27,979,831	11,144,891	71.5
0302004210 P2 Cooperatives Development and Management	0302014210 SP1 Governance and Accountability	24,441,611	19,372,232	5,069,379	79.3
	Subtotal	24,441,611	19,372,232	5,069,379	79.3
0304004210 P4 Tourism Development and Promotion	0304014210 SP1 Tourism Promotion and Marketing	238,576,812	211,372,165	27,204,647	88.6
	Subtotal	238,576,812	211,372,165	27,204,647	88.6
0305004210 P5 Trade Development and Promotion	0305014210 SP1 Domestic Trade Development	32,862,396	30,413,168	2,449,228	92.5
	Subtotal	32,862,396	30,413,168	2,449,228	92.5
0306004210 P6 P1 General Administration Planning and Support Services	0306014210 SP6 SP1 General Administration Planning and Support Services	30,957,910	23,495,360	7,462,550	75.9
	Subtotal	30,957,910	23,495,360	7,462,550	75.9
Culture, Social Services, Gender, Sports & Youth Affairs					
0901004210 P1 General Administration Planning and Support Services	0901014210 SP1 General Administration Planning and Support Services	29,478,992	26,053,061	3,425,931	88.4
	Subtotal	29,478,992	26,053,061	3,425,931	88.4
0902004210 P2 Culture and social Services development	0902014210 SP1 Conservation of Heritage	928,000	927,140	860	99.9
	0902024210 SP2 Development and Promotion of Culture	33,177,932	10,013,645	23,164,287	30.2
	0902034210 SP3 Social Welfare and Gender	27,438,000	20,984,406	6,453,594	76.5
	0902044210 SP4 Community Mobilization and Development	6,006,692	5,870,607	136,085	97.7
	Subtotal	67,550,624	37,795,798	29,754,826	56.0
0903004210 P3 Promotion of other sports activities	0903014210 SP1 Development and Management of Sports Facilities	34,512,581	6,400,930	28,111,651	18.5
	Subtotal	34,512,581	6,400,930	28,111,651	18.5
0503004210 P3 Sports Development	0503034210 SP3 Sports Development, Training and Competition	27,552,800	27,440,006	112,794	99.6
	Subtotal	27,552,800	27,440,006	112,794	99.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption Rate (%)
0904014210 P1 General Administration Planning and Support Services	0904004210 SP1 General Administration Planning and Support Services	15,885,983	13,242,233	2,643,750	83.4
	Subtotal	15,885,983	13,242,233	2,643,750	83.4
Grand Total		6,790,657,924	5,230,213,013	1,560,444,912	77.0

Source: Samburu County Treasury

The top three programmes with the highest levels of absorption rates were: Sports Development in the Department of Culture, Social Services, Gender, Sports & Youth Affairs at 99.6 per cent, Land policy Planning and Housing in the Department of Lands, Housing, Physical Planning & Urban Development at 99.5 per cent and Fisheries Development and Management in the Department of Agriculture, Livestock Development, Veterinary Services & Fisheries at 96.2 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. Low absorption of development funds as indicated by the expenditure of Kshs.1.37 billion in FY 2020/21 from the annual development budget allocation of Kshs.2.53 billion. The development expenditure represented 54.3 per cent of the annual development budget.
2. A high wage bill, which accounted for 42.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The County recorded high pending bills, which amounted to Kshs.517.33 million for development activities and Kshs.80.36 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County should identify and address issues causing delays in the implementation of development projects.*
2. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.39 County Government of Siaya

3.39.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.8.22 billion, comprising of Kshs. 3.38 billion (41.1 per cent) and Kshs.4.84 billion (58.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.79 billion (70.5 per cent) as the equitable share of revenue raised nationally, Kshs.773.15 million (9.4 per cent) as total conditional grants, generate Kshs.420 million (5.1 per cent) from own sources of revenue, and a cash balance of Kshs.1.24 billion (16.3 per cent) from FY 2019/20.

3.39.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.79 billion as the equitable share of the revenue raised nationally, Kshs.533.93 million as conditional grants, raised Kshs.332.88 million as own-source revenue, and had a cash balance of Kshs.1.3 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.96 billion, as shown in Table 3.215.

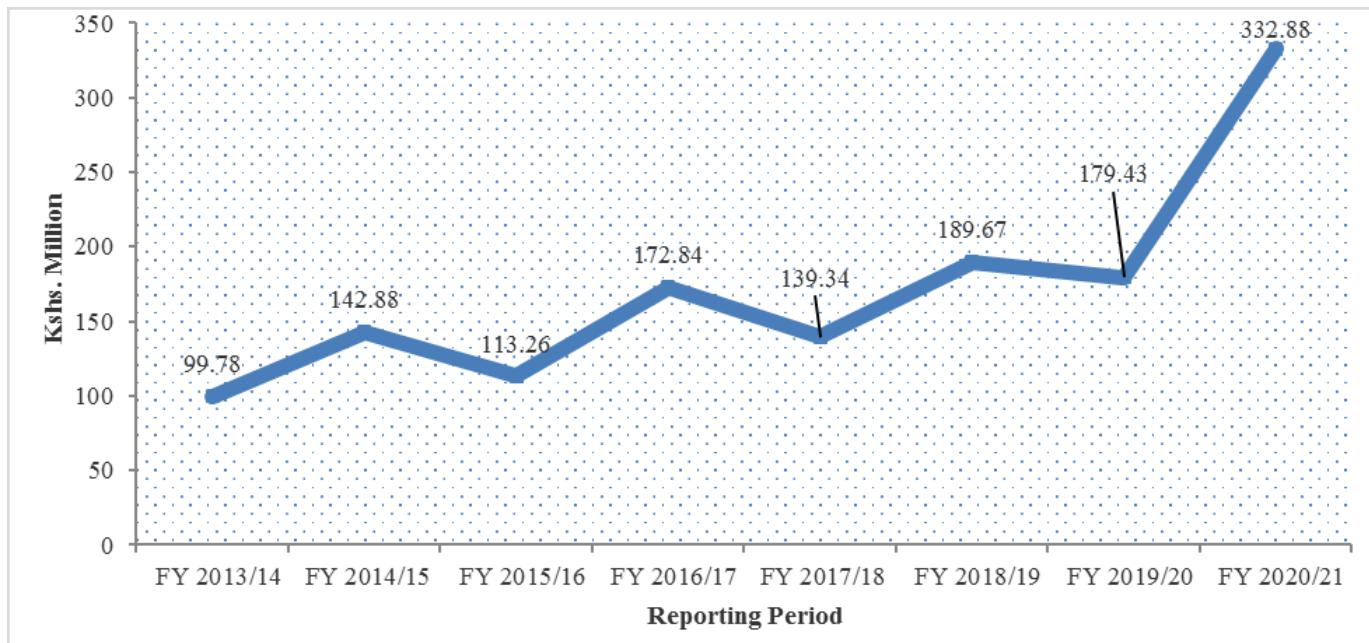
Table 3.215: Siaya County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,791,950,000	5,791,950,000	100.0
B.	Conditional Grants from the National Government Revenue				
1.	Compensation for User Fee Foregone	18,194,808	18,194,808	18,194,808	100.00
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	174,515,414	174,515,414	87,257,708	50.0
4.	Rehabilitation of Village Polytechnics	48,199,894	48,199,894	48,199,894	100.0
Sub-Total		372,931,393	240,910,116	153,652,410	63.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	50,199,253	50,199,253	48,751,496	97.1
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	319,185,080	319,185,080	244,610,461	76.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	50,000,000	50,000,000	13,069,989	26.1
5.	DANIDA Grant	16,470,000	16,470,000	16,470,000	100.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,874,560	12,874,560	12,375,365	96.1
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	38,530,664	38,530,664	-	-
Sub Total		532,259,557	532,259,557	380,277,311	71.4
D	Other Sources of Revenue				
1.	Own Source Revenue	-	420,000,000	332,883,061	79.3
2.	Balance b/f from FY2019/20	-	1,235,985,311	1,186,274,440	96.0
3.	Other Revenues	-	-	112,815,048	-
4.	A-I-A	-	-	-	-
Sub Total		-	1,655,985,311	1,631,972,549	98.5
Grand Total		6,760,440,950	8,221,104,984	7,957,852,269	96.8

Source: Siaya County Treasury

Figure 3.76 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.76: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Siaya County Treasury

In FY 2020/21, the County generated Kshs.333 million as own-source revenue. This amount represented an increase of 85.5 per cent compared to Kshs.179.43 million realised during a similar period in FY 2019/20 and was 79.3 per cent of the annual target. The increase of 85.5 per cent can be attributed to the enhanced collection of NHIF/capitation and Linda Mama revenue streams.

3.39.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.23 billion from the CRF account during the reporting period. The amount comprised Kshs.2.57 billion (35.5 per cent) for development programmes and Kshs.4.67 billion (64.5 per cent) for recurrent programmes.

3.39.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.6.95 billion on development and recurrent programmes. The expenditure represented 96.1 per cent of the total funds released by the COB and comprised of Kshs.2.25 billion and Kshs.4.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 66.4 per cent, while recurrent expenditure represented 97.2 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.423.38 million for development activities and Kshs.637.54 million for recurrent costs.

3.39.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.58 billion was spent on employee compensation, Kshs.2.13 billion on operations and maintenance, and Kshs.2.25 billion on development activities, as shown in Table 3.207.

Table 3.216: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,841,029,335	4,668,301,456	4,706,006,284	97.2
Compensation to Employees	2,856,817,934	2,833,977,696	2,577,370,009	90.2
Operations and Maintenance	1,984,211,401	1,834,323,760	2,128,636,275	107.3
Total Development Expenditure	3,380,075,649	2,566,926,008	2,245,768,209	66.4

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total	8,221,104,984	7,235,227,464	6,951,774,494	84.6

Source: Siaya County Treasury

The County diverted funds meant for payment of salaries and defrayed O&M expenditure, which lead to an absorption of 107.3 per cent. Outstanding employees statutory deductions was Kshs.316,860,039 as at the close of the FY 2019/20. This is an indication of a weak internal control by the County Treasury.

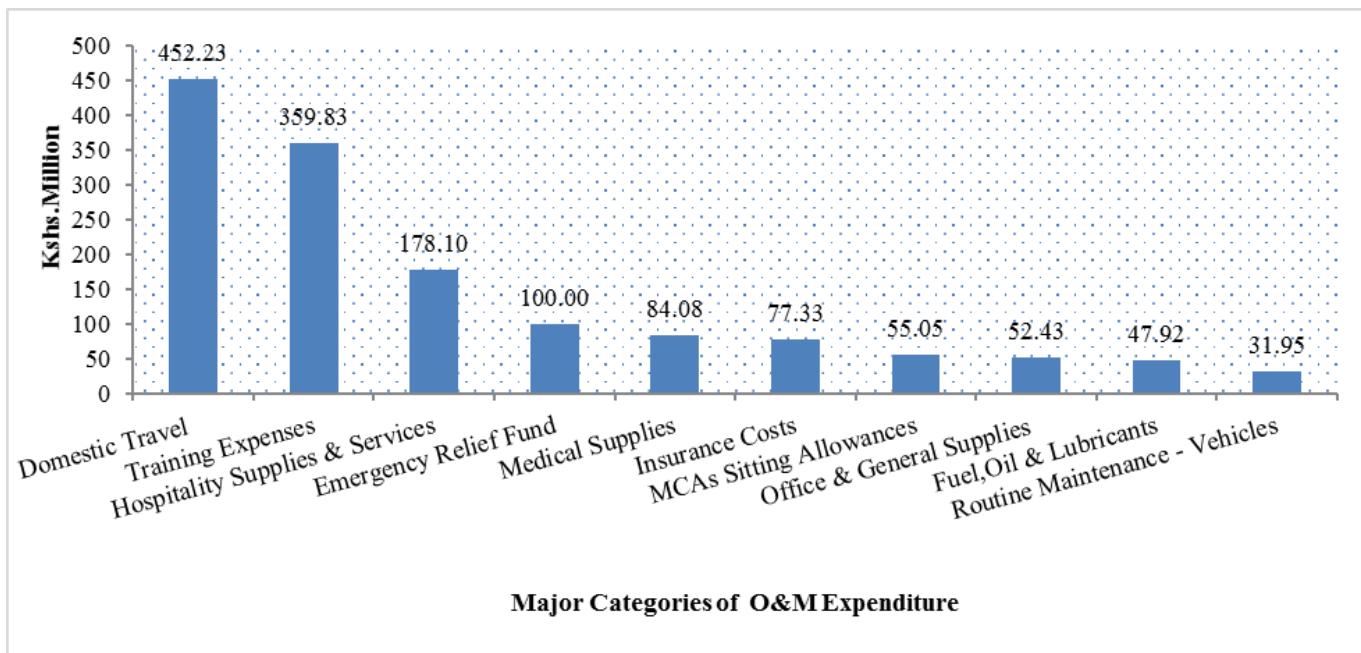
3.39.6 Expenditure on Personnel Emoluments

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 37.1 per cent of the total expenditure for the reporting period and 32.4 per cent of revenue.

3.39.7 Expenditure on Operations and Maintenance

Figure 3.77 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.77: Siaya County, Operations and Maintenance Expenditure by Major Categories



Source: Siaya County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.55.05 million on committee sitting allowances for the 42 MCAs and Speaker against the annual budget allocation of Kshs.56.97 million. The average monthly sitting allowance was Kshs.106,683 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.452.23 million and comprised Kshs.110.37 million spent by the County Assembly and Kshs.341.86 million by the County Executive. Spending on foreign travel amounted to Kshs.0.95 million by the County Executive.

3.39.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County did not directly budget for COVID-19 related expenditure; instead, it budgeted for Kshs.100 million towards an Emergency Fund where Kshs.79.09 million was withdrawn to cater for the COVID-19 expenditure during the reporting period. Further, Kshs.140.28 million was brought forward from FY 2019/20, from which Kshs 130.08 million was spent during the reporting period. Overall spending was at Kshs.209.18 million, as shown in Table 3.217.

Table 3.217: COVID-19 Budget and Expenditure Summary

S/No	Description	Annual Budget Allocation (Kshs)	Expenditure as of 30-6-2021 (Kshs)	Description of Expenditure Category (Kshs.)	
1	Funding towards COVID 19 from Emergency Fund FY 2020/21	100,000,000	79,094,425	Specialised Materials and Supplies	63,962,768
				Hospitality Supplies and Services	6,328,966
				Printing , Advertising and Information Supplies and Services	2,443,138
				Other operating expenses	2,046,621
				Fuel Oil and Lubricants	4,312,933
2	DANIDA Grant for COVID-19 B/F from FY 2019/20	6,720,000	6,720,000	Casual Labor Wages	3,350,000
				Electricity	700,000
				Water and Sewerage	402,000
				Telephone and Telex & Mobile Phone Services	268,000
				Travel Costs	134,000
				Catering Services (staff tea)	134,000
				Boards, Committees	268,000
				Dressings & Non-Pharmaceuticals	402,000
				Chemicals & Gases	160,800
				General Office Supplies	82,460
				Sanitary & Cleaning Materials	536,000
				Bank Service Commission & Charges	14,740
				Maintenance of Buildings & Stations (nonresidential)	268,000
3	National Government COVID 19 Grant for Allowances for Front Line Health Care Workers B/F from FY 2019/20	36,495,000	36,495,000	Allowances to Health Workers	36,495,000
4	National Government COVID-19 Grant B/F from FY 2019/20	97,066,000	86,868,338	Specialized Materials and Supplies	28,867,933
				Construction of Buildings	56,218,405
				Purchase of Office Furniture	1,782,000
Total		240,281,000	209,177,762		209,177,762

Source: Siaya County Treasury

3.39.9 Development Expenditure

The County incurred an expenditure of Kshs.2.25 billion on development programmes, which represented an increase of 5.8 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.12 billion. Table 3.218 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.218: Siaya County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Construction of Siaya County Stadium	Siaya Township	70,000,000	117,602,147	168.0%
2	Tarmacking of Opoda Bondo Township Road	North Sakwa	152,000,000	45,199,541	29.7%
3	Drilling and Equiping Of Borehole in Ramula Uthanya Akala to Wambisa, Osir Siala Nyanya Argwings Kodhek Ongoro Village Palla Village Magari, Nyapiedho, Uranga Villages, and Kaluta Nyabera Mrkt Bar Ober Mrkt Luthehe Mrkt Ujwanga Rakwuyo and Mahanga	Ramula Uthanya Akala to Wambisa, Osir Siala Nyanya Argwings Kodhek Ongoro Village Palla Village Magari, Nyapiedho, Uranga Villages, and Kaluta Nyabera Mrkt Bar Ober Mrkt Luthehe Mrkt Ujwanga Rakwuyo and Mahanga	37,461,336	37,461,336	100.0%

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
4	Tarmacking of Opoda Bondo Township Road	North Sakwa	152,000,000	33,626,112	22.1%
5	Tarmacking of Opoda Bondo Township Road	North Sakwa	50,000,000	23,757,743	47.5%
6	Tarmacng of Opoda Bondo Road	North Uyoma	152,000,000	21,958,420	14.4%
7	Construction of bus park at Bondo	North Sakwa	28,947,290	15,244,220	52.7%
8	Supply of endoscopy to Siaya County Referral Hospital	Siaya Township	7,000,000	12,000,000	171.4%
9	Equipping of Poye, Mbaga, Karapul, Uwasi, Nyamuango, Daho and Angolo Mkt	Ugunja	11,432,917	11,432,917	100.0%
10	Drilling of boreholes at Ochienga, Kobonyo, Okela, Bonde, Dhore, Utonga & Kanyichudo	Rarieda and Bondo Subs	11,338,862	11,338,862	100.0%

Source: Siaya County Treasury

The Construction of Siaya County Stadium and supply of Endoscopy to Siaya County Referral Hospital had absorption rates of 168.0 per cent and 171.4 per cent, respectively. This is attributed to the County Assembly reducing the budgeted amount in the Supplementary Budget even though the County Treasury had requested and expensed the same.

3.39.10 Budget Performance by Department

Table 3.219 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.219: 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	746.31	293.01	654.3	125.85	654.3	125.84	100.0	100.0	87.7	42.9
Governance and Administration	569.79	7.3	569.79	6.95	569.79	6.31	100.0	90.8	100.0	86.4
Finance and Economic Planning	597.73	6	597.73	6	595.8	6	99.7	100.0	99.7	100.0
Agriculture, Food, Livestock & Fisheries	226.32	427.29	226.32	343.6	224.98	323.34	99.4	94.1	99.4	75.7
Water, Irrigation, Environment & Natural Resources	46.19	285.72	46.19	245.1	44.83	214.23	97.1	87.4	97.1	75.0
Education, Youth Affairs, Gender & Social Services	298.99	399.84	221.39	326.75	286.53	256.65	129.4	78.5	95.8	64.2
County Health Services	2,016.90	210.35	2,015.45	150.55	1,999.83	125.62	99.2	83.4	99.2	59.7
Lands, Physical Planning, Urban Development and Housing	69.01	108.67	69.01	46.98	67.56	61.78	97.9	131.5	97.9	56.9

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.
Roads, Public Works, Energy and Transport	96.63	1,371.07	96.63	1,075.81	95.49	832.81	98.8	77.4	98.8	60.7
Enterprise and Industrial Development	97.91	175.08	96.24	146.81	94.34	148.28	98.0	101.0	96.4	84.7
Tourism, Culture, Sports and Arts	75.25	95.74	75.25	92.53	72.56	144.92	96.4	156.6	96.4	151.4
Total	4,841.03	3,380.08	4,668.30	2,566.93	4,706.01	2,245.77	100.8	87.5	97.2	66.4

Source: Siaya County Treasury

Analysis of expenditure by the Departments shows that the Department of Tourism, Culture, Sports and Arts recorded the highest absorption rate of development budget at 151.4 per cent while the County Assembly had the lowest at 42.9 per cent. The Department of Governance and Administration had the highest percentage of recurrent expenditure to budget at 100.0 per cent, while the County Assembly had the lowest at 87.7 per cent. The Department of Tourism, Culture, Sports and Arts recorded an absorption rate of development budget at 151.4 per cent; this is attributed to the reduction of its budgetary allocation during supplementary by Kshs.94.64 million. At the time of approval of the Supplementary Budget, the County Treasury had requested and expensed the same.

3.39.11 Budget Execution by Programmes and Sub-Programmes

Table 3.220 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.220: Siaya County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Pay- ments in FY 2020/21 (Kshs)	Variance (Kshs.)	Absorption rate in FY 2020/21 (%)
COUNTY ASSEMBLY					
Legislative and Representation	Legislative and Representa-tion	592,656,199	413,353,948	179,302,251	69.7%
	Sub total	592,656,199	413,353,948	179,302,251	69.7%
Legislative Oversight	Legislative Oversight	76,657,200	76,396,921	260,279	99.7%
	Sub total	76,657,200	76,396,921	260,279	99.7%
General Administration and Planning Support Services	General Administration and Planning Support Services	370,000,944	290,384,361	79,616,583	78.5%
	Sub total	370,000,944	290,384,361	79,616,583	78.5%
GOVERNANCE AND ADMINISTRATION					
Office of the Governor and Deputy Governor	General administration and planning support services	164,586,960	163,595,854	991,106	99.4%
	Sub total	164,586,960	163,595,854	991,106	99.4%
County Executive Administration	County Executive Adminis-tration	295,541,876	295,541,876	-	100.0%
	Sub total	295,541,876	295,541,876	-	100.0%
County Public Service Board	County Public Service Board	116,956,321	116,956,321	-	100.0%
	Sub total	116,956,321	116,956,321	-	100.0%
FINANCE AND ECONOMIC PLANNING					
General Administration	General Administration	517,699,834	515,769,896	1,929,938	99.6%
	Sub total	517,699,834	515,769,896	1,929,938	99.6%

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Pay- ments in FY 2020/21 (Kshs)	Variance (Kshs.)	Absorption rate in FY 2020/21 (%)
Financial Services	Budget formulation, coordination and management	33,456,466	33,456,466	-	100.0%
	Accounting Services	24,648,655	24,648,655	-	100.0%
	Supply chain management services	5,843,344	5,843,344	-	100.0%
	Audit and assurance services	7,971,172	7,971,172	-	100.0%
	Sub total	71,919,637	71,919,637	-	100.0%
Economic Planning Services	Economic Planning Services	14,113,629	14,113,629	-	100.0%
	Sub total	14,113,629	14,113,629	-	100.0%
AGRICULTURE, FOOD, LIVESTOCK AND FISHERIES					
General Administration and Planning	General Administration and Planning	481,006,566	375,722,695	105,283,871	78.1%
	Sub total	481,006,566	375,722,695	105,283,871	78.1%
Livestock Management and Development	Livestock Management and Development	41,541,268	41,541,268	-	100.0%
	Sub total	41,541,268	41,541,268	-	100.0%
Crop and Land Development	Crop and Land Development	81,888,277	81,888,277	-	100.0%
	Sub total	81,888,277	81,888,277	-	100.0%
Fisheries Management and Development	Fisheries Management and Development	24,082,157	24,082,157	-	100.0%
	Sub total	24,082,157	24,082,157	-	100.0%
Veterinary Services	Veterinary Services	25,090,163	25,090,163	-	100.0%
	Sub total	25,090,163	25,090,163	-	100.0%
WATER, IRRIGATION, ENVIRONMENT AND NATURAL RESOURCES					
Water Resources Development and Management	Water Resources Development and Management	11,843,697	11,843,697	-	100.0%
	Sub total	11,843,697	11,843,697	-	100.0%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	317,948,704	245,097,467	72,851,237	77.1%
	Sub total	317,948,704	245,097,467	72,851,237	77.1%
Environment and Natural Resources Conservation and Management	Environment and Natural Resources Conservation and Management	2,115,930	2,115,930	-	100.0%
	Sub total	2,115,930	2,115,930	-	100.0%
EDUCATION, YOUTH AFFAIRS, GENDER AND SOCIAL SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	674,921,011	519,273,468	155,647,543	76.9%
	Sub total	674,921,011	519,273,468	155,647,543	76.9%
County Pre Primary Education	County Pre Primary Education	4,758,930	4,758,930	-	100.0%
	Sub total	4,758,930	4,758,930	-	100.0%
Vocational Education and Training Development	Vocational Education and Training Development	2,404,458	2,404,458	-	100.0%
	Sub total	2,404,458	2,404,458	-	100.0%
County Social Security and Services	County Social Security and Services	16,740,871	16,740,871	-	100.0%
	Sub total	16,740,871	16,740,871	-	100.0%
COUNTY HEALTH SERVICES					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	2,008,319,384	1,953,160,864	55,158,520	97.3%
	Sub total	2,008,319,384	1,953,160,864	55,158,520	97.3%

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Pay- ments in FY 2020/21 (Kshs)	Variance (Kshs.)	Absorption rate in FY 2020/21 (%)
Curative and Rehabilitative Health Care Services	Curative and Rehabilitative Health Care Services	156,342,739	109,700,204	46,642,535	70.2%
	Sub total	156,342,739	109,700,204	46,642,535	70.2%
Preventive and Promotive Health Services	Preventive and Promotive Health Services	62,587,926	62,587,926	-	100.0%
	Sub total	62,587,926	62,587,926	-	100.0%
LANDS, PHYSICAL PLANNING, URBAN DEVELOPMENT AND HOUSING					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	154,845,387	106,498,206	48,347,181	68.8%
	Sub total	154,845,387	106,498,206	48,347,181	68.8%
Land Use Planning	Land Use Planning	1,900,000	1,900,000	-	100.0%
	Sub total	1,900,000	1,900,000	-	100.0%
County Land Administration and Surveying	County Land Administration and Surveying	2,225,001	2,225,001	-	100.0%
	Sub total	2,225,001	2,225,001	-	100.0%
Housing and Urban Development	Housing and Urban Development	2,490,001	2,490,001	-	100.0%
	Sub total	2,490,001	2,490,001	-	100.0%
Siaya Municipal Board	Siaya Municipal Board	16,228,001	16,228,001	-	100.0%
	Sub total	16,228,001	16,228,001	-	100.0%
ROADS, PUBLIC WORKS, ENERGY AND TRANSPORT					
Transport Infrastructure Development	Transport Infrastructure Development	1,466,645,275	927,248,616	539,396,659	63.2%
	Sub total	1,466,645,275	927,248,616	539,396,659	63.2%
County Government Building Services	County Government Building Services	243,202	243,202	-	100.0%
	Sub total	243,202	243,202	-	100.0%
General Administration, Planning and Support Services	General Administration, Planning and Support Services	809,795	809,795	-	100.0%
	Sub total	809,795	809,795	-	100.0%
ENTERPRISES AND INDUSTRIAL DEVELOPMENT					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	265,505,213	235,127,021	30,378,192	88.6%
	Sub total	265,505,213	235,127,021	30,378,192	88.6%
Trade Development and Promotion	Trade Development and Promotion	1,970,000	1,970,000	-	100.0%
	Sub total	1,970,000	1,970,000	-	100.0%
Fair Trade Practices and Consumer Protection Services	Fair Trade Practices and Consumer Protection Services	2,089,533	2,089,533	-	100.0%
	Sub total	2,089,533	2,089,533	-	100.0%
Alcoholic Drinks Control	Alcoholic Drinks Control	1,240,000	1,240,000	-	100.0%
	Sub total	1,240,000	1,240,000	-	100.0%
Co-operatives Development and Management	Co-operatives Development and Management	2,190,000	2,190,000	-	100.0%
	Sub total	2,190,000	2,190,000	-	100.0%
Tourism, Culture Sports and Arts					
General Administration, Planning and Support Services	General Administration, Planning and Support Services	145,818,092	192,293,496	(46,475,404)	131.9%
	Sub total	145,818,092	192,293,496	(46,475,404)	131.9%
Sports and Arts	Sports and Arts	7,085,000	7,085,000	-	100.0%
	Sub total	7,085,000	7,085,000	-	100.0%

Programme	Sub- Programme	FY 2020/21 Approved Budget (Kshs)	Actual Pay- ments in FY 2020/21 (Kshs)	Variance (Kshs.)	Absorption rate in FY 2020/21 (%)
Information, Communication Technology	Information, Communication Technology	11,231,295	11,231,295	-	100.0%
	Sub total	11,231,295	11,231,295	-	100.0%
Tourism development and Promotion	Tourism development and Promotion	6,864,508	6,864,508	-	100.0%
	Sub total	6,864,508	6,864,508	-	100.0%
Grand Total		8,221,104,984	6,951,774,494	1,269,330,490	84.6%

Source: Siaya County Treasury

The programme with the highest absorption rate level was General Administration, Planning and Support Services in the Department of Tourism, Culture Sports and Arts at 131.9 per cent of budget allocation. This expenditure exceeded the budgetary allocation by Kshs.46.48 million due to a reduction in its vote allocation during the supplementary budget when the County Treasury had already requested and expensed the same.

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 financial reports were received on 10th August 2021.
2. A high wage bill, which accounted for 37.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. There was weak budgeting practice where the County incurred expenditure above the approved budgetary allocations. This was caused by a reduction in budget allocation beyond already incurred expenditure in the supplementary budget.
4. 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 quarterly financial reports for the Siaya County Assembly Car Loan and Mortgage Scheme Fund, Siaya County Bursary Fund, and Siaya County Emergency Fund.
5. High expenditure on local travel at Kshs.452.23 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
6. High expenditure on local travel at Kshs.452.23 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, the County should institute systems to ensure supplementary budgets do not affect incurred expenditure items, leading to negative vote book balances.*
4. *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.*
5. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*

6. The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.

3.40 County Government of Taita Taveta

3.40.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.6.11 billion, comprising Kshs.2.05 billion (33.6 per cent) and Kshs.4.06 billion (66.4 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.24 billion (69.4 per cent) as the equitable share of revenue raised nationally, Kshs.1.05 billion (17.1 per cent) as total conditional grants, generate Kshs.363 million (5.9 per cent) from own sources of revenue, and a cash balance of Kshs.364.73 million (5.9 per cent) from FY 2019/20. The County also expected to receive Kshs.97 million (2.0 per cent) as "other revenues" not contained in the CARA, 2020. The "Other revenues" consist of Appropriation in Aid (AIA) of Kshs.34.58 million and NHIF refunds of Kshs.63 million.

3.40.2 Revenue Performance

In FY 2020/21, the County received Kshs.4.24 billion as the equitable share of the revenue raised nationally, Kshs.925.57 million as conditional grants, raised Kshs.302.01 million as own-source revenue, and had a cash balance of Kshs.364.73 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.87 billion, as shown in Table 3.221.

Table 3.221: Taita Taveta County, Revenue Performance in FY 2020/21

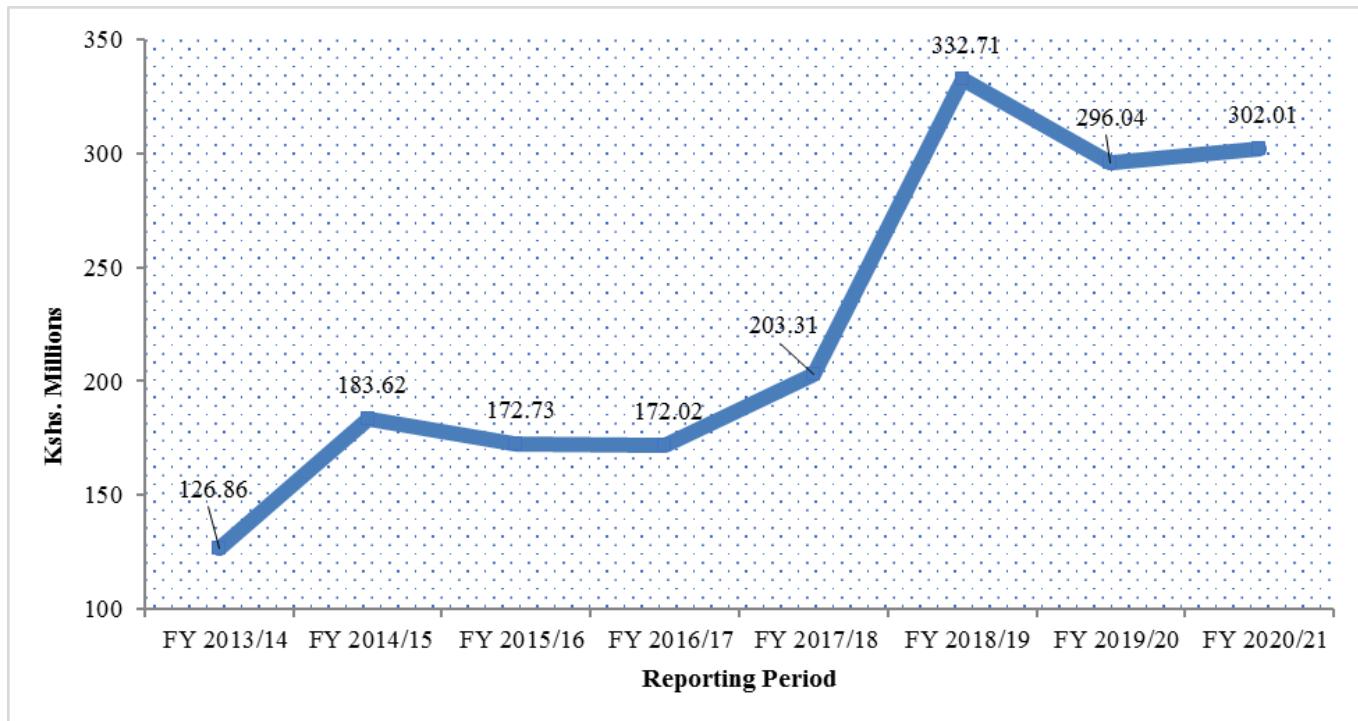
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,241,100,000	4,241,100,000	4,241,100,000	100
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	5,296,305	5,296,305	5,296,305.00	100
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	131,122,392	161,219,001	131,122,392	81.3
4.	Rehabilitation of Village Polytechnics	57,634,894	57,634,894	57,634,894	100
Sub-Total		326,074,868	224,150,200	194,053,591	86.6
C. Loans and Grants from Development Partners					
1.	Transforming Health Systems for Universal care Project (WB)	40,679,150	40,679,150	37,651,633	92.6
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	317,598,320	317,598,320	268,715,271	84.6
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	14,000,000	7,384,100	52.7
5.	DANIDA Grant	12,060,000	12,060,000	12,060,000	100.0
6.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,624,929	15,624,929	-	-
7.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	350,000,000	350,000,000	350,000,001	100.0
8.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	13,206,924	29,216,307	10,707,755	36.7
Sub Total		794169323	824178706	731518760	88.8
D. Other Sources of Revenue					
1.	Own Source Revenue	-	363,000,000	302,005,400	83.2
2.	Balance b/f from FY2019/20	-	364,734,600	364,734,600	100
3.	Other Revenues	-	63,000,000	-	-
4.	A-I-A	-	34,575,000	34,575,000	100
Sub Total		-	825,309,600	701,315,000	85

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Al- location (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocat- tion (%)
Grand Total		5,361,344,191	6,114,738,506	5,867,987,351	96.0

Source: Taita Taveta County Treasury

Figure 3.78 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.78: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Taita Taveta County Treasury

In FY 2020/21, the County generated Kshs.302.01 million as own-source revenue. This amount represented an increase of 4.1 per cent compared to Kshs.290.04 million realised during a similar period in FY 2019/20 and was 83.2 per cent of the annual target.

3.40.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.74 billion from the CRF account during the reporting period. The amount comprised Kshs.1.68 billion (29.3 per cent) for development programmes and Kshs.4.06 billion (70.7 per cent) for recurrent programmes.

There were late exchequer releases whereby Kshs.1.29 billion, comprising Kshs.681.68 million and Kshs.603.75 million for recurrent and development votes, respectively, were received in June 2021, tabulated below.

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
1	TTCA/FIN/19/REC/VOL5(43)	29,348,302	
2	TTCA/FIN/19/REC/VOL5(45)	16,651,698	
3	TTCA/FIN/19/DEV/VOL2(3)		15,007,018
4	TT/FIN/2/DEV/VOL7(24)		78,347,427
5	TT/FIN/2/DEV/VOL7(23)		15,724,038
6	TT/FIN/2/REC/VOL7(35)	16,218,222	
7	TT/FIN/2/DEV/VOL7(25)		60,248,069
8	TT/FIN/2/REC/VOL7(36)	181,322,506	

No.	Reference	Recurrent (Kshs.)	Development (Kshs.)
9	TT/FIN/2/DEV/VOL7(26)		28,817,447
10	TT/FIN/2/DEV/VOL7(37)		5,296,305
11	TT/FIN/2/REC/VOL7(38)	13,996,238	
12	TT/FIN/2/REC/VOL7(39)	45,189,555	
13	TTCA/FIN/19/REC/VOL5(47)	29,952,131	
14	TT/FIN/2/REC/VOL 7(40)	272,451,816	
15	TT/FIN/2/REC/VOL 7(41)	6,759,000	
16	TT/FIN/2/DEV/VOL 7(27)		30,077,183
17	TT/FIN/2/DEV/VOL 7(27)		65,561,196
18	TTCA/FIN/19/DEV/VOL 2(5)		14,123,090
19	TTCA/FIN/19/REC/VOL 5(49)	10,000,000	
20	TTCA/FIN/19/REC/VOL 5(51)	34,191,493	
21	TT/FIN/2/DEV/VOL 7(28)		161,291,093
22	TT/FIN/2/DEV/VOL 7(29)		110,558,689
23	TT/FIN/2/DEV/VOL 7(29)		18,694,530
24	TT/FIN/2/DEV/VOL 7(42)	25,600,000	
Total		681,680,961	603,746,085

The releases received in June 2021 consisted of 22.4 per cent of the total exchequer issues for the financial year. Late exchequer releases may have resulted in low absorption of budget and could have negatively impacted citizens' service delivery.

3.40.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.35 billion on development and recurrent programmes. The expenditure represented 93.1 per cent of the total funds released by the COB and comprised of Kshs.1.78 billion and Kshs.3.57 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 86.5 per cent, while recurrent expenditure represented 87.9 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.484.19 million for development activities and Kshs.259.87 million for recurrent costs.

3.40.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.43 billion was spent on employee compensation, Kshs.1.13 billion on operations and maintenance, and Kshs.1.78 billion on development activities, as shown in Table 3.222.

Table 3.222: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,060,714,899	4,058,320,967	3,568,349,916	87.9
Compensation to Employees	2,641,793,325	2,470,534,917	2,433,805,702	92.1
Operations and Maintenance	1,418,921,574	1,587,786,050	1,134,544,214	80.0
Total Development Expenditure	2,054,023,607	1,681,164,178	1,776,996,242	86.5
Total	6,114,738,506	5,739,485,145	5,345,346,158	87.4

Source: Taita Taveta County Treasury

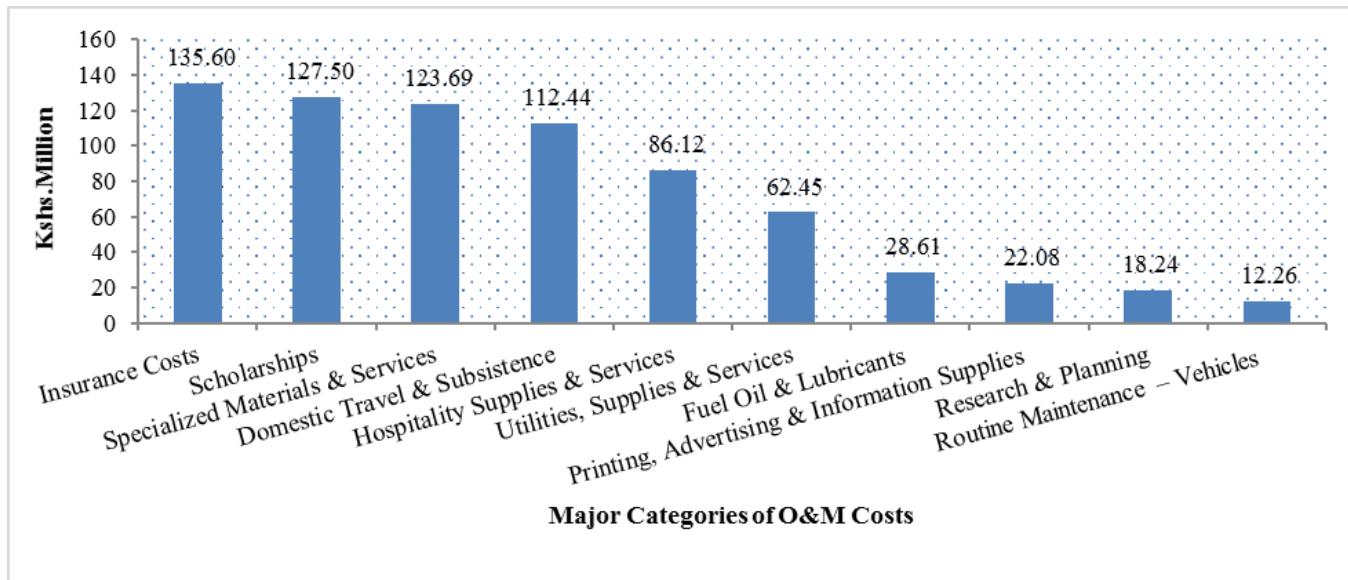
3.40.6 Expenditure on Personnel Emoluments

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 45.5 per cent of the total expenditure for the reporting period and 41.5 per cent of revenue.

3.40.7 Expenditure on Operations and Maintenance

Figure 3.79 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.79: Taita Taveta County, Operations and Maintenance Expenditure by Major Categories



Source: Taita Taveta County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.19.91 million on committee sitting allowances for the 35 MCAs and Speaker against the annual budget allocation of Kshs.26.2 million. The average monthly sitting allowance was Kshs.47,397 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.112.44 million and comprised Kshs.27.29 million spent by the County Assembly and Kshs.85.15 million by the County Executive. Spending on foreign travel amounted to Kshs.1.72 million and consisted of Kshs.175,512 by the County Assembly and Kshs.1.54 million by the County Executive.

3.40.8 COVID-19 Expenditure

The County spent Kshs.80.57 million during the reporting period, representing 98.24 per cent of available funds for COVID 19 in the FY 2020/21. Table 3.223 provides a summary of the COVID-19 budget and expenditure.

Table 3.223: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.2021 (Kshs)
1	The grant from the National Government for COVID-19 FY 2019/20	37,704,000	36,256,927
2	The grant from the National Government for Allowances for Front Line Health Care Workers FY 2020/21	34,575,000	34,575,000
3	DANIDA Grant for COVID in FY 2019/20	4,515,000	4,515,000
4	FY 2019/20 County own revenue allocated to COVID	5,218,325	5,218,325
Total		82,012,325	80,565,253

Source: Taita Taveta County Treasury

3.40.9 Development Expenditure

The County incurred an expenditure of Kshs.1.78 billion on development programmes, which represented an increase of 121.1 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.805.53 million. Table 3.224 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.224: Taita Taveta County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate
1	Completion and maintenance of access roads-Roads Levy	County Wide	161,219,001	145,796,503	90.4
2	Result Based Financing (Health)	County Health Facilities	58,035,455	24,355,262	42.0
3	Kenya Climate Smart Agriculture Program (KCSAP)	County Wide	317,598,320	256,548,807	80.8
4	Water and Sanitation Development Project (WSDP)	County Wide	350,000,000	345,000,001	98.6
5	Agriculture Sector Development Support Project (ASDSP)	County Wide	13,206,924	12,707,755	96.2
6	Youth Polytechnic support grant	County Wide	57,634,894	57,634,894	100.0
7	Mwatate Municipal Infrastructural Development Project	Mwatate	14,000,000	7,384,100	52.7
8	County Assembly Headquarters	Wundanyi	52,000,000	6,206,697	11.9

Source: Taita Taveta County Treasury

3.40.10 Budget Performance by Department

Table 3.225 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.225: Taita Taveta County, Budget Performance by Department

Department	Budget Allocation (Kshs.Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
County Assembly	647.78	52.00	602.90	33.84	384.93	32.21	63.8	95.2	59.4	61.9
Public Service and Administration	2,418.24	5.00	2,470.53	5.00	2,433.81	4.51	98.5	90.2	100.6	90.2
Office of the Governor	116.09	5.64	249.25	10.24	55.98	1.09	22.5	10.6	48.2	19.3
Finance and Planning	356.64	133.30	270.38	133.59	271.41	132.91	100.4	99.5	76.1	99.7
Agriculture Livestock and Fisheries	22.41	444.14	16.13	348.42	20.66	364.68	128.1	104.7	92.2	82.1
Water and Irrigation	15.89	491.95	18.49	470.47	16.99	458.42	91.9	97.4	106.9	93.2
Education and Libraries	154.72	132.80	147.90	94.95	150.29	75.77	101.6	79.8	97.1	57.1
Health	239.10	207.82	205.48	162.37	159.37	203.45	77.6	125.3	66.7	97.9
Trade, Tourism and Cooperative Development	20.95	31.05	16.27	28.05	17.63	31.54	108.4	112.5	84.2	101.6
County public Service Board	9.94	5.00	12.91	5.00	7.38	4.00	57.2	80.0	74.2	80.0
Infrastructure and Public Works	25.96	338.93	22.23	245.65	21.54	325.91	96.9	132.7	83.0	96.2
Land, Environment and Natural Resources	16.36	5.50	11.40	3.16	11.74	5.50	103.0	174.3	71.8	100.0
Youth, Gender, Sports, Culture and Social Services	16.63	200.90	14.45	140.43	16.63	137.00	115.1	97.6	100.0	68.2
Total	4,060.71	2,054.02	4,058.32	1,681.16	3,568.35	1,777.00	87.9	105.7	87.9	86.5

Source: Taita Taveta County Treasury

Analysis of expenditure by the Departments shows that the Department of Trade Tourism and Cooperate Development recorded the highest absorption rate of development budget at 101.6 per cent while the Office of the Governor had the lowest expenditure on development activities at 19.3 per cent. The Department of Water and Irrigation had the highest percentage of recurrent expenditure to budget at 106.6 per cent, while the Department of office of the Governor had the lowest expenditure had the lowest at 48.2 per cent. Expenditure above approved budget allocation is an indication of a weak internal control by the County Treasury.

3.40.11 Budget Execution by Programmes and Sub-Programmes

Table 3.226 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.226: Taita Taita County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme/Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
3260			-	-	-
	Default - Non-Programmatic	-	-	-	-
101003260	Administration Planning and Support Services	64,729,287	49,265,494	15,463,793	76.1
	Administration Planning and Support Services	64,729,287	49,265,494	15,463,793	76.1
102003260	Development programme	344,430,346	305,169,726	39,260,620	88.6
	Development programme	344,430,346	305,169,726	39,260,620	88.6
103003260	Infrastructure Development programme	4,000,000	2,699,850	1,300,150	67.5
	Infrastructure Development programme	4,000,000	2,699,850	1,300,150	67.5
104003260	Agricultural Development Programme	417,898,191	298,868,153	119,030,038	71.5
	Agricultural Development Programme	417,898,191	298,868,153	119,030,038	71.5
105003260	Livestock and Fisheries Development	26,240,000	7,907,664	18,332,336	30.1
	Livestock and Fisheries Development	26,240,000	7,907,664	18,332,336	30.1
301003260	General Administration and support services programme	20,945,923	17,568,535	3,377,388	83.9
	General Administration and support services programme	20,945,923	17,568,535	3,377,388	83.9
302003260	Trade Development programme.	31,050,000	30,555,252	494,748	98.4
	Trade Development programme.	31,050,000	30,555,252	494,748	98.4
401003260	Administration and Support Services	235,824,311	149,559,161	86,265,151	63.4
	Administration and Support Services	235,824,311	149,559,161	86,265,151	63.4
402003260	Health Development Programme	211,095,024	202,181,580	8,913,444	95.8
	Health Development Programme	211,095,024	202,181,580	8,913,444	95.8
501003260	General Administration, Planning and Support services	154,720,795	131,005,759	23,715,036	84.7
	General Administration, Planning and Support services	154,720,795	131,005,759	23,715,036	84.7
502003260	Early childhood Education and Youth Training Development Programme	132,797,100	74,272,719	58,524,381	55.9
	Early childhood Education & Youth Training Development Programme	132,797,100	74,272,719	58,524,381	55.9
701003260	General Administration support services	3,071,963,565	2,869,872,673	202,090,892	93.4

Programme	Sub- Programme/Description	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Absorption (%)
	General Administration support services	3,071,963,565	2,869,872,673	206,090,892	93.4
702003260	County Assembly Infrastructure improvement	52,000,000	28,212,752	23,787,248	54.3
	County Assembly Infrastructure improvement	52,000,000	28,212,752	23,787,248	54.3
703003260	Decentralized Infrastructure development programme	5,000,000	3,999,464	1,000,536	80.0
	Decentralized Infrastructure development programme	5,000,000	3,999,464	1,000,536	80.0
704003260	General Administration and Management of County Affairs	116,088,977	103,414,989	12,673,988	89.1
	General Administration and Management of County Affairs	116,088,977	103,414,989	12,673,988	89.1
705003260	Leadership Development Programme	10,640,000	5,158,100	5,481,901	48.5
	Leadership Development Programme	10,640,000	5,158,100	5,481,901	48.5
706003260	General Administration, Planning, Internal Audit & Support Services	356,642,917	319,039,824	37,603,093	89.5
	General Administration, Planning, Internal Audit & Support Services	356,642,917	319,039,824	37,603,093	89.5
707003260	Treasury Development Programme	133,300,000	129,915,807	3,384,193	97.5
	Treasury Development Programme	133,300,000	129,915,807	3,384,193	97.5
1001003260	Water and irrigation Development Programme	491,947,516	382,902,892	109,044,624	77.8
	Water and irrigation Development Programme	491,947,516	382,902,892	109,044,624	77.8
1002003260	General Administration, Support and Support Services	15,894,925	15,770,420	124,505	99.2
	General Administration, Support and Support Services	15,894,925	15,770,420	124,505	99.2
1003003260	Natural Resources Support Programme	217,529,629	70,372,762	147,156,867	32.4
	Natural Resources Support Programme	217,529,629	70,372,762	147,156,867	32.4
	Grand Total	6,114,738,506	5,197,713,574	917,024,932	85.0

Source: Taita Taveta County Treasury

The top three programmes with the highest levels of absorption rates were; General Administration Support and Support programme rates in the Department of Public Service and Administration at 99.2 per cent, Trade Development Programme in the Department of Trade, Tourism And Cooperative Development at 98.4 per cent, and Treasury Development Programme in the Department of Finance and Planning at 97.5 per cent of budget allocation.

3.40.12 Monitoring Summary Report

The office conducted a monitoring exercise in Taita Taveta County between 1st to 5 February 2021. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 26 projects were sampled and assessed from eight different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. Below are some of the key findings from the exercise;

3.40.12.1 High Wage Bill

During the FY 2019/20, the absorption for development funds stood at 47.3 per cent, which is relatively low. The county officials explained that there are measures in place to address the issue of the wage bill. This included the freezing

of hiring and staff rationalisation. The county officials also noted that the budgeting for Personal Emoluments was affected by the delay in receiving the FY 2019/20 June disbursement from the National Treasury, which was received in August 2020 and therefore was budgeted under the FY 2020/21 budget.

3.40.12.2 Lack of Completion of Stalled projects

The monitoring team observed that some projects initiated in FY 2016/17 or FY 2017/18 were not completed and have not been budgeted for subsequent years despite few pending works such as electrical, plumbing, and general finishing. The projects have stalled and have no value for money for the residents of Taita Taveta County, for example, construction of the four new executive rooms at the County Guest House, Class construction at Ndii and Construction of the Sangenyi Social Hall. The County Government should ensure that all stalled projects have been budgeted and re-tendered to ensure completion and value for money.

3.40.12.3 Failure to pay some contractors

Some of the projects have been abandoned by the contractor due to lack of payment, and an example is the Boniface Mganga borehole. The County Government of Taita Taveta should ensure that the contractor is paid according to the agreement. This will ensure projects are implemented as per the schedule, and there is non-existence of stalled projects.

3.40.12.4 Lack of Project Management Committees

Most of the projects do not have project management committees (area residents and county officials) to monitor project implementation. The residents are not involved in the implementation of projects in their respective areas. The County government should ensure that all projects have an active management committee. Project management committees ensure that the implementation of a project is done according to the plan and user needs.

3.40.12.5 Inadequate Quantity Surveyors

Some of the projects had stalled due to underbudgeting because the bill of quantities was not done correctly. The county officials stated that they have only two quantity surveyors employed by the county. The County should employ more quantity surveyors to provide a good project bill of quantity to ensure that projects are well costed and budgeted for full implementation.

3.40.13 Key Observations and Recommendations

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

1. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 45.5 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. As shown in Table 3.225, there was weak budgeting practice where the County incurred expenditure above approved budgetary allocations.
4. The County recorded high pending bills, which amounted to Kshs.484.19 million for development activities and Kshs.259.87 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget. Further, all own-source revenues should be banked intact into the CRF according to Section 109 (2) of the PFM Act, 2012.*
4. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.41 County Government of Tana River

3.41.1 Overview of FY 2020/21 Budget

The County's approved supplementary budget for FY 2020/21 is Kshs.8.15 billion, comprising Kshs.3.42 billion (42 per cent) and Kshs.4.72 billion (58 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.86 billion (72.5 per cent) as the equitable share of revenue raised nationally, Kshs.721.67 million (8.9 per cent) as total conditional grants, generate Kshs.72.6 million (0.9 per cent) from own sources of revenue, and a cash balance of Kshs.1.43 billion (17.7 per cent) from FY 2019/20.

3.41.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.86 billion as the equitable share of the revenue raised nationally, Kshs.721.67 million as conditional grants, raised Kshs.83.08 million as own-source revenue, and had a cash balance of Kshs.1.43 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.8.09 billion, as shown in Table 3.227.

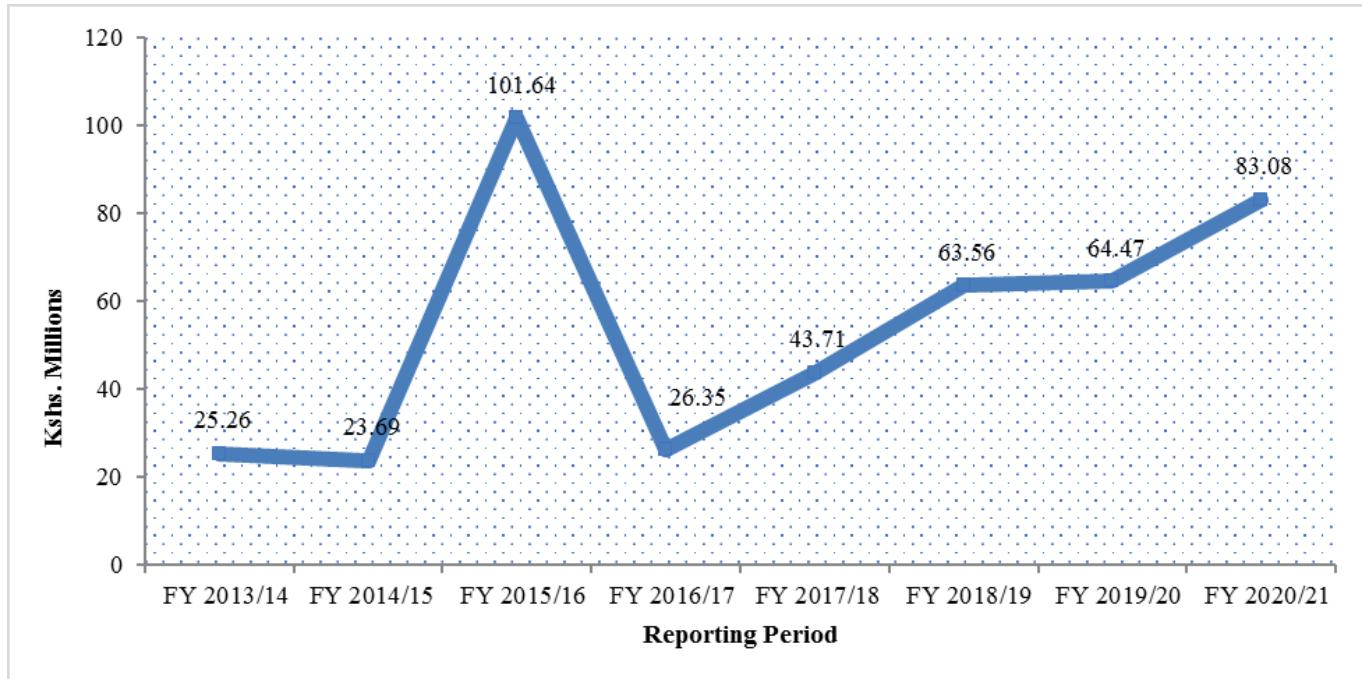
Table 3.227: Tana River County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,855,250,000	5,855,250,000	5,861,105,250	100.1
B. Conditional Grants from the National Government Revenue					
1.	Ministry of Health Covid 19 Fund	-	22,470,000	22,470,000	100
2.	Compensation for User Fee Foregone	5,682,537	5,682,537	5,682,537	100
3.	Road Maintenance Fuel Levy Fund	208,520,091	208,520,091	208,520,091	100
4.	Rehabilitation of Village Polytechnics	14,674,894	14,674,894	14,674,894	100
Sub Total		228,877,522	251,347,522	251,347,522	100
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	88,393,168	88,339,168	88,339,168	100
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	240,638,283	240,638,283	240,638,283	100
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	75,000,000	75,000,000	75,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	25,930,852	25,930,852	25,930,852	100
5.	DANIDA Grant	16,650,000	16,650,000	16,650,000	100
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,965,394	14,965,394	14,965,394	100
7.	Hola Municipal Institutional Grant	-	8,800,000	8,800,000	100
Sub Total		461,577,697	470,323,697	470,323,697	100
D	Other Sources of Revenue				
8.	Own Source Revenue	-	72,600,000	83,075,805	114.4
9.	Balance b/f from FY 2019/20	-	1,428,402,576	1,428,402,576	100
Sub Total		-	1,501,002,576	1,511,478,381	100.7
Total		6,545,705,219	8,077,923,795	8,094,254,850	100.2

Source: Tana River County Treasury

Figure 3.80 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.80: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Tana River County Treasury

In FY 2020/21, the County generated Kshs.83.08 million as own-source revenue. This amount represented an increase of 28.8 per cent compared to Kshs.64.47 million realised during a similar period in FY 2019/20 and was 114.4 per cent of the annual target. The increase of over 25 per cent can be attributed to tighter revenue collection measures and sealed off revenue leakages points.

3.41.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.6.27 billion from the CRF account during the reporting period. The amount comprised Kshs.1.85 billion (29.4 per cent) for development programmes and Kshs.4.43 billion (70.6 per cent) for recurrent programmes.

3.41.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.68 billion on development and recurrent programmes. The expenditure represented 74.6 per cent of the total funds released by the COB and comprised of Kshs.1.29 billion and Kshs.3.39 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 37.7 per cent, while recurrent expenditure represented 71.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.732.36 million for development activities and Kshs.605.63 million for recurrent costs.

3.41.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.1.35 billion was spent on employee compensation, Kshs.2.04 billion on operations and maintenance, and Kshs.1.29 billion on development activities, as shown in Table 3.228.

Table 3.228: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,720,382,274	4,426,223,941	3,387,182,664	71.8
Compensation to Employees	2,095,127,895	1,351,588,986	1,351,588,986	64.5
Operations and Maintenance	2,625,254,379	3,074,634,955	2,035,593,678	77.5
Total Development Expenditure	3,424,867,979	1,845,597,695	1,290,273,120	37.7
Total	8,145,250,253	6,271,821,636	4,677,455,784	57.4

Source: Tana River County Treasury

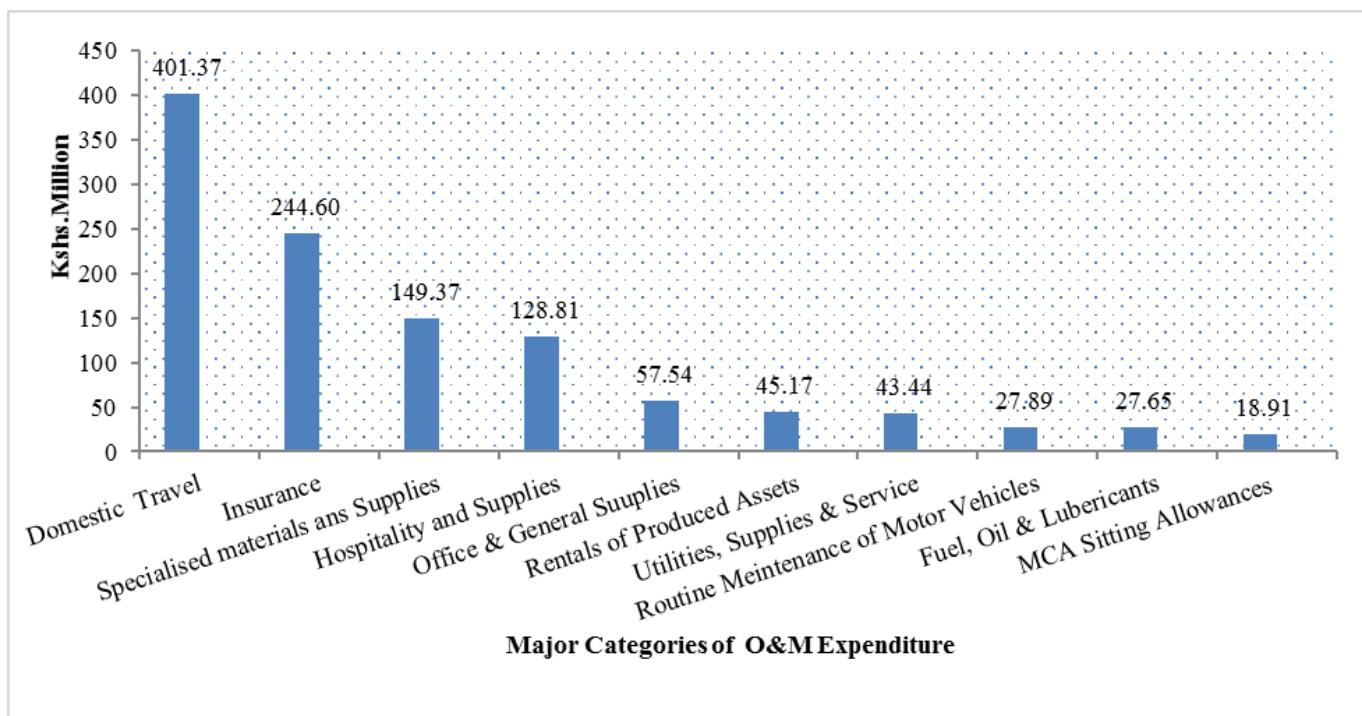
3.41.6 Expenditure on Personnel Emoluments

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 28.8 per cent of the total expenditure for the reporting period and 16.7 per cent of revenue.

3.41.7 Expenditure on Operations and Maintenance

Figure 3.81 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.81: Tana River County, Operations and Maintenance Expenditure by Major Categories



Source: Tana River County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.18.91 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.65,674 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.401.37 million and comprised Kshs.243.97 million spent by the County Assembly and Kshs.157.39 million by the County Executive. Expenditure on foreign travel amounted to Kshs.3.42 million, and the whole expenditure was incurred entirely by County Executive.

3.41.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.68.16 million to cater to COVID-19 related expenditure, including Kshs.34.53 million brought forward from FY 2019/20. A total of Kshs.49.96 million was spent during the reporting period, as shown in Table 3.229.

Table 3.229: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	The grant from the National Government for COVID-19	33,628,000	21,627,401
2	The grant from the National Government for Allowances for Front Line Health Care Workers	28,335,000	28,335,000
3	DANIDA Grant for COVID in FY 2019/20	6,195,000	-
Total		68,158,000	49,962,401

Source: Tana River County Treasury

3.41.9 Development Expenditure

The County incurred an expenditure of Kshs.1.29 billion on development programmes, which represented a decrease increase of 13.4 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.49 billion. Table 3.230 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.230: Tana River County County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Department	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	Rehabilitation of Handa Mpya Road	Roads & Public Works	Mikinduni	398,345,160	62,040,000	15.6
2	Preparation of Urban Integrated Plan	Lands & Physical Planning	Chewani	80,000,000	29,745,000	37.2
3	Construction of Bura Township Road	Roads & Public Works	Hirima	48,000,000	30,744,819	64.1
4	Mini Hospital for the Department of Health	Medical Services	Countywide	50,000,000	50,000,000	100
5	Rehabilitation of Bitumen at Hola	Roads & Public Works	Chewani	45,000,000	29,275,480	65.1
6	Construction of Hola Stadium	Gender, Sports& Social Services	Chewani	40,000,000	13,026,008	32.6
7	Construction of Pesticides Store	Agriculture & Fisheries Development	Chewani	25,000,000	20,275,480	81.1
8	Completion of Lands Offices	Lands & Physical Planning	Chewani	20,000,000	8,188,324	40.9
9	Construction of Galvanised Elevated Prest Steal Tank	Environment, Water & Natural Resources	Chewani	11,593,000	6,302,500	54.4
10	Completion of Hola Maternity Wing	Medical Services	Chewani	9,000,000	8,585,649	95.4

Source: Tana River County Treasury

3.41.10 Budget Performance by Department

Table 3.231 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.231: 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	516.49	100	516.03	98.52	481.59	88.51	93.3	89.8	93.2	88.5
Office of the Governor	400.53	-	381.68	-	345.12	-	90.4	-	86.2	-
Finance and Planning	770.61	810.95	633.93	798.15	570.61	704.05	90	88.2	74.	86.8
Public Service Board	66.61	-	64.09	-	48.24	-	75.3	-	72.4	-
Trade, Tourism and Industry	61.25	47.50	61.23	-	33.75	-	55.1	-	55.1	-
Agriculture and Rural Development	236.94	574.90	179.03	285.04	83.10	27.67	46.4	9.7	35.	4.8
Gender, Social Services and Youth Development	26.69	48.20	26.68	11.11	13.73	13.03	51.5	117.3	51.4	27
Education, Vocational Training and Sports	251.69	164.66	249.41	31.17	139.09	16.59	55.8	53.2	55.3	10.1
Health Services and Sanitation	1,304.89	186.70	1,287.84	106.24	979.67	97.65	76.1	91.9	75.1	52.3

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
Special Program and Cohesion	106.58	-	106.41	-	28.57	-	26.8		26.8	
Roads and Public Works	76.18	1,101.95	75.86	391.68	43.22	297.15	57	75.9	56.7	27.
Water, Environment and Natural Resources	131.88	195	124.14	14.49	123.14		99.2		93.4	-
Public Service, Administration & Citizen Participation	679.33	30	667.61	8.21	459.69	3.88	68.9	47.3	67.7	12.9
Lands and Physical Planning	37.44	65	37.83	29.75	35.57	41.73	94.0	140.3	95	64.2
Hola Municipality	53.27	100	14.45	71.23	2.09	-	14.5	-	3.9	-
TOTAL	4,720.38	3,424.9	4,426.22	1,845.6	3,387.18	1,290.26	76.5	69.9	71.8	37.7

Source: Tana River County Treasury

Analysis of expenditure by the Departments shows that the Department of County Assembly recorded the highest absorption rate of development budget at 88.5 per cent while the Hola Municipality did not report any expenditure on development activities. The Department of Lands and Physical Planning had the highest percentage of recurrent expenditure to budget at 95 per cent, while the Hola Municipality had the lowest at 3.9 per cent.

3.41.11 Budget Execution by Programmes and Sub-Programmes

Table 3.232 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.232: Tana River County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture Livestock and Fisheries	Administration, planning support services	77,836,678	20,556,056.75	57,280,621.25	26.4
	Administration, planning support services	77,836,678	20,556,056.75	57,280,621.25	26.4
	Agricultural Development project	639,848,337	140,625,245.83	499,223,091.18	22
	Agricultural Mechanization Services (AMS Garsen station)	26,984,500	5,360,330	21,624,170	19.9
	Minor/Village irrigation schemes	20,000,000	428,150	19,571,850	2.1
	Minor/Village irrigation schemes	57,823,158	49,695,808.75	8,127,349.25	85.9
	Minor/Village irrigation schemes	600,000	-	600,000	-
	Minor/Village irrigation schemes	448,911,379	77,174,793.53	371,736,585.48	17.2
	Agriculture Sector Development Support Project (ASDSP)	84,283,600	7,366,348.55	76,917,251.45	8.7
	Food and Agriculture Organization	1,245,700	599,815	645,885	48.2
	Veterinary Development	10,286,818	1,851,077.31	8,435,740.69	18
	Veterinary extension services	918,500	551,249.56	367,250.44	60
	Artificial insemination (Pilot scheme)	485,000	328,580	156,420	67.8
	Buy Tsetse fly traps/Targets (Kipini, Tarasaa)	2,068,872	286,750	1,782,122	13.9
	Conduct Disease Surveillance	5,349,600	117,040.50	5,232,559.50	2.2
	Conduct Disease Surveillance	1,082,846	502,932.25	579,913.75	46.5
	Leather Development Service	382,000	64,525	317,475	16.9
	Livestock Development	20,259,250	1,643,729	18,615,521	8.1
	Livestock production extension services	16,154,250	1,138,941.50	15,015,308.50	7.05

	Livestock production extension services	1,105,000	504,787.50	600,212.50	45.7
	Livestock production extension services	3,000,000	-	3,000,000	-
	Fisheries Development	72,988,940	3,237,250	69,751,690	4.4
	Fisheries development	52,988,940	1,500,000	51,488,940	2.8
	Provision of Fishing Gears to Fishers in Kipini	20,000,000	1,737,250	18,262,750	8.7
Lands and Physical Planning	County Land Survey Services	30,000,000	3,492,081	26,507,919	11.6
	Construction of Ice Plant and Cold Storage	925,000	134,400	790,600	14.5
	Land Policy and Planning	61,344,888	32,296,337.75	29,048,550.25	52.7
	Physical Planning	44,624,782	16,533,818.50	28,090,963.50	37.1
	Land Survey and Mapping	5,320,106	4,736,426.75	583,679.25	89
	Land Administration	11,400,000	11,026,092.50	373,907.50	96.7
	Infrastructure Development programme	160,300,000	137,913,948.90	22,386,051.10	86
	Public Works	105,000,000	100,993,368.90	4,006,631.10	96.2
	Roads	55,300,000	36,920,580	18,379,420	66.8
	Administration, Planning and Support Services	50,466,872	1,302,417.50	49,164,454.50	2.6
	Administration, planning, Operation and Maintenance	50,466,872	1,302,417.50	49,164,454.50	2.6
	Public Works	396,572,838	191,426,443.31	205,146,394.69	48.3
	Construction	5,000,000	-	5,000,000	-
	County Headquarters	391,572,838	191,426,443.31	200,146,394.69	48.9
	County Roads Development	560,462,959	258,055,681.19	302,407,277.81	46.4
	Routine Maintenance	384,767,093	236,766,791.10	148,000,301.90	61.5
	Opening of New Roads	32,929,733	3,564,883.70	29,364,849.30	10.8
	Grading and Murring of County Roads	52,363,333	2,421,431.25	49,941,901.75	4.6
	Tarmacking of County Roads	90,402,800	15,302,575.14	75,100,224.86	16.93
	County Housing Development	10,330,662	10,001,007.50	329,654.50	96.81
	Maintenance of County Houses	-	-	-	#DIV/0!
	Housing Development	3,788,662	3,266,032.50	522,629.50	86.2
	Urbanization	6,542,000	6,734,975	- 192,975	102.9
	Urban Development	153,271,100	122,415,879.15	30,855,220.85	79.9
	Hola Municipality	153,271,100	122,415,879.15	30,855,220.85	79.9
	Administration and Support Services	14,361,468	834,585.38	13,526,882.63	5.8
	Administration, planning & support Services	14,361,468	834,585.38	13,526,882.63	5.8
Trade & Tourism Development	Promotion of Trade, Tourism and Cooperative Development	94,392,847	18,524,458.50	75,868,388.50	19.6
	Promotion of Trade	67,951,705	14,335,410.25	53,616,294.75	21.1
	Promotion of Tourism	22,607,704	2,194,410.75	20,413,293.25	9.7
	Promotion of Cooperative Development	3,833,438	1,994,637.50	1,838,800.50	52
	Administration and Support Services	1,095,898,867	775,697,772	320,201,095	70.8
	Administration, planning & support Services	1,095,898,867	775,697,772	320,201,095	70.8
Medical Services	Health Services Programme	29,200,000	-	29,200,000	-
	Preventive Health Programme	15,000,000	-	15,000,000	-
	Curative Health programme	14,200,000	-	14,200,000	-
	Curative and Rehabilitative	341,400,000	257,659,685.75	83,740,314.25	75.5
	Medical Supllies	156,200,000	119,750,432	36,449,568	76.7
	Medical Services	129,400,000	74,098,691.25	55,301,308.75	57.3
	Ambulance Services	55,800,000	63,810,562.50	- 8,010,562.50	114.4

	Preventive and Promotive	25,095,800	64,920,372.50	-	39,824,572.50	258.7
	Preventive and Promotive	8,700,000	5,247,352.50	3,452,647.50		60.3
	Licensing and Control of Under-taking	13,895,800	9,267,520	4,628,280		66.7
	Mobile Clinics	2,500,000	50,405,500	-	47,905,500	2016.2
	General Administration, Planning and Support services	206,818,972	136,855,478	69,963,494		66.2
	General Operation, Planning and Support Services	206,818,972	136,855,478	69,963,494		66.2
Sports Services	Sports Services	3,000,000	-	3,000,000	-	
	Sports Services	3,000,000	-	3,000,000	-	
Education & Early Childhood Development	Quality and Standard Assurance in EYE Center	142,551,996	20,496,308.75	122,055,687.25		14.4
	ECDE Learning/Teaching Materials	42,551,996	14,367,848.75	28,184,147.25		33.8
	ECDE Furniture and Equipment Support	-	-	-	-	-
	ECDE Infrastructure	100,000,000	6,128,460	93,871,540		6.1
	Vocational Training Centers and Adult Education	66,989,894	23,057,532	43,932,362		34.4
	Youth Polytechnic Publicity Campaigns	1,990,000	1,216,175	773,825		61.1
	Provision of Modern Tools and Equipment	335,000	81,048.25	253,951.75		24.2
	Subsidized Youth Polytechnic Tuition Fund (SYPT)	64,664,894	21,760,308.75	42,904,585.25		33.7
	Administration, planning support services	274,853,662	154,950,919.33	119,902,742.68		56.4
	Coordination and Supervisory Services	274,853,662	154,950,919.33	119,902,742.68		56.4
	Administration, planning support services	1,177,319,273	956,427,532.70	220,891,740.30		81.2
	Administration, planning support services	1,177,319,273	956,427,532.70	220,891,740.30		81.2
Finance & Economic Planning	Financial Management	916,974,184	808,905,566.49	108,068,617.51		88.2
	Financial management	19,872,263	21,892,411.25	-	2,020,148.25	110.2
	Supply Chain Managements	13,441,000	7,096,725.88	6,344,274.13		52.8
	Own Source Revenue Collection	20,314,000	6,266,225	14,047,775		30.9
	Budget and Economic Planning	16,784,864	10,001,319.53	6,783,544.48		59.6
	Accounting & Finance	815,359,006	743,501,240.59	71,857,765.41		91.2
	Internal Audit	9,431,566	7,082,342.75	2,349,223.25		75.2
	Monitoring and Evaluation	21,771,485	13,065,301.50	8,706,183.50		60.01
Public Service Administration	Board Administration, Planning and Governance	58,178,248	15,804,972.75	42,373,275.25		27.2
	Board Operations & Governance	58,178,248	15,804,972.75	42,373,275.25		27.2
	Ethics Governance and Compliance	3,132,000	3,136,629	-	4,629	100.2
	Informational Communication Technology (ICT)	6,000,000	3,646,362.11	2,353,637.89		60.8
	Human Resource Management & Development	2,900,000	1,636,565	1,263,435		56.4
	Skills and Competence Development	2,400,000	1,991,140	408,860		82.9
	Performance Management System	4,869,416	1,044,647	3,824,769		21.5
	Human Resource Development	143,500,000	144,703,182.50	-	1,203,182.50	100.9
	County Administration	37,850,000	5,314,965.23	32,535,034.78		14

	Citizen Participation	3,822,576	3,490,375	332,201	91.3
	County Leadership & Coordination of CDAs	40,300,000	28,848,949.88	11,451,050.13	71.6
	County Government Advisory Service	64,875,364	35,944,524	28,930,840	55.4
	Coordination of Peace and Cohesion	20,500,000	15,568,331.83	4,931,668.18	75.9
Culture & Social Services	Administration, planning support services	45,820,175	16,276,211.75	29,543,963.25	35.5
	Administration, planning support services	45,820,175	16,276,211.75	29,543,963.25	35.5
	Social development	4,500,000	-	4,500,000	
	Social development	4,500,000	-	4,500,000	-
	Culture	13,500,000	-	13,500,000	-
	County women, Youth and PWDs empowerment and development fund	13,500,000	-	13,500,000	-
	Natural Disaster mitigation programme	74,885,000	4,220,925	70,664,075	5.6
	Drought management (Preparedness, Response and Recovery)	11,385,677	4,220,925	7,164,752	37.1
	Emergency Relief (food, medicine, blankets, cash grant)	63,499,323	-	63,499,323	-
	Culture Promotion and Development	6,799,999	917,121.73	5,882,877.28	13.5
	Culture Promotion and Development	5,649,999	992,249.01	4,657,749.99	17.6
	Empowerment/Capacity Building of Cultural Practitioners	1,150,000	-	75,127.29	1,225,127.29
	Culture Promotion and Development	2,420,000	560,037.50	1,859,962.50	23.1
	Baseline Survey for OVC	850,000	393,787.50	456,212.50	46.3
	Community Awareness Creation on Child Rights and Child Protection	1,220,000	103,750	1,116,250	8.5
	Enhanced Child Participation	350,000	62,500	287,500	17.9
	Women Empowerment	1,285,000	487,068.75	797,931.25	37.9
	Women Empowerment	765,000	347,250	417,750	45.9
	Gender and Leadership	520,000	139,818.75	380,181.25	26.9
	Gender and Leadership	29,265,000	4,823,875	24,441,125	16.5
	County Sports Leagues	1,025,000	667,625	357,375	65.1
	Sports Equipment Support	28,240,000	4,156,250	24,083,750	14.7
Environment & Natural Resources	General Administration, Support and Support Services	50,124,247	25,264,444.63	24,859,802.38	50.4
	General Administration, Support and Support Services	50,124,247	25,264,444.63	24,859,802.38	50.4
	Environmental Management Programme	93,797,680	26,840,465.05	66,957,214.95	28.6
	Environmental Management Programme	39,000,000	1,234,535.80	37,765,464.20	3.2
	Environmental Protection	53,958,640	24,651,994.25	29,306,645.75	45.7
	Control of Air Pollution	839,040	953,935	-	114,895
	Environmental Management Programme	182,957,000	29,214,378.75	153,742,621.25	16
	Water Management Services	182,957,000	29,214,378.75	153,742,621.25	16
County Assembly	County Assembly Administration	616,490,000	570,101,815	46,388,185	92.5
	Grand Total	8,145,250,253	4,677,455,784	3,467,794,469	57.4

Source: Tana River County Treasury

The top three programmes with the highest levels of absorption rates were: County Assembly Administration in the Department of County Assembly at 93.3 per cent, general administration in the Department of Lands & Physical Planning at 92.5 per cent and Construction and civic works in the Department of County Assembly at 88.5 per cent of budget allocation.

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. The complete financial reports were submitted on 25th August 2021 against the requirement timeline of 15th July 2021.
2. Low absorption of development funds as indicated by the expenditure of Kshs.1.29 billion in FY 2020/21 from the annual development budget allocation of Kshs.3.42 billion. The development expenditure represented 37.7 per cent of the annual development budget.
3. High expenditure on local travel at Kshs.401.37 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
4. High expenditure on local travel at Kshs.401.37 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
4. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.42 County Government of Tharaka Nithi

3.42.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.5.86 billion, comprising Kshs.1.98 billion (33.7 per cent) and Kshs.3.88 billion (66.3 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.26 billion (72.8 per cent) as the equitable share of revenue raised nationally, Kshs.993.17 million (17 per cent) as total conditional grants, generate Kshs.350 million (6 per cent) from own sources of revenue, and a cash balance of Kshs.252.55 million (4.3 per cent) from FY 2019/20.

3.42.2 Revenue Performance

In FY 2020/21, the County received 999Kshs.4.26 billion as the equitable share of the revenue raised nationally, Kshs.785.51 million as conditional grants, raised Kshs.254.75 million as own-source revenue, and had a cash balance of Kshs.252.55 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.55 billion, as shown in Table 3.233.

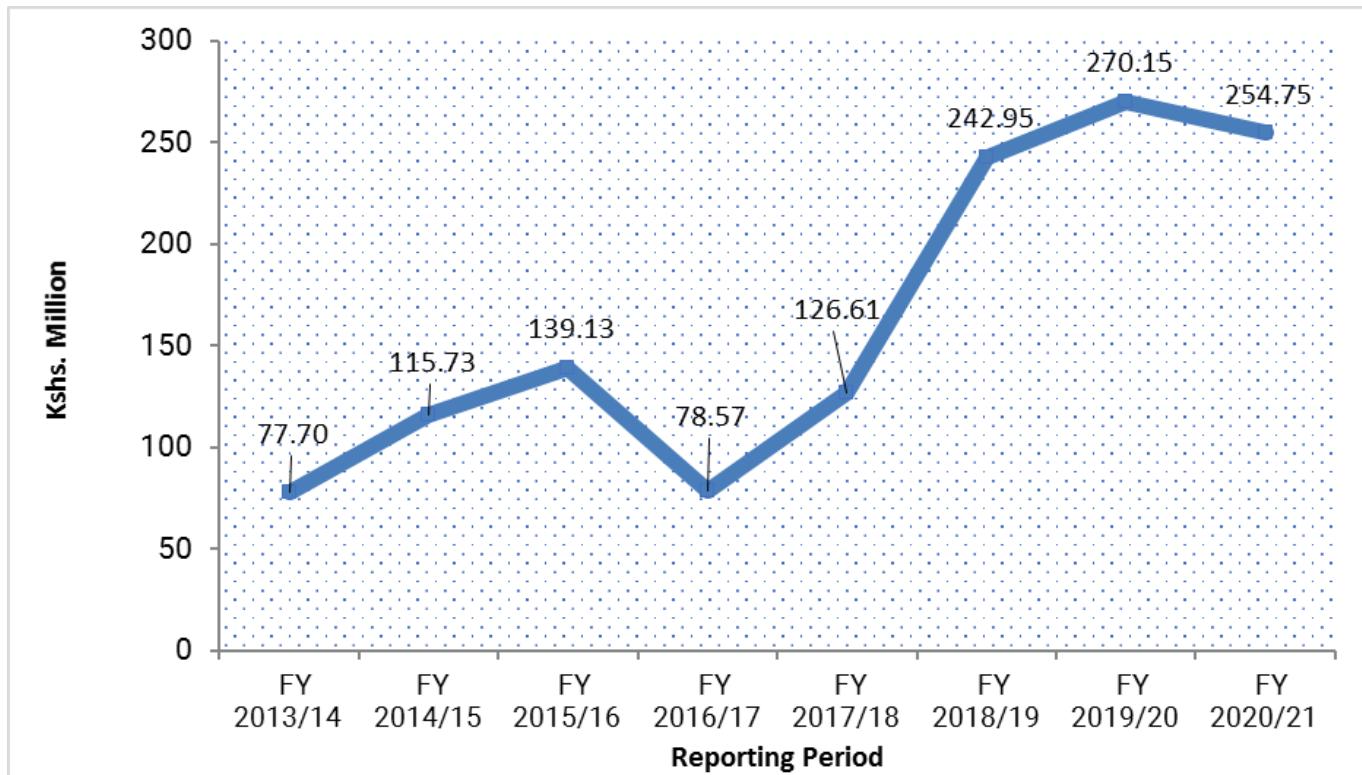
Table 3.233: Tharaka Nithi County, Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual Receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	3,924,600	4,262,115,600	4,262,115,600	100
B.	Conditional Grants from the National Government Revenue				
1.	Supplement for construction of county headquarters	50,000,000	-	-	-
2.	Compensation for User Fee Fore-gone	8,218,119	8,218,119	8,218,119	100
3.	Leasing of Medical Equipment	132,021,277	132,031,277	-	-
4.	Road Maintenance Fuel Levy Fund	115,085,841	115,085,841	115,085,840	100
5.	Rehabilitation of Village Polytechnics	60,799,894	60,799,894	60,799,894	100
Sub-Total		366,125,131	316,135,131	184,103,853	58.2
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	101,448,239	101,448,239	101,185,667	99.7
2.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,000,850	320,000,850	266,688,819	83.3
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) -Urban Development Grant (UDG)	-	50,000,000	27,955,677	55.9
5.	DANIDA Grant	11,160,000	11,160,000	11,160,000	100
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	-	137,242,250	137,242,250	100
	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,178,726	12,178,726	12,178,726	100
Sub Total		489,787,815	677,030,065	601,411,138	88.8
D	Other Sources of Revenue				
	Own Source Revenue	-	350,000,000	254,745,602	72.8
	Balance b/f from FY2019/20	-	252,554,178	252,554,178	100.0
Sub Total		-	602,554,178	507,299,780	84.2
Grand Total		859,837,546	5,857,834,974	5,554,930,372	94.8

Source: Tharaka Nithi County Treasury

Figure 3.82 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.82: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Tharaka Nithi County Treasury

In FY 2020/21, the County generated Kshs.254.74 million as own-source revenue. This amount represented a decrease of 5.7 per cent compared to Kshs.270.14 million realised during a similar period in FY 2019/20 and was 72.8 per cent of the annual target.

3.42.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.07 billion from the CRF account during the reporting period. The amount comprised Kshs.1.32 billion (26 per cent) for development programmes and Kshs.3.75 billion (74 per cent) for recurrent programmes.

3.42.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.4.93 billion on development and recurrent programmes. The expenditure represented 97.4 per cent of the total funds released by the COB and comprised of Kshs.1.26 billion and Kshs.3.68 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 63.8 per cent, while recurrent expenditure represented 94.7 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.209.58 million for development activities and Kshs.117.79 million for recurrent costs.

3.42.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.49 billion was spent on employee compensation, Kshs.1.19 billion on operations and maintenance, and Kshs.1.26 billion on development activities, as shown in Table 3.234.

Table 3.234: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	3,882,573,007	3,751,273,403	3,675,301,543	94.7

Compensation to Employees	2,486,100,000	2,485,100,000	2,485,096,372	100.0
Operations and Maintenance	1,396,473,007	1,266,173,403	1,190,205,171	85.2
Total Development Expenditure	1,975,261,967	1,315,950,076	1,259,584,373	63.8
Total	5,857,834,974	5,067,223,479	4,934,885,916	84.2

Source: Tharaka Nithi County Treasury

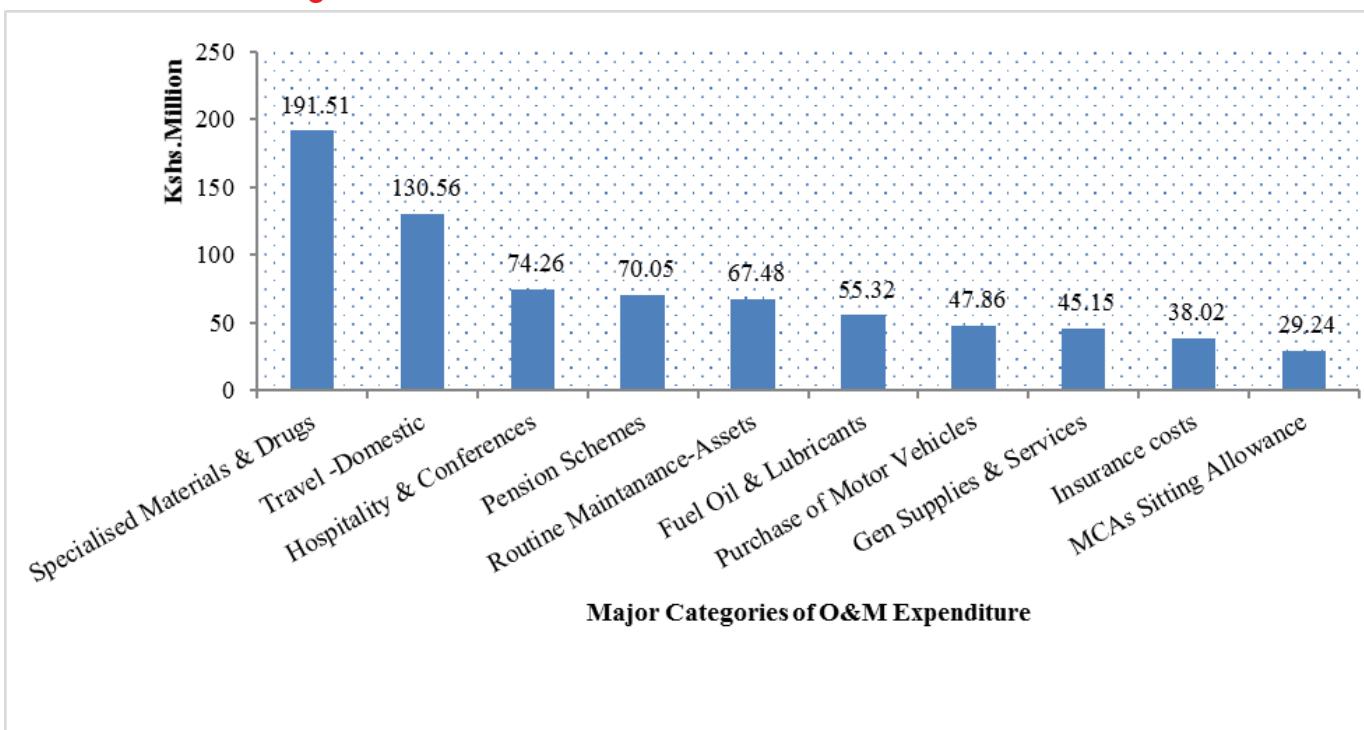
3.42.6 Expenditure on Personnel Emoluments

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 50.4 per cent of the total expenditure for the reporting period and 44.7 per cent of revenue.

3.42.7 Expenditure on Operations and Maintenance

Figure 3.83 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.83: Tharaka Nithi County, Operations and Maintenance Expenditure by Major Categories



Source: Tharaka Nithi County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.29.23 million on committee sitting allowances for the 21 MCAs and Speaker against the annual budget allocation of Kshs.29.23 million. The average monthly sitting allowance was Kshs.116,025 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.130.56. million and comprised of Kshs.67.2 million spent by the County Assembly and Kshs.63.36 million by the County Executive.

3.42.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.82.67 million to cater for COVID-19 related expenditure. A total of Kshs.68.03 million was spent during the reporting period, as shown in Table 3.235.

Table 3.235: COVID-19 Budget and Expenditure Summary

S/No	Description	Expenditure as of 30 th June 2021 (Kshs.)
1	Conference facilities Covid-19 meetings	68,400
2	Conference facilities Covid-19meetings	216,600

S/No	Description	Expenditure as of 30 th June 2021 (Kshs.)
3	Isolation areas and accommodation facilities	2,760,000
4	Branding hand wash water Tanks	56,000
5	Supply of County Branded Masks	2,970,000
6	Supply of testing booth and branded umbrellas	1,438,680
7	Purchase of latex examination gloves and body bags	2,480,000
8	Purchase of Patient monitor and c-pap machine	2,845,554
9	Purchase of assorted isolation ward equipment's	2,940,907
10	Purchase of N95 face masks	2,690,000
11	Supply hospital linen and uniforms	1,296,000
12	Purchase of Hospital linen	2,751,436
13	Repair of Hospital Beds	120,000
14	Fencing isolation wards Chuka Hospital	353,250
15	Construction of Water tower at an isolation centre	751,180
16	Construction of sluice room at an isolation centre	639,080
17	Supply of 8 x 10-Seater Tents and Plastic Chairs	870,960
18	Supply hospital beds with metallic side drawers	8,436,000
19	Supply of assorted medical equipment	2,468,400
20	Supply of Laundry Machine	528,950
21	Purchase of medical equipment	2,864,136
22	Supply of surgical masks	6,498,000
23	Supply of thermo gun thermometers	6,840,000
24	Catering and accommodation for staff manning covid-19 isolation ward	1,470,000
25	Supply of branded jerricans	1,000,000
26	Supply KN95 respirator face mask, PPE kit assorted and surgical 3-ply face masks	12,670,500
Total		68,024,033

Source: Tharaka Nithi County Treasury

3.42.9 Development Expenditure

The County incurred an expenditure of Kshs.1.26 billion on development programmes, which represented an increase of 1.2 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.12 billion. Table 3.236 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.236: 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 Tunyai - Nthaara- Marimanti Rd	Chiakariga	50,000,000	49,999,96	100
2	Tarmarking of Kambandi-Cheera-Ruguti Road	Mugwe	36,030,000	36,030,000	100
3	Kaanwa -Mitheru rd [Tarmacking]	Mitheru	50,000,000	49,999,666	100
4	Maintenance and improvement of various Wards Access roads (7m per ward)	Countywide	105,000,000	104,910,944	99.9
5	Maintenance of Key County Trunk Roads [RMLF]	Countywide	115,085,841	114,253,502	99.3
6	Installation of mobile market stalls at Kiracha	Magumoni	15,100,000	14,859,380	98.4
7	Construction of Mukothima Market	Mukothima	8,000,000	6,155,000	76.9
8	CHUKA L4 Hosp- Construction of OPD Block [on-going]	Karingani	52,000,000	39,276,574	75.5
9	Completion, Renovation and equipping of Health Centres	Countywide	13,000,000	12,999,245	100
10	Kenya Climate Smart Agriculture Programme KCSAP	Countywide	320,000,850	178,289,408	55.7

Source: Tharaka Nithi County Treasury

3.42.10 Budget Performance by Department

Table 3.237 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.237: 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	40.00	423.00	5.93	422.97	5.93	100.0	100.0	100.0	14.8
Office Of The Governor And Deputy Governor	152.17	-	127.45	-	124.55	-	97.7	-	81.8	-
Finance And Economic Planning	316.69	248.36	284.62	68.51	283.21	67.89	99.5	99.1	89.4	27.3
Agriculture And Cooperative Development	152.14	464.96	149.31	323.59	146.01	323.21	97.8	99.9	96.0	69.5
Education And Vocational Training	267.58	68.64	265.92	8.20	264.56	7.88	99.5	96.1	98.9	11.5
Medical Services	1,449.40	140.57	1,449.00	116.46	1,415.13	114.15	97.7	98.0	97.6	81.2
Lands, Physical Planning, Urban Development, Housing And Environment	140.78	208.17	126.12	121.04	124.32	117.79	98.6	97.3	88.3	56.6
Roads, Infrastructure, Public Works And Industry	100.06	556.54	96.02	502.98	92.38	457.97	96.2	91.1	92.3	82.3
Administration And Public Service	289.18	-	289.09	-	283.13	-	97.9	-	97.9	-

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 And Resource Mobilization	104.30	-	98.26	-	96.17	-	97.9	-	92.2	-
Water Services And Irrigation	44.12	157.24	43.37	112.68	41.60	112.03	95.9	99.4	94.3	71.2
County Public Service Board	18.04	-	17.04	-	11.96	-	70.1	-	66.3	-
Livestock, Veterinary And Fisheries Development	75.05	34.28	73.74	29.20	71.09	26.74	96.4	91.6	94.7	78.0
Public Health And Sanitation	317.85	-	278.88	-	277.89	-	99.6	-	87.4	-
Energy, Information, Communication and Technology	2.71	-	-	-	-	-	-	-	-	-
Youth, Sports, Culture And Tourism	29.51	56.50	29.46	27.37	20.34	25.99	69.0	95.0	68.9	46.0
Total	3,882.57	1,975.26	3,751.27	1,315.95	3,675.30	1,259.58	98.0	95.7	94.7	63.8

Source: *Tharaka Nithi County Treasury*

Analysis of departments' expenditure shows that the department of Roads, Infrastructure and Public Works recorded the highest absorption rate of development budget at 82.3 per cent while the Department of Education and Vocational Training had the lowest at 11.5 per cent. The County Assembly had the highest percentage of recurrent expenditure to budget at 100 per cent, while County Public Service Board had the lowest at 66.3 per cent. The Department of Energy, Information, Communication and Technology did not report any expenditure during FY 2020/21.

3.42.11 Budget Execution by Programmes and Sub-Programmes

Table 3.238 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.238: Tharaka Nithi County, Budget Execution by Programmes and Sub-Programmes

Row Labels	Approved Estimates (Net)	Cumulative Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
Agriculture, Cooperatives and Industry	617,102,743	469,219,394	147,883,349	78.3
P: Cooperative Development and Management	1,148,500	38,380	1,110,120	1.2
SP: Cooperative Development	1,148,500	38,380	1,110,120	1.2
P: Crop Development and Management	3,705,550	163,230	3,542,320	2.0
SP: Crops Development, Agribusiness and Market Development	3,705,550	163,230	3,542,320	2.0
P: General Administration Planning and Support Services	612,248,693	469,017,784	143,230,909	79.8
SP: Administration, Policy, Strategy and Management of Agriculture	147,289,034	145,808,928	1,480,106	139.0
SP: General Administration Services	464,959,659	323,208,856	141,750,803	66.9
County Public Service Board	18,043,798	11,955,192	6,088,606	52.5
P: County Government Advisory Services	950,000	730,750	219,250	31.8
SP: County Public Service Board	950,000	730,750	219,250	31.8
P: General Administration, Planning and Support Services	16,443,798	10,715,592	5,728,206	57.1
SP: General Administration and Support Services	16,163,798	10,715,592	5,448,206	57.4
SP: Human Resource Management Services	280,000	-	280,000	-

Row Labels	Approved Estimates (Net)	Cumulative Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
P: Human Resource Management and Development	650,000	508,850	141,150	29.9
SP: County Public Service Board Services	650,000	508,850	141,150	29.9
Education and Vocational Training	336,213,046	272,439,568	63,773,478	77.9
P: Education and Youth Training	169,366,637	105,725,924	63,640,713	53.5
SP: Promotion of Basic Education (ECDE)	68,445,597	41,834,831	26,610,766	44.5
SP: Youth Training and Capacity Building	100,921,040	63,891,093	37,029,947	61.6
P: General Administration Planning and Support Services	166,846,409	166,713,644	132,765	109.8
SP: Administration Planning and Support Services	166,846,409	166,713,644	132,765	109.8
Energy and Housing	2,711,000	-	2,711,000	-
P: Energy Resource Development & Management	-	-	-	-
SP: Energy Resource Development & Management	-	-	-	-
P: General Administration Planning and Support Services	2,711,000	-	2,711,000	-
SP: General Administration Services	2,711,000	-	2,711,000	-
Finance and Economic Planning	565,044,856	351,095,044	213,949,812	59.3
P: Economic Policy and County Planning	10,671,613	8,818,520	1,853,093	106.4
SP: County Statistics Services	2,190,900	1,389,347	801,553	54.7
SP: Economic Development, Planning and Coordination Services	6,004,363	5,075,813	928,550	163.2
SP: Monitoring and Evaluation Services	2,476,350	2,353,360	122,990	89.1
P: Financial Management Services	18,763,405	16,124,615	2,638,790	90.5
SP: Accounting Services	3,692,350	2,796,800	895,550	63.6
SP: Audit Services	3,750,780	3,114,190	636,590	62.3
SP: Budget Formulation and Coordination	8,930,275	8,523,075	407,200	143.7
SP: Supply Chain Management Services	2,390,000	1,690,550	699,450	68.2
P: General Administration, Planning and Support Services	246,951,895	220,347,012	26,604,883	60.4
SP: Human Resource Management Services	246,951,895	220,347,012	26,604,883	60.4
P: Kenya Devolution Support Programme	288,657,943	105,804,897	182,853,046	52.5
SP: Tharaka Nithi KDSP Capacity Building	288,657,943	105,804,897	182,853,046	52.5
Lands, Physical Planning, Urban Development, Environment and Natural Resources	348,945,844	242,105,386	106,840,458	76.7
P: Environment and Natural Resources Management	51,966,136	49,358,916	2,607,220	214.5
SP: Environment and Natural Resource	51,966,136	49,358,916	2,607,220	214.5
P: Kathwana Municipality Development Programme	11,976,110	2,611,310	9,364,800	20.9
SP: Kathwana Urban Area Support	11,976,110	2,611,310	9,364,800	20.9
P: Land Policy and Planning	280,075,367	185,476,516	94,598,851	68.8
SP: Land administration & management	212,563,378	119,780,484	92,782,894	55.7
SP: Physical Planning Services	67,511,989	65,696,032	1,815,957	120.6
P: Urban Development and Administration	4,928,231	4,658,644	269,587	43.8
SP: Urban Administrative Services	4,928,231	4,658,644	269,587	43.8
Livestock, Veterinary and Fisheries Development	109,329,940	97,825,725	11,504,215	73.6
P: Livestock and Fisheries Resource Management and Development	109,329,940	97,825,725	11,504,215	73.6
SP: Fisheries Development and Promotion	486,100	4,000	482,100	0.1
SP: Livestock Policy Development and Capacity Building	91,011,590	83,980,275	7,031,315	86.5
SP: Veterinary Services and Disease Prevention	17,832,250	13,841,450	3,990,800	47.6
Medical Services	1,589,971,905	1,529,281,798	60,690,107	100.8
P: Curative and Rehabilitative Services	88,564,480	78,323,702	10,240,778	85.1
SP: Hospital level services	88,564,480	78,323,702	10,240,778	85.1
P: General Administration Planning and Support Services	1,501,407,425	1,450,958,096	50,449,329	101.9

Row Labels	Approved Estimates (Net)	Cumulative Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
SP: General Administration Services	242,232,780	205,311,306	36,921,474	80.1
SP: Health sector planning, budgeting Monitoring and Evaluation	1,500,120	972,120	528,000	30.9
SP: Human resource management	1,081,334,525	1,080,495,775	838,750	116.2
SP: Procurement of medicine, medical and other supplies	176,340,000	164,178,895	12,161,105	69.8
Office of Governor and Deputy Governor	152,172,292	124,545,290	27,627,002	78.2
P: County Government Advisory Services	9,801,128	8,460,527	1,340,601	71.3
SP: Communication and Strategy	9,801,128	8,460,527	1,340,601	71.3
P: County Leadership and Coordination of MDAs	27,508,972	25,936,609	1,572,363	96.5
SP: Coordination of CMAs (Office of County Secretary)	17,729,700	17,684,217	45,483	96.6
SP: Public Sector Advisory Services (Legal, Political, and Economic Affairs)	9,779,272	8,252,392	1,526,880	96.3
P: General Administration, Planning and Support Services	114,862,192	90,148,154	24,714,038	74.8
SP: Coordination and Supervisory Services (Deputy Governor's Office)	8,690,000	7,794,535	895,465	67.9
SP: Management of County Affairs (Office of Governor)	106,172,192	82,353,619	23,818,573	75.5
Public Administration and Devolution Affairs	289,179,734	283,129,821	6,049,913	111.4
P: County Government Advisory Services	2,550,000	1,718,550	831,450	47.7
SP: Disaster Management and Coordination	2,550,000	1,718,550	831,450	47.7
P: General Administration, Planning and Support Services	286,629,734	281,411,271	5,218,463	112.3
SP: General Administration and Support Services	281,029,734	277,694,361	3,335,373	113.6
SP: Human Resource Management Services	1,100,000	354,430	745,570	32.2
SP: Sub-County Administration and Field Services	4,500,000	3,362,480	1,137,520	68.6
Public Health and Sanitation	317,848,803	277,894,829	39,953,974	84.6
P: Preventive and Promotive Health Services	317,848,803	277,894,829	39,953,974	84.6
SP: Disease Surveillance	2,120,000	433,172	1,686,828	22.6
SP: Environmental Health services	10,191,150	5,692,750	4,498,400	44.7
SP: Health Promotion and Disease Control	302,358,593	270,874,507	31,484,086	87.1
SP: HIV and AIDS Support Services	1,389,060	234,400	1,154,660	18.0
SP: Nutrition Services	500,000	-	500,000	-
SP: Reproductive Maternal and Child Health Services	1,290,000	660,000	630,000	73.3
Roads, Infrastructure, Public Works and ICT	656,602,788	550,349,562	106,253,226	82.6
P: County Government Advisory Services	8,687,550	6,678,099	2,009,451	66.8
SP: Communication and Strategy	8,687,550	6,678,099	2,009,451	66.8
P: General Administration Planning and Support Services	28,840,600	28,840,600	-	100.0
SP: General Administration Services	28,840,600	28,840,600	-	100.0
P: ICT Infrastructure Development	24,578,690	21,208,392	3,370,298	74.0
SP: ICT Infrastructure Development	24,578,690	21,208,392	3,370,298	74.0
P: Public Works and Housing Services	1,855,000	1,774,694	80,306	88.5
SP: Public Works Services	1,855,000	1,774,694	80,306	88.5
P: Roads Transport	592,640,948	491,847,777	100,793,171	82.4
SP: Rural Roads Improvement and Maintenance Services	592,640,948	491,847,777	100,793,171	82.4
Trade and Revenue	104,297,800	96,171,336	8,126,464	83.6
P: General Administration, Planning and Support Services	88,866,802	86,436,828	2,429,974	95.7
SP: General Administration and Support Services	88,866,802	86,436,828	2,429,974	95.7
P: Resource mobilisation	6,643,550	4,824,830	1,818,720	38.8
SP: Revenue Administration	6,643,550	4,824,830	1,818,720	38.8
P: Trade Development and promotion	8,787,448	4,909,678	3,877,770	39.8

Row Labels	Approved Estimates (Net)	Cumulative Expenditure (Kshs.)	Variance (Kshs.)	Absorption Rate (%)
SP: Consumer Protection & Fair Trade Practices	4,975,078	3,235,478	1,739,600	47.1
SP: Consumer Protection (Alcohol Licencing)	3,812,370	1,674,200	2,138,170	30.6
Water Services and Irrigation	201,364,339	153,638,096	47,726,243	67.7
P: Water Supply Services	201,364,339	153,638,096	47,726,243	67.7
SP: Domestic Water Services	190,436,659	144,758,966	45,677,693	68.4
SP: Irrigation and Drainage Services	9,598,680	8,207,930	1,390,750	60.6
SP: Water Storage Services	1,329,000	671,200	657,800	42.1
Youth, Sports, Culture and Tourism	86,006,086	46,334,857	39,671,229	42.7
P: Culture, Arts and Social Services	3,509,975	3,112,147	397,828	47.3
SP: Culture and Arts Promotion	2,975,850	2,666,059	309,791	53.9
SP: Gender, PWDs and Social Services	534,125	446,088	88,037	27.3
P: Sports Development and Promotion	81,789,361	43,021,210	38,768,151	43.8
SP: Athletics Championships and Other Games	355,875	116,700	239,175	3.9
SP: County Football League and Clubs Development	371,250	289,300	81,950	5.0
SP: Talent Search and Promotion	81,062,236	42,615,210	38,447,026	47.7
P: Tourism Development and Promotion	706,750	201,500	505,250	5.3
SP: Miss Tourism Tharaka Nithi	96,500	96,500	-	3.5
SP: Tourism Branding and Marketing	610,250	105,000	505,250	9.8
P: County assembly	463,000,000	428,900,018	34,099,982	92.6
SP: County Assembly Services	463,000,000	428,900,018	34,099,982	92.6
Grand Total	5,857,834,974	4,934,885,916	922,949,058	84.2

Source: Tharaka Nithi County Treasury

The top three programmes with the highest levels of absorption rates were: General Administration, Planning, and Support Services in the Department of Education and Vocational Training at 100 per cent, General Administration, Planning & Support Services in the Department of Roads, Infrastructure and Public Works at 100 per cent and General Administration, Planning & Support Services in the Department of Administration and Public Service at 98 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. A high wage bill, which accounted for 50.4 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
2. The underperformance of own-source revenue at Kshs.254.74 million against an annual projection of Kshs.350 million, representing 72.8 per cent of the annual target.

In order to improve budget execution, the County should implement the following recommendations;

1. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
2. *The County should devise and implement strategies to enhance own-source revenue performance to ensure the approved budget is fully financed.*

3.43 County Government of Trans Nzoia

3.43.1 Overview of the FY 2020/21 Budget

The Trans Nzoia County's approved Supplementary budget for FY 2020/21 is Kshs.8.40 billion, comprising Kshs.3.49 billion (41.5 per cent) and Kshs.4.91 billion (58.5 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5.76 billion (68.6 per cent) as the equitable share of revenue raised nationally, Kshs.1.02 billion (12.1 per cent) as total conditional grants, generate Kshs.493.8 million (5.9 per

cent) from own sources of revenue, and a cash balance of Kshs.495.39 million (5.9 per cent) from FY 2019/20. The County also expected to receive Kshs.626.64 million (7.5 per cent) as “other revenues” not contained in the CARA, 2020. The “Other revenues” include COVID-19 disbursed from the National Government of Kshs.117.27 million and Kshs.43.64 million.

3.43.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.76 billion as the equitable share of the revenue raised nationally, Kshs.823.45 million as conditional grants, raised Kshs.340.45 million, as own-source revenue, Kshs.626.64 million as “other revenues” and had a cash balance of Kshs.495.39 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.7.58 billion, as shown in Table 3.239.

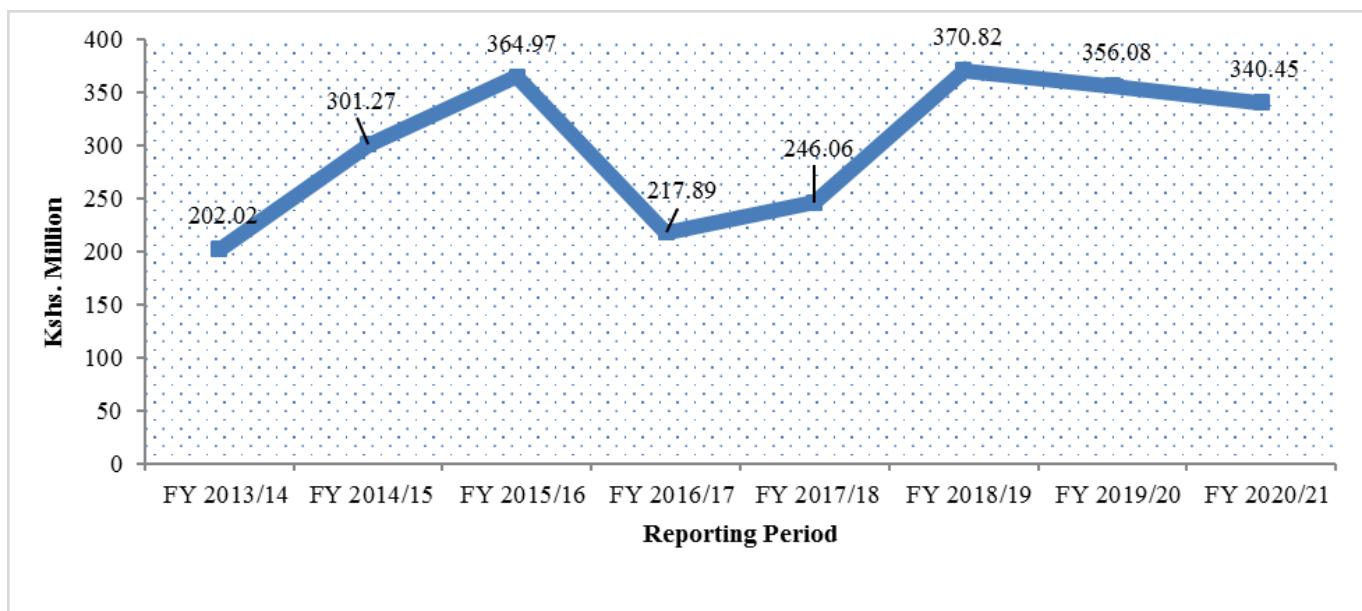
Table 3.239: Trans Nzoia County Revenue Performance in FY 2020/21

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	5,760,300,000	5,760,300,000	5,760,300,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	21,304,915	21,304,915	21,304,915	100.0
2.	Road Maintenance Fuel Levy Fund	254,383,730	254,383,730	254,383,730	100.0
3.	Rehabilitation of Village Polytechnics	74,768,711	74,768,711	43,909,894	58.7
Sub Total		350,457,356	350,457,356	319,598,539	91.2
C Loans and Grants from Development Partners					
1.	Transforming Health systems for Universal care Project (WB)	44,386,749	44,386,749	42,938,992	96.7
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	199,332,120	199,332,120	194,364,673	97.5
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	75,000,000	75,000,000	75,000,000	100.0
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	299,106,900	299,106,900	162,657,959	54.4
5.	DANIDA Grant	22,645,000	22,645,000	16,380,000	72.3
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	29,158,844	29,158,844	12,513,357	42.9
Sub Total		669,629,613	669,629,613	503,854,981	75.2
D Other Sources of Revenue					
1.	Own Source Revenue	-	493,799,500	340,453,746	68.9
2.	Balances b/f from FY 2019/20	-	495,385,800	495,385,800	100.0
3.	Other Revenues	-	626,635,099	626,635,099	100.0
Sub Total		-	1,615,820,399	1,462,474,645	90.5
Grand Total		6,780,386,969	8,396,207,368	8,046,228,165	95.8

Source: Trans Nzoia County Treasury

Figure 3.84 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.84: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Trans Nzoia County Treasury

In FY 2020/21, the County generated Kshs.340.45 million as own-source revenue. This amount represented a decrease of 4.4 per cent compared to Kshs.356.08 million realised during a similar period in FY 2019/20 and was 68.9 per cent of the annual target.

3.43.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.7.01 billion from the CRF account during the reporting period. The amount comprised Kshs.2.31 billion (33 per cent) for development programmes and Kshs.4.70 billion (67 per cent) for recurrent programmes.

3.43.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.7.41 billion on development and recurrent programmes. The expenditure represented 105.7 per cent of the total funds released by the COB and comprised of Kshs.2.75 billion and Kshs.4.66 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 78.8 per cent, while recurrent expenditure represented 94.9 per cent of the annual budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.511.29 million for development activities and Kshs.284.63 million for recurrent costs.

3.43.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.68 billion was spent on employee compensation, Kshs.1.98 billion on operations and maintenance, and Kshs.2.75 billion on development activities, as shown in Table 3.240.

Table 3.240: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,908,121,634	4,700,826,428	4,659,545,323	94.9
Compensation to Employees	2,788,292,632	2,787,973,577	2,680,942,937	96.1
Operations and Maintenance	2,119,829,002	1,912,852,851	1,978,602,386	93.3
Total Development Expenditure	3,488,085,734	2,309,147,413	2,747,973,395	78.8
Total	8,396,207,368	7,009,973,841	7,407,518,719	88.2

Source: Trans Nzoia County Treasury

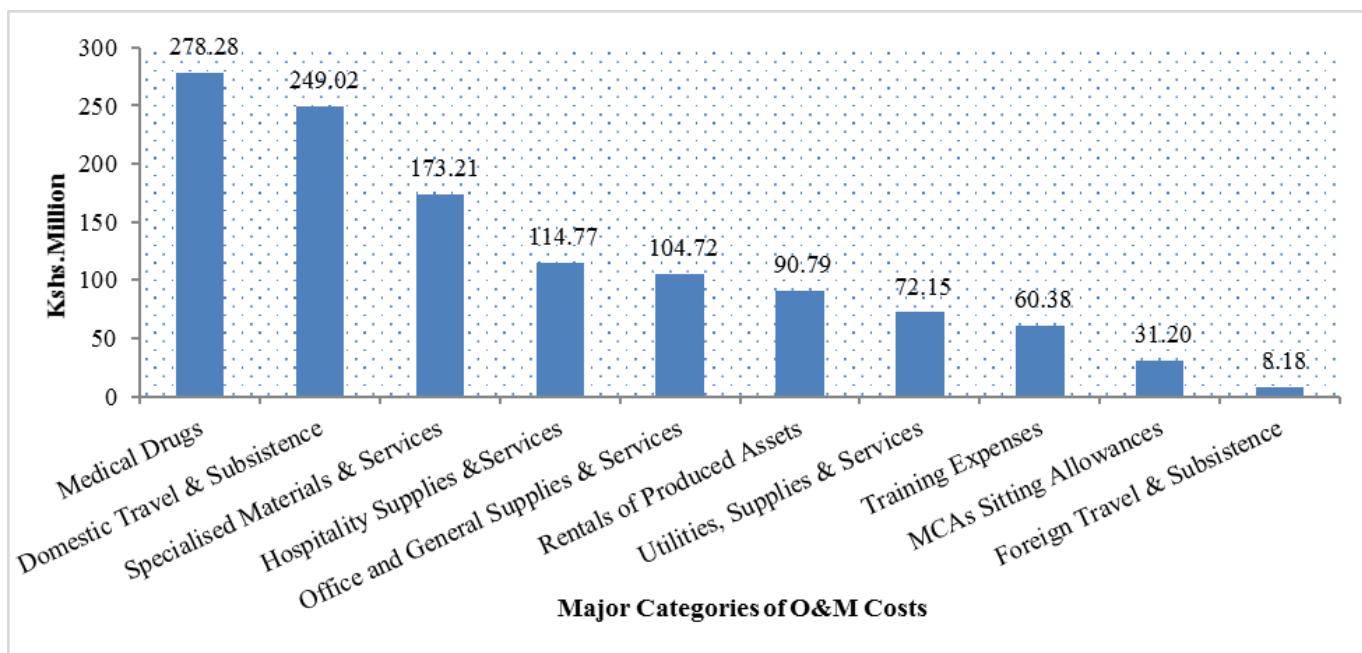
3.43.6 Expenditure on Personnel Emoluments

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 36.2 per cent of the total expenditure for the reporting period and 35.4 per cent of revenue.

3.43.7 Expenditure on Operations and Maintenance

Figure 3.85 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.85: Trans Nzoia County, Operations and Maintenance Expenditure by Major Categories



Source: Trans Nzoia County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.31,202,000 on committee sitting allowances for the 40 MCAs and Speaker against the annual budget allocation of Kshs.50,853,600. The average monthly sitting allowance was Kshs.65,004 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.249.02 and comprised Kshs.107.96 million spent by the County Assembly and Kshs.141.06 million by the County Executive. Spending on foreign travel amounted to Kshs.8.18 million incurred by the County Assembly.

3.43.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.515.39 million to cater for COVID-19 related expenditure, including Kshs.329.34 million brought forward from FY 2019/20. A total of Kshs.299.62 million was spent during the reporting period, as shown in Table 3.241.

Table 3.241: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1.	The grant from the National Government for Allowances for Front Line Health Care Workers	43,635,000	43,635,000
2.	The grant from the National Government for COVID-19	117,268,000	117,268,000
3.	DANIDA Grant for COVID in FY 2019/20	6,265,000	6,265,000
4.	County own revenue allocated to COVID- 19	348,226,609	132,455,301
Total		515,394,609	299,623,301

Source: Trans Nzoia County Treasury

3.43.9 Development Expenditure

The County incurred an expenditure of Kshs.2.75 billion on development programmes, which represented an increase of 25.6 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.19 billion. Table 3.242 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.242 Trans Nzoia County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Project Budget (Kshs.)	Project Actual Expenditure (Kshs.)	Absorption Rate (%)
1	Maintenance of Roads, Ports and Jetties-Exchequer (GOK)-Maintenance Of Roads-Headquarters	County Wide	254,383,730	236,089,075	92.8
2	Completion and Equipping of Trans Nzoia County Teaching and Referral hospital	Trans Nzoia County Referral Hospital	171,826,165	110,931,164	64.6
3	Other Infrastructure and Civil Works (Ward Specific)	County Wide	116,200,000	96,939,885	83.4
4	Borehole Drilling and Equipping	County Wide	62,900,000	62,195,111	98.9
5	Road Maintenance – Fuel Levy - KRB	County Wide	254,383,730	52,650,789	20.7
6	Construction of Classrooms in ECDEs Centers	County Wide	55,000,000	45,212,002	82.2
7	Fruit Trees Seedlings	County HQ	45,000,000	34,945,634	77.7
8	Spatial Plans, Kitale Integrated and Kiminini Integrated	Kitale,Kiminini Town, and Cherengany	30,500,000	23,140,800	75.9
9	Maintenance and Installation of High Mast Floodlights and Streetlights	County HQ,Waitaluk,Sitatunga and Nabiswa	28,809,588	15,745,925	54.7
10	Refurbishment of Kenyatta Stadium-Design Work	Kenyatta Stadium	15,000,000	14,064,619	93.8

Source: Trans Nzoia County Treasury

3.43.10 Budget Performance by Department

Table 3.243 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.243: 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, Livestock and Fisheries	241.24	482.61	227.47	352.14	228.88	476.17	100.6	135.2	94.9	98.7
Trade, Commerce and Industry	54.86	104.76	38.97	32.13	45.64	90.68	117.1	282.2	83.2	86.6
Education, ECDE and Vocational Training	376.18	197.73	361.47	106.91	362.25	180.85	100.2	169.2	96.3	91.5
Water, Environment and Natural Resources	88.00	234.22	73.47	194.98	64.89	233.22	88.3	119.6	73.7	99.6
Finance and Economic Planning	786.32	488.60	775.00	427.12	744.40	476.40	96.1	111.5	94.7	97.5
Gender, Youth, Sports, Culture, Children, Social Services & Tourism	47.86	122.99	31.66	111.77	47.41	122.57	149.7	109.7	99.1	99.7

Department	Budget Allocation (Kshs. Million)		Exchequer Issues (Kshs. Million)		Expenditure (Kshs. Million)		Expenditure to Exchequer Issues (%)		Absorption rate (%)	
	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev	Rec	Dev
Governance and Public Service Management	560.94	132.95	524.65	-	516.93	106.56	98.5	0.0	92.2	80.2
County Public Service Board	58.85	3.82	38.03	1.96	58.41	3.12	153.6	158.9	99.2	81.5
Corporate Health Services	1,760.28	383.78	1,759.76	319.80	1,750.08	383.46	99.5	119.9	99.4	99.9
Lands, Housing and Physical Planning	59.84	39.26	57.69	20.99	47.74	24.59	82.8	117.1	79.8	62.6
Municipality Board of Kitale	10.00	679.57	9.93	241.47	-	144.39	0.0	59.8	0.0	21.2
Public Works, Transport & Infrastructure	182.91	487.79	174.58	457.48	164.77	463.59	94.4	101.3	90.1	95.0
County Assembly	680.84	130.00	628.14	42.38	628.14	42.38	100.0	100.0	92.3	32.6
TOTAL	4,908.12	3,488.09	4,700.83	2,309.15	4,659.55	2,747.97	99.1	119.0	94.9	78.8

Source: Trans Nzoia County Treasury

Analysis of expenditure by the Departments shows that the Department of Corporate Health Services recorded the highest absorption rate of development budget at 99.9 per cent while the Department of Municipality Board of Kitale had the lowest at 21.2 per cent on development activities. The Department of Corporate Health Services had the highest percentage of recurrent expenditure to budget at 99.4 per cent, while the Municipality Board of Kitale did not report any spending on the recurrent budget.

3.43.11 Budget Execution by Programmes and Sub-Programmes

Table 3.244 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.244: Trans Nzoia 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 (%)
Agriculture, Livestock and Fisheries					
Crop Development	Crop Diversification	100,864,938	100,847,692	17,246	100.0
Crop Development	Post-Harvest Management and Value Addition	120,598,923	139,059,965	-18,461,042	115.3
Administrative and Support Services	Administrative and Support Services	502,390,643	502,380,525	10,118	100.0
Sub total		723,854,504	742,288,182	-18,433,678	102.5
Trade, Commerce and Industry					
Medium and small Enterprises	Medium and small Enterprises	104,756,291	2,481,379	102,274,912	2.4
Administrative and Support Services	Administrative and Support Services	54,863,482	44,010,127	10,853,355	80.2
Sub total		159,619,773	46,491,506	113,128,267	29.1
Water, Environment and Natural Resources					
Environment Management and Protection	Waste Management	227,200,000	177,751,332	49,448,668	78.2
Administrative and Support Services	Administrative and Support Services	95,021,519	94,195,592	825,927	99.1
Sub total		322,221,519	271,946,923	50,274,596	84.4
Public Works, Roads and Infrastructure					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	A b s o r p - tion (%)
Road Construction and Road Maintenance	Maintenance of Roads	487,792,355	423,113,654	64,678,701	86.7
Administrative and Support Services	Administrative and Support Services	182,912,837	72,423,230	110,489,607	39.6
Sub total		670,705,192	495,536,883	175,168,309	73.9
Lands, Housing and Urban Planning					
Administrative and Support Services	Administrative and Support Services	99,097,781	75,105,460	23,992,321	75.8
Sub total		99,097,781	75,105,460	23,992,321	75.8
Gender, Sports, Culture and Tourism					
Culture Development and Promotion	Culture Development	122,990,735	196,923,979	-73,933,244	160.1
Administrative and Support Services	Administrative and Support Services	47,855,145	47,556,901	298,244	99.4
Sub total		170,845,880	244,480,880	-73,635,000	143.1
Public Service Management					
Infrastructure Development	Supervision and Management of Projects	113,713,288	-	113,713,288	
Administrative and Support Services	Administrative and Support Services	493,506,948	376,477,589	117,029,359	76.3
Sub total		607,220,236	376,477,589	230,742,647	62.0
Education and ICT					
Vocational Training Development	Vocational Training Development	197,727,485	155,403,187	42,324,298	78.6
Administrative and Support Services	Administrative and Support Services	376,176,371	360,815,568	15,360,803	95.9
Sub total		573,903,856	516,218,754	57,685,102	89.9
Finance					
Administrative and Support Services	Supervision and Management of Projects	464,103,762	402,404,601	61,699,161	86.7
Administrative and Support Services	Administrative and Support Services	750,824,214	740,170,840	10,653,374	98.6
Sub total		1,214,927,976	1,142,575,441	72,352,535	94.0
Governance					
Infrastructure Development	Supervision and Management of Projects	19,236,990	18,994,921	242,069	98.7
Administrative and Support Services	Administrative and Support Services	67,437,780	64,816,213	2,621,567	96.1
Sub total		86,674,770	83,811,135	2,863,635	96.7
County Public Service Board					
Governance and County Values	Infrastructure Development	3,823,461	3,795,131	28,330	99.3
Administrative and Support Services	Administrative and Support Services	58,850,000	46,484,137	12,365,863	79.0
Sub total		62,673,461	50,279,268	12,394,193	80.2
Health Corporate					
and Support Services	Preventive Health Services	383,780,914	276,538,700	107,242,214	72.1
and Support Services	Administrative and Support Services	1,760,277,979	1,630,557,306	129,720,673	92.6
Sub total		2,144,058,893	1,907,096,007	236,962,886	88.9
Economic Planning					

Budget Execution by Programmes and Sub-Programmes					
Programme	Sub- Programme	Approved Budget (Ksh)	Actual Payments (Ksh)	Variance (Kshs.)	Absorption (%)
County Research and Development Planning	County Development Planning Services	24,500,000	23,927,739	572,261	97.7
Administrative and Support Services	Administrative and Support Services	35,494,733	34,350,022	1,144,711	96.8
Sub total		59,994,733	58,277,761	1,716,972	97.1
Municipality Board of Kitale					
Administrative and Support Services	Administrative and Support Services	689,572,239	75,678,689	613,893,550	11.0
Sub total		689,572,239	75,678,689	613,893,550	11.0
County Assembly					
Legislative and Oversight Arm	Legislative and Oversight Arm	177,161,278	168,035,195	9,126,083	94.8
General and Support Services	General and Support Services	495,227,832	494,176,763	1,051,069	99.8
Security Services	Security Services	8,450,000	8,303,525	146,475	98.3
Infrastructure Development	Construction of Buildings	129,997,445	42,376,373	87,621,072	32.6
Sub total		810,836,555	670,515,483	140,321,072	82.6
Grand Total		8,396,207,368	6,756,779,961	1,639,427,407	80.4

Source: Trans Nzoia County Treasury

The top three programmes with the highest levels of absorption rates were: Culture Development in the Department of Gender, Sports, Culture and Tourism at 160.1 per cent, Post-Harvest Management and Value Addition in the Department of Agriculture, Livestock and Fisheries at 115.3 per cent and Crop Diversification in the Department of Agriculture, Livestock and Fisheries at 100 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. A high wage bill, which accounted for 36.2 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.340.45 million against an annual projection of Kshs.500 million, representing 68.9 per cent of the annual target.
4. Spending of revenue at source and weak budgeting practice where the County incurred expenditure above the approved budgetary allocations.
5. High expenditure on local travel at Kshs.249.02 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
6. The County recorded high pending bills, which amounted to Kshs.511.29 million for development activities and Kshs.284.62 million for recurrent costs as at the end of FY 2020/21. This indicates a weak internal control and failure to adjust the budget due to falling revenue.

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments)*

Regulations, 2015.

3. *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 in line with Section 109 (2) of the PFM Act, 2012.*
5. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
6. *The County should ensure the integrity of budget implementation systems by enhancing budgetary controls and revising the budget whenever there is a budget deficit due to falling revenue collection. Pending bills should be the first charge in the FY 2020/21 budget, and the County should have clear budget timelines for payment of pending bills.*

3.44 County Government of Turkana

3.44.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.14.48 billion, comprising of Kshs.5.35 billion (36.9 per cent) and Kshs.9.13 billion (63.07 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.10.54 billion (70 per cent) as the equitable share of revenue raised nationally, Kshs.1.96 billion (13.6 per cent) as total conditional grants, generate Kshs.175.00 million (1.2 per cent) from own sources of revenue, and a cash balance of Kshs.1.7 billion (19.8 per cent) from FY 2019/20.

3.44.2 Revenue Performance

In FY 2020/21, the County received Kshs.10.54 billion as the equitable share of the revenue raised nationally, Kshs.1.17 billion as conditional grants, raised Kshs.209.83 million as own-source revenue, and had a cash balance of Kshs.1.7 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.13.48 billion, as shown in Table 3.245.

Table 3.245: Turkana County, Revenue Performance in FY 2020/21

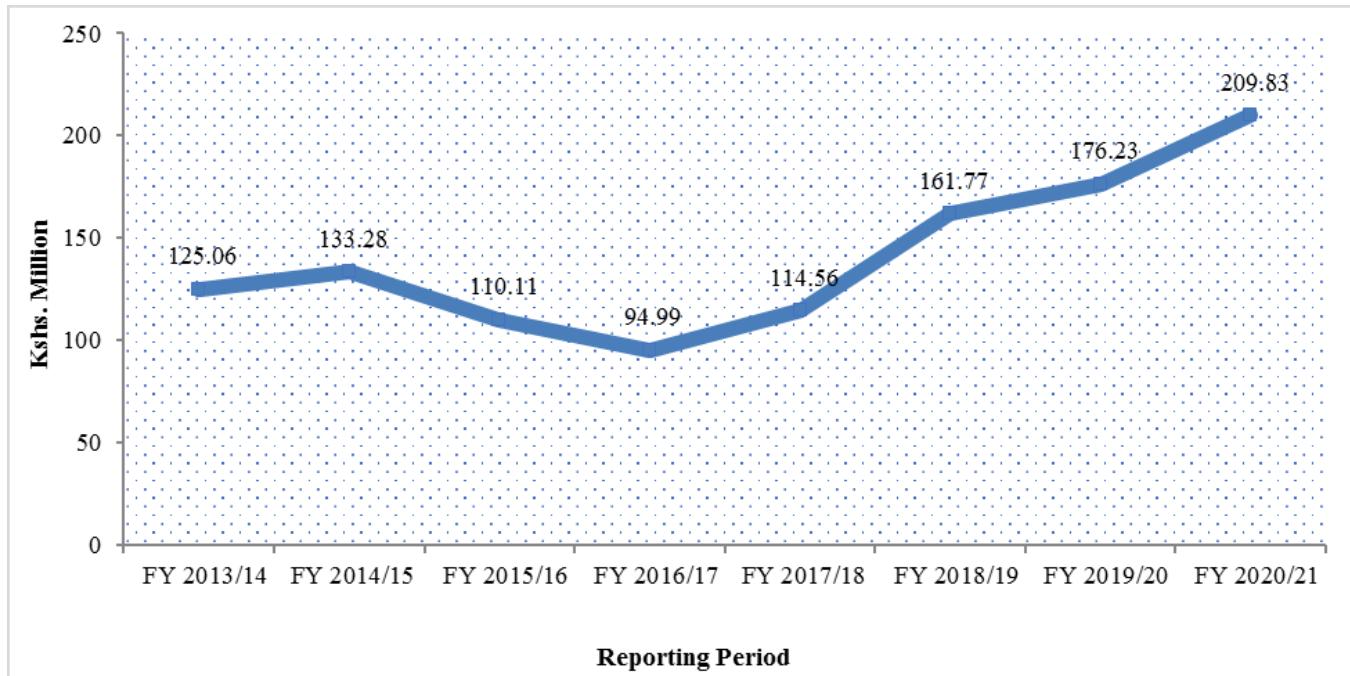
S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	10,539,450,000	10,539,450,000	10,539,450,000	100.0
B. Conditional Grants from the National Government Revenue					
1.	Road Maintenance Fuel Levy Fund	-	231,604,919.00	-	-
2.	Compensation for User Fee Foregone	25,634,941	25,634,941	25,634,941	100.0
3.	Roads Maintenance Levy Fund FY 2019/20 Balance	-	143,459,632	74,792,320	52.1
4.	Road Maintenance Fuel Levy Fund	315,071,072	315,071,072	315,071,072	100.0
5.	Rehabilitation of Village Polytechnics	12,709,894	12,709,894	12,709,894	
Sub Total		496,875,539	728,480,458	428,208,227	58.8
C	Loans and Grants from Development Partners				
1.	Transforming Health systems for Universal care Project (WB)	300,000,000	300,000,000	299,737,428	99.9
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	216,213,300	216,213,200	173,242,631	80.1
3.	Transforming Health systems for Universal care Project (WB) FY 2019/2020 BALANCE		72,057,536		-

S/No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Alloc- ation (%)
4.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100.0
5.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	27,058,921	27,058,921	100.0
6.	DANIDA Grant	12,005,000	-	-	-
7.	Additional DANIDA UHC Health Programme Support Fund FY 2019/20	-	12,005,000	12,005,000	-
8.	Universal Health Care in Devolved System Programme	29,970,000	29,970,000	29,970,000	100.0
9.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	127,012,880	-	-
10.	ASDP	-	1,500,000	-	-
11.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	18,731,177	18,731,177	16,306,000	87.1
12.	Car loan and mortgage for assembly, FY 2019/20 balance	-	108,457,789	-	-
13.	COVID-19 HEALTH WORKERS ALLOWANCES	-	42,555,000	-	-
14.	COVID-19 NATIONAL GOVT CONDITIONAL GRANT	-	136,322,000	-	-
15.	NARIGP	-	688,332	-	-
16.	German Development Bank (KfW) – Drought Resilience Programme in Northern Kenya (DRPNK)	200,000,000	200,000,000	-	-
Sub Total		821,919,477	1,337,571,835	603,319,979	45.1
D	Other Sources of Revenue				
1.	Own Source Revenue	-	175,000,000	209,830,607	119.9
2.	Balance b/f from FY 2019/20	-	1,698,336,833	1,698,336,833	100.0
Sub Total		-	1,873,336,833	1,908,167,440	101.9
Grand Total		11,858,245,016	14,478,839,126	13,479,145,647	93.1

Source: Turkana County Treasury

Figure 3.86 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.86: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Turkana County Treasury

In FY 2020/21, the County generated Kshs.209.83 million as own-source revenue. This amount represented an increase of 19.1 per cent compared to Kshs.176.23 million realised in FY 2019/20 and was 119.9 per cent of the annual target.

3.44.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.12.18 billion from the CRF account during the reporting period. The amount comprised of Kshs.3.06 billion (26.7 per cent) for development programmes and Kshs.8.41 billion (73.3 per cent) for recurrent programmes.

3.44.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.11.17 billion on development and recurrent programmes. The expenditure represented 97.3 per cent of the total funds released by the COB and comprised of Kshs.2.77 billion and Kshs.9.44 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 51.8 per cent, while recurrent expenditure represented 103.4 per cent of the annual recurrent expenditure budget.

The expenditure included pending bills as of 30th June 2021, which amounted to Kshs.1.17 billion for development activities and Kshs.626.9 million for recurrent costs.

3.44.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.38 billion was spent on employee compensation, Kshs.5.05 billion on operations and maintenance, and Kshs.2.77 billion on development activities, as shown in Table 3.246.

Table 3.246: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	9,131,466,640	8,588,373,388	9,439,607,933	103.4
Compensation to Employees	4,707,777,262	4,388,009,786	4,388,009,786	93.2
Operations and Maintenance	4,423,689,378	4,200,363,602	5,051,598,147	114.2
Total Development Expenditure	5,347,372,486	2,608,228,286	2,770,280,215	51.8
Total	14,478,839,126	11,196,601,674	12,209,888,148	84.3

Source: Turkana County Treasury

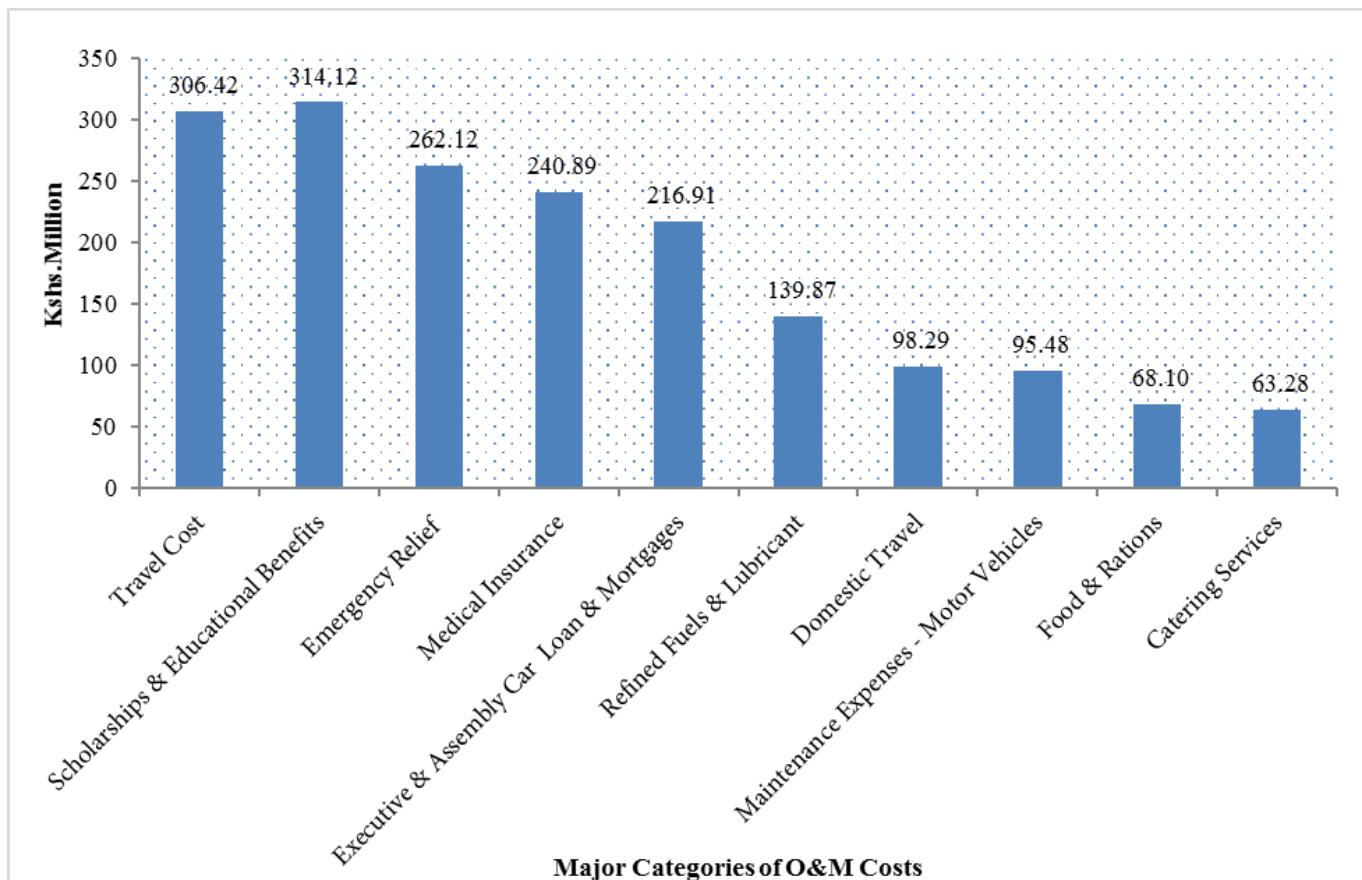
3.44.6 Expenditure on Personnel Emoluments

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 35.9 per cent of the total expenditure for the reporting period and 32.6 per cent of revenue.

3.44.7 Expenditure on Operations and Maintenance

Figure 3.87 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.87: Turkana County, Operations and Maintenance Expenditure by Major Categories



Source: Turkana County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.21.28 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.36,951 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.306.42 million and comprised of Kshs.98.29 million spent by the County Assembly and Kshs.208.13 million by the County Executive.

3.44.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the county provided Kshs.716.67 million to cater to COVID-19 related expenditure, including Kshs.616.31 million brought forward from FY 2019/20. A total of Kshs.255.33 million was spent during the reporting period, as shown in Table 3.247.

Table 3.247: COVID-19 Budget and Expenditure Summary

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Expenditure as of 30.6.21 (Kshs)
	PUBLIC SERVICE, ADMIN AND DISASTER MGT		

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Expenditure as of 30.6.21 (Kshs)
1.	Cereals (Maize)	189,000,000	105,950,000
2.	Cereals (Rice)	48,750,000	-
3.	Pulses (Beans)	73,600,000	65,500,000
4.	Vegetable Oil	60,000,000	-
5.	Transportation, Handling and Storage	48,531,339	26,444,402
6.	Sub-Total	419,881,339	197,894,402
WATER SERVICES ENVIRONMENT AND MINERAL SERVICES			
7.	Plastic water tanks (10m3)	5,200,000	5,163,578
8.	Handwashing Stations (45 litres)	975,000	563,699
9.	Sanitizers, 500 ml	1,050,000	-
10.	Soaps (Box-12 pcs)	160,000	-
11.	Bucket (15 litres)	320,000	-
12.	Water trucking in Turkana East Lopii, Kachelanga, Lomelo, Lopeduru, Napeitom, Nayanaekaton, Lokwii and Lomelo	2,700,000	2,700,000
13.	Water trucking Turkana West Nalapatui, Nasinyono, Loroo, Nakururum, Nalamacha, Naremeto	1,680,000	1,650,526
14.	Loima Nasiger, Kalopiria, Lokoyo, Tiya, Nameyana, Kapus and Nakabaran	1,710,000	1,680,517
15.	Turkana South Kakong'u, Kalemungorok, Kaasuroi and Natorube	2,700,000	-
16.	Turkana Central Kerio, Kaikir, Lokaparaparai, Kalotum, Kapua, Kaoo, Kapokor, Nakurio, Timama, Loturei and Mesewan	8,100,000	6,377,947
17.	Turkana North Nduat, Gold, Kanakurdio, Lokapelpus, Kibish, Nakinomet, Kang'atukusio, Nareng'ewoi, Nachukui, Lokitoenyela, Namorotot, Nadopuwa, Nakalalioit, Lokalale-akwaan	3,390,000	884,482
18.	Fuel	2,400,000	-
19.	Improvement of Lokwii water supply	13,480,000	-
20.	Improvement of Nalemsokon water supply(Phase 1)	9,000,000	-
21.	50% Waiver on containment of COVID-19 (LOWASCO - 3M/month, Kakuma - 740,000/Month)	8,220,000	5,700,000
22.	Water trucking fee charges (LOWASCO - 1M/month)	2,020,000	779,800
	Sub-Total	63,105,000	25,500,549
COUNTY ATTORNEY			
23.	Procure IEC materials/posters	500,000	
24.	Household sensitization level by CHVs and healthcare workers.	17,800,000	5,472,820
25.	Refurbishment of 8 isolation areas	4,000,000	1,671,240
26.	Refurbishment of health facilities	14,063,700	-
27.	ICU bed	700,000	-
28.	Patient monitor	900,000	-
29.	Ripple mattress	40,000	-
30.	Syringe pump	450,000	-
31.	Infusion Pump	480,000	-
32.	ICU ventilator	7,000,000	-
33.	Theatre Tables	700,000	-

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Expenditure as of 30.6.21 (Kshs)
34.	Anaesthetic machine	700,000	-
35.	Overhead lamp	300,000	-
36.	PPEs Kit	5,000,000	4,925,000
37.	N95	2,650,000	1,900,000
38.	Drug Store	3,500,000	-
39.	Equipping of the Drug store	1,600,000	-
40.	Mattress with Macintosh	1,000,000	-
41.	Surgical face masks(pack of 50)	3,750,000	-
42.	Purchase of incinerators	20,000,000	-
43.	Oral Pharyngeal swabs	200,000	-
44.	Nasal pharyngeal swabs	200,000	-
45.	Triple packaging containers	600,000	-
46.	Accommodation and meals for frontline HCWs working in isolations and quarantine facilities	9,852,000	8,130,080
47.	Sample collection teams	2,000,000	1,720,984
48.	Assorted Medical equipment for 17 health centres	17,000,000	2,721,240
SUB TOTAL		114,985,700	26,541,364
COVID-19 EMERGENCY RESPONSE FUND BOARD			
49.	Board Members Sitting Allowances and Office Supplies	1,560,000	390,000
50.	Hire of meeting hall and projector	630,000	250,000
51.	Catering services/ Refreshments	177,000	-
52.	Transport reimbursement	960,000	730,000
53.	Accommodation during meetings	360,000	182,650
54.	Stationery and office administration	420,000	520,000
Sub-Total		4,107,000	2,072,650
RESOURCE MOBILIZATION EXERCISE			
55.	Daily Subsistence Allowances Visit to Nairobi (Chairman Allowances)	931,500	-
56.	Fuel	50,000	-
57.	Transport reimbursement	135,000	-
58.	Accommodation	67,500	-
59.	Radio spot peak	45,000	-
60.	Radio talk show	150,000	-
61.	Fuel	40,000	-
Sub Total		1,419,000	-
Monitoring & Evaluation Exercise			
62.	Daily Subsistence Allowances	3,414,000	2,144,065
63.	Fuel	60,000	-
Sub-Total		3,474,000	2,144,065
HEALTH SERVICES & SANITATION			
64.	Provide Lunch allowance for 300 HCWs to be trained in the 7 Sub Counties	300,000	-
65.	Provide DSA for Seven (7) drivers to facilitate SMT during Sub County Trainings	147,000	-
66.	Hall hire and projector	70,000	-

No.	Description of Expenditure	Budgeted Amount (Kshs.)	Expenditure as of 30.6.21 (Kshs)
67.	Provide Lunches for 100 Surveillance officers conducting screening	1,000,000	-
68.	Provide DSA for 1 Communication officer, 2 Health Promotion Officers and 1 Community Strategy Focal Person	140,000	-
69.	Provide DSA for case management teams per isolation area whenever they are out of their station of work	900,000	-
70.	Provide Lunch allowances to 3 standby ambulance drivers	378,000	-
71.	Air Time and Data bundles	100,000	-
72.	CHERT	85,000	-
	Sub-Total	3,120,000	-
	PUBLIC SERVICE, ADMIN. & DISASTER MANAGEMENT		
73.	Coordination Team (CEC, C.O-PS,A&DM)	315,000	295,000
74.	DRM Directorate (supervisory)	1,587,600	877,240
75.	Public Health Officers	210,000	-
76.	Warehouse Team (Supervisors)	294,000	-
77.	Warehouse Team	264,600	-
78.	Team Drivers	352,800	-
79.	Security (During Food Distribution)	1,176,000	-
	Sub-Total	4,200,000	-
	WATER SERVICES, ENVT & MINERAL RESOURCES		
80.	DSA for COVID-19 coordination(CEC.CO)	315,000	-
81.	Director water Services and SCWOS (39)	904,900	-
82.	Transport of tanks and other wash items	800,000	-
83.	Sub-Total	2,019,900	-
	FY 2020/21 County own revenue allocated to COVID (Kshs.)	100,362,174	
84.	Total	18,339,900	
	TOTAL	716,674,113	255,325,270

Source: Turkana County Treasury

3.44.9 Development Expenditure

The County incurred an expenditure of Kshs.2.61 billion on development programmes, which represented an increase of 3.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.51 billion. Table 3.248 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.248: Turkana 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 Turkana Biashara Centre	Lodwar	132,390,490	96,645,058	73.0
2.	Proposed supply, Installation and commissioning of solar powered street lights and construction of Fire station in Lodwar	Lodwar-Kanamkemer	95,023,200	33,980,600	35.8
3.	Mechanical Ventilation Works	Kanamkemer Ward	52,856,813	33,035,508	62.5
4.	UHC Ambulances	Lodwar Township	29,000,000	28,590,000	98.6
5.	Lorugum-Lorengesinyen	Lorugum	28,000,000	25,455,968	90.9
6.	modernization of Lodwar fresh produce markets	Lodwar	21,000,000	21,000,000	100.0
7.	Transforming Health System Universal Care (THC-UC)	Lodwar	300,000,000	15,823,439	5.3
8.	DANIDA-UC	Lodwar	29,970,000	14,985,000	50.0
9.	Kerio Multiplication and Breeding Centre	Kerio	13,892,851	13,892,851	100.0

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments to Date (Kshs.)	Absorption Rate (%)
10.	Lokichar River Protection	Lokichar	25,717,414	11,911,054	46.3

Source: Turkana County Treasury

3.44.10 Budget Performance by Department

Table 3.249 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.249: 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
County Assembly	984.11	349.34	875.65	161.83	875.65	161.83	100.0	100.0	89.0	46.3
Office of the Governor	300.44	259.59	270.24	44.52	331.71	143.49	122.7	322.3	110.4	55.3
Office of the Deputy Governor	25.24	26.04	25.85	-	28.38	-	109.8	-	112.4	-
County Attorney	117.92	-	111.94	-	131.05	-	117.1	-	111.1	-
Economic Planning	696.62	1,005.83	585.82	210.83	619.2	168.34	105.7	79.8	88.9	16.7
Water Services, Environment and Mineral Resources	274.92	470.43	227.06	236.7	250.51	269.63	110.3	113.9	91.1	57.3
Health and Sanitation	882.77	648.63	570.55	308.79	845.77	374.53	148.2	121.3	95.8	57.7
Trade, Gender and Youth Affairs	152.9	197.52	152.56	129.09	166.82	97.53	109.3	75.6	109.1	49.4
Education, Sports and Social Protection	510.5	583.55	499.42	309.53	544.7	347.17	109.1	112.2	106.7	59.5
Public Service, Administration and Disaster Management	4700.76	16.22	4,545.44	-	5,050.38	-	111.1	-	107.4	-
Infrastructure, Transport and Public Works	93.8	810.12	68.96	503.35	77.04	526.37	111.7	104.6	82.1	65.0
Agriculture, Pastoral Economy and Fisheries	185.71	1,047.41	161.31	411.43	179.85	385.71	111.5	93.7	96.8	36.8
Tourism, Culture and Natural Resources	109.58	157.11	94.37	23.82	100	59.13	106.0	248.2	91.3	37.6
Lands, Physical Planning and Urban Areas Management	148.81	454.07	124.72	267.36	142.95	236.55	114.6	88.5	96.1	52.1
Public Service Board	107.52	2.43	95.42	-	95.59	-	100.2	-	88.9	-

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
TOTAL	9,291.60	6,028.29	8,409.31	2,607.25	9,439.60	2,770.28	112.3	106.3	101.6	46.0

Source: Turkana County Treasury

Analysis of expenditure by Department shows that the Department of Infrastructure, Transport and Public Works recorded the highest absorption rate of development budget at 65 per cent, followed by the Department of Education, Sports and Social Protection at 59.5 per cent. Six County Departments reported recurrent expenditure above their approved budgets which is an irregularity. These six Departments are: The Department of Public Service, Administration and Disaster Management, the Department of Trade, Gender and Youth Affairs, the Department of Education, Sports and Social Protection, the County Attorney, the Office of the Governor and the Office of the Deputy Governor.

3.44.11 Budget Execution by Programmes and Sub-Programmes

Table 3.250 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.250: Turkana County, Budget Execution by Programmes and Sub-programmes

Sub Program	Name of the Programme	Approved Estimates FY 2020/21 (Kshs.)	Expenditure 1/7/20- 30/06/21(Kshs)	Variance (Kshs.)	Implementation Status (%)
	Adjudication, registry and settlement	16,157,908	5,613,629	10,544,279	34.7
102014110	Delineation & adjudication of community land	16,157,908	5,613,629	10,544,279	34.7
	Spatial Planning	32,193,298	7,522,628	24,670,670	23.4
103044110	Spatial Planning	32,193,298	7,522,628	24,670,670	23.4
	Formulation of community land policy and regulations	52,457,407	8,850,668	43,606,739	16.9
104024110	Transport Parks	11,500,000	0	11,500,000	-
104064110	Transport Parks	19,195,000	0	19,195,000	-
104074110	Urban Centre Mgt	21,762,407	8,850,668	12,911,739	40.7
	Compulsory land acquisition for public utilities	3,420,867	544,250	2,876,617	15.9
105014110	Land acquisition for public utilities	3,420,867	544,250	2,876,617	15.9
	Establishment and rehabilitation of public utilities in Lodwar	91,032,552	19,297,980	71,734,572	21.2
109014110	Improvement of Moi Garden Stadia	51,532,552	12,204,590	39,327,962	23.7
109024110	completion of recreational park	31,500,000	2,496,390	29,003,610	7.9
109034110	setting up of dumping site in Lodwar	8,000,000	4,597,000	3,403,000	57.5
	Revival of Turkana Fishermen Co-op. society	201,192,236	10,857,070	190,335,166	5.4
110044110	Spate Irrigation Technology	56,889,236	4,625,807	52,263,430	8.1
110054110	Spate Irrigation Technology	12,000,000	0	12,000,000	-
110064110	Spate Irrigation Technology	59,703,000	782,700	58,920,300	1.3
110074110	Spate Irrigation Technology	47,600,000	5,448,564	42,151,436	11.5
110084110	Rehabilitation	7,000,000	0	7,000,000	-
110094110	Soil & Water Conservation	18,000,000	0	18,000,000	-
	Fish market infrastructure/ fish value addition	33,406,905	5,133,692	28,273,213	15.4
111014110	Fish market infrastructure/ fish value addition	2,778,795	694,390	2,084,405	25
111024110	Fisheries livelihood support	2,324,680	828,580	1,496,100	35.6
111034110	Fisheries Extension Services	2,941,280	241,900	2,699,380	8.2
111044110	Fisheries resource management	7,098,949	910,392	6,188,557	12.8
111054110	Fisheries resource management	11,235,252	2,065,345	9,169,907	18.4
111064110	Fisheries resource management	4,258,735	35,000	4,223,735	0.8
111084110	Fish Farming & Aquaculture	2,769,214	358,085	2,411,129	12.9

Sub Program	Name of the Programme	Approved Esti- mates FY 2020/21	Expendi- ture 1/7/20- 30/06/21(Kshs)	Variance (Kshs.)	Implementation Status (%)
		(Kshs.)			
	Sustainable management of fisheries resources	70,254,000	49,000,132	21,253,868	69.8
115014110	Frame survey	60,980,000	43,571,610	17,408,390	71.5
115024110	Fish Stock assessment	2,480,000	1,219,440	1,260,560	49.2
115034110	Monitoring, Control and Surveillance	4,732,000	2,298,090	2,433,910	48.6
115044110	Resource monitoring facilities	2,062,000	1,910,992	151,008	92.7
	Livestock breed improvement	83,950,911	6,050,296	77,900,615	7.2
117014110	Establish livestock Multiplication and breeding Centre.	1,440,000	800,205	639,795	55.6
117034110	Provision of Livestock Extension services	5,624,000	1,975,400	3,648,600	35.1
117054110	Livestock multiplication and breeding centre	17,284,033	966,561	16,317,472	5.6
117064110	Livestock Risk Mgt	1,440,000	719,930	720,070	50
117074110	Livestock Value Chain	39,582,878	1,559,200	38,023,678	3.9
117084110	Skills Devt	18,580,000	29,000	18,551,000	0.2
	General Administration	644,078,756	410,647,467	233,431,289	63.8
125014110	General Administration	208,849,481	168,977,647	39,871,834	80.9
125024110	General Administration and Support Services- Pastoral Economy	96,230,847	68,179,145	28,051,702	70.9
125034110	General Administration, Planning and Support Services - Lands General Administration, Planning and Support Services - Lands	338,998,428	173,490,676	165,507,752	51.2
	Agriculture Programme	50,287,677	27,027,438	23,260,239	53.8
126044110	Agri-nutrition/Urban & peri-urban agriculture	324,000	216,750	107,250	66.9
126064110	Smart agriculture practices (Innovations/technologies to mitigate	5,000,000	0	5,000,000	-
126084110	Agricultural Sector Development Support Programme (ASDSP)	25,481,177	23,806,003	1,675,174	93.4
126104110	Agricultural Mechanization	7,162,500	24,045	7,138,455	0.3
126114110	Agric market Access	720,000	61,000	659,000	8.5
126124110	Agric Extension & Devt	1,440,000	131,120	1,308,880	9.1
126134110	Subsidy & Support	6,440,000	0	6,440,000	-
126144110	Pest Control & Mgt	3,720,000	2,788,520	931,480	75
	Land Governance	14,729,937	3,698,538	11,031,399	25.1
127054110	Land Policies	14,729,937	3,698,538	11,031,399	25.1
		222,901,532	291,484,168	-68,582,636	130.8
129014110	NARIGP	222,901,532	291,484,168	-68,582,636	130.8
		210,000,000	17,500,000	192,500,000	8.3
130014110	DRNKP/KfW	210,000,000	17,500,000	192,500,000	8.3
		21,000,000	14,595,000	6,405,000	69.5
131014110	Land Devt	21,000,000	14,595,000	6,405,000	69.5
	Develop and maintain roads	491,307,989	128,064,069	363,243,920	26.1
201044110	Road Designs system and software	2,850,547	0	2,850,547	-
201054110	Annual Roads Inventory and Conditional Survey (ARICS)	3,016,738	1,012,500	2,004,238	33.6
201064110	Roads Safety initiatives	2,900,000	1,307,560	1,592,440	45.1
201074110	Roads maintenance levy fund(RMLF)	458,530,704	114,242,241	344,288,463	24.9
201094110	Roads	24,010,000	11,501,768	12,508,232	47.9
	Develop and maintain other public works	37,704,319	18,707,799	18,996,520	49.6
203134110	Machinery	3,500,000	934,300	2,565,700	26.7
203144110	Machinery	19,528,919	5,758,499	13,770,420	29.5
203154110	Feasibility & Consultancy	9,800,000	10,200,000	-400,000	104.1
203164110	Capacity Building	2,475,400	735,000	1,740,400	29.7

Sub Program	Name of the Programme	Approved Esti-	Expendi-	Variance (Kshs.)	Implementation
		mates FY 2020/21 (Kshs.)			
203184110	Professional Capacity Building	2,400,000	1,080,000	1,320,000	45
	General Administration	325,069,350	126,632,519	198,436,831	39
205014110	General Administration	298,884,161	121,095,589	177,788,572	40.5
205024110	General Administration- Public works	26,185,189	5,536,930	20,648,259	21.2
		3,100,000	2,150,970	949,030	69.4
206014110	Mechanical Services	3,100,000	2,150,970	949,030	69.4
		4,195,516	1,818,780	2,376,736	43.4
207014110	Structural Services	4,195,516	1,818,780	2,376,736	43.4
		1,200,000	0	1,200,000	-
208014110	Electrical Services	1,200,000	0	1,200,000	-
		628,784	625,840	2,944	99.5
209014110	Building Inspectorate	628,784	625,840	2,944	99.5
		1,340,000	1,301,760	38,240	97.2
210014110	Architectural Services	1,340,000	1,301,760	38,240	97.2
	Cooperative Societies Development & Performance Improvement	150,114,404	74,401,239	75,713,165	49.6
302014110	Cooperatives Development Fund	5,724,335	397,805	5,326,530	7
302024110	Value Addition Initiatives	6,242,000	2,654,304	3,587,696	42.5
302034110	Business Development and Training Services	797,800	90,000	707,800	11.3
302044110	Liquor control Programme	1,206,180	432,600	773,580	35.9
302054110	Cooperative societies development and revival programmes	7,318,830	1,018,000	6,300,830	13.9
302064110	Legal Metrology Services	1,724,860	90,000	1,634,860	5.2
302074110	Verification of traders equipment	1,534,000	633,400	900,600	41.3
302084110	Consumer rights education	565,725	135,000	430,725	23.9
302104110	Standards and Anti-Counterfeit Services	3,315,000	45,000	3,270,000	1.4
302114110	Market Infrastructure Development	14,000,000	11,946,010	2,053,990	85.3
302124110	Industrial Development and Investments	647,204	0	647,204	-
302134110	Biashara Fund	52,325,320	52,325,320	0	100
302144110	Completion of Biashara Centre	49,000,000	0	49,000,000	-
302154110	North Rift Economic & FCDC Blocs	1,933,150	1,533,800	399,350	79.3
302164110	Standardization and Metrology	3,000,000	2,975,000	25,000	99.2
302174110	Mgt of Kakuma Biashara Centre	780,000	125,000	655,000	16
	Modern Physical Markets Infrastructure	39,619,427	34,512,054	5,107,373	87.1
303014110	Construction & Development of Modern Physical Market	3,142,862	3,647,219	-504,357	116.1
303024110	Co-operative Marketing, Value Addition, Surveys & Research	4,707,650	3,613,150	1,094,500	76.8
303034110	Co-operative Education, Training, Exchange and Ushirika Day Celeb	2,900,600	2,190,600	710,000	75.5
303044110	Strengthening of Key Dormant Co-operative Societies	6,018,380	2,994,360	3,024,020	49.8
303054110	Formulation of Cooperative Policy and Legal Frame Work	1,920,690	1,137,480	783,210	59.2
303064110	Cooperative Development Fund	20,929,245	20,929,245	0	100
	General Administration	86,985,267	97,576,778	-10,591,511	112.2
307014110	General Administration	86,985,267	97,576,778	-10,591,511	112.2
	Gender Promotion	10,587,500	9,068,540	1,518,960	85.7
308014110	Gender Empowerment and advocacy	5,717,500	4,363,200	1,354,300	76.3
308024110	Gender Mainstreaming and Coordination	2,345,000	2,711,440	-366,440	115.6
308034110	Legal Compliance and Redress	445,000	1,030,000	-585,000	231.5

Sub Program	Name of the Programme	Approved Esti-	Expendi-	Variance (Kshs.)	Implementation
		mates FY 2020/21 (Kshs.)			
308044110	Promotion of Gender Equality and Empowerment	2,080,000	963,900	1,116,100	46.3
	Youth Affairs Development	55,754,100	47,241,135	8,512,966	84.7
309014110	Youth Coordination and Representation	14,947,150	10,468,200	4,478,950	70
309024110	Youth Employment Scheme	11,295,900	8,403,103	2,892,798	74.4
309034110	Youth Rare skills	7,511,050	6,369,832	1,141,218	84.8
309044110	Youth and Women Fund	22,000,000	22,000,000	0	100
	General Administration, Planning and support services	622,231,279	419,195,679	203,035,600	67.4
401014110	General Administration, Planning and support services	397,319,801	382,832,688	14,487,113	96.4
401074110	Health Facilities	224,911,478	36,362,991	188,548,487	16.2
	Support to Health Programs	402,195,036	79,680,474	322,514,562	19.8
402114110	Health promotion	372,057,536	58,773,474	313,284,062	15.8
402134110	Emergency preparedness & disaster response	29,480,000	20,907,000	8,573,000	70.9
402164110	mainstreaming	657,500	0	657,500	-
	Curative Health Services	0	0	0	
409014110	Curative Health Services	0	0	0	
		93,035,000	52,283,590	40,751,410	56.2
410024110	Blood Transfusion Services	1,800,000	1,742,520	57,480	96.8
410044110	Referrals & Emergency Services	2,600,000	834,800	1,765,200	32.1
410094110	Rural Health Facility Support	45,000,000	45,000,000	0	100
410104110	Sub county Health Facilities Support	43,635,000	4,706,270	38,928,730	10.8
		15,799,000	4,465,050	11,333,950	28.3
411014110	LCRH Devt	6,799,000	4,465,050	2,333,950	65.7
411024110	LCRH Devt	9,000,000	0	9,000,000	-
		241,000,000	208,868,663	32,131,337	86.7
412014110	Medical Supplies	241,000,000	208,868,663	32,131,337	86.7
		31,410,000	30,791,251	618,749	98
413014110	Health Information & Mgt	1,440,000	925,500	514,500	64.3
413034110	Universal Health Care	29,970,000	29,865,751	104,249	99.7
		3,368,000	464,460	2,903,540	13.8
414014110	Rehabilitation & Treatment	1,400,000	353,700	1,046,300	25.3
414034110	Liquor Licensing	1,968,000	110,760	1,857,240	5.6
	Social protection programs/ Affirmative Action	62,902,535	31,188,151	31,714,384	49.6
503024110	Construction of PWDs multi-purpose resource center	24,370,000	11,714,011	12,655,989	48.1
503074110	Marginalized and Minority groups support	3,160,000	253,820	2,906,180	8
503084110	Child Rescue Centre	9,000,000	1,964,500	7,035,500	21.8
503094110	Child Care & Protection	26,372,535	17,255,820	9,116,715	65.4
	Sports and arts programme	20,281,224	5,068,705	15,212,519	25
504014110	Construction of sport Stadia	14,282,668	5,068,705	9,213,963	35.5
504044110	Stadia	5,998,556	0	5,998,556	-
	General Administration	557,255,746	532,251,598	25,004,148	95.5
506014110	ral Administration	278,255,746	253,251,598	25,004,148	91
506024110	Turkana Education and Skill Development Fund	279,000,000	279,000,000	0	100
	Vocational Training	43,376,413	19,648,717	23,727,696	45.3
508014110	Youth Polytechnic Infrastructure	17,903,732	7,703,570	10,200,162	43
508024110	Training and Development	9,467,999	4,977,000	4,490,999	52.6
508034110	Co-Circular Activities	3,294,788	613,200	2,681,588	18.6
508044110	Youth Polytechnics- Conditional	12,709,894	6,354,947	6,354,947	50
	Public Relations	3,528,000	344,700	3,183,300	9.8

Sub Program	Name of the Programme	Approved Esti- mates FY 2020/21	Expendi- ture 1/7/20- 30/06/21(Kshs)	Variance (Kshs.)	Implementation Status (%)
		(Kshs.)			
509014110	Publicity	1,620,000	344,700	1,275,300	21.3
509024110	Research and Sensitization	1,908,000	0	1,908,000	-
	Early Childhood Education	386,212,417	209,329,561	176,882,856	54.2
510014110	School Feeding	121,620,000	121,940,750	-320,750	100.3
510024110	Quality Improvement	7,008,595	3,117,044	3,891,552	44.5
510034110	Infrastructure Development	249,653,822	82,674,667	166,979,155	33.1
510044110	Support to Pre-Primary Training	7,930,000	1,597,100	6,332,900	20.1
	General Administration, Planning and Support Services	5,359,713,756	4,588,220,638	771,493,118	85.6
701014110	General Administration Services	277,573,678	172,550,954	105,022,724	62.2
701094110	General Administration - Economic planning	65,182,968	51,093,293	14,089,675	78.4
701154110	General Admin Planning & Support	36,696,750	9,160,116	27,536,634	25
701164110	General Administration, Planning and Support Services-Public Ser	4,340,858,164	3,982,417,906	358,440,259	91.7
701174110	General Administration, Planning and Support Services-Administration	55,424,600	50,736,346	4,688,254	91.5
701194110	General Administration, Planning and Support Services- Office of	310,647,047	241,659,146	68,987,901	77.8
701204110	General Administration, Planning and Support Services- Liaison Office	38,030,000	16,296,563	21,733,437	42.9
701214110	General Admin Planning & Support	22,616,375	13,430,505	9,185,870	59.4
701224110	COVID-19 Emergency Response Fund	212,684,174	50,875,810	161,808,364	23.9
	Governor's Residence	10,565,012	4,525,866	6,039,146	42.8
702014110	Construction of Governor's residence	2,268,591	1,253,535	1,015,056	55.3
702024110	Documentation, communication policy and strategy	1,674,789	898,508	776,282	53.7
702034110	Civic Education and Public Sensitization	5,923,182	1,685,373	4,237,809	28.5
702044110	Production of County Newspaper and Newsletter	698,450	688,450	10,000	98.6
	Donor/ Investor engagement	15,616,867	9,740,855	5,876,012	62.4
703014110	Public-Private Partnership Initiatives (PPPs)	2,656,867	2,266,057	390,810	85.3
703024110	Political and Intergovernmental Advisory Services	1,440,000	99,963	1,340,037	6.9
703034110	Legal Advisory Services	1,440,000	974,760	465,240	67.7
703044110	Security and cross border Advisory Services	1,440,000	951,980	488,020	66.1
703054110	Oil And Gas Advisory Service	1,440,000	925,240	514,760	64.3
703064110	Gender and Partnership Advisory Services	1,440,000	872,310	567,690	60.6
703074110	Special Interest groups	1,440,000	623,580	816,420	43.3
703084110	Climate Change advisory services	1,440,000	1,080,000	360,000	75
703094110	Education and youth Advisory services	1,440,000	908,900	531,100	63.1
703104110	Culture, Arts and Heritage advisory services	1,440,000	1,038,065	401,935	72.1
	Security and Peace Building	90,970,274	43,705,765	47,264,509	48
704014110	Community Cohesion and Resettlement	10,288,800	6,403,370	3,885,430	62.2
704024110	Operationalization of peace building structures and institutions	17,460,986	10,575,135	6,885,851	60.6
704034110	Resettlement Infrastructural Programme	32,000,000	3,986,280	28,013,720	12.5
704044110	Cross Border peace dividends programme	31,220,488	22,740,980	8,479,508	72.8

Sub Program	Name of the Programme	Approved Esti-	Expendi-	Variance (Kshs.)	Implementation
		mates FY 2020/21 (Kshs.)			
	Government Communication and Media relations	20,423,767	20,610,078	-186,311	100.9
705014110	Acquiring & development of communication systems/equipment	2,806,767	706,144	2,100,623	25.2
705024110	Bills	3,000,000	3,000,000	0	100
705034110	Policies	12,370,240	14,903,934	-2,533,694	120.5
705044110	Development and Implementation of ICT Policy and Regulations	246,760	0	246,760	-
705054110	Acquisition of Information Systems and Equipment	2,000,000	2,000,000	0	100
	Revenue Collection Systems	28,190,952	15,712,799	12,478,153	55.7
706014110	Automated Revenue Collection	4,087,230	3,388,494	698,736	82.9
706024110	Feasibility Study on Revenue Base	6,806,076	5,535,230	1,270,846	81.3
706034110	Awareness and Campaigns on Revenue.	2,223,266	1,093,540	1,129,726	49.2
706044110	Motorbikes for Revenue Officers 30 No.	2,296,500	0	2,296,500	-
706054110	Strengthening Revenue Systems	11,669,080	4,786,085	6,882,995	41
706064110	Revenue Forecast and Revenue Budget Preparation	1,108,800	909,450	199,350	82
	Accountability and Transparency	159,927,222	17,181,457	142,745,765	10.7
707014110	Internal Audit	5,548,344	3,853,832	1,694,512	69.5
707024110	Procurement systems	29,469,712	4,397,000	25,072,712	14.9
707044110	IFMIS training	3,370,000	3,287,700	82,300	97.6
707054110	Consultancy Services	13,973,766	0	13,973,766	-
707064110	Financial Reporting/Research and Development	7,565,400	5,642,925	1,922,475	74.6
707074110	Modern Fencing, Gate and Parking Yards for County Treasury Office	100,000,000	0	100,000,000	-
	Social and Financial Security	13,839,782	6,281,735	7,558,047	45.4
708014110	Assurance and Insurance of Govt. Assets	3,656,182	1,460,900	2,195,282	40
708024110	Liability and Debt Management	3,383,000	2,393,700	989,300	70.8
708034110	Turkana SACCO Seed Capital	6,800,600	2,427,135	4,373,465	35.7
	Planning and Policy formulation	104,106,827	50,218,876	53,887,951	48.2
709014110	Economic Policy formulation and Dissemination	7,534,183	6,201,443	1,332,740	82.3
709024110	CIDP review and Dissemination	2,278,204	1,757,354	520,850	77.1
709034110	Budget preparation and Dissemination	45,000,000	0	45,000,000	-
709054110	County Budget and Economic Forums	39,300,000	34,140,783	5,159,217	86.9
709064110	Public Participation and Access to Information	5,214,540	3,395,143	1,819,397	65.1
709074110	Waste Management	2,257,740	1,957,242	300,498	86.7
709104110	Sector Plans Devt	2,522,160	2,766,910	-244,750	109.7
	Development coordination Programme	3,400,694	683,590	2,717,104	20.1
710014110	Donor scan/Mapping	1,852,326	100,000	1,752,326	5.4
710024110	Establishment of development committees	1,057,556	583,590	473,966	55.2
710034110	Training of the development committees	100,000	0	100,000	-
710044110	Formulation and Development of TCPSB Boardroom ICT Infrastructure	390,812	0	390,812	-
	Monitoring and Evaluation	4,776,750	2,690,476	2,086,274	56.3
711014110	Soft wares(E-ProMIS, GIS e.t.c)	1,394,400	1,009,620	384,780	72.4
711024110	Field visits, data collection and Reporting	1,311,200	380,856	930,344	29.1
711034110	Training and Knowledge management	1,475,150	691,150	784,000	46.9

Sub Program	Name of the Programme	Approved Esti-	Expendi-	Variance (Kshs.)	Implementation
		mates FY 2020/21 (Kshs.)			
711044110	Devolved Monitoring and Evaluation Committees	596,000	608,850	-12,850	102.2
	Public Participation and Access to Information	37,146,926	23,485,603	13,661,323	63.2
712014110	Construction of Citizen Resource Centre	6,505,400	4,176,310	2,329,090	64.2
712024110	Web site Development	10,655,443	5,554,945	5,100,498	52.1
712034110	Social Budgeting and Generation of SIR Reports	799,050	680,050	119,000	85.1
712044110	Intergovernmental Relation	14,870,366	11,035,633	3,834,733	74.2
712054110	Strategy Development, Review, Support and Operationalization	4,316,667	2,038,665	2,278,002	47.2
	County Statistical Unit	26,770,995	18,727,789	8,043,206	70
713014110	Soft wares, databases and tools	17,550,056	11,706,563	5,843,493	66.7
713024110	Capacity Development	5,591,453	4,861,070	730,383	86.9
713044110	Project Mgt Information System	3,629,486	2,160,156	1,469,330	59.5
	Service Delivery- ISO Certification	10,662,651	5,034,903	5,627,748	47.2
714014110	Service Charter	2,232,000	470,470	1,761,530	21.1
714024110	Development of County Filing Systems	5,783,958	3,397,263	2,386,695	58.7
714034110	Procedure Manual and Training	2,646,693	1,167,170	1,479,523	44.1
	County Internship Programme	16,772,618	7,266,793	9,505,825	43.3
715014110	County Internship Programme	16,772,618	7,266,793	9,505,825	43.3
	Operationalization of Decentralized Units	60,487,047	30,192,998	30,294,049	49.9
717014110	Operationalization of Decentralized Units	5,890,747	4,543,773	1,346,974	77.1
717024110	Decentralized County Policy	37,866,000	21,115,550	16,750,450	55.8
717034110	Coordinated development	7,586,300	2,328,925	5,257,375	30.7
717044110	Policy sensitization and dissemination	9,144,000	2,204,750	6,939,250	24.1
	Mainstream Public Sector Integrity programme & Accountability	4,563,456	1,915,901	2,647,555	42
718014110	Mainstream Public Sector Integrity programme & Accountability	1,363,855	289,920	1,073,935	21.3
718024110	Public Evaluation on County Public Service Board Performance	1,473,292	680,400	792,892	46.2
718034110	Human Resource Conference & Symposium	786,710	378,081	408,629	48.1
718044110	Exit Meetings Per Department	939,599	567,500	372,099	60.4
	Disaster Risk Reduction	5,459,577	3,209,230	2,250,347	58.8
719034110	Assessment and stake holder capacity mapping	1,703,382	730,870	972,512	42.9
719044110	Regular Assessments of Food, Flood and Conflict Security	3,756,195	2,478,360	1,277,835	66
	Human resource	13,110,145	6,178,790	6,931,355	47.1
720014110	Scheme of service	1,570,328	117,000	1,453,328	7.5
720024110	Performance Appraisal	4,879,410	3,304,420	1,574,990	67.7
720034110	Enhancing Leadership In County Public Service	1,109,794	585,170	524,624	52.7
720044110	Review and Development of HR Policies	2,507,831	1,193,000	1,314,831	47.6
720054110	Human Resource Development/Career Progression	382,400	0	382,400	-
720064110	Performance Management Monitoring	300,000	0	300,000	-
720074110	Development of Database Filing System	182,400	0	182,400	-
720084110	County Public Serce Pre-Retirement Sensitization	132,475	0	132,475	-

Sub Program	Name of the Programme	Approved Esti- mates FY 2020/21 (Kshs.)	Expendi- ture 1/7/20- 30/06/21(Kshs)	Variance (Kshs.)	Implementation Status (%)
720094110	Evaluation of Different Cadres of Employees(Promotion, Re-Designation	2,045,507	979,200	1,066,307	47.9
	Quality management system pro- gramming	3,073,546	858,740	2,214,806	27.9
723014110	Quality Management Systems Develop- ment & Establishment	1,200,401	858,740	341,661	71.5
723024110	QMS Audit /Routine Inspection	165,450	0	165,450	-
723034110	Documentation/Record Management For QMS	1,707,695	0	1,707,695	-
	Budgetary Supply	97,001,343	62,111,712	34,889,631	64
724014110	Budget Formulation, Co-ordination and Management	62,420,800	35,904,689	26,516,111	57.5
724024110	Public Participation in Budgeting	21,033,082	14,475,249	6,557,833	68.8
724034110	County Budget and Economic Forum	13,547,461	11,731,775	1,815,687	86.6
	Resource Mobilization	3,424,000	697,200	2,726,800	20.4
725014110	Resource Mobilization	3,424,000	697,200	2,726,800	20.4
	Governors Press Service	10,269,281	6,568,524	3,700,757	64
727014110	Governors Press support	10,269,281	6,568,524	3,700,757	64
	Governance and Public participation	6,333,200	1,772,000	4,561,200	28
728014110	Civic education Programme	0	0	0	-
728024110	Public Participation and access to infor- mation	1,568,200	0	1,568,200	-
728034110	County Dialogue Forum	1,066,000	533,000	533,000	50
728044110	National & County Holidays	3,480,000	1,239,000	2,241,000	35.6
728054110	Policies Design	219,000	0	219,000	-
	Disaster risk management	265,230,230	36,856,412	228,373,818	13.9
729014110	Disaster Preparedness Programmes	512,500	0	512,500	-
729024110	Disaster Mitigation Programmes	650,500	180,000	470,500	27.7
729034110	Stakeholders coordination and Support Programme	423,500	0	423,500	-
729044110	Humanitarian Relief Food Programme	263,067,730	36,487,562	226,580,168	13.9
729064110	Disaster Risk Mgt	576,000	188,850	387,150	32.8
	Inspectorate services	8,036,600	2,812,000	5,224,600	35
730054110	Dispute Resolution	5,000	0	5,000	-
730074110	Capacity Building	2,182,000	1,462,000	720,000	67
730084110	Inspectorate Services	2,479,600	0	2,479,600	-
730094110	Inspectorate Services Equip	3,370,000	1,350,000	2,020,000	40.1
	Human resource management	31,626,205	9,041,725	22,584,480	28.6
731014110	Payroll and record management	78,880	540,000	-461,120	684.6
731024110	Human Resource Development	20,633,620	3,067,475	17,566,145	14.9
731034110	GHRIS Leave & Performance Module Implementation	2,712,100	1,179,320	1,532,780	43.5
731044110	Digitization and Automation of Human Resource Registry	3,417,225	1,655,000	1,762,225	48.4
731054110	Mainstreaming Public Sector Integrity Programme	3,798,980	930,310	2,868,670	24.5
731074110	Public Service Week	35,000	0	35,000	-
731094110	Records Mgt	653,250	281,000	372,250	43
731104110	HRM	297,150	1,388,620	-1,091,470	467.3
		14,367,341	4,026,160	10,341,181	28
735014110	Govt Programming	4,620,557	2,353,060	2,267,497	50.9
735024110	Community Engagement	3,795,000	281,300	3,513,700	7.4
735034110	Govt Stakeholder Engagement	2,474,000	605,500	1,868,500	24.5
735044110	Govt Transformation	3,477,784	786,300	2,691,484	22.6
	General Administration	59,416,480	61,676,930	-2,260,450	103.8
901014110	General Administration, Planning and Support Services	59,416,480	61,676,930	-2,260,450	103.8

Sub Program	Name of the Programme	Approved Esti- mates FY 2020/21	Expendi- ture 1/7/20- 30/06/21(Kshs)	Variance (Kshs.)	Implementation Status (%)
		(Kshs.)			
	Tourism destination marketing and promotion	7,120,913	1,866,897	5,254,016	26.2
902014110	Tourism expos, incentives, conferences and exhibition program	2,829,621	487,882	2,341,739	17.2
902024110	Community Based Tourism products	1,697,040	273,840	1,423,200	16.1
902054110	Media Campaign and Promotion of Tourism Products and Programmes	2,594,252	1,105,175	1,489,077	42.6
	Tourism development and Promotion	41,099,437	12,419,643	28,679,794	30.2
903014110	Completion and Furnishing of Eco-Lodges	35,774,050	11,696,843	24,077,207	32.7
903024110	Phase II of Renovation of Tourism Infrastructure	4,184,000	649,000	3,535,000	15.5
903034110	Tourism Products	1,141,387	73,800	1,067,587	6.5
	Culture, Arts, Heritage Development, Promotion and Preservation	88,543,250	10,716,054	77,827,196	12.1
904014110	Ushanga Initiative	20,100,000	8,738,950	11,361,050	43.5
904024110	Culture Promotion and Preservation	63,606,000	112,200	63,493,800	0.2
904034110	Arts and Creativity Development	720,000	0	720,000	-
904044110	Heritage Promotion	3,612,250	1,359,904	2,252,346	37.7
904054110	Annual tourism and cultural festival	505,000	505,000	0	100
	Culture Development and Preservation Infrastructure	18,280,000	0	18,280,000	-
905014110	Equipment and Infrastructure Development at Ekalees Centre	18,280,000	0	18,280,000	-
	Forestry and Wildlife Management Development And Management	34,312,274	4,741,400	29,570,874	13.8
906014110	Forestry Management and Conservation	5,773,952	3,255,200	2,518,752	56.4
906024110	Community Wildlife Conservation	3,956,400	0	3,956,400	-
906054110	Forestry Development Infrastructure	20,532,000	1,486,200	19,045,800	7.2
906084110	Forestry Protection	2,417,422	0	2,417,422	-
906094110	Prosopis Mgt	1,632,500	0	1,632,500	-
	Turkana Water Programme	280,260,919	89,664,440	190,596,479	32
1.001E+09	General Administration, Planning and support services	12,973,961	0	12,973,961	-
1.001E+09	Construction and Desilting of Water Pans/Rock Catchment	28,619,461	11,717,029	16,902,432	40.9
1.001E+09	Rehabilitation of Water Infrastructure	113,825,342	46,197,410	67,627,932	40.6
1.001E+09	Drilling and Equipping of Boreholes	112,278,085	28,472,701	83,805,384	25.4
1.001E+09	Equipment of Quality Analysis Laboratory	9,100,000	0	9,100,000	-
1.001E+09	Project Coordination and Management	3,464,070	3,277,300	186,770	94.6
	Joint planning with stakeholders	17,244,450	984,450	16,260,000	5.7
1.002E+09	Technical planning and design	17,244,450	984,450	16,260,000	5.7
	Irrigation and Schemes Development Programme	8,890,000	5,083,700	3,806,300	57.2
1.003E+09	Feasibility studies for irrigation systems development	6,390,000	2,583,700	3,806,300	40.4
1.003E+09	Construction of 2 new irrigation schemes	2,500,000	2,500,000	0	100
	Turkana Agriculture Programme	14,104,001	4,296,292	9,807,709	30.5
1.004E+09	Farmers training	3,876,001	3,416,250	459,751	88.1
1.004E+09	Establishment of farm demonstrations and trials	2,718,000	349,792	2,368,208	12.9
1.004E+09	Organizing field days show and exhibitions	5,600,000	0	19,581,504	-

Sub Program	Name of the Programme	Approved Esti-	Expendi-	Variance (Kshs.)	Implementation Status (%)
		mates FY 2020/21 (Kshs.)			
1.004E+09	Climate Change & Adaptation	1,910,000	530,250	1,379,750	27.8
	Turkana Rehabilitation Programme	12,196,407	668,660	11,527,747	5.5
1.005E+09	Construction of trapezoidal bunds, contours & micro catchment	2,136,400	104,400	2,032,000	4.9
1.005E+09	Construction of rock catchments and sand dams	576,000	70,000	506,000	12.2
1.005E+09	Sinking of shallow wells	4,336,007	200,000	4,136,007	4.6
1.005E+09	Artisanal Mining Equipment	2,500,000	0	2,353,740	-
1.005E+09	Extractive Bills & Policies	2,648,000	294,260	2,353,740	11.1
	General Administration and Support	358,320,840	285,879,992	73,900,228	79.8
1.012E+09	General Administration and Support	358,320,840	285,879,992	72,440,848	79.8
		6,678,400	5,219,020	1,459,380	78.2
1.013E+09	Oil & gas	4,398,400	3,268,820	1,129,580	74.3
1.013E+09	Extractive Regulations & Strategies	2,280,000	1,950,200	329,800	85.5
3110302	Refurbishment of Non-Residential Buildings-Old chamber	15,000,000	-	15,000,000.00	-
3111004	Digitization	5,000,000	5,000,000.00	-	100
2211327	Payment of Duty	0	-	-	-
3111401	Construction of Ward Offices	60,000,000	41,564,472.08	18,435,527.92	69.3
4130201	Domestic Payables - from Previous Financial Years	140,533,918	115,264,894	25,269,023.55	82
3110302	Refurbishment of Non-Residential Buildings-Old chamber	15,000,000	-	15,000,000.00	-
	Grand Total	14,478,839,126	11,188,590,967	3,290,248,158	77.3

Source: Turkana County Treasury

The top three programmes with the highest levels of absorption rates were: Payroll and record management at 684.6 per cent, Legal Compliance and Redress at 231.5 per cent, and NARIGP at 130.8 per cent of annual 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.2.61 billion in FY 2020/21 from the annual development budget allocation of Kshs.5.69 billion. The development expenditure represented 45.9 per cent of the annual development budget.
3. As shown in Table 3.249 and Table 3.250 , there was weak budgeting practice where the County incurred expenditure above approved budgetary allocations for several programmes.
4. The high expenditure on local travel at Kshs.306.42 million was unexpected during the period in which, COVID-19 containment measures, including travel restriction were in force.
5. High expenditure on local travel at Kshs.306.42 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*

4. The County Treasury should review expenditure on travel and subsistence allowances to ensure the expenditure is credible.
5. The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.

3.45 County Government of Uasin Gishu

3.45.1 Overview of FY 2020/21 Budget

The County's approved Supplementary (1) budget for FY 2020/21 is Kshs.12.01 billion, comprising of Kshs.5.89 billion (49.1 per cent) and Kshs.6.12 billion (50.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.6.33 billion (52.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.42 billion (11.8 per cent) as total conditional grants, generate Kshs.991 million (8.3 per cent) from own sources of revenue, and a cash balance of Kshs.3.27 billion (27.2 per cent) from FY 2019/20.

3.45.2 Revenue Performance

In FY 2020/21, the County received Kshs.6.33 billion as the equitable share of the revenue raised nationally, Kshs.1.11 billion as conditional grants, raised Kshs.1.11 billion as own-source revenue, and had a cash balance of Kshs.3.27 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.11.77 billion, as shown in Table 3.251.

Table 3.251: Uasin Gishu County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	6,330,000,000	6,330,000,000	6,330,000,000	100.0
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	20,813,065	20,813,065	20,815,065	100.0
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	180,175,373	180,175,373	180,175,373	100
4.	Rehabilitation of Village Polytechnics	40,129,894	40,129,894	40,129,894	100
Sub Total		373,139,609	241,118,332	241,120,332	100.0
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	114,973,599	114,973,599	110,491,189	96.1
2.	IDA (WB) Credit: Kenya Climate Smart Agriculture Project (KCSAP)	239,984,700	239,984,700	246,646,570	102.8
3.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
4.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	630,147,800	630,147,800	342,682,014	54.4
5.	DANIDA Grant	18,000,000	18,000,000	18,000,000	100.0
6.	EU Grant -Instruments for Devolution Advise and Support (IDEAS)	11,000,000	11,000,000	50,225,000	456.6
7.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,720,859	12,720,859	12,221,652	96.1
8.	IDA (WB) Credit: Water Tower Protection and Climate Change Mitigation and Adaptation Programme (WaTER)	62,574,758	62,574,758	-	-
Sub Total		1,134,401,716	1,180,796,716	825,266,425	69.9
D	Other Sources of Revenue				
9.	Own Source Revenue	-	991,000,000	1,105,676,540	111.6
10.	Balance b/f from FY 2019/20	-	3,269,022,050	3,269,022,050	100.0

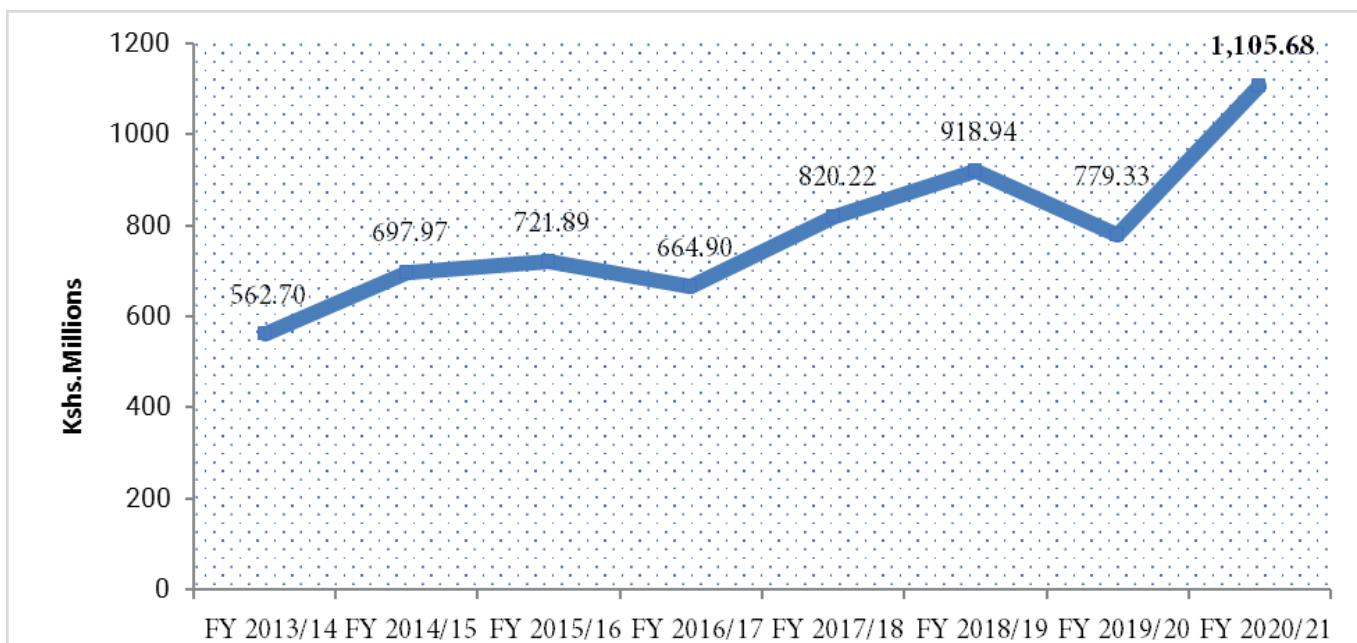
S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
Sub Total		-	4,260,022,050	4,374,698,590	102.7
Grand Total		7,837,541,325	12,011,937,098	11,771,085,347	98.0

Source: Uasin Gishu County Treasury

The increase in performance on IDA (WB) Credit: Kenya Climate-Smart Agriculture Project (102.8 per cent) is due to an erroneous excess transfer from the National Treasury of Kshs.6.00 million while the EU Instruments on Devolution Advice and Support (IDEAS) grant at 456.6 per cent is due to additional Kshs.39.23 million received from the National Treasury.

Figure 3.88 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.88: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Uasin Gishu County Treasury

In FY 2020/21, the County generated Kshs.1.11 billion as own-source revenue. This amount represented an increase of 41.9 per cent compared to Kshs.779.33 million realized during a similar period in FY 2019/20 and was 111.6 per cent of the annual target. The increase is attributed to the waiver of land rates and enhanced enforcement and mobilization measures by the County Government.

3.45.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.8.51 billion from the CRF account during the reporting period. The amount comprised Kshs.2.65 billion (31.2 per cent) for development programmes and Kshs.5.85 billion (68.8 per cent) for recurrent programmes.

3.45.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.8.28 billion on development and recurrent programmes. The expenditure represented 97.3 per cent of the total funds released by the COB and comprised Kshs.2.56 billion and Kshs.5.72 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 43.5 per cent, while recurrent expenditure represented 93.4 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.90.64 million for development activities and Kshs.25.66 million for recurrent costs.

3.45.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.3.92 billion was spent on employee compensation, Kshs.1.80 billion on operations and maintenance, and Kshs.2.56 billion on development activities, as shown in Table 3.252.

Table 3.252: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	6,118,964,292	5,854,009,738	5,717,139,403	93.4
Compensation to Employees	3,926,910,852	3,925,562,900	3,921,493,740	99.9
Operations and Maintenance	2,192,053,440	1,928,446,838	1,795,645,663	81.9
Total Development Expenditure	5,892,972,806	2,653,599,488	2,564,108,509	43.5
Development Expenditure	5,892,972,806	2,653,599,488	2,564,108,509	43.5
Total	12,011,937,098	8,507,609,226	8,281,247,912	68.9

Source: Uasin Gishu County Treasury

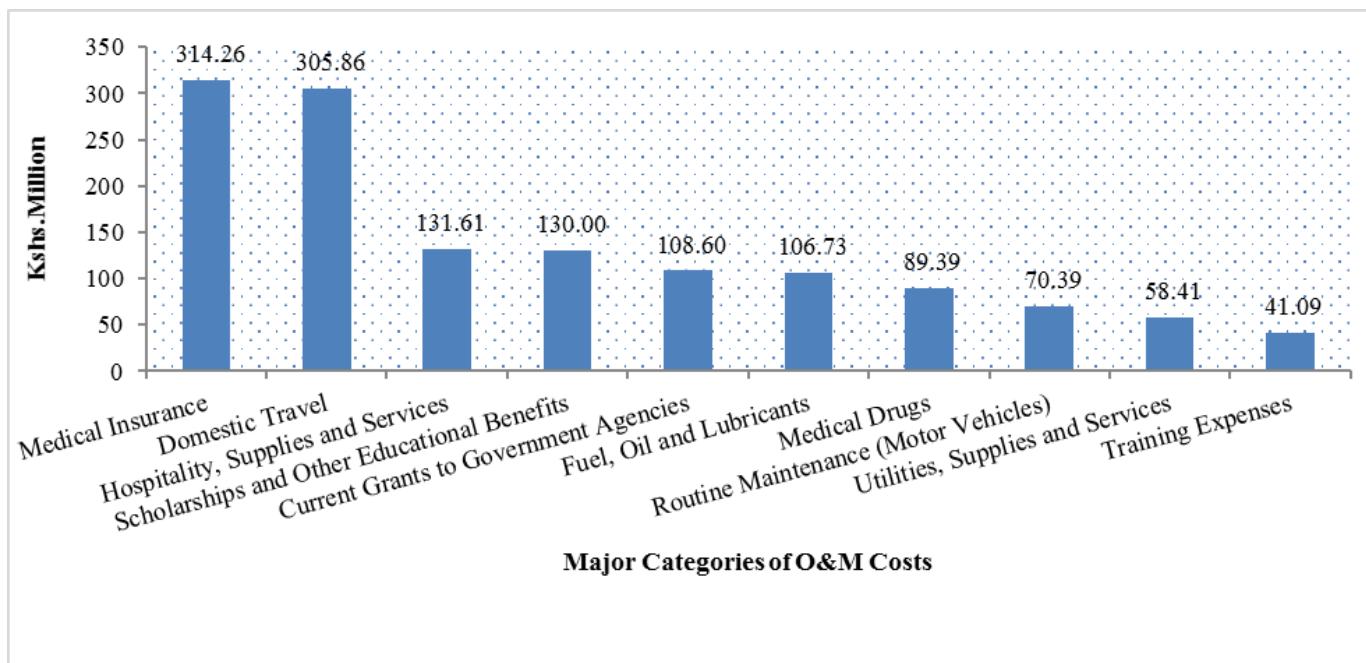
3.45.6 Expenditure on Personnel Emoluments

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 47.4 per cent of the total expenditure for the reporting period and 33.3 per cent of revenue.

3.45.7 Expenditure on Operations and Maintenance

Figure 3.89 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.89: Uasin Gishu County, Operations and Maintenance Expenditure by Major Categories



Source: Uasin Gishu County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.36.69 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.63,695 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.305.86 million and comprised Kshs.101.04 million spent by the County Assembly and Kshs.204.82 million by the County Executive. Spending on foreign travel amounted to Kshs.9.20 million and comprised Kshs.1.12 million by the County Assembly and Kshs.8.08 million by the County Executive.

3.45.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.426.91 million to cater for COVID-19 related expenditure, including Kshs.222.68 million brought forward from FY 2019/20. A total of Kshs.74.87 million was spent during the reporting period, as shown in Table 3.253.

Table 3.253: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30 th June
			2021 (Kshs)
1	Allowances for frontline workers	46,395,000	46,395,000
2	DANIDA Grants	6,615,000	6,615,000
3	Purchase of medical equipment	222,676,300	21,864,100
4	Purchase of safety gear	25,507,573	-
5	National Government Grants	125,713,000	-
Total		426,906,873	74,874,100

3.45.9 Development Expenditure

The County incurred an expenditure of Kshs.2.56 billion on development programmes, which represented a decrease of 4.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.2.68 billion. Table 3.254 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.254: Uasin Gishu County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum (Kshs.)	Payments (Kshs.)	Absorption Rate (%)
1	Funding of Micro-Community projects/small groups (KCSAP)	Countywide	373,827,798	247,274,511	66.1
2	Construction of Kesses Level IV Hospital	Tulwet/Chuiyat Ward	174,620,553	163,701,910	93.7
3	Construction of Ziwa Level V Hospital	Ziwa Ward	205,377,708	112,555,390	54.8
4	Improvement of Road Infrastructure at C39 (Ndalat Stage-Oldonyo Lessos Bridge-CMC-Panvilla- Pioneer Health Centre -Langas (Rexona)	Eldoret Municipality	74,725,460	74,634,451	99.9
5	Tarmacking of Arap Kitongo Road in Kiplombe neighbourhood	Eldoret Municipality	100,000,000	72,546,850	72.5
6	Acquisition of land for Expansion of Kipkenyo Dumpsite	Kipkenyo Ward	50,000,000	50,000,000	100.0
7	Construction of Kimumu/Bahati Modern Market	Kimumu Ward	67,446,170	45,773,541	67.9
8	Grants/Transfers to VTC's for capitation	Countywide	46,443,643	45,430,000	97.8
9	Construction of non-motorized transport infrastructure (Chepkoilel junction -Sogomo-Zion Mall-Rupa mall-RVVTI-AIC Kaplimo-Sosiani-Oil Libya-Public Works-PCEA, A104-ACK Cathedral -MTRH)	Eldoret Municipality	141,138,196	45,138,196	32.0
10	Construction of Changaiya High Altitude Training camp	Tarakwa Ward	61,781,119	32,081,978	51.9

Source: Uasin Gishu County Treasury

3.45.10 Budget Performance by Department

Table 3.255 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.255: 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	97.30	-	83.39	-	93.41	-	112.0	-	96.0	-
Finance and Economic Planning	459.71	-	435.40	-	382.30	-	87.8	-	83.2	-
Public Service Management	841.10	12.83	836.03	9.25	838.31	9.25	100.3	100.0	99.7	72.1
ICT and E-Government	46.16	40.31	40.25	28.43	33.37	33.20	82.9	116.8	72.3	82.4
Roads, Transport, Energy and Public Works	519.69	1,022.72	510.40	599.75	499.75	543.16	97.9	90.6	96.2	53.1
Lands and Housing	87.87	170.72	81.17	41.68	78.23	45.75	96.4	109.8	89.0	26.8
Water, Environment, Natural Resources, Tourism and Wildlife Management	157.41	595.43	152.35	296.57	129.62	266.03	85.1	89.7	82.3	44.7
Health Services	2,243.09	794.03	2,181.82	355.26	2,088.37	356.04	95.7	100.2	93.1	44.8
Agriculture	242.96	538.94	227.72	369.93	235.22	440.26	103.3	119.0	96.8	81.7
Trade, Investment and Industrialization	37.51	222.09	31.64	139.53	34.67	99.20	109.6	71.1	92.4	44.7
Education, Culture and Social Services	445.30	145.83	438.10	106.78	443.40	104.57	101.2	97.9	99.6	71.7
County Public Service Board	53.61	-	41.46	-	48.97	-	118.1	-	91.3	-
County Assembly	686.01	260.00	686.01	16.37	629.96	16.37	91.8	100.0	91.8	6.3
Economic Planning	78.39	-	40.62	-	72.83	-	179.3	-	92.9	-
Devolution and Public Administration	51.50	113.86	35.10	94.91	46.63	93.92	123.8	99.0	90.5	82.5
Youth Affairs, Gender and Sports Development	24.72	170.07	14.98	98.21	24.27	127.44	162.1	129.8	98.2	74.9
Cooperatives and Enterprise Development	6.65	43.79	2.39	21.09	5.72	30.87	239.7	146.4	86.1	70.5
Livestock Development and Fisheries	11.07	162.94	8.45	81.01	10.13	85.92	119.9	106.1	91.5	52.7
Physical Planning and Urban Development	11.43	50.58	4.42	31.14	9.87	38.76	223.2	124.5	86.4	76.6
Eldoret Municipality	17.49	1,548.85	2.31	363.71	12.09	273.39	523.1	75.2	69.1	17.7
Total	6,118.96	5,892.97	5,854.01	2,653.60	5,717.14	2,564.11	97.7	96.6	93.4	43.5

Source: Uasin Gishu County Treasury

Analysis of expenditure by the Departments shows that the Department of Devolution and Public Administration recorded the highest absorption rate of development budget at 82.5 per cent while the County Assembly recorded

the lowest absorption rate at 6.3 per cent on development activities. The Department of Public Service Management had the highest percentage of recurrent expenditure to budget at 99.7 per cent, while the Eldoret Municipality had the lowest at 69.1 per cent.

3.45.11 Budget Execution by Programmes and Sub-Programmes

Table 3.256 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.256: Uasin Gishu County, Budget Execution by Programmes and Sub-programmes

Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration - County Assembly	Default Value (Non- Departmental)	-	234,673,229	(234,673,229)	-
		-	234,673,229	(234,673,229)	-
Administration - Governor's Office	Administration And Support Services	84,542,462	82,508,742	2,033,720	97.6
		84,542,462	82,508,742	2,033,720	97.6
Inter-Governmental Committee	Administration And Support Services	2,543,128	2,539,500	3,628	99.9
		2,543,128	2,539,500	3,628	99.9
Administration and Support Services	Administration And Support Services	10,211,000	10,182,581	28,419	99.7
		10,211,000	10,182,581	28,419	99.7
Administration - Finance and Economic Planning	Public Finance Management	423,234,906	332,254,070	90,980,836	78.5
	Kenya Devolution Support Programme	423,234,906	332,254,070	90,980,836	78.5
Revenue Section	Public Finance Management	23,490,000	23,487,173	2,827	100.0
		23,490,000	23,487,173	2,827	100.0
Accounts Section	Public Finance Management	2,884,862	2,877,725	7,137	99.8
		2,884,862	2,877,725	7,137	99.8
Procurement and Supplies Section	Public Finance Management	2,550,000	2,547,240	2,760	99.9
		2,550,000	2,547,240	2,760	99.9
Internal Audit Section	Public Finance Management	7,550,000	7,524,870	25,130	99.7
		7,550,000	7,524,870	25,130	99.7
Administration- Public Service Management	Administration And Support Services	826,408,561	825,042,119	1,366,442	99.8
	County Governance Support Services	12,830,079	9,247,000	3,583,079	72.1
		839,238,640	834,289,119	4,949,521	99.4
Communication Section	Administration And Support Services	1,670,000	1,429,000	241,000	85.6
		1,670,000	1,429,000	241,000	85.6
Legal Section	Administration And Support Services	11,843,860	11,409,001	434,859	96.3
		11,843,860	11,409,001	434,859	96.3
Registry Section	Administration And Support Services	370,000	349,300	20,700	94.4
		370,000	349,300	20,700	94.4
Human Resource Section	Administration And Support Services	810,000	603,300	206,700	74.5
		810,000	603,300	206,700	74.5
Administration- ICT and E-Government	Administrative Support Services	52,598,768	45,574,037	7,024,731	86.6
	ICT Infrastructure Development	33,868,723	27,093,856	6,774,867	80.0
		86,467,491	72,667,892	13,799,599	84.0

Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration - Roads, Transport and Infrastructure	Roads Infrastructure Development	224,553,901	224,553,697	204	100.0
		224,553,901	224,553,697	204	100.0
Roads Department	Roads Infrastructure Development	1,179,332,156	709,263,414	470,068,742	60.1
		1,179,332,156	709,263,414	470,068,742	60.1
Fire and Emergency Respond Department	Disaster Management	3,795,011	1,645,994	2,149,017	43.4
	Roads Infrastructure Development	50,000	50,000	-	100.0
		3,845,011	1,645,994	2,149,017	44.1
Public Works Department	Roads Infrastructure Development	1,050,000	622,000	428,000	59.2
		1,050,000	622,000	428,000	59.2
Transport Department	Disaster Management	19,192,000	7,692,000	11,500,000	40.1
		19,192,000	7,692,000	11,500,000	40.1
	Street Lighting Services	114,436,531	101,147,973	13,288,558	88.4
		114,436,531	101,147,973	13,288,558	88.4
Administration- Lands, Housing and Physical Planning	Land Policy And Management	164,693,395	81,982,841	82,710,554	49.8
		164,693,395	81,982,841	82,710,554	49.8
Physical Planning Section	Land Policy And Management	16,410,725	7,163,300	9,247,425	43.7
		16,410,725	7,163,300	9,247,425	43.7
Survey Section	Land Policy And Management	14,342,039	3,856,336	10,485,703	26.9
		14,342,039	3,856,336	10,485,703	26.9
Housing Section	Land Policy And Management	63,140,095	32,281,094	30,859,001	51.1
		63,140,095	32,281,094	30,859,001	51.1
Administration- Water, Environment, Energy and Natural resources	Water Supply Services	157,406,009	129,616,481	27,789,528	82.3
		157,406,009	129,616,481	27,789,528	82.3
Environment Section		152,790,000	98,990,000	53,800,000	64.8
		152,790,000	98,990,000	53,800,000	64.8
Water Section	Water Supply Services	429,048,078	158,500,815	270,547,264	36.9
		429,048,078	158,500,815	270,547,264	36.9
Energy Section	Tourism Development And Marketing	13,591,390	8,535,640	5,055,750	62.8
		13,591,390	8,535,640	5,055,750	62.8
Administration- Health Services	Curative Health Services	124,750,000	6,114,451	118,635,549	4.9
	Health Infrastructure	233,494,706	183,413,679	50,081,027	78.6
	Administration And Support Services	2,300,583,995	2,147,063,887	153,520,108	93.3
		2,658,828,701	2,336,592,017	322,236,684	87.9
Clinical Services	Clinical Services	248,183,873	22,576,100	225,607,773	9.1
	Administration And Support Services	125,653,176	89,388,636	36,264,540	71.1
	Health Infrastructure	3,700,000	-	3,700,000	-
		377,537,049	111,964,736	265,572,313	29.7
Prevention and Health Promotion	Administration And Support Services	749,785	355,800	393,985	47.5
		749,785	355,800	393,985	47.5

Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Administration- Agriculture, Livestock and Fisheries	Administration Support Services	236,355,060	233,818,880	2,536,180	98.9
		236,355,060	233,818,880	2,536,180	98.9
Agriculture	Crop Development And Management	476,576,539	403,964,426	72,612,113	84.8
		476,576,539	403,964,426	72,612,113	84.8
Chebororwa Training Canter	Agricultural Training Services - Chebororwa	24,645,443	13,644,132	11,001,311	55.4
		24,645,443	13,644,132	11,001,311	55.4
Agricultural Machinery Service	Agricultural Mechanization Services	44,322,968	26,313,718	18,009,250	59.4
		44,322,968	26,313,718	18,009,250	59.4
Administration- Trade, Cooperatives, Tourism and Wildlife	Administration And Support Services	17,506,144	14,672,391	2,833,753	83.8
		17,506,144	14,672,391	2,833,753	83.8
Trade Department	Trade Development And Investment	135,793,621	68,207,151	67,586,470	50.2
	Market Services	109,100,000	50,988,963	58,111,037	46.7
		244,893,621	119,196,114	125,697,507	48.7
Weights and Measures Department	Weights And Measurements	300,000	-	300,000	-
		300,000	-	300,000	-
Administration - Education, Social Cultural, Youth and Sports	Administration And Support Services	418,776,008	418,344,942	431,066	99.9
		418,776,008	418,344,942	431,066	99.9
Education Department	Basic Education	106,426,679	99,172,200	7,254,479	93.2
	Administration And Support Services	1,548,772	346,000	1,202,772	22.3
		107,975,451	99,518,200	8,457,251	92.2
Department of Culture	Administration And Support Services	20,300,000	20,053,000	247,000	98.8
		20,300,000	20,053,000	247,000	98.8
Social Service Department	Administration And Support Services	4,670,702	4,658,814	11,888	99.7
	Social Development Services	1,000,000	993,420	6,580	99.3
	Youth Training And Development	6,600,839	4,402,818	2,198,021	66.7
	Community Development Services	30,000,000	-	30,000,000	-
		42,271,541	42,271,541	42,271,541	100.0
Headquarters - County Public Service Board	Administration And Support Services	53,614,234	48,968,442	4,645,792	91.3
		53,614,234	48,968,442	4,645,792	91.3

Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Headquarters	County Planning And Economic Policy Management	946,014,946	554,777,017	391,237,929	58.6
	Administration Support Services	-	2,340,900	(2,340,900)	-
		946,014,946	557,117,917	388,897,029	58.9
	County Planning And Economic Policy Management	64,390,178	63,370,614	1,019,564	98.4
		64,390,178	63,370,614	1,019,564	98.4
	County Planning And Economic Policy Management	14,000,000	9,460,520	4,539,480	67.6
		14,000,000	9,460,520	4,539,480	67.6
	Administration Support Services	96,500,000	82,831,143	13,668,857	85.8
	Public Works Services	17,358,355	11,088,147	6,270,208	63.9
	Administration And Support Services	51,502,103	46,628,399	4,873,704	90.5
		165,360,458	140,547,689	24,812,769	85.0
	Administration And Support Services	9,876,915	9,615,408	261,507	97.4
	Administration And Support Services	13,139,760	9,140,500	3,999,260	69.6
		23,016,675	18,755,908	4,260,767	81.5
Youth and Gender Affairs Department	Youth Training And Development	58,840,419	55,183,753	3,656,666	93.8
	Administration And Support Services	8,240,000	8,118,115	121,885	98.5
		67,080,419	63,301,868	3,778,551	94.4
	Administration And Support Services	6,600,000	6,539,510	60,490	99.1
	Management And Development Of Sports And Sports Facilities	55,100,000	26,934,375	28,165,626	48.9
Tourism, Marketing and Cooperatives Development	Tourism Development And Marketing	42,987,690	36,177,302	6,810,388	84.2
		104,687,690	69,651,187	35,036,503	66.5
	Cooperatives Development And Marketing	27,039,098	22,098,505	4,940,593	81.7
		27,039,098	22,098,505	4,940,593	81.7
	Weights And Measurements	23,400,000	14,500,000	8,900,000	62.0
		23,400,000	14,500,000	8,900,000	62.0
Livestock Development and Fisheries	Livestock Resource Management And Development	52,299,955	23,441,030	28,858,925	44.8
	Crop Development And Management	11,074,227	10,130,815	943,412	91.5
		63,374,182	33,571,845	29,802,337	53.0
	Fisheries Development	11,028,960	7,354,660	3,674,300	66.7
		11,028,960	7,354,660	3,674,300	66.7
	Livestock Resource Management And Development	99,613,253	55,128,818	44,484,435	55.3
		99,613,253	55,128,818	44,484,435	55.3
Housing Development	Housing Development	11,430,815	9,872,370	1,558,445	86.4
		11,430,815	9,872,370	1,558,445	86.4
	Housing Development	50,578,104	38,759,319	11,818,785	76.6
		50,578,104	38,759,319	11,818,785	76.6

Programme	Description	Approved Budget (Kshs.)	Actual Payments (Kshs.)	Variance (Kshs.)	Absorption (%)
Eldoret Municipality	Housing Development	340,060,514	113,636,138	226,424,376	33.4
	Rural Electrification	37,573,900	8,379,883	29,194,017	22.3
	Roads Infrastructure Development	1,188,700,900	163,463,773	1,025,237,127	13.8
		1,566,335,314	285,479,794	1,280,855,520	18.2
	Grand Total	12,013,240,315	8,431,677,189	3,581,563,126	70.2

Source: Uasin Gishu County Treasury

The top three programmes with the highest levels of absorption rates were: Administration- Roads, Transport and Infrastructure in the Department of Roads, Transport and Public Works at 100.0 per cent, Fire and Emergency services in the Department of Roads, Transport and Public Works at 100.0 per cent and Revenue Section in the Department of Finance and Economic Planning at 100.0 per cent of budget allocation.

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.2.56 billion in FY2020/21 from the annual development budget allocation of Kshs.5.89 billion. The development expenditure represented 43.5 per cent of the annual development budget.
3. A high wage bill, which accounted for 47.4 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
4. A high expenditure on domestic travel at Kshs.348.68 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending.
5. The County failed to reconcile the approved budget amounts in the Programme Based Reports with the Appropriation Act, 2021. The approved budget amount in the Programme Based Report is overstated by Kshs.1.30 million.
6. Failure by the County Assembly to fully utilize IFMIS and Internet Banking platforms in processing its financial transactions.
7. High expenditure on local travel at Kshs.305.86 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to avoid wasteful spending.*
5. *The County should liaise with the Directorate of IFMIS at the National Treasury to always ensure that the County approved budget is accurately uploaded, and any variances are addressed accordingly.*
6. *The County Assembly should utilize IFMIS and Internet Banking platforms in all its financial transactions.*
7. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure..*

3.46 County Government of Vihiga

3.46.1 Overview of FY 2020/21 Budget

The County's approved 3rd Supplementary budget for FY 2020/21 is Kshs.6.58 billion, comprising Kshs.2.51 billion (38.1 per cent) and Kshs.4.07 billion (61.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.4.65 billion (70.7 per cent) as the equitable share of revenue raised nationally, Kshs.1.29 billion (19.5 per cent) as total conditional grants, generate Kshs.216.10 million (3.3 per cent) from own sources of revenue, and a cash balance of Kshs.428.18 million (6.7 per cent) from FY 2019/20. The County also expected to receive Kshs.428.17 million (6.5 per cent) as "other revenues" not contained in the CARA, 2020.

3.46.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.03 billion as the equitable share of the revenue raised nationally, Kshs.725.52 million as conditional grants, raised Kshs.169.11 million as own-source revenue, and had a cash balance of Kshs.428.18 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.5.51 billion, as shown in Table 3.257.

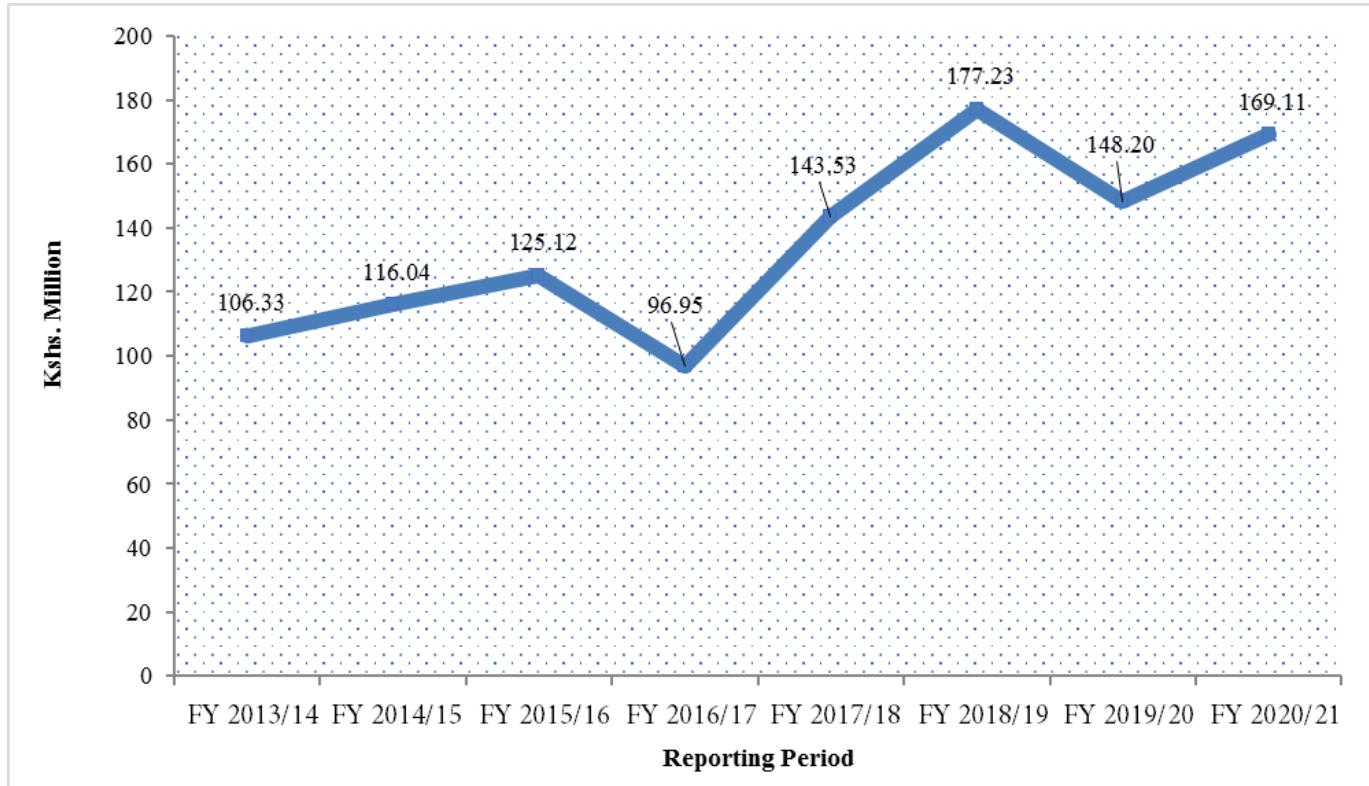
Table 3.257 Vihiga County, Revenue Performance in FY 2020/21

S>No	Revenue	Annual CARA, 2020 Allocation (in Kshs)	Annual Budget Allocation (in Kshs)	Actual receipts in the FY 2020/21 (in Kshs.)	Actual Receipts as Percentage of Annual Allocation (%)
A.	Equitable Share of Revenue Raised nationally	4,652,550,000	4,652,550,000	4,652,550,000	100
B. Conditional Grants from the National Government Revenue					
1.	Compensation for User Fee Foregone	12,657,201	12,657,201	-	-
2.	Leasing of Medical Equipment	132,021,277	132,021,277	-	-
3.	Road Maintenance Fuel Levy Fund	134,895,698	136,928,406	67,447,849	49.3
4.	Rehabilitation of Village Polytechnics	69,979,894	70,001,128	69,979,894	99.9
Sub Total		349,554,070	351,608,012	137,427,743	39.1
C	3.46.3 Loans and Grants from Development Partners	3.46.4	3.46.5	3.46.6	3.46.7
1.	Transforming Health systems for Universal care Project (WB)	93,531,471	134,450,324	105,926,100	78.8
2.	IDA (WB) Credit (National Agricultural and Rural Inclusive Growth Project NAGRIP)	198,457,709	251,069,449	177,346,005	70.6
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	-	295,458,460	136,470,033	46.2
4.	DANIDA Grant	13,230,000	18,989,396	7,276,500	38.3
5.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 2 Grant	45,000,000	75,000,000	45,000,000	60.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	12,316,175	37,265,898	11,816,937	31.7
7.	Nutrition International	-	7,241,200	5,000,000	69.1
	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	9,969,151	-	-
Sub Total		362,535,355	829,443,878	582,143,045	70.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	216,096,587	169,109,802	78.3
2.	Balance b/f from FY2019/20	-	428,177,728	-	-
3.	Other Revenues	-	106,672,043	-	-
Sub Total		-	750,946,358	169,109,802	22.5
Grand Total		5,364,639,425	6,584,548,248	5,541,230,590	84.2

Source: Vihiga County Treasury

Figure 3.90 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.90: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Vihiga County Treasury

In FY 2020/21, the County generated Kshs.169.11 million as own-source revenue. This amount represented an increase of 14.1 per cent compared to Kshs.148.20 million realised during a similar period in FY 2019/20 and was 78.3 per cent of the annual target.

3.46.8 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.84 billion from the CRF account during the reporting period. The amount comprised Kshs.1.92 billion (32.8 per cent) for development programmes and Kshs.3.93 billion (67.2 per cent) for recurrent programmes.

3.46.9 Overall Expenditure Review

During the reporting period, the County spent Kshs.5.71 billion on development and recurrent programmes. The expenditure represented 97.8 per cent of the total funds released by the COB and comprised of Kshs.2 billion and Kshs.3.71 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 79.7 per cent while recurrent expenditure represented 91.1 per cent of the annual Development and recurrent expenditure budget, respectively.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.506.64 million for development activities and Kshs.83.27 million for recurrent costs.

3.46.10 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.42 billion was spent on employee compensation, Kshs.1.29 billion on operations and maintenance, and Kshs.2 billion on development activities, as shown in Table 3.258.

Table 3.258: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs)	Absorption (%)
Total Recurrent Expenditure	4,072,609,613	3,925,581,902	3,711,195,984	91.1
Compensation to Employees	2,287,823,114	2,394,231,246	2,423,061,465	105.9
Operations and Maintenance	1,784,786,499	1,531,350,656	1,288,134,519	72.2

Total Development Expenditure	2,511,938,634	1,915,486,907	2,002,294,880	79.7
Total	6,584,548,247	5,841,068,809	5,713,490,864	86.8

Source: Vihiga County Treasury

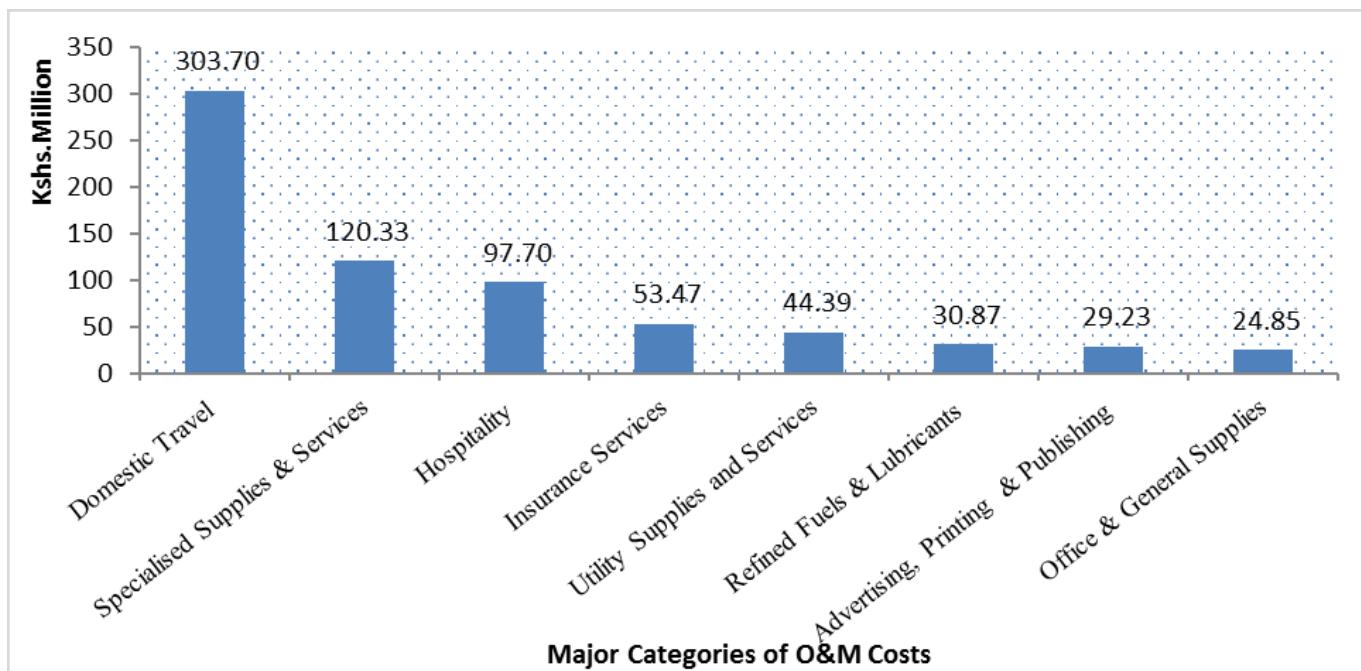
3.46.11 Expenditure on Personnel Emoluments

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 42.4 per cent of the total expenditure for the reporting period and 41.4 per cent of revenue.

3.46.12 Expenditure on Operations and Maintenance

Figure 3.91 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.91: Vihiga County, Operations and Maintenance Expenditure by Major Categories



Source: Vihiga County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.48.86 million on committee sitting allowances for the 39 MCAs and Speaker against the annual budget allocation of Kshs.73.80 million. The average monthly sitting allowance was Kshs.104,404 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.303.70 million and comprised Kshs.104.24 million spent by the County Assembly and Kshs.199.46 million by the County Executive. Spending on foreign travel amounted to Kshs.4.0 million by the County Executive.

3.46.13 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.105.61 million to cater for COVID-19 related expenditure, including Kshs.78.89 million brought forward from FY 2019/20. A total of Kshs.105.61 million was spent during the reporting period, including donation in-kind valued at Kshs.26.72 million, as shown in Table 3.259.

Table 3.259: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
1	Purchase of ICU equipment	50,288,284	50,288,284
2	Health staff allowances	28,605,000	28,605,500

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30.6.21 (Kshs)
3	Donations towards COVID Pandemic	26,717,430	26,717,430
Total		105,610,714	105,610,714

3.46.14 Development Expenditure

The County incurred an expenditure of Kshs.2 billion on development programmes, which represented an increase of 34.5 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.31 billion. Table 3.260 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.260: Vihiga County, List of Development Projects with the Highest Expenditure

S/No.	Project Name	Location	Budget (Kshs.)	Expenditure (Kshs.)	Absorption Rate (%)
1	NARIGP Grant to Farming Groups	Across all Sub-Counties	83,618,698	83,618,698	100
2	NARIGP Grant for Enterprise Development to Co-operatives	Sabatia and Vihiga Dairy Co-operative	43,507,950	16,304,350	37.5
3	Construction of Footpaths and SIDE Drains in Mbale Municipality	Mbale Municipality	211,115,858	175,418,181	83.1
4	Supply and delivery Of compacting Truck	Mbale Municipality	12,916,000	12,916,000	100
5	Construction of Waste water wetland and Biogester	Mbale Municipality	15,141,292	15,141,292	100
6	Upgrading of Tsimbalo- Munoywa Road to Bitumen Standard	Mbale Municipality	148,211,801	133,502,945	90.1
7	Beatification of Mbale Town	Mbale Municipality	22,453,561	20,208,205	90
8	Construction of Hon. Speakers Residence	Vihiga Sub-county	33,603,656	32,173,725	95.7
9	Construction of Civil Works	Across all Sub-counties	397,256,926	213,121,620	53.6
10	Construction of Hospital Plaza	Vihiga County Referral Hospital	59,600,000	57,000,000	95.6
11	Construction of Vihiga Cluster water project	Vihiga Sub-county	25,041,300	25,041,300	100
12	Infrastructure Development for Vocational Training Centers	Across all Sub counties	74,445,519	73,785,522	99.1

Source: Vihiga County Treasury

3.46.15 Budget Performance by Department

Table 3.261 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.261: Vihiga 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	255.0	4.8	255.0	2.2	232.4	2.2	91.1	100.0	91.1	46.4
Finance and Economic Planning	312.9	537.0	287.4	522.0	272.3	569.9	94.7	109.2	87.0	106.1
Agriculture, Livestock, Fisheries and Co-operatives	149.8	322.1	146.8	220.4	142.9	143.2	97.4	65.0	95.4	44.5
Health Services	1,489.7	377.4	1,371.4	182.6	1,359.9	232.9	99.2	127.6	91.3	61.7
Education, Science, Technical and Vocational Training	345.0	253.5	345.0	247.5	362.9	244.2	105.2	98.7	105.2	96.3

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
Gender, Culture, Youth, Sports and Social Services	116.1	32.4	116.1	21.1	58.0	21.1	50	100.0	50.0	65.1
Trade, Industry, Tourism and Entrepreneurship	58.8	48.6	58.8	42.1	56.5	44.4	96.1	105.3	96.1	91.3
County Public Service Board	52.9	-	52.9	-	31.7	-	60	-	60.0	-
Environment, Water, Energy and Natural Resources	116.4	160.4	116.4	137.5	105.7	131.1	90.8	95.4	90.8	81.7
Transport, Infrastructure and Communication	113.9	398.8	113.9	326.7	106.8	259.3	93.8	79.4	93.8	65.0
Physical Planning, Lands and Housing	76.7	339.6	76.7	179.5	65.9	321.3	85.9	179.0	85.9	94.6
County Assembly	618.4	33.6	618.1	31.6	565.3	32.2	91.5	101.7	91.4	95.7
Administration and Coordination of County Affairs	367.1	3.5	367.1	2.2	350.8	0.5	95.6	22.6	95.6	14.3
Total	4,072.6	2,511.9	3,925.6	1,915.5	3,711.2	2,002.3	94.5	104.5	91.1	79.7

Source: Vihiga County Treasury

Analysis of expenditure by the Departments shows that the Department of Finance and Economic Planning recorded the highest absorption rate of development budget at 106.1 per cent while the Department of County Public Service Board did not report any expenditure on development activities. The Department of Education, Science, Technical and Vocational Training had the highest percentage of recurrent expenditure to budget at 105.2 per cent while the Department of Gender, Culture, Youth, Sports and Social Services had the lowest at 50.0 per cent.

3.46.16 Budget Execution by Programmes and Sub-Programmes

Table 3.262 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.262: Vihiga County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Administration, Planning and Support Service		504,769,596	321,733,128	183,036,468	63.7
	Administrative Service	504,769,596	321,733,128	183,036,468	63.7
Rural Planning and Community Development		3,400,000	2,249,500	1,150,500	66.2
	Ward Development Projects	3,400,000	2,249,500	1,150,500	66.2
Livestock Development and Management		19,814,958	18,202,868	1,612,090	91.9
	Veterinary Services and Extension	15,614,958	14,121,370	1,493,588	90.4
	Livestock Extension	4,200,000	4,081,498	118,502	97.2
Fisheries Development and Management		8,950,000	7,090,361	1,859,639	79.2
	Promotion of Fish Farming	8,950,000	7,090,361	1,859,639	79.2
Crop Development and Management		13,480,101	12,342,180	1,137,921	91.6
	Crop Extension	2,180,100	1,806,302	373,798	82.9
	Farm Input Subsidy	8,500,001	8,043,878	456,123	94.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	Cash Crop Production and Development	2,800,000	2,492,000	308,000	89
Cooperatives Development		3,350,000	3,231,205	118,795	96.5
	Cooperative Development Services	3,350,000	3,231,205	118,795	96.5
Urban and Physical Planning and Housing Services		334,513,111	309,374,001	25,139,110	92.5
	Urban and Physical Planning	122,893,846	122,893,846	-	100
	Housing Development	20,000,000	19,999,994	6	100
	Vihiga Municipality {KUSP}	191,619,265	166,480,162	25,139,103	86.9
Administration, Planning and Support Service		491,845,326	345,064,239	146,781,087	70.2
	Administrative Service	491,845,326	345,064,239	146,781,087	70.2
Public Finance Management		1,500,000	996,817	503,183	66.5
	Purchase of a trailer	1,500,000	996,817	503,183	66.5
Transport Management		18,502,400	13,059,318	5,443,082	70.6
	Transport System Management	5,400,000	4,914,082	485,918	91
	Mechanical Services	13,102,400	8,145,236	4,957,164	62.2
Infrastructure Development		800,000	-	800,000	0
	Roads Maintenance	800,000	-	800,000	0
Administration, Planning and Support Service		107,347,083	96,617,214	10,729,869	90
	Administrative Service	107,347,083	96,617,214	10,729,869	90
Administration, Planning and Support Service		1,465,165,126	1,302,296,351	162,868,775	88.9
	Administrative Service	307,392,572	251,657,051	55,735,521	81.9
	Human Resource Management and Development	1,009,244,076	1,013,829,008	- 4,584,932	100.5
	Healthcare Financing	148,528,478	36,810,292	111,718,186	24.8
Promotive and Preventive Healthcare Services		9,405,284	823,200	8,582,084	8.8
	Public Health Services	3,020,000	350,000	2,670,000	11.6
	Community Health Strategy	3,320,000	100,000	3,220,000	3
	Health Promotion	2,175,284	100,000	2,075,284	4.6
	Reproductive Healthcare	320,000	93,400	226,600	29.2
	Disease Surveillance and Emergency	570,000	179,800	390,200	31.5
Curative And Rehabilitative Health Services		331,489,449	285,213,680	46,275,769	86
	Medical services	328,309,449	283,931,220	44,378,229	86.5
	County referral services	140,000	82,460	57,540	58.9
	Drugs and Other Medical Supplies	3,040,000	1,200,000	1,840,000	39.5
Child and Maternal Health Care		61,042,028	31,788,046	29,253,982	52.1
	Antenatal and Post Natal healthcare	1,600,000	-	1,600,000	0
	Antenatal and Post Natal Healthcare	15,195,047	12,147,192	3,047,855	79.9
	Maternity Services	23,109,396	8,813,103	14,296,293	38.1
	Newborn, Child and Adolescent Health	40,000	-	40,000	0
	Nutrition Services	21,097,585	10,827,751	10,269,834	51.3
Administration, Planning and Support Service		318,693,001	305,743,558	12,949,443	95.9

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Vocational Education and Training	Administrative Service	318,693,001	305,743,558	12,949,443	95.9
		127,312,919	109,918,635	17,394,284	86.3
Early Childhood Development	Youth Polytechnic Development	127,312,919	109,918,635	17,394,284	86.3
		152,515,025	191,677,690	- 39,162,665	125.7
Administration, Planning and Support Service	ECD Development	152,515,025	160,233,304	- 7,718,279	105.1
		1,708,448,105	1,662,608,304	45,839,802	97.3
	Personnel Services	-	-	-	0
	Administrative Service	1,672,321,064	1,629,203,744	43,117,321	97.4
	Financial Services	-	-	-	0
	County Administration	13,577,441	9,763,814	3,813,627	71.9
	County Radio Information Services	22,549,600	23,640,746	- 1,091,146	104.8
Public Finance Management		45,089,021	43,434,450	1,654,571	96.3
	Public Finance Management	6,830,000	6,663,300	166,700	97.6
	Accounting Services	4,147,721	3,494,280	653,441	84.2
	Audit Services	7,620,700	7,181,750	438,950	94.2
	Budget Formulation Coordination	9,824,600	9,730,100	94,500	99
	Resource Mobilization	10,106,000	9,838,400	267,600	97.4
	Budget Expenditure Management	6,560,000	6,526,620	33,380	99.5
County Planning Services		85,519,000	50,822,452	34,696,548	59.4
	Monitoring and Evaluation	79,704,000	45,910,672	33,793,328	57.6
	Coordination of Policy Formulation and Plans	5,815,000	4,911,780	903,220	84.5
Management and Administration of County Services		30,848,850	24,424,669	6,424,181	79.2
	County Secretary	19,048,850	16,733,819	2,315,031	87.8
	Legal Services	11,800,000	7,690,850	4,109,150	65.2
Legislation and Oversight		315,350,224	287,994,791	27,355,433	91.3
	Legislation and Oversight	315,350,224	287,994,791	27,355,433	91.3
Administration, Planning and Support Service		88,377,204	74,712,757	13,664,447	84.5
	Administrative Service	83,931,024	70,500,957	13,430,067	84
	Technical Conferences	250,000	249,000	1,000	99.6
	Elderly Fund	4,196,180	3,962,800	233,380	94.4
Sports Management		51,386,500	3,876,200	47,510,300	7.5
	Promotion of Sports	45,550,000	2,194,600	43,355,400	4.8
	Promotion of Culture and Heritage	5,836,500	1,681,600	4,154,900	28.8
Social Services		8,750,000	4,115,370	4,634,630	47
	Social Protection	150,000	-	150,000	0
	Gender, Children, Youth and People with Disability	8,600,000	4,115,370	4,484,630	47.9
Administration, Planning and Support Service		217,483,898	184,238,467	33,245,431	84.7
	Administrative Service	217,483,898	184,238,467	33,245,431	84.7
Water Management		33,200,000	36,982,743	- 3,782,743	111.4
	Water Supply Management	33,200,000	36,982,743	- 3,782,743	111.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Environmental Protection and Conservation		19,200,039	11,654,762	7,545,277	60.7
	Environmental Protection and Conservation	19,200,039	11,654,762	7,545,277	60.7
Forest Management	Forest Management	7,000,000	2,648,294	4,351,706	37.8
	Farm Forest Management	7,000,000	2,648,294	4,351,706	37.8
Grand Total		6,584,548,248	5,744,935,250	839,612,998	87.2

Source: Vihiga County Treasury

Programmes with the highest levels of implementation based on absorption rates were: Early Childhood Development in the Department of Gender, Culture, Youth, Sports and Social Services at 125.7 per cent, Water Management in the Department of Environment, Water, Energy and Natural Resources at 111.4 per cent and administration, Planning and Support Service in the Department of Administration and Coordination of County Affairs at 97.3 per cent of budget allocation.

3.46.16.1 Monitoring Summary Report

The Office of the Controller of Budget conducted a monitoring exercise in Vihiga County between 15th to 19th February 2021. The monitoring team focused on two key objectives; a) to dialogue with county officials on the challenges affecting budget implementation and how they can be addressed, and (b) to conduct monitoring of development projects implemented by the County Government. A total of 20 projects were sampled and assessed from different sectors. The sample was limited to projects implemented between FY 2018/19 and FY 2019/20. Below is a summary of key findings from the exercise;

3.46.16.2 Pending Bills

The County Government has accumulated pending bills over Kshs.1 billion. The accumulation of pending bills is attributed to the failure to pay contractors for work done. It also emerged that some contractors were awarded multiple projects but lacked the adequate capacity to implement them within the contract period resulting in installed projects.

OCOB recommends that outstanding monies due to the contractor for work completed be settled as soon as possible so that the projects are commissioned for public use.

3.46.16.3 Wage bill

The salary for unionised staff, mainly medical staff and employees inherited from the defunct local authority, account for over 80 per cent of the County Government wage bill, thus constraining funding for essential services. For example, the Ministry of Health receives about Kshs.1.5 billion and spent approximately Kshs.1.2 billion or 80 per cent of the budget to pay salaries and allowances for the medical staff. The remaining 20 per cent is barely enough to meet operations and maintenance costs as well as development expenditure.

3.46.16.4 Failure by the County Government to submit financial and non-financial information of projects

The parent ministries did not submit information about the projects sampled for the exercise to enable the monitoring team to ascertain whether the projects were implemented according to plan. Information such as project budget, the scope of work and expenditure is required to help oversight institutions such as the Office of the Controller of Budget check whether public funds are utilised prudently and efficiently.

The County Government should ensure that they submit information whenever requested by the Controller of Budget to enable the office to discharge its mandate as required by the law.

3.46.16.5 Political patronage in the implementation of projects

It was noted that political interference had significantly affected the implementation of projects, especially at the ward level. The political class, particularly some members of the County Assemblies, were actively involved in implementing projects and, in some cases, altering the scope of work, resulting in poorly implemented projects.

OCOB advises that the political class focus on their constitutional mandate and desist from interfering in the project implementation phase. The law confines the role of the Members of the County Assemblies to oversight, legislation and representation.

3.46.16.6 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. A high wage bill, which accounted for 42.4 per cent of the total expenditure in the FY 2020/21, thus constraining funding to other programmes.
2. The underperformance of own revenue at Kshs.169.11 million against an annual projection of Kshs.216.10 million, representing 78.3 per cent of the annual target.
3. 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.
4. 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.
5. As shown in Table 3.261 and Table 3.262, there was weak budgeting practice where the County incurred expenditure above approved budgetary allocations for some programmes.
6. High expenditure on local travel at Kshs.303.70 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

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

1. *The County Public Service Board should establish an optimal staffing structure to ensure a sustainable wage bill.*
2. *The County should address its revenue performance to ensure the approved budget is fully financed.*
3. *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.*
4. *The County Treasury should ensure timely preparation and submission offinancial reports in line with Section 166 of the PFM Act, 2012*
5. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
6. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.47 County Government of Wajir

3.47.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.10.94 billion, comprising of Kshs.4.16 billion (38 per cent) and Kshs.6.78 billion (62 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.8.55 billion (78.1 per cent) as the equitable share of revenue raised nationally, Kshs.1.16 billion (10.6 per cent) as total conditional grants, generate Kshs.150.0 million (1.2 per cent) from own sources of revenue, and a cash balance of Kshs.1.09 billion (10.0 per cent) from FY 2019/20.

3.47.2 Revenue Performance

In FY 2020/21, the County received Kshs.8.55 billion as the equitable share of the revenue raised nationally, Kshs.1.03 billion as conditional grants, raised Kshs.73.96 million as own-source revenue, and had a cash balance of Kshs.445.10 million from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.10.10 billion, as shown in Table 3.263.

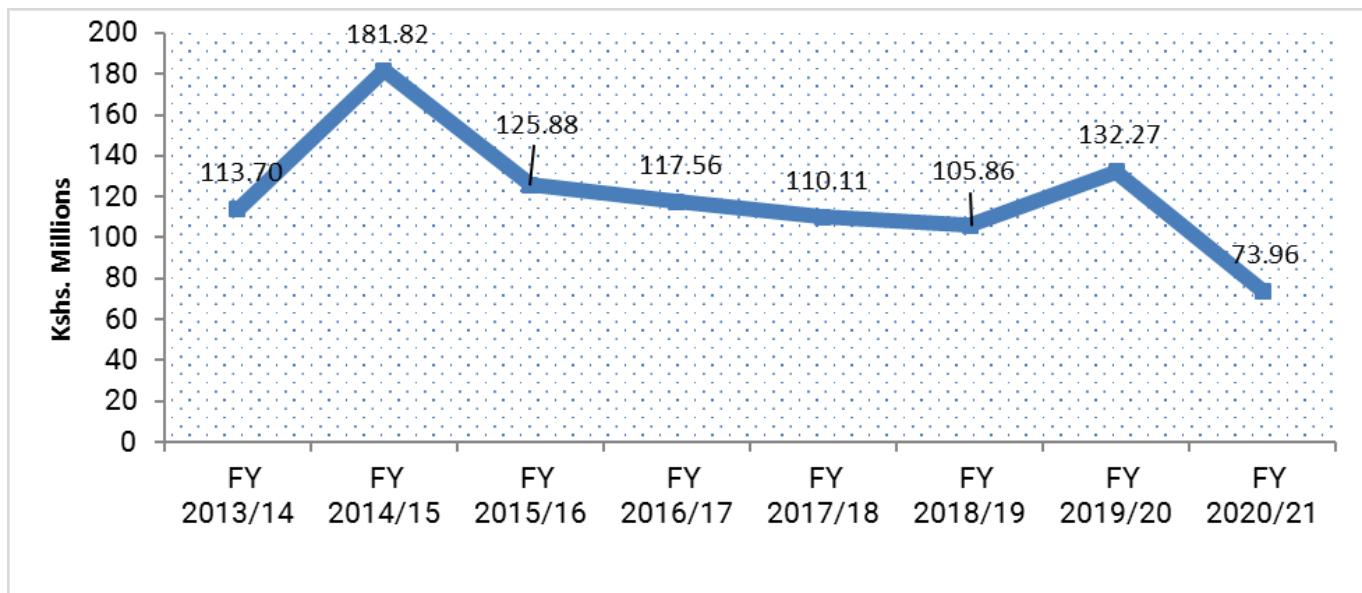
Table 3.263: Wajir County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	8,545,500,000	8,545,500,000	8,545,500,000	100
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	15,784,997	15,784,997	15,784,997	100
2.	Road Maintenance Fuel Levy Fund	254,698,172	254,698,172	242,569,685	95.2
3.	Rehabilitation of Village Poly-technics	14,074,894	14,074,894	14,074,894	100
Sub Total		284,558,063.00	284,558,063	272,429,576	95.74
C	Loans and Grants from Development Partners				
4.	Transforming Health Systems for Universal care Project (WB)	98,763,532	98,763,532	36,152,244	36.6
5.	IDA (WB) Kenya Climate Smart Agriculture Project (KCSAP)	320,674,340	320,674,340	239,610,455	74.7
6.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	45,000,000	45,000,000	45,000,000	100
7.	DANIDA Grant	24,300,000	24,300,000	24,300,000	100
8.	IDA (WB) Credit: Water & Sanitation Development Project (WSDP)	350,000,000	350,000,000	307,214,525	87.8
9.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	17,532,329	17,532,329	15,101,628	86.1
10.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	15,626,168	15,628,168	-	-
11.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	-	-	90,844,014	-
Sub Total		871,896,369	871,898,369	758,222,866	86.96
D	Other Sources of Revenue				
12.	Own Source Revenue	-	150,000,000	73,955,722	49.3
13.	Balance b/f from FY 2019/20	-	1,092,150,275	445,100,593	40.8
Sub Total		-	1,242,150,275	519,056,315	41.8
Grand Total		9,701,954,432	10,944,106,707	10,095,208,757	92.2

Source: Wajir County Treasury

Figure 3.92 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.92: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: Wajir County Treasury

In FY 2020/21, the County generated Kshs.73.96 million as own-source revenue. This amount represented a decrease of 44.1 per cent compared to Kshs.132.27 million realised during a similar period in FY 2019/20 and was 49.3 per cent of the annual target.

3.47.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.9.71 billion from the CRF account during the reporting period. The amount comprised Kshs.3.32 billion (34.2 per cent) for development programmes and Kshs.6.39 billion (65.8 per cent) for recurrent programmes.

A total of Kshs.2.42 billion was released in June 2021 and comprised Kshs.978.43 million and Kshs.1.44 billion, respectively, for recurrent and development votes as tabulated below;

S/no.	Reference	Recurrent	Development
1	WJR/REC/FIN/WCA/VOL.1(33)	62,651,759	-
2	WJR/REC/FIN/WCA/VOL.1(34)	18,425,176	-
3	WJR/REC/FIN/WCA/VOL.1(37)	102,000,000	-
4	WJR/REC/FIN/WCA/VOL.1(38)	49,923,186	-
5	WJR/REC/FIN/WCA/VOL.1(39)	20,076,814	-
6	WJR/FIN/REC/VOL.1(21)	12,150,000	-
7	WJR/FIN/REC/VOL.1(22)	257,964,093	-
8	WJR/FIN/DEV/VOL.1(15)	-	24,462,565
9	WJR/FIN/DEV/VOL.1(16)	-	127,349,086
10	WJR/FIN/REC/VOL.1(23)	74,420,527	-
11	WJR/FIN/REC/VOL.1(24)	45,000,000	-
12	WJR/FIN/DEV/VOL.1(16)	-	43,409,587
13	WJR/FIN/REC/VOL.1(25)	24,995,962	-
14	WJR/FIN/DEV/VOL.1(17)	-	54,472,821
15	WJR/FIN/DEV/VOL.1(18)	-	71,333,765
16	WJR/FIN/DEV/VOL.1(19)	-	400,422,444
17	WJR/FIN/REC/VOL.1(26)	126,192,329	-
18	WJR/FIN/REC/VOL.1(27)	108,118,911	-
19	WJR/FIN/REC/VOL.1(28)	15,784,992	-
20	WJR/FIN/REC/VOL.1(29)	30,234,890	-
21	WJR/FIN/DEV/VOL.1(20)	-	7,037,447
22	WJR/FIN/DEV/VOL.1(21)	-	17,012,883
23	WJR/FIN/REC/VOL.1(30)	150,913,122	-
24	WJR/FIN/DEV/VOL.1(22)	-	300,000,000

S/no.	Reference	Recurrent	Development
25	WJR/FIN/DEV/VOL.1(23)	-	75,000,000
26	WJR/FIN/DEV/VOL.1(30)	-	67,828,730
27	WJR/FIN/DEV/VOL.1(31)	-	15,101,628
28	WJR/FIN/DEV/VOL.1(32)	-	11,001,692
29	WJR/FIN/DEV/VOL.1(33)	-	66,381,449
30	WJR/FIN/DEV/VOL.1(34)	-	145,000,000
31	WJR/FIN/DEV/VOL.1(35)	-	17,944,835
Total		978,426,585	1,443,758,932

The Exchequer releases received in June 2021 consisted of 24.9 per cent of the total Exchequer issues for the financial year. Late Exchequer release may result in low budget absorption and could negatively impact service delivery to citizens.

3.47.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.9.25 billion on development and recurrent programmes. The expenditure represented 95.3 per cent of the total funds released by the COB and comprised of Kshs.3.11 billion and Kshs.6.14 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 74.6 per cent, while recurrent expenditure represented 90.6 per cent of the annual recurrent budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.1.28 billion for development activities and Kshs.125 million for recurrent costs.

3.47.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.4.17 billion was spent on employee compensation, Kshs.1.90 million on operations and maintenance, and Kshs.3.11 million on development activities, as shown in Table 3.264.

Table 3.264: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Expenditure as a Percentage of Revenue (%)	Absorption (%)
Total Recurrent Expenditure	6,780,593,500	6,388,738,816	6,140,759,109	60.8	90.6
Compensation to Employees	4,203,823,050	4,198,335,000	4,166,500,238	41.3	99.1
Operations and Maintenance	2,576,770,450	2,190,403,816	1,974,258,871	19.6	76.6
Total Development Expenditure	4,163,511,187	3,321,646,797	3,105,193,648	30.8	74.6
Development Expenditure	4,163,511,187	3,321,646,797	3,105,193,648	30.8	74.6
Total	10,944,104,687	9,710,385,613	9,245,952,757	91.6	84.5

Source: Wajir County Treasury

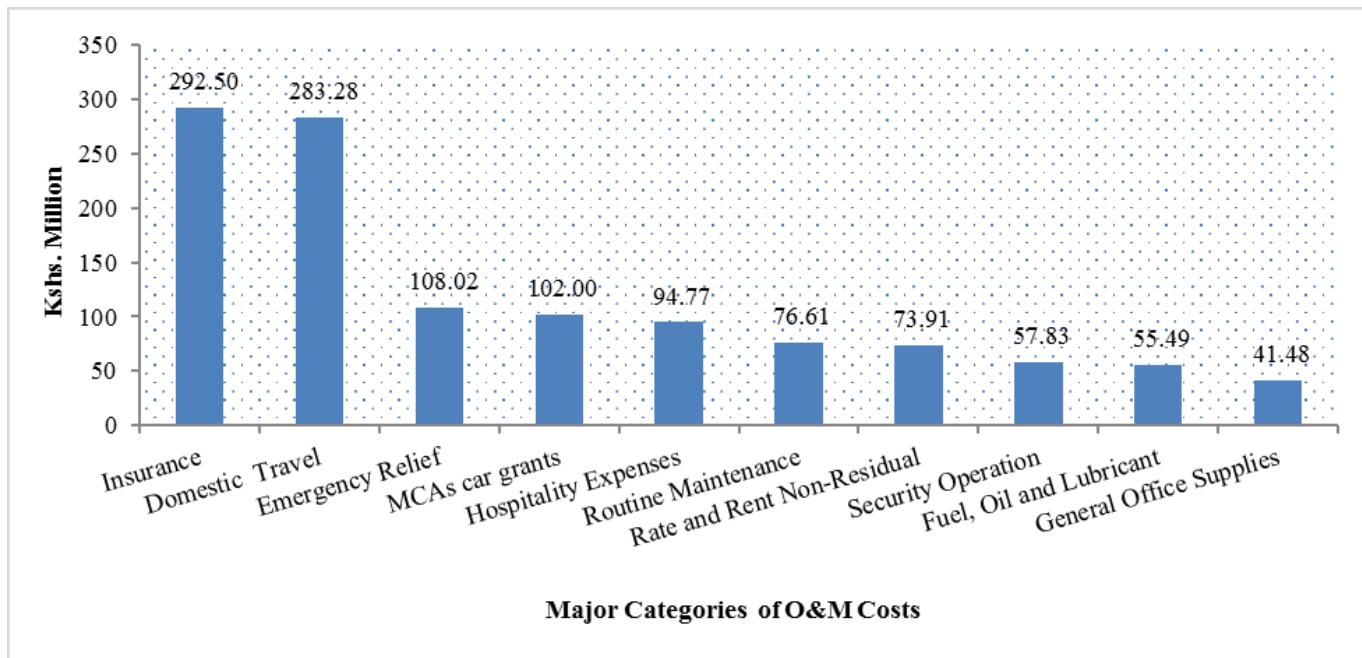
3.47.6 Expenditure on Personnel Emoluments

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 45.1 per cent of the total expenditure for the reporting period and 41.3 per cent of revenue.

3.47.7 Expenditure on Operations and Maintenance

Figure 3.93 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.93: Wajir County Operations and Maintenance Expenditure by Major Categories



Source: Wajir County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.12.01 million on committee sitting allowances for the 50 MCAs and Speaker against the annual budget allocation of Kshs.12.01 million. The average monthly sitting allowance was Kshs.20,022 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.283.28 million and comprised Kshs.211.65 million spent by the County Assembly and Kshs.71.63 million by the County Executive. Spending on foreign travel amounted to Kshs.17.83 million and comprised Kshs.1.93 million by the County Assembly and Kshs.15.90 million by the County Executive.

3.47.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs. 112.79 million to cater for COVID-19 related expenditure, with no amount brought forward from FY 2019/20. A total of Kshs.66.45 million was spent during the reporting period, as shown in Table 3.265.

Table 3.265 provides a summary of the COVID-19 budget and expenditure

Table 3.265: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30 th June 2021 (Kshs)
1	Allowance for Health Care Workers	36,570,000	36,570,000
2	Capacity building of County Emergency Response Committee on COVID 19	1,975,000	1,975,000
3	Training on Isolation Ward Equipment and MOH Protocols	1,890,000	1,890,000
4	Environmental and Social Risk Assessment at Makoror Isolation Center	926,000	926,000
5	Bill boards and IEC Publicity Materials	2,233,000	2,233,000
6	Monitoring and Evaluation	750,000	750,000
7	Sensitization training for staff in isolation centers	1,914,900	1,914,900
8	Training of Departmental Emergency Team	1,974,000	1,974,000
9	Radio shows and radio spot/short messages	1,530,000	1,530,000
10	Training of front care health workers on ICT	1,890,000	1,890,000
11	Training of surveillance and contact tracing staff	1,600,000	1,600,000
12	Human Resources and Gaps Assessment	1,896,000	1,896,000
13	Dissemination for the amended Wajir CIDP 2018- 2022 and C-ADP for the FY 2021-2022	1,757,400	1,757,400

S/No	Description of Expenditure Category	Annual Budget Allocation (Kshs)	Expenditure as of 30 th June 2021 (Kshs)
14	Review of Wajir CIDP 2018- 2022 and C-ADP 2021- 2022 2 to incorporate and mainstream County COVID 19 Social Economic Recovery Strategy	2,960,400	2,960,400
15	Capacity building of County on Project Planning	1,798,800	1,798,800
16	Consultancy Services on CIDP 2018-2022	1,950,000	1,950,000
17	Capacity building of County on Sectoral Planning, APR, PER and ADP	1,840,500	1,840,500
18	Preparation of County Indicator Handbook	996,440	996,440
19	Total	66,452,440	66,452,440

Source: Wajir County Treasury

3.47.9 Development Expenditure

The County incurred an expenditure of Kshs.3.11 billion on development programmes, which represented a decrease of 10.9 per cent compared to a similar period in FY 2019/20 when the County spent Kshs. 3.49 billion. Table 3.266 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.266: Wajir County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Contract Sum	Payments to Date (Kshs.)	Absorption Rate (%)
			(Kshs.)		
1	Grading , gravelling and maintenance of the road	Countywide	531,702,243	531,702,243	100
2	Proposed supply and delivery of colapsable tanks	Countywide	47,000,000	47,000,000	100
3	Construction of water pan at Boji Garas	Khorof Harar	46,920,161	46,920,161	100
4	Proposed constructionat 50,000m3 water harvesting dam at alio Ismail	Diif	37,960,304	37,906,304	100
5	Construction of orote water pan for domestic and livestock use	Lakole	21,000,000	21,000,000	100
6	Construction of Khorof-Harar modern livestock market	Khorof Harar	19,500,000	19,500,000	100
7	Proposed Construction of OPD at Eldas Health Centre	Eldas	14,479,059	14,479,059	100
8	Proposed constructionof Theatre of Eldas Sub-County Hospital	Eldas	13,363,693	13,363,693	100
9	Water Supply Project at Lagboqol	Lagboqol	10,000,000	10,000,000	100

Source: Wajir County Treasury

3.47.10 Budget Performance by Department

Table 3.267 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.267: 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	420.93	-	385.73	-	365.96	-	94.9	-	86.9	-
County Assembly	932.19	40.00	932.19	-	932.07	-	100.0	-	100.0	-
Finance and Economic Planning	627.32	-	533.43	-	540.22	-	101.3	-	86.1	-
Public Health, Medical Service and Sanitation	2,105.85	847.29	2,060.07	814.86	1,962.33	468.60	95.3	57.5	93.2	55.3
Water Resources	353.73	542.34	337.35	534.14	267.80	576.81	79.4	108.0	75.7	106.4
Public Works, Housing and Physical Planning	85.92	75.10	65.01	-	66.71	13.92	102.6	-	77.6	18.5
Road and Transport	112.16	857.66	92.34	471.00	86.45	548.39	93.6	116.4	77.1	63.9
Agriculture, Livestock and Fisheries	194.74	583.87	193.79	553.12	180.22	449.09	93.0	81.2	92.5	76.9

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
Education, Youth, Gender and Social Service	526.54	284.40	450.04	203.52	460.24	151.13	102.3	74.3	87.4	53.1
ICT and E-Government, Trade ,Industrialization and Cooperative	186.71	41.28	175.78	41.28	170.56	32.41	97.0	78.5	91.4	78.5
Public Service, Special Program and Decentralization Unit	730.77	106.96	713.91	87.73	698.91	126.51	97.9	144.2	95.6	118.3
Energy, Environment and Natural Resource	62.59	168.60	49.12	79.25	46.56	140.48	94.8	177.3	74.4	83.3
Public Service Board	84.97	-	60.85	-	60.00	-	98.6	-	70.6	-
WAJWASCO	137.82	441.38	120.58	367.42	146.42	388.52	121.4	105.7	106.2	88.0
Wajir Municipality	218.35	174.64	218.35	169.32	156.31	209.32	71.6	123.6	71.6	119.9
Total	6,780.59	4,163.51	6,388.74	3,321.65	6,140.76	3,105.19	96.1	93.5	90.6	74.6

Source; Wajir County Treasury

Analysis of expenditure by Department shows that the Department of Municipality recorded the highest absorption rate of development budget at 119.9 per cent while the County Assembly did not report any expenditure on development activities. The Department of Wajwasco had the highest percentage of recurrent expenditure to budget at 106.2 per cent while the Department of County Public Service Board had the lowest at 70.6 per cent.

3.47.11 Budget Execution by Programmes and Sub-Programmes

Table 3.268 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.268: Wajir County, Budget Execution by Programmes and Sub-programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
County Executive					
Office of the Deputy Governor	Office of the Deputy Governor	26,000,000	25,300,000	700,000	97.3
Office of the Governor	Office of the Governor	394,925,059	340,659,927	54,265,132	86.3
	Total	420,925,059	365,959,927	54,965,132	86.9
County Assembly					
General Administration and Support Service	General Administration and Support Service	972,194,403	932,065,822	40,128,581	95.9
	Total	972,194,403	932,065,822	40,128,581	95.9
Finance and Economic Planning					
County Service	County Service	62,049,793	58,430,000	3,619,793	94.2
Supply Chain Service	Supply Chain Service	71,576,720	51,452,131	20,124,589	71.9
Asset Management	Asset Management	8,684,936	5,000,000	3,684,936	57.6
Revenue	Revenue	64,735,450	61,345,230	3,390,220	94.8
Internal	Internal	14,722,161	12,950,000	1,772,161	88.0
Budget	Budget	12,052,544	12,180,300	-127,756	101.1
County Intergrated	County Intergrated	115,419,234	72,750,000	42,669,234	63.0
County Statistical Information Service	County Statistical Information Service	3,007,000	2,650,930	356,070	88.2
County Monitoring & Evaluation Service	County Monitoring & Evaluation Service	2,059,000	824,262	1,234,738	40.0
General Administration and Support Service	General Administration and Support Service	273,013,803	262,634,811	10,378,992	96.2
	Total	627,320,641	540,217,664	87,102,977	86.1
Public Health, Medical Service and Sanitation					-

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
Curative	Curative	856,385,636	751,122,000	105,263,636	87.7
General Administration	General Administration	1,799,829,088	1,425,639,311	374,189,777	79.2
Preventive	Preventive	145,303,140	108,650,000	36,653,140	74.8
Special Programme	Special Programme	7,400,000	6,488,000	912,000	87.7
Research	Research	7,900,000	7,900,000	-	100.0
Family Health	Family Health	136,322,302	131,132,636	5,189,666	96.2
	Total	2,953,140,166	2,430,931,947	522,208,219	82.3
Water Resources					
Water Supplies, Overhaul and Maintenance Service	Water Supplies, Overhaul and Maintenance Service	689,720,734	639,447,456	50,273,278	92.7
New Infrastructure development service	New Infrastructure development service	122,316,674	122,296,921	19,753	100.0
Personnel, Administration and Financial Service	Personnel, Administration and Financial Service	84,031,557	82,864,273	1,167,284	98.6
	Total	896,068,965	844,608,650	51,460,315	94.3
Public Works, Housing and Physical Planning					
Urban, Physical Planning Service	Urban, Physical Planning Service	59,987,596	5,857,346	54,130,250	9.8
County survey and policy service	County survey and policy service	24,411,650	21,853,238	2,558,412	89.5
Government building service	Government building service	3,179,758	1,654,231	1,525,527	52.0
Housing development, capacity building and ABT	Housing development, capacity building and ABT	2,140,800	2,100,000	40,800	98.1
Public Works Service	Public Works Service	30,369,461	8,235,000	22,134,461	27.1
General Administration and Support Service	General Administration and Support Service	40,926,693	40,926,500	193	100.0
	Total	161,015,958	80,626,315	80,389,643	50.1
Roads and Transport					
Maintenance & Rehabilitation of County roads and Bridges	Maintenance & Rehabilitation of County roads and Bridges	756,335,527	548,390,420	207,945,107	72.5
Design and construction of the County roads and bridges	Design and construction of the County roads and bridges	132,103,917	36,000,000	96,103,917	27.3
Transport Services	Transport Services	43,986,772	12,761,233	31,225,539	29.0
General Administration and Support Service	General Administration and Support Service	37,387,068	37,689,496	-302,428	100.8
	Total	969,813,284	634,841,149	334,972,135	65.5
Agriculture, Livestock and Fisheries					
Livestock	Livestock	73,295,515	63,342,340	9,953,175	86.4
Veterinary Service	Veterinary Service	51,744,464	16,384,261	35,360,203	31.7
Agriculture	Agriculture	430,137,066	392,990,300	37,146,766	91.4
General Administration	General Administration	49,567,432	49,235,650	331,782	99.3
Irrigation	Irrigation	163,331,488	97,129,363	66,202,125	59.5
Fisheries	Fisheries	10,535,151	10,236,543	298,608	97.2
	Total	778,611,116	629,318,457	149,292,659	80.8
Education, Youth, Gender and Social Services					
ECD	General Administration	456,091,836	450,632,969	5,458,867	98.8

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
School support programme	School support programme	99,499,294	26,000,000	73,499,294	26.1
Vocational Training Centre	Vocational Training Centre	74,915,732	19,429,728	55,486,004	25.9
Sport and Youth	Sport and Youth	63,389,804	55,287,469	8,102,335	87.2
Culture, Heritage and Library Service	Culture, Heritage and Library Service	19,653,833	17,982,354	1,671,479	91.5
Gender and Social Service	Gender and Social Service	68,955,152	30,198,451	38,756,701	43.8
General Administration and Support Service	ECD	28,434,599	11,840,000	16,594,599	41.6
	Total	810,940,251	611,370,971	199,569,280	75.4
ICT and E-Government, Trade, Industrialization and Cooperative Development					
Trade Services	Business Support	21,293,000	10,529,345	10,763,655	49.4
	Infrastructure	36,281,809	27,653,799	8,628,010	76.2
Coop Services	Coop Support	23,016,880	23,630,762	-613,882	102.7
	Infrastructure	-	-	-	-
Investment & Industry	Support Service	8,759,160	8,810,000	-50,840	100.6
	Infrastructure	2,000,000	2,000,000	-	100.0
General Administration and Support Service	General Administration and Support Service	94,334,940	89,784,525	4,550,415	95.2
ICT Service	Service	39,301,600	37,563,639	1,737,961	95.6
	Infrastructure	3,000,000	3,000,000	-	100.0
	Total	227,987,389	202,972,070	25,015,319	89.0
Public Services, Special Programs and Decentralization Unit					
Governance and Ethics	Governance and Ethics	22,386,382	14,490,211	7,896,171	64.7
Town Administration and decentralized	Town Administration and decentralized	211,300,007	221,414,665	-10,114,658	104.8
HRM	HRM	311,413,605	301,874,327	9,539,278	96.9
Peace	Peace	75,040,567	75,028,540	12,027	100.0
Public Participation	Public Participation	79,104,892	81,556,759	-2,451,867	103.1
Disaster	Disaster	94,349,889	87,300,248	7,049,641	92.5
Intergovernmental	Intergovernmental	10,821,568	10,342,078	479,490	95.6
EMU	EMU	33,316,544	33,420,745	-104,201	100.3
	Total	837,733,454	825,427,573	12,305,881	98.5
Energy, Environment and Natural Resources					-
Energy Services	Energy Services	2,169,200	1,650,650	518,550	76.1
Environment	Environment	159,300,000	129,795,628	29,504,372	81.5
Natural Resources	Natural Resources	2,850,000	2,800,000	50,000	98.2
General Administration and Support Service	General Administration and Support Service	66,871,654	52,801,927	14,069,727	79.0
	Total	231,190,854	187,048,205	44,142,649	80.9
County Public Service Board					
General Administration and Support Service	General Administration and Support Service	84,969,616	59,997,143	24,972,473	70.6
	Total	84,969,616	59,997,143	24,972,473	70.6
WAJWASCO					
General Administration and Support Service	General Administration and Support Service	579,199,768	534,936,743	44,263,025	92.4

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance	Absorption (%)
	Total	579,199,768	534,936,743	44,263,025	92.4
Wajir Municipality					
General Administration and Support Service	General Administration and Support Service	392,993,763	365,630,121	27,363,642	93.0
Total		392,993,763	365,630,121	27,363,642	93.0
Grand Total		10,944,104,687	9,245,952,757	1,698,151,930	84.5

Source: Wajir County Treasury

The top three programmes with the highest levels of absorption rates were: Town Administration and decentralised in the Department of Public Services, Special Programs and Decentralization Unit at 104.8 per cent, Public Participation in the Department of Public Services, Special Programs and Decentralization Unit at 103.1 per cent and Budget in the Department of Finance and Economic Planning at 101.1per 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. Late submission of financial reports by the County Treasury to the Controller of Budget, which affected timely preparation of budget implementation report.
2. A high wage bill, which accounted for 45.1 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. The underperformance of own-source revenue at Kshs.73.96 million against an annual projection of Kshs. 150 million, representing 49.3 per cent of the annual target.
4. High expenditure on local travel at Kshs.283.28 million, which was unexpected during the COVID-19 containment period due to travel restrictions and points to wasteful spending. This is an indication of wasteful expenditure.
5. High expenditure on local travel at Kshs.283.28 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending.

In order to improve budget execution, the County should implement the following recommendations;

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 the implementation of development projects.*
3. *The County Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
4. *The County Treasury should review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to curtail wasteful spending.*
5. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

3.48 County Government of West Pokot

3.48.1 Overview of FY 2020/21 Budget

The County's approved budget for FY 2020/21 is Kshs.6.99 billion, comprising of Kshs.2.59 billion (37.1 per cent) and Kshs.4.40 billion (62.9 per cent) allocation for development and recurrent programmes, respectively.

To finance the budget, the County expected to receive Kshs.5. billion (71.5 per cent) as the equitable share of revenue raised nationally, Kshs.688.61 million (9.9 per cent) as total conditional grants, generate Kshs.140.35 million (2.0 per cent) from own sources of revenue, and a cash balance of Kshs.1.16 billion (16.6 per cent) from FY 2019/20.

3.48.2 Revenue Performance

In FY 2020/21, the County received Kshs.5.00 billion as the equitable share of the revenue raised nationally, Kshs.501.12 million as conditional grants, raised Kshs.110.83 million as own-source revenue, and had a cash balance of Kshs.1.16 billion from FY 2019/20. The total funds available for budget implementation during the period amounted to Kshs.6.77 billion, as shown in Table 3.269.

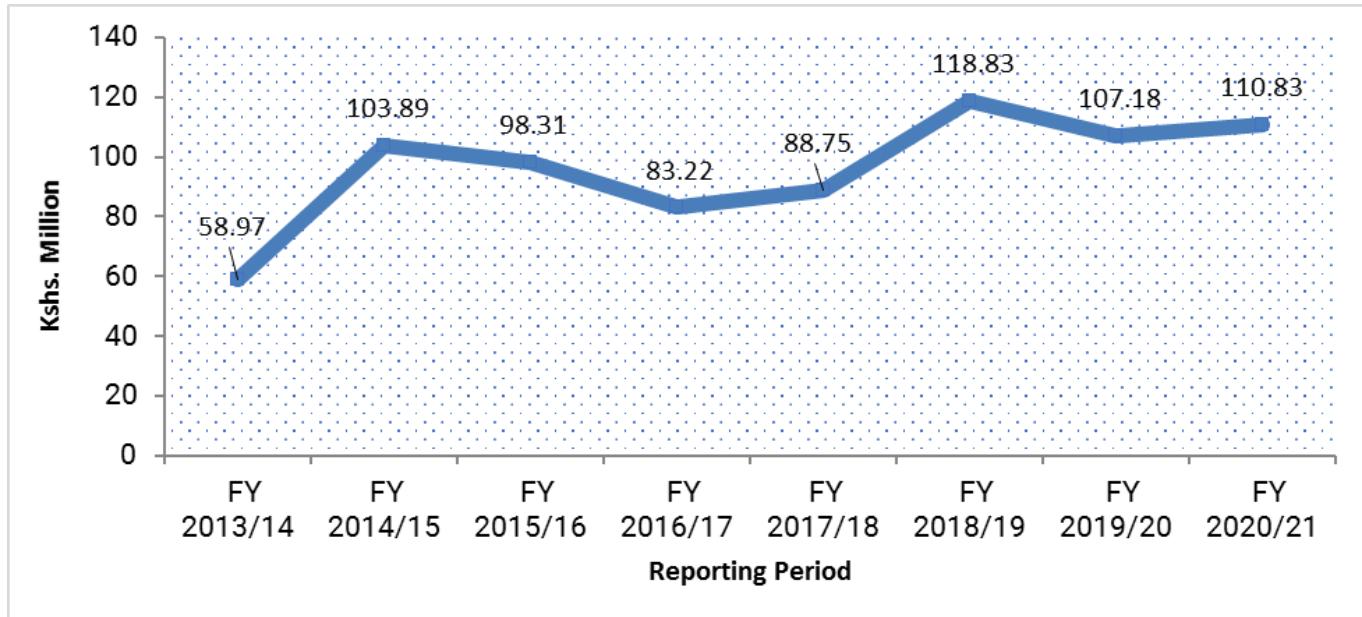
Table 3.269: West Pokot County, Revenue Performance in FY 2020/21

S/No.	Revenue Category	Annual CARA, 2020 Allocation (Kshs)	Annual Budget Allocation (Kshs)	Actual Receipts (Kshs.)	Actual Receipts as Percentage of Annual Budget Allocation (%)
A.	Equitable Share of Revenue Raised Nationally	5,000,700,000	5,000,700,000	5,000,700,000	100
B.	Conditional Grants from the National Government				
1.	Compensation for User Fee Foregone	12,128,484	12,128,484	12,128,484	100.0
2.	Leasing of Medical Equipment	132,021,277	-	-	-
3.	Road Maintenance Fuel Levy Fund	149,045,597	149,045,597	149,045,597	100.0
4.	Rehabilitation of Village Polytechnics	17,749,894	17,749,894	17,749,894	100.0
Sub Total		310,945,252	178,923,975	178,923,975	100.0
C	Loans and Grants from Development Partners				
1.	Transforming Health Systems for Universal care Project (WB)	32,237,369	32,237,369	15,526,094	48.2
2.	IDA (WB) Credit: Kenya Devolution Support Project (KDSP) Level 1 Grant	320,000,420	320,000,420	197,900,732	61.8
3.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Development Grant (UDG)	45,000,000	45,000,000	45,000,000	100.0
4.	DANIDA Grant	14,220,000	14,220,000	14,220,000	100.0
5.	EU Grant (Instruments for Devolution Advise and Support IDEAS)	11,000,000	11,000,000	-	0.0
6.	Sweden - Agricultural Sector Development Support Programme (ASDSP) II	14,224,205	14,224,205	11,725,115	82.4
7.	EU – Water Tower Protection and Climate Change Mitigation and Adaptation Programme (waTER)	65,952,437	-	-	-
8.	IDA (WB) Credit: Kenya Urban Support Project (KUSP) –Urban Institutional Grants (UIG)	73,000,000	73,000,000	37,824,842	51.8
Sub Total		575,634,431	509,681,994	322,196,783	63.2
D	Other Sources of Revenue				
1.	Own Source Revenue	-	140,352,202	110,834,910	79.7
2.	Balance b/f from FY 2019/20	-	1,160,510,236	1,160,510,236	100.0
Sub Total		-	1,300,862,438	1,271,345,146	97.7
Grand Total		5,887,279,683	6,990,168,407	6,773,165,904	96.9

Source: West Pokot County Treasury

Figure 3.94 shows the annual trend in own-source revenue collection from FY 2013/14 to FY 2020/21.

Figure 3.94: Annual Trend in Own-Source Revenue Collection from FY 2013/14 to FY 2020/21



Source: West Pokot County Treasury

In FY 2020/21, the County generated Kshs.110.83 million as own-source revenue. This amount represented an increase of 3.1 per cent compared to Kshs.107.47 million realised during a similar period in FY 2019/20 and was 79.7 per cent of the annual target.

3.48.3 Exchequer Issues

The Controller of Budget approved withdrawals of Kshs.5.99 billion from the CRF account during the reporting period. The amount comprised Kshs.1.91 billion (31.8 per cent) for development programmes and Kshs.4.08 billion (68.2 per cent) for recurrent programmes.

3.48.4 Overall Expenditure Review

During the reporting period, the County spent Kshs.6.26 billion on development and recurrent programmes. The expenditure represented 104.6 per cent of the total funds released by the COB and comprised of Kshs.2.01 billion and Kshs.4.25 billion on development and recurrent programmes, respectively. Expenditure on development programmes represented an absorption rate of 77.4 per cent, while recurrent expenditure represented 96.8 per cent of the annual recurrent expenditure budget.

The expenditure excluded pending bills as of 30th June 2021, which amounted to Kshs.162.56 million.

3.48.5 Expenditure by Economic Classification

Analysis of expenditure by economic classification indicates that Kshs.2.74 billion was spent on employee compensation, Kshs.1.52 billion on operations and maintenance, and Kshs.2.01 billion on development activities, as shown in Table 3.270.

Table 3.270: Summary of Expenditure by Economic Classification

Expenditure Classification	Budget (Kshs.)	Exchequer Issues (Kshs.)	Expenditure (Kshs.)	Absorption (%)
Total Recurrent Expenditure	4,396,858,717	4,081,470,989	4,256,386,805	96.8
Compensation to Employees	2,723,628,656	2,532,983,981	2,738,223,272	100.5
Operations and Maintenance	1,673,230,061	1,548,487,008	1,518,163,533	90.7
Total Development Expenditure	2,593,309,690	1,906,167,541	2,007,483,145	77.4
Development Expenditure	2,593,309,690	1,906,167,541	2,007,483,145	77.4
Total	6,990,168,407	5,987,638,530	6,263,869,950	89.6

Source: West Pokot County Treasury

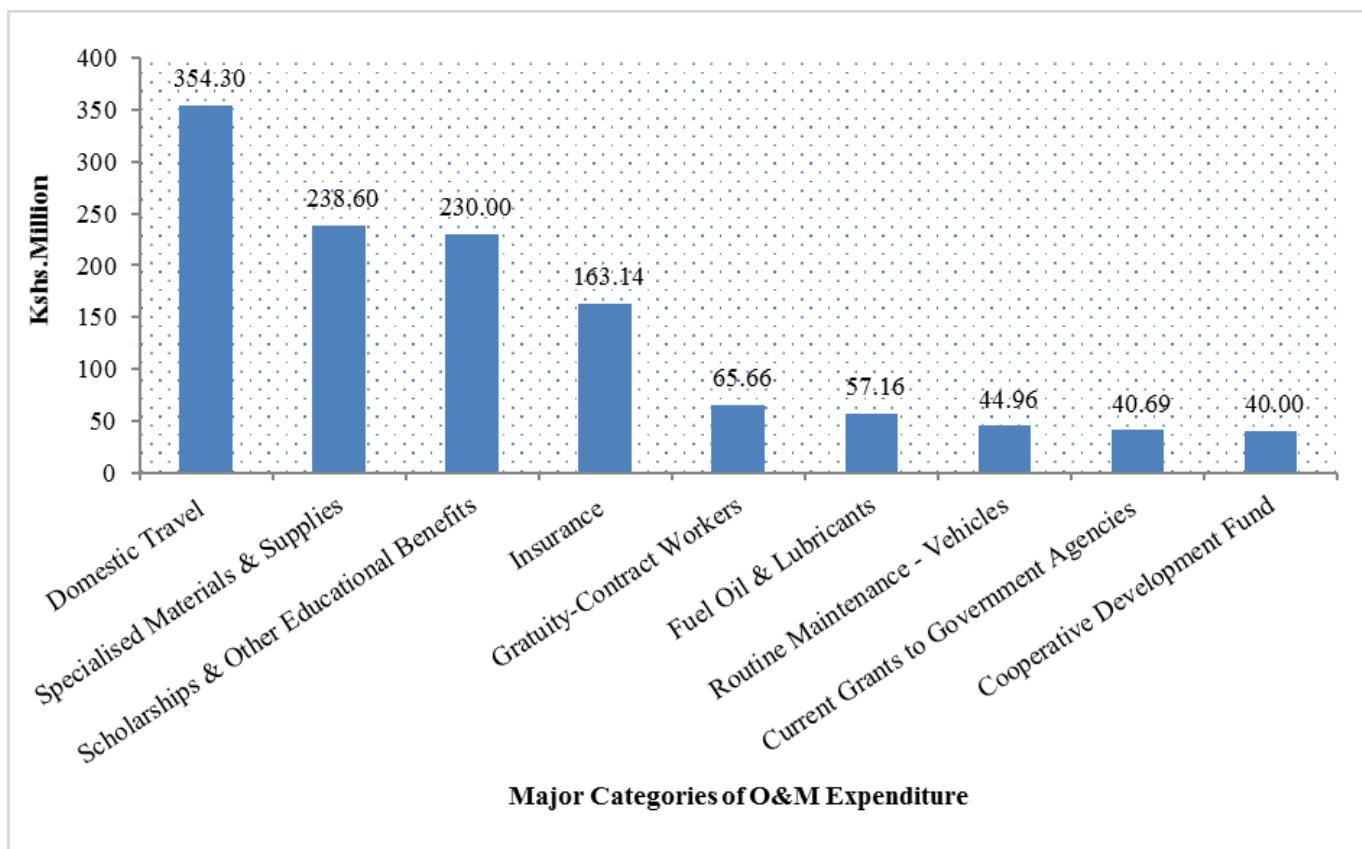
3.48.6 Expenditure on Personnel Emoluments

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 43.7 per cent of the total expenditure for the reporting period and 40.4 per cent of revenue.

3.48.7 Expenditure on Operations and Maintenance

Figure 3.2 shows a summary of the operations and maintenance expenditure by major categories.

Figure 3.95: West Pokot County, Operations and Maintenance Expenditure by Major Categories



Source: West Pokot County Treasury

Analysis of expenditure reports indicates that the County spent Kshs.31.76 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.77,854 per MCA against the SRC's recommended monthly ceiling of Kshs.124,800.

During the period, expenditure on domestic travel amounted to Kshs.354.30 million and comprised Kshs.124.69 million spent by the County Assembly and Kshs.229.61 million by the County Executive. Expenditure on foreign travel amounted to Kshs.771,712, which the County Executive entirely spent.

3.48.8 COVID-19 Expenditure

In the approved budget for FY 2020/21, the County provided Kshs.116.40 million to cater to COVID-19 related expenditure, including Kshs.114.40 million brought forward from FY 2019/20. A total of Kshs.67.50 million was spent during the reporting period, as shown in Table 3.271.

Table 3.271: COVID-19 Budget and Expenditure Summary

S/No	Description of Expenditure Category	Expenditure as of 30.6.21 (Kshs)
1.	Supply and Delivery of Assorted Medical Equipment for ICU	21,494,000
2.	Supply and Delivery of Assorted Medical Equipment for ICU	14,500,000
3.	Fabrication of Hospital Beds and Supply and Delivery of Associated Accessories	11,990,400

S/No	Description of Expenditure Category	Expenditure as of 30.6.21 (Kshs)
4.	Supply and Delivery of Assorted Medical Equipment for ICU	10,330,000
5.	Medical Equipment for COVID - 19 Isolation Centre	9,186,500
Total		67,500,900

Source: West Pokot County Treasury

3.48.9 Development Expenditure

The County incurred an expenditure of Kshs.2.01 billion on development programmes, which represented an increase of 82.0 per cent compared to a similar period in FY 2019/20 when the County spent Kshs.1.1 billion. Table 3.272 provides a summary of development projects with the highest expenditure in the reporting period.

Table 3.272: West Pokot County, List of Development Projects with the Highest Expenditure

S/No.	Project Name/Description	Project Location	Budgeted Amount	Expenditure (Kshs.)	Absorption Rate (%)
			(Kshs.)		
1	Construction of Governor's Office Complex	Kapenguria	80,000,000	66,999,460	83.7
2	Supply and Delivery of Certified Maize seeds	County Wide	108,359,200	63,590,200	58.7
3	County Contribution on the Purchase of Equipment for Nasukuta	Nasukuta	41,000,000	41,000,000	100
4	Construction of County Commissioners Office	Kapenguria	48,500,251	28,000,000	57.7
5	Completion of Peace Border Schools of Akulo, Kanyerus and Katikomor	Akulo, Kanyerus and Katikomor	27,000,000	27,000,000	100
6	Construction of Namoru Water Pan	North Pokot	19,452,678	19,452,678	100
7	Construction of Arur Water Pan	Central Pokot	19,104,540	19,104,540	100
8	Construction of Milk Processing Plant	Kabichbich	15,000,000	15,357,677	102.4
9	Grants to Kapenguria Water and Sewerage Services	Kapenguria	-	14,000,000	-
10	Construction of Kapkorus-Makutano Water Supply Project	Makutano	23,450,000	10,332,028	44.1

Source: West Pokot County Treasury

3.48.10 Budget Performance by Department

Table 3.273 summarises the approved budget allocation and performance by departments in FY 2020/21.

Table 3.273: 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
County Executive	414.81	138.70	376.85	116.05	406.23	116.33	107.8	100.2	97.9	83.9
Finance and Economic Planning	337.37	9.56	316.79	4.17	289.01	4.81	91.2	115.4	85.7	50.4
Public Works, Transport and Infrastructure	78.19	369.22	72.63	351.16	74.75	318.51	102.9	90.7	95.6	86.3
Health, Sanitation and Emergencies	1,591.31	375.24	1,459.62	290.52	1,563.36	291.95	107.1	100.5	98.2	77.8
Education and Technical Training	502.93	384.14	476.20	381.48	488.84	371.96	102.7	97.5	97.2	96.8
Agriculture and Irrigation	103.74	456.49	96.21	372.20	103.00	415.07	107.1	111.5	99.3	90.9

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
Pastoral Economy	97.74	152.51	92.41	119.35	93.90	122.13	101.6	102.3	96.1	80.1
Trade, Industrialisation, Investment and Cooperative Development	115.83	69.33	107.56	39.27	114.74	42.85	106.7	109.1	99.1	61.8
Land, Housing, Physical Planning and Urban Development	107.44	186.84	94.37	62.85	103.73	106.85	109.9	170.0	96.5	57.2
Water development, Environment and Natural Resources	80.97	288.14	76.00	115.20	75.40	163.37	99.2	141.8	93.1	56.7
Youths, Sports, Tourism, Gender and Social services	76.76	56.17	76.19	42.97	73.42	42.70	96.4	99.4	95.6	76.0
Public Service, ICT and Decentralised Units	243.93	50.00	227.38	-	240.68	-	105.8	-	98.7	-
Special Programmes and Directorates	41.90	1.40	38.83	1.40	39.40	1.40	101.5	100.0	94.0	100.0
County Assembly	604.45	55.07	570.43	9.55	589.94	9.55	103.4	100.0	97.6	17.3
TOTAL	4,397.96	2,592.81	4,081.47	1,906.17	4,256.39	2,007.48	104.3	105.3	96.8	77.4

Source: West Pokot County Treasury

Analysis of expenditure by the Departments shows that the Department of Special Programmes and Directorates recorded the highest absorption rate of development budget at 100.0 per cent while the Department of Public Service, ICT and Decentralised Units did not report any expenditure on development activities. The Department of Agriculture and Irrigation had the highest percentage of recurrent expenditure to budget at 99.3 per cent while the Department of Finance and Economic Planning had the lowest at 85.7 per cent.

3.48.11 Budget Execution by Programmes and Sub-Programmes

Table 3.274 shows a summary of the budget execution by programmes and sub-programmes in FY 2020/21.

Table 3.274: West Pokot County, Budget Execution by Programmes and Sub-Programmes

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
County Executive					
	SP 1 - (General Administration, planning and Support Services)	503,563,605	476,608,884	26,954,721	94.7
	SP 2 - (County Public service Board)	9,493,120	9,389,892	103,228	98.9
	SP 3 - (County Executive affairs)	29,715,399	25,860,349	3,855,050	87.0
	SP 4- (Liaison and Intergovernmental service)	10,733,816	10,704,154	29,662	99.7
	Sub total	553,505,940	522,563,279	30,942,661	94.4
Finance and Economic Planning					
	SP 1(General Administration, planning and Support Services)	213,498,087	199,924,316	13,573,771	93.6
	SP 2- (Treasury Accounting Services)	3,033,458	2,854,232	179,226	94.1

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	SP 3- (Supply Chain Management services)	3,642,816	3,153,904	488,912	86.6
	SP 4- (Resource Mobilization)	12,106,632	10,429,898	1,676,734	86.1
	SP 5- (Internal Audit services)	4,133,600	4,132,850	750	100.0
	SP 6- (Budget Formulation services)	18,056,721	16,065,121	1,991,600	89.0
	SP 7- (Economic Planning)	85,863,932	50,678,911	35,185,021	59.0
	SP 8-(Monitoring and Evaluation)	6,587,000	6,586,957	43	100.0
	Subtotal	346,922,246	293,826,189	53,096,057	84.7
Public Works, Transport and Infrastructure					
	SP 1(General Administration, planning and Support Services	72,659,408	69,621,992	3,037,416	95.8
	SP 2(Road Transport)	15,335,387	12,455,696	2,879,691	81.2
	SP 3(KRB)	186,588,369	156,305,255	30,283,114	83.8
	SP 4(Public works)	15,123,037	14,155,335	967,702	93.6
	SP 5- (Ward Specific Projects)	157,703,603	140,729,867	16,973,736	89.2
	Subtotal	447,409,804	393,268,145	54,141,659	87.9
Health, Sanitation and Emergencies					
	SP 1(General Administration, planning and Support Services	1,299,956,302	1,299,000,158	956,144	99.9
	SP 2- (Preventive Health Services)	88,444,286	77,221,618	11,222,668	87.3
	SP 3- (Curative Health Services)	324,913,573	265,582,052	59,331,521	81.7
	SP 4- (Kacheliba Sub county hospital)	17,770,000	15,707,098	2,062,902	88.4
	SP 5- (Sigor Sub county hospital)	17,820,000	16,978,877	841,123	95.8
	SP 6- (Chepareria Sub county hospital)	16,815,000	14,864,771	1,950,229	88.4
	SP 7(Facility Improvement Fund)	66,618,608	52,875,303	13,743,305	79.4
	SP 8(Ward Specific)	134,212,373	113,075,783	21,136,590	84.3
	Sub total	1,966,550,142	1,855,305,660	111,244,482	94.3
Education and Technical training					
	SP 1(General Administration, planning and Support Services	328,215,485	320,715,221	7,500,264	97.7
	SP 2 - (ECD Services)	16,247,252	4,504,123	11,743,129	27.7
	SP 3- (Youth Vocational training)	36,805,196	36,384,711	420,485	98.9
	SP 4- (Bursary Fund)	292,000,000	291,501,863	498,137	99.8
	SP 5 - (Ward specific)	213,798,928	207,694,915	6,104,013	97.1
	Sub total	887,066,861	860,800,833	26,266,028	97.0
Agriculture and Irrigation					
	SP 1 - (General Administration, planning and Support Services)	98,153,215	97,292,993	860,222	99.1
	SP 2-(Crop Development and Management)	444,500,620	408,386,626	36,113,994	91.9
	SP 3-(Cash Crop Production(Special Programs)	1,042,000	1,029,942	12,058	98.8
	SP 4 -(Ward specific)	17,035,900	11,353,441	5,682,459	66.6
	Sub total	560,731,735	518,063,002	42,668,733	92.4
Pastoral Economy					
	SP 1 - (General Administration, planning and Support Services)	87,131,217	83,657,941	3,473,276	96.0
	SP 2 - (Livestock production and Range Management)	40,409,009	28,740,844	11,668,165	71.1
	SP 3- (Livestock Disease management)	5,718,400	5,642,390	76,010	98.7
	SP 4- (Fisheries Development)	434,400	428,890	5,510	98.7
	SP 5- (Nasukuta Livestock Improvement Centre)	55,328,000	44,063,497	11,264,503	79.6

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	SP 6 - (Ward specific)	59,690,027	51,953,779	7,736,248	87.0
	SP 7 - (Dairy Development (Special Programmes)	1,542,000	1,540,800	1,200	99.9
	Sub total	250,253,053	216,028,141	34,224,912	86.3
Trade, Industrialization, Investment and Cooperative Development					
	SP 1 - (General Administration, planning and Support Services)	69,740,426	69,279,420	461,006	99.3
	SP 2- (Cooperative Development)	92,215,691	72,846,787	19,368,904	79.0
	SP 3 - (Trade, License and Market Development)	3,977,073	3,863,560	113,513	97.2
	SP 4- (Ward specific)	19,228,554	11,595,648	7,632,906	60.3
	Subtotal	185,161,744	157,585,415	27,576,329	85.1
Land, Housing, Physical Planning and Urban Development					
	SP 1- (General Administration, Planning and Support Services)	78,427,589	76,764,284	12,118,133	97.9
	SP 2 - (Land Policy and Physical Planning)	2,348,800	2,348,250	550	100.0
	SP 3- (Housing Development)	912,000	911,800	200	100.0
	SP 4- (Urban Development)	47,729,065	42,037,836	5,691,229	88.1
	SP 5- (Kapenguria Municipality)	161,963,137	86,117,896	75,845,241	53.2
	SP 6- (Ward specific)	2,900,000	2,397,454	502,546	82.7
	Subtotal	294,280,591	210,577,520	94,157,899	71.6
Water Development, Environment and Natural Resources					
	SP 1- (General Administration, Planning and Support Services)	59,410,641	57,001,552	2,409,089	96.0
	SP 2 - (Water Supply Services)	137,926,968	90,763,986	47,162,982	65.8
	SP 3 - (Environment & Natural Resource Development)	13,581,280	11,918,014	1,663,266	87.8
	SP 4 - (Ward Specific)	158,193,218	79,087,823	79,105,395	50.0
	Subtotal	369,112,107	238,771,375	130,340,732	64.7
Youths, Sports, Tourism, Gender and Social Services					
	SP 1- (General Administration, Planning and Support Services)	36,748,413	35,062,334	1,686,079	95.4
	SP 2- (Tourism Development)	3,521,214	3,052,632	468,582	86.7
	SP 3- (Gender, Youths and sports Development)	85,945,246	73,308,314	12,636,932	85.3
	SP 4- (Culture and Social Development)	2,089,719	2,070,109	19,610	99.1
	SP 5- (Ward Specific)	4,125,000	2,620,034	1,504,966	63.5
	Sub total	132,429,592	116,113,423	16,316,169	87.7
Public Service, ICT and Decentralized Units					
	SP 1- (General Administration, Planning and Support Services)	276,255,968	224,320,713	51,935,255	81.2
	SP 2- (Human Resource)	1,404,000	1,295,974	108,026	92.3
	SP 3- (Legal Services)	1,336,000	1,311,076	24,924	98.1
	SP 4 - (Records Management)	384,000	372,782	11,218	97.1
	SP 5- (Communication Services)	720,000	719,485	515	99.9
	SP 6 - (ICT Infrastructure Connectivity)	2,116,423	2,022,932	93,491	95.6
	SP 7 - (Field Administration)	11,715,680	10,635,572	1,080,108	90.8
	Sub total	293,932,071	240,678,534	52,173,429	81.9
Special programmes and Directorates					
	SP 1- (General Administration, Planning and Support Services)	16,158,708	16,158,706	2	100.0
	SP 2 - (Dairy Development)	-	-	-	0.0
	SP 3- (Cash crop production)	-	-	-	0.0

Programme	Sub- Programme	Approved Budget (Kshs)	Actual Payments (Kshs)	Variance (Kshs.)	Implementation Status (%)
	SP 4- (Investment and Cooperative development)	575,900	522,790	53,110	90.8
	SP 5 - (Emergency and disaster response)	9,204,099	7,847,275	1,356,824	85.3
	SP 6 - (Peace building and reconciliation)	5,818,000	5,824,150	- 6,150	100.1
	SP 7- (Resource mobilization and Coordination)	1,350,000	1,346,200	3,800	99.7
	SP 8(Gender and special needs)	10,190,000	9,099,775	1,090,225	89.3
	Sub total	43,296,707	40,798,896	2,497,811	94.2
County Assembly					
	SP 1- (General Administration, Planning and Support Services)	427,439,759	367,697,974	59,741,785	86.0
	SP 2 - (Legislation and Representation)	181,276,055	182,920,401	1,644,346	100.9
	SP 3- (Staff Affairs and development)	50,800,000	49,652,570	1,147,430	97.7
	Sub total	659,515,814	600,270,945	59,244,869	91.0
	Grand Total	6,990,168,407	6,264,651,357	734,891,770	89.6

Source: West Pokot County Treasury

The top three programmes with the highest levels of absorption rates were: Internal Audit services and Monitoring and Evaluation in the Department of Finance and Economic Planning at 100.0 per cent, Land Policy and Physical Planning and Housing Development in the Department of Land, Housing, Physical Planning and Urban Development at 100 per cent and General Administration, Planning and Support Services and Peacebuilding and Reconciliation in the Department of Special programmes and Directorates at also 100 per cent of budget allocation.

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. The County failed to provide a report on pending bills as of 30th June, 2021.
2. A high wage bill, which accounted for 43.7 per cent of the total expenditure in FY 2020/21, thus constraining funding to other programmes.
3. As shown in Table 4, there was weak budgetary control where the County incurred expenditure above the approved budgetary allocations to construct the Milk Processing Plant at Kabichbich as actual expenditure was above total funds released by the COB.
4. High expenditure on local travel at Kshs.354.30 million was unexpected during the reporting period when travel restrictions were in force as one of the measures instituted to control the spread of the COVID-19 disease. This high expenditure on local travel despite the travel restrictions may point to possible wasteful spending

In order to improve budget execution, the County should implement the following recommendations;

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 Public Service Board should establish an optimal staffing structure to ensure expenditure on personnel emoluments complies with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.*
3. *The County Treasury should improve the Vote book and budgetary control to ensure that expenditure is within the approved budget.*
4. *The County Treasury should review all expenditure on travel and subsistence allowances to ensure it is credible and also institute control measures to curtail wasteful expenditure.*

4 KEY CHALLENGES AND RECOMMENDATIONS

4.1 Introduction

This section highlights cross-cutting issues that affected budget implementation in the FY 2020/21 and presents recommendations aimed at addressing the challenges in order to enhance smooth budget execution. The cross-cutting challenges included:

4.2 High Expenditure on Personnel Emoluments

Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015 sets a limit of the County Government's expenditure on wages and benefits at 35 per cent of the County's total revenue.

On aggregate, county governments spent Kshs.176.03 billion on personnel emoluments (PE), which accounted for 44.2 per cent of the total expenditure of Kshs.398.01 billion and 40.3 per cent of available revenue of Kshs.436.61 billion in FY 2020/21. This expenditure was an increase from Kshs.171.83 billion incurred in FY 2019/20.

Analysis of percentage of personnel emoluments to actual expenditure shows that only five county governments were within the allowable limit of 35 per cent, namely;- Nyandarua, Kwale, Nairobi City, Mandera and Tana River.

The OCOB recommends that County Governments should ensure that expenditure on personnel emoluments is contained at sustainable levels and in compliance with Regulation 25 (1) (b) of the Public Finance Management (County Governments) Regulations, 2015.

4.3 Under-performance in Own Source Revenue Collection

Article 209 (3) of the Constitution allows County Governments to impose property rates, entertainment taxes and any other tax that a county is authorised to impose by an Act of Parliament.

During the reporting period, county governments generated a total of Kshs.34.44 billion, which was 64.2 per cent of the annual target of Kshs.53.66 billion. This was a decrease compared to Kshs.35.77 billion generated in FY 2019/20. The under-performance of own-source revenue collection implies that some planned activities may not be implemented in the financial year due to lack of funds and may therefore lead to accumulation of pending bills.

The Office of the Controller of Budget recommends counties develop and implement alternative measures to ensure the budget is fully financed. Further, the setting of own-source revenue targets should be driven by historical trends of revenue generation.

4.4 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 the development expenditure.

During the reporting period, County Governments incurred an expenditure of Kshs.116.07 billion representing an absorption rate of 62.1 per cent of the County Governments' cumulative annual development expenditure budget of Kshs.186.86 billion. This performance was an improvement from an absorption rate of 55.6 per cent, reported in FY 2019/20 when development expenditure was Kshs.104.51 billion. The expenditure on development activities translated to 29.2 per cent of the total expenditure of Kshs.398.01 billion in the reporting period.

The OCOB noted that nine County Governments recorded below 50 per cent absorption rate of development expenditure, namely; Baringo at 27.2 per cent, Narok at 32.1 per cent, Tana River at 37.7 per cent, Kisumu at 40.6 per cent, Uasin Gishu at 43.5 per cent, Lamu at 43.9 per cent, Busia at 45.8 per cent and Nakuru at 48.3 per cent.

The Office of the Controller of Budget recommends that counties prioritize implementing development projects to improve the standard of living for their citizens.

4.5 Delay in Submission of Financial and Non-Financial Reports to the Controller of Budget

County Governments are required to prepare and submit financial and non-financial reports in line with Section 166(4) and Section 168 (3) of the PFM Act, 2012, not later than one month after the end of each quarter. Further,

Section 16 of the Controller of Budget Act, 2016 requires Accounting Officers to co-operate with the Controller of Budget to enable the Controller of Budget to carry out his or her functions in accordance with the Constitution and any other law. Accounting Officers are required to respond promptly to any inquiry made by the Controller of Budget; furnish the Controller of Budget with periodic reports as to the status of management of the budget and public funds in respect of the question raised within such period as may be prescribed by the Controller of Budget, and provide any other information that the Controller may require.

In line with the above requirement, the Controller of Budget issued a letter to County Treasuries requesting for submission of financial and non financial reports for the period under review by 15th July 2021. The OCoB noted the late submission of annual financial reports by County Treasuries, which led to a delay in finalising this County Budget Implementation Review Report. The delay in submitting financial returns was attributed to the late disbursement of the Equitable Share of Revenue by the National Treasury, which occasioned an extension of the cut-off date at the close of the financial year.

Consequently, it is recommended that the National Treasury ensure timely release of the equitable share of revenue raised nationally and strict adherence with cut-off procedures at the close of each financial year.

4.6 Weak Budgetary Control and Use of Revenue at Source

Article 2017(1) of the Constitution states that all money raised by or on behalf of a county government shall be paid into the County Revenue Fund (CRF) Account, unless reasonably excluded by an Act of Parliament. Further, section 136(2) of the PFM Act, 2012 requires all unspent cash balances to be refunded to the CRF Account at the close of the financial year.

The Controller of Budget noted that during the period under review, county governments reported expenditure that exceeded the approved exchequer issues and budget ceilings as approved by their respective County Assemblies. This indicates weak budgetary control by the County Treasuries, possible use of revenue at source and cases of misappropriation of funds. Counties in which this weakness was observed were; Bungoma, Isiolo, Kakamega, Kilifi, Kisumu, Makueni, Migori, Mombasa, Nandi, Nyeri, Siaya, Taita Taveta, and Vihiga.

It is recommended that county governments should ensure all own source revenue receipts are banked intact into the County Revenue Fund Account, unspent cash balances are refunded at the close of a financial year are returned to the CRF in line with the law and that there are proper internal control mechanisms to ensure expenditure is within the approved budget and in line with approved work plans.

4.7 High Expenditure on Travel Costs

In order to contain the spread of COVID-19, the National Government developed guidelines that restricted the movement of persons and promoted the use of virtual meetings and working from home for non-critical government services. This implied that government officers were limited in undertaking activities requiring physical meetings such as workshops and seminars.

Despite the protocol to contain the spread of COVID-19, the Controller of Budget noted high expenditure on local travel and subsistence in the following counties, namely Bungoma at Kshs.429.54 million, Kajiado at Kshs.380.95 million, Kakamega at Kshs.280.44 million, Kiambu at Kshs.339.72 million, Kisii at Kshs.381.02 million, Kitui at Kshs.374.65 million, Kwale at Kshs.282.89 million, Machakos at Kshs.405.25 million, Meru at Kshs.342.66 million, Murang'a at Kshs.253.08 million, Nairobi City at Kshs.625.20 million, Nakuru at Kshs.253.88 million, Nyamira at Kshs.278.44 million, Siaya at Kshs.452.23 million, Tana River at Kshs.401.37 million, Turkana at Kshs.306.42 million, Uasin Gishu at Kshs.305.86 million, Vihiga at Kshs.303.70 million, and West Pokot at Kshs.354.30 million.

Article 201 of the Constitution requires that public money shall be used prudently and responsibly. The OCoB recommends that the County Treasury for each county government review expenditure on travel and subsistence allowances to ensure it is credible and institute control measures to avoid wasteful spending. Further, expenditure on non-core activities, such as travelling, should be rationalised to free funds to implement critical development programmes.

4.8 High Level of Pending Bills

County Governments reported outstanding pending bills of Kshs.96 billion as of 30th June 2021. Mandera County reported no pending bills. Nairobi City County accounted for 56.6 per cent of the stock of the pending bills at Kshs.54.32 billion.

From an analysis of the reports received from County Governments, pending bills may be attributed to over-commitment of budgets by county governments due to failure to adhere to approved work plans, the underperformance of own-source revenue collection, and weak internal control mechanisms, among other reasons.

We recommend that county governments prioritise the payment of pending bills as a first charge in the budget implementation cycle for the FY 2021/22 before embarking on new financial commitments.

5 CONCLUSION

This report provides information on the status of budget implementation during the FY 2020/21 by the County Governments.

The aggregate budget estimates for the 47 County governments in FY 2020/21 amounted to Kshs.501.74 billion and comprised Kshs.186.86 billion (37.2 per cent) allocated to development expenditure and Kshs.314.88 billion (62.8 per cent) for recurrent expenditure. The aggregate development expenditure allocation conforms to Section 107 (2(b)) of the PFM Act, 2012, which requires that at least 30 per cent of the budget be allocated for development programs.

The total expenditure by County governments in the FY 2020/21 was Kshs.398.01 billion, representing an absorption rate of 79.3 per cent of the total annual County Governments Budget. This was an improvement from an absorption rate of 77.9 per cent attained in a similar period in FY 2019/20 when total expenditure was Kshs.389.79 billion. Recurrent expenditure was Kshs.281.95 billion, representing 89.5 per cent of the annual recurrent budget, and a slight decline from 89.6 per cent reported in FY 2019/20. Development expenditure amounted to Kshs.116.07 billion, representing an absorption rate of 62.1 per cent, and an increase from 55.6 per cent attained in FY 2019/20 when total development expenditure was Kshs.104.51 billion. A review of cumulative expenditure by economic classification showed that Kshs.176.03 billion (44.2 per cent) was spent on Personnel Emoluments, Kshs.105.92 billion (26.6 per cent) on Operations and Maintenance, and Kshs.116.07 billion (29.2 per cent) on Development Expenditure.

In terms of performance of own-source revenue, county governments generated Kshs.34.44 billion, which was 64.2 per cent of the annual target of Kshs.53.66 billion and was a decrease compared to Kshs.35.77 billion generated in FY 2019/20. In the twelve months of the FY 2020/21, the Controller of Budget (COB) approved the transfer of Kshs.346.22 billion as an equitable share of the revenue raised nationally from the Consolidated Fund to the various County Revenue Funds (CRFs) per Article 206 (4) of the Constitution. The transferred amount included the outstanding equitable share allocation of the revenue raised nationally in FY 2019/20 of Kshs.26.22 billion, which was disbursed in August 2020, and arrears of equitable share of the revenue for Nairobi City County for FY 2019/20, which amounted to Kshs.3.5 billion. In addition, County Governments received cumulatively Kshs.33.68 billion as conditional grants from the National Government and Development Partners.

This report has identified challenges that hampered effective budget execution during the reporting period. They included; high expenditure on Personnel Emoluments which translated to 44.2 per cent of total expenditure, Under-performance of own-source revenue collection, which was 64.2 per cent of the annual target, low expenditure on the development budget, which translated to an absorption rate of 62.1 per cent of the cumulative annual development budget, delay in submission of financial and non-financial reports to the Controller of Budget, weak budgetary control and use of revenue at source, high expenditure on local travel costs, and high pending bills which amounted to Kshs.96 billion as at 30th June 2021. The report has provided appropriate recommendations on addressing these challenges to enhance the smooth execution of the budget in the future. The OCoB encourages the relevant oversight institutions and Officers of county governments to ensure the recommendations contained in this report are implemented.

Bima House, 12th Floor
Harambee Avenue
P. O. Box 35616 - 00100 Nairobi, Kenya
Tel: +254 (0) 20 318939, 2211056
Fax: +254 (0) 20 2211920
Email: cob@cob.go.ke
Website: www.cob.go.ke